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Ethiopia

Grain and Feed Annual

Grain and Feed Annual Report

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Report Highlights:

Agriculture employs more than two thirds of Ethiopia's population and is the backbone of the country's economy. While Ethiopia is one of the world's most vulnerable countries to drought and other natural calamities, it exhibits strong prospects for economic growth. With a population of more than 84.3 million people, it is the second most populous country in sub-Saharan Africa. Currently, over 12.8 million hectares of land are under cultivation making it the largest producer of food grain in Africa. However, Ethiopia is still considered a food deficit country. The major grain crops grown in the country are *teff* (a gluten-free small grain), wheat, corn, barley, sorghum, and millet. These cereals are

predominantly produced by small landholders with no more than 2 hectares (ha) per family. They are consumed for food and the by-products are frequently used as animal feed. Due to adequate rainfall and easier access to improved seed, production of grains in Marketing Year (MY) 2013/14 show increases over the previous year's production. In MY 2014/15, wheat production is forecast to be slightly higher than in 2013/14 due to improvements in seed supply, greater fertilizer applications, and increases in extension support. Similar to 2012/13, 2013/14 wheat imports were made primarily through the Ethiopia Grain Trade Enterprise (EGTE), the government owned enterprise, and through food aid. According to EGTE's plan for 2013/14, it aims to import 400,000 metric tons of wheat.

Executive Summary:

Overall Production of Grains:

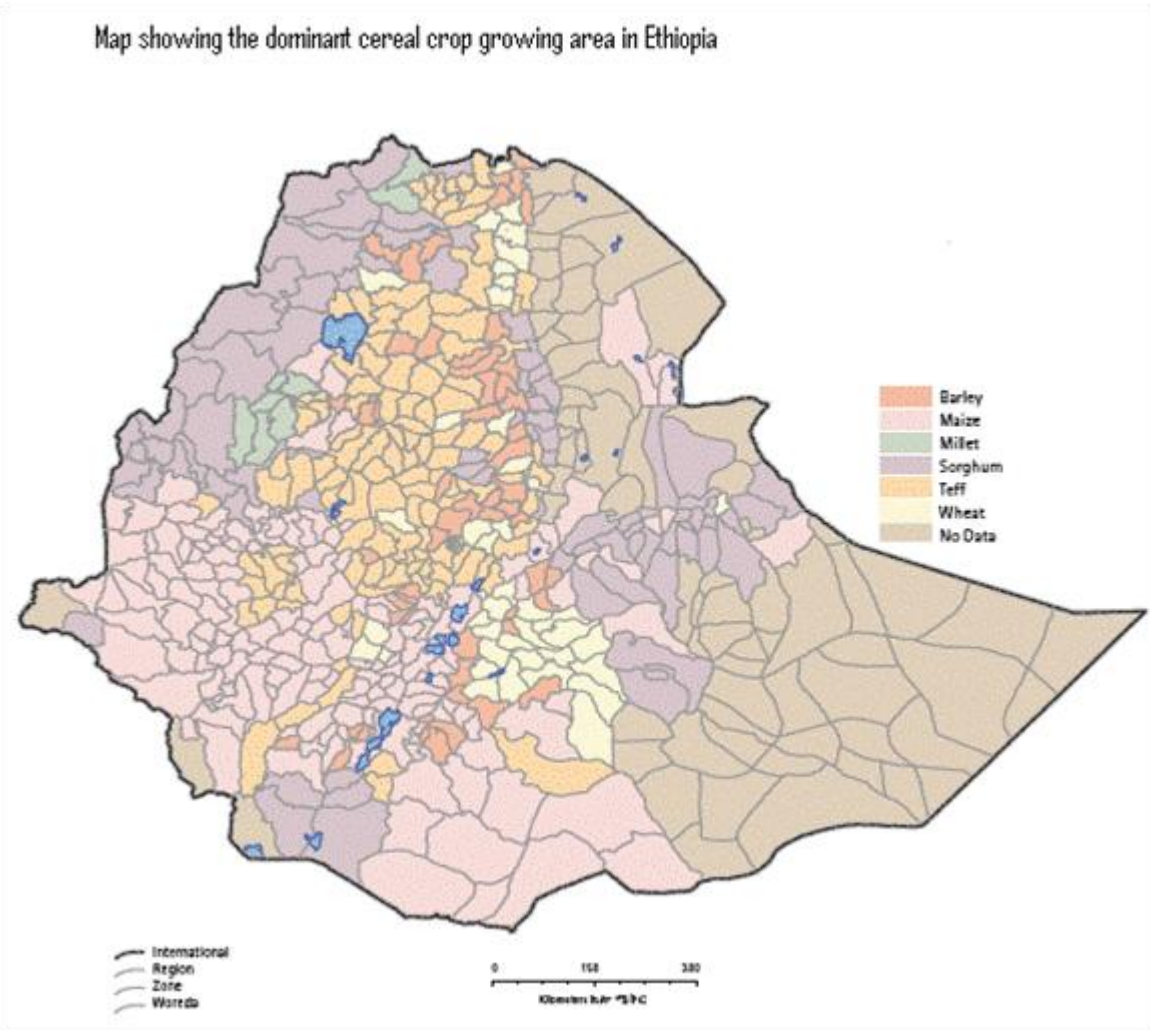
In Ethiopia, there has been substantial growth in yield and production of cereals since 2010. In 2013/14, the yields are estimated to be 2.2 MT/ha. However, by international standards such yields are considered to be low. Grain production is highly dependent on the timely onset, duration, distribution, and quantity of rainfall. This makes the sector vulnerable to drought and other natural calamities. Although the country is one of the largest grain producing nations in Africa, there are still large pockets of food insecurity in various regions.

