

**Business and Investment Guide on Algeria**

******

***Embassy of Pakistan***

***Algiers***

# PROFILE

|  |  |
| --- | --- |
| Location | Algeria is in the north of Africa bordering on the north with the Mediterranean Sea, on the east with Tunisia and Libya, on the south with Niger, Mali and Mauritania, and on the west with Morocco |
| Official Name | People’s Democratic Republic of Algeria |
| Area | 2,381,745 square kilometers |
| Population | 43 million (January 2019) |
| Capital | Algiers |
| Major Cities | Algiers, Oran, Constantine, Annaba, Ghardaia, Tlemcen, Ouargla, Setif, Batna, Bejaia, Mostaganem, Tizi Ouzou, Biskra |
| Language | Arabic and Tamazight are the national and official languages. ; French and English are used in business |
| Currency | Algerian Dinar (DA). 1US Dollar = 120 DA |
| Climate | The area of Tell, in north, is characterized by a Mediterranean climate, with hot and dry summers and soft and rainy winters. The average temperatures in summer and winter are 25 °C and 11 °C respectively. The more one goes down towards the south, the more the climate becomes dry: annual precipitations in the high lands and the Saharian Atlas do not exceed 200 to 400 mm the Sahara is a windy and very arid area, where the thermal amplitudes are often considerable: these variations in temperatures, extremely high the day and very low the night, are explained by the total absence of a moisture able to attenuate contrasts of them. The height of the annual rains is lower than 130 mm in the whole of the Algerian desert. |
| Main Holidays | **National Holidays:*** Independence Day ( 5th July )
* National Day: 1st November (Launching of Liberation War in 1954)

**Civil Holidays:*** Labor Day (1st May)
* New Year's Day (1st January)

**Religious Holidays:*** Aid-El-Fitr (2 days)
* Aid-El-Adha (2 days)
* Awwal Muharram
* Ashura
* El Mawlid en-Nabawi
 |
| Weekly Holidays | Friday and Saturday |
| Local Time | GMT + 1 |
| Working hours | Government Offices:Sunday to Thursday: From 0800-1200 hrs. And from 1300-1600 hrs.Bank branches counters close at 1500 hrs. |
| Principle Growth Sectors | Oil, gas, derivatives of hydrocarbons and foodstuffs, non-alimentary goods, industrial capital goods. |

## II. ECONOMIC SECTORS

The main economic sectors of Algeria are: oil and gas, industry & manufacturing and agriculture.

## OIL AND GAS

Algeria is the largest country in both Africa and the Arab world with a total landmass of 2.38 million sq. km. The country is rich in natural resources and is an OPEC member. Algeria has the tenth-largest proven reserves of natural gas in the world, is the sixth-largest gas exporter and has the third largest proven reserves of shale gas. It also ranks sixteenth in proven oil reserves. Thanks to hydrocarbon revenues, Algeria has a cushion of approximately $90 billion in foreign currency reserves, though the balance has fallen significantly since 2014 as a result of lower oil and gas prices. In addition, Algeria's external debt is extremely low at about two percent of GDP. Algeria is still largely underexplored (fewer than 20 wells per 10.000 sqm) and there are opportunities for foreign firms to invest in joint ventures to find new deposits.

To attract additional foreign investment, the GoA is drafting a new hydrocarbons law**.** The new law will make Algeria more competitive by easing taxes, simplifying license procedures and shortening the agreement timeframe.

State-owned national oil company Sonatrach, the largest company in Africa, owns roughly 80% of total hydrocarbon production in Algeria, while International Oil Companies (IOCs) account for the remaining 20%.

Algeria possesses 20 trillion cubic meters of technically recoverable shale gas, representing 707 Tcf of technically recoverable shale gas, the third-largest quantity of untapped shale gas resources in the world. Sonatrach has signed several cooperation agreements with IOCs to develop unconventional resources, with a focus on shale gas horizontal drilling, but also to assess technical and commercial feasibility. The government is looking to increase gas output by 19 %.

Along with gas, Algeria is a large oil producer with 12.2 billion barrels of proven oil reserves. The country exports 540,000 barrels per day of its total production of about 1.1 million barrels per day. All proven oil reserves are held onshore, though interest in offshore exploration is increasing.

With most of Algerian hydrocarbons derived from mature and depleting fields, and in line with its ambition to boost output, an important focus is being placed on the need to optimize production, notably through enhanced recovery technology. To that end, Sonatrach is looking to increase partnership with foreign investors for quicker technology transfer.

According to Sonatrach, about two-thirds of Algerian territory remains unexplored or largely underexplored. Most of these areas are in the north, the deep south and offshore.

Despite the sharp decline in oil prices since July 2014, Sonatrach has declared that it will maintain its investment plans of USD 18 to 23 billion in annual outlays, with a focus on upstream exploration, production and oil reservoir activities. The CEO of Sonatrach, Abdelmoumen Ould Kaddour, and Minster of Energy Mustapha Guitouni were appointed in May 2017 with a mandate to re-energize the sector and send positive signals to international observers. Sonatrach launched a $55 billion investment plan for 2017-2021.

In addition, Sonatrach is pursuing offshore development, focused on two large geographical areas that look promising based on seismic data.

Algeria’s domestic electric power consumption has grown steadily, with demand growing 20% annually since 2010. The GoA has brought additional capacity on line to keep up with the pace of domestic demand. To satisfy domestic energy demand, Algeria is extremely reliant on hydrocarbons, nearly exclusively natural gas. The government plans to introduce renewable energy into the local power market to save volumes of natural gas for export in order to finance the national economy. As a result, the Renewable Energy and Energy Efficiency Program adopted in 2011, aims to produce up to 40% of domestic power needs from renewable energy sources by 2030. Due to Algeria’s sunny climate, the Renewable Energy program places a large emphasis on solar power as its potential is greater than that of wind, biomass, geothermal, or hydropower. The program’s stated goal is to achieve 37% of national electricity production from solar energy by 2030, with three percent coming from wind-powered plants.

## INDUSTRYAND MANUFACTURING

Industrial Production in Algeria increased 4 percent year-on-year in the first quarter of 2019, after a downwardly revised 0.5 percent gain in the previous period. It was the strongest rise in industrial activity since the third quarter of 2017, led by energy (5.1 percent vs 1.2 percent in Q4 2018); manufacturing (4.9 percent vs -1.2 percent) and mining & quarrying (6.7 percent vs 10.9 percent). Industrial Production in Algeria averaged 0.98 percent from 1997 until 2019, reaching an all-time high of 15.10 percent in the fourth quarter of 1998 and a record low of -8.80 percent in the fourth quarter of 1997.

Algeria has recently put in place a new industrial recovery strategy aimed at developing, modernizing and further integrating the Algerian industry. In this perspective, the government seeks to improve the attractiveness of Algeria as an investment destination in order to revitalize industrial activity, create new business opportunities and encourage the installation of new investments. This initiative also aims at promoting the digital economy, developing and providing flexible and innovative financing to encourage manufacturers to modernize their production tools.

**The main axes of the industrial strategy**

 **Sectorial deployment of the industry:**

* Valorization of natural resources
* Densification of the industrial fabric
* Promotion of new industries **Space deployment of the industry:**

- Create synergies by:

* Exploitation of the spatial concentration of economic activities
* Networking of companies, public institutions and research, training and expertise structures - Generate a business microclimate and increase investment.

**Industrial Development Policies:**

* Upgrading companies
* Innovation, an engine of industrial development
* Human resources development
* Promotion of Foreign Direct Investment (FDI)

**Strategic Sectors:**

* Iron and steel industry,
* Hydraulic binders,
* Electrical and electrical appliances,
* Industrial chemistry, pharmaceuticals
* Mechanical and automobile,
* Aerospace,
* Shipbuilding and repair,
* Advanced technologies,
* Food industry,
* Textiles and clothing,
* Leather and derived products,
* Wood and furniture industry

## AGRICULTURE

The agriculture sector contributes 12% of Algeria’s GDP (2016 estimates) and employs 20% of the population in rural areas. Algeria has 8.4 million hectares of arable land. To combat drought, the Ministry of Agriculture is developing projects to increase the amount of irrigated land by 2 million hectares.

Recent improvements in Algerian agricultural productivity are primarily attributable to an ambitious Agriculture Development Plan (PNDA) initiated in 2000 by the Ministry of Agriculture. In line with this program, the agricultural development strategy was re-oriented in August 2008 to reflect new policy priorities in several areas that included intensification of agricultural production, revitalization of natural resources, improved usage of water resources, and food safety initiatives. The government’s vision is to orient agriculture towards intensive models, particularly in the cereals sector, and to develop modern agricultural complexes. The government decided to facilitate the use of agricultural land owned by the State. The Ministry of Agriculture is engaged in programs involving land grants to private investors. Partnerships can be between public and private investors, private only or a foreign investor with an Algerian partner. According to estimates, the exploitation and enhancement of this land will help increase the country’s total arable land to 9 million hectares by 2020.

As Algeria works to enhance its domestic agricultural productivity, it remains one of the world’s largest importers of wheat ($1.79 billion) and dairy products ($1.40 billion) in 2017. In 2017, the total amount of agricultural imports came to $9.41 billion. However, the Government is pursuing a strategy to control imports to offset the decrease in energy earnings and protect domestic production. Although Algeria dropped import licensing for most products, the government introduced new measures as part of the 2018 Finance Act, including a ban on the import of 877 categories of products, 622 of which are agricultural. This sector employs a quarter of the country's labor force and accounts for approximately 12% of the GDP. Specific crops include cereals, dairy products, fruits and vegetables. Products that have been aggressively exported include dates, wine, and fish. Exports of fresh dates constituting Algeria's largest non-hydrocarbon export.

## III. INFRASTRUCTURES

## ROAD NETWORK

Algeria enjoys one of the most modern road networks in Africa. The iconic, 1216-km six-lane East-West Highway crosses the country from its border with Morocco to Tunisia. The national 2015-19 development plan aims expand the existing road system by another 5600 kms.

Despite budgetary constraints, regional projects are steadily connecting the country. The last remaining section of the East-West Highway running between the town of Drean and the Tunisian border will be completed in early 2019, Zalene told local media in November 2017. In the wilaya (province) of Bejai'a, meanwhile, the construction of a 1700-metre long tunnel in Sidi Ai'ch will grant access to the 100-km route linking Tala Hamza, El Kseur, Sidi Ai'ch, Amalou, Akbou, Tazmalt and M’chedallah to the East-West Highway. Payment delays have posed some challenges for the Chinese firm building the tunnel. However, in July 2017 wilaya officials and a representative of Algeria’s motorway agency, Agence National des Autoroutes (ANA), pledged to catch up on payments.

The crown jewel of Algeria’s road network is the 4500-km Trans-Saharan Highway, more than 2300 km of which lie in the country. Algeria’s portion of the $3bn regional project is set for completion this year (2019). According to the Trans-Saharan Road Liaison Committee, only 600 km of the Algerian RN1 segment - the principal north-south road axis - remain to be completed. The route also branches out to Mali with a 500-km road, of which 300 km has been finished. Plans to connect Algiers with Lagos in Nigeria will further improve links to sub-Saharan countries.

## RAILWAYS NETWORK

The rail network is another central axis for freight and passenger movement. To drive socioeconomic development, the government plans to extend rail across the country by expanding the network (2300 km are under construction, according to the Ministry of Transport and Public Works), refurbishing wagons and reinforcing freight capacity. The National Rail Transport Company (Societe National des Transports Ferroviaires, SNTF) is the state company entrusted with the management of passenger and freight transport, and the Algerian Railway Company (Anserif), created in 2005, and is responsible for the administration of the network’s infrastructure.

Algeria’s rail network extends for a total of 4575 km, of which 3854 km are in use. The breakdown in use varies by region. According to SNTF, 90% of movement in the north-western region of the country is passenger activity, whereas merchandise transport makes up 90% of the activity in the north-east. Several routes have been launched in 2017: In April 2017 SNTF announced the operation of the Algiers-Tizi Ouzou line, with a journey time of 80 minutes. The long-awaited reopening of the Annaba-Tunis line in May 2017 is set to boost opportunities for commerce and tourism. Initially scheduled for completion in August 2016, tunnels on the route had to be enlarged to accommodate modern locomotives, which will now travel at 160 km per hour (km/h). The Oran-Bachar and OranSai'da lines became operational in the same month, reaching speeds of 200 km/h.

