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COUNTRY PROFILE: ETHIOPIA**April 2005****COUNTRY**

Formal Name: Federal Democratic Republic of Ethiopia (*Ityop'iya Federalawi Demokrasiyawi Ripeblik*).

Short Form: Ethiopia.

Term for Citizen(s): Ethiopian(s).

Capital: Addis Ababa.

Major Cities: Addis Ababa, Dire Dawa, Nazret, Harer, Mekele, Jima, Dese, Bahir Dar, and Debre Zeyit (in order of decreasing size, 1994 census).

Independence: Ethiopia celebrates May 28 as its National Day, the date of the defeat of the military government (Derg) in 1991.

Public Holidays: Ethiopians observe the following public holidays: Christmas (January 7, 2005*); Epiphany (January 19, 2005*); Feast of the Sacrifice/Eid al Adha (January 21, 2005*); Battle of Adowa (March 2, 2005); Birth of the Prophet/Mouloud (April 21, 2005*); Good Friday (April 29, 2005*); May Day (May 1, 2005); Easter Monday (May 2, 2005*); Patriots' Victory Day (May 5, 2005); Downfall of the Derg (May 28, 2005); New Year's Day (September 11, 2005*); Feast of the True Cross (September 27, 2005*); End of Ramadan/Eid al Fitr (November 4, 2005*). Asterisks indicate holidays with variable dates according to either the Islamic or Orthodox calendar.

Calendar: Ethiopia uses a solar calendar, which divides the year into 12 months of 30 days each, the remaining five days (six in a leap year) constituting a short thirteenth month. The Ethiopian New Year commences on September 11 in the Gregorian (Western) calendar and ends on the following September 10. In addition, the Ethiopian calendar runs eight years behind the Gregorian (seven years from September 11 to December 31). Hence, the Ethiopian year 1997 began on September 11, 2004, and will end on September 10, 2005, in the Gregorian calendar.

Flag:

Ethiopia's flag has three equal horizontal bands of green (top), yellow, and red with a yellow pentagram and single yellow rays emanating from the angles between the points on a light blue disk centered on the three bands. Ethiopia is the oldest independent country in Africa, and the three main colors of the flag were so often adopted by other African countries on independence that they became known as the pan-African colors.



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HISTORICAL BACKGROUND

Prehistory and Aksum: Archaeologists have discovered remains of early hominids in Ethiopia's Rift Valley, including *Australopithecus afarensis*, or "Lucy," thought to be 3.5 million years old. By ca. 7000 B. C., Cushitic- and Omotic-speaking peoples were present in Ethiopia, after which further linguistic diversification gave rise to peoples who spoke Agew, Sidamo, Somali, Oromo, and numerous Omotic tongues. Initially hunters and gathers, these peoples eventually domesticated indigenous plants, including the grasses teff and eleusine, and ensete, a root crop, kept cattle and other animals, and established agricultural patterns of livelihood that were to be characteristic of the region into contemporary times. By at least the late first millennium B. C., it appears, the Agew occupied much of the northern highlands, whereas the Sidama inhabited the central and southern highlands. Both played important roles in subsequent historical developments.

During the first millennium B. C., Sabaeans from southwest Arabia migrated across the Red Sea and settled in the extreme northern plateau. They brought with them their Semitic speech and writing system and a knowledge of stone architecture. The Sabaeans settled among the Agew and created a series of small political units that by the beginning of the Christian era had been incorporated into the Aksumite Empire, with its capital at Aksum. The Aksumite empire was a trading state that dominated the Red Sea and commerce between the Nile Valley and Arabia and between the Roman Empire and India. Centered in the highlands of present-day Eritrea and Tigray, it stretched at its height from the Nile Valley in Sudan to Southwest Arabia. The Aksumites used Greek as a trading language, but a new Semitic language, Ge'ez, arose that is thought to be at least indirectly ancestral to modern Amharic and Tigrinya. The Aksumites also constructed stone palaces and public buildings, erected large funerary obelisks, and minted coins. In the early fourth century, Christianity was introduced in its Byzantine Orthodox guise. Although it took centuries before Christianity gained a firm hold, in time Orthodoxy became the embodiment of Ethiopian identity. During the seventh century A.D., Aksum began a long decline. By the eleventh century, the political center of the kingdom had shifted southward into Agau territory, and a non-Aksumite dynasty, the Zagwe, had assumed control. Aksum faded, but it bequeathed to its successors its Semitic language, Christianity, and the concept of a multi-ethnic empire-state ruled by a "king of kings."

The Medieval Period: From Aksumite times, there began a process of cultural and linguistic fusion between the northern Semites and the indigenous Agew that was to continue over the course of a millennium. This process gave rise to northern Christianized Agew, who formed themselves into the Tigray and Amhara ethnic groups. The Zagwe placed their capital, Lalibala, far south of Aksum and constructed there and elsewhere across their domains a remarkable ensemble of rock-hewn churches. In the late thirteenth century, an Amhara dynasty moved the center of the kingdom still farther south into Shewa in the southernmost part of the northern highlands. During the succeeding centuries, the Amhara kingdom, a military state, was often at war either with Sidama kingdoms to the west or with Muslim principalities to the east.

About 1529 a Muslim Afar-Somali army overran the highlands, and during the 1530s nearly succeeded in destroying the Amhara-Tigray state and Christianity. At almost the same time, the Oromo were in the midst of a decades-long migration from their homeland in the far southern

lowlands. The Oromo moved north through the southern highlands, bypassing the Sidama on the west, and into the central highlands, where they settled in the center and west on land, some of which had formerly belonged to the Amhara. At the beginning of the seventeenth century, the Jesuits arrived to minister to Portuguese soldiers who had helped defeat the Muslims in the early 1540s and who had remained in the kingdom. As part of their mission, however, the Jesuits attempted to convert the Orthodox Ethiopians to Roman Catholicism. They met with some initial success before their crusade set off a religious civil war in the late 1620s that led to their expulsion and an attempt to keep out all “Franks,” as the Ethiopians called Europeans.

Early Modern Times: An era of reconsolidation and cultural flowering ensued during the seventeenth and eighteenth centuries following the founding of a new capital at Gondar. The monarchy eventually became a pawn of regional warlords, however, and it was not until the mid-nineteenth century that Tewodros II reunited the kingdom and sought to restore the power of the throne. Most scholars trace the origins of the modern history of Ethiopia to his reign. Menilek II (1889–1913) defeated the Italians in 1896 when they sought to invade Ethiopia, although he allowed them to retain the frontier province facing the Red Sea, which they named Eritrea. Menilek, in turn, sent armies to conquer the southern highlands and surrounding lowlands, annexing them to the traditional Amhara-Tigray kingdom to create the present-day nation-state of Ethiopia with its capital at Addis Ababa. He also opened the country to Western influence and technology, for example, by establishing diplomatic relations with several European powers and by authorizing construction of a railway from Addis Ababa to Djibouti on the Red Sea.

After serving as regent, Tafari Makonnen, a cousin of Menilek, ascended the throne in 1930 as Emperor Haile Selassie I. French-educated and aware of Ethiopia’s backwardness, he began to introduce various Western-inspired reforms, but these changes were hardly underway before war broke out with Italy in October 1935. The emperor’s dramatic appeal for assistance in mid-1936 before the League of Nations, of which Ethiopia was a member, went unanswered. Italian colonization lasted from 1936 to 1941. The Italians never controlled large parts of the countryside and at times ruled harshly. Nonetheless, they constructed public buildings, built a rudimentary road system throughout the country, and in general sought to modernize the country.