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*, wheat, barley (categorized as primarily cool weather grain crops) and corn, sorghum, and millet (categorized as warm weather grain crops). The distribution of dominant cereal crops in Ethiopia is shown on the map below. All of these crops are predominantly rainfed crops grown all over the country. In the main grain producing areas of the northern and central parts of the country, there are two rainy seasons per year: the long *meher* rains, which typically start in June and extend to September, support 92-95 percent of annual grain production and the smaller *belg* rains, which typically start in the middle of February and end in the middle of May, support 5-8 percent of annual grain production.

Grain production constitutes the primary share of agricultural production and contributes significantly to the national domestic product. Increasing grain production in Ethiopia is crucial to the country's efforts to attain food security and provide inputs for the agro-industrial sector. Around 98 percent of cereals are produced by small landholder farmers. Only two percent are produced by commercial farms, primarily for seed purposes. The average land holding in the cereal producing areas is less than one hectare. The fragmented nature of land holdings and low use of agricultural inputs contributes to low grain yields in the country. The country does not produce its own fertilizer and farmers have used a generic fertilizer blend applied regardless of soil and crop type. Furthermore, the Agricultural Input Supply Enterprise (AISE) is the only company that imports fertilizer into the country. However, Ethiopia is on track to produce its own fertilizer during the next crop season. Additionally, soil fertility mapping, a project currently being conducted by the Ethiopian Agricultural Transformation Agency (ATA), is near completion and will identify which lands need what type of fertilizer and in what quantity. The aim of the mapping is to make the use of fertilizer in the farming system more efficient and economical.

The Government of Ethiopia (GOE) has been trying to promote a package-driven extension service

that combines credit, fertilizers, improved seeds, and more modern farm-management training to improve the living standards of farmers. The GOE's ambitious five-year Growth and Transformation Plan (GTP), which started in 2010, aims to double grain production by 2015. However, due to high population pressure and significant soil degradation in the highlands, there is little chance of reaching this target. To help increase production, the government is encouraging local and foreign investors to exploit large uncultivated land in pastoralist and semi-pastoralist areas of the country. Nearly all commercial farms, most of which have been in operation less than four years, are trying to produce crops primarily for industrial and export purposes e.g. soybeans, rice, and cotton. The government has provided low lease prices for land as well as other incentives to local and foreign investors in an attempt to encourage them to develop commercial farms; however, the performance of most commercial farms has not been satisfactory due to infrastructure and financial challenges.



