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Country: Morocco

Post: Rabat

Report Category: Grain and Feed

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Report Highlights:

The 2022 crop season in Morocco is progressing under difficult conditions. Dry and hot weather during January and February has driven production to record lows, especially in southern Morocco. Post forecasts MY2022/23 production at 1.5 MMT for common wheat, 0.7 MMT for durum wheat, and 0.6 MMT for barley. Low production for MY 2022/23 is expected to result in higher import demand of 6 MMT total wheat and 0.5 MMT barley.

Executive Summary:

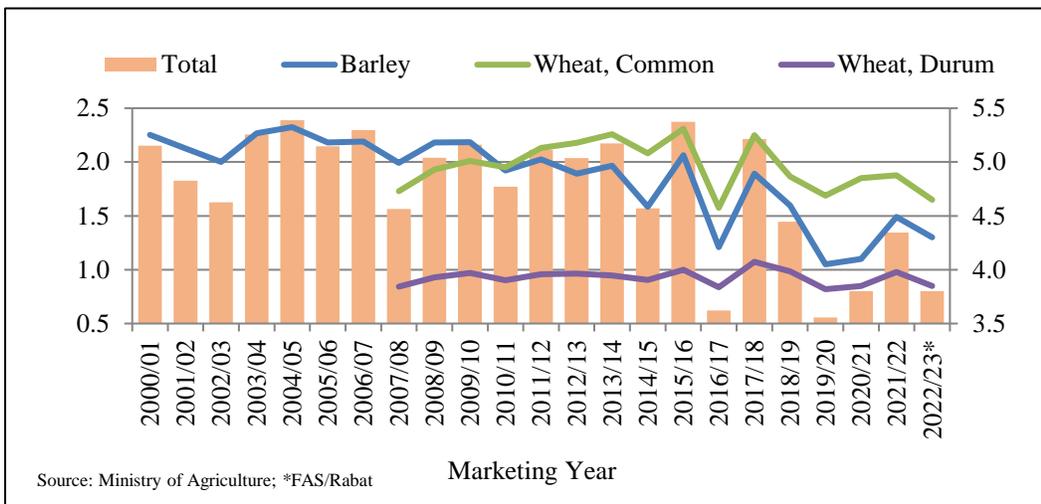
- Extreme drought continues to afflict grain production in Morocco. The majority of Morocco's growing area is mired in a severe seasonal drought.
- MY2022/23 wheat and barley total harvested area is forecast at 3.8 million Ha, about 15 percent below the five-year average. Wheat harvested area is estimated at 2.5 million Ha, and barley at 1.3 million Ha.
- Post anticipates wheat and barley yields to fall below average, with MY 2022/23 production estimated at 2.25 MMT for wheat and 0.6 MMT barley, (approximately 70 and 78 percent lower than MY 2021/22, respectively).
- MY2022/23 wheat imports are expected to increase sharply due to poor grain production. Supply disruptions from Ukraine and Russia, which together account for 24 percent of Morocco's wheat imports, has increased price volatility.
- Post forecasts wheat imports at 6 MMT, up about 10 percent from the previous year. Post also revised its earlier forecast for wheat imports for MY 2020/21 from 5 million MT to 5.5 million MT, based on industry market intelligence and available trade data.
- As a drought relief measure, the government of Morocco has announced an "anti-drought emergency program." Morocco's cereal office (ONICL) will distribute 700,000 MT of subsidized barley to farmers in the regions affected by drought.
- The Government of Morocco has set a measure to subsidize bread wheat (common wheat) imports in response to rising wheat prices due to the war in Ukraine and shipping costs that have surged in recent months.

