

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Algeria

### Grain and Feed Annual

#### Annual

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**Report Highlights:**

Provided good climatic conditions continue, 2011 is expected to produce another strong overall Algerian grain crop. Durum imports for 2011 are projected to increase somewhat over 2010 as OAIC has returned to the international grain market. However, the tax on private durum imports still remains. U.S. corn and soybean meal exports to Algeria have declined sharply on price competitiveness with alternative suppliers.

## **Executive Summary:**

Grain plantings were completed under fairly satisfactory climatic conditions throughout the country. Rainfall was generally adequate since the beginning of the growing season, allowing satisfactory crop development in major production areas. Ministry of agriculture expects a good 2011 grains year particularly for durum and barley as durum continue to account for the biggest portion of the planted area, followed by barley and bread wheat.

Grain production fell to 4.56 million metric tons in 2010 from 6.1 million tons in the previous year. However, it was still higher than the 10 year average.

Despite good prospects for the 2011 coming crop, Algeria continues to import wheat, particularly bread wheat as it plants less bread wheat than it does durum.

Durum imports in CY 2010 declined from CY2009 due to the Algerian Grains agency's (OAIC)'s temporary halt of durum importations. OAIC stopped durum imports in April 2009 citing good domestic stocks from the harvest that year. However, private importers continued to buy durum until the government imposed a tax on private durum imports in August 2010 to encourage local millers to buy locally instead of going abroad.

Durum imports are projected to increase in 2011 as the OAIC has returned to the international grain market.

To cope with rising food prices, GOA announced several new measures to control consumer level prices for staple foods. For wheat, the ongoing subsidy of wheat supplied to mills remains unchanged. However, the OAIC did increase the quota of bread wheat supplied to mills from 50 percent to 60 percent of milling capacity starting on January 9, 2011.

## **Commodities:**

Select

## **Production:**

### **Plantings**

According to the Ministry of Agriculture and FAO reports, the climatic and technical conditions for 2011 grains campaign suggest a good crop this year. Grain plantings completed under fairly satisfactory climatic conditions throughout the country. Rainfall has been generally adequate since the beginning of

the growing season, allowing satisfactory crop development in major production areas. In addition, the Ministry of Agriculture made available, this year again, certified seeds and fertilizer to farmers to encourage grain cultivation. The GOA also provided technical and economic assistance facilitating access to credit for acquisition of inputs to help improve yields and quality.

## **Wheat and Barley**

Ministry of agriculture expects a good year particularly for durum and barley as durum continue to account for the biggest portion of the planted area, followed by barley and bread wheat. Approximately, 2.6 million hectares similar to previous year were sown in wheat and barley by the end of December and a reported 1.3 million quintals of seeds were used for this campaign.

Grain production fell to 4.56 million metric tons in 2010 from 6.1 million tons in the previous year. However, the 2010 figure is still higher than the 10-year average, according to ministry of agriculture reports. Wheat output was comparable to 2009 levels but poor climatic conditions in some barley growing regions, in addition to the decrease in barley planting area pulled down the 2010 grain crop. The price incentives renewed by the GOA for 2010 to local wheat producers encouraged the producers to grow more wheat and less barley. As a reminder, Algeria's 2009 total grains production reached 6.122 million tons. Wheat production was estimated at 3.56 million tons, 2.43 million tons durum, and 1.139 million tons of common wheat. Barley production doubled from 2008 to 2009, reaching 2.41 million tons.

## **Consumption:**

**Wheat:** Wheat consumption is expected to remain relatively stable. Cereal products still remain the staple food for the population and account for about 75 percent of the calories consumed and consumption oscillate approximately between 180 to 200 kg per capita per year. With the number of private mills increasing drastically in the last 10 years, industry analysts estimate the total milling capacity to be twice the total Algerian need. Almost none of the Algerian mills have been operating at full capacity for various reasons, including inefficient management and mandated supply restrictions by the government grain buying agency (OAIC).

