

**Required Report:** Required - Public Distribution

**Date:** September 30, 2022

**Report Number:** AG2022-0008

## **Report Name:** Grain and Feed Update

**Country:** Algeria

**Post:** Algiers

**Report Category:** Grain and Feed

**Prepared By:** Nabila Hales

**Approved By:** Evgenia Ustinova

### **Report Highlights:**

For MY 2022/23, Post maintains wheat and barley planted area forecast, while raising yield forecast on the account of reports that grain harvest and storage operations took place in good conditions. Post forecast MY 2022/23 wheat at 3.3 million metric tons (MMT), and barley at 1.2 MMT. The Algerian Ministry of Agriculture has not released the grain output yet. Despite expectations of a good harvest, the Algerian Office of Cereals (OAIC) continues to purchase wheat on the international market. Post forecasts MY 2022/23 wheat imports at 8.3 MMT, and barely at 770,000 MT.

## Executive summary

Post forecasts MY 2022/23 wheat harvested area at just over 2 million hectares (ha) and barley harvest area at just over 1 million ha. Despite, the government making pledges to expand cereal production, Post believes that due to the adverse effects of the pandemic, farmers likely did not expand their operations in a meaningful way.

At the same time, Post forecasts improved yields for the 2022/23 season, on account of the return to average weather patterns after last season's drought. The Normalized Difference Vegetation Index (NDVI) by region shows the vegetation index within the normal range. In MY2022/23 overall precipitation levels were higher than the normal average and higher than last year's level in the Mediterranean Coast areas but lower in the high plateaus. Soil moisture levels overall were higher than last year's levels in the Mediterranean coastal region, should early rains resume in September, soil moisture would be ready for the 2023/24 plantings.

Post bumped up yield and production output based on average weather, and reports from the Algerian office of Cereals (OAIC) reported that the harvest and storage operations took place in good conditions. The Ministry of Agriculture (MoA) did not release any figures regarding the current grain output yet. In May 2022, the Minister forecasted grain production to reach 3 to 3.2 million metric tons (MMT) in MY2022/23. Post forecasts wheat production at 3.3 MMT.

Traders indicate that the OAIC continues to purchase bread wheat on the international market throughout 2022. Reports indicated that Algeria said to buy Russian wheat, shipments to be delivered during the second half of September and October. Post MY2022/23 forecasts wheat imports at 8.3 MMT.

## MY2022/23 Planted Area Stagnant, But Yields Improve on Average Weather

Post forecasts MY 2022/23 wheat harvested area at just over 2 million hectares (ha) and barley harvest area at just over 1 million ha, in line with the estimate for the previous two seasons. Over the last several years, the government of Algeria (GoA) has repeatedly proclaimed the increase in agricultural production, specifically highlighting wheat, as a national priority. In 2021, the Minister of Agriculture Abdelhamid Hemdani announced plans to expand Algeria's wheat planted area to 3.5 million ha. Hemdani did not establish a timeline for nearly doubling of Algeria's wheat area. The government had previously indicated that it had surveyed the identified favorable agricultural land to cultivate durum wheat nationwide, particularly in regions with high rainfall.

Post does not have evidence to indicate that Algeria's 2022/23 wheat and barley areas planted and harvested have grown in a meaningful way. Post believes that due to the pandemic, and the squeeze on labor and financial resources, Algerian growers are at best keeping pace with past seasons' plantings.

Post forecast also takes into account that about 70 percent of Algeria's farmland consists of family farms of less than 10 ha, which further constrains meaningful planted area expansion.

