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Report Highlights:

Algeria's grain crop conditions are good overall should climatic conditions improve in the coming months. Market opportunities exist for U.S. Grains as they remain unaffected by the temporary additional safeguard duty (DAPs) for FY2020. The new Government action plan includes new components where U.S agribusinesses can contribute to the local production and industrial development and create market opportunities.

Executive Summary

Algeria's cereal plantings started with favorable climatic conditions. The Ministry of Agriculture made available certified seeds and fertilizers in enough quantities for the 2019-2020 planting season.

The normalized difference vegetation index (NDVI) satellite image as of March 10, 2020 by region shows the vegetation index overall above normal. However, crop conditions look good in the eastern and central regions, but sparse in the western region and highlands. Dry pockets exist mostly in the highlands and western part of the country. Some regions were impacted by the lack of precipitation.

Crop conditions remain good overall should climatic conditions improve in the coming months.

The agriculture sector development particularly in cereal production remains a priority in the action plan of the new Government of Algeria (GoA). The overall strategy is to boost domestic production to reduce imports of cereals remains.

The government recently reported the establishment of an upper import limit of 4 million metric tons (MMT) of bread (common) wheat per year compared to 6 MMT usually imported.

Post forecasts barley imports to increase as the production might be affected by the lack of precipitation. Barley is mostly grown in the highlands and pasture areas.

Opportunities still exist for wheat and U.S. grains exports, as they remain unaffected by the temporary additional safeguard duty for FY2020.

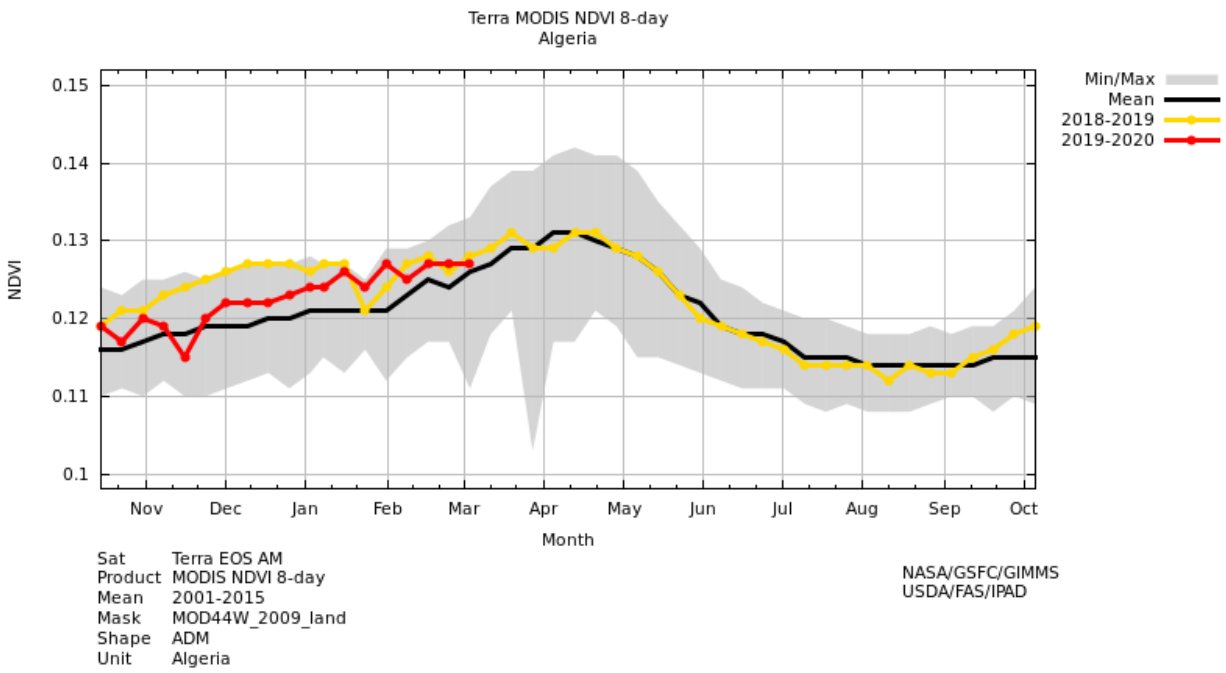
The new government development plan includes new components where U.S. agribusinesses can assist the Algerian government in its efforts to boost the agricultural sector and at the same time, create market opportunities for U.S. agribusiness.

