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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:

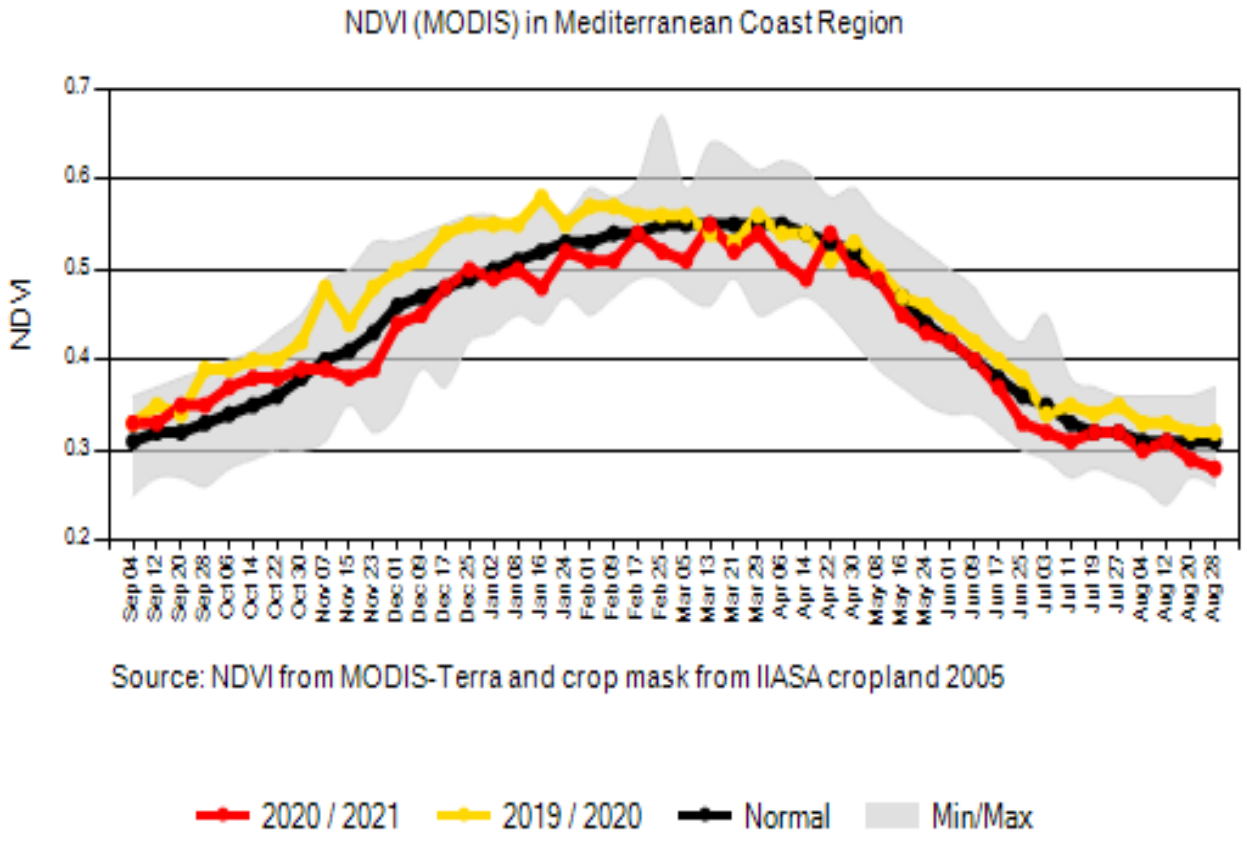
Due to insufficient rain, Algerian grain production in 2021/22 declined by 38 percent. As a result, grain imports are predicted to increase. While Algeria relies primarily on European wheat, German wheat is making gains at the expense of French wheat. Additionally, Algeria recently imported Russian wheat for the first time in five years, due to changes in Algeria's import specifications.

