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Global Agricultural Information Network

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Algeria

Grain and Feed Annual

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Approved By:

Charles Rush

Prepared By:

Nabila Hales

Report Highlights:

According to the FAO, early prospects for Algeria's 2016 winter wheat and coarse grains crops are favorable benefiting from recent widespread precipitation in eastern Algeria. Meanwhile, large swaths of land normally planted to cereals in western Algeria have suffered drought conditions due to a lack of rainfall.

Executive Summary:

Early prospects for Algeria's 2016 winter wheat and coarse grain crops are favorable benefiting from recent widespread precipitation in eastern Algeria. Meanwhile, large swaths of land normally planted to cereals in western Algeria have suffered drought conditions due to a lack of rainfall.

Algerian Grain Agency (OAIC) reported more than 3.3 million hectares planted this season although plantings were stunted by a considerable dry spell that stretched into January. The drought primarily affected western regions of Algeria. Improved rainfall during the remainder of the season would partially mitigate the negative impact of early season dryness but is unlikely to a full production recovery, as reported by the Algerian Great Crop Institute (ITGC).

The MY2015/2016 grain harvest reached 4 MMT. The grain output was up 14.3 percent compared to the previous year at (3.5 MMT) despite unfavorable weather conditions that were well managed. The grain harvest reached 4 MMT of which bread wheat accounted for 1 percent of the total output.

As result to falling oil prices, the GOA implemented measures to reduce imports. Algeria is seeking to raise its grains production mostly durum production to about 7 MMT per year over 2015-2019 to reach self-sufficiency in durum wheat by 2019.

The GOA introduced import and export licensing, (Journal Officiel No 66 of December 9, 2015) on agricultural commodities and goods originating from the E.U, in order to benefit from the customs duty exemption and preferential tariffs. The list includes; durum wheat and bread wheat, barley, oats, corn, rice coarse grains as well as oilseeds along with live animals, meat, milk and cheese, eggs, crude vegetable oil, sugar and many more.

The OAIC has taken advantage of low commodity prices to replenish stocks in MY2015/2016. The OAIC continues to tender for bread wheat from European markets as reported by press news.

Commodities:

Select

Production:**Plantings**

Weather has been very unfavorable for winter grains in Algeria during the first half the 2016 season. After an early rain in September, precipitation was almost non-existent until the end of December throughout January. The OAIC reported more than 3.3 million hectares were planted this sowing season although plantings were stunted by a dry fall that stretched to January that mainly affected western region of Algeria. In Algeria, the biggest crop-producing region is in the eastern area, and conditions appear much better.

According to FAO reports, early prospects for the 2016 winter wheat and coarse grains crops eastern parts of Algeria maintain favorable crop prospects owing to timely and widespread precipitation, large swathes of land normally planted to cereals in western Algeria have been adversely affected by drought conditions.

The ITGC reported that for farmers, who sowed early in October-November, many plots showed signs of dryness and seedlings have yellowed and have dried. Those who sowed during December are entitled to good production since the recent precipitation will be very beneficial especially those in the region where seeds began to sprout. Improved rainfall during the remainder of the season would partly mitigate the negative impact of early seasonal dryness but would not probably lead to a full production recovery

The Ministry of Agriculture (MOA) bulletins (of March 14 to 20, 2016) indicates the crop development in major production areas: as for wheat; bolting to early swelling in the littoral and sub-littoral Center and end bolting to early swelling in the Eastern region of the littoral, bolting in the center High Plateaus, end tillering to early bolting in Eastern and Western region of the high plateaus region. Barley and oat reached bolting to heading in the three regions of the coastline and sub-littoral, to bolting in the center of the high plateaus, end of tillering to early bolting in the East and to swelling beginning of heading in the west high plateaus.

Wheat and Barley

Durum and barley are the primarily cereal planted, while bread wheat and oats follows. High temperatures are not conducive to growing bread wheat, for this reason Algeria has always planted fewer hectares of bread wheat than durum and barley and has always imported more bread wheat. Each year, about 3.3 million hectares are dedicated to cereal crops of which about 1.5 million hectares are planted with durum, 1 million hectare with barley, 600,000 hectares bread wheat and only 100,000 hectares for oat.

