

A Project Paper on
Assessment of the Performance of Export
Support/Promotion Services: The Case of
EEPA/EPD

Submitted in Partial Fulfillment to the Requirements of
Master in Business Administration

By

Abebe Haile

ID. No: GSR/1840/98

Under the Supervision of
Dr. G. K. Murthy
Professor
Department of Management

Faculty of Business and Economics
Addis Ababa University
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Approval of Board of Examiners

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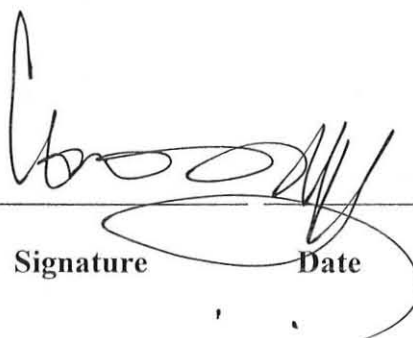
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Declaration

This is to certify that Abebe Haile has worked on " Assessment of the Performance of Export support/Promotion Services: The Case of EEPA/EPD" under my supervision. This work is original in nature and it is suitable for the submission of the partial fulfillment of the requirement for the Degree of Master of Business Administration

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Advisor,
Dr. G. K. Murthy



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Date

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Abbreviation

AACCSA	Addis Ababa Chamber of Commerce and Sectoral Associations
ACP	African, Caribbean, and Pacific countries
AGOA	Africa's Growth Opportunities Act
AID	Agency for International Development
BCG	Boston Consulting Group
BPR	Business Process Reengineering
CEC	Commission of the European Communities
COMESA	Common Market for Eastern Southern Africa
CRS/US	Congressional Research Service/United States
DACS	Department of Agriculture, Commerce
DTIS	Diagnostic Trade Integration Study
EAL	Ethiopian Air Lines
ECA	Economic Commission for Africa
EEP	Export Enhancement Program
EEPA	Ethiopian Export Promotion Agency
EPA	Ethiopian Privatization Agency
EPA	Economic Partnership Agreement
EPD-	Export Promotion Department
EPIF/IRC	Export Promotion In Focus/International Relations Center
EPO	Export Promotion Organization
EPP	Export Promotion Program
EU	European Union
EXIM	Export-Import Bank
FDI	Foreign Direct Investment
FDRE	Federal Democratic Republic of Ethiopia
FY	Fiscal Year
GAO	General Accounting Office
GATS	General Agreement on Trade in Service
GATT	General Agreement on Trade and Tariff
ICT	Information Communication Technology

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Abstract

Assessment of Performance of the Export Support/Promotion Services: The Case of EEPA/EPD

By Abebe Haile

The rapid pace of technological change and increased capital mobility has stimulated a process of globalization which has encouraged firms to locate the production process across countries to take advantage of differences in comparative advantage. Today the world is becoming a small village. To be participant in this process is not a matter of choice but indeed a must. Since the last two decades Ethiopia has been taking series of macro and micro -economic measures and shows its commitment to integrate itself to the global economy. Though there are improvements in both the type and quantity of export commodities, the country has been experiencing an increase in the negative balance of trade.

It is believed that effective national export support/promotion programs, if complemented with enabling national environment and international market access, are instrumental to sustainable growth and development. Additionally, in countries like Ethiopia, establishment and effective execution of a public export promotion/support service, that is integrated, networked, and has the public's trust and confidence is very desirable. In the course of this research project factors hindering this process are identified and possible solutions forwarded.

IMF	International Monetary Fund
LDC	Least Developing Country
MAP	Market Access Program
MFN	Most Favoured Nations
MoFED	Ministry of Finance and Economic Development
MoI	Ministry of Information
MoTI	Ministry of Trade and Industry
n.a.	not available
OPIC	Overseas Private Investment Corporation
PM	Prime Minister
PTA	Preferential Trade Area
SBA	Small Business Administration
SME	Small and Medium Enterprise
SSA	Sub-Saharan Africa
TDA	Trade and Development Agency
TRIPs	Trade Related aspects of Intellectual Property
UAE	United Arab Emirates
UNECA	United Nations Economic Commission for Africa
US	United States
USGAO	General Accounting Office of the United States
WB	World Bank
WTO	World Trade Organization

CHAPTER ONE

1. Introduction

1.1. Background of the Study

Human beings, said Adam Smith, have always had a propensity to “truck, barter, and exchange one thing for another”. The current trans-boundary exchange activity, what we call now international trade, is the natural outgrowth of this fact. It is expected that trade activities at the start were primitive and non-confronting, which through time shape themselves as a result of complex, challenging, and even confronting interaction between the parties involved. International trade is one major area that manifests both the human individualistic nature and manipulative capacity in time of crisis and failure.

International trade has increasingly become the main engine of economic growth. The rapid pace of technological change and increased capital mobility has stimulated a process of globalization which has encouraged firms to locate the production process across countries to take advantage of differences in comparative advantage. Today the world is becoming a small village. Both macro and micro- level analysis are being forwarded to discuss the importance of the current international market:

In macroeconomic terms, the activity has paramount importance in enhancing the welfare of the society; bringing economic, political, cultural, and social integration among the people of different nations, and, in most countries, it represents a significant share of GDP. Exports provide the means to pay for imports and so are keys to people's degree of choice and standard of living. Exports also create high rates of employment. Innovation and high-quality human capital are often critical to exporters' competitiveness. This means that

exporters are likely to pay higher wages and provide better working conditions than firms that produce for the domestic market only (BCG, 2004).

Though international marketing has a broader meaning than exporting¹, for countries like Ethiopia, extensive research provides the rationale for pursuing an export led growth strategy (World Bank, 2002). First, access to export markets permits domestic producers to break free of local market constraints and to exploit increasing returns to scale. Second, exporters are exposed to the discipline of world markets as well as to innovations in products and processes. Third, export receipts ease foreign exchange constraints, allowing a country to import capital and intermediate goods that cannot be domestically produced.

Though the above discussion implies the importance of international trade and is true that exporting is one of the most important channels through which developing countries can link with the world economy, the current prevailing practices are not wholesome fair and desirable as there are many conflicts among nations (even between developed ones) and the play ground is worsening especially for poor countries like sub-Saharan Africa.

The African 'export problem' is not simply the general dependence on primary commodity exports, but the heavy dependence of most countries on a narrow range of primary commodities. In the late 1990s, 39 African countries depended for more than half of their export earnings on just two primary commodities (UNCTAD as cited by Ackah and Morrissey, 2005).

Apart from the export price instability for these commodities, the ability of a country to increase exports (its export supply response) is constrained by structural rigidities in production capacity, and infrastructure and institutional barriers to trade (trade costs). Furthermore, as against the written principle of special provisions under WTO agreements for developing countries, even

¹ International marketing is the expression to mean the administration of an international marketing program, while exporting/international trade is a buying or selling operation, with little or no active marketing management involved (Terpstra, 1987).

Ethiopia's export bundle is generally subject to higher tariffs in both developing and developed countries (DTIS, 2003).

It is now clear that any benefits derived from globalization depends on a range of conditions being in place – access to investment, access to technology, existence of an adequate policy, regulatory and institutional infrastructure, and the human capacity to understand where the openings lie and how they may be exploited. In the absence of these, trade liberalization increases the inequities among and within countries”

However, because joining the current global economy is not a policy option but a must, since 1991, the market-led economy principle adopted by the Ethiopian government has resulted in macro-economic liberalization measures and increased private sector participation so as to revitalize the nation's economy.

Ethiopia's participation in the current global economy is mainly through supplying of agricultural resource- based commodities, very limited manufactured products, and a somewhat successful penetration by the Air transport service; in return being a vast market place for incoming goods and services.

Obviously in the last few years the volume and type of export items have been increasing. For instance the percentage of merchandise trade to GDP increased from 6.3 in 2003/4 to 7.5 in 2005/06 (NBE, 2005/06). However, there has been an increasing gap between the country's import and export trade which leads to a sharp increase in the negative balance of payment. This is due to both the narrow commodity and market concentration effect. To improve the export performance a range of measures have to be taken.

1.2. Statement of the Problem

The Ethiopian government believes that the transformation of the economy in general and the industrialization in particular relies on the Agricultural Development Led-Industrialization (ADLI). Even though the country does not have export strategy, the Industrial Development Strategy document emphasizes the need for strengthening the export sub-sector and it reads as follows- "... In general the objective of rapid and sustainable development can be achieved only if the industrial sector has developed the capacity to compete in the global market. The export sub-sector, beyond the other sub-sectors of the sector, is forced to develop its competitive capacity..." (MoI, 2002). This is possible when an enabling environment prevails which comprises sound domestic policies and export strategies, adequate infrastructure, provision of effective trade support services and targeted firm-level support. In many developing countries, particularly South East Asia, where outward looking growth strategy has been adopted, governments were determined to provide export promotion services as an essential component of the strategy (Birhanu et al, 2002).

Along with other policy measures that enhance investment and export promotion, the Ethiopian government established the Ethiopian Export Promotion Agency (EEPA) under proclamation No. 132/1998 with the intention to alleviate problems faced in the country's export trade and enhance the competitiveness of exporting enterprises in the international market. The Agency was established as an autonomous organ with powers and duties to undertake the export sector development objectives. The powers and duties of the agency were:

- Based on the government's export strategy, to render different professional support and training to exporters by undertaking studies and assigning various schemes to promote the country's export trade;

- To alleviate problems exports faced by ensuring that export- related procedures of institutions relevant to export trade are conducive to the country's export development;
- To encourage the existence of coordinated and efficient working arrangements among producers, exporters, and service providers;
- To enhance the country's competitiveness in overseas markets by undertaking and disseminating supply and market studies on exportable products to exporters;
- To link-up Ethiopian exporters with foreign importers by undertaking promotional campaigns, designing product- specific promotional packages and using modern communication techniques with the aim of entering into new and growing markets as well as staying in the country's existing markets;
- To provide the appropriate support to exporters in order for them to participate in regional and international trade fairs and other trade promotion events;
- To cause the establishment of strong cooperation and relations with similar institutions in other countries;
- To respond to trade information inquiries of exporters and foreign importers by processing and disseminating to users information necessary for foreign trade activities by collecting them from domestic sources;
- To establish relations with relevant domestic and foreign organizations with a view to carry out functions assigned to it under this proclamation;
- To engage in other activities necessary to accomplish its objectives.

In general the duties and responsibilities given to the Agency have three core activities- one category includes providing services to exporters, such as training, market information provision, match- making, product development, etc...; the second responsibility is encouraging the integration and coordination of the different services provided in the area by different institutions, and finally ensuring that export- related procedures of institutions relevant to export trade are conducive to the country's export development.

However, a survey made on the export support services in Ethiopia (Birhanu et al, 2002) revealed that the service provision is at its infancy stage as a result of which the agency was not properly discharging its core objectives. Among the findings were:

- Out of the six broad types or categories of services- general information on foreign markets, contact –making with importers, pre-export services, export finance, technical assistance, and government facilitation- it is only the first two, namely market information and contact making, that are regularly demanded/used by nearly half of the exporters.
- The two most regularly used service types (i.e., information on foreign markets and contact making), in most of the cases, are provided by business partners/buyers and the firms themselves respectively. In this respect, some degree of passiveness is reflected on the part of Ethiopian exporters.
- The next regularly used service categories are export finance and government facilitation. Each category of service is regularly used by about one-third of the exporters. In the former the major providers are government and business partners/buyers, while in the latter government alone is the major player for about 50 percent of the cases.
- Of the specific export services that are widely used internationally, most Ethiopian exporters regularly use only few of them. These include buyer

contact, market information, deal making, letters of credit and sample preparation.

