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.