

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

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Algeria

Grain and Feed Annual

2010 Grain and Feed Annual

Approved By:

Hassan F. Ahmed, U.S. Embassy, Rabat

Prepared By:

Nabila Hales, U.S. Embassy, Algiers

Report Highlights:

Algeria's grain planting for the 2009/10 season was completed under favorable conditions, with total area planted estimated at 3.3 million HA. Provided there is good weather for the remainder of the growing season, total grain production could reach last year's record of 6.12 million MT. The national office of cereals temporarily stopped importation of durum wheat because available stocks are adequate to cover domestic needs. Large barley stocks seem to be sufficient to cover domestic needs for two years, which prompted the Algerian government to contemplate exporting barley for the first time in 40 years.

Executive Summary:

The Algerian grain planting season was completed on time with sufficient rainfalls and fair weather conditions. Total area planted to cereal crops is estimated at 3.3 million HA, about 2 percent higher than the area planted in the previous year. Due to the availability of large barley stocks from the 2009 crop, farmers were encouraged to farm less barley and more wheat this year. Provided there are favorable weather conditions for the remaining of the growing season, total Algerian grain production could reach 6.12 million MT.

In 2009, Algeria's total wheat production reached 3.56 million MT, of which 2.43 million MT was durum wheat and 1.13 million MT was common wheat. This increase was mostly due to improved yields and increased area harvested, as well as to government efforts to expand grain production as part of the new agricultural strategy.

As a result of large barley stocks from last year's crop, Algeria will be self sufficient in barley this year. The Algerian government is currently exploring the possibility of exporting up to 300,000 MT of barley stocks or swapping them in for common wheat in a barter agreement with another country.

Low wheat prices in the world markets combined with reduced quantities imported led to a significant decline in Algeria's wheat import bill in 2009. In 2010, wheat imports are projected to significantly decline following the announcement of the National Office of Cereals (OAIC) to temporary halt durum wheat importation because of sufficient stocks to cover local consumption needs. The OAIC is encouraging millers and processors to procure durum stocks locally instead of relying on imports.

PRODUCTION:

Algeria's 2009/2010 grain planting season started under satisfactory conditions throughout most of the country. The planting season was completed on time with sufficient rainfalls and fair weather conditions. The total area planted to cereal crops is estimated at about a total 3.3 million HA, about 2 percent higher than the area planted in the previous year. The grain crop is reported to be developing well, with some good rainfalls in March. Should these conditions prevail in the months of April and May, total Algerian grain production could reach a level of production similar to the production record in the 2008/2009 season at 6.12 million MT.

Wheat

Area planted with wheat accounts for about 70 percent of total grain area for the 2010 crop. Due to the availability of large barley stocks from the 2009 crop, farmers were encouraged to farm less barley and more wheat this year. The government encouraged wheat planting by making seeds and fertilizers available to farmers as well as providing technical assistance to help improve production and yields. About 84 percent of the seeds used this year were selected and certified seeds. Provided there is favorable weather conditions for the remaining of the growing season, analysts project that the 2010 wheat crop could exceed the last year's production.

In 2009, Algeria's total wheat production reached 3.56 million MT, of which 2.43 million MT was durum wheat and 1.13 million MT was common wheat. This increase was mostly due to improved yields and increase in area harvested, as well as to government efforts to expand grain production as part of the new agricultural strategy. The incentives implemented by the GOA in 2008 for local wheat procurement prices and matching them with international market prices were renewed for this year and have contributed to the increased wheat planting this year (See policy section).

Barley

Area planted to barley declined in the 2009/10 season to the benefit of wheat planting, with only 980,000 HA of barley planted compared to 1,300,000 HA last year. This was due to the large crop harvested in 2009. Barley production was almost twice the size of the average level in the last five years, reported at 2.40 million tons in 2009. The large barley crop last year is expected to cover all domestic consumption needs for two years. As a result of the large ending stocks, Algeria will be self sufficient in barley this year and is currently exploring the possibilities of exporting some of its surplus. Algeria is currently the third producer of barley in Africa, behind Morocco and Ethiopia. Algeria produces on an average year about 1.2 million MT of barley annually, while Morocco produces about 2.8 MT and Ethiopia 1.3 million MT. Oat production is very marginal and reached only 147,000 tons in 2009.

