



Full Length Research Paper

**Evaluating Ethiopian Commodity Export Diversification:
 A Comprehensive Overview**

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Abstract

This study examines the level of diversification in various sectors of Ethiopian exports and explores the expansion of Ethiopian exports into new geographical markets. The analysis utilizes data from the Ethiopian Customs Commission and the World Integrated Trade Solution database. To measure export diversification, the study applies the Herfindahl-Hirschman Index (HHI) for major export items and destinations. Additionally, interviews and focus group discussions were conducted with officials and export associations to support the quantitative findings. The findings suggest that the diversification of Ethiopian exports has yielded mixed results. On the one hand, there has been an increase in the number of exportable items, resulting in a moderately diversified export portfolio and a well-diversified presence in global markets. However, when examining specific export sectors in terms of destination diversification, the results differ. The coffee and pulse sectors demonstrate a wide range of destinations, indicating a successful diversification strategy. Similarly, the food and beverage as well as the leather and leather product sectors show moderate diversification across destinations. In contrast, certain sectors such as oilseed, live animals, fruit and vegetables, textiles and garments, meat and meat products, khat, and flowers are highly concentrated in specific destinations. Overall, the study concludes that Ethiopia has experienced inconsistent and uneven diversification in terms of destination, with limited improvement in its export portfolio over the years. Efforts to move away from relatively inefficient sectors like live animals and leather and leather products have been made but more progress is needed.



1. Introduction

Trade policymakers in developing countries face a challenging dilemma related to trade diversification and specialization. On the one hand, these countries must diversify their exports to reduce dependency on a few products or markets, thereby reducing their vulnerability to external shocks. The acceleration of global trade in the latter half of the 20th century has seen patterns of trade vastly differ from those predicted by classical trade theories built around perfect competition, comparative advantage, and constant returns to scale (Hesse, 2008; Krugman, 1980). On the other hand, they also need to specialize in the sectors or industries where they have a comparative advantage to increase productivity and competitiveness and maximize gains from trade (Santos *et al.*, 2005). This calls for policymakers to balance maximizing efficiency through specialization and managing vulnerability to external shocks.

With a rich cultural heritage and abundant natural resources, Ethiopia has emerged as one of Africa's fastest-growing economies in the past decades. While the agriculture sector remains an important contributor to Ethiopia's economy, its share of GDP has declined steadily over the past decade, from 45.7% in 2010/11 to 32.4% in 2021/22 (National Bank of Ethiopia (NBE), 2022). This decline indicates a gradual shift towards other sectors as the economy diversifies. The industrial sector has been growing steadily, contributing more to the GDP over time. It accounted for 13% of the GDP in 2010/11 and increased to 28.9% in 2021/22. This growth can be attributed to efforts in industrialization and the development of manufacturing and construction industries in the country. The service sector has outpaced the agricultural sector

since 2014 and has become the leading contributor to Ethiopia's economy, accounting for 40% of GDP in 2021/22.

Several studies have indicated that when faced with uncertainty and risk aversion, diversification can be a more advantageous strategy than specializing solely based on comparative advantages (Osakwe, 2007; Belloc, 2006). The literature has naturally progressed to explore the relationship between export diversification and stages of development due to concerns about the vulnerability of less developed countries with limited export diversity, despite various motivations to do so. Moreover, richer countries, with their high levels of export diversification, serve as a point of comparison in this exploration (Del Rasel, 2019; Hesse, 2009; Agosin *et al.*, 2012).

Ethiopia's exports have been increasing steadily over time, growing from USD 5343.1 million in 2010/11 to USD 10,460 million in 2020/21, growing at 3.9% annually on average. According to the World Trade Organization (WTO), agricultural products accounted for approximately 81% of Ethiopia's total merchandise exports in 2019. This indicates that the country heavily relies on agricultural products for its export earnings. Any disruptions or challenges faced by this sector could significantly impact the country's export earnings and a negative trade balance can create vulnerabilities for a country's foreign currency reserves and overall economic stability. Despite the industrial sector's steady growth in contributing to GDP in the past decade, its contribution to export remains limited due to constrained export capacity.

Export diversification in Ethiopia is crucial for reducing dependence on a few products,

enhancing resilience to external shocks, promoting economic growth, developing new industries, increasing competitiveness, achieving a balanced trade and current account, and contributing to poverty reduction and income redistribution. Studies show that Ethiopian exports deviate significantly from their maximum potential, mainly due to various socio-political and institutional constraints specific to the country such as limited infrastructure, illegal trading, political instability, quality of products, poor promotion, and cumbersome custom procedure (Assefa, 2017).

In recognition of the importance of export diversification, Ethiopia has undergone significant transformations in its economy since the 1990s. The government has shifted from a centrally planned economy to a market-oriented one and implemented policies and initiatives to enhance competitiveness and broaden the range of exportable goods and services. However, the effectiveness and impact of these efforts require rigorous empirical analysis. To the best of my knowledge, there are a significant number of studies on export diversification (Hussien, · 2014; Berhanu, 2003; Mazengia et al., 2022; Kebede, 2020; Tesfay, 2016; and Asres, 2015). However, those studies solely focused on secondary data and failed to thoroughly identify the root causes of the gaps in export diversification.

Therefore, this paper aims to provide a comprehensive evaluation of Ethiopia's merchandise export diversification from 2010 to 2021. By analyzing the composition, markets, and competitiveness of Ethiopian exports during this period, this study intends to shed light on the country's progress in diversifying its export base, identify key drivers and obstacles, and offer insights for future

policy formulation.

2. Materials and methods

The data used in this study, to assess Ethiopian commodity export diversification comes, from the Ethiopian Customs Commission, the World Bank's World Integrated Trade Solution (WITS) database, and the International Trade Centre (ITC) Trade Map.

To measure export diversification, the study uses the Herfindahl-Hirschman index (HHI), which is a concentration index that can be easily implemented and adapted for different types of export diversification. HHI assigns more weight to products with larger shares by squaring shares before adding them up. The HHI is used as an inverse measure of Ethiopia's export diversification in this study. It can be expressed as follows:

$$HHI = \sum_{i=1}^N \left(\frac{x_i}{X}\right)^2$$

Where: x_i is the nominal domestic export value of commodity i (where the export commodities include coffee, gold, cut flowers, oil seeds, chat, pulses, leather and leather products, etc.); X is the country's total nominal export value; and N is the total number of export products.

The HHI ranges from near zero (indicating perfect diversification) to 1 (representing perfect concentration of exports in a single product). Lower values of HHI indicate a more diversified set of products, while higher values suggest a less diversified export portfolio.

In this study, specific thresholds are used to categorize the level of export diversification: $HHI < 0.15$ for diversified exports, $0.15 \leq$

HHI < 0.25 for moderately diversified exports, and HHI ≥ 0.25 for less diversified exports. Focus group discussion and interviews was also conducted with officials and export associations to substantiate the quantitative findings.

3. Results and Discussion

3.1. Performance of Ethiopian commodity export

Ethiopia's exports have been increasing steadily over time, growing from USD 5343.1 million in 2010/11 to USD 10,460 million in 2020/21. However, it is important to note that imports have also been increasing rapidly, growing from USD 10,160.7 million in 2010/11 to USD 23,809.3 million in 2020/21. This high level of imports has contributed to the country's persistent trade deficit.

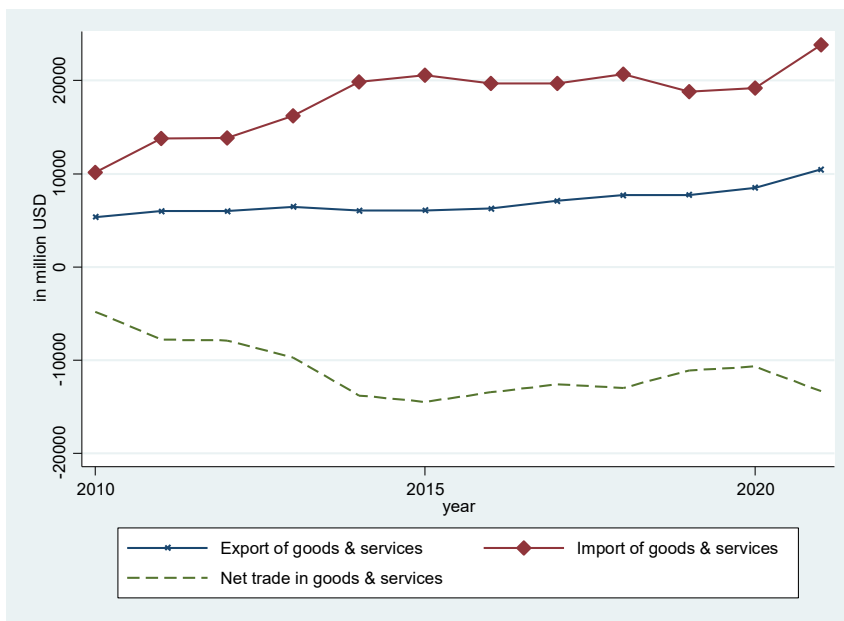


Figure 1: Trends of export and imports of goods and services and net trade (2010-2022)
Source: author's calculation based on NBE (2022)

Additionally, the current account balance, which includes official transfers, has been negative most of the years, indicating that the country has been spending more on imports than it has been earning through exports. However, the capital account balance has been positive, indicating that there have been

more inflows of foreign investment into the country than outflows of domestic investment to other countries. Overall, the overall balance of payments has fluctuated over the years, with some years showing a surplus while others show a deficit. In the final year reported, 2021/22, there was a significant

deficit, which could potentially raise concerns about the country's ability to service its external debts due to Covid 19, relative slowdown of the economy and internal war. It is also worth noting that Ethiopia's trade openness has been declining over time, falling from 47.3% in 2010/11 to 27% in

2021/22. This may reflect a decrease in the country's ability to compete in the global market and government actions in addressing economic imbalances. The trade balance as a percentage of GDP has also been negative throughout the period, ranging from -14.7% in 2010/11 to -10.5% in 2021/22.

