

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Morocco

Grain and Feed Update

Common Wheat Import Duties Jump to 135%

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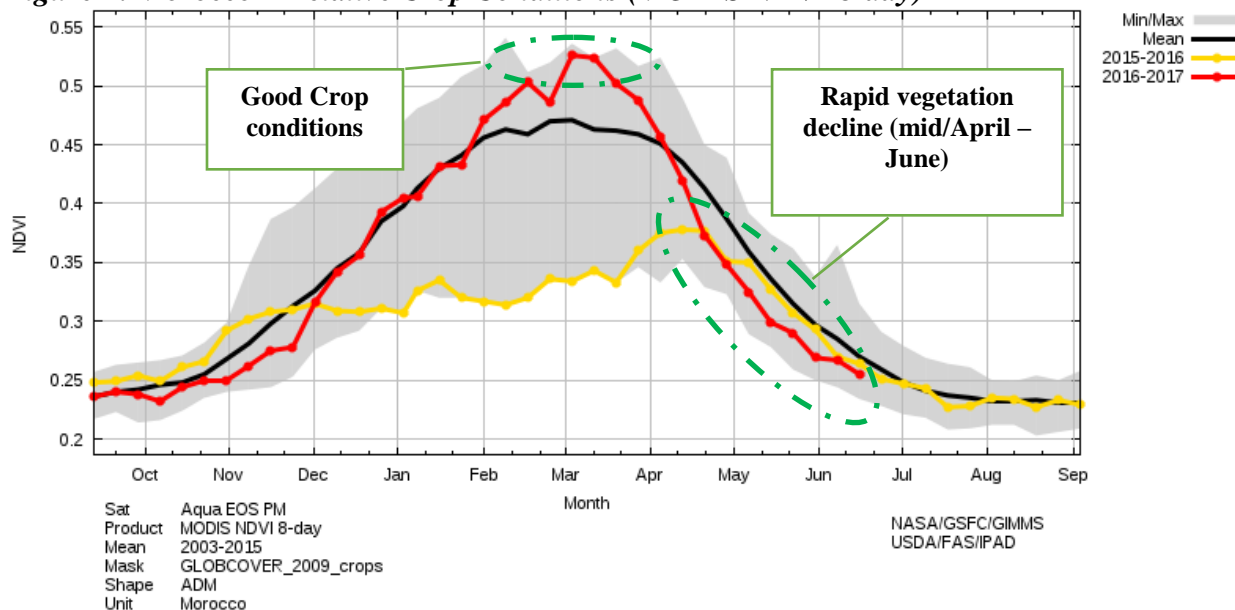
Report Highlights:

The Government of Morocco released its initial wheat and barley production forecast for the 2017 crop (4.94 MMT of common wheat, 2.33 MMT of durum wheat, and 2.89 MMT of barley), both of which remain higher than Post and official USDA estimates. As expected, Morocco reduced its quota for subsidized wheat flour production, renewed its price and storage support programs, and increased its customs duty for common and durum wheat immediately ahead of the harvest to protect local producers.

Crop Update

Albeit higher than USDA's official estimates, Post holds its area and production numbers for wheat in MY2017/18, as published in its [Grain & Feed Annual](#), following recent discussions with industry contacts. As earlier discussed, following delayed seeding, conditions were largely favorable until the crop reached the flowering stage, which typically occurs during the month of April, when high temperatures greatly accelerated crop maturity and led to an early harvest.

Figure 1: Morocco – Relative Crop Conditions (MODIS NDVI 8-day)



Source: USDA/FAS/IFA Division -Cropland data drilling from MODIS NDVI imagery

On April 16, the Ministry of Agriculture announced its first harvest estimate for wheat and barley production – set at 10.2 MMT, including 4.94 MMT of common wheat, 2.33 MMT of durum wheat, and 2.89 MMT of barley, and up from the previous year's drought-reduced crop 3.3 MMT. The Ministry of Agriculture will publish the final production numbers in July.

On May 10, FAO announced its production estimates of 7.0 MMT for all wheat and 2.8 MMT for barley.

Trade Update

Wheat

Post revises down wheat imports in 2017/18 to 4.8 MMT in an effort to offset its maintenance of a higher production number. Post also maintains its earlier forecast of trade year (TY) imports from the United States at 10,000 MT, based on the historical minimum. Post also makes changes to MY and TY trade estimates in 2015/16 and 2016/17, based on updated figures by Morocco's customs authority, the Office des changes. Of particular note, MY2016/17 imports are lowered to 5.2 MMT, based on trade through April, just ahead of a significant increase to seasonal customs duties for common wheat in May and durum wheat in June.

