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

**OPPORTUNITIES AND CHALLENGES OF ETHIOPIAN  
SESAME EXPORT  
A REFERENCE TO SELECTED EXPORTERS IN ADDIS ABABA**

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**ADDIS ABABA, ETHIOPIA**

**JUNE, 2024 G.C**

## **DECLARATION**

I, Mastewal Alemu, hereby declare that this thesis entitled “Factors affecting the performance of sesame seeds export; the case of Opportunities and challenges of Ethiopian sesame seed export a reference to selected exporters” is my own work and submitted to the School of Graduate Studies in partial fulfillment of the requirements for the Master of Business Administration at St. Mary’s University. I sincerely assure that it has not been submitted partially or fully by any other person for an award of a degree in other university/institution. All sources of materials used as references for the purpose of this thesis have duly been acknowledged.

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**Approval of the thesis for defense result**

As members of the board of examiners, we examined this thesis entitled “Factors affecting the Performance of sesame seeds export; the case of Opportunities and Challenges of Ethiopian Sesame Seed Export a Reference to Selected Exporters” Prepared by Mastewal Alemu Nega we here by certify that the thesis is accepted for fulfilling the requirements for the Master’s Degree in General Business Administration.

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## **List of Abbreviations**

ATA = Agricultural Transformation Agency

CSA = Central Statistics Agency

EPOSPEA = Ethiopian Pulses, Oilseeds and Spices Processors Exporters Association

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

## **ABSTRACT**

The major objective of this study was to investigate the factors affecting export performance of sesame seeds in Ethiopia to a reference to selected exporters. The study used probability sampling, and mixed research approaches. The researcher selected seven independent variables and the data were collected through structured questionnaires on liker scale measurement technique and some open-ended interview questions from a population of 35 - sesame seed exporters who are active Ethiopian sesame seed exports. Descriptive and inferential statistics (correlation and regression analysis) were used to analyze quantitative data gathered using questionnaire. All the necessary tests such as reliability and multiple regression assumptions were taken place. The findings implied that out of seven variables five variables namely bureaucracy related with export, pricing, quality of the product, policy and infrastructure were found to have significant effect on Sesame export performance. Based on the findings of the study it was recommended that enhancing policy, keeping quality of the product, making stable foreign exchange rate, reduce documentation related with export, and working on warehouses, road and the overall infrastructure service are all important.

**Key Words: Export, Sesame Seeds, Ethiopian Commodity Exchange, Bureaucracy, Price, Quality, Policy, Infrastructure.**

## **CHAPTER ONE: INTRODUCTION**

### **1.1. Background of the Study**

Under the Ethiopian context, the type of production system (small scale, large scale), location of production, and the nature of the product determines the marketing systems of agricultural commodities. Among the crops, one can distinguish cereal, oil crops, pulses, vegetable, and fruits marketing systems. One can also further distinguish within the different groups of crops different marketing systems. Among oil crops, there is a distinct marketing system for nugeg, sesame and groundnuts. Sesame, which is the focus of this study, has unique marketing system because the production is concentrated in selected areas of the country. (EPOSPA 2021).

Different reports indicate that Ethiopia is among the top-five sesame producing countries in the world, ranked at fourth place in 2011/2012 (FAOSTAT, 2012). And it is the third world exporter of sesame seed after India and Sudan. Accordingly, sesame is the major oilseeds crop in the country in terms of exports next to coffee, accounting for over 90 percent of the value of oilseeds exports (Mheen Sluijter and F.Cecchi, 2011). In addition, different reports indicate that there is still potential arable land in different areas of the country to grow the crop and there is a considerable demand for Ethiopian sesame seed at international markets (Sorsa, 2009). This indicates that, growth and improvement of the sesame sector can substantially contribute to the economic development at national, regional and family levels.

According to Amsale's research from year 2017, the following three are the main general prospects for oilseeds, notably sesame seed, which accounts for 80% of all oilseeds: demand opportunity, resource availability potential, and market opportunity. Within the demand category, opportunities were seen in the rising demand for Ethiopian oilseeds on the global market due to the high demand for organic seeds, the industrialization of agriculture in China and India, and the rise in consumption in Europe and Asia. In terms of resource availability, there were prospects for favorable agro ecological conditions, affordable labor, and an abundance of fertile land. The market opportunity was viewed as one where processed seed had a better marketing position and a larger market than raw seed (Amsale, 2017, p.34-36).

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 will focus on investigating the prospect opportunity and challenges of Ethiopian sesame export business.

Sesame seeds are small. The size, form and colors vary with the thousands of varieties now known. Typically, the seeds are about 3 to 4 millimeters long by 2 millimeters wide and 1 millimeter thick. The seeds are ovate, slightly flattened and somewhat thinner at the eye of the seed (hilum) than at the opposite end. The weight of the seeds is between 20 and 40 milligrams. The seed coat may be smooth or ribbed. Sesame seeds come in many colors depending on the cultivar harvested. The most traded variety of Sesame is of white colored. Other common colors are buff, tan, gold, brown, reddish, gray and black.

Sesame is the leading oil crop produced in Ethiopia and the second most exported agricultural commodity hugely contributing to the country's export earnings. One of the most important points for Ethiopia to be competitive in the global marketplace is to maintain products that are consistent with international standards, for example, sesame to the Middle East, pulses to Europe, he underlined. The major pulse types that Ethiopia exported during the stated period are soya bean, green mung beans, white pea beans, chick peas, black kidney beans, light brown kidney beans, among others. Ethiopia exported 319,412.45 Metric tons (MT) of sesame seeds to the international market this year in 2021/2022, the Ethiopian Pulses, Oilseed and Spices Processors-Exporters Association (EPOSPEA). The major destinations for Ethiopia's sesame seeds are India, China, Pakistan, Israel, Turkey, U.S.A, Vietnam, Singapore and other European countries (NBE, 2021/22)

Sesame production is growing by 10% annually, with area expansion projected to increase production by a rate of 20%. Productivity is expected to increase from 0.68 to 1 tons per hectare, surpassing the world average and becoming second to China. There is significant potential for growth in terms of quantity and quality through various improved production techniques and cultivation of additional new land. Exports are a major opportunity 88% of Ethiopia's sesame is

exported, with China and Israel major importers. Ethiopia's export earnings from sesame grew by 24% from 2010-14 E.C In the near-term there is clear demand for hulled and roasted sesame on international export markets and ground sesame in domestic and regional markets.

By increasing in-country value-add, Ethiopia can tap into higher-end markets not yet being accessed, building on its successful brand image as a large supplier. In the longer-term, sesame oil may be a significant opportunity with the local Wolega variety being ideally positioned for oil extraction. However, in the near term it may be challenging to successfully enter the global sesame oil market due to significant fluctuations in domestic prices and strong competition from large global exporters such as India and China. The Ethiopian Agricultural Transformation Agency (ATA).

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. Ethiopia is one of the nations which involved in international trading, in import and export business. As explained by Abera (2009).

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.

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).

It is known that Ethiopia has a potential for major oilseeds export. Its suitable climate for annual and persistent oil plant, availability of cheap labor 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.

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 color, 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).

On this study I assessed what prospects of sesame production and exporting business and main the challenges.

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

Most of the total exports of Africa countries which is more than 80 percent are primary commodities and the long term decline in price, variability of export volume, deterioration in the terms of trade, and the instability of commodity markets are said to be major factors that affect export performance and constrain economic growth in Africa (UNCTAD, 2010).

World Bank (1987) report also indicated that exchange rate overvaluation, low level of investment, the coffee surtax, and inadequate marketing infrastructure, high raw material import tariffs, unfavorable terms of trade and insufficient adjustment of producer prices are the major obstacles of Ethiopian primary export performance.

Ethiopia is one of the centers 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).

Gebrehiwot (2018) claims that the production/productivity, product quality, real effect exchange rate, infrastructure/rural road feeders, and foreign price level are all separate variables that affect how well oilseeds and pulses export. Other factors, besides infrastructure, have demonstrated a favorable and significant correlation with export success (Gebrehiwot, 2018, p. 44–56).

This research mainly focused on factors affecting on export performance of sesame in the case of Ethiopia.

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

1. What are the opportunities for sesame seed export in Ethiopia?
2. 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 to assess and identify the main problems and challenges of sesame seed export in Ethiopian exporters and finding workable solutions.

#### **1.4.2. Specific Objectives**

- To study the opportunities for the Ethiopian sesame seeds export.
- To assess the major challenges of the Ethiopian sesame seeds export.
- To determine the effect of pricing, quality, export policy, infrastructure, technology, market information gap, and bureaucracy on sesame export performance in Ethiopia.

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

This study focus only on sesame seeds. The study covers the Sesame production, the major countries involved in world sesame trade and Ethiopia's share in the global market, amount of sesame export by destination countries in the international markets, the economic importance of sesame and its prospects. To identify the main problems and come up with workable solutions the study targets 40 top level exporters in Ethiopia which there head offices are located in Addis Abeba. The study focuses on investigating the prospect opportunity and challenges of Ethiopian sesame export business.



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

The significance of this study is to assess the opportunity and challenges of sesame seed export at 40 top level exporter 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.

