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GAIN Report

Global Agricultural Information Network

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Algeria

Grain and Feed Annual

Annual

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Report Highlights:

The Algerian Agriculture ministry's current statements suggest a good crop for this year on rains and snow that occurred in February and despite the lack of recent rains in Western Algeria. The ministry forecasts 5.5 million MT of total grains production for 2012 up 31 percent from last year's. Meanwhile, Algeria remains one of the world's largest importers of wheat with sizeable increases in bread wheat and durum imports for 2011. However, U.S. origin wheat imports lose more ground on price.

Executive Summary:

Agriculture ministry's current statements still suggest a good crop for this year forecasting 5.5 million MT of total grain production for 2012 up 31 percent from last year's.

The crop is reported to be developing well. Algeria's grain planting season completed under favorable climatic conditions throughout the country. Government estimates indicate that 3.3 million ha of grain were planted this year. Durum continues to account for the biggest portion of the planted area followed by barley and bread wheat. Indications are that farmers are becoming more favorable to certified seeds and fertilizers.

The level of wheat supplied to mills was brought progressively to a total 70 percent of the mills capacities, for both durum and bread wheat in 2011.

Algeria remained one of the world's largest importers of wheat in 2011. Cereal products accounted for about 37 percent of total food imports bill in CY2011. Wheat imports were up by close to 42 percent to just over 7 million MT. Durum imports were up by 48 percent and bread wheat by 39 percent.

The Algerian grain agency (OAIC) has opened an invitation for bids to construct 39 grain storage silos in the country for durum, bread wheat and barley, and recently extended the deadline for submissions from March to April 2012.

In May 2011, the Ministry of Agriculture suspended the tax on private durum imports for an indefinite period because of the high world market prices.

Commodities:

Select

Production:**Plantings**

Algeria's grain planting season completed under favorable climatic conditions throughout the country and reached 3.3 million HA. The crop is reported to be developing well. Most of the grain production regions benefited from good precipitation resulting in good soil moisture levels, even if rain was heavy sometime and snow caused floods and damage in some areas in February, which helped to foster the emergence of some fungal diseases. But the extension services of the ministry acted promptly farmers to limit the damages by assuring weeding operations and preventive treatments against fungal diseases and insects that could result from such moisture. The Ministry technical institute explained that, in general, grains have strong capacity of compensation and remediation and already developed roots can survive in such period of cold, which allow crops to restore in early spring.

Agriculture ministry current statements still suggest a good crop for this year. Minister of Agriculture indicated in a press conference few days ago that the crop is expected to be good and the statistical department forecasted 5.5 million MT productions for 2012, up 31 percent from 2011 crop. Durum wheat output is expected to be very good, bread wheat good but barley would be average since some production areas did not receive significant rainfall amount in Western Algeria.

Wheat and Barley:

Government estimates indicate that 3.3 million ha of grain were planted this campaign and a reported 1.66 million quintals of seeds were used for this campaign while 1.3 million quintals of seeds were used last year. Durum continues to account for the biggest portion of the planted area followed by barley and bread wheat.

The Ministry reports that farmers are becoming more favorable to certified seeds and fertilizers. In order to improve quality and yields, GOA provided again this year certified seeds, fertilizers as well as technical assistance and access to credits for acquisition of inputs.

To recall, 2011 grain production reached 4.245 million MT down 7 percent from 2009/2010 harvest according to the Ministry of Agriculture final statement due to weather conditions that affected some areas in Western Algeria. This production was good in the Eastern region and the South but below average in the Western region due to the drought that affected this area. However, some wilaya (states) from this region achieved good yields (over 5.0 MT per hectare) despite drought through supplemental irrigation that farmers have done. Setif, Oum El Bouaghi, Souk Ahras, Guelma and Batna in the Eastern region and Bouira wilaya in the Center region, as well as Tiaret, alone accounted for almost 41 percent of the domestic production.

Consumption:

Wheat:

Wheat consumption is expected to increase relatively after wheat supplied to mills was increased. The level of wheat supplied to mills was brought progressively to 70 percent of the mills capacities, for both durum and bread wheat in 2011. Algerian mills have been operating at 50 percent of their capacities due to mandated supply restrictions by the government grain buying agency (OAIC). In January 2011, OAIC decided to increase quotas supplied to mills from 50 to 60 percent as part of new measures to control consumer level prices and added another 10 percent increase on the eve of the holy month of Ramadan, knowing that during this month, food consumption increases significantly.

Cereal products still remain the staple food for the population and account for about 75 percent of the calories consumed and consumption oscillates between approximately 180 to 200 kg per capita per year.

Barley is usually used for animal feed. Small quantities of the barley production are used for human consumption.

