

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Algeria

Grain and Feed Update

Policy Update

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Report Highlights:

Good opportunities may exist again for U.S. Grain exports due to the exemption from VAT for products destined for animal feed and the removal of the import licenses.

Post:
Algiers

Executive Summary:

The Government of Algeria (GoA) pursues its strategy to control imports and reduce imports growth to better control the spending. The strategy is to offset the drop in energy earnings, and protect domestic production. The GoA dropped the import licensing system for most of the products, but introduced new measures as part of the 2018 Finance Act. (See policy update)

According to the 2018 Finance Act, Feed Grains are exempt from VAT, and not subject to import licenses. Corn derivatives; (corn starch, corn flour, corn semolina) are temporarily suspended along with another 576 agricultural products as part of the new measures under the new Finance Act.

Wheat and barley are part of the list of products that require a phytosanitary or veterinary certificate for the banking domiciliation's application prior to import, delivered by the Ministry of Agriculture.

No figures have been released yet regarding the plantings for MY2018/2019. Algeria's Normalized Difference Vegetation Index (NDVI) chart shows average crop conditions almost similar to last year's. Post keeps same production figures forecasts as last year's and forecasts upward barley imports at 800,000 MT as delays in the introduction of import licenses for feed in 2017 have led to supply shortages. The new exemption from VAT and the import licensing system removal should encourage imports despite the desire to control imports.

Author Defined:

MY18/MY19 Plantings Preparation and Crop Update

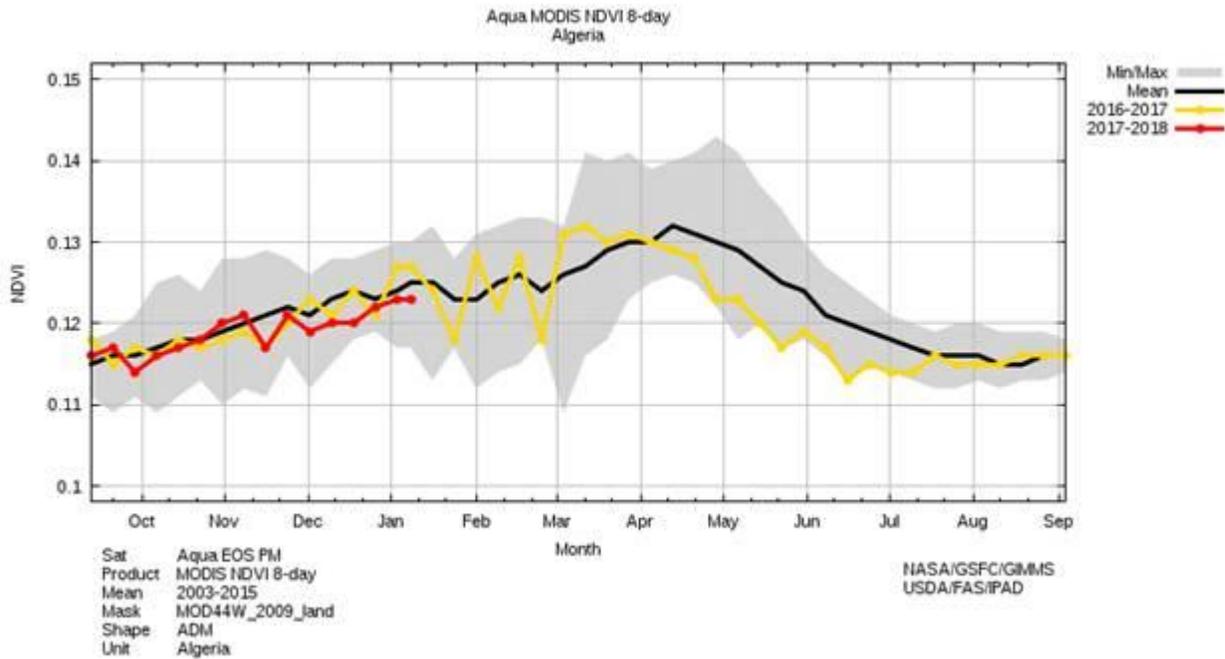
The Ministry of Agriculture indicated that 113,000 T of certified seeds and 52,000T of fertilizers were made available in sufficient quantities for the MY2018/MY2019 planting season. The latter notes that farmers are increasingly using certified and regulated seeds, which will have a positive impact on productivity.

The Ministry also indicated that all constraints related to the distribution and importations of fertilizers have been lifted following the extension of the duration of fertilizer authorizations until December 31, 2018.

The Ministry of Agriculture did not release any figures yet regarding plantings. FAO GIEWS reported at the end October 2017 that plantings were underway under favorable weather conditions.

Algeria's Normalized Difference Vegetation Index (NDVI) (<https://glam1.gsfc.nasa.gov/>) in the chart below shows average crop conditions more or less same as the previous year. Based on this assessment, Post forecast wheat production at 2.4 MMT and barley at 968,000 MT for MY2018/2019. Post maintains USDA's production figures for 2016/2017 and 2017/2018.

Figure: Algeria's Normalized Difference Vegetation Index (NDVI)



Trade Update

Post maintains USDA figures for 2016/17 and 2017/18 for wheat and barley imports. Algeria's goal to reduce imports and slow import growth is still current and the GoA is still implementing measures to do so. (See policy update section below). Based on this, and on the average total per annum wheat imported over the past five years (6 to 7 MMT), Post forecasts wheat imports similar to last year's at 7.7MMT in MY2018/2019.