Commodities: Wheat and Barley

Area

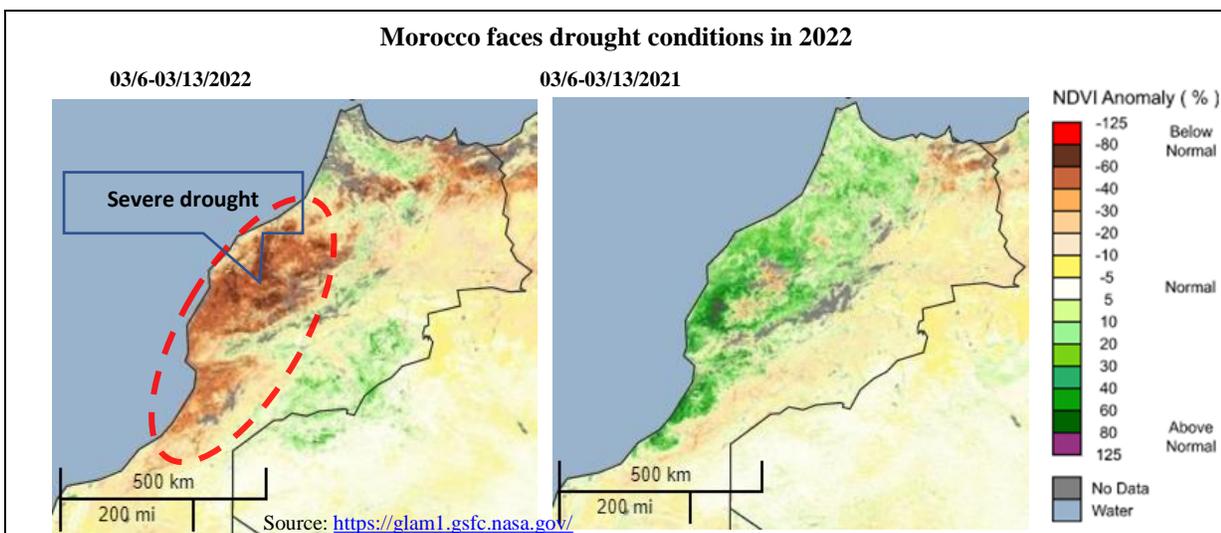
The fall 2021 Moroccan planting season was one of the driest starts in 30 years, resulting in reduced planted area for grain. Most farmers in the south reported late planting (December 15, 2021, was commonly cited, nearly 30 days later than typical). For MY 2022/23, the area planted to fall grains (common wheat, durum wheat and barley) is expected to drop compared to MY 2021/22. The lack of sufficient and timely rainfall during the planting season (October-December) in the central-south and southern parts of the country caused many farmers to leave rain-fed area fallow. For MY2022/23, total area harvested for wheat and barley is forecast at 3.8 million Ha, about 15 percent below the five-year average. Wheat harvested area is estimated at 2.5 million Ha, and barley is at 1.3 million Ha.

Figure 1: Moroccan Harvested Area (1,000 MT)



Regions with plantings most effected by drought are Souss-Massa, Chaouia-Ouardigha, Rabat-Sale-Zemmour-Zaer, Gharb, and Loukkos. Given the lack of rainfall in January and February, most rain-fed fields in these regions are either completely bare or have been left to livestock for grazing.

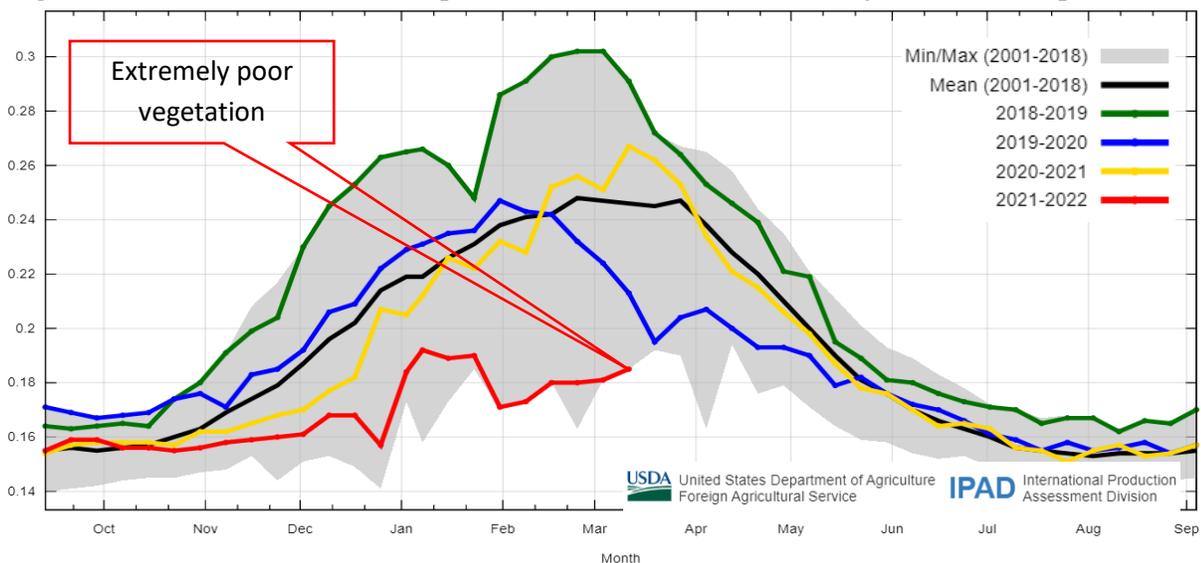
Figure 2: Moroccan Vegetative Index Comparison



Production

For MY 2022/23, during the autumn and winter of 2021 and 2022, Morocco's grain production is expected to fall significantly due to dry conditions. Rainfall has registered below average since the end of November, causing a significant slowdown in plant growth and development.

Figure 3: Morocco – Relative Crop Conditions (Modis NDVI 8-Day), October- September



Ministry of Agriculture sources indicated that about 1.9 million hectares located in the southern part of the country have been severely affected by the weather conditions of which about 500,000 hectares can be considered lost. As a result, Post estimates MY 2022/23 production to fall to 2.25 MMT for wheat and 0.6 MMT barley, (approximately 70 and 78 percent lower than MY 2021/22, respectively).

