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Report Highlights:

Beginning on April 1, 2021, the Government of Algeria (GoA) again extended the confinement measures through mid-April 2021. The pandemic along with the drop in oil earnings has placed Algeria in a difficult economic situation. As a result, the GoA launched an economic recovery plan for 2020-2024.

Executive Summary

On March 31, 2021, the (GoA) further extended the partial confinement measures in Algeria. Curfew hours have been adjusted to 11 p.m. to 4 a.m., allowing businesses to remain open for longer periods.

On the same day, the Health Ministry announced a total of 117,192 confirmed cases of COVID-19, 3,093 deaths, and 131 new cases in the last 24 hours.

In regards of the new variant of the SARS-Cov-2 virus, thirty confirmed cases of COVID-19 caused by the UK variant, and fifty-six confirmed cases caused by the Nigerian variant have been confirmed by the Pasteur Institute in Algeria.

In January 2021, the Health Ministry initiated its vaccination plan. The campaign prioritizes target groups and aims to achieve a 70% coverage rate in one year.

Like many other countries, Algeria is facing an unprecedented economic situation due to several factors: the political and economic challenges, the depreciation of the local currency, the drop in hydrocarbon prices and the pandemic. Algeria has historically been dependent on oil revenues, and as such is exposed to the fluctuations in the price of oil. October 2020 data from the International Monetary Fund (IMF), suggested that Algeria would experience a (5.5%) recession in 2020.

In response to the pandemic, the GoA launched the 2020 economic recovery plan. One of its objectives is to reduce imports by \$10 billion.

Motivated by food security, the GoA adjusted its wheat import requirements to diversify suppliers.

The pandemic has impacted operations in the poultry, meat, and E-commerce sectors. The pandemic has also affected the price of food commodities, due to the increase of world food and shipping costs.

This report will outline the pandemic's impact on the Algerian economy and provide a synthesis of media reports from various media outlets and official institutions.

Overview of the economic situation during the pandemic

In 2020, the trade deficit reached \$10.6 billion. Recorded imports accounted for an 18% drop, to \$34.4 billion as stated by the Director General of Foreign Trade at the Ministry of Commerce.

In the first six months of 2020, imports dropped by nearly \$7 billion, as reported by the Trade Minister. The Algerian economy is 70% dependent on imports.

At the end of November 2020, the average annual inflation rate in Algeria was 2.3 compared to 2 percent in 2019, as reported by the Algerian Office of Statistics.

The small and medium sized enterprises in the sectors of transport, catering, travel, private schools, nurseries, hotels have shown a decrease of 30% to 70% in the demand for their services. [La-crise-du-coronavirus-et-leconomie-algerienne-impacts-et-defis-03-10-2020.](#)

The Minister of Finance estimated the losses of state-owned companies at nearly Euros1 billion due to the pandemic. Those in the private sector have not yet been quantified. Many businesses, including restaurants, cafes or travel agencies, risk filing for bankruptcy, since their March 19, 2020 closure. Many small businesses were only able to resume their activity with a curfew on August 15, 2020.

The Economic and Social Recovery Plan

On August 18, 2020, President Tebboune chaired the opening of the National Conference on Economic and Social Recovery. He reiterated the Government's commitment to support exporters and investors to diversify the national economy and put Algeria on the path to sustainable growth.

President Tebboune announced an array of measures to be implemented to encourage exporters and investors and boost Algerian non-hydrocarbon exports. The targeted objectives are to reduce imports by \$10 billion; to reach at least \$5 billion in non-hydrocarbon exports, in 2021; and reduce the financial dependence on hydrocarbons to 80% rather than 98% by 2022.

Among the measures cited were the creation of green corridors dedicated to certain products, the transfer of a good part of the foreign exchange earnings to benefit exporters, the improvement of the relationship with the Ministry of Finance and the Tax Administration, and finally, strengthening the role of Algerian diplomacy in the promotion of Algerian products abroad.

The President insisted on the acceleration of the digitization of the economic and financial sectors to put an end to the "opacity" created "voluntarily" within these sectors.

Particular attention is given to the agricultural and rural development and food industries, and the development of fishery resources to guarantee food security. [diversifier les exportations et promouvoir l'investissement pour relancer l'économie](#)

Changes to wheat import requirements to diversify suppliers

The Algerian Office of Cereals (OAIC) expanded the technical requirements for imported grains by modifying some technical conditions and standards required for importing soft wheat. This change is intended to, create competition, and take advantage of more attractive prices, and purchasing conditions. The new specifications went into effect in 2020. <https://www.algerie-eco.com/2020/09/28/importation-de-ble-le-ministre-de-lagriculture-confirme-la-modification-du-cahier-des-charges/>

Poultry production declined as a direct result of increased input prices

The Technical Institute for Livestock (ITELV) forecasts a drop in the supply of live chicken on the domestic market for February and March 2021.