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. Limitations of the study**

During the execution this study the following were the limitations encountered by the researcher while conducting the study, Time constraints, accessibility of data, willingness and commitment to participants and financial constraints.

## **1.8. Organization of the study**

Five chapters are included in this study. The first chapter deals with background of the study, statement of the problem, objective of the study, research question and scope & limitation of the study. The second chapter focuses on a review of related literature and the opportunity and challenges of sesame seed. Chapter three focuses on research methodology including research approach and design; data sources; data collection instruments; population, sample size and sampling techniques; reliability and validity of data collection instruments; methods of data analysis; and ethical consideration. Chapter four discusses data presentation, analysis and interpretation. The last chapter presents conclusion and recommendation based on the findings of the study.

## **CHAPTER TWO: LITERATURE REVIEW**

### **2.1 Introduction**

International trade is exchange of goods and services on an international level between two or more countries. Export is the process of selling the goods and services which the host country has produced in the country more than enough.

The review of literature has three major parts: theoretical literature review, the empirical review and conceptual framework. The theoretical review has the discussion of Overview of export trade international trade theories, The second part of the chapter is the empirical literature review which discusses the trend in sesame seeds export, types and characteristics of Ethiopian sesame seeds and factors that affect sesame seeds export and review the previous studies conducted on sesame seeds export performance. Conceptual frameworks were discussed in the third part of the review of literature.

The factors affecting of sesame export performance include. Quality of the Export Technology, Lack of Policy Incentive, Pricing Problems, Market Information Gap, Bureaucracy, and Infrastructure/ rural

### **2.2 Theoretical Review**

Sesame seeds are one of the most popular seeds in the world. The main reason for their popularity is the fact that they are loaded with health-promoting nutrients and elements. But besides the nutritional value, these seeds are also packed with flavor, crunchiness and a certain smokiness that helps them find use in many cuisines. The world produces about 3 million tons of sesame seeds every year on an average.

Sesame seeds are incredibly resilient and able to grow in places where many other crops cannot. These wonder seeds are a common ingredient in dishes across the globe such as bread meals, soups, crackers, and meat cuisines. About 60 to 65 countries produce these seeds out of which Asian and African countries are the key sesame seeds producers. The following is a detailed description of the top 5 countries thriving as the leading sesame seeds producers in the world. (<https://hlargo.com>, Jan 2016)

1. **Myanmar:** - is the leading sesame seeds producer in the world and produces 18.3% of the total sesame seeds produced on an annual basis. As far as the exact numbers are concerned, Myanmar produces 890,000 metric tons of these seeds every year.
  2. **India:** - On the number 2 spot comes India which is also one of the leading exporters of sesame seeds. The country's tropical climate and large scaled crop area make it possible for it to produce 626,000 metric tons of sesame seeds every year. This amount is about 13.1% of the total produce of these seeds on an annual basis.
  3. **China:** - Close behind India is China in this list of the top 5 sesame seed producers in the world. The country produces 12.8% of the total sesame seed amount and this amounts to 623492 metric tons.
  4. **Sudan:** - On the 4th spot of this list is Sudan which too is among the top sesame seeds producers and exporters in the world. The country produces 562,000 metric tons of sesame in the world which is about 11.5% of the world's production.
  5. **Tanzania:** - The 5th largest producer of sesame seeds in the world is Tanzania. This country produces close to 8.6% of the total sesame seeds produced by the world and this amount to about 420,000 metric tons. The World's Best Import Markets for Sesame Seed. (<https://www.indexbox.io/blog/world-worlds-best-import-markets-for-sesame-seed/>)
- 
1. **China:**-tops the list as the world's largest importer of sesame seeds. In 2022, China imported sesame seeds worth \$1.6 billion. This massive import value demonstrates the significant demand for sesame seeds in the country's culinary traditions and food industry. The Chinese population consumes a large amount of sesame seeds as an ingredient in various dishes, snacks, and sauces. China's import market for sesame seeds is expected to continue growing, providing lucrative opportunities for exporters.
  2. **Turkey:** - holds the second position in terms of sesame seed imports. In 2022, the country imported sesame seeds worth \$291.8 million. Sesame seeds are an essential ingredient in Turkish cuisine, commonly used in dishes such as tahini, halva, and various pastries. The demand for sesame seeds in Turkey is driven by its rich culinary culture and growing awareness of the health benefits associated with them.
  3. **Japan:** - is another prominent market for imported sesame seeds. In 2022, the country imported sesame seeds worth \$288.2 million. Sesame seeds are widely used in Japanese cuisine, particularly in sushi, salads, and various sauces. The demand for sesame seeds in

Japan is fueled by the country's traditional culinary practices and the increasing popularity of sushi and other Japanese dishes worldwide.

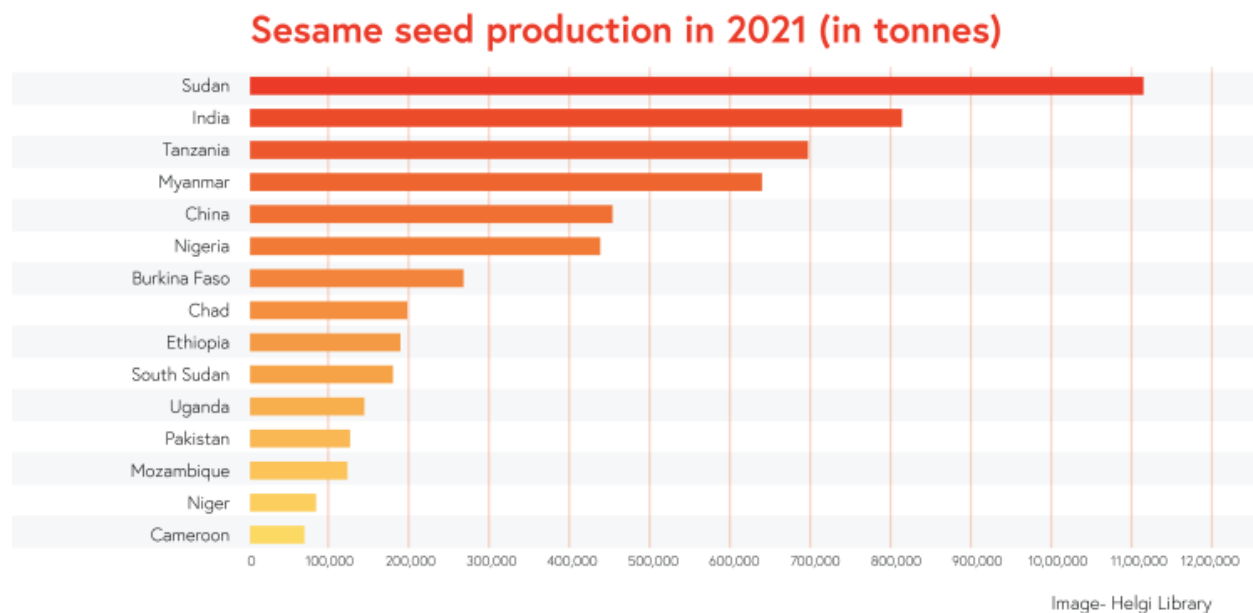
4. South Korea: - is another significant market for imported sesame seeds. In 2022, the country imported sesame seeds worth \$168.3 million. Sesame seeds are a staple ingredient in Korean cuisine, used in dishes such as samgak kimbap, bibimbap, and various side dishes. The increasing demand for Korean food globally has also contributed to the growth of South Korea's import market for sesame seeds
5. Israel: - concludes the list of the world's top import markets for sesame seeds. In 2022, the country imported sesame seeds worth \$109.1 million. Sesame seeds are a prevalent ingredient in Israeli cuisine, with dishes like tahini and falafel relying heavily on their distinct flavor and texture. The demand for sesame seeds in Israel is driven by its culinary traditions and the growing popularity of Middle Eastern cuisine worldwide.

In Conclusion the import market for sesame seeds is thriving, with several countries showcasing a significant demand for this versatile ingredient. China, Turkey, Japan, South Korea, and Israel occupy the top positions as the world's best import markets for sesame seeds. These countries demonstrate a strong culinary tradition and a growing global demand for their respective cuisines. Businesses looking to tap into these lucrative markets can benefit from leveraging market intelligence platforms like Index Box to stay informed and make strategic decisions.