Table 1: Morocco Area, Yield, Production (Year of Harvest)

		2018	2019	2020	2021	2022*	% Δ
		Area (1,000 HA)					
	Wheat, Total	2,850	2,506	2,700	2,855	2,500	-12%
	- Durum	984	819	850	936	850	-9%
	- Common	1,866	1,687	1,850	1,916	1,650	-14%
	Barley	1,597	1,050	1,100	1,490	1,300	-13%
	TOTAL	4,350	3,556	3,800	4,345	3,800	-13%
	Yield						
	Wheat, Total	2.58	1.60	1.06	2.64	0.90	-66%
	- Durum	2.47	1.64	0.96	2.65	0.88	-67%
	- Common	2.63	1.59	1.11	2.64	0.91	-66%
	Barley	1.82	1.10	0.86	1.86	0.461	-75%
	Production (1,000 MT)						
	Wheat, Total	7,340	4,025	2,870	7,540	2,250	-70%
	- Durum	2,430	1,344	820	2,480	750	-70%
	- Common	4,910	2,681	2,050	5,060	1,500	-70%
	Barley	2,910	1,161	950	2,780	600	-78%
	TOTAL	10,250	5,200	3,820	10,320	2,850	-72%

Source: Ministry of Agriculture; *FAS/Rabat forecast

Figure 4: Common Wheat NDVI (Production Zone in Blue on Map)

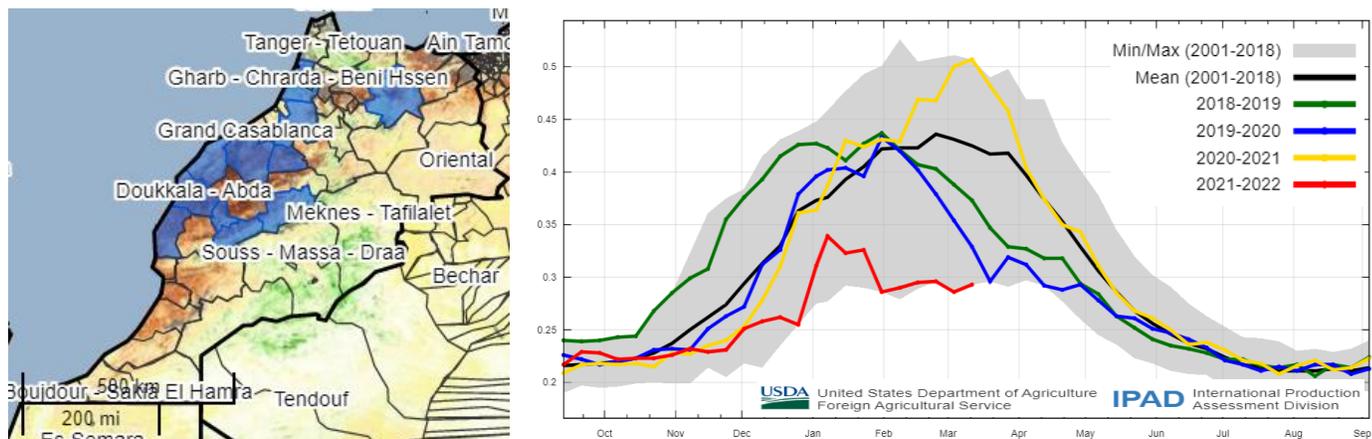


Figure 5: Durum Wheat NDVI (Production Zone in Blue on Map)

