

**Required Report:** Required - Public Distribution

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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 Algerian Ministry of Agriculture has not released any figures regarding the MY2020/21 grain production. The Algerian Office of Cereals (OAIC) is reviewing import specifications to allow Black Sea wheat imports. The Government of Algeria is no longer subsidizing durum wheat for pasta manufacturing nor bread (common) wheat for other types of flour.

## **Executive summary**

The Ministry of Agriculture (MoA) has not released the MY2020/21 grain production figures. Post maintains the wheat production forecast at 3.900 MMT and barley production at 1MMT for MY2020/21.

The USDA Crop Explorer precipitation chart shows an above average level of precipitation during the first week of September. Algeria recorded abundant rain with the beginning of the fall.

The MoA reinforced storage capacity by commissioning nine (9) new silos of 3.5 million quintals (350,000 Metric Tons) capacity.

French traders reported in French media that the Algerian Office of Cereals (OAIC) is planning to increase the limit for bug damage required in the bread (common) wheat import specifications to open the market to wheat from the Black Sea Region. Strict insect damage limit has so far effectively excluded countries from the Black Sea Region including Russia. While details of these changes have not been published, the limit on bug damage is expected to increase from 0.1% to 0.5% for certain origins.

The Government of Algeria (GoA) will no longer subsidize durum wheat for pasta manufacturing nor bread (common) wheat not destined for bread manufacturing. Starting from November 2020, millers and manufacturers will buy durum for pasta and couscous manufacture and bread wheat destined for other types of flour from OAIC at a non-subsidized price. (see policy section)

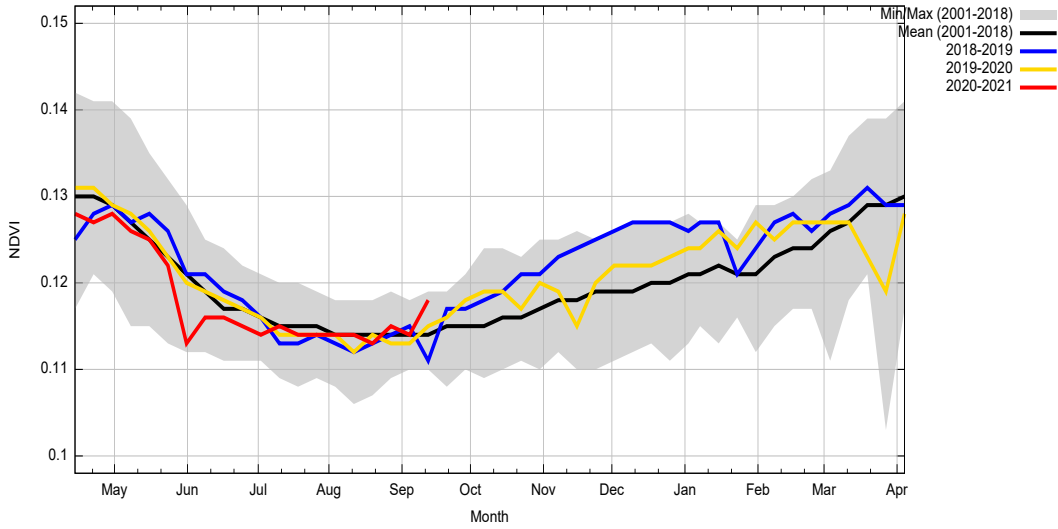
Post maintains the downward forecast figures for wheat and barley imports in MY2020/21.

## **Crop update**

The chart below depicts the historical and current Normalized Difference Vegetation Index (NDVI) as September 17, 2020 in Algeria. The level of vegetation looks above normal and above previous years' levels, with the first precipitation of the fall.