Source: (<https://www.indexbox.io/blog/world-worlds-best-import-markets-for-sesame-seed/>)

### **2.2.1 Who is Africa's leading sesame producers?**

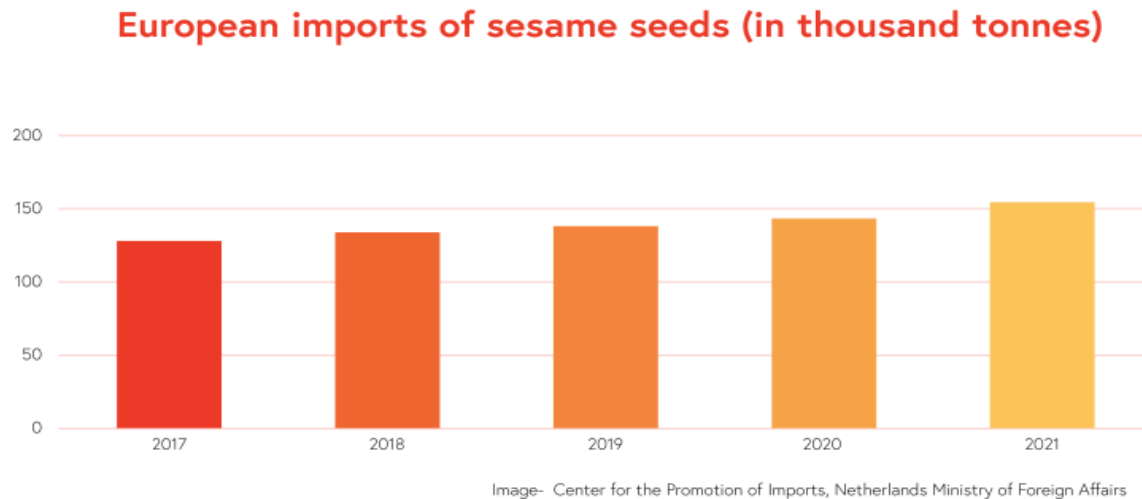
Sesame has long been a staple in sub-Saharan Africa. With the crop's ability to resist significantly dry conditions, it can withstand challenging droughts and scorching climates.



*Figure 1 sesame seed production in the world*

While #Africa leads the way in production, it is not the leader in the export field. India is the largest exporter of sesame globally. It exported \$425 million worth in 2021. Sudan was the second largest exporter, with exports worth \$402 million. Niger, Ethiopia, and Nigeria filled the rest of the top five spots with exports worth \$344 million, \$291 million, and \$256 million, respectively. Source: (Linkedin.com Aug17, 2023)

The refined focus on healthier dietary choices contributes to sesame's intercontinental ascension. Taking Europe as an example, Greece and Germany are the largest markets for the commodity, but there is increased attention across the continent and beyond.



*Figure 2 European imports of sesame seed*

### **2.2.2 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 2500 BC 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 Daniels (2018), all global events and competitions affect all companies regardless of their industry size. They explained that companies will engage in international business having 9 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. Asset use such as: trademarks, patents copyright franchising, licensing agreements. 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.

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).

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 at 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 out ward 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 (2018).

### **2.2.3 Export trade and export performance**

Sesame marketing is highly linked with the international market and highly volatile following changes in the supply and demand at international markets. The major actors in the Ethiopian sesame market are exporters, wholesalers, brokers/agents, local traders (Assemblers), primary cooperatives and their unions, commercial farms and small-scale farmers (Alemu, 2009).

According to Hill (2006), exporting (the outflow of goods from a country) and importing (the inflows of goods to the country) can be stated among those widely used mode of international trade activities. Export provides a way to assist nations improve their balance of payment, trade due to the rapid globalization 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.

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.



Mengistu (2018) mentions a conceptual definition of export performance addresses two parts: export and performance. Export is the international marketing related decisions and activities of internationally active firms (Cavugil and Neviv, 1981).

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)

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 (2018).

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 distributions, packaging and obtaining insurance. The second one is legal procedures: which include product liability, licensing 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).

#### 2.2.4. Sesame seed Production and major stakeholders in Ethiopia

There are various actors in sesame value chain. These include producers, small traders (collecting middle men), Wholesalers/brokers, oil millers, retailers, local consumers and exporters (ECEA 2009, Winands and Biersteker, 2007, Kindie, 2007, Bezabih, 2010).

AS per EPOSPEA 6<sup>TH</sup> International Conference report presented by Mr. Philip from Huytoninc Group on November 17,2016 at intercontinental hotel, Addis Ababa ‘The production of the African continent of sesame seeds in the season 1994/1995 was a mere 400,000 Mt compared to the expected production in the season 2016/017 of about 1.5 million metric tons. Of this we have witnessed a remarkable increase in particular in Ethiopia from a mere 30,000 Mt in the 1994/1995 season to the current level of about 430,000 Mt.’

Sesame’s planting period falls immediately after the onset of the rainy period (June to mid-September). The planting period is shorter for the sub-moist agro-ecological zones and occurs in July. Accordingly, harvesting happens at two different times: between August-October in sub-humid areas and October-December in sub-moist zones.

#### 2.1 Sesame cultivation season

Description	Months
Field Preparation	April/May
Ploughing / Disking	April/May
Sowing	May/June/July
Weeding	June/July/August
Harvesting	October/November

Source: own survey, 2024

The following are the major stakeholders in sesame seed value chain in Ethiopia

### **Producers**

Producers include the small holders and commercial farmers who sell their products to small village trader or collectors. In some cases producers sell directly to oil millers and brokers/wholesalers without the use of collectors. They also sell their products in small quantity to oil millers, retailers, local consumers and exporters. Commercial farms do have better bargaining power than small producers and hence, they directly or through brokers sell to exporters.

### **Village traders or collectors**

These are small trading individuals who collect the product in small quantity directly from producers and resell to brokers/wholesalers, oil millers and exporters in a more marketable quantity. They act as middle men who do not add value but merely snatch the benefit which could have accrue to the producers. Farmer's co-operatives and unions are also involved in the collection of sesame.

### **Wholesalers/brokers**

Brokers/Wholesalers are the third layer of actors in the supply chain of sesame trading. They are larger suppliers who have better capacities in terms of finance and other facilities. They resell the seeds to retailers, oil millers and exporters.

### **Oil milers**

There are private and public owned oil milers especially in the major towns which produce edible oil exclusively for local market. Improvement in the production quality could enable the larger oil refining plants to produce for export market.

### **Retailers**

Retailers are those firms that purchase both sesame seed and sesame oil from wholesalers and oil milers for resale to local consumers.

### **Local consumers**

Local consumers are the end users of both sesame seed and edible sesame oil. The following Figure indicates the various stages in sesame seeds value chain. This long supply chain will

naturally reduce the benefit to be obtained by the producer; this in turn kills the incentive to produce more.

### **Processors/Exporters**

These are public and private firms, which buy the seed from collectors and wholesalers to sell in the export market after processing and packing.

The world of sesame seed market is a billion dollar industry that supports the livelihoods of millions of farmers throughout the world (USAID, 2010). World production of sesame seeds is estimated at 3 million tones, and is steadily growing. Currently, Ethiopia is among the top five producers of sesame seed in the world, ranked at fourth place by covering about 8.18 percent of the total world production (FAOSTAT, 2012).

The production and marketing of sesame is concentrated in selected areas in Ethiopia following the production potential and tradition. The major sesame growing areas are located in the Northwest; in Hummera area in Tigray near the border with Sudan and Eritrea; in Metema in North Gondar and in Wollo area of Amhara region, Chanka area in Wollega of Oromiya, and in Pawi area in Benshangul Gumuz region. In general, farmers produce different varieties of sesame with white seed color especially in Hummera and Gonder areas. In terms of price linked with demand, the Hummera type is much more demanded followed by Wollega type. Commonly, sesame is threshed starting from early October to Mid-November and the major marketing season starts from late November and end early February each year.

The major actors in the Ethiopian sesame market are exporters, wholesalers, brokers/agents, local traders (Assemblers), primary cooperatives and their unions, commercial farms and small-scale farmers. A recent study conducted in Metema area revealed that about 34% of the production is directly purchased by wholesalers from the farmers, followed by assemblers (22%) and cooperatives (18%), which shows the important role of wholesalers, assemblers and cooperatives in the sesame market chain. Because of the scattered and small-scale nature of the Ethiopian production system, the role of aggregation in improving the agricultural marketing system is emphasized in the national agricultural marketing strategy.

Cooperatives and their respective unions are expected to play an important role in this. The two most important cooperative unions for sesame marketing are the Setit Humera agricultural marketing union in Hummera areas and Metema agricultural Marketing union. The Amhara bureau of agriculture and rural development through its cooperative promotion office has been providing market information, taking into consideration the time of harvest of the Indian sesame and its impact on the international sesame market sesame markets in Ethiopia sometimes show highly diverging prices, reflecting the fact that the sesame market cannot be assumed to be perfectly competitive.

Ethiopia is enjoying the status of largest supplier of sesame seed to china (the world's top importer of sesame). Ethiopia export 319,412.45 tons of export in 2018/19 fiscal year the 15 demand of sesame is increase by year and it maintain and further grow in the market (EPOSEA a report, 2021).and different reports explained the sesame has become the leading export commodities in Ethiopia.

### **2.3 Analytical of Ethiopia's sesame seed export trend**

Production is the quantity of sesame produced in Ethiopia. This production includes sesame produce from smallholder farmers as well as commercial farmers. The variable was added because the beginning of any agricultural commodity export is from the available production. As the level of production increase, all other factors remaining constant, the larger the growth of the export volume. On the contrary, holding other factors constant, domestic supply reduces export value.

As per the GAIN Report (2021), 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 (2021) 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 (2021), “Ethiopia’s sesame is mainly produced for the 16 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 Trends of Ethiopia’s Sesame production

<b>Crop Year</b>	<b>Volume in Tons</b>	<b>FOB Value in' (000) USD</b>
2017/18	309,586.33	394,537.58
2018/19	228,197.56	364,613.53
2019/20	218,334.76	332,356.85
2020/21	197,066.96	288,286.80
2021/22	145892.80	235,266.65
Average 5	219,815.68	323,012.28

Sours: EPOSPEA, 2021/22: Oil seeds export performance

Table 2.3: Sesame production by region in Ethiopia 2014/15.