Barley is the second most important cereal and most important feed grain grown in Algeria. It is grown along the coastal plain and mountains, generally on marginal land with annual rainfall of about 20 inches.

The MY2015/2016 grain harvest reached 4 MMT. The grain output was up 14.3 percent compared to the one the year before (3.5 MMT) despite some unfavorable weather conditions that were well managed. The grain harvest reached 4 MMT of which bread wheat accounted for 1 percent of the total output.

Following the oil price drop, the GOA implemented measures to reduce imports. As stated by the OAIC, Algeria is seeking to raise its grain production mostly durum production to about 7 MMT per year over 2015-2019 to reach self-sufficiency in durum wheat by 2019. The GOA is boosting the output through improving irrigation by expanding areas irrigated to two million hectares by 2019; currently only 12 percent of the arable land is irrigated.

GOA also supports 50 percent of the cost irrigation equipment and greater use of fertilizers and certified seeds, increased specialized mechanization such as tractors, planters, and harvesters and combines harvesters as well as increase storage facilities by building new silos.

Production of wheat, barley and oat, which constitute the grain crop in Algeria, has during the last five years been higher than the ten year average of 2.97 million MT, but is still far short of the 8 million tons needed for domestic consumption.

Algeria cereal production comparison (in Million MT)

Average Production (2000-2008)	Production 2009	Production 2010	Production 2011	Production 2012	Production 2013	Production 2014	Production 2015
2.97	6.12	4.56	4.25	5.13	4.91	3.50	4.0

Source: Ministry of Agriculture reports

Consumption:

Algeria is a major consumer of cereals. Wheat is the major source of staple food and accounts for about 75 percent of the calories consumed. Cereal consumption has more than doubled in the past 50 years to 285 kg per capita. Algeria’s total demand for cereals is about 8 MMT.

Algerian wheat consumption has risen slightly in recent years as a result of increased urbanization, population growth as well as increased milling capacity, but is projected to remain more or less stagnant. Recently, there has not been any new investment in the sector and currently, about 430 mills are operational in Algeria.

Barley consumption is a function of weather-related pasture conditions—in general, better pastures conditions result in decreased demand for imports. Barley is consumed mainly as grain in animal feed by sheep, cattle, and camels, with small amounts consumed as green fodder, and minor amounts used for traditional foods. Consumption has trended upward since 2000, with increasing animal numbers, particularly sheep, better rations that include more barley, and efforts to introduce barley into the dairy ration. Algeria’s breweries consume small amounts of barley, generally imported from Europe. Barley consumption is projected to remain relatively stable unless improved pasture conditions are available, this may slightly decrease the feed consumption.

Trade:

Cereals represent 38 percent of the Algeria’s total food import bill (2015) and also the top food import.

Wheat:

Algeria total wheat imports over the last five marketing years look relatively stable. However, the OAIC has taken advantage of falling prices to replenish stocks in MY2015/2016 and is still tendering for bread wheat from European markets as reported by press news. According to analysts, the price of bread wheat had a record decline the past five months on the world grain market. This downward trend is likely to continue in the near future following the European stocks that are coming very important.

Algeria's total wheat imports in MY2015/2016 were estimated at 8 million MT (valued at \$2.39 billion). Bread wheat represented about 80 percent of total wheat imported in 2015, while durum imports represented only 20 percent.

Algeria imported 6 to 7 MMT per annum of total wheat over the past five years of which bread wheat always represents 75 to 83 percent of the wheat imports. Algeria will continue to import wheat particularly, bread wheat as it plants less bread wheat than durum and as domestic production is still mostly weather driven and don't meet the demand yet despite the increase in yields due to the agricultural strategy.