GOA announced several new measures to control consumer level prices for staple food to cope with rising food prices and recent unrest (See policy section).

For wheat, the government simply restated that the ongoing subsidies for wheat supplied to mills will remain unchanged. However, OAIC did announce as part of these new measures, that they would increase the bread wheat quota supplied to mills from 50 percent to 60 percent of their milling capacity starting on January 9, 2011.

**Barley:** Barley is mainly used for animal feed, although rural populations also consume it as food. Barley consumption is projected to remain relatively stable unless improved pasture conditions are available, this may slightly decrease the feed consumption.

**Trade:**

**Wheat:** Despite good predictions for the 2011 coming crop, Algeria continues to import wheat particularly bread wheat as it plants less bread wheat than durum.

Algeria’s total wheat imports in CY2010 were estimated at 5.2 million MT (valued at \$1.2 billion) of which durum represented 1.24 million MT and common (bread) wheat represented 3.98 million MT (valued at \$913 million). In 2009, wheat imports totaled 5.7 million MT (valued at \$1.8 billion) of which durum represented 1.8 million MT and common (bread) wheat represented 3.8 million MT (valued at \$1.03 billion). Durum imports in CY 2010 declined compared to CY2009 due to OAIC’s temporary halt of durum importations. OAIC stopped durum imports in April 2009 citing good domestic stocks from the harvest that year. However, private importers continued to buy durum until the government imposed a tax on private durum imports to encourage local millers to buy locally instead of going abroad (see policy section). News releases reported in December 2010, that OAIC returned to the international grain market for durum which suggests increased imports for 2011.

Looking at the past three years, imports of wheat are decreasing, in part due to the new Algerian agricultural strategy to improve domestic production and reduce imports. In 2008, wheat imports totaled 6.3 million MT (valued at \$ 3.1 billion) of which durum represented 1.9 million MT (\$1.3 billion) and common (bread) wheat represented 4.3 million MT (valued at \$1.7 billion).

**Table 1: Algeria Total Wheat Imports by Origin  
CY09 and CY10 Comparison in 1000 MT**

Origins	CY 09			CY 10		
	Durum	Common Wheat	Total wheat	Durum	Common Wheat	Total wheat
Argentina	-	-	-		-	
US	154	-	154	207	-	207
France	477	3247	3724	406	3852	4258
Germany		210	210	-	67	67
Brazil		23	23		-	
Great Britain	-	81	81	-	24	24
Canada	470	-	470	501	-	501
Spain	131	-	131	4	-	4
Greece	84	-	84	33	-	33
Italy	23	5	28	4	-	4

Mexico	499	26	525	50	-	50
Lithuania	-	77	77		-	
Poland	-	47	47		-	
Ukraine	-	79	79	-	9	9
Sweden	-	33	33	-	7	7
Russia	-	12	12	3	-	3
Others	10	8	18	38	27	65
<b>Total</b>	<b>1848</b>	<b>3848</b>	<b>5696</b>	<b>1246</b>	<b>3986</b>	<b>5232</b>

Source: Algerian Official Trade Data

The European Union is Algeria's major agricultural trading partner, with 43.5 percent of agricultural and food imports coming from EU countries. France controls the largest share of Algeria's agricultural import market. In 2010, France remained Algeria's top wheat supplier with 81 percent market share.

France is the first supplier for bread wheat (97 percent of total bread wheat) and second for durum (32 percent of total durum) behind Canada. The U.S is the third largest supplier for durum.

U.S. suppliers remain less competitive in this market due to 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.

**Corn:** U.S. origin corn dropped dramatically in favor of Argentinean for the third consecutive year. Argentina took the lead 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 but also to the end-users' preference for certain qualitative aspects and specifications of Argentinean corn shipments.

