

Transcription of recorded conversation: *Meron Endale, Assistant Clearing House,
Ethiopian Commodity Exchange (ECX)
(Negotiation 1.5 years)*
Location: Trading Floor, Addis Ababa, Ethiopia, September 2012

Mark: So, what I usually do is I ask people just first...their names and what your title here is at the ECX?

Meron: Okay, my name is Meron Endale and I work as *Assistant Clearing House*...I joined ECX in 2011.

MC: Okay, so, where are we...last year...so, it's...has it been a year you've been here?

ME: Yes and it's a great opportunity to be here.

MC: Can you tell me a little bit about your responsibilities here, Meron?

ME: Okay. I'm responsible...to take a data...we have communication with banks, so we exchange data...we send instructions, which uses the...the...the trade which was done in the last day or... the day before...so we send them instruction and then we receive a balance, their *current balance* and, we give an *Obligation Report* which, eh, state the client's position, it states...at what...what kind of item they have traded and then the prices, what obligation do they have to pay for both the seller and the buyer and other than that...we give *Post-settlement Adjustment Reports*; reports that are, eh, adjusted after the trade due to shortfalls or some other reasons, and...I'm working as also assisting specialists...yeah.

MC: Okay, Assistant Specialist...in the Clearing House?

ME: In the Clearing House.

MC: In the Clearing House, so really it's a sales assist, to make sure that in some ways that...I presume that the...*the farmers...the producers* get their money and, then also then...that the suppliers...exporters get their produce; that it's also make sure that this runs through.

ME: Yes...if they have any questions they come to us and they ask us. Eh, our money is not transferred, so is there any problem, then we communicate with the banks and we tell them at what state their...their money is with.

MC: So, you're also contact with banks and contact...?

ME: Yes.

MC: So, is that kind of a typical day for you?

ME: Yes...we contact 11 banks.

MC: Okay, okay...all here in *Ethiopia*?

ME: All here in Ethiopia.

MC: In Ethiopia. (ME: Yes.)...okay....and can you tell me a little bit about your *background*? I know you've been here a year...did you work somewhere before?

ME: Yeah, I worked in a bank...for most of the time. I think...this is...the place where I work for a long period of time.

MC: The longest period of time?

ME: Yeah, the longest period...

MC: How long were you in the bank before you were here?

ME: For about four months.

MC: Okay...and what were you doing in the bank?

ME: In the bank I was...Junior...*Junior Clerk*; it's called Junior Clerk, also there, eh, assist, the...the work...the workers who work there. After three months, I became able to do the...the work, like it's called maker principle or, in a...in a bank there is...what you call the *back-office staff* (MC: Yes.) and the *front-office staff* (MC: Yes.) so I work as a back office staff, helping and assisting the workers.

MC: Yes...I understand that...and before that, did you study...?

ME: Yes...I studied in Addis Ababa University and I graduated...in 2011

MC: 2011? (ME: June.)...so, it's really quite soon...June? Okay, so just last year...okay (ME: Just last year.)...and were you aware of the ECX before this? Were you aware...what you were studying...or? How did this happen? How did you happen to be here?

ME: Before I join ECX, (MC: Yes.) I always want to be part of ECX, specially...

MC: Why was that? Why? What was your impression of the ECX?

ME: Ah...all of us in the team see ECX as a...as a *transformation maker*, y'know...as a big face of Ethiopia, as a big image of Ethiopia...so that as a student, I graduating in Economics...as students we talked about *Dr. Eleni* and ECX; she was our legend, she was a visionary...she is a visionary woman, so...we all have, eh, some vision...we don't have to see, well other countries are growing, we...well, we are be...becoming...and it's a great opportunity for us...

MC: So, really this was a sort of image that you had?

ME: Yeah!

MC: And can I ask, then if...in terms of...in your opinion then...you had this image and then you come to work at the ECX and...and how has that been, in terms of that image that you had of it?

ME: It's more than I...what I expected...everybody here...the workers, my colleagues, they are very visionaries, y'know? They are very different...they believe in teamwork...they are open-minded people...they always want to know more, so

working with...with them is...it's a great chance for *me*; it's a lifetime's chance, y'know...working in an organisation, which is known *domestically* and *internationally*; working in an orga...in an organisation, which has impact in all over the...the country...it has impact, for...for instance, ECX has impact in agricultural sector, in trade sector, in service sector...ECX has a good reputation and it has a good grace...as a...as a change maker, so, being part of this organisation is a...a great chance for me.

MC: Yeah, okay...and do you think it's...cos you've studied Economics (ME: Yes.) do you think in terms as a *model*...of market, is it...how...do you think it...do you see it as similar to other markets or *different* than other markets...exchanges...do you think it's a...as a model...in your opinion?

ME: Okay...commodity exchange especially in Ethiopia and particularly...it's like, em...giving a transparent information, where the *buyers and sellers*, come here knowing that...the...the buyers come here, knowing that the grade...what kind of grade...or *commodity grade* they are going to buy; and the sellers come here, em...and the sellers come here assuring that...they...they can get their money after selling their commodity. So, in terms of minimising risk, in terms of...making financial security, warehouse...availability, it's a modern market because it's only...it's not only touching the...the traders that...that come here, it's all...it touch the farmers that produce the commodities; it's just the farmers that produce the coffee, the sesames and the peabeans...it has also...ECX has also provided...work, y'know, a new business work, for example...for instance, *intermediaries or brokers* who came here and trade on behalf of the farmers there, besides that, ECX has an impact...in *avoiding tax evasion*...in...

MC: So transparency?

ME: Yeah! And increasing employment actually (MC: Okay.)...we will not be here unless ECX was not created or established, we will not be here; and it's a great opportunity for us to be here, to get knowledge...we will never get the chance.

MC: Yeah...if this wasn't here?

ME: Yes.

MC: Okay...you've answered some of the...the questions that I'm...cos you talked about the impact, you've talked about this very well and...can I ask...how do you think, in terms of say then *globally*...how do you think the...in terms of...or before I get to that question, in terms of...*how do you think maybe or do you have opinion that how maybe this market is different than other markets around the world?* Say, y'know, obviously, the oldest, most famous is the *Chicago Commodity Exchange*, em, but do you think this model is the same, is similar to those, aspires to those...or is it something different...in your opinion?

ME: Okay...in my opinion, the Ethiopian Commodity Exchange is a little bit different, in it's structure it might be...a little bit different because of...it's not a private organisation or government organisation...but...as a *government entity*, owned by the government with ECX function financially and also decide its on-going

process by its own...besides that, Ethiopia is a typical origin of coffee, so we...we...the trade, the coffee which is traded here is a typical coffee and it has its own taste which you will never get in other commodity exchange, so that's what makes us different.

MC: So, the commodities make it unique (ME: Yeah.) and also is that...I mean, how important do you think that is as...as a framework? I'm...I'm asking you because you've studied Economics but...but that fact that it is, at the moment, *not-for-profit*, that is as an organisation, do you think this also makes it different than other markets in the world?

ME: Yes...we are here...ECX is...working, as a marketplace, just a marketplace to provide...and to provide...*a marketplace minimising the risk of losing money and commodity*...and also...in the past in our country, there were so much poverty crises...so these crises were occurred due to malfunctioning of markets. In each of the markets, the transaction cost is very high, so that...the farmers didn't get the information, at what price they are going to sell, so they are price takers, not price makers, so in this well-established, modern market – they are a price maker...they leave it or take it...they see the market like the *New York Market, Nigeria, India, Sudan*...here in the screen I can see that...so, eh...even the supporters or the buyers, they see and they decide whether it is...it's good to...to buy or not, so, eh, it makes the market transparent for them, for the farmers to choose...so, the farmers are here...represented by the brokers...and...and also ECX makes sure that...eh, there...there is a *proper commission paying system*. For example, if...if the brokers trade here on behalf of the farmers and then the brokers' commission must not exceed beyond the two per cent.

MC: Okay, so that's the rate?

ME: Yeah.

MC: Okay, okay...and can I ask, do you think that would *change* if...em, for instance, y'know, ECX is to go for profit, like every other market, do you think that...philosophically changes the market? I'm just kinda...in your opinion...?

ME: Okay, in my opinion...

MC: In your opinion...do you think it could change cos at the moment, it's not-for-profit, it does make it very unique in the world...of exchanges, be it a stock or commodity exchange and if it went for profit do you see that this...how this would change it...or would it change it, do you think?

ME: Yes because, I think...ECX...ECX ask the traders, to pay a minimum amount of, eh, trading fee, like 0.04 per cent...and other risks, like ECX take all the risks off...if there is any damage in the warehouse, so if ECX had any insurance cost on them, eh, and so all...I think...they will not be...very willing to come here and trade, even the traders or even the co-operators, here they are not only, the...the people who trade here are not only people who have got money, who are well-established business...

(Woman enters room.)

MC: (*To woman*) Yeah, no problem.

(*Short dialogue between woman and Meron in Amharic.*)

MC: (*To Meron*) You need to go?

ME: Yeah.

MC: Okay, can you come back?

ME: Yeah.

MC: Yeah, okay, I'll wait...

Woman: I'm sorry.

MC: No, no, no, it's okay...work calls! (*Laughs*) (*Stops recording.*)

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(*Resumes recording.*)

MC: Okay, Meron...what were we talking...yeah, so we were just talking a little bit about how that would change if it went for profit status; that this could also change. You were talking a little bit about this, that, y'know, whether traders, brokers would work, also how the ethos may change. Do you think the *ethos* would change in the market...in that...in that regard, in your opinion, how it would change the ethos?

ME: Ah...because the people...as I was saying before, the people who trade here and not the people who are...who have a lot of money, like...people can have a companies, like exporters and so...so on but since, eh, ECX...want to join all the buyers and markers, or the buyers and sellers, they are also co-operatives, farmer associations here who trade, so that they have their own seats, as a member; the...those seats are not going to be sold...sold for anybody else; they...they have reserved seats for private entities, for organisations and for co-operatives, so...if ECX were working in...in order to get a profit, the whole situation would be different. The price that ECX charge, during the...the trade takes place and the risk that ECX is taking here would be different...so, instead of ECX taking the risk, should we...the traders that take the risk and the insurance, even providing it's own warehouse, warehouse facility is one kind of....

MC: Cos at present the ECX covers a lot of the risk (ME: Yes.)...or *takes* a lot of the risk.

ME: Yes...yeah, that's fine.

MC: Yeah, okay. So, it also makes it very unique in this regard again.

ME: Yes.

MC: Yeah...this is almost...yeah, so it would be...it would present challenges for the ECX in terms of its present ethos if it was to go in this way...can I ask, in your opinion, and it's only your opinion, subjectively, do you think this would be a good move or it's better to...that in some ways in maintains the...the kind of ethos that it presently has? If you feel comfortable answering that...

ME: Eh, yes, in my opinion, yes. It's good to continue like this because when ECX first established, we don't know what a commodity exchange is, so, the...the people were not aware about commodity exchange, so in order to attract the traders here...it takes a lot of time, y'know? Because we don't have a know-how; it's through stickers, radio, television, Internet that we are aware...in the past four or five years.

MC: But as a model at the moment, it's been very successful...I mean I'd just been learning today, you're...they're building another *trading* floor at the moment, in...in another building (ME: Yeah.) to expand into other commodities...so, as a model as it presently is, it seems to be working very effectively.

ME: Yes, effectively but in order to...to reach to here at this stage, it takes a lot of time, as I said, because we don't know what a commodity exchange...either the traders or us, the workers...so...it's a...in order to...make things comfortable for the traders to come here and to buy, taking ECX taking the risk, all the risk of...y'know, a business going is...I think it's the right thing to do.

MC: Yeah, no, very good. And can I ask you a little bit about cos where I come...obviously where I'm working now, I work in Ireland and I work in Germany, a lot of people who are working are either on contracts or they're permanent. Do you mind me asking what your status is here...are you a permanent member of staff or contracted or...?

ME: Permanent.

MC: Permanent member of staff?

ME: Yes.

MC: And are most of the people here permanent?

ME: Yes.

MC: Most of the people would be permanent. (ME: Yeah.)...okay, this also makes it unique...do you think that's part of the *ethos* of here, that actually it encourages people to invest in them *long-term*?

ME: Yes...what makes the people who work here different is that they're very hardworking people, as I say to you, no matter how long it takes the job, the job should be...should be done...in my department, there is...there are workers who...who work until, 3 am...here, until 1 am, so it takes that long, but, our values are, the job should be worked no matter what it takes, no matter...

MC: And do you sometimes have to work very late then also?

ME: Yeah, I think my maximum, I have worked until 8 pm due to a...some...there were system problems, and my colleagues too.

MC: Yes, yes, to get everything done; (ME: Yes.) to get everything completed. Okay, okay, so tremendous commitment. Can I ask you then, general sort of *macro* question, how do you think then, globally, Ethiopia - with these changes - how do you think, globally, Ethiopia is viewed now? We talked about the images in many ways from within, how do you think from outside, *globally*...somehow, y'know, Ethiopia is viewed now...in your opinion?

ME: Yeah, in my opinion...I think there are countries who want to follow our steps, they want to establish commodity exchange, as we have done...as...as it is in Ethiopia...so, it's a good idol for others because unless, ECX is working efficiently and effectively, that they don't want to...establish this kind of commodity exchange *there*. So, it means that, ECX has got a real successful...has got a really successful... (MC: Model?) model for others in...in Africa...so...also, I think...

MC: And how do you think the West, globally, I mean, if you think of...(ME: Globally...) you were talking about New York, how do you think, it's...?

ME: I heard that, ECX is the second commodity exchange that people...see in the website or Internet, where they're...they want to know about the commodity prices or...and so forth...so, I think it has a good name also and globally, and...

MC: And can I ask you then, do you see yourself as having a role in this change...a role in this process?

ME: Yeah...ever since I was a little girl, I just want to be...a part of some *revolutionary...revolutionary moment or revolutionary organisation*, so working here is, ECX is the unique, organisation in our country and, it's becoming a new face in Ethiopia also...so, working here...has given me a lot of advantage...especially the people who work here - I'm very pleased to work with them...and seeing our management, our former CEO, Dr. Eleni...and to see people who have...who have done a really great job and to work them...to work with them...it's a great opportunity really.

MC: Can I ask you, cos you've used extraordinary word in the context of...you talk about *revolutionary* (ME: Yes.) and so we...we think of...a space like the market usually in the Western context, where I come now from Ireland, people were constantly talking about *we're at the mercy of the markets* and this is what I find (*clears throat*)...excuse me...also dynamic, and new and unique about here and I'd like to just ask you a question about this that...cos usually in relation to capital and capitalism, usually people don't associate that with revolutionary. In some ways, where we are now, is a space of...where people trade, on commodities that are related (ME: Okay.) to capital but it seems the model here is different and that actually...that actually you can use a word like that...here. Do you think that's the case?

ME: Using a capitalist word?

MC: No...the word *revolutionary* (ME: Oh...okay.) because do you think that as a model, the world can learn from a place like this?

ME: Okay...revolutionary in my context is that...we...before ECX were...were established, we were...we were trading in a traditional way of trade...market, so it's a *revolution* in order to transform or to go to a modern market. So, a revolution...when revolution comes it has...changed a lot of things, like ECX coming...with the establishment of ECX, it has changed...it has impact service sector and agriculture, and the trade sector so that it's...it has shock in the economy I think...

MC: Yeah, okay...yeah, I think...I think there's...it's...it's (ME: Okay, what's...?) conversation...

ME: Am I making you...am I using extraordinary language or...?

MC: No, I don't...I think it's...it's...it's because...I think it's...part of the reason I do this project is because I find it's...it's about the *complexities* of a relationship with the market, and so at the moment in Ireland, people are very...in some ways, *afraid* of the market and you come then to Addis and you realise that it can have an extrorn-...*extraordinary* effect, on people's lives and people believe *passionately* about it, and...but it's also a particular type of model, and it's different because I think also this not-for-profit...I think this is...I think this is quintessentially...I'm discovering more that having a...it makes it very unique in the world altogether. I think...I don't think there's any other market that has that status in the world. (ME: Yeah.) exchange (ME: Actually the other thing...) and so, so these complexities are what interest me...sorry, I didn't mean to...so, it's the complexities of this, it's not to be black and white, reductive and say *this is good, this is bad* (ME: Yeah, okay.) and I think that's what Addis does, it actually talks about the complexities, and it talks that actually this can be a vehicle for good.

ME: Yes, market by itself is a dyma-...dynamic but...we...here we are talking about the commodity exchange, y'know, the *place*, so, having this modern place is unique...the...the other thing which...in which I remember now is that the...the other...criteria or qualities that make ECX different is that it has a...a price...limitation or fix...fixation, *the upper limit and the lower limit*, it's fixed, on the contrary with the...the market situation...if most of the traders are trading on the upper limit, then the price range will be...will go to upper and...and most of the traders are trading on the lower limit and then it goes down. So, at this time it *assures* that for...for both the traders, for the buyers and the sellers that...in...in overnight the price will not in any way change.

MC: So, in some ways, it...it puts some *degree of regulation* (ME: Yes.) on *speculation* (ME: Yes.) and *over-speculation*, and where that could have a...dramatic effects on people's lives.

ME: Not speculation, it's about doing the market data actually. We're not fixing the market data, like...

MC: No, I don't mean fixing...no, I didn't mean in that regard, (ME: Yes.) but it does...it does limit the potential for dramatic (ME: The upper...) shifts, that could...

(ME: Yes.)...that could work against particular, be it either traders or the farmers' collectives; (ME: Yes.) that it also protects them to a degree.

ME: Yes. Both the farmers and the exporters - it protects both...if the price goes *down* and if all the exporters agree to...to sell...to buy the commodity at lower prices, then the...the farmers will...get hurt, y'know; they *lose*. So, it has lower limits...besides that since they...the farmers get information about what's going on in the world, what's the newer prices saying about the coffee, so that they change the prices, y'know...reasonably. If the exporters are losing their...then...when they came here and trade...they...they lowered the price they're going to *buy* and if the New York price is going up so the exporters can get...can get a lot of money or...or a lot of profit, so that the farmers should...gain the profit so that, the price goes up.

