

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Algeria

Grain and Feed Update

Crop and Policy Update

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Report Highlights:

General good conditions indicate a good grain crop for MY2019/20 in Algeria. The Ministry of Agriculture forecasts a good crop particularly for barley. Market opportunities exist for U.S. feedstuffs (wheat, barley, corn, soybeans and soybean meal) which are not on the revised list of items subject to the new temporary safeguard duty implemented in January 2019.

Executive Summary:

The Normalized Difference Vegetation Index (NDVI) shows good crop conditions over all for Algeria, which indicates a good grain crop for MY2019/20.

The Government of Algeria made available all equipment and financial means to facilitate the harvest. The Ministry of Agriculture (MoA) forecasts the grain crop production to be very good this year, particularly the barley crop.

The new Minister of Agriculture that was appointed in April 2019 maintained the focus on the government's strategy to increase the production of cereals in order to reduce imports and regulate the cereals sector efficiently.

Wheat, barley, corn, soybeans and soybean meal (feedstuffs) as well as the dried distillers grains with soluble (DDGs), starch residues and preparations for animal feed remain unaffected by the implementation of the temporary additional safeguard duty (Droit Additionnel Provisoire de Sauvegarde or DAPs). Only processed cereals and wheat products are included in this list.

Post forecasts wheat production at 3.950 MMT and barley production at 2.0 MMT for MY2019/20.

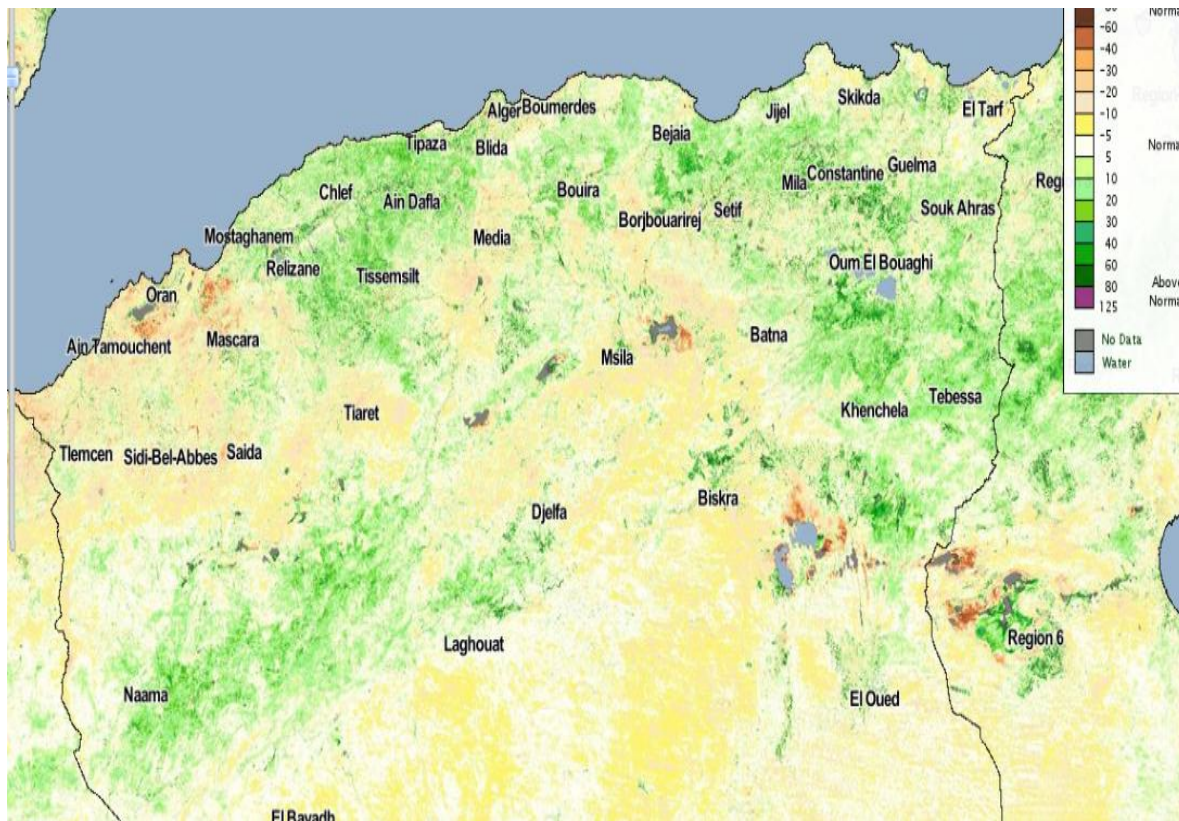
Post forecasts wheat imports at 8.0 MMT and barley imports to fall to 100,000MT for MY2019/20.