Production

According to Ministry of Agriculture news release, cereal plantings started with favorable climatic conditions. In addition, all the organizational, technical and financial arrangements have been made to ensure optimum mobilization of all stakeholders in the field to accompany the farmers. The Ministry of Agriculture made available certified seeds and fertilizers in enough quantities for the 2019-2020 planting season. The news release indicated that the areas planted with cereals reached 3.3 million hectares.

The below chart and satellite imagery depict the historical and current normalized difference vegetation index (NDVI) in Algeria. As of March 10, 2020, the chart shows crop condition levels are lower compared to 2018-2019 season because of the lack of precipitation. However, conditions remain overall above the normal average.

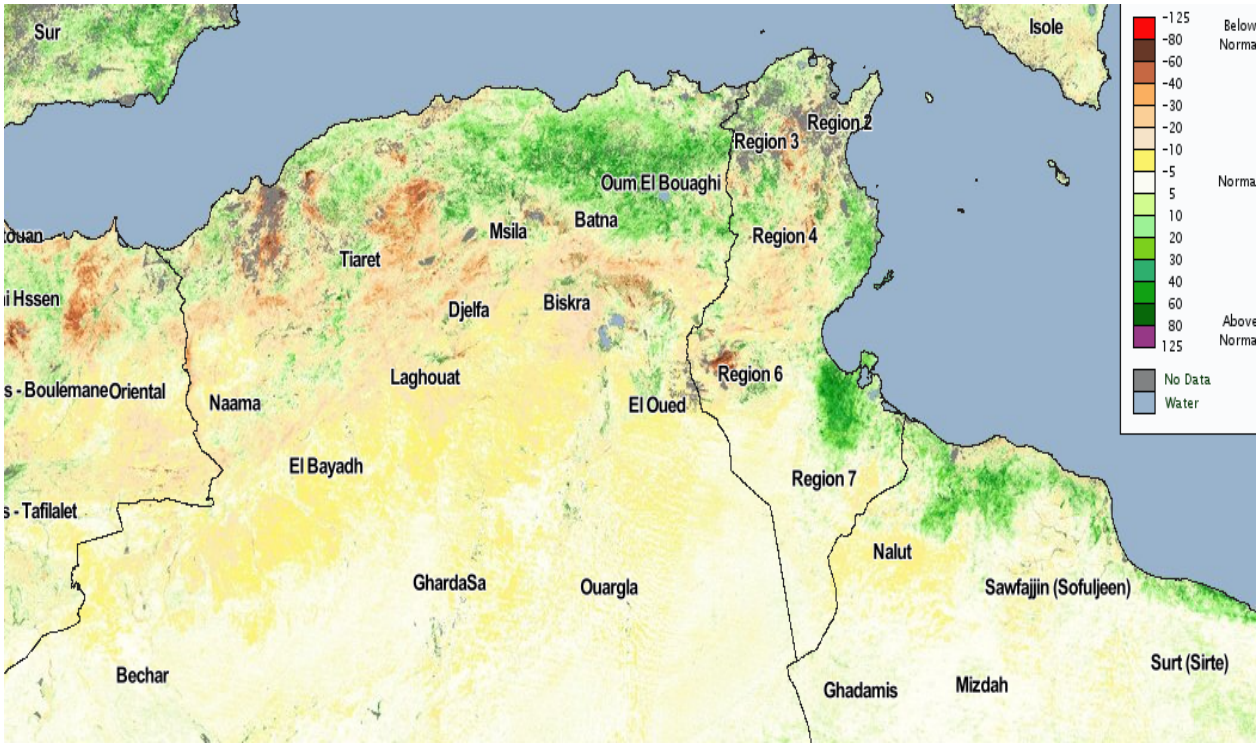
Figure: Algeria's Normalized Difference Vegetation Index (NDVI) as of March 10, 2020



The below normalized difference vegetation index (NDVI) by region shows the vegetation index overall above normal. However, crop conditions look good in the eastern and central regions, but sparse in the western region and highlands. The satellite image shows dry pockets mostly in the highlands and western part of the country. Some regions were impacted by the lack of precipitation.

