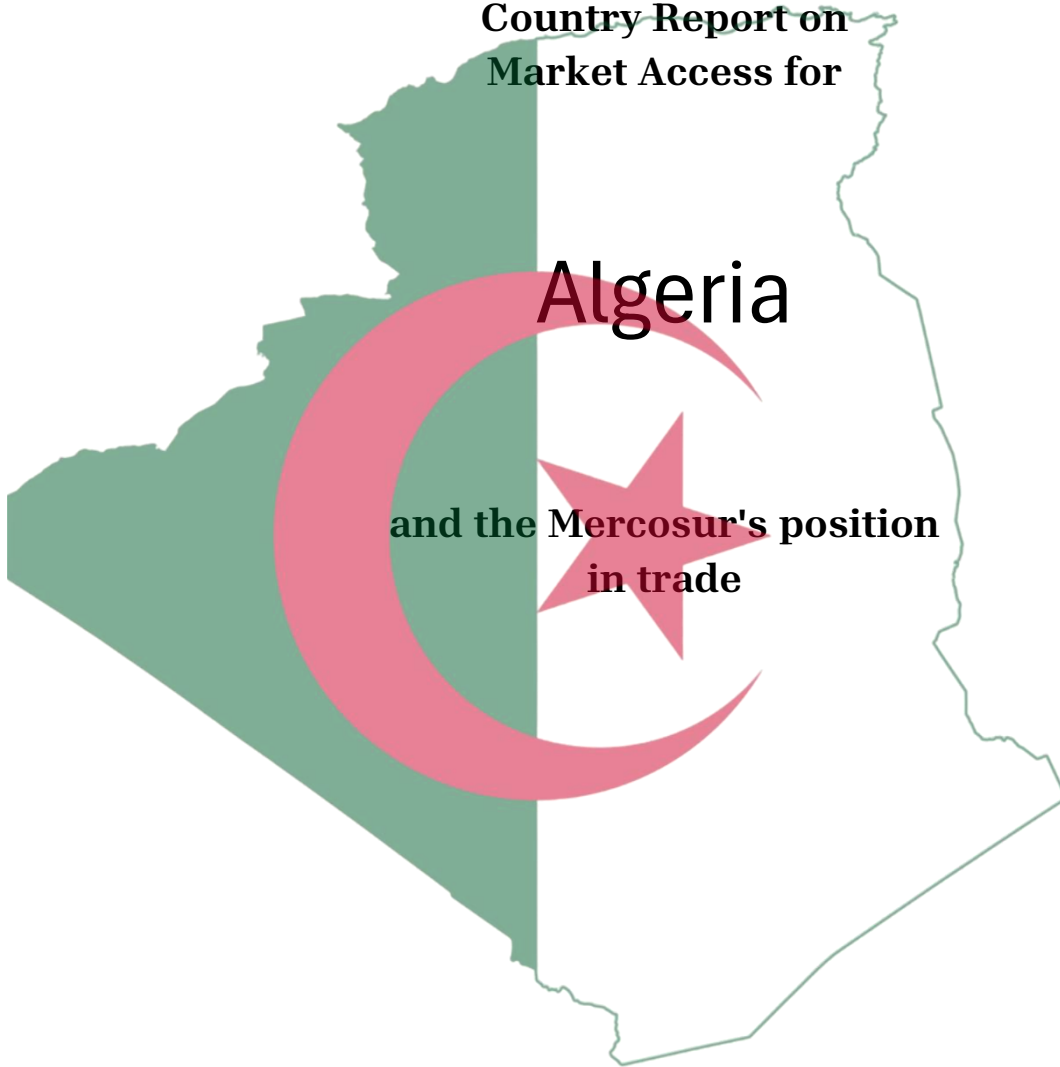


**Country Report on
Market Access for**

Algeria

**and the Mercosur's position
in trade**



GRUPO DE PAÍSES PRODUCTORES DEL SUR

GROUP OF PRODUCING COUNTRIES FROM THE SOUTHERN CONE

Updated on
Oct-24

Country report on Algeria

Summary



- With a GDP per capita that represents only 40% of the world average, Algeria exhibits a GDP growth rate that is double the global average. Although agriculture is the sector with the lowest added value, it accounts for more than 13% of the economy.
- Demand is projected to increase by 22% by 2050 compared to 2023 estimates, primarily driven by human consumption, with meat, vegetables, and fruits identified as the most important food items in the projections.
- On average, the country has a trade deficit in agricultural products both globally and with MERCOSUR. MERCOSUR is Algeria's main supplier of agricultural imports, with Argentina and Brazil being the largest exporters. Together representing over 94% of Algeria's total MERCOSUR's imports (agricultural and non-agricultural). Key agricultural imports include cereals—especially wheat—oilseeds, animal feed, as well as dairy and meat. The top ten imported products account for over 70% of the total, indicating a high import concentration.
