



**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**MBA PROGRAM**

**ASSESSMENT OF THE PROSPECTS AND CHALLENGES**  
**OF ETHIOPIAN SESAME SEED EXPORT**

**BY**  
**HAREGEWEYIN AMSALE**  
**ID NO. SGS/0179/2007B**

**MAY, 2017**  
**ADDIS ABABA, ETHIOPIA**

**ASSESSMENT OF THE PROSPECTS AND CHALLENGES  
OF SESAME SEED EXPORT**

**BY**

**HAREGEWEYIN AMSALE**

**ID NO. SGS/0179/2007B**

A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY,  
SCHOOL OF GRADUATE STUDIES IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD  
OF THE DEGREE OF MASTER OF BUSINESS  
ADMINISTRATION

**MAY, 2017**

**ADDIS ABABA, ETHIOPIA**

**ST. MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**SCHOOL OF BUSINESS**

**ASSESSMENT OF THE PROSPECTS AND CHALLENGES OF  
SESAME SEED EXPORT**

**BY**

**HAREGEWEYIN AMSALE**

**APPROVED BY BOARD OF EXAMINERS**

---

**Dean, Graduate Studies**

---

**Signature & Date**

---

**Advisor**

---

**Signature & Date**

---

**External Examiner**

---

**Signature & Date**

---

**Internal Examiner**

---

**Signature & Date**

## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of my advisor Solomon Markos (PHD). All sources of material used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree.

---

Name

St. Mary's University, Addis Ababa

---

Signature

MAY, 2017

## **ENDORSEMENT**

This thesis has been submitted to St. Mary's University, School of Graduate Studies for Examination with my approval as a university advisor.

Solomon Markos( PHD)

Advisor

---

Signature

St. Mary's University, Addis Ababa

MAY, 2017

# TABLE OF CONTENTS

DECLARATION .....	ii
ENDORSEMENT .....	iii
ACKNOWLEDGMENTS .....	iii
ABBREVIATIONS .....	iv
LIST OF TABLES .....	v
CHAPTER ONE: INTRODUCTION.....	1
1.1. Background of the study.....	1
1.2. Statement of the problem.....	3
1.3. Basic Research question .....	4
1.4. Objective of the study.....	4
1.5. Scope of the study .....	5
1.6. Significance of the study .....	5
1.7. Organization of the study .....	5
CHAPTER TWO: LITERATURE REVIEW.....	7
2.1. Theoretical Review.....	7
2.2. Empirical Literature Review .....	11
CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY ....	27
3.1. Research Design .....	27
3.2. Population.....	27
3.3. Sampling and Sampling Techniques .....	27
3.4. Types and Sources of Data .....	28
3.5. Instrument of data collection .....	28
3.6. Data collection methods .....	29
3.7. Data analysis methods .....	29

CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION.....	31
4.1. Background of Respondents.....	31
4.2. Descriptive Analysis of Prospects of Sesame Seeds Export .....	34
4.3. Descriptive Analysis with the Challenges of Sesame Seeds Export .....	36
CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	42
5.1. Summary of Findings .....	42
5.2. Conclusion.....	43
5.3. Recommendations .....	44
REFERENCES .....	46
APPENDIX: SURVEY QUESTIONNAIRE FO SESAME SEED EXPORTATION.....	vii
ATTACHMENT: FEDERAL NEGARIT GAZETA ON SESAME AND WHITE PEA BEANS TRANSACTION COUNCIL OF MINISTERS REGULATIONS.....	xvii

## ACKNOWLEDGMENTS

First of all, I extend my special thanks to the **Almighty God** for everything he did in my life.

I would like to thank my advisor Dr. Solomon Markos for his serious and constructive comments that enabled me to be confident for further assignments.

I sincerely acknowledge Ato Samuel Abebaw for his helpful comments and assistance all the times.

I extend my deepest appreciation to my dear brother Afework Bekel (AKO), for his follow ups and wishes to my success starting from my early days of school time Thank you Ako here is your result.

I am extremely thankful to my beloved Family: Etnate, Abaye,kukuye,Abi and his family Kidest and her family ,my husband Chane,Tadda,Abutu,Fanta,Abay I would not have been Successfully accomplished this paper without your support thank you all.

Special thanks go to my two little kids Tinsae and Miheret for their patience.

I wish to thank my friends : Ato Zelalem Nekahiwot ,W/O Bizunesh Melesse,W/O Betelhem H/Gebreal, W/O Senait Tilahun,W/O Sihen Assefa, W/O Genet Hailu , Ato Berhanu Molla,Ato Haile Getachew,W/O Bezawit Tsegaye .W/Y TiruneshEshetu and AtoTewodrosYibe those giving me endless moral support and follow up on my day to day progress while doing this study.

I also thank Ato Jembere Tafa (Agote), and his wife W/O Mirafe Abera for giving me professional advice and moral all the time.

I am highly grateful for my immediate supervisor Ato Sahlemariam W/Senbet for his positive concern about the accomplishment of this study.

I would like also thank Ato Girum Kebede manager CBE Mehal Gebeya branch for his kind assistance at the time of data collection.



## **ABBREVIATIONS**

EPOSEA:	= Ethiopian Pulses and Oil Seeds Exporters Association
EPOSPEA:	= Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association
CBE:	= Commercial Bank of Ethiopia
CRO:	= Customer Service Officer
CSA:	= Central Statistics Agency
DD:	= Demand
ECX:	= Ethiopian Commodity Exchange
FAO:	= Food and Agriculture Organization
FDI:	= Foreign Direct Investment
FOB:	= Free On Board
GAIN:	= Global Agricultural Information Network
Ha:	= Hectare
MDG:	= Millennium Development Goals
MDGiF:	= Millennium Development Goals international Fund
MT:	= Metric Ton
NBE:	= National bank of Ethiopia
SPSS:	= Statistical Package for Social Sciences
SSA:	= Sub Saharan African Countries
SS:	= Sesame seed
TSSO:	= Trade Service special Outlet

## LIST OF TABLES

Table 2.1 Trends of Ethiopia’s Sesame production.....	14
Table 2.2 Sesame seed export trend.....	16
Table 2.3 Ethiopia Sesame seed export by destination .....	17
Table 3.1 reliability test .....	30
Table 4.1 the type of organization of the respondents.....	31
Table 4.2 Work Experience of the export business respondents.....	32
Table 4.3 Educational level of the respondents .....	32
Table 4. 4 Current position of the respondent in the exporting company .....	33
Table 4. 5 the type of export business that the respondents involved .....	33
Table 4.6 Demand for sesame seeds.....	34
Table 4.7 Resource availability .....	35
Table 4.8 Marketing.....	35
Table 4.9 Prospects of Sesame Seed export in general .....	36
Table 4.10 Quality and production .....	37
Table 4.11 Market information and price .....	38
Table 4.12 Infrastructure and Logistics .....	39
Table 4.13 Policy and regulation .....	40
Table 4.14 Challenges of Sesame Seed export in general.....	41

## ABSTRACT

*Sesame seed export is one of the highest foreign currencies earning activity. The sector needs due attention as it has attractive demand in the international market; However, the sector is being managed under a very challenging working conditions that affect its competitiveness. This study assesses the current status of sesame seed trading activities with respect to its prospect and challenges. The study employed both quantitative and qualitative approaches. The respondents were sesame seed exporters who are working with Commercial Bank of Ethiopia. Data was collected through questionnaire from a population of 165 sesame seed exporters. Data collected from the questionnaire were analysed using SPSS version 20 statistical tools such as mean and standard deviation quantitatively, and followed by interpretation and qualitative analysis made. The result of the study indicates that there is an increased demand for organic oilseeds in general and sesame seeds in particular in the global market. The demand for Ethiopian sesame seed is still holds the leading position among other sesame seed exporting countries. The major challenge for the sector is quality production, price volatility in the international market and infrastructure related problems. Moreover, lack of trade protection, lack of integrated work flow among all responsible organs, lack of reliable market information and exaggerated price bidding on ECX become unsolved issue for the development of the sector. The problem related with infrastructure and market information need immediate solution. The sector requires the involvement of all concerned parties as it has a potential to expand the country's foreign currency earnings. Government must draw additional and up-to-date policies and regulations that will help exporters to become competitive in the dynamic global market. Investors could consider the unexploited market opportunity.*

**Key word:** Challenges, Demand, Export, Global market, International trade, Market, Oilseeds, Opportunities/Prospect, Sesame seed

# **CHAPTER ONE: INTRODUCTION**

## **1.1. Background of the study**

According to Daniels(2015), international trade refers to all commercial transactions between two countries. In most countries international trade covers a significant share of countries' GDP. In the case of Ethiopia, the contribution of export/GDP ratio is lower and the declining share of exports in import financing GDP ratio was 6 percent and import to GDP ratios was 25 percent in the year 2013/14(NBE, 2014/15). And as a result export business for a specific country is a vital component of its economy by creating new market for its product as well as new job opportunity for the citizens. On the other hand international trade gives chance to both consumers and countries the opportunity to be exposed to new markets and products.

Collinson(2012) also explained the major objectives that reinforce companies to engage in international business are: the need for expanding sales, the need to acquire resources, the diversified sources of sales and supplies and the need to minimize competitive disadvantages.

Countries engaged in international trade especially on exports for different reasons. When a country is engaged in export business, the export transaction can affect currency values, fiscal and monetary policies of the government, shape public perception of competitiveness, and determine the level of imports a country can afford. In addition to this, exports enhance the availability and choice of goods and services, improve the standard of livings and quality of life offers the opportunity for economies of scale, increase efficiency, create employment opportunity give opportunity to learn from the competition, learn how to respond for sensitive demand structure and cultural dimensions, and proves the ability to survive in a less familiar environment Bhalla (2013).

Trading internationally is not as simple as trading domestically; countries will face major trade barriers that will determine their business performance. As explained by Bhalla (2013), "firms will operates in the environments which is highly uncertain, subject to rapid change, the rules of the game are ambiguous and contradictory as compared with domestic trading". He also explained there are parameters and environmental variables that are very important in

international business such as the legal system, the foreign exchange market, cultural difference rate of inflation, language at which it is irrelevant to the domestic business.

The rapid globalization growth influences the activities of all developed and developing countries while doing their international transactions. The resource mobilization and the need for foreign currency can have significant impact on the development of their economy.

Ethiopia is one of the nations which involved in international trading, in import and export business. The country has involved in exporting primary products and importing capital goods, consumer goods, fuel and semi-finished goods. Although the contribution of its export in the global market is very low or limited, it has trying to enter to the world market. According to UNDP report (2015), Ethiopia generated USD 2.2 billion from export of goods in the first 9 months of 2014/2015 with the major export items coffee, oilseeds, gold, chat, pulses, cut flower, and live animals. According to the National Bank of Ethiopia quarterly bulletin (2015), as explained by Abera (2009), in recent years, the growth and improvement of oil seeds can significantly contribute to the development of national, regional and family economy.

It is known that Ethiopia has a potential for major oilseeds export. Its suitable climate for annual and persistent oil plan, availability of cheap labour force and global demand for quality food oil have a positive contribution for its oilseed export growth. These advantages helped Ethiopia to expand its foreign market share through increased production level, and leads to at least doubling of its current annual export Boere (2015), the report also stated that the consumption of oilseeds in Europe has skyrocketed in recent years and thus, there is a high growing demand for quality and organic varieties of seeds. Europeans are among the largest importers and processors of edible oils. They also have oilseed demand for their cosmetics industry. This increasing demand for oil seeds brings great opportunity for Ethiopian oil seed producers and exporters in addition to Asian and Far East countries.

