Upcoming Initiatives to Deliver the Best Material with Traceability

Hajuta PLC, Ethiopia

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"Hajuta PLC started in 2000 with a primary focus on oilseeds and beans such as Niger seeds, sesame seeds, Rapeseeds, Red kidney beans and White kidney beans. The primary focus of the business was domestic initially. In 2004, the company expanded its business into exports. And now, Hajuta PLC is one of Ethiopia's most recognised export houses."

Sesame seed business and infrastructure setup
In the early years, Ethiopia was Africa's second-largest producer of sesame seeds. Currently, Nigeria holds a significant share. Ethiopian sesame seed is known for its higher oil content and rich sweetness. Most buyers worldwide prefer Ethiopian Humera sesame seed for manufacturing paste/tahini.

We export mainly natural sesame seeds to vital consuming markets such as China, Israel and sometimes to Turkey as well. Our buyers require a well-cleaned material, say 99% or 99.5% purity. We have full-fledged multi-commodity cleaning, grading and sorting facility at our plant with a capacity of 8 MT per hour.

Our export volume of sesame seeds varies from 1200 to 1500 MT per month during the season (Nov to Feb). For other months, it's about 20 to 30 containers per month (equivalent to 400 to 600 MT). We export around 8000 to 10,000 MT of sesame seeds annually, of which over 80 per cent go to China and the rest to Israel and Turkey. We do have plans to establish hulling plants soon. But how feasible and profitable it is, needs to be validated. We are in the process of understanding the same.

What are the challenges involved in the sourcing of sesame seeds?
We currently source sesame seeds from the Ethiopian Commodity Exchange (ECX). But now, there is a new scheme where exporters like us can source raw materials directly from a group of farmers, "Contract Farming", in simple words.

In ECX, usually, we buy material from a seller on the same platform who could be traders or aggregators. So, the raw material would be a mix of provinces/locations with wide variation in the package of practices. Here, as an exporter, we face challenges related to traceability and pesticide residue content.

Under the new scheme (contract farming), we can buy directly from a group of farmers, provided we support them with the required seeds, fertilisers, and other input costs. In this way, the price we offer for the raw material would be remunerative for the farmers and feasible for us. Apart from this, we have explicit control over the required quality, which will help us deliver the best material to our customers.

> We see the yield levels of sesame seeds in Humera province at 600 to 900 Kg per hectare. Usually, the yield levels used to be between 1000 and 2000 Kg per hectare. The decline is due to the war crisis. I believe the production of sesame seeds is approximately 250 to 300 thousand MT.

Logistics - from the production unit to the Djibouti port

Ethiopia's top export commodity is coffee beans, followed by sesame seeds. There are two ways to transport the packed goods to the port. One via road transport and the other via train. Market players transport coffee beans via train mainly. Earlier, we were transporting our sesame seeds via truck by road. It took about 8 to 10 days for the goods to reach the Djibouti port. Risk factors are more in road transport, such as theft. Due to this, we started transporting our goods via train. We do all the documentation and other procedures when the goods are at our warehouses. After all the clearances, our goods reach the port in just 1 or 2 days via train. This way of transport is saving us cost and time.

How competitive is Humera sesame seed compared to other origins?

Apart from China, other countries, mainly Egypt, imported Humera sesame seeds primarily about 3 to 4 years ago. But now, Egypt is importing from other origins, such as Sudan. The shift is due to the gap in the price of Humera and Gedaref sesame seeds. However, we have significant advantages with China, thanks to FTA (Free Trade Agreement). So, the landed price of Humera from Ethiopia and Gedaref from Sudan at Qingdao port has a minimal gap. But, as I mentioned earlier, through the contract farming model, we will come up with the best material at competitive prices soon.

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