-Algeria-

last updated on 2002-05-07

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GENERAL FEATURES OF TRADE POLICY

In recent decades, Algeria has undertaken far-reaching reforms in order to put in place the mechanisms of a market economy.

The main features of these remarkable developments consist of a series of measures related primarily to price liberalization, abolition of the monopoly of foreign trade and opening up of State firms to private investment.

The Government has adopted a pragmatic approach in drawing up and implementing the privatization programme. It has decided to back the privatization process through two privatization support programmes, undertaken with the World Bank and the European Union. The involvement of investment banks and national and international consulting firms will ensure that privatization operations are conducted with all due professionalism.

The Government intends swiftly to disengage from enterprises operating in competitive spheres by encouraging all opportunities to open up the capital of State-owned enterprises to domestic or foreign buyers. The privatization and sale of firms is demand-driven and planned according to market absorption capacity and the firms' level of preparedness. It is conducted through financial market mechanisms (public offer, stock exchange), invitations to tender or negotiated sales.
Under its programme for 2002, the Government launched an initial series of privatization operations over the first half of the year, including:
-the sale of eight brick factories;
-the opening up of the capital of three major cement factories;
-the privatization of seven chemical enterprises and four enterprises in the ISMME (iron and steel, metal, mechanical, electricity and electronics) sector;
-the privatization of seven large city-centre hotels in operation and the sale of two hotels under construction;
-the opening up of the capital of the State cargo shipping line;
-the sale of the subsidiaries of State-owned milk and beverage production groups;
-the sale of the State-owned sugar production plant;
-the sale to employees of an initial lot of 70 small-sized local enterprises.

The process of abolishing the monopoly on activities, liberalizing markets and strengthening competition rules is being pursued with the reform of the legal framework regulating the infrastructure and utilities sectors. This is a matter of particular interest to the Government, which is planning to promote involvement of the private sector in these areas, so as to achieve greater efficiency and more stringent management in these key sectors.

The biggest component of Algerian exports to the EU is mineral fuels (gas and oil).
Imports from the Community to Algeria have been less impressive leading to an Algerian surplus with the EU of 11 billion Euro in 2000. The Community exports mainly machinery, automobiles, chemical products and pharmaceuticals, but also agricultural products (cereals, dairy products, milling products, fats and oils etc.).

Algeria, in spite of its huge trade surplus with the Community, is confronted with an increasing overall current account deficit.

Algeria is not a Member of WTO, but has requested membership in 1995. A Working Party has been created and negotiations continue in this framework.
Algeria has been a member of the WCO since 19 December 1966.

The following table is an overview of the tradeflow between the European Union and Algeria

Section	Year	Import(Euro)	Export(Euro)
Animals & animal products	1996	6,129,470	251,706,980
	1997	4,486,380	244,960,370
	1998	3,882,900	341,876,210
	1999	5,539,990	325,756,710
	2000	7,171,760	377,589,560
	2001	7,940,410	339,134,690
	2002	9,148,040	283,633,900
	2003	13,390,360	278,872,680
Vegetable products	1996	25,596,090	315,561,130
	1997	16,186,240	398,478,140
	1998	16,871,160	275,149,460
	1999	15,146,820	316,797,940
	2000	17,288,360	415,051,950
	2001	12,327,870	451,270,540
	2002	16,341,740	485,989,680
	2003	15,274,060	385,297,640
Animal or vegetable fats	1996	8,930	59,858,180
	1997	0	91,644,520
	1998	90,170	120,808,770
	1999	199,370	52,046,170
	2000	98,210	38,162,080
	2001	229,990	27,469,320
	2002	374,410	109,788,430
	2003	15,970	62,644,790
Prepared foodstuffs	1996	6,445,680	166,648,860
	1997	5,306,390	180,644,700
	1998	5,745,430	290,682,390
	1999	4,872,440	237,301,800
	2000	4,567,940	299,141,670
	2001	5,626,490	355,915,650
	2002	6,487,550	305,658,550
	2003	10,810,330	222,641,840
Mineral products	1996	5,233,794,000	63,485,210
	1997	6,283,281,060	40,351,690
	1998	4,774,728,860	58,232,880
	1999	5,660,502,650	48,983,560
	2000	11,952,534,560	102,948,870
	2001	11,083,142,180	105,593,010
	2002	10,636,549,180	109,209,340
	2003	10,534,425,280	138,758,070
	1996	62,727,580	357,149,320
	1997	115,974,110	516,580,810
	1998	97,176,920	668,089,240
	1999	108,845,280	712,409,260