Author Defined:

Crop Update

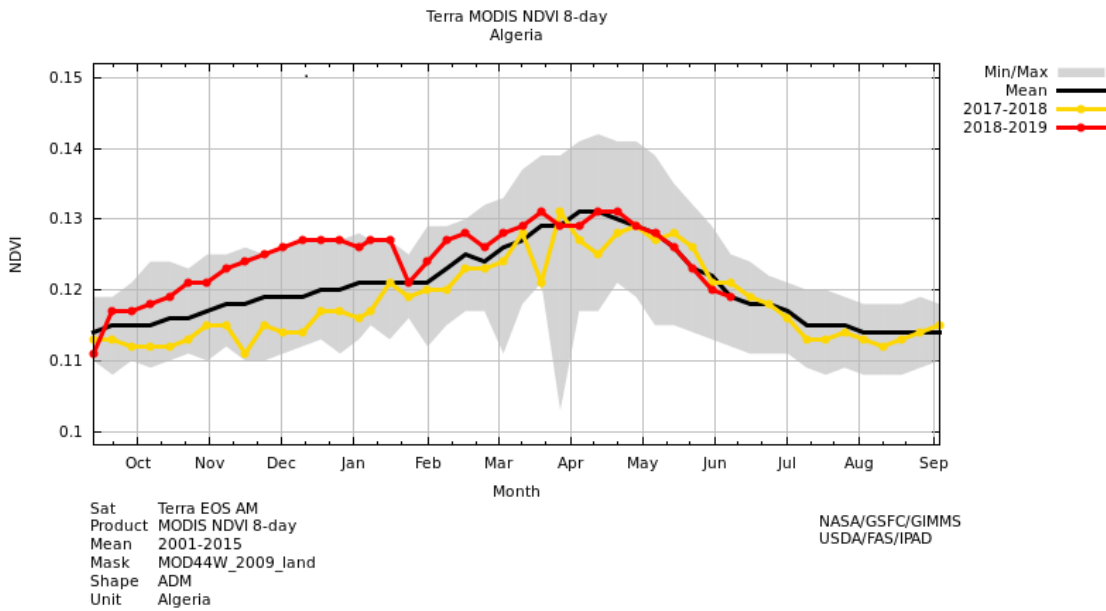
Crop conditions look good. According to the Normalized Difference Vegetation Index (NDVI) by Region, the vegetation index is normal for most of Algeria. In general, rainfall has been adequate. Most of the grain production regions benefited from good precipitation resulting in good soil moisture levels, which enabled crops to develop.

Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of June 17, 2019



Algeria's Normalized Difference Vegetation Index (NDVI) (<https://glam1.gsfc.nasa.gov/>) in the chart below shows good crop conditions with a good level of vegetation particularly during the April-May months including the grain fill period.

Figure: Algeria’s Normalized Difference Vegetation Index (NDVI) as of June 17, 2019.



Source: NASA/GSFC/GIMMS – USDA/FAS/OGA

Post maintains the wheat production forecast at 3.950 MMT and barley production at 2.0 MMT for MY2019/20. Post maintains production figures for MY2017/18 and MY2018/19.

The Ministry of Agriculture (MoA) reports that the grain harvest started. The Government of Algeria (GoA) made available all equipment and financial means to facilitate the harvest. The Minister of Agriculture forecasts the barley production to be very good this year, which will decrease imports of this product the following year. However, the MoA has not yet released forecast figures.

In addition, the Minister focused on the government’s strategy to increase the production of cereals to reduce imports and regulate the cereals sector efficiently. Cereals and milk powder imports account for more than half of the country's food imports. The Government has discontinued licensing of new mills or expansion of existing ones. The GoA commissioned an assessment of the real needs of the domestic wheat and milk market, particularly regarding the processing industry. A commission will carry out an in-depth study of the two sectors and look for ways to streamline the supply.

Trade Update

Post maintains the figures for MY2017/18 and MY2018/19 for wheat and barley imports.

Algeria's goal to reduce imports and slow import growth remains a priority and the Government of Algeria (GoA) is still implementing measures with this objective. In response to the strategy to import less durum and produce it locally by 2020, and the new emphasis on improving domestic production and controlling imports of cereals, Post forecasts wheat import will fall to 8.0 MMT in MY2019/20. Additionally, Post maintains the figures for MY2018/19 and MY2017/18. However, bread wheat will continue to dominate the majority of Algeria's wheat imports.