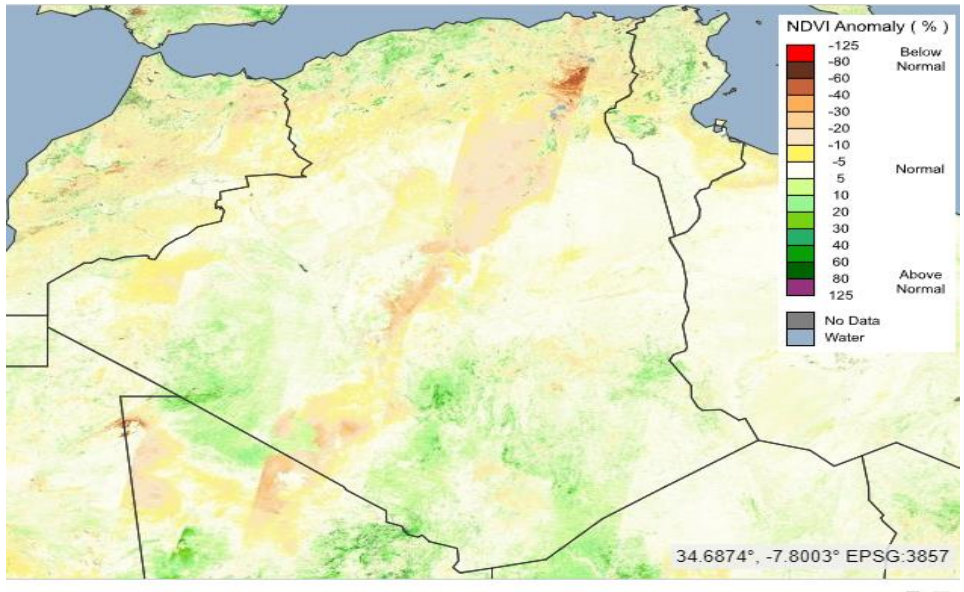
Post forecasts MY2022/23 wheat yield at 1.59 metric tons (MT) per ha, which is in line with the five-year average. Post forecasts barley yield at 1.16 MT per ha, although five-year average yield is 1.34 MT per ha. Western areas and highlands where the barley crop is mostly grown were the most affected areas by the drought during the past years. Post forecast considers that only about 10 percent of Algeria's arable land – or 850,000 ha - is irrigated, meaning that crop production is highly correlated with weather conditions in any given season. The current reading of the Normalized Difference Vegetation Index (NDVI) by region shows the vegetation index within the normal range; for the MY2022/23, the overall precipitation levels were higher than last year's levels in the Mediterranean coastal areas, but lower in the high plateaus (see greater detail below).

Note that previously, the Ministry of Agriculture has outlined plans to increase the irrigated land to 2 million ha by 2020, however, there has been no confirmation on whether the government has reached this goal. Over the last several years, the Ministry of Agriculture has pushed preparations for planting to begin in July, up from the traditional fall timing of September. Meanwhile, the start of the planting season has been brought forward to September from October, to take advantage of possible early rains.

#### Rain and Soil Moisture Review

According to the NDVI by region, Algeria's vegetation index is currently within the normal range. However, the satellite image shows dry pockets and some dry areas in the eastern area. In MY2022/23 overall precipitation levels were higher than the normal average, and higher than last year's level in the Mediterranean Coast areas, but lower in the high plateaus. This resulted in lower soil moisture levels in the highlands. (See precipitation chart below).

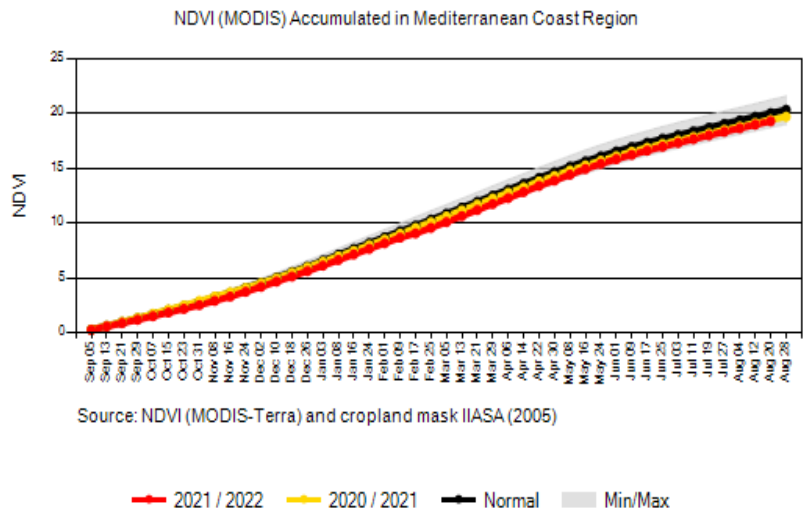
**Figure 1: Algeria's Normalized Difference Vegetation Index (August 23, 2022)**



