



REPUBLIC OF KENYA



**KENYA EXPORT  
PROMOTION & BRANDING  
AGENCY**

# **Kenya-Ethiopia Trade Flow Analysis Report**

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## **1.0 ETHIOPIA**

### **1.1 Background**

Ethiopia, officially the Federal Democratic Republic of Ethiopia, is a landlocked country located in the Horn of Africa region of East Africa. It shares borders with Eritrea to the north, Djibouti to the northeast, Somalia to the East, Kenya to the South, South Sudan to the West, and Sudan to the Northwest. Ethiopia covers a land area of 1,112,000 square kilometres (472,000 sq. miles). As of 2024, it is home to around 129 million inhabitants, making it the 13th-most populous country in the world, the 2nd-most populous in Africa after Nigeria, and the most populated landlocked country on Earth. The national capital and largest city, Addis Ababa, lies several kilometres west of the East African Rift that splits the country into the African and Somali tectonic plates.

Ethiopia is a multi-ethnic state with over 80 different ethnic groups. Christianity is the most widely professed faith in the country, with significant minorities of the adherents of Islam and a small percentage to traditional faiths.

Ethiopia's economy grew by 7.1% in the fiscal year 2022/23, up from 6.4% in 2021/22, primarily driven by a 7.9% increase in the services sector, which constitutes 40% of the GDP. The industrial sector, accounting for 28% of GDP, grew by 6.9%, and the agricultural sector, comprising 32% of GDP, expanded by 6.3%. Key demand-side drivers of this growth included private consumption and investment. Although inflation remained high due to money supply growth and imported inflation, it decreased from 34% in 2021/22 to 29.2% in 2022/23 owing to a tightening of monetary policy. The official exchange rate depreciated by 5.3%, while the parallel market saw a 15% depreciation, influenced by slow export growth (World Bank).

The fiscal deficit, including grants, narrowed from 4.2% of GDP in 2021/22 to 3.3% in 2022/23, driven by fiscal consolidation, the peace dividend, and

improved tax revenues, which grew by 35.8% compared to 12.3% in the previous year. The current account deficit also improved from 3.9% of GDP in 2021/22 to 3.0% in 2022/23, supported by a 60.3% increase in net services and a 5.3% reduction in imports. The financial sector remains stable, with nonperforming loans at 3.5% of gross loans and a liquidity ratio of 24.2%, against thresholds of 5% and 15%, respectively. Ongoing reforms to allow foreign investment in the sector are expected to increase competition and innovation (World Bank)

Poverty rates declined from 31.1% in 2016 to 27% in 2019, and unemployment was estimated at 8% in 2020/21, with youth unemployment at 23.1%. Approximately 2.5 million new jobs are needed annually to absorb new labour market entrants. Growth is projected at 6.7% for 2024–25, although challenges such as structural bottlenecks, debt and climate vulnerabilities, conflicts, and high oil and food prices due to supply chain disruptions pose significant risks. Mitigation measures include ongoing homegrown economic reforms and implementation of peace agreements. Addressing macroeconomic imbalances and modernizing the financial sector are essential for Ethiopia's structural transformation (IMF)

## 2.0 International Trade

**Table 1: Situational Analysis**

Ethiopia's Trade Flows and Position in the Global Trade
<ul style="list-style-type: none"><li>• In 2023, Ethiopia's exports were valued at <b>USD 2.9 billion</b> which accounted for <b>0.01%</b> of the world exports during the year. Ethiopia was the <b>135<sup>th</sup></b> largest exporter in the year.</li><li>• On the other hand, Ethiopia's imports in the year were valued at <b>USD 17.0 billion</b> which made up <b>0.1%</b> of the world imports in the year ranking the country as the <b>90<sup>th</sup></b> largest global importer in 2023.</li><li>• Her lead export destination market in 2023 was Saudi Arabia with exports valued at <b>USD 0.3 billion</b>, accounting for <b>10.4%</b> of Ethiopia's total exports.</li><li>• In the same year, Ethiopia's top source market was China with imports valued at <b>USD 5.6 billion</b> accounting for <b>32.7%</b> of Ethiopia's imports.</li><li>• Ethiopia's chief import product in 2023 was Petroleum oils and oils obtained from bituminous minerals (excl. crude). The country imported approximately <b>USD 2.4 billion</b> worth of the product.</li><li>• Ethiopia's chief export product in 2023 was Coffee, whether or not roasted or decaffeinated. The country exported approximately <b>USD 1.2 billion</b> worth of the product.</li></ul>

