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Algeria

Dairy and Products Annual

Genetics and Beef Cattle Still A Hopeful Market For U.S. Exports

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Report Highlights:

Improving dairy domestic production to reduce reliance on imports remains a priority for the Government of Algeria. The 2017 import licensing regime was replaced in January 2018 by a temporary import ban. Milk powder remains unaffected. Canadian exports of nonfat dry milk to Algeria are increasing, creating stiff competition for U.S and other exporters. The diversification of dairy production has increased Algeria's dairy consumption making it the highest in North Africa.

Executive Summary:

The strategy to develop and improve domestic dairy production with the goal of reducing imports remains a priority for the Government of Algeria (GoA).

The Ministry of Agriculture (MoA) has engaged in programs granting land to private industrialists and investors to launch large dairy farms and fully integrated dairy facilities that produce good quality fresh milk and pasture, as well as milk collection centers and heifer nurseries.

The MoA still supports fodder production and irrigation. The MoA decided to resorb fallow by using it to grow fodder in addition to the areas located for barley and oats.

These programs could provide opportunities to U.S. exporters of cattle, bovine genetics, fodder seeds as well as dairy farm and dairy processing equipment. During the 2018 SIPSA show (The Algerian agri-business and livestock trade exhibition) in Algiers, Algerian farmers showed for the third year in row, their keen interest in U.S. livestock and genetics. This is especially significant because the United States and Algeria are negotiating veterinary health certificates which when finalized would open the market to U.S. genetics and beef cattle.

U.S. exporters and their market development associations should become more engaged in the Algerian market to address the lack of product awareness and the lack of technical expertise to secure place for US livestock and farm equipment in Algeria.

Algeria's total dairy product imports represented 16.41 percent (\$967.09.5 million) of the total food imports (\$5.89 billion) in the first eight months of CY2018.

The U.S. accounted for only 0.26 percent of the Algerian milk powder market in 2017. Canadian exports are becoming so competitive that they are displacing EU sales in its traditional export markets, such as Algeria.

The GoA replaced the import licensing system implemented in 2017 by a temporary import ban in January 2018. In May 2018, the temporary list of banned items was extended to 877 products of which 622 were agricultural products. Fluid milk (0401), yogurts and buttermilk (0403), butter and dairy spreads (0405), cheeses (0406) are included in the ban. Milk powder as well as feed grains remain unaffected by the import ban.

In addition, the (GoA) exempted barley and corn sales operations, as well as materials and products destined for livestock feed from value-added tax (VAT). (See policy section).

Commodities:

Select

Production:

The Government of Algeria's (GoA) overall strategy to develop and improve domestic production and reduce imports for both dairy and cereals sectors remains.

The government's vision to orient agriculture toward intensive models and to develop modern agricultural complexes remains. The Ministry of Agriculture (MoA) still supports large dairy farms, by granting them land for dairy production and production of pasture. The goal is to move towards fully integrated dairy facilities that produce good quality fresh milk and pasture, as well as milk collection centers and heifer nurseries. To do so, the Ministry of Agriculture has engaged in programs involving land grants to private industrialists and investors to launch the farms.

In addition, the MoA still supports fodder production and irrigation to improve breeding performance and production. The program concerns the use and acquisition of fodder seeds, the production of silage and wrapped fodder. Any farmer integrating forage crops into the production system is entitled to these subsidies.

Furthermore, the MoA decided to resorb fallow by using it to grow fodder in addition to the areas located for barley and oats. The Algerian Office of Cereals (OAIC) has also been supporting the pasture production.

These programs provide opportunities for the U.S. dairy industry to service this market. U.S. market development association's expertise and know-how would also help assure a good share for US livestock, genetics and farm equipment in Algeria. The dairy sector has always suffered from deficit in fodder and feed production because of climatic conditions, as well as the need for improved genetics. In addition, constraints in animal husbandry and nutrition management still need improvement.

During the [2018 SIPSA show \(agri-business and livestock trade exhibition\)](#) in Algiers, Algerian farmers showed for the third time their keen interest in U.S. livestock and genetics. Although, the U.S. and Algerian regulatory agencies did not reach an agreement on the sanitary certificate for breeding cattle to export dairy cattle to Algeria, opportunities still exist for semen and embryos as well as beef cattle when the veterinary health certificates are agreed upon.

During the SIPSA show, farmers and dairy producers also showed an interest in partnerships with U.S. companies to establish large-scale dairy farms. The U.S.'s niche is to provide advanced agricultural technologies, cattle, and seeds needed to establish and operate an integrated production model in Algeria. This is one way U.S. agribusinesses can support and develop the Algerian government's efforts to increase agricultural production and at the same time, create market opportunities for U.S. agribusiness.

The MoA reported that domestic production of fresh milk reached 3.62 MMT in 2017 of which 2.65 MMT from cows representing 73 percent. The remaining milk production is from sheep, goats and camels. In addition, the MoA reported the dairy cattle herd reached 971,633 heads.

