Assessment of Ethiopian Gum and Resin Sector : Potential for EU Export

CBI
Ministry of Foreign Affairs

Commissioned by:
Center for Promotion of Imports from Developing Countries (CBI)
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1 Executive Summary

The market for gum Arabic, Gum Olibanum and Myrrh, major gum and resin supply from Africa, is estimated to be USD 950 million. The annual export of natural gum and resins is estimated to be 800 million USD whereas export of Gum Arabic were estimated to be over USD 300 million in 2019. The leading exporters of crude Gum Arabic are Sudan, Nigeria and Chad while France, Germany and United Sates of America are the top three in processed gum Arabic export. Export value of Gum Olibanum, Myrrh and Opoponax is estimated to be over 50 million USD. Somalia, Ethiopia and Kenya are the leading producers and exporters with aggregate estimated export value of USD 43 million

The annual production volume of Gum Arabic is less than 700MT whereas production of Gum Olibanum, Myrrh and Opoponax is estimated to be over 10,000MT. Though production remains low and informants indicated that the overall production is declining. An overview of export data from Ethiopian Customs Authority indicated that the country exported over USD 31million worth of gums and resins between 2015 and 2017 by exporting 9234 MT. The export data doesn't differentiate between gum Arabic and gum Olibanum or Myrrh. However; IGAD data (2015) indicated that over 95% of Ethiopia's export comes from Gum Olibanum and Myrrh. The export of gums and resins is mainly in crude form.

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Ethiopia and Kenya are the leading producers and exporters with aggregate estimated export value of

USD 43 MILLION

The annual production volume of Gum Arabic is less than

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10,000MT

some researches estimate production potential of Gum Arabic alone to be close to

70,000MT

An overview of export data from Ethiopian Customs Authority indicated that the country exported over USD 31million 9234 MT.

USD 31 MILLION

worth of gum and resin between 2015 and 2017 by exporting

9237MT

Production of gums and resins in Ethiopia is concentrated in the North and North Western parts of the country and South East and Eastern lowlands. Amhara, Benishangul Gumuz and Tigray Regions have potential for both Gum Arabic and Gum Olibanum (whitish Tigray type) whereas the East and South East lowlands of Ogaden and Borena areas are suitable for Gum Olibanum, Myrrh and Opoponax. Ethiopia has strong domestic market and export track record for gum and resin. Evidences suggest that local demand for gums and resins; mainly Gum Olibanum and Myrrh is estimated to be 7400MT. The use of gums for ritual and household burning during coffee ceremony are the major market segments accounting for 90% of the domestic market share. The gum and resin sector in Ethiopia is estimated to employ 25000-30000 people at production, marketing and aggregation levels.

Local processing of gum and resin is limited to sorting, cleaning and grading. However; there are trial processing of frankincense oil. Ariti Herbal, Terra and Ecopea are the three essential oil processors (prospective) companies. A discussion with Terra indicated that they have the willingness to upgrade their rose damascene essential oil production facility to match annual production capacity of up to 100 MT of frankincense essential oil if they secure a sustainable market. So far Ethiopia has been exporting unprocessed gums and resins. The major destinations for Ethiopian gum and resin export are China, Germany and Vietnam.

A discussion with different experts indicated that the gum and resin sector offers tangible alternative export portfolio. The increasing global demand in food, pharmaceutical, personal care and aromatic sectors are seen as an important driver for positive prospect. In addition to the fact that Ethiopia has a strong culture and local market particularly for Gum Olibanum and Myrrh; the multiple spillover impact of the gum and resin sector is seen as a strong proposition to invest. The processing of gums and resins in Ethiopia is not done and it is difficult to get the price range for processed products as most sales are in crude form. On the other hand, it can be noted that the sector is constrained by problems such as (1) high degree of informal groups within the supply chain (2) lack of proper grading and standardization (3) lack of consistent and coherent regulations and directives and (4) increasing pressure on the forest resource base that negatively affects the production volume.

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Engagement of CBI in assisting sector development strategies, export market linkages and facilitation of grading and standards as per international market requirements are seen important areas for intervention.

The sector is constrained by problems such as

1. HIGH DEGREE OF INFORMAL GROUPS
2. LACK OF PROPER GRADING AND STANDARDIZATION
3. LACK OF CONSISTENT AND COHERENT REGULATIONS AND DIRECTIVES
4. INCREASING PRESSURE ON THE FOREST RESOURCE BASE THAT NEGATIVELY AFFECTS THE PRODUCTION VOLUME.

