

client alert

COMPETITION & INTERNATIONAL TRADE | ALGERIA

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EXTENSION OF IMPORT LICENCES

In its opinion No. 01/2017 of 31 March 2017, the Algerian Ministry of Trade announced the extension of the import licensing system to cover new industrial and agricultural products, after having announced earlier that the scope of the licensing system would be generalised to include all products intended for final consumption in Algeria (see statement of 21 March 2017).

The extension of the licensing system should be considered within the framework of a two-year on-going process, resulting in Algeria becoming more restrictive on imports.

As early as 2015, Law No. 15-15 of 15 July 2015 (the "**Law 15-15**"), which amends and adds to order No. 03-04 of 19 July 2003 (the "**Order 03-04**"), set in place a specific import licensing system. Executive decree No. 15-306 of 6 December 2015 sets out the application terms and conditions for the merchandise import and export licence 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 LICENCES

In accordance with the classification of the World Trade Organization, the abovementioned system distinguishes between two types of import licences that may be imposed on operators:

- **Automatic licences:** they 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 licences may be maintained as long as the reasons for their implementation still exist.
- **Non-automatic licences:** these licences are those that do not fall within the automatic licences definition. These licences shall not have trade-restrictive or distortive effects on imports or exports, which add to those caused by the imposition of the restriction.

Non-automatic licences are divided in two sub-categories:

- the **quota** by type of product, expressed as a percentage or absolute value;
- **contingent trade-protective measures**, applicable to certain types of product from a specific country.

THE AWARD CRITERIA OF LICENCES

The applications for non-automatic licences 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 licence 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 licences;
- when a quota or contingent is reserved for the so-called traditional operators, the traditional flow of trade is taken into account;
- 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 licence’s notice of initiation.

PRACTICAL APPLICATION OF IMPORT LICENCES

The import licensing system was first applied to certain food and agricultural products from the EU, as published in a list on 5 January 2016.

Thereafter, vehicles used for the transport of people, merchandise and tourism, cement and concrete reinforcing bars were subject to the quota-based non-automatic import licensing system by a notice from the Ministry of Trade dated 13 January 2016. This notice provided for a quota of 152,000 vehicles in 2016.

In a notice of 14 June 2016, the Ministry of Trade then also extended the scope of the system to the import of iron or non-alloy steel rods, and in a notice dated 11 March 2017 to bananas.

Finally, the latest notice of 31 March 2017 further extends the scope of the non-automatic import licensing system, which now concerns 21 products including wood, ceramics, apples, meat, poly-phosphates, etc. Cement is no longer included on the list. The 2017 quota and contingent application period runs from 1 to 15 April 2017.

Another extension of this system may be expected, as the Ministry of Trade has indicated that list of products subject to the licensing system *“may possibly be expanded to other products and contingents, in due course and in the same manner as previously”*.

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