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Agribusiness Report in Somalia

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Mogadishu-Somalia

Report Outline

- Introduction.
- Livestock sector.
- Crop sector.
- Major challenges facing Somali agribusiness sector.

After decades of civil war and the collapse of the central government in 1991, Somalis and international supporters have renewed efforts – and made progress – since 2012 in re-establishing state structures and bringing stability to the country. The African Union and the United Nations, with U.S. assistance, support the Federal Government of Somalia in restoring institutions. Improving security and peace building continue to be first-order priorities. At the same time, consensus must be reached about the composition, boundaries, and powers of Somalia's constituent states. Stated by United nation institute for peace.

Somalia has been without functioning state since 1991 and all the economic infrastructures were completely demolished, private sectors specially businesses were vital economic source for Somali people, although there weren't strong business strategies but Somali traders had been importing and exporting during the past decade of chaos also large % of foreign currency earnings of direct remittances from Somalis in the Diaspora were another important source of Somali economy.

In terms of agribusiness which plays a vital role in economic development, contributing a major portion of GDP, employment, and foreign exchange earnings in many countries. This is particularly true in Somalia, where agriculture accounts for more than 65 percent of the countries' GDP, and 70 percent of employment.

In Sub Saharan Africa, where Somalia is located, agriculture remains pivotal to the economies of the people. The sector is a major source of food supply, income and livelihood for over 60% of the rural population in the sub-region.in that sense of agribusiness importance, small number of agribusiness industries were employed in Somalia during civil war which were primarily focused on livestock sector which is one of backbones of Somali economy, livestock provides the main source of

Somali livelihoods engaging about 55% of the population of Somalia in livestock production. Livestock exports contribute 40% of the national GDP.

With the advantage of being located near the Arabian Peninsula, Somali traders have increasingly begun to challenge Australia's traditional dominance over the Gulf Arab livestock and meat market, offering quality animals at very low prices. In response, Gulf Arab states have started to make strategic investments in the country, with Saudi Arabia building livestock export infrastructure and the United Arab Emirates purchasing large farmlands. Most livestock is exported through the northern Port of **Bosaso** and Port of **Berbera**. In March 2013, livestock traders also resumed exports from the southern Port of **Mogadishu**. After inspection at a newly constructed animal quarantine facility in Mogadishu, 13,000 goats and 2,435 camels were sent to markets in Egypt, the UAE, Saudi Arabia and Bahrain.

Somalia which is number one leading country with wealthy of camels worldwide having approximately 7million of camel has been major source of livestock exports to many Arabian nations in the Middle East. Mostly Somali people are traditionally nomadic and livestock are traditionally herded and kept so the intensive farming of livestock isn’t existed in the majority of the country and that can be problematic to the development of the livestock enterprises.

Despite the livestock sector, Principal crop exports include bananas; sugar, sorghum and corn which goes to the domestic market. According to the Central Bank of Somalia, imports of goods total about $460 million per year, and have recovered and even surpassed aggregate imports prior to the start of the civil war in 1991. Exports, which total about $270 million annually, have also surpassed pre-war aggregate export levels but still lead to a trade account deficit of about $190 million US dollars per year. However, this trade deficit is far exceeded by remittances sent by Somalis in the diaspora, which have helped sustain the import level.

Also some of the major crops are internationally marketed which are, banana, sesame, lime and etc. Mostly the Commercial crops and agricultural produce such as; sugarcane are grown on irrigated land along the two rivers in the South; notably the Shebelle etc. In case of banana; it constitutes the nation's major commercial crop with major banana farms existing in **Afgoia** and other Southern regions. However, in recent years banana production has decreased due to instability in the region. For example; crop output of bananas was 50,000 tons in 1999, down from 110,000 tons in 1990. Sugarcane is cultivated at **Giohar** and **Jilib** by a state-owned company. Sugarcane production in 1999 totaled some 210,000 tons, down from 500,000 tons in 1985. Somalia also has the distinction of being the world's leading producer of frankincense. In terms of land usage; during Siad Barre's Socialist regime; all land was nationalized and seized by the state. Instead; the state seized large areas of irrigable land in the river valleys. Plantations had to register to obtain a concession grant, with the value of the land itself excluded from the selling price. In 1993, privatization and assistance from Italy (the main market for banana exports) began to help revitalize the agricultural sector. In 2001, agricultural products accounted for 47% of exports and 17% of imports; there was an agricultural trade surplus of $10.2 million.

Regardless of the importance of agribusiness, Somali agribusiness sector faces several challenges. For example, most crops are produced by small-sized farms with limited mechanization and capacity, leading to poor yields. Fragmented markets, price controls, and poor infrastructure also hamper production.

Many of the agricultural products produced in the region, such as maize, sorghum, and beans are not competitive globally or have low profit margins. This means that Somalia is ill furnished to meet its food requirements, which are set to double in the next 20 years or even sooner.