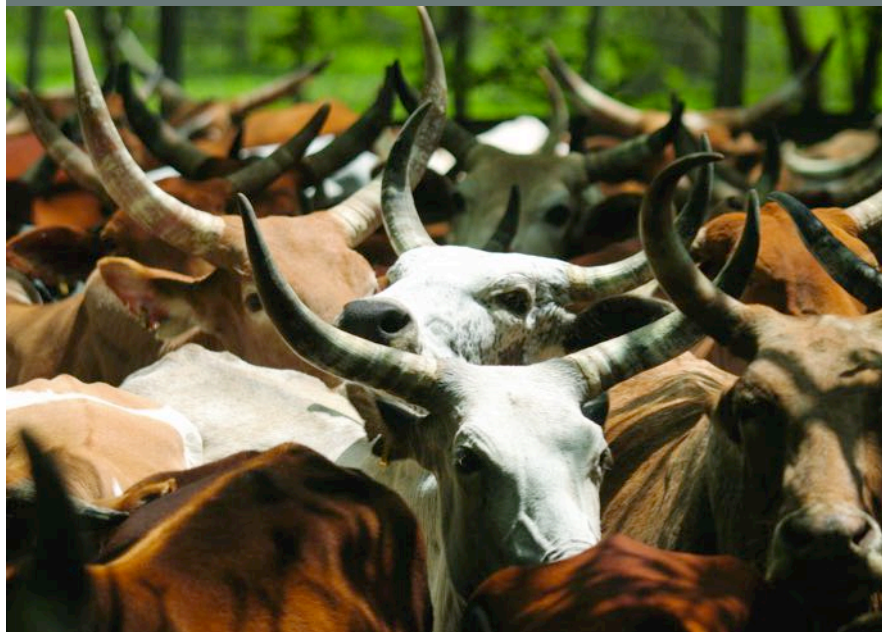


AGRICULTURE SECTOR IN ETHIOPIA

SNAPSHOT BY: EAGATE FOREIGN TRADE AUXILIARY PLC



Country Data (2012-13)

Population (million inhabitants)	93.9
Labor force (million)	45.6
GDP (billion USD)	43
GDP Growth	7.0%
Exports (billion USD)	3.2
Imports (billion USD)	10.7
Exchange rate for 1 USD	19.9
Estimated N. of EU investors	299

Sector Data (2012-13)

Share of the GDP	42.7%
Year-on-Year Growth	7.1%
Share in Labor Force (2009)	80% - 85%
Value of Exports (2013)	10%
Value of Imports (2013)	n/a
Total arable land (million ha)	74
Total cultivated area (million ha)	12.3
Share of commercial farming	11.0%
Share cereals production in crops	85.0%

Ethiopia with over 90 million inhabitants has an economy that relies heavily on agriculture. With more than 80% of the country's population employed in this sector, Ethiopia has the largest livestock resources in Africa and the tenth largest in the world. Other parts of this sector with substantial opportunities for new investment include: plantation crops (such as tea, coffee and tobacco); production and processing of oil crops and cotton; fish farming; horticulture and floriculture (fruits, vegetables and flowers); livestock and poultry; and forestry and forest by-products. Overall, Ethiopia has ample resources for agriculture. The Country has 111.5 million hectares of land. Whereas it has 74 million hectares of total arable land, only 13 million hectares are being used for agricultural purposes. Although Ethiopia lies within the tropics, temperatures range from a mean annual high of 30°C to a mean annual low of 10°C.

