

Basic data

- 34.5 million inhabitants in 2008, 30% under 15 years (average age: 25.5)
- GDP per capita in 2008: \$US 4,041 (\$US 8,649 in purchasing power parity)
- Main cities: Alger (4.9 million inhabitants), Oran (1.1 million), Constantine (810,000), Annaba (580,000 inhabitants)
- Languages: Arabic, Berber (Tamazight), French
- Climate: temperate along the coast, hot and dry in the South

Algeria in 2009 means

- An emerging market of 35 million consumers, just one hour from Marseille by air. A strategic outlet for European businesses: \$US 41 billion imports forecast for 2009
- A far healthier macro-economic situation: reduced external debt, sustained economic growth considerable increase in purchasing power of households
- As in 2007, the country is continuing apace its policy of large undertakings, with the help of the explosion in the price of crude oil. Public investments should, however, be revised downwards in 2009, under the effect of the brutal drop in the price of oil
- Despite confusing messages, the economy is slowly but surely opening up to the market economy and becoming attractive for foreign direct investment (nearly 434 projects between 2003 and 2008)

Sources: MAE, Coface, UbiFrance, International Monetary Fund, CIA World Fact Book, ANIMA-MIPO

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Useful links

- Algerian Government www.cg.gov.dz
- Algerian Ministry of Finance www.finance-algeria.org
- Ministry of Participation and Investment Promotion www.mppi.dz
- National Investment Development Agency www.andi.dz
- Ministry of Energy and Mines www.mem-algeria.org
- Bank of Algeria www.bank-of-algeria.dz
- A business portal www.business-dz.com
- ANIMA, Invest in the Mediterranean www.anima.coop
- French Economic Mission in Algeria www.missioneco.org/algerie
- News www.econostrum.info, www.algerie-dz.com, www.algerieonline.com



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Algeria

Algeria, an Eldorado for foreign exporters

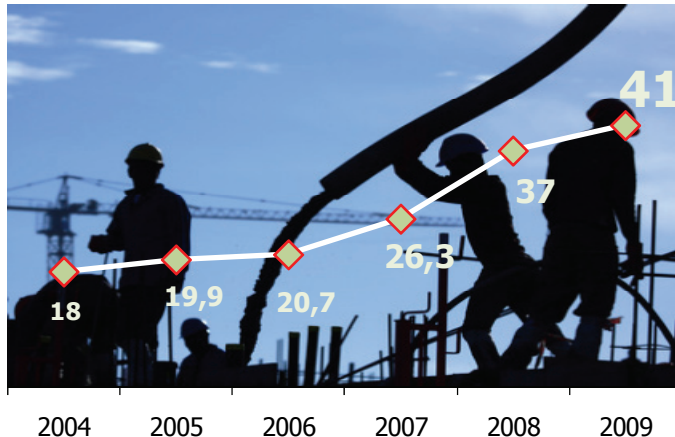
In 2007, imports amounted to

- \$US10 billion in capital equipment (21% of which for passenger and goods transport vehicles)
- \$US 8.5 billion of goods destined for the operation of production equipment (25 % for pipe-work and iron and steel bars)
- \$US 4.8 billion of food products (60% of which cereal and dairy products)
- \$US 4 billion of non-food consumer goods (\$US 1.38 billion of pharmaceutical products)

Source: Algerian Finance Ministry

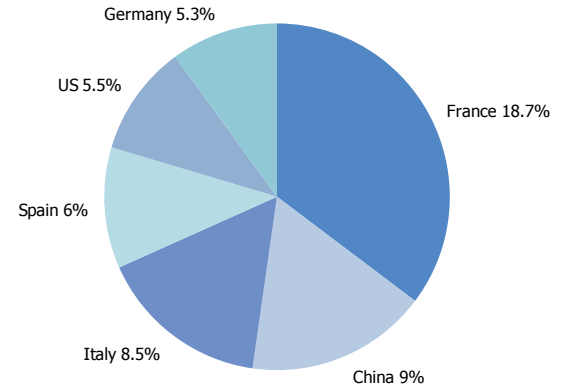
Ever growing imports

In US\$ billion (Source: Coface)