Region	Area (ha)	Production (ton)	Productivity (ton/ha)
Tigray	120,855.45	850,451.33	0.704
Amhara	169,988.58	1,122,092.18	0.66
Oromia	82,018.04	602,765.39	0.735
Benishangul-Gumuz	40,722.60	278,093.345	0.68
SNNPR	6,365.70	3,165,097.00	0.497

Sours: EPOSPEA, 2021/22: Oil seeds export performance

### Sésame export destination

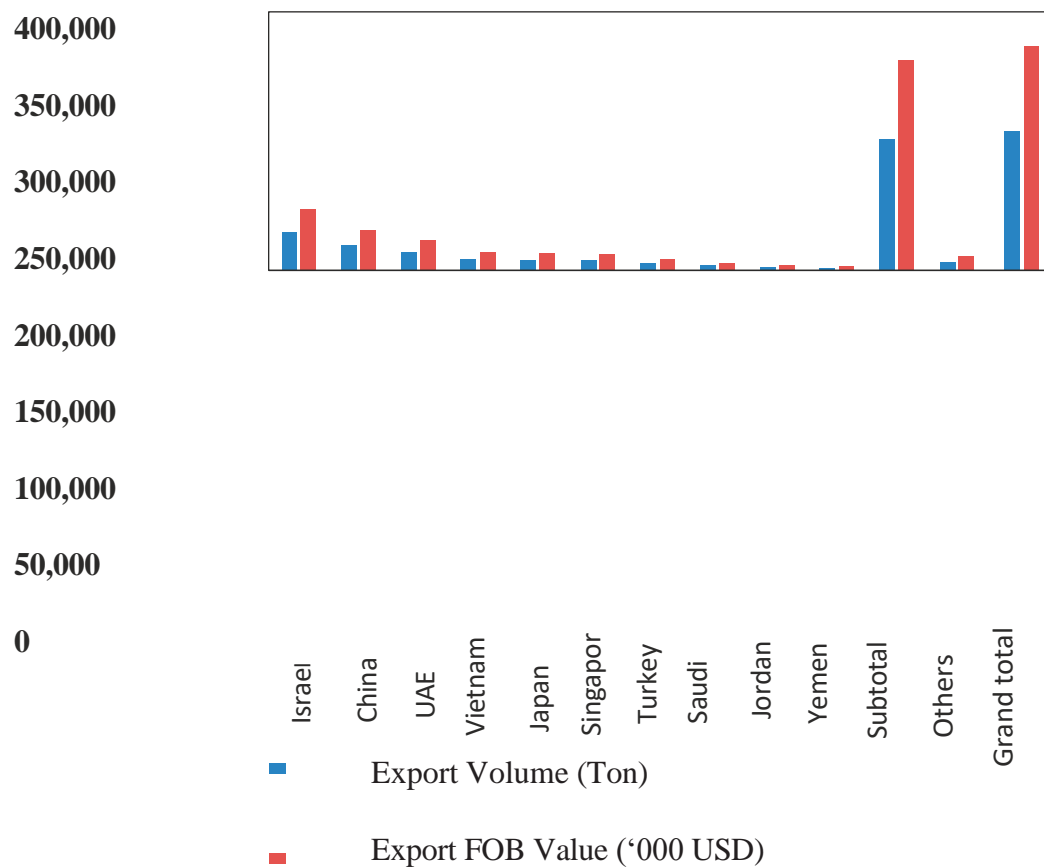


FIGURE 3: Sesame export destination.

According to the EPOSEA report (2021/22), 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 chine market in the year 2005. Moreover 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 319,412.45 tons of export in 2021/22 fiscal year. The demand for sesame is increasing year by year and it is important to maintain and further grow the market share.

Table 2.4: Ethiopia Sesame seed export by destination Country

No.	Destination Country	Value in MT	Value in '000 USD	Volume Share
1	India	57,251.17	58,372.69	27 %
2	Pakistan	23,301.20	18,068.80	11%
3	United Arab Emirates	15,022.26	17,719.81	7%
4	Yemen	12,596.23	12,411.41	6%
5	Indonesia	10,574.10	18,378.87	5%
6	Italy	9,370.25	8,504.59	4%
7	Kenya	8,466.91	2,376.68	4%
8	Sudan	7,319.20	4,408.02	3%
9	Vietnam	7,058.50	12,212.00	3%
10	Turkey	6,580.00	6,575.28	3%
11	Singapore	5,905.00	10,040.81	3%
12	Belgium	5,052.00	5,264.06	2%
13	Bulgaria	3,738.70	3,253.53	2%
14	United Kingdom	3,290.00	2,901.26	2%
15	Germany	3,147.00	2,630.08	1%
16	Thailand	2,916.00	2,299.32	1%

Source: EPOSPEA, 2021/22: export by destination Country



## 2.3 Empirical Studies

This review focused on the empirical literature concerning the opportunities and challenges of sesame export.

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 favorable 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) 12 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 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 favorable 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 6th 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.

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 range 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.

### **2.3.1 Opportunity and Challenge of Sesame Seed Export**

#### **2.3.1.1. 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 lead 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 Sesame seed Industry opportunity and challenges, (2021), 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.

### **2.3.1.2 Opportunities of Sesame Production and Marketing**

As Mbwika (2003) noted, sesame is the most important oil seed export crop in Ethiopia and its contribution to foreign exchange earnings in the country has been increasing over the years. Ethiopia has the advantage of having good local varieties, favorable growing conditions, vast suitable area for sesame growing and relatively cheap labor that are important manual harvest of

sesame are few of the advantages we have at hand. The country's proximity to Middle East markets also gives it an advantage over some other countries such as Far and East countries (China and India). We can also take the advantage of the Israel market, which for political reasons cannot import from Arab countries such as Sudan. Given that sesame is largely commercially grown in the country, its level of management is higher when compared to other African countries where production is predominantly by small scale producers. The organic nature of Ethiopian sesame is another preferred trait in the international market which can fetch higher price to the country. Besides, the yearly new ads of exporters into the export market are few of the opportunities that we could explore.

### **2.3.1.3 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 analyzing quality 20 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 (2021) 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 22 Ethiopian Commodity Exchange (ECX), the price of Humera/Gondar sesame – the reference price for international markets has dropped from about \$ 950 per metric ton and Welega Sesame Seeds \$ 850 per metric ton in 2021/22, 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 Sesame seed Industry opportunity and challenges, (2020/21), 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 fulfillments 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 county's future production and export of sesame seeds (Ethiopian Sesame seed Industry opportunity and challenges, 2020/21).

### **2.3.2 Types and Characteristics of Ethiopian sesame seeds**

According to ECEA (2009), a large number of sesame seed varieties exist in Ethiopia. However, in the international trade, three varieties are well known as trade names: Humera, Gondar and Wollega. The three main export varieties have their own characteristics such as color, oil content, and taste. The Humera variety is appreciated worldwide for its aroma and sweet taste. It has good uniform white seeds, which are quite large. This makes it very suitable for bakery products. The Gondar type is also suitable for the bakery market. For this market a high level of seed purity is demanded, which has sometimes proven to be problematic for Ethiopia. The major competitive advantage of the Wollega type is its high oil content. Type and quality are very important factors in the world sesame market. According to CSA data, all sesame seed varieties are produced during the Main or Meher crop season.

Sesame is used in wide range of applications (Wijnands and Bierstekerj 2007). The most important ones are: -Edible oil: The oil is odorless with distinctive nutty sweet flavor. Roasted sesame seed resists rancidity due to the antioxidants formed during seed roasting. Sesame oil is especially important in the Far Eastern cuisine, mainly Japan and china. Confectionery, biscuit and bakery industry: Hulled clear white sesame is required for bakery products. Tahini industry: Tahini, a traditional Middle Eastern paste, is made from hulled sesame seed and is rich in protein. Halva industry: Halva is a sweet made of 50% Tahini, boiled sugar and some other ingredients and Sesame flour and sesame seed sprouts and Pharmaceutical ingredients .The

overall European usage of both sesame seed and derived products is increasing. Target markets are Germany for bakery and certified chains; Greece for high-quality seed used in tahini and halva; the UK for bakery, snacks and ethnic food; France for cosmetics; the Netherlands for food ingredients, snacks and onward distribution; Poland for snacks and tahini; and all countries for oil, with Scandinavia as a market especially for certified chains (CSI Ministry of Foreign Affairs 2018). Cited in (Endalkachew 2019).

### **2.3.3 Factors affecting Sesame Seeds Export Performance**

Abera (2009) identified market infrastructure in the case of sesame includes modern storage facilities (warehouses), seed cleaning facilities, and sesame seed crushing and refining plants, road infrastructure, availability of means of transport, and market information networks among others in Ethiopia.