According to Abera (2009), oil seeds are recognized as a high value export products by the Ethiopian government and sesame seed is the major oil seed export products among other oil seeds. The export of oilseeds of Ethiopia in general is performing in the growing world market. 80% of the export earning of oilseeds comes from sesame seeds and it has become next foreign

currency earning crop following to coffee. The major destinations for Ethiopia's sesame seeds are China, Israel, Turkey, Japan and other European countries (NBE, 2014/15)

There is large international market demand for Ethiopian sesame seed and expected to grow increasingly due to new sesame seed buyers coming to the market and it also implies the prospect for sesame production growth and market expansion in the future Debela (2009), The GAIN Report (2016) also shows that Ethiopia's oilseeds-especially sesame seed, Niger seed and soya beans is expected to grow nearly 790,000 metric tons in MY15/16(Oct-Sep) thus the oilseed sector provides income to millions of growers and others involved in processing and trading. In addition to this the impact of drought on oil seeds is minimal with respect to grain production which requires relatively less moisture compared to other crops (GAIN Report Number: ET1611) The Report also explained that "the Ethiopian sesame specially the Humera/Gonder variety, is well known for its uniformity, white colour, large size, aroma and sweetest" and is suitable for both local and international markets. .

However, low productivity and quality, poor market infrastructure long and traditional marketing channels, poor warehouse facilities have been some of the major challenges of sesame seed exporters and reduce their competitiveness in the global market Abera (2009),.

This study is planned to be conducted with the intent of assessing what prospects of sesame production and exporting business and assessing the challenges identified by Haile are still drawing the Ethiopian sesame export back, In addition, to identify the current prospects and challenges to the export market as Haile's study conducted in 2009.

## **1.2. Statement of the problem**

Ethiopia has favourable agro-climatic conditions for cultivation of primary products especially for oil seeds (MDGIF 2012). Ethiopia is one of the centres of origins in the world of several oil crops. According to Boere (2015A), the oilseeds produced and supplied to the domestic market and international markets and sesame in particular has become a major foreign currency earner for Ethiopia. Sesame accounts for over 90% of the value of oilseed exports from Ethiopia and is second only to coffee in terms of foreign exchange earnings.

As per National Bank of Ethiopia's 2014/2015 Annual report, the trade deficit expanded by 29.1 percent growth in merchandise imports in contrast with 8.5 percent drop in merchandise export. This fact indicates the country's huge requirement for foreign currency. As Ethiopia is one of the developing countries, the source for foreign currency is basically depends on the exports of agricultural products (especially from coffee, oil seeds, chat, flower and plants etc.) and recently on foreign remittance (NBE, 2014/15).

Low productivity and quality, poor market infrastructure long and traditional marketing channels, poor warehouse facilities are found to be the major challenges for the Ethiopian sesame export Abera (2009). Other study may be conducted but I couldn't access them therefore, I have tried to assess both the current prospect and challenges of sesame seed exports by using his study as a baseline for those identified challenges are improved and if more challenges are hindering the export market.

In this study, the student researcher intends to investigate the current prospect and challenges of the Ethiopian sesame export. The study will be devoted in assessing whether those challenges (Low productivity and quality, poor market infrastructure, long and traditional marketing channels poor warehouse facilities) identified by Abera (2009), are still challenges for sesame seed production and factors in decreasing export contributions. This study will also try to assess and identify the future opportunities of sesame production and export. Moreover, the study will recommend in what way the opportunities are potentially utilized and what progressive actions are taking place before and what possible solutions to be recommended for the future.

### **1.3. Basic Research question**

What are the prospects for sesame seed export?

What are the challenges of sesame seed export?

### **1.4. Objective of the study**

#### **1.4.1. General objective**

The general objective of this study is to assess the major prospects and challenges of the Ethiopian sesame seed export.

#### **1.4.2. Specific Objective**

- To study the opportunities for the Ethiopian sesame export.
- To assess the major challenges of the Ethiopian sesame export.
- Recommend workable solutions to problems identified by the study findings.

#### **1.5. Scope of the study**

Among the various exportable oilseeds, this study will focus only on sesame. The analysis is planned to cover the following areas:- Sesame production, The major countries involved in world sesame trade and Ethiopia's share in the global market, The amount of sesame export by destination countries in the international markets, The economic importance of sesame and its prospects. The study is delimited in sesame exporters who works with Commercial Bank of Ethiopia. Time is also delimiting factor. The study will focus on investigating the prospect and challenges of Ethiopian sesame export business.

#### **1.6. Significance of the study**

The purpose of this study is to assess the prospects and challenges of sesame seed export trade and putting possible workable recommendations. The research has a significant role in pointing out major challenges that create a bottleneck for the growth sesame seed export. Through, identification of the major parameters that will help for the growth of the sector, the country can get the maximum benefit in terms of FCY and exporters remain having secured competitive advantages over other s. Therefore, this study could serve as an input for exporters, to understand the market opportunities and treats to improve their competitiveness .Moreover, most major Ethiopian oilseeds especially sesame seed exporters are member of the Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association (EPOSPEA).Thus it can be used as an input in order to assist its members. Furthermore, the outcome of this study can use as a reference document for further researcher in sesame seed export trading.

#### **1.7. Organization of the study**

The study is organized in five chapters. The first chapter deals with background of the study, statement of the problem, objective of the study and scope of the study. Chapter two presents the



review of the literature. Chapter three focuses on the methodology of gathering of data for the research. Chapter four presents analysis and interpretation of the collected data and chapter five poses the summary, conclusions and recommendations of the study.

# **CHAPTER TWO: LITERATURE REVIEW**

## **2.1. Theoretical Review**

### **2.1.1. International Trade Theories**

Many scholars and researches dealt with the emergence and importance of international trade in different ways. All of them agreed on international trade are the exchange of goods and/ or services along different geographical territories. According to Bowen (2013), the uneven distributions of natural resources among nations are the governing factor to make international trade transactions. According to Seyoum (2009), International trade with a free exchange of goods started as early as 2500BC and the occurrence of World War I had an impact for the future development of trade and the rise of world economy he also defined International trade as the exchange of goods and services across national boundaries. Hill (2009), also defined International trade as all commercial transactions between two countries.

Kelly (2009), also discussed international trade as it is not only ether the flow of goods and services between countries and investors buy and sell across country boundaries. International business gives an opportunity to invest in other countries i.e FDI (foreign direct investment) at which organizations undertake FDI for a variety of reasons such as setting up offices, manufacturing, operations and distribution facilities ions for the growth of international business.

Reuvid (2008), Explained that, there are two basic types of trade between countries. The first one is if the country cannot produce the good or service by itself or not enough. The second is even though the countries have a capacity of producing the goods and/or services they will import for different purpose having different reasons for importation. Such as if the price of the imported goods are cheaper than those produced domestically, the imported goods may have better quality, design, technical features etc...

According to Seyoum (2009), international trade allows manufacturers and distributors to seek out products, services, and components produced in foreign countries. In most countries, such trade (international trade) represents a significant share of gross domestic product

(GDP). Without international trade; nations would be limited to the goods and service produced within their own borders. In addition to this Belay (2009), explained about the benefits of international trade in acquiring a variety of goods and services, the help to reduce cost of production, increase income and employment, access to learn about advanced technical methods which are used abroad etc.

According to Daniels (2015), every global events and competitions affect all companies regardless of their industry size. They explained that companies will engage in international business having objectives of **expanding sales, acquiring resources and reducing risks**. Companies can use different modes of international business operations. Merchandise export and imports, service exports and imports (non-merchandise international earnings such as service exports and service imports at which the provider and receiver of payments considered as a service exporter and the recipient payer is recognized as service importer. This sector includes the activities of **Tourism and Transportation, Service Performance**: like banking insurance rental services, management services etc... , **Asset use** such as: trademarks, patents copyright franchising, licensing agreements etc...), **Investments** in the form of Foreign direct investment (FDI) at which the investor takes a controlling interest in foreign company or Portfolio Investment which practice a financial no controlling interest in another entity.

Collinson (2012), argued that “when pursuing international business, private and government enterprises have to decide how to carry out their business such as the mode of operations to be used”. also explained major objectives that may influence companies engaged in international business are: the need for expanding sales, the need to acquire resources, the diversified sources of sales and supplies and the need to minimize competitive advantages are some of the factors that will influence making transactions internationally.

Trading globally gives consumers and countries the opportunity to be exposed to new markets and products. Business is now more global because of transportation availability, communication advancement and the costs of transportation and communication are more conducive for international operations Bhalla (2013).

Kelly (2009), has discussed why international business grown much over the past 10-20 years. According to his explanation, there are many interpretations for the growth of international

business. The erosion of barriers and borders due to the social political and economic quest of free magnifies the need for international trade. As a result, this has been further enabled through the wide scale adoption of open information and communication technologies (ICT) which enable trade, communication and collaboration eroding barriers in time, space and language and integration financial political and legal system. He defined liberalization as it has not only resulted in increased mobility of people as workers and migrants but also in the movement of capital goods and services. Consumers want choice quality and low cost products sourced from around the world. E-commerce and the MNC now bring the world to the doorsteps of business and consumers everywhere. The rapid growth of e-commerce anyone can be open for business on an international level 24 hours a day regardless of the physical location of the business. Simply one location can serve the business needs over the entire globe.

Trading internationally is not as simple as trading domestically; countries will face major trade barriers that will determine their business performance Bhalla (2013), explained international business as: firms will operate in the environments which are highly uncertain, subject to rapid change; the rules of the game are ambiguous and contradictory as compared with domestic trading. According to Bhalla (2013), there are parameters and environmental variables that are very important in international business such as the legal system, the foreign exchange market, cultural difference rate of inflation, language at which it is irrelevant to the domestic business. Without international trade, nations would be limited to the goods and service produced within their own borders. Importing and exporting of goods and services are used as a mode of transaction.

According to Gopal (2008), the foreign trade (international trade) consists of a country's inward and outward movement of goods and services (import and export) with a result of outflow and inflow of foreign exchange. As international Trade in goods and services is one of the means by which countries linked economically, high government officials in all countries deal with the question of what, how much and with whom their country should import and export Shenkar (2015).

### 2.1.2. Export Trade

A country involving in international business will engage in the modes of importing and exporting activities that is different from transacting domestically. Countries/Companies sell output and secure supplies and resources abroad they compute against products and/or services of foreign countries companies' Damiels (2015).

According to Hill (2009), Exporting and importing activities are among the widely used modes of international business activities of any countries. The inflow of goods in a country is an import trade whereas the outflow of goods from a country is export trade. In this globalised world, a country cannot survive in isolation. Import and export activities have played a vital role. Export provides a way to assist nations improve their balance of payment, trade due to the rapid globalisation of markets, the pace of technological change and the decline of government imposed barriers, it is becoming increasingly difficult for domestic companies to isolate themselves from export markets and foreign competition deficit, employment rate and overall standard of living.