- In almost all services, except one, the number of dissatisfied exporters heavily outweighs the satisfied ones. With respect to information on foreign markets, about 40 percent of the firms responded why they are not satisfied with the services. Many of these firms stated that there is no organized market information provider on a regular basis. Even when it is available, the information may not be accurate, specific, and reliable, hence of little practical use. Moreover, it is also expensive to acquire.
- Different views are provided about the weakness of the service related to contact making. Few mentioned that it is expensive to participate in trade fairs and missions. Moreover, in most cases trade fairs and trade missions are not well-organized and targeted to specific export sector. This makes it difficult to attract relevant customers. Others stated that such services are not satisfactory, not frequent and timely.
- Again, about half of the firms interviewed responded that they are not satisfied with pre-export service provision. Most believe that as firms are small in size, there is little need for research. Others stated that no organized and satisfactory service provider is available.
- With respect to export finance, some complained that high collateral requirement prevents them benefiting from credit facilities. Others noted that, such pre-export finance is not efficiently provided by Banks. Besides, no clear and effective credit policy (be it in the form of credit priority or low interest rate) exists in practice for promoting export. International finance is not accessible as its modalities are cumbersome and time taking. Thus, additional and specific export finance service is required.
- Many exporters, that are not regular users of government facilitation, claimed that public sector services are weak, bureaucratic, time

consuming and actually bottlenecks for promoting export. Hence they need to be removed. In light of the dynamism of international export market, government policy adjustment is painfully slow, with many loopholes for creating inefficiency and corruption.

- What emerged outstanding from the survey is that because of the undeveloped nature of export trade in the country, as well as lack of favorable policy orientation for a long period of time, supply of export support services in an organized way do not exist. Nearly all exporters confirmed that they are not using most services simply because they don't exist. Even when they exist, the provision is not often satisfactory. As a result, firms attempt to provide some of the services in-house with some support from foreign customers.
- The small size of the market may not encourage private entrepreneurs to specialize in the provision of export services.
- During the survey, the agency claimed to focus mainly on foreign market information, contact making and government service facilitation. Despite its claim, however, exporters' response and the personal interview confirmed that until those days very few exporters were benefiting from EEPA's service. Moreover, the agency admitted that its service is not effective because of financial constraints, lack of skilled and experienced personnel and inadequate facilities.

Therefore, it was suggested that it would be more effective and less costly to support existing associations properly so that they could expand their services and also strengthen whatever service they provide. Such support will not only promote services, but also strengthen the associations in the long run.

As for the Ethiopian Export Promotion Agency, its establishment was said to be commendable. However, rather than attempting to be involved in many type of services and providing support only to selected firms, such as state or party owned firms, it would payoff from national point of view to concentrate on few

most important services and making them available to all needy firms indiscriminately and effectively.

Obviously the survey, which has significant importance as it was the first of its kind; has shown some directions for the concerned bodies to improve their services provided that they were informed of the survey result and willing to act upon. As the experiences of other countries show, most of the problems mentioned are resolved by having strong public institutions/units like EEPA/EPD.

Nevertheless, since the survey was conducted in 2001 when the agency has had only short years of existence since its establishment at end of 1998, nothing is known about the improvement made since then. Besides, since 2005 the agency was dissolved and the Export Promotion Department (EPD) was established under the ministry of Trade and Industry to discharge the duties and responsibilities formerly handled by the agency. Hence, up-to-date assessment is necessary.

The previous survey focused only on questions related to the sources of the services and the level of satisfaction gained. In addition to being recent, therefore, this study included additional variables that were aimed to measure indirectly the performance of the agency and EPD in line of discharging their two core objectives- coordination and integration of services provided by other institutions and ensuring the conduciveness of existing export-related procedures followed by other service giving institutions to enhance export performance.

Currently the country is negotiating to join WTO and enter into ACP –EU PTA agreement which will force the country to make its domestic market more open. This in turn will bring fierce competition to the domestic firms. Therefore, the existence of strong export promotion institutions serve to improve the competitiveness of local firms and to enhance the export performance of the

country both in the short and the long terms is mandatory. This research paper tries to contribute something in this regard.

1.3. Objective of the Study

The general objective of the research was to examine the recent export profile of the country and to assess the performance of EEPA and EPD. Specifically, the research intends

- To evaluate the trend in the export performance,
- To assess the performance of EEPA and EPD, as perceived by users of the service,
- To learn why EEPA is dissolved and what lessons learned and improvements made, and
- To forward possible recommendations

1.4. Significance of the Study

From what has been discussed so far, one can infer that:

- Though, export support/promotion services are highly desirable to pickup the current export performance, what was observed by the survey was generally rated as poor, and
- Yet, one may think that, as the case may be, the performance of EEPA was poor partly because of the agency's infancy at the time. Then, what is the current situation?

On the other hand, because other studies have not been made since 2002, and the fact that the issue has critical importance, undertaking the research was more than a matter of curiosity. Besides, the research by itself might contribute to ignite the feeling of knowing one's rights and obligations by the respective bodies. The ultimate aim of the research was to explore where we are in the export performance and its promotion. Based on the findings obtained it

was meant to forward possible recommendations which could serve as input in an effort to improve the services and the export performance as well.

1.5. Scope and Limitation of the Study

The study restricts itself only to the performance of the public export promotion activities particularly by EEPA and EPD as perceived by the service users. It is expected that the available time and cost budget, among others, will also affect the quality of the study both in depth and representation of the primary data sources.

1.6. Methodology

1.6.1. Data Sources and Methods of Data Collection

The research employed both primary and secondary data of both quantitative and qualitative in nature. Secondary data serve to assess the trend in the export performance, to review literature in the area, etc,... while primary data was collected to evaluate the performance of the promotion service provided by EEPA/EPD and other institutions as perceived by users of the service and other pertinent bodies; and to see the current improvements and challenges.

The National Bank of Ethiopia, the Ministry of Trade and Industry, the Ethiopian Chamber of Commerce, etc,... were the sources of secondary information.

Semi-structured questionnaires were the primary data collection instruments and the respondents were exporters, Exporters' Associations, Chamber of Commerce, and the EPD under the Ministry of Trade and Industry. To achieve its purpose, the study employed four different questionnaires and face-to-face interview with EPD Head.

The researcher believes the information collected through the methods /and from the sources mentioned above could throw valuable hint and draw conclusions around the research questions.

1.6.2. Sample Design

Initially the researcher planned to reach exporters through their associations so as to get sufficient number of respondents, but the idea failed to succeed for lack of support from the associations. Finally exporters were approached through the help of two private banks- Abysinia and Awash banks Bole branches to use their clients engaged in export business as the source of information. 55 questionnaires were dispatched to be filled on the first- come-first fill basis and 31 filled questions were returned. The banks were selected just because of their convenience and good cooperation to the researcher.

Three major associations- Oil seeds and Pulses, Leather and Leather Products, and Coffee exporters, were planned to be included in the survey but only the last two were included for the researcher lacked cooperation from the other association.

1.6.3. Data Analysis

The data from the National Bank of Ethiopia, as well as the closed-ended questions helped for quantitative analysis while the open-ended questions, the interview and other literature review elaborate the discussion. Line graphs, frequency distribution, and cross tabulation were employed.

1.7. Organization of the Paper

The paper has four parts. Chapter one deals with the introductory part where the discussion focuses on the general background of the subject matter, and its subsequent discussions.

Chapter two comprises three sections: the first discussion on the evolution, significance, and challenges of international trade; followed by export promotion programs; and finally on country profile which discusses the economic liberalization measures taken, the export promotion programs, and the export performance.

Chapter three deals with the findings and discussion, and finally chapter four presents the conclusions and recommendations.

CHAPTER TWO

Literature Review

2.1 Export Promotion Programs

2.1.1 Do Export Promotion Programs Alone Matter?

The extent to which a country succeeds in its export is dependent on a number of interrelated factors. Birhanu and et al (2002) classified the factors as a specific country's internal and external factors where the former is classified again into two: internal and external to the firm as depicted in Box.1.

ITC (2001), in relation to the effectiveness of trade promotion programs, asserted that..."trade promotion in the absence of a national environment that is internationally competitive environment will be pointless. Likewise, lack of international market access is what stops firms in LDCs from being players in the export game, according to some analysts, but it is not the only issue" . The center states an enabling environment as that which comprises sound domestic policies and export strategies, adequate infrastructure, provision of effective trade support services and targeted firm-level support.

In other words, LDCs need to address 'supply-side constraints' to improve competitiveness. They need to take steps that can help firms improve productivity, quality, and compliance with international standards, saleable designs, environmentally acceptable packaging and so forth.

For firms in developing economies where competition against technologically well-established corresponding firms from developed countries government incentive structure specifically tailored to promote exports is important, at least in the initial stage. Incentives that are achievement oriented, time bound and with limited scope could be effective promotional instruments. Particularly, at the early stage of industrialization where export experience has not yet developed, subsidized services to exporters can have appreciable payoffs by

speeding up export growth and creating a bandwagon effect.(Shafaeddin as cited by Birhanu et al, 2002).

Box 1. Summary of factors affecting export performance

1. External trade policies
 - International trade laws and regulations
 - Regional trade organizations laws and regulations
 - Countries import regulations
2. Government policies and incentives
 - Macroeconomic and sectoral policies
 - Legal and regulatory measures
 - Trade and investment specific incentives
3. Level of industrialization/stage of development
 - Infrastructure
 - Institutional framework
 - Educational level of the labor force
 - Degree of linkages between industries
4. Export support services
 - External market information
 - Contact making
 - Pre-export services (including export finance)
 - Technical assistance
 - Government facilities
5. Firm-internal factors
 - Personnel and engineering management
 - Labor skill/education
 - Level of technology employed
 - Professional services

Source: Birhanu et al (2002); Sources and uses of export support services in Ethiopia; Working Paper No. 2/2002.

Others, taking into account factors like FDI, product mix, market access, subsidy for export , assert that export promotion programs cannot change the economic conditions or market forces that largely shape export performance; they can at best supplement market forces and are certain to be ineffectual if they work against them (BCG, 2004).

To sum-up the discussions above we can conclude that export promotion programs:

- Are the integral part of the export strategy (since the strategy comprises other elements outside export promotion programs) , and
- Are the necessary but not sufficient conditions for export performance success.

This is to mean that export promotion programs are both complementary to other necessary internal and external environments and are indispensable activities that have to be properly formulated and implemented to achieve the desired result in the export sector. EPOs became a popular instrument to boost exports and reduce trade deficits, under the auspices of the International Trade Center (a joint UNCTAD-GATT multilateral institution) (Lederman, Olarreaga, and Payton, 2006).

2.1.2. No Short Cut Answers

As to the Literature surveyed it seems difficult to give one uniform answer for issues like the scope of export promotion programs/services; whether they need to be handled by government or private sector; if programs should be designed to address constraints within the firm, and even should they focus on the needs of managers or their organization, etc... as it is argued/defined differently.

In US nine federal agencies play an important role in assisting U.S. firms to export or invest overseas. These agencies provide a range of export services, including training potential exporters, identifying trade leads, conducting trade missions, offering trade finance and insurance, and providing government-to-government advocacy and policy support. Another 10 agencies that contribute to export promotion are also members of the Trade Promotion Coordinating Committee (TPCC) - a cabinet-level interagency committee chaired by the Secretary of Commerce which is established to coordinate the activities of the various federal agencies involved in export promotion and to ensure better

delivery of services to potential exporters. Each federal agency's export promotion activity is shown in Box 2.

Box 2 Export Promotion Services and Federal Providers

Export promotion services	Federal providers								
	DOC	USDA	State	SBA	EXIM	OPIC	TDA	USAID	USTR
Export training	X			X	X	X			
Developing market information	X	X	X	X	X	X	X		
Trade events	X	X		X				X	
Trade finance		X		X	X	X	X		
Advocacy	X	X	X	X	X	X	X	X	X

Source: GAO: EXPORT PROMOTION: Mixed Progress in Achieving a government- wide Strategy, 2002

Here in this case every activity related to export trade (the promotion, support and facilitation) is taken as trade promotion service and the federal agencies do have a major role to play. (GAO, 2002). Also private Trade Promotion Offices (TPOs) do participate in every activities whether or not they are directly responsible for each activity and give service for the government or private companies or provide advice to the government bodies, and can represent the interest and concerns of the private sector.

