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Report Name: Grain and Feed Update

Country: Algeria

Post: Algiers

Report Category: Grain and Feed

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Report Highlights:

Sensory data shows another below average wheat crop in MY2023/24 due to ongoing drought and heat conditions in Algeria's non-irrigated areas. Post forecasts MY2023/24 wheat imports at 8.7 million metric tons based on increased import demand.

Executive Summary

The Normalized Difference Vegetation Index (NDVI), by region, shows below average vegetation index in most of northern Algeria, with dry pockets on the west and east coasts and highland areas. Like last year, wheat and barley growing areas experienced low moisture this year. Given the unfavorable outlook, for MY 2023/24, Post revises production forecasts down to 2.7 million metric tons (MMT) for wheat and 1.02 MMT for barley.

Post revises FSI consumption estimates for MY 2023/24 to reflect that most of the barley is destined for animal feed because of the unfavorable crop outlook.

Algeria continues to purchase a large quantity of wheat to bolster domestic reserves. According to trade reports, the Algerian Office of Cereals (OAIC) made several purchases on the international market, mostly optional milling wheat (bread wheat), sourced primarily from Russia.

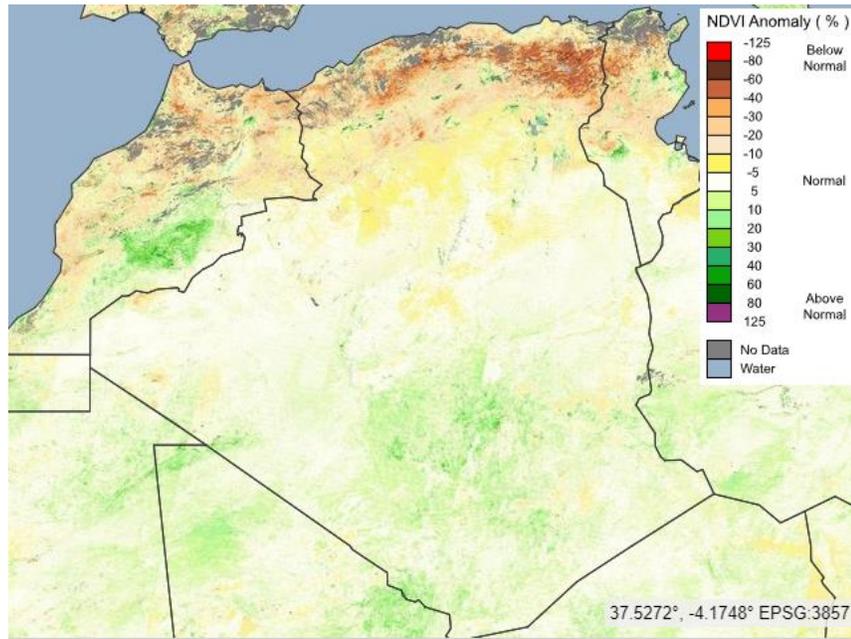
Given the government's import purchasing strategy and lower domestic crop production, Post maintains its alignment with USDA official estimate's raising wheat imports to 8.7 million MT and barley imports to 700,000 MT in MY 2023/24.

For any shipments after April 5th, 2023, importers must obtain a phytosanitary authorization for corn and soybean meal imports in addition to the previously required technical import authorization (see policy section).

Crop Update

The Normalized Difference Vegetation Index (NDVI) chart below shows below average vegetation in the western and eastern regions on the Mediterranean coast and normal vegetation in the central region. Vegetation conditions overall are sparse in northern Algeria. The satellite image shows dry pockets in the west and east coasts and highland areas. Again, this year these regions lack sufficient rain in key wheat and barley production areas.