Source: International Food Policy Research Institute (IFPRI)

Overall Consumption of Grains:

Grain production and marketing are the primary means of livelihoods for millions of Ethiopian households. Over 50 percent of average daily caloric intake of an average household is from wheat, sorghum, and corn. Cereal production accounts for roughly 60 percent of rural employment and 80 percent of total cultivated land. Households spend an average of 40 percent of their total food budget on cereals. According to the World Food Program, 46 percent of the Ethiopian population is malnourished, underscoring the importance of increasing domestic grain production. Farmers hold about 10 percent of grain production for planting. The commercial feed industry is in its infancy stage and is located primarily around Addis Ababa and slightly to the south. The lack of animal feed is by far the biggest constraint to the development of the livestock sector in Ethiopia. There are about 21 feed mills in the country, but most of their production is primarily for on-farm consumption.

**Area and production of Common Cereals in Ethiopia in MY
2013/14**

October 2013-September 2014

Crop	Area (1000 hectares)	Production (1000MT)
Corn	2160	5670
<i>Teff</i>	3762	3775
Sorghum	1785	3680
Wheat	1550	3320
Barley	1020	1685
Millet	435	695
Total	10712	18825

Source: FAS Addis Ababa

Overall Grain Trade:

Despite the increase in grain production in the country, most grains are not exported due to high demand in the country. The Port of Djibouti is the main port of entry for both commercial and food aid grains imported into Ethiopia. The Port is about 950 km from Addis Ababa, requiring about two days to reach Addis Ababa by truck. All commercial grains are imported by the Ethiopian Grain Trade Enterprise (EGTE). It handles not only grain imports but also coffee and oil crop exports to the Middle East, China, and Europe. Starting in 2008, the GOE began controlling foreign exchange, which has created limited opportunities for private traders to access foreign currency to import grain into the country. This situation has made EGTE the only grain importer in the country.

Overall Grain Trade Policy:

The most significant GOE market development initiative has been the establishment of the Ethiopian Commodity Exchange (ECX) through which it is trying to increase the trade of grains. Imports of grains are not officially banned, but traders and millers don't have access to foreign exchange required to purchase internationally and cannot compete with the government subsidized wheat distribution system. Tariffs on grains are low (5 percent) combined with a 15 percent VAT tax.

The GOE imposed a ban on cereal exports in February 2008. However, there is still informal cross border trade transaction with neighboring countries. In particular, corn is being exported to

Kenya through the border town of Moyale. Uncertainty about government intervention in grain markets is a major source of risk for private traders and a key reason they are reluctant to invest in grain trading. GOE policy reforms such as the devaluation of the domestic currency, development of market institutions and infrastructure projects etc. have resulted in major changes to the structure of Ethiopian cereal markets. The reforms increased the number of institutional market actors like the establishment of the ECX, the emergence of cooperatives in both production and marketing, and the growth of the grain processing sector. However, the EGTE has continued ad hoc market interventions in recent years, including domestic procurement and distribution and international procurement.

Commodities:

Wheat

Production:

Ethiopia is the second largest wheat producing country in Africa behind South Africa. Most wheat production in Ethiopia comes from small holder farmers. Wheat is mainly grown in the central and southeastern highlands during the main (*Meher*) rainy season (June to September) and harvested in October-November. Arsi, Bale, and parts of Shoa are considered the wheat growing belt. Ethiopia's wheat production self-sufficiency is only 75 percent and the remaining 25 percent of wheat has to be imported commercially and through food aid. The majority of wheat grown in Ethiopia is bread wheat. However, durum and bread wheat (mixed together) is grown in some parts of the country. Eight percent of wheat is produced on large state-owned farms consisting of roughly 124,000 ha of land. The remaining ninety two percent (1,426,000 ha) of production is from small farms.

