

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Morocco

Grain and Feed Annual

Toasted Wheat?

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Report Highlights:

Post forecasts MY 2017/18 production at 4.59 MMT for common wheat, 1.66 MMT for durum wheat, and 2.05 MMT for barley, representing a strong recovery from a disastrous 2016 crop but still well short of the bountiful 2015 harvest. The season started late but enjoyed very favorable growing conditions up until the recent onset of increasing temperatures which have threatened to derail the potential upside of a very good crop. Post forecasts MY 2017/18 wheat imports at 5.1 MMT and barley imports at 250,000 MT. Finally, Post reintroduces production, supply, and distribution estimates for rice.

Table of Contents

Executive Summary.....	3
Wheat and Barley	4
Area.....	4
Production.....	5
Consumption.....	6
Wheat.....	6
Barley	7
Trade.....	7
Wheat: Imports	7
Wheat: Market Access.....	8
Wheat: Flour Exports	8
Barley: Imports.....	8
Stocks.....	9
Production, Supply, and Distribution Data Statistics	10
Rice, Milled	12
Area and Production.....	12
Consumption.....	12
Trade.....	12
Production, Supply, and Distribution Data Statistics	13

Executive Summary

Post forecasts MY 2017/18 production at 4.59 MMT for common wheat, 1.66 MMT for durum wheat, and 2.05 MMT for barley, representing a strong recovery from a disastrous 2016 crop but still well short of the bountiful 2015 harvest. The season started late but enjoyed very favorable growing conditions up until the recent onset of increasing temperatures which have threatened to derail the potential upside of a very good crop. Post forecasts wheat imports at 5.1 MMT and barley imports at 250,000 MT. Finally, Post reintroduces production, supply, and distribution estimates for rice.

Commodities

Wheat and Barley

Area

Morocco estimates its total wheat and barley planted area for MY 2017/18 at 5.1 million hectares, far surpassing early season expectations of 4.8 million hectares, including 44 percent of common wheat, 35 percent of barley, and 21 percent of durum wheat.

Table 1: Morocco – Harvested Area of Wheat and Barley (2013-2017)

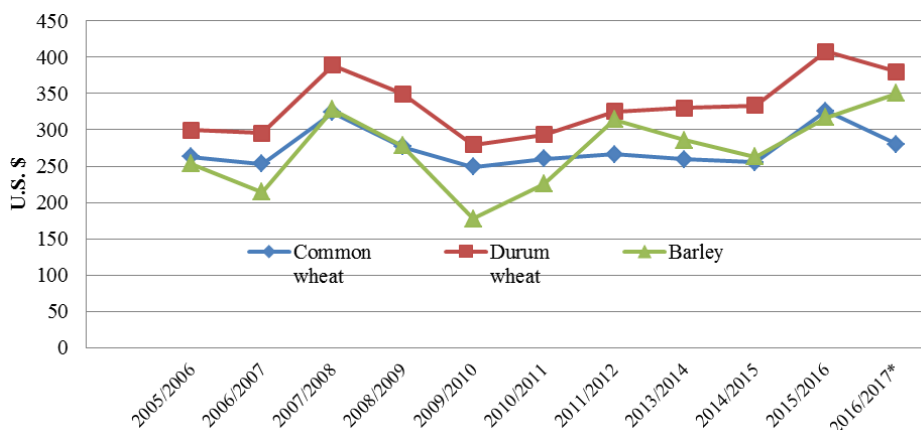
Year of Harvest	2013	2014	2015	2016	2017*	% change 2016/2017
Durum Wheat	944,897	904,755	998,880	837,819	1,073,100	22%
Common Wheat	2,259,334	2,081,403	2,309,010	1,575,819	2,248,400	30%
Total Wheat	3,204,231	2,986,158	3,307,890	2,413,638	3,321,500	27%
Barley	1,967,095	1,585,216	2,064,000	1,207,615	1,788,500	32%

Source: Ministry of Agriculture; *Forecast by FAS/Rabat

Farmer production decisions are influenced by the following Moroccan policies.

- According to the Ministry of Agriculture, 0.20 MMT of certified seed were placed on the market for the current season, of which nearly 0.17 MMT sold, of which 75 percent was common wheat, 18 percent was durum wheat, and 7 percent was barley. Seed subsidies were set at \$19/MT for durum wheat, \$18/MT for common wheat, and \$31/MT for barley, which covered 40 to 60 percent of the seed costs.
- Farmers may sell common wheat either to government licensed traders (grain merchants, cooperatives, and mills) at a preset price (\$264/MT) or in the free market. Prices of other grains (e.g., durum wheat and barley) have no guaranteed price.