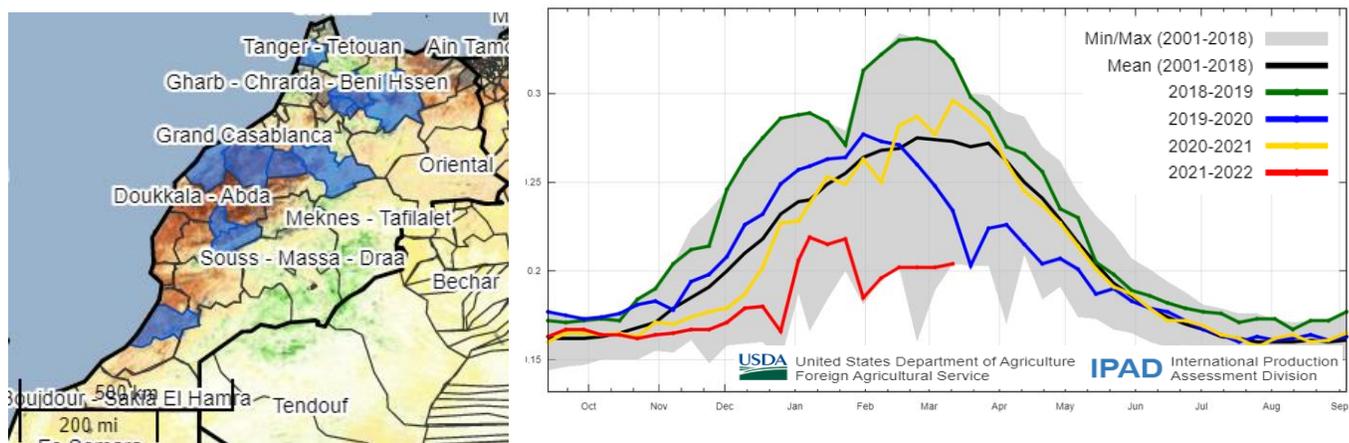
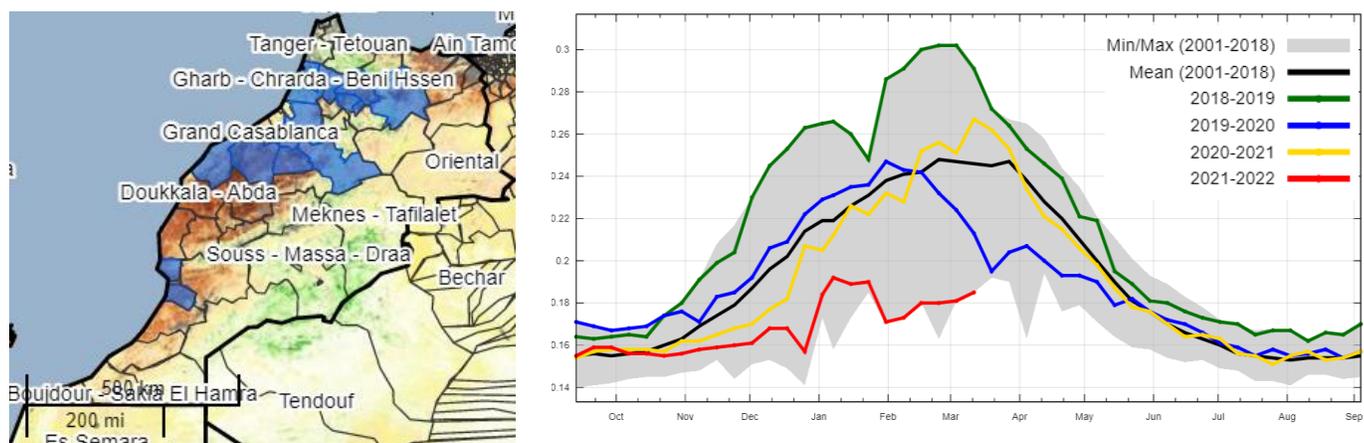


Figure 6: Barley NDVI-Production Zone in Blue on Map)



Consumption

Wheat

In MY2022/23, Post holds total domestic consumption steady at 10.8 MMT. This reflects per capita consumption of 288 kg and a population of 36.2 million. Common wheat represents nearly 70 percent of wheat consumption in urban areas and 66 percent in rural areas.

Barley

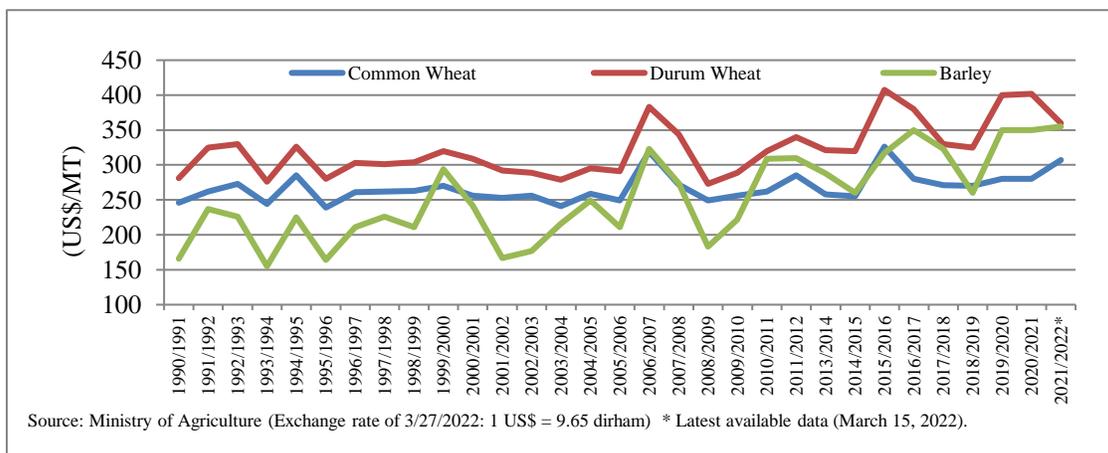
Barley is consumed mostly as animal feed and consumption rates vary depending on local availability and pasture conditions. For MY2022/23, Post forecasts barley consumption at 1.25 MMT. The Government of Morocco estimates cattle, sheep and goat populations will remain stable.

Prices

Moroccan wheat, flour, and bread prices are politically sensitive and strictly managed.

- Morocco’s National Inter-Professional Office for Cereals and Legumes (ONICL) varies MFN tariff rates throughout the year in order to control Moroccan bread wheat prices. ONICL aims to maintain bread wheat prices between \$260/MT and \$280/MT.
- ONICL subsidizes common wheat flour, known as “National Flour,” to support low-income consumers. In calendar year 2022, the quota was set at 600,000 MT, unchanged from 2021.
- In February 2022, ONICL reinstated a restitution system intended to keep common wheat prices below \$270/MT. Wheat importers are subsidized the difference between a baseline wheat price and \$270/MT. The baseline price is calculated every two weeks and is based on prices assessed from four origins (USA, France, Argentina, and Black Sea). (See policy section).
- For MY2021/22, barley prices in local markets rose to the unprecedented level of \$355 per MT in late February and have remained high to date (March 29, 2022).

