



The information reflected in this paper has been gathered by [Jaume Portell](#), a reporter specialised in economics and international relationships, in an activity cofounded at a 85% by FEDER funds in the framework of the [AfricanTech](#) (1/MAC/1.3/0088) project, within the INTERREG VI D MAC 2021-2027 initiative.

## **ERITREA**

### **Macroeconomic framework:**

The Eritrean economy grew in 2022 and 2023 at a rate of over 2.6% every year, driven by industry -especially the mining sector- and household and public sector consumption. According to the 2024 African Economic Outlook, this growth will continue to rise in both 2024 and 2025, reaching 3.1% of annual growth in 2025. Inflation should fall below 5% thanks to an increase in the supply of food available within the country. The main risks are three: the delay in the production of the Colluli potash mine, the international market fluctuations in the price of metals sold by Eritrea and, finally, the geopolitical tension in the Horn of Africa.

The report calls on the country to pursue an industrial policy that contributes to its transformation, with investments ‘in human and physical capital’. Unlike other African countries, the share of agriculture in GDP has grown over the last 20 years, from 10.6% to 17.6%. Manufacturing accounts for 9.8% and services 52.5%. Most of the country jobs (62%) are in the agricultural sector. The African Economic Outlook recommended that Eritrea join the African Free Trade Area and the World Trade Organisation. As of spring of 2025, the country was not part of any of those projects, but the analysis considered that membership would allow Eritrea to integrate into ‘regional and global’ value chains. These, in turn, would increase its productivity and allow Eritrea goods to access more markets.

The GDP of Eritrea in 2019 was around \$2 billion, according to the latest data available of the International Monetary Fund.

### **Debt and currency:**

Eritrea had an external debt stock of \$712.8 million in 2023. In 2012, Eritrea annual debt service payments were approximately \$93 million. This year, in 2025, they have decreased significantly to \$37 million.

The majority of Eritrea debt is held by multilateral creditors (85%), among which one in particular stands out: the World Bank, with 67% of the stock. The other 13% is held by the African Development Bank. Among bilateral creditors (15%), the largest creditor was Italy (6%), followed by the United States (5%).

The currency of Eritrea, the nakfa, has a fixed exchange rate of 15 nakfa per dollar. The Eritrean government restricts both the conversion of nakfa to dollars within the country and the trade and exchange of nakfa abroad. Both the US State Department and Voice of America warned that the value of the Eritrean currency could be different on the black market, often at an exchange rate where it takes many more nakfa to obtain one dollar.

### **Imports and exports:**

Three products account for more than 95% of Eritrea exports, with mining playing a crucial role. In total, the country exported goods worth \$525 million in 2023. 36% was copper, 35% was zinc and 26% was gold. The main destinations for these exports were in Asia, with China (67%) and the United Arab Emirates (26%) being the main destinations for Eritrean products.

Imports were \$440 million in 2023. Much of the imports were linked to food and machinery needed for mining. Sorghum, wheat and legumes together accounted for more than 13% of foreign purchases. Other important items were construction vehicles and digging machines. Medicines, trucks, sugar, tobacco and palm oil were also purchased abroad. Trading partners were found especially in Asia, although there was also room for imports from Western countries. China was the main origin of goods (31.6%), followed by the United Arab Emirates (27%), Turkey (9%), the United States (7%) and Italy (4.64%).

### **Electricity:**

The generation of electricity in Eritrea increased between 2010 and 2023, in a mix almost exclusively dependent on fossil fuels. In 2010 the country generated 0.31 TWh of electricity: 100% of the production relied on fossil fuels, according to the think tank Ember. In 2023, the generation increased to 0.44 TWh, and the entry of solar energy (11.36%) broke the exclusive monopoly of fossil fuels, which continued to provide 88.64% of the country electricity. Eritrea did not import electricity from abroad.

### **Defence:**

The main supplier of defence material since 2000 has been Russia, according to SIPRI, a Swedish institute specialized in the trade of this kind of products.

### **Demography:**

Eritrea has experienced a population growth and a trend towards urbanisation. In 1990, the country had 2 million inhabitants, with 81.1% living in rural areas. By 2023, the population grew to 3.5 million, with 43.3% residing in urban areas. Life expectancy has increased markedly from 50 years in 1990 to 67 years in 2022.

Half of the population is under 21.

### **Technological innovation:**

Eritrea has seen a remarkable growth in internet adoption, from a meagre 0.61% in 2010 to over 26% of the population in 2022.