*Bhalla (2013), stated that countries engaged in international trade especially on exports for different reasons. When a country is engaged in export business, the export transaction can affect currency values, fiscal and monetary policies of the government, shape public perception of competitiveness, and determine the level of imports a country can afford. In addition to this, exports enhance the availability and choice of goods and services, improve the standard of livings and quality of life offers the opportunity for economies of scale, increase efficiency, create employment opportunity give opportunity to learn from the competition, learn how to respond for sensitive demand structure and cultural dimensions, and proves the ability to survive in a less familiar environment. (P. 663)*

As cited by Wondaferahu (2013). Export is considered as one of the very important means of growth. The economics studies supports the debate that development requires economic growth to eliminate/reduce poverty, and greater access to world markets is perceived as a necessary condition for more rapid growth. Many developing countries gradually increased their share in international trade from just less than one quarter to about one third.

Involving in importing business is important for businesses and individual consumers. However, if a country is involved in exports transactions, the domestic economic activity is growing. More

exports means, more production, jobs and revenue. If a country is a net exporter, its gross domestic product increases, which is the total value of the finished goods and services it produces in a given period of time. In other words, net exports increase the wealth of a country. Shenkar( 2015).

As explained earlier, trading internationally is not as simple as trading domestically. In order to be successful in export trade, firms should know the determinant factors of competitiveness as outlined by the wishes and needs of foreign buyers Bhalla (2013 : 674), “Buyers expect an excellent product fit, high levels of corporate responsiveness a substantial service orientation and high corporate commitment” in addition to pricing matters. Thus, in order to full fill these foreign buyer requirements, firms (exporters) will face export related problems. The first one is logistic arranging transportation, determining transport rate, handling documentation, obtaining financial information coordination distribution, packaging and obtaining insurance. The second one is legal procedures: which include product liability, licencing and customs duty issues. The third point is the servicing of exports where firms are expected to provide part availability, repair service and technical advices. According to Bhalla (2013), Sales promotion and foreign market intelligence at which firms need to be cope with advertising, sales effort and obtaining market information and information on the location of market, trade restrictions and competition overseas respectively are obstacles that prevent firms from exporting or limit the performance of the firms export competitiveness(P. 676).

## **2.2. Empirical Literature Review**

This review focused on the empirical literature concerning the opportunities and challenges of sesame export. A number of studies have been examined accordingly.

Sesame is fairly drought resistant and about 300–750 mm of rainfall is considered sufficient, but the crop can also grow in areas with over 1000 mm of rainfall. Ethiopia has favourable agro-climatic conditions for cultivation of oilseed which is highly adapted to arid and semi-arid lowlands and requires normal labor input for land preparation and sowing and a high labor input during harvesting (Boere, 2015 A)

*As cited Aysheshm (2007), the unpublished training manual on sesame prepared by ARARI (2005) revealed that 98% of the world sesame seed producers are developing countries due to its labor intensive nature of production.*

According to Abera (2009), a large number of sesame seed varieties exist in Ethiopia and is well known for its quality sesame worldwide. Sesame seed production has grown more than double during the last five years owing to favourable weather conditions; the market oriented production system and encouraging international price. Debela( 2009), also stated the growth and demand of oilseeds specially sesame seed as “the total area of production and the quantity of sesame produced has grown threefold.”

According to Debela (2009), Sesame is mainly produced for the market. The seed is wanted for its oil in the seed. Sesames seed oil content is the most important factor for determining its suitability for oil extraction. The Ethiopian oilseeds and pulses exporters association stated on its official publication report of the 6<sup>th</sup> international conference on pulses, oilseeds and spices (Nov 2016),sesame production is begin by commercial farmers in the North-West region of Humera and spread out to the southern part of the country during the late sixties and early seventies of the imperial rule.

The GAIN Report (2016) shows us approximately one-fifth of Ethiopia’s total export earnings are generated from oilseed exports, In addition, the oilseed sector provides income to millions of growers and others involved in processing and trading. Production of oilseeds is possibly to increase to meet the growing demand for cooking oil and livestock ingredients, most notably soybean meal for poultry production. Ethiopia has favourable agro-climatic conditions for cultivation oilseeds and is one of the centres of origins in the world for several oil crop plants like rapeseed, niger/noug seed, and castor beans. Other oilseeds like linseed, soybeans, groundnuts, and sunflower and sun-flower seeds are produced in different parts of the country.

The GAIN Report (2016), provides information that Sesame is produced mainly in the northern and north-western lowlands of Ethiopia adjacent to the borders with Sudan and Eritrea. Some of the major producing areas are found in and around the locations of Humera, Metema, Benshungul Gumuz, Wollo and Wellega. The two most widely known sesame varieties humera and Wollega – derive their names from the areas where they are planted. Planting is done in late

June and early July and harvesting is done from early October to mid-November. About two-thirds of production comes from smallholder farmers on holdings less than five hectares with the remainder coming from medium to large-scale commercial farms.

The EPOSEA report (2016) also showed that the major sesame seed producing regions prioritized per their production volume as Amhara, Tigray, BenshangulGumuz and Oromia .Southern Nations and Nationalities ,Gambella and Somalia are observed as having a big potential in future production. According to this report, sesame production is rain fed and each producing region has only one season of production at which cultivation starts in June and harvesting begins in mid-October to November. The GAIN Report (2016), also confirms the bases of National Sesame Sector Development Strategy, the climate and geographies in some locations in the eastern half and southern parts of the country in Afar, Somali, and SNNP regions are also conducive to growing sesame.

Boere (2015A), also shows us, the production of oilseeds is characterized as labor intensive, low-input, and rain fed. The potentials to increase the production are huge. Only 20% of the total available agricultural land is used, mainly in the highlands, and of the total amount of occupied agricultural land only 7% is used for oilseeds. Productivity per ha can be doubled with higher input levels like fertilizer and improved seeds.

Abera, (2009), also stated that the main areas of sesame production in Ethiopia are located in the semi- arid lowlands of North-west part of the country which include Tigray, Amhara and Benshangul Gumuze and Oromia these states supply almost 95% of the total national production. He also mentioned that sesame production is characterized by labour intensive, low-input and rain-fed agriculture. The potentials to increase the production are huge. Productivity per ha for sesame can be increased with higher input levels and improved technologies.

Abera (2009), stated that Sesame seeds are used in a wider rang use of application all over the world. Sesame seed is used for bakery and biscuit industry as topping on breads and baked goods, used for extraction of edible oil, used as Tahini and Halva industries which are a traditional Middle Eastern pastes ,sesame seeds also used as pharmaceutical ingredients.



According to Boere (2015A), and (Ethiopian Sesameseed Industry opportunity and challenges, 2016)), The Humera, Gondar and Wollega type sesame seeds are varieties produced in Ethiopia that are well known on the world market with their own respective features, which make them suitable for different uses. The Humera and Gondar are mainly suitable for bakery and confectionery purposes and appreciated worldwide for its aroma and sweet taste. It has good uniform white seeds, which are quite large in size it matures in 85-95 days having oil content of 48-50%. This makes it very suitable for bakery products, whereas, the Wollega sesame It matures in 120 days having oil content of 52%, has a major competitive advantage for edible oil production because of its high oil content.

According to the GAIN Report (2016) the expectation for sesame production will reach approximately 487,000 metric tons in MY15/16, up by 5 percent or 23,000 metric tons compared to previous year's production volume as it was 464,000 in the year 2014/2015. This anticipated increase is based on favorable weather conditions and an expansion in area planted. The limited amount of rainfall resulting from the drought did not adversely impact national sesame production since sesame requires relatively less moisture compared to other crops.

*Table 2.1: Trends of Ethiopia's Sesame production*

<b>Crop Year</b>	<b>Area (Ha)</b>	<b>Production(MT)</b>	<b>Yield (MT/Ha)</b>
2009/10	487,000	459,000	.94
2010/11	638,000	623,000	.98
2011/12	542,000	402,000	.74
2012/13	367,000	279,000	.76
2013/14	576,000	440,000	.76
2014/15	610,000	464,000	.76
Average	537,000	444,000	.82

Source: National Sesame Sector Development Strategy

The GAIN Report (2016) stated that the utilization of new technologies, modern farming practices, and improved inputs, like seeds, would have a tremendous boost to annual sesame production. The report said that “According to industry sources, these modifications could increase yields by more than double their current level of 0.76 metric tons per hectare.”The report also stated that Sesame is one of the high-value, export crops that is of supreme importance to the wellbeing of Ethiopia’s national economy. It is the single most widely produced oilseed crop in the country, representing more than one-third of Ethiopia’s total oilseed production.

### **2.2.1. Ethiopia’s sesame seed export trend**

As per the GAIN Report (2016), Ethiopia’s oilseed sector, which is rapidly growing to meet both local and foreign demand, it plays a crucial important economic role in generating foreign exchange earnings and income for the country. The report says, approximately one-fifth of Ethiopia’s total export earnings are generated from oilseed exports, with sesame being the second largest export-revenue generator after coffee. In addition to export earnings, the oilseed sector provides income to millions of growers and others involved in processing and trading. The oilseeds and pulses business opportunity report (2015) also showed that oilseeds are the most important export crop in terms of volume and almost similar with coffee in terms of export value.

As stated by Debela (2009), Ethiopia is among the top-five producers of oilseeds in the world. Sesame is one of the oilseeds for which Ethiopia is known in the international market according to his conclusion, sesame production and marketing has shown very significant growth in the last few years. He also explained about the demand and marketing concerns as “there is considerable international market demand for Ethiopian sesame seed and this is expected to continue increasing. The increasing international market demand for sesame is not only evident in the rise of export volume but also in new buyers coming to the market.”

Aysheshm (2007), stated that sesame seed is mainly used for confectionery purpose, extracting cooking oils, making margarine, drugs, plaster, and soap preparation. The export market is the main driving factor to sesame production in Ethiopia as there is a very limited domestic use of the crop. According to the GAIN Report (2016), “Ethiopia’s sesame is mainly produced for the

international market, with close to 75 percent going for export. The sesame that is not exported is mostly used for seed, oil crushing, and baked products.” The report also stated that Sesame is Ethiopia’s largest exported oilseed and an important generator of foreign exchange. About 95 percent of exports are in the form of unprocessed seeds, without value-addition prior to export.

*Table 2.2: Sesame seed export trend*

Year	Volume in Tons	FOB Value in' 000 USD
2011/12	331,187	436,754
2012/13	222,705	390,625
2013/14	270,234	619,033
2014/15	292,298	482,812
2015/16	393,968	431,709

*Sours: EPOSPEA, 2016: Oil seeds export performance*

According to the EPOSEA report (2016), more than 95% of sesame produced in Ethiopia, the raw seed is exported to the international market. Private exporters have the main dominance in exporting sesame seed by purchasing the seed “from suppliers on ECX market pit”. Both Smallholder and Cooperative unions in addition to medium and large scale commercial farms are privileged to directly deliver their products to the global market Regulation (2010). The report also explained that Sesame has become the leading export commodities in Ethiopia after the opening of the chines market in the year 2005. Moreove the National bank of Ethiopia forces all sesame seed export to china must be done through commercial bank of Ethiopia.

Ethiopia is enjoying the status of largest supplier of sesame to china, the world’s top importer of sesame. Ethiopia exports 171,546 tons of export in 2015/16 fiscal year. The demand for sesame is increasing year by year and it is important to maintain and further grow the market share (EPOSEA report, 2016).

Table 2.3: Ethiopia Sesame seed export by destination

Sr.No	Destination Country	Value in MT	Value in '000 USD	Volume Share
1	China	261,989	281,900	66
2	Israel	54,016	62,801	14
3	Turkey	12,514	13,452	3
4	Jordan	11,303	12,743	3
5	Saudi Arabia	7,239	7,944	2
6	Singapore	7,030	7,490	2
7	Yemen	6,771	6,769	2
8	United Arab Emira	4,617	4,908	1
9	Japan	4,503	5,168	1
10	Greece	3,610	4,227	1
11	Korea, Republic of	3,801	5,611	1
12	Viet Nam	3,173	3,487	1
13	Hong Kong	2,660	3,584	1
14	United States	2,280	2,456	1
15	Others	8,469.00	9,228.00	2

Source: EPOSPEA, 2016: Sesame seeds export by destination

## 2.2.2. Opportunity and Challenge of Sesame Seed Export

### 2.2.2.1. Opportunities of sesame seed export business

According to Abera (2009), hides and skins were the best-performing commodities next to coffee in Ethiopian exports. This trend was changed mainly as a result of the rise in the export quantity and value of oilseeds, especially sesame in the last decades. As (Debela, 2009), stated, there is substantial international market demand for Ethiopian sesame seed, and expected to continue increasing. The increasing international market demand for sesame is not only in the rise of export volume but also in new buyers coming to the market.

As cited by Debela (2009), Sesame oil is unique among vegetable oils due to the presence of natural antioxidants such as sesamin and sesamol and their derivatives (sesamol and sesaminol), which provide a significantly long shelf life and stable characteristics. Sesame oil is mostly used for cooking purposes it is also used in soaps, paints, and perfumes, Pharmaceutical, and insecticides industries. The cake produced after the extraction of oil from un-hulled seeds is an excellent protein feed for “poultry and ruminants”. These inherent characteristics and unique

uses leads sesame as one of the most wanted oil crops in the world. According to (Ayana, 2015) over the last two decades, the quantity of sesame traded on the world market has more than doubled. Japan, the European Union, South Korea, the USA and Egypt were largest importers, while India, Sudan, Guatemala, China, Myanmar, Ethiopia and Nigeria were major suppliers to the world market. Ethiopia has been significantly increasing its supply to world markets: The main importers of Ethiopian sesame are China– which is also a major sesame exporter – Israel, Turkey and some European countries. In the long term, there is high potential for increasing the Ethiopian export of sesame to the European market. Europe is a major user of sesame seed for bakery applications and confectioneries.

According to Jalata (2012), the commercial varieties Ethiopian sesame seeds are suitable for various uses. The Humera type is valued worldwide for its aroma and sweet taste; it has good uniform white seeds, which are relatively larger in seed size which makes it very suitable for bakery products. He also explained that the Gondar type is also suitable for the bakery market. The major competitive advantage of the Wollega type is its high oil content. “The major quality requirements for sesame seed export is thousand seed weight should be greater than 3g, 40-50% oil content, pearly-white seed color and 99% seed purity is required for export standard.” According to his citation, the quality of sesame seeds, white seeds with a white to golden color, are mainly used in its raw form because of their aesthetic value and are mostly priced higher than mixed seeds (yellow to dark brown seeds) . According to Ethiopian Sesameseed Industry opportunity and challenges, (2016), the ample availability of manpower, land and best developed marketing value chain and practice, gives competitive advantage to Ethiopia which led the country to produce and export substantial volumes of sesame seed in the past 10 years this results establishing demand for sesame from Ethiopia. As the report stated well, the demand for sesame seed has grown strongly in all major consuming countries over the past decade. It indicates that there will be good reason for continuing growth in the demand as the product matches the healthy eating habits in most of the developed markets. The oriental sesame cuisine has a persistent reputation in western markets will likely continue and the demand for quality sesame seed remain grows increasingly.

This publication referred FAO’s report as *sesame seed is currently imported by more than 100 countries worldwide and there are at least 10 countries that import 10,000 tons or more*

*annually. The global sesame market has grown in both value and volume. Between 2010 and 2016 the recorded growth rate in the world market was 32%. Similarly during this five year periods exports of Ethiopian sesame seed grew by 52% in volume from 238,000 ton in 2010 to 40,000 ton in 2016. The average value of Ethiopian sesame seed per ton rose from USD 645 to a high of USD 1, 104 per ton in 2016.*

According to the above stated report, the market growth shows the country's source of supply as well as the current acceptance of the product by the global market. This gives a sufficient opportunity for the high quality Ethiopian sesame seed to achieve a more global market base in the future.

#### **2.2.2.2. Challenges of sesame seed export business**

Boere (2015A) explained that Sesame seed can be highly affected by diseases and pests. In high rainfall areas, full crop losses can occur due to leaf disease. In drier areas, leaf disease is no problem at all. Insect pests can technically be controlled using insecticides. And yet it reduced the production volume, which impacts export earnings from sesame seed.

According to Debela (2009), Value addition is the process of transforming sesame locally so as to increase its value in the international market, lack of conducive working environment such as customs administrations and the lengthy and bureaucratic processes people have to go through to obtain bank loans, lack of practical application of legal business frameworks, lack of facilitation business-to-business relations and create support structures from the government, lack of adequate research and development process on the oilseed sector, lack of access to reliable market information, lack of institutional arrangement for the achievement of smooth relationships and good governance among chain actors, lack of improved credit facilities and banking services, lack of improved and standard logistic services are the main challenges of oilseed export in general and for sesame seed in particular. Jalata (2012), also showed the major challenges of Ethiopian sesame seed export by explaining about the supply chain of sesame which is suffered from different challenges "including the adulteration of sesame or mixing of sesame with different sources of varying quality and a lack of transparency among chain actors." He also stated that, sesame being sold as ordinary seed, without considering and analysing quality

characteristics such as oil content, admixture, fatty acid profile due to lack of capacity to accurately measure the quality standards.

As explained by Abera (2009), the selling price volatility of sesame seed across countries is other challenging aspect of sesame trade in the global market. Countries which re-export sesame are mostly the developed countries who buy sesame at a low price from developing and least developing countries and resale after adding value through cleaning and/or processing to improve its quality. For example Japan and England, bought sesame and resale it at more than 50% higher price than primary producer countries. Netherlands, Germany, Israel, Italy, France, Belgium and South Korea are also involved in resale activities. The GAIN Report (2016) also stated that the local and international sesame prices, which are closely linked to one another, are trending downward because of increased global production levels and softening demand in China. As, he cited from Ethiopian Commodity Exchange (ECX), the price of Humera/Gondar sesame – the reference price for international markets has dropped from about \$1,360 per metric ton in January 2015 to nearly \$860 per metric in January 2016, which leads local traders for complaining about price drop below “acceptable levels”. The drop prices created not only complain for local traders but also it “pinching farmers who are facing difficulties paying off loans”. Dropping down in prices are also expected to drive farmers to plant alternative cash crops. Moreover Aysheshm (2007), stated that with regards to prices negotiation, the Chinese importers are tried to show untrue price agreement made with other Ethiopian exporters and forcing the rest to accept the price they offer. As a result, Ethiopian exporters accepted the price offered and finally sorted it out victimized by the Chinese system.

Even though china is the largest importer for sesame seed in terms of quantity, it wants products in a cheaper price as much as possible and it could not be sustainable for organic farming as it focuses on price rather than quality. This is also another challenge for Ethiopian sesame export sector as china is the dominant purchaser of this seed. Ethiopian Sesameseed Industry opportunity and challenges, (2016), The report also stated that the developed countries demand for obligatory food safety standards which depend on the quality consciousness of consumers and enterprise enforce producers to produce and supply high standards products than ever before. For example the EU and Japan are known for their strict food safety standards and they require the exporting countries guarantee on the strict fulfilments of the rules of food safety standards.

According to Abera (2009), Japan is the biggest world importer of sesame seed and sesame oil, particularly from roasted seed (sesame seed), which is used as an important component of Japanese cooking. However, because of quality problems in the past, Ethiopia could not be an important exporter for Japan. In general, the issue of food safety standard has considered as a reason for poor performance in Japan and EU market. Developing internationally accepted regulations for food safety and standards can be considered as another challenge for the country's future production and export of sesame seeds (Ethiopian Sesameseed Industry opportunity and challenges, 2016)

As cited by the EPOSEA report (2016) lack of combined effort of stakeholders in struggling for common sesame seed diseases such as bacterial bight, phyllody, Fusarium wilt, powdery mildew Alternaria leaf spot, and Cercospora leaf spot (Daniel Endale, 2008) can be considered as the major challenge for Ethiopia to maintain its leading position in the future global sesame seed trade transactions. The EPOSEA report (2016) stated that, the production of sesame in the areas of North West for both commercial and small farms is going decline "below 3 quintals /ha which is very far below the estimated FAO potential which is 16 quintal/ha" this is also the challenging fact for Ethiopia and need to thought how to increase productivity. In addition this, lack of sesame processing companies in the country also has challenging impact on the growth and competitiveness of the country's product in the global market. Exporting ordinary seeds without value addition and utilization of industrialized products such as Sesame oil cake, sesame flour and the like also regarded as a future challenge for sesame trade in the global market.

### **2.2.3. Ethiopian sesame seed production**

According to Abera (2009), Sesame seeds with a scientific name *Sesamum Indicum*, is one of the oldest seeds known to mankind. He also explained that "Sesame is an ancient spice, one of the first recorded plants used for its seeds. It has been used for thousands of years and is still an oil seed of worldwide significance. Sesame seeds are contained in the pods of a tropical plant."

Aysheshm (2007), also explained that "Sesame is probably the most ancient oil seed known and used by mankind. It is often argued that sesame has its origin in Africa and spread early through West Africa to India, China and Japan, which became secondary center of diversity with the exception of *Sesamum prostratum* Retz; all the wild sesame species are found in Africa."



According to the Ethiopian Pulses and Oil Seeds Exporters Association report November (2016), sesame (*SesamumIndicum*) has 4000 years of production history. Currently it is cultivated in tropical and subtropical regions of Asia, Africa and South America. The report also showed that India ,Ethiopia Sudan, China Myanmar ,Nigeria west Africa Tanzania Pakistan Mozambique Uganda are the most sesame seed producing counties of the world.

According to Boere (2015A), sesame has a high temperature requirement for germination. Soil temperatures should be above 25 °C and sesame should therefore be grown in the tropical climates of Ethiopia. Sesame can be grown at altitudes between 500 m and 1500 m, but higher altitudes are possible if the temperatures are high enough for good germination. Soils should be well drained, but with sufficient water retention capacity.

The EPOSEA report (2016) stated that Ethiopia is among the leading oilseeds producing country in Africa with the exception of palm and olive oil. The country's agro-ecological condition is favourable for the growing of oilseed seeds which includes sesame seed, Niger seed/Neug, groundnut, rapeseed, mustard, sunflower and soybeans are among the edible oilseeds and castor and linseed are of the two non-edible oilseed.

#### **2.2.4. Ethiopia's export trend in the world market**

According to Worku (2014), Production of agricultural products played a major economic role in many developing countries. The production and trade of agricultural products are major means of livelihood for millions of households. Ethiopia is among those developing countries where agriculture is the back bone of the economy and the source of income for the 84% of the Population. The agricultural sector is not well developed and almost all of the products are produced by small holder farmers. The farmers produce food for their family and sale the rest which is left from the house consumption. The bulk of the country's merchandise export earnings are from the agriculture sector and this sector accounts about 80-90% of the total export.