Figure 1: Morocco – Average Local Prices (US\$/MT)



Source: Morocco's Ministry of Agriculture (Indicative exchange rate 3/24/2017 (1 US\$ = 9.97 dirham))

* Latest available data (March 15, 2017)

Production

Post forecasts MY 2017/18 production at 4.59 MMT for common wheat, 1.66 MMT for durum wheat, and 2.05 MMT for barley, representing a strong recovery from a disastrous 2016 crop but still well short of the bountiful 2015 harvest.

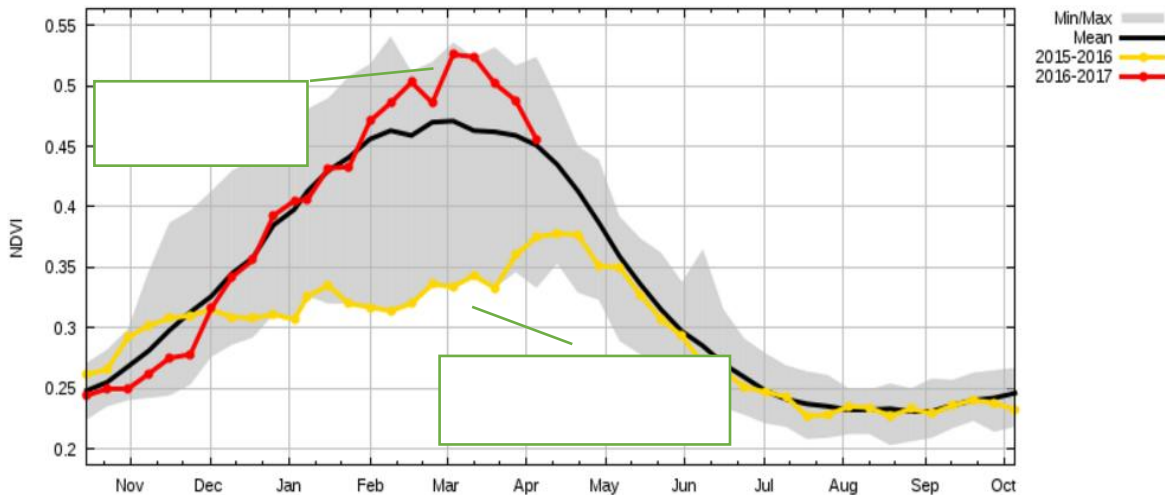
Table 2: Morocco – Wheat and Barley Production & Yield (2013-2017)

Year of Harvest	2013	2014	2015	2016	2017*	% change 2016/17
Production (MT)						
Durum Wheat	1,897,234	1,410,178	2,406,741	874,985	1,660,288	53%
Common Wheat	5,036,749	3,705,706	5,658,155	1,856,137	4,590,211	66%
Total Wheat	6,933,983	5,115,884	8,064,896	2,731,122	6,250,500	63%
Barley	2,722,622	1,638,086	3,393,781	619,918	2,050,100	70%
Yield (MT/HA)						
Durum Wheat	2.01	1.56	2.41	1.04	1.55	32%
Common Wheat	2.23	1.78	2.45	1.18	2.04	42%
Barley	1.38	1.03	1.64	0.51	1.15	55%

Source: Ministry of Agriculture; *Forecast by FAS-Rabat

Following delayed seeding in late 2016/early 2017, wheat and barley production in Morocco progressed under favorable weather conditions with sufficient rainfalls throughout most of the growing season. Cumulative rainfall registered 289 mm from October 1, 2017 to March 31, 2017, compared to 124 mm in the previous time period. However, as a result of the late seeding, a slightly behind schedule crop has already been and is likely to continue to be confronted with high temperatures during grain fill, causing growing concerns if a generally great looking crop will be able to fully deliver on its potential. The below vegetative development index helps confirm the slightly delayed crop accelerated under very good crop conditions as well as is now suffering heat stress since late March.

