

A

GLOBAL / COUNTRY STUDY AND REPORT

ON

ETHIOPIA

MBA SEMESTER-IV

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Part-1: Overview of Ethiopia

Ethiopia is located in the Horn of Africa. It's proximity to the Middle East and Europe, together with its easy access to the major ports of the region, enhances its international trade. Ethiopia is bordered by the Sudan on the west, Somalia and Djibouti on the east, Eritrea on the north and Kenya on the South. The diverse topography of the country generally features rugged mountains, flat-topped plateaus, deep river canyons, rolling plains and lowlands. Ethiopia adopted a new constitution that established the Federal Democratic Republic of Ethiopia (FDRE) in 1995.

The federal government is responsible for national defense, foreign relations and general policy of common interest and benefits. The federal state comprises nine autonomous states vested with power for self-determination.

The federal state is headed by a constitution president and the federal government by an executive prime minister who is accountable to the council of peoples' Representative. Each autonomous state is headed by a state president elected by the state council. The judiciary is constitutionally independent. Ethiopia is home to more than 80 ethnic group and similar number of languages, the dominant religions being Christian and Islam.

Ethiopia's uniqueness makes it a fascinating destination for every kind of traveller. Ethiopia's historic sites are extremely wide-ranging and possibly the most extensive in the whole of Sub-Saharan Africa. Ethiopia has two seasons; the dry season prevailing from October through May and the wet season, which runs from June to September. Light, summer clothes are suitable for daytime wear and a jacket or sweater is useful for the evening when the temperature is much cooler.

1.1: History

Ethiopia is the oldest independent country in Africa. It resisted colonization by Italy and achieved international recognition in 1896 as a traditional monarchy, led by Emperor Menelik II. For much of the 20th century Ethiopia was ruled by Haile Selassie, crowned as Emperor in 1930.

In 1936 Italy attacked Ethiopia from its colonies in neighboring Somalia and Eritrea and occupied the country until 1941. Haile Selassie spent his exile in the UK, and was restored to power with British and Commonwealth military assistance. His long rule ended with the Ethiopian Revolution of 1974.

Colonel Mengistu Haile Mariam emerged as the leader of the Provisional Military Administrative Council (known as the Derg) in 1977 which became a brutal Marxist dictatorship.

Ethiopia was wracked by civil war for most of the Derg period, including a secessionist war in the northern province of Eritrea, an irredentist war with Somalia, and regional rebellions - notably in Tigray and Oromia. The population experienced massive human rights abuse and intense economic hardship, including acute famine in 1984-5. The Derg was overthrown in May 1991 when rebels of the Ethiopian People's Revolutionary Democratic Front (EPRDF) captured Addis Ababa. Meles Zenawi took the leadership.

1.2: Demography of Ethiopia

Geographic coordinates: 8⁰ 00 N, 38⁰ 00 E

Capital: Addis Ababa

Official language: Amharic

National Symbol: Abyssinian lion

Government: Federal Parliamentary Republic

President: GIRMA Woldegiorgis (since 8 October 2001)

Prime Minister: HAILEMARIAM Desalegn (since 21 September 2012)

Election: president elected by both chambers of Parliament for a six-year term (eligible for a second term); election last held on 9 October 2007 (next to be held in October 2013); prime minister designated by the party in power following legislative elections

Legislature: Federal Parliamentary Assembly

Upper house: House of federation (108 Seats)

Lower House: House of people's representatives (547 Seats)

Total Area: 1,104,300 km²

Internet TLD: .et

Drives on: Right

Calling code: 251

Currency: Birr

Age structure

0-14 years: 46.3% (male 20,990,369/female 21,067,961)

15-64 years: 51% (male 22,707,235/female 23,682,385)

65 years and over: 2.7% (male 1,037,488/female 1,388,301)

Median age: total: 16.8 years

Male: 16.5 years

Female: 17.1 years (2012 est.)

Literacy Rate: 50%

Primary Religion: Muslim

Other Religions: Muslim 45%-50%, Ethiopian Orthodox 35%-40%, animist 12%, other 3%-8%

Official Name: Ityop'iya Federalawi Demokrasiyawi Ripeblik

Currency Exchange Rate: birr per US dollar

Industrial Growth Rate: 6.70 %

Primary Industries: food processing, beverages, textiles, chemicals, metals processing, cement

Agricultural Products: cereals, pulses, coffee, oilseed, sugarcane, potatoes, qat, hides, cattle, sheep, goats

The Population growth (annual %) in Ethiopia was last reported at 2.13 in 2011, according to a World Bank report published in 2012.

1.3: Country Profile

Ethiopia is the diplomatic capital of Africa by being the head quarters of the AU and UNECA and having the 4th largest number of diplomatic missions in the world next to New York, Washington and London.

Ethiopia is the 5th largest economy of Sub-Saharan Africa if one considers the GDP (PPP) of 2010.

According to IMF, Ethiopia is among the top 20 fastest growing economies (from 2005-2009) across the globe.

Ethiopia is a charter member of the United Nations. It is also a member of the Intergovernmental Authority on Development (IGAD), a Horn of Africa regional grouping.

The Ethiopian economy is based on agriculture, which contributes 42% to GDP and more than 80% of exports, and employs 80% of the population. Potential exists for self-sufficiency in grains and for export development in livestock, flowers, grains, oilseeds, sugar, vegetables, and fruits.

Gold, marble, limestone, and small amounts of tantalum are mined in Ethiopia. Other resources with potential for commercial development include large potash deposits, natural gas, iron ore, and possibly oil and geothermal energy. The Ethiopian economy experienced structural change in 2008-09 as services surpassed agriculture to become the dominant sector of the economy

1.4: Industries

Ethiopia industry sectors suffer from lack of infrastructure and government support. The country had strict laws against private investment in all major sectors, which led to an underdeveloped industrial sector. Agriculture is the primary source of employment for the Ethiopian economy. It contributes almost 43.2% to the national production and provides employment to more than 80% of the working population.

Industrial Overview:

Mining: Unlike other African countries, Ethiopia is not endowed with rich mineral resources. The mineral sector contributes less than 1% to the national production figures. The Ethiopian Mineral Resources Development Corporation (EMRDC) governs and manages mineral sector in the country. Gold is the main mineral export item for the country.

Energy: Ethiopia produces electricity through hydro-electric power generation system. Since 2005, a large portion of the foreign aid is invested in the development of energy sector. It is expected that in near future, the country would be able to export power to neighboring countries such as Eritrea and Somalia.

Leather: Leather industry is a major source of foreign exchange for the country. Earlier, the country used to export raw leather. However, with private investment flowing into the sector, the country is also exporting luxury leather products.

Manufacturing: Ethiopia has a very underdeveloped manufacturing sector. Mostly, it consists of small to medium scale industries which rely on agriculture productivity. Majority of the consumer goods are imported from EU, China and US.

Major Industries:

- Food processing
- Beverages
- Textiles
- Chemicals
- Metals processing
- Cement

Part-2: PESTEL Analysis

PESTEL Analysis includes Political, Economic, Social, Technical, Environmental and legal aspects of a country. The stability and structure of a country's government gives a basis for interpreting future changes in the region's political environment. Policy at the local or federal level can differ dramatically. Teach the decision makers that are relevant to your venture, subsidies available in your industry, and time lines necessary for processing requests.

Political Factors to Consider:

- Corruption
- Environmental Law
- Freedom of the Press
- Government Type & Stability
- Labour Law
- Political Change & Stability
- Regulation/Deregulation (NTB)
- Social/Employment Legislation
- Tariffs
- Tax Policy
- Trade Restrictions

Economic indicators such as GDP, GNP, interest rate, consumer sentiment and others provide business people with the background needed to understand the risks and opportunities available within the region.

- Business Cycle Stage
- Consumers' Disposable Income
- Economic Growth
- Exchange Rates
- GDP Growth
- Globalisation
- GNP Growth
- Interest Rates
- Inflation Rate (cost of capital)
- Labour Costs
- Labour Supply
- Likely Economic Change
- Unemployment Rate

Understanding the social dynamics of the region that you decide to enter will enable you to more efficiently communicate with the natives, access target markets, build a labour force and successfully manage teams.

The level of technological advancement in a region can positively or negatively affect the opportunities available for a business. The proliferation of mobile technology, wireless internet, access to electricity, internet access and transportation networks all influence the ease of doing business.

A region with a strong technological foundation enables companies to leverage multiple tools like mobile technology and Enterprise 2.0 methodologies to streamline operations, eliminate bottlenecks and provide their workforce with collaborative knowledge management systems.

In the wake of the heated discussion about global warming, environmental analysis has been brought to the forefront of the media, a place it usually only occupies in times of disaster, like the tsunami in South East Asia or the Haitian Earthquake.

Environmental analysis involves aggregating and analyzing weather patterns and climate cycles. Environments vary drastically in different areas of the globe depending on the ecosystem of the region. While not a comprehensive list, some examples are tundra, forests, deserts, grasslands, and wetlands.

2.1 Political Environment

The Government and Political System

Ethiopia adopted a new constitution that established the Federal Democratic Republic of Ethiopia (FDRE) in 1995. The federal government is responsible for national defence, foreign relations and general policy of common interest and benefits. The federal states comprise nine autonomous states vested with power for self-determination. The FDRE is structured along the lines of bicameral parliament, with the council of Peoples' Representatives being the highest authority of the federal government while the federal council represents the common interests of the nations, nationalities and peoples of the states. Members of both councils are elected by universal suffrage for a five-year term.

The federal state is headed by a constitution president and the federal government by an executive prime minister who is accountable to the council of peoples' Representative. Each autonomous state is headed by a state president elected by the state council. The judiciary is constitutionally independent. The Federal Democratic Republic is composed of states which are delimited on the basis of settlement patterns, language, identity and consent of the peoples concerned.

The Federal Houses

These are two houses: The House of people's Representatives and the house of the Federation. Members of the House of People's Representatives are elected by the people for a term of five years on the basis of universal suffrage and by direct, free and fair elections. The House of People's Representatives has legislative power in all matters assigned by the constitution to federal jurisdiction. The House of the Federation is composed of representatives of nations, nationalities and peoples. Each nation, nationality and people can be represented in the House of federation by at least one member. Members of the house of the Federation shall be elected by the state council. The state councils can themselves elect representatives to the House of the Federation, or they can hold elections to have the representatives elected by the people directly.

The president of the FDRE is the Head of states. The House of Peoples Representatives nominates the candidate for president. The nominee shall be elected president if a joint session of the House of People's Representatives and the House of the Federation approves his candidacy by a two-third's majority vote. The term of office of the president will be six years and no person can be elected president for more than two terms. The highest executive powers of the Federal Government are vested in the Prime Minister and in the council of ministers. The PM and the Council of Ministers are collectively responsible for all decisions they make as a body.

The Prime Minister is the chief executive, the chairman of the council of the ministers, and the commander-in-chief of the national armed forces. The PM shall submit for approval to the House of people's Representatives nominees for ministerial posts from among members of the two Hoses or from among persons who are not members of either House and possess the required qualifications. The Council of Minister is responsible to the PM and, in all its decisions, is responsible to the House of peoples Representatives. The council of Ministers ensure the implementation of laws and decisions adopted by the HPRS.

Supreme Federal judicial authority is vested in the Federal Supreme Court. The House of peoples Representatives can, by a two-thirds majority vote, establish nationwide, or in some parts of the country only, the Federal High Court and First-Instance Courts it deems necessary. Unless decided in this manner, the jurisdictions of the Federal High Court and of the First-Instance courts are hereby delegates to the State Courts. State can establish State Supreme, High and First-Instance courts. Judicial powers both at federal and state levels are vested in the courts. Courts of any level are free from any interference of influence of any governmental body, government official or from any other source. Judges can exercise their functions in full independence and can be directed solely by the law.

Ethiopia's political performance in 2009 and 2010 was characterized by contradiction within the government's politics: While the government under Prime Minister Meles Zenawi successfully launched economic reforms aimed at stimulating economic growth and economic diversification, it brought the country's democratization process nearly to a halt. Ethiopia is a strong and stable state with an authoritarian government under Prime Minister Meles Zenawi, who has radically transformed the hitherto centralized state into the Federal Democratic Republic. Under the terms of the 1995 constitution, the government has created nine ethnic-based regional states and two federally administered city-states. The result is an asymmetrical federation that combines populous regional states such as Oromiya and Amhara in the central highlands with sparsely populated and underdeveloped ones including Gambella and Somalia.

There are more than 60 registered "parties" in Ethiopia, but most of them are artificial, lacking social roots in the population and are therefore unstable. EPRDF, the dominant political party, is an exception. Before 2008, the government was generally viewed as a tool of the TPLF, with little grassroots support outside Tigray. In September 2008, it was announced that the EPRDF had 4.5 million members, compared to 600,000 three years earlier. In 2010, the EPRDF claimed to have 5 million members, following immense government spending on massive membership drives, the development of party cell organizations, propaganda meetings, party and civil service training, and other unproductive government spending. Political parties are still a young phenomenon in Ethiopia, which might help explain their volatility and instability.

The ruling EPRDF party coalition is highly centralized, stable and socially rooted, while the many opposition parties in the sparsely populated regions of the country, at the peripheries in Somalia, Gambela, Kambatta and in the deep south are not well consolidated. Repression of the Oromo and ethnic Somali peoples, and government attempts to co-opt their parties into subsidiaries of the EPRDF, have helped to fuel nationalism in both Oromiya and the Ogaden. Opposition parties are often hindered in their attempts to organize, particularly in the rural areas where party members and activists are harassed in a climate of distrust and state control. The Ethiopian People's Revolutionary Front (EPRDF) won all but two of the seats in parliament in the May 2010 election (i.e., seating 545 out of the body's 547 members), compared to 327 out of 488 total seats in the 2005 elections. This is a clear indication of declining levels of political and social integration within the multiethnic population.

According to the government-dependant National Election Board, which announced the results of the 2005 elections in November of that year, after a three-month delay, an opposition led by the Coalition for Unity and Democracy (CUD) and United Ethiopian Democratic Forces (UEDF) won a total of 61 seats in that round of balloting, 12 more than in the previous parliament. The governing coalition also won elections for eight of nine regional parliaments. The exception was the Addis Ababa region where the urban population, including the comparatively well-educated middle classes, opposed the repressive Tigray-dominated government. Since that time, the population has obviously been intimidated by the oppressive government, and has been reluctant to take part in political Party organization. In preparation for the 2010 elections, a new opposition coalition was formed by eight parties, called Medrek, or the Forum for Democratic Dialogue.

It gained support by having a broad spectrum of leaders from various backgrounds. However, efforts to build a base of support in rural areas were hindered by the EPRDF, which was afraid of competition. Internal EPRDF party control has been maintained by evaluation sessions, which in August 2010 led to the arrest and sentencing (to between 10 and 23 years in prison) of six army officers who had allegedly conspired with and collected arms for the CUD opposition party in 2005. One can therefore conclude that the party system is heavily polarized. An autocratic patronage-based ruling party coalition under the leadership of the TPLF, which has strong roots in the Tigray region's society, dominates the country's political life, while the opposition camp is highly unstable and volatile. Despite the various ethnic "liberation fronts" which challenge the state's monopoly of power in the south, the ruling party has been able to maintain its grip on power, keep the liberation movements at bay and control the opposition parties, thus preserving the existing system of repression.

Judicial system:-

The government of Ethiopia is now putting into place a decentralized federal system of courts consisting of regional and district courts consistent with the 1994 constitution. Each region has District (Woreda), higher and supreme courts. There are also local Shari'ah courts which hear religion and family cases involving Muslims. The Federal High Court and Federal Supreme Court have jurisdiction over cases involving federal laws, transregional issues, and issues of national import. The president and vice president of the Federal Supreme Court are recommended by the prime minister and appointed by the House of People's Representatives; for other federal judges, the prime minister submits to the House of People's Representatives for appointment candidates selected by the Federal Judicial Administrative Council.

Election System:-

Electoral System is a system that is followed by a country based on election and representation to establish a government.

