Ministry of Agriculture
Federal Democratic Republic of Ethiopia

सत्यमेव जयते
Embassy of India
Addis Ababa

Export Opportunities Study for Oil Seeds, Pulses, Cotton, Gemstones and Coffee from Ethiopia to India

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Embassy of India
Addis Ababa

Foreword

On behalf of the Government of the Federal Democratic Republic of Ethiopia, it is with great pleasure that I present the results of a comprehensive collaborative study conducted by the Ministry of Agriculture and the Embassy of India in Ethiopia. This study, titled "Export Opportunities Study for Oilseeds, Pulses, Cotton, and Coffee from Ethiopia to India," represents a significant milestone in our commitment to enhancing bilateral trade relations and exploring new economic growth avenues.

In 2022, Ethiopia's bilateral trade with India reached an impressive USD 2.8 billion, marking a strong and expanding partnership. However, our exports to India, totalling USD 80 million, indicate substantial room for growth. This study provides a thorough analysis of Ethiopia's production and export landscape for key commodities - oilseeds, pulses, cotton, and coffee and identifies strategic opportunities to boost our trade performance.

Ethiopia has undertaken significant macroeconomic reforms to foster a more favourable business environment. And also, our newly reformed agricultural policies are aimed at improving productivity, enhancing value chains, and expanding market access for farmers and producers. Notably, we have liberalized commodity exports, allowing foreign companies to purchase directly from Ethiopian farmers and processors. This policy shift is designed to strengthen our export sector, particularly for oilseeds, pulses, hides, skins, and other critical products.

The study, carried out by TACT Services PLC, offers valuable insights into the current export environment and highlights several key findings:

1. Enhanced Export Potential: The study confirms that Ethiopia's exports of oilseeds, pulses, cotton, and coffee to India can be significantly expanded. By leveraging our strengths and addressing existing barriers, we can better meet the demands of the Indian market.

2. Challenges and Recommendations: The report identifies challenges such as documentation issues, regulatory hurdles, and infrastructure constraints. It provides recommendations to streamline export processes, improve trade facilitation, and enhance competitiveness.

3. Opportunities for Growth: There is a notable opportunity to increase coffee exports to India, a market where Ethiopia's share remains underutilized. By addressing policy restrictions and enhancing trade facilitation measures, we can unlock substantial economic benefits.

This document serves as a strategic guide for stakeholders, including policymakers, exporters, and investors, to fully harness the potential of this trade partnership. It outlines the potential commodities and products for export and provides detailed analyses of market trends, regulatory requirements, and logistical considerations.

I commend the efforts of the team involved in the development of this report and extend my gratitude to all stakeholders who contributed. It is my hope that this document will act as a catalyst for expanding Ethiopia's agricultural exports to India and fostering a mutually beneficial economic relationship between our two countries.

As we continue to prioritize the growth and development of our agricultural sector, we remain dedicated to supporting our farmers, promoting sustainable practices, and ensuring the highest standards of quality and safety in our exports. Together, we can build a resilient and dynamic trade relationship that benefits both Ethiopia and India.

H.E. Dr. Girma Amante, PhD
Minister of Agriculture,
Federal Democratic Republic of Ethiopia

Message

It is my great honor to present this insightful report, prepared collectively in a collaborative mode, by the Embassy of India at Addis Ababa and the Ministry of Agriculture, Federal Democratic Republic of Ethiopia, on the potential for exporting Ethiopian agricultural products and commodities to India.

This report underscores our shared commitment to fostering stronger economic ties and mutual cooperation between our two nations. India and Ethiopia share a longstanding and friendly relationship, marked by robust cultural, economic, and trade exchanges. The findings of this report highlight the vast opportunities for expanding our bilateral trade, particularly in the agricultural sector.

With India's growing demand for high-quality agricultural products and Ethiopia's rich agricultural sector, there is a natural synergy that can be harnessed for the benefit of both countries. This report provides a detailed analysis of key commodities with export potential, market trends, regulatory frameworks, and logistical aspects. It serves as a valuable resource for stakeholders in both countries, including policymakers, businesses, and investors, who are keen to explore and capitalize on these opportunities.

The Embassy of India to Ethiopia is committed to promoting and facilitating increased bilateral trade. We encourage Ethiopian businesses to take advantage of this partnership to explore new avenues of collaboration and expand their market presence in India. By doing so, we can further strengthen the economic ties between our nations and contribute to the prosperity and development of both countries. I would like to emphasize that Embassy of India in Addis Ababa is always ready for deeper engagements and extending possible assistance to our Ethiopian brothers and sisters, including importers, exporters and businessmen.

I would like to extend my appreciation to all those who contributed to this report, particularly the researchers, analysts, and industry experts who provided their valuable insights. We look forward to continuing our work together to build a stronger, more vibrant partnership between India and Ethiopia.

Mr. Anil Kumar Rai
Ambassador of India to Federal Democratic Republic of Ethiopia

Table of Contents

Research Team

Principal Investigator: Mr. Sunil Verma

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Executive Summary

In 2022, the bilateral trade between Ethiopia and India reached USD 2.8 billion, with Ethiopia's exports to India amounting to USD 80 million. This was an increase from 2021, where the bilateral trade was USD 1.8 billion and Ethiopian exports stood at USD 75.13 million (*Source: National Bank of Ethiopia*).

However, it is felt that exports from Ethiopia to India can be significantly enhanced. The Embassy of India in Addis Ababa contracted TACT Services PLC to conduct a market study on the production and export opportunities in oilseeds, pulses, cotton, gemstones, and coffee and other products. This study aims to bridge the knowledge gap by evaluating the current landscape of Ethiopian exports to India. By identifying existing opportunities and potential challenges, this study aims to create a strategic roadmap to maximize Ethiopian exports of these products, fostering sustainable economic growth for both countries.

The study set to achieve the following key goals:

1. Analyze the current situation regarding production, processing, and export of various cash crops, sugar, millets, oilseeds, pulses, cotton, gemstones, tea and coffee etc. in Ethiopia.
2. Identify the potential for increased export of these commodities to the Indian market.
3. Assess the challenges and obstacles faced by Ethiopian exporters in accessing the Indian market.
4. Propose recommendations to strengthen export opportunities and address existing challenges.

The scope of work included reviewing existing literature, reports, and data related to the production, processing, and export of several products in Ethiopia. It covered identifying and analyzing trade policies, regulations, and barriers affecting exports from Ethiopia to India. The assignment aimed at analyzing sourcing of above products from Ethiopia to India as per the market trends and demand in India for the above products through engagement with relevant stakeholders, including government agencies, exporters, and industry associations.

The foundation of the study was a thorough review of existing reports, sets of data, and market trends related to the chosen commodities and products in both Ethiopia and India. This involved utilizing resources from government agencies, exporters associations, international trade bodies, and relevant industry publications. The study analyzed historical trade data, identified current market trends, and assessed potential areas of growth for Ethiopian exports. Exporters, trade facilitating institutions, and exporters associations were the target populations or respondents of this research. The number of sample respondents was selected based on the registered commodity exporters who are engaged in exporting of products which have major contribution for Ethiopian with origin in Addis Ababa, Ethiopia.

The study was conducted with a few limitations. It relied upon limited data, most of which is dated. Institution level data was not collected during the study. Primary qualitative data was collected through a sample of associations and agencies providing support services. Despite best efforts, significant number of identified respondents did not respond on requests for key informant interviews. Financial data and revenue figures from different sources was not readily available.

A comprehensive literature review was carried out. The report capture issues related to Trade Facilitation, India's duty free treatment schemes, barriers to India-Ethiopia Trade and Investment Relations, Trade Facilitation Indicators, its role in Enhancing Export Competitiveness and specific Trade Facilitation Practices in Ethiopia, Export Processing Related Time and Costs in Ethiopia, requirement of Export Documentation. It also delves into

Export Promotion Structure in Ethiopia which includes National Export Coordination Committee (NECC), National Productive Sector Competitiveness Support Council (NPSCSC), National Economic and Business Diplomacy Coordination Committee (NEBDCC). It further dives into the Institutions responsible including the Ministry of Industry, Ministry of Agriculture, Ministry of Trade and Regional Integration and the Ethiopian Customs Commission (ECC - formerly Ethiopian Revenue and Customs Authority).

Ethiopian Government has recently revised rules to allow foreign companies to buy the commodity directly from farmers and processors. Controls have also been lifted off other commodities including oilseeds, pulses, hides and skins, forest products, poultry and livestock.

The study has identified challenges for Exports in Ethiopia including those related to documentation, Regulatory issues, Infrastructure, availability of information, trade formalities including documentation, automation and Procedures. The study captures involvement of the trade community, fees and charges and internal coordination. These are presented in details in the forthcoming sections.

With the help of primary and secondary data, the study has outlined the situation analysis of trade potential and export opportunities. On specific issues related to the exports of some of the products and commodities, the report delves deeper and provides several analysis along with recommendations which may be relevant in most cases, across sectors. The products and commodities included are oilseeds, pulses, millets, tea, coffee, rubber, cotton, biofuels and gemstones etc.

Data, where available, has been provided in the body of the main report.

Findings conclude that the export business holds significant potential, particularly concerning trade facilitation. Despite the availability of export advisory and networking services provided by facilitating institutions, there has been limited improvement in efficiency and reduction of export time. This suggests that exporters are not receiving adequate priority from the government to streamline export facilitation practices ahead of other business entities. Current trade facilitation measures are not expediting export clearance processes, simplifying exports, enhancing competitiveness, or reducing exporting time and costs. Furthermore, exporters express a lack of confidence in their export operations within the existing trade facilitation framework. They perceive constraints that hinder their ability to engage in multiple export sectors and effectively benefit from export promotion incentives and schemes provided by the government. Most respondents do not agree with the feasibility of these export-related opportunities, whether viewed from the perspective of trade facilitation or government export promotion plans.

In 2023-24, India imported coffee valuing US$ 192.13 million which is 234% of Ethiopia's consolidated export to India for the fiscal period. By meeting India's requirement for coffee, Ethiopia can diversify its trade basket significantly. It is clear that Ethiopia is losing a big market by not changing its policy of prohibiting export of coffee to coffee producing countries.

Trade between the two countries has also increased rapidly, particularly after the Bilateral Investment Promotion and Protection Agreement 2007. However, trade balance consistently has remained in favour of India.

Steps to improve business climate, measures to reduce logistic and trade cost, infrastructure development, removal of exchange control, diversification of exports, financial development, further liberalization of FDI and measures to develop light manufacturing would help Ethiopia improve its trade and investment climate.

Recommendations

It is recommended that the Government of Ethiopia in collaboration with Embassy of India should develop a platform to raise issues which would be of mutual benefit for traders of both countries.

Both the Governments need to resolve the issue of the ban on exports of coffee from Ethiopia to India. Ethiopia imposed a ban on the export of raw coffee to coffee-producing countries due to concerns about genetic resourcing. However, applying this ban uniformly has resulted in the loss of significant markets, such as India, which, despite being a coffee producer, is also a major importer.

Government of Ethiopia can collaborate with India to learn how to improve processing and polishing of gemstones.

In addition, other initiatives such as the annual India-Africa Conclave is an important forum to bring buyers and sellers together and spreading awareness among traders and policy makers regarding the policy environment in both the countries. These recommendations are equally applicable for other less developed countries and emerging countries that are trying to improve trade and investment relations with India.

To summarise, the study recommends action at three levels – The Government of India, the Embassy of India in Ethiopia and the Government of Ethiopia and briefly presented hereunder:-

Government of India

Oilseeds, Pulses, Millets, Sugar, Tea, Coffee, Cotton, Biofuels, Rubber etc.

- **Enhance bilateral trade agreements**: Secure favourable terms for oilseeds trade.
- **Incentivize R&D**: Promote research in oilseed varieties suited for Ethiopian climates.
- **Facilitate technology transfer**: Share best practices in oilseed processing and cultivation.
- **Foster joint ventures**: Partner with Ethiopian companies for pulse processing and packaging.
- **Support capacity-building programs**: Train Ethiopian farmers in advanced pulse farming techniques.
- **Develop infrastructure**: Establish processing units and storage facilities in Ethiopia.
- **Encourage seed exchange programs**: Share high-yield millet seeds with Ethiopian farmers.
- **Facilitate knowledge exchange**: Share advancements in sugarcane cultivation and processing. Offer technical assistance in Geographical Information (GI) norms development.
- **Promote joint branding initiatives**: Develop co-branded tea products with Ethiopian partners.
- **Support organic tea farming**: Assist in transitioning to organic tea cultivation methods.
- **Facilitate textile partnerships**: Encourage Indian textile firms to source cotton from Ethiopia.
- **Promote cotton research**: Support joint research on pest-resistant and high-yield cotton varieties.

- **Invest in biofuel production**: Encourage Indian companies to explore biofuel opportunities in Ethiopia.
- **Promote sustainable practices**: Share technologies for sustainable biofuel production.
- **Promote joint ventures**: Foster collaborations between Indian and Ethiopian rubber industries.

Gemstones

- **Facilitate gem trade**: Simplify regulations for gemstone trade between India and Ethiopia.
- **Promote skill development**: Train Ethiopian artisans in gemstone cutting and polishing.
- **Support certification programs**: Implement gemstone certification to enhance market trust.

Embassy of India in Ethiopia

Oilseeds, Pulses, Millets, Cotton, Biofuels, Rubber etc.

- **Facilitate networking events**: Organize B2B meetings and trade fairs. Organize trade delegations to explore pulse market opportunities.
- **Provide market intelligence**: Share insights on Ethiopian oilseeds market trends.
- **Support regulatory alignment**: Help in aligning trade regulations between the two countries.
- **Promote Ethiopian pulses**: Showcase Ethiopian pulses in Indian food festivals.
- **Support research partnerships**: Promote joint research on millet cultivation.
- **Showcase Ethiopian tea**: Organize Ethiopian tea tasting events in India.
- **Advocate** for allowing exports of Coffee from Ethiopia to India.
- **Promote Ethiopian cotton**: Organize exhibitions showcasing Ethiopian cotton products.
- **Promote Indian expertise**: Showcase Indian advancements in biofuel technology.
- **Support training programs**: Offer skill development programs in rubber technology.

Gemstones

- **Facilitate trade agreements**: Aid in simplifying gemstone trade regulations.
- **Support skill development**: Organize training programs for Ethiopian gemstone artisans.
- **Conduct a deep dive study:** It is recommended to study in depth to have a holistic view of the gemstone sector and to identify potential for trade**.**

Government of Ethiopia

Oilseeds, Pulses, Millets, Sugar, Tea, Coffee, Cotton, Biofuels and Rubber etc.

- **Improve infrastructure**: Enhance transportation and storage facilities.
- **Encourage private investment**: Create a conducive environment for foreign investments.
- **Promote R&D**: Invest in research to improve yields.

- **Support small farmers**: Provide financial and technical assistance to farmers.
- **Improve processing facilities**: Invest in modern processing plants.
- **Enhance cultivation practices**: Promote advanced farming techniques.
- **Modernize mills**: Invest in upgrading sugar mills.
- **Support organic farming**: Promote organic tea cultivation methods.
- **Enhance processing facilities**: Invest in modern tea processing plants.
- **Promote branding**: Develop Ethiopian tea brands for global markets.
- **Allow coffee exports to India:** Ethiopia's ban on export of raw coffee to coffee-producing countries has resulted in the loss of significant markets, such as India. Ethiopian authorities should consider engaging with Indian counterparts to explore markets while addressing concerns related to geographical indications. India too is a coffee producing country and the ban due to Genetic Resourcing concerns equally apply to India. This can be resolved using a bilateral agreement between the two countries.
- **Promote coffee tourism**: Develop coffee-centric tourism initiatives.
- **Support textile industry**: Encourage investments in the textile sector.
- **Develop policies**: Formulate supportive policies for biofuel production.
- **Promote sustainable practices**: Encourage environmentally friendly biofuel production methods.
- **Support rubber cultivation**: Provide financial and technical assistance to rubber farmers.

Gemstones

- **Support small miners**: Provide financial and technical assistance to gemstone miners.
- **Enhance processing facilities**: Invest in modern gemstone cutting and polishing facilities.
- **Promote certification**: Implement certification programs to enhance market trust.

This action plan aims to foster collaboration, enhance trade, and promote sustainable practices in the agricultural and industrial sectors of both India and Ethiopia.

Introduction

Background and Context

India and Ethiopia share a long-standing history of close and friendly relations, particularly in the realms of economic and commercial interactions. These ties date back over 2000 years. Recently, with Ethiopia's economic liberalization, the business relationship between the two countries has seen significant growth, notably in trade, investment, agriculture, and infrastructure projects.

