

The Significance of Preferential Market Access such as AGOA, EBA, and AfCFTA in Fostering Productive Capacities

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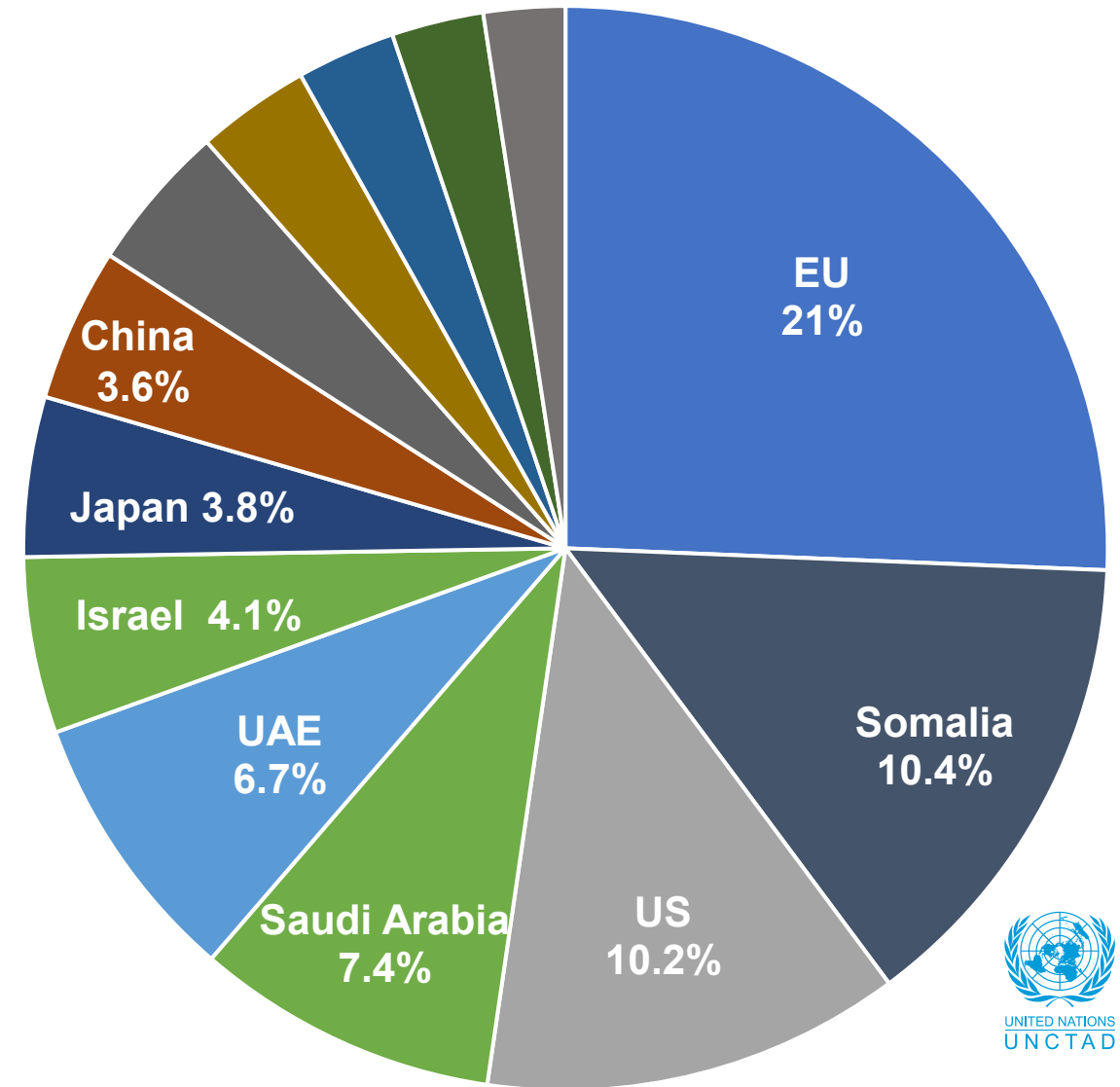
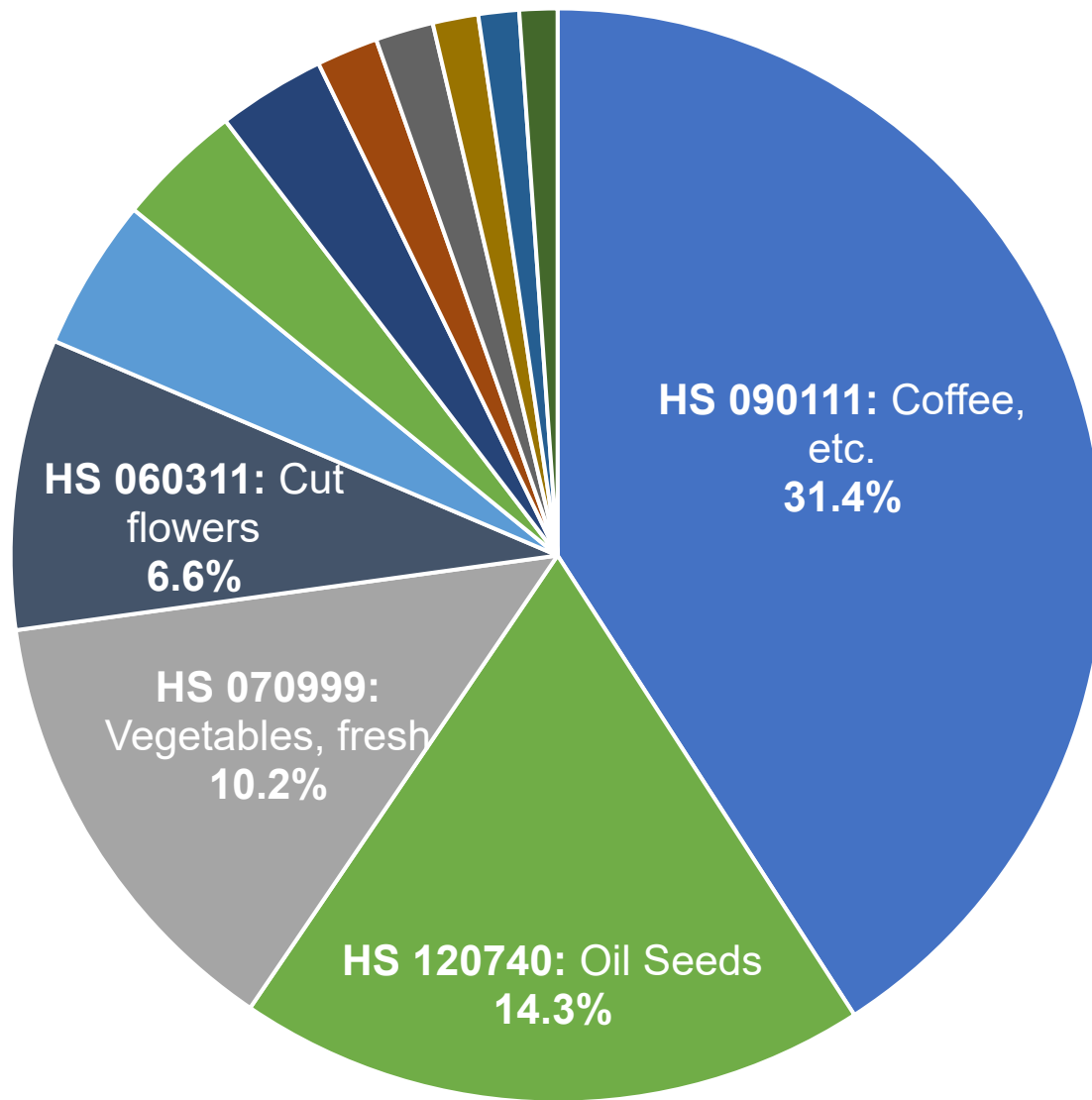
Preferential market access for Ethiopia: Opportunities