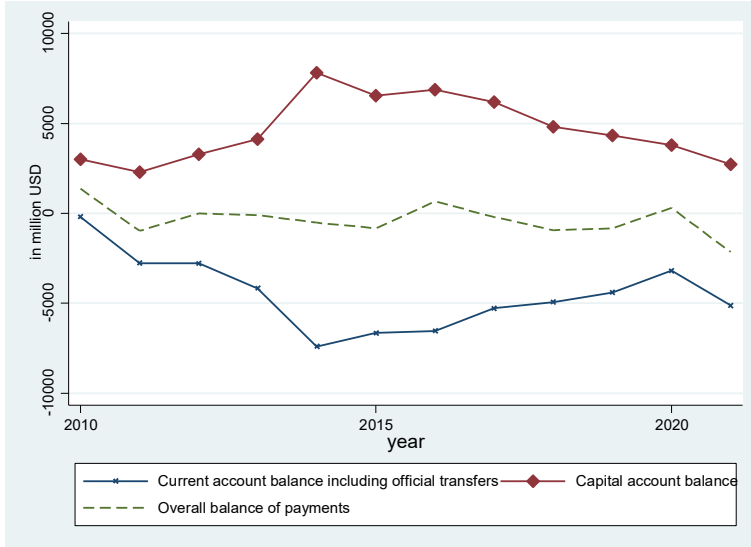


Figure 2: Account balance of Ethiopian (2010-2022) (Source: author’s calculation based on NBE (2022))

The share of imports in GDP has been decreasing over the years. In 2010/11, it was at 31%, and it gradually declined to 17.2% in 2020/21 before increasing slightly to 18.8%

in 2021/22. On the other hand, the share of exports in GDP has been relatively low throughout the years, ranging from 16.3% in 2010/11 to 8.3% in 2021/22.

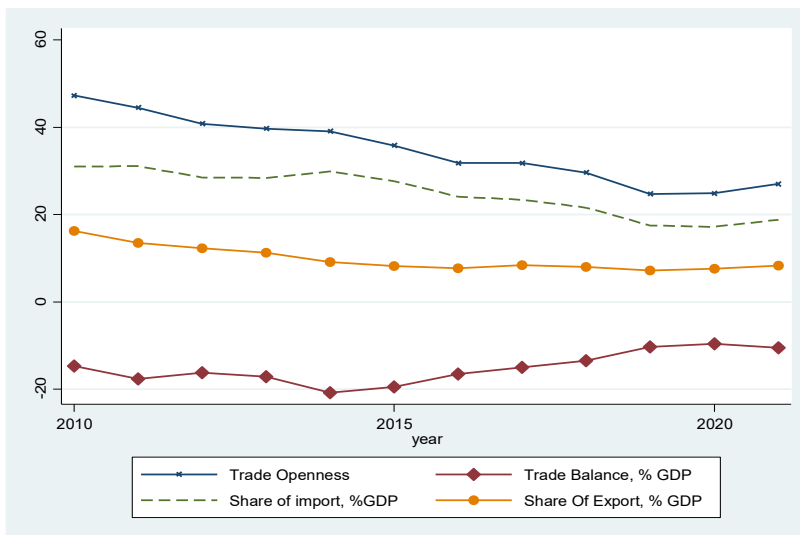


Figure 3: Trade openness and trade balance (2010-2022) (source: author’s calculation based on NBE (2022))

Overall, Ethiopia's trade balance divergence has been a challenge, with the country facing persistent trade deficits and a negative trade balance as a percentage of GDP. While the growth in exports is positive, efforts are needed to address the high levels of imports and improve competitiveness in the global market to support a sustainable improvement in the trade balance. The differences over time in the values of imports and exports of goods and services and the net trade in goods and services reflect the dynamic nature of international trade and its susceptibility to a wide range of economic and political factors.

From 2010/11 to 2012/13, there was a slight increase in total merchandise exports, reaching a peak of 3,152.7 million USD in 2011/12. However, from 2012/13 to 2014/15, there was a decline in exports, with the lowest value recorded at 2,996 million USD in 2014/15. In the subsequent years, from 2015/16 to 2019/20, there was a fluctuating trend in merchandise exports. The values ranged from 2,856.7 million USD in 2015/16

to 2,967.6 million USD in 2019/20. The increases and decreases in Ethiopian export performance can be attributed to fluctuating trend include changes in global demand for Ethiopian products, fluctuations in commodity prices and domestic production capacity and political instability and illegal smuggling of commodities. However, starting in 2020/21, there was a significant increase in merchandise exports, reaching 3,506.2 million USD. This growth continued into 2021/22, with exports further rising to 4,017.1 million USD due to increase in commodity prices like coffee, incentives for gold mining and growing of production. The average yearly growth rate of Ethiopian merchandise exports over the given period (2010/11 to 2021/22) is approximately 3.9%. This means that, on average, Ethiopian merchandise exports grew by around 3.9 % per year during the analyzed timeframe. These recent increases suggest a positive momentum in Ethiopian merchandise exports, and Ethiopia's economy is growing and becoming more integrated into the global market.

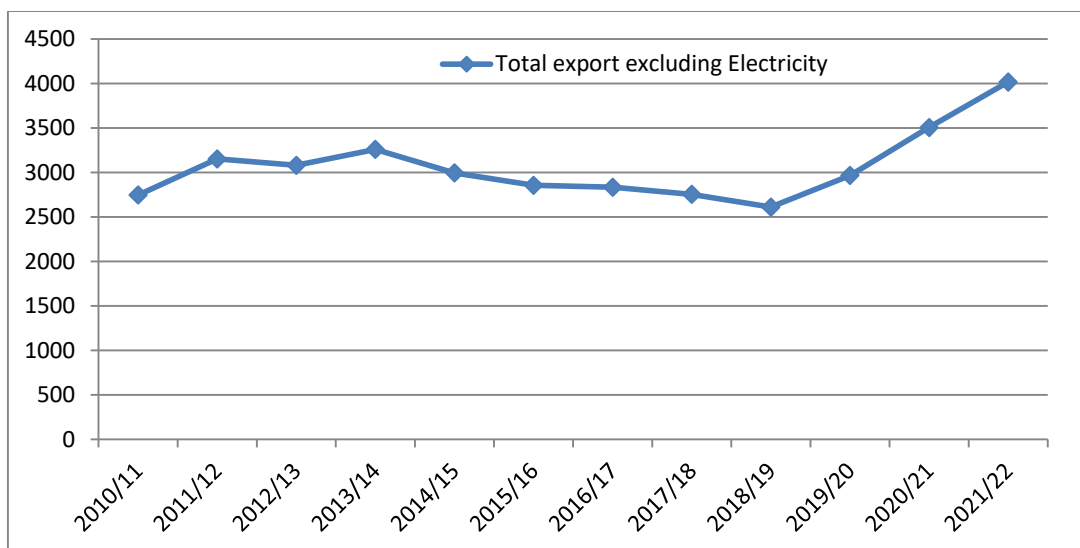


Figure 4: Trends of total export excluding electricity (2010-2022) (Source: Author's calculation based on ECC (2010-2022))

Ethiopia's export items have shown diverse trends in their share of total exports over the

analyzed period. Coffee and oilseeds have consistently maintained significant shares, with coffee experiencing a notable increase in recent years. Other products such as khat, flowers, leather, meat, and fruits and vegetables have demonstrated relatively stable shares without significant upward or downward trends. Conversely, gold exports have experienced fluctuations but have shown a decreasing trend in recent years. Live animals, minerals other than gold and tantalum, and food and beverages have consistently had lower shares throughout the analyzed period.

Figure 5 shows the 12-year average share of Ethiopian export items. Coffee, gold, oilseed, khat, flowers, and pulses remain the key export items for Ethiopia, contributing significantly to the country's export earnings. The other export items on the list, including fruits and vegetables, textiles and garments, meat and meat products, leather and leather products, and minerals other than gold and tantalum, have smaller shares compared to the top categories mentioned above.

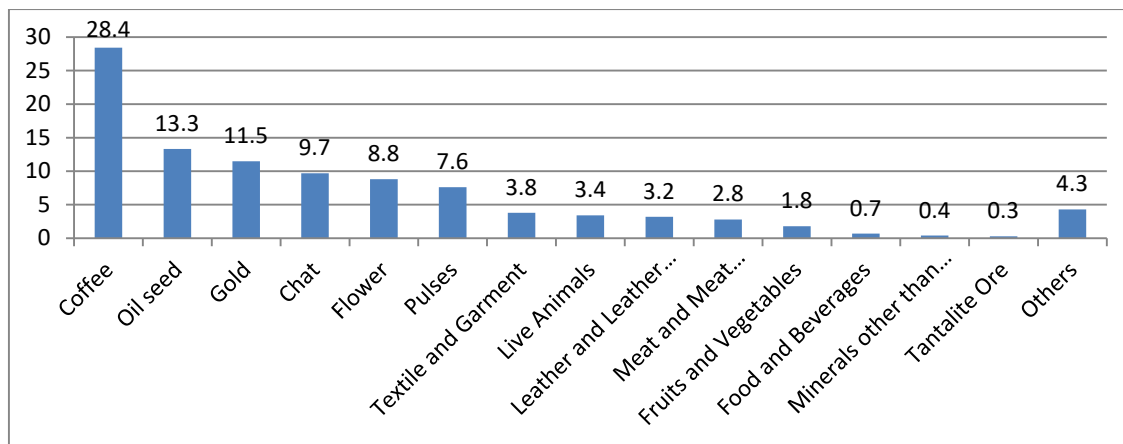


Figure 5: Average share of Ethiopian export item (2010-2022) (source: Author's calculation based on ECC (2010-2022))

3.2. Ethiopian export diversification

Export diversification refers to the strategy of expanding a country's range of export products or services and destination countries. It is often seen as an important goal for countries to reduce their dependence on a limited number of export items and destinations, as this can make them vulnerable to external shocks and economic downturns.

3.2.1. Number of export items

One key factor that can contribute to export

diversification is an increase in the number of export items. When a country has a greater variety of products or services to offer in the global market, it can tap into different industries and sectors, spreading the risk and increasing its chances of success. Having a larger number of export items allows a country to cater to different market demands and adapt to changing consumer preferences.