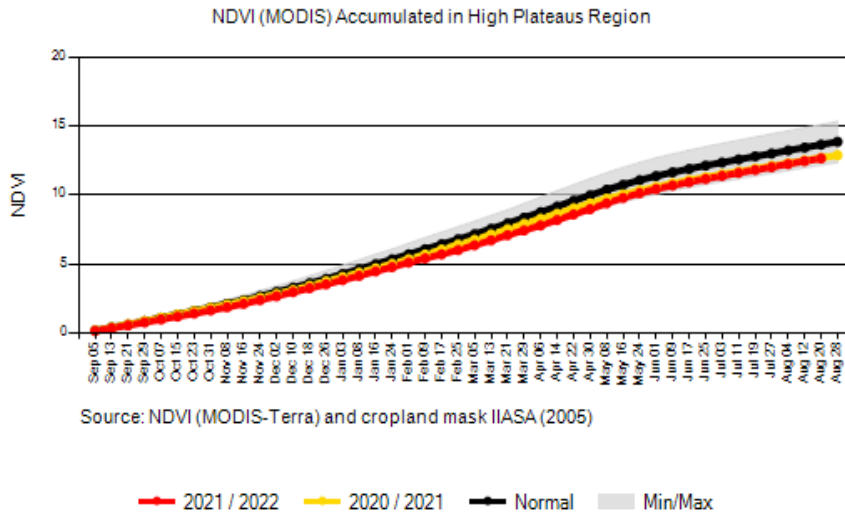
Source: (<https://glam1.gsfc.nasa.gov/>)

The USDA crop explorer's Accumulated Normalized Difference Vegetation Index (NDVI) chart below shows as of August 28, 2022, the MY2022/23 crop conditions were the same as in September 2020-2021 for the Mediterranean coast and the highlands. Later, the vegetation conditions looked slightly lower than the previous year through August. However, the vegetation conditions remained within the Min/Max range (Minima/Maxima monthly standard for the region) and normal average in the two regions.

**Figure 2: Algeria's Normalized Difference Vegetation Index by Region (August 28, 2022)**



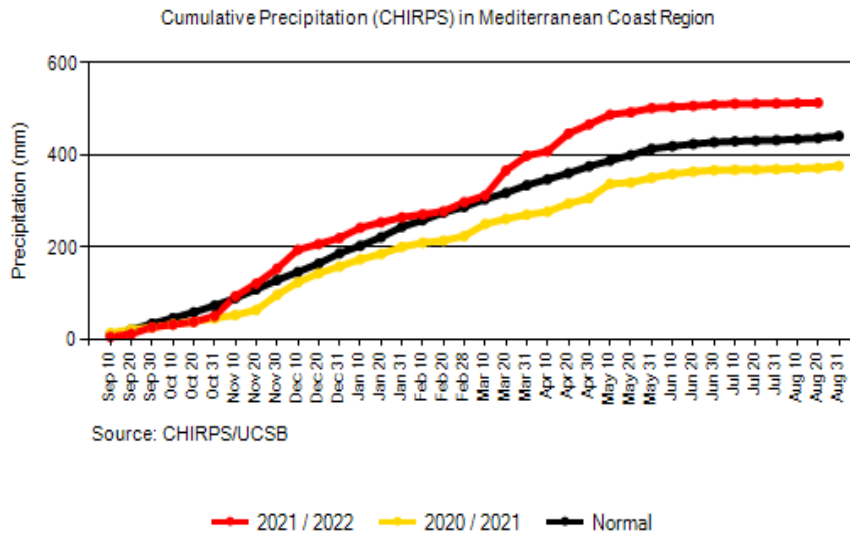
Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)



Source: Crop Explorer (<https://ipad.fas.usda.gov/cropexplorer/>)

