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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 Algeria Normalized Difference Vegetation Index (NDVI) chart by region shows that the vegetation index looks normal on the Mediterranean coast and below normal in the high lands but remains within Min/Max level. Traders indicate that the Algerian Office of Cereals (OAIC) continued buying wheat on the international market throughout 2021 and are continuing to do so into 2022. The government increased prices for grains domestic procurement from farmers to encourage production and grain collection.

Executive Summary

The MY2022/2023 plantings started in September, rather than in October as in previous years in anticipation of possible early rains. The Ministry of Agriculture (MoA) made treated seeds and fertilizers available earlier.

The Ministry of Agriculture has not released the MY2021/22 grain production figures breakdown. However, former Minister of Agriculture, Hemdani indicated that Algeria has recorded an average of 5.23 million metric tons (MMT) of cereal production over the past three years. No details were provided.

The newly appointed Minister of Agriculture, Abdelhafid Henni, who was appointed in November 2021, indicated during the Nation's Council plenary that his sector was working to increase the Algerian Office of Cereals (OAIC) storage capacity. Currently Algeria's grain storage capacity is 28 million quintals (2.8 MMT). The goal is to build 30 storage silos. 16 have been built while the remaining 14 are experiencing a delay in completion.

On January 16, 2022, during the Minister's Council, President Tebboune decided to increase prices for domestic grains procurement from farmers to encourage grain collection and improve production to ensure food security.

The Normalized Difference Vegetation Index (NDVI) chart by region shows that the vegetation index looks normal on the Mediterranean coast and below normal in the high lands. Vegetation conditions look sparse in the western region and highlands. Again, this year, wheat and barley growing areas seem to be lacking adequate rain. However, the vegetation index remains within Min/Max level.

Rising concerns over world wheat supply due to crop quality forced global importers to speed up purchasing to secure their required volumes despite price increases. Reports from traders indicate that the Algerian Office of Cereals (OAIC) continued buying bread wheat and durum on the international market throughout 2021 and are continuing to do so into 2022. Reports also indicate that Algeria was again a top destination of 200,000 MT of wheat from Russia in December 2021.

Post maintains the wheat and barley production forecasts for MY2020/21 and MY2021/22 until the official figures are released.

Post maintains wheat import estimates at 7.548 MMT in MY2020/21 and at 8 MMT in MY2021/22 despite the current domestic measures in place to reduce imports.

Post maintains USDA barley import forecast figures for MY2020/21 at 836,000 MT and estimates an increase to 850,000 MT for MY2021/22.

MY2022/23 Planting Preparation

The MY2022/2023 plantings started in September, rather than in October as in previous years. The Ministry of Agriculture (MoA) encouraged farmers to start plantings in September earlier than usual, in anticipation of possible early rains and made treated seeds and fertilizers available earlier. During 2021/2022 season, the Ministry will adopt a program to strengthen, "surface irrigation,". The aim of this initiative is to develop cereal production in the south and supplemental irrigation in the north. These methods will aid farmers who experienced a lack of rainfall the past season.

Production Update

The Ministry of Agriculture has not released the MY2021/22 grain production figures breakdown. In October 2021, speaking during a plenary meeting of the Nation's Council at the Senate, former Minister of Agriculture, Hamid Hemdani indicated that Algeria recorded an average of 52.3 million quintals (5.23 million metric tons, MMT) of cereal production over the past three seasons. No additional details were provided. The former Minister also indicated that the average planted areas reached 3.5 million hectares. In addition, the former Minister specified that the sector aims to improve cereal production to reach 7.18 MMT by 2024 and to strengthen and increase cereal storage capacities to 3.2 MMT.

On January 13, 2022, the newly appointed Minister of Agriculture, Abdelhafid Henni indicated during the Nation's Council plenary that his sector was working to increase the Algerian Office of Cereals (OAIC) storage capacity currently at 28 million quintals (2.8 MMT). The goal is to build 30 storage silos. Sixteen have been built while the remaining 14 are experiencing a delay in completion. This project was launched in 2012 and outlined in previous [reports](#).

In addition, the Minister also reported that the 2020-2021 season recorded a deficit in grain collection. The OAIC was only able to collect 13 million quintals (1.3 MMT) of wheat and 135,000 quintals (1350 MT) of barley from farmers. In 2008, the government increased procurement prices of the domestic wheat crop from farmers to a level competitive with international market prices. The objective was to increase wheat production and encourage grain collection. The OAIC cooperatives were buying durum from farmers at 45,000 A.D (\$351.56) per metric ton, bread (common) wheat at 35,000 A.D (\$273.43) per metric ton and barley at 25,000 A.D (\$195.31) per metric ton. These prices are based on an official exchange rate of \$1=128 A.D. (Algerian Dinars).