In 2013/14, more than 1.5 million hectares were dedicated to wheat cultivation with estimated annual yield of 2.2 tons per hectares. Annual yield has risen steadily in Ethiopia since 2002 owing to increased investment in wheat production by both the government and various stakeholders. In 2013/14, Ethiopia produced about 3.32 million tons of wheat, almost double the quantity produced in 2002 (1.07 million tons). The GOE estimates that over 4.5 million households are involved annually in wheat production, but that still does not satisfy the country's annual domestic demand. Hence, a large quantity of wheat is imported every year to meet the rising domestic consumption demand.

Rainfall quantity and distribution in the 2013 *Meher* rainy season (June-September) was favorable in almost all parts of the wheat growing belts. The wheat stem rust epidemic observed in 2010/11 in some parts of the country was not noticed in the 2012/13 and 2013/14 production years in most parts of the country because the climate was warm but not humid. This situation encouraged more farmers to increase wheat cultivation. In 2011/12, expanded extension services and favorable weather conditions all contributed to increased wheat production. Researchers from USDA, USAID, Cornell University, the Gates Foundation, and the International Center for Agricultural Research in Dry Areas (ICARDA) conducted intensive research in 2010/11 and developed several stem rust resistant wheat seed varieties. Despite these efforts, Ethiopia still does not have sufficient seed multiplication facilities, and therefore, farmers are still using low quality seeds.

USAID Ethiopia has developed a program to expand seed distribution and to encourage Ethiopian farmers to adopt new seed varieties. This program may help to expand seed distribution and to improve

seed varieties in the future; however, at present, less than 8 percent of farmers are using improved seeds in the wheat growing belt. The Oromia and Amhara regions produce 59 percent and 28 percent of the country's wheat, respectively, with an additional 10 percent coming from the Southern Nations, Nationalities, and Peoples Region (SNNPR) and 3 percent coming from other regions.

Consumption:

Wheat is used in the preparation of a wide range of products such as the traditional fermented thin bread (“*injera*”), regular bread (“*dabo*”), local beer (“*tella*”), and several other local food items. Additionally, wheat straw is commonly used as a roof thatching material and as animal feed.

Wheat's share of total cereal consumption increased by 20 percent in recent years, making it the second most consumed cereal in Ethiopia after corn. In the average Ethiopian household diet, wheat accounts for approximately 200 kcal/day in urban areas as compared to 310 kcal/day in rural areas. Wheat accounts for about 11 percent of the national calorie intake in the country. The consumption of wheat has gradually increased in urban areas because of high population growth (about 2.6 percent a year), migration of people to urban areas, and increases in condominium living.

In most parts of the country, families prefer to use *teff* to make *injera* (fermented thin bread) and occasionally to make porridge. *Teff* can also be used to produce local beer and liquor. *Teff* straw is an important source of animal fodder and has been shown to be a more nutritious form of animal feed than other grain by-products. Because of the price escalation of *teff* compared to wheat and the ease of preparation of wheat, most middle and lower class populations are consuming more wheat.

There are around 216 flour mills in Ethiopia, with a total production capacity of about 4.2 million tons of wheat flour a year. Almost a third of these mills are located in Addis Ababa. Mills are able to obtain wheat through two channels namely subsidized wheat from the EGTE and from domestic production on the open market, whose price is higher than imports. The state-owned EGTE controls all commercial wheat imports and makes wheat available to millers at a subsidized price; this accounts for roughly a quarter of the wheat market and the rest of the market is supplied from domestic production, whose price is not controlled and whose price is higher than imported wheat.

Trade:

Commercial imports of wheat have increased in the last couple of years, which is likely the result of the government's efforts to stabilize wheat prices following a significant increase in domestic food prices. In 2008/9, the GOE started importing wheat through EGTE which increased the domestic supply of wheat at a subsidized price and lowered the domestic market prices. For importers, wheat importing is no longer a profitable business because importers cannot compete with the subsidized wheat the GOE imports via EGTE, price increases in the international market, and problems in obtaining foreign exchange. Ethiopia remains one of the largest recipients of food aid in Africa, receiving around 27% of the global food aid given to sub-Saharan Africa.