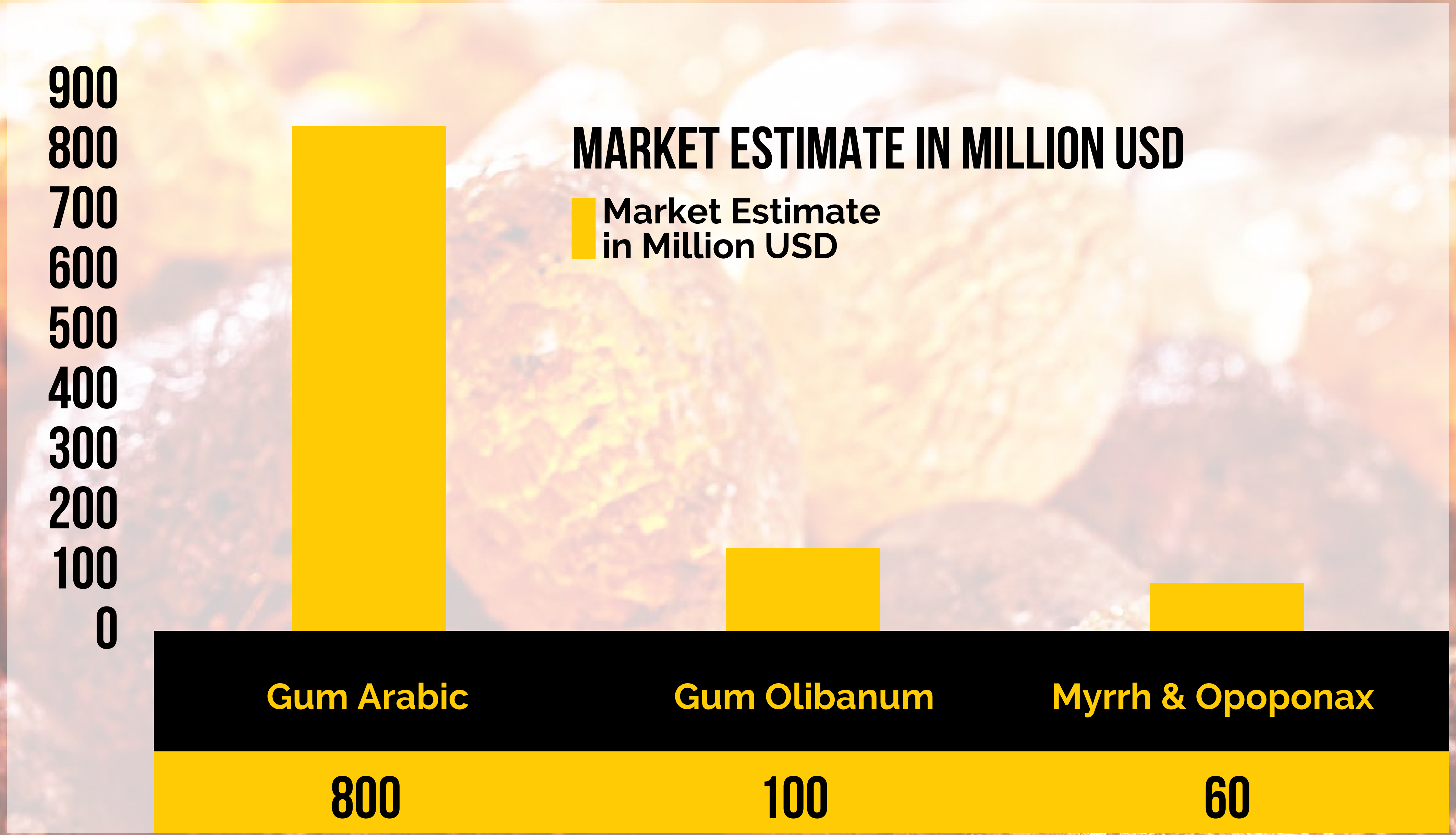
2 Global and Regional View

2.1 Global Market Overview

There are three categories of gums and resins that are potential for Ethiopia: Gum Arabic, Gum Olibanum (Frankincense) and Myrrh. Africa, Middle East and Indian sub-continent are the primary sources of these types of gums. The Gum Arabic Market, the most prominent gum type in Africa, was projected to reach $800.3 Million by 2019, at a CAGR of 6.7% from 2014 to 2019. The major market for Gum Arabic is North America (USD 300 Million). The EU market is estimated to reach USD 263 million by 2021 . Gum Arabic has many uses, in both traditional practices and modern industrial applications (food, beverage, pharmaceutical, construction and confectionaries). Global Market data on the demand for Gum Olibanum and Myrrh is hard to find. However, a discussion with local experts indicated that it was estimated to be USD 100 million in 2019. Ethiopia, Kenya and Somalia are the leading producers and exporters of Gum Olibanum and Myrrh. The overall demand for Gum Arabic, Gum Olibanum and Myrrh is expected to increase over the coming years because of increasing demand for natural gum and resin in all the major industrial applications (confectionary, beverage, food, pharmaceutical and construction) as emulsifier and thickening agent.

THERE ARE 3 CATEGORIES OF GUMS AND RESINS THAT ARE POTENTIAL FOR ETHIOPIA

GUM ARABIC
GUM OLIBANUM
MYRRH

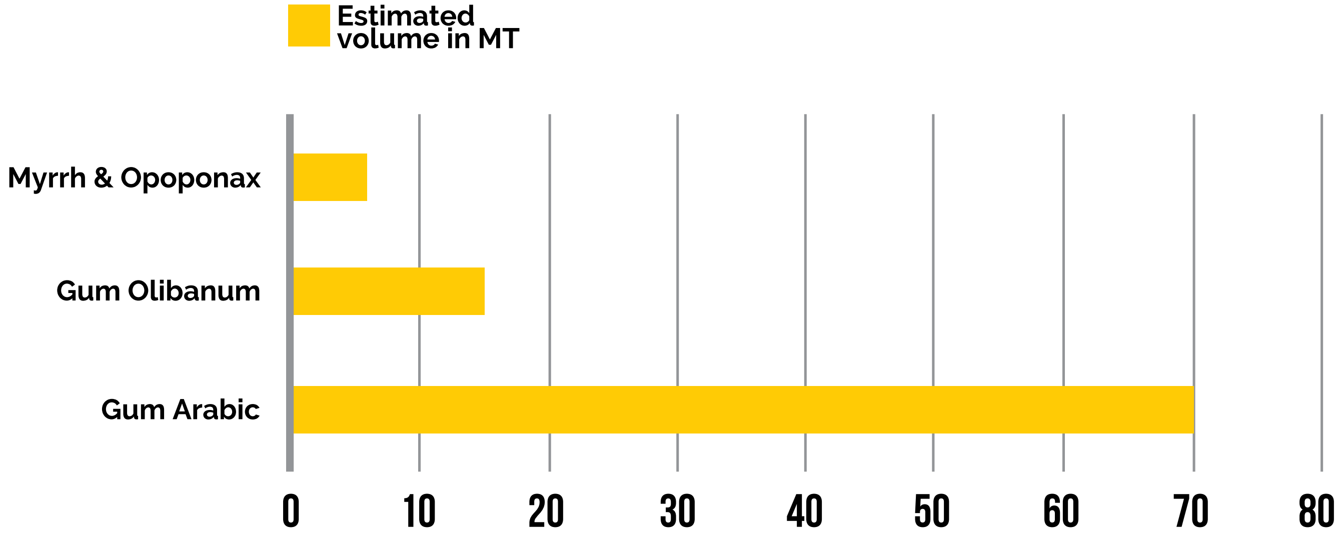


[1] https://www.marketsandmarkets.com/Market-Reports/gum-arabic-market-64878052.html
[2] https://www.marketdataforecast.com/market-reports/europe-gum-arabic-market

2.2 Production Overview

The leading producers of natural gum and resin worldwide are India, Malaysia and Brazil. Africa and the Middle East have leading global positions in three specialized gum and resin types: Gum Arabic, Gum Olibanum and Myrrh. The world's largest producer of Gum Arabic is Sudan contributing up to 60% of the global production with annual production of up to 60,000MT. Chad and Nigeria follow with annual estimated production of 15,000MT and 10,000 MT respectively. Evidences indicate that Ethiopia was among the top five producers of Gum Arabic but actual production data indicate the country produces less than 700MT per year. In regards to Gum Olibanum (Frankincense), Ethiopia, Kenya and Somalia are the leading producers accounting for over 80% of the global production. Ethiopia is the second leading producer in the world with annual production of 10,000MT. Somalia and Kenya are the first and third with respective estimated annual production volume of 15,000 and 7000. It is to be noted that these data are simply to indicate findings as there is no accurate statistical information. The three countries are also the major producers of Myrrh and Opoponax. Luvanda et al (2017) highlighted that Ethiopia (54%), Kenya (27%) are the two world-leading producers and exporters of Opoponax and Myrrh. The other key strategic producers include: Somali (12%), Eritrea (5%) and others (2%).