- Trade preferences provide a window of opportunity .
- In the 80' GSP was instrumental to build an export led growth for the Asian tigers
- After their graduation, middle income countries and LDC started to take advantage of trade preferences
- Trade preferences are drivers, attracts investors to locate manufacturing in beneficiaries
- Major beneficiaries of GSP(ex Bangladesh) are on the verge of graduation. Ethiopia may stand to benefit
- AfCFTA offers additional potential if RoO and SEZ regulations are lenient

Preferential market access for Ethiopia: Challenges

- Trade preferences are not a panacea
- Unilateral trade preferences are subject to conditionalities(ex :AGOA)
- Trade preferences only works on dutiable trade
- Trade preferences are dependent on compliance with rules of origin
- Trade preferences are subject to erosion caused by FTAs
- Investment attracted by trade preferences may not create expected backward linkages

Ethiopia: Top Export Products & Top Export Markets (2020)

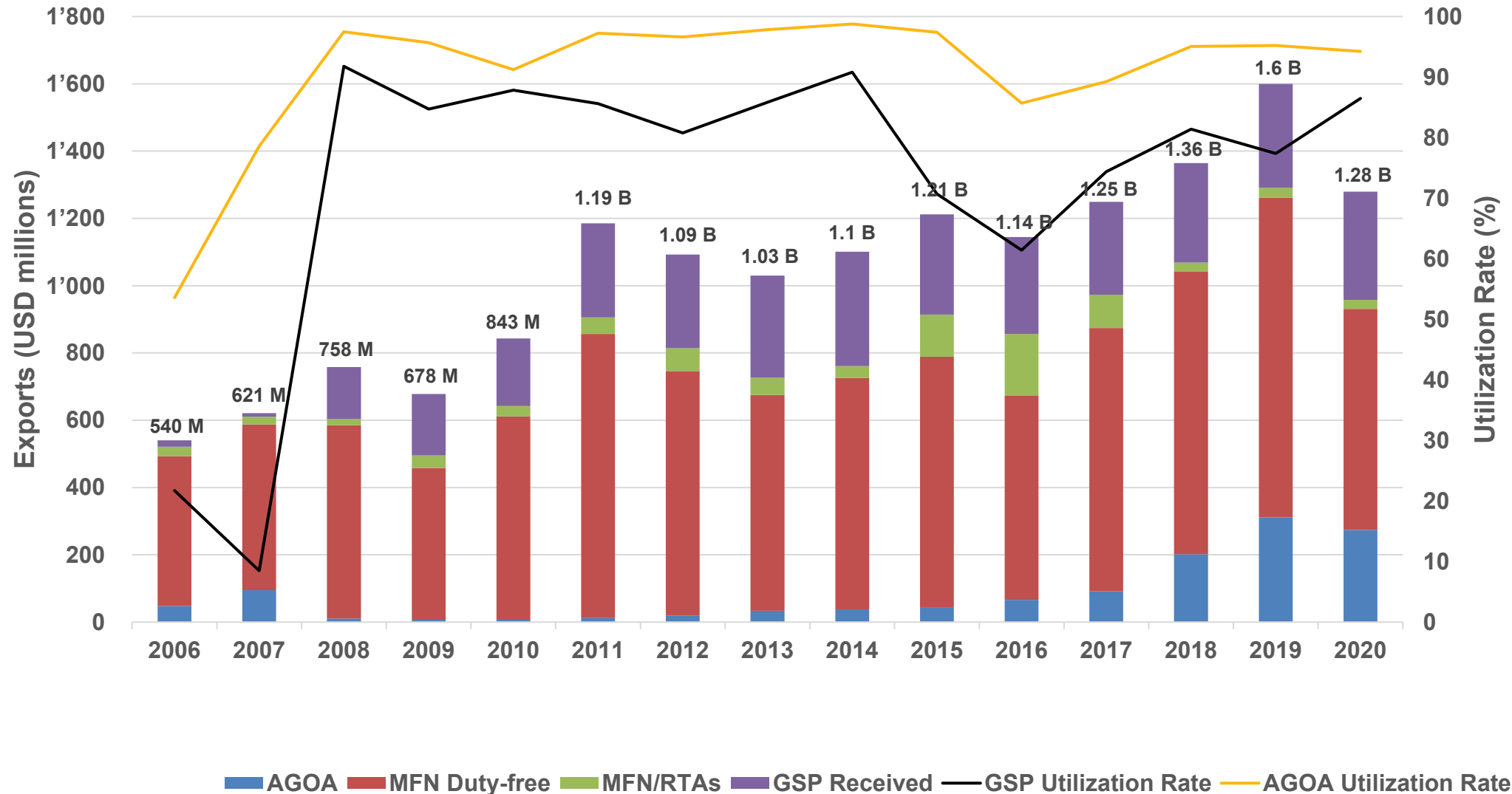


Ethiopia -
Trade with QUAD Countries:
Utilization rates of trade
preferences

Data extracted from