In 2022, the bilateral trade between Ethiopia and India reached USD 2.8 billion, with Ethiopia's exports to India amounting to USD 80 million. This was an increase from 2021, where the bilateral trade was USD 1.8 billion and Ethiopian exports stood at USD 75.13 million (*Source: National Bank of Ethiopia*).

India's exports to Ethiopia primarily include pharmaceutical, plastics, primary and semi-finished iron and steel products, pharmaceuticals, machinery, and metal manufactures. Ethiopia's major exports to India consist of pulses (*mainly red kidney beans*) and oilseeds (*mainly soya beans*), precious and semi-precious stones, vegetables and seeds, leather, and spices (*mainly turmeric*). India is Ethiopia's second-largest trading partner, contributing to 10.2% of Ethiopia's global trade.

Ethiopia's agricultural sector is rich and diverse, with key export commodities such as oilseeds (*sesame, Niger seeds, linseeds*), pulses (*chickpeas, lentils, pigeon peas*), cotton, gemstones (*emeralds, opals*), and its highly sought-after coffee. This study proposes a comprehensive market analysis to explore the potential for expanding Ethiopian exports to India, which has a rapidly growing population and increasing demand for these products.

The agricultural sector is recognized for its diverse and high-quality oilseeds, including sesame known for its exceptional flavor and aroma, and pulses like protein-rich lentils and chickpeas. Additionally, Ethiopian coffee is prized for its unique flavor profiles and cultivation methods. Given India's vast and growing population, this report outlines a data-driven market study to explore the potential for exporting Ethiopian products. The focus is on oilseeds, pulses, cotton, gemstones, tea, sugar, rubber, millets and Ethiopia's premium coffee. Capitalizing on this potential requires a thorough understanding of the Indian market.

Ethiopia's agricultural sector plays a pivotal role in the country's economy, employing over 70% of the population and contributing around 35% to the GDP. The country's agro-climatic diversity and fertile lands make it suitable for the cultivation of various cash crops, including oil seeds, pulses, and coffee, and horticultural products.

Ethiopia is one of the largest producers of sesame seeds globally, with an estimated annual production of over 400,000 metric tons. Sesame cultivation is primarily concentrated in Tigray and Amhara regions in Humera, Metema, and Gondar. Ethiopia is one of the top five exporters of sesame seeds globally. In 2020, sesame seed exports from Ethiopia were valued at approximately $350 million. India, a significant importer, consumes over 300,000 tons of sesame seeds yearly, offering a substantial market for Ethiopian exports. Niger seeds are another significant oilseed crop, with production concentrated in the Amhara and Oromia

regions. Castor oil, derived from castor beans, is used in pharmaceuticals, cosmetics, and industrial applications. Ethiopia has suitable agro-climatic conditions for castor bean cultivation.

Ethiopia's horticulture sector is growing rapidly, with exports of fruits, vegetables, and flowers reaching about $300 million annually. India's expanding middle class and rising demand for fresh produce present a lucrative market for Ethiopian horticultural exports.

Ethiopia has been investing in large-scale sugar production projects to become self-sufficient and export surplus production. The country has several sugar factories, with an annual production capacity of about 500,000 tons.

Ethiopia is a major producer of pulses, including lentils, chickpeas, and beans. Lentils are predominantly cultivated in the highland areas of northern Ethiopia, while chickpeas are grown in the central and eastern regions. Beans are cultivated in various agro-ecological zones across the country.

Ethiopia is renowned as the birthplace of coffee and is one of its leading producers. The country's coffee production is primarily concentrated in regions such as Sidama, Harar, and Yirgacheffe. Ethiopian coffee is prized for its unique flavor profiles, distinct regional characteristics, and high-quality standards. Tea production, however, is still in its nascent stages in Ethiopia, but efforts are on to have more tea plantations in the country.

Ethiopia has potential for biofuel production from various feedstocks, including jatropha, castor beans, and sugarcane. The country aims to reduce its dependency on fossil fuels and promote renewable energy sources.

Ethiopia is blessed with diverse gemstone deposits, including opals, emeralds, sapphires, and garnets. The country's gemstone resources are spread across different geological formations, with notable mining sites in regions such as Wollo, Tigray, and Oromia. Ethiopian opals, renowned for their play-of-color and fire, are highly sought after in international markets.

Rubber cultivation in Ethiopia is still in its early stages. The country has been exploring rubber production in the southwestern regions, which have suitable climatic conditions.

India's agricultural sector is characterized by diverse consumption patterns, driven by a large and growing population, changing dietary preferences, and urbanization. The country is a net importer of agricultural commodities, including oil seeds, pulses, and coffee, to meet domestic demand.

In the gemstone sector, India is a global hub for gemstone processing, manufacturing, and trade. The country's gem and jewelry industry is one of the largest in the world, contributing significantly to exports and employment generation. India imports various gemstones for processing and value addition before exporting finished jewelry products to international markets.

However, it is felt that exports from Ethiopia to India can be significantly enhanced. The Embassy of India in Addis Ababa contracted TACT Services PLC to conduct a market study on the production and export opportunities in oilseeds, pulses, cotton, gemstones, and coffee.

This market study aims to bridge the knowledge gap by evaluating the current landscape of Ethiopian exports to India. TACT has conducted an in-depth analysis of the demand for each commodity in the Indian market, considering consumer preferences, pricing structures, and emerging trends. By identifying existing opportunities and potential challenges, this study aims to create a strategic roadmap to maximize Ethiopian exports of these products, fostering sustainable economic growth for both countries.

Objectives and scope

The study set to achieve the following key goals:

1. Analyze the current situation regarding production, processing, and export of various cash crops, sugar, millets, oilseeds, pulses, cotton, gemstones, tea and coffee etc. in Ethiopia.
2. Identify the potential for increased export of these commodities to the Indian market.
3. Assess the challenges and obstacles faced by Ethiopian exporters in accessing the Indian market.
4. Propose recommendations to strengthen export opportunities and address existing challenges.

The scope of work included reviewing existing literature, reports, and data related to the production, processing, and export of several products in Ethiopia. It covered identifying and analyzing trade policies, regulations, and barriers affecting exports from Ethiopia to India. The assignment aimed at analyzing sourcing of above products from Ethiopia to India as per the market trends and demand in India for the above products through engagement with relevant stakeholders, including government agencies, exporters, and industry associations.

Methodology

The study utilized multiple data sources and fostered stakeholder engagement. By engaging a diverse range of stakeholders, the study has captured a well-rounded understanding of the opportunities and challenges facing Ethiopian exports to India.

The study followed a participatory and consultative design, constantly engaging with the Indian Embassy. The foundation of the study was a thorough review of existing reports, sets of data, and market trends related to the chosen commodities and products in both Ethiopia and India. This involved utilizing resources from government agencies, exporters associations, international trade bodies, and relevant industry publications. The study analyzed historical trade data, identified current market trends, and assessed potential areas of growth for Ethiopian exports.

This study used qualitative methods to examine how Ethiopia facilitates its exports. In this study, descriptive methods and primary data collection were employed. A combination of random and non-random sample methods was applied, including proportional and simple random sampling techniques. Semi-structured interviews were used. Please see Annexe 1 for the Key Informant Interview sample. Data from interviews were studied qualitatively (*content-based*).

The study addressed Addis Ababa as a specific location for this research. In addition, this study is descriptive, which describes the existing nature of the challenges and opportunities of export in light of the current trade facilitation practices of Ethiopia. The study employed collection of qualitative data. The qualitative data includes those data that are primarily collected through semi structured interviews. Regarding the data sources, the study used secondary and primary sources. Primary data was collected directly from the target population by the researcher through distributing questionnaires and conducting interviews. Therefore, primary data was collected through closed ended questionnaires for selected exporters and semi-structured interviews for selected trade facilitating institutions and exporters associations. These tools were employed to collect data about the current trade facilitation trends, export related challenges and opportunities of the current trade facilitation practices. These sources have been addressed from both the exporters and government trade facilitating agencies / institutions perspectives. Furthermore, eight selected trade facilitation indicators such as information availability, involvement of trade community, formalities (document, automation, and procedure), fees and charges, governance and impartiality, and internal cooperation as measuring tools of the status and nature of trade facilitation practices in Ethiopian context (*Chen and Novy, 2009*).

Exporters, trade facilitating institutions, and exporters associations were the target populations or respondents of this research. Exporters, trade facilitating institutions and exporters associations were interviewed which helped the study to triangulate exporters' response with that of their representatives and government (*facilitating*) institutions. All facilitating institutions as well as exporters associations were not involved in this study due to the researcher's incapability to interact with all of them within the stipulated time. Instead, the researcher has selected the above-mentioned institutions and associations based of their weight of role and contribution in trade facilitation and of course exports. The number of sample respondents was selected based on the registered commodity exporters who are engaged in exporting of products which have major contribution for Ethiopian with origin in Addis Ababa, Ethiopia. The study selected exporters from different exporting sectors.

Questionnaires were distributed to conveniently selected exporters. The concept of data processing involved editing missing contents, coding of the collected data for further analysis, classification and tabulation of collected data that was open for further analysis. After the data was collected from primary sources, it was checked and in-house editing was undertaken to

detect errors that had been committed by the respondents. Then, the edited data were coded and manually entered in NVIVO 11 software. Data analysis methods have been used to describe and assess the challenges and opportunities of exports in relation with trade facilitation practices in Ethiopian context especially in Addis Ababa.

Informed verbal consent was secured from the respondents of the study. Information provided by respondents was kept confidential by employing different strategies like not writing personal identifiers on the questionnaire and limiting access to data by using passwords only to those people who are responsible for data management and analysis.

The study followed the protocols provided by the Terms of Reference, attached as Annexe 3.

Limitations of the Study

The study was conducted with a few limitations:-

- The study has relied upon limited data, most of which is dated, available in the public domain or as provided by a section of the respondents and also the Embassy of India.
- Institution level data was not collected during the study. Primary qualitative data was collected through a sample of associations and agencies providing support services. This may have impacted the representativeness of the findings to the general population of interest (*total population of exporters in Ethiopia*). The qualitative component has provided some knowledge about the process and challenges in the international trade between Ethiopia and India, but it may be difficult to generalize to the population of interest.
- Despite best efforts, significant number of identified respondents did not respond on requests for key informant interviews, from across sectors including from the Government and Trade Associations. This has resulted in the study relying majorly on secondary literature and may not, therefore, be fully updated on current ground realities.
- The study does not address all possible confounding factors for promotion of trade especially exports due to lack of access to downstream guidelines and directives at government institutions. Lack of access to holistic set of government documents to make a comparison of activities and outputs with what is planned and implemented by the government is another limitation for the evaluation.
- The present study has undertaken only a limited overview from a distance. However, efforts have been made to fill the gaps through interactions and feedback from other respondents.
- Financial data and revenue figures from different sources was not readily available.

Notwithstanding the above limitations, it is expected that the findings and recommendations of the present study would be useful to the Embassy of India in Ethiopia, The Government of Ethiopia and other stakeholders.

Literature Review

Trade Facilitation

The Asian Development Bank (2013) defines trade facilitation as focusing on the clear and effective implementation of export and import-related formalities and regulations. The United Nations Conference on Trade and Development (2011) describes trade facilitation as encompassing political, economic, business, administrative, technical, technological, and financial aspects to create a transparent and predictable environment for cross-border trade transactions. This involves simplified, standardized clearance requirements and activities, documentary needs, cargo and transit operations, and trade and transport arrangements. The World Trade Organization (2015) defines trade facilitation as the simplification and organization of export and import procedures and processes. These trade processes include the activities, practices, and formalities involved in collecting, presenting, sharing, and processing information, as well as additional information required for delivering export items to foreign markets. Trade facilitation refers to policies and measures aimed at reducing trade costs by enhancing capacity and efficiency at all levels of cross-border trade transactions.

As a first step, a trade Agreement between the Government of India and Ethiopia was signed on March 6, 1997 and a Joint Trade Committee (JTC) set up. Since then, various bilateral agreements have been signed by the two countries. India and Ethiopia also have signed Double Taxation Avoidance Agreement (DTAA) on May 25th, 2011. As per the mandate of WTO Hong Kong Ministerial, India became the first developing country to extend Duty Free Quota Free (DFQF) market access to all Least Developed Countries (LDCs).

More importantly, India provides Duty-Free Trade Preference (DFTP) scheme to Least Developing Countries (LDCs) on the lines of Hong Kong Declaration, 2005.

However, it has been observed that in spite of several incentives being given by the Indian Government to several countries including Ethiopia, there has been no substantial improvement in exports from Ethiopia to India.

Trade complementarity index (TCI)[1] between India and Ethiopia indicates that Ethiopia clearly lacks the export complementarity with India as TCI is less than 0.2 for all years. While Ethiopia's major exports are food and live animals, coffee and tea, crude materials and vegetable and fruits, India's major import items are manufactured products and fuels. Thus, Ethiopia's exports are not diversified enough to meet the import demands of India.

Ethiopia's trade facilitation practice has a strong governance structure and cheap export-related document processing costs. Export-related information and publications are scarce. The paper-based processes are time-consuming. Lack of coordination between the business sector and trade-facilitating government entities makes export-related paperwork processing

1 Trade Complementarity Index evaluates the extent to which the export profile of a reporter complements the import profile of a partner; strongly complementary profiles may indicate exploitable sources of growth.

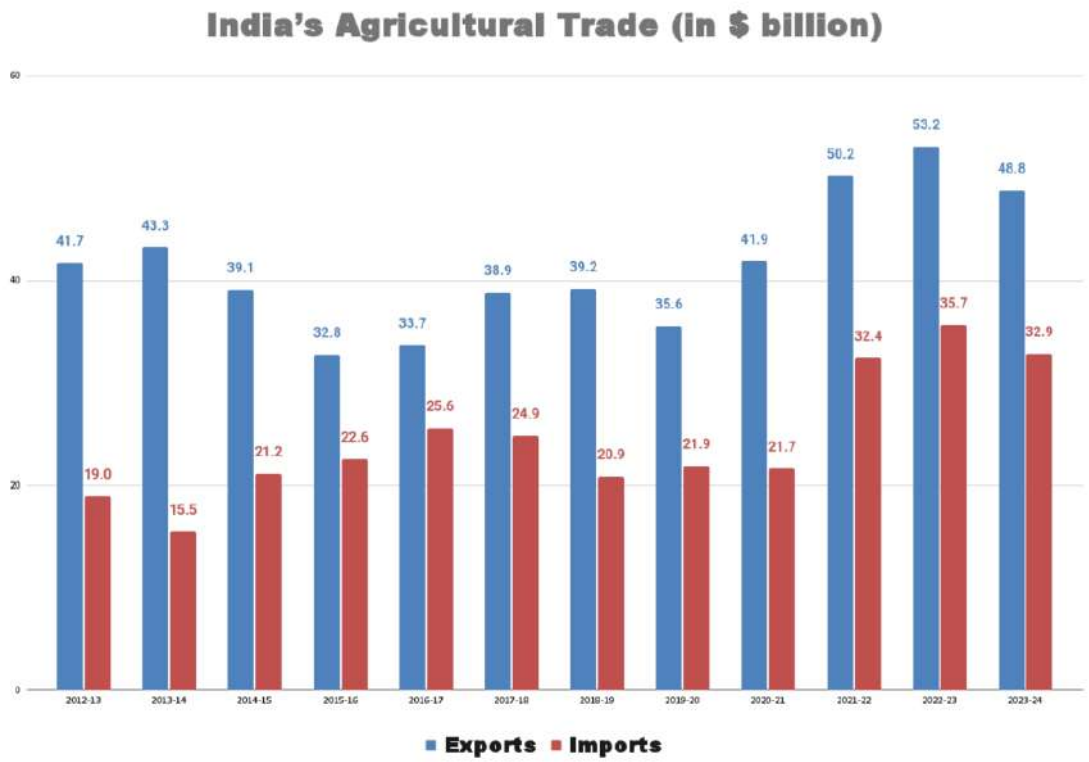
and collection complicated and time-consuming, slowing export clearance. Export rules and procedures are dynamic, intricate, and challenging to understand, making them tough to apply. Furthermore, they fail to capitalize on the country's vast potential due to a lack of knowledge, practical experience and adequate follow-up.