Feed barley consumption is expected to increase as demand increased because of the small harvest and below average barley crop collected in 2010 due to drought that affected the pastoral areas in the Western region. This necessarily generated also an increase in imports in CY2011 because of a high demand for this product. Barley stocks from the record production in 2009 provided animal breeders with feed stock availability and covered pasture shortages and local consumption needs for the last two years.

Trade:

Despite the special emphasis on increasing domestic food production and reducing imports in the new agricultural strategy, wheat imports for 2011 were up by close to 42 percent to just over 7 million MT. Algeria remained one of the world’s largest importers of wheat in 2011. Cereal products always account for an important part of Algerian food imports, representing about 37 percent of total food imports bill in CY2011.

**Table 1: Algeria Total Wheat Imports by Origin
(CY10 and CY11 Comparison in 1000 MT)**

Origins	CY 10			CY 11		
	Durum	Common Wheat	Total wheat	Durum	Common Wheat	Total wheat
Argentina		-		-	183	183
US	207	-	207	47	27	74
France	406	3852	4258	1096	4531	5627
Germany	-	67	67	-	26	26
Brazil		-		-	675	675
Great Britain	-	24	24	-	-	-
Canada	501	-	501	59	-	59
Spain	4	-	4	37	-	37

Greece	33	-	33	-	-	-
Italy	4	-	4	99	-	99
Mexico	50	-	50	513	-	513
Paraguay	-	-	-	-	26	26
Uruguay	-	-	-	-	78	78
Ukraine	-	9	9	-	3	3
Sweden	-	7	7	-	-	--
Russia	3	-	3	-		-
Others	38	27	65	-	1	2
Total	1246	3986	5232	1851	5550	7402

Source: Algerian Official Trade Data

The table above shows an increase in imports of both durum and bread wheat. Durum imports were up by 48 percent and bread wheat by 39 percent. To recall, in December 2010, the Government buying agency (OAIC) returned to the international grain market again for durum after it stopped durum imports in April 2009 citing good domestic stocks from the harvest that year, while bread wheat imports continued that year. In May 2011, the durum tax imposed on private imports in August 2010 was suspended for an indefinite period because of the high prices on the world market, which allowed private importers to return to importing durum by the second half of the year.

France remains the top wheat supplier to Algeria for the seventh consecutive year and commands the largest portion of the bread wheat (82 percent) and durum (59 percent) markets.

U.S. market share of durum fell from 17 percent in CY2010 to only 3 percent in CY2011. Some bread wheat (27,000 MT) was imported from U.S. in CY2011.

U.S. origin wheat imports have declined dramatically along with the other commodities on tight supplies and price. U.S. origin product faces stiff competition from European suppliers on price and shipping flexibility.

Corn: In line with the Ministry of Agriculture's agricultural renewal strategy, it is establishing several programs to expand herd size and productivity, expanding pasture areas, supporting heifer nurseries and importing pregnant heifers and dairy cattle, these programs would also generate an increase in most of the feed demand. Since most of the feed grains are not produced locally, imports have been increasing for the past three years.

Algeria's Corn Imports for CY2011 increased from previous years and reached 3.1 million MT but general market preferences for Argentinean origin corn still continue to impact on U.S. origin imports that are dropping dramatically for the fourth consecutive year since 2008. U.S. origin corn is losing

market share facing Argentina, Brazil, Ukraine, France and Romania, on price competitiveness and preference for Argentinean corn characteristics.

As the Algerian poultry industry and feed milling modernize, industry sources believe U.S. corn may become more competitive with other origins. Argentine corn seems to appeal mainly to small on-farm feed milling operations, which dominate the sector currently. A movement toward increased modernization in the sector is taking root. Industry sources believe this could help U.S. origin corn's prospects.

**Table: Algeria Corn Imports Comparison
(By Origin and CY in 1000 MT)**

	CY08	CY09	CY10	CY11
Argentina	1229	982	1955	1787
US	540	118	64	45
France	113	58	187	99
Canada	84	16	25	-
Russia	0	13	0	-
Brazil	50	261	282	757
Hungary	0	15	14	-
Paraguay	27	130	113	39
Romania	38	42	0	81
Ukraine	50	344	105	308
Bulgaria	-	-	-	32
others	14	10	37	5
Total	2145	1989	2782	3153

Source: Algerian Official Trade Data

Algeria has always imported corn; its culture has been neglected for many reasons including water concerns.

However, the new agricultural strategy to encourage domestic agricultural production re-launched the interest in domestic corn production for some farmers that wanted to re-introduce this crop in their regions. Some trials have been achieved and average yields ranged from 13 to 80 quintals per ha. But technical issues related mainly to crop management and irrigation still hamper the production of this feed locally.