Table 1: Morocco – Wheat (HS-1001) Import by Country (MT)

Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	06/15 – 04/16	06/16 – 04/17	%Change
EU28	2,746,812	2,708,652	2,920,295	2,287,869	1,635,777	-29%
Canada	739,474	643,325	611,536	465,933	559,865	20%
Ukraine	242,427	512,430	552,122	492,722	972,690	97%
Argentina	-	-	143,938	143,938	175,783	22%
Russia	183,505	185,687	119,124	108,188	942,788	771%
Uruguay	27,430	-	26,815	26,815	-	-100%
United States	36	9,743	9,757	9,757	881,503	8,935%
Total	3,966,415	4,113,707	4,383,586	3,535,222	5,168,406	46%

Source: Office des changes

Table 2: Morocco – Wheat Flour (1101) Exports by Country (MT) (Wheat Equivalent)

Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	06/15 – 04/16	06/16 – 04/17	%Change
Guinea	151,807	154,710	61,775	61,512	1,421	-98%
EU28	14,504	14,354	18,188	16,374	16,612	1%
Angola	23,805	44,638	13,509	13,509	9,577	-29%
Mauritania	8,089	8,569	8,265	7,508	5,784	-23%
Senegal	4,293	2,625	3,364	2,784	3,022	9%
Total	214,963	238,063	118,206	113,061	53,583	-53%

Source: Office des changes, applied conversion factor of 1.368

Barley

Post proposes no changes to the barley trade in 2017/18 with the exception of stocks caused by a modification to MY2015/16 and MY2016/17 trade estimates, based on final and year-to-date customs figures. Post also revises down its estimate for 2016/17 barley feed and residual use to 1,450 MT due to available pasture condition during the growing season.

Table 2: Morocco – Barley Import by Country (MT)

Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	06/15-04/16	06/16-04/17	%Change
EU28	177,626	209,288	744,836	642,669	229,151	-64%
Argentina	133,871	162,189	21,449	21,449	55,357	158%
Russia	25,815	10,577	16,390	-	36,748	n/a
United States	-	27,499	13,820	13,820	-	-100%
Canada	16,849	-	-	-	-	n/a
Others	-	37,992	31,990	31,990	167,948	525%

Total	354,161	437,044	821,784	703,227	436,726	-38%
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Source: Office des changes

Policy Update

Customs Duties Raised

On May 16, the Government of Morocco announced the increase of the MFN import duty on common wheat from 30% to 135%¹ (See [Décret N° 2-17-222](#)). This new customs duty for common wheat is in effect through December 31, 2017. Simultaneously, Morocco adjusted the preferential duties on common wheat from the United States and European Union from 9.9% to 83.7% (See [Circulaire #5683/222](#); [Circulaire N° 5684/222](#)).

Morocco's MFN import duty for durum wheat is set at 2.5% in August-May and 170% in June and July (See [Circulaire # 4977/222](#)). The United States and European Union benefit from a preferential import duty of 0% in August-May but have no preference in June and July.

Subsidized Flour Program Shrinks

According to press reports, on June 14, 2017, the Government of Morocco fixed the annual quota of subsidized common wheat flour at 650,000 MT, down from 1 MMT in 2016. To administer the program, ONICL launches tenders for subsidized flour every-other month throughout the year until the quota is filled. (See [Cahier des prescription speciales \(CPS\) regarding the production of subsidized flour](#))

Price Support and Storage Subsidies Reinstated

On May 9, 2017, Morocco's National Cereal Office (ONICL) renewed its support measures to help farmers market their harvest, effective May 15 through October 15, 2017 (See [Circulaire Relative à la Commercialisation des Céréales de la Récolte 2017](#)). The measures include:

- Establishing a reference price for purchasing local wheat at 2,800 Dh/MT (≈\$286/MT)
- Providing a biweekly storage premium of 20 Dh/MT (≈\$2/MT) for grain traders and Moroccan agricultural cooperatives to store their wheat at facilities licensed by ONICL

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 $[(135\% * 1000 / 1400) + (2.5\% * 400 / 1400)] = 97.1\%$

PSD Tables

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jun 2015		Jun 2016		Jun 2017	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,308	3,308	2,413	2,413	3,300	3,321
Beginning Stocks	4,279	4,279	6,854	6,808	4,810	4,484
Production	8,064	8,064	2,731	2,731	5,800	6,250
MY Imports	4,429	4,383	5,500	5,200	4,900	4,800
TY Imports	4,503	4,479	5,500	5,100	4,900	4,800
TY Imp. from U.S.	20	10	0	888	0	10
Total Supply	16,772	16,726	15,085	14,739	15,510	15,534
MY Exports	118	118	75	55	100	100
TY Exports	109	110	75	50	100	100
Feed and Residual	800	800	800	800	800	800
FSI Consumption	9,000	9,000	9,400	9,400	9,500	9,500
Total Consumption	9,800	9,800	10,200	10,200	10,300	10,300
Ending Stocks	6,854	6,808	4,810	4,484	5,110	5,134
Total Distribution	16,772	16,726	15,085	14,739	15,510	15,534
Yield	2.4377	2.4377	1.1318	1.1318	1.7576	1.882
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,064	2,064	1,208	1,208	1,800	1,800
Beginning Stocks	371	371	1,238	1,242	158	162
Production	3,400	3,400	620	620	2,000	2,000
MY Imports	817	822	700	500	500	500
TY Imports	958	939	600	400	500	500
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	4,588	4,592	2,558	2,562	2,658	2,662
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	2,150	2,150	1,650	1,450	1,650	1,650
FSI Consumption	1,200	1,200	750	750	800	800
Total	3,350	3,350	2,400	2,400	2,450	2,450