Table 1 shows number of export items based

on HS code 6¹. Despite some minor fluctuations, Ethiopia's export market has remained relatively stable from 2010 to 2020 and has shown potential for growth and diversification in recent years. It ranges from 1499 to

1785 export items as per HS Code 6 over the study period. This suggests there is potential for

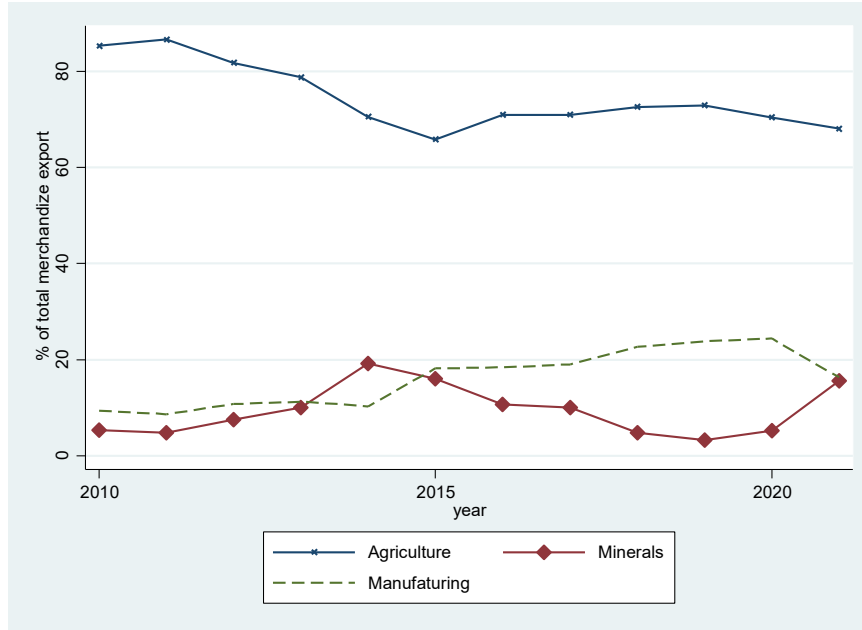


Figure 6: Sectoral contribution to merchandise export Source: Authors calculation based on Comrade

growth and diversification in Ethiopia's exportable items and its ability to participate in global trade. This could be due to the country's efforts to diversify its economy and reduce its dependence on agriculture, which has traditionally been the mainstay of Ethiopian export and economy in general. As

shown in figure agriculture is the dominant sector in Ethiopia's merchandise export, followed by manufacturing, while minerals have a relatively small share, accounting on average for 74.5%, 16.1% and 9.4 % respectively over the study period.

Table 1: Number of export items based on HS code 6

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ethiopia	1533	1539	1536	1499	1717	1652	1688	1785	1520	1667	1579
Ghana	1474	1844	1938	2282	2128	2102	1797	1980	1986	2147	NA
Kenya	3389	NA	NA	3277	NA	3399	3377	3306	3256	3242	3232
Nigeria	873	1510	972	1228	990	1002	274	328	491	434	359
Rwanda	765	858	503	1018	1069	1140	1023	1309	2039	2243	NA
Tanzania	2230	2343	2424	2330	2362	2156	2167	2096	2200	2327	2289

¹ HS code 6 means a Harmonized System (HS) is an international standard for classifying traded goods, and it is used by customs authorities to determine tariffs, quotas, and other import/export regulations. A shorter code represents broader product categories, while

a longer code indicates more specific sub-categories. At the international level, the Harmonized System (HS) for classifying goods is a six-digit code system.

Uganda 2149 2188 2324 2419 2420 2440 2364 2172 2186 2231 2110

Source: Trade map and WITS

Having a diverse range of export items enables Ethiopia to spread its risks across multiple products and services, reducing its vulnerability to fluctuations in demand for any one particular product or service. This also helps to create a more resilient economy, which is better able to withstand external shocks such as changes in global economic conditions or commodity prices. However, Ethiopia's export items are comparatively lower than those of some African counterparts, such as Ghana, Tanzania, Uganda, and Rwanda, in recent times.

3.2.2. Number of export partners

The number of export partners also plays a crucial role in export diversification. By having more trade relationships with different countries, a country can access a wider range of markets and customers. This reduces its reliance on a limited number of trading partners and enhances market opportunities. When a country has multiple export partners, it can mitigate the risks associated with economic or political changes in any particular trading partner, ensuring a more stable and

sustainable export environment.

Looking at Table 2, we can see that Ethiopia had fewer export partners than most of the other African countries listed in the table due to limited diversification and export promotion. While Ethiopia's number of export partners was not as high as some of the other countries, it did show consistent growth over time, which could be seen as a positive sign for the country's economy. It suggests that Ethiopia has been able to steadily expand its export markets and develop new trade relationships, which could contribute to diversification in terms of destination. However, it is also worth noting that having a large number of export partners does not necessarily guarantee economic success, as the quality of those trade relationships and the competitiveness of the goods being exported are also important factors. Therefore, while the number of export partners is a useful metric for assessing a country's trade relationships, it should be considered alongside other indicators to get a more complete picture of a country's economic performance.

Table 2: Number of export partners

Country Name	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Ethiopia	135	142	143	141	144	154	146	144	148	149	147
Kenya	164	NA	NA	169	NA	181	174	173	176	179	182
Nigeria	145	135	148	148	151	156	115	116	116	111	115
Tanzania	157	149	146	158	150	155	158	151	147	151	142
Uganda	136	139	138	141	140	130	136	134	140	137	132

Source: WITS

3.2.3. Export Market Penetration

This indicator measures the extent to which a country's exports are reaching international markets. The indicator measures a country's

export penetration into established markets. It's determined by dividing the number of countries that import a specific product reported by the exporter, by the total number of countries importing the product in that year

(WITS, 2020). A low export penetration could indicate trade barriers hindering firms from expanding into new markets. Table 3 presents the index of export market penetration for Ethiopia and its neighborhood.

Ethiopia's export market penetration has shown a gradual increase from 2010 to 2020. The values for Ethiopia have consistently increased over the years, starting at 2.08% in 2010 and reaching 2.77% in 2020. This indicates that Ethiopia has been able to expand its presence in international markets and increase its share of exports. However, compared to Egypt, Kenya, Nigeria, and South

Table 3: Market Penetration

Country Name	2010	2015	2020
Egypt	6.64	6.69	6.52
Ethiopia	2.08	2.15	2.77
Kenya	3.30	3.70	3.41
Malawi	1.54	1.56	1.60
Nigeria	2.75	2.95	3.19
South Africa	13.95	14.31	12.52
Tanzania	2.34	2.59	2.52
Togo	1.65	1.77	1.65
Uganda	1.83	2.10	2.09

Source: WITS

3.2.4. Diversification among major export products

The results presented in Figure 7 show the Herfindahl-Hirschman Index (HHI) among Ethiopian commodity exports from 2010 to 2021. The HHI measures the concentration of exports among major commodities, with lower values indicating higher diversification. We observe a declining trend in the HHI values from 2010 to 2012, indicating a gradual increase in export diversification during this period. However, in subsequent years,

Africa, Ethiopia's export market penetration is relatively lower, due to challenges or limitations in terms of competitiveness, limited diversification, access and information to global markets and quality challenges. Addressing these challenges could be crucial for Ethiopia to enhance its export performance. The data also highlights potential market opportunities for Ethiopia. As other African countries have achieved higher export market penetration, Ethiopia can learn from their experiences, identify successful strategies, and explore new avenues to increase its own market penetration.

from 2013 to 2019, there was a slight increase in the HHI values, suggesting a slight decrease in export diversification. This trend was followed by another decline in the HHI value in 2020, indicating a partial recovery in export diversification, before a significant jump in 2021. The HHI value among major commodities has been fluctuating over the years, ranging from 0.133 in 2012 to 0.196 in 2021, over all showing a moderately diversified export portfolio.

The fluctuation in HHI values over the years among major exportable items reflects the

changing composition of Ethiopian commodity exports and the extent to which these exports are concentrated within a few major commodities. The decline observed in export diversification from 2013 to 2019 may be attributed to factors such as changes in international market demand, fluctuations in global

commodity prices, and the country's own production limitations and preferences. Recently, the efforts to diversify have also been affected by COVID-19, especially in the fields of textiles and garments and horticulture (flowers, fruits, and vegetables).

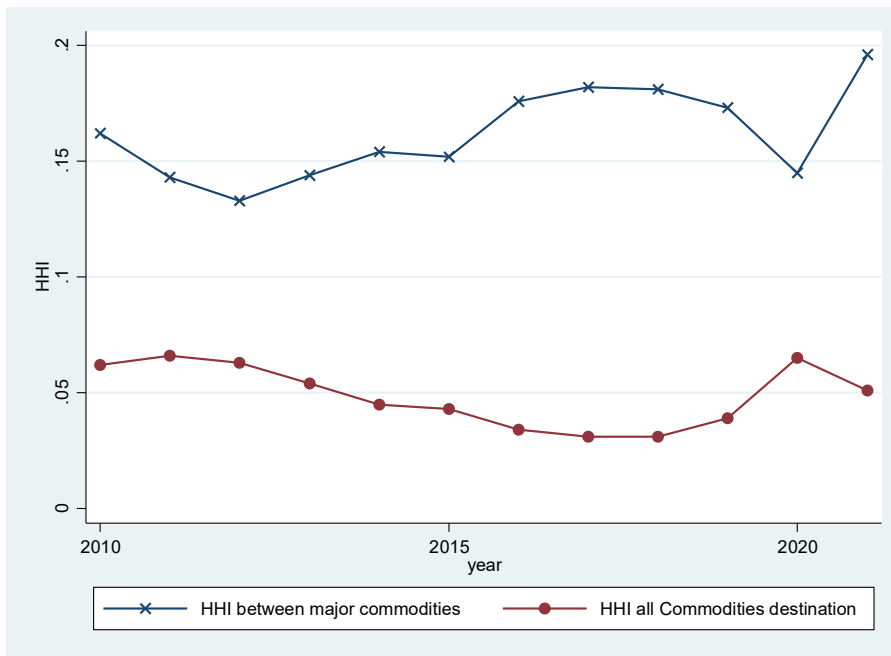


Figure 7: HHI among major export items and destination (source: Author's calculation based on ECC (2010 – 2022))

Figure 8 also shows the trend of major exportable item share to total commodity export. Coffee is also considered a strategic commodity for the country, as it is the country's largest export commodity and a significant source of foreign exchange earnings. The share of coffee exports in total exports has shown some fluctuations, but overall, it has maintained a significant share of total exports. The share of coffee exports ranged from 22.0% to 35.5% during the analyzed period. Notably, there was a significant increase in the share in 2021/22, reaching 35.5%. The average share of coffee exports is approximately 28.4%. The increasing share of coffee

in Ethiopian exports indicates its strong position in the international market. It suggests that Ethiopia has a competitive advantage in coffee production and trade, which contribute significantly to the country's export earnings.

