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**FIELD REVIEW**

**ÉTUDE DU COMMERCE REGIONAL DE BETAIL ENTRE L'ÉTHIOPIE  
ET LES PAYS DU GOLFE ARABIQUE**

**20 au 27 Janvier 2007**

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**Par**

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**Rapport CIRAD, 2007**



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**RESUME :**

Cette mission a été organisée dans le cadre du projet STDF 13 dont les objectifs sont de faciliter le commerce régional de bétail dans la zone IGAD, notamment en réduisant les contraintes liées aux barrières sanitaires. Suite à une revue bibliographique, le marché des pays de la Péninsule Arabique a été identifié comme le principal marché prometteur des pays d'Afrique de l'Est.

La mission de terrain avait pour objectif de : 1) valider le choix des biens échangés comme des pays importateurs; 2) Identifier les contraintes qui freinent les exportations, en mettant l'accent sur les aspects sanitaires mais aussi socio-économiques ; 3) Identifier le rôle de chaque agent et leurs liens dans la filière de production et de commercialisation et 4) explorer les différentes options pour favoriser les synergies entre le secteur privé et public.

Cette mission a permis de saisir le dynamisme des filières formelles et informelles de commercialisation du bétail vivant (essentiellement petits ruminants et camélidés) comme les contraintes liées à la fois aux embargos répétés des pays importateurs mais aussi à la dépendance des ports extérieurs (Port de Djibouti, Port de Berbera) pour exporter avec des statuts très différents.

## **Program:**

20th, January, 2007: Departure from Montpellier

21th, January, 2007:

- Arrival to Addis Abeba
- Meeting with Julien Chalimbaud, Coordinator of the Food Security Program, Action Contre la Faim (ACF)

22<sup>nd</sup>, January, 2007

- Meeting with Ali Haribou, FAO representative in Djibouti and FAO liaison Officer to AU and ECA
- Meeting with Patrick V. Tesha, FAO representative in Ethiopia, to AU and ECA a.i.
- Muktar Reshid, national Livestock Consultant, FAO-Ethiopia
- Dr. Alemayehu Makonnen, Senior veterinarian, in veterinary Public health, inspection & quarantine, Animal Health Department, MOARD
- Pedro Carrillo, Pastoral/Livestock Program Manager, USAID
- Dugasa Dekhaba, member of the SSP-LMM project

23th, January, 2007

- Travel to Dire Dawa
- Meeting with Dr. Katama, Manager of the quarantine, Dire Dawa

24<sup>th</sup>, January, 2007

- Visit of the quarantine
- Visit of the municipal slaughterhouse
- Meeting with an exporter, Zaki Atick
- Visit of a market, Dawea, discussion with traders and brokers

25<sup>th</sup>, January, 2007

- Meeting with Abdouraiman Aliye, Head of regional Ministry of Agriculture
- Chamber of Commerce Dire Dawa
- Meeting with Tamikat Kebed, representative of Ministry of Trade and Industry, Dire Dawa
- Visit of Babile market: interview of one broker of Shag import/export enterprise
- Interview of a local trader implied in barter economy (livestock- merchandises)

26<sup>th</sup>, January, 2007

- departure for Addis Abeba
- interview of the manager of Shag import export enterprise
- meeting with Eric fermet Quinet, team leader, and Julien Chalimbaud, ACF coordinator of Food security programs in Ethiopia

27<sup>th</sup>, January, 2007

- return to France

## **I. OBJECTIVE OF THE MISSION**

This mission takes place in the first phase of the Standard and Trade Development Facility Project (STDF) on “A strategy and action plan for selected African regions to enhance public and private sector capacity in meeting international security sanitary standards in international trade of livestock and livestock products”, project organized by FAO on request of OIE.

The first step of this phase had been to collect data on potential trade of livestock and animal products, on the existence or prospects for an export market, and on the constraints faced for export. This analyse developed through a literature review has been carried at regional level. From these data, the case of Ethiopia, one of the important providers of meat and live animals in the region but also in the Middle East, emerges as an interesting case study for the whole area. Now the main requirements in terms of SPS are imposed by Saudi Arabia that represents the main importing country in this area.

The second step is the field review. This field review consists to interact with the stakeholders/actors within the livestock chain from production (farmers association, feeding factories, additives retailers) to management of animal health (State veterinary services and private vets), and livestock traders and exporters.

Different points regarding the production and market chain of the potential trade activity have to be tackled:

- constraints that hinder export with special emphasis on animal health and food safety aspects;
- The role of each actor in the supply, production and market chain, and their possible inputs for sanitary quality improvement of the product;
- Links between the different actors of the livestock chain and options for private-public synergies;
- Possible improvement : (i) of the production chain in terms of safety and quality and (ii) veterinary certification system, in terms of pertinence and reliability.

If the veterinary team has focused their attention on the capacity of National Veterinary Services to control animal health, the objective of the economist was to give a picture of the meat and live animal chain and to identify the main constraints that limit its efficiency.

This one-week field review is too short to describe the export sector that is very complex. We have focused my attention on live animals trade that corresponds to the main demand of Middle East countries to satisfy the consumption during the Muslim events (Eïd El Fitr, Pilgrimage to the Mecque).

## **2. CONFIGURATION OF THE FORMAL AND INFORMAL CIRCUITS**

### ***2.1. Formal market***

Firstly the formal market would not be as little as it is described in the literature. This formal market comprises two distinct sectors: the meat sector and the live animal sector. Apparently these two markets don't involve the same stakeholders.

