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Prepared By: FAS/Addis Ababa Staff

Approved By: Rachel Bickford

Report Highlights:

Total production of sesame seed, Niger seed, and soybeans in marketing year 2020/21 (October to September) is estimated to reach 705,000 metric tons, slightly down by 0.3 percent over previous year. With expansion of acreage and improved yields due to good weather conditions, production of soybeans and Niger seed is expected to increase nearly by 14 percent and 2 percent, respectively. While, sesame seed production is estimated to drop by 9 percent because of reduction in planted area. The projected impact of Covid-19 on supply chain disruptions has pushed farmers to slash sesame seed plantings and shifted to cultivation of food crops mainly sorghum to enhance local supply. The expansion of local edible oil complexes and integrated agro-industries in the country is anticipated to stimulate oilseeds production to meet the rapidly growing local demand for cooking oils as well as livestock feed.

Executive Summary

Ethiopia's oilseed sector plays an important role in generating foreign exchange earnings and supporting the livelihoods of market actors across the value chain. Oilseed crops are the third largest foreign exchange earners, next to coffee and cut flowers, and the oilseeds of sesame, soybean, and Niger seed contribute to nearly 17 percent of Ethiopia's agricultural exports. In the 2019/20 marketing year (October to September), exports of sesame, Niger seed, and soybeans generated $376 million in foreign exchange earnings. A survey report of Central Statistics Agency (CSA) shows close to 1.4 million farmers produce oilseed crops in the country.

The production quantities of Niger seed and soybean in marketing year (MY) 2020/21 is estimated to increase by 2 and 14 percent, respectively, over last year's level. Expansion in planted acreage and improved yield due to good weather conditions have propelled production upward. On the other hand, sesame seed production is estimated to decline by nearly 9 percent over the previous year due to a reduction in crop area and planting of alternative crops, largely sorghum, to increase food security. COVID-19 induced supply chain disruptions had effect on sesame productions where farmers cultivated alternative food crops to minimize the projected impact of the pandemic on local food supplies.

Looking ahead, Post expects oilseeds production to increase to meet the growing demand for cooking oil and livestock feed. The inauguration of Integrated Agro-Industrial Parks and entry of large-scale edible oil complexes in the market will offer new opportunities to process this anticipated increase in oilseed production. This suggests that cooking oil imports could thus decline in the future. A new edible oil industrial complex began operations recently that could ultimately meet 60 percent of the country's demand for cooking oils. Furthermore, several other edible oil complexes are expected to commence productions by end of this year. This expansion in agro-industries and edible oil processing is projected to strengthen oilseeds production in the longer term, but as current production of oilseeds is not sufficient, imports are expected in the short term. Table 1 below summarizes production of major oilseed crops.

Table 1: Estimated Production Volume of Major Oilseeds (metric tons)

Crop/MY	2019/20	2020/21	Volume Change (2020/2021)	Percentage Change
Sesame seed	280,000	255,000	-25,000	-8.9
Niger seed	295,000	300,000	5,000	1.7
Soybean	132,000	150,000	18,000	13.6
Total	**707,000**	**705,000**	**-2,000**	**-0.3**

Source: FAS Addis Ababa

Sesame Seed

Production

Sesame seed production in MY 2020/21(October-September) is projected at 255,000 metric tons (MT), which declined by 25,000 MT over the previous year's estimate and is mainly attributable to reduction in acreage. Total area for sesame production is estimated at 520,000 hectares (HA), down by 13 percent compared to the prior year. The contraction in sesame acreages is driven by shifts in production of alternative food crops, namely sorghum. During 2020/21 crop year, sesame farmers in major growing regions have switched to planting sorghum. The impact of COVID-19 pandemic on supply chain disruptions and weakening food supplies contributed significantly to the shift in productions. Ethiopia held a national campaign calling for farmers to focus on planting food crops to address anticipated food security challenges posed by the pandemic, and many sesame farmers in the states of Amhara and Tigray switched to sorghum cultivation to minimize the pandemic's effect on local food supplies.

Some farmers have also planted alternative crops such as soybeans and sunflower seeds in expectation of better price returns. That sesame production costs have steadily increased over the past years with a decline in yield have pushed some producers to explore cultivating other oilseed crops with better profit margins. Although pest and disease did not affect sesame productions, conflicts erupted in Tigray while tensions along the Sudanese border during the harvest season affected logistics and supply. COVID-19 and military conflicts in the sesame growing regions affected the mobilization of casual laborers.[1]

Post revised production estimate for MY 2019/20 down to 280,000 MT to reflect actual export figures. In addition, the revised production figure has taken into account adjustments on beginning and ending stock levels.

Looking forward, sesame seed production in MY 2021/22 will likely trend downward due to persistent conflict and border tension near major growing areas. Farmers may also cut sesame seed planting for next year's crop and continue transitioning to alternative crops including sorghum, mung beans, soybeans, and sunflower seeds. With an improved security situation, the reduction in sesame seed plantings could be offset by expanding commercial productions in regions such as Oromia, Benshangul-Gumuz, Southern Nations, Nationalities, and People (SNNP), and Somali.

Sesame seed is one of the most widely produced oilseed crop, representing 30 percent of Ethiopia's oilseed production. Production is mainly concentrated in the northern and northwestern Ethiopia, bordering Sudan and Eritrea. According to the Ministry of Trade and Industry (MOTI), 44 percent of the national sesame seed production comes from Amhara, followed by Tigray (31 percent), and Oromia (13 percent); the regions of Benshangul-Gumuz, SNNP, and Gambela account, respectively, for 9, 2, and 1 percent of total production.

[1] Sesame seed farming attracts about 500,000 seasonal laborers at all stages of production, from land preparation to harvest collection.

Although Ethiopia is one of the major global producers and exporters of sesame seed, the country faces a growing challenge to both supply and demand. On the one hand are the supply pressures of diminishing productivity levels, pests, disease, lack of easy access to modern technology, and rising production costs while on the other (demand side) are easy entry for new traders, market distortion, international price instability, highly concentrated export market, and strong competition abroad. These constraints threaten Ethiopia's sesame seed growth potential and unless farmers, traders, and the government strategically address these challenges, the country could decline in its longer-term competitive position.

Consumption

MY 2020/21 consumption is projected at 57,000 MT, down 4,000 MT over the previous year. Current domestic consumption is small as compared to production, and consumption is expected to rise in the future thanks to local and international demand.

Domestic demand for sesame, especially in local food processing industry is projected to grow as new integrated agro-industries and edible oil industrial facilities open. Sesame hulling, roasting, and further processing and production of various value-added products is set to expand in the agro-industrial parks.

This said, the rising popularity of sesame seeds as an important ingredient in various cuisines and application in the pharmaceutical and medical industry will drive up global demand for it. This international trend should continue due to increasing health consciousness, growing number of vegans, and burgeoning demand for specialty foods like tahini, hummus, halva, and etc. Growth of other niche segments that produce sesame-based foods is also expected to increase demand in the future.