Chemical products	2000	159,630,210	722,147,300
	2001	162,907,230	841,660,110
	2002	140,472,200	902,417,100
	2003	183,974,050	930,092,190
Plastics & rubber	1996	65,300	121,221,430
	1997	697,390	155,013,260
	1998	482,150	184,285,350
	1999	118,380	173,178,130
	2000	224,030	203,279,680
	2001	351,540	243,744,030
	2002	506,240	277,903,540
	2003	192,920	259,288,520
Hides & skins	1996	9,720,920	6,406,860
	1997	6,841,270	6,969,600
	1998	8,857,590	9,745,390
	1999	7,246,070	8,096,200
	2000	13,852,220	10,040,230
	2001	23,041,210	8,317,190
	2002	23,024,900	6,914,610
	2003	13,383,310	4,205,120
Wood & wood products	1996	4,767,160	47,424,200
	1997	4,443,230	83,059,840
	1998	8,580,410	94,522,670
	1999	10,777,130	96,624,260
	2000	20,475,830	96,890,820
	2001	17,173,800	120,426,150
	2002	8,031,800	115,388,200
	2003	9,582,130	133,543,390
Wood pulp products	1996	143,910	85,731,650
	1997	503,730	92,075,930
	1998	258,140	124,349,230
	1999	326,290	117,235,600
	2000	1,676,640	153,910,040
	2001	1,427,290	172,779,510
	2002	1,810,930	202,261,480
	2003	1,362,280	166,774,880
Textiles & textile articles	1996	2,472,670	109,866,200
	1997	2,114,480	114,659,260
	1998	694,270	106,975,260
	1999	537,360	110,653,970
	2000	573,160	114,793,160
	2001	1,957,700	130,077,550
	2002	2,657,940	145,165,020
	2003	1,914,200	118,746,450
Footwear, headgear	1996	68,610	10,762,910
	1997	150,470	11,003,390
	1998	441,100	14,453,620
	1999	375,850	12,101,290
	2000	552,360	14,521,810
	2001	633,050	12,995,380
	2002	312,070	22,781,540
	2003	119,640	18,382,140
Articles of stone, plaster, cement, asbestos	1996	99,190	61,587,690
	1997	70,850	60,820,000
	1998	109,370	66,115,450
	1999	201,260	77,158,670
	2000	164,530	77,976,640
	2001	187,380	96,460,730
	2002	191,610	108,802,390
	2003	201,170	115,494,220
	1996	19,920	1,949,140