#### The meat sector

The meat sector is dominated by large businessmen that control the meat export market. The country counts 5 export abattoirs but the main abattoirs were localized around Addis Ababa: Debrezeit, Nazareth, Mojo.

The largest owner of meat export abattoirs is Sherala Moudi, an Ethiopian- Saudian owner. He is the owner of 3 export abattoirs:

1. ELFORA, Debrezeit
2. Export abattoir of Matahara
3. Wogone export abattoir

Two other exports abattoirs are:

4. Hashim Nur Jiru, Debrezeit
5. Mojo export Abattoir

Meats for export are mainly chilled and frozen meats that are exported by air. There is also an ELFORA abattoir in Dire Dawa. But this abattoir hasn't the licence to export and try now to obtain it knowing that Dire Dawa has the second largest international airport in Ethiopia. Regular lines joint Dire Dawa to Djibouti, Gulf States, other African countries and Europe.

These export abattoirs are approved by Middle East. They are equipped with refrigeration trucks and they use airfreight for exporting.

Generally, these slaughterhouses use animals from feedlots around Addis. But the lack of time prevents me to visit export abattoirs and discuss with the main stakeholders of this chain.

#### The live animal sector

The main legal exporters around Addis but also Dire Dawa have their own collecting points where the animals are gathered, fed, treated, and vaccinated before being exported. These collecting points play the role of quarantine. The animals are parked around 20 to 30 days before being exported by rail or by truck by the way of Djibouti.

The animals are collected by agents/brokers or small traders who are working for the benefit of the exporter. Around Addis, animals are collected in the bush/villages or on the primary markets, eventually on the secondary markets but not on the terminal markets that are mainly focused on the supply of live animals or meat for the domestic demand. Around Dire Dawa, animals are mainly marketed on the primary or secondary markets but also some traders are operating at the village/bush level. One broker explained that he uses some relationships to contact pastors at the bush level about the demand in live animals and the pastors trek their animals until the local markets.

From Debrezeit or Nazareth, two main circuits are followed:

- Debrezeit, Nazareth, Mojo → Awash → Mille → Dishoto → Djibouti
- Debrezeit, Nazareth, Mojo (by train) → Dire dawa → Aysha → Djibouti

From Dire Dawa, the main legal circuits are:

- Dire Dawa (by train or truck) → Aysha → Port Djibouti.
- Dire Dawa → Jijiga → Togochole → Hargeisa → Berbera

We can distinguish different types of procedure according to the destination of animals:

1. The Yemen market: the majority of animals are trucked until Djibouti and they are directly shipped on Yemenite boats without using the quarantine or veterinarian services in Djibouti. Generally, Djiboutian intermediaries ensure the transfer of animals to Yemenite traders and the loading at the Port of Djibouti is at the charge of the Yemenite traders. In this chain, the Yemenite traders acknowledge the sanitary certificate delivered by Ethiopian veterinary services in the collecting points of Ethiopian exporters.
2. Saudi Arabia or Emirates markets: the animals are parked for at least 21 days in the quarantine station of Djibouti before being re-exported. This procedure has been implemented for the last Eïd el Fitr (December 2006). The animals come from Ethiopia through the Ethiopia-Djibouti

border or through Somaliland (animals are shipped in the Port of Berbera to be re-exported to Port of Djibouti)

3. Egypt market: Egyptian inspectors come directly to Ethiopia to control the sanitary status of animals (mainly cattle) before their exportation through the Port of Djibouti.

These circuits are considered legal by the Ethiopian governments in the way that all the Ethiopian traders accomplished the formality through the veterinarian service (in the collecting points) and respected the financial procedures of exportation through letter of credit or credit advance from the importing traders.

If the formal circuit by Djibouti is well developed, Ethiopian government would like to develop its legal export market through Somaliland, especially the Port of Berbera, but also in direction of Sudan and Kenya.

The main objective is to legalize its livestock marketing activities. Different measures have been undertaken to favour the legal trade of live animals. Now the traders can chose between two ways to export their animals: 1) the classical letter of credit or 2) One advance of the buyer to an Ethiopian bank. In this sense, Ethiopia banks have been opened in Somaliland, Djibouti but also in some local area in Ethiopia (Jijiga). And the payment could be done in convertible currency (US\$). Ethiopian government has also developed important military control on the Ethiopia-Djibouti border to limit smuggling market.

Ethiopia stakeholders (officials and private exporters) want also to diversify their points of exportation. Moreover, the Ethiopian government would like to develop their own system of quarantine in Ethiopia for exporting their livestock without using the Djiboutian quarantine. Quarantines have been developed:

1. In direction of Sudan: two quarantines in the north of Ethiopia
2. In direction of Djibouti: two quarantines by the way of Afar (Kombolcha and Dishoto) and one quarantine in Dire Dawa
3. In direction of Somali land: one quarantine in Togochole
4. For different directions: one quarantine around Addis.

