

Current Situation of Milk and Red Meat Industry in Algeria

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Abstract

Since the 1960s, Algeria has experienced a rapid demographic growth that led to a significant increase in the demand of milk and meat products. In order to secure supply, specific policies were implemented by government. These policies consisted mainly in the establishment of a milk and meat industry. This paper draws an analysis of the milk and red meat sectors in Algeria with the milk consumption need estimated at over 3.8 billion liters per year (110 liters per capita per year). However, the level of milk collection remains low; nearly 25%, relative to the potential of national production, estimated at over 2.5 billion liters of raw milk per year for a herd of approximately one million dairy cows. On the other hand, red meat consumption needs are estimated at over 370,000 tons per year (20 kg per capita per year). While more than 330,000 cattle were slaughtered locally for food to a total of nearly 120,000 tons. Approximately 9,000,000 head of sheep produced locally were slaughtered for food, totaling 200,000 tons from sheep alone giving a total of 320,000 tons produced locally. The deficit of 50,000 tons is covered by meat importation. This paper recommends specific issues related to the development of the dairy and meat sector in Algeria.

Keywords: Algeria; Milk; Red meat; Industry; Situation

Introduction

In Algeria, agriculture is the sector around which issues of food security and the economics of population crystallizes. Comparative to other strategic sectors, the food sector in Algeria has long been the preserve of the state which has set up a qualified agro-importer system. The adoption of such a policy was made possible due to the financial comfort that came from oil revenues [1].

Milk production was not an exception, being the most imported food after wheat. Algeria's annual milk importation is within the ratio of 250,000 tons to 280,000 tons per year constituting an intolerable level in self-sufficiency. The Algeria milk sector through its main links (production, collection and import of milk powder) must ensure a level of milk consumption of 110 liters per capita per year [2].

Equally, the red meat sector in Algeria had experienced growth of 19% in 20 years [3] as a result of cash increase on beef; cattle (more than 2,000,000 heads), sheep (over 27,000,000 heads) and goats (more than 5,000,000 heads). However, this trend through its main links (production, consumption and import) must ensure a level of availability to support the consumption of 20 kg per year per capita [2].

Geographically, Algeria is the largest country in Africa. It is located between latitudes 19° and 37°N and longitudes 9°W and 12°E. It is bounded by the Mediterranean Sea to the north, Tunisia to the east, Morocco to the west, Mali and Niger to the south. It has a long coastline at the Mediterranean Sea (1600 km); Most of the coastal area (northern region) is hilly and sometimes even mountainous. South of the northern region is a steppe and farther south, the Sahara desert. Algeria has 2,381,741 km² area of land and a human population of 40 million people. More than 80% of the people live in coastal areas. Livestock farming represents a significant financial income of an

important part of the Algerian population with ~2 million cattle, 27 million sheep, 5 million goats and 0.35 million camels all reared under traditional extensive husbandry system, although intensive husbandry systems have recently been introduced into the country [4]. In spite of the considerable livestock potential of Algeria, the country still faces a huge deficit in dairy and meat production. This problem imposes each year a huge spending evident from the import invoices which amount to 2.045 billion USD for milk and 0.307 billion USD for meat in 2014. Diseases and poor flock-health management practices pose a significant challenge to optimal and efficient management and profitable production in Algeria [2].

Therefore, the objective of this article is to present an overview on the current situation of the milk and red meat industries in Algeria from published literatures, research papers and data obtained from the Algerian ministry of Agriculture and rural development (MADR) in Algeria for the assessment of measures to be deployed towards self-sufficiency.

Milk Sector in Algeria

Production and collection of raw milk

Local milk production estimated at 2.5 billion liters was provided largely (nearly 80%) by cattle; the rest is represented by sheep and goat milk. Camel milk production was marginal while goat milk production was performed under extensive farming system primarily within the steppe mountain areas. Milk production in Algeria does not allow self-sufficiency. This was generally due to the fact that dairy policy was virtually non-existent during the various development plans. The few measures taken to increase the quantities of milk produced has not created the necessary impact. From 1995, government has implemented incentives for the production of milk on farms under the rehabilitation program of national milk production. This program gave

farmers subsidies for milk delivered to dairies, allowing the increased number of dairy cows meadows 560,000 in 1997 to over 1,00,0000 in 2014. In regards to milk collection, it is minimal compared to the quantities of milk produced not exceeding 25% of total production [2]. The consumption needs in milk and milk products in Algeria are estimated at over 3.8 billion liters per year. The level of collection remains low; nearly 25%, relative to the potential of national production, estimated at over 2.5 billion liters of raw milk per year. The main factors behind stagnation of the collection of raw milk are [5-8]:

- Inadequate modern production techniques (85% of farms with less than six dairy cows).
- A total lack of identification of a livestock policy; inadequate record of the flow of animals (cattle market, slaughterhouses etc.), followed by staff and their movements and the establishment of a dairy control and a selection scheme.
- The challenge of powdered milk influx into the country.
- Inadequate collection infrastructure: the whole territory has less than 1000 active delivery collectors in the sector.
- The policy of price control which fixes the price at 42 Algerian dinars (0.42 USD) per liter, and thereby discouraging prospective investors into the sector.
- Low forage production and high food prices concentrated due to low rainfall and limited irrigated areas reserved for vegetable crops that are deemed more profitable compared to forage production.