**Table: Algeria Total Wheat Imports
By Origin in (1000) MT and MY (Jul/Jun)**

	MY10	MY11	MY12	MY13	MY 14	MY15
France	5044	3933	4257	5132	3814	4389
Lithuania	-	-	136	-	-	405
Germany	26	49	76	188	560	123
Australia	-	-	-	115	-	
Argentina	79	622	50	-	-	
Canada	147	723	812	597	646	372
Poland	-	-	108	151	486	324
Mexico	35	487	189	422	930	804
US	81	199	276	165	108	168
Uruguay	78	307	-	-	-	
Ukraine	-	9	-	4	38	204
Leetonia	-	-	192	57	-	756
Brazil	675	78	53	-	-	
Spain	24	13	3	-	-	
Sweden	-	-	61	-	322	276
Great Britain	24	107	-	26	262	
Yugoslavia	-	-	-	25	-	
Italy	52	47	47	-	-	
Estonia						300
Others	36	19	37	40	112	60
Total	6301	6593	6297	6922	7278	8181

Source: Algerian Official Trade Data

France remains the major wheat supplier to Algeria representing 54 percent of the MY2015 imports mostly bread wheat. Algeria imports durum from Canada, Mexico, and U.S. as well as France respectively, while bread wheat imports originate respectively mainly from France and Germany. U.S. origin total wheat imports are irregular and have declined sharply along with the other

U.S. commodities due to price competitiveness. U.S. origin products still face stiff competition from European suppliers on price and shipping flexibility.

Barley:

Algeria’s barley imports are weather-driven—better weather results in higher local barley production and better pasture conditions, both of which decrease import demand. Barley imports increase when pasture shortages result from drought conditions.

Imports have fluctuated over the past several years according to the crop production. Barley imports increased following an average crop in MY2013/2014 and as the crop were revised downward in MY2014/2015; more barley was imported to meet the demand for animal feed. European and Black Sea countries are the main suppliers and export mostly in small shipments

**Table: Algeria Barley Imports by Origin
Comparison in 1000 MT and MY (Jul/Jun)**

	MY11	MY12	MY13	MY14	MY15
Argentina	128	78	29	41	22
France	64	98	127	208	102
Russia	87	0	52	167	132
Ukraine	24	26	25	70	228
Leetonia	0	26	28	0	0
U.S.	0	0	0	0	0
Poland	0	24	0	29	0
Great Britain	0	0	127	164	48
Germany	24	81	76	0	0
Romania	0	0	0	79	108
Denmark	24	0	0	0	0
Bulgaria	0	0	0	40	0
Estonia	0	0	0	28	0
Others	0	0	64	60	10
Total	351	333	528	886	650

Source: Algerian Official Trade Data

Corn:

Demand from the dairy and beef sectors as well as increased modernization efforts in the sector has driven increase in corn imports in the last five years following the government priority to develop this sector.

Corn imports in MY2015/2016 were mainly carried out by private sector (90 percent) of the total and the rest is covered by the Feed Grain Agency (ONAB).

U.S. origin corn competes with cheaper Argentine corn (since 2008). Trade contacts attribute this to price, competition from Black Sea suppliers as well as Algeria's preference for certain qualitative aspects and specifications of Argentine corn. U.S. exports resumed again in MY2010 but are irregular. U.S. exports represented 4 percent of MY2015 imports.

The U.S. feed industry has to engage in technical trade servicing to address misperceptions about U.S. feed quality.

**Table: Algeria Corn Imports by Origin
Comparison in 1000 MT and MY (Jul/Jun)**

	MY10	MY11	MY12	MY13	MY14	MY15
Argentina	1135	1737	2500	2002	3167	2700
Ukraine	89	360	96	161	194	100
Brazil	251	590	182	1286	668	1007
Paraguay	39	48	0	0	-	147
Yugoslavia	6	34	21	0	-	-
Hungary	0	37	6	0	-	-
Romania	0	93	16	75	-	-
Uruguay	0	0	25	22	-	-
France	0	104	0	3	-	-
US	45	0	0	76	-	163
Bulgaria	0	36	0	82	-	-
Others	0	16	22	0	-	-
Total	1565	3055	2868	3707	4108	4117

Source: Algerian Official Trade Data

The new agricultural strategy which encourages domestic agricultural production renewed interest in domestic corn production for many farmers and non-farmers. Corn is now produced in some the southern provinces where average yields ranges from 13 to 80 quintals per ha. But technical issues related mainly to crop management, irrigation and harvest equipment still hamper the production of this feed locally.