This procedure meets many problems:

- The reinforcement of veterinarian services and the recognition of their certificates by receivers knowing that if the animals are free of disease when they leave the Ethiopian territory, they are submitted to disease risks until their embarkation from Djibouti. No guarantee during the transport from the border to the Port.
- Diplomatic problem: the livestock activity is essential in Djibouti to favour their economic activity. Moreover a huge quarantine station (from a capacity of 400, 000 head of small ruminants) has been built by a private Saudi investor and it is now operational. For the moment this Saudi investor controls the exportation of live animals until Saudi Arabia as if it is not excluded that a Saudi concurrent doesn't prospect to make the same investment at the Port of Berbera when Somaliland will be recognized by the international community such as a nation. A Saudi exporter from Dire Dawa originated from Yemen plans to export around 600,000 heads from Dire Dawa to Port of Djibouti. He has concluded a contract with the Saudi investor of the quarantine: he provides the animals and pays the charges until the quarantine; the quarantine fees (charge of feed, water supply, vaccination and sanitary certificates) are paid by the Saudi investor. This type of contract reveals the ambiguity of the quarantine station in Djibouti as if this quarantine constitutes an opportunity for whole the region (especially Ethiopia and Somali) to export to Saudi Arabia or others countries that require strong guarantees.

## ***2.2. Informal market***

### *The semi informal chain*

Despite the civil war in Somalia (with the reinforcement of Ethiopian military controls at the border) and the ambiguity of the status of Somaliland (no recognition by the international community) and from the point of view of many officials, private stakeholders or members of development projects, the export activities through Somalia are always functioning. If Ethiopia has tried to control its border, this border would be very porous with 2400 km of border!

This has been confirmed with some interviews among traders on the markets.

For example, during the visit of Dawea market, different types of stakeholders were practicing this informal trade:

- Ethiopian traders that buy the animals on the local or secondary markets, truck them until the Somaliland border. They have already contracted with Somali traders who ensure the passage of animals through the border by the way of dealers.
- Somali traders who buy animals on the local or secondary markets by the way of Ethiopian brokers and ensure the transfer until the Somaliland border by the way of an Ethiopian agent who play the role of figurehead.

Some Somali agents are also presented in the market just to have information on price and supply in order to inform Somali traders.

The main informal circuits are:

- Local markets → Dire Dawa → Aysha → Port Djibouti.
- Local markets → Jijiga → Togochale → Hargeisa → Berbera

Since the reinforcement of control on the Ethiopia-Djibouti border, the main informal circuit is through the cross-border Ethiopia-Somaliland.

The live animals can be sold on the local markets in Somaliland or trucked until the Port of Berbera or Bossasso to be re-exported. For information, last December 2006, 400,000 sheep and goat have been carried from the Somaliland' Ports until Djibouti. After 21 days in the Djiboutian quarantine, they have been re-exported to Saudi Arabia. This circuit involved many changes of ownership:

- 2 owners in Ethiopia (herder, local trader)
- 2 owners in Somaliland (Somaliland buyer to Ethiopian trader and the Somaliland exporter)
- 1 owner in Djibouti
- 1 owner in Saudi Arabia

For this chain, one can count at least 6 owners of the live animals without including the last owner: the consumer. It is difficult to estimate the number of people involved: 2 brokers for each transaction, dealer to cross the border, shepherds, conveyers and transporters, loaders, financial agents, etc.

This chain comprises an informal and formal section so that make difficult to ensure the traceability. Generally the veterinarian Inland certificate is enough to export.

### *Smuggling chain*

The smuggling chain is quite developed in Dire Dawa and could constitute the “lung” of the town. This chain is based on the barter economy: live animals to merchandises (food, household electrical appliances, computer, Mobile phone, etc.).

Before the reinforcement of the official control on the Djiboutian border, the majority of this trade was developed with Djiboutian traders who belong to the same social network (family or ethnic). Around

fifty large traders near Dire Dawa would control this economy and create the social links with Djibouti. Small traders who depend on these large ones gather the animals. Generally they buy animals directly at the farm/bush level or at the local markets around Dire Dawa (no more than 8 km). They fix a site and a date to the different farmers where and when the farmers must convey the animals. From this point the clandestine smuggling traders trekked the animals alone until Djibouti. Generally a convoy includes around 100 head of small ruminants and 100 head of cattle and a dozen of camels. The convoy took between 10 to 15 days to join Djibouti. In Djibouti they deliver the animals and take the different merchandises charged on camels to come back Dire Dawa. The capital to buy the animals is based on thrust relations in the social network. The monthly profit would be around 20 to 30000 Birr (between 150 to 200 Birr/cattle and 50 to 100 Birr/Small ruminants).

Now this clandestine activity is more developed with Somali traders through the Somaliland border.

### **3. STAKEHOLDERS**

The main stakeholders are the farmers, the brokers, the local traders, the conveyers, the technicians in the collecting points, the transporters, and the exporters.

#### Herders:

The main herders that supply the live animal export market are the pastors and agro-pastors from Somali, Borana, and Afar. They trek their animals to the local/primary markets or the secondary markets. Some of them sell directly to traders at the bush level. On the market they are waiting around the market and use the service of one broker to sell their animals.

#### Brokers:

The brokers are the main active stakeholders on the markets. One transaction necessitates two brokers: one for the farmer and one for the trader. They are responsible of the negotiation of price, the monetary transaction, and play the role of translator sometimes. They could be affiliated to a large trader or exporter or act as intermediaries for many local traders. In the first case, their remuneration could be assimilated to occasional salaries while in the second case the payment is for each transaction (10-20 birr/ head of small ruminant and 20-30 birr/head of cattle in Dire Dawa and 60-50 Birr/cattle and camel and 3-5 Birr/shoat around Addis). Some traders use the system of bonus to encourage the brokers to negotiate low purchasing prices.

#### Traders

There is a variety of traders according to their capital and the nature of their business (for domestic consumption or exportation). In Dire Dawa, the exporters use the service of traders to buy animals in village/bush level, local/primary markets or secondary markets. The terminal markets are mainly occupied by local traders that act for the domestic consumption. One can distinguish Ethiopian traders and foreigners: Somali traders or Yemenite traders who can operate formally or informally on the local markets.