Figure 7: Moroccan Average Local Prices for Wheat and Barley



Trade

Wheat

MY2022/23 wheat imports are expected to increase sharply due to poor grain production prospects. Supply disruptions from Ukraine and Russia, which together account for 24 percent of Morocco's wheat imports, has increased concerns for price volatility and availability. However, importers report confidence and are working with alternative suppliers in the EU, Australia, and South America. The Government of Morocco confirms industry's reports and shares their confidence that Morocco will continue to import its wheat requirement. Morocco remains a price-oriented market and exporters must compete with cheaper origins. Post forecasts wheat imports at 6 MMT, up about 10 percent from the previous year. Post also revised its earlier forecast for wheat imports for MY 2020/21 from 5 million MT to 5.5 million MT, based on industry market intelligence and available trade data.

Morocco uses import duties to protect local grain producers during their marketing season, regulate prices, and manage stocks. Effective January 1, 2022, the Government of Morocco extended the suspension of import duties on common wheat and products (1001.99.00.19 and 1001.99.00.90) until further notice. Importers expect the frontier to be open for imports even when domestic wheat is available. This measure is intended to keep the cost of imports at a competitive level and to build stocks.

Figure 8: Morocco Wheat Imports by Origin in MY 2020/21

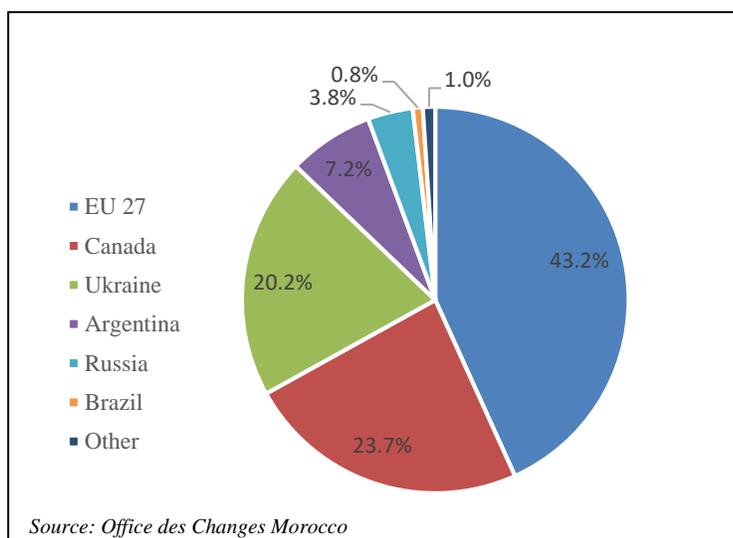


Figure 9: MFN Tariff on Common Wheat Imports

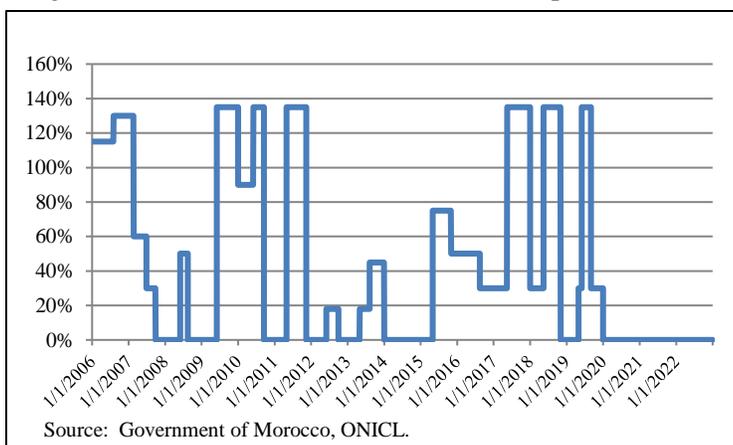


Table 2: Wheat Imports by Marketing Year (MT Wheat Equivalent)

HS	Description	Marketing Year			Year to Date		
		2018/19	2019/20	2020/21	06/20-01/21	06/21-01/22	%Δ
1001	wheat and meslin	3,705,893	4,607,874	5,426,833	2,666,462	2,375,920	-10.9
190219*	Uncooked Pasta	13,859	14,784	14,383	9,056	8,209	-9.35
190230*	pasta, prepared, nesoi	3,607	2,775	2,363	1,931	1,540	-20.25
1101*	wheat or meslin flour	512	517	512	329	249	-24.32
190430*	bulgur wheat, pre-cooked	71	60	60	51	56	9.8
190240*	couscous	5	7	26	23	110	378.26
Total	PSD-Total	3,723,947	4,626,017	5,444,178	2,677,852	2,386,085	-10.9

Source: Morocco office de change, *applied converting factor: 1.368, MY used for wheat June-May

Table 3: Wheat Imports by Trade Year (MT Wheat Equivalent)

