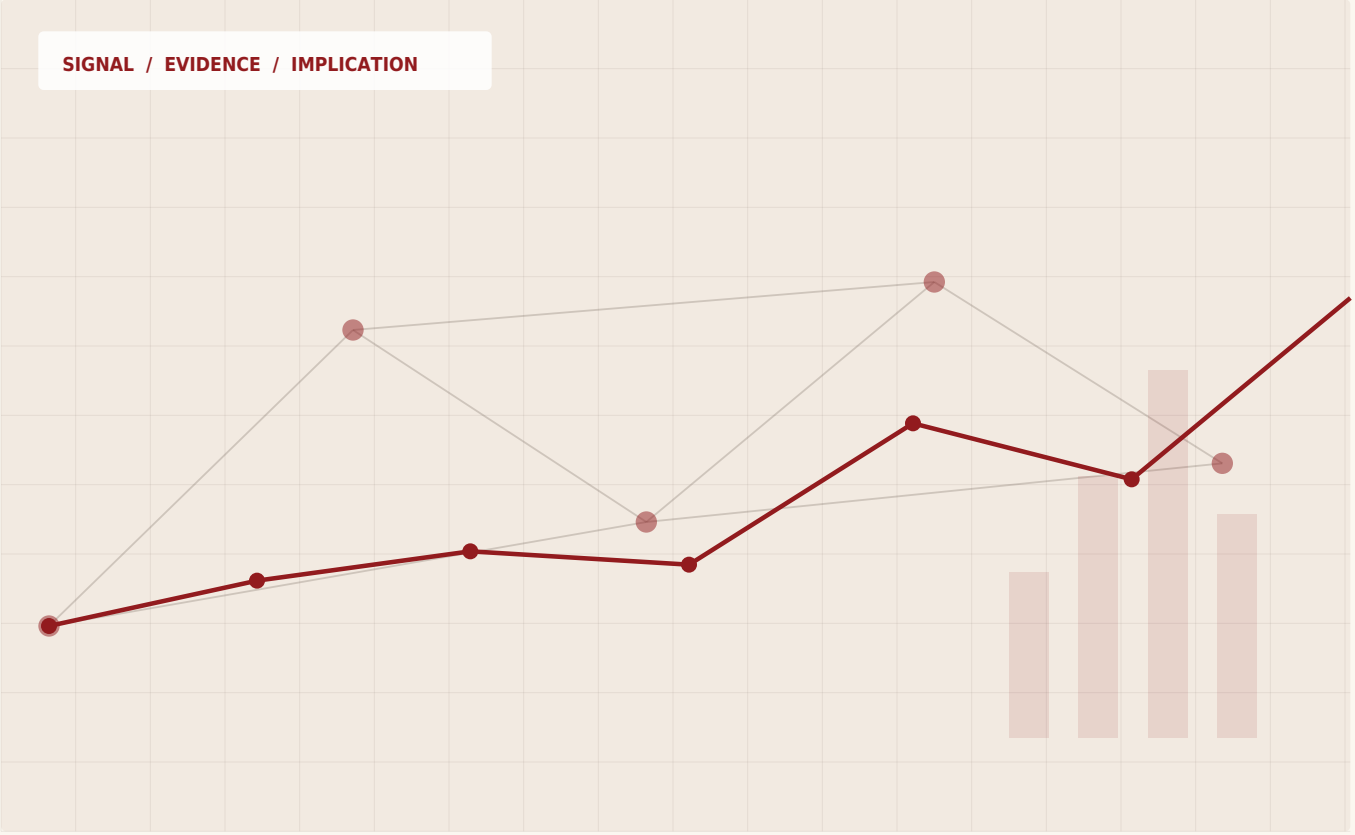
AGRICULTURE / TRADE / WHEAT

INDUSTRY & TRADE BRIEF / SEPTEMBER 2026

The Import Bill Fell

Ethiopia's Wheat Push Changed the FX Equation. Competitiveness Is Next.



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THE NUMBERS BEHIND THE WHEAT SHIFT

Ethiopia has expanded wheat production aggressively. Independent trade data show the import requirement has narrowed, not disappeared.