According to an economic report by the ITELV, this decline in supply will cause a decrease in the production and a 20-25% increase in prices compared to December 2020.

ITELV also noted that despite the increase in feed prices, production will continue during February/ March 2021. The current situation does not encourage small breeders to set up new chicken operations due to financial problems and unpaid debts, according to the institute.

The lack of inputs (corn/soybean meal) because of the current instability in feed prices will not discourage this category of breeders because the situation is cyclical. Substitutes exist, given that the demand for chicken remains high. Many consumers will fall back on poultry since the prices remain competitive compared to beef and lamb.

Meat Sector heavily impacted by the pandemic

In this Section the Meat Sector covers Beef and Lamb.

Breeders have two main occasions when sales surge: during the month of Ramadhan and the Sacrifice day. Due to the pandemic however, producers failed to reach those objectives, as demand fell more than 20%.

During the last quarter of 2020, the Trade Ministry approved a freeze on beef imports. An action that is likely to save Algeria more than \$200 million a year, as indicated by senior officials at the Ministry of Trade via press reports.

On March 21, 2021, as an exceptional measure, President Tebboune instructed the government to authorize the import of frozen beef during Ramadhan.

However, import of cattle for slaughter is allowed. In fact, importing live cattle, allows producers to take advantage of the offal and other rendered products (liver, heart, and head) which constitute an invaluable source of protein. In addition, cattle skins are sent to the leather industry, creating additional added value and jobs, as stated by the president of the National Interprofessional Council of Red Meats (CNIVR).

Many breeders-fatteners have already started importing fattening calves for slaughter in anticipation of Ramadhan when demand increases.

Pandemic related increases in Shipping costs

As a result of the pandemic, the prices of shipping services and logistic services at dry ports increased from \$3,000 to \$10,000 in 2021. Additionally, the prices of renting and selling containers increased, according to the President of the Algerian Exporter Association (AEL). The cost of transporting a container and its stay at the dry port for one day has increased to 19,000 DZD from 14,000 DZD in 2020. This increase added to the overall price increase of imported goods, thus effecting overall purchasing power.

The same source stressed that several factors contributed to the rise in prices. He mentioned, the depreciation of the Algerian Dinar, which declined by 30% from the beginning of 2020. In addition to the continuation of the pandemic, which affected the supply chain worldwide. As a result of the surge in demand and the congestion in ports, the shipping companies raised the prices of their services and containers. [Increase in shipping services cost](#)

Pandemic related export bans

In August 2020, the Ministry of Commerce established a new list of products banned from export namely, pasta, masks, and sugar due to the pandemic.

[liste revisee des produits suspendus a l export.pdf](#)

Other products banned for export are garlic, flour, soybean oils, semolina, and hand gels and soaps.

Flourishing of E-commerce

Algeria is primarily a cash economy. The pandemic has favored the development of online commerce. More and more, electronic platforms are used to make purchases to avoid any risk of contamination.

The most popular products purchased online are hydro alcoholic gels, detergents, and foodstuffs.

The pandemic has accelerated E-commerce as a strategic priority for larger companies.

The Algerian E-commerce market is growing, but it is far from reaching its potential and lags behind other markets in North Africa, in particular Morocco and Egypt. There are no official figures for online sales in Algeria. However, according to the Algerian National Association of Traders and Craftsmen, the market potential is estimated at \$5 billion. To boost e-commerce in Algeria, the Government seeks to expand internet access.

Algeria is ranked 80 out of 152 in the 2020 global electronic commerce index, established by the United Nations Conference on Trade and Development (UNCTAD).

To establish this ranking, the UNCTAD index considers four factors: the rate of people using the internet in Algeria, the rate of people with an internet account, access to secure internet servers and the reliability of a country's postal services.

Conclusion

According to March 2021 forecasts from the African Development Bank (AfDB), the growth of the Algerian economy is expected to rebound in 2021 to reach 3.4%, after the decline in its GDP in 2020 due to the pandemic.

Economic experts anticipate that a comprehensive vaccine campaign will control the pandemic, thus reducing disadvantageous impacts on the Algerian economy.

Finally, the pandemic provided an opportunity to accelerate political and economic reforms in Algeria to improve the business climate for local and foreign investors.

Attachments:

No Attachments.