Crop update

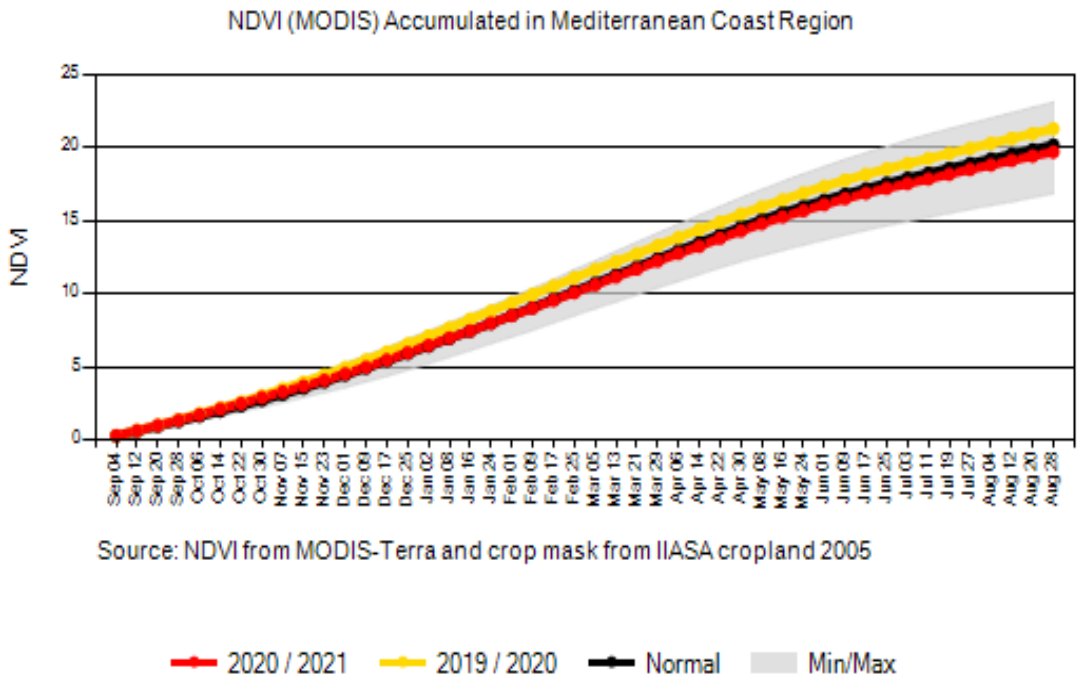
The charts below depict the historical Normalized Difference Vegetation Index (NDVI) as of September 05, 2021, for wheat and barley in Algeria. MY2021/22 crop conditions for grains were at lower levels than the MY2020/21. However, crop conditions remained within Min/Max levels which represent the limits usually Algeria experienced in the past. In Algeria, the grain crop includes durum, barley, bread (common) wheat and oat. Durum wheat and barley always represent over 74 percent of the total cereal plantings.

Precipitation also was below average this marketing year (MY2021/22), resulting in lower soil moisture levels, particularly in the western region and the highlands (see precipitation chart below).

Algeria's Normalized Difference Vegetation Index (NDVI) as of September 05, 2021, for Wheat and Barley Crops.