There are three major Electoral Systems in the world. These are:

1. Majority System
2. Proportional Representation System and
3. Mixed System

The Constitution of the Federal Democratic Republic of Ethiopia, in its article 56, declares a Political Party or a Coalition of Political Parties that has the greatest number of seats in the House of People's Representatives shall form the executive and lead it. Also in the Amended Electoral Law of Ethiopia, Proclamation n_o 532/2007 clearly puts that a Candidate who received more votes than other Candidates within a Constituency shall be declared the winner (Article 25).

Therefore the Constitution and the amended Electoral law emphasize that the country follows the majority system, under which the candidate who receives more votes than any competitors within a constituency is declared the winner.

Types of Elections

Elections conducted in Ethiopia are the following:

1. General Election
2. Local Election
3. By-Election
4. Re-election
5. Referendum

General Elections

1. General Elections shall be elections to the House of People's Representatives or State Councils conducted every 5 Years.
2. General elections shall be conducted throughout the country simultaneously. However, where the Board finds it necessary and decided by the House of Peoples' Representatives, it may conduct at different times.
3. Only a single representative shall be elected to the Federal House of Peoples' Representatives from a constituency.
4. The number of representatives elected to State Councils shall be decided by the constitutions of the respective states. If State Councils decide to change the number of their members, they shall give political parties sufficient time for preparation.

Local Elections

1. Local elections are elections to Zonal, Woreda, City Municipality and Sub-City or Kebele councils conducted in accordance with the law.
2. The number of representatives elected in a constituency for a local election shall be determined by laws of Regional States on the basis of the type of election and the number of seats in each council.
3. The time to hold local elections shall be determined in accordance with the laws of Regional States.
4. Local elections shall be conducted based on regulations and directives issued by the Board in accordance with this Proclamation.

By-election

1. By election shall be conducted:-
 - Where councils at different levels request the Board to replace council members whose mandates are terminated due to various reasons;
 - Where a request for recall lodged in accordance with the law is accepted.
2. Board shall hold by-election in three months from the receipt of the request
3. Without prejudice to the provisions of sub Article (1) and (2) above, no by-election shall be carried out to a council whose tenure terminates after six months.

Re-election

Re-election may be conducted for one of the following reasons:

1. Where the Board decides in accordance with Article 7 (10) of Proclamation 532/2007;
2. Where candidates receive equal votes in accordance with Article 76 (3) of Proclamation 532/2007 and where it becomes difficult to determine the winner.

Referendum

Referendum is conducted to assess public interest or make decision when decided by a competent body in accordance with the Constitution. The Board, in accordance with the directive given by the body that authorized the referendum, shall hold the referendum by organizing polling stations in a way convenient to execute the referendum.

2.2 Economical Environment

Ethiopian Economy was Socialist oriented after the 1974 revolution, with strong state controls. Thereafter, a large part of the economy was transferred to the public sector, including most modern industry and large-scale commercial agriculture, all agricultural land and urban rental property, and all financial institutions: some private enterprise and capital and capital participation permitted in certain sectors. Since mid-1991, a decentralized, market-oriented economy emphasizing individual initiative, designed to reverse a decade of decline.

Ethiopia's economy is based on agriculture, which accounts for 46% of GDP and 85% of total employment. Coffee has been a major export crop. The agricultural sector suffers from poor cultivation practices and frequent drought, but recent joint efforts by the Government of Ethiopia and donors have strengthened Ethiopia's agricultural resilience, contributing to a reduction in the number of Ethiopians threatened with starvation. The banking, insurance, and micro-credit industries are restricted to domestic investors, but Ethiopia has attracted significant foreign investment in textiles, leather, commercial agriculture and manufacturing. While GDP growth has remained high, per capita income is among the lowest in the world. Ethiopia's economy continues on its state-led Growth and Transformation Plan under its new leadership after Prime Minister Meles's death. The five-year economic plan has achieved high single-digit growth rates through government-led infrastructure expansion and commercial agriculture development. Ethiopia in 2013 plans to continue construction of its Grand Renaissance Dam on the Nile-the controversial multi-billion dollar effort to develop electricity for domestic consumption and export.

GDP (purchasing power parity)

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Ethiopia	33.3	39.2	46	50.6	46.81	54.89	64.73	74.88	56.05	68.77	77.36	86.12	96.09

GDP - Real Growth rate (%)

Country	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Ethiopia	0.2	2	7.3	5.5	-3.8	11.6	8.9	10.6	11.1	11.6	8.7	8	7.5

Fiscal Condition

	2005	2006	2007	2008	2009	2010	2011	2012
Total revenue and grants	21.4	18.9	17.1	16	16.3	17.2	16.7	17.8
Tax revenue	11.2	11.0	10.1	9.6	8.6	11.2	11.3	11.6
Oil revenue	-	-	-	-	-	-	-	-
Grants	6.2	3.7	4.4	4	4.3	3.3	3.2	4.2
Total expenditure and net lending (a)	27	22.8	20.7	18.9	17.2	19	18.3	20
Current expenditure	18.4	11.8	9.4	9.1	7.9	8.5	7.9	9
Excluding interest	16.8	11.0	8.7	8.6	7.6	8.1	7.5	8.5
Wages and salaries	5.4	6.2	5.4	5.3	4.7	5.3	5.6	5.6
Interest	1.7	0.8	0.7	0.5	0.4	0.4	0.4	0.5
Primary balance	-4	-3.1	-2.9	-2.5	-0.5	-1.3	-1.2	-1.7
Overall balance	-5.6	-3.9	-3.6	-2.9	-0.9	-1.7	-1.6	-2.2
	2005	2006	2007	2008	2009	2010	2011	2012
Trade balance	16.1	24.2	20.1	20.7	22	23.8	22.5	23
Exports of goods (f.o.b.)	5.7	6.8	6.1	5.7	5.1	7.5	8.5	8
Imports of goods (f.o.b.)	21.7	31.0	26.2	26.3	27.1	31.3	31	31
Services	2	1.0	0.8	0.5	1.5	1.9	2.3	2.6
Factor income	-0.8	-0.3	0.1	0.1	-0.1	-0.4	-0.4	-0.3
Current transfers	13.6	14.1	14.8	14.3	15	17.4	14.3	12
Current account balance	-1.3	-9.4	-4.5	-5.8	-5.7	-4.9	-6.3	-8.6

Current Account (% of GDP)

	2005	2006	2007	2008	2009	2010	2011	2012
Trade balance	-16.1	-24.2	-20.1	-20.7	-22	-23.8	-22.5	-23
Exports of goods (f.o.b.)	5.7	6.8	6.1	5.7	5.1	7.5	8.5	8
Imports of goods (f.o.b.)	21.7	31.0	26.2	26.3	27.1	31.3	31	31
Services	2	1.0	0.8	0.5	1.5	1.9	2.3	2.6
Factor income	-0.8	-0.3	0.1	0.1	-0.1	-0.4	-0.4	-0.3
Current transfers	13.6	14.1	14.8	14.3	15	17.4	14.3	12
Current account balance	-1.3	-9.4	-4.5	-5.8	-5.7	-4.9	-6.3	-8.6

Monetary Policy:

The focus of the government's monetary policy in recent years has been to contain inflation. Although sound fiscal and monetary policies had succeeded in controlling inflation in 2009/10, it re-emerged in 2011 when it reached 26.7% from 17.5% the previous year, largely because of escalating food prices. The causes include excessive monetary expansion, rising prices of imported inputs, the surge in domestic demand, supply shocks and poorly functioning markets. Rapid reserve money growth has been a major determinant of current inflation. In 2010/11, reserve money grew by 41% against the target of 13%. This acceleration in reserve money was partly attributable to the government's borrowing from the National Bank of Ethiopia through direct advances to finance the increase in public spending.

The rapid build-up in foreign-exchange reserves, which reached 3.1 months of import cover at the end of 2010/11 from 1.8 months in June 2009/10, contributed to liquidity expansion in the absence of adequate policy tools for sterilization. The government imposed credit ceilings on commercial banks in early 2009 in an effort to curb inflation. The ceilings, which were removed in April 2011, proved unsuccessful in containing monetary expansion, and credit growth, especially to the public sector, has remained strong.

Although the government's monetary policy provides for flexibility in interest-rate determination (subject to a minimum deposit/savings rate of 5%), rigidities in interest rates still exist, which in the current high inflationary environment have led to negative real interest rates. These have, in turn, limited the effectiveness of monetary policy in demand-management efforts. The government has further tightened its monetary policy. Crucially, it has ceased borrowing from the central bank via direct advances and has targeted reserve money to shrink by 3.9% in 2011/12.

In addition, the government has reactivated the treasury bill market. In September 2010 the floating exchange rate fell by 20% which had an immediate impact on price levels, while boosting export competitiveness. Since then, however, high inflation has gradually eroded the competitiveness gains. Reducing inflation to single digits is likely to be difficult, given the large-scale public investment plans in the GTP and strong demand pressures. Hence, consumer price index (CPI) inflation is projected to rise to 29.7% in 2012 and then decline sharply to 14.5% in 2013 as macro adjustment policies are reinforced.

Financial Sector

Ethiopia's financial sector is dominated by state-owned banks, mainly the Commercial Bank of Ethiopia (CBE). Currently public banks account for 67% of total deposits and 55% of loans and advances. In 2010/11, two new private banks were licensed, bringing the total number of private banks to 14.

The financial sector is shallow, with a limited range of services. Banking coverage stands at about 120 755 people per commercial bank branch, making Ethiopia one of the most under-banked countries in sub-Saharan Africa. The vast majority of small entrepreneurs lack the collateral necessary to obtain a bank loan. By June 2011 the private credit to GDP ratio for Ethiopia was around 9% compared with the average of 30% for sub-Saharan Africa. According to the World Economic Forum's *Global Competitiveness Report 2011-12*, Ethiopia ranked 125 out of 142 countries with respect to financial-market development.

Further, the banking sector remains closed to foreign participation and capital markets are non-existent. This has limited progress in innovation and dynamism in the sector. The policy, regulatory and institutional frameworks for microfinance institutions (MFI) is, however, well established. Currently there are 31 MFIs reaching around 2.4 million people. The demand for microcredit, however, far outstrips supply.

The government has recently taken further steps to strengthen the financial sector. In 2011 the National Bank of Ethiopia (NBE) launched a modern payment system and set up a centralized clearing system which will speed up the time for settlement of cheques. However, some of the recent measures are likely to weaken financial intermediation and make the playing field between private and public banks more uneven. In 2011, the government issued a directive requiring commercial banks to invest 27% of their gross loan disbursements in NBE bonds as a way of mobilizing resources for long-term investment projects. The financial sector will need deepening to improve efficiency in financial intermediation, broaden access to credit and expand domestic savings. In the GTP the government plans to strengthen the financial sector with the aim of establishing an accessible, efficient and competitive financial system.

Major Industries in Ethiopia:

Agriculture:

Agricultural productivity in Ethiopia is constrained mainly by inadequate supply of improved agricultural inputs and application of improved practices and climatic variability and natural resources degradation. There is a felt need to increase yield per unit area/labor and conserve the natural resources to attain food security at a household level. In this regard, focus will be given to supporting the generation, transfer and utilization of affordable agricultural technologies to enhance agricultural production, productivity, processing and marketing at both household and commercial levels.

Commerce and Industry:

Science and technology has been recognized as an important driving force in industrial production and productivity. In order to diversify the economy and produce goods for export, industrial development has to provide the necessary enabling environment for local and foreign direct investment in industrial capacity building. Therefore, there is an obvious unmet demand for techniques to increase the national capacity for industrial production of quality goods. Promotion of competitive knowledge and technology based trade for local consumption and export through supporting technology transfer and generation efforts of the industry, research centers and the public and private enterprises

Energy:

Energy is essential for most development activities. Wood-fuel is the prime energy source for the majority of the rural people. The use of other alternative energy sources such as solar energy, geothermal and wind energy is limited due largely to inaccessibility and unaffordability technologies to harness these resources. In recognition of this fact, attention will be given to research and development activities aimed to increase energy efficiency of the existing technologies, and to come up with new technologies that enable to tap the existing and new sources of energy; and promotion of affordable and environmentally friendly energy technologies

Mining:

It is noted that the potential for industrial minerals and semi-precious stones is considerable. Ethiopia is believed to have a very large reserve of coal that can be used for its major energy needs. However, there is hardly any local research and development in this sector. In view of this, mapping and exploration of the mineral wealth of the country and investigation and verification of alternative uses of the proven mineral reserves of the nation will be encouraged and supported.

Nuclear Science and Technology:

Nuclear knowledge and technologies are currently being applied in support of various activities to improve agricultural production and productivity, human and animal health, water resources management, and non-destructive testing. Emphasis will therefore be given to developing the required trained manpower and building the basic infrastructural capabilities that enable to nationally master, promote and safely apply the technologies

Science and Technology Information:

Information is an essential resource in the socio-economic development of the country since it creates greater efficiency in the provision of services, facilitates timely decision making and it widens international communications. Areas that need further development are data communication systems such as the internet. In this regard, development of ICT that will facilitate the exchange of scientific and technological information through an integrated national information system and ensuring its sustainable use in terms of manpower, hardware, network and software will be supported.

Media and Extension Services:

Media and extension networks provide essential linkage between providers and users of services of S&T. Radio is the main medium through which majority of the peoples in Ethiopia can be reached including those who cannot read and write. Media and extension play vital roles in education and diffusion of knowledge. The extension network of S&T needs to be developed to the level whereby it can adequately diffuse information on S&T. Hence, the involvement of media, extension networks, policy makers, leaders of the productive sectors and other stakeholders in the promotion of S&T will be encouraged and supported.

2.3 Social Environment

The name "Ethiopia" derives from the Greek *ethio*, meaning "burned" and *pia*, meaning "face": the land of burned-faced peoples. Aeschylus described Ethiopia as a "land far off, a nation of black men." Homer depicted Ethiopians as pious and favored by the gods. These conceptions of Ethiopia were geographically vague.

In the late nineteenth century, Emperor Menelik II expanded the country's borders to their present configuration. In March 1896, Italian troops attempted to enter Ethiopia forcibly and were routed by Emperor Menelik and his army. The battle of Adwa was the only victory of an African army over a European army during the partitioning of Africa which preserved the country's independence. Ethiopia is the only African country never to have been colonized, although an Italian occupation occurred from 1936 to 1941.

In addition to the monarchy, whose imperial line can be traced to King Solomon and the Queen of Sheba, the Ethiopian Orthodox Church was a major force in that, in combination with the political system, it fostered nationalism with its geographic center in the highlands. The combination of church and state was an indissoluble alliance that controlled the nation from King 'Ēzānā's adoption of Christianity in 333 until the overthrow of Haile Selassie in 1974.

A socialist government (the Derge) known for its brutality governed the nation until 1991. The Ethiopian People's Revolutionary Democratic Front (EPRDF) defeated the Derge, established democratic rule, and currently governs Ethiopia.

The last twenty-five years of the twentieth century have been a time of revolt and political unrest but represent only a small portion of the time during which Ethiopia has been a politically active entity. Unfortunately, however, the country's international standing has declined since the reign of Emperor Selassie, when it was the only African member of the League of Nations and its capital, Addis Ababa, was home to a substantial international community. War, drought, and health problems have left the nation one of the poorest African countries economically, but the people's fierce independence and historical pride account for a people rich in self-determination.

Social Welfare and Change Programs

Traditional associations are the major sources of social welfare. There are many different types of social welfare programs in different parts of the country; these programs have religious, political, familial, or other bases for their formation. Two of the most prevalent are the *iddir* and *debo* systems.

An *iddir* is an association that provides financial assistance and other forms of aid for people in the same neighborhood or occupation and between friends or kin. This institution became prevalent with the formation of urban society. The main objective of an *iddir* is to assist families financially during times of stress, such as illness, death, and property losses from fire or theft. Recently, *iddirs* have been involved in community development, including the construction of schools and roads. The head of a family who belongs to an *iddir* contributes a certain amount of money every month to benefit individuals in times of emergency.