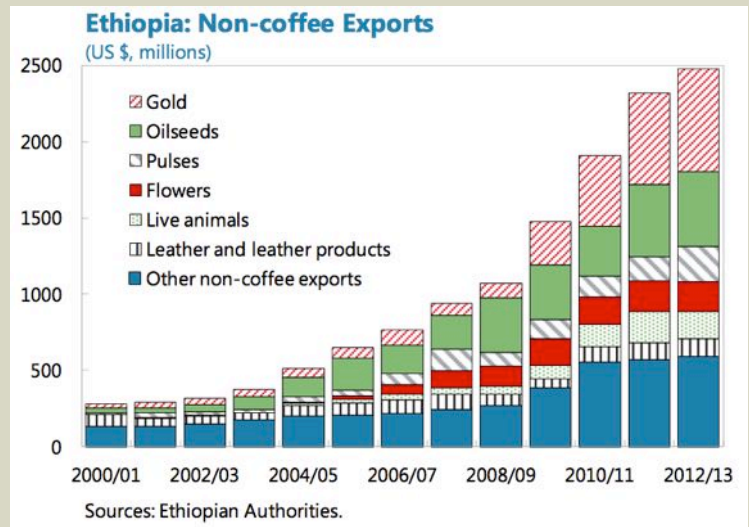
The Ethiopian agricultural sector is mainly composed of smallholder farmer's operating on average on less than 2ha farms. It is estimated that only 20% of the country's arable land area is cultivated and smallholder farmers operate 95% of this land. These farmers combined with the few hundred commercial farms have an annual crop of approximately 31 million tons, with 71% of this output composed of grains such as cereals, pulses & oil crops and 29% comprised of vegetables, fruits and cash crops

The Ethiopian Government, making agriculture and agro- processing its main priority since 1991, has developed and implemented its Agricultural Development Led-Industrialization (ADLI) strategy. The key concept underlying ADLI is an export-led development strategy aimed at promoting economic growth in Ethiopia while coordinating agricultural and industrial development, by encouraging agriculture-led, export-oriented labor-intensive industries. With this viewpoint the government has committed to allocate 10% of its annual budget. Thus, export growth has benefited from the economic liberalization process underway and the Government's strong commitment to creating a supportive environment for the development of the private sector.

Recognizing that large capital investments are needed to exploit Ethiopia's resources, various incentives are being provided to encourage foreign investment (including joint ventures and marketing arrangements) in order for the agricultural sector to make a significant contribution to Ethiopia's development. The program, which covers all regions in Ethiopia, has become an integral part of the country's agricultural activities. . In its efforts to promote commercial farming, large-scale land allocations have been done the by government for both domestic and foreign investors. Growth in the agriculture sector has been around 8% in the last couple of years and in value terms the output of the sector is worth an estimated USD13 billion according to the latest GDP statistics.

Major Ethiopian export products in agriculture include: coffee, livestock products (skins and hides, leather, live animals and meat), oil seeds and pulses, fruits, vegetables and flowers, textiles, natural gum, spices and mineral products. In addition to the current efforts underway to increase the supply and improve the quality of these export products, Ethiopia is highly encouraging investments in other currently unexploited, higher value-added export sectors. Ethiopia has tremendous potential for investment in agro processing. Many of its agricultural products can be exported without being processed, while others can be processed before they are brought to domestic and foreign markets.

While the government encourages the export of unprocessed agricultural products, it has placed a priority on the export of processed products, which involves and stimulates the growth of the agro-processing sector. Through the development of agro-processing, Ethiopia's agricultural sector can achieve swift and sustained long-term economic development. Aside from the availability of raw material and abundant labor force, other factors make Ethiopia a good destination for agro industry investment. In fact, the government of Ethiopia aside from creating favorable agricultural conditions is providing the necessary infrastructure (transportation, power, water...) so that industries can set up in areas where the raw material is produced.



SUGAR



Ethiopia's total annual sugar production is around 300,000 tons.

As the per capita sugar consumption is estimated to be about 5-6 kg per year, this local production only covers 60% of the annual demand for domestic consumption whereas the remaining is covered through import.

To respond to the growing unmet demand of the country, the government has put in place a sugar development program with an objective to substantially increase local sugar production and to export the surplus in the coming 3-4 years.