As to ITC the term “trade support” has a broader meaning than trade promotion- “Trade support institutions these days are understood to go well beyond dedicated trade promotion organizations and are more effective if they network the whole range of business services available to support export development.” (ITC/ITF, 2001). In LDCs, where the private sector is underdeveloped, a conscious effort needs to be made to identify priority sectors, formulate sector strategies and subsequently, a national export strategy. Such strategies need to be prepared by stakeholders from the private and public sectors by engaging in a participatory and interactive process.

Gillespie and Riddle (2004) stated export promotion activities as “... EPOs strive to

- 1) generate awareness of export opportunities,

- 2) provide access to export opportunities,
- 3) Offer export planning and preparation assistance,
- 4) support foreign market activity through organizational help and cost sharing. EPOs disseminate information (eg., conducting foreign market search; providing information about export laws; financial assistance, paaper work, and processes; offering educational conferences and seminars; dissemination information about opportunities and industry trends (Seringhaus and Botschen, (1991) as quoted by Global Marketing, 2002).

Government intervention is seen both positively and negatively.

Proponent of government intervention raise points such as:

- Private firms alone will not provide foreign market information, as companies hesitate to incur research and marketing costs that can also benefit competitors. This is the theory of asymmetric information.
- On international market access, supporters of government-sponsored export promotion argue that government can reduce regulatory and information barriers relatively simply and cost effectively
- Government involvement may, in some circumstances, add to the exporting firm's credibility in the destination country
- On the other hand opponents argue that, apart from issues like corruption, bureaucracy, under-funded staff, etc... rather than correct market shortcomings, it may worsen the situation; are actually detrimental to firms' international competitiveness because they lift attention from profitability, efficiency and customer satisfaction, to bargaining with government officials.

To conclude:

- a) Enabling internal and external environment must be created for success of any export promotion program

- b) There must be an active government participation especially in developing countries
- c) There must be an active participation by the private sector participants such as chambers, associations, and civic societies like universities.
- d) An appropriate networking must be establish to integrate the activities for efficiency and effectiveness of the programs, and
- e. There must be active public- private forums so as to get feedback on programs and formulate and provide the services as desired by users.

Such services are provided by public export/import regulating authorities, export/import oversight bodies, foreign diplomatic missions, and promotion bureaus; financial institutions, chambers, exporters' associations, and private institutions. The knowledge and proper implementation of trade facilitation, export financing, and the provision of support services such as product development, packaging, costing, pricing, and legal matters have paramount importance for successful export/import performance and overall economic growth of the nation (Birhanu et al, 2002)

2.2 Country Profile

2.2.1 Liberalization measures

Since 1991, the market-led economy principle adopted by the government has resulted in macro-economic liberalization measures and increased private sector participation so as to revitalize the nation's economy. During the last 15 years, Ethiopia has conducted several economic reforms. The country has begun the 1990s with a clear vision of reversing the socio-economic crisis of the 19980s and rapidly transforming the economy (Karingi, et al/ECA, 2005). The reform package of 1992/1993 was formulated with due emphasis on the complementarities between the trade

liberalization and macroeconomic management in shaping the reform outcome. Trade liberalization was accompanied by a significant exchange rate reform backed by a firm commitment to fiscal and monetary discipline (Anon, 2003)². As to Birhanu et al (2002) the country has undertaken these series of structural and enhanced structural adjustment programs under the guidance and support of international financial institutions like IFM and the World Bank. Under these programs a number of macro and sectoral policies, with a decidedly different orientation from what prevailed in the previous decade and a half, have been introduced. Also there has been huge government expenditure in the infrastructure development.

2.2.2. Export Promotion\support Services in Ethiopia

To create a conducive atmosphere for investment and export sector development, a number of measures have been taken. Investment promotion measures include custom duty exemptions, income tax holidays, exemption from taxes on remittance of capital and loss carry forward; land provision and loan grant up to 70% of the total investment. Also measures that have direct impact on the export sector include³:

- Reduction of Bank lending rates
- Floating the Ethiopian currency, the Birr, to a rate approximating to the free market rate
- Abolition of export taxes
- *Export trade duty incentive scheme*: The proclamation No. 249/2001 include duty drawback scheme, voucher scheme, and bonded manufacturing scheme. The objectives are to improve the foreign currency reserve of a country by enhancing the export trade, and to enable exporters access inputs at world market price so that they will be able to compete on equal footing with their competitors.

² Ethiopia: Trade and Transformation Challenges- Diagnostic Trade Integration Study (DTIS), May , 2003

³ Taken from "Export and investment incentives available for investors and exporters in Ethiopia: unpublished document; EPD, April 2007

- *Cost sharing scheme:* This benefit directive issued by MoFED in June 2004 provides government support and encouragement organizations engaged or planned to engage in export focused activities through cost sharing on salaries paid to experts hired by organizations. The directive is meant to exempt income tax to be paid on salaries of foreign professionals and experts hired. The objective is to support and encourage the managerial and technical skill capacity building efforts of the organizations.
- *Export financing incentive schemes:* the government has designed and put in place a number of export financing incentive schemes that include:
 - a. Export credit guarantee scheme: availing the necessary financial resources from banks for a pre and post shipment financing of exports
 - b. Foreign exchange retention scheme: allowing exporters to retain the foreign exchange they earned in two foreign exchange accounts- In account "A" exporters are allowed to retain 10 % of the proceed from their exports for an indefinite period of time; and the remaining 90% in account "B" for about 28 days to transact business related to current payment for the import of goods and related services, export promotion payment of advertising and marketing expenses, and training educational expenses.
- Disbandment of Parasite organizations like Coffee marketing Corporation
- The establishment of Coffee Cooperatives Union and Cooperative Bank
- Privatization of public enterprises and a call for Joint Venture arrangements in strategic sectors (eg. telecommunication)
- Starting of Cargo terminal,
- Mobilization of private investors through training, exposure visits, and participation on trade fairs, etc... to enhance the managerial and entrepreneurial skill, and

- Strengthening and enhancing institutional support for the export sector through strengthening/revitalizing existing institutions and establishing such new institutions as :
 - the Ethiopian Livestock Marketing Authority;
 - the Ethiopian Leather and Leather Products Technology Institute,
 - the Ethiopian Export Promotion Agency⁴

2.2.3 Export performance

Like any other developing country and particularly the LDCs, Ethiopia's participation in the current global economy is mainly through supplying of agricultural resource- based commodities, very limited manufactured products, a somewhat successful penetration by the Air transport service, and future potential development of sites for tourism industry and in return being a vast market place for incoming goods and services. With regards to the agricultural commodities, the revenue generated is subject to uncertain risk and drastic fall because of the stiff competition and the demand and price instability in the market. To cope with this challenge, one package of programs designed by the country is to increase the volume of export, diversify type of commodities, and search for new markets with the promotion strategy/advocacy work on the quality of export commodities.

2.2.3.1 Export Structure

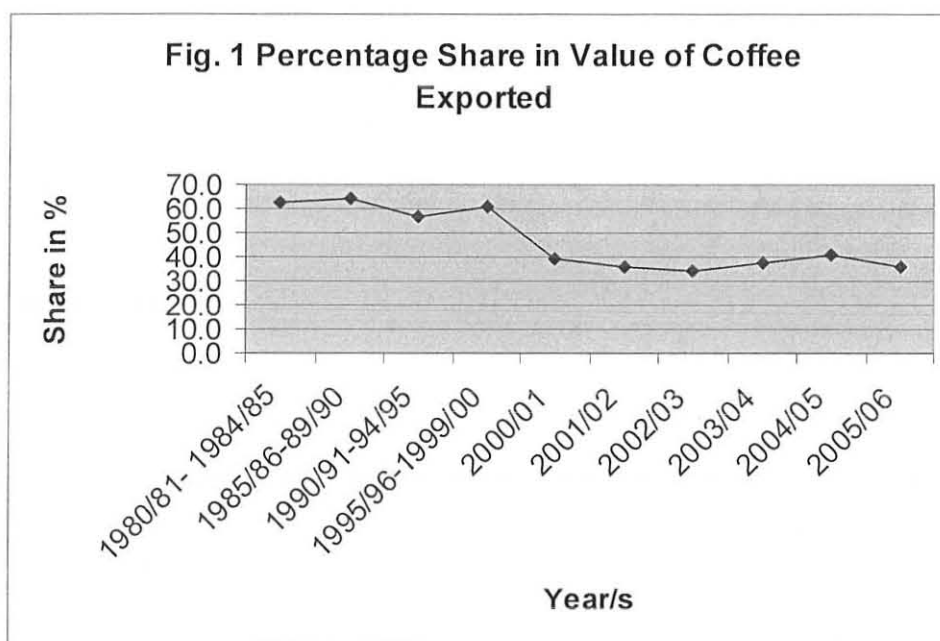
With regards to the type of commodities, the major categories are coffee, oil seeds, pulses, hides and skins, live animals, fruits and vegetables, and flowers.

Coffee is the country's major exchange earner and about 25 % of the country's population is involved in its production, processing, and marketing. Because of

⁴ Discussed in detail in chapter One section 1.2

its superior quality, Ethiopian coffee fetches higher premium at the international market. (EEPA, 2002)

Coffee, though its share declined over time, is still the dominant export commodity. As can be seen from Fig .1 its share in export value declined from 62.2 % in the periods 1980/81-1984/5 to 35.8% in year 2005/06.



Source: Own calculation based on data from NBE's Quarter Bulletin

The reason for such declining share of coffee is partly attributed to its price fall and the increase in exporting other commodities in large quantity.

Oil seeds and pulses exports, which are known for their flavor and nutritional value, are the second largest foreign exchange earner in the last four years. According to EEPA, although most oil seeds and pulses are produced mainly for domestic consumption, some of them particularly sesames seeds and haricot beans are produced primarily for the export market. According to the World Bank study (2002), Ethiopia has the advantage of good local varieties, good growing conditions, and low labor cost, which are important to the manual harvest of sesame.

With approximately 30 million cattle, 24 million sheep and 18 million goats, Ethiopia has the largest livestock herd in Africa, and the tenth largest in the world. The country has built a reputation for producing world-quality hides and skins. The Bati kidskin and the Selallie sheepskins in particular have a reputation for strength and other qualities attractive to international buyers. (EEPA, 2002).

Ethiopia is exporting a number of horticultural exports, including fresh vegetables, flowers grown in the open, and flowers grown in green houses, primarily cut roses. Ethiopia appears to possess a strong advantage for exports of cut flowers. Floriculture is one of the fastest growing export industries in East Africa.

In general, we can classify countries into four groups. Producers in the first group of countries (The US, Japan, India and China) have in common that they mainly, if not exclusively, produce for their own market. For example, in Japan 95% of demand is met by local producers while in India and China purchasing power is too low for sizeable imports to take place and quality is too low for sizeable exports to develop. A second group of countries are those which have sizeable markets where imports satisfy most demand. Germany is the typical example, with import making up 70% of total demand. A third group, which includes Columbia and Kenya, is opposite of the second; they have a small home market but a large volume of exports. Columbia is typical of this group with export amounting to 95% of production in recent years. Finally, there is a group with a large home market combined with a large export share. The Netherlands is the best example here (Beniam, 2007). Here it is worthwhile to mention that the Netherlands is the dominant destination point (60.0%) for Ethiopia's export the fact that indicates the quality of the commodity.

Chat is also one of the export items, which has both the legal and illegal outlets. Legally it is exported to neighboring countries like Djibouti and Somalia as well as to the U.K. (World Bank, 2002).