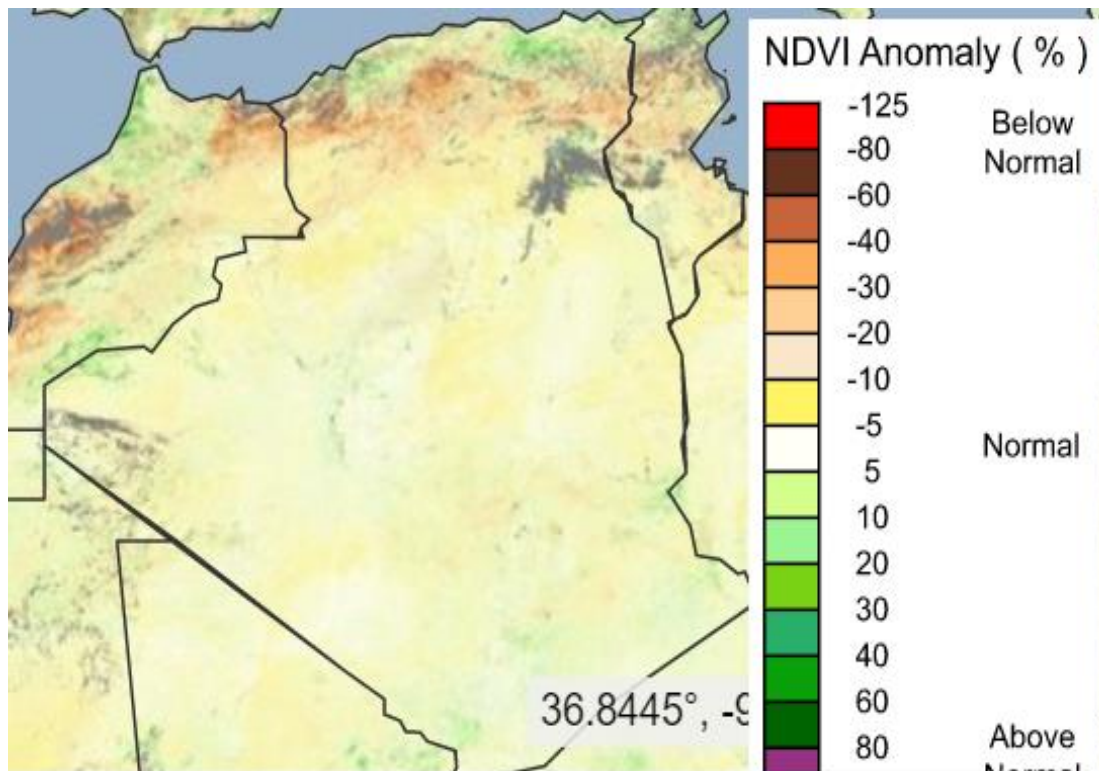
On January 16, 2022, the [Algerian Press Service](#) (official outlet) reported in a press release President Tebboune's decision during the Minister's Council meeting to increase domestic procurement of grains from farmers. The OAIC cooperatives will buy durum wheat from farmers at 60,000 A.D, (\$468.75) per metric ton, bread wheat at 50,000 A.D (\$390.62) per metric ton, and barley and oats at 34,000 A.D (\$265.62) per metric ton. Again, this decision is meant to encourage grain collection and improve production to ensure domestic food security.

Post maintains the wheat and barley production forecasts for MY2020/21 and MY2021/22 until the official figures are released.

Crop Update

The Normalized Difference Vegetation Index (NDVI) chart by region below shows that the vegetation index looks normal on the Mediterranean coast and below normal in the high lands. Vegetation conditions look sparse in the western region and highlands. The satellite image shows dry pockets lying in the highlands from the west to the east of Algeria. Again, this year, these regions seem to be lacking adequate enough rain. These regions are part of the wheat and barley growing areas in Algeria.

