



Basic Data

- 35.7 million inhabitants in 2010, 25% of whom less than 14 years of age (average age: 27)
- GDP per capita in 2009: 4,029 \$US
- Main Algerian cities: Alger, Oran, Constantine, Annaba
- Languages: Arabic, Berber (Tamazight), French
- Climate: temperate along the coast, hot and dry to the South
- Currency: dinar (1 DZD = 0,010430 €)
- Rating: Coface Note = A4

Algeria in 2011 means:

- A large attractive market of nearly 36 million consumers just 1 hour by plane from Marseille
- Economic and financial stability and a reduced external debt: the explosion of oil prices and careful management of the large balances have enabled Algeria to build up foreign currency reserves of 107 billion €uro
- A growth rate estimated at 3.5 % in 2011, likely to reach 3.6 % between 2012 and 2014
- Important industrial requirements which favour business partnerships with foreign investors: automobile, health, agro-foods, petrochemicals, etc.
- An exceptional tourist and environmental heritage whose potential remains under-exploited
- Large development programmes (transport infrastructures, petrochemicals, renewable energies, industrial hubs, etc.) aiming at a diversification of the economy

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

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Useful links

- Algerian government www.cq.gov.dz
- Ministry of investment participation and promotion www.mipi.dz
- National Investment Development Agency www.andi.dz
- External Bank of Algeria www.bea.dz
- Algerian Chamber of Commerce Industry CACI www.caci.com.dz
- Delegation of the European Union in Algeria: www.deldza.ec.europa.eu
- ANIMA Investment Network www.anima.coop
- Invest in Med www.invest-in-med.eu
- Tout sur l'Algérie www.tsa-algerie.com
- Forum des Chefs d'Entreprise www.fce-dz.org

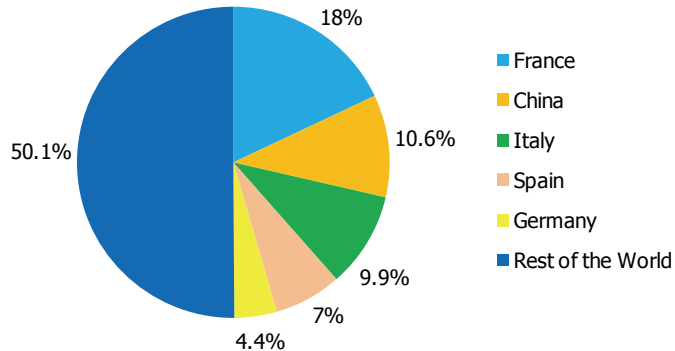




Algeria

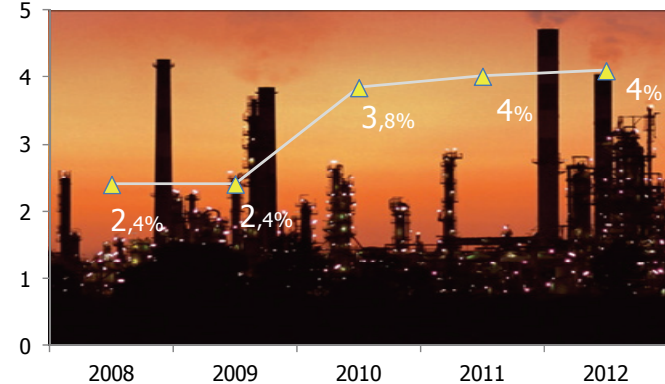
Imports: Europe remains the leading supplier

Imports 2010: US\$ 38.38 Bn
 (Source: CIA World Fact Book 2011)



