

Market developments in Fruit and Vegetables Algeria

*Presentation by
MEYS Emerging Markets Research*

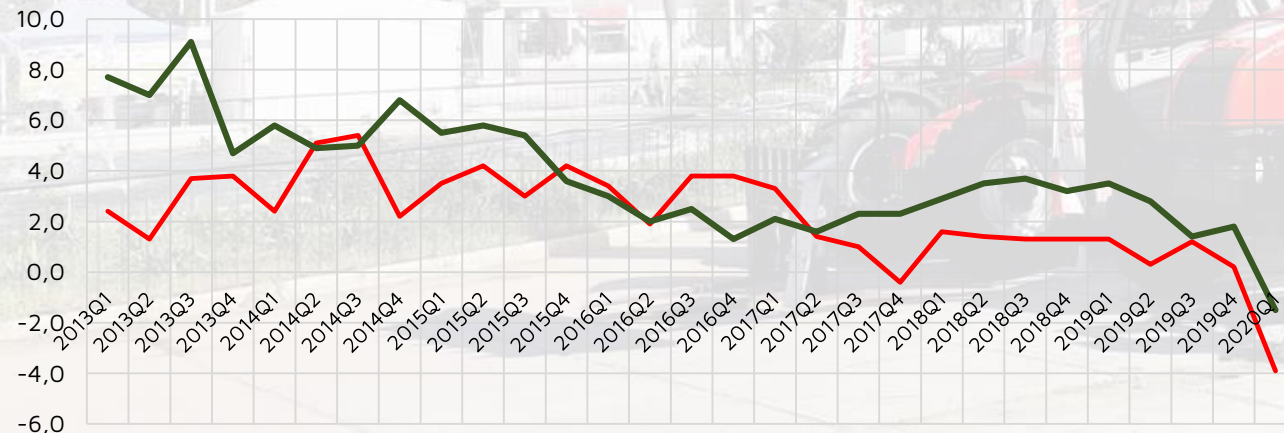
Country overview

- **Political structure:** Republic
- **Population:** 43.9 million people (1/1/2020)
- **Capital:** Algiers (2.6 million people*)
- **Gross Domestic Product (GDP, 2019):** 20 288 billion dinars (US\$ 162 billion)
- With a share of 21% in GDP the **energy sector** dominates the Algerian economy
- **GDP per capita:** US\$ 4 200 (2019)
- **Average annual economic growth rate 2013 – 2019:** 2.5%
- During the first quarter of 2020 overall economic growth rate was -3.5%

Note: (*) urban agglomeration

Source: UN, ONS, Ministry of Finance

Economic growth rate Algeria (GDP, %)



Source: ONS

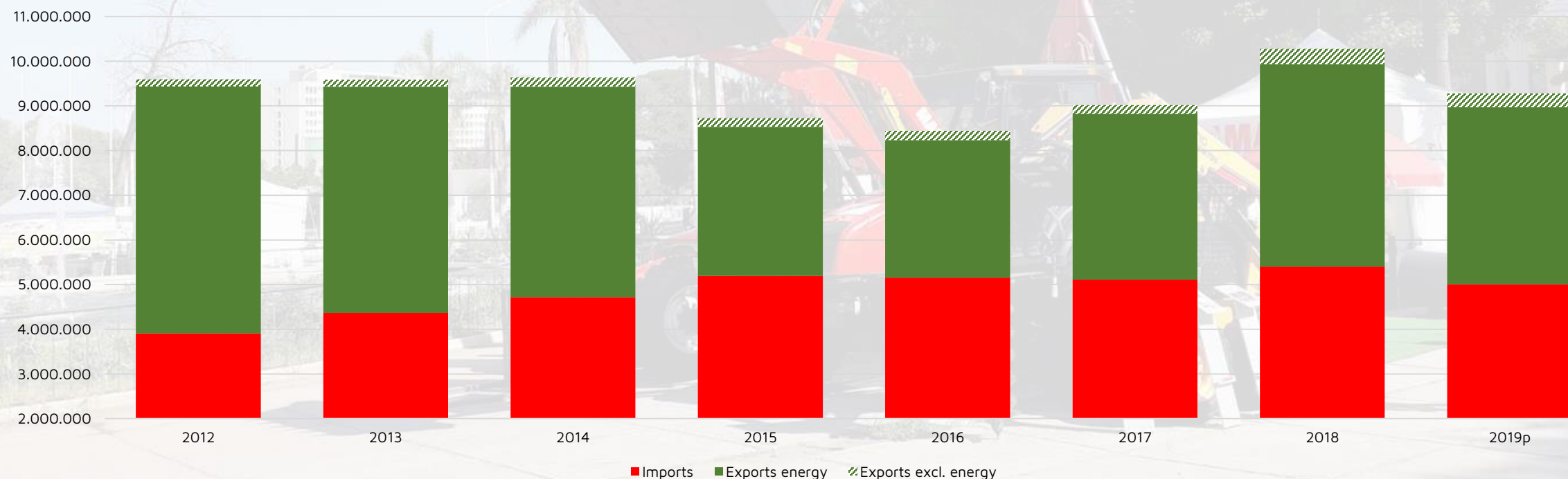
— GDP — GDP excl. energy

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- Total **foreign trade** of Algeria was just over 9 000 billion dinars (77.8 billion US\$) in 2019
- 54% of total trade value in 2019 came from imports
- 93% of Algeria's total export value is from oil and gas; main non-energy export products are (semi-finished) chemicals, sugar, dates
- Main **import products** are machinery & equipment, cars, car parts, oil for the food industry, pharmaceuticals, cereals, sugar, dairy products
- Due to political turmoil and declining oil prices total foreign trade in 2019 decreased with -10% compared to 2018

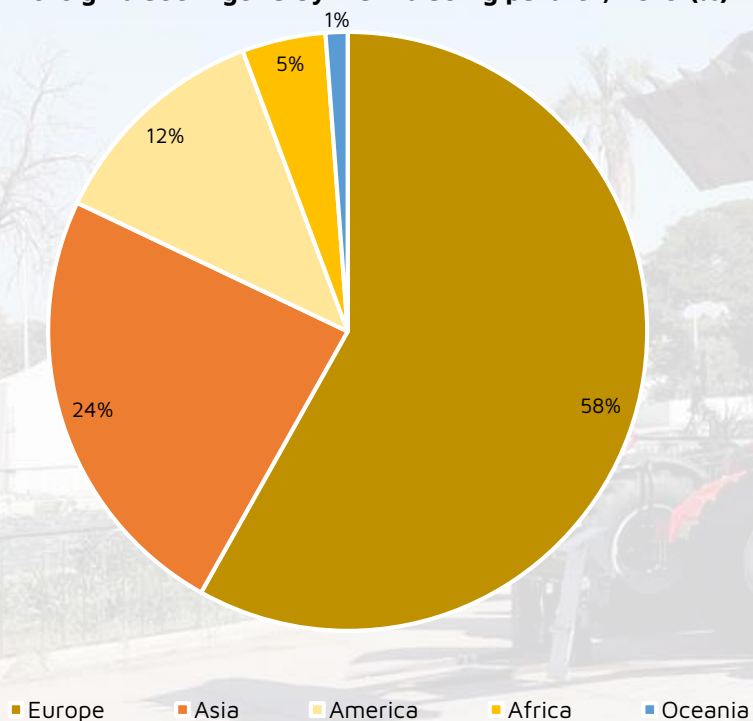
Foreign trade Algeria (million dinars)



Note: (p) provisional figures
Source: Customs Algeria

- Main **trading partner** of Algeria is Europe
- In 2019 Europe had a share of 58% in Algeria's total foreign trade, of which 44% in imports and 57% in exports
- France was the largest export market, while China the main supplier of products to Algeria

Foreign trade Algeria by main trading partner, 2019 (%)



