

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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POLICY

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**Date:** 4/12/2019

**GAIN Report Number:** MO1912

## Morocco

### Grain and Feed Annual

#### Early Returns Turn to Losses after Three-month Drought

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**Report Highlights:**

Lack of adequate rainfall during the winter affected crop development significantly. Post forecasts MY 2019/20 production at 2.88 MMT for common wheat, 1.23 MMT for durum wheat, and 1.01 MMT for barley. Imports are expected to increase to 4.80 MMT for all wheat and 0.50 MMT barley.

## **Executive Summary:**

### MY 2019/20

- Lack of rainfall during January, February and March affected plant growth significantly especially in marginal areas where the soil cannot hold much water in the way of reserves. As a result, many fields turned yellow and wheat and barley plants are less developed. Morocco's MY 2019/20 total area harvested for wheat and barley is forecasted to be 4.20 million Ha, 3.4% less than last year. Wheat harvested area is estimated at 2.75 million Ha, and barley at 1.45 million Ha.
- Post expects below trend average wheat and barley yields, resulting in forecast 2019 production estimates down 44% for wheat and 65% for barley, respectively, compared to last year production.
- Post forecasts MY 2019/20 wheat production at 4.11 MMT and barley production at 1.01 MT
- Below average vegetative growth for grazing in MY 2019/20 will increase barley consumption forecasted at 1.80 MMT. Post holds total domestic consumption of wheat steady on a per capita basis at 288 kg in 2019/20, based on a population of 36.53 million, at around 10.80 MMT.
- Imports are expected to increase 4.8 MMT for all wheat and 0.5 MMT barley.

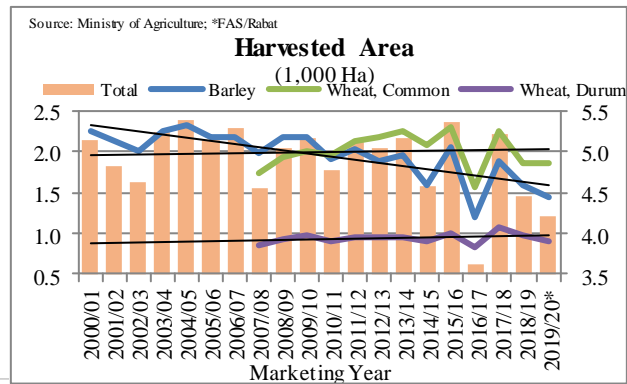
### MY 2018/19

- Post adjusts the MY 2018/19 harvested area for barley based on final Moroccan numbers.
- Post revised up wheat imports to accommodate the trade to date data (*Post is using Moroccan office des changes data*).
- Post revised MY 2018/19 rice production based on final Moroccan official numbers and trade figures to reflect trade to date.

# Commodities: Wheat and Barley

## Area

Post forecasts Morocco's MY 2019/20 total harvested for wheat and barley to be 4.20 million Ha, 3.4% less than last year. Wheat harvested area is estimated at 2.75 million and barley at 1.45 million Ha. Post also adjusts the MY 2018/19 and MY 2017/18 for barley numbers to reflect official harvested

