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Report Highlights:

Improving domestic dairy production to reduce reliance on imports remains a priority of the government of Algeria. In March 2021, the Ministry of Agriculture (MoA) launched a livestock farm census as part of the Agricultural General Census. Starting September 1, 2021, several animal derived food products and products of animal origin including some dairy products are banned from imports.

Executive Summary

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

The GoA encourages modern industrial agriculture, using new technologies, digitization as well as innovative tools and renewable energies. At the same time, the government is encouraging small dairy units in the mountainous area. Additionally, camel and goat breeding are being encouraged in the Saharan areas.

The MoA launched a five-year roadmap (2020-2024) to develop the agriculture sector. This strategy aims to significantly reduce imports of some expensive agricultural commodities including milk powder, grains, sugar, and vegetable oils.

In March 2021, the MoA launched an Agricultural General Census which included the livestock farms census. This census will update the databases and assess the real needs to establish a strategy for the development of the sector.

Market opportunities exist for the dairy industry, animal genetics, planting seeds, the processing industry. Additionally, there are opportunities for exports of U.S. bovine embryos since the U.S. and Algerian veterinary officials have recently reached agreement on a veterinary health certificate.

According to the Trade Data Monitor, LLC (TDM) figures, in Calendar Year (CY) 2020, total imports of milk powder increased by 12.07 percent compared to CY2019. TDM figures show that Algeria's total imports from the world reached 250,913 metric tons (MT) of whole milk powder and 144,180 MT of skimmed milk powder from January to December 2020.

Low domestic milk production combined with the impact of COVID-19 pandemic, caused Algeria to import more milk powder despite the increase in world prices. U.S. origin milk powder show an upward trend.

On September 1, 2021, the MoA implemented a new ban on imports of several animal derived food products and products of animal origin including yogurt, ice cream and dessert cream.

Production

The Government of Algeria's (GoA) overall strategy to develop and improve domestic production and reduce imports for several sectors including dairy remains priority. Agriculture remains a priority to project the economy toward sustainable growth. The GoA is encouraging modern industrial agriculture, new technologies, digitization, and innovative tools such as renewable energies. Market opportunities exist for the U.S. industry, particularly, the U.S dairy industry under this program. The government's five-year plan focuses on intensive models and developing modern agricultural complexes. The MoA supports large dairy farms, by granting land for dairy production and production of pasture. The goal is to move toward fully integrated dairy facilities that produce 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 farms.

Opportunities exist for U.S. industry in the areas of advanced agricultural technologies, livestock, genetics, and planting seeds needed to establish and operate integrated production models.

Opportunities exist for dairy animal genetics, particularly since the U.S. and Algerian veterinary officials recently reached agreement on the health certificate to allow exports of U.S. embryos into Algeria. The market is now open for exports of U.S. of embryos.

Additionally, U.S. industry can contribute to the processing industry, and distribution chains' development.

The MoA created the [office for the development of industrial agriculture in the Saharan areas](#) to promote agriculture investments. The office is operational. This office will assist investors, (local and foreign) in their projects.

Furthermore, the MoA promotes the creation of small dairy units in the mountainous areas and encourages camel and goat breeding in the Saharan areas. At the same time, the MoA is asking small farmers to modernize their livestock structures, and equipment to improve their farm management and milk collection. The MoA invites dairy farmers to organize into cooperatives to reduce production costs by sharing equipment and accessing bank loans.

The MoA supports fodder production and irrigation to improve breeding performance and production. The program includes uses 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, fallow land will be used to grow fodder in addition to the areas designated for barley and oats. In addition, the GoA supports funding for the construction of stables and the acquisition of irrigation systems to produce fodder.

The Algerian dairy sector has always suffered from deficits in fodder and feed production due to climatic conditions and sub-optimal genetics. In addition, constraints in animal husbandry and nutrition management still need improvement. The Algerian agriculture sector could benefit from the U.S. market development associations' expertise. Their expertise could improve market opportunities for U.S. livestock, genetics, and farm equipment in Algeria.

In July 2020, the Minister of Agriculture presented during the Ministers Council, a five-year roadmap (2020-2024) for a strategy to develop the agriculture sector. This new strategy aims mainly to significantly reduce imports by \$2.5 billion of some expensive agricultural commodities including milk powder, grains, sugar, and vegetable oils.

As part of the 2020-2024 road map, in March 2021, the MoA launched a General Census of Agriculture, (Recensement General de l'Agriculture, (RGA)), which included an Agricultural and Livestock Farm Census.

Among President Tebboune's instructions at the June 14, 2020, Council of Ministers Meeting, a national herd census was included. The MoA stated that updating the databases was essential to assess real needs. This would help to establish a good strategy for the development of the sector, as reported by the MoA. The livestock census will allow the Ministry of Agriculture to better monitor the meat sector to ensure a sustainable supply for the domestic market.