Ethiopia - India Trade statistics (2018 - 2022)									
Year	**Ethiopia's Overall export in USD**	**Growth %**	**Ethiopia's Export to India in USD**	**Growth %**	**Ethiopia's Over all Import in USD**	**Growth %**	**Ethiopia's Import from India in USD**	**Growth %**	**Ethiopia's trade balance with India**
2018	2,82,74,72,627		6,32,10,475		16,60,75,74,192		1,30,13,80,742		-1,23,81,70,268
2019	2,68,05,84,023	-5	10,72,28,744	70	14,60,76,47,904	-12	1,08,18,94,021	-17	-97,46,65,277
2020	2,91,75,51,314	9	5,73,18,267	-47	12,80,79,31,730	-12	1,30,35,06,971	20	-1,24,61,88,704
2021	3,37,57,19,114	16	11,35,70,319	98	16,94,59,02,886	32	2,60,00,67,952	99	-2,48,64,97,634
2022	3,37,84,95,040	0.08	8,48,73,529	-25	15,04,72,99,234	-11	2,23,52,07,015	-14	-2,15,03,33,486
Total	15,17,98,22,119	19	42,62,01,334	96	76,01,63,55,947	-3	8,52,20,56,702	89	-8,09,58,55,368
Avg.	3,03,59,64,424	4	8,52,40,267	19	15,20,32,71,189	-1	1,70,44,11,340	18	-1,61,91,71,074

Ethiopia's top ten exported items to India (2018 - 2022)				
HS Code	**Products**	**Value of 5 years**	**Average Value**	**Share**
12019000	**Other soyabean**	**12,64,28,542.42**	2,52,85,708.48	29.66
7133300	-- Kidney beans, including white pea beans (Phaseolus vulgaris)	**9,43,53,768.79**	1,88,70,753.76	22.14
7132000	- Chickpeas (garbanzos)	**3,68,97,187.26**	73,79,437.45	8.66
12010000	**Soya beans**	**2,48,87,544.55**	49,77,508.91	5.84
12081000	**- Of soya beans**	**2,26,77,211.73**	45,35,442.35	5.32
71031000	Unworked or simply sawn or roughly shaped Precious stones	**1,52,16,767.09**	30,43,353.42	3.57
9103000	- Turmeric (curcuma)	**1,46,67,875.66**	29,33,575.13	3.44
12011000	**Seed, soyabean**	**1,37,73,854.72**	27,54,770.94	3.23
7139000	Dried leguminous vegetables, shelled	**1,09,64,648.09**	21,92,929.62	2.57
41120000	Leather further prepared after tanning or crusting, including parchment-dressed leather, of sheep or lamb, without wool on, whether or not split, other than leather of heading 41.14.	**85,71,807.41**	17,14,361.48	2.01
Total		**36,84,39,207.72**	7,36,87,841.54	86.45
Grand Total		**42,62,01,333.96**	8,52,40,266.79	100.00

Agricultural Trade – India

The following image captures the exports – imports figures for India since 2012 – 13 till 2023 - 24



Source: Department of Commerce, Government of India

Import Regulations in India

Laws pertaining to food and agricultural products imported into India are under the jurisdiction of multiple Government of India (GOI) authorities: the Food Safety and Standards Authority of India (FSSAI) of the Ministry of Health; the Office of Legal Metrology of the Ministry of Consumer Affairs, Food, and Public Distribution; the Directorate General of Foreign Trade (DGFT) of the Ministry of Commerce and Industry (MOCI); and two Ministry of Agriculture and Farmers' Welfare (MAFW) departments, the Department of Animal Husbandry, Dairying and Fisheries (DAHDF) and the Department of Agriculture and Cooperation (DAC).

The Food Safety and Standards (FSS) Regulations govern inter alia packaging and labelling, laboratory and sampling analysis, food additives, product standards, licensing and registration of food businesses, and maximum residue levels of contaminants. The FSS Regulations 2011 stipulate, "…all food business operators (FBOs), food processors, manufacturers, exporters, or importers shall ensure that the food s/he handles meets all the standards under the FSS Regulations 2011." All domestic food operators, including importers, are required to have an FSSAI license to conduct business in India. FSSAI does not require licensing of foreign companies to export food products to India.

The EXIM (Export-Import) Policy

The EXIM (Export-Import) Policy contains guidelines governing the imports and exports of products and services in and out of India. EXIM Policy's primary objective is to regulate and develop foreign trade by facilitating imports into and exports from India.

The Ministry of Finance, in collaboration with the Director General of Foreign Trade (DGFT), its network of regional offices and the Union Minister of Commerce and Industry, announces amendments or changes to the EXIM Policy of India.

In 2004, the EXIM Policy was renamed the Foreign Trade Policy (FTP) to provide a comprehensive approach to foreign trade in India. The Ministry of Commerce announced the recent FTP, which came into effect on 1 April 2023. FTP 2023-2028 seeks to make India an export hub and to integrate India further into global value chains.

Recently, Department of Commerce data[2] revealed that India's agricultural exports declined by 8.2% in 2023-24, primarily due to government curbs on various commodities. Meanwhile, agricultural imports dropped by 7.9% due to lower edible oil prices.

Agricultural Imports by India

India's agricultural imports witnessed a 7.9% dip during the fiscal year 2023-24, reflecting the impact of global market conditions and domestic demand. The significant decline in overall agricultural imports was largely due to a single commodity: edible oils. India's imports of vegetable fats topped USD 20 billion in 2022-23, a year immediately after the Russia-Ukraine war when global prices for vegetable oils were at their peak. However, in 2023-24, the average FAO vegetable oil sub-index eased to 123.4 points, indicating lower global prices. As a result, the vegetable oil import bill fell below USD 15 billion during the last fiscal year.

Imports of pulses almost doubled to USD 3.75 billion in 2023-24, the highest since the USD 3.90 billion and USD 4.24 billion levels of 2015-16 and 2016-17, respectively. The surge in pulse imports highlights the continued dependence on foreign sources to meet domestic demand for this essential commodity.

The Government of India does not levy import duties on most pulses —pigeon pea, black gram, red lentils, yellow/white peas and chickpea — and kept it at 5.5% for crude palm, soyabean and sunflower oil.

India's top agri-import items in $ million

	2021-22	2022-23	2023-24
Vegetable oils	18991.62	20837.70	14871.66
Fresh fruits	2460.33	2483.95	2734.97
Pulses	2228.95	1943.89	3746.78
Spices	1299.38	1336.65	1455.57
Cashew	1255.46	1805.67	1431.39
Raw cotton	559.55	1438.69	598.64
Natural rubber	1032.71	937.60	739.18
*TOTAL**	32422.30	35686.20	32870.07

**Includes all other items.*

Source: Department of Commerce, Government of India

2 https://www.drishtiias.com/printpdf/year-end-review-2019-ministry-of-commerce-industry

India's DFTP Scheme and Ethiopian Exports

India provides duty free treatment to about 98 per cent of tariff lines to Ethiopia. India was the first among the emerging economies to launch a duty-free quota free market access scheme for the least-developed countries (LDCs) following the Hong Kong Ministerial Declaration of 2005. The duty-free trade preference (DFTP) scheme, which was announced at the India-Africa Forum Summit in April 2008, became fully operational in October 2012. The DFTP provides for preferential treatment (*duty free or Margin of Preference (MOP)*) to 94 per cent of the Indian tariff lines, whereas 6 percent of tariff lines are in the exclusion list that can be exported to India at Most Favoured Nations (MFN) tariffs.

The Indian government announced the revised DFTP scheme in April 2014. As per the revised scheme, the lists of preference products (*that is, products on which lower-than-MFN tariffs are applied*) and excluded products in the original notification are significantly shorter than their original versions.

With these changes, the DFTP scheme now effectively provides duty free treatment to about 98 per cent of tariff lines, up from 85 per cent initially. The number of tariff lines in the exclusion list has shrunk from 326 to 97; the new MOP list features 114 tariff lines compared to 468 originally.

Barriers to India-Ethiopia Trade and Investment Relations

There are many hindrances which are affecting bilateral ties between the countries. These are: poor investment and trade climate; infrastructure bottlenecks, higher level of corruption, and lower human capital development in Ethiopia. Evidence from primary survey conducted by Confederation of Indian Industry *(*CII), indicates that transportation and logistics costs are major problems for promoting trade and investment in Ethiopia. Ethiopia is a landlocked country and relies majorly on Djibouti for access to shipping lines. Coupled with this is the issue of high inland transportation cost which is estimated to account for as much as 40 per cent of the total cost of the product.

Access to finance is the second major barrier. The banking sector in Ethiopia is mainly state run and is not geared to cater to the needs of trade. Exporters therefore find it extremely difficult to obtain finances for project financing.

The volatility in the exchange rate is a major deterrent for exporters. The financial sector is highly regulated and foreign investment is not allowed. In addition to this, other problems highlighted by exporters were related to difficulties in accessing Indian buyers, delays in customs and procedural issues.

According to the International Monetary Fund, 6 out of the top-10 performing economies worldwide in 2024 will be from Sub-Saharan Africa. Ethiopia is ranked 2nd in Africa with the highest GDP growth forecast in 2024 at 6.2 per cent after Ivory Coast at 6.6 per cent.

However, from an Ethiopian perspective, there are several factors hindering trade and investment. Access to trade finance is ranked as number one problem. As per Doing Business (*Doing Business Indicators, 2020, The World Bank*), Ethiopia stands at 159 in the ranking of 190 economies.

Similarly, the Global Competitiveness Report highlighted that access to finance remained the major problem in Ethiopia. Ethiopia is mainly dependent on state run banks with very low banking density and consequently has one of the lowest financial inclusion ratios of Sub-Saharan Africa. Despite the increase in the number of banks, microfinance, and their branches over the last 25 years, the majority of Ethiopians mainly the very poor and those engaged in micro and small businesses still do not have access to credit. According to a recent World Bank study, the cost of finance in Ethiopia has decreased in recent years. But the average value of

collateral taken relative to loan size has increased dramatically, indicating that only firms having higher collaterals can access loans.

According to the UN Global Survey on Digital and Sustainable Trade Facilitation, the status of Ethiopia as compared to the past few years (2105 – 23) is presented below[3]:

Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021	Survey 2023	Change**
Transparency						
Publication of existing import-export regulations on the internet	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Stakeholders` consultation on new draft regulations (prior to their finalization)	Not available	Not available	Fully implemented	Fully implemented	Fully implemented	
Advance publication/notification of new trade-related regulations before their implementation*	Not available	Not available	Not implemented	Not implemented	Not implemented	
Advance ruling on tariff classification and origin of imported goods*	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Independent appeal mechanism	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Formalities						
Risk management	Not available	Not available	Partially implemented	Partially implemented	Fully implemented	
Pre-arrival processing	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Post-clearance audits*	Not available	Not available	Fully implemented	Fully implemented	Fully implemented	
Separation of Release from final determination of customs duties, taxes, fees and charges	Not available	Not available	Partially implemented	Partially implemented	Fully implemented	
Establishment and publication of average release times	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
TF measures for authorized operators*	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Expedited shipments	Not available	Not available	Partially implemented	Partially implemented	Fully implemented	
Acceptance of copies of original supporting documents required for import, export or transit formalities*	Not available	Not available	Fully implemented	Fully implemented	Fully implemented	
Institutional Arrangement and Cooperation						

3 https://www.untfsurvey.org/economy?id=ETH

Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021	Survey 2023	Change**
National Trade Facilitation Committee or similar body*	Not available	Not available	Planning stage	Planning stage	Planning stage	
National legislative framework and/or institutional arrangements for border agencies cooperation*	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Government agencies delegating border controls to Customs authorities*	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Alignment of working days and hours with neighbouring countries at border crossings	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Alignment of formalities and procedures with neighbouring countries at border crossings	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Paperless Trade						
Automated Customs System*	Not available	Not available	Partially implemented	Partially implemented	Partially implemented	
Internet connection available to Customs and other trade control agencies*	Not available	Not available	Not implemented	Not implemented	Not implemented	
Electronic Single Window System	Not available	Not available	Not implemented	Not implemented	Not implemented	
Electronic submission of Customs declarations	Not available	Not available	Not implemented	Not implemented	Not implemented	
Electronic application and issuance of import and export permit*	Not available	Not available	Not implemented	Not implemented	Fully implemented	
Electronic Submission of Sea Cargo Manifests	Not available	Not available	Not available	Not available	Fully implemented	
Electronic Submission of Air Cargo Manifests	Not available	Not available	Not implemented	Not implemented	Fully implemented	
Electronic application and issuance of Preferential Certificate of Origin	Not available	Not available	Not implemented	Not implemented	Fully implemented	
E-Payment of Customs Duties and Fees	Not available	Not available	Not implemented	Not implemented	Not implemented	
Electronic Application for Customs Refunds	Not available	Not available	Not implemented	Not implemented	Not implemented	
Agricultural Trade Facilitation						
Testing and laboratory facilities available to meet SPS of main trading partners*	Not available	Not available	Planning stage	Planning stage	Partially implemented	

Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021	Survey 2023	Change**
National standards and accreditation bodies to facilitate compliance with SPS*	Not available	Not available	Partially implemented	Partially implemented	Fully implemented	
Electronic application and issuance of SPS certificates*	Not available	Not available	Not implemented	Not implemented	Fully implemented	
Special treatment for perishable goods	Not available	Not available	Partially implemented	Partially implemented	Fully implemented	

*) This measure was not included or contained different wording in one or more previous surveys.

**)Comparing results of the 2021 and 2023 surveys.
++) Additional data

Trade Facilitation Indicators

The success of trade facilitation can be measured using various mechanisms by different institutions. According to the Asian Development Bank (2013), trade facilitation practices range from the availability of trade facilitation-related policies to the delivery of the product to its final destination. This involves the publication and administration of trade-related policies, streamlining of trade procedures, adherence to product standards, involvement of hard infrastructure like roads and railways, and soft infrastructure such as efficient administration.

UNCTAD (2006) outlines that trade facilitation covers measures related to formalities, procedures, documents, use of standards, electronic messaging for trade transactions, physical movement of goods, legal frameworks, transport and communications infrastructures, modern information technology, and timely dissemination of export-import related data to stakeholders (*Andrew, 2007*). Hanouz et al. (2014) in their Enabling Trade Index report cover seven thematic pillars: domestic market access, foreign market access, efficiency and transparency of border administration, availability of transport infrastructure, quality of transport services, and the availability and use of information technologies.

Role of Trade Facilitation in Enhancing Export Competitiveness

Simplification and harmonization of trade procedures and formalities through trade facilitation contribute to reducing trade transaction costs, thus improving competitiveness. Delays in customs increase warehouse and storage costs and can affect the quality of goods, potentially leading to the cancellation of orders and claims for damages. Implementing trade facilitation measures significantly reduces the time required for administrative procedures, such as preparing, submitting, and processing trade documents. This has a positive and multifaceted impact on export competitiveness (*Hausman et al., 2013; Zaki, 2014*). A facilitated trading environment reduces the cost and time of trade transactions, enabling exporters to provide goods at competitive prices in a timely manner (*Peng, 2009*). The ability to export items within stipulated times and reasonable costs is a key determinant of participation in the global economy. Ensuring smooth delivery of export items enhances international trade capability and efficiency. Trade facilitation focuses on ensuring that all facilitating institutions' requirements, processes, and procedures are conducive to cross-border movement of goods and services (*Debapriya and Syed, 2006*). It also aims to improve economic development by

reducing bureaucratic obstacles, harmonizing logistical and administrative systems, and protecting nations from illegal trade practices (*Marcus, 2003*).

Trade Facilitation Practices in Ethiopia

Ethiopia faces common challenges in its international trading activities. According to the World Bank's trading across borders ranking, Ethiopia is placed 166th globally. The report indicates that many African countries, especially in sub-Saharan Africa, have the longest clearance times in customs, resulting in significant delays. In this region, it takes an average of 12 days to clear exports, compared to seven days in Latin American countries. Ethiopia has the longest export clearance time in Africa, taking about thirty days for customs clearance, contributing to its low ranking out of nations in the World Bank's Doing Business index. The World Bank reported a lead time of 43 days for export, categorizing Ethiopia with the longest lead-time. By 2014, the number of documents required to clear exports in Ethiopia increased to eight. Exporters and importers must navigate through various government ministries, customs authorities, port and transit agencies, technical and sanitary control authorities, and banks (*World Bank, 2014*). Traders, export and import agencies, investors, and others often voice complaints about the time and money wasted due to administrative hurdles at the Ethiopian Customs Commission (*erstwhile Ethiopian Revenue and Customs Authority (ERCA*) and other related institutions. Exporters and importers need to obtain legal trade documents from various authorities such as the Commercial Bank of Ethiopia, Ethiopian Shipping and Logistics, and customs ports, leading to significant time wastage and additional fees (*Herald, 2015*).

Export Processing Related Time and Costs in Ethiopia

According to the World Bank (2016), the export processing related costs in terms of time and money, including transportation costs, are summarized below.

Export Processing time and cost requirement in Ethiopia.

Indicator	Ethiopia	Sub-Saharan	High income
Time to export: Border compliance (hours)	57	108	**15**
Cost to export: Border compliance (USD)	144	542	**160**
Time to export: Documentary compliance (hours)	126	97	**5**
Cost to export: Documentary compliance (USD)	**175**	**246**	**36**

Source: World Bank, 2016

Export Documentation in Ethiopia

The required documents for export clearance from the importing country can be effective through the proper implementation of customs and other institutions. Some documents prove that products are originally from the exporter's place and are used for claiming preferential duty rates. These documents often become more significant than the exporting item itself because they provide a full and complete description of the product. Without complete paperwork, clearing products at customs is challenging, and incomplete documentation can result in storage charges for exporters. Accurate and complete export documentation is crucial for smooth customs clearance (*Addis Ababa Chamber of Commerce and Sectoral Association, 2016*).