- In recent years, the number of restrictive tariff measures has increased, with 69% of tariff lines ranging between 25% and 50%. Algeria is not a WTO member and has few free trade agreements, the most important is Algeria - European Union.
- In analyzing MERCOSUR's export potential, the most relevant products for Algeria are currently sourced from Argentina and Brazil, while Uruguay and Paraguay show greater growth opportunities. Argentina's main product at risk of export reduction is wheat, while for Brazil, it is milk and concentrated cream.
- A free trade agreement between MERCOSUR and Algeria could facilitate trade flows, which are currently impacted by high tariffs.

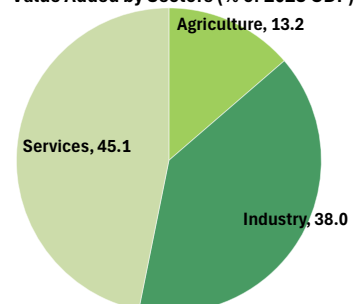
Population



Economy

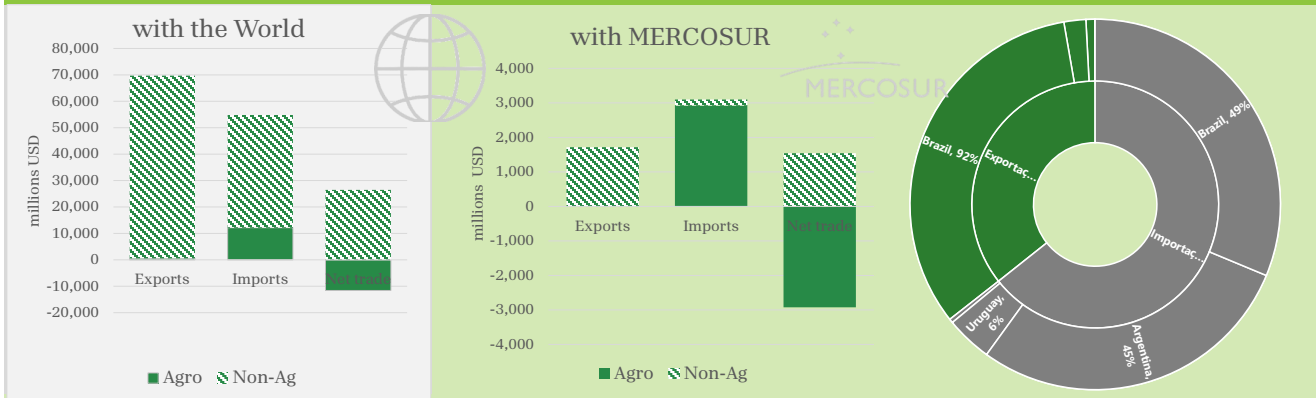
	Algeria	% of World
GDP (billions of USD 2023*)	239.9	0.23
	Algeria	World Avg.
GDP per capita (USD 2023*)	5,260.2	13,138.3
GDP growth (annual %)	4.1	2.7
Trade (% of GDP)**	46.2	62.6

Value Added by Sectors (% of 2023 GDP)