Since the recent years specially the year 2000/01 the export share in value of coffee has declined. Yet still Ethiopia so far experiences commodity concentration, i.e., its export earning is dependent on few agricultural commodities. Only ten commodity groups: coffee, oilseeds, chat, leather and leather products, gold, pulses, live animals, meat products, fruits and vegetables, and bee wax, account 89% of the export value as to the order of importance in the year 2005/06 data. Further look to the data shows that the dominant once are coffee (35.8%), oilseeds (20.3%), chat (9.0%), and leather and leather products (7.6%), gold (6.6%). (see Table1)

Table 1 Percentage Share in Value of the Top Ten Export Commodity Groups

Product	1980/ 81- 1984/ 85	1985/ 86- 1989/ 90	1990/ 91- 1994/ 95	1995/ 96- 1999/ 00	2000/ 01	2001/ 02	2002/ 03	2003/ 04	2004/ 05	2000/ 01- 2004/ 05	2005/ 06
Coffee	62.25	64.37	56.87	61.21	39.31	36.07	34.24	37.22	41.02	37.97	35.84
Leather and leather products*	11.12	14.96	14.05	8.55	16.39	12.28	10.81	7.26	7.79	10.29	7.55
Oil seeds	2.55	1.42	1.62	5.25	7.00	7.21	9.55	13.77	12.51	10.54	20.25
Chat	3.05	2.12	6.05	9.37	13.20	10.84	12.02	14.66	12.22	12.64	9.01
Gold	0.0	0	7.04	5.03	6.08	7.78	8.71	8.11	6.42	7.34	6.55
Pulses	2.94	2.17	2.46	2.47	1.88	7.28	4.13	3.76	4.34	4.26	3.74
Fruits and vegetables	0.55	1.06	0.75	1.00	1.18	2.07	1.98	2.12	1.96	1.89	1.33
Meat canned and frozen**	0.77	0.43	0.13	0.71	0.37	0.24	0.50	1.29	1.78	0.98	1.87
Live animals	1.66	2.45	0.42	0.23	0.04	0.18	0.10	0.32	1.57	0.58	2.79
Bees Wax	0.37	0.43	0.25	0.24	0.19	0.16	0.10	0.16	0.14	0.15	0.15
Total Share of ten top export com. Groups	85.26	89.42	89.62	94.06	85.64	84.11	82.14	88.67	89.75	86.64	89.08

*:- Formerly named as hides and skin

**:- Also called meat and meat products

Source: Calculation Based on Data from Yearly Bulletin of National Bank of Ethiopia

Ethiopia's rank among the competing countries differs by type of commodity and shows variability within a commodity at different times. Between 1980 to 1999, out of the 15 countries known with their 93 % contribution of the coffee export value, Ethiopia stood 11th –14th with 1.8 % share. There was a significant improvement in the export of oil seeds. The hides and skin share has fallen from 0.9 % in 1980 to 0.4 in 1999.

Table 2 Country's share in the world export market /in Value/

Commodities	1980		1990		1999		Remark
	Rank	% share	Rank	% share	Rank	% share	
Coffee	11	1.8	14	1.8	13	1.8	(15 countries Represent 93% of export)
Oil seeds	76	0.01	84	0.01	25	0.2	
Leather and Leather manufactures	49	0.2	48	0.2	70	0.1	
Hides and skins	14	0.9	15	0.5	15	0.4	(15 countries Represent 93% of export)
Vegetables and fruits	78	0.0	95	0.02	87	0.03	

Source:- World Bank: FDRE, Developing exports to promote growth. 2002

The other short fall of Ethiopia's foreign trade is its market concentration on few countries. Its commodities were traded in more than 123 countries (in years 1997-2002) out of which 35 were Africans. The first top 15 countries accounted 82% of the total export value and the top three were Germany, Djibouti, and Japan. For the year 2006/07 the first 15 countries account 73.8% where Germany, Italy, and Saudi Arabia ranking 1st to 3rd while Japan and Djibouti 4th and 10th, respectively. Major change took place by China,

Sudan, and Turkey coming to the lead, while countries like Djibouti, France, Israel, Egypt, and Iceland declined. (see Table 3)

Table 3 Export by Destination

Country	1997-2002 average			2006\07	
	% share	Cum. %	Rank	% share	Rank
Germany	16.32	16.32	1 st	11.77	1 st
Djibouti	10.62	26.94	2 nd	4.15	10 th
Japan	10.49	37.43	3 rd	6.12	4 th
S. Arabia	8.52	45.95	4 th	6.18	3 rd
Italy	7.54	53.49	5 th	6.34	2 nd
USA	5.66	59.15	6 th	4.99	6 th
Switzerland	4.30	63.45	7 th	4.99	6 th
France	3.16	66.61	8 th	2.03	19 th
Belgium	3.12	69.73	9 th	3.72	11 th
UK	2.82	72.55	10 th	2.82	14 th
Somalia	2.66	75.21	11 th	2.22	13 th
Israel	2.36	77.57	12 th	2.11	18 th
Iceland	1.51	79.08	13 th	0.04	56 th
Egypt	1.47	80.55	14 th	0.66	28 th
Netherlands	1.44	81.99	15 th	4.75	8 th
China				5.04	5 th
Sudan				4.37	9 th
Turkey				3.16	12 th
UAE				2.62	15 th

Source:- Annual reports of MoTI and EPD/MoTI

While Table 3 indicates the destination for the total export, the picture is different if we consider by individual commodities. Table 4 gives some highlights with respect to the fact for the years 2006/07. As to the table with respect to coffee, 10 countries account for 91.2 % out of the total export sent to 52 countries with Germany, Japan, and Saudi Arabia being the leading. The major destination pints for oilseeds are China, Turkey, and Israel. Chat goes mainly to Somaliland, Djibouti, and Somalia. The major customer of Ethiopia's leather and leather products is Italy followed by Uk and China. Surprisingly, the newly introduced cut flower has been sent to more than 68 countries. Of the ten top destinations, eight were the known developed countries and the rest being Israel and UAE. A 21.2 Mil. USD worth processed coffee was sent to South Africa, Germany, Djibouti, Sweden, Korea, and Norway.

Table 4 Major Ten Major Destination Points By Commodity Group (2006/07)

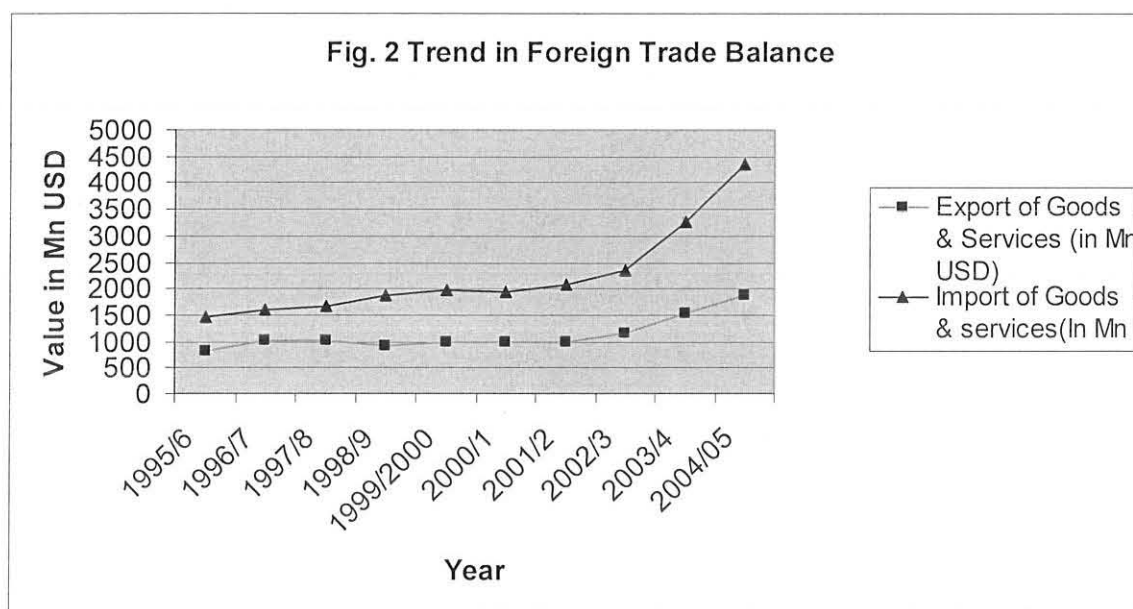
Commodity Group	Countries	No. of Destination
Coffee	Germany (27.7), Japan (16.2), Saudi Arabia (12.9%), Belgium (9.4), USA (8.4), Italy (6.6), France (5.0), Sudan (2.3), Netherlands (1.6), and UK (1.1)	52
Oilseeds	China (21.9), Turkey (16.6), Israel (11.0), USA (7.7), Jordan (7.5), Greece (5.0), Switzerland (4.0), Yemen (3.9), Saudi Arabia (3.0), and Canada (2.5)	>44
Chat	Somaliland (33.4), Djibouti (30.0), Somalia (27.7), Kenya (3.3), UK (2.5), Australia (0.4), China (0.2), Netherlands (0.2), Israel (0.14), and Thailand (0.1)	>38
Leather and Leather Products	Italy (44.0), UK (19.0), China (11.3), India (6.5), Malaysia (3.4), Hong Kong (3.16), USA (1.9), Japan (1.7), Turkey (1.4), and Thailand (1.0)	>43
Gold	Switzerland (48.7), Sweden (5.3), unspecified (46.0)	>2
Pulses	Sudan (23.0), UAE (16.3), Pakistan (12.4), Yemen (6.8), Bangladesh (4.7), South Africa (4.5), India (4.2), Germany (2.7), Singapore(2.4), and Netherlands(2.2)	50
Live Animal	Yemen (31.9), Sudan (29.9), Somaliland (10.2), Djibouti (6.1), Egypt (6.0), UAE (5.4), Saudi Arabia (4.4), Jordan (3.0), Libya (1.0), and Bahrain (0.7)	18
Meat	Saudi Arabia (48.1), UAE (45.5), Egypt (4.6), Yemen (0.6), Congo (0.6), Bahrain (0.13), Sharjah (0.08), Sudan (0.06), Sweden (0.06), and India (0.04)	>12
Fruit and Vegetable	Djibouti (48.1), Netherlands (41.3), UAE (4.2), Sudan (3.5), India (1.5), Italy (0.5), Yemen (0.34), China (0.12), Kuwait (0.1), and UK (0.08)	27
Bee Wax	Japan (30.2), USA (28.8), Germany (22.4), UK (8.4), Italy (4.7), Netherlands (3.7), Sudan (1.8)	7
Flower	Netherlands (60.2), Germany (22.1), UK (3.9), USA (3.9), Israel (1.7), France (1.4), Japan (0.9), Canada (0.8), Belgium (0.8), and UAE (0.8)	>68

Note:- Figures in parenthesis indicate % share in value.

Source:- Annual Report Prepared by EPD/MoT

2.2.3.2 Trend in the export performance

Obviously in the last few years the volume and type of export items have been increasing. For instance the percentage of merchandise trade to GDP increased from 6.3 in 2003/4 to 7.5 in 2005/06. However, when looked from the import side it was increased from 27.3 to 34.5 during the same years. According to the NBE's recent report (2005/06) , the trend shows sharp increase in a negative balance of payment as shown in Fig. 2.



Source: Calculation Based on NBE Data

CHAPTER THREE

Findings and Analysis

3.1 Characteristics of sampled Respondents

The participants of the survey were 31 private and one public exporting firms, two associations, Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSA), and the Export Promotion Department of MoTI. Among the private businesses 58 % and 25.8 % were engaged in only export and both export and import businesses, respectively. Majority of them were exporting coffee, oilseeds and pulses, and cut flowers and when looked by year of experience in the export business, seven were having more than ten years and eight less than two years. (See Table 5)



Table 5 Respondents by Area of Business, Commodity Type, and by Year of Experience in Export Business

Commodity Type	Only Export					Export + Import					Export + Import + Others					Export + Others					
	<1	1-2	3-5	6-10	>10	<1	1-2	3-5	6-10	>10	<1	1-2	3-5	6-10	>10	<1	1-2	3-5	6-10	>10	
Coffee			1	2	2			2		1											
Coffee + Others	1	1		2	2															1	
Oilseeds + Pulses				2								1					1		1		
Oilseeds + Pulses + Others							1			1											
Cut Flower		2	2					1													
Leather & Leather products										1											
Hides & Skin			1																		
Others								1									1				
Total (31)	1	3	4	6	4		1	4		3		1					2		2		

Source:- Survey data

Note:- entries <1, 1-2, etc...refer to years of experience in export business engagement

3.2 Attitude towards the Current Policy Environment

Policy issues are one of the enabling environments for a country's sustainable development in general and export sector in particular. In this regard, among the major issues that come to the front for are policy issues that are meant to encourage the private sector participation and attraction of FDI. Besides its contribution to boost resources, FDI is believed to make other important contributions to growth and development in developing countries. These include:

- Financing projects which require a large initial investment which could be too large for government,
- Raising tax revenue, creating employment, and opening new market for exports, and
- Lifting productivity and competitiveness by addition to the stock of capital equipment and introducing new technology.