The Post-World War II Era: After the war, Haile Selassie pursued a policy of centralization, but he also continued to introduce change in areas such as public education, the army, and government administration. The slow pace of his reform efforts, however, fostered discontent that led to an attempted coup in 1960. In early 1974, a mutiny among disgruntled lower-ranking army officers set a process in motion that led to the fall of the imperial government. The mutineers were joined by urban groups disappointed by the slow pace of economic and political reforms and aroused by the impact of a devastating famine that the government failed to acknowledge or address. Over a period of several months, the rebellious officers arrested the emperor’s ministers and associates, and in September removed the emperor himself. A group of junior military officers, soon known as the Derg (“committee” in Amharic), then assumed power and initiated a 17-year period of military rule.

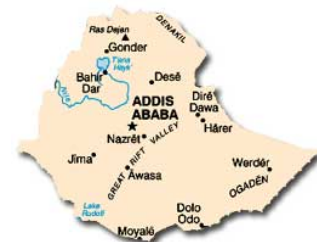
The Derg pursued a socialist agenda but governed in military style, and it looked to the Soviet Union as a model and for military support. It nationalized rural and urban land and placed local control in the hands of citizen committees; it also devised controversial policies of peasant

resettlement in response to another devastating drought in 1984–85 and of “villagization,” ostensibly to improve security. A Somali invasion in 1977–78 to capture the Somali-inhabited southeast lowlands was repulsed with Soviet aid, but thereafter resistance against the Derg arose in all parts of the country, most notably in the north. In Eritrea the Eritrean People’s Liberation Front (EPLF) pursued a campaign against the 1962 annexation and eventually sought separation from Ethiopia. In Tigre, the Tigray People’s Liberation Front (TPLF) sought regional autonomy and the overthrow of the Derg. In the late 1980s, the TPLF and other Ethiopian ethnically based resistance groups formed the Ethiopian People’s Revolutionary Democratic Front (EPRDF), and, together with the EPLF, administered defeats on a demoralized Ethiopian army that led to the collapse of the Derg in May 1991.

The EPRDF Regime: The EPRDF coalition set up a provisional administration in Addis Ababa under the TPLF’s leader, Meles Zenawi. The Oromo Liberation Front and the (Somali) Ogaden National Liberation Front soon withdrew and resorted once more to armed insurgency. In April 1993, the Eritreans voted for independence, a decision the TPLF leadership and many Ethiopians reluctantly accepted. The EPRDF committed itself to multi-party democracy and to economic reconstruction, for which it relied on international donor assistance. The constitution of the Federal Democratic Republic of Ethiopia was adopted in 1994. National elections in 1995 and 2000 produced EPRDF victories but were widely boycotted by opposition parties. Meles Zenawi has remained effective head of government. From 1998 to 2000, Ethiopia and Eritrea fought a bitter war over their common border. Despite international arbitration, the status of the border in mid-2005 remained stalemated and relations between the two nations, hostile.

GEOGRAPHY

Location: Ethiopia is located in eastern Africa in the southern Red Sea region. It borders Sudan on the west, Eritrea on the north, Djibouti and Somalia on the east, and Kenya on the south.



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Size: The total area of the country is 1,127,127 square kilometers.

Land Boundaries: Ethiopia’s borders total 5,328 kilometers. Bordering countries are: Djibouti (349 kilometers), Eritrea (912 kilometers), Kenya (861 kilometers), Somalia (1,600 kilometers), and Sudan (1,606 kilometers).

Disputed Territory: The border between Ethiopia and Eritrea has never been precisely demarcated. Between 1998 and 2000, the two countries fought a war over the issue, which involves quite small enclaves along the northern segment of their border, including the tiny village of Badme and the enclave of the Irob people. In 2002 an international boundary commission delimited the border. Although both nations agreed to accept its decision, Ethiopia has refused to accept the commission’s findings in full, much to the consternation of the Eritrean government. The central section of Ethiopia’s border with Somalia also has never been fully demarcated and is only provisional. Questions remain about the precise location of small parcels along the border with Sudan as well.

Length of Coastline: Ethiopia is landlocked, having surrendered its Red Sea coastline to newly independent Eritrea in May 1993.

Maritime Claims: None.

Topography: Ethiopia's topography consists of a central high plateau bisected by the Ethiopian segment of the Great Rift Valley into northern and southern highlands and surrounded by lowlands, more extensive on the east and southeast than on the south and west. The plateau varies from 1,500 to 3,000 meters above sea level and features mountainous uplands separated by deep gorges and river valleys, especially in the north. The highest point is Ras Dashen at 4,620 meters in the northern highlands. In the east, the Denakil Depression, part of the Rift Valley, is in places 115 meters below sea level and is one of the hottest places on earth. A chain of lakes lie in the southern Rift Valley, but the largest inland body of water is Lake Tana in the northwest. The diversity of Ethiopia's terrain determines regional variations in climate, natural vegetation, soil composition, and settlement patterns.

Principal Rivers: All of Ethiopia's rivers originate in the highlands and drain into the surrounding lowlands. The Abay (Blue Nile), Ethiopia's largest river, the Tekezé, and the Baro flow west into the Nile River in Sudan, the Blue Nile contributing some two-thirds of the Nile's volume below Khartoum. The Awash flows east through the northern Rift Valley and disappears into saline lakes in the Denakil Depression. In the south, the Genale and Shebele flow southeastward into Somalia; the Omo drains the southwest and empties into Lake Turkana on the border with Kenya.

Climate: Rainfall and temperature patterns vary widely because of Ethiopia's location in the tropics and its diverse topography. In general, the highlands above 1,500 meters enjoy a pleasant, temperate climate, with daytime temperatures between 16°C and 30°C and cool nights. In areas below 1,500 meters, such as large river valleys, the Denakil Depression, the Ogaden in the southeast, and parts of the southern and western borderlands, daytime temperatures range from very warm (30°C) to torrid (upwards of 50°C), sometimes accompanied by high humidity. Precipitation is determined by differences in elevation and by seasonal shifts in monsoon winds. The highlands receive by far the most rainfall, most of it between mid-June and mid-September, whereas lower elevations receive much less. In general, relative humidity and rainfall decrease from south to north and vary from scant to negligible in the eastern and southeastern lowlands.

Natural Resources: Ethiopia has small reserves of gold, platinum, copper, potash, and natural gas. It has extensive hydropower potential.

Land Use: Of the total land area, about 20 percent is under cultivation, although the amount of potentially arable land is larger. Only about 10 to 15 percent of the land area is presently covered by forest as a result of rapid deforestation during the last 30 years. Of the remainder, a large portion is used as pasturage. Some land is too rugged, dry, or infertile for agriculture or any other use.

Environmental Factors: The Great Rift Valley is geologically active and susceptible to earthquakes. Hot springs and active volcanoes are found in its extreme east close to the Red Sea.

Elsewhere, the land is subject to erosion, overgrazing, deforestation, and frequent droughts. Water shortages are common in some areas during the dry season.

Time Zone: Local time in Ethiopia is Greenwich Mean Time plus three hours.

SOCIETY

Population: As of early 2004, the United Nations estimated Ethiopia's population at more than 70 million and growing at rates estimated as between 2.1 and 2.5 percent per year. Density averaged about 62 people per square kilometer but varied widely from region to region. The population is concentrated in the northern and southern highlands, the lowlands in the southeast, south, and west for the most part being far more sparsely inhabited. Only about 15 percent of the population is urbanized, making Ethiopia one of the least urbanized countries in the world. There is little internal migration, but the government is in the midst of relocating some 2 million highland farmers to land at lower elevations to address problems of population pressure and exhausted farming plots, a plan similar to the much larger relocation effort that the military government undertook in the 1980s for the same reasons. During the last three decades, tens of thousands of Ethiopians, many young and educated, have emigrated to Europe and the United States. At the end of 2003, Ethiopia was host to some 112,000 refugees, most of them Sudanese, whereas an estimated 19,000 Ethiopians were refugees or seekers of asylum, most of them residing in Kenya, Europe, or the United States.