ESTIMATED VOLUME IN MT



Gum Arabic	Gum Olibanum	Myrrh & Opoponax
70	15	6

In regards to Gum Olibanum

Ethiopia

Kenya &

Somalia

are the leading producers accounting for over

80%

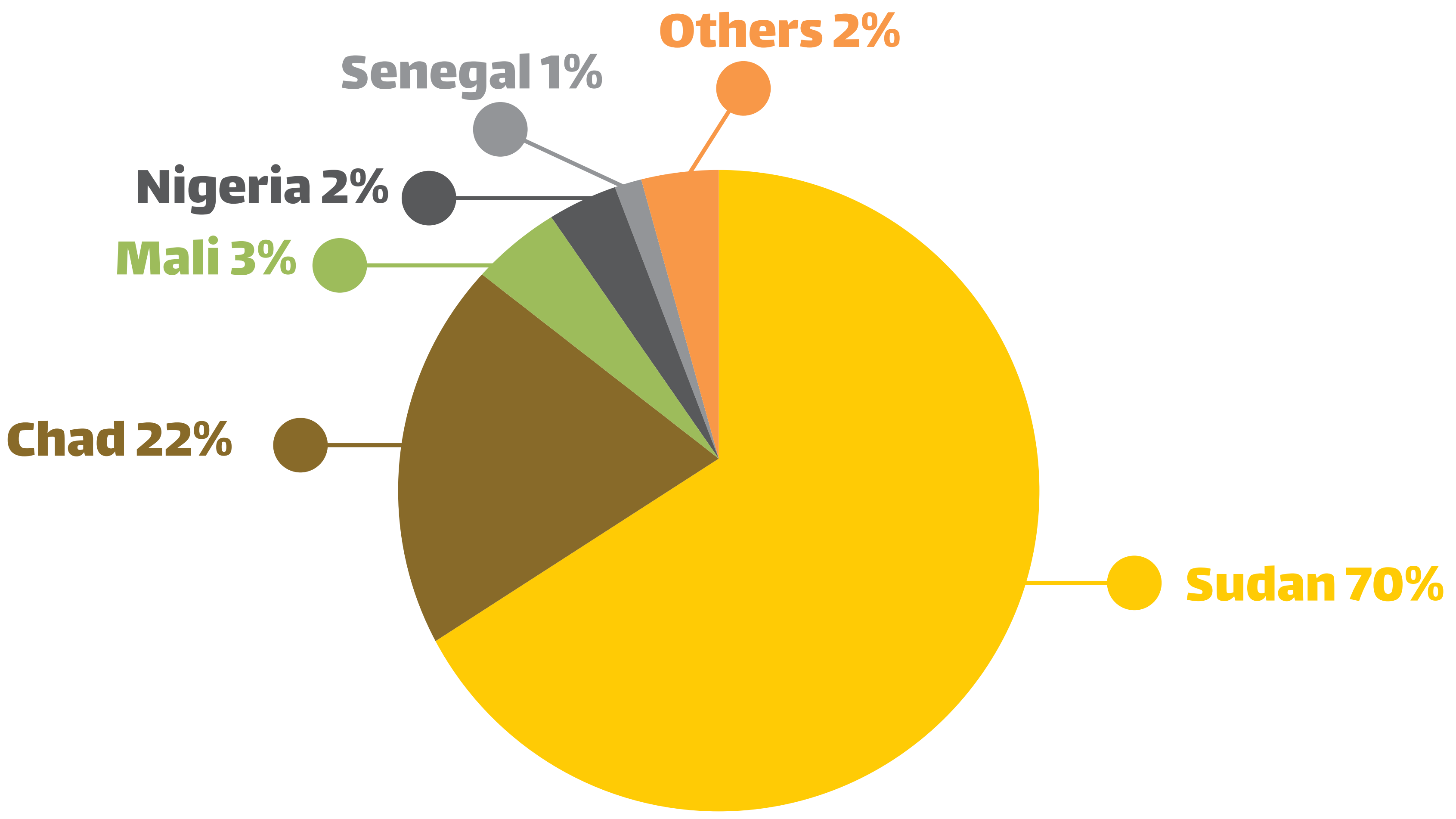
of the global production

2.3 Export and Import Overview

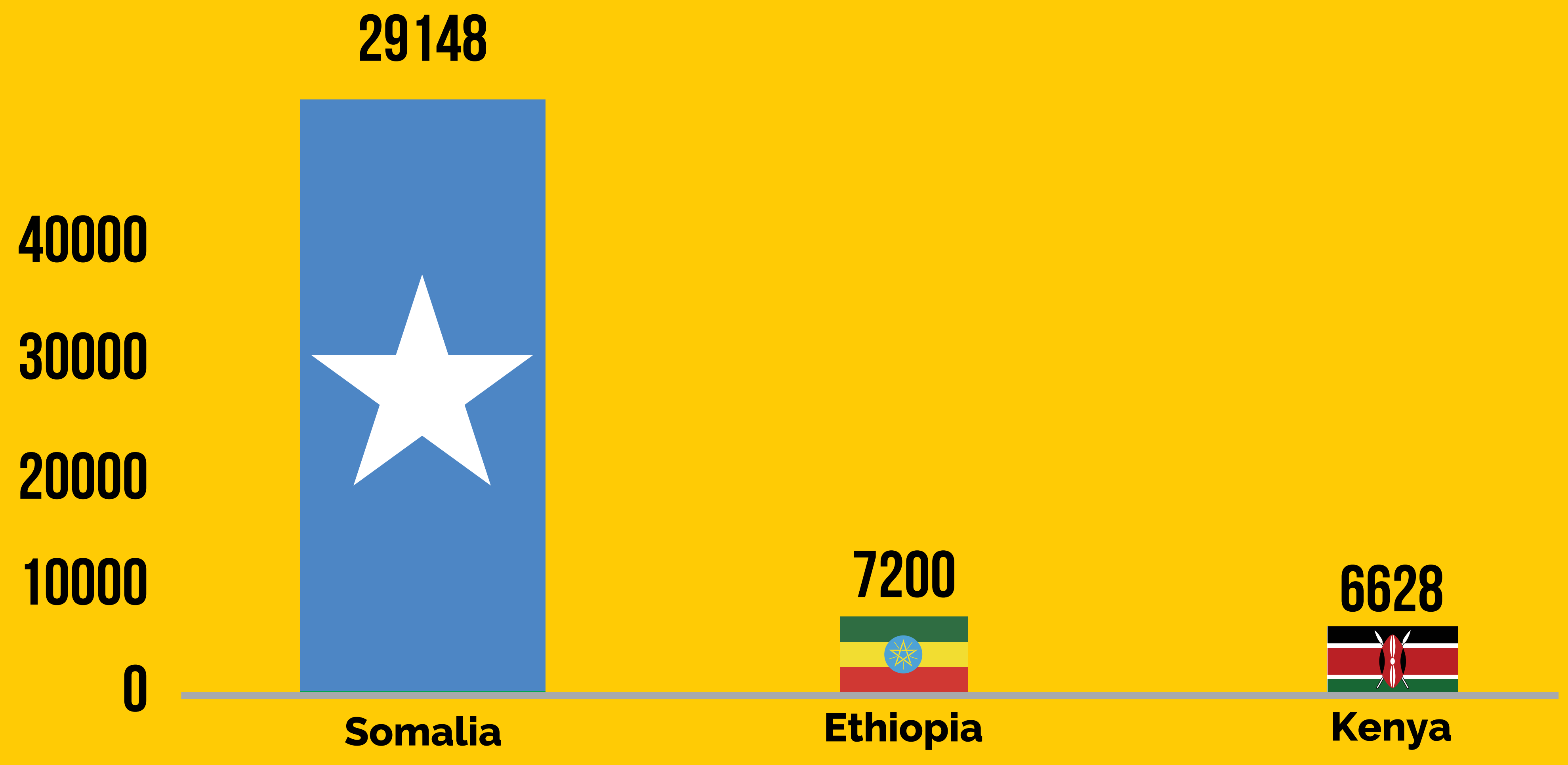
According to ITC, annual export value and volume of natural Gum and Resin was over USD 800 million and close to 300 thousand MT. Export has shown an increase of over USD 230 million in value from 2015. The leading exporters of gums and resin are France, Afghanistan and Sudan; accounting to close to 45% of the global export value. On the other hand, the leading importers are India (USD 190 million), France (USD 86 Million) and China (USD 71 Million). From the EU, France (86 USD Million), Portugal (42 million) and Germany (USD 40 million) are the top three importers of resin and gum. It is to be noted that France is the leading exporter and the second importer; implying that it leads the global processed gum market.