<https://gsp.unctad.org/>



Ethiopia: Utilization Rates and Total Exports to QUAD Countries



Ethiopia: Utilization Rates (URs) and Total Exports to QUAD Countries

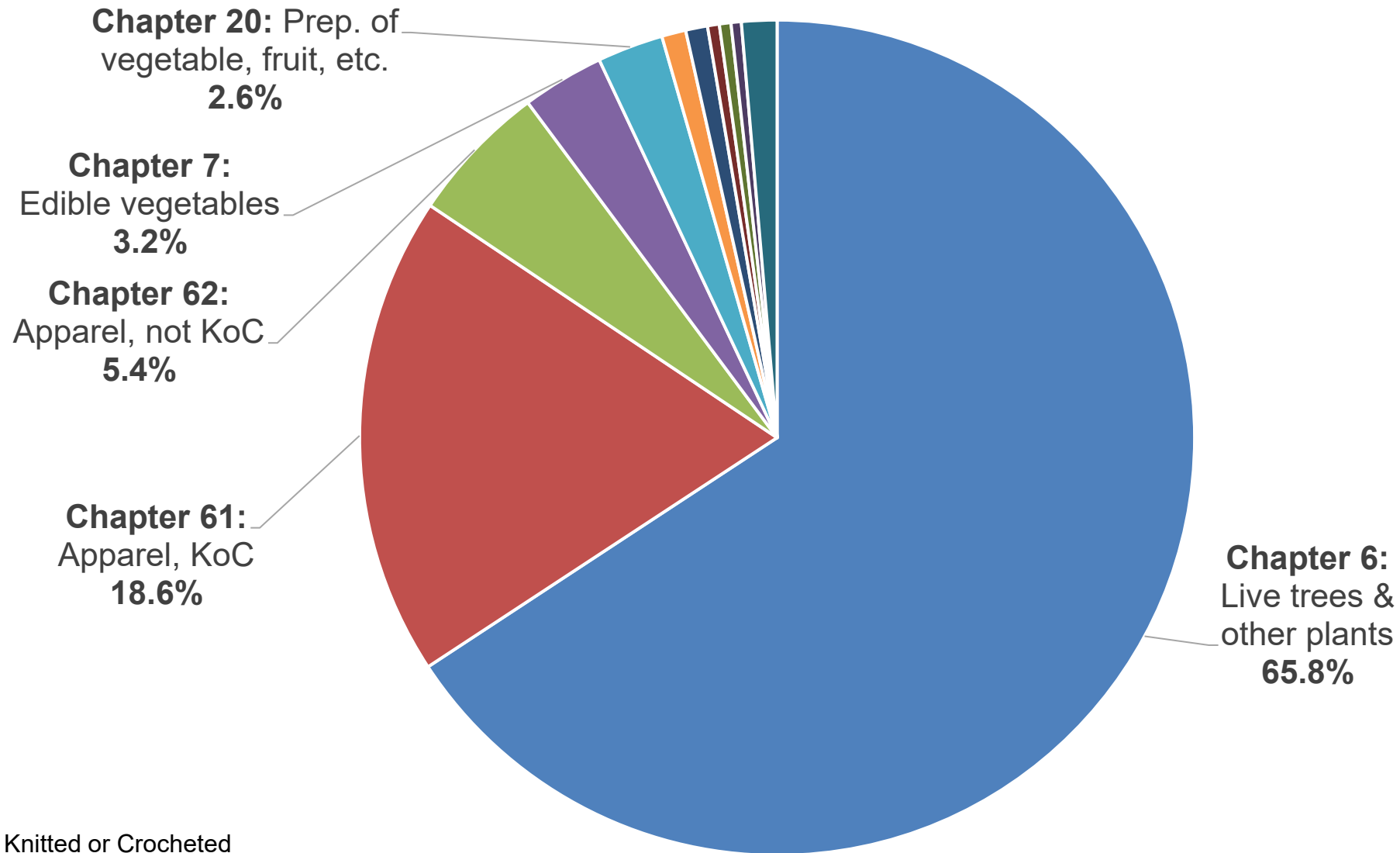
YEAR	SCHEME	Exports (USD thousands)						GSP UR (%)	AGOA UR (%)
		Total	Dutiable	Received	All Prefs.	MFN/RTAs	MFN Duty-Free		
2020	GSP	1,279,543	622,618	322,178	596,217	26,401	656,925	86.5	94.2
	AGOA			274,038					
2019	GSP	1,599,558	650,332	308,173	619,846	30,487	949,226	77.4	95.2
	AGOA			311,671					
2018	GSP	1,364,370	524,910	295,576	497,542	27,368	839,460	81.4	95.1
	AGOA			201,964					
2017	GSP	1,248,873	465,987	275,875	367,043	98,944	782,885	74.4	89.2
	AGOA			91,167					
2016	GSP	1,144,555	536,740	288,256	354,434	182,305	607,815	61.4	85.7
	AGOA			66,178					
2015	GSP	1,211,717	467,476	297,556	342,087	125,389	744,241	70.7	97.4
	AGOA			44,531					
2014	GSP	1,101,175	413,644	340,243	378,195	35,449	687,531	90.8	98.8
	AGOA			37,951					
2013	GSP	1,030,311	388,356	303,558	337,140	51,216	641,955	85.9	97.8
	AGOA			33,587					
2012	GSP	1,092,565	366,033	278,106	297,763	68,270	726,531	80.8	96.6
	AGOA			19,657					



