

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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POLICY

Voluntary Public

Date: 11/9/2015

GAIN Report Number:

Algeria

Post: Algiers

American Agribusiness Forms Joint Venture in Algeria

Report Categories:

Agriculture in the News

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Report Highlights:

The American International Agricultural Group and the Groupe Lacheb signed a joint venture (JV) agreement on November 8, 2015, to create the U.S.-Algeria JV, El Ferma. The U.S. role in the JV is to provide advanced agricultural technologies needed to establish and operate integrated U.S. production models in Algeria. The JV is valued at \$100 million.

General Information:

In early November, the American International Agriculture Group (AIAG) representatives led a delegation of U.S. agribusinesses to Algeria and conducted feasibility studies in Oran, Mostaghanem, Timimoun, and Adrar. The American agribusinesses offer expertise in potato production, cattle breeding, organic production, and the technology transfer needed to improve and increase dairy production. The Office of Agricultural Affairs provided a country brief for the AIAG delegation and explained its role in advancing negotiations of a breeder cattle health certificate that would facilitate exports to Algeria. These cattle are a critical component of company's strategy to increase dairy production.

The AIAG and the Groupe Lacheb signed a joint venture (JV) agreement on November 8, 2015, to create the U.S.-Algeria JV, El Ferma. The U.S. role in the JV is to provide advanced agricultural technologies needed to establish and operate integrated U.S. production models in Algeria. The JV is valued at \$100 million.

El Ferma will be located on approximately 7,000 hectares in Algeria's western regions --Mostaganem and Mascara. The newly formed company will operate potato planting and harvesting machinery; high-quality potato seed varieties and related planting, growing and seed selection, handling, processing and storage technologies. In addition, dairy cattle, housing, health, nutrition, milking parlor design and herd management, as well as forage development, crop rotation and plant nutrition will be the focus of this company.

This exemplifies how U.S. agribusinesses can play a key role in supporting the Algerian government's efforts to increase agricultural production and at the same time, create market opportunities for U.S. highly quality commodities, machinery, and equipment. This JV underscores the U.S. commitment to work with Algerian partners from both the private and public sector to expand Algeria's agricultural production and create jobs and prosperity for the country.

U.S. Ambassador Joan Polaschik attended the signing ceremony and underscored that cooperation in agriculture is a critical element of the U.S.-Algeria bilateral relationship. She noted that "Today's ceremony celebrated one of many new agricultural initiatives and that we look forward to the development of still closer agricultural cooperation between our two countries. She also noted that the Embassy's Office of Agricultural Affairs can help build relationships with U.S. companies and organizations that are committed to technology transfer and capacity-building -- elements central to Algeria's win-win approach. As Algeria works to diversify its economy and develop a vibrant agricultural sector, the U.S. government and American private sector stand with you, ready to help in any way possible."



This JV supports the Ministry of Agriculture’s (MoA) goal of reducing the country’s dependence on imports of non-fat dry milk and supports the government’s overarching goal of reducing imports in favor of domestic production, while creating a market opportunity for U.S. breeder cattle. The MoA has implemented incentives to support dairy farmers’. For example, the MoA has established the National Mutual Agricultural Fund (CNMA). The bank is expected to be operational by the end of November but not later than the end of 2015, according to MoA, Sid-Ahmed Ferroukhi. The establishment of this financial institution is in accordance with the Prime Minister plan for the establishment of an agricultural bank for farmers who have limited resources and production capacities. The CNMA will give farmers easier access to cattle feed and seeds needed to produce forage to feed their cattle.

Algeria currently imports most of its dairy cattle from France at a value of about \$82 million in 2014, followed by Germany at approximately \$17 million, and Austria at about \$16 million. With negotiations ongoing between the U.S. and Algeria to establish a bilateral export protocol for U.S. dairy cattle, there is tremendous potential for U.S. ranchers to help Algeria achieve its goal of dairy independence.

Algeria Pregnant Heifer Imports in Million Dollars

	2010	2011	2012	2013	2014
France	21	46	42	86	82
Germany	25	22	22	30	17
Austria	18	8	23	23	16
Netherland	0.897	3	0	4	3
Spain	0	0	7	12	8
Total	64.897	79	94	155	126

Source: Algeria Customs Service

OAA Algiers is coordinating conference calls with Algerian businesses and U.S. agribusiness to increase awareness of the opportunity to enter this market with its immense potential for growth along the entire dairy chain. This office will continue its outreach to U.S. cooperator groups to

ensure that U.S. exporters are aware of the opportunity to meet the interest in U.S. cattle and cattle

genetics in Algeria.