The most widespread social welfare association in rural areas is the *debo*. If a farmer is having difficulty tending his fields, he may invite his neighbors to help on a specific date. In return, the farmer must provide food and drink for the day and contribute his labor when others in the same *debo* require help. The *debo* is not restricted to agriculture but is also prevalent in housing construction.

Nongovernmental Organizations and Other Associations

Nongovernmental organizations (NGOs) are the main sources of aid to alleviate rural poverty. The Swedish International Development Agency was the first NGO in Ethiopia in the 1960s, focusing on rural development. Drought and war have been the two biggest problems in recent years. NGOs played a crucial role in famine relief in Welo and Tigre during the 1973–1974 and 1983–1984 famines through the coordination of the Christian Relief and Development Association. In 1985, the Churches Drought Action Africa/Ethiopia formed a joint relief partnership to distribute emergency food relief to areas controlled by rebel forces. When the EPRDF took power in 1991, a large number of donor organizations supported and funded rehabilitation and development activities. Environmental protection and food-based programs take precedence today, although development and preventive health care are also activities on which NGO focuses. Ethiopian under the Woyanne junta continues to rank at the bottom among other nations in every development scale. After 20 years of Meles Zenawi's dictatorship, most Ethiopians live under obscene poverty where children in some areas scavenge for food in trash dumps. In this information age, only 1% of Ethiopians have access to computer, and Ethiopia ranks 135th out of 138th in countries in internet usage, 129th in freedom of press, 138th in mobile phone subscription, 132th in electricity production and 133rd in adult literacy rate according to a recent report by the World Economic Forum.

2.4 Technological Changes

Ethiopia Telecom Launches 3G Network:

Technology is generally divided into five categories (1) Tangible: blueprints, models, operating manuals, prototypes. (2) Intangible: consultancy, problem-solving, and training methods. (3) High: entirely or almost entirely automated and intelligent technology that manipulates ever finer matter and ever powerful forces (4) Intermediate: semi automated partially intelligent technology that manipulates refined matter and medium level forces.

(5) Low: labor-intensive technology that manipulates only coarse or gross matter and weaker forces. Ethiopian under the Woyanne junta continues to rank at the bottom among other nations in every development scale. After 20 years of Meles Zenawi's dictatorship, most Ethiopians live under obscene poverty where children in some areas scavenge for food in trash dumps. In this information age, only 1 percent of Ethiopians have access to computer, and Ethiopia ranks 135th out of 138 countries in Internet usage. 129th in freedom of the press, 138th in mobile phone subscription, 132nd in electricity production, and 133rd in adult literacy rate, according to a recent report by the World Economic. That is why Ethiopians are saying Beka (enough) to Meles Zenawi's 20 years of misrule, repression, and corruption.

Ethiopian ICT Association Launched:

An ICT association has been launched for the first time in the country, according to the Reporter. Following significant measures taken to improve the sector, the association, otherwise known as ICT-ET, has been launched Tuesday with Google financing the event on which its representatives presented the use of various application produced by the company to ICT professionals, businesses and state-owned organization including the newly formed Ethio Telecom. Founded by a few private companies, ICT-ET was formally established on November 25, 2010 with the Charities and Societies Agency License to expose, engage and enable the private sector within the ICT industry in Ethiopia, according to the association's statement. The association will have three sectors within its scope, namely Information Technology, Communications Technology and Broadcasting Technology. "Due to the dynamic nature of this industry, it is inevitable, however, that the three technologies converge as is evident in other parts of the world," read the association's statement

Ethiopian Minister Announces Energy Saving Plan:

On January 14, 2011 - Ethiopia's Water and Energy Minister Alemayehu Tegenu announced plan for extensive use of energy saving equipment with a view to preventing energy misuse in the country, reports ENA. Speaking at the opening of an exhibition organized for the second time under the theme "Electric Power for Socio-Economic Growth and Transformation," here on Wednesday, the Minister said the government has put in place a plan for extensive use of energy saving equipment towards the same goal. Alemayehu said non energy-saving bulbs will be replaced by energy saving ones within 18 months. He said there is plan to replace stoves being utilized in the country by energy saving stoves, manufacture in the country and import energy saving equipment during the coming years. Foreign and local companies have been taking part in the exhibition, he said, adding, the exhibition helps them fill the gaps in the energy sector and also share experiences

Newly Established Ethio-Telecom Starts Operation

On December 3, 2010 - The Ministry of Communications and Information Technology said Ethio-Telcom has launched its operation that would enable the nation to get world-class telecom infrastructure and telecom service, according to ENA. Speaking at the inauguration of France Telecom's official announcement of the management contract of Ethio-Telecom, the Minister Debretsyon G/Michael said the newly established company would help the nation access modernized, qualified and reliable service. He said the new contact will also help the Telecom hit its primary target of operational quality, efficiency, profitability, customer satisfaction and capacity building of work force.

2.5 Environmental Issues:

In a number of developing countries, balancing poverty and socioeconomic needs with environmental concerns creates very pressing problems. To meet this challenge and to realize the spirit of the World Summit on Sustainable Development held in Rio de Janeiro, Brazil, 1992, a number of countries have formulated strategic environmental sustainability policies to: a) include environmental concerns in their mission statements; b) develop long-term objectives; c) generate alternative strategies to pursue those objectives; d) implement strategies to devise policies, motivate employees, and allocate resources so that the formulated strategies can be executed; e) monitor the execution of strategies and make adjustments according to feedback; and f) assess whether the strategies actually fulfill the countries' mission statements. Realizing that natural resources are the foundation of an economy, Ethiopia has attempted to develop a policy to protect its ecosystems. To counteract the short term results of economic and technical policies of the past and to meet the needs of present and future generations "the first comprehensive statements of Environmental Policy for the Federal Democratic Republic of Ethiopia were approved by the Council of Ministers in April 1997" (UNEP EIA Training Resource Manual, 2006). Ethiopian Environmental Protection Authority (EPA) has created an environmental policy, as well as legal and regulatory reforms to manage its environmental and natural resources. Some of the specific duties of the Ethiopian Protection Authority include:

- To prepare environmental protection policy and laws, and upon approval, follow up their implementation
- To prepare directives and systems necessary for evaluating the impact of social and economic development projects on the environment; monitor and follow up their implementation.

The objective of the Authority is to formulate policies, strategies, laws and standards, which foster social and economic development in a manner that enhance the welfare of humans and the safety of the environment sustainably, and to spearhead in ensuring the effectiveness of the process of their implantation.

Ethiopian Environmental Protection Authority seeks to communicate the following environmental priorities:

- Ensure that essential ecological processes and life support systems are sustained
- Preserve biological diversity
- See that renewable natural resources are used in such a way that their generative and productive capabilities are maintained

- Ensure that the exploitation of non-renewable resources is managed wisely to extend the benefits far into the future
- Identify under-utilized natural resources by finding new technologies for their development
- Incorporate the full economic, social, and environmental costs of natural resources development into the planning, implementation, and accounting process by a comprehensive evaluation of the environment and the services it provides
- Improve the environment of human settlements to satisfy the physical, social, economic, and cultural needs of their inhabitants on a sustainable basis
- Ensure the empowerment and participation of the people and their own organizations in all levels of environmental management activities
- Raise public awareness with educational programs to promote understanding of the essential linkages between environment and development
- Undertake sectional and cross-sectional economic evaluations that create strategic alliances with the local, regional, national economy (Fed. Democratic Republic of Ethiopia, 1997)

EIA in Ethiopia is voluntary and is not legally binding. It is only applicable to large projects, and ascertains environmental impacts of development activities and how to mitigate negative impacts early in the project planning cycle. The developers of these large projects are required to take an “Initial Environmental Examination (IEE)” in order to determine whether or not a given project requires full Environmental Impact Assessment. As narrated by Tekelemichael, however, the EPA was created to assist developers in addressing environmental issues related to the development of their projects and in meeting environmental impact assessment requirements (2006). It is further alleged by the Ethiopian Government that the environmental impact assessment process included the participation of local populations in project planning and design. Thus, properly-conducted EIA lessens conflicts by promoting community participation and informing decision makers, thus helping to lay a suitable foundation for environmentally sound projects.

In general, the environmental impact assessment process ensures:

- *Screening*: responsible agencies carry out an appropriate assessment of all significant environmental consequences
- *Timing*: assessments are available early enough for use in the preparation of the strategic decisions
- *Environmental scoping*: the developer provides his judgment of whether or not an initiative should proceed, or if his objectives could be achieved in a more environmentally friendly way (i.e., through alternative initiatives or approaches)

- *Other factors:* sufficient information is available concerning other factors, including socio-economic conditions, either parallel to or integrated into the assessment
- *Study phase:* the output of the study is reviewed by the Competent Agency;
- *Review:* the quality of the process and information is safeguarded by efficient review mechanisms
- *Participation:* sufficient information for all legitimate stakeholders (including the public) is available early enough to be used efficiently in the decision-making process.
- *Documentation:* results are identifiable, understandable, and available to all parties affected by the decision;
- *Decision-making and accountability:* it is clear to all stakeholders and all parties how the consequences of the decision were taken into account;

Therefore, given that the EIA should be introduced early in the project cycle and must be an integral part of the projects' pre-feasibility and feasibility stages, 1) do multinationals operating in Ethiopia ever submit in advance the design and engineering, implementation, monitoring, and evaluation of their projects to concerned authorities, and 2) do the Ethiopian authorities regulate or enforce compliance to the established environmental standards and guidelines in order to assess the environmental footprints of the multinational corporations operating in the country?

2.6 Legal Frame Work

Overview of the Ethiopian Legal System

Law-Making Institutions

(A) Federal Institutions

(1) The Federal Legislature

The Constitution of the Federal Democratic Republic of Ethiopia (FDRE Constitution) establishes a two-house parliament for the federal government: the House of Peoples' Representatives and the House of Federation. Although the FDRE Constitution establishes a two-house parliament, the Ethiopian Parliament is not bicameral in the strict sense of the term. The highest legislative authority is vested in the House of Peoples' Representatives (HPR), which is comparable to the first or lower chamber of a legislature, normally serving the interests of the people in the federation as a whole. The members of the HPR are elected by a plurality of the votes cast in general elections every five years. The HPR has 550 members, and at least 20 seats are reserved for minority nationalities and peoples in order to ensure their representation. However, the FDRE Constitution does not define these groups, save that it declares that particulars shall be determined by law.

The Ethiopian system is essentially parliamentary, where the political party or parties with the greatest number of seats in the HPR shall form and lead the executive and approve the appointment of members for the executive Council of Ministers and the Prime Minister. The HPR shall also nominate the candidate for the president, who will be accepted by a two-thirds majority of both chambers of the legislature. The President has no real powers, but should, similar to other constitutional presidents and monarchs; formally sign all new laws coming from the HPR. The Prime Minister has extensive powers, akin to those of presidents in presidential systems.

Members of the HPR are popularly elected for a five-year term in a “first-past-the-post” electoral system. The most important function of the HPR is to enact laws on matters assigned to federal jurisdiction and ratify national policy standards. The HPR also exercises other important functions including the appointment of federal judges, the ratification of international agreements and the investigation of the conduct of members of the executive.

The House of the Federation (HOF) is the second or upper chamber in the federal government of Ethiopia. In conventional federal systems, the second chamber serves as the representative institution for the regional units. In the Ethiopian system, the HOF has essentially the same function, but in the FDRE Constitution, this is formulated in a slightly different way: it is not composed of representatives from the federal units, but “of representatives of Nations, Nationalities and Peoples”.

Each officially recognized ethno-national group should have in principle one representative in the HOF. Additionally, the population number of each nation or nationality is taken into consideration by giving one representative extra for each million of its population. Members of the HOF are elected by the State Councils in each regional state. The HOF is given the most important power of the interpretation of the FDRE Constitution. The HOF is also empowered to decide upon issues related to the rights of states to self-determination including secession, find solutions to disputes between states, and determine the division of joint federal and state revenues and the federal subsidies to the states.

(2)The Federal Executive

(i) The Prime Minister

The power of government is granted to the majority party in the House of Peoples’ Representatives (HPR), and the highest executive powers of the federal government are vested in the Prime Minister and Council of Ministers, who are accountable to the HPR. The Prime Minister is elected from among members of the HPR and is not subject to a term limit. The Prime Minister has the following powers and functions:

- The Prime Minister is the Chief Executive, the Chairman of the Council of Ministers, and the Commander-in-Chief of the national armed forces.
- The Prime Minister shall submit for approval to the House of Peoples' Representatives nominees for ministerial posts from among members of the two Houses or from among persons who are not members of either House and possess the required qualifications.
- He shall follow up and ensure the implementation of laws, policies, directives and other decisions adopted by the House of Peoples' Representatives.
- He leads the Council of Ministers, coordinates its activities and acts as its representative.
- He exercises overall supervision over the implementation of policies, regulations, directives and decisions adopted by the Council of Ministers.
- He exercises overall supervision over the implementation of the country's foreign policy.
- He selects and submits for approval to the House of Peoples' Representatives nominations for posts of Commissioners, the President and Vice-President of the Federal Supreme Court and the Auditor General.
- He supervises the conduct and efficiency of the Federal administration and takes such corrective measures as are necessary.
- He appoints high civilian officials of the Federal Government other than those referred to in sub-Articles 2 and 3 of this Article.
- In accordance with law enacted or decision adopted by the House of Peoples' Representatives, he recommends to the President nominees for the award of medals, prizes and gifts.

(ii) The Council of Ministers

The Council of Ministers along with the Prime Minister is vested with the highest executive authority. The Council of Ministers comprises the Prime Minister, the Deputy Prime Minister, Ministers and other members as may be determined by law. The Council of Ministers has the following powers and functions:

- The Council of Ministers ensures the implementation of laws and decisions adopted by the House of Peoples' Representatives.
- It shall decide on the organizational structure of ministries and other organs of government responsible to it; it shall coordinate their activities and provide leadership.
- It shall draw up the annual Federal budget and, when approved by the House of Peoples' Representatives, it shall implement it.
- It shall ensure the proper execution of financial and monetary policies of the country; it shall administer the National Bank, decide on the printing of money and minting of coins, borrow money from domestic and external sources, and regulate foreign exchange matters.

- It shall protect patents and copyrights.
- It shall formulate and implement economic, social and development policies and strategies.
- It shall provide uniform standards of measurement and calendar.
- It shall formulate the country's foreign policy and exercise overall supervision over its implementation.
- It shall ensure the observance of law and order.

(B) State Institutions

The Federal Democratic Republic of Ethiopia consists of the Federal Government and nine member States (also referred to as regions or regional States) and two federal cities, Addis Ababa and Dire Dawa. The nine member States of the federation are the State of Tigray, the State of Afar, the State of Amhara, the State of Oromia, the State of Somalia, the State of Benshangul/Gumuz, the State of the Southern Nations, Nationalities and Peoples, the State of Gambela, and the State of Harari People. The FDRE Constitution provides that the nine member States of the federation shall have legislative, executive and judicial powers over matters falling under State jurisdiction. Within their legislative mandate, the member States of the federation have the power to enact and execute state constitutions. All member States of the federation have enacted their respective constitutions. The State constitutions provide the details of the legislative, executive and judicial branch of State administration.

(1) The State Legislature

The FDRE Constitution empowers member states of the federation to establish a legislative organ called the State Council. The State Council is composed of representatives accountable to the people of the State. The State Council represents the highest level of state authority, and has the power of legislation on all matters falling under state jurisdiction. The State Council is also given the power to draft, adopt and amend the state constitution. State Constitutions provide the number of the members of the State Councils in each state and the modalities of their election. Most States have only a single parliamentary Council that both enacts laws and decides State constitutional issues. In at least two States, however, second legislative houses have been established to decide State constitutional issues, similar to the role of the Federal House of Federation. Where they exist at State level, these separate constitutional decision-making parliamentary bodies are known as the House of Nationalities.