Ethiopia: Utilization Rates and Total Exports to the EU, the US, and Japan(2020)

PGC	Scheme	Exports (USD thousands)					GSP UR (%)	AGOA UR (%)
		Total	Dutiable	Received	MFN/RTA	MFN Duty-Free		
EU	EBA	631,457	323,207	309,806	13,401	308,251	95.9	N/A
US	GSP	541,257	294,253	8,293	11,921	247,005	18.7	94.2
	AGOA			274,039				
JPN	GSP	106,828	5,159	4,079	1,079	101,670	80.5	N/A

Ethiopia: Top Exports to the EU by HS Chapters (2020)



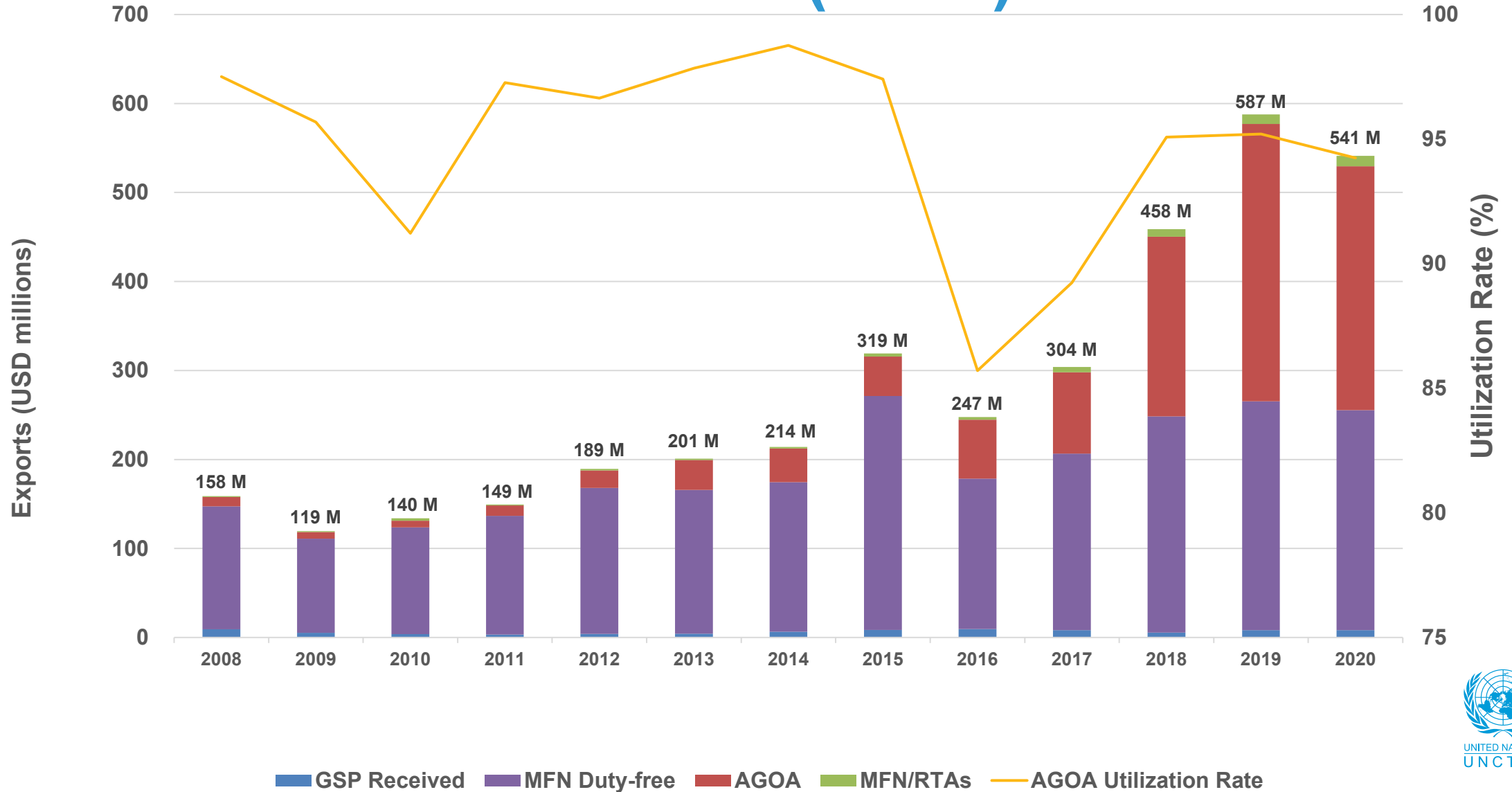
Note: KoC: Knitted or Crocheted

Ethiopia: Top Exports to the EU by HS Chapters (2020)

