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Prepared By:

Approved By: Rachel Bickford

Report Highlights:

MY 2021/22 wheat production forecast at a record of 5.18 million metric tons, while corn is projected to 8.63 million metric tons due to expected progress by the Government of Ethiopia (GOE) in supplying inputs, and with the assumption of good weather conditions in the main grain producing areas. Wheat imports are expected to continue in the same pattern as in previous years. Public measures put in place to prevent the spread of COVID-19 have also had a negative impact on food availability, food prices, income, and food expenditures. Desert locust infestation and COVID-19 remain potential challenges in the coming production year, however efforts will be taken by the GOE to mitigate potential impacts on agricultural production in the year to come.

Executive Summary

The production of major food grains is forecast to remain at record levels in MY 2021/22, assuming favorable weather conditions and proactive governmental efforts. In the previous three years, governmental investment has been significant in improved seeds, fertilizer supply, and mechanization support. For the last three years, rainy season volumes and distribution patterns have shown improvement, following several lackluster years.

Except for sorghum, production of all major grains increased in MY 2020/21 due to better extension service including mechanization, favorable weather conditions, and positive rainfall in the western and central highlands of the country's grain producing areas. Desert locust infestation affects sorghum production in the mid highland parts of the rift valley and pastoral land in the north and southeastern regions. The infestation on other cereals grown on the highland and mid highland areas were negligible except in some limited areas. This is due to mitigation efforts by the government, farmers, local, and international partners.

Ethiopia's grain production is complex with substantial variation in the type of crops grown across the country's different regions and eco-systems. The major grain crops grown in the country are *teff* (local small grain), wheat, barley, corn, sorghum, and millet. These crops are predominantly rainfed crops that are grown all over the country.

The GOE is encouraging local and foreign investors to develop commercial farms to produce crops primarily for industrial and export purposes such as wheat, soybeans, rice, and cotton. The government has also provided low lease prices for land and other incentives to local and foreign investors to encourage them to develop commercial farms; however, most of these farms have not produced satisfactorily because of security, infrastructure, and financial challenges.

A February 2008 cereal exports ban continues to be in force; however, there exists a small amount of informal cross border trade with neighboring countries. Uncertainty about governmental intervention in grain markets, especially in wheat imports, is a major source of risk for private traders and a key reason for reluctance to invest in grain trading.

Table: 1 Area and production of common cereals in Ethiopia MY 2020/21

Crop	Area (1000ha)	Production (1000ha)
Wheat	1850	5100
Corn	2340	8600
Sorghum	1850	5000
Barley	1210	2350
Millet	415	900

Table 2: National average wholesale main grain prices for 2020 (USD/MT)

Commodities / Month	Wheat	Corn	Sorghum	Barley
January	587	300	599	458
February	493	315	510	534
March	485	297	490	522
April	510	304	554	526
May	534	299	520	545
June	530	316	516	574
July	532	334	546	578
August	533	352	560	560
September	531	335	552	557
October	516	320	551	548
November	512	289	571	548
December	518	277	554	542
Average Yearly Price	523.4	311.5	543.6	541

Source: ETBC

Wheat

Production:

Wheat production in Ethiopia for 2021/22 is projected to 5.18 million tons, up by 1.6 percent over the 2020/21 production estimate. This is due to more GOE engagement in irrigation, better input supply, and mechanized farming in the lowland and central parts of the country. In the marketing year 2020/21, wheat production is estimated to be 5.1 million tons, which is four percent lower than the USDA estimate. This is due to a small level of desert locust infestations in eastern Amhara, eastern Oromia, and Tigray regions that resulted in quantity and quality losses. The 2021/22 harvested area is forecast at nearly 1.9 million hectares and the wheat yield is estimated at a record 2.72 tons/hectare. The area increase over last year is because of rotating irrigated cotton land with wheat and replanting wheat in the sugarcane farms in the northern and southern lowlands. Population growth combined with the expansion of towns, and consumer changes in easy and fast-food preference increases the opportunity for wheat production as well as its marketing.

Wheat production in Ethiopia is limited to smallholder farmers who use rainfed agriculture and are not able to produce enough to feed the growing population of the country, currently estimated to be more than 110 million people. Recently GOE has allocated around USD 6 million to establish agricultural machinery rental service centers in grain producing regions to build capacity and increase the efficiency of wheat producing farmers.