Export Promotion Structure in Ethiopia

According to a JICA (2013) report, export promotion is considered a key driver of broad-based growth in Ethiopia. The Ethiopian government has undertaken measures to promote the export sector by introducing comprehensive financial and fiscal incentive schemes and institutional reforms. Both the government and private sectors are involved in these efforts.

National Export Coordination Committee (NECC)

Established in 2010, the NECC is responsible for providing guidance and direction on the export sector, fostering coordination among ministries, agencies, and institutions supporting export activities, and assigning its subcommittees to investigate policy-related bottlenecks. The committee comprises four subcommittees:

- Customs and Logistic Coordination Subcommittee (CLCS)
- Finance Coordination Subcommittee (FCS)
- Infrastructure Development Coordination Subcommittee (IDCS)
- Production and Marketing Coordination Subcommittee (PMCS)

National Productive Sector Competitiveness Support Council (NPSCSC)

The NPSCSC facilitates and coordinates policy provision to the productive sector, enhancing its competitiveness in the international market in terms of productivity, quality, and price.

National Economic and Business Diplomacy Coordination Committee

The National Economic and Business Diplomacy Coordination Committee (NEBDCC) aligns the country's foreign policy with economic and business diplomacy to foster infrastructure development, accelerate technology transfer, explore and diversify export markets, and enhance FDI flow. Under this structure, the foreign trade promotion and facilitation subcommittee gathers market intelligence, supports major export items, and promotes export products in host markets.

Ministry of Industry

The Ministry of Industry oversees industry-related activities. Subcommittees under its control include:

- Textile Industry Development Institute (TIDI)
- Leather Industry Development Institute (LIDI)
- Metal Industry Development Institute (MIDI)
- Food, Beverage, and Pharmaceutical Industry Development Institute (FBPI)
- Chemical and Construction Inputs Development Institute (CCIDI)
- Meat and Dairy Industry Development Institute (MDI)

Ministry of Agriculture

The Ministry of Agriculture includes:

- **Plant and Health Regulatory Directorate**: Issues Phytosanitary certificates, export authorizations, and related documents.
- **Animal Health Regulatory Directorate**: Performs similar activities for animal exports.
- **Coffee Liquoring Unit**: Ensures the quality of coffee exports.
- **Ethiopian Horticultural Development Agency (EHDA)**: Supports the development of horticultural export items.

Ministry of Trade and Regional Integration

The Ministry of Trade consists of five major directorates:

- **Export/Import Quality Inspection Directorate**: Provides quality approval for export products, except coffee and meat, which are inspected by the Ministry of Agriculture.
- **Export Promotion Unit**: Promotes exports, creates market linkages, and gathers market intelligence in coordination with the Ministry of Foreign Affairs.
- **Ethiopian Commodity Exchange (ECX):** Supports the exchange of agricultural commodities.
- **Coffee Marketing Directorate:** Ensures smooth supply chain logistics for coffee exports in coordination with the Ministry of Agriculture.
- **Trade Relation and Negotiation Directorate:** Manages bilateral trade agreements and negotiations.

Ethiopian Customs Commission (ECC - formerly Ethiopian Revenue and Customs Authority)

ECC is responsible for collecting revenue from customs duties and main taxes, regulating cross-border trade, protecting society from smuggling, and determining taxes on imports and exports.

International Treaties and Protocols

Presented below are some of the international treaties and protocols which impact both the countries – India and Ethiopia and may have a bearing on the trade facilitation between the two.

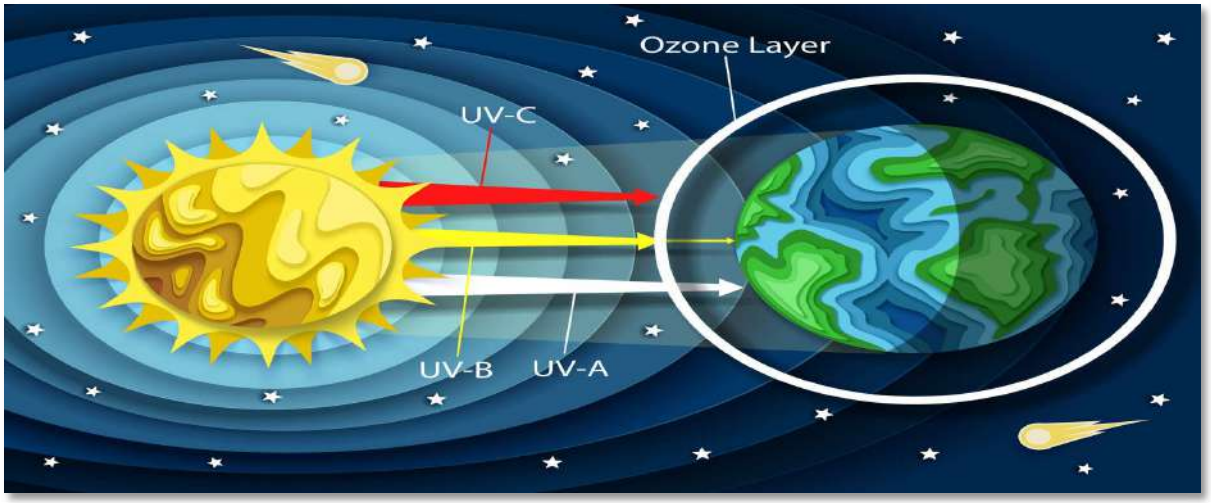
Sanitary and Phytosanitary (SPS) Agreement

The Sanitary and Phytosanitary (SPS) Agreement is a critical component of the World Trade Organization (WTO) framework. Adopted during the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) in 1994, it came into effect with the establishment of the WTO on January 1, 1995. The primary objective of the SPS Agreement is to ensure that member countries' food safety and animal and plant health regulations are based on scientific principles and do not arbitrarily or unjustifiably discriminate between countries where identical or similar conditions prevail.

The SPS envisages application of Phytosanitary measures based on scientific justifications, therefore, it is imperative to conduct all Plant Quarantine inspections as per the International Standards/guidelines. Accordingly, the National Standards for Phytosanitary Measures in India have been developed and adopted including the Guidelines for Development of National Standards for Phytosanitary Measures to ensure the safety of its food, animals, and plants.

The Montreal Protocol

The Montreal Protocol on Substances that Deplete the Ozone Layer is an international treaty designed to protect the ozone layer by phasing out the production and consumption of numerous substances responsible for ozone depletion. Agreed on September 16, 1987, and entering into force on January 1, 1989, the Montreal Protocol has been hailed as one of the most successful environmental agreements to date. The protocol has been adjusted and amended multiple times to include additional substances and accelerate phase-out schedules. Notable amendments include the London, Copenhagen, Montreal, and Beijing Amendments.



Methyl bromide is a significant focus under the Montreal Protocol due to its high ozone-depleting potential. It is used primarily as a fumigant in agriculture to control pests in soil, commodities, and quarantine treatments. The Montreal Protocol initially called for a phase-out of methyl bromide by 2005 in developed countries and by 2015 in developing countries, with critical use exemptions allowed under specific conditions. Critical Use Exemptions (CUEs) are granted when there are no technically or economically feasible alternatives to methyl bromide.

The Montreal Protocol's provisions on methyl bromide interact with the SPS Agreement in several ways. The Montreal Protocol recognizes that methyl bromide is often used for quarantine and pre-shipment (QPS) treatments to control pests and diseases that could threaten agriculture and natural resources. These uses are exempt from phase-out under the protocol, acknowledging their importance for SPS measures. The SPS Agreement encourages the use of scientifically justified and internationally harmonized measures to protect human, animal, and plant health. The Montreal Protocol supports research and development of alternatives to methyl bromide that meet SPS requirements without depleting the ozone layer.

Compliance with both the Montreal Protocol and the SPS Agreement can impact international trade. Countries need to balance the phasing out of methyl bromide with the need to meet SPS standards, ensuring that their agricultural exports and imports are not unfairly restricted.

As a significant agricultural producer, India has worked towards phasing out methyl bromide in accordance with the Montreal Protocol. It has sought critical use exemptions for QPS treatments where alternatives are not yet viable. India also collaborates on developing and adopting alternative treatments that comply with SPS standards.

As a developing country, Ethiopia has been granted more extended phase-out timelines under the Montreal Protocol. The country is working towards reducing its reliance on methyl bromide while ensuring that alternative measures align with SPS requirements to maintain agricultural health and trade.

The European Union Deforestation Regulation (EUDR)

The EU Deforestation Regulation (EUDR), which entered into force in June 2023, marks a step-change in demand-side efforts to reduce deforestation by requiring that commodities placed on, or exported from, the EU market are deforestation-free. The legal production requirement mandates that, in addition to being deforestation-free, relevant products placed on or exported by the EU must have been grown, harvested or obtained in accordance with the relevant legislation of the country of production.

The EUDR requires that commodities placed on, or exported from, the EU market that are covered under the regulation — cattle, cocoa, coffee, palm oil, soy, timber and rubber, as well as derived products such as beef, furniture and chocolate — do not come from land deforested or degraded after December 31, 2020.

In addition, the EUDR requires companies to conduct due diligence to ensure that the production of commodities placed on the EU market complies with laws in the country of origin. To do so, companies must understand the relevant laws in producing countries.

While the producer country regulates the specific harvesting and production requirements of these commodities, the EU has defined areas of law to be considered in the due diligence process.

Findings

Challenges for Exports in Ethiopia

Time-related challenges in international trade transactions have been extensively studied. Uzzaman and Yusuf (2011) estimated that each day of delay in shipping increases the cost of manufactured goods by 0.8%. Excessive documentation, physical inspections, and multiple checks by different agencies contribute to prolonged customs clearance processes, resulting in higher costs (*Djankov et al., 2010*). Persson (2012) also observed that complex and inefficient trade facilitation practices significantly increase the time required to complete cross-border trade transactions.

Most respondents of the study agreed that export clearance is delayed due to the lengthy process of document collection, multiple inspections, and bureaucratic hurdles. This highlights time as a critical challenge in processing and clearing export cargo.

Document-Related Challenges

Exporting and importing companies often face significant challenges due to extensive documentation requirements imposed by regulatory authorities. These companies must submit large volumes of data and documents to comply with import, export, and transit regulations, involving multiple agencies with their own criteria and procedures, most of which still rely on paper-based forms (*Arvis et al., 2013*). These requirements and the associated submission charges create substantial barriers, especially in developing countries (*UN/CEFACT, 2004*).

Even in trade-friendly countries, export-import regulations and documentary requirements can impede trade. For example, exporting a single commodity like rice in some Middle Eastern nations involves 15 different parties, 24 documents, and around 700 data elements. This process can take at least 22 days to meet various regulatory requirements and prepare the goods for export at the nearest seaport (*Asian Development Bank, 2013*).

Obtaining export-related documents is a fundamental challenge in the export sector. According to UN/CEFACT (2004), companies must submit multiple, voluminous documents to regulatory bodies to export. The involvement of multiple agents and the complexity of documentary requirements add extra time and cost burdens, adversely affecting exports. The Asian Development Bank (2013) noted that trade-related documentation is a major impediment to export success, often requiring a large number of documents with extensive data, which can take at least 22 days to process.

In Ethiopia's current trade facilitation practices, obtaining documents such as an export license, technical and sanitary certificates, airway bills, export bank permits, insurance certificates, export authorizations, and inspection and release approvals are among the most difficult and problematic tasks. Most respondents agreed on the difficulty of processing and obtaining documents for export clearance. This indicates that document requirements for export clearance are a major challenge in Ethiopia.

Regulatory Challenges

Beyond direct export/import activities, several regulatory procedures and government policies significantly impact cross-border operations. These include revenue collection, social welfare and safety, environmental and health regulations, and consumer protection issues. Customs clearance processes, required documentation, technical examinations, and safety concerns can become major bottlenecks, hindering the smooth delivery of export commodities to international markets. Such barriers impose substantial economic and social costs on national economies (*Tsegaye and Endris, 2012*).

Research indicates that approximately 75% of international trade delays are due to severe administrative difficulties, multiple interactions with customs and other authorities, complex tax mechanisms, unclear clearance processes, and a lack of political will to adopt specific trade facilitation measures (*Tilahun, 2014*). Supporting this view, Wilson (2007) emphasized the critical impact of managerial and directional measures on international trade, noting that extensive customs and administrative procedures are more burdensome in developing nations than in developed ones.

Various studies have discussed the effect of regulations on export. Tsegaye and Endris (2012) highlighted that the availability of distinct procedures by different offices, documentary requirements, procedural inspections, and other safety agendas can severely restrict the timely delivery of export items.

Wilson (2007) found customs and administrative procedures to be a significant challenge for exports, especially in developing countries. The respondents unanimously suggested that current export-related regulations are lengthy, frequently changing, and difficult to implement, requiring multiple approvals from different government institutions. These regulations lack clear policies and strategies accessible to all stakeholders. In general, the export-related regulations are inefficient and ineffective in supporting and easing export clearance processes and practices. This inefficiency represents a major challenge for exporters and impacts the success of export businesses in the country.

Infrastructure Related Challenges

Infrastructure quality poses significant challenges for African countries, particularly for landlocked nations. According to Amal (2012), these countries face high costs due to poor infrastructure that hinders their export transactions. Additionally, similar infrastructural issues in neighboring countries exacerbate the problem, causing these nations to suffer doubly from infrastructural deficiencies.

Information Availability

The concept of information availability as a trade facilitation indicator (TFI) involves the provision and publication of necessary formalities by each institution, either in printed form or via a web-based system. Trade-related procedures should be published, documented, and made accessible to the public, allowing the business community to easily obtain the information crucial for their success. According to respondents, there is a lack of available published materials on trade facilitation and export clearance processes in the country. Additionally, there is insufficient communication between the government and the business community regarding policies and practices that could ease the export process. There is also a notable lack of information on how to process and clear exports. Overall, there is a significant information and communication gap between the facilitating bodies and the trade community.

Trade Formalities: (Documents, Automation, and Procedures)

Trade formalities refer to the processes that simplify trade-related activities. Effective trade facilitation practices involve three basic pillars: the simplification of trade documents to align with international standards and accept copies, the electronic exchange of data and automation of export procedures, and the streamlining of export controls with single submission points for all required documentation.

Most respondents disagreed with the following:

1. The simplicity, harmonization, and consistency of export-related documents.

2. The use of electronic and automated systems to process data, manage export clearance practices, and share information.
3. The streamlining and organization of export-related regulations and processes, including the opportunity to submit export documents at a single submission point.

Involvement of Trade Community

The success of trade facilitation largely depends on considering the interests of the business community and involving them in the decision-making process. Involving the trade community means taking their interests into account when developing procedures and consulting them as needed.

Respondents indicated that their interests are not adequately considered in regulatory procedures and decision-making processes related to exports. The analysis suggests that exporters are not sufficiently involved in trade-related regulatory procedures or decision-making.

Fees and Charges

Fees and charges refer to the payments that exporters must make to process export documents and clear export cargo. These fees and charges are defined as the amounts imposed on exports and the disciplines applied. Most respondents agreed that the average fees and charges levied on exports are reasonable and acceptable. This implies that the country's export facilitation is successful in terms of fees and charges, as exporters are not unduly burdened by them.

Internal Coordination

Internal coordination involves the collaboration between various government institutions, private agencies, and exporters within the trade facilitation environment of the country. Findings indicate that most respondents do not perceive strong internal coordination between government authorities, private companies, and the business community.

The country lacks a separate and autonomous facilitating authority responsible for controlling, facilitating, and coordinating export activities. Furthermore, there is no integrated working environment between facilitating government institutions, private companies, and the business community. This lack of internal collaboration among facilitating authorities and exporters creates significant challenges in the country's trade facilitation efforts.

Summary of Respondents' Perceptions

1. Difficulty in getting access to finance
2. Exporters are expected to submit multiple documents to clear single export product
3. Obtaining technical and sanitary as well as health related documents are most challenging
4. Exporters are expected to visit different offices for claiming export documents and to get the inspection of their products
5. Exporters face issues related to quality standards which are different from different destination countries
6. Government provides opportunities such as - having a service priority for exports; export promotion incentive schemes and; allowing exporters to diversify. However, the exporters do not effectively benefit from these opportunities due to lack of (*both horizontal and vertical*) coordination and follow-up.
7. The government has failed to deliver on some incentive schemes

Findings – Sectors, Products and Commodities

On specific issues related to the exports of some of the products and commodities, the report delves deeper and provides several analysis along with recommendations which may be relevant in most cases, across sectors, but may not be repeated for purposes of brevity.

