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OPPORTUNITIES AND CHALLENGES OF ETHIOPIAN OILSEEDS AND PULSES EXPORT PERFORMANCE

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ABBREVIATIONS

CSA: Central Statistics Agency

ECX: Ethiopian Commodity Exchange

EPOSPEA: Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association

FAS: Foreign Agriculture Service

FOB: Free On Board

GAIN: Global Agricultural Information Network

GTP: Growth and Transformation Plan

Ha: Hectare

MoTI: Ministry of Trade and Industry

MT: Metric Ton

NBE: National Bank of Ethiopia

SSA: Sub Saharan African Countries

USDA: United States Department of Agriculture

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ABSTRACT

The main purpose of this research paper is studying the opportunities and challenges of oilseeds and pulse export in Ethiopia with the aim of founding the opportunities that enhances and the challenges that impact of oilseeds and pulses export performance. In Ethiopia, the export performance of oilseeds and pulses export became worsening in the past decade, although, these primary commodities remained the significant contributors to the economy. Therefore, to improve the commodities export performance, thorough study of the constraints and in depth research of the opportunities is indispensable.

To attain the objective of the research secondary data are gathered and critically evaluated to compare and contrast the result of this paper with the other researchers in the area. Nine years, from 2010/11 to 2018/19, quantitative data are used sourced from USDA FAS 2018/19 report to analyze what the major opportunities and challenges were in those years. Quantitative and qualitative data are also collected from NBE 2018/19 Annual Report, EPOSPEA Website and Reference Price, and Boere et al (Netherlands-African Business Council, 2015) to further analyze questions of the research.

Abundant arable land, convenient agro-climate zones for production of diverse varieties of pulses, popularity of Ethiopian oilseeds and pulses in the global market, cheap labor and high rural population, government economic restructuring, and international demand are the main findings of the opportunities of Ethiopian oilseeds and pulses export. Low Productivity, local market price distortions, volatility of international price, illicit trade, competition in the international market, and volatile politics and security situations are the main challenges of Ethiopian oilseeds and pulses export performance.

Therefore, the results identified in this paper can be tested for practical implications by government, exporters, farmers, and other stakeholders so as to change the previous trends of the export performance. If the concerned stakeholders test the results identified here, the outcomes may have positive commercial and/or economic impact in enhancing the GDP of the country.

Keywords: *Opportunities, Challenges, Oilseeds, Pulses, Ethiopia, Export, Performance*

CHAPTER ONE
INTRODUCTION

1.1 Background of the Study

Since 2012 Ethiopian oilseeds and pulses export performance have been in a declining trend. Identifying the challenges that made the export performance in downward trend is becoming the study focus area of most researchers in the decade. Many Ethiopian researchers have been trying to identify the challenges or determinants that hindering the export performance and tried to outline possible solutions and recommendations. Government and other concerned stakeholders have strained to find out the constraints and to take remedial actions and impart policy inputs. However, satisfactory results were not achieved yet to improve the export performance of the country and the area still continues to be the major focus area of many researchers.

This study also tried to contribute its part in the problem area. Particularly, the study anchored on the opportunities and challenges of Ethiopian oilseeds and pulses export performance. Therefore, the objective of the study is to outline the major opportunities that enhances and the main constraints that hindering the export performance of oilseeds and pulses and recommending possible solutions to concerned stakeholders.

1.2 Statement of the Problem

Studies on export performance have proliferated in the last two decades. Significant progress has been made in developing better theory and knowledge of the export performance. However, the field of inquiry is characterized by a diversity of conceptual, methodological, and empirical approaches that inhibit the development of clear conclusions regarding the opportunities and challenges of export. In this paper, an updated review and synthesis of the empirical literature on opportunities and challenges of Ethiopian oilseeds and pulses export is offered.

There were dynamic and various constraints challenging the oilseeds and pulses export in Africa, especially in SSA, since agricultural commodities are promoted to be the major export items of the GDP. In Ethiopia, the export performance of oilseeds and pulses export became worsening in the past decade, although, these primary commodities remained the significant contributors to the economy. Therefore, to improve the commodities export performance, thorough study of the constraints and in depth research of the opportunities is indispensable (Gebrehiwot, 2018, p. 4). Data shows Ethiopian export performance is in declining stage since 2012. For instance, the export performance of the year 2019 recorded a decline of $170 million from the year 2018 export performance. According to new business Ethiopia, the government has planned to earn $4.32 billion in 2019 budget year. But, the government was able to achieve 62% of the plan i.e. $2.67 billion. According to Gebrehiwot, during 1980s, Ethiopia`s export performance was better than that of Vietnam`s export performance but now the two countries export performance reached by very far incomparable. Vietnam`s export earning has reached $65 billion while Ethiopia`s export earnings stood at $2.67 billion. Even if Ethiopia is much reliant on the agricultural commodities in terms of export, agricultural commodities export contributes only 7% of the country`s GDP whereas the sub-Saharan GDP average read a 30% contribution (Gebrehiwot, 2018, p. 4).

Based on this research investigation, more than sixteen research papers were available which founded their topic on the Ethiopian export performance. Most of these researches rounds on the determinants of Ethiopian export performance. So, this study tries to reexamines the opportunities and challenges of Ethiopian oilseeds and pulses export performance by analyzing secondary data and findings and outline possible recommendations.

1.3 Objectives of the Study

1.3.1 General objectives

The overall objective of this research paper is studying the opportunities and challenges of Ethiopian oilseeds and pulse export with the aim of founding the opportunities that enhances and the challenges that impact the oilseeds and pulses export performance.

1.3.2 Specific objectives

- ❖ To found Ethiopian oilseeds and pulses export performance opportunities.
- ❖ To evaluate whether the established opportunities will enhance the oilseeds and pulses export performance.
- ❖ To examine Ethiopian oilseeds and pulse export performance challenges.
- ❖ To assess the impact of those challenges on the oilseeds and pulses export performance.

1.4 Research Question

a) What are the major opportunities of Ethiopian oilseeds and pulses export performance?
b) Are the opportunities properly used to enhance the oilseeds and pulses export performance?
c) What are the major challenges of Ethiopian oilseeds and pulses export performance?
d) How do the major challenges impact the oilseeds and pulses export performance?

1.5 Significance of the Research

The research has significance in broadening the knowledge about the existing export trade activities, performance, challenges and opportunities of the oilseeds and pulse export trade in Ethiopia. Generally the study contributes in three major areas; (1) to deliver current information on the core opportunities and challenges of Ethiopian oilseeds and pulses export performance to subsequent research works in the area (2) provides practicable results and recommendations to government, exporters, farmers, and other stakeholders about the opportunities so as to exploit these opportunities to enhance the performance as well as competitiveness and avail findings on the challenges to take decisions so as to improve the capacity to tackle the challenges (3) the government and other concerned stakeholders may also use as a source of information for policy input and counteractive actions so as to boost export performance of the country.

1.6 Scope of the Research

The scope of this research is limited in terms of research area coverage and methodology due to time and resources constraints. In terms of research area, the study focuses only on the opportunities and challenges of Ethiopian oilseeds and pulses export performance objectively intends to identify the prospects and problems of oilseeds and pulses export performance in order to make foundation to other subsequent researchers and to indicate some solutions to exporters, farmers, government and other stakeholders.

In terms of methodology, the scope of the study is bound in researching the export performance opportunities and challenges in Ethiopia using only secondary data collection methods which mainly focused on the USDA FAS 2018/19, NBE 2018/19 annual report, EPOSPEA Website and Reference Price, and Boere et al (Netherlands-African Business Council, 2015) activity reports.

CHAPTER TWO
LITERATURE REVIEW

2.1 Theoretical Review

According to Kelly (2009), international trade grown significantly in the past 10 to 20 years. There were factors for this significant growth; social, political and economic demand worldwide made the erosion of boundaries and barriers which in turn resulted for magnification of international trade. Through information and communication technology (ICT) infrastructure the international trade became more comfortable. ICT further enables the international trade by eroding the barriers in time, space, and language and integrated financial, political and legal system. Through e-commerce, demand and scarcity of goods in one location can be satisfied by another location in the globe.

Although, trading internally is not as simple as trading domestically, business will face various types of barriers that determine its performance. Bhalla (2013) outlined that international trade operates in environments where subject to rapid change and highly uncertain which rounded by ambiguous and contradictory games compared to domestic trading. According to Bhalla (2013), Legal system, cultural difference, language, rate of inflation, and foreign exchange market are major parameters and variables that significantly important in international trade.