The factors affecting of sesame export performance include. Quality of the Export Technology, Lack of Policy Incentive, Pricing Problems, Market Information Gap, Bureaucracy, and Infrastructure/ rural

#### **1. Technology**

According to GAIN, report (2020) Even though Ethiopia is one of the major global producers and exporters of sesame seed, the country faces increasing challenges related to both supply and demand side constraints. Some of the major supply side constraints are diminishing productivity levels, pests and diseases, and poor access to modern technology. On the demand side, perversely higher domestic price, easy entry of inexperienced traders and market distortion, and contractual non-performance of export sales. Other demand side constraints include international price instability, extremely concentrated export market, and strong competition in the international market. These constraints are posing serious treats to Ethiopia's sesame seed growth potential. Unless farmers, traders and government address these challenges strategically, the country could lose its competitiveness in the global sesame seed market in the near future.

#### **2. Lack of Policy Incentive**

Some of the researches determine poor policy incentives such as especial credit facilities and facilitating institutions. FAO (2020) criticized that regardless of the efforts made by the government, the country's export performance remains very weak and the export structure is

rigid. Furthermore, there are limited trade finance facilities 18 available to exporters, because of a ban by the National Bank of Ethiopia (NBE) on private sector banks obtaining foreign currency credit lines from overseas banks. Recently, the Ministry of Trade and Industry (MOTI) passed a new directive to enhance the declining export performance and to create a healthy and competitive market. This directive went into effect at the end of October 2019. The new directive provides strict control measures on trading prices, product quality, and administration of export sales contracts. Registration of export sales contracts is required for all export commodities traded at ECX including sesame seed. In addition, the directive puts a stringent control measure to tackle local market price distortions. Local traders could be penalized if they are caught exporting commodities below domestic price levels and default on their export sales contracts. GAIN report (2020).

### **3. Pricing Problems**

Particularly, the distortion of local market price is evident from the large disparity between FOB export prices and local trading prices at ECX. During May 2021/22, the weighted average export price of sesame seed (i.e., FOB Djibouti Port) was significantly lower than the ECX local trading price on average by \$ 206. This means that Ethiopian exporters were buying sesame seeds from ECX trading floor at prices higher than the international market. (GAIN report 2021/22). Sorsa (2009) added Sesame collectors who reported that there is no collusion or agreement to exchange information between them in setting sesame prices saying that central (Addis Ababa) price information (93%), local major buyers (59%), and farmers (4%) .I.e. Farmers mainly determine prices have less chance to make price of their products since they have lack of information.

In addition, Abiy (2014) noticed that about 86% of the respondents declared the problem of price volatility in the international market. 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 that 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.



#### **4. Market Information Gap**

Most of the producers are family farmers that have lack of market information to produce marketable products and supply to the market. As result, they are vulnerable to the low price and tricks of local collectors. Most of the producers are family farmer that have lack of market information to produce marketable products and supply to the market. As result they are vulnerable to the low price and tricks of local collectors. The other research magnifies that the main challenges of export of sesame and other products are lack of international market linkage, poor quality, exporting non processed, lack of promotion and branding (Sorsa, 2009).

Tewodros (2012) also intensified that there is lack of marketing communication problems for export. In line with this idea, some of the products are exported to other than the final destination because of lack of communication, lack purification problems and merely raw seeds. Related to this market linkage problem most of raw products, especially sesame product, export to China first and China re-export to Japan after processing.

#### **5. Bureaucracy**

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. Moreover, 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 oilseeds export in general and for sesame seed in particular.

#### **6. Quality of the Export**

Negash (2015) underlined the demand for export is mostly determined by the color, taste, purity and dryness of the seeds, while the opportunity to export refined sesame oil to Europe, USA and other countries are not well established. The Ethiopian Quality and Standards Authority performed sesame quality grading until the recent inclusion of sesame in the Ethiopia Commodity Exchange (ECX) system. Export sesame seed types have to fulfill the standards set

by the authority as well as the minimum agreed international standards. Ethiopian sesame is mostly identified and graded as Humera, Gondar, and Wollega type and to some extent mixed types and its oil content is 43-56%. The minimum international standard of oil content is 52%, 48%, and 45% for first, second and third grades respectively. On the other hand, the minimum acceptable moisture content is 6-8% for all grades (Wijnands and Biersteker 2007).

## **7. Infrastructure/ rural and federal roads**

A key component of any logistics program is transportation management and economics-essentially, the logistics and costs associated with the movement of your supplies and products from A to B. Managing your transportation program have never been more crucial to business success. In terms of logistics, your competitive advantage depends on an ability to maintain production schedules and the efficient delivery of product to international markets. In terms of cost, transportation constitutes the single largest segment of overall logistics cost and must be managed carefully to avoid negative impact on your firm's bottom line. One of the major factors affecting export supply capacity is the domestic transport infrastructure. It is likely to play an important role especially in the early stages of export sector development (UNCTAD, 2020).

Most African countries are characterized by poor transport infrastructure, which is a major impediment to trade, competitiveness and sustainable development (UNCTAD, 2020; Mbekeani, 2007; Bacchetta, 2007), and isolates countries, inhibiting their participation in global production networks (Limão and Venables, 2000). Due to poor internal transport infrastructure African transport costs are high making their exports expensive and uncompetitive (Radelet and Sachs, 21 1998; Matthee, Grater and Krugell, 2007), and reducing foreign earnings from exports (UNCTAD, 2003; Matthee, Grater and Krugell, 2007).Cited in Mengistu (2019).

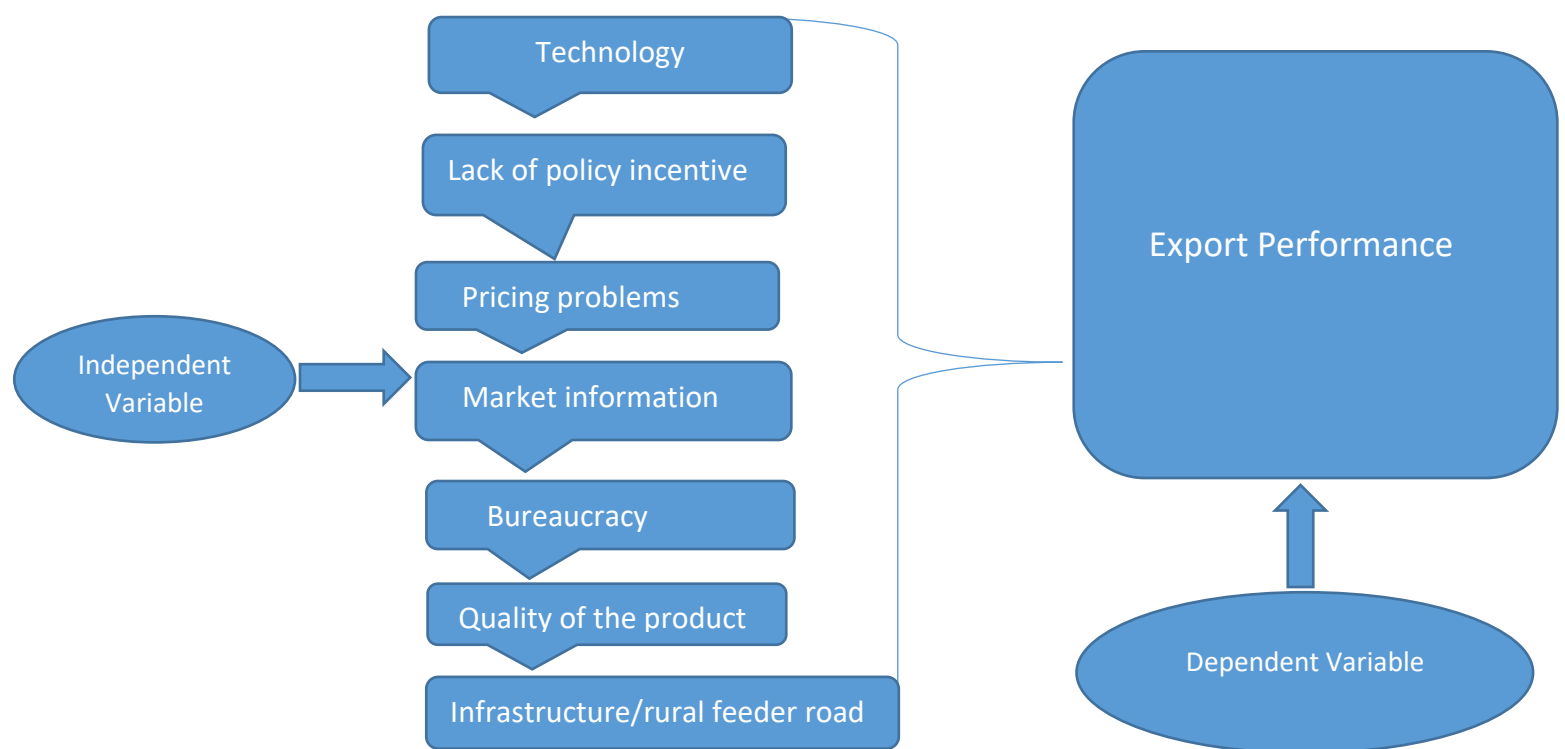
## **2.4 Conceptual Framework**

Although there are many factors that affect performance of sesame export market in Ethiopia, for this study, the following determinant factors are essential factors that reviewed in different literatures and intended here to be further investigated. As Mc Gaghie, Bordage & Shea (2001) put it: The conceptual framework “sets the stage” for the presentation of the particular research question that drives the investigation being reported based on the problem statement. The

problem statement of a thesis presents the context and the issues that caused the researcher to conduct the study.