Trade

Sesame seed exports are forecast to reach 213,000 MT in MY 2020/21, declining slightly by 1,000 MT from the previous year's actual figure. This decrease in exports is due to the estimated contraction in production and anticipated growth in the local processing industry.

Ethiopia is one of the key players in the global market for sesame seed and remains a major exporter. However, annual export volume has been falling at cumulative average growth rate (CAGR) of 8.1 percent over the past decade. Industry experts mention that international price volatility, currency fluctuations, excessive speculations, distortion of local market price, illicit trade, and squeezed productivity levels are the main reasons for the deteriorating export trade performance during the previous years. The distortion of local market price was particularly evident from the significant price disparity between export prices and local trading prices at ECX. Local prices were considerably above international market prices over the past several years, and it has been common among some Ethiopian exporters to sell oilseeds and other agricultural export commodities at a loss margins and then to compensate by importing other products that may be sold locally with a higher profit margin.

Local price distortions have been tempered since the implementation of a directive by the Ministry of Trade and Industry (MOTI) that enforces registration and execution of export contracts. During MY 2018/19, monthly average price of sesame seed at the ECX market was higher than export prices by $176 per MT. After the directive came into effect, local price distortions reversed and prices stabilized. In MY 2019/20, the monthly average export prices soared above local prices by $210 per metric ton. This positive price pattern was repeated in MY 2020/21 when monthly average export prices (October 2020 to February 2021) exceeded local prices by $115 per MT. In February 2021, for instance, average export price of sesame seed was $1,490 per MT, whereas trading price at ECX market was $1,334 per MT.

In February 2021, monthly average price of Whitish Humera/Gondar sesame seed on the ECX trading floor stood at $1,371 per MT compared to $1,324 per MT in February 2020. Prices of Whitish Humera/Gondar sesame contracts in February 2021 showed an increase of $47 per MT (4 percent) over the same period last year. The Whitish Humera/Gondar sesame seed contracts serves as reference price for international markets. Similarly, the local trading price for Whitish Wellega type sesame seed at the ECX increased by 6 percent when prices soared to $1,308 from $1,237 per MT during same period. Conversely, the season's average export price and local trading price of sesame during MY 2020/21(Oct-Feb) was down by 6.5 and 2.3 percent, respectively, compared to the previous season. Figures 1, 2, and 3 capture ECX market price, export price, and monthly-traded volume trends during the current and past MY.

Israel has maintained its position as the top export destination for Ethiopian sesame seed, followed by the United Arab Emirates (UAE), and Singapore.[2] Israel accounted for around 27 percent of the total exported volume while the UAE and Singapore respectively seized a 26 and 10 percent market share, respectively. China and Vietnam – the fourth and fifth largest destinations – accounted for 10 and 9 percent, respectively. Except for the UAE and Singapore, the major traditional buyers of Ethiopian sesame seed (such as China, Turkey, and Saudi Arabia) have reduced imports during MY 2020/21. This could be likely stem from COVID-19 economic restrictions and competition from other suppliers like Sudan.

China remains the leading market for imported sesame seed globally. China's import demand is estimated at 1.2 million MT per year, which satisfies about 75 percent of its demand; the balance is filled with local production. China has historically been the top destination for Ethiopian sesame seed exports, although this tendency is changing as China diversifies its imports and turns to other African markets and Ethiopia's exports have been declining steadily over the last four years—a trend likely to continue.

[2] Trade Data Monitor, which derives Ethiopia's official trade statistics from the Ethiopian Customs Commission.

Stocks

MY 2020/21 total ending stocks are estimated at 20,000 MT and Post has revised beginning and ending inventory levels of the previous MY to reflect actual export figures. Out of the total ending inventory levels, the largest volume is expected to be kept at exporters' warehouse. And, the balance is anticipated at producers' and local suppliers' warehouses.

Policy

In MY 2019/20, MOTI passed a directive to enhance export performance and to create a healthy and competitive market. This directive enforces registration and execution of export product contracts while also strictly regulating trading prices, product quality, and the administration of export sales contracts. Registration of export sales contracts is required for all export commodities traded at ECX, including sesame seed. In addition, the directive implements price controls to tackle local price distortion and local traders may be penalized if they are caught exporting commodities below domestic price levels and default on their export sales contracts. Ethiopia has approved a tax reform policy that provides access to duty-free imports of agricultural machinery and farm equipment to improve agricultural mechanization and commercial farming.

Table 2: Annual Trend of Ethiopia's Sesame seed Exports, MY 2010-2021 (October-September)

Marketing Year	Volume (MT)	Value (in thousands USD)	Volume Change (Year-to-Year)	
			Absolute	Percentage
2010/11	317,071	230,332	-	-
2011/12	406,741	307,911	89,670	28.3
2012/13	238,549	428,820	(168,192)	-41.4
2013/14	264,060	608,371	25,511	10.7
2014/15	318,195	509,505	54,135	20.5
2015/16	414,777	447,753	96,582	30.4
2016/17	279,347	307,918	(135,430)	-32.7
2017/18	275,021	367,072	(4,326)	-1.5
2018/19	215,190	347,252	(59,831)	-21.8
2019/20	213,905	320,197	(1,285)	-0.6
2020/21*	213,000	-	(905)	-0.4

