



CBI
Ministry of Foreign Affairs

EU Market Research – Ethiopia Fresh Fruit and Vegetables

Commissioned by The Centre for the Promotion of Imports
from developing countries (CBI)

ICI Business

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ICI Business - Michel Peperkamp

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Introduction

The Centre for the Promotion of Imports from developing countries (CBI) is part of the Netherlands Enterprise Agency and is commissioned by the Netherlands Ministry of Foreign Affairs. CBI connects small and medium-sized enterprises (SMEs) in developing countries to the European market, contributing to sustainable and inclusive economic growth. CBI offers export coaching programmes for SMEs, involves the export enabling environment (e.g. business support organisations, governments) to improve their services for exporters and publishes over 250 market studies every year. Programmes are customised to the local situation, tackling those issues that impede export to Europe. CBI can work in over 35 countries and in 14 sectors.

CBI is currently developing a project to support Ethiopia's fresh fruit and vegetables sector. The objective of this assignment is to conduct market research on the fresh fruit and vegetables sector in Ethiopia, to enable CBI to determine the focus (most promising product-market combinations) and required interventions (based on an analysis of obstacles and opportunities) for a project.

Part 1 – Pre-selection of potential export products

Executive summary

The goal of part 1 of this study is to assess the current opportunities for Ethiopian fruit and vegetables based on trade data and other available sources, and to define the most potential export products for the European market.

Considering the current demand and the competition from countries near Europe or with similar climates, most potential for Ethiopian export to Europe can be found in beans, fresh herbs, and increasingly in avocados and grapes. There is also potential for high-quality strawberries. Products that are also exported to Europe include spring onion and peas, and in the future, there may be a possibility to export mangoes.

The increasing interest in healthy, convenient and sustainable food drives the growth of several types of fruit and vegetables, but at the same time, the phytosanitary and food safety requirements for many of these products are becoming stricter and Ethiopia does not seem sufficiently prepared for this.

Ethiopia's unique and diverse climate offers opportunities for the export of horticultural crops and various fruits, but the country also faces many challenges in professionalising the fresh sector and improving its facilities. In the short term, it is best for Ethiopian farmers to differentiate in varieties or qualities (e.g. strawberries by air), and possibly organic fruit and vegetables, or focus on specific seasonal gaps on the European market.

1. Profile Ethiopia

Ethiopia is just above the equator and has a diversity of climate zones thanks to its highlands. There is not a reliable crop calendar available for fresh fruit and vegetables, but there are generally two seasons (often linked to grain or pulse crops):

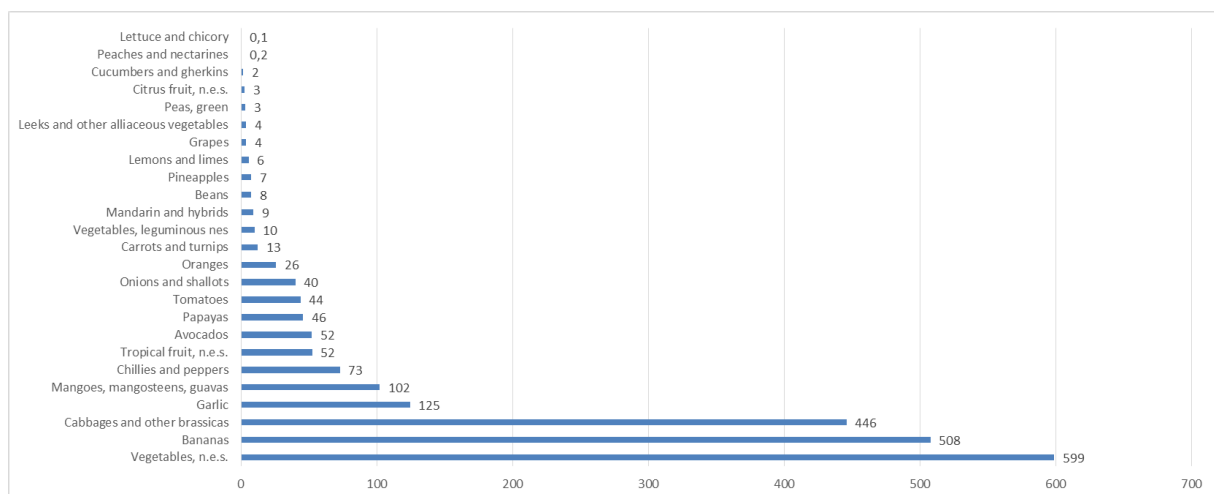
- The main “Meher” season from planting in June to harvest in October.
- The secondary “Belg” season, a rainy season from February to May with harvests ending in August.

The agro-ecological zones in Ethiopia offers potential for the diversification of horticultural crops, and an almost year-round cultivation gives Ethiopia the advantage of finding specific supply gaps on the European market. However, [Biodiversity International](#) also indicates climate-related risks. For example, climate change in the tropical shrubland may be more pronounced due to unpredictable rainfall and temperature fluctuations, which affects pollination and agricultural yields. Tropical mountain areas with high rainfall are likely to experience a higher incidence of disease and pest problems.

Production

The main fresh fruit and vegetables produced are unspecified (or niche) vegetables, which may include okra, herbs, celery and a variety of local leafy vegetables (599,070 tonnes), bananas (508,013 tonnes), and cabbages and other brassicas (446,012 tonnes). Medium large production (compared to the overall Ethiopian production) includes garlic, mangoes, (chilli) peppers, avocados, papaya, tomato and onions/shallots. Another 52,484 tonnes of unspecified tropical fruits are produced, which could include passion fruit and cactus figs.

Ethiopian production of fresh fruit and vegetables (2018), in 1000 tonnes



Source: Faostat

Export

The largest fresh products in Ethiopian export are vegetables, including tomatoes and onions, potatoes, strawberries, plantains and banana. Most of these are exported to non-European countries such as Somalia, Djibouti or in the case of strawberries, to Saudi Arabia and UAE. Interestingly, the mirror data (or: global import value from Ethiopia) indicates different values from the Ethiopian export value, so the export of beans, leeks, peas and grapes may be higher than assumed.

According to the [USDA Ethiopia Fresh Fruits Market Update Report, sept 2018](#) avocado and banana have the most promising potential for production and exports. The production volume of avocados has quadrupled during the last five years. Banana is the most widely produced fruit crop with a production of close to 500,000 tonnes. Mango is also among the top produced fruit, and increased by 45% from 70,000 tonnes in 2013/14 to 105,000 tonnes in 2017/18.

Main exported fresh produce from Ethiopia (all destinations), in 1000 euros

	2015	2016	2017	2018	2019*
Fresh or chilled vegetables n.e.s.	226562	232036	213595	43637	2218
Tomatoes	8518	8086	7972	2929	26
Potatoes (excluding seed)	14966	16251	19660	3319	
Strawberries	890	2191	2227	3620	2223
Onions and shallots	2161	2371	2577	2163	2
Seed potatoes	2673	1804	1538	1263	
Plantains	428	505	834	1257	3
Bananas	1340	2066	1261	767	1
Oranges	1065	888	939	674	
Garlic	185	362	709	495	
Cabbage lettuce	1455	1570	1593	467	
Carrots and turnips	841	998	1015	380	
Mangoes (incl. guavas and mangosteens)	550	466	498	316	4
Salad beetroot, salsify, celeriac, radishes and similar edible roots	360	431	463	281	
Beans	1620	1625	1575	268	4750
Cabbages, kohlrabi, kale and similar edible brassicas	273	298	295	259	
Leeks and other alliaceous vegetables (excl. onions, shallots and garlic)	123	178	141	201	3736
Lemons & Limes	136	159	145	185	
Papayas	129	177	136	182	
Globe artichokes			0	161	
Pumpkins, squash and gourds "Cucurbita spp."	168	38	52	157	
Avocados	16	44	112	137	35
Peas "Pisum sativum"	331	253	435	130	1150
Grapes	2	0	0	0	248

*mirror data (incomplete)

Challenges

“The major challenges of fruit crops production in smallholder and large-scale commercial farms are almost similar to problems facing grain crops production. The main constraints are shortage of water, erratic weather conditions, pest, and disease. Besides, limited access to improved cultivars, poor knowledge of modern farming techniques, weak agronomic practices and post-harvest losses are the other constraints impacting fruits production. Major pests affecting fruit crops in Ethiopia include fruit fly, thrips, and red scale. Also, plant diseases such as powdery mildew and anthracnose are among the most prevalent diseases distressing local production.” (Direct quote from the [USDA Ethiopia Fresh Fruits Market Update Report, sept 2018](#))

It is important to observe that the Ethiopian export of fresh fruit and vegetables to Europe is in its infancy. The current export is very small.

2. European demand

European import from developing countries

In the selection of fruit and vegetables that are relevant for Ethiopia, the most interesting ones for Europe are those with a high import value or high import growth rate.

Fruit and vegetables with the highest import value from developing countries:

1. Bananas - € 5183 million
2. Grapes - € 1626 million
3. Avocados - € 1498 million
4. Mangoes - € 918 million
5. Tomatoes - € 883 million

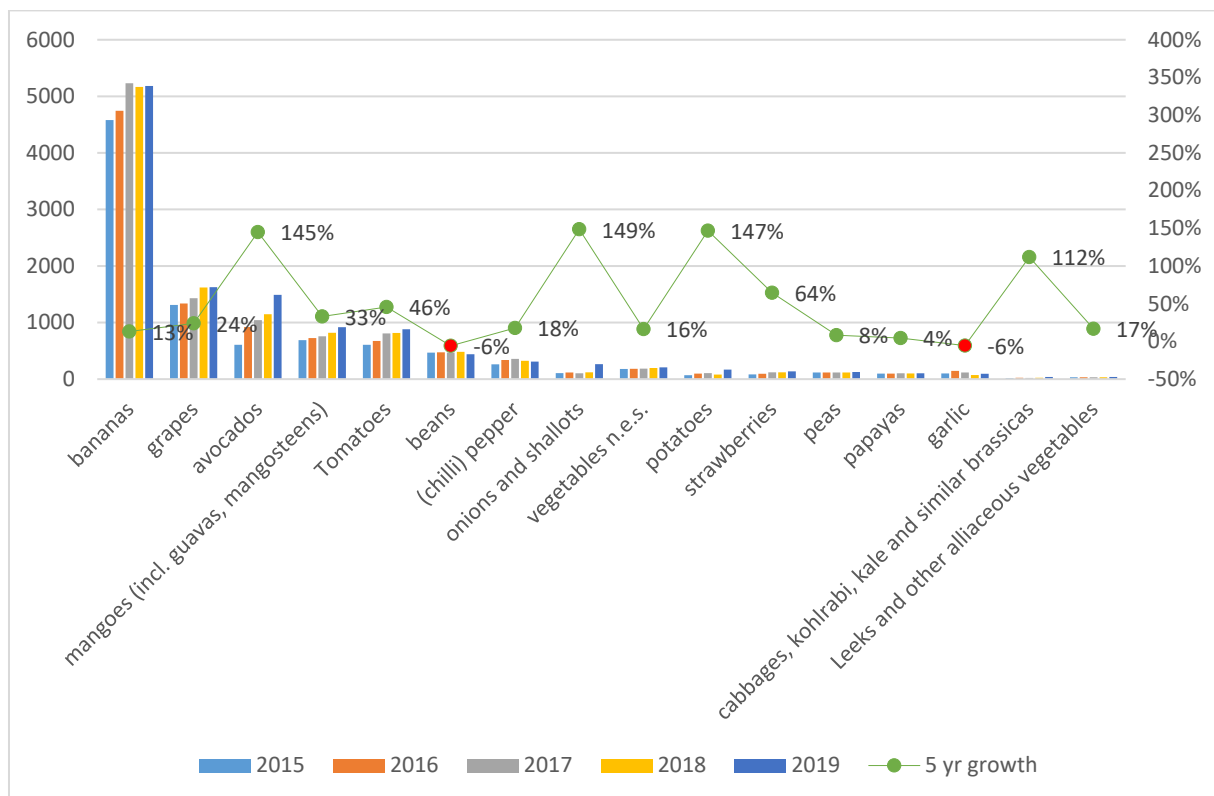
Fruit and vegetables with the highest import growth from developing countries:

1. Onions & shallots - 149% (mainly due to growth in 2019)
2. Potatoes - 147% (mainly due to growth in 2019)
3. Avocados - 145%
4. Cabbages & other brassicas - 112%
5. Strawberries - 64%

In the case of onions and potatoes the growth was mostly recorded in 2019. This means the growth is not necessarily sustainable and recent statistical data may still be subject to corrections.

The potential margin of specific fruit and vegetables is more difficult to assess, due to variables in variety, production costs and fluctuations in supply and demand. Thus, the potential of good margins must be calculated in Ethiopia and not based on international prices and trade statistics.

European import value and growth from developing countries, in million euros and 5yr growth %



Source: ITC Trademap

European import from Ethiopia

Looking at the products imported from Ethiopia, the fruit and vegetables that represent the highest values, are:

1. Beans ("Vigna spp., Phaseolus spp.") - € 4,157 thousand
2. Leeks and other alliaceous vegetables (excl. onions, shallots, garlic) - € 3,601 thousand
3. Vegetables, not elsewhere specified (e.g. fresh herbs, okra) - € 1,850 thousand
4. Peas ("Pisum sativum" e.g. mangetout, sugar snaps) - € 907 thousand
5. Grapes - € 245 thousand

Fruit and vegetables with the most import growth:

1. Grapes
2. Vegetables, not elsewhere specified
3. Beans
4. Avocados
5. Strawberries

Most of Ethiopia's main trade partners in Europe have a declining import. Only Belgium, France and Poland show a significant growth. According to the import figures, Belgium, Germany and the United Kingdom have the highest import value from Ethiopia. A significant part of the trade is orchestrated by international fresh companies; intermediaries between Ethiopia and different destination markets. That is why the Netherlands, as a trade hub for fruit and vegetables, must be considered an important market as well.

These figures are based on the European import data – the export data from Ethiopia may indicate different values.

Main fruit and vegetables imported by Europe from Ethiopia, in 1,000 euros

	2015	2016	2017	2018	2019	Growth 2019 in 5 years (2015-2019)	Growth 2019 compared to 5 yr average
Beans	2874	2820	2724	3356	4157	45%	30%
Leeks & other alliaceous vegetables (excl. onions, shallots and garlic)	4157	3460	3207	4158	3601	-13%	-3%
Fresh or chilled vegetables n.e.s.	1120	1016	1132	1634	1850	65%	37%
Peas	1392	1376	1461	1007	907	-35%	-26%
Grapes	5	17	84	414	245	4800%	60%
Strawberries	48	363	535	318	223	365%	-25%
Avocados	4	31	37	73	25	525%	-36%

Source: ITC Trademap

Main import countries for fruit and vegetables from Ethiopia, in 1,000 euros

	2015	2016	2017	2018	2019	Growth 2019 in 5 years (2015-2019)	Growth 2019 compared to 5 yr average
Belgium	2226	1541	3282	4531	4774	114%	46%
Germany	3155	2756	2695	2922	2976	-6%	3%
United Kingdom	2436	1972	1445	1573	1729	-29%	-6%
Netherlands	1167	2027	571	620	371	-68%	-61%
France	70	80	128	358	353	404%	78%
Norway	296	412	367	203	267	-10%	-14%
Poland	83	4	13	66	92	11%	78%
Switzerland	128	104	38	140	82	-36%	-17%
Austria	57	26	37	67	39	-32%	-14%

Source: ITC Trademap

Which fruit and vegetables are most promising for Ethiopia to export to Europe?

