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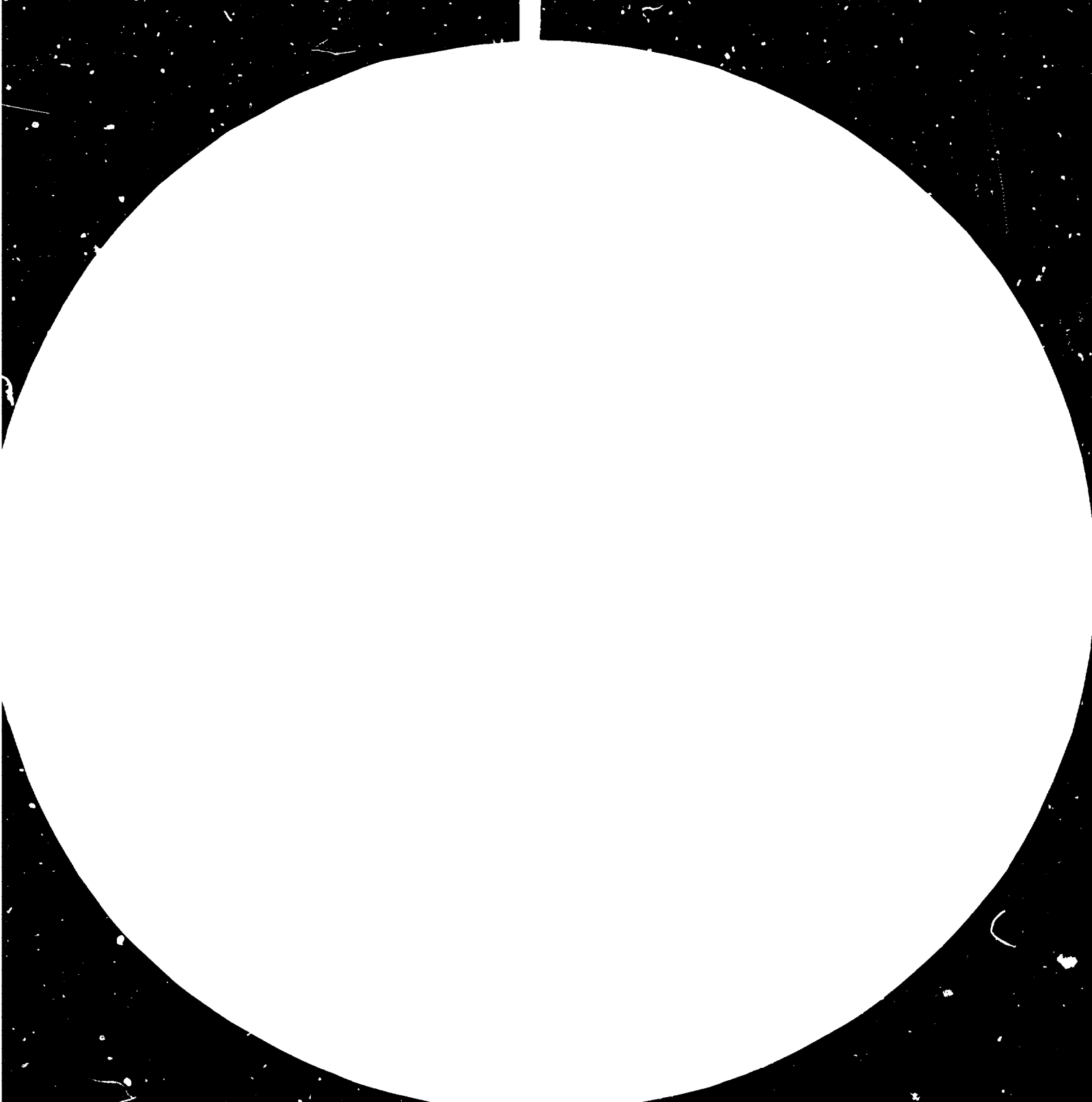
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NOTE ON THE SITUATION AND DEVELOPMENT
OF THE FOOD INDUSTRY IN ALGERIA

presented by the Ministry of Light Industries
People's Democratic Republic of Algeria

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Introduction

The priority satisfaction of the needs of the masses of the people represents one of the fundamental principles of national industrial development policy. This objective is to be achieved through systematic processing of the country's natural resources, within a framework of comprehensive and intensive industrialization.

