

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Algeria

Grain and Feed Update

Crop and Policy Update

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Report Highlights:

Algeria's MY2018/2019 grain crop was good and reached 6.05 MMT. The May 2018 list of banned imports remains current. Grain and feed are not affected. In August 2018, a new decree was published to exempt feed grains and products for animal feed manufacture from value added-tax (VAT) improving the market opportunities for U.S. feed grains.

Post:
Algiers

Executive Summary:

The Ministry of Agriculture (MoA) released Algeria's MY2018/2019 cereals production figures; the crop reached 6.05 million MT, (a 74.4 percent increase), compared to the last year's (3.47 million MT). Yields increased from 1.5 MT/Ha in 2016/2017 (MY2017/2018) to 1.9 MT/Ha in 2017/2018, (MY2018/2019).

The Ministry of Agriculture indicated that this production level was due not only to the favorable climatic conditions, but also as a result of the support from the Government through loans, seeds, equipment and other technical support for crops.

Based on the Ministry of Agriculture's production assessment, Post revises total wheat production for MY2018/2019 at 3.940 MMT (durum 3.15 MMT and bread wheat 790,000 MT) and barley production at 1.950 MMT).

Post maintains the figures for MY2016/2017 and revises upward MY2017/2018 figures for wheat imports, as production was low. Post forecasts wheat imports would fall to 8.2 MMT in MY2018/2019. Post revises downward barley import figures to 522,000 MT for MY2017/2018.

The Ministry of Commerce's import ban on 877 products of which 622 are agricultural is still current as of September, 2018. Grain and feed products (wheat, barley and corn, soybeans and soybean meal) remain unaffected by the import ban.

On August 15, 2018, The Government of Algeria (GoA) published a new decree in the Official Journal No 50 (<https://www.joradp.dz/FTP/JO-FRANCAIS/2018/F2018050.pdf>). The purpose of the Decree is to define the procedures for the implementation of the exemption from value-added tax (VAT), for barley and corn sales operations, and materials and products destined for animal feed. (see policy section).

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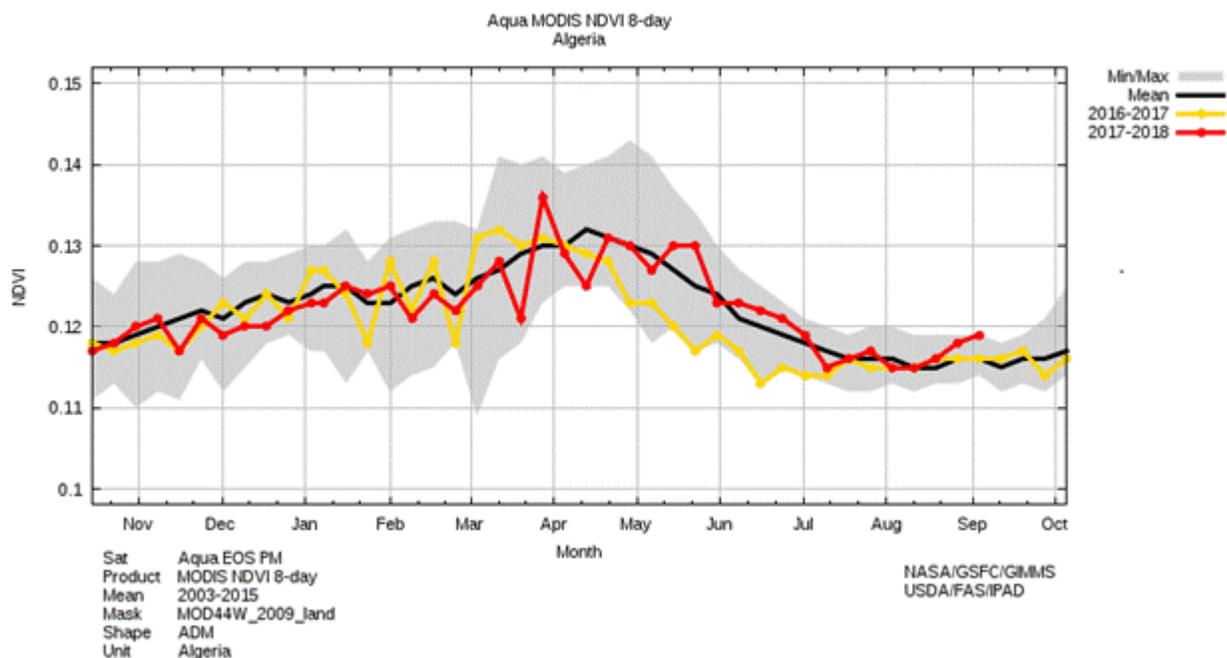
Crop Update

The Algerian Press Service reported that the Ministry of Agriculture indicated this year's (MY2018/2019) cereals production reached 6.05 million MT, (a 74.4 percent increase), compared to the last year's (3.47 million MT). Durum wheat production reached 3.15 million MT and barley 1.95 million MT, while bread wheat reached only 790,000 MT.