Source: Customs Algeria

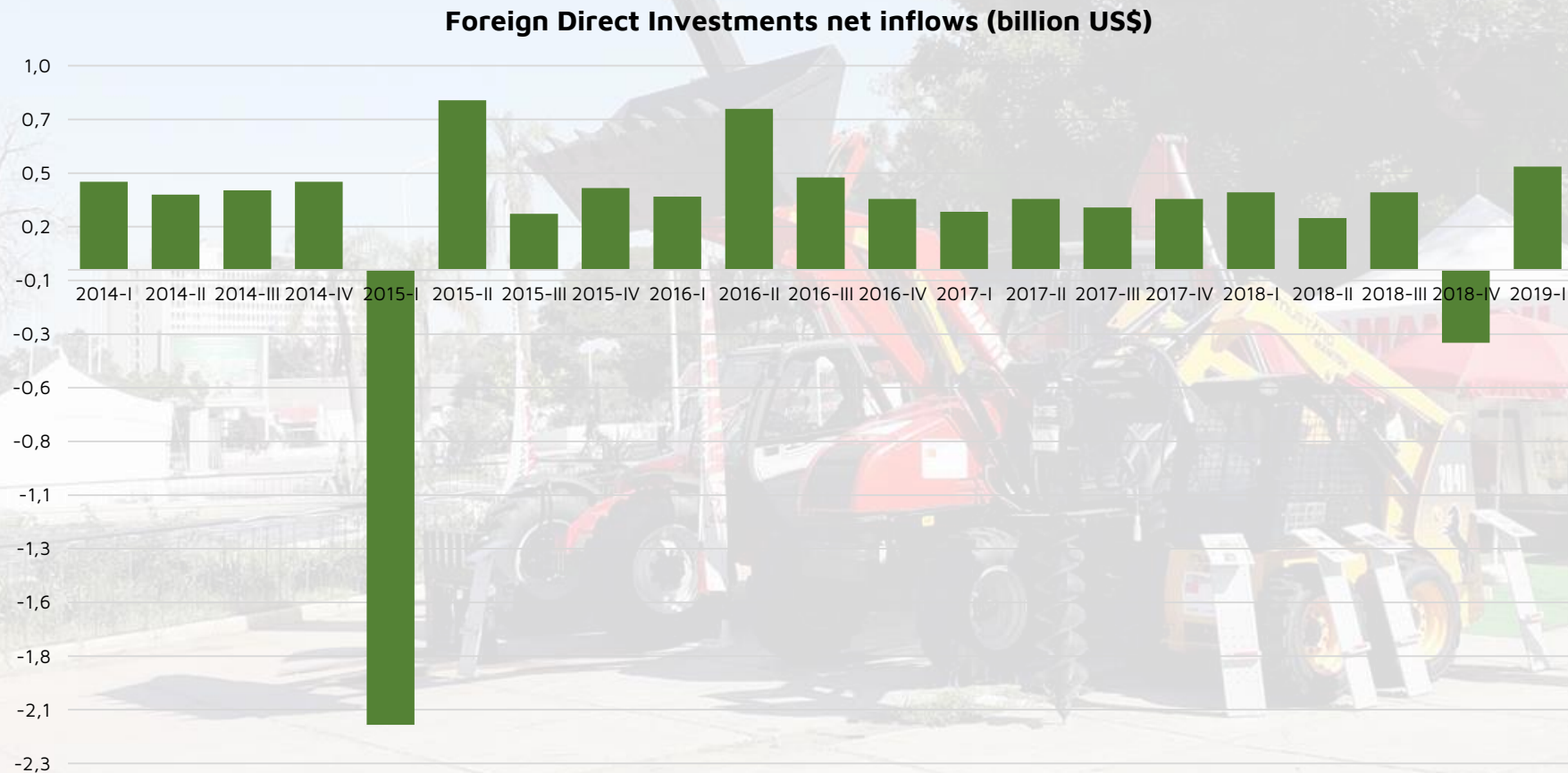
Top5 export partner, 2019

Country	% in exports
France	14
Italy	13
Spain	11
UK	6
Turkey	6

Top5 import partner, 2019

Country	% in imports
China	18
France	10
Italy	8
Spain	7
Germany	7

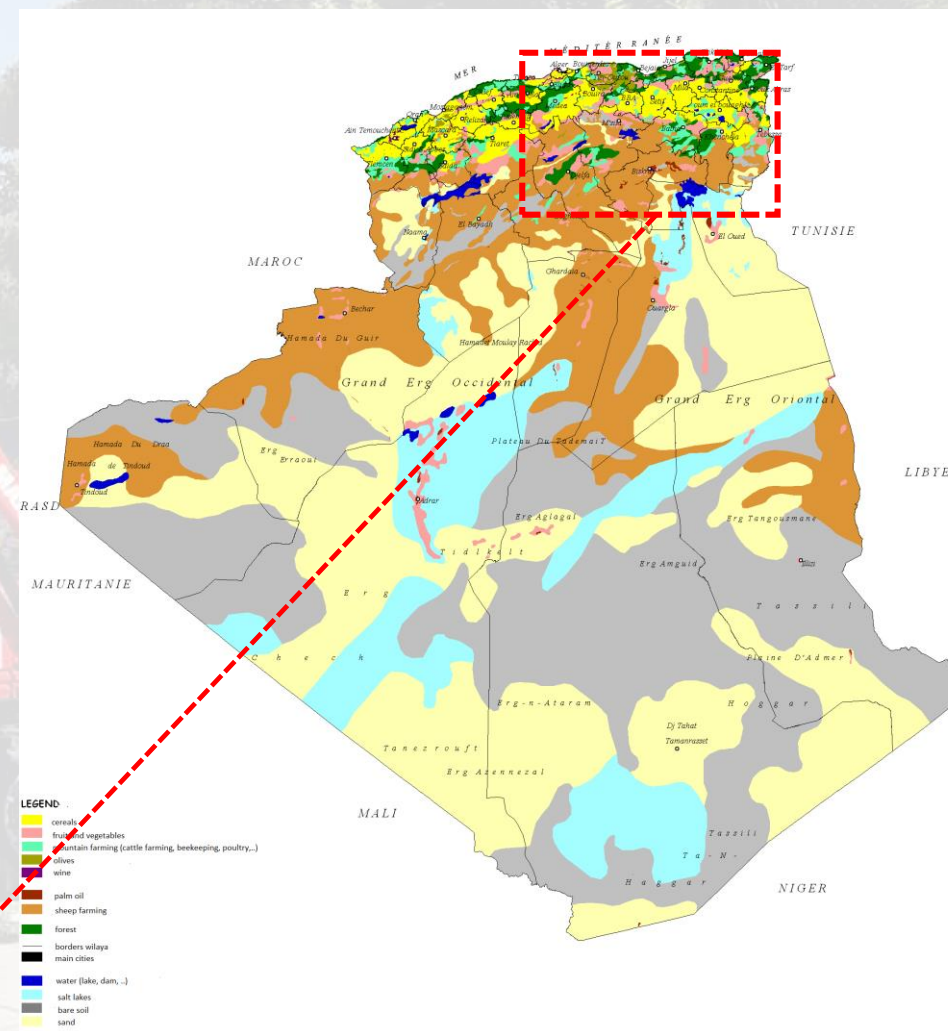
- **Foreign Direct Investments** (FDI) net inflows in Algeria is during the last four years on average 260 million US\$ per quarter
- On an annual base FDI net inflows in 2017 dropped 34% compared to 2016; 2018 FDI net inflows -50% compared to 2017
- Of all investment projects in Algeria in 2018 only 9% was with foreign investors
- Main economic sector for receiving investments is Manufacturing (62%); Agriculture receives 5% of investment funds



Source: Central Bank of Algeria

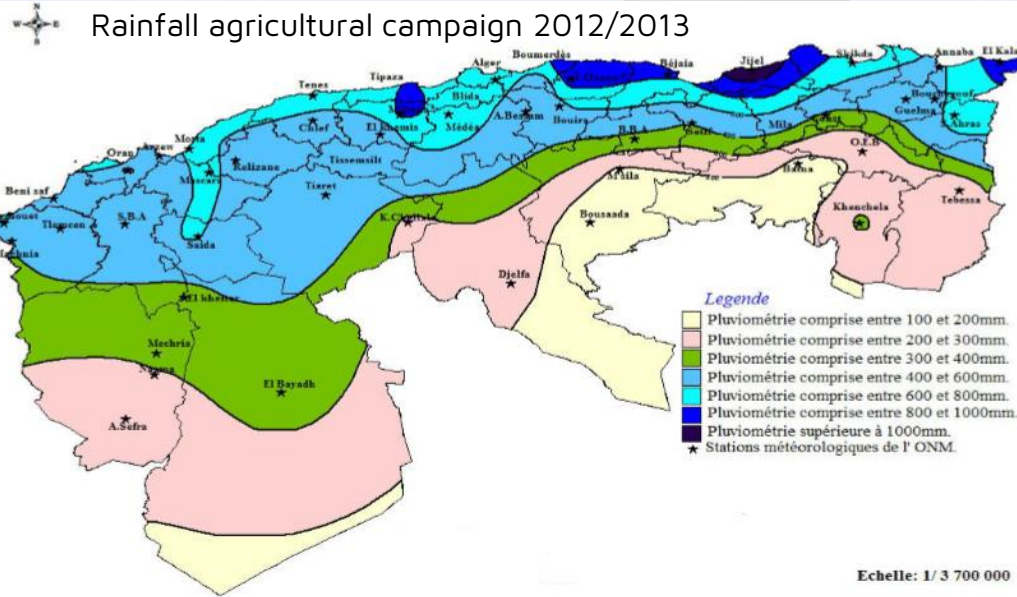
Profile Agricultural sector in Algeria

Soil map Algeria (80% desert)

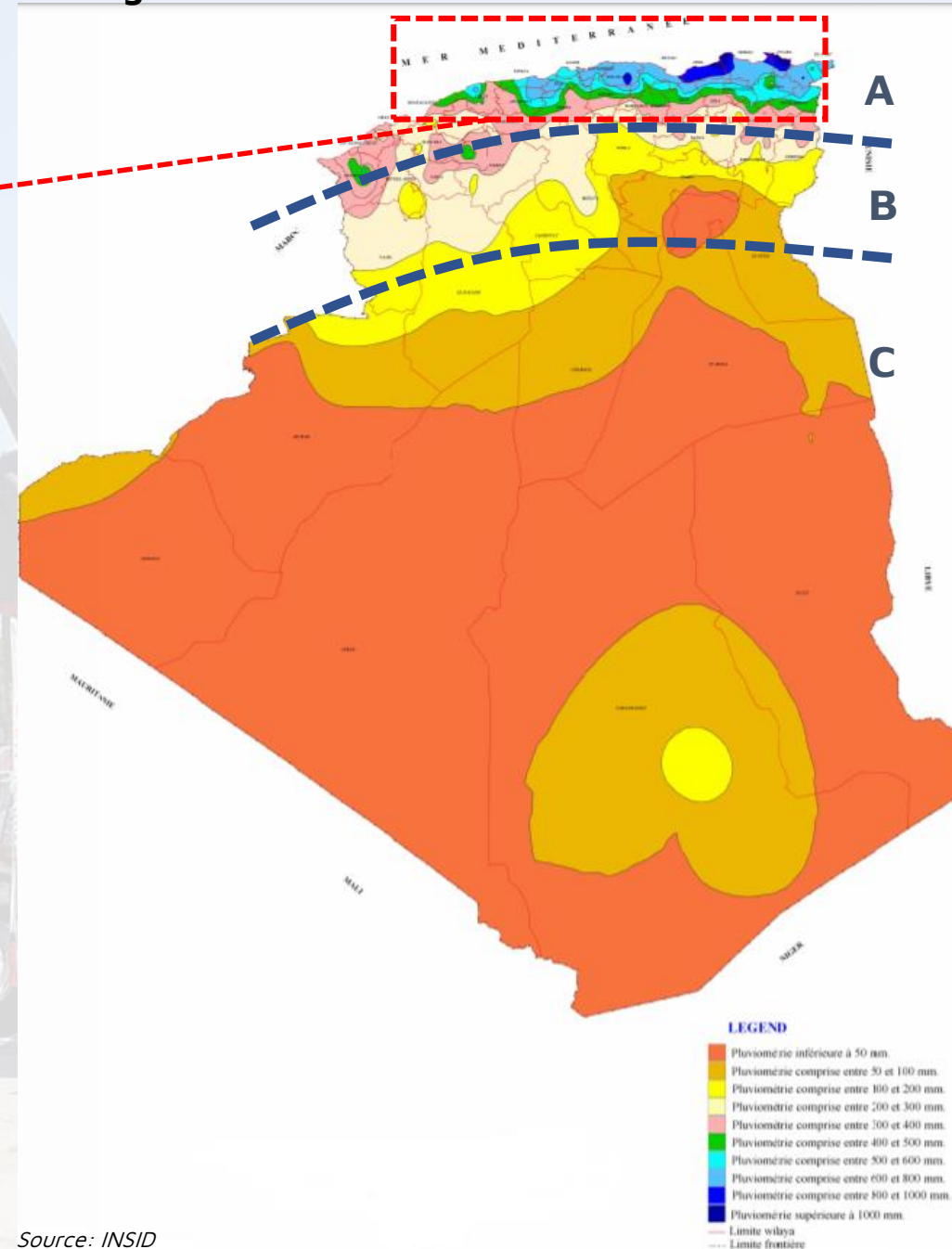


- **Contribution Agriculture to GDP (2019): 12%** (2 429 billion dinars ~US\$ 21 billion)
- Providing 9% of total (formal) employment in Algeria (i.e. 2.6 million permanent agricultural jobs)
- Total cultivated area in Algeria is around 8.4 million ha.
- 1.3 million ha. is water irrigated
- Main agricultural products:
 - Cereals
 - Potatoes
 - Olives
 - Dates
 - Onions
 - Garlic
 - Tomatoes
- Average size farm plot 8.3 ha.
- Approximately one million farm households, *of which*:
 - 70% < 10 ha.
 - 23% 10 ha. < 50 ha.
 - 2% > 50 ha.
- Majority (57%) of farm households are active in cereal production
- Main areas (wilayas) for agricultural production in Algeria are Djelfa, Tébessa, Oum-El-Bouaghi, Batna, Msila

