



Dragon Sourcing

Your Tailored Approach to Emerging Markets

Study on Sourcing Opportunities in *Ethiopia*

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Executive Summary- Top Export Categories

Category	Top Products	Export Value(2017) in USD Thousands	Top Export Destinations	Import Duty into EU	Import Duty into US	No of Suppliers
Coffee & spices	Coffee	963,031	Germany, Japan, USA Saudi Arabia, Belgium	0%-12.5% depending on commodity	1,5¢/kg	
	Ginger,saffron,turmeric, thyme, bay leaves & curry				1¢/kg	
	Seeds of anise, badian,fennel,coriander, cumin, etc.				0%-4.8%	
Edible vegetables & Roots	Vegetables , fresh or chilled	538,365	Somalia, Sudan, Djibouti, Pakistan, UK	4.5%-15.20% depending on commodity	2.5%-21.3%	
	Dried vegetables				0.5-4.9¢/kg	
	Leguminous vegetables				0,5¢/kg	
	Potatoes				2.8-3.9c/kg	
	Tomatoes					
Oil seeds	Oil Seeds	446,273	China,USA,Israel,Jordan, Saudi Arabia	0%-8.3% depending on commodity	1.4%-163.8 %	
	Rape or colza seeds, whether or not broken				0.58¢/kg	
	Linseed, whether or not broken				0.39¢/kg	
Precious Stones & Metals	Gold unwrought or in semi-manuf forms	125,685	Switzerland, USA, India South Africa, Thailand	Nil	3%-13.5%	
	Precious & semi-precious stone,not strug					
Live trees & plants	Cut flowers and flower buds for bouquets, fresh or dried	221,928	Netherlands,Germany, Saudi Arabia, Norway,Belgium	0%-10.9% depending on commodity	0%-7%	
	Plants, live, nes (incl their roots), cuttings & slips; mushroom spawn					
Raw hides and skins	Sheep/lamb skin leather	74,766	China, UK,Italy, India, Hong Kong	0%-6.5%	0%-5%	
	Goat/kid skin leather					
Cotton & Textiles	Cotton	89,772	Italy, Germany, USA, UK, Turkey, Indonesia, China	Cotton(0%-8%) Textiles(0-12%%)	Cotton(0%-16.5%) 4.4¢/kg-31.4¢/kg Textiles(0%)	
	Knitted & crotchert clothing					
	Women's Clothing					

Legend



More than 100 suppliers



Between 50- 100 suppliers



Less than 50 suppliers



Sourcing Opportunities in Ethiopia

ETHIOPIA- MACRO ECONOMICS

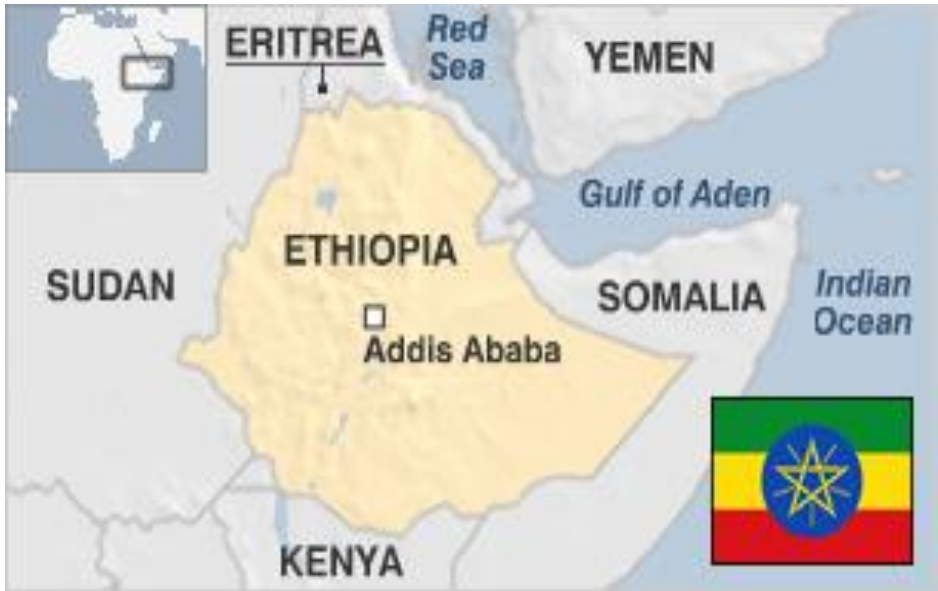


Ethiopia Overview

- **Ethiopia is strategically located in the horn of Africa at crossroads between Africa, the Middle East, and Asia. Ethiopia is expected to be among the fastest growing non-oil producing economies in Africa**
 - + a population of: 109.2 million (2018 estimates) ;
 - + a surface area equivalent to South Africa: ~1,104,300 km²
 - + a land area of 113 million ha equivalent to 27 times the Netherlands (2006)
 - + An agricultural land of 20% of the cultivated land
 - + The main roads converge on the biggest-Federal capital city Addis Ababa with a population of 3.3 million inhabitants