Overall, rainfall has been adequate. Most of the grain production areas benefited from good

precipitations, which enabled good crop conditions. The chart below shows good crop conditions with a good level of vegetation particularly during the last three months including grain fill period. The crop conditions were better than last year's and even better than the usual crop average.

Figure: Algeria's Normalized Difference Vegetation Index (NDVI) as of September 13, 2018.
 ((<https://glam1.gsfc.nasa.gov/>)).



The Ministry of Agriculture also indicated that this production level was due not only to the favorable climatic conditions, but also as a result of the support from the Government made available through loans, seeds, equipment and other technical support for crops. Yields increased from 1.5 MT/Ha in 2016/2017 (MY2017/2018) to 1.9 MT/Ha in 2017/2018, (MY2018/2019).

Government efforts to increase yields have proven effective. Cereal yields have increased from 0.8 MT/ha in the 1980's to 1.2 MT/ha in 2000 to 1.9 in 2017. Increased use of locally produced certified seeds for all grains as well as increased use of inputs (especially fertilizers) are important factors in increasing yields.

The last good grain production recorded equivalent to this years' was in 2008/2009 (MY2009/M2010) and reached 6.12 million MT. The nine-year average crop (2009-2017) was 4.30 million MT. Wheat, barley and oat production in Algeria during the last nine years was higher than the nine-year average (2000-2008) of 2.97 million MT, but still falls short of the 8 million tons needed for domestic consumption.

Algeria Cereal Production (Million MT)

2000-08	2009	2010	2011	2012	2013	2014	2015	2016	2017
2.97	6.12	4.56	4.25	5.13	4.91	3.04	4.0	3.3	3.47

Source: Ministry of Agriculture

In addition, the Ministry released cereal-planting figures for MY2018/2019 that reached 3.4 million Ha. Durum shared the biggest part with 46 percent followed by barley with 36 percent, while bread wheat only occupied 14 percent and oats 2 percent of the areas.

As we reported previously, the Ministry of Agriculture embarked on a program to achieve self-sufficiency in durum wheat and pulses production by 2020, through the Algerian Office of Cereals (OAIC). The OAIC is involved in cereal production as well as importing grains. The OAIC acquired land in various regions, particularly in the south, to begin durum wheat production with supplemental irrigation on large-scale farms, while the OAIC will pursue imports of bread wheat. Climatic conditions do not favor bread wheat production in Algeria, as this variety is very sensitive to dry conditions.

MY2019/MY2020 Plantings Preparation:

The Ministry of Agriculture indicated arrangements were made to facilitate the availability of seeds and fertilizers in anticipation of the start of the plantings season for MY2019/2020. Climatic conditions continue to be favorable for a productive planting season.

Production Update:

Based on the Ministry of Agriculture's production assessment, Post revises total wheat production for MY2018/2019 to 3.940 MMT (durum 3.15 MMT and bread wheat 790,000 MT) and barley production at 1.950 MMT.

Trade Update

Post maintains the figures for MY2016/17 and revises upward MY2017/18 for wheat imports, as production was low. In response to the strategy to import less durum and produce it locally by 2020, as well as world prices and supplies tightening, Post forecasts wheat imports would fall to 8.2 MMT in MY2018/19. However, bread wheat (not imported from the U.S) will continue to occupy the vast majority of Algeria's wheat imports. Post revises downward wheat imports from the U.S. which is the primary type of wheat imported from the US. With the strategy to import less durum, Post foresees a decrease in US origin wheat.

Post maintains the figures for MY2016/2017 for barley imports and revises downward the figures at 522,000 MT in MY2017/2018. After the Government of Algeria (GoA) removed the barley domestic resale price subsidy in 2017, the barley's trade preset price was liberalized and now is sold at more expensive market price.

Europe and Black Sea forecast a smaller crop due to the drought. As Algeria's barley imports originate mostly from Europe and the Black Sea area, Post revises barley imports to 400,000 MT for the

MY2018/2019 in addition to the crop that is good.