Table 6 Attitude of respondents towards the Current Policy Measures (%)

Policy measure	Discouraging	Not that much encouraging	Needs additional measure	Very encouraging	I don't know	Total
Encouraging Private Sector Participation	22.6	6.4	51.6	19.4		100.0
Encouraging Export Market	3.2	22.6	54.8	19.4		100.0
Attracting FDI	6.5	16.1	32.3	41.9	3.2	100.0

Source:- Survey data

As indicated in table 5, 71.0% and 74.2% of respondents, with their suggestion for further policy improvement, believe that the policy environment is conducive for private sector participation and the export marketing, respectively. The remaining believe that the situation is not that much encouraging (Table 6). With respect to FDI attraction, still the majority (74.2%) believe that there is conducive environment. In response to the question if there is a need for policy improvement, only one respondent believes that there is no need; while 51.6 % responded other wise. The remaining 41.9 % simply say “I don’t know”. Respondents were asked to substantiate their responses, yet the majority were unable/unwilling to respond to the open-ended questions. However, from those who gave answers to the question, the reasons forwarded for the positive perception were:

- the government has identified the export sector as a major factor of economic development
- it has begun encouraging and giving incentive for exporters;
- The number of private participants in the business has increased, and
- foreigners get export certificate in a short time.

On the other hand, in their responses for the questions relating to “implementation of existing policies” and “the need for policy improvement in comparison to neighboring countries”, the respondents answered as follows. With regard to the first question only 9.7% said that there is no problem, and 74.2% said that some problems exist while 16.1% said there is critical problem. The reasons forwarded by some of the respondents who said that the policy environment and its implementation is not conducive/ needs improvement were:

- Many sectors are under government control
- Tight foreign currency administration
- Unavailability of foreign banks
- Tight bank loan policy
- Frequently changing rules and regulations, and
- Hindrance of tax on imported goods.

While the above responses are more related to policy issue, factors affecting the implementation of policies were cited as- corruption, bureaucracy, lack of transparency, Tedious bank and custom clearing procedures, placement of incompetent office holders especially heads, conflict across different offices, and fragmented service provision especially for perishable export commodities. One major area of concern shared by the Chamber and the private respondents was the problem at region and district level. The majority of the issues were also shared by EPD.

With regard to the FDI and policy environment as compared to other countries, some respondents mentioned that there is a better environment say on land privatization, introduction of foreign bank services, lower bank interest rate, existence of a separate bank for export business, and better financial support for domestic exporters, etc... in countries like Kenya, South Africa, Angola, Uganda, etc.

Recent studies have been made (DTIS, 2003, TRANSTEC, 2004, ECA, 2005), to identify the impact of the current on- going negotiation and join a PTA between ACP-EU. By acknowledging the overall policy measures taken by government, the studies have raised their concern on issues that hinder the liberalization process/Ethiopia's competitiveness in the future as

- Lack of coordination between federal and regional authorities
- Further liberalization of the financial sector
- Cumbersome documentation procedures, requiring the involvement of nine(live animal) or eleven(meat) institutions must be simplified, and reduced to a "one window" arrangement
- Institutions must be simplified, and reduced to a "one window" arrangement.
- Export promotion institutions, bureaucratic processes and inadequate mechanisms for monitoring and evaluating their effectiveness.

- Complete closer of the door to foreign banks which is not consistent with the objective of promoting private sector-led growth.
- A firm commitment in the implementation of the policies; which in turn could help build up private sector confidence and mak the overall reform process including trade reforms credible.
- The export promotion agency (EEPA) has specific mandate of promoting Ethiopian export, however, it lacks a suitable framework and resources to carry on its mandate.
- On FDI- Ethiopia's recording attracting FDI has been poor. More than four-fifths of the projects that have received license have not been implemented. ... Ethiopia should consider major changes in the regulatory environment in order to create a better perception among foreign investors and the high cost of land leases and the lengthy bureaucratic approval processes.
- The export promotion programs – foreign exchange retention, bonded manufacturing warehouse, and import duty rebate schemes remain virtually in active because of administrative bottlenecks and opaque operational rules

3.3 On the Effectiveness of Private-Public Dialogue Forums

Effective Public –private Dialogue Forums are important promotional tools that build trust among the parties and help to enhance the private sector participation provided that they are instituted appropriately and with strong commitment. With regard to the private sector, the Ethiopian Chamber of Commerce and the Addis Ababa Chamber of Commerce are the main groups that can interact with the government to play a more effective promotional role. However, they too face financial and human resource constraints as well as an absence of a coherent policy framework for private and public sector collaboration to promote trade. The establishment of the Public-Private Dialogue Forum, Chaired by The Minister of Trade and Industry in 2002, is an

important step towards the improvement of the dialogue between the public and the private sector (DTIS, 2003).

When asked whether they are aware of the existence of the forum and its effectiveness, the respondents answer was “ I don’t know” (41.9%), “ forum established recently so I can’t Judge” (25.8%), and “ yes, we have ineffective forum” (29.0%) (Please refer Annex2. Some of the respondents who said that the forum is ineffective stated that:

- Many consultations with no practical measures
- Forums are full of revenge and fear of tomorrow’s consequence
- The focus is on theoretical concepts but not on the prevailing challenges and problems, and
- Mostly the forum reflects the government’s interest, for instance its foreign currency interest, not the problem of exporters. There is no solution for questions raised by exporters.

The answers provided by one association, the Chamber of Commerce, and EPD were quite different. The association said “We don’t have forum”. However the Chamber of Commerce didn't provide any answer, and EPD responded that there is a forum that is useful in solving operational problems which are discussed in detail in the forum. In this regard the researcher was informed that the forum is meant for textile, leather, Agro-processing, cut flower, and chat which are selected by the government as strategic commodities. Thus, continuous follow-up is undertaken by different MoTI’s departments. EPD takes the responsibility to follow- up chat.

As to the explanation given,

- the selection on the first four commodities is based on the industrial strategy of the country, i.e., especially market-orientation and sustainable development in the export market; whereas,
- Chat is taken into consideration because of its being a means of livelihood for a large population, its contribution for high exchange

earning. The intention is to make the illegal market legal, but there is no marketing and promotional works for chat.

- For Coffee, it is said that it already has an established market, and the routine extension and other agricultural production promotion activities for coffee and all other agricultural commodities are handled by the Ministry of Agriculture and Rural Development. However, the roasted and packed coffee business falls under the Agro-process.

So, for the strategic commodities selected, there are two regular follow-up meetings held monthly -one chaired by Minister of MoTI, and the other by the Prime minister. The follow-up discussion largely focuses in solving problems ranging from production-to- port.

However, as observed from the issues raised on the panel discussions held recently on Industry Day/Export Day and the days followed, which was chaired by the PM, it is hardly possible to say the forums were effective. For instance,

- on the discussion held between the Prime Minister and the Textile exporters, the PM has confessed that the government did not so far provide the necessary attention and support for the sector,
- Also as to the Reporter Newsletter (Feb, 20, 2008) the Leather producing Industries' Association believes that, there is problem in getting sufficient loan at the appropriate time both to expand the existing plants or to establish new ones. In addition, the association insisted on stretching the grace and payback periods for the loan taken by the firms.
- From the interview conducted with head of EPD, it is explained that there is gap between what is promised on a meeting and what is going on at the operation level.

3.4 On sources of Export Support/Promotion Services

The following table incorporates the sources of export support/promotion services the organizations get.

Table 7 On sources of Export Support/Promotion Services

	My Orgn	My org+ partner	My org+Assoc.	My orgn+Chamber	My orgn+Asso+ MoTI	My org+Partner+ Chamber	My org+Partner + Assoc	My org+chamber, Assoc	My org+chamber+MoTI+Other public	My or+Chamber+ MoTI
General information on										
Importing Country	14	3				3	3	3	2	1
Sector specific information	13	3	4						2	
information on price										
and competition	9	6	4				1	1	1	
On product quality required	8	14		1			2		2	
Internet service	24			1				1	1	
Buyer contact making	15	4						2		1
Deal making	14	6						2		
Conducting trade mission										
and trade fair	5	5	3	2	2	1		2	3	3
Technical assistant on new										
product development	5	6	1						3	
When faced with problem										
at sectoral offices	14		2		1				4	3
Provision of suggestions on										
policy matters to government		1	6	2	3			2	2	
The role played to improve										
the export sector					2			1	4	

Source:- Survey data

Table 7... Cont'd

	mm org+part+cham +assoc	My org+part+ other NGO	My org+Assoc+ cham+Other	Chamber+ Assoc	My Org+oth e Pub	My org+Cham. +MoTI	My parent in EU
General information on							
Importing Country	1		2	1			
Sector specific information		2					
information on price							
and competition		2	1		2		
On product quality required		2	1	1	1		
Internet service						1	
Buyer contact making		4	1				1
Deal making		2			3		1
Conducting trade mission							
and trade fair		1					
Technical assistant on new							
product development	1	3			4		1
When faced with problem							
at sectoral offices	1	2			1		
Provision of suggestions on							
policy matters to government		1	3	1	1		
The role played to improve							
the export sector	1			4		1	

Source:- Survey data

Unlike the results observed in Berhanu et al (2002), the majority of the respondents replied that they relied on their own organization's effort in securing the necessary market information, like general and country specific; contact and deal making, and price and competition. Besides, the respondents said that the importing-partners are the second source of information especially on product quality.

With regards to the timeliness, and completeness of the information collected, the majority say "not bad" (48.4%) followed by "poor" (25.8%-35.5%). (Please see Annex 2).

The respondents conformed that they rarely get access to foreign trade fair participation, and obtain support from organizations like chamber, MoTI, other government organizations like Coffee and Tea Development Authority and Ministry of Agriculture and Rural Development; Chamber of Commerce, partners, and other Non-governmental organizations like Oxfam. Besides, NGOs do have contribution in providing technical assistance in product development.

The task of buyer contact, deal making, and conducting trade missions were considered as "very challenging" (32.2%), "somewhat challenging" (41.9), and "not challenging" (19.4%) (Refer Annex 2). The heavy reliance on trade partners in this regard shows how passive our exporters are.

Again 45% of the organizations rely on themselves when they face problems at sectoral offices/organizations. They secure limited assistance from chambers, association, MoTI, and other Non-governmental organization.

The answers for questions "Who do you think play a major role in the promotion of the export business?" and "who do you think play a major role in providing the necessary comment for policy improvement?" were incomplete (in fact in relative terms "none" was the dominant answer

(19%) as to their response for the open-ended question). Relatively sectoral associations and chambers followed by MoTI were the organizations which were reported to render some support. Generally the implication is that there is poor reliance and confidence on anyone in this regard.

The Chamber of Commerce believes that it provides better service than EPD though they think EPD has more access for information through the support of international organization like ITC. But the disappointing thing is, as understood from the discussion with EPD head, there was more customer contact during the time of EEPA, even the subscribed information are not currently used properly for different reasons: Also even though they are currently on the process of web-page development for a better information supply, it is unlikely that the objective to come true because of the work load and shortage of human power.

3.5. General perception on existing export promotion/support services

In response to the question as to whether they were approached or contacted with EEPA before its replacement by EPD, the respondents answered "yes frequently (9.7%)", "sometimes" (16.1%) while "rarely" and "never" range from 29.0% to 38.7%, respectively. Those who answered there was contact asserted that their reasons were for training and information.