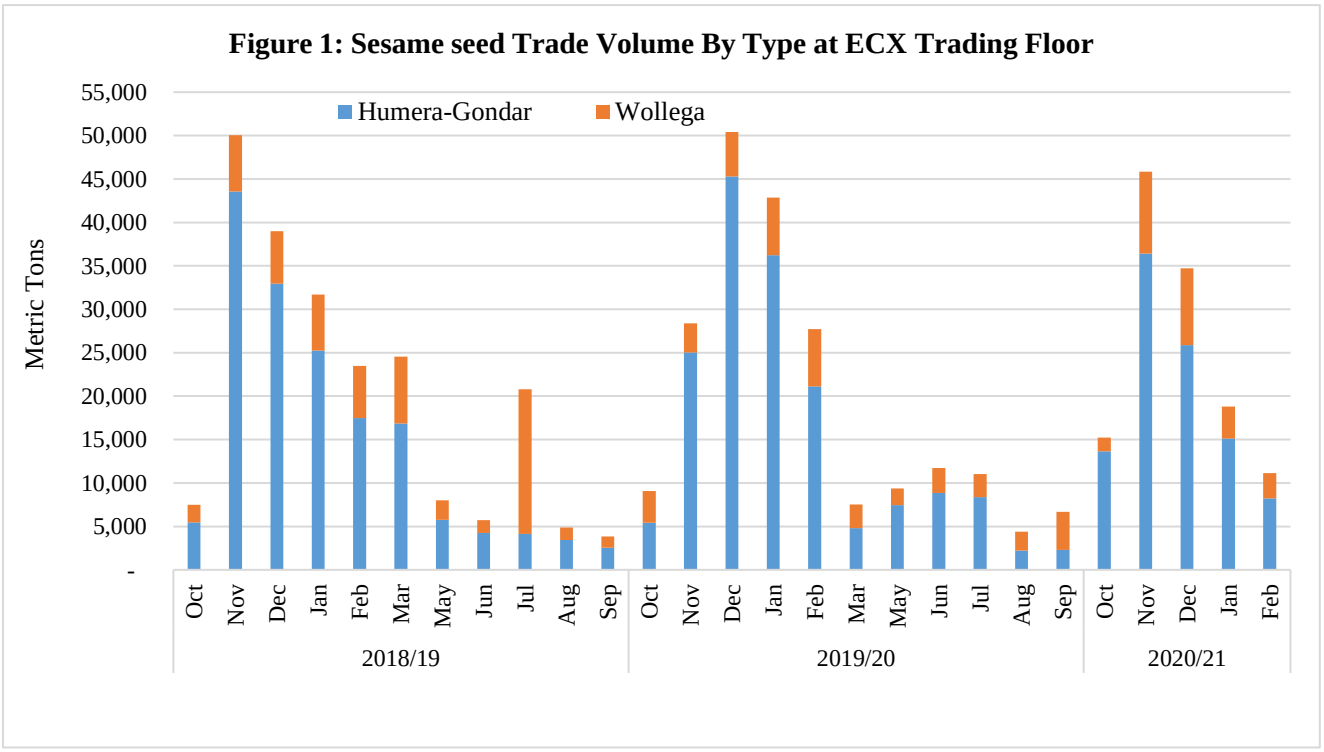
Sources: Trade Data Monitor and FAS Addis Ababa

Notes: Export volume for 2020/21 is an estimated figure.

Table 3: Ethiopia's Sesame Seed Export Destinations in MY 2019/20 (October-September)				
Partner	**Export**		**Market Share**	
	Volume (MT)	**Value (in thousands USD)**	**Export Volume (%)**	**Percent Change (2020/2019)**
Israel	57,103	84,620	26.7	-4.2
UAE	54,742	82,510	25.6	93.5
Singapore	21,836	32,072	10.2	44.4
China	20,749	30,346	9.7	-46.3
Vietnam	19,395	28,721	9.1	10.4
Japan	15,301	23,692	7.2	-4.2
Turkey	5,937	8,759	2.8	-45.3
Hong Kong	3,218	4,745	1.5	605.6
Jordan	2,788	4,136	1.3	-47.8
Saudi Arabia	2,573	3,907	1.2	-65.9
Sub-Total	**203,642**	**303,507**	**95.2**	-
Others	10,264	16,690	4.8	-
Total	**213,905**	**320,197**	**100.0**	**-0.6**

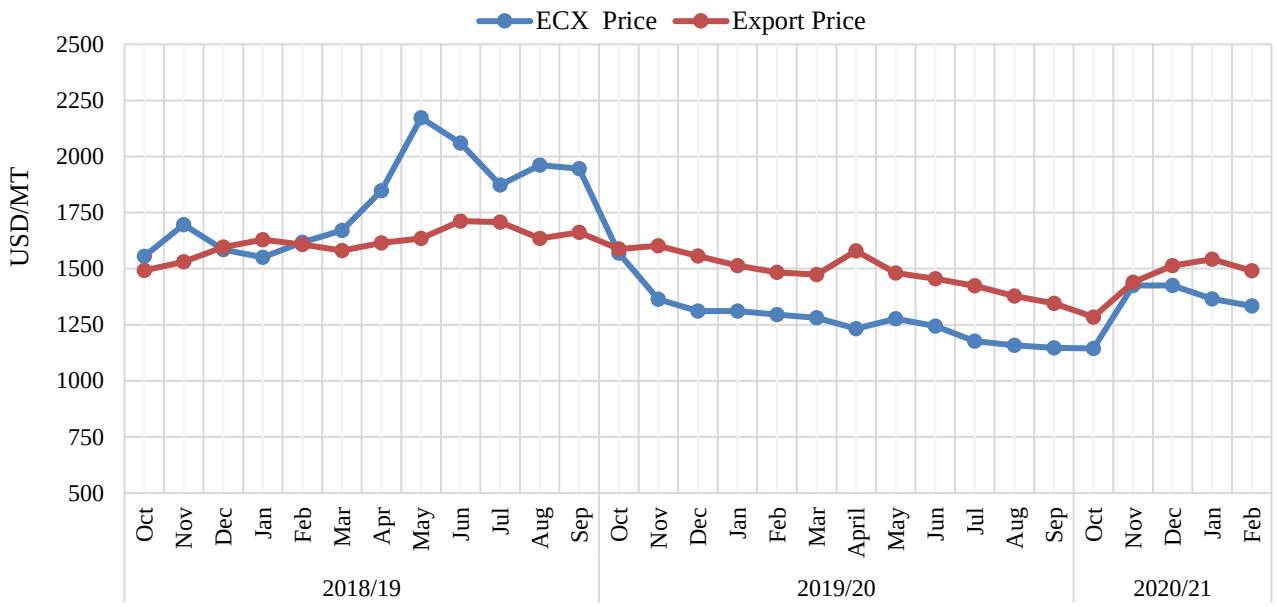
Source: Trade Data Monitor

Figure 1: Sesame seed Trade Volume By Type at ECX Trading Floor



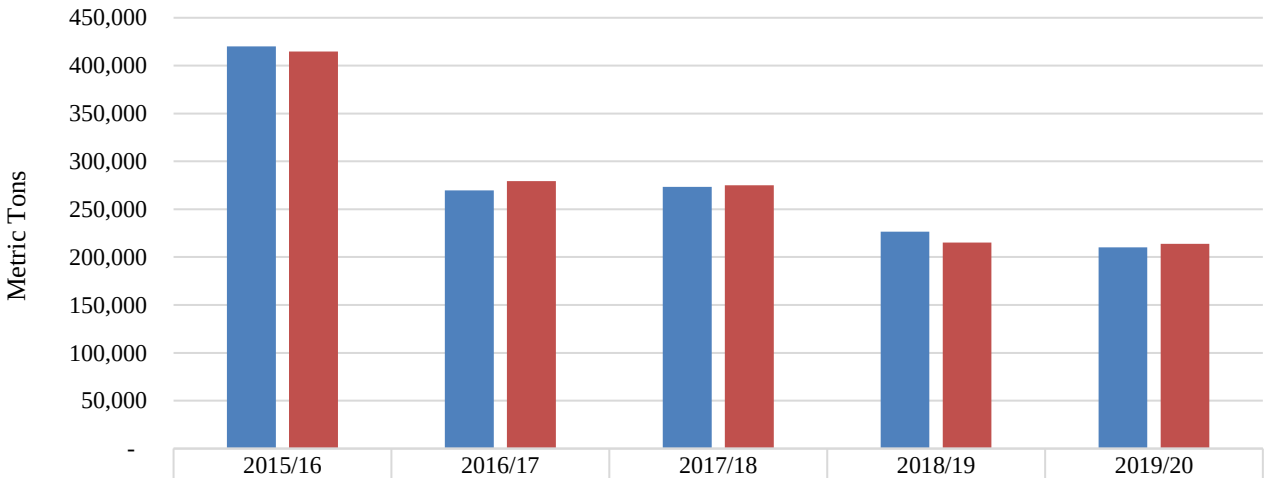
Source: ECX

Figure 2: Sesame Seed Trading Price (USD per MT): Export vs ECX Market



Source: ECX. (Price is converted to US $ based on prevailing exchange rates)