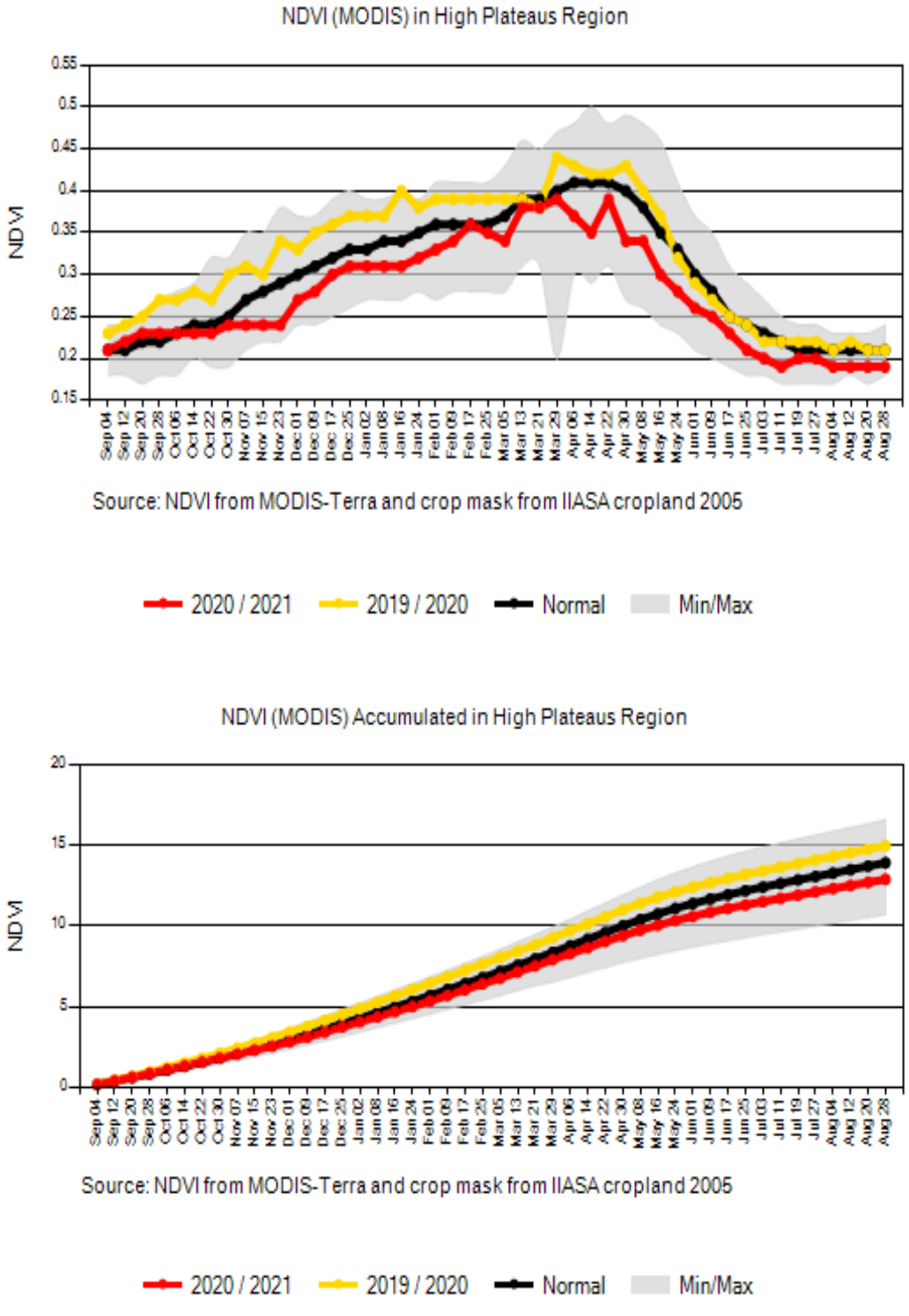


Source: (*https://ipad.fas.usda.gov/cropexplorer*)



Source: (*https://ipad.fas.usda.gov/cropexplorer*)

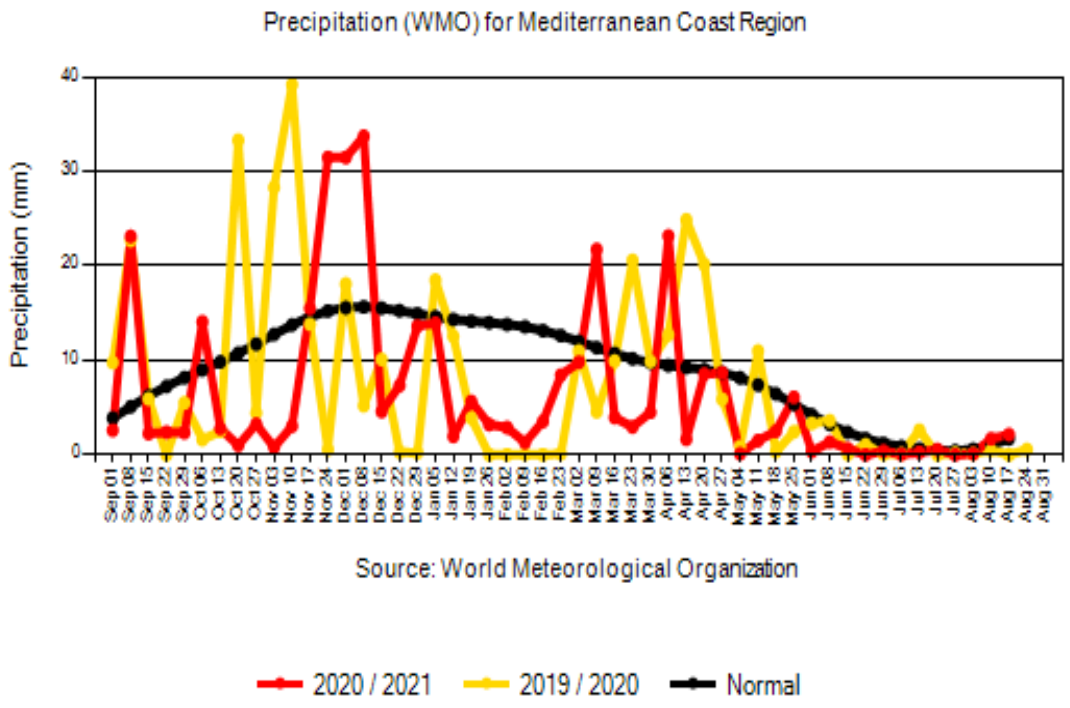
Crop conditions appear to be above normal and above the previous years' levels, with the first precipitation in September in the Mediterranean coastal areas, when usually, Algeria also gets the first rains. Later, in winter and spring, in the same areas, the vegetation decreased under the normal average level. These levels were below last year's crop levels for the remainder of the season. The same is true for the high plateau areas. The charts below show that vegetation decreased sharply below the normal average and below last year's crop level. This shows clearly that the crop was affected by the drought.



