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Report Name: Grain and Feed Update

Country: Algeria

Post: Algiers

Report Category: Grain and Feed

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Report Highlights:

Algeria's Normalized Difference Vegetation Index (NDVI) by region shows the vegetation index within normal range. However, the satellite image shows dry pockets in the western region, highlands, and some dry areas in the eastern region. The Chief of the Algerian Farmers Union and the Algerian Technical Institute for Field Crops (ITGC) forecast a decline in the grain crop due to a deficit in rainfall. The Algerian Office of Cereals (OAIC) purchased wheat on the international market. For these reasons, Post forecasts an increase in wheat and barley imports.

Executive Summary

Satellite-derived Normalized Difference Vegetation Index (NDVI) by region shows vegetation vigor to be within the normal range. However, crop conditions look sparse in the western region and the highlands. The satellite image shows dry pockets in the western region and the highlands and some dry areas in the eastern region.

Precipitation amounts were below average in marketing year (MY2021/22), which resulted in lower soil moisture levels, particularly in the western region and in the highlands.

Both the Director General of the Algerian Technical Institute for Field Crops (ITGC) and the Chief of the Algerian Farmers Union forecasted a decrease in the 2021 grain crop due to a rainfall deficit.

In Calendar Year (CY) 2020, cereal imports accounted for 34.76 percent (\$2.81 billion) of total food imports which reached \$8.09 billion, according to Algerian Customs statistics. Total cereals included wheat (\$1.64 billion) and corn (\$907.69 million). Algerian Customs statistics has not provided import volume figures.

The Algerian Office of Cereals (OAIC) pursued purchases on the international market to build up stocks despite the increase in international prices. These purchases were likely due to: the persisting health crisis (COVID-19), and the lower domestic grain crop affected by drought.

Given all the purchases reported in the press, Post forecasts an increase in wheat imports to 7.650 MMT for MY2021/22, despite all current measures and policies in place regarding import reduction. Post also forecasts barley imports will increase because of the drought that dominated this year.

The Government of Algeria (GoA) is pursuing its strategy to develop the agriculture sector. This new strategy aims to achieve food security, increase domestic production, and reduce imports of some expensive commodities by encouraging local investment to develop certain agricultural sectors such as (bread wheat and oilseeds).

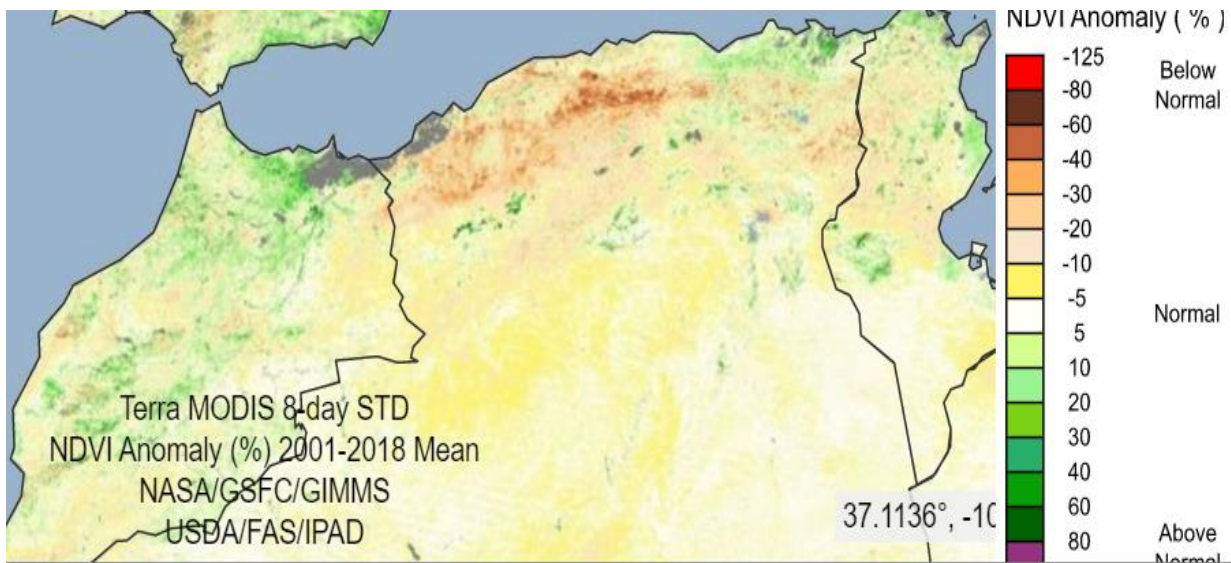
The Ministry of Agriculture (MoA) launched the first rapeseed harvesting campaign during the week of May 16, 2021, in several provinces of Algeria.

Crop Update

According to the Normalized Difference Vegetation Index (NDVI) by region, the vegetation index is within the normal range. However, crop conditions look sparse in the western region and in the highlands. The satellite image shows dry pockets in the western region, the highlands and some dry areas in the east. Precipitation was below average this marketing year (MY2021/22), resulting in lower soil moisture levels, particularly in the western region and the highlands (See precipitation chart below).

Algeria's Normalized Difference Vegetation Index by Region (NDVI) as of June 6, 2021:

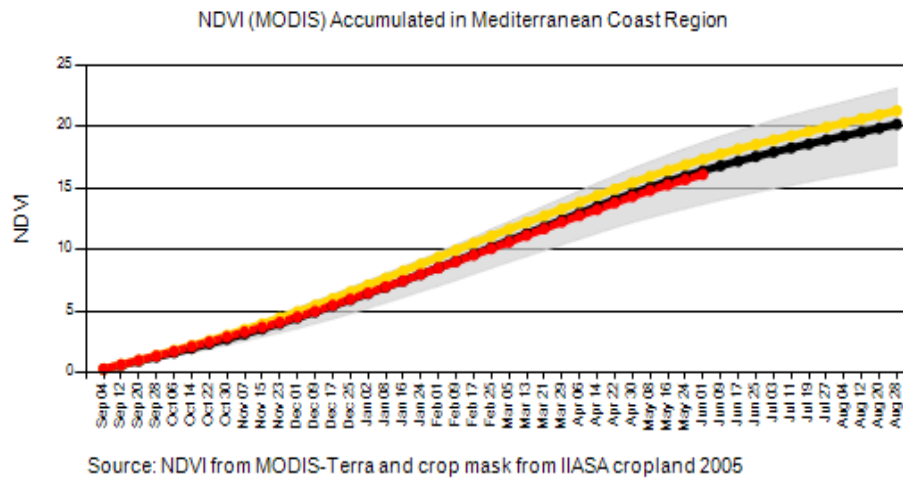
Source: (<https://glam1.gsfc.nasa.gov/>)



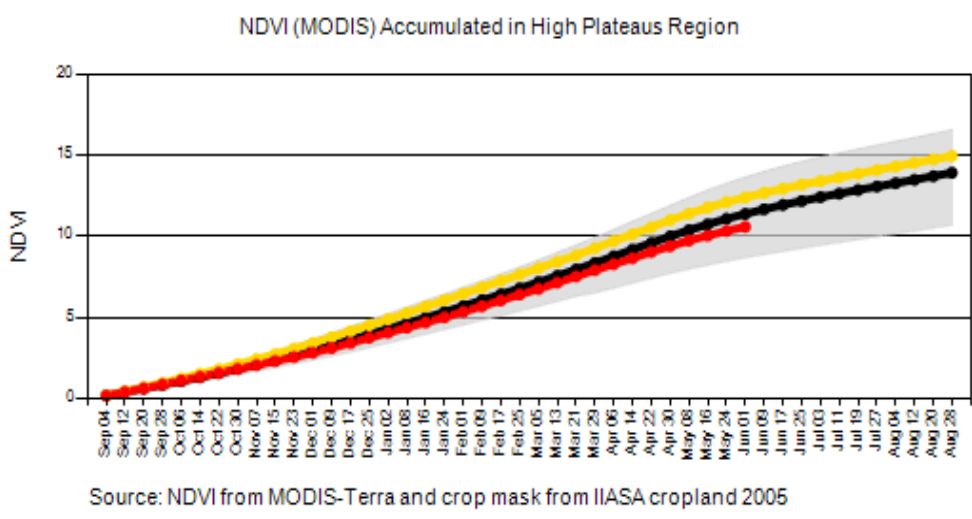
The USDA Crop Explorer's Cumulative Normalized Difference Vegetation Index (NDVI) chart below shows at June 1, 2021, the MY2021/22 crop conditions are at overall lower levels than the MY2020/21. However, it remains within Minmax levels.