Post forecasts barley imports at 800,000 MT. Depending on the new crop, barley imports may trend upward because of the new exemption from VAT and the import licensing system removal. Delays in the introduction of import licenses for feed in 2017 have led to supply shortages and increased prices.

Consumption Update

Post forecast barley consumption will increase slightly because of the exemption from VAT which would balance market price after the removal of the domestic sales price support that makes barley sold at market price. Wheat remains exempted from VAT.

Policy update

Opportunities may rise again for U.S. Grains exports following the implementation of the new measure as part of the Finance Act for 2018. The latter granted the benefit of the VAT exemption to some raw

materials and products destined for animal feed, referred to as:

- Barley (tariff heading 10.03)
- Corn, (tariff heading 10.05)
- Bran, (tariff code 23.02)
- Starch residues and similar residues (tariff heading 23-03),
- Preparations used for feeding animals (tariff heading 23-09),

No more import licenses are needed for these products. Delays in the introduction of import licenses for feed in 2017 led to increased prices and supply shortages.

https://www.mfdgi.gov.dz/images/pdf/communiques/Communique_LF2018.pdf

The Government of Algeria (GoA) announced on the eve of the New Year 2018 the removal of the import licensing system for most of the products as it failed to manage and control imports and turned out that it had more disadvantages than advantages. However, the GoA implemented a new framework as part of the 2018 Finance Act. The objective is to better control the spending to offset the fall in energy earnings, and protect domestic production.

The importation of goods is subject, to a new management mechanism which was specified, in the announcement of the Ministry of Commerce in January 2018 and is available on their website: [\(02.01.2018 Avis et Communiqués\).](#)

The new measures included:

- A new list of 851 products temporarily suspended from imports cancelling all the former ones from 2017. This list includes 576 agricultural products of which corn derivatives are included; (corn starch, corn flour, corn semolina). <https://www.commerce.gov.dz/reglementation/decret-executif-n-deg-18-02>
- A new list of products with the custom duties increased from 30 to 60 percent. (Grain and Feed are not included).
- Extension of the list of products subject to local consumption tax (TIC). (A domestic consumption tax used to apply to about 20 products that were considered luxury goods (tariff code chapters 08, 09, 16, and 22). This new list extends the former one to 34 products. None of the products covered in this report are included.
- Also another requirement effective October 22, 2017, regarding the deposit of 120% of the import transaction value with an Algerian Bank, 30 days prior to shipment for any imported goods for resale as is. For more information on this requirement, please refer to FAS AG1707 report: <https://gain.fas.usda.gov/Recent%20GAIN%20Publications/New%20Payment%20Requirement%20on%20Imports%20Algiers%20Algeria%2011-6-2017.pdf>),
- According to publically released communications, (<https://www.tsa-algerie.com/wp->

<content/uploads/2018/01/Rationalisation-des-importations.pdf>), on December 26, the Association of Banks and Financial Institutions (ABEF) relayed an order on behalf of the Ministry of Commerce which directed Algeria's commercial banks that banking domiciliation's applications should include the following documents effective January 1, 2018:

1. Phytosanitary or veterinary certificate delivered by the Ministry of Agriculture, Rural Development and Fisheries regarding imports of (bananas, **wheat, barley**, garlic, beef and fish except sardines).
2. Prior technical authorization delivered by Ministry of Commerce related to the import of cosmetics and toxic products
3. Certificate of free movement of the product in the country of origin or provenance, established by a duly empowered authority in the exporting country and / or of origin attesting that the goods to be imported except the one cited above: (bananas, wheat, barley, beef, garlic and fish), are actually and freely marketed on their territory in accordance with the provisions of the article 12 of the executive decree no12-203 of the May 06, 2012 relating to the rules applicable for security of the products .

Wheat	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1300	1300	1600	1600	0	1600
Beginning Stocks	4357	4357	4411	4411	0	4046
Production	2000	2000	2400	2400	0	2400
MY Imports	8414	8414	7700	7700	0	7700
TY Imports	8414	8414	7700	7700	0	7700
TY Imp. from U.S.	993	993	0	0	0	0
Total Supply	14771	14771	14511	14511	0	14146
MY Exports	10	10	15	15	0	15
TY Exports	10	10	15	15	0	15
Feed and Residual	50	50	50	50	0	50
FSI Consumption	10300	10300	10400	10400	0	10500

Total Consumption	10350	10350	10450	10450	0	10550
Ending Stocks	4411	4411	4046	4046	0	3581
Total Distribution	14771	14771	14511	14511	0	14146
Yield	1.5385	1.5385	1.5	1.5	0	1.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	900	900	763	763	0	763
Beginning Stocks	1313	1313	899	899	0	717
Production	1000	1000	968	968	0	968
MY Imports	636	636	700	700	0	800
TY Imports	533	533	700	700	0	800
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2949	2949	2567	2567	0	2485
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1700	1700	1500	1500	0	1600
FSI Consumption	350	350	350	350	0	350
Total Consumption	2050	2050	1850	1850	0	1950
Ending Stocks	899	899	717	717	0	535
Total Distribution	2949	2949	2567	2567	0	2485
Yield	1.1111	1.1111	1.2687	1.2687	0	1.2687
(1000 HA) ,(1000 MT) ,(MT/HA)						