Consumption:

Dairy remains the second most consumed staple food product in Algeria after cereals.

According to the Algerian Association of Beverage Producers' study (APAB) released in 2017, dairy products represent 8 percent of the households food expenditures equivalent to 4,304 A.D. per year approx. (\$37.103) (\$1=116 A.D). Consumption is divided among one-liter plastic bag pasteurized milk (39 percent) and buttermilk and concentrated milk 29 percent. The rest, (32 percent) is attributed to other derivatives like yogurts and desserts.

The same association reports that the consumption per capita per year in CY2015 averaged 87.6 liters of which 66.1 liters is packaged milk in plastic bags, 16.7 liters is other milk powder and UHT milk. Fresh milk and buttermilk represented only 4.8 liters and 2 liters per year of this total amount.

According to the same study, dairy consumption will continue to grow as dairy has become an integral part of Algerian diet. Consumption will continue to grow due to population growth and urbanization.

The GoA estimates domestic dairy consumption needs at 5 MMT annually, 3.62 MMT of which comes from domestic production (2017). The short fall is filled by imports of milk powder.

Cow's milk represents 73% of the domestic production. Other milk production comes from sheep and goats. Camel dairy production is marginal. The diversification of dairy production has increased Algeria's dairy consumption making it the highest in North Africa.

The milk consumed in Algeria has historically been reconstituted with blends of imported non-fat dry milk and anhydrous milk fat. With the implementation of the development programs and incentives for the integration of fresh milk in the dairy processing industry, local processors began producing pasteurized fresh milk with a 24 hour shelf-life in one liter plastic bags as well as UHT tetra pack fresh milk. The incentive provided to milk producers (breeders) of about 12 AD/L (\$0.114/L), 5 AD/L (\$0.047/L) to milk collectors and 4 AD/L (\$0.038/L) to dairy processors.

Trade:

Algeria's total dairy product imports represented 16.41 percent (\$967.09.5 million) of the total food imports (\$5.89 billion) in the first eight months of CY2018. According to the Algerian Customs' Statistics Center, the value imported decreased by 0.12 percent compared to the same period in CY2017. World prices for milk powder were lower in the beginning of CY2018, which explains the decrease in the import value. The Office National Inter-professionnel du Lait (ONIL) the Algerian dairy buying agency took advantage of falling prices to increase stocks.

Global Trade Atlas (GTA) figures show that Algeria already imported 150,345 MT of whole milk powder and 103,976 MT of nonfat dry milk from January to June 2018. Algeria imported 51 percent of the whole milk powder from New Zealand. The nonfat dry milk mostly originated from France (31 percent).

Post forecasts a slight decrease in the imports. The world's prices of milk powder are rebounding from low levels seen at the beginning of the year due to increasing demand. However, Algeria will still import milk powder to meet the domestic dairy demand. (See consumption section).

The tables below show that Algeria's powdered milk imports averaged 332,599 MT valued at \$1.15 billion over the last eight years, thus making Algeria one of the largest importers of milk powder in the world.

Algerian milk powder imports Eight-Year Comparison in MT

	ALL ORIGINS			US ORIGIN		
	NFDM	WMP	Total	NFDM	WMP	Total
CY2017	161332	264347	425679	1121	0	1121
CY2016	119406	226415	345821	1805	95	1900
CY2015	135845	224971	360816	499	0	499
CY2014	167740	205725	373465	21925	157	22082
CY2013	119322	142979	262301	26941	0	26941
CY2012	110280	188025	298305	6986	0	6986
CY2011	125373	204472	329845	0	0	0
CY 2010	97492	167070	264562	1805	0	1805

Source: Algeria Official trade data

Algeria Milk powder Imports Eight-Year Comparison In Million Dollars

	ALL ORIGINS			US ORIGIN		
	NFDM	WMP	Total	NFDM	WMP	Total
CY2017	388	851	1239	3	0	3
CY2016	249	554	803	4	0.222	4.222
CY2015	331	670	1001	1	0	1
CY2014	745	1054	1799	100	0.788	100.788
CY2013	461	613	1074	106	0	106
CY2012	348	740	1088	19	0	19
CY2011	460	884	1344	0	0	0
CY 2010	308	591	899	5	0	5

Source: Algeria Official trade data

The table below shows the origin of the imports for CY2017. The U.S. accounted for only 0.26 percent of the milk powder market in 2017. Europe benefits from proximity and favorable freight rates, and the lack of strong market competition. Algeria has traditionally traded with EU countries. However, lately, the European dairy industry has faced stiff competition from Canadian exports. According to news reports, European traders see Canadian exports as so competitive that they are displacing EU sales in traditional export markets, such as Algeria.