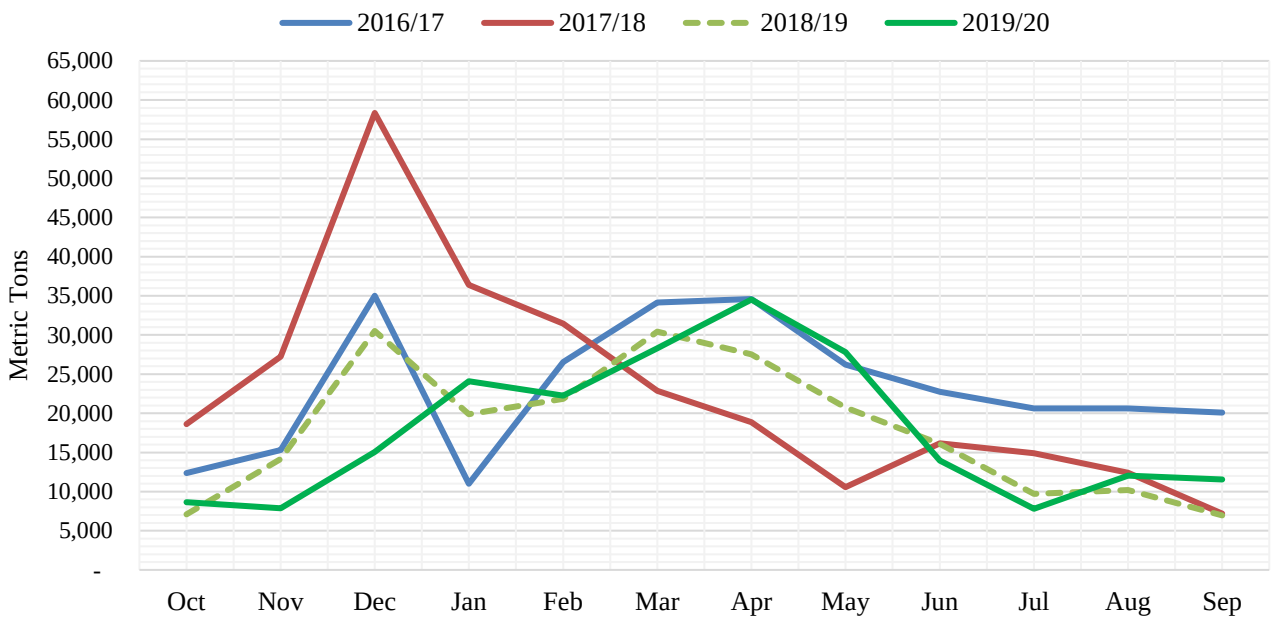
Figure 3: Sesame seed Export vs ECX Trade Volume (MT) by Marketing Year



	2015/16	2016/17	2017/18	2018/19	2019/20
ECX Trade	420,030	269,826	273,500	226,521	210,237
Export Trade	414,777	279,347	275,021	215,190	213,905

Sources: ECX and Trade Data Monitor

Figure 4: Sesame Seed Monthly Export Volume Trends by Marketing Year



Source: Trade Data Monitor

Table 4: Production, Supply, and Distribution (1000 HA, 1000 MT)			
Oilseed, Sesame seed	**2018/19**	**2019/20**	**2020/21**
Market Year Begins	**October**	**October**	**October**
Ethiopia	**New Post**	**New Post**	**New Post**
Area Harvested	600	600	520
Beginning Stocks	35	30	35
Production	260	280	255
MY Imports	0	0	0
MY Imports from the United States	0	0	0
Total Supply	**295**	**310**	**290**
MY Exports	215	214	213
Crush	2	4	4
Food Use Domestic Consumption	10	16	16
Feed Waste Domestic Consumption	38	41	37
Total Domestic Consumption	50	61	57
Ending Stocks	30	35	20
Total Distribution	**295**	**310**	**290**

Source: FAS Addis Ababa Estimate

Niger Seed

Production

Production of Niger seed in MY 2020/21 is forecast at 300,000 MT, which is up slightly by 5,000 MT over last year's revised figure. This estimate assumes improved yields due to good weather conditions and increase in area harvested. Over the last several years, Niger seed production has shown steady growth, most of which is driven by increases in area harvested as farmers respond to the rising price of Niger seed-based cooking oil and other derived products such as animal feed. Recently, this important oilseed has been added to the list of ECX traded commodities, which is expected to create improved market incentives for farmers to expand production of the seed in the years to come.

Niger seed, also known as *noug*, is the second most produced oilseed in Ethiopia, accounting for a little more than one-fourth of oilseed production. Close to 800,000 small-scale farmers produce Niger seed and more than 95 percent of production is concentrated in the highlands of Oromia and Amhara. Ethiopia, India, and Myanmar are the largest producers of Niger seed in the world.

Consumption

MY 2020/21 consumption is projected to reach 288,000 MT, up roughly by 10,000 MT from the preceding year due to increased domestic demand for cooking oil. Consumption is expected to keep growing in the coming years as demand for cooking oil and livestock feed continue to grow. Expansion of edible oil processing facilities and new integrated agro-industrial parks are anticipated to spur demand for Niger seed. The agro-industrial parks are expected to utilize Niger seeds as a raw material for cooking oil productions and other by-products such as Niger seed cake for animal feed.[3]Recently, a new edible oil industrial facility has been inaugurated in Bure Integrated Agro-Industrial Park and has a capacity to produce 60 percent of the country's demand for cooking oils. In addition, there are a couple of other privately owned large-scale edible oil factories under construction that are anticipated to go operational in the next couple of years. Together, the large factories should produce cooking oil that would satisfy Ethiopia's demand and to substitute imports with local productions.

[3] The by-product from Niger seed oil extraction can be used for livestock feed, especially in animal fattening and dairy rations.

Trade

Export of Niger seed in MY 2020/21 is forecasted at 12,000 MT, which remains unchanged from the previous year's actual figures. Export volumes have contracted a little more than by half due to increase in local market price. The surge in local prices of Niger seed has resulted in squeezed export margins, which discouraged traders to export the crop. Some traders are opting for exporting other oilseeds (such as groundnuts) with relatively better price margins. Besides, the volatile security situation in major growing areas (especially in the zones of East and West Wellega) has affected Niger seed trade in the past couple of years.

