

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Required Report - public distribution

Date: 4/1/2015

GAIN Report Number: AG1501

Algeria

Grain and Feed Annual

2015

Approved By:

Charles Rush

Prepared By:

Nabila Hales

Report Highlights:

Excellent rain during the planting season contributed significantly to favorable MY2015/2016 wheat and coarse grain crop prospects as reported by the FAO. During MY2014/15, France retained its dominance as the top source for Algeria's wheat.

Executive Summary:

The area planted to grain was accompanied by excellent rain in the production areas. Grain plantings completed under fairly satisfactory conditions throughout the country. Durum and barley usually accounts for 80 percent of cereal area, while bread wheat and oats accounts for the remaining 20 percent. Abundant rain in January eliminated deficits in moisture that developed earlier at the beginning of the growing season, allowing satisfactory crop development in major production areas. Furthermore, indications are that farmers are planning more and more certified seeds along with certified fertilizer which may result in higher yields.

The Ministry of Agriculture's (MOA) final cereal production total in MY2014/15 was revised down 30 percent compared to the previous year. Total cereal production was 3.4 million MT, down from 4.91 million MT in 2012/13. Grain production is strongly correlated with rainfall—which is erratic—the development of irrigation and water resources remains an important priority. Currently, only 12 percent of the arable land is irrigated.

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.

Algeria has imported 6 to 7 MMT per annum of wheat over the past several years of which bread wheat 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 because domestic production is still mostly weather driven and does not meet domestic demand despite the increase in yields as a result of newly implemented agricultural initiatives.

In accordance with Algeria's 2015 finance law, VAT will be reduced to 7 percent for corn, soybean meal, DDGS, rice, bran, mineral & vitamin concentrates, and horses (Art23 of the 2015 Finance law).

An exemption from duties has been applied to DDGS, soybean meal and other residues and mineral and vitamin concentrates starting effective September 1, 2014 to December 31, 2015 (Art44 of the 2015 Finance law).

Commodities:

Select

Production:

According to FAO reports, early prospects for wheat and coarse grains crops are favorable.

The crop is reported to be developing well. Excellent weather during the planting season for MY2015/2016 grain campaign suggests a favorable crop this year. Grain plantings were completed under fairly satisfactory conditions throughout the country. Abundant rain in January eliminated deficits in moisture that developed earlier in the beginning of the growing season, allowing satisfactory crop development in major production areas. The MOA bulletins indicates crop development in major production areas: as for wheat; full tillering in the Center region, tillering to early bolting in the Eastern and Western region of the coastline and sub-littoral regions, and full tillering to early bolting in the high plateaus for the three regions. Barley and oat reached full tillering to early bolting in the three regions of the coastline and sub-littoral, to bolting to early swelling on the high plateaus.

Given current conditions, and if the weather is stable for the remainder of the growing season, production is expected to be favorable. To date, the MOA has not released any official preliminary figures yet to indicate the total plantings areas and projected yields for the new crop. But, usually, in the past years an average of 3.2 million hectares is always devoted to grains (durum, bread wheat, barley and oat). Durum always accounts for the biggest portion of the planted area followed by barley and bread wheat.

Wheat and Barley

Durum continues to account for the largest portion of planted area, followed by barley and bread wheat. According to the Technical Institute for Field Crops, durum and barley occupy 80 percent of cereal area, while bread wheat and oats occupy the remaining 20 percent. 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. Farmers plant barley in the fall (November) and harvest in late spring or early summer (May\June).

Indications are that farmers are planting certified seeds and fertilizers. Farmers expanded certified seed and input by 30 percent this year in response to government incentives; the MOA continues to provide economic and technical assistance and incentives in order to improve yields and quality. Assistance includes interest-free loans for seeds, irrigation, equipment, and other inputs.

Wheat, barley and oat production in Algeria during the last five years was higher than the ten year average of 2.97 million MT, but still far short of the 8 million tons needed for domestic consumption. MOA final statement, the Algeria's cereal production in MY2014/15 was revised down by 30% compared to the previous year. Total cereal production amounted to 3.4 million MT, down from 4.91 million MT in 2012/13. The drop was due to poor weather conditions, mainly due to the drought affected provinces in Eastern Algeria. This region supplies most domestic demand. MOA has still not provided any official details about soft bread and hard durum wheat production.

Since grain production is strongly correlated with rainfall—which is erratic—the development of irrigation and water resources remains a priority. Agriculture land under irrigated is expected to increase from the current level of 1.1 million hectares to 1.6 million hectares by 2015. Some areas in the south use pivot system for supplemental irrigation. Currently, only 12 percent of the arable land is irrigated.

Algeria cereals production comparison (in Million MT)

Average Production (2000-2008)	Production 2009	Production 2010	Production 2011	Production 2012	Production 2013	Production 2014
2.97	6.12	4.56	4.25	5.13	4.91	3.40

Source: Ministry of Agriculture reports

Consumption:

Algeria is a major consumer of cereals. Wheat is the staple grain of food and accounts for about 75 percent of the calories consumed. According to recent MOA figures, per capita 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. OAIC, which both imports and buys domestic grains, is the main supplier to domestic processors. According to reports, OAIC supplies 100 percent the public sector's requirements and 60 percent of private processor requirements. On average, OAIC supplies 450,000 MT of bread wheat and 230,000 MT of durum per month.