(2) The State Executive

The State administration constitutes the highest organ of executive power. The State administration has a Chief Administrator, or Regional Administrator as its chief executive officer. The Chief Administrator is elected among members of the State Council by a political party or coalition of political parties that constitutes a majority in the State Council. The Chief Administrator establishes the State executive council and nominates its members. The members of the State executive council (the Chief Administrator, Deputy Administrator and the heads of the various regional bureaus) need to be confirmed by the State Council. State executive councils have the power to implement laws and policies enacted by the State Council and the federal legislature. The State executive structure is replicated in lower State administration levels such as Zones and *Weredas* (districts).

The Judiciary

Federal Courts

(A) Structure and Jurisdiction

Ethiopia has a dual judicial system with two parallel court structures: the federal courts and the state courts with their own independent structures and administrations. Judicial powers, both at Federal and State levels, are vested in the courts. The FDRE Constitution states that supreme federal judicial authority is vested in the Federal Supreme Court and empowers the HPR to decide by a two-third-majority vote to establish subordinate federal courts, as it deems necessary, nationwide or in some parts of the country. There is a Federal Supreme Court that sits in Addis Ababa with national jurisdiction and until recently, the Federal High Court and First Instance Courts were confined to the federal cities of Addis Ababa and Dire Dawa. In recent years, Federal High Courts have been established in five States. Federal courts at any level may hold circuit hearings at any place within the State or “area designated for its jurisdiction” if deemed “necessary for the efficient rendering of justice.” Each court has a civil, criminal, and labor division with a presiding judge and two other judges in each division.

The Federal Supreme Court includes a cassation division with the power to review and overturn decisions issued by lower federal courts and State Supreme Courts containing fundamental errors of law. Besides, judicial decisions of the Cassation Division of the Federal Supreme Court on the interpretation of laws are binding on Federal as well as State courts. The Federal Courts Proclamation allocates subject-matter jurisdiction to federal courts on the basis of three principles: *laws*, *parties* and *places*. It stipulates that federal courts shall have jurisdiction over, first, “cases arising under the Constitution, federal laws and international treaties,” second, over *parties* specified in federal laws.”

Article 3(3) of the Federal Courts Proclamation states that federal courts shall have judicial power in places specified in the FDRE Constitution or in federal laws. Article 5 of the same Proclamation stipulates that federal courts shall have civil jurisdiction over “cases to which a federal government organ is a party; suits between persons permanently residing in different regions; cases regarding the liability of officials or employees of the federal government in connection with their official responsibilities or duties; cases to which a foreign national is a party; suits involving matters of nationality; suits relating to business organizations registered or formed under the jurisdiction of federal government organs; suits regarding negotiable instruments; suits relating to patent, literary and artistic-ownership rights; and suits regarding insurance policy and application for *habeas corpus*’.

Article 4 of the Federal Courts Proclamation bestows upon federal courts criminal jurisdiction over: offences against the national state; offences against foreign states; offences against the law of nations; offences against the fiscal and economic interests of the federal government; offences regarding counterfeit currency; offences regarding forgery of instruments of the federal government; offences regarding the security and freedom of communication services operating within more than one region or at international level; offences against the safety of aviation; offences of which foreigners are victims or defendants; offences regarding illicit trafficking of dangerous drugs; offences falling under the jurisdiction of courts of different regions or under the jurisdiction of both the federal and regional courts as well as concurrent offences and offences committed by officials and employees of the federal government in connection with their official responsibilities or duties.

The Labour Conciliation Office

As indicated above, the Labour Conciliation Office is established pursuant to the Labour Proclamation No.377/2003 and attempts to find amicable settlement of labour disputes based on the voluntary submission of the parties to its mediation efforts. It is also pointed out that the Labour Proclamation No.377/2003 does not provide a procedure to be followed during the mediation process. Nonetheless, a visit to the Labour Conciliation Office at the Ministry of Labour and Social Affairs reveals that the Office follows the following written internal procedure in the mediation process:

- As a first step, one of the parties to a labour dispute should apply to the Ministry of Labour and Social Affairs and request the Ministry to mediate the dispute.
- The Labour Conciliation Office at the Ministry will then send a letter to the other party asking if it agrees to the mediation process.

- If the parties agree to the mediation process, a conciliator assigned for the case by the Ministry will have a preliminary discussion with them.
- The conciliator will collect all information and evidence connected with the case.
- The conciliator will then examine the written applications and responses of the parties and require oral explanation of issues, which are not clear on the written submission the parties.
- The conciliator will attempt to build consensus between the parties taking the following points into consideration:
 - Allowing the parties to propose solutions to their problems;
 - Tackling issues in the order of their importance;
 - Understanding the expectations of the parties out of the mediation process.
 - Help the parties to develop a framework of agreement on the amicable settlement of the dispute.
 - Write down all points of agreement;
 - Advise on the implementation of the agreement;
 - Advice on how to avoid similar dispute in the future.
 - Where there is no agreement /no amicable settlement/, the conciliator shall write and send a report to all concerned parties. The report shall contain:
 - The issues of the dispute;
 - The demands of the parties;
 - The efforts made by the conciliator to bring about amicable settlement of the dispute;
 - The weak and strong points of the parties in the mediation process.

The Ethiopian Human Rights Commission

Article 55 of the FDRE Constitution requires the Federal government to establish a Human Rights Commission and an Office of the Ombudsman. Proclamation 210/2000 was enacted to provide for the establishment of the Ethiopian Human Rights Commission. Article 5 of Proclamation 210/2000 provides that the objective of the Commission is “to educate the public be aware of human rights, see to it that human rights are protected, respected and fully enforced as well as to have the necessary measure taken where they are found to have been violated.” According to Article 6 of Proclamation No.210/200, the Ethiopian Human Rights Commission has the following powers and duties:

- ensure that the human rights and freedoms provided for under the Constitution of the Federal Democratic Republic of Ethiopia are respected by all citizens, organs of state, political organizations and other associations as well as by their respective officials;

- ensure that laws, regulations and directives as well as government decisions and orders do not contravene the human rights of citizens guaranteed by the Constitution;
- educate the public, using the mass media and other means, with a view to enhancing its tradition of respect for, and demand for enforcement of, rights upon acquiring sufficient awareness regarding human rights;
- undertake investigation, upon complaint or its own initiation, in respect of human rights violations;
- make recommendations for the revision of existing laws, enactment of new laws and formulation of policies.
- provide consultancy services on matters of human rights;
- Forward its opinion on human rights reports to be submitted to international organs;
- translate into local vernaculars, international human rights instruments adopted by Ethiopia and disperse same;
- participate in international human rights meeting, conferences or symposia;
- own property, enter into contracts, sue and be sued in its own name;
- perform such other activities as may be necessary to attain its objective.

Part-3: Export & Import

Exported Ethiopian Products

Coffee

More than 90% of the nation's harvested coffee is organically produced. The inherently superior quality of Ethiopian highland Arabica coffee is unmatched, particularly in flavour and aroma. Ethiopia also produces several types of coffee, the water soluble extracts of which can be used for hot beverages, iced drinks, ice creams and in the confectionery industries.

Livestock Products

Ethiopia offers a wide range of processed and semi-processed hides and skins to the world market. Some of the products, such as Ethiopian highland sheepskin, which has gained international reputation for making gloves, are well-known for their quality and natural characteristics.

The high quality Ethiopian hides and skins exports include:

- Pickled sheep skin, wet blue sheep skin, crust sheep skin, wet blue goat skin, crust goat skin, crust cow hides, finished garment leather, finished glove leather, lining/upper leather, suede leather, full grain leather, corrected grain leather, embossed leather and patent leather
- The export of finished leather and leather products (such as leather garments, foot wear, gloves, bags and other leather articles) is also highly promising.

Live Animals and Meat

With the largest livestock population in Africa, Ethiopia has an ample supply base for the export of live animals and meat. Its livestock resources are estimated at 27 million cattle, 24 million sheep and 18 million goats.

Livestock husbandry is mostly carried out under natural grazing, making the meat and meat products obtained from the animals very tasty and nutritionally healthy for human consumption. Ethiopia's main exports of live animals and meat products include:

- Steers and yearlings;
- Low land sheep and goats;
- Fresh and chilled lamb and mutton carcass;
- Fresh and chilled goat carcass;
- Fresh and chilled veal carcass and beef four quarters;
- Fresh and chilled boneless veal and beef;
- Frozen lamb, mutton, goat carcass, veal and beef special cuts

Oilseeds and Pulses

Ethiopian oilseeds and pulses are known for their flavour and nutritional value as they are mostly produced organically. For instance, the Ethiopian white sesame seed is used as a reference for grading in international markets.

Major oilseeds and pulses exports include:

- Sesame seed, Niger seeds, linseeds, sunflower seeds, groundnuts, rape seeds, castor oil seeds, pumpkin seeds, haricot beans, pea-beans, horse beans, chick peas, lentils.

The Gulf States (Saudi Arabia, Yemen, Israel), European Union, some Asian and neighboring African countries constitute the major markets for Ethiopia's oilseeds and pulses exports.

Fruits, Vegetables and Flowers

With a favorable climate, abundant labor, land and water resources, most regions of the country are suitable for the production of a wide range of tropical and sub-tropical fruits, vegetables and flowers.

The major vegetable export products are:

- Potatoes, green beans, okra, melons, white and red onions, shallots, cabbages, leeks, beetroots, carrots, green chillis, tomatoes and lettuce.

The main exportable fruits are:

- Oranges, mandarins, grapefruits, mangos, guavas, lemons and lime.

Cut-flower exports include:

- Statice, alliums, roses and carnations.

Textile Fabrics and Garments

The textile industry is the largest manufacturing industry in the country. There are more than fourteen state-owned and private major textile and garment factories. It employs around 30,000 workers and constitutes a share of 36% of the entire manufacturing industry. The main textile products manufactured in the country are cotton and nylon fabrics, acrylic yarn, woolen and waste cotton blankets and sewing thread. The domestic potential of cotton production, such as basic raw material is much larger, compared to the demand of the currently installed spinning capacity. The availability of cheap labour is one of the major parameters for consideration in this industrial sector, as it presents one of the strategic industries for export development.

Natural Gum

Ethiopia is endowed with distinct climatic conditions that enable it to grow diverse plant species, which can be used for industrial and pharmaceutical purposes. Acacia, Commiphora and Boswellia could be mentioned as one group of the various plant species grown in the arid and semi-arid areas that yield important gums. The trend that has enhanced the growth of gum production over the past decade has been the increasing consumption of convenience foods. As in most other sectors of the additives industry, increasing health consciousness has tended to fuel growth for thickeners of natural origin. Gum Olibanum derived from Boswellia, gum Myrrh, and Oppoponex derived from Commiphora and gum Arabic derived from acacia species are the major gum products that are mainly produced for the export market.

Apart from their pharmaceutical applications, these products have a wide-range of industrial uses in areas such as beverages, candies, chewing gums, confectioneries, dairy products, gelatins, nut products, puddings and canned vegetables. Typical applications include their uses as:

- adhesive thickeners;
- thickeners, stabilizers, flavour, fixatives and emulsifying agents in food products;
- clarification in beverages;
- release agents for rubber products;
- Formulations in cosmetics.

Tea

The quality of tea mainly depends on climatic conditions, the type of soil upon which the plant grows and the method used in processing. In Ethiopia tea is mostly grown in the highland dense forest regions, where the land is fertile and therefore the usage of fertilizers is very minimal.

Mineral Products

According to studies conducted up-to-date, there are diversified mineral deposits available in many parts of the country, most of which can meet export standards. Minerals supplied to export markets as of yet include gold, platinum, marble, granite and tantalum, however, in a very limited scale as compared to the immense potential of these products. Other metallic and non-metallic substances, including copper, lead, zinc, silver, gypsum, limestone, quartz and pyrite have also been identified in various parts of the country. Most of Ethiopian mineral products are potentially exportable to countries in East and Southern Africa, and in the Asia/Oceania market areas. This is feasible in both of these regions, due to the freight cost advantages over established exports from Europe and North America. Ethiopia has also recently started the export of high quality dimensional stones, i.e. different types of unprocessed (blocks) and processed marble, granite and lime stones suitable for both internal and external uses.

Others

Some other products that Ethiopia exports to the world market include:

- spices, civet, beverages, beeswax, gall-stone, cereals, and fish.

Exporters:

The Ethiopian Government recognizes that growth of exports is an important engine of poverty reduction and economic development. The Government's firm and continuing commitment to expanding exports has resulted in improved facilitation of the export process. Because more than 50% of Ethiopia's gross domestic product (GDP) results from agriculture-based production, the Government's commitment to expansion of export markets is concentrated in these areas; exports of manufactured goods account for only 7% of GDP. Although the Government is Currently using the floriculture industry, which is in its infancy, as its model for expansion, and has Allowed FDI as the growth engine, exports continue to be dominated by oil seeds, coffee, meat, and Leather.

Export incentives:

Three export incentive programs, administered by the Export Incentive and Facilitation Department of the Export Promotion Agency under the MTI, allow duty-free and tax-free importation on inputs. Two companies currently use the traditional manufacturing duty drawback program, whereby taxes are paid on importation of inputs and then refunded after export. This process has been streamlined by Customs, and refunds, which used to take years to receive, now are processed in 2–3 months.

The most popular export incentive program is the voucher program, with 62 beneficiaries. Under This program, the exporter files with the Facilitation Department a yearly plan of intended imported Inputs, with calculated duty and tax liability. A numbered voucher is then issued, usually within 2 to 3 days that allows the trader to import listed products free of duty for a 1-year period, so long as the Voucher amount is not exceeded. Customs reconciles the imports and exports annually. Although this widely used voucher program facilitates import of inputs through a procedure that does not require upfront payment and subsequent refunds, yearly estimates and reconciliations are time-consuming and should be streamlined.

The third incentive program, which is used by only one exporter at this time, requires the importer to establish a bonded warehouse where the trader can store imported inputs without duty payment, and then withdraw for production under Customs supervision. The reimbursable cost of having the Customs person on site prohibits this program from being used extensively.

Importers:

Although imports are twice the volume of exports, and have increased 25% over the last 5 years, most of the import volume is attributable to humanitarian aid and products imported under Government contract, such as fertilizer. The other imports are attributable to a small private sector, mostly small shop owners, who personally purchase finished products from such countries as China and Dubai. The vast majority of importers (85%) are located in or near Addis Ababa. No major companies currently act as wholesalers or major retail outlets. Although there are no restrictions for development of such enterprises, the private initiative and the capital necessary to undertake such projects is lacking at this time

Importers often import a needed raw material, rather than sourcing it locally, to guarantee a consistent quantity and quality of production. Generally, State-owned companies, which are often the sole producers of a product nationally, are incapable of producing a high-quality product on a consistent production schedule at a reasonable price. Even with the high applicable duties and Excise taxes, an equivalent import has a lower price.

The import process remains heavily bureaucratic, document-intensive, and time-consuming, and traders view Customs as a major bottleneck in the import process. The general rigidity of Customs and the burdensome and time-consuming process at times results in imported cargo incurring storage charges at the port and in some cases, abandonment of the goods.

Import Policies:

Ethiopia has significantly reduced customs duties on a wide range of imports over the last three years. The most recent tariff reductions in January 1997 offer considerable cuts in most duties and especially target imported goods that enhance exports. Tariff rates range from 0 to 50 percent, with an average tariff rate approximately 20 percent. The government plans to reduce the maximum rate to 30% and the average tariff rate to 17-18 percent within the next three years. Sales tax rates are 4 percent for a selected list of agricultural goods and "essential" goods such as pharmaceuticals, books and printed materials, hides and skins, and cotton. For all other goods, the sales tax rate is 12 percent. There are ten excise tax brackets, applied equally to domestically produced and imported goods, ranging from 10 percent for textiles and electronic products to 200 percent for alcoholic beverages. Neither quantitative restriction on imports nor import licensing requirements present a notable trade barrier although customs clearance remains a hindrance to the business of importing. Not only is the clearance process slow, the imported goods are sometimes charged at attributed values instead of invoice values, even when the invoices have been certified by trade officials of the exporting country. The government requires that all imports be channeled through Ethiopian national registered as official import or distribution agents.