Since the last census was completed in 2001, the aim of the new census is to incorporate modern tools. According to the latest statistics, Algeria has 29 million head of sheep, 1.8 million bovines, including more than 9,000 dairy cows, and 18 million ewes, in addition to 5 million head of goats and more than 400,000 heads of camel.

Consumption

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

The GoA estimates domestic dairy demand at 5 MMT annually, of which 72 percent comes from domestic production. The short fall is filled by imports of milk powder. Cow's milk represents 73 percent of the domestic production. Other milk production comes from sheep and goats. Camel dairy production is marginal. However, the MoA is encouraging camel and goat breeding in the Saharan areas to improve camel milk production.

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) is about 12 AD/L (\$0.088/L), 5 AD/L (\$0.037/L) to milk collectors and 4 AD/L (\$0.029/L) to dairy processors.

The milk processing industry is comprised of public and private processors. When the government allowed the private sector to take the lead in the 90's, the number of dairy processors increased, and processing plants expanded. Increased production and diversification resulted in an overall increase in Algerian dairy consumption. Milk is sold on the local market in two forms: pasteurized reconstituted milk in small bags of one liter with 24-hour shelf-life at a GoA fixed price (AD 25); and UHT in tetra pack boxes at market price. Whole milk powder is also imported in small boxes of 500g for direct sale to consumers at market price.

During the COVID-19 pandemic crisis, the supply chain maintained operational and provided sufficient supply of dairy products throughout the year. The Government Dairy Buying Agency (ONIL) indicated that Algeria had sufficient stocks of milk powder to ensure no shortage or disruptions occurred during the health crisis as well as during Ramadan.

Consumption of skim milk powder and full fat milk powder should remain stable for the near future. However, with the government encouraging the use of fresh domestic milk, the trend for milk powder could decrease in the future.

Trade

Dairy products remain the second staple food and the second at the top of the list of Algeria's food imports behind cereals. In CY2020, Algeria's total dairy product imports totaled \$1.54 billion representing 19.14 percent of the total food imports (\$8.09 billion). According to the Algerian Customs Statistics, in CY2020, the value of dairy product imports increased by 24.39 percent compared to CY2019, when imports reached \$1.24 (15.43 percent) of the total bill (\$8.07). The Algerian Customs statistics does not provide details on the volumes imported.

The Trade Data Monitor LLC, figures below show that Algeria's imports of milk powder totaled 395,093 metric tons (MT), of which 250,913 MT of whole milk powder and 144,180 MT of skimmed milk powder from January to December 2020.

Despite Algeria's strategy to reduce imports, in CY2020, Algeria imported more milk powder compared to 2019. Low domestic milk production combined with the impact of COVID-19 pandemic, caused Algeria to import more milk powder despite the increase in world prices. During the COVID-19 pandemic, the government vowed to maintain the supply chain. The Government Dairy Buying Agency (ONIL) stated that it will ensure no shortages or disruptions occur during the health crisis or during Ramadan.

Table 1: Global Exports of Milk Powder to Algeria
Calendar Year (CY) 2018 – 2020

Reporter	January - December (UOM1: T)			Market Share (%)			Change 2020/2019	
	2018	2019	2020	2018	2019	2020	Amount	Percent
_Total	437993	352541	395093	100	100	100	42552	12.07
EU 27 External Trade (Brexit)	168358	113293	156709	38.44	32.14	39.66	43416	38.32
New Zealand	97050	91419	75110	22.16	25.93	19.01	-16309	-17.84
Uruguay	72089	61423	69239	16.46	17.42	17.53	7816	12.72
Argentina	69212	50472	66446	15.8	14.32	16.82	15974	31.65
Canada	17483	9463	7497	3.99	2.68	1.9	-1966	-20.77
United Kingdom HMRC	1307	8730	6940	0.3	2.48	1.76	-1791	-20.51

United States Consumption	2154	4382	6838	0.49	1.24	1.73	2456	56.05
Turkey	575	3125	3100	0.13	0.89	0.79	-25	-0.8
Malaysia	5148	9609	1650	1.18	2.73	0.42	-7959	-82.83
Brazil	500	0	1000	0.11	0	0.25	1000	0
Ukraine	200	400	325	0.05	0.11	0.08	-75	-18.75
Switzerland	725	225	240	0.17	0.06	0.06	15	6.67
Kenya	0	0	0	0	0	0	0	0
Australia	3191	0	0	0.73	0	0	0	0

Source : Trade Data Monitor, LLC

According to Trade Data Monitor, LLC, figures, in CY2020, total imports of milk powder increased by 12.07 percent compared to CY2019. U.S. origin total milk powder imports increased by 56.05 percent. U.S. origin skimmed milk powder imports jumped from zero in 2019 to 4565 MT in 2020. However, U.S. origin whole milk powder decreased by almost half. According to local industry, private processors purchased more nonfat dry milk from the U.S. As outlined previously, over the past three years, local industry reports that private processors were buying whole milk powder from the U.S. Moreover, ONIL has always purchased skim milk powder from the U.S. Nonfat dry milk powder prices decreased in April through September in the United States, which also explains the increased quantity of skimmed milk powder imported in 2020.