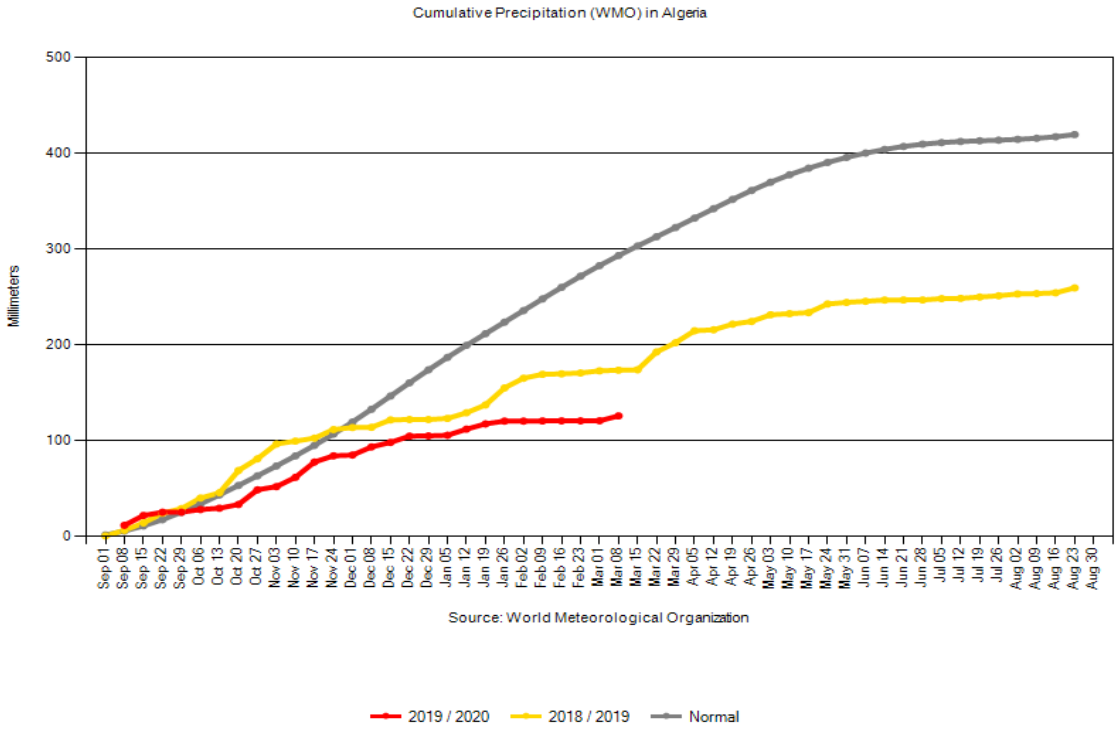
Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of March 10, 2020