**Algerian milk powder imports
by Origin in MT in CY2017**

	NFDM	WMP	TOTAL
New Zealand	10595	144902	155497
France	58102	14129	72231
Argentina	3868	19207	23075
Belgium	20901	10549	31450
Poland	31138	5899	37037
Germany	9319	2209	11528
Ireland	800	8881	9681
Netherlands	5667	29997	35664
Great Britain	1247	620	1867
U.S.	1121	0	1121
Canada	11241	200	11441
Uruguay	0	23393	23393
Australia	504	0	504
Switzerland	175	0	175
Sweden	3308	0	3308
Ukraine	1400	700	2100
Spain	147	2358	2505
Turkey	1507	0	1507
Malaysia	0	1158	1158
Others	292	145	437
Total	161332	264347	425679

Source: Algeria Official trade data

Suppliers of dairy products to the Algerian market remain almost unchanged with (48.26%) originating from the EU. In CY2017, most of the nonfat dry milk powder (81.07%) was imported from EU countries. France accounted for 36.01 percent, Poland, 19.3 percent and Belgium, for 12.95 percent. The U.S. accounted for only 0.69 percent of the market.

In CY 2017, Algeria imported whole milk powder from New Zealand (54.813 percent) followed by Netherlands (11.34 percent), Uruguay (8.85 percent) and Argentina (7.26 percent).

Most of the cheese was imported from Ireland (38 percent), Netherlands (30 percent), and Germany (7 percent). Butter was also primarily imported from New Zealand (80 percent), Uruguay (5 percent) and Ireland (4 percent).

Policy:

In January 2018, the Government of Algeria (GoA) replaced the import licensing system implemented in 2017 by a temporary import ban. The decree temporarily suspended 851 products, of which 576 were agricultural. This ban was meant to better control the spending to offset the fall in energy earnings, and protect domestic production. In May 2018, the temporary ban list was extended to 877 products of which 622 are agricultural products. Unfortunately, the following dairy products are included: fluid milk (0401), yogurts and buttermilk (0403), butter and dairy spreads (0405), cheeses (0406).

Milk powder as well as feed grains remain unaffected by the import ban.

The revised list is part of the decree No 18-139 of May 21, 2018 published in the Journal Officiel No 29 of May 23, 2018). The fully revised list can be found at:

<https://www.commerce.gov.dz/reglementation/decret-executif-n-deg-18-139>

In addition, the Government of Algeria (GoA) published another decree in August 2018 in the Official Journal No 50 (<https://www.joradp.dz/FTP/JO-FRANCAIS/2018/F2018050.pdf>). This decree exempts from value-added tax (VAT) barley and corn sales operations, as well as materials and products destined for livestock feed.

The products included are; Barley (1003.90.00.00), Corn (1005.90.00.00), and all the products under tariff codes (23.02, 23.03, and 23.09) including, bran, by-products of wheat and corn crushing industries, preparations for animal feed, DDGs, meals, as well as concentrates, minerals and vitamins.

Marketing:

The U.S. Livestock Genetics Export Incorporated (USLGE) sent an expert for the third time to attend the [SIPSA Show \(agri-business and livestock exhibition in Algiers\)](#). The USLGE expert met with potential importers over the course of four-days. USLGE's participation in the SIPSA show put a face on U.S. livestock and bovine genetics for Algerians who are unfamiliar with U.S. products but consider U.S. products to be high quality.

Although, the U.S. and Algerian veterinary officials have not reached agreement on the breeder cattle certificate to allow exports of U.S. dairy cattle to Algeria, the Algerian market still holds tremendous potential for U.S. bovine genetics and beef cattle.

Production, Supply and Demand Data Statistics:

Dairy, Dry Whole Milk Powder	2017		2018		2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	45	45	72	74	0	89
Production	0	0	0	0	0	0
Other Imports	262	264	265	260	0	260
Total Imports	262	264	265	260	0	260
Total Supply	307	309	337	334	0	349
Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Human Dom. Consumption	235	235	255	245	0	255
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	235	235	255	245	0	255
Total Use	235	235	255	245	0	255
Ending Stocks	72	74	82	89	0	94
Total Distribution	307	309	337	334	0	349

(1000 MT)

Dairy, Milk, Nonfat Dry	2017		2018		2019	
Market Begin Year	Jan 2017		Jan 2018		Jan 2019	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	38	38	63	54	0	59
Production	0	0	0	0	0	0
Other Imports	170	161	185	160	0	160
Total Imports	170	161	185	160	0	160
Total Supply	208	199	248	214	0	219

Other Exports	0	0	0	0	0	0
Total Exports	0	0	0	0	0	0
Human Dom. Consumption	145	145	155	155	0	165
Other Use, Losses	0	0	0	0	0	0
Total Dom. Consumption	145	145	155	155	0	165
Total Use	145	145	155	155	0	165
Ending Stocks	63	54	93	59	0	54
Total Distribution	208	199	248	214	0	219
(1000 MT)						

Author Defined: