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Morocco

Grain and Feed Update

High Seasonal Common Wheat Tariff through October

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Report Highlights:

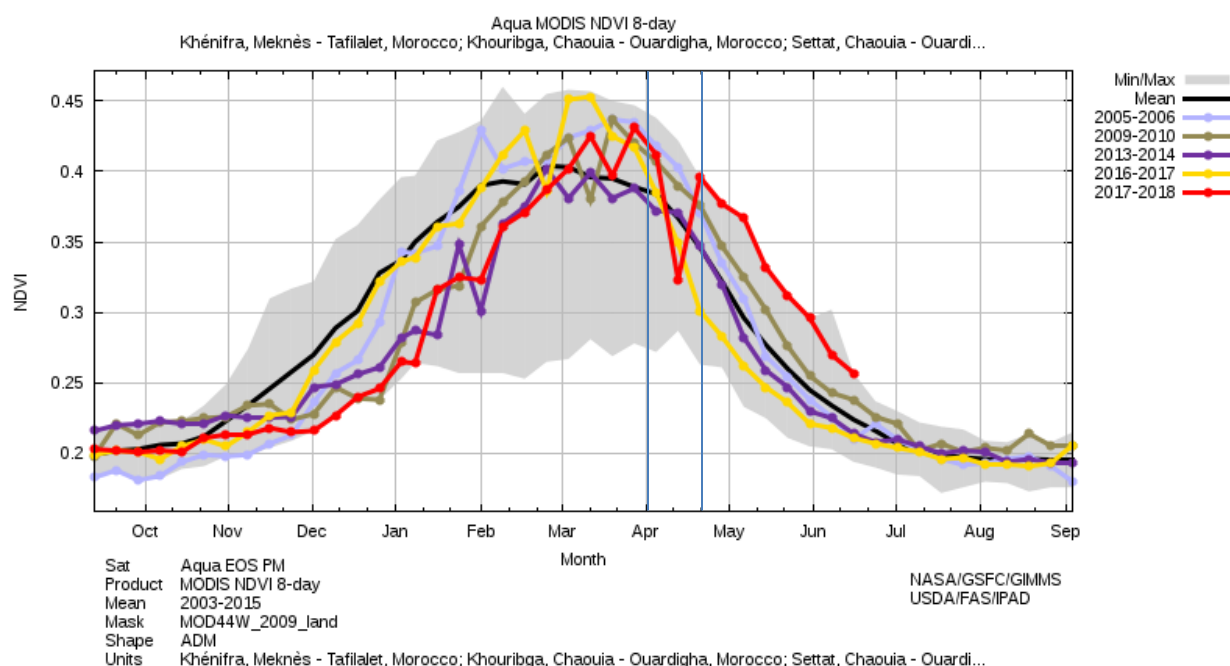
Post's forecast wheat and barley production is unchanged from USDA's current official estimates. As expected, Morocco renewed its domestic support program for MY 2018/19 without significant changes and increased the MFN import duty on common wheat to 135% ahead of harvest. The high seasonal tariff is set to remain in place through October 31, 2018.

Crop Update

Following Post's initial forecast on March 31, Morocco's wheat and barley crops were able to finish developing under ideal conditions in April and May, as suggested by Morocco's record high vegetation index scores.

Officially, the Ministry of Agriculture has held its April 24 production estimate for cereal production at 9.8 MMT, including 4.81 MMT of common wheat, 2.28 MMT of durum wheat, and 2.73 MMT of barley, while press reports June 22 indicated the Ministry now expected cereal production to top 10 MMT, a level generally agreed by local professionals. Final production numbers are expected in late July/early August.

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



Policy Update

Common Wheat Import Duties Increased to 135%: On May 11, 2018, Morocco announced the MFN import duty on common wheat would increase from 30%¹ to 135%¹, effective May 14 through October 31, 2018, and in so doing, increased the preferential rates for US and EU wheat from 9.9%¹ to 83.7%¹. For more information, see [Order N 2-18-346](#); [Circular N 5801/222](#); and [Circular N 5800/222](#).

U.S. Common Wheat TRQ Fill: The United States has delivered an estimated 330,000 MT against its 400,000 MT calendar year quota in 2018. The remaining portion will be re-auctioned for delivery later in 2018.

¹ This rate is applied to the first 1000 dh /MT of unit value while a rate of 2.5% is applied to the unit value >1000 dh/MT. Assuming a unit value of 1400 dh/MT, the applied MFN duty is calculated as $(135\% * 1000 / 1400) + (2.5\% * 400 / 1400) = 97.1\%$, and the applied U.S. duty is $(83.7\% * 1000 / 1400) + (2.5\% * 400 / 1400) = 60.5\%$.

Common Wheat Reference Prices and Subsidies Maintained: On May 10, 2018, Morocco's National Cereal Office (ONICL) renewed its support measures, effective May 16-October 15, 2018, with effectively no changes:

- Reference price for local common wheat maintained at 2,800 Dh/MT (≈\$299/MT)
- Biweekly storage subsidy maintained at 20 Dh/MT (≈\$2.1/MT).
- Miller subsidy for local wheat purchases maintained at 100 Dh/MT (≈\$10.7/MT)
- National flour price maintained at 2,588 Dh/MT (≈\$277/MT).

For more information, see also [Circular regarding the marketing of cereals 2018](#).

Biscuit Wheat Tariff-Rate Quota (TRQ) Established: To support industrial food manufacturers, Morocco established an MFN TRQ for 40,000 MT of biscuit wheat with an in-quota rate of 2.5%. Following TRQ administration questions early in the year, the quota has proved successful at facilitating SRW trade. For more information, see also GAIN [New TRQs Established for Wheat-Sugar-Milk Powders](#).

Trade Update

Wheat:

Imports (MT Wheat Equivalent) by Marketing Year

HS	Description	Marketing Year			Year To Date		
		2014/15	2015/16	2016/17	06/16-04/17	06/17-04/18	% Change
1001	Wheat And Meslin	4,113,707	4,383,586	5,462,855	5,168,040	3,303,258	-36%
1101*	Wheat Or Meslin Flour	323	331	484	436	473	8%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	10,252	13,374	12,859	11,796	12,633	7%
190230*	Pasta, Prepared Nesoi	2,056	3,034	2,632	2,152	1,345	-38%
190240*	Couscous	26	4	3	3	7	150%
Total		4,126,364	4,400,329	5,478,833	5,182,427	3,317,716	-36%

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

Imports (MT Wheat Equivalent) by Trade Year

HS	Description	Trade Year			Year To Date		
		2014/15	2015/16	2016/17	07/16-04/17	07/17-04/18	% Change
1001	Wheat And Meslin	4,157,774	4,479,057	5,328,568	5,028,503	3,298,008	-34%
1101*	Wheat Or Meslin Flour	334	337	475	402	449	12%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	11,001	13,038	12,259	10,700	12,138	13%
190230*	Pasta, Prepared Nesoi	1,858	3,401	2,405	1,695	1,114	-34%
190240*	Couscous	3	4	3	3	7	150%
Total		4,170,970	4,495,837	5,343,709	5,041,303	3,311,715	-34%

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

Exports (MT Wheat Equivalent) by Marketing Year

HS	Description	Marketing Year			Year to Date		
		2014/15	2015/16	2016/17	06/16-04/17	06/17 - 04/18	% Change
1001	Wheat And Meslin	174	40	415	415	20	-95%
1101*	Wheat Or Meslin Flour	202,196	76,757	16,441	16,439	14,753	-10%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	1,326	4,577	6,260	5,755	8,082	40%
190230*	Pasta, Prepared Nesoi	6,085	5,222	3,350	3,019	3,692	22%
190240*	Couscous	28,459	31,004	32,004	28,356	29,278	3%
Total		238,239	118,248	58,470	53,985	55,825	3%

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

Exports (MT Wheat Equivalent) by Trade Year

HS	Description	Trade Year			Year to Date		
		2014/15	2015/16	2016/17	07/16-04/17	07/17-04/18	% Change
1001	Wheat And Meslin	174	40	415	415	20	-95%
1101*	Wheat Or Meslin Flour	187,540	67,971	15,881	15,025	13,898	-10%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	1,331	5,625	5,725	4,627	7,487	40%
190230*	Pasta, Prepared Nesoi	5,830	5,260	3,501	2,874	3,395	22%
190240*	Couscous	28,777	31,854	31,271	24,989	26,645	3%
Total		223,653	110,696	56,793	47,930	51,444	3%