In CY2020, the overall origin of imports remained the same. Algeria imported whole milk powder mostly from New Zealand (29.26 percent) followed by Argentina (21.69 percent), and Uruguay (23.60 percent). EU origin accounted for 15.21 percent. New Zealand lost 19.7 percent of the market share, while the EU gained 101.5 percent share. The United States shared only 0.91 percent of the whole milk powder market in Algeria in CY2020.

Nonfat dry milk mostly originated from the EU (82.22), followed by Canada (5.2 percent), U.S. (3.17 percent) and Uruguay (3.14 percent). Europe benefits from proximity and favorable freight rates. Algeria has traditionally traded with EU countries. The European dairy industry as well as the United States were facing competition from Canada on nonfat dry milk exports. However, since 2018, nonfat dry milk exports from Canada show a downward trend. In 2020, Canadian exports of nonfat dry milk to Algeria encountered -20.7 percent decrease compared to 2019, when U.S. exports of nonfat dry milk to Algeria were on upward trend.

If U.S. exporters can overcome the price competition, they can still increase their market share.

Despite the persisting health crisis, Post estimates that Algeria will not import as much milk powder in MY2021 and MY2022 as in MY2020, partially because of the increases in freight prices. International shipping analysts foresee ocean freight rates will remain high in the short-medium and long term until 2023. Rebounding demand for goods in the last quarter of 2020 and the first quarter of 2021, added to supply chain disruptions drove container freight rates up.

Stocks

The GoA vows to ensure sufficient stocks are available to avoid disruption or shortages in the supply chain, especially during critical situations such as the health crisis.

Price Data

For CY2021, nonfat dry milk powder prices from the United States show an upward trend reaching 1.29\$/lb. on September 27, 2021. The same upward trend occurred for New Zealand nonfat dry milk. Prices started to increase in November 2020 and reached \$3447/T in May 2021. A slight lull occurred in July 2021, when the price decreased to \$2971/Ton. Since then, prices started to rise again until prices hit \$3302/Ton on September 21, 2021.

(source: [Web-agri](#))

Policy

On September 1, 2021, several animal derived food products or products of animal origin including some dairy products were suspended from import. The Ministry of Agriculture's Veterinary Services suspended imports of yogurt, ice cream and dessert cream, liquid egg yolk, canned tuna, and fishing products, chicken mortadella (sausage), poultry pâté, cooked and semi-cooked products made of poultry and beef (sausages), corned beef, camel wool, and hair, as well as live bait intended for fishing.

The Directorate of Veterinary Services did not specify the reasons for the new ban, but it reported the ban as "a precaution". The ban is likely a part of the Government's strategy to control imports to reduce spending. In addition, some of these products including the dairy products were already included on the list of products subject to the [temporary additional safeguard duty \(Droit Additionnel Provisoire de Sauvegarde, \(DAPs\)\)](#). Yogurts and ice cream were already subject to a 70 percent additional safeguard duty, to be added to the customs duty (30 percent) and (19 percent) value added tax (VAT).

As outlined previously, the [temporary additional safeguard duty \(Droit Additionnel Provisoire de Sauvegarde, \(DAPs\)\)](#) was implemented in January 2019 and revised in April 2019. The duty remains unchanged and current. The Algerian Ministry of Commerce did not extend the DAPs list as announced in 2020. Milk powder is not included. In addition, wheat, barley, corn, soybeans, and soybean meal as well as distiller's dried grains with solubles (DDGs), starch residues and preparations for animal feed remain unaffected by the current temporary additional safeguard duty.

For background, the list of goods subject to the temporary additional safeguard duty and the corresponding rates were published in the [Journal Officiel No 06 of January 27, 2019](#) as part of the Ordinance of January 26, 2019. The list included 1095 items of which food items represent 60% of the list. Most of the food items on the list are processed and high value products. Milk and milk cream, buttermilk, yogurt, butter and other fats, cheeses and curds were included on the list. Later, on April 21, 2019, the government updated the list to temporarily exclude butter, fats derived from milk and dairy spread products.