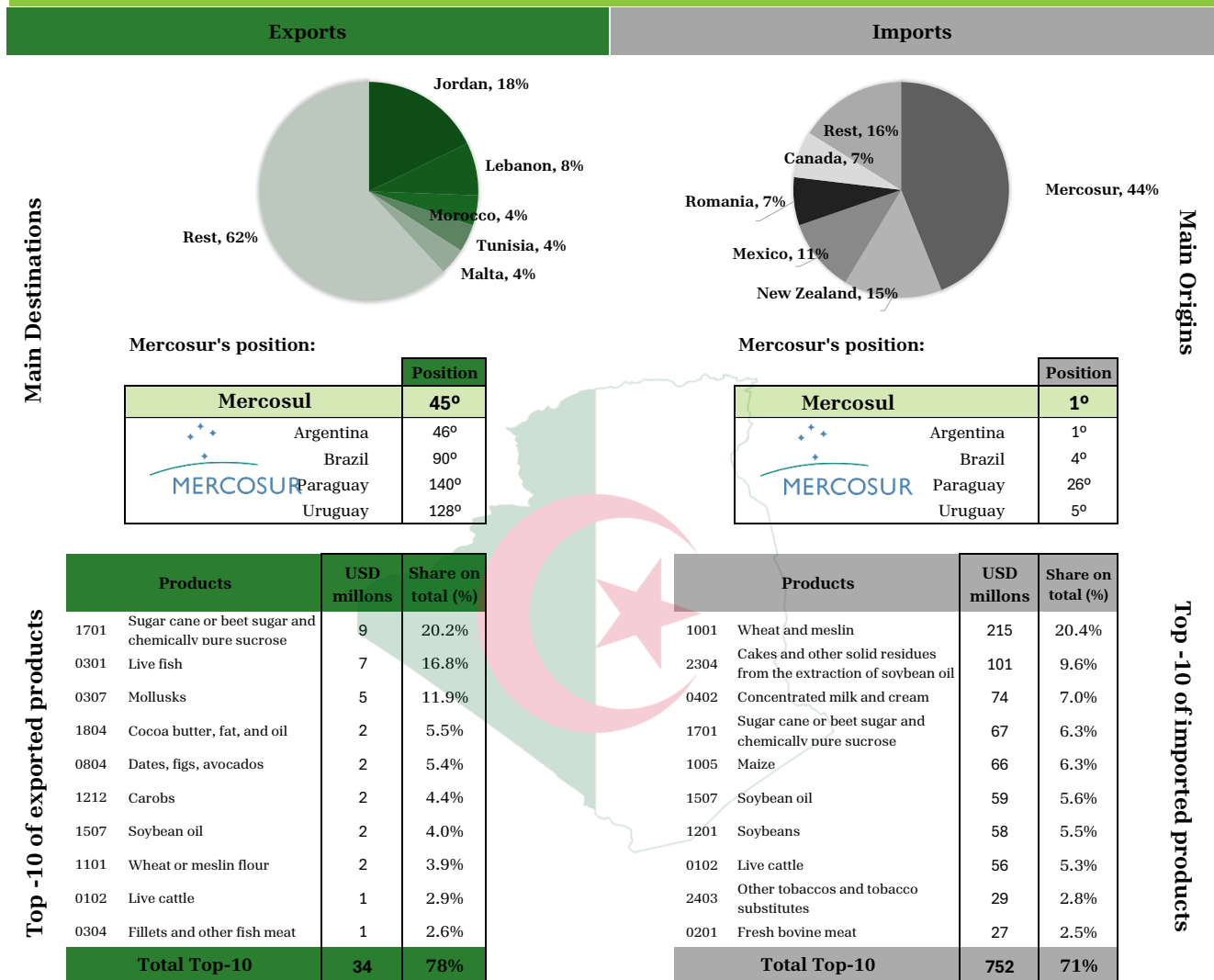
Notes: * in current USD for the year 2023 - latest available; ** Both exports and imports are measured as a proportion of GDP. Source: World Bank - WDI 2024

Average Trade 2018-2023 of Algeria



Algeria maintains a positive trade balance for non-agricultural products, while showing a deficit in agro-industrial goods. This trend is similarly observed in trade with MERCOSUR, where the overall trade balance is negative, with a deficit of approximately 1.382 billion USD due to agro-industrial trade. Brazil is the main supplier of Algerian imports from MERCOSUR (both agricultural and non-agricultural) and also the primary destination for Algeria's exports, representing 92% of Algeria's total exports to MERCOSUR, covering both product categories.

Agricultural average trade 2018-2023 of Algeria



Source: Compiled by GPPS based on Comtrade data (Avg 2018-23).

Algeria's trade relationship with MERCOSUR is primarily centered on imports, as MERCOSUR countries have a low share of Algeria's exports (0.34%). MERCOSUR stands as the main supplier for Algeria's imports, accounting for 44% of the total, mainly from Argentina. All of Algeria's top 10 imported products are sourced from MERCOSUR countries.