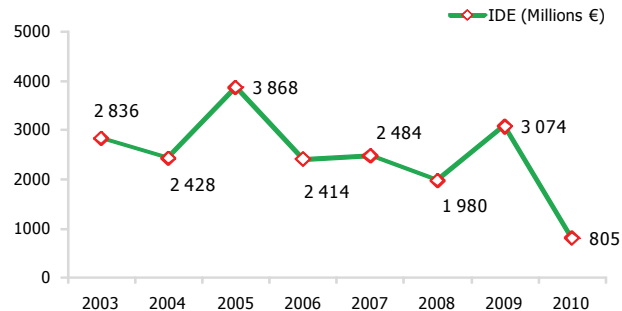
Growth driven by hydrocarbons

GDP growth rate (Source : COFACE)



FDI¹: unstable business climate causing investor caution since 2009

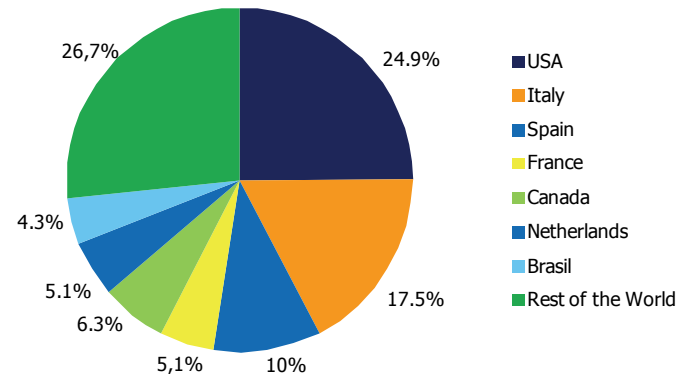
In millions € (Source ANIMA-MIPO)



¹ FDI= Foreign Direct Investment

Exports: United States, leading Algerian customer

Exports 2010: US\$ 57.2 Bn
 (Source: CIA World Fact Book 2011)



Algeria

Business Climate: Algeria wants to promote partnerships between local and foreign entrepreneurs

Doing Business Classification 2012 : 148th

		Algeria	Region	OECD
Starting a Business	Procedures (numbers)	14	8	5
	Time (days)	25	20	13
Dealing with Construction Permits	Procedures (numbers)	19	16	14
	Time (days)	281	141	152
Registering Property	Procedures (numbers)	10	6	5
	Time (days)	48	34	31
	Cost (% of property value)	7,1%	5,8%	4,4%
Trading Across Borders	Documents to export (number)	8	6	4
	Time to export (days)	17	20	11
	Cost to export (US\$ per container)	1 248	1 057	1 032
	Cost to import (US\$ per container)	1 318	1 238	1 085
Enforcing Contracts	Procedures (numbers)	45	44	31
	Time (days)	630	658	518

Invest in Algeria: the *new* rules of the game

Do the new regulations concerning FDI discourage foreign investors? The Complementary Finance Law 2009 did indeed introduce several measures likely to restrictive shareholdings:

- Preference for **national entrepreneurship** (minimum of 51% Algerian participation in productive businesses and 30% in import companies) ;
- State pre-emption right when **Algerian assets are sold** by foreign investors;
- Recourse to **local financing** for all investments.

Do these reforms indicate a return to the centralised economy of the 1970s and 80s? For a good number of observers, this is seen rather as a pause in the liberalisation process of the economy. Indeed, recourse to a local partner is very often seen by foreign operators as a **factor for success**, since the local partner provides the shareholder with a better understanding of the markets and a strong commitment.

Doing business in Algeria: some business opportunities in 2011

- Algeria is to devote € 32 billion to public works over 5 years
- The 2010-2014 public investment programme (representing around \$US 285 billion) is intended for the development and modernisation of national infrastructures: water, electricity, transport, Building Public Works, training, energy, etc.
- Several business parks should be created in twenty or so wilayas under the supervision of the ANIREF: 145 hectares have already been earmarked to industrial developers in 2010
- The 2010 Complementary Finance Law provides for VAT exonerations for the supply of fixed internet access and the creation of new web sites
- Launch of a national and international call for tenders to develop and enhance 33 fishing ports
- The National Mining Heritage Agency is granting 36 mining concessions
- Hydrocarbons: \$US 57 billion will be devoted to the 2011—2015 investment programme
- The National Institute of Industrial Property (INAPI) is making available a fund to assist inventors as well as Algerian promoters of innovative projects
- ANDI is introducing a partnership clearing house to favour the development of joint-ventures with local industries