Soybean Meal: Demand for soybean meal comes mainly from the poultry feed industry. However, U.S. soybean meal imports declined — similar to corn—due to a lack of price competitiveness and consumer's preference for certain Argentine qualitative aspects and specifications. Argentine exports represent 89 percent of the imports and is the major soybean meal supplier.

**Table: Algeria Soybean Meals Imports by Origin
Comparison in 1000 MT**

	CY09	CY010	CY11	CY12	CY13	CY14	CY15
Argentina	702	929	1075	836	1182	1286	1266
U.S.	0	0	17	17	14	11	31
Brazil	4	0	0	0	16	31	51
Spain	8	15	10	8	6	3	7
Portugal	2	0	0	0	0	3	0
Germany	0	9	14	0	0	0	0
Paraguay	0	0	0	0	17	98	66
Switzerland	0	0	0	0	8	0	0
Total	716	953	1116	861	1243	1432	1421

Source: Algerian Official Trade Data

DDGS: According to the U.S. Grains Council, 1368 MT were imported in CY2013 and 5328 MT in CY2014.

Rice: Algerian imports of rice are very irregular but have increased since 2006 with the exception of CY2009 when imports decreased due to high prices on the market. With the evolution of the population, Algerian consumers have introduced more rice in their food ration. Private importers take opportunities when good prices occur to buy rice in small containers from different origins but mostly from Vietnam and Thailand. There were no imports from the U.S. in 2014. U.S. rice exports were 4 percent of the market in CY2012. U.S. prices are not competitive with Asian market.

**Table: Algeria Rice Imports
Five Years Comparison (In MT)**

Origin	CY2011	CY12	CY13	CY14	CY15
India	1423	46552	39704	41600	46083
Vietnam	37428	45775	67996	26975	30130
Pakistan	7572	4464	1481	7099	7033
U.S.	48	4192	7	0	3
Thailand	33968	2817	1598	29290	18190
Spain	1578	2278	2186	1261	1521
Uruguay	-	2016	4107	4080	0
Brazil	448	200	300	575	210
Tajikistan	3625	101	1000	6044	8333
China	30	19	138	45	27
Argentina	-	-	-	-	1999
France	-	-	-	-	97
Others	327	252	568	343	233
Total	86447	108666	119085	117312	113859

Source: Official Algerian Trade Data

Pulses: Algeria imported an average of 222,000 MT of pulses per year over the past five years mostly from Canada, China, Mexico, Argentina, and Turkey. These pulses are mostly beans, lentils, chickpeas and beans for seeding. U.S. pulse exports have trended upward for the past several years with potential for future growth depending on prices. U.S origin exports consisted mainly of chickpeas, lentils, beans, and peas.

Table– Algeria Pulses Five Years Imports by Origin Comparison in MT

Origin	CY11	CY12	CY13	CY14	CY15
Canada	87247	50667	90341	72212	95417
Mexico	9356	48916	21078	23431	21240
Argentina	52382	46865	33014	7361	26066
India	41810	7256	76619	29352	29094
Egypt	15102	6286	14279	32144	38446
U.S.	8863	4747	7618	10640	4798
France	2509	2100	1419	1372	2005
New Zealand	1225	1833	2062	1330	1425
Turkey	1543	1748	1832	3532	2210
Russia	387	1131	4095	3680	2685
Australia	8478	1079	638	0	0
China	12054	1004	4856	759	198
Spain				0	1289
Kirghizstan				2380	0
Others	6881	2853	6274	3927	3421
Total	247837	176485	264125	192120	228294

Source: Official Algerian Trade Data

Stocks:

According to media reports, an additional grain storage facility will be constructed with foreign investment. A foreign company will add another grain silo to its holdings in Algeria by the end of this year and invest (\$40 million) in a grain storage unit with 165,000 MT capacity.