## AIR TRANSPORTS

Algeria is in the process of upgrading its air travel segment by expanding its flight connections and developing domestic airport infrastructure. Large budgets have been allocated from the national Treasury to the nation’s 35 airports, 13 of which operate international flights. The country’s aim to boost tourism, and air travel overall, is expected to see major results soon**.**

## MARITIME TRANSPORTS

Some 95% of the country’s freight movement takes place via sea transport, and container ship transit represents the cornerstone of Algerian port activity. With a coastline extending around 1200 km, Algeria is home to 11 commercial ports - of which Algiers, Oran and Annaba attract most of the activity - and accommodates a total movement of merchandise surpassing 130m tones per year. Therefore, upgrading port infrastructure and utilizing logistics platforms to gain efficiency and dynamism is at the core of the government’s strategy to compete in the Mediterranean.

Despite government efforts and budget allocations to diversify the sea freight companies, some deceleration was noticeable in third quarter 2017 figures, with a slight decrease in volumes at the Port of Algiers mainly due to import quotas. Some 551 ships docked in the port that quarter, according to Enterprise du Port d’Alger, 5.5% less than in the same period in 2016. Although the government aims to boost exports, imports continued to represent the bulk of goods passing through the port, at 84% of the total. They increased by 1% during the quarter as a result of rising volumes of cereals.

China is the main exporter to the country, holding a nearly 18% share of total incoming product value in 2016, followed by European and Latin American countries. Brazil, for instance, has been growing its business relationship with Algeria in recent years, and exported over $1bn to the Algeria in 2015 and 2016. On the other side of the relationship, $1.6bn worth of Algerian products flowed into Brazil in 2016, a 10% decrease on 2015 volumes, Salaam Gateway, a market researcher focused on Islamic countries, reported.

It is not unusual for vessels to return to their origin empty as export activity remains low. The government is working to reverse this trend by supporting exporters such as Fertial (an Algerian Spanish partnership covering petrochemicals, agriculture and industry) and Cevital (the primary private exporter and largest conglomerate), the latter of which is aiming to export $3bn in goods in 2020. “Logistics companies are hoping for increase in exports in the short term,” Abd El Illah Melaika, County Manager for DHL, told OBG. “Given that hydrocarbons comprise 97% of all exports, it is a relatively small market for competition.”

## TELECOMMUNICATIONS

Advances in the field of Information and Communication Technologies are becoming increasingly important for building an efficient economy based on knowledge and information. The Algerian government has therefore favored the development of Information and Communication Technologies (ICT), at the center of strategies and policies for economic and social development.

Thus, in terms of its achievements and use of new technologies, Algeria has been ranked the third "most dynamic" country in the world by the International Telecommunication Union (ITU), the highest international telecommunications authority and has been positioned among those who have achieved "substantial progress" in the development of information and communication technologies.

## IV. FOREIGN TRADE REGULATIONS

The Algerian authorities have made significant efforts to improve and secure the business and investment climate, particularly through the following measures:

* The implementation of new legislation for e-commerce, including electronic advertising, through Law No. 18-05 of May 10, 2018 on e-commerce, demonstrating a major step forward by introducing a legal regime to a field that had been previously unregulated; and;
* The implementation of a new legal framework for the protection of personal data through Law No. 18-07 of June 10, 2018 on the protection of natural persons with regard to the processing of personal data has recently been passed. The latter confirms the willingness of the authorities to improve the investment climate and to secure personal data through the dedication of this new legal framework.

**Investment Incentives**

Decree No. 17-101 implementing Law No. 16-09 on the promotion of investment (the Investment Law) specifies the arrangements for implementing investment incentives, namely:

* The advantages applicable to the extension and rehabilitation investments;
* The exceptional advantages;
* Other advantages granted depending on the investment’s location; • The other advantages for any investment exceeding AD5bn (€36.3m); and
* The advantages for projects of particular interest to the national economy.

 **Preemption Right of the Algerian State**

The State Holding Council (Camseil des Participations de l’Etat, CPE) has undertaken certain measures in order to facilitate the transfer of shares to benefit Algerian shareholders, such as Resolution No. 10-154 of October 12, 2017.

As a reminder, Article 30 of the Investment Law states that any sale of shares in a Algerian company by or to foreign investors is subject to the state preemption right. However, the CPE, through this resolution immediately implemented, devotes a new principle, namely the CPE would not intend to exercise this preemption right in the following cases:

* The transfer of shares from a foreign shareholder to the benefit of other foreign

shareholders provided that the transfer does not affect the 51:49 rule;

* The transfer of shares by Algerian resident shareholders owning 100% of an Algerian entity provided that such a transfer would not exceed the maximum limit of 49% of the share capital; and
* The transfer of shares by foreign shareholders to the benefit of Algerian resident shareholders under companies that were established before the 2009 CFL came into effect.

**Repurchase Rights**

### Article 47 of the 2010 CFL introduced the Algerian state’s right to repurchase; however, there were a certain number of uncertainties regarding the implementation of this right. Article 31 of the Investment Law clarified that any sale of 10% or more of shares of a foreign company owning an interest in an Algerian company that enjoyed advantages or benefits at the time of establishment are required to inform the CPE prior to the operation. Non-compliance with this obligation, or the reasoned objection of the CPE, within one month of receiving this information, confers on the state a right to repurchase, at most, the interests in the Algerian company held by the foreign company. It should be highlighted that this right to repurchase by the state is limited to the shares of Algerian firms that have benefitted from advantages - which, in the absence of further specifications, may include tax and Customs exemptions by the current investment agency, the National Agency of Investment Development (Agence Nationale de Developpement de l’Investissement, ANDI), or by the country’s former investment agency, the Investment Promotion Agency.

###  Local Financing

The obligation to resort to local financing for investments (excluding the constitution of social capital for companies), which has been relaxed since Article 55 of the 2016 Finance Law (2016 FL), enables Algerian businesses to resort to outside financing essential to the completion of strategic investment and is subject government approval on a case-by-case basis. Shareholders’ loans granted by the foreign partners of an Algerian company are possible on the condition that no remuneration is paid to the shareholder in this respect and to the extent that the funds do not remain available to the company for more than three years. After the three-year period, the balance of the shareholders’ loans would have to be capitalized in the share capital of the company.

### Reinvestment

Article 142 of the Direct Tax Code, as modified by Article 5 of the 2014 FL and Article 2 of the 2016 FL, provides that a company benefiting from exemptions or reductions granted during the exploitation period as a result of the ANDI regime must reinvest at least 30% of their profit in Algeria. The time frame for these exemptions or reductions is within four years of the end of the fiscal year during which the favorable regime is applied.

### Public Procurement Contracts

The newly established Public Procurement Code was instituted by Presidential Decree No. 15-247 on September 16, 2015. According to Article 9 of the Decree, “State-owned companies are not subject to the public procurement procedures.” However, state-owned companies are “required to draw up and to obtain the implementation, by their corporate bodies, of public procurement procedures, according to their specificities, complying with the principles of freedom of access to public sector contracts, equality of treatment of applicants and transparency of procedures”. As a result, companies operating in Algeria remain subject to the key principles of public procurement regulations. Compliance with these principles by state-owned companies will be ensured by the joint external control of all state-owned companies, namely control by statutory auditors, the Court of Accounts and the General Inspectorate of Finance. Within this framework, state-owned companies are free to define their own procurement regulations.

### Public Service Delegation

The first implementation of the legal framework regarding the territorial communities - Decree No. 15-247, dated September 16, 2015 - has introduced a new legal framework allowing legal entities responsible for public services to delegate the management of this services by agreement. The remuneration of the delegate is mainly ensured by the exploitation of the public service.

Decree No. 15-247 provides several forms of delegation, concession, *affermage* (leasing), public service management or management contracts. The form of delegation employed is determined by a number of factors, which include the risk taken by the delegate, the level of control over of the delegating authority and the level of complexity of the public service. At the end of the delegation agreement, all investments and goods relating to the delegated public service become the property of the delegating public legal entity. Within this framework, the modalities of the public service delegation have been defined by Decree No. 18199 of August 2, 2018, relating to the public services delegation, regarding the territorial community and the attached administrative public establishments.

Decree No. 18-199 defines the public service delegation as the transfer of certain missions - but not the sovereign missions - to a delegate for the purpose of the public interest, being specified that the delegate has to be a legal entity (public or private) governed by Algerian law. Thus, for such delegations by territorial communities, no delegation to a foreign company would be possible

The delegation agreement is entered into according to the following procedures:

* Competitive tendering which is the common procedure and aims at obtaining the best offer, i.e., the offer with the best professional, technical and financial guarantees according to the rating scale defined by the specification. It can be noted that the competitive tendering has for the first phase a preselection of candidates; only the selected candidates can submit an offer.
* Non-competitive procedure, (“gre *a* gre”), which is a derogatory procedure only possible in case of emergency or a monopolistic position.
* A conclusion procedure with a consultation of only three candidates is also possible in case of unsuccessful competitive procedure or for public services for which such a competitive procedure is not necessary (these public services have to be legally defined). To ensure quality of the service, performance and good public service management, the delegating authority has to implement a priori and posteriori control of the public service delegation process and its performance.

### This control carried out by the delegating authority ensures rigorous, continuous, sustainable and efficient management. Within this framework, the delegating authority has to notably hold with the delegate at least quarterly meetings to evaluate the management of the public service by the delegate

### Implementation of a Legal Data Protection Framework

In 2018 Algeria implemented a legal framework for the protection of personal data by Law No. 18-07 of June 10, 2018, relating to the protection of individuals in personal data processing.

Law 18-07 is applicable when:

* Personal data processing is performed by an Algerian resident or a legal entity for which the representative is established on the Algerian territory;
* Personal data processing is performed by an individual or a legal entity for which the representative is established on the territory of a state which has legal rules considered as similar to Algerian law; and
* The representative of the legal entity is established outside of Algeria but his/her uses for the personal data processing means are localized on the Algerian territory (excluding the means used for the simple transit of data). Law 18-07 defines personal data as any information, regardless of the support, that directly or indirectly relates to an identified or identifiable person (named “concerned person”). For example: an identification number or any physical, physiological, genetic, economic or biometric elements.

Any responsible or subcontracting of personal data processing, i.e., any operation or set of operations performed by automatized or non-automatized means, applies to personal data (e.g., collection, registration, retention modification or adaptation). The responsible party of such a processing must inform individuals on the processing of their personal data, but also guarantee to the latter a right of access and correction of their data as well as an opposition right to this processing. The compliance with this new regulation requires the accomplishment of formalities before the Algerian Authority of Personal Data Protection as well as the implementation of technical and organizational measures for the protection of this data. More broadly, the said Algerian Authority of Personal Data Protection will control implementation of this new regulation.

The breach of these rules is punished by administrative and criminal sanctions (fines and imprisonment). Law No. 18-07 will be applicable within one year from the implementation of the Algerian Authority of Personal Data Protection. As of late 2018, the authority does not yet exist.

### New E-Commerce Legislation

Algeria has established the general rules for e-commerce of goods and services by implementing Law 18-05 of May 10, 2018. The law defines e-commerce as any “activity by which an e-supplier proposes or provides, to an e-consumer, remotely and by means of electronic communication, the supply of goods and services”.

The purpose of this new framework is to organize e-commerce activity, with a focus on protecting the consumer.

The scope of Law 18-05 is broad since its provisions are applicable to any e-commerce transactions for which one of the parties:

* Has Algerian nationality; or
* Legally resides in Algeria; or
* Is an Algerian legal entity; or
* The contract is entered into or performed in Algeria. E-commerce is submitted to the general Algerian law and notably to the foreign exchanges control regulations.

However, Law 18-05 prohibits e-commerce for certain activities, notably gambling games, bets and lotteries, alcoholic beverages and tobacco, pharmaceutical products, or goods and services for which an authentic instrument is required.