Consumption Update

Post maintains barley consumption figures for MY2016/2017 and MY2017/2018. Barley consumption decreased in MY2017/2018 because the GoA removed the domestic resale price subsidy in 2017. As a result, the barley's trade preset price was liberalized and sold at more expensive market price.

Policy update

The Ministry of Commerce's revised import ban on 877 products of which 622 are agricultural is still current. The revised list is part of the decree No 18-139 of May 21, 2018 published in the Journal Officiel No 29 of May 23, 2018). The fully revised list can be found at:

<https://www.commerce.gov.dz/reglementation/decret-executif-n-deg-18-139>

Wheat, barley and corn, soybeans and soybean meal (the feed grains) remain unaffected by the import ban.

In addition, the Government of Algeria (GoA) published another decree in August 2018 in the Official Journal No 50 (<https://www.joradp.dz/FTP/JO-FRANCAIS/2018/F2018050.pdf>).

The new Decree has two functions:

1) -the Decree exempts barley and corn sales operations, as well as materials and products destined for livestock feed from value-added tax (VAT).

The products included are; Barley (1003.90.00.00), Corn (1005.90.00.00), and all the products under tariff codes (23.02, 23.03, and 23.09) including, bran, by-products of wheat and corn crushing industries, preparations for animal feed, DDGs, meals, as well as concentrates, minerals and vitamins.

2) -the Decree outlines the process that the importer (for imported products) and the local feed manufacturer (for local feed manufacturers) to comply with in order to receive the exemption:

a) -For imported products:

In order to be granted the VAT exemption, the importer has to submit to the territorially competent tax authorities, a duly subscribed specification document and the annual provisional import program duly signed by the relevant departments of the Ministry of Agriculture. (Models of the specification document and the annual import schedule are attached in the annex of the Decree). Furthermore, the importer of the materials or products mentioned above is required to submit to the customs services, the exemption from the value added tax issued by the tax authorities as well as the annual forecast import program referred to get the exemption applied.

b)- For the local producers of livestock feed:

For the national production of animal feed, to receive the exemption from VAT, collectors or processors have to attest that the materials and local products are destined for the agricultural cooperatives,

livestock feed manufacturers or directly to breeders to use for feeding their flocks. The Ministry of Agriculture Services must underwrite this commitment. (A model of the attestation document is attached to the Decree).

Collectors or processors of animal feed must present to the territorial tax services, the commitment document referred to above, duly underwritten by the competent services of the Ministry of Agriculture. As a final step, the tax authorities will issue in accordance with the above documents, a certificate of exemption from the value added tax.

This is a new decree and it is uncertain how long this process will take.

The provisions of this Decree entered into force one day after the publication of the decree.

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	1600	2074
Beginning Stocks	4357	4357	4413	4443	4529	5114
Production	2000	2000	2400	2400	3000	3940
MY Imports	8414	8444	8172	8731	7200	8200
TY Imports	8414	8444	8172	8731	7200	8200
TY Imp. from U.S.	993	735	392	594	0	500
Total Supply	14771	14801	14985	15574	14729	17254
MY Exports	8	8	6	10	15	15
TY Exports	8	8	6	10	15	15
Feed and Residual	50	50	50	50	50	50
FSI Consumption	10300	10300	10400	10400	10550	10500
Total Consumption	10350	10350	10450	10450	10600	10550
Ending Stocks	4413	4443	4529	5114	4114	6689
Total Distribution	14771	14801	14985	15574	14729	17254
Yield	1.5385	1.5385	1.5	1.5	1.875	1.8997
(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	900	1026
Beginning Stocks	1291	1291	877	877	627	517
Production	1000	1000	968	968	1400	1950

MY Imports	636	636	532	522	500	400
FY Imports	533	533	550	500	500	400
FY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2927	2927	2377	2367	2527	2867
MY Exports	0	0	0	0	0	0
FY Exports	0	0	0	0	0	0
Feed and Residual	1700	1700	1400	1500	1550	1550
FSI Consumption	350	350	350	350	350	350
Total Consumption	2050	2050	1750	1850	1900	1900
Ending Stocks	877	877	627	517	627	967
Total Distribution	2927	2927	2377	2367	2527	2867
Yield	1.1111	1.1111	1.2687	1.2687	1.5556	1.9006
(1000 HA) ,(1000 MT) ,(MT/HA)						