Jalata (2012), explained that in developing countries, especially Sub-Saharan Africa (SSA) countries, pattern of exportable goods are dominated by primary agricultural products and for export of processed and semi processed agricultural products there is limited access to the

international markets. He also urged that, both domestic policies and international policies including the performance of the world economy and other factors like institutions, governments' commitment, natural resource and intensity and dominance of poverty highly affect the export sector of Sub-Saharan Africa countries.

Ethiopia's economy is largely based on agriculture, which provides 80 - 85 percent of employment for the population. Agriculture remains Ethiopia's most promising resource and potential for self-sufficiency and export development. The oil seeds and pulses business opportunity report (2015). As of developing countries, Ethiopia's export has been limited to few primary products, which are mainly agricultural commodities.

According to Wondaferahu (2013), Ethiopia's export sector is small which is evidenced by the lower export/GDP ratio and the declining share of exports in import financing. He also stated that exports of goods in Ethiopia are only about 7 per cent of GDP, compared to an average of near 30 percent of GDP in Sub-Saharan Africa. The country has been characterized by greater concentration on few traditional exports such as coffee, hides and skins and oilseeds and pulses.

According to NBE Quarterly Bulletin (2015), the major destinations for Ethiopia's export are Asia, Europe, Africa and America. And the major import origins are China, India, Japan, Kuwait, United Arab Emirates, Saudi Arabia, Indonesia, Europe, North America and Africa.

Aysheshm (2007) stated that, sesame seed is the major source of foreign currency for Ethiopia. However, its marketing has been constrained by various factors: shortage of modern inputs, shortage of capital, lack of timely and accurate market information, and poor quality of packing materials are few among listed problems. Moreover, the lengthy export procedures, and corruption practices by some institutions are the main and challenging problems for the majority of traders. Even if there are potential opportunities for sesame production and marketing, the Ethiopian sesame sub sector is constrained by many factors. Nonexistence of improved seed varieties, shortage of finance, lack of timely and accurate market information, lack of extension services, inability to explore the potentials of the world sesame market, poor infrastructures, high cost of transportations, unavailability of controlling and facilitating institution in place, and evil malpractices in some institutions are some of identified challenges / constraints.

According to Abera (2009), Sesame is a very important cash crop both for local consumption as well as for export purposes. The major sesame producing regions in Ethiopia are Tigray, Amhara, Oromia and Benshangul Gumuzthe major production areas are concentrated in the north western and south western parts of the country. Because of the growing world market for sesame, farm lands of both small holder and commercial farms were expanded and as a result, the production of sesame has drastically increased in the few years. However Sesame production and marketing in Ethiopia is faced with various challenges that need to be addressed. Market infrastructures are poorly developed in the major producing areas, The absence of adequate road network, market information and warehouse facilities has lowered the quality of sesame seeds and competitiveness of exports, the challenge also observed in sesame trading, which is characterized by a long value chain, that include producers, village traders or collectors, wholesalers/brokers, oil millers, exporters, retailers and local consumers.

On the other hand, Debela (2009) stated that this globalization era needs to meet basic quality standards and minimum requirements in order to enter and become competitive in international markets .He explained that now a days consumers become more conscious about health concerns, and suppliers from different sources also become more cost efficient. This fact results, competitiveness become difficult to guarantee. It needs combined efforts on the share of different actors to minimize transaction costs and risks, and meet required quality standards. He stated that the Ethiopian oilseeds value chain is full of challenges, and it has encouraging opportunities to look forward. Regardless of the enormous potential for improving the production and productivity of the sector, and its promising demand for the products, the chain seems to be performing poorly. He said that “Primary producers, especially smallholders, lack the necessary technical and material input to improve their production and productivity; trade arrangements are not well organized, or they are commonly employed by chain actors” he explained chain actors as: different parties who are involved in the entire supply chain; from producers to the export market. They are involved in the collection of the seed, including farmer traders, petty collectors, middle-sized collectors, etc... Once it has reached a certain volume for delivery to the central market, brokers are usually contacted to accept the loaded seed from a transporter and sell it to the exporter .They have dominant open-market supply chain, until the product is sufficiently bulked up for delivery to the central market.

The non-existent or inefficient and ineffective functioning of necessary government policies and the running of regulations contributes as main part for marketing inefficiency. In addition to this: different problems related to the sesame market are identified. price instability, poor quality and an inadequate quantity of supply and a shortage of working capital, supply of poor quality seed to central market buyers who ultimately export sesame, theft of sesame on the way to the port (are the source of complaint and is a phenomenon that is shocking off all the exporters because of its increasing frequency.), lack of a reliable information source and bureaucratic formalities with banks and customs, the gross margin of the producers which is the least in comparison to the other chain actors' margin, that does not take into account their respective transaction costs etc. ... are the base for complains and discourage producers not to continue producing seed.; as a result potential of supplying sesame to the world market and generate the necessary benefits, both at a macro and micro level, is an indicator for the decline of sesame production and export in the future (Debela, 2009).

In addition to the absence of price discovery process puts small holder farmers in a weak bargaining position. They fully depend on traders and sell their produce immediately after harvesting when supply is abundant and prices are low. On the other hand, small holders output has to pass through the long market chain. The oilseeds chain starts with a very large number of smallholders; those are producing a very limited quantity. And also transaction costs are involved in each transaction, lowering the price for the farmers. As a result, low productivity and quality, poor market infrastructure; long and traditional marketing channels created challenges for sesame production and reduced its international competitiveness. Despite this challenge, investment in seed cleaning, oil refining and hulling facilities to add value to sesame seed has a good prospect for European markets. Since sesame contributes more than 80% of the export earning of oil seeds (Abera, 2009).

Moreover, Jalata (2012), stated that even though there is high potential for increased production of sesame and the rapidly growing demand in the international market for Ethiopian sesame, "it has been observed that the supply chain of sesame also suffers from different challenges including the adulteration of sesame or mixing of sesame with different sources of varying quality and a lack of transparency among chain actors." In addition to this quality issues such as oil content, percentage of admixture, fatty acid profile are not commonly analysed due to lack of

capacity. Lack of accurate measurements of quality standards for sesame will directly associated with lowering prices and reduces international market shares. As per his citation selecting and grading sesame according to its quality and clearly specifying its characteristics, such as its origin (for traceability), or whether it is organic or a speciality, etc., can create higher market prices as well as fulfil buyer expectations in the end market. The collaboration among different stakeholders starting for production to marketing (trading to international market ) is necessary in order to obtain better seed quality and become competitive.

Furthermore as explained by Ayana (2015), Oilseeds are the second Ethiopian export commodity and sesame seed is the main oilseed export product. Due to quality standard issue, Japan is importing Ethiopian sesame seed through China; as the Japanese oilseed refineries seek well cleaned and sorted according to the colour of sesame seed. He stated that the evenness of colour, taste, dryness and purity are the determinants for the buying price of sesame for export. The purity of the sesame seed is specified in terms of such as 99-1. The 99 in the figure means that in each 100 grams of sesame seed, no more than 1% contains impurities such as dirt, branches, stones, etc. Hulled seeds and bleached hulled seeds have a higher market value than untreated seeds. He also stated that sesame oil is very quality as compared with to other oil crops; it is profitable and less costly if there is oil processing factories in the county which can label the products for local and international markets. If there is an investment in processing of sesame products in Ethiopia, it will make the product more competent in the international market. In the face of sesame and other oil crops demand less inorganic fertilizers, it is possible to produce organic products from these crops that will consider as prospect of production and export Ethiopian oilseed in general and sesame seed in particular.

## **CHAPTER THREE: RESEARCH DESIGN AND METHODOLOGY**

In this part of the study the different methods, instruments, and techniques used such as: a detail description and justification of the methodological choices made to conduct this study, presents the research design, data collection methods including how they are analysed, interpreted, and discussed.

### **3.1. Research Design**

The design of this research is descriptive since it allows the collection of data through questionnaires and interview that helped to find out the opinion of the population. I used both quantitative and qualitative approaches (mixed approach) as mixed method approach is preferred for better understanding of a research problem by uniting both quantitative and qualitative data. It requires describing the prospects that promote sesame seed export transactions and challenges which will affect sesames seed export trade competitiveness.

### **3.2. Population**

The target population of the study is sesame seed exporters whose export transaction is processed through Commercial Bank of Ethiopia. The total target population of this study are oilseeds exporters especially, exporters of sesame seeds. According to the EPOSEA report 2016, there are 165 exporters who are involved on sesame seed exporting activities. Besides to the report, the CBE MIS data (2016) showed that almost all of its sesame seed exporters are members of EPOSEA. Therefore, the researcher has entertained all of the target groups by distributing 165 questionnaires.

### **3.3. Sampling and Sampling Techniques**

The researcher used convenience sampling and distributed the questioners for those sesame exporters who visited commercial bank of Ethiopia for processing their sesame seed export transaction. Convenience sampling is a type of Non-probability sampling that are unrestricted and normally, the cheapest and easiest method John et al.(2007), In the convenient sampling

technique, respondents are simply those "who are easily available or convenient to interview" Henning (2016), this technique is preferred to take sample from sesame seed export customers since it is difficult to convey a probability sampling as there is no point in time during which all the customers are around. The student researcher used the total population of sesame seed exporters for this study as a target population .According to the Ethiopian Sesame seed Industry opportunity and challenges (2016), there are 165 exporters who are involved on sesame seed exporting activities. Besides to the report, the CBE MIS data (2016) showed that almost all of its sesame seed exporters are member of EPOSPEA. Moreover, it is the government's policy that forced all items exported to china must be processed only through CBE and China has the highest market share on the importation of Ethiopian sesame seeds. Therefore, I use all sesame seed exporters (165 exporters) registered under EPOSPEA and CBE's MIS data that may give representation of the population.

### **3.4. Types and Sources of Data**

This study is used both primary and secondary data. The primary data is obtained through questionnaire. For the background discussion and theoretical explanations, secondary data were used; Secondary data are obtained from different books, journals and articles, institutions annual performance reports, National Bank of Ethiopia quarter and annual reports, Data publications from Central Statistical Agency (CSA), etc... The paper also use related papers prepared by institutions and individuals, Publications and websites of international agencies such as MDGIF and UNDP reports.

### **3.5. Instrument of data collection**

The researcher used questionnaire to obtain data. The questionnaire has two parts. The first part is about demographic, characteristics of respondents: such as type of organization, educational level of the respondents, type of export business, current position of the respondent in the exporting company and years in export transaction and the second part deals with the main part of the questionnaire which assess the opportunity and challenges of sesame seed export. The second part of the questions is in a statements form and exporters are asked to express their agreement/disagreement in the five point likert scale and open-ended questions are included.

### **3.6. Data collection methods**

In this study, the researcher used questionnaire and unstructured interview methods of data collection. The questionnaire is used because it has the advantage of participating large respondents than other data gathering techniques. Moreover, interview also supplements for the information gathered thorough questionnaires. The questionnaires and interview questions are designed in English language. The researcher selected 6 data collectors (5 Customer Service officers at CBE Trade Service Special Outlet (TSSO) and 1 CSO at CBE's Mehal-Gebeya branch to effectively collect data from the respondents through questionnaires. The questionnaires are distributed and respondents were asked to filled up and provide information honestly and return it fast as they can.

