

Testimony
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Bureau of African Affairs
U.S. Department of State
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and International Organizations
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Ethiopia after Meles Zenawi

Mr. Chairman and Members of the Committee, thank you for inviting me to discuss the situation in Ethiopia since the death in August 2012 of Prime Minister Meles Zenawi. Post-Meles Ethiopia presents the United States with a significant opportunity to encourage Ethiopia to improve its human rights record, liberalize its economy, and provide increased space for opposition parties and civil society organizations. Post-Meles Ethiopia also presents a significant challenge since Ethiopia plays an important role in advancing regional integration and mitigating regional conflict in Somalia and Sudan. Our partnership with Ethiopia balances these interests by focusing on democracy, governance, and human rights; economic growth and development; and regional peace and security.

Ethiopia and the United States enjoy strong ties on several levels. More than one million people of Ethiopian origin live in the United States. Many of these individuals are returning to their homeland to expand the political and economic

ties between our two countries. A wide range of groups and individuals in the United States provide humanitarian support to Ethiopians. Ethiopia is also home to one of the oldest Peace Corps programs.

Democracy, Governance, and Human Rights

Ethiopia's weak human rights record creates tension in our relationship and we continue to push for press freedom, appropriate application of anti-terrorism legislation, a loosening of restrictions on civil society, greater tolerance for opposition views, and religious dialogue. The ruling Ethiopian People's Revolutionary Democratic Front (EPRDF) controls all aspects of government, including the legislative branch where the EPRDF and its allies hold 545 of 547 parliamentary seats. Political space in Ethiopia is limited and opposition viewpoints are generally not represented in government. In recent years, Ethiopia has passed legislation restricting press freedoms and NGO activities. On June 2, several thousand demonstrators calling for the release of political prisoners, an end to interference in religious affairs, action on unemployment and corruption, and an end to illegal evictions marched peacefully through the capital, without government interference. This was the first such political demonstration officially permitted by the Ethiopian government since 2005.

Economic Growth and Development

Ethiopia ranks among the ten fastest-growing economies in the world, averaging 10 percent GDP growth over the last five years. State-run infrastructure drives much of this growth. Our bilateral trade and investment relationship is limited by investment climate challenges and the lack of market liberalization. The main sectors of interest to U.S. companies are telecommunications, financial services, logistics, and wholesaling. U.S. firms have a significant competitive advantage in these areas. These sectors, however, are closed to foreign investors and U.S. firms are discouraged by Ethiopia's relatively weak private sector and state-dominated economy. These issues are compounded by macroeconomic challenges that include volatile inflation, a shortage of foreign exchange, lack of capital, financing, and logistical bottlenecks. Despite the challenges, however, there are clearly opportunities and U.S. business is taking advantage of them. Currently about 100 U.S. companies are represented in Ethiopia. Total U.S. exports to Ethiopia in 2012 were \$1.29 billion; imports from Ethiopia totaled \$183 million. Ethiopian Airlines is an important customer for Boeing, with over one billion dollars in recent purchases, supported in part by the Export-Import Bank. Ethiopian Airlines was the third airline to purchase the Boeing 787 Dreamliner and the first to get it back into service following the Federal Aviation Administration's temporary grounding. Ethiopia will also host the Africa Growth and Opportunity

Act Forum on August 12-13 this year, as we begin the dialogue on renewal of AGOA in 2015.

Ethiopia is a significant recipient of U.S. foreign aid, having benefited from over \$740 million in FY 2012 assistance, primarily in health (under the President's Emergency Plan for AIDS Relief, the Global Health Initiative, and the President's Malaria Initiative), agriculture and food and nutrition security (through Feed the Future and the G-8 New Alliance for Food Security and Nutrition), basic education, and food aid. Other major donors include the United Kingdom, the World Bank, the European Union, and the Global Fund to Fight AIDS, TB, and Malaria. As a matter of policy, the Ethiopian government is focused on eventually eliminating the need for donor assistance. The Ethiopian government co-hosted the Child Survival Call to Action and has emerged as a leader on the push to end preventable maternal and child deaths.