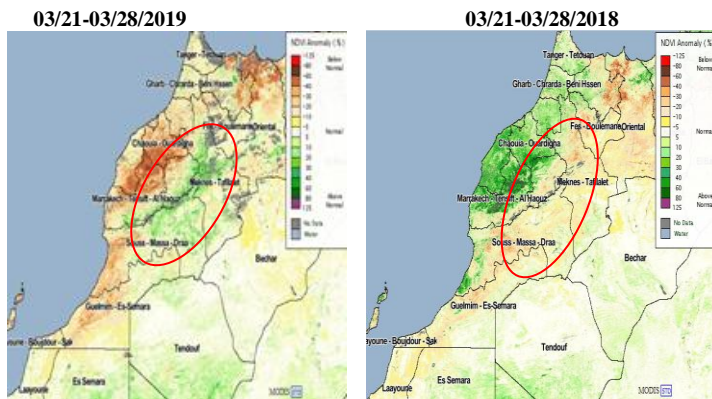


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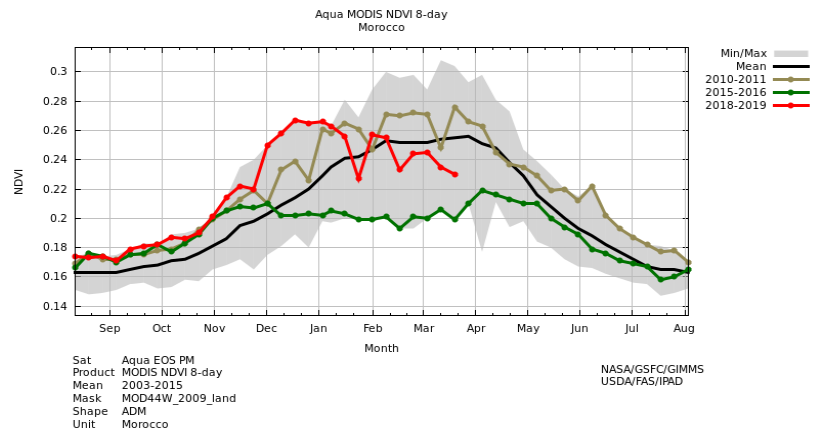
## Production

For 2018/19, rainfall was plentiful leading up to and during the planting season, which encouraged farmers to relatively early this year starting mid-October. However, since the end of December, the weather has drier with no rain through March, which caused significant slowdown in growth and development and caused significant and irreparable yield losses in many fields, especially in the south, where the soil is marginal and cannot hold much water in the way of reserves. As a result, many fields prematurely turned yellow.

### Lack of adequate rainfall Affected Crop Development



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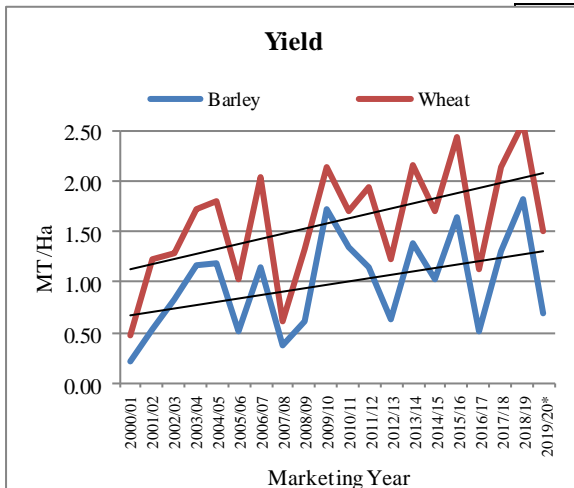


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While certified seed usage unchanged over the previous

campaign, the lack of adequate rainfall discouraged farmers from investing in in-season fertilizers and pesticides because of the anticipated low yields.

At present, Post expects below trend average wheat and barley yields, resulting in forecast 2019 production estimates down 44% for wheat and 65% for barley, respectively, compared to last year production. Post forecasts MY 2019/20 wheat production at 4.12 MMT and barley production at 1.01 MMT.



	2015	2016	2017	2018	2019*	% Δ
Wheat, Total	3,307	2,413	3,321	2,850	2,750	-3.5%
- Durum	998	837	1,073	984	890	-9.6%
- Common	2,309	1,575	2,248	1,866	1,860	-0.3%
Barley	2,064	1,208	1,893	1,597	1,450	-3.3%
TOTAL	5,371	3,621	5,121	4,350	4,200	-3.4%
Wheat, Total	2.44	1.13	2.14	2.58	1.50	-41.8%
- Durum	2.41	1.04	2.05	2.47	1.39	-43.7%
- Common	2.45	1.18	2.18	2.63	1.55	-41.0%
Barley	1.64	0.51	1.30	1.82	0.70	-63.9%
Wheat, Total	8,064	2,731	7,092	7,340	4,125	-43.8%
- Durum	2,406	874	2,199	2,430	1,238	-49.1%
- Common	5,658	1,856	4,892	4,910	2,888	-41.2%
Barley	3,393	620	2,467	2,910	1,015	-65.1%
TOTAL	11,457	3,351	9,559	10,250	5,140	-49.9%

