

The purposes of the Commission are to facilitate concerted action for the economic development of Africa; to undertake studies of economic and technological problems; to collect, evaluate, and disseminate economic, technological, and statistical data; to advise member countries on economic matters; and to assist in the formulation and development of coordinated policies as a basis for practical action in promoting economic and technological development.

The study mission recommends that the Agency for International Development work closely with the Economic Commission for Africa in the formulation and development of coordinated policies in economic studies and technological problems relating to the nations the United States is assisting and continue to work collaboratively with ECA in conducting studies and providing other assistance for the development of constructive subregional projects.

ETHIOPIA'S ECONOMY

Ethiopia's economy is predominantly agricultural, with some 90 percent of the population engaged in farming or the raising of livestock. Coffee is the major crop, constituting over 50 percent in value of exports. Cattle raising probably has the greatest economic potential for the future. Hides, skins, and meats are at present exported in modest quantities, but with improved techniques and proper management this industry could become highly important.

Ethiopia depends upon external sources for a large part of the foreign exchange needed to carry out development programs. In addition to aid from the United States, Ethiopia has received substantial assistance from the World Bank and its affiliates, West Germany, and several other donors, including Yugoslavia and Czechoslovakia. Several years ago, Ethiopia accepted a \$100 million credit offer from the Soviet Union.

While some elements of the economy are consistently strong, notably Ethiopia's balance-of-payments position and level of external reserves derived from coffee, a chronic shortage of domestic revenues limits the country's progress. Expenditures for the ordinary activities of the Government are increasing much more rapidly than are Government revenues. Initial steps are being taken for a more efficient collection of revenues so that the nation is able to finance more meaningful development programs.

Drought in Ethiopia has resulted in a serious grain shortage and an estimated 1½ million people are suffering from critical malnutrition. In response to the urgent need, the U.S. Government has shipped 50,000 tons of grain to the country which will be distributed to needy persons in the drought area.

U.S. ASSISTANCE

The United States is one of Ethiopia's best customers. It imports from Ethiopia over Eth\$2.5 million worth of merchandise a year, and Ethiopia buys nearly Eth\$2.5 million worth a year from the United States. In addition, since 1953, the United States has invested over Eth\$300 million in grants and loans to help in the economic development of Ethiopia and Eth\$200 million in supplying modern military equipment and advanced training to the Ethiopian armed forces.