Required Report: Required - Public Distribution **Date:** January 30, 2024

Report Number: AG2024-0001

Report Name: Grain and Feed Update

Country: Algeria

Post: Algiers

Report Category: Grain and Feed

Prepared By: Nabila Hales

Approved By: Evgenia Ustinova

Report Highlights:

Based on below average rain and soil moisture conditions, Post projects lower than average wheat and barley production for the 2024/25 season. As a result, Post projects wheat imports to remain elevated. Post 2023/24 wheat import estimate aligns with the USDA figure of 8.7 MMT, the highest since 2016/17 season. Russian wheat has taken market share from other origins on the Algerian market, based on traders' reports. Post also anticipates storage capacities to increase in MY 2024/25, though stocks might not rise immediately.

Cereal Production

Planted Area Projections Unchanged in MY 2024/25

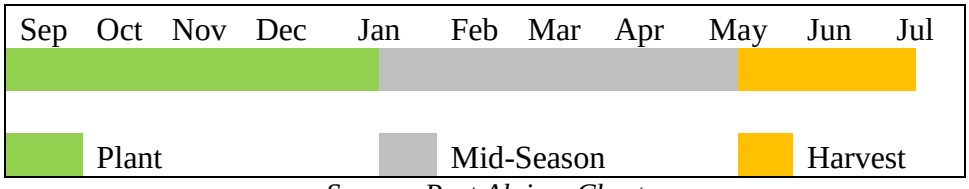
Improving cereal domestic production remains a priority for the Ministry of Agriculture (MOA). In December 2023, the newly appointed Minister of Agriculture, Youcef Chorfa, reported during a meeting with all the executives of the agricultural sector that the MOA has provided all the conditions to raise the planted area allocated to grains to 3 million hectares (ha) for this season.

USDA estimates that Algeria's planted area for cereals is just above 3 million ha. In line with USDA estimate, Post maintains its marketing year (MY) 2024/25 wheat harvested area at just over 2 million ha and barley harvested area at just over 1 million ha. Thus, Algeria's planted area remains unchanged from the previous two seasons. Post believes that many Algerian farmers plant the maximum area in their holding, but do not seek to expand it due to complicated land ownership structure. In addition, some of Algeria's fertile land in the mediterranean and plateau zones is family owned and passed down from generation to generation, and therefore already in use. Post believes that commercial scale crop farming is growing in the Southern arid zones, but so far, not enough to make a noticeable impact on total area planted.

Most of the Algerian farmers began to sow their MY 2024/25 crop in November 2023 because of the lack of rain in September. Starting last year, the MOA brought the plantings forward from October to September in anticipation of benefiting from possible early rains. However, rains were late again this year. Producers confirm that they have access to MOA's certified seeds, fertilizers, and technical and financial resources. Furthermore, this year, the MOA, by the President's instruction, provided fertilizers and seeds for free to the farmers in 34 provinces affected by drought, in addition to deferring their loans payment for three years. Moreover, to cope with the lack of rain for irrigation, the MOA expedited approvals to dig wells. This year again, the MOA will encourage production of durum wheat, barley, corn and oilseeds in the southern provinces where ground water is available, and use of supplemental irrigation in the Northern provinces affected by the lack of rain.

Post maintains its MY 2024/25 wheat production at 2.7 MMT and barley production at 1 MMT in line with USDA figures for MY 2023/24. Interlocutors indicate that there was enough rain to sow the wheat and barley this season. However, given the dryness shown currently by the NASA satellite imagery, Post maintains the same estimates for wheat and barley production figures for MY 2024/25, as the crop conditions look the same as the previous year.