Soybean Meals: Demand for soybean meal comes mostly from the poultry feed manufacturing sector as corn does. It usually composes the feed complex formula (Corn-Soybean meal) for poultry. As there is no crushing plant in Algeria, demand is expected to remain high and always rises with corn rise. The figures in the table below show that, imports are increasing and reached 1.1 million MT in CY2011. U.S. origin soybean meal seems to come back shyly to the Algerian market (only 17,000MT from U.S. were imported in CY2011). The Major supplier is Argentina since the last five years. U.S. origin soybean meal imports declined dramatically as corn did due to a lack of price competitiveness of U.S. shipments as well as certain qualitative aspects and specifications of Argentinean soybean.

Table: Algeria Soybean Meals Imports by Origin

(CY Comparison in 1000 MT)

	CY08	CY09	CY10	CY11
Argentina	634	702	929	1075
U.S.	50	0	0	17
Brazil	0	4	0	-
Spain	4	8	15	10
Portugal	0	2	0	-
Germany	0	0	9	14
Total	688	716	953	1116

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, but it is still a new product for Algerian feed millers and importers. Nevertheless, technical assistance provided by FAS cooperator USGC, to end-user, hope to pick up demand for DDG's even if the 30 percent duty that DDG's are subject to is discouraging end users from using this product.

Barley: After, barley stocks from the record domestic crop 2009 covered much of the 2010; Algeria has come back to imports to fulfill the shortage in CY2011. Imports are expected to continue to increase since forecasts for this year's barley crop are only average.

The table below shows that Algerian barley imports increased sharply in CY 2008 because of pasture shortages resulting from drought conditions. A good crop in 2009 reduced imports and barley stocks covered much of the domestic need for 2010. Barley imports started to decline in CY 2009 and almost vanished in CY 2010 to jump again in CY2011.

Barley is primarily imported in small shipments from Europe and Black Sea producers. Some barley was imported from U.S. in 2011 and represented 7 percent market share.

**Table: Algeria Barley Imports by Origin
(CY Comparison in 1000 MT)**

	CY08	CY09	CY10	CY11
France	233	49	7	171
Russia	0	39	-	-
Ukraine	53	14	-	-
Spain	6	0	-	-
Bulgaria	-	-	-	51
U.S.	-	-	-	26
Great Britain	-	-	-	54
Finland	-	-	-	83
Others	0	3	-	-
Total	292	105	7	385

Source: Algerian Official Trade Data

To recall, barley crop in 2010 was below average due to the drought that affected the pastoral areas in the western region. Only little barley was imported in 2010 and Algeria was relatively self sufficient in barley for the year and even exported some of barley to Tunisia for the first time in 40 years.

Pulses: Algeria imported an average of 207,365 MT of pulses per year these past four years depending on world prices, mostly from Canada, Argentina, China, India and Egypt. These pulses are mostly beans, lentils, chickpeas and beans for seeding. U.S. market share for pulses is increasing modestly. In CY2010, U.S. market share increased from 3.5 percent in 2009 to 4 percent in CY2010 and CY2011. U.S. origin pulses were mostly chickpeas, lentils, beans and some peas.

**Table– Algeria Pulses Imports by Origin
(CY Comparison in MT)**

Origin	CY08	CY09	CY10	CY11
Argentina	26202	29249	49185	52382
Mexico	26135	24568	21689	9356
Canada	70389	64591	93885	87247
China	29523	9090	1556	12054
Egypt	5219	11703	2579	15102
Spain	3781	2953	883	708
U.S.	1848	644	8055	8863
France	3284	4338	3824	2509
India	10184	16739	24845	41810
Turkey	4746	5297	3552	1543
Great Britain	1802	701	1094	1432
Morocco	0	1947	3598	989
Ethiopia	570	0	230	-
Peru	225	165	253	346
New Zealand	979	750	1638	1225
Netherlands	665	524	232	-
Singapore	358	0	0	-
Italy	259	573	812	292
Australia	0	509	1027	8478
Russia	-	-	-	387
Kirghizstan	-	-	-	2000
Ukraine	-	-	-	162
Others	783	554	842	952
Total	186952	174895	219779	247837

Source: Official Algerian Trade Data

Rice:

Algerian imports of rice are very irregular but have increased since 2006 with the exception of CY2009 where imports decreased due to high prices on the market. U.S. origin rice imports declined dramatically in CY2011 on prices. U.S. had 2 percent of the market in CY2009 and imports jumped to reach an 11 percent share in CY2010.

With the evolution of the population, Algerian consumers have introduced more rice in their food ration. Private importers take opportunities when good prices occur to buy rice in small containers from different origins but mostly from Vietnam and Thailand.