Source: Ministry of Agriculture; \*FAS/Rabat

## Consumption

### Wheat

Post holds total domestic consumption steady on a per capita basis at 288 kg in 2019/20, based on a population of 36.53 million, at around 10.8 MMT. Common wheat represents nearly 70% of the consumption of in urban areas and 66% in rural areas.

### Barley

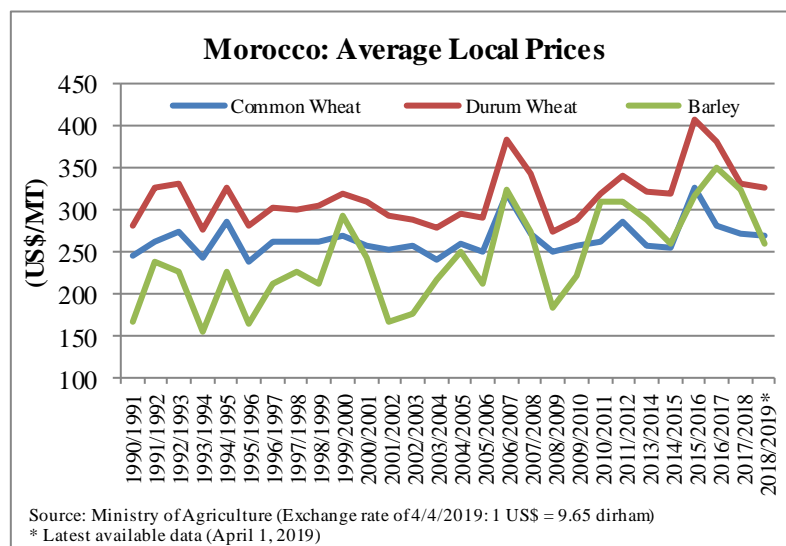
Below average vegetative growth for grazing in MY 2019/20 will increase barley consumption forecasted at 1.80 MMT. Barley is consumed mostly as animal feed with consumption rates somewhat volatile, based on local availability and pasture conditions.

## Prices

Moroccan wheat, flour, and prices are politically sensitive thus strictly managed.

- Morocco's National Inter-Professional Office for Cereals and Legumes (ONICL) attempts to control Morocco's wheat price within a range (\$260/MT-\$280/MT) through changes to the MFN tariff rates throughout the year.

During times of high prices in years past, ONICL has also intervened to subsidize imports in



Source: Ministry of Agriculture (Exchange rate of 4/4/2019: 1 US\$ = 9.65 dirham)  
\* Latest available data (April 1, 2019)

bread and

order to bring local prices down, for more information see GAIN report- [Domestic Support on Common Wheat](#).

- ONICL subsidizes common wheat flour, known as “National Flour” in an effort to support low-income consumers. In calendar year 2019, the quota was set at 600,000 MT, about 7.7% less than previous year (650,000 MT). To administer the program, ONICL launches tenders for subsidized flour every-other month throughout the year until the quota is filled. Before launching the tender, ONICL establishes a regionally-based list of flour allocations. The list is determined after several meetings within the HCP, based on a poverty map. Eligible bidders deposit a performance bond equivalent to \$5.44/MT. Successful bidders have 90 days to execute delivery. The flour tendered can be for either domestic or imported wheat. For more information see GAIN report-[Domestic common wheat flour quota distribution](#).
- Farmers may sell common wheat either to government licensed traders (grain merchants, cooperatives, and mills) at a price 2,800 Dh/MT ≈\$290/MT or in the free market. Prices of other grains (e.g., durum wheat and barley) have no guaranteed price.