#### Exporters

Generally the formal exporters have their own holding area or collecting point where they gather the animals for being fed, treated and vaccinated before exportation. From Dire Dawa, they use either the train or the truck to bring their animals until Djibouti. They use local traders as permanent workers to find the animals.

In Dire Dawa, they are only 4 exporters: Shag company, Safi trading, Zaki Atick and Ham Dil. Shag company, the largest exporter in the area, is also operating around Addis (Nazareth) and from Afar (Kombolcha). The owner has 7 feedlots or collecting points: 2 in Nazareth, 1 in Metahara, 1 in Dire Dawa, 1 in Kombolcha and 1 in Mille. His three axis of supply are Borana, Afar and Somali. For collecting the animals, he employs 8 permanent traders distributed on the woreda of Borona, Moyale, Bale, Dire Dawa, Mile and Kombolcha. Including the management of the feed lots, he has around 30

permanent workers. During the peak period, the number could be multiplied by three times using occasional workers.

#### Transporters

Generally the local traders convey the animals from the local markets to the holding area by renting small trucks:

- 33 Birr/ cattle and 5-6 birr/shoat from Babile to Dire Dawa (the capacity of truck is around 12 cattle or 70-80 shoats).
- 130 Birr/cattle, 400 Birr/camel and 15 Birr/shoat from Borana to Nazareth

After their stay at the holding area, animals are loaded on train or truck to be transferred to the Port of Djibouti.

- In Dire Dawa, the loading charges are 3 birr/cattle, 5 birr/camel and 1 birr/shoat. The conveyer/keeper charges 200 Birr/truck; one truck counts 40-45 bullock, 50 calf or 200 shoats. All the expenses of transport from Dire Dawa to Djibouti are around 4500 Birr for one truck or 4000 Birr for one wagon. The transport until the Port of Djibouti takes around 12 hours.
- From Nazareth, the animals are conveyed to Port of Djibouti through Afar road (Awash, Mille, Dishoto). The transport takes 12 hours and the costs are 130 Birr/cattle, 225 Birr/camel and 40-50 Birr/shoat. The truck counts around 25-30 cattle, or 10-15 camels, or 250 shoats.

Some traders trucked the animals until the Somaliland border. Generally they have 2-3 Somali traders who ensure the “passage” of animal through the border by the way of dealers. The transport charges are around 1200 Birr (up to the border for 12 to 18 heads of large ruminants), plus the maintenance of animals (5 Birr/head/day) and the conveyer payment (150-180 Birr). The transport takes around 12 hours from Dawea to Togoshale.

#### Collectors of taxes

The collectors of taxes are official agents who control the movements of animals on the markets. The market fees are around 10 Birr/head of large ruminant. Besides the charges fees during the transport are around 5 birr/ head or 30 Birr/truck according to the control points. From Dawea to the Somaliland border, there are around 4 control points on the road.

#### Veterinary services

The veterinarians operate mainly in the holding areas (collecting points) where they ensure the vaccination of the animals and they deliver the veterinarian certificate.

The types of vaccine depend on the destination of animals. If the FMD vaccine is obligatory to export to Egypt, it is forbidden when the animals have to be exported in direction of Middle East. The main vaccines are Black leg, Anthrax, Pasteurelose and FMD. The average cost of one vaccine is around 1-2 Birr. The total vaccination cost 5-6 Birr/head.

According to my brief observation in Dire Dawa, there are good relations between the private exporters and the official veterinarians that operate in the holding areas. And I don't notice any competition between the federal quarantine and the private holding areas knowing that the quarantine is only operating during the last 6 months.

#### The technician workers in the holding areas

The technicians are in charge of the feeding and maintenance of animals in the holding areas. This cost of maintenance ranges between 6-7 Birr to 10 Birr per cattle and between 1.5 to 4 Birr per shoat. In Nazareth, the average monthly wage for worker would be around 1000-1500 Birr/month.

#### The importers

The importers can be Djiboutian or Somali traders for informal trade or directly the final importers (Yemenites, Saudi, Egyptian, etc.) for formal trade. It has been impossible to meet importers because the formal ones act directly from their country.

## 4. EFFICIENCY AND IMPORTANCE OF LIVE ANIMAL CHAIN

### 4.1. Importance of live animal export sector

It is difficult to estimate the total volume of exportation because I have collected only fragmented or partial data that can be used only as trend.

Table 1: Exportations of live animals from Somali, Harari, East and West Harerghe and Dire Dawa regions (in value)

Calendar Julian	Gregorian Calendar	Value of exportations (million Birr) <sup>1</sup>	Value of exportations (thousand euro)	Cattle (heads) <sup>2</sup>	Shoat (heads) <sup>2</sup>	Camel (heads) <sup>2</sup>
1995*	Sept 2002-sept 2003	1.1	94	91	3058	27
1996*	sept 2003- sept 2004	5.7	485	471	15848	142
1997*	Sept 2004-sept 2005	40.6	3451	3353	112884	1013
1998*	Sept 2005-sept2006	43.37	3687	3581	120586	1082
1999**	Sept 2006-jan 2007	54.7	4650	1492	185980	1563

1 euro=11.76279 birr

<sup>1</sup> Ministry of Trade and Industry, regions of Somali, Harari, East and West Hararghe and Dire Dawa.