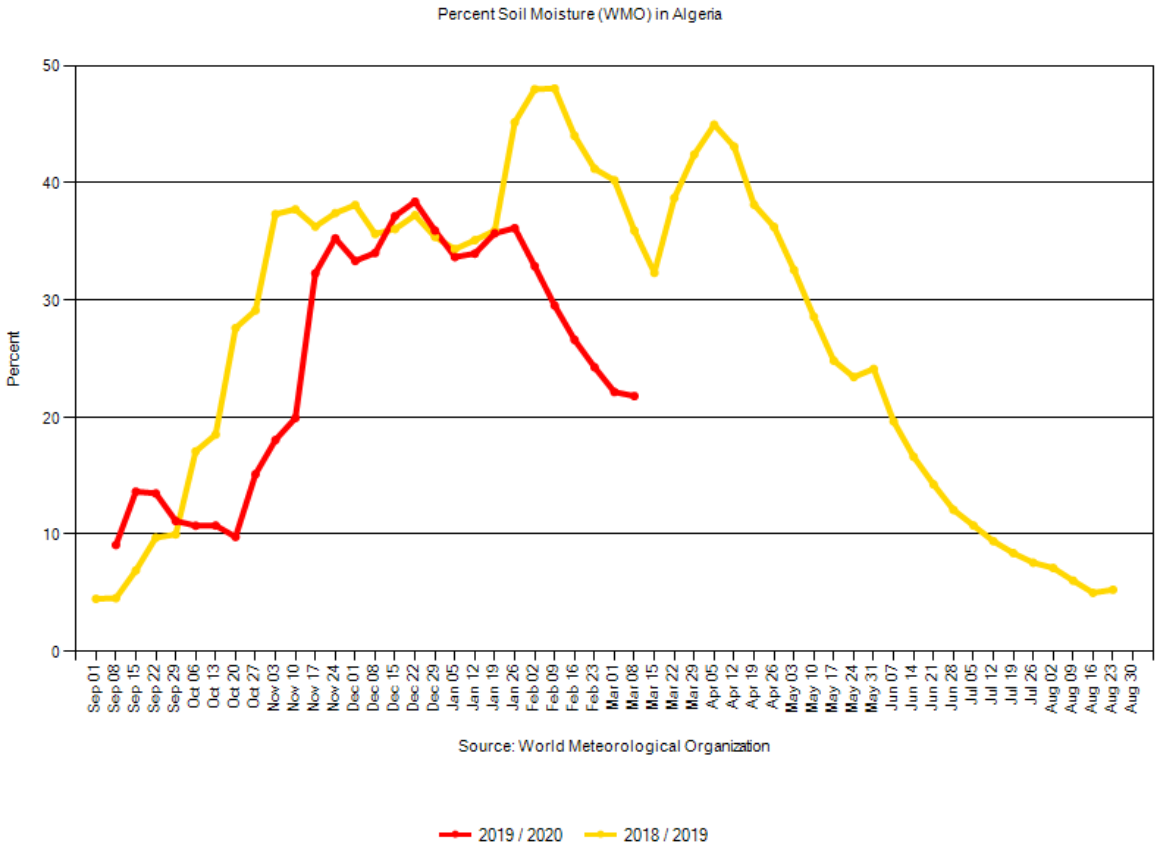
https://glam1.gsfc.nasa.gov/v4.html



Precipitation and percent soil moisture charts below (as of March 8, 2020) show lower levels of precipitation and soil moisture compared to the year before and to the normal average. The lack of precipitation impacted soil moisture. Soil moisture levels were high in September with the first precipitation of the fall. Levels started to decrease starting from January to March due to the lack of rain.

Precipitation and Percent soil moisture charts as of March 08, 2020): *Source: Crop Explorer* ***(https://ipad.fas.usda.gov/cropexplorer/)***


Cumulative Precipitation (WMO) in Algeria
Millimeters
500
400
300
200
100
0
Sep 01
Sep 08
Sep 15
Sep 22
Sep 29
Oct 06
Oct 13
Oct 20
Oct 27
Nov 03
Nov 10
Nov 17
Nov 24
Dec 01
Dec 08
Dec 15
Dec 22
Dec 29
Jan 05
Jan 12
Jan 19
Jan 26
Feb 02
Feb 09
Feb 16
Feb 23
Mar 01
Mar 08
Mar 15
Mar 22
Mar 29
Apr 05
Apr 12
Apr 19
Apr 26
May 03
May 10
May 17
May 24
May 31
Jun 07
Jun 14
Jun 21
Jun 28
Jul 05
Jul 12
Jul 19
Jul 26
Aug 02
Aug 09
Aug 16
Aug 23
Aug 30
Source: World Meteorological Organization
2019 / 2020
2018 / 2019
Normal



Crop conditions remain good overall should climatic conditions improve in the coming months; the crop will be good. Post forecasts wheat production at 3.900 million metric tons (MMT) and barley production at 1.0 MMT for MY2020/21. Barley production will most likely be affected by the lack of precipitation as barley is mostly grown in the highlands and pasture areas.

The agriculture sector development particularly cereals production remains a priority in the action plan of the new Government of Algeria (GoA). The overall strategy to boost domestic production to reduce imports of cereals remains. The development program includes:
-extending cultivation of wheat (durum and bread or common wheat) to the highlands and the south (Sahara) of the country.
-reviewing consumers habits towards bread wheat consumption to decrease imports. The GoA is attempting to raise consumers awareness on managing bread consumption to avoid waste.
-extending irrigated areas from 1.3 million hectares to 2 million hectares, of which 600,000 ha will be devoted to cereals.
-generalization of water-saving systems use for irrigation as well as renewable energies.
-using the most updated farming technologies for production of seeds, plants and breeds.