Figure 1: Algeria's Wheat and Barley Crop Season Calendar



Source: Post Algiers Chart

MY 2023/24 Production Below Average

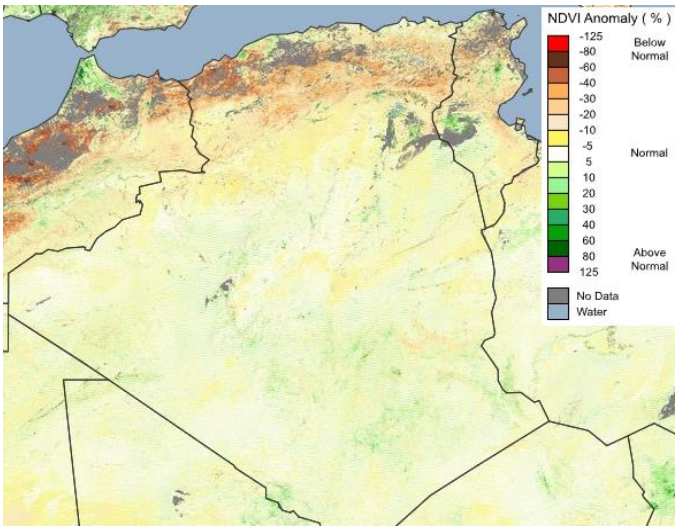
The MOA has not released any detailed production forecasts for the current season or estimates for the previous season completed this summer. Algerian press report that based on MOA press release with partial crop information for the 2022/23 season (equivalent to the USDA 2023/24 MY), cereal production reached 30 million quintals (3 MMT), with an average yield of 50 to 60 quintals/ha recorded in the southern wilayas, and with peaks of 85 quintals/ha. The article also notes that 13 percent of the cereal areas in the northern provinces have used supplemental irrigation during this period of drought. The reports indicate that the overall cereal harvest gathered in the summer of 2023 is down compared to the previous campaign during which production exceeded 40 million quintals (more than 4 MMT). At least 90,000 farmers in 34 provinces were affected by drought, with an affected area estimated at 1.2 million ha and a water deficit of 90 percent in most provinces in the north of the country. However, according to the Algerian press these estimates are preliminary.

USDA's World Agricultural Outlook Board in its May 12, 2023, World Agricultural Production report indicated below average levels for the Maghreb MY 2023/24 wheat crop. Post estimates for the 2023/24 year remain unchanged from the last report, with wheat crop at 2.7 MMT and barley at just over one MMT.

Weather and Soil Moisture Update for the 2023/24 Season (MY 2024/25)

The Normalized Difference Vegetation Index (NDVI) image below shows that the vegetation index is below normal in the west, the highlands and normal on the Mediterranean coast and east. Vegetation conditions overall look sparse in northern Algeria. The satellite image shows low vegetation vigor in the west, west coast and the highlands. This year again, these regions seem to be missing substantive rain. These regions are part of the wheat and barley growing areas in Algeria.

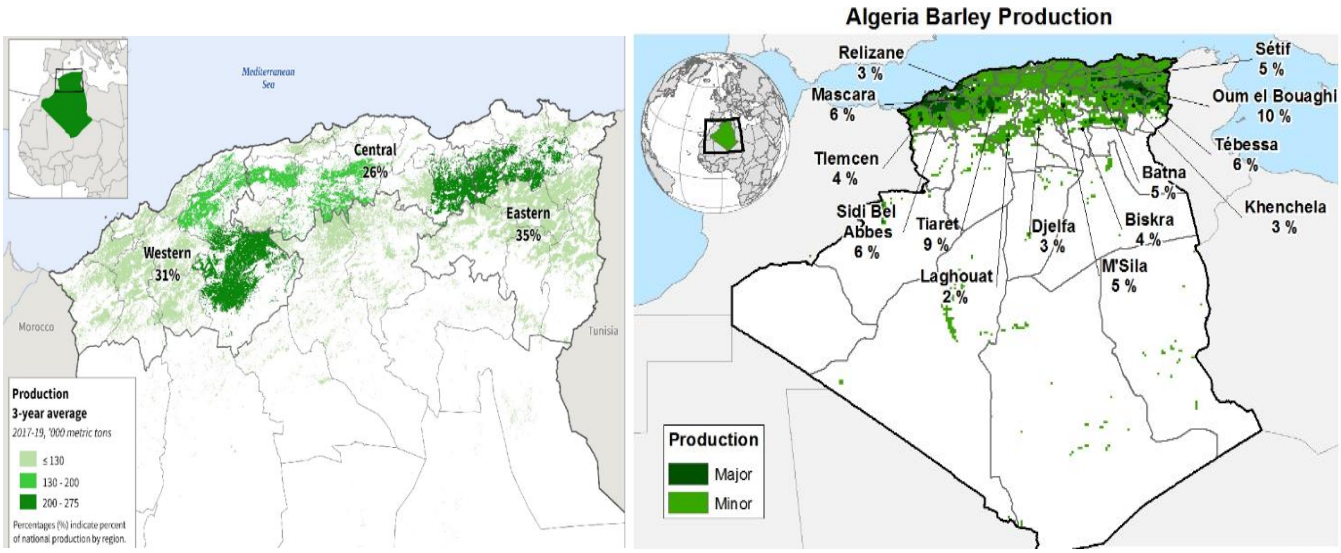
Chart 1: Normalized Difference Vegetation Index (NDVI) as of January 8, 2024



Source: https://glam1.gsc.nasa.gov/

Total wheat production areas by region are organized as follows: most of the wheat is produced in the eastern region (35 percent), 31 percent is produced in the western region, and 26 percent is produced in the central region areas. Barley is mostly produced in western areas (40 percent), 31 percent is produced in the eastern region, 14 percent in the desert areas, and only 12 percent is produced in central areas.