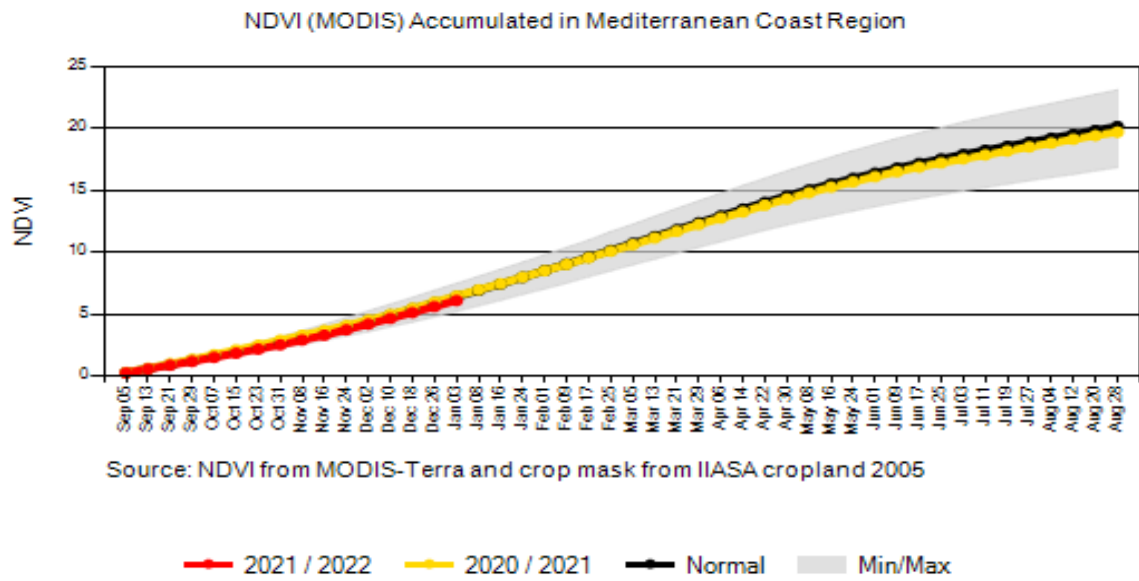
Figure 1: Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of January 9, 2022



Source: <https://glam1.gsfc.nasa.gov/>

The charts below depict the historical Normalized Difference Vegetation Index (NDVI) as of January 3, 2022, by region in Algeria. The charts below show vegetation conditions were the same as in September 2020-2021 in the Mediterranean coast region. Later, the vegetation conditions looked slightly lower than the previous year through December. However, the vegetation conditions remain within the Min/Max range (Minima/Maxima monthly standards for the region) and normal average in the Mediterranean coast region.

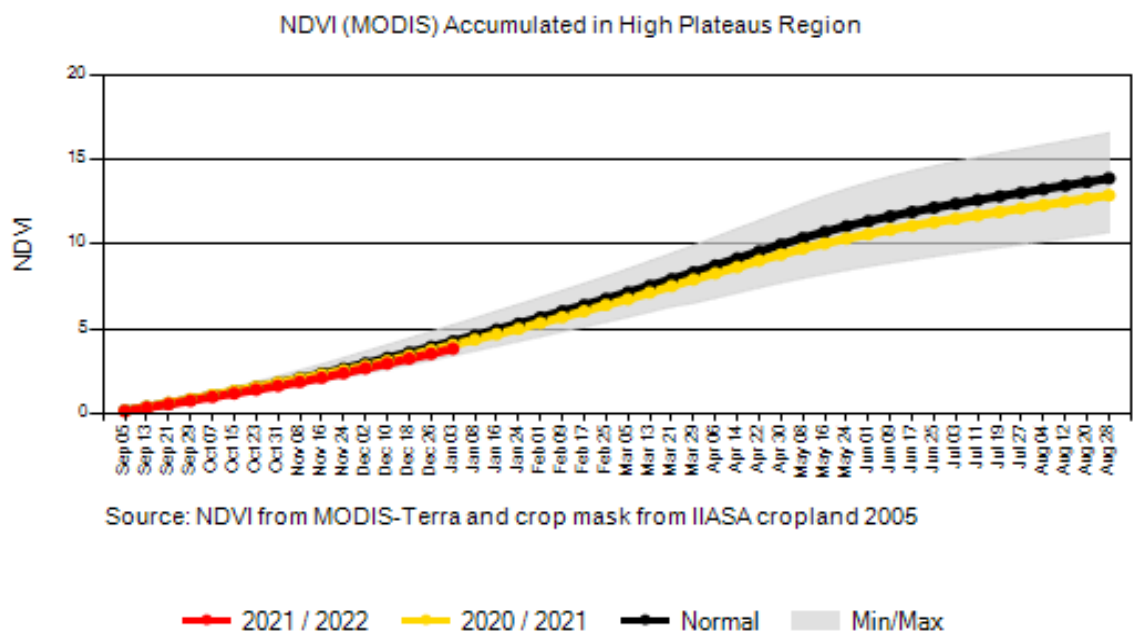
Figure 2: Algeria: USDA Crop Explorer Normalized Difference Vegetation Index (NDVI) by Region as of January 3, 2022:



Source: NDVI from MODIS-Terra and crop mask from IIASA cropland 2005

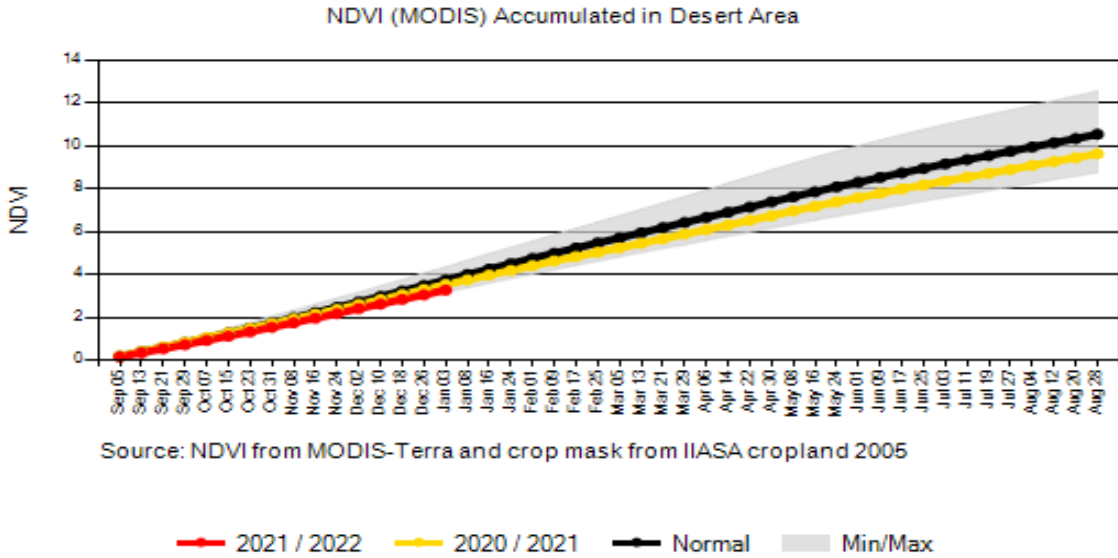
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)

Vegetation conditions appear to be the same as last year’s level and slightly below the normal average in the high lands and desert areas. However, the vegetation index remains within Min/Max level.



Source: NDVI from MODIS-Terra and crop mask from IIASA cropland 2005

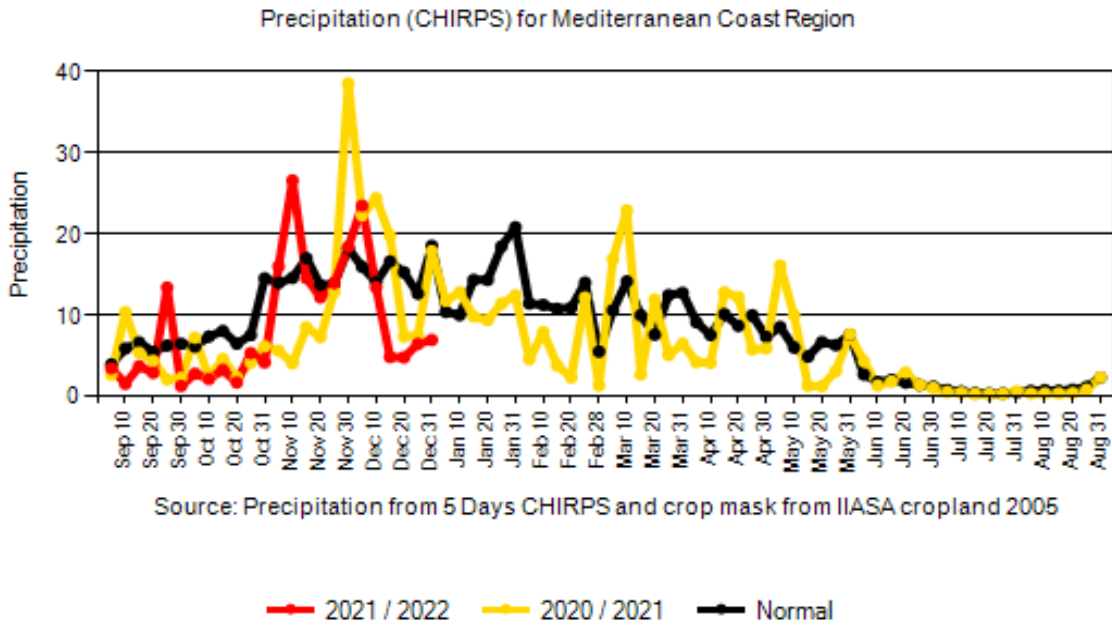
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)