The GoA's development plan includes more actions to improve the agriculture sector. (see policy section).

Consumption

Algeria has always been a major consumer of cereals. Wheat is considered a staple food. Bread (common) wheat is mainly used to produce bread. Durum wheat is used to produce pasta and couscous.

Wheat consumption will remain relatively stable with normal growth for the near future. The government is not giving new agreements to new mills, nor expanding the old ones. However, the government's aim is to sensitize consumers to decrease consumption of bread to avoid waste in order to decrease demand on bread (common) wheat thus reduce its imports. This might affect consumption in the future.

Post forecasts total wheat consumption at 10.700 MMT in MY2020/21.

Barley is consumed mainly as grain in animal feed for sheep, cattle, and camels, with small amounts consumed as green fodder. Minor amounts are used for human traditional foods (couscous and bread). Algeria's breweries consume small amounts of barley, generally imported from Europe.

Barley consumption is a function of weather-related pasture conditions—in general, bad pasture conditions result in increased demand for imports. Consumption has trended upward since 2000, with increasing animal numbers, particularly sheep. Demand will increase relatively with the new development plan that encourages camel and goat breeding in the south of the country.

Post forecasts barley total consumption at 2.000 MMT for MY2020/21. Post maintains previous barley estimates for MY2018/19 and MY2019/20. The removal of the domestic sales price support makes barley sold at market price more expensive. The end-result affected overall barley consumption.

Trade

Cereals always rank at the top of Algeria's total food imports. According to Algerian Customs figures, cereal imports hit $2.7 billon representing 33.52 percent of the total food import amount ($8.07 billion) in CY 2019.

Wheat

Domestic production of cereals remains weather-driven although it has improved over the years. This explains Algeria's imports of wheat, mainly bread (common) wheat destined to the bread production industry. However, the strategy of the GoA to slow import growth and reduce imports of wheat over a list of other agricultural products remains and started to show results.

Algerian Customs reports indicated that cereal imports in Algeria fell by 12.5% between January and September 2019. This downward trend was encouraged by a good MY2019/20 domestic production, particularly for barley and durum wheat. This downward trend is expected to continue with the recent measures taken by the government to also limit purchases of bread (common) wheat. Business France and FAO reports indicated that the Algerian government recently reported the establishment of an upper import limit of 4 million metric tons (MMT) of bread (common) wheat per year compared to 6 MMT usually imported.

As reported previously, this is a result of the government's strategy to increase production of cereals to reduce imports and regulate the cereals sector efficiently. The government commissioned an assessment of the real needs of the domestic wheat, particularly the processing industry to streamline the supply. In addition, the government decided to encourage consumption of barley and durum wheat (that are produced locally) to reduce consumption of bread (common) wheat in order to control imports.

Official Algerian press reports that the Algeria's Office of Cereals (OAIC) indicated that the good harvest from the 2019 crop and the import restrictions enabled Algeria to save $1 billon in foreign currency during the MY2019/20. The report also indicated that the OAIC did put out a call for tenders since April 2019. The OAIC procured wheat domestically until the beginning of 2020. OAIC indicated that imports of bread (common) wheat volumes decreased by 18 percent and import values by 16.33 percent in 2019, compared to 2018. Currently, several news reports indicate that the OAIC is launching tenders to buy wheat in advance of the coming crop harvest.

Given the government's overall strategy to reduce imports, Post maintains the figures for MY2018/19 and MY2019/20 for wheat and barley imports. In response to the strategy to import less durum and produce it locally, and the new emphasis on improving domestic production for bread (common) wheat to control its imports, and the 4 MMT import limit, Post forecasts wheat imports will fall to 5 MMT in MY2020/21.