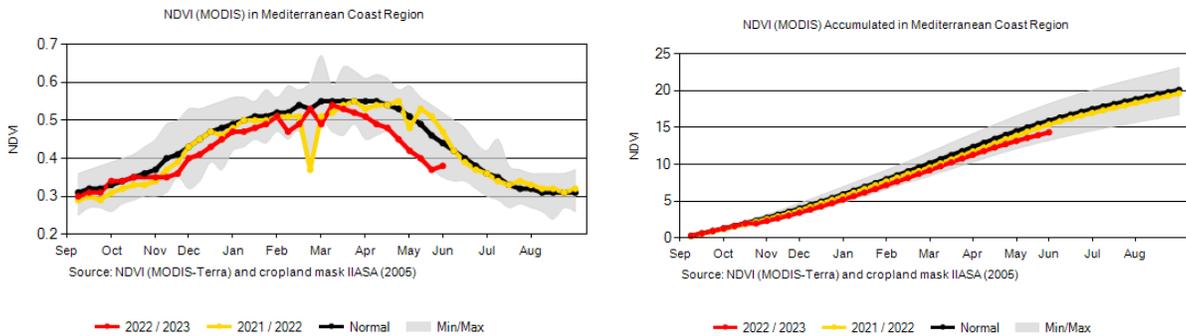
Figure 1: Algeria Normalized Difference Vegetation Index (NDVI) by region.



Source: <https://glam1.gsfc.nasa.gov/> from May 30, 2023

The charts below depict historical Normalized Difference Vegetation Index (NDVI) data, by region, as of May 30, 2023. The charts show vegetation conditions were above the September -November 2021-2022 level in the Mediterranean coast region, and then slightly lower than the previous year in the same time period, with some irregularities in mid- February. However, the vegetation conditions remain within the Min/MAX range (minima/maxima monthly standards for the region) but mostly below average through May in the Mediterranean coastal region.

Chart 1: Algeria Crop Explorer Normalized Difference Vegetation Index (NDVI) in the Mediterranean Coast.

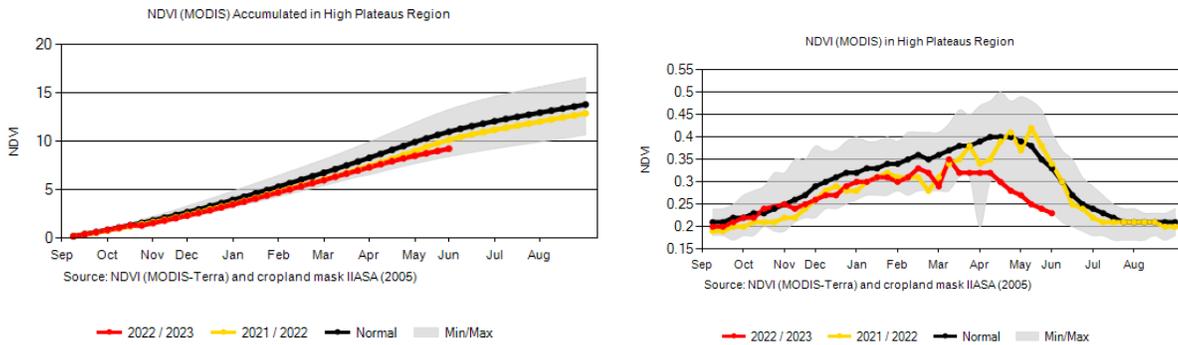


Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on May 30, 2023.

*Note that the 2022/23 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2022/2023 redline reflects crop conditions for the 2023/24 MY crop.

In the high plateaus, the level of vegetation is above last year's (September through January), slightly below last year's level and below normal average through May. However, the vegetation index remains within Min/Max level (minima/maxima monthly standards for the region).

Chart 2: Algeria Crop Explorer Normalized Difference Vegetation Index (NDVI) in the High Plateaus).



