Required Report - public distribution

Date: 11/3/2011

GAIN Report Number: MO1113

Morocco

Grain and Feed Update

2011

Approved By:

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

Prepared By:

Idriss El Honsali, U.S. Embassy, Rabat

Report Highlights:

The 2011/12 grain planting season in Morocco had a late start, with the first significant rainfalls arriving the week of October 24. Despite the delay of planting, agricultural experts remain hopeful for a good grain harvest. The official estimates for the 2010/2011 grain production were revised slightly down, with soft wheat production at 4.17 million MT, durum wheat at 1.85 million MT and barley at 2.34 million MT. The Moroccan government reached an agreement with the Bakeries Association to keep prices of subsidized bread unchanged and avoided a potential PR crisis before upcoming parliamentary elections. Tenders to import wheat in October under the TRQs of the FTAs with the U.S. and the EU were unsuccessful, due to importers' expectation that the government would suspend wheat import duties that took place on November 15.

Production

The 2011/12 grain planting season in Morocco had a late start, with the first significant rainfalls arriving the week of October 24. Cumulative rainfalls during September- mid October period were 74 percent lower than their normal levels, and down 89 percent compared to the same time period last year. Heavy rainfall resumed in most of the grain production areas, in the Gharb, Doukkala and Saiss regions, through the first week of November. Despite the late start, Moroccan agricultural officials remain optimistic that the grain crop this season would be good, since many of the wheat farmers still have the opportunity to finish sowing their fields until the end of November. The Moroccan government has been encouraging farmers to use certified seeds by providing price support for seed planting. The government subsidizes about 40-60 percent of the costs of using certified seeds, with the subsidy amount increased this year by about 6 percent compared to last year. Currently, the area planted with certified seeds covers about 20 percent of the total grain crop.

Official estimates for Morocco's grain crop production in the 2010/2011 season were revised slightly down, with soft wheat production at 4.17 million MT, durum wheat at 1.85 million MT and barley production at 2.34 million MT. The table below shows the breakdown of Morocco's grain production in the last three years.

Production of Wheat and Barley (1,000 MT)

Harvest Year	Durum Wheat	Soft Wheat	Total. Wheat	Barley	Total Production
2009 (actual)	2,100	4,300	6,400	3,800	10,200
2010 (actual)	1,640	3,247	4,887	2,570	7,457
2011 (actual)	1,850	4,170	6,020	2,340	8,360

Source: Moroccan Ministry of Agriculture

PS&D tables have been revised to reflect Post's assessment of the production and utilization number as well as trade projection for wheat and barley.

Consumption:

Common (soft) wheat is a politically and socially sensitive commodity in Morocco. The government devised a mechanism by which bread wheat prices have been successfully maintained at low levels and the government treasury has supported the difference in the costs. In recent months, the Moroccan Bakery Association has threatened to increase the price of subsidized bread from 1.20 MD to 1.40 MD per loaf, citing rising production cost and energy prices. Through an agreement reached with the government to obtain electricity at preferential rates and receive wheat flour at the subsidized rate of 3500 MD/MT, the bakeries agreed to hold bread prices unchanged and the Moroccan government avoided a potential PR crisis of having bread prices rise before an upcoming parliamentary election campaign.

A significant part of the 2010/2011 wheat crop has been damaged (germinating kernels) due to heavy rains and excessive moisture during harvest time. Though the government has not issued an estimate of the wheat quality damage, it has increased germination threshold percentage in the wheat it buys from farmers. Much of the sub-quality wheat that will not be suitable for flour milling, reportedly 10-15 percent, has to be utilized in animal feed.

Post's estimate for Morocco's wheat import in MY 2011/2012 was revised upward, to 3.1 million MT, to reflect projected increase in soft wheat imports due to the quality issue.

It should be noted that tenders to import wheat under the TRQs of Morocco's respective FTAs with the U.S. and the EU that were issued by the Moroccan National Office of Cereals (ONICL) in 2011 have not been successful. Importers refrained from participating at the tender due to their expectation that the government will be suspending wheat imports duties. In fact, the suspension of import duties was announced and will be effective November 15.

Production, Supply and Demand Data Statistics:

Wheat, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Wheat Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			Market Year Begin: Jul 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested (1000 HA)	2,978	2,978	2,978	2,852	2,852	2,852	3,050	3,040	3,040
Beginning Stocks	1,060	1,060	1,060	1,544	1,573	1,573	1,959	2,075	2,075
Production	6,400	6,400	6,400	4,887	4,887	4,887	6,100	6,020	5,800
MY Imports	2,304	2,312	2,312	3,903	3,976	3,976	2,600	2,500	3,100
TY Imports	2,304	2,312	2,312	3,903	3,976	3,976	2,600	2,500	3,100
TY Imp. from U.S.	431	355	355	336	373	373	0	450	460
Total Supply	9,764	9,772	9,772	10,334	10,436	10,436	10,659	10,595	10,975
MY Exports	120	100	100	125	85	85	100	90	110
TY Exports	120	100	100	125	85	85	100	90	110
Feed and Residual	100	100	100	100	100	100	500	350	550
FSI Consumption	8,000	7,999	7,999	8,150	8,176	8,176	8,250	8,200	8,200
Total Consumption	8,100	8,099	8,099	8,250	8,276	8,276	8,750	8,550	8,750
Ending Stocks	1,544	1,573	1,573	1,959	2,075	2,075	1,809	1,955	2,115
Total Distribution	9,764	9,772	9,772	10,334	10,436	10,436	10,659	10,595	10,975
Yield (MT/HA)	2.	2.	2.1491	2.	2.	1.7135	2.	2.	1.9079

Barley, Morocco (Areas in 1,000 HA and Quantities in 1,000 MT)

Barley Morocco	2009/2010			2010/2011			2011/2012		
	Market Year Begin: Jul 2009			Market Year Begin: Jul 2010			Market Year Begin: Jul 2011		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Area Harvested (1000 HA)	2,183	2,183	2,183	1,922	1,922	1,922	1,900	2,025	2,025
Beginning Stocks	114	114	114	1,270	1,216	1,216	990	1,036	1,036
Production	3,800	3,800	3,800	2,570	2,570	2,570	3,100	2,410	2,340
MY Imports	256	225	225	200	250	250	200	250	400
TY Imports	256	225	225	200	250	250	200	250	400
TY Imp. from U.S.	0	0	0	0	12	12	0	70	70
Total Supply	4,170	4,139	4,139	4,040	4,036	4,036	4,290	3,696	3,776
MY Exports	0	0	0	0	0	0	0	0	0
TY Exports	0	0	0	0	0	0	0	0	0
Feed and Residual	1,900	1,900	1,900	2,000	1,950	1,950	2,200	2,200	2,100
FSI Consumption	1,000	1,023	1,023	1,050	1,050	1,050	1,050	1,150	1,000
Total Consumption	2,900	2,923	2,923	3,050	3,000	3,000	3,250	3,350	3,100
Ending Stocks	1,270	1,216	1,216	990	1,036	1,036	1,040	346	676
Total Distribution	4,170	4,139	4,139	4,040	4,036	4,036	4,290	3,696	3,776
Yield (MT/HA)	2.	2.	1.7407	1.	1.	1.3371	2.	1.	1.1556