A number of theories by different scholars developed about international trade and why countries trade each other. These theories are developed by different scholars and outlined the very purpose of international trade, competitive advantage of one country over another, the challenges and prospects which makes country rivalry in the international market platform. Since this study focuses on the challenges and opportunities of Ethiopian oilseeds and pulses export performance, the determinants, prospects, challenges and perspectives founded in the theories will tested as a variables vis a vis critical assessment of the current empirical literature conducted in the area. The theories have been assessed one by one as follows to identify and formulate the variables of "opportunities and challenges of Ethiopian oilseeds and pulses export performance".

Mercantilism Theory

This theory was developed in 16th century in England. Several literatures assert this theory is the first theory of international trade. The theory states that it is the country`s best interest to export more than imports. The theory also advocates that government intervention through policies boosts export performance by subsidizing exports and downsize imports by levy tariffs and quotas (Hill, 1998, p. 126). As pointed out by Hume (classical economist), However, this theory is subject to criticism due to the beliefs that exports gain by one country results for in a loss by another country (a zero sum game) i.e. in the long run no country sustains surplus on the balance of trade. According to Hill, the shortsightedness of this theory was further demonstrated by Adam Smith and David Ricardo to show that trade is a positive sum game than a zero game (Hill, 1998, p. 126).

In this theory, government intervention through policies was identified as one determinant to boost export performance of a country. Government subsidy has been taken as a mechanism to make export of a country larger. Nonetheless, other variables were not identified in the mercantilism theory which makes it more open to criticism. In this study, we integrate government intervention through policies as a variable determinant and analyzed whether or not this variable is a challenge or opportunities in the Ethiopian oilseeds and pulses export performance.

Adam Smith's Theory of Absolute Advantage

As outlined by Hill (1998), Adam Smith`s theory of absolute advantage states that more efficient production of one country at producing a product than any other country (p.127). Jeannet and Hennessey further explained the theory of absolute advantage as "even if there are other many variables which are the main determinants of international trade productivity variances among countries ranks high on the list". According to Smith`s theory of absolute advantage, a country shall produce or specialize producing commodities which has absolute advantage in cost of production (Jeannet and Hennessey, 2001, p. 42).

Dwivedi also supports this idea and explains that a country may produce all commodities which are traded in the international trade in spite of resource constraints. Though, the cost of production of commodities for which a country is less endowed would be immensely high. Therefore, specializing in commodities in which a country can produce most efficiently is advantageous (Dwevedi, 2002, p. 508). Nevertheless, Jeannet and Hennessey outlined those absolute differences in production efficiencies cannot result for trade to occur which in turn leads to the immergence of David Ricardo`s theory of Comparative advantage (Jeannet and Hennessey (2002, p. 43).

In this study, Adam Smith`s absolute advantage in production efficiency took in to account and studied as one of the variables of opportunities and challenges of Ethiopian oilseeds and pulses export performance because the researcher of this study hypothesizes that Ethiopian oilseeds and pulses production have absolute advantage in the international market.

David Ricardo's Theory of Comparative Advantage

David Ricardo`s theory of comparative advantage differs from Adam Smith`s theory of absolute advantage in that Ricardo says advantage of a country is comes from relative productivity or production cost rather than absolute productivity or production cost (Jeannet and Hennessey, 2001, p. 46). But, as outlined by Jeannet and Hennessey, sources of relative productivity were not pointed out or give little insight in the theory. The theory infers that country exports commodities which have a comparative advantage and imports commodities which have a comparative disadvantage.

Ricardo`s theory, however, criticized as its theory based on the assumption of labor being the only factor of production, labor homogeneity all over the world and other factors such as factors of production on land, natural resources, demand, and capital has ignored (Jeannet and Hennessey, 2001, p. 45).

The Heckscher-Ohlin Theory of Trade

According to Hill, this theory tries to answer two aggregate major questions which were not addressed by David Ricardo`s theory of comparative advantage (Hill, 1998, p. 63);

1. Why does a nation have comparative advantage in the production of a commodity and a comparative disadvantage in the production of another commodity?

2. Why the production possibility curves of any two nations differ?

This theory claims that differences in factor endowments determine the pattern of international trade. A country that have and uses intensive abundant local factors will export more than a country that doesn't have and doesn't use intensive abundant local factors (Hill, 1998, p. 151).

The Heckscher-Ohlin theory of trade provides inputs to this study. Factor endowments would be taken as a variable and would be studied as a determinant factor for Ethiopian oilseeds and pulses export performance in order to determine whether the local factors are opportunities or challenges to the export performance in Ethiopia.

The Leontief Paradox

The theory of Heckscher-Ohlin i.e. abundance and scarcity of local factors of production in export performance were tested by Wassily Leontief (famous economist and winner of the 1973 Nobel Prize). Leontief has taken the case of United States and hypothesized that since United States was relatively more capital abundant than any other countries, United States would be an exporter of capital intensive goods and imports labor intensive goods. However, Leontief`s tests showed him variance with the prediction of Heckscher-Ohlin theory and his foundation become known as the Leontief paradox (Debas, 2010, p. 224-225).

The Product Life-Cycle Theory (Raymond Vernon`s Theory)

This theory was proposed by Raymond Vernon in the mid-1960s. First introduction of a product to market determines the patterns of trade (Hill, 1998, p. 151). Jeannet and Hennessey, and Heckscher-Ohlin theory both argues difference in factor endowments whereas the product life cycle theory focuses on economies of scale, role of technology, changing input requirements, and transportation costs. According to the product life cycle theory, economies of scale, role of technology, transportation cost and changing input requirements were determinants in order to introduce new product to the market and to change trade patterns of a country (Jeannet and Hennessey, 2001, p. 48). Nonetheless, this theory has been subject to criticism by many scholars due to its less predictive nature in an increasingly assimilated global market.

The New Trade Theory

This theory is at a variance with Heckscher-Ohlin theory whereas consistent with David Ricardo`s comparative advantage theory. The new trade theory fills the gap identified in the David Ricardo`s theory of comparative advantage which is limitation of sources of comparative advantage. As per the new trade theory, role of luck, entrepreneurship and innovation were identified as an important source of comparative advantage or first mover advantage (Hill, 1998, p. 141).

Therefore, this theory hypothesizes variables such as role of luck, entrepreneurship, and innovations as determinants of export performance of a given country. If the role of luck of a country is significant, and entrepreneurship and innovation is subsidized through government intervention and trade policy it would be an opportunity for a country to be first mover advantages in the international trade otherwise it would be a challenge for a country.

Porter's Theory of National Competitive Advantage

Michael porter outlines why some country performs better than another country in the international competition. Porter identified four factor endowments that make a given country more successful than others. These attributes are; skilled labor or infrastructure, demand conditions, related and supporting industries and firm strategy, structure, and rivalry. Porter has also identified two further variables that determine demand conditions; chance and government (Hill, 2005, p. 142-150).

The theories are further compared and contrasted in the table 1 below in order to analyze more the convergences and divergences within the theories.

Variables	Theories							
	Mercantilism	**Adam Smith**	**David Ricardo**	**Heckscher**	**Leontief**	**Raymond**	**New Trade**	**Porter**
Productivity	N/M **(*)**	Converge but with absolute advantage	Converge but with relative advantage	Converge but with abundant local factors	Diverge with Leontief	Converge but subject to other factors	Converge but with relative advantage	N/M
Gov`t policy	Converge	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Cost of production	N/M	Converge but with absolute advantage	Converge but with relative advantage	Converge but with abundant local factors	Diverge	Converge but subject to other factors	Converge but with relative advantage	N/M
Abundant local factors	N/M	N/M	N/M	Converge	Diverge	Converge	Diverge	Converge
Economies of scale	N/M	N/M	N/M	N/M	N/M	Converge	N/M	N/M
Technology	N/M	N/M	N/M	N/M	N/M	Converge	Converge	Converge
Transport cost	N/M	Converge	Converge	N/M	N/M	Converge	Converge	Converge
Input requirements	N/M	Converge	Converge	Converge	Diverge	Converge	N/M	Converge
Luck/chance	N/M	N/M	N/M	N/M	N/M	N/M	Converge	Converge
Entrepreneur	N/M	N/M	N/M	N/M	N/M	N/M	Converge	N/M
Skilled labor	N/M	N/M	N/M	N/M	N/M	N/M	N/M	Converge
Infrastructure	N/M	N/M	N/M	N/M	N/M	N/M	N/M	Converge
Demand condition	N/M	N/M	N/M	N/M	N/M	N/M	N/M	Converge
Supporting industries	N/M	N/M	N/M	N/M	N/M	N/M	N/M	Converge
Firm strategy, structure, & rivalry	N/M	N/M	N/M	N/M	N/M	N/M	N/M	Converge

(*) N/M- The Variable is Not Mentioned in the Specified Theory

Table 1: Comparative Analysis of Major International Trade Theories

2.2 Empirical Review

2.2.1 Opportunities of Ethiopian oilseeds and pulses export

Amsale (2017) founded opportunities of oilseeds specifically sesame seed, accounts for 80% of the total oilseeds, in two three major general categories; demand opportunity, resource availability opportunity, and market opportunity. Within the demand category; increased demand for Ethiopian oilseeds in the international market because of high demand for organic seeds, increased demand of China and India due to their industrial shift to agricultural products, and the increased consumption of Europe and Asia were taken as an opportunity. Within the resource availability; good condition of agro-ecological environment, availability and cheap labor force, and abundant arable land were an opportunities. Better marketing position and better market for processed seed than raw seed were taken as a market opportunity (Amsale, 2017, p. 34-36).