Oilseed exports have also shown high fluctuations in their share, but overall, there is a decreasing trend. The share declined from 19.7% in 2013/14 to 6.6% in 2021/22. Until the fiscal year 2018/19, it served as the second-largest contributor to the country's export earnings. However, starting in the fiscal year 2019/20, it dropped to the third position,

with cut flowers taking its place as the second-largest contributor. The average share of oil seed exports was approximately 13.3% over the study period. This implies that the country is highly dependent on oil seed exports for revenue generation.

Gold exports have shown notable fluctuations in their share of total exports, which is a reflection of fluctuations in the value and volume of products. The share ranged from 1.1% in 2017/18 to 19.1% in 2011/12. From 2012/13 to 2018/19, there was a consistent decrease in the gold share. This decline cannot be attributed to a shift towards another sector; instead, it reflects a continuous decline in both the value and volume of gold exports. The average share of gold exports is approximately 11.5%. The fluctuating share of gold exports implies that its market conditions can vary over time. Factors such as global demand, prices, smuggling due to the high exchange rate in the parallel market, and mining activities can impact the export share of gold. It highlights the need for monitoring and managing fluctuations in the gold market to maximize export revenues.

The share of khat exports remained relatively stable with some increment over the years, ranging from 7.6% in 2011/12 to 11.5% in 2020/21. However, in 2021/22, there was a decrease to 9.8%. The average share of khat exports over the study period was approximately 9.7%, which indicates the significance of khat as an export item during the given period. The increasing share of the khat sector in Ethiopian exports suggests its growing importance and sustained market demand. This diversification strategy beyond traditional exports contributes to economic growth, job creation, and income for farmers.

The share of flower exports has varied over

the years, but it has generally shown a positive trend. It has increased from 6.4% in 2010/11 to 13.5% in 2021/22. The average share of flower exports is approximately 8.8%. The increasing share of flower exports signifies the growth potential and success story of Ethiopia's diversification efforts. Continued investment and development in the flower sector can further boost export earnings.

Ethiopia has seen a gradual increase in the proportion of pulse exports within its overall merchandise exports. The export share has steadily risen from around 5% in 2010/11 to a peak of 10.4% in 2018/19. However, there has been a rapid decline in recent years, reaching 5.3% in 2021/22 due to a decrease in the volume of pulse exports during these periods.

Upon analyzing the pulse export share trend, it is evident that there has been a gradual increase in the proportion of Ethiopian pulses within the country's merchandise exports. In the period from 2010/11 to 2011/12, the export share stood at approximately 5%. Subsequently, between 2012/13 and 2014/15, it reached above 7.5% on average. This positive trajectory continued from 2015/16 to 2017/18, with the export share consistently surpassing 9.5%. The peak of Ethiopia's pulse export share was recorded in 2018/19 at 10.4%. However, in the subsequent three years, there was a rapid decline, with export shares of 7.5%, 6.3%, and 5.3% in 2019/20, 2020/21, and 2021/22 respectively, primarily due to a decrease in the volume of pulse exports during these periods. Overall, the average export share of Ethiopian pulses throughout the entire period was approximately 7.6%. The consistent presence of pulses in Ethiopian exports indicates the country's ability to maintain its market share in this

commodity.

The share of textile and garment exports in total export earnings has been increasing over the years. It started at 2.2% in 2010/11 and gradually rose to reach 5.9% in 2018/19. However, there was some decline in subsequent years due to the COVID-19 pandemic and, to some extent, Ethiopia's suspension from AGOA (decided on November 20, 2021 and became effective on January 2, 2022). The average share of the sector stood at 3.8%. The positive trend in Ethiopia's textile and garment exports can be attributed, at least in part, to trade agreements like AGOA (Ethiopia was suspended from AGOA in 2022) and EBA, which provide duty-free access to the US and EU markets.

The share of live animal exports has generally decreased over the years. The share declined from 5.4% in 2010/11 to 0.7% in 2021/22. The average share of live animal exports is approximately 3.4%. Ethiopian leather and leather products remained relatively consistent from 2010/11 to 2021/22, with a range of 3.8% to 4.8%. However, from 2017/18 onwards, there was a noticeable decline in the export share, which reached its lowest point of 0.8% in 2021/22. The share of meat and meat product exports from Ethiopia has fluctuated over the years. It remained relatively stable between 2.3% and

2.5% from 2010/11 to 2014/15. There was a notable increase from 2014/15 to 2016/17, where it rose from 3.1% to 3.5%. From 2017/18 to 2019/20, the share ranged between 3.4% and 3.7%. However, there was a slight decline in recent years, with shares of 2.3% in 2020/21 and 2.1% in 2021/22. On average, Ethiopian meat and meat products have maintained a consistent presence in the export market, with an average share of 2.8% over the entire period.

While there are fluctuations in the share of Ethiopian fruit and vegetables in the total export, there has been an increasing trend from 2010/11 to 2018/19, followed by a more volatile pattern in subsequent years. The share started at 1.2% in 2010/11 and gradually increased to 2.2% in 2021/22. The average share over the entire period stands at 1.8%. Food and beverage exports from Ethiopia have historically had a small share of total exports. There has been a noticeable upward trend in the past decade. It has increased from 0.3% in 2010/11 to 1.4% in 2021/22. On average, over the period analyzed, the food and beverage share of total exports stood at 0.7%. This indicates the growing importance and competitiveness of the Ethiopian food and beverage industry.

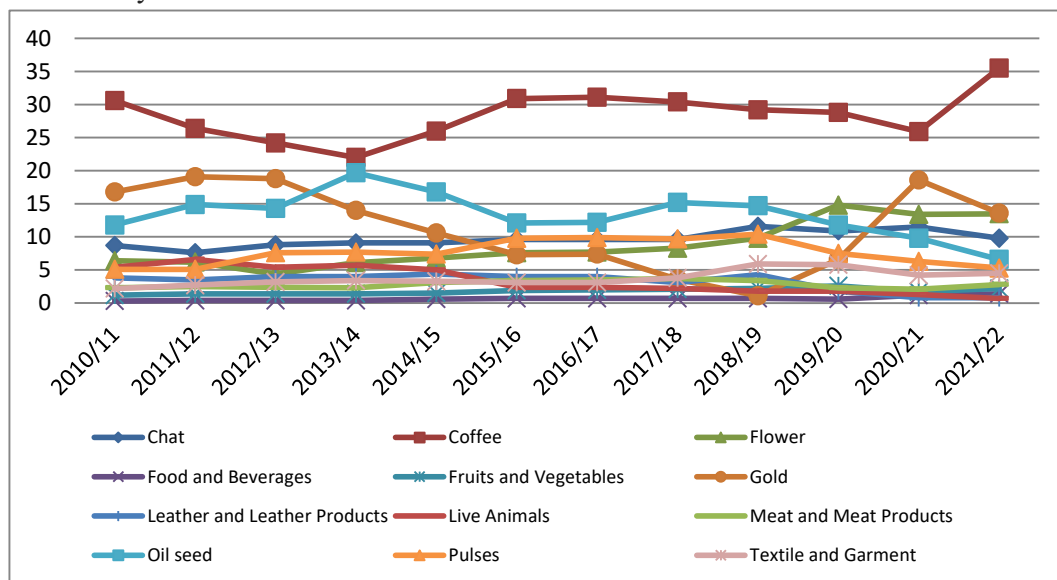


Figure 8: trends of major export item share to total commodity export (2010-2021) (Source: Author’s calculation based on ECC (2010 – 2022))

3.2.5. Diversification across Destinations

As shown in Figure 7, the HHI for all commodities destined for Ethiopia fluctuated over the years, ranging from 0.031 in 2018 to 0.065 in 2020. From 2010 to 2012, the trend was almost stagnant around 0.061, with a slight concentration in Ethiopian commodity exports across destinations during that period. Subsequently, the HHI across destinations started to decline from 2013 onwards, reaching its lowest point in 2017 at 0.031, indicating a decrease in concentration and a move towards more diversified commodity exports across destinations. This positive development is due to increase in bilateral trade agreements and using of preferential trade agreements. Nonetheless, the trend reversed in 2020 and 2021, with the HHI increasing again to 0.065 and 0.051, respectively due to Covid 19 restrictions in some countries and production. This indicates a recent increase in concentration and a reduction in diversification in Ethiopian commodity exports across destinations. Overall, Ethiopia's exports in general are well diversified across

destinations and are not concentrated in only a few destinations, as the value of HHI is below 0.15.

The findings from this section shed light on the changing patterns of Ethiopian commodity export diversification across destinations over the past decade. The overall trend suggests a move towards greater diversification until 2017, followed by a slight setback in the subsequent years. These fluctuations in diversification levels highlight the dynamic nature of Ethiopia's commodity export market. Factors such as changes in global trade dynamics, market demands, and domestic policies may have influenced the concentration or diversification of Ethiopian commodity exports during the study period. It is worth exploring these factors in further research to better understand the drivers behind the observed trends.