Law 18-05 also strictly organizes e-commerce transactions, which have to be:

* Preceded by an electronic offer: this offer has to be visible, readable and understandable, and provide mandatory information as to the delivery modalities, the general conditions of sale (notably information relating to the protection of personal data), the price and payment modalities or the commercial warranty; and
* Formalized by an electronic contract duly validated by the e-consumer: this contract must provide the specifications of the sold good or service, the delivery modalities, the warranty conditions, the payment modalities, the duration, the conditions for termination and claim or the competent jurisdiction. The e-supplier must send the e-consumer an electronic copy of the contract as well as the invoice issued in accordance with Algerian law. It should be specified that the e-consumer can require a hard copy of the invoice.

Regarding personal data, Law 18-05 provides that the e-supplier must notably obtain the approval of the e-consumer’s consent before any collection of data, and guarantee the security of the systems and the confidentiality of their data.

Law 18-05 also regulates electronic advertising and notably prohibits commercial prospection by sending emails without the individual’s prior agreement.

**Measures Regarding Imports**

Since the end of 2017, several measures have been adopted by the Algerian authorities in order to regulate and restrict the importation of goods. The finance law for 2018 states that restraint measures can be introduced on imported goods until the balance of payments is restored. The main and latest measures regarding import regulations are listed below.

***Import Licenses***

Law No. 15-15 of July 15, 2015, which amends and adds to Order No. 03-04 of July 19, 2003, set in place a specific import licensing system. Executive decree No. 15-306 of December 6, 2015 sets out the application terms and conditions for merchandise import and export license regimes. With falling oil revenues in mind, this system aims to safeguard Algeria’s “exterior financial balance” in order to limit the decrease of the country’s foreign reserve assets.

***Classification of Import Licenses***

In accordance with classifications made by the World Trade Organization, the abovementioned system distinguishes between two types of import license that may be imposed on operators:

• Automatic licenses: these are granted in all cases following the submission of an application and are not administered in such a manner as to have restricting effects on imports or exports. These licenses may be maintained as long as the reasons for their implementation still exist.

• Non-automatic licenses: these licenses are those that do not fall within the automatic licenses definition.

These licenses shall not have trade-restrictive or distortive effects on imports or exports, which add to those caused by the imposition of the restriction.

#### Award Criteria of Licenses

The applications for non-automatic licenses are reviewed by the permanent inter-ministerial committee, which takes into account the expressed needs, the statistics resulting from the exploitation of data obtained and/or issued by the ministerial departments, and the accredited trade and employer’s association representatives.

Each license gives right to the allocation of quotas and contingents made in accordance with one of the following conditions:

* When the processing method is based on a chronological order, the allocation of quotas and contingents is made on a first-come-first-served basis;
* When the processing method is based on the allocation of requested amounts in quota, all the registered applications are simultaneously reviewed in order to determine the quantity or portion of the quota or contingent necessary to the granting of import licenses;
* When a quota or contingent is reserved for the so-called traditional operators, the traditional flow of trade is taken into account; and
* When the processing method is based on a call for expression of interest, the quota or contingent use rights are auctioned. If the allocation conditions mentioned above “prove to be inadequate”, the permanent inter-ministerial committee may resort to any other more appropriate method, which shall be specified in the license’s notice of initiation.

Please note that a recent inter-ministerial order dated on January 8, 2018 has approved a specification setting out the conditions and the rules of access by auction to the quota or contingent. Temporary Suspension on Importation of 877 Products

Executive Decree No. 18-02 of January 7, 2018 - amended and completed by Executive Decree No. 18139 of May 7, 2018 - provides a list of **877 products** subject to temporary import suspension. The concerned products are, notably, foodstuffs, household appliances and electronic products.

#### Banking Domiciliation of Imports Operations

#### An instruction 05-2017 of October 22, 2017 sets out the specific conditions relating to the domiciliation of goods imports for resale in the same conditions. It provides that the domiciliation of import operations of goods intended for resale in the same conditions shall be made at least 30 days prior to the shipment of such goods, and that the importer shall constitute a provision of at least 120% of the value of the import transaction. In addition, a press release issued by the Ministry of Commerce on March 1, 2018 requires that a certificate of free marketing in the country of origin and/or provenance shall be provided at the time of the operation.

#### Validity Limitations of Importers’ Trade Register Extract

An order of the Ministry of Commerce dated November 2, 2017 specifies that the period of validity of trade register extracts that are issued to operators importing raw materials, products and goods for resale as such is limited to two years (renewable).

#### Import operations that are carried out by any economic operator as part of its production, processing and/or performance activities, within the limits of its own needs, are not subject to such provisions.

####  Certificate of Conformity for Importers of Goods for Resale

Executive Decree No. 18-51 dated January 30, 2018 has amended and completed the Executive Decree No. 05-458 of November 30, 2005, setting out the rules for the exercise of imports of products for resale as such. Companies having an activity of import of products for resale as such shall obtain from the Ministry of Commerce a certificate of conformity demonstrating compliance with the following requirements:

* Be an Algerian commercial company subject to the supervision of a statutory auditor;
* Have appropriate storage and distribution infrastructures that are properly equipped and can be checked by the competent authorities, and which shall be used solely for operations related to its import activities;
* Use of transport methods suited to the characteristics of their activities; and
* Implement the necessary measures to check the compliance of imported products before their entry into Algeria. This certificate shall be requested before the exercise of the import activity and is valid for two years (renewable).

### Tax Measures Applicable to Import Operations

The 2018 FL and 2018 CFL have toughened the tax regime applicable to import operations, notably with the following measures:

* A solidarity contribution of 1% applicable to the import operations of goods released for consumption in Algeria. This tax concerns all import operations and notably the imports of goods intended for resale in the same conditions and other imports;
* The creation of a new Customs duty rate of 60%; and
* The creation of an additional temporary duty applicable to import operations of goods released for consumption in Algeria with rates between 30% and 200%. The list of concerned goods and the applicable rates are fixed by regulations.

**V. FINANCIAL REGULATIONS OF FOREIGN TRADE OPERATIONS**

**i. Banking Systems:**

**Six State-Owned Banks** still dominate 95% of the commercial market, but Citibank, HSBC, BNP Paribas, Societé Generale, and other French and Arabian Peninsula country banks are active in Algeria as well. International money transfer services, such as Western Union, are also available.

Barriers on outward transfers and an antiquated domestic transfer system pose challenges for investment. Though the central bank has created a system to permit payments by check and credit cards, this system is still very new, and not many vendors have adapted it. Neither checks nor credit cards are common. ATMs are installed at some locations including five-star hotels. Algeria remains a cash-based society. In late 2010, the Algerian government retroactively banned commercial loans from shareholders abroad made after July 2009.

1. **Banking Rules**

Rules applicable to current transactions with foreign countries and to foreign exchange accounts. **Regulations of the Bank of Algeria No. 07-01 are attached as Annex – A (Page 31-40).**

#### Foreign Exchange Controls

The government tightly controls foreign exchange for Algerian firms. Algerian companies (except those in the hydrocarbons sector) may only receive up to 50 percent of their export earnings in U.S. dollars; the remainder must be paid in local currency.

Algerian companies in the hydrocarbons sector must receive 100 percent of export revenue in local currency (dinars). With few exceptions, the Algerian government prohibits Algerians from holding financial assets abroad. It does make foreign exchange available to Algerians for the importation of goods provided they have the dinar equivalent of the hard currency cost of the imports. The Algerian dinar is convertible for current accounts for businesses.

**VI. TRADE STANDARDS**

**Overview**

Executive Decree No. 98-69 established the Algerian Institute for Normalization (IANOR) as the appropriate government body handling standardization issues. IANOR has since worked to assist Algeria’s economic sector to confirm with globalization and international standards.

**Standards Organizations**

The Agence Algérienne de l’Accréditation (ALGERAC) falls under the authority of the Ministry of Industry. ALGERAC is the only Algerian accreditation organism. It ensures that the national regulations concerning accreditation of the laboratories and the organization of certification inspections meet international norms. Some 50 assessment bodies were certified by ALGERAC since 2009, though it represents nearly 5 percent of the national potential.

IANOR is in-charge of elaborating, publishing, and distributing all relevant data on Algerian norms. It is also responsible for providing conformity certifications to Algerian norms, issuing quality labels, and delivering appropriate authorizations to use brands according to the applicable regulations. The Algerian National Institute of Industrial Property (INAPI) is responsible for industrial and intellectual property rights protections. This entity primarily handles the deposit and registration of patents, trademarks, and copyrights.

**Import Documentation**

Multiple authorities regulate the conformity of imported products. For cosmetics and hygiene products, a compulsory declaration of ingredients is required. The formula must be submitted to a toxicology Lab to analyze the formula. Should the production be completed abroad, the exact details of the relevant toxicology Lab handling the tests must be forwarded to the appropriate Algerian authorities.

For other imported products, the following documents should be presented to the customs service upon entry: customs documents, banking documentation (invoice, banking domicile), the specific authorization from police services (if required), and the health and safety authorization for selected products (if required). Customs will either provide an admission certificate or a non-admission certificate.

**Product Certification**

IANOR establishes and publishes norms applicable in Algeria, and if a norm does not exist or if a disagreement is to be settled, then the International Standards Organization (ISO) norm will prevail.

**Accreditation**

ALGERAC is the only Algerian accreditation organism. It ensures that the national regulations concerning accreditation of the laboratories and the organization of certification inspections meet international norms.

**Publication of Technical Regulations**

Technical regulations are all published in editions of the [**Official**](http://www.joradp.dz/HFR/Index.htm)[**Gazette**](http://www.joradp.dz/HFR/Index.htm)of the People’s Democratic Republic of Algeria (Journal Officiel).

### Labeling and Marking

Algerian government regulations stipulate that imported products, particularly consumer goods, must be labeled in Arabic. This regulation is strictly enforced. Though not required, it is helpful to also label products in French.

**Contacts**

[Agence](http://www.algerac.dz/) [Algérienne](http://www.algerac.dz/) [de](http://www.algerac.dz/) [l‘Accréditation](http://www.algerac.dz/) (ALGERAC)

Tel: +213-017-033-325

E-mail: boudalgerac@hotmail.com

[Algerian Institute](http://www.ianor.dz/) [for](http://www.ianor.dz/) [Normalization](http://www.ianor.dz/) (IANOR)

Address: 5 et 7 rue Abou Hammou Moussa BP 104 RP Alger Algérie

Phone: +213 21 78 21 35

E- mail: cinfo@ianor.org

[Algerian National](http://www.inapi.org/) [Institute](http://www.inapi.org/) [of the Industrial Property](http://www.inapi.org/) (INAPI)

42 Rue Larbi Ben MHidi Tel: + 213 21 73 57 74

### Prohibited Imports

Includes a list of goods that are prohibited from being exported to the country or are otherwise restricted.

Phyto-sanitary and sanitary control regulations are in place. As a rule, animal and plant products that risk propagating diseases to persons or animals cannot be imported. In these matters, Algeria adheres, like the EU, to the principle of precaution.

Certain imports are subject to prior authorization by some ministries. For example, the Ministry of Health must clear medical products, the Ministry of Defense and National Security Directorate must clear hunting weapons, and the Ministry of Information and Culture must clear books and magazines.

In December 2000, the Ministry of Agriculture enacted a decree prohibiting the importation, distribution, or sale of seeds that are genetically modified organisms.

In 2005, the Algerian government placed a ban on the importation of vehicles over three years old and in 2007 extended the ban to any other type of used vehicle.

In March 2015, GoA enacted a law that set new safety requirements for all types of imported vehicles. These measures focus essentially on re-enforcement of car safety. In 2017 the GoA was expected to limit car imports to 27,000 units but no cars were allowed into the country. In 2018 a handful of car manufacturers began assembling vehicles in Algeria; those manufacturers were allowed to import some cars.

In January 2018, the GoA released a Temporary Import Ban List and added to the list in March. There is talk of moving to a comprehensive tariff system (with tariffs up to 200%) but at the time of this publication, the tariffs have not yet been implemented.