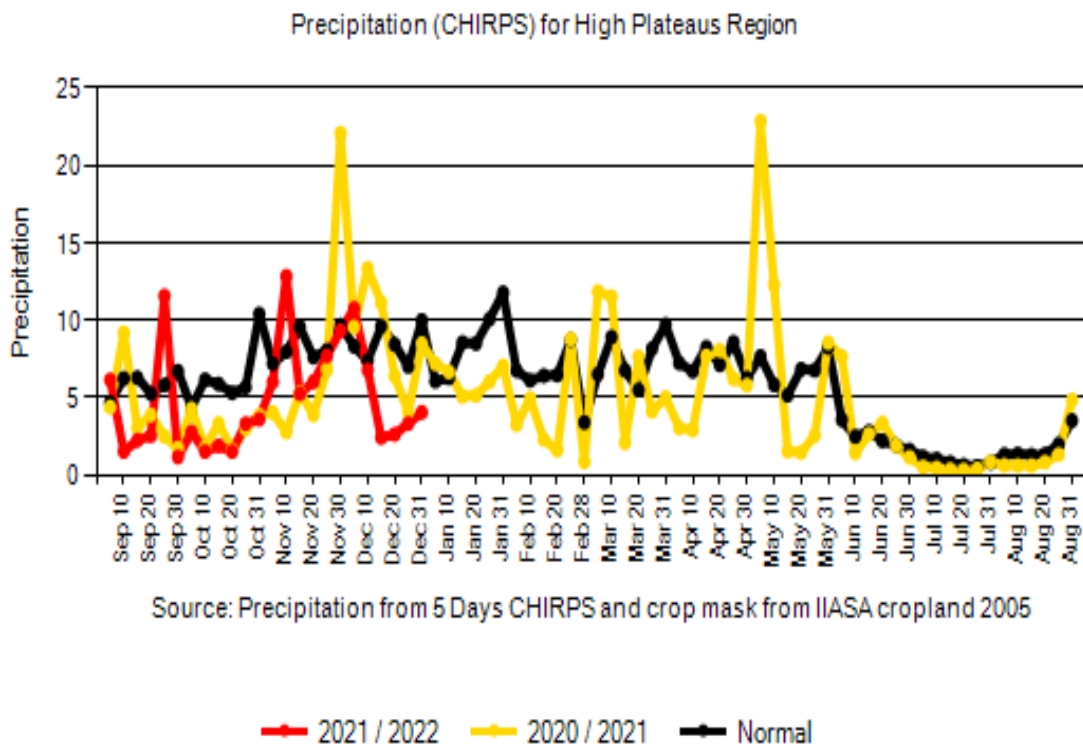
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)

The USDA Crop Explorer precipitation chart below shows the level of precipitation received this year is higher than last year. The last ten days of September and the beginning of November were rainy in the Mediterranean coast region as well as the high lands. December was dry for both regions.

Figure 3: Algeria USDA Crop Explorer Precipitation Charts (As of December 31, 2021)



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

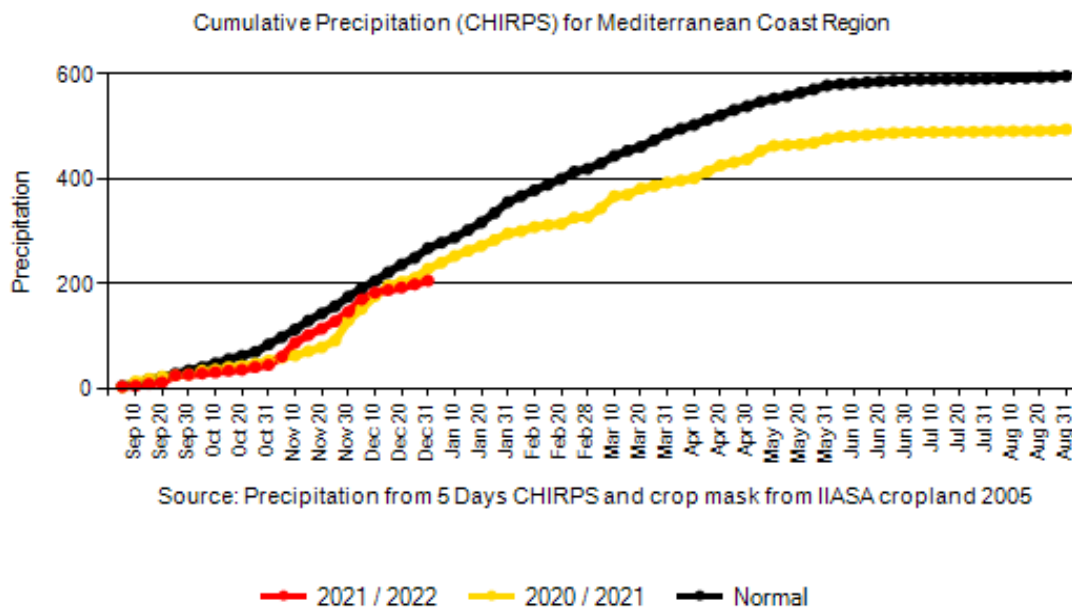


(Source: <https://ipad.fas.usda.gov/cropexplorer>)

