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GAIN Report

Global Agricultural Information Network

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USDA's Food for Progress Program Opens Path for US Wheat Sales

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Report Highlights:

Under USDA's Food for Progress Program, USDA and ACIDI/VOCA are working together to support the development of Ethiopia's livestock feed sector through the Feed for Enhancement for Ethiopian Development project (FEED). This report highlights the positive impact resulting from the monetization of U.S. wheat which was used to finance the second phase of the FEED project. Specifically, Lemlem Food Complex, which bought most of the monetized wheat, is interested in commercial purchases of more U.S. wheat.

FEED II Success Story: Nuredin Abdultife Abdu Buys Monetized U.S. Wheat
by Robin Wheeler, Chief of Party, FEED II Project



Mr. Nuredin Abdultife Abdu (pictured at right) is the owner of Lemlem Food Complex, one of the largest wheat millers and pasta-makers in Ethiopia, which is based in Mekele, the capital of Tigray Region. This large corporation started off relatively small more than a decade ago. “I began my business 16 years ago,” Nuredin says, “with a grant of ETB 1.5 million (about \$73,000) from my father and built from there.” From that small beginning, Nuredin has grown his company to one of the largest in the country and already has plans underway to become far and away the biggest in Ethiopia.

In the past, to run his wheat milling operation, Nuredin used both local and imported wheat. When using imported wheat, he could not specify the class or type of wheat he needed for his end products since the wheat was purchased and distributed at a subsidized price by the Government of Ethiopia’s (GOE) state-trading arm, known as the Ethiopian Grain Trade Enterprise. Complicating things further was the requirement that the GOE-purchased wheat only be used for bread making. In addition, the GOE bought strictly based on price, meaning that the cheapest international supplier usually would end up winning the tender. In recent years, the Black Sea countries as well as India have supplied wheat at the cheapest possible price. In contrast, wheat from the United States was not purchased through this mechanism since it generally was priced higher due to its superior quality and characteristics.

Last year, this changed when Nuredin was able for the first time to purchase and use U.S. wheat at his factory. To do this, he had to go outside of the GOE import scheme and make a private purchase which had been made available through the US Department of Agriculture’s Food for Progress Program. Under this program, USDA monetized 40,000 metric tons of hard red wheat through open tenders which were advertised in the local newspapers. The proceeds from the sale of this wheat were then used to finance the FEED II project, which is a livestock feed development activity that is being implemented by ACDI/VOCA.

Of this monetized-amount, Nuredin purchased 35,000 metric tons of the U.S. hard red wheat. When asked about his interest in U.S. wheat, Nuredin said, “that this was very attractive to me because I have state-of-the-art milling and pasta-making equipment and over 40,000 MT of warehouse space.” As this was his first time purchasing foreign wheat outside GOE channels, Nuredin encountered several new experiences in learning how to navigate port logistics and clearance procedures at the Port of Djibouti, and how to transport the wheat from the port to his operation in Mekele.

Overall, this monetization was very much a “win-win” for all involved, including Nuredin, the FEED II project and its beneficiaries. For Nuredin, it meant that he had sufficient supplies of wheat, at a time when there were local wheat shortages, to produce and sell flour, pasta products, and wheat bran to local consumers at the best possible price. In addition, partially owing to his positive experience with U.S. wheat, Nuredin says he is “planning to build a new factory in Addis Ababa that will do milling and

pasta-making and be about ten times the size of [his] Mekele operations.” To meet the anticipated demands from his new factory, Nuredin is even considering buying more U.S. wheat in the future.

As to the positive impacts on the FEED II project, Nuredin’s purchase of the 35,000 metric tons of monetized wheat provided about \$9.2 million (ETB 188,860,000), or 70 percent, of the total \$13 million FEED II budget. The sales of the bran made from the monetized wheat also benefited the FEED II program as it was used as an important ingredient in livestock feed concentrates by the project’s beneficiaries. Furthermore, without Nuredin’s sizeable purchase, it would have been very difficult to complete the monetization process and smoothly run the FEED II program.

For individual success stories demonstrating how the FEED II project has positively impacted Ethiopia’s livestock sector, please refer to [ET1511](#) and [ET1515](#).



Lemlem Food Complex in Mekele, Ethiopia



US Wheat Storage at Lemlem Food Complex



Lemlem Food Complex Flour Mill



Noodles Made from U.S. Wheat at Lemlem Food Complex



Noodles Made from U.S. Wheat at Lemlem Food Complex