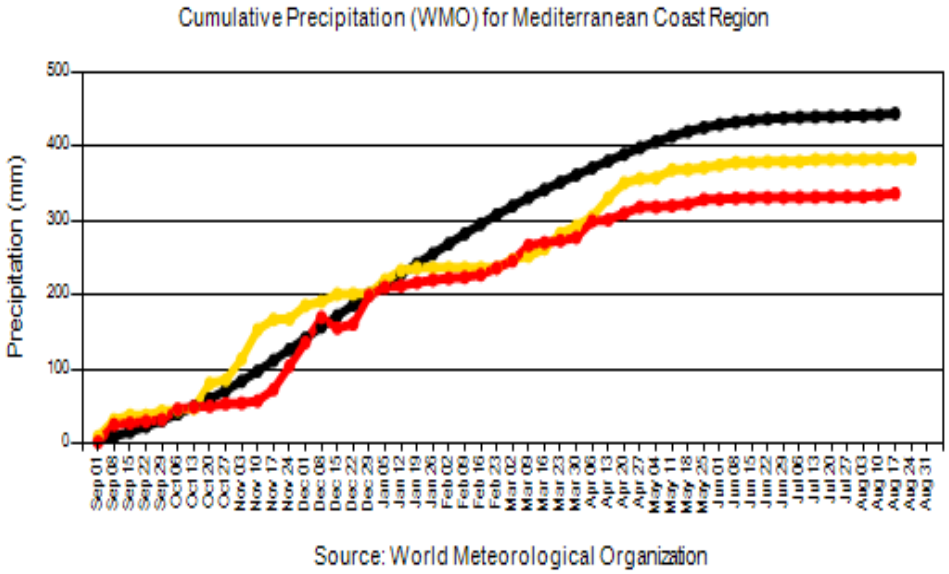
Source: (*https://ipad.fas.usda.gov/cropexplorer*)

