ALGERIA

TRADE SUMMARY

The U.S. trade balance with Algeria shifted from a goods trade deficit of $1.5 billion in 2019 to a goods trade surplus of $248 million in 2020. U.S. goods exports to Algeria were $726 million, down 27.4 percent ($274 million) from the previous year. Corresponding U.S. imports from Algeria were $478 million, down 80.7 percent. Algeria was the United States' 81st largest goods export market in 2020.

U.S. foreign direct investment in Algeria (stock) was $2.7 billion in 2019, a 7.7 percent decrease from 2018.

TRADE AGREEMENTS

The United States–Algeria Trade and Investment Framework Agreement

The United States and Algeria signed a Trade and Investment Framework Agreement (TIFA) on July 13, 2001. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Algeria.

IMPORT POLICIES

Tariffs and Taxes

Tariffs

Algeria is not a Member of the World Trade Organization (WTO). Goods imported into Algeria currently face a range of tariffs, from zero percent to 200 percent.

Algeria's average Most-Favored-Nation (MFN) applied tariff rate was 18.9 percent in 2019 (latest data available). Algeria's average MFN applied tariff rate was 23.6 percent for agricultural products and 18.2 percent for non-agricultural products in 2019 (latest data available). Nearly all finished manufactured products, dried distillers grains, and corn gluten feed entering Algeria are subject to a 30 percent tariff rate, but some limited categories are subject to a 15 percent rate. Goods facing the highest rates are those for which equivalents are currently manufactured in Algeria. In January 2019, citing the need to encourage local production and ease pressure on the country's foreign exchange reserves, Algeria implemented new temporary additional safeguard duties (Droit Additionnel Provisoire de Sauvegarde or DAPs) of 30 percent to 200 percent (the latter extended only to ten cement tariff lines under the Harmonized System (HS) heading 25.23) on a list of more than 1,000 manufactured and agricultural goods. The few items that remain duty free are generally European Union (EU)-origin goods that are used in manufacturing and are exempt from tariffs under the 2006 EU–Algeria Association Agreement. The original DAP list was revised in April 2019 to exempt a number of food- and agriculture-related products including tree nuts, peanuts, butter, dried fruits, and fresh or chilled beef.

Taxes

Most imported goods are subject to the 19.0 percent value-added tax (VAT), and an additional 0.3 percent tax is levied on a good if the applicable customs value exceeds Algerian dinars (DZD) 20,000 Algerian dinars (approximately $169).

Non-Tariff Barriers

Import Bans

Since November 2008, Algeria's Ministry of Health has restricted the import of a number of pharmaceutical products and medical devices. In 2008, the Ministry of Health published a list of 357 pharmaceutical products whose importation is prohibited. Since 2007, the Algerian government has banned the import of used medical equipment without a special exception. The government has applied the regulation broadly to block the re-importation of machinery sent abroad for maintenance under warranty, even for equipment owned by state-run hospitals.

All types of used machinery are banned from entry into Algeria.

In June 2020, the Algerian Government imposed foreign exchange guidelines which effectively banned the import of thirteen agricultural products. While most restrictions were classified as seasonal, the ban on almonds remained in effect throughout 2020. In February 2021, the Ministry of Commerce compiled a new schedule for 2021 distinguishing a seasonal ban for each agricultural product. The new schedule adjusts a year-round restriction on almond imports to a seasonal ban from June to August 2021.

Quantitative Restrictions

Algeria released a new book of specifications concerning the automotive industry in August 2020, replacing the previous automotive regulatory regime established in 2017. The new book of specifications covers automobiles, buses, trucks, and construction equipment. The book of specifications established an import quota of up to 200,000 vehicles per year, with an annual cap of $2 billion. Due to customs, VAT, and other taxes, vehicles cost more than double the market rates when purchased by individuals overseas and imported. While the import quota on automobile kits for assembly of passenger vehicles is currently set at zero, the new regulation indicated that the government would set a new quota for automotive companies that receive authorization to engage in local assembly or manufacturing. Although a provision in the 2020 Finance Law enacted on January 1, 2020 allowed individuals who supply their own foreign currency to import used car models made during the last three years, on October 3, 2020, the Ministry of Industry, through administrative decree, indefinitely suspended importation of used vehicles.

Algeria has established a maximum import volume of four million metric tons of bread (common) wheat, accounting for nearly two-thirds of annual average imports. The Algerian state grains agency OAIC reports that from October 2019 to September 2020, import restrictions saved an estimated $1 billion in foreign currency.

Import Licensing

In January 2019, Algeria eliminated import license requirements for all products except passenger vehicles.