Source: International Trade Centre database 2023; Compiled by KEPROBA

## 2.1 Ethiopia's International Trade performance

### 2.1.1 Ethiopia's lead Import trade partners

**Table 2: Ethiopia's top 25 Import trade partners**

Rank in 2023	Exporters	Ethiopia's imports from the world					Share in 2023
		2019	2020	2021	2022	2023	
		Value in USD Billion					%
1	China	4.3	4.2	4.0	5.0	5.6	<b>32.7%</b>
2	India	1.3	1.5	2.4	2.4	1.6	<b>9.6%</b>
3	Kuwait	1.9	0.6	0.5	0.3	1.3	<b>7.8%</b>
4	Saudi Arabia	0.5	0.4	0.4	0.5	1.1	<b>6.6%</b>
5	United States of America	0.8	0.7	1.2	1.1	1.1	<b>6.3%</b>
6	Morocco	0.3	0.3	0.4	0.7	0.7	<b>4.0%</b>
7	Türkiye	0.7	0.8	0.8	0.7	0.6	<b>3.6%</b>
8	United Arab Emirates	0.5	0.7	0.5	0.6	0.5	<b>2.8%</b>
9	Egypt	0.2	0.2	0.2	0.6	0.5	<b>2.7%</b>
10	Japan	0.7	0.5	0.4	0.4	0.4	<b>2.2%</b>
11	United Kingdom	0.3	0.3	0.2	0.2	0.4	<b>2.1%</b>
12	Indonesia	0.3	0.3	0.2	0.2	0.3	<b>1.9%</b>
13	Malaysia	0.2	0.3	0.6	0.5	0.3	<b>1.5%</b>
14	Italy	0.3	0.3	0.3	0.2	0.2	<b>1.5%</b>
15	Djibouti	0.0	0.1	0.2	0.4	0.2	<b>1.2%</b>
16	France	0.1	0.2	0.2	0.1	0.2	<b>1.2%</b>
17	Korea, Republic of	0.2	0.2	0.3	0.2	0.2	<b>1.0%</b>
18	Germany	0.3	0.2	0.2	0.2	0.2	<b>1.0%</b>
19	South Africa	0.2	0.2	0.1	0.2	0.2	<b>0.9%</b>
20	Oman	0.1	0.0	0.0	0.0	0.1	<b>0.9%</b>
21	Belgium	0.3	0.1	0.2	0.2	0.1	<b>0.8%</b>
22	Thailand	0.1	0.2	0.1	0.1	0.1	<b>0.6%</b>
23	Netherlands	0.2	0.1	0.1	0.2	0.1	<b>0.6%</b>
24	Ukraine	0.3	0.3	0.6	0.3	0.1	<b>0.5%</b>
<b>25</b>	<b>Kenya</b>	<b>0.1</b>	<b>0.0</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5%</b>
	All other countries	1.3	1.5	1.1	1.0	0.9	<b>5.4%</b>
	<b>World</b>	<b>15.6</b>	<b>14.1</b>	<b>15.3</b>	<b>16.5</b>	<b>17.0</b>	<b>100.0%</b>

Source: International Trade Centre database 2023; Compiled by KEPROBA

- Ethiopia's total imports decreased by 9.6% between 2019 and 2020. It then increased by 6.5% between 2021 and 2023. The imports were valued at USD 17.0 billion in 2023.
- Lead source markets included: China (USD 5.6 billion; 32.7%), India (USD 1.6 billion; 9.6%), Kuwait (USD 1.3 billion; 7.8%), Saudi Arabia (USD 1.1 billion; 6.6%) and USA (USD 1.1 billion; 6.3%).

### 2.1.2 Ethiopia's lead Import products

**Table 3: Ethiopia's top 20 Import trade products**

Rank in 2023	Code	Product label	Ethiopia's imports from the world					Share in 2023 %
			2019	2020	2021	2022	2023	
			Value in USD Billion					
1	'2710	Petroleum oils and oils obtained from bituminous minerals (excl. crude)	2.4	1.6	0.9	0.9	2.4	14.2%
2	'3105	Mineral or chemical fertilisers containing two or three of the fertilising elements	0.3	0.3	0.4	0.8	0.7	4.1%
3	'8703	Motor cars and other motor vehicles principally designed for transport	0.5	0.4	0.5	0.7	0.6	3.4%
4	'3102	Mineral or chemical nitrogenous fertilisers (excl. those in tablets or similar forms)	0.2	0.2	0.2	0.5	0.5	2.9%
5	'1511	Palm oil and its fractions, whether or not refined (excl. chemically modified)	0.3	0.4	0.9	0.9	0.5	2.9%
6	'3004	Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses	0.6	0.5	0.5	0.4	0.5	2.7%
7	'8411	Turbojets, turbopropellers and other gas turbines	0.2	0.2	0.1	0.1	0.4	2.4%
8	'8704	Motor vehicles for the transport of goods, incl. chassis with engine and cab	0.4	0.4	0.4	0.5	0.4	2.3%
9	'8807	Parts of aircraft and spacecraft of heading 8801, 8802 or 8806, n.e.s.	0.0	0.0	0.0	0.1	0.4	2.1%
10	'8517	Telephone sets, incl. smartphones and other telephones for cellular networks	0.1	0.2	0.3	0.4	0.3	2.0%
11	'1001	Wheat and meslin	0.5	0.4	0.9	0.9	0.3	2.0%
12	'1701	Cane or beet sugar and chemically pure sucrose, in solid form	0.2	0.3	0.6	0.6	0.3	1.6%
13	'1006	Rice	0.2	0.3	0.7	0.5	0.2	1.3%
14	'8471	Automatic data-processing machines and units thereof	0.1	0.1	0.1	0.1	0.2	1.2%
15	'1512	Sunflower-seed, safflower or cotton-seed oil and fractions thereof	0.1	0.4	0.4	0.5	0.2	1.1%
16	'3002	Human blood; animal blood prepared for therapeutic, prophylactic or diagnostic uses	0.1	0.1	0.3	0.4	0.2	1.0%
17	'7208	Flat-rolled products of iron or non-alloy steel, of a width >= 600 mm	0.1	0.1	0.1	0.1	0.2	1.0%
18	'3808	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products	0.1	0.1	0.2	0.1	0.2	1.0%
19	'0713	Dried leguminous vegetables, shelled, whether or not skinned or split	0.1	0.1	0.1	0.2	0.2	0.9%
20	'5402	Synthetic filament yarn, incl. synthetic monofilaments of < 67 decitex (excl. sewing thread)	0.1	0.1	0.1	0.2	0.2	0.9%
		All other products	9.2	7.8	7.4	7.8	8.4	49.1%
	TOTAL	All products	15.6	14.1	15.3	16.5	17.0	100.0%