6.5M MT	1.4M MT	$45/MT	0
USDA estimate of Ethiopia wheat production in MY2025/26 *USDA FAS Grain and Feed Annual; 2026*	**Estimated wheat and wheat-product imports in MY2025/26** *USDA FAS; revised 2026 estimate*	**January 2026 price advantage of imported wheat over local wheat** *USDA FAS; TDM and NMIS*	**Official commercial wheat exports recorded; MY2026/27 forecast also zero** *USDA FAS; 2026*

DATA INTEGRITY NOTE: Ethiopia's Ministry of Agriculture reports 28.0 million tonnes of wheat production in 2025, while USDA estimates 6.5 million tonnes for MY2025/26. The difference is too large to reconcile as a rounding issue. InfoPlate reports both at source and uses the USDA supply-and-demand series for cross-period analysis because production, imports, consumption and stocks are internally reconciled within one framework.

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TWO FINDINGS THAT DEFINE THE QUESTION

THE SUBSTITUTION IS REAL, NOT COMPLETE

Domestic production has risen enough to reduce the strategic weight of imports, but imports remain part of Ethiopia's wheat balance. USDA estimates 6.5 million tonnes of production against 7.9 million tonnes of consumption in MY2025/26, with 1.4 million tonnes of wheat and wheat products still imported. The latest trade record is even more revealing: wheat-grain imports rose 30% in MY2024/25. Ethiopia has changed the equation, but it has not closed it.

THE NEXT DIVIDEND IS COMPETITIVENESS

The next phase will be decided less by hectares planted than by delivered cost, milling quality and reliability. In January 2026 imported wheat still held about a $45-per-tonne price advantage. Millers continue to use imported grain when domestic availability tightens, while breeding programs are being redesigned around market specifications. Import substitution becomes durable only when local wheat wins commercially, not only administratively.

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SIX MORE FACTS ON THE RECORD

- Imports are still material: USDA estimates Ethiopia imported 1.58 million tonnes of wheat and wheat products in MY2024/25, including an allowance for informal cross-border trade. For MY2025/26, the estimate is 1.4 million tonnes. (USDA FAS; 2026)
- Grain imports actually rose: Recorded wheat-grain imports reached 1.06 million tonnes in MY2024/25, up 30% from the prior year. Russia supplied 68%, Ukraine 15%, and Romania 10%. (USDA FAS; Trade Data Monitor)
- The price gap remains: In January 2026, imported wheat averaged about $420 per tonne, roughly $45 below local wheat. USDA notes imports continue to moderate domestic price pressure. (USDA FAS; Jan 2026)

- Policy is part of the substitution story: Wheat grain faces a 5% import duty plus VAT and withholding tax, while imported wheat flour faces a 25% tariff. FX conditions and currency depreciation also affect import economics. (USDA FAS; 2026)
- Export surplus has not arrived: USDA reports no official record of commercial wheat exports and forecasts zero exports in MY2026/27 because domestic demand and recurring supply tightness absorb available grain. (USDA FAS; 2026)
- Quality is the next constraint: Ethiopian and CGIAR researchers are redesigning wheat breeding targets around miller, processor and exporter requirements, including bread and durum market segments. Volume alone does not replace the specifications industrial users need. (CGIAR; Jan 2026)

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ANALYSIS: THE DIVIDEND, AND THE TEST

The Breakthrough: Production Capacity Has Changed

The wheat initiative has materially expanded Ethiopia's production ambition. The Ministry of Agriculture reports dry-season irrigated wheat area rising from 20,000 hectares in 2020 to 3.5 million hectares in 2025, alongside a much larger rainy-season footprint. USDA independently estimates wheat production at 6.5 million tonnes in MY2025/26 and forecasts 7.0 million tonnes in MY2026/27, supported by irrigation, improved seed, extension and cluster farming.

That is a real structural shift. AfDB's wheat value-chain program was built around a historical demand gap and an import bill estimated at about $540 million annually. The import-substitution case therefore has a clear macroeconomic logic: every commercially viable tonne produced locally can reduce exposure to scarce foreign exchange, freight and external supply shocks.