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

Origin	CY 08	CY09	CY10
Argentina	1229	982	<b>1955</b>
US	540	118	64
France	113	58	<b>187</b>
Canada	84	16	25
Russia	0	13	0
Brazil	50	261	282
Hungary	0	15	14
Paraguay	27	130	113
Romania	38	42	0
Ukraine	50	344	105
others	14	10	37

<b>Total</b>	<b>2145</b>	<b>1989</b>	<b>2782</b>
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Source: Algerian Official Trade Data

**Soybean meals:** Demand for soybean meal comes mostly from the poultry feed manufacturing sector. As there is no crushing plant in Algeria, demand is expected to remain high. 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 quality. Algeria has not imported soybean meal from U.S. for two years.

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

	<b>CY08</b>	<b>CY09</b>	<b>CY10</b>
Argentina	634	702	929
U.S.	50	0	0
Brazil	0	4	0
Spain	4	8	15
Portugal	0	2	0
Germany	0	0	9
<b>Total</b>	<b>688</b>	<b>716</b>	<b>953</b>

Source: Algerian Official Trade Data

**DDG's:** This is still a new product for Algerian feed millers and importers. Technical assistance provided by FAS cooperator USGC, to end-user, will pick up demand for DDG's. U.S. export shipments of distilled dry grains (DDG's) started to enter the Algerian market in early 2008. Feeding trials were conducted in some regions with the expectation of increased usage by poultry and livestock farmers. However, the 30 percent duty that DDG's are subject to is discouraging end users from using this product.

**Barley:** 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. 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.

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

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

<b>Origin</b>	<b>CY08</b>	<b>CY09</b>	<b>CY10</b>
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France	233	49	7
Russia	0	39	-
Ukraine	53	14	-
Spain	6	0	-
Others	0	3	-
<b>Total</b>	<b>292</b>	<b>105</b>	<b>7</b>

Source: Algerian Official Trade Data

**Pulses:** Algeria imported an average of 193,000 MT of pulses per year these past three years depending on world prices, mostly from Canada, China, Mexico, Argentina, and Turkey. These pulses are mostly beans, lentils, chickpeas and beans for seeding. U.S. market share for pulses represented only 2 percent in CY 2007 (3,700 MT) but is increasing. In CY2010, U.S. market share increased from 3.5 percent in 2009 to 4 percent in CY2010 and exports reached 8055 MT in this same year. U.S. origin pulses were mostly chickpeas, lentils, beans and some peas.

**Table– Algeria Pulses Imports by Origin in MT**

<b>Origin</b>	<b>CY08</b>	<b>CY09</b>	<b>CY10</b>
Argentina	26202	29249	49185
Mexico	26135	24568	21689
Canada	70389	64591	93885
China	29523	9090	1556
Egypt	5219	11703	2579
Spain	3781	2953	883
U.S.	1848	644	8055
France	3284	4338	3824
India	10184	16739	24845
Turkey	4746	5297	3552
Great Britain	1802	701	1094
Morocco	0	1947	3598
Ethiopia	570	0	230
Peru	225	165	253
New Zealand	979	750	1638
Netherlands	665	524	232
Singapore	358	0	0
Italy	259	573	812
Australia	0	509	1027
Others	783	554	842
<b>Total</b>	<b>186952</b>	<b>174895</b>	<b>219779</b>

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. 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.

U.S. origin rice seems to be recovering in the market. U.S. controlled 2 percent of the market in CY2009 and imports jumped to reach 11 percent share in CY2010. Algeria imported 28,000 MT of rice from U.S. exceptionally, in MY2002, with competitive prices under GSM-102, and then dropped to 19 MT in CY 2007.

**Table: Algeria Rice Imports Comparison (in MT)**

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

Source: Official Algerian Trade Data

### **Policy:**

To cope with rising food prices and address civil unrest in early January, GOA announced several new measures to control consumer level prices for staple foods. For wheat, the government simply restated that the ongoing subsidies for wheat supplied to mills would remain unchanged. OAIC subsidizes the price for durum and bread wheat to millers. They resell bread wheat to millers at 1285 A.D (\$17.7) per quintal and durum at 2280 A.D (\$31.41) per quintal, (Exchange rate \$1=72.574 A.D). The differential between the import price and the sale price to millers is supported by the government. GOA also

continues to put a ceiling on retail bread and bread flour prices (Decree of April 1996) and semolina (2008).