### **3.7. Data analysis methods**

The researcher used the Statistical Software Package for Social Sciences (SPSS) 20 to compute all the data gathered from the questionnaire. The qualitative method of data analysis is employed for the analysis of data that are collected through personal interviews. The researcher applied descriptive method for data analysis by using mean and standard deviation. The result is presented on frequency distribution table. After data are presented and analysed, conclusion and recommendations will draw from the findings.

#### **3.7.1. Reliability test**

Reliability is defined as be fundamentally concerned with issues of consistency of measures Adams (2007, also define reliability as the consistency of the measurement or more simply, the degree to which an instrument measures the same way each time it is used under the same conditions with the same subjects. According to Zikmund (2009), Coefficient ( $\alpha$ ) represents internal consistency by computing the average of all possible reliabilities for a multiple-item scale. The coefficient demonstrates whether or not the different items converge. Coefficient alpha ( $\alpha$ ) ranges in value from 0, meaning no consistency, to 1, meaning complete consistency (all items yield corresponding values). Generally speaking, scales with a coefficient  $\alpha$  between 0.80 and 0.95 are considered to have very good reliability. Scales with a coefficient  $\alpha$  between 0.70 and 0.80 are considered to have good reliability, and an alpha value between 0.60 and 0.70



indicates fair reliability. When the coefficient alpha is below 0.6, the scale has poor reliability. This reflects how well the items incorporated under a variable are positively correlated one another and that all represent the variables since the value was close to 1.

Here are seven items that show the computed Alpha ( $\alpha$ ) value used for the reliability test.

*Table 3.1 reliability test*

<b>No.</b>	<b>Variables</b>	<b>Items</b>	<b>Alpha</b>
<b>1</b>	<b>Prospects related to Demand</b>	<b>6</b>	<b>.887</b>
<b>2</b>	<b>Prospects related to resource</b>	<b>4</b>	<b>.753</b>
<b>3</b>	<b>Prospect related to marketing</b>	<b>5</b>	<b>.764</b>
<b>4</b>	<b>Challenges related to quality</b>	<b>8</b>	<b>.760</b>
<b>5</b>	<b>Challenges related to market information and price</b>	<b>6</b>	<b>.761</b>
<b>6</b>	<b>Challenges related to infrastructure</b>	<b>5</b>	<b>.797</b>
<b>7</b>	<b>Challenges related to policy and regulations</b>	<b>6</b>	<b>0.743</b>

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

This chapter deals with data presentation, interpretation and analysis of the study. Analysis is also made based upon the findings in relation with the literature reviewed. The chapter has two parts. The first is background of the respondents; and the second part of analysis made on assessment of prospects and challenges of sesame seed export by using statistical methods of analysis which include a descriptive statistics through SPSS version 20.

To answer those research questions and to meet the main objectives of the research 165 questionnaires were prepared and distributed to exporters who are mainly involved in sesame seed exporter business. Out of these 165 questionnaires 148 questionnaires were collected with a response rate of 90%.

### 4.1. Background of Respondents

The profile questions such as: Type of organization, Work experience, Educational level, current position in the exporting company, type of export business were presented for respondents. These background data are analysed and presented as follows:-

*Table 4.1 the type of organization of the respondents*

	TYPE OF ORGANIZATION					
	PLC	SC.	GOV.COMP	CORPORATION	COOPORATIVE UNION	TOTAL
Frequency	84	35	15	11	3	148
Percentage	56.8	23.6	10.1	7.4	2.1	100

As shown in table 4.1, more PLC respondents were participated. It indicates 84(56.8 % ) of the total 148 respondents and the second largest respondents were share company respondents which cover 35 respondents i.e 23.6% of the total respondent .The government agencies respondents participated on 10.1 % which were 15 in number. There was little participation of corporations

which covers 7.4% (11 in number) of the total respondents. There were also 3 corporate union respondents with a percentage of 2.1%.

*Table 4.2 Work Experience of the export business respondents*

	WORK EXPRIN EXPOR TBUS					
	1-5 years	5-10 years	10-15 years	15-20 years	Above 20 years	TOTAL
<b>Frequency</b>	83	31	17	5	12	148
<b>Percentage</b>	58	21	11.2	2.1	7.7	100

As indicated in the table 4.2, 83(58%) of the respondents were in the range of 1-5 years, followed by 31 (21%) of them who worked with the range of 10-15 years, 17 (11.2%) of the respondents were in ranges 15.-20 years of experience. Only 5 (2.1%) of the respondents were in the ranges of 15-20.The rest 12(7.7%) respondents have an experience of above 20 years. Therefore, most of the respondents have 5- 20 years of work experience in the export business.

*Table 4.3 Educational level of the respondents*

	EDUCATIONAL QUALIFICATION				
	CERTIFICATE	DIPLOMA	1 <sup>ST</sup> DEGREE	2 <sup>ND</sup> DEGREE	TOTAL
<b>Frequency</b>	7	23	98	20	148
<b>Percentage</b>	4.2	14.7	67.1	14	100

Table 4.3 shows the distribution of educational level of the respondents .As shown in the table, 7(4.2%) of the respondents were certificate holders, 23(14.7%) were diploma holders. 98(67.1%) of the respondents were first degree holders. The rest, 20(14%) of the respondents were achieved Second degree (MA/MSC) .The highest number of the respondents were 1<sup>st</sup> degree holders followed by diploma and MA/MSC holders. This indicates that more educated people were involved on answering of the questionnaires.

*Table 4. 4 Current position of the respondent in the exporting company*

	<b>CURRENT POSITION IN THE EXPORT COMPANY</b>				
	OWNER	MANAGER EXPORT DEP.	PR. MANAGER	OTHER	TOTAL
<b>Frequency</b>	59	56	15	18	148
<b>Percentage</b>	41.8	37.3	9.7	11.2	100

The above distribution table shows the varied jobs titles of the respondents in the exporting company. Most of the respondents 59(41.8%), were the owner of the export company. 56 respondents which showed 37.3% were employees in the exporting company who were showed a percentage of 11.2% were involved in different activities of the exporting company the so called “Guday Atsfetsami ”, and others.

*Table 4.5 the type of export business that the respondents involved*

	<b>TYPE OF EXPORT BUSINESS</b>				
	PRODUCER	EXPORTER	MIDDLE MEN/CHAIN ACTOR	OTHER	TOTAL
<b>Frequency</b>	16	87	31	14	148
<b>Percentage</b>	9.8	56.7	23.1	10.4	100

As showed in the above table most of the respondents were form the sesame seed exporting company which accounts 56.7% from the total response rate. Next to this, there were also market facilitators (middle men/chain actors) responded 23.1% of the questionnaires. The rest 9.8% and 10.4% of the respondents were involved in the production sesame seeds and other related activities respectively.

## 4.2. Descriptive Analysis of Prospects of Sesame Seeds Export

In this section, the analysis is made based on the questions which were prepared to assess the prospects of sesame seed export. The questions were categorized under three variables for the purpose of assessing the study area thoroughly. The data collected for all the three variables are first analyzed separately and then analyzed jointly to associate their cumulative result from the perspectives of opportunities for the sector.

*Table 4.6 Demand for sesame seeds*

No.	Items	Mean	Standard deviation
1	There is increased DD in the int'l market	3.62	.993
2	There is demand in the domestic market	3.48	.965
3	There is high demand for organic sesame seeds	4.28	.846
4	The industrial shift of China & India increased Ethiopia's SS DD	3.52	.813
5	The increased consumption of Europe & Asia increase annual export volume	3.53	.791
6	The production of SS will increase in the coming years due to its DD	3.43	.673
	<b>Prospect related to Demand (Group Mean/Standard D.)</b>	<b>3.64</b>	<b>.682</b>

In the above table, analysis of sesame seed export with respect to demand related questions was presented. When the average mean value of the variables is greater than a mean value of 3.00, it indicates the respondents' agreement. Therefore, the above data shows an average mean value of 3.64. In addition to the responses for the questionnaires interviewed people thought that the availability of ample market demands for Ethiopian sesame seed. This implies the agreement of the majority of the respondents that sesame has high demand in the global market.

*Table 4.7 Resource availability*

No.	Items	Mean	Standard deviation
1	Ethiopia has benefited from its agro-ecological environment	3.45	.910
2	The big and cheap labour force has impact on the production increment	3.45	.999
3	Exhaustive utilization of arable land and suitable climate has an impact to production incremental	3.30	.869
4	Sesame production can be considered as profitable as it is labour intensive	2.90	.969
	Prospect related to resource (Group Mean/Standard D)	3.28	.580

The above table shows the response for the items related to resource availability which may be considered as a prospect for sesame seed production and export. The average mean value 3.28 indicating the agreement of the majority of the respondents. The mean value of 2.90 indicates, even if the sector is known as high labor demanding than capital, depending on labor might not be as such profitable as expected.

*Table 4.8 Marketing*

No.	Items	Mean	Standard Deviation
1	Ethiopia has better marketing position in the SS market	2.77	.963
2	The global market DD has direct impact on export of SS	3.65	.820
3	There is better market for processed seed than raw seed	3.80	1.005
4	Ethiopian will continue in maintaining its SS export earnings from the global market	3.42	.766
5	Exporting processed SS may create stiffer market computation	2.77	1.307
	Prospect related to marketing(Group Mean/Standard D)	3.28	.451

The assessment was also done from the marketing perspective of sesame seed export prospects. As the data shown above, most of the respondents agreed on there is a market opportunities for Ethiopian sesame seeds as it has an average 3.28 mean value. However, the mean value for the country's better marketing position and stiff computation due to processed sesame products shows a mean value of 2.77 each. This implies the market may not give assurance for better market positioning and stiff computation.'

*Table 4.9 Prospects of Sesame Seed export in general*

No	Items	Mean	Standard Deviation
1	Demand related	3.64	.682
2	Resource availability	3.28	.580
3	Marketing related	3.28	.451
	<b>Prospect for sesame seed export</b>	3.40	0.601

The prospects of sesame seed export in general is also investigated through computing the average results of all the variables from the three angles. As the above table shows, the result providing a mean value of 3.40 indicating the agreement of majority of the respondents on the items provided to them in the form of questionnaire. This leads into a conclusion that majority of the respondents believe in that there is a prospect for sesame seed export as demand, resources availability and marketing issues considered as an opportunity for Ethiopian sesame seed trading activity.

### **4.3. Descriptive Analysis with the Challenges of Sesame Seeds Export**

Similar to the prospect of sesame seed export analysis, this section analysed based on the questions which were prepared to assess the challenges of sesame seed export .The questions were categorized under four variables for the purpose of assessing the study area in depth. The data collected for all the four variables are first analysed separately and then analysed jointly to associate their cumulative result from the perspectives of challenges for the sector.