	Growth (2011)	Value (2018)
GDP	6.8%	USD 84.3 billion

Source: World Bank



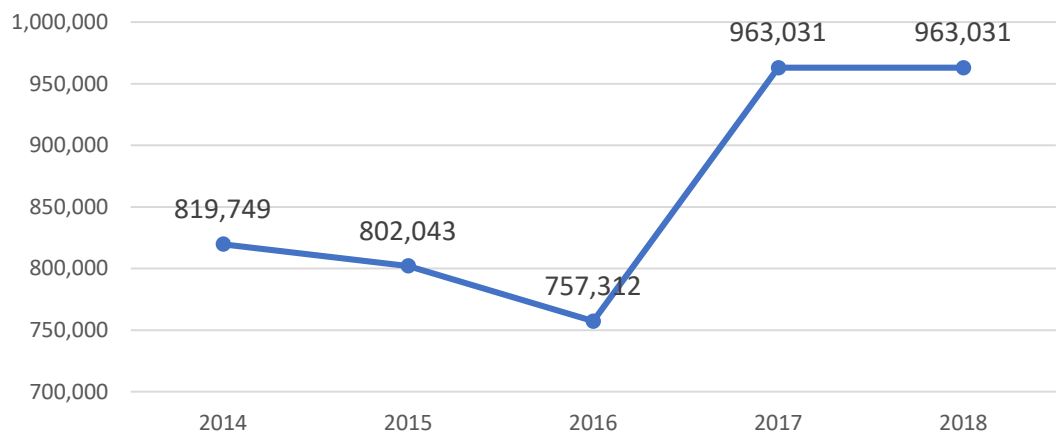


COFFEE AND SPICES

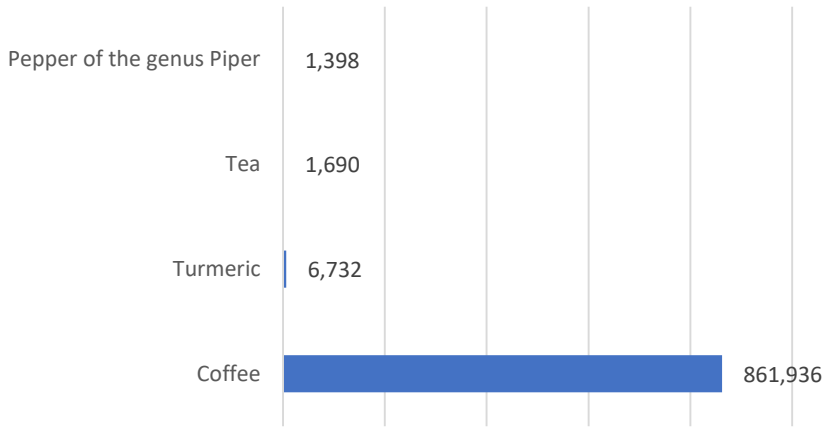


Coffee and Spices - Market Trends

Ethiopia- Export of HS 71==09 Series, Coffee, Tea & Spices in USD 1000s



Top Export Products under HS 09 Series in USD 1000s in 2018



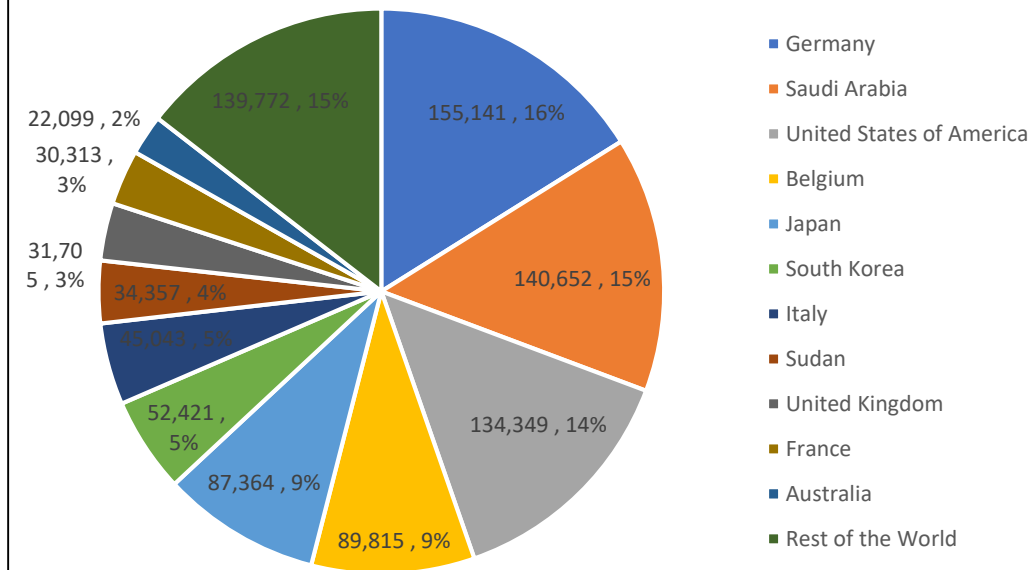
- Ethiopia is the birthplace of coffee: it is in the forests of the Kaffa region that coffee arabica grew wild. Ethiopia produces some of the most unique and fascinating coffees in the world.
- The type and grade of coffee is highly diverse in Ethiopia. Ethiopia is the producer for the several renowned varieties of coffee including Sidama, Yirgacheffe, jimma and Harar. Apart from these, there are several other famous varieties that Ethiopia produces. The Ethiopian coffee is processed in two ways, washed processing and the sundried processing.
- Its major partners are Germany, Saudi Arabia, America, Belgium, Japan, Italy
- The largest coffee producers are set to triple its coffee production in the coming five years by improving its production and marketing system.
- The planned marketing system allows coffee growers to export their products directly. The government expects to harvest 600,000 tons of coffee in 2020 fiscal year. The plan now is triple to 1.8 million tons by the year 2024
- The Ethiopian Coffee and Tea Authority has issued a new directive in 2020 to regulate exportable coffees' minimum price on the grounds of the global weighted average

Source: International Trade Centre



Coffee and Spices- Suppliers in Ethiopia

Top Importers of HS 09 Series from Ethiopia in 2018 in USD 1000s and in %



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of over 100 suppliers. They are both manufacturer or trader, distributor, wholesaler, who purchase green coffee from the farmers for processing or packaging, located in the three main regions where Ethiopia coffee beans originate are Harrar, Ghimbi, Sidamo (Yirgacheffe). **Gedeo, Limu, jimma, Nekempti, Teppi and Bebeka**