Algeria: Cumulative Normalized Difference Vegetation Index (NDVI) by Region as of June 1, 2021:

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



— 2020 / 2021 — 2019 / 2020 — Normal Min/Max

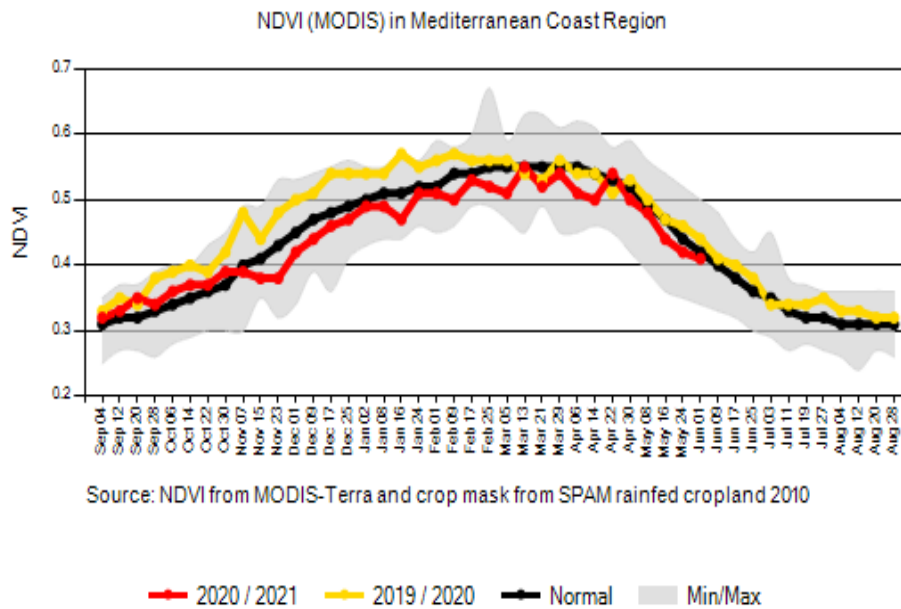


— 2020 / 2021 — 2019 / 2020 — Normal Min/Max

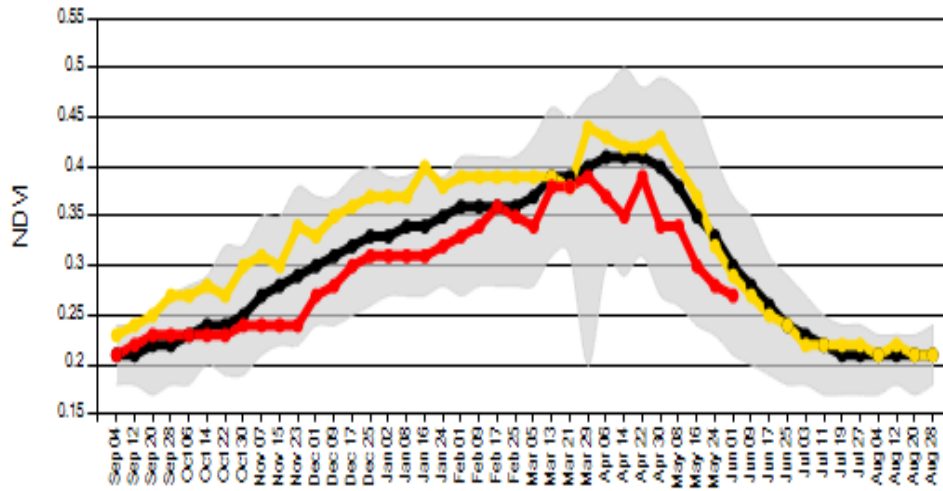
The chart below shows crop conditions were above average from September to October in the Mediterranean coastal region and in the high plateaus.

In November, the lack of precipitation seemed to have influenced crop conditions. When precipitation resumed, conditions started to recover in December with irregularities. Crop conditions remained below average until April, which included the grain fill period.

Algeria: Normalized Difference Vegetation Index (NDVI) by Region as of June 1, 2021: Source: Crop Explorer (<https://ipad.fas.usda.gov/cropeplorer/>)