Pearls, (semi-)precious stones, metals	1997	556,840	2,896,220
	1998	4,903,050	5,974,730
	1999	1,641,140	6,677,850
	2000	934,740	7,381,230
	2001	6,536,140	14,881,020
	2002	2,835,760	16,087,080
	2003	1,580,270	18,572,490
Base metals & articles thereof	1996	79,795,330	409,863,350
	1997	94,852,880	283,636,250
	1998	55,344,660	342,793,060
	1999	61,895,000	307,944,760
	2000	79,622,010	376,238,950
	2001	62,596,470	560,454,000
	2002	101,198,230	542,547,670
	2003	127,241,220	589,203,920
Machinery & mechanical applicances	1996	3,579,190	1,008,314,220
	1997	7,068,930	1,087,829,450
	1998	6,794,530	1,428,558,670
	1999	10,931,360	1,421,209,450
	2000	8,410,430	1,639,838,140
	2001	8,592,480	2,108,402,970
	2002	12,188,680	2,509,370,590
	2003	14,046,000	2,449,102,950
Transportation equipment	1996	36,582,400	596,957,910
	1997	18,874,740	553,596,420
	1998	1,697,440	568,099,630
	1999	1,879,250	599,791,870
	2000	1,191,000	762,182,850
	2001	1,051,020	931,854,330
	2002	1,692,510	1,054,128,780
	2003	2,554,680	1,183,743,270
Instruments - measuring, musical	1996	1,594,210	103,171,480
	1997	1,355,430	105,278,540
	1998	1,819,820	115,734,000
	1999	2,607,090	126,605,110
	2000	911,570	143,215,460
	2001	1,985,320	184,795,860
	2002	4,057,480	223,667,440
	2003	2,993,440	227,533,130
Arms & ammunition	1996	0	1,802,840
	1997	0	4,982,970
	1998	23,070	1,087,720
	1999	2,910	481,720
	2000	9,510	907,040
	2001	3,200	1,897,260
	2002	0	2,782,780
	2003	0	1,039,750
Miscellaneous	1996	366,870	44,976,540
	1997	708,650	46,576,400
	1998	444,660	61,553,920
	1999	286,550	75,873,330
	2000	515,870	67,959,930
	2001	598,060	90,413,330
	2002	377,070	110,118,090
	2003	985,820	122,655,380
Works of art	1996	0	18,910
	1997	8,590	34,340
	1998	0	31,580
	1999	10,220	18,630
	2000	59,480	261,380
	2001	90,240	54,740

	2002	66,540	16,190
	2003	2,219,670	15,410
Other	1996	1,480,420	15,783,360
	1997	1,277,280	13,434,140
	1998	953,440	23,689,460
	1999	780,780	18,243,420
	2000	1,472,850	20,876,900
	2001	1,192,240	32,728,520
	2002	2,457,490	26,402,780
	2003	1,719,260	22,822,760

Agriculture and Fisheries
last updated on 2002-02-12

Prior to independence Algeria provided 93% of its agricultural requirements. Today, the country imports over 60% of its cereal requirements.
The agriculture sector in Algeria contributes around 12% of Algeria's Gross Domestic Product.
Cereals including wheat, barley, oats, maize, and sorghum, comprise the country's main agricultural crops. Vegetables are also important: crops include beans, lentils, potatoes, peas, cucumbers, tomatoes, onions, carrots, melons, artichokes, sunflowers, sugar beets and tobacco. Grapes and a variety of citrus fruits including oranges, mandarins, lemons, grapefruit and clementines are also grown. Exports include olives, figs, dates, wine and tobacco.

Chemicals
last updated on 2002-02-12

Algeria is a significant producer and exporter of crude oil and natural gas, a member of OPEC and is a key energy supplier to Europe as well.

Although oil was first discovered in Algeria at the Hassi Messaoud oil field in 1956, Algeria is considered to be under-explored. Algeria's National Council of Energy believes that the country still contains vast hydrocarbon potential. Over the last three years, significant oil and gas discoveries have been made, largely by foreign companies.

Official estimates of Algeria's proven oil reserves remain at 9.2 billion barrels. However, with the recent oil discoveries, plans for more exploration drilling, improved data on existing fields, and use of enhanced oil recovery (EOR) systems, proven oil reserve estimates are expected to be revised upward in coming years. Algeria should also see a sharp increase in crude oil exports over the next few years due to a rapid shift towards domestic natural gas consumption and planned increases in oil production by Sonatrach and its foreign partners. Approximately 90% of Algeria's crude oil exports go to Western Europe, with Italy as the main market followed by Germany and France. The Netherlands, Spain and Britain are other important European markets. Algeria's Saharan Blend oil, 45o API with 0.05% sulfur and negligible metal content, is among the best in the world.

