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Algeria

Grain and Feed Annual

Annual

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Report Highlights:
Conditions to date are favorable with grain production expected to be similar to last year's level, assuming normal conditions for the remainder of the growing season.

Executive Summary:

Planting was completed under fairly satisfactory conditions throughout the country.
Preliminary figures indicate cereal area will be similar to last year's area or about 3.3 million hectares. According to the Technical Institute for Field Crops (ITGC), durum and barley occupy 80 percent of the cereals area planted, while 20 percent are dedicated to bread wheat and oats. Farmers are increasingly using certified seed.

According to FAO reports, January and February rainfall increased soil moisture and significantly improved grain development and prospects for a good crop.

The latest figures from ITGC indicate that MY 2012/13 grain production totaled 5.13 million metric tons (MMT), of which 58 percent durum. Efforts to increase yields are proving effective. Agricultural irrigated land is expected to increase from 1.1 million hectares to 1.6 million hectares by 2014.

OAIC plans to increase the nation's grain storage capacity by 1 million tons to 6 MMT.

CY2012 wheat imports totaled 6.29 MMT (of which 4.71 MMT was bread wheat and 1.58 MMT was durum)—a decline of about 15 percent from CY2011 imports of 7.45 MMT.

Preliminary CNIS data indicate imports thus far in CY2013 (Jan-Feb) declined to 754,449 MT (of which 652,016 MT was bread wheat and 102,433 MT was durum), compared to the 923,219 MT Algeria imported during the same period last year.

U.S. wheat exports have declined sharply along with the other commodities due to tight supplies and price. U.S. origin products face stiff competition from European suppliers on price and shipping flexibility.

Production:

Plantings

Planting was completed under fairly satisfactory conditions throughout the country. Preliminary figures indicate the area planted—3.3 million hectares, including 160,000 hectares for the production of certified seeds—was similar to last year. Farmers are increasingly using certified seed. According to OAIC, certified seeds are used on about 50 percent of planted area.

The government continues to provide economic and technical assistance and incentives in order to improve yields and quality. Assistance includes interest-free loans for seeds, irrigation, equipment, and other inputs.

According to the U.N.'s Food and Agricultural Organization (FAO), rainfall in January and February significantly improved soil moisture and grain development. FAO's current production forecast is favorable. In general, rainfall has been adequate and additional showers in northern Algeria maintained abundant soil moisture. Ministry of Agriculture bulletins show good crop development in all major production areas: early heading in the Eastern region, full to late tillering in the central and Western regions of the coastline and sub-littoral regions, and full to late tillering in the high plateaus. Given current conditions, and assuming normal conditions for the remainder of the growing season, production is expected to be similar to last year.

Wheat and Barley

Durum continues to account for the largest portion of planted area, followed by barley and bread wheat. Of a total of 8.4 million hectares of arable land, 3.3 million hectares are dedicated to cereals. According to the Technical Institute for Field Crops (ITGC), durum and barley occupy 80 percent of cereal area, while bread wheat and oats occupy the remaining 20 percent.

The latest figures from ITGC indicate that MY2012/13 grain production reached 5.13 million metric tons, of which 58 percent was durum. As previously reported , the Ministry of Agriculture (MoA) has revised its preliminary total grain production forecast from the 5.6 million metric tons (MMT) it announced in June 2012 to 5.13 MMT, due to extreme heat during July and August. Even so, the MY2012/2013 cereal crop is the second largest on record, behind the 6.12 MMT produced in MY2010/2011.

Algeria cereals production comparison (in Million MT)

Average Production (2000-2008)	Production 2009	Production 2010	Production 2011	Production 2012
2.97	6.12	4.56	4.25	5.13

Source: Ministry of Agriculture reports

Government efforts to increase yields have proven effective. Cereal yields have increased from 0.8 MT/ha in the 1980's to 1.2 MT/ha in 2000 to about 1.8 MT/ha in 2012. The OAIC reported the increase of use of certified seeds for all grains from 80,000 MT in 2008 to 141,000 MT in 2010 as well as the increased use of inputs (and especially fertilizers) is important factors in increasing yields.

Since grain production is strongly correlated with rainfall—which is erratic— the development of irrigation and water resources remains an important priority. Agricultural irrigated land is expected to increase from the current level of 1.1 million hectares to 1.6 million hectares by 2014. Some areas in the south use pivot system for supplemental irrigation.

