

## Ethiopian Manufacturing Industries Export Earning is in Deficit

Ethiopian manufacturing industries earnings from export is five times less than its expense for purchase of raw materials from abroad.

According to the recent manufacturing industries survey, (LMIS 2021/22), the annual export earning of the sector is around 8 billion ET. Birr, whereas the amount expended by the sector for importing its raw materials is about 41 billion ET. Birr.

<b>2021/22 (ET. Birr)</b>			
	<b>Local</b>	<b>Abroad</b>	<b>TOTAL</b>
Purchase of raw material	56 Billion	41 Billion	97 Billion
Sales of goods	240 Billion	8 Billion	248 Billion

Based on the survey of 2021 LMSMIS (Large and medium scale manufacturing industries survey) the total import value of raw materials is 41.24 Billion ET Birr , The major group of manufacturing industries which have used the largest portion of imported raw materials are presented in the following table.

The ‘Manufacturing of plastic products industry’ is the first ranked user of imported raw materials, in which the group has consumed 12.67% (5.23 Billion Birr) of the total imported raw material. The ‘Manufacture of structural metal products (e.g doors, frame, shutters, metal frame works)’ which accounts about 12.2% (5.03 Billion ET.Birr) of the total expense of the imported raw material, is second group in its imported raw material usage. The ‘ Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations’ is the third manufacturing industry group which have used 5.86% (2.42 Billion ET.Birr) of the imported raw materials.

**Table 1. Share of imported raw-materials, for top ten manufacturing group. (LMIS 2021/2022)**

<b>S.N</b>	<b>INDUSTRIAL GROUP</b>	<b>LOCAL (in Billion ETB)</b>	<b>IMPORTE D (in Billion ETB)</b>	<b>TOTAL (in Billion ETB)</b>	<b>% Share from the total Imported raw material</b>
1	Manufacture of plastic products	3.77	5.23	8.99	12.67
2	Manufacture of structural metal products (e.g doors, frame, shutters, metal frame works)	1.25	5.03	6.28	12.2
3	Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations	1.98	2.42	4.39	5.86
4	Manufacture of basic iron and steel	1.68	2.21	3.89	5.35
5	Manufacture of other fabricated metal products	0.05	1.93	1.97	4.67
6	Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers	0.32	1.76	2.08	4.26
7	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	0.31	1.74	2.04	4.21
8	Manufacture of soft drinks; production of mineral waters	1.16	1.72	2.88	4.16
9	Manufacture of wearing apparel, except fur apparel	1.57	1.56	3.13	3.79
10	Manufacture of grain mill products	10.54	1.37	11.91	3.33
11	OTHERS	34.08	16.29	50.36	39
12	Total	56.70	41.24	97.94	100

Based on the survey of 2021 LMSMIS annual export earning of the Ethiopian manufacturing industries is about 8.1 Billion ET. Birr. The Major industrial group contributing for the export is ‘Processing and preserving of meat’ industries which its export value is 1.88 Billion ET. Birr (23.29 %) from the total export earnings. The

‘Manufacture of other food products ’ is the second ranked industrial group which have export value of 1.79 Billion ET. Birr(22.18 %) and the third is ‘Manufacture of vegetable and animal oils and fats ’ which have registered annual export of 0.86 Billion ET.Birr (10.24 %).

**Table 2. Exports earnings of the top ten manufacturing industries, by Industry group level. (2021/2022)**

S. N	INDUSTRIAL GROUP	Annual sale( in Billion ETB)			% Share from the total manufacturing export
		LOCAL	EXPORT	TOTAL	
1	Processing and preserving of meat	0.99	1.88	2.87	23.29
2	Manufacture of other food products n.e.c	8.65	1.79	10.44	22.18
3	Manufacture of vegetable and animal oils and fats	3.20	0.86	4.06	10.64
4	Manufacture of wearing apparel, except fur apparel	7.32	0.55	7.86	6.76
5	Manufacture of made-up textile articles; except apparel	2.02	0.51	2.53	6.32
6	Manufacture of plastic products	15.46	0.50	15.96	6.16
7	Manufacture of footwear	2.49	0.34	2.83	4.18
8	Finishing of textiles	2.90	0.33	3.22	4.03
9	Tanning and dressing of leather; dressing and dyeing of fur	0.51	0.30	0.81	3.68
10	Manufacture of bakery products	9.48	0.16	9.64	1.97
11	OTHERS	187.54	0.87	188.41	11
12	TOTAL	240.56	8.09	248.65	100

Generally we can conclude that the performance of Ethiopian manufacturing Industries in generating foreign currency, at least to cover its own raw materials import expense is problematic or in deficit position . So that concerned bodies should have to work towards intra- industrial linkage in order to alleviate the sectoral trade imbalance.

