



Doing Business in Algeria: A Country Commercial Guide for U.S. Companies

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- [Chapter 1: Doing Business in Algeria](#)
- [Chapter 2: Political and Economic Environment](#)
- [Chapter 3: Selling U.S. Products and Services](#)
- [Chapter 4: Leading Sectors for U.S. Export and Investment](#)
- [Chapter 5: Trade Regulations and Standards](#)
- [Chapter 6: Investment Climate](#)
- [Chapter 7: Trade and Project Financing](#)
- [Chapter 8: Business Travel](#)
- [Chapter 9: Contacts, Market Research and Trade Events](#)
- [Chapter 10: Guide to Our Services](#)

[Return to table of contents](#)

Chapter 1: Doing Business in Algeria

- [Market Overview](#)
- [Market Challenges](#)
- [Market Opportunities](#)
- [Market Entry Strategy](#)

Market Overview

[Return to top](#)

Key Economic Indicators

- A summary of the most recent data is available at <http://www.state.gov/r/pa/ei/bgn/>.
- The Algerian National Statistics Office (Office National des Des Statistiques, ONS) has published data on their Web site, <http://www.ons.dz/>, although the last update was in 2002.
- Nominal GDP (2005 est.): \$102 billion¹, 2006 (f): \$116 billion.
- GDP growth rate (2005): 5.1 percent, 2006 (f) 4.9 percent
- Per capita real GDP (2005 est.): \$6,600.
- Per capita income (2005): \$3,255
- Inflation (2005): 2.7 percent, 2006 (f) 5 percent
- Budget (2005 est.): Algeria expects a budget surplus in 2005 of \$11 billion. Revenues--\$36.3 billion; expenditures--\$25.1 billion, including capital expenditures of \$8.8 billion.
- Reserves end of 2006 est.: \$80 billion
- Debt (external, end of 2006): \$4 billion following Algeria's early repayment of its \$8.5 billion Paris Club debt and 1.6 million London Club debt.

Political Situation

- President Bouteflika was re-elected April 8, 2004 from among six candidates in an election which was generally transparent and in which the military remained neutral.
- Bouteflika was re-elected in the first round of the election with 85 percent of the vote. Just over 58 percent of Algerians eligible to vote participated.
- The election victory has given way to a period of political stability, which together with government advances in the domestic fight against terrorism, enabled Algeria to continue its program of economic modernization and reform.
- Parliamentary elections are scheduled for May 2007, with local elections to follow on an unspecified date later in the year. The next presidential election will be in

¹ Source: JPMorgan, IMF, World Bank, Algerian CNIS

2009 unless that date is changed by possible amendments to the current constitution).

Economic Situation

- The economic reform program will increase opportunities for U.S. businesses in many sectors such as agricultural exports, banking, hydrocarbons, healthcare, housing, infrastructure, services, water management and sanitation. (A more exhaustive list appears below.)
- The government is renewing its five-year-old push for the privatization of state-owned enterprises in almost a dozen sectors, a process governed by the Ministry of Participation and the Promotion of Investments (Ministere de la Participation et de la Promotion d'Investissements, MPPI). For more information about MPPI, visit <http://www.mdppi.dz/>
- Algeria has made efforts to improve its investment climate for foreign investors by harmonizing its domestic legislation with international norms in the area of intellectual property rights. Please see chapter 6 for additional information.
- A hydrocarbons reform law, passed by both houses of parliament as anticipated in early 2005, was expected to improve the regulatory environment for foreign oil and gas firms operating here through revisions in labor laws. It also divided the regulatory and commercial functions of the state-owned hydrocarbons company Sonatrach. Recent amendments to the law, signed by the president, have reversed some of the progressive nature of the law, such as restoration of the requirement that Sonatrach own at least 51 percent of any joint venture. Implementing regulations released in December 2006 were drafted quickly and there are still clarifications pending.
- Banking reforms are underway, starting with the privatization of the formerly state-owned Popular Credit Agency (CPA) bank, for which the bid tender was issued in September 2006; the bank should be privatized by the end of 2007. Barriers on outbound transfers, a lack of legislation enabling the repatriation of funds, import and export monetary controls, and an antiquated domestic transfers system remain challenges for investors.
- Algeria is a candidate for WTO accession. Information on accession progress is available at http://www.wto.org/english/thewto_e/acc_e/acc_e.htm.
- The U.S. and Algeria have been negotiating an Open Skies Treaty, which may be signed during 2007. General information on Open Skies treaties is available at <http://www.state.gov/e/eb/tra/c661.htm>

Security Situation

- The security situation in Algeria has generally improved over the last few years, particularly in the major cities, although the threat from terrorism in many areas continues to pose a significant security risk.. Recent attacks in the capital, including one against foreign workers of a U.S. company, have caused the Embassy to review its security posture.
- For safety reasons, business travelers and companies should continue to exercise vigilance and consult the Embassy and the Department of State's travel advisories for updated information, located at http://travel.state.gov/travel/warnings_consular.html

Market Challenges

[Return to top](#)

- The investment regime in Algeria is governed by several related bodies with varying responsibilities depending on the type of investment.
- The National Agency for Investment Development (Agence Nationale du Developpement et de l'Investissement, ANDI) is the standard entry point for foreign investors. Visit <http://www.andi.dz/> for more information.
- The Ministry of Participation and the Promotion of Investments (MPPI) (see above) and the National Investment Council have roles in approving investments that do not fit the standard investment framework. Please see Chapter 6, the Investment Climate Statement, for more information.
- Starting a business in Algeria remains a lengthy, bureaucratic, and often difficult process, though changes to the commercial code in 2005 streamlined some procedures.
- Repatriation of profits is encumbered by numerous requirements, particularly prior to the first transfer. Existing financial legislation insufficiently guarantees consistency in the process. However, franchising legislation currently under consideration could ease the process and invite a broader range of franchises.
- A September 2004 government directive forbidding state-owned enterprises from receiving loans from foreign banks is under review as Algeria looks towards WTO accession. However, it currently remains in place.
- Lack of road and rail infrastructure continues to pose barriers to suppliers. The tender for construction of a national east-west highway system was awarded in summer 2006, but its completion by late 2009 remains in question.
- Algeria has made inroads in stopping the distribution of counterfeit goods by closing informal markets and toughening customs rules. However, packaged goods, IT/software, and media distributors continue to face stiff competition from the black market. It has been estimated that over 60 percent of Algeria's economic activity is informal and not captured in official statistics.
- Algeria does not yet have any laws governing the practice of franchising, although legislation in this area is under consideration. Repatriation of royalties is the biggest barrier to American franchises entering the Algerian market.
- Labor rules make it difficult to hire temporary Algerian workers. Accessing Algeria's qualified labor pool can be difficult without local connections or the use of a local recruitment firm. Most Algerians speak French and Arabic and lack English-language skills.

Market Opportunities

[Return to top](#)

The Commercial Service of the U.S. embassy in Algeria has identified a number of market opportunities for U.S. Firms and assists companies entering the Algerian market or expanding market share. Information on key industry sectors can be found in [chapter 4, Leading Sectors for U.S. Export and Investment](#) of this country commercial guide.

Market research on leading sectors can also be found at:

<http://www.export.gov/marketresearch.html>.

The Commercial Service in Algeria stands ready to assist U.S. companies in marketing their products in the local market. Companies producing and exporting agricultural products can visit the website of the U.S. Department of Agriculture at:

<http://www.fas.usda.gov>

The most promising sectors for U.S. business and investment include:

- Oil & Gas – Hydrocarbons
- Banking and Financial Services
- Housing and construction
- Telecommunications and Information Technology
- Infrastructure
- Healthcare
- Power Generation
- Tourism
- Water Resources Equipment
- Consumer Goods
- Agribusiness
- Agriculture

For additional information on specific sectors, please visit [Chapter 4, Leading Sectors for U.S. Exports and Investment](#).

Major Projects

- Housing construction, as part of a five-year (2004-2009), \$110 billion social spending plan
- East-West highway project in the high plains paralleling the recently awarded project to connect Oran to Constantine
- A North-South railway project including high speed trains
- Hospital construction, with a focus on providing better healthcare and more hospital beds to non-metropolitan areas of the country
- Hydrocarbons projects focusing on additional development of Algeria's natural gas resources

- Partnerships and joint ventures proved to be a viable form of market entry in the past. An improving investment climate would facilitate direct investment by U.S. firms.
- U.S. firms wishing to enter Algeria are encouraged to consult with local attorneys or consultants on specific strategies.
- Companies are encouraged to consider the benefits of establishing a local office through direct visits. A local presence, particularly one that includes some American or European staff, may be beneficial to procuring tenders in government contracts.
- Relationships are important to finding a partner in Algeria. The Commercial Section at U.S. Embassy Algiers provides a matching service for U.S. firms wishing to export and for Algerian firms wishing to import.
- Agents and consulting firms can act on behalf of an American company, lobby on the company's behalf and watch for small or rapidly changing technical requirements during a tender process.
- In general, it is easier to sell goods in Algeria than it is to market services. WTO accession negotiations may see the further removal of barriers that have prevented the growth of foreign investment in services.

[Return to table of contents](#)

Chapter 2: Political and Economic Environment

Economy

Nominal GDP (2005): \$102.8 billion, 2006 (f) \$116 billion. Hydrocarbon exports account for just over 45 percent of Algeria's GDP.

GDP growth rate (2005): 5.1 percent, 2006 (f): 4.9 percent

Per capita income (2005): \$3,255

Per capita real GDP (2005): \$6,600.

Agriculture: *Products*--wheat, barley, oats, grapes, olives, citrus, fruits; sheep, cattle.

Industry: *Types*--petroleum, natural gas, light industries, mining, electrical, petrochemical, agribusiness, fertilizers, food processing, pharmaceuticals, cement, seawater desalination.

Trade: *Exports*—(2005) \$46.3 billion: petroleum, natural gas, and petroleum products 98 percent. *Partners* (2005)--U.S.21.2 percent, Italy 15.4 percent, Spain 9.7 percent, France 9.3 percent, Brazil 6.5 percent, Netherlands 6.3 percent *Imports*--\$20 billion (f.o.b., 2005): capital goods, food and beverages, consumer goods. *Partners* (2005)--France 31.3 percent, Italy 8.6 percent, Spain 7.9 percent, Germany 7.4 percent, U.S. 6.7 percent, China 6.5 percent. The U.S. has been Algeria's largest two-way trading partner since 2004, accounting for 17.9 percent of total two-way trade in 2005.

Budget (2005 est.): Algeria is expecting a budget surplus in 2005 of \$11 billion. The 2007 draft budget estimates a surplus of \$47.9 billion.

Revenues--\$36.3 billion; expenditures--\$25.1 billion, including capital expenditures of \$8.8 billion.

Debt (external, end of 2006 est.): \$4 billion.

U.S. economic assistance (2004 est.): \$1.5 million (Middle East Partnership Initiative (MEPI) and International Military Education and Training (IMET)).

Fiscal year: Calendar year.

Unemployment 2005: 15.3 percent, 2006(est.): 14.5 percent

Algeria warrants attention because it is the tenth-largest country in the world geographically and the second-largest in Africa. In terms of population, it is the second-largest Arabic-speaking country in the world after Egypt. It is the strongest economic and military power in northwestern Africa. It is a major energy producer, with some of the largest proven national gas reserves in the world. It is strategically located, bordering on the Mediterranean, all other Maghreb states, and the Sahel and sitting astride important lines of communication between continents. Diplomatically, Algeria is also an important player. It is a leading member of the Arab League, the African Union, the Organization of the Islamic Conference, and the Mediterranean Dialogue with NATO. It has also been an outstanding partner in the war against terrorism.

Algeria has emerged from a difficult decade of terrorism in the 1990s, and three decades of failed socialism before that, and is now on a path toward reform, democracy, and open markets. Since President Abdelaziz Bouteflika's election in 1999, Algeria has defeated terrorism as a strategic threat at home, restored political stability, significantly strengthened civilian rule, and returned Algeria to the world stage as a respected diplomatic player. Re-elected in 2004 in contested elections in which the military remained neutral, President Bouteflika has made national reconciliation and economic

growth the overarching goals of his second term. In a national referendum in September 2005, he won a strong public mandate for his Charter on National Peace and Reconciliation, a program aimed at healing the nation's wounds, convincing terrorist remnants to lay down their arms, and allowing the nation to focus on economic growth.

On the economic front, President Bouteflika has pushed through a number of economic reforms, which have improved the country's financial health. Driven by high energy prices, foreign exchange reserves are approaching \$80 billion (versus under \$5 billion in the late 1990s); economic growth has averaged over 5 per cent in recent years; and inflation has remained low (3 percent). Algeria has also embarked on privatization of state enterprises, overhauled much of its commercial legislation to conform to international trade norms, and is working through the WTO accession process. In addition, it has enacted important judicial reforms, brought into force an EU Association agreement, and announced an ambitious \$110 billion infrastructure program over the next four years.

Significant challenges remain, including high unemployment, bureaucratic constraints, insufficient transparency, corruption, and a lack of middle management skills. The economy remains overly dependent on the hydrocarbon sector, which accounts for about 97 percent of export earnings, and the state banking system, badly in need of modernization, has been a drag on economic growth. Despite these problems, there are clear signs of positive change. The international business community is beginning to focus on Algeria's significant trade and investment potential. Privatization of the first of three state banks is moving forward, and a small but important reverse flow of talent back into the country is under way.

These developments have coincided with an equally positive trend in U.S. - Algerian relations. With Algeria having largely controlled terrorism at home and pursuing a new model of development based on democracy and open markets, the United States and Algeria share a more similar political and economic vision for the future. While much remains to be done to realize this vision in Algeria, this shared goal of democracy and open markets, combined with our strong partnership in the war against terrorism and a convergence of interests on several international issues, has created the basis for a continuing expansion of U.S. - Algerian cooperation.

Reflecting this expanding relationship, the number of official U.S. visitors to Algeria has quadrupled over the past two years. In 2004, the United States became Algeria's largest trading partner and has remained number one ever since. Algeria is the second-largest trading partner for the U.S. in the Arab world. The United States has provided technical assistance to Algeria in the areas of judicial reform, commercial law development, financial and banking reform, debt and reserves management, and telecommunications policy. The United States also has sponsored a number of MEPI (Middle East Partnership Initiative) programs aimed at strengthening political parties, encouraging women's participation in the political process, increasing the skills of legislative staff, and promoting better communication, transparency, and understanding of the economic reform process. In the field of education, the United States has resumed in-country Fulbright scholarship exchanges; sponsored numerous other exchanges; provided training for teachers of English; facilitated the establishment of the American Institute of Maghreb Studies (in Oran); and begun a long-term collaborative project with the Ministry of Education to upgrade English-language curriculum and teaching. Expanded U.S.-Algerian military cooperation has taken the form of increased military training, joint

exercises, high-level visits, and the establishment of a mechanism for regular, policy-level dialogue on military cooperation.

For additional information on the political and economic environment of the country, please see the Department of State Background Notes: <http://www.state.gov/r/pa/ei/bgn/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 3: Selling U.S. Products and Services

- [Using an Agent or Distributor](#)
- [Establishing an Office](#)
- [Franchising](#)
- [Direct Marketing](#)
- [Joint Ventures/Licensing](#)
- [Selling to the Government](#)
- [Distribution and Sales Channels](#)
- [Selling Factors/Techniques](#)
- [Electronic Commerce](#)
- [Trade Promotion and Advertising](#)
- [Pricing](#)
- [Sales Service/Customer Support](#)
- [Protecting Your Intellectual Property](#)
- [Due Diligence](#)
- [Local Professional Services](#)
- [Web Resources](#)

Using an Agent or Distributor

[Return to top](#)

Foreign manufacturers and exporters are represented in the market either through their own branch offices or through authorized agents and distributors. Distributors customarily provide technical support to end-users and often have a contractual arrangement with their principals under which the local importers provide in-bond warehousing. Although it is legal for an American corporation to be an independent distributor, local agents and distributors are recommended to assist the U.S. firms with documentation in the French language and with local customs and know-how. Some U.S. Firms supply Algeria indirectly through regional distribution centers in Europe and/or the Middle East.