Ethiopia has best chances in leguminous and horticultural vegetables

The most popular products imported from Ethiopia are beans, peas, alliacious vegetables and other vegetables (possibly fresh herbs, other leafy vegetables and okra), so the short-term opportunities are likely best for horticultural and leguminous vegetables.

Unfortunately, the import growth for these products from developing countries is very minor and in some cases even negative. Nevertheless, import from Ethiopia shows a positive trend for beans and vegetables that are not further specified. Other horticultural crops such as peas (mangetout or sugar snaps) or chilli peppers could benefit from the success of beans.

Avocado and grapes could be (come) the future winners

From the potential list of Ethiopian export products, avocados and grapes are the largest in European import from developing countries. These trades represent 1.5 to 1.6 billion euros. The European market for avocados is still growing significantly, while the grape market is much more mature.

The share of Ethiopia is still extremely small for both products: 245,000 euros in grapes and 25,000 euros in avocados. Although the statistical data on small imports may be less reliable, the imports of avocados and grapes from Ethiopia have both shown growth in the past five years. Worth mentioning is that 2018 was significantly better than 2019 – a sign that it may be necessary for these products to look into local issues in cultivation and make exports more reliable.

Strawberries a good third place as potential export product

Strawberries are a relatively new export product for Ethiopia. Prior to 2004, there is no record in Europe of strawberry import from Ethiopia. Since then, the trade has developed with mixed successes.

Although still small, the European import of Ethiopian strawberries was 3 to 4 times bigger in 2019 than 5 years earlier. The value reached 223 thousand euros in 2019, making strawberries the third fastest growing product in Ethiopian exports over the past five years. Since 2017, the export to Europe has declined, but the last five years have also showed, for the first time, that the trade value has the potential of increasing above 250 thousand euros.

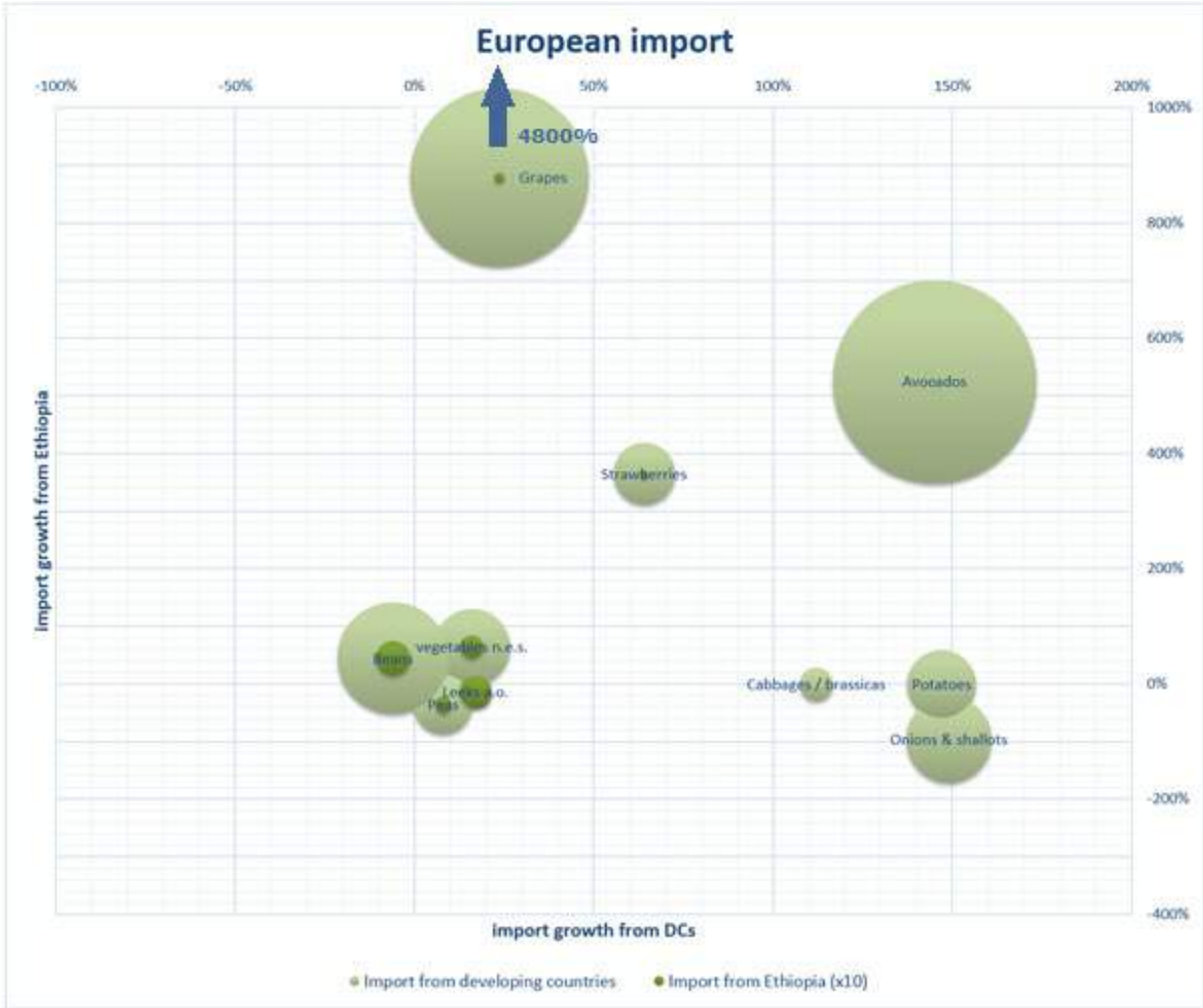
Ethiopia does not compete with its potatoes and onions

Onions, potatoes and cabbages are products that have a growing import from developing countries (110-150% in 5 years). Europe imported 266 million euros worth of onions and 169 million euros potatoes in 2019. The import from Ethiopia is practically non-existent despite its relatively high production and export figures. Also, the import growth in Europe was mainly realised in 2019 and has not proven to be sustainable in the long term. There is no immediate reason to further explore the opportunities for Ethiopia.

Other big EU import products

Some of the other major products imported by Europe are banana, mango and tomato. But based on the current production and trade statistics, there is little to no potential for these crops at the moment. There is either too little production or too much competition and little track record for Ethiopia.

Figure: European import 2019, size and growth from developing countries and growth from Ethiopia



Source: calculations based on data ITC Trademap

3. Competition

Efficiency in time and costs of nearby suppliers

For some products, such as tomatoes, onions and potatoes, but also common peppers, beans and strawberries, the competition from nearby suppliers is very strong. If products can be cultivated all year round in or nearby Europe, for example in Morocco or Egypt, it will be difficult for Ethiopia to compete.

Climate for horticultural products

In specific horticultural products, such as beans, peas and herbs, Kenya is one of the main competitors, with a similar climate to Ethiopia.

Smallholder experience

Smallholder farming can be a solution for labour-intensive crops. Importers of these crops have invested in knowledge and training of farmers in countries that have become preferential sources. Countries with typical smallholder farming that compete with Ethiopia, are, for example, Guatemala (sugar snaps, mangetout) and Uganda (chilli peppers).

Supply gaps and seasonal competition

Other products such as avocado and grapes have a diverse competition and is still developing. Peru, South Africa and Mexico are able to fulfil much of the demand of avocados, while supply gaps are being filled by upcoming suppliers such as Colombia, Kenya and Guatemala. It will be difficult to find a window of opportunity for grapes.

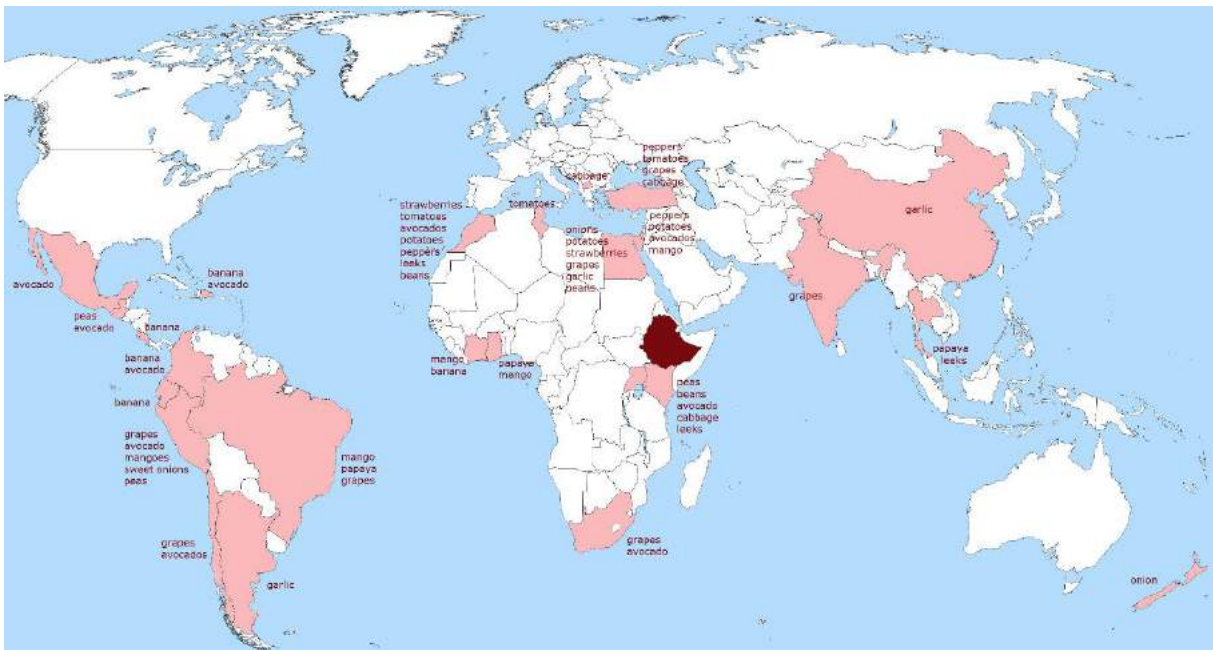


Image by ICI Business

	Level of competition
Onions and shallots	Can be stored for several months, less need for import. Very strong competition from Europe and countries nearby (Egypt). Also competition from New Zealand and Peru (sweet onion).
Potatoes	Can be stored for several months, less need for import. Very strong competition from Europe and countries nearby: Egypt, Israel, Morocco.
Avocados	Increasing number of competitors (Peru, Chile, Mexico, Israel, South Africa, Colombia, Kenya, Morocco, Guatemala), but competitive strength varies per country in volume, quality and variety. Ethiopia's main growing season is from May to October. It is important for Ethiopia to use the extended season to follow up on the supply from Peru (a main supplier) and compete with (e.g.) Kenya.
Cabbages and other brassicas	Less need for non-European suppliers; mostly nearby: North Macedonia, Turkey, (also Kenya)
Strawberries	In-season Europe leads the supply. There are a few non-EU suppliers such as Morocco and Egypt, mainly nearby Europe to extend the local season. There is also demand for high quality, off-season strawberries from abroad. Here is where countries such as Jordan and Ethiopia can step in. Ethiopia supplies from week 48 all the way up to week 14. The current export from Ethiopia is mainly thanks to an Israeli investment; but it proves it can be done.
Tomatoes	There is a massive market for tomatoes (both for fresh consumption and processing), but the supply this bulk product is in hands of producers in Europe and Morocco. Current tomato import from Ethiopia is (only) 26,000 euros. There may be a very small opportunity for specific tomato varieties for direct consumption (for example cherry tomatoes), but it is unlikely it will become a large business.
Mangoes (& mangosteens, guavas)	Mango harvesting period in Ethiopia is from April to June after the main supplies from Peru and Brazil. Supply in this period comes mainly from West Africa and is not always reliable. Ethiopia would compete with (e.g.) Ivory Coast. However, the current mango production in Ethiopia may not be professional enough for export to Europe.
Grapes	Practically all supply windows are covered by well-organised and competitive producing countries. Besides the European production, there are several supplying countries such as Egypt, India, Peru, Chile and South Africa.
(Chilli) Peppers	Strong competition from Morocco, Turkey, Israel, and specific chilli varieties from, among others, Thailand and Uganda.
Leeks & other alliaceous vegetables (excl. onions, shallots and garlic)	Morocco is the strongest non-EU competitor, but there is also supply from Kenya and Thailand. It is not specified which type of alliaceous vegetables are imported from Ethiopia, but these are likely specific products such as chives (Kenya) or traditional products such as spring onion (<i>allium fistulosum</i> – Thailand). Common leeks are not a high value product, so import from larger distance is less likely.
Vegetables n.e.s.	Vegetables not elsewhere specified, with HS code 070999 could include fresh herbs, okra and other niche vegetables. Okra is a niche vegetable, which can be imported from many countries, such as Thailand, Uganda and Guatemala. Competition is widespread for such a niche vegetable. In fresh herbs countries such as Kenya and Israel compete because of a well-developed horticultural sector and good air logistics. If Ethiopia can produce at the same level, there could be an opportunity. However, many horticultural farms in Africa are in hands of foreign companies.
Bananas	Competition is very strong and dominated by multinationals. Ecuador, Colombia and Costa Rica are the main suppliers. Ivory Coast has a good trade relation with France.
Peas	The best opportunities for long-distance peas include the more tropical varieties such as sugar snaps and mangetout (snow peas). The main competitors for these varieties are Guatemala, Kenya and Peru. If Ethiopia manages to produce at the same level as these countries, there should be a level playing field. Just like Kenya, Ethiopia should be able to produce almost year-round, with most abundant supply in December and January.
Papaya	Main competition from Brazil, Thailand and Ghana. Papaya is not a big product in Europe and difficult in transport. Switching from the current suppliers will be difficult.
Garlic	Very few large suppliers outside Europe; mainly China, and some from Argentina and Egypt. Garlic has import tariff quota and European companies need to have a licence to import garlic. Garlic from China is cheap, so there will be little motivation to switch to other supply countries.
Beans	Ethiopia mainly exports bobby beans (similar to French beans). Europe produces similar beans and there is strong competition from nearby countries as well, such as Morocco, Egypt, Kenya, Senegal. Compared to Ethiopia, Senegal and Egypt have a lower transport cost by air and already have a well-developed reefer transport system. Morocco has the advantage that products are trucked to Europe, giving a big advantage in transport cost. Prospects for beans are still good and there is still demand for high-quality supply, particularly in January and February. Production costs and attractive production season (October-June) may be reasons to invest in Ethiopian bean supply. For example, Van Oers Import and EthioFlora have invested in the past in setting up production, processing and packing of green beans for export to the Netherlands.

4. Trends

Which trends are drivers for growth for specific fruit and vegetables?

Health food

Consumers are increasingly looking for healthy products, which is a positive sign for all fruit and vegetables, but in particular for fruit and vegetables with specific health benefits such as avocado (good fat and fibre), strawberries (vitamin C). Mini vegetables are also an attractive alternative for a snack.

