

The Contribution of Ethiopia Commodity Exchange for Promoting Exports of Agricultural Products

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Abstract

Commodity exchange can play a major role for agricultural development as an instrument to bring efficient agricultural market by providing lower transaction cost, efficient and transparent means for price discovery, managing risks related with prices volatility and provide a forum for exchanging information about supply and demand condition. The objectives of the present study are to examine the contributions of ECX for exports, to identify the respective gainers and losers in using ECX for exporting agricultural products, to assess the effect of ECX for generating foreign exchange and to address the feeling of exporters towards the contribution of ECX. The primary data were collected through distributing questionnaire for exporters and interview with executive officer of the company, while secondary data collected from journals, market bulletin, articles and company website. In order to achieve the stated objectives, the focus of the study was on the contribution of ECX in providing market information, grade and standard, contract enforcement, storage, ordering the market, and price discovery. The study employed cross sectional survey design. Even though 148 structured questionnaires distributed to the exporters, only 84.5% of the questionnaires are returned. The sampling design of the study was census survey. Moreover, semi-structured interview conducted with executive officer of the company. Data collected through questionnaire were analyzed quantitatively using descriptive statistics with the help of SPSS version 16; whereas data collected through interview were analyzed qualitatively. The research result indicated that the grading and sampling system of the company has a problem of bias, lack of knowledge and equipment; there is distrust between the seller, buyer and the exchange; there is high penalty cost imposed by ECX for delaying of withdrawing the commodities on time; problem of intolerable fee for membership seat and also there is a problem of dispute resolution mechanism. Finally, to enhance complete contribution to the exporters the researcher recommended to make grading free from corruption and bias by avoiding the problematic behavior through training and behavioral change of its employees, providing fair membership seat price, avoidance of imposing exaggerated penalty cost and creating acceptable dispute resolution mechanism to the exporters.

Keywords: Exchange (ECX), contribution, Agricultural Products, Promoting, export.

1. Introduction

The concept of organized trading in commodities evolved in the middle of the 19th century and commodity market plays a very important place in the globalized world. Chicago emerged as a major commercial hub in the world with rail road's and telephone lines connecting with the rest of the world (Baskara 2007). The formal exchange of commodities began in Russia in the twelfth century with gatherings of merchants at agricultural trade fairs (Moscow Calling, 1991). More formal exchanges were slow to develop in Russia. But in the Western Europe, the government, and not the merchant, took the initiative in creating the first commercial exchange which was organized by Peter the Great in 1703, who had been impressed by the exchanges in London and Amsterdam. Some twenty years later, he also ordered a new building for that exchange to be constructed on Petersburg Island (Alexander & Jerry, 1992).

Even if many commodity exchange in 1990s in Asia and Latin America but in Africa this commodity exchange is not successful because of varies problems these are small market size, weak infrastructure, lack of a supportive legal, an underdeveloped financial sector and regulatory framework, and unpredictable government market interventions. As a result of the above the content hindered not to have the well developed commodity exchange practice and also many countries face problem of having adequate commodity exchange due to the size of and structure of the spot market for the commodity (USAID, 2012).

Before ECX was launched agricultural market characterized by high transaction costs and high risk of transacting which forces the producers into global isolation. From the commodity produced only one third of the produced products reached the market. To avoid the fear of cheating or default, the sellers of the commodity prefer to sale to customers. Trade was conducted based on visual inspection to check the quality of the commodity while there was no possibility to recognize assurance of product quality or quantity at that time. Also there was no means that the producers get market information about the current price of their products and to reduce market risk (Eleni, 2006). The Ethiopia Commodity Exchange (ECX) was launched in April 2008 under the proclamation No.551/2007 to establish efficient and modern agricultural commodities marketing system.