### Labeling and Marking Requirements

Algerian government regulations stipulate that **imported products, particularly consumer goods, must be labeled in Arabic. This regulation is strictly enforced. Though not required, it is also helpful to label products in French.**

### Algeria - Methods of Payment

Due to a 2009 Algerian government measure, Algerian companies importing more than USD 40,000 per year must pay foreign suppliers by letter of credit. **In 2010, the Algerian government also limited the terms of letters of credit to 60 days or less. This has created significant headaches for Algerian importers and has reportedly resulted in many smaller importers closing operations.**

**Algeria is largely a cash economy**, and the use of credit cards is extremely limited. Most common payment terms are used in Algeria, with the exception of payment in advance. Payments for goods are subject to producing an invoice with a bank domiciliation and customs clearance documents.

**Business Customs**

Algeria has a unique business culture that results from many factors, including the country‘s location at the crossroads of Africa and the Mediterranean basin, its ethnic diversity of Arabs and Berbers, a 130-year history of French colonization, a guerrilla war for independence, its championship of developing states’ causes, and a decade-long struggle against rampant terrorist activity.  Algerians attach great importance to titles and hierarchy. Requests, invitations, and proposals should be addressed to the head of an organization.  Personal contact is essential, and heads of Algerian organizations expect meetings with counterparts. **Faxed letters in French on letterhead are more likely to elicit a response from Algerians than email communication.**

**Visa Requirements**

Pakistani citizens need a visa to enter Algeria. Travelers should clearly stipulate the intended date of entry and planned the duration of stay on their applications. A letter of invitation from an Algerian business or government agency is usually required.

**Embassy of the People’s Democratic Republic of Algeria in Pakistan contact**

Address: House No. 107, Street No.9, Sector E-7 Islamabad, Pakistan

Tel: (+92) 51-265 3418 (+92) 51-265 3773

Fax : (+92) 51-265 3795

Email: algembpk@yahoo.com

**VII. CUSTOMS TAXATION**

Customs Duties or [Import](https://customsdutyfree.com/glossary/import-duty/) [duty](https://customsdutyfree.com/glossary/import-duty/) [a](https://customsdutyfree.com/glossary/import-duty/)nd taxes will be pending and need to be cleared while importing goods into Algeria whether by a private individual or a commercial entity.

Algeria is not a member country of WTO. Customs Duties or [Import](https://customsdutyfree.com/glossary/import-duty/) [duty](https://customsdutyfree.com/glossary/import-duty/) [a](https://customsdutyfree.com/glossary/import-duty/)nd taxes will be pending and need to be cleared while importing goods into Algeria whether by a private individual or a commercial entity.

The valuation method is CIF.

Below table provides the Duty and [Sales](https://customsdutyfree.com/glossary/sales-tax/) [Tax](https://customsdutyfree.com/glossary/sales-tax/) [f](https://customsdutyfree.com/glossary/sales-tax/)or Algeria:

|  |  |  |  |
| --- | --- | --- | --- |
| Duty Rates | Average Duty Rate | Sales Tax (GST) | Threshold on goods |
|  |  | VAT=19% |  | Duty and taxes are free if FOB is less than 50,000 DA and No threshold for commercial imports |
| 0% to 30% | 30% | VAT=VAT\* | (CIF |
|  |  | + Duty + Taxes) | other |

Many products are subject to additional taxes at specific rates. Some products are given below:

* Duty on Broadcasting Equipment
* Duty on Battery
* Fuel [Tax](https://customsdutyfree.com/glossary/tax/)
* Additional Tobacco [Tax](https://customsdutyfree.com/glossary/tax/)
* Alcohol [Tax](https://customsdutyfree.com/glossary/tax/)
* Meat Health [Tax](https://customsdutyfree.com/glossary/tax/)
* Oil Lubricant [Tax](https://customsdutyfree.com/glossary/tax/)
* Plastic Bag [Tax](https://customsdutyfree.com/glossary/tax/)
* [Tax](https://customsdutyfree.com/glossary/tax/) [o](https://customsdutyfree.com/glossary/tax/)n Petroleum Products
* Tire [Tax](https://customsdutyfree.com/glossary/tax/)
* Cereals Pulses [Tax](https://customsdutyfree.com/glossary/tax/)
* Internal [Consumption](https://customsdutyfree.com/glossary/consumption-tax/) [Tax](https://customsdutyfree.com/glossary/consumption-tax/)

**VIII. FOREIGN INVESTMENTS**

**FDI in Figures**

Rich in natural resources and economically stable, Algeria attracted a decent FDI flows between 2006 and 2011. Most recently, there has been a sharp decline in European investment and greater interest from Gulf investors. A reorientation of FDI towards the domestic market is also noticeable with the proliferation of development projects in transportation and infrastructure. According to data published by UNCTAD in th[e](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf) [World](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf) [Investment](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf) [Report](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf) [2019,](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf) FDI inflows between 2017 and 2018 increased by 22%, reaching USD 1.5 billion. This increase is mainly due to investments in the oil and gas sector, as well as investment in the automotive industry. One of the biggest investor is BAIC International (China), with an investment of more than $100 million in a manufacturing plant. Hyundai and Ford are also big investors in 2018. The stock of FDI slightly increases, reaching US$ 30.6 billion in 2018. China and Turkey have been investing heavily in Algeria, taking over France's historical position as the largest investor in the country. This recent shift has been further highlighted by Turkish President Recep Tayyip Erdogan's visit to Algeria and the Turkish-Algerian Business Forum, which took place in February 2018.

The protectionist measures taken by the Algerian Government, as well as corruption, bureaucracy, a weak financial sector and legal insecurity in terms of intellectual property rights are serious obstacles to investment. The participation of a foreign investor in an Algerian company is limited to 49% and foreign contractors are forced to find local partners for public tenders. Nevertheless, the Algerian government is preparing a draft law that could [abolish](http://www.doingbusiness.org/rankings) [this](http://www.doingbusiness.org/rankings) [rule](http://www.doingbusiness.org/rankings) [later](http://www.doingbusiness.org/rankings) [in](http://www.doingbusiness.org/rankings) [2019.](http://www.doingbusiness.org/rankings) [Algeria](http://www.doingbusiness.org/rankings) [was](http://www.doingbusiness.org/rankings) [ranked](http://www.doingbusiness.org/rankings) [157th](http://www.doingbusiness.org/rankings) [out](http://www.doingbusiness.org/rankings) [of](http://www.doingbusiness.org/rankings) [190](http://www.doingbusiness.org/rankings) [countries](http://www.doingbusiness.org/rankings) [in](http://www.doingbusiness.org/rankings) [the](http://www.doingbusiness.org/rankings) [Doing Business](http://www.doingbusiness.org/rankings) [2019](http://www.doingbusiness.org/rankings) [report](http://www.doingbusiness.org/rankings) [published](http://www.doingbusiness.org/rankings) [by](http://www.doingbusiness.org/rankings) [the](http://www.doingbusiness.org/rankings) [World](http://www.doingbusiness.org/rankings) [Bank,](http://www.doingbusiness.org/rankings) [gaining](http://www.doingbusiness.org/rankings) [nine](http://www.doingbusiness.org/rankings) [places](http://www.doingbusiness.org/rankings) [compared](http://www.doingbusiness.org/rankings) [to](http://www.doingbusiness.org/rankings) [the](http://www.doingbusiness.org/rankings) previous year.

|  |  |  |  |
| --- | --- | --- | --- |
| Foreign Direct Investment | 2016 | 2017 | 2018 |
| FDI Inward Flow *(million USD)* | 1,637 | 1,232 | 1,506 |
| FDI Stock *(million USD)* | 27,864 | 29,096 | 30,602 |
| Number of Greenfield Investments\*\*\* | 17 | 22 | 18 |
| FDI Inwards *(in % of GFCF\*\*\*\*)* | 3.2 | n/a | n/a |
| FDI Stock *(in % of GDP)* | 17.3 | n/a | n/a |

*FDI INFLOWS BY COUNTRY AND INDUSTRY*

|  |  |
| --- | --- |
| Main Investing Countries | 2017, in % |
| China | 24.8 |
| Singapore | 22.0 |
| Spain | 17.9 |
| Turkey | 16.2 |
| Germany | 2.7 |
| South Africa | 2.4 |
| France | 2.3 |
| Main Invested Sectors | 2017, in % |
| Warehouse and storage | 23.1 |
| Mining | 22.0 |
| Real estate | 12.1 |
| Metals | 10.6 |
| Building and construction materials | 10.3 |
| Textiles | 6.5 |

**What To Consider if You Invest in Algeria**

**Algeria's Strong Points for FDI:**

 • Low cost of energy (gas, fuel and electricity).

* Large liquidity reserve which lowers its vulnerability to commodity prices.
* Strong potential in renewable energy and tourism.
* Skilled and inexpensive workforce.
* Recent laws to encourage foreign investments and various incentives for foreign

 investors.

* Algeria’s proximity to Europe, its geographic location as an interface between Europe and Africa and inside the Maghreb

**Algeria's Weak Points for FDI:**

* Slow administrative procedures and large and inefficient public sector
* Weak business climate, according to international evaluation agencies
* The dependence of the economy on hydrocarbons, which increases dependence on

 imports of transformed goods

* The insufficient development of regional markets, which restrain Algeria's appeal to

foreign investors

* The complexity of legislation, especially tax law
* It is difficult to acquire industrial property.
* High level of unemployment among young people
* Degraded regional geopolitical context (Libya, Mali, tensions with Morocco)

**Government Measures to Motivate or Restrict FDI**

To attract and encourage foreign investment, the Government has set up several attractive measures, including the reduction of corporate taxes for investment in specific locations, a reduction in social security contributions for recruitment of young employees, the concession of land by mutual agreement (which provide similar rights to ownership) and tax exemptions throughout the life of the project for exporting projects. You can consult [these](http://www.andi.dz/index.php/en/regimes-d-avantages) [measures](http://www.andi.dz/index.php/en/regimes-d-avantages) [o](http://www.andi.dz/index.php/en/regimes-d-avantages)n the ANDI (National Agency for Investment Development) website.

The government is trying hard to attract FDI in sectors that may create jobs and reduce the imports of assembled goods. Several sectors are targets for foreign investors, including the automobile industry and the renewable energy sector.

Nevertheless, since 2008 there are many FDI restrictions. For each new investment project in Algeria, the majority of its capital (51%) must be held by local partners. Also, the Algerian government has enacted protectionist economic policies (import quotas for several types of products). Nevertheless, since 2014, Algeria has benefited from the support of the World Bank to improve its business climate.

**Protection of Foreign Investment**

***Bilateral Investment Conventions Signed By Algeria***

Algeria has signed [bilateral investment conventions](http://investmentpolicyhub.unctad.org/IIA/CountryBits/3%23iiaInnerMenu) [w](http://investmentpolicyhub.unctad.org/IIA/CountryBits/3%23iiaInnerMenu)ith more than 30 countries. They define the framework for the protection of foreign investment in Algeria for each of the signatories. For the countries of the European Union, the association agreement signed between the EU and Algeria regulates this issue.

**Organizations Offering Their Assistance in Case of Disagreement**

[**ICCWBO**:](http://www.iccwbo.org/policy/arbitration/id2882/index.html) [I](http://www.iccwbo.org/policy/arbitration/id2882/index.html)nternational Court of Arbitration, International Chamber of Commerce.

[**CACI**:](https://www.caci.dz/en-us/Pages/Accueil.aspx) [A](https://www.caci.dz/en-us/Pages/Accueil.aspx)lgerian Chamber of Commerce and Industry (In French). Member of the Multilateral Investment Guarantee Agency

**Country Comparison for the Protection of Investors**

|  | **Algeria** | **Middle East & North Africa** | **United States** | **Germany** |
| --- | --- | --- | --- | --- |
| **Index of Transaction Transparency\*** | 4.0 | 6.0 | 7.0 | 5.0 |
| **Index of Manager’s Responsibility\*\*** | 1.0 | 5.0 | 9.0 | 5.0 |
| **Index of Shareholders’ Power\*\*\*** | 3.0 | 4.0 | 4.0 | 8.0 |
| **Index of Investor Protection\*\*\*\*** | 3.3 | 4.5 | 6.5 | 6.0 |

**Procedures Related to Foreign Investment**

***Freedom of Establishment***

According to the Edict No. [01/03](http://www.mem-algeria.org/legis/ordonnance-01-03.pdf) [of](http://www.mem-algeria.org/legis/ordonnance-01-03.pdf) [20](http://www.mem-algeria.org/legis/ordonnance-01-03.pdf) [August](http://www.mem-algeria.org/legis/ordonnance-01-03.pdf) [2001,](http://www.mem-algeria.org/legis/ordonnance-01-03.pdf) any legal entity or natural person, public or private, can invest in economic activities concerning production of goods and services as well as in investments carried out in the framework of granting concessions and/or licenses. It is possible to enjoy certain advantages according to one's projects and their location.

