

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Ethiopia

Post: Addis Ababa

Drought Pushes Ethiopia's Wheat Imports to a Record 2.5 MMT

Report Categories:

Grain and Feed

Livestock and Products

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Report Highlights:

In response to the country's worst drought in decades, Ethiopia is expected to import a record 2.5 million metric tons of wheat during MY15/16 (Oct-Sep), which is more than double the amount from last year. The imported wheat will be used to support various government and donor assistance programs, replenish the government's strategic grain reserve, and to stabilize bread prices.

Wheat Imports Soar as the Government and Donors Respond to Drought:

Post is raising its MY15/16 (Oct-Sep) wheat import estimate to a record of 2.5 million metric tons, up from the current official USDA estimate, also a record, of 2.0 million metric tons. This increase is in part attributed to need for emergency food relief arising from the ongoing drought, which is said to be one of the worst in decades. Wheat is one of the key staples that both the government of Ethiopia (GoE) and international donors are supplying to individuals living in drought hotspot areas.

In a normal year, Ethiopia usually imports around 1.0 million metric tons of wheat to meet consumers growing demand for food items, such as bread and pasta, as well as for food assistance purposes. This year, however, with the ongoing drought, exacerbated by the El Nino weather phenomenon, crop production in some areas has dropped significantly or even failed, leaving millions of Ethiopians without sufficient access to food and other resources to survive.

Last December, the Government of Ethiopia (GOE) alongside the international donor community released the [humanitarian requirements document \(HRD\)](#) to request foreign resources to feed and care for 10.2 million individuals during the first half of 2016. According to the HRD report, 1.2 million metric tons of cereal is required for emergency food assistance purposes. Post expects that most of this cereal will be wheat with some amount of sorghum. Aside from the needs outlined in the HRD, the GOE's Productive Safety Net Program (PSNP) will support an additional 7.9 million individuals with food or cash transfers, requiring an additional 473,000 metric tons of cereals and pulses.

In response to these humanitarian needs, the GOE and the international donor community are ramping up food aid relief efforts. For instance, the government recently tendered and purchased 1.0 million metric tons of foreign wheat for food assistance, price stabilization (i.e. bread subsidy), and to replenish the government-held strategic grain reserves. In addition, they have subsequently tendered and contracted for an additional 140,000 metric tons, and just recently tendered for an additional 70,000 metric tons for use in the PNSP. Going forward, the GOE may decide to purchase more wheat to respond to both existing and anticipated future needs.

Meantime, the international community has increased its drought relief support in a variety of ways, including additional food aid donations, some of which will be wheat.

Based on current conditions, donor-provided wheat is expected to reach as much as 700,000 metric tons this year.

Taking the above into consideration, post forecasts wheat imports to reach a record of 2.5 million metric tons in MY15/16. Table 1 below shows the predicted end use of this wheat, though these expected allocations could easily shift depending on the evolving needs of the country. Further, wheat imports could surpass this latest estimate depending on the extent of the needs arising from the drought.

With this anticipated increase in imports due to the drought, national wheat consumption is forecast to grow to a record of 6.0 million metric tons. Again, this increase is largely attributed to the drought and it will likely be met with a corresponding drop in consumption of other crops, particularly those seriously affected by the drought.

Table 1: Breakdown of Wheat Import Estimate for MY15/16 ^{a/}		
Purchasing Agent	End Use	Volume (MT)
Government Purchases	Subsidized Bread Sales	900,000
	Emergency and other Assistance Activities	610,000
	Strategic Grain Reserves	300,000
Donor Community	Emergency and other Assistance Activities	700,000
Total		2,510,000

a/ FAS/Post estimates.