*Table 4.10 Quality and production*

<b>No.</b>	<b>Items</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>1</b>	<b>There is no problem on the quality and quantity produced</b>	2.12	.846
<b>2</b>	<b>There is no problem on the availability of quality seeds</b>	2.25	.795
<b>3</b>	<b>Fertilizers are distribution timely</b>	3.07	.861
<b>4</b>	<b>Pesticides are distributed timely and adequately</b>	3.03	.901
<b>5</b>	<b>There is no high post-harvest losses</b>	3.00	1.164
<b>6</b>	<b>Post-harvest losses have not led to significant reduction in quantity produced</b>	2.95	1.156
<b>7</b>	<b>There no problem by the cause of a Adulteration(mixing of seeds with different items)</b>	3.63	1.008
<b>8</b>	<b>There is a R&amp;D unit that supports SS producers for improved input utilization and new technologies</b>	3.45	1.032
	<b>Challenges related to quality and production (Group Mean/Standard D</b>	2.94	.539

The above table shows that the majority's disagreement on quality production. The average mean value indicated below 3 which 2.94. However, some of the respondents believe in that there is no problem caused by adulteration (mean value of 3.63) and the support of research and development unit for improved input utilization and technologies (mean value of 3.45). The interviewed persons also strongly agreed on the problems of quantity and quality of production and availability of quality seeds on time. According to the above data, quantity and quality of production, post-harvest loss and supply of quality seeds may cause a serious problem that may affect the production volume and quality of sesame seeds in general terms.



*Table 4.11 Market information and price*

No.	Items	Mean	Standard Deviation
1	Market information is available thus it helped to maintain current marketing position in the global market	2.70	.997
2	The price of Ethiopian SS is not dependent on the global price	2.33	.914
3	Updated international market information is available whenever required	2.93	1.247
4	There is dedicated organ that provide reliable market information	2.88	.993
5	There is experience sharing practice among SS exporters	2.55	1.064
6	The involvement of middlemen(chain actors) has no impact on the production and export activity	2.98	1.017
	<b>Challenges related to market information and price (Group Mean/Standard D)</b>	<b>2.73</b>	<b>.671</b>

The above table indicates that the respondents disagreement on the availability of market information and the existence of price dependency. All the six items have a mean value of below 3 (2.33 -2.98). The interviewed people also commented on the problems related to market information and price volatility nature of the product. They commented on the price bidding problem by ECX they argued that the price of ECX sometimes much greater than the international price and that affect their competitiveness. Moreover, interviewees are agreed on there is lack of professional advice from banks related to letter of credits terms and conditions. Therefore, it is seemed getting market information and price dependency on others, and lack of experience sharing practice among exporters are the challenge for the sesame seed export trading activity.

*Table 4.12 Infrastructure and Logistics*

<b>No.</b>	<b>Items</b>	<b>Mean</b>	<b>Standard Deviation</b>
<b>1</b>	<b>There is adequate market infrastructure</b>	2.53	.911
<b>2</b>	<b>Logistics and transportation facilities are sufficient</b>	2.62	1.075
<b>3</b>	<b>There are professional freight forwarders</b>	2.77	1.047
<b>4</b>	<b>There are modern and adequate warehouses</b>	3.47	1.268
<b>5</b>	<b>There is no requirement for improved logistics and transportation facilities for the sector</b>	2.56	1.055
	<b>Challenges related to infrastructure and Logistics (Group Mean/Standard D)</b>	<b>2.79</b>	<b>.653</b>

Similar to the previous table (table 4.12) the above table also shows the respondents disagreement on the availability of adequate infrastructure and sufficient logistic services as the average mean value indicated 2.79. There was respondents' agreement on the availability of modern and adequate warehouses (mean value 3.47). The interviewee also mentioned that there is an improvement in the availability of modern warehouses in recent days; they are strongly dissatisfied by the transport service providers. They explained that they are offended by the lengthy process from the producers to the final port to transport sesame. Therefore, even though the mean value of adequate warehouse indicated as above 3, majority of the respondents strongly agreed on the problems of infrastructure and logistics and affected the growth of the sector.

Table 4.13 Policy and regulation

No.	Items	Mean	Standard Deviation
1	There are incentives for the sector to promote SS production & export	2.92	1.109
2	The incentives are adequate	3.32	1.227
3	The policy proclamation for SS promote potential exporters and producers	3.32	1.017
4	Additional policies required for the sector	3.95	.832
5	The existing other export policy encourages SS exporters	3.30	1.062
6	There is trade protection for SS traders	2.78	1.091
	<b>Challenges related to policy and regulations (Group Mean/Standard D)</b>	<b>3.22</b>	<b>.744</b>

Unlike the above three tables (Table4.10, 4.11 and 4.12) this table (Table4.13) shows the respondents agreement on the support of government policy and regulation related to the sector. The interviewed people also have the same agreement in this provision. However, responses from the interviewee indicated that there is a problem of trade protection and the sector is led traditional by trust base with their respective buyers. On the other hand the government privileged palm oil importers by tax exemption and this create frustration for sesame seed producers and processors. The average mean value related to policy and regulation that showed 3.22 and responses from interviewed people implies the respondents' strong agreement on the requirement of additional policy and disagreement on the existence of trade protection and lack incentives to promote the sector. In general, the result indicates although the above problems needs corrective action, policy and regulation issues are not considered as a bottleneck for the trading activity.

*Table 4.14 Challenges of Sesame Seed export in general*

No.	Items	Mean	Standard Deviation
1	Quality and Production related	2.94	.539
2	Market information and price related	2.73	.671
3	Infrastructure and Logistics related	2.79	.653
4	Policy and regulation related	3.22	.744
	<b>Challenges for sesame seed export</b>	2.92	.651

The challenges for sesame seed export is also investigated through computing the average results of all the variables under challenges of sesame seed export transaction. Table 4.15 above presents the result providing a mean average value of 2.92. Among the challenges market information and price related issues are seems to be more serious and need immediate solutions from the concerned organs. The infrastructure and quality of production are still need due attention. As information's gathered from the interview, the quality, pricing, and reliable market information issues affected the growth of the sector. In general, the result leads into a conclusion that majority of the respondents believed on the existence of problems and transactions are managed under a very challenging conditions.

## **CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

This study assessed the various aspects of sesame seed such as the production, the increased demand in the global market, the country's export position in the international market, the challenges encountered on the growth of the production and export activities and future treats for the export industry as a well.

### **5.1. Summary of Findings**

Sesame seed is produced in the north western and south western parts of the country Tigray, Amhara, Oromia and Benshangul Gumuz have a loin share on the production of sesame seeds. The Humera and Gonder types are highly prized for their aroma and sweet taste and applied for bakery. The wellega type also highly demanded for high oil content, colour and test.

- Based on the findings, there is a growing demand for oil seeds especially for sesame seeds in the global market. China, Israel, Turkey and Jordan are the main destination countries for Ethiopia's sesame seed. And it gives an opportunity for Ethiopian producers and exporters to become competitive in the world market.
- As the finding indicates, Ethiopia has benefited from the sesame seed export as it exports organic sesame seed which is highly demanded in the global market. In addition to this, the quality and quantity of production helped the country to become the 4<sup>th</sup> leading sesame exporting country in the world.
- The finding indicates that, the policies drawn for sesame seed production support's potential sesame seed exporters. The demand for the sector has a prospect for new entrants. The availability of large arable land and huge labour force also has also a positive impact for the growth of sesame seed production and export business. However, according to the findings the sector will be more productive and increase profitability if it uses mechanized farming.
- According to the findings, Lack of adequate and modern transportation availability is still a challenge for the sector. Even though there are some improvements, lack of modern warehouse is also another bottle necks for the sector.

- From the findings, Sesame seed export price mainly depending on the internal market. This is out of the control of the exporters. It is severely affected the exporters competitiveness. The price offered by ECX sometimes much more than the international price. Thus, exporters face a problem of meeting commitments as per their sales contract.
- The power and internet interruption also considered as a problem on meeting deadlines and communication effectiveness from their respective buyers also indicated on the findings.
- Lack of professional advice at the time of Letter of Credit advice and document negotiation also considered as a problem in terms of price reduction and rarely shipment rejection by the buyers.
- Lack integration among all concerned parties highly affected the transaction flow of the sector.
- Lack of quality production due to lack of timely availability of quality seeds and fertilizers, post-harvest loss related challenges are not yet solved for the sector.
- Exporters have a challenge in getting adequate and reliable market information. Lack of trade protection also considered as a problem to exploit the potential resource and entertain the opportunities from sesame seed export business.

## **5.2. Conclusion**

According to the findings, the following conclusion is drawn in relation with the literature review. There is high prospect for sesame seed export transactions in the global market. If the country consider the opportunity and ready for reactive changes, competitiveness and export earnings will be maintained for the coming decades. The need for organic items in all agricultural products will benefit the country as it is already in practice. The European increased demand for oilseeds in general, and sesame seed in particular has shown the chance of good market opportunity. The potential of arable land, huge young labour force, and conducive environment also show the prospect of the sector not only for the existing producers and exporters but also for the new entrants.

On the other hand, those problems addressed by different researches are still a problem for the sector, even though there are few improvements related with government policies and

regulations, there are some issues need proper follow up and corrections. The problems related to quality production, infrastructure, reliable market information, price, trade protection, post-harvest loss, integration among all responsible organs, etc... are the problems of today's sesame seed producers and exporters.

It can be concluded that, even though the sector has a great prospect, it is being managed under challenging environment from both internal and external trade barriers.

### **5.3. Recommendations**

In recent years the country's highest foreign currency generated from sesame seed export. However, the sector is not well developed as the market opportunity proposed. The country should consider its potential and exploit all possible market opportunities. Here are few recommendations proposed to re-evaluate the situation and strengthen the sesame seed export activity.

- Sesame is a major foreign currency generator for Ethiopia. Ethiopian sesame still has important potential in the international market because of its high quality seed varieties. Therefore; creating awareness for all concerned parties (from the farmer to final exporter) will help to solve the quality related problems.
- The sector need high focus on integrated work flow. Ministry of agriculture, Ministry of trade, Revenue and Customs Authority, Financial institutions like banks, Transport authority, ECX and Ministry of foreign affairs need to create common understanding and pledge to their obligation by giving due attention in order to facilitate the trading activity and form trade protection for the producers and exporters of sesame seed.
- In addition to the existing policies and regulation, the government need to address additional and revised policies and regulations by considering the dynamic global market conditions. The sector need trade protection, the government need to think about the establishment agency agreement along with the importing countries.
- The government should revised its policy related to tax exemption for imported palm oil from Asian countries as it discouraged local producers and it affects the volume of total sesame production.

- Exporting processed organic sesame seed can create additional market opportunity and foreign currency generation. Thus, the exporters in this sector need to recognize this opportunity of growth.
- If investors involved on exporting hulled seeds that have a good market opportunity. The main importers of Ethiopian sesame seeds countries (China and India) are highly benefited in this activity and are become the leaders in international sesame seed market.
- In addition, if the country exports sesame seed oil instead of raw sesame seed, it will increase the country's competitiveness along with other sesame seed exporting countries.
- Price bidding in the ECX needs improvement. Some times its price is greater than the international market and it exposed exporters to fail their sells contract agreement. Beside to this, if an additional ECX branch is established near to the major production areas, it may enhance better price information and reduce biases.
- The country's need for foreign currency is dependent on its exportable agricultural items. Sesame seed is one of the leading exportable agricultural products. The government should give due attention to the growth of the sector and encourage producers and exporters. 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 need due attention.
- Additional modern road construction, railway expansion and airline service will have a vital role to solve infrastructure and transport related issues.
- Bank should have concern on this export business by checking the terms and conditions of the letter of credits and in giving professional advice to the exporters. They can also play an important role at the time of document preparation and negotiation.
- If stakeholders joining together and create a network, discussing on the areas of difficulty, the sector will become beneficial.
- Ministry of agriculture should identify new potential areas of cultivation.
- Energy and telecom facilities should be improved.
- Associations like EPOSPEA should continue their initiation and create awareness sessions by networking all concerned parties.