As reported previously, the OAIC is committed to supporting building an additional 8.2 million quintals of storage capacity in 2012 and another additional 8.4 million quintals by 2019 in addition to the 39

ready grain storage silos that are under construction, to store durum, bread wheat and barley to increase grains storage capacities.

Policy:

The Government of Algeria decided recently to rationalize imports and reduce as far as possible their costs, in order to curb the impact of the sharp drop of the world crude oil prices on the economy’s revenues, given that 97% of the latter come from oil exports. GOA introduced import and export licensing system (Journal Officiel No 66 of December 9, 2015) so far on agricultural commodities and goods originating from the EU, in order to benefit from the customs duties exemption and preferential tariffs. The list includes; durum wheat and bread wheat, barley, oats, corn, rice coarse grains as well as oilseeds along with live animals, meat, milk and cheese, eggs, crude vegetable oil, sugar and many more. This was meant to manage quotas and quantities to be imported. However, what is known is that the GoA has been moving to make it difficult to import even products that are not produced domestically and the ones that imports are very high and expensive to reduce its import bill. This measure will likely have the effect of slowing the pace of imports. The list of the agricultural product quotas originating from the EU subject to the import licensing could be found on the Ministry of Commerce website at: <http://www.mincommerce.gov.dz/>

According to the Algeria Press Agency, official from Ministry of Agriculture mentioned that an additional list of agricultural products is being considered for import licensing, among others, such as meat, apples and beef. According to the same official, the principle is to offer products that Algeria has production potential that could allow it to reduce imports but the balance of market supply.

Marketing:

FAS Cooperators in the region are working with the Algerian millers, importers, feed manufacturers, poultry and dairy cattle farmers to provide technical assistance to promote the quality and reliability of U.S. commodities in order to expand the U.S. share in this market. The US Wheat Associates, through their office in Casablanca, Morocco, the US Grains Council in Tunis and the American Soybean Association, are currently engaged in various market development activities in Algeria. These activities, which include technical workshops, seminars, trade missions, and technical exchange programs in the United States are need to open the Algerian market to the benefits of increased trade with the United States.

Production, Supply and Demand Data Statistics:

Wheat	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1700	1700	2100	2100	0	2100
Beginning Stocks	4676	4676	3768	3768	0	4399
Production	1900	1900	2700	2700	0	2700
MY Imports	7257	7257	7700	8181	0	7000

TY Imports	7257	7257	7700	8181	0	7000
TY Imp. from U.S.	135	135	0	168	0	160
Total Supply	13833	13833	14168	14649	0	14099
MY Exports	15	15	25	0	0	0
TY Exports	15	15	25	0	0	0
Feed and Residual	50	50	50	50	0	50
FSI Consumption	10000	10000	10200	10200	0	10200
Total Consumption	10050	10050	10250	10250	0	10250
Ending Stocks	3768	3768	3893	4399	0	3849
Total Distribution	13833	13833	14168	14649	0	14099
(1000 HA) ,(1000 MT)						

Barley	2014/2015		2015/2016		2016/2017	
Market Begin Year	Jul 2014		Jul 2015		Jul 2016	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	800	800	1000	1000	0	1000
Beginning Stocks	1178	1178	1304	1304	0	1204
Production	1300	1300	1300	1300	0	1300
MY Imports	876	876	650	650	0	650
TY Imports	723	723	600	600	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3354	3354	3254	3254	0	3154
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1700	1700	1700	1700	0	1700
FSI Consumption	350	350	350	350	0	350
Total Consumption	2050	2050	2050	2050	0	2050
Ending Stocks	1304	1304	1204	1204	0	1104

Total Distribution	3354	3354	3254	3254	0	3154
(1000 HA) ,(1000 MT)						