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Report Name: Grain and Feed Update

Country: Algeria

Post: Algiers

Report Category: Grain and Feed

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Report Highlights:

The Ministry of Agriculture has not yet released figures regarding the MY2020/21 grain harvest. The Ministry will allocate 3.5 million hectares to cereal plantings for MY2021/22. The wheat industry has been granted an additional transitional period before the decrees related to lifting the wheat subsidies will be implemented. Algeria will still need to import wheat to fulfil domestic demand and maintain stocks while working to improve domestic production.

Executive Summary

On October 5, 2020, the Ministry of Agriculture (MoA) officially launched the 2020-2021 (MY2021/22) cereal planting season from the south west of Algeria.

All the organizational, technical, and financial arrangements have been made to ensure optimum mobilization of all stakeholders in the field to help farmers during the plantings.

According to the Minister of Agriculture, 3.5 million Hectares (Ha) will be planted this year (MY2021/22) compared to 3.2 million Ha during the MY2020/21.

The Normalized Difference Vegetation Index (NDVI) shows normal vegetation in the eastern region and the south of Algeria and poor pockets of vegetation in the western and high plateaus region of Algeria. Vegetation conditions declined beyond September because of the lack of precipitation on the Mediterranean coast of Algeria. Vegetation conditions appear to be below the MY2020/21 level for the high plateaus and desert areas of Algeria. However, crop conditions remain average along the Mediterranean coastal areas.

Precipitation in the fall of 2020 was lower than in the previous year and also lower than average along the Mediterranean coast and high plateau areas. Overall, the eastern and the center regions received more rain than the western areas. Hot and dry conditions in October and November depleted soil moisture. December and January were rainy in almost all the areas. Should rain continue, soil moisture will replenish and mitigate early season dryness.

The Ministry of Agriculture has not released figures regarding the MY2020/21 grain harvest. However, they indicated that yields per hectare for all grains combined are down sharply compared to the 2018 exceptional 6 million MT harvest. Data is being consolidated before being published.

European traders indicate that the Algerian Office of Cereals (OAIC) has been purchasing common wheat on the international market during the last quarter of CY2020 and recently in January 2021.

The wheat industry has been granted an additional transitional period before the decrees related to lifting wheat subsidies will be implemented. This transition period will help industry professionals get on board to ensure sustainable market supply without disruption. The decision to end subsidies took industry operators by surprise, leading to supply issues and a subsequent price hike for certain products.

Production Update:

MY2021/22 Plantings Preparation

On October 5, 2020, the Ministry of Agriculture (MoA) officially launched the 2020-2021 (MY2021/MY22) cereal planting season from the Sahara as the government focus is on developing this region.

Usually, the planting season in Algeria starts in October and continues throughout the fall and sometimes continues into early January, depending on climatic conditions. The MoA's January bulletin

shows that some areas in the western region and in the center of Algeria continued plantings into January as sowing operations were delayed to allow soil to drain.

As usual, the MoA makes all the arrangements to ensure the planting season is carried out smoothly. All the organizational, technical and financial arrangements have been made to ensure optimum mobilization of all stakeholders in the field to help the farmers. The Ministry of Agriculture made available certified seeds and fertilizers in sufficient quantities for the planting season.