There is increasing competition between local edible oil processors and Niger seed exporters, and exporters purchase Niger seed from the local market at prices higher than international market. Currently, traders sell Niger seed to international markets at a loss. Data from Trade Data Monitor indicates that monthly average export prices were below local market prices for the period between October 2020 and January 2021. Exporters, on average, registered a loss margin of $25 per MT, compared to profit margin of $55 per MT over same period in the previous year. With this elevated local price, the local food processors struggle to source Niger seed at reasonable prices. In February 2021, Niger seed export prices increased to $1,069 per MT from $907 per MT in October 2020, up by 18 percent. The rise in current prices is not expected despite arrival of the new crop since the beginning of January 2021. See Figure 5 for details on export and local market price trends.

Around 80 percent of the total export volume of Niger seed is unprocessed or non-sterilized while the remainder export volume is heat-treated or sterilized. The export share of sterilized Niger seed has nearly doubled over the last two years.

The top destination for Ethiopian Niger seed is the United States,[4] accounting for nearly 40 percent of exports in MY 2019/20. Vietnam and the United Arab Emirates, the second- and third-largest export destinations, accounted for 15 percent and 12 percent of export volume, respectively. The United States, Germany, and India are the major buyers of sterilized Niger seed from Ethiopia. See Tables 5 and 6 for trends of Niger seed exports.

Although Niger seed was added to the list of agricultural commodities traded at ECX trading floor, it is not currently being traded at the exchange due to liquidity challenges. Unlike sesame seed and soybeans—where trading is highly regulated and exclusively conducted at ECX—trading of Niger seed on the ECX platform is voluntary and traders thus may buy and sell Niger seed outside of the ECX marketplace. The launch of Niger seed trading on the ECX modern trading platform is anticipated to reduce illicit trade, encourage local production, and grow exports.

[4] Niger seed exports to the United States must comply with the U.S. Department of Agriculture's phytosanitary requirements, including in annual inspections for sterilization facilities as described in ET1808.

Table 5: Annual Trend of Ethiopia's Niger seed Exports, 2010-2021 (October-September)				
Marketing Year	Volume (MT)	Value (in thousands USD)	Volume Change (Year-to-Year)	
			Absolute	Percentage
2010/11	18,797	25,413	-	-
2011/12	21,429	27,182	2,632	14.0
2012/13	32,428	40,389	10,999	51.3
2013/14	22,292	28,106	(10,136)	-31.3
2014/15	24,273	24,699	1,981	8.9
2015/16	46,480	44,959	22,207	91.5
2016/17	32,572	29,237	(13,908)	-29.9
2017/18	30,077	22,148	(2,495)	-7.7
2018/19	25,596	22,122	(4,481)	-14.9
2019/20	12,057	10,927	(13,539)	-52.9
2020/21*	12,000	-	(57)	-0.5

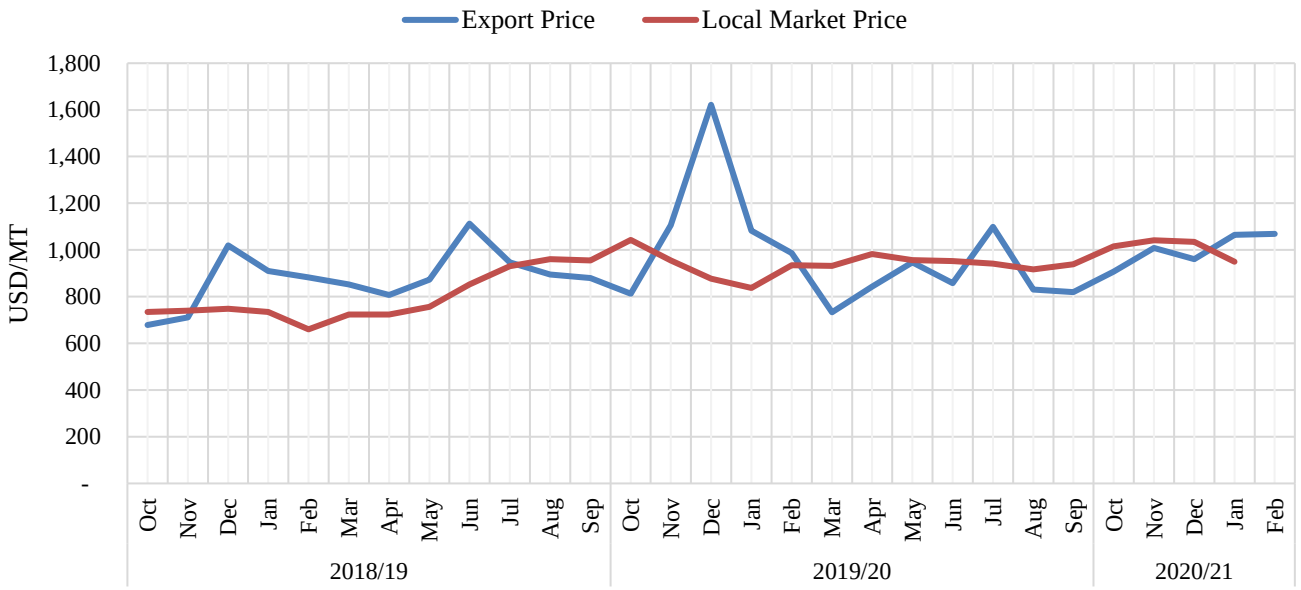
Sources: Trade Data Monitor and FAS Addis Ababa

Notes: Export volume for MY2020/21 is an estimated figure.

Table 6: Ethiopia's Niger seed Export Destinations in 2019/20 (October-September)				
Partner	Export		Market Share	
	Volume (MT)	Value (in thousands USD)	Export Volume (%)	% Change (2020/2019)
United States	4,634	4,130	38.4	-59.6
Vietnam	1,792	1,261	14.9	-30.4
United Arab Emirates	1,384	1,058	11.5	-8.2
Germany	986	853	8.2	-46.7
China	720	484	6	-71.5
Jordan	422	650	3.5	-47.1
Hong Kong	360	346	3	-
Algeria	285	458	2.4	-25.0
Yemen	278	439	2.3	-65.3
India	236	158	2	-61.5
Sub-Total	**11,097**	**9,879**	**92**	**-50.7**
Other	960	1,047	8	-68.7
Total	**12,057**	**10,927**	**100**	**-52.9**

Source: Trade Data Monitor

Figure 5: Niger seed Trading Price (USD per MT): Export vs Local Market



Sources: Trade Data Monitor and Ethiopian Trade Business Corporation (ETBC)

Notes: The export price for December 2019 was elevated and above the normal price trend. Actual export quantity for the period totaled 266 MT and 70 percent of the export volume was sterilized or heat-treated Niger seed. The average share of sterilized Niger seed export is about 20 percent. Local market price comprises wholesale prices at Addis Ababa Grain Market.