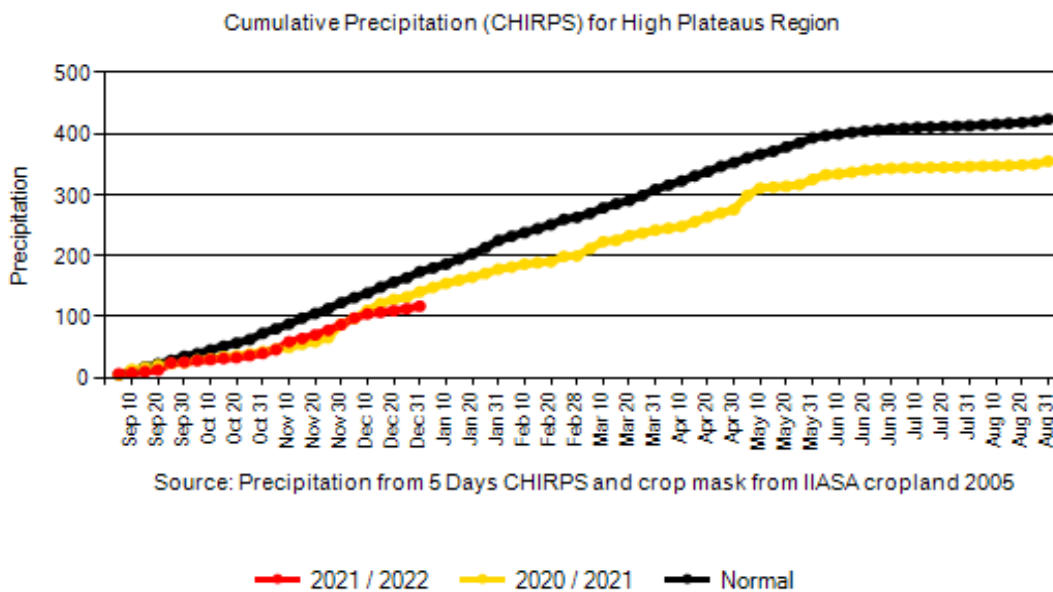
The USDA Crop Explorer Cumulative Precipitation chart below shows that the level of precipitation for the 2021-2022 (MY2022/MY23) season started at the same level as in September 2020-2021. Precipitation increased in October through November to above the 2020-2021 levels. However, the precipitation levels remain below the normal average in the Mediterranean coast region.

The 2021-2022 (MY2022/MY23) fall precipitation is lower than normal average levels along the Mediterranean coast and high land areas. Overall, the eastern and the central regions received more rain than the western areas.

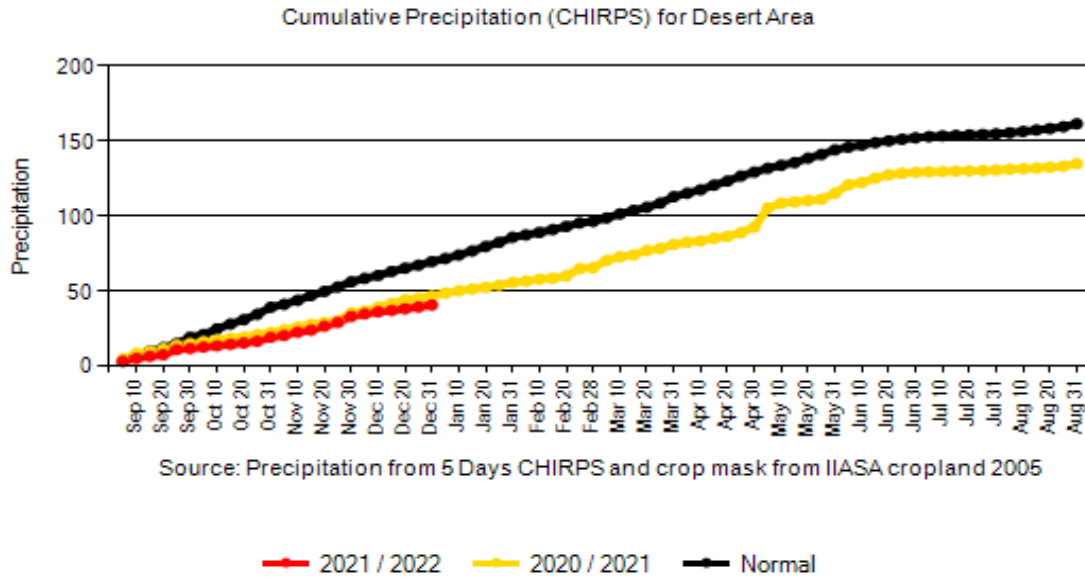
Figure 4: Algeria *USDA Crop Explorer* Cumulative Precipitation charts as January 3, 2022