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 stable. After the craze for investment in the milling industry many wheat and flour mills expanded after the opening of the market and privatization in 1998. Recently, there has not been any new investment in the sector and currently, about 430 mills are operational in Algeria.

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. Algeria's breweries consume small amounts of barley, generally imported from Europe. Barley consumption is a function of weather-related pasture conditions—in general, better pastures conditions result in decreased demand for imports. 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. Consumption is projected to remain relatively stable, depending on pasture conditions.

Trade:

Cereals account for an important part of Algerian food imports. They represent 31 to 36 percent of the total food import bill each year.

Wheat:

As domestic production is still mostly weather driven and does not meet domestic demand, Algeria continue to import wheat, bread wheat as it is planted fewer hectares than durum and barley. Algeria total wheat imports over the last four marketing years look relatively stable. Algeria imported 6 to 7

MMT per annum of total wheat over the past years of which bread wheat represented 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 new MOA agricultural production strategy.

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

	MY2010	MY2011	MY2012	MY2013	MY 2014
France	5044	3933	4257	5132	3814
Lithuania	-	-	136	-	-
Germany	26	49	76	188	560
Australia	-	-	-	115	-
Argentina	79	622	50	-	-
Canada	147	723	812	597	646
Poland	-	-	108	151	486
Mexico	35	487	189	422	930
US	81	199	276	165	108
Uruguay	78	307	-	-	-
Ukraine	-	9	-	4	38
Leetonia	-	-	192	57	-
Brazil	675	78	53	-	-
Spain	24	13	3	-	-
Sweden	-	-	61	-	322
Great Britain	24	107	-	26	262
Yugoslavia	-	-	-	25	-
Italy	52	47	47	-	-
Others	36	19	37	40	112
Total	6301	6593	6297	6922	7278

Source: Algerian official trade Data

France remained the major wheat supplier to Algeria representing 52 percent of the MY2014 imports despite the weather damaged crop of MY14/15. In good years, France supplies 75 to 80 percent of the bread wheat and 59 percent of durum. In CY2014 French wheat imports represented 60 percent of imported wheat. U.S. origin total wheat imports 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.

The table below highlights the fluctuation of imports over the past several years. Barley imports increased following an average crop in the MY2013/2014. As reported above, the crop was average and revised downward; more barley was imported in MY2014/2015 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
Argentina	128	78	29	
France	64	98	127	213
Russia	87	0	52	
Ukraine	24	26	25	70
Leetonia	0	26	28	
U.S.		0		
Poland	0	24		
Great Britain		0	127	196
Germany	24	81	76	
Romania				79
Denmark	24	0		
Bulgaria				40
Estonia				28
Others	0	0	64	-
Total	351	333	528	626

Source: Algerian Official Trade Data

Corn: The government efforts to develop the agriculture sector and improve the dairy sector generates increased demand from the dairy and beef sectors which drives the demand for corn imports higher. A movement toward increased modernization in the sector is taking root. Industry sources indicated this could help U.S. origin corn prospects.

U.S. exports resumed after a long departure from the market. This void was filled by Argentina, which has been the leading corn supplier since 2008. U.S. exports represented 2 percent of MY13 imports. Trade contacts attribute this decline in U.S. corn exports to Algeria to price, competition from Black Sea suppliers, and Algeria’s preference for certain quality aspects and specifications of Argentine corn. The U.S. feed industry should seize this opportunity by engaging 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)**

	MY11	MY12	MY13	MY14
Argentina	1737	2500	2002	3167
Ukraine	360	96	161	194
Brazil	590	182	1286	668
Paraguay	48	0	0	-
Yugoslavia	34	21	0	-
Hungary	37	6	0	-
Romania	93	16	75	-
Uruguay	0	25	22	-
France	104	0	3	-
US	0	0	76	-
Bulgaria	36	0	82	-
Others	16	22	0	-
Total	3055	2868	3707	4108

Source: Algerian Official Trade Data

The new agricultural strategy to encourage 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 is mainly from poultry feed industry. As a result of the suspension of import duties and VAT on animal feed inputs and co-products, including soybean meal (see policy section), demand remained high and imports increased as shown in the table below; imports figures reached 1.43 Million MT in CY2014. 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 90 percent of the imports and is the major soybean meal supplier.

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

	CY11	CY12	CY13	CY14
Argentina	1075	836	1182	1286
U.S.	17	17	14	11
Brazil	0	0	16	31
Spain	10	8	6	3
Portugal	0	0	0	3
Germany	14	0	0	0
Paraguay	0	0	17	98
Switzerland	0	0	8	0
Total	1116	861	1243	1432

Source: Algerian Official Trade Data

DDGS: U.S. exports of DDGS to Algeria began in 2008 for feeding trials conducted in some regions with the expectation of increased usage by poultry and livestock farmers. U.S. Grains Council reports show 1368 MT were imported in CY2013 and 5328 MT in CY2014.