Ethiopian Government has recently revised rules to allow foreign companies to buy the commodity directly from farmers and processors. Until now Ethiopia required buyers such as Starbucks Corp., Volcafe Ltd., Louis Dreyfus Co., Olam International Ltd. and Sucafina SA to purchase shipments from local companies. Controls have also been lifted off other commodities including oilseeds, pulses, hides and skins, forest products, poultry and livestock. However, this would need to wait for further guidelines to be issued by the Government.

Oil Seeds

Oilseeds are a mainstay of the rural and national economy in Ethiopia. After coffee, oilseeds are the second largest export earner for the country and already more than 3 million smallholders are involved in its production. Exports actually consist of sesame and niger seed, for which there is a growing demand in the world market. But also, castor, linseed and safflower have good export potential. The growing demand in the world market for these specialty products and the available capacity to expand production could make oilseeds turn into one of the engines of economic growth of Ethiopia.

Bilateral trade between Ethiopia and India

Product: 12 Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...

Sources: ITC calculations based on Ethiopian Revenues and Customs Authority statistics since January, 2007. ITC calculations based on UN COMTRADE statistics until January, 2007.

Unit : US Dollar thousand

Product code	Product label	Ethiopia's exports to India			India's imports from world			Ethiopia's exports to world		
		Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022
1201	Soya beans, whether or not broken	14,338	27,901	27,052	292,094	488,367	416,441	39,009	43,273	44,714
1207	Other oil seeds and oleaginous fruits, whether or not broken (excl. edible nuts, olives, soya . . .	2,595	4,722	2,106	284,273	67,479	233,368	388,418	325,017	208,981
1209	Seeds, fruits and spores, for sowing (excl. leguminous vegetables and sweetcorn, coffee, tea, . . .	40	73	105	134,128	139,218	150,656	1,699	1,752	1,952
1212	Locust beans, seaweeds and other algae, sugar beet and sugar cane, fresh, chilled, frozen or . . .	0	0	0	3,847	3,966	4,838	22	5	7
1204	Linseed, whether or not broken	0	0	0	260	108	73	6	5	7
1205	Rape or colza seeds, whether or not broken	0	0	0	13	0	0	1	7	281
1202	Groundnuts, whether or not shelled or broken (excl. roasted or otherwise cooked)	0	512	0	1,174	1,200	1,645	449	13,184	5
1206	Sunflower seeds, whether or not broken	0	0	0	2,016	2,085	2,845	8	15	20

Ethiopia has altitudes from below sea level up to 4,500 meter above sea level with very different climate zones. This enables Ethiopia to grow a wide variety of oilseed crops. Several oilseeds are grown in Ethiopia which can be considered as specialty high value seeds on the international market (*sesame seed, safflower, linseed, niger seed and castor beans*). These oilseeds provide a good base for acquiring or expanding a profitable position on the world market. Other oilseed crops (*soybeans, cotton seed, rapeseed etc.*) grown in Ethiopia are commodities. For these commodities it will be very difficult for Ethiopia to compete on the world market due to its relatively low volumes and high handling and transport costs. These oilseeds are important for local consumption.

Ethiopia has high quality sesame seed varieties that are suitable for a wide range of applications. The Humera variety for example, is appreciated worldwide for its aroma and sweet taste. If Ethiopian farmers and traders manage to prevent blending of different types

with distinct qualities and provide adequate seed cleaning up to 99.0-99.5% more added value in export markets can be realized and new markets can be created.

Despite the traditional way of farming with low inputs, yield levels for oilseeds as sesame seed are on the same level as other producing countries (*and in some cases even higher*). From FAO and other studies it is identified that with transfer of new technologies and providing inputs, productivity of the sector can be strongly increased.

In recent years, oilseeds contributed amongst the largest foreign currency generators. However, in addition to the existing policies and regulations, the government needs to address additional and carve revised policies and regulations aligned with dynamic global market conditions. The sector needs trade protection, and the government needs to move in the direction of establishing agency agreement with importing countries. Promoting mechanized farming, giving tax incentives for importation of capital goods like hulling machines, introducing additional agricultural research and development units for quality seed supply are some of the things that need due attention.

Due to the low levels of inputs and the use of virgin new areas, oilseed production in Ethiopia is near organic standards. Because the international market for organic products is growing, real opportunities can be identified. Public-private partnerships could play a role in accelerating these plans and initiatives in Ethiopia.

The Ethiopian consumer markets are still in the infant stage. This results in general in poorly developed quality standards and thus in products not suited to developed high income export markets. Specific chains aiming at specific export market should therefore be further developed, to acquire more export market power. It means that the Ethiopian oil seeds sector - especially the refineries - needs to understand the quality requirements of the end users, which differ considerably from the domestic user.

Although market orientation needs to be improved, many ambitious entrepreneurs are anxious to intensify business relations with markets abroad. EPOSPEA, the Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association is working hard to improve its market information systems.

Oilseeds are priority export products. The government enhances investments in the oilseeds sector with an extended package of investment incentives.

However, there are certain weaknesses identified in the study which are presented below.

- **Lacking international market orientation:** International market orientation is insufficient. Little information from the interviewed stakeholders is retrieved on the requirement of final customers in highly developed export markets. Only with a stronger market orientation, a clear strategy to attain access and growth of specific target markets can be realised.
- **High transaction costs:** The oilseeds chain starts with a very large number of smallholders, each producing a very limited quantity. This requires additional efforts from middlemen, brokers and traders to collect sufficient large quantities, meeting the required export volumes. Costs are involved in each transaction, lowering the price for the farmers.
- **Contract discipline and reconsideration of payment by letters of credit:** Doing international business means complying with international trade rules on contract discipline and quality. Ethiopia has to regain name as reliable exporters in this field. Some importers have had problems on contract executions, once the markets increased in value. It is important to realise 'contract is contract' for creating a sustainable business environment with partners. The demand of payment by letter of credit is only

hampering business. This should be reconsidered. Other payment guarantees can be developed, which are much easier for all involved in the chain.

- **Farm production technologies and inputs:** Availability of inputs like quality seeds, fertilisers and other complementary inputs and credit facilities is limited. The aim should be enhancing an efficient and effective input market system. Seeds are traditionally selected and sometimes mixed. It is unclear whether new varieties (*bred or imported*) are suited for the growing conditions in Ethiopia. The concept of importing and developing of new hybrid varieties is not much popular in Ethiopia. The low levels of fertiliser use might result in soil degradation and unsustainable farming systems in the long run.
- **Storage facilities:** Storage facilities need to be improved in most cases. Creating a demand driven supply chain for high demanding markets requires storage capacity which complies with quality assurance systems. Vulnerability of storage to pest, moisture or rodents should be banned out.
- **Most oilseed crushing and refining plants do not meet quality standards:** Most processors do not meet the international quality standards on safety and hygiene. The industry is confronted with high imports on refined oils for use in urban areas (*palm oil from Malaysia and soybean oil often donated as food aid*). These imports cause large problems to local refineries. Refining capacities are heavily underutilised. In urban areas consumers prefer imported packaged, refined edible oil for prices not outrageously higher than local bulk oil.

Stakeholders in the oil seed industry highlighted several challenges, including inconsistent quality standards, limited access to finance for smallholder farmers, and post-harvest losses due to inadequate storage facilities. However, there is optimism regarding the growing demand for Ethiopian sesame seeds and Niger seeds in the Indian market, driven by their superior quality and organic production methods.

The industry faces challenges such as increased competition from other oilseed growing countries, and limited processing value. Addressing logistics, high local prices, regulatory compliance, and quality control is crucial for improving competitiveness and sustainability. The Ethiopian oilseed market is sensitive to price fluctuations, requiring exporters to monitor factors, adjust strategies, maintain quality standards, and understand market competitiveness for sustainable profits. Ethiopian exporters must focus on quality, competitiveness, and market conditions for value-adding opportunities in the oilseed sector.

Land is state owned and farming is largely based on manual labour. Collaterals at farms are therefore almost not available. A well functioning credit system would enhance the production of cash crops: to buy improved seeds and other inputs. Many smallholders are still focused on food security. Oilseeds as one of the cash crops are generally grown only to have enough capital to buy some necessities of life. Food security needs to be enhanced, so that growers feel more comfortable growing oilseeds.

Pulses

Pulses are the second most planted crop after grasses (*mainly cereals*) in terms of acreage. India is the world's largest consumer of pulses and at the same time the biggest producer. Asia and Africa share close to about half of global production of pulses.

Ethiopian Pulse sector is abundant with resources coupled with having potential to contribute immensely to the development of the economy of the nation. Twelve pulse species are grown in the country - Faba bean, field pea, chickpea, lentil, grass pea, fenugreek and lupine are categorized as highland pulses and grown in the cooler highlands. Conversely, haricot bean, soya bean, cowpea, pigeon pea and mung beans are predominantly grown in the warmer and

low land parts of the country. Among the individual varieties, faba beans accounts for the greatest portion of production, followed by haricot beans and chickpeas. (*Source: EPOSPEA*)

Pulse crops are important components of crop production in Ethiopia's smallholder's agriculture, providing an economic advantage to small farm holdings as an alternative source of protein, cash income, and food security. The crops have been used for many years in crop rotation practices. Although the availability of pulses have never been in surplus in the subsistence farming community, recently it is observed that the production and supply of some pulses is increasing due to the demand increase both in local and international markets.

Pulses are one of the major items imported by India from Ethiopia. India normally imports dried kidney beans, dried beans, dried chickpeas and peas from Ethiopia.

Key informants in the pulse sector expressed concerns about fluctuating prices, market volatility, and the need for value addition to enhance product competitiveness. Additionally, issues related to export logistics, including transportation costs and customs clearance procedures, were identified as significant barriers to expanding pulse exports to India.

There are several challenges associated with exports of pulse from Ethiopia, and some of them are presented below:

- **Limited or no use of chemical fertilizers Use:** Studies in Ethiopia and elsewhere have demonstrated the productivity benefits for pulses from phosphate fertilizers (e.g., super- phosphates) in particular. Fertilizer use in Ethiopia is comparatively low, and much of this is currently applied to cereals.
- **Limited improved seeds:** most pulses are grown from unimproved cultivars with low genetic potential due to non-availability of good quality high-yield seeds.
- **Low productivity:** because of limited use of improved inputs, small fragmented plots, marginal soils, limited use of improved varieties and inadequate farm management practices.
- **Lack of adequate storage facilities:** limited storage facilities results in insects and pests seriously affecting the quality of export products which contribute to post-harvest crop losses.
- **Limited market access:** since the production areas are far away from main urban centers and seaports, leading to limited access to both domestic and international markets.
- **Brokers influence on the Market Price:** Prices not determined by supply and demand, but by speculative brokers. Middle men are able to set speculative prices in various parts of the value chains.
- **Lack of institutional capacity:** Ethiopian Commodity exchange plays an important role in market transparency, quality, aggregation for exports, but it is not infallible.

Due to the insufficient functioning complaints are not processed in a timely manner and inside trading and hedging are other problems that exporters have to deal with when trading through the ECX.

Additionally, a set of constraints span the pulses value-chain in production, aggregation and trading, and demand sinks/export. High-level findings are presented below:

- **Production**. Productivity is below potential due to: low input usage, especially chemical fertilizers capable of increasing yields in field trials by 10 to 80 percent; limited availability of seed and limited familiarity with the variety of existing pulse types, and; limited usage of modern agronomic practices.
- **Aggregation and trading**. The link between the producers and the export markets is weak, due to the large number of ineffective intermediaries operating in the value chain. The intermediaries have failed to acquire scale and operate in limited geographic areas. The fragmentation of intermediaries between the producer and consumer markets creates a lack of transparency in markets.
- **Export**. While there has been substantial growth in recent years**,** the current export market is underdeveloped. The less developed, fragmented exporters operating at smaller scale in the market results in inconsistent export flows and thus, inconsistent demand for exports. The major causes of limited export development are (i) inadequate market intelligence; (ii) inability to leverage scale efficiencies due to smaller size; (iii) non-conducive business environment due to missing credit and insurance; and (iv) inconsistent policy interventions.

There are several opportunities for enhancing exports of pulses:

- **Growing knowledge and recognition of nutritional value of pulses:** There is a high demand for more quality sowing-seeds, pesticides and farm equipment. However, the sector lacks financing. Special seeds, like Niger seeds, could be sold as bird feed.
- **Rapidly growing global market demand for pulses:** There is a high demand for more quality sowing-seeds, pesticides and farm equipment. However, the sector lacks financing.
- **Encouraging policy towards production and export:** Government should focus on enhancing the agricultural production.
- **Relatively steady production growth:** High quantity of arable land with high soil quality for Pulses farming and production with a very suitable environment. The existing private sector and state owned seed agencies cannot meet the seed demand. Improved planting material multiplication is a big opportunity for sellers of seed.

To establish an efficient and short market chain that links pulse producers to end buyers, there is a need to strengthen/establish and promote effective quality standard system for pulse domestic and international market. Additionally, the government should consider:

- Establishing and promoting brands for pulses
- Developing and implementing complete regulation/directive on pulse marketing including non-marketable pulse disposal and safe use
- Establishing pulses multi-stakeholders' platforms (MSPs) to facilitate coordination and linkage among value chain actors
- Building capacity of Farmers' cooperative unions' capacity to export pulses
- Establish effective national market information and advisory service

- Establish traceability and certification system for pulse products and
- Legalize the cross border trade with neighboring countries.

Millets

Millet is a staple crop in Ethiopia, valued for its resilience to drought and poor soil conditions, making it particularly important in the semi-arid regions of the country. Millets, which include varieties such as pearl millet, finger millet, and teff, are integral to the Ethiopian diet, especially in rural areas. They are known for their nutritional benefits, including high levels of protein, fiber, vitamins, and minerals.

Millet cultivation in Ethiopia is a vital component of the agricultural sector, contributing to food security and rural livelihoods. Despite facing challenges, there is significant potential for expanding millet production and tapping into global markets. By addressing issues related to seed quality, market access, and post-harvest management, and by leveraging government support and global demand for healthy, sustainable foods, Ethiopia can enhance its millet export potential and secure a stronger position in the international market.

Millet cultivation is primarily concentrated in the Amhara, Oromia, Tigray, and Southern Nations, Nationalities, and Peoples' Region (SNNPR) regions. These areas have the appropriate climatic conditions for millet farming. Ethiopia produces approximately 1.5 million tons of millets annually. Teff, a type of millet, is particularly prominent, accounting for a significant portion of this production. Millet farming in Ethiopia is largely subsistence-based, with smallholder farmers constituting the majority of producers. Traditional farming methods dominate, with limited use of modern agricultural technologies and inputs. However, there has been a gradual shift towards adopting improved seed varieties and better farming practices.

The ability of millets to thrive in harsh climatic conditions gives Ethiopia a competitive advantage in maintaining stable production levels. The high nutritional content of Ethiopian millets can be marketed to health-conscious consumers globally. Ethiopian farmers often use organic farming methods, which can be leveraged to market millets as organic products, fetching premium prices.

The Ethiopian government has recognized the importance of millets and is taking steps to support their cultivation and export. Key initiatives include:

- **Research and Development:** Investments in agricultural research to develop improved millet varieties with higher yields and better resistance to pests and diseases.
- **Extension Services:** Providing training and support to farmers to adopt better farming practices and improve productivity.
- **Infrastructure Development:** Efforts to improve rural infrastructure, including roads and storage facilities, to facilitate market access.

- **Export Promotion:** Initiatives to promote Ethiopian millets in international markets through trade fairs, marketing campaigns, and establishing trade agreements.

However, the production is affected by several challenges, some of which are presented below:

- **Limited Access to Improved Seeds and Inputs:** Many farmers have limited access to high-quality seeds and agricultural inputs, which affects crop yields.
- **Climate Change:** While millets are drought-resistant, extreme weather conditions and unpredictable rainfall patterns pose challenges to cultivation.
- **Market Access:** Smallholder farmers often face difficulties in accessing markets, both domestically and internationally. Inadequate infrastructure and lack of market information contribute to this issue.
- **Post-Harvest Losses:** Significant post-harvest losses occur due to poor storage facilities and inadequate processing techniques.

India is a major producer and consumer of millets, but there is still significant demand for high-quality and organic millets. Ethiopia can tap into this market by ensuring consistent quality and supply.

Strategic partnerships, investment in agricultural technologies, and effective marketing will be crucial in realizing this potential and ensuring that Ethiopian millets gain recognition and market share globally.

Sugar

Sugarcane cultivation in Ethiopia has been a significant part of the agricultural landscape for several decades. The Ethiopian government has prioritized the development of the sugar industry as part of its strategy to boost economic growth, create jobs, and achieve self-sufficiency in sugar production. The country's favorable climate and vast arable land make it suitable for large-scale sugarcane cultivation.