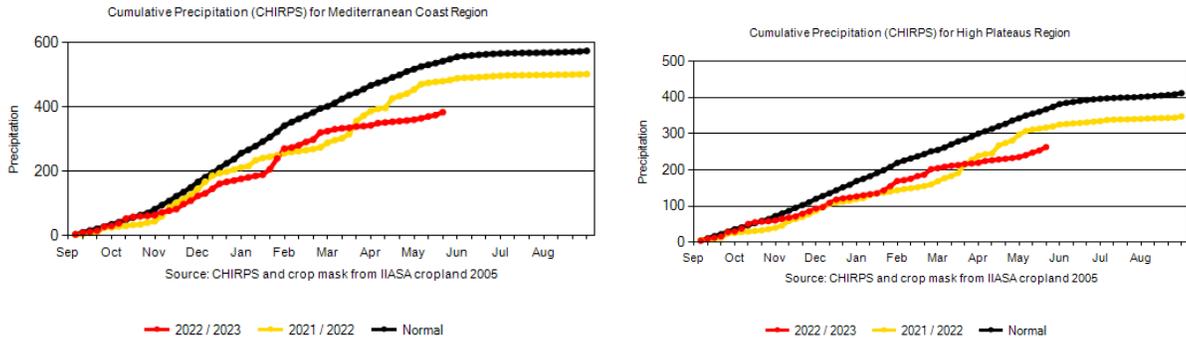
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on May 30, 2023.

*Note that the 2022/23 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2022/2023 redline reflects crop conditions for the 2023/24 MY crop.

MY 2023/24's Weather and Soil Moisture

The USDA Crop Explorer precipitation chart below shows that the level of precipitation received this year is higher than last year from September 2022 to the beginning of November 2022 in the Mediterranean coastal region as well as the highlands. December 2022 through May 2023 was dry for both regions. Overall, the level of precipitation received this year again is below the normal average for both areas.

Chart 3: USDA Crop Explorer Cumulative Precipitation Chart by Month



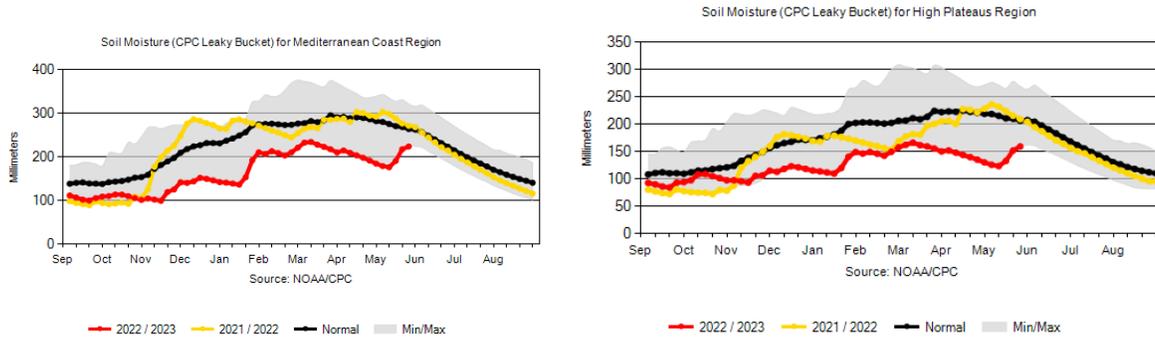
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on May 30, 2023. *Note that the 2022/23 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2022/2023 redline reflects crop conditions for the 2023/24 MY crop.

The USDA Crop Explorer Cumulative Precipitation charts above shows that the level of precipitation for 2022-2023 (MY 2023/24) season started at the same level as September 2021. However, it increased from October through November above the 2021-2022 level, then decreased from December 2022 through February 2023. The level remained below average through May 2023 in the Mediterranean coastal region.

In the high plateaus, the precipitation level for the 2022-2023 (MY 2023/24) season matched the September 2021-2022 level, however, it increased from October 2022 through mid-March 2023 over the 2021-2022 level, then decreased through the end of May 2023 below the previous year's level.

The overall 2022-2023 (MY 2023/24) fall in precipitation level is reflected in the soil moisture charts below. This situation was worse than the previous year for both regions over the same period. The charts below show improved soil moisture in the beginning of the 2022-2023 season (September-November) compared to the same period in the 2021-2022 season in the Mediterranean coastal and highland regions. However, the lack of precipitation from November 2022 through May 2023 in both regions saw soil moisture decrease sharply below normal levels and dipping below the Min/Max level.

Chart 4: Algeria USDA Crop Explorer Soil Moisture Chart



Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>) sourced on May 30, 2023. *Note that the 2022/23 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2022/2023 redline reflects crop conditions for the 2023/24 MY crop.