Figure 2: Algeria Wheat and Barley Growing Areas



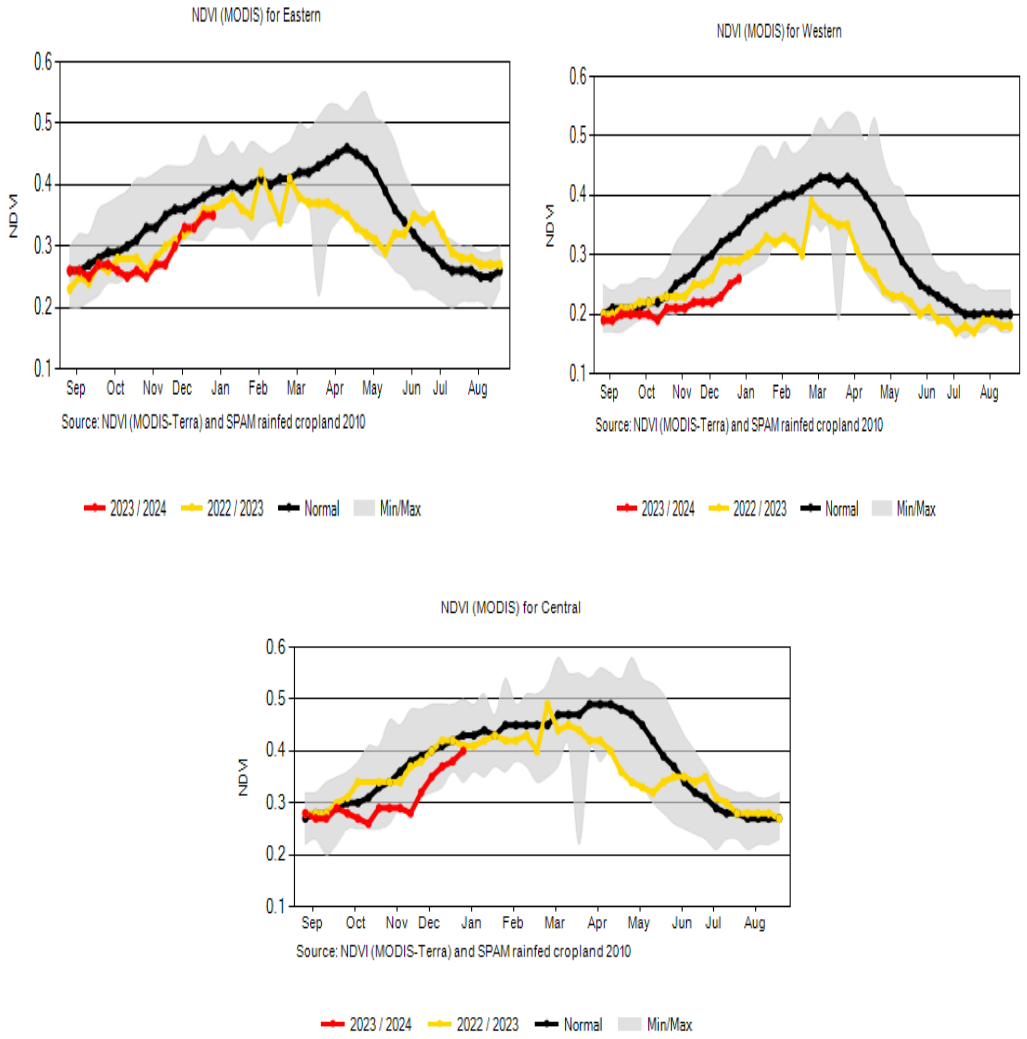
Source: Data from Ministry of Agriculture of Algeria for 2017-19, ESA World Cover 10m 2020 Crop Mask

The charts below depict the historical NDVI as of January 8, 2024, by region in Algeria for wheat and barley. The charts show that vegetation conditions in the east of Algeria – where both wheat (35 percent) and barley (40 percent) are grown - were above last season's level in September-October, then slightly lower from October through December, and at the same level by January. However, the vegetation conditions remain currently below the normal average level and at the lower limit of the Min/MAX range (minima/maxima monthly standards for the region) in the eastern region.