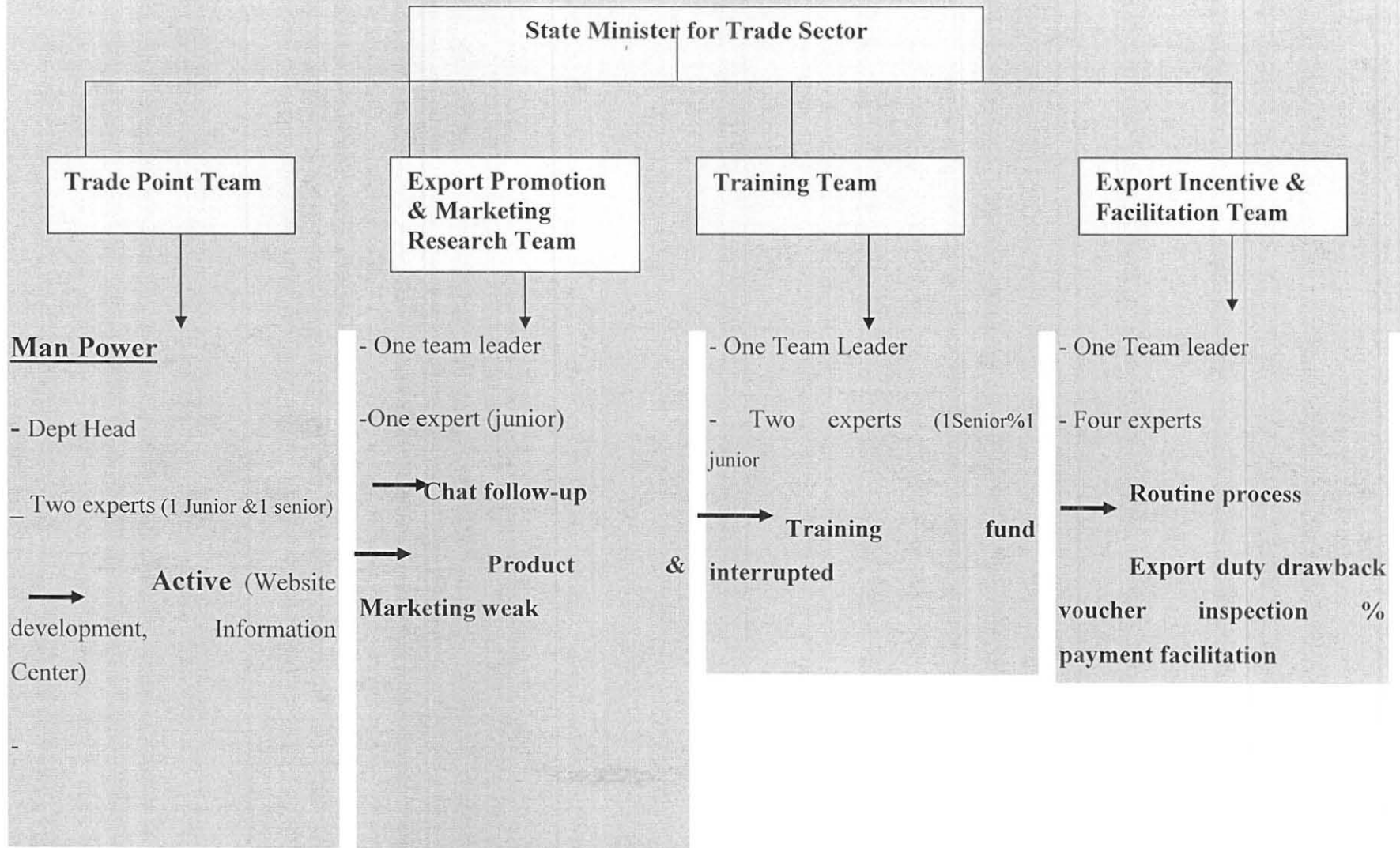
As per to the "why EEPA was dissolved?" and "what improvement have been achieved?", 32.3% answered "I don't know", while the other 45.2% left the question blank. With regard to the second question, 67.7% replied that they don't know even the replacement.

In general the majority of respondents believe that there must be improvement in the export support and promotion services (83.9%, and 80.6%, respectively); the majority rate the current level of integration between service providers as “poor” (64.5) (See Annex.2)

In this regard both the answers given by the Chamber of Commerce and EPD were identical in that both suggested the need for networking and integration of services among the different public and private bodies working in the area.

From the interview conducted with the Head of EPD and from secondary source data it is clear that except discharging the responsibility of facilitating “the export incentive”, previously handled by the Manufacturing Export Incentive Department under the same ministry, and follow-up of the execution of the plan set by the different departments on the export of the strategic export commodities, the other activities are practically weak because of the work load and shortage of human power for many have left the office at the time of EEPA’s dissolvment (**See Box 3**)

Box 3. Current Organizational Structure of EPD and its Work Status



Source:- Sketched/Summarized by the researcher based on the discussion held between the researcher and the Head of EPD

Practically it is clear that EPD is not discharging its core duties and responsibilities under the current condition. During the interview session it is understood by the department that there is weakness in:

- Networking of the export promotion activity
- Fund searching, and

In general the next statement taken from a document- "Study on Operation and Service Delivery Improvement of EPD (2006) , prepared by the department purely reflects the previous as well as the current picture of the public export promotion activities.

" EPD is established by the new structure of MoTI under the regulation No. 411/2004, by taking the responsibilities previously handled by the former EEPA and the Manufacturing Export Incentive Department under MoTI. EEPA was an agency established by regulation No. 132/1998 and restructured at a department level in 2004. In the last three years that followed its establishment, EEPA, was characterized by its lack of a sustained and systematic management;, though was administered by a Board whose members were higher government officials unable to follow-up and oversight the activities of the agency, and hence was a directionless agency. Whereas proper attention was given at the start and the necessary skilled human power hired and equipments provided, the agency was neglected since 2002. As a result:

- Its trained staff were unable to discharge their task and left the agency; and
- The fact that the agency, rather than focusing on its planned tasks, was concentrating on activities that require immediate actions implied the unit's lack of sustained management.

EPD was also faced with problems since its establishment for;

- It did not have its department head for a year; and
- Still today it is deficient of the required staff

Hence unable to discharge its tasks as desired...”

The implication from the above statement from the study document- “Study on Operation and Service Delivery Improvement of EPD (2006)- is overall EEPA and EPD were not properly discharging their duties and responsibilities as appropriately as stated in their established objectives.

Chapter Four: Conclusions and Recommendations

Ethiopia has been undergoing series of reforms in order to integrate itself with the globalize world economy. Though some improvements are shown, alike other LDCs, the country has been further marginalized from both internal and external factors. Furthermore, the current negotiations underway on the country’s accession to WTO and its ACP- EU EPA negotiation exert additional pressure on the foreign trade performance unless some coping mechanisms are developed.

The WTO needs Ethiopia to open its door for a free and open multilateral trading system so as to adhere itself to five core principles:

- Non-discrimination, meaning a country should not discriminate between domestically produced and imported products, nor between trading partners;
- A decrease in trade barriers;
- Increased confidence by trading partners that they will not be subject to arbitrary tariffs;
- Increased competition through fair and open trade; and
- Special provisions under WTO agreements for developing countries.

The EU requires replacing the Lome Convention (1975-2000) which was a non-reciprocal trade relation by a reciprocal one- ACP- EU PTA.

Hence studies have been conducted to see the impacts of these negotiations:

- A) With regard to WTO accession the study committee suggested Ethiopia's membership by implying that, if **domestic supply constraints** are improved joining WTO will definitely improve the opportunity for wider market access (Anon, 2000)

- B) The second study on ACP-EU PTA strongly advises African countries should first focus on their intra- African integration before joining to the EU PTA (ECA, 2005)

The first study feared Ethiopia's further marginalization if it takes the "no" option and yet requires the country to take measures that improves domestic supply constraints to benefit from this accession. The second study opposes the EPA agreement so in this case it is ok. However, the reality is there are other African countries who want to join this agreement. On the other hand EU is giving more focus for the emerging economies of East Asia and the European transition economies.

In both the cases we need to create an enabling environment to build our capacity which comprises sound domestic policies and export strategies, adequate infrastructure, provision of effective trade support services and targeted firm-level support.

A number of internal solutions that has to be taken to cope with the challenge are mentioned in this studies and one of them is the Export Promotion Program. However, as we observed so far Ethiopia's performance in this regard is poor because:

- Against the fact that the existence of an infant private sector, there is no strong public export promotion programs
- The current services of EPD and other sectoral offices/organizations, is quite poor as compared to what an ITC believes on the role of the developing country governments' export promotion programs
- It is shown that there is no effective public-Private- Dialogue Forum
- EPD is under funded, and deficient of the necessary human power
- The BPR study made to improve the services by the department is not yet implemented.
- There is no networking, and integration among the different service providers
- This survey result also indicates the low level of the service since:
 - a) The customers do have loose relations, even the majority are not aware of what is going on
 - b) They do have negative attitude towards the existing private-public-dialogue forum, also the government has been convinced that the forum is ineffective
 - c) The services of the different export support providers are hindrance to exporting business because of factors like incompetent office holder, corruption, disintegrated services
 - d) There is a need for policy improvement and institutional set-up at large.

In LDCs, where the private sector is underdeveloped, a conscious effort needs to be made to identify priority sectors, formulate sector strategies and subsequently, a national export strategy. Such strategies need to be prepared by stakeholders from the private and public sectors by engaging in a participatory and interactive process.

Hence, to improve the situation and to make the service more productive the following recommendations are forwarded:

- a) The government must review the existing bottlenecks and take corrective actions
- b) There must be a genuine private –public dialogue forum to build the trust and confidence of the service user.
- c) Government should think of the support of civic societies and research centers.
- d) Assignment of capable office holder and staff, and institutionalization of transparent and corruption-free institution, and
- e) The necessary effort must be exerted to exploit the favorable conditions created by the donor group.
- f) Enabling internal and external environment must be created for success of any export promotion program.
- g) There must be an active participation by the private sector participants such as chambers, associations, and civic societies like universities.
- h) An appropriate networking must be established to integrate the activities for efficiency and effectiveness of the programs.

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Annex 1 Questionnaire prepared for the Survey

Annex 1.1 Questionnaire to be filled by exporting firms

Dear Respondents:- The purpose of this questionnaire is to get relevant information from pertinent bodies for the study “ **Assessment of Export Promotion Services of Public Organizations: The case of the Ethiopian Export Promotion Agency (EEPA) and the Export Promotion Department (EPD) under the Ministry of Trade & Industry**” as a partial requirement of Post-Graduate Program. The result of the study can be used as feedback to improve the service. The information you provide will remain strictly confidential and only be disclosed as part of aggregate data reporting. So, please you are kindly requested to respond properly and promptly.

(Please put a “ √ “ sign in the box to indicate your response. **If you wish to have more than one answer, put rank in the box, say 1= first choice, 2= second choice, et...)**)

Thank you in advance.

Organizational Information

1. Name of the organization (Please if you fill uncomfortable to mention name just leave it)

2. Area of business

a) Only exporting b) Both export & import c) Export & other business

3. Please enumerate the type of items exported by the firm

3. Year of experience in the export business _____

4. Year of experience in the import business _____

On the General Economic and Political Environment

4. How do you rate the country's economic liberalization measures:

☞ In encouraging private sector participation

Very encouraging needs additional measures

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

☞ In encouraging export marketing

Very encouraging needs additional measures

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

☞ In attracting foreign direct investment /Calling foreigners to do business in the country

Very encouraging needs additional measures

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

❖ Do you think better policy measures and export support/promotion service is provided for foreign investors than domestic investors?

Yes No I don't know

❖ For the above question if the answer is yes, is it in the area where domestic investors are operating or can operate?

Yes No I don't know

5. Compared to other developing countries (including neighboring African countries), do you feel there is a need for further policy improvement?

Yes No I don't know

➤ If yes, give example. If no, explain?

6. How do you rate the implementation of existing policy measures by sector offices and other organizations (say investment office, custom authority, ministry of trade and industry, banks, insurance companies, etc...)?