Table 4: Export Destination Diversification

particulars	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	average
	Coffee	0.15	0.1	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.1	0.0	0.0
	2	34	22	10	06	01	95	02	96	01	92	92	09
Oilseed	0.41	0.3	0.3	0.3	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	0.2
	0	72	27	83	21	91	81	04	39	61	56	55	83
Leather and	0.16	0.1	0.1	0.1	0.1	0.1	0.2	0.3	0.2	0.2	0.2	0.1	0.2
Leather	2	61	63	47	83	88	14	08	18	76	22	71	01
Product													

Flower	0.71	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.5	0.4	0.4	0.4	0.6
	8	99	70	69	62	21	05	00	67	86	97	83	06
Food and Beverages	0.15	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.1
	2	79	67	34	37	59	54	54	50	68	34	26	60
Fruits and Vegetables	0.23	0.2	0.3	0.3	0.3	0.4	0.3	0.3	0.2	0.3	0.3	0.3	0.3
	4	46	08	76	96	05	87	70	90	22	09	23	31
Live Animals	0.22	0.1	0.1	0.2	0.2	0.3	0.2	0.3	0.5	0.4	0.3	0.3	0.3
	3	95	74	88	15	15	55	36	49	16	28	38	03
Meat and Meat Products	0.42	0.3	0.4	0.4	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
	2	99	52	79	04	98	63	48	69	54	76	23	57
Pulses	0.09	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1	0.1	0.1	0.1	0.1
	0	99	77	67	89	26	95	08	18	02	23	01	00
Textile and Garment	0.27	0.3	0.3	0.3	0.3	0.2	0.1	0.2	0.3	0.4	0.5	0.5	0.3
	3	80	29	53	30	54	78	15	92	67	02	10	49
HHI all Commodities destination	0.06	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	2	66	63	54	45	43	34	31	31	39	65	51	49

Source: Author's calculation based on ECC (2010-2022)

While the decrease in concentration from 2013 to 2017 is a positive development, the recent increase in concentration in 2020 and 2021 raises concerns about the resilience and stability of Ethiopia's commodity export sector. A high level of concentration can make the country vulnerable to shocks and disruptions, as it becomes overly dependent on a few key markets. Therefore, policymakers and industry stakeholders need to closely monitor and address the drivers behind this recent increase in concentration to ensure long-term sustainability and resilience in Ethiopian commodity exports.

To have a more detailed understanding of the concentration or diversification of Ethiopia's exports, it is important to examine specific export sectors to allow targeted interventions and policy recommendations. Table 4 shows export destination diversification from 2010 to 2021 for major export items.

For coffee exports, the HHI values range

from 0.092 to 0.152 over the twelve-year period. This suggests a relatively low level of concentration, indicating that coffee exports are spread out across destinations and hence well diversified. However, there is a slight increase in concentration towards the end of the period. As shown in Figure 9, there is no high concentration of coffee in terms of destination. Germany is relatively the largest destination for Ethiopia's coffee exports, accounting for 19.8% of the total. Saudi Arabia is the second-largest destination, with a share of 14.9%. This indicates a significant demand for Ethiopian coffee in the Middle Eastern market, specifically in Saudi Arabia. The United States accounts for 10.7% of Ethiopia's coffee exports. This shows that Ethiopian coffee has a notable presence in the American market. Japan and Belgium hold about 8% each as destinations for Ethiopian coffee exports. Korea, Italy, and France each account for about 4% of Ethiopia's coffee exports. Sudan accounts for 2.8% of Ethiopia's coffee exports. This suggests that Ethiopian

coffee is also consumed within the African region. The category "others" represents a combined share of 19.4%. This includes various countries not individually listed in the table, indicating that Ethiopian coffee is exported to a diverse range of markets worldwide. While certain markets show higher

shares, there are still significant opportunities for growth in other destinations. The "others" category represents a notable share, indicating that Ethiopian coffee has the potential to expand into new markets and reach even more consumers globally.

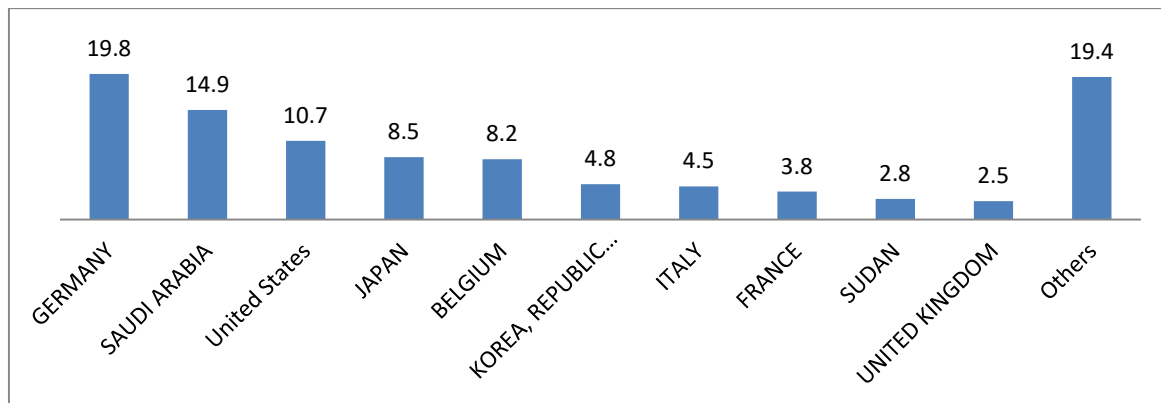


Figure 9: Major destination of Coffee (Source: Author's calculation based on ECC (2010 – 2022))

The HHI values for oilseed exports have been quite volatile, ranging from 0.139 in 2018 to 0.421 in 2014, implying that Ethiopia's oilseed exports are concentrated in only a few destinations, and hence are less diversified. Ethiopia heavily relies on China as the primary buyer of its oilseed exports, accounting for a substantial 43.7% share. This heavy dependence on China poses inherent risks since any changes in demand or trade policies by China could significantly impact Ethiopia's oilseed industry. Following China, Israel stands as the second-largest destination

with an 18.1% share, indicating a strong trade relationship between Ethiopia and Israel, specifically for oilseed exports. However, it is encouraging to note that Ethiopia has made efforts to diversify its market reach by exporting oilseeds to multiple destinations. The United Arab Emirates holds a moderate 6.5% share, showcasing a significant level of export activity from Ethiopia to this country. Turkey accounts for 5.2% of the oilseed export share, whereas Vietnam holds a relatively smaller but still notable share of 4.0%.

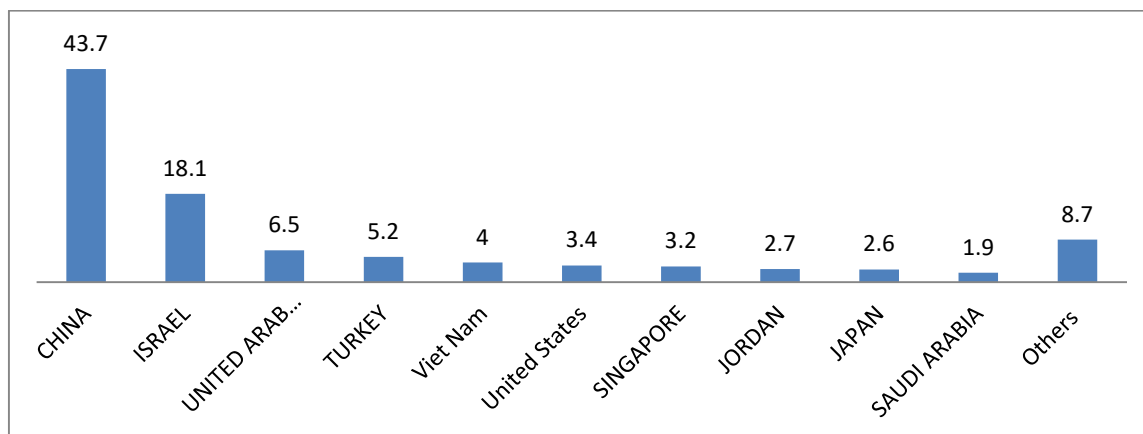


Figure 10: Major Destination of Oilseed (Source: Author’s calculation based on ECC (2010 – 2022))

The HHI values for leather and leather product exports have been fluctuating over the years, ranging from 0.147 in 2013 to 0.308 in 2017, which suggests that Ethiopia's exports in this sector are not well diversified across destinations. China has the highest share percentage at 31.0%, and the United States follows with a share of 15.1%. Hong Kong holds a share of 13.4%. Italy accounts for 11.7% of the export destination share. The high share percentage for China, the United

States, Hong Kong, and Italy indicates that these countries are currently the major importers of Ethiopian leather and leather products, accounting for about 71%. This suggests a concentration of market demand in these specific countries. While the top export destinations hold the majority of the share, there is still room for growth and diversification. Emerging markets, such as Thailand, Vietnam, Indonesia, and African countries, present opportunities for expansion.

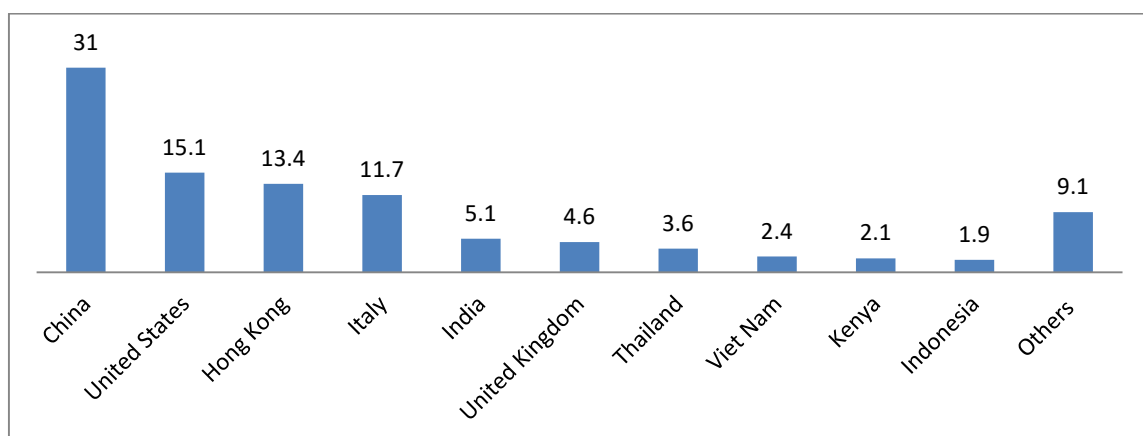


Figure 11: Major destination of leather and leather product Source: Author’s calculation based on ECC (2010-2022)

The HHI values for Ethiopian flower exports range from 0.718 in 2010 to 0.483 in 2021. In 2010, the HHI value indicated that the Ethiopian flower industry was heavily reliant

on a few destination markets with a relatively concentrated export distribution. However, by 2021, the HHI value would have reduced significantly. The decreasing HHI values

over the years suggest that Ethiopian flower exporters have successfully tapped into new markets and reduced their dependence on a few specific destinations.