Nonetheless, in her study most respondents did not agree with in which Ethiopia has better marketing position which shows a mean of 2.77. But this response seems in contradiction with real data. According to Tridge.com, Ethiopia ranked 7th and 5th in terms of production and market share respectively. This data shows Ethiopia has better market position in the sesame seed market.

According to Debas (2010), organic content of the seeds, significant demand in the international market as a result of nutritional values, high potential for type diversification, relatively cheaper cost of production as a result of labor intensiveness, and advantages in terms of geographical location to world market were opportunities for Ethiopian oilseeds and pulses export performance (Debas, 2010, p. 239). Debas`s and Amsale`s foundation were consistent each other in terms of high market demand due to nutritional values and labor intensiveness. But, both researchers` outlined various parameters of Ethiopian oilseeds and pulses export performance opportunities.

2.2.2 Challenges of Ethiopian oilseeds and pulses export

According to Gebrehiwot (2018), foreign price level, production/productivity, quality of products, real effect exchange rate, and infrastructure/ rural road feeders have been taken as an independent variables that determines the export performance of oilseeds and pulses. Except for infrastructure, other variables have shown a positive and significant association with the export performance (Gebrehiwot, 2018, p. 44-56). The same findings were made by Tekeste (2012) except for some determinants such as; terms of trade, domestic price, and fertilizer input (p. 33-40).

Infrastructure/ rural road feeder shows positive and significant association with export performance in most researchers' findings.

Amsale (2017) outlined the variables identified by Gebrehiwot. According to Amsale, production and quality issues such as; problem on quality and quantity produced, problem on the availability of quality seeds, and post-harvest losses were identified as a major challenges of sesame seed export performance. Issues with market information and price such as; availability of market information, dependency of Ethiopian price on the global price, lack of dedicated organ that provide reliable market information, less experience sharing practice among exporters, the impact of the involvement of middle men in the export activity were founded as challenges of export performance. Price bidding problem by Ethiopian Commodity Exchange (ECX) was also identified as a challenge. But, Amsale`s study did not look at the reason why the price bidding problem in ECX happened. Her study does not respond this question (Amsale, 2017, p. 37-38).

Amsale (2017) founded that infrastructure and logistics have direct impact and identified as a one of the challenges of Ethiopian oilseeds export performance. Amsale`s finding was inconsistent with Gebrehiwot`s finding regarding infrastructure. As outlined above, Gebrehiwot founded that infrastructure has no shown a positive and significant association with export performance (Amsale, 2017, p. 39).

Another variable identified by Amsale but not founded by Gebrehiwot is determinant of policy and regulation. Amsale outlined indicators such as; incentives for the sector to promote production and export, adequacy of the incentives, additional policies required for the sector, and trade protection of exporters were taken as a determinant. Even if the aggregate mean does show that policy and regulation issues are not bottlenecks/ challenges for export performance, trade protection of exporters was taken as a challenge for export performance (Amsale, 2017, p. 40).

Debas (2010) agree with both researchers` above in low quality, low production, and price volatility. Debas agree with the infrastructure problem with Amsale but variant with Gebrehiwot. Debas has also arrived the same finding with Amsale regarding to policy and regulation, he doesn't believe policy and regulation is a major challenge of export. In addition to the above researchers`, Debas identified some other challenges which have not been addressed by Amsale and Gebrehiwot. These are; high local cost, semi processed, lack of diversification, strong domestic demand impact on lowering volume of exports, poor packaging, adulteration, seasonality of the seeds, and inefficiency on value addition (Debas, 2010, p. 239-240). However, adulteration was not a challenge in Amsale`s finding in which Debas is variant with Amsale.

Alemu et al (2010) delineated ten major opportunities and constraints of Ethiopian pulses export; poor quality seeds, low domestic production and high domestic demand, impurities, unstable domestic market, relatively long market chain, misbehavior of brokers, capacity of exporters and wholesalers to store quality seeds, transportation cost, variability in destination markets, and decline of demand in importing countries (Alemu et al, 2010, p. 21-24). The study of Alemu et al was in agreements with the above researchers in most of the variables but variant in some of determinants such as; decline of demand. International market price volatility was not included as a constraint in their study unlike the above researchers. However, Alemu et al`s study has made contribution by pointing out some additional variables as shown in this paragraph.

Alemayehu (2019) has come up with different findings and conclusions from the above researchers`. Alemayehu identified and analyzed six determinants of export performance; managerial competencies, firm capacity, product characteristics, foreign market characteristics, marketing strategy, and institutional support related factors. Surprisingly, none of these variables were identified as determinants of export market performance except for institutional support related factors. According to Alemayehu, export is not the direct and major line of business of exporters. Exporters engaged in the export business for the sake of importing items by using the foreign currency gained from the export and for the sake of cheap loan to be diverted to import business and financing of capital items (illegal means of trade not recognized by government) (Alemayehu, 2019, p. 30-58).

Even if Alemayehu`s other determinants/ factors findings were inconsistent with other researchers' findings above, his findings on the determinant of institutional support related factors was immensely valuable and basis for further studies.

In addition to the above researchers, Kurabachew (2019), Allaro (2010), Menji (2010), Ayalew (2016), Wijnands et al (2009), Muhabaw (2013), and Alemu and Seifu (2003) were major contributors to this study area. Company factors, product factors, industry factors, marketing and macro-environment factors, market access, a country`s location, supply side conditions, infrastructures, trade policy, transport costs, exchange rate, productivity, foreign demand, terms of trade, fertilizer input, road, domestic price, trade openness, domestic credit, quality, poor incentive for farmers, poor bargaining power and skills of exporters, poor market information and dissemination, and poor marketing infrastructure were identified as a major determinants of Ethiopian export performance.

2.3 Literature Gap

With regard to the key variables that have been discussed in the review of literatures, different authors argue differently on each of the identified factors for opportunities and challenges of Ethiopian oilseeds and pulses export performance. It had been observed that some of the reviewed empirical studies results, despite of using different approaches, converge while some of them diverge as explained on the above critical analysis.

Therefore, this research paper fills the gap observed in the literature review by analyzing the different variables argued by different researchers here. In order to narrow the gap, this research project used secondary data source which are available in the form of annual reports as stated in the methodology section. The gaps observed in the literatures are critically analyzed based on reliable and actual governmental and non-governmental quantitative and qualitative data. By using those data, the study tries to minimize the contradiction, lags, and over parameterization and attempt to fill the gap observed in the literature review by clearly showing the research results one by one with their appropriate conclusions and recommendations.

CHAPTER THREE
RESEARCH PHILOSOPHY, DESIGN AND ETHICAL ISSUES

3.1 Approach to Theory Development

According to Ketokivi and Mantere (2010), there are three approaches to theory development; deductive, inductive, and abductive. In this study, abduction approach is used to generate testable conclusions by using known premises in terms of logic, generalizes from the interactions between the specific and the general in terms of generalizability, data collection is used to explore a phenomenon, identify themes and patterns, locate these in the theoretical literature review comparative analysis of the theories (see table 1) and test this through subsequent secondary data collection. In this manner, there are listed known premises, themes, and patterns which are located in the table 1, appendix 1, and appendix 2. These themes, premises and patterns listed are tested through government and non-government secondary data (NBE 2018/19 annual report, USDA FAS 2018/19 report, EPOSPEA, and Boere et al (Netherlands-African Business Council, 2015) event report. On the basis of these collected secondary data, testable conclusions are made by using those stated known premises in the table 1, appendix 1, and appendix 2.

In addition, through using the above abductive approach, the study incorporates existing theory discussed in the theoretical part of the literature review where appropriate to verify and critique the existing theories wherever possible.