I see no problem some problems exist

Critical problems exist I don't know

7. Can you explain further on the problems? _____

8. What do you recommend to improve the situation? _____

9. Do you have a regular Public-Private Partnership Forum? Is it effective?

- Yes we have effective forum We have forum but not effective
 Forum established recently, so I can't judge soon we don't have forum

10. Any explanation for the response given to Q. 9? _____

On the available export promotion services

11. Please rank the sources of external market information (give 1 for major source,...)

☞ On importing country's general information

- My own organization My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organization partner/buyer
 Private business others, specify _____

☞ On sector specific information

- My own organization My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organization partner/buyer
 Private business others, specify _____

☞ On price, and competition

- My own organization My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organization partner/buyer
 Private business others, specify _____

☞ On the qualities of a product desired

- My own organization My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organization partner/buyer
 Private business others, specify _____

12. Where do you get Internet service? (Please rank)

- My own organization My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organizations partner/buyer
 Private business others, specify _____

13. In general how do you rate the external market information you get

☞ Timeliness

- Sufficient not bad poor

☞ Completeness

- Sufficient not bad poor.

☞ Reliability

- Sufficient not bad poor.

14. Rank the sources of assistance you get

☞ In making buyer contact

- My own effort My association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organizations partner/buyer
 Private business other NGO others, specify _____

☞ In deal making

My own effort My association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

☞ In conducting trade missions, trade fares, etc.

My own effort My association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

15. Do the activities mentioned in Q. 14 challenge your organization?

Yes very challenging somewhat challenging not challenging

16. Rank by their importance

☞ In providing you technical advice on new product development, new ways of doing business, or other?

My own effort My association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

☞ In providing you training on new product development, new ways of doing business, or other trainings?

My own effort My association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

17. How important are the things raised in Q. 16 to promote your business?

very important somewhat important not important

18. Rank the assistance provided for you when you are faced with problems at offices/organizations like custom authority, banks, etc... ?

My own effort My association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

19. In general, as to your judgment, who do you think is strong in providing suggestions for government on policy improvement, correcting wrong bureaucratic practices so as to improve the sector's activity? (Rank them)

My association Chamber of Comm. other NGO

EEPA/EPD-Min of trade other govt organizations partner/buyer

No one

20. In general, how do you rate

☞ the export support services of the country? (banks, custom authority, investment agency, etc.)

It is ok . needs improvement

It is almost weak I don't know

☞ the export promotion services of the country? (Information, buyer contact, new product development, trade fairs, etc.)

It is ok . needs improvement

It is almost weak I don't know

21. In general, as to your judgment, which one contributes a relatively better service to improve the export sector? (Rank them)

The private businesses export associations Chamber of Comm.

EEPA/EPD

other NGO

Min of Trade

Banks

other govt organizations, specify _____

22. Have you ever approached to/been approached by the EEPA before it was dissolved?

Yes frequently

yes some times

yes, but rarely

Never

23. Why was your contact with EEPA?

for training

for advice

for information

to settle my problem with banks, custom authority, etc... other simple reason

24. Why do you think is the reason for EEPA's dissolve? _____

25. What improvement have you observed after the replacement of EEPA by EPD of the Ministry of Trade and Industry?

Strong impovement

some improvement

few improvement

I don't know

I don't know even its existence

27. How do you rate the integration of export support/promotion services given by different organizations?

Excellent

good

poor

28. Which government ministry/authority/office or bank do you think has improved its operation as well which one is most difficult for your operation? _____

29. Please give any additional comments you have on the problem and recommendations to improve the sector

Problems _____

Recommendations _____

Annex 1.2 Questionnaire to be filled by Exporting Firms' Associations

Dear Respondents:- The purpose of this questionnaire is to get relevant information from pertinent bodies for the study “ **Assessment of Export Promotion Services of Public Organizations: The case of the Ethiopian Export Promotion Agency (EEPA) and the Export Promotion Department (EPD) under the Ministry of Trade & Industry**” as a partial requirement of Post-Graduate Program. The result of the study can be used as feedback to improve the service. The information you provide will remain strictly confidential and only be disclosed as part of aggregate data reporting. So, please you are kindly requested to respond properly and promptly.

(Please put a “ √ “ sign in the box to indicate your response. **If you wish to have more than one answer, put rank in the box, say 1= first choice, 2= second choice, et...**)

Thank you in advance.

Organizational Information

1. Name of the association _____

2. Number of member organizations _____

3. No. of items/products exported by member organizations _____

4. Do all exporters in the sector members of the association?

Yes all Yes majority of them Only half of them

No. Just only few I don't know the exact number

5. If majorities are not attracted to membership, can you cite the main reasons?

6. Does your association has affiliation (membership) and relationship with national and international organizations?

Yes both

only national

Only international

No we don't have

For your answer given in Q. 6, please give some names _____

7. What benefits has your association achieved through these relations? _____

8. Do the government or pertinent public offices/organizations consider export associations and chambers of commerce as tools to improve the sector's performance?

Yes strongly

Have somewhat good feeling

Have weak understanding

Have a total negative feeling

☞ Please discuss further on the answer given above _____

☞ What suggestions do you have to improve the situation? _____

9. How do you rate exporters' associations and exporters relation with chambers of commerce?

- Very strong strong It is ok
 It is weak I can't judge

10. Do you have a regular Public- Private Partnership Forum? Is it effective?

- Yes we have effective forum We have forum but not effective
 Forum established recently, so I can't judge soon we don't have forum

11. Any explanation for the response given to Q. 9? _____

On the General Economic and Political Environment

12. How do you rate the country's economic liberalization measures:

☞ In encouraging private sector participation

- Very encouraging encouraging
 Not that much encouraging discouraging

- For any of your answer please give your explanation

☞ In encouraging export marketing

Very encouraging encouraging

Not that much encouraging discouraging

- For any of your answer please give your explanation

☞ In attracting foreign direct investment /Calling foreigners to do business in the country

Very encouraging encouraging

Not that much encouraging discouraging

- For any of your answer please give your explanation

❖ Do you think better policy measures and export support/promotion service is provided for foreign investors than domestic investors?

Yes No I don't know

❖ For the above question if the answer is yes, is it in the area where domestic investors are operating or can operate?

Yes No I don't know

8. Compared to other developing countries (including neighboring African countries), do you feel there is a need for further policy improvement?

Yes No I don't know

➤ If yes, give example. If no, explain?

13. How do you rate the implementation of existing policy measures by sector offices and other organizations (say investment office, custom authority, ministry of trade and industry, banks, insurance companies, etc...)?

I see no problem some problems exist

Critical problems exist I don't know

14. Can you explain further on the problems? _____

15. What do you recommend to improve the situation? _____

On the available export promotion services

16. In general how do you rate the external market information exporters get

16.1 . On importing country's general information

- Timeliness
 Sufficient not bad poor
- Completeness
 Sufficient not bad poor.
- Reliability
 Sufficient not bad poor.

16.2 On sector specific information

- Timeliness
 Sufficient not bad poor
- Completeness
 Sufficient not bad poor.
- Reliability
 Sufficient not bad poor.

16.2 On price and competition

- Timeliness
 Sufficient not bad poor
- Completeness
 Sufficient not bad poor.

- Reliability
 Sufficient not bad poor.

16.3 On the qualities of a product desired

- Timeliness
 Sufficient not bad poor
- Completeness
 Sufficient not bad poor.
- Reliability
 Sufficient not bad poor.

17 Do you have Internet service?

- Yes for office purpose only open to members
 used for regular information retrieval and dissemination to members

18 In general how do you rate the external market information exporters get

- Timeliness
 Sufficient not bad poor
- Completeness
 Sufficient not bad poor.
- Reliability
 Sufficient not bad poor.

19 Rank the sources of assistance for members

☞ In making buyer contact

- Exporting firms themselves Our association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organizations partner/buyer
 Private business other NGO others, specify _____

☞ In deal making

- Exporting firms themselves Our association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organizations partner/buyer
 Private business other NGO others, specify_____

☞ In conducting trade missions

- Exporting firms themselves Our association Chamber of Comm.
 EEPA/EPD-Min of trade other govt organizations partner/buyer
 Private business other NGO others, specify_____

20 Do the activities mentioned in Q. 14 challenge your association ?

- Yes very challenging somewhat challenging not challenging

21 Rank by their importance

☞ In providing technical advice on new product development, new ways of doing business, or other trainings?

- Our association Chamber of Comm Partner/buyer
 EEPA/EPD-Min of trade other govt organizations other NGO
 Private business others, specify_____

☞ In providing training on new product development, new ways of doing business, or other trainings?

- Our association Chamber of Comm partner/buyer
 EEPA/EPD-Min of trade other govt organizations other NGO
 Private business others, specify_____

22 How important are the things raised in Q. 16 to promote your business?

very important somewhat important not important

23 Rank the assistance provided for exporters when they are faced with problems at offices/organizations like custom authority, banks, etc... ?

Exporting firms themselves Our association Chamber of Comm.

EEPA/EPD-Min of trade other govt organizations partner/buyer

Private business other NGO others, specify _____

24 In general, as to your judgment, who do you think is strong in providing suggestions for government on policy improvement, correcting wrong bureaucratic practices so as to improve the sector's activity? (Rank them)

Our association Chamber of Comm. other NGO

EEPA/EPD-Min of trade other govt organizations partner/buyer

No one

25 In general, how do you rate

23.1. The export support services of the country? (banks, custom authority, investment agency, etc.)

It is ok . needs improvement

It is almost weak I don't know

25.1 The export promotion services of the country? (Information, buyer contact, new product development, trade fairs, etc.)

It is ok . needs improvement

It is almost weak I don't know

26 In general, as to your judgment, which one contributes a relatively better service to improve the export sector? (Rank them)

The private businesses export associations Chamber of Comm.

EEPA/EPD

other NGO

Min of Trade

Banks

other govt organizations, specify _____

27 Have you ever approached to/been approached by the EEPA before it was dissolved?

Yes frequently

yes some times

yes, but rarely

Never

28 Why was your contact with EEPA?

for training

for advice

for information

to settle my problem with banks, custom authority, etc... other simple reason

29 Why do you think is the reason for EEPA's dissolve? _____

30 What improvement have you observed after the replacement of EEPA by EPD of the Ministry of Trade and Industry?

Strong impovement

some improvement

few improvement

I don't know

I don't know even its existence

31. How do you rate the integration of export support/promotion services given by different organizations?

Excellent

good

poor

32. Which government ministry/authority/office or bank do you think has improved its operation as well which one is most difficult for your operation? _____

Annex 1.3 Questionnaire to be filled by Chambers of Commence

Dear Respondents:- The purpose of this questionnaire is to get relevant information from pertinent bodies for the study “ **Assessment of Export Promotion Services of Public Organizations: The case of the Ethiopian Export Promotion Agency (EEPA) and the Export Promotion Department (EPD) under the Ministry of Trade & Industry**” as a partial requirement of Post-Graduate Program. The result of the study can be used as feedback to improve the service. The information you provide will remain strictly confidential and only be disclosed as part of aggregate data reporting. So, please you are kindly requested to respond properly and promptly.

(Please put a “ √ “ sign in the box to indicate your response. **If you wish to have more than one answer, put rank in the box, say 1= first choice, 2= second choice, et...)**)

Thank you in advance.

1. Name of the chamber _____
2. Number of member organizations
 - Public organizations _____
 - Associations _____ their respective member organization _____
 - Individual private businesses (which are not members of their respective associations)

3. Does the chamber has affiliation (membership) and relationship with national and international organizations?
 Yes both only national
 Only international No we don't have

For your answer given please give some names _____

4. What benefits has your association achieved through these relations? _____

5. Do the government or pertinent public offices/organizations consider export associations and chambers of commerce as tools to improve the sector's performance?

- Yes strongly Have somewhat good feeling
 Have weak understanding Have a total negative feeling

☞ Please discuss further on the answer given above _____

☞ What suggestions do you have to improve the situation? _____

6. How do you rate the chambers of commerce relation with exporters' associations and exporters?

Very strong strong It is ok

It is weak I can't judge

7. Please explain further _____

8. Was there a working relationship/ contact between chambers and the then Ethiopian Export Promotion Agency (EEPA)?

Yes strong Some relation existed

Weak relationship There never was a relationship

9. If there was relationship/contact, what was the major purpose?

For providing information For training and consultation

Forum established recently, so I can't judge soon we don't have forum

Other,

specify _____

10. Do you have a regular Public- Private Partnership Forum? Is it effective?

Yes we have effective forum We have forum but not effective

Forum established recently, so I can't judge soon we don't have forum

11. Any explanation for the response given to Q. 9? _____

On the General Economic and Political Environment

12. How do you rate the country's economic liberalization measures:

☞ In encouraging private sector participation

Very encouraging encouraging

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

☞ In encouraging export marketing

Very encouraging encouraging

Not that much encouraging discouraging

- For any of your answer please give your explanation

☞ In attracting foreign direct investment /Calling foreigners to do business in the country

Very encouraging encouraging

Not that much encouraging discouraging

- For any of your answer please give your explanation

8. Compared to other developing countries (including neighboring African countries), do you feel there is a need for further policy improvement?