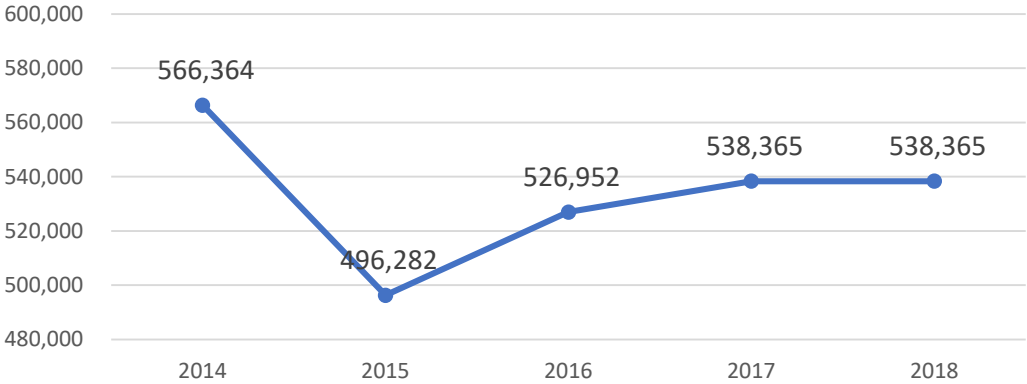


VEGETABLE AND ROOTS



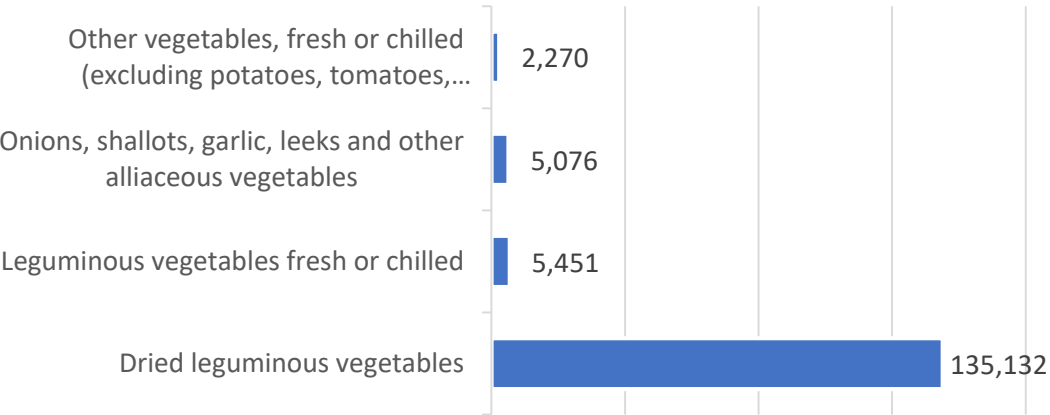
Edible Vegetables and Roots - Market Trends

HS 07 Edible Vegetables, Tubers & Roots from Ethiopia
in USD 1000s



– Ethiopia considers fruit crops as being high-value strategic, agricultural export commodities. Production of fruit crops in 2017/18 is estimated at 780,000 metric tons. Domestic consumption stands nearly at 760,000 metric tons. Ethiopia’s per capita consumption of fresh fruits equals around 7 kg per person per year, one of the lowest in the region. Export of fresh fruits is projected to reach 22,000 metric tons, which represent only 3% of the total productionsA general import duty of 4.5-15.2% (depending on the commodity) is levied on Edible Vegetables & Roots exports from Ethiopia into Europeand 2.5-21.3% into US.

Top Products under HS 07 exported from Ethiopia in
2018 in USD 1000s and in %

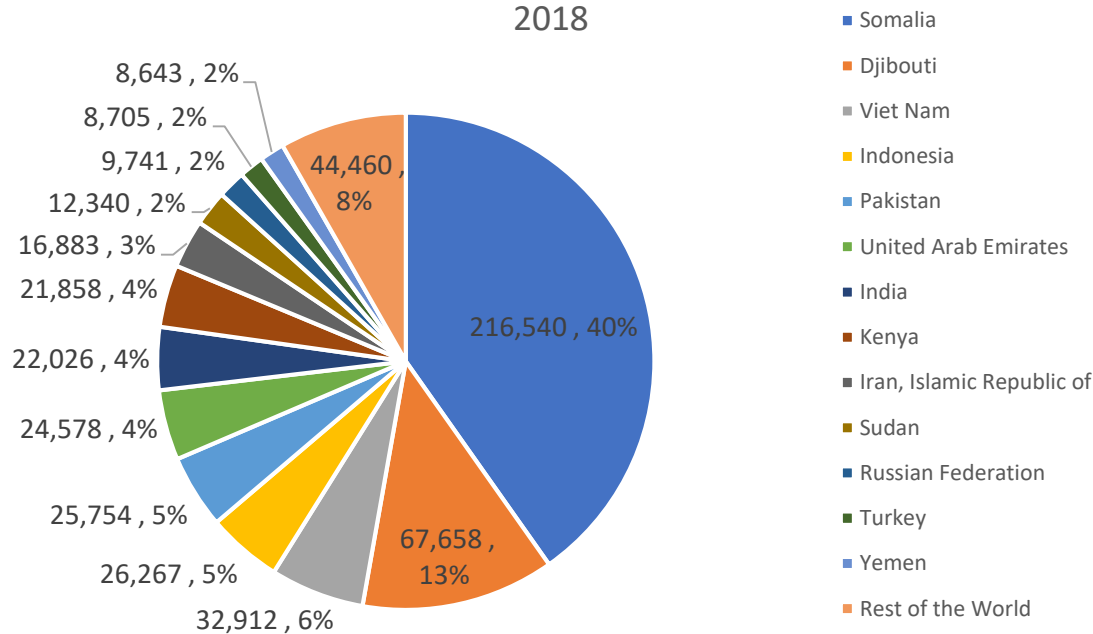


- Its major partners are Somalia, Sudan, Djibouti, Pakistan, UK, UAE, Bangladesh
- The export-oriented horticultural sector in Ethiopia relies heavily on the imports of production equipment, seeds, fertilizers and other supplies
- The country is endowed with abundant agricultural resources and favorable climate and vast water resource that make the country suitable for horticulture development



Edible Vegetables and Roots - Suppliers in Ethiopia

Top Importing Countries of HS 07 in USD 1000s and in % in 2018



Source: International Trade Centre

- DSL's initial research on the suppliers listed in trade databases indicated a presence of over 100 suppliers located over the country
- The most potential horticultural production regions in Ethiopia include the following regions:
 - + Oromia: areas around Addis Ababa (Eastern Shewa, Northern Shewa, Western Shewa), including some of the major floriculture production areas
 - + Amhara: Lake Tana catchment areas (Bahirdar Zuria, West Gojam and South Gondor)
 - + Tigray: the Raya valley around Mekele (South Tigray) and Adwa-Axum (Central Tigray)
 - + SNNPR: Awasa (Sidame), Arbaminch and Chenchha highlands (Northern Omo).