HS	Description	Marketing Year			Year to Date		
		2018/19	2019/20	2020/21	07/20-01/21	07/21-01/22	%Δ
1001	wheat and meslin	3,705,893	4,859,494	5,175,213	2,414,842	2,375,920	-1.61
190219*	Uncooked Pasta	13,718	15,622	13,510	7,085	7,111	0.37
190230*	pasta, prepared, nesoi	3,597	2,937	2,161	1,586	1,398	-11.85
1101*	wheat or meslin flour	564	490	512	289	210	-27.34
190430*	bulgur wheat, pre-cooked	71	65	55	46	56	21.74
190240*	couscous	5	13	27	16	102	537.5
Total	Total PSD	3,723,847	4,878,620	5,191,479	2,423,865	2,384,797	-1.61

Source: Morocco office de change, *applied converting factor: 1.368, TY used for wheat July-June

Morocco's wheat exports are primarily in processed form (Couscous, Pasta and flour). Exports primarily target the EU and African countries (Senegal, Guinea, Benin, and Togo).

Table 4: Wheat Exports by Marketing Year (MT Wheat Equivalent)

HS	Description	Marketing Year			Year to Date		
		2018/19	2019/20	2020/21	06/20-10/21	06/21-10/22	%Δ
190240*	Couscous	31,283	36,835	55,816	33,489	33,596	0.32
190219*	Uncooked Pasta	14,351	17,788	13,069	8,334	12,022	44.25
190230*	Pasta, Prepared, Nesoi	3,840	4,722	5,670	3,636	4,248	16.83
1101*	Wheat Or Meslin Flour	26,187	3,427	1,956	1,049	859	-18.11
1001	Wheat And Meslin	50	-	58	10	-	-100
Total	PSD-Wheat	75,710	62,772	76,570	46,519	50,725	9.04

Source: Morocco office de change, *applied converting factor: 1.368, MY used for wheat June-May

Barley

Morocco's barley imports are heavily influenced by weather. Imports of barley are expected to increase significantly during the next few months. For MY 2022/23, Post forecasts barley imports to reach 0.5 MMT to accommodate domestic consumption due to poor vegetative growth for grazing and lower production. Post maintains its import estimate for MY 2021/22 unchanged.

Figure 10: Barley Imports by Origin in MY 2020/21

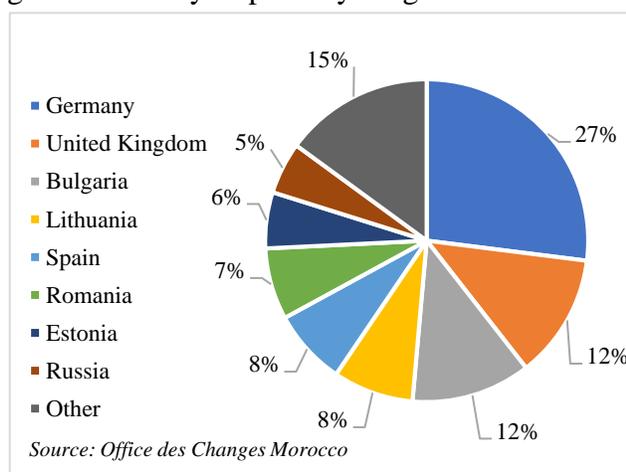


Table 5: Imports by Marketing Year (MT)

Partner Country	Marketing Year			Year to Date		
	2018/19	2019/20	2020/21	07/20-01/21	07/21-01/22	%Δ
EU 27	142,688	943,971	440,994	335,535	198,055	-40.97
Russia	-	-	25,041	25,041	-	-100
Ukraine	8,249	131,649	12,099	12,099	50,238	315.22
Syria	-	-	3,337	3,337	-	-100
Total	150,937	1,075,620	481,472	376,013	248,293	-33.97

Source: Morocco office de change, MY used for barley July-June

Stocks

There are no official statistics on wheat and barley stocks. However, industry sources indicate that Morocco's wheat reserve as of March 1, 2022, is about 3.6 million MT (four months of consumption). Stocks held by agents licensed by ONICL, including grain merchants, cooperatives, processors and government managed port silos, are generally known. These agents are paid a storage premium based on wheat stored and declared to ONICL, which calculates the storage premium every 15 days at a rate of \$2/MT. Only a small portion of Moroccan barley passes through official collection channels, and data on barley stocks is inconclusive.

Policy

In February 2022, ONICL reinstated a restitution system intended to keep common wheat prices below \$270/MT. Wheat importers are subsidized the difference between a baseline wheat price and \$270/MT. The baseline price is calculated every two weeks and is based on prices assessed from four origins (USA, France, Argentina, and Black Sea). The restitution system is valid until June 30, 2022 ([link](#)). According to industry sources, the Government of Morocco has set this measure in response to rising wheat prices due to the war in Ukraine and shipping costs that have surged in recent months.

On February 18, 2022, the Moroccan government launched an anti-drought emergency program by which the government makes subsidized barley available to farmers in hard hit areas. The program will distribute 700,000 MT of subsidized barley at the fixed price of \$200 per ton, and will also support the transport of the commodity to remote areas. Additionally, the program will supply 400,000 MT of compound feed to dairy farmers in order to mitigate the impact of rising animal feed prices.