This diversification is crucial for the long-term sustainability of the flower industry, as it reduces the vulnerability associated with overreliance on a limited number of markets. By expanding their market reach, Ethiopian flower exporters can mitigate the risks associated with changes in demand or disruptions in specific markets.

The decreasing trend in HHI values also signifies that Ethiopian flower exporters have effectively identified and entered new markets in different regions across the globe. This diversification strategy has likely been facilitated by government support, industry collaborations, and effective marketing strategies.

However, it is important to note that despite the positive trend, the Ethiopian flower industry still has room for further diversification. The HHI values in the most recent years, 2020 and 2021, indicate that while progress has been made, there is still a degree of concentration in the export distribution. Figure 12 shows the distribution of Ethiopian flower exports across destinations. The Netherlands accounts for the largest share at 74.9%. Saudi Arabia holds a relatively significant share of 6.7%. The United Kingdom, Norway, Germany, the United States, and the United Arab Emirates have shares ranging from 2.2% to 2.5% each. Efforts should be made to continue exploring and entering new markets to further reduce reliance on a few dominant destinations. This can be achieved through targeted market research, strategic partnerships, and promotional activities aimed at expanding the reach of Ethiopian flower exports.

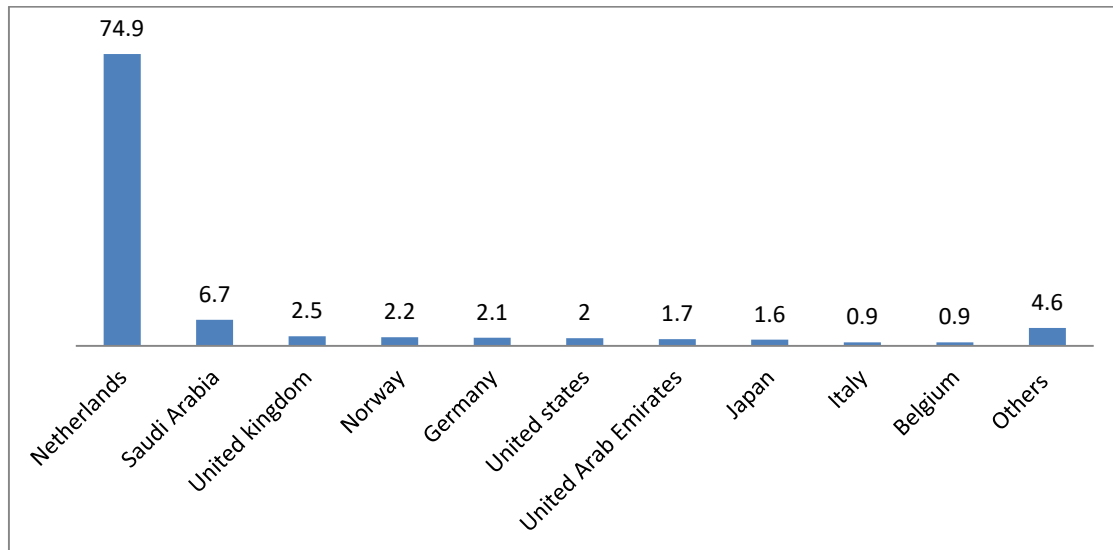


Figure 12: Major destination of flowers (Source: Author’s calculation based on ECC (2010 – 2022))

The pulse sector reveals a varying level of diversification over the period from 2010 to 2021. The HHI values ranged from 0.067 in 2013 to 0.126 in 2015, indicating good levels

of diversification in the export destination market.

From 2010 to 2014, the HHI values for the

destination of Ethiopian pulse exports remained relatively low, suggesting a good level of diversification. However, in subsequent years, the diversification in the pulse export sector showed some degree of concentration. Overall, the results suggest that although the Ethiopian pulse export sector experienced fluctuations in the level of diversification, the sector was well-diversified across the destination markets, and there is room for improvement in expanding the range of destination markets. This could enhance the resilience and competitiveness of the sector in the global market.

India is the largest destination for Ethiopia's pulse exports as well, accounting for 17.4% of the total share. This indicates a strong demand for Ethiopian pulses in the Indian market. Pakistan is the second-largest destination, with a share of 12.2%. With a share of

9.6%, Indonesia is another significant destination for Ethiopia's pulse exports. This implies that the Indonesian market has a considerable demand for Ethiopian pulses. Vietnam accounts for 7.7% of the share, indicating that Ethiopian pulses are exported to this country as well. Ethiopian pulses are exported to Russia with a share of 2.4%, albeit to a lesser extent compared to other destinations. It suggests that there is a market for Ethiopian pulses in the Asian region at large. The UAE and Yemen have a share of 6.0% and 3.9%, respectively, indicating that Ethiopian pulses are exported to these Middle Eastern countries. Neighboring countries Sudan and Kenya have a share of 7.5% and 4.5%, respectively. This suggests that these neighboring countries also import a significant number of pulses from Ethiopia.

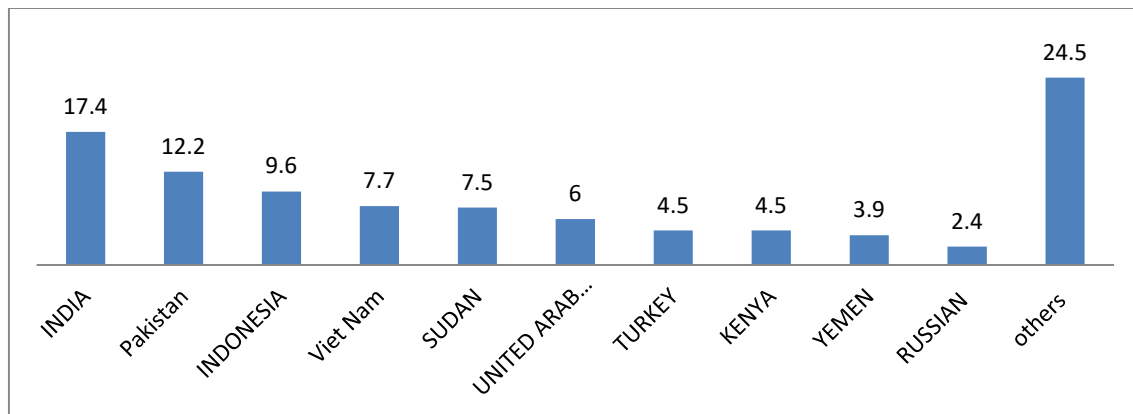


Figure 13: Major destination of pulses (source: Author's calculation based on ECC (2010 – 2022))

The results obtained from the analysis of Ethiopian commodity export sector diversification for the textile and garment sectors indicate that there has been a fluctuation in the concentration of export destinations over the years. The Herfindahl-Hirschman Index (HHI) values range from 0.178 in 2016 to

0.51 in 2021, indicating less diversification in the sector's export destinations.

The decreasing trend in HHI values from 2010 to 2015 suggests a relatively higher diversification of export destinations during this period. However, the sector experienced

a concentrated export pattern in the following years, with HHI values gradually increasing from 2016 to 2021. The peak in concentration observed in 2021, with an HHI value of 0.51, suggests a greater reliance on a few major export destinations for the textile and garment sectors. This may be due to Ethiopian access to preferential trade agreements with the EU and USA (EBA and AGOA, respectively) that allow Ethiopian products duty- and quota-free access.

As shown in Figure 14, the United States is the largest destination for Ethiopia's textile and garment exports, accounting for 37.9% of the total. This indicates that Ethiopia has been able to take advantage of the trade benefits provided by AGOA. Germany, Italy, the United Kingdom, Spain, and France, which are listed as destinations in the graph, are all part of the European Union, accounting for a 37.5% share, similar to the United States. The substantial shares of exports to these countries suggest that Ethiopia has also been

leveraging the benefits of EBA to export its textile and garment products to the European market. Turkey accounts for 10.5% of the exports, indicating a decent market presence for Ethiopian textiles and garments in Turkey. China's share is 3.2%, indicating a smaller market size compared to the previously mentioned countries.

Overall, the analysis implies that Ethiopia has been able to benefit from the preferential trade agreements, specifically AGOA and EBA, to expand its textile and garment exports to the United States and European Union markets. Relying heavily on these markets can lead to a dependency that may result in vulnerability if market conditions change or preferences are withdrawn (as Ethiopia suspended AGOA in 2022). Therefore, increasing efforts to diversify its export destinations beyond preferential trade agreements like AGOA and EBA is important and allows for more opportunities and resilience in the international market.

