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Morocco

Grain and Feed Update

2012

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Report Highlights:

The 2011/12 Moroccan grain crop is currently at a critical stage that could determine the ultimate size of the crop. Cumulative rainfalls from September 1st to January 17 totaled 148 mm, about 27 percent lower than average and 43 percent lower than the previous year. The Ministry of Agriculture estimates total area planted to wheat and barley this season to be about 4.7 million HA. Increased concerns over the grain crop situation led to a higher farmers' subscription rate to a new insurance program than the government's target. Morocco's imports of soft wheat as of mid January were estimated at 1.185 million tons, down 10 percent compared to the same period in the previous year, with France providing 77 percent of these imports, while Russia and Ukraine provided 9 percent and 7 percent, respectively. Morocco's suspension of wheat import duties in mid November 2011 has practically rendered the TRQs for U.S. wheat exports ineffective until the end of February 2012.

Production:

The 2011/12 Moroccan grain crop, which had a late start due to rain delays, is currently at a critical stage that could determine the ultimate size of the crop this year. In addition to the lack of rainfall and the late sowing of wheat and barley, unusually low temperatures have impacted sprouting and hampered plant development in several grain production areas. Concerns over the impact of rain delays on the Moroccan agriculture prompted the Moroccan King, the Commander of the Faithful, to call on his people to pray for rain. Rain prayers took place on January 6 in several regions across the country. Long-awaited rains arrived on January 16 and 17, but with smaller intensity than what was hoped for. Accumulated precipitations since the beginning of September until January 17 were estimated at 148 mm, about 27 percent lower than the average precipitation and about 43 percent lower than precipitation during the same period of the previous year that was estimated at 261 mm.

Due to rain delays, sowing of the wheat and barley crops started very late, and in some areas sowing did not finish until the end of December. According to the Ministry of Agriculture’s latest statement, total area planted to cereals (soft wheat, durum and barley) in the 2011/12 season, as of January 15, is estimated at 4.7 million hectare (HA). The Ministry statement did not provide a breakdown of total planted area by crop, but gave an assessment of the overall grain crop conditions. According to the Ministry of Agriculture, about 70 percent of the sown area is reported to be in a good condition, 23 percent is in an average condition and 7 percent is in a bad condition.

While it is too early to predict total grain production this year, in general, the size of the grain crop in Morocco in any given year has been correlated with the amount and pace of precipitations during the period September-May, as well as the total area seeded. The table below shows grain harvested areas and production of wheat and in barley in Morocco in the last six years.

Season	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	Average
Rainfall (mm)	375	237	268	545	570	525	364*
Harvested area (Million HA)							
Wheat	3.11	2.57	2.86	2.98	2.85	3.04	2.90
Barley	2.19	1.99	2.18	2.18	1.92	1.89	2.06
Total Area	5.30	4.57	5.04	5.16	4.77	4.93	4.96
Production (Million MT)							
Wheat	6.33	1.58	3.73	6.40	4.89	6.02	4.82
Barley	2.54	0.76	1.27	3.80	2.57	2.34	2.21
Total Grain	8.86	2.35	5.00	10.20	7.46	8.36	7.04

*30 years average

Although the latest rainfalls were welcome news, some believe that they may have been insufficient and a bit too late to offset the impact of the drought situation for this year’s crop. According to press reports and information from our agricultural contacts and some farmers, the lack of rainfalls and cold weather conditions may have caused more damage to the grain crop than what has been officially indicated by the Ministry of Agriculture so far. Regions that have experienced noticeable deterioration in the crop conditions include Chaouia, Tadla and Haouz. In some fields in these regions, where sowing was very late and seeds have not germinated, yields could be less than half of their normal levels. It was also reported that barley cultivation has been more affected by the drought situation. With small pastures coverage resulting from the lack of rainfalls and cold weather, livestock producers are becoming worried. In recent weeks, barley prices have surpassed prices of durum wheat in the local markets. In other regions, such as Gharb, Doukala, Tanger, Taza and Taounate, the crops are believed to be relatively in much better condition.

Farmers’ Registration to New Crop Insurance Program Exceeds Government Target:

In August 2011, the Government of Morocco established a new crop insurance program to help grain and pulses farmers deal with the risks associated with the impact of weather conditions on production. The new crop insurance program, which aims at covering 300,000 HA in its first year to be increased to one million HA by 2015, would help farmers mitigate financial loss due to drought, floods, hurricanes, sand storms and hail damages. Through this program, which will be jointly administered by a quasi-government insurance agency and the Credit Agricole Bank, the Moroccan Government will subsidize about 50-90 percent of the farmers' insurance premium, depending on the size of the farm. With increased farmers' concerns about the conditions of the 2011/12 grain crop, their subscription to the new insurance program has exceeded the government target for the area covered by 13 percent. It should be noted that 99 percent of the area covered is planted with grain, and only one percent to pulses.

Trade:

As of mid January, Morocco's soft wheat imports were estimated at 1.185 million tons, down 10 percent compared to the same period in the previous year. France provided 77 percent of these imports, while Russia and Ukraine provided 9 percent and 7 percent respectively. Morocco's wheat imports were resumed in November following the suspension of import duties, which took effect November 15 until February 29. As of mid January, Morocco's imports of durum wheat in MY 2011/2012 were estimated at 261,200 MT, about 51 percent of which came from France and 40 percent Canada. Durum wheat imports during the same period in MY 2010/2011 were estimated at 396,300 MT, with Canada providing 78 percent of these imports. U.S. exporters have not supplied the Moroccan market with any soft or durum wheat shipments this year. During the same period of the previous year U.S. exporters were able to export 138,700 MT of soft wheat. Morocco's suspension of wheat import duties has practically rendered the TRQs for U.S. wheat exports under the U.S.-Morocco FTA ineffective until March 1, 2012.