

ETHIOPIA

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Ethiopia and Eritrea formally ended their two-year border war by signing a peace agreement in Algiers on December 12, 2000. There is no doubt that the war cost both sides dearly in terms of life, money, effort and precious time which could have been directed into development endeavour.

Now that the war is over, the social, economic and political consequences are starting to be felt. The Ministry of Finance declared that the country would achieve 10% GDP growth, higher than in the previous two years because more of the national budget can be directed to development activity rather than the war effort. The agriculture sector is also expected to record better results because of improved weather conditions.

During the budget year ending June 30, 2000 the country earned US\$510 million from export commodities. As usual, coffee fetched most of the foreign exchange earnings by contributing about US\$268 million. The country exported 115,739 t of coffee during the year, out of which private exporters supplied 104,000 t. The balance of export commodities included hides and skins, oil-seed and pulses. According to the Export Promotion Agency other products such as textiles and manufactured goods are also acquiring satisfactory acceptance in foreign markets.

During the first quarter of the current budget year (to June 30, 2001) the country exported 29,137 t of coffee and earned US\$55.8 million. The volume of coffee supplied to the overseas market was higher than for the same period in the previous two years but earnings were much lower as a result of depressed world coffee prices.

Another positive development during the current budget year has been the signing of a

bilateral Investment Support Agreement between the Ethiopian Government and the Overseas Private Investment Corp. (OPIC) of the US Government. Among other things, the agreement stipulates that OPIC will facilitate investment support in the form of debt or equity investment, investment guarantee and investment insurance to build the confidence of US citizens to do business in Ethiopia.

The Ethiopian Road Construction Authority celebrated its fiftieth anniversary this year. The Authority disclosed that in 1951 the available road in the whole country was 4,500 km, out of which 1,500 km was asphalted and 3,000 km gravel road. Fifty years later, by the end of year 2000, the total road coverage has reached 29,799 km, out of which 3,890 km is asphalt, while 25,909 km is all-weather gravel road. During the past five years the Authority has invested about US\$700 million and built more than 7,000 km of new roads, according to the report.

In the mining sector, new investment in the exploration sector continues to dwindle. The only major private investor in the sector is locally owned National Mining Co. (NMC) and its wholly-owned subsidiary Midroc. Even NMC seems to be operating with a reduced exploration budget as it has minimised its exploration staff.

There are a number of overseas and local junior mining companies licensed to explore for gold, platinum, opal, mineral water, silica sand, and base metals in Ethiopia. Among these, Sheba Exploration has been prospecting for gold for the past three years, and Golden Prospect Mining Co. Ltd has an exploration licence covering 535.6 km² in the western part of the country at localities known as Yubdo, Daleti and Tulu Dimtu. Yubdo is known for its placer platinum, which was mined for over a century. The area is still

believed to have the precious metal but it is very fine grained and recovery has been a serious problem.

Last year it was disclosed that Midroc had won the tender for the privatisation of the Kenticha tantalum mine (located to the east of the Lega-Dembi gold mine). For unknown reasons, Kenticha is still being operated by state-owned Ethiopian Mineral Resources Development Enterprise (EMRDE). Kenticha mine annual production has been about 120,000 lb of tantalum pentoxide, the product being sold by competitive bidding. EMRDE reported that during the first quarter of the current budget year it supplied 21 t of tantalum pentoxide and earned Birr64.8 million (over US\$7.5 million). During the whole of the budget year to June 30, 2000, EMRDE supplied 66 t of tantalum pentoxide to the world market and received the equivalent of (US\$5.5 million). The higher earnings in the current budget year reflect the high price of tantalum in the world market.

It is also reported that in the 12 months to June 30, 2000, the country exported 3,457 kg of gold, 1,329 kg of silver and 5,330 m³ of marble, earning about US\$37.6 million in export revenues. NMC has been working

hard in recent years to promote the country's marble and it seems that it is gradually succeeding in its endeavours.

Ethiopia's Geological Survey is undertaking a regional mapping programme in areas including Beless-Dinder, Jinka, Dugi-Mambuk and the Kibimushwi project on a scale of 1:100,000, and covering a total area of 7,000 km². The Dugi-Mambuk project is located in the Benshangul Gumuze Region in the northwest of the country, the Jinka and Kibimushwi projects are in the southwestern region while Beless-Dinder is located in the Amhara Region. The Geological Survey is also conducting geological and geochemical follow up work on 1:25,000 and 1:50,000 scales covering 975 km² in the same regions, and will complete projects for gold and base metals prospecting in the Beless-Dinder and Jinka regions by the end of this budget year. The Survey is also working on various projects related to industrial minerals.

In the petroleum sector, the Ministry of Mines and Energy signed a petroleum exploration agreement with a Canadian company, Gambella Petroleum Corp. The licence covers 15,356 km² in the Gambella region bordering the Sudan.