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



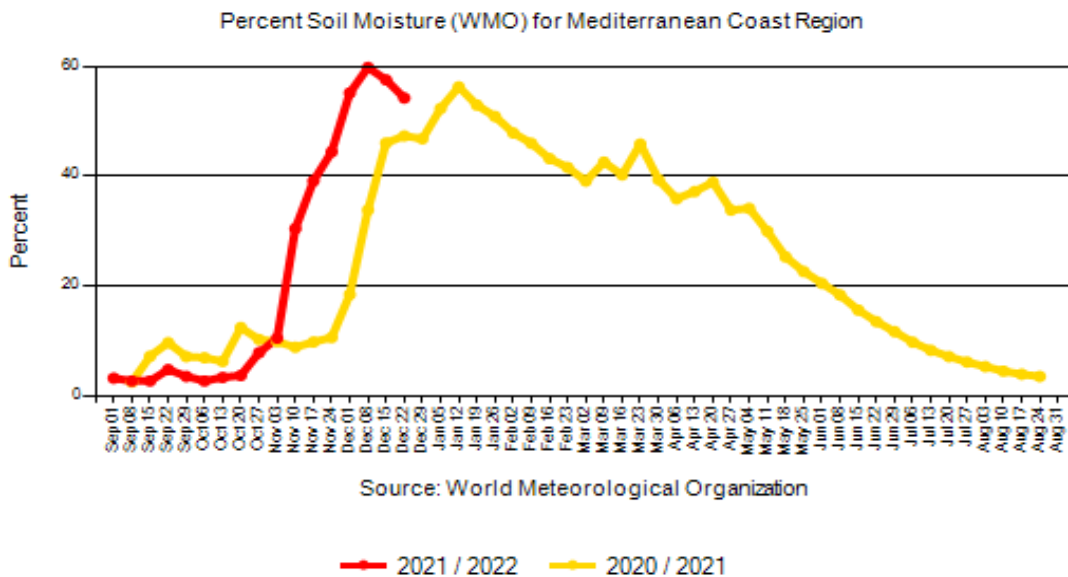
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)



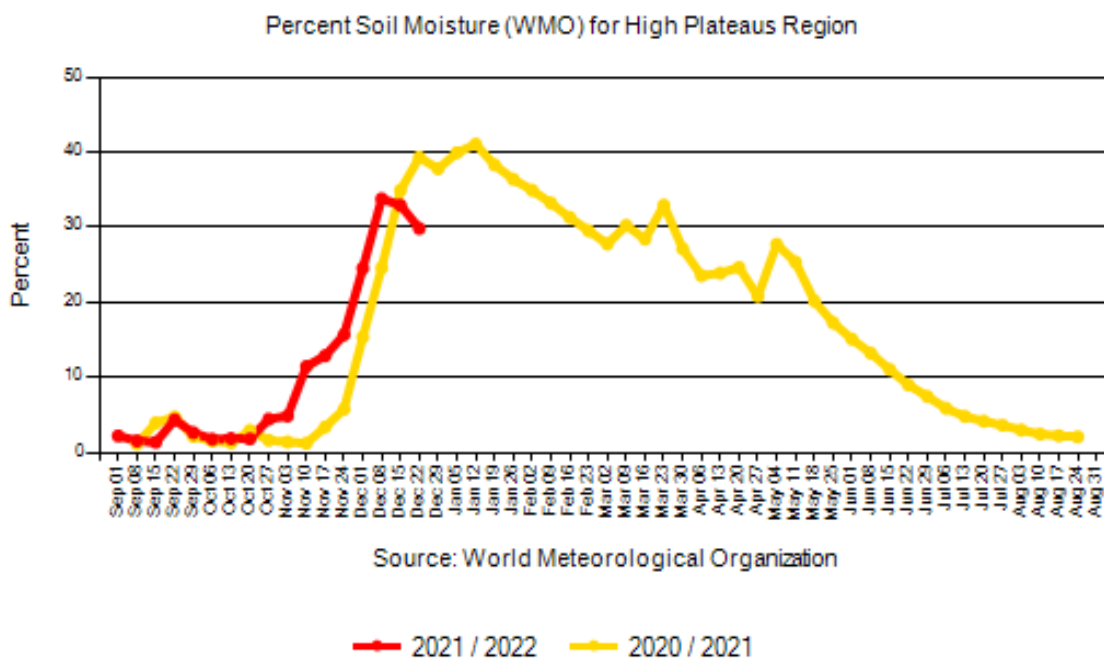
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)

The charts below show lower soil moisture levels in the beginning of the 2021-2022 season (September-October) compared to the same period in the 2020-2021 season in the Mediterranean coast and high lands regions. However, November precipitation in both regions has replenished soil moisture and mitigated early season dryness. December remained dry for both regions.