The Foreign Commercial Service at the U.S. Embassy in Algiers provides two services to help identify agents, distributors and/or potential partners on a cost recovery basis. The International Partner Search (IPS) is initiated through a district office of the Department of Commerce. FCS Algeria also operates a "Gold Key Service", which provides U.S. business representatives with one-on-one meetings with a series of potential partners, agents or distributors. For the address and phone number of the nearest Department of Commerce domestic office, call 1-800-U.S.A-TRADE (1-800-872-8723)

The U.S. Embassy strongly encourages American businessmen to use agents, distributors, or joint-venture partners as a means to enter the market. Under the 1993 Investment Code, foreign suppliers no longer need to invest in Algeria to set up distributorships. They may use local agents and distributors or set up their own

distribution companies. Algerian law prohibits foreign firms from using commercial agents to bid on government tenders. (See [Selling to the Government](#) below.)

Foreign manufacturers are currently represented either through branch offices or authorized agents/distributors. Agents/distributors are often necessary to assist the U.S. firm with documents in French. Some U.S. firms supply Algeria directly through regional distribution centers in Europe.

For a fee, the Foreign Commercial Service at U.S. Embassy Algiers assists U.S. firms to target distributors/agents and/or potential partners through an International Partner Search (IPS). A Gold Key Service assists U.S. businesspeople with arranging meetings with potential partners, agents, or distributors including officials from the Government. For the address and phone number of the Department of Commerce domestic office, call TRADE (1-800-872-8723). Contact FCS Algiers directly for Gold Key Service by Fax at 213-21-69-18-63.

Establishing an Office

[Return to top](#)

The U.S. Embassy recommends that U.S. companies rely on experienced Algerians for guidance in the marketplace and urges that companies hire local legal representation to assist in establishing an office. The process of setting up an office or company in Algeria, while not trouble-free, has been simplified by recent legislative changes. However, red tape, particularly related to registration and visas, can be considerable. U.S. firms should also consider security arrangements as an integral element of setting up an office in Algeria.

Steps to establishing an office: The steps to opening an office in Algeria have been substantially simplified over the last couple of years. There are two main ways for a U.S. firm to establish an office in Algeria:

1 – The liaison office. It is prohibited for a liaison office to conduct lucrative activities and engage in commercial transactions. The liaison office is thus expected to generate no revenue from the domestic market. The operating expenses of the liaison office have to be supported by the parent company in local currency (Algerian dinar) exclusively resulting from the counter value of already imported and convertible hard currency. The approval to establish a liaison office is provided by the Ministry of Commerce for a period of two years and is renewable.

For the agreement to be authorized, the Managing Director of the liaison office will need to provide the following elements: a 20,000 AD (\$ 2,860) bond to the Ministry of Commerce; maintain a bond guarantee of \$2,000 in an Algerian bank account for the duration of the agreement validity; and open a bank account in convertible dinar (CEDAC) in the same bank.

Algeria's law 78-02 proposes a state monopoly on foreign trade, prohibiting any type of intermediation for international trade in Algeria. Because of that law, a liaison office is probably not the best way to establish or develop business activities in Algeria.

2 – The commercial branch office: registration with the National Trade Registration Chamber (CNRC) is required.

As a commercial branch office, U.S. firms must register and receive authorization from the CNRC to conduct commercial transactions and lucrative business in Algeria.

To do so, U.S. businesses need to provide the following administrative documentation:

- Complete an official CNRC registration form
- Provide 2 copies of the company by-laws, one copy showing that the by-laws are inserted in the official registry, BOAL (Official Bulletin of Legal Announcements) along with publication in a local newspaper
- Provide a copy of birth certificates and police record for managers, administrators, members of the board of directors or members of any oversight committees
- Provide proof of ownership or a rental contract for a commercial location
- Provide proof from the tax administration of receipt of payment (fiscal stamp) for establishment of a company
- Provide a receipt of payment of the registration fee with the CNRC

For additional information please see the Centre National du Registre de Commerce web page at: <http://www.cnrc.org.dz>

Franchising

[Return to top](#)

Franchising is not widespread in Algeria, but private firms are increasingly interested. Many single-store franchise operations that are offshoots of French operations are opening up in restaurant and home furnishings. The Bank of Algeria (the central bank) controls the procedures through which a firm may or may not be allowed to initiate monetary transfers in hard currency resulting from royalties or other franchise payments. There is a new law being discussed in the Parliament to reform these laws.

The first franchises in Algeria appeared about 10 years ago, mostly in the hotel business. The opening brand names were Hilton, Sheraton, Sofitel, and Mercure; plans for a Marriott have been announced.

Coca-Cola, PepsiCo, Danone, Yves Rocher, Geox, Swatch, Etam and Carrefour have entered the market since 2002. Once the country returned to a more stable situation after a decade of insecurity, franchising began to grow, even in the absence of a franchise law or of other binding code like the French "Doubin Law" or "disclosure rules" in the United States.

The franchises currently in existence in Algeria were established via the principle of an "International Contract" that allows the two parties, both the franchisor and the franchisee, to enter into a type of franchise agreement. This contract, however, does not solve the issue of paying the initial fees and royalties. Under the current exchange control law, the Central Bank does not allow the franchisee to transfer the initial fees and the royalties to the franchisor, as services are not yet recognized as an import.

Algeria hopes to accede to the WTO. Exchange laws such as this will need to be addressed for Algeria to become a member. The Algerian government is interested in

the concept of franchising, and government officials have participated in recent franchising seminars. They realize franchising may be able to develop the Algerian small business community and absorb unemployment.

The Ministry of Commerce is working on the Franchise Law, which it hopes parliament will enact during the first semester of 2007.

The best franchise opportunities are in the big cities where the population has a relatively high level of disposable income. Sectors with the most potential for U.S. franchisers include restaurants, hotels and motels, coffee shops, candy and snacks, specialty retail stores, laundry/dry cleaning, automotive products and services, baked foods, ice-cream /yogurt stores, hardware stores, printing and photocopying services, educational services employment services, health clubs, convenience stores, and real estate and insurance services.

Direct Marketing

[Return to top](#)

Direct Marketing in Algeria, such as catalog sales or television sales is still in its infancy. Direct Marketing from the United States without an agent or representative is not recommended. In fact, it is virtually impossible to surmount complicated bureaucratic requirements and language obstacles. Only a handful of hotels accept major credit cards, since the Algerian banking infrastructure is not yet capable of handling these types of transactions. Purchasing goods via the Internet does not yet occur, even though the Algerian government is interested in e-commerce. The government is trying to develop e-commerce and is developing legislation to introduce and regulate this type of commerce, as well as to introduce an e-signature system.

Joint Ventures/Licensing

[Return to top](#)

Algerian companies are increasingly interested in joint venture opportunities with U.S. partners as a way to modernize their factories or license a technology. Beginning in the 90's, the manufacturing of U.S. products has typically started through joint ventures or acquisitions of a local Algerian firm. Good examples are Coca Cola, Pfizer Laboratories, and Pepsi Cola. Algeria also provides an interesting location for exporting to the EU, Africa and the rest of the Arab world.

For additional information on joint ventures, please also see the websites for :

- The Algerian Chamber of Commerce and Industry (Chambre Algerienne de Commerce et d'Industrie) at www.caci.com.dz
- The U.S.-Algeria Business Council at www.us-algeria.org

Leasing

The Government enacted a law in January 1996 that allows Algerian companies to lease foreign-made equipment. Private firms are showing increasing interest in leasing,

particularly construction equipment. The Agricultural Mutual Bank, in partnership with a large insurance company and the privately owned Union Bank, established an agricultural equipment leasing company in July 1997.

Joint Ventures/Licensing

Algerian companies seek technical expertise and technology transfer from foreign partners in order to compete in national, regional and global markets. Foreign firms are often given equity in these joint ventures. U.S. firms can benefit from such arrangements, since they make it possible to better understand the local market and access well-established wholesale and retail distribution channels. Successful projects include the joint venture between Pfizer and Sidal, the local state-owned pharmaceutical company, and establish a model for future cooperation outside the hydrocarbon sector.

Selling to the Government

[Return to top](#)

Algerian government institutions, including Ministries, other public agencies, and local governments, buy foreign-made goods by way of tender offers open to all potential suppliers. The Law on Public Tender governs Algerian government procurement. It requires a two-percent bid bond and a five-percent performance bond. Foreign bidders must deal directly with the client agency, but tender documents, which list tender procedures and requirements, can be obtained through local representatives or embassies. Although the Law on Public Tender does not require the state-owned companies to purchase goods and services through tenders, many of them do.

Over the last few years, Algeria has taken significant steps to make its contracting process more transparent. Based on a World Bank-inspired approach, government contracts for large projects are now awarded after a three step process: 1) a short list is created based only on the technical merits of the proposals submitted by the bidders; 2) the Algerian client redefines the project's specifications based upon the proposals received; and 3) the bidder with the lowest price for the redefined specifications gets the contract.

Recent large government tenders have highlighted the need for careful adherence to specific tender guidelines and transparency issues, whether innocent or intentional, remain. The government makes little use of counter-trade laws or of laws to encourage local production or other non-competitive practices. Although Algeria is a member of the Arab league, there is no known instance in which U.S. firms have been disadvantaged by Algeria's endorsement of the League's anti-Israel boycott.

Government agencies and public companies can work directly with foreign suppliers within the framework of what are called limited consultations ("consultations restreintes") with at least three suppliers. Government entities and state-owned companies routinely request financing in their tenders.

Algeria's well-developed distribution system comprises an extensive network of wholesale and retail outlets mostly in the hands of private entrepreneurs. State-owned marketing firms mainly sell wholesale imported foodstuffs, pharmaceuticals, and industrial supplies and equipment. Private wholesalers are increasingly active in these sectors. The Government has begun privatizing state-owned distribution outlets.

Private wholesalers are mainly retail firms importing from France, Spain, Italy, and to a lesser extent Germany. These firms also import from the U.S. a limited range of specific products. Many privately owned stores have opened since the liberalization of Algeria's import regime. These stores mainly stock imported foodstuffs and household equipment. Private businessmen almost exclusively control the retail trade.

Road Transport

The government launched an ambitious program to build an extensive system of highways and secondary roads twenty years ago. Algeria now has a road network of 100,000 kilometers, 26,000 of which are secondary roads and highways and 23,000 wilaya (provincial) roads.

Railways

The railway network covers mainly northern Algeria. It includes 4,200 kilometers of tracks, 3,060 of which are standard gauge and 1,140 narrow gauge.

Air Transport

Algeria has 36 airports open for civil air traffic; among these, 16 are international and 20 are domestic. The number of passengers who arrived at, departed from, or transited through Algeria's **airports in 2006** totaled 6.74 million, including 3.3 million on domestic flights and 3.4 million international travelers. Cargo handled at the airports this year totaled 27,304 metric tons. The national carrier, Air Algerie, serves 37 destinations in Europe, Africa and the Middle East. A number of international airlines serve Algeria, notably Aigle Azur, Air France, Alitalia, British Air, Egyptair, Iberia, Lufthansa, Lybian Airlines, Qatar Airways, Royal Air Maroc, Spanair, Syrian Airlines, and TunisAir. There are no direct flights between Algeria and the U.S. Direct flights to Morocco and Tunisia are frequent.

Three international express mail delivery services operate in Algeria: UPS, DHL and FedEx.

The U.S. and Algeria have been negotiating an Open Skies Treaty, which may be signed during 2007.

Shipping

Algeria has 13 multipurpose ports, 2 hydrocarbons terminals, and 19 smaller ports for fishing and sailing.

Selling Factors/Techniques

[Return to top](#)

The Algerian market is generally characterized as being price sensitive. Many European and Asian brands introduced into the market have managed to earn a considerable market share. However, high quality U.S. products are still valued by high-end consumers who appreciate quality, technology, innovations and value-added. Moreover, demand for U.S. goods has been increasing due to the decline of the dollar relative to the Euro.

Local distributors of imported merchandise usually require that their foreign suppliers provide them with substantial advertising and promotional support, particularly when introducing a new product line. All sales promotional material and technical documentation should be in French and/or Arabic. Clear and simple French-language operating instructions are necessary. Illustrations helping the consumer and sales forces are recommended.

U.S. firms often need to train local staff, provide full documentation of products in French, ensure an adequate supply of spare parts, and cooperate in advertising and marketing. Local entrepreneurs, both private and state-owned sectors, are very sensitive to technology and know-how transfer. Religious sensitivity should be considered when approaching the Algerian market. As a Muslim country, pork products are prohibited for religious reasons, though alcohol and other Western products are allowed. Please see [Chapter 5: Trade Regulations and Standards for additional information](#).

For the private sector, it is important to be able to come up with proposals when appropriate for export credits. Please see the EXIM Bank website: <http://www.exim.gov>

Electronic Commerce

[Return to top](#)

According to existing law, Algerian citizens may not legally purchase items online from abroad. Businesses, however, may purchase items online from abroad, provided they are used only for business purposes. (Companies may import under normal circumstances without restrictions in these cases.)

Trade Promotion and Advertising

[Return to top](#)

The largest trade event during the year is the Algiers International Trade Fair, encompassing all sectors in a single high profile, multinational event. In 2006, the U.S. pavilion was organized by the Foreign Commercial Service at U.S. Embassy Algiers in partnership with the RedMed Group. In 2007, the Trade Fair will take place June 2-7 at the SAFEX fair grounds in Algiers. For booth exhibiting and sponsorship opportunities, please contact the Commercial section at the Embassy.

Regional and sector-specific trade events are increasing in number. Firms are encouraged to contact the Algerian regulatory body for their sector to obtain information about trade events, as well as the U.S.ABC at www.us-algeria.org, and the World Trade Center Association Algeria at www.wtcalgeria.com. Additional information on Trade Fairs and other event information is available in [Chapter 9: Contacts, Market Research, and Trade Events](#).

Direct advertising of equipment and machinery has only a small impact on local end-users. Advertisements do not influence the state-owned companies since they import on the basis of international tenders. Advertising is effective for consumer products now that Algeria's import market is open. Algeria's Radio and Television Service accepts advertisements and is now the most popular vehicle for advertising. Several locally based U.S. companies have successfully used these advertising channels. There are several Algerian advertising agencies. A listing of advertising agencies and major Algerian newspapers follows.

The Foreign Commercial Service (FCS) of the U.S. Embassy can also offer your company additional services such as our signature Gold Key Service (GKS), International Company Profile (ICP), International Partner Search (IPS), Business Facilitation Service (BFS), and many more. Please visit our website at http://algiers.usembassy.gov/commercial_service.html or www.export.gov for additional information.

Advertising Agencies

ANEP (State-owned agency)
28 RUE Ahmed Ouaked Dely Brahim
Algiers, Algeria
Phone: (213-21) 36.15.14/36.38.52
Fax:(213-21) 36.51.80.36.72.20

HIWAR-COM (Private agency)
1 RUE Bachir Attar
Maison de la Presse
Place du 1er mai
Algiers, Algeria
Phone: (213-21) 66.72.04
Fax: (213-21) 65.45.01

VIP GROUP
Riadh El Feth Alger
Phone: (213-21) 67.76.85/68.52.92

Fax:(213-21) 67.76.85

MEDIA MAIL

38/40 Rue Didouche Mourad Alger

Phone: (213-21) 64.44.53/87

Fax:(213-21) 63.63.61

ALPHA DESIGN

Palais des Expositions, Pins Maritimes Alger

Phone: (213-21) 21.07.70 /71

Fax: (213-21). 21. 07.73

Major Newspapers

Liberté (Independent French-language daily)

17 Chemin de la Madeleine

Algiers, Algeria

Phone: (213-21) 69.25.88 /69.21.60 / 69.26.15

Fax: (213-21) 69.35.46

<http://www.liberte-algerie.com/>

El Khabar (Independent Arabic-language daily)

1 rue Bachir Attar

Place du 1er mai

Algiers, Algeria

Phone: 65.32.24/66.19.31/32

Fax:65.22.80/66.19.27

<http://www.elkhabar.com/>

El Watan (Independent French-language daily)

1 rue Bachir Attar

Place du 1er mai

Algiers, Algeria

Phone: (213-21) 68.21.83-85

Fax: (213-21) 68.21.87

<http://www.elwatan.com/>

La Tribune (Independent French-language daily)

1 rue Bachir Attar

Place du 1er mai

Algiers, Algeria

Phone: (213-21) 67.63.31 /68.54.21

Fax: (213-21) 68.54.22

<http://www.latribune-online.com/>

EL Moudjahid (Government-controlled French-language daily)

20 rue de la Liberté

Algiers, Algeria

Phone: (213-21) 73.70.30

Fax: (213-21) 73.89.80

<http://www.elmoudjahid-dz.com/>

Le Soir d'Algerie
Maisin de la Presse Tahar Djaout
1,RUE Bachir Attar
Algiers, Algeria
Phone: (213-21) 67.06.57/58
Fax: (213-21) 67.06.59
<http://www.lesoirdalgerie.com/>

Jeune Independent
<http://www.jeune-independant.com>

Le Quotidien d'Oran
<http://www.quotidien-oran.com/>

Pricing

[Return to top](#)

Pricing has traditionally been the most important consideration in government tenders. This mentality is slowly changing. One example of that change is the new tender process, which requires compliance with terms, conditions and specifications of the tender, as well as a comparative consideration of technical and financial aspects in arriving at an award decision.