ECX is currently trading commodities that are coffee, sesame, maize, wheat and haricot beans (ECX, 2008). According to the study of Shahidur et al., (2010), centralizing the trade in a commodity, an exchange can facilitate title transfer, price discovery, and market transparency and also by having centralized commodity exchange can help to reduce transaction costs which is associated with physically inspecting product quality, identifying market outlets, and finding buyers or sellers. Therefore, commodity exchange functions in addition to facilitating the trade to bring the sellers and buyers in one place. The system helps to reduce transaction costs and enhancing the flow of information that improve returns to market agents by avoiding price variability and special price dispersion. The contracts enable the traders' to be free from price uncertainty and managing the risk effectively (Eleni, 2007).

2. Reviews of Literatures

Commodity exchanges are private institutions that facilitate trade by creating and enforcing property rights and governing contractual relationships between commodity buyers and sellers which makes the exchange very successful (Jerry, 1991). From the above definitions of scholars about exchange indicated that, it (commodity exchange) can be a means to transform the traditional marketing system to the modern one for facilitating trading. It is "...an organized marketplace where physical commodities are being traded and exchanged" (FAO, 2011, p.11). According to Federal Negarit Gazeta (2007), commodity exchange is a place where standardized commodity-linked contracts are traded. A commodity exchange is an institution or system where people who want to sale and make an offer of product that they want to sell. Simultaneously, peoples who wanted to buy also are making bids. The exchange is institution which matches the buyer/producer with the seller, these processes results in the market price that becomes known to all (Eleni, 2006, cited in Mesay, 2007). Furthermore According to Alexander and Jerry (2011), exchange is the way of organizing products at market price which is the engine to producers can motivate to supply more of their products to the market and get better returns from it and improve their life expectancy. In addition to the above, the system helps the members to transfer price risks by having accurate information about the current price of the products, and encouraged to build trust between the producers and buyers and also helps facilitate order and brings integrity in the market (Eleni, 2006). Commodity exchanges can serve a variety of functions related to financing, risk management and marketing. These functions includes: managing price risk, reducing counterparty risk, enhancing price transparency, reducing risks related to collateral value, certifying quality of commodities, and providing direct access to capital markets through repos (FAO, 2011). The importance of commodity exchange has an institutional benefit in reducing the transaction costs through the process of buying and selling in the market (UNCTAD, 2009). Reducing the transaction costs for the participants is the main concern for the system of commodity exchange Eleni (2009). Commodity exchanges provide transaction cost falling services, such as property rights definition and contractual enforcement, commodity measurement, and information provision (Jerry, 1991).

Commodity exchange can play a major role for agricultural development as an instrument to bring efficient agricultural market by providing lower transaction cost, efficient and transparent means for price discovery, managing risks related with prices volatility and provide a forum for exchanging information about supply and demand condition. Future market provide the function of hedging and price discovery for promoting efficient production, storage for the products, marketing and agro-processing operations for the purpose of improving the overall agricultural marketing performance (UNCTAD, 2008). In addition to the above commodity exchange helps to empower the farmers, the traders, and buyers to be actors in the exchange for their respective benefit which enables to have efficient agricultural marketing system (Issac, 2011). As stated by UNICTAD (2009), the exchange is benefiting by bringing marketing efficiencies in commodity supply-chains by providing a platform for transparent sales. They also promote institutional developments; encourage adherence to standards, and support the development of innovative financing models, such as warehouse receipt systems. Reliable product grades and negotiable receipts help producers access finance, thereby fostering increased productivity and increased rural incomes. According to Eleni (2007), commodity exchange would build institutions from the point of grading, certifying quality, trading, issuing warehouse receipts, providing accurate market information to all actors, ensuring payment and delivery and also enforcing contracts. But these is not the only focus for the Ethiopia commodity exchange and it designed to serve smallholder farmers and small traders without excluding those with less education or capital and also balance the interests of all actors and of the public and private sectors. The aim of commodity exchange not eliminates traditional market around the country rather to build the informal market by adding technology and system to recognize transparency, efficiency reliability in the trading system. Therefore ECX established with the vision of "to transform the Ethiopian economy by becoming a global market of choice" along with the mission statement "to connect all buyers and sellers in reliable, an efficient, and translucent market by connecting innovation with technology, and based on continuous fairness, commitment and learning to quality"(ECX, 2008 p.4).