Ready-to-eat and convenience

Time has become an important influence on the eating habits in Europe. With less time for food preparation and for eating, the interest in freshly-cut fruit and vegetables is increasing. These include, for example, freshly cut tropical fruit such as mango and papaya, as well as consumer-packed herbs for cooking.

Popularity of ethnic cuisines

Cross-cultural influences and the up-and-coming ethnic cuisines help the diversification of fruit and vegetables and specific varieties. Several import companies specialise in specific varieties of chilli peppers, okra, herbs and other vegetables with distinctive flavours.

Which trends could have a positive effect on Ethiopian supply?

Corporate social responsibility

The increasing attention for social responsibility requires supply chains to be transparent and small farmers can become an added value for a product. Ethiopia has a large number of small farmers, which makes it a suitable country for additional social standards and fair trade schemes.

Sustainability

A lot of Europe's supply comes from producers in Latin America and Asia. Africa is closer to Europe, which makes it a more favourable origin with European buyers for the supply of fresh produce. Logistics can still be an issue. Ethiopia has a good air freight connection with Europe, but it lacks reliable sea freight. For sea freight, Ethiopia depends on the port and logistical service in Djibouti – it is important to find out if the logistical route (and cold chain) through Djibouti is currently efficient enough for the export of fresh fruit and vegetables to Europe.

Year-round supply

To fulfil the demand of supermarkets, service providers and importers combine different sources. Ethiopia has a favourable climate to fill in potential supply gaps. The potential of Ethiopia can be compared with that of Kenya.

Organic production

Due to consumer's focus on health and sustainability, the demand for organic fruit and vegetables is still increasing. The organic food sales increased by 7.7% in 2018 to a retail value of 37.4 billion euros. The fact that Ethiopia produces a lot on a smaller scale can be a strength for the production of organic fruit and vegetables.

5. Requirements

Most fresh fruit and vegetables require experience and knowledge for the export to Europe. Controls on plant health and food safety are strict and many products require a phytosanitary certificate. Handling and facing increasing issues such as water management can both be a challenge and an opportunity for Ethiopia.

Phytosanitary control

Some products need a phytosanitary certificate for the import into Europe. Since 1 September 2019, the [new European Directive \(EU\) 2019/523](#) has sharpened the phytosanitary requirements with extra protective measures to reduce the risk of fruit flies, for example. This new Directive puts more pressure on plant health authorities. Authorities in producing countries have to be able to declare a region pest-free or to perform checks on specific areas and product treatments. Some fruits such as mangoes (may) require special treatment before being exported. The success of the export of fresh produce from Ethiopia to Europe will depend on the organisation of the food safety and plant health authorities in Ethiopia.

Pesticides and Maximum Residue Levels (MRLs)

In tropical production areas and for specific types of fruit and vegetables, the use of pesticides and herbicides can be more common. Fruit and vegetables that are known to be high risk for excessive pesticide residues are for example beans and peas. Strawberries, tomatoes, celery, chilli peppers, potatoes and grapes are in [the “Dirty Dozen” identified by the Environmental Working Group](#). Products that are ‘cleaner’ than the average product and part of the “Clean Fifteen” are avocados, onions, cabbage and papaya. Low residue limits are a challenge for exporters and additional control is sometimes implemented on countries that have a high rate of exceeding these pesticide residues.

Example of requirements becoming stricter:

EU lowers the maximum residue level for several pesticides allowable on horticultural imports from Kenya

The European Union (EU) has reviewed its policy on the maximum residue levels (MRLs) for several pesticides allowed on horticulture imports from Kenya by lowering the permissible limits. According to an update by The East African, the new MRL limits have been set at 0.01 milligrammes per kilogramme (mg/kg) against the international standard that sets an MRL level of 2.0 mg/kg. In addition, exporters and their EU importing agencies will be required to pay US\$1,212 per consignment for inspection. For beans and peas, the produce will be subjected to 10% sampling, up from 5%, starting in January. (Source: [Food Business Africa](#))

Handling

Several fruits and vegetables are fragile and need additional attention such as manual handling or protective packaging. Products that are fragile and highly perishable include, for example, strawberries, papaya and fresh herbs. For Ethiopia, there are negative and positive sides to the logistics and handling of these products:

- Ethiopia is able to export fragile fruits by air (positive), but land and sea logistics may be more complicated (negative).
- Fresh products that require intensive handling or manual labour should be cost competitive in Ethiopia (positive), but also carry risks in potential micro-biological contamination and must be very well managed (potential negative).

Future requirements: water management

The attention for sustainable water use is increasing and will become a major point of attention for European buyers, especially for high water consuming fruits such as avocados. According to the FAO in 2015, 97% of Ethiopian agriculture is currently rainfed, but the [irrigation potential of Ethiopia is at present estimated at about 2.7 million ha](#), considering the availability of water and land resources, technology and finance. The [Ethiopian government plans to irrigate 1.2 million hectares of land](#) until September 2020 and enable Ethiopia to harvest 12 million tons of crops and vegetables. Irrigation projects and sustainable water management in Ethiopia could

give farmers an advantage over countries where water has become a main challenge, for example in the avocado and grape production in Peru and Chile.

	Level of requirements
Onions and shallots	<ul style="list-style-type: none"> • "Clean Fifteen"
Potatoes (excluding seed)	<ul style="list-style-type: none"> • Phytosanitary certificate needed • High risk for pesticides
Avocados	<ul style="list-style-type: none"> • Phytosanitary certificate needed • Ethiopia is investing in the right variety (Hass) and water may be less of an issue compared to e.g. Peru and Chile. • Knowledge of avocado production and maturity (dry matter) is necessary • "Clean Fifteen"
Cabbages and other brassicas	<ul style="list-style-type: none"> • "Clean Fifteen"
Strawberries	<ul style="list-style-type: none"> • Difficult product (fragile); horticultural knowledge needed • Phytosanitary certificate needed Price • High risk for pesticides • Risk of contamination during handling
Tomatoes	<ul style="list-style-type: none"> • Phytosanitary certificate needed • High risk for pesticides
Mangoes, mangosteens, guavas	<ul style="list-style-type: none"> • Phytosanitary certificate needed • Additional treatment may be required
Grapes	<ul style="list-style-type: none"> • Phytosanitary certificate needed • High risk for pesticides • Risk of contamination during handling
Peppers (Capsicum or Pimenta)	<ul style="list-style-type: none"> • Phytosanitary certificate needed • High risk for pesticides
Leeks and other alliaceous vegetables (excl. onions, shallots and garlic)	No specific information
Fresh or chilled vegetables n.e.s.	<ul style="list-style-type: none"> • High risk for pesticides • Herbs are fragile; horticultural knowledge needed • Risk of contamination during handling (herbs)
Bananas	No specific information
Peas "Pisum sativum"	<ul style="list-style-type: none"> • High risk for pesticides • Risk of contamination during handling
Papaya	<ul style="list-style-type: none"> • Phytosanitary certificate needed • Fragile in logistics (only potential by air?) • "Clean Fifteen"
Garlic	<ul style="list-style-type: none"> • Import licence / protective market
Beans	<ul style="list-style-type: none"> • Checks on pesticides? • High risk for pesticides • Risk of contamination during handling

6. Value addition

If the Ethiopian sector for a specific product is sufficiently developed, Europe can offer short term opportunities. But if the cultivation is at its start-up phase, or if new varieties or processing facilities are needed to maximise Ethiopia's potential, the opportunities must be considered in the long term.

The main added value for Ethiopia are the unique characteristics of the country:

- Growing climate (very suitable for horticulture)
- Long seasons or year-round supply
- Competitive in production costs (mainly for labour-intensive crops)

Other added value may not be unique, but worth exploring or promoting:

- Quality achieved by growing climate
- Certification e.g. Organic or fair trade

Additional added value that requires advanced training, development and/or investment:

- Processing of fruit and vegetables (cutting, drying, etc)
- Specific varieties (which may still need to be developed)
- Packaging for retailers (requires training and food safety management)

	Short term*	Long term*	Potential for added value or product differentiation
Onions and shallots			None identified
Potatoes (excluding seed)			None identified
Avocados	(x)	x	Major avocado varieties grown include: Hass, Pinkerton, Fuerte, Bacon, Ettinger, and Nabal. Hass is the most important variety for the European market. There is also a (small) potential supply gap for Ethiopia together with Kenya. Avocado processing could be a future development for Ethiopia, such as frozen avocado or avocado oil, although these markets are still small in Europe. Foreign investors have also come to Ethiopia to start with avocado production and processing. <ul style="list-style-type: none"> • Processing • Supply season
Cabbages and other brassicas			None identified
Strawberries	(x)	x	The advantage of strawberries from Ethiopia is the cultivation on higher altitude with lots of sunlight, which gives the strawberries a superior taste and high brix (8). This added value is best marketed in high markets such as food services, higher-end green grocers and supermarkets. <ul style="list-style-type: none"> • High quality • Competitive in manual labour (Lower cost production) • Processing (IQF)
Tomatoes			Fresh export will be difficult due to competition. It could be interesting to investigate the potential of sundried tomatoes.
Mangoes, mangosteens, guavas	x	x	The major cultivars grown in Ethiopia include Kent, Keitt, Tommy Atkins, and Apple mango. Kent and Keitt (fibreless mangoes) are most in demand in Europe. Additionally, there are many processed forms to experiment with: Freshly cut (example of Blueskies in Ghana), dried mangoes (example of Burkina Faso), juice, pulp, IQF, etc. <ul style="list-style-type: none"> • Processing • Fibreless varieties
Grapes	(x)	x	The main grape markets are very mature, but the added value could be within the cultivation of different varieties. Seedless is becoming the new standard. Another possible way to participate in the table grape trade is by focusing on organic or fair trade grapes. <ul style="list-style-type: none"> • New (seedless) varieties • Organic • Fair Trade
Peppers (Capsicum or Pimenta)		x	With common pepper varieties it may be difficult to compete. The most added value can be found in specific chilli pepper varieties or organic production. Uganda exports several varieties such as Habanero and Bird's eye. <ul style="list-style-type: none"> • Specific varieties • organic
Leeks and other allieaceous vegetables (excl. onions, shallots and garlic)	x	x	Possibly added value in specific varieties such as spring onion or chives, next to other fresh herbs. For other allieaceous vegetables, the added value is unknown.
Fresh or chilled vegetables n.e.s.	(x)	x	Ethiopia has an interesting growing climate and season for fresh herbs: <ul style="list-style-type: none"> • Low cost production and handling (manual herb picking and packaging) • Year-round supply • Good climate to grow quality herbs
Bananas			Main varieties are Giant Cavendish, Dwarf Cavendish and Poyo. Giant and Poyo varieties are reported to bear good size of fruit having better quality. While, the Dwarf banana cultivar has a short plant height allowing farmers to manage the plantation easily. Added value for Ethiopia is not very clear.
Peas "Pisum sativum"	(x)	x	The grow season of peas is relatively long and there could be added value in competitive manual packaging, especially for retailers. Main opportunities for mangetout (snow peas) and sugar snaps. <ul style="list-style-type: none"> • Long production season • Manual packaging for retailers
Papaya			Possibly added value when air freighted due to shorter distance than other suppliers of air-freighted papaya such as Ecuador and Thailand.
Garlic			None identified
Beans	x	x	The grow season of peas is relatively long and there could be added value in new high-quality varieties and competitive manual packaging, especially for retailers. <ul style="list-style-type: none"> • Long production season • Manual packaging for retailers • New varieties (e.g. small thin beans)

*estimation of opportunities: (x): probably needs development | x: current opportunity

7. Pre-selection of potential export products

Based on the available data and considering all the variables, the most promising products for Ethiopian export to Europe are:

- Avocados
- Strawberries
- Vegetables (not elsewhere specified) such as fresh herbs
- Beans
- Grapes

These products are selected in relation to European demand and do not sufficiently represent the local circumstances in Ethiopia. Therefore the 'positive' advice for these specific products must be taken with a critical note. A qualitative analysis per product in Ethiopia is strongly recommended.

Part II – Product-Market Combinations (PMCs)

Executive summary

Climate and price

Buyers in Europe recognise the favourable climate in Ethiopia and its potential to produce a variety of fresh fruit and (horticultural) vegetables. According to buyers, the general quality from Ethiopia is good and consistent, while in price the country still lacks in competitiveness. Compared to Kenya, the production costs in Ethiopia are higher and in the case of an overlapping season with Egypt, Ethiopia prices itself out of the market. For this reason, Ethiopia is often considered as a secondary or additional supplier to back up the supply from regular countries.

Foreign involvement

It is important to note that current exports are often realised by integrated sourcing companies or exporters with foreign management. Foreign investment has proven to be a crucial element in the development of the Ethiopian fresh sector. The Ethiopian government and NGOs are very active and motivated to develop the sector further – this is considered very positive. However, violence in the past as well as recently holds back new investment projects and partnerships.

Air freight and distance to market

The dependence on air freight is the main downside of Ethiopian fresh sector. Without improving land and sea logistics, most fresh fruit and vegetables have no chance to develop a structural market in Europe, with the exception of beans, fresh herbs and strawberries that are mostly flown. With certain countries and key buyers, such as Lidl supermarket in Germany, the air-freighted products are losing interest due to sustainability purposes. The increasing preference for a sustainable supply and local production gives the preference to projects in nearby markets such as Morocco and Egypt (if possible). However, climate remains the restricting factor.

Opportunities and pre-conditions

The success of Ethiopia as fresh exporter is dependent on the development of supply chains with compliance to EU requirements and sufficient volume, quality cold chains, efficient in-land logistics and a regular sea-freight route (via Djibouti). These are base requirements to guarantee not only quality but also supply security, which are necessary to reach major supply programmes with retailers. Currently, Ethiopia is mainly used as an additional supplier. Without proper infrastructure, Ethiopia will remain dependent on the spot market and fulfilling a back-up role.

There are specific opportunities for Ethiopia as a supplier of organic produce. Organic can be a unique selling point because of the good soil, small scale production and low pesticide use. Organic certification also makes products premium enough for air freight. The number of small producers provide additional opportunities for fair trade certification, although this is a much more niche market and not suitable for all products, as demand in Europe is low.

Product-market combinations and long/short term opportunities

The most promising product-market combinations based on the feedback of European buyers in combination with available market information, are:

- **Beans and peas** to the United Kingdom, Netherlands and Scandinavia
- Sea-freighted (Hass) **avocados** to Netherlands, France and Germany, including organic
- Organic **fresh herbs** to the Netherlands, United Kingdom and Germany
- High-quality **strawberries & other soft fruit** to the United Kingdom, the Netherlands and Belgium

Due to the circumstances described above, there are short- and long-term opportunities. The best short-term opportunities are for fresh fruit and vegetables that are commonly air freighted, such as haricots verts (fresh beans) and other premium and highly perishable products such as fresh organic herbs and high-quality strawberries.

Avocados are considered to be one of the most promising products in the near future if the supply chain is able to improve and sea logistics are made more efficient. In the short term, Ethiopian avocados will mostly depend on wholesale markets. For retail supply programmes, supply needs to be large and reliable, but this is not yet the case for Ethiopia.