<sup>2</sup> Estimation of average price for each type of animal based on market price collected by the Ministry of Agriculture: 250 Birr/shoat, 3300 Birr/cattle and 2100 Birr/camel

\* Estimation of % for each type (cattle, Shoat, camel) on the basis of the estimation of exportation according to CSA data (see Report Desk review, section II.4.3). So it is supposed 68% shoat, 5% camel and 27% cattle in the composition of exportation.

\*\* Estimation of % according to two events: the Egyptian ban for cattle from Ethiopia and the demand for Arafa during the last two months (November, December 2006). So it is supposed 85% shoat, 6% camel and 9% cattle in the composition of exportation (% head/ total stock).

We propose to cross this first estimation with another estimation issued from the data collected among exporter. In Dire Dawa, two exporters have been interviewed: a large one and a medium one. According to discussion with veterinarians who ensure the monitoring of live export in the collecting points, there are 2 large exporters and 2 medium exporters in Dire Dawa that work on the same area (Somali, Harari, East and West Harerghe and Dire Dawa regions).

Table 2: Estimation of exportations of live animals from Somali, Harari, East and West Harerghe and Dire Dawa regions from the declarations of one exporter for the two categories (heads)

		Estimation from declarations of exportations in 2006		Estimation from the capacity of each holding area	
		Volume (heads)/exporter	Total	Capacity /month (heads)	Total
Medium exporter	Cattle			300	1800
	Shoat	11000	22000	1500	24000
	Camel	300	600	250	500
Large exporter	Cattle	18000*	24000*	10000	60000
	Shoat	30-100000*	60-200000*	25000	400000
	Camel	5000*	10000*	8000	16000
TOTAL For the region	Cattle		24000*		61800
	Shoat		222000*		424000
	Camel		10600*		16500

\* Estimation for all the holding area of the large exporter.

If there is some coherence on small ruminants export stock, it is noted large gaps for cattle and camel between the estimations from official data and private data. These gaps could be explained by: 1) the method of estimation (based on % of the exportation)<sup>1</sup>, 2) the estimation for large exporter concern their total exportation (including the exportations from Addis and Afar).

For extension at the national level, it is supposed that on the 14 exporters' members of the Association of livestock exporters there are 7 large exporters and 7 medium exporters. The official exportation would be around 126,000 cattle, 500,000 shoats and 37,000 camels with a capacity of exportation of 226,000 cattle, 1.4 million of shoat and 57,000 camels.

Table 3: Estimation of exportations of live animals from Ethiopia (Hypothesis: 7 large exporters and 7 medium exporters) (heads)

		Estimation from declarations of exportations in 2006		Estimation from the capacity of each holding area	
		Volume (heads)/exporter	Total	Capacity /month (heads)	Total
Medium exporter	Cattle			300	16 800
	Shoat	11000	77 000	1500	31 500
	Camel	300	2 100	250	1 750
Large exporter	Cattle	18000	126 000	10000	210 000
	Shoat	60000	420 000	25000	1 400 000
	Camel	5000	35 000	8000	56 000
TOTAL For Ethiopia	Cattle		126 000		226 800
	Shoat		497 000		1 431 500
	Camel		37 100		57 750

If we confront these estimations with the national estimations compiled during the desk review, we note that the real exportation are closed of real estimation and than the potential estimated through the capacity are closed of the potential estimation as if for the potential the authors are based their estimation on the informal market although the last estimation is based on the capacity of exporters. In 2006 one event affected the real exportations of cattle: the Egyptian ban that stopped the exportations of cattle to Egypt since March 2006.

For sheep and goat, the different estimations for 2005 and 2006 give similar results around 600 000 heads would be exported from Ethiopia through Port of Djibouti or Somalia Ports. The potential of exportation for sheep and goat would be 2 times more important, especially through official chains. So the problem is not the capacity of exportation but rather the demand (from the importing countries) and also the diversification of the intermediaries especially for the Middle East countries.

In conclusion, we can say that the estimations give a similar rough estimate of export potential. But unfortunately, by lack of time, we cannot confront this estimation with recent national data from MoARD.

<sup>1</sup> According to the interviews, the % export for each specie varies with the demand and this demand is mainly managed by the intermediaries in Djibouti.

Table 4: Estimation of exportations of live animals from Ethiopia (heads)

Source of data	reference period	cattle (heads)	Shoats (heads)	camel (heads)
Ethiopia Government Committee of Concerned ministries, unpublished data, 1983	1981/82	225 450	758 200	
AACMC, 1984	1983/84	55 000	330 000	
Ministry of Foreign Trade 1987	1985/86	260 000	1 200 000	
FAO, 1993	1987/88	150 000	300 000	
World Bank, 1987	1987	225 000	750 000	100 000
MEDaC, 1998	1998	260 000	1 200 000	
Gebresellasie et al (1998), Dirbaba (2001)	2001	325 000	1 150 000	16 000
Ahrens, 1998	1998	64 606	372 656	42 828
Pratt et al., 1997	1997		1 407 244	
Pratt et al., 1999	1999		1 024 063	
Belashew and Jembery, 2005 (potential)	2005	322 000	4 500 000	69 000
Belashew and Jembery, 2005 (real)	2005		558 000	
Estimation from CSA, 2001-2002 (Alary, 2006)	2001	272 288	720 427	9 223
Estimation Field review (real and official)	2006	126 000	497 000	37 100
Estimation Field review (real and informal)*	2006	1 620	138 240	3 888
Estimation Field review (real formal + informal)	2006	127 620	635 240	40 988
Estimation Field review (potential)	2006	226 800	1 431 500	57 750

\* the informal estimation results from interview among local traders met in local market: around 8-10 small trucks (that count 15-18 cattle, 12 camels or 70-80 shoats) would load animals in direction of the Somaliland border for each market of the region (Somali region) and around 5 markets per week.