3. Methodology of the Study

3.1. Research Type

The researcher employed descriptive type of research. The main purpose of descriptive research is description of the state of affairs as it exists at present (Kothari, 2004). In business and social science research we quite often use the term Ex post facto research for descriptive research studies. The main feature of this method is that the researcher has no control over the variables; he can only report what has happened or what is happening (Kothari, 2004). Descriptive research consists of purely describing the state of things as they are and employs polls and surveys as part of information gathering mechanism.

3.2. Data Type and Source

The study had made use of both quantitative and qualitative data that were collected from both primary and secondary data sources. The reason for using mixed method was to keep the validity and reliability of the finding. The primary data were obtained from exporters of agricultural products by distributing questionnaire and by having semi-structured interview with executive officer of Ethiopian commodity exchange. The secondary sources such as company bulletin, internet, journal and articles were utilized mainly as literature review.

3.3. Research Design

“A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure” (Kothari, 2004, p.31). The study employed cross sectional survey design and is descriptive in nature. According to Zikmund (2000), “a cross sectional survey design is the type of survey design in which necessary data is collected at one time from particular set of population.” This research design was utilized because of resource and time limitation to undertake longitudinal survey. Both qualitative and quantitative data were gathered and subjected to descriptive analysis.

3.4. Sampling Design and Procedure

To conduct the study, the researcher employed census while the target population was small. The target population of the study was 148 exporters of agricultural products for the responding the questionnaire and executive officer of ECX for the interview. Therefore, the total respondents for the study were 149 in number by summing up the numbers of exporters and executive officer of ECX together.

3.5. Data Collection and Instrumentation

The self administered questionnaires include both open and close ended questions were distributed to respondents. The questionnaires were used because it limits inconsistency and also saves time. The following procedure was pursued to administer questionnaire to respondents. First, submitted the concept note of my research to the authorized body of ECX to get the necessary document about the address of exporters and obtain other supportive secondary data from the company. Secondly, after the researcher get the permission, he approached potential respondents to ask their cooperation in filling the questionnaire and explained them the purpose of collecting data, how the questionnaire will be filled and make them sure confidentiality will be kept for the information they provide. Then, the questionnaires were distributed and respondents were asked to supply information honestly and return the filled up questionnaire in the next one day for the exporters those didn't have the problem of filling up questionnaire while the questionnaire was prepared in English language. But for those who didn't read and understand English, the researcher supported by interpreting the questionnaire for them within the same day.

The questionnaire for exporters had different parts. The first part of the questionnaire is about demographic characteristics' of respondents such as age, sex, academic ranks and capital level. The second part is about the details of the survey issues that deal with the contributions of ECX a whole. Here are about the contributions of ECX providing to the exporters such as market information, warehousing, grading and standards, price discovery, contract enforcement, market transparency, dispute settlement, facilitating payment, etc are considered in the questionnaire. The questions were in statements form and exporters were asked to express their agreement or disagreement by putting a tick mark (symbol) in the choice provided and also by adding their additional ideas on the space provided and the other questions developed based on five point and seven point Likert scale. For the five point Likert scale where 1= strongly disagree, 2= disagree, 3= indifferent, 4 = agree, 5 = strongly agree. For the seven point Likert scale where 1= extremely unfair, 2= very unfair, 3= unfair, 4= somewhat fair, 5 = fair, 6 = very fair, 7 = extremely fair.

To conduct the semi-structured interview with the executive officer of ECX; the interview schedule was designed to conduct semi-structured interview with executive officer of ECX. Before the interview was started, the researcher introduced and explained the purpose of the study. During the interview session, the researcher jotted down all important points on notebook and organized them for analysis purpose.