Currently Post estimates Algeria's wheat area at just over 2 million hectares (ha) for the entire country. Less than 10 percent of crop production originates from the south. However, cereal production in the south is growing and the government would like to see 1 million hectares of cereals planted in the south by 2030. That would bring the planted area in the south of the country to around one third of the total. The target is ambitious; although the government has put several mechanisms to attract investors to develop agriculture in the Sahara.

Algeria's Ministry of Agriculture has not released any production forecasts. USDA's World Agricultural Outlook Board in its May 31, 2023 World Agricultural Production report indicated below average levels for the Maghreb wheat crop in MY 2023/24. As shown in the charts above, ongoing drought conditions and heat during important crop development periods led to this downward outlook, particularly in coastal and highland areas. Irrigated areas, however, in southern Algeria fared better with yields ranging from 45 to 80 quintals per hectare.

On June 20th, the agricultural services of Algiers province kicked off the harvest campaign. In the hot and dry areas of southern Algeria, harvest usually runs from the end of April through early May and, for this year, is nearly complete. In the northern areas, the harvest runs from May through July and August.

Given expectations for lower production, Post lowers its wheat production forecast to 2.7 million MT and its barley production forecast to 1.02 million MT for MY 2023/24. Since the Ministry of Agriculture has not released any historical production data, Post maintains its estimates for MY 2022/23 and MY 2021/22.

Algerian researchers recommend farmers adopt new water-saving techniques and irrigation technologies and develop new drought-resistant cereals to cope with water stress and climate change consequences. The government is encouraging investments in the southern region where underground water is available to develop strategic crops, particularly cereals, to reduce import needs and bolster food security.

Consumption Update

Barley demand is primarily from animal feed for sheep, cattle, and camels, with small amounts for green fodder. Minor amounts are also used in human food preparations, like couscous and bread, as well as breweries who generally import barley from Europe. In addition, barley consumption can also be tied to poor weather-related pasture conditions. Given the unfavorable crop outlook, Post revises FSI consumption estimates for MY 2023/24 down expecting that most of the barley will be utilized in animal feed.

Trade Update

Traders indicate that Algeria is strengthening its wheat reserves through imports. The Algerian Office of Cereals (OAIC) has made several international purchases, mostly for optional milling wheat (bread wheat). Under a recent tender which closed June 19th, OAIC purchased approximately 400,000 tons of wheat, according to estimates. Traders, quoted by Reuters, reported that most milling wheat was purchased from Russia. Algeria is a vital customer for EU wheat, especially from France, but Russia has been aggressively expanding its grain presence in the Algerian market.

According to the French specialized media Cultivar.fr, this recent acquisition is in addition to the purchase of 500,000 to 600,000 MT of wheat in May. The same source also indicated that these new quantities were in addition to the 1.5 million MT of wheat purchased by Algeria since the beginning of 2023. Algeria does not release tender results. Reports are based on trade estimates.

Given these volume purchases and the lower domestic wheat crop estimate, Post maintains its alignment with the USDA official estimate increase to 8.7 million MT in MY 2023/24. Post believes that there may be a lag in data reporting from countries shipping wheat to Algeria. Some data may be missing from Russian exports.

Considering the drought conditions that affected the barley crop as well, Post increases its barley import estimate to 700,000 MT in MY2023/24 even though Trade Data Monitor figures are showing only 92,995 MT for the beginning of 2023. Post believes that there may be a lag in data reporting from countries shipping barley to Algeria. Some data may be missing from Russian exports of barley to Algeria as well. We note that EU origin barley imports remain dominant compared to other origins. Post maintains barley import figures for MY2021/22 and MY2022/23.