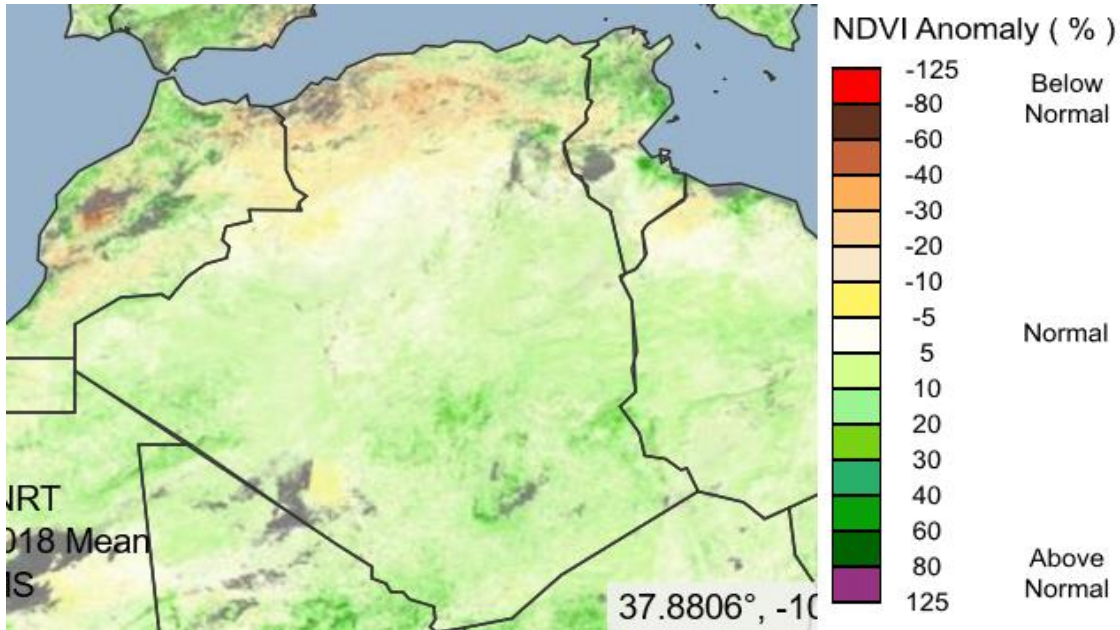
During an October 10, 2020 press briefing, the Minister of Agriculture reported that 3.5 million Ha would be allocated to cereals for the (2020-2021) planting season (MY2021/MY22). The planting areas increased from 3.5 million Ha compared to 3.2 million Ha from last year. Regarding the MY2020/MY21 grain harvest, the Minister indicated that the data is being consolidated before being published. The Minister did not release any figures. However, he indicated that yields per hectare for all grains combined are down sharply compared to the 2018 exceptional harvest that resulted in 6 million MT. He added that this is the second year in a row that the yields have not met the objectives expected by the Ministry of Agriculture. These shortcomings are attributed to dry climatic conditions and the need for additional supplemental irrigation.

Crop Update

The Normalized Difference Vegetation Index (NDVI) below shows that vegetation looks normal in the eastern region and the southern region of Algeria. However, the vegetation index shows the poorest pockets of vegetation lie in the western and high plateau region of Algeria. Again, this year, these regions were impacted by a lack of precipitation. These regions are part of the wheat and barley growing areas in Algeria.

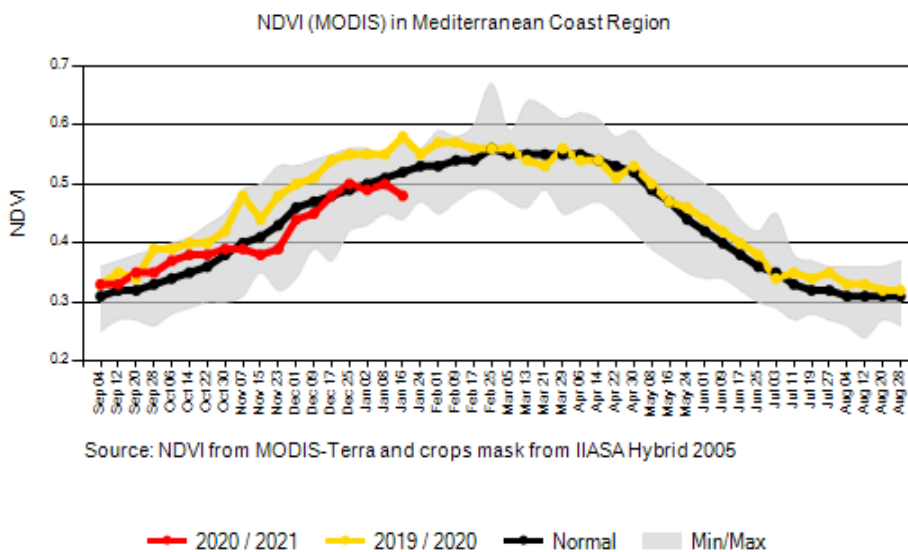
Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of January 25, 2021