Algeria's oil sector, unlike that of most OPEC producers, has been open to foreign investors for more than a decade. At the start of 1999, there were 25 foreign firms from 19 countries operating in Algeria. Anadarko Petroleum Corporation has discovered two oil fields, each estimated to contain one billion barrels of oil. Other firms operating in Algeria include Arco, Mobil, Phillips Petroleum, Lasmo, Burlington Resources and Occidental Petroleum Corporation.

Algeria has seven coastal terminals for crude oil, refined product, NGL, and liquefied natural gas (LNG) exports. These are located at Algiers, Annaba, Arzew, Bejaia, Oran, Skikda, and La Skhirra. The two ports at Arzew handle about 40% of Algeria's total hydrocarbon exports. LNG is shipped from Arzew and Skikda. Additionally, Arzew handles all of Algeria's NGL exports. Algeria uses the Tunisian port of La Skhirra exclusively for crude exports.

GAS

Commercial production of natural gas began in 1961. Algeria has 160 trillion cubic feet (Tcf) of proven natural gas reserves, primarily associated, ranking it in the top 10 worldwide. Sonatrach estimates that Algeria's ultimate gas potential is around 204 Tcf. Algeria accounts for one-quarter of EU gas imports.

The European Commission has forecast that Algerian exports will not exceed a 25% share of the European gas market through 2020. In contrast, Europe's two other major gas suppliers, Norway and Russia, are both expected to maintain or expand their 25% market shares. In addition, Algeria has maintained a longstanding policy to develop its gas reserves as a source of domestic energy and as a raw material for the petrochemical industry. Approximately 95% of the country's electricity is generated by gas.

With the start-up of the Arzew GL4Z plant in 1964, Algeria became the world's first LNG producer. In recent years, Algeria's competitive position in the LNG business has suffered due to rivalry from Asia and cheaper alternative energy prices. In fact, Algeria's LNG complexes have been producing below their design capacities due to the growing disadvantage of their higher-cost operations.

Services - Energy
last updated on 2002-04-30

Electricity
Algeria's electricity demand is growing rapidly, and could -- according to Sonelgaz -- 30 billion kilowatthours (BKwh) by 2005, up from 23.2 BKwh in 1999. This likely will require billions of dollars worth of investments in new generating capacity, plus transmission and distribution infrastructure (i.e., lines and sub-stations). In order to accomplish this, Algeria's government hopes to attract foreign capital.

Legislation pending in parliament would end the monopoly over power production held by state-run Sonelgaz and clear the way for Algeria's first independent power projects (IPPs). According to the Middle East Economic Digest, IPPs totaling $12 billion are planned.

Sonelgas is expanding the gas distribution network to provide gas as a fuel in industry and homes. Sonelgas planned to invest $15.5 billion during the period 1996-2001 to develop and expand electricity production and distribution through the country. Algeria has two links to the Moroccan electricity grid and supplies over 550 GWh of electricity to Morocco.

Sonatrach has recently awarded a $107-million contract to Italy's GE Nuovo Pignone to build the country's first privately financed gas-fired power plant at Hassi Berkine. GE Nuovo Pignone, a subsidiary of General Electric, will also provide a gas treatment system, liquid fuel gas turbine storage and services.

Another Italian firm, Ansaldo Energia, has started work on the Algiers Hamma power station as a turnkey supplier to Sonelgaz. The $226-million project is being financed by various development agencies in the Gulf countries.

A law to open up the electricity market was also passed by the Government in October 2001.
Distribution could therefore be opened up to the private sector under a public service concession.
The withdrawal of the State from this sector, in which it had held a monopoly for 35 years through the State-owned SONELGAZ, will be reflected in the creation of an independent regulatory body whose main task will be to ensure transparency in the electricity market.