Exporters	Exported value in 2016	Exported value in 2017	Exported value in 2018	Exported value in 2019	Average
World	667337	787993	716111	846193	754409
France	128305	133491	139440	140004	135310
Afghanistan	0		0	135064	135064
Sudan		114689	116136	105135	111987
India	75288	71451	70048	81933	74680
Indonesia	40230	44287	54413	44852	45946
United States of America	32243	34349	33681	31370	32911
Germany	31141	35832	32271	29891	32284
Brazil	20343	29129	31047	41363	30471
Somalia	17242	27030	36712	35606	29148
Chad	23456	28581	25365	20630	24508
United Kingdom	23653	22540	11849	10424	17117
Thailand	12917	14962	16902	16588	15342
Greece	11447	12160	12705	15407	12930
Italy	9596	10517	12051	10573	10684
Ethiopia	8985	12026	6117	5677	8201

A number of African countries including Ethiopia are in the list above. Gum Arabic and gum Olibanum are the most commonly exported natural gums and resins from Africa. According to UNCTAD (2017) report exports of unprocessed and semi-processed Gum Arabic have almost tripled in the last 25 years, from an annual average of 35,000 tons in 1992–1994 to an annual average of 102,000 tons in 2014–2016. The three largest exporters of crude gum Arabic are Sudan, which accounts for 66% of the total, Chad with 13%, and Nigeria with 8.5%, in 2014–2016. Evidences from exporters indicated that the buyers market in EU is controlled by few, usually based in Greece in case of Olibanum, and Ethiopian exporters have limited influence. The same report revealed that exports of processed Gum Arabic more than tripled, from 17,000 tons to 53,000 tons in the same period . France is by far the leading exporter of processed Gum Arabic with global market share of 42% in 2019. An overview of ITC export data for 2019 indicated that the global export value of Gum Arabic is over USD 310 million and 157,000 MT in volume.



On the other hand, Somalia, Ethiopia and Kenya are the major exporters of Gum Olibanum, Myrrh and Opoponax with annual estimated export value of USD 43 million; considering ITC and other research documents. It is to be noted that ITC export data doesn't differentiate export of Gum Olibanum, Myrrh and Opoponax; hence the above calculation is a derivative. Overall; Somalia has by far a bigger export value compared to Ethiopia and Kenya. However; discussion with experts indicate that part of Ethiopia's gum Olibanum and Myrrh is exported to Somalia as one/two of the primary production sites is found along the border with Somalia.

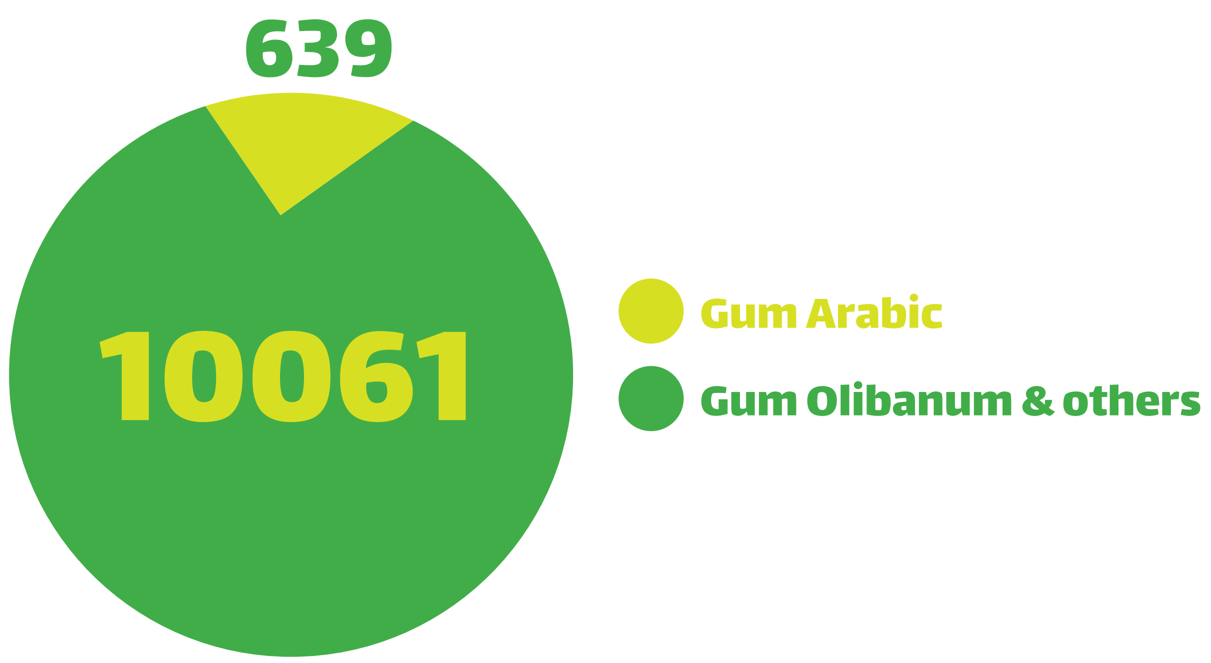


3 Ethiopia Overview

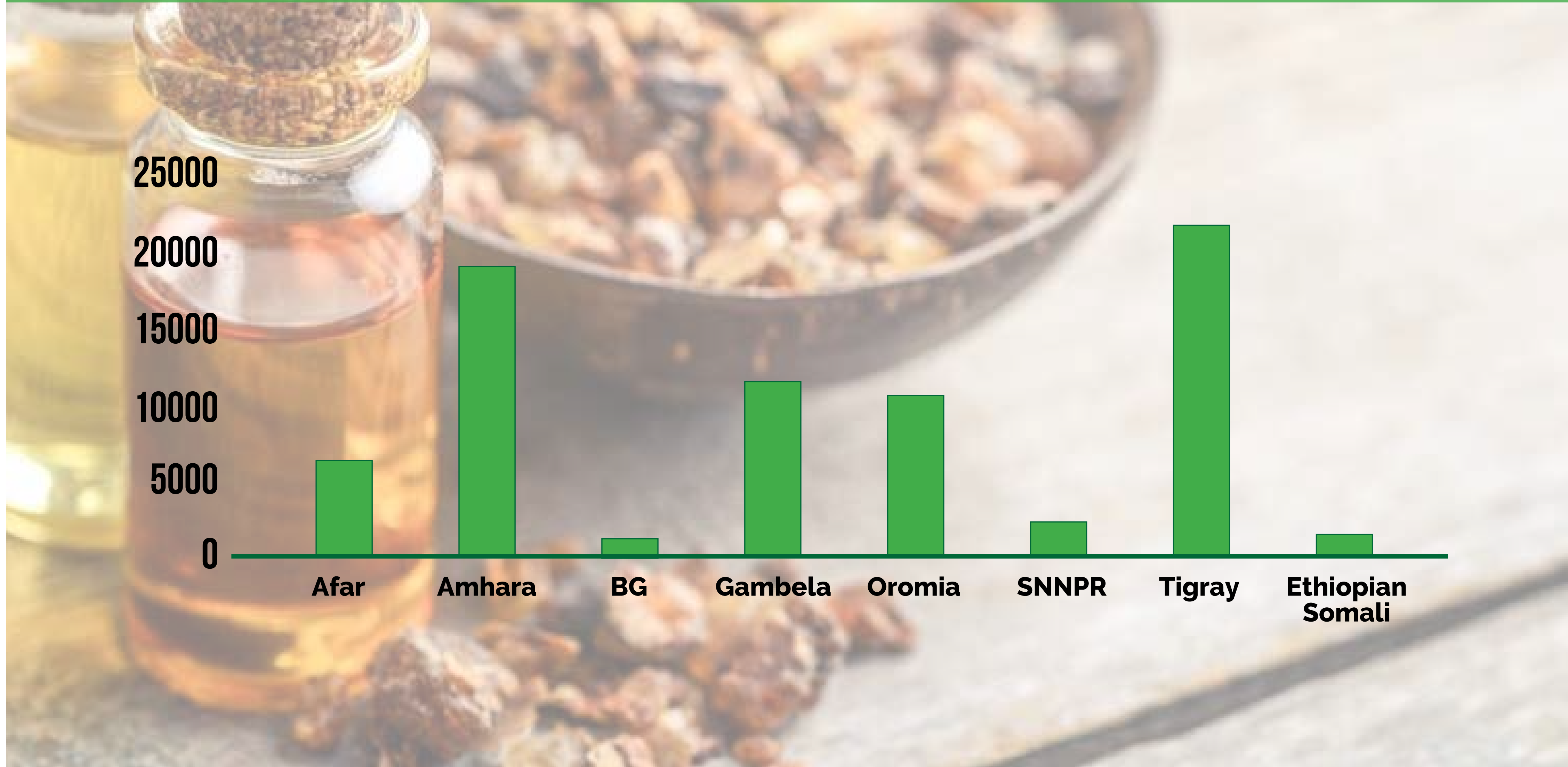
3.1 Production

Ethiopia produces three types of gums and resins: gum Arabic, gum Olibanum and Myrrh and Opoponax. There is no accurate data that shows production volume. A report compiled by IGAD (2015) indicated there are over 60 gum and resin bearing species. The total area of woodland with good stock of gum and resin bearing trees is estimated to reach 3.5 million ha. While Tigray, Amhara and Benishangul Gumuz have strong potentials for gum Arabic and white gum Olibanum, Somali and Oromia region are suited for Gum Olibanum and Myrrh to some extent.

An overview of data compiled by different researches at different time revealed that the country has an annual production potential of 70,000 MT of gum Arabic alone . However; this figure shouldn't be over emphasized as actual data extracted from different sources showed that the country has less than 700MT of actual production. The chart below illustrates the total volume of gum Arabic and gum Olibanum and others production volume in Ethiopia as per a report compiled by IGAD (2015)



Based on their origin, there are three types of Gum Olibanum/Frankincense in Ethiopia: Tigray, Ogaden and Borena types. The Tigray type Olibanum constitutes the bulk of Frankincense produced and traded both in the local and exported markets. It is obtained from the species Boswellia papyrifera (Del.) Hochst. B. papyrifera is found in the northern, northwestern and northeastern lowlands of Ethiopia. The Ogaden and Borena types are frankincense obtained from the various Boswellia species namely B. neglecta, B. rivae and B. microphylla found in the woodlands of the eastern and south eastern lowlands. The graph below summarizes estimated potential production of Gum Arabic compiled from different sources5.



3.2 Local Marketing

Ethiopia has a strong cultural and religious association with gums and resins since ancient times. The Bible accounts tell of the famous Queen of Sheba who took frankincense as a gift to King Solomon during her visit to Jerusalem. Ever since, gum and resin products are utilized for household consumption, religious rituals and traditional medicine. Different data account different volume of domestic utilization of gums and resins in Ethiopia. According to IGAD (2015), a total of 280 MT of gum Arabic and 7,449 MT of Gum Olibanum and Myrrh were utilized domestically. The Orthodox and Catholic Churches are the primary users of frankincense/ Gum Olibanum and Myrrh. Moreover; burning frankincense and Myrrh at household level for aroma, insect and snakes' repellent is a common practice in different parts of the country. One can notably mention the association of Ethiopian coffee ceremony and frankincense burning practiced widely. The table below provides an estimate of gum and resin (mainly Gum Olibanum and Myrrh) by different segments.

3.3 Processing

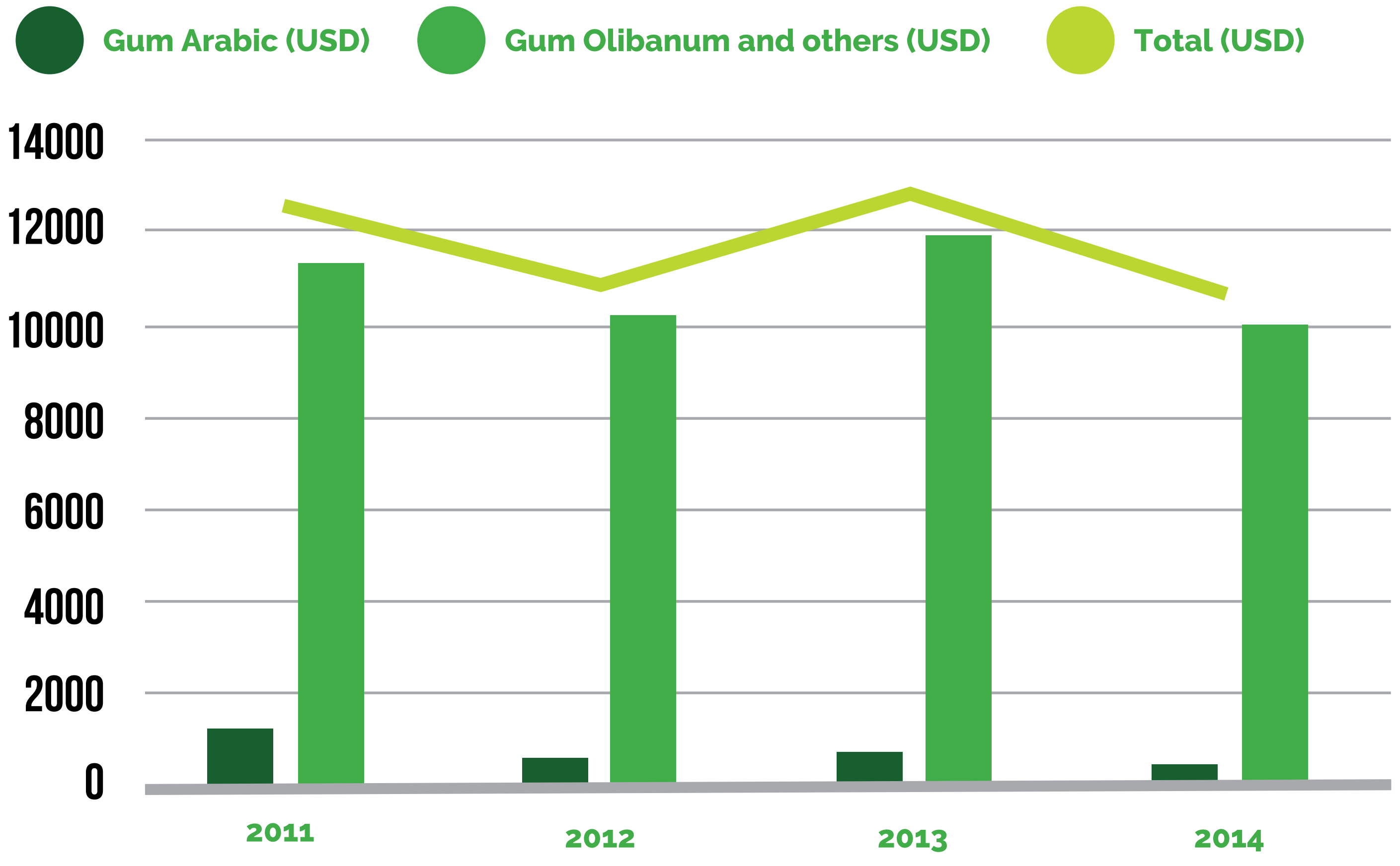
A review of a scoping report by IPD (2017) indicated that the major processing is mainly cleaning, sorting and packing (see table below). On the other hand, a discussion with different informants indicated that there is minor processing by Ariti Herbal and Terra PLC. Our team had a discussion with Terra and they indicated that production has been done as test level but didn't progress to commercial stage due to lack of market. The company also indicated that they are willing to invest on separate distillation lines and can supply 50-100 liter per month if a sustainable market is secured. On the other hand, Ariti Herbal that has shops at two sites in Addis Ababa declined an interview with us, but a rough estimate of processing capacity by other experts indicated that it is less than 50 liters per year and their production is cottage and lab based.

Form	Description
Production	Forest protection, tree rehabilitation, training in extraction to minimize damage on the trees and re-forestation of old trees.
Drainage	This is the main value addition done immediately after collection in 2 stages i.e. at the production site under ventilated grass-roofed shades and in huge ventilated storehouses in major cities.
Cleaning and impurity separation	This is done manually with the help of a knife and it involves removing sand, bark, dirt and other foreign materials.
Sorting and grading	Grading is based on the size and color of the granule or tear. It is assumed that there is considerable difference between the gums for export and those for the domestic market .
Storage and transportation	The products are stored by marketing agents at various levels (before grading in big stores and before the graded product is sold to consumers). Products are transported from production sites to grading centers and then on to consumers and markets abroad.

Source: CIFOR Brief, No 4 of 2011

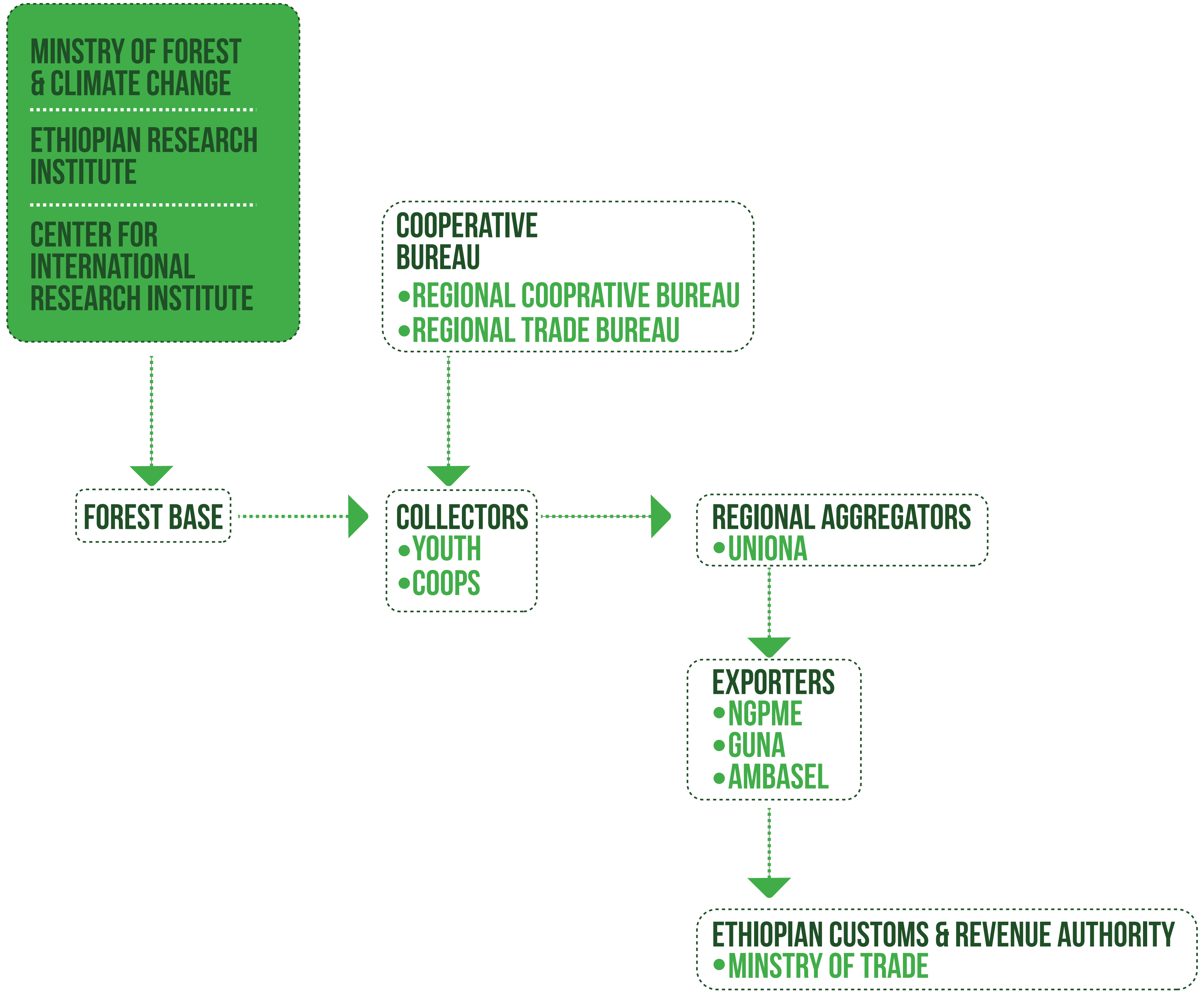
3.4 Export

A review of Ethiopian Customs and Revenue Authority Data indicated that Ethiopia exported USD 31 million worth of gums and resin between 2015 and 2017. The overall trend in export within the three years has been unstable. The customs data doesn't differentiate between different types of gums and resin; however a review of IGAD report (2015) indicated that the total export value of gum Arabic between 2011 and 2014 was USD 3 million whereas Gum Olibanum, Myrrh and other resins during the same period was USD 43 million in 2014; implying export of Gum Olibanum and Myrrh account for over 95%. The primary destinations for Ethiopian gums and resin are China, Germany and Vietnam (see table below). Evidence from informants indicated that there are five export grades.



Ethiopia exported 31 million Worth Of Gums & Resin Between 2015 & 2017

Country	Aggregate Export Value USD (2015-2017)
China	8,109,112.68
Germany	3,467,192.48
Vietnam	2,973,681.69
Tunisia	2,732,892.23
UAE	2,715,412.27
Iraq	2,400,206.73
Greece	1,393,792.48
India	964,077.87
Algeria	636,656.21
Guatemala	442,186.08



The Natural Gums Processing and Marketing Enterprise (NGPME), a state owned actor, dominated the gum export market in 70s and 80s but since then few more private exporting companies have emerged. Cooperatives play a major role as they act as aggregators within the value chain; they also offer access to forests for tapping gum and resin, as only licensed parties can gain access to forests. The NGPME used to have the tapping right for most gum and resin production sites until recently, when regions started to re-distribute the sites for local youth and unemployed. The aim of this was to involve the youth and unemployed members of the society in the ownership, production and sale of gums and resins. This however has taken away the control the enterprise used to have. The enterprise used to own 2.5 million ha of forest to cater for its own supply and export until this change in ownership.

4 Opportunities and Challenges

4.1 Opportunities

Increasing Global Demand

As stated in the previous sections, the global market demand for natural gums and resins is increasing due to increasing health consciousness of consumers, strong demand in beverage and health care sectors. Gums and resins have a number of applications in different industries as thickening and emulsifying agents. Evidences also suggest that the derivative products such as essential oils will get increasing demand and price. This has three major benefits for crude gum and resin supplying countries like Ethiopia: (1) increasing demand could lift production and price which enable developing countries to benefit more; (2) high end application of natural gum and resin products means that prospect for local value addition and processing will be high i.e. opportunity for processing and value addition (3) currently the lower end of the value chain is highly dominated by informal groups that pay little attention to quality and consistency in supply. However, with increasing understanding of the global market potential, new commercial investments at the grassroots level could emerge.

Potential Production

Many research documents reveal that Ethiopia has a solid potential for gums and resins, particularly gum Olibanum and Gum Arabic. Informants and researches indicated that the country has one of the largest resource bases for commercial plant gum and resin production. A report compiled by IGAD (2015) showed there are over 60 gum and resin bearing species and the country has 3.5 million ha gum and resin bearing forest coverage. Amhara, Benishangul Gumuz and Tigray have strong potential for Gum Arabic and white Gum Olibanum. Somali and Oromia region are suited for Gum Olibanum and Myrrh to some extent. Despite the general consensus about the potential, the actual production, as discussed in the previous sections, is low. The table below summarizes the production belts and potentials for different gums and resins.

Ethiopia
has a solid potential for gums and resins particularly GUM OLIBANUM &GUM ARABIC

NWFP type	Concentration areas within ASALs of Ethiopia	Commercial Potential	Remark
Gum Arabic	NW,W,S,SE	High	Different types of Gum Arabic resource can be found due to diversity of source species and variety
Frankincense	NW,W,S,SE	High	Different types of frankincense due to diversity of source species
Myrrh and myrrh like resins	S,SE	Medium	Different types. Commerce is going down
Honey and beeswax	Central rift valley (CRV), W, NW, N	High	Commerce of these products is growing due to expanded private sector involvement
Aloe	All over ASALs	High	No commercialization so far in Ethiopia
Essential oil	All over ASALs	High	Little exploited so far. But research has been going on
Edible plant products	All over ASALs	Low	Little developed and commercialized

Spill Over Impact

Gum and resin production has a strong positive impact on climate change and livelihood. Gums and resins are crucial non wood forest products from dry land areas. The sector gives an alternative livelihood opportunity in areas where opportunities are limited. Estimates indicated that there are 25,000-30,000 people engaged in gums and resin collection and aggregation in the country. Reviving the gum and resin sector helps to fight desertification, promotes conservation of biodiversity and assists farmers to better adapt to climate change. The production of gums and resins, when properly practiced, is non-destructive to either trees or the ecosystem. A number of researches indicate that gum and resin bearing species are adapted to extreme aridity, which makes them appropriate options for dry land conservation and combating desertification. Women in particular benefit from collection, aggregation and retailing of gums and resins. In addition, gum and resin bearing trees are important livestock feed sources in highly dry land areas; hence further positive contribution.

Local Market and Global Positioning

Ethiopia has a long and strong gum and resin consumption culture and history. As stated in the sections above; there is strong domestic market for gums and resins for religious ritual and household consumption. This has a positive impact on sustainability of supply as producers get alternatives to the export market. However, it can be noted that the gums and resins utilized at the local market are often the low grades-Borena and Ogaden types. In addition, a number of literatures position Ethiopia as one of the leading supplier of gum Olibanum globally. Sudan remains dominant in Gum Arabic but the agro-ecology in the north and north western parts of the country bordering Sudan has strong potential for Gum Arabic and hence Ethiopia can develop production for export.

4.2 Challenges

Lack of coordination and declining production

A number of evidences indicated that overall production of gum and resins in Ethiopia is declining from time to time. Four important factors are mentioned by experts as reasons for the decline: (1) Increasing deforestation of gum and resin trees for fire wood and charcoal (2) lack of consistent regulatory framework about ownership and use right of gum and resin trees (3) limited coordination between federal and regional authorities and increasing inclination of regions to distribute gum and resin forests for local youth as a way of creating economic opportunities but the youth lack proper training on the management of the forest and often prefer short term gains such as making charcoal(4) it has become increasingly difficult to grow the tree Boswellia prolifera; even if the seedling does well it dries at growing stage for unknown reasons.

Informal Trading

Local collection, aggregation and trading of gums and resin in Ethiopia is predominantly informal with thousands of people engaged in the sector. In some regions such as Tigray and Amhara the informal groups are organized into formal cooperatives. The domination by informal group added to the fact that most of the production belts are located along the border has spurred significant illegal cross border trade in each of the three major production belts. For example, evidences suggest that most gum and resin from Gondar, Metekel and Humera areas is sold to Sudan along the border. Another major challenge in relation to the informal nature of the sector is the fact that the people engaged pay little attention to quality management- sorting of products by type and grades at point of harvesting and aggregation.

Four important factors for the decline

1. Increasing deforestation of gum and resin trees for fire wood and charcoal
2. Lack of consistent regulatory framework about ownership and use right of gum and resin trees
3. Limited coordination between federal & regionalauthorities & increasing inclination of regions to distribute gum and resin forests for local youth as a way of creating economic opportunities but the youth lack proper training on the management of the forest and often prefer short term gains such as making charcoal
4. It has become increasingly difficult to grow the tree Bowselia prolifera; even if the seedling does well it dries at growing stage for unknown reasons

Lack of Processing

The most established exporting companies mainly undertake sorting, cleaning and grading. This implies that the value per kg offered to Ethiopian gums and resins is less than USD 3/KG according to Ethiopian customs data whereas the average price for crude gum Olibanum and myrrh is approximately USD 15/kg. Ministry of Forest and Climate Change and International Forest Research institute strongly discuss possibility to pull a processing company that can lift the entire value chain and several recommendations were made to the state owned Natural Gum Processing and Exporting Enterprise to scale-up its processing portfolios. However; the latter still sees the sector requires strong coordination and regulatory framework before pulling such investment.

Diminishing Forest Base

The resource base is affected by overgrazing, forest fire, severe tapping, excessive wood harvest and conversion of forest areas to commercial farm and staple croplands. This is a particularly crucial problem in West Tigray, North Gondar and Metekel zones; the major belts for first grade gum Olibanum and potential sources for gum Arabic.

Lack of grading inline with to International Market

There are five grades for Gum Olibanum. The product is classified into three categories depending on their place of origin: Tigray, Borena and Ogaden types. The export is primarily that of the Tigray type; however experts in the sector indicated that the chemical composition of the Borena and Ogaden types are not much different except in colors. Besides; informants indicated that the lowest grade as per the national standard (done by individual exporters from past trends) has been a first choice for many Chinese buyers particularly those dealing with essential oil extraction. In general, there is no internationally recognized and/or nationally approved grading system for gums and resins, and the current grading system bears little relation to product quality in terms of essential oils; aromatic, thickening or emulsifying characteristics. There are no production and marketing guidelines for producers and traders to adhere to.

5 Opportunities for CBI to Engage

Sector Development Strategy

A discussion with different actors within the gum and resin sector revealed that there is no coherent national gum and resin development strategy. Though there are initiatives to revive the sector, they are not holistic. Discussion with sector specialist revealed that the national actors strongly lack knowledge about the international market landscape and requirements. Informants have indicated that CBI could positively contribute by bringing more knowledge about the international market requirements.

Export Promotion to EU

Greece. A discussion with active exporters revealed that having alternative buyers who could offer better value could significantly enable them to invest on the upstream part of the value chain as well as processing facilities. The gum and resin exporters other than the Natural Gum Processing and Marketing Enterprise; notably Guna and Ambasel Trading from Ethiopia now are doing the export as a side business; their major business is export of oilseed and pulses. All of the three players are strongly interested in any potential market linkage to the EU. In addition, there are possibilities to directly link cooperatives and federations-example Tigray Marketing, Selam, Setit and other unions in the gum and resin production areas.

Facilitating Grading and Standardization

As stated above, the current grading and standardization indices are based on physical properties such as aroma, color and size. There are evidences that show the different grades have comparable chemical composition and the lower grades can still fetch better value if proper grading and standardization as per requirements of different industries is performed. In addition, there is little information among exporting companies about the multiple uses of gums and resins across different industries. Facilitating more awareness and exposure about the different industrial applications of the products could enable the exporters to plan for the next level; value addition. Any potential participation of CBI in addressing these issues could be positive.

Investment Opportunities

The gum and resin sector as a potential for foreign direct investment was hardly promoted. Attracting potential investment from EU The gum and resin sector as a potential for foreign direct investment was hardly promoted. Attracting potential investment from EU could be one of the areas where CBI could assist. One can note that investments that aim for forest investment and value addition could possibly bring meaningful impact on the sector. The areas along the Sudan Border-Metekel, Metema, Humera, particularly are suitable for agro-forestry investments with possible diagonal investment in other forestry, bee keeping and fruit trees plantation. Besides attracting potential investment, developing a comprehensive business opportunity report about gums and resins could positively contribute to the sector.

6 Major Market Players

1. NATURAL GUM PROCESSING & MARKETING ENTERPRISE

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Website: http://www.ethioagribusco.com/

Short description

The Ethiopian Agricultural Businesses Corporation is a newly established corporation as a Federal Government Public Enterprise. The corporation was formed by merging five owned Enterprises; namely Ethiopian Seed Enterprise, Agricultural Equipment and Technical Services Share Company, Agricultural Inputs Supply Enterprise, Natural Gum Processing and Marketing Enterprise and Agricultural Mechanization Service Enterprise. There are 19 Branches and 6 sub-Branches located in different administrative regions of the country. Currently, the Natural Gum Processing and Marketing Enterprise (NGPME) has thirteen main Branch Offices and sub stations, where the production, purchasing, processing and marketing of Natural Gum products is going on in an organized way. By doing that the enterprise has created job opportunities especially for low income people, and benefited many along the value chain.

Export experience

The enterprise has more than 40 years' experience in the export business. The marketing and export of gums and resins has been to the Netherlands and Germany, France, and Belgium in the EU The enterprise has been exporting 4th grade to China but market is decreasing.

What can they offer to the EU?

The enterprise is willing to work with interested organizations to improve production and expand the export capacity of the country. If things improve, the institute will supply gums and resins to EU with improved quality.

2. AMBASEL TRADING

Contact details: Genzeb Semaw-Export department head
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Short description

Ambasel Trading House PLC is an Ethiopian private company owned by a development organization known as TIRET, which means endeavor. The main export products are pulses such as White and Red Pea Beans and Chick Peas, also Sesame Seeds, Coffee Arabica, Gum Olibanum and Spices from Ethiopia. In addition to collecting products from producers, Ambasel also does support and trainings for producers, in order to improve the quality of the products that they receive.

Export experience

Ambasel has been among the top three major exporters of pulses and oilseeds in Ethiopia for the last five years. The company exports about 80MT of gum and resin (gum Olibanum of Tigray type). The major export destinations are Greek, France, and the Netherlands from EU; Canada and China.

What can they offer to the EU?

If the market is available, Ambasel Trading is willing to invest time and money to increase incentives for producers and collect a higher amount of product from growers. Marketing of its gum and resin has not been a problem thus far because of strong demand from different countries. Rather they faced serious production problem recently. The company is willing to invest in processing as long as there is a solid business case. Besides opportunities to link them with new customers who could offer better value is welcome. According to them; the current clients are supplying the Olibanum from Ethiopia to other traders or re-export after processing.

3. Terra PLC

Contact details: Mr. Fekade Lakew: General Manager
Tel: + 251 911227753

Short description

60 permanent employees but will hire daily seasonal workers during peak seasons (about 45 work on the farm) (majority are women, about 20, 21 are male). The company produces high quality Rose oil for a German company (solely). Moreover, the company aims to expand their work to producing Eucalyptus, peppermint, lemon balm, and Frankincense oils. The maximum production capacity for their Rose oil is 40kg/year.

Export experience

So far, Terra PLC has been exporting its products to Germany. The company has strong association with Germany because they got support from GIZ and other German partners during establishment. The buyer in Germany had involvement in the set-up and the relationship is seen as a partnership.

What can they offer to the EU?

If there is a sustainable market demand, Terra PLC would strengthen its production and extraction facilities to supply oils of frankincense and meet the demand. The company is already certified as organic and its products are already being exported to the European market.

4. GUNA TRADING PLC

Contact details: Birhane
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Email: guna.trading@ethionet.et
Website: https://www.gunatradinghouse.com/

Short description

Guna Trading House PLC is a private limited company established in 1992 G.C. It is engaged in exporting agricultural products, importing industrial inputs with an average of 100million USD annual turnover. Guna trading exports several products including sesame seeds, natural gum, coffee, Niger seed, and Haricot bean.

Export experience

Guna Trading has among the leading exporters of agricultural products from Ethiopia. The company exports Tigray type gum Olibanum. The company exports roughly about 60 MT per year. The major destinations are EU-Greece and Netherlands and China.

What can they offer to the EU?

The company has solid export track record to EU be in the gum and resin products or its oilseed and pulses. It has strong collection capacity particularly from sources in North West and Northern parts of the country. Currently they are exporting cleaned and sorted gum Olibanum but if serious opportunities pop-up the company has the potential to invest in processing.

5. Ariti Herbal

Declined Interview Call due to previous bad experiences and hence information below is taken from their website.
Website: http://aritiherbal.com/

Short description

Ariti is a small private business, established in Addis Ababa, Ethiopia in 1999, with license to cultivate herbs as well as manufacture a wide range of herbal products for local and international markets. Their main products are herbal teas and fragrant essential oils and blends for use in aromatherapy, skin care, inhalation, bath, sauna, etc. Ariti's main export items for the international market include essential oils from unique gums and resins of Ethiopia in particular Frankincense, Myrrh and Opoponax. They also produce for local market essential oils such as Eucalyptus, Palmarosa, Citronella, Thyme, Rosemary etc.

6. CIFOR (Center for International Forestry Research)

Contact details: Habtemariam Kassa (PhD)
Tel: +251 911910911
Website: https://www.cifor.org/our-work/about-cifor/

Short description

The Center for International Forestry Research is a non-profit scientific research organization that conducts research on the use and management of forests with a focus on tropical forests in developing countries. CIFOR is a CGIAR Research Center, and leads the CGIAR Research Program on Forests, Trees and Agroforestry (FTA).

In Ethiopia, the institute has been working in the promotion of forestry to combat climate change, desertification and in protecting and sustainably managing gum and resin bearing tress in the dry lands since 2011. The project's aim is to support policy makers and other stakeholders in enhancing the role of gums and resins in local livelihoods. However, most of the projects have now been taken over by the government.

CBI
Ministry of Foreign Affairs

Commissioned by:
Center for Promotion of Imports from Developing Countries (CBI)
The Hague, the Netherlands
www.cbi.eu

SHAYASHONE

Prepared by:
Shayashone (SYS PLC)
Addis Ababa, Ethiopia
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