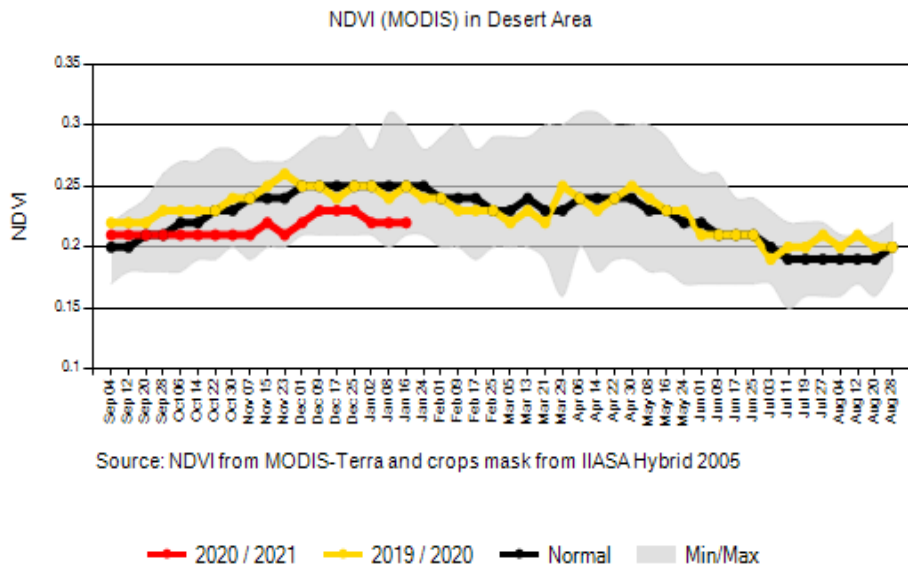
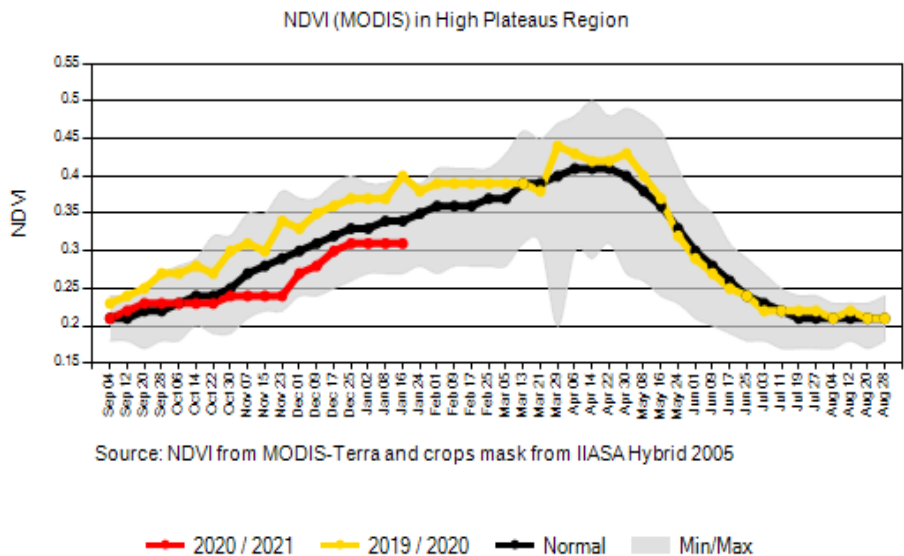
<https://glam1.gsfc.nasa.gov/v4.html>



The NDVI charts by region below show vegetation conditions were as good as in September 2019-2020, and then decreased because of the lack of precipitation along the Mediterranean coastal region of Algeria. Vegetation conditions appear to be below last year's level in the high plateau and desert areas of Algeria. Crop conditions, however, remain average along the Mediterranean coastal areas.