By 2015, Ethiopia aspires not only to be self-sufficient but also to be one of the world's top 10 sugar exporters by increasing current production eightfold.

COTTON



Cotton is among Ethiopia's major crops with a huge potential for cultivation in the country.

The volume of cotton grown was around 40,000 tons in 2009 compared to neighboring Egypt's production of over 300,000 tons.

The government is incentivizing investment in cotton production by offering concessions of land.

Various commercial farms currently produce most of the cotton in the country. Smallholder farmers have low productivity due to lack of access to know-how, inputs and market linkages. The production area of these smallholder farmers is on average 0.5 to 2 hectares.

A large number of textile and garment factories source their cotton needs locally.

CEREAL



Cereal production in the country accounts for 80% of the total land production. The major grain crops grown in the country are teff, wheat, corn, barley (cool weather crops) and corn, sorghum, and millet (warm weather grain crops). Indigenous to Ethiopia and daily present in the plates of the majority of its population, teff is the most important cereal crops in the country. Teff is grown over approximately 2.8 million hectares, or 27% of the land area under cereal production. In terms of total production, area planted and number of farm holdings, corn is however Ethiopia's largest cereal crop (5.5 million metric ton produced in 2012/2013 with a total area planted of 2.15 million hectares).

HORTICULTURE



Ethiopia is currently the second largest flower exporting country in Africa with about 1,200 hectares of land covered by more than 80 flower growers from the Netherlands, India, Israel and locals. Flowers account for 70% of the country's horticulture sector.

In 2010, flower export accounted for USD 170 million, which is 8.5% of the country's total export. The Netherlands is a major market for Ethiopian flowers (it accounts for 84%) and Dutch nationals represent most of the flower farm owners of the country.

The remaining 30% of the horticulture sector are made up of fruits and vegetables. About 74 thousand tons of fruits, vegetables and herbs were exported in 2010. Among the major fruits produced, the most common are mango, papaya, banana, avocado, grape, citrus and pineapple.

OIL SEEDS



Next to coffee, oilseeds are significant export crops of Ethiopia.

A variety of oilseeds are grown in the country for both local and international markets. Cottonseed, rapeseed, sunflower, linseed, Niger seed and groundnut are mainly used for the domestic market as raw materials for edible oil while; peanut and sesame seeds are major export crops.

Although a major oilseed exporter, Ethiopia's import of edible oil, mainly soybean and palm oil, is significant. Over 40% of the export earnings of overall oilseeds represent the value of imported edible oil of Ethiopia. To substitute import, the government is fostering domestic edible oil production and encourages foreign investments in the sector by providing incentives such as duty and income tax exemptions.

LIVESTOCK



With more than 80% of the country's population being employed in this sector, Ethiopia has the largest livestock resource in Africa and the 10th largest in the world.

Ethiopia is a major livestock breeder, with the livestock population of reaching, according to the Central Statistical Agency (August 2014), around 55 million heads of cattle, over 27 million heads of sheep, 28 million goats, 7 million of donkeys, 2 million horses, 1 million camels and about 42 million poultry.

The FAO estimated for 2012 that 3,804,991 MT of whole fresh milk and 369,380 MT of meat (cattle) have been produced in Ethiopia.

FORESTRY



Ethiopia's forest coverage loss between 1990 and 2010 was on average approximately 0.93% per year and the total loss was estimated at around 2,818,000 hectares.

According to the Food & Agriculture Organization (FAO), 11.2% of the country in 2010 was covered with forest with 511,000 hectares of planted forest. Ethiopia's forests contain over 200 million metric tons of carbon stocks in living forest biomass.

Potential activities for commercial forestry include the production of gum, timber, and incense as well as the establishment of forest-based industries like paper products, pulp and chipboard.

FISHERY



Ethiopia's potential for fishery is linked to its freshwater lakes. The total annual freshwater fish catch is estimated at around 40,000 tons. Opportunities for investors in this sector exist especially in the construction of aquaculture to produce freshwater fish for both local and international markets. Fishing equipment, cold storage and transport facilities as well as processing are amongst the areas where the sector needs more investments.