Trade barriers

One of the most important features of the international trading environment is the proliferation of the trade barriers.

The main objectives of imposing trade barriers are to protect domestic industries from foreign competition, to promote indigenous research and development, to conserve the foreign exchange resources of the country, to make the balance of payments position favorable, to curb conspicuous consumption, to mobilize revenue for the government and to discriminate against certain countries.

After the Second World War there was a progressive liberalization of trade by the developed countries. Successive rounds of negotiations in the GATT have cut tariffs on trade in manufactures from an average level of 40% in 1947 to about 3% now in the industrial countries.

Even though the process of elimination of the tariff barriers has continued, since around the mid-1970s the liberalization trend in the developed countries has been replaced by a growing protectionism. A number of problems like the currency crisis, oil crisis, debt crisis, recession, high unemployment and trade deficits produced an atmosphere in which demands for protection increased dramatically. Added to these has been the growing competition from Japan and the newly industrializing countries. As a response to this, the developed countries have increased the non-tariff barriers (NTBs). In addition to the hard-core NTBs such as quotas, voluntary export restraints, multi-fiber arrangements (MFA) etc, these include measures such as price restraints and health and safety regulations. The exports of developing countries have been hit much more than those of the developed ones by such protectionism. The NTBs grew substantially and by 1987, they affected almost one-third of the OECD imports from developing countries. There has been a further growth of the restrictions in recent years. According to World Bank estimates, the restriction cost of developing countries at least \$ 40 billion a year in forgone export of goods and services and they reduced the developing countries' GNP by 3% — an annual loss of \$ 75 million.

There are, broadly, two types of trade barriers, viz, tariff barriers and non-tariff barriers. Tariffs in international trade refer to the duties or taxes imposed on internationally traded goods when they cross the national borders. As noted above, after the Second World War, there has been a reduction in the average level of tariffs in the advanced countries. However, the tariff rates are generally high in the developing countries. With the recent economic liberalization across the world, many developing countries have reduced the tariff rates and NTBs as part of their trade liberalization. India is one among them adhering to WTO's GATT.

India has had one of the highest tariff walls in the world. The government, following the recommendation of the Tax reforms Committee steadily reduced the peak level of tariffs from over 300% in 1991 to 50% in 1995 to 5% in 2007. Further, import duties on capital goods, project imports, basic feed stocks for petrochemicals etc were brought down. The government proposes to further reduce the average and maximum tariffs and simplify and rationalize the tariff structure in order to bring the country's tariff structure in line with those of other developing countries.

Non-tariff barriers (NTBs), some of which are described as new protectionism measures (as against tariffs which are regarded as traditional barriers), have grown considerably, particularly since around the beginning of the 1980s. The export growth of many developing countries has been seriously affected by the NTBs.

PHARMACEUTICAL INDUSTRY

Overview of Pharmaceutical Sector-Ethiopia:

Ethiopia is the second most populous country in sub-Saharan Africa, with a population of over 92.9 million people. The country introduced a federal government structure in 1994 composed of nine Regional States: Tigray, Afar, Amhara, Oromia, Somali, Benishangul Gumuz, Southern Nations Nationalities and Peoples Region (SNNPR), Gambela and Harrari and two city Administrations (Addis Ababa and Dire Dawa). The Regional States are administratively divided into 78 Zones and 710 Woredas.

Ethiopia experiences a heavy burden of disease mainly attributed to communicable infectious diseases and nutritional deficiencies. Shortage and high turnover of human resource and inadequacy of essential drugs and supplies have also contributed to the burden. However, there has been encouraging improvements in the coverage and utilization of the health service over the periods of implementation of Health Sector Development Plan (HSDP).

HSDP constitutes the health chapter of the national poverty reduction strategy and aims to increase immunization coverage and decrease under-five mortality at large. The health service currently reaches about 72% of the population and The Federal Ministry of Health aims to reach 85% of the population by 2009 through the Health Extension Program (HEP). The HEP is designed to deliver health promotion, immunization and other disease prevention measures along with a limited number of high-impact curative interventions.

The major health problems of the country remain largely preventable communicable diseases and nutritional disorders. Despite major progresses have been made to improve the health status of the population in the last one and half decades, Ethiopia's population still face a high rate of morbidity and mortality and the health status remains relatively poor. Figures on vital health indicators from DHS 2005 show a life expectancy of 54 years (53.4 years for male and 55.4 for female), and an IMR of 77/1000. Under-five mortality rate has been reduced to 101/1000 in 2010 and more than 90% of child deaths are due to pneumonia, diarrhea, malaria, neonatal problems, malnutrition and HIV/AIDS, and often a combination of these conditions. These are very high levels, though there has been a gradual decline in these rates during the past 15 years. In terms of women health, MMR has declined to 590/100,000 though it still remains to be among the highest.

The major causes of maternal death are obstructed/prolonged labor (13%), ruptured uterus (12%), severe pre-eclampsia/ eclampsia (11%) and malaria (9%) . Moreover, 6% of all maternal deaths were attributable to complications from abortion. Shortage of skilled midwives, weak referral system at health centre levels, lack of inadequate availability of BEmONC and CEmONC equipment, and under financing of the service were identified as major supply side constraints that hindered progress.

On the demand side, cultural norms and societal emotional support bestowed to mothers, distance to functioning health centers and financial barrier were found to be the major causes. Following changes of Government in 1991, the Government produced the health policy which was the first of its kind in the country and was among a number of political and socio-economic transformation measures that were put in place. The translation of the health policy was followed by the formulation of four consecutive phases of comprehensive Health Sector Development Plans (HSDPs), the first phase of which was implemented starting in 1996/97. Both of the policy formulation as well as the development of the first HSDP have been the result of critical reviews and scrutiny of the nature, magnitude and root causes of the prevailing health problems of the country and the broader awareness of the newly emerging health problems in the country.

The core elements of the health policy are democratization and decentralization of the health care system, development of the preventive, promotive and curative components of health care, assurance of accessibility of health care for all segments of the population and the promotion of private sector and NGOs participation in the health sector. Since the development of HSDP I which also paved the way for the subsequent HSDP II and HSDP III, the Federal Ministry of Health has formulated and implemented a number of policies and strategies that afforded an effective framework for improving health in the country including the recent addition of maternal and neonatal health. This include implementations of far reaching and focused strategies such as Making Pregnancy Safer (2000), Reproductive Health Strategy (2006), Adolescent and Youth Reproductive Health Strategy (2006) and the Revised Abortion Law (2005). Others include strategies on free service for key maternal and child health services (Health Care Financing Strategy), the training and deployment of new health workforce called all female HEWs for the institutionalization of the community health care services including clean and safe delivery at HP level, and deployment of HOs with MSc training in skills of Integrated Emergency Obstetric and Surgery (IEOS).

Overview of HSDP I, II and III

The three consecutive HSDPs that have been implemented since 1997/98 are reviewed here with respect to achievements, implementation challenges and lesson learned and doable recommendations for further health sector planning. Records from the implementation of HSDP I and II showed encouraging improvements both in the health service coverage as well as in the utilization of services at all levels of the health care system of Ethiopia. In terms of physical health facilities, the improvements have been the construction of additional 3,135 New Health Posts reaching 2899 in 2003/04 .

This was from an insubstantial of 76 HPs in 1996/97. The number of Health Centers has also increased from the 1996/07 level of 243 to 519 in 2003/04. Similarly the number of Hospitals has increased from 87 in 1996/97 to 126 in 2003/04. There have been also significant increases in the availability of health workers of all professional categories among which the increase in the number of Nurses and Health officers have been most remarkable. The end phase in the implementation of HSDP II saw the development of new strategic initiative that brought in the inception, successful piloting, and the launching of HEP at the national level with the aim of universal PHC coverage and institutionalization of the community health services at health post level in the midst of villages. The program has required the training and deployment of all female HEWs, and by the conclusion of HSDP II, there have been 2,800 trained and deployed HEWs with 7,138 already enrolled for training in 2004/5 .

In terms of progresses in the implementation of priority health programs including prevention and control of infectious communicable diseases such as HIV/AIDS, Malaria and TB, the recorded achievement showed that there have been notable sign of improvements during these periods, especially family planning services such as contraceptive coverage which has shown a remarkable leap from the 1996/97 level of 4% to 25% in 2004/05 . The following sections provide detailed account of performance of HSDP III in priority programs and health system issues. Health service Delivery and quality of care.

Pharmaceutical Services

Since the start of HSDP I, the government was committed to ensuring community's access to the essential medicines that are safe, effective and of assured quality including rational drug prescription and use. In the ongoing health sector reform, ensuring a regular and adequate supply of pharmaceuticals has been considered as one of the core processes in the BPR and the following have been implemented so far.

In order to introduce efficiency in the supply chain of pharmaceuticals and medical supplies management system, PHARMID has been transformed into Pharmaceutical Fund and Supply Agency (PFSA) with the several measures taken to strengthen the capacity of the new agency. These measures include: • Deployment of more regular staff and mobilization of TAs. • Design of the LMIS • The selection of 18 sites and beginning of the construction of warehouses and hubs. • Overhauling and strengthening the transport capacity of the Agency through the procurement of 92 trucks. • Improvement in the RDF volume by making available additional funding. • Building cold rooms that have increased the national capacity by five fold.

Furthermore; PFSA has developed a national list for the procurement of Essential Pharmaceuticals. It has been able to develop a pharmaceutical forecasting plan in consultation with health facilities that would be required for need-based procurement. The Agency has also undertaken capacity building activities in the areas of drug supply management and also engaged in the establishment and strengthening of Drug and Therapeutic Committees (DTC) in health facilities in order to improve the supply and rational use of pharmaceuticals. The new Agency has already started handling bulk procurement, storage and distribution of pharmaceuticals.

Health and Health Related Services and Product Regulation A key principle underpinning the design of BPR in the health sector was bringing a significant improvement in the quality of health services through the institutionalization of accountability and transparency. One mechanism of achieving this was to seriously consider the separation of purchaser, provider and regulator in the health system. As part of this important endeavor, the former Drug Administration and Control Agency (DACA) has undergone an institutional transformation into a new Agency called Health and Health related Services and Product Regulatory.

The mandate of the new agency is to undertake inspection and quality control of health and health related products; premises, professionals and health delivery processes in an integrated manner. The Agency is strengthened through the construction of new building at federal and branch offices at regional levels that helped the Agency to expand the drug administration and control system throughout the country. The agency has now five branch offices which it provided delegation to RHBs on drug administration and control.. The agency is working closely with RHBs on drug quality and rational use through the process of reviewing drug documents, physical and laboratory quality assurance checks. Prevention and control on the use of narcotic drugs including tobacco are other mandates of the Agency which it works collaboratively with appropriate government offices. The agency has recently procured, installed and commissioned for use modern equipment for the safe disposal of expired drugs.

In addition to the construction and expansion of health facilities, the FMOH focused on strengthening the management capacity of health facilities during HSDP III period to ensure the delivery of effective, efficient and quality medical services. The Ethiopian Hospital Reform Implementation Guidelines that provide guidance for managers to improve hospital management in areas such as nursing care, facilities and equipment management, human resource management, infection prevention and quality management, among others was launched and similar Guidelines are also being developed for Health Centers as well.

An assessment done in 47 selected hospitals on their performance for the year EFY 2001 showed 50.8% bed occupancy rate (BOR), 27.8% patients per bed per year as bed turn-over rate (BTR), and 6.7 days of average length of stay (ALOS). The same revealed that average cost per patient–day equivalent (PDE) of 196 ETB.

With respect to per capita attendance rate, it is difficult to measure progress due to erratic implementation of the new HMIS in regions. Yet an increasing number of indigenous and international NGOs are currently involved in various aspects of service delivery, and there are currently 277 private clinics not for profit and 1,788 private clinics for profit in the country. The total number of hospital beds is 13,922, which mean that there is one bed for a population of about 5,300. This figure is about five times lower than the sub-Saharan African average.

Export regulations for pharmaceuticals products:

Regulations, charges or other restrictions may apply to biotechnology and pharmaceutical exports as they leave the UK and when they arrive at their destination country. It is important that you research both sides of the transaction.

The above tool will enable you to classify your goods. Using standardised classification codes makes it easier to check if any restrictions or charges apply.

Remember that in general it is much simpler to trade with other EU countries than with countries outside the EU. This is because the goods are in free circulation. The EU is a single market and the UK is in a customs union, so you can trade most goods with other EU countries without restriction. However, biotechnology and pharmaceutical products are likely to be exceptions.

Import regulations in pharmaceuticals sector:

As the EU is a customs union, you can buy goods from other member countries without restrictions - although VAT and excise duty can still apply. For more information, see the guide on trading in the EU. You can also see the page VAT on goods from EU countries in the guide on imports and purchases from abroad: paying and reclaiming VAT.

If you import from outside the EU, you may have to comply with import licensing requirements and with common customs tariffs that apply across the EU. For more information, see the guide on imports from outside the EU.

Pharmaceutical Industry-India

The Indian pharmaceutical companies' number is fairly low. There is cheap labour in production for that reason there is foreign companies subsidiaries in India. In 2002, there was over 20,000 registered drug manufacturers in India sold \$9 billion worth of bulk drugs. it was 85% of these formulations sold in India while over 60% of the bulk drugs exported, more to the United States and Russia. As studied, mostly the players in the market are small-to-medium enterprises and 250 of the largest companies control 70% of the Indian market. Multinationals represent only 35% of the market, down from 70% thirty years ago according to act 1970.

Challenges

There are many challenges in india for pharmaceutical industry. Each company has to spend 5-10% of its revenue in r&d department. There are market leaders such as Ranbaxy and Dr. Reddy's laboratories spent only 5-10% of their revenues on R&D and western pharmaceutical like Pfizer whose research budget last year was greater than the combined revenues of indian pharmaceutical industry. There are many other reasons for difference in product. One is disparity in cost differential. Therefore advances in genomics have made research equipment more expensive than ever. Second, the drug discovery process is over involved by a dearth of qualified molecular biologists. Third, pharma in india lack the academic collaboration that is crucial to drug development in the west and so far due to the disconnect between curriculum and industry.

Pharmaceutical marketing called medico marketing or pharma marketing in some countries is the business of advertising or otherwise promoting the sale of pharmaceuticals or drugs. There is negative effect of marketing practices. Some evidence for marketing practices can negatively affect both patients and the health care profession. There is limit to advertising by pharmaceutical companies in many countries.

SHIPPING INDUSTRY

Ethiopia used to have a rich shipping tradition - ports of Adulis and Zeyila had been the sea ports that were used by Ethiopian and foreign merchants. Today, Shipping in Ethiopia is alive and thriving. Even though Ethiopia is a landlocked country, it uses Djibouti port (mainly) and Berbera port to ship its import and export cargo. An inland dry port has already been built at Modjo and is in the first phase of its operation; it's stationed at Modjo - 70 km East of Addis. More dry ports are expected to be built soon. Ethiopian Airlines (EAL) and Ethiopian Shipping and Logistics Services Enterprise (ESLSE) - a mega company formed by the merger of Ethiopian Shipping Lines, Ethiopian Dry Ports Enterprise and Maritime Transit Services Enterprise - enjoy a kind of monopoly or protection on goods imported to Ethiopia by air and on sea respectively.

Ethiopian Shipping and Logistics Services Enterprise (ESLSE) is the country's flag carrier and the majority of the cargo that's imported to Ethiopia is carried by ESL. The various procedures followed by the shipping arm of ESLSE have been published. These procedures were used to be followed by the now defunct Ethiopian Shipping Lines SC; we will replace them as soon as the new company has announced a new set of procedures.

If you want to book your cargoes with ESL, you need to follow the procedures as outlined in Booking Procedure at Ethiopian Shipping Lines. (These procedures may have to be changed for reasons mentioned above.)