As stated in the above literatures there are many factors that are influencing performance of export in general and sesame export in particular. quality of the product, government policy incentives and access of technology, timely marketing information, Infrastructure/ rural feeder roads, bureaucracy of the related institutions to export timely and efficiently, and price fluctuation in the international market are the main factors to influence the sesame seed export performance. The relationships between independent and dependent variables were expected related either positively or negatively. The choice of this framework is because it is strongly information based approach, which is good for problem identification & using that as an input for mapping against the impact indicators. The questionnaire will derive from this framework.

**Figure 3: Conceptual Framework**



Source: <https://linkidin.c>

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

### **3.1 Introduction**

In this part of the study the different methods, instruments, and techniques were 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 analyzed, interpreted, and discussed.

### **3.2 Research Design**

The quantitative research approach is used so as to make use of statistical analysis by applying systematic measurements and statistics. Research survey and already collected data are used while conducting the study.

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 opportunity that promotes sesame seed export transactions and challenges which will affect sesames seed export trade competitiveness.

### **3.3 Population**

The target population of the study is sesame seed exporters whose export transaction is high level (top) exporter company's. The total target population of this study are oilseeds exporters especially, exporters of sesame seeds. According to the EPOSEA 11<sup>th</sup> International Conference on Pulses and Oil seeds report 2022, there are 150 member exporters EPOSEA and non – member exporters 70 who are involved on sesame seed exporting activities but the researcher selected 40 top level member sesame seed exporters. Therefore, the researcher has entertained all of the target groups by distributing 40 questionnaire and 20 interviewee are selected from the sample by using convenience sampling method.

### **3.4 Sampling and Sampling Techniques**

The researcher used probability sampling and distributed the questioners for those top level sesame seeds exporters. The student researcher used census of sesame seed exporters for this study as a target population. Based on EPOSEA report there are more than 150 exporters who are involved on sesame seed exporting activities. Besides to the report, the researcher select 40 top level exporter company.

### **3.5 Types and Sources of Data**

This study used both primary data. The primary data is obtained through questionnaire. For the background discussion and theoretical explanations, 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), Ethiopian Pulses Oilseeds and Spices Processors Exporters Association (EPOSPA). The paper also will be related papers prepared by institutions and individuals, Publications and websites of international agencies such as MDGIF and UNDP reports.

### **3.6 Instrument of data collection Methods**

In this study, the researcher used questionnaire and unstructured interview methods of data collection to obtain data. The questionnaire I 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 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 related 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 liker scale and open-ended questions are included. 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 analyzed, conclusion and recommendations will draw from the findings.

#### **3.7.1. Reliability and validity of data collection instruments**

To generate valuable and relevant data, the researcher is depending on both primary and secondary sources of data. The primary source of data will be collected through a questionnaire and interview. In addition to this, for background discussion and theoretical explanation, the researcher depended on secondary source of data. Secondary sources of data will be obtain from Exporter Company's, EPOSPEA reports, ECX reports Trade Ministry reports, etc.

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 the different items converge. Coefficient alpha ( $\alpha$ ) ranges in value from zero, meaning no consistency, to one, meaning complete consistency (all items yield corresponding values). 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 one. Here are seven items that show the computed Alpha ( $\alpha$ ) value used for the reliability test.

Table 3.1 Cranach's alpha and level of reliability

No.	Variables	Items	Cranach's alpha	Level of reliability
1	Prospects related to Technology	3	0.846	Highly reliable
2	Prospects related to Bureaucracy	3	0.775	Highly reliable
3	Prospect related to Pricing	3	0.846	Highly reliable
4	Challenges related to quality	4	0.822	Highly reliable
5	Challenges related to market information and price	4	0.788	Highly reliable
6	Challenges related to infrastructure	5	0.801	Highly reliable
7	Export performance	5	0.801	Highly reliable

The Cranach's alpha coefficient values constructs in this study were greater than the 0.70 so that it can be concluded that the measurements can be applied for further analysis with acceptable reliability test result.

### 3.8. Ethical considerations

Each discipline should have its own ethical guidelines regarding the treatment of human research participants (Vanderstoep and Johnston, 2009). Research ethics deals with how we treat those who participate in our studies and how we handle the data after collected. The researcher has kept privacy (i.e. leave any personal questions), anonymity (i.e. protecting the identity of specific individual from being known) and confidentiality (i.e. kept the information in secret) (Saunders et.al, 2007). Besides, the questionnaire was distributed to voluntary participant, it also have clear introductory and instruction part regarding to the purpose of the research.

## CHAPTER FOUR: DATA ANALYSIS AND INTERPRETATION

On this chapter the data collected from the targeted group will be analyzed, interpreted and presented. The chapter has two parts. The first is background of the respondents; and the second part of analysis made on assessment of opportunities and challenges of Ethiopian sesame seed export by using statistical methods.

To answer those research questions and to meet the main objectives of the research 40 questionnaires were prepared and distributed to top exporters who are mainly involved in sesame seed exporting business. Out of these 40 questionnaires 35 questionnaires were collected with a response rate of 87.5%.

### 4.1. Background of Respondents

The following questions were used to analyze the respondent's organization.

- Age of respondents
- Business structure
- Current positions
- Experience
- Sex
- Education level

These background data are analyzed and presented as follows:-

**Table 4.1: respondent type of organization**

	Plc.	S.C	Partnership	Sole Proprietorship	Total
Frequency	19	8	2	6	35
Percentage (%)	54.29	22.86	5.71	17.14	100

As shown in table 4.1.1, more PLC respondents were participated. It indicates 19 (54.29 %) of the total 35 respondents and the second largest respondents were share company respondents



which cover 8 (22.86%) of the total respondent .The sole proprietorship participated on 6 (17.14 %) of the total respondent. There was little participation of partnerships 2 (5.71%).

**Table 4.2 Age of respondents**

	< 25Years	26-35 Years	36 – 45 Years	>45 Years	Total
Frequency	3	9	16	7	35
Percentage (%)	8.58	25.71	45.71	20	100

As it is depicted on the table 4.1.3, most of the respondents are aged between 36-45 Years, 16 (45.71%) of the respondents. The next largest group is aged between 26-35 Years, 9 (25.71 %) & the remaining few respondents above 45 (20%). So that, most of the respondents fall under the age groups between <25 years, 3 (8.58%) of the total respondent.

**Table 4.3: Sex of respondents**

	Female	Male	Total
Frequency	11	24	35
Percentage (%)	31.43	68.57	100

About 24 (68.57%) of the respondents are male and 11 (31.43 %) of them are female which is evident that the representation of the male is higher than the female counter part.

**Table 4.4: Educational level of respondents**

	College diploma	First degree	Master's degree	PHD	Total
Frequency	5	21	9	0	35
Percentage (%)	14.29	60	25.71	0	100

Education is important to run international business based on the knowledge to follow up day-to-day information, create marketing relationship and to plan market strategies and so on. As shown on table 4.5 from 35 of the respondents about 21 (60%) are first degree holders and 9(25.7%) had their master's degree the remaining 5(14.2%) had college diploma holders As a result, the study found that export companies have been managing by educated peoples who hold at least first degree and above and this help them run the business properly.

**Table 4.5: Years of experience**

	<5	5-10 Years	11- 15 Years	>15 Years	Total
Frequency	4	7	18	6	35
Percentage (%)	11.43	20	51.43	17.14	100

About 18 (51.43%) of the respondents had 11-15 years' experience the next 7 (20%) respondents had 5 -10 years of experience and the remaining 6 (17.14%) of the respondents had above15 years of work experience. The result, 4 (11.43%) of the total respondent.

**Table 4.6: Your current position in the firm**

	Owner	Export manager	Deputy manager	Marketing manager	Total
Frequency	7	13	4	11	35
Percentage (%)	20	37.14	11.43	31.43	100

The respondents approached by the researcher have different positions such as head of import and export, marketing manager, commercial manager, export manager, division head and deputy manager, which were very important for the study to get diversified information based on their work environment.

**Table 4.7: Types of sesame does your company mostly export**

	Whitish Humera, Welega & Gondar type	Whitish Gondar type Only	Whitish Welega type Only	Whitish Humera type only	Total
Frequency	10	7	4	14	35
Percentage (%)	28.57	20	11.43	40	100

The companies assured that most frequently they export whitish Humera type, Gondar and Welega type.

## 4.2. Descriptive statistics for determinants of Sesame seed Export performance

In this section the survey, the factors that affect the performance of sesame export including technology, infrastructure, and policy related issues, quality issues, price, and market information were discussed. Furthermore, survey was done on the Opportunity and Challenge of Ethiopian Sesame Seeds Export. Respondents were asked about their perception towards the study variables using Five points likert scale (strongly disagree, disagree, Average, agree and strongly agree. Descriptive statistics (frequency, percentage, mean and standard deviation) was used to analyze data pertinent to determining factors and export performance.