As part of this effort, development activities have begun simultaneously, in all branches of industry over the last ten years.

The food industry occupies an important place within the consumer goods industry and has been the recipient of relatively heavy investments. Nevertheless, a number of obstacles connected with the development of agriculture have caused delays in the programmes planned, with the result that an imbalance has arisen between the supply of and demand for agro-industry products.

I. The present situation in the food industry

In the form in which it existed on the eve of the country's independence, the food industry was designed to satisfy the needs of an essentially European urban population in a marginal way and without competing with the industry of the colonial power.

Algeria's development effort is directed at meeting the needs of the broad masses of the people. In line with this approach, large industrial production units have been built in various branches of the food industry.

The purpose of these projects has been to bring about a substantial increase in the production capacity of the food industry, for whose products there is heavy domestic demand. This demand, which is growing at a very rapid rate, is the consequence both of a marked improvement in the standard of living of the population and of rapid population growth.

An essential feature of today's domestic demand, therefore, is that it reflects a large consumer market with steadily increasing requirements in the two areas of product diversification and improved product quality.

II. The relationship between agriculture and industry

The development of the food industry depends on the upstream development of the agricultural sector. For this reason, major emphasis has been placed on the development of agriculture in the various national development plans. In the face of stagnation in agricultural production, it is vitally important that the agricultural sector should achieve substantial progress both in terms of yield and the rational utilization of its potential to counter the growing food deficit.

It would be well at this point to recall the main tasks assigned to the agricultural sector as part of the National Development Strategy:

- The promotion of national economic integration by means of adequate agro-industrial linkages (the supply of the food industry and the creation of outlets for industrial goods through the development both of technical production capacities and of the national market) and the introduction of new crops in line with domestic requirements;
- The priority satisfaction of rising food requirements due to population growth, improvements in the standard of living, and the increase in the number of people living in non-rural areas.

III. Analysis by socialist enterprises representing one sector

We shall be analysing below each activity as well as the development programmes of the various socialist enterprises responsible for producing foodstuffs. There are three such enterprises:

- The Société Nationale des Semouleries, Meuneries, Fabriques de Pâtes Alimentaires et Couscous (SN.SEMPAC) (National Corporation of Semolina Producers, Millers, and Food Paste and Couscous Factories);
- The Société de Gestion et de Développement des Industries Alimentaires (SOGEDIA) (Food Industry Management and Development Corporation);
- The Société Nationale des Eaux Minérales (SN.EMA) (National Mineral Water Corporation).

I. SN.SEMPAC

The National Corporation of Semolina Producers, Millers, and Food Paste and Couscous Factories (SN.SEMPAC) is responsible for:

- Operating and managing flour mills and factories producing semolina, food pastes, couscous, weaning foods, yeast, biscuits, chocolate products and confectionery;
- Establishing a storage and distribution network for the various products it manufactures.

1. The situation of the enterprise before 1979

In order to satisfy domestic demand for its products, the enterprise has adopted a number of important measures, chief among which are the following:

- An increase in the operating time of the mills (beyond the normal level and resulting in an increase from 240 days in 1969 to 324 days in 1977) through the introduction of four-shift work;
- The renovation of obsolete machinery and equipment;
- The building of new production capacity.

1.1 Growth in the output of principal products

Semolina: From 398,000 tonnes in 1967 to 718,000 tonnes in 1974 and 938,000 tonnes in 1978, representing a mean annual growth rate of about 8 per cent during the period 1967-1978.

Flour: From 427,000 tonnes in 1967 to 660,000 tonnes in 1974 and 540,000 tonnes in 1978, representing a mean annual growth rate of about 2.2 per cent during the period 1967-1978.