Average rainfall 1986 - 2005



- Climate differs widely between regions (North-South, East-West). In the North (A) it's a Mediterranean type of climate (hot and dry summers, wet and cool winters), semi arid on the high plateaus in the center of the country (B), and desert as soon as one crosses the chain of the Saharan atlas (C)
- Most rainfall in Algeria is along the northern and eastern coastline of the Mediterranean
- The northern and eastern borders receive on average annual amounts of precipitation varying between 600 and 1150 mm
- The annual rainfall decreases as one advances south of the country and falls to less than 100 mm south of the Saharan Atlas

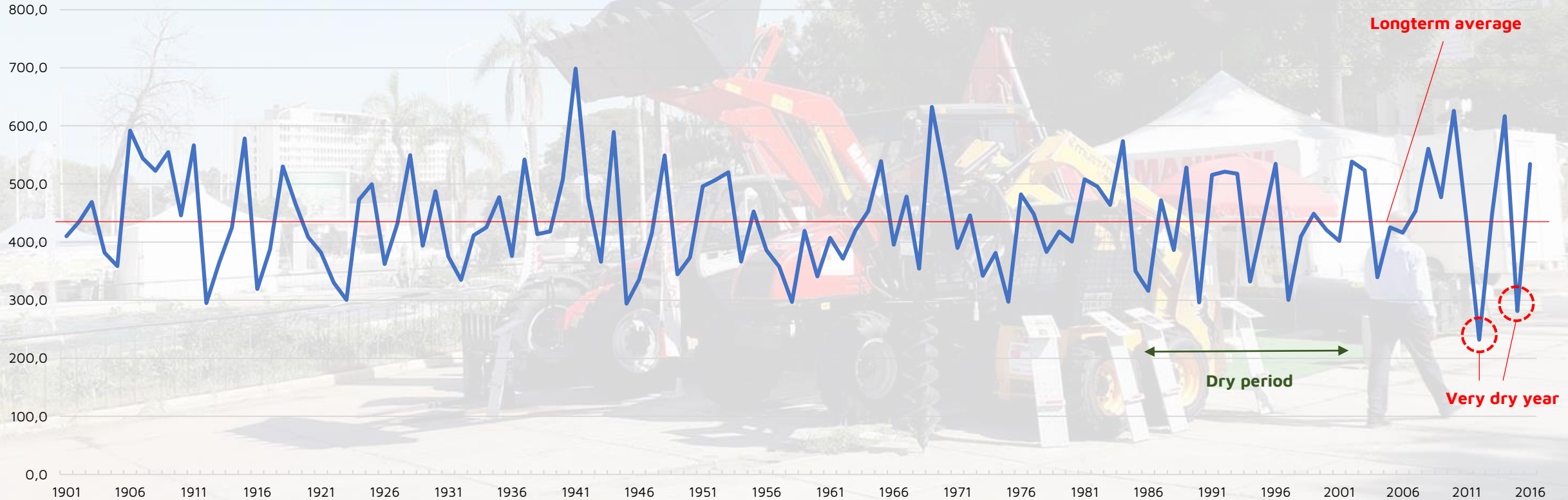


Source: INSID

- Longterm average annual rainfall for Algeria is approximately 438 mm
- The period of the 1990s and early 2000s was characterized by a deficit in rainfall
- In 2012 and 2015 Algeria had the driest years since 1901

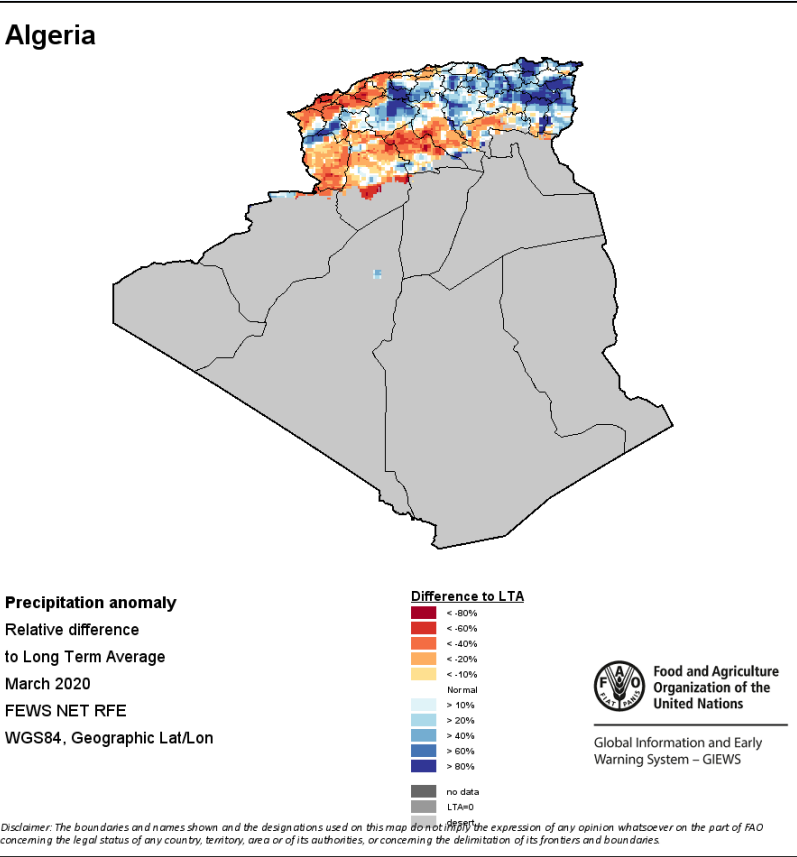
Average annual rainfall Algeria 1901 – 2016 (mm)

Source: World Bank

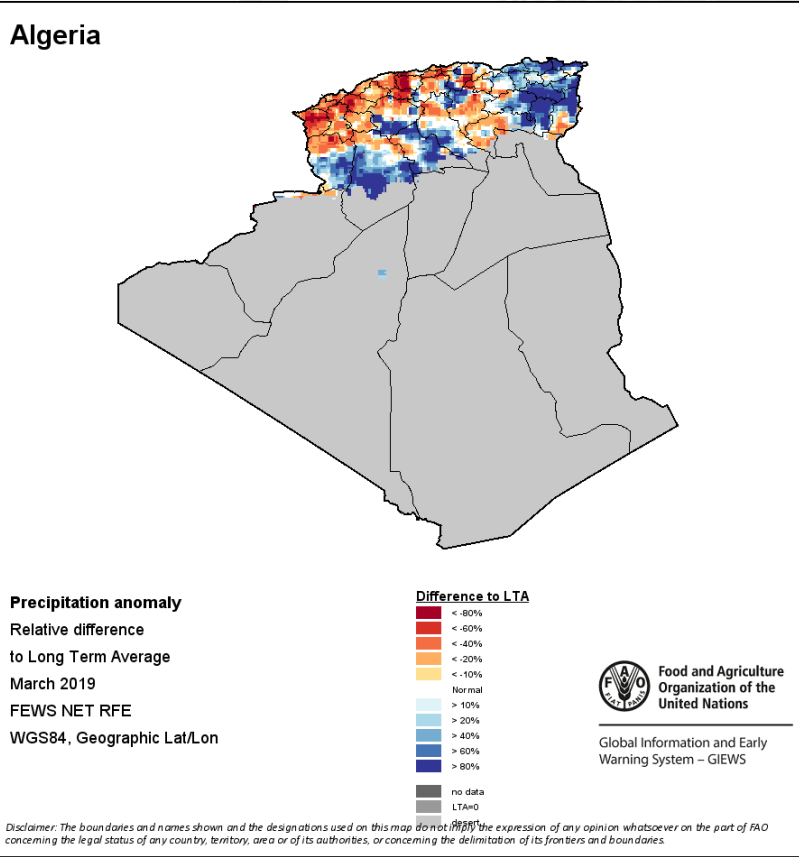


- In the eastern production areas, well-distributed rains during March 2020 provided favourable conditions for crop development
- In southwestern Algeria rain distribution in March 2020 was less favourable
- Comparing levels of rainfall in March 2020, 2019 and 2018 it can be seen from the satellite images that in 2018 almost all agricultural production areas had above average precipitation relative to the Long Term Average (LTA), while in 2019 and 2020 the northwestern areas had below LTA-levels

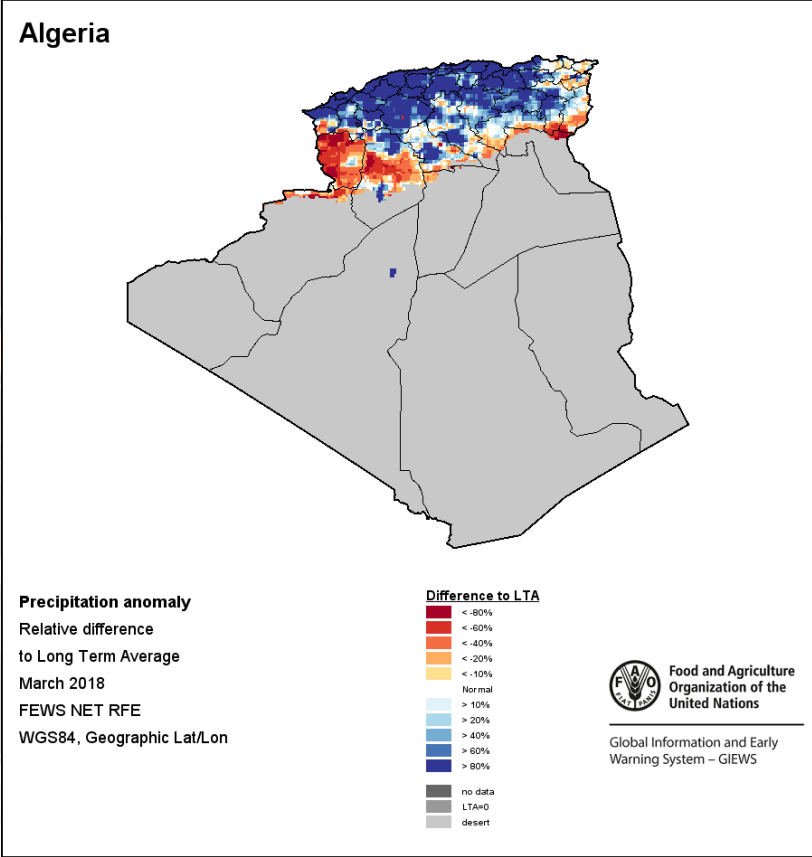
Rainfall March 2020



Rainfall March 2019



Rainfall March 2018



Note: Long Term Average (LTA) refers to the period 1989-2015

- **Fresh water resources** are under strain due to increasing consumption of water, as the population will grow from 44 million people in 2020 to 50 million people in 2030, and climate change which have an impact on the level of renewable water resources
- On average 100 billion m3 of rainfall annually of which 87.6 billion m3 evaporates
- Water supply renewable sources: max. capacity water reservoirs (surface water) around 8.6 billion m3 (in April 2020 filling rate 62%); ground water approximately 6.4 billion m3 -> in addition water supply through desalination and waste water treatment
- Demand for fresh water is expected to grow by 24% in the next ten years to 12.9 billion m3 in 2030
- Strongest growth in demand will be from Industry, but the largest consumer of fresh water is the agricultural sector (65% of total water consumption)
- 45% of total water consumption must come from water reservoirs (surface water), 35% from desalinated sea water and 20% from ground water

