



EU-ETHIOPIA RELATIONS



Ethiopia has been a key partner for the European Union, with a long-standing partnership dating back over 40 years. In 2016, the EU and Ethiopia signed a “Strategic Engagement”, committing both sides to close cooperation in areas ranging from regional peace and security, to trade and investment, and including migration and forced displacement.

POLITICAL RELATIONS

Ethiopia is one of the EU's important partners on the African continent, active in regional peace and security as well as on thematic international debates such as climate change.

Against this background, the EU and Ethiopia decided to enhance the level of the partnership with the Joint Declaration towards an EU-Ethiopia Strategic Engagement.

This commits both sides to an annual Ministerial Meeting and six sectoral dialogues: Governance and Human Rights; Regional Peace and Security; Countering Terrorism and Violent Radicalisation; Migration; Social and Economic Development, Investment and Trade; and Climate Change and Environmental Cooperation.

In this engagement the two sides also affirm their commitment to the fundamental principles of sustainable development, democracy, human rights, good governance and the rule of law; regional cooperation and integration. Moreover, the two sides intend to enhance their cooperation to maintain the dynamic economic growth and the ambition of Ethiopia to join middle income countries on the basis of green and inclusive economic growth.



The Council of the European Union adopted conclusions on Ethiopia in November 2018, taking note of the new impetus on political and economic reforms and welcoming PM Abiy's ambitious agenda towards a more democratic and just Ethiopian society.

The Council encouraged the government to continue its efforts in this area and towards developing an inclusive dialogue with all stakeholders, including federal and regional authorities, opposition groups, civil society, youth groups and media, and to find sustainable solutions towards better governance, justice and accountability, elections, job creation, and security challenges.

High-level political dialogue between the EU and Ethiopia takes place regularly. Prime Minister Abiy met with European Commission President Juncker, with Council President Tusk and High Representative Commission Vice President Mogherini in Brussels on 24 January 2019.

DEVELOPMENT COOPERATION AND HUMANITARIAN ASSISTANCE



The EU's overall cooperation and humanitarian funds to Ethiopia for the 2014-2020 period amount to over €1.5 billion. This figure includes the EU's national indicative programme, which is one of the largest in Africa and in the world at **€715 million**. It covers sustainable agriculture and food security, health and infrastructure (including energy, roads and climate change), as well as governance as a cross-cutting issue. Ethiopia is also one of the major beneficiaries of the EU Emergency Trust Fund for Africa, aiming to address the root causes of migration (**€260 million** for 2015-2018). The EU also provides financing for humanitarian crises related to floods, drought, internal displacement and refugees, **€381 million** since 2014.

The EU's development portfolio supports Ethiopia's own national strategy, notably in the areas of food security and agriculture, health, and governance. In recent years, the EU has increased the focus in areas related to job creation, industrial and agro-industrial parks, export and trade promotion and private sector development.

ECONOMIC RELATIONS ECONOMIC, INVESTMENT AND TRADE COOPERATION



Ethiopia is already one of Sub-Saharan Africa front-runners after more than 10 years of rapid economic development growth. The country's growth is robust and is getting increasingly diversified, but challenges remain, notably macro-economic difficulties, forex crises, and debt.

EU's foreign direct investment flows with Ethiopia boosted in 2016, up to **€600 million** from **€200 million** the precedent year. The largest share of EU foreign direct investment in Ethiopia is in manufacturing, followed by agriculture.

The EU is one of the major trading partners of Ethiopia, with a merchandise trade flow of **€3.3 billion**. The EU is the first export destination of Ethiopian goods with around 20% (mainly agricultural products such as coffee and flowers) and around 15% of the country's overall imports come from the EU (mainly machinery and chemical products). There are over 300 EU companies present in Ethiopia, most members of the EU Business Forum for Ethiopia (EUBFE), which became a fully-fledged chamber of commerce set up in 2016.

The EU also supports the country's "Job Compact", agreed by the Ethiopian government and donors (World Bank, UK, European Investment Banks and the EU) and which aims to create 100 000 jobs (with 30% allocated to refugees) through investment in three industrial parks.

The EU intends to further strengthen its economic and trade relations with Ethiopia in the framework of the Africa-Europe Alliance for Sustainable Investment and Jobs. It puts job creation as the key target and African and European investments as the main vehicle, focusing on areas with the greatest potential for jobs and added-value creation.

By bringing in the private sector to boost strategic investment, investing in education and skills development, strengthening the business environment and tapping the full potential of economic integration and trade, the Alliance will further help unlock the country's economic potential.