Pastes: From 26,500 tonnes in 1967 to 46,500 tonnes in 1974 and 62,000 tonnes in 1978, representing a mean annual growth rate of 8 per cent during the period 1967-1978.

Couscous: From 4,730 tonnes in 1967 to 7,200 tonnes in 1978. The mean annual growth rate during this period was about 4 per cent.

1.2 The growth of demand for the principal products

The average Algerian family spends more than 60 per cent of its budget on food, much of it in the form of semolina, flour and food pastes.

The movement in the demand for these products during the period 1969-1978 was as follows:

Semolina: Per capita demand increased from 29 kg in 1969 to 43.5 kg in 1974 and 80 kg in 1978 (excluding the semolina used in the preparation of food pastes).

Flour: Per capita demand increased from 33 kg in 1969 to 42 kg in 1974 and 50 kg in 1978.

Food pastes: Per capita demand increased from 2.4 kg in 1969 to 3.2 kg in 1975 and 3.4 kg in 1978.

1.3 Despite the measures taken, production has been unable to keep pace with domestic demand. For this reason, the Corporation has had to import semolina, flour, and food pastes from abroad since 1974 (although, in the case of food pastes, imports ceased in 1975).

The demand for these products is expected to grow as follows:

Semolina: From 85 kg in 1980, per capita demand is expected to reach 98 kg in 1990.

Flour: Per capita demand is expected to increase from 51.5 to 65 kg during the period 1980-1990.

Pastes: From 3.9 kg in 1980, it is estimated that per capita demand will reach 7.4 kg in 1990.

II. SOGEDIA

The Algerian Food Industry Management and Development Corporation (SOGEDIA) is engaged in producing and distributing the following food products:

- Sugar (in crystal, lump, and glazed loaf form);
- Oils (olive, sunflower-seed, rapeseed, saffron-seed);
- Margarines;
- Soaps (household, toilet, and the translucent amber variety);
- Fruit juices;

- Jams and jellies;
- Fruit packed in syrup;
- Dehydrated fruits (prunes, raisins, dried apricots, etc.);
- Tinned vegetables;
- Dehydrated vegetables (onions, carrots);
- Olives in vinegar, mixed vegetables, gherkins, and capers.

The by-products (glycerine, sugar-mill or refinery molasses, oil-cake, and sugar-beet pulp) are either reprocessed or made available to national or international organizations working in other industrial or agricultural sectors.

1. The situation of the enterprise before 1979

1.1 From 1967 to 1978, production growth by group of products was as follows:

1. Sugar. Production rose from 17,000 tonnes to 124,000 tonnes, representing a mean annual growth rate of about 20 per cent during this period;
2. Oils. From only 61,000 tonnes, production increased to 200,000 tonnes, representing a mean annual growth rate of about 11 per cent during this period;
3. Margarines and vegetable fats. Production increased from zero in 1970 to 1,400 tonnes in 1971 and 11,000 tonnes in 1978, a mean annual growth rate of 34 per cent during the period 1971-1978.
4. Tinned fruits and vegetables. Production increased from 3,000 tonnes to 11,400 tonnes, representing a mean annual growth rate of about 13 per cent during this period;
5. Tomato concentrate. Production increased from only 250 tonnes to 19,000 tonnes, representing a mean annual growth rate of 20 per cent for the period in question;
6. Fruit nectar. Production increased from 1,500 tonnes to 17,000 tonnes, representing a mean annual growth rate of about 25 per cent during this period.

1.2 The Growth of demand

Sugar. Per capita demand increased from 19 kg in 1969 to 23.3 kg in 1978.

Edible oils. Per capita demand increased from 5.5 kg in 1969 to 11 kg in 1978.

Tinned fruit. Per capita demand increased from 0.6 kg in 1971 to 0.8 kg in 1978.

Tomato concentrate. Per capita demand increased from 0.2 kg in 1971 to 1.3 kg in 1978.