Supplier Locations



Source: Dragon Sourcing Supplier Survey

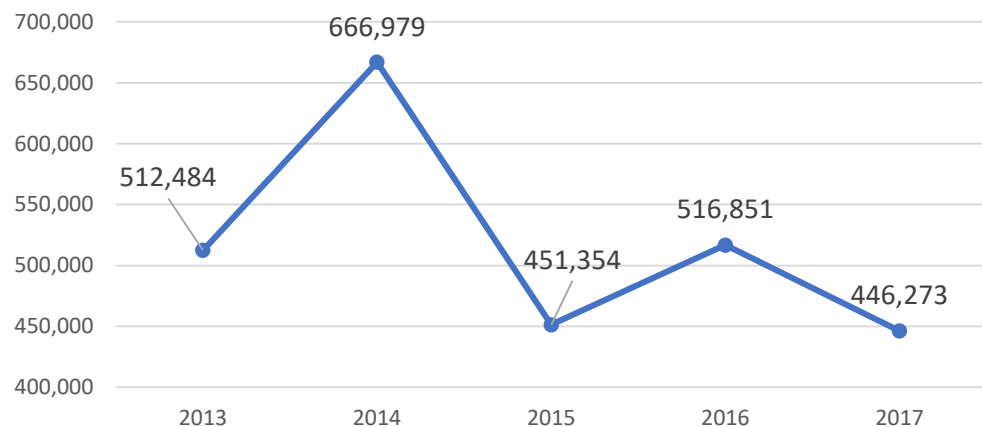


OILSEEDS

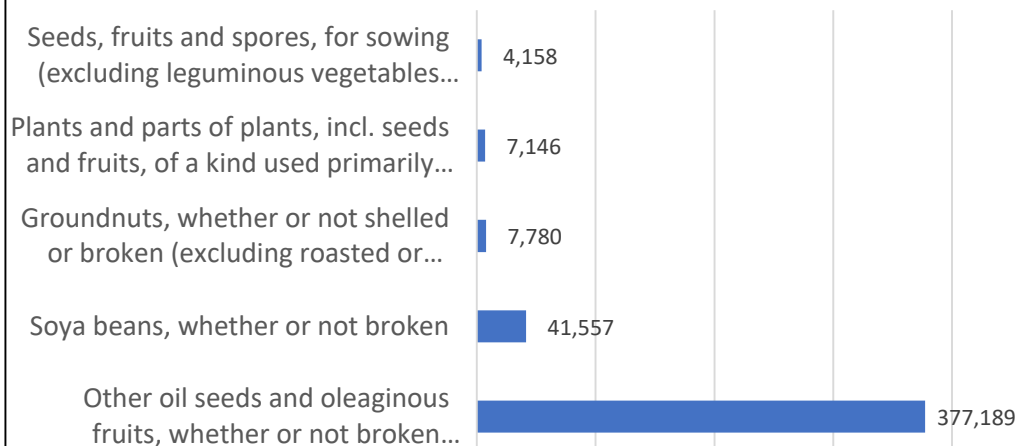


Oilseeds- Market Trends

Ethiopia- Export of HS 72- Oilseeds in USD 1000s



Top Export Products under HS 12 in USD 1000s in 2018



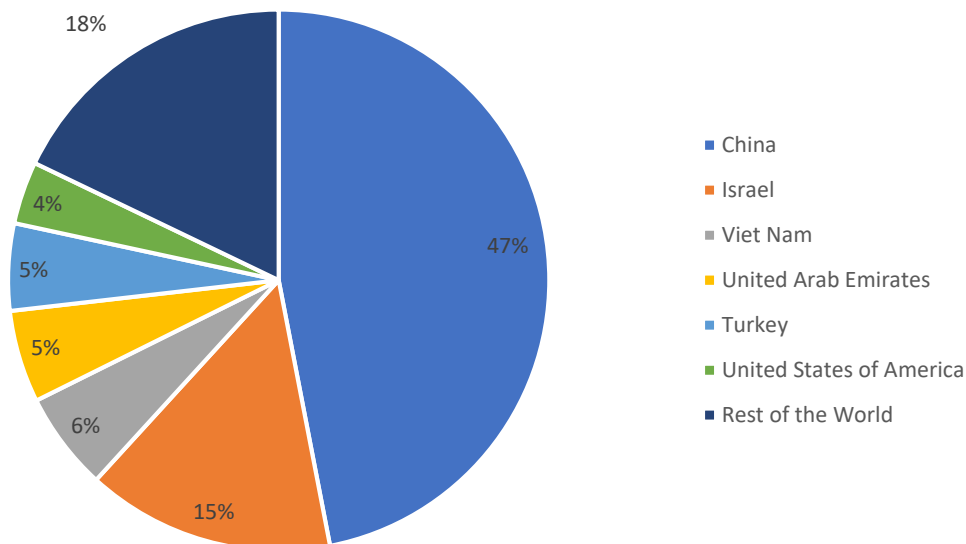
- A general import duty of 0-8.3% (depending on the commodity) is levied on Oilseeds exports from Ethiopia into Europe and 1.4-163.8 % into US.
- Its major partners are China, USA, Israel, Jordan, Saudi Arabia, Turkey, Greece
- Oilseeds are cash crops on subsistence farms. The potential to increase the production is characterized as labour intensive, low-input and rain fed.
- New virgin areas are fertile and offer good opportunities for organic and sustainable oilseeds production
- Ethiopia is one of the centers of biodiversity for several oilseeds which can be considered as specialty high value seeds on the international market. Oilseeds grown are
 - Sesame Seed
 - Niger Seeds
 - Mustard Seed
 - Pumpkin Seed
 - Sunflower
 - Rape Seed
 - Castor Seeds
 - Ground Nuts
- About 146 crop types in Ethiopia and oilseeds are among the major ones. Sesame and Niger seed dominate largely the oil seeds category. Niger seed is oil crop of Ethiopian origin like coffee