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TARIFFS AND DUTIES

Applied Tariff Levels

Under the Cooperation Agreement with the EU currently in force, Algeria enjoys free access for exports of industrial goods and preferential access for certain agricultural goods to the European market, but no tariff preferences are in force for European exports to Algeria.

No preference is currently given for imports originating in the European Union. The association agreement signed on 19 December 2001 provides for the establishment of a free-trade zone following a transitional period of 12 years after the entry into force of the agreement.

Tariff quotas, tariff exemptions
The exemptions allowed in the customs tariff are applied on an MFN basis.

Other duties and charges, including any charges for services rendered
Before the end of 2003, Algeria will align itself with the provisions of Article VIII of the GATT 1994, with levies of 2 per cent and 4 per cent (four per mil).

The economic customs regimes under the Kyoto Convention allow the total or partial suspension of the payment of duties and taxes. Article 4 bis of the Customs Code provides that "the customs laws and regulations apply irrespective of the status of the persons". Consequently, goods imported by the State or on its behalf do not enjoy any privilege or immunity.

Algeria utilizes the 2002 version of the Harmonized System.
Order No. 01.02 of 20 August 2001 establishes a new customs tariff applicable as of 1 January 2002.
The reform of the customs tariff has enabled the following principles to be reaffirmed:
-Harmonization and reduction of the number of rates;
-consistent structure;
-transparency;
-stability;
-impartiality.

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TRADE DEFENCE INSTRUMENTS

export restrictions
The following are the eight-digit tariff headings in the Harmonized System for which export restrictions are in effect:
- 01 02 10 00: live breeding animals of the bovine species;
- 01 04 10 10: live breeding animals of the ovine species;
- 05 08 00 00: unworked or partly worked coral;
- 06 02 99 90: palm tree seedlings;
- 97 01 10 00, 97 01 90 00, 97 02 00 00, 97 03 00 00, 97 05 00 00, 97 06 00 00: objects of national interest from the historical, artistic or archaeological standpoint.

All these headings are subject to export restrictions. The purpose of this measure is to preserve the national heritage.

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NON TARIFF BARRIERS

Import licensing procedures

Under the provisional timetable for the enactment of domestic legislation and regulations designed to ensure compliance with the WTO Agreements, Algeria intends to establish an import licensing regime during the first quarter of 2003.

The import of certain products (cosmetics and personal hygiene products; consumer products of a toxic or particularly hazardous nature (19 products); sweetened foodstuffs, bleach, worn clothing and worn textile articles, pharmaceutical products, hunting weapons, bookshop articles and animal and plant products) is subject to prior authorization by the competent services.

The following is the list of consumer products of a toxic or particularly hazardous nature:

-Bleaching agents (in liquid or powder form) containing chlorine;

-cleaning and/or disinfecting agents, including cleaning products for enamel surfaces, floors, windows, ovens and toilets, carpet shampoo and washing products (washing and dishwashing preparations);

-cleaning solvents (stain removers, etc.);

-wax polishes: wax preparations and turpentine or white spirit for polishing furniture and floors. (Wax polishes containing natural or synthetic waxes, solvents such as petroleum hydrocarbons, turpentine, alcohols, glycols and acetates and colourings);

-products used to polish, clean or plate metal;

-anti-fungal products;

-pesticides for domestic use, including weedkillers, insecticides, rat poison, fungicides, moth proofing;

-matches;

-products containing methyl alcohol;

-paint and varnish stripper;

-liquids, powders, foam and other fire extinguishing products;

-anti-freeze preparations;

-caustic products, including acids, mineral bases (sodium, potassium, ammonium, ammonia), organic bases, oxidants (hypochlorites, peroxides, permanganates, perborates), aldehydes (formaldehyde, acetaldehyde, epoxides and phenols);

-anti-rust products for linen (including hydrofluoric acid and oxalic acid);

-sprays (other than cosmetic and personal hygiene products);

-products for children's education and recreation such as chemistry sets or containing accessible chemicals, children's paints and modelling clay;

-protective coatings, including paints, varnishes, woodworm protection, polishes and waterproofing products;

-glues and adhesives;

-foodstuffs containing concentrated sweeteners.