Consumption:

Algeria is a major consumer of cereals. Wheat is the staple food and accounts for about 75 percent of the calories consumed. According to recent Ministry of Agriculture figures, per capita cereal consumption has more than doubled in the past 50 years to 285 kg per capita.

Algeria's total demand for cereals is about 8 MMT. OAIC, which both imports and buys domestic grains, is the main supplier to domestic processors. According to reports, OAIC supplies 100 percent the public sector's requirements and 60 percent of private processor requirements. On average, OAIC supplies 450,000 MT of bread wheat and 230,000 MT of durum per month.

As previously reported, in January 2011, OAIC increased quotas supplied to mills from 50 to 60 percent of capacity as part of new measures to control consumer prices. OAIC increased quotas an additional 10 percent to 70 percent on the eve of Ramadan in anticipation of consumption increases.

Barley is consumed largely for animal feed, with small quantities destined for human consumption. Consumption is projected to remain relatively stable, depending on pasture conditions.

Trade:

Cereals account for an important part of Algerian food imports, representing about 36 percent of the total food import bill in CY2012.

Wheat: Recently released preliminary data from the Algerian Customs Information and Statistics Center (CNIS) indicates CY2012 wheat imports declined about 15 percent compared to CY2011. In CY2011 Algeria imported 7.45 million metric tons (MMT) of wheat, while in CY2012 purchases declined to 6.29 MMT, of which 4.71 MMT was bread wheat and 1.58 MMT was durum. In terms of value, Algeria's expenditures for imported wheat decreased from $2.85 billion in CY2011 to about $2.11 billion in CY2012. Algeria's grain buying agency OAIC began its CY 2012 wheat buying campaign earlier than usual in expectation of increasing international grain prices.

Recent released CNIS preliminary show that wheat imports this far in CY2013 (Jan-Feb) of 754,449 MT (of which 652,016 MT was bread wheat and 102,433 MT was durum) are running about 18 percent below the 923,219 MT imported during the same period in CY 2012.

Table: Algeria Total Wheat Imports by Origin
CY12 in MT

Origins	Durum	Common Wheat	Total Wheat
France	263848	2928280	3192128
Canada	1003815	0	1003815
Argentina	0	567480	567480
U.S.A	75797	235034	310831
Uruguay	0	307065	307065
Mexico	188863	0	188863
Brazil	0	130709	130709
Leetonia	0	107307	107307
Great Britain	0	107081	107081
Germany	0	101311	101311
Poland	0	84000	84000
Others	47434	147668	195102
TOTAL	**1579757**	**4715935**	**6295692**

Source: Algerian Official Trade Data

Major CY 2012 wheat suppliers to Algeria were France (51 percent), Canada (16 percent), Argentina (9 percent), and the United States (5 percent), followed by Uruguay, and Mexico. France is the major bread wheat supplier (62 percent), followed by Argentina (12 percent), Uruguay (6.5 percent), and the United States (5 percent). Canada is the leading durum supplier (64 percent), followed by France (17 percent), Mexico (12 percent), and the United States (5 percent).

Algeria's Imports of Wheat Seven -Years comparison
(In CY and 1000 MT)

	ALL ORIGINS			US ORIGIN		
	Durum	Bread Wheat	Total	Durum	Bread Wheat	Total
CY2012	1580	4716	6296	76	235	311
CY2011	1852	5550	7402	47	27	74
CY 2010	1246	3986	5232	207	0	207
CY 2009	1849	3847	5696	154	0	154
CY2008	1982	4369	6351	0	288	288
CY2007	1335	3297	4632	71	414	485
CY2006	2077	2745	4822	331	11	342

Source: Algerian Official Trade Data

U.S. origin wheat imports have declined sharply along with the other U.S. commodities due to tight supplies and price. U.S. origin products face stiff competition from European suppliers on price and shipping flexibility.

Corn: Although total corn imports increased due to increased demand from the dairy and beef sectors, U.S. exports continued to decline in competition with Argentina, which has been the leading corn supplier since 2008. Trade contacts attribute the sharp decline in U.S. corn exports to Algeria to price, competition from Black Sea suppliers, and Algeria's preference for certain qualitative aspects and specifications of Argentine corn.