Long-term opportunities are there for products that require more knowledge and training, as well as for products that are generally not associated with Ethiopia. Table grapes would be one of these products that will likely take more time.

In short, professionals in the fresh sector see the potential of Ethiopia and are aware of the improvements over the years, but they also argue that much still needs to be done.

SWOT analysis for Ethiopian export to Europe

The Value Chain Analysis, which was done beforehand, is not very clear on the specific challenges and current status of the specific products in Ethiopia. The fact that Ethiopia has very little export to Europe must have serious local reasons. Ethiopia has a great advantage in climate circumstances, but there are clear indications that Ethiopia needs structural improvements in local production, handling and logistics. The general price-quality and supply reliability and efficiency are not always compatible with the expectations in Europe and the current export seems to depend heavily on foreign intervention and investments.

Strength	Weaknesses
<ul style="list-style-type: none"> ● Favourable climate ● Cost competitive in labour ● Support from development agencies and institutions ● Low cost of land ● Sufficient air cargo services ● Higher potential possible through irrigation ● Decent investment climate ● Ethiopia is relatively close to Europe (compared to Asian and Pan-American suppliers) 	<ul style="list-style-type: none"> ● Lacking infrastructure for sea-freight and high dependence on port Djibouti ● Not price competitive with key competitors such as Kenya ● High dependence on foreign knowledge and investment ● Quality fresh production often linked to foreign investment ● Traditional farming; lack of knowledge and low adaption of agricultural technology (low yields and variation in quality) ● Small-scale producers are difficult to organise and not sufficiently reliable for retail supply contracts ● Limited development of infrastructure, fresh produce facilities and cold chain ● Poor access to new varieties
Opportunities	Threats
<ul style="list-style-type: none"> ● The EU demand for year-round supply fits well the climate and long production season in Ethiopia ● Organic consumption in the EU is increasing, which Ethiopia could address thanks to small-scale production and clean soils ● Increasing attention for social and sustainable production provides opportunities for small farmers ● Interest in health food drives consumption of avocados and other fresh products with health benefits ● Ready-to-eat and convenience provide opportunities for freshly cut fruit and snack vegetables ● Increasing popularity of ethnic cuisines help the development of niche products such as special chilli peppers, okra and certain herbs 	<ul style="list-style-type: none"> ● Increasing requirements and stricter regulations in Europe make export more difficult ● Air freight is becoming less acceptable due to high footprint ● Many competing countries are further developed in the horticultural production and export ● Continuous political unrest ● Climate change (also) affects Ethiopia ● The local food security situation is poor and contradictory to the development of an export sector

*The SWOT analysis has been made based on the VCA, available literature, online sources and direct feedback of EU buyers

1. Recommendations

Improve logistics: Find stakeholders and facilitators to improve road and sea logistics before starting up export programmes. Efficient, lower cost and sustainable logistics are key in Ethiopia's future in fresh products. It will make products more acceptable and open up many more opportunities.

Improve productivity and organisation of small farmers: Small farmers and exporters are vulnerable to disasters such as drought, as well as the COVID-19 pandemic. By improving their productivity through agricultural knowledge and new technologies (e.g. irrigation, fertilisation), farmers become more resilient during natural disasters and improve their competitiveness, thus becoming more attractive for international buyers. Helping them into an organised cooperative structure will increase their bargaining power (and income) and their access to foreign markets.

Involve (the right) buyers: Look for foreign investing partners and dedicated sourcing companies that are willing to help set up a long-term relationship in the fresh fruit and vegetables market. The involvement of foreign companies will stimulate knowledge transfer and guarantee a more structural supply, as well as further integrate measures for social and environmental compliance. At the same time, it will be important to measure the impact on local entrepreneurship and socio-economic improvements. If local entrepreneurship is one of the objectives, foreign ownership should be avoided.

Assess and train: A commonly heard issue in trade are cultural differences and mentality. Long-term successes entirely depend on a reliable partnership. It is not surprising that much of the supply from Ethiopia is organised by foreign entrepreneurs, which understand the high European standards in agricultural production, food safety and quality and to which EU buyers can better relate. Ensuring that local exporters are on par with foreign producers in Ethiopia often involves a steep learning curve in mentality and market understanding. Training is evidently a major focus point, but even more important will be an assessment of the true potential and motivation of the exporter.

Help to adopt organic certification: Ethiopian producers have the potential to produce organic fresh products. Farmers will need help in assessing the possibility, costs and return on investment of certifying their crop. It is important to do this in cooperation with specialised organic buyers in Europe.

Differentiate between suppliers: For smallholders, focus on organic products, fair trade and wholesale channels, while preparing larger growers for supply contracts, retail requirements and the organisation of efficient sea-freight logistics.

Focus on specific regions: Ethiopia has different micro-climates, which means it can target different supply seasons. For export projects, the focus regions and their seasonality should be analysed to see if there is an interesting window for the European market. Some regions are less suitable for starting a project due to political unrest, such as in the north of Ethiopia.

2. Sustainability risks and opportunities

In general, social and environmental issues in the trade of fresh fruit and vegetables are becoming increasingly important. However, the in-depth knowledge of importing companies about the Ethiopian situation is limited, as is the trade with Ethiopia. For active buyers it is convenient to trust western operations in Ethiopia and their partnerships with (foreign) certified producers.

To start, the offer of Ethiopia needs to be attractive: reliable, good quality and competitive. So the primary focus is on productivity, quality supply chain, interesting varieties, agricultural knowledge and marketing. Social and environmental compliance is certainly important, but not a primary reason to do business; it is a pre-condition.

Many of Ethiopia's sustainability risks (and opportunities) are not specifically related to the export of fresh fruit and vegetables, but are part of the whole agricultural sector and beyond. Many of the issues are covered by NGOs, such as the need for rural development and farmer livelihoods. NGOs also have more specific attention for gender, youth, resilience for disasters and income security.

In Ethiopia's agriculture, food security always plays a role on the background and often leads to a moral question: What is more important, national food security or improving employment opportunities and income through international trade? However, by improving productivity, both could be addressed.

Can the fresh export contribute to sustainability in Ethiopia?

Complying with the European (retail) requirements of sustainability and high-quality produce would certainly be a step up for most SME companies in Ethiopia. It is not self-evident that a 'higher level' in production contributes to solving the local sustainability issues, but the strict EU standards increasingly enforce a sustainable focus upon the sector. The strength of this focus depends on the individual importer and the channel they supply. Either way, local circumstances are certainly something to take into account when setting up new fresh fruit and vegetable export programmes.

Sustainability in relation to foreign investment

For some time, Ethiopia has been an interesting upcoming country for foreign investors for cultivation projects. First in flowers and later in the production of fresh vegetables. Political uprising and protests against foreign businesses have prevented more companies from investing in Ethiopia. There are no signs that workers or human rights have been exploited by western production companies in Ethiopia, but the preferential treatment of foreign producers with high-value products for export markets in combination with national food security problems has not resulted in a positive image of these foreign investors.

Western production initiatives offer no incentive to independent Ethiopian exporters, but in the agricultural aspect they contribute to a positive development, by bringing knowledge and technology to the country. Additionally, they are also accustomed to applying sustainable standards, either by their own policy or to comply with the sustainability standards of their clients.

One of the main companies involved in Ethiopian cultivation is Van Oers. Together with their production sites and partners, they established the *Growing Sustainable Alliance (GSA)*: "In the first instance, GSA's policy on social engagement is aimed at fulfilling the basic needs of communities. Often these are absent, or of poor quality and infrastructure. In addition, GSA will also focus on other areas of fundamental development such as: 'Stimulating local economies, entrepreneurship, culture and sport, as well as efficient use of natural resources and promotion of local biodiversity'." For example, Van Oers' sustainability strategy and the Growing Sustainable Alliance (GSA) have achieved greater biodiversity in the bobby bean production in Ethiopia.

Sustainability in relation to local exporters

Until today, Ethiopian-owned SMEs seem to have had limited success in the export of fresh fruit and vegetables. According to Agriterra, in a country where 97% of all agricultural produce is produced by small-scale farmers, cooperatives and unions play an important role in providing agricultural inputs and creating access to

output markets. At the moment, a very small part of the agricultural production is marketed through cooperatives, so there is much to be gained through a better organisation of the agricultural sector.

One of the main benefits of improving the organisation of the sector is a better connection with external markets and bargaining position for farmers. This will lead to better prices and farmer income. Supply reliability and traceability will be crucial to gain access to international markets. This means that cooperatives will need systems to document production and supply, but also to measure their environmental impact and document their actions in social compliance.

European partnerships can contribute to market access, but also to the adoption of new social and sustainable standards. For most buyers in Europe, it has become a key requirement to ask for GlobalG.A.P. certification and social compliance such as SMETA.

Several companies that are, or have been, active in Ethiopia, have signed the Sustainability Initiative Fruit and Vegetables ([SIFAV](#)), a private covenant to make trade sustainable. Among these companies are FVSeleQt, Nature's Pride, Van Oers, Marafresh, ElbeFruit, Giovanelli and several retailers such as Ica, Albert Heijn, Jumbo, Lidl and Coop. In the future, these companies will likely commit further to making the entire supply chain more transparent through new measurements of social and sustainable conduct, for example in living wage and sustainable water use.

COVID-19 impact on the agricultural sector

The [Rapid Country Assessment: Ethiopia](#) shows the Ethiopian agricultural sector is very vulnerable. During the COVID-19 pandemic, lockdown measures have reduced the economic activity in the agricultural sector. Being Ethiopia's most important sector, the agricultural slowdown has impacted the entire economy.

Due to mobility restrictions, there is less available labour and the productivity is decreasing – for many of the fresh fruit and vegetables, labour is an important asset. As a result, the poverty rate is increasing and loans are not being paid back (especially by SMEs), putting the financial sector at risk as well. There are no resources for purchasing necessary inputs such as sowing seeds and fertilisers, which can have a longer-term influence on the sector.

There is more focus on staple and cash crops, while the local demand for (high-value) perishables is decreasing. This means the fresh sector can come under pressure.

3. Product-Market Combinations

a. Avocados

i. Highlights:

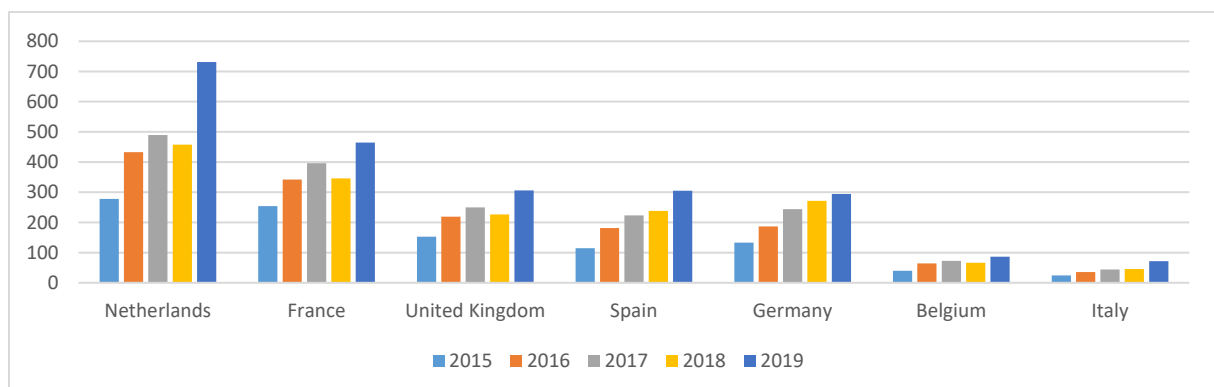
- Avocados are (still) one of the main growing fruits in the European market.
- According to EU buyers, avocados from Ethiopia have potential.
- Durabilis has carried out the first successful avocado export by train and sea-freight.
- Ethiopia is planning to expand avocado production significantly with lots of new plantings.
- Interesting reads: Freshplaza [“Huge export potential for Ethiopian produce”](#) and [“Avo trial opens door for Ethiopian produce exports”](#)

ii. Most promising markets

Avocados are currently the number one fruit in overall development according to their buyers. The European demand is strong and continues to grow. The Netherlands is the biggest importer and distributor of avocados. France and the United Kingdom are the largest end-markets, but Germany (and Italy) have most potential for future growth.

1. **Netherlands:** The Netherlands remains the main market for avocados. The consumption in the Netherlands is relatively high, but it also fulfils a principle function as trade hub in Europe. The supply countries are diverse and for new supply countries such as Ethiopia, Dutch traders can be a good introduction to the EU market. For example, Kenya, Colombia and Guatemala export most of their avocados in Europe to the Netherlands.
2. **Germany:** Germany is still underdeveloped concerning avocados. It is one of the countries with the most unexplored potential and has one of the highest growth rates. Food safety and quality standards may be a difficult requirement for new suppliers.
3. **France:** France is still the largest end-market for avocados. The estimated consumption is above 130 thousand tonnes. France has a strong trade relation with Spanish and Moroccan avocado suppliers, and imports more avocados from there than any other EU country.
4. **United Kingdom:** Europe’s third market in import and second in consumption, but stabilising. The strong relationship with Kenya offers potential for Ethiopia.
5. **Italy:** Italy still has a relatively small demand but with a promising growth perspective. According to Italian importers, there is a growing focus on Hass avocados and consumers are getting more and more familiar with avocados and non-traditional fruits, but most supply still comes from or via EU countries (Netherlands, France, Spain).

Main importers of avocado’s (all origins), in million euros



Source: ITC Trademap

Estimated avocado consumption in Europe (June 2019 – May 2020)

	Estimated marketed volume in 2019-2020 (in tonnes)	Population in millions	Consumption per capita (g)	2019-20 compared to 2018-19	2019-20 compared to 2015-16
France	130,797	66.9	1,955	-10%	27%
United Kingdom	95,054	66.3	1,434	-10%	18%
Germany	89,315	82.8	1,079	8%	119%
Scandinavia (Sweden, Denmark, Norway, Finland)	57,074	26.7	2,138	-1%	13%
Spain	67,500	46.7	1,445	1%	19%
Netherlands	40,000	17.2	2,326	0%	48%
Italy	23,147	60.5	383	4%	102%

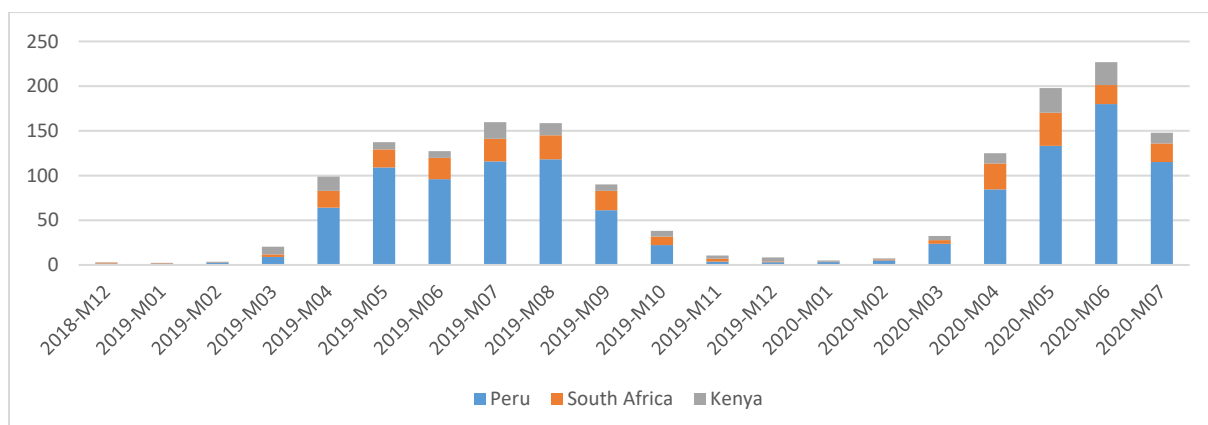
Source: [Fruitrop Magazine no. 271](#)

iii. *Level of competition*

Summer supply, which is large and dominated by Peru, can affect the start of the winter season when Ethiopia could step in. There is also an increasing number of competitors in the avocado trade that cover the winter supply. Chile is still a dominant player right after the summer period, while Mexico and Colombia are quickly increasing their volumes to Europe.