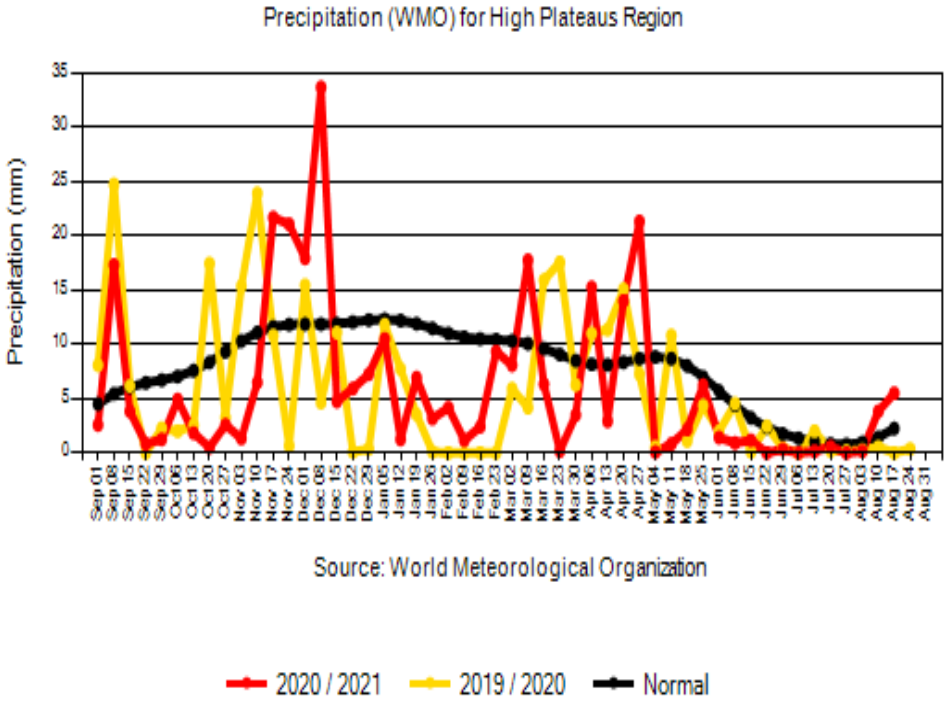
The USDA Crop Explorer precipitation chart below shows the level of precipitation reached above average levels the first week of September 2020. Rain was abundant during the beginning of the fall in the Mediterranean coastal areas. The cumulative precipitation chart below shows that overall rain levels were below average almost the entire season including during the grain fill in the Mediterranean coastal areas which directly affects the grain crop.

USDA Crop Explorer Precipitation Chart (As of August 29, 2021)

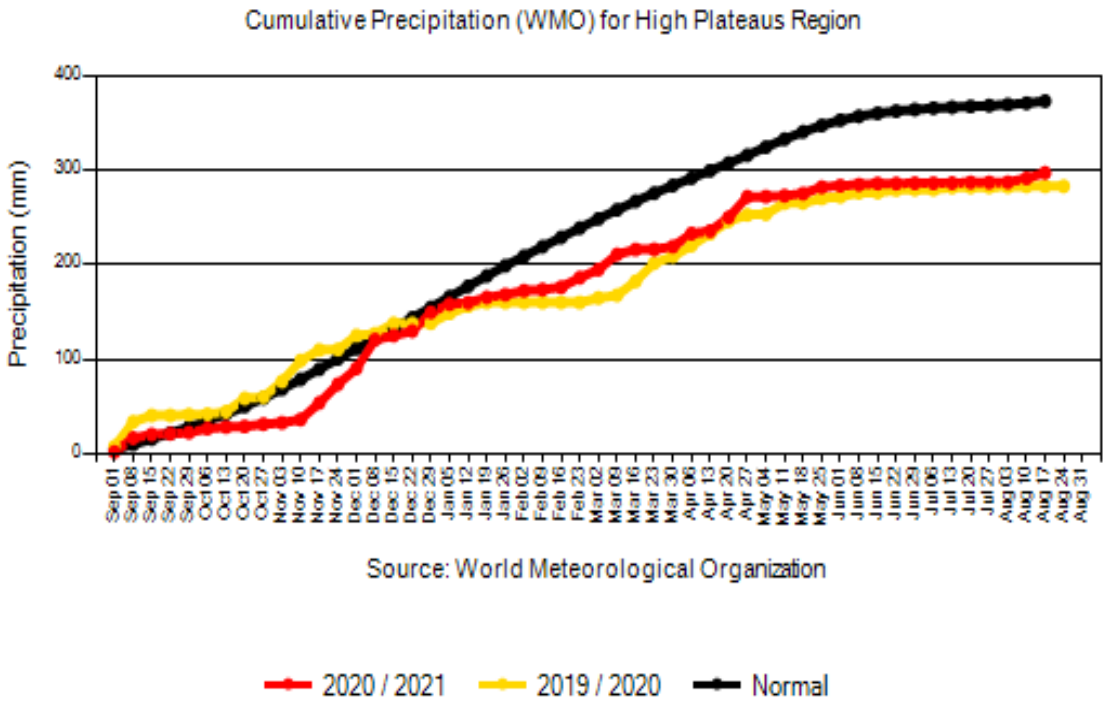


(Source: https://ipad.fas.usda.gov/cropexplorer)





