**Financing Trade with Ethiopia**

**Case Assignment Background**

Review the following web site that deals with the complexities of financing foreign trade. It is a web site of the government of the UK.

 t[radehttp://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073858802&topicId=1074298396&r.l2](http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073858802&topicId=1074298396&r.l2=1073859086&r.s=tl" \t "_blank)[=1073859086&r.s=tl:](http://www.businesslink.gov.uk/bdotg/action/layer?r.l1=1073858802&topicId=1074298396&r.l2=1073859086&r.s=tl)

Then move to the following:

More and more overseas markets are opening up for foreign trade.  This creates many new opportunities for the resourceful entrepreneur.  However, financing trade in a relatively new and untested market such as Ethiopia entails many risks and challenges.

**Case Assignment Task**

**Do your own research on foreign trade financing.The look** through the reference web-site at the top of the  present page.  Then write a five page paper answering the following questions:

***What would your biggest concerns be if you were financing trade with Ethiopia?***

***What could be done to minimize the risks?***

Ethiopia: Insurers and bankers are cautious, despite reforms and a fairly peaceful present condition.  
*International Trade Finance*; London; Dec 5, 1997; Anonymous;  
   
**Abstract:**  
*Ethiopia, one of Africa's most populous countries, is still failing to win the broad confidence of trade finance and insurance markets, in spite of its good payment record and commitment to an IMF-supported economic reform program that is heavily supported by donors. The country's poverty and bureaucratic financial system dissuade underwriters and banks from operating on any but the most cautious terms. Private banks are now beginning to appear in a local finance sector formally dominated by the state, but they are still at an early stage of development. The government still seems cautious about foreign investment in strategic sectors. Foreign exchange reserves were in the $700 million to $900 million range for most of last year, but this year they slipped sharply, before settling safely above the $500 million mark.*

**Assignment Expectations:**

A five page paper detailing the risks and methods for managing same for a US company trading with Ethiopia.