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

Barley:

Imports (MT) by Marketing Year

	Marketing Year			Year to Date		
	2014/15	2015/16	2016/17	07/16-04/17	07/17-04/18	% Change
EU	209,288	744,836	239,236	229,151	274,427	19.79%
Ukraine	0	25,288	147,874	115,470	43,458	- 59.37%
Russia	10,577	16,390	36,748	36,748	19,658	- 46.51%
Argentina	162,189	21,449	55,357	55,357	9,900	- 74.08%
United States	27,499	13,820	0	0	0	0%
Uruguay	27,491	0	0	0	0	0%
Total	437,044	821,784	479,216	436,726	347,443	- 15.46%

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

Exports (MT) by Trade Year

	Trade Year			Year to Date		
	2014/15	2015/16	2016/17	07/16-04/17	07/17-04/18	% Change
EU	91,575	805,688	204,917	149,038	228,632	53.41%
Ukraine	25,288	72,409	111,723	43,061	7,200	-83.28%
Russia	10,577	47,650	25,147	5,489	0	-100%
Argentina	169,888	13,750	65,257	55,357	0	-100%
United States	41,320	0	0	0	0	0%
Uruguay	27,491	0	0	0	0	0%
Total	366,138	939,497	407,045	252,945	235,833	- 6.77%

Source: Morocco office de change, TY used for barley October-September

Production, Supply, and Distribution

Wheat: Post holds USDA's official production forecast. Imports in 2016/17 are adjusted to reflect Morocco's official trade data.

	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jun 2016		Jun 2017		Jun 2018	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,413	2,413	3,321	3,321	3,100	3,100
Beginning Stocks	6,856	6,856	4,544	4,808	4,776	5,040
Production	2,731	2,731	7,092	7,092	8,200	8,200
MY Imports	5,215	5,479	3,500	3,500	3,000	3,000
TY Imports*	5,191	5,344	3,500	3,500	3,000	3,000
TY Imp. from U.S.	910	910	0	0	0	0
Total Supply	14,802	15,066	15,136	15,400	15,976	16,240
MY Exports	58	58	60	60	50	50
TY Exports*	57	57	60	60	50	50
Feed and Residual	800	800	800	800	800	800
FSI Consumption	9,400	9,400	9,500	9,500	9,700	9,700
Total Consumption	10,200	10,200	10,300	10,300	10,500	10,500
Ending Stocks	4,544	4,808	4,776	5,040	5,426	5,690
Total Distribution	14,802	15,066	15,136	15,400	15,976	16,240
Yield	1.1318	1.1318	2.1355	2.1355	2.6452	2.6452
Stocks/Use Ratio	0.45	0.47	0.46	0.49	0.52	0.54
(1000 HA) ,(1000 MT) ,(MT/HA)						

* TY used for wheat is October-September

Barley: Post holds USDA's official production forecast. Imports in 2017/18 are lowered to reflect trade-to-date. Imports in 2016/17 are adjusted to reflect Morocco's official trade data.

	2016/2017		2017/2018		2018/2019	
Market Begin Year	Jul 2016		Jul 2017		Jul 2018	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,208	1,208	1,800	1,800	1,500	1,500
Beginning Stocks	1,259	1,259	147	155	197	105
Production	620	620	2,000	2,000	2,500	2,500
MY Imports	468	476	500	400	300	300
TY Imports*	358	407	500	300	300	300
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2,347	2,355	2,647	2,555	2,997	2,905
MY Exports	0	0	0	0	0	0
TY Exports*	0	0	0	0	0	0
Feed and Residual	1,450	1,450	1,650	1,650	1,650	1,650
FSI Consumption	750	750	800	800	800	800
Total Consumption	2,200	2,200	2,450	2,450	2,450	2,450
Ending Stocks	147	155	197	105	547	455
Total Distribution	2,347	2,355	2,647	2,555	2,997	2,905
Yield	0.5132	0.5132	1.1111	1.1111	1.6667	1.6667
Stocks/Use Ratio	0.067	0.070	0.080	0.043	0.223	0.186
(1000 HA) ,(1000 MT) ,(MT/HA)						

* TY used for barley is October-September