



ETHIOPIA NATIONAL POSITION PAPER

**Video Conference on High Value Agriculture in Eastern and Southern Africa:
Increased Regional Trade: Opportunities and Issues (23 September 2010)**

**Tsegay Lubelu
Ethiopian Horticulture Development Agency**

Introduction

Ethiopia is a country with a surface area of 1.2 million square kilometers of which approximately 45% is arable.

The countries top five export trade partners in the year 2008/09 were China, Germany, Netherlands, Switzerland and Saudi Arabia where as import partners were China, Saudi Arabia, India, Italy and UAE. In the 2009/10 annual budget year Ethiopia earned around 2 billion US dollars from the export sector among which agriculture constitutes around 80%. Agriculture is a sector where the livelihood of 85% of the population depends and it accounts for about 43% of the total GDP. For the last four years, the main exportable agricultural products were Coffee, Pulses, oils seeds & spices, Chat and Horticulture produces.

The export from horticulture was 250 million US dollar in the 2009/2010 Ethiopian budget year which accounts for 12% of the total export from Agriculture. Before four years, the contribution was only 3%. The horticulture is nowadays a priority sector that so many privileges such as duty free importation, income tax holiday, customs warehouse facility, lease based land availability and voucher system is given. Due to the incentive schemes given, favorable agro-climatic and socio-economic conditions available in the country, the sector is remarkably booming.

So as to provide a one window stop service to the growing horticulture export sector, the government has established an agency- Ethiopian Horticulture Development Agency. The Agency mainly focuses on market expansion, capacity building and investment promotion.

1. Regional Horticulture trade flow

Enhanced trade and deeper regional integration are essential contributions to development, economic growth and employment, and, ultimately, the eradication of poverty. In this section, the import from and export to the regional market is discussed.

1.1. Import

In some African countries such as Kenya, South Africa, Morocco... horticultural produces have been produced and exported for so many decades. Ethiopia however was producing

some fruits and vegetables in a very traditional manner which is less in quantity as well as quality especially for the local market. Here under is discussed the total amount of regional horticulture import performance for the last six years.

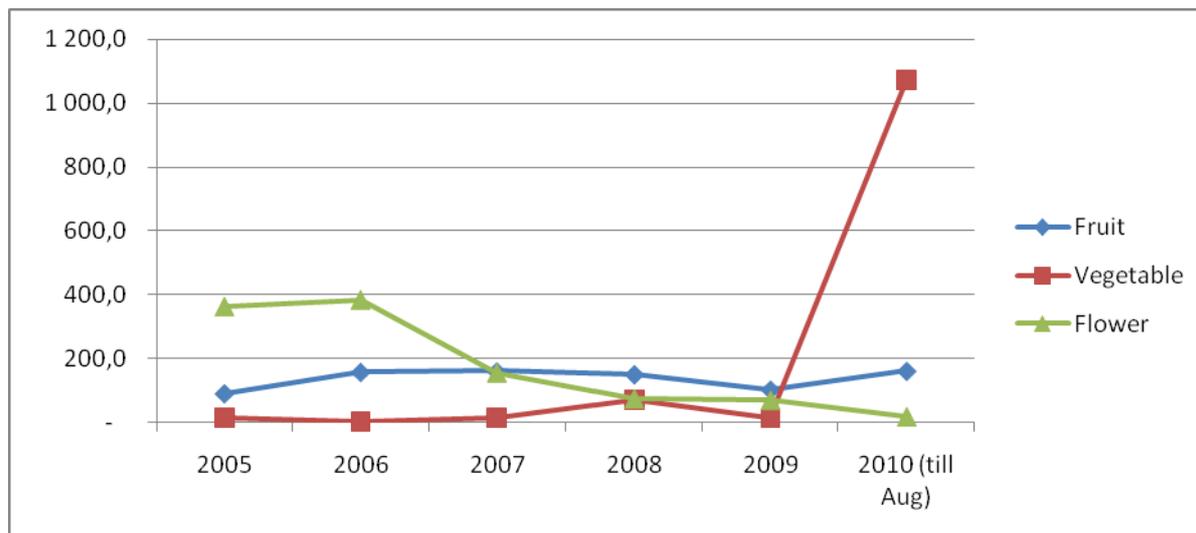


Figure 1: Imported amount in tons

As can be observed from the above chart, the imported horticulture amount over the past six years (Of course for 2010 till Aug) has shown tremendous fluctuation. In the case of vegetable, one can see that despite of the ups and downs observed, the demand is increasing especially for the ongoing year. Fruit is cycling within a certain limit where as imported amount of flower has generally been diminishing for the period under consideration. This is due to the reason that production at home is remarkably growing for the same period.

