**Milk Scarcity hits the Capital**

Ethiopia's cattle population, 50 million by CSA's estimate, only trails the country's human population by 30 million. For a country blessed with such abundant livestock resources however, Ethiopia does not benefit much from what could potentially be a golden sector. The current scarcity in the supply of processed milk, while daily cattle is 10 million, illustrates this point, writes ELLEN AARAYA Fortune Staff Writer.

A bill hanging, a young man in his early 20s, walks in a medium-sized bakkie on Mike Lipton Street. The bakkie, owned by Ada's older businesswoman, is a regular type of shop that is filled with foundations and commodities. One can find rice, oil, salt, apples byside with edible oil, eggs along with sugar, and beer in addition to cigarettes. There's also the polar refrigerator, filled with five dozens of packed milk, under a canopy.

He brings all the milk producers from the store located several hundred meters from Ada's Agro Industries Plc, located less than a hundred meters. Ada's used to supply 40 to 50 liters of milk daily and sometimes be used to sell all that he had in stock within a day. Since a month ago, the good old days were gone.

Following Easter, scarcity seems to be the glaring problems in the dairy sector, especially in the supply of pasteurized and processed milk brands. It becomes difficult to supply milk regularly to the market. The scarcity is among the many that are affected by this. Forced to reduce the amount of milk they previously bought, they also wait for two days before they get their supply. According to research done by the Netherlands Development Organization (NVD), however, customers have felt the packed milk shortage in the capital.

Ethiopia managed to produce 4.1 billion liters of milk, according to data from the Central Bank of Ethiopia (CBE) in 2019. However, the capital, Addis Ababa, always faces a recurring shortage, especially immediately after the 55-day-long season, where followers of Ethiopian Orthodox church abstain from eating animal and animal products.

Hirlu Hailu managing director of Fresh Corner Supermarket, a producer with four systems in the capital, located on Bete Kebria Street, has witnessed such seasonal fluctuations. A high demand for dairy usually occurs right after Easter, he said. One can find three or four brands of milk, including those from Bebe Agro Industries and Concept Dairy, in Fresh Corner, but in the last month, Hirlu is facing a hard time getting enough supply for the current high demand for milk.

Although, currently, fresh corner's demand for Bama milk is 320 pieces, which come in half-liter bottles, he is distributing to consumers only being 100 pieces every two days. On the other hand, Genes holds only supplies 10 to 20 liters every three days, according to him. Although the consumer feels the demand of her customers, Hirlu is not surprised by the current scarcity of packed milk, which is sold around the city. He attributes the holiday festivities, which rely heavily on dairy and dairy products, including butter and cheese, for the current shortage. The high demand created right after the holidays will subside by June and the market will stabilize, he predicts.

Remembering the same scenario that happened last year, Hirlu said. Pasteurized milk manufacturers agree with her opinion. The current problem is cyclical, they say. Despite having less turnover in supply, to 10 liters every three days after Easter create additional demand, they believe.

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**ESIMO FLOWERS**
Esimo Flowers and Agro Industries Plc, is to invest 100 million dollars in Debub Battambang, 130km from Addis Ababa with the capacity to produce 70,000 stems in the first phase of the beginning of July, 2012. The company is the second flower farm in the town next to YSS Flowers and Greens Plc, the first flower farm in Amhara Regional State, which were established with 16 million Br.
"Generally there is a disparity between demand and supply around this time," Mehdi Berhan, general manager of Bona, told Fortune.

An expert, who has thirty years of experience in the coffee sector, also agreed that there is a fundamental disparity in the supply and demand of milk in the country. A research conducted by Congo Tanzania, PSI, a research at the International Livestock Research Institute, showed that out of the 59.5 million cattle population, 10.8 million are milking cows. However, only 5% of these cows can give birth and hence milk.

The research further indicated that out of the 10 million only around 300,000 are cross-breed. The rest are local breeds which can only give 3 to 8 litres on average for a day.

The United Nations World Health Organization (WHO) recommended that per capita consumption of milk should be 50 litres per year. The per capita population of Ethiopia this would amount to a demand of 7.5 million litres a year.

CERA's Do'1 showed that the total milk available for consumption is 9.9 billion litres. This means a supply and demand gap of 4.1 million litres. To fill the supply gap, Ethiopia had imported 260 tonnes of milk products. The 13.8 million dollars in 2010/11, according to data from the Ethiopian Brewers and Canners Association (CERA). A large portion of the imported milk product, around 90 percent, was imported from the Netherlands for 1.3 million dollars.

This is despite the fact that the country has much less dairy cattle population amounting to 1.1 million.

Indicators showed the country will require imports unless something is done. The actual rate of increase in cattle yield is 1.2 per cent while the human population growth is 2.1 per cent. According to a 2006 CSA data, the gap between demand and supply is bound to increase in the future too.

Instead of planning for expansions to meet the future demand, the existing few milk processing companies are on the verge of shutting down. They complained that these people that sell milk to the informal sector try to take advantage of this disparity. Usually these informal operators supply restaurants, cafeterias and hotels, which estimated around 22,187 only in Addis Ababa.

Realising that the time frame has become an issue, several initiatives had been taken in the urban market but raw milk from farmers during this time with a higher price and cooperating with them, it is still at a low price.

One milk producer based in Lalibela, which used to be the former owner of Addis milk prior to being nationalized in 2006, told Fortune:

"Few of the milk processing companies now deal only with canned and instead collect milk from farmers and dealers, and process in date factory."

"Usually we need to offer seven BIRR for 1 litre. But this time the farmers are offering us to offer them eight or nine or even 10 BIRR for a whole litre," he said.

This time, the factory

"is better because informal operators provide more and up with more operators and businesses without asking any value to the product and therefore the milk producers need to pay a higher price. "We have to add production and processing cost to what we buy before we sell it and it is hard to remain competitive," he argued.

Because of this booming business, little Abba Market, which has also been forced to increase its price for customers in the past couple of months. This has reduced the prices of the fresh products. Given for example now distributes milk at eight for half a litre, whereas previously it was four for half a litre. The price of milk has been increased by 20% over the past month.

"People are now keen to keep up with inflation. We are selling milk at about 5.50 BIRR. We hope this will stay," he added.

The change in price has brought about an increase in the profit margins of livestock farmers. While some sell milk for 70 BIRR per litre it is usually sold for 50 or 60 BIRR. The price fluctuates based on season.

"It cannot even be laid to the price increase," a user complained.

"In addition to the increasing demand and the competition between private operators and processing factories, the dry season has also contributed for the decrease of milk supply. On a dry season, which extends from February to May, the harvest declines and the grass dries up.

During this time farmers mostly have to depend on artificial feed, hay and grass. During this season, which usually begins in February and ends in April or early May. The better time for dairy farmers is in the rainy season, from June to August, when cows get plenty to eat and therefore give enough milk.

Seasonal drought situation of supply had forced many processors to readjust production. Last year reduced the output of milk by 10% from 3.5 million litres to 3.2 million litres. Abba had also decreased its production by 10% at the beginning of the Ethiopian financial year from its previous 10 million litres. Although it is regular for Abba to cut back on production during the dry season, this time around there is especially low supply, according to production notes at Abba. Some reports echoed by other milk processors as well.

Forms in Abba, where Natura's milk is processed, the farmers are finding it difficult to meet the demand due to high price and thereby inability to produce enough milk to cater for their customers. The company is looking at increasing the price of its products but fears the customers would not be able to bear it.

Ethiopia managed to produce 4.31 billion litres of milk, according to data from the Central Statistical Agency (CSA) surveyed in 2010/11.

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