GSP Received > 2 million USD, sorted in descending order

Chapter	Product Description	Exports (USD thousands)					EBA UR (%)
		TOTAL	Dutiable	Received under			
				EBA	MFN/RTAs	MFN Duty Free	
06	Live trees & plants(Roses)	204,830	204,830	203,725	1,105	0	99.46
61	Apparel, knitted or crocheted	58,483	58,483	57,706	778	0	98.67
62	Apparel, not knitted or crocheted	17,357	17,357	16,827	530	0	96.95
07	Edible vegetables	31,156	9,857	9,850	7	21,299	99.93
20	Vegetables, fruits, nuts	8,250	8,250	7,906	344	0	95.83
19	Cereal, flour, etc.	2,921	2,921	2,894	27	0	99.08
15	Animal/vegetable fats	3,090	2,644	2,631	13	446	99.47

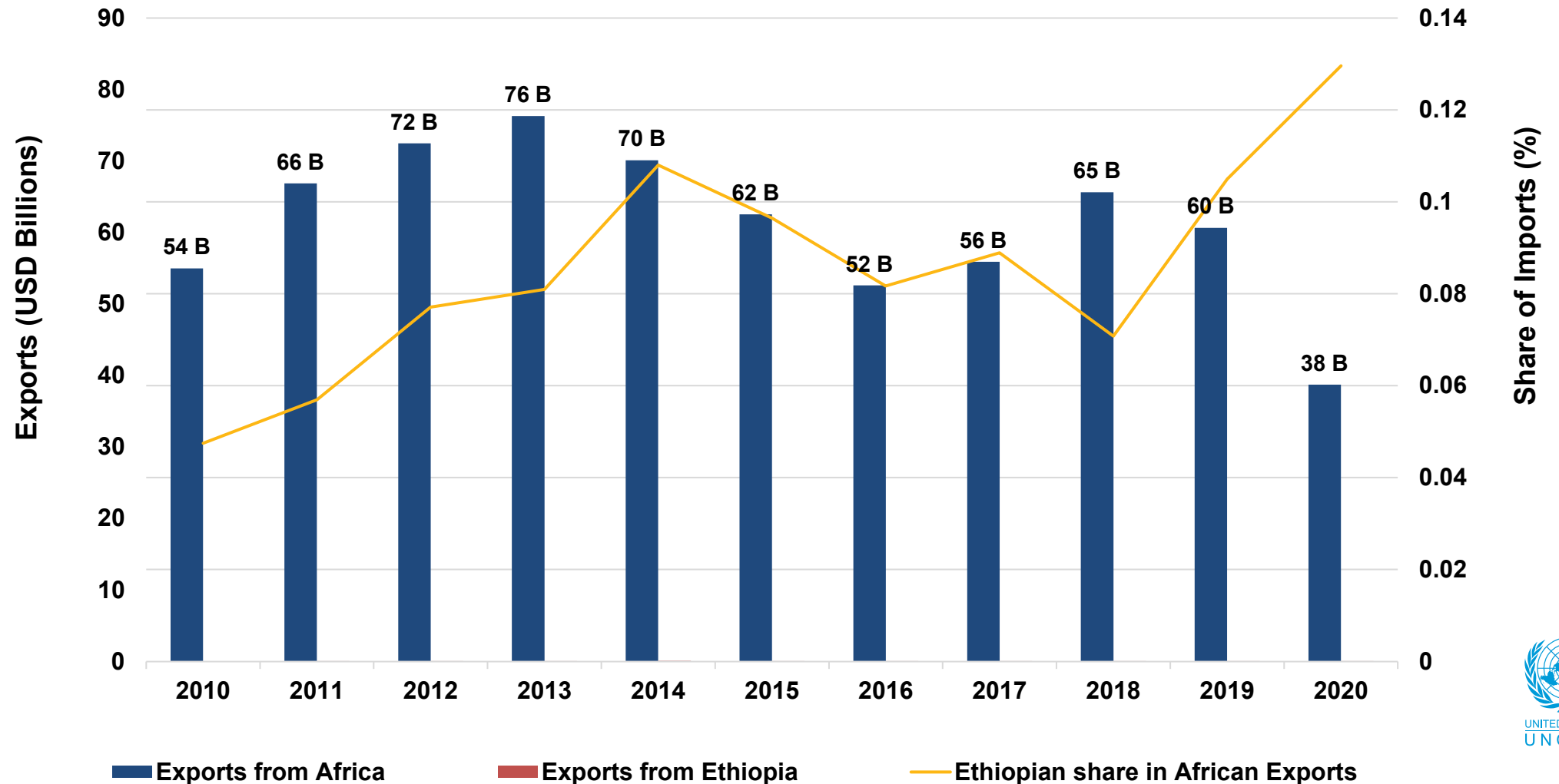
Ethiopia: Utilization Rates and Total Exports to the US (2020)



Ethiopian Intra-Africa Trade:
Opportunities under AfCTA
Data extracted from UNCTAD
AfCFTA website (To be released
March 2022)