Table: Algeria Durum Wheat Imports by Origin (MT)
(Year Ending)

Reporter	Availability	Unit	Year Ending (UOM1: T)				
			2015	2016	2017	2018	2019
_Total	2016 – April 2019	T		1550848	1688652	1281236	
Canada	1988 – January 2020	T	731272	944965	1230327	877177	1001011
United States Consumption	1990 – January 2020	T	95902	81521	191497	123724	78852
Mexico	2000 – November 2019	T	415696	454471	152289	260535	
EU 28 External Trade	2002 – December 2019	T	170249	69892	76689	19800	48286
Kazakhstan	2004 – December 2019	T	0	0	5000	0	0
Australia	1989 – January 2020	T	0	0	32850	0	0

Source: Trade Data Monitor, LLC

Barley

Algeria's barley imports are weather-driven. In general, bad pasture conditions result in increased demand for barley. As mentioned above, the NDVI charts showed dry pockets in the highlands and

western areas where barley is mostly grown. This could affect barley production which will increase demand for import. In addition, news reports indicated that the OAIC put out a call for tender recently for barley. The report also indicated that OAIC did not import or contract for barley since February 2019. The stocks from the 2019/20 crop outcome met domestic demand. However, the lack of precipitation during the fall of 2019 in the areas where herds are raised, made it necessary for the OAIC to buy barley before the next harvest.

Post increased the barley import forecast figures for MY2020/21 as the crop conditions for barley might be affected. Post maintains barley import figures for MY2018/19 and MY2019/20. Based on the good outcome of the previous crop and the removal of the domestic sales price support, which made barley sold at market prices more expensive. Post forecasts a decline in barley imports for MY2019/20.

Corn

Argentina remains the number one supplier of corn to Algeria. Algeria prefers some of the qualitative aspects and specifications of Argentine corn over U.S. corn.

Table: Algeria Corn Imports by Origin (MT) ((Calendar Year)

Reporter	Availability	Unit	January - December (UOM1: T)			Market Share (%)			%Δ 2019/18
			2017	2018	2019	2017	2018	2019	
_Total	2016 – April 2019	T	4104027	4122511		100	100		
Argentina	2002 – January 2020	T	3235553	3394214	3782608	78.84	82.33	71.33	11.44
Ukraine	2003 – December 2019	T	128984	30207	947406	3.14	0.73	17.86	3036.42
Brazil	1998 – February 2020	T	493866	649297	518574	12.03	15.75	9.78	-20.13
EU 28 External Trade	2002 – December 2019	T	14143	235	54131	0.35	0.01	1.02	22959.88
Turkey	1989 – January 2020	T	6	308	509	0	0.01	0.01	65.26
Egypt	2010 – December 2019	T	90	219	94	0	0.01	0	-57.15
United States Consumption	1990 – January 2020	T	75492	47953	21	1.84	1.16	0	-99.96
Serbia	2012 – December 2019	T	15	0	15	0	0	0	0
South Africa	2010 – January 2020	T	0	78	0	0	0	0	-100
Paraguay	1994 – January 2020	T	155879	0	0	3.80	0	0	0

Source: Trade Data Monitor, LLC

The new agricultural strategy to encourage domestic agricultural production renewed interest in domestic corn production for many farmers. Corn is now produced in some of the southern provinces where average yields range from 13 to 80 quintals per ha. Technical issues related to crop management, irrigation and harvest equipment hamper the production of local feed.

Dried Distillers Grains with Soluble (DDGS)

The VAT exemption as well as the exclusion from the list of products subject to the new temporary safeguard duty (DAPs) implemented in January 2019 remain for FY2020.
The high duties (30 percent) and VAT increase in 2017 discouraged the use of DDG's despite successful trials conducted in the previous years.

Soybean Meal

Demand for soybean meal comes mainly from Algeria's poultry feed industry. Soybean meal is not exempt from VAT. In addition, soybean meal's VAT increased from seven to nine percent already as a part of the fiscal measures in the past three years and remains for FY2020.

The Global Agricultural Trade System (GATS) as well as Trade Data Monitor report shows that there were no imports of U.S. soybean meal to Algeria in CY2018 and CY2019. The lack of price competitiveness and consumer's preference toward Argentine qualitative aspects and specifications still dominates.