3.6. Data Processing and Methods of Data Analysis

The data collected using structured questionnaire was edited, coded and analyzed with great care. The coding of the possible alternatives in the questionnaire was made in advance of administering the questionnaire to the respondents. Meaning, in a five and seven point scale, the possible responses was pre-coded (for example for five scale, 1=strongly disagree, 2=disagree, 3=indifferent, 4=agree, 5=strongly agree and for seven scale, 1=extremely unfair, 2=very unfair, 3=unfair, 4=somewhat fair, 5=fair, 6=very fair, 7=extremely fair) to facilitate quick answering of the questions and to simplify data entry into computer software for analysis.

Content data analysis method was employed for the analysis of data that were collected through interview. Data collected through questionnaires were analyzed quantitatively by utilizing statistical tools such as tabulation, bar charts and pie charts to present data. In addition, descriptive statistics such as mean and percentage were used to analyze and interpret data. For data that were analyzed using mean score, since five and seven point Likert scale were used, for the five scale, mean score of 3.0 was considered as midpoint (indifferent), while mean scores of greater than 3.0 and less than 3.0 were assumed as agreement and disagreement. For the seven scale, mean score of 4.0 was considered as midpoint (somewhat fair), while mean scores of greater than 4.0 and less than 4.0 were assumed as agreement and disagreement. Data were analyzed with the help of SPSS version 16. After data had been presented and analyzed, conclusions and recommendations were drawn from the findings.

4. Results and Discussions

4.1. Types of Agricultural Products Exported Under ECX

ECX is currently trading coffee, sesame, maize, wheat and haricot beans (ECX, 2008). The main agricultural products passing through ECX for export are coffee and sesame. As it shown in **Table 1**, Coffee and sesame covers 40.8% and 27.2% respectively from the total export.

4.2. The Benefits of ECX for exporters

From the issue of benefits (**Table 2**), ECX is benefiting the exporters in reducing the transaction costs, for quick capital turnaround, recognizing transparency and providing market information. Also Issac (2011) indicated that, the beneficiaries in the exchange would be manufacturers, producers, dealers and processors. They come together in one marketplace for the purpose of gaining fast, efficient, low transaction cost, fair worldwide price which is free from the risk of price volatility by obtaining accurate price information from the system in addition to the investors and brokers. According to Alexander and Jerry (2011), Commodity Exchange benefits the members by reducing transaction costs through facilitating contracts between the producers and buyers, having centralized grading system for their products, making the contract enforceable, having a means of price discovery in the market, facilitating simplified transaction, providing accurate information about the price and the volumes of the products. Furthermore, Dawit & Gerdien (2010) indicated that those traders who are educated and with more resources are willing to use the ECX, while it can enable them to reduce the transaction costs than those traders that are not educated and with fewer resources.

4.3. The Membership Fee Imposed By ECX Exporters

As it shown in **Table 3**, the mean score of their response is 3.38. This indicates that, the majority of the exporters did not perceive the fee imposed by the ECX for the membership seat positively. Therefore, the fee required by ECX was more exaggerated which fails to consider the capacity of exporters to buy the full membership seat i.e. they are also expected to pay around 1.3 million birr and above to buy the seat and engage in the system. Furthermore, the finding of Gebrekiros (2011) indicated that higher membership fee lowers the participation of exporters in to full membership categories in the ECX.

4.4. ECX Contribution In Bringing New Era For Marketing System Of The Country

On the issue of whether ECX play a great role in supporting modern marketing system of the country or not, as shown in table 3, 86.4% of the respondents replied that ECX brings new era for marketing system of the country. Therefore, based on the majority of the respondents, ECX brings a modern marketing system which replaces the traditional one by using supporting technologies (mobile and electronic board) to speed up the exchange. To support the results of the finding, as indicated in **Figure 1**, statistical example is presented on volume and value coffee exported before and after the emergence of ECX. From the secondary data obtained, before the emergence of Ethiopia commodity exchange the volume of coffee exported fluctuated from year to year. Explaining that, the volume of coffee exported increased from the year of 2004/5 to 2005/6 in 147,725 and 176,438 tons but in the years of 2006/7 and 2007/8, the volume of export started to decline from 170,741 tons to 133,998 tons. But, after the launch of ECX in the year of 2008/9, the quantity of coffee exported unexpectedly fall down (from 133,998 to 47,629 tons). This situation occurred perhaps due to the newness of the exchange while the exporters were not familiar with the concept of commodity exchange and the benefit they would get