**Table 4.8 Descriptive statistics for Technology**

No.	Items	Disagree	Average	Agree
1.	There is advanced technology for processing of sesame seeds for Export	20	4	11
	Number .of respondents			
	Percentage (%)	57.14 %	11.43 %	31.43%
2.	The ECX market platform used advanced technologies for marketing	21	5	9
	Number .of respondents			
	Percentage (%)	60 %	14.28 %	25.72 %
3.	There is awareness to use technology for promotion	22	3	10
	Number .of respondents			
	Percentage (%)	62.86 %	8.57%	28.58 %

Source: own survey result, 2024

The availability of modern technology in the process of sesame Export and ECX trading has significant impact. As per the survey collected there is weak technology in terms of sesame cleaning facilities and also in the ECX trading process.

As shown on the table below, from 35 respondents 57.14% of the respondents did not agree on the availability of advanced technologies on the sesame Export processing. 11.43% of

respondents averagely agree on the availability of technology because of some import machines for cleaning process. Same way 14.28% of the respondents agree on the ECX market platform availability of advanced technologies for marketing and 25.72 % of the respondents strongly agree on the ECX using advanced technology for marketing. That's shows there is an effort to improve the ECX with online technologies and database system. But still it needs more improvements.

Table 4.9. Descriptive statistics for Infrastructure

No.	Items	Disagree	Average	Agree
1.	Logistics and transportation facilities are sufficient and accessible for all parties (producers to exporters)			
	Number .of respondents	22	6	7
	Percentage (%)	62.85 %	17.15 %	20 %
2.	There are modern and adequate warehouses for Storage			
	Number of respondents	18	6	11
	Percentage (%)	51.43 %	17.15 %	31.42 %
3.	There is adequate market infrastructure available for sesame seed trade and export			
	Number .of respondents	20	7	8
	Percentage (%)	57.14 %	20 %	22.86 %

Source: own survey result, 2024

The logistics and transportation facilities, ECX storage warehouses and market infrastructure were the base for survey report. Based on the report collected around 20 % response agreed on the weak infrastructure facility that directly affects the export performance and sesame trading.

As shown on table above, 62.85% of the respondents not agree on the availability of sufficient and accessible logistics and transportation facilities. 17.15 % respondents averagely agree on the availability of logistics and transportation facilities.

On the issue of modern and adequate warehouse for storage 51.43 % response did not agree on the availability of modern and adequate warehouse. 31.42 % agree on the availability of modern warehouse, rest 17.15 % respondents are average.

On the issue of market infrastructure 57.14% do not agree on the availability of market infrastructure, 22.86 % of respondents agree on the availability of market infrastructure. Rest 20 % respondents are average.

Table 4.10. Descriptive statistics for Export policy related issues

No.	Items	Disagree	Average	Agree
1.	There are incentives given by the government to promote the export of sesame seeds production			
	Number .of respondents	22	7	6
	Percentage (%)	62.86 %	20 %	17.14 %
2.	There are credit facilities for export			
	Number .of respondents	7	6	22
	Percentage (%)	20%	17.14 %	62.86 %
3.	The policy and regulations proclaimed for sesame seed production and export promote potential exporters			
	Number .of respondents	7	13	15
	Percentage (%)	20 %	37.14%	42.86%
4.	There is trade protection for sesame seed traders who are affected by defaulting buyers			
	Number .of respondents	20	7	8
	Percentage (%)	60.12%	20%	22.78%
5.	There is strong trade relationship with the sesame importing countries.			
	Number .of respondents	17	13	5
	Percentage (%)	48.57%	37.14%	14.28%

Source: own survey 2024

As shown in the table 4.3, total 35 respondents replied to questions associated with the policy related issue. The questionnaire tried to assess the level of incentives from the government to support the sector, the credit facilities, policy and regulation that support the production and export of sesame and trade protection.

As per the assessment result 62.86% of the respondents disagree on the availability of incentive from the government. It means the sector lack the incentives like trade promotion, support of the business with different options.

17.14 % of the respondents agree on the availability of incentives. These respondents take consideration the government measure to make the tax free advantage of export, more loan facility advantage on the sector from banks ...etc. Rest 20% of respondents strongly.

With regard to the credit facilities 20% of the respondents did not agree on the credit facility provided to the sector. 62.86 % of respondents agree on the availability of credit facilities to the sector and rest 17.14 % respondents are average.

From this response result, we can understand that there is credit facilities which provided especially for export sector including pre shipment loans, term loans and overdraft loans that's support the export business to do in volume. But still the credit facility is mostly based on the collateral. That means only the firm who has property get the loan. So it's difficult for beginners.

With regard to trade protection and rule and Regulations most of the respondents agree on the weak trade protection, unnecessary involvement of the government on price fix and also procurement process.

20 % of responders disagree on the availability of barriers sesame export from ECX and other government rules and regulations. 42.86% of the respondents agree on the statement that says no barrier to trade sesame. And rest 37.14% respondents are average. This is because of information and knowledge gaps.

With Regard to trade protection, 22.78% of respondents agree on no trade protection on international trading defaults. Most of the time on export business price is volatile it goes up and down. So when market up Ethiopia side exporters default and when price down Buyer side default happen. So it's usual problem and no effort from the government to solve such issues. That makes some Exporters in big loss. 60.12% of respondents are disagree and the rest 20% of the respondents are average.

48.57% of the respondents disagree on the strong trade relationship with the sesame importing countries. 14.28% of the respondents agree and the rest 37.14% of the respondents are average.

Table 4.11. Descriptive statistics for Quality

No.	Items	Disagree	Average	Agree
1.	The exported sesame fulfills the required quality by importers	13	7	15
	Number .of respondents			
	Percentage (%)			
2.	The product has good nutrient content than competitors.	10	8	17
	Number .of respondents			
	Percentage (%)			
3.	The product has good color than competitors.	5	10	20
	Number .of respondents			
	Percentage (%)			
4.	There is no problem on the available of quality seeds.	20	5	10
	Number .of respondents			
	Percentage (%)			
5.	Fertilizer are distributed to producers timely	19	5	11
	Number .of respondents			
	Percentage (%)			

Source: own survey 2024

In this section, the questionnaire addresses the level of Ethiopian sesame in international market wither it fulfill the requirement, from total 35 respondents, 42.86% of respondents agree on the fulfillment of required quality. 20% average and 37.14 disagree.

With regard of nutrition content 48.57% agree on the good nutritional content of our sesame. 28.57% dis agrees respondents and 22.86% respondents are average. Same way with color issue 57.14% of respondents agree on good color of Ethiopian sesame. 14.28% dis agrees respondents and 28.57 of respondents are average.

28.57% agree on the there is no problem on the available of quality seeds. 57.14% dis agrees respondents and rest, and 14.28% of the respondents are average. 31.43% agree on the Fertilizer are distributed to producers timely. 54.29% dis agrees respondents and rest, and 14.28% of the respondents are average.

Table 4.12. Descriptive statistics for Pricing

N0.	Items	Disagree	Average	Agree
1.	The price of Ethiopian sesame seed is not dependent on the global price	21	6	8
	Number .of respondents			
	Percentage (%)	60 %	17.14 %	22.86%
2.	Weekly price Limit by Ministry of trade has no impact on Export of sesame seed	14	11	10
	Number .of respondents			
	Percentage (%)	40%	31.43 %	28.57 %

Source: own survey 2024

As per the survey collected from total 35 respondents 94 respondents 60% did not agree on the Ethiopian sesame pricing. It does not match with the international level. Usually the local price is greater than the FOB (international price).so business goes loss. 22.86% of respondents agree on Ethiopian sesame price that follow with international level .when price increase our local price follow and increase so respondents consider this it's matching, 17.14% of respondents are average.

With regard to the Weekly price Limit by Ministry of trade has no impact on Export of sesame seed. 28.57 % of respondents agree. 40% disagree and rests 31.43 % of respondents are average.



Sometimes the trade ministry price is not up to date and not workable to international buyers to purchase at Ministry of trade price level. Then Exporter face to keep stock till price level match or the gap decrease at least to manage in refund way.

In market information factors the assessment done on day to day market information access on supply and demand issues, the experience sharing experience among exporters and the availability of office responsible for market information. The collected data's presented on below table:

Table 4.13. Descriptive statistics for Market information

No.	Items	Disagree	Average	Agree
1.	There is access for day to day output market Information	7	13	15
	Number .of respondents			
	Percentage (%)			
2.	There is access of supply market information	23	4	8
	Number .of respondents			
	Percentage (%)			
3.	There is experience sharing practice among Exporters	15	9	11
	Number .of respondents			
	Percentage (%)			

Source: own survey 2024

As shown on the table 4.6, from total 35 respondents 42.86% agree on the access of day to day market information accessibility. 20% disagree on the market information access. Rests 37.14% of respondents are average. There is day to day market information through ECX website information release through EPOSPEA (exporters association). But as majority responses reflect still this information not enough and more credible and responsible office or organization require.

With regard to the there is access of supply market information 22.86% of respondents agree. 65.71% dis agree and rest 11.42% of respondents are average. There is experience sharing practice among Exporters. 31.43% of respondents agree. 42.86 % disagree and rests 25.71 % of respondents are average.

Bureaucracy is one of the factors which affect the export performance. In this regard, the questionnaire addresses the process of ECX, process of Banks for issuance of L/C, Export process in government offices. Here below illustrated the response collected.