Prior to this new tender process, government tender rules essentially required that the low bid win, regardless of the quality. In the tender process, unclear specifications sometimes allow for a wide divergence of interpretation by bidders as to just what the tender requires. It is always best to request clarification if you are unsure.

Though private sector consumers look for quality, the market is very price sensitive.

European exporters enjoy the advantage of the recently signed EU Association Agreement in vigor since September 2005 which exempts their products from duties. American firms can still be competitive by offering training in larger tender packages. American products are competitive in Algeria as they are seen as a higher quality product and considered to offer the most cutting-edge technology.

U.S firms that most succeeded in Algeria tailored their products to customers' specific needs.

Sales Service/Customer Support

[Return to top](#)

Suppliers of capital goods to the Algerian market are required to provide sales service and customer support. Free sales service is usually required for a period of one year. Suppliers may enter into agreements thereafter to provide customers remunerated sales service, which is referred to as "technical assistance" in Algeria.

Foreign suppliers provide customer support via liaison offices in Algeria. These offices are prohibited from engaging in commercial activities and thus cannot import or distribute equipment and spare parts. These items must be imported by the Algerian end-users either directly or through distributors.

Sales service for consumer goods is a relatively new development in Algeria. Recent legislation makes it compulsory for distributors of foreign products to provide a six to eighteen month warranty, depending on the type of goods, to stock parts in Algeria or provide after-sales service to customers.

Protecting Your Intellectual Property

[Return to top](#)

While the legal framework for intellectual property rights (IPR) has improved, the enforcement of these rules is still generally inadequate due to lack of public knowledge about counterfeiting and a lack of training in the customs services and the judiciary. Few foreign firms have sought legal recourse, which would require registering the patent, trademark, or copyright in Algeria before filing suit. As a result, counterfeiting is common, especially in cosmetics, clothing and shoes, electric appliances, automotive aftermarket products, computer hardware components and software, some consumer and food products (such as shampoo and baby formula), and medicine.

According to the Ministry of Commerce, more than 40 percent of counterfeit products are produced locally, 41 percent are imported and 18 percent are of unknown origin. The imported products come mainly from Asia and Europe. Only an estimated 20 percent of users pay licensing fees for software. According to Algeria's ONDA, the piracy rate for music and video works on cassette is about 37 percent and has been estimated to be 87 percent for CDs. Solid piracy statistics are difficult to obtain.

The anti-counterfeiting office within the Ministry of Commerce operates through seven regional offices. In 2004, authorized public markets gradually replaced more than ten informal marketplaces. The same year, 100 counterfeit claims were registered, half of which were brought before the courts. To reinforce inter-agency cooperation, ONDA has prepared a draft decree proposing the creation of an inter-agency National Council on Counterfeiting and Piracy with representatives from Customs, Police, and the Ministries of Commerce, Interior, Justice and Finance, among others.

The government of Algeria is working with U.S. firms in Algeria, the Business Software Alliance, and the U.S. Government to reduce the rate of counterfeiting in Algeria through seminars and specialized training programs for judges and customs officials. A small private "business protection group" led by major U.S. companies in Algeria and other foreign firms, created to fight counterfeiting and other IPR violations, meets quarterly through the Algerian branch of the Overseas Security Advisory Council (OSAC). For additional information please see Intellectual Property Rights in chapter 6.

Due Diligence

[Return to top](#)

All potential investors in Algeria, exporters of goods and service providers are strongly encouraged to perform due diligence on and research the bona fides of their Algerian agents, partners and customers (when extending credits in particular.)

U.S. firms, especially those with no or very little experience of the Algerian market, should consider the U.S. Department of Commerce "International Company Profile" (ICP) service prior to engaging with new partners. Usually initiated through a U.S. Department of Commerce Export Assistance Center for a fee, a U.S. exporter can obtain information on the reputation, reliability and financial status of a prospective partner in the form of a confidential report, in addition to a recommendation from commercial offices at the U.S. Embassy as to the suitability of the company as a trading partner. Contact: call 1-800-U.S.A-TADE, or visit our website at www.export.gov for additional information.

Local Professional Services

[Return to top](#)

A lawyer with experience in Algeria should be retained as soon as you decide to establish an Algerian business entity. The U.S. Embassy in Algiers maintains a list, available upon request, of local lawyers practicing in Algeria. Algeria has two major categories of legal practitioners:

Avocats: An "avocat" is a lawyer who may render legal advice on all matters, draft agreements and contracts, handle commercial disputes and collection cases, and plead and defend civil and criminal cases before the Algerian courts to which they are admitted. See contacts at:

http://algiers.usembassy.gov/list_of_local_attorneys.html

Notaries (Notaires): An Algerian "notaire" is a public official appointed by the Ministry of Justice. He is not the equivalent of a public notary in the United States. The number of "notaires" in each jurisdiction is limited, and their fees fixed by law. Their functions include the preparation and recording of notarial acts (e.g., wills, deeds, acts of incorporation, marriage, contracts), the administration and settlements of estates (excluding litigation in court) and serving as the repository of wills. They are not lawyers, but very specialized members of the legal profession. They may not litigate in courts.

Web Resources

[Return to top](#)

Commercial service in Algeria: <http://www.buyusa.gov/algeria/en>

U.S. Embassy: <http://algiers.usembassy.gov>

American Chamber of Commerce: [under construction](#)

U.S. Algerian Business Council: www.us-algeria.org

Algerian Chamber of Commerce and Industry: <http://www.caci.com.dz>

World Trade Center Algeria: www.wtcalgeria.com

Intellectual Property Rights: www.inapi.org

[Return to table of contents](#)

Chapter 4: Leading Sectors for U.S. Export and Investment

Best Prospects and Commercial Sectors

- [Oil and Gas - Hydrocarbons](#)
- [Banking and Financial Services](#)
- [Housing and Construction](#)
- [Telecommunications and Information Technology](#)
- [Infrastructure Development Project](#)
- [Healthcare](#)
- [Power Generation](#)
- [Tourism](#)
- [Agribusiness and the Agricultural Sector](#)

Overview:

- Since the early 1970s this key industrial sector has heavily dominated the economy and placed the country among the top world producers in both products.
- Algeria is still vastly under-explored among producing countries generally. The potential for further exploration and development is sizable.
- State-owned Sonatrach plans to invest over \$32.4 billion between 2006 and 2010. Around two-thirds of this investment (\$21 billion) will go to upstream activities split between gas and oil; midstream and pipelines are slated for \$6.4 billion; and \$5 billion for downstream investment.
- Recent amendments to the hydrocarbon law mandate Sonatrach's required 51 percent shareholder position in upstream and oil/gas transportation projects. While we are waiting for detailed regulations from the government of Algeria, it appears that foreign investors will now be obligated to split taxes, royalties and transport fees for these types of projects with Sonatrach. Most downstream projects remain open to foreign-majority participation.

Background: Algeria's hydrocarbons sector is relatively young, with oil first commercially extracted in 1956 and natural gas in 1961. Exploration density is very low so far, with only eight to nine exploration wells per 10,000 sq km, while the international average is 100. The potential for further exploration and development is great, creating opportunities not only for foreign players but also for Algeria's own increasingly world-class oil and gas industry. Foreign involvement in the sector has grown rapidly. In 1995, just 2 percent of Algeria's crude oil was produced under production-sharing contracts. This rose to 25 percent in 2001 and 51 percent in 2004.

Oil: Algeria has an estimated 11.8 billion barrels of proven oil reserves. With recent oil discoveries and plans for more exploration, proven oil reserve estimates could climb upwards in coming years. Algeria's oil production capacity is likely to rise in the coming years, as the country plans to increase investments in exploration and development efforts. Algeria's current production is 1.5 million b/d of crude oil in 2006. The goal is to increase production to 2.0 million b/d by 2010. Over the last few years, there have been significant new oil and gas discoveries, largely by foreign companies and more recently by Sonatrach, the Algerian parastatal. Under the new hydrocarbon legislation, foreign companies can have 100 percent ownership of downstream projects, with the exception of refining. Refining and pipeline projects require at least 51 percent Sonatrach participation.

A system of international tenders was adopted in 2002, with six licensing rounds through April 2005, allocating over 30 blocks. We expect a seventh round of block licensing by mid-2007.

Enhanced Oil Recovery investments, EOR, is a rapidly developing subsector with strong potential for U.S. technology. Very successful projects were awarded to U.S. firms to provide advanced EOR services and boost production in Hassi Messaoud and Rhourde El Baguel, Algeria's second largest site of proven oil reserves.

NATURAL GAS: Algeria's proven natural gas reserves are around 4.5 trillion cubic meters, though total recoverable reserves could be up to 75 percent higher. The largest field is Hassi R'Mel. Other significant reserves exist at Rhourde Nous basin, In Amenas, In Salah and the Reggane Basin. Gas extraction has grown considerably in the last decade, from 115 billion cubic meters in 1995 to a record 144 billion cubic meters in 2004. Around three-quarters of Algeria's gas is exported (partly by pipeline, partly as LNG). The primary market is the European Union, especially France and Italy, but the U.S. is rapidly gaining importance.

Liquid Natural Gas: Algeria is the second-largest exporter of LNG behind Indonesia, with around 17 percent of the world's total LNG exports. Sonatrach exports almost 12 percent of U.S. LNG imports and is the U.S. second-largest source of LNG behind Trinidad and Tobago. Algeria's largest LNG export terminal is the Arzew facility (western coastal area of Algeria).

Pipeline: There are two existing natural gas export pipeline connections between Algeria and Europe. One is the 670-mile TransMediterranean (Transmed, also called Enrico Mattei) running from Hassi R'Mel to Italy via Tunisia and Sicily. The second is the Maghreb-Europe Gas line (the MEG) from Hassi R'Mel to Cordoba, Spain. The 1,000 mile, 820-Mmcf/d line operated by an international consortium, led by Spain's Enagas, Morocco's SNPP, and Sonatrach, ties into the Spanish and Portuguese gas transmission networks. In addition to the two existing Natural Gas pipelines, three main projects are underway to increase natural gas exports from Algeria mainly to Western Europe:

- **MEDGAZ :** In July 2001, a multinational consortium led by Spain's Cepsa and Algeria's Sonatrach agreed to build a new natural gas pipeline linking Algeria and Europe. The 120-mile Medgaz will link Beni Saf, Algeria to Almeria, Spain with a possible extension to France. In September 2002, the consortium completed a study for the line's feasibility. The \$ 1.3 billion Medgaz project, which should be completed by 2008 or 2009, will have an initial capacity of 390 Mmcf/d, increasing to a maximum of 1.55 Bcf/d.
- **GALSI :** In 2002, Sonatrach signed a deal with Italy's Enel and Germany's Wintershall to form Galsi, a consortium to build a natural gas pipeline from Algeria to Italy. Current plans call for an offshore pipeline from Hassi R'mel to El Kala (close to Tunisia) and an underwater section to Cagliari, Sardinia. This is to be followed by an on-shore section to Olbia, Sardinia and a final offshore pipeline to C.D. Pescaia, Italy. Galsi estimates initial capacity of the 910-mile line at 770-990 Mmc/d. The \$2-billion project could come on-stream by 2009.
- **NIGEL :** Sonatrach and NNPC, the Nigerian state oil company, formed the Trans-Saharan Natural Gas Consortium (NIGEL), in 2002. The NIGEL consortium plans to construct a 4,550-mile natural gas pipeline from Warri, Nigeria to Hassi R'Mel, via Niger. The NIGEL pipeline would utilize the proposed

Medgaz and existing Transmed pipeline to carry Nigerian gas to European markets. The Nigerian and Algerian governments have sought financial assistance for this \$7 billion project from the World Bank and the New Economic Program for Africa's Development (NEPAD). Both governments expressed their continued commitment to the project, promising concrete action by the end of 2006 or mid-2007.

Downstream: Naftec, a subsidiary of Sonatrach, operates Algeria's crude oil refineries. The country has four refineries, with combined capacity of 450,000 bbl/d, supplying most of the country's refined oil products needs. Although Algeria has a substantial petrochemical and fertilizer industry, low capacity utilization rates mean continued reliance on imports. There are plans to expand refining considerably, since it is underdeveloped relative to extraction.

Coastal terminals: For the export of crude oil, refined products such as liquefied petroleum gas, (LPG) and liquid natural gas, (LNG) there are facilities located at Arzew (Algeria's largest crude oil export port), Skikda (Algeria's second largest crude oil export port), Algiers, Annaba, Oran and Bejaia. Arzew handles about 40 percent of Algeria's total hydrocarbon exports, including all of its LNG, LPG and oil condensate exports. The Algerian government has ambitious plans for the expansion of the Arzew port area, including the construction of a petrochemicals complex, a condensate refinery, and a desalination plant.

Recent policy changes: Energy Minister Chakib Khelil has stated that his goal is to double the number of companies operating in Algeria in the next 3 to 4 years, restructure the domestic oil industry, and establish new regulatory bodies independent of the Ministry of Energy & Mines. In late 2001 President Bouteflika introduced a hydrocarbons reform bill which was rejected by industry partners. The Algerian government re-introduced the hydrocarbons bill in 2004 producing consensus with the dominant labor union, UGTA. In February 2005, the Council of Ministers approved the bill, followed by parliamentary approval in March. The law was to be an important and concrete step towards Algeria's goal of increasing crude oil production. However, implementing legislation has never emerged. In July 2006, the president amended the 2005 law to return Sonatrach to its dominant role in the hydrocarbons landscape by mandating it hold 51 percent of any upstream or pipeline contract with foreign investors.

Sonatrach investment programs: \$1.3 billion in 2005 (upstream: \$780 million, 32 wells drilled, eight new discoveries and 18 percent growth over 2004; midstream: \$260 million, and downstream: \$260 million). Sonatrach's investment program drastically increased to \$8.6 billion in 2006 (upstream: \$5.1 billion, midstream: \$1.9 billion, and downstream: \$1.3 billion). For 2006-2010, Sonatrach is planning to invest over \$32.4 billion (around two-thirds of this, \$21 billion, will go to upstream activities split roughly half for gas and half for oil; \$6.4 billion for midstream and pipelines; and \$5 billion for downstream.) Sonatrach, with its foreign partners, will invest around \$600 million per year in exploration alone.

Best Products/Services

[Return to top](#)

Sub-sector products & services include:

- ❖ Drilling equipment
- ❖ Catering services
- ❖ Temporary structures

Opportunities

[Return to top](#)

Opportunities for U.S. investment include:

- ❖ Enhanced Oil Recovery investments: EOR is a rapidly developing sub-sector with strong potential for U.S. technology.
- ❖ A seventh round of exploration and development block licensing expected to occur by early 2007.
- ❖ The Algerian government's ambitious plans for the expansion of the Arzew port area, including the construction of a petrochemicals complex, a condensate refinery, and a desalination plant.

Resources

[Return to top](#)

- ❖ For upcoming industry-specific trade shows and expositions, please visit www.worldoil.com
- ❖ Ministry of Energy website: www.mem-algeria.org
- ❖ Sonatrach website: www.sonatrach-dz.com
- ❖ Upcoming events in Algeria include:
 - The second Conference and Exhibition on Renewable Energy (CEER 2007) to be held in Algiers on June 18-20 2007 (<http://www.ceer-algeria.com>), and
 - The 1st International Conference and Exhibition on Mining in Algeria (CIRMA 1) also to be held in Algiers on 2-4 December 2007.