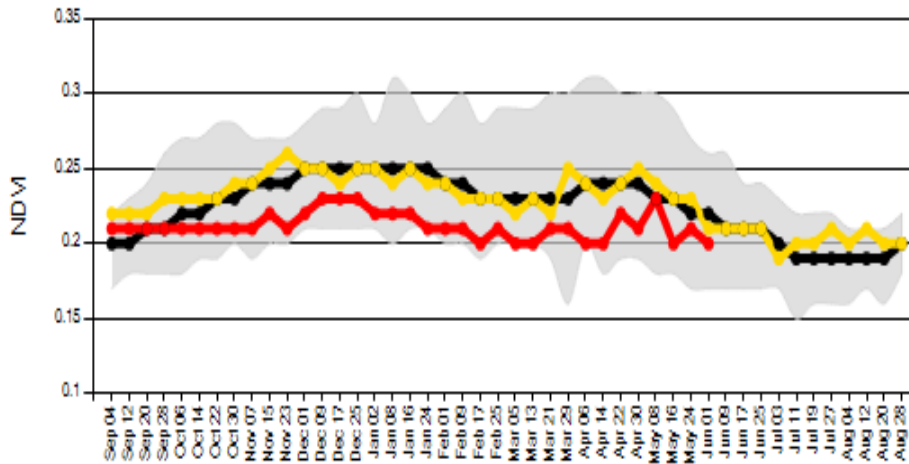
NDVI (MODIS) in High Plateaus Region



Source: NDVI from MODIS-Terra and crop mask from IIASA cropland 2005

— 2020 / 2021 — 2019 / 2020 — Normal Min/Max

NDVI (MODIS) in Desert Area



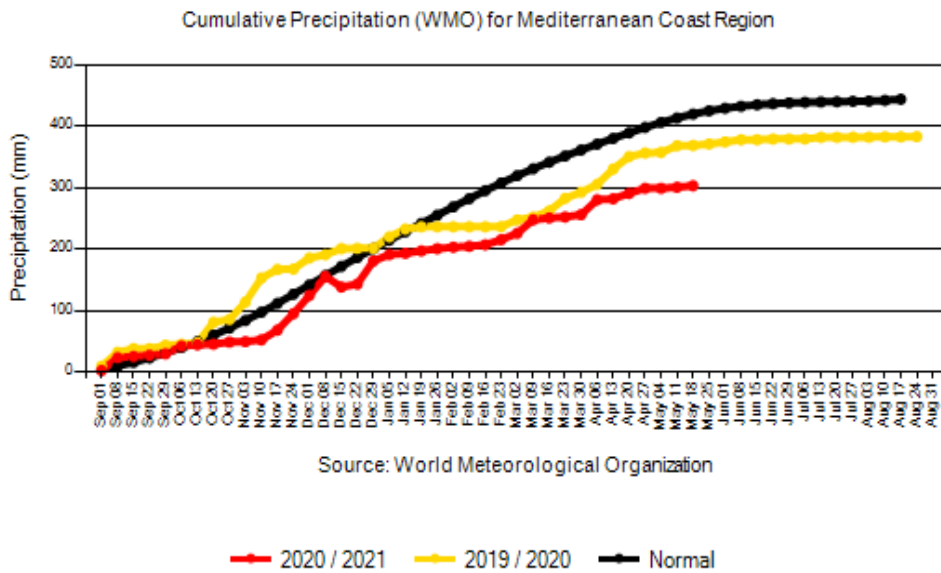
Source: NDVI from MODIS-Terra and crop mask from IIASA cropland 2005