Tariff measures

WTO Tariff Profile

Tariffs and imports in total

Total	Total	Ag	Non-Ag	Not a member of the WTO	
Simple average final bound MFN applied	2022	18.9	23.7	18.1	
Simple average					Binding coverage: Total
Trade weighted average					Non-ag
Imports in billion US\$	Ag: Tariff quotas (in %)				
	Ag: Special safeguards (in %)				

Tariffs and imports in duty ranges

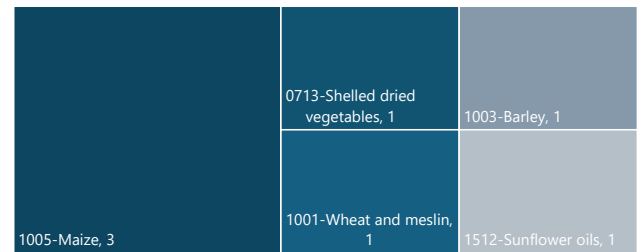
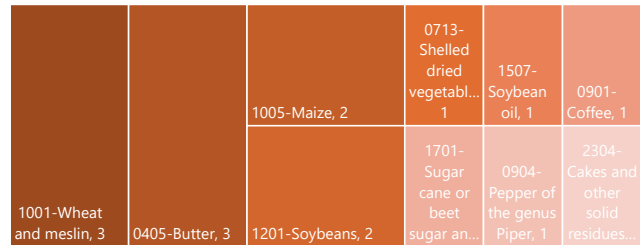
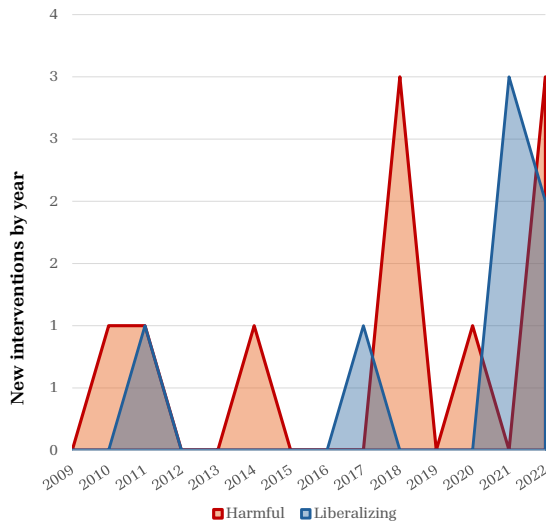
Frequency distribution	Duty-free	0 <= 5	5 <= 10	10 <= 15	15 <= 25	25 <= 50	50 <= 100	> 100	NAV in %
Agricultural products									
Final bound									
NMF applied	0.4	19.9	0	9.3	0	69.6	0.7	0	0
Imports									

Tariffs and imports by product groups

Product groups	Final bound duties			MFN applied duties			Imports		
	AVG	Duty-free in %	Max	Binding in %	AVG	Duty-free in %	Max	Share in %	Duty-free in %
Animal products					27.9	0	30		
Dairy products					22.7	0	30		
Fruit, vegetables, plants					25.9	0	60		
Coffee, tea					26.5	0	30		
Cereals & preparations					23.6	2.2	60		
Oilseeds, fats & oils					19.3	1	30		
Sugars and confectionery					23.8	0	30		
Beverages & tobacco					28.6	0	60		
Cotton					5	0	5		
Other agricultural products					18.2	0	30		
Fish & fish products					29.7	0	30		

Source: WTO Tariff profile of Algeria. URL: https://www.wto.org/spanish/res_s/publications_s/world_tariff_profiles23_s.htm

Non-tariff measures



Notes: Both graphs show the number of interventions. Source: Global Trade Alert. URL: <http://www.globaltradealert.org/>

Trade agreements

Participation in the WTO: Observer



Source: Extracted from WTO - <https://www.wto.org/>

Agreements in force

1. Algeria - EU
2. Global System of Trade Preferences among Developing Countries (SGPC)

Algeria's bilateral agricultural trade with MERCOSUR countries

This section presents the agricultural trade of the Algeria with each of the MERCOSUR countries. It provides insights into the main agricultural products traded between the Algeria and individual MERCOSUR countries, along with the average bilateral trade amounts (in current USD) from 2018 to 2023.

It highlights the heterogeneity of exports and imports among MERCOSUR countries; aggregating them hide the relative importance of trade with Paraguay and Uruguay, placing greater emphasis on Brazil and Argentina due to their significantly larger trade volumes.



Products from MERCOSUR countries with Potential-Threat in Algeria

Methodology

The **Potential (or Threat)** of exporting a product is analyzed for each of the MERCOSUR countries, considering products classified at the four-digit Harmonized System (HS04) level.

The analysis is conducted based on the calculation and interpretation of the Revealed Comparative Advantage (RCA) index following Lima & Álvarez (2008).