## REFERENCES

- <http://www.mdgfund.org/program/edibleoilvaluechainenhancement> (2013, July 30). Retrieved December 01, 2016, from <http://www.mdgfund.org>.
- <http://www.et.undp.org/content/dam/ethiopia/docs/AnnualReport2015finalforweb.pdf> (2015, Annual Report). Retrieved December 01, 2016
- Ethiopian Sesameseed Industry opportunity and challenges. (2016). *the 6th international conference on pulses,oilseeds and spice* (pp. 31-36). Addis Ababa: EPOSEA.
- Abera, H. (2009, MAY). Analysis of Sesame production, supply, demand and marketing issues in Ethiopia. Addis Ababa, Ethiopia: Ethiopia Commodity Exchange Authority.
- Ayana, N. G. (2015). Status of Production and Marketing of Ethiopian Sesame Seeds (*Sesamum indicum* L.). *Agricultural and Biological Sciences Journal*, 217-223.
- Aysheshm, K. (2007, January). Sesame market chain analysis: The case of Metema woreda, north Gonder zone, Amhara National Regional State. Haramaya, Haramaya, Hararge: Haramaya University.
- Belay, S. (2009). *Export-Import Theory, Practices, and Procedures*. New York: Routledge.
- Bell,E, B. A. (2003). *Business Research Methods*. New york: Oxford University Press Inc.
- Boere, A. e. (2015 A). *Investment opportunities in the Ethiopian Oilseeds and pulses sector*. Addis Ababa: Netherland- African business council.
- BOWEN, A. S. (2013). *International L business challenges and choices*. Oxford : Oxford University Press
- Collinson, A. M. (2012). *International Business* . Edinburg Gate,Harlow: Pearson Education Limited 2012.
- Debela, S. (2009, February). *Sesame trade arrangements, costs and risks in Ethiopia:A baseline survey*. Wageningen UR.: Mark Speer.
- Gopal, C. (2008). *Export Import procedures documentation and logistics*. New Delhi: NewAge International (P) Ltd., Publishers.
- Henning, J. (2016, January 07). *Jeffrey Henning's Blog*. Retrieved March 01, 2017, from Twitter.
- Jalata, Z. (2012). Sesame (*Sesame indicum* L.) Crop Production in Ethiopia: Trends,Challenges and Future Prospects. *Science, Technology and Arts Research Journal*, 1-7.
- John Adams, H. T. (2007). *Research Methods for Graduate Business and Social Science Students*. New Delhi.: Vivek Mehra for Response Books.

- John Adams, Robert Raeside Hafiz T.A. Khan David White. (2007). *research methods for graduate business and social science students*. new delhi: Vivek Mehra.
- John D.Daniels, L. H. (2015). *International Business Environmemts and Operations*. Edinburg Gate,Harlow: Pearson Education Limited 2015.
- Johnd.Daniels, L. H. (2002). *Globalixation and business* . New Delhi: Prentice-Hall of India.
- Kelly, P. (2009). *International business and managment*. cheriton house,north way: tom rennie.
- NBE. (2014/15). *Annual Report 2014-15*. Addis Ababa: National Bank of Ethiopia.
- Oded Shenkar, Y. L. (2015). *International business* . New York: Taylor & Francis .
- Regulation, E. C. (2010, MAY 22). Federal Negarit Gazeta. *Sesame and white beans transaction*. Addis Ababa, Addis Ababa, Ethiopia: Berhanina Selam Matemia.
- Reuvid, J. S. (2008). *The hand book of international trade*. London: GMB Publishing Ltd.
- Reuvid, J. S. (2008). *The Handbook of International Trade*. London: GMB Publishing Ltd.
- S. Sreejesh, S. M. (2014). *Business Research Methods An Applied Orientation*. Switzerland: Springer International Publishing.
- S.Hill, J. (2009). *International Business Manging Globalization*. Oaks,California: Sage Publications,INC.
- Seyoum, B. (2009). *Export-Import theory Practices and procedures*. New York: Routledge.
- Staff, F. (2016, APRIL 4). Gain report. *Assessments of commodity and trade issues*. Addis Ababa, Addis Ababa, Ethiopia: USDA foreign agricultural service.
- V.K.Bhalla. (2013). *International business*. New Delhi: S.Chand & Company.
- Wijnands J. and BierstekerJ. (2007). *Oil seeds business opportunities in Ethiopia survey report*. The Netherlands,the Hague: Ministry of Agriculture, Nature and Food Quality,.
- William G.Zikmund, B. J. (2009). *Business Research Methods*. Choudrant,USA: south-west college pub.
- Wondaferahu Mulugeta Demissie, B. K. (2013). Determinants of export performance in Ethiopia:VAR model analysis. *National monthly refereed journal of research in commerce & management*, 94-109.
- Worku, H. A. (2014). Assessing the Opportunity and Challenges of Ethiopia CommodityExchange for the Members of Agricultural Product Export. *International Journal of Economics & Management Sciences*, 2-11

# **APPENDIX: SURVEY QUESTIONNAIRE FO SESAME SEED EXPORTATION**

**St. Mary's University**

**School of Graduate Studies**

**MBA Program**

**Questionnaire prepared for sesame seed exporters**

Dear Respondents,

This questionnaire is prepared to collect data for thesis work on the topic of 'Assessment of the prospect and challenges of sesame seed export. The study is to be undertaken for the partial fulfilment of the requirement for MBA program. For the successful accomplishment of the study, your response will be used as a valuable input. I assure you that the information you will provide will be used only for academic purpose and will be kept confidential. Therefore, I request you to fill the questionnaire genuinely and without bias.

Thank you in advance for your co-operation!

Researcher Name: HaregeweyinAmsale

Contact Address Tel: Mobile + 251-911-62-40-66

Office number +251-011-5572283

Email: [haregeweyin\\_amsale@yahoo.com](mailto:haregeweyin_amsale@yahoo.com)

Directions:-

- Writing your name is unnecessary.
- Put tick mark as per the questions required in the box and put your short and precise answer in the space provided.

## Part One: Demographic Information

Instruction:-

Please tick in one of the boxes below:

### 1. Type of organization

Private Limited Company  Share Company  Government Agency

Corporation  Cooperative union

### 2. How long have you worked in the export business?

1-5 years  5-10 years  10-15 years  15-20 years  above 20 years

### 3. Educational Level:

Certificate,  Diploma,  Degree,  Second Degree,  PHD

### 4. Current position in the exporting company:

Owner  Manager of export department

Public relation manager  other (specify)

\_\_\_\_\_

### 5. Type of Export business

Producer of sesame  Exporter of sesame  Global market facilitator/  
middle men (chain actor)

## Part Two: View of Respondents on the prospects of sesame production and export in Ethiopia.

Please mark what you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

A. Demand related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The demand for Ethiopian sesame seed in the international market has increased from time to time.					
2	The demand for Ethiopian sesame seed in the domestic market has increased from time to time.					
3	There is a high demand for organic sesame seed in the global market					
4	The industrial shift of major sesame seed producers (such as China and India) has a contribution on the Ethiopian sesame seed export growth					
5	The increased oilseeds' consumption in Europe and Asia helped Ethiopia to increase its annual export volume					
6	The production of sesame seeds in Ethiopia will increase steadily in the coming years					

B. Climate condition and Resource availability related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Ethiopia has benefited from its agro- ecological environment on the production of sesame seed					
2	Ethiopia's big and cheap labour force has a direct impact on increasing the production of sesame seed					
3	The current production level of Ethiopian sesame seed is the result of its exhaustive utilization of arable land and suitable climatic condition.					
4	Sesame production can be considered as profitable as it is characterized by labour intensive rather than capital					

C. Marketing related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Ethiopia has better marketing position in the global sesame seed market					

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
2	The global market demand for sesame seed has a direct impact on the export trade of sesame seed.					
3	There is a better market for processed sesame seeds than raw seeds					
4	Ethiopia will continue to maintain its sesame seed export earnings in the coming decades					
5	If Ethiopia shifts to exporting fully processed sesame seed, it would face a much stiffer competition in the global market.					

## 2. View of respondents on the challenges that may affect sesame seed production and export activity of Ethiopia

Please mark what you feel most appropriate, using the scale from 1 to 5 (Where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree).

### A. Quality and production related

No.	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree(4)	Strongly Agree (5)
1	There is no problem on the quality and quantity of sesame seed production					

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
2	There is no problem on the availability of quality seeds					
3	Fertilizers are distributed to producers timely					
4	Pesticides are distributed timely and adequately for the prevention of common sesame seed diseases					
5	There is no high post-harvest loss in the sesame seed production					
6	Post-harvest losses have not led to a significant reduction in quantity produced					
7	There is no problem because of Adulteration(mixing of seeds with different items)					
8	The is a research and development unit that supports sesame producers for improved input utilization and new technologies					



B. Market information and price related

No.	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree(4)	Strongly Agree (5)
1	Market information is available thus it helped to maintain current marketing position in the global market.					
2	The price of Ethiopian sesame seed is not dependent on the global price					
3	Updated international market information is available for Ethiopian sesame seed exporters whenever required					
4	There is a dedicated office or organization that provides reliable market information for sesame producers and exporters					
5	There is experience sharing practice among exporters					
6	The involvement of middlemen (extended supply chain) has no impact on sesame production and export activity					

C .Infrastructure and logistic related

No.	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree(4)	Strongly Agree (5)
1	There is adequate market infrastructure available for sesame seed trade and export					
2	Logistics and transportation facilities are sufficient and accessible for all parties(producers to exporters)					
3	There are professional freight forwarders that facilitate the export trade					
4	There are modern and adequate warehouses for sesame seed storage					
5	Improved logistics and transportation facilities are required for the sector					

D. Policy and regulation related

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	There are incentives given by the government to promote the sector.(sesame production and export)					

No	Questions	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
2	The incentives given by the government are adequate					
3	The policy and regulations proclaimed for sesame seed production and export promote potential exporters					
4	Additional policies must be drawn by the government to further enhance sesame seed export					
5	The existing export policy for export sector in the country also encourages sesame seed exporters					
6	There is a trade protection for sesame seed traders who are affected by defaulting buyers					

## II. Open ended questions

1. What opportunities does the country have in sesame seed export trading?

---



---

2. How can the country maintain and increase its market share in the future?

---



---



---

3. In your opinion, how far is Ethiopia actively involved in the world sesame seed business?

---

---

---

4. What bottlenecks/challenges are there for the sesame seed production and export sector?

---

---

---

5. What solutions do you suggest to minimize or eradicate the challenges that affect sesame seed export process?

---

---

---

6. What policy changes are required to promote this sector (sesame seed export sector) in the future?

---

---

---

---

7. If you have any additional comment or suggestion:

---

---

---

---

**ATTACHMENT: FEDERAL NEGARIT GAZETA ON  
SESAME AND WHITE PEA BEANS TRANSACTION  
COUNCIL OF MINISTERS REGULATIONS**