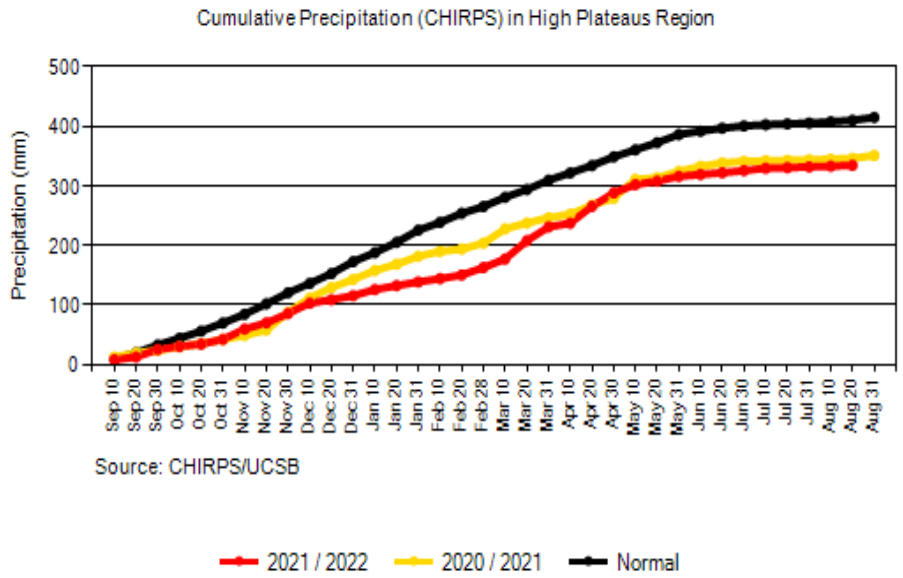
The USDA Crop Explorer Cumulative Precipitation chart below from August 31, 2022, shows overall precipitation levels are higher than the normal average and higher than last year's levels in the Mediterranean coastal region. Precipitation levels were above average from November through August.

**Figure 3: Algeria: USDA Crop Explorer Cumulative Precipitation Chart (August 31, 2022)**

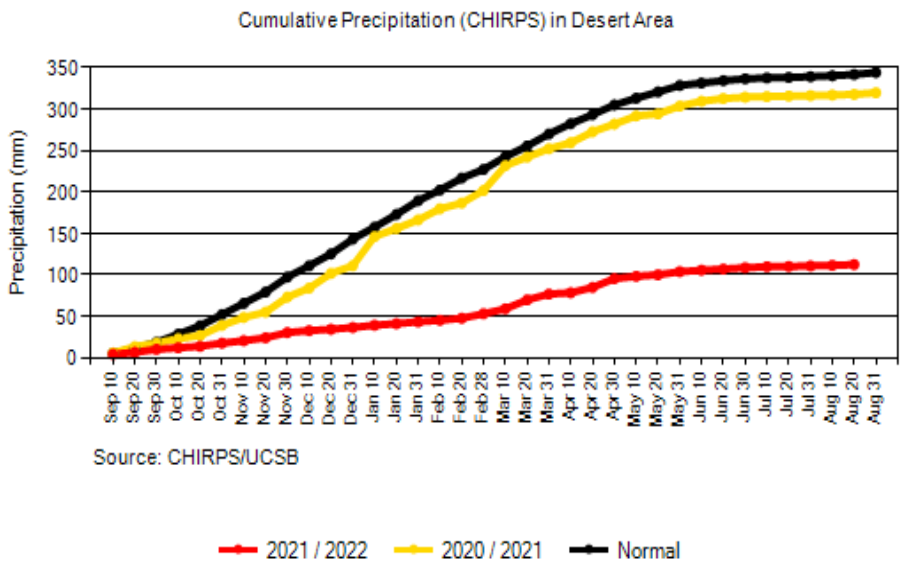


Source: <https://ipad.fas.usda.gov/cropexplorer>

The USDA Crop Explorer Cumulative Precipitation chart below as of August 31, 2022, shows overall lower precipitation levels in Algeria’s high plateaus. In October, the precipitation levels declined to below average and below last year’s levels through April. Precipitation reached the same level again in May through the first week of June, then slightly under last year’s level through August. Precipitation remained below average in the high plateaus and far from the average and far from last year’s level in the desert areas.