***Acquisition of Holdings***

Acquiring a majority interest in a local company is authorized in Algeria.

***Obligation to Declare***

[An](http://www.andi.dz/index.php/en/) [investment](http://www.andi.dz/index.php/en/) [declaration](http://www.andi.dz/index.php/en/) [is](http://www.andi.dz/index.php/en/) [necessary;](http://www.andi.dz/index.php/en/) [it](http://www.andi.dz/index.php/en/) [must](http://www.andi.dz/index.php/en/) [be](http://www.andi.dz/index.php/en/) [made](http://www.andi.dz/index.php/en/) [to](http://www.andi.dz/index.php/en/) [the](http://www.andi.dz/index.php/en/) [National](http://www.andi.dz/index.php/en/) [Agency](http://www.andi.dz/index.php/en/) [for Development](http://www.andi.dz/index.php/en/) [and](http://www.andi.dz/index.php/en/) [Investment](http://www.andi.dz/index.php/en/) [(ANDI).](http://www.andi.dz/index.php/en/) [Consult](http://www.andi.dz/index.php/en/) [the](http://www.andi.dz/index.php/en/) [websites](http://www.andi.dz/index.php/en/) [of](http://www.andi.dz/index.php/en/) [these](http://www.andi.dz/index.php/en/) [organizations](http://www.andi.dz/index.php/en/) [to](http://www.andi.dz/index.php/en/) [find](http://www.andi.dz/index.php/en/) [out](http://www.andi.dz/index.php/en/) further details.

[***Requests for Specific Authorizations***](http://www.andi.dz/index.php/en/)***.***

[Many products are subject to procedures to obtain prior authorization.](https://sidjilcom.cnrc.dz/en/web/cnrc/nomenclature) [See the list of controlled activities on](https://sidjilcom.cnrc.dz/en/web/cnrc/nomenclature) [the Register of Commerce website.](https://sidjilcom.cnrc.dz/en/web/cnrc/nomenclature)

Office Real Estate and Land Ownership

***Possible Temporary Solutions***

There are several temporary solutions: domiciliation of the company at the private address of the director, domiciliation in a business center, and renting professional premises.

***The Possibility of Buying Land and Industrial and Commercial Buildings***

You can buy industrial and commercial property. There are several possibilities: either buying land from a private owner (the most expensive solution), or making an application to the Government, through the CALPI (Local Assistance and Promotion of Investment Committee), which allows you to acquire land at affordable prices. However, you must have an eligible and reliable project. The CALPI office can be found in the one stop shop of the ANDI (National Agency for Development and Investment).

***Risk of Expropriation***

According to Algerian law, foreign investors are entitled to compensation if they are victims of expropriation[.](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [The](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [Constitution](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [of](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [8](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [December](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [1996](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php) [p](http://www.amazighworld.org/countries/algeria/documents/constitution/eng/const2.php)rovides legally-binding guarantees against expropriation and confers the right to equitable compensation.

***Forms of Aid***

There are several types of advantages for setting up a foreign company in Algeria. **You can consult the** [**Investor's**](http://www.andi.dz/)[**guide**](http://www.andi.dz/)[**pu**](http://www.andi.dz/)**blished by the National Agency for Development and Investment.**

The various measures take the form of tax advantages, especially tax exemptions from 3 to 10 years. They are organized by the ANDI. Companies must make their application when they make their investment declaration. Investors also benefit from the State taking over certain expenses (duty on transfers against payment for all purchases of real estate intended for investment, fixed duty as regards reduced rate registration for charters and increase of capital, etc.)

***Privileged Geographical Zones***

Areas of economic expansion have been established, located on the high plateau and in areas in the south. They allow investors taking part in regional industrial development, to enjoy exemption, for 5 to 10 years, from property tax on real estate purchases intended for economic activity and a reduction of 50% of the reduced rate applicable to reinvested profits.

***Investment Opportunities***

The Key Sectors of the National Economy of Algeria are Hydrocarbons, food processing, real estate, chemicals and retailing.

***High Potential Sectors***

In terms of needs, Algeria suffers from a housing shortage and has extensive needs in the health care sector. Furthermore, manufacturing is underdeveloped: Algeria imports most of its manufactured goods. Many sectors are booming: health, agriculture (nowadays, an important percentage of agrarian products is imported), information and communication technologies (mobile phone and internet), hydrocarbons, renewable energies, tourism, construction industry, infrastructure development (roads, railways, airports, ports, etc.), treatment and water management, banking sector, food processing sector, defense, automobile, mass retail.

***Privatization Programs***

Most public industrial and service companies are eligible for privatization. Privatization covers 1,200 economic public companies (EPE) and is a way of opening up the Algerian economy to the free market, legally recognized by the promulgation of a new legislative framework. The [Pro](http://www.mdipi.gov.dz/?-Dispositifs-d-aides-et-regimes-d-) [investments](http://www.mdipi.gov.dz/?-Dispositifs-d-aides-et-regimes-d-) [organization](http://www.mdipi.gov.dz/?-Dispositifs-d-aides-et-regimes-d-) [i](http://www.mdipi.gov.dz/?-Dispositifs-d-aides-et-regimes-d-)s available online on the MPPI website. In 2016, the government announced that 66% of the shares of a state-owned unprofitable company may be purchased by a private interest, provided that it is predominantly owned by one or several Algerian citizens. End of 2017, Algeria repeated its intention to proceed to the privatization, at least partial, of 1200 public companies, without providing any further details.

Since March 2005, foreign companies have been able to have complete ownership of an oilfield. In 2017, the Algerian government softened the exceptional tax on profit (ETP) made by foreign companies in this sector, after numerous foreign investors had been discouraged by the legislative framework applied in this sector. Shale gas should also be open to foreign investors.

***Sectors Where Investment Opportunities Are Fewer***

Monopolistic Sectors

In principle, there are no longer any monopolies in Algeria. However, some sectors of activity remain difficult to enter, such as the tobacco and hydrocarbon sectors.

**IX. USEFUL ADDRESSES**

|  |  |  |
| --- | --- | --- |
| **ORGANISATIONS AND PUBLIC****ESTABLISHMENTS** | **ADDRESS** | **TEL/ FAX/E-mail /Website** |
| National Agency for Development and Promotion of Support and Investments (ANDI) | 01 Rue Kaddour Rahim, Hussein Dey, Algiers | Tel : (+213) 21 774 802  (+213) 21 774 811 Fax: (+213) 21 774 745 E-mail : direction@andi.dz Website : [http://www.andi.dz](http://www.andi.dz/) |
| Algerian Company of Fairs and Exports (SAFEX) | Palais des expositions Pins-Maritimes, BP.366 16000 Alger-Gare. Algiers. | Tel: (+213) 23 795 058 /69 Fax: (+213) 23 795 080 (+213) 23 795 083 Email: contact@safex.dz Website: [https://www.safex.dz](https://www.safex.dz/) |
| Ministry of Commerce | Cité Zerhouni Mokhtar El-Mohammadia. (Ex. les Bannaniers), Algiers | Tel : : (+213) 21 890 074/85 Fax : (+213) 21 890 034 E-mail: contact@commerce.gov.dz Website:[https: //www.commerce .gov.dz/](https://www.commerce.gov.dz/) |
| Ministry of Foreign Affairs | Plateau des Annassers ‘Rue Mohamed Garidi, El Madania 16000, Algiers | Tel: (+213) 21 504 545/  (+213) 21 291 212 Website : [www.mae.dz](http://www.mae.dz/) |
| Algerian Chamber of Commerce and Industry | Palais Consulaire 6, Bd Amilcar Cabral. CP 16003 Algiers. BP 100 Alger 1er novembre. Place des Martyrs, Algiers | Tel : (+213) 21 967 777  (+213) 21 966 666 Fax : (213) 21 967 070 E-mail: infos@caci.dz |
| National Office of Statistics  | Rue Mohamed Belkacemi Oued Kniss Ruisseau Algiers | Tel: (+213) 21 77 78 38 / (+213) 21 63 99 74 Fax: (+213) 21 77 78 30 E-mail : ons@ons.dz stat@ons.dzWebsite : [http://www.ons.dz](http://www.ons.dz/) |
| Bank of Algeria | 38, Avenue Franklin Roosevelt, Algiers | Tel: (+213) 21 210 053 Fax: (+213) 21 239 564 Website:<https://www.bank-of-algeria.dz/> |

[**FREQUENTLY ASKED QUESTIONS**](https://www.commerce.gov.dz/reglementation)

**What are the export activity codes?**

**Export Activity Codes:**

This liberalization of the act of export has notably resulted in the creation in the nomenclature of the activities of the trade register, of the following four activity codes:

**701.101** : Export of all agri-food products (fresh, chilled, frozen or frozen).

**702.101** : Export of all manufactured industrial products excluding hydrocarbons.

**702.102** : Export of all products, excluding hydrocarbons, not elsewhere specified such as plants, floricultural products, animals, etc.

**702.103**:
• Export of all pharmaceutical products and all products and articles intended for the packaging of pharmaceutical products;

• Export of sterile catguts, similar sterile ligations for surgical sutures, sterile adhesives for organic tissues used in surgery; sterile hemostats for surgery or dentistry etc. ;

• Export of:

- Reagents for the determination of blood groups or factors;

- Cements and other dental filling products: packed kits and medicine boxes for first aid.

**NEW PROCEDURE FOR ISSUING THE CERTIFICATE OF CONFORMITY**

**What is the purpose of the new procedure for issuing the certificate of conformity?**

**The purpose of the new procedure for issuing the certificate of conformity:**

Strengthen the presence of Algeria on the world markets and within the framework of the national strategy for the development and promotion of non-hydrocarbon exports, the Algerian Center for Quality Control and Packaging (CACQE) has put in place a new procedure for issuing certificates of conformity to economic operators, following a note sent by the Ministry of Commerce.

**What is the procedure for issuing the certificate of conformity?**

**The procedure for issuing the certificate of conformity:**

The procedure consists in sending a request to the Director General of CACQE by mentioning information concerning the economic operator, including the first and last name and business name of the economic operator, the address of the head office or commercial premises, the name of the product to be exported, the lot number, the date of manufacture, the expiry date, the quantity to be exported, the packaging and the countries of destination.

It is also a question of presenting the regulations of the country of destination and the technical data sheet of the product with the stamp and the signature of the manufacturer. The economic operator must send the copy of the application, after acknowledgment of receipt to the Directorate General of CACQE, to the Department of Commerce of the Wilaya (DCW) territorially competent to carry out the sampling carried out by the authorized agents.

**Who issues the certificate of conformity?**

Fraud Prevention Laboratories (CACQE) are also called upon to analyze the samples and to draw up a certificate of conformity in accordance with the conclusions drawn on the analysis report and signed by the Director General of CACQE.

**IMPORT LICENSES**

**Who is concerned?**

Any economic operator, natural or legal person, fulfilling the conditions in accordance with the legislation and regulations in force may apply for a license to import a product or merchandise whose quota is opened by filing with of the Direction of Commerce of Wilaya territorially competent the form of request of license duly informed (to be downloaded and printed on both sides)

**What does the application contain?**

This application must be accompanied by the following documents:

- A copy of the Trade Register,

- A pro forma invoice indicating the product, the quantity, the value and the origin of the product,

- A role extract,

- A certificate of update with the CNAS and or CASNOS,

- One copy of the Tax Identification Card.