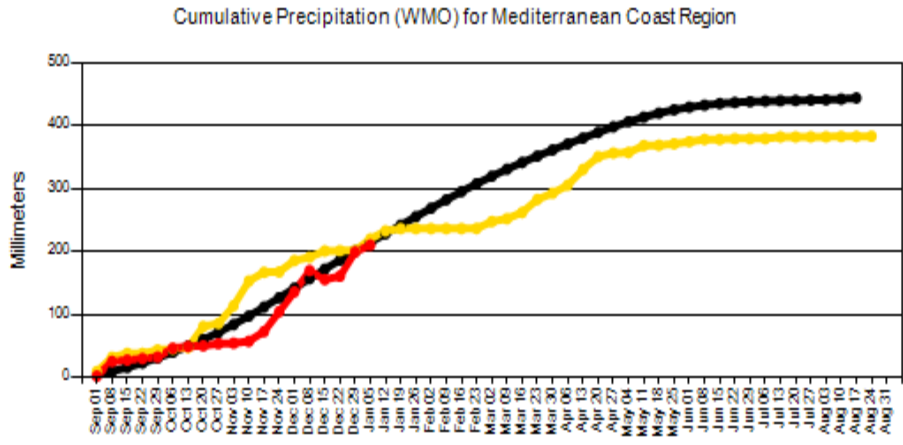
Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of January 11, 2021:
 Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)





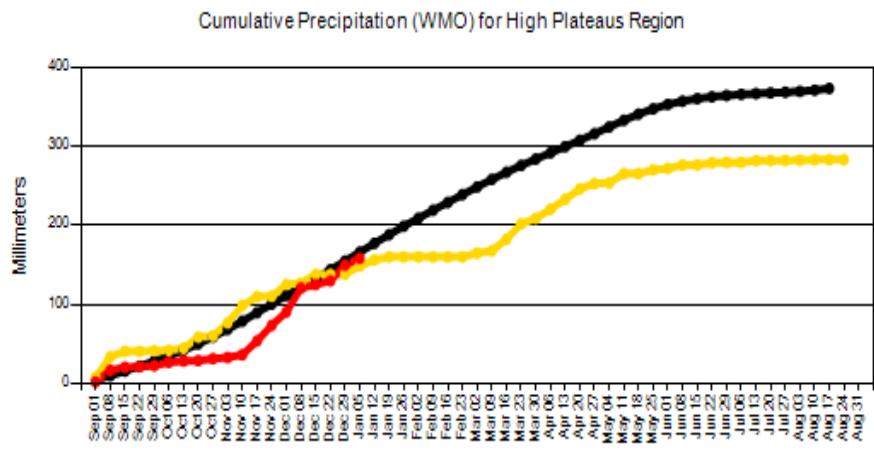
The cumulative precipitation charts below show that the level of precipitation for the 2020-2021 (MY2021/MY22) season started at the same level as in September 2019-2020, however, decreased in October and November. Fall precipitation is lower than last year and the average levels along the Mediterranean coast and high plateau areas. Overall, the eastern and the center regions received more rain than the western areas. However, rain returned in December, and continued into January, indicating that precipitation levels are recovering.

Cumulative Precipitation charts as January 17, 2021
 Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)



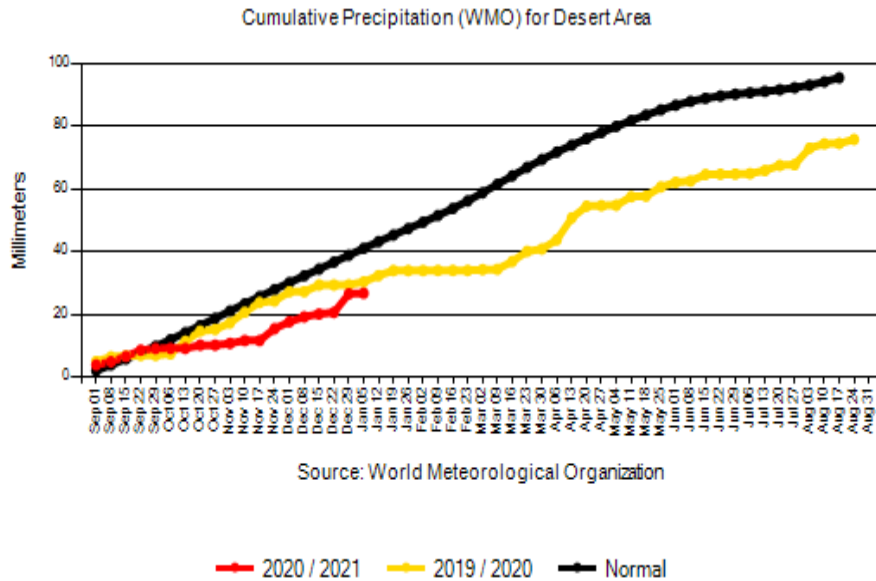
Source: World Meteorological Organization