(Source: https://ipad.fas.usda.gov/cropexplorer)



(Source: https://ipad.fas.usda.gov/cropexplorer)

In June 2021, both the Director General of the Technical Institute for Field Crops (ITGC) and the Farmers Union chief indicated that the low rainfall recorded this season in Algeria impacted agricultural production, particularly the cereal sector. Both indicated that Algeria's cereal harvest is set to fall by 30 to 40 percent because of the drought. Drought has hit all the provinces in the eastern and western areas including those with high production.

Furthermore, the Food and Agriculture Organization (FAO) in its note published in August 2021, forecasted a 38 percent decline in the cereal harvest in Algeria in 2021 compared to the previous year.

On the other hand, during the month of August, Algeria experienced deadly forest wildfires in the northern and mountainous provinces. According to the Ministry of Agriculture (MoA), forest fires devastated more than 89,000 hectares across 35 provinces of the country where a total of 1,186 fires were recorded. The fires destroyed plant cover and animals. Most of the affected areas were forests as well as fruit trees and olive groves. There are no reports of grain areas affected by the fires.

The MoA has not released any grain production figures. Post estimates total wheat and barley will decline to 3.5 MMT in MY2021/22 compared to previous crops. Total wheat production will decline to 2.5 MMT and barley production to 1 MMT.

MY2022/23 Crop Preparation

This year, the MoA initiated preparations for the MY2022/2023 planting campaign in July, instead of September as in previous years. Plantings will also start earlier than in previous years. Farmers will start plantings in September rather than October, earlier than usual, based on the MoA recommendations. This decision was undertaken in anticipation of possible early rains. The MoA strengthened support to farmers and simplified the operating procedures, by postponing loan payments for farmers affected by the drought to allow them to resume their activities for the new planting season.

The MoA made available treated seeds and fertilizers already throughout the harvest. Furthermore, during the new season, the Ministry will adopt a program to strengthen, "surface irrigation," to develop cereals in the south and supplemental irrigation in the north which will be of great interest to farmers who experienced a lack of rainfall this year.

Trade

Wheat

The Algerian Office of Cereals (OAIC) made several purchases on the international market. Reports from traders indicate that the OAIC continued buying wheat throughout 2021. Purchases were mostly optional milling wheat (bread wheat) and durum. Tenders were launched in February and have continued on a monthly basis through September. The persisting health crisis (COVID-19), and the lower domestic grain crops affected by drought obliged the OAIC to purchase wheat despite an increase in international prices. Algeria does not release the results of its tenders and trade reports are based on trade estimates. Trade Data Monitor, LLC (TDM) shows that 7.548 million MT were shipped to Algeria in MY2020/21.

Algeria is the main export market for European Union (EU) wheat. The Trade Data Monitor, LLC shows 78.71 percent of total wheat exported in MY2020/21 originated from EU countries. Traders report that Algeria was the largest non-EU destination for French soft wheat in August with initial estimate of 335,000 MT, followed by Ivory Coast. However, German traders also indicated that the European market has been supported by brisk early-season exports, especially in Germany. German traders describe Algeria as becoming Germany’s largest customer as a result of quality problems with French wheat.

Previously, Russia’s high wheat prices and inability to meet OAIC’s previous specifications gave western EU and the Baltic region a continued advantage regarding Algerian purchases. However, news outlets report the resumption of Russian wheat exports to Algeria after a five-year break. This resumption will extend the list of suppliers for Algeria. Russia, one of the world's largest wheat exporters, has been lobbying for access to Algeria's market with no success until recently. The relaxed import specifications further open the market to wheat from the Black Sea Region. However, despite

the recently changed requirements, Russia may continue to face challenges entering the Algerian market, because of its high prices and variable export tax.

On September 16, 2021, several news outlets reported a Russian shipment of more than 30,000 MT of wheat to Algeria from the Black Sea port of Taman.