— 2020 / 2021 — 2019 / 2020 — Normal Min/Max

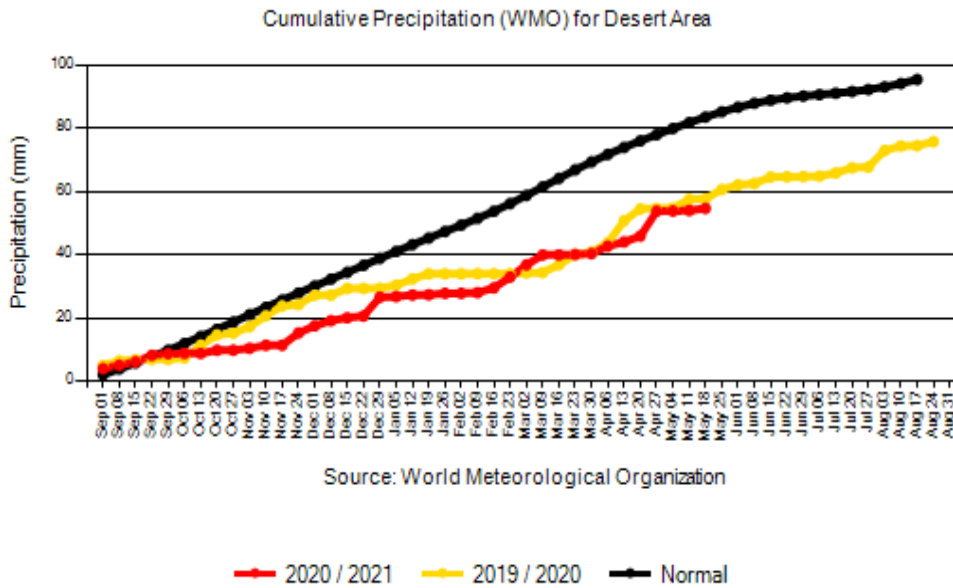
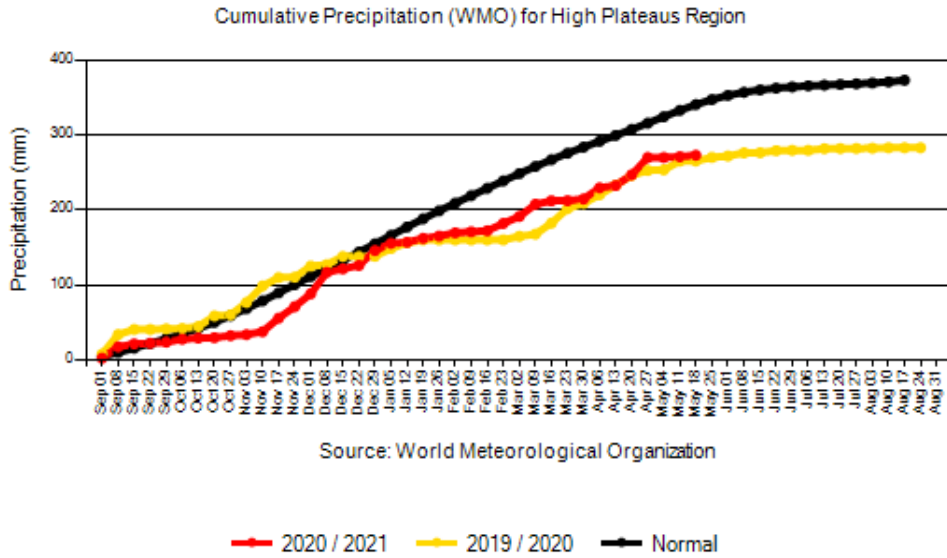
The USDA Crop Explorer Cumulative Precipitation chart below, as of May 30, 2021, shows overall precipitation levels in the Mediterranean coastal region to be lower than average, and lower than last year's levels. Precipitation was above average in September then declined in the fall. Rain resumed in November and December and continued through January into May. Total seasonal rainfall, however, remained below average and last year's level.

Algeria: USDA Crop Explorer Cumulative Precipitation Chart (As of May 30, 2021)

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



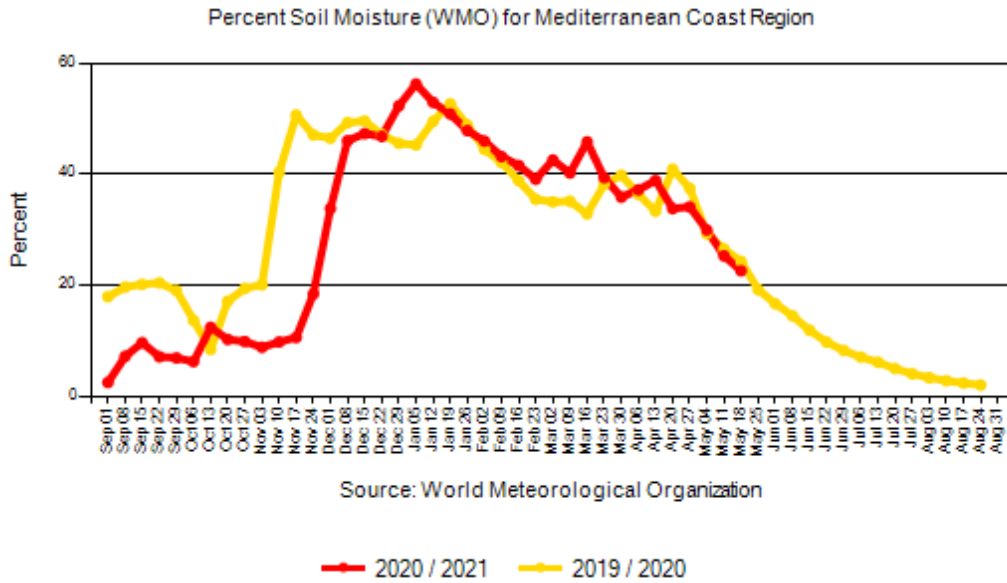
The USDA Crop Explorer Cumulative Precipitation chart below as of May 30, 2021, shows overall lower precipitation levels in Algeria's high plateaus. Precipitation levels were above average in September but still lower than last year's levels. In October, precipitation declined to below average and below last year's levels. Precipitation resumed again during November and continued through the first week of May. Total seasonal precipitation remained below average.



