

Services snapshot

Djibouti



KEY SERVICES DATA¹, 2012

Services² share of industry value added 2007: **79%**
 Trade in services³ contribution to GDP: **37%**
 Services share of exports: **37%**
 Services export composition: **transportation (75%), travel (13%), other commercial services (12%)**
 Services import composition: **transportation (68%), other commercial services (19%), travel (13%)**
 Services exports: **US\$ 156 million**
 Services imports: **US\$ 142 million**
 Services trade surplus: **US\$ 14 million**

SERVICES AT A GLANCE

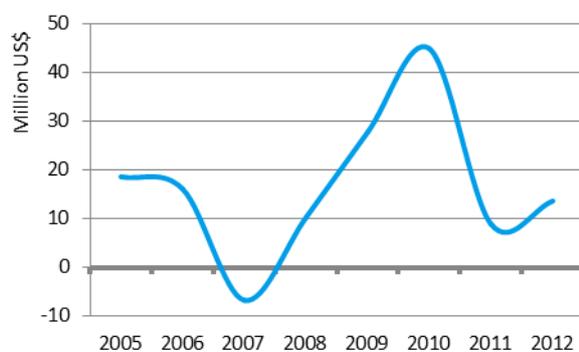
Since 2006, Djibouti GDP growth has been stable at an average rate of 5% p.a. and expected to increase to 6.5% in 2016.⁴ The services sector is dominant, accounting for 79% of GDP in value-added terms in 2007 (Consistent data on services sector growth are unavailable).

Among the services sub-sectors, transport services, especially port activities, are the main growth source and employ most of the workforce. Other sub-sectors – retail, hotels, communications and banking – continued to expand.⁵

In 2012, services trade contributed 37% to GDP, mainly through transport services and government services.

Since 2007 Djibouti has been a net services exporter. Its trade surplus had been on an upward trend until 2010 when it reached US\$ 45 million (see Figure 1). In 2011 the trade surplus skydived to US\$ 9 million due to an almost 40% increase of services imports (from US\$ 104 million in 2010 to US\$ 143 million in 2011), compared to the exports increase of 2% only (from US\$ 149 million to US\$ 152 million).⁶

Figure 1. Commercial services trade



In 2012 services exports recovered and a trade surplus of US\$ 14 million was recorded. In particular, Djibouti is a net exporter of transport services and was a net exporter of travel services, with the exception of 2011 when a trade deficit was recorded at almost US\$ 2 million. Transport services have been dominating both services export and services import composition accounting for more than 60%.⁶

SERVICES SUBSECTORS

Financial services

The financial sector expanded considerably from 2006 to 2010, when the number of banks in the country increased from 2 to 11. However, the sector is very concentrated with 85% of all deposits held by 2 banks only⁵ and just 10% of the population holds bank accounts.⁷ Data on financial services trade is unavailable, except for the financial services imports share in services imports. **Between 2005 and 2012 the share decreased from 11% down to 8%.⁶**

Communication services

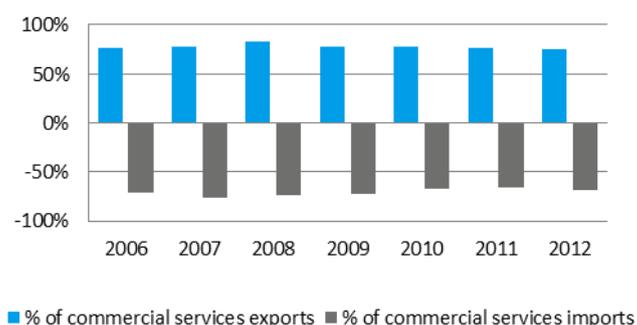
The telecoms market is dominated by the State-owned Djibouti Telecom. As in other African countries, Internet users are fewer than mobile cellular subscriptions, 9.5% and 28% of the population respectively.⁸ Data on communication services trade are unavailable, except for **communication services exports share in services exports which in 2012 was 6%.⁶**

Transport services

Transport services, especially maritime transport and port activities, are the main growth source and employ most of the workforce. Djibouti economy is focused on maritime transport services given the country's strategic location at the crossroads of major trading

routes and busy regional sea lanes. About 80% of goods handled are to or from Ethiopia.⁵ **Djibouti is a net exporter of transport services** (see Figure 2). Transport services exports represented 75% of services exports in 2012.⁶

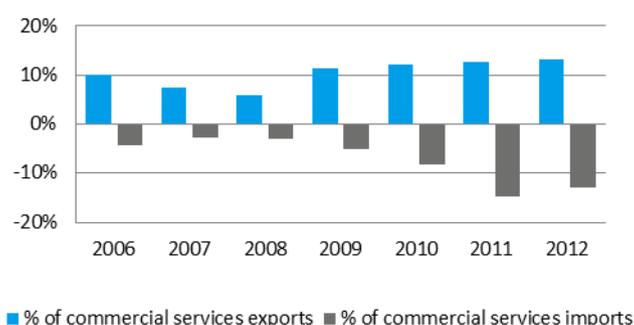
Figure 2. Transport services share in services trade



Tourism

Despite Djibouti's very considerable tourism potential, which it owes, in particular, to its geological heritage and the wealth of its marine environment, its tourism industry suffers from competition with better-known tourist destinations in neighbouring East Africa (Kenya, Tanzania, Ethiopia), as well as from the infrequency of flights to Djibouti and the associated high transport costs.⁹ The most recent data on international tourism is from 2008 when Djibouti registered 53,000 arrivals. **Djibouti was a net exporter of travel services until 2011 when the first trade deficit of the sector was recorded (see Figure 3).** Imports of travel services accounted for 13% of services imports in 2012.⁶

Figure 3. Travel services share in services trade



FOREIGN DIRECT INVESTMENT (FDI)

Inflows of FDI to Djibouti have been on an upward trend with the exception of 2010, when inflows decelerated due to global volatility. This trend should continue over the next few years, boosted by an ongoing major investment programme, especially in infrastructure.⁵ FDI is, together with port activity, the traditional pillar of Djibouti GDP growth, accounting for 20% of GDP in 2013 (US\$ 286 million).⁷

Djibouti ranks 127th out of 189 countries in the World Bank Ease of Doing Business 2014 index.¹⁰ Although the business climate has overall improved, doing business in Djibouti still faces difficulties related to protecting investors, obtaining credit, enforcing contracts and dealing with construction permits.⁵ The major investors are UAE and China.¹¹

FOOTNOTES / SOURCES

1. Key data derived from: World Bank – World Development Indicators, WTO Trade Profile, ITC Trade Map.
2. The services percentage of industry value added includes construction and utilities.
3. All trade data is for commercial services. Data for all figures derived from Trade Map (ITC, UNCTAD, WTO joint dataset).
4. World Bank – World Development Indicators, Global Economic Prospects.
5. African Development Bank – African Economic Outlook, Djibouti.
6. ITC Trade Map.
7. World Bank – World Development Indicators.
8. ITU, country profile data for Djibouti.
9. WTO – Trade Policy Review Report, Djibouti.
10. World Bank Group – Doing Business Index, June 2014.
11. UNCTAD, Investment Policy Review, Djibouti (2013).



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