Table: Algeria Corn Imports by Origin
Comparison in 1000 MT

	CY08	CY09	CY10	CY11	CY12
Argentina	1229	982	**1955**	**1787**	**2411**
Ukraine	50	344	105	308	215
Brazil	50	261	282	757	206
Paraguay	27	130	113	39	48
Yugoslavia	0	0	0	0	46
Hungary	0	15	14	0	37
Romania	38	42	0	81	28
Uruguay	0	0	0	0	25
France	113	58	187	99	5
US	540	118	64	45	0
Canada	84	16	25	0	0
Others	14	23	37	37	20
Total	**2145**	**1989**	**2782**	**3153**	**3041**

Source: Algerian Official Trade Data

Barley: CY 2012 barley imports increased following an average crop. Imports have fluctuated over the past several years. As indicated below, European and Black Sea countries are the main suppliers and export mostly in small shipments.

Table: Algeria Barley Imports by Origin
Comparison in 1000 MT

	CY08	CY09	CY10	CY11	CY12
Argentina	0	0	0	0	128
Russia	0	39	0	0	87
France	233	49	7	171	63
Ukraine	53	14	0	0	51
Germany	0	0	0	0	49
Denmark	0	0	0	0	24
U.S.	0	0	0	26	0
Others	6	3	0	188	0
Total	**292**	**105**	**7**	**385**	**402**

Source: Algerian Official Trade Data

Soybean Meal: Demand for soybean meal is mainly for poultry feed. As a result of the recent suspension of import duties and value-added taxes (VAT) on animal feed inputs and co-products, including soybean meal (see policy section), demand is expected to remain high. The figures in the table below show that total imports are increasing and reached 1.1 MMT in CY2011.

Argentina is the major soybean meal supplier. U.S. soybean meal imports declined sharply— similar to corn—due to a lack of price competitiveness and Algeria's preference for certain Argentine qualitative aspects and specifications.

Table: Algeria Soybean Meals Imports by Origin
Comparison in 1000 MT

	CY08	CY09	CY10	CY11	CY12
Argentina	634	702	929	1075	836
U.S.	50	0	0	17	17
Brazil	0	4	0	0	0
Spain	4	8	15	10	8
Portugal	0	2	0	0	0
Germany	0	0	9	14	0
Total	**688**	**716**	**953**	**1116**	**861**

Source: Algerian Official Trade Data

DDG's: Even though Algeria began importing dried distillers grains (DDGs) in 2008, it is still a new product for the market. Given increasing demand for protein meal and the suspension of duties and taxes, DDGs represent an important opportunity for U.S. suppliers, especially if they are willing to provide technical information and assistance and other trade servicing activities.

Rice: Algeria's rice imports are very irregular but have increased with changing dietary habits. Private importers buy small containers when prices appear competitive, mainly from India, Vietnam, Pakistan, and the United States. U.S. supplies have been erratic. In MY 2002, Algeria purchased 28,000 MT of U.S. rice, using GSM-102, under GSM-102 but have not approached that level since.

Table: Algeria Rice Imports
Five Years Comparison (In MT)

Origin	CY2007	CY2008	CY2009	CY2010	CY2011	CY12
India	17841	3496	229	318	1423	46552
Vietnam	8215	14791	45328	36318	37428	45775
Pakistan	19550	16870	5233	8502	7572	4464
U.S.	19	955	1759	10492	48	4192
Thailand	16297	52313	15616	31794	33968	2817
Spain	5314	116	29	1533	1578	2278
Uruguay	-	-	-	-	-	2016
Brazil	-	222	900	274	448	200
Tajikistan	3375	5677	3755	3155	3625	101
China	179	1111	1997	1616	30	19
Others	555	2239	1007	365	327	252
Total	**71345**	**97790**	**75853**	**94367**	**86447**	**108666**

Source: Official Algerian Trade Data

Pulses: Algeria imports an average of 200,000 MT of pulses annually, mainly from Canada, Mexico, Argentina, and India. The pulses consist mainly of beans, lentils, chickpeas, and beans for seeding. Algeria represents another opportunity for U.S suppliers. U.S. pulse exports have trended upward for the past several years with plenty of potential for future growth. U.S. pulse exports consist mainly of chickpeas, lentils, beans, and peas.