COFFEE



Ethiopia is one of the leading coffee producers in Africa. Coffee is the most important export crop and a major source of foreign exchange for the country.

According to the Ethiopian Investment Agency, over 600,000 hectares are under cultivation and in 2013 the production reached close to 6.7 million bags of 60 kilos each.

Rank	Commodity	Production (Int \$1000)	Flag	Production (MT)	Flag
1	Milk, whole fresh cow	1,187,389	*	3,804,991	
2	Meat indigenous, cattle	997,833	*	369,380	Fc
3	Cereals, nes	897,562	*	3,765,241	
4	Roots and tubers, nes	889,257	*	5,200,000	F
5	Maize	780,290	*	6,158,318	
6	Sorghum	549,085	*	3,604,262	
7	Wheat	523,958	*	3,434,706	
8	Broad beans, horse beans, dry	319,211	*	943,964	
9	Coffee, green	296,018	*	275,530	
10	Beans, dry	267,419	*	463,009	
11	Meat indigenous, sheep	241,331	*	88,633	Fc
12	Barley	202,894	*	1,781,652	
13	Chick peas	191,381	*	409,733	
14	Chillies and peppers, green	189,296	*	402,109	
15	Meat, game	184,949	*	85,000	F
16	Meat indigenous, goat	163,596	*	68,276	Fc
17	Potatoes	134,966	*	863,348	
18	Millet	133,122	*	742,297	
19	Sesame seed	121,805	*	181,376	
20	Nuts, nes	118,247	*	64,500	F

* : Unofficial figure
 [] : Official data
 F : FAO estimate
 Fc: Calculated data

Top agricultural productions in Ethiopia in 2012 (FAO Data)



Ethiopia's production of tea is limited compared to its neighboring Kenya with only 7 million kilograms produced in 2009. The total plantation area is estimated to be about 2,700 hectares.

However, the country is deemed to have a high leaf quality with a possibility to challenge Kenya's tea. To tap into this potential, Ethiopia is taking measures and the Ministry of Agriculture has identified around 50,000 hectares of land suitable for tea production.



With over 10 million colonies, the annual production of honey was estimated at 43.7 thousand tons per annum (2013 est.) and its potential at 500 thousand tons. The production of beeswax was estimated at 3,600 tons whereas its potential is estimated to be 50 thousand tons per annum.

In 2010, more than 70% of marketed honey was used to produce a local alcoholic beverage "tej" while the remainder was used for table honey. The income generated from apiculture is estimated at USD 62 million per year.

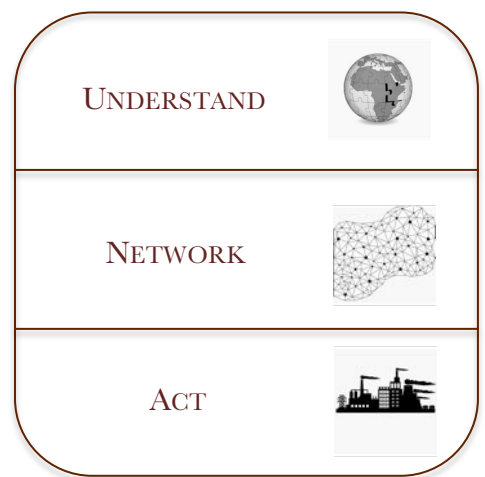
DOCUMENT SOURCES:

Photo ILRI, Stevie Mann, Cattle being watered at the Ghibe River in southwestern Ethiopia / Text and figures: Ethiopian Investment Agency, Agricultural Transformation Agency, the Food and Agriculture Organization / National Bank of Ethiopia / Ministry of Agriculture of Ethiopia / Ministry of Finance and Economical Development of Ethiopia / International Monetary Fund (IMF)



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