Source: International Trade Centre database 2023; Compiled by KEPROBA

- Ethiopia's top import products in 2023 included Petroleum oils and oils obtained from bituminous minerals (excl. crude) (USD 2.4 billion), Mineral or chemical fertilisers containing two or three of the fertilising elements (USD 0.7 billion), Motor cars and other motor vehicles principally designed for transport (USD 0.6 billion), Mineral or chemical nitrogenous fertilisers (excl. those in tablets or similar forms) (USD 0.5 billion) and Palm oil and its fractions, whether or not refined (excl. chemically modified) (USD 0.5 billion).

### 2.1.3 Ethiopia's lead export trade partners

**Table 2: Ethiopia's top 25 export trade partners**

Rank in 2023	Importers	Ethiopia's exports to the world					Share in 2023
		2019	2020	2021	2022	2023	
		Value in USD Billion					%
1	Saudi Arabia	0.2	0.2	0.2	0.3	0.3	10.4%
2	United States of America	0.3	0.3	0.3	0.3	0.3	9.7%
3	Netherlands	0.2	0.2	0.2	0.2	0.2	7.6%
4	United Arab Emirates	0.2	0.2	0.2	0.2	0.2	5.7%
5	Somalia	0.3	0.3	0.4	0.3	0.1	5.0%
6	India	0.1	0.1	0.1	0.1	0.1	4.9%
7	Germany	0.2	0.1	0.2	0.3	0.1	4.7%
8	China	0.1	0.1	0.1	0.1	0.1	4.6%
9	Korea, Republic of	0.0	0.1	0.1	0.1	0.1	4.1%
10	Japan	0.1	0.1	0.1	0.1	0.1	3.6%
11	Israel	0.1	0.1	0.1	0.1	0.1	3.6%
12	Djibouti	0.1	0.1	0.1	0.1	0.1	3.4%
13	Belgium	0.1	0.1	0.1	0.1	0.1	3.2%
14	Singapore	0.0	0.1	0.0	0.0	0.1	2.6%
15	Kenya	0.0	0.0	0.0	0.0	0.1	2.3%
16	Italy	0.1	0.0	0.1	0.1	0.1	2.0%
17	Sudan	0.0	0.0	0.0	0.0	0.1	1.9%
18	Viet Nam	0.0	0.1	0.1	0.0	0.0	1.7%
19	Türkiye	0.0	0.0	0.0	0.0	0.0	1.6%
20	United Kingdom	0.0	0.0	0.0	0.0	0.0	1.4%
21	Jordan	0.0	0.0	0.0	0.0	0.0	1.4%
22	Pakistan	0.0	0.0	0.0	0.0	0.0	1.3%
23	France	0.0	0.0	0.0	0.0	0.0	1.2%
24	Yemen	0.1	0.0	0.0	0.0	0.0	1.1%
25	Taipei, Chinese	0.0	0.0	0.0	0.0	0.0	1.1%
	All other countries	0.3	0.3	0.3	0.3	0.3	9.8%
	World	2.7	2.5	3.1	3.1	2.9	100.0%

Source: International Trade Centre database 2023; Compiled by KEPROBA

- Ethiopia's total exports decreased by 7.4% between 2019 and 2020. The exports increased by 24% in 2021 and remained constant in 2022. In 2023 the exports dropped by 6.9%.
- Lead destination markets included: Saudi Arabia (USD 0.3 billion; 10.4%), USA (USD 0.3 billion; 9.7%), Netherlands (USD 0.2 billion; 7.6%), UAE (USD 0.2 billion; 5.7%) and Somalia (USD 0.1 billion; 5.0%). Collectively, the top 5 countries accounted for 1.1% of Ethiopia's total exports in 2023.