Customs Barriers and Trade Facilitation

Clearing goods through Algerian Customs is the most frequently reported problem facing foreign companies operating in Algeria. Delays can take weeks or months, in many cases without explanation. In addition to a certificate of origin, the Algerian Government requires all importers to provide certificates of conformity and quality from an independent third party. Customs requires shipping documents be stamped with a "Visa Fraud" note from the Ministry of Commerce, indicating that the goods have passed a fraud inspection before the goods are cleared. Many importations also require authorizations from multiple ministries, which frequently causes additional bureaucratic delays, especially when the regulations do not clearly specify which ministry's authority is being exercised. Storage fees at Algerian ports of entry are high and the fees double when goods are stored for longer than 10 days.

Regulations introduced in October 2017 require importers to deposit with a bank a financial guarantee equal to 120 percent of the cost of the import 30 days in advance, which especially burdens small and medium-sized importers that often lack sufficient cash flow.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Vehicles

In March 2015, Algeria enacted various new safety requirements for imported vehicles, with a focus on passenger automobiles. Algerian Government officials have asserted over the last six years that these requirements apply to all vehicles, but the requirements appear to affect imported vehicles disproportionately. Under the procedures intended to enforce the requirements, all vehicles entering the country must be accompanied by a "certificate of conformity" before they are inspected by a representative of the Ministry of Industry. Algeria also requires this certificate in order for importers to obtain from a bank the letter of credit necessary to finance a vehicle importation. These restrictions remain in place even as the government has restricted the volume of automobile imports.

Food Products

Algeria requires imported food products to have at least 80 percent of shelf life remaining at the time of importation.

All products containing pork or pork derivatives are prohibited.

Sanitary and Phytosanitary Barriers

The Algerian Government currently bans the production, importation, distribution, or sale of seeds that are the products of biotechnology. There is an exception for biotechnology seeds imported for research purposes.

In 2020, U.S. and Algerian authorities finalized certificates for chicken-hatching eggs, day-old chicks, and bovine embryos. U.S. and Algerian veterinary authorities continue to engage in negotiations on export certificates to allow for the importation of U.S. semen, beef cattle, dairy breeding cattle, and beef and poultry meat and products.

GOVERNMENT PROCUREMENT

Algeria announced in August 2015 that all ministries and state-owned enterprises would be required to purchase domestically manufactured products whenever available. It further announced that the procurement of foreign goods would be permitted only with special authorization at the ministerial level and if a locally made product could not be identified. Algeria requires approval from the Council of Ministers for expenditures in foreign currency that exceed 10 billion Algerian dinars (approximately $87 million). In 2017, this requirement delayed payments to at least one U.S. company.

As Algeria is not a Member of the WTO, it is neither a Party to the WTO Agreement on Government Procurement nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Algeria remained on the Priority Watch List in the Special 301 Report. Significant challenges remain with respect to fair and equitable market access for U.S. intellectual property (IP) right holders in Algeria, notably, the product import bans still in place that disadvantage U.S. pharmaceutical and medical device manufacturers. The United States acknowledges the steps Algeria has taken to raise awareness of IP issues, as well as Algeria's engagement with the United States on improving IP protection and enforcement. However, significant IP-related concerns remain, particularly regarding the enforcement of anti-piracy statutes, such as those aimed at combating the use of unlicensed software. Also, Algeria does not provide an effective system for protecting against the unfair commercial use, as well as unauthorized disclosure, of undisclosed test or other data generated to obtain marketing approval for pharmaceutical products.

BARRIERS TO DIGITAL TRADE

In May 2018, Algeria signed into law legislation requiring electronic commerce platforms conducting business in Algeria to register with the government and to host their websites from a data center located in Algeria. Such localization requirements impose unnecessary costs on service suppliers, particularly foreign firms, which are more likely to depend on globally distributed data centers. Algeria permits citizens to purchase goods from outside the country using international credit cards, with a maximum value per transaction of DZD 100,000 (approximately $776). Algerian foreign exchange regulations prohibit the use of certain online payment processors to transfer money from one account to another.

INVESTMENT BARRIERS

Prior to 2020, Algeria's investment law required Algerian ownership of at least 51 percent in all projects involving foreign investments. On June 3, 2020, the Complementary Finance Law amended the investment law to limit the 51 percent requirement to strategic sectors, which include mining, upstream energy activities, industries related to the military, transportation infrastructure, and pharmaceutical production. As there is no single process for registering foreign investments, prospective investors must work with the ministry or ministries relevant to a particular project to negotiate, register, and set up their businesses. U.S. businesses have commented that the process is subject to political influence and that a lack of transparency in the decision-making process makes it difficult to determine the reasons for any delays.