MC: So in this way you could use the word *revolutionary*?

ME: Yes.

MC: Okay...yeah, we've talked about this...so very much do you see...this is, again a sort of generic question...do you see then the ECX...very much - you've addressed already in some ways - as part of the global market, that...it's also about the local, cultural context but actually it also goes beyond that? Do you think that, that it goes...it's *global* in that regard? It has...

ME: The impact of ECX globally?

MC: Yes, that it has a global relationship, that it has a global status.

ME: Okay...globally...it has an impact in changing the Ethiopian reputation, y'know, because since we have...we are going through a transformation as an economy...*Growth and Transformation Plan, a Five-year Plan*; this transformation, agricultural sector is really good...we have...this transformation has touched the...the road infrastructure, the power...infrastructure...power infrastructure and so on. So, the transformation in the agricultural sector, for ECX...it has an impact, so...even, we are...we are *role model* for other countries so...for other African countries, so it means something for *us* because...we want to change our name, y'know...and we are...we are planning two digits growth, so, we are the top ten fastest growing country...country in the world, so, it makes us really transformational, in terms of not only in ECX organisation as a whole in a country...all...everybody whose world has been changed, it's transformation; we all talk about transformation...even we are building the biggest dam in Ethiopia, *the Millennium Dam*, so, it's a *transformation*. As you can see, transformation has...has different views. So, an agricultural view...we are transformation maker. (*Claps hands once.*)

MC: Hm-mm...and so can I ask then maybe one last little question... (ME: Okay.) if we were to sit here in 10 years time, how do you think this may look or how might it changed?

ME: Okay...first of all, personally in my view, I believe that Ethiopia Commodity Exchange is...will be *a role model for stock exchange* that will be established...I don't know - in the future. I don't have...I don't have...(laughs) so, in the future, we

will have our place – our own place because we are renting this place and a lot of commodities will join ECX and a lot of staff and...

MC: And what do you think of the role of technology cos technology in the Western markets now plays a bigger, bigger role? How do you think technology will impact in the future of ECX?

ME: Yes...actually our Mission Statement states that because, we want to transform the...the Ethiopian Economy so be...becoming world commodity exchange by choice, so this will be...this...this will begin...or we sustain this vision through technology, innovation, it's one of the core values of ECX: innovation...teamwork, commitment, so that, yes, of course it has...

MC: But...but can I ask you then a question going back to you cos...you can use those terms but...if...for you how do you think it will change how you work...how you work? Your actual daily, typical day...technology in 10 years time say...or in the future.

ME: Yes. Okay...that's a good question because in my department...we have a...a plan...to change our work environment because...here in ECX currently we are trading through spot market...there will be for a while then futures market; we have a plan on those...on those...

MC: For futures...?

ME: Yes...(MC: Okay.)...so, this will change, our using of information because we're not talking about...a market which is going to take a...this minute...or this moment...we're talking about the future market...it could be for the future...six months for the future, one month, we...y'know? (MC: A year...)...yeah, so, it changes our knowledge. We get a lot of knowledge and ...using a new technologies because the...the traders will...are going to *speculate* and they're going to know what's going on in the current price or they speculate, what...what will be going to happen in the future price...so...I think it...it needs...a lot of knowledge, more knowledge and...a lot of human power to...to reach there. So, as an organisation we have a plan to...to trade in *the future market*.

MC: Okay, okay and just...cos you mentioned about that going into futures...is there a...also an idea that also it will be, I suppose, regulated in a way that *protects* people? Is that the plan also, even though you're talking about future speculation, that in a way too, like what's happening at present, that people - to a degree will also be protected - is that also to be continued as an ethos?

ME: In the forward market (MC: Yeah, yeah.) actually...in the forward market, yes, people will speculate, what's going...what will be happening in the market actually in...in the price...even at that time, there would be a price range, so they're going to...trade in that price range...that price range will going to be *fixed* based on...the speculation of that and besides that, what's going on, on the spot markets.

MC: Exactly, yeah. So, what's happened in the past or in the present will also inform what that level would be. (ME: Yes.)...okay, look, Meron, this has been fantastic and, eh, *amesegēnallô* [Amharic: thank you)...no, really it's been great and very insightful.

ME: Thank you.

MC: Yeah, no, really...thank you very much.

ME: Thank you, thank you.

MC: C'mere, just before you...