### 2.1.4 Ethiopia's lead export products



**Table 3: Ethiopia's top 20 export trade products**

Rank in 2023	Code	Product label	Ethiopia's exports to the world					Share
			2019	2020	2021	2022	2023	in 2023
			Value in USD Billion					%
1	'0901	Coffee, whether or not roasted or decaffeinated	0.8	0.8	1.2	1.5	1.2	42.9%
2	'1207	Other oil seeds and oleaginous fruits, whether or not broken (excl. edible nuts, olives, soya)	0.3	0.4	0.3	0.2	0.3	9.0%
3	'0713	Dried leguminous vegetables, shelled, whether or not skinned or split	0.2	0.2	0.2	0.2	0.3	9.0%
4	'0603	Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes	0.2	0.2	0.3	0.2	0.2	8.1%
5	'0709	Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliaceus vegetables)	0.3	0.3	0.3	0.2	0.2	6.5%
6	'1201	Soya beans, whether or not broken	0.1	0.0	0.0	0.0	0.1	4.6%
7	'0204	Meat of sheep or goats, fresh, chilled or frozen	0.1	0.1	0.1	0.1	0.1	2.1%
8	'0602	Live plants incl. their roots, cuttings and slips; mushroom spawn (excl. bulbs, tubers)	0.0	0.0	0.0	0.0	0.0	1.1%
9	'1208	Flours and meals of oil seeds or oleaginous fruits (excl. mustard)	0.0	0.0	0.0	0.0	0.0	1.0%
10	'1905	Bread, pastry, cakes, biscuits and other bakers' wares	0.0	0.0	0.0	0.0	0.0	0.8%
11	'8407	Spark-ignition reciprocating or rotary internal combustion piston engine	0.0	0.0	0.0	0.0	0.0	0.7%
12	'6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches	0.0	0.0	0.0	0.0	0.0	0.6%
13	'8430	Moving, grading, levelling, scraping, excavating, tamping, compacting, extracting or boring	0.0	0.0	0.0	0.0	0.0	0.5%
14	'6111	Babies' garments and clothing accessories, knitted or crocheted (excl. hats)	0.0	0.0	0.0	0.0	0.0	0.5%
15	'0701	Potatoes, fresh or chilled	0.0	0.0	0.0	0.0	0.0	0.5%
16	'4112	Leather further prepared after tanning or crusting "incl. parchment-dressed leather"	0.0	0.0	0.0	0.0	0.0	0.5%
17	'0712	Dried vegetables, whole, cut, sliced, broken or in powder, but not further prepared	0.0	0.0	0.0	0.0	0.0	0.4%
18	'2615	Niobium, tantalum, vanadium or zirconium ores and concentrates	0.0	0.0	0.0	0.0	0.0	0.4%
19	'0104	Live sheep and goats	0.0	0.0	0.0	0.0	0.0	0.3%
20	'5306	Flax yarn	0.0	0.0	0.0	0.0	0.0	0.3%
		All other products	0.5	0.5	0.5	0.4	0.3	10.1%
	TOTAL	All products	2.7	2.5	3.1	3.1	2.9	100.0%

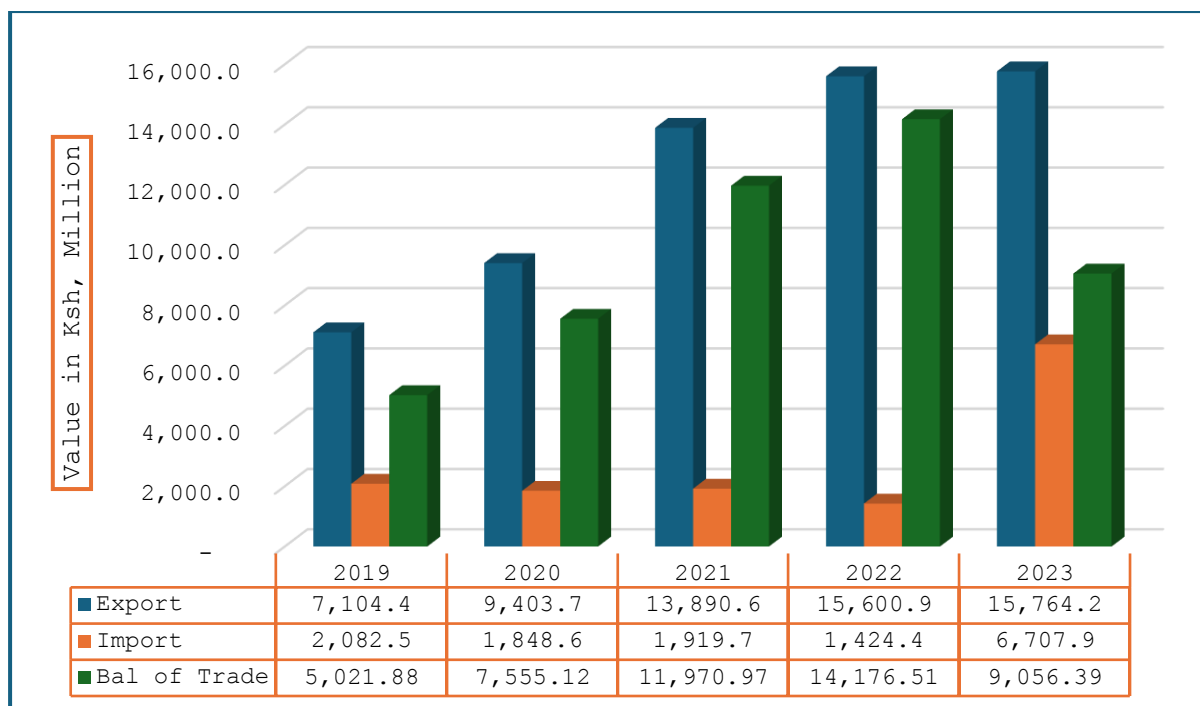
Source: International Trade Centre database 2023; Compiled by KEPROBA