Table: Algeria Rice Imports Comparison (in MT)

Origin	CY2006	CY2007	CY2008	CY2009	CY2010	CY11
Vietnam	39,142	8215	14791	45328	36318	37428
Thailand	6,091	16297	52313	15616	31794	33968
Tajikistan	3,213	3375	5677	3755	3155	3625
Pakistan	1,125	19550	16870	5233	8502	7572
Japan	4	1	6	34	43	25
India	13,270	17841	3496	229	318	1423
U.S.	0	19	955	1759	10492	48
Spain	3399	5314	116	29	1533	1578
China	1	179	1111	1997	1616	30
Argentina		-	2100	250	0	-
Brazil		-	222	900	274	448
Singapore	875	0	124	0	250	-
Italy	3	19	3	48	6	-
Others	85	535	6	675	66	302
Total	67227	71345	97790	75853	94367	86447

Source: Official Algerian Trade Data

Stocks:

The Algerian grain Agency (OAIC) has opened an invitation for suppliers to bid on the construction of 39 ready grain storage silos in the country for durum, bread wheat and barley to increase grains storage capacities. OAIC opened in December 2011, two restricted calls for tenders to building nine reinforced concrete silos and 30 metal silos for wheat and barley storage. Interested companies are required to submit technical and financial bids in two distinct folds.

Deadline for submitting bids was initially March 20, 2012 for the reinforced concrete silos and March 27, 2012 with respect to the metal silos, however, these tenders were recently extended to April 23, and April 30, 2012, respectively.

According to newspapers reports, OAIC committed to supporting the building an additional 8.2 million

quintals of storage capacity in 2012, in addition to those already existing estimated at more than 50 million quintals currently.

Policy:

Ministry of Agriculture suspended the tax on private durum imports in May 2011 for an indefinite period because of the high prices on the world market. This tax was initially implemented through the 2010 complementary finance law (Article 23, Ordinance No 10-01 of August 26, 2010) and was applicable to all private imports of durum wheat priced lower than the regulated domestic price. This tax was implemented in an effort to reduce imports and protect domestic production.

Marketing:

The milling industry has expanded in the past several years, but continues to experience some operational difficulties. Technical assistance is highly sought in wheat blending techniques and quality control as well as equipment maintenance.

Some FAS cooperators in the wheat and feed sector are currently active in Algeria and the North African region. They maintain periodic presence in the country to conduct trade servicing activities, technical workshops and seminars, trade missions and visits.

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, work 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.

Production, Supply and Demand Data Statistics:

Wheat Algeria	2010/2011		2011/2012		2012/2013		
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	2,000	2,000	2,000	2,000			(1000 HA)
Beginning Stocks	2,332	2,332	3,093	2,748		3,073	(1000 MT)
Production	3,100	2,900	2,800	2,800			(1000 MT)
MY Imports	6,436	6,291	6,400	6,500			(1000 MT)
TY Imports	6,436	6,291	6,400	6,500			(1000 MT)
TY Imp. from U.S.	115	80	0	80			(1000 MT)
Total Supply	11,868	11,523	12,293	12,048		3,073	(1000 MT)
MY Exports	25	25	25	25			(1000 MT)

TY Exports	25	25	25	25			(1000 MT)
Feed and Residual	50	50	50	50			(1000 MT)
FSI Consumption	8,700	8,700	8,900	8,900			(1000 MT)
Total Consumption	8,750	8,750	8,950	8,950		0	(1000 MT)
Ending Stocks	3,093	2,748	3,318	3,073		3,073	(1000 MT)
Total Distribution	11,868	11,523	12,293	12,048		3,073	(1000 MT)
Yield	2.	1.45	1.	1.4		0.	(MT/HA)
TS=TD		0		0		0	
Comments							
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Barley Algeria	2010/2011		2011/2012		2012/2013		
	Market Year Begin: Jul 2010		Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	1,000	1,000	1,000	1,000			(1000 HA)
Beginning Stocks	1,258	1,258	1,337	1,317		1,567	(1000 MT)
Production	1,500	1,500	1,350	1,350			(1000 MT)
MY Imports	89	69	600	600			(1000 MT)
TY Imports	262		500				(1000 MT)
TY Imp. from U.S.	26	0	0	26			(1000 MT)
Total Supply	2,847	2,827	3,287	3,267		1,567	(1000 MT)
MY Exports	10	10	0	0			(1000 MT)
TY Exports	10	10	0	0			(1000 MT)
Feed and Residual	1,250	1,250	1,450	1,450			(1000 MT)
FSI Consumption	250	250	250	250			(1000 MT)
Total Consumption	1,500	1,500	1,700	1,700		0	(1000 MT)
Ending Stocks	1,337	1,317	1,587	1,567		1,567	(1000 MT)
Total Distribution	2,847	2,827	3,287	3,267		1,567	(1000 MT)
Yield	2.	1.5	1.	1.35		0.	(MT/HA)
TS=TD		0		0		0	
Comments							
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