*Figure: Algeria's Normalized Difference Vegetation Index (NDVI) as of September 17, 2020*

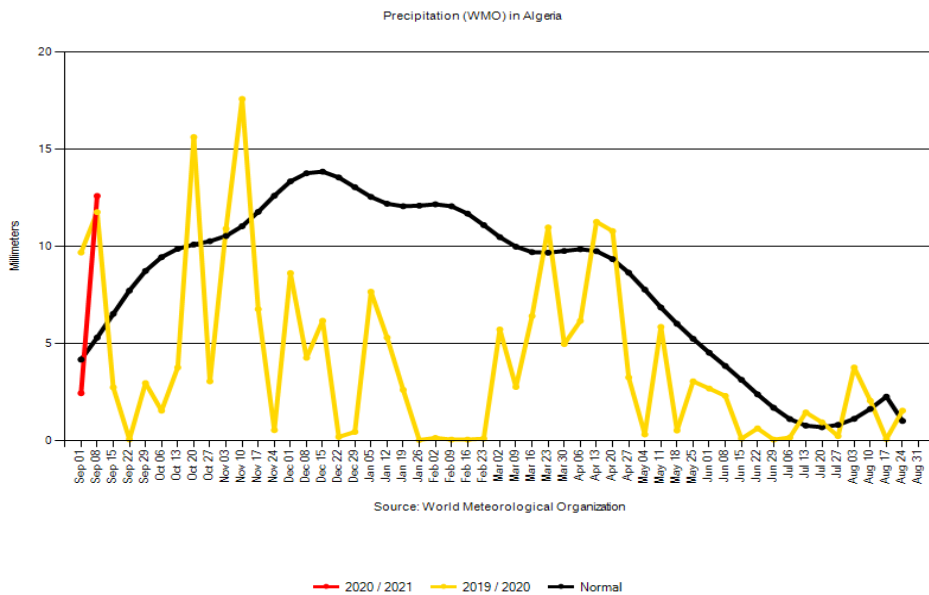
Source: (<https://glam1.gsfc.nasa.gov/>)

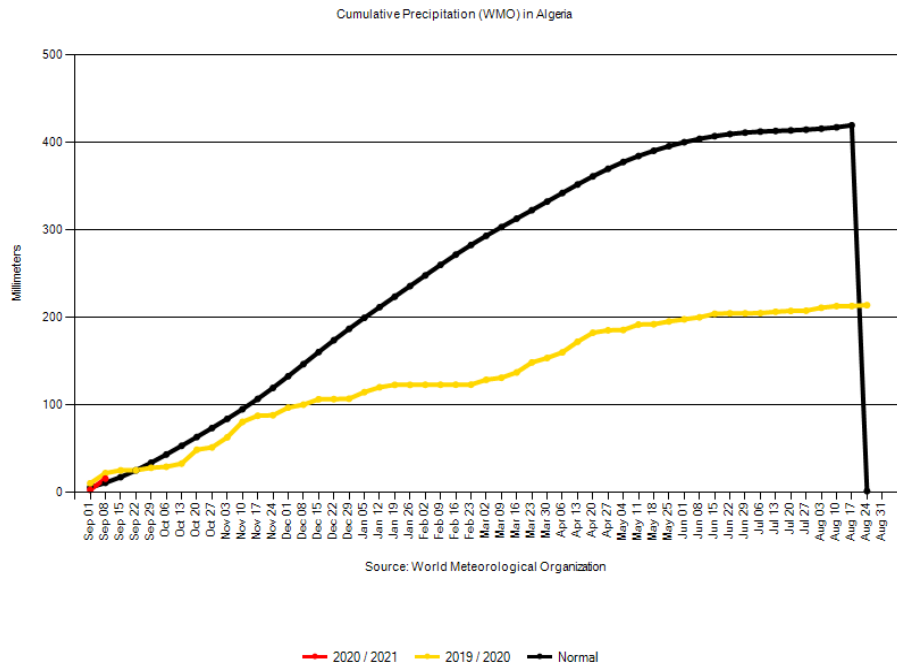


The USDA Crop Explorer precipitation chart below shows the level of precipitation reached above average levels the first week of September. Rain was abundant during the beginning of the fall.

**USDA Crop Explorer Precipitation Chart (As of September 17, 2020)**

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





In May 2020, the former Minister of Agriculture, Cherif Omari made a statement regarding the optimistic forecast for MY2020/21 grain production. The Ministry of Agriculture (MoA) has otherwise not made any statement or released any figures regarding the crop harvest. However, the MoA reported an increase in the storage capacity. The MoA reinforced storage capacity by commissioning nine (9) new silos with a total capacity of 3.5 million quintals (350,000MT). The Ministry made available a fleet of 10,804 combine harvesters for the harvest campaign. The MoA has also opened 500 collection points, open 7 days a week across the territory, located near the production areas to facilitate collection.