- Ethiopia's top export products in 2023 included: Coffee (USD 1.2 billion), Other oil seeds and oleaginous fruits, whether or not broken (excl. edible nuts, olives, soya) (USD 0.3 billion), Dried leguminous vegetables, shelled, whether or not skinned or split (USD 0.3 billion), Cut flowers and flower buds of a kind suitable for bouquets or for ornamental purposes (USD 0.2 billion) and Other vegetables, fresh or chilled (excl. potatoes, tomatoes, alliacious vegetables) (USD 0.2 billion).

### 3.0 Kenya – Ethiopia Bilateral Trade Relations

#### 3.1 Trade balance

**Figure 1: Kenya- Ethiopia bilateral trade.**



Source: International Trade Centre database 2023; Compiled by KEPROBA

- Kenya's exports to Ethiopia since 2019 has been fluctuating with lowest value being Ksh 7.1 billion in 2019. Our best performing year was 2023 with our exports reaching Ksh 15.7 billion.
- The peak import value was Ksh 6.7 billion in 2023.
- Between 2019 and 2023, Kenya's exports to Ethiopia averaged at Ksh 12.3 billion while her imports averaged at Ksh 2.7 billion.
- The balance of trade between the two countries has been in favour of Kenya throughout the period.

### 3.2 Kenya's exports to Ethiopia

**Table 4: Kenya's exports to Ethiopia**

Rank in 2023	Code	Product Label	2022	2023	Share in 2023
			Value in Ksh. Million		%
1	3808	Insecticides, rodenticides, fungicides, herbicides	1,379.6	1,313.3	8.3%
2	3004	Medicaments	790.6	1,204.2	7.6%
3	3402	Organic surface-active agents (excl. soap)	250.6	749.8	4.8%
4	2106	Food preparations, n.e.s.	651.6	743.5	4.7%
5	8309	Stoppers, caps and lids	934.3	665.3	4.2%
6	9608	Ball-point pens; felt tipped and other porous-tipped pens and markers	482.1	636.0	4.0%
7	1001	Wheat and meslin		564.9	3.6%
8	0106	Live animals	383.1	517.4	3.3%
9	3401	Soap; organic surface-active products and preparations for use as soap	199.3	470.1	3.0%
10	6306	Tarpaulins, awnings and sunblinds; tents	533.2	450.2	2.9%
11	2836	Carbonates; peroxocarbonates "percarbonates";	424.6	450.1	2.9%
12	2102	Yeasts, active or inactive	832.0	334.3	2.1%
13	9018	Instruments and appliances used in medical, surgical, dental or veterinary	95.3	247.5	1.6%
14	9405	Luminaires and lighting fittings	250.8	235.6	1.5%
15	3920	Plates, sheets, film, foil and strip, of non-cellular plastics, not reinforced, laminated, ...	330.3	232.9	1.5%
16	3923	Articles for the conveyance or packaging of goods, of plastics	227.8	218.2	1.4%
17	8544	Insulated "incl. enamelled or anodised" wire, cable "incl. coaxial cable"	162.8	215.4	1.4%
18	8471	Automatic data-processing machines and units thereof	27.0	201.5	1.3%
19	2839	Silicates; commercial alkali metal silicates	105.6	201.2	1.3%
20	3215	Printing ink, writing or drawing ink and other inks	117.7	197.7	1.3%
		All other products	7,422.7	5,914.9	37.5%
		<b>Grand Total</b>	<b>15,600.9</b>	<b>15,764.2</b>	<b>100.0%</b>

Source: KRA database 2023; Compiled by KEPROBA

- The value of Kenya's exports to Ethiopia stood at Ksh 15.8 billion in 2023.
- Kenya's principal export product to Ethiopia in 2023 was Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products, accounting for 8.3% of Kenya's exports to the country. Other key export products include Medicaments consisting of mixed or unmixed products for therapeutic or prophylactic uses (7.6%).