The 2020 book of government-modified specifications for the automotive industry increased domestic content requirements. Minimum local integration rates for domestic assembly plants will now be 30 percent in the first year, 35 percent after three years, 40 percent after four years, and 50 percent after five years. Additionally, the book of specifications mandates that automotive importers be 100 percent Algerian-owned, and retroactively excludes foreign companies from holding ownership stakes in importation companies and dealerships.

Algerian bureaucratic requirements cause significant delays and deter many companies from attempting to enter the market. For example, several U.S. companies, particularly in the pharmaceutical sector, have reported difficulties in renewing their operating and market access licenses. Without a valid license, the process for obtaining import authorization is extremely slow.

OTHER BARRIERS

State-owned enterprises (SOEs) comprise about two-thirds of the Algerian economy. The national oil and gas company Sonatrach is the most prominent SOE, but SOEs are present in all sectors of the economy. SOEs can leverage their position in the market to gain advantage over privately-owned competitors. For example, state-owned telecommunications provider Algerie Telecom holds a monopoly over all undersea data cable traffic in and out of Algeria, offering it a considerable advantage over private companies operating in the sector.

ANGOLA

TRADE SUMMARY

The U.S. goods trade deficit with Angola was $1 million in 2020, a 99.7 percent decrease ($419 million) over 2019. U.S. goods exports to Angola were $471 million, down 12.0 percent ($64 million) from the previous year. Corresponding U.S. imports from Angola were $472 million, down 50.6 percent. Angola was the United States' 89th largest goods export market in 2020.

TRADE AGREEMENTS

The United States–Angola Trade and Investment Framework Agreement

The United States and Angola signed a Trade and Investment Framework Agreement (TIFA) on May 19, 2009. This Agreement is the primary mechanism for discussions of trade and investment issues between the United States and Angola.

IMPORT POLICIES

Tariffs and Taxes

Tariffs

Angola's average Most-Favored-Nation (MFN) applied tariff rate for all products was 10.2 percent in 2019 (latest data available). Angola's average MFN applied tariff rate was 19.3 percent for agricultural products and 8.7 percent for non-agricultural products in 2019 (latest data available). Angola has bound 100 percent of its tariff lines in the World Trade Organization (WTO), with an average WTO bound tariff rate of 59.1 percent, and average bound rates of 52.7 percent for agricultural products, and 60.1 percent for non-agricultural products.

Revised customs measures entered into force in August 2018. These measures exempt imports of household products, medicines, and hospital equipment from tariffs. They also include a reduction of the consumption tax and customs duties for imports of malt beer, tobacco, lamb, and goat meat. They assign minimum tax and customs duty rates for the import of essential goods and other goods not locally manufactured. Medicines, educational materials (*i.e.*, schoolbooks), and automotive parts imported by automotive assembly investors in Angola remain exempted from customs duties under this regime.

In response to the COVID-19 pandemic, Angola has allowed all medicines and biosafety material to be imported duty free.

Taxes

In October 2019, Angola introduced a 14 percent value-added tax (VAT) and revoked a 10 percent consumer tax previously imposed on all products, domestic and imported, albeit with numerous product and service exemptions. In August of 2020, the Government of Angola approved VAT decreases for certain agricultural products. It also introduced to changes to corporate income tax, property tax, and individual income tax rates.

Non-Tariff Barriers

Import Licensing

The importation of certain goods requires authorization from specific government ministries, which can result in delays and extra costs. Importers must be registered with the Ministry of Commerce for the category of product they are importing. Only registered companies can apply for an import license, which is required for imports of sensitive products such as food, medical devices, pharmaceuticals, and agricultural inputs.

Importers who possess a valid general import license issued by the Ministry of Commerce and a specific import license issued by the Ministry of Health may import pharmaceuticals products.

Import Restrictions

Presidential Decree No. 23/19, which entered into force on January 14, 2019, aims to restrict the importation of certain products unless the importer can demonstrate the product is not available domestically. The Decree currently exceeds 54 products, mainly agricultural goods, and also applies to any imports that compete with goods produced in the Luanda-Bengo special economic zone. Impacted products include poultry, maize flour, and diapers. In 2020 (latest data available), U.S. poultry meat exports to Angola fell by 45 percent. The United States continues to raise concerns about this decree with the Government of Angola bilaterally and at the WTO Council for Trade in Goods and at the WTO Committee on Market Access.