Source: International Trade Centre



Oilseeds- Suppliers in Ethiopia

Top Importers of HS 12 Series from Ethiopia in 2017 in USD 1000s



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

- DSL's initial research on the suppliers listed in trade databases indicated a presence of around 106 suppliers located in Tigray, Amhara and Oromia and Beneshangul where are the main production regions of oilseeds
- The major potential areas of oil crops are Humera, Metema, Jawi, Chewaqa and Mankush.
- Ethiopia is known to be the center or origin and diversity for cultivated sesame. Sesame seed is one of the oilseed crops grown in Ethiopia
- While it has the potential to grow in different parts of the country, sesame grows mainly in the northern and northwestern regions of Ethiopia (Humera and Wellega)

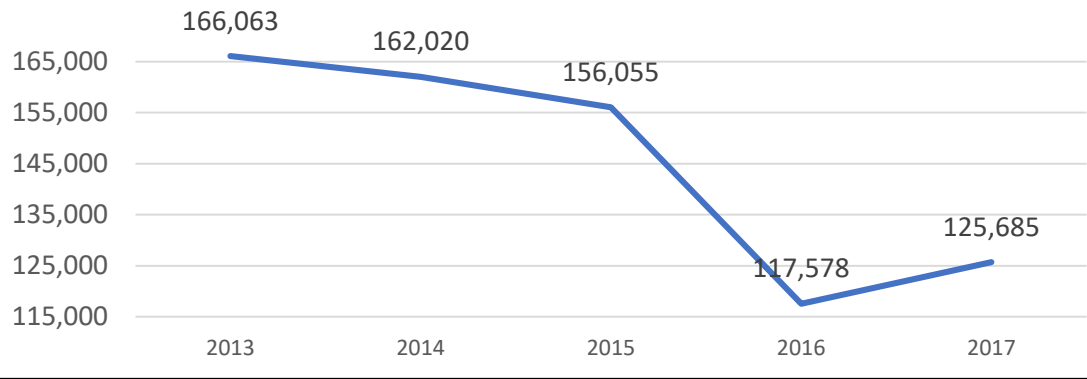


PRECIOUS STONES & METALS

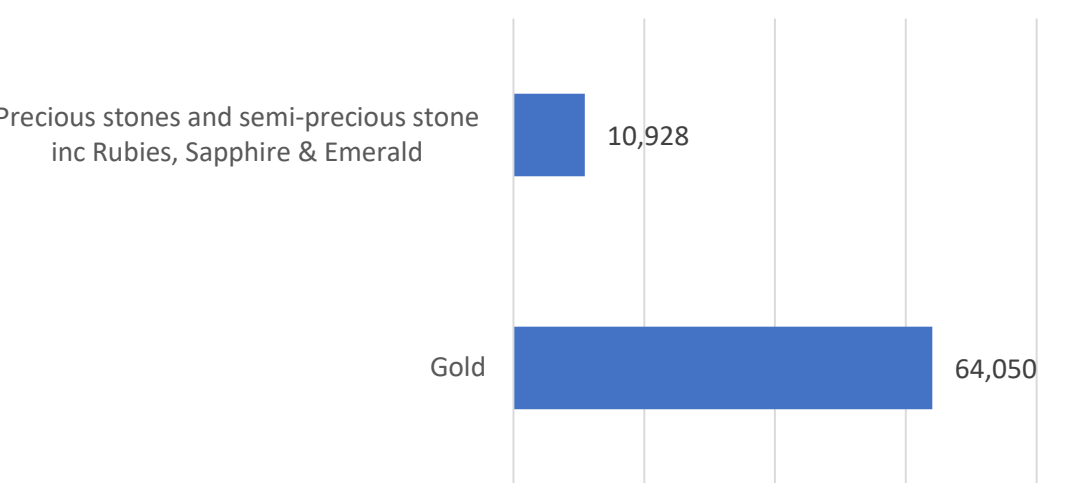


Precious Stone and Metals - Market Trends

Ethiopia- Export of HS 71 Series- Precious & Semi Precious Stone and Metals in USD 1000s



Top Export Products under HS 71 Series in USD 1000s in 2018



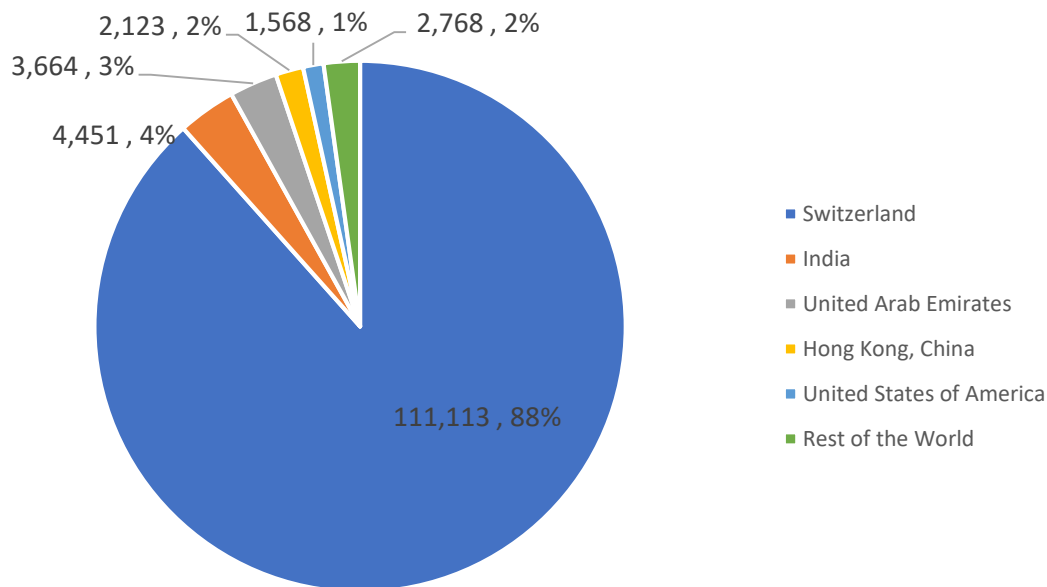
- Mining industries are expanding, with a focus on gold and potash..
- Its major partners are Switzerland, South Africa, USA, India, Thailand & UK
- Gold is Ethiopia's main mineral export and has been mined since ancient times, primarily as alluvial or free gold. At present, Ethiopia has a single large-scale gold mine, Lega Dembi, in the southern area of the country, owned by Midroc (98%) and the Ethiopian government (2%). Another advanced project exists at Tulu Kapi, in the west central area of the country, owned by Nyota Minerals Limited
- The gold mining industry is segmented into two components: modern and artisanal gold production. Artisanal gold miners who supply non-monetary gold to the National Bank of Ethiopia (NBE) for export make up around 50% of total production. Apart from generating valuable foreign currency, artisanal gold mining is a major employer. According to information from the Ministry of Mining, the number of artisan miners is estimated at around one million
- In addition to gold, Ethiopia has reserves of platinum, copper, potash, natural gas and hydropower.

