



AHDB cereal exports target market report

Algeria

Harvest

Algeria's cereals agriculture is highly vulnerable to severe weather events. Its domestic grain production is expected to decrease for the 2021/22 marketing year due to insufficient rainfall. USDA estimates wheat production to be at 3.6 million tonnes, down from the previous season's 3.9 million tonnes; barley production is likewise expected to fall at 1.6 million tonnes, down from 1.8 million tonnes the previous season.

The government aims to reduce imports of bread wheat. It continues to encourage consumers to decrease consumption of bread to avoid waste, which it is hoped will decrease demand for bread (common) wheat. This may affect future consumption levels.

Barley is consumed mainly as grain in animal feed by sheep, cattle and camels, with small amounts consumed as green fodder. Minor amounts are used for human traditional foods (couscous and bread). Algeria's breweries consume small amounts of barley, generally imported from Europe.

Import requirements

Algeria still relies heavily on cereal imports. Typically 70% of imports are soft wheat, which is used to make bread to fulfil domestic demand and the national security stock.

Most of its wheat imports come from the European Union (EU), with France traditionally being the largest supplier. French wheat has long been favoured by Algeria, and the country remains Algeria's top wheat and barley supplier. French wheat exports to Algeria in the two years 2019 and 2020 totalled just under 8.2 million tonnes, and barley exports during the same period amounted to just over 300,000 tonnes.*

To meet Algeria's increased import needs for wheat and barley, the Algerian government has sought to diversify its suppliers from within the EU as well as to look beyond the bloc to Russia. Despite this action, the global supply shortage means that Algiers still needs to cope with skyrocketing prices. As an immediate response, the Algerian government has indefinitely postponed its plan to lift wheat subsidies.

The Algerian state-owned cereals office, OAIC, circulated modified tender terms in 2019 showing a relaxed bug-damage limit for high-protein milling wheat. This, in effect, removed a barrier to cheaper

grains of Black Sea origins, like Russian wheat. Then in 2020 the specifications for all wheat imports into Algeria were revised for grain of Black Sea origins: The tolerance of pitted or pinched grains in the cargoes was raised to 0.5% following the previous 0.2% maximum. These had been the main obstacles to purchases of Russian and Ukrainian wheat by OAIC.

Algeria has also been sourcing feed barley from the Black Sea regions – 30,800 tonnes from Russia and 33,000 tonnes from Bulgaria in 2020. Note that Algeria does not release the results of its tenders, so these figures are based on trade estimates from IHS Maritime & Trade: Global Trade Atlas ® – Federal Customs Service of Russia and Bulgaria.

[*reuters.com/article/algeria-wheat-idAFL8N2GQ40Z](https://www.reuters.com/article/algeria-wheat-idAFL8N2GQ40Z)

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

Source: USDA

Government policy

Algeria is pursuing a strategy to control imports, reduce spending and encourage domestic production for many products, including wheat. The Algerian government's goal of reducing imports of durum as well as bread wheat remains a priority.

The government aims to reduce the import bill for bread (common) wheat by \$400 million.* This decision might be linked to the one reported in 2020 by several international institutions, when it announced the establishment of an upper import limit of 4 million tonnes for bread (common) wheat per year. Nevertheless, Algeria still needs to import wheat (mainly bread wheat) to fulfil the domestic demand and national security stock.

OAIC 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 private mills at subsidised prices. Each season OAIC decides the amount of wheat it will supply to them, based on global wheat prices, to ensure a baguette is kept at a set price.

*Source: USDA

OAIC bread wheat quality specifications (via international tender)

Spec. weight – 78 kg/hl; Hagberg – min 240 seconds; W – 160 min; Protein – 11%

Biscuit wheat

Algerian millers source all their wheat via OAIC. Currently, only **ukp** meets the OAIC specification. Biscuit flour is not available in Algeria so biscuit makers use bread flour to make biscuits, which are therefore expensive. According to OAIC, out of the approximately 11 million tonnes of stock, 2–2.5 million tonnes of wheat is required for biscuit production. 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 imports of biscuit wheat is likely to increase with the emergence of more biscuit factories in Algeria. Given that Algeria's soil is unsuitable for biscuit-grade wheat production, all of its 2–2.5 million tonne requirements of biscuit wheat must be imported to meet these needs.

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 blends in order to obtain the best possible quality for their biscuit products. In addition to meeting the demands of Algerian millers and biscuit manufacturers, 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 to be a staple food. Wheat is used mainly for bread and couscous. Algerian wheat consumption has risen slightly in past years as a result of increased urbanisation, population growth and increased milling capacity.

Bread

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

Biscuits

- Biscuiterie Industrielle du Maghreb (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

Supply and demand

As at Feb 2022 Units = thousand tonnes	2020/21 Total Wheat	2020/21 Barley	2021/22 Wheat (forecast)	2021/22 Barley (forecast)
Beginning stocks	5,358	998	5,685	1,029
Production	3,900	1,845	3,600	1,600
Imports	7,680	836	7,700	700
Total supply	16,938	3,679	16,985	3,329
Exports	3	0	10	0
Feed domestic consumption	50	2,300	70	2,200
FSI consumption	11,200	350	11,300	350
Domestic consumption	11,250	2,650	11,370	2,550
Ending stocks	5,685	1,029	5,605	779

Source: USDA