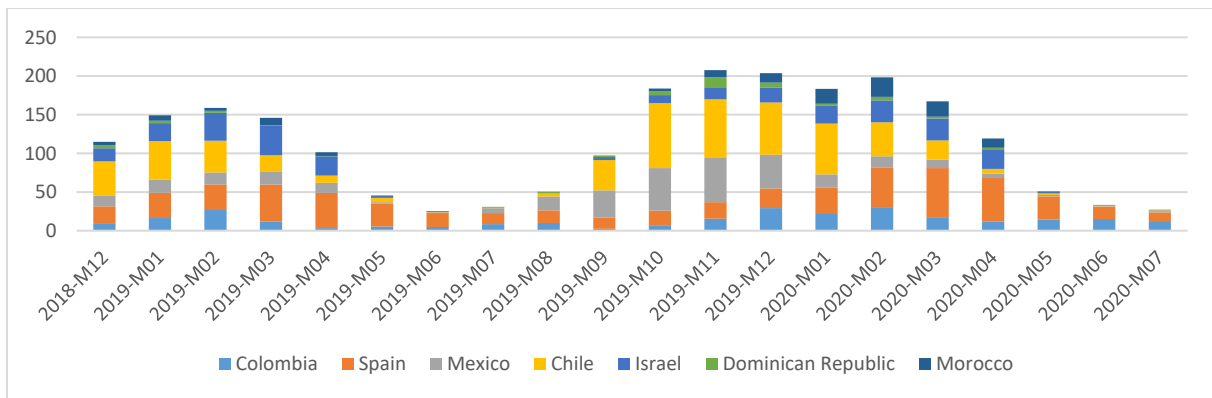
1. **Peru:** Peru's very large export volumes have a major influence on the developments of the avocado trade. The aftermath of the Peruvian season often has an impact on the season that follows, leading to pressure on prices.
2. **South Africa:** South Africa adds to the already large Peruvian volume of April to September, but has lower growth expectations. However, the avocados from South Africa are still often preferred over the Kenyan avocados.
3. **Kenya:** A relatively new supplier of avocados to Europe in a similar window as Peru and South Africa, but close enough to Ethiopia to be a formidable opponent / competitor. However, the country is not always up to standard and the quality varies more than in the leading supply countries, Peru and South Africa.
4. **Chile:** Chile is traditionally an important avocado supplier and the second-largest exporter to Europe. However, due to drought issues and increasing buyer focus on sustainable water use, it will be difficult to raise the volumes.
5. **Mexico:** Mexican supply to Europe is increasing fast. Growers want to be less dependent on the United States and focus on a similar period as Ethiopia would (growing competitor and very experienced)

Summer supply season in Europe, in million euros



Source: ITC Trademap

Winter supply season in Europe, in million euros



Source: ITC Trademap

iv. *Specific opportunities for Ethiopia*

Several companies indicated avocados as a potentially interesting product from Ethiopia. Ethiopia can be another origin for avocados, especially in the transition from the summer to the winter season. Organic production is often suggested as a point of differentiation, although organic avocados is also considered a small segment. The same goes for fair trade.

Some still have their reservations while others are already in trials (Eosta, Fairfruit, SpecialFruit). Especially the companies that focus on organic or fair fruit seem to have taken action in Ethiopia, which may be a result of the presence of a serious supplier (e.g. GreenPath Food). Large avocado traders do not yet seem to be active in Ethiopia.

1. **Favourable climate:** Ethiopia has a good climate for cultivating avocados.
2. **Organic:** Ethiopia could differentiate itself with the organic production of avocados.
3. **Season:** Ethiopia has potentially an interesting supply window, starting in September, just after South Africa's main season. The country is between two main supply seasons. The specific window that provides the best opportunity may be narrow.
4. **Investment:** Companies such as Greenpath are investing in the cultivation of (Hass) avocados. The new plantings are likely being done with the expertise of Israeli avocado experts. Buyers also say that it can take a while before all these plants will start producing.
5. **Distance to Europe:** Ethiopia is closer to Europe and therefore has a lower carbon footprint. A [first shipment has been exported by train](#) (done by the company KogaVeg/Durabilis), which is promising for a future avocado sector.
6. **Processing:** If Ethiopia does not manage to have a consistent, high-quality supply of avocados or a stable logistical connection for fresh trade with Europe, there may also be opportunities in the processing of (organic) avocados. The company [Tradin Organic has recently opened an avocado oil factory](#) in 2019.

v. *Hurdles or threats for Ethiopia*

The main obstacle for Ethiopia is not having direct access to the sea. Efficient logistics are crucial for the development of the avocado trade. There is some delay for new plantings to bear fruit and enter full production. This time should be used to organise the logistics and cold chain.

1. **Sea freight needed:** Avocados can only become interesting for the European market when sea freight becomes possible. The supply chain and cold chain over land and sea are not yet up to standards and need to be developed further.
2. **Market saturation:** There are many growers and the market sometimes hits its limits, resulting in price drops that continue to pass the summer supply from Peru. This happened, for example, in 2018 and 2020. Some buyers think that Kenyan and Mexican competitors can also hamper Ethiopian exports.

b. Beans and peas

i. *Highlights:*

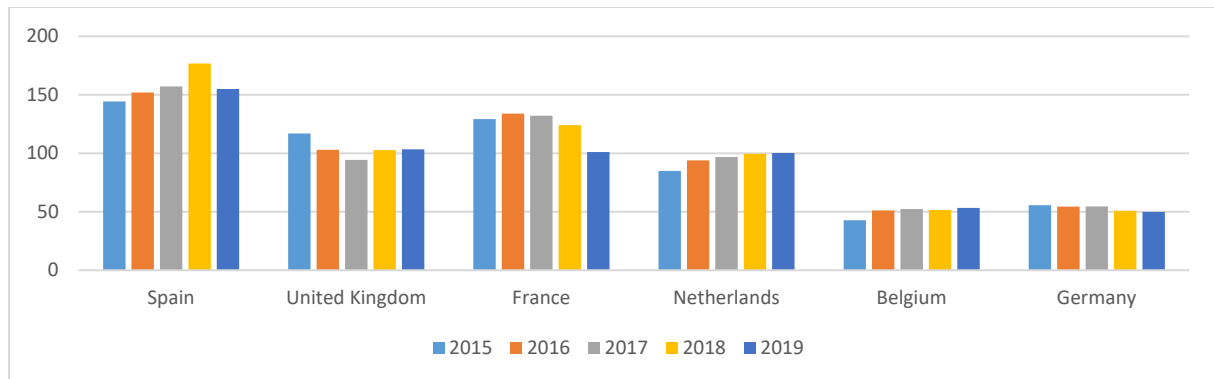
- Ethiopia has experience in producing and exporting (mainly) beans and peas. Fresh beans always go by air.
- The production in Ethiopia is an ideal back-up for supply from Kenya and Guatemala.
- The quality is good and reliable, at least from current supply partners.
- The best opportunities for Ethiopia are outside European and Egyptian production seasons.
- The company Van Oers is likely responsible for a majority of the current fresh bean import from Ethiopia.
- For fresh peas (sugar snaps and mangetout), Ethiopia needs sea-freight and needs to try to reduce the cost price to become more competitive.

ii. *Most promising markets*

It is important to make a distinction between the tropical sugar snaps, mangetout and haricots verts and the common green peas and beans. Northern Europe fosters the highest demand for imported sugar snaps, mangetout and haricots verts. Here, consumers are willing to pay the price for premium (air-freighted) beans and peas, although air freight is not always accepted by buyers in Germany and Scandinavia. The Netherlands and the United Kingdom are less picky with air freight. Spain and Belgium are also high in the charts, but their importance must be nuanced: Spain mainly imports common green beans and flat beans from France and Morocco. Belgium scores high on common garden peas from France.

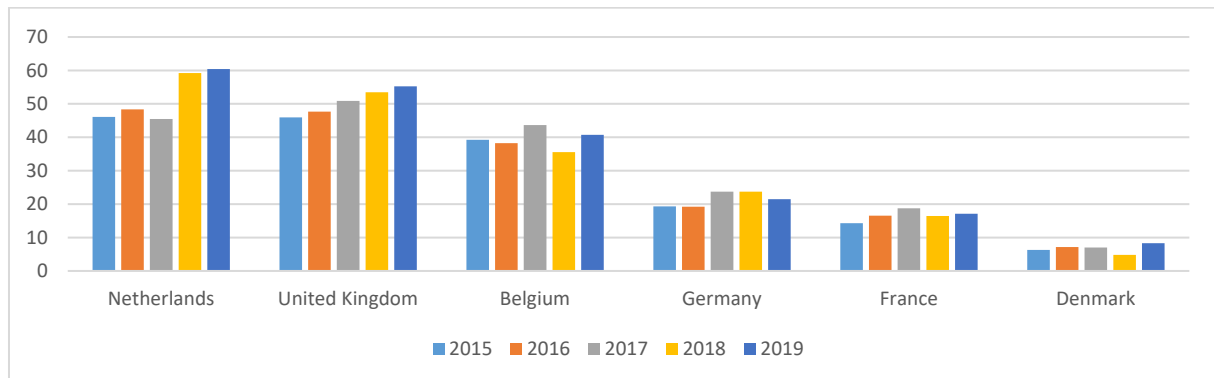
1. **United Kingdom:** The UK is a leading consumer country for both beans and peas. Especially the demand for mangetout and sugar snap peas is still increasing with imports from Guatemala, Peru, Kenya and Zimbabwe. Kenya is the UK's main supplier of fresh beans (haricots verts), which are all air freighted.
2. **Netherlands:** The Netherlands is the main EU importer of peas. It offers a relatively good consumption market, but also supplies the Scandinavian countries and neighbouring markets where sugar snaps (and mangetout) are popular. During the summer, the trade in the Netherlands decreases (especially for beans), because countries produce their own.
3. **France:** France is one of the main buyers of fresh beans. The country has a close trade relation with Morocco, but also needs Kenya to guarantee a year-round supply. For the import of peas, Kenya (together with Zimbabwe) becomes even more important. This can be a positive indication for the potential opportunities for Ethiopia.
4. **Germany:** The German market is not as developed as the UK, Scandinavia or the Benelux, but there is room for future growth for both beans and peas. Food safety and carbon footprint can be reasons to avoid long-distance import. This same argument can be heard in the Nordic countries and Switzerland.
5. **Belgium:** In volume, Belgium is the world's largest importer and processor of common garden peas. France is the main supplier of common garden peas, while exotic peas are mostly imported via the Netherlands. Beans are sourced mostly via the Netherlands, but they also arrive from Kenya, Egypt and Ethiopia. There are several import companies that deal with haricots verts, mangetout and sugar snaps, such as SpecialFruit, Fairfruit and Greenyard.

Main importers of beans (all origins), in million euros



Source: ITC Trademap

Main importers of peas (all origins), in million euros



Source: ITC Trademap

iii. *Level of competition*

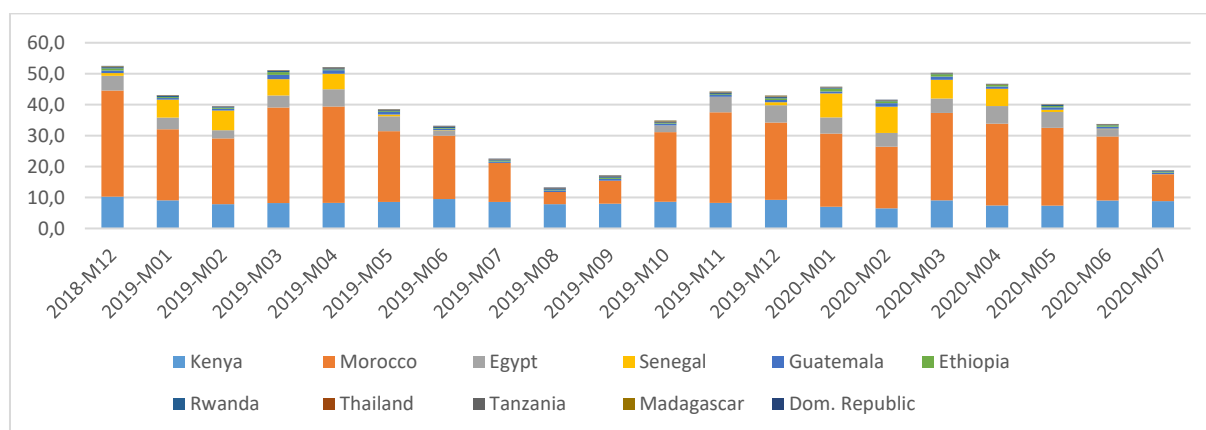
Kenya, Zimbabwe and Guatemala are strong suppliers of sugar snaps and mangetout and price competitive. Peru has emerged to become one of the main suppliers of high-quality peas when the supply from Guatemala, Zimbabwe and Egypt is low. Seasonal shortages and rainy seasons in the main supplying countries could be beneficial for Ethiopia, although for peas a sea-freight connection is important.

Beans are generally air freighted. Kenya takes the lead in the supply of haricots verts, but there is competition from Morocco and Egypt as well, which are closer to Europe and also export a large amount of common green beans.

1. **Kenya** (peas & beans): Kenya is a very stable supplier of sugar snaps, mangetout and haricots verts throughout the year. The cost price is lower than in Ethiopia, which makes it a more attractive supplier, but Kenya also has to deal with rainy seasons, which may be an opportunity for Ethiopian exporters.
2. **Guatemala** (peas): Just like Kenya, Guatemala has a rainy season, which can delay the supply of peas to Europe. Their season starts a little later than Ethiopia, and usually only with air freight due to lower volumes at the start of the season. This leaves a window for Ethiopia.
3. **Peru** (peas): Peru's export of peas is mainly sea-freighted and of good quality. Ethiopia could compete with the Peruvian quality, but it must develop a supply chain by sea as well to lower logistical costs and the carbon footprint.