Table 1: Algeria Barley Imports by Origin (MT) (Year Ending)

Reporter	Year Ending(UOM1: T)				
	2019	2020	2021	2022	2023
EU 27 External Trade (Brexit)	222810	238811	579405	615567	90005
Turkey	1530	1277	0	0	2990
United Kingdom HMRC	0	0	158896	0	0
Thailand	0	0	0	0	0
Argentina	0	0	0	88340	0
Ukraine	77572	258194	95082	83657	0
Russia	30476	0	47300		

Source: Trade Data Monitor, LLC

Policy Update

Corn and Soybean Meal imports subject to phytosanitary authorization

From April 5, 2023, grain importers must obtain a phytosanitary authorization from the Ministry of Agriculture, Directorate of Plant Protection and Technical Control (DPVCT) to import corn and soybean meal. Ostensibly, this measure is meant to prevent harmful organisms from infesting corn and soybean destined to be used in animal feed, and in particular, the fall armyworm. Importers must obtain the phytosanitary authorization before initiating the import procedure with a financial institution and other authorized services, including the country of origin. Authorizations must bear a date that precedes that of the Bill of Lading. Otherwise, the product will be rejected. To obtain the phytosanitary authorization, importers of corn and soybean meal should also submit a detailed feed grain import program for CY 2023 to the DPVCT. Note that in addition to the phytosanitary import authorization, importers must still seek a technical import authorization which was first introduced in 2002, and updated in 2015 (See [GAIN report: Food and Agricultural Import Regulations and Standards Report](#) from November 2022) .

It's still unclear how this new requirement for phytosanitary import authorization will affect U.S. corn imports.

Table 2: Wheat, Production, Supply and Distribution (Source: PSD Post)

Wheat	2021/2022		2022/2023		2023/2024	
Market Year Begins	Jul 2021		Jul 2022		Jul 2023	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2075	2075	2075	2075	2075	2075
Beginning Stocks (1000 MT)	4992	4992	4406	4411	5131	4059
Production (1000 MT)	2500	2500	3700	3300	2700	2700
MY Imports (1000 MT)	8286	8021	8500	7500	8700	8700
TY Imports (1000 MT)	8286	8021	8500	7500	8700	8700
TY Imp. from U.S. (1000 MT)	34	53	0	140	0	100
Total Supply (1000 MT)	15778	15513	16606	15211	16531	15459
MY Exports (1000 MT)	2	2	5	2	5	2
TY Exports (1000 MT)	2	2	5	2	5	2
Feed and Residual (1000 MT)	70	50	70	50	50	50
FSI Consumption (1000 MT)	11300	11050	11400	11100	11500	11150
Total Consumption (1000 MT)	11370	11100	11470	11150	11550	11200
Ending Stocks (1000 MT)	4406	4411	5131	4059	4976	4257
Total Distribution (1000 MT)	15778	15513	16606	15211	16531	15459
Yield (MT/HA)	1.2048	1.2048	1.7831	1.5904	1.3012	1.3012

(1000 HA) ,(1000 MT) ,(MT/HA)
 MY = Marketing Year, begins with the month listed at the top of each column
 TY = Trade Year, which for Wheat begins in July for all countries. TY 2023/2024 = July 2023 - June 2024

Table 3: Barley, Production, Supply and Distribution (Source: PSD Post)

Barley	2021/2022		2022/2023		2023/2024	
	Jul 2021		Jul 2022		Jul 2023	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1025	1025	1025	1025	1025	1025
Beginning Stocks (1000 MT)	359	359	131	131	181	81
Production (1000 MT)	950	950	1600	1400	1025	1025
MY Imports (1000 MT)	772	772	250	250	700	700
TY Imports (1000 MT)	688	688	300	300	700	700
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2081	2081	1981	1781	1906	1806
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	1600	1600	1450	1450	1400	1500
FSI Consumption (1000 MT)	350	350	350	250	350	250
Total Consumption (1000 MT)	1950	1950	1800	1700	1750	1750
Ending Stocks (1000 MT)	131	131	181	81	156	56
Total Distribution (1000 MT)	2081	2081	1981	1781	1906	1806
Yield (MT/HA)	0.9268	0.9268	1.561	1.3659	1	1

(1000 HA) ,(1000 MT) ,(MT/HA)

MY = Marketing Year, begins with the month listed at the top of each column

TY = Trade Year, which for Barley begins in October for all countries. TY 2023/2024 = October 2023 - September 2024

Attachments:

No Attachments