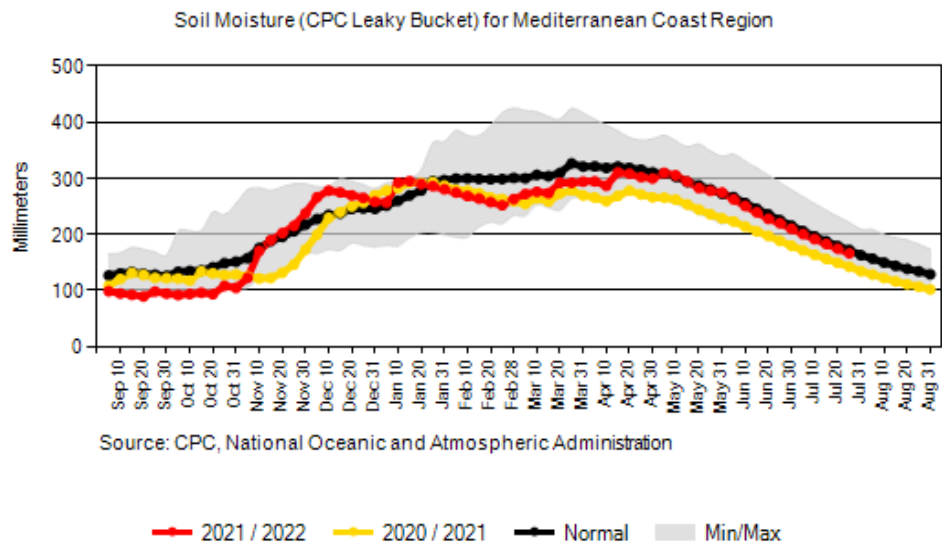
Source: <https://ipad.fas.usda.gov/cropexplorer>



Source: <https://ipad.fas.usda.gov/cropexplorer>

Precipitation levels are reflected in the soil moisture charts below. Soil moisture levels overall were higher than last year’s levels in the Mediterranean coastal region, except for during the September-October, and January-February periods.

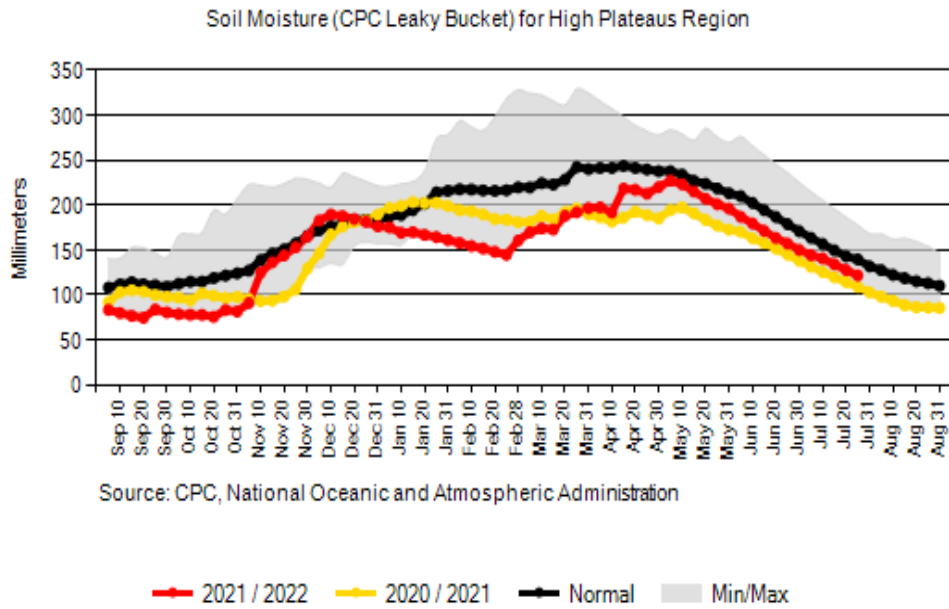
**Figure 4: Algeria: USDA Crop Explorer Soil Moisture Chart (July 25, 2022)**



Source: <https://ipad.fas.usda.gov/cropexplorer>

In the high plateaus, soil moisture level was below last year’s level in September-November period and December-February period. Soil moisture declined during this period as rain decreased. From April through July, precipitation exceeded last year’s level through July, but, was below the normal average for this region. However, the soil moisture conditions remained within the Min/Max range (Minima/Maxima monthly standard for the region).

Soil moisture levels overall were higher than last year’s levels in the Mediterranean coastal region, should early rains resume in September, soil moisture would be ready for planting.



Source: <https://ipad.fas.usda.gov/cropexplorer>

## MY2022/23 Production Forecast to Improve on the Last Season

Based on current area harvested and productivity forecasts, Post raised Algeria’s wheat production forecast to 3.3 million metric tons (MMT) for the MY2022/23. Post forecasts barley production at 1.2 MMT for MY2022/23. The Post estimate for MY2021/22 barley production is 950 thousand MT, in line with the USDA official estimate.