Table 6: Wheat Production, Supply, and Distribution

Wheat Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jun 2020		Jun 2021		Jun 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Morocco						
Area Harvested (1000 HA)	2758	2758	2855	2855	0	2500
Beginning Stocks (1000 MT)	3611	3611	1147	1147	0	3212
Production (1000 MT)	2560	2560	7540	7540	0	2250
MY Imports (1000 MT)	5444	5444	5000	5500	0	6000
TY Imports (1000 MT)	5191	5191	5000	5500	0	6000
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	11615	11615	13687	14187	0	11462
MY Exports (1000 MT)	68	68	75	75	0	70
TY Exports (1000 MT)	76	76	75	75	0	70
Feed and Residual (1000 MT)	300	300	500	500	0	400
FSI Consumption (1000 MT)	10100	10100	10400	10400	0	10400
Total Consumption (1000 MT)	10400	10400	10900	10900	0	10800
Ending Stocks (1000 MT)	1147	1147	2712	3212	0	592
Total Distribution (1000 MT)	11615	11615	13687	14187	0	11462
Yield (MT/HA)	0.9282	0.9282	2.641	2.641	0	0.9
(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 2022/2023 = July 2022 - June 2023						

Table 7: Barley Production, Supply, and Distribution

Barley Market Year Begins	2020/2021		2021/2022		2022/2023	
	Jul 2020		Jul 2021		Jul 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Morocco						
Area Harvested (1000 HA)	1467	1467	1490	1490	0	1300
Beginning Stocks (1000 MT)	128	128	64	64	0	444
Production (1000 MT)	640	640	2780	2780	0	600
MY Imports (1000 MT)	456	456	300	300	0	500
TY Imports (1000 MT)	456	456	300	300	0	500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1224	1224	3144	3144	0	1544
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)	560	560	1700	1700	0	600
FSI Consumption (1000 MT)	600	600	1000	1000	0	650
Total Consumption (1000 MT)	1160	1160	2700	2700	0	1250
Ending Stocks (1000 MT)	64	64	444	444	0	294
Total Distribution (1000 MT)	1224	1224	3144	3144	0	1544
Yield (MT/HA)	0.4363	0.4363	1.8658	1.8658	0	0.4615
(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 2022/2023 = October 2022 - September 2023						

Commodities: Rice, Milled

Production

Unlike wheat and barley, Moroccan rice is grown in under irrigation. Production is concentrated in the Gharb and Loukkos regions. Post forecasts harvested area for MY 2022/23 to remain steady at around 8,250 hectares, while production is forecast at 42,000 MT, a 7 percent decline from the previous season based on weather conditions.

Figure 11: Morocco's Rice Production and Yield

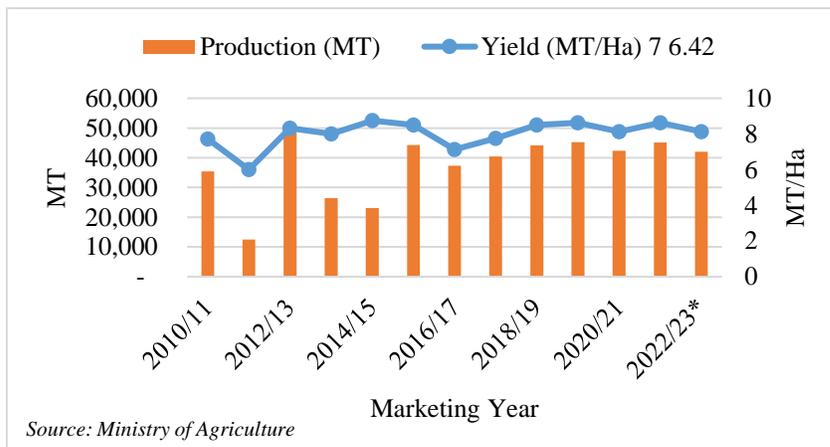
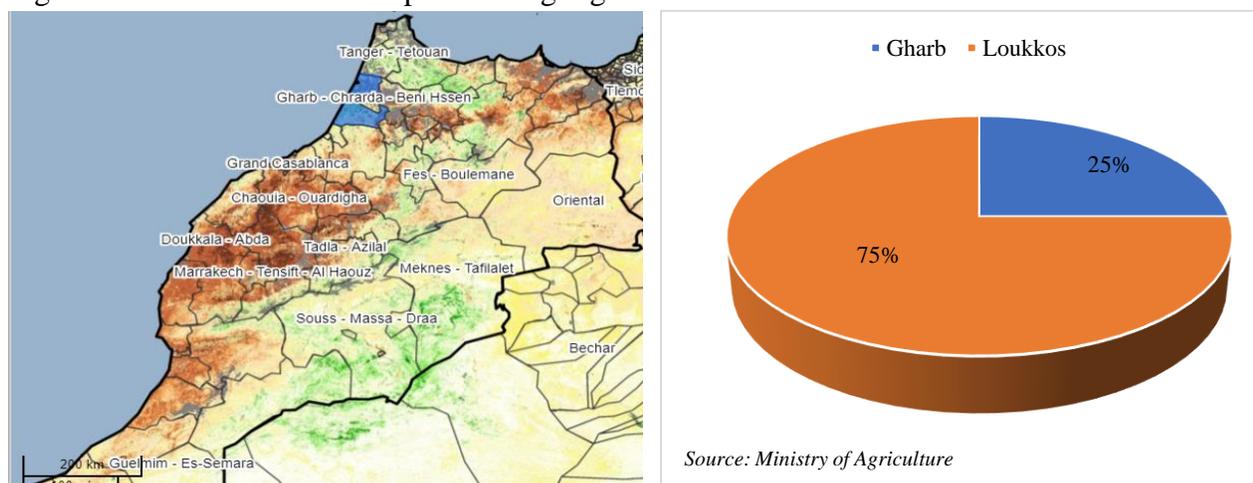