Demography: According to the U.S. Population Reference Bureau, in 2003 the number of births per 1,000 population was 41, the number of deaths, 18. The infant mortality rate per 1,000 live births was 104.5. Life expectancy at birth was 46 years (47 years for females, 45 years for males). According to the United Nations Population Division, Ethiopia's population in 2000 fell into the following age-groups: ages 1–14, 45.9 percent; ages 15–59, 49.5 percent; and ages 60 and older, 4.6 percent, making Ethiopia a typical sub-Saharan country with a large proportion of its population under 15 years of age and a large proportion of women within the reproductive years of 15–49 years of age. For the years 2000–2005, the average number of children per woman was estimated at 6.1.

Ethnic Groups and Languages: Ethnic classification in Ethiopia is difficult because people categorized on the basis of one criterion, such as language, may be divided on the basis of another, such as ethnic identity. Language, however, often is used to classify various groups of peoples. At least 70 languages are spoken as mother tongues, but several predominate. Most belong to the Semitic, Cushitic, or Omotic families of the larger Afro-Asiatic super-language family; a small number belong to the Nilo-Saharan family of languages. The largest Semitic-speaking groups are the Amhara, who speak Amharic, formerly the official language that is still quite widely used, and who constitute perhaps 25 percent of the population; and the Tigray, who speak Tigrinya and account for perhaps 14 percent of Ethiopia's people. The Amhara occupy the center of the northern highlands, the Tigray, the far north. Both are plow agriculturalists. Smaller groups include the Gurage, Hareri, and Argobba.

Cushitic-speakers include a large number of groups, most of whom live in the southern highlands. Among them is the largest and most widespread of all of Ethiopia's ethnic groups—the Oromo, perhaps 40 percent of the population, who live in the center-west and in the central southern highlands. Some are agriculturalists and others pastoralists. The Oromo language consists of a number of dialects. The Somali occupy the southeastern lowlands; they are pastoralists and are organized into clans and lineages. North of the Somali are the Afar or Denakil, pastoralists who inhabit the hot lowlands between the Red Sea and the northern highlands. In the southwest southern highlands are several groups who speak related languages sometimes called Sidamo languages. The largest of these are the Sidama and the Hadya-Libido, cultivators of ensete and coffee. Finally, in the northern highlands are several small groups known as the Agew, Cushitic-speaking agriculturalists who successfully preserved their ethnic identity in the face of Amhara acculturation during the last two millennia. In 1970 they numbered upwards of 125,000. Among these Agew-speakers are the Awi, Kimant, and Beta Israel (Felasha).

In the far southwest on both sides of the Omo River are perhaps 80 groups of Omotic-speakers, of whom the Welamo are the most numerous. They are hoe cultivators; some specialize in craftwork and weaving. In the far southwest and western borderlands with Sudan are groups who speak Nilo-Saharan languages. They are hoe cultivators and cattle keepers. In the south are the Anuak and the Nuer, who are the most numerous. Farther north are smaller groups, such as the Gumuz and the Berta, and, in western Tigray, the Kunema.

Religion: No reliable statistics exist on religious affiliation in Ethiopia. Still, clearly, by far the largest faiths are Orthodox Christianity and Islam. Each is thought to constitute perhaps 40 to 45 percent of the population. Orthodoxy was introduced to the ancient Aksumites from the Byzantine world in about 340 A. D., thereafter slowly spreading southward into the northern highlands. Islam was introduced a few centuries later by merchants from Arabia to peoples along the Red Sea coast, spreading thereafter into the center and south. Orthodoxy is most strongly represented among the Tigray and Amhara, Islam among the Somali, Afar, Oromo, particularly those in the southern highlands, Gurague, and Sidama in the southwest. Merchants in major towns also tend to be Muslims. In the east and to an extent in the south, Muslim peoples surround Orthodox Christians. Protestants number perhaps 11 million, constituting up to 10 percent of the population. Smaller groups include Roman Catholics (about 500,000), Eastern Rite Catholics, and Ethiopian Jews (Felasha). A large number of foreign missionaries are active, especially in the south and southwest borderlands. Some Ethiopians still adhere to traditional religious practices and beliefs.

Education and Literacy: Education is free from primary through university level and is compulsory on the primary level for pupils between the ages of seven and 13 years of age. Thereafter, further education is a question of access to facilities; whereas a profusion of primary schools are scattered across the countryside, secondary facilities are found only in larger urban areas. Consequently, enrollments decline drastically from the primary to the secondary level, and secondary facilities are severely overtaxed. The Education and Training Policy implemented in 1994 restructured the education system with the goal of improving the quality of education, although results have been mixed. Primary education, grades 1–6, begins at seven years of age; secondary education, grades 7–12, at age 15. After tenth grade, students are separated into

university-bound candidates, who receive concentrated academic instruction, and those who receive commercial, polytechnic, teacher, or other professional training. According to United Nations estimates for 2000–2001, 47 percent of children in the appropriate age-group attended primary school. Attendance among girls, at 41 percent, lagged significantly behind boys, at 53 percent. At the secondary level, only 13 percent of children in the appropriate age-group attended (15 percent of boys, 10 percent of girls). The main university campus is Addis Ababa University. Universities also are found in five regional state capitals. In recent years, a number of private schools have sprung up to meet the demand for university-level instruction, especially in Addis Ababa. In 2001, according to the World Bank, education spending was equivalent to 4.8 percent of gross domestic product. In 2002 the United Nations Educational, Scientific, and Cultural Organization (UNESCO) estimated that only 41.5 percent of adults (49.2 percent male, 33.8 percent female) in Ethiopia were literate.

Health and Welfare: In terms of health and welfare, Ethiopia ranks among Africa's—and the world's—poorest nations. The World Bank classifies Ethiopia as a highly underdeveloped country with an estimated annual per capita income of about US\$100. Poverty is widespread, with slightly less than half the population living below the basic needs poverty line. Health indicators are generally poor. The health care system is wholly inadequate, even in view of improvements in recent years.

Throughout the 1990s, the government, as part of its reconstruction program, devoted ever-increasing amounts of funding to the social and health sectors, which brought corresponding improvements in school enrollments, adult literacy, and infant mortality rates. These expenditures stagnated or declined during the 1998–2000 war with Eritrea, but in the years since, outlays for health have grown steadily, although they remain far below what is needed. In 2000–2001, the budget allocation for the health sector was ca. US\$144 million; health expenditures per capita were estimated at US\$4.50, compared with US\$10 on average in sub-Saharan Africa. In 2000 the country counted one hospital bed per 4,900 population and more than 27,000 people per primary health care facility. The physician to population ratio was 1:48,000, the nurse to population ratio, 1:12,000. Overall, there were 20 trained health providers per 100,000 inhabitants. These ratios have since shown some improvement. Health care is disproportionately available in urban centers; in rural areas where the vast majority of the population resides, access to health care varies from limited to nonexistent. As of the end of 2003, the United Nations (UN) reported that 4.4 percent of adults were infected with human immunodeficiency virus/acquired immune deficiency syndrome (HIV/AIDS); other estimates of the rate of infection ranged from a low of 7 percent to a high of 18 percent. Whatever the actual rate, the prevalence of HIV/AIDS has contributed to falling life expectancy since the early 1990s. According to the Ministry of Health, one-third of current young adult deaths are AIDS-related. Malnutrition is widespread, especially among children, as is food insecurity. Because of growing population pressure on agricultural and pastoral land, soil degradation, and severe droughts that have occurred each decade since the 1970s, per capita food production is declining. According to the United Nations and the World Bank, Ethiopia at present suffers from a structural food deficit such that even in the most productive years, at least 5 million Ethiopians require food relief.