EGTE supplies wheat to the consumer from May through October before the harvest starts. Wheat from EGTE is sold to flour mills, consumer associations, organized governments, and private sector employees. In MY 2012/13, EGTE imported 322,415 MT of wheat, primarily from India, and around 661,504 MT from food aid, 26 percent of which was from the US.

Whole sale Prices of Cereals in Addis Ababa for CY- 2013
(USD/MT)

Commodities					
Month	Teff	Wheat	Barley	Sorghum	Corn
January	765	479	535	587	349
February	772	467	535	582	354
March	770	469	508	564	346
April	770	475	512	552	349
May	782	478	514	583	364
June	800	484	521	552	366
July	799	498	525	603	392
August	803	506	537	627	398
September	823	521	536	639	444
October	841	539	555	684	505
November	807	583	568	644	514
December	800	522	530	646	402

Source: Central Statistical Agency of Ethiopia

Wheat imports by country of Origin in 2012/13.
(1000 MT)

Country of Origin	MY 2011/12	MY 2012/13
Russian Federation	388	
United States	261	262
Italy	-	49
India		673
Oman	-	
Pakistan	-	
Argentina	212	
Belgium	42	
Brazil	120	
Turkey	-	
China	25	
Others	2	
Total	1050	984

Ethiopian Wheat imports-Commercial vs. Food Aid
(1000 MT)

Import	2011/12	2012/13	2013/14 (est)
GOE commercial import	750	322	400
Food assistance	300	662	552
Total wheat import	1050	984	952

Source: Ethiopia Revenue and Custom Authority

Stocks:

The Ethiopia Emergency Food Security Reserve Administration (EFSRA) is mandated by the GOE to keep emergency grain stocks for the country. The amount of the emergency wheat stocks fluctuates between 160,000-170,000 MT. EGTE holds the remaining 10 percent of total stocks, and private store houses and mills hold between 30-35 percent. The ECX reported that farm households consume about 60 percent of wheat produced, 20 percent is sold, and the remainder is used for seed, in-kind payments for labor, and animal feed.

Policy:

The Ministry of Trade (MOT) controls the supply chain of imported wheat in urban areas through EGTE. Only 30 percent of the total 216 major flour mills in the country are getting subsidized wheat for their mills from EGTE, and the price of this subsidized flour is capped by the MOT. Mills located outside of the capital prefer to buy wheat from the local market due to lower transportation costs and because the price of flour made by those mills is not capped.

Production, Supply and Demand Data Statistics:

Wheat Ethiopia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,510	1,510	1,510	1,550		1,560
Beginning Stocks	322	322	372	298		288
Production	3,200	3,200	3,300	3,320		3,340
MY Imports	1,300	1,030	1,000	985		952
TY Imports	1,305	1,100	950	1,235		1,000
TY Imp. from U.S.	145	192	0	212		200
Total Supply	4,822	4,552	4,672	4,603		4,580
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	250	250	260	265		270
FSI Consumption	4,200	4,004	4,100	4,050		4,060
Total Consumption	4,450	4,254	4,360	4,315		4,330
Ending Stocks	372	298	312	288		250
Total Distribution	4,822	4,552	4,672	4,603		4,580

1000 HA, 1000 MT, MT/HA

Commodities:

Corn

Production:

Corn is Ethiopia's largest cereal crop in terms of total production, area planted, and number of farm holdings. Corn accounts for 20 percent of the total area covered by cereal and around 30 percent of the total cereal production. In addition to the highest total production per year and the highest per hectare yield, corn is also the single most important crop in terms of the number of farmers engaged in cultivation. During this reporting period, more than eight million small holder farmers were involved in corn production.

The GOE recognizes the importance of corn to the country's economic and social development and has emphasized corn production and marketing in its strategies and policies for agricultural transformation. Although it is Ethiopia's most cultivated crop, corn still has significant growth potential.

