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POLICY

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Algeria

Exporter Guide

2013

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Report Highlights:

Although most of U.S. exports to Algeria continue to be bulk commodities, a growing market for consumer ready and hotel, restaurant, and institutional products exists and represent a good opportunity for US exporters. Algeria pledged to continue its efforts to diversify the economy and attract foreign and domestic investment outside the energy sector and foreign investment is growing.

Post:
Algiers

Author Defined:

SECTION I. MARKET OVERVIEW

Algeria is currently the largest country in Africa (after Sudan splits) and the Arab World with a total landmass of 2.38m sq km. The country is rich in natural resources. The oil and gas sector is the backbone of the Algerian economy, accounting for roughly 66 percent of budget revenues, 37 percent of GDP, and 98 percent of export earnings. Algeria has the tenth-largest reserves of natural gas in the world and is the sixth-largest gas exporter. It ranks 16th in oil reserves. Algeria remains one of the top 10 suppliers of crude oil to the United States. Thanks to strong hydrocarbon revenues, Algeria has a cushion of \$192 billion in foreign currency reserves (95% of GDP) and a large oil stabilization fund (\$90 billion). In addition, Algeria's external debt is extremely low at about 2% of GDP. Algeria is still largely unexplored and foreign firms are increasingly investing in joint ventures.

Algeria pledged to continue its efforts to diversify the Algerian economy and attract foreign and domestic investment outside the energy sector. The government began opening agriculture to foreign investment in an effort to boost sector activity. In September 2011, Algeria offered its first formal invitation for expressions of interest from companies looking to engage in pilot agricultural operations.

The agricultural sector contributes on average about 10 percent of Algeria's GDP (2011 estimates) and employs at least 21 percent of the Algerian population. The country has about 8.4 million hectares of arable land representing roughly 3 percent of its total surface area. Algeria's agriculture is rain fed, and often suffers from drought. About 9 percent of this arable land is irrigated. 51 percent of the total arable land is dedicated to field crops, mostly cereals and pulses. About 70 percent of agricultural farms are of small sizes, with less than 10 hectares, and 80 percent of these farms are individual farms.

Even though the agricultural policy strategy work towards improvement of domestic productions and yields, Algeria still imports about \$9 billion in agricultural commodities and food annually and is one of the world's largest importers of wheat (\$2.1 billion) and dairy products (\$0.9 billion). The European Union is Algeria's major supplier, accounting for almost 45 percent of imports. The United States exports about \$200 million in food and agricultural products to Algeria. Algeria's agricultural exports to the United States total less than \$1 million, mainly dates.

Agricultural and Trade Indicators

Total Country Area	238 million HA
Total Arable land	8.4 million HA
Total Arable land irrigated	9 %
Agricultural Production growth rate	13.7 %
Agricultural Imports from All Countries (CY2012)	\$10 Billion
Agricultural Imports from U.S./Market Share(CY2012)	\$228 million / 2.2 %
Total Wheat All origin / U.S. origin market share (CY2012)	\$2.10 Billion /5%
Total Durum / U.S. origin (CY2012)	\$654 million / 5%
Total Bread Wheat/ U.S. origin (CY2012)	\$1.45 billion / 5%
Total Corn / U.S. origin (CY2012)	\$942 million / 0%
Total Dairy/ U.S. origin (CY2012)	\$1.25 billion / 2%
Oils \$ Fats / U.S. origin (CY2012)	\$989 million / 1%
Pulses /U.S. origin (CY2012)	\$217 million / 3%
Total Fruits & dried Fruits /U.S. origin (CY2012)	\$391million / 10.5%
Total Rice / U.S. origin (CY 2012)	\$68 million /5%

Key Demographic Developments:

Algeria is located in Northern Africa, bordering the Mediterranean Sea, between Morocco and Tunisia with 2,381,741 sq km total land, slightly less than 3.5 times the size of Texas.

Algeria has slightly more than 38 million people (2013 estimates) (see Appendix). More than Seventy percent of the population lives in cities. The capital Algiers, with almost 4 million people, is the nation's largest city. Industry and services employ half of the country's working population. Algeria's official language is Arabic but Amazigh (a Berber language) and French are spoken throughout the country. The official religion is Islam.

