GLOBAL COMMODITIES FORUM
7-8 April 2014

Increasing value retention in Ethiopian horticulture

by

Mr. Zelalem Messele
President,
Ethiopian Horticulture Producer Exporters Association

The views expressed are those of the author and do not necessarily reflect the views of UNCTAD.
Zelalem Messele,
President,
Ethiopian Horticulture Producer Exporters Association
Ethiopia: Country Profile

Country facts:
- Full name: Federal Democratic Republic of Ethiopia
- Government Type: Federal State
- Population: 90 Million (Est.)
- Capital: Addis Ababa
- Area: 1.13 million sq km, twice of France
- Membership of International Organizations: United Nations (UN), African Union (AU), Intergovernmental Authority on Development (IGAD), Common Market for Eastern and Southern Africa (COMESA)
- Currency: Birr, exchange rate 1$ = Birr 19.50
- Main exports: Coffee, hides, oilseeds, flowers
- International dialing code: +251
- Standard Time: +0300 UTC
- Official languages: Amharic, English
- Location: 9° 01'N 38° 44'E; on the horn of Africa
- Boundaries with: Kenya, Djibouti, Somalia, Eritrea, Sudan and South Sudan.

Unique Aspects
- Own alphabet
- Julian calendar and 13 months in a year
- Cradle of Mankind
Ethiopia: Land with 13 Months of Production

- Endowed with Diverse Topographical, agro ecological and Climatic Conditions
  - Altitude – Ranges from -120 Meters B.S.L to 4, 600 Meters A.S.L
  - Three Distinct Agro Ecological Zones
    1. Tropic
    2. Subtropic Temperate zone
    3. Temperate
Potential of Ethiopia in Horticulture

- Supportive policy frameworks
- Very minimal land lease rates
- Geographical proximity to Europe and Middle East
- Ethiopian Airlines flying to 67 destinations

90 million population

Highly disciplined and trainable

43 million working force

125 billion cubic meter of surface water

The water tower of East Africa

More than 4.5 million hectares irrigable land
Major Horticulture Corridors in Ethiopia

Mekele-Raya & Kobo Alamata Corridor
- 3,500 hectares commercial development
- 20,000 hectares out-growers holding
- International airport and modern warehouse
- Distance to:
  - Djibouti: 521km
  - Port Djibouti: 626km

Hawassa & Arbaminch Corridor
- 9,000 hectares commercial development
- 20,000 hectares out-growers holding
- Modern warehouse under construction
- Distance to:
  - Djibouti: 903km
  - Port Djibouti: 1008km

Oromia & Addis Ababa Corridor
- 10,000 hectares commercial development
- 20,000 hectares out-growers holding
- International airport and modern warehouse
- Distance to:
  - Djibouti: 662km

Bahirdar, Abay Valley & South Gondar Corridor
- 2,000 hectares commercial development
- 10,000 hectares out-growers holding
- International airport and modern warehouse
- Distance to:
  - Djibouti: 687Km
  - Port Djibouti: 792Km
  - Sudan: 348Km
  - Port Sudan: 1282Km

Awash, Dire Dawa, Harar & Somali Corridor
- 2,000 hectares commercial development
- 10,000 hectares out-growers holding
- Airport facility and Modern Warehouse
- Distance to:
  - Djibouti: 309Km
  - Port Djibouti: 414Km

Jimma Corridor
The Corridor is identified recently and potential land identification is under assessment

Jimma Corridor
- 3,500 hectares commercial development
- 20,000 hectares out-growers holding
- International airport and modern warehouse facility
- Distance to:
  - Djibouti: 521km
  - Port Djibouti: 626km
## Types of Investment in Horticulture