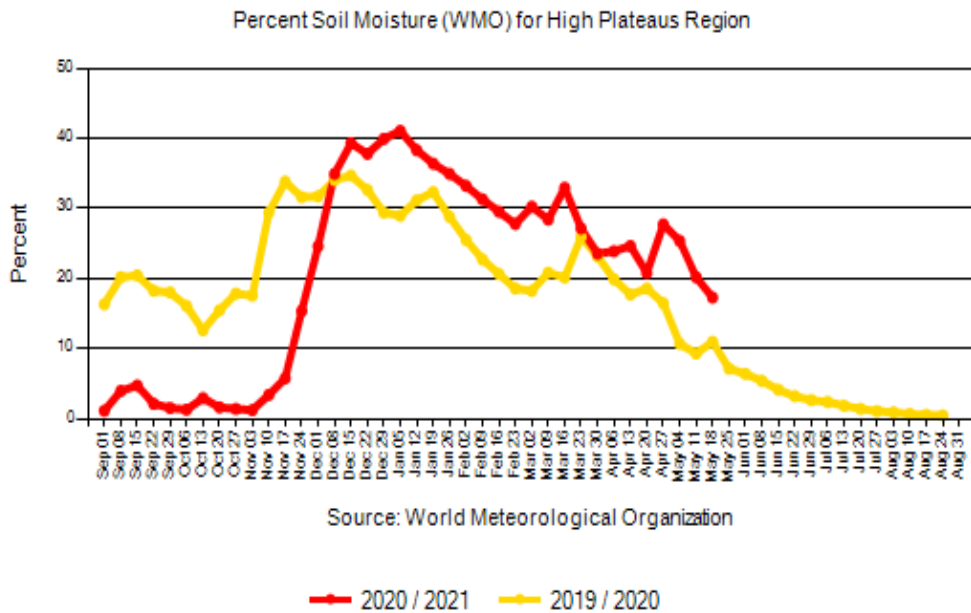
Precipitation levels are reflected in the soil moisture charts below. Soil moisture levels overall were lower than last year’s levels in the Mediterranean coastal region, except for the December through March period. During this time, soil moisture was above last year’s levels as rain resumed during that period.

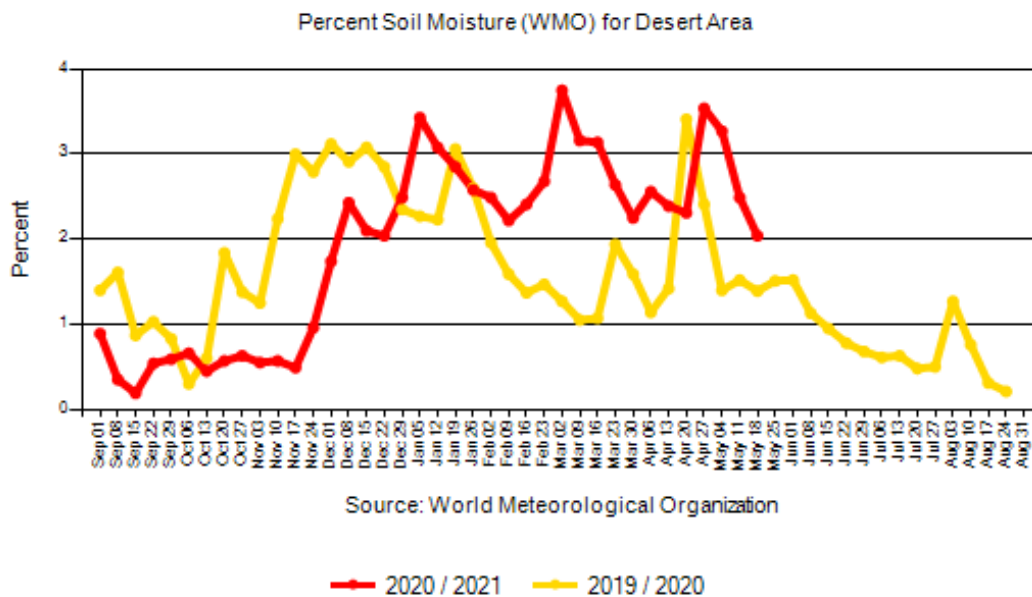
Algeria: USDA Crop Explorer Soil Moisture Chart (As of May 30, 2021)

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



In the high plateaus, when rain resumed, soil moisture reached above last year’s level from December through May.