### 3.3 Kenya's imports from Ethiopia

**Table 5: Kenya's imports from Ethiopia**

Rank in 2023	Code	Product Label	2022	2023	Share in 2023
			Value in Ksh. Million		%
1	2716	Electrical energy	22.6	4,908.7	73.2%
2	0713	Dried leguminous vegetables, shelled, whether or not skinned or split	356.3	669.1	10.0%
3	8431	Parts suitable for use solely or principally with the machinery of heading 8425 to 8430, n.e.s.		267.3	4.0%
4	5211	Woven fabrics of cotton, containing predominantly, but < 85%	101.8	143.4	2.1%
5	1207	Other oil seeds and oleaginous fruits	8.0	92.4	1.4%
6	5505	Waste of man-made staple fibres	26.7	74.6	1.1%
7	2620	Slag, ash and residues containing metals, arsenic or their compounds	18.4	64.8	1.0%
8	0602	Live plants incl. their roots, cuttings and slips; mushroom spawn	32.3	48.8	0.7%
9	1008	Buckwheat, millet, canary seed and other cereals	31.1	31.9	0.5%
10	8481	Taps, cocks, valves and similar appliances for pipes, boiler shells		30.2	0.5%
11	0909	Seeds of anis, badian, fennel, coriander, cumin or caraway; juniper berries	0.6	29.1	0.4%
12	1005	Maize or corn	360.7	19.3	0.3%
13	4411	Fibreboard of wood or other ligneous materials	1.5	17.6	0.3%
14	8471	Automatic data-processing machines and units thereof	6.4	16.8	0.3%
15	8414	Air or vacuum pumps		16.7	0.2%
16	5209	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m²	16.7	16.6	0.2%
17	8207	Tools, interchangeable, for hand tools		16.3	0.2%
18	6006	Fabrics, knitted or crocheted, of a width of > 30 cm	0.6	16.2	0.2%
19	1107	Malt, whether or not roasted	13.8	15.8	0.2%
20	7901	Unwrought zinc	11.9	14.3	0.2%
		All other products	415.0	197.9	3.0%
		<b>Grand Total</b>	<b>1,424.4</b>	<b>6,707.9</b>	<b>100.0%</b>

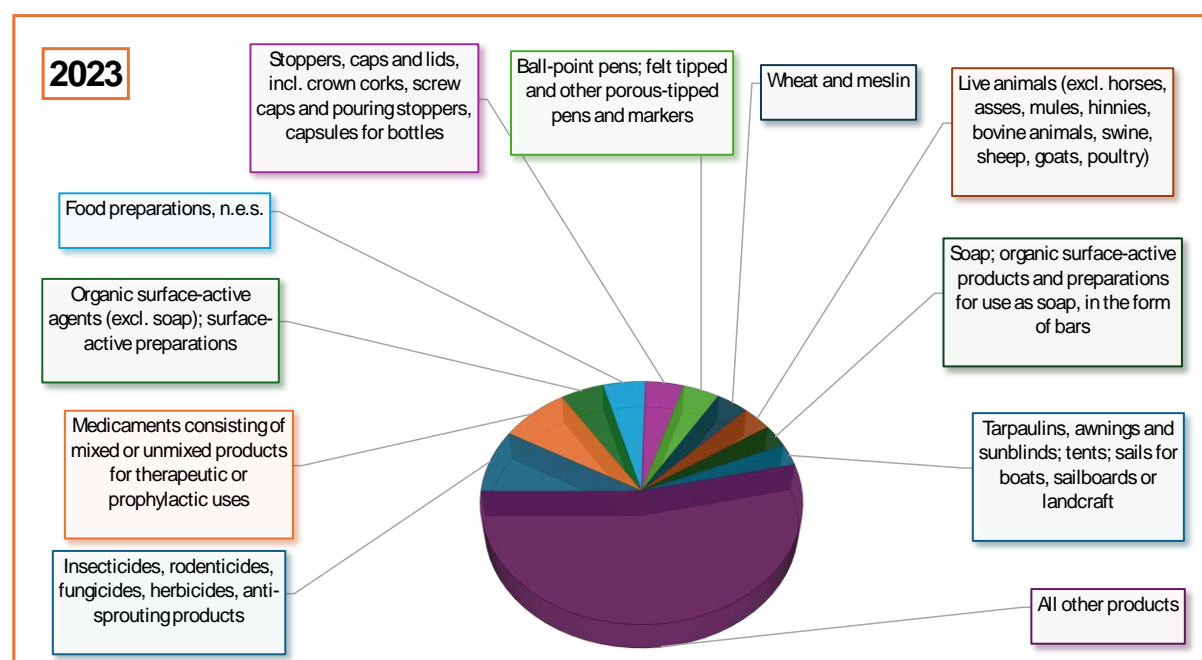
Source: KRA database 2023; Compiled by KEPROBA

- Kenya's imports from Ethiopia were valued at Ksh. 6.7 billion in 2023.
- Kenya's leading and main import products from Ethiopia in 2023 included: Electrical energy (Ksh 4.9 billion).