Table: 3 Wheat area, yield, and production estimate (2016/17-2020/21)

Year	Area(1000ha)	Production (1000MT)	Yield (ton/ha)
2017/18	1600	4200	2.63
2018/19	1750	4700	2.69
2019/20	1800	4925	2.73
2020/21	1850	5100	2.76

Consumption:

FAS/Addis Ababa forecasts wheat consumption in MY 2021/22 to reach to 6.7 million MT, a nearly one percent increase over 2020/21. In Ethiopia demand for wheat is growing, reflecting population growth, and shifting dietary patterns linked to urbanization. The demand curve in years past was nearly flat because of constrained supply as a result of a shortage of foreign currency to import wheat. Ten to fifteen years ago wheat was not a staple crop in Ethiopia, but recently started becoming an important grain, especially in the urban and pre-urban areas. Wheat and wheat products represent 14 percent of the total caloric intake in the country, making wheat the second-most important food behind corn (20 percent) and ahead of teff (10 percent), sorghum (11 percent) and *enset* (false banana). *Enset* is root crop and staple food in the densely populated south and southwestern parts of Ethiopia.

Table: 4 Estimate of wheat consumption (1000MT)

Year	Amount (1000MT)
2017/18	5,950
2018/19	6,557
2019/20	6,566
2020/21	6,650

Trade:

Ethiopia remains a net importer of wheat, satisfying around 25 percent of the local demand with wheat imports. A significant share of imported wheat, mainly from the United States, comes to Ethiopia as food aid rather than commercial purchases making the country one of the largest food aid recipients in Africa. Ethiopia grain imports are almost exclusively limited to wheat. Nearly all wheat imports, except wheat donated for food and development aid, is done through the Public Procurement and Property Disposal Service (PPPDS) under the Ministry of Finance and includes officials from the Ministry of Trade and the Ethiopian Trading and Business Corporation (ETBC). Ethiopia's grain tender process has been challenged by a series of cancellations due to management challenges, and thus creates a strain on much needed grain and on Ethiopia's limited foreign exchange reserves. The country's farming sector partially suffered from the desert locust infestations in pastoral and semi-pastoral part of the country. Ethnic and political tension in parts of the country have displaced tens of thousands of the farming community, adding to widespread food shortages in many parts of the northern and southern regions.

Ethiopia's National Disaster Risk Management Commission (ENDRMC) stated that more than eight million people needed food aid last year and some number of beneficiaries targeted for 2021. Currently, the GOE is looking to partially liberalize the wheat import market, so local millers are beginning to explore opportunities to import wheat directly with their own foreign currency sources. Millers can source wheat from the ETBC (subsidized imported wheat) or from the domestic market, with a vast disparity in the price of wheat flour. The unsubsidized price of local wheat has increased by about 40 percent in 2020/21. Currently, there are more than 600 small and large flour mills in Ethiopia, with a total production capacity of between 3 to 4 million tons of wheat flour per year. However, the mills work below 50 percent of their capacity due to wheat shortages. It is estimated that a third of these mills are in and around the country's capital, Addis Ababa. Over the past two years (2018/19-2019/20), Ethiopia imported on average 1.2 million metric tons of wheat commercially excluding the informal import of significant wheat product along the northern border and eastern part of the country.

Table: 5 Wheat and wheat product imports by country-of-origin 2019/20 (1000 MT)

Country	Quantity (MT)	Value (USD)
US*	256,820	102,393,654
Ukraine	222,204	50,137,310
Egypt	61,142	235,3014
Argentine	372,083	106,706,404
Russia	15,000	5,065,716
UAE	7,162	3,845,284
India	7,900	2,640
Turkey	9,623	2,695,828
France	9207	4,464,579
Sudan	3,735	1,763,700
Italy	1,044	1,099,484
Others (including informal import)	494,080	144,468,992
Total	**1,460,000**	**424,996.605**

*Food Aid

NB: The informal import is mainly pasta (spaghetti, macaroni) and wheat flour which is converted into wheat grain equivalent.