Overview:

- Banking modernization and reform programs include:
 - Recapitalizing state-owned banks and cleaning out their portfolios
 - Holding inter-bank workshops to establish new services (new product lines, international payment cards, data transmission networks, electronic banking)
 - Increased focus on client needs, particularly households and individuals, developing mortgage and consumer loans and capital lease loans.
- There are more than 33 different banks and financial institutions, with the private sector currently representing 5 to 6 percent of the market and growing steadily.
- The acceleration of banking reforms will provide opportunities for private banks with the required expertise and know-how to promote new products and services and contribute to the development and deepening of the financial markets.
- Foreign banks are expected to play a major role in the modernization of the banking system, but the lack of branch networking capabilities poses a challenge.
- We expect an increase of more diversified foreign direct investment inflows as a result of political and economic stability in Algeria as well as Algeria's eventual accession to the WTO.
- The government has begun the privatization of three major state-owned banks. CPA is the first bank to be privatized; we expect the RFP to be launched in the upcoming weeks.

Background:

Before the early 1990's, the Algerian banking system operated as a privileged instrument of state-owned companies and central planning authorities. Banking activity centered exclusively on aiding the smooth functioning of state-owned enterprises, which at the time were the main source of economic growth. Following the enactment of Law 86/12, governing banking and credit, and especially after the 1990 Currency and Credit Law, however, Algerian banking began to undergo significant reforms. With this law, the Bank of Algeria became the country's official monetary authority, and a new banking and financial system was established to go along with the deregulated economy. Banks and financial institutions can now offer a complete range of services to domestic and foreign clients.

The banking sector consists of six state-owned banks which account for 95 percent of the banking sector's deposits and 10 foreign banks account for less than 6 percent of all deposits. Of the public banks, three have been selected for privatization. The first of which, Credit Populaire d'Algerie (CPA bank) is expected to be sold by mid-2007. The Local Development Bank (BDL) and the National Bank of Algeria (BNA) are scheduled to undergo the privatization process in 2007 and 2008 respectively.

The branches of major foreign banks such as Citibank, Société Generale, the Arab Banking Corporation, BNP-Paribas etc., that came to Algeria originally to accompany foreign investment gradually opened up the Algerian market. They are still very far, however, from meeting all the country's banking needs. There are a few private Algerian banks but their minimum capital requirements, set by Bank of Algeria regulations more than ten years ago, remain inadequate to provide significant financing to the economy.

Market influence: The continued high price of petroleum in the international marketplace means Algeria will continue to be flush with dollars for the foreseeable future. Algeria's foreign exchange reserves are near \$80 billion and a government-controlled stabilization fund holds an additional \$40 billion. The inflow of dollars has created a situation of excess liquidity on the market which the government has dealt with so far by paying down its external debt and controlling dollars on the market via exchange controls such as import and export license restrictions and revenue exchange requirements (exporters outside of hydrocarbons may only retain 50 percent of earnings in dollars and must receive the other 50 percent in Algerian dinars; 100 percent of hydrocarbon revenue is remitted to the central bank and Sonatrach's share is credited to its accounts 100 percent in dinars at the Central Bank set exchange rate).

Future spending on large government infrastructure projects could lead to inflation locally. The government could introduce a free float of the currency causing an appreciation of the exchange rate, increase the reserve requirements in the banks, and/or introduce new financial instruments carrying higher interest rates, to absorb dinars in the market. So far, the government has not started any of these initiatives, but a U.S. Treasury Department technical team is working with the Algerian Finance Ministry and the Central Bank on policy options.

Algeria's generally small and ill-financed private sector needs better access to credit. The lack of credit history in Algeria (since it has been a cash-based society for so long) presents a unique challenge to mid-level banking officials and lending officers who have no history to base risk assessments on and very little, if any, training in portfolio diversification and risk management.

The long-time practice of the government using public banks to finance failing state-owned enterprises was abolished only recently in the 2005 budget when a line item was established to provide subsidies to these SOEs instead of continuing to tap on public banks for mandatory financing and continuing the trend of non-performing loans.

Algeria's opening of its markets to international banks for corporate banking was a good start and the 2006 opening for new commercial banking possibilities is a positive continuing trend of banking liberalization. However, the 2002 executive decree requiring state-owned enterprises to borrow only from public banks must be rescinded, not only for the health of public banks but to accord with WTO national treatment requirements.

Opportunities

[Return to top](#)

- Private banking institutions will play an increasing role in extending credit and advisory services for local businesses, especially in retail banking, insurance and leasing.
- The acceleration of banking reforms will provide opportunities for private banks with the required expertise and know-how to promote new products and services and contribute to the development and deepening of the financial markets.

Resources

[Return to top](#)

For additional information on the banking sector, please visit the following websites:

Banque d'Algerie: www.bank-of-algeria.dz

Ministry of Finance: www.finances-algeria.org

International Monetary Fund: www.imf.org

Overview:

- The government is struggling to meet the enormous demand for real estate and housing units. The Algerian government dominates the country's housing market with its national housing programs.
- The government wants no less than one million housing units built by 2009, complete with electricity, water supply, roads and hospitals. This is unlikely to end the shortage as the construction industry also lacks the capacity to implement the program in the first place.
- The actual need for housing is estimated to range between 250,000 and 300,000 units per year, as 250,000 new households are entering the market each year. Analysts widely agree that the Algerian construction sector does not have the capacity to deliver this number of units, as there are not enough raw materials locally available.
- The state has a 60-percent market share in the sector's financing, although mostly executed by private architects, engineers and contractors. With the one million housing unit programs, this share is expected to increase up to 75 percent by 2008/2009.
- The narrow coastal strip is congested, particularly around large cities. It is estimated that 80 percent of the country's population live on five percent of its surface. To remedy this situation, the government is planning on launching the construction and/or expansion of 10 new cities countrywide.
- Local construction is still below international standards. The industry learned this the hard way during the May 2003 earthquake. U.S. expertise and construction techniques can address this very serious problem. Analysts point out the urgent need for specialists in certain fields, with environmental issues being increasingly of concern for local construction entrepreneurs.

Background:

Construction is one of the most important sectors in the economy, representing about 8.5 percent of total added value. Housing remains the most essential segment for the Algerian construction sector. The political crisis of the 1990's saw the industry declining as government spending shifted to security-related programs. As migration to major cities continued through the decade, ramshackle private dwellings were constructed on the out skirts of urban areas.

The share of state-owned companies in the sector has recently declined mainly due to weak commercial performance and archaic management practices. Yet according to state statistics, they still represent almost a third of the sector's activity.

Roughly 130,000 housing units are built yearly. Of these, 30,000 to 40,000 are privately constructed. In addition to the need for new houses, there is also strong demand for the rehabilitation of older housing units (an estimated two million housing units date from the colonial era). Independent experts estimate the deficit to total about two million housing units at least. According to analysts, the gap is expected to rise to three million housing units over the next 15 years.

Government efforts to improve the housing situation are largely jeopardized by the archaic and inefficient bureaucracy. Despite the absence of modern urban planning, real estate in Algeria is registered. According to the Ministry of Housing 90 to 95 percent of real estate property in the capital is registered with the authorities.

Construction Specialization: There are over 22,000 registered contractors, of which an overwhelming majority are small-scale enterprises. The sector offers little specialization, which has decreased its capacity to respond to the market needs, such as after the 2003 Boumerdes earthquake.

Quality control: Local construction is still below international standards. The industry learned this the hard way when, as a result of the May 2003 earthquake, hundreds of buildings collapsed and countless more were damaged. Although questionable quality control and regulation are problems, the industry suffers especially from the lack of qualified construction workers.

Financing: The deficiencies of the national banking sector constitute a hurdle for the industry. The government has increased its efforts to find investors abroad to participate in huge construction projects, especially from the capital-rich Gulf. Help is needed; senior government officials have expressed hope that multinational construction firms will bridge the capacity gap.

Too low price per square meter: During 2005, tenders for construction projects to be built in 2007 and 2008 were issued, suited to international suppliers, but at low offering prices. Cost average stands at \$218 per square meter, and neared \$254 in spring 2005. The price is expected to soon top \$300, but industry insiders say that the State will probably need to offer at least \$325 to attract more Chinese and Turkish contracting firms. It seems unlikely that companies from other countries will take a significant part in the program. The only attractive selling point for foreign firms is quick payment from the Algerian government.

Mega Projects: Until recently, the mega-projects of the sector relied on the large-scale investments made by the country's oil and gas industries. But with large multinational suppliers present – including U.S., French, Italian, Japanese and Canadian companies – this segment will also prove to be highly competitive. The Algerian construction sector will continue to benefit from infrastructure projects and mega-projects, both for local industry and international suppliers. Algeria might be the only country where orders far exceed capacity, requiring a massive inflow of foreign construction companies.

Building materials and construction techniques: The growth of construction in Algeria has been followed by a similar increase in demand for building materials. There was a significant increase in the price of cement, amounting to five percent of construction cost. In 2004, domestic consumption reached 12 million tons, up from 10.5 million tons

in 2003. This is expected to reach 13 million tons in 2005, and to stabilize at around 15 million tons per year over the next four years.

Opportunities

[Return to top](#)

Opportunities for U.S. Investment include:

- ❖ Cement and construction materials plants
- ❖ Modern building techniques
- ❖ Construction and expansion of 10 new cities countrywide
- ❖ Urban planning projects and investments

Resources

[Return to top](#)

Ministry of Public Works: www.mtp-dz.com

National Agency for the Development of Investment (ANDI): www.andi.dz

Overview:

- The Algerian telecom market remains one of the most active sectors in the country, with estimated revenues of \$2.5 billion in 2005.
- With penetration rates of only 7.6 percent, 40.3 percent and 1.8 percent in the fixed, mobile and internet markets respectively, there is ample space for growth in all telecom sub-sectors.
- The upcoming privatization of the country's previous monopoly service provider Algerie Telecom, and the recently licensed, second fixed-line telephone operator should further stimulate the telecom market.
- The number of fixed lines is forecast to increase by an average of 18 percent in the next five years, to reach 5.9 million subscribers by the end of 2010. The number of mobile customers is expected to grow by an average of 19.4 percent yearly through the end of 2010, to reach 31.6 million subscribers and a penetration rate of 86 percent.
- Opportunities for U.S. investment and exports include: ***Privatization of Algerie Telecom (AT), privatization of internet provider Djaweb, PC Penetration and Government Program "OUSRATIC" (A PC in every home), Wi-Fi/ Wimax Technologies, Voice over IP technologies, and regional call centers.*** For additional information, please see "Opportunities" section below.

Background:

After years of lagging behind other North African countries, the market has seen a remarkable rally since 2001, notably in the mobile sector. All telecom subsectors are now open to some level of competition, with the fixed market under a duopoly status.

Fixed Telephony: Law 200/3 passed in August 2000 split the overwhelmed Ministry of Post and Telecommunications into Algerie Poste and Algerie Telecom and created a Telecom Regulatory Authority (ARPT) that began operations in May 2001. The number of fixed lines owned by the parastatal monopoly Algerie Telecom has been growing at an average of 8.0 percent in the last five years, reaching 3.5 million at the end of 2005.

While Algerie Telecom currently enjoys a monopoly on fixed-line services, in March 2005 a consortium of two Egyptian companies, Egypt Telecom and Orascom Telecom, obtained a second fixed-line license for \$65 million that will enable the consortium to build and operate its own fixed-line network. The consortium plans to invest \$1 billion in the network over the 15-year duration of the license. It started operations in the three major Algerian cities in the second quarter of 2006, and is expected to acquire a significant market share.

Orascom Telecom, which also has an ISP and a very small aperture terminal (V-SAT) license, has announced that it will deploy an undersea cable connecting Algiers and Marseilles. The project's estimated cost is over \$30 million and has been awarded to French telecom supplier Alcatel.

While the fixed-line penetration rate is currently below the regional average, it is catching up, and analysts anticipate added momentum resulting Egyptian players investment in the sector, which should also spur growth in others sectors of the economy, including banking, IT, and the service industry. The number of fixed lines is forecast to increase by an average of 18 percent in the next five years, to reach 5.9 million subscribers by the end of 2010.

Mobile Telephony: The mobile sector has been booming for the last four years since the arrival of foreign competition in 2002 in the form of the Egyptian operator Djezzy and the third operator, Nedjma, a Kuwaiti operator. From 2001 to 2005 the sector grew by an average rate of 247 percent. By the end of 2005 there were 13.7 million mobile subscribers. This dynamic expansion trend should continue in the next five years, albeit at a slower pace, as mobile penetration is still relatively low. The number of mobile customers is expected to grow by an average of 19.4 percent yearly through the end of 2010, to reach 31.6 million subscribers and a penetration rate of 86 percent.

Internet Market: Algeria's internet market is far behind most countries in the region, with an estimated 613,000 internet subscribers and 1.9 million users at the end of 2005, representing a penetration rate of 1.8 percent. The arrival of a competing fixed-line operator should improve the situation with further expansion of the fixed network and reductions in connection fees. The number of internet subscribers is therefore forecast to grow by an average of 20 percent in the next five years to reach 1.5 million and a penetration rate of 4.2 percent.

ADSL services: Launched as late as 2003 in Algeria, ADSL services are relatively limited but now starting to grow in popularity. At the end of 2005, there were 195,000 broadband subscribers in the country, representing 31.8 percent of all Internet connections. Broadband services are forecast to grow significantly in the coming years to reach 1.5 million at the end of 2010, representing 99.4 percent of all internet customers.

Opportunities

[Return to top](#)

Opportunities for U.S. investment and exports include:

- ❖ ***Privatization of Algeria Telecom (AT):*** AT has 4.9 million active mobile subscribers representing 35.9 percent of the total market. It has 91 offices, almost 30,000 multifunction kiosks, and a backbone network of 10 GBs. Its satellite service, Algeria Telecom Satellite (ATS), has 45 domestic ground stations, three international stations, an INMARSAT station and VSAT Network.

- ❖ **Djaweb**, an internet provider **owned by AT**, has 7,000 subscribers, 3,000 accesses through private lines and 25,000 customers using ADSL. Algeria Telecom also runs 4,046 internet cafes.
- ❖ **PC Penetration and Government Program “OUSRATIC” (a PC in every home)**: At the end of 2004 there were only 290,000 PCs in Algeria, representing a penetration rate as low as 0.87 percent. To solve this problem, in 2005 the Algerian government launched a campaign with the objective of installing a computer in every home by 2010. The program is called “OUSRATIC”.
- ❖ **Wi-Fi/ Wimax Technologies**: This is a virgin sector of Algeria’s IT market. There are currently only two known wireless providers in Algeria. Smart Link Communication (SLC) was the first company to deploy WiMAX to provide broadband wireless services in Algeria. SLC's goal is to build a wireless broadband backbone covering the national territory, to develop the metropolitan broadband networks, and to set up an independent new generation telecom infrastructure. On July 25, 2005, SLC launched the first national multi-services network. The deployment of this network makes it possible to develop services based on Broadband Wireless Access (BWA), VoIP, and Virtual Private Network (VPN-IP MPLS). Algeria's tough and mountainous terrain makes it an ideal candidate for wireless connectivity solutions.
- ❖ **VoIP**: A key element in the government’s telecom market liberalization strategy was the liberalization of the VoIP market in 2005 and the allocation of ten 5-year licenses. Six VoIP licenses have been already authorized.
- ❖ **Call Centers**: Development of call centers in Algeria is still in its infancy; Algeria lags behind Morocco, Tunisia and Egypt, all of which have well developed call center industries. Low labor costs and good French language skills are the main reasons why international clients might outsource operations in Algeria. To date, in Algeria only Algeria Telecom is running a small commercial operation and several private GSM operators are serving their own customers.

Resources

[Return to top](#)

ARPT: www.arpt.dz

Algerie Telecom: www.algeriatelecom.dz

2006 – 2009 Infrastructure Development Project Overview:

- In a major new initiative, the government of Algeria is investing over \$110 billion in infrastructure projects to boost economic growth and address infrastructure problems.
- The focus is on four areas: (a) Improve living conditions for people in general; (b) modernize infrastructure; (c) promote growth in basic economic sectors and (d) modernize of the Algerian administration.
- Major opportunities for U.S. investment and exports include: **Transport Infrastructure:** from 2005-2009 Algeria is expected to spend \$9.6 billion in large transport infrastructure projects such as railways, ports and airport modernization; **Public Works:** \$8.2 billion in large public works projects such as the East-West Highway and an upgrade of secondary roadways; **Water Resources:** \$5.4 billion in large water projects, mainly dams and water treatment facilities; **Housing and Health:** \$11 billion for housing units and health projects such as hospitals; **For the southern region:** an additional \$ 8.5 billion will be dedicated to projects in southern Algeria, including housing, water resources management, irrigation and agricultural development, and the creation of a new city.
- These amounts do not include the regular government-sector investment program budgeted in the ordinary budgets for 2006, 2007, 2008 and 2009, estimated at roughly \$6 billion yearly. All together, the government investment programs are expected to amount to over \$110 billion.