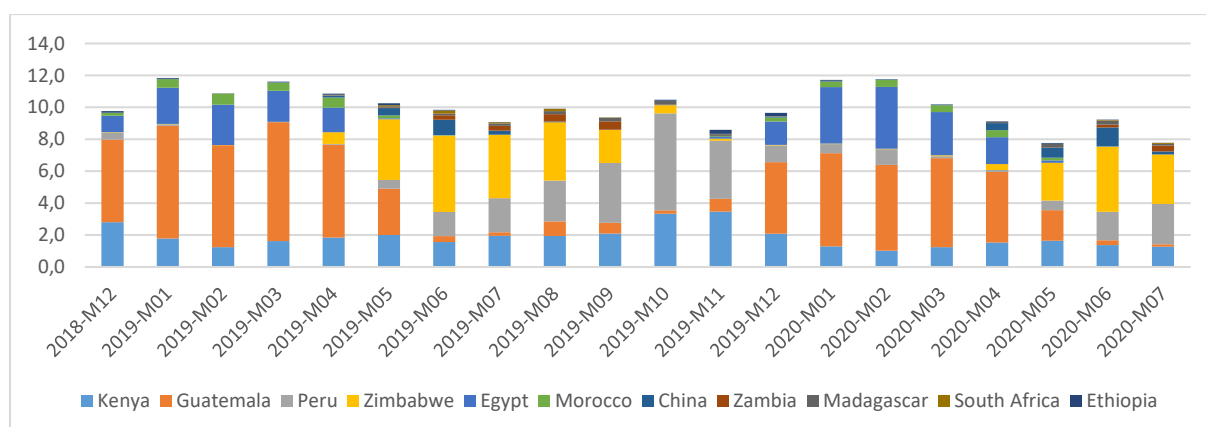
4. **Egypt** (peas & beans): Egypt enters the EU market with peas in the last weeks of the calendar year and the volumes become very large around halfway through January. The extremely low prices make it impossible for Ethiopia to compete in this period.
5. **Morocco** (peas & beans): Morocco has much potential as it can produce both in the north and the south to extend the season. Buyers expect many of the developments to take place here.

Non-European supply season of beans, in million euros



Source: ITC Trademap

Non-European supply season of peas, in million euros



Source: ITC Trademap

iv. Specific opportunities for Ethiopia

Ethiopia is already successful with the export of fresh beans. One of the main buyers of these beans is Van Oers. Beans are generally air freighted, so there is no need for good sea logistics. This has given Ethiopia the chance to build a reputation in fresh bean export. For peas this is different; mangetout and sugar snaps are imported in smaller volumes (by air) and a better sea freight connection could help Ethiopia compete in quality with other suppliers. A favourable climate is Ethiopia's biggest asset and they often fulfil the role of back-up supplier.

1. **Experience & reputation:** Ethiopia is traditionally good in beans and peas. It is a sector that has been developed for years, probably alongside the flower production. Buyers can relate to Ethiopia when it comes to beans and peas. Beans have more short-term opportunities. Beans are commonly air freighted, which Ethiopia is able to do. Sugar snaps and mangetout will have higher potential if they can be sea-freighted.

2. **Quality:** Buyers often say that the quality of beans and peas from Ethiopia are superior to the supply from Kenya and Zimbabwe (although also more expensive). Ethiopia can compare itself with the quality from Peru.
3. **Backup function:** It seems that Ethiopia often fulfils a backup option, for example for the supply from Kenya and Guatemala during their wet seasons. Kenya will probably stay in the lead when it comes to beans and peas because labour costs are lower than in Ethiopia. However, Ethiopia makes up for it in quality and quality steadiness.
4. **Season:** Ethiopia could produce almost year-round, but during the summer there is more local production, so there is less demand for import. At the beginning of the year, Egypt is too strong a competitor. The main opportunity for Ethiopian peas starts at the end of September / beginning of October and runs until the first half of January.
5. **Organic (& Fair trade):** there is a minor opportunity for organic and fair-trade beans and peas. These are small segments. Buyers are not convinced that there is sufficient demand for fair trade, and fair-trade peas are also relatively readily available from other countries such as Kenya and Guatemala. Organic could pose slightly better opportunities. There are even specialised buyers that consider organic as the only option for Ethiopia to compete (especially due to higher production costs and the dependence on air freight), while others argue that organic cultivation of beans and peas can be quite difficult.

v. *Hurdles or threats for Ethiopia*

Price is one of the main arguments why beans and peas are not purchased in Ethiopia. Ethiopia may be competitive in quality and consistency, at least with the prominent exporters, but prices are often higher than in Kenya, Guatemala or Zimbabwe. As a result, Ethiopia depends on the market conditions to see if there is room for their produce. Important to mention is that quality sourcing often involves companies with western management, that know how to guarantee quality and compliance with the requirements in Europe.

The increasing preference for local and sustainable products, especially by large retail chains in specific countries, leaves Ethiopia with a weaker trade position. These changing preferences make supply windows, export markets and channels less diverse for Ethiopian exporters. The final obstacle for buyers is the political instability of Ethiopia, especially protests in the north, where much of the pea cultivation of peas is taking place.

1. **Costs:** Ethiopia is not cost competitive. The quality is often good and even more reliable than from other supply countries, but the product price remains a major factor in the EU trade. The higher price is often difficult to defend, especially when there is enough high-quality supply from other countries. Some buyers also share the concern that additional supply will only add more to the existing market, while there is already a lot of offer.
2. **Sea-freight is a necessity for peas:** Sea freight is often preferred by EU buyers. Ethiopia could compete with Peru if it manages to realise competitive logistics. Sea freight is then a must to reduce costs, but also to reduce the environmental impact.
3. **Preference for local cultivation:** Beans are almost always air freighted to keep them fresh, which is why Ethiopia is currently most successful in beans. However, for some supermarkets, air freight is simply 'not done', for example in the case of Lidl. So the main focus for these retail chains is local production, whenever possible.
4. **Flight rates are booming:** Due to COVID-19, the air freight rates have boomed, making import of peas and beans from Ethiopia less attractive. Another issue is that exporters mainly depend on the service of Ethiopian airlines (or Emirates, which is not ideal due to a stop-over), but the cargo must be reserved a week in advance and fully paid even when the shipment turns out to be smaller.
5. **Political instability:** Promoting Ethiopian pea export is worth considering, however, political instability forms a risk for the continuity of the supply. In the past, farms and pack houses have been burned down. For supply contracts with major retailers, this is too much risk.

c. Strawberries

i. Highlights:

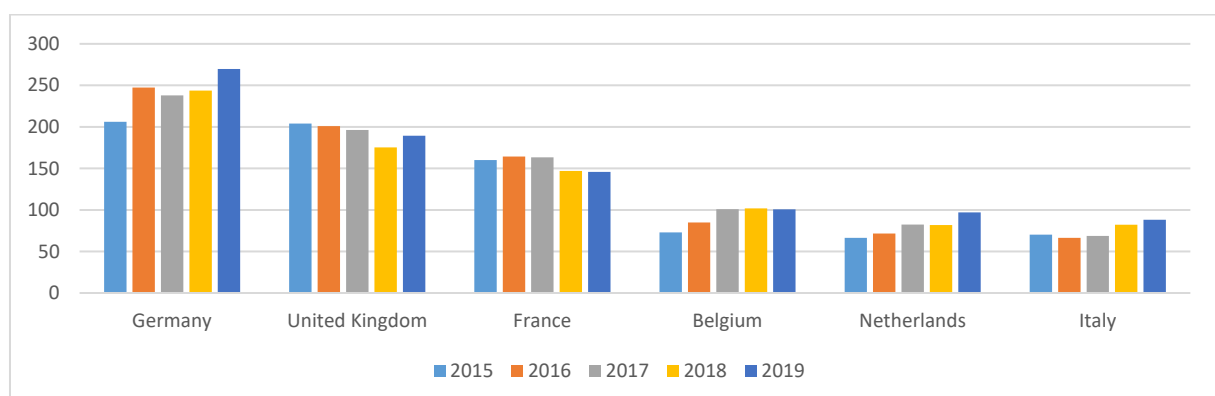
- Strawberries from Ethiopia will remain a small niche for specific buyers.
- Ethiopian climate is able to grow a superior strawberry (if the variety is right)
- Not only strawberries, but also other soft fruit such as blueberries and raspberries from Ethiopia were indicated by buyers as interesting.
- If knowledge is present, strawberries can be started up relatively quickly and air freighted to Europe. Blueberries require a bigger investment.

ii. Most promising markets

The largest overall import markets for strawberries are Germany and the United Kingdom. Spain has the highest value of non-European import of strawberries, but in general, the non-European import is dominated by Morocco and Egypt. When focusing on the specific opportunities for long-distance suppliers, the United Kingdom, the Netherlands, France and Belgium are most significant for the strawberry trade.

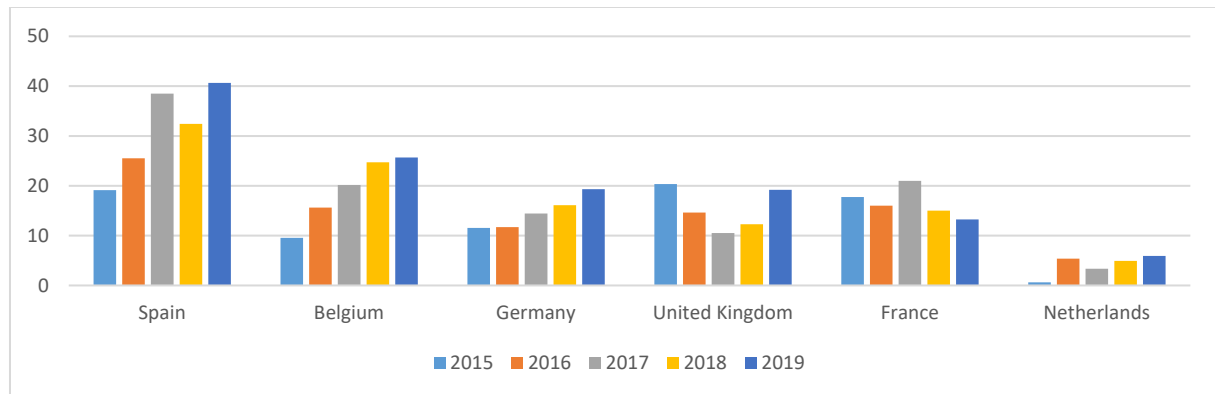
1. **United Kingdom:** the UK is probably most the promising country and has the most diverse supply from non-EU countries, including Morocco, Egypt, Jordan, USA and Mexico. These supply countries are followed by Ethiopia, from which the UK imported 93,000 euros worth of strawberries in 2019. A hard Brexit could further increase opportunities when the import via mainland Europe becomes less attractive.
2. **Germany:** Germany is the largest import market for strawberries, but buyers would rather source close to home. The non-EU supply mainly comes from Egypt and Morocco.
3. **France:** Besides Egypt and Morocco, France also receives supply from Mauritania, Peru and China. This suggests there could be potential for other origins as well, although France is not keen on off-season import and the opportunity should likely be sought in specific channels such as ethnic wholesalers or high-end food services.
4. **Belgium:** Belgium is the second-largest importer of non-European strawberries with a value that is increasing annually. Most import comes from Egypt. However, Belgium also registered 24,000 euros worth of imports from Ethiopia in 2019.
5. **Netherlands:** The Netherlands is not one of the main importers of strawberries from outside the EU, but the import has diverse origins. Egypt and Morocco are in the lead, but there are also minor values from Jordan, Ethiopia (29,000 euros in 2019) and South Africa.
6. **Spain:** Spain is the biggest EU producer and supplier of strawberries. With additional import, they can extend their season. More than 80% of Spain's import comes from Morocco. Peru is the second-largest non-European supplier, but much smaller than Morocco.

Main importers of strawberries (all origins), in million euros



Source: ITC Trademap

Main importers of strawberries (non-EU origins), in million euros



Source: ITC Trademap

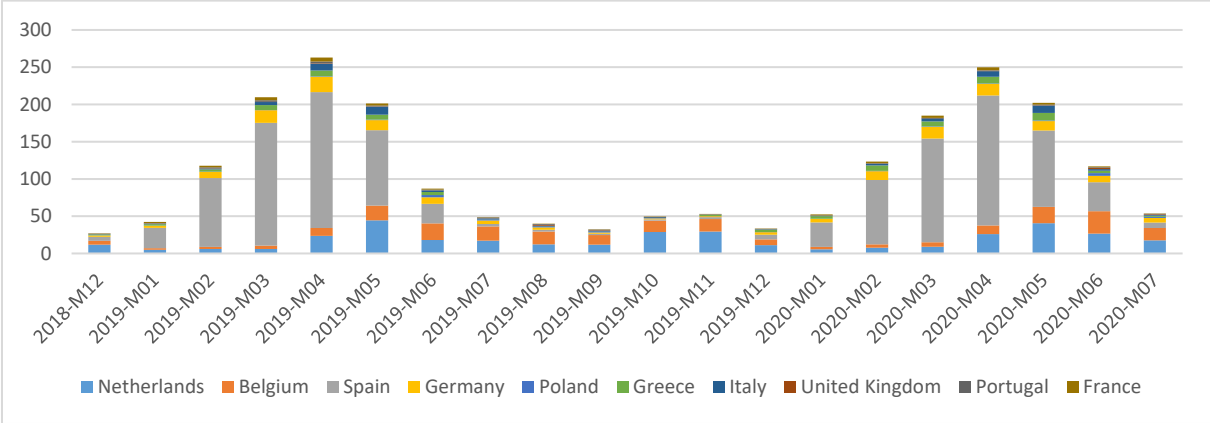
iii. *Level of competition*

Strawberries are a typical seasonal product and the majority of the supply is generated during spring in Europe itself. The non-European supply is dominated by nearby producing countries Morocco and Egypt. In volume and price, Ethiopia will not be able to compete with these sources. Ethiopia has to compete in niche markets and with high-quality suppliers such as the USA, Jordan and Peru.

Ethiopia also has a high-end and fluctuating supply, most of which from December to February. The best opportunity may be a little earlier in September-October, when EU production is low, and competitors Egypt and Morocco are still absent. Ethiopia has the advantage in climate and should be flexible with its production season (if possible).