A product is considered to have export **Potential** if the exporting MERCOSUR country has a Revealed Comparative Advantage (RCA index ≥ 1) in its exports, **and the importing country also has a Revealed Comparative Advantage** (RCA index ≥ 1) in its imports of the same product, indicating export risks.

The data source used is WITS, and all values are averaged over 2018-2023.

Analysis by MERCOSUR country

Product	Have:	Argentine exports to		Algeria relevance on Argentine exports	Algeria imports from World (USD millions)	Argentine relevance on Algeria's total imports (in %)
		Algeria (USD millions)	World (USD millions)			
1005 Maize	Potential	597.5	6,464	9.2%	858.5	69.6%
0402 Concentrated milk and cream		224.4	455	49.3%	1,611.1	13.9%
0713 Shelled dried vegetables		29.4	573	5.1%	201.2	14.6%
1001 Wheat and meslin	Threat	96.3	2,719.2	3.5%	3,304	2.9%

Only three products have been identified with potential to expand Argentina's trade with Algeria. In all cases, Argentina already has a relatively high share in Algeria's imports for these products. While there could be a slight increase in items such as milk, cream, and vegetables, it is possible that Algeria may not find it desirable to rely further on a single source.

Only one product, wheat (and mixed grains), was flagged with potential trade reduction risks with Algeria; however, the relative importance of this destination for Argentina remains low.

Product	Have:	Brazilian exports to		Algeria relevance on Brazilian exports	Algeria imports from World (USD millions)	Brazil's relevance on Algeria's total imports (in %)
		Algeria (USD millions)	World (USD millions)			
1005 Maize	Potential	192.3	7,611.0	2.5%	858.5	22.4%
1202 Peanuts		50.2	306.1	16.4%	73.9	68.0%
1507 Soybean oil		92.2	1,294.0	7.1%	764.6	12.1%
1701 Sugar cane or beet sugar and chemically pure sucrose		743.5	7,331.6	10.1%	747.0	99.5%
0201 Fresh bovine meat		23.4	1,033.3	2.3%	84.9	27.5%
0402 Concentrated milk and cream	Threat	6.6	24.2	27.3%	1,611.1	0.41%
0713 Shelled dried vegetables		1.8	107.3	1.7%	201.2	0.89%



In all the products where Brazil has the potential to expand its market with Algeria, it already holds a relatively high share of total imports in each of these specific markets. An increase in this share would create greater dependency for Algeria on imports from Brazil, thereby reducing the potential for growth.

Of the two products facing threats of decreased exports to Brazil, milk and concentrated cream warrant closer attention and monitoring, as they are significant destinations for Brazil. Furthermore, since they do not constitute a major source for Algeria in terms of total imports, they are more likely to be substituted.

Product	Have:	Paraguayan exports to		Algeria relevance on Paraguayan exports	Algeria imports from World (USD millions)	Paraguay's relevance on Algeria's total imports (in %)
		Algeria (USD millions)	World (USD millions)			
1005 Maize	Potential	4.39	637.63	0.7%	858	0.5%
1108 Starch and starch		0.11	35.98	0.3%	10	1.2%
1507 Soybean oil		8.35	240.04	3.5%	765	1.1%
2304 Cakes and other solid residues from the extraction of soybe		3.91	1,213.77	0.3%	270	1.5%

All the products identified with the potential for increased exports, due to their relatively low significance in Algeria's imports, could have a better chance of growth. Additionally, the low participation in Paraguay's exports provides greater interest in this increase.

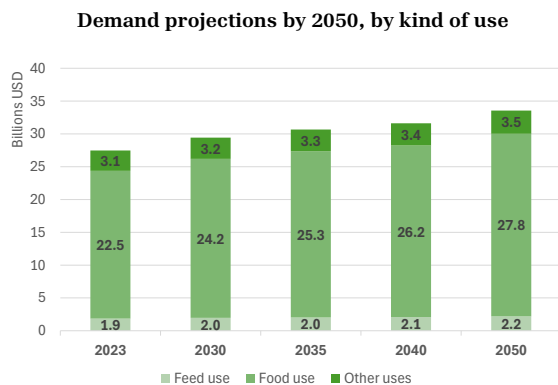
No products were found to have a risk of decreasing exports from Paraguay, which is a result of the low level of trade relations existing between the two countries.