Post maintains the wheat production forecast at 3.900 MMT and barley production at 1MMT for MY2020/21. Post maintains production figures for MY2018/19 and MY2019/20.

## Trade update

On September 17, 2020, French traders reported in the French media that the Algerian Office of Cereals (OAIC) is planning to change some bread (common) wheat import specifications required in the tenders for the purchases. The traders indicated that this change is meant to open the door to imports from the Black Sea Region. This change is expected for the next call for tender which will probably be before the end of the year, traders indicated.

According to this same source, the government endorsed this decision. While details of the changes have not been published, they are expected to see the limit on bug damage increased from 0.1% to 0.5% for certain origins, along with a higher protein requirement, traders indicated. The new figure to be confirmed, would be 0.5% of pinched grains, against 0.2% currently. This would open the door for

competition from the Black Sea Region and Russia. To date, many countries were prevented from accessing this market because of the very strict threshold on pinched grains. France will remain at 0.1%.

While some traders were concerned by this decision, others think that it is not necessarily unfavorable for French wheat. France is Algeria's main wheat supplier, although a much smaller harvest this year is expected to sharply reduce French sales to Algeria.

According to French traders, France was expected to ship between 1.5 to 2.5 million MT of wheat to Algeria this season, down from at least 5 million tons in previous years.

U.S. wheat has minimal bug damage. Furthermore, U.S. wheat exports consist mostly of durum. Algeria did not import hard red winter (equivalent of bread wheat) from the U.S. in 2019 nor in 2020. U.S. wheat exports to Algeria would be affected by price competitiveness.

As outlined in previous reports, Algeria will continue to control imports to reduce spending and encourage domestic production. The GoA's goal is to reduce durum as well as bread wheat imports. The efforts undertaken regarding durum wheat cultivation have shown improvements in recent years. Additionally, the government is encouraging farmers to grow more bread wheat and encourage consumers to avoid bread waste and to reduce overall consumption.

The Algerian government recently reported the establishment of an upper import limit of 4 MMT of bread wheat per year compared to 6 MMT usually imported. Given this information, Post maintains the forecast figure for wheat imports during MY2020/21 at 5MMT. Post also maintains the official USDA figures for MY2018/19 and MY2019/20 for wheat imports.

Barley imports are weather driven. Bad pasture conditions result in increased demand for this commodity. Recently, press reports indicated that the OAIC purchased barley via tender. Furthermore, the press indicated that currently, the OAIC has a large stock of barley that will allow the government to easily supply farmers until the next year.

Post maintains the official USDA figures for MY2018/19 and MY2019/20 for barley imports. Post forecasts barley imports to decrease in MY2020/21, because of the overall policy to reduce imports like for wheat and other products.

## **Policy update**

The GoA is no longer subsidizing durum wheat for pasta manufacturing and bread (common) wheat not destined for bread manufacturing.

Two executive decrees have been 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.

The new decrees are the most recent signs of efforts to better manage subsidies. In line with the strategy to control spending to offset the drop in energy earnings following the decline in oil prices, the government has mentioned several times among other measures, the will to better manage subsidies.

The first Executive Decree (no 20-241 of August 31, 2020), published in the [Journal Officiel no 52 on September 2, 2020](#) modifies the Decree 96-132 of April 1996 published in the [Journal officiel No 23 on April 14, 1996](#). The new decree maintains the consumer retail price of a kilo of ordinary flour at 27.50 DZD (0.21 USD) while the price of a hundredweight of ordinary flour for bakeries remains at 2,000 DZD (15.56 USD). However, the Algerian Office of Cereals (OAIC) will sell bread (common) wheat intended for manufacturing other types of flour to flourmills at a non-subsidized price.

The second [Executive Decree](#) maintains the consumer retail price for a kilo of ordinary and extra fine semolina at 38.5 DZD (0.30 USD) and 42.5 DZD (0.33 USD) respectively. However, now, OAIC will sell durum wheat intended for manufacturing pasta, couscous, and other processed products to mills at a non-subsidized price.

For background, the OAIC has always subsidized the price for durum and bread wheat by supporting the differential between the import price and the sale price to millers.

The OAIC resells bread (common) wheat to millers at 1,285 A.D (\$10.03) per quintal and durum at 2,280 A.D (\$17.81) per quintal, (Exchange rate \$1=128 A.D).

In 2009, the government suspended all the exports of pasta and couscous to prevent the use of subsidized wheat in the production of pasta and couscous for export. This ban affected the development of the milling sector and prevented millers from gaining new markets worldwide. In December 2010, the government removed the ban and allowed export of pasta and couscous made with non-subsidized wheat. Millers must import their own wheat at full market price to make pasta or couscous if the product is intended for export.

<b>Wheat</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Year Begins</b>	<b>Jul 2018</b>		<b>Jul 2019</b>		<b>Jul 2020</b>	
<b>Algeria</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	2074	2074	2074	2074	2075	2074
<b>Beginning Stocks (1000 MT)</b>	4529	4529	5219	5419	4809	5204
<b>Production (1000 MT)</b>	3940	3940	3950	3950	3750	3900
<b>MY Imports (1000 MT)</b>	7515	7515	6500	6500	7500	5000
<b>TY Imports (1000 MT)</b>	7515	7515	6500	6500	7500	5000
<b>TY Imp. from U.S. (1000 MT)</b>	437	119	0	119	0	119
<b>Total Supply (1000 MT)</b>	15984	15984	15669	15869	16059	14104
<b>MY Exports (1000 MT)</b>	15	15	10	15	10	0
<b>TY Exports (1000 MT)</b>	15	15	10	15	10	0
<b>Feed and Residual (1000 MT)</b>	50	50	50	50	50	50
<b>FSI Consumption (1000 MT)</b>	10700	10500	10800	10600	11000	10650
<b>Total Consumption (1000 MT)</b>	10750	10550	10850	10650	11050	10700
<b>Ending Stocks (1000 MT)</b>	5219	5419	4809	5204	4999	3404
<b>Total Distribution (1000 MT)</b>	15984	15984	15669	15869	16059	14104
<b>Yield (MT/HA)</b>	1.8997	1.8997	1.9045	1.9045	1.8072	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 2020/2021 = July 2020 - June 2021

<b>Barley</b>	<b>2018/2019</b>		<b>2019/2020</b>		<b>2020/2021</b>	
<b>Market Year Begins</b>	<b>Jul 2018</b>		<b>Jul 2019</b>		<b>Jul 2020</b>	
<b>Algeria</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>	<b>USDA Official</b>	<b>New Post</b>
<b>Area Harvested (1000 HA)</b>	1026	1026	1026	1026	1025	1026
<b>Beginning Stocks (1000 MT)</b>	517	517	790	890	970	1370
<b>Production (1000 MT)</b>	1950	1950	2000	2000	1845	1000
<b>MY Imports (1000 MT)</b>	323	323	430	430	300	300
<b>TY Imports (1000 MT)</b>	467	467	250	250	300	300
<b>TY Imp. from U.S. (1000 MT)</b>	0	0	0	0	0	0
<b>Total Supply (1000 MT)</b>	2790	2790	3220	3320	3115	2670
<b>MY Exports (1000 MT)</b>	0	0	0	0	0	0
<b>TY Exports (1000 MT)</b>	0	0	0	0	0	0
<b>Feed and Residual (1000 MT)</b>	1650	1550	1900	1600	1800	1650
<b>FSI Consumption (1000 MT)</b>	350	350	350	350	350	350
<b>Total Consumption (1000 MT)</b>	2000	1900	2250	1950	2150	2000
<b>Ending Stocks (1000 MT)</b>	790	890	970	1370	965	670
<b>Total Distribution (1000 MT)</b>	2790	2790	3220	3320	3115	2670
<b>Yield (MT/HA)</b>	1.9006	1.9006	1.9493	1.9493	1.8	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 2020/2021 = October 2020-September 2021

**Attachments:**

No Attachments