#### 4.0 Share on Kenya exports and import trade with Ethiopia.

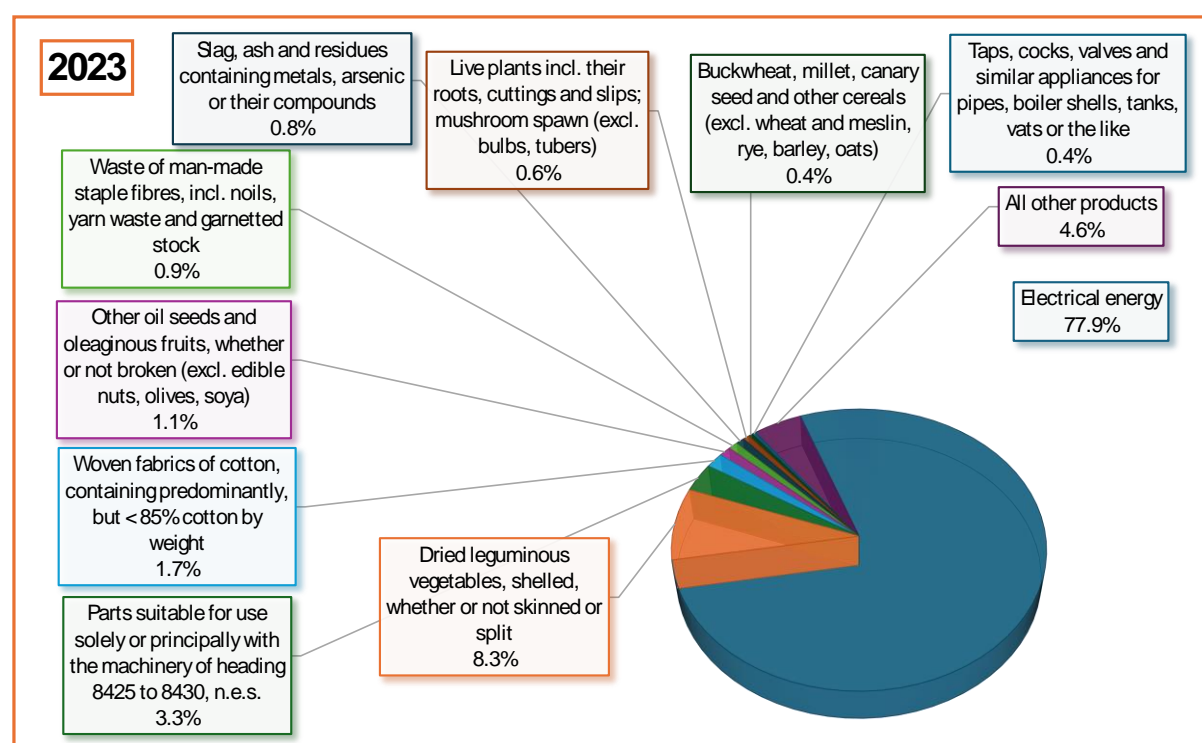
**Figure 2: Kenya-Ethiopia Shares of Trade 2023**

## Exports share to Ethiopia.



Source: International Trade Centre database 2023, Compiled by KEPROBA

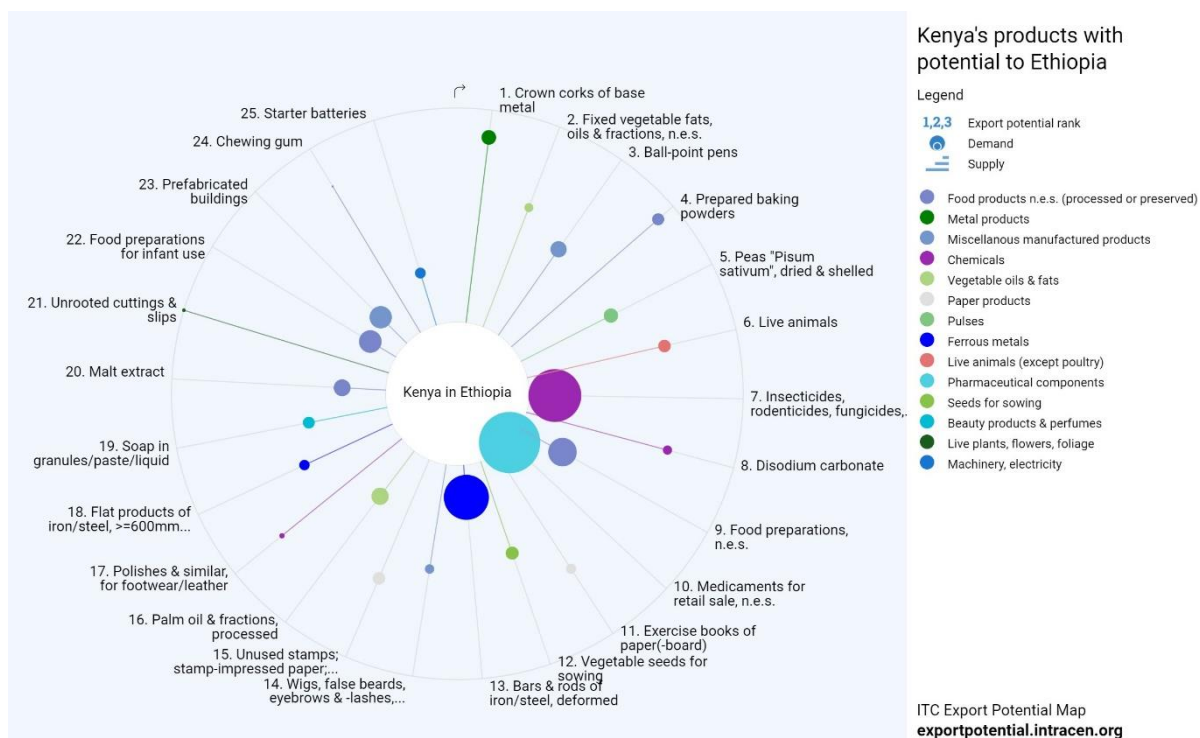
## Imports share from Ethiopia.