If you want to get a container release, want to know the container deposit amount and the refund procedure, you need to follow the procedures as outlined in Container Release and Container Deposit and Refund Procedure at Ethiopian Shipping Lines. (These procedures may have to be changed for reasons mentioned above.)

If you want to get your goods released by the carrier (ESL) or its agent, you need to follow the procedures as outlined in Goods Release Procedure at Ethiopian Shipping Lines. (These procedures may have to be changed for reasons mentioned above.)

Most Exported Goods out of Ethiopia

Coffee has always been credited to be the Ethiopia's highest foreign currency earner. In terms of weight, however, the most exported goods out of Ethiopia in the last three years are pulses, oil seeds and spices. Using data obtained from Ethiopian Revenue and Customs Authority and Ministry of Trade and Industry, we have presented the most exported goods out of Ethiopia, their quantity in thousand tons, revenue earned in thousand USD.

Most Imported Goods to Ethiopia

Ethiopia's major import goods are petroleum, steel, machinery, vehicles, chemicals and pharmaceuticals. The bulk of these import goods mainly originate from China, India, EU and the Middle East. Most of the imported goods are carried by the country's flag carrier state owned semi autonomous, Ethiopian Shipping Lines.

Major Ports

Assab:

The port of Assab was, until the beginning of the war with Ethiopia in May 1998, the main gateway to Ethiopia. The total throughput was then around 3 million tons per year, and later decreased to almost zero.

Storage and warehouses:

Warehouses-25 960m²

Open shed- 40354m²

Stacking area- 209 005m²

Total- 275,319m²

The port has 275,319m² of storage area with holding capacity of 385,950 metric tons.

Dar es Salaam

Dar es Salaam port is the Tanzania principal port with a rated capacity of 4.1 million (dwt) dry cargos and 6.0 million (dwt) bulk liquid cargos. The Port has a total quay length of about 2,000 meters with eleven deep-water berths. Dar es Salaam port handles about 95% of the Tanzania international trade. The port serves the landlocked countries of Malawi, Zambia, Democratic Republic of Congo, Burundi, Rwanda and Uganda.

The port is strategically placed to serve as a convenient freight linkage not only to and from East and Central Africa countries but also to middle and Far East, Europe, Australia and America.

Djibouti

Djibouti Port has 3,219 meters of quays. Since June 2000, Dubai Port International has managed Djibouti Port. Djibouti Port has a capacity of 6 – 8 million tons per year. Port also has capacity to handle 3 million tons of container traffic.

Port operates on 3 shifts of 8 hours each, with a one-hour break between shifts. For bulk vessel operations, port can readily handle 3,000 tons of bulk cargo per day per vessel. With several vessels worked, discharge rates in excess of 6,000 tons per day are possible.

Overview of Major Shipping Companies:

Zim Ethiopia:

ZIM Integrated Shipping Ltd was established in 1945, and has developed into one of the largest, leading carriers in the global container shipping industry. ZIM, are committed to providing our clients around the world with reliable, flexible shipping solutions based on expertise gained from over half a century of experience.

ZIM's global reach extends to over 120 countries, with a network of global and regional shipping services that connects your business to strategic ports around the world. When working with ZIM, you are assured comprehensive geographical coverage via a complex feeder network operating from hub ports on all major international trade routes. At every stage of the supply chain, ZIM's trusted subsidiaries and affiliates form a network of shipping agents with specialized local knowledge to tailor your solution so it's a perfect fit. ZIM's fleet comprises over 100 modern vessels, including mega-vessels of 8,000 and 10,000 TEUs, with a total carrying capacity of over 337,000 TEU. We operate approximately 358,806 containers (582,000 TEU), of which 34,250 are special equipment containers. The average age of our containers does not exceed five years.

Ethiopian Shipping Lines S.C:

The Ethiopian Shipping Lines was established on 10 March 1964 under the agreement of the Imperial Ethiopian Government and Taurus Investment Inc. This was headquartered in Washington DC, USA. According to the agreement, Ethiopian Shipping Lines was established in Ethiopia with an initial capital of 50,000 Ethiopian Birr, subsequently to be raised to 3,750,000 Ethiopian Birr. Taurus Investment Inc. agreed to subscribe to 51% of the required capital designating two directors. The Ethiopian Government underwrote the remaining 49% of the required capital designating also two directors.

The Ethiopian Shipping Lines SC has merged with two other state owned institutions, Maritime Transit Services Enterprise and Ethiopian Dry Ports Enterprise, to form Ethiopian Shipping and Logistics Enterprise in late 2011.

Ethiopian Shipping Lines (ESLSC) provides a regular liner service mainly moving general, bulk and containerized cargo. Since its establishment in 1966, the company has lifted 27.2m tones of cargo. In 2011, this was 37.3% from dry cargo and 56.3% from general cargoes.

The company has served the country for the past 47 years, transporting cargo safely throughout instability in neighboring countries, and is run by highly qualified national top management and shipping experts, both ashore and on board vessels.

It is the leading indigenous shipping company within the COMESA countries. The government of Ethiopia encouraged the company to develop in this important maritime sector with policies that create competitive advantage.

In its export and cross-trade services, Ethiopian Shipping Lines has generated a significant amount of revenues in hard currency and enhanced Ethiopia's foreign reserves. The company encourages both exporters and importers by offering stable and long-lasting freight rates.

Ethiopian Shipping Lines loads various types of cargo including dangerous, oversized and special cargos, which are vital for the country's economic development and security. In its export and cross-trade services, ESLSC has generated a significant amount of revenue collected in hard currency and thereby enhanced foreign reserves. It creates favourable conditions for both exporters and importers by offering table and long-lasting freight rates.

Ethiopian Shipping Lines is pursuing sustainable and prolonged strategies to enhance its capacity and diversification. These are investments in new vessels acquisition, container terminal operation and diversification in multimodal transport services (door-to-door shipping and logistic services).

To enhance its existing fleet capacity, the company has signed a \$293.5m contract with China Shipbuilding Yards for the construction of nine vessels (two product tankers and seven multipurpose dry cargo ships). These ships will raise the company's dry cargo loading capacity by 196,000 DWT and 11,975 TEU, enhancing the dry cargo loading capacity of the company to 337,742 DWT. The two product tankers, having 83,000 DWT, will enable the company to extensively build its competitive advantage and outreach the oil and gas shipment market.

Due to the containerization and globalization of production, a sea transport service needs logistic services to enhance efficiency and maintain sustainability based on multimodal transport operations. Ethiopian Shipping Lines is constructing a new inland container terminal on a 20.9 hectare site outside Addis Ababa, with an investment of \$15m to develop capacity and attract business.

Shipping Industry-India:

Maritime transport, which plays a vital role in the development of the country, comprises ports, shipping, shipbuilding and ship repair, and inland water transport systems. According to the Ministry of Shipping, Government of India, approximately 95% of the India's trade by volume and 70% by value is moved through maritime transport. India is among the top 20 leading countries having large number of merchant fleets in the world.

Although India occupies a small percentage of the global shipbuilding market, the Indian shipbuilding industry is well positioned for growth. According to a study by the Indian

Shipbuilders Association, the industry can grow at a rate of more than 30%, and this rate of growth could be achieved through supportive measures by the Government, including incentives for shipyards.

As growth in international trade results in increased global and domestic demand for new vessels, Indian shipyards have certain advantages over shipyards in developed nations. India possesses a large pool of technical workers, and its cost of workforce is relatively low, compared to most other shipbuilding countries. Apart from this, the Indian navy usually gives orders to Indian shipyards based on national interests. This will also act in favor of the Indian shipbuilding industry.

According to the Report of the Task force on Ship Building and Ship Repair Industry, constituted by the Planning Commission, Government of India most of the ships, including dredgers, imported by Indian owners are fully exempted from customs duty making the existing shipbuilding industry totally unprotected in India.

In fact, customs duty of about 35% is imposed on all capital equipment required for shipbuilding which inflates the cost of shipbuilding in the country compared to other countries. Hence, in the current scenario, it becomes cheaper to import a ship due to the exemption of customs duty on import of all ships and dredgers. The Task Force has also suggested to implement a single window clearance system for according clearance to new shipyard projects, covering land acquisition, environmental clearance, power and water etc., so that project implementation is not delayed. Apart from this, an expanding shipbuilding industry would require a large trained work force, covering all areas in the techno-economic spectrum of shipbuilding.

AGRICULTURE INDUSTRY

Overview:

Agriculture in Ethiopia is the foundation of the country's economy, accounting for half of gross domestic product (GDP), 83.9% of exports, and 80% of total employment. Ethiopia's agriculture is plagued by periodic drought, soil degradation caused by overgrazing, deforestation, high population density, high levels of taxation and poor infrastructure (making it difficult and expensive to get goods to market). Yet agriculture is the country's most promising resource. A potential exists for self sufficiency in grains and for export development in livestock, grains, vegetables, and fruits. As many as 4.6 million people need food assistance annually. Agriculture accounts for 46.3% of the GDP, 83.9% of exports, and 80% of the labour force.

Many other economic activities depend on agriculture, including marketing, processing, and export of agricultural products. Production is overwhelmingly of a subsistence nature, and a large part of commodity exports are provided by the small agricultural cash-crop sector. Principal crops include coffee, pulses (*e.g.*, beans), oilseeds, cereals, potatoes, sugarcane, and vegetables. Exports are almost entirely agricultural commodities, and coffee is the largest foreign exchange earner. Ethiopia is Africa's second biggest maize producer Ethiopia's livestock population is believed to be the largest in Africa, and in 2006/2007 livestock accounted for 10.6% of Ethiopia's export income, with leather and leather products making up 7.5% and live animals 3.1%.

Five basic directions for agricultural development:

- The **labour intensive strategy**, which sees the mobilization of underutilized and unproductive rural labour as a key driver of growth, rather than capital-intensive approaches. It envisages high levels of training and technology adoption in order to boost agricultural productivity without drawing heavily on the country's scarce capital resources;
- **proper utilization of agricultural land**, by guaranteeing the availability of land to people who seek to make a living out of land, and assisting them to utilize it productively on a sustainable basis through irrigation, multi-cropping and diversified production;
- a **“foot on the ground”**, which envisages moving ahead in a stepwise manner building on experiences and indigenous knowledge at the same time as exploring opportunities for deploying new technologies in conjunction with human resource development;
- **Differentiation according to agro-ecological zones, which recognizes that** Ethiopia's enormous agro-ecological diversity calls for different approaches to agricultural development in different parts of the country. This also provides the opportunity for risk management through diversification; and

- **An integrated development path** among various activities and products in agriculture, as well as linking these to education, health and infrastructure development.

Policy Framework – Agriculture:

Ethiopia has a consistent set of policies and strategies for agriculture and rural development that reflect the importance of the sector in the nation’s development aspirations.

The policy framework is based on the concept of ADLI, which has been the central pillar of Ethiopia’s development vision since the 1990s. ADLI is an economy and society wide strategy in which agriculture has a central role. It envisages an economically transformed society within which agriculture will grow rapidly, but see its relative importance decline in favour of an even more dynamic industrial and manufacturing sector. The rural non-farm sector, which provides goods and services for the rural population, also has an important role to play recognising that it currently accounts for around a third of GDP. Demand for such goods and services are expected to expand in line with rising rural incomes, generating much-needed employment and self-employment opportunities for rural households.

Ethiopia has surpassed the CAADP (Comprehensive Africa Agriculture Development Program) targets of 6% average annual agricultural growth rate and 10 per cent national public expenditure share for the agricultural sector.

for successive years before the launch of CAADP. This does not mean, however, that poverty and hunger are tackled to the level of expectation of the Government. Indeed the Government is committed to allocate more resources to tackle these problems. The Ethiopia CAADP Study, and the CAADP Compact signed by Government and the key development partners, describes a strategy, consistent with the **RDPS(Rural Development Policy and Strategy)** and **PASDEP (Plan for Accelerated and Sustained Development to End Poverty)** which inform future planning frameworks including the **FYGTP (Five-Year Growth and Transformation Plan)**

Government support for agriculture development in Ethiopia:

The government has demonstrated a very strong commitment to continued agricultural growth.

Between 13 and 17 per cent of government expenditure (equivalent to over five per cent of GDP) has been channeled towards agriculture (including natural resource management) in recent years - far more than the average for sub-Saharan African countries and well in excess of the recommended CAADP minimum of 10 per cent.

About 60 per cent of agricultural investments are funded from the Government budget, 30 per cent from grants, and 10 per cent from concessional loans. While more than half of this

expenditure supports chronically food insecure households through the PSNP and related projects under **MoARD's (Ministry of Agriculture and Rural Development)** DRMFS Programmed. Investments are also directed towards expanding the extension system, irrigation development, and rural commercialization and agro processing.

The government is complementing its efforts in food-insecure areas with an increased commitment to raise national food production by investing in areas with high agricultural potential, including efforts to attract private agricultural investment in areas with under-utilized land and water resources **The Government of Ethiopia (GoE) recognizes the importance of agricultural development and has shown a long-standing and strong commitment to the sector.**

The national strategy for-**agricultural development-led industrialization (ADLI)** puts agriculture at the forefront of Ethiopia's development process. This strategy is reflected in the **Plan for Accelerated and Sustainable**

Development to End Poverty (PASDEP) A central theme of the PASDEP is a call for accelerated market-based agriculture development with a focus on Ethiopia's 13 million smallholder farm households producing around 98 percent

of country's agricultural output. The focus of the GoE's efforts to promote agricultural growth has been to strengthen rural capacity (including extension, support to farmer associations, training, and to a lesser extent, facilitating linkages between private investors in agriculture and smallholders), expansion of agricultural extension and research, and investment in rural infrastructure, particularly roads. Additionally, the Government has established important initiatives to address environmental degradation and climate change threats.

Key agricultural sectors

Coffee

The word "coffee" comes from the name Kaffa—one of the many parts of Ethiopia where coffee is grown. Ethiopia is the largest producer of coffee in Africa, with a reputation for producing some of the world's finest coffees. More than 60% of Ethiopian coffee is produced as forest or semi-forest coffee. The soil of the forest floor is enriched from falling leaves, making fertilizers unnecessary. In these forests, the high genetic diversity has created a balance between pests and parasites, also rendering chemical pesticides unnecessary. Approximately 65% of Ethiopian coffee exports are naturally dried, while 35% are pulped and —washed. Coffee grows at an elevation between 3,600 and 7,500 feet above sea level. The three main regions from which Ethiopian coffee beans originate are Harrar, Ghimbi and Sidamo (Yirgacheffe).

Livestock

Ethiopia is the world's tenth largest livestock producer and the biggest exporter of livestock in Africa. The country has 40 million cattle, 25.5 million sheep, 23.4 million goats and 2.3 million camels, according to a sample census carried out by the Central Statistics Authority of Ethiopia between 2001 and 2003. Ethiopia presently offers the global market a wide range of processed and semi-processed hides and skins. Some of the products, such as Ethiopian highland sheepskin, are renowned for their quality and natural characteristics. The export of finished leather and leather products (such as leather garments, footwear, gloves, bags and other leather articles) is also increasing.

Oilseeds and pulses

Ethiopian oilseeds and pulses are mostly organically produced, and are known for their flavour and nutritional value. The Ethiopian white sesame seed is used as a reference for grading in international markets. Ethiopia's major oilseeds and pulses exports include the following: sesame seeds, Niger seeds, linseeds, sunflower seeds, groundnuts, rape seeds, castor oil seeds, pumpkin seeds, haricot beans, pea-beans, horse beans, chick peas, beans and lentils. The European Union, Asia, the Gulf States and neighbouring African countries comprise the major markets for Ethiopia's oilseeds and pulses exports.

Natural gum

Ethiopia's unique climatic conditions enable it to grow diverse plant species used for industrial and pharmaceutical purposes. Acacia, Commiphora and Boswellia are just one group of the various plant species grown in the arid and semi-arid areas which produce gums. The production of gum and its use have grown in recent years due to the increasing trend of convenient food consumption. As in most other sectors of the additives industry, increasing health consciousness on the part of consumers has also fuelled growth for thickeners of natural origin.