Source: International Trade Centre



Pearl, Precious Stone and Metals- Suppliers in Ethiopia

Top Importers of HS 71 Series from Ethiopia in 2017 USD
1000s and in %



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of 200 around exporters who buy the stones extracted in Wollo, Delanta, Amhara Regional State by nearly 2,061 individuals, organised under 17 associations which are engaged in opal mining.

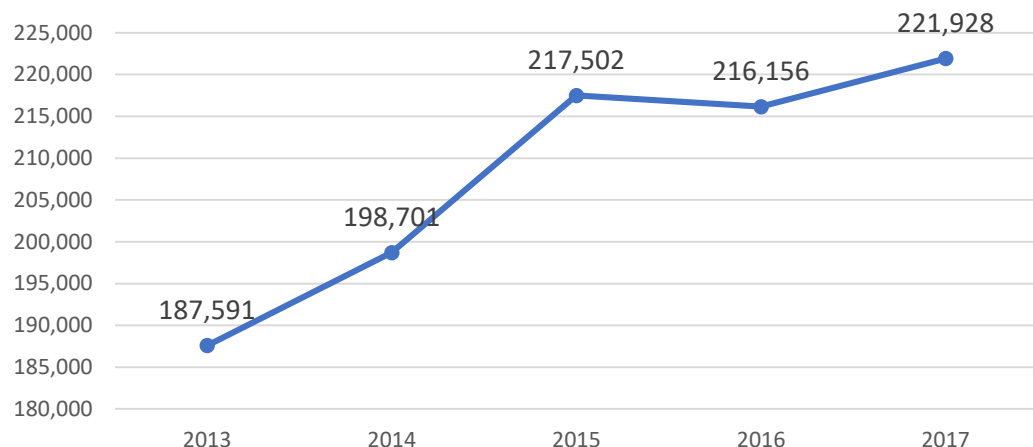


LIVE TREES AND PLANTS

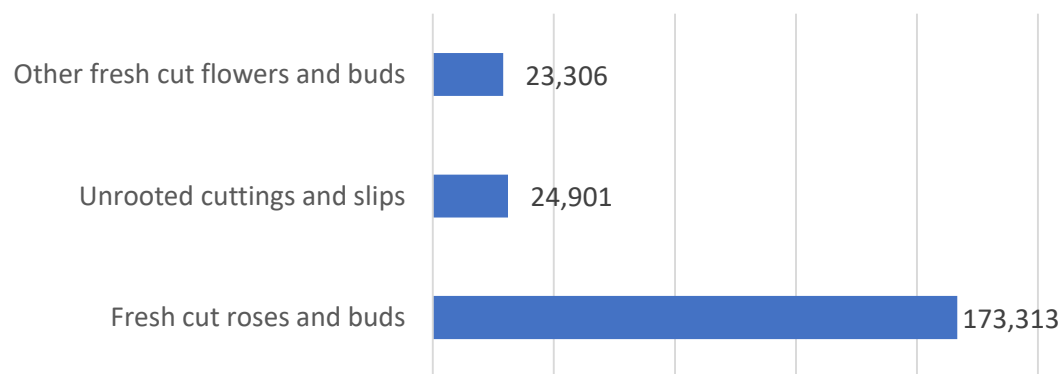


Live trees and plants - Market Trends

Ethiopia- Export of HS 06- Live Plants, Trees & Flowers
in USD 1000s



Top Export Products under HS 06 Series in
USD 1000s in 2017

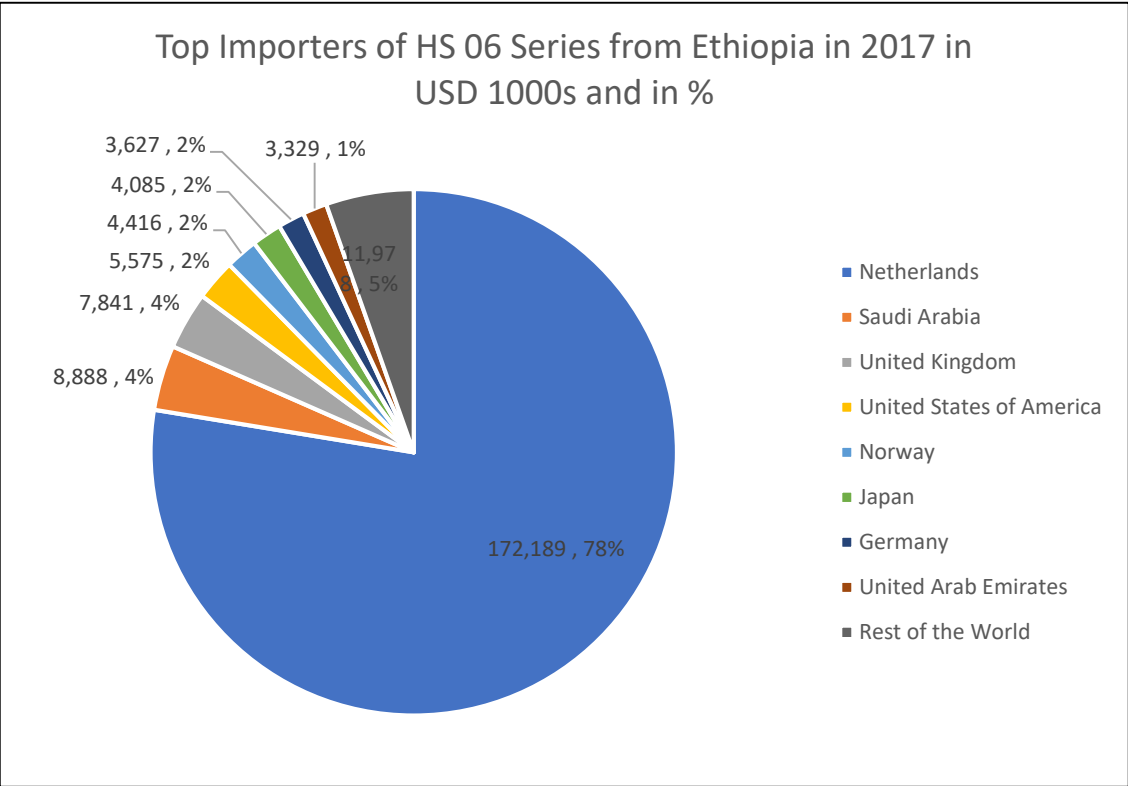


- The export of Ethiopia's horticulture products has been increasing steadily from time to time and especially the flower sector takes the lion's share in generating huge amount of the foreign currency.
- Netherlands, Saudi Arabia, UK, USA, Japan, Norway, Germany, UAE, Belgium and Italy were the main export destinations of Ethiopian horticulture products
- The government has allocated a substantial amount of finance for investors intending to export flowers. They can apply for loan up to 70 percent of their investment.
- More than 100 companies have been engaged in cultivation of flowers, fruit and vegetables as well as herbs and supplying high quality products to the international market, according to the Public Relations director