Figure 12: Rice Production Map- Area Highlighted in Blue



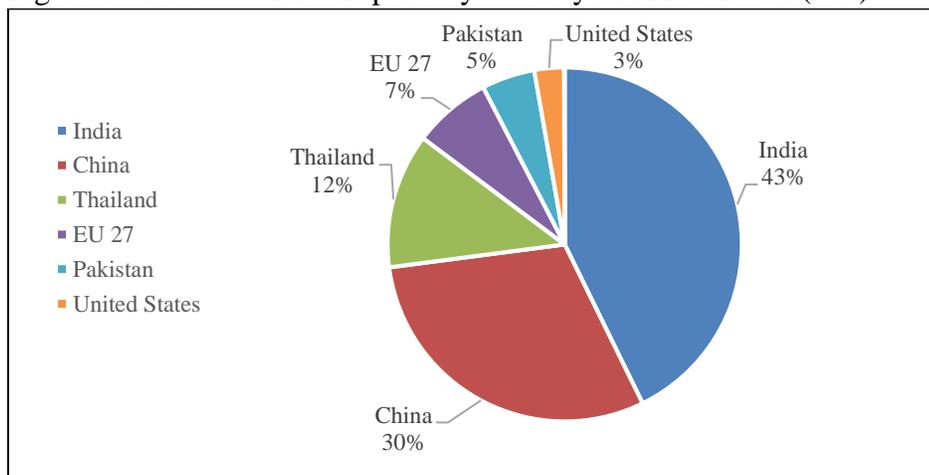
Consumption

Rice is not a staple food in Morocco and its consumption has not increased significantly as consumers continue to opt for bread and couscous. For MY 2022/23, Post holds total domestic consumption steady at 82,000 MT.

Trade

India continued to dominate the Moroccan market in MY 2020/21 and exported 16,846 MT of rice to Morocco, accounting for 43 percent of the Kingdom's rice imports. China's exports increased by approximately 11,894 MT, constituting a 30 percent market share.

Figure 13: Morocco Rice Imports by Country in MY 2020/21 (MT)



Source: TDM

Post estimates Moroccan rice imports for MY2022/23 to reach 40,000 MT, based on the assumption that tourist arrivals will resume. Post adjusts the MY 2020/21 trade figures to reflect trade data.

Table 8: Imports by Marketing Year (MT) Conversion to Milled Eq

HS	Description	Marketing Year			Year to Date		
		2018/19	2019/20	2020/21	10/20-01/21	10/21-01/22	%Δ
100630	Rice, Semi-Milled or Wholly	26,798	70,586	37,971	14,394	26,584	84.69
100610	rice in the husk (paddy or rough)	1,430	1,364	1,224	1	-	-100
100640	rice, broken	50	490	124	48	24	-50
100620	rice, husked (brown)	205	27	91	17	55	223.53
Total	PSD-rice, milled	28,484	72,468	39,409	14,460	26,664	84.4

Source: Morocco office de change, MY used for Rice October-September

Table 9: Rice Production, Supply, and Distribution

Rice, Milled Market Year Begins Morocco	2020/2021		2021/2022		2022/2023	
	Oct 2020		Oct 2021		Oct 2022	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	8	8	8	8	0	8
Beginning Stocks (1000 MT)	0	0	0	0	0	0
Milled Production (1000 MT)	42	42	45	45	0	42
Rough Production (1000 MT)	65	65	69	69	0	65
Milling Rate (.9999) (1000 MT)	6500	6500	6500	6500	0	6500
MY Imports (1000 MT)	36	36	45	45	0	40
TY Imports (1000 MT)	48	48	45	45	0	40
TY Imp. from U.S. (1000 MT)	1	1	0	0	0	0
Total Supply (1000 MT)	78	78	90	90	0	82
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Consumption and Residual (1000 MT)	78	78	90	90	0	82
Ending Stocks (1000 MT)	0	0	0	0	0	0
Total Distribution (1000 MT)	78	78	90	90	0	82
Yield (Rough) (MT/HA)	8.125	8.125	8.625	8.625	0	8.125
(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 Rice, Milled begins in January for all countries. TY 2022/2023 = January 2023 - December 2023						

Attachments:

No Attachments