Demand for water in Algeria (billion m3)

Source: APS

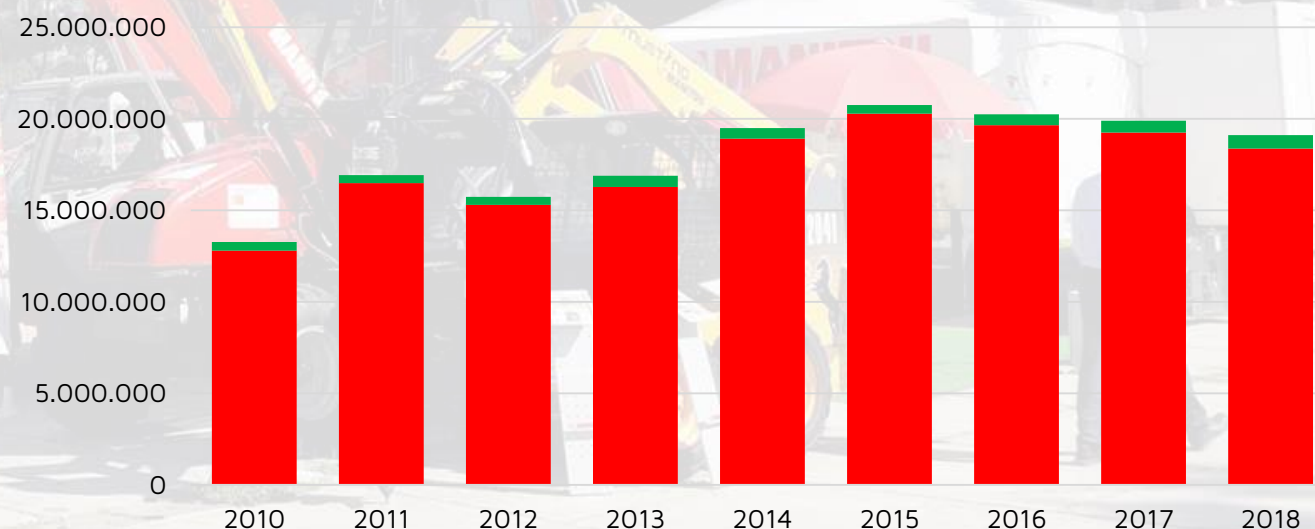
Sector	2019	2030	2030/2020
Industry	0.3	0.6	+100%
Agriculture	6.8	8.3	+22%
Households	3.3	4.0	+21%
Total	10.4	12.9	+24%

- **Covered cultivation** in Algeria is still limited to approximately 14,000 ha.
- Average size of a greenhouse in Algeria is 400 m²
- Covered cultivation in Algeria consist primarily of single span plastic tunnels and in some cases multichapel greenhouses
- Main crops under covered cultivation are tomatoes (4500 ha.) followed by peppers (4200 ha.) and cucumbers//zucchini's (2000 ha.)
- Majority of covered cultivation are in the wilayas Algiers and Biskra



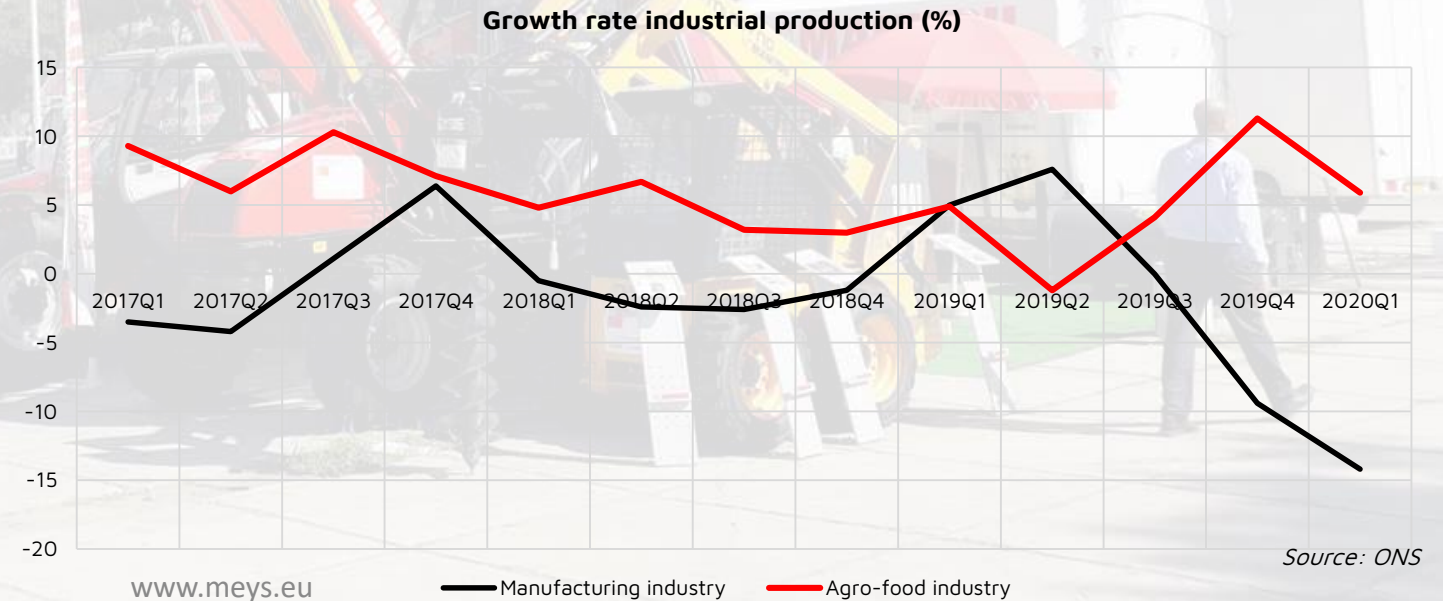
- **73%** of **national nutritional needs** is **covered** by domestic agricultural production
- Total foreign trade in agricultural products since 2015 is declining due to lower imports
- Volume of imports of agricultural products is 25x higher than exports
- In 2018 Algeria imported 18.4 million tons and exported 739,000 tons
- Total export value of agricultural products in 2018 was around US\$ 345 million; total import value was around US\$ 8.4 billion
- Main agricultural **exports**:
 - Sugar
 - Dates
- Main export markets are (2018):
 - Tunisia: 12%
 - Jordan: 10%
 - Mauritania: 10%
 - France: 9%
- Main agricultural **imports**:
 - Milk and milk products
 - Cereals
 - Sugar
 - Natural fats and oils of animals and vegetables
 - Animal feed
- Main import markets are (2018):
 - Argentina: 21%
 - France: 20%
 - Brazil: 12%

Foreign trade Algeria agricultural products (tons)



Agro-food industry Algeria

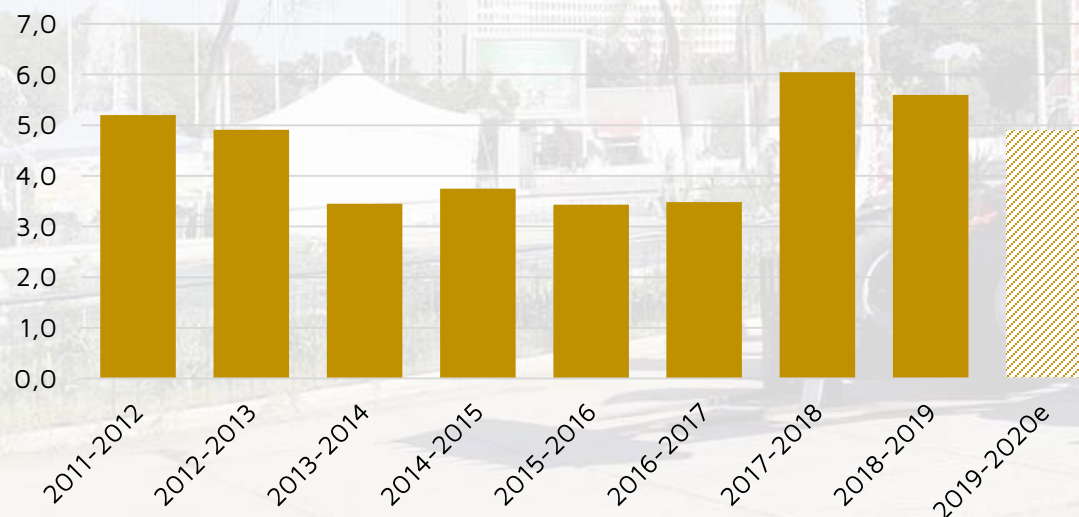
- **Contribution to GDP** (2019): **2.3%** (459 billion dinars ~ US\$ 3.7 billion)
- Growth rate industrial production of agro-food industry above average growth rate manufacturing industry during last 3 years
- 23,000 companies active in the agro-food industry including 300 state enterprises
- 1.6 million people working in the agro-food industry in Algeria (23% of the active working population)
- Second largest industry after the energy sector providing 40% of the total turnover of the non-hydrocarbon industry
- 10% of Algeria's annual food production is processed by domestic industry
- 40% of annual household consumption is spent on food (processed, fresh) and drinks, of which:
 - 24% on fruit and vegetables
 - 18% on cereals
 - 13% on meat
 - 8% on milk and milk products