For the western and central areas, the vegetation conditions are significantly below the normal average and at the lower limit of the Min/Max for these region as well as the last year's conditions. The NDVI is particularly key for barley in the western region, as roughly 40 percent of the country's domestic production is concentrated here.

Compared to last year's levels, current season started at the same level in September-October in the central areas \. Vegetation conditions are below last year's level in the central areas and at the extreme lower limit of the Min/Max range for these regions. Note that currently NDVI charts for the desert is also the extreme lower limit of the Min/Max range, however, this crop area is irrigated and therefore may be corrected going forward.

Chart 2: Normalized Difference Vegetation Index (NDVI) by region
(as of January 8, 2024)

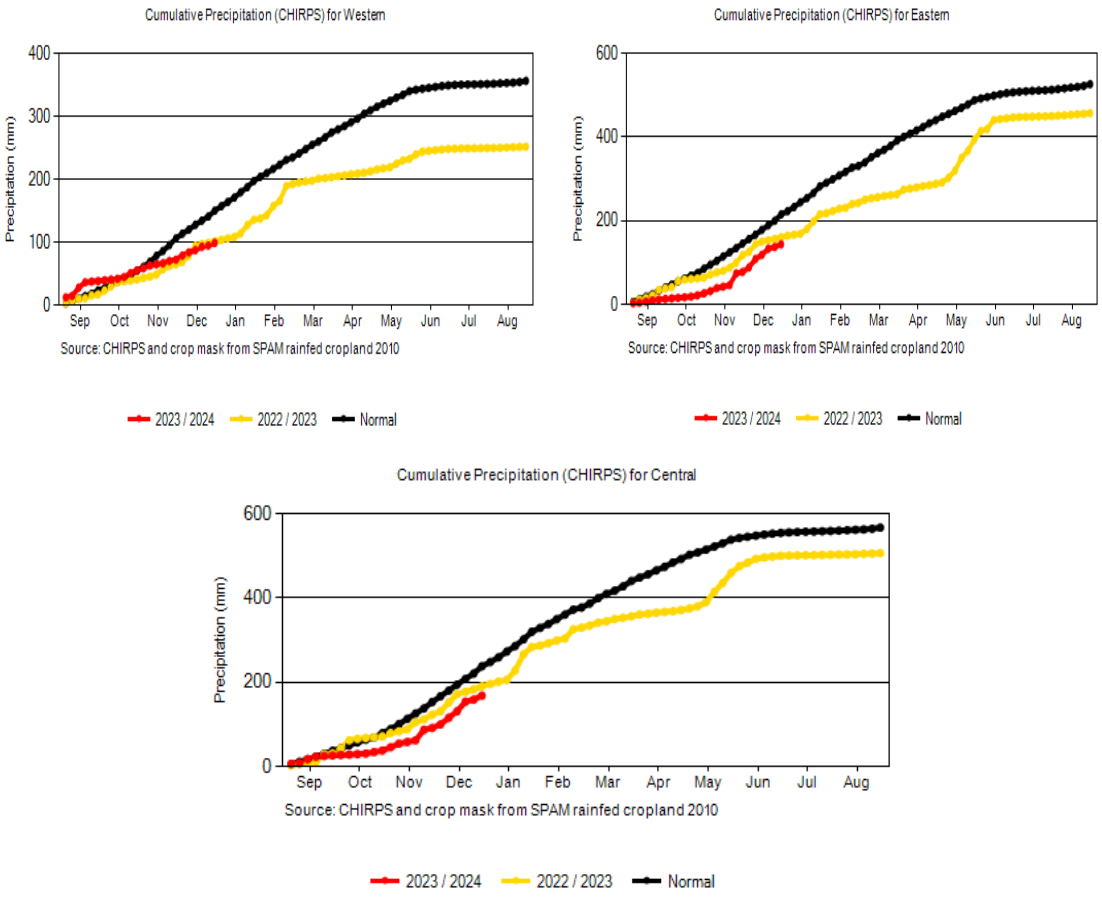


Source: Crop Explorer (https://ipad.fas.usda.gov/cropexplorer/)

**Note that the 2023/24 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2023/2024 redline reflects crop conditions for the 2024/25 MY crop.*

The USDA Crop Explorer Cumulative Precipitation charts show that the level of precipitation for the 2023/24 season started at the same level as the year prior in the eastern and central areas and was even higher than average in the western areas. However, by November and December rainfall levels decreased and are now below normal in all the three regions. Post expects that this will have a negative impact on the wheat and barley crop development.