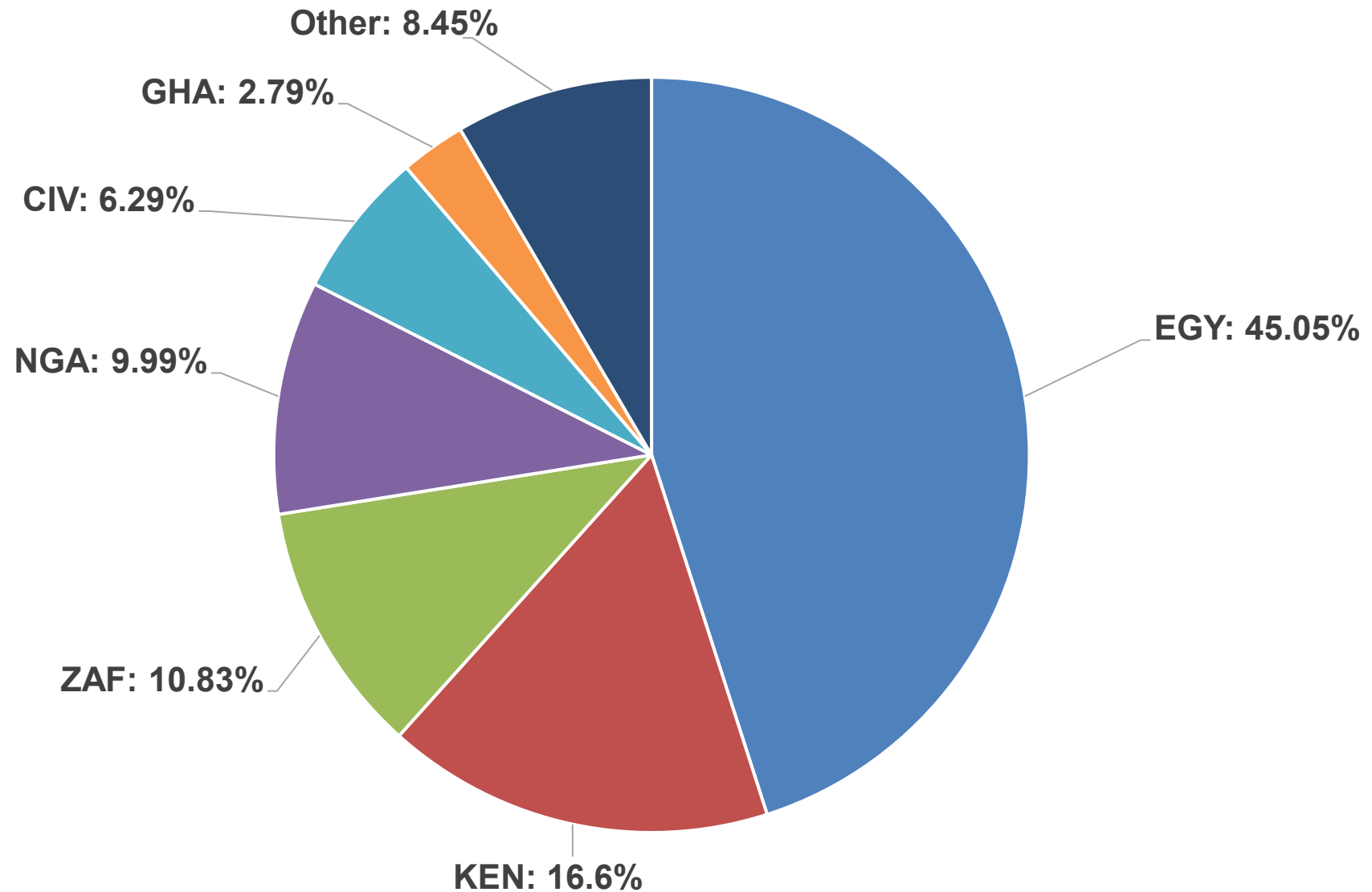
Ethiopia: Exports to AfCFTA Member States



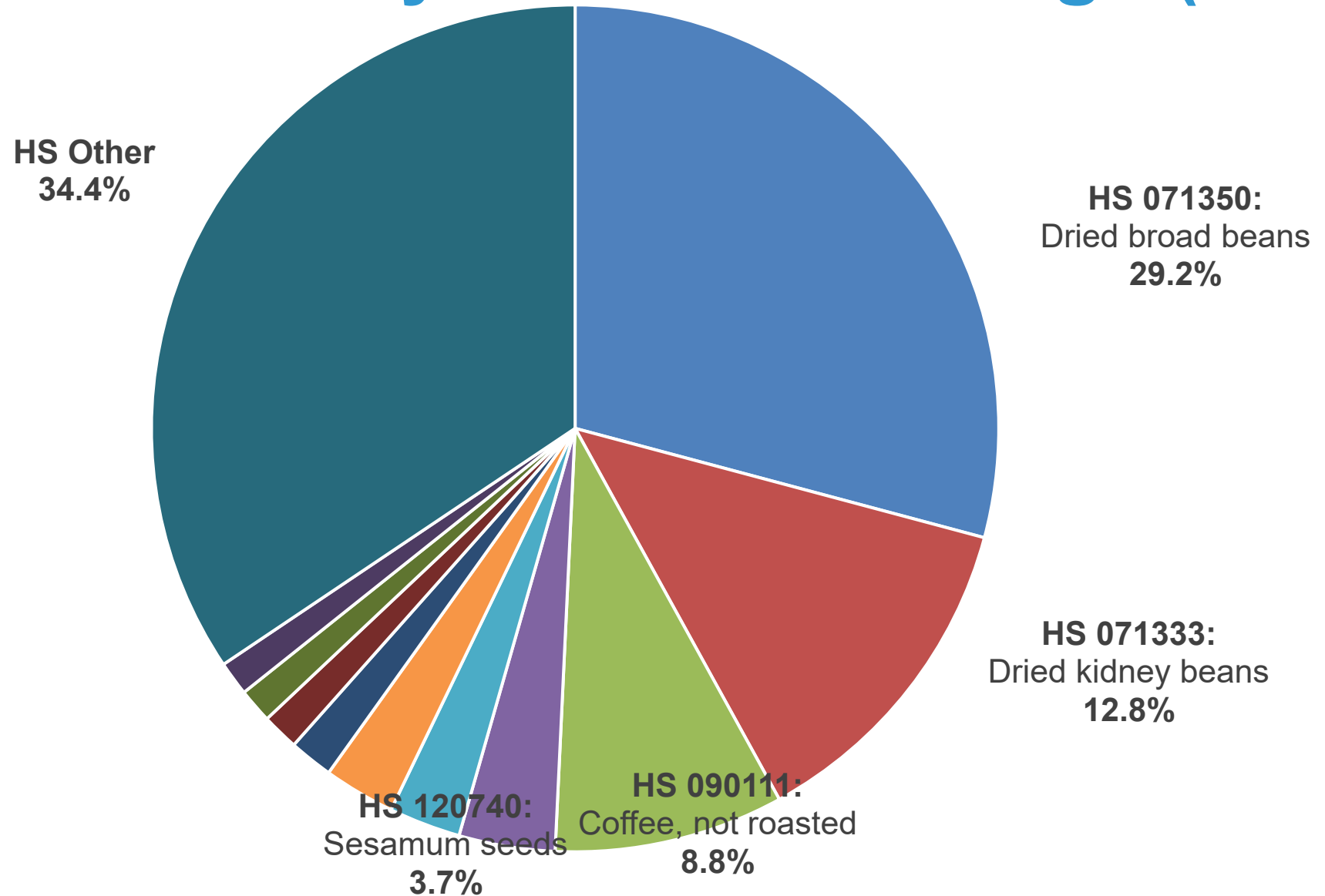
Ethiopia: Exports to AfCFTA Member States

