

Castor Oil as a High Value Raw Material Export Commodity for Smallholder Farmers - Linking Ethiopian Producers to German Companies

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Abstract:

Against the background of the finite availability of various resources, the concept of a bio-economy is emerging in many countries. A major aspect of this upcoming idea is to increase the use of renewable resources like plants as a sources for industrial raw materials. Here, oil plants are expected to play a major role as a direct substitute for fossil oil in different industrial sectors. In this context, the generally expected trend shows an increasing demand with often very specific product requirements of processors. In order to ensure food security and economic benefit of rural producers, as well as to achieve sufficient produce, it is necessary to develop concepts and partnerships of suppliers and processors.

This article addresses castor oil as an example product relevant locally and for export. We hereby focus on the potential of linking Ethiopian farmers with German companies to achieve a cooperation with mutual benefits. Using secondary information and key person interviews, we assess the framework conditions like opportunities, institutional requirements, and relevant stakeholders which need to be considered when attempting to set up a practical example. Our focus is on elaborating on the current demand and production structures related to castor oil for export.

We identified example companies showing a general interest in building a relationship with Ethiopian suppliers. Depending on the final product, the quality standards, produce quantities and reliability of supply are of critical importance. It appears necessary that the existing high demand would require substantial investments so as to ensure a sufficient local production and to build up a functioning processing and transportation structure. In addition, certain trade and export related conditions would need to be met. We conclude that there is potential for linking local farmers with the private sector. Through the connected investments, we expect that there is a good chance for development stimuli within the whole value web benefiting especially rural communities involved.

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