Quantitative import restrictions, including prohibitions, quotas and licensing systems

Goods whose import into Algeria is prohibited (by HS number) are:

-Used tyres (40 12 20 00);

-toys imitating handguns (95 03 90 00);

-these prohibitions have been established for reasons of security.

Sanitary and other technical requirements

The following animal products and products of animal origin are subject to sanitary inspection before import into or export from Algeria:

-Animals of the bovine, caprine, ovine, cameline and porcine species;

-pet animals, including dogs and cats;
-domestic fowl (chickens, turkeys, geese, ducks, guinea fowl, etc.), as well as rabbits and similar;
-exotic animals and birds such as canaries, parrots, pheasants, partridges, quails and zoo animals;
-bees, fish, crayfish, snails, tortoises, frogs, snakes;
-rodents;
-game;
-meat, milk and milk products, eggs, honey, wool, untreated skins, semen for artificial insemination, zygotes;
-intestines;
-treated or processed animal products irrespective of their destination;
-fodder and feeds for animal consumption.
With the exception of pet animals, treated or processed animal products, irrespective of their destination, and concentrates for animal feeding, all the foregoing products are subject to the sanitary waiver provided in Article 76 of Law No. 88.08 of 26 January 1988.

All plants, plant products and materials defined in Executive Decree No. 93.286 of 23 November 1993 are subject to mandatory phytosanitary inspection at Algeria's borders.

The list of agricultural products of plant origin subject to measures at the border in accordance with the phytosanitary regulations is attached.

Agriculture and Fisheries

Sanitary and phytosanitary measures

040031-*Algeria- Live bovines, bovine products and derivates* [2004-12-20]

Import ban on bovine meat and meat products because of BSE;
Memberstates banned: FR, GER

- General statement on BSE to all Third Countries on 17/03/2004 in reaction on the statement of the USA.
  During the XXXI SPS Committee in October 2004 the Commission has given a general statement on BSE (Bovine Spongiform Encephalopathy). Some WTO members started to lift the ban due to BSE for some EU live ruminants and ruminant derivated products (e.g.: China, New Zealand, Brazil, Philippines). The EC requested other WTO members to follow the same line and to respect guidelines as set up by international organizations (OIE).

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INVESTMENT RELATED BARRIERS

Investment and domestic investment policy
The Order of 20 August 2001 on the development of investment replaces Legislative Decree No. 93.12 of 5 October 1993 on the promotion of investment, while preserving the inalienability of acquired benefits.
The new Investment Code establishes the following three regimes.

-General regime
The general regime applies to domestic and foreign investment in economic activities relating to the production of goods and services, and to investment in the context of concessions and/or licences.
Investors are eligible for benefits in terms of customs duties (reduced rate on imported capital goods), VAT (exemption for goods and services) and transfer fees (exemption for real-estate purchases).

-Special zone regime
This regime covers zones under development.

-Agreement regime
Eligibility for benefits under this regime is restricted to investments of particular interest to the national economy that implement "clean" technologies, under a concession and/or a licence.

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Pharmaceuticals

Trade Related Investment Measures

020101-*obligation to invest in phamaceuticals in order to import* [2002-12-05]

Companies wishing to engage in import operations of pharmaceutical products must submit an investment plan within two years, at the risk of being denied renewal of their import authorization if this time frame is exceeded.
The investment obligation affects Algerian companies wishing to import pharmaceutical products but not companies established abroad and exporting to Algeria.
This measure was deemed necessary to encourage operators to become involved in developing domestic production. Its purpose is to enhance the professional level of those involved in this sector, to encourage technology transfer and to achieve broader coverage of key national needs by the local industry.