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Morocco

Grain and Feed Update

High Seasonal Common Wheat Tariff through September 1

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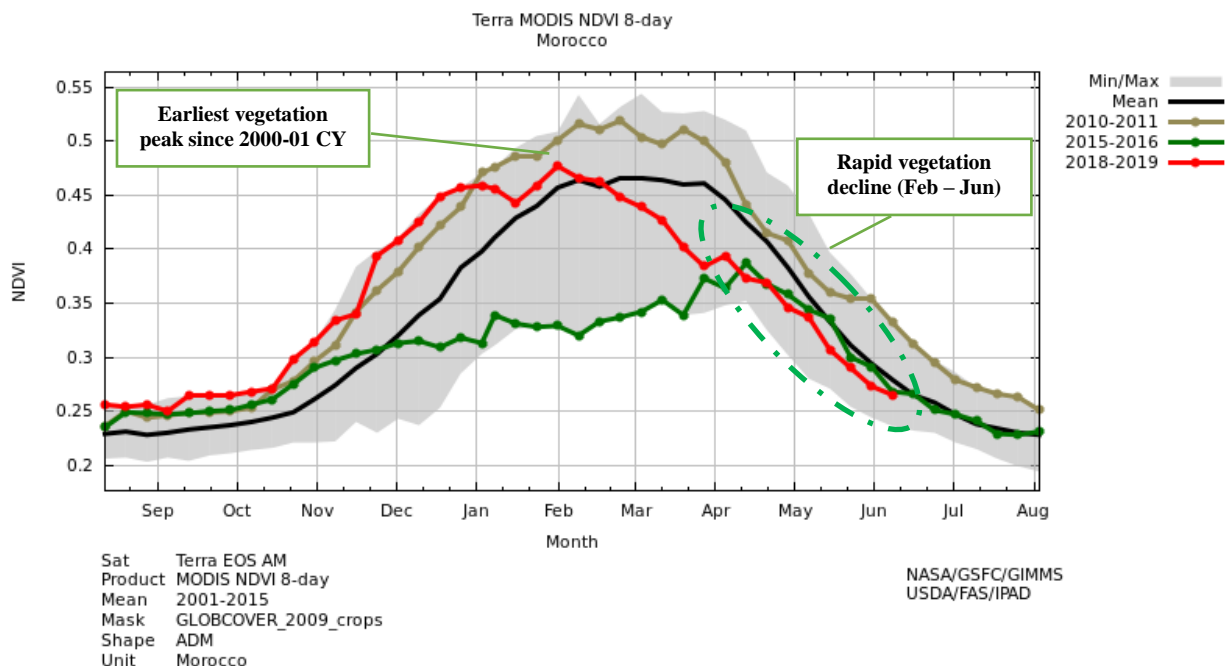
Report Highlights:

Post forecasts that wheat and barley production will be unchanged from USDA's current official estimates. As expected, Morocco renewed its domestic support program for MY 2019/20 without significant changes and increased the most-favored nation (MFN) import duty on common wheat to 135% ahead of harvest. The high seasonal tariff rate is set to remain in place through September 1, 2019.

Crop Update:

Morocco's wheat and barley crops finished developing under weak conditions. Since the end of February, the weather has been very dry with no rain through June. As a result, Morocco faced a below average vegetation index (mid-Feb through Jun) which led to an early harvest beginning at the end of May.

Morocco – Relative Crop Conditions (MODIS NDVI 8-day)



On April 29, the Ministry of Agriculture released its first production forecast for wheat and barley production – set at a total of 6.1 MMT, including 3.5 MMT of common wheat, 1.3 MMT of durum wheat, and 1.3 MMT of barley. These numbers are higher than Post and official USDA estimates. Industry expects that the actual production numbers will be less than the Ministry of Agriculture forecast when the final crop year data is officially published in late August. Post holds USDA official production numbers in the PSD tables.

Policy Update:

On May 23, 2019, the Government of Morocco announced the increase of the MFN import duty on common wheat from 30% to 135%¹ (See [Décret N° 2-19-418](#)). This new customs duty for common wheat is in effect through September 1, 2019.