The lion's share of corn production comes from three regions: the Oromia region (61 percent), Amhara (20 percent) and SNNPR (12 percent). Subsistence and small landholder farmers produce 95 percent of total corn production and commercial farms produce only around 5 percent, mainly for seed. Corn yields on commercial farms reach only 4 tons/ha, showing that there is still room for increasing yields of small holder farmers (about 2.6 tons/ha) when improved seeds and fertilizers are used.

DuPont/Pioneer is collaborating with the MOA, the ATA and USAID to advance the agricultural development and food security goals set by the GOE. This collaboration, termed the Advanced Corn Seed Adoption Program, will provide sample seed to demonstration plots and field training sessions as well as build a network of farmer dealers and cooperatives to advance the use and acceptance of high-quality seeds and production techniques. DuPont/Pioneer opened a seed processing plant and large capacity storage warehouse 30 km west of Addis Ababa to meet the increasing demand for DuPont/Pioneer seeds. The facility was built at a cost of more than 2 million USD.

Consumption:

Corn use data obtained from the Central Statistics Authority (CSA) show that out of the total national production of corn, 80 percent was used for household consumption, 10 percent for sale, and the remainder was used for seed, wages in kind, and animal feed. Due to the lower price of corn compared to other grains, the per capita consumption of corn is estimated to be 45 kg/year in rural areas and 16 kg/year in urban areas. Most of the flour mills in the rural areas mix corn with wheat to lower the price of wheat flour. This helps bakeries to lower the price of bread and to obtain a better profit margin.

Farmers and day laborers in urban areas are the primary consumers of unprocessed corn. Unprocessed corn allows consumers in the lower income brackets to cover their daily food requirements during the pre-harvest months when grain stocks at the household level are minimal (starting June to the middle of September). In 2012, the consumption of corn for food increased due to increases in wheat prices. The use of corn as feed, especially for poultry, is gradually increasing in the country. Farmers also use corn stalks for fuel, cattle feed, and construction material for houses in rural areas.

Trade:

In light of the good corn harvest for the 2013-14 *Meher* season, the GOE is considering removing the export ban on corn. Some informal trade of corn between neighboring countries occurs depending on the amount of corn production and the rainfall patterns of neighboring countries, especially Kenya. The World Food Program (WFP) signed a contract agreement with 16 cooperative unions in Ethiopia for the purchase of more than 28,000 metric tons of corn. The corn has been used for WFP relief distribution in Ethiopia in 2013/14. This relief distribution is being done under WFP's Purchase for Progress Initiative (P4P), which is financed by the Bill and Melinda Gates Foundation and implemented in collaboration with the GOE through the ATA.

Production, Supply and Demand Data Statistics:

Corn Ethiopia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,150	2,150	2,150	2,160		2,164
Beginning Stocks	491	491	491	491		481
Production	5,500	5,500	5,590	5,670		5,730
MY Imports	0	0	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	5,991	5,991	6,081	6,161		6,211
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	500	500	500	540		550
FSI Consumption	5,000	5,000	5,100	5,140		5,190
Total Consumption	5,500	5,500	5,600	5,680		5,740
Ending Stocks	491	491	481	481		471
Total Distribution	5,991	5,991	6,081	6,161		6,211

1000 HA, 1000 MT, MT/HA

Commodities:

Sorghum

Production:

In MY 2013/14, sorghum was the third largest cereal crop in Ethiopia and was produced in most parts of the country. Sorghum is known for its versatility and diversity and is produced over a wide range of agro-ecological zones.

Sorghum is drought tolerant relative to other major cereal crops. It is primarily a crop of the resource-poor, small-scale farmers and is typically produced under adverse conditions such as low input use and marginal lands. Limited use of inputs and strigina weed (grass type of weed) are the major constraints in sorghum production in Ethiopia. Farmers prefer to plant indigenous sorghum varieties rather than improved varieties because indigenous varieties produce larger volumes of biomass for animal fodder, fuel, and construction material.

