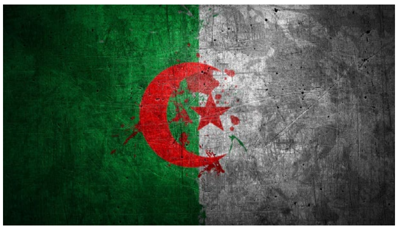

AHDB cereal exports ***target market report***

Algeria

Harvest 2019

Most of the grain-production regions in Algeria benefited from good precipitation, resulting in good soil moisture levels, which enabled crops to develop. While growing conditions were very good at the start of the growth cycle, the spell of drought that occurred in early May did not appear to have reduced yield potential. As such, Algerian wheat production is at 4Mt, while barley production is just over 2Mt, similar to the harvest in 2018.

Import requirements

Although domestic production has improved over the years, it remains weather-driven and does not meet domestic demand. Therefore, Algeria continues to import wheat, essentially common wheat. Less common wheat is planted than durum and barley. Bread wheat represents 75–83% of the wheat imports.*

Wheat imports are expected to reach up to 7Mt and barley 200,000 tonnes according to USDA data.

For the past two seasons, France and Argentina have been dominating the Algerian common wheat market, taking approximately half of Algeria's import requirements in 2017 and the vast majority in 2018.

*Source: Grain and Feed Annual, March 2019

Animal feed market

- Barley is consumed mainly as grain in animal feed by sheep, cattle and camels, with small amounts consumed as green fodder
- Barley consumption is a function of weather-related pasture conditions – in general, better pasture conditions result in decreased demand for imports
- Consumption has trended upwards since 2000, with increasing animal numbers, particularly sheep, better rations that include more barley, and efforts to introduce barley into the dairy rations
- Of the approximately 2Mt of barley that is consumed, 1.7Mt is for animal feed, while the remainder goes for feed, seed and industrial use*

*Source: Strategie Grains

Government policy

Government efforts to increase production through use of more certified seeds, fertilisers and technical support to famers has proven effective. Production of wheat, barley and oat, which constitute the grain crop in Algeria, has, during the last decade, been higher than the nine-year average (1999/00–2007/08) equivalent to (2000/01-2008/09) 2.97Mt. However, it remains far short of the eight million tonnes needed for domestic consumption. Grain production heavily relies on climatic conditions. Currently, the irrigated areas devoted to cereals are estimated at 250,000 hectares, which remains minimal. The Ministry of Agriculture's programme for expansion of irrigated agricultural areas with priority given to cereals is expected to increase from 1.3 million hectares to 2 million hectares, of which 600,000 ha will be devoted to cereals by 2020.*

The government's support to agriculture-sector development and particularly cereal production remains a priority in the government's action plan.

OAIC is the state-owned cereals office, which acts as a regulator and supplies the raw materials to maintain the production of subsidised bread. It is currently responsible for all of Algeria's wheat imports.

Wheat is imported via international tender and supplied to the private mills at subsidised prices. Each season, the OAIC decides the amount of wheat it will supply based on global wheat prices to ensure a baguette of bread is **kept at a set price.**
*Source: Grain and Feed Annual, March 2019

OAIC bread wheat quality specifications (via international tender)
Spec weight – 78 kg/hl / Hagberg – min 240 secs / W – 160 min / Protein – 11%

Biscuit wheat

Algerian millers are sourcing all their wheat via the state-owned cereals office, OAIC, which imports bread wheat via international tender and supplies to the private mills at subsidised prices. Each season, the OAIC decides the amount of bread wheat it will supply based on global wheat prices to ensure a baguette of bread is kept at a set price. Currently, only **ukp** meets the OAIC specification. Given that there is no biscuit flour available in Algeria, biscuit makers use bread flour to make biscuits, which are therefore expensive. According to the OAIC, out of the approximately 11 Mt of stock, 2–2.5 Mt of wheat is required for biscuit use, of which up to 40% of biscuit production is then exported to Algerian expats living in France, Canada and the UK.

Biscuit consumption in Algeria is increasing and demand for biscuit wheat imports is likely to increase with the emergence of more biscuit factories now present in Algeria. Given that Algeria's soil is unsuitable for biscuit-grade wheat production, all of its 2–2.5Mt requirements for biscuit production must be imported to meet its needs.

The OAIC is now looking to open up imports of biscuit wheat to meet the needs of biscuit millers, who are currently using improvers in their grists in order to obtain the best possible quality for their biscuit products. In addition to meeting the demands of Algerian millers and biscuit manufacturers, the OAIC reported that importing good-quality biscuit wheat would also reduce competition from Turkish (final product) biscuit imports, which are currently saturating the Algerian biscuit market.

Consumer trends

Algeria is a major consumer of cereals and considers wheat as the major staple food. Wheat is used mainly for bread and couscous. Algerian wheat consumption has risen slightly in the past years as a result of increased urbanisation, population growth and increased milling capacity.

Bread

- French-style baguettes are most widely consumed in Algeria
- Frozen pizza dough is another growth area, catering for consumers with busy lifestyles and a desire to spend less time cooking

Biscuits

- BIMO is the largest biscuit manufacturer, with a market share of 35%. It produces Western-style biscuits, reflecting the latest trends in consumer habits. Biscuit manufacturers mainly target women and children
- Milk and plain cereal-based biscuits are popular among women and children at breakfast
- The high fat and sugar content in Algerian biscuits indicates that health is not a concern among consumers

Competitors in the market

Wheat

Unit (Tonnes)	2017 Wheat		2018 Wheat
France	2,262,544	**France**	4,376,604
Argentina	1,097,833	**Argentina**	1,758,574
Germany	644,759	**USA**	426,572
USA	547,148	**Latvia**	93,310
Poland	320,416	**Estonia**	92,689
Sweden	263,078	**Ukraine**	79,175
Latvia	209,024	**Lithuania**	51,841
UK	206,646	**Germany**	27,672
Uruguay	181,520	**Canada**	26,250
Czech Republic	181,494		
Lithuania	152,590		
Ukraine	137,367		
Russia	73,049		
Estonia	53,436		
Finland	31,001		
Brazil	30,719		
Bulgaria	10,800		

Source: Global Trade Atlas via Grain and Feed Annual, March 2019

Barley

Unit (Tonnes)	2017 Barley		2018 Barley
Ukraine	201,508	**France**	265,266
France	164,919	**Ukraine**	107,250
Russia	91,862	**Russia**	89,400
Germany	60,653	**UK**	52,499
UK	49,735	**Argentina**	7,550
Finland	31,500		
Romania	21,500		
Hungary	13,523		

Source: Global Trade Atlas via Grain and Feed Annual, March 2019

Supply and demand

As at Dec 2019 1000 Mt	2018/19 Wheat	2018/19 Barley	2019/20 Wheat (Forecast)	2019/20 Barley (Forecast)
Beginning stocks	4,529	517	5,219	790
Production	3,940	1,950	4,000	2,050
Imports	7,515	323	7,000	200
Total supply	15,984	2,790	16,219	3,040
Exports	15	0	15	0
Feed domestic consumption	50	1,650	50	1,750
FSI consumption	10,700	350	10,800	350
Domestic consumption	10,750	2,000	10,850	2,100
Ending stocks	5,219	790	5,354	940

Source: USDA

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