## Trade

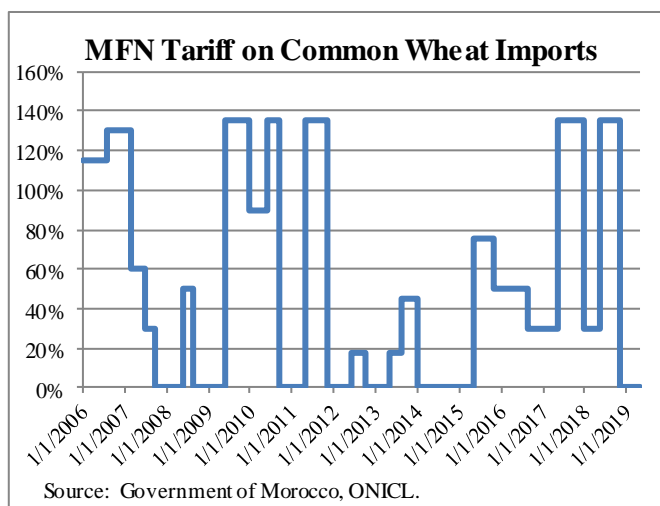
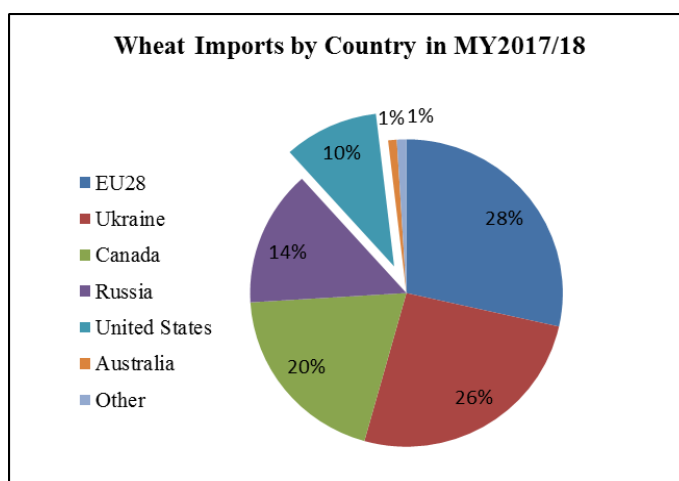
### *Wheat*

For MY 2019/20, wheat imports are expected to increase sharply to 4.80 MMT, about 20% over the previous season due to lack of adequate rainfall the crop development. Post also increased the MY 2018/19 import estimate to accommodate the trade to data.

Morocco maintains low and predictable to facilitate durum wheat imports throughout the year with the exception June and July; however, import duties for common wheat remain somewhat unpredictable.

Morocco uses import duties to provide protection to local grain producers during marketing season, regulate prices, and manage stocks.

In December 2018, the Government of Morocco decided to extend the cancellation of import duties on common wheat until April 30, 2019 to ensure adequate and maintain low prices in the local