Import fees for products entering Angola are calculated on the cost, insurance, and freight value of the product.

Foreign Exchange Restrictions

Angola has pledged to stop providing treasury funds for the import of products of high domestic consumption which Angola has the capacity to produce, effective August 24, 2020. According to the statement issued by the Ministry of Industry and Trade, this measure, which is part of the Program to Support Production, Diversification of Exports and Import Substitution, aims to protect national production and promote local economic development. The measure focuses on the following 11 products: sorghum, millet, beans, peanuts, carrots, garlic, onions, tomatoes, sweet potatoes, bottled water, and dishwashing soap. Importers may import the restricted items provided they have access to their own sources of foreign exchange.

Customs Barriers and Trade Facilitation

Administration of Angola’s customs service has improved in the last few years, but remains a barrier to market access. Importers still express concerns regarding the turnaround time between customs clearance and market delivery, which averages 38 days. Traders often still contract voluntarily for pre-shipment inspection services from private inspection agencies.

Any shipment of goods equal to or exceeding $1,000 requires use of a clearing agent. The number of clearing agents increased from 55 in 2006 to 232 in 2015 (latest data available). However, competition among clearing agents and reduced importing activity have not reduced fees for such agents, which typically range from one percent to two percent of the declared import value.

Angola has not yet notified its customs valuation legislation to the WTO, nor has it responded to the Checklist of Issues that describes how the Customs Valuation Agreement is being implemented.

TECHNICAL BARRIERS TO TRADE / SANITARY AND PHYTOSANITARY BARRIERS

Technical Barriers to Trade

Technical regulations, standards, testing, and certification procedures for imports remain poorly documented, creating barriers to trade.

Imports of foods and pharmaceutical products are subject to quality testing during customs clearance. Once imported into Angola, these products are subject to additional oversight by the Ministries of Commerce, Agriculture, and Health.

Sanitary and Phytosanitary Barriers

Angola has not introduced a risk management scheme for veterinary and sanitary control purposes. Therefore, consignments of imports classified in Chapters 2 to 23 of the Harmonized System (including animal and vegetable products and foodstuffs) must be laboratory tested prior to entry and accompanied by a health certificate.

Agricultural Biotechnology

Angola does not allow the use of agricultural biotechnology in production, and imports containing genetically engineered (GE) components are limited to food aid. Angola also prohibits the importation of viable GE grain or seed. The Ministry of Agriculture and Fisheries requires importers to present documentation certifying that their goods do not include biotechnology products. Importation of GE food is permitted when it is provided as food aid, but the product must be milled before it arrives in Angola. The Ministry of Agriculture and Fisheries allows, subject to regulations and controls, biotechnology imports for scientific research.

GOVERNMENT PROCUREMENT

Angola's government procurement process lacks transparency and fails to promote competition among suppliers. Information about government procurement is often not readily available from the appropriate authorities, despite the creation of a publicly accessible electronic procurement portal and a requirement that bids for procurement allocated for in the annual state budget be advertised in the government newspaper.

On December 23, 2020, the Angolan National Assembly approved Law No. 41/20, revising its Public Procurement Law (PPL) and revoking Law 9/16 of June 16, 2016. The revised PPL entered into force on January 22, 2021. The new law seeks to increase transparency in public resources utilization and to simplify procedures in public works and public services procurement, as well as the acquisition of goods by public entities. The most important changes presented by the law include encouraging administrative concessions regarding the granting of rights, land or property related to public works, public services, and exploration of the public domain. The law also calls for such contracts to be carried out though public-private-partnerships. The law also provides that public procurement contract values in the amount of at least 500 million Kwanzas (approximately $770,000) or more be approved by the President of the Republic and submitted to the Tribunal de Contas (Supreme Audit Institution) for oversight.

The new law introduces two new procurement procedures. The first is the Dynamic Electronic Procedure, which provides for the public acquisition of standard goods and services using an electronic platform. Any interested party that is properly registered may participate. The second spells out the procedure for emergency procurement, such as those required during a state of calamity or during a pandemic, such as COVID-19. A punitive clause for the most serious breaches of contract by an individual or corporation party to such contracts contains fines ranging from $1,650 to $3,300 for individuals, and $6,600 to $15,300 for corporations.

Through the revised and simplified PPL Angola seeks to expand local investment and also attract more foreign direct investment. Angola also expects that the PPL will reduce corruption, nepotism, and fraud, while increasing competitiveness and improving the Angolan business environment. The United States will monitor implementation and enforcement of the law in light of the continued weak state of institutions and the lack of necessary technical capacity to implement and enforce laws.