— 2020 / 2021 — 2019 / 2020 — Normal



Source: World Meteorological Organization

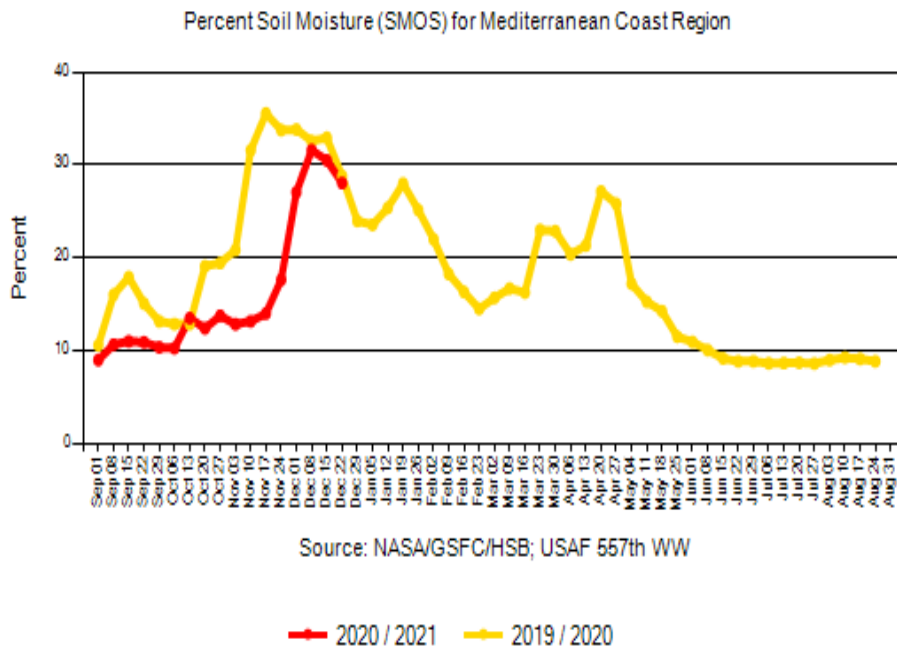
— 2020 / 2021 — 2019 / 2020 — Normal

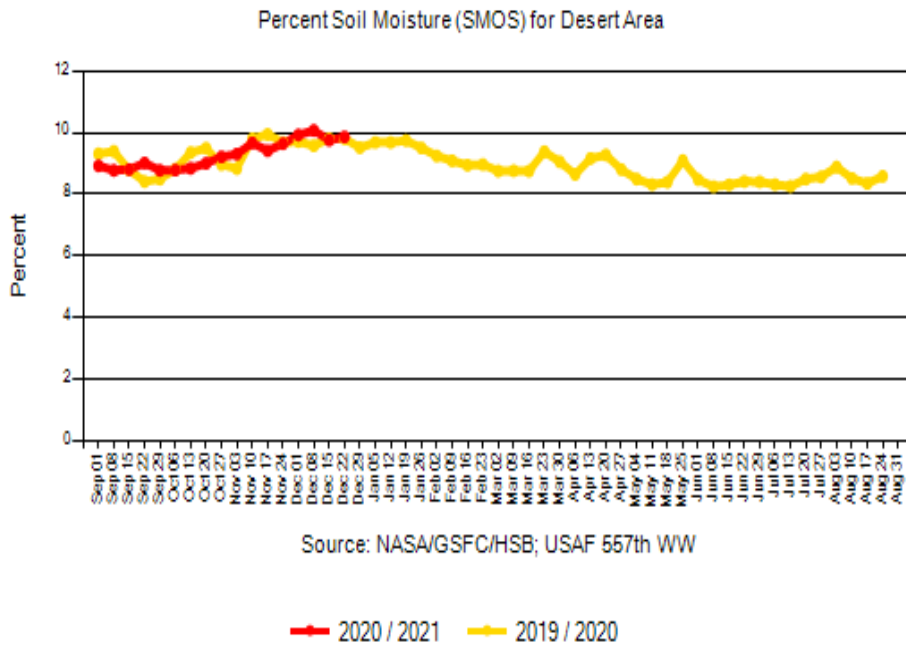
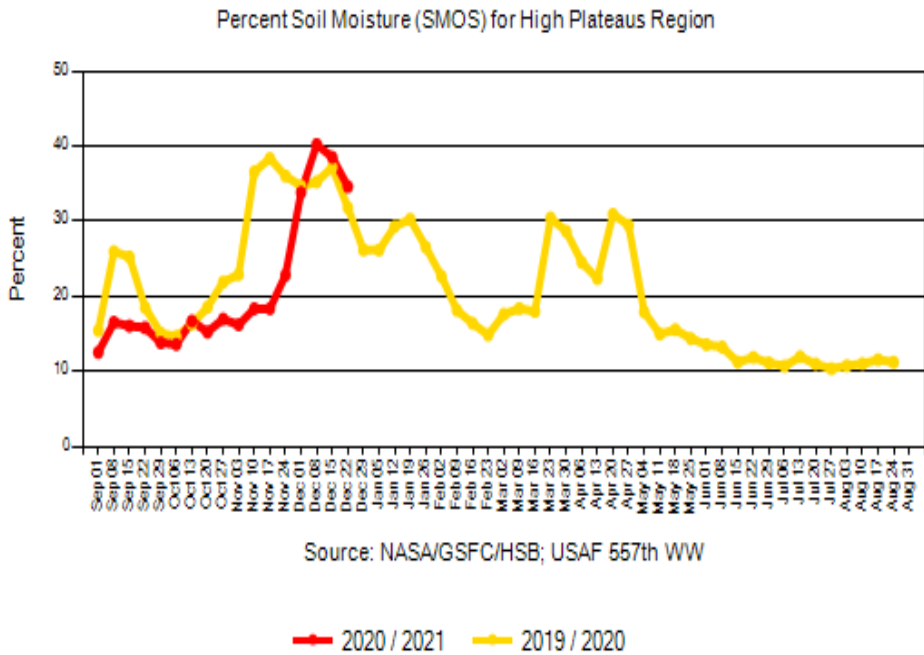


The charts below show lower soil moisture levels for 2020-2021 compared to the same period in the 2019-2020 season. Hot and dry conditions in October and November depleted soil moisture. December and January were rainy in almost all the areas. Should the rain continue, soil moisture will replenish and mitigate early season dryness.

Percent Soil Moisture charts as December 27,2021

Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)





As of January 10, 2021, the MOA bulletin indicated that wheat, barley, and oat crop developments are at the vegetative stage in the eastern, center, and western region’s coastline, as well as along the sub-coastline, and high plateaus.

The Ministry of Agriculture has not released the MY2020/21 grain production figures. Post maintains the wheat and barley production forecasts for MY2020/21 until the official figures are released. Post also maintains production figures for MY2019/20.

Consumption Update

Wheat and barley consumption are predicted to remain stable with normal growth. There are no new agreements to open new mills or expand the old mills.

Trade Update