Background:

From 1991 to 2001 government investment programs almost stopped. The massive rural exodus caused by lack of employment opportunities and terrorist threats worsened the housing, environment and unemployment crisis in and around major cities. The infrastructure, construction and transport sectors are currently undergoing much-needed, substantial changes. It is too early to judge the government's ability to design a sustainable transport network that will be able to carry the country's future economic development. The implementation of inter-modal concepts between different means of transport from the very beginning will be crucial. Whether the government and the implementing authorities can meet this challenge remains doubtful. The modernization of infrastructure needs to be followed by consolidation of commercial market structures.

Transport Infrastructure From 2005 to 2009, Algeria is expected to build three new airports; conduct studies and construct an airspace management system for the entire territory; modernize the 1,220-km East-West railway; build subway systems for Algiers and Oran, and tramway systems for major cities; and undertake the electrification of the existing 2,000-km railway, all for a total of roughly \$9.6 billion. New roads are already

under construction and the modernization of the railway network is in full swing. Maritime transport is booming as well. Overall, transportation has been opened to the private sector.

The geography of Algeria creates enormous challenges for the country's transport sector. Most transport of goods and people take place along the narrow northern coast. The high plateaus are relatively easy to connect with the East-West highway and rail connections. Establishing connections to the vast desert areas in the south and its integration into the national transport system will be challenging. The Algerian government has made transport a top priority within the \$110 billion investment budget. The axis Bordj Bou Arreridj-Chlef will be the starting phase of the huge East-West Highway project. This axis accounts for about two thirds of the domestic road traffic. Completion of this project is expected in 2009. Connections to coastal roads and to the high plateaus will be added over the next few years.

For **maritime transport**, Algeria has a 1,200-km maritime coastline. Over the past years, maritime traffic has increased by an annual growth rate of 20 to 30 percent, surprising local authorities and overwhelming existing capacities. The Port of Algiers accounts for 60 percent of Algeria's port traffic, followed by Bejaia, Oran and Annaba. One-quarter of this traffic is domestic, and another quarter is trade just with France. Located in the city center of Algiers, the port essentially has not been upgraded since the 19th century. Because of this, depending on their size, vessels often wait three to four days before they can enter the port.

Rail: Railways remain a state monopoly. The 4,200-km network rail system is in bad shape and its basic configuration dates from colonial times. The majority of the railways is not electric and only single track. The trains themselves run slowly, between 60 and 80 km/h.

The Algerian railway company (SNTF) has been in decline. The overall efficiency of its operations is very low, generating 80 percent of its passenger revenues from traffic around the greater Algiers. The bulk of its cargo revenues are from the country's mining, oil and gas sectors. Beyond revenues, its market share is minimal, as road transport often proves more efficient. The government has reacted to this and allocated \$7.4 billion to the railways under the five-year public spending program.

Public Works: Algeria is expected to build a 1,216-km East-West highway to connect the Tunisian border to Morocco, modernize and upgrade existing 6,000-km road grid, and develop three secondary but important highways. The overall cost for these projects is estimated at \$8.2 billion, though this figure is recently reported to have increased to \$11 billion.

Water Resources: Algeria plans to build eight dams, interconnect eight existing dams with considerable and sophisticated water transfer systems, build nine waste water treatment plants, and rehabilitate 11 existing large wastewater treatment plants all over the country. The overall amount for these projects is estimated at \$5.4 billion.

Housing and Health: The government announced plans to build one million housing units, 17 major hospitals, connect an additional one million houses with natural gas and install electricity to 400,000 existing homes. The government estimates this project will cost around \$11 billion.

For the southern region: The government plans an addition \$1 billion for a housing program/construction projects, \$600 million to improve water resources management and distribution, \$800 million to connect houses to electrical power and natural gas grids, \$700 million to modernize and expand irrigation systems for agricultural development, \$400 million for the development of the new city of Boughezoul, and about \$ 3.5 billion for the high-plateau highway project. All told, \$8.5 billion is planned for southern Algeria projects.

Estimated magnitude of business opportunities: The most promising prospects for U.S. investments and exports are in transport equipment and design, infrastructure, water resources and housing/hospital construction for which planned spending is expected to reach \$42.7 billion. According to analysts, domestic capacities will only be able to absorb at most 20 percent of these outlays. This leaves the potential for close to \$35 billion for international companies. Main international suppliers and anticipated competition to U.S. firms in transport, infrastructures, wastewater treatment, housing and hospital construction projects comes from France, Italy, Germany, China, Japan, Canada, Turkey and Egypt.

Opportunities

[Return to top](#)

Major opportunities for U.S. investment and exports include:

- ❖ **Transport Infrastructure:** From 2005-2009 Algeria is expected to spend \$9.6 billion in large transport infrastructure projects such as railways, ports and airport modernization;
- ❖ **Public Works:** \$8.2 billion in large public works projects such as the East-West Highway and an upgrade of secondary roadways;
- ❖ **Water Resources:** \$5.4 billion in large water projects, mainly dams and water treatment facilities;
- ❖ **Housing and Health:** \$11 billion for housing units and health projects such as hospitals;
- ❖ **For the southern region:** An additional \$ 8.5 billion will be dedicated to projects in southern Algeria, including housing, water resources management, irrigation and agricultural development, and the creation of a new city.

Resources

[Return to top](#)

For further information on these projects please check out the following websites:

Ministry of Public Works: www.mtp-dz.com

Ministry of Finance: www.finances-algeria.org

Overview:

- The healthcare sector is a buoyant market for foreign investors. The demand for pharmaceuticals and medical equipment is considerable and depends largely on imported goods.
- The living standard of the population is improving slowly but there has been an increased incidence in reporting of hypertension, respiratory and cardiovascular diseases, and allergies.
- The pharmaceutical sector is developing, and the market is very competitive. Government favoritism for generics and other measures have caused problems for international pharmaceutical companies operating in Algeria.
- Total pharmaceutical imports to Algeria reached \$1 billion by the end of 2005 compared to \$967 million in 2004. Officially, Algeria produces just 30 percent of its needs in pharmaceutical products, one of Algeria's largest import categories.
- The medical equipment market is estimated at about \$750 million for 2005 with very little local production. The market relies entirely on imports and is open to U.S. companies because of the advanced technology and the associated training.
- U.S. products have an advantage over European products in the medical sector due to their high quality and globally recognized reputations in the Algerian market. Moreover, demand for these products is increasing due to the strength of the value of the Euro over the dollar.
- Opportunities for U.S. exports to Algeria's medical equipment and services markets are substantial and cut across the entire spectrum of medical activities.
- Strongest opportunities for U.S. companies include: **biotechnology, high-tech, anti-cancer and cardiovascular drugs, medical equipment, disposable products, advanced medical and surgical equipment, radiology, pathology, optical devices, vaccines, and software for hospital management and internal networks**. For additional information, please see "Opportunities" section below.

Background:

Algeria has an active healthcare sector that employed 196,000 people in 2002, including 30,000 doctors. There are 185 hospitals, 32 specialized centers and 13 university hospital centers with a estimated total of 54,000 beds. The health care system's infrastructure is not very well developed. Algeria represents a potential important market for medical equipment. Most equipment in public hospitals was broadly upgraded in the 1980s but not since. The breakdown rate of diagnostic equipment is estimated at 32 percent, and 24 percent for the imagery, sterilization and disinfection equipment. Private hospitals are better equipped than public hospitals.

Estimates indicate that up to 95 percent of the medical equipment is imported. Most equipment comes from Germany, Italy, the UK, the U.S. and Japan.

The sector is developing rapidly due to the recent decree issued by the government that allows private and public investment, either national or foreign, in the establishment of private hospitals. Currently there are 91 private clinics in operation and 125 clinics are in the works. Plans for 45 additional projects are being studied. Imports of medical equipment are expected to increase.

Opportunities

[Return to top](#)

Opportunities for U.S. companies include:

- ❖ **Biotechnology, high-tech, anti-cancer and cardiovascular drugs:** U.S. products have an advantage over European products in pharmaceuticals. Moreover, any new leading American drug that is not yet manufactured in Europe is well received in Algeria. Competition from generics has been a major problem.
- ❖ **Medical equipment:** Private sector demand for sophisticated medical equipment is growing. With a population of over 32 million inhabitants, reduced local production, hospital establishments under renovation, and the development of the private hospital sector, Algeria represents an important market for medical equipment, a market 95 percent dominated by imports.
- ❖ **Most desired products:** Disposable products, advanced medical and surgical equipment, radiology, pathology, optical devices, vaccines, and software for hospital management and internal networks.
- ❖ Hospital Reform and transformation of the health care sector in Algeria with the new Hospital Reform policy and the on going hospital projects of the Ministry of Health will also bring export opportunities.

Resources

[Return to top](#)

Healthcare sector links: www.ands.dz

Overview:

- In 2005, installed capacity for power generation was 6732 megawatts, around 800 megawatts more than in late 2002. Ninety-three percent of the power generation plants are gas-fired. The rest are hydroelectric and diesel fired plants.
- Recent years have seen the start of sector reform. A special law on electricity and gas distribution was passed in 2002. This provided for abolition of Sonelgaz's legal monopoly over power production and the establishment of an independent regulatory authority.
- Total installed capacity for power generation is expected to total 10,250 megawatts by the end of 2010. This is a 52 percent increase from 2004. This capacity is expected to further increase to 12,000 megawatts by 2012 .
- Sonelgaz expects investments in the power sector in 2005-2009 to total \$7.1 billion, of which \$2.7 billion is for power generation, \$2 billion to modernize, expand and maintain the grid and around \$2.4 billion for the distribution system.
- Opportunities for U.S. investment include **power distribution, power generation – security reserves, and power generation – European export** (please see opportunities below for additional information).

Background:

Established in 1969, Sonelgaz operates a virtual monopoly on Algeria's gas energy sector. Sonelgaz has been responsible for power generation, all aspects of national grid (including investment, maintenance and operation) and low-voltage distribution of electricity. It also runs gas distribution, though high-pressure gas transport is Sonatrach's domain.

Like the hydrocarbons industry, Algeria's power industry faces the challenge of ensuring the necessary growth of production to meet the developing economy's fast-increasing needs. To do so, it must invest heavily, partly by attracting foreign investment.

In recent years there has been some initial sector reform. A special law on electricity and gas distribution was passed in 2002 that abolished Sonelgaz's legal monopoly over power production, established an independent regulatory authority, and provided for an eventual transition to a European-style of regulated third-party access in the power sector. Unsurprisingly, progress has been somewhat slower than originally envisaged. The law talked of a 30 percent market opening within three years of implementation, but more recent timetables schedule the first stage of market opening – a system of bilateral contracts between Independent Power Production (IPP) – for 2007. There are no

concrete plans for the privatization of Sonelgaz itself, though the 2002 law provides for the possibility of opening its capital. Most likely, Sonelgaz Group will remain the majority shareholder in generation JVs.

Total installed capacity for power generation is expected to reach 10,250 megawatts by the end of 2010. This is a 52 percent rise from 2004. This capacity is expected to increase further more by 2010, as the installed capacity will total 12,000 megawatts. This means excellent opportunities for foreign contractors and investors. The capacity coming online in 2005, for example, included a 300 megawatt gas-fired plant in F'krina, and a larger, combined-cycle 800 megawatt facility in Skikda, a 500 megawatt plant in Berrouaghia as well as the 1,200 megawatt gas-fired Hadjret Ennous power plant in Cherchell.

The main additional power generation plants to be brought online by 2010/2012: Koudiet Edraouch (1200 MGW) east of the country, Tiaret (100 MGW) west of the country, Terga (600 MGW) west of the country, and M'Sila (200 MGW) center-east of the country.

Opportunities

[Return to top](#)

Opportunities for U.S. investment include:

- **Power distribution:** Power distribution is divided between four regional units which will move from autonomy to full subsidiary where the system operator will be given increased autonomy. Sonelgaz plans to open equity for private investment when a variety of players, possibly including private firms, will be invited to purchase shares of 10 percent each with Sonelgaz' own share reduced to just 10 percent by late 2008.
- **Power generation – security reserves:** Despite interconnection of all power generation plants north of the country, the current security reserve level is considered to be low -- less than 10 percent. The Algerian government wants to increase the security reserve level to 20 percent, knowing that the annual domestic electricity demand increases 8 percent per year.
- **Power generation – European export:** Because Algerian domestic gas prices are far lower than international prices, Algeria already sells some surplus power to its neighbors and has wider electrical power-export ambitions. A project of underwater lines for 3000 megawatts will run alongside the planned gas pipelines to Spain and Italy, connecting Algeria to European power systems. This is an excellent opportunity for the U.S. power generation industry to generate electrical power from gas-fired plants in Algeria, export, and market electricity in the rapidly expanding European market.

Resources

[Return to top](#)

Ministry of Mines and Energy: www.mem-algeria.org

Sonatrach: www.sonatrach-dz.com

Overview:

- Algeria has a potential to develop its tourism sector. The country offers a broad variety of landscapes: sea, mountains, high plateau, desert, dunes, rock mountains, oases, rich historical and cultural heritage with Phoenician, Roman, Arab and Ottoman vestiges.
- Algeria lacks sufficient hotels and resorts meeting international standards, and requires further development in internal transportation, tourist attractions and activities.
- Algeria earned just \$115 million in tourism receipts in 2005, compared to \$4 billion in tourism income enjoyed by its neighbors Tunisia and Morocco.
- According to the Ministry of Tourism, Algeria hosted 1,443,000 tourists in 2005, an increase of 15 percent compared to 2004.
- Opportunities for U.S. companies include: ***Tourism projects, Tourism Expansion Zones (ZETs) for infrastructure development and investment incentives, hotels and resort areas, restaurants, tour organization and leisure activity guides.*** For additional information, please see “Opportunities” section below.

Background:

The following statistics provide a snapshot of the Algerian tourism sector:

- 67 percent of foreign tourists are from Europe, mainly France.
- 70 percent of Algeria’s hotels are privately owned.
- Foreign investment:
 - Accor Group with one Sofitel and one Mercure
 - Sheraton: one in Algiers and one in Oran.
 - Hilton Hotel in Algiers
- Algeria has 81 000 tourist beds, whereas in Morocco there are 220,000 and in Tunisia 222,000.
- Accor, the French chain, has signed a joint-venture agreement between Accor and the private Algerian Group Mehri, owned by billionaire Djilali Mehri. Accor and Mehri each hold half of the joint venture which was launched with an initial capital of \$13 million since 1992.

After a market study carried out by the Accor group revealed that Algerian cities critically lacked accommodation, it concluded that Algeria needed around 36 mid-market (three-

star) hotels to satisfy accommodation demand. The group plans to begin construction of the first series of Ibis and Novotel hotels in Algeria's larger cities (Algiers, Oran, Annaba, Constantine) starting in 2007. The total investment should reach \$21 million per hotel. With this, Accor moved into a solid position in the hotel sector as the country opens to tourism and foreign investment. Algerians hope that such ambitious projects will send a positive signal to tourism developers worldwide.

Perspective by 2013:

- Algeria intends to attract 3 million tourists by 2013.
- Create 230,000 jobs.
- Reach 187,000 bed capacity.
- Develop deep Sahara tourism.
- Develop sports tourism

Opportunities

[Return to top](#)

Opportunities for U.S. companies include:

- ❖ **Tourism projects:** The Algerian government has set up a Tourism Development Program identifying 174 **Tourism Expansion Zones (ZETs) for infrastructure development and investment incentives.** Foreign companies can develop projects in these zones from the sunny coastline of Kabylia to Algiers and Oran to Jijel and Annaba, to the ski resorts in the interior. The ZET are the bases from which the government hopes the sector will grow.
- ❖ **Hotels:** The government has also launched a privatization program to privatize hotels via a tendering process that should generate attractive investment opportunities.
- ❖ With the \$110-billion public spending plan for the 2005-2009, **\$42 million has been allocated to improve the tourism sector, mainly the ZET.**
- ❖ U.S. companies have opportunities in all aspects of the tourism business, from hotels and restaurants to tour organization and guide and leisure activities.