Russia, the world's largest wheat exporter plans to send two shipments totaling 60,000 MT of wheat to Algeria this month, according to news outlets sources. Reports indicate that the quality characteristics of the grain fully meet Algeria's updated requirements for imported products. Excluding the 28,502 MT sent in June, these two shipments will be the first major supply of Russian wheat to Algeria since 2016.

The United States exports mostly durum wheat to Algeria. Unless Russia exports durum with competitive prices to Algeria, U.S. wheat exports would not be affected. The United States competes with Canada in the Algerian market on durum wheat.

Post maintains USDA's official forecast figures for wheat imports for MY2019/20. However, given the reported purchases, Post estimates wheat imports at 7.548 MMT in MY2020/21 and to 8 MMT in MY2021/22, despite the current measures and policies in place to reduce imports.

Barley

European traders reported that in March, the Algerian Office for Animal Feed (ONAB) purchased barley. According to TDM, 170,000 MT of barley was exported to Algeria in March, mostly of EU origin. The data shows Algeria imported a total of 834,000 MT of barley from July 2020 to June 2021. Industry reported that the OAIC is believed to have purchased about 330,000 MT of barley from various origins to be shipped in October.

Barley imports are a function of weather-related pasture conditions—in general, bad pasture conditions result in increased demand for barley which generates increased imports. Post forecasts imports to increase because of the drought that dominated both last year and the current year. Post increases the barley import forecast figures for MY2020/21 to 834,000 MT and 850,000 MT for MY2021/22.

Policy

As outlined in previous reports, the government launched a 2020-2024 road map aimed at reducing the food import bill by $2.5 billion by targeting imports of several products such as bread (common) wheat, corn, vegetable oil, sugar, industrial tomatoes, and potato seeds.

Part of the development strategy is to increase production of durum wheat and barley. The MoA will review the mapping of cereal crops distribution, especially durum wheat, according to the technical, geographical, and economic specifications of each region. The MoA will develop a global and realistic design to achieve a real revolution in cereal production and seeds. The MoA will identify additional suitable land for durum cultivation and barley particularly areas with high rainfall. The government also intends to increase cereal production to 7.1 million MT and to cultivate oilseeds such as peanuts, soybeans, and rapeseed on approximately 500,000 ha by 2024.

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

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
Algeria	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	2074	2074	2075	2074	2075	2074
Beginning Stocks (1000 MT)	5219	5219	5358	5360	5524	5758
Production (1000 MT)	3950	3950	3900	3900	3600	2500
MY Imports (1000 MT)	7145	7147	7519	7548	7150	8000
TY Imports (1000 MT)	7145	7147	7519	7548	7150	8000
TY Imp. from U.S. (1000 MT)	277	277	0	188	0	0
Total Supply (1000 MT)	16314	16316	16777	16808	16274	16258
MY Exports (1000 MT)	6	6	3	0	10	0
TY Exports (1000 MT)	6	6	3	0	10	0
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	10900	10900	11200	11000	11200	11050
Total Consumption (1000 MT)	10950	10950	11250	11050	11250	11100
Ending Stocks (1000 MT)	5358	5360	5524	5758	5014	5158
Total Distribution (1000 MT)	16314	16316	16777	16808	16274	16258
Yield (MT/HA)	1.9045	1.9045	1.8795	1.8804	1.7349	1.2054

(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 2021/2022 = July 2021 - June 2022

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

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	**Jul 2019**		**Jul 2020**		**Jul 2021**	
Algeria	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1026	1026	1025	1026	1025	1026
Beginning Stocks (1000 MT)	790	790	998	1398	993	1232
Production (1000 MT)	2000	2000	1845	1000	1600	1000
MY Imports (1000 MT)	558	558	800	834	700	850
TY Imports (1000 MT)	503	503	800	834	700	850
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3348	3348	3643	3232	3293	3082
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)	2000	1600	2300	1650	2200	1700
FSI Consumption (1000 MT)	350	350	350	350	350	350
Total Consumption (1000 MT)	2350	1950	2650	2000	2550	2050
Ending Stocks (1000 MT)	998	1398	993	1232	743	1032
Total Distribution (1000 MT)	3348	3348	3643	3232	3293	3082
Yield (MT/HA)	1.9493	1.9493	1.8	0.9747	1.561	0.9747

(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 2021/2022 = October 2021 - September 2022

Attachments:

No Attachments