2. The prospects for development

Because food production is at the point of contact between agriculture and industry, its prospects are linked to the level of development of agriculture, which at the moment cannot provide the large quantities of raw materials needed.

2.1 The growth of demand over the period 1980-1990

The demand forecast is as follows:

Sugar. Per capita demand will rise from 25 kg to 31 kg between 1980 and 1990.

Edible oils. Per capita demand is expected to be 12 litres in 1980 and 14.5 litres in 1990.

Tinned fruit and vegetables. Per capita demand will increase from 0.9 kg to 2 kg between 1980 and 1990.

Tomato concentrate. Per capita demand is expected to be 1.5 kg in 1980 and 2 kg in 1990.

2.2 In addition to expanding production capacities for the products discussed above, it is also planned to begin production of confectionery and chocolate items, and pre-cooked items (soups, baby foods, etc.), as well as cotton.

III. SN.EMA

The National Mineral Water Corporation (SN.EMA) is responsible for the production, bottling, and marketing of mineral water, sodas (carbonated soft drinks), syrups, and beers.

1. The situation of the enterprise before 1979

1.1 Production growth by group of products was as follows:

Mineral water. Production increased from 29,000 hectolitres in 1967 to 827,000 hectolitres in 1978, representing for the period in question a mean annual growth rate of 35.6 per cent.

Carbonated beverages. Production increased from 80,700 hectolitres in 1973 to 509,000 hectolitres in 1978, representing for the period in question a mean annual growth rate of 44.5 per cent.

1.2 The growth of demand

Mineral water. Per capita demand increased from 2.5 litres in 1969 to 6.1 litres in 1978.

Carbonated beverages. Per capita demand increased from 6.5 litres in 1969 to 11 litres in 1978.

1.3 Despite the rate of increase in its output, SN.EMA was unable to keep pace with domestic demand. In 1978, for example, this enterprise met only the following percentages of the country's needs:

- 79 per cent for mineral water;
- 26 per cent for carbonated beverages.

There are other producers, however, who are helping to satisfy this demand.

2. The prospects for development

The measures to be taken by the enterprise are the following:

2.1 The existing capacity must be increased, taking into account demand forecasts and the share of the soft-drink market that will be covered by other producers.

Domestic demand is expected to grow as follows:

Mineral water. Per capita demand will increase from 9 litres in 1980 to 15 litres in 1990.

Carbonated beverages. Per capita demand will increase from 15 litres in 1980 to 22 litres in 1990.

2.2 At the present time, the materials required for the production of the carbonated beverages are supplied through import. In order to remedy this situation, SN.EMA is planning to build an extraction plant which will operate entirely with domestically grown citrus fruit.

IV. Conclusions

The Algerian Government's target for the year 2000 is self-sufficiency in food by increasing the contribution of domestic production to meeting the needs of the population. To achieve this objective, a number of measures must be taken in the areas of agriculture and agro-industry. In recognition of this fact, the National Charter lays down the following broad policy objectives:

"More intensive cultivation and substantially higher yields of cereal crops. Wheat will remain the basis for feeding our population, and domestic production on a scale commensurate with our national requirements thus becomes an imperative element of our development and our economic independence. On the other hand, industrial crops (oilseeds, sugar beets, cotton, tobacco, mulberry for the raising of silk worms, etc....)

"The interrelationship between agriculture and industry must be organized. Agriculture and industry occupy upstream and downstream positions, respectively, and their interdependence is certain to grow closer with the emergence of a modern and increasingly integrated national economy, with a balance between the various sectors of activity.

"Accordingly, it will be necessary to establish integrated agro-industrial complexes so as to achieve close co-ordination between capital investment programmes for processing units and agricultural production policy, and to make possible better over-all results through the rational utilization of

by-products and improved co-ordination between the integrated activities. Also contractual relationships between agriculture and industry should be promoted in order to guarantee both sectors reliable and planned supplies as well as a rationally based price structure designed to protect the necessary development of both sectors."