Sugarcane is predominantly grown in the Awash Valley, the Rift Valley, and the (*erstwhile*) Southern Nations, Nationalities, and Peoples' Region (SNNPR). Major sugar plantations and factories include Metahara, Wonji-Shoa, and Finchaa. Ethiopia's current sugar production capacity is approximately 500,000 tons annually. However, this is expected to increase significantly with ongoing expansion projects. Sugarcane is cultivated on both large state-owned plantations and smallholder farms. The industry is transitioning towards more modern and efficient farming practices, including improved irrigation systems and mechanization.

Ethiopia's climate is conducive to sugarcane cultivation, allowing for high yields and multiple harvests annually. The Ethiopian government is heavily investing in the sugar industry, with plans to expand existing plantations and establish new ones. This includes the construction of new sugar factories and the rehabilitation of existing ones. Ethiopia's relatively low labor costs can make sugar production more cost-effective compared to other regions. The Ethiopian

government has implemented several initiatives to boost sugar production and export potential. Efforts to promote Ethiopian sugar in international markets include trade missions, participation in international trade fairs, and the negotiation of favorable trade agreements.

However, the following challenges have been reported:

- **Infrastructure and Logistics:** Inadequate infrastructure, such as roads and transportation networks, can hinder the efficient movement of sugarcane from farms to processing facilities and markets.
- **Lack of high quality of sugarcane:** There is a significant lack of comprehensive policy for importing and developing high-quality sugarcane. This gap in policy hinders the agricultural sector's ability to access superior sugarcane varieties, which are essential for improving crop yield and quality.
- **Water Management:** Efficient water management is crucial for sugarcane cultivation. Challenges related to water availability and irrigation infrastructure can impact productivity.
- **Pests and Diseases:** Sugarcane crops are vulnerable to pests and diseases, which can affect yields and quality.
- **Market Fluctuations:** Global sugar prices can be volatile, impacting the profitability of sugar exports.

The global demand for sugar is substantial, driven by both direct consumption and its use in various industries such as food and beverages, pharmaceuticals, and biofuels. Regionally, Africa's growing population and increasing urbanization are boosting sugar consumption.

India is one of the largest consumers of sugar globally, with annual consumption around 27 million tons.

By improving production efficiency, enhancing quality control, and targeting key international markets such as the Middle East, and the EU, Ethiopia can increase its market share in the global sugar industry. The ongoing development projects and government initiatives are critical to realizing this potential and positioning Ethiopian sugar as a competitive export product. Strategic partnerships, investments in modern farming practices, and effective marketing will be essential in achieving these goals and ensuring sustainable growth in the sugar sector.

Tea

While the world may primarily associate Ethiopia with its renowned coffee, the country's tea industry is steadily gaining recognition for its unique flavors, sustainable practices, and promising export potential.

Tea has deep roots in Ethiopian culture, dating back centuries. Historically, tea was consumed as a medicinal herb, valued for its refreshing taste and perceived health benefits. However, it wasn't until the colonial era that tea cultivation began in earnest, with British and Indian settlers introducing Camellia sinensis to the fertile soil of Ethiopia's highlands.

Today, Ethiopia boasts a burgeoning tea industry, characterized by a blend of traditional smallholder farms and modern tea estates. In regions like the Gambella and Oromia, tea plantations sprawl across the landscape, their vibrant green fields contrasting with the rugged terrain. These estates combine age-old agricultural practices with innovative techniques, ensuring the production of high-quality tea leaves coveted by discerning consumers worldwide.

Ethiopia's tea industry is poised for exponential growth, fueled by increasing demand both domestically and internationally. While domestic consumption remains significant, with tea being a staple in Ethiopian households, it is the country's export potential that garners attention on the global stage.

Enter India, the world's second-largest tea producer and a key player in the global tea trade. India's appetite for tea is insatiable, with the nation consuming vast quantities of both domestic and imported varieties. As Ethiopia emerges as a formidable contender in the global tea market, India presents a prime destination for Ethiopian tea exports.

The relationship between Ethiopia and India extends beyond mere trade; it is a partnership rooted in history, culture, and mutual respect. As Ethiopia endeavors to expand its tea exports, India stands as a willing collaborator, offering expertise, technology, and market access to facilitate Ethiopia's integration into the global tea supply chain.

Despite its immense potential, Ethiopia's tea industry faces its share of challenges. Infrastructure deficits, logistical constraints, and fluctuating market dynamics pose hurdles to sustained growth. However, these challenges are accompanied by opportunities for innovation, investment, and collaboration, ensuring that Ethiopia's tea industry continues to flourish in the years to come.

Coffee

Ethiopia is widely recognized as the birthplace of Arabica coffee, and coffee cultivation is deeply embedded in its cultural and economic fabric. Coffee is Ethiopia's most significant agricultural export, accounting for around 30% of the country's total export earnings. The coffee industry supports approximately 15 million Ethiopians of the population, who are involved in coffee production, processing, and trade.Coffee is grown in various regions of Ethiopia, including Sidamo, Yirgacheffe, Harar, Bonga and Jimma. These regions are known for producing distinct coffee varieties with unique flavor profiles. Ethiopia

produces approximately 450,000 tons of coffee annually, making it the largest coffee producer in Africa and one of the top ten coffee producers globally. Ethiopian coffee is predominantly grown on smallholder farms, often using traditional, shade-grown methods. There is also a significant amount of wild and semi-wild coffee harvested from forested areas.

Bilateral trade between Ethiopia and India

Product: 09 Coffee, tea, maté and spices

Sources: ITC calculations based on Ethiopian Revenues and Customs Authority statistics since January, 2007. ITC calculations based on UN COMTRADE statistics until January, 2007.

Unit : US Dollar thousand

Product code	Product label	Ethiopia's exports to India			India's imports from world			Ethiopia's exports to world		
		Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022
0910	Ginger, saffron, turmeric "curcuma", thyme, bay leaves, curry and other spices (excl. pepper . . .	2,547	3,466	1,420	79,412	78,700	89,026	5,045	7,213	3,228
0904	Pepper of the genus Piper; dried or crushed or ground fruits of the genus Capsicum or of the . . .	0	93	99	90,162	180,329	210,304	3,396	3,092	2,487

0909	Seeds of anis, badian, fennel, coriander, cumin or caraway; juniper berries	0	0	45	82,355	116,426	118,306	3,425	6,274	3,446
0901	Coffee, whether or not roasted or decaffeinated; coffee husks and skins; coffee substitutes . . .	220	156	0	107,733	118,722	202,790	795,756	1,189,214	1,513,246
0906	Cinnamon and cinnamon-tree flowers	0	0	0	108,486	109,256	112,949	167	17	32
0907	Cloves, whole fruit, cloves and stems	0	0	0	170,706	135,989	113,816	2	8	2
0908	Nutmeg, mace and cardamoms	0	0	0	91,410	101,745	95,613	951	1,271	571
0902	Tea, whether or not flavoured	0	0	0	67,447	59,406	57,310	3,235	2,425	1,749

However, the following challenges have been reported:

- **Climate Change:** Changing weather patterns and increasing temperatures pose significant threats to coffee cultivation, affecting both yield and quality.
- **Pests and Diseases:** Coffee crops in Ethiopia are vulnerable to pests and diseases, such as coffee berry disease and coffee leaf rust, which can significantly reduce yields.
- **Market Access and Infrastructure:** Inadequate infrastructure and limited market access can hinder the ability of smallholder farmers to reach international markets and receive fair prices for their coffee.
- **Quality Control:** Maintaining consistent quality across smallholder farms can be challenging, affecting the overall reputation and marketability of Ethiopian coffee.

Ethiopian coffee is highly prized in international markets for its unique and diverse flavor profiles. The global specialty coffee market is growing rapidly, driven by increasing consumer interest in high-quality, ethically sourced coffee. Ethiopian coffee is renowned for its unique flavors, which vary by region. By focusing on specialty coffee, Ethiopia can capture higher prices and differentiate its product in the competitive global market.

Ethiopian coffee is known for its wide range of flavors, from fruity and floral to rich and chocolatey, making it highly sought after by coffee enthusiasts and specialty roasters. Many Ethiopian coffee farmers use traditional, organic farming methods, which can be leveraged to market Ethiopian coffee as a premium, sustainable product. The rich cultural heritage associated with Ethiopian coffee, including the traditional coffee ceremony, adds to its marketability and appeal.

The Ethiopian government and various stakeholders are actively working to support and enhance the coffee sector. Key initiatives include:

- **Research and Development:** Investment in agricultural research to develop disease-resistant coffee varieties and improve cultivation techniques.
- **Extension Services:** Providing training and support to farmers to adopt best practices in coffee farming, processing, and quality control.
- **Infrastructure Development:** Improving rural infrastructure, including roads and processing facilities, to facilitate market access and reduce post-harvest losses.
- **Export Promotion:** Promoting Ethiopian coffee in international markets through trade fairs, marketing campaigns, and establishing trade agreements.

India is a growing market for specialty coffee, with an expanding middle class and a burgeoning café culture. Ethiopia can target this market by promoting its high-quality Arabica beans.

The Ethiopian Coffee and Tea Board on 3 June 2021, issued a ban on the export of raw coffee to coffee-producing countries due to concerns about genetic resourcing. However, applying this ban uniformly has resulted in the loss of significant markets, such as India, which, despite being a coffee producer, is also a major importer. Like many other developing countries, Ethiopia is concerned about improper acquisition of genetic resources (GRs) and associated traditional knowledge (TK) without prior informed consent and on mutually agreed terms, in accordance with national laws of the country providing the GR and associated TK, as well as without any fair and equitable sharing of the benefits derived from their utilization. This restriction equally applies to India as a coffee producing country, and both the countries could have a dialogue and resolve this issue in the interest of trade potential.

One of the mechanisms sought by developing countries to prevent this is by way of establishment of an effective multilateral legal mechanism for defensive protection against misappropriation, primarily through the introduction of a mandatory disclosure requirement about the source and country of origin of such resources in intellectual property right (IPR) applications. Teff, the staple superfood of Ethiopia is also covered under this provision.[4] Coffee too can be included. In this regard, the Ethiopian Intellectual Property Authority (IEPA) is currently developing the Geographical Indication (GI) norms which would include coffee, and can seek technical assistance of Government of India to help develop as per international standards.

By addressing these challenges through improved farming practices, investment in infrastructure, and focused marketing efforts, Ethiopia can enhance the quality and marketability of its coffee. The global demand for specialty and sustainable coffee presents a substantial opportunity for Ethiopian coffee to secure a stronger position in the international market. Strategic partnerships, government support, and effective promotion will be key to realizing this potential and ensuring that Ethiopian coffee continues to be celebrated and sought after worldwide.

Stakeholders in the coffee industry emphasized the importance of maintaining the quality and traceability of Ethiopian coffee to meet the stringent requirements of the Indian market. Challenges such as limited access to international markets, lack of market information, and price volatility were identified as key constraints affecting coffee exports from Ethiopia to India. Currently there are restrictions imposed on export of coffee from Ethiopia to India.

Cotton

Once a cornerstone of Ethiopia's agricultural economy, cotton cultivation is experiencing a renaissance, driven by innovative practices, sustainable initiatives, and burgeoning global

4 Misappropriation of Genetic Resources and Associated Traditional Knowledge: Challenges Posed by Intellectual Property and Genetic Sequence Information, South Centre, Geneva

demand for ethically sourced textiles. Cotton has long been intertwined with Ethiopia's cultural and economic fabric. Historically, the country's cotton was prized for its quality and versatility, woven into vibrant textiles and cherished garments. However, decades of neglect, coupled with challenges such as drought, pest infestations, and market fluctuations, led to a decline in cotton production.

Today, Ethiopia's cotton industry is undergoing a resurgence, buoyed by government support, private sector investment, and a renewed focus on sustainable agriculture. In regions like the Amhara and Oromia, cotton fields stretch to the horizon, their white blossoms a symbol of renewed hope and prosperity for rural communities.

India, with its rich tradition of cotton cultivation and textile manufacturing, stands as a natural partner in Ethiopia's cotton revival. As one of the world's largest producers and consumers of cotton, India offers valuable expertise, technology, and market access to Ethiopian cotton growers and exporters.

The partnership between Ethiopia and India in the cotton sector is characterized by collaboration at every stage of the supply chain. Indian agricultural experts provide training and technical assistance to Ethiopian farmers, helping them adopt modern farming practices and increase yields. Indian textile manufacturers source Ethiopian cotton for their mills, capitalizing on its quality and sustainability credentials.

Bilateral trade between Ethiopia and India

Product: 52 Cotton

Sources: ITC calculations based on Ethiopian Revenues and Customs Authority statistics since January, 2007. ITC calculations based on UN COMTRADE statistics until January, 2007.

Unit : US Dollar thousand

Product code	Product label	Ethiopia's exports to India			India's imports from world			Ethiopia's exports to world		
		Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022
5210	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed principally . . .	0	162	659	9,930	15,200	17,254	1,742	4,941	5,351
5205	Cotton yarn other than sewing thread, containing	0	0	91	9,005	16,770	64,868	1,910	4,684	3,641

	>= 85% cotton by weight (excl. that put up . . .									
5206	Cotton yarn containing predominantly, but < 85% cotton by weight (excl. sewing thread and yarn . . .	0	0	11	3,463	4,069	5,278	0	16	11
5208	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m²	255	45	0	50,220	76,295	108,747	877	712	63
5211	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed principally . . .	0	0	0	13,762	15,385	26,215	0	0	307
5209	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 200 g/m²	0	0	0	26,868	37,489	40,719	327	1,755	1,229
5202	Cotton waste, incl. yarn waste and garnetted stock	0	0	0	23,220	20,688	26,573	3	2	12
5204	Cotton sewing thread, whether or not put up for retail sale	0	0	0	604	786	752	0	2	0
5212	Woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, other than those . . .	0	0	0	3,436	4,910	6,640	0	0	0
5201	Cotton, neither carded nor combed	0	0	0	344,649	519,610	1,451,036	0	0	0
5207	Cotton yarn put up for retail sale (excl. sewing thread)	0	0	0	457	253	108	72	41	0
5203	Cotton, carded or combed	0	0	0	644	535	780	235	0	0

Ethiopia's cotton holds significant export potential, particularly in the Indian market. With India's voracious appetite for raw cotton and cotton yarn, Ethiopia stands to benefit from

increased demand and favorable trade relations. Additionally, Ethiopia's adherence to sustainable farming practices and ethical sourcing standards enhances its appeal to conscious consumers and socially responsible brands worldwide.

While Ethiopia's cotton industry has made strides in recent years, it still faces challenges such as infrastructure deficits, access to finance, and supply chain inefficiencies. However, these challenges are accompanied by opportunities for innovation, investment, and market diversification. By addressing these challenges and capitalizing on its strengths, Ethiopia aims to position itself as a leading supplier of high-quality, ethically sourced cotton on the global stage.

Bio Fuels

Ethiopia has been exploring the production of biofuels as part of its strategy to diversify energy sources, reduce dependency on imported fossil fuels, and promote sustainable development. The country's vast agricultural resources provide significant potential for biofuel production, particularly bioethanol and biodiesel, derived from various feedstocks such as sugarcane, jatropha, and castor beans.

Sugarcane is the primary feedstock for bioethanol production, while jatropha and castor beans are used for biodiesel. These crops are cultivated in various regions across Ethiopia, including the Awash Valley and other suitable agro-ecological zones. Ethiopia's biofuel sector is still in its nascent stages, with a few pilot projects and commercial ventures. The current bioethanol production capacity is approximately 8 million liters per year, primarily produced by the Finchaa Sugar Factory. The cultivation of biofuel feedstocks involves both large-scale plantations and smallholder farms. There is an emphasis on integrating biofuel crops with food crops to avoid competition for arable land and ensure food security.

Ethiopia has significant potential to cultivate biofuel feedstocks, such as sugarcane, jatropha, and castor beans, leveraging its vast arable land and favorable climate. The Ethiopian government has shown strong commitment to developing the biofuel sector through policies, investments, and incentives aimed at attracting both local and foreign investors. Emphasizing sustainable agricultural practices and integrating biofuel production with food crops can help ensure environmental sustainability and food security.

The Ethiopian government has implemented several initiatives to promote the biofuel sector:

- **Policy Framework:** Policies and strategies have been developed to support the production and utilization of biofuels. These include the Biofuel Development Strategy, which outlines the goals and actions for the sector.
- **Investment in Research and Development:** Investments in research and development aim to improve biofuel production technologies and practices, ensuring higher yields and efficiency.

