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Characteristics of sheep marketing channels in Morocco, Algeria and Tunisia

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Abstract. In North Africa, very few studies dealt with livestock and meat marketing channels. In order to contribute to covering this gap, surveys were conducted Moroccan, Algerian and Tunisian rural communities. Additionally, and in order to describe the role of different actors in the marketing channels, other surveys were organized in several animal markets. The objective was to reconstruct the different pathways through which sheep move from producers to consumers and understand transactions' modalities. This first hand descriptive analysis helped gaining insights on sheep marketing channels and strategies adopted by farmers, traders' characterization, price and margin formation and meat consumption trends. The paper emphasizes also distinctive and common features across the three countries. Meat market analysis revealed the beginning of a price differentiation according to market and consumer types, season and social event and finally by the recent development of super markets that provide new types of meat cuts. These changes could influence distribution channels with the emergence of differentiated whole carcass sales with different pieces targeting different socio-economic niches. The present research faced some difficulties of reliable data availability as it is the case of the Algerian trans-border informal transactions towards Tunisia and Morocco. This study is first hand description of sheep marketing channels in North Africa with a preliminary understanding of sheep and meat marketing channels and transactions in the three communities studied. Up scaling such research to include a larger and a more comprehensive sampling is necessary in order to gain more representation of different realities and gathering more accurate and reliable data.

Keywords. Sheep – Marketing channels – North Africa – Trader – Consumer.

Caractéristiques des circuits de commercialisation d'ovins au Maroc, en Algérie et en Tunisie

Résumé. En Afrique du Nord, les recherches consacrées à l'étude de la commercialisation du cheptel et de la viande sont très limitées. Afin de contribuer à combler cette lacune, des enquêtes ont été menées dans trois communautés rurales au Maroc, en Algérie et en Tunisie. Par ailleurs, et afin de cerner le rôle des différents acteurs dans les circuits de commercialisation des ovins vifs et de leur viande, d'autres enquêtes ont été menées dans plusieurs marchés. Le but était de reconstituer les différents circuits dans lesquels évolue l'animal depuis l'exploitation jusqu'au consommateur, et de comprendre les modalités de transaction. L'analyse descriptive préliminaire a permis de s'informer sur les circuits et les stratégies de commercialisation des producteurs et des intermédiaires, la caractérisation des intermédiaires, la formation des prix et des marges et la dynamique des modèles de consommation et de commercialisation. La présente recherche a rencontré des difficultés relatives à la fiabilité des données collectées, comme c'est le cas du commerce ovin transfrontalier entre l'Algérie et les deux pays riverains. Le temps limité consacré à l'étude n'a pas permis d'élargir son étendue à un niveau régional ou national, empêchant l'élaboration de modèles des fonctions de l'offre et de la demande. Cette recherche a fourni une description préliminaire sur les circuits de commercialisation des ovins dans trois communautés respectivement Marocaine, Algérienne et Tunisienne. L'augmentation de la taille de l'échantillon est nécessaire dans un souci de représentativité de diverses réalités des systèmes de production.

Mots-clés. Ovin – Circuit de commercialisation – Afrique du nord – Intermédiaire – Consommateur.

I – Introduction

In North Africa, very few studies dealt with livestock and meat marketing channels (Paulus *et al.*, 1994). In order to cover this gap, surveys were conducted in three rural communities across the three countries. Additionally, and in order to describe the role and impacts of the other actors on the marketing channels, other surveys were organized in several animal markets.

If the meat market is officially declared free in the three countries, there are important rules and arrangements to limit the international influx of animals and animal products through limited concessions for imports and border tariffs. Moreover, the official data on import and export don't take into account the clandestine broader exchanges across the three countries. The border's illegal market is estimated to 1.800.000 heads moving mainly from Algeria to Morocco and Tunisia. Between Algeria and Tunisia, this informal market is quite organized with the production of lambs in Algeria and their fattening in Tunisia. In this context, the self sufficiency in red meat, especially for small ruminants, should be analyzed at the regional level. But these fluxes don't seem to buffer price fluctuations, especially during the high demand of Aïd El Kebir. The absence of mechanisms of regulation favors speculation behaviors at all levels, from the producer to the consumer.

This research aimed at reconstructing the different pathways through which sheep evolve from farmers to consumers and understand transactions' modalities within and across the three countries.

II – Methodology

Data was obtained in three different communities through surveys of 20 to 30 producers depending on the community and with open ended questionnaires with different actors along the sheep and meat marketing channels.

III – Results and discussion

1. Sheep production balance in the three countries (Table 1)

The farm slaughtering for family and neighbors' own consumption concerns mainly old females that couldn't be marketed and represents around 15 to 20% of annual production.

The sacrifice of male young animals for Aïd El Kebir or family celebrations (marriage, birth, etc...) concerns 38 to 52% of the annual production depending on the country. A network of specialized traders manages supply deferment in time and conveys the finished animals to large demand centers in urban areas. This category of animals is considered profitable with carcass prices 30% and 15% more expensive than the usual price in Morocco and Tunisia respectively. Most of this increase benefits to traders and fattening operators rather than the owner of the breeding flock.