Chart 3: USDA Crop Explorer Cumulative Precipitation Charts by region (Last updated January 05, 2024)



Source: https://ipad.fas.usda.gov/cropexplorer

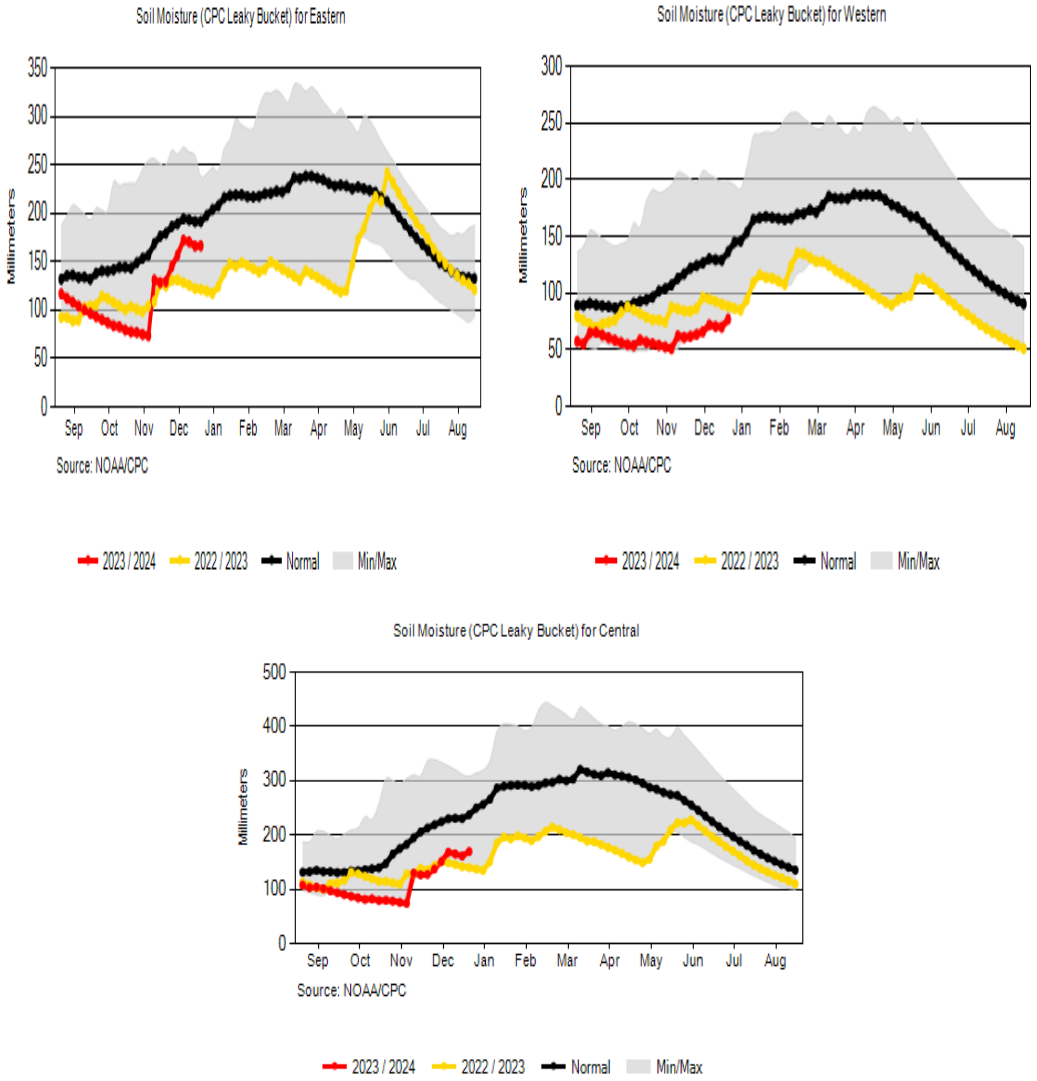
**Note that the 2023/24 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2023/2024 redline reflects crop conditions for the 2024/25 MY crop.*

Overall, the level of precipitation is not sufficient, and it is reflected in the soil moisture charts below in both wheat and barley areas. This situation is the same as the previous year. If substantial rain resumes in January, this will allow precipitation levels to recover.

The charts below for the wheat-growing areas show that soil moisture is even worse than last year in all three regions where wheat is grown. Soil moisture is significantly below normal and at the limit of the minimum range for all three regions, highlighting serious dryness concerns for the 2023/24 (MY 2024/25) crop season. However, in the eastern areas, soil moisture increased from December to January, rising above last year's level. Typically, eastern and central regions receive more rainfall than the drier western areas. Should rainfall resume in the coming months, soil moisture may recover enough to relieve crops.