Policy:
One of the major policies measures the GOE implemented in previous years and which is still applicable is restricting grain exports. The government banned the export of major food grains through several government circulars and directives based on the assumption that prices have increased locally because of the export of tradable grains. At the same time the country removed a value added tax and turnover taxes on imported food grains and flour through a directive issued during the same period. All wheat imports, except for food aid, are purchased by the Ethiopian Government. Only designated flour mills, mostly in and around Addis Ababa, can purchase the subsidized wheat at a discounted rate, then mill the wheat to sell the flour at a fixed price to select bakeries in Addis Ababa and surrounding towns. Recently, the government started partially liberalizing the wheat import.

Stocks:
FAS/Addis Ababa forecasts MY 2021/22 stocks be maintained at 200,000 tons and 180,000 tons for opening stocks and closing stocks, respectively. Most of Ethiopian farmers sell their crop during harvest to minimize storage challenges and post-harvest loses. Part of the wheat stock is retained by the Ethiopia Emergency Food Security Reserve Administration (EFSRA) and is mandated to keep emergency grains stocks for the country.

Production, Supply, and Demand

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Ethiopia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1800	1800	1850	1850	0	1900
Beginning Stocks (1000 MT)	266	266	290	290	0	200
Production (1000 MT)	4925	4925	5300	5100	0	5180
MY Imports (1000 MT)	1700	1665	1500	1460	0	1500
TY Imports (1000 MT)	1750	1665	1500	1460	0	1500
TY Imp. from U.S. (1000 MT)	248	300	0	250	0	250
Total Supply (1000 MT)	6891	6856	7090	6850	0	6880
MY Exports (1000 MT)	1	0	0	0	0	0
TY Exports (1000 MT)	1	0	0	0	0	0
Feed and Residual (1000 MT)	300	266	300	200	0	200
FSI Consumption (1000 MT)	6300	6300	6400	6450	0	6500
Total Consumption (1000 MT)	6600	6566	6700	6650	0	6700
Ending Stocks (1000 MT)	290	290	390	200	0	180
Total Distribution (1000 MT)	6891	6856	7090	6850	0	6880
Yield (MT/HA)	2.7361	2.7361	2.8649	2.7568	0	2.7263

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Wheat begins in July for all countries' 2021/2022 = July 2021 - June 2022

Corn

Production:

FAS/Addis Ababa forecast corn production to be 8.63 million metric tons in MY 2021/2022 which is similar to the MY 2020/2021 production estimate. The corn area and yields in Ethiopia have increased for the last twenty years. Yields have reached more than 3.6 MT/ha. The expansion and productivity change in Ethiopian corn production is due to multiple factors: improved hybrid seed especially from Pioneer, increased demand for food and feed with the expansion of poultry farms, livestock fattening, dairy development, and better access to markets for producers. This has clearly shown that corn production can be a model for scaling up agricultural production through improved agricultural innovations to achieve food security in Ethiopia. Corn is a strategic food crop grown in 13 agro-ecological zones covering 90 percent of Ethiopian arable land. Smallholder farmers produce over 95 percent of total corn and the remaining comes from commercial farms. There is still much room for improved yields if improvements occur, such as alleviating the shortage of improved seeds, poor agronomic practices, low grain prices, desert locust infestation in some marginal places, and climate variability. Corn is the largest cereal commodity in terms of total production and yield and second in terms of area after *teff*.

Consumption:

Corn consumption for MY 2021/22 is projected at 8.65 million metric tons due to growing demand for food and feed. MY 2020/21 consumption is estimated at 8.64 million metric tons, which is close to USDA official estimate. Corn is the most affordable grain for rural communities and poor urban consumers compared to other cereals. Corn is also the most popular crop because of its high value as a food crop, as well as the growing demand for animal feed and a source of fuel for rural families. Approximately 85 percent of corn produced in Ethiopia is consumed as food, both as green and dry grain. Food security is a major development challenge in Ethiopia and corn is one of the major food sources for most of the Ethiopian population, making it one of the strategic crops in the national agricultural development plan of the country. Despite the crucial role of corn for feeding the people, it is not yet well exploited at industrial levels. Recently, processing industries have emerged to start producing corn oil, snacks, and breakfast cereals. Green corn is a cash crop for farmers before the main harvest.

Trade:

Post forecast MY 2021/22 corn imports at 35,000 metric tons through food aid only. No commercial import is expected.