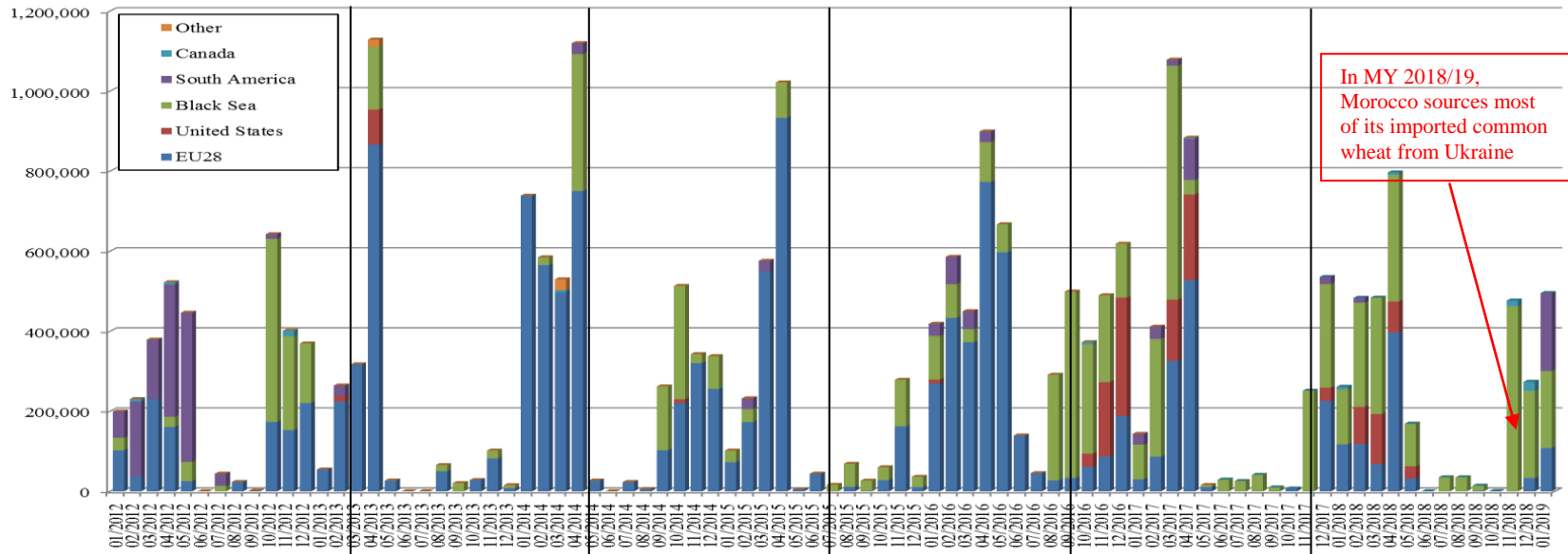
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market. As a result, Morocco has yet to tender for U.S. common wheat under the US-Morocco FTA.

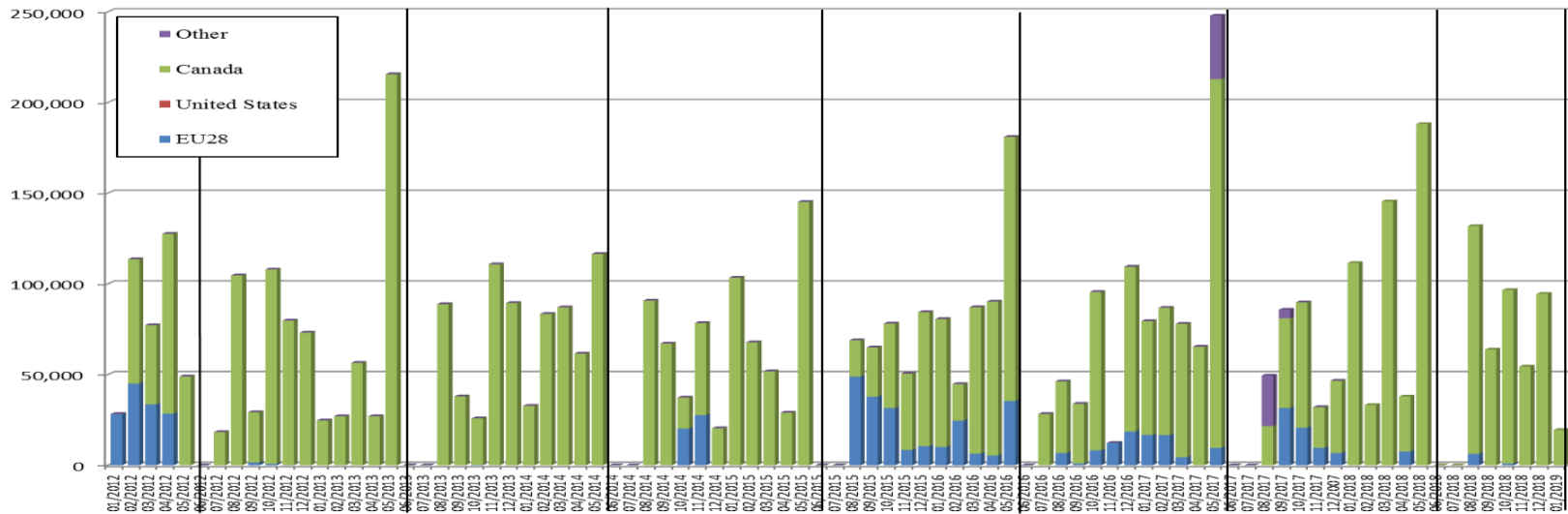
<b>Imports by Marketing Year (MT Wheat Equivalent)</b>							
<b>HS</b>	<b>Description</b>	<b>Marketing Year</b>			<b>Year To Date</b>		
		<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>06/17 - 01/18</b>	<b>06/18 - 01/19</b>	<b>% Change</b>
1001	Wheat And Meslin	4,383,586	5,462,855	3,660,438	1,322,266	1,791,545	35%
1101*	Wheat Or Meslin Flour	331	484	560	312	302	-3%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	13,374	12,859	13,763	8,724	8,479	-3%
190230*	Pasta, Prepared Nesoi	3,034	2,632	1,721	996	2,260	127%
190240*	Couscous	4	3	8	5	3	-50%
<b>Total</b>		<b>4,400,329</b>	<b>5,478,833</b>	<b>3,676,490</b>	<b>1,332,303</b>	<b>1,802,589</b>	<b>35%</b>