Yes No I don't know

➤ If yes, give example. If no, explain?



13. How do you rate the implementation of existing policy measures by sector offices and other organizations (say investment office, custom authority, ministry of trade and industry, banks, insurance companies, etc...?)

I see no problem some problems exist

Critical problems exist I don't know

14. Can you explain further on the problems? _____

15. What do you recommend to improve the situation? _____

16. Do you think the then EEPA was performing its duties and responsibilities as desired?

Yes No I don't know

17. Can you explain further on the answer given in Q. 16?

18. What was the major contribution of EEPA in expanding the export sector?

19. What were the services given by EEPA in a more intense and qualified way than the chambers do? (say in external information provision, contact making, trade fair and mission, product development, improving problems created by banks, customs, etc., suggesting new legislations, etc...)

19. In general was there any integration and support between chambers, exporters associations, and EEPA to improve the service?

20. What do you think is the reason for EEPA's dissolution? _____

21. What improvement do you observed since then? _____

22. Which government ministry/authority/office or bank do you think has improved its operation as well which one is most difficult for your operation? _____

Annex 1.4 Questionnaire to be filled by EPD- Ministry of Trade and Industry

Dear Respondents:- The purpose of this questionnaire is to get relevant information from pertinent bodies for the study “ **Assessment of Export Support/Promotion Services of Public Organizations**” as a partial requirement of Post-Graduate Program. The result of the study can be used as feedback to improve the service. The information you provide will remain strictly confidential and only be disclosed as part of aggregate data reporting. So, please you are kindly requested to respond properly and promptly.

Thank you in advance.

1. Does EPD has affiliation (membership) and relationship with national and international organizations?

Yes both

only national

Only international

No we don't have

For your answer given please give some names _____

2. What benefits has your association achieved through these relations? _____

3. Do the government or pertinent public offices/organizations consider export associations and chambers of commerce as tools to improve the sector's performance?

- Yes strongly Have somewhat good feeling
- Have weak understanding Have a total negative feeling

☞ Please discuss further on the answer given above _____

☞ What suggestions do you have to improve the situation? _____

4. How do you rate your department's relation with exporters' associations and chambers of commerce?

- Very strong strong It is ok
- It is weak I can't judge

☞ Please explain further

5. Was there a strong working relationship/ contact between exporters' associations and chambers and the then Ethiopian Export Promotion Agency (EEPA)?

- Yes strong Some relation existed
- Weak relationship There never was a relationship

6. If there was relationship/contact, what was the major purpose?

- For providing information For training and consultation
- Forum established recently, so I can't judge soon we don't have forum
- Other,

specify _____

7. Do you have a regular Public- Private Partnership Forum? Is it effective?

- Yes we have effective forum We have forum but not effective
- Forum established recently, so I can't judge soon we don't have forum

☞ . Any explanation for the response given _____

On the General Economic and Political Environment

8. How do you rate the country's economic liberalization measures:

☞ In encouraging private sector participation

Very encouraging encouraging

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

☞ In encouraging export marketing

Very encouraging encouraging

Not that much encouraging discouraging

▪ For any of your answer please give your explanation

 In attracting foreign direct investment /Calling foreigners to do business in the country

Very encouraging encouraging

Not that much encouraging discouraging

For any of your answer please give your explanation

9. **Compared** to other developing countries (including neighboring African countries), do you **feel there** is a need for further policy improvement?

Yes No I don't know

> If **yes**, give example. If no, explain?

10. How do you rate the implementation of existing policy measures by sector offices and other organizations (say investment office, custom authority, ministry of trade and industry, banks, insurance companies, etc...?)

I see no problem some problems exist

Critical problems exist I don't know

☞ . Can you explain further on the problems? _____

☞ What do you recommend to improve the situation? _____

11. Do you think the then EEPA was performing its duties and responsibilities as desired?

Yes No I don't know

☞ Can you explain further on the answer given?

12. What was the major contribution of EEPA in expanding the export sector?

16. What improvement do you observed since the replacement of EEPA by EPD? _____

17. Do all duties and responsibilities formerly handled by EEPA handed over to EPD? What improvements were made? _____

18. Do you think EPD is performing its activities as desire? If yes explain, if no why?

21. If you have any further comment please explain_____

Annex 2 Frequency Table

Area of Business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Only exporting	18	58.1	58.1	58.1
	Both export and Import	8	25.8	25.8	83.9
	export and other business	4	12.9	12.9	96.8
	export, import, and other business	1	3.2	3.2	100.0
	Total	31	100.0	100.0	

Year of experience in export business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 1 year	1	3.2	3.3	3.3
	1-2 years	7	22.6	23.3	26.7
	3-5 years	8	25.8	26.7	53.3
	6-10 years	7	22.6	23.3	76.7
	11-15 years	6	19.4	20.0	96.7
	< 15 years	1	3.2	3.3	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Year of experience in import business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-2 years	2	6.5	18.2	18.2
	3-5 years	2	6.5	18.2	36.4
	6-10 years	4	12.9	36.4	72.7
	11-15 years	3	9.7	27.3	100.0
	Total	11	35.5	100.0	
Missing	System	20	64.5		
Total		31	100.0		

Rating government policy measures in encouraging private sector participation

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very encouraging	6	19.4	19.4	19.4
	needs additional measures	16	51.6	51.6	71.0
	not that much encouraging	2	6.5	6.5	77.4
	very encouraging & needs improvement	7	22.6	22.6	100.0
	Total	31	100.0	100.0	

Rating government policy measures in encouraging export marketing business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very encouraging	6	19.4	19.4	19.4
	needs additional measures	17	54.8	54.8	74.2
	not that much encouraging	7	22.6	22.6	96.8
	discouraging	1	3.2	3.2	100.0
	Total	31	100.0	100.0	

Rating government policy measures in attracting foreign direct investment

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very encouraging	13	41.9	41.9	41.9
	needs additional measures	10	32.3	32.3	74.2
	not that much encouraging	5	16.1	16.1	90.3
	discouraging	1	3.2	3.2	93.5
	discouraging, needs additional improvement	1	3.2	3.2	96.8
	we dont know about FDI	1	3.2	3.2	100.0
	Total	31	100.0	100.0	

Perception of support for foreign investors in relation to domestic investors

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes foreigners are more benefitted	10	32.3	33.3	33.3
	no, foreigners are not more benefitted	5	16.1	16.7	50.0
	I don't know	15	48.4	50.0	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Whether such support for foreign investors is in the area where domestic investors can participate

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	8	25.8	66.7	66.7
	I don't know	4	12.9	33.3	100.0
	Total	12	38.7	100.0	
Missing	System	19	61.3		
Total		31	100.0		

Compared with neighbouring countries, whether there must be a need for further policy measureimprovement

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	16	51.6	53.3	53.3
	no	1	3.2	3.3	56.7
	I don't know	13	41.9	43.3	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Rating of implementaion of exisitng policies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	I see no problems	3	9.7	9.7	9.7
	some problems exist	23	74.2	74.2	83.9
	critical problem exist	5	16.1	16.1	100.0
	Total	31	100.0	100.0	

Existence of an effective public-private partnership forum

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	we have ineffective forum	9	29.0	30.0	30.0
	forum established recently, so I can't judge	8	25.8	26.7	56.7
	I don't know	12	38.7	40.0	96.7
	no answer	1	3.2	3.3	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Timeliness of the external market information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sufficient	5	16.1	16.1	16.1
	not bad	15	48.4	48.4	64.5
	poor	11	35.5	35.5	100.0
	Total	31	100.0	100.0	

Completeness of external market information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sufficient	4	12.9	13.3	13.3
	not bad	18	58.1	60.0	73.3
	poor	8	25.8	26.7	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Reliability of the external market information

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	sufficient	9	29.0	31.0	31.0
	not bad	12	38.7	41.4	72.4
	poor	8	25.8	27.6	100.0
	Total	29	93.5	100.0	
Missing	System	2	6.5		
Total		31	100.0		

how challenging are activities of contact making, deal making, conducting trade missions, etc

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes, very challenging	10	32.3	34.5	34.5
	somewhat challenging	13	41.9	44.8	79.3
	not challenging	6	19.4	20.7	100.0
	Total	29	93.5	100.0	
Missing	System	2	6.5		
Total		31	100.0		

Importance of new product development, new ways of doing business

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very important	21	67.7	72.4	72.4
	somewhat important	8	25.8	27.6	100.0
	Total	29	93.5	100.0	
Missing	System	2	6.5		
Total		31	100.0		

Perception of the existing export support services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	it is ok	4	12.9	13.3	13.3
	needs improvement	21	67.7	70.0	83.3
	it is almost weak	2	6.5	6.7	90.0
	it is ok, needs improvement	3	9.7	10.0	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Perception of the existing export promotion services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	it is ok	1	3.2	3.6	3.6
	needs improvment	18	58.1	64.3	67.9
	it is almost weak	7	22.6	25.0	92.9
	I don't know	1	3.2	3.6	96.4
	5	1	3.2	3.6	100.0
	Total	28	90.3	100.0	
Missing	System	3	9.7		
Total		31	100.0		

Whether or not approached by EEPA before its dissolution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes frequently	3	9.7	10.3	10.3
	yes sometimes	5	16.1	17.2	27.6
	yes rarely	9	29.0	31.0	58.6
	never	11	35.5	37.9	96.6
	no answer	1	3.2	3.4	100.0
	Total	29	93.5	100.0	
Missing	System	2	6.5		
Total		31	100.0		

Reason for contact with EEPA

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	for training	1	3.2	5.6	5.6
	for advice	1	3.2	5.6	11.1
	for information	6	19.4	33.3	44.4
	for training & information	4	12.9	22.2	66.7
	for training & advise	2	6.5	11.1	77.8
	for training, information, and advise	1	3.2	5.6	83.3
	To solve problems face at public offices/organizations	2	6.5	11.1	94.4
	no answer	1	3.2	5.6	100.0
	Total	18	58.1	100.0	
Missing	System	13	41.9		
Total		31	100.0		

Reason for EEPA's replacement by EPD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	May be the government's need to restructure	3	9.7	10.0	10.0
	May be it couldn't discharge its duties	2	6.5	6.7	16.7
	I don't know	9	29.0	30.0	46.7
	I don't know even what happened	1	3.2	3.3	50.0
	No answer	14	45.2	46.7	96.7
	not clear. It must be with our consent	1	3.2	3.3	100.0
	Total	30	96.8	100.0	
Missing	System	1	3.2		
Total		31	100.0		

Improvement observed since the replacement of EEPA by EPD

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	strong improvement	1	3.2	3.6	3.6
	some improvement	1	3.2	3.6	7.1
	few improvement	5	16.1	17.9	25.0
	I don't know	14	45.2	50.0	75.0
	I don't know even the replacement	5	16.1	17.9	92.9
	no answer	2	6.5	7.1	100.0
	Total	28	90.3	100.0	
Missing	System	3	9.7		
Total		31	100.0		

Perception of the integration of export support/promotion services

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	good	5	16.1	18.5	18.5
	poor	19	61.3	70.4	88.9
	I do not know	1	3.2	3.7	92.6
	no answer	2	6.5	7.4	100.0
	Total	27	87.1	100.0	
Missing	System	4	12.9		
Total		31	100.0		

Declaration

I hereby declare that the project entitled “ Assessment of the Export Support/Promotion Programs: The Case of EEPA/EPD” is my original work and has not been presented (submitted) by any body for any degree or diploma in any university and all the material used for the project work have been dully acknowledged.

Abebe Haile

Name of Candidate



Signature

23/01,2007

Date