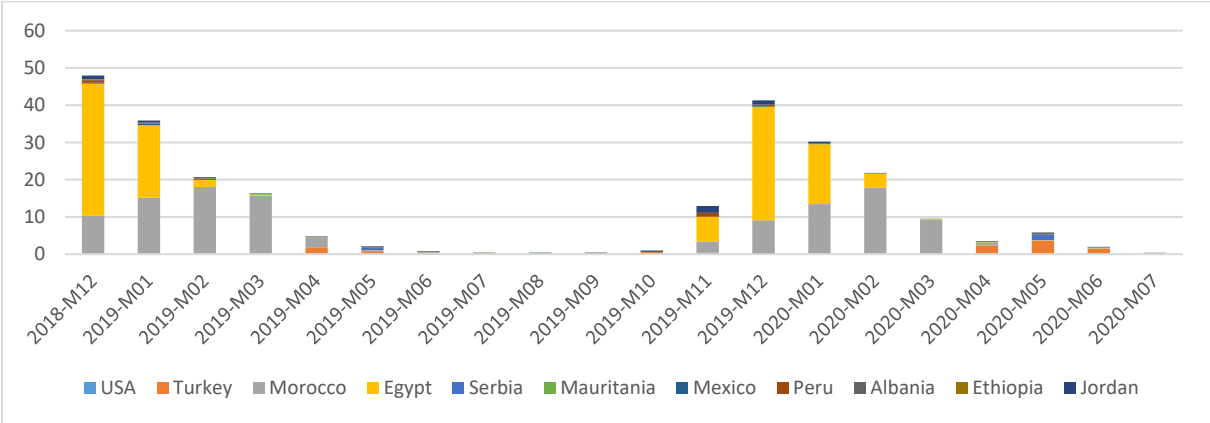
- Europe:** The EU demand for strawberries is almost completely fulfilled in-season by local producers. Countries in Europe produced almost 1.3 million tonnes of strawberries in 2019; the main producers being Spain (352,000 tonnes), Poland (185,000), Germany (144,000), Italy (125,000), United Kingdom (125,000) and the Netherlands (76,000). The season starts in February (Spain) and ends in June/July. After these months, there are fewer strawberries available, but greenhouse production in (mainly) the Netherlands and Belgium can extend the season up to November with monthly exports of >10 million euros each. In December, Egypt, and later Morocco, take over most of the supply.
- High value suppliers:** The USA, Jordan and Peru play a minor role in the strawberry volume in Europe and are mainly focused on the high-end market. High-value, high-quality strawberries will also be the main focus of Ethiopia, and the supply windows overlap. Therefore, these countries must be marked as important competitors, despite the smaller volumes. Jordan is currently in the market from November to January, and Peru supplies mostly between October and December. The USA brings small volumes throughout the year, with the most dominant volume between June and December. December is an important month for the consumption of high-end fruits.
- Egypt:** Egypt is a very competitive producer with a fast-growing supply to Europe, from 6,200 tonnes in 2015 to 13,000 tonnes in 2019. Egypt has subsidised air freight and, being the first large supplier after the EU season in November/December, will be the main competitor for Ethiopia.
- Morocco:** Morocco enters the market slightly later than Egypt (December-March). It is the main non-European supplier of strawberries, although 21,000 tonnes (in 2019) is still very little compared to the local European production.
- Turkey:** Turkey is the third-largest non-EU supplier. However, volumes are limited and did not even reach 2,000 tonnes in 2019. With its main supply from April until June, it is unlikely to become a competitor for Ethiopia.

European supply season of strawberries, in million euros



Source: ITC Trademap

Non-European supply season of strawberries, in million euros



Source: ITC Trademap

iv. Specific opportunities for Ethiopia

Ethiopia has to target a niche market that is willing to pay for high-quality strawberries outside the European season. The best channels will likely be specialised wholesalers and retailers and food service professionals that require high-quality strawberries for specific food preparations.

1. **Quality:** Ethiopia has a good climate for strawberries with lots of sun hours. This is positive for the flavour. If focusing on the right varieties (with superior taste, high quality), there is demand, but mainly in the specialist markets and certain markets that care less about local season/cultivation and carbon footprint.
2. **Specific season:** Buyers are quite clear about the fierce competition of Europe and (mainly) Egypt. There is an opportunity for Ethiopia from half September to the end of October, before Egypt comes onto the market.
3. **Other soft fruit:** Ethiopia has a small export of strawberries, but several buyers mentioned other soft fruit as a potential opportunity for Ethiopia as well, such as blueberries, raspberries and blackberries. Raspberries and blackberries will be most challenging because of their fragility. Blueberries have been a booming market globally in which many new players have already stepped in. Buyers do not know if there is already experience in blueberry production in Ethiopia. For blueberries, it would also become more important to be able to export both by air and sea. It could be interesting to see if different soft fruits could be combined in the Ethiopian offer.

4. **Air freight possibility is there:** Most of Ethiopian fresh export to Europe takes place by air freight, so the facilities for strawberry export are already there with regular flights to Europe.

v. *Hurdles or threats for Ethiopia*

Entering the strawberry market from Ethiopia means investment in high-quality production. This would require financial resources and knowledge to acquire the right varieties and optimise agricultural and post-harvest practices. Most strawberry trade can be traced back to an Israeli company in Ethiopia (IlanTot Strawberry Farm). This company has managed to set up high-quality production that fits the European specifications. The question is if new suppliers are able to do the same.

An important fact is that the strawberry supply to Europe will never be a major trade, simply due to the high footprint of the air-freighted produce and the preference for local seasonal strawberries.

1. **Carbon footprint:** A high carbon footprint (due to airfreight) is not done for some channels and countries. Countries such as Germany (especially retailer Lidl) and Switzerland have an adverse attitude towards air-freighted fruits. The general perspective is that other countries will gradually adopt a similar opinion. Strawberries from Ethiopia will always remain a niche.
2. **Cost:** Ethiopia has higher logistical costs than the nearby supply countries. Moroccan strawberries can be transported by road (a preference of many buyers), and Egypt has low-cost (subsidised) air freight. This only leaves the option to compete in a niche market with high- or higher-value producers in specific supply windows. It is not clear how the Ethiopian prices will compare to strawberry prices from, for example, Jordan, USA and Peru.
3. **High EU standards:** Some European buyers (not necessarily strawberry specialists) think the European standards may be too high for Ethiopian strawberries, and the Middle-Eastern markets are a much more logical choice.
4. **Lack of (high-quality) supply:** In the current market, the strawberry production seems to be very small (Faostat has no data). For buyers, it is not yet a well-known origin for strawberries, which leads them to believe that there will be a lack of supply for the high-quality segments in Europe.
5. **COVID-19:** In the short term, the demand for air-freighted strawberries will be very low. The food service industry has been closed down by the COVID-19 pandemic and the air freight costs have surged.

d. Fresh herbs

i. *Highlights:*

- Organic is an opportunity for Ethiopian fresh herbs.
- Ethiopia's year-round supply is an advantage but not unique.
- Kenya (also year-round supplier) and Morocco are major competitors.
- COVID-19 has had a negative impact on the import of fresh herbs.

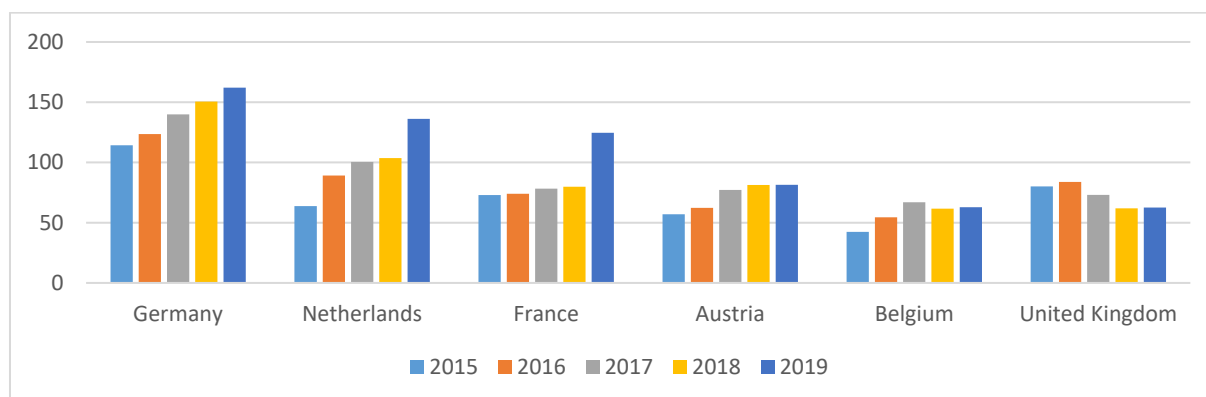
ii. *Most promising markets*

Fresh herbs are mixed with other niche vegetables in the trade statistics (HS code 07099990), so the analysis can only be an approximation of the actual demand. Germany turns up as the main importer with an interesting annual growth. France and the UK are logical second and third markets because of their population size and lack of a good climate for local herb production. The Netherlands has a growing import value as well, and profits of the re-distribution to (mainly) Germany and Belgium.

Only a minor part of the value originates in non-European countries. For fresh herbs in most countries this is probably somewhere up to 8% to 15% of the total import, while the UK imports almost 50% from a non-EU origin. According to EU buyers, the food service channels are important besides the retail channels, and for Ethiopia, there may be opportunities for organic herbs.

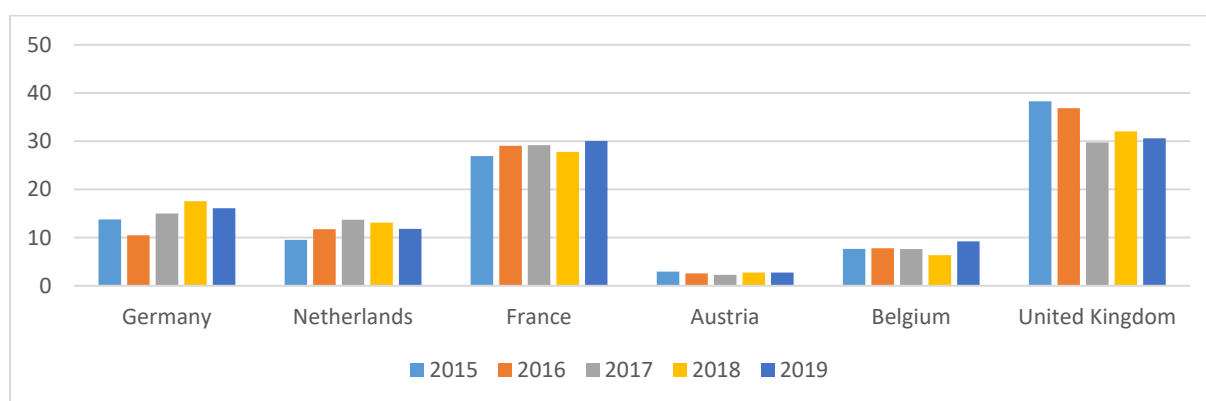
1. **Germany:** Israel, India, Thailand and Morocco are the main non-EU suppliers (all around € 2 million). A smaller value comes from Kenya (€1.4 million), but likely with a high share of fresh herbs. The value from Jordan is € 1 million, and increasing. Ethiopia supplied € 0.9 million (probably mainly fresh herbs and possible some okra).
2. **United Kingdom:** the UK has a good relationship with Kenya – import was worth € 8.6 million in 2019. Jordan (3.9 million) and Ethiopia (€0.7 million) are also in the list of suppliers. With these imports, the UK seems to offer more potential for Ethiopia than France.
3. **France:** French imports a relatively large share of okra (from Honduras, Thailand, and Nicaragua). Other non-EU suppliers that are more known as herb exporters, are Morocco (€ 2 million) and Israel (€ 1.3 million). There is some import from Africa such as Burkina Faso (€ 0.7 million), South Africa (€ 1.1 million) and Kenya (€ 0.5 million). Import from Ethiopia is very limited (€ 38 thousand in 2019). Ethnic vegetables and fine herbs can be interesting products for France.
4. **Netherlands:** The Netherlands imported € 2.9 million from Kenya. Suriname and the Dominican Republic are the 2nd and 3rd largest suppliers, but these are known for their okra export. From Ethiopia, an import value of € 24 thousand was registered in 2019. For small and niche products, the Netherlands is often a favourable place for commerce and logistics.
5. **Belgium:** Belgium is an important importer from Kenya (€ 4.5 million), Belgium's main non-EU partner, followed by Israel (€ 2.8 million). Israel is known to be a horticultural and fresh herb specialist. Import value from Ethiopia is small: € 11 thousand in 2019. But the import from Kenya and Israel are promising for Ethiopia, as it indicates there is already a supply of fresh herbs and other horticultural products from the same region.
6. **Austria:** For Ethiopia, the market potential of Austria is probably negligible. Most non-EU imports come from Turkey and Thailand, and are small (< € 0.4 million in 2019). As a destination market it can be an interesting country, and is best reached through Germany and the Netherlands. The fact that Austria has a high import value from Italy (13.5 million) could be evidence that there is a strong demand for fresh herbs. Italy is one of the main producers of fresh herbs in Europe.

Main importers of 'other' vegetables such as herbs and exotic vegetables (HS 07099990 all origins), in million euros



Source: ITC Trademap

Main importers of 'other' vegetables such as herbs and exotic vegetables (HS 07099990 non-European origins), in million euros



Source: ITC Trademap

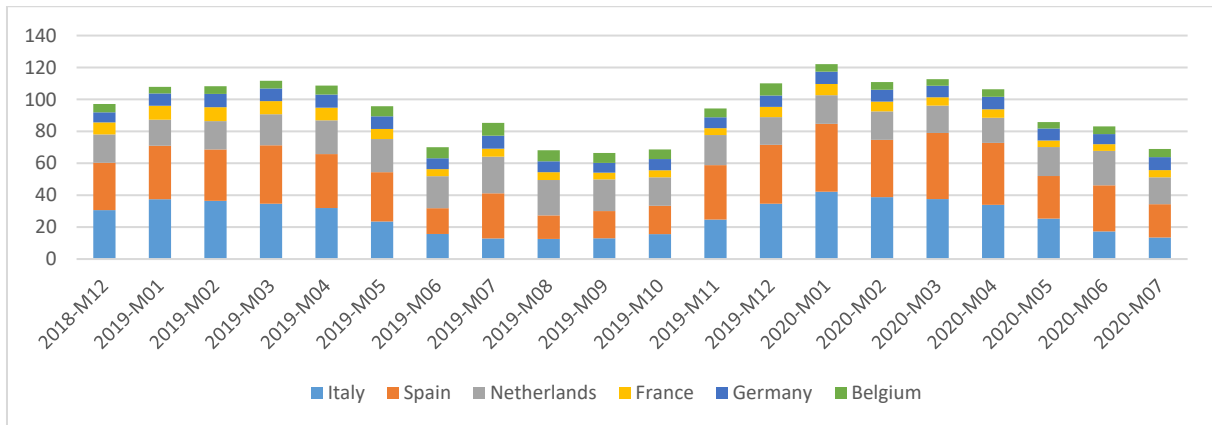
iii. Level of competition

There are no specific seasons or high demand periods for fresh herbs. The demand for imported fresh herbs slows down after May, because the countries can more easily produce for their own domestic markets. Production in Europe is large and well managed. However, it is also expensive, especially when temperatures drop and greenhouse cultivation becomes necessary. This way, external supply becomes cost driven, but quality remains non-negotiable. Suppliers close to Europe are preferred. This is reflected in the import figures, with Morocco being the largest supplier. Kenya is filling the a year-round demand.

1. **Europe:** Italy and Spain are the main competitors within the EU. The Netherlands is both a producer and a re-exporter of fresh herbs. These three countries are responsible for up to 80% of the intra-European trade in fresh herbs. The main export takes place in the winter period, but this also depends on the type of herb and growing season.
2. **Morocco:** According to trade statistics, Morocco is assumed to be the main non-European supplier of fresh herbs. There is a peak supply in May, after which European production takes over. Morocco is well-located, near the export markets. With a more southern climate, it is sometimes also possible to differentiate in herb quality (for example in mint with big stems).
3. **Kenya:** Kenya is a year-round competitor (except for rainy periods). The country has the advantage of partly outdoor production and lots of natural sunlight. This benefits the quality of the herbs. Good air- logistics make fresh herb export to Europe feasible.