Summing up, a total **817.8** tons of fruit was imported during the last six years from South Africa, Egypt, Tanzania, Kenya and Sudan. Whereas the imported amount of vegetables from South Africa, Kenya, Tanzania, Sudan and Egypt was **1,184.8** tons, a total **1,060.1** tons of Flower was imported from such countries as Kenya, South Africa, Zimbabwe, Zambia, Uganda and Tanzania.

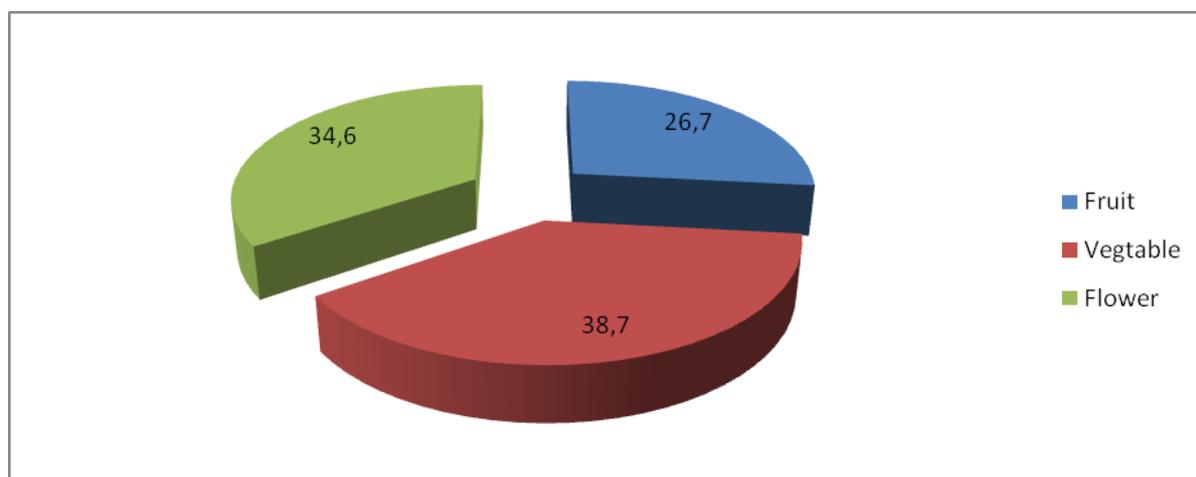


Figure 2: %share of imported amount

1.2. Export

Ethiopia has been exporting **Vegetables**- to Republic Congo, Djibouti, Egypt, Gabon, Kenya, Sudan and South Africa; **Fruits**- to Djibouti, Sudan, Egypt, South Africa, Kenya, Gabon, Guinea and Niger where as **Flowers** to Djibouti, Egypt, Kenya, Sudan, Uganda, Zimbabwe, Mali, South Africa, Tanzania, Zambia, Zimbabwe, Angola, Namibia, Gabon and Republic Congo during the period under consideration.

The total amount of fruits, vegetables and flowers exported to these countries is presented by chart below.