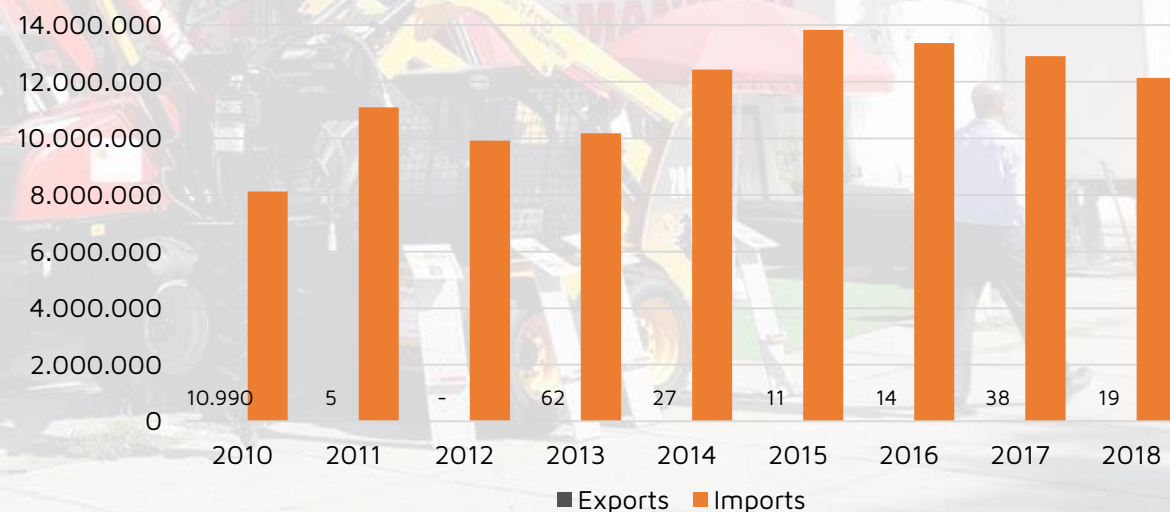
Market of cereals in Algeria

- Around 40% of total cultivated area is used for the production of cereals
- Since the campaign of 2013-14 national production of cereals is around 3.5 million tons per year, but due to good weather conditions increased significantly during the agricultural campaigns of 2017-18 and 2018-19
- Main areas of cereal production in the North West of Algeria (Médéa, Tiaret, Sidi-Bel-Abbès)
- Exports of cereals is almost zero since 2011
- Imports of cereals are relatively high; on average between 12 – 14 million tons per year since 2014

Cereal production Algeria (million tons)



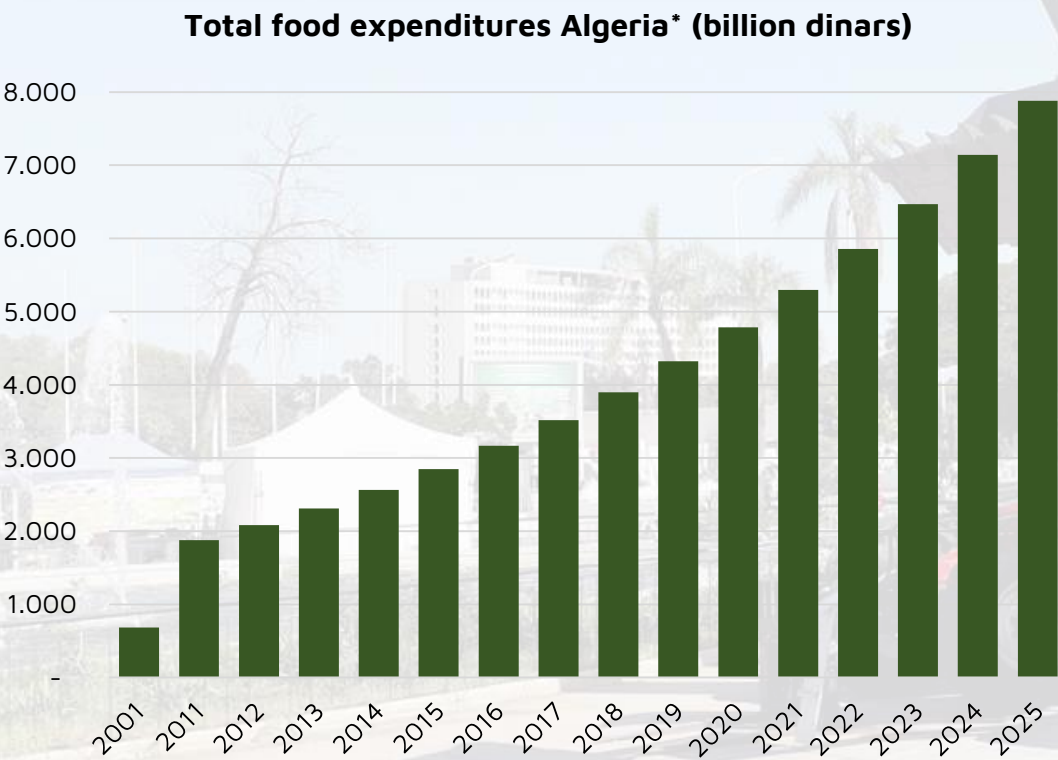
Foreign trade Algeria of cereals (tons)



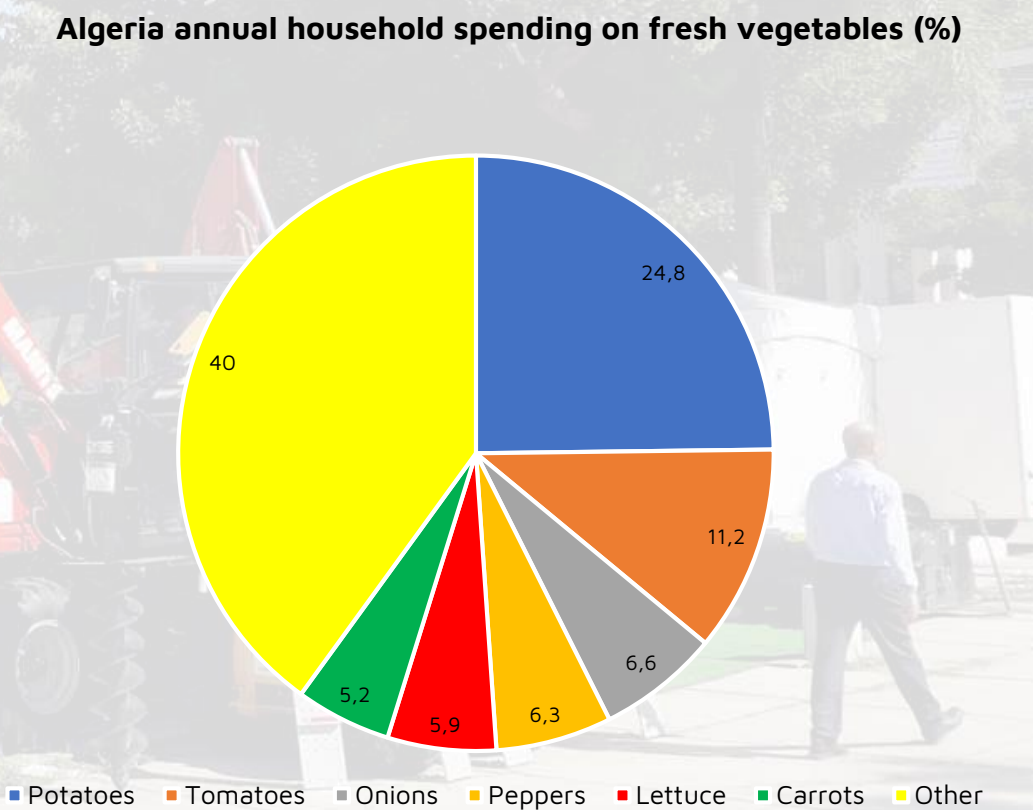
Note: (e) estimate FAO
Source: Ministry of Agriculture, FAO

Market developments Vegetables

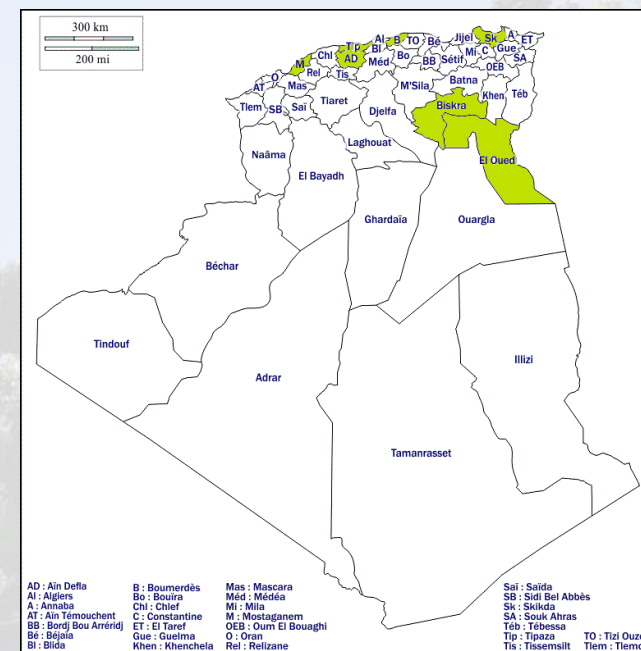
- With a growing population to almost 48 million people by 2025, food expenditures will grow on average with 10% per year
- By 2025 it is expected that **total food expenditures** will reach almost 8 000 billion dinars (**66 billion US\$**)
- Total household spending on **fresh vegetables** is currently around **2.1 billion US\$** annually (6% of total food expenditures)
- Household spending on fresh vegetables is primarily on potatoes, tomatoes and onions (42,6%)



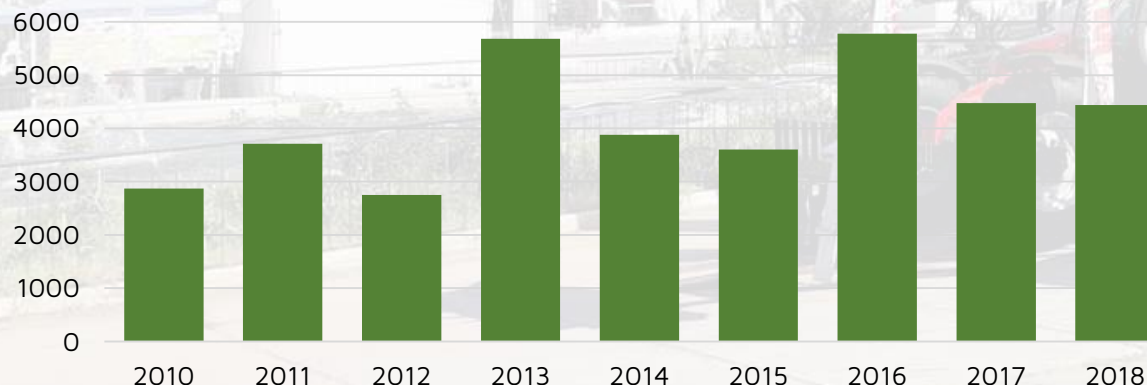
Note: (*) estimates by MEYS based on the Household expenditure survey 2011 and Population prognosis 2018 by ONS