Angola is neither a Party to the WTO Agreement on Government Procurement, nor an observer to the WTO Committee on Government Procurement.

INTELLECTUAL PROPERTY PROTECTION

Although the Angolan National Assembly continues to work to strengthen existing intellectual property (IP) legislation, the protection and enforcement of IP remains weak. Trade in counterfeit and pirated goods is widespread. The Ministry of Commerce tracks and monitors the seizures of counterfeit and pirated goods but publishes these statistics only on an *ad hoc* basis. Stakeholder continue to have concerns regarding delays in the processing of patent applications.

INVESTMENT BARRIERS

A leading business challenge in Angola remains the scarcity of foreign exchange, and the resulting inability of foreign investors to repatriate profits and Angolan companies to pay foreign suppliers. The lack of foreign exchange is significantly impeding imports of products to this heavily import dependent market. International and domestic companies operating in Angola face significant delays securing foreign exchange approval for remittances to cover key operational expenses, including to import goods and expatriate salaries. Profit and dividend remittances are even more problematic for most companies. However, oil companies with Angolan exploration and production rights began selling foreign exchange directly to Angolan commercial banks on January 2, 2020. The decision ended a five-year policy that ensured that the international oil companies sold $240 million in foreign exchange monthly to the BNA, which in turn resold to commercial banks in monthly and eventually daily auctions.

On August 10, 2018, the Angolan Government enacted a private investment law aimed at facilitating investment. The law removed the previous requirement that foreign investors identify a local partner with a 35 percent stake prior to investing in priority sectors, thereby allowing foreign investors to own investments in their entirety. The law also eliminated minimum levels of foreign direct investment and established firm sunset clauses for tax incentives. In addition to changes to the investment legal framework, the government created the Agency for Private Investment and Exports Promotion, a state-run agency with the goal of facilitating investment and export processes.

The law, however, does not apply to investment in the petroleum, diamond, and financial sectors, which remain governed by sector-specific legislation. For example, legislation for the petroleum sector requires most foreign oil services companies to form joint venture partnerships with local companies. Foreign petroleum companies also face local content requirements requiring them to acquire low capital investment goods and services from Angolan-owned companies. For activities requiring a medium level of capital investment and a higher level of expertise (not necessarily specialized), foreign companies may only participate in association with Angolan companies. The Foreign Exchange Law for the Petroleum Sector requires that all petroleum, oil, and gas companies use Angola-domiciled banks to make all payments, including payments to suppliers and contractors located outside of Angola. However, these companies can make payments using foreign domiciled banks as long as they can show that payments are for services not provided in Angola.

OTHER BARRIERS

Bribery and Corruption

Corruption remains prevalent in Angola for reasons including an inadequately trained civil service, a highly centralized bureaucracy, a lack of funding to improve capacity, and a lack of uniform implementation of anticorruption laws. "Gratuities" and other facilitation fees often are requested to secure quicker service and approval. It is common for Angolan Government officials to have substantial private business interests that are not publicly disclosed. Likewise, it is difficult to determine the ownership of some Angolan companies and the ownership structures of banks. Access to investment opportunities and public financing continues to favor those connected to the government and the ruling party. Laws and regulations regarding conflicts of interest, though now codified, are yet to be widely implemented or enforced. Some investors report pressure to form joint ventures with specific Angolan companies believed to have connections to political figures.

Export Taxes

On December 29, 2019, a revised customs tariff code entered into force, which among other things eliminates the 5 percent export tax on crude ores.

Import Policies

To facilitate payment for imports, on January 20, 2020, the BNA, within the framework of gradual liberalization of the foreign exchange market, established new rules seek to eliminate bureaucratic obstacles and exempt transactions of up to $25,000 from requiring contracts for import of goods and services.

Foreign Exchange

The BNA issued Notice no. 17/20 of August 3, 2020, approving new rules and procedures governing foreign exchange transactions applicable to individuals. Among other amendments, effective September 2, 2020, foreign employees working in Angola must open a local bank account into which income from their employer will be deposited in local currency; employers may no longer transfer remunerations to foreign employees' accounts abroad. However, a foreign employee may purchase foreign currency upon presentation of a valid employment agreement and work permit. Under the notice, Angolan banking institutions should also verify that the employee income was transferred by a tax compliant employer.

Foreign exchange control applies in most international trade operations related to payments for imports and is subject to pre-authorization from the National Bank of Angola (BNA). In June 2018, the BNA announced that letters of credit would be the preferred financial instrument for import and export transactions, and mandatory for all international trade transactions above €100,000 (approximately $112,500).