Areas of greater concentration of sorghum production include much of the northwestern and eastern parts of Ethiopia. In 2012/13, rainfall distribution was favorable resulting in good yields.

Consumption:

The main use of sorghum in Ethiopia is for making *injera* for human consumption. It is also used for local beer production in some parts of the country. It accounts for an average of ten percent of daily caloric intake of households in the eastern and northwestern areas of the country. Lower quality sorghum grain is also used for animal feed. Sorghum stalks is an important product and is used as fire wood, fodder, and construction material for rural houses. Sorghum consumption is increasing in middle and lower class communities because higher quantities are being used in the making of *injera* to offset the higher price of teff.

Trade:

Northwestern parts of the country produce about 28 percent of the total production of sorghum. The distance from the production areas in northwestern Ethiopia and the central market in Addis Ababa is over 750 km which has resulted in farmers engaging in informal exporting of sorghum to Sudan rather than bringing sorghum to Addis Ababa. This trade depends on the sorghum production situation in Sudan and other neighboring countries. The same type of export trade is also observed in eastern parts of the country near Somalia.

Production, Supply and Demand Data Statistics:

Sorghum Ethiopia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,780	1,780	1,800	1,785		1,790
Beginning Stocks	308	308	153	226		200
Production	3,570	3,645	3,700	3,680		3,700
MY Imports	50	50	50	50		50
TY Imports	50	50	50	50		50
TY Imp. from U.S.	0	0	0	0		0
Total Supply	3,928	4,003	3,903	3,956		3,950
MY Exports	75	77	75	70		75
TY Exports	75	0	75	70		75
Feed and Residual	200	200	200	210		230
FSI Consumption	3,500	3,500	3,500	3,476		3,480
Total Consumption	3,700	3,700	3,700	3,686		3,710
Ending Stocks	153	226	128	200		165
Total Distribution	3,928	4,003	3,903	3,956		3,950

1000 HA, 1000 MT, MT/HA

Commodities:

Barley

Production:

Ethiopia is ranked twenty-first in the world in barley production with a share of 1.2 percent of the world's total production. Barley cultivation is widely distributed across the country on over one million hectares of land and by more than four million small holder farmers. Currently, it is grown exclusively for the domestic market and is neither imported nor exported. Barley is a high-opportunity crop, with great room for profitable expansion, particularly when connected with the country's commercial brewing and value-added industries. It is the fifth most important cereal crop in Ethiopia after *teff*, wheat, corn, and sorghum. There are two varieties of barley in Ethiopia: food barley for human consumption and malt barley which can be converted into malt, a key ingredient in beer making. Barley production performs well in the northern and central highlands of the country. Major agronomic qualities of Ethiopian barley include high tillering capacity, tolerance to marginal soil conditions, vigorous seedling establishment, and a quick grain-filling period. Most varieties of barley in Ethiopia require cool and temperate areas for growth, making the highland areas of Ethiopia which are located more than 2,000 meters above sea level ideal for barley production. Barley yields have been stagnant for a long time due to high soil degradation and low farm input supplies such as fertilizer and improved seed.

Consumption:

Barley is a staple food grain, especially for Ethiopian highlanders. It matures early which is bridging the critical food shortage that occurs before the harvest time of other crops around September. Barley also serves as a substitute for wheat when wheat prices are high. For millennia, barley has been supplying the basic necessities of life (food, feed, local beverages and roof thatch) for people in the highlands. Many Ethiopian households have roasting equipment to convert the grain into roasted barley, a popular snack food in Ethiopia. Because of its wide range of uses, barley is considered the "*king of grains*" in much of the country. However, the ever-increasing human and livestock populations are placing increasing pressure on land normally used for barley production.

The market potential for malt barley in Ethiopia is directly related to market demand for beer, which has shown significant growth in terms of consumption. From 2003 to 2011, beer production in Ethiopia increased from 1 million hectoliters to roughly 4 million hectoliters.