The government grain buying agency (OAIC) did announce also as part of these new measures, that they would increase the bread wheat quota supplied to mills from 50 percent to 60 percent of their milling capacity starting on January 9, 2011.

Algeria implemented a new tax on private imports of durum wheat through the 2010 complementary finance law (Article 23, Ordinance No 10-01 of August 26, 2010) in an effort to reduce imports, protect domestic production and align all imported cereals products to the domestic production market. GOA wanted to encourage local millers to buy locally instead of going abroad. This tax is applicable to all durum private imports with prices lower than the regulated price. This tax will not be applicable if the importation price is equal to or above the regulated price and will not apply to the Grain Agency's durum imports. No official guidance and application texts are published yet.

**Marketing:**

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. These Cooperators 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

**Production, Supply and Demand Data Statistics:**

Wheat Algeria	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Jul 2009		Market Year Begin: Jul 2010		Market Year Begin: Jul 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested	1,900	1,900	2,000	2,000		2,000
Beginning Stocks	2,174	2,174	2,326	2,525		2,175
Production	3,560	3,560	3,100	3,100		3,100

(1000 HA)  
(1000 MT)  
(1000 MT)  
(1000 MT)

MY Imports	5,167	5,366	5,300	5,300		5,300	(1000 MT)
TY Imports	5,167	5,356	5,300	5,300		5,300	(1000 MT)
TY Imp. from U.S.	194	250	0	200		200	(1000 MT)
Total Supply	10,901	11,100	10,726	10,925		10,575	(1000 MT)
MY Exports	25	25	25	0		25	(1000 MT)
TY Exports	25	0	25	0		25	(1000 MT)
Feed and Residual	50	50	50	50		50	(1000 MT)
FSI Consumption	8,500	8,500	8,700	8,700		8,700	(1000 MT)
Total Consumption	8,550	8,550	8,750	8,750		8,750	(1000 MT)
Ending Stocks	2,326	2,525	1,951	2,175		1,800	(1000 MT)
Total Distribution	10,901	11,100	10,726	10,925		10,575	(1000 MT)
Yield	2.	1.8737	2.	1.55		1.55	(MT/HA)
TS=TD		0		0		0	
Comments							
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<b>Barley Algeria</b>	<b>2009/2010</b>	<b>2010/2011</b>	<b>2011/2012</b>
	Market Year Begin: Jul 2009	Market Year Begin: Jul 2010	Market Year Begin: Jul 2011

	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post	
Area Harvested	1,235	1,235	1,000	1,000		1,000	(1000 HA)
Beginning Stocks	184	184	1,258	1,163		1,203	(1000 MT)
Production	2,400	2,400	1,500	1,500		1,500	(1000 MT)
MY Imports	24	29	0	0		20	(1000 MT)
TY Imports	6	0	0	0		0	(1000 MT)
TY Imp. from U.S.	0	0	0	0		0	(1000 MT)
Total Supply	2,608	2,613	2,758	2,663		2,732	(1000 MT)
MY Exports	0	0	50	10		0	(1000 MT)
TY Exports	0	0	50	10		0	(1000 MT)
Feed and Residual	1,100	1,200	1,200	1,200		1,200	(1000 MT)
FSI Consumption	250	250	250	250		250	(1000 MT)
Total Consumption	1,350	1,450	1,450	1,450		1,450	(1000 MT)
Ending Stocks	1,258	1,163	1,258	1,203		1273	(1000 MT)
Total Distribution	2,608	2,613	2,758	2,663		2,732	(1000 MT)
Yield	2.	1.9433	2.	1.5		1.5	(MT/HA)
TS=TD		0		0		0	
Comments							
AGR Number							

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