Rice: Algeria's rice imports are very irregular but have increased with changing dietary habits. Private importers buy small containers when prices appear competitive, mainly from India, Vietnam, and Thailand. There were no imports from the U.S. in 2014. U.S. rice exports were 11 percent of the market in CY 2010 and 4 percent in CY2012.

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

Origin	CY2011	CY12	CY13	CY14
India	1423	46552	39704	41600
Vietnam	37428	45775	67996	26975
Pakistan	7572	4464	1481	7099
U.S.	48	4192	7	0
Thailand	33968	2817	1598	29290
Spain	1578	2278	2186	1261
Uruguay	-	2016	4107	4080

Brazil	448	200	300	575
Tajikistan	3625	101	1000	6044
China	30	19	138	45
Others	327	252	568	343
Total	86447	108666	119085	117312

Source: Official Algerian Trade Data

Pulses: U.S. pulse exports have trended upward for the past several years with plenty of potential for future growth. U.S. shared 6 percent of the pulses market in CY2014 and exports consist mainly of chickpeas, lentils, beans, and peas.

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

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

Source: Official Algerian Trade Data

Stocks:

Algeria has not invested in storage facilities since 1988. The Algerian grain agency (OAIC) has been tendering for the past few years for the construction of 39 ready grain storage silos (nine reinforced concrete silos and 30 metal silos) to store durum, bread wheat and barley to increase grains storage capacities; OAIC committed to supporting building an additional 8.2 million quintals of storage capacity in 2012 and another additional 8.4 million quintals by 2019.

Policy:

In accordance with Algeria's 2015 finance law, VAT will be reduced to 7 percent for corn, soybean meal, DDGS, rice, bran, mineral & vitamin concentrates, and horses (Art23 of the 2015 Finance law).

An exemption from duties has been applied to DDGS, soybean meal and other residues and mineral and vitamin concentrates starting effective September 1, 2014 to December 31, 2015 (Art44 of the 2015 Finance law).

As for feed inputs, import duties and VAT are applied to corn (5 percent and 7 percent), soybean meal (0 percent and 7 percent), DDGS (0 percent and 7 percent). In spite of the imposition of VAT, post analysis is this is still favorable for imports, as demand is high which portends well for imports.

In 2012, the GoA suspended import duties and VAT on animal feed inputs and co-products, including corn, dried distiller's grains with solubles, DDGS, and CGF as well as soybean meal. This initiative was in response to high international grain prices as a means to curb inflation by moderating expected increases the price of animal products, particularly meat and poultry. This exemption was extended under the 2014 finance law (art44) to August 31, 2014. Previously, the import duty and VAT for corn was 5 percent and 7 percent, soybean meal 5 percent and 17 percent and for DDGS and CGF it was 30 percent and 17 percent respectively.

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:

<i>Wheat</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Jul 2013		Jul 2014		Jul 2015	
<i>Algeria</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,727	2,000	1,700	1,700	0	1,900
Beginning Stocks	3,762	3,762	4,673	4,673	0	3,801
Production	3,302	3,302	1,900	1,900	0	2,500
MY Imports	7,484	7,484	7,100	7,278	0	7,200
TY Imports	7,484	7,484	7,100	7,278	0	7,200
TY Imp. from	110	110	0	54	0	100

U.S.						
Total Supply	14,548	14,548	13,673	13,851	0	13,501
MY Exports	25	25	25	0	0	0
TY Exports	25	25	25	0	0	0
Feed and Residual	50	50	50	50	0	50
FSI Consumption	9,800	9,800	10,000	10,000	0	10,000
Total Consumption	9,850	9,850	10,050	10,050	0	10,050
Ending Stocks	4,673	4,673	3,598	3,801	0	3,451
Total Distribution	14,548	14,548	13,673	13,851	0	13,501
Yield	1.9120	1.6510	1.1176	1.1176	0.0000	1.3158
TS=TD	0	0	0	0	0	0

<i>Barley</i>	2013/2014		2014/2015		2015/2016	
<i>Market Begin Year</i>	Jul 2013		Jul 2014		Jul 2015	
<i>Algeria</i>	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	900	0	800	800	0	900
Beginning Stocks	1,194	1,194	1,194	1,194	0	1,070
Production	1,500	1,500	1,300	1,300	0	1,500
MY Imports	550	550	600	626	0	600
TY Imports	700	700	600	600	0	600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3,244	3,244	3,094	3,120	0	3,170
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,700	1,700	1,700	1,700	0	1,700
FSI Consumption	350	350	350	350	0	350
Total Consumption	2,050	2,050	2,050	2,050	0	2,050
Ending Stocks	1,194	1,194	1,044	1,070	0	1,120
Total Distribution	3,244	3,244	3,094	3,120	0	3,170
Yield	1.6667	0.0000	1.6250	1.6250	0.0000	1.6667
TS=TD	0	0	0	0	0	0

