

Agriculture in Ethiopia - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts 2019 - 2029

Market Report | 2024-02-17 | 90 pages | Mordor Intelligence

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Report description:

The Agriculture in Ethiopia Market size is estimated at USD 5.09 billion in 2024, and is expected to reach USD 6.65 billion by 2029, growing at a CAGR of 5.5% during the forecast period (2024-2029).

Key Highlights

-Agriculture is the largest component of the Ethiopian economy, accounting for 40% of GDP, 80% of exports, and employs about 75% of the country's workforce. The agriculture sector of the country is affected by factors such as weak market linkages and limited use of inputs such as improved seeds, fertilizers, pesticides, etc. Despite numerous challenges, the country has ample opportunities in the commercialization of fruit, vegetable, and ornamental plant productions owing to its proximity to the Middle Eastern nations. The favorable government policies encouraging the private sector and the advantageous agro-climatic conditions are the two major drivers of the market's growth.

-Smallholder farmers having less than one hectare of land constitute the major farming section of the country as they are responsible for over 95% of the agriculture production. The majority of these farmers are engaged in cereal production, which is the major staple food for people in Ethiopia. Along with cereals production, the growth of the livestock feed sector is also rising as the country hosts one of the largest livestock populations in Africa with 50 million cattle, 50 million goats and sheep, camels, chickens, etc.

-The government's efforts to become a net exporter of agricultural products is one of the major factors responsible for the growth of the agriculture sector in the country.

Ethiopian Agriculture Market Trends

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Increasing Focus on Agriculture Development

- The key component of Ethiopia's agriculture policy is expanding the primary and processed agricultural products. As a result, the government of Ethiopia has identified two of its crucial areas, which are increasing the productivity of smallholder farms and expanding the large-scale commercial farms. To spur the economic growth of Ethiopia in the future, the government has initiated the Second Growth and Transformation Plan (GTP II) to make the agro-processing sector a single entity by encouraging private sector investments within the country through commercial and contract farming. The GTP II is also aimed at developing agro-processing and value addition of agricultural products in the country.
- The government of Ethiopia has established the Agricultural Transformation Agency (ATA) to address the problems of the agricultural sector in Ethiopia and aims to transform smallholder farmers into commercialized players with high incomes.
- In 2021, the government of Ethiopia (GOE) embarked on a 10-year economic development plan (2021-2030) where agriculture is the top priority sector and enhancing agricultural production and productivity is one of the major strategic pillars. The 10-year development plan also aims at boosting agricultural export revenues and substituting imports by reducing production costs by using unutilized arable land, modernizing production systems, and improving technology uptake.
- Due to the increasing agriculture business in the country, the area of various crops grown in the country has gradually increased over the years. For instance, the harvested area of vegetables has increased from 312,360 hectares in 2018 to 325,602 hectares in 2021, according to Food and Agricultural Organization Statistics (FAOSTAT). Therefore, the favorable policies of the government to increase the private partnership in the agricultural sector are anticipated to drive the agriculture sector in the country.

Increasing Cereal Production in the Country

- Production of cereals accounts for the second-largest share of the economy from the agricultural sector in Ethiopia. More than 80.0% of agricultural land is used to produce cereals, which makes use of 60.0% of the rural workforce. Despite the huge availability of fertile land for agriculture, the country fails to produce high yields of cereals due to low infrastructure, backward technology implementations, limited input availability, and lack of machinery and irrigation facilities.
- According to FAOSTAT, the area under cereals cultivation increased from 10,390,466 ha in 2018 to 10,800,036 ha in 2021. Cereals are an essential part of the Ethiopian diet. As per the International Trade Administration report, over 50% of the daily caloric intake of an average household in Ethiopia is from wheat, sorghum, and corn.
- Despite the high domestic grain production, the country is still dependent on wheat imports which are managed entirely by the state-trading arm Ethiopian Trading Business Corporation. Despite the country's reliance on wheat imports, the Government of Ethiopia vowed to begin exporting wheat to neighboring countries by tapping into its huge production potential and through the expansion of the wheat production area.
- The government has also established agricultural machinery rental service centers in grain-producing regions to capacitate and increase the efficiency of farmers. The country's efforts to increase the production areas aimed at attaining self-sufficiency and export of grains in the international market are expected to be the major factors driving the growth of agriculture in Ethiopia.

Ethiopian Agriculture Industry Overview

Additional Benefits:

- The market estimate (ME) sheet in Excel format

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