Year	Exports (USD thousands)		Ethiopia's Share (%)
	Ethiopia	Africa	
2020	50,181	38,715,245	0.130
2019	63,669	60,655,888	0.105
2018	46,449	65,639,406	0.071
2017	49,719	55,907,921	0.089
2016	42,977	52,593,254	0.082
2015	60,307	62,521,507	0.096
2014	75,704	70,100,584	0.108
2013	61,766	76,291,825	0.081
2012	55,872	72,457,128	0.077
2011	38,064	66,851,234	0.057
2010	26,104	54,963,810	0.047

Ethiopia: Main AfCFTA Markets (2020)



Ethiopia: Top Products Exported to AfCFTA Member States by HS Sub-headings (2019)

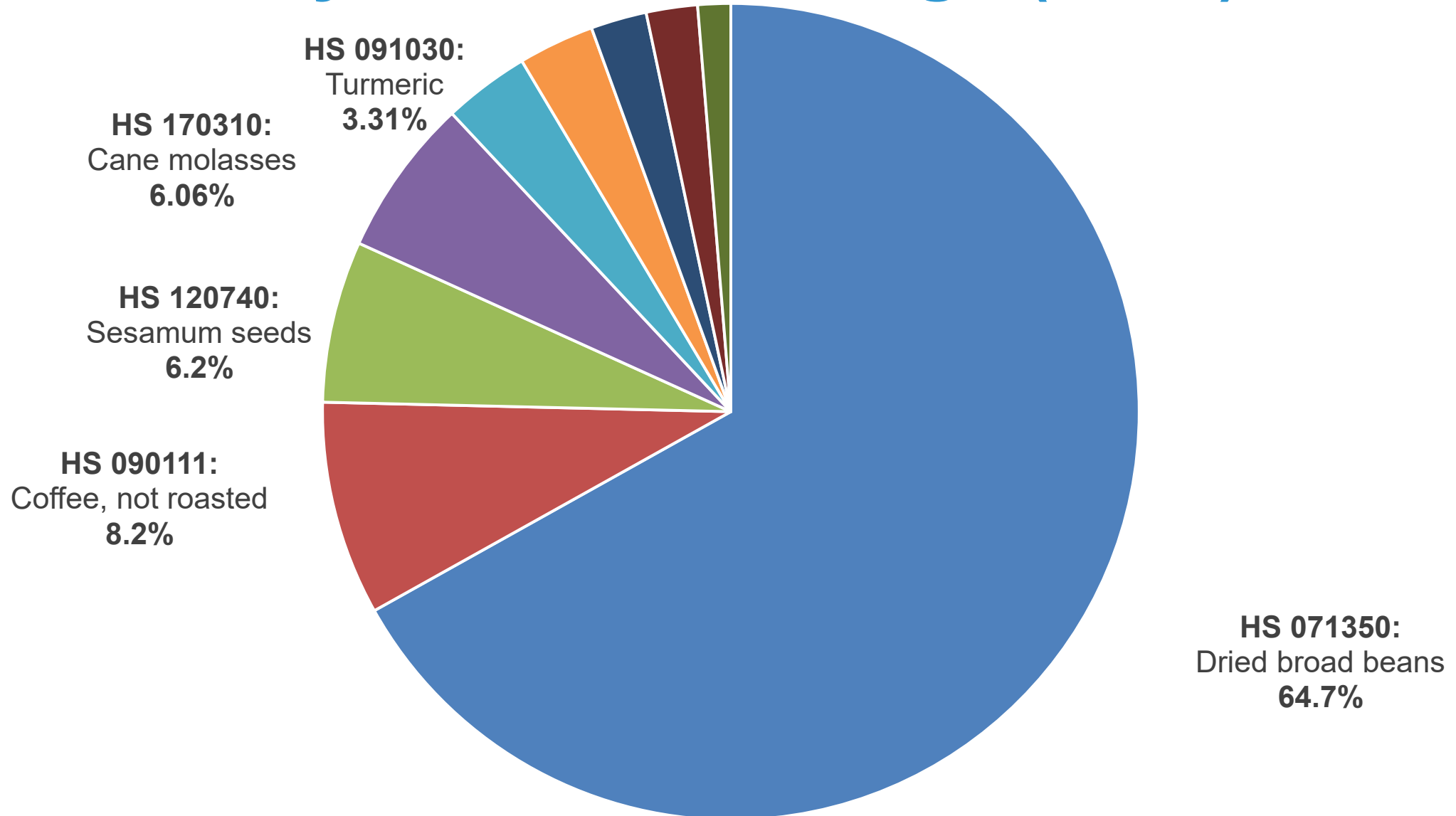


Ethiopia: Top Products Exported to AfCFTA Member States by HS Sub-heading (2019)