Algeria's barley imports are weather-driven—better weather results in higher local barley production and better pasture conditions, both of which decrease import demand. The MoA forecasts a very good crop for barley, which will decrease imports of this product next year, MoA mentioned. Thus, Post forecasts barley imports to fall to 100,000 MT.

Consumption Update

Wheat consumption will remain relatively stable with normal growth as the GoA decided not to give new agreements to new mills nor expansion to the old ones.

Barley consumption is projected to remain relatively stable, depending on pasture conditions.

Policy update

Opportunities still exist for U.S. feedstuffs exports as the Value-Added-Tax (VAT) exemption for raw materials and products destined for animal feed remains. As reported previously, through the 2018 Finance Act, the following Feed Grains were exempted from VAT:

-Barley (tariff heading 10.03), corn, (tariff heading 10.05), bran, (tariff code 23.02), starch residues and similar residues (tariff heading 23-03) including DDGs, preparations used for feeding animals (tariff heading 23-09).

Wheat, barley, corn, soybeans and soybean meal (feedstuffs) as well as DDGs, starch residues and preparations for animal feed (mentioned above) remain also unaffected by the implementation of the temporary additional safeguard duty (Droit Additionnel Provisoire de Sauvegarde or DAPs). Only processed cereals and wheat products are included in this list: cereal flour, semolina and groats (tariff code: 11.02, 11.03) and pasta (19.01, 19.02), breakfast cereals (19.04), baking and biscuit products (19.05). However, the [new ordinance](#) issued by the Ministry of Commerce on April 21, 2019 to exempt some food items from the DAPs included the following wheat products. The revision removes the 70 percent duty on the prepared wheat products destined to dietetic food for special medical use.

Categories	Previous	Tariff Code	Current
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	DAPs Rate (%)		change
-(dried) pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagna, gnocchi, ravioli, cannelloni, couscous, whether or not prepared (<u>for dietetic food destined to special medical use</u>).	70	19.02.30.10.00	excluded
-Other (cereal products obtained by blowing or roasting ("corn flakes", for example); cereals (other than maize) in grain or in the form of flakes or other worked grains except flour, groats and meal), pre-cooked or otherwise prepared, not elsewhere specified or included) (<u>for dietetic food destined to special medical use</u>).	70	19.04	excluded

As background, please note that the GoA introduced a [temporary additional safeguard duty \(DAPs\)](#) to replace the import ban established in January 2018. The list of goods subject to the temporary additional safeguard duty and the corresponding rates included 1095 items of which 658 were food and 437 industrial products in addition to their tariff codes and the corresponding DAPs rates. Food items represent 60% of the list. Most of the food items listed are processed and high value products. Feed grains are not included. This list was updated in April 21, 2019 with a [new ordinance](#) to exclude temporarily some food items from the DAPS.

The Ministry of Commerce planned periodic revisions to update the list of goods subject to the DAPs. Post will continue to monitor and report on changes to these measures.

Wheat	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1600	1600	2074	2074	2100	2074
Beginning Stocks	4413	4413	4529	4525	4804	6000
Production	2400	2400	3940	3940	4000	3950
MY Imports	8172	8172	7000	8100	7000	8000
TY Imports	8172	8172	7000	8100	7000	8000
TY Imp. from U.S.	392	594	0	119	0	119
Total Supply	14985	14985	15469	16565	15804	17950
MY Exports	6	10	15	15	15	15
TY Exports	6	10	15	15	15	15
Feed and Residual	50	50	50	50	50	50
FSI Consumption	10400	10400	10600	10500	10700	10550
Total Consumption	10450	10450	10650	10550	10750	10600
Ending Stocks	4529	4525	4804	6000	5039	7335
Total Distribution	14985	14985	15469	16565	15804	17950
Yield	1.5	1.5	1.8997	1.8997	1.9048	1.9045
(1000 HA) ,(1000 MT) ,(MT/HA)						

Barley	2017/2018		2018/2019		2019/2020	
Market Begin Year	Jul 2017		Jul 2018		Jul 2019	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	763	763	1026	1026	1025	1026
Beginning Stocks	877	877	627	517	927	817
Production	968	968	1950	1950	2050	2000
MY Imports	532	522	350	250	100	100
TY Imports	439	522	300	250	100	100
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	2377	2367	2927	2717	3077	2917
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	1400	1500	1650	1550	1700	1600
FSI Consumption	350	350	350	350	350	350
Total Consumption	1750	1850	2000	1900	2050	1950
Ending Stocks	627	517	927	817	1027	967
Total Distribution	2377	2367	2927	2717	3077	2917
Yield	1.2687	1.2687	1.9006	1.9006	2	1.9493
(1000 HA) ,(1000 MT) ,(MT/HA)						