- **Public-Private Partnerships:** Encouraging partnerships between public and private sectors to mobilize resources, expertise, and technology for the development of the biofuel industry.
- **Infrastructure Development:** Efforts to improve infrastructure, including processing facilities, transportation networks, and storage systems, are critical to supporting the biofuel supply chain.

However, the following challenges have been reported:

- **Technical and Financial Barriers:** Limited access to advanced technologies and financial resources poses significant challenges to scaling up biofuel production.
- **Infrastructure:** Inadequate infrastructure, such as processing facilities and transportation networks, affects the efficiency and viability of biofuel production.
- **Market Development:** Developing a robust market for biofuels, both domestically and internationally, requires substantial effort in terms of policy support, awareness, and trade agreements.
- **Sustainability Concerns:** Ensuring that biofuel production does not negatively impact food security and the environment is a critical challenge that needs to be addressed through sustainable practices and regulations.

The global demand for biofuels is increasing due to the growing emphasis on renewable energy sources and the need to reduce greenhouse gas emissions. Countries worldwide are implementing policies to encourage the use of biofuels, presenting significant market opportunities.

India is committed to increasing its use of biofuels, with policies targeting 20% ethanol blending in petrol by 2025. Ethiopia can tap into this market by exporting bioethanol.

Biofuel production in Ethiopia holds significant promise, driven by the country's abundant agricultural resources, government support, and growing global demand for renewable energy. Despite challenges related to technology, infrastructure, and market development, the potential for expanding biofuel production and exports is substantial.

By addressing these challenges through targeted investments, sustainable practices, and strategic partnerships, Ethiopia can position itself as a key player in the global biofuel market. The ongoing government initiatives and policies are essential to realizing this potential and ensuring that biofuels contribute to the country's economic growth, energy security, and environmental sustainability. With the right support and development, Ethiopian biofuels can become a competitive export product, meeting the energy needs of countries like India and beyond.

Rubber

Rubber cultivation in Ethiopia is relatively new compared to traditional agricultural practices. The country has been exploring the potential of rubber production as part of its efforts to diversify agriculture and boost economic growth. Rubber is primarily cultivated for its latex, which is used in various industries, including automotive, manufacturing, and healthcare.

Rubber cultivation is concentrated in the southwestern regions of Ethiopia, particularly in areas like Gambella and the (erstwhile) Southern Nations, Nationalities, and Peoples' Region (SNNPR), which have suitable climatic conditions for rubber trees. The rubber industry in Ethiopia is still in its early stages, with limited data available on production volumes. The Ethiopian government has initiated pilot projects to assess the viability and potential scale of rubber production.

Rubber is cultivated on both state-owned plantations and smallholder farms. Traditional farming methods are predominant, but there is a growing interest in adopting modern agricultural practices to improve productivity and quality. Ethiopia's southwestern regions have favorable climatic conditions for rubber cultivation, which can support high yields and quality latex production. The Ethiopian government is committed to developing the rubber industry as part of its agricultural diversification strategy. Policies and incentives are being implemented to attract investments and support farmers. Ethiopia's rubber industry is still in its early stages, offering significant growth potential. With appropriate investments and development, Ethiopia can become a competitive player in the global rubber market.

The Ethiopian government has undertaken several initiatives to promote rubber cultivation:

- **Policy Framework:** Development of policies and strategies to support rubber cultivation, including incentives for investors and farmers.
- **Research and Development:** Investments in research and development to improve rubber tree varieties, cultivation techniques, and disease management.
- **Capacity Building:** Training programs and extension services to enhance the technical expertise of farmers and improve farming practices.
- **Infrastructure Development:** Efforts to improve infrastructure, including transportation networks and processing facilities, to support the rubber supply chain.
- **Export Promotion:** Initiatives to promote Ethiopian rubber in international markets through trade fairs, marketing campaigns, and establishing trade agreements.

However, the following challenges have been reported:

- **Climate and Environmental Factors:** Rubber trees require specific climatic conditions, including high humidity and consistent rainfall. Variability in weather patterns can affect growth and latex production.
- **Technical Expertise:** Limited technical knowledge and expertise in rubber cultivation pose challenges to expanding the industry. Training and capacity-building initiatives are needed.
- **Infrastructure:** Inadequate infrastructure, including roads and processing facilities, can hinder the efficient production and transportation of rubber.
- **Market Access:** Developing a market for Ethiopian rubber, both domestically and internationally, requires substantial effort in terms of policy support, market research, and trade agreements.

The global demand for natural rubber is substantial, driven by its use in the automotive industry (tires), industrial applications, and consumer goods. The increasing demand for sustainable and eco-friendly materials also boosts the market for natural rubber.

India is one of the largest consumers of natural rubber, with significant demand from its automotive and manufacturing sectors. Ethiopia can target this market by ensuring consistent quality and supply of rubber.

Rubber cultivation in Ethiopia holds significant promise, driven by favorable climatic conditions, government support, and growing global demand. Despite challenges related to technical expertise, infrastructure, and market development, the potential for expanding rubber production and exports is substantial.

By addressing these challenges through targeted investments, capacity-building initiatives, and strategic partnerships, Ethiopia can position itself as a key player in the global rubber market. The ongoing government initiatives and policies are essential to realizing this potential and ensuring that rubber cultivation contributes to the country's economic growth and sustainable development. With the right support and development, Ethiopian rubber can become a competitive export product, meeting the needs of countries like India and beyond.

Gemstones

Ethiopia's gemstone potential is exceptionally promising. Ethiopia has many varieties of high quality gemstones, including opals, emeralds, sapphires, amazonite, amber, rubies, tourmaline, aquamarine, chrysoprase, periodt, and as well as various types of quartz, agate, jasper. New discoveries are also on the rise, including the especially exciting discovery of the color-change chrome grossular green garnet, as reported in the Journal of Gemology in 2018. These new discoveries have brought Ethiopia's total reported gems up to over 40. Ethiopia has also become a significant producer of opal, sapphire, and emerald in recent years.

Ethiopia's geological diversity is a testament to its rich natural heritage. Beneath its surface lie a kaleidoscope of gemstone deposits, including opals, emeralds, sapphires, and more. These precious stones, formed over millions of years under unique geological conditions, are as diverse and enchanting as the landscapes from which they emerge.

Bilateral trade between Ethiopia and India

Product: 71 Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad

Sources: ITC calculations based on Ethiopian Revenues and Customs Authority statistics since January, 2007. ITC calculations based on UN COMTRADE statistics until January, 2007.

Unit : US Dollar thousand

Product code	Product label	Ethiopia's exports to India			India's imports from world			Ethiopia's exports to world		
		Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022	Value in 2020	Value in 2021	Value in 2022
7103	Precious stones and semi-precious stones, whether or not worked or graded, but not strung, . . .	1,157	3,387	4,650	493,250	1,695,971	3,398,097	2,848	5,588	6,006
7105	Dust and powder of natural or synthetic precious or semi-precious stones	0	0	0	23,861	38,247	38,410	0	0	0
7117	Imitation jewellery	0	1	0	19,948	27,807	29,296	200	178	151
7107	Base metals clad with silver, not further worked than semi-manufactured	0	0	0	23	239	358	0	0	0
7110	Platinum, incl. palladium, rhodium, iridium, osmium and ruthenium, unwrought or in semi-manufactured . . .	0	0	0	520,186	557,536	1,578,076	61	0	13
7111	Base metals, silver or gold, clad with platinum, not further worked than semi-manufactured	0	0	0	478	1,058	173	0	0	0
7104	Precious and semi-precious stones, synthetic or reconstructed, whether or not worked or graded . . .	0	0	0	543,784	1,202,669	1,683,061	0	0	0

At the forefront of Ethiopia's gemstone renaissance are its opals, renowned for their vivid play-of-color and mesmerizing iridescence. From the famous Welo opals, found in the Amhara region, to the fiery Ethiopian black opals, each stone tells a story of geological wonder and artistic inspiration. These opals have captured the imagination of collectors, designers, and connoisseurs worldwide, cementing Ethiopia's position as a leading producer of this coveted gemstone.

Further, Ethiopia has a huge potential of various mineral resources which are not yet exploited. This natural resource includes but is not limited to gold, potash, gemstones,

platinum, opal, iron, marble, granite, limestone and tantalum. In Ethiopia the government is the custodian of natural resources on behalf of the people and has the responsibility of ensuring that they are used for the benefit of people. In order to do that the appropriate government organ has the responsibility to approve mining activities. The governing laws in the mining area in Ethiopia are the Mining Operation Proclamation No 678/2010, the Mining Operation (amendment) Proclamation No 816/2013, the Mining Operation (amendment) Proclamation No 1213/2020 and Mining Operation Council of Ministers Regulation No 423/2018.[5]

The minerals and geo-energy resources of Ethiopia are yet untouched. Ethiopia has huge potential to accommodate the interest of so many investors. In order to promote and facilitate the mining sector, different types of incentives including customs duty, tax free import of equipment, machinery, vehicle, small aircraft or helicopter having seats of 6 persons for the purpose of collecting data and consumables are granted under the Regulation.

The Ministry of Mines has ended the obligation to process a minimum number of gemstones mined in Ethiopia before selling them abroad. This decision is intended to reassure domestic producers, but at the same time pleases Indian buyers. However, this sector would need an in depth study to explore potential trade with countries like India.

India, with its centuries-old tradition of gemstone craftsmanship and expertise, plays a pivotal role in Ethiopia's gemstone industry. As one of the world's largest consumers and processors of gemstones, India offers a lucrative market and invaluable resources for Ethiopian gemstone exporters. The partnership between Ethiopia and India extends beyond mere trade; it is a synergy of tradition, innovation, and shared vision. Indian gemstone merchants and manufacturers collaborate with Ethiopian miners and traders to source high-quality gemstones, foster sustainable practices, and promote ethical sourcing. This collaboration not only benefits both nations economically but also contributes to the global gemstone industry's growth and sustainability.Despite its immense potential, Ethiopia's gemstone industry faces challenges such as infrastructure constraints, regulatory hurdles, and market competition. However, these challenges are accompanied by opportunities for investment, technological advancement, and capacity building. With strategic planning and concerted efforts, Ethiopia aims to leverage its gemstone wealth for sustainable development and economic empowerment.

Feedback from stakeholders in the gemstone sector highlighted the need for capacity building initiatives, technical assistance, and infrastructure development to unlock the full potential of Ethiopia's gemstone resources. Issues such as informal mining practices, lack of investment in value addition, and limited market linkages were identified as significant challenges hindering the growth of the gemstone industry.

5 https://dmethiolawyers.com/mining-laws-in-ethiopia/

Conclusion

The export business holds significant potential, particularly concerning trade facilitation. Despite the availability of export advisory and networking services provided by facilitating institutions, there has been limited improvement in efficiency and reduction of export time. This suggests that exporters are not receiving adequate priority from the government to streamline export facilitation practices ahead of other business entities. Current trade facilitation measures are not expediting export clearance processes, simplifying exports, enhancing competitiveness, or reducing exporting time and costs. Furthermore, exporters express a lack of confidence in their export operations within the existing trade facilitation framework. They perceive constraints that hinder their ability to engage in multiple export sectors and effectively benefit from export promotion incentives and schemes provided by the government. Most respondents do not agree with the feasibility of these export-related opportunities, whether viewed from the perspective of trade facilitation or government export promotion plans.

The study concludes that Ethiopia:

1. Has a heavy focus on production rather than needs of other countries including India. The country has significant potential for producing and exporting a variety of products, including pulses, oilseeds, sugar, cotton, and gemstones.
2. Has not reviewed its guidelines viz ban on export of coffee to the coffee producing countries and thus loosing big markets due to such restrictions.
3. Does not have well published export related documents available to all respective stakeholders or they are not able to access it easily
4. Has no open information sharing practice with institutions as well as exporters
5. Has no strong communication mechanism created in the country to link exporters and regulatory bodies
6. Has frequently changing and complex export related directives and frequently changing export related regulations
7. Has traditional and multiple data processing and clearance mechanism
8. Has no single entry point to process exports
9. Has less fees and charges paid for processing
10. Generally, has no integrated and internal coordination working environment.

In 2023-24, India imported coffee valuing US$ 192.13 million which is 234% of Ethiopia's consolidated export to India for the fiscal period. By meeting India's requirement for coffee, Ethiopia can diversify its trade basket significantly. It is clear that Ethiopia is losing a big market by not changing its policy of prohibiting export of coffee to coffee producing countries.

Given the growing importance of India's economic relationship with Ethiopia, this study has attempted to identify barriers to trade and investment between the two countries.

Trade between the two countries has also increased rapidly, particularly after the Bilateral Investment Promotion and Protection Agreement 2007. However, trade balance consistently has remained in favour of India.

Even though trade and investment relations between India and Ethiopia have consistently increased, several barriers continue to exist and act as a hindrance.

Steps to improve business climate, measures to reduce logistic and trade cost, infrastructure development, removal of exchange control, diversification of exports, financial development, further liberalization of FDI and measures to develop light manufacturing would help Ethiopia improve its trade and investment climate.

Recommendations

It is recommended that the Government of Ethiopia in collaboration with Embassy of India in Ethiopia, should develop a platform to raise issues which would be of mutual benefit for traders of both countries. This should not be limited to the Joint Trade Commission meetings already being organised periodically.

The Government of Ethiopia should work with the Government of India to resolve the issues on restrictions on exports of coffee to India. Both are coffee producing countries and a bi-lateral trade agreement to address any concerns related to Genetic Resources and IPR etc. can be addressed mutually.

Government of Ethiopia can collaborate with India to learn how to improve processing and polishing of gemstones.

The above is best addressed with active engagement and coordination between the respective embassies of both the countries in Addis Ababa and New Delhi. The Commerce and Trade Units of the Embassies need to:-

- Establish a mechanism of regular coordination and information sharing using online means.
- Inform Indian importers who may not know about the potential of exports from Ethiopia, and work towards linking them up.
- Develop a database of potential importers and exporters in India and Ethiopia respectively. This should be shared widely.
- Coordinate the trade missions being facilitated by both the Missions of both countries and have a well-defined objectives with terms of reference of the visit with proper documentation for follow up.
- Include a standard agenda during Joint Trade Committee meetings of both the countries to discuss trade barriers.
- Resolve issues related to fumigation of products - phytosanitary, and difficulties in using any other alternate fumigating chemical. The Montreal protocol convention does not ban methyl bromide, Ethiopia does not import it. India insists on using it. Both countries should derive alternate methods for a long-term solution.
- Similarly, the case of export of pigeon peas – India has a huge deficit of pigeon peas including split pigeon peas which Ethiopia has the potential to supply in large quantities. Both sides need to sort out phytosanitary requirements. Ethiopia can substantively enhance its export to India by supplying this commodity.
- Advocate for a blanket approval in case of fumigation requirements especially on agri products and commodities rather than relying on a case to case approval, which is time consuming.

The issues that need to be advocated for with the Government of Ethiopia include:-

- Use of nano fertilizers and hybrid seeds to enhance production in Ethiopia.
- Big gap in certifications like ISO standards, organic product certifications due to lack of awareness and interest.
- Devise strategy for improving access to finance for traders.
- All export related documents should be published and available to all stakeholders online.

- All export related information and data should be shared amongst all stakeholders especially if any modifications are introduced.
- Enhance inter-sectoral coordination as well as vertical and horizontal coordination focusing on information sharing and trade facilitation.
- Enhance consultative processes for informed decision making.
- Automated export clearance processing.
- Feedback mechanism should be established to hear grievances from the affected traders.
- Single point of entry and common point of inspection should be considered.
- Adjust standard testing mechanisms and align with internationally acceptable standards.
- Incentive mechanisms should be publicised.

In addition, other initiatives such as the annual India-Africa Conclave is an important forum to bring buyers and sellers together and spreading awareness among traders and policy makers regarding the policy environment in both the countries. These recommendations are equally applicable for other LDCs and emerging countries that are trying to improve trade and investment relations with India.

Action Points for Follow Up

The following action points aim to improve the trade relationship between India and Ethiopia for a diverse range of products, ensuring mutual benefits and sustainable growth in various sectors.

The action points in the form of recommendations are provided for consideration at three levels – The Government of India through its concerned Ministries and departments especially the Department of Commerce; The Embassy of India in Ethiopia and The Government of Ethiopia through its concerned Ministries especially the Ministry of Trade and Regional Integration.

Oil Seeds

Government of India

1. **Offer Technical Assistance to Ethiopia through:**
    - **Trade Agreements** - Negotiate specific tariff reductions for seeds imported from Ethiopia to make them more competitive in the Indian market.
    - **Quality Standards** - Establish clear quality standards for Ethiopian seeds to facilitate smoother import processes.
    - **Research Collaboration** - Collaborate on research initiatives to improve seed varieties and cultivation techniques.
    - **Market Development Initiatives** - Develop market development initiatives to increase the demand for Ethiopian oilseeds in India.
    - **Strategic Import Planning** - Plan strategic imports of oilseeds from Ethiopia to ensure a steady supply for the Indian market.
    - **Investment in Agricultural Technology** - Invest in agricultural technologies that can be transferred to Ethiopian farmers to improve oilseed cultivation.