Resources

[Return to top](#)

Ministry of Tourism: www.mta.gov.dz

Ministry of Participation and the Promotion of Investments: www.mppi.dz

Agriculture Environment**[Market Structure and Trends](#)****Best Prospects for Agricultural Products****Grain and Feed****[Vegetable Oil & Other Oilseed Products](#)****[Dairy Products](#)****[Raw Materials for Food Processing](#)****[High Value Products](#)****Seafood Exports****Agriculture Environment**

Agriculture represents an average of 9.6 percent of Algeria's GDP (1997-2004) and provides a means of livelihood for at least 20 percent of the Algerian population. The country's arable land or useful agricultural land is about 8 million hectares, which is about 3 percent of its total area (238 million hectares). Only 7 percent of this arable land is irrigated. Agriculture is a rainfall-dependent sector and suffered from drought for several consecutive years. However, agricultural production has been increasing steadily since 2000, with an 8 percent growth in 2005. This is mainly due to the launch of an ambitious plan of farmland conversion as part of the new agriculture development program (PNDA). In order to better manage occasions of drought, reduce the food imports bill, and improve food safety, the Ministry of Agriculture began an ambitious plan of agriculture development (PNDA) in 2000 to launch the sector again. The main objectives of this program consist of:

- Grains intensification and farmland conversion; grain production focused in the most productive regions (eastern and central plains with rainfall between 450 mm-800 mm. More traditional dry land crops (vineyards, fruit trees) are being encouraged for the regions that receive less rainfall such as the western regions, the steppe and the Sahara.
- Development, valorization, commercialization and storage as well as packaging and export of the agricultural productions.
- Improvement of irrigation in agriculture and reforestation
- Improvement of Breeding (Dairy cattle, Apiculture, Poultry)
- Development and protection of animal and plant genetics.
- Grant land for exploitation

The main agricultural products Algeria exports are: dates, grapes and wine, olives and olive oil as well as vegetables.

Algeria relies on imports to meet some food needs. Algeria imported about \$3.8 billion of foodstuffs in 2005, of which 39 percent were cereals and 20 percent were dairy products, 7 percent sugar and confectionaries, and 6 percent meat. Imported foodstuffs represent about 18 percent of 2005 total imports and ranked third behind equipment goods and semi-finished goods for industry.

The European Union continues to be Algeria's major trading partner. About 55 percent of its total imports come from European countries, France in particular (40 percent), Germany (16 percent), Italy (14 percent), and other EU countries (30 percent). About 54 percent of Algerian exports go to the EU: Italy (29 percent), France (19 percent), Spain (21 percent) and (31 percent) to the rest of the EU.

Competition from the EU is intense due to its geographical advantage. Proximity to Europe makes transit from Europe necessary, especially with no direct shipping lines with the U.S. Prices offered to Algeria by European exporters are often lower than U.S. goods because of the subsidies. However, Algeria remains a potential market for U.S. products. The total U.S. two-way trade exchange with Algeria reached \$11 billion in 2005, making the U.S. Algeria's largest overall trading partner and third largest supplier for 2005 behind France and Italy. Total Algerian 2005 CY imports from the U.S. reached \$1.3 billion, of which \$271 million were agricultural products. (Source: Algerian Customs).

U.S. market share for foodstuffs constitutes roughly 7.5 percent. Major agricultural products imported from the United States are bulk commodities, including corn (57 percent), oils (5 percent), soybean meals (8 percent), and wheat (16 percent). U.S. CY imports of Algerian agricultural products are minimal but increasing; \$830,000 in 2004 and \$929,000 in 2005. The average for five-year period (2001-2005) reached \$475,000.

Market structure and trends

[Back to Agriculture](#)

In the field of agribusiness, since privatization in 1997 local private investment has risen sharply and taken a substantial share of the market. Most of the agricultural imports are received by the private sector.

Private processors continue to grow and many processing plants appeared to offer products with lower prices by importing raw material and processing it locally. This is especially evident in milling, dairy processing, biscuit, fats and soybean products industry, as well as vegetable oil refinery, snacks and beverage processing.

Since the economy was liberalized, consumers have become more accustomed to seeing imported products and semi-processed products sold in stores and small private supermarkets. These opened later after the closing of the former state-owned distribution chain in 1996. Consumers can now find bulk, packaged, and high value products, both local and imported, in these rapidly growing supermarkets. The super market industry is still in its infancy, however, and needs further development.

BEST PROSPECTS FOR AGRICULTURAL PRODUCTS

Grain and Feed (Wheat, Barley, Oats and Corn)

[Back to Agriculture](#)

Algeria is one of the world's largest importers of wheat (4 million MT imported per year minimum) and the largest importer of durum wheat. In the first six months of CY 2006 alone, Algeria imported 2.2 million MT of wheat, of which 948,000 MT was durum and 1.3 million MT was soft wheat. The average production level for 2000-2004 was 2.7 million MT and the maximum level reached for the best years was 4 million MT. Harvests as well as production are always affected by either drought or poor weather.

U.S. market share for durum declined significantly over the past years due to competition from French and Canadian wheat. Excellent durum yields and good quality crops, as well as proximity and good prices, have enabled France to become the largest supplier of wheat to Algeria. In CY 2005, Algeria imported 1.5 million MT of durum from France (50 percent of total durum imports). That same year, the U.S. was ranked the fourth largest supplier of durum with 172,000 MT behind France (1.5 million MT), Canada (360,000 MT) and Mexico (295,000 MT).

France still remains the main supplier of soft wheat as well, with 977,000 MT for CY 2005 followed by Russia (670,000 Mt), and Ukraine (336,000 MT).

For the first two months of CY 2006, Algeria imported 157,000 MT of durum and 294,000 MT of soft wheat from France. For the same period, the United States ranked third for durum (62,000 MT) behind France and Canada. Soft wheat is mostly imported from France, Ukraine, the Czech Republic, and Russia.

Barley is usually imported exclusively in small shipments by private importers from Europe and Eastern Europe because of the proximity and low freight costs. Exceptional climatic conditions affected crops in CY 2005, generating a shortage of pasture lands and increasing barley imports. That same year, Algeria imported 142,000 MT of barley, of which an exceptional 23,000 MT originated from the U.S. This made the U.S. the second largest supplier behind Russia (62,000 MT). Ukraine ranked third with 22,000 MT.

Algeria imported 2.3 million MT of corn in CY 2005. The United States remains the largest supplier of Algeria's corn imports with 1.08 million MT, followed by Argentina (961,000 MT) and Ukraine (206,000 MT). The animal feed manufactures and storage facilities operations expect a continued high demand for corn even though avian influenza disease is disturbing the poultry sector and despite current high world prices.

	2001	2002	2003	2004	2005
	(1000 Metric tons)				
A. Total market	9,734	10,419	11,085	10,864	11,787
B. Total local production	2,584	1,951	4,268	4,001	3,525
C. Total Imports	7,150	8,468	6,817	6,863	8,262
E. Total imports from U.S.	1,462	287	1,204	1,521	1,290

Exchange rates (U.S. \$1.00= AD 72.366)

The statistics above are unofficial estimates.

[Back to Agriculture](#)

Vegetable Oil and Other Oilseeds Products (Soybean, Sunflower seed, Rapeseed and Palm Oil).

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 by the state-owned operator ENCG Group, and the main private operator CEVITAL.

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 generate an increase in both the importation of raw materials and general consumption.

	2001	2002	2003	2004	2005
	(1000 Metric tons)				
A. Total market	870	482	560	807	60
B. Total local production	0	0	0	0	0
C. Total Imports	870	482	560	807	60
E. Total imports from U.S.	270	62	21	212	26

The statistics above are unofficial estimates.

[Back to Agriculture](#)

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

The estimated need for milk in Algeria is about 3 million MT annually. Domestic production of fresh milk reached 2 million MT in 2005 and only 17 percent of fresh milk is collected. Algeria remains one of the largest importers of dairy products (\$500 million per year).

The dairy processing sector has grown these four past years. Private importers and processors import whole milk powder, non-fat dry milk, and cheddar in order to produce reconstituted milk and dairy products such as yogurt, cheese, butter, fermented milk, and dairy desserts.

Major suppliers for whole milk powder are France, Argentina, Belgium, and New Zealand. France, Poland, the U.S. and the Czech Republic are the major suppliers of non-fat dry milk. Butter and cheese are mostly imported from Spain, the Netherlands, New Zealand, Ireland, Australia and France. Imports from U.S. have decreased tremendously, although there is considerable interest in purchasing from the United States. High U.S. prices and a lack of responsiveness on the part of U.S. suppliers hamper imports of U.S. dairy products.

	2001	2002	2003	2004	2005
	(1000 Metric tons)				
A. Total market	1842	1959	2419	2119	2186
B. Total local production	1690	1690	1690	1900	2000
C. Total Imports	152	269	729	119	286
E. Total imports from U.S.	2	0	0.60	0.63	11

The statistics above are unofficial estimates.

Export of Seafood Products to Algeria:

[Back to Agriculture](#)

Algeria is looking for partners in order to improve the seafood and fishing sector. 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.

Algeria has 15 ports for fishing and 50 percent of the flotilla is 20 years old. In the markets, seafood is very expensive and out of reach for many households. For example, prawns cost at least 500 AD (\$6.50) per kilogram, and the most popular and cheapest seafood, sardines, cost 100 AD (\$1.30) per kilo.

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 5: Trade Regulations and Standards

- [Import Tariffs](#)
- [Trade Barriers](#)
- [Import Requirements and Documentation](#)
- [U.S. Export Controls](#)
- [Temporary Entry](#)
- [Labeling and Marking Requirements](#)
- [Prohibited and Restricted Imports](#)
- [Customs Regulations and Contact Information](#)
- [Standards](#)
- [Trade Agreements](#)
- [Web Resources](#)

Import Tariffs

[Return to top](#)

Import tariff rates mentioned here are subject to change pending Algeria's accession to the WTO.

Currently, most imports are subject to a value added tax of between 5 and 17 percent.

Specific information on import tariff rates can be found (in French) at:
<http://www.douane.gov.dz/cnis/tarif/sections.asp>.

Trade Barriers

[Return to top](#)

Algeria applies a value-added tax (VAT) to all sales in the country. The VAT rates are 7 percent and 17 percent, depending on the product. Staples such as bread or milk are not subject to VAT. The reduced rate of 7 percent is applied to most non-luxury goods.

Algeria enacted an executive decree in 2004 requiring all state-owned enterprises to use only publicly owned banks. This decree is being reviewed under WTO accession requirements but currently remains in place.

The government enacted a decree in 2005 prohibiting the importation of all vehicles older than three years. This decree is also being reviewed under WTO accession requirements and may be replaced by strong tariffs on vehicles older than three years.

Import Requirements and Documentation

[Return to top](#)

As part of its application to join the World Trade Organization, Algeria lowered its tariff rates to bring them within acceptable WTO levels. The government has further abolished the required import licenses. The only imports subject to restriction are firearms, explosives, and narcotics. Pork products are prohibited for religious reasons. The

government insists that imports meet specific testing, labeling, or certification requirements. However, Algeria is increasingly adopting, and requiring compliance with, European Union quality standards. Pharmaceuticals marketed in their country of origin may be freely imported.

The 2001 budget abolished the state monopoly on importing, producing and selling tobacco and related products; it also deregulated the gold and silver import market. The 2005 budget supplemental lifted the ban on the importation of wine.

The Ministry of Health requires distributors to obtain authorizations to sell imported drugs. Drugs must have been marketed in their country of origin, as well as in a third country, before they may be imported. When food products arrive in Algeria they must have at least 80 percent of their shelf life remaining. While specific regulations exist for a few products, in general all products must be in conformity with the standards defined in the Codex Alimentarius.

The majority of the country's export commodities are exported to EU countries. The U.S. and Turkey are also important export partners. Restrictions on export goods are few with the exception of some goods including palm seedlings and sheep.

Although the country's agricultural sector used to provide for most of its cereal needs, this is no longer the case and cereals are now the main import product of Algeria. Algeria is in fact the world's fifth-largest importer of wheat. Consumer goods, food and beverages are also imported in large amounts.

U.S. Export Controls

[Return to top](#)

Please visit <http://www.export.gov/exportcontrols.html> for information about products that are subject to U.S. export controls.

Products and technologies frequently used in industrial processes may be subject to export controls, including pre- and post-license checks by the Department of Commerce.

Temporary Entry

[Return to top](#)

Equipment and machinery brought into Algeria temporarily for the purpose of a specific project or exhibition are exempt from payment of customs duties and taxes. To obtain waivers, importers must fill out a customs form and present it to the authorities when the goods are re-exported. In January 1998, Algeria ratified the Istanbul convention related to the temporary entry through a presidential decree No 98-03.

Labeling and Marking Requirements

[Return to top](#)

Algerian government regulations stipulate that imported products, particularly consumer goods, must be labeled in Arabic. This regulation is strictly enforced. Though not required, it is also helpful to label products in French.

While specific regulations exist for a few products, in general all products must be in conformity with the standards defined in the Codex Alimentarius.

Prohibited and Restricted Imports

[Return to top](#)

- Phytosanitary and sanitary control regulations are in place. As a rule, animal and plant products that risk propagating diseases to persons or animals cannot be imported. In these matters, Algeria adheres, like the E.U., to the principle of “precaution.” Prospective importers may, however, be given waivers by Algeria’s national veterinary and plant protection services, depending on the situation in the country of intended origin.
- Meat of U.S. origin is prohibited because of its alleged excessively high hormonal content.
- Certain imports are subject to prior authorization by some ministries. For example, the Ministry of Health must clear medical products, the Ministry of Defense and National Security Directorate must clear hunting weapons, and the Ministry of Information must clear books and magazines.
- In December 2000, the Ministry of Agriculture enacted a decree prohibiting the importation, distribution, or sale of seeds that are genetically modified organisms (GMOs).
- The only imports subject to restriction are firearms, explosives, narcotics, and for religious reasons, pork products.
- In 2005 the Algerian government placed a ban on the importation of vehicles over three years old.

Customs Contact Information

[Return to top](#)

Algerian customs authorities may enforce strict regulations concerning temporary importation into or export from Algeria of items such as firearms, body armor, binoculars, communications equipment, antiquities, medications, business equipment (such as laptop computers), or ivory. It is advisable to contact the Embassy of Algeria in Washington, D.C., for specific information regarding customs requirements.

A customs union between Algeria and France allows regulations applicable in France to apply in Algeria, making Algeria a de facto adherent of GATT. By special agreement with the European Union (EU), Algerian industrial products are granted duty-free entry into the EU market and agricultural products get seasonal tariff reductions, while Algeria gives reciprocal treatment to EU imports. Algeria has also concluded preferential customs agreements with Tunisia and Morocco and is a founding member of the Arab Maghreb Union (UMA), a trade union composed of Algeria, Libya, Mauritania, Morocco and Tunisia. The UMA intended to create a free trade zone, but this has not yet come to fruition.

Goods from France are admitted at a preferential rate; secondly, goods from other European Union countries; and thirdly, goods from countries that grant Algeria most-favored-nation treatment which are subject to a basic standard tariff. Tariffs on imports ranged from 3-40 percent in 1998, in addition to a value-added tax (VAT) of 7 percent, 14 percent, or 21 percent. Some imports are also eligible for the Taxe Spécifique Additionnelle, ranging from 20-110 percent and generally applied to luxury goods. As part of its application to join the World Trade Organization, Algeria lowered its rates to

bring them within acceptable WTO levels. The government has further abolished the required import licenses. The only imports subject to restriction are firearms, explosives, narcotics, and pork products. Pharmaceuticals marketed in their country of origin may be freely imported.

Algerian customs authorities encourage the use of an ATA (Admission Temporaire/Temporary Admission) Carnet for the temporary admission of professional equipment, commercial samples, and/or goods for exhibitions and trade fair purposes. ATA Carnet Headquarters located at the U.S. Council for International Business, 1212 Avenue of the Americas, New York, NY 10036, issues and guarantees the ATA Carnet in the United States. For additional information call (212) 354-4480, send an e-mail to atacarnet@uscib.org , or visit uscib.org for details.

Additional information on Algerian customs requirements can be found (in French) at <http://www.douane.gov.dz/>.

Standards

[Return to top](#)

- [Overview](#)
- [Standards Organizations](#)
- [Conformity Assessment](#)
- [Product Certification](#)
- [Accreditation](#)
- [Publication of Technical Regulations](#)
- [Labeling and Marking](#)
- [Standards Contact Information](#)

Overview

[Return to top](#)

In 1998, Executive Decree no. 98-69 established the Algerian Institute for Normalization (IANOR) as the appropriate government body handling standardization issues. IANOR has since worked toward the goal of assisting Algeria's economic sector to cope with globalization and international standards.