Milk processing companies are considered the core of the dairy industry as they cover more than 80% of the population's milk needs. The general structure of the dairy industry in Algeria also revealed the coexistence of three types of businesses [5-8]:

- Public production units organized as Industrial Group of Milk Production (Giplait).
- Private companies of medium sizes which grew from partnerships with foreign companies.
- Small private companies that have a regional base and specializes in the production of one or more products including cheese.

Since the liberalization of the economy, the market for the supply of milk and its derivatives had experienced a significant transformation. Currently, 256 dairies are in existence of which 15 have gone public.

Consumption

Similarly, the consumption of milk and its derivatives has experienced strong growth in the country. From 34 liters per year per capita in the 1970s to 95 liters per year per capita in 1995. In 2003, milk consumption rose from 116 liters per year per capita to, 121 liters in 2006 [9]. However, following the global Milk crisis of 2008 and doubling of the price of milk powder (3,900 USD per ton) which led to a crisis of availability of milk in the Algerian market leading to a drop (110 liters per year per capita) in consumption of milk within the Algerian population. Algeria's consumption needs in milk and milk products estimated at over 3.8 billion liters per year corresponded to an individual consumption of 110 liters per year was greater than that of neighboring Morocco (64 liters) and Tunisia (83 liters), but is still very far from that of developed countries (380 liters in France). Consumption of cheese and yogurt was 6 kg or 7 kg per year per capita, up from less than 1 kg in 1988. Overall, consumption was lower compared to that of Moroccans and Tunisians who amounted to 10 kg per year per capita [4].

Importation

Algeria imports 250,000 to 280,000 tons of powdered milk per annum. Subsidies on the importation of milk per bag costed the state nearly 1.5 billion USD per year, representing nearly 20% of the total food bill. This strong relationship between the dairy industry and the global market demand for milk and dairy products exerts a negative influence on the domestic growth of the sector in Algeria [2]. This dependence worsen with global increase in price of powdered milk. For example, in 2008 the prices of milk increased sharply; 3900 USD per ton against 1,700 USD in 2006. The pressure on prices was explained by several factors [9]:

- Increasing Asian demand was explained by the improvement of their purchasing power;
- The decline in export subsidies under regime of the World Trade Organization.
- Decline in global production due to bad weather and effect of global warming.
- The reduction in production quotas for European countries to reduce aid under the Common Agricultural Policy (CAP).

Red Meat Sector

Production

Majority of transactions take place on the nearest livestock markets. Breeders periodically sell these animals in the local market. The force of demand and supply provides information on price levels in a local weekly animal market [10]. Red meat marketed and consumed in Algeria consists essentially of mutton and beef. The production of Camlin red meat is however marginal. Goat meat production is mainly carried out within the steppe mountains areas. Red meat production is estimated at 320,000 tons per year while more than 330,000 locally produced cattle are slaughtered for food, making a total meat of nearly 120,000 tons. In addition, approximately 9,000,000 head of sheep produced locally are slaughtered for food, making 200,000 tons meadows [2].

Consumption

The consumption of red meat in Algeria has increased within the last 20 years [3]. This level of consumption now estimated at 11 kg per capita per year, is comparatively very far from that of developed countries due to the high cost of fresh red meat in Algeria. In Algeria, red meat consumption needs are estimated at over 370,000 tons per year with more than 330,000 cattle locally produced and the balance of 50,000 tons externally sourced [2].

The main factors behind the deficit are (2-5):

- Inadequate farming typology with modern production techniques.
- Inadequate infrastructure mainly slaughterhouses.
- The low forage production and the high cost of feed concentrate because of low rainfall and irrigated areas are reserved for vegetable crops deemed more profitable.

Importation

Algeria imports more than 50,000 tons of red meat annually. This volume of imported meat is fixed according to the needs of the public and authorities to cover for consumer surplus periods (Ramadan, Eid

al-Adha) [2]. The low share of imported meat in overall consumption, and the concentration of imports over short periods, influences consumer prices, but low and limited way to big import periods [10].

Conclusion

Many challenges lie ahead for the milk and red meat chains in Algeria if the country wants to achieve a sustainable development and contribute efficiently to the supply of the population and to significantly reduce the importation bill by boosting agriculture and reducing over dependence on petroleum. To accomplish such a growth, additional efforts will be needed in livestock farms to improve the milk and meat productivity. On another hand, sound on-farm support priority programs targeting smallholder units will be urgently needed, as they will surely remain the main actors in dairy and meat industry. Such programs should aim to promote the overall farm performances, from irrigation efficiency, to fodder biomass yield and its conversion to milk and meat. In addition, more efforts to promote equity and a fair distribution of incomes throughout the milk and meat chains will be needed.

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