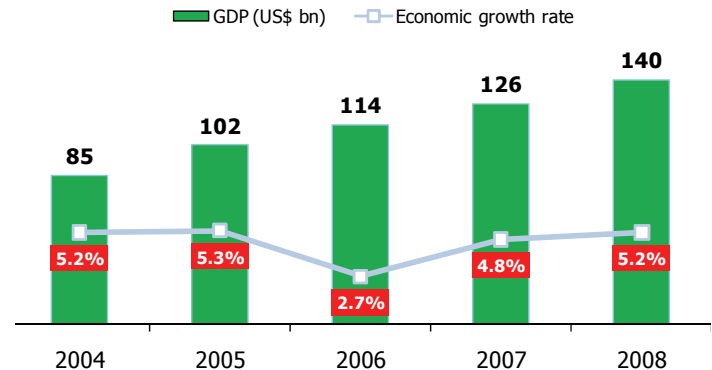
Algeria's imports focus mainly on consumer goods

Imports 2007: US\$ 26.3bn (Source: CIA World Fact Book, Coface)



Favourable economic indicators!

(Source: FMI)



Business climate: new challenges in sight!

Source : *Doing Business 2009, World Bank*

Doing Business Ranking 2009 : 132nd

		Algeria	Region	OECD
Starting a Business	Number of procedures to start a business	14	8.4	5.8
	Number of days to create a business	24	23.5	13.4
Dealing With Licenses	Number of procedures to obtain a permit	22	19.3	15.4
	Number of days to obtain a permit	240	186.6	161.5
Employing Workers	Difficulty of firing index	40	31.6	26.3
	Firing costs (weeks of wages)	17	53.6	25.8
Registering Property	Procedures (number)	14	6.4	4.7
	Duration (days)	51	37.4	30.3
	Cost (% of property value)	7.5	5.9	4.7
Trading Across Borders	Documents for export (number)	8	6.5	4.5
	Time for export (days)	17	23.3	10.7
	Cost to export (US\$ per container)	1,248	1,024	1,069
	Cost to import (US\$ per container)	1,428	1,20	1,132
Enforcing Contracts	Procedures (number)	47	43.7	30.8
	Duration (days)	630	688.8	462.7

The challenges

- An economy excessively dependent on energy (95% of exports)
- An unemployment rate of around 35% (affecting above all young people)
- Insufficient financing mechanisms for businesses and lack of transparency of the financial and banking system
- Difficulties of access to land (plots, procedures, urban sites)
- Despite the progress underway, a large deficit in terms of infrastructure
- Hardly profitable public enterprises, often with a plethora of personnel
- Immense but under-exploited agricultural and tourist potential

Infrastructure: heading into the future!

Algeria is willing to modernise its infrastructure through the implementation of the Growth Consolidation Plan (\$US 140 billion of public investment over 5 years). The country is counting upon its foreign suppliers for this ambitious programme of projects in several sectors. Here a few examples:

Urbanism

- Completion of the mega construction site of Sidi Abdallah new town
- Creation of Bouinan new town for \$US 3.2 billion
- Construction of 150,000 new dwellings per annum between 2008 and 2016

Transport and Public Works

- Construction starting in 2009 of the large East-West motorway linking Morocco to Tunisia for \$US11 billion
- Start of the Grands Plateaux motorway which will link the coast to the Sahara at a cost of 8 billion Euros
- Great 2025 Plan for the renewal of the railway network for \$US18.8 billion
- Delegation of the management of the port and airport installations to foreign groups (ports of Alger and Djen Djen to DP World)

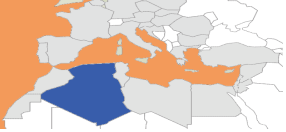
Tourism, a virgin sector where all remains to be done...

- Government objective to attract nearly 25 million tourists per annum in 2025; accommodation capacity increased from 92,000 to 190,000 beds between now and 2013
- State-owned hotels to be sold off
- Development of Saharan tourism, etc.