3.2 Research Design

3.2.1 Recognizing the Purpose of the Research Design

Since the research questions seeks to explore the variables that are opportunities to oilseeds and pulses export and seek to answer the challenges that impact the performance of Ethiopian oilseeds and pulses export, the research is descriptive in its nature. Furthermore, the study tries to answer two question that are evaluative in their nature; “How do the major challenges impact the oilseeds and pulses export performance” and “Are the opportunities properly used to increase the oilseeds and pulses export performance”. Therefore, the research is both descriptive and evaluative in its purpose.

3.2.2 Research Strategy

In terms of strategy, the research study collects data from internet sources; government and other stakeholders' survey reports, and grounded theory. As a strategy, abductive approach and descriptive research design combined together. The listed known premises, themes, and patterns used to arrive at testable conclusions through abductive approach are linked to answer two major questions of the research (i.e. How do the major challenges impact the oilseeds and pulses export performance?" and "Are the opportunities properly used to increase the oilseeds and pulses export performance?") in a descriptive and evaluative manner.

3.2.3 Types and Sources of Data

Since this research is a desk based research, its methodology is based on the collection of secondary data. These secondary data are gathered from internet sources. The data used in the literature review sections are peer reviewed articles and journals. For the data analysis part of this study; NBE 2018/19 annual report, USDA FAS 2018/19 report, EPOSPEA, and Boere et al (Netherlands-African Business Council, 2015) event reports are used to answer the questions of this research paper.

3.2.4 Data Analysis Methods

The data sets are analyzed based on quantitative and qualitative methods. Nine years statistics data are reviewed from USDA FAS 2018/19 report and commented with use of Excel spreadsheet and relevant charts. Qualitative method is also used to interpret data and further support the quantitative figures presented. For the qualitative aspect of this study data are sourced from EPOSPEA, USDA FAS 2018/19 report, and Boere et al (Netherlands-African Business Council, 2015) event reports. Using both methods, analysis are made and findings are outlined aligning with the objective of the study. Through these data methods known premises are built, themes and patterns are identified, and these are located in chapter four and chapter five of this research study.

3.3 Ethical Issues

This research project topic, objective, and research questions directly related to government. So, the source of secondary data is accessed from the government report and well known international Organizations. Due to time and cost constraints, internet based sourcing of data is used. Consequently, NBE 2018/19 annual report and USDA FAS Report Number ET2020-0001 voluntary public distribution can be accessed and gained as a main secondary data sources for this research. NBE 2019/20 annual report cannot be obtained may be due to access or publishing issue. Ethical challenges regarding to accessibility of the data are not encountered when accessed the data as the reports are publicly available in the internet. The data obtained are also feasible and sufficient to meet this research objective and to answer the research questions.

From data access to conclusion ethical issues are considered. The general code of ethics applied throughout the research work. The researcher has acted openly and truthfully and the data and findings are presented in accurate manner. The researcher has no any conflict of interest and commercial association with data presented, with the source and resultant findings. The research is conducted with social responsibility and obligation and any harm to individuals or group is avoided. Any confidential data and anonymity are not incorporated and disclosed in this research. When analyzing the data and reporting the findings, the sources of the data are also clearly acknowledged. The analysis and the interpretations came out of the analysis are checked carefully and corrections are made to ensure the accuracy of the research project and any other outcomes.

CHAPTER FOUR
CRITICAL EVALUATION OF SECONDARY DATA

4.1 Introduction

The researchers` in the empirical review were outlined various variables that determines and/or challenges the oilseeds and pulses export performance. As depicted in the literature gap section of this study, nonetheless, those empirical studies conducted on the topic were not in agreement and even some of the results identified by some of the researchers` were completely divergent with other researchers` results. The variables depicted and the results recommended by the related researchers` are summarized in the appendix 1 and 2.

4.2 Analysis of Secondary Data

4.2.1 Type of Secondary Data

With subject to the above researchers` work, the major evaluation of secondary data is done as follows. In evaluating the secondary data, the research questions and objectives are considered. To answering the research questions of this study, USDA FAS 2018/19 report, NBE 2018/19 Annual Report, EPOSPEA Website and Reference Price, and Boere et al (Netherlands-African Business Council, 2015) event report have been used.

4.2.2 Opportunities of Ethiopian Oilseeds and Pulses Export

Arable land

According to Boere, A. et al. (2015), from the total 112 million hectares of land 45% of it is arable and only 1% of it was irrigated. Availability of large amount of arable fertile land is taken as an opportunity for Ethiopian oilseeds and pulses production (Boere, A. et al., 2015, p. 20). Look at appendix 4, 5, and 7 for area harvested during 2017/18, 2018/19, and 2019/20 respectively.

Agro-climate zones

Good and diverse climate conditions make Ethiopia one of the major convenient agro-climate zones countries for production of different types of pulses. This can be taken as one of the opportunities (Boere, A. et al., 2015, p. 20).

Popularity of the seeds

The prevalence of large diversity of Ethiopian sesame seeds can be taken as a major opportunity for the oilseeds sector (Boere, A. et al., 2015, p. 20). Among those varieties Wellega, Gonder and Humera type of sesame seeds are famous worldwide. Especially, Humera type is well known for its aroma and sweet taste and considered as a benchmark for world sesame seed production. Wellega type is known for its high oil content advantage (EPOSPEA).

Cheap labor and high rural population

Availability of abundant labor with relatively low price compared to other countries and the majority of rural population against urban population can be taken as one of the opportunities available for oilseeds and pulses sector (Boere, A. et al., 2015, p. 20).

Government economic restructuring towards agriculture

The government plan and commitment was demonstrated in the Growth and Transformation Plan of 1 and 2 (GTP 1 &2). In these plans, the government started economic restructuring and has been investing in road, telephone, and railway infrastructure in order to doubling the agriculture production **(**Boere, A. et al., 2015, p. 20). The construction of new industrial parks to expand sesame hulling, roasting, and further processing (like; tahini) and plan for the production of various value added products would also come up with opportunities for the oilseeds and pulses sector (USDA, FAS, Report Number ET2020-0001).

International demand

According to USDA report for the year 2020, the change in the consumption pattern because of the increment pattern in health consciousness, growing number of vegans, demand for specialty foods such as tahini, hummus, snacks, etc would push the international demand upward. The escalating popularity of sesame seeds as an important element in various cuisines, confectionaries, and applications in the pharmaceutical and medical industry will drive up global demand for sesame seed. Growth of other niche segments that produce sesame-based foods is also expected to increase demand in the coming years (USDA, FAS Report Number ET2020-0001).

4.2.3 Challenges of Ethiopian Oilseeds and Pulses Export

Production:

As per USDA report for the year 2020, production is one of the constraints of oilseeds especially for sesame seeds (note: sesame seeds accounts 80% of the total oilseeds production of Ethiopia). Untimely rain is one of the reasons for low production and deterioration of quality (look at appendix 3 to 7 for information regarding area harvested, production, and volume trade at ECX from 2017/18 to 2019/20). The past nine years (from 2010/11 to 2018/19) data average shows that sesame seeds volume export was decreased by 12,735 ton on average (Please see: table 1below). Especially, for the year 2016/17, 2017/18, and 2018/19 export decreased by 33%, 2%, and 22% respectively. The nine years average shows that sesame seed export volume was decreased by 1%.

Marketing Year	Volume (Ton)	FoB Value ('000 USD)	Export Volume Variation	
			Absolute	% Change
2010/11	317,071	230,332	-	-
2011/12	406,741	307,911	89,670	28%
2012/13	238,549	428,820	(168,192)	-41%
2013/14	264,060	608,371	25,511	11%
2014/15	318,195	509,505	54,135	21%
2015/16	414,777	447,753	96,582	30%
2016/17	279,347	307,918	(135,430)	-33%
2017/18	275,021	367,072	(4,326)	-2%
2018/19	215,190	347,252	(59,831)	-22%
2019/20*	285,000	-	-	-
Average	303,217	394,993	(12,735)	-1%

Table 2: Annual Trend of Ethiopian Sesame Seeds Exports (Oct- Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Niger seed showed significant increment in 2015/16 i.e. 46,480 ton from 18,797 ton in 2010/11 (see table 2 below). Thereafter, Niger seed tremendously were in declining trend which is 30%, 8%, and 15% in the year 2016/17, 2017/18, and 2018/19 respectively. As per the report, pests, diseases, and poor access to modern technology were taken as the major causes of the diminishing productivity level.