from it. But, from the year 2009/10 to 2011/12, the volume of coffee exported increased radically by 220,115, 238,270 and 234,000 tons respectively. Therefore, based on the data presented one can infer that the emergence of ECX improved the amount of export by enabling the exporters to get the commodities with the needed amount and type. Consequently, in the case of commodity exchange, exporters are not expected to worry about how to get the required quantity with expected grade and type of products, while ECX solved this kind of ambiguity. As shown in, in relation to the value of exported coffee before and after the emergence of ECX, there is also a change when it is compared with the traditional trading system of Ethiopia. Therefore, as it can be seen from **Figure 2**, the value increased with decreasing rate before ECX. But after ECX, the value of coffee exported from 2008/9 to 2011/12 increased at increasing rate. So after ECX, the quality and quantity of exported coffee increased year to year when it is compared with the former situation while the exchange helps the exporters to have quality coffee products in the trading place and enables to export better quality commodity than before. That is why the value of the commodity increased year to year than the former unstructured marketing situation of the country. In the previous condition, the possibility to get well graded commodities was not possible and attainable. In this case, the value of the product is also reduced because of the less quality of the product in the international market. As a result, the amount of foreign exchange would be reduced.

4.5. Grading and Sampling System of ECX

As presented in **Table 4**, 64.8% of the respondents were replied that they are not happy with its grading and sampling system of ECX. It can be seen that from the result, majority of the exporters did not trust the grading and sampling system of the ECX because of bias, lack of accurate measuring equipment and lack of knowledge. As the respondents added their ideas, ECX is more work for domestic purpose; grading is not conducted more based on international standard. For the reason that, as they pointed out, they were exposed to further process by themselves to check whether the product meet the international standard or not. Furthermore, “exporters in Ethiopia face several quality problems in terms of quality grading, sampling representation of commodities and adulteration especially by mixing sesame seed of different origin. As per the finding, this has lead to difficulty in setting prices for certain quality grades. Quality grading of the Ethiopian Quality and Standard Authority (EQSA) takes a long time as well as prone to corruption.” (Alemu et al, 2010 cited in Gebrekiros, 2011, p.26). Also in addition to the above, specifically, Gebrekiros (2011), written in his research that, ECX was not transparent in providing quality grading and sampling system of the exchange because of bias and corruption. Even if the exchange is facing so many problems the major ones are bias and corruption happening around the warehouses.

4.6. Market Information Provided by ECX

Regarding dissemination of market information, as it can be seen from **Table 5**, 74.4% of the exporters replied that it does not disseminate all information on time. For example, market information about international price of products - the information is late because of this; the exporters are using their own ways to access accurate information. ECX is providing the product price in New York only which does not include as such what is happening in other angle of the world, e.g. coffee price in London and Brazil. Therefore, majority of the respondents agreed on that ECX is disseminating out dated information for them (exporters). Besides to the above, the finding of Coulter and Onumah (2002) indicated that African agricultural markets are mainly constrained by lack of well organized market information and high transaction cost. Because of these problems, the actors did not get the required benefit and even they become the losers.

4.7. Exporters feeling in relation to the fee imposed by the ECX for delaying of withdrawing products

As indicated in **Table 6**, the mean score of their response for delaying of withdrawing products from the warehouse is 3.99. This indicates that the majority of exporters perceive the fee imposed by the ECX for the delaines of withdrawing the products from the warehouse negatively. Moreover, the research of Gebrekiros (2011) explained that, ECX imposed higher penalty cost on the participants for not withdrawing their commodity from the warehouses on time.