Post MY 2022/23 wheat forecast is just slightly higher than the MoA forecast announced at the start of harvest. In Algeria, grain harvest season begins at the end of April through early May in the southern Saharan regions, while in the Northern areas, the harvest starts later in May and gathers steam through July and August. Harvests in these areas started with favorable forecasts for cereals, including durum wheat, bread wheat, barley, and corn. The Algerian office of Cereals (OAIC) reported that the harvest and storage operations took place in good conditions.

The Ministry of Agriculture reminded cereal farmers of the obligation to deliver all their harvests to OAIC cooperatives under the provisions of the 2022 supplementary finance law, specifying that the collection will continue until September 30. Per article 30 of ordinance No 22-01 of August 3, 2022, related to the 2022 supplementary finance law, [published in the Journal Officiel \(JO. No 53 on August 4, 2022\)](#), any farmer growing cereals benefiting from any kind of government support is subject to supply his wheat and barley production to the OAIC’s cooperatives.



The MoA has not released any figures regarding the current grain output yet. In May 2022, MoA Minister Henni announced that grain production would likely reach 3 to 3.2 MMT in MY2022/23. The last season has been the worst season over the last five seasons, due to serious drought conditions. The MoA estimates MY2021/22 grain production at 2.4 MMT. If Post's forecast for the 2022/23 season holds, it will represent an almost 38 percent increase on last season's output.

### MY2023/24 Season Preparations Begin

Starting last year, the Ministry of Agriculture initiated preparations for the planting campaign in July, instead of September as used in previous years. Plantings were brought forward from October to September. This decision was undertaken in anticipation of benefiting from possible early rains. As usual, the MoA made available treated seeds and fertilizers particularly, bread wheat and durum wheat, barley, and certain legumes seeds such as lentils and chickpeas.

Furthermore, the ministry pursues the program to strengthen surface irrigation to develop cereals in the south and supplemental irrigation in the north to counter the lack of rainfall and improve cereals production.

### Consumption

Algeria is among the largest consumers of wheat in the world. Wheat is the major staple food and represents 60 percent of the food ration in Algeria. However, the government is encouraging consumers to decrease their consumption of bread to avoid waste and decrease the demand for bread (common) wheat thus reducing imports. Wheat consumption will remain relatively stable in the near future. Post forecasts wheat consumption at 11.15 MMT for MY2022/23.

Barley is consumed mainly as a grain in animal feed by sheep, cattle, and camels, with small amounts consumed as green fodder, and minor amounts used for traditional foods. Barley consumption is a function of weather-related pasture conditions—in general, bad pasture conditions result in increased demand for barley. Post forecasts barley consumption at 1.950 MMT for MY2022/23.

### Trade

Algeria is one of the world's largest importers of wheat. In CY2021, cereals represented about a quarter of Algeria's total food import bill of \$9 billion, along with being the top food import. Algeria does not release results of its tenders and reports are based on trade estimates. Traders' reports indicate that the OAIC has been purchasing bread wheat on the international market throughout 2022. Traders' reports indicated that OAIC booked up to 720,000 MT of bread wheat in the August tender and purchased wheat from different sellers for shipments through September-October.

According to these reports, most of these amounts are expected to be sourced from France. [Reuters](#) and other [news](#) reports indicated that Algeria said to buy Russian wheat. The articles reported that OAIC bought an unknown volume of milling wheat in an international tender at the end of August cheaper than EU wheat to be shipped to two ports in Algeria. Trade reports indicate that the shipments would be most likely to be sourced from Russia for delivery during the second half of September and October.