Table 7: Production, Supply, and Distribution (1000 HA, 1000 MT)			
Oilseed, Niger seed	**2018/19**	**2019/20**	**2020/21**
Market Year Begins	**October**	**October**	**October**
Ethiopia	**New Post**	**New Post**	**New Post**
Area Harvested	291	291	295
Beginning Stocks	30	30	35
Production	300	295	300
MY Imports	0	0	0
MY Imports from US	0	0	0
Total Supply	330	325	335
MY Exports	26	12	12
Crush	220	226	234
Food Use Domestic Consumption	-	-	
Feed Waste Domestic Consumption	54	52	54
Total Domestic Consumption	274	278	288
Ending Stocks	30	35	35
Total Distribution	330	325	335

Source: FAS Addis Ababa

Soybeans

Production

Soybean production in MY 2020/21 (October to September) is estimated at 150,000 MT, up 18,000 MT in response to growing local demand for cooking oil, soy-based foods, and livestock feed. Industry contacts confirm that production has expanded in new growing areas, particularly in Amhara and Benshangul-Gumuz. Future production is expected to continue its upward climb to respond to rising consumer demand.

Soybean production has been rapidly increasing over the last two decades. Most of this growth in production was due to an expansion in the area planted, especially from the limited number of commercial farms. About half of total soybean production is believed to come from these bigger commercial operations, some of which are rotating or intercropping soybeans with other crops. National research and soybean breeding programs, extension supports, improved local varieties, and better yields also contributed to the production increases.

Soybeans contribute nearly 18 percent to the country's total oilseed production and account for only six percent of area planted to oilseeds. According to Central Statistics Agency (CSA) survey report, there are nearly 209,000 farmers producing soybeans on a small scale. The main soybean-producing areas are in the western part of the country in Oromia, Benishangul-Gumuz, and Amhara.

Consumption

Soybean consumption in MY 2020/21 is projected to reach 64,000 MT and expected to continue its upward climb as consumers demand more soy-based edible oil and as the poultry sector demands more soybean meal. Expansion of integrated ago-processing industrial parks and the launch of new edible oil manufacturing plants will also expand soybean demand. In addition to oil, soybeans are used to make a variety of local foods, as well as corn-soy blend for emergency food assistance programs.

Trade

MY 2020/21 soybean exports are forecasts at 86,000 MT, up by 10,000 MT from the previous year's export levels. Exports are projected to grow but could still face stiff competition from the local food processing industry, which has witnessed a rising demand for soybeans.

India is the largest destination market for Ethiopia's soybean exports, accounting for about 52 percent of the total exports in MY 2019/20. Vietnam, Turkey, and China are the next important destinations, with respective market share of 13, 10, and 7 percent of total exports. During the previous marketing season, China bought 5,000 MT of Ethiopian origin soybeans valued at $2.5 million. In MY 2019/20, Chinese import demand for Ethiopian soybeans rebounded after imports slumped in MY 2018/19. A record level of 23,000 MT of soybeans was shipped to China during MY 2017/18, following the U.S.-China tariff retaliatory actions.

In February 2021, soybeans export prices (FoB Djibouti) averaged $630 per MT while local trading price stood at $531 per MT. Due to A surge in demand, soybean export prices and local trading prices at ECX have climbed by 18 and 76 percent, respectively, since the start of the current marketing year in October 2021.

As of October 2019, the MOTI directive on registration and administration of export contracts went into effect. Since then, the directive has enabled soybeans price at ECX market to stabilize and go below export price. For instance, between October 2020 and February 2021, soybean export prices were above ECX market prices by $116 per MT, on average. Local prices are expected to continue an upward swing owing to strong demand for the beans in domestic and overseas markets. See Table 8 and 9 and Figures 6 through 8 for details on the performance of the soybeans trade.

MOTI regulations require soybean trading to be conducted through the ECX, and trading at the ECX officially started in January 2019. Recently, local food processors have a special window to purchase soybeans for local processing. This regulation is expected to drive up local production, streamline trading, and improve exports.

Table 8: Annual Trend of Ethiopia's Soybean Exports by Marketing Year (October-September)

Marketing Year	Volume (MT)	Value (in thousands USD)	Volume Change (Year-to-Year)	
			Absolute	Percentage
2010/11	1,380	656	-	-
2011/12	2,569	1,570	1,189	86.2
2012/13	33,839	18,831	31,270	1217.2
2013/14	36,630	20,473	2,791	8.2
2014/15	28,517	13,177	(8,113)	-22.1
2015/16	74,555	31,606	46,038	161.4
2016/17	41,234	17,750	(33,321)	-44.7
2017/18	88,803	41,477	47,569	115.4
2018/19	122,642	61,101	33,839	38.1
2019/20	75,670	44,881	(46,972)	-38.3
2020/21*	86,000	-	10,330	13.7