*Source: Morocco office de change, \*applied converting factor: 1.368, MY used for wheat June-May*

**Morocco: Common Wheat Imports by Month, 2012-18 (MT)**



**Morocco: Durum Wheat Imports by Month, 2012-2018 (MT)**



Morocco's wheat exports are primarily in processed form. Trade results from Morocco's excess milling capacity and relative regional competitiveness. Exports primarily target African countries.

### ***Exports by Marketing Year (MT Wheat Equivalent)***

HS	Description	Marketing Year			Year To Date		
		2015/16	2016/17	2017/18	06/17 - 01/18	06/18 - 01/19	% Change
1001	Wheat And Meslin	40	415	20	20	-	-100%
1101*	Wheat Or Meslin Flour	76,757	16,441	15,750	8,442	16,951	101%
190219*	Pasta, Uncooked, Not Stuffed Etc., Nesoi	4,577	6,260	8,854	6,187	9,323	51%
190230*	Pasta, Prepared Nesoi	5,222	3,350	3,836	2,889	1,943	-33%
190240*	Couscous	31,651	32,004	32,386	20,810	19,763	-5%
<b>Total</b>		<b>118,248</b>	<b>58,470</b>	<b>60,845</b>	<b>38,349</b>	<b>47,980</b>	<b>25%</b>

Source: Morocco office de change, \*applied converting factor: 1.368, MY used for wheat June-May

### ***Barley***

Morocco's barley imports are heavily influenced by weather. For MY 2019/20, Post forecast barley imports to reach 500,000 MT to accommodate increased domestic consumption due to poor vegetative growth for grazing and lower production.

### ***Imports by Marketing Year (MT)***

Partner Country	Marketing Year			Year To Date		
	2015/16	2016/17	2017/18	07/17 - 01/18	07/18 - 01/19	%Change
EU	744,836	239,236	356,592	206,004	51,996	-75%
Ukraine	25,288	147,874	43,458	43,458	8,249	-81%
Russia	16,390	36,748	19,658	19,658	-	-100%
Argentina	21,449	55,357	9,900	9,900	-	-100%
United States	13,820	-	-	-	-	-
<b>Total</b>	<b>821,784</b>	<b>479,216</b>	<b>429,609</b>	<b>279,020</b>	<b>60,245</b>	<b>-78%</b>

Source: Morocco office de change, MY used for barley July-June

### **Stocks**

Industry indicates that Morocco's wheat reserve as of March 1, 2019 were 1.6 MMT of common wheat, 130,000 MT of durum wheat, and 250,000 MT of barley. Stocks held by agents licensed by ONICL, including grain merchants, cooperatives, processors and government managed port silos, are generally known. These agents are paid a storage premium based on wheat stored and declared to ONICL, which calculates the storage premium every 15 days at a rate of roughly \$2/MT.