The original full revised list in French with the current DAPs rate can be found at: <https://www.joradp.dz/FTP/jo-francais/2019/F2019026.pdf>.

Opportunities for Foreign Investments

The Government of Algeria's roadmap focuses on reviving and diversifying the Algerian economy toward sustainable growth. Following the decline in oil prices, the GoA pledged to diversify the Algerian economy and attract foreign and domestic investment outside the energy sector. In addition, the GoA aims to improve the business climate, develop the strategic sectors, promote exports, and control imports. The GoA revised the scope of partnership rule 49/51 for any activity producing goods and services ([Journal Officiel No 33 of June 4, 2020](#)). [These activities are open to foreign investment](#) without obligation of association with a local party. However, this provision excludes product purchase/resale activities and those of a strategic nature. The latter remain subject to resident national shareholding participation up to 51%.

As mentioned above, in the context of the new strategy, the GoA encourages modern industrial agriculture, using new technologies, digitization as well as innovative tools and renewable energies. The new policy prioritizes investment in agricultural products ensuring food security in the country. The government encourages large-scale agricultural investments in the highlands and the "Sahara" (South of Algeria). In addition, the GoA promotes foreign direct investments and partnerships particularly in the field of cereals, oilseeds, and sugar as well as crushing and refinery projects that generate processing to support the processing industry. Such projects include supporting the development of storage capacities, especially cold chain, and packaging projects.

The Ministry of Agriculture created an office to promote industrial agriculture investments in highlands and the "Sahara" (South of Algeria). This office will facilitate procedures for investors (local and foreign) in their projects. U.S. industry is welcome to contribute to this development.

Marketing

FAS Algiers is actively engaged in promoting trade with the United States. FAS Algiers invites all U.S. exporters and Cooperators interested in doing business in the Algerian market to participate and benefit from the opportunities the development strategy will generate.

FAS Algiers would like to increase the number of cooperators active in this market.

U.S. Wheat Associates (based in Casablanca, Morocco), the U.S. Grains Council (based in Tunis, Tunisia), and the U.S. Soybean Export Council and U.S Livestock and Genetics Export (both based in the U.S.) are already active in Algeria. These cooperators carry out technical workshops, seminars, trade missions, technical exchange programs and activities in Algeria. However, due to the pandemic, these cooperators have converted their events to a virtual platform during 2020 and 2021.

Additionally, FAS Algiers actively promotes U.S. agricultural products in Algerian domestic shows. FAS Algiers regularly participates in the International Food and Agribusiness Show [SIAG](#) in Oran (second largest city in Algeria) as well as the [SIPSA show \(agri-business and livestock trade exhibition\)](#). Due to the COVID-19 pandemic, both shows were cancelled in 2020 and 2021. The SIPSA show organizers postponed the 2021 edition of the show to March 14- 17, 2022. In addition, the SIAG show merged with a regional domestic agricultural show in Oran and will be held January 19 to 21, 2022, pending the health situation.

FAS Algiers invites U.S. exporters and cooperators to consider participating in those annual events.

Please contact us at for more information: AgAlgiers@fas.usda.gov.

Dairy, Dry Whole Milk Powder (Source: PSD Post)

Dairy, Dry Whole Milk Powder	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	84	84	90	87	0	82
Production (1000 MT)	0	0	0	0	0	0
Other Imports (1000 MT)	254	251	245	245	0	245
Total Imports (1000 MT)	254	251	245	245	0	245
Total Supply (1000 MT)	338	335	335	332	0	327
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	248	248	260	250	0	252
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	248	248	260	250	0	252
Total Use (1000 MT)	248	248	260	250	0	252
Ending Stocks (1000 MT)	90	87	75	82	0	75
Total Distribution (1000 MT)	338	335	335	332	0	327
(1000 MT)						

Dairy, Milk, Nonfat Dry (Source: PSD Post):

Dairy, Milk, Nonfat Dry	2020		2021		2022	
Market Year Begins	Jan 2020		Jan 2021		Jan 2022	
Algeria	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	56	56	59	49	0	39
Production (1000 MT)	0	0	0	0	0	0
Other Imports (1000 MT)	148	144	140	140	0	140
Total Imports (1000 MT)	148	144	140	140	0	140
Total Supply (1000 MT)	204	200	199	189	0	179
Other Exports (1000 MT)	0	0	0	0	0	0
Total Exports (1000 MT)	0	0	0	0	0	0
Human Dom. Consumption (1000 MT)	145	145	150	150	0	150
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	145	145	150	150	0	150
Total Use (1000 MT)	145	145	150	150	0	150
Ending Stocks (1000 MT)	59	49	49	39	0	29
Total Distribution (1000 MT)	204	194	199	189	0	179
(1000 MT)						

Attachments:

No Attachments