4. **Israel:** Israel is a smaller and less price-competitive supplier than Morocco and Kenya, but with lots of horticultural experience and technological advantages. Their experience is used in several African producing countries, and Israeli companies sometimes extend their production to Kenya (or Ethiopia).
5. **Ethiopia:** Like Kenya, Ethiopia is (or can be) a year-round supplier. Air freight is relatively well organised and the climate is very good for producing fresh herbs. Kenya will be one of the strongest competitors.
6. **Jordan:** Jordan is an alternative for Israeli supply, but logistics to Europe are less direct and the current export is very small. Most European import from Jordan seems to be realised in the European summer.

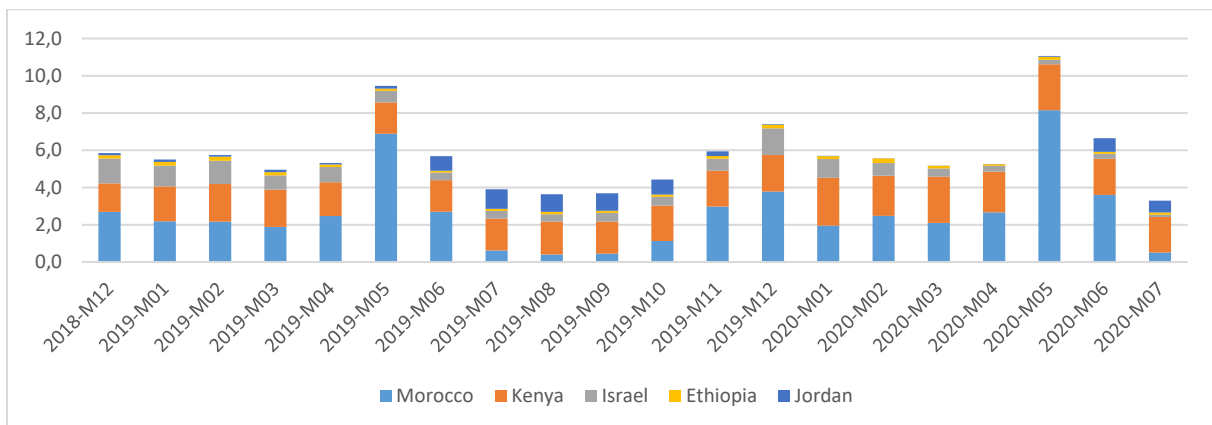
European supply season of 'other' vegetables such as herbs and exotic vegetables (HS 070999), in million euros



Source: ITC Trademap

Non-European supply season of 'other' vegetables such as herbs and exotic vegetables (HS 070999), in million euros

(supply countries Thailand, India, Honduras, Senegal, DomRep and Sri Lanka are left out of the graph because these are less known for their fresh herb exports)



Source: ITC Trademap

iv. *Specific opportunities for Ethiopia*

The main selling point for Ethiopia is its favourable climate and year-round production. Lower labour costs make labour-intensive cultivation (such as organic) and processing relatively attractive.

1. **Year-round supply:** There is year-round demand for fresh herbs in Europe. Ethiopia has the advantage to potentially supply fresh herbs throughout the year or focus and/or periods with higher demand. For some herbs, such as basil, it is often difficult to produce year round in Europe.
2. **Organic:** Ethiopia is suitable for organic cultivation.
3. **Positive experiences:** There are already several positive experiences with the import of fresh herbs from Ethiopia and the EU market seems to be open for it. Fresh herbs are also a logical step for development based on the experience in flowers.

4.4.5 *Hurdles or threats for Ethiopia*

The entry level in the fresh herb exports is high, so knowledge and technological investments are needed, which are often brought in by external partners or investors. The involvement of foreign companies could be positive for local employment (or even for farmers), but does not necessarily stimulate local entrepreneurship. If growers have western management or when sourcing is already integrated with EU companies, there is probably not much support needed for finding clients and to organise exports.

1. **Unclear impact on local entrepreneurship:** The current success stories are mainly based on foreign-managed farms. European buyers argue that it is crucial to find a reliable partner – and in the fresh herbs sector, foreign knowledge and management is often needed. It is not clear to what extent these companies need external help to get export-ready and develop European markets. This makes the impact and role of export promotion agencies less obvious.
2. **No short-term opportunities:** In the short term, it would not be interesting to invest in fresh herbs. The food service market is 'dead' due to COVID-19 and the air freight rates have surged, so the demand for fresh herbs has completely changed. Farms in Kenya and Ethiopia work with big volumes, and they are all in heavy weather at the moment.
3. **High-level competitors:** The entry level for new suppliers is high. The current companies that are active in the fresh herbs are technologically advanced. One of the examples given was the company [Joytech](#), one of the prominent fresh herb suppliers in Ethiopia. Joytech is a large and technologically advanced grower that combines herb cultivation with roses and summer flowers. The company uses drip irrigation, IPM, modern refrigeration techniques and hydroponic systems, among other technologies.
4. **Air freight is expensive:** To compensate for the air freight, the quality has to be premium. According to some buyers, organic herbs should be the focus.

4.5 Table grapes

4.5.1 highlights

- For Ethiopia, table grapes will be a long-term goal; there are hardly any supply windows and it requires big investments in varieties.
- Table grapes from Ethiopia are not yet in the minds of European buyers. Nevertheless, Ethiopia can make its origin into a main selling point.

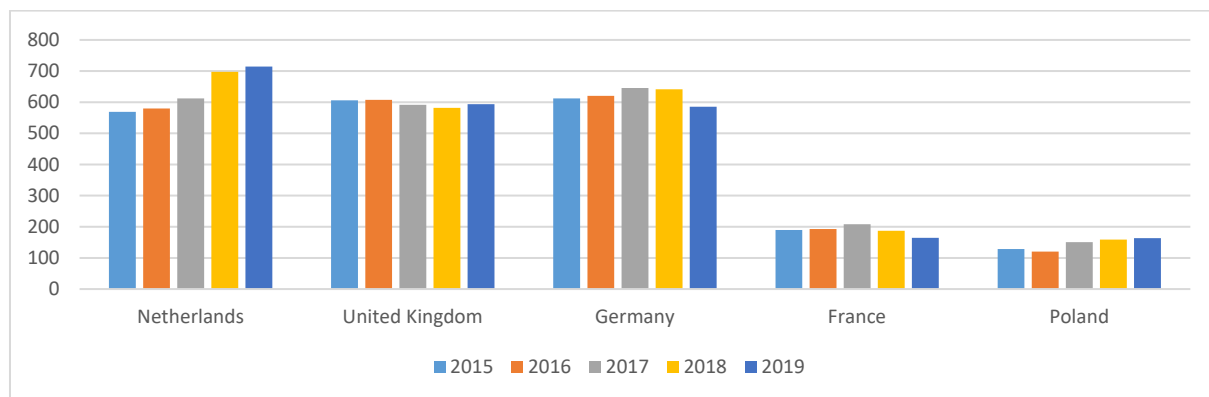
4.5.2 Most promising markets

The European grape market is very mature. Germany and the UK are Europe's main markets; they have the largest population size, but lack significant domestic cultivation of table grapes. Germany imports a significant volume via the Netherlands. The general advantage of Europe is that it can absorb fluctuations in supply (by adjusting the price and increasing the number of promotions).

Note: when looking more profoundly at the trade data of grapes from Ethiopia, it becomes clear that there has been a very minor supply from Ethiopia to Switzerland in the past, and that recently, most of the small supply (245,000 euros in 2019) has been shipped to the Czech Republic and Slovakia. These shipments were registered under the HS code for grapes (080610) and not table grapes (08061010). The grapes may have been used for winemaking or other types of processing. No further information has been found.

1. **Netherlands:** The Netherlands is the principle trade hub for table grapes. South Africa remains the main supplier to the Netherlands, but India and Peru have gained much stronger positions in recent years. Most of the Dutch import is re-exported.
2. **Germany:** Its market size is Germany's main attraction. It has the largest consumption market for grapes, but much of the demand is concentrated on European supply (especially from Italy). The import from non-EU suppliers is often arranged through the Netherlands and divided over a number of Dutch and German importers.
3. **United Kingdom:** The UK has, probably even more than other European countries, a saturated table grape market. Future growth will likely be focused on the development of new grape varieties and product development.
4. **France:** There is a significant gap in import volume compared to the three largest importers. This is partly to do with the local grape production and the preference for these domestic grapes. The best chances for non-EU suppliers are in the off-season.
5. **Poland:** The grape import in Poland is increasing. However, prices are generally lower than in Western Europe and suppliers have to compete with less-conventional countries such as Turkey and Moldova.

Main importers of grapes (all origins), in million euros



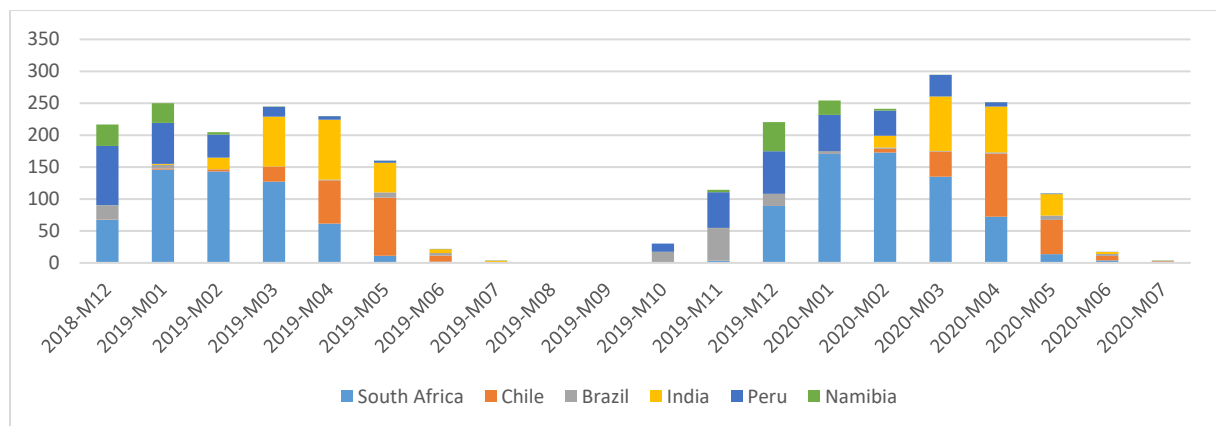
Source: ITC Trademap

4.5.3. Level of competition

The grape market does not have supply gaps anymore; the seasons of the main suppliers are overlapping, so it will be difficult for a new supplier, such as Ethiopia, to gain a market share.

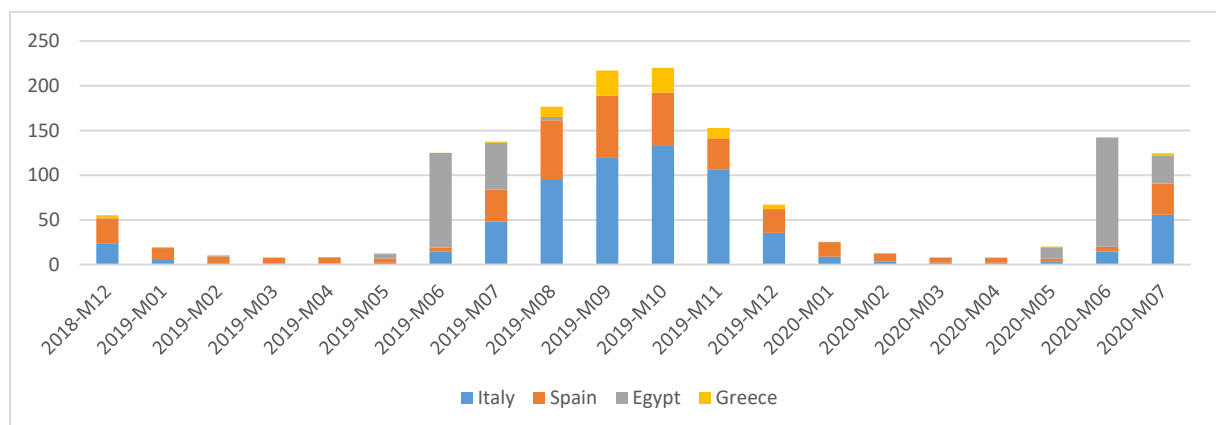
1. **Europe:** Italy is the most important grape supplier within the European season. The Italian supply is backed up by Greece and Spain. After May/June, the demand for imported grapes drops to almost nothing.
2. **Egypt:** Egypt is part of the (early) summer season supply and has an overlapping harvest period with European producers. Egyptian growers can enter the market early with good prices, right after the overseas supply dries up and just before the large volumes from southern Europe kick in.
3. **South Africa:** South Africa is responsible for most of the off-season supply. The country has a long tradition of grape breeding and cultivation. When they reach their peak, there is little room for other suppliers. Towards the start and end of its season, there are other strong grape suppliers active to fill in the rest of the demand.
4. **Chile:** Chile fills in the demand somewhat later in the off-season. Chile offers high quality, but still has to compete with the extension of the South African season and a growing competitive supply from India.
5. **Peru:** Peru has gained a strong reputation in grapes and mainly covers the early off-season period. Their supply starts when the last grapes from Italy and Spain are still on the market.
6. **India:** India has become a real price competitor in grapes, especially in white seedless grapes. India has shown the most growth in exporting to Europe, at the expense of traditional suppliers such as Chile.

Winter supply season of grapes, in million euros



Source: ITC Trademap

Summer supply season of grapes, in million euros



Source: ITC Trademap

4.5.4 *Specific opportunities for Ethiopia*

Opportunities for Ethiopian table grapes are difficult to indicate and are most likely found in specific niches, for example in original varieties, promoting Ethiopia as a unique origin or fair trade and organic table grapes. Since current experience is lacking (also with importers), the described opportunities are highly speculative.

1. **Differentiation in origin:** Using Ethiopian origin as a unique selling point could attract the curiosity of some buyers. It will be important to include Ethiopia in the promotion of the grapes.
2. **Opportunities in niche markets:** Alternatively, there could be a market opportunity for organic and/or fair trade grapes as these are less-saturated markets. However, organic and fair trade are also available from many other origins. The same as for promoting the Ethiopian origin, storytelling will be an important part of the marketing of fair trade grapes.

4.5.5 *Hurdles or threats for Ethiopia*

Grapes will be a challenge for Ethiopia because they do not yet have a strong reputation for grapes, nor do they have the proper logistics. The market is mature with several strong players and overlapping seasons. For European buyers, there are not many reasons to start sourcing grapes in Ethiopia.

1. **Lack of reputation in grapes:** Ethiopia does not have a reputation in grape cultivation and European buyers have very little knowledge and experience with Ethiopian grapes. In this sense, Ethiopian grapes are a gamble for importers, and they may therefore be less motivated to try.
2. **No efficient sea freight:** For table grapes, it is crucial to have sea freight logistics to compete in the grape market in Europe. Grapes are not a high-value product, so efficient sea logistics are needed, and this is still underdeveloped in the case of Ethiopia.
3. **Lack of experience:** The grape sector is mature and very well developed. Grape exporters are typically very experienced when it comes to cultivation, grape varieties and complying with the standards for the European market. Ethiopia does not have this experience and would be starting at a disadvantage, and consequently will have a steep learning process.
4. **No windows:** There are no specific supply windows with a lower availability of grapes. Essentially, the whole grape calendar is filled with different origins.