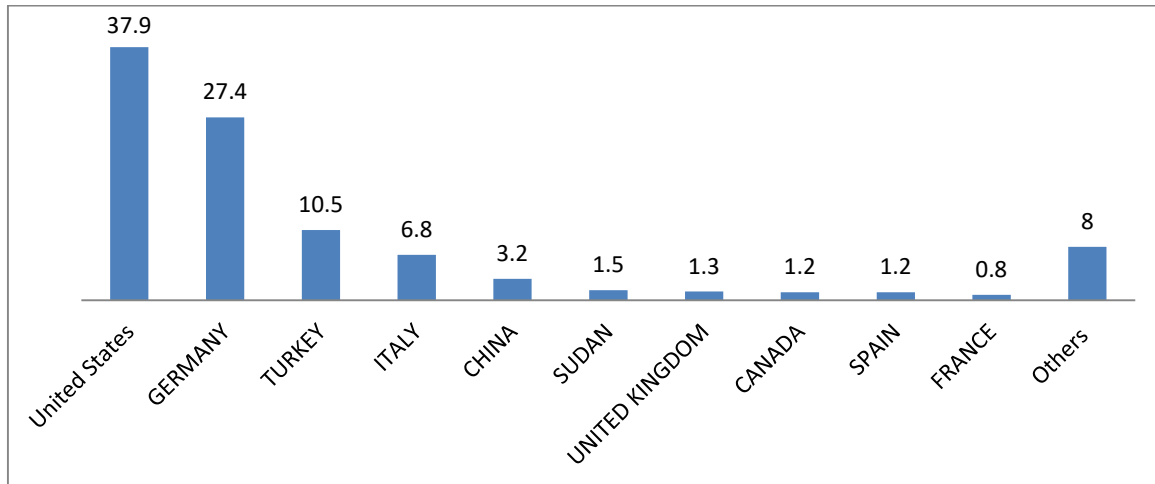


Figure 14: Major destination of textile and garments (Source: Author's calculation based on ECC (2010-2022))

From the data, it can be observed that the HHI for the destination of live animals in the Ethiopian commodity export sector has fluctuated over the years. In 2010, the HHI was

0.223, indicating a moderately diversified market. However, the concentration of the market increased in the following years. The

year 2018 saw a significant increase in market concentration, with the HHI reaching 0.549. In the subsequent years, market diversification improved, albeit at a slower pace. The HHI values for 2019, 2020, and 2021 were 0.416, 0.328, and 0.338, respectively. These values suggest that there was some degree of diversification in the destination countries for Ethiopian live animal exports during this period. Overall, the HHI for live animals shows high concentrations with limited destinations.

As shown in Figure 16, Ethiopia's live animal exports have specific destinations, with Somalia leading the pack at 31.8%, followed by Egypt at 16.3%, and Yemen at 13.8%. Sudan receives 10.4%, while Djibouti captures a significant share of 9.9%. These figures demonstrate the importance of neighboring countries in Ethiopia's live animal trade. Factors such as shared borders and historical trade connections contribute to these regional trade relationships.

It's interesting to note that neighboring countries like Somalia, Sudan, Djibouti, Yemen, and even Libya are not end users of the live animals. Instead, they import from Ethiopia and then re-export the livestock to the Middle East. While Saudi Arabia represents 7.2% of Ethiopia's live animal exports, the United Arab Emirates (UAE) accounts for 3.7%, Oman for 1.4%, and Bahrain for 0.9%. The reason for concentration in neighboring and Middle Eastern countries is that Ethiopia's favorable geographic location plays a significant role in facilitating live animal exports. Ethiopia benefits from its strategic location near Red Sea ports and close proximity to Arabian Peninsula countries, which provides logistical advantages as well as cultural and religious similarities. One notable advantage Ethiopia has is its compatibility with Arabian countries in terms of the practice of self-slaughtering during meals, which allows them to easily supply live animals.

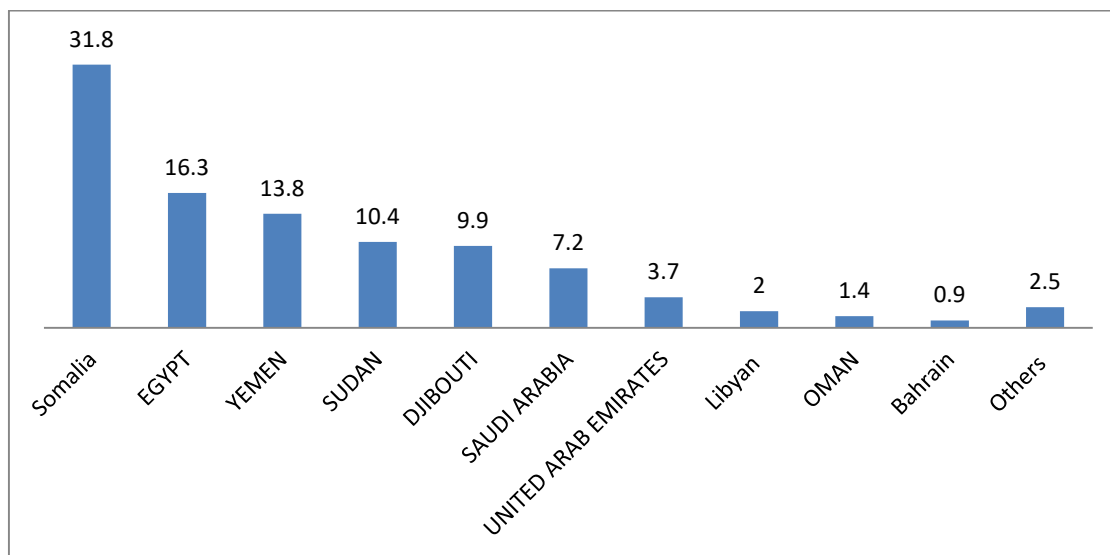


Figure 15: Major destination of live animals (Source: Author's calculation based on ECC (2010-2022))

Similarly, the diversification of the Ethiopian meat and meat product export sector has been

limited over the years. The relatively high

HHI (0.47) scores indicate a significant degree of concentration in the destination markets, which can pose risks for the sector. With a share of 57.4%, the UAE stands out as the primary destination for Ethiopian meat and meat products. Saudi Arabia is the second-largest importer, accounting for 35.4% of the share. The top two destinations, the UAE and Saudi Arabia, collectively cover approximately 93% of the total share.

While the UAE and Saudi Arabia dominate the export destinations, smaller markets such as Bahrain, Vietnam, Qatar, Hong Kong, Angola, Turkey, Egypt, and Kuwait also contribute to varying degrees. Although their individual shares are relatively small, they present emerging opportunities for Ethiopian exporters to tap into new markets and diversify their customer base.

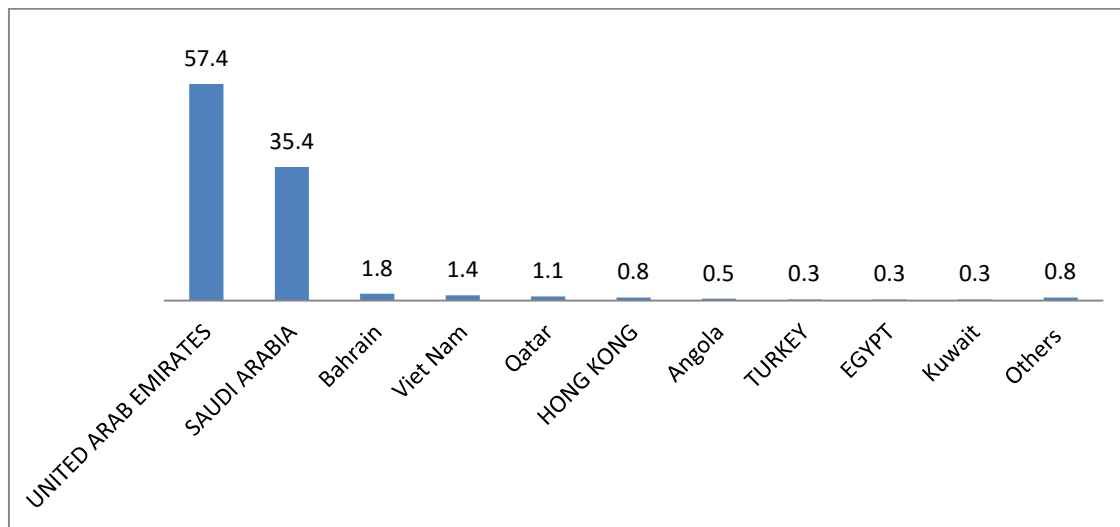


Figure 16: Destination of meat and meat products Source: Author’s calculation based on ECC (2010-2022)

The HHI for the destination of fruits and vegetables shows a fluctuating pattern over the years. In 2010, the HHI value was 0.234, indicating a relatively low concentration (moderate diversification) in the export market of these products. However, the concentration level gradually increased in the subsequent years, reaching its peak in 2015 with an HHI value of 0.405. This suggests that the export market for Ethiopian fruits and vegetables became more concentrated during that period. Interestingly, the concentration level started to decline from 2016 onwards until 2018, when the HHI value dropped to 0.29,

suggesting relatively significant diversification in the export market for Ethiopian fruits and vegetables. However, this trend did not persist, as the concentration level increased in the following years. These indicate that the Ethiopian food and beverage product export sector experienced a period of diversification in the destination of fruits and vegetables in the mid-2010s but faced some challenges in maintaining this trend. Although there was a slight fluctuation during these years, the overall trend suggests a relatively stable but high level of market concentration.

Somalia has the largest share of Ethiopian

fruit and vegetable exports, accounting for 49.6% of the total. Djibouti is the second-largest destination, with a share of 25.8%. The high share of exports to Somalia and Djibouti suggests a strong demand for Ethiopian fruits and vegetables in the neighboring countries. This may indicate favorable trade relationships, geographical proximity, or cultural similarities that drive the demand.

With a 7.8% share, the presence of Ethiopian produce in the European market is evident in the Netherlands. The Netherlands is renowned for its well-established distribution networks and serves as a central point for European trade. Therefore, choosing the Netherlands as a destination can offer access to wider European markets. A considerable portion of this trade is facilitated by international fresh food companies that act as intermediaries between Ethiopia and various destination markets. Consequently, due to its status as a trade hub for fruit and vegetables, the Netherlands holds significant importance as a market. The United Kingdom, Spain, and Germany each account for around 2.5%, 1.5%, and 1.2% of the exports, respectively,

which highlights the presence of Ethiopian fruits and vegetables in these European markets as well.

The United Arab Emirates (UAE) and Saudi Arabia both have relatively small shares of 2.8% and 2.7%, respectively. While these percentages may seem modest, they still represent valuable export destinations in the Middle East. Russia and Sudan have smaller shares of 1.1% and 0.7%, respectively. This suggests some demand for Ethiopian produce in these countries, although it may be more limited compared to other destinations.