5. Conclusion and Recommendation

5.1. Conclusion

From the findings of the study, ECX is providing price information but this information is not up to date for the exporters. In addition grading is one of the activities of ECX, but still the grading and sampling system of ECX is full of problems that hinder to the provision of accepted graded commodity to the exporters. The main reasons to these problems are bias, lack of knowledge and lack of well equipped materials. Also this fault is made by corruption in the warehouses by dealing with the suppliers.

Moreover, the problem that makes ECX incapable for providing sufficient benefit to its exporters is infrastructure, such as transportation, warehouses, electricity and telecommunications. Because of the above listed hindrances, ECX is unable to provide all commodities that are required from the exporters. This forces the

exporters to be limited in the supply of coffee, sesame and haricot beans. Warehouse quality problem occurs as a result of inefficient infrastructure. The telecommunications especially lack of broad band network is also the other cause which complicate the operation of ECX. Therefore, inadequate physical infrastructure caused higher transaction costs which directly affect the profitability of exporters. Lack of having well constructed infrastructure becomes serious which exposes exporters to delivery risk. Besides, the fee imposed by ECX on exporters for the membership's seat is extremely exaggerated and this will reduce the number of participants in the future. Because of the above problems, ECX fails to contribute significantly to its participants. Even if the exchange is operating within different problems, comparatively with the traditional marketing system, it comes up with various things for simplifying the trading system.

ECX has a problem in trained manpower and technology which needs improvement for a complete operation. Furthermore, the fee imposed for the delay of withdrawing the products from the warehouses.

5.2. Recommendations

As the research finding revealed, ECX employs grading and sampling before the products enter into the warehouse and also at the time of withdrawal, but their grading and sampling system is biased because of suppliers having especial contact with employees in the warehouse. Therefore, ECX is expected to have its own means for checking up the conducts of the employees. To correct their behavior, it is better to have close follow-up in the case of what is happening with the suppliers and what special relationship they have with the employees and in addition to the above the exchange better to give training to them to shape their behavior for avoiding this problem.

ECX is tried to combat complaints that come from exporters through arbitration mechanism. But the process followed is not motivating the exporters while the process is time consuming and the compliant required submitting 3,000 birr as a deposit to progress the process. In this situation, if his/her complaint is incorrect, he/she is the loser. But this condition is not constructive for smooth relationship and to create trust in between. Further, the buyer has the right to ask, the grade I agree on the contract is not the same with the product grade I received from the warehouse. Therefore, it is better for ECX management to first think about how to bring trust in between the traders and also with the system. But if third party is obligatory to solve the dispute, by no means it is advised to bring arbitrators in the expense of the exporters.

It was also discovered that the market information provided by ECX is not up to date. The cause of this problem is that ECX focuses on one market especially New York market. Therefore, it is better to consider market information all over the world to meet the information interests of the exporters. For example what happened on coffee prices in Brazil and London? This information may be the concern of exporters.

There are problems of infrastructures, such as transportations, warehouses, electricity and telecommunications. To solve these problems, ECX is expected to work with the government except for the warehouse problems because it is not possible to solve problems of transportations, electricity and telecommunications by the capacity of ECX. Transportations, the places where warehouses are located are not convenient for transportation of their products to the centre. Telecommunications problems especially lack of broadband network should be resolved through the cooperation with ETC. But for the problem of shortage of warehouses, it is better to the ECX to invite investors to build quality warehouses with enough numbers rather than renting problematic warehouses in the area. Therefore, the improvement in the infrastructural facilities will help the ECX to provide the necessary contributions to exporters as they expected. For instance, they can get the commodity that they want to export in addition to the commodities already exporting now. In addition to the above, the transaction cost will tremendously reduce as a result of well constructed infrastructures which directly increase the profitability of exporters.