The Director General of the Technical Institute for Field Crops (ITGC) indicated that the low rainfall recorded this season in Algeria has impacted agricultural production, particularly the cereal sector. In an interview on the Algerian National Radio airwaves, also reported by [Algerian news](#) outlets, the Director General of the Technical Institute for Field Crops (ITGC) forecasted the 2021 grain crop would decrease compared to last year's crop due to the lack of rainfall, which dominated this year.

Furthermore, in a June 2021 article reported by a [Reuters](#), the Farmers Union's chief stated that Algeria's cereal harvest is set to fall by 30 to 40 percent because of drought. The latter indicated that drought has hit all of the provinces in the eastern and western areas even those known for high production. In Algeria, cereals harvest usually starts earlier in the southern provinces (April-May) and continues from June into August in the northern provinces.

The Ministry of Agriculture (MoA) has not released the MY2020/21 grain production figures. Post maintains the wheat and barley production forecasts for MY2020/21 until the official figures are released. Since conditions look almost the same as last year's, Post also maintains production figures for MY2021/22.

On the other hand, on May 16, 2021, the [Algeria Official Press Service \(APS\)](#) reported a statement from the MoA regarding the launch of the first rapeseed harvesting campaign which began during the week of May 16, 2021 in several provinces of Algeria.

As reported previously, as part of the new policy to achieve food security, increase domestic production to reduce imports of some high value commodities, the GoA is encouraging the development of certain agricultural sectors such as (bread wheat and oilseeds). In this context, the MoA launched a program for rapeseed cultivation.

For this first campaign, more than 3,000 hectares were devoted to the cultivation of rapeseed, of which nearly 1,000 ha were allocated to seeds production to use in the coming seasons.

According to the Ministry, the cultivation of rapeseed was met with enthusiasm among farmers, particularly grain farmers who introduced it to rotate with cereals to reduce fallow land, across several provinces. The MoA provided technical support to help farmers along the process from planting to harvesting to ensure a successful first experience.

Consumption

Wheat consumption will remain relatively stable for the near future. However, the government continues to sensitize consumers to decrease consumption of bread to avoid waste to decrease demand on bread (common) wheat and thus reduce imports. Post forecasts wheat consumption at 11.100 MMT.

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. Algeria's breweries consume small amounts of barley, generally imported from Europe.

Barley consumption is a function of weather-related pasture conditions—in general, bad pasture conditions result in increased demand for barley which generates increased imports. Post forecasts consumption to increase because of the drought that dominated this year. Post forecasts barley consumption at 2.050 MMT.

Trade

Cereal imports are always on the top of the food import list. According to the Algerian Customs statistics, cereals accounted for 34.76 percent (\$2.81 billion) of total food imports which reached \$8.09 billion in CY2020. Total cereals included wheat (\$1.64 billion) and corn (\$907.69 million). The statistics did not provide details on the volumes imported. The same source reported an increase in corn import value compared to CY2019. In CY2019, corn imports reached \$871.86 million, while wheat import values were higher at \$1.72 billion.

Despite an increase in international prices, the Algerian Office of Cereals (OAIC) pursued wheat purchases on the international market to build up stocks. These purchases were likely due to: the persisting health crisis (COVID-19), and the lower domestic grain crop affected by drought.

Algeria does not release the results of its tenders and trade reports are based on trade estimates.

According to Reuters and European traders press reports, the OAIC continued buying wheat throughout 2021, mostly optional milling wheat (bread wheat), and a little durum.

According to the press, the OAIC launched tenders in February, March, April, May and June. To recall, the OAIC started purchasing wheat during the last quarter of CY2020 and again in January 2021. In May, press reports indicated that the OAIC had been seeking wheat for shipment in July from the main supply regions including Europe. France is expected to be the favorite since the new crop should be available during July. Harvest in Germany and Poland, which are also regular suppliers to Algeria happens later in the year.

Algeria is the main export market for European Union wheat. Wheat is usually supplied mostly from France although a small French harvest last year and strong French shipments to China led to Germany and Poland increasing wheat sales. Russia's high wheat prices have given the western EU and Baltic region a continued advantage regarding Algerian purchases. However, on June 21, 2021, [a news outlet](#) reported an article by Reuters regarding a Russian wheat shipment to Algeria. Russia, one of the world's largest wheat exporters, has been lobbying for access to Algeria's market with no success until recently. Recently, the OAIC relaxed some of the import specifications to open the market to wheat from the Black Sea Region.