Textile fabrics and garments

State-owned and private textile and garment factories make textiles the largest manufacturing industry in Ethiopia. The industry employs about 30,000 workers and has a share of 36% of the entire manufacturing industry. An industry-specific institute slated to become a separate Department for Textile Engineering was set up at Bahir Dar University as a result of a Government initiative to promote quality products. The main textile products manufactured in Ethiopia are cotton and nylon fabrics, acrylic yarn, woollen and waste cotton blankets and

sewing thread. The domestic potential of cotton production as a basic raw material is far more than the current installed spinning capacity demands. The availability of cheap labour is a major factor for making the industrial sector one of the strategic industries for export development.

Tea

Climatic conditions, the type of soil and the method of processing combine to produce quality Ethiopian teas. In Ethiopia, tea is mostly grown in the dense forest highlands where the land is fertile and the use of fertilizer is very low. Manual weeding is employed thanks to the availability of abundant and cheap labour. Ethiopian tea is highly sought after thanks to its mostly organic cultivation. The —International Gold Star award for quality was recently given by B.D.I. in Madrid, Spain, to Tea Production and Marketing Enterprise—one of the major Ethiopian tea exporters.

Fruits, vegetables and flowers

Most regions of Ethiopia are suitable for the production of a wide range of tropical and sub-tropical fruits, vegetables and flowers, thanks to the country's favourable climate, abundant labour, and land and water resources. Major vegetable export products include: lettuce, potatoes, green beans, okra, melons, white and red onions, shallots, cabbages, leeks, beetroots, carrots, green chillies and tomatoes.

SWOT analysis of Ethiopian agricultural

Strengths

Cooperatives are the main means for delivering **the vast majority of the seed and fertilizer** that farmers purchase each year.

Several **individual primary coops and unions provide high-value services** for members. For example, in 2011, Oromia Coffee Farmers Cooperative Union's total sales exceeded 41 million USD, and the Tigray Marketing Cooperative Federation exported over 13,000 tons of sesame.

Ethiopian cooperatives are generally able to buy cereals from farmers at a **higher average price** (by 7-9%) than their non-member counterparts, showing that many cooperatives succeed in increasing farmer members' bargaining power.

Farmers have access to **over 10,000 primary** multi- and single-purpose agricultural coops that they can join to benefit from collective action in their communities, and this number continues to grow as government promoters help farmers form informal groups and formal cooperatives.

Many federal, regional and local regulators have helped curb the strong interference and mistrust that characterized most cooperatives in the Derg era, **improving the image of cooperatives** among some farmers and other stakeholders.

Many international experts consider Ethiopia's cooperative Proclamation 147/98 and its amendment to be **among the strongest cooperative laws in Africa**.

Weaknesses

Most cooperatives **do not sufficiently help members improve their yields and incomes**. While they are currently active in procuring and distributing inputs, many are neither effective nor efficient in providing this service, as well as other core services, such as output marketing and value addition, quality- and technology-related extension, and efficient allocation of surpluses. For coops that do provide output marketing services, transaction sizes are often small, and marketing revenues often do not sufficiently accrue to farmers. Many coops sell outputs at lower prices than could be achieved with better market information, storage, and processing. Quality has also been an issue. For example, only 18% of coops that had contracts with the World Food Programme in 2010 were able to fulfill them, while others delivered outputs of insufficient quality and quantity.

Cooperatives' provision of services is often **financially unsustainable**. No complete data exists, but many stakeholders assert that a subset of primary coops sustain losses in any given year.

Opportunities

Strong **government commitment** to support and promote cooperatives The Government's Growth and Transformation Plan (GTP) has highlighted the development of cooperatives as a key pathway by which the agriculture sector and the economy as a whole will develop over the next five years and beyond.

Existence of government **oversight/regulation structures** from federal down to woreda level.

Several Ethiopian universities offer **robust curricula for students** training to be cooperative auditors or managers, with Ambo and Mekele universities offering postgraduate degrees.

Establishment of **good working relationships** between the Government and development partners, and the Government's bold ambitions and strong commitment to free its people from the poverty trap as fast as possible.

Availability of **reliable and systematic demand sinks** eager to source agricultural products from agricultural cooperatives.

Threats

Policies concerning cooperatives are currently spread across several policy documents, and **the absence of a comprehensive cooperative development policy** constrains the sector's strategic development and well-regulated and - understood roles and relationships among stakeholders.

Cooperatives have **limited access to high-quality services** to help them become and remain well-functioning. Cooperatives assert that capacity building modules are often out-of-date, impractical, redundant, and not sufficiently comprehensive or available. Many cooperatives are unable to access key financing services. Audit and legal services are available to fewer than half of cooperatives in any given year.

Collateral requirement at financial institutions is **beyond the current capacity** of most agricultural cooperatives in the country. Government and private banks, and micro finance institutions, are not well-positioned to lend to cooperatives due to the limited capacity of cooperatives to meet the requirements of these financial institutions.

INSURANCE INDUSTRY

Life Insurance

The Ethiopian Insurance Corporation renders more than 15 types of policies in the life Insurance Sector. Life insurance policies can be bought individually and in-group, which enable the insured to get various benefits. The benefit gained from these insurance policies depends on the choice of the customers.

Ethiopia's insurance industry is relatively undeveloped which is exemplified by the sectors low penetration levels – there are an estimated 0.3 million formal insurance clients in Ethiopia. The Centre for Financial Regulation and Inclusion reports that insurance premiums, including life and general insurance, totaled US\$105 million in the 2006/07 financial year, represented merely 0.2% of GDP in 2007 - while in Kenya and Namibia premiums represent 2.5% and 8.1% of GDP respectively.

- 1 According to the National Bank of Ethiopia (2009) Ethiopia has merely ten insurance companies with a total of 175 branches – the country therefore suffers from an appalling branch to people ratio of 1 to 437,161 moreover, over 52% of the branches are located in Addis Ababa. Of the ten insurance companies, in the 2006/07 financial year, six had composite insurance licenses; enabling them to write life and general insurance. Two new companies are in the process of being licensed, of which one is reported to be a life insurance-only company, the first such company in Ethiopia. Figures indicate that Ethiopia's insurance sector is skewed towards corporate clients who insure their assets (motor vehicle, fire), business (aviation, engineering) and staff member (accident, health, workmen's compensation). General insurance dominates the sector, with motor vehicle insurance forming the largest category of general insurance – constituting 43% of total insurance premiums. On the other hand life insurance constituted merely 6% of total premiums.
- 2 Private insurers are small and account for a diminutive portion of overall profit, which leaves little room for product development focused on individual insurance schemes or market exploration geared at low-income households. The insurance sector is dependent on the banking sector for much of its new business. Most Ethiopian insurance companies have sister banks and its common for these banks to refer their clients to their sister insurance companies, but this is largely restricted to credit life insurance products. Moreover, insurance companies tend to derive a large portion of their total income from investments in banks
- 3 A World Bank project appraisal document suggested that the balance sheets of Ethiopian insurance companies are overexposed to and over-concentrated in the banking sector, with over 40% of assets exposed to the banking sector

- 4 The financial statements of Ethiopian insurance companies reveal that a very limited amount of the sectors' returns are reinvested in the industry. In an environment where capital is scarce, there is little incentive for shareholders to reinvest dividends in the insurance sector and are instead channeled into the banking sector or other high yielding investments. This makes it difficult for insurance companies to invest in the modernization of its infrastructure, develop innovative products or explore new market opportunities.

Non Life Insurance

The Ethiopian Insurance Corporation provides more than 30 types of non life Insurance policies. Non life insurance policies are used to cover property and liability risks. The Corporation revises its policies regularly and produces new policies based on the country's current economic development and the demand of customers.

For instance, currently it has prepared new insurance policies like Floriculture, Condominium, Tea and coffee, Weather Indexed Crop Insurance, Warehouse Operators Liability Insurance. The major property and liability insurance services given by the Corporation are all risks, Aviation (Cargo and Hull), Bankers Blanket Policy, Burglary and House Breaking, Bonds, Condominium, Consequential loss, Crop Insurance, Engineering, Fidelity Guarantee, Fire and Lightning, Goods in transit, Inland Carriers liability, livestock, Marine (Cargo and Hull); money, motor, personal/Group Personal accident, Plate glass, Product Liability, Professional Indemnity, Public Liability, Workmen's Compensation and the like.

The insurance Regulatory framework in Ethiopia

The Ethiopian legal system is based on a system of proclamations and codes, the main pieces of legislation, and directives, the supporting or sub-legislation to the proclamations and codes. The regulation to the core pieces of legislation are thus contained in directives. Although the Licensing and Supervision of Insurance Business Proclamation is the main piece of legislation constituting the insurance regulatory framework, several other pieces of legislation also form part of the framework and help to determine who may write insurance.

Activities of Insurance Industry

An insurance company performs many activities. It not just signs on customers, but has to look after the customers once they are signed on. The insurance company activities will include:

- Ascertaining the facts in all documents provided by the customer while opening or taking an insurance policy with the company

- Ensuring that the premiums of the customers are paid in time and following up with the customers for the same
- Ensuring that all correspondence that is intended to the customer reaches him
- Clarifying any questions that the customer may have about his insurance
- Inspecting vehicles and estimating damages and claims
- Paying the claims of customers
- Ensuring there is seamless assistance to a customer in claiming his insurance, covering medical costs, repair costs and compensations etc.

List of insurance companies in Ethiopia

1. Addis Insurance Brokers
2. Africa Insurance Company (s.c.)
3. Awash Insurance S.co.
4. Belay & Samson Insurance
5. Continental Insurance Brokers
6. Ethiopian Insurance Corporation
7. European Union The Delegation Of The European Com
8. General Insurance Brokers & Consultants
9. Gisa Global Inspection Survey Agency
10. Global Insurance
11. Mer International Trading
12. National Insurance
13. National Insurance Company Of Ethiopia (Nice)
14. Nib Insurance Company
15. Nile Insurance Company
16. Nyala Insurance
17. United Insurance

LEATHER INDUSTRY

Overview:

The Ethiopian leather industry is a relatively older industry with more than 80 years of involvement in processing leather and producing leather products. The industry bases itself on the country's livestock resources. Indeed Ethiopia possesses one of the world largest livestock populations. This enormous population of livestock provides ample opportunity for the development of the leather industry in the country. In addition to possessing large livestock population, Ethiopian cattle hides are well known internationally for their fine grain pattern and good fiber structure and are ideal for making shoe uppers. Correspondingly, the Ethiopian highland sheepskins have got worldwide reputation in terms of quality, thickness, flexibility, strength, compact structure and clean inner surface. It is also estimated to assume for about 70% of the national sheepskin production found to be very suitable for the production of high quality leather garments, sport gloves and has great demand - on the international leather market.

Ethiopian Leather Industries Association (ELIA) is a nonprofit trade association of the leather industries businesses. ELIA works to enhance and improve the leather industries business climate by promoting export of leather, shoes and leather goods and garment, protecting the rights of members, and assisting businesses to improve. ELIA was first founded in 1994 as the Ethiopian Tanners Association. In the year 2004 the name was changed to the Ethiopian Tanners, Footwear and Leather Products Manufacturing Association to allow footwear and leather garments and articles full participation in the Association.

The name was again changed, as of January 2007 to the Ethiopian Leather Industries Association (ELIA). ELIA Incorporates Footwear, Leather Garments & Goods and Tanners operating in the country.

In terms of support structures, the Government of Ethiopia established the Leather and Leather Products Technology Institute (LLPTI) in 2004 with the financial support of the Italian Cooperation. Subsequently, UNIDO implemented the project TE/ETH/04/001 to strengthen LLPTI capacities as a training institute and service center for the industry in Ethiopia and possibly in the region at a later stage. The LLPTI was entrusted with creating technical capabilities to improve the competitiveness of the sector and engaged with supporting the leather sector through upgrading the capacities of leather industries and facilitating investment in the sector.

As a result, it has been engaged in providing formal and short-term training for different actors⁹. Recently, the Institution was transformed into Leather Industry Development Institute (LIDI) by expanding its mandates and taking the overall responsibility for the development of the sector. Various interventions have focused on the leather institute in order to upgrade its capacity and deliver its services. For instance, UNIDO has implemented a project entitled 'Assistance to the leather and leather products development technology institute for the development of its managerial and operative capacities during the years 2005-2008. Furthermore a twinning arrangement has started at the end of 2010 between LIDI and the Central Leather Research Institute CLRI and between LIDI and FDDI with the purpose of capacitating LIDI and enabling it to provide efficient services to stakeholders in the sector.

Functions of Leather Industry

Facilitate the development of the leather and leather products industry by helping the technology and knowledge transfers so as to upgrade production, quality and marketing required for international exposure

Assist the investments in this sector in order to connect Ethiopian companies with the International markets so as to enable this industry become competitive and beget rapid development.

Provide constant trainings in order to sustain skills and knowledge upgrading of the various actors in the industry.

Comparative Position of Indian and ethopian Leather Industry

The leather industry occupies a place of prominence in the Indian economy in view of its massive potential for employment, growth and exports. There has been an increasing emphasis on its planned development, aimed at optimum utilisation of available raw materials for maximising the returns, particularly from exports. The exports of leather and leather products gained momentum during the past two decades. There has been a phenomenal growth in exports from Rs.320 million in the year 1965-66 to Rs.69558 million in 1996-97. Indian leather industry today has attained well merited recognition in international markets besides occupying a prominent place among the top seven foreign exchange earners of the country.

The leather industry has undergone a dramatic transformation from a mere exporter of raw materials in the sixties to that of value added finished products in the nineties. Policy

initiatives taken by the Government of India since 1973 have been instrumental to such a transformation. In the wake of globalisation of Indian economy supported with liberalised economic and trade policies since 1991, the industry is poised for further growth to achieve greater share in the global trade. Apart from a significant foreign exchange earner, leather industry has tremendous potential for employment generation. Direct and indirect employment of the industry is around 2 million. The skilled and semi-skilled workers constitute nearly 50% of the total work force. The estimated employment in different sectors of leather industry is as follows:

Export

During the last two decades in leather industry in Ethiopia the finished leather and semi-processed hides and skins plays as the second major export product of the country after export of coffee. The maximum contribution in export comes from the sheepskin and it also assumed that almost all of the sheepskin is produced is export, the other product like wet-blue goatskins hides and other skins have also their contribution in export. The Ethiopian exports in comparison in relative to other African countries in terms of share Ethiopia owning total African skin exports of around 51% for sheepskin and 30% for goatskin. Exported leather products go mainly in UK and Italy.

Development needed in leather sector

The leather industries in Ethiopia have really great potential and opportunities for foreign investors to invest but there are some sectors in this industry which seriously needed development.

Supply-A major problem in Ethiopia is regular supply of skin and hides, as goat, cattle's and sheep are used mainly for the purpose of meat. Therefore the raw material for leather industry is available when there is continuous demand for meat is there, which was not in regular term while due to religiously induced fasting seasons. And in fasting period the meat consumption is very less and more in normal days.

Quality-The quality of raw material is very big problem in Ethiopia due to which they are facing lot of loss in export. The serious problems which effect badly in quality of raw leather product are flay cuts, putrefaction, dirt , dung , poor pattern.

TELECOMMUNICATION INDUSTRY

As the historical development process of telecommunication industry, the sector demanded the importance of the separation of the telecom regulation and the operation. Globally the number of independent regulators increased dramatically from 13 in 1990 to 132 in 2004.

In response to this urgent demand, Ethiopia has established the Ethiopian Telecommunication Agency (ETA) under the proclamation number 49/1996(as amended) to regulate the sector. On the other hand the Ethiopian Telecommunication Authority which was responsible for both regulation and operation was transformed into a national operator named as Ethiopian Telecommunication Corporation (ETC). This reform marked a milestone for and the importance that the government of Ethiopia attached to the development of Ethiopian Telecommunications sector.