An economic operator identification questionnaire to download and fill in

**Or file the file?**

The complete file for each product or merchandise to be imported must be filed at the level of the Wilayas Commerce Directorates with territorial jurisdiction.

The conditions are set by executive decree no. 15-306 of 6 December 2015 laying down the terms and conditions for the application of import and product license regimes.

**What are the licensing regimes?**

Licensing regimes apply to both automatic and non-automatic licenses

**Are Goods Imported or Exported under License Plans Subject to Prior Authorization?**

Products and goods imported or exported, under the licensing schemes referred to in Article 1 above, shall be subject to prior authorization referred to as "import license" or "export license" "

**Who issue the automatic import or export licenses?**

Automatic import or export licenses are issued by the relevant ministerial sectors, on the basis of a request accompanied by documents justifying the conformity of products and goods according to their nature and the legal situation of the economic operators.

**Who issues non-automatic import or export licenses?**

Non-automatic import or export licenses may be established to administer import and export quotas for goods and merchandise, hereinafter referred to as "quotas".

These licenses are granted by the minister in charge of trade, on the proposal of the permanent interdepartmental committee.

**How is a contingent opened?**

The quota is opened on the basis of an opinion issued by the Ministry of Commerce, by publication in the national press and on the website of the Ministry of Commerce, or by any other appropriate means.

The notice must contain the following information:

. The maximum periods for the submission of import or export license applications relating to each component and the place of filing;

. The maximum opening and closing times of the service;

. The quantities of each product and merchandise, as well as the method adopted for the allocation of quotas, as provided for in Article 10 of this Decree;

. The documents and supporting documents to be attached to the application;

The model of non-automatic import or export license application is determined by decision of the Minister of Trade.

**How is the quota distributed?**

The allocation of quotas shall be carried out in one of the ways provided for in Articles 11, 12, 13, 14 and 15 of this decree, based on the case, on:

. The chronological order of submission of applications;

. Quota distribution of the quantities requested;

. Consideration of traditional trade flows;

. The call for expression of interest.

**Can the import or export license be transferred to another operator? Import or export license, personal and non-transferable. Can the import or export license be transferred to another operator?**

Import or export license, personal and non-transferable.

When the import or export license is not used, it must be returned to the Committee no later than ten (10) working days after its expiry date.

**TAX FACILITATION**

**What are the main tax benefits for exporters?**

The main tax benefits granted to exporters are:

**1. Exemption for direct taxes and related taxes - TAP and IBS.**

**The tax on professional activity (TAP):** is not included in the turnover on which the APR is based, the amount of sales, transport or brokerage ***transactions relating to*** goods or goods intended for export ***(Article 220-3 of the Code). Direct Taxes and Assimilated Taxes).***

**Corporate Income Tax (IBS):**

Permanent exemption from IBS, currency-generating operations, including:

* sales transactions for export;
* The services provided for export.

These exemptions are granted in proportion to the turnover achieved in foreign currencies. The benefit of these provisions is subject to the presentation, by the companies, to the competent tax departments, of a document attesting the payment of foreign exchange earnings to a bank domiciled in Algeria.

Land, sea and air transport operations, reinsurance and banks are not affected by this exemption from the IBS. (Article ***10/5 of the Finance Act for 2011 modifying and completing the provisions of Article 138 of the Code of Direct Taxes and Assimilated Taxes).***

**2. Exemption from turnover taxes**

**Value-added tax on export sales transactions (VAT):**

Are exempt from VAT, the sales and manner of dealing with exported goods and domestic goods delivered to establish legally bonded shops, excluding certain exclusions. **(Article *13 of the Code of Taxes on Turnover)***

**The VAT free purchase:**

Purchases or imports of goods, made by an exporter, intended for export or re-export in the same state, or for incorporation into the manufacture, composition, packaging or packaging of products intended for export and services directly related to the export operation, can benefit from the VAT exemption. ***(See article 42-2 of the Code of Taxes on Turnover)****.*

**The refund of VAT:**

Can be carried out for all the goods and services for which the franchise with the purchase is authorized. ***(See article 42 and 50 of the Code of Taxes on Turnover)****.*

**Is the export free in Algeria or subject to a license or prior authorization?**

1-The free nature of the act of exportation:

Apart from some exceptions to protect our livestock, our flora and our archaeological and historical heritage, the export is free in Algeria and is not subject to any license or prior authorization.

This liberalization of the export act has notably resulted in: a more simplified registration of exporters to the commercial register and the introduction in 2006 of three activity codes:

- 411.101 for the export of agricultural products and agri-food products;

- 411.102 for the export of industrial and manufactured products excluding hydrocarbons;

- 411.103 for the export of products, excluding hydrocarbons, not elsewhere specified.

**Health control?**

Sanitary control:

Animals (poultry, horses, game ...) and products of animal origin (meat, eggs, honey, wool, untreated skins,) are subject to the regime of the export health exemption which certifies that no disease notifiable in the exporting country.

Sanitary control of these products is carried out at the borders by the veterinary services. Some products, subject to veterinary border control, are not subject to the health exemption requirement. These include:

- Treated or processed animal products (Milk and dairy products ...);

- Concentrated feeds for animal feed.

**What are the facilitation measures implemented by the Port Company of Algiers?**

**2-Port facilitation:**

Four (4) facilitation measures were implemented by the Port Authority of Algiers

(EPAL) since the beginning of 2003; these relate to:

- Assignment of a warehouse to receive priority goods for export, with an area of ​​1000 m2 to the dock No. 09/2 area north - access No. 01;

- Assignment of a 1,862 m2 median to the central zone for the quaying of goods for export, access entrance No. 04 - central zone - Grande Môle Bologhine;

- Ten (10) day free allowance for pre-shipment storage and warehousing fees, goods of Algerian origin intended for export;

- Moderate relief from handling and lighter age charges for cargoes to export, according to the regularity and volume of the operations.

**Phytosanitary control?**

In accordance with international conventions and agreements governing trade, phytosanitary control, which is sanctioned by the establishment of the phytosanitary certificate, is intended to confer on plants for export the phytosanitary guarantees required by the importing country.

Agricultural products can be exported **from 27 official border crossings**

 **(8 airports, 11 seaports, 8 land border crossings),** the list of which is:

**Air Posts**: Tlemcen Airport (Zenata), Oran (Senia), Algiers (Houari Boumediène), Constantine (Mohamed Boudiaf), Annaba (El Malaha), Tébessa, Ghardaïa (Noumerat) and Biskra (Khider Mohamed).

**Maritime posts:** Port of Ghazaouet, Arzew, Oran, Mostaganem, Tenes, Algiers, Dellys, Bejaia, Skikda, Djen Djen and Annaba.

**Land Border Posts**: Akid Lotfi - Tlemcen, El Kala - Taref, Souk Ahras, Tine Zaouatine and Ain Guezzam - Tamanrrasset, Bordj Badji Mokhtar - Adrar, Bouchabka - Tebessa, Taleb Larbi - El Oued and Deb Deb - Illizi.

**Particular case:**

The export of the date which is governed by a specific regulatory framework allowing, in particular, its phytosanitary control from the airport Khider Mohamed (Biskra) and the land border post of Deb Deb (Illizi), in addition to other points of sale. Existing exit (sea route: Algiers-Oran-Skikda, air route: Algiers-Oran-Skikda, land route: Tamanrasset-BB Mokhtar-Deb Deb).

**What is the GS1 bar code?**

**The GS1 barcode:**

The GS1 system develops international standards for product identification, using barcode and radio frequency identification as well as business-to-business standards for e-commerce and data synchronization.

On export, the product not bearing the GS1 bar code is rejected by the distribution in the buyer country.

For this the exporter will have to:

- Register your products according to the GS1 standard;

- Ensure compliance with GS1 standards in the realization of its bar codes;

- Plan this codification well in advance so as not to delay (or lose) a market.

**Sanitary control:**

Animals (poultry, horses, game ...) and products of animal origin (meat, eggs, honey, wool, untreated skins ...) are subject to the regime of the export health exemption which certifies that no disease notifiable in the exporting country.

Sanitary control of these products is carried out at the borders by the Veterinary Services. Some products, subject to veterinary border control, are not subject to the health exemption requirement. These include:
   - Treated or processed animal products (Milk and dairy products ...);
   - Concentrated feeds for animal feed.

**Who can issue barcode numbers and the different standards of GS1?**

In Algeria, the GS1 Algeria Association is the only official source authorized to issue barcode numbers and the various standards of GS1.
The prefix allocated to GS1 Algeria for Algerian companies is the "613". To request the bar code contact GS1 Algeria at:
BU: 10-16, 10th floor at the "EL QODS" Commercial and Business Center Cheraga - Algiers

BP 285 Hacen Badi, El Harrach - Algiers
Tel .: + 213 21 34 10 46/47/48
Fax: + 213 21 34 10 49
E-mail: info@gs1.dz

**Port facilitation:**
Four (4) facilitation measures have been implemented by the Port Authority of Algiers (EPAL) since the beginning of 2003; these relate to:

- Assignment of a warehouse to receive priority goods for export, with an area of ​​1000 m2 at the platform No. 09/2 north area - access No. 01;

- Assignment of a 1,862 m2 median to the central zone for the quaying of goods for export, access entrance No. 04 - central zone - Grande Môle Bologhine;

 - Ten (10) day free allowance for pre-shipment storage and warehousing fees, goods of Algerian origin intended for export;

 - Moderate relief of handling and lighterage charges for the cargoes to be exported, according to the regularity and volume of the operations.

**PROCEDURES FOR MONITORING DUTY-FREE IMPORTS UNDER FREE TRADE AGREEMENTS**

**Who can apply for duty free?**

Any legal entity carrying out a production and / or commercial activity, in accordance with the legislation and regulations in force, must, before any import operation, formulate a request for exemption from customs duties, the model of which is attached as an annex to this decree.

**Or file the application for franchises?**

The duly completed application, accompanied by the documents mentioned above, is deposited with the direction of the commerce of wilaya territorially competent, which transmits it to the regional direction of the trade concerned for visa.

**What is duty free?**

The application for duty-free treatment is understood as the document prior to any import operation free of customs duties under free trade agreements containing all the required information. The duty-free application is a statistical license for the purpose of import tracking.

**What should the franchise application file contain?**

The application for exemption from customs duties must be accompanied by the following documents:

- Proforma invoice in three (3) copies;

- A legalized copy of the commercial register;

- A legalized copy of the tax identifier;

- A legalized copy of the articles of association of the company;

- A legalized copy of the certificate of deposit of the company accounts with the national center of the commercial register;

- An excerpted role extract;

- A legalized copy of the certificate of update with CNAS and / or CASNOS.

**Or withdraw the franchise application?**

 The request is withdrawn from the same direction.

**How long does the demand for franchises last?**

 After examining the file provided by the applicant in accordance with the regulations in force, the competent regional trade office grants the customs clearance visa within thirty (30) days from the filing date of the application. The requested application is valid for a period of six (6) months. It is renewable under the same conditions.

**At which service level should this franchise application be presented?**

The request concerned must be presented by the operator to the customs services during the customs clearance of his goods to benefit from the exemption of customs duties. The quantity or volume of imported products must be less than or equal to the quantity or volume of the declared products.

**IMPORT AND EXPORT OF SENSITIVE EQUIPMENT**

**What legal anchoring?**

- Presidential Decree No. 11-383 of 23 November 2011 laying down the rules and procedures governing the export of sensitive materials, equipment and products;
-[Executive Decree No. 09-410](https://www.commerce.gov.dz/reglementation/decret-executif-n09-410)of 10 October 2009 laying down the safety rules applicable to activities relating to sensitive equipment;
-[Inter-ministerial Order of October 13](https://www.commerce.gov.dz/reglementation/arrete-interministeriel-du-13-octobre-2011),[2011](https://www.commerce.gov.dz/reglementation/arrete-interministeriel-du-13-octobre-2011), setting the terms and conditions for the acquisition, holding, exploitation, use and disposal of sensitive equipment;

- Order of 8 April 2012 laying down the implementing rules for Presidential Decree No 11-383 of 23 November 2011 laying down the rules and procedures governing the export of sensitive materials, equipment and products.