CONSUMPTION:

Cereals and cereal products represent the main staple in the Algerian diet, and cereal consumption will continue to grow for years to come. According to a recent report published by the French Agency for

the Development of Enterprises (UBIFRANCE) it is estimated that Algeria is one of the world's largest consumers of cereals at about 220 kg per capita annually.

Wheat

Wheat consumption is expected to remain relatively stable with the availability of abundant stocks from the large harvest last year as well as the relatively lower prices in the world markets. The Agricultural Ministry has asked the Office of Cereals (OAIC) to temporarily stop importing durum wheat due to sufficient stocks available. The OAIC is encouraging the Algerian wheat importers and millers to buy the local wheat stocks that are currently available instead of importing. In order to control fluctuating market price, the OAIC provides wheat processors with 50 percent of their requirements at subsidized fixed prices regardless of international price levels. Many, processors, however, prefer imported wheat for its superior quality.

Barley

Feed barley consumption is expected to remain stable following a significant increase in 2008. In that year, due to drought conditions that resulted in a small harvest and poor pastures' conditions, Algeria imported about 300,000 MT all for animal feed uses. However, barley production was more than sufficient in 2009 to cover local consumption needs for two years. This has provided animal breeders with some assurance of feedstock availability in case of pasture shortages that could occur in the later part of 2010. Small quantities of the barley production are used for human consumption in Algeria.

TRADE:

In the past few years, Algeria's agricultural strategy placed special emphasis on increasing domestic food production and reducing imports. As a result, there has been some decline in Algeria's overall food and agricultural import bill in 2009 to \$5.81 billion, compared to \$7.8 billion in 2008.

Wheat

Cereal products account for an important part of Algerian food imports, representing about 40 percent of total food imports CY2009. The decline of wheat prices in world markets accompanied by reduced quantities of wheat imports last year led to a significant decline in Algeria's wheat import bill. Total wheat imports in CY 2009 are estimated at 5.6 million MT (valued at \$1.8 billion) of which durum accounted for 1.8 million MT and common (bread) wheat represented 3.8 million MT (valued at \$1.04 billion). In CY 2008, wheat imports totaled 6.3 million MT (valued at \$3.1 billion) of which durum accounted for 1.9 million MT and common (bread) wheat represented 4.3 million MT (valued at \$1.7 billion) to compensate the lack generated by a very poor crop that year.

Wheat imports are projected to significantly decline in 2010, following the OAIC's temporary halt of durum importations because of sufficient stocks from the last years' crop to cover local consumption

needs. The OAIC is encouraging millers and processors to procure durum stocks locally instead of relying on imports.

**Table 1: Algeria Total Wheat Imports by Origin
CY08 and CY09 Comparison in 1000 MT**

Origins	CY 08			CY 09		
	Durum	Common Wheat	Total wheat	Durum	Common Wheat	Total wheat
Argentina	-	422	422	-	-	-
US	-	288	288	154	-	154
France	270	2594	2864	477	3247	3724
Germany	-	441	441		210	210
Brazil	-	78	78		23	23
Great Britain	-	83	83	-	81	81
Canada	804	-	804	470	-	470
Spain	72	-	72	131	-	131
Greece	-	-		84	-	84
Italy	-	-		23	5	28
Mexico	832	-	832	499	26	525
Lithuania	-	175	175	-	77	77
Poland	-	27	27	-	47	47
Ukraine	4	102	106	-	79	79
Sweden	-	79	79	-	33	33
Russia	-	42	42	-	12	12
Others	1	37	38	10	8	18
Total	1983	4368	6351	1848	3848	5696

Source: Algerian Official Trade Data

The European Union (EU) is Algeria's major agricultural trading partner, with 44 percent of agricultural and food imports coming from EU countries. France controls the largest share of Algeria's agricultural import market. In 2009, France remained Algeria's largest supplier of common wheat and enjoyed the biggest share with 84 percent, followed by Germany with 5.6 percent and the UK and Ukraine with 2 percent each. France held the second place as the largest supplier of durum wheat to Algeria in 2009, with 26 percent behind Mexico with 27 percent. Canada ranked third supplier of durum wheat with 25 percent and U.S. shared 8 percent of the durum market as the fourth supplier.