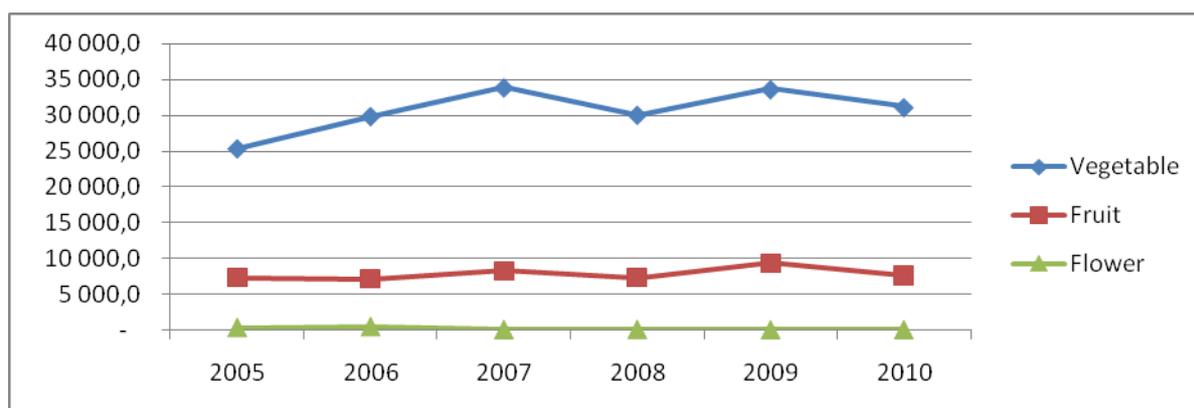


Figure 3: Export amount in tons

As can be observed from the above chart, the exported amount of vegetables during the base year was 25,335.1 tons. Showing some growth it reached 31,098.3 tons during the ongoing year. On the case of fruits it was 7,323.3 tons in the year 2005 and showing slight difference it becomes 7,567 tons this year. On the other hand, 323.4 tons of flowers was exported in the year 2005. Registering tremendous decrease, only 8 tons was exported during the ongoing year. Overall, 46.9, 183.8 and 0.9 thousands of tones of fruits, vegetables and flowers have been exported for the last six years to the countries stated above.

From the above figures one can understand that the exported amount of fruits and vegetables was fluctuating within a certain limit. Whereas in the case of flowers it was dropped by 97.5% comparing to the base year (Of course few months are on hand). This due to the reason that the base year of this analysis was the period where flower production begun to boom. Therefore, as unorganized sector, much easier it was to trade regionally. But later focus was made on international market.

Generally, during the last six years total **234.7** thousand tons of horticulture was traded regionally among which 231.6 thousand tons was for export and the balance **3.1** thousand tons was imported from the regional market. Therefore, the figures indicate that 98.7% of the balance was for export whereas the rest for import. During the year 2005, the total exported amount of horticulture was 33 thousand tons and on the ongoing year it becomes 38.7 thousand tons. On the other hand the imported amount was 465.8 tons during the base year and 1,250.5 tons on the ongoing year. On average it was 510.4 and 38.6 thousand tons for import and export respectively for the stated period.

During the period under consideration, total 24.9 million US dollar was spent to import the above discussed amount whereas 149.5 million US dollar was earned by exporting the above stated amount of horticultural produce.

2. Major constraints and opportunities towards the Regional Horticultural Trade

2.1 Constraints

- *Lack of improved infrastructure:* the available infrastructure throughout the countries border(as most of the trade is cross- border) is not conducive for the smooth horticulture trade,
- *Bad post harvest handling:* Due to the lack of modern infrastructure as well as knowhow of the traders around the border areas, fruits and vegetables (most cross-border traded produces) are being roughly handled which ultimately hinders the flow of regional trade,
- *Lack of special attention for regional trade:* so as to strengthen the smooth flow of horticulture trade in the region, no special focus is laid by the universities as well as research centers,
- *Unorganized and less effective local veg-fru markets:* the local market for fruits and vegetables is not organized that it restricts the expansion of the regional trade,
- *Poor linkage between urban markets and rural producers:* because of the poor local infrastructure and very traditional way of marketing, the net work is not strong between the rural producers and urban markets which ultimately would affect the expansion of the regional trade,
- *Informal cross border trade flow:* it is believed that the informally traded amount of horticulture produces around the border area is quite a lot. Therefore, one can only be sure how much horticulture is traded via registration by the customs as the informal one lacks statistics,

2.2. Opportunities

- *New cold store development at Diredawa and at the largest open market, Merkato:* by the donation of the European Union the process of establishment of cold stores at Diredawa and Merkato is already commenced with the objective of improving the storage and handling of horticulture produce, especially of fruits and vegetables. The project will be finalized within 18 months time. As Diredawa is the main outlet for the Djiboutian horticulture trade and Merkato the largest local open market, it would play a pivotal role in the expansion of regional market by improving the link between rural and urban market,
- *The agreement of Ethiopia and Djibouti to enhance the trade flow of fruits and vegetables:* During the 10th Ethio-Djibouti Joint Ministerial Commission Meeting both countries have agreed to strengthen the trade flow of fruits and vegetables and the Ethiopian Horticulture Development Agency to oversee the progress. Ethiopia to send quality produces and Djibouti on the other hand to revise the current floor prices,

- *The establishment of the Horticulture Practical Training Center (HPTC):* The Ethiopian Horticulture Development Agency (EHDA) in association with Jimma University, Ethiopian Horticulture Producer Exporters Association and other relevant stakeholders is establishing practical training center for horticulture to create a center of excellence that will have its own critical role to play towards the improvement of the horticulture regional trade flow,
- *Expanding the number of horticulture teaching universities:* Before few years, only one University was teaching horticulture on a degree basis. But now universities such as Jimma, Haromaya, Hawassa, Mekele are teaching horticulture which would have an important role for the expansion of regional trade- it enhances the expertise in the sector and therefore the overall performance of the sector would be improved,