

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Algeria

Grain and Feed Update

Crop and Policy Update

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Report Highlights:

Algeria's 2017 Finance law increases value added tax for many products and will decrease imports of barley, corn, soybean meal, rice, oat, sorghum and DDGs. The increase became effective January 1, 2017.

Post:
Algiers

Author Defined:

Crop Update

The decline in rainfall and the increase in temperatures in October and November affected many sectors related to agriculture and particularly, cereal farmers who are in rainfall dependent regions.

A recent FAO report indicated that only about 20 percent of normal rainfall fell in September and October 2016. The lack of precipitation coupled with above-average temperatures, depleted the soil moisture necessary for winter crop planting. Some areas in western and central Algeria suffered from short-term drought.

Climatic conditions in Algeria have changed since the beginning of January 2017. Nearly every region has received rain and or snow which hopefully will relieve farmers' concerns and mitigate the negative impact of early season dry conditions.

Policy update:

The FY2017 Finance Law increased VAT rates as part of the new fiscal measures for 2017. The current rate will increase from 7% to 9%, and the standard rate from 17% to 19%. The new rates became effective January 1, 2017.

The 9% rate applies to about 80 products of which some are grain and feed products such as barley, oats, corn, rice, sorghum, mills by-products (malt, starch, gluten), pasta, couscous, as well as soybean meal, and DDGs. Also included are others residues, soybean flour defatted, and mineral vitamin and/or nitrogen concentrate. The New Finance Law and the list of products can be found on the Journal official website at: <http://www.joradp.dz/FTP/JO-FRANCAIS/2016/F2016077.pdf>

According to an Algerian Press Service news release, the Directorate-General of Taxes reports that this change in rates "has no direct impact" on the sales price of dozens of products such as bread, bread flour, milk, medicines, sugar, soy-based oil, fruit and vegetables excluding imported products. As for products not exempt from VAT, the impact on the price is 2%.

The increase in VAT will likely have the effect of slowing the pace of imports of many products. Wheat is not on the list of products to be affected by the increase as it remains exempted from VAT. The increase in VAT for affected products is part and parcel of Algeria's desire to reduce imports. Whether the government's new VAT regime will have the intended effect is unknown.

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2100	2100	1300	1300	0	2100
Beginning Stocks	3768	3768	4357	4357	0	4292
Production	2700	2700	2000	2000	0	2700
MY Imports	8153	8153	8200	8200	0	8000
TY Imports	8153	8153	8200	8200	0	8000
TY Imp. from U.S.	69	69	0	0	0	60
Total Supply	14621	14621	14557	14557	0	14992
MY Exports	14	14	15	15	0	0
TY Exports	14	14	15	15	0	0
Feed and Residual	50	50	50	50	0	50
FSI Consumption	10200	10200	10400	10200	0	10200
Total Consumption	10250	10250	10450	10250	0	10250
Ending Stocks	4357	4357	4092	4292	0	4742
Total Distribution	14621	14621	14557	14557	0	14992

(1000 HA) ,(1000 MT)

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1000	1000	900	900	0	1000
Beginning Stocks	1304	1304	1290	1290	0	1140
Production	1300	1300	1000	1000	0	1300
MY Imports	836	836	900	900	0	600
TY Imports	864	864	900	900	0	600
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	3440	3440	3190	3190	0	3040
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and	1800	1800	1700	1700	0	1700

Residual						
FSI Consumption	350	350	350	350	0	350
Total Consumption	2150	2150	2050	2050	0	2050
Ending Stocks	1290	1290	1140	1140	0	990
Total Distribution	3440	3440	3190	3190	0	3040
(1000 HA) ,(1000 MT)						