Table: US Grain Exports to Algeria in CY2009

Products	MT	\$ Million
Durum wheat	154,217	52
Corn	118,443	24
Rice	1,759	2
Pulses	432	0.435
Total Grains	274,851	78

Source: Algerian Official Trade Data

Due to its geographic proximity to Europe and the lack of direct shipping lines between the U.S. and North Africa, U.S. exporters face stiff competition from EU suppliers. The transshipment of U.S. exports through Europe significantly increases shipping costs to Algeria and make U.S. suppliers less competitive in this market.

Some processors started a few years ago to export small quantities of processed products such as couscous, pasta, flour and semolina to Europe, Africa and Canada. CY2009 exports were hampered by a temporary decision to suspend exports of subsidized products in September 2009. Trade figures show that exports of such products stopped since August 2009.

Barley

Algerian barley imports increased sharply in CY 2008 because of pasture shortages resulting from drought conditions that year. Barley imports declined in CY 2009 and are expected to further decline and may vanish in CY 2010. Available barley stocks from last year's crop are expected to cover the domestic need for at least two years. As a result, Algeria will be self sufficient in barley this year. The Ministry of Agriculture has given OAIC the green light to explore the possibilities of exporting some of its surplus barley stocks or swap them in a barter agreement for common wheat. If this export arrangement takes place, it would be the first time in 40 years for Algeria to export barley. OAIC has indicated that the quantities of Algerian barley that could be available for exports may reach 300,000 MT.

As indicated in the table below, Algerian barley imports come from Europe and Black Sea countries, mostly in small shipments.

**Table 2: Algeria Barley Imports by Origin
CY08 and CY09 Comparison in 1000 MT**

	CY08	CY09
France	233	49
Russia	0	39
Ukraine	53	14
Spain	6	0
Others	0	3
Total	292	105

Source: Algerian Official Trade Data

Corn

Total Algerian corn imports also declined last year. U.S. origin corn dropped dramatically in favor of Argentinean for the second consecutive year. Argentina took the leading market share in 2008, replacing the U.S. that was the main corn supplier to Algeria in previous years. Trade contacts attribute the sharp decline in U.S. corn exports to Algeria not only to a lack of price competitiveness of U.S. shipments (in most of the marketing year) but also to the end-users' preference for certain qualitative aspects and specifications of Argentinean corn shipments.

**Table: Algeria Corn Imports by Origin
CY08 and CY09 Comparison in 1000 MT**

	CY08	CY09
Argentina	1229	982
US	540	118
France	113	58
Canada	84	16
Russia	0	13
Brazil	50	261
Hungary	0	15
Paraguay	27	130
Romania	38	42
Ukraine	50	344
Others	14	10
Total	2145	1989

Source: Algerian Official Trade Data

DDG's: U.S. export shipments of distilled dry grains (DDG's) started to enter the Algerian market in early 2008. This is still a new product for Algerian feed millers and importers, but due to technical assistance provided by a FAS cooperator, the USGC, to end-user, demand for DDG's started to pick up. Feeding trials are being conducted in some regions with the expectation of increased usage by poultry and livestock farmers.

Rice: Algerian rice imports declined in 2009, to 76,000 MT, and mostly originated from Vietnam and Thailand, with U.S. controlling 2 percent of that market. Most of the imports from the US were small container shipments.

**Table: Algeria Rice Imports Comparison
(CY 08 and CY 09 in MT)**

Origin	2008	2009
Vietnam	14791	45328
Thailand	52313	15616

Tajikistan	5677	3755
Pakistan	16870	5233
Japan	6	34
India	3496	229
U.S.	955	1759
Spain	116	29
China	1111	1997
Argentina	2100	250
Brazil	222	900
Singapore	124	0
Italy	3	48
Others	6	675
Total	97,790	75,853

Source: Official Algerian Trade Data

Pulses: Algeria usually imports beans, chickpeas and lentils from Canada, Argentina and Mexico. The U.S. exports in CY2009 were mostly chickpeas and common beans, and controlled about 3.5 percent of this market. Total Algerian pulses imports declined in 2009, to 175,000 MT, compared to 187,000 MT in 2008.