In 2002 the government embarked on a poverty reduction program that called for outlays in education, health, sanitation, and water. A polio vaccination campaign for 14 million children

has been carried out, and a program to resettle some 2 million subsistence farmers is underway. In November 2004, the government launched a five-year program to expand primary health care. In January 2005, it began distributing antiretroviral drugs, hoping to reach up to 30,000 HIV-infected adults.

ECONOMY

Overview: Ethiopia is one of the poorest countries in the world, with a gross domestic product (GDP) of roughly US\$6 billion, a per capita annual income of about US\$100, and chronic trade deficits in the early 2000s. The basis of the economy is rainfed agriculture, which means that crop production fluctuates widely according to yearly rainfall patterns, leaving the country subject to recurrent and often catastrophic drought. Droughts have increased in severity since the 1970s in step not only with shortfalls in crop production but also with burgeoning population growth. Indeed, the increase in population has outstripped the productive capacity of the agricultural sector, creating a structural food deficit even in times of normal or superior production. Services, including retail trade, public administration, defense, and transportation, constitute the second largest component of the economy. Manufacturing and mining are a distant third and fourth. Within the budget, defense outlays have been high since the early 1990s, most recently because of war with Eritrea from 1998 to 2000, although they have declined since then. The budget has been in deficit since at least the late 1990s, with expenditures regularly exceeding revenues. Shortfalls have been covered by grants and loans from international lending institutions. Ethiopia is heavily dependent on international donor largesse, particularly in times of drought.

Since the early 1990s, the country has received financial support for economic reforms from the International Monetary Fund and the World Bank. In 2001 it qualified for debt reduction under these institutions' heavily indebted poor countries initiative. On the whole, the reform process has been beneficial; government revenue has risen, and outlays have been redirected from defense to education, health, and infrastructure. Still, economic performance suffers from hindrances such as public ownership of farmland, low levels of investment, corruption in high levels of the government, and dependence on foreign finance. The United Nations and the World Bank maintain that without immediate steps to deal with a burgeoning population, large-scale environmental degradation, soil exhaustion, and rural land-holding policies, Ethiopia will become permanently reliant upon donor largesse just to feed itself.

Gross Domestic Product (GDP): In 2002–3 GDP was US\$6.5 billion. Per capita GDP amounted to US\$94.0, among the lowest in the world. In 2002–3 GDP per sector was estimated as follows: agriculture and fishing, 39.4 percent; industry, 11.9 percent; and services, 48.7 percent.

Government Budget: Largely because of the long-term demands of economic and social development and the short-term impact of recurrent drought, government expenditures have regularly exceeded revenues since the early 1990s. Much of the difference has been made up by foreign assistance. Government revenue has been rising steadily since the late 1990s, reflecting, among other measures, recently improved tax-collection procedures and the substitution of a

value-added tax in January 2003 for the former sales tax on transactions of larger enterprises. On the spending side, there has been a marked shift in funding from defense to economic and social programs since 2000 and the conclusion of the war with Eritrea. For 2003–4, revenue and foreign grants were estimated to have reached ca. US\$1.7 billion, up from ca. US\$1.5 billion in 2001–2; spending was estimated at ca. US\$2.2 billion, up from ca. US\$2 billion in 2001–2. For 2004–5, revenue was projected to increase by almost 20 percent, reflecting further rises in both domestic revenues and foreign grants, whereas spending was expected to increase by 14 percent, reflecting increases in outlays for regional administration, infrastructure, and poverty alleviation. Deficits for 2003–4 and 2004–5 were in the range of ca. US\$500,000.

Inflation: During the early 1990s, inflation averaged about 10 percent per year, but the rate has fallen in the years since. It is highly volatile, being greatly influenced by grain prices, which in turn depend upon annual harvests, which in turn depend largely upon seasonal rains. In 2003, for example, inflation rose to more than 15 percent following drought and a poor harvest, but when weather conditions reversed in 2004, the rate fell to less than 5 percent. Excluding volatile grain and pulses prices, the core rate of inflation has averaged about 3 percent in the early 2000s.

Agriculture, Forestry, and Fishing: Agriculture is the most important sector of Ethiopia's economy, constituting nearly 40 percent of gross domestic product. The sector provides by far the largest percentage of exports and employs up to 80 percent of the population. About 20 percent of potential arable land is actually cultivated, almost all of it dependent on rainfall. Farming is in the hands of peasants, who cultivate individual plots. All land belongs to the state. In the highlands, grains (barley, corn, teff, and wheat) as well as pulses and oilseeds are the major crops; at lower elevations, sorghum and sugarcane are favored. Ethiopia is home to an estimated 7 million pastoralists who tend a large number of livestock—a survey in 2003 counted 35 million cattle, 25 million sheep, and 18 million goats. A large portion of them are found in the dry lowlands of the east, southeast, and south that are suited to pastoralism but not farming. Two bush crops flourish in the south—coffee, the major export earner, in the southern highlands, and *chat*, a mild stimulant that is also exported, in the southeastern lowlands. The government has announced plans to boost both grain and livestock production in an effort to address the problem of chronic food shortages. Ethiopia has no significant fishing or forestry industries. Deforestation and destructive farming practices have led to increasing soil erosion and degradation during the last 30 years, especially in the northern highlands. Recurrent droughts and livestock disease have had a severe impact on pastoralism in the southeast and south.

Mining and Minerals: The mining sector is quite small in Ethiopia. The country has deposits of coal, gemstones, kaolin, iron ore, soda ash, and tantalum, but only gold is mined in significant quantities. In 2001 gold production amounted to some 3.4 tons.

Industry and Manufacturing: This sector constitutes about 4 percent of the overall economy, although it has shown some growth and diversification in recent years. Much of it is concentrated in Addis Ababa. Food and beverages constitute some 40 percent of the sector, but textiles and leather are also important, the latter especially for the export market. A program to privatize state-owned enterprises has been underway since the late 1990s.

Energy: Aside from waterpower and forests, Ethiopia is not well endowed with energy sources. The country derives about 90 percent of its electricity needs from hydropower, which means that electricity generation, as with agriculture, is dependent on abundant rainfall. Present installed capacity is rated at about 650 megawatts, with planned expansion to 1,330 megawatts. Less than one-half of Ethiopia's towns and cities are connected to the national grid. Plans are afoot to exploit natural gas reserves in the southeastern lowlands, estimated at 4 trillion cubic feet. Petroleum requirements are met via imports of refined products, although some oil is being hauled overland from Sudan. Exploration for gas and oil is underway in the Gambela region bordering Sudan. In general, Ethiopians rely on forests for nearly all of their energy and construction needs; the result has been deforestation of much of the highlands during the last three decades.

Services: Aside from wholesale and retail trade, transportation, and communications, the services sector consists almost entirely of tourism. Developed in the 1960s, tourism declined greatly during the later 1970s and the 1980s under the military government. Recovery began in the 1990s, but growth has been constrained by the lack of suitable hotels and other infrastructure, despite a boom in construction of small and medium-sized hotels and restaurants, and by the impact of drought, the war with Eritrea, and the specter of terrorism. In 2002 more than 156,000 tourists entered the country, many of them Ethiopians visiting from abroad, spending more than US\$77 million.