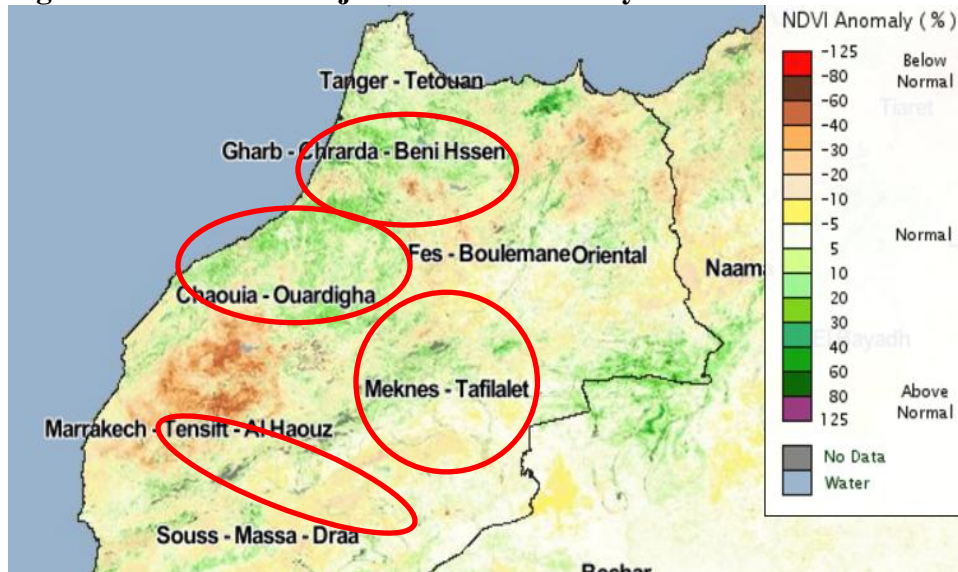
Figure 3: Morocco – Relative Crop Conditions (MODIS NDVI 8-day)



Source: USDA/FAS/IPA Division -Cropland data drilling from MODIS NDVI imagery

The main wheat and barley production areas are rainfed on the plains and plateaus of Chaouia-Ouardigha, Meknes-Tensift-Al Haouz, Gharb-Chrarda-Benihsen, Haouz, Tadla, Gharb and Sais.

Figure 4: Morocco – Major Wheat and Barley Production Areas



Source: USDA/FAS/IPA Division -Cropland data drilling from MODIS NDVI imagery

Consumption

Wheat

Post estimates Moroccan consumption of wheat for MY 2016/17 at 10.2 MMT and forecasts 10.3 MMT for MY 2017/18. Morocco’s High Commission for Planning (HCP) estimates per capita wheat consumption at 216 kg annually. According to the HCP, common wheat represents 64 percent of the total consumption with durum wheat occupying around 36 percent.

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

- Morocco’s National Inter-Professional Office for Cereals and Legumes (ONICL) attempts to control Morocco’s within a specific price range (\$260/MT-\$280/MT) through the issuance – or not – of import quotas as well as 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 order to bring local prices down.
- Morocco also subsidizes common wheat flour, known as “National Flour” in an effort to support low-income consumers. The volume of subsidized flour has been shrinking over the years and this is expected to continue. In calendar year 2017, the quota was set at 650,000 MT, down from 1 MMT in 2016. 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 \$5.08/MT. Successful bidders have 90 days to execute delivery. The flour tendered can be for either domestic or imported wheat.

Shifting consumption preferences within bread products are taking place by affluent populations in major cities. The U.S. Wheat Associates office in Casablanca continues to implement market development and promotional activities to expand U.S. wheat exports in Morocco and other North Africa markets. These activities include the support of a milling school, managed by the Moroccan Miller Federation, as well as other market development and trade servicing programs targeted at wheat buyers in the region. The main focus of efforts has been in the promotion of common wheat products and the use of high protein improver wheat, by conducting in-house milling and baking activities to reinforce the superior end-use characteristics of U.S. wheat classes, in addition to supporting key customers in the durum market.

Barley

For MY 2017/18, Post forecasts barley consumption at 2.25 MMT. Barley is consumed mostly as animal feed in Morocco with consumption rates by sheep fluctuating heavily depending on pasture conditions. Barley is also used in the feed processing sector for cattle and dairy production. The HCP estimated annual barley (food) consumption in 2016 at 950,000 MT. Barley is becoming increasingly marginal, particularly in urban areas.

Trade

Wheat: Imports

For MY 2017/18, wheat imports are forecast at 5.1 MMT, 7.8 percent lower compared to MY 2016/17. Post also expects increased competition from the European Union to displace most of the gains made by U.S. exports in 2016/17.

Post revised its earlier forecast for U.S. wheat exports for MY 2016/17 from 898,000 MT to 525,000 MT, based on industry market intelligence and trade to date.

Table 3: Morocco Wheat Import by Country (MT)

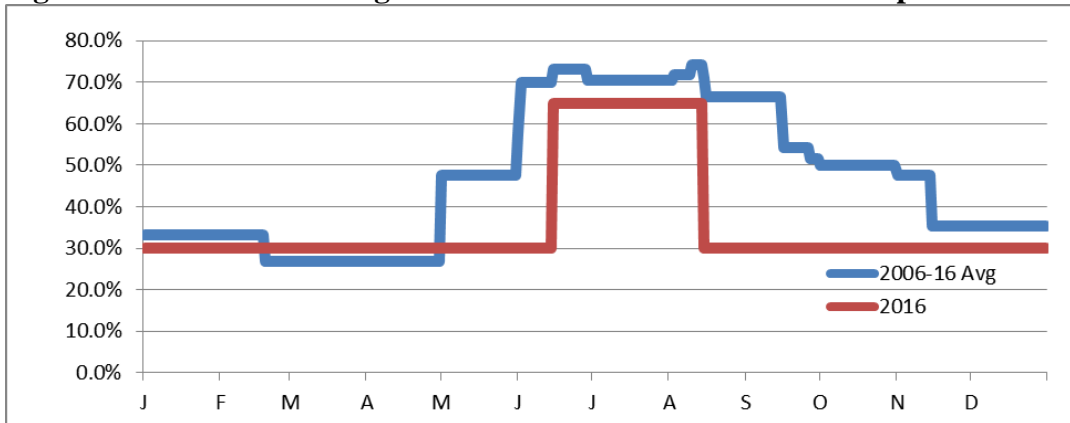
Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	Jun 15 - Jan 16	Jun 16 - Jan 17	% change
Totals	3,966,414	4,112,708	4,414,522	1,377,269	2,919,271	53%
Russia	183,719	143,012	119,183	52,530	719,345	93%
Ukraine	242,885	463,413	553,197	331,895	636,007	48%
United States	-	9,743	20,058	9,757	514,741	98%
Canada	706,932	637,611	595,301	280,139	347,285	19%
European Union	2,752,944	2,742,055	2,982,642	585,627	318,336	-84%
Argentina	-	-	144,141	30,340	27,025	-12%
Brazil	-	53,870	-	-	-	-
Uruguay	27,490	25,148	-	-	-	-

Source: Morocco office de change

Wheat: Market Access

Morocco restricts and loosens market access at varying levels throughout the year in order to provide protection to local grain producers, control prices, and manage stocks. As a result of a disastrous 2016 harvest, tariff protection for farmers was short-lived. In 2017, the current 30% MFN tariff rate is expected to jump in late May/early June 2017.

Figure 5: Morocco – Average MFN Tariff on Common Wheat Imports



Source: Government of Morocco

The United States and European Union wheat quotas are calculated inversely proportional to local production and administered by ONICL. Please refer to GAIN report [MO1619](#).

Wheat: Flour Exports

Although Morocco is a net importer of wheat, it exports limited quantities of wheat flour to neighboring African countries, resulting from Morocco's excess milling capacity and relative regional competitiveness. For MY 2017/18, Post forecasts exports increasing to 100,000 MT.

Table 4: Morocco – Wheat Flour Exports by Country (MT) (Wheat Equivalent)

Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	Jun 15- Jan 16	Jun 15- Jan 16	% change
Total	182,943	202,199	76,757	52,619	12,246	-330%
Guinea	151,561	154,183	60,185	39,965	0	
Angola	23,805	44,638	13,509	11,300	8,443	-34%
Other	7342	2,427	1,265	9,757	3,803	-157%

Source: Morocco office de change, applied converting factor: 1.368

Barley: Imports

For MY 2017/18, Post forecasts Morocco's barley imports at 250,000 MT in order to cover demand. From July 2016 to January 2017 and according to Office des Changes data, Morocco imported 339,903

MT, an increase of 49 percent, compared to the same period in the previous year. France and Ukraine supplied about 88 percent of Morocco's barley imports for the mentioned period.

Table 5: Morocco – Barley Import by Country (MT)

Partner Country	MY 2013/14	MY 2014/15	MY 2015/16	Jul 15 - Jan 16	Jul 16 - Jan 17	% change
Total	354,161	437,044	821,784	172,188	339,903	49%
France	153,321	198,716	685,956	97,636	133,060	27%
Ukraine	-	-	25,288	25,288	106,953	76%
Russia	25,814	10,577	16,390	-	36,748	100%
Argentina	133,871	162,189	21,449	7,699	21,257	64%
Spain	11,119	70	243	243	14,213	98%
Sweden	8,782	-	51,936	27,500	-	-
United States	-	27,499	13,820	13,820	-	-
Denmark	-	-	6,701	-	-	-
Other	21,252	37,992	-	-	27,670	

Source: Morocco office de change

Stocks

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. In MY2016/17, the subsidy started on June 15, 2016 and ended on December 15, 2016. In the event of a tender for subsidized flour, the storage agency benefits from the storage premium until the second 15 days following the tender results.

Table 6: Morocco – Grain Stocks as of February 28, 2017 (1,000 MT)

Commodity	Grain Merchants	Cooperatives	Millers & Processors	Port Silos	Total (non-farm)
Common Wheat	72	20	470	40	602
Durum Wheat	50	-	50	70	170
Barley	50	-	10	50	110

Source: Industry

Production, Supply, and Distribution Data Statistics

Wheat	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jun 2015		Jun 2016		Jun 2017	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	3,200	3,308	2,109	2,413	0	3,321
Beginning Stocks	4,269	4,269	6,780	6,780	0	4,736
Production	8,000	8,000	2,731	2,731	0	6,250
MY Imports	4,429	4,429	5,500	5,500	0	5,100
TY Imports	4,503	4,503	5,500	5,500	0	5,100
TY Imp. from U.S.	20	20	0	525	0	10
Total Supply	16,698	16,698	15,011	15,011	0	16,086
MY Exports	118	118	75	75	0	100
TY Exports	109	109	75	75	0	100
Feed and Residual	800	800	800	800	0	800
FSI Consumption	9,000	9,000	9,400	9,400	0	9,500
Total Consumption	9,800	9,800	10,200	10,200	0	10,300
Ending Stocks	6,780	6,780	4,736	4,736	0	5,686
Total Distribution	16,698	16,698	15,011	15,011	0	16,086

(1000 HA) ,(1000 MT)

Barley	2015/2016		2016/2017		2017/2018	
Market Begin Year	Jul 2015		Jul 2016		Jul 2017	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,600	2,064	1,135	1,208	0	1,788
Beginning Stocks	371	371	1,238	1,392	0	362
Production	3,500	3,400	1,076	620	0	2,050
MY Imports	817	821	800	800	0	250
TY Imports	958	958	900	900	0	250
TY Imp. from U.S.	0	0	0	0	0	0

Total Supply	4,688	4,592	3,114	2,812	0	2,662
MY Exports	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0
Feed and Residual	2,250	2,250	1,850	1,500	0	1,300
FSI Consumption	1,200	950	950	950	0	950
Total Consumption	3,450	3,200	2,800	2,450	0	2,250
Ending Stocks	1,238	1,392	314	362	0	412
Total Distribution	4,688	4,592	3,114	2,812	0	2,662
(1000 HA) ,(1000 MT)						

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 2017/18 to remain steady at around 8,050 hectares, while production is forecast at 40,000 MT based on the preceding five-year average yield.

Table 7: Morocco – Rice Area and Production by Year

Year	Area (Ha)	Yield (MT/Ha)	Production (MT)	
			(Rough, MT)	Milled, MT)
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*	8,050	7.07	56,914	39,840

Source: Ministry of Agriculture; *FAS/Rabat forecast

Consumption

MY 2017/18 rice consumption is forecast at 46,000 MT. 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.

Trade

For MY 2017/18, Morocco's rice imports are forecast to fall to 7,000 MT, meeting consumption demand. From 2012-2014, Morocco imported between 18,000 to 20,000 MT of rice per year; however, local traders estimate imports surpassed 25,000 MT mainly due to unofficial trade coming from Melilla and Ceuta, Spain. U.S. rice was last imported at significant levels in MY 2013/14 when the tariff paid was 40% and comprised of long grain and medium grain rice. The tariff on U.S. rice has since been eliminated.

Production, Supply, and Distribution Data Statistics

Rice, Milled	2015/2016		2016/2017		2017/2018	
Market Begin Year	Oct 2015		Oct 2016		Oct 2017	
Morocco	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	0	8	0	8	0	8
Beginning Stocks	0	0	0	0	0	0
Milled Production	0	44	0	37	0	40
Rough Production	0	68	0	57	0	62
Milling Rate (.9999)	0	6,500	0	6,500	0	6,500
MY Imports	0	3	0	11	0	7
TY Imports	0	0	0	0	0	0
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	0	47	0	48	0	47
MY Exports	0	2	0	3	0	1
TY Exports	0	0	0	0	0	0
Consumption and Residual	0	45	0	45	0	46
Ending Stocks	0	0	0	0	0	0
Total Distribution	0	47	0	48	0	47
(1000 HA) ,(1000 MT)						