2. **Investment in Processing Technology** - Encourage Indian companies to invest in sesame seed processing technology in Ethiopia, enhancing the value chain.
3. **Public Awareness Campaigns** - Run campaigns to increase awareness about the benefits of Ethiopian seeds in India.

Embassy of India in Ethiopia

Work with the Ministry of Trade and Regional Integration and through them with the concerned Ministries and Departments of the Government of Ethiopia aiming at:

1. **Trade Facilitation** - Organize workshops to educate Ethiopian oilseed exporters about Indian import regulations and quality standards. Promote Ethiopian seeds at Indian trade fairs and expos to increase awareness and demand. Share detailed market demand information with Ethiopian seed producers.
2. **Business Delegations** - Arrange visits for Indian business delegations to Ethiopian farms and processing units to explore investment opportunities. Facilitate business matchmaking events to connect Ethiopian exporters with Indian importers.
3. **Capacity Building Workshops** - Conduct workshops on improving the quality and marketing of seeds for Ethiopian exporters.
4. **Market Research** - Conduct and disseminate market research on the Indian demand for oilseeds to Ethiopian producers.
5. **Export Assistance** - Provide assistance to Ethiopian exporters in meeting Indian market requirements and standards. Assist Ethiopian exporters in understanding and completing Indian export documentation and compliance requirements.

Government of Ethiopia

1. **Quality Improvement Programs** - Implement training programs for farmers on best practices in oilseed cultivation to enhance yield and quality. Launch initiatives to improve the quality of oilseed through better farming practices and post-harvest handling. Implement quality control programs to ensure the consistency and purity of oilseeds for export.
2. **Develop a bi-lateral agreement** with India on Phytosanitary requirements.
3. **Infrastructure Development** - Invest in infrastructure to support seed processing and packaging to meet international standards.
4. **Investment in R&D** - Invest in research and development to create high-yield and disease-resistant oilseed varieties.
5. **Farmer Training Programs** - Develop training programs on seed cultivation to improve yield and quality. Provide support to farmers for seed cultivation, including access to quality seeds and farming inputs.
6. **Export Quality Standards and Facilitation** – Review and enforce quality standards for oilseeds to enhance their marketability in India. Simplify export procedures and provide support to oilseed exporters to enhance their competitiveness. Review and provide fresh incentives for exporters to encourage higher exports of oilseeds to India.

Pulses

Government of India

1. **Trade Policy Revisions** - Review and revise trade policies to encourage more imports of pulses from Ethiopia, ensuring a stable supply for the Indian market.

2. **Investment in Agricultural Technology** - Invest in agricultural technologies that can be shared with Ethiopian farmers to improve pulse yields.
3. **Support for Pulses Research** - Collaborate with Ethiopian agricultural research institutions to develop higher-yielding and disease-resistant pulse varieties.

Embassy of India in Ethiopia

1. **Training and Workshops** - Conduct training programs and workshops for Ethiopian pulse exporters on Indian market standards and preferences.
2. **Trade Promotion Activities** - Organize trade promotion activities, such as fairs and exhibitions, to showcase Ethiopian pulses in India. Facilitate trade missions for Indian importers to visit Ethiopian pulse production areas and establish direct connections with suppliers.

Government of Ethiopia

1. **Improvement of Farming Practices** - Implement training programs for farmers to improve pulse cultivation practices and increase productivity. Develop and enforce quality assurance programs to meet international standards for pulse exports.
2. **Export Facilitation** - Simplify export procedures and provide incentives for pulse exporters to enhance competitiveness.

Millets

Government of India

1. **Promotion of Millets** - Promote the health benefits of Ethiopian millets to increase consumer demand in India. Support the establishment of millet processing units in Ethiopia to add value and improve the quality of exported millets.
2. **Import Facilitation** - Simplify import procedures for Ethiopian millets to encourage higher import volumes.

Embassy of India in Ethiopia

1. **Market Information Dissemination** - Provide Ethiopian exporters with detailed information about Indian market demand, importers and trends for millets.
2. **Business Networking Events** - Organize networking events to connect Ethiopian millet exporters with Indian buyers.

Government of Ethiopia

1. **Agricultural Training Programs** - Develop training programs to educate farmers on best practices in millet cultivation. Implement quality improvement initiatives to ensure Ethiopian millets meet international standards.
2. **Support for Exporters** - Provide financial and logistical support to millet exporters to enhance their market reach.

Tea

Government of India

1. **Promotion of Ethiopian Tea** - Promote the unique qualities of Ethiopian tea to increase consumer demand in India.
2. **Import Facilitation** - Simplify import procedures for Ethiopian tea to encourage higher import volumes.

3. **Support for Tea Trade Fairs** - Support the participation of Ethiopian tea producers in Indian trade fairs to increase visibility and demand.

Embassy of India in Ethiopia

1. **Market Intelligence** - Provide Ethiopian tea exporters with market intelligence about Indian tea consumption trends and preferences. Facilitate networking events to connect Ethiopian tea exporters with Indian importers.
2. **Assistance with Certifications** - Assist Ethiopian tea exporters in obtaining necessary certifications to enter the Indian market.

Government of Ethiopia

1. **Quality Enhancement Programs** - Implement programs to enhance the quality of Ethiopian tea to meet international standards.
2. **Support for Farmers and Traders** - Provide support to tea farmers in the form of training and access to quality inputs. Launch initiatives to promote Ethiopian tea in international markets, including India.

Coffee

Embassy of India in Ethiopia

1. **Advocate** for developing a bi-lateral forum to resolve the issue related to coffee exports to India. Technical assistance may be offered to EIPA in development of GI norms.
2. **Market Information Sharing** - Share detailed market information with Ethiopian coffee producers about Indian consumer preferences.
3. **Trade Missions and Expos** - Organize trade missions and participation in expos to showcase Ethiopian coffee to Indian buyers.

Government of Ethiopia

1. Review and resolve bi-laterally with India, its restrictive policy on non-export to India which was enforced by the Ethiopian Coffee and Tea Board on 3 June 2021. This restriction equally applies to India as a coffee producing country, and both the countries could have a dialogue and resolve this issue in the interest of trade potential.

Cotton

Government of India

1. **Strategic Import Agreements** - Develop strategic import agreements to ensure a stable supply of Ethiopian cotton for the Indian textile industry.
2. **Trade Incentives** - Offer trade incentives to Indian importers sourcing cotton from Ethiopia.

Embassy of India in Ethiopia

1. **Market Research and Information Sharing** - Conduct market research and share insights with Ethiopian cotton producers about Indian market demands. Facilitate business networking events to connect Ethiopian cotton exporters with Indian buyers.
2. **Support for Compliance** - Assist Ethiopian cotton exporters in understanding and complying with Indian import regulations.

Government of Ethiopia

1. **Support for Cotton Farmers** - Provide support to cotton farmers through training programs and access to quality seeds and inputs. Implement quality control measures to ensure Ethiopian cotton meets international standards.
2. **Export Promotion Initiatives** - Launch initiatives to promote Ethiopian cotton in international markets, including India.

Biofuels

Government of India

1. **Technical Investment in Ethiopian Biofuel Industry** - Encourage Indian companies to collaborate (*or invest*) in the Ethiopian biofuel industry to enhance production capacity.
2. **Import Facilitation** - Simplify import procedures for Ethiopian biofuels to encourage higher import volumes.

Embassy of India in Ethiopia

1. **Market Information Sharing** - Provide Ethiopian biofuel producers with detailed market information about Indian demand and standards. Organize business delegations to visit Ethiopian biofuel facilities and explore partnership opportunities.
2. **Technical Assistance** - Offer technical assistance to Ethiopian biofuel producers to meet Indian quality and safety standards.

Government of Ethiopia

1. **Investment in R&D** - Invest in research and development to improve biofuel production technologies. Provide support to biofuel producers in the form of training and access to quality inputs.
2. **Export Facilitation** - Simplify export procedures and provide incentives for biofuel exporters to enhance competitiveness.

Rubber

Government of India

1. **Technical Investment in Ethiopian Rubber Industry** - Encourage Indian companies to collaborate (*or invest*) in the Ethiopian rubber industry to improve production capacity and quality.
2. **Trade Incentives** - Offer trade incentives to Indian importers sourcing rubber from Ethiopia.

Embassy of India in Ethiopia

1. **Market Research and Information Sharing** - Conduct market research and share insights with Ethiopian rubber producers about Indian market demands. Facilitate business networking events to connect Ethiopian rubber exporters with Indian buyers.

Government of Ethiopia

1. **Support for Rubber Farmers** - Provide support to rubber farmers through training programs and access to quality seeds and inputs. Implement quality control measures to ensure Ethiopian rubber meets international standards.
2. **Export Promotion Initiatives** - Launch initiatives to promote Ethiopian rubber in international markets, including India.

Gemstones

Government of India

1. **Strategic Import Agreements** - Develop strategic import agreements to ensure a steady supply of Ethiopian gemstones for the Indian jewellery industry.
2. **Trade Incentives** - Offer trade incentives to Indian importers sourcing gemstones from Ethiopia.
3. **Polishing support –** The government should offer technical assistance in improving the polishing and value additional mechanism to the extractors and traders of gemstones in Ethiopia. This can be formalised through a bi-lateral cooperation agreement.

Embassy of India in Ethiopia

1. **Market Research and Information Sharing** - Conduct market research and share insights with Ethiopian gemstone producers about Indian market demands. Facilitate business networking events to connect Ethiopian gemstone exporters with Indian buyers.
2. **Support for Compliance** - Assist Ethiopian gemstone exporters in understanding and complying with Indian import regulations.

Government of Ethiopia

1. **Support for Gemstone Miners** - Provide support to gemstone miners through training programs and access to quality tools and equipment. Implement quality control measures to ensure Ethiopian gemstones meet international standards.
2. **Export Promotion Initiatives** - Launch initiatives to promote Ethiopian gemstones in international markets, including India.

However, Gemstones sector needs a specialised study to delve deeper and understand the nuances better to enhance its productive extraction and exports. In most cases there is a need to differentiate between single stakeholder in Gemstone business versus the multiple stakeholders' approaches.

ANNEX 1

Key Informant Interview Guide

Information and consent

My name is _____ and I represent TACT Services PLC, Ethiopia, who has been commissioned by the Embassy of India in Ethiopia to study Export Opportunities Study for Oil Seeds, Pulses, Cotton, Gemstones and Coffee from Ethiopia to India.

You have been identified to participate in this interview as someone who is a stakeholder in and well informed about Oil Seeds / Pulses / Cotton / Gemstones / Coffee. Your participation is entirely voluntary. Your name and any Personal Identification Information (PII) shall not be recorded. Your decision on whether or not to participate will not affect your involvement with any other stakeholders in any way. You may choose not to answer particular questions during the discussion. You may also choose to discontinue the interview at any time for any reason. Your responses to the interview are private and confidential. This interview is not meant to evaluate you or your work/performance; rather it is meant to gain insights into the export potential from Ethiopia to India for learning and accountability purposes.

Only the study team and Indian Embassy shall have access to the information you provide. To protect your privacy, we will keep the notes or recordings in private files, and only the study team will be allowed to use them or reuse them at the discretion of Indian Embassy. At the end of the assignment, all notes and recordings will be handed over to Indian Embassy and destroyed from our records.

This discussion is strictly confidential and your answers will not be associated with your name and your role/title. However, there is a small chance that you could be identified based on the description of your role and your responses to our questions. In this regard, we believe that the risk of exposure is minimal, given that the information that we are asking you about is related to the information available in the public domain and not personal information. Your participation will not result in any risk of any kind to you as you are only expected to provide your reflection based on the knowledge you have on the subject and/or your engagement in the response. It will also not attract any direct benefits to you. However, your input may contribute to assessing accountability and learning. This discussion will take about 30 minutes.

Permission to Record Interview:

We would like to get your permission to record this interview to ensure that we accurately capture the details that you provide. We will not record the introduction section where your name may feature. However, if you do not agree to be recorded, we will not record the interview. If you agree to be recorded, only the evaluation staff will be able to access the recording. After the evaluation, all recordings will be destroyed.

Do I have your permission to record the interview? **YES**; ☐ **NO** ☐

The contact details of the Indian Embassy is _____ (*provide phone numbers / email addresses*) for you to contact them if you have any questions after the interview is over.

Do you have any questions before we start? (*Answer questions*).

May I start now?

Date of interview:	
Location:	
Interviewer:	
Unique Identifier Code of Interviewee/respondent (details of what they do / responsibilities)	

1. General Background

Can you provide an overview of the current status of exports from Ethiopia to India, particularly focusing on Pulses, Oil Seeds, Gemstones, Cotton, and Coffee? (*will be administered based on the background of the respondent).*

2. Market Analysis

- What are the recent trends in the export of Pulses, Oil Seeds, Gemstones, Cotton, and Coffee from Ethiopia to India?
- Are there any emerging markets or shifts in demand within India for these commodities?

3. Competitive Landscape

- Who are the major competitors in the Indian market for each of these commodities?
- What are the competitive advantages and disadvantages of Ethiopian exports compared to other countries?

4. Regulatory Environment

- How do trade regulations and policies influence exports of Pulses, Oil Seeds, Gemstones, Cotton, and Coffee from Ethiopia to India?
- Are there any recent regulatory changes affecting trade relations between the two countries?

5. Logistics and Infrastructure

- What are the existing challenges in terms of logistics and infrastructure for exporting these commodities from Ethiopia to India?
- Are there any initiatives or investments in improving transportation and logistics networks for export purposes?

6. Quality Standards and Certifications

- How do quality standards and certifications impact the export of Pulses, Oil Seeds, Gemstones, Cotton, and Coffee to India?
- Are Ethiopian products meeting the required standards and certifications for the Indian market?

7. Market Potential

- What is the perceived growth potential for Ethiopian exports of Pulses, Oil Seeds, Gemstones, Cotton, and Coffee to India in the near future?
- Are there any untapped opportunities or niche markets that could be explored?

8. Market Entry Strategies

- What are the recommended strategies for Ethiopian exporters to penetrate and expand their market share in India for each of these commodities?
- Are there any successful case studies or best practices that can be leveraged?

9. Risk Factors

- What are the potential risks or challenges associated with exporting Pulses, Oil Seeds, Gemstones, Cotton, and Coffee from Ethiopia to India?
- How can these risks be mitigated or managed effectively?

10. Future Outlook

- What do you foresee as the future trends and challenges for Ethiopian exports of Pulses, Oil Seeds, Gemstones, Cotton, and Coffee to India?
- Are there any emerging opportunities or threats that should be anticipated?

ANNEX 2

Terms of Reference for the Study

Embassy of India, Addis Ababa

Invitation for Expression of Interest for Selection of Consulting Firm for conducting of Study for Export Opportunities Study for Oil Seeds, Pulses, Cotton, gemstones and Coffee from Ethiopia to India

1. Background

Ethiopia has a rich agricultural sector with significant production of oil seeds, pulses, and coffee. Recognizing the potential for strengthening export opportunities, this study aims to assess the current status, potential, and challenges in exporting these commodities from Ethiopia to India.

The Embassy of India in Addis Ababa requests for the Expression of Interest from Consulting Firms for conducting market study for the production and export opportunity in the areas of Oil Seeds, Pulses, Cotton, gemstones and Coffee.

2. Objectives

The primary objectives of this study are:

- To analyse the current status of production, processing, and export of oil seeds, pulses, cotton, gemstones/precious stones and coffee in Ethiopia;
- To identify the potential for increasing exports of these commodities to the Indian market;
- To assess the challenges and barriers faced by Ethiopian exporters in accessing the Indian market and;
- To propose recommendations for strengthening export opportunities and addressing challenges.

3. Scope of Work

The selected organization will be responsible for:

- Reviewing existing literature, reports, and data related to the production, processing, and export of oil seeds, pulses, and coffee in Ethiopia.
- Conducting field visits to key production and processing areas in Ethiopia to gather primary data
- Analysing market trends and demand in India for oil seeds, pulses, and coffee
- Engaging with relevant stakeholders, including government agencies, exporters, and industry associations
- Identifying and analysing trade policies, regulations, and barriers affecting exports from Ethiopia to India
- Providing a comprehensive report with findings, conclusions, and actionable recommendations.

4. Deliverables

The organization is expected to deliver the following:

- Inception report outlining the methodology, work plan, and data collection tools

- Interim report providing preliminary findings and progress updates
- Draft final report for review and feedback
- Final report incorporating feedback, with detailed analysis and recommendations.

5. Timeline

The study is expected to be completed within 30 working days, starting from the contract signing date.