Banking and Finance: In 1974 the military government nationalized all private banks and insurance companies, leaving retail banking in the hands of the Commercial Bank of Ethiopia (CBE). The National Bank of Ethiopia is a regulatory body that oversees the private sector and also foreign-exchange mechanisms. In the early 2000s, the CBE has been working with the International Monetary Fund on a restructuring program that involves reducing bad debt and attacking corruption. Since the mid-1990s, Ethiopians have been permitted to establish private banks and insurance companies once more; by 2002–3, the six largest private banks controlled some 20 percent of the loan market. Foreign-owned financial institutions are not permitted.

Labor: In mid-2002 the United Nations reported that Ethiopia's labor force totaled more than 30 million workers, of whom 24.5 million were engaged in agricultural pursuits. A national survey in 1999 gave an unemployment rate of 8 percent for those aged 15 years and above, certainly a misleading figure, given what are high rates of unemployment and underemployment in both rural and urban settings.

Foreign Economic Relations: Ethiopia has long maintained commercial relations with its immediate neighbors, Sudan and Yemen, and with West European countries, notably Britain, Germany, and Italy. Recently, however, trading relations have broadened somewhat. As of 2002, Ethiopia's most important markets are in Europe, especially Germany, Italy, and the United Kingdom, now joined by Japan, all of whom purchase large quantities of coffee, plus Djibouti and Saudi Arabia. In the past, Ethiopia's imports came mostly from Europe, especially Italy and Germany, and from India. By 2002, China had become a major source of imports, along with Italy and India, but Saudi Arabia, supplying fuel and refined petroleum products, is by far the largest supplier, providing nearly 29 percent of total imports in terms of value, followed by

China and Italy at 6 percent each and India at 5 percent. Since about 2001, Sudan has begun to supply small volumes of petroleum.

In the decade after the return to civilian rule in 1991, Ethiopia established new relationships with international financial institutions, securing funding from the World Bank for economic recovery and reconstruction and implementing structural adjustment programs with the International Monetary Fund (IMF). After slackened funding during the war with Eritrea from 1998 to 2000, the IMF and World Bank resumed assistance aimed broadly at poverty reduction and financial reform, with aid disbursements tied to defined benchmarks. In 2002 the government produced a five-year framework to guide economic development, reform, and poverty reduction that received US\$3.6 billion in support from the international donor institutions for the period from mid-2002 to mid-2005. Under these programs, Ethiopia has made substantial progress in shifting expenditures from defense to social and economic sectors and in reforming its banking system, and the government has taken steps to deal with poverty. Important hurdles remain, however, in achieving further financial reforms and fostering sustainable economic growth, and progress to date has depended on large infusions of international funding to cover huge budget deficits.

Exports: Coffee is Ethiopia's major export, accounting for 60 percent or more of average annual export earnings, but its value fluctuates widely depending on worldwide production. Other important exports are hides/skins/leather, the leaves of the *chat* bush (a mild stimulant popular in Somalia and Yemen), gold, and oilseeds. In 2000–2001, the National Bank of Ethiopia estimated the largest principal exports by value as: coffee, US\$174.7 million; leather and leather products, US\$74 million; *chat*, US\$61 million; oilseeds, US\$30.7 million; and gold, US\$28 million. In 1999–2000 total exports were valued at US\$486 million. In 2000–2001, they dropped to US\$441 million, but by 2002–3 they had rebounded to US\$468 million, variations caused largely by fluctuations in world coffee prices. Ethiopia's most important markets are in Europe, especially Germany, the United Kingdom, and Italy, and in Japan, all of whom purchase large quantities of coffee. Djibouti and Saudi Arabia are other outlets for Ethiopia's exports.

Imports: Ethiopia imports a large range of consumer and capital goods. In 2000–2001, the most important imports consisted of: consumer goods, US\$468 million; transport, agricultural, and industrial products, US\$445 million; fuel, US\$292 million; and semi-finished goods, US\$284 million. For the year, imports totaled an estimated US\$1.6 billion, nearly identical with the value of imports in 1998–99 and 1999–2000, but up from US\$1.3 billion in 1996–97, largely because of increased outlays for purchases of food and fuel. In the past, imports came primarily from Europe, especially Italy and Germany, and from India. In more recent years, China has become a major supplier of goods. Saudi Arabia supplies fuel and refined petroleum products, making it by far the largest supplier in terms of percent of total imports (nearly 29 percent, followed by China and Italy at 6 percent each in 2002). Since about 2001, Sudan has begun to supply small volumes of petroleum.

Trade Balance: Because of the need to import large quantities of food and the lack of high-value exports such as minerals or petroleum, annual deficits in the merchandise trade account have exceeded US\$1 billion since the late 1990s. The deficit for 2002–3, the latest year for which figures from the National Bank of Ethiopia are available, was estimated at US\$1.5 billion.

Balance of Payments: Ethiopia has experienced large deficits in its current account since at least the late 1990s. The services sector has shown consistent surpluses, reflecting revenues from Ethiopian Air Lines and to a lesser extent from tourism and shipping services, having risen from US\$114 million in 1998–99 to an estimated US\$159 million in 2002–3. Similarly, transfers of funds from official donors and remittances from nationals living abroad have been strong, amounting to US\$502 million in 1998–99 and more than US\$1 billion in 2003–3. These surpluses, however, have not been enough to offset large shortfalls in merchandise trade and debt-service payments. In 1998–99, the current account deficit was US\$510 million. It fell to US\$262 million in 2000–2001 before rising to an estimated US\$397 million in 2002–3. These deficits have been covered by credits and loans from international lending institutions and by debt forgiveness.

External Debt: According to the International Monetary Fund and the World Bank, Ethiopia's total external debt, including debt owed to multilateral, bilateral, and private creditors, totaled more than US\$10 billion in the late 1990s. By the end of 2001, the debt had fallen to US\$5.7 billion and required the equivalent of almost 19 percent of total export earnings in debt-servicing payments. The National Bank of Ethiopia estimated external debt for 2003–4 at US\$6.6 billion.

Foreign Investment: Foreign investment by private firms in Ethiopia is quite low. Since coming to power in 1991, the Tigrayan-led government has been slow to open the country to foreign investors. Trade liberalization measures enacted in the mid-1990s were short-circuited by the war with Eritrea from 1998–2000. In 2003 the government promulgated new regulations to stimulate foreign investment, among them a lowering of the required investment minimum by foreign firms from US\$500,000 to US\$100,000. Constraints on investment include poorly developed transportation and communications systems and troubled financial institutions. Some sectors, such as banking, remain wholly or partially off-limits to foreign investors.

Foreign Aid: During the post-World War II era, Ethiopia received small amounts of economic development aid from such countries as the United States and Sweden. Such aid disappeared under the military regime except for food aid during the mid-1980s. Large aid inflows began in the early 1990s aimed at reconstruction and political stabilization but declined during the war with Eritrea. The post-2000 period, however, has seen a resumption of large disbursements of grants and loans from the United States, individual European nations, and Japan, and from the World Bank, the European Union, and the African Development Bank. In 2001 these funds totaled US\$1.6 billion. In 2001 Ethiopia qualified for the World Bank-International Monetary Fund-sponsored highly indebted poor countries (HIPC) debt reduction program, which is designed to reduce or eliminate repayment of bilateral loans from wealthy countries and international lenders such as the World Bank. In Ethiopia's case, the program aims to help stabilize the country's balance of payments and to free up funds for economic development. A noteworthy advance toward these goals came in 1999, when the successor states to the former Soviet Union, including Russia, cancelled US\$5 billion in debt contracted by the military government in and after the later 1970s, a step that cut Ethiopia's external debt in half. HIPC relief is expected to total almost US\$2 billion.