Similar to wheat areas, soil moisture levels are below the normal average and at the lower limit of the Min/Max range for all the four regions where barley is grown. Soil moisture levels are even below last year's levels in the western region with the largest barley planted area, as well as the desert areas. Soil moisture is recovering in the central and eastern areas from November through January. Should rain resume in the coming months, soil moisture may recover enough to relieve barley crops.

Chart 4: Algeria: USDA Crop Explorer Soil Moisture Chart by region in As of January 05, 2024



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

**Note that the 2023/24 red line refers to the crop planting, growing period, and harvest dates, and not the USDA marketing year. As such, the 2023/2024 redline reflects crop conditions for the 2024/25 MY crop.*

Consumption Update

Algeria is the second largest market for wheat in Africa behind Egypt. The country consumes 11 MMT annually, of which a third of this quantity is met by local production. Wheat is the major staple food and represents 60 percent of the food ration in Algeria. There are no new agreements to open new mills or expand the old mills. The government continues to encourage consumers to decrease their consumption of bread to avoid waste and decrease the demand for bread (common) wheat thus reducing imports. However, with bread prices starting at around 10 U.S. cents per baguette, Post anticipates that wheat consumption will remain relatively stable in the near future. Post forecasts wheat consumption at 11.20 MMT for MY2024/25, which represents a small uptick on the last season's estimate of 11.15 MMT.

Barley remains mainly used for animal feed with a small portion used for bread and couscous for human consumption. As such, barley consumption is a function of pasture conditions. Poor pasture conditions drive increase in demand for barley. If the current dry conditions remain, Post anticipates that barley demand may increase.

Stocks

Storage capacities to increase in MY 2024/25

The Minister of Agriculture, Youcef Chorfa indicated during his presentation of the action plan for 2024 at the Parliament that 350 local cereal storage centers will be built to increase storage capacities to 9 MMT compared to 3.4 MMT currently. The construction of each 6,000 MT storage capacity center will require an amount of 25 billion Algerian Dinars (AD). Chorfa indicated that the governors at the provinces level will receive the funds and the technical files to start construction operations in March 2024. The expected completion time is within 8 months. In addition, the Minister reported the rehabilitation of 16 storage centers (metal silos) which will be operational in 18 months, as well as the construction of 30 silos at ports and centers.

These facilities are designed for all wheat and barley storage - both imported and locally produced. To recall, in 2020, the Minister of Agriculture reported a construction of 9 concrete silos with a storage capacity of 3.5 million quintals finished. The MOA was launching a series of silos construction; 15 metal silos with a storage capacity of 4.2 million quintals, and 16 metal silos with 2.5 million quintals storage capacity along with a collection center for cereals in the south and other regions that will constitute new production poles under the new development strategy.

Notwithstanding the silo construction and renovation, Post does not anticipate immediate rise in stocks, as domestic production remains below average.

Trade Update

Forecast for MY 2024/25 Trade to Remain Elevated

Post maintains forecast imports at 8.7 MMT for wheat and 700,000 MT barley for MY 2024/25. Post estimates that in MY 2023/24 (July 2023-June 2024), Algeria's wheat imports will reach a record

8.7 MMT, exceeding the 2016/17 season when imports hit 8.4 MMT. Post forecast for MY 2024/25 is based on the projected lower production and stable consumer demand. For MY 2023/24, Post estimate accounts for the below average domestic harvest and is also based on private trade reports of a relatively strong pace of imports by the government-run procurement agency, the Algerian Office of Cereals (OAIC). The OAIC is the sole importer of wheat into Algeria.

Note that Algeria does not release the results of its tenders; Algerian customs also does not release trade statistics. Trade Data Monitoring (TDM) data – based on customs information from markets exporting to Algeria – shows that in the first five months of the MY2023/24, Algeria imported just 1.4 MMT of wheat, as compared to 2.6 MMT imported in July-November 2022.

At the same time, private industry reports indicate that Algeria continues strengthening its wheat reserves through imports. Reports indicate that OAIC has made several international purchases, mostly for optional milling wheat (bread wheat). However, in a recent tender which closed December 2023, OAIC purchased approximately 500,000 MT of durum wheat. According to the trade reports, the origin could be from Canada, Mexico or Australia. Post notes that FAS Mexico reports that Algeria is the largest export destination for Mexico's durum wheat, with exports wavering between 250,000 MT and 520,000 MT in the last several years.