- Ethiopia is the second largest flower exporter in Africa after Kenya, shipping flowers to the Middle East, France, Germany, Canada, Sweden, UK, and the Netherlands among other countries
- Ethiopia is projected to have earned \$318 million from the export of flowers and other horticulture products in 2018

Source: International Trade Centre



Live trees and plants - Suppliers in Ethiopia



Source: International Trade Centre



Source: Dragon Sourcing Supplier Survey

–DSL’s initial research on the suppliers listed in trade databases indicated a presence of around 70 suppliers.

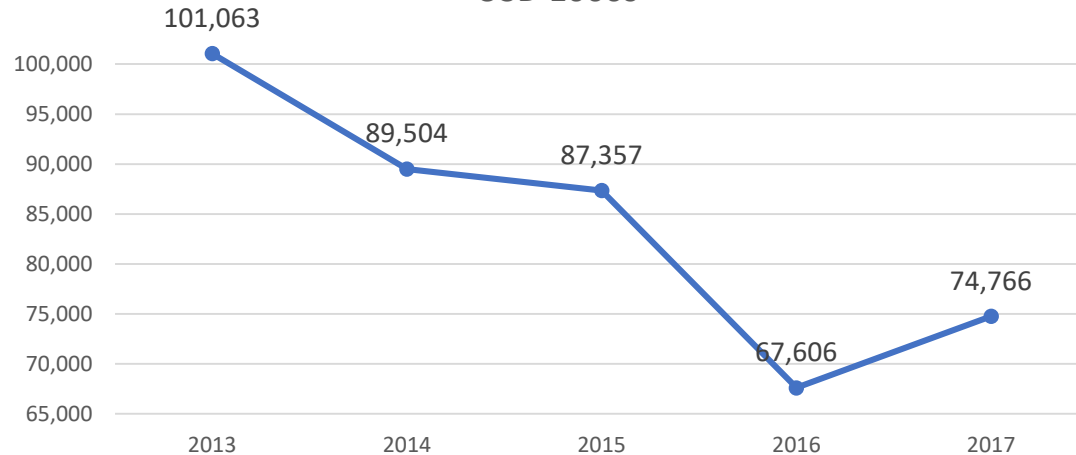


RAW HIDES AND SKINS



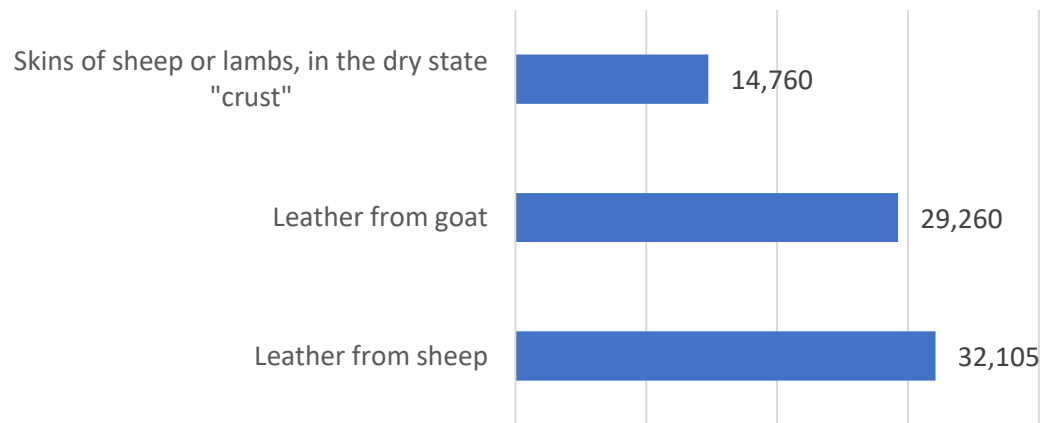
Raw Hides and Skins- Market Trends

Ethiopia- Export of HS 41 Series- Raw Hides & Skins- in USD 1000s



- The skin of some of the breed of the Ethiopian sheep and goats has a unique quality that is much sought for in the international market for making designer gloves
- Its major partners are China, UK, Italy, India & Hong Kong
- Export of raw hide and skin attracts an export duty of 0-6.5% in the EU and 0-5% in the US, depending on the nature of the product and the skin/ hide
- Ethiopia had imposed 150% tax in 2008 to boost domestic leather industry and discourage shipment of unprocessed and semi-processed material. This tax was removed after a fall in external demand for the nation's leather products in 2019
- Ethiopia has Africa's largest population of livestock; United Nations estimates 60 million livestock