Product	Have:	Uruguayan exports to		Algeria relevance on Uruguayan exports	Algeria imports from World (USD millions)	Uruguay's relevance on Algeria's total imports (in %)
		Algeria (USD millions)	World (USD millions)			
0402 Concentrated milk and cream	Potential	185.0	301.9	61%	1,611	11.5%
0405 Butter		1.3	52.5	2%	36	3.5%
1001 Wheat and meslin	Threat	5.3	99.8	5.3%	3,304	0.2%
1805 Unsweetened cocoa powder or other sweetener		0.1	14.7	0.3%	72	0.1%
0303 Frozen fish		0.1	74.9	0.1%	14	0.5%

The two products with potential for increased exports from Uruguay to Algeria belong to the dairy sector. Of these, only butter would have better chances, as Uruguay has a low share in Algeria's total imports. In the case of milk and cream, Algeria is already a relatively important destination for Uruguay, so increasing this share would not be advisable due to the risk of concentration.

Among the three products at risk of declining exports from Uruguay, wheat is the most significant, given that Algeria represents 5% of the total exported by Uruguay.

Food demand projections from Algeria



Changes in Food Demand

2050 vs 2023

+22%

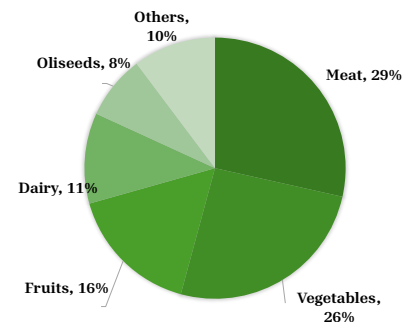
2040 vs 2023

+15%

2030 vs 2023

+7%

Share of Food Categories in Average Projections 2030-2050



Source: FAO- Food and agriculture projections to 2050- Country Data Market

A projected increase in food demand in Algeria is estimated at around 7% by 2030 and 22% by 2050. The primary use in the food demand projections is human consumption, which is expected to rise by nearly 25% between 2023 and 2050. In all projections, the largest share belongs to products intended for human consumption, while the smallest share is from products used for animal feed.

Regarding the composition of products in the projections, meats, vegetables, and fruits carry the most weight (71%), representing an opportunity for the region, as it is already a significant exporter, especially in meats.

Conclusions

Algeria is a country with a market consisting of nearly 46 million people and a negative population growth rate of 1.6%, which is 73% higher than the global average. Its per capita GDP represents only 40% of the world average, yet its economic growth is 52% higher. Trade plays an important role in its economy but accounts for no more than 47% of its total GDP value.

Argentina, Brazil, and Uruguay are some of Algeria's main trading partners in the import of agri-food products, with Argentina leading in this regard, followed in importance by New Zealand and Mexico. Algeria's imports have a high concentration of origin, with the top three source countries accounting for 70% of total imports.

The top 10 imported products make up 71% of the total, with an average value of USD 752 million. MERCOSUR exports all major products, primarily wheat, animal feed products, and dairy. Generally, tariffs are higher on agricultural products than in other sectors, although the difference is not particularly significant.

On the other hand, Algeria is not a member of the WTO, and nearly 70% of tariff lines are between 25% and 50%. All agricultural products have tariffs higher than 18%, except for cotton. Among the most exported products by MERCOSUR, meats carry the highest tariffs, averaging 27.9% under MFN terms.

Regarding MERCOSUR's exports to Algeria, there is a high concentration by product, with the top two products accounting for more than 65% of the total exported, on average, by each country. Uruguay has the highest concentration, with milk and concentrated cream representing 96% of its exports to Algeria. Argentina has the lowest concentration of product exports among MERCOSUR countries.

Significant growth in demand in Algeria is expected, primarily for human consumption food. The competitiveness analysis based on Revealed Comparative Advantages indicates that there will be potential for an increase in exports, both from MERCOSUR and Algeria.

However, the list of exportable products for MERCOSUR countries is not extensive, mainly consisting of cereals, soy complex products, and meats, with dairy products for Uruguay. It is believed that products with relatively low market share in Algeria have higher chances of increasing their exports. Conversely, increasing dependence on products with high market share does not seem strategic, as it would raise risks for MERCOSUR countries.

Considering the high tariffs imposed on agricultural products in general and on the current and potential products in MERCOSUR's export basket, a complementary agreement with Algeria could facilitate trade flows, especially in cereals and oilseeds, but mainly in meats, products that have good demand projections in the country.

Additionally, it would allow for greater diversification in MERCOSUR's export basket, considering the competitiveness gains that would be achieved by reducing the current tariff levels affecting MERCOSUR's exports.



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