Figure 5: Algeria: USDA Crop Explorer Soil Moisture Charts as December 31, 2021



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



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

Consumption Update

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

Trade Update

Wheat

Rising concerns over world wheat supply due to crop quality, forced global importers to speed up purchasing to secure required volumes despite price increases.

Reports from traders indicate that the Algerian Office of Cereals (OAIC) continued buying bread wheat and durum on the international market throughout 2021 and are continuing to do so into 2022. The OAIC purchased durum wheat (240,000 MT) in a December tender with origins expected to be from Canada and Mexico. The OAIC also purchased milling wheat in November 2021 to be shipped in late December or early 2022. Reports also indicate that Algeria was a top destination for Russian wheat (200,000 MT) in December.

According to European traders, on January 13, 2022, the OAIC closed an international tender for purchasing between 500,000 to 570,000 MT of milling wheat expected to be sourced mainly from South America and the Black Sea region. No sales of French wheat were reported for this period. In November 2021, the Algerian Arabic outlet [ENNAHAR](#) reported that French wheat imports have fallen from 56 percent of Algeria's total wheat imports to 24 percent since the beginning of 2021. As outlined in previous reports, Russia, one of the world's largest wheat exporters, has been lobbying for access to Algeria's market. The Algerian market has been traditionally dominated by France. In the last quarter of 2020, the GoA relaxed import specifications which further opened the market to wheat from the Black Sea Region. Despite the amended requirements, Russia may continue to face challenges entering the Algerian market due to high prices and variable export tax.

Russian wheat traders report that China is a key target also for Russian grain exports and that China will soon be a major buyer of Russian wheat. China is overtaking Algeria in wheat purchases mainly of French wheat, according to traders. From July 1 to December 22, 2021, 805,703 MT of wheat was shipped to China via the French port of Rouen. Algeria has traditionally been the main importer of French wheat.

Algeria does not release the results of its tenders and trade reports are based on trade estimates. The Trade Data Monitor LLC shows that 7.548 million MT were shipped to Algeria in MY2020/21.

Given the reported purchases, Post maintains wheat import estimates at 7.548 MMT in MY2020/21 and at 8 MMT in MY2021/22 despite the current measures and policies in place to reduce imports.

Barley

Trade Data Monitoring LLC, figures show that Algeria imported a total of 834,000 MT of barley from July 2020 to June 2021. European Traders reported that the Algerian Office for Animal Feed (ONAB) and the OAIC, both purchased barley respectively in March and September 2021 from various origins. January press reports indicates that the OAIC closed a tender to purchase barley. OAIC secured 120,000 MT of barley for February-March shipments while global barley supply is said to be limited in the world market due to Ukraine and Russia rare offers.

Post maintains USDA barley import forecast figures for MY2020/21 at 836,000 MT and increases estimates to 850,000 MT for MY2021/22.

Wheat, Production, Supply and Distribution

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	2075	2074
Beginning Stocks (1000 MT)	5219	5219	5358	5360	5685	5758
Production (1000 MT)	3950	3950	3900	3900	3600	2500
MY Imports (1000 MT)	7145	7147	7680	7548	7700	8000
TY Imports (1000 MT)	7145	7147	7680	7548	7700	8000
TY Imp. from U.S. (1000 MT)	274	277	188	188	0	0
Total Supply (1000 MT)	16314	16316	16938	16808	16985	16258
MY Exports (1000 MT)	6	6	3	0	10	0
TY Exports (1000 MT)	6	6	3	0	10	0
Feed and Residual (1000 MT)	50	50	50	50	70	50
FSI Consumption (1000 MT)	10900	10900	11200	11000	11300	11050
Total Consumption (1000 MT)	10950	10950	11250	11050	11370	11100
Ending Stocks (1000 MT)	5358	5360	5685	5758	5605	5158
Total Distribution (1000 MT)	16314	16316	16938	16808	16985	16258
Yield (MT/HA)	1.9045	1.9045	1.8795	1.8804	1.7349	1.2054

(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, Production, Supply and Distribution

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	1025	1026
Beginning Stocks (1000 MT)	790	790	998	1398	1029	1234
Production (1000 MT)	2000	2000	1845	1000	1600	1000
MY Imports (1000 MT)	558	558	836	836	700	850
TY Imports (1000 MT)	503	503	780	780	700	850
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3348	3348	3679	3234	3329	3084
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	2300	1650	2200	1700
FSI Consumption (1000 MT)	350	350	350	350	350	350
Total Consumption (1000 MT)	2350	1950	2650	2000	2550	2050
Ending Stocks (1000 MT)	998	1398	1029	1234	779	1034
Total Distribution (1000 MT)	3348	3348	3679	3234	3329	3084
Yield (MT/HA)	1.9493	1.9493	1.8	0.9747	1.561	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