**Table: Algeria Wheat Imports by Origin (MT) (Year Ending)**

Reporter	July - June (UOM1: T)			Market Share (%)			Change 2022/2021	
	2019/20	2020/21	2021/22	2019/20	2020/21	2021/22	Amount	Percent
EU 27 External Trade (Brexit)	6,079,999	5,941,105	5,367,387	85.47	79.06	66.83	-573,718	-9.66
Argentina	0	92,360	815,680	0	1.23	10.16	723,321	783.16
Canada	372,615	1,001,560	614,184	5.24	13.33	7.65	-387,376	-38.68
Ukraine	34,833	13,000	466,912	0.49	0.17	5.81	453,912	3491.63
Russia	0	28,502		0	0.38			
Mexico	255,638	218,470	252,850	3.59	2.91	3.15	34,380	15.74
Uruguay	0	31,498	63,748	0	0.42	0.79	32,250	102.39
Australia	0	0	52,148	0	0	0.65	52,148	0
United States Consumption	274,448	187,875	33,900	3.86	2.5	0.42	-153,975	-81.96
Turkey	629	160	1,266	0.01	0	0.02	1,106	689.29
Egypt	45	0		0	0			
South Korea	5	4	3	0	0	0	-1	-22.63
Saudi Arabia	485	0	0	0.01	0	0	0	0
United Kingdom HMRC	95,000	0	0	1.34	0	0	0	0

Source: Trade Data Monitor, LLC

As outlined in previous reports, Algeria's imports from Ukraine and Russia represent only 4% and the war has not had an impact on Algeria's imports. Algeria has always relied primarily on imported wheat from France, Germany, Spain, Canada, the United States, Argentina, Uruguay, and Mexico. However, the Trade Data Monitor LLC, import figures in the table above shows an increase in imports from Ukraine in 2022. OAIC is adopting a policy of diversification for its commercial partners. The new specifications open the door of competition to several foreign suppliers.

Given the ongoing purchases, Post estimates wheat imports at 8.3 MMT. Post forecasts barley imports at 770,000 MT for MY2022/23.

### Wheat, Production, Supply, and Distribution

Wheat	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2075	2074	2075	2074	2075	2075
Beginning Stocks (1000 MT)	5358	5358	4992	5805	4406	5203
Production (1000 MT)	3107	3900	2500	2400	3700	3300
MY Imports (1000 MT)	7680	7600	8286	8100	8400	8300
TY Imports (1000 MT)	7680	7600	8286	8100	8400	8300
TY Imp. from U.S. (1000 MT)	188	188	34	34	0	30
Total Supply (1000 MT)	16145	16858	15778	16305	16506	16803
MY Exports (1000 MT)	3	3	2	2	5	2
TY Exports (1000 MT)	3	3	2	2	5	2
Feed and Residual (1000 MT)	50	50	70	50	70	50
FSI Consumption (1000 MT)	11100	11000	11300	11050	11500	11100
Total Consumption (1000 MT)	11150	11050	11370	11100	11570	11150
Ending Stocks (1000 MT)	4992	5805	4406	5203	4931	5651
Total Distribution (1000 MT)	16145	16858	15778	16305	16506	16803
Yield (MT/HA)	1.4973	1.8804	1.2048	1.1572	1.7831	1.5904
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year begins with the month listed at the top of each column						
TY = Trade Year, which for Wheat begins in July for all countries. TY 2022/2023 = July 2022 - June 2023						

### Barley, Production, Supply, and Distribution

Barley	2020/2021		2021/2022		2022/2023	
Market Year Begins	Jul 2020		Jul 2021		Jul 2022	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	978	1026	1025	1026	1025	1026
Beginning Stocks (1000 MT)	653	653	352	543	124	315
Production (1000 MT)	1213	1000	950	950	1600	1200
MY Imports (1000 MT)	836	840	772	772	500	770
TY Imports (1000 MT)	780	780	750	750	500	750
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	2702	2493	2074	2265	2224	2285
MY Exports (1000 MT)	0	0	0	0	0	0
TY Exports (1000 MT)	0	0	0	0	0	0
Feed and Residual (1000 MT)	2000	1600	1600	1600	1600	1600
FSI Consumption (1000 MT)	350	350	350	350	350	350
Total Consumption (1000 MT)	2350	1950	1950	1950	1950	1950
Ending Stocks (1000 MT)	352	543	124	315	274	335
Total Distribution (1000 MT)	2702	2493	2074	2265	2224	2285
Yield (MT/HA)	1.2403	0.9747	0.9268	0.9259	1.561	1.1696
(1000 HA) ,(1000 MT) ,(MT/HA)						
MY = Marketing Year begins with the month listed at the top of each column						
TY = Trade Year, which for Barley begins in October for all countries. TY 2022/2023 = October 2022 - September 2023						

**Attachments:**

No Attachments