Regional Peace and Security

As chair of the African Union, Ethiopia will play a key role in determining AU priorities on peace and security and development and governance. Ethiopia views Somali instability and al-Shabaab and other Islamic extremist groups as serious threats to its national security. Though not a troop contributing country for the African Union Mission in Somalia (AMISOM), Ethiopia expends significant resources to support the AMISOM-led campaign against al-Shabaab including

deploying its own forces to fight alongside the Somali National Army and AMISOM. Expansion of U.S. funding of Somali National Army forces in the Gedo region is appreciated by Ethiopia and helps keep Ethiopia active in the fight against al-Shabaab. Ethiopia maintains strong relations with both Sudan and South Sudan and is the sole troop-contributor (4,200 increasing to over 5,000 shortly) to the UN Interim Stabilization Force in Abyei (UNISFA), where an Ethiopian peacekeeper was killed and two others were seriously injured in an attack on May 4. Since he took office, Prime Minister Hailemariam has organized two summits of the leaders of the Sudan and South Sudan to facilitate negotiations; pressed Sudan to negotiate with rebels from the Sudan People's Liberation Movement – North; and urged Sudan to allow humanitarian aid into Blue Nile and South Kordofan. The Government of Ethiopia has also contributed more than 2,000 personnel to the United Nations-African Union Mission in Darfur (UNAMID). Ethiopia continues to receive and welcome a stream of refugees from Eritrea, Somalia, Sudan, and South Sudan.

Advancing Our Relationship

Mr. Chairman, members of the Committee, Ethiopia is an important U.S. partner and we value continued cooperation on a range of mutually important objectives.

As Secretary Kerry noted when he met with Prime Minister Hailemariam Desalegn at the 60th anniversary of the Organization of African Unity summit on May 25, Ethiopia plays a crucial role in fostering peace and stability across the volatile Horn of Africa, particularly in weakening al-Shabaab in Somalia and helping mitigate conflict between Sudan and South Sudan. While the country boasts one of the fastest growing economies in the world, our evolving commercial and business relationship is limited due to restrictions on foreign investment, investment climate challenges, and the Ethiopian government's strict control of the economy. In advancing our policy objectives in Ethiopia, we focus simultaneously on improving cooperation in security and counterterrorism, strengthening economic growth and development, and pushing for greater respect for human rights, stronger governance, and democratic principles.

We appreciate Ethiopia's influential role in ensuring regional peace and security, and we will continue to work closely with Ethiopia to coordinate cooperation in Somalia, in the Sudans, and throughout the region.

We are also committed to expanding our bilateral trade and investment relationship, as a key driver for broad-based economic growth. To that end, we will encourage Ethiopia to work toward greater market liberalization, including progress towards World Trade Organization accession. Recent successes on the economic front include a May 13-15 trade mission sponsored by the State of

Illinois and a November 2012 agricultural investment conference sponsored by the Corporate Council on Africa. We are working closely with a major U.S. company to secure multi-million dollar deals in support of several key infrastructure development projects, and American companies have signed letters of intent and committed to investments in support of Ethiopia's country Cooperation Framework under the G8 New Alliance.

On democracy and human rights, we recently secured agreements to do media development training and open two community radio stations. Mechanisms such as our bilateral Democracy, Governance, and Human Rights Working Group, bilateral Economic Growth and Development Working Group, and Bilateral Defense Committee are useful tools for advancing our policy objectives in our three focus pillars. At the same time, we are public in our support for an improved environment for civil society, those we believe to have been subjected to politically-motivated arrests, inclusive democratic processes, and rule-of-law. Making progress on this area will continue to be challenging and will require a great deal of creativity.

Thank you very much. I will be pleased to take your questions.