Top Export Products under HS 41 Series in USD 1000s in 2018

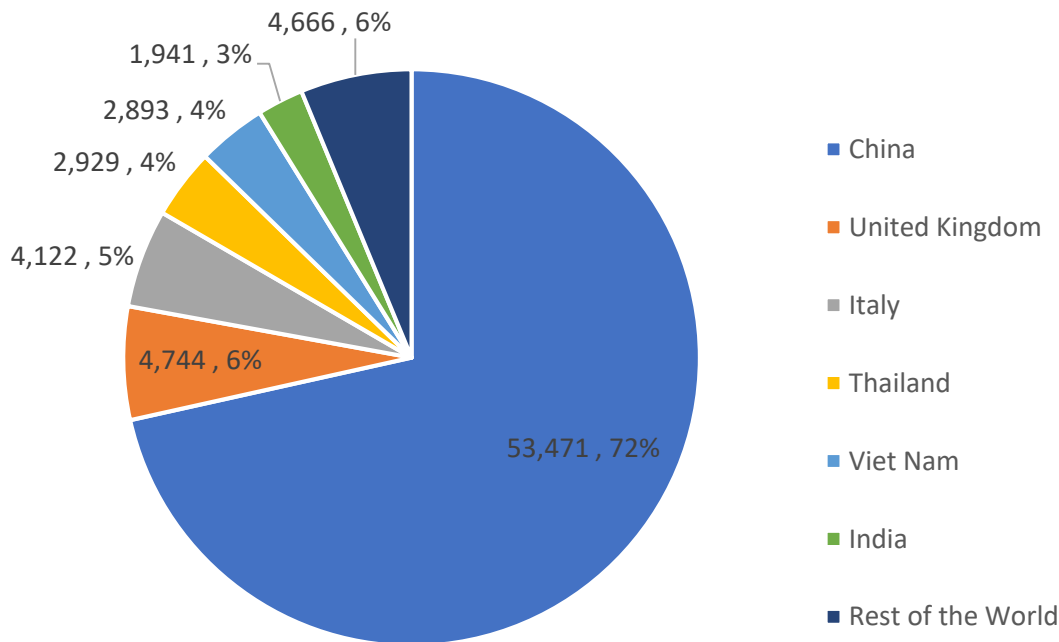


Source: International Trade Centre



Raw Hides and Skins- Suppliers in Ethiopia

Top Importers of HS 41 Series (Raw Hides and Skins) from Ethiopia in 2017 in USD 1000s and in %



Source: International Trade Centre

Supplier Locations



Source: Dragon Sourcing Supplier Survey

–DSL's initial research on the suppliers listed in trade databases indicated a presence of around 68 suppliers.

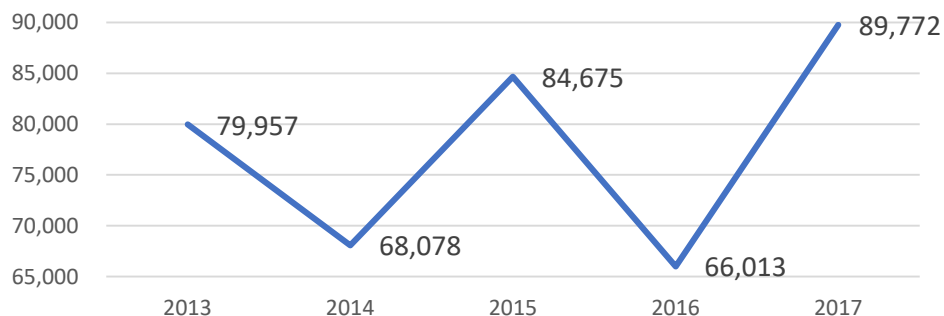


TEXTILE AND GARMENTS- AN UPCOMING INDUSTRY

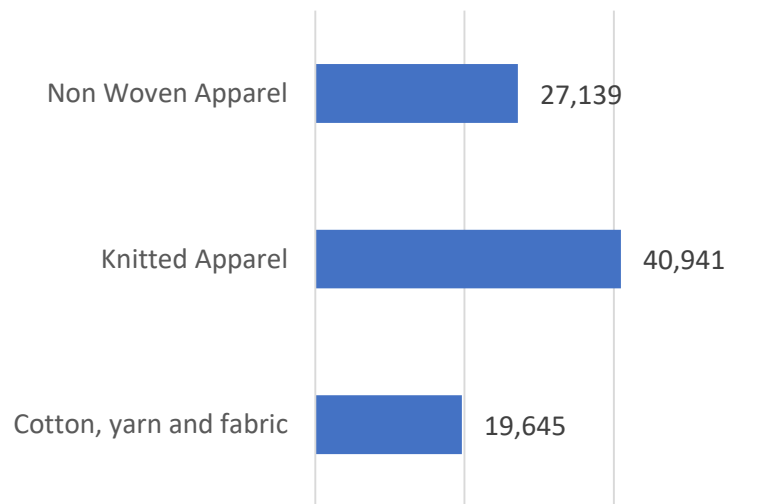


Textile and garment – Overview

Ethiopia- Export of HS 51, 61 & 62 Series- Cotton, Textiles & Apparel in USD 1000s in 2017



Top Export Products under Textiles & Apparel Super Category in USD 1000s in 2017



- In the last 5 to 6 years, Ethiopia's textile and apparel industry has grown at an average of 51% and more than 65 international textile investment projects have been licensed for foreign investors.
- The industry is mainly driven by the country's wide availability of raw materials, cheap labor, low energy costs, and several bilateral trade agreements with the world's biggest markets. More than 65 international textile investment projects have been licensed for foreign investors during this period.
- There are an estimated 3 million hectares available for cotton farming in Ethiopia, but only 30-40 thousand hectares are currently used. Cotton is cultivated on state-owned farm (35% production) and private commercial farms (54% production) as well as on small holder farms (11% production)
- Ethiopia already produces a wide-range of products: T-shirts, polo shirts, sportswear, pajamas, military uniforms, work wear, corporate wear, and woven and knitted fabrics, as well as home textiles including towels, bed sheets, etc



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