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Morocco

Grain and Feed Update

2014 Grain and Feed Update

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Report Highlights:

According to Moroccan official data, final cereal production for MY 2014/15 is about 30 percent less than the previous year with a production set at 6.8 million MT and distributed as follow: 3.7 million MT of common wheat, 1.4 million MT of durum wheat and 1.70 million MT of barley. Morocco wheat imports for the first five months of 2014 registered a 57% increase compared to the same period the previous year with imports expected to continue at a lower level for the rest of the year. MY 2014/15 wheat imports are forecasted to decrease to 3.1 million MT compared to 3.9 million MT in MY 2013/14. Barley imports for MY2014/15 are expected to reach 400,000 MT due to reduced domestic production

Post:
Rabat

Author Defined:
Production:

The Ministry of Agriculture issued its final cereal production data for the MY 2014/15 crop at 6.8 million MT, a decrease of about 30 percent compared to the previous year. MY 2014/15 production crop consisted of 3.7 million MT of common wheat, 1.4 million MT of durum wheat and 1.70 million MT of barley. Wheat area planted was estimated at 3.06 million HA, of which 2.07 million HA consisted of common wheat and 1 million HA consisted of durum wheat. The area planted with barley was estimated at 1.44 million HA.

The table below shows the breakdown of Morocco's grain production by marketing year.

Production of Wheat and Barley (1,000 MT)

Marketing Year Crop	Durum Wheat	Common Wheat	Total. Wheat	Barley	Total Production
2009/2010	2,100	4,300	6,400	3,800	10,200
2010/2011	1,640	3,247	4,887	2,570	7,457
2011/2012	1,850	4,170	6,020	2,340	8,360
2012/2013	1,130	2,740	3,870	1,200	5,070
2013/2014	1,900	5,100	7,000	2,700	9,700
2014/2015	1,400	3,700	5,100	1,700	6,800

Source: Ministry of Agriculture data /

It should be noted that Government of Morocco (GOM) initial estimates of grain production for the MY 2014/2015 crop have been revised up from 3.7 million MT to 5.1 million MT for wheat. This revision is explained by the well distributed precipitation received in April and May 2014 that impacted positively yields and the global production after poor rainfall in the planting period. The overall quality of the MY 2014/2015 wheat crop is reported to be relatively good. The average specific weight of MY 2014/2015 samples analyzed to date by the ONICL of common wheat is reportedly good 80 kg/HA, compared to the average 77 Kg/HA and has a small percentage of impurities. Post production estimates have been aligned to the Moroccan government's official estimates.

On average 50 to 60 percent of Morocco's common wheat is collected via official channels (authorized grains merchants, grains cooperatives, and wheat millers). For MY 2014/2015, the Moroccan Office of Cereal and Pulses (ONICL) is projecting to collect 1.8 to 2.2 million MT of common wheat, which represents 48 percent of domestic production. The collect will be largely handled by calls for tenders launched by ONICL and the system in place will allow all storage operators, cooperatives and mills to participate actively in the collection. The last tender was

launched on July 16, 2014.

Trade: Wheat

Following large local production in MY 2013/14, wheat imports decreased initially in the second part of 2013 than increased sharply in early 2014. For the first five months of 2014, wheat imports registered 57% increase compared to the same period a year before. Post calculates wheat imports (common and durum) for MY2013/14 (June/May) at 3,966,228 MT.

For MY2014/15, Post estimates imports to decrease to 3.1 million MT after a good production year and massive imports in the first semester of 2014.

Table 3: Morocco's Wheat Import by Country of Origin (1,000 MT)

Marketing Year (June/May)	2012/2013	2013/2014	2014/2015*
Imports	4,038,000	3,966,228	3,100,000

Post calculation and estimation*

It is important to mention that Morocco's consumption of feed wheat increased after GOM removed import restriction in 2013. Morocco's import duty for feed wheat was set up at 2.5 percent, compared to 17.5 percent for human grade wheat. Finally, on June 18, 2013, Morocco lowered the value added taxes (VAT) for animal feed including feed wheat, from 20 to 7 percent.

Barley:

For MY 2013/2014, Morocco's barley imports increased to 338,860 MT following poor rainfall and increased feed barley demand. Imports for the five first months of 2014 reached 197,271 MT compared to 38,598 MT for the same period the previous year. For MY 2014/2015, Post estimates Morocco's barley imports to increase to 400,000 MT.