\*\*\*\*\*\*

**ANNEXURE - A**

**Regulations of the Bank of Algeria**

**Banking Rules:**

**Article 1**: The purpose of this Regulation is to define the principle of the convertibility of the national currency for current international transactions and the rules applicable to the transfer from and to foreign countries related to such transactions and the rights and obligations of foreign trade operators and authorized intermediaries.

**TITLE I** - **GENERAL PRINCIPLES**

**Article 2**: For the purposes of this Regulation, are considered as:

* Residents in Algeria the natural and legal persons who have the main center of their economic activities there;
* Non-residents natural and legal persons whose main center of economic activities is located outside Algeria.

**Article 3**: Without prejudice to the legal and regulatory provisions in force, payments and transfers relating to current international transactions are free. They are carried out by authorized intermediaries.

**Article 4**: For the purposes of this Regulation, it is understood that payments and transfers relating to current international transactions include:

* Payments and transfers for foreign trade operations on goods, services including technical assistance and current operations related to production;
* Interest payments on loans and net income from other investments; - Repayments of loans.

**Article 5**: Any billing or sale of goods and services in the national customs territory shall be in Algerian dinars except as provided by the regulations in force.

**Article 6**: Unless expressly authorized by the Bank of Algeria, the exportation as well as the importation of any debt instrument, security or means of payment denominated in the national currency are prohibited. However, travelers are allowed to export and / or import currency in Algerian dinars, up to an amount set by instruction of the Bank of Algeria.

**Article7:** - The council of money and credit delegate the application of the regulations exchange to banks and institutions financial institutions, authorized intermediaries, only authorized to deal with foreign trade and foreign exchange. These latter must ensure their regularity at look at legislation and regulations in force. Financial Services of Algeria-Post are authorized, within the limits of the prerogatives which are devolved upon them by the law which applicable to them, to perform certain payments and transfers / repatriations of funds.

* The Bank of Algeria exercises control posteriori to ensure regularity operations carried out under this Regulation.

**Article 8:** - Except the cases expressly provided for by Article 126 of Ordinance No 0311 of August 26, 2003, supra, the constitution monetary, financial and real estate assets abroad by residents to from their activities in Algeria is prohibited.

**Article 9:** - All foreign exchange resources repatriated from the exports of hydrocarbons and mining products as well as those of bilateral, multilateral borrowing or free to finance the balance of payments are obligatorily sold to the Bank of Algeria.

**Article10:** - Management of foreign exchange resources country from the repatriation of hydrocarbon export earnings and mining products as well as those from bilateral, multilateral borrowing or free and for financing balance of payments falls attributions of the Bank of Algeria.

The management of the foreign exchange resources of the left by the Bank of Algeria to the available to authorized intermediaries’ attributions of the latter.

**Title 2 - Authorized Intermediaries**

**Article 11: -** Any bank and any establishment authorized financial to the provisions of Title 4 [of Book 5] of Ordinance No. 03-11 of August 26, 2003, referred to above, may have the quality intermediary authorized to perform the foreign trade operations and exchange.

**Article 12:** - The quality of authorized intermediary is obtained as part of the accreditation issued by the Governor of the Bank from Algeria.

**Article13**: - The authorization referred to in Article 12 published in the Official Journal and a notification. For the purpose of dealing with commercial transactions outside and exchange, each wicket authorized intermediaries is subject to a registration by the Bank from Algeria.

**Article 14:** - The authorized intermediaries are to ensure their customers, in all equal treatment, operations, object Regulation, for which they are approved. Except in the case of established insolvency, the client has a right of appeal to the banking commission for any dispute in the matter that opposes it to the intermediary authorized.

**Article 15:** the Bank of Algeria can pronounce measures as a precautionary measure against any counter or operator of foreign trade which contravenes provisions of the legislation and regulations exchange.

**Article 16:** - The banking commission can decide withdrawal of quality authorized intermediary, in respect of the operations foreign trade and foreign exchange, to the holder of that quality, in the case of contrary to laws and regulations exchange.

**Title 3** **- Means of foreign payment**

Art.17. - Any resident is authorized to acquire and hold in Algeria, under the conditions provided below, means of payment denominated in foreign currencies freely convertible. These means of payment cannot be acquired, negotiated and deposited in Algeria authorized intermediaries, except the cases provided for by the regulations in force or authorized by the Bank from Algeria.

**Article18:** - Constitute means of payment within the meaning of Article 17 above:

* Banknotes;
* Travelers checks;
* Bank or postal checks;
* Letters of credit;
* The effects of Commerce;
* Any other means or instrument of payment denominated in foreign currency freely convertible, whatever the support used.

**Article 19:** - Any traveler entering Algeria is allowed to import banknotes foreigners and traveler's checks, subject to a customs declaration for any amount above a set threshold by instruction of the Bank of Algeria.

**Article 20:** - Any traveler leaving Algeria is authorized to export any amount in banknotes foreign banks or in trip, to competition:

* For non-residents: the amount declared at entry decreased sums regularly sold to intermediaries licensed and exchange offices;
* for residents: samples carried out on currency accounts in the ceiling limit set by instruction Bank of Algeria and / or amounts covered by an authorization of exchange.

Foreign bank bonds or in trip, to competition:

* For non-residents: the amount declared at entry decreased sums regularly sold to intermediaries licensed and exchange offices;
* For residents: samples carried out on currency accounts in the ceiling limit set by instruction Bank of Algeria and / or amounts covered by an authorization of exchange.

Bank of Algeria and / or amounts covered by an authorization of exchange.

**Article 21:** - Exchange operations between Algerian dinars and foreign currencies freely convertible cannot be made by authorized intermediaries and / or the Bank of Algeria.

**Title 4 - Currency Accounts**

**Article 22:** - Any natural or legal person, resident or non-resident, is allowed to open one or more currency accounts at sight and / or at the banks authorized intermediaries.

Authorized intermediaries may hold currency accounts with the Bank from Algeria. Currency accounts are powered by means of foreign payments within the meaning of Article 18 of this Regulation.

**Article 23:** - Operating conditions and management of currency accounts are defined by instruction of the Bank from Algeria.

**Title 5 - Rules applicable to foreign trade operations on goods and services**

**1) General rules**

**Article 24: -** Foreign trade operators referred to in Article 1 above are:

* Natural or legal persons engaged in an economic activity in accordance with the legislation and current regulations;
* Administrations, organizations and institutions of State.

**Article 25:** - Foreign trade operations are transactions in goods and services governed by a commercial contract, whose:

* The amount, rights and obligations of Contracting Parties are defined and fixed;
* The counterpart of the transfer and the regularity of the operation are defined and established. The provisions of this Regulation also apply to benefits related to processing operations, custom processing, working or repair.

**Article 26:** - The commercial contract or any other document in lieu of proof transfer of ownership and / or transfer of a good or provision of services between a resident operator and an operator nonresident, must indicate in particular:

* The names and addresses of the contracting parties
* The country of origin, provenance and destination of goods or services;
* The nature of the goods and services; quantity, quality and specifications techniques;
* The transfer price of goods and services in the billing currency and payment of the contract;
* Delivery times for goods and services implementation for services;
* The clauses of the contract for the taking into risk and other incidental expenses
* The terms of payment.

**Article27:** - Except legislative provisions or contrary regulations, all commercial terms (INCOTERM) in the rules and usages of the chamber of international trade can be registered in commercial contracts.

**Article 28:** - The methods of payment are those universally admitted.

The authorized intermediary must ensure that Truthfulness of the documents provided, lawfulness of the commercial contract and its realization.

**Article 29:** - With the exception of operations in transit and transactions referred to in Article 33 below, any import operation or export of goods or services is subject to the obligation of domiciliation from an authorized intermediary.

The domiciliation is prior to any transfer / repatriation of funds, commitment and / or customs clearance.

**Article** **30**: - The domiciliation consists of the opening of a file that gives rise to the assignment of a domiciliation number through the authorized intermediary the commercial operation. This file must contain all the documents relating to the commercial operation.

The operator chooses the authorized intermediary with whom he undertakes to perform all related bank procedures and formalities to the operation.

**Article** **31**: - The counter of the intermediary authorized to domicile the operation of foreign trade must keep a directory files domiciled, quoted and initialed by a person authorized for that purpose, and ensure their financial follow-up.

**Article 32:**- The commercial document serving basic to bank domiciliation can take on different forms such as, contract, pro-forma invoice, purchase order firm, final confirmation purchase, exchange of correspondence where are included all the necessary indications identification of the parties, than the nature of the business transaction.

**Article 33**: Are exempted from the domiciliation bank:

* The so-called payments made by travelers for their personal use, in accordance with to the provisions of the finance laws;
* so-called no-payments imports carried out by registered nationals with diplomatic representations and Algerian consular abroad when they return definitively in Algeria, in accordance with finance laws;
* So-called no-payments imports carried out by diplomatic agents and consular and assimilated those of the representations of the companies and public institutions abroad when returning to

Algeria;

* Imports / exports of value less than the counter value of 100,000 DA in FOB value;

Import / export of samples, donations and goods received in the case of the bringing into play of the guarantee;

* Imports of realized goods under the suspensive customs procedure.

Customs declarations relating to imports / exports referred to above and Article 58 below must be coated the mention "import / export not domiciled.

**Article 34:** - Without prejudice to other provisions all amendments to the domiciled contract must be the subject of an endorsement which will be domiciled in the same conditions as the main contract.

**Article 35:** - The authorized intermediary cannot refuse the domiciliation of a contract export or import when all the conditions laid down in this Regulation are met. The operator, where appropriate, has the right to appeal to the Banking Commission.

**Article 36:** - Imports / exports equipment and / or materials under the leasing scheme are assimilated to imports / exports to deferred payments. They obey Domiciliation and payment conditions applicable to these operations.

**Article 37**: - Banks and institutions approved intermediaries are only authorized to perform on behalf of their clients’ transfers and repatriation related to transactions in goods and services previously domiciled with their wickets. Financial Services of Algeria-Post can execute transfers / repatriations related to operations for which they are empowered.

**Article 38**: - The authorized intermediary transfers to the cash or futures currency to importers goods and services in the compliance with the regulations in force.

**Article 39**: - Clearance of the commercial file outside consists, for authorized intermediary, to ensure the regularity and the conformity of the achievement commercial contracts and vouchers flow of financial flows to which they give rise to the look of the exchange regulations in force.

**Article 40:** - The authorized intermediary must ensure clearance of the files domiciled in his level within the prescribed time.

He must seize, without delay, the Bank from Algeria, any irregularity or delay in executing fund movements from abroad.

**2) Rules relating to imports of goods and services**

**Article 41:**. - The domiciliary authorized intermediary must open a domiciliation file enabling him to follow up on the import operation. It gives the resident importer a copy of the contract with the visa of debit. This visa is affixed to all invoices relating to the contract.

The domiciliation visa allows:

* initiate the customs clearance procedure goods;
* To endorse the accepted or subscribed effects by the resident importer;
* To execute payments in dinars and transfers in foreign currency; and to establish, at the end of the domiciliation, a report on the clearance of file to be sent to the Bank from Algeria.

**Article** **42:** For the acceptance of the files of domiciliation and any commitment before lead to a payment by currency transfer abroad, the authorized intermediary must take into account, in particular:

* The regularity of the transaction concerned in view of the legislation and the current regulations;
* And the financial surface of his client.

**Article 43:** - The authorized intermediary may accept documents reached by folds schoolbag when it comes to dangerous products or perishable. The assessment of urgency port services and/or qualified customs services.

**Article 44**: - Any settlement or commitment provided for in the commercial contract can be performed only when the intermediary approved, in particular:

* Final invoices;
* Shipping documents or customs document (s) for consumption for import Goods;
* Certificates of service for the import of services.

**Article 45:** - Import payments are carried out by banks and institutions financial institutions, authorized intermediaries, from foreign currency resources:

* Belonging to them;
* Acquired from their customers;
* Acquired on the interbank market Foreign exchange;
* Or from any financial credit outside.

**Article 46**: - Transfers in foreign currency are made in compliance with the legislation and the regulations in force, in accordance contractual clauses and compliance with international rules and practices.