The Reality Check: Imports Still Anchor the Market

The available trade data do not support a clean 'imports eliminated' narrative. USDA estimates 1.58 million tonnes of wheat and wheat-product imports in MY2024/25 and 1.4 million tonnes in MY2025/26. Recorded wheat-grain imports alone rose 30% in MY2024/25 to 1.06 million tonnes. Russia, Ukraine and Romania supplied 93% of that grain, leaving Ethiopia exposed to Black Sea pricing and logistics even as domestic output rises.

The investor read is specific: Ethiopia has reduced the strategic importance of imports without removing them from the market-clearing mechanism. Imports still support mill utilization, help manage local shortages and put a ceiling on domestic prices. That is import substitution in progress, not completed self-sufficiency.

The Competitiveness Test: Price, Quality and Yield

January 2026 prices make the next challenge visible. USDA puts imported wheat at about $420 per tonne versus roughly $465 for local wheat. The gap is much narrower than before the 2024 exchange-rate adjustment, but imported grain still holds a price advantage. USDA also reports that millers rely on imported wheat when local availability tightens. Meanwhile, CGIAR's work with EIAR, millers and other industry partners is explicitly aligning breeding with market specifications, a reminder that industrial users buy protein, gluten, consistency and milling performance, not national tonnage.

There is also a productivity ceiling to break. USDA estimates Ethiopia's MY2025/26 wheat yield at 3.33 tonnes per hectare. AfDB's 2025 continental analysis identifies Zambia at 6.9 tonnes per hectare as

Africa's wheat yield leader. The comparison is not a prescription, but it shows how much of the next import-substitution dividend will have to come from productivity rather than acreage expansion alone.

The Data Question: Two Production Stories

The largest analytical problem is the production baseline itself. The Ministry of Agriculture reports 7.8 million hectares cultivated and 28 million tonnes produced in 2025. USDA estimates 1.95 million harvested hectares and 6.5 million tonnes for MY2025/26. Those series are not directly interchangeable and the gap is too large to smooth over. For investors, millers and policymakers, the priority is a reconciled national wheat balance that clearly separates seasons, planted versus harvested area, commercial grain, household retention, food assistance, formal imports and informal cross-border flows. Until then, claims of full self-sufficiency should be read with the source definition attached.

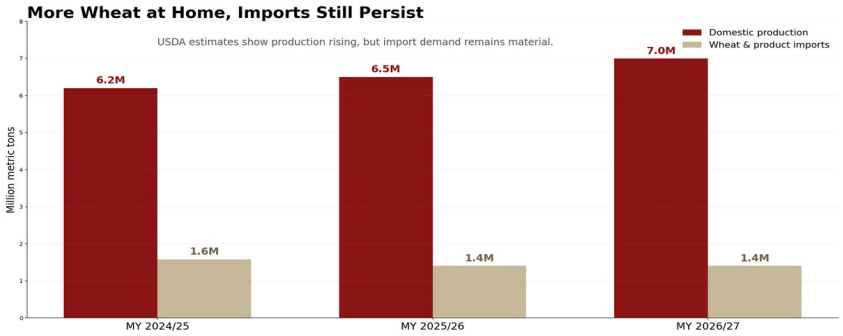

Figure 1: Ethiopia's wheat production and import trajectory, MY2024/25 to MY2026/27. Production rises from 6.2 to 7.0 million tonnes while wheat and wheat-product imports remain around 1.4 million tonnes. Source: USDA Foreign Agricultural Service, Ethiopia Grain and Feed Annual (2026).

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EDITOR'S OUTLOOK

The wheat push deserves more credit than a simple fact-check allows. Ethiopia has expanded irrigation, raised production and made import substitution a serious operating strategy rather than a slogan. But the next phase is harder. A domestic tonne that costs more, misses milling specifications or arrives inconsistently does not deliver the same economic dividend as a tonne that can compete with Black Sea wheat on commercial terms.

The connection to last week's industrial-parks edition is direct. Week 28 showed Ethiopia rebuilding manufacturing without waiting for AGOA reinstatement. Wheat asks the same deeper question from the supply side: can substitution become competitiveness? Watch three things next: whether the local-import price gap closes, whether high-quality bread and durum wheat reduce millers' need for imported grain, and whether yield growth begins to carry more of the expansion than additional acreage. If those indicators move together, the import bill will not just fall. The dependency will actually weaken.

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