Source: International Trade Centre database 2023, Compiled by KEPROBA

## 5.0 Kenya's Potential Exports to Ethiopia

**Figure 3: Export potential for Kenya's products in Ethiopia.**



- The products with greatest export potential from Kenya to Ethiopia are Crown corks of base metal, Fixed vegetable fats, oils & fractions, n.e.s. and Ball-point pens.
- Kenya has the highest supply capacity in Unrooted cuttings & slips.
- Medicaments for retail sale, n.e.s. is the product that faces the strongest demand potential in Ethiopia.

## 6.0 Prohibited and Restricted Items

### Prohibited Products

- Used clothing.
- Arms and ammunitions, except by the Ministry of Défense.
- Goods of a commercial nature and quantity that are not imported through formal bank payment mechanisms.

### Restricted Products

- Medicines, medical supplies, and medical equipment must be registered with the Ethiopian Food and Drug Authority (EFDA) before entering to Ethiopia.

- A Certificate of Analysis (COA) is also required for processed food and pharmaceuticals.
- For some items depending on their type, specific agency permissions may be required.
- Plants or plant products, including seeds, agricultural inputs such as chemicals, pesticides, and fertilizers cannot be imported to Ethiopia unless registered and duly authorized for import by the Ministry of Agriculture.

## 7.0 Challenges affecting Kenyan Exporters in Ethiopia

### 1. Trade Barriers and Tariffs:

- **High Tariffs and Duties:** Ethiopia imposes high import tariffs and duties on certain goods, making Kenyan products more expensive and less competitive in the Ethiopian market.
- **Non-Tariff Barriers:** There are also non-tariff barriers, such as restrictive import quotas, technical standards, and certification requirements that can obstruct the smooth flow of Kenyan exports into Ethiopia.

### 2. Infrastructure and Logistics Issues:

- **Poor Transport Infrastructure:** Ethiopia's transport infrastructure, including roads, railways, and ports, is underdeveloped. This can lead to logistical challenges for Kenyan exporters in terms of transportation delays and higher costs.
- **Limited Connectivity:** There is limited direct connectivity between Kenya and Ethiopia, which affects the efficiency and cost-effectiveness of moving goods between the two countries.

### 3. Foreign Exchange and Financial Constraints:

- **Currency Fluctuations:** Ethiopian currency fluctuations and the shortage of foreign exchange can create financial risks for Kenyan exporters.

Delays in currency conversion and remittances can impact cash flow and profitability.

- **Access to Financing:** Kenyan exporters may face difficulties in accessing financing and credit facilities to support their export activities in Ethiopia, partly due to differing financial regulations and banking practices.

#### **4. Market Competition and Consumer Preferences:**

- **Local Competition:** Kenyan products often compete with locally produced goods in Ethiopia, which may have a price advantage due to lower production costs and government support.
- **Consumer Preferences:** Ethiopian consumers may have established preferences for local or other foreign products, making it challenging for Kenyan exporters to penetrate and capture market share.

#### **5. Political and Economic Environment:**

- **Political Instability:** Ethiopia has experienced political instability and conflicts, which can disrupt trade activities and create uncertainties for foreign businesses, including Kenyan exporters.
- **Economic Policies:** Ethiopian economic policies, such as import substitution and protectionist measures, can limit market access for Kenyan exporters.

#### **6. Language and Cultural Differences:**

- **Language Barriers:** Language differences can pose communication challenges for Kenyan businesses operating in Ethiopia, where Amharic is widely spoken.
- **Cultural Differences:** Understanding and adapting to Ethiopian cultural norms and business practices can be essential for establishing successful trade relationships.

### **8.0 Annex i: Map of Ethiopia**





Source: Google Map, 2023

## 9.0 Annex ii Quick Facts

<b>Also Known As</b>	Federal Democratic Republic of Ethiopia
<b>Head Of Government</b>	Prime Minister: Abiy Ahmed
<b>Capital</b>	Addis Ababa
<b>Population</b>	(2024 est.) 109,900,000
<b>Currency Exchange Rate</b>	1 KSH=0.45 BR

<b>Head Of State</b>	President: Sahle-Work Zewde
<b>Form Of Government</b>	Federal republic with two legislative houses
<b>Official Language</b>	None
<b>Official Religion</b>	None
<b>Gni (U.S.\$ '000.000)</b>	(2022) 126,126
<b>Total Area (Sq Km)</b>	1,120,000
<b>Total Area (Sq Mi)</b>	432,432
<b>Monetary Unit</b>	Birr (Br)
<b>Population Rank</b>	(2023) 14
<b>Population Projection 2030</b>	125,234,000
<b>Density: Persons Per Sq Mi</b>	(2024) 254.1
<b>Density: Persons Per Sq Km</b>	(2024) 98.1
<b>Urban-Rural Population</b>	Urban: (2024) 23.7% • Rural: (2024) 78.3%
<b>Life Expectancy at Birth</b>	Male: (2022) 66.1 years • Female: (2022) 70.4 years
<b>Gni Per Capita (U.S.\$)</b>	(2022) 1,020