Policy:

Ethiopia has the potential to produce and supply affordable and quality corn to eastern Africa countries, contingent upon farmers receiving necessary inputs and timely extension support. Several corn export initiatives to neighboring countries are being halted by the Ethiopian grain export ban. The World Food Program initiative, Purchase from Africans for Africans (PAA) program, planned to procure corn from Ethiopian farmers for export to South Sudan. However, Ethiopia's export ban has become the main bottleneck to this initiative.

Production, Supply, and Demand

Corn	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Ethiopia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2300	2320	2300	2340	0	2350
Beginning Stocks (1000 MT)	800	800	803	783	0	778
Production (1000 MT)	8500	8500	8600	8600	0	8630
MY Imports (1000 MT)	3	13	3	35	0	35
TY Imports (1000 MT)	20	13	3	35	0	35
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	9303	9313	9406	9418	0	9443
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	800	800	800	825	0	830
FSI Consumption (1000 MT)	7700	7730	7800	7815	0	7820
Total Consumption (1000 MT)	8500	8530	8600	8640	0	8650
Ending Stocks (1000 MT)	803	783	806	778	0	793
Total Distribution (1000 MT)	9303	9313	9406	9418	0	9443
Yield (MT/HA)	3.6957	3.6638	3.7391	3.6752	0	3.6723

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Corn begins in October for all countries' 2021/2022 = October 2021 - September 2022

Sorghum

Production:

Sorghum production for MY 2021/22 is forecast at 5 million metric tons, consistent with 2020/21 production estimates. This is due to expectation of desert locust infestation in 2021/22 similar to the previous year in the arid and semi-arid sorghum growing belt of the country. In addition to desert locust, a parasitic and endemic weed called *striga* is still one of the major production constraints for sorghum in Ethiopia. The Ethiopia Institute of Agricultural Research (EIAR), under the Ministry of Agriculture, released two *striga*-resistant dwarf varieties of sorghum. However, the adoption rate has been low, as farmers prefer the longer stalked local varieties because they have more biomass to use it for fuel, animal feed, and for farmers cottage construction. In general, farmers use fewer inputs like fertilizer, improved seed, and pesticides for sorghum compared to other cereals.

Consumption:

Sorghum consumption is estimated at 5.17 million metric tons in MY 2020/21, down by 2.5 percent from the USDA official estimate. The lower consumption is due to higher prices and less supply of sorghum on the market. Almost 75 percent of the country's sorghum production is consumed at the household level in the form of *injera*, homemade alcohol, and animal feed.

Trade:

Sorghum imports in MY 2020/21 are estimated at 25,000 metric tons for internally displaced people and feeding programs. There is some informal trade with Somalia and in production areas that share a

border with Sudan. Farmers in the northern and eastern border regions prefer to export sorghum to Somalia and Sudan to avoid transport costs to the central part of the country as the export price is sometimes higher than the Addis Ababa price.

Stocks:
Sorghum stocks in MY 2020/21 are estimated at 400,000 metric tons, a 2.8 percent decrease from the USDA estimate. Most farmers prefer selling the crop to minimize post-harvest loses and storage challenges.

Production, Supply, and Demand

Sorghum	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Ethiopia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1850	1850	1850	1850	0	1870
Beginning Stocks (1000 MT)	651	651	607	555	0	400
Production (1000 MT)	5200	5200	5200	5000	0	5000
MY Imports (1000 MT)	61	20	80	25	0	50
TY Imports (1000 MT)	61	20	80	25	0	50
TY Imp. from U.S. (1000 MT)	61	10	0	0	0	0
Total Supply (1000 MT)	5912	5871	5887	5580	0	5450
MY Exports (1000 MT)	75	10	75	10	0	0
TY Exports (1000 MT)	75	10	75	10	0	0
Feed and Residual (1000 MT)	200	200	200	160	0	150
FSI Consumption (1000 MT)	5030	5106	5100	5010	0	5000
Total Consumption (1000 MT)	5230	5306	5300	5170	0	5150
Ending Stocks (1000 MT)	607	555	512	400	0	300
Total Distribution (1000 MT)	5912	5871	5887	5580	0	5450
Yield (MT/HA)	2.8108	2.8108	2.8108	2.7027	0	2.6738

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Sorghum begins in October for all countries' 2021/2022 = October 2021 - September 2022

Barley
Production:
FAS/Addis Ababa projected barley production in 2021/22 to be 2.36 million metric tons, based on a malt barley development program for the old and newly constructed breweries, in addition to food barley. In MY 2020/21, barley production is estimated to be 2.35 million metric tons, equaling the USDA official estimate. Ethiopians use barely for food, feed and, malting. The demand for malt barley has been increasing with the construction of several new malt factories. Until recently most farmers often didn't use modern agronomic practices when growing barley. Nowadays, different agricultural institutions together with Ministry of Agriculture are trying to support malt barley production through improved seed supply sourced from the Ethiopia Institute of Agricultural Research. The total production has been increasing steadily over the past decade driven by increased yields due to improved seed supply.