Table 4.14. Descriptive statistics for Bureaucracy

No.	Items	Disagree	Average	Agree
1.	It is easy to get license for sesame seeds export	10	10	15
	Number .of respondents			
	Percentage (%)			
2.	There is suitable L/C process, which fosters export.	10	6	14
	Number .of respondents			
	Percentage (%)			
3.	The process of export is not complex & time taking	20	5	10
	Number .of respondents			
	Percentage (%)			

Source: own survey 2024

As shown on the table 4.7, from total 35 respondents 42.86 % of respondents agree on the it is easy to get license for sesame seeds export 28.57% dis agree and rest 28.57 % remain average.

With regard to issuance of L/C or bank process, 28.57% respondents did not agree on suitability. 40 % of the respondents agreed on suitable LC process. Rests 17.4 % of respondents are average.

Therefore, 57% of respondents disagree on the process of export is not complex & time taking. 28.57 % of respondents agree and rests 14.28 % of respondents are average.

In this section of questionnaire the Export volume of sesame status, market share, profit status, export frequency and supply volume issues addressed. As per the data collected in relation to the export volume of sesame decreasing time to time, and same time the market share also showing decrease. The profit generated from Export of sesame is also decreasing; same way the supply volume and export frequency is decreasing. The following table shows the export performance in terms of frequency and percentage

Table 4.15. Descriptive statistics for Trend analysis of sesame seeds Export Performance

No.	Items	Disagree	Average	Agree
1.	Your company's sesame seeds export volume is increasing	11	7	17
	Number .of respondents			
	Percentage (%)	31.43%	20%	48.57%
2.	The company's market share in the international market is increasing	12	9	14
	Number .of respondents			
	Percentage (%)	34.28%	25.71%	40%
3.	The company's profit from exported sesame is increasing	20	8	7
	Number .of respondents			
	Percentage (%)	57.14%	22.86%	20%

Source: own survey result, 2024

As shown on the table 4.8, from total 35 respondents 48.57% agree on the company's sesame seeds export volume is increasing 31.43% disagree and rest 20% remain average.

With regard to the company's market share in the international market is increasing, 34.28% respondents did not agree on suitability. 40 % of the respondents agreed. And rests 25.71% of respondents are average.

Therefore, 57.14% of respondents disagree on the company's profit from exported Sesame is increasing. 20 % of respondents agree and rests 22.86 % of respondents are average.

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

This chapter presents the conclusion and recommendation of the study

### **1.1. Conclusion**

Agriculture in Ethiopia continues to be the leading sector, and in turn smallholder agriculture sub- sector continues to dominate this sector. As a result, commercialization of smallholder farms has been viewed by the government of Ethiopia as the major source of agricultural growth in the country.

In addition, access to rural credit service was found to be a significant factor, both in participation decision and the level of sesame production participation. This implies that credit availability is one of the key institutional factors that determine farmer's decision status in sesame production. This is because sesame production requires high working capital by easing the liquidity constraints of smallholder famers.

The type of sesame collectors or traders who buys sesame from farmers also matters for variations in income earned from sesame sell. Cooperatives are found to be the major channel for farmers to secure better income from sesame produce in different areas. This is because cooperatives are believed to pay better price and provides other market related information; hence those farmers who have sold their produce to local cooperatives were found to generate better income than others. Access to market information was also found to be an important factor in securing better income from sesame sells for smallholders. This is because sesame is one of the international crops in which its price is linked to international markets; hence market information is necessary and significantly determines the level of income farmers derives.

The Sesame marketing has been constrained by diverse factors: shortage of modern inputs, shortage of capital, lack of timely and accurate market information, and poor quality of packing materials were few of the inherent problems. Besides, the lengthy export procedures, and corruption practices by some institutions are the main and challenging problems for the majority of traders.

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.

## **1.2. 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.
- Additional modern road construction, railway expansion and airline service will have a vital role to solve infrastructure and transport related issues.
- 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 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.
- Banks 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 and their employees

too. They can also play an important role at the time of document preparation and negotiation with importers.

- The government should encourage investors to build standardized warehouse and cleaning machines to their exported product.
- In addition, the Ethiopian government should boost up credit and other incentives to initiate sesame exporters in Ethiopia; this may help them to avoid financing problems.

### **1.3. Direction for Further Research**

Enhancing quality sesame product and identifying new cultivation land.

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Source: EPOSPEA, 2021/22: export by destination Country

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Source: (Linkedin.com Aug17, 2023)

Appendix iii: Survey Questionnaire for Opportunities and Challenges of Ethiopian Sesame Seed Export: A Reference to Selected Exporters.

**Dear Respondents**

This questionnaire is prepared to collect data for thesis work on the topic of ‘Opportunities and Challenges of Ethiopian Sesame Seed Export: A Reference to Selected Exporters. 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 on time as soon as possible. Thank you in advance for sparing 15 minutes from your precious time to participate in this study.

Researcher Name: Mastewal Alemu

Contact Address Tel: Mobile + 251- 0912688480

Email; - [almastewalemu@gmail.com](mailto:almastewalemu@gmail.com)

**General instruction:**

- ☐ there is no need of writing your name,
- ☐ when there are answer options tick (✓) in the prepared box.
- ☐ for the questions demand your opinion, please try to describe honestly.

**Part I: Profile of the Surveyed Firms**

1. Business structure

- |                |                        |
|----------------|------------------------|
| a) PLC         | c) Share company       |
| b) Partnership | d) Sole Proprietorship |

**Part II: Demographic Information (Individual Level)**

1. Age:

- |                |                |
|----------------|----------------|
| a) < 25 years  | c) 36-45 years |
| b) 26-35 years | d) > 45 years  |

2. Sex:
  - a) Male
  - b) Female
3. Level of Education
  - a) College Diploma
  - b) First Degree
  - c) Master's Degree
4. Years of experience in the Firm current position
  - a) < 5 years
  - b) 5-10 years
  - c) 10-15 years
  - d) > 15 years
5. Please specify your current position in the firm? \_\_\_\_\_
  - a) Export manager
  - b) Deputy manger
  - c) Owner
  - d) Marketing Manager
6. Types of sesame seeds the firm mostly export
  - a) Whitish Humera, Welega & Gondar type
  - b) Whitish Gondar type only
  - c) Whitish Welega type only
  - d) Whitish Humera type only

### **Part III: Determinants of Sesame Seed Export**

The following section includes questions related to the possible factors affecting sesame seed export. Please indicate the extent to which you agree or disagree with the statements used to measure these factors using five point likert scale (1=strongly disagree, 5= strongly agree). Please put a tick mark (✓) on the response category appropriate to you.

1 = Strongly Disagree, 2 = Disagree 3 = Average, 4 = Agree, 5 = strongly agree,

NO.	Main Factors	Response				
		Strongly disagree	Disagree	Average	Agree	Strongly agree
	<b>Technology</b>					
1	There is advanced technology for processing of sesame for export					
2	The ECX market platform used advanced technologies for marketing					
3	There is awareness to use technology for promotion					
	<b>Infrastructure</b>					
1	Logistics and transportation facilities are sufficient and accessible for all parties(producers to exporters)					
2	There are modern and adequate warehouses for Storage					
3	There is adequate market infrastructure available for sesame seeds trade export					
	<b>Export Policy Related</b>					
1	There are incentives given by the government to promote the export of sesame production					
2	There are credit facilities for export.					
3	The policy and regulations proclaimed for sesame seed production and export promote potential exporters					
4	There is trade protection for sesame seed traders who are affected by defaulting buyers					
5	There is strong trade relationship with the sesame importing countries.					
	<b>Quality</b>					
1	The exported sesame fulfills the required quality by importers					
2	The product has good nutrient content than competitors.					
3	The product has good color than competitors					
4	There is no problem on the availability of quality seeds					
5	Fertilizers are distributed to producers timely					

<b>Pricing problem</b>						
1	The price of Ethiopian sesame seed is not dependent on the global price					
2	Weekly price Limit by Ministry of trade has no impact on Export of sesame seed					
<b>Market Information Gap</b>						
1	There is access for day to day output market Information					
2	There is access of supply market information					
3	There is experience sharing practice among Exporters					
<b>Bureaucracy</b>						
1	The process of export is not complex and time Taking					
2	There is suitable L/C process, which fosters Export.					
3	It is easy to get license for sesame seeds export.					
<b>Trend of sesame seed export</b>						
1	Your company's sesame export volume is increasing					
2	The company's market share in the international market is increasing					
3	The company's profit from exported sesame is increasing					
4	The frequencies of exporting/export orders you are receiving are increasing					

## **Annexes 2: Interview Questions (for exporters, EPOSEA high officials, MOT high officials)**

- 1) Based on your day to day observations what do you think are the main challenges related to ECX and sesame export processes?
- 2) In your opinion, what are export policy related problems that discourage sesame seeds export?
- 3) Based on your experience, what do you think the main challenges that influence your sesame export performance?
- 4) What opportunities does the country have in sesame seed export trading?
- 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) In your opinion, how far is Ethiopia actively involved in the world sesame seed business
- 8) If you have any additional comment or suggestion, please foreword \_\_\_\_\_