<table>
<thead>
<tr>
<th>No</th>
<th>Ownership</th>
<th>No of Investors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Flower</td>
<td>Vegetable</td>
</tr>
<tr>
<td>1</td>
<td>Local Investors</td>
<td>26</td>
<td>16</td>
</tr>
<tr>
<td>2</td>
<td>Foreign Direct Investment</td>
<td>52</td>
<td>5</td>
</tr>
<tr>
<td>3</td>
<td>Joint Venture</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>84</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>
## Volume of Export and Income Generated

<table>
<thead>
<tr>
<th>Year</th>
<th>Flower</th>
<th>Vegetable and Fruit</th>
<th>Total Value (in mill USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Qty (in million stems)</td>
<td>Value (in million USD)</td>
<td>Qty (in 000s ton)</td>
</tr>
<tr>
<td>2004/05</td>
<td>83.00</td>
<td>12.60</td>
<td>37.65</td>
</tr>
<tr>
<td>2005/06</td>
<td>186.45</td>
<td>21.97</td>
<td>34.55</td>
</tr>
<tr>
<td>2006/07</td>
<td>478.04</td>
<td>63.60</td>
<td>42.08</td>
</tr>
<tr>
<td>2007/08</td>
<td>1,021.52</td>
<td>111.70</td>
<td>41.12</td>
</tr>
<tr>
<td>2008/09</td>
<td>1,294.97</td>
<td>130.71</td>
<td>39.83</td>
</tr>
<tr>
<td>2009/10</td>
<td>1,636.72</td>
<td>170.20</td>
<td>66.41</td>
</tr>
<tr>
<td>2010/11</td>
<td>1,804.70</td>
<td>184.00</td>
<td>93.01</td>
</tr>
<tr>
<td>2011/12</td>
<td>2,102.11</td>
<td>212.56</td>
<td>123.60</td>
</tr>
<tr>
<td>2012/13</td>
<td>2,257.29</td>
<td>211.89</td>
<td>137.66</td>
</tr>
</tbody>
</table>
Policy Options

- Free land
- Five years Tax Holiday
- Tax free Capital goods importation
- 70-30 Bank loans
Employment

- 183,804
- 82,530
- 76,700
- 108,070
Employment Opportunity

• 90% of the work force are females
  • Empowerment
  • Improved household income
  • Better Community
  • Addresses gender equality
Sustainable Development

Code of Practice

EHPEA Code of Practice
- Bronze - 55 flower farms
- Silver - 14 flower farms
- Gold - 4 flower farms
- GAP - 11 flower farms
- MPS - 58 flower farms
- Fair Trade - 6 farms
Enhancing value Chain

- Logistic companies
- Packaging companies
- Flower Food producers
## Ethiopian Airlines

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Horticulture (Mln Stems)</td>
<td>2.74</td>
<td>5,859.1</td>
</tr>
<tr>
<td>Meat (000 metric tons)</td>
<td>10.18</td>
<td>111</td>
</tr>
<tr>
<td>Leather and leather products ($mln)</td>
<td>75.73</td>
<td>496.87</td>
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</tbody>
</table>
# Value Additions to the Economy

<table>
<thead>
<tr>
<th></th>
<th>Current</th>
<th>By 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Freighters</td>
<td>6</td>
<td>18</td>
</tr>
<tr>
<td>Cargo destinations</td>
<td>24</td>
<td>37</td>
</tr>
</tbody>
</table>

Total Annual Payment to Ethiopian Cargo:

XXXXXXXXXXXXXXXXXXXXXXXXXXXXX??????
Ethiopian Airlines Strategic Plan

• Annual Revenue of **US $ 2 Billion**
• Annual total tonnage of **820 thousand**
• Serving **37 International Destinations**
• Earning annual profit of **US $ 200 million**
• Market Share in the African Cargo Market of **20%**
• Operating **18 aircraft** by 2025
• Leader in Africa **in Quality Cargo Services**
• Fully implement **IATA e-freight**
• Achieve **Cargo 2000 (C2K) certification** by 2015
• Avail enough capacity for Ethiopian Export Perishable cargo