As outlined in previous reports, Algeria is pursuing a strategy to control imports, reduce spending and encourage domestic production for many products including wheat. The government of Algeria (GoA)'s goal to reduce durum as well as bread wheat imports remains a priority. However, given the poor harvest reported by the Ministry of Agriculture Algeria will still need to import wheat to fulfil the domestic demand and maintain stocks.

Press reports from the European traders indicate that the Algerian Office of Cereals (OAIC) purchased wheat on the international market during the last quarter of CY2020 and again in January 2021. The reports also indicated that the last two OAIC's notices of tenders (December 3, 2020 and January 18, 2021) are part of its procurement program for the 2020/2021 marketing year. Algeria does not release the results of its tenders and traders' reports, which are based on trade estimates.

Regarding the origin of wheat imports, traders believed the wheat was likely sourced from the Baltic Sea region or elsewhere in the western European Union, possibly France or Germany. Traders also indicated that the poor French harvest has sharply reduced export supplies and is expected to lead other EU countries to increase export sales to Algeria this season. Russia's high wheat prices should give the western EU and Baltic region a continued advantage regarding Algerian purchases for the near future.

Given the information above, Post maintains USDA's official forecast figure for wheat imports during MY2020/21 at 6.5 MMT. Post also maintains the official USDA figures for MY2019/20 for wheat imports.