Currency and Exchange Rate: Ethiopia's currency is the birr, which is divided into 100 cents. In October 1992, the government initiated a long, gradual devaluation of the birr, allowing its

value to decline from the old rate of 2.07 birr per US\$1 to an average of 8.78 birr per US\$1 in 2003. As of late March 2005, the exchange rate was 8.65 birr per US\$1.

Fiscal Year: Ethiopia's fiscal year (FY) begins on July 8 and ends on July 7.

TRANSPORTATION AND TELECOMMUNICATIONS

Overview: By any measure, Ethiopia's transportation and telecommunications networks are inadequate. For a country of its size, the transport network is quite limited and needs both upgrades and expansion. The telecommunications system is similarly undeveloped, even by African standards. Service is unreliable and concentrated overwhelmingly in Addis Ababa. A bright spot is Ethiopian Air Lines, which delivers efficient and reliable service domestically and internationally and provides maintenance and training for some other regional carriers.

Roads: Ethiopia has about 24,000 kilometers of roadways, of which only 3,300 kilometers are paved. Almost all primary roads are gravel roads, including those that connect Addis Ababa with major cities and towns across the country. Some 75 percent of government spending on infrastructure is targeted at improving the road network. In 1998 the World Bank approved a US\$309 million credit to help fund efforts to improve roads in Ethiopia. In 2003 work began on the second phase of the Road Sector Development Programme, which is scheduled to upgrade 80 percent of paved and 63 percent of unpaved roads by 2007.

Railroads: Ethiopia has only one railroad, the 781-kilometer line that connects Addis Ababa with the port of Djibouti. Ethiopia and Djibouti jointly own and operate the line, which carries up to 800,000 passengers and 250,000 tons of freight per year. Like the road system, it badly needs rehabilitation, plans for which are underway. In order to reduce its reliance on Djibouti, Ethiopia announced in 2001 that it had reached an agreement with Sudan to build a rail link to Port Sudan. At a cost of US\$1.5 billion, the project is not likely to be constructed any time soon.

Ports: Ethiopia is landlocked and has no ports.

Inland Waterways: Ethiopia has no significant navigable waterways, although limited ferry service is available on Lake Tana. The Baro and Awash rivers are navigable only in the rainy season. The Abay (Blue Nile) is not navigable within Ethiopia's borders.

Civil Aviation and Airports: Ethiopia has two international airports in Addis Ababa and Dire Dawa and some 40 airfields elsewhere. Bole International Airport in Addis Ababa handles 95 percent of all international air traffic and 85 percent of domestic flights. A major renovation and expansion of Bole was completed in 2002. In 2000–2001, Ethiopian Airlines carried nearly 1 million passengers.

Pipelines: None.

Telecommunications: In 2003 Ethiopia had some 435,000 telephone lines in use. In early 2004, there were more than 122,000 mobile phone subscribers in Ethiopia. In late 2004, the Ethiopian

Telecommunication Corporation (ETC) signed a contract with Finnish and Israeli firms to build an advanced wireless data and communications network, initially in Addis Ababa and later in the rest of Ethiopia. The ETC hopes to increase cellular capacity to 1 million by the end of 2005. In 2003 it was estimated that Ethiopia had 150,000 personal computers in use and 75,000 Internet users. One broadcast television station operates in Ethiopia, and residents have 367,000 televisions (according to estimates from 2000). In 1997 Ethiopia had 11,750 radio receivers in use and three radio broadcast stations.

GOVERNMENT AND POLITICS

Overview: The Constitution of the Federal Democratic Republic of Ethiopia was adopted by the country's transitional government in December 1994 and came into force in August 1995. At that time, power also was formally transferred to the newly elected legislature, the Federal Parliamentary Assembly. The constitution provides for a parliamentary form of government and an administration based on nine states. It enshrines the separation of church and state and basic human rights and freedoms, and guarantees that all Ethiopian languages will enjoy equal state recognition, although Amharic is specified as the working language of the federal government. Ethiopia has a tradition of highly personal and strongly centralized government, a pattern the Ethiopian People's Revolutionary Democratic Front (the present government) has followed despite constitutional limits on federal power.

Constitution: Ethiopia's present constitution was created and ratified in 1994 by a constituent assembly. The constitution establishes Ethiopia as a federal republic with a parliamentary form of government.

Branches of Government: The legislative branch is made up of a bicameral parliament; the upper chamber is the House of the Federation (108 seats); the lower chamber is the House of People's Representatives (548 seats). Members of the upper chamber are elected by the states' parliamentary assemblies, whereas members of the lower chamber are elected by popular vote. All recognized national groups are guaranteed representation in the upper house; representation in the lower chamber is on the basis of population, with special set-asides for minorities. Terms in both chambers are five years, with elections last held in May 2000 and scheduled next for May 2005. Legislative power is vested in the House of People's Representatives. The executive branch includes the president, prime minister, Council of State, and Council of Ministers. The president is elected by both legislative chambers for a six-year term. The leader of the largest party in the lower chamber becomes prime minister, who submits cabinet ministers for the chamber's approval. All ministers serve for the duration of the legislative session. Executive power is in the hands of the prime minister, who is also the commander in chief of the armed forces. The current president is Girma Wolde-Giorgis, who has served in that position since 2001. The current prime minister is Meles Zenawi, who has served since August 1995. The judicial branch is composed of federal and state courts. The Federal Supreme Court is the highest court and exercises jurisdiction over all federal matters; lesser federal courts hear cases from the states. The president and vice president of the Federal Supreme Court are recommended by the prime minister and approved by the lower chamber of the legislature.

Administrative Divisions: Ethiopia is divided into nine ethnically based states: Afar, Amhara, Banishangul/Gumuz, Gambela, Hareri, Oromiya, Somali, Tigray, and Southern Nations, Nationalities, and Peoples, as well as two special city administrations: Addis Ababa and Dire Dawa. The states are subdivided into zones, districts, and sub-districts.

Provincial and Local Government: Each of the nine states has its own parliamentary assembly, which elects representatives to the upper chamber of the federal parliament, the House of the Federation. Each has taxing powers and its own budget, but in practice the assemblies have had to rely on the central government for funding.

Judicial and Legal System: In 2004 the United States Department of State reported that the judiciary remains weak and overburdened, with a significant backlog of cases. Although the judicial and legal system are beginning to show signs of independence, routine abuses or neglect by the government of rights afforded under the Ethiopian constitution occur, and severe shortages of personnel and funding hamper effective operation of the courts. The government continues to decentralize and restructure the judicial system and has established courts at the state, zonal, district, and local levels. The structure of the state judiciary mirrors that of the federal judiciary. Efforts to strengthen the state court system mean that regional cases now are more likely to have a local hearing.

Electoral System: Elections for state assemblies and for the House of People's Representatives are by universal suffrage at age 18 and secret ballot. A National Election Board prepares and conducts elections for federal and state offices. According to international and local observers, the 2000 national elections were generally fair and free in most areas, despite reports of serious irregularities in some areas.

Politics and Political Parties: The Ethiopian People's Revolutionary Democratic Front (EPRDF) is a coalition of ethnically based parties founded by the Tigray People's Liberation Front (TPLF) in 1989 to unite insurgent groups fighting against the military government. The TPLF was and remains the dominant member, and since 1991 it has provided most of Ethiopia's military and political leadership. The TPLF's most important partners are the Amhara National Democratic Movement and the Oromo People's Democratic Organization. A large number of other parties, sponsored by the TPLF and often labeled "democratic organizations," are allied with the EPRDF and hold seats in parliament. In the national elections held in 2000, the EPRDF and affiliated parties carried 519 of 548 seats in the lower chamber of parliament. The EPRDF and affiliated parties also control all regional parliamentary assemblies by a large margin. A number of opposition parties exist and are permitted to contest elections. These include the Joint Action for Democracy in Ethiopia and the Southern Ethiopian People's Democratic Coalition, both composed of several member groups united by their opposition to the EPRDF.