At the request of the business community, IANOR sets the relevant reference scheme and assists them in order to qualify and apply vis-à-vis the appropriate standards. IANOR may be able to assist companies by providing the business sector with a certificate of authenticity. The focus has been on quality of products, data requirements and packaging.

The government expressed its interest in complying with global standards on various occasions. It tries to implement the standards which would require the shortest delay. Unfortunately, it has appeared so far that human resource and financial constraints remain an impediment to the above-mentioned goal.

IANOR has so far tried to gather all qualified parties around its constructive efforts towards their expressed target and to date has been managing to identify most of the national norms and their ISO counterparts.

Although the WTO negotiations are lagging behind, it is clear that IANOR has made norms and standards a priority. The remaining question is whether the government will provide the controlling body sufficient authority and establish reasonable sanctions to parties defaulting on the new rules and standards.

Standards Organizations

[Return to top](#)

There are three main official Algerian governmental organizations involved in developing and enforcing the standards used and applied in Algeria. These organizations are:

ALGERAC (Agence Algérienne de l'Accréditation)

This organization is under the authority of the Ministry of Industry. Algeria officially wishes to be able to sign association agreements with the EU in order to reach equal treatment concerning norms, accreditation and certification.

ALGERAC is the only Algerian accreditation organism. It ensures that the national regulations concerning accreditation of the laboratories and the organization of certification inspections meet international norms.

INAPI (Algerian National Institute of the Industrial Property)

INAPI is responsible for industrial and intellectual property rights protections. This entity handles mainly the deposit and registration of Patents, Trademarks & Copyrights.

INAPI tries to promote innovation through distributing the technological information contained in the patents' documents. INAPI also tries to ensure a control on licensees' contracts and the implications on the protection of intellectual property rights. Enforcement of these protections, however, remains weak.

Algeria is party to several international organizations and agreements, including:

The World Intellectual Property Organization (WIPO);
The Paris Convention for the Protection of Industrial Property;
The Madrid Agreement Concerning the International Registration of Marks;
The Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods; and
The Lisbon Agreement for the Protection of Appellations of Origin.

Facts about INAPI:

Over 2,000 inventions are protected through patents. Over 80,000 brands are protected and over 195,000 registered. Over 1000 drawings and illustrations are registered. INAPI produces a bimonthly publication: the Official Bulletin of Industrial Property (BOPI).

IANOR : Algerian Institute of Normalization

This body is in charge of elaborating, publishing and distributing all relevant data on Algerian norms. It is also responsible for providing conformity certifications to Algerian

norms, issuing quality labels and delivering appropriate authorizations to use brands according to the applicable regulations.

IANOR officials have participated in research seminars both in Algeria and abroad. The institute provides the appropriate environment to enable the establishment of norms and their application. IANOR's efforts, however, are not providing enough substance to enforcement efforts, and the length of a litigation process can exceed most reasonable expectations.

Conformity Assessment

[Return to top](#)

Products in general are not subject to the same authority and depending on their category and nature might be subject to a specific regulatory environment. For example, FMCG will have specific requirements; as food related products and many others will have to deliver relevant Health & Safety certificates as well as provide complete information to the customer before being officially accepted for distribution.

Unfortunately, illegal activity still enables many products to be distributed without any of those previous requirements being met. For products containing toxicity elements, a "preliminary authorization" is necessary to manufacture or import them, suggesting that the conformity process for those products are similar to those required under WTO rules.

For cosmetic and hygiene related products, a "compulsory declaration" is required. The formula must be submitted to a poison center, which will in turn seal the formula. Should the production be completed abroad, the exact details of the relevant poison center handling the tests must be forwarded to the appropriate Algerian authorities.

For other imported products, the following documents should be presented to the customs service upon entry:

- Customs documents
- Banking documentation (invoice, banking domiciliation,)
- If required, the specific authorization from police services (e.g., certain telecom products)
- If required, the health& safety authorization for selected products.

Customs will either provide an admission certificate or a non-admission certificate in the case which the product has failed any of the required criteria. (Packaging quality, warehousing environment mainly for frozen goods, data provided for end-customer).

Product Certification

[Return to top](#)

IANOR establishes and publishes norms which must be respected. Algerian norms prevail in the country, and if a norm does not exist or if a disagreement must be settled, then the ISO norm will prevail.

ISO norms available in Algeria are principally ISO norms 14000, 14001 version 1996, 9001 version 2000 and 9000. For example, ISO norm 14001 version 1996 is about

environmental management. It reduces to a minimum the negative effects of one's activity on the environment.

In 2000, the government initiated a program enabling companies to go through the certification process. The result was that 167 of the 178 registered companies owned by the private sector or the State have been awarded ISO 9001 2000 compliance. These companies have firmly expressed their commitments towards quality, pricing and minimum delays.

To date, Algeria respects ISO norms in the following areas:

- Papers, cardboard and its raw materials,
- Food,
- Packaging,
- Toys' safety,
- Cosmetics.

Accreditation

[Return to top](#)

ALGERAC, a government body established through the French-Algerian cooperation, is responsible for certifying quality. It has not really entered into activity yet, so the relevant ministries -- Agriculture, Commerce & Industry -- remain in charge of their respective portfolios for the time being.

Once ALGERAC is takes over this process, it should enable the customer to benefit from the relevant protections and ease of data availability.

Publication of Technical Regulations

[Return to top](#)

Technical regulations are all published in editions of the Official Gazette of the Republic of Algeria (Journal Officiel). These regulations are available online in French at <http://www.joradp.dz/HFR/Index.htm>. Foreign entities may send any comments to the responsible division at the Ministry of Commerce or the Ministry of Agriculture.

INAPI also produces a bimonthly publication called the Official Bulletin of the Industrial Property (BOPI).

Labeling and Marking

[Return to top](#)

Algerian government regulations stipulate that imported products, particularly consumer goods, must be labeled in Arabic. This regulation is strictly enforced. Though not required, it is helpful to also label products in French.

While specific regulations exist for a few products, in general all products must be in conformity with the standards defined in the Codex Alimentarius.

Standards Contact Information

[Return to top](#)

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Trade Agreements

[Return to top](#)

Bilateral Trade Agreements: There are currently no bilateral trade agreements between the U.S. and Algeria. In 2001, the two countries signed a Trade and Investment Framework Agreement (TIFA) that creates a platform for discussions on Algeria's WTO accession. TIFA council meetings have been held to assess the status of trade relations and to encourage closer cooperation; the last such meeting was held in 2004.

For more general information on the TIFA, BIT, and FTA, please visit the Department of State's Bureau of Economic and Business Affairs at <http://www.state.gov/e/eb/tpp/>.

Multilateral Trade Agreements: Algeria ratified the EU Association Agreement in September 2005. Algeria continues to work towards accession into the WTO.

For more information on Algeria's WTO accession, please visit http://www.wto.org/english/thewto_e/acc_e/acc_e.htm.

Web Resources

[Return to top](#)

Specific Algerian import tariff rates (in French): <http://www.douane.gov.dz/cnis/tarif/sections.asp>.

Products subject to U.S. export controls: <http://www.export.gov/exportcontrols.html>

Algerian customs requirements (in French): <http://www.douane.gov.dz/>.

The Official Gazette of the Republic of Algeria (Journal Officiel) <http://www.joradp.dz/HFR/Index.htm>.

Department of State's Bureau of Economic and Business Affairs:
<http://www.state.gov/e/eb/tpp/>.

Efforts towards Algeria's WTO accession:
http://www.wto.org/english/thewto_e/acc_e/acc_e.htm.

[Return to table of contents](#)

Chapter 6: Investment Climate

- Summary
- [Openness to Foreign Investment](#)
- [Conversion and Transfer Policies](#)
- [Expropriation and Compensation](#)
- [Dispute Settlement](#)
- [Performance Requirements and Incentives](#)
- [Right to Private Ownership and Establishment](#)
- [Protection of Property Rights](#)
- [Transparency of Regulatory System](#)
- [Efficient Capital Markets and Portfolio Investment](#)
- [Political Violence](#)
- [Corruption](#)
- [Bilateral Investment Agreements](#)
- [OPIC and Other Investment Insurance Programs](#)
- [Labor](#)
- [Foreign-Trade Zones/Free Ports](#)
- [Foreign Direct Investment Statistics](#)
- [Web Resources](#)

Summary

[Return to top](#)

Algeria's market of 33 million inhabitants, energy wealth, and growing demands for modern infrastructure have generated immense interest from governments and companies around the world. An often difficult business regulatory environment, symbolized by Algeria's failure to date to join the WTO, has restrained foreign investment outside the energy sector. However Algeria's continued efforts towards WTO accession and the 2005 ratification of an EU Association Agreement, gradually lowering trade barriers over 12 years, are signs that the Algerian market continues to move towards accepting increased foreign investment across most sectors.

There are practical obstacles to investing in Algeria, most notably the lack of a modern banking sector and a large, "legacy" bureaucracy which presides over a broad patchwork of business and investment rules and regulations. Though some progress has been made via advancements in the commercial code in 2005 and 2006, additional improvements are still needed.

The government of Algeria has started the process to privatize the Algerian Popular Credit bank, the first of three public banks scheduled for privatization. This important step in reforming the banking and financial industry to conform to international standards

will facilitate the establishment of businesses in Algeria. The government maintains a sizable bureaucracy, however, which means that it takes significant time and energy to set up a business in Algeria, even for seasoned multinationals.

This Investment Climate Statement provides a general outline of the most recent developments in Algeria's investment codes and highlights some of the major policies, events, and statistics that would be of interest to the U.S. business and investment community.

Openness to Foreign Investment

[Return to top](#)

Seeking to diversify and modernize the Algerian economy, the Algerian government has embarked on an aggressive liberalization program to attract foreign direct investment. Foreign participation in joint ventures varies depending on the sector. In the hydrocarbon sector, the Algerian President recently re-imposed controls limiting ownership for foreign companies to no more than 49 percent of most hydrocarbon projects. The recent decision to privatize the state-owned CPA bank, following the surprise announcement that the purchasing bank would be allowed 51 percent ownership, demonstrated an important change of government policy. The previous maximum foreign ownership was 49 percent. In other domains, the percentage of allowable foreign ownership varies considerably -- sometimes with no upper limit -- and is negotiated on a case-by-case basis.

New legislation affects many sectors, including hydrocarbons, mining, power, banking, telecommunications, pharmaceuticals, transportation, and tourism. While there are many bureaucratic hurdles to starting a business in Algeria, the investment code clearly lays out the rules for investors.

Algeria has enacted legislation that encourages investment. In 1993, the government adopted its primary investment code, legislative decree No. 93-12, which guarantees investment advantages, free transfers of income, and equal treatment for domestic and foreign investors. In August 2001, the government adopted ordinance No. 01-03 to further develop and promote investment, replacing legislative decree No. 93-12. The newest commercial code adopted in 2005 allows payments for in-country commercial transactions to be handled electronically and reduces the amount of paperwork required for the formation of a new company.

There are three national organizations responsible for investment guidance and policy. The first is the National Agency for Investment Development (ANDI) (<http://www.andi/dz>). It is responsible for facilitating investments, granting fiscal and para-fiscal exemptions, conferring investment advantages, and helping investors receive special authorizations for unique investments. ANDI has a network of regional offices throughout Algeria to assist investors.

The second organization is the National Investment Council (CNI), which was created to strengthen the legal and regulatory investment framework. The CNI is charged with defining investment strategies and priorities, approving special investment incentives by sector, and giving final authorization to special investment schemes.

The third organization is the Ministry for Participation and Promotion of Investment (MPPI) (<http://www.mdppi.dz>). It maintains two distinct offices, one for investment policy and the other for promotion of privatization. The MPPI is coordinating the on-going privatization of state-owned companies, organized by sector into groupings managed by "participation management companies" (societes de gestion de participation). The government has augmented its efforts on large-scale privatizations in order to remove itself from supporting loss-making enterprises.

An earlier privatization program was launched in 1995; law No. 95-22 took effect in 1998. That law lacked transparency, creating procedural difficulties for evaluating state-owned firms and the modalities of privatization. In August 2001, a new privatization law was passed aimed at accelerating the privatization of public enterprises in Algeria. The government continues to express its intent to privatize the remaining 1200 state-owned enterprises. The government privatized 270 enterprises from 2003 to 2005. In 2005 alone, the government privatized 67 state-owned enterprises including hotels, flourmills, cement factories and some light manufacturing industries. The government claims an additional 360 state-owned enterprises were privatized in 2006, but none of these were in sensitive areas such as banking or the energy sector.

In March 2005, Algeria adopted a new law to further liberalize the hydrocarbons sector. This new law separated the commercial role of Sonatrach (<http://www.sonatrach-dz.com>), the state-owned hydrocarbons company, from its previous regulatory and procurement/contracting functions. (An early version of the law is available in English at <http://www.mem-algeria.org/legis>) The official French and Arabic versions are currently available online at <http://www.mem-algeria.org/fr/legis>.

The 2005 law would have required Sonatrach to bid on domestic projects alongside foreign firms, meaning that it would no longer be an automatic partner in all projects. However, In July 2006, the president amended the 2005 law to return Sonatrach to its dominant role in the hydrocarbons landscape by mandating that it hold 51 percent of any upstream or pipeline contract with foreign investors. While implementing regulations are still pending, it appears that foreign investors will now be obliged to split taxes, royalties and transport fees for these types of projects with Sonatrach. Most downstream projects remain open to foreign-majority participation.

Algeria imposed new tax requirements on certain existing hydrocarbon contracts, which increased the amount of taxes and royalties the companies would be required to pay to the state as the international price of oil increased. These new requirements were imposed on a small group of companies which had existing contracts in place that lacked profit-limiting clauses. The government did not consult with the energy companies as it drew up the changes.

The Regulatory Agency for Hydrocarbons (ARH) will monitor compliance by foreign firms with various health, safety, and environmental regulations in addition to proper use of the pipeline transport system. A new contracting organization, the National Agency for Contracts (or "ALNAFT"), will be responsible for bidding, concluding and supervising contracts with engineering and procurement (E and P) investors.

Algeria began liberalizing its foreign trade in 1991, at which time the Algerian dinar (officially the dinar Algerien, or "DZA") became fully convertible for all commercial transactions. Since then, exchange control laws have been considerably softened.

The Bank of Algeria (La Banque d'Algerie, the nation's central bank) <http://www.bank-of-algeria.dz> manages Algeria's foreign reserves, controls foreign exchange, and delegates most of these controls to the banks themselves. Legally registered economic operators may have access to foreign currency to make payments, subject to bank domiciliation, without any pre-authorization. The same transfer procedures apply to both goods and services, including insurance, transportation, maintenance, technical assistance, and even training contracts related to imported or exported goods. However in certain categories of services, due to the absence of clear legislation related to franchising, transfers tend to be more difficult and usually require an authorization from the Bank of Algeria.

Algerian exporters outside of the hydrocarbon sector must repatriate their receipts and can convert only 50 percent into hard currency, receiving the other half in local currency. Hydrocarbon export remuneration, by law, is remitted 100 percent in Algerian dinars to local accounts.

In 1995, the rules were broadened to permit payments in foreign currency to individual Algerian citizens for special medical needs, education, and, since 1997, a very limited amount (DA 15,000 per year, or about \$200) for travel abroad. Along with increased international trade, the limited exchange capability has made the black market more visible in recent years. The somewhat more liberalized exchange market has reduced, but not eliminated, the spread between the official exchange rate and the black market rate.

According to the 2001 investment code and the 2003 Law on Currency and Credit (ordinance No. 03-11), foreign investors are allowed to repatriate their profits, even if revenues exceed the original amount invested. According to a new Central Bank regulation (No. 05-03 of June 6, 2005), foreign investors can repatriate dividends, profits and real net income out of their assets transfer or through liquidation. In certain cases, due to the inefficiency of the banking system and the heavy bureaucracy, it may take longer to obtain official permission from the central bank's General Directorate of Exchange to make transfers/payments, or for the local bank to proceed with the transfer.

Residents are not allowed to set up real estate assets abroad based on their activities in Algeria. However, it is possible to obtain authorization from the Central Bank to transfer funds abroad to conduct activities that support in-country business activities.

Foreign workers in Algeria can transfer their salaries abroad according to the provisions of the contract that they have with their employer.

Studies indicate these controls are mostly intended to maintain a stable balance of payments during oil price shocks, since almost 98 percent of the nation's hard currency comes from hydrocarbon exports.