- Total **annual production** of **vegetables** in 2018 is around 13.6 million tons (in 2017 13 million tons)
- Cultivated area for vegetable production approximately 470,000 ha.
- Largest production volumes in potatoes, onions, tomatoes
- Main areas (wilayas) of vegetable production in Algeria are (2017):
 - El Oued: 1.6 million tons
 - Ain Defla: 1.5 million tons
 - Mostaganem: 910,000 tons
 - Biskra: 850,000 tons
 - Skikda: 550,000 tons
 - Boumerdes: 490,000 tons
 - Tipaza: 440,000 tons
- Algerian exports of vegetables is limited; around 4 000 tons annually
- Imports of vegetables is between 300,000 – 400,000 tons annually

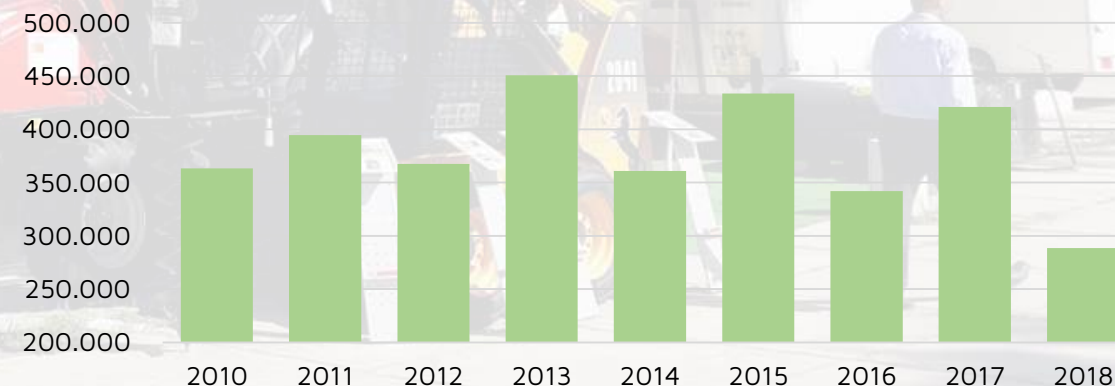


Exports of Vegetables (tons)



Source: ONFAA

Imports of Vegetables (tons)



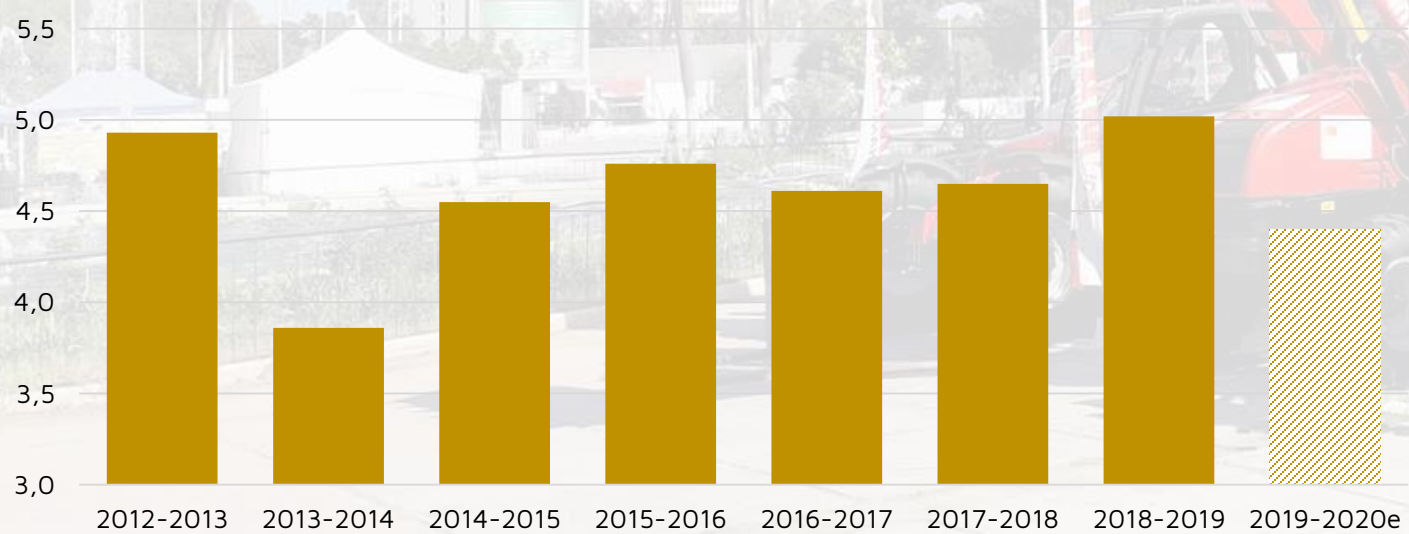
Source: ONFAA

Market of potatoes in Algeria



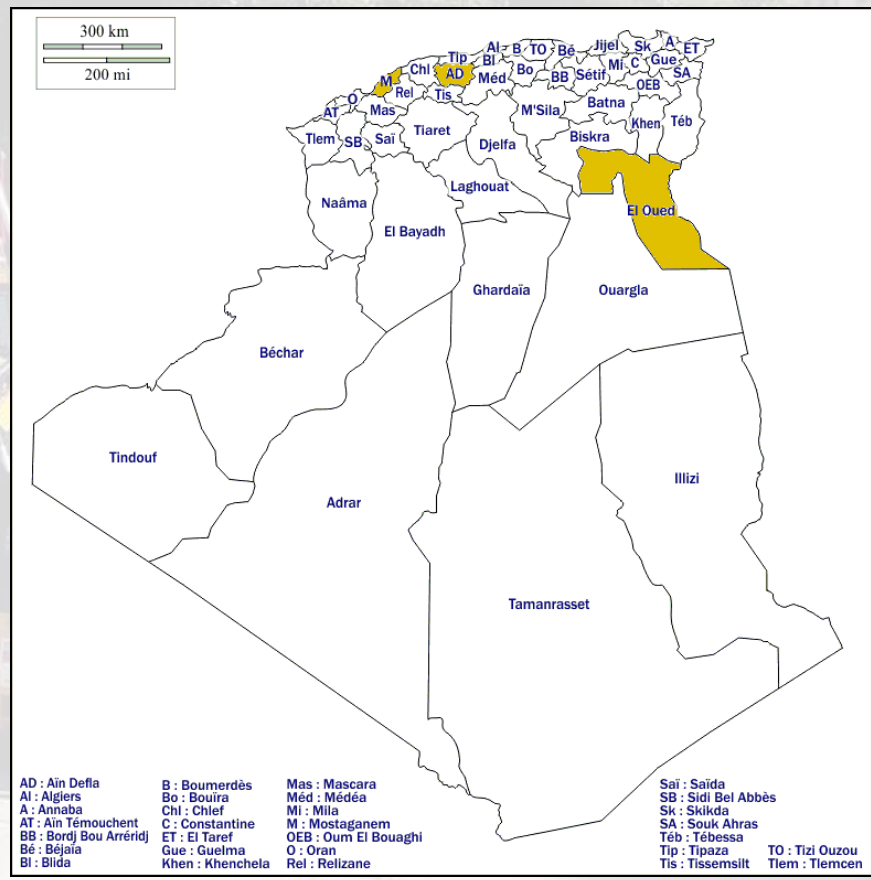
- Cultivated area of potatoes is approximately 160,000 ha.
- During campaign 2017-2018 total production of potatoes was 4.65 million tons, of which:
 - Primeur potatoes: 107,000 tons (2%)
 - Main season potatoes: 2.6 million tons (57%)
 - Late season potatoes: 1.9 million tons (41%)
- With a seasonal production of 1.5 million tons of potatoes on 40,000 ha. the area (wilaya) of El Oued is the main production area of potatoes in Algeria, followed by Ain-Defla (688,000 tons) and Mostaganem (525,000 tons)
- Exports of potatoes is less than 1 000 tons per year

Production potatoes Algeria (million tons)



Note: (e) estimate
Source: ONS

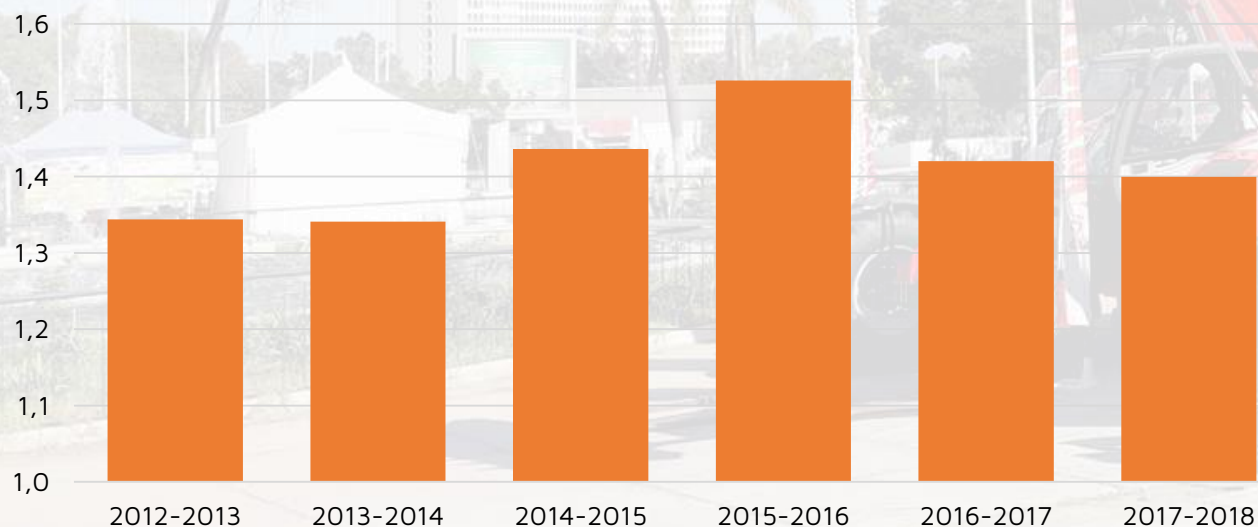
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Market of onions in Algeria