Malt barley is the major raw material (about 90 percent of the total raw material cost) for beer production. Malt barley grain is mainly produced in the southeastern part of Ethiopia in the Arsi and Bale administrative zones. The total estimated demand for malt barley in 2012/13 was around 72,000 tons, of which 35 percent is supplied from local barley farms. The remaining amount of malt barley is imported from Belgium and France. Malt barley production in Ethiopia actually has dual use: it can be used for food (bread and several traditional dishes) and also for malting. The domestic brewing market is actually projected to grow 15–20 percent per year in the coming years. Much of Ethiopia's beer demand is currently being met by domestic production. Recently, major international brewery

operators, such as Diageo and Heineken, have entered the Ethiopian market. An initial contract agreement has been made with Ethiopia's barley farmers and Diageo to test the ability of Ethiopian farmers to produce barley domestically rather than the company importing barley.

Established in 1984, Asella Malt Factory (AMF), a state-owned facility, was for a long time the only malt processing factory in the country supplying malt to four local breweries. In 2013, a private company started malt barley production. There are two additional breweries under construction which will likely increase the demand for malt barley in the near future.

Stocks:

Small holder farmers and local traders control most barley stocks, but malt factories hold some of the stocks before selling them.

Production, Supply and Demand Data Statistics:

Barley Ethiopia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,020	1,015	1,020	1,020		1,020
Beginning Stocks	177	177	365	194		222
Production	1,620	1,620	1,632	1,685		1,690
MY Imports	0	0	0	13		10
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	1,797	1,797	1,997	1,892		1,922
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	132	140	150	155		160
FSI Consumption	1,300	1,463	1,500	1,515		1,535
Total Consumption	1,432	1,603	1,650	1,670		1,695
Ending Stocks	365	194	347	222		227
Total Distribution	1,797	1,797	1,997	1,892		1,922

1000 HA, 1000 MT, MT/HA

Commodities:

Millet

Production:

Millet is the sixth most important crop after *teff*, wheat, corn, sorghum, and barley. Finger millet is native to the Ethiopian highlands and comprises about five percent of the total land devoted to cereals. Currently, millet is not a preferred grain in the farming community due to the lower market price.

Millet is considered a "poor person's crop," but it plays an important role in marginal regions where the soils have been degraded and moisture stress is frequent. Millet is resistant to drought and to pest infestation both in the field and in storage. Millet production is quite low due to the minimal use of farm inputs and the occurrence of millet production on marginal lands. Furthermore, millet production is primarily dependent upon the amount and distribution of rainfall. The production of millet in 2013/14 was relatively good largely as a result of uniform rainfall patterns in the cereal growing regions of the country.

Consumption:

The principal use of millet in Ethiopia is for malt in the making of local beer called *tela* and distilled liquor known as *areki* (local gin). Millet is also widely used as a food cereal, especially during times when other cereals are scarce. In low-income households, families substitute millet for *teff* when making *injera* because of its lower cost. It is also considered a gluten-free grain like *teff* and a good source of fiber. As the price of *teff* has increased, millet consumption has increased proportionately. About 10 percent of millet production is used for animal feed, also because of its low price. Millet straw is also used for shade construction and as forage for cattle, sheep, and goats.

Trade:

There is no formal export and import market for millet in Ethiopia. There is small informal trade around the border regions depending on production and rainfall in the neighboring countries.

Production, Supply and Demand Data Statistics:

Millet Ethiopia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	440	440	440	435		435
Beginning Stocks	21	21	19	16		21
Production	673	680	680	695		695
MY Imports	0	0	0	0		0
TY Imports	0	0	0	0		0
TY Imp. from U.S.	0	0	0	0		0
Total Supply	694	701	699	711		716
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0

Feed and Residual	25	25	25	30		26
FSI Consumption	650	660	650	660		670
Total Consumption	675	685	675	690		696
Ending Stocks	19	16	24	21		20
Total Distribution	694	701	699	711		716
1000 HA, 1000 MT, MT/HA						