Coface rating = A4

www.coface.fr

«A number of economic and financial uncertainties and an occasionally difficult business environment are likely to affect payment behaviour. The average company default probability is rather high. »



Some business opportunities in 2008 *(Source: ANIMA-MIPO)*

- The State is selling off more than 100 public enterprises
- After the port of Skikda, the government intends to delegate the management of other port installations such as Oran, Mostaganem or Annaba to the private sector
- The State is launching a call for interest in the management of the Ghazaouet logistics hub
- Great 2025 Plan for the renovation of the railways at a cost of \$US 18.8 billion
- Insurance: new regulations are opening the insurance market to foreign operators

Export contracts: some success stories

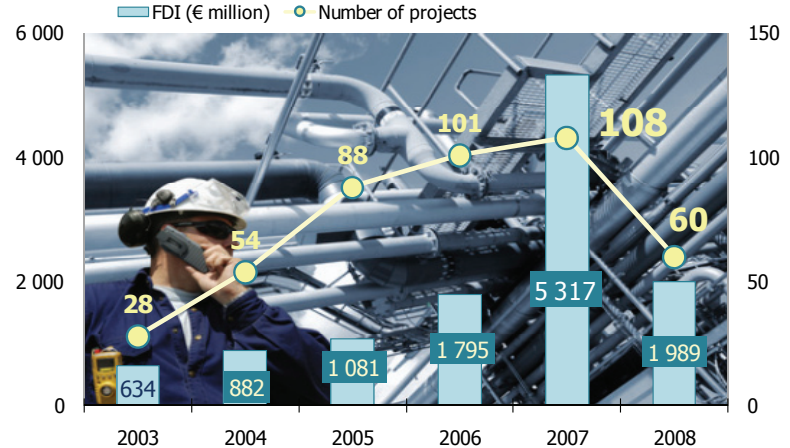
- Thalès has carried off a 268.5 million Euros contract to modernise the Algerian railways
- An international consortium has won a 450 million Euro contract to modernise the Thénia-Tizi Ouzou railway line
- The French company Aéroports de Paris is to manage Alger international airport
- The Franco-Canadian grouping SNC Lavalin-Ondéo Degrémont Services has been awarded the project for the supply of water to the city of Alger from the Taksebt Dam for €500 million

Some SMEs and large French companies present in Algeria...

Francis Lefebvre, Mediaco, Saint-Gobain, Speedy, Air Liquide, PhoneControl, Trévisé-MLI, BCT Demolition, Gofast/Aigle Azur, Viveo, SCE, Extenzo, BNP Paribas, Total, Eurocrystal, MC3-logistic, Cetelec, Diagram, Castel, Laboratoires Pierre Fabre, Chronopost, Suez, Netconseil, Société Générale, Amec Spie, Latal, Sagebat, Sogreah, Promosalons, BioMérieux, Pigier, La Poste, Europcar, Danone, Neuf Cegetel, ALD Automotive, etc.

Continued growth in FDI, but Algeria can do better!

Sources: ANIMA-MIPO



Significant FDI¹ between 2003 and 2009 *Source : www.anima.coop*

Company	Amount	Project
Moubadala + Dubai (UAE)	3.5bn US\$	Aluminum smelter project with Sonatrach and Sonelgaz
Jelmoli (Switzerland)	58m US\$	Creation of a commercial centre in Algiers
ASEC Cement (Egypt)	550m US\$	New cement plant in the Djelfa region
Al Ezz (Egypt)	1.25bn US\$	Creation of a steel factory in the wilaya of Jijel
Wataniya (Kuwait)	421m US\$	Kuwait-based company wins Algeria's third mobile phone license
Orascom (Egypt)	1.1bn US\$	Orascom wins Algeria's third mobile phone license
Total (France)	1.5bn US\$	Creation of a petrochemical complex in Arzew
Savola (Saudi Arabia)	140m US\$	Construction of a sugar refinery near Oran
CMA-CGM (France)	160m US\$	Harbour infrastructures in Alger, Oran and Djidjel

¹ FDI= Foreign Direct Investment



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