Fee imposed on exporters for the membership seats in the ECX is extremely costly. This situation will hinder the future progress of ECX. To keep the system serve the services equally to all exporters, the fee paid for membership should be attainable to the exporters with their capacity unless it continues with this condition; ECX will become the property of exporters who have strong finance. Therefore, the ECX management should think over about the fee charged for the membership seat. In addition to the above, currently ECX is not providing full membership seat until this research was conducted. Consequently, this condition will limit the interest of exporters who want to engage in the ECX. To solve this problem, ECX should provide sufficient seat to enable the new entrants to be part of it.

After the trading is completed, the buyers expected to pick-up the products from the warehouses. If the buyers are unable to do this, he/she is required to pay 1% from the total price of the commodity as a penalty for every extra day and from depositors' side after thirty days of deposit, the penalty will grow to 3.5% of the value of the stored commodity per day. This condition disappointed the exporters while the penalty is not reasonable. Therefore, before taking this kind of measure, ECX should consider what makes the exporters not to pick up the commodity on time. This may be because the warehouses are dispersed throughout the country in different regions. Rather than penalizing the exporters, it is better to add additional warehouses to get space for newly

entering commodities. Also in the case of depositors, there is the possibility that the products international price will fall down and in this situation; the producers may need extra days to deposit their products in the warehouse. Within this condition, penalizing the depositors can demoralize them not to come back to the warehouse in the future to get the service. As it is pointed out above, to make the exchange accessible to all actors, increasing the quantity of the warehouses is the only way to find solution for the problem.

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ANNEXES:

Table 4.1: Types of agricultural products exported under ECX

What type(s) of product(s) are you exporting?	Items	Frequency	Percent
	Coffee	51	40.8
	Sesame	34	27.2
	Haricot beans	9	7.2
	Mixed	31	24.8
Total	125	100.0	

Source: Owen Survey Result, 2013

Table 4.2: The Benefits of ECX for exporters

Benefit(s) exporters gained from the ECX	Items	Frequency	Percent
	Reducing Transaction Costs	8	18.2
	Enable Quick Capital Turnaround	2	4.5
	Increase Transparency	3	6.8
	Increase Information	3	6.8
	Mixed	28	63.6
Total	44	100.0	

Source: Owen Survey Result, 2013

Table 4.3: Exporters feeling about membership fee

	Items	Frequency	Percent	Mean
How do you see the membership fee imposed by ECX?	Extremely Unfair	28	22.4	3.38
	Very Unfair	21	16.8	
	Unfair	18	14.4	
	Somewhat Fair	9	7.2	
	Fair	39	31.2	
	Very Fair	3	2.4	
	Extremely Fair	7	5.6	
	Total	125	100.0	

Source: Owen Survey Result, 2013

Table 4.4: ECX contribution for new marketing system of the country

	Items	Frequency	Percent
Do you think that ECX brings new era for marketing system of the country?	Yes	108	86.4
	No	17	13.6
	Total	125	100.0

Source: Owen Survey Result, 2013

Table 4.5: Grading and Sampling System Of ECX

	Items	Frequency	Percent
Are you happy with the grading and sampling system of ECX?	Yes	44	35.2
	No	81	64.8
	Total	125	100.0
What problems do you observe during grading and sampling system of ECX?	Lack of accurate measuring equipment	6	7.4
	Lack of knowledge	3	3.7
	Bias	58	71.6
	Mixed	14	17.3
	Total	81	100.0

Source: Owen Survey Result, 2013

Table 4.6: Market Information Provided by ECX

	Items	Frequency	Percent
Does the system disseminate all the necessary market information on time for exporters?	Yes	32	25.6
	No	93	74.4
	Total	125	100.0