The presence of the Netherlands, the United Kingdom, Spain, and Germany as export destinations signifies access to the European market. This implies that Ethiopian produce meets quality standards and has potential for further expansion in European markets. The inclusion of the United Arab Emirates and Saudi Arabia as export destinations highlights opportunities in the Middle East. These countries have relatively smaller shares but still represent potential markets for Ethiopian fruits and vegetables.

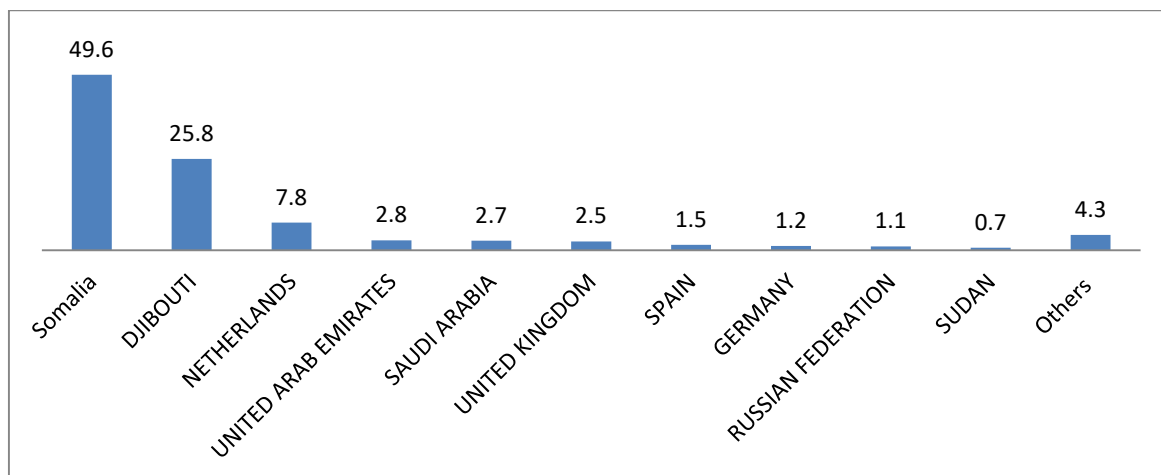


Figure 17: Major destination of fruit and vegetables (Source: Author’s calculation based on ECC (2010-2022))

The HHI values for Ethiopian food and beverage exports fluctuated over the years across destinations, ranging from 0.134 to 0.179 for most years, indicating a moderate level of diversification in terms of destination. However, the recent year's HHI value of 0.229 suggests a potential concentration of Ethiopian food and beverage product exports to specific destinations.

As shown in Figure 19, Ethiopia's largest destination for food and beverage exports is the United States (28.3%), followed by the United Arab Emirates (13.3%). Neighboring countries South Sudan (7.1%), Sudan (5.6%), and Djibouti (3.7%) have a combined share of 16.4%. India (9.7%) holds a considerable share of Ethiopia's food and beverage export market. Sweden (4.2%), Israel (3.6%), Canada (3.2%), and Italy (3.0%) hold relatively smaller shares but still contribute significantly to Ethiopia's food and

beverage exports. It demonstrates the diversification of export destinations for Ethiopian products. The "others" category represents 18.3%, which shows the combined share of all other countries not specifically mentioned in the table. This suggests that there are additional international markets for Ethiopian food and beverages, contributing to a diverse export portfolio. However, it is important to note that the export of Ethiopian food and beverages is mainly reliant on the number of Ethiopians in the diaspora, as Ethiopia's primary food and beverage exports consist of staple foods such as Injera, Shiro, Aja, and kolo (commonly known as *Baltina*), as well as alcoholic beverages like beer, wine, and spirits. Additionally, Ethiopia exports other processed food items categorized under HS Code 2106 (food preparations not elsewhere specified). These staple foods are primarily targeted at markets that have significant Ethiopian diaspora populations or similar Ethiopian cuisine, like India.

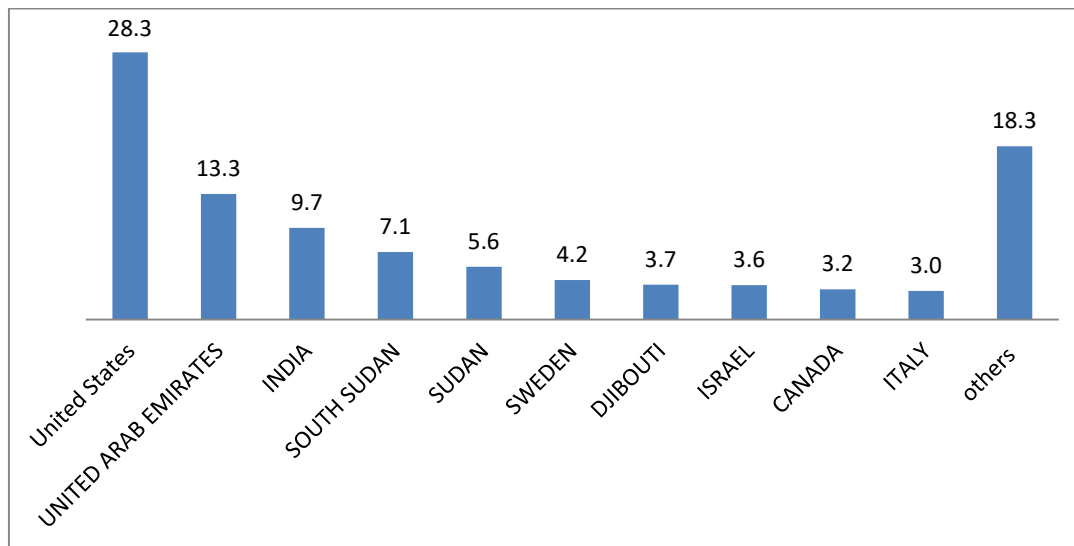


Figure 18: Major destination of food and beverages (Source: Author's calculation based on ECC (2010-2022))

4. Conclusion

Despite efforts to diversify Ethiopian exports, the country still heavily relies on the export of primary products. However, there has been some progress in diversification with the addition of new commodities to the export market. This has helped to reduce the concentration of exports on a few agricultural commodities. The growth of sectors such as khat, pulses, flowers, food and beverages, fruits and vegetables, meat and meat products, textiles, and garments demonstrate a broader base of merchandise exports, which is positive for the country's export sector.

On the other hand, there are some sectors that have experienced declines over time, such as leather and leather products and live animals. This can be attributed to changes in global market demand, supply chain disruptions, loose internal regulation, and policy shifts in destination countries. Coffee, gold, and oilseed remain essential contributors to Ethiopia's export revenue, but their individual shares have fluctuated significantly over the years.

The shift towards sectors like flowers, fruits, and vegetables indicates a focus on high-value and sustainable products, in line with global trends. This creates opportunities for smallholder farmers and agribusinesses to participate in export-oriented activities, contributing to rural development and poverty reduction. The growth observed in sectors like textiles and garments suggests an increased focus on export-oriented manufacturing industries, driven by government initiatives to attract foreign direct investment.

Ethiopia's export destinations vary across different commodities, indicating both diversification and concentration in certain markets. Coffee exports are well diversified among many destinations across Europe, the

Middle East, North America, and Asia. Khat exports are primarily concentrated in Djibouti and Somalia, while flower exports heavily rely on the Netherlands. Textile and garment exports are concentrated in the United States and European Union countries, while meat and meat product exports heavily rely on the UAE and Saudi Arabia.

While these markets provide opportunities, overreliance on them can pose risks if conditions or preferences change. The analysis also shows that exports to Africa have been growing steadily, reflecting efforts to strengthen regional trade integration through initiatives like the AfCFTA. Asian and Middle Eastern countries also present growing trade engagement opportunities for Ethiopia.

In order to maximize export opportunities, Ethiopian exporters need to monitor market trends, understand customer preferences, and maintain competitiveness through quality and sustainability. Diversification efforts are necessary to mitigate risks, but there are opportunities in emerging markets and regional trade partnerships. Investments in infrastructure, skills development, and trade facilitation measures play a crucial role in supporting the expansion of these industries and enhancing their competitiveness in global markets.

Overall, while Ethiopia still relies heavily on primary product exports, there has been some progress in diversification. Strategic planning, value addition, and a focus on high-value and sustainable products can help further drive diversification and enhance the country's export sector.

5. Policy implications

The government should continue to support

and encourage efforts to diversify Ethiopia's exports beyond primary products. This can be achieved by providing incentives and support to industries involved in the production of high-value and sustainable products such as flowers, fruits, vegetables, textiles, and garments.

The government needs to address the challenges faced by declining sectors such as leather and leather products and live animals. This may involve identifying the reasons for the decline, exploring opportunities for revitalization, and implementing supportive policies to boost their competitiveness in the global market.

Internal regulation should be strengthened to address supply chain disruptions and policy shifts in destination countries. This can help provide stability and predictability for exporters, enabling them to navigate changing market conditions more effectively.

Exporters should be encouraged to continuously monitor market trends and customer preferences to stay competitive. The government can support this by providing market intelligence, conducting trade missions, and facilitating networking opportunities for exporters.

Adequate investments should be made in infrastructure, such as transportation and logistics, to facilitate the expansion of export-oriented industries. Additionally, skills development programs should be implemented to enhance the competitiveness and productivity of the workforce engaged in these industries.

The government should continue to support regional trade integration initiatives like the African Continental Free Trade Area (AfCFTA). This can help expand export op-

portunities within Africa and promote economic growth through increased regional trade.

Ethiopian exporters should be encouraged to explore emerging markets in Asia and the Middle East, which present growing trade engagement opportunities. The government can facilitate market access and provide support in navigating these markets.

Encouraging value addition in export-oriented industries can help increase their competitiveness and create more opportunities for smallholder farmers and agribusinesses. Emphasis should be placed on producing high-value and sustainable products that align with global trends and consumer preferences.

Overall, a comprehensive and strategic approach that addresses diversification, market monitoring, infrastructure development, and regulatory improvements can help enhance Ethiopia's export sector and reduce dependence on primary products. This would contribute to economic growth, rural development, poverty reduction, and overall competitiveness in global markets.

Conflict of Interests

The authors declare that they have no conflicts of interest

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