**Table– Algeria Pulses Imports by Origin
CY08 and CY09 Comparison in MT**

Origin	CY08	CY09
Argentina	26202	29249
Mexico	26135	24568
Canada	70389	64591
China	29523	9090
Egypt	5219	11703
Spain	3781	2953
U.S.	1848	644
France	3284	4338

Official Algerian Trade

India	10184	16739
Turkey	4746	5297
Great Britain	1802	701
Morocco	0	1947
Ethiopia	570	0
Peru	225	165
New Zealand	979	750
Netherlands	665	524
Singapore	358	0
Italy	259	573
Australia	0	509
Others	783	554
Total	186952	174895

Data

Source:

POLICY:

The price incentives encourage local wheat farmers to 2009/10. The renewal 2008, the GOA domestic wheat crop international market

encourage grain collection. The OAIC cooperatives offered to buy durum from farmers at 45000 AD (\$633) per metric ton, bread wheat at 35000 AD (\$492) per metric ton and barley at 25000 AD (\$352) per metric ton. [These prices are based on an official exchange rate of \$1=71 AD].

that have been provided by the GOA to wheat procurement were renewed for of these incentives has encouraged increase area planted. To recall, in July increased procurement prices of the from farmers to a level competitive with prices to boost wheat production and

The OAIC had temporarily stopped importation of durum imports because of the large stocks from the last years' crop which are sufficient to cover domestic consumption needs.

MARKETING:

FAS Cooperators in the region are working closely with the Algerian millers, importers, feed manufacturers, poultry and dairy cattle farmers to provide technical assistance and to promote the quality aspects of U.S. products in order to expand the U.S. share in this market. The US Wheat Associates, through their office in Casablanca, Morocco, the US Grains Council in Tunis and the American Soybean Association, through their resident consultant, are currently engaged in various market development activities in the Algerian market. These include technical workshops and seminars, trade missions and technical exchange programs in the U.S. such as the Cochran Program.

Production, Supply and Demand Data Statistics:

Barley, Algeria (quantities in 1000 MT and areas in 1000 Ha)

Barley Algeria	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	700	700	700	1,100	800	1,235		931	
Beginning Stocks	333	464	333	234	334	113		1,471	
Production	560	560	560	2,000	980	2,400		1,800	
MY Imports	391	350	350	0	120	58		0	
TY Imports	175	350	350	0	120	58		0	
TY Imp. from U.S.	0	0	0	0	20	0		0	
Total Supply	1,284	1,374	1,243	2,234	1,434	2,571		3,271	
MY Exports	0	0	0	0	0	0		300	
TY Exports	0	0	0	0	0	0		300	
Feed and Residual	900	890	980	1,200	950	950		950	
FSI Consumption	150	150	150	150	150	150		150	
Total Consumption	1,050	1,040	1,130	1,350	1,100	1,100		1,100	
Ending Stocks	234	334	113	884	334	1,471		1,871	
Total Distribution	1,284	1,374	1,243	2,234	1,434	2,571		3,271	
Yield	1.	1.	0.8	2.	1.	1.9433		1.9334	

TS=TD			0			0			0
Comments									
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Wheat, Algeria (quantities in 1000 MT and areas in 1000 Ha)

Wheat Algeria	2008			2009			2010		
	2008/2009			2009/2010			2010/2011		
	Market Year Begin: Jul 2008			Market Year Begin: Jul 2009			Market Year Begin: Jul 2010		
	USDA Official Data		New Post	USDA Official Data		New Post	USDA Official Data		Jan
			Data			Data			Data
Area Harvested	1,800	1,800	1,800	2,100	1,800	1,900		2,204	
Beginning Stocks	2,565	2,744	2,565	2,054	1,674	1,938		2,488	
Production	1,600	1,600	1,600	3,500	2,900	3,560		4,000	
MY Imports	6,359	5,600	6,311	5,300	4,800	5,600		4,500	
TY Imports	6,359	5,600	6,311	5,300	4,800	5,600		4,500	
TY Imp. from U.S.	82	120	57	0	180	154		150	
Total Supply	10,524	9,944	10,476	10,854	9,374	11,098		10,988	
MY Exports	20	20	38	25	25	10		0	
TY Exports	20	20	38	25	25	10		0	
Feed and Residual	50	50	50	50	50	50		50	
FSI Consumption	8,400	8,200	8,450	8,700	8,250	8,550		8,650	
Total Consumption	8,450	8,250	8,500	8,750	8,300	8,600		8,700	
Ending Stocks	2,054	1,674	1,938	2,079	1,049	2,488		2,288	
Total Distribution	10,524	9,944	10,476	10,854	9,374	11,098		10,988	
Yield	1.		0.8889	2.	2.	1.8737		1.8149	
TS=TD			0			0		0	
Comments									
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Comments To Post