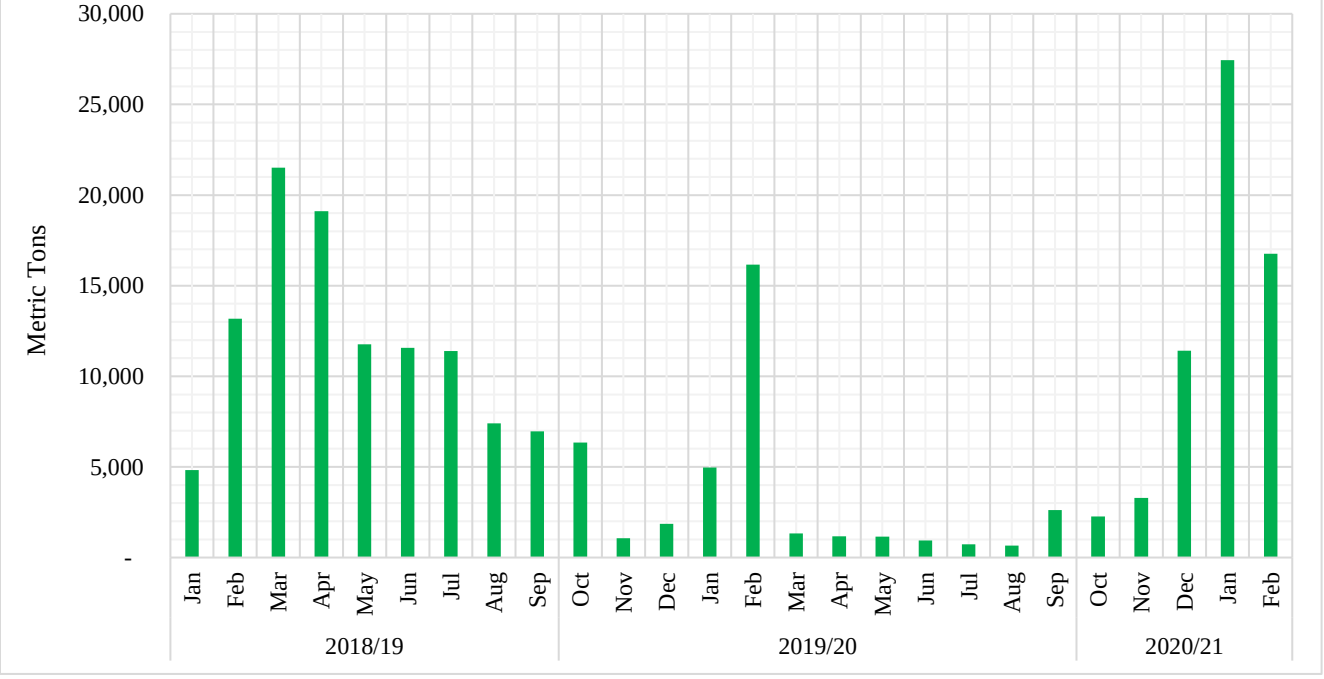
Sources: TDM and FAS Addis Ababa

Notes: Export volume for MY2020/21 is an estimated figure.

Table 9: Ethiopia's Soybean Export Destinations in 2019/20 (October-September)				
Partner	**Export**		**Market Share**	
	Volume (MT)	**Value (in thousands USD)**	**Export Volume (%)**	**% Change (2020/2019)**
India	39,228	18,936	51.8	-62.2
Vietnam	9,769	4,799	12.9	2,306.1
Turkey	7,330	3,788	9.7	262.1
China	4,998	2,475	6.6	351.9
Singapore	4,823	5,223	6.4	434.7
Israel	3,270	4,935	4.3	274.1
United Arab Emirates	2,156	2,358	2.9	-28.7
Canada	1,412	671	1.9	0.0
Spain	660	341	0.9	-87.5
United States	660	325	0.9	0.0
Sub-Total	**74,306**	**43,851**	**98.0**	**3,451.0**
Other	1,364	1,030	2.0	-3,489.0
Total	**75,670**	**44,881**	**100.0**	**-38.3**