Marketing Year	Volume (Ton)	FoB Value ('000 USD)	Export Volume Variation	
			Absolute	% Change
2010/11	18,797	25,413	-	-
2011/12	21,429	27,182	2,632	14%
2012/13	32,428	40,389	10,999	51%
2013/14	22,292	28,106	(10,136)	-31%
2014/15	24,273	24,699	1,981	9%
2015/16	46,480	44,959	22,207	91%
2016/17	32,572	29,237	(13,908)	-30%
2017/18	30,077	22,148	(2,495)	-8%
2018/19	25,596	22,122	(4,481)	-15%
2019/20*	28,000	-	2,404	9%
Average	28,194	26,426	1,023	10%

Table 3: Annual Trend of Ethiopia's Niger seed Exports (Oct-Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

In aggregate total oilseeds production was decreased by 8.2% in year 2018/19 whereas the total pulses production showed a slight increase in the past four years i.e. 3.6%, 1.6%, 5.8%, and 1.1% for 2015/16, 2016/17, 2017/18, and 2018/19 respectively (see table 3 below).

[Area in thousands of Hectares and Production in thousands of quintals]

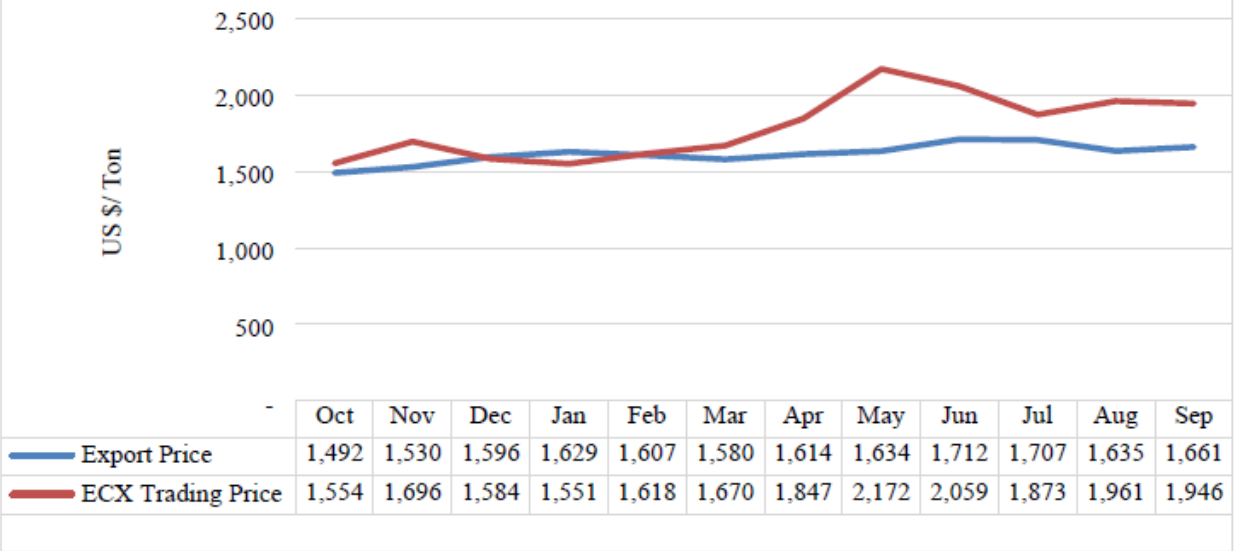
	2015/16		2016/17		2017/18		2018/19	
Agricultural Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production	Cultivated Area	Total Production
Cereals	9,974	231,288	10,219	253,847	10,232	267,789	10,358	277,638
(Annual % Change)	-1.7	-2.0	2.5	9.8	0.1	5.5	1.2	3.7
Pulses	1,653	27,693	1,550	28,146	1,598	29,785	1,620	30,113
(Annual % Change)	6.1	3.6	-6.2	1.6	3.1	5.8	1.4	1.1
Oilseeds	859.1	7,848.1	805	8,392	846	8,550	747	7,850
(Annual % Change)	0.4	3.3	-6.3	6.9	5.1	1.9	-11.7	-8.2
Total	12,486	266,829	12,574	290,386	12,676	306,124	12,727	315,602
(Annual % Change)	-0.6	-1.3	0.7	8.8	0.8	5.4	0.4	3.1

Table 4: Agricultural Production and Cultivated Areas of Major Grain Crops for Private Peasant Holdings- Meher Season

Source: National Bank of Ethiopia 2018/19 Annual Report page 7

Local Market Price Distortions

When we look at figure 1 and 6 in appendix section, the local market price i.e. trading price of ECX is much higher than the export selling price. This is odd when we see it in terms of economics model. In economics and business motives, businesses are expected to sell their products with profit making intentions and objectives but Ethiopian exporters' objectives were in contrary with this objective. Please look at the following figure.

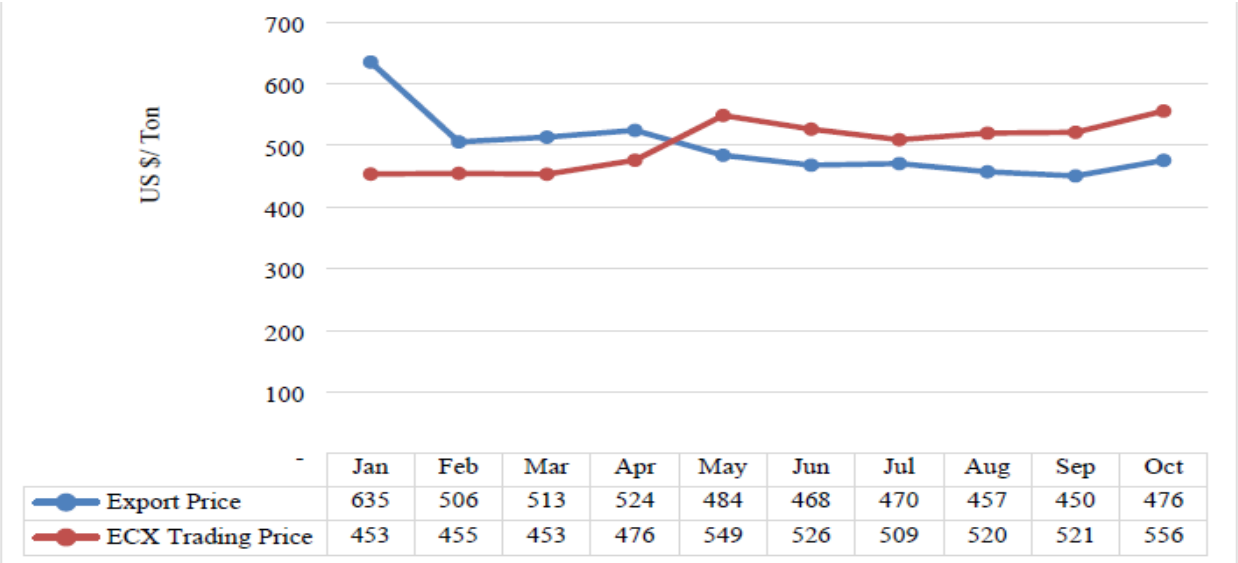


	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Export Price	1,492	1,530	1,596	1,629	1,607	1,580	1,614	1,634	1,712	1,707	1,635	1,661
ECX Trading Price	1,554	1,696	1,584	1,551	1,618	1,670	1,847	2,172	2,059	1,873	1,961	1,946

Figure 1: Sesame seed Export Price vs ECX Trading Price: MY 2018/19

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Except for the month of December and January, all other months were traded through abnormal trading way. All export selling prices are significantly lower than local market price (ECX trading price). Especially; April, May, June, August, and September shows a significant deficit of $233, $538, $347, $326, and $285 per MT respectively. On average, the export FOB price was significantly lower than ECX local trading price by $206.



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Export Price	635	506	513	524	484	468	470	457	450	476
ECX Trading Price	453	455	453	476	549	526	509	520	521	556

Figure 2: Soya Bean Export Price vs ECX Trading Price: MY 2018/19

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

The soya bean trend also shows the same with that of sesame seed above. From May onwards the export price was significantly lower than ECX local market price. Exporters' buy the seeds and the beans from ECX for price higher than the international market for the sake of getting foreign currency in order to import other products to sell at higher profit margin in the local market.

International price

As per NBE 2018/19 annual report, food prices are decreasing on average by 2.9% annually in the international market. This food price decrease in the international market will reduce the export of major agricultural commodities of Ethiopia (NBE 2018/19 report, p. 116). This international price decrease demonstrated in the Ethiopian major oilseeds items. In June 2018/19 sesame price was $1,712 per MT (see figure 2 above) whereas the same month in the year 2019/20 sesame was trading at $1,400 per MT (EPOSPEA Reference price). In June 2018/19 Niger seed price was $1,066 per MT (see figure 3 below) whereas the same month in the year 2019/20 Niger seed was trading at $950 per MT (EPOSPEA Reference price). In June 2018/19 Soya bean price was $468 per MT (Please see figure 6 in the appendix) whereas the same month in the year 2019/20 Soya bean was trading at $450 per MT (EPOSPEA Reference price). International price in pulses has also decreased by 4.3% in 2018/19 when compared to 2017/18 (NBE 2018/19 Report, p. 76).