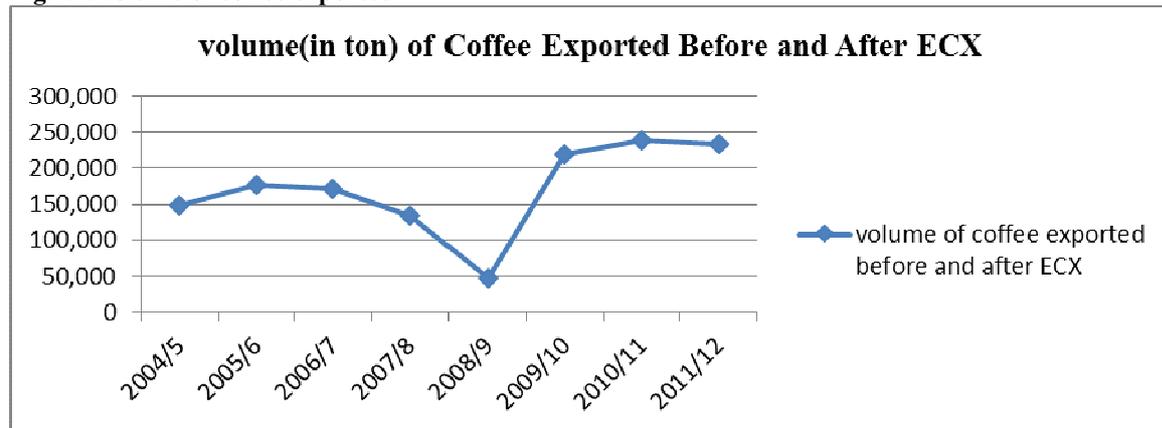
Source: Owen Survey Result, 2013

Table 4.7: Exporters feeling in relation to the fee imposed by the exchange for delaying of withdrawing the product

	Items	Frequency	Percent	Mean
How do you see the fee imposed by the exchange for the delaying of withdrawing the products from the warehouse?	Extremely Unfair	14	11.2	3.99
	Very Unfair	1	0.8	
	Unfair	32	25.6	
	Somewhat Fair	10	8.0	
	Fair	61	48.8	
	Very Fair	7	5.6	
	Total	125	100.0	

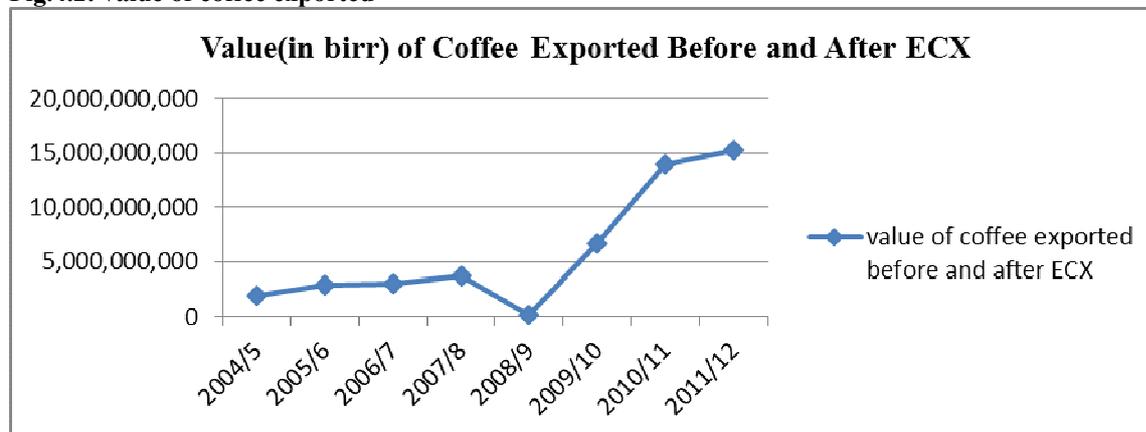
Source: Owen Survey Result, 2013

Fig.4.1. volume of coffee exported



Sources: Ethiopian Revenues and Customs Authority and ECX, 2013

Fig.4.2: value of coffee exported



Sources: Ethiopian Revenues and Customs Authority and ECX, 2013