The amount to be transferred may not exceed the transferable portion of the contract and its endorsement, nor the amount of the final invoices of the good or service imported. Any deviation from the amounts initially indicated must be duly justified.

**Article 47:** - When the importation is the object external financing, the intermediary authorized person must ensure, during the domiciliation of the contract, that financing and conditions attached to it are in adequacy with the modalities defined by the Bank of Algeria.

A declaration of external debt is transmitted to the Bank of Algeria next the rules and procedures in force.

**Article 48:** - The authorized intermediary executes, on order of the operator, any transfer to from abroad subject to delivery by this operator of documents attesting the shipment of goods to exclusive destination of the customs territory national law and the final invoices relating thereto.

Transfer can also be done on the basis of final invoices and documents customs clearance for home use goods.

**Article 49**: - The transfer abroad of foreign currency, for payment of imports of a value equal to or greater than the value of 100,000 DA, by the debit currency account, must be executed by the authorized intermediary in the same conditions laid down in Article 48 Above.

**Article** **50:-** Authorized intermediary domiciliary may pay down payments within a limit of 15% of the overall amount of the contract, the importation of goods and services, in as a rule-compliant clause and related international usages is provided in the commercial contract, under reserve the presentation of a deposit of return of advance of equal value delivered by a first class bank. Beyond the limit provided for in the paragraph above, the authorization of the Bank from Algeria is required.

**Article 51:** - Transfer for settlement of

Imports of services, under Article 4 of this Regulation shall be on the basis of the contract and / or invoice definitively duly endorsed by the importer resident accompanied by the certificate of service done as well as any other room or authorization may be required, issued by the competent authority. The transfer of import of services within the framework of a subcontracting be expressly provided for in the contract of based.

**Article 52:** the control of the files of domiciliation and transfer via authorized representative is carried out as indicated below.

For imports of goods, on the basis of:

* Commercial contract and / or invoices final,
* shipping documents,
* Customs documents (exemplary bank) or document accepted as equivalent,
* A copy of the relevant Swift message, of the statistical formula addressed to the Bank of Algeria.

For imports of services, on the base:

* Commercial contract and / or invoices final,
* The certificate of service done,
* Any documents or authorizations required,
* A copy of the relevant Swift message,
* The statistical formula addressed to the Bank of Algeria

**Article 53:** - The control of the files of domiciliation and transfer of operations import must be completed:

* for commercial contracts settled in cash, within a maximum period three months following the Financial Regulation the operation;
* For commercial contracts completed by deferred payments, within a maximum of thirty days following the last regulation.

**Article 54:** - During the control period, the absence of the customs document bank), the domiciliary authorized intermediary must claim it at the office issue of the customs concerned. He gives, for this purpose, all necessary indications for the identification of the declaration concerned and the references communicated by the operator.

A copy of the complaint is sent, for information, at the general directorate of customs. The certified copy of the original "Prima", established by the customs office and sent to the domiciliary counter concerned or the document admitted as equivalent, can be taken into consideration by the latter for the clearance of the file import.

**Article** **55: -** At the end of the control period Domiciliation records of operations on importation, the authorized intermediary domiciliary:

* a) clear the file if it is regular and in accordance with the regulations;
* b) address the necessary comments to the resident importer to bring him to complete the file or to regularize it if he submits surplus settlement;
* c) Transmit to the Bank of Algeria a copy of the file, after an additional delay thirty days, in case of non-regularization and / or if the excess of settlement exceeds the counter value 100,000 DA.

**3) Export rules goods and services**

**Article 56:** - Exports of goods for sale firm or consignment and the exports of services, with the exception of those provided for in Article 58 below, are subject to the obligation of domiciliation.

**Article 57:-** The rules of domiciliation of service export contracts, collection contracts and repatriation of their product are the same as those applicable exports of goods.

**Article** **58:-** In addition to the exemptions provided for in Article 33 above, the domiciliation of export contracts is not required for:

• Temporary exports, unless they give rise to payment of benefits by repatriation of foreign currency;

Cash on delivery of a value less than or equal to the value of 100,000 DA made by through Algeria post.

**Article 59:** - Domiciliation and repatriation export product Hydrocarbons and mining products are subject to specific regulations.

**Article 60:** - The domiciliation of exports fresh, perishable and / or dangerous products can take place during the five days worked after the date of dispatch and customs declaration.

**Article 61:** - The export contract may be cash or credit. When the export takes place in cash, the exporter must repatriate the recipe from export within a not exceeding one hundred and twenty days, to count the shipping date for goods or the date of completion for the services.

When the payment of the export is due in excess of one hundred and twenty days, the export cannot take place only after authorization by the competent services of the Bank of Algeria.

**Article 62:** - The exporter requests the opening a domiciliation file by presenting to the authorized intermediary the original and two copies of the commercial contract or any other document in lieu, and all other document possibly required. After checking the concordance between the original and the copies, one of these, bearing the number of the domiciliation file and the stamp of the intermediary approved, shall be returned to the exporter.

**Article 63:** - The exporter is required to indicate, on the customs declaration, the references of the bank domiciliation of the contract except for exports referred to in Article 58 This indication occurs at the above. Latest in the five working days after the expedition.

**Article 64:** - The copy "bank" of the customs declaration is sent by the services to the intermediary customs approved domiciliation of the export.

**Article 65:** - Revenue from exports excluding hydrocarbons and off-products mining cannot be cashed that the authorized intermediary domiciliation of the contract. The exporter is required to repatriate the product export within the deadlines by the regulations in force. Any delay payment and repatriation shall to be justified. Respect for the repatriation obligation revenue from exports is the responsibility of the exporter. Any delay payment and repatriation must be declared through the authorized intermediary at the Bank from Algeria.

**Article 66:** - The repatriation obligation is the amount invoiced as well as the amount of contractual additional costs when they are not incorporated in the selling price. The amount, object of the repatriation obligation, includes any indemnity or possible contractual penalty.

**Article 67:** - As soon as the repatriation of the receipts export, excluding hydrocarbons and products mining, goods and services, the authorized intermediary makes available from the exporter:

* the portion in foreign currency that comes back to him, in accordance with the regulations force, and which is housed in his currency account;
* The counter-value in dinars of the balance of revenue from exports subject to the obligation of assignment. Revenue from non-domiciled exports and those repatriated late do not qualify for the benefit of retrocession in foreign currency.

**Article 68:** - The payment of exports in consignment is payable as and when sales made by the custodian or the commissionaire. The exporter is required to provide authorized intermediary domiciliation of the operation a monthly statement of accounts sales accompanied by duplicates of bills drawn on foreign buyers. Repatriation must intervene in the regulatory deadlines counted from the date of sale.

**Article 69:** - The control of the repatriation of exports is through domiciliary license on the basis of the documents transmitted by the exporter and the services customs.

**Article 70:** - The customs services transmit at the counter of the authorized intermediary domiciliation of the export file, any document useful for the control of the export operation, including:

* The customs declaration "exemplary bank "or the document admitted as equivalent;
* Corrigendum documents attesting to any modification in the file export; documents relating to goods re-importation, if there is place.

**Article 71:** - Clearance of the export file is performed by the authorized intermediary domiciliation based on:

* The "bank copy" of the declaration in customs, for goods transmitted by the customs services;
* Proof of repatriation received;
* The statistical formula transmitted to the Bank of Algeria.

**Article 72**: - The authorized intermediary is held to clear export files domiciled during the quarter following the regulatory deadline repatriation. For this purpose, must ensure that deadlines for payment and repatriation of transactions provided for in the commercial contract.

**Article 73**: - At the end of the period laid down

Article 72 above, the authorized intermediary domiciliary:

a) Clear the file if it is regular and in accordance with the regulations;

b) Address the necessary comments to the exporter to get him to complete the file or to regularize it presents repatriation deficiencies;

(c) Transmit to the competent services the Bank of Algeria a copy of the file, after an additional period of thirty days, in case of non-regularization.

**Article 74:** - The authorized intermediaries are required to address, to the Bank of Algeria, a report of the results of the clearance export records in the month that follows the quarter in question.

**Title 6: Other current operations**

**Article 75:-** The journey of resident nationals on the occasion of the Hajj opens right to a foreign exchange allowance the amount of which and the allocation procedures are fixed, each year, by regulation.

**Article 76**: - The trips abroad of residents, in a professional capacity, on the occasion of temporary assignments, entitle changes in daily allowances offsetting costs incurred; including conditions are laid down by regulation. The intermediary Approved banks are authorized to instruct and execute requests of their customers in the matter.

**Article 77:**- The trips abroad of nationals residents for care are entitled to a foreign exchange allowance the amount of which and the award procedures are set by instruction from the Bank of Algeria. This exchange allowance is issued by the authorized intermediary banks.

A foreign exchange allowance for studies is attributed to resident nationals pursuing studies at an institution higher education or undergoing long-term care and schooled in a normal or specialized establishment. The amount and the methods of award are set by Bank instruction from Algeria. Transfers under the allowance studies are carried out through approved intermediary bank, or services of Algeria-Post.

Resident nationals are entitled to traveling abroad, a right of annual change; the amount and terms of are defined by instruction of the Bank of Algeria. This allowance exchange rate is issued by authorized intermediary banks.

The Bank of Algeria examines and authorizes any request for bona fide foreign currency to beyond the thresholds set for rights and allowances exchange rates defined in the framework of this article.

**Article 78:** - Subject to the legislation and of the conditions regulation recruitment and employment of foreigners in Algeria, foreign workers recruited by administrations and economic agents under Algerian law benefit a right to transfer savings pay in the defined conditions by instruction of the Bank from Algeria.

**Article 79:** - The terms of related transfers maritime, air transport activities and terrestrial are fixed by instruction of the Bank of Algeria.

**Article 80:** - Transfers under income foreign investments are executed authorized intermediaries in accordance with to legislation and regulations in force.

**Article 81:** - Current transfers of administrations are carried out by through authorized intermediaries.

**Title 7 - Miscellaneous Provisions**

**Article 82:** - Individuals and associations legally constituted may, for personal use or in compliance with their statutes, import a good or a non-commercial service. These imports are subject to the same obligations than those performed by people physical and legal \_Article 24 above\_.

**Article 83:-** For the exercise of control over coins by the Bank of Algeria, the conditions and the practicalities of reporting and reporting international transactions current by intermediaries approved by the instructions of the Bank of Algeria.

**Article 84:** - The authorized intermediaries, without prejudice to the contrary provisions, must keep the domiciliation records and transfer and all other documents evidence of operations subject of this Regulation, during a period of at least five years, from the date of their clearance or execution.

**Article 85:** - Non-compliance with the provisions of this Regulation exposes the infringer the legal provisions in force.

**Article 86**: - Provisions contrary to this Regulation are repealed, in particular Regulation No 91-12 of 14 August 1991 on the domiciliation of imports, the regulation n ° 91-13 of August 14th1991 on the domiciliation and settlement of non-hydrocarbon exports and Regulation No 95-07 of 23 December 1995 amending and replacing the Regulation No 92-04 of 22 March 1992 on exchange control.

**Article 87:**- This Regulation will be published in the Official Journal of the people’s Democratic Republic of Algeria.

\*\*\*\*\*

**Sources:**

1. [National Agency for Development and Investment](http://www.andi.dz/index.php/en/)
2. [Economic Developments and Prospects in Algeria - African Economic Outlook](http://www.africaneconomicoutlook.org/en/countries/north-africa/algeria/) Algeria.
3. Commercial Guide - export.gov
4. [International Tax and Business Guide 2017 from Deloitte on Algeria](https://dits.deloitte.com/%23TaxGuides) [Algeria](http://www.sibn22.com/index.php/telechargement/11-guide-kpmg-2016-investir-en-algerie-version-francaise)
5. [commercial guide 2016 - KPMG (In French)](http://www.sibn22.com/index.php/telechargement/11-guide-kpmg-2016-investir-en-algerie-version-francaise) <https://atlas-developpement.com/>
6. https://www.doingbusiness.org > country > algeria > DZA
7. <https://oxfordbusinessgroup.com/algeria-2017> [https://www.globaltrade .net](https://www.globaltrade.net/)
8. www.algex.dz