In addition, TDM data does not currently reflect Algeria's wheat imports from Russia. Trade reports indicate that the OAIC typically sources optional origin wheat, meaning that traders may supply wheat of any origin as long as it meets other requirements set out in the tender. According to the trade press, Algeria has continued to bring in Russian wheat throughout the conflict in the Black Sea region. On December 1, local press quoted Eduard Zernin, president of the Russian Union of Grain Exporters, that Russia already supplied more than 1.3 MMT of wheat to Algeria since the start of the current season on July 1, 2023, while a year earlier (2022/2023), Russia only supplied 340,000 MMT. Zernin's statement is corroborated by data from Reuters Refinitiv, which shows that in the first six months of the MY, Russia shipped 1.48 MT of wheat to Algeria. Similarly, Agroexport data shows that Russia exported nearly $400 million worth of wheat to Algeria in 2022, four times more than a year earlier.

If private industry estimates of Russian and Mexican shipments are accurate, taken together with import data from TDM, Algeria's total wheat imports in the first half of the year stand at over 3.3 MMT, up 700,000 MT on last season's imports during the same time frame.

Post anticipates that strong pace of wheat shipment from Russia will continue. According to Zernin, Russia could ship 2.5 MMT of wheat to Algeria by next June. The latter indicated to Interfax agency on the sidelines of a trade mission of Russian agricultural exporters to Algeria in November 2023, that Algeria is one of the largest grain importers in the world and an important market for Russian wheat, with increasing supply volumes from season to season. According to him, this progress is due to direct commercial contacts established within the framework of "grain diplomacy" initiatives carried out by the union in collaboration with the Ministry of Agriculture, Rosselkhoznadzor and the Agroexport center. During the trade mission to Algeria, Russian exporters had the opportunity to discuss expansion of wheat supplies and feed crops to Algeria, as well as present the necessary documents for registration as suppliers.

To recall, in 2020, Algeria relaxed its wheat import specifications to allow 0.5 percent bug-damaged grain, up from the previous 0.2 percent, to allow wheat from Black Sea origin, which allowed Russian wheat to enter the Algerian market since 2021. Algeria is satisfied with the wheat it has been importing from Russia. Director General of the OAIC Nasreddine Messaoudi, noted that the protein levels of Russian wheat were good and that the specific weights have been higher on average than those coming from the European Union (EU). Concerning bug damage rates, Messaoudi stated that there has been progress and that "we are seeing rates of between 0.3-0.4 percent."

Russian wheat has taken market share from other origins on the Algerian market, notably French wheat, which has been in sharp decline in recent years in its traditional markets, such as North Africa. Additionally, Post believes that there may be a lag in data reporting from countries shipping wheat to Algeria.

Table 1: Wheat Exports to Algeria in First Five Months (July-November) of the Marketing Year

Reporter	July-Nov 2022	July-Nov 2023	%D
EU 27 External Trade (Brexit)	2,178,987	1,049,461	-51.84%
Canada	184,540	111,903	-93.55%
Ukraine	154,205	1,467	-99.55%
Turkey	7,257	162,832	2143.79%
Russia	-	-	-
United States Consumption	51,453	81,506	58.41%
Australia	-	51,737	100%
United Kingdom HMRC	31,500	-	-100%
South Korea	2	-	-100%
Total	2,607,944	1,458,906	-44.06%

Source: Data from Trade Data Monitor, wheat volumes in WGE

Overall, shipments from Europe and Ukraine are down respectively by 51 percent and 99 percent in the first five months of this marketing year compared to what was received during the same period last season, which is not surprising given the ongoing conflict in the Black Sea region. The largest decrease in the total volume of shipments has been from Ukraine and Canada (the traditional durum supplier to Algeria). The decrease in supplies from traditional partners has been couched to an extent with strong shipments from Turkey and the Unites States. The U.S. industry figures suggest that for the first half of the MY 2023/24, U.S. wheat exports have reached 190,000 MT representing all durum wheat, with an additional 30,000 sold but not yet shipped, according to USDA Export Sales Reporting. Poor durum harvests in Canada and the EU most likely led to the bumper U.S. durum exports so far this season. Turkey benefited even more with exports surpassing 160,000 MT, a colossal jump of over two thousand percent year-on-year. The U.S. wheat exports also likely benefited from weakening U.S. dollar, though the U.S. dollar depreciation was no match for the relatively weak Turkish lira.