Furthermore, European Traders reported back in March, that the Algerian Office for Animal Feed (ONAB) tendered for barley purchases.

Barley imports are a function of weather-related pasture conditions—in general, bad pasture conditions result in increased demand for barley which generates increased imports. Post forecasts imports to increase because of the drought that dominated this year. Post increases the barley import forecast figures for MY2021/22.

Post maintains USDA's official forecast figures for wheat imports for MY2019/20 and MY2020/21. However, given all of the purchases reported in the news, Post forecasts an increase in wheat imports to 7.650 MMT for MY2021/22, despite the current measures and policies in place to reduce imports.

Policy

For background, following the decline in oil prices, Algeria pledged to continue efforts to diversify the economy outside of the energy sector and control spending.

The GoA is pursuing a strategy to develop the agriculture sector. This new strategy aims to achieve food security, increase domestic production, reduce imports of some expensive commodities by encouraging local investment and to develop certain agricultural sectors such as (bread wheat and oilseeds). The same official from ITGC explained in his radio interview, that Algeria has rapeseed production capacity on fallow land and can reduce the import bill for this commodity by 80%.

As reported previously, the MoA has implemented a strategy to import less durum and produce it locally. The efforts undertaken to produce durum locally have shown improvements in recent years. The MoA also aims to improve domestic production of bread (common) wheat to control imports. The government is encouraging farmers to grow more bread wheat in order to reduce imports by 60%. The GoA also encourages consumers to avoid bread waste to reduce consumption. The GoA plans to provide technical support to farmers to help raise yields, develop fertilization, combat damage affecting the harvests and develop irrigation to cope with drought conditions.

U.S. industry can contribute to this development. The U.S.'s niche is in providing advanced agricultural technologies, livestock, seeds needed to establish and operate integrated production models in Algeria.

Wheat, Production, Supply and Distribution (Source: PSD Post)

Wheat	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	2074	2074	2075	2074	2075	2074
Beginning Stocks (1000 MT)	5219	5219	5360	5360	4700	4710
Production (1000 MT)	3950	3950	3900	3900	3600	3900
MY Imports (1000 MT)	7147	7147	6500	6500	7650	7650
TY Imports (1000 MT)	7147	7147	6500	6500	7650	7650
TY Imp. from U.S. (1000 MT)	277	277	0	119	0	0
Total Supply (1000 MT)	16316	16316	15760	15760	15950	16260
MY Exports (1000 MT)	6	6	10	0	10	0
TY Exports (1000 MT)	6	6	10	0	10	0
Feed and Residual (1000 MT)	50	50	50	50	50	50
FSI Consumption (1000 MT)	10900	10900	11000	11000	11050	11050
Total Consumption (1000 MT)	10950	10950	11050	11050	11100	11100
Ending Stocks (1000 MT)	5360	5360	4700	4710	4840	5160
Total Distribution (1000 MT)	16316	16316	15760	15760	15950	16260
Yield (MT/HA)	1.9045	1.9045	1.8795	1.8804	1.7349	1.8804

(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 2021/2022 = July 2021 - June 2022

Barley, Production, Supply and Distribution (Source: PSD Post)

Barley	2019/2020		2020/2021		2021/2022	
Market Year Begins	Jul 2019		Jul 2020		Jul 2021	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Harvested (1000 HA)	1026	1026	1025	1026	1025	1026
Beginning Stocks (1000 MT)	790	790	998	1398	993	1098
Production (1000 MT)	2000	2000	1845	1000	1600	1000
MY Imports (1000 MT)	558	558	700	700	700	750
TY Imports (1000 MT)	503	503	700	700	700	750
TY Imp. from U.S. (1000 MT)	0	0	0	0	0	0
Total Supply (1000 MT)	3348	3348	3543	3098	3293	2848
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	2200	1650	2200	1700
FSI Consumption (1000 MT)	350	350	350	350	350	350
Total Consumption (1000 MT)	2350	1950	2550	2000	2550	2050
Ending Stocks (1000 MT)	998	1398	993	1098	743	798
Total Distribution (1000 MT)	3348	3348	3543	3098	3293	2848
Yield (MT/HA)	1.9493	1.9493	1.8	0.9747	1.561	0.9747

(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 2021/2022 = October 2021 - September 2022

Attachments:

No Attachments