

Trade and Competitiveness Monitoring Note



Eritrea

| GDP (US\$ billions) (2015) | Population (millions) (2015) | Income per capita (current US\$) (2015) | Unemployment rate (2015) | Ease of Doing Business Rank (2015) |
|----------------------------|------------------------------|---|--------------------------|------------------------------------|
| 4.9 | 5.2 | 946.1 | NA | 189.0 |

Macro Indicators

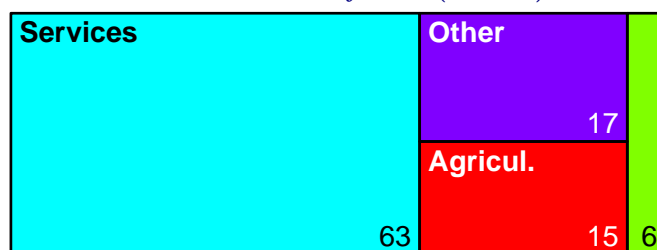
| | Avg 2002-2011 | 2012 | 2013 | 2014 | 2015 | 2016 | |
|---|---------------|--------|--------|--------|--------|--------|--|
| GDP growth (annual %) | 1.69 | 7.02 | 1.33 | 1.70 | 2.95 | 4.04 | |
| Current account balance | -17.50 | 12.80 | 2.52 | -3.13 | -4.38 | -7.72 | |
| Cash surplus/deficit (% of GDP) | -19.90 | -13.49 | -12.50 | -11.57 | -10.45 | -9.95 | |
| Gross Fixed Investment (% GDP) | 18.17 | 9.58 | 9.24 | 10.60 | 11.74 | 11.84 | |
| Gross capital formation (% of GDP) [1] | 16.43 | — | — | — | — | — | |
| Foreign direct investment, net inflows (% of GDP) [2] | 2.36 | 1.34 | 1.28 | 1.19 | — | — | |
| Private capital flows, total (% of GDP) [2] | 18.27 | 14.03 | — | — | — | — | |
| Total Trade in Goods and Services (% of GDP, real terms) | 57.05 | 76.91 | 78.44 | 84.57 | 89.34 | 89.65 | |
| Trade balance (% GDP, real terms) | -33.64 | -4.82 | -2.02 | -6.41 | -9.64 | -8.82 | |
| Exports, Goods and Services, annual percent change (real terms) | 25.12 | 9.52 | 7.42 | 4.00 | 5.00 | 5.50 | |
| Imports, Goods and Services, annual percent change (real terms) | -2.33 | 47.33 | -0.23 | 15.00 | 12.00 | 3.50 | |
| General government gross debt [3] | 137.52 | 127.61 | 130.39 | 132.07 | 137.60 | 136.94 | |
| Real Effective Exchange Rate (2010=100) | 71.61 | 160.43 | 173.06 | 210.21 | 248.20 | 286.51 | |

Sources: MFM note, [1] World Development Indicators (WDI), [2] UNCTADSTAT, [3] World Economic Outlook (WEO)

Goods Export and Import volume growth, 2012-2015

Data not available

Gross Value Added by Economic Activity 2013 (% GDP)



Source: Development Prospects Group (DECPG)

Source: World Development Indicators (WDI)

Top 5 Exports by % of Total Value, NA

Data not available

Doing Business 2015 Ranks (among all countries)

| | DB 2015 Rank | DB 2016 Rank | Change in Rank |
|-----------------------------------|--------------|--------------|----------------|
| Dealing with Construction Permits | 189 | 189 | 0 |
| Ease of Doing Business Rank | 189 | 189 | 0 |
| Enforcing Contracts | 118 | 121 | -3 |
| Getting Credit | 185 | 185 | 0 |
| Getting Electricity | 144 | 142 | 2 |
| Paying Taxes | 173 | 174 | -1 |
| Protecting Minority Investors | 121 | 122 | -1 |
| Registering Property | 176 | 177 | -1 |
| Resolving Insolvency | 189 | 189 | 0 |
| Starting a Business | 183 | 184 | -1 |
| Trading Across Borders | 189 | 189 | 0 |

Imports Categories by % of Total Value, NA

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Source: World Integrated Trade Solution (WITS)

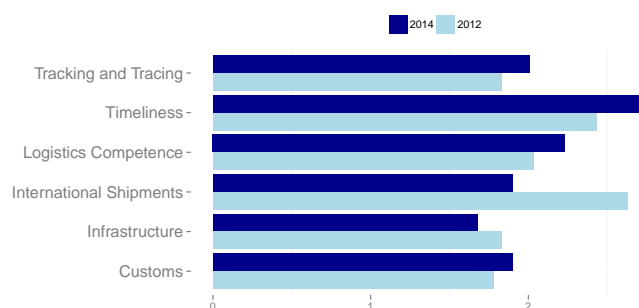
Source: Doing Business Report 2015

WEF Competitiveness Indicators (Scale 1-5, 5=best)

Data not available

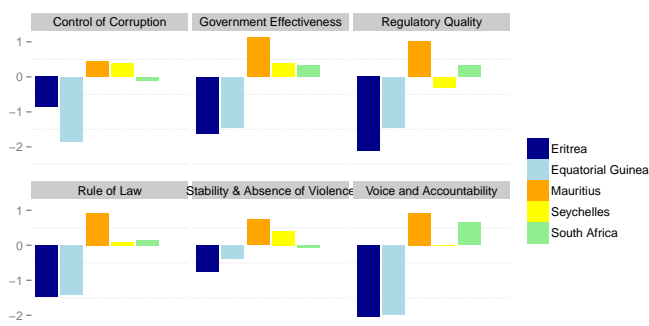
Source: WEF Global Competitiveness Report 2015

Logistics Performance Index (Scale 1-5, 5=best)



Source: Logistics Performance Index (World Bank)

World Governance indicators (Std. score, High=best)



Source: Worldwide Governance Indicators

Trade Policy

| | 2006 |
|--|------|
| Import duties collected [1] | — |
| Services sectors with GATS commitments [1] | — |

Sources: WITS, [1] WTO Trade Profiles

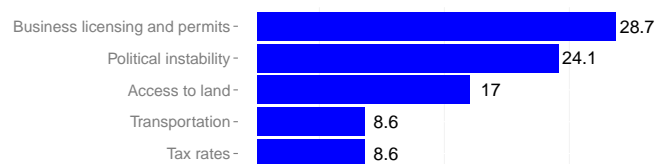
Private Sector's Views

Enterprise Survey 2013

| | Sub-Saharan Africa | Eritrea | All Countries |
|---|--------------------|---------|---------------|
| Number of electrical outages in a typical month | 8.30 | 0.50 | 6.30 |
| Percent of firms with a bank loan/line of credit | 23.10 | 10.90 | 34.30 |
| Proportion of investment financed by banks (%) | 9.90 | 1.30 | 14.30 |
| Proportion of investment financed internally (%) | 76.70 | 94.00 | 71.80 |
| Senior management time spent dealing with the requirements of government regulation (%) | 8.20 | 0.50 | 9.90 |

Source: Enterprise Survey 2013

Top 5 constraints according to ES 2013 (% respondents)



Source: Enterprise Survey 2013

Top 5 constraints according to WEF 2015 survey (% respondents among 88 executives)

Data not available

Source: WEF Global Competitiveness Report 2015