Table: Algeria Soybean Meal Imports by Origin (1,000 MT)
(Calendar Year)

Reporter	Availability	Unit	January - December (UOM1: T)			Market Share (%)			%Δ 2019/18
			2017	2018	2019	2017	2018	2019	
_Total	2016 – April 2019	T	1287443	1432516		100	100		
Argentina	2002 – January 2020	T	1191354	1384216	1404902	92.54	96.63	97.92	1.49
Paraguay	1994 – January 2020	T	29744	37535	29793	2.31	2.62	2.08	-20.63
United States Consumption	1990 – January 2020	T	15108	0	0	1.17	0	0	0
Brazil	1998 – February 2020	T	38496	0	0	2.99	0	0	0
EU 28 External Trade	2002 – December 2019	T	12740	10765	0	0.99	0.75	0	-100

Source: Trade Data Monitor, LLC

Rice

Algerian rice imports are very irregular but have increased over the years. This is due to population growth. Algerian consumers have introduced more rice into their diets. Private importers take advantage of good prices to buy rice in small containers from different origins mostly from Vietnam and Thailand. U.S., prices are not competitive against the Asian market to compete with other rice suppliers to Algeria.

Table: Algeria Rice Imports by Origin (MT)
(Calendar Year)

Reporter	Availability	Unit	January - December (UOM1: T)			Market Share (%)			%Δ 2019/18
			2017	2018	2019	2017	2018	2019	
_Total	2016 – April 2019	T	99006	131943		100	100		
India	2009 – December 2019	T	42002	59448	65913	42.42	45.06	61.47	10.87
Thailand	2007 – January 2020	T	47518	66532	38979	48	50.43	36.35	-41.41
Uruguay	2010 – January 2020	T	1000	1000	1569	1.01	0.76	1.46	56.92
EU 28 External Trade	2002 – December 2019	T	4397	3750	607	4.44	2.84	0.57	-83.80
Jordan	2012 – December 2019	T	0	0	120	0	0	0.11	0
Brazil	1998 – February 2020	T	100	580	48	0.10	0.44	0.04	-91.79
China	2000 – December 2019	T	50	0	0	0.05	0	0	0
Argentina	2002 – January 2020	T	900	600	0	0.91	0.46	0	-100
South Korea	2000 – January 2020	T	0	7	0	0	0.01	0	-96.52
Paraguay	1994 – January 2020	T	0	26	0	0	0.02	0	-100
United States Consumption	1990 – January 2020	T	3040	0	0	3.07	0	0	0

Source: Trade Data Monitor, LLC

Pulses

Algeria's imports of pulses are mostly beans, lentils, chickpeas, and beans for seeding. U.S. pulse exports to Algeria have trended upward for the past several years. However, data in the table below show a decrease in U.S. origin imports. The Algerian market is price sensitive and U.S. prices are not competitive with other origins.

Table: Algeria Pulse Imports by Origin (MT)
(Calendar Year)

Reporter	Availability	Unit	January - December (UOM1: T)			Market Share (%)			%Δ 2019/18
			2017	2018	2019	2017	2018	2019	
_Total	2016 – April 2019	T	239959	235275		100	100		
Canada	1988 – January 2020	T	100203	74517	62796	41.76	31.67	28.62	-15.73
Argentina	2002 – January 2020	T	35080	33818	48059	14.62	14.37	21.91	42.11
India	2009 – December 2019	T	19071	36576	35874	7.95	15.55	16.35	-1.92
Mexico	2000 – November 2019	T	38389	33789		16	14.36		
Egypt	2010 – December 2019	T	22574	31375	18559	9.41	13.34	8.46	-40.85
Turkey	1989 – January 2020	T	6049	12951	16149	2.52	5.51	7.36	24.69
Russia	2013 – January 2020	T	1946	1282	10024	0.81	0.55	4.57	681.94
United States Consumption	1990 – January 2020	T	10766	3347	2616	4.49	1.42	1.19	-21.83
EU 28 External Trade	2002 – December 2019	T	2328	2639	2126	0.97	1.12	0.97	-19.43
New Zealand	2007 – January 2020	T	1740	2074	1400	0.73	0.88	0.64	-32.50
Jordan	2012 – December 2019	T	227	0	75	0.10	0	0.03	0
Brazil	1998 – February 2020	T	0	0	72	0	0	0.03	0
Peru	2016 – January 2020	T	0	0	69	0	0	0.03	0
Ethiopia	2008 – February 2020	T	0	480	23	0	0.20	0.01	-95.21
Morocco	2016 – December 2019	T	617	0	0	0.26	0	0	0
China	2000 – December 2019	T	0	5	0	0	0	0	-100
Saudi Arabia	1991 – December 2019	T	0	42	0	0	0.02	0	-100
Ukraine	2003 – December 2019	T	968	2380	0	0.40	1.01	0	-100

Source: Source: Trade Data Monitor, LLC

Stocks

In recent years, the Algerian Office of Cereals (OAIC) undertook (via tendering) the construction of 39 silos. These silos will increase storage capacity for durum, bread wheat, and barley from 5MMT to more than 6MMT. Construction is still underway.