Consumption:
Barley consumption for MY 2021/22 is projected to be close to 2.4 million metric tons because of better production and availability on the market both for food and malt. In MY 2020/21, barley consumption came in at 2.35 million metric tons, almost equal to the official USDA estimate. Traditionally barley is used for making local recipes, drinks, and other types of food. Barley straw is a good source of animal feed and also used for roof thatch. There are two types of barley that farmers grow in Ethiopia: food barley and malt barley. Most of the barley that farmers grow is food barley and it is the main ingredient for several staple dishes such as *injera*, porridge, and bread. Roasted barley is a popular snack in the country.

Trade:
MY 2021/22 barley imports are forecast at only 4,000 metric tons because local production will supersede the need for higher level imports. The MY 2020/21 barley import is estimated to be exclusively sourced from Europe. The Ethiopian beer industry will only import until the local production of malt barley satisfies the in-country demand.

Stocks:
In MY 2020/21 stocks are estimated at 104,000 metric tons out of which 45 percent are malt barley. The remaining 55 percent of the barley stocks are destined for the food market.

Production, Supply, and Demand

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Ethiopia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1000	1205	1000	1210	0	1200
Beginning Stocks (1000 MT)	104	104	87	100	0	104
Production (1000 MT)	2300	2300	2350	2350	0	2360
MY Imports (1000 MT)	8	4	20	4	0	4
TY Imports (1000 MT)	8	4	20	4	0	4
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2412	2408	2457	2454	0	2468
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	125	100	125	50	0	48
FSI Consumption (1000 MT)	2200	2208	2250	2300	0	2320
Total Consumption (1000 MT)	2325	2308	2375	2350	0	2368
Ending Stocks (1000 MT)	87	100	82	104	0	100
Total Distribution (1000 MT)	2412	2408	2457	2454	0	2468
Yield (MT/HA)	2.3	1.9087	2.35	1.9421	0	1.9667

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Barley begins in October for all countries' 2021/2022 = October 2021 - September 2022

Millet

Production:

Millet production for MY 2021/22 is forecast at 850,000 metric tons, six percent lower from the 2020/21 revised estimate. This is due to a low-price disincentive for farmers to grow millet compared to other grains.

Consumption:

Millet consumption for MY 2021/22 is forecast at 850,000 metric tons considering the anticipated harvest. Since millet is generally cheaper than *teff*, some poor families use millet instead of *teff* when making injera. Millet is also used to make traditional homemade alcohol.

Trade:

There is no formal trade of millet, though informal transactions may occur in border regions.

Stocks:

Millet ending stocks are insignificant and are nearly all held by farmers.

Production, Supply, and Demand

Millet	2019/2020		2020/2021		2021/2022	
Market Year Begins	Oct 2019		Oct 2020		Oct 2021	
Ethiopia	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	450	410	450	415	0	400
Beginning Stocks (1000 MT)	0	0	0	25	0	25
Production (1000 MT)	1100	1080	1100	900	0	850
MY Imports (1000 MT)	0	0	0	0	0	0
TY Imports (1000 MT)	0	0	0	0	0	0
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1100	1080	1100	925	0	875
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	25	30	25	40	0	50
FSI Consumption (1000 MT)	1075	1025	1075	860	0	800
Total Consumption (1000 MT)	1100	1055	1100	900	0	850
Ending Stocks (1000 MT)	0	25	0	25	0	25
Total Distribution (1000 MT)	1100	1080	1100	925	0	875
Yield (MT/HA)	2.4444	2.6341	2.4444	2.1687	0	2.125

(1000 HA) ,(1000 MT) ,(MT/HA)
MY = Marketing Year, begins with the month listed at the top of each column
TY = Trade Year, which for Millet begins in October for all countries' 2021/2022 = October 2021 - September 2022

Attachments:

No Attachments