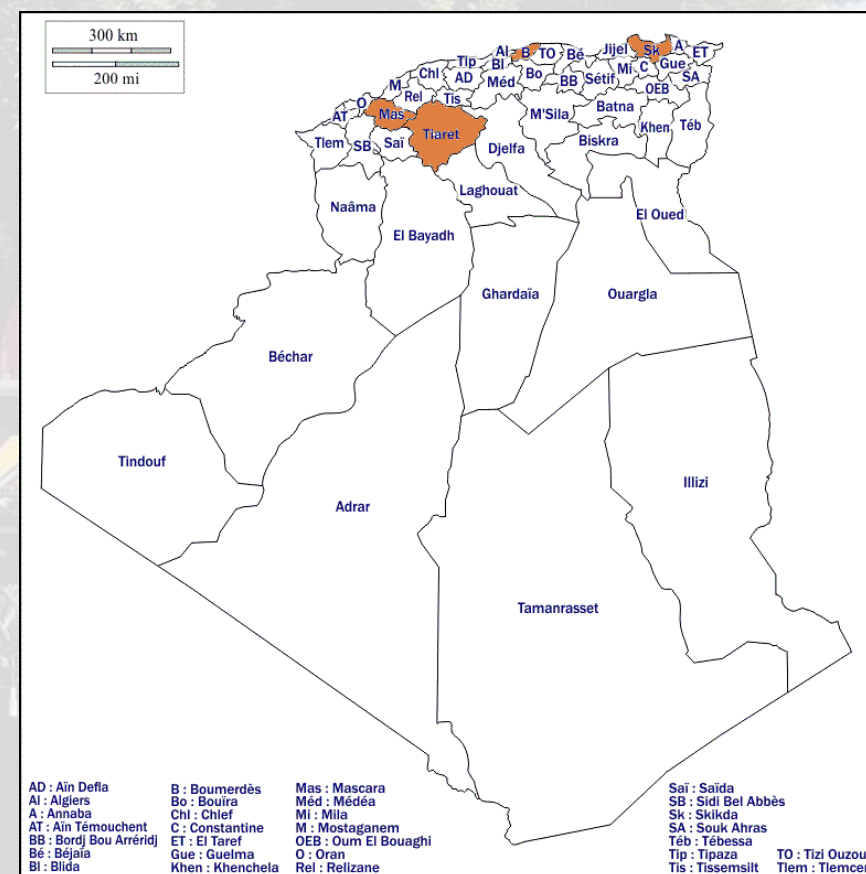
- Annual production of onions in Algeria around 1.4 million tons
- Main areas (wilayas) of onion production are (2017):
 - Mascara: 210,000 tons
 - Tiaret: 206,000 tons
 - Bourmerdes
 - Skikda: 112,000 tons
- Less than 3,000 tons of onions are exported annually

Annual production onions (million tons)



Source: ONS

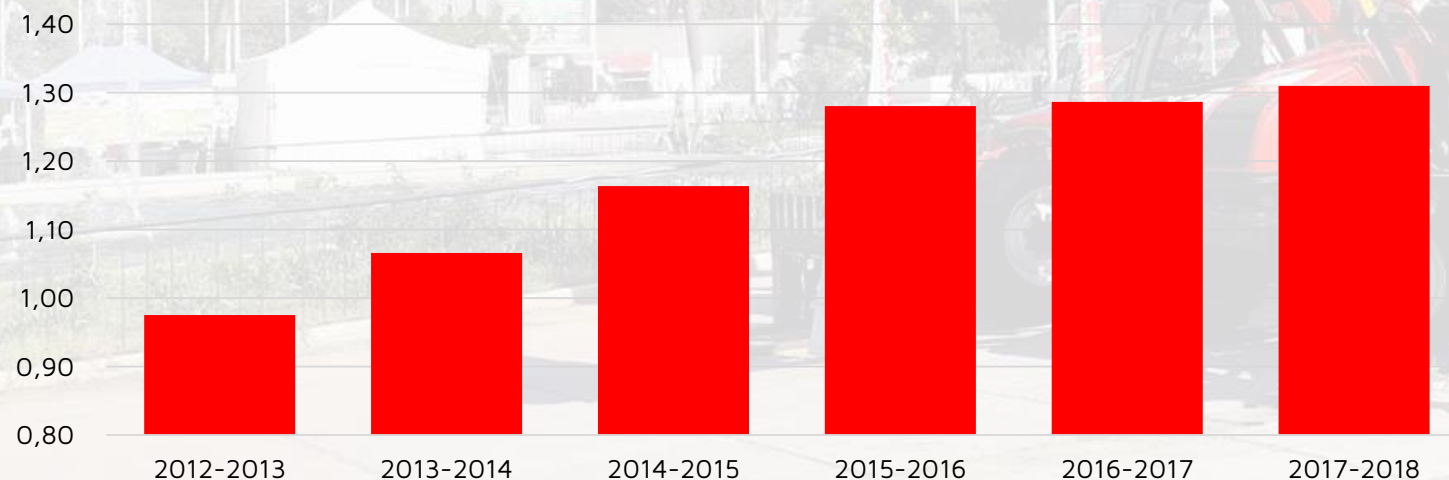
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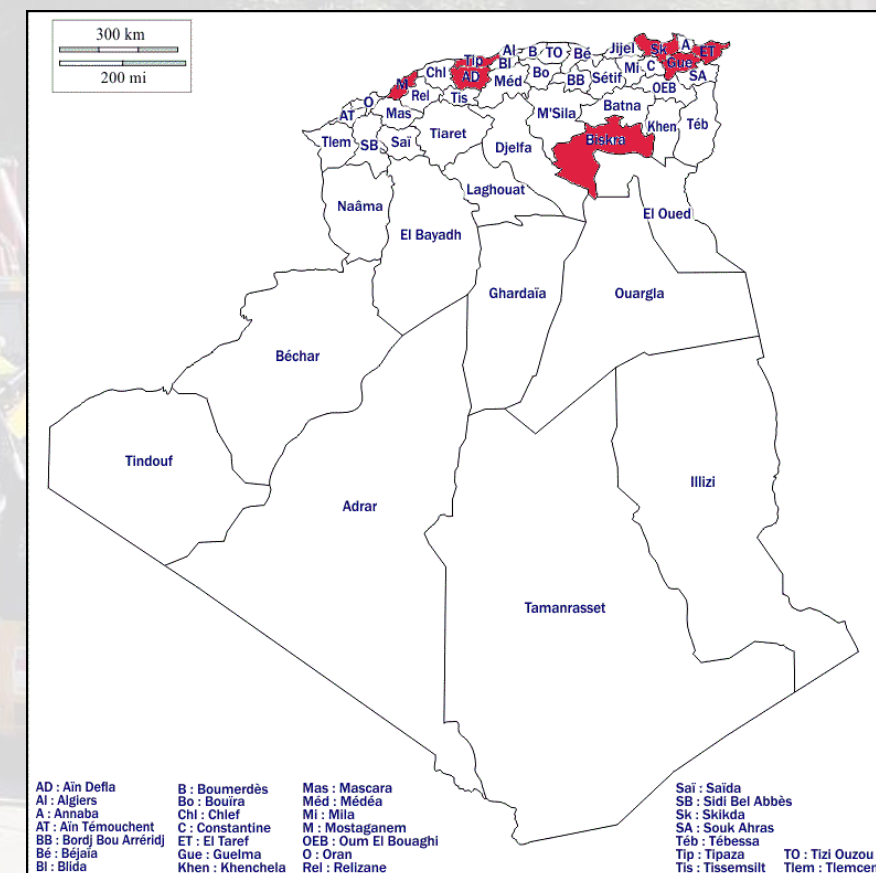
Market of tomatoes in Algeria

- Total cultivated area of tomatoes 23,000 ha.
- During agricultural campaign 2017-2018 national production of tomatoes is as follows:
 - 1.37 million tons for household consumption
 - 1.54 million tons for industrial processing
- The main areas (wilayas) for tomato production in Algeria are:
 - Household consumption: Biskra (233,000 tons), Mostaganem (133,000 tons), Tipaza (104,000 tons), and Aïn-Defla (73,000 tons)
 - Industrial processing: Skida (465,000 tons), Targuiya (350,000 tons), Guelma (206,000 tons), and Aïn-Defla (168,000 tons)

Production tomatoes Algeria* (million tons)