Table– Algeria Pulses Imports by Origin
Comparison in MT

Origin	CY08	CY09	CY10	CY11	CY12
Canada	70389	64591	93885	87247	50667
Mexico	26135	24568	21689	9356	48916
Argentina	26202	29249	49185	52382	46865
India	10184	16739	24845	41810	7256
Egypt	5219	11703	2579	15102	6286
U.S.	1848	644	8055	8863	4747
France	3284	4338	3824	2509	2100
New Zealand	979	750	1638	1225	1833
Turkey	4746	5297	3552	1543	1748
Russia	-	-	-	387	1131
Australia	0	509	1027	8478	1079
China	29523	9090	1556	12054	1004
Others	8443	7417	7944	6881	2853

Total	**186952**	**174895**	**219779**	**247837**	**176485**

Source: Official Algerian Trade Data

Stocks:

Although domestic production is increasing, storage capacity is not, leading to concerns about the ability to store large volumes. Algeria has not invested in storage capacities since 1988. Consequently, last year OAIC announced plans to increase the nation's grain storage capacity by 1 MMT to 6 MMT.

Policy:

Wheat production is a priority and the government continues to pursue production policies and program that support import substitution for wheat.

In response to increasing international grain prices, the GoA suspended import duties and VAT on animal feed inputs and co-products, including corn, dried distiller's grains with solubles (DDGS), and corn gluten feed (CGF) as well as soybean meal. The GoA took this action to curb inflation by moderating expected increases the price of animal products, particularly meat and poultry. Previously, the import duty and VAT for corn was 5 percent and 7 percent and for DDGS and CGF it was 30 percent and 17 percent respectively. As a result, it is expected that imports of U.S. feed grain and DDGS could increase. This suspension comes into force from September 1, 2012 through August 1, 2013, and could be extended, depending on results.

Marketing:

FAS Cooperators in the region are working with the Algerian millers, importers, feed manufacturers, poultry and dairy cattle farmers to provide technical assistance to promote the quality and reliability of U.S. commodities 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, are currently engaged in various market development activities in the Algerian market. These activities, which include technical workshops and seminars, trade missions and technical exchange programs in the United States, need to be more effective in order to open the Algerian market to the benefits of increased trade with the United States.

Production, Supply and Demand Data Statistics:

Wheat Algeria	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	2,000	2,000	2,000	2,000		2,000

Beginning Stocks	2,893	2,893	3,068	3,302		3,888
Production	2,800	2,800	3,400	3,400		3,400
MY Imports	6,350	6,584	5,200	6,247		6,000
TY Imports	6,350	6,584	5,200	6,247		6,000
TY Imp. from U.S.	250	199	0	316		300
Total Supply	12,043	12,277	11,668	12,949		13,288
MY Exports	25	25	25	11		25
TY Exports	25	25	25	11		25
Feed and Residual	50	50	50	50		50
FSI Consumption	8,900	8,900	9,000	9,000		9,000
Total Consumption	8,950	8,950	9,050	9,050		9,050
Ending Stocks	3,068	3,302	2,593	3,888		4,213
Total Distribution	12,043	12,277	11,668	12,949		13,288
Yield	1.	1.4	2.	1.7		1.7

Barley Algeria	2011/2012		2012/2013		2013/2014	
	Market Year Begin: Jul 2011		Market Year Begin: Jul 2012		Market Year Begin: Jul 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,000	1,000	1,000	1,000		1,000
Beginning Stocks	1,336	1,336	1,660	1,660		1,712
Production	1,350	1,350	1,700	1,500		1,500
MY Imports	674	674	100	102		100
TY Imports	500	385	100	400		400
TY Imp. from U.S.	0	26	0	0		0
Total Supply	3,360	3,360	3,460	3,262		3,312
MY Exports	0	0	0	0		0
TY Exports	0	0	0	0		0
Feed and Residual	1,450	1,450	1,550	1,550		1,550
FSI Consumption	250	250	250	0		250
Total Consumption	1,700	1,700	1,800	1,550		1,800
Ending Stocks	1,660	1,660	1,660	1,712		1,512
Total Distribution	3,360	3,360	3,460	3,262		3,312
Yield	1.	1.35	2.	1.5		1.5