Mass Media: Radio and television remain under the control of the Ethiopian government. Nine radio broadcast stations, eight AM and one shortwave, are licensed to operate. The major radio broadcasting stations (all AM) are Radio Ethiopia, Radio Torch (private), Radio Voice of One Free Ethiopia, and the Voice of the Revolution of Tigray. The single television broadcast network is Ethiopian Television. In keeping with government policy, radio broadcasts occur in a variety of languages. Print media, because of high poverty levels, low literacy rates, and poor

distribution outside of the capital, serve only a small portion of the population. The paucity of distribution is mirrored by a scarcity of diversity in the official press. Since 1991 private newspapers and magazines have started to appear, and this sector of the media market, despite heavy-handed regulation, continues to grow. The Ethiopian government has a history of restricting the freedom of the press, and during the last few years has imprisoned a number of independent journalists. In 2003 the government suspended the only independent media organization in the nation, the Ethiopian Free Journalists Association, charging it with failure to comply with the state's onerous bureaucratic regulations. Major daily newspapers include *Addis Zemen*, the *Daily Monitor*, and the *Ethiopian Herald*.

Foreign Relations: Ethiopia has engaged in international diplomacy with its neighbors since at least the mid-seventeenth century and with the European world since the mid-nineteenth century. It was a member of the League of Nations and a founding member of the United Nations (UN). Under Haile Sellassie I, the Organization of African Unity, now the African Union, and the UN Economic Commission for Africa located their headquarters in Addis Ababa. Ethiopia participated in UN missions in Korea (1950–53) and Congo (1960–64) and, more recently, in Burundi, Liberia, and Rwanda. Since 1991, and leaving aside Eritrea and Somalia, Ethiopia's relations with the African and European communities in general have been constructive and stable. Relations with Eritrea have been hostile since the peace agreement that ended the 1998–2000 war over their border. An international commission—the Eritrean-Ethiopian Boundary Commission—proposed a demarcation of the border in April 2002, but Ethiopia has requested modifications of the findings, a position Eritrea rejects. The issue remains unresolved, leading some observers to speculate about a resumption of hostilities. Since 1998, Ethiopia has attempted to isolate Eritrea from its African neighbors and to maintain its political dominance in the Horn of Africa region. In an effort to develop a regional bloc, Ethiopia settled a long-lasting border dispute with Sudan, returning some land in order to secure access to Port Sudan as an alternative to Djibouti. In Somalia, Ethiopia continues to support groups opposed to the transitional government, and it has sent its forces into the country to track down Ethiopian dissidents and to support friendly factions. Ethiopia's relations with Djibouti, which has handled all of Ethiopia's land commerce since the loss of Eritrean ports, are by necessity close, despite disagreements over transit fees and policy toward Somalia. Geopolitical events, notably the inception of the U.S. war on terrorism, have served to strengthen Ethiopia's relations with the United States and other Western nations, as the country is now regarded as a key ally in the effort to constrain the spread of Islamic fundamentalism. In 2003 Ethiopia joined Sudan and Yemen in an agreement ostensibly about trade but that has strategic implications for Eritrea. Ethiopia, Egypt, Kenya, Sudan, Tanzania, and Uganda are currently engaged in talks about a new agreement to share the waters of the Nile.

Membership in International Organizations: Ethiopia is a member of the following organizations for international cooperation: the Inter-Governmental Authority on Development, the International Civil Aviation Organization, the International Criminal Police Organization, the International Federation of Red Cross and Red Crescent Societies, the International Fund for Agricultural Development, the International Labour Organization, the Nonaligned Movement, the Organisation for the Prohibition of Chemical Weapons, the United Nations (UN) (including subsidiary UN agencies such as the Conference on Trade and Development, the Food and Agriculture Organization, the United Nations Educational, Scientific, and Cultural Organization,

the United Nations High Commissioner for Refugees, and the World Health Organization), and the World Trade Organization. Ethiopia is also a member of the following international lending institutions: the International Bank for Reconstruction and Development (World Bank), the International Development Association, the International Finance Corporation, and the International Monetary Fund. Finally, Ethiopia is a member of the following multilateral African organizations: the African, Caribbean, and Pacific Group of States, the African Development Bank, and the African Union.

Major International Treaties: Ethiopia is a party to the Convention on Biological Diversity; Convention on the Prohibition of the Development, Production, and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction; Convention on the Prohibition of the Development, Production, and Stockpiling of Chemical Weapons and on Their Destruction; Convention on the International Trade in Endangered Species of Wild Flora and Fauna; Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous, or Other Gases, and of Bacteriological Methods of Warfare (Geneva Protocol); Basel Convention on Hazardous Waste; Montreal Protocol on Substances That Deplete the Ozone Layer; United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa; and United Nations Framework Convention on Climate Change. Ethiopia has signed, but not ratified, the African Nuclear-Weapon-Free Zone Treaty (The Treaty of Pelindaba); Convention on the Prohibition of Military or Any Other Hostile Use of Environmental Modification Techniques; and United Nations Convention on the Law of the Sea. Ethiopia is not a party to the Convention on Conventional Weapons.

NATIONAL SECURITY

Armed Forces Overview: After the defeat of the military government in 1991, the provisional government disbanded the former national army and relied on its own guerrilla fighters for national security. In 1993, however, the Tigrayan-led government announced plans to create a multi-ethnic defense force. This process entailed the creation of a new professional army and officer class and the demobilization of many of the irregulars who had fought against the military government, although many Tigrayan officers remained in command positions. This transformation was still underway when war with Eritrea broke out in 1998, a development that saw the ranks of the armed forces swell along with defense expenditures. During the course of the war, some commanders and pilots from the former army and air force were recalled to duty. These officers helped turn the tide decisively against Eritrea in 2000, the end of a two-year conflict that resulted in huge losses on both sides. Since then, the failure to secure a peaceful resolution of the border conflict with Eritrea has hampered efforts to reduce the size of the military and its budget, although some reductions have been achieved. Since 2001, Ethiopia has played an increasingly important role in U.S. efforts in the war against terrorism in the Horn of Africa region, a development that has spurred closer relations between the militaries of the two nations.

Foreign Military Relations: In the late 1990s, following the commencement of hostilities with Eritrea, Ethiopia contracted with several hundred personnel from the former Soviet bloc to procure, repair, and operate stocks of weaponry for the army and air force. These contractors,

mostly Russian, are believed to have occupied senior command posts, including the head of the air force. In 2000 most were replaced by Ethiopian personnel, and by early 2004, it appeared the few remaining Russians were serving in a technical capacity only. There also have been reports of Israeli technicians stationed with the air force at Debre Zeit. Military relations with neighboring Djibouti, which were close in the late 1990s, have cooled somewhat, largely over a dispute between the two nations about port tariffs and rumors of Ethiopian support for a failed coup attempt in Djibouti in December 2000. In 2002 the United States established the Combined Joint Task Force-Horn of Africa (CJTF-HOA), a counterterrorism effort headquartered in Djibouti. The CJTF-HOA's theater of operations includes both the airspace and land of Ethiopia. In January 2004, as part of the operations of the CJTF-HOA, soldiers from the U.S. Army's 3d Infantry Regiment established a forward base in rural Ethiopia.