Advantages	Challenges
Algerian population is large (38 million), young, growing increasingly	Geographical disadvantage, due to proximity with Europe.
Algerian financial strength is based on its hydrocarbon sector	Algerian importers usually do business through Europe
The local food processing industry is improving and upgrading, and is mostly based on imported raw materials.	No direct shipping lines, making transit from Europe necessary.
Distribution sector needs to be improved, with need for American know-how.	Traditional distribution network still predominant

The domestic food industry is creating demand for consistent quality and regular supply for higher quality inputs	The EU-Algerian Association Agreement provides preferential access
Infrastructure investment and the modernization of distribution channels are creating opportunities in the agricultural and food processing sectors	Strong EU/French influence in food marketing and retail sector
Local industry relies on imported raw material	Custom duties on high value products
American products are always appreciated as good quality.	Strong EU/French influence French continues to be predominant business language.

SECTION II. EXPORTER BUSINESS TIPS

- Algeria is not member of the World Trade Organization (WTO) but has continued to seek accession since 1998.
- Algeria executed a European Union association agreement in 2005. The agreement provides for the gradual removal of import duties on EU industrial products over 12 years and removed duties immediately on 2,000 other products.
- Algeria is a member in the Arab Free Trade Zone Agreement.
- The Ministry of Agriculture has legislative responsibility for domestic food production and for health and safety aspects of imported agricultural and food products into Algeria. Information can be found at: <http://www.minagri.dz>
- Phytosanitary and sanitary control regulations are in place
- Phytosanitary certificate is mandatory for all food products;
- Certificate of conformity and quality as well as certificate of origin of the importation is now mandatory for all imported products along with the customs documents (bill of lading and

commercial invoice)

- The Ministry of Commerce is responsible for all food inspection, quality control and anti-fraud activities and regulation, as well as labeling regulation and laboratory inspections. Information on food regulations can be found at: www.mincommerce.gov.dz
- Labeling information has to be written in mandatory Arabic language as principal plus other accessible language optional. (The information must be visible, legible and indelible)
- Standards are same as Codex Alimentarius standards.
- Imported goods are subject to custom duties, VAT, and some local specific taxes.
- Algeria applies the Harmonized Nomenclature and Classification system (HS). The maximum rate for customs duties has been lowered to 30 percent. There are now only 3 categories for duties: 5 percent for raw materials, 15 percent for semi-processed products, and 30 percent for consumption-ready or high-value products
- A domestic consumption tax applies to about 20 products that are considered luxury goods (tariff code chapters 08, 09, 16, and 22). Information on tariffs can be found at: <http://www.douane.gov.dz/Consulter%20le%20tarif%20douanier.html>
- The value added tax (VAT) is 7 or 17 percent depending on the products.
- Information on Algerian customs requirements can be found (in French) at <http://www.douane.gov.dz/>.
- The government requires Letters of Credit (LC) approved by Algerian banks as the only means of payment for imported goods.

- Algeria uses the metric system for measurement.
- French is still the predominant business language.
- Most importers are located in the large cities and import through the main active ports (Algiers, Oran, Bejaia, Mostaganem and Jijel). They import both bulk and packaged products. The products are distributed to wholesalers in wholesale markets, and then sold in small stores, supermarkets and open markets.
- Algerian households devote nearly 42 percent of their annual expenditure to food needs
- Consumer tastes and preferences are changing, especially in the cities where the young homemakers tend to be more active, and the number of working women has increased. As a result, consumers are turning to ready-to-use or semi-processed products, which opens door for U.S. consumer food product exports.

SECTION III. MARKET STRUCTURE AND TRENDS

The government has committed to divesting itself from agricultural production and processing and is allowing the private sector to take a leading role in the agricultural economy. Private processors continue to grow and many processing plants have appeared to offer products with lower prices by importing raw materials and processing them locally. The private sector is active in wheat and feed milling, dairy processing, vegetable oil refining, sugar refining, beverage production, canning, and the biscuit industry. The private sector is also trying to expand distribution channels and food retail sector, as well as the HRI sector.

Food Retail and Distribution:

Since the economy was liberalized, consumers have become accustomed to seeing imported products and semi-processed products sold in grocery stores and small private supermarkets. These opened after state-owned distribution channels were privatized in 1996. Consumers can now find bulk, packaged and high value products, both local and imported, in small supermarkets called "superettes". The super market industry is still in its infancy and needs further development. Only two private big supermarkets chains have opened hypermarkets in the capital and two other main cities of the country.

HRI sector:

This sector is growing and needs expansion. The opening of five star international hotels chains boosts demand for meals, as well as domestic fast foods and some new growing restaurants chains. Growth is expected to continue as changes are occurring in the cities with the number of working- women increasing and consumers turning to ready-to-use meals or semi-processed products.

Milling and Dairy industries:

About 300 private and former state-owned mills, as well as about 110 dairy plants operate in different regions of the country with varying capacities. These enterprises are increasingly interested in US products and expertise.

Beverage, Canning, Snacks and Biscuits industries:

The local food processing industry is improving and upgrading as they are conscious about creating demand for consistent quality and regular supply for higher quality inputs. This serves as a good opportunity for U.S. expertise and food ingredients exporters.

SECTION IV. BEST CONSUMER ORIENTED PRODUCTS PROSPECTS

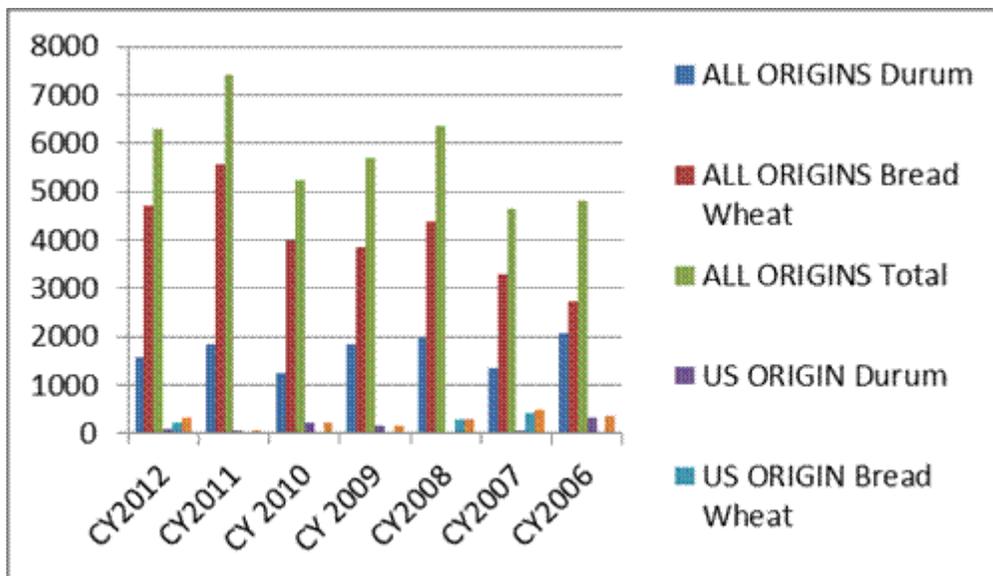
Although most of U.S. exports to Algeria continue to be bulk commodities, there is also a small but growing market for some processed products, as modern supermarkets start to proliferate.

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

Wheat:

Algeria is one of the world largest importers of wheat. Algeria's total wheat imports in 2012 were estimated at 6.29 million MT (valued at \$2.10 billion) of which durum represented 1.58 million MT (\$655million) and common (bread) wheat represented 4.71 million MT (valued at \$1.45 billion).

Algeria's Imports of Wheat Seven -Years comparison (In CY and 1000 MT)



Source: Algerian Official Trade Data

Corn:

Although U.S. exports of corn continued to decline in competition with Argentina, which has been the leading corn supplier since 2008, total corn imports have increased due to increased demand from the dairy and beef sectors. As a result, corn remains a good export prospect if the qualitative aspects and specifications that have constrained U.S. exports in the past are addressed. It is important to note, that the United States used to be the number one corn supplier to Algeria prior to 2008.

Soybean Meal:

Demand for soybean meal comes mostly from the poultry feed manufacturing sector. Since there is no crushing plant in Algeria, and with the feed manufacture expansion, demand is expected to stay high. Major suppliers are Argentina and the United States. As a result of the recent suspension of import duties and value-added taxes (VAT) on animal feed inputs and co-products, including soybean meal, demand is expected to remain high. Argentina is the major soybean meal supplier. U.S. soybean meal exports declined sharply— similar to corn—due to price competition and Algeria's preference for certain Argentine quality characteristics and specifications.

DDG's

Even though Algeria began importing dried distillers grains (DDGs) in 2008, it is still a new product for the market. Given increasing demand for protein meal and the suspension of duties and taxes, DDGs represent an important opportunity for U.S. suppliers, especially if they are willing to provide technical information and assistance and other trade servicing activities.

Pulses

Algeria imports an average of 200,000 MT of pulses annually, mainly from Canada, Mexico, Argentina, and India. The pulses consist mainly of beans, lentils, chickpeas, and beans for seeding. Algeria represents another opportunity for U.S. suppliers. U.S. pulse exports have trended upward for the past several years with plenty of potential for future growth. U.S. pulse

exports consist mainly of chickpeas, lentils, beans, and peas.

Vegetable Oil and Other Oilseeds Products

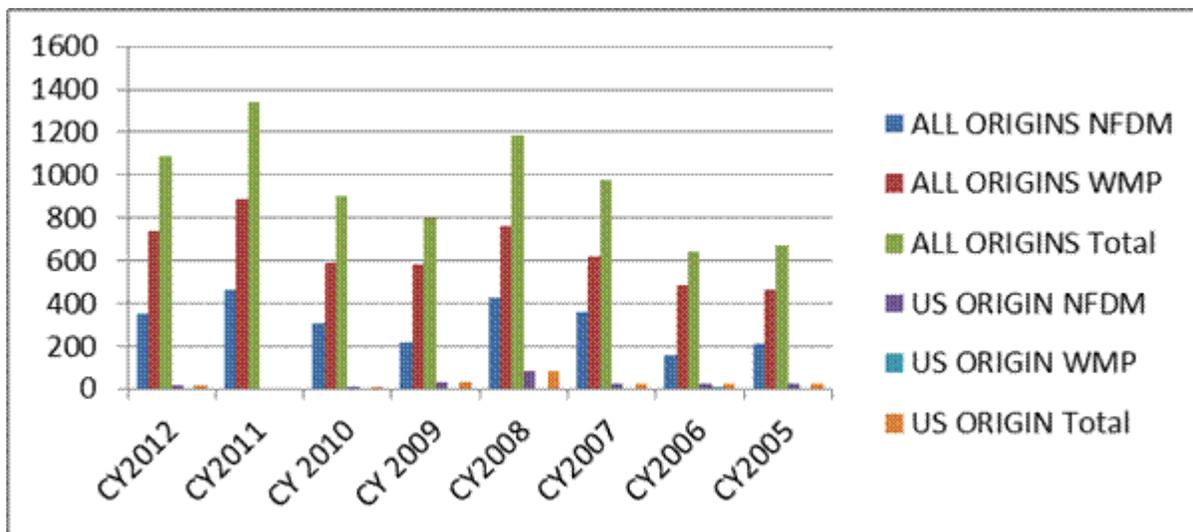
Algerian oilseed cultivation is not well developed. Aside from olive oil production, which remains traditional, Algeria does not crush any oilseeds. Most of the commercialized oil is produced domestically from imported crude oil, which is refined locally.

The most used oils are sunflower oil and olive oil. Soybean oil represents the second most commonly used oil in other industries, such as baked goods, pastry, chocolate, cheese, biscuits, chips, candies, cosmetics, and canned fish. Several new Algerian entrepreneurs are looking to increase production in the snack and soybean consumer goods industry. In addition to bakeries and biscuit industries, these newly established enterprises should lead to an increase in the importation of raw materials.

Dairy Products (Non-fat Dry Milk, Whole Milk Powder, Butter oil, Butter, Cheddar Cheese)

Algeria’s powdered milk imports have averaged about 280,000 metric tons, valued at about \$900 million over the past 5 years. Algeria has restarted to import U.S. dairy products following the adoption of the new U.S. sanitary certificate in June 2011. Algeria imported from U.S. suppliers in CY2012, a total 7,196 MT of dairy products valued at \$20 million of which 6,986 MT was non-fat dry milk, 94 MT butter, and 116 MT cheese.

Algeria Milk powder Imports Eight-Year Comparison in Million Dollars



Source: Algerian Official Trade Data

Export of Seafood Products to Algeria:

Algeria is looking for partners in order to improve the seafood and fishing sector. Algeria has 15 ports for fishing and 50 percent of the flotillas are old. Algerian consumes 3.2 kg of fish products per year per capita and produces 70,000 - 100,000 tons of fish per year. Most canned seafood sold in supermarkets is imported, as is frozen fish. Fresh fish is primarily sold in open markets.

Turkey Poults

Algerian market is now open for U.S. day-old Turkey poults and hatching eggs since the sanitary certification was agreed upon between respective veterinary services. In CY2012, Algeria imported \$12 million of turkey poults of which the U.S. shared 12 percent.

Dairy Cattle and Genetics

Development of the dairy sector to reduce reliance on imports remains one of the main priorities of the Algerian government in line with its new agricultural renewal strategy. The Ministry of Agriculture has established several programs to expand herd size and productivity by expanding artificial insemination and embryo transfer use, expanding pasture areas, supporting heifer nurseries and importing pregnant heifers and dairy cattle and establishing better quality control in the dairy sector by 2014. These programs may provide good opportunities for U.S. exporters of dairy cattle, genetics and artificial insemination materials provided certification is agreed upon.

Processed fruits (Dried fruits, fruits and derivatives):

Demand for U.S. dried fruits is expected to continue growing as Algerian consumers appreciate U.S. quality. Algeria imported about 453,000 MT (\$391 million) of fruits and dried fruits in CY2012, which increased U.S. market share from 1 in CY2010 to 5 percent in CY 2012.

Frozen meat:

Algeria has opened its market to meat imports and could be a market for the United States if sanitary certificates are agreed upon. Because of BSE, Algeria has always imported beef from Brazil, Argentina, New Zealand, Uruguay, and Australia.

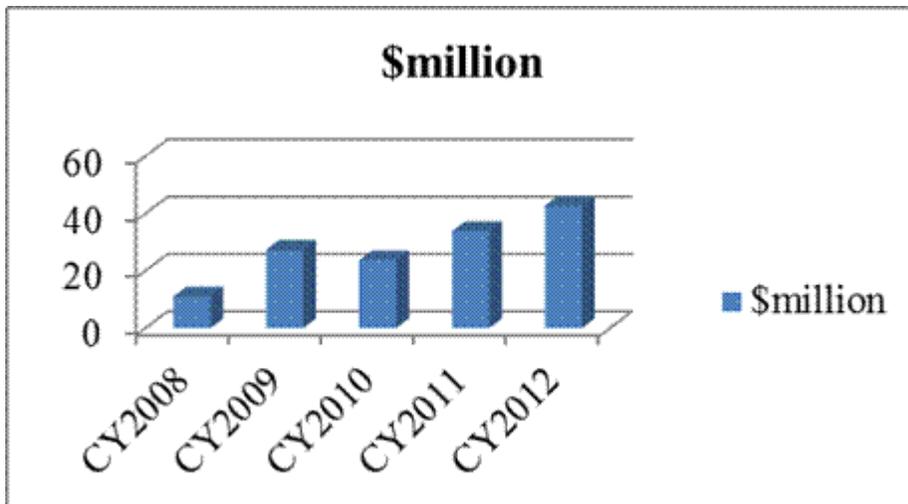
Cotton:

The textile sector is refreshing and needs supply in equipment and cotton. The largest textile industry group is looking for 15,000 MT cotton supply per year.

Tree nut

The United States maintains a strong market share in Algeria's total tree nut imports. Algeria imported on average \$33.4 million in tree nuts during that last five years and about \$42.8 million in CY2013. Standards and specifications are regulated by Ministry of Agriculture phytosanitary authority.

United States Exports of Tree Nuts to Algeria in Million Dollars

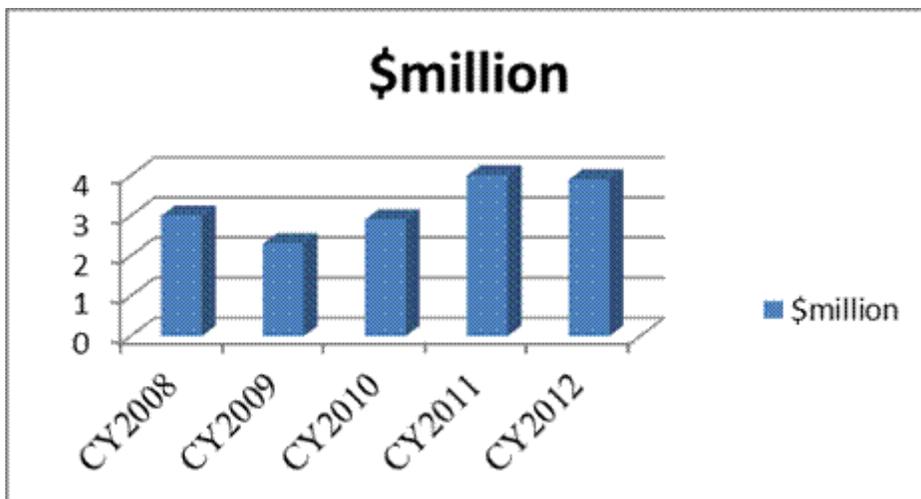


Source: U.S. Census Bureau Trade data

Planting Seeds

Good opportunities exist for U.S. planting seed exports. The United States exported on average \$3.2 million annually to Algeria during the past five years. Standards and specifications are regulated by Ministry of Agriculture phytosanitary authority.

United States Exports of Planting Seeds to Algeria in Million Dollars



Source: U.S. Census Bureau Trade data

BEST PROSPECTS FOR INVESTMENT

As Ministry of Agriculture has formally invited expressions of interest from investors, including foreigners to acquire stakes in pilot farms, some other sectors represent best prospects for investment;

-Dairy livestock and industry/ integrated complex / U.S. management expertise

The Ministry of Agriculture has established several programs to expand herd size and productivity by expanding artificial insemination and embryo transfer use, expanding pasture areas, supporting heifer nurseries and importing pregnant heifers and dairy cattle and establishing better quality control in the dairy sector by 2014. These programs also encouraged local dairy players to request and look for partnerships in developing integrated dairy complexes.

-Meat industry and derivatives (delicatessen and cooked meat, slaughterhouses)

-Food processing (Fruits, frozen vegetables and fruits, beverages)

-Packaging and Equipment for food processing industry

-Feed manufacturing and crushing plants.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

The Office of Agricultural Affairs at the American Embassy Algiers provides trade servicing and information about Algerian market. The service provided by the office includes market briefing, market tours, and lists of importers, setting up agendas, meetings and hotel reservations.

-Working days in Algeria are Sunday through Thursday.

-Typically Algerian administration working hours are 8:30-12:00 and 13:00pm-16:30pm.

- Algeria is on Greenwich Mean Time + 1.

-US Embassy Algiers and FAS Office working days and hours are Sunday through Thursday from 8:00 -12:00 and 13:00- 5:00 pm.

U.S. Embassy / USDA- Foreign Agricultural Service Contacts:

Local Address: 5, chemin Bachir Ibrahimi, El Biar, Alger, Algerie

Phone: (213-770) 08-2111/2112

Fax : (213-21) 60-75-84

E-mail: AgAlgiers@fas.usda.gov

U.S.Embassy Algiers, Algeria

Local Address: 5, chemin Bachir Ibrahimi, El Biar, Alger, Algerie

Phone: (213-770) 08-2000

Fax : (213-21) 60-73-35

Website: <http://algiers.usembassy.gov/>

Business: <http://algiers.usembassy.gov/business.html>

Ministry of Agriculture

Address: 12 Avenue Colonel Amirouche, Algiers

Phone: 213-23-50-32-38

Fax: 213-23-50-31-17

Website: <http://www.minagri.dz>

Ministry of Commerce

Address : Cité Zerhouni Mokhtar El Mohamadia (Ex : Les Bananiers)

Phone : 213-21-89-00-74/75...85

Fax : 213-21-89-00-34

E-mail : info@mincommerce.gov.dz
Website: www.mincommerce.gov.dz

Algerian Customs

Address: 19 rue du Docteur Saadane, Alger
Phone: 213-21-72-59-59
Fax: 213-21-72-59-75
Website: <http://www.douane.gov.dz/>

Other Websites Resources

U.S. Commercial Service in Algeria: <http://export.gov/algeria>
American Chamber of Commerce: <http://www.amcham-algeria.org>
U.S. Algeria Business Council: <http://www.us-algeria.org>
Algerian Chamber of Commerce and Industry: <http://www.caci.com.dz>
World Trade Center Algeria: <http://www.wtcalgeria.com>
The Official Gazette of the Republic of Algeria (Journal Officiel):
<http://www.joradp.dz/HFR/Index.htm>.

HOTELS:

Hotel El-Djazair (5 stars)
Avenue Soudani Boudjemaa- Algiers
Phone : (213-21) 69-21-21 or (213-21) 23-09-33 to 37
Fax : (213-21) 69-35-08
(213-21) 69-27-00

Hotel El-Aurassi (5 stars)
Avenue Frantz Fanon- Algiers
Phone : (213-21) 74-82-52
Fax : (213.21) 71-72-87 or (213-21) 71-72-90

Hotel Sheraton- Club des Pins; (5 stars)
Staoueli- Algiers
Phone : (213-21) 37-77-77 or (213-21) 37-88-88
Fax : (213-21) 37-74-10 or (213-21) 37-77-00

Hotel Hilton (5 stars)
Palais des Expositions - Algiers
Phone : (213-21) 21-96-96 or (213-21) 20-10-10
Fax : (213-21) 21-06-06 or (213-21) 21-95-74

Hotel Sofitel (5 stars)
Le Hamma Algiers
Phone : (213-21) 68-52-10
Fax : (213.21) 67-31-42

Hotel Mercure (5 stars)
BP 12- 5 Juillet, Bab Ezzouar- Algiers
Phone : (213-21) 24-59-70/ Fax : (213.21) 24-59-10/19

FOOD & AGRICULTURAL FAIRS:

DJAZAGRO: Held each year in April. This fair is the best to reach professionals in agribusiness and food processing and equipment.

AGRICULTURE FAIRS: Held every year during May for the Animal Health (SIPSA) and in November for the fruits and vegetables as well as equipment. These fairs features farmers, breeders, food processors, producers and importers, and all those who are directly linked to the profession (agriculture services, agriculture chambers, Institutes, etc.).

ALGIERS INTERNATIONAL TRADE FAIR: Held each year in June, it gathers a large number of foreign participants in Trade all sectors included. U.S. Algerian Business Council sponsors a U.S. pavilion each year.

HOLIDAYS:

Religious holidays follow the lunar calendar and thus move back 10 days every calendar year. Below are Algerian holidays for the calendar year 2014.

January 1, 2014	New year
January 15, 2014	Aid El Mawlid (Prophet's birthday)
May 1, 2014	Algerian Labor Day
July 5, 2014	Algerian Independence Day
November 01, 2014	Algerian Revolutionary day
July 31/Aug 01, 2014	Aid El Fitr (End of the holy month of Ramadan)
October 6/7, 2014	Aid El Adha (Muslim's feast of Sacrifice)

APPENDIX-STATISTICS

TABLE A. KEY TRADE & DEMOGRAPHIC INFORMATION

Total Population (2013)	38 million
Population Growth Rate (2012)	1.4 %
Percentage of Population under the Age of 15 (2012)	26.6 %
Literacy Rate total (2008)	77.4%
Literacy Rate Men/Women (2008)	84.1% - 70.6 %
Urban Population /total (2012)	73.8 %
Inflation rate consumer prices (2013)	5%
GDP Per capita (2012)	\$5,510
Unemployment rate (2012)	9.6%

Labor Force Participation Male/Female	71.9/15.0
GDP composition by sector:	
Agriculture	8.3%
Industry (including hydrocarbons)	61.5%
Services	30.2%
Labor Force (2010)	9.877 million
Average Exchange rate: \$1=1A.D. (2013)	78

TABLE B. CONSUMER FOOD & EDIBLE FISHERY PRODUCT IMPORTS
US Exports of Agriculture, fish, & Forestry Products to Algeria
CY 2009-2012 (In Thousands of Dollars)

US EXPORTS	2009	2010	2011	2012
Wheat	30.9	42.1	14.9	90.5
Soybean Oil	55.7	70.6	71.9	15.6
Corn and Coarse Grain	16.2	10.8	6.1	0.0
Dairy Products	25.5	5.7	0.2	24.7
Soybean Meal	0	0	7.4	8.7
Rice	2.1	5.7	0.8	3.0
Pulses	1.2	5.9	3.4	5.8
Planting Seed	2.3	2.9	4.0	3.9
Tree Nuts	27.4	23.7	33.8	42.8
All Others	12.6	17.9	28.2	25
TOTAL	173.9	185.3	170.7	220.0

Data Source: U.S. Census Bureau, Foreign Trade Statistics