The regular supply of households with sheep meat consists of animals slaughtered in rural or urban abattoirs "slaughterhouses", and marketed to consumers, and restaurants, through retail butchers. This category represents 33 and 55% of the annual production. Two sub-channels may be distinguished:

(i) Short channels: In the rural abattoirs near the rural markets, the butchers slaughter the purchased animals which come either directly from local producers, through middlemen, or from producers that run fattening operations;

(ii) Long channels: animals for urban consumption are slaughtered in the urban abattoirs. The actors are wholesale traders "chevillards" who insure regular supply of meat through retail butchers.

Most of the transactions on fattened or non fattened live animals are realized by several small middlemen (less than one hundred animals per year). The traders who buy animals from holders are in general small holders who want to generate additional income or rebuild their flocks.

While the different operations (husbandry, fattening, trading, slaughtering, retail selling) are well defined, the actors may combine several of them according to their capital availability (flock and credit), the climatic conditions and their household needs.

Table 1. Sheep production balance in the three countries in 2003 (10⁶ heads)

	Algeria	Morocco	Tunisia
Number of reproductive female sheep	10.4	9.7	4.0
Number of lambs produced (productivity rate of 85%)	8.8	8.2	3.4
Number of male lambs	4.4	4.1	1.7
Border commercial balance	-1.0	+0.5	+0.5
Availability on the national market	3.4	4.6	2.2
Estimated need for the sacrifice (based on 1 male sheep per 7 inhabitants)	4.4	4.3	1.4
Sheep consumed for the sacrifice occasion	3.4	4.3	1.4
Availability of males for butchers	0	0.3	0.8
Old female self consumption	1.5	1.5	0.6
Young female sold to butchers	2.9	2.6	1.1
Total balance sheet at the butchers			
Number (10 ⁶)	2.9	2.9	1.9
Total meat (10 ³ tons)	43	43	28
kg/habitant/year	1.5	1.5	3
Part of young males for Aïd El Kebir in the annual production (%)	38	52	41

2. Similarities in market trends across the three countries

The information collected at the animal and the meat market level showed:

- (i) A predominance of male production for Aïd El Kebir and development of fattening activity.
- (ii) Changes of consumption' practices and distribution channels, going from meat mix (such as stews) cooking to preparations calling for special meat cuts; development of anatomical carcass cutting and price differentiation based on meat cuts.

3. Prices and margins formation

The following features characterize price and margin formation:

- (i) Meat price at slaughtering houses is pretty invariable in time and is indifferent to carcass quality.
- (ii) Retail butchers can achieve higher margins depending on the sold cuts, the season and the selling location but the volume of its operation remains small.
- (iii) Breeding stock owners are usually claiming that selling prices are not worth the real value of their animals and that they are used to maintain the speculative activities of middlemen and traders.
- (iv) Fattening operations, a highly speculative activity, can raise good margins if feed prices are anticipated and if the animal procurement for fattening is well negotiated.

(v) Even if the three communities studied across the three countries may not be representative of the general situation in each country, important differences in the sheep sector stem from the prevailing economic and socio-political conditions: (i) different levels of agricultural commerce liberalization; (ii) different degrees of government intervention and regulation; and (iii) different consumers' revenues.

(vi) Low margins generated don't allow savings to invest in developing new products and improving productivity in addition to limited access to credit.

4. An almost perfect market and price formation in non liberal distribution channels

(i) Live animal markets are opened to all actors for a modest entry fee "tax".

(ii) Transactions are conducted in public, and the information on the prices is known to all.

(iii) Products are quite homogeneous and there is no segmentation of the market according to the characteristics of the product.

(iv) Livestock marketing is taking place in presence of several hundred traders which makes it impossible for any single actor to significantly influence transactions course.

(v) The predictable episodic increase of demand during Aïd El Kebir and Ramadan are anticipated by the actors so that price increase of meat and live animals is limited by a greater supply.

(vi) However, in the absence of regulation in the live animals market, some price variability is maintained due to erratic climatic conditions.

5. The specificity of border trade in the Algerian community

The proximity of the Tunisian border to the studied Algerian community promoted the development of speculative activities. In order to reduce the clandestine market of live animals towards Tunisia, the Algerian authorities have established a decree for the Wilaya which regulates and restricts the number of animals transported. However, different mechanisms have been developed to overpass the regulations of these transactions.

IV – Conclusions

This study is a first description of sheep marketing channels in North Africa with a first hand understanding of sheep and meat marketing channels and transactions in the three communities studied. Up scaling such research to include a larger and a more comprehensive sampling is necessary in order to gain more representation of different realities and gathering accurate and reliable data. The next step of this research should also focus on the elaboration of regional and national supply/demand functions through modeling.

In order to get an integrated view on the production, marketing and consumption issues, it is recommended that further research issues should be tackled: (i) study in detail the meat consumption behavior and its dynamic in order to evaluate the effect of consumer's demand on the production, marketing and processing segments; (ii) research and identify key actors and adapted mechanisms that are best to accommodate the new demand and propose necessary policy and regulation changes; and (iii) simulate different options of meat and livestock market liberalization and asses their impact on marketing channels operations, producers and on production systems.

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