### **Policy**

No updates.



## Production, Supply, and Distribution

### *Wheat*

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jun 2017		Jun 2018		Jun 2019	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3384	3321	2850	2850	0	2750
Beginning Stocks	4926	4926	5133	5133	0	5713
Production	7091	7091	7340	7340	0	4125
MY Imports	3676	3676	3800	4000	0	4800
TY Imports	3672	3672	3800	4000	0	4800
TY Imp. from U.S.	391	391	0	0	0	0
Total Supply	15693	15693	16273	16473	0	14638
MY Exports	60	60	60	60	0	50
TY Exports	61	61	60	60	0	50
Feed and Residual	800	800	800	800	0	800
FSI Consumption	9700	9700	9900	9900	0	10000
Total Consumption	10500	10500	10700	10700	0	10800
Ending Stocks	5133	5133	5513	5713	0	3788
Total Distribution	15693	15693	16273	16473	0	14638
Yield	2.0954	2.1352	2.5754	2.5754	0	1.5
(1000 HA) ,(1000 MT) ,(MT/HA)						

### *Barley*

Barley	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2002	1893	1750	1597	0	1450
Beginning Stocks	155	155	600	600	0	1260
Production	2466	2466	2910	2910	0	1015
MY Imports	429	429	300	300	0	500
TY Imports	363	363	300	300	0	500
TY Imp. from U.S.	0	0	0	0	0	0

<b>Total Supply</b>	3050	3050	3810	3810	0	2775
<b>MY Exports</b>	0	0	0	0	0	0
<b>TY Exports</b>	0	0	0	0	0	0
<b>Feed and Residual</b>	1650	1650	2300	1750	0	1800
<b>FSI Consumption</b>	800	800	800	800	0	800
<b>Total Consumption</b>	2450	2450	3100	2550	0	2600
<b>Ending Stocks</b>	600	600	710	1260	0	175
<b>Total Distribution</b>	3050	3050	3810	3810	0	2775
<b>Yield</b>	1.2318	1.3027	1.6629	1.8222	0	0.7
(1000 HA) ,(1000 MT) ,(MT/HA)						

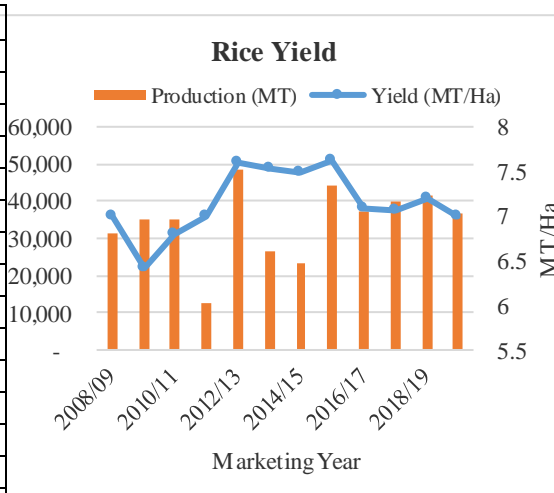
## Commodities: Rice, Milled

### Area and Production

Rice production is negligible compared to wheat and barley yet still accounts for 85 percent of total consumption. Post forecasts harvested area for MY 2019/20 to remain steady at around 8,050 hectares, while production is forecast at 56,350 MT, a 10% decline from the previous season based on less favorable weather conditions. Post also revised MY 2018/19 rice production based on final Morocco official data.