Table 3: Morocco's Barley Import by Country of Origin (1,000 MT)

Marketing Year (June/May)	2012/2013	2013/2014	2014/2015*
Imports	143,851	338,860	400,000

Post calculation and estimation*

Barley consumption as animal feed fluctuates heavily depending on pasture conditions. Sheep production is mostly dependent on pasture lands with farmers using barley grain as a secondary provision. Barley is also used in the feed processing sector for cattle and dairy production.

Policy:

Regarding trade policy, GOM established an import subsidy scheme from February 1 to April 30, 2014, for common wheat in order keep the price of common wheat around 2,800 dirhams per ton (\$336). Through this program, the GOM covers the difference between the actual price and guaranteed mill price. Then starting from May 1, 2014, the Government established an import duty of 45 percent on imported in order to facilitate a smooth collection of domestic production. Durum wheat is not regulated.

Regarding price support, the government has renewed last year measure to help farmers market their harvest. These measures included setting up a reference price for purchasing local wheat at 2700 dirham/MT (\$333/MT). The reference price reflects the level of domestic production and world prices. This measure aims to support farmers and improve their income. In addition, Morocco provides a storage premium of 20 dirham per MT for farmers to store their wheat at facilities licensed by the National Cereal Office (ONICL). The period for marketing the local wheat crop, in which the price of reference and the storage premium applies extends for 7 months.

Tariff Rate Quota (TRQ) for MY 2013/2014

Morocco's wheat production for MY 2013/14 was very good. Because of the size of this year wheat crop, the TRQs for U.S. common wheat exports under the FTA are set at their minimum level of 386,667 MT for MY 2014/15. The TRQs for U.S. durum wheat exports are set at 330,000 MT for MY 2014/15.

In CY 2013, the TRQ for U.S. common wheat of 548,592 MT was rendered ineffective due to an import duty suspension. Between January and July 2013, the Government of Morocco did not administer any TRQ for U.S. common wheat. Given Morocco's large common wheat harvest, the government is not likely to successfully administer a TRQ for wheat until 2014.

For durum wheat, Morocco tendered unsuccessfully 320,000 MT on two tranches to fulfill its TRQ obligations for CY 2013. U.S. durum wheat quota will be 330,000 MT for CY 2014

Production, Supply and Demand Data Statistics:
Wheat, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Wheat Morocco	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jun 2013		Market Year Begin: Jun 2014		Market Year Begin: May 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,142	3,142	3,280	3,280	3,060	3,060
Beginning Stocks	3,305	3,305	2,472	2,713	4,122	4,429
Production	3,870	3,870	7,000	7,000	4,700	5,100
MY Imports	3,833	4,038	3,900	3,966	3,000	3,100
TY Imports	3,825	4,038	3,900	3,997	3,000	3,100
TY Imp. from U.S.	88	101	0	0	0	0
Total Supply	11,008	11,213	13,372	13,679	11,822	12,629
MY Exports	236	200	250	250	250	150
TY Exports	259	200	250	250	250	150
Feed and Residual	100	100	600	600	300	400
FSI Consumption	8,200	8,200	8,400	8,400	8,600	8,500
Total Consumption	8,300	8,300	9,000	9,000	8,900	8,900
Ending Stocks	2,472	2,713	4,122	4,429	2,672	3,579
Total Distribution	11,008	11,213	13,372	13,679	11,822	12,629
Yield	1.	1.2317	2.	2.1341	2.	1.6667
TS=TD		0		0		0
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Production, Supply and Demand Data Statistics:

Barely, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Barley Morocco	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Jul 2012		Market Year Begin: Jul 2013		Market Year Begin: Jul 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,893	1,893	1,690	1,690	1,440	1,440
Beginning Stocks	775	775	189	218	889	956
Production	1,200	1,200	2,700	2,700	1,750	1,700
MY Imports	114	143	400	338	600	400
TY Imports	147	120	500	355	600	400
TY Imp. from U.S.	0	20	0	0	0	0
Total Supply	2,089	2,118	3,289	3,256	3,239	3,056
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1,200	1,200	1,600	1,500	2,000	1,800
FSI Consumption	700	700	800	800	1,000	1,000
Total Consumption	1,900	1,900	2,400	2,300	3,000	2,800
Ending Stocks	189	218	889	956	239	256
Total Distribution	2,089	2,118	3,289	3,256	3,239	3,056
Yield	1.	0.6339	2.	1.5976	1.	1.1806
TS=TD		0		0		0
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