Energy: going from black gold to green gold

2011 will be the year of the large projects in the renewable energy sector:

- A budget of \$US 120 billion will be released to favour the production electricity using what are referred to as alternatives energies between now and 2020.
- The Euro-Mediterranean project DESERTEC, backed by several private companies based in Europe, the Middle East and North Africa, hopes to raise 400 billion Euro to create a vast network of wind turbine and solar installations in North Africa and the Middle East over the coming 40 years (aim: to provide 15 % of the electricity consumption of 'Europe).
- In 2010, the country inaugurated an Algerian Institute of Renewable Energies at Hassi R'mel so as to train several hundred Algerian experts specialising in solar and wind turbine engineering as well as techniques for exploiting biogas.
- Success story: at the beginning of 2011, the German firm Centrotherm carried off the 300 million Euro call for tender to build a plant to manufacture photovoltaic panels in the Rouiba business park, for the account of the public group Sonelgaz.

Health: Algeria opening up to foreign know-how

The Algerian health market is growing strongly: currently estimated to be worth 2.5 billion dollars, it will weigh in at 3 billion dollars by 2013. A large number of foreign investors are beginning to make their presence felt:

- In 2011, the French company Sanofi-Aventis started a project for the construction of a plant and a logistics centre at Sidi Abdellah, in the wilaya of Algiers. 133 young graduates will be employed here.
- In 2010, the Danish laboratory Novo Nordisk increased the production capacity of its Tizi Ouzou plant, which produces anti-diabetes medicines which are sold in Algeria and abroad
- In 2009, the Palestinian laboratory, Jerusalem Pharmaceutical created a production unit for medical gases and medicines, in partnership with Central Pharmacy of the Hospitals of Algiers
- Pfizer, the American pharmaceutical industry giant, bought out the 30% stake of the public corporation Soidal in their JV Pfizer Soidal Manufacturing



Examples of business partnerships announced in Algeria since 2009 *Source: www.anima.coop*

Entreprise	Projet
Danem (France)	Accord de partenariat avec la SSII Algeo-Fleet (2010)
Deceuninck (Belgique)	Partenariat avec l'algérien Moderne PVC pour l'assemblage et la pose de ses produits (2009)
Tunisie Porcelaine (Tunisie)	Le fabricant de céramique crée une filiale commerciale (2009)
HSBC (UK)	Le groupe bancaire ouvre une seconde agence locale à Alger (2010)
Buderus (Autriche)	Le fabricant de conduites choisit l'algérien Wogapit comme son représentant (2009)
Caixa (Espagne)	Le groupe bancaire prévoit l'ouverture d'un bureau de représentation en Algérie (2009)
Petrovietnam	Le groupe forme avec PTTEP Algeria et le local Sonatrach la JV Bir Seba Group (2009)
Afflelou (France)	L'opticien ouvre sa première boutique grâce à son franchisé local Mansel Distribution (2010)
Pano Boutique (France)	L'enseigne publicitaire ouvre une agence à Tizi Ouzou avec un partenaire local (2010)
Sajpa (Iran)	Le constructeur automobile ouvre une unité de montage avec son partenaire Farnoval (2009)

SMEs: an ambitious policy to diversify the economy

Despite a still poorly developed entrepreneurial spirit, compared with its neighbours, Algeria today has more than 600,000 SME-SMIs. According to the Industry Ministry, no fewer than 380 billion dinars (3.8 billion Euro) are to be release between 2011 and 2014 in favour of the creation and the development of Algerian businesses. This aid is intended to benefit those Algerian SMEs who intend to boost their capacities of management and organisation, or improve the quality of their products.