Forecast for 2023/24 Barley Trade

Post maintains its alignment with the USDA official estimate for barley imports in MY 2023/24 at 700 thousand metric tons. The forecast for barley imports is based on the projected production and demand. Algeria's barley demand is driven by the livestock industry, which uses barley for feed. Typically, Algeria's barley imports are strongly correlated with domestic production of the crop. In an event of poor harvest imports tend to increase, while in years with ample production imports tend to decrease.

However, note that Post forecast may be revised, given the apparent lack of imports in the first five months of the MY. Data from TDM shows that in July-November 2023, Algeria received more barley (100,000 MT) compared to 1,600 metric tons received by this time last season. Yet, on average, Algeria's imports of barley stand at around 255,000 MT in the first five months of the MY. Post believes that there may be a lag in data reporting from countries shipping barley to Algeria. Data may be missing from Russian exports of barley to Algeria as well. Reuters Refinitiv data shows that for July-November, total volume of barley destined for Algeria is estimated at over 140,000 MT, with more than 54,000 MT coming from Russia.

Finally, Post also anticipates that barley imports from the Southern hemisphere, which harvests and begins to export at the end of its summer and into the fall season, may make up the shortfall from other suppliers seen so far during this MY.

Post maintains same estimates for barley import figures for MY 2024/25 at 700,000 MT in line with the USDA estimate, given the crop conditions looking the same as the previous year. Last season's exports were down from the record-breaking 2020/21 season. On average, Algeria imported about 600,000 MT annually in the last five years. As already noted, barley imports are correlated with domestic production and are driven by the livestock industry.

The EU-27 continued to be the strongest supplier of barley to Algeria in MY2023/24. Meanwhile, imports from the United Kingdom and Argentina completely zeroed out.

Table 2: Algeria Five Months (July-November) Barley Imports by Origin

Reporter	July-November 2022	July-November 2023
EU 27 External Trade (Brexit)	5	90,293
Ukraine	-	9,164
Turkey	1,596	1,482
Russia	-	-
Total	1,601	100,939

Source: Trade Data Monitor

Table 3: Wheat, Production, Supply and Distribution (Source: PSD Post)

Wheat	2022/2023		2023/2024		2024/2025	
Market Year Begins	**Jul 2022**		**Jul 2023**		**Jul 2024**	
Algeria	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	2075	2075	2075	2075	0	2075
Beginning Stocks (1000 MT)	4405	4405	4776	5096	0	5291
Production (1000 MT)	3700	3700	2700	2700	0	2700
MY Imports (1000 MT)	8141	8141	8300	8700	0	8700
TY Imports (1000 MT)	8141	8141	8300	8700	0	8700
TY Imp. from U.S. (1000 MT)	193	193	0	0	0	0
Total Supply (1000 MT)	16246	16246	15776	16496	0	16691
MY Exports (1000 MT)	0	0	5	5	0	0
TY Exports (1000 MT)	0	0	5	5	0	0
Feed and Residual (1000 MT)	70	50	50	50	0	50
FSI Consumption (1000 MT)	11400	11100	11500	11150	0	11200
Total Consumption (1000 MT)	11470	11150	11550	11200	0	11250
Ending Stocks (1000 MT)	4776	5096	4221	5291	0	5441
Total Distribution (1000 MT)	16246	16246	15776	16496	0	16691
Yield (MT/HA)	1.7831	1.7831	1.3012	1.3012	0	1.3012

(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 2024/2025 = July 2024 - June 2025

Table 4: Barley, Production, Supply and Distribution (Source: PSD Post)

Barley	2022/2023		2023/2024		2024/2025	
Market Year Begins	**Jul 2022**		**Jul 2023**		**Jul 2024**	
Algeria	**USDA Official**	**New Post**	**USDA Official**	**New Post**	**USDA Official**	**New Post**
Area Harvested (1000 HA)	1025	1025	1025	1025	0	1025
Beginning Stocks (1000 MT)	131	131	174	81	0	56
Production (1000 MT)	1600	1400	1025	1025	0	1025
MY Imports (1000 MT)	93	250	700	700	0	700
TY Imports (1000 MT)	162	300	700	700	0	700
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	1824	1781	1899	1806	0	1781
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)	1300	1450	1400	1500	0	1500
FSI Consumption (1000 MT)	350	250	350	250	0	250
Total Consumption (1000 MT)	1650	1700	1750	1750	0	1750
Ending Stocks (1000 MT)	174	81	149	56	0	31
Total Distribution (1000 MT)	1824	1781	1899	1806	0	1781
Yield (MT/HA)	1.561	1.3659	1	1	0	1

(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 2024/2025 = October 2024 - September 2025

Attachments:

No Attachments