Barley imports are weather driven. Bad pasture conditions result in increased demand for this commodity. Post maintains the official USDA figures MY2020/21 for barley imports.

Because of the overall policy to reduce imports, Post forecasts wheat and barley imports will decrease in MY2021/22 pending the outcome of the new crop.

Policy Update

The GoA decided to give an additional transitional period to the wheat industry before implementing the decrees related to lifting the wheat subsidies. Two months later, the Ministry of Commerce announced the postponement of the implementation of the decrees that would have lifted wheat subsidies destined to pasta and couscous manufacturers. This transition period will allow industry professionals time to

adjust, while ensuring sustainable market supply. The decision to end subsidies had taken industry operators by surprise, leading to supply issues and a subsequent price hike for certain products. In addition, COVID-19 required employees to self-isolate which created disruptions and decreased production in some facilities. However, no timeframe for the implementation of the decree has been specified.

As reported previously, the GoA announced that it will no longer subsidize durum wheat for pasta processing or bread (common) wheat not destined for bread production. Two executive decrees were published to modify the former decrees regulating prices to be applied to bread (common) wheat flour, and durum semolina at different stages of the distribution. Both Decrees were published in the [Journal Officiel no 52 on September 2, 2020](#).

The first Executive Decree, (no 20-241 of August 31, 2020), modifies the Decree 96-132 of April 1996 published in the [Journal officiel No 23 on April 14, 1996](#). By this decree, the Algerian Office of Cereals (OAIC) will sell bread (common) wheat to flourmills at a non-subsidized price. This wheat is intended for processing into other types of flour, but not intended for bread production. OAIC will only subsidize bread (common) wheat that is processed into flour that goes to bread production.

The second [Decree](#) is the Executive Decree No 20-242 of August 31, 2020. By this decree, OAIC will sell durum wheat intended for producing pasta, couscous, and other processed products to mills at a non-subsidized price.

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2074	2074	2075	2074	0	2074
Beginning Stocks (1000 MT)	5219	5219	5360	5360	0	4710
Production (1000 MT)	3950	3950	3900	3900	0	3900
MY Imports (1000 MT)	7147	7147	6500	6500	0	5000
TY Imports (1000 MT)	7147	7147	6500	6500	0	5000
TY Imp. from U.S. (1000 MT)	277	277	0	119	0	0
Total Supply (1000 MT)	16316	16316	15760	15760	0	13610
MY Exports (1000 MT)	6	6	10	0	0	0
TY Exports (1000 MT)	6	6	10	0	0	0
Feed and Residual (1000 MT)	50	50	50	50	0	50
FSI Consumption (1000 MT)	10900	10900	11000	11000	0	11150
Total Consumption (1000 MT)	10950	10950	11050	11050	0	11200
Ending Stocks (1000 MT)	5360	5360	4700	4710	0	2410
Total Distribution (1000 MT)	16316	16316	15760	15760	0	13610
Yield (MT/HA)	1.9045	1.9045	1.8795	1.8804	0	1.8804
(1000 HA), (1000 MT),(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries.TY 2021/2022 = July 2021 - June 2022						

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1026	1026	1025	1026	0	1026
Beginning Stocks (1000 MT)	790	790	998	1270	0	770
Production (1000 MT)	2000	2000	1845	1000	0	1000
MY Imports (1000 MT)	558	430	500	500	0	500
TY Imports (1000 MT)	503	250	500	500	0	500
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3348	3220	3343	2770	0	2270
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	2000	1600	2000	1650	0	1700
FSI Consumption (1000 MT)	350	350	350	350	0	350
Total Consumption (1000 MT)	2350	1950	2350	2000	0	2050
Ending Stocks (1000 MT)	998	1270	993	770	0	220
Total Distribution (1000 MT)	3348	3220	3343	2770	0	2270
Yield (MT/HA)	1.9493	1.9493	1.8	0.9747	0	0.9747
(1000 HA), (1000 MT),(MT/HA)						
MY = Marketing Year, begins with the month listed at the top of each column						
TY = Trade Year, which for Barley begins in October for all countries TY 2021/2022 = October 2021 - September 2022						

Attachments:

No Attachments