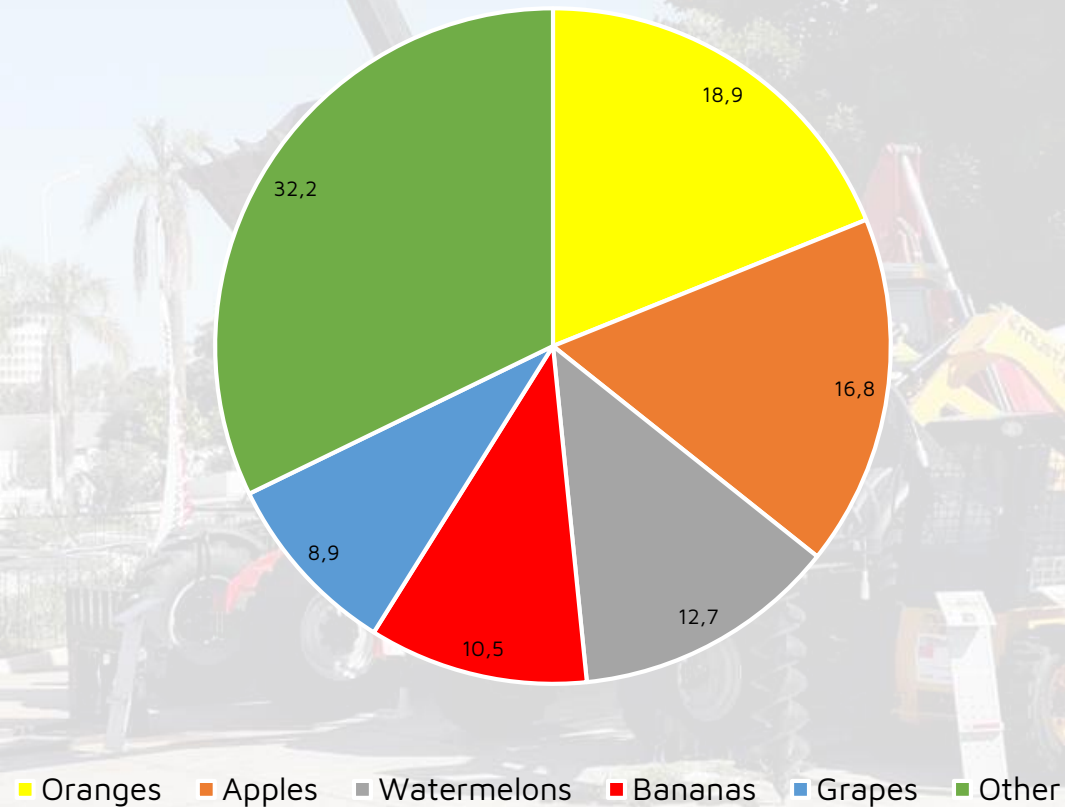
Note: (*) for consumption
Source: ONS



Market developments Fruit

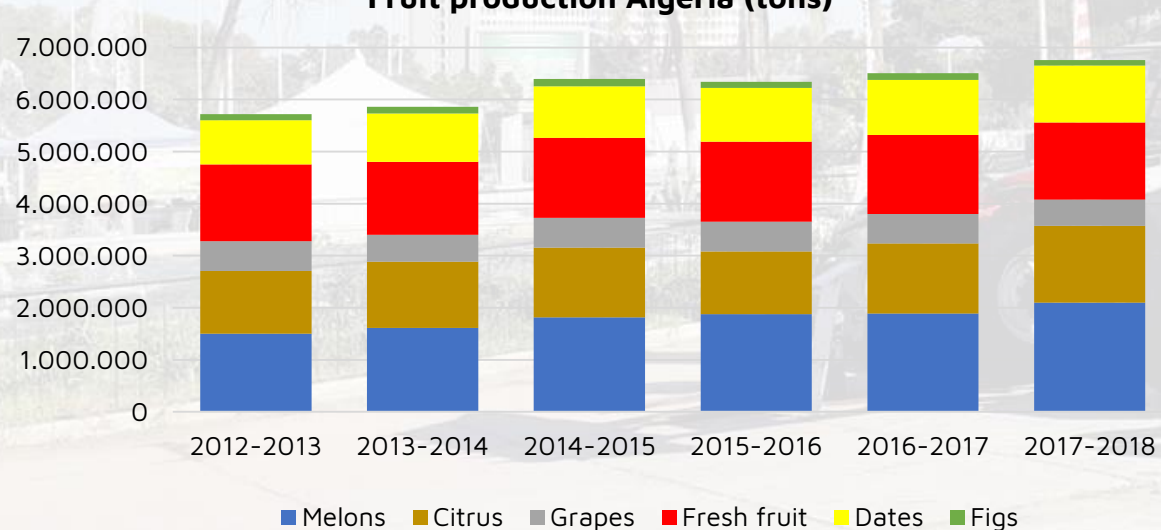
- Total household spending on **fresh fruit** is around **790 million US\$** annually
- Household spending on fresh fruit is primarily oranges, apples, watermelons

Algeria annual household spending on fresh fruit (%)



- Total annual fruit production in Algeria around 6.8 million tons
- Cultivated area fruit production around 1.1 million ha., of which 262,000 ha. fruit trees
- Main volumes of fruit production are:
 - Watermelons
 - Dates
 - Oranges
 - Grapes
 - Apples
- Export volumes of fruit is increasing, but still relatively limited to 50,000 tons in 2018 (< 1% of annual production)
- Import volumes of fruit have decreased sharply during last three years to 124,000 tons in 2018, mainly caused by large drop in import volumes of oranges and apples

Fruit production Algeria (tons)



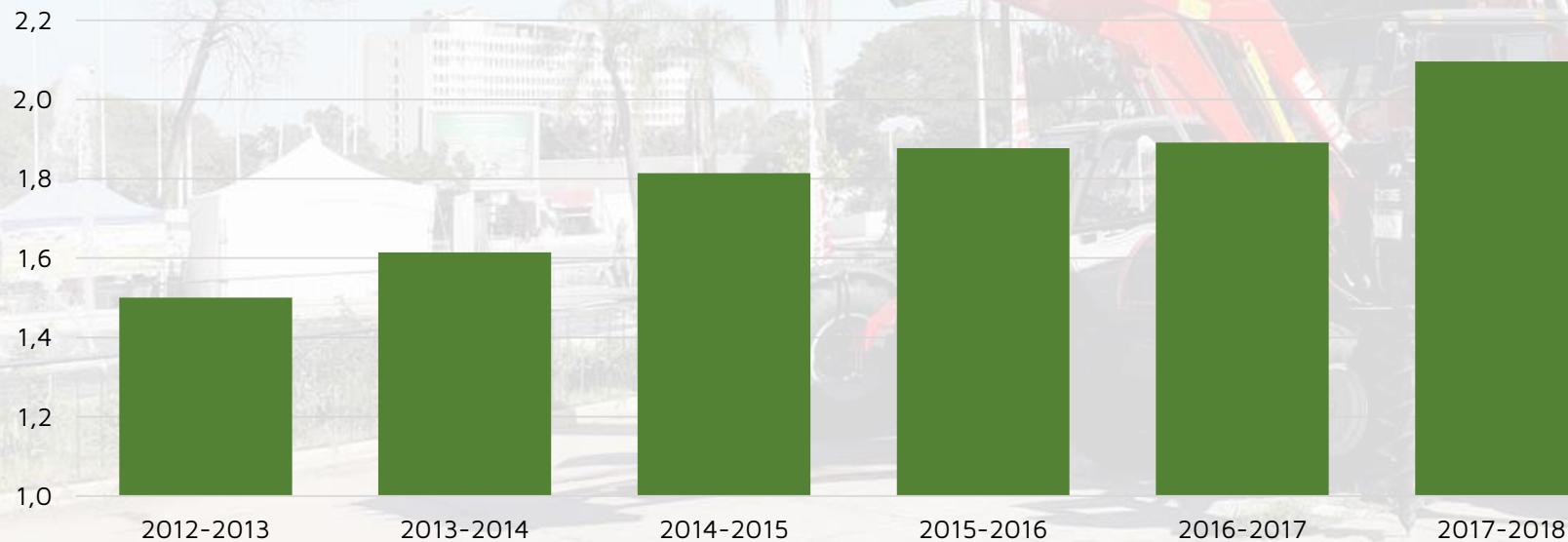
Foreign trade Fruit (tons)



Market of watermelons in Algeria

- Total cultivated area for watermelons is approximately 57,000 ha.
- Annual production of watermelons has increased since 2012 with 40% to 2.1 million tons in 2018
- Export volumes of watermelons is very limited to around 374 tons in 2018 (279 tons in 2017)

Production watermelons Algeria (million tons)

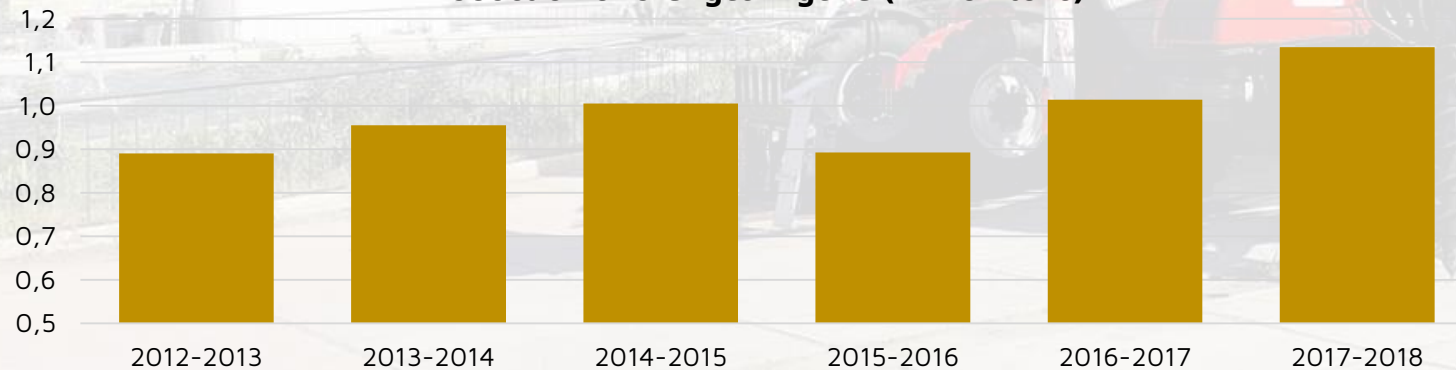


Source: ONS

Market of oranges in Algeria

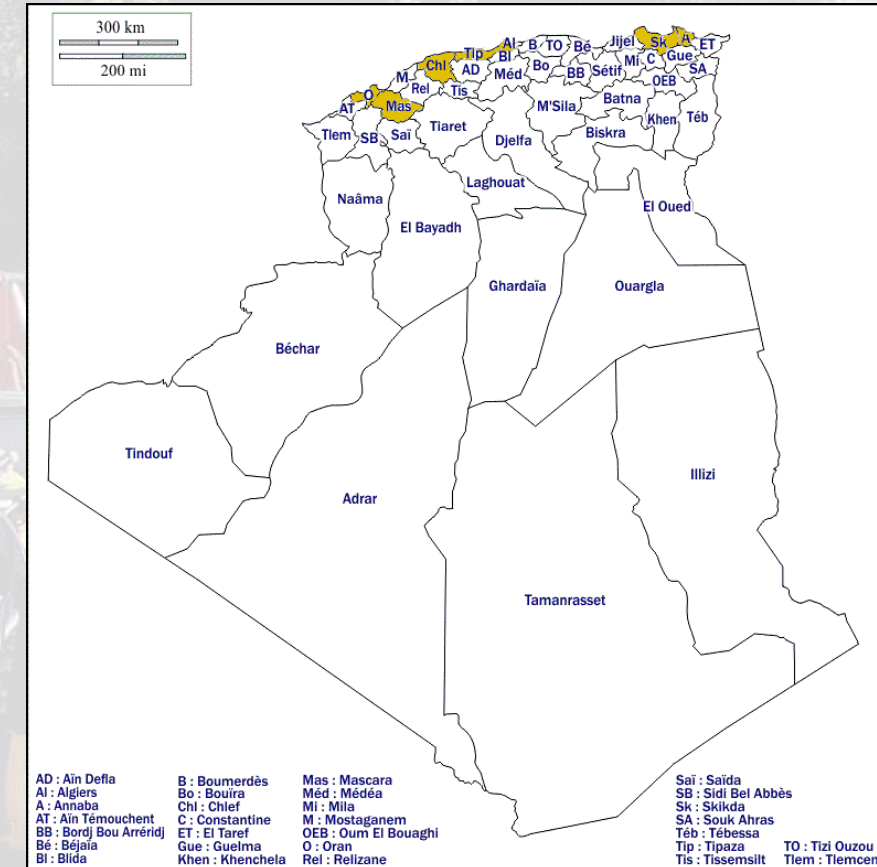
- Cultivated area is approximately 50,000 ha.
- Main areas (wilayas) for production of oranges (main citrus fruit) are:
 - Annaba
 - Skikda
 - Oran
 - Mascara
 - Mostaganem
 - Chlef
 - Blida
 - Alger
 - Tipasa
- Annual production of oranges in Algeria is around one million tons
- Exports of oranges are almost non-existent

Production of oranges Algeria (million tons)



Source: ONS

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