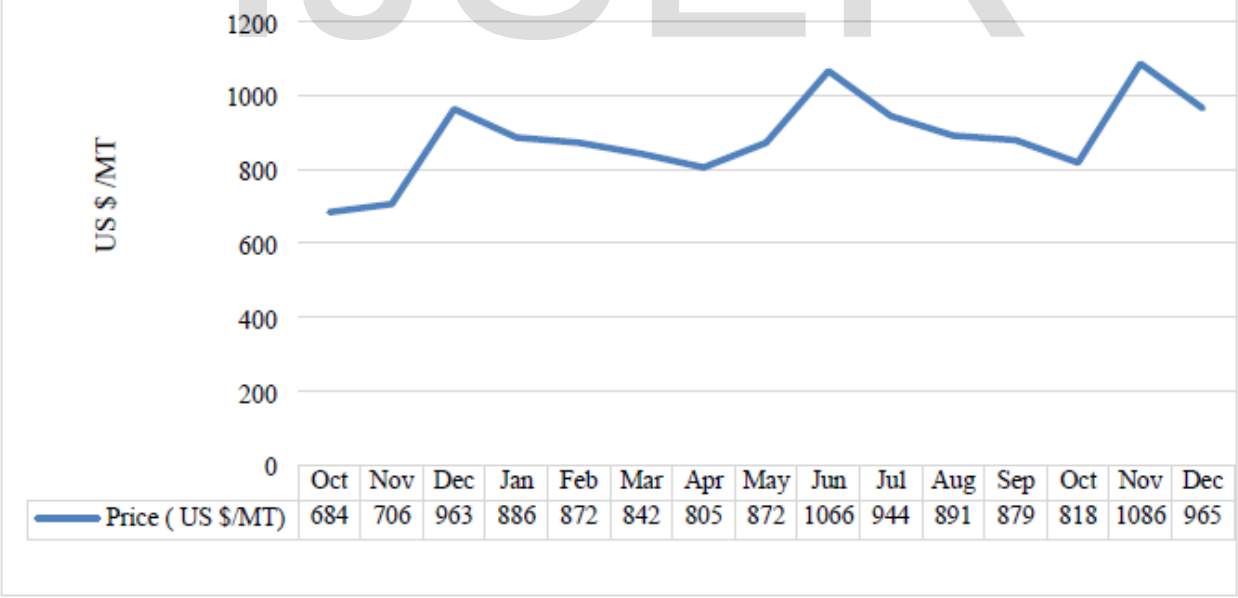


Figure 3: Niger Seed FoB Export Price Trend (US $/MT): 2018/19

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Illicit trade

Most exporters have been engaging because of the incentive provided by private banks in terms of cheap loan and foreign currency from the export proceed gained illegally through insider dealing with the private banks. Through this abnormal trend exporters buy the exportable commodities from ECX and out of ECX market for price higher than the international market price and secure 65%-70% of their foreign currency proceed to import items and sell at higher profit margin in the local market (USDA, FAS Report Number ET2020-0001), (Alemayehu, 2019, p. 52-59).

Cheap loan facility for exporters is also another illicit kind of arrangements. Private Banks lending rate falls between 7% and 20% (NBE 2018/19 Report, p. 52). For exporters private banks lend starting from 7% to maximum of 11%. As Alemayehu (2019) interviewed with private banks officials, most exporters secure loan with this special interest rate privilege and intentionally divert to another sector without permission to the lending bank (Alemayehu, 2019, p. 52-59).

Competition in the International market

Ethiopia is one of the major sesame seed producers and exporters in the international market. Although, the country is increasingly facing both supply and price challenges due to poor access to technology, pests, disease, higher domestic prices and market distortion by illicit traders. China has been the second largest destination of Ethiopian sesame seeds next to Israel (see table 4 below) and the third largest destination of Ethiopian Niger seed next to USA and Vietnam (see table 5 below). China is shifting to other competitive African countries like Sudan, Niger, Togo, Mozambique, and Tanzania and in turn Ethiopia`s export to China has been steadily declining over the past three years (see figure 4 below) (USDA, FAS Report Number ET2020-0001).

Partner	Export		Market Share (%)	
	Volume (Ton)	FoB Value ('000 USD)	Volume	Value
Israel	59,589	94,756	27.7%	27.3%
China	38,646	62,133	18.0%	17.9%
UAE	28,287	46,984	13.1%	13.5%
Vietnam	17,572	27,915	8.2%	8.0%
Japan	15,969	26,913	7.4%	7.8%
Singapore	15,120	24,475	7.0%	7.0%
Turkey	10,848	16,775	5.0%	4.8%
Saudi Arabia	7,538	11,727	3.5%	3.4%
Jordan	5,338	8,615	2.5%	2.5%
Yemen	3,796	5,711	1.8%	1.6%
Sub-Total	**202,703**	**326,004**	**94.2%**	**93.9%**
Other	12,487	21,248	5.8%	6.1%
Grand Total	**215,190**	**347,252**	**100.0%**	**100.0%**

Table 5: Ethiopia`s Sesame Seeds Exports Destinations in 2018/19 (Oct- Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Partner	Export		Market Share (%)	
	Volume (Ton)	FoB Value ('000 USD)	Volume	Value
USA	11,480	8,297	44.9%	37.5%
Vietnam	2,576	2,025	10.1%	9.2%
China	2,525	2,276	9.9%	10.3%
Germany	1,849	1,298	7.2%	5.9%
UAE	1,508	1,759	5.9%	8.0%
UK	855	572	3.3%	2.6%
Yemen	800	1,159	3.1%	5.2%
Jordan	798	1,337	3.1%	6.0%
India	614	418	2.4%	1.9%
Turkey	590	787	2.3%	3.6%
Sub-Total	**23,595**	**19,928**	**92.2%**	**90.1%**
Other	2,001	2,194	7.8%	9.9%
Grand Total	**25,596**	**22,122**	**100.0%**	**100.0%**

Table 6: Ethiopia's Niger seed Export Destinations in 2018/19 (Oct-Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Marketing Year	Volume (Ton)	FoB Value ('000 USD)	Export Volume Variation	
			Absolute	% Change
2010/11	1,380	656	-	-
2011/12	2,569	1,570	1,189	86%
2012/13	33,839	18,831	31,270	1217%
2013/14	36,630	20,473	2,791	8%
2014/15	28,517	13,177	-8,113	-22%
2015/16	74,555	31,606	46,038	161%
2016/17	41,234	17,750	-33,321	-45%
2017/18	88,803	41,477	47,569	115%
2018/19	122,642	61,101	33,839	38%
2019/20*				
Average	47,797	22,960	15,158	195%

Table 7: Annual Trend of Ethiopia's Soybean Exports (Oct-Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

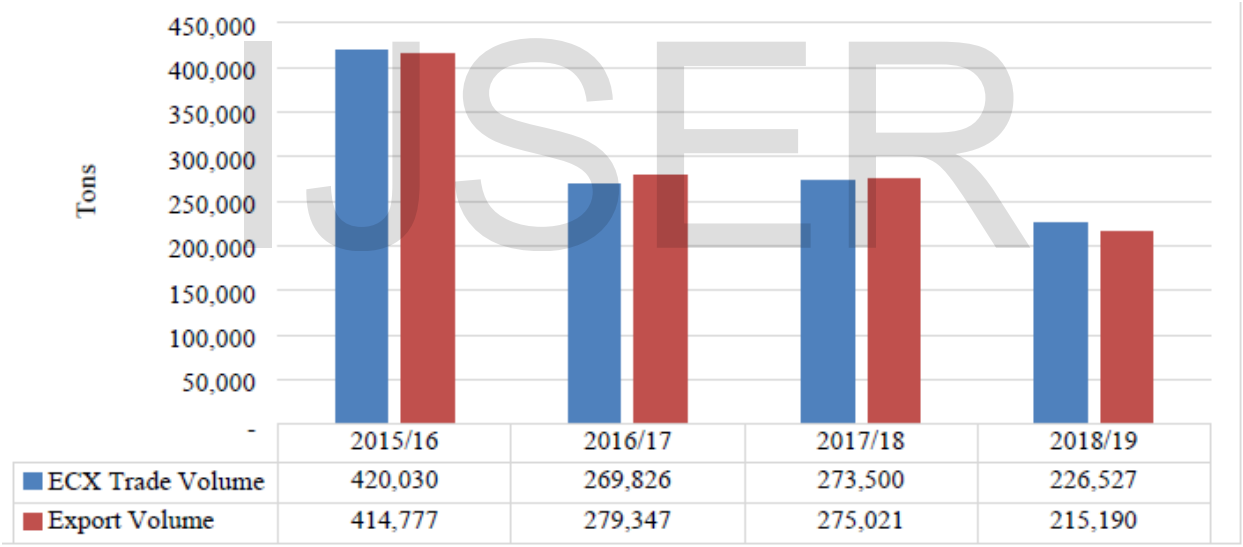


Figure 4: Actual Export Volume vs ECX Trade Volume: Oct-Sep

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Unlike sesame seeds and Niger seeds, Soya bean showed a significant increment since its introduction in the market i.e. 2010/11 (see table 6 below). It might be due to its high protein content, non-gmo specification, and high soya bean demand in the international market. India is one of the top producers of soya bean next to Ukraine, Canada, and Paraguay (Karuga J., 2018, www.worldatlas.com) and the first largest destination of Ethiopian soya bean followed by Spain and UAE (See table 7 below).

Partner	Export		Market Share (%)	
	Volume (Ton)	FoB Value ('000 USD)	Volume	Value
India	103,766	47,934	84.6%	78.5%
Spain	5,280	2,463	4.3%	4.0%
UAE	3,025	2,587	2.5%	4.2%
Kenya	2,245	1,038	1.8%	1.7%
Turkey	2,024	947	1.7%	1.5%
Mexico	1,710	2,754	1.4%	4.5%
China	1,106	619	0.9%	1.0%
France	930	455	0.8%	0.7%
Singapore	902	400	0.7%	0.7%
Israel	874	1,461	0.7%	2.4%
Sub-Total	**121,862**	**60,658**	**99.4%**	**99.3%**
Other	780	443	0.6%	0.7%
Grand Total	**122,642**	**61,101**	**100.0%**	**100.0%**

Table 8: Ethiopia's Soybean Export Destinations in 2018/19 (Oct-Sep)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Volatile politics and security situations

Volatile security situations in major growing areas (especially in East and West Wellega Zones) has affected, for instance, movement of Niger seed trade in the past couple of years (USDA, FAS Report Number ET2020-0001).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

The overall aim of this research project is studying the opportunities and challenges of Ethiopian oilseeds and pulse export performance with the objective of answering the oilseeds and pulses export performance challenges and opportunities, assess the impact of the challenges on the oilseeds and pulses export performance, and evaluate whether the established opportunities properly used to enhance the export sector. Consequently, the main findings are met and summarized as follows to answer the stated research questions.

Abundant arable land, convenient agro-climate zones for production of diverse varieties of pulses, popularity of Ethiopian oilseeds and pulses in the global market, cheap labor and high rural population, government economic restructuring, and international demand are the main findings of the opportunities of Ethiopian oilseeds and pulses export.

Low Productivity, local market price distortions, volatility of international price, illicit trade, competition in the international market, and volatile politics and security situations are the main challenges of Ethiopian oilseeds and pulses export performance.

5.2 Conclusion

Regarding to opportunities of Ethiopian oilseeds and pulses export, international demand for Ethiopian seeds and beans and abundant arable land findings are convergent with the findings of Amsale H. (2017). Findings in relation to demand and cheaper labor cost are also convergent with Debas A. (2010) finding. Government economic structuring as an opportunity is also consistent with the finding of Alemayehu A. (2019). However, some of the findings outlined in this research project but which have not been pointed out in the previous researchers such as; convenient agro-climate zones, popularity of Ethiopian seeds in the global market, and high rural population can add to the understanding of the topic.

Regarding to the challenges of Ethiopian oilseeds and pulses export performance; productivity is consistent with the finding of Amsale (2017), G/Hiwot (2018), Debas (2010), Alemu et al (2010), Kurabachew (2019), Tekeste (2012), Allaro (2011), Ayalew (2016), and Muhabaw (2013). Local market price distortions is consistent with Alemu et al (2010) and Ayalew (2016) findings but divergent with the others. Amsale (2017), G/Hiwot (2018), Kurabachew (2019), and Tekeste (2012) agree with the finding of international price volatility. But, the other findings; illicit trade, competition in the international market, and volatile politics and security situations of the country are not identified in the other researchers` findings except Alemayehu (2019) who outlined illicit trade in terms of cheap loan and foreign currency motive of exporters rather than profit.

The other researchers findings; quality, market information, infrastructure, logistics, real effect and nominal exchange rate, poor storage, poor carriage, poor package, cost inefficiency, relative long market chain, misbehavior of brokers, instability of destination countries, terms of trade, and trade openness are not identified as a findings in this research project.

Although, subsequent researchers may find out more on the opportunities and challenges by taking this research findings as initial and may come with further explorations or conclusions for disagreements or arguments mentioned here above as this research project is based on secondary data evaluation which may require further study using primary data.

5.3 Recommendation

Oilseeds and pulses are the second foreign currency generator in Ethiopia next to coffee. In order to maintain and further enhance this government should focus on the opportunities the country and the sector by itself derived. The challenges must also be addressed properly through robust strategies and macro-economy policies. Here are few recommendations proposed.

Awareness should be created to exporters, farmers, traders, cooperative unions, investors, promoters, associations, and other concerned stakeholders in consistent and regular manner.

The government is striving to exploit the opportunities available in the agriculture sector as demonstrated in GTP 1 and GTP 2 and continuous government restructuring. Beyond the plan and policies, however, actual performance must get due attention. The opportunities available in the abundant arable land need to be enhanced more through eye-catching governmental incentives to pool investors, household farmers, small and medium sized enterprises towards agriculture.

The convenient agro-climate condition needs to be maintained through strong environmental protection policies. The recent government initiative to plant 20 billion trees within four years can be taken as one of excellent actions to preserve the agro-climate condition. Popularity of Ethiopian oilseeds especially the popularity of sesame seeds in the global platform needs to be conserved unless this opportunity can be taken away by other African countries and other continents.

Idle man power, cheap labor, and high rural population opportunity can be used in the advancement of exportable agricultural commodities. This cheap labor and high rural population may result for high productivity at lower cost possible.

International demand for Ethiopian oilseeds and pulses requires safeguarding mechanisms so as not to lose this opportunity through market competition. For instance; China is Ethiopia`s second largest sesame destination next to Israel but China is shifting to other African countries and Ethiopia`s share to China`s market is steadily decreasing year to year. China`s and other countries, if any, demand shift must be investigated and remedial action must be taken earlier. In addition, the existing demand needs to be maintained and enhanced through proper policy.

The MoTI New Directive Number 21/2019 is enabled to regulate the price distortions created between ECX local price and export price. This kind of regulation must continue in the future but there are still other illegal trade activities such as; contraband, illegal facility of foreign currency to exporters, and diversion of cheap export loan to unintended loan purpose.

Political and security stability of the country matters for the productivity and for attraction of investors to the sector. Unless this situation is assured the existing producers may shift to another sector and the new comers to the sector may discourage to invest. Government must assure the security and political stability of the country.

International price volatility and market competition may overcome through high volume and cost efficient production, quality, and product varieties with value addition techniques. Instead of exporting raw seeds it might be worthy of looking for value added export products in the form of edible oil, tahini, confectioneries, sweets, and other forms.

Although, future research needs to be conducted to further investigate the research findings outlined here. Subsequent research findings may come up with in support of the findings stated here and/or may come up with additional findings together with relevant recommendations. In addition, since international trade sector by its very nature is turbulent the findings stated in this research paper may change and the research area would be subject to continuous study. Due to this and other reasons the importance of future research works in the sector is indispensable.

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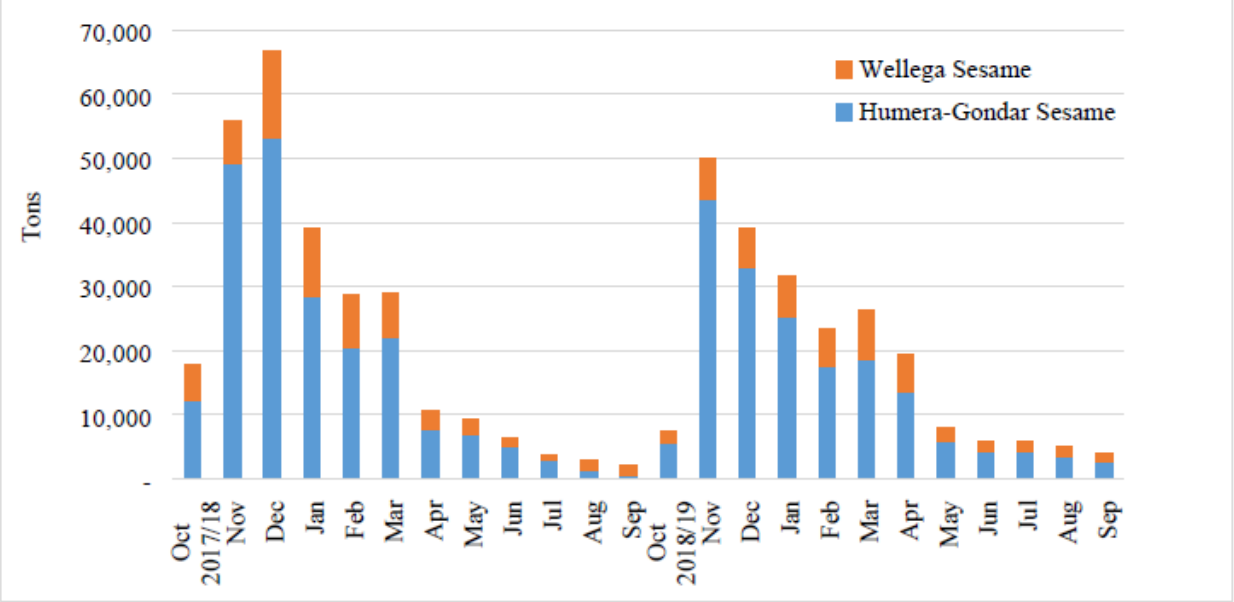
APPENDIX

Researhers`	Results					
	Result 1	**Result 2**	**Result 3**	**Result 4**	**Result 5**	
Amsale H. (2017)	*Demand*	*Resource availability*	*Marketing*			
Debas (2010)	*Demand*			*Cheaper cost of production*	*Geographical location to world market*	
Alemayehu (2019)	*Government export promotion*	*NBE provision of 30% of exporters forex earning*	*Cheap interest and priority of financing*	*Government incentive schemes & services*		

Appendix 1: Summary of Opportunities of Ethiopian Oilseeds and Pulses Export found by Other Researchers`

Researchers	Results							
	Result 1	**Result 2**	**Result 3**	**Result 4**	**Result 5**	**Result 6**	**Result 7**	**Result 8**
Amsale H. (2017)	*Quality*	*Production*	*Market information*	*Price*	*Infrastructure*	*Logistics*		
G/Hiwot (2018)	*Quality*	*Production*		*Price*	*No impact*		*Real effect exchange rate*	
Debas (2010)	*Quality*	*Production*	*Poor storage*	*Poor carriage*	*Infrastructure*	*Logistics*	*Poor package*	*Cost ineffective*
Alemu et al (2010)	*Quality*	*Production*	*Unstable domestic market*	*Relatively long market chain*	*Misbehavior of brokers*	*logistics*	*Instability of destination countries*	*Decline of demand*
Alemayehu (2019)	*Cheap loan Motive of exporters rather than profit*	*Foreign currency Motive of exporters rather than profit*						
Kurabachew (2019)	*Quality*	*Production*	*Market*	*Price*	*Company related factors*	*Macro-economic environment*		
Tekeste (2012)	*Terms of trade*	*Production*	*Domestic price has no impact*	*World Price*	*Infrastructure*	*Fertilizer input import*		
Allaro (2011)		*Production*	*Domestic price has no impact*	*World price has no impact*			*Nominal exchange rate*	
Ayalew (2016)	*Terms of trade has no impact*	*Production has no impact*	*Domestic price*	*World price has no impact*	*Infrastructure*	*Fertilizer input*	*Nominal exchange rate*	
Muhabaw (2013)	*Terms of trade*	*Production*				*Domestic credit*	*Real effective exchange rate*	*Trade openness*

Appendix 2: Summary of Challenges of Ethiopian Oilseeds and Pulses Export found by Other Researchers`



Appendix 3: Trends of Sesame seed Traded Volume at ECX Trading Floor

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Oilseed, Sesame seed	2017/18	2018/19	2019/20
Market Year Begins	Oct-17	Oct-18	Oct-19
Ethiopia	New Post	New Post	New Post
Area Harvested	595	600	600
Beginning Stocks	35	40	70
Production	325	300	340
MY Imports	0	0	0
MY Imports from US	0	0	0
Total Supply	**360**	**340**	**410**
MY Exports	275	215	285
Crush	0	4	5
Food Use Dom. Cons.	19	23	25
Feed Waste Dom. Cons.	26	28	30
Total Dom. Cons.	45	55	60
Ending Stocks	40	70	65
Total Distribution	**360**	**340**	**410**

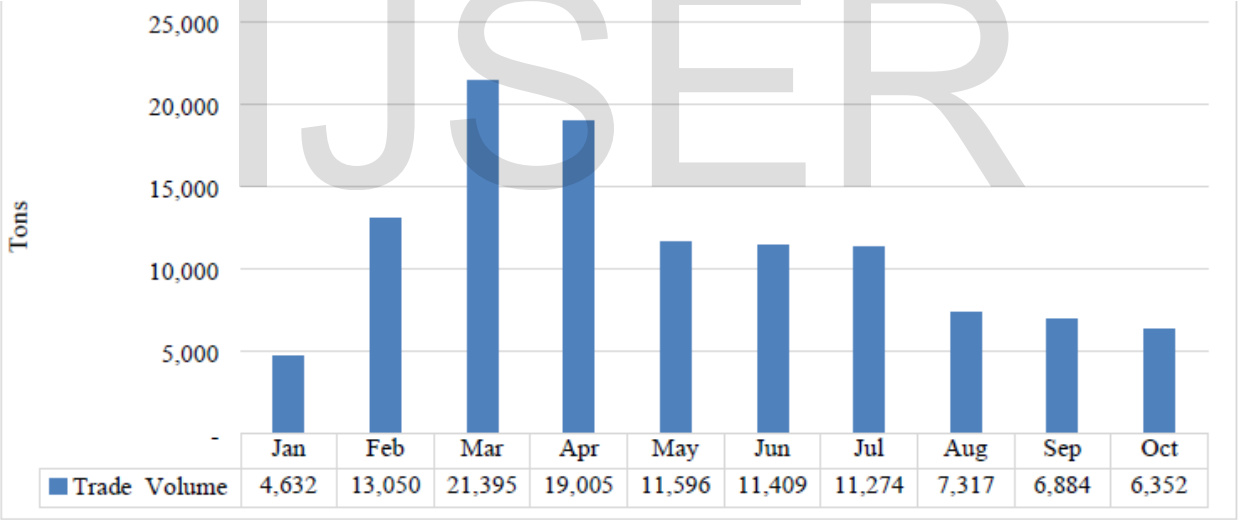
Appendix 4: Production, Supply, and Demand, PSD (1000 HA, 1000 MT)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Oilseed, Niger seed	2017/18	2018/19	2019/20
Market Year Begins	Oct-17	Oct-18	Oct-19
Ethiopia	New Post	New Post	New Post
Area Harvested	291	291	291
Beginning Stocks	35	40	40
Production	295	300	305
MY Imports	0	0	0
MY Imports from US	0	0	0
Total Supply	330	340	345
MY Exports	30	26	28
Crush	205	215	225
Food Use Dom. Cons.	-	-	
Feed Waste Dom. Cons.	55	59	62
Total Dom. Cons.	260	274	287
Ending Stocks	40	40	30
Total Distribution	330	340	345

Appendix 5: Production, Supply, and Demand, PSD (1000 HA, 1000 MT)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.



Appendix 6: Soybeans Traded at ECX Trading Floor: in 2019

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001.

Oilseed, Soybean	2017/18	2018/19	2019/20
Market Year Begins	Oct 2017	Oct 2018	Oct.2019
Ethiopia	New Post	New Post	New Post
Area Harvested	42	65	70
Beginning Stocks	8	5	5
Production	135	190	200
MY Imports	0	0	0
MY Imports from US	0	0	0
Total Supply	143	195	205
MY Exports	89	123	127
Crush	17	25	28
Food Use Dom. Cons.	6	7	8
Feed Waste Dom. Cons.	26	35	37
Total Dom. Cons.	49	67	73
Ending Stocks	5	5	5
Total Distribution	143	195	205

Appendix 7: Production, Supply, and Demand, PSD (1000 HA, 1000 MT)

Source: USDA FAS Ethiopian Oilseeds Annual Report Number ET2020-0001