



Tropentag, September 18-21, 2016, Vienna, Austria

“Solidarity in a competing world —
fair use of resources”

What Can Ethiopia Learn from the Brazilian Sugarcane Sector Development?

TIM K. LOOS¹, LILLI SCHEITERLE¹, ALINA ULMER²

¹*University of Hohenheim, Inst. of Agricultural Sciences in the Tropics (Hans-Ruthenberg-Institute), Germany*

²*University of Hohenheim, Chair of Economics and Innovation, Germany*

Abstract

Shifting from a fossil based economy to a biomass based economy is becoming a major strategic concept for many countries. A key aspect of this shift includes the fuel sector and in particular, establishing a sustainable ethanol production. Brazil may be considered a successful pioneer in the holistic use of sugarcane for various products ranging from sugar, ethanol, and energy to various industrial uses of by-products. Despite its agro-ecological potential, Ethiopia on the other hand, currently cannot reach sugar self-sufficiency. Further, the country depends fully on fuel imports to cover national demand. In order to close the demand gap, the Ethiopian government defined the sugarcane sector as a priority for the second growth and transformation plan. Considering the similarities between these two countries, it is surprising that so far only few lessons from the Brazil experience were applied to the Ethiopian or other African country contexts. This study aims at comparing the characteristics of the sugarcane sectors in two sugarcane producing countries regarding key stakeholders, institutional settings, and policies that contribute to the development of the industry. Based on Porter’s diamond framework, we use secondary and primary data collected with qualitative research methods such as in-depth interviews, net-maps, and focus group discussions so as to assess the sectors. Results indicate that the sectors vary substantially. Brazil shows a decentralised and dynamic structure with numerous actors involved, which developed during the military dictatorship with the goal of being independent from imports. Targeting a comparable goal, Ethiopia is currently structured around the Ethiopian Sugar Corporation, a government corporation that almost exclusively influences the development of the sector. Ethiopia may learn from the Brazilian experience how to avoid economically inefficient stages and jump directly to a holistic, efficient and sustainable use of sugarcane in the whole value web. Drawing conclusions from this comparison could help to understand the challenges and opportunities for an upcoming bioeconomy in Ethiopia.

Keywords: Bioeconomy, Brazil, Ethiopia, sugarcane