Sorted in descending order of Ethiopian Exports

Tariff Line	Product Description	Exports (USD thousands)		Ethiopia's Share (%)
		Ethiopia	Africa	
HS 071350	Dried broad beans	18,564	23,658	78.5
HS 071333	Dried kidney beans	8,173	31,074	26.3
HS 090111	Coffee, not roasted	5,577	86,845	6.4
HS 120740	Sesamum seeds	2,334	116,033	2.0
HS 071331	Dried beans	1,742	12,851	13.6
HS 170310	Cane molasses	1,738	18,687	9.3
HS 091030	Turmeric	1,067	1,565	68.2
HS 392690	Plastic articles	896	82,466	1.1
HS 120999	Other seeds	838	9,267	9.0
HS 851718	Other, telephone sets	831	3,637	22.8
TOTAL		41,760	386,083	

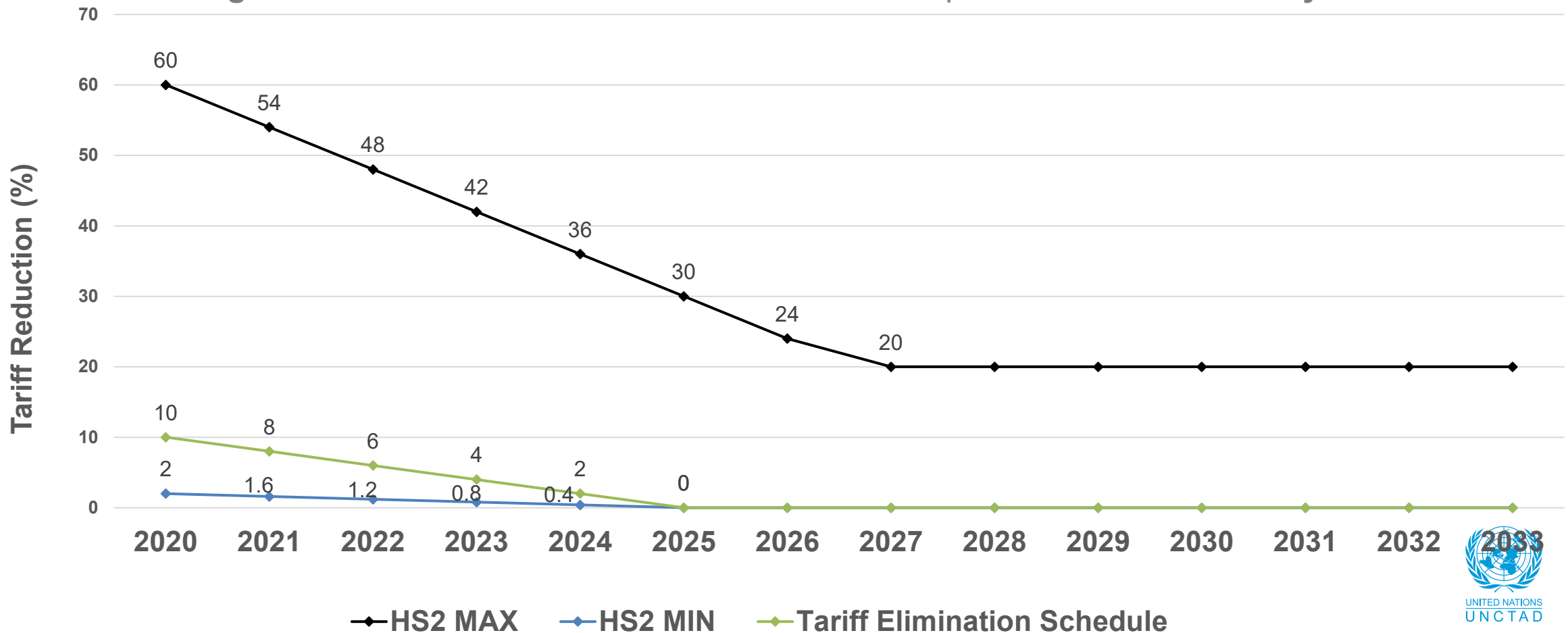
Ethiopia: Top Products Exported to Egypt by HS Sub-headings (2019)



Egypt: AFCTA Tariff Elimination Schedule for HS 170310

Tariff Line 170310: Cane molasses, etc.

Rules of Origin: Manufacture in which all materials in this Chapter used must be Wholly Obtained



Conclusions and way forward

- Ethiopia has shown steady increase of URs and volume of trade of QUAD trade preferences
- It shows potential and the graduation of LDC garment producers(ex. Bangladesh) may create substantial opportunities
- Yet, trade preferences are only one of the factor in determining relocation of industries(See next presentation on logistics)
- The loss of AGOA preferences may have a significant impact
- ACFTA may provide opportunities but two critical issues for Ethiopia:
- **Rules of of origin for textiles and garments !**
- **Treatment of products originating in Special Economic Zones !**

Thank you!