¹ This rate is applied to the value bracket less than or equal to 1000 dh/MT. The portion exceeding 1000 dh/MT is subject to an import duty of 2.5%. For example, the duty for common wheat valued at 1400 dh/MT from the United States or the European Union is $[(83.7\% * 1000 / 1400) + (2.5\% * 400 / 1400)] = 60.5\%$ as compared to the same shipment from the Black Sea, which is $[(135\% * 1000 / 1400) + (2.5\% * 400 / 1400)] = 97.1\%$

On May 31, 2019, the Minister of Agriculture and the Minister of Economy and Finance signed a joint decision regarding the implementation of a number of measures to help farmers market their harvest for the 2018-2019 crop year, effective June 1-August 31, 2019. The measures include:

- Reference price for local common wheat maintained at 2,800 Dh/MT (≈\$291/MT)
- Providing a biweekly storage premium of 20 Dh/MT (≈\$2.1/MT) for grain traders and Moroccan agricultural cooperatives to store their wheat at facilities licensed by ONICL
- Providing a subsidy to millers and collectors for the quantities of domestic common wheat at 50 Dh/MT (≈\$5/MT)

For more information, see [Circulaire Relative à la Commercialisation des Céréales de la Récolte 2019](#)

Trade Update:

Wheat Imports by Marketing Year (MT Wheat Equivalent)

HS	Description	Marketing Year			Year To Date		
		2015/16	2016/17	2017/18	06/17 - 03/18	06/18 - 03/19	% Change
1001	Wheat And Meslin	4,383,586	5,462,855	3,660,438	2,468,652	2,733,471	11%
1101*	Wheat Or Meslin Flour	331	484	560	409	439	7%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	13,374	12,859	13,763	11,257	11,675	4%
190230*	Pasta, Prepared Nesoi	3,034	2,632	1,721	1,227	2,941	140%
190240*	Couscous	4	3	8	7	5	-20%
Total		4,400,329	5,478,833	3,676,490	2,481,552	2,748,531	11%

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

Wheat Exports by Marketing Year (MT Wheat Equivalent)

HS	Description	Marketing Year			Year To Date		
		2015/16	2016/17	2017/18	06/17 - 03/18	06/18 - 03/19	% Change
1001	Wheat And Meslin	40	415	20	20	-	-100%
1101*	Wheat Or Meslin Flour	76,757	16,441	15,750	13,008	23,842	83%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	4,577	6,260	8,854	7,260	11,436	58%
190230*	Pasta, Prepared Nesoi	5,222	3,350	3,836	3,480	2,821	-19%
190240*	Couscous	31,651	32,004	32,386	27,123	25,339	-7%
Total		118,248	58,470	60,845	50,892	63,438	25%

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

Barley Imports by Marketing Year (MT)

Partner Country	Marketing Year			Year To Date		
	2015/16	2016/17	2017/18	07/17 - 03/18	07/18 - 03/19	%Change
EU	744,836	239,236	356,592	274,427	66,361	-75%
Ukraine	25,288	147,874	43,458	43,458	8,249	-81%
Russia	16,390	36,748	19,658	19,658	-	-100%
Argentina	21,449	55,357	9,900	9,900	-	-100%
United States	13,820	-	-	-	-	-

Total	821,784	479,216	429,609	347,443	74,610	-79%
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Source: Morocco office de change, MY used for barley July-June

Production, Supply, and Distribution

Wheat: Post holds USDA's official production forecast. Exports numbers in 2018/19 are adjusted to reflect Morocco's official trade to date data.

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jun 2017		Jun 2018		Jun 2019	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3321	3321	2850	2850	2750	2750
Beginning Stocks	4926	4926	5133	5133	5713	5708
Production	7091	7091	7340	7340	4400	4400
MY Imports	3676	3676	4000	4000	4800	4800
TY Imports	3672	3672	4000	4000	4800	4800
TY Imp. from U.S.	391	391	0	0	0	0
Total Supply	15693	15693	16473	15973	14913	14908
MY Exports	60	60	60	65	50	50
TY Exports	61	61	60	65	50	50
Feed and Residual	800	800	800	800	800	800
FSI Consumption	9700	9700	9900	9900	10000	10000
Total Consumption	10500	10500	10700	10700	10800	10800
Ending Stocks	5133	5133	5713	5208	4063	4058
Total Distribution	15693	15693	16473	15973	14913	14908
Yield	2.1352	2.1352	2.5754	2.5754	1.6	1.6
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley: No change, Post holds USDA's official forecast.

Barley	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1893	1893	1597	1597	1450	1450
Beginning Stocks	89	89	184	184	394	394
Production	2466	2466	2910	2910	1000	1000
MY Imports	429	429	100	100	1200	1200
TY Imports	363	363	100	100	1200	1200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2984	2984	3194	3194	2594	2594
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1800	1800	1800	1800	1600	1600
FSI Consumption	1000	1000	1000	1000	800	800
Total	2800	2800	2800	2800	2400	2400