Policy

The temporary additional safeguard duty (DAPs) remains for FY2020.

Opportunities still exist for U.S. Grain exports, as wheat, feed grains, DDGs, starch residues and preparations for animal feed remain unaffected by the temporary additional safeguard duty for FY2020.

Other opportunities exist for U.S. inputs and expertise to contribute to the local production and industrial development. The action plan of the new government includes new components where U.S agribusinesses can assist the Algerian government in its efforts to boost the agricultural sector and at the same time, create market opportunities for U.S. agribusiness.

The U.S.'s niche is to provide advanced agricultural technologies, livestock, seeds needed to establish and operate integrated production models in Algeria.

In the new development plan, the government encourages large-scale agricultural investment projects in the highlands and the Sahara (south of Algeria). In addition, it promotes foreign direct investment and partnerships particularly in the field of cereals, oilseeds and sugar productions as well as crushing and refinery projects. The development plan also encourages the exploitation of agricultural land by assigning land to investment projects that support processing industries. Such projects include supporting the development of storage capacities especially cold chain and packaging projects.

Marketing

FAS Algiers invites all U.S. exporters and Cooperators interested in doing business in the Algerian market to study the Algerian government's new development plan.

FAS Algiers is actively engaged in promoting trade with the United States. FAS Algiers promotes U.S. agricultural products in Algerian domestic shows.

FAS Algiers regularly participates in the international Food and Agribusiness Show (SIAG) in Oran (second largest city in Algeria) in March as well as the (SIPSA show (agri-business and livestock trade exhibition) in Algiers in October, promoting U.S. agricultural products.

U.S. Wheat Associates (based in Casablanca, Morocco), the U.S. Grains Council (based in Tunis, Tunisia), and the U.S. Soybean Export Council and U.S Livestock and Genetics Export (both based in the U.S.) are already carrying out technical workshops, seminars, trade missions, technical exchange programs and activities in Algeria. FAS Algiers would like to increase the number of cooperators active in this market.

Please contact us at AgAlgiers@fas.usda.gov.

Wheat	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2074	2074	2100	2074	0	2074
Beginning Stocks	4529	4529	5219	5419	0	5204
Production	3940	3940	4000	3950	0	3900
MY Imports	7515	7515	6500	6500	0	5000
TY Imports	7515	7515	6500	6500	0	5000
TY Imp. from U.S.	437	119	0	119	0	119
Total Supply	15984	15984	15719	15869	0	14104
MY Exports	15	15	15	15	0	0
TY Exports	15	15	15	15	0	0
Feed and Residual	50	50	50	50	0	50
FSI Consumption	10700	10500	10800	10600	0	10650
Total Consumption	10750	10550	10850	10650	0	10700
Ending Stocks	5219	5419	4854	5204	0	3404
Total Distribution	15984	15984	15719	15869	0	14104
Yield	1.8997	1.8997	1.9048	1.9045	0	1.8804
(1000 HA), (1000 MT), (MT/HA)						

Barley	2018/2019		2019/2020		2020/2021	
Market Begin Year	Jul 2018		Jul 2019		Jul 2020	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1026	1026	1025	1026	0	1026
Beginning Stocks	517	517	790	817	0	967
Production	1950	1950	2050	2000	0	1000
MY Imports	323	250	200	100	0	200
TY Imports	467	250	100	100	0	200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2790	2717	3040	2917	0	2167
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1650	1550	1750	1600	0	1650
FSI Consumption	350	350	350	350	0	350
Total Consumption	2000	1900	2100	1950	0	2000
Ending Stocks	790	817	940	967	0	167
Total Distribution	2790	2717	3040	2917	0	2167
Yield	1.9006	1.9006	2	1.9493	0	0.9747
(1000 HA), (1000 MT), (MT/HA)						

Attachments:

No Attachments