Expropriation and Compensation

[Return to top](#)

The government of Algeria has not engaged in expropriation actions against U.S. or other foreign firms.

Dispute Settlement

[Return to top](#)

Algeria is a signatory to the convention of the Paris-based International Center for the Settlement of Investment Disputes (<http://www.worldbank.org/icsid>). Algeria ratified its accession (<http://arbiter.wipo.int/arbitration>) to the New York Convention on arbitration and is a member of the Multilateral Investment Guarantee Agency (<http://www.miga.org>). The Code of Civil Procedures allows both private and public sector companies full recourse to international arbitration. Algeria permits the inclusion of international arbitration clauses in contracts. With more than 400 legislative and regulatory texts in existence, investors often find the Algerian commercial law difficult to understand, leading investors to rely on local counsel and agents to ensure compliance with all procedures and rules.

Performance Requirements and Incentives

[Return to top](#)

For an investment to be considered foreign, it must meet a minimum threshold level of foreign equity relative to the total value of the investment. For investments less than or equal to \$25,000, the threshold is 15 percent. For investments between \$25,000 and \$125,000, the threshold is 20 percent. For investments greater than \$125,000, the threshold is 30 percent. The Central Bank monitors all foreign direct investment involving foreign currency transactions.

Under the investment code, the generic incentive regime includes the following:

- VAT exemption for goods and services directly related to the investment; and
- Exemption from transfer taxes for real estate purchases directly related to the investment.

A second category of incentive regime offers, on a case-by-case basis with the approval of the National Investment Council, may include the above exemptions, plus:

- Exemption from property taxes;
- Exemption from corporate income taxes;

Additionally, special incentives may also be offered for investments in special development zones and for privileged investments that utilize environmentally-friendly or energy saving technologies.

Special incentives may include:

- Partial or total state funding for infrastructure investments;

- Application of reduced customs duties on imported goods directly related to the investment;
- Exemption for ten years from the corporate income tax (IBS), Gross Income Taxes (IRG), flat rate payment (VF) and Tax of Professional Activity (TAP);
- Exemption for ten years from property taxes; and
- Additional incentives to improve or facilitate the investment, such as the carry-forward of losses and depreciation.

Additional incentives may be offered to companies whose production and investments are export-oriented.

Right to Private Ownership and Establishment [Return to top](#)

Foreign and domestic private entities may establish and own businesses as well as engage in all forms of business activity. Private entities may be freely established and acquire and dispose of interest in business enterprises. Private enterprises have equal status with public enterprises and compete on an equal basis with respect to access to markets, credit, and business operations. A law passed in 2005 required all companies active in foreign trade, regardless of their legal status, ownership or origin, to increase company equity to a minimum of 20 million dinars (approximately \$275,000). The deadline for companies to conform to the new law was December 26, 2005.

Protection of Property Rights [Return to top](#)

As part of Algeria's negotiations for WTO accession, the government adopted new laws in July 2003 on copyright and related rights, trademarks, patent and integrated circuits. To reinforce existing laws, other decrees related to trademarks, patents and integrated circuits were adopted in 2004. In 2005, three decrees defining the procedures for the registration of trademarks, patents and integrated circuits diagrams were adopted. There continue to be discussions as to whether or not these laws now bring Algeria into TRIPs compliance. Some companies do not believe Algerian legislation is sufficient to guarantee data exclusivity protection.

Algeria is a signatory to the Paris Industrial Property Convention on Copyrights, the Berne Convention for the Protection of Literary and Artistic Works, as well as the Madrid and Lisbon Agreements for the protection of appellations of origin and their international registration. Algeria has indicated its intention to ratify the 1996 WIPO Copyright Treaty (WCT) and the WIPO Performance and Phonograms Treaty (WPPT), but has not done so to date. Patents, copyrights, trademarks and integrated circuits are currently protected under 2003 laws; industrial designs and models under 1966 laws; and appellations of origin under 1976 laws.

The Government introduced a new order on July 15, 2002, (article 22 of the Customs Code) which seeks to stop the entry of counterfeit goods at ports and borders.

Sector Specific Comments:

Pharmaceuticals: Current laws do not provide data exclusivity protection for pharmaceutical products/molecules. The government's official policy is to encourage the domestic production of generic medicines. Algerian legislation does not currently recognize or allow for pipeline protection of third-country registered patents, nor does it protect patent holders from premature generic competition.

Software: To stop the use of non-licensed software within government and other public entities, the Prime Minister circulated a February 2005 directive to prevent government use of pirated software and initiated a formal software licensing process through government procurement channels. The National Algerian Institute for Industrial Property (INAPI) administers patents, trademarks, integrated circuits, appellations of origin, design and industrial models, and geographical indicators. The National Copyright Office (ONDA) administers copyrights and related rights.

Although cases of counterfeit products being brought before courts are rare, laws for the protection of trademarks, patents and other aspects of IPR exist. Among these are ordinance No. 66.57 dated March 19 1966, related to trademarks, and ordinance No. 66 156 dated June 8 1966 from the penal code.

Moreover, within the framework of its accession to WTO, on July 19 2003, the Council of Ministers approved a number of ordinances seeking to bring Algerian laws into compliance with the TRIPS standards, including:

Ordinance No. 03-03 on competition;

Ordinance No. 03-04 general regulations applicable to import and export of goods;

Ordinance No. 03-05 Copyrights and related rights, limitation on legal licenses for broadcasting and private reproduction of works;

Ordinance No. 03-06 on Trademark provisions and term of the obligation of use;

Ordinance No. 03-07 Patents: The authorization for pharmaceutical products patents, whereas in the past, Algerian law recognized process patents only; and

Ordinance No. 03-08 related to protection of integrated circuits diagrams.

While the legal framework for intellectual property rights (IPR) has improved, the enforcement of these rules is still inadequate due to lack of public knowledge about counterfeiting and a lack of training in the customs services and the judiciary. Few foreign firms have sought legal recourse, which would require registering the patent, trademark, or copyright in Algeria before filing suit. As a result, counterfeiting is common, especially in cosmetics (estimated up to 35 percent of the Algerian market), clothing and shoes (30 percent), electric appliances (12 percent), automotive aftermarket products, computer hardware components and software, some consumer and food products (such as shampoo and baby formula), and even medicine.

According to the Ministry of Commerce, more than 40 percent of counterfeit products are produced locally, 41 percent are imported and 18 percent are of an unknown origin. The imported products come mainly from Asia (53 percent, an estimated 41 percent of which

are from China alone) Europe (39 percent) and the remainder from the Near and Middle East. Only an estimated 20 percent of users pay licensing fees for software. Though solid piracy statistics are difficult to obtain, Algeria's ONDA estimates that the piracy rate for music and video works on cassette is about 37 percent and up to 87 percent for CDs.

The anti-counterfeiting office within the Ministry of Commerce operates seven regional offices. In 2004, authorized public markets gradually replaced more than ten informal marketplaces. The same year, 100 counterfeit claims were registered, half of which were brought before the courts.

To reinforce inter-agency cooperation, ONDA prepared a draft decree proposing the creation of an inter-agency National Council on Counterfeiting and Piracy with representatives from customs, police, and the Ministries of Commerce, Interior, Justice and Finance, among others.

The government of Algeria is working with U.S. firms in Algeria, the Business Software Alliance, and the U.S. Government to reduce the rate of counterfeiting in Algeria through seminars and specialized training programs for judges and customs officials. A small private "business protection group" led by major U.S. companies in Algeria and other foreign firms, created to fight counterfeiting and other IPR violations, meets quarterly through the Algerian branch of the Overseas Security Advisory Council (OSAC).

Transparency of Regulatory System

[Return to top](#)

The government adopted a new directive in July 2003 to define the conditions of competition practices in the market and prohibit restrictive practices.

Created in 1995, the Competition Council continues to play a role in the regulatory system. Reporting to the Prime Minister, the group makes proposals and recommendations, including provisions for sanctions, to maintain a competitive market system. The Council also regulates prices for some goods and services that are considered strategic (such as bread), but otherwise allows prices to be freely determined by market forces. Energy prices, namely electricity and gas for public consumption, continue to be highly subsidized. For industry subscribers, prices will eventually be market-determined once additional foreign investors are present in Algeria. It appears that Algeria is moving toward a more transparent regulatory system in telecommunications, but health sector regulations, especially regarding pharmaceuticals, are not so transparent.

Efficient Capital Markets & Portfolio Investment

[Return to top](#)

Algeria is engaged in a reform program to improve and modernize its underdeveloped banking and financial systems, in particular the payment system. In 2005, the government began to privatize three public banks, starting with the Algerian Popular Credit bank (CPA). The French bank Rothschild won the bid to prepare the bank for privatization. The Ministry of Finance expects CPA bank to complete the privatization process by the end of 2007 and will then begin the privatization process for the Local Development Bank (BDL).

The banking system is dominated by the six major public banks, although there are about 17 foreign banks, six with liaison offices alongside another six financial institutions operating in Algeria (<http://www.bank-of-algeria.dz/banque.htm>). Up until 2005, seven private banks were closed, and some managers came under scrutiny for improper actions and non-compliance with regulations set by the Central Bank. Others are under review for not meeting the minimum capital requirement. Private banks continue to struggle with the pace of changes in banking laws, such as on exchange reserves and minimum capital requirements. The latter has been increased from \$7 million to \$35 million.

In 1996, the central bank started open market operations with the establishment of an inter-banking currency exchange market (Regulation No. 95-08 of December 23, 1995). This market is dominated by the intervention of the central bank, which is the principle supplier of hard currency for the partially convertible Algerian dinar. To improve the payment system, with World Bank assistance, the central bank adopted new regulations aimed at introducing a real time gross settlement (RTGS) system which began operating in late 2006. Though the system was activated and check clearing wait time reduced from up to six months to just five business days, most commercial operators are not yet prepared to accept checks from clients.

A Treasury bond market began in 1995. The Algerian Treasury authorized 13 primary dealers (called "SVT"), including state-owned banks, state-owned insurance companies, and one foreign bank (Citibank). In 2004, Algerie Clearing, a joint stock company, was officially established as the central depository for all securities in Algeria. Algerie Clearing monitors a computerized settlement and delivery system of all bonds.

The stock exchange was established by legislative decree in 1993 and became operational in 1999. However, it remains in an embryonic stage, with only three companies listed: Soidal Group, Eriad Setif, and El Aurassi Hotel. The Stock Exchange and Surveillance Commission (COSOB) supervises the exchange. As part of the government's privatization program, 11 other state-owned companies are expected to trade on the stock exchange.

To absorb the excess liquidity in the market estimated at \$10 billion, some state-owned companies have launched corporate bonds to finance their development projects. These include the national airline Air Algerie, the state-owned hydrocarbons giant Sonatrach, the state-owned energy utility Sonelgaz, and an assortment of others.

Political Violence

[Return to top](#)

Political violence has declined since the fighting of the 1990s most notably following the April 2004 reelection of President Bouteflika to a second 5-year term. The government's dual approach to reducing the terrorist threat through military engagement and societal reconciliation has achieved significant results. Algeria has defeated terrorism as a strategic threat to the country, but pockets of terrorism remain. A national referendum on peace and reconciliation held in November 2005 led to the peaceful surrender of many terrorists, but the security services continue to fight terrorists daily in various regions of the country. The capital Algiers had gone without major incident for

over two years until the terrorist GSPC Group attacked police stations in the city's eastern suburbs in October 2006. The group then attacked a bus transporting foreign workers of a U.S. company, killing two. This was the first time an American company had been directly attacked in Algeria.

The U.S. Embassy in Algiers maintains a high level of security, and security preparation must be considered when doing business in Algeria. Visitors should read the State Department's Consular Information Sheets and Travel Advisory before traveling to Algeria, at <http://travel.state.gov>.

Corruption

[Return to top](#)

Fighting corruption is a stated priority of the Algerian government. An anti-corruption bill adopted by the Government Council in January 2005, was passed by Parliament in June of that year, and came into effect in March 2006 legislation, law 06-01. The law reinforced existing legislation to bring Algeria into compliance with the U.N. Convention against Corruption, which Algeria ratified August 25, 2004. The law contained five main provisions to promote transparency in government and public procurement, and also introduced new crimes such as illicit enrichment. It reinforced existing penal sanctions; allowed for the creation of a national organization to design and implement a national anti-corruption strategy; and contains specific language aimed at curbing money laundering. President Bouteflika issued three decrees in December 2006 aimed at further clarifying elements of this law pertaining to the establishment of national anti-corruption body and mandating asset-reporting requirements for civil servants.

In April 2005, the Ministry of Justice investigated 40 judges for corruption and abuse of power, leading to the dismissal of eight. Throughout 2006, several customs officers, members of the National Police and one state governor were dismissed on various allegations of corruption.

Algeria is not a financial center and the extent of money laundering through formal financial institutions is believed to be minimal due to stringent exchange control regulations and an antiquated banking sector. Despite money laundering controls, official statistics show that approximately 500 million Euro leave the country illegally every year in part due to over-invoicing. This is how some European firms allegedly get around the lack of franchising laws, which inhibits repatriation of royalties.

On January 5, 2005, the government adopted a new law pertaining to money laundering and terrorist financing to comply with international standards and measures against organized crime. This law required the use of checks, wire transfer, or any other non-cash form of payment for any transaction valued above 50,000 dinar (\$685). This requirement has not been enforced to date due to concerns raised by the business community regarding a lack of business infrastructure capable of managing a checking system. The law also required banks to verify the identities and addresses of clients before opening bank accounts or completing any transactions. The legislation gives wide-ranging powers to the banking commission of the Bank of Algeria (the central bank). In an effort to fight money laundering and terrorism financing, a Financial Intelligence Unit (CTRF) was established in 2002. The FIU currently works with several European counterparts and has expressed interest in receiving training from the U.S.

Government as well as possible membership in the EGMONT group. There is currently an anti-corruption law pending in the National Assembly.

The Transparency International Corruption Perception Index (CPI) for 2006 ranked Algeria number 84 out of 163 countries.

Algeria is a signatory to the OECD Convention to Fight Bribery.

The following is a link to the Department of State's 2005 International Narcotics Control Strategy Report. Part II on Money Laundering includes a chapter on Algeria:

<http://www.state.gov/p/inl/rls/nrcrpt/2005/>

Bilateral Investment Agreements

[Return to top](#)

On July 13, 2001, the U.S. and Algeria signed a Trade and Investment Framework agreement (TIFA) to create a forum for involved discussion. The first TIFA Council meeting was held in Algiers April 8, 2001, and the second in Washington D.C December 2-3, 2004. The discussions could eventually lead to a Bilateral Investment Treaty (BIT) and a Free Trade Agreement.

In December 2001, Algeria and the EU concluded negotiations on the Association Agreement that was ratified by the Algerian Senate on March 31, 2005 and took effect September 1, 2005. The Association Agreement will commit both sides to further liberalization of bilateral trade and is intended to make Algerian businesses and consumers benefit from the development of trade and investment ties (http://europa.eu.int/comm/external_relations). The Agreement provides for the gradual removal of import duties on EU industrial products over twelve years, and removes duties immediately on 2,000 other products. The Agreement will lay an important foundation for economic liberalization in Algeria. It also provides for an exchange of concessions regarding trade in services. On December 12, 2002 a joint declaration of cooperation was signed among the members of the European Free Trade Association (EFTA, <http://www.efta.int>) with the European Union providing for expanded and liberalized trade with EFTA members Iceland, Liechtenstein, Norway and Switzerland.

Algeria signed bilateral investment agreements for the protection and promotion of investments with the following countries in the indicated years: Belgium/Luxembourg (1991), Italy (1991), France (1993), Romania (1994), Spain (1994), China (1996), Germany (1996), Jordan (1996), Mali (1996), Vietnam (1996), Egypt (1997), Bulgaria (1998), Mozambique (1998), Niger (1998), Turkey (1998), Denmark (1999), Yemen (1999), Czech Republic (2000), Greece (2000), and Malaysia (2000). There is no bilateral investment treaty between Algeria and the United States. Prospects for a U.S.-Algeria BIT were discussed at the December 2004 TIFA meetings and received periodic mention throughout 2005.

Algeria has also signed bilateral treaties to prevent double taxation with the following nations: United Kingdom (1981), France (1982), Tunisia (1985), Libyan Arab Jamahirya (1988), Morocco (1990), Belgium (1991), Italy (1991), Romania (1994), Turkey (1994), Syrian Arