

Determinant Factors Affecting the Price of Feed Ingredients in Ethiopia

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Abstract

The study was conducted to identify the important factors affecting the price of feed ingredients on the selected area of the country for six weeks. Data were collected from different feed ingredient suppliers, flour and oil factories and feed processing companies. As the study indicated that supply was the determinant factor significantly affecting the price of most feed ingredients. The price of maize and wheat by products were affected by human competition for food commodity followed by low supply of these feed ingredients. Maize and wheat are used for human consumption and the price is reasonably increased from time to time. Except price of mineral premix, market related problems were significantly affecting the price of maize, oilseed cakes and wheat by products. Therefore, the price of feed ingredients mainly varies due to low supply, market related issue and human competition for food commodity but needs further investigation in the future.

Keywords

Feed Ingredient, Price, Supply, Market

1. Introduction

Ethiopia is the home of large number of livestock population consisting of 70 million cattle, 42.9 million sheep, 52.5 million goats, 2.15 million horses, 10.80 million donkeys, 0.38 million mules, 8.1 million camels and 57 million poultry [1]. However, with this large number of livestock population, the contribution of livestock agriculture for national economic growth is not more than expected. Livestock contribute only about 15 to 17 percent of national GDP and 35 to 49 percent of agricultural GDP, and 37 to 87 percent of the household income [2]. This is due to poor production performance of the animal because of various reasons. Poor genetic makeup, backward production and feeding systems are the leading factors for poor performance of an animal. Particularly, poor feeding habits is a key factor for the decreasing amount and quality of animal product produced in the country

In order to enhance the production of quality animal product along with current demand, animals must be access for feed with the required quality and quantity. The feed sector is central for all livestock commodities and is vital for livestock growth and transformation from various points of view. Feed is an important commodity for which all livestock species compete and it is a major pillar towards ensuring economic, social and environmental goals of livestock production. However, in Ethiopia, the production of animal feed is not sufficient to meet the animal's requirement both in quality and quantity. The main sources of animal feeds are natural pastures, crop residues, conserved forages, agro industrial by products/wheat bran, Wheat middling's, oil seed cakes etc/and Processed compound feeds. However, an increasing demand of land for crop cultivation accelerates the degradation of grazing land and gradually decreased the availability of pasture and forage crops. The traditional feeding of livestock by letting cattle and other domestic animals to wander in an ever decreasing grazing land is no longer practical; simply there is no enough grazing land for the animals. Thus the use of processed animal feed is now becoming practical and predominant in terms of nutrient composition and its advantage on the improvement of animals productivity. Most urban and pre urban commercial farms use either homemade or commercial compound feed in order to increase farm productivity and profitability in a sustainable manner.

Although the users have been more aware of the importance of processed animal feed, the current fluctuation in the price of animal feed and feed ingredients make it difficult to purchase and use. The price of feed ingredient in Ethiopia is now rapidly increased because of different factors depending on the type of feed ingredient.

Therefore, the presented study was conducted to identify the prominent factors affecting the price of feed ingredients

2. Materials and methods

The study was conducted for 6 weeks in the selected area of the country. In this study data were collected from different private feed ingredient suppliers, flour and oil industries feed processing companies.

2.1. Data source

The primary and secondary data was collected by checklist from private feed processors, ingredient supplier and farm owners.

3. Result and Discussion

The impact of resource availability, market related issue and human competition on price of feed ingredients is shown on Figure 1. The result of survey study indicated that the price of maize and wheat by products were highly affected by human competition for these feed ingredients. Maize and wheat are major human food commodities and the price is reasonably increased from time to time. The production of cereal grain crops in Ethiopia is destined for human consumption [3]. However the price of oilseed cakes and price of minerals were not affected by human competition for food commodities.

The result showed 89 and 69 percent of the price of were affected by low supply mineral premixes and oil seed cakes respectively. This study agrees with [3] who reported that both the availability and market supply for oil seed cakes were declined from the base year 2016/2017 to 2020/2021. Unavailability was the major constraint that faced the feed industry [4]. The respondent indicated that mineral premixes were not produce in Ethiopia but it is imported. Marketing issues such as unfair taxation, poor regulatory system, and dominance of illegal traders and lack of marketing low significantly affect the price of oil seed cakes and wheat by products followed by price of maize. Poor market orientation of feed production is a major constraint of shortages of feed resource in Ethiopia. The respondent indicated that brokers or illegal traders hold these ingredients and increase the price when there is shortage of feed in the market.

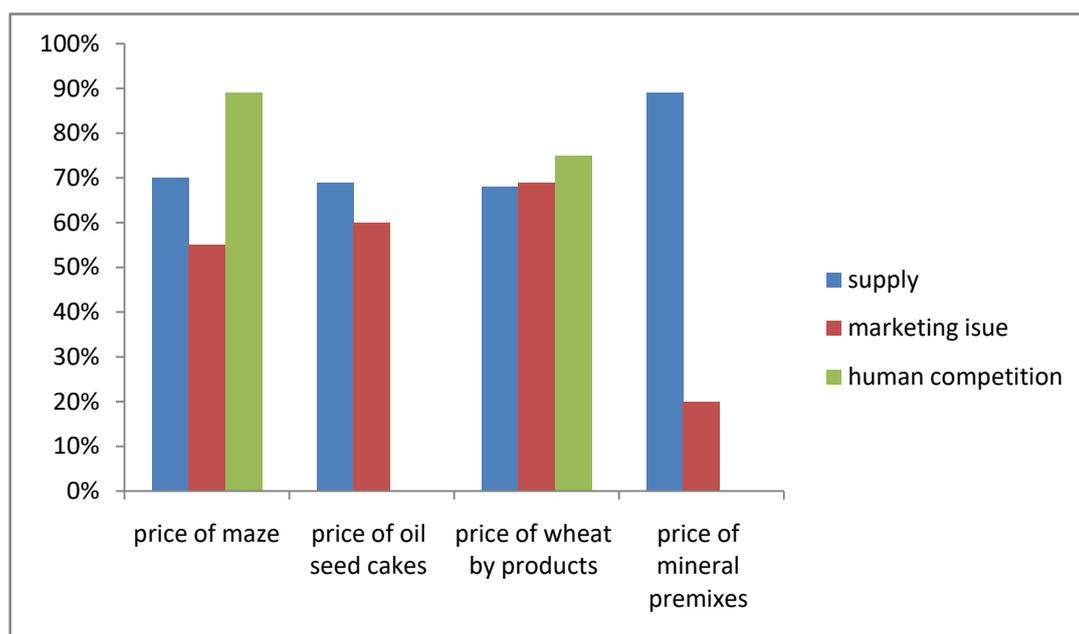


Figure 1. Effect of ingredient availability, marketing issue and human competition for food commodities on the price of feed ingredients.

4. Conclusion and Recommendation

Low supply, market related problems and human competition for food commodity were the major factors affecting the price of feed ingredients in Ethiopia. However, further investigation would be needed in the future.

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