External Threat: The unresolved border dispute with neighboring Eritrea constitutes the major external threat to security and stability in Ethiopia. Ethiopia and Eritrea have been in a state of "cold peace" since the December 2000 truce, the primary bones of contention being the status of the town of Badme and the Irob enclave. Although it seems both nations have little interest in renewing a war neither can afford financially or politically, this consideration has not prevented continued sabre-rattling and political posturing on both sides. About 3,800 troops from the United Nations Mission in Ethiopia and Eritrea are deployed on the Eritrean side of the border between the two countries in an effort to maintain the fragile peace. Relations with Somalia are of longer-term concern, given their ill-defined and porous border and irredentist sentiment among Somalis that produced a war in 1977–78. Oromo and to a lesser degree Somali insurgents currently operate from Somali territory.

Defense Budget: In the last years of the military regime, defense spending peaked at almost US\$1 billion dollars, or nearly 14 percent of gross domestic product (GDP). In the mid-1990s, spending shrank significantly to about US\$130 million (or 2 percent of GDP). The onset of war with Eritrea in 1998, however, spurred massive spending to cover capital investments in new weapons systems, and by 2000 defense expenditures exceeded US\$830 million (or nearly 11 percent of GDP). Military spending during the war is thought to have averaged at least US\$2 million per day. Since the December 2000 peace agreement, spending on defense has fallen by 50 percent, but is still quite high, particularly for such a poor nation. In 2003 a national security policy paper proposed reducing defense spending to 2 percent of GDP (roughly a quarter of the 7.7 percent of GDP, some US\$460 million, spent in 2002), but in light of continuing tensions with Eritrea, implementation of this policy has been delayed indefinitely. Ethiopia reportedly is using hard currency from remittances to finance current arms purchases. In 2003 the defense budget was US\$405 million.

Major Military Units: The Ethiopian armed forces are undergoing a period of transformation from a militia force to a national body. The Ethiopian National Defence Force (ENDF) grew out of a coalition of former guerrilla armies, mainly the Tigray People's Liberation Front (TPLF) and the Ethiopian People's Revolutionary Democratic Front. Officers connected with the TPLF have continued to dominate the military. Although the armed forces have significant battlefield experience, their militia orientation has complicated the transition to a structured, integrated military. Ranks and conventional units were only adopted in 1996. A United States-assisted effort to restructure the military was interrupted by mobilization for the war with Eritrea, when

the armed forces grew in a period of months from 100,000 to 250,000 troops, with another 100,000 militiamen serving in support. Demobilization following the cease-fire of 2000 reduced the armed forces to an estimated 180,000 in 2004. Under the planned reorganization, the military eventually will have three military districts, each with its own headquarters and under the command of army headquarters in Addis Ababa. On paper, each district will have its own corps with two divisions and one mechanized brigade. A strategic reserve of six brigades will be located in Addis Ababa. According to sources, forces around Addis Ababa in 2004 (two divisional formations, each with three brigades) were thought to be well equipped with serviceable main battle tanks and other heavy, mechanized equipment. There are army bases throughout the country, including in Addis Ababa, Bahir Dar, Debre Zeyit, Dire Dawa, Gondar, Gore, and Jijiga.

Major Military Equipment: Ethiopia made significant purchases of arms from Russia in late 1999 and early 2000 before the May 2000 United Nations arms embargo went into effect. It is likely that much of that equipment suffered battle damage in the war with Eritrea, suggesting that raw numbers alone may overstate the capacity of the defense forces. The Ethiopian army possesses approximately 250 main battle tanks, 400 reconnaissance, armored personnel, and infantry fighting vehicles, 400 pieces of towed artillery, 50 multiple rocket launchers, 370 surface-to-air missiles, and a small number of self-propelled artillery. The Ethiopian air force has 48 combat aircraft (including 6 Su-27s, 25 MiG-21MFs, and 13 MiG-23BNs), 25 armed helicopters, and 12 transport helicopters. When Eritrea gained independence in 1993, Ethiopia became a landlocked nation. Most of the small Ethiopian navy was ceded to Eritrea at that time. Ethiopia has no strategic weapons and is a party to nuclear, chemical, and biological weapons treaties. Some stockpiles of chemical weapons used by Ethiopia in the 1978–79 war with Somalia remain, but the weapons are probably useless now.

Military Service: The term of service in the Ethiopian National Defence Force is 16 months, of which 4 months are training. Service is voluntary.

Paramilitary Forces: None.

Foreign Military Forces: As of early 2005, no known foreign military forces were in Ethiopia. The 3,800-member United Nations Mission in Ethiopia and Eritrea (UNMEE) is stationed inside Eritrea. No UNMEE forces are in Ethiopia.

Military Forces Abroad: Nearly 900 Ethiopian soldiers are stationed as United Nations peacekeepers in Burundi, and some 1,800 troops serve as peacekeepers in Liberia.

Police: Reliable estimates on the size of the Ethiopian police force are not available. The budget for public order and security, which covers police, doubled between 1997 and 1999 and is believed to have remained at a high level since that time.

Internal Threat: Sporadic violence has been reported in the northeastern Afar region between the Issa-Somali and the Afar. Ethnic clashes between the Anuak and the Nuer, which drew in people from central Ethiopia (known collectively as “highlanders”), broke out in 2003 in the far western Gambella area, displacing 20 percent of the population and leaving upwards of 1,000

people dead. Accounts of those responsible for the killings include possible involvement of government forces. Since the cease-fire with Eritrea, growing dissent within the Tigray-dominated military has increased, leading to threats of mutiny in 2001 over disputed salary increases. In order to quell any attempts at rebellion, army units considered loyal to the leadership in Addis Ababa have been deployed throughout the country. The army chief of staff and commander of the air force both were dismissed after a June 2001 clash between Ethiopian army units. In 2003 there were unconfirmed reports of air force personnel defecting to Eritrea or seeking asylum in third countries. The Oromo Liberation Front (OLF), created in 1973, is thought to be the primary insurgent force in Ethiopia. Its stated goal is to champion the political and cultural rights of the Oromo people, Ethiopia's largest ethnic group. Estimates of the size of the OLF vary, but active members may number in the low thousands. The Ogaden National Liberation Army (ONLA), founded in 1984, seeks the right to self-determination for Ethiopian Somalis in the Ogaden region of the southeast. No estimates are available on the size of the ONLA.

Terrorism: Ethiopia is not known to harbor international terrorists. Nonetheless, several terrorist incidents have occurred, most notably the attempted assassination in 1995 of President Hosni Mubarak of Egypt at Bole International Airport, for which the Sudanese government was blamed. Since 2001, Ethiopia has allied itself with the United States in its antiterrorism efforts in the Horn, and its armed forces participate in the U.S.-sponsored Combined Joint Task Force–Horn of Africa antiterrorism force based in Djibouti.

Human Rights: According to the U.S. Department of State's human rights report for 2004 and similar sources, the Ethiopian government's human rights record is poor. The Ethiopian government does not respect the basic human rights of many of its citizens. Police and security forces have harassed, arbitrarily and illegally detained, tortured, and in some cases, killed members of the political opposition, demonstrators, and suspected insurgents. Thousands of suspects remain in detention without charge, and lengthy pretrial detention continues to be a problem. Prison conditions are poor. The government often ignores citizens' privacy rights and laws regarding search warrants. Although fewer journalists have been arrested, detained, or punished in 2004 than in past years, the government nevertheless continues to restrict freedom of the press. The government limits freedom of assembly, particularly for members of opposition groups, and security forces have used excessive force to break up demonstrations. Violence and discrimination against women continue to be problems. Female genital mutilation is widespread, although efforts to curb the practice have had some effect. The economic and sexual exploitation of children continues, as does trafficking in persons. Forced labor, particularly among children, is a persistent problem. Low-level government interference with labor unions continues. Although the government generally respects the free exercise of religion, local authorities at times interfere with religious practice.