Besides, the participation of individuals or companies under the amended telecommunication law by proclamation number 281/2002 , in six different types of telecom services, is a sound indication that the government has given due emphasis to the sector

Overview:

There are many different types of **Telecommunications** on offer in Ethiopia. **Active networking** is a communication pattern that allows packets flowing through a telecommunications network to dynamically modify the operation of the network.

An **access network** is that part of a telecommunications network which connects subscribers to their immediate service provider. It is contrasted with the *core network*, (for example the Network Switching Subsystem in GSM) which connects local providers to each other. The access network may be further divided between feeder plant or distribution network, and drop plant or edge network.

A **core network**, or **network core**, is the central part of a telecommunication network that provides various services to customers who are connected by the access network. One of the main functions is to route telephone calls across the PSTN.

A **packet analyzer** (also known as a **network analyzer**, **protocol analyzer** or **packet sniffer** or for particular types of networks, an **Ethernet sniffer** or **wireless sniffer**) is computer or a piece of computer hardware that can intercept and log traffic passing over a digital network or part of a network. As data streams flow across the network, the sniffer captures each packet and, if needed, decodes the packet's raw data, showing the values of various fields in the packet, and analyzes its content according to the appropriate RFC or other specifications.

In telecommunications, **the coverage** of a radio station is the geographic area where the station can communicate. Broadcasters and telecommunications companies frequently produce coverage maps to indicate to users the station's intended service area. Coverage depends on several factors, such as orography (i.e. mountains) and buildings, technology and radio frequency. Some frequencies provide better regional coverage, while other frequencies penetrate better through obstacles, such as buildings in cities.

Telecommunications Regulatory Environment Perception in Ethiopia

The vertically integrated monopoly market structure in Ethiopia implies that regulatory interventions are very limited. The regulator's job is mainly to look after the behavior of the monopoly operator and small players at the lower end of the market such as equipment suppliers and resellers of Internet and mobile services.

Regulations in the area of interconnection and pricing are almost non-existent. The incumbent operates a seamless network that makes interconnection and termination charges unnecessary. The regulator does not set prices. It has limited power to impose a rebalanced tariff. Unbundling of the network elements were also unnecessary since there is no new entrant and competition. Mobile Virtual Network Operators that resell services and Voice Over the Internet Protocol (VOIP) are not allowed. Table 17. Telecommunications Regulatory Environment Dimensions and Situation in Ethiopia Dimension Scope Regulatory environment under monopoly setting

Market Entry Transparency of licensing. Applicants should know the terms, conditions, criteria and length of time needed to reach a decision on their application. Monopoly market, communication license can only be issued to the incumbent operator. Others such as VSAT license can only be issued to international organizations with the consent of the minister on a case by case basis.

The Ethiopian Telecommunications Agency is responsible for the communication sector spectrum, while the Ethiopian Broadcasting Agency is responsible for allocation of the broadcast spectrum. The ETA did not come up with an elaborate spectrum plan due to monopoly over the existing spectrum by ETC. Ethiopia has neither spectrum policy nor guidelines for the usage of spectrum commons. The EBA undertook a study of the spectrum for the broadcasting sector in 2007 which is used as a basis for assigning frequencies to private and community radio broadcasters.

The absence of expertise and regulation in the area of communication sector standards is self-evident. There has been limited discussion about standards or adoption of a technology-neutral licensing framework. Type approval is limited to mobile handsets and some equipment imported by international institutions and individuals, often after these are

seized by customs. The absence of a universal access policy and strategy also means that the regulator was unable to regulate universality, impose obligations on the operator or establish a universal access fund.

Operation

Basic technology

Telephones are connected to the telephone exchange via a local loop, which is a physical pair of wires. Prior to the digital age, the use of the local loop for anything other than the transmission of speech, encompassing an audio frequency range of 300 to 3400 Hertz (voice band or commercial bandwidth) was not considered. However, as long distance trunks were gradually converted from analog to digital operation, the idea of being able to pass data through the local loop (by utilizing frequencies above the voiceband) took hold, ultimately leading to DSL.

For a long time it was thought that it was not possible to operate a conventional phone-line beyond low-speed limits (typically under 9600 bit/s). In the 1950s, ordinary twisted-pair telephone-cable often carried four megahertz (MHz) television signals between studios, suggesting that such lines would allow transmitting many megabits per second. One such circuit in the UK ran some ten miles (16 km) between Pontop Pike transmitter and Newcastle upon Tyne BBC Studios. It was able to give the studios a low quality cue feed but not one suitable for transmission. However, these cables had other impairments besides Gaussian noise, preventing such rates from becoming practical in the field. The 1980s saw the development of techniques for broadband communications that allowed the limit to be greatly extended.

The local loop connecting the telephone exchange to most subscribers has the capability of carrying frequencies well beyond the 3.4 kHz upper limit of POTS. Depending on the length and quality of the loop, the upper limit can be tens of megahertz. DSL takes advantage of this unused bandwidth of the local loop by creating 4312.5 Hz wide channels starting between 10 and 100 kHz, depending on how the system is configured. Allocation of channels continues at higher and higher frequencies (up to 1.1 MHz for ADSL) until new channels are deemed unusable. Each channel is evaluated for usability in much the same way an analog modem would on a POTS connection.

More usable channels equates to more available bandwidth, which is why distance and line quality are a factor (the higher frequencies used by DSL travel only short distances). The pool of usable channels is then split into two different frequency bands for upstream and downstream traffic, based on a preconfigured ratio. This segregation reduces interference.

Once the channel groups have been established, the individual channels are bonded into a pair of virtual circuits, one in each direction.

Like analog modems, DSL transceivers constantly monitor the quality of each channel and will add or remove them from service depending on whether they are usable.

One of Lechleider's contributions to DSL was his insight that an asymmetric arrangement offered more than double the bandwidth capacity of symmetric DSL. This allowed Internet Service Providers to offer efficient service to consumers, who benefited greatly from the ability to download large amounts of data but rarely needed to upload comparable amounts. ADSL supports two modes of transport: fast channel and interleaved channel. Fast channel is preferred for streaming multimedia, where an occasional *dropped* bit is acceptable, but lags are less so. Interleaved channel works better for file transfers, where the delivered data must be error free but latency (time delay) incurred by the retransmission of error containing packets is acceptable.

Because DSL operates above the 3.4 kHz voice limit, it cannot pass through a load coil. Load coils are, in essence, filters that block out any non-voice frequency. They are commonly set at regular intervals in lines placed only for POTS service. A DSL signal cannot pass through a properly installed and working load coil, while voice service cannot be maintained past a certain distance without such coils. Therefore, some areas that are within range for DSL service are disqualified from eligibility because of load coil placement. Because of this, phone companies endeavor to remove load coils on copper loops that can operate without them, and by conditioning other lines to avoid them through the use of fiber to the neighborhood or node (FTTN).

Ethiopian Telecommunication Corporation (ETC)

Company Profile and History

The introduction of telecommunications services in Ethiopia dates back to 1894, when Minilik II, the King of Ethiopia, introduced telephone technology to the country. However the first Ethiopian pioneer of telephony was his cousin Ras Mekonnen who came back with telephone apparatus in 1889 after his visit of Italy and established a company. The company was placed under government control at the beginning of the twentieth century, and was later brought to operate under the auspices of the Ministry of Post and Communications. In 1952, telecommunications services were separated from the postal administration, and structured under the Ministry of Transport and Communications. The Ethiopian Telecommunications Corporation is the oldest Public Telecommunications Operator (PTO) in Africa.

Under the Dergue Regime the Ethiopian Telecommunications was reorganized as: Ethiopian Telecommunications Service from October 1975 to February 1981; and Ethiopian Telecommunications Authority (ETA) on January 1981. It retained this name until November 1996. The Ethiopian Telecommunications Service as well as the Ethiopian Telecommunications Authority (ETA) was in charge of both the operation and regulation of telecommunications service in Ethiopia.

The Ethiopian Telecommunications Authority was replaced by the Ethiopian Telecommunications Corporation (ETC) by regulation number 10/1996 of the Council of Ministers to which all the rights and obligations of the former Ethiopian Telecommunication authority were transferred to the Corporation.

There are 966 public service stations and exchanges across the country. The number of rural kebeles - the lowest administrative unit - with telephone access increased from only 60 in 2004/05 to 8 676 in 2007/08, and the target is to provide access to telecom services to all 15 000 rural kebeles by 2010. By the end of 2007/08, the number of cellular telephone (mobile) subscribers increased nearly five times from the 2004/05 level, reaching 1 954 527; the number of broadband customers reached 1 496, up from only 65 in 2002/03; and the dial-up Internet subscribers were 34 110, almost twice the number in 2004/05. Teledensity, excluding mobile phones, has tripled since 2000/01 to reach 1.23 per 100 households in 2007/08. Including mobile phones, teledensity reached 3.88 in 2007/08 from only 0.48 in 2000/01.

In 2005, ETC installed a national fibre optic backbone comprising 4 000 kilometres radiating out in six major directions from the capital (to Dire Dawa, Djibouti, Dessie-Mekele, Bahir Dar-Nekemte, Jimma and Awassa), laying a foundation for delivering current and future services including digital radio, TV, Internet, data and other multimedia services. In order to increase the service capacity, reliability, quality, speed and size of data transfer, ETC transferred from narrowband to broadband service in January 2005. The introduction and installation of broadband Internet, broadband VSAT and broadband multimedia infrastructure are among the major achievements of the past 12 years. Currently there are 1 318 submarine gateway circuits that connect Ethiopia with the rest of the world.

Licenses

The Ethiopian Telecommunication Proclamation No 49/1996 (as amended), article 10(1) affirmed that no person may operate a telecommunication service without obtaining license from the Agency.

National Operator

ETA Licensed the Ethiopian Telecommunication Corporation in 2002 to provide the following four telecom services.

- Public Switched Telecommunication Service
- GSM 900Mhz Mobile telecommunication Service
- Internet Service
- Digital Data Communication

CERAMIC INDUSTRY

Overview:

Industries are one of the major players of economic development in this fast changing world. Many developed and developing countries depend significantly on industries. BRICS countries, (Brazil, Russia, India, China and South Africa), which are now booming economically, have made a remarkable achievement in industrialization. Industrialization will also contribute to the growth of a large number of production units especially in fast developing countries like Ethiopia. Ethiopia has become a country where enterprises make a significant progress in industrialization.

The dynamic characteristic of ceramic industry is attracting a growing number of customers who adopt new living styles and follow latest fashions of life. This is a change that follows changes in economic status, and over a period of time such change influences the living patterns of a society at large. The ceramic industry grows as the status of a society grows. For instance, having a good house is a dream of every individual. That will at the same time make the ceramic industry to flourish.

The ceramic industry plays an important role in modern manufacturing, and this role expands with each major improvement in technology. Since the dawn of the 21st century, a large percentage of electronics and other goods have continued to contain some form of ceramic products. The use of ceramic products has grown immensely in mobile phones, medical equipment, and other items. Part of the reason why manufacturers choose ceramic products is due to their strength and durability apart from their non-metallic character. Their non-metallic character makes ceramic products more suitable for many purposes since they give services that metals give without the need for thermal and electrical current transfer associated with metallic products.

Ceramic industry has several categories of products including sanitary ware, refractories, cement, advanced ceramics and ceramic tiles. Ceramics is a broad term used to describe natural and synthetic materials with a crystalline structure. Ceramic products like crockery, sanitary ware and tiles play a very important role in our daily lives. Thus, the industry gives opportunities for production and distribution of ceramic products to both the domestic and international markets.

The emergence of the ceramic industry dates back thousands of years back. In fact, much of modern archeology deals with extracting and studying clay pots. By the 20th century, manufacturers had developed a number of synthetic ceramics that could be used in more advanced and technical applications. In this century, the field of nanotechnology has opened new doors for the ceramic industry, as manufacturers seek materials that can be used in impossibly small-scale applications.

The global ceramic industry has undergone a period of significant changes over the years, driven by the demands of the globalized economy. While the traditional markets of Europe and the US continue to grow, primarily led by public sector investment, the most significant developments are however to be found in the emerging economies. In recent years emerging economies also have become among the most significant players in the ceramic market, in terms of consumption and investment.

During the period from 2001 to 2008, total ceramics trade grew at a Compound Annual Growth Rate (CAGR) of 9.8 per cent, from US\$ 39.6 billion to US\$ 83.5 billion. During the period exports increased from US\$ 19.8 billion to US\$ 41.3 billion (growth of 9.7 per cent), while imports increased from US\$ 19.9 billion to US\$ 42.2 billion (growth of 9.9 per cent). China is the largest trader of ceramics in the world, with total trade of US\$ 8.5 billion during 2008, followed by Italy, US and Germany with total trade of US\$ 7.4 Billion, US\$ 6.9 billion and US\$ 6.8 billion.

The increased demand for ceramics in emerging markets may be attributable to rapid economic growth and greater public and private sector investment in these countries. Nigeria witnessed the highest growth in ceramics trade, with a growth rate of 29.4 per cent. The rapid increase in Nigeria's ceramics trade was led by rapid increase in ceramics imports. Ukraine, Russia and China followed Nigeria with a growth of 21.6 per cent, 21.2 per cent and 20.3 per cent respectively. The development of the industrial sector contributes to the expansion of employment opportunities, export and entrepreneurship, Its contribution in balancing development in rural, semi-urban areas in countries like Ethiopia is also considerable. This has been evident, for example, in India which ranks 8th in ceramic products in the world. The industry has created employment jobs for 550,000 people, of whom 50,000 are directly employed. Gujarat accounts for around 70 per cent of total ceramic production. UAE, Saudi Arabia and Malaysia were the major destinations for India's ceramics exports during 2008. India's top five ceramics export destinations together accounted for 30 per cent of India's total ceramics exports. A South African Company currently exports around 15 per cent of tile production and 20 per cent of sanitary ware production to countries such as Namibia, Botswana, Zimbabwe, Mozambique, Zambia, Malawi, Tanzania and the eastern DRC.

Ethiopia's economic policy has created a favorable investment climate for mining. The mineral sector was opened up to private investors in 1991, stimulating large investments, advanced technology and trained manpower. Liberalization of the Mining Proclamations in 1993 and other subsequent regulations that came later have helped Ethiopia to create an environment conducive to local and foreign companies in the mining sector. The existing

Mining Proclamation provides the license holder with a number of incentives such as low royalties, exemption from customs duties and taxes on equipment, machinery, vehicles and spare parts necessary for mineral operations, and 10-year loss carry forward. The Mining Proclamation is a positive step forward by the government, which has recognized the role of private investment in capital formation, technology acquisition and the marketing of minerals.

Ethiopia's revenue from mining operations is expected to surge in the coming years following the granting of 24 new concessions in 2006-2007. The Government has made development of development of mineral wealth one of the major economic goals. Mining operations within the country are expected to be an important economic catalyst for the government's export-orientated development strategy. The goal is to make the mineral sector contribute up to 10 percent of GDP within 10 years. Ethiopia enjoys the participation of both foreign and domestic investors in exploring and mining as a result of the conducive fiscal and legislative environment. Nineteen local companies and 11 foreign companies have been granted prospecting, exploration and mining licenses. These are for gold and base metals, platinum, industrial and construction minerals, notably, potash, diatomite and high-quality ceramics raw materials.

The other major development in ceramic tile technology is in digital inkjet systems, which are quickly becoming a standard. The technology allows for high resolution photo-quality looks of any sort to be created on tile surfaces. While this means that most of the manufacturers with sufficient expertise can accurately replicate faux looks, like natural stone or hardwood and this provides a new creative aspect in the industry, with the most sophisticated manufacturers combining ink jet with other production techniques to differentiate themselves from those just doing flat photo-realism. And perhaps the most interesting aspect lies with the manufacturers that are using the technology to move away from the ultra-realistic faux looks toward more stylized, blended designs—for them, inkjet technology has actually liberated them from pursuing replicated visuals and moved them toward a more pure artistic expression