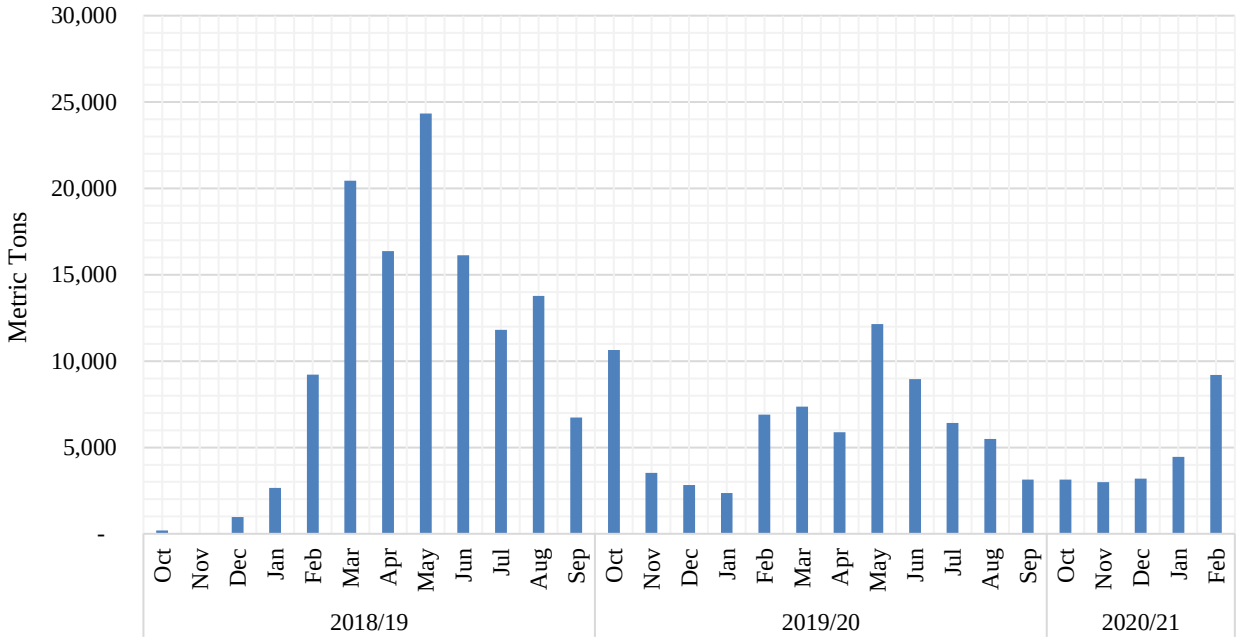
Source: Trade Data Monitor

Figure 6: Soybeans Traded Volume at ECX by Marketing Year



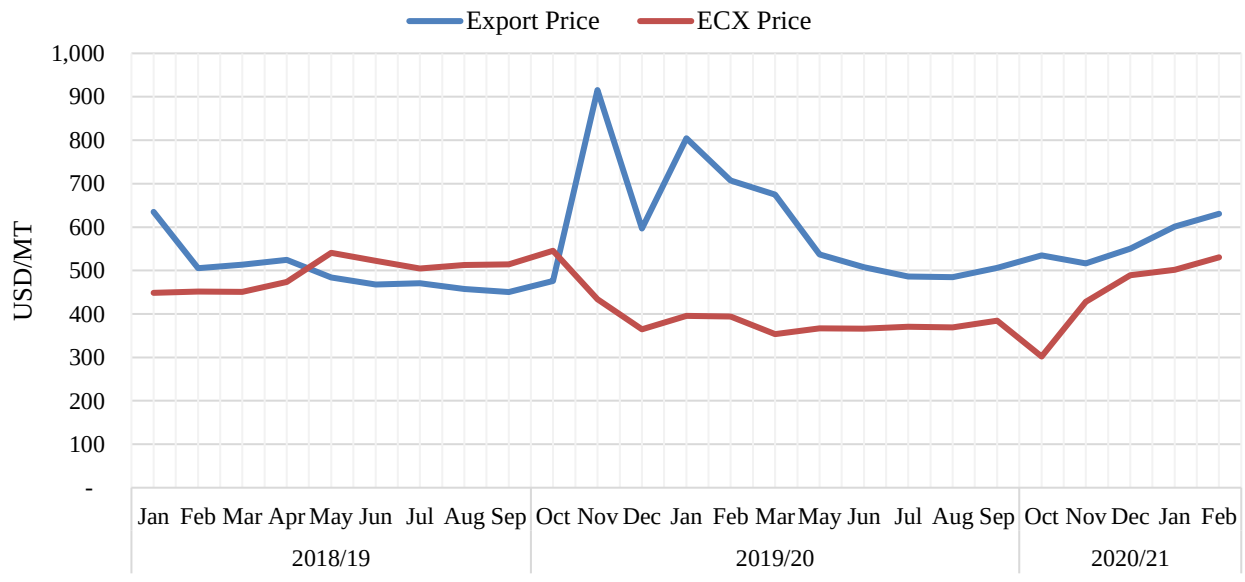
Source: ECX

Figure 7: Soybean Export Volume Trends by Marketing Year



Source: Trade Data Monitor

Figure 8: Soybeans Trading Price (USD per MT): Export vs ECX Market



Sources: Trade Data Monitor and ECX

Table 10: Production, Supply, and Distribution (1000 HA, 1000 MT)			
Oilseed, Soybean	**2018/19**	**2019/20**	**2020/21**
Market Year Begins	**October**	**October**	**October**
Ethiopia	**New Post**	**New Post**	**New Post**
Area Harvested	65	55	65
Beginning Stocks	7	4	6
Production	155	132	150
MY Imports	0	0	0
MY Imports from US	0	0	0
Total Supply	162	136	156
MY Exports	123	76	86
Crush	10	25	30
Food Use Domestic Consumption	5	7	8
Feed Waste Domestic Consumption	20	22	26
Total Domestic Consumption	35	54	64
Ending Stocks	4	6	6
Total Distribution	162	136	156

Source: FAS Addis Ababa

Oils

Production

Local production of edible oils in fiscal year 2020/21 (July to June) is forecast at 63,000 MT. Niger seed, cottonseed, soybeans, and sunflower seeds are used mainly to locally produce cooking oils. The remainder is made up of rapeseed, linseed, and groundnuts. In February 2021, Phibella Industrial Complex, Ethiopia's largest edible oil facility, begun production of refined palm oil. This giant edible oil plant now has capacity to produce 1,500 MT of cooking oil per day and at full production should cover 60 percent of Ethiopia's demand for cooking oil. The 30-HA industrial complex has huge processing facilities for palm oil refining, sesame seed processing, and margarine and vegetable oil production, among others.

In addition to the recently inaugurated edible oil complex, there are a couple of other large-scale edible oil plants under construction. When all of these edible oil factories become operational in a few years, the country is likely to substitute cooking oil imports more and more with local production and in the long-term, it should drive increased production of oilseeds locally (soybeans, sunflower, sesame seed, and Niger seed). In the short-term, however, local production of oilseeds cannot meet raw materials demand for the local food processing industry, and local production of edible oils thus has a tremendous growth potential. In fact, it is projected to expand rapidly in the coming years as the population grows and consumer income rises.

Consumption

Total edible oil consumption in fiscal year 2020/21 (July to June) is projected at 630,000 MT, of which 90 percent is imported. Most of the oil consumed is palm oil, followed by sunflower oil and locally produced Niger seed oil. Small amounts of soybean, linseed, groundnut, and cottonseed oils are also consumed. With increasing demand, limited domestic production and the country's heavy reliance on imported oil, there have been supply shortages especially in urban areas. In addition, as some consumers become increasingly diet conscious, they are looking for healthier alternatives to palm oil. There is an increasing preference towards alternative edible oils containing non-saturated oils and fats. Most Ethiopian consumers prefer sunflower, Niger seed, and soybean oils as healthier alternatives, and due to these changes in consumer preferences, consumption of sunflower oil has almost tripled over the last couple of years; palm oil has dropped considerably.

Trade

Imports of edible oil have been rapidly increasing with an average annual growth rate of a little more than 10 percent for the period covering 2014 to 2018. Post expects imports to gradually decline with the

expansion of local productions by new edible oil complexes. In fiscal year 2019/20 (July to June), Ethiopia imported palm oil, sunflower oil, and soybeans oil valued at nearly $283 million. Of this imported edible oil, about 71 percent by value was palm oil, followed by sunflower oil (27 percent) and soybean oil (1 percent).

Ethiopia imports palm oil mostly from Indonesia (48 percent) and Malaysia (36 percent). On the other hand, the largest suppliers of sunflower oil to the Ethiopian market are Turkey (58 percent) and Ukraine (21%) while the leading suppliers of soybean oil are Ukraine and China (market shares of 33 and 26 percent, respectively). See Tables 11, 12, and 13 below for breakdown of oil imports by value, volume, and country of origin.

Policy

Ethiopia subsidizes edible oil imports to make it affordable to the majority of the Ethiopian population. The edible oil sector is also highly regulated sectors where the country controls price and caps selling prices at local market. Recently, Ethiopia reduced import duties and taxes to minimize the economic effects of COVID-19 on consumers and to manage food price inflation, and a five percent tariff is currently in effect for edible oil imports. The country is encouraging investment in the edible oil-manufacturing sector to expand productions and substitute imports with local production. And since last year, Ethiopia has permitted local and foreign companies to import and supply food commodities, including edible oils, to the local market using the companies' hard currencies.

Table 11: Annual Edible Oil Import Volume (MT): July to June

HS Code	Commodity	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
1511	Palm oil	348,561	409,711	466,806	446,620	488,824	513,027	322,659
1512	Sunflower oil	3,426	5,125	10,605	25,435	50,571	53,838	74,822
1507	Soybean oil	2,647	3,327	9,161	5,303	5,155	3,343	5,593
	Total	**356,648**	**420,178**	**488,588**	**479,375**	**546,568**	**572,227**	**405,094**

Source: Trade Data Monitor

Notes: Annual import figures are based on Ethiopian fiscal year starting in July and ending in June.

Table 12: Annual Edible Oil Import Value (in thousands USD), July to June								
HS Code	**Commodity**	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**
1511	Palm oil	374,517	413,097	429,081	434,563	476,967	399,238	200,015
1512	Sunflower oil	5,862	8,620	16,588	36,939	51,654	52,989	77,779
1507	Soybean oil	4,135	4,529	11,129	6,014	5,616	3,087	3,130
	Total	**386,528**	**428,261**	**458,814**	**479,533**	**536,255**	**457,333**	**282,944**

Source: Trade Data Monitor

Table 13: Ethiopia's Major Edible Oil Imports by Trading Partner, July 2019- June 2020			
Edible Oil	**Partner**	**Market Share**	
		Value (in millions USD)	**Percentage**
Palm oil	Indonesia	95	47.5%
	Malaysia	71	35.5%
	Djibouti	29	14.5%
	Others	5	2.5%
	Total	**200**	**100.0%**
Sunflower oil	Turkey	45	57.7%
	Ukraine	16	20.5%
	Egypt	7	9.0%
	Others	10	12.8%
	Total	**78**	**100.0%**
Soybean oil	Ukraine	1	33.3%
	China	0.788	26.3%
	Egypt	0.616	20.5%
	Others	0.596	19.9%
	Total	**3**	**100.0%**

Source: Trade Data Monitor

Attachments:

No Attachments.