Year	Area (Ha)	Yield (MT/Ha)	Production (MT)	
			Rough	Milled
2008/09	6,360	7.00	44,520	31,164
2009/10	7,800	6.42	50,040	35,028
2010/11	7,430	6.80	50,520	35,364
2011/12	2,550	7.00	17,840	12,488
2012/13	9,154	7.60	69,554	48,688
2013/14	5,000	7.54	37,716	26,401
2014/15	4,407	7.50	33,051	23,136
2015/16	8,310	7.62	63,298	44,308
2016/17	7,527	7.09	53,354	37,348
2017/18	8,013	7.07	57,697	40,389
2018/19	8,091	7.20	63,037	44,125
2019/20*	8,050	7.00	56,350	39,445

Source: Ministry of Agriculture; \*FAS/Rabat forecast



### Consumption

HS	Description	Marketing Year		
		2015/16	2016/17	2017/18
100610	Rice In The Husk	869	1,249	1,215
100620	Rice, Husked (Brown)	43	18	99
100630	Rice, Semi- Or Wholl	3,111	7,385	38,143

Rice is not consumed daily by Moroccans, but its consumption has been on the rise in the past few years, especially with shifting consumer behavior towards easier-to-prepare, lighter, and healthier meals. It is also increasingly featured in a growing number of international restaurants in Casablanca, Rabat, and Marrakesh.

100640	Rice, Broken	4	24	48
<b>Total</b>		<b>4,027</b>	<b>8,675</b>	<b>39,504</b>

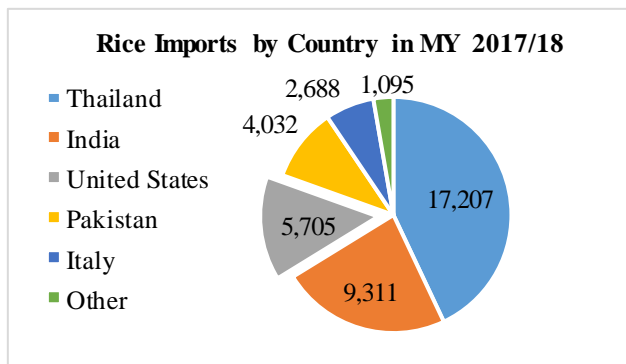
*Source: Morocco office de change, MY used for barley October-September*

### Trade

Local traders estimate imports surpassed 25,000 MT mainly due to unofficial trade coming from Melilla and Ceuta, Spain. In MY 2017/18, Morocco imported about 5,705 MT from the United States of long grain and medium grain rice.

The tariff on U.S. rice has been eliminated since 2014.

Post adjusts the MY 2018/19 trade figures to reflect trade to date data.



since

### Production, Supply, and Distribution

<b>Rice, Milled</b>	<b>2017/2018</b>		<b>2018/2019</b>		<b>2019/2020</b>	
<b>Market Begin Year</b>	<b>Oct 2017</b>		<b>Oct 2018</b>		<b>Oct 2019</b>	
<b>Morocco</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</b>	8	8	8	8	0	8
<b>Beginning Stocks</b>	0	0	0	0	0	0
<b>Milled Production</b>	40	40	42	44	0	39
<b>Rough Production</b>	62	62	65	68	0	60
<b>Milling Rate (.9999)</b>	6500	6500	6500	6500	0	6500
<b>MY Imports</b>	40	40	30	40	0	45
<b>TY Imports</b>	42	42	30	40	0	45
<b>TY Imp. from U.S.</b>	0	0	0	0	0	0
<b>Total Supply</b>	80	80	72	84	0	84
<b>MY Exports</b>	0	0	0	0	0	0
<b>TY Exports</b>	0	0	0	0	0	0
<b>Consumption and Residual</b>	80	80	72	84	0	84
<b>Ending Stocks</b>	0	0	0	0	0	0
<b>Total Distribution</b>	80	80	72	84	0	84
<b>Yield (Rough)</b>	7.75	7.75	8.125	8.5	0	7.5
(1000 HA) ,(1000 MT) ,(MT/HA)						