#### 4.2. Indicators of price

Table 5 give the official data on purchasing price on the local market of Dire Dawa and the prices registered among different traders on the local market in Oromia and Somali regions (Dawea and Babile).

Firstly we note important gaps between the prices on Dire Dawa (terminal markets) and the local markets oriented to domestic and export markets. This explains why no traders buy animals on terminal markets.

The average price for sheep and goat on local markets are around 190 birr and 210 Birr respectively (or 21 US\$/head of sheep and 23 US\$/head of goat). They are around 2500-3000 Birr (275-330 US\$) for cattle and 3000-4700 Birr (or 330-517 US\$) for camel.

The local prices for shoat would two times less than the market price in Yemen.

Table 5: Estimation of price per category of animal (in Birr/head) in 2006

		Official survey : market price (MOARD, Dire dawa)						Field review, jan 2006		
		Market prices (Official data)						trader 1	trader 2	trader 3
Specie	category	sept-06	oct-06	nov-06	déc-06	Average (Sept to dec 2006)	Average (Sept to dec 2006)	janv-06	janv-06	janv-06
		Birr	Birr	Birr	Birr	Birr	US\$	Birr	Birr	Birr
Oxen	cat 1	3900	3600	3075	2700	3318.75	378	3000	2500-3000	
	cat 2	2880	3300	3000	2500	2920	333			
	cat 3	2375	2460	2300	2000	2283.75	260	2055		
calf	Male	950	900	1000	1200	1012.5	115	1700		
sheep	Male	580	550	500	470	525	60	160-210		200
	female	250	220	200	180	212.5	24			
goat	Male	600	550	650	550	587.5	67	180-200		240
	female	280	250	290	260	270	31			
camel	Male	2000	2300	2200	2150	2162.5	247	3000		4700

\* Exchange rate: 1 birr = 0.11404 US\$ in dec. 2006

### 4.3. Indicators of profits

Table 6 give an approximation of the rentability of the live stock export activity. The profit is around 60 Birr/ shoat, 150 to 243 Birr/cattle and around 300 birr for camel. In the informal market with Somalia the profit would lower, around 200 Birr par head of camel.

But these data must be considered with a lot of precautions. Firstly the purchasing prices are very fluctuating and depend on Muslim calendar, agricultural calendar and natural events (drought, inundation). We don't have data on the legal and illegal taxes on the road check points.

Table 6: Reconstruction of marketing costs and profit for different traders and different chain (in Birr)

		trader 1 (from dire dawa to Djibouti)			trader 2 (From Dire dawa to somalia)	trader 3 (from Borona to Djibouti)			FAO, 2003, Illegal trade of Black head sheep (cost unit Jeddah, Saudi Arabia)	
		Shoat	cattle	camel	camel	Shoat	cattle	camel	Shoat (seasonal)	Shoat (Haj and Id)
	producer price	160-200	2500	3000	2750	220	3000	4700	150	210
	Broker fees	15.00	25.00	30.00	20.00	4.00	30.00	50.00		
	taxes	1.50	3.00	5.00	25.00				3.5	3.5
feedlot	permanent worker	0.70	3.50	3.50		5.00	24.00	24.00		
	Feed	1.25	10.00			4.00	6.00	7.00	2.00	2.00
	vaccination	5.50	5.50			5.50	5.50	5.50	0.30	0.30
	veterinary certificate	0.20	1.00	1.00		0.20	1.00	1.00		
transport	From local market to feedlot	5.33	33.30			15.00	130.00	400	10.00	10.00
	From the feedlot to Djibouti	22.50	90.00	112.50		45.00	130.00	225.00		
	From the market to Somaliland border				100.00				4	4
	Loading	1.00	3.00	5.00		1.00	3.00	5.00		
	Conveyer	1.00	4.00	5.00	165.00	1.00	4.00	5.00		
	maintenance				5.00				1.6	1.6
	Somaliland Port tax								49	49
	Shipping to jeddah								42	42
Balance	Total cost	54	178	162	315	81	334	723	112	112
	Selling price	294	2828	3462	3265	363.00	3562	5732	350	490
	profit	60	150	300	200	62	229	310	88	168
	profit in US\$ <sup>1</sup>	7	16	33	22	7	25	34	10	18

\* camel: around 140 kg of meat \* 4.5 US\$/kg

\* bovin: 290 kg \*1.35 US\$/kg

<sup>1</sup> Exchange rate : 1 birr= 0.1099 US\$ (20/01/2007)

The procedure of exportation comprises:

- Import/Export Licence (80 Birr/year)
- member of chamber of commerce
- Clearance of finance office
- Quarantine certificate: 1 birr/head of cattle or camel and 0.2 Birr/head of shoat
- Invoice of custom office based on advance payment (from the customer) or Letter of Credit
- Certificate of origin (Chamber of Commerce): around 40 Birr/certificate
- The export taxes depend on the profit in order to promote the exportation (around 3-5 birr/head of cattle and 1-2 Birr/head of shoat)
- Transport bill (or way bill): declaration with the number of animal (and amount), the driver name and licence)

According to exporters, the factors that dampen the procedure are:

- to have the vaccines from Addis and Nazareth
- before the loading in Djibouti: compliance and long time
- Apparently the exporters from Addis would be more supported than others by the Ethiopian government. For example, it would be easier to access to credit without collateral in Addis than in Dire Dawa.
- The waste of time at the road checkpoints
- The access to credit
- Difficulty to have advance payment

The legal exporters in Dire Dawa operate thanks to friendly or family links with traders in Djibouti that contract with importers and ensure the procedure until the shipment of animals. Some of them practice also other marketing activities, for example cereal grain.

## **5. PROJECT: DEVELOPMENT PROJECTS AND GOVERNMENTAL PROJECT**

### **5.1. Governmental projects**

Ethiopian Government has undertaken different measures to favour the livestock export activity and reduce the informal sector that impedes the development of the legal one.

#### Infrastructures:

- 6 Industrial export abattoirs:
- 8 Quarantine with two closed to the Djibouti border (Dishoto and Dire Dawa) and 1 near Somaliland border (Togoshale). A new quarantine would be building in Aysha
- 250 private and public clinics
- 11 laboratories with 3 in the Esat regions: Hirna, Dire Dawa and Jijiga
- Presence of veterinary in 4 check points (including Aysha and Togochole)
- 6 vet universities (around 500 vets)

But the country counts only 483 doctors, 800 animal health assistants and 300 technicians.

We have visited the quarantine of Dire Dawa. This quarantine counts 1 vet, 1 vet assistant and 2 technicians. On 3 ha, there is actually a demand to extend this quarantine to 27 ha. This quarantine is operational since one month. Its capacity is around 500 head of cattle and 2000 head of shoat. The facilities are a water reservoir (supplied with the town area reservoir), an area for manure spreading, a laboratory for quick diagnostic but no yet equipped, a ramp. For the moment feed is provided by the owner. For the moment there is no payment for the quarantine. The activity of the last 6 months concerns 1750 camels, 720 cattle and 1900 shoats.

The manager and vet assistant for this quarantine have very good relationships with the exporters based in Dire Dawa.

### Training

To increase the presence of veterinary service in remote areas, Ethiopia fund a program of 1 month training for Community Animal Health Workers (CAHW). These CASW are originated from their community and at the end of the training could ensure primary health cares, information on outbreak and vaccination.

### Facilities:

- Establishment of Ethiopian banks in Berbera, Djibouti or Somali region of Ethiopia
- Exemption of taxes for live animals export
- The export taxes depend on the profit in order to promote the exportation (around 3-5 birr/head of cattle and 1-2 Birr/head of shoat)
- Two financial ways of export: letter of credit or advance payment.

## **5.2. Development projects**

USAID has developed many projects concerning livestock activities. Among these, we can cite:

### 1) Pastoral Livelihood Initiative: feed, vaccination, early warning system, livestock marketing (rehabilitation of terminal market, transport of live animals, etc.)

This project undertakes urgent and timely interventions to respond immediately to the current emergency and to improve livestock and early warning systems to reduce the prospect of famine from recurring droughts in the pastoral areas of Ethiopia.

The main components are:

- Stabilize and adjust herd size to pasture conditions
- Early warning and livestock response system (Afar region baselines)
- Expand new and traditional markets for live animals and animal products

### 2) Ethiopia Sanitary and Phyto-sanitary Standards and Livestock and Meat Marketing (SPS-LMM)

The proposed activities are:

- improve capacity of national and regional veterinary Office to undertake SPS activities in support of increased livestock and meat exports: 1) increased capacity building of the animal health services to set and meet international standards and 2) Increase the capacity for the livestock and meat industry to comply with the standards of key importing countries and 3) establish a verifiable and efficient system for the inspection and certification of the livestock-meat for exports
- Improve Ethiopia's competitiveness in the world market for livestock and meat: 1) Improved market integration by creating and expanding direct linkages between producer marketing groups and export abattoirs, by reducing marketing costs, etc.; 2) Enhance the environment for exports of livestock and meat to key targeted import markets

3) Livestock Marketing Information System (LMIS) project in collaboration with the Livestock & Fish market department (LFMD): support the LFMD for providing equitable and near, real-time livestock information to all levels of livestock market chains in order to improve livestock marketing efficiency, strengthening institutional market policy and increase livestock off-take drought.

4) Focus on Newly Emerging regions (FOCUS) project implemented by SC-UK provides development assistance in North Eastern (Jijiga, Fik, Chinile) Somali Region to improve animal health and natural resource management practices, increase access to appropriate basic education, increase

cooperation and collaboration among government and establish local institutions in support of successful conflict mitigation as well as effective and sustainable food security monitoring (EWS) system.

5) Livelihoods Enhanced for pastoralists and Agro-pastoralists (LEAP) project which aims to increase opportunities for income generation of pastoralists and agro-pastoralists, improved health and nutritional status among families, increase access to appropriate alternative basic education and finally increase cooperation and collaboration among government and local institutions in support of successful dispute resolution.

Besides USAID projects, there are different projects:

- PACE (European project of 4.5 million Euros): veterinary services and livestock marketing
- ILRI project: on poverty and livestock marketing
- FAO project: Emergency issues: design national appeals concerning natural disasters (drought, inundation, etc.)
- ACF project on food security
- Etc.

## **6. RECOMMENDATIONS**

This field review confirms the identification of the main importing countries: Yemen, Saudi Arabia, Emirates and Jordan for shoats and camels and Egypt for cattle.

The main opportunities for Ethiopia are:

- important livestock resource and consumers' appreciation of Ethiopian sheep by the main importing countries
- strong family or friendly links across the Ethiopia-Djibouti and Ethiopia-Somaliland border that favour the efficiency of the livestock chain
- Agreement with Kenya and Sudan to legalize this trade

The main constraints felt by the stakeholders interviewed during our stay in Ethiopia are related to the Ports of exportation:

Nowadays and in a first view, Djibouti constitutes a potential passage to export the Ethiopian livestock in direction to Middle East with the development of a huge quarantine by a private Saudi investor. A joined mission FAO/OIE is expected to validate the export certificate in collaboration with the Saudi partners. But this option presents a series of handicaps for Ethiopian stakeholders:

- the dependence of veterinarian service of Djibouti while they practice already their own quarantine system
- the risk of dependence of only one port and the cost of this dependency : the certificate at the Port of Djibouti would be around 10-15 US\$/head of cattle and 5 US\$ /head of shoat
- Socio-political dimension of this chain with 1) the feeling to be deprived of its own resource and 2) the risk of de-structuring of old network.
- The risk of structuring of an Arab chain from Ethiopia to Saudi Arabia with the entry of Arab traders in the live animal export activity in Ethiopia. These foreign exporters would not be subjected to the same financial and administrative constraints.

The informal market has been drastically reduced thanks to the efforts from the Ethiopian government to facilitate the live animal markets. But at the local level, some competitions exist. For example, in Dawea, when the Somali traders act on the market, they could purchase 80-100 heads a day and then perturb the trading activity for local traders.

Problem of transport:

- lack of trucks

- lack of good road especially between Dire Dawa to Togochole but a asphalt road is going between Jijiga and Alem Maya.

The main recommendations mentioned by exporters:

- Suppress the check points
- A unique procedure to export that details the different obligations. For the moment, there is a lot of confusion on the procedure with different treatments between Ethiopian exporters and foreign exporters. This procedure must include the regulations related to animal health, transport, taxation, etc.
- Bilateral agreement with Gulf states
- Integrate all the development projects that work on the facilitation of livestock marketing in order to capitalize on what one already knows and progress.
- Recognition of Ethiopian vet certificate in order to export directly from Djibouti without using the Djiboutian quarantine that is costly: 10-15 US\$ for the certificate+10-13US\$ for maintenance (feed+water) per cattle and 15 US\$ for the certificate+5-5.5US\$ for maintenance (feed+water) per shoat/
- Facilitate payment with access to hard currency

## 7. CONCLUSION

This Field review confirms the high potentiality of livestock export for Ethiopia. The main advantages are the livestock resources and the old relationships within the region (Djibouti, Somaliland) but also the Middle East. Important efforts are in progress to facilitate the legal export chain by reducing the taxes (exemption of taxes for livestock export), development of federal quarantines, diversify the financial guarantees, etc.

But the new quarantine in Djibouti questions all the stakeholders of this export chains from the local traders to the large exporters, from the private to the public stakeholders. There is a need of an important clarification about the status of this quarantine: regional quarantine or Djibouti ownership?

According to the old and closed Somali network on the Somaliland border and the potentiality and facility of the Somaliland' Ports, it could be important to develop a regional approach of this export activities, diversify the locations and then reduce the risks of shock when only one location is operating. Moreover the competition between different ports could favour investment in infrastructure and reduce the charges.

Concerning the sanitary quality, the exporters would like to have an international recognition of the veterinary certificate delivered by the Ethiopia vet services in their collecting points. This demand calls for the development of a regional view of the SPS requirements.

## APPENDICES

### 1. List of the persons

- Julien Chalimbaud, Coordinator of the Food Security Program
- Ali Haribou, FAO representative in Djibouti and FAO liaison Officer to AU and ECA
- Patrick V. Tesha, FAO representative in Ethiopia, to AU and ECA a.i.
- Muktar Reshid, national Livestock Consultant, FAO-Ethiopia
- Dr. Alemayehu Makonnen, Senior veterinarian, in veterinary Public health, inspection & quarantine, Animal Health Department, MOARD
- Pedro Carrillo, Pastoral/Livestock Program Manager, USAID
- Dugasa Dekhaba, member of the SSP-LMM project
- Dr. Katama, Manager of the quarantine, Dire Dawa
- Zaki Atick, exporter
- Abdouraiman Aliye, Head of regional Ministry of Agriculture
- Tamikat Kebed, representative of Ministry of Trade and Industry, Dire Dawa
- Brokers, local traders
- Salomon, manager of Shag import export enterprise

### 2. Currency (Rate 18th january, 2007)

Foreign currency	Ethiopia	Ethiopia	Foreign currency
1 US\$	9.09940 Birr	1 birr	0.1099 US\$
1 euro	11.76279 birr	1 birr	0.08501 euros
1 Kenyan Shilling (KES)	0.12 Birr	1 Birr	8.37 Kenyan Shilling
1 Djibouti Franc	0.04605 Birr	1 birr	21.71471 Djibouti Franc
1 Somali Shilling (SOS)	0.005855	1 birr	170.80 Somali Shilling
US\$	Foreign currency	Foreign currency	US\$
1 US\$	3.75126 Saudi Riyal	1 Saudi Royal	0.26658 US\$
1 US\$	178.061 Yemeni Rial	1 yemeni rial	0.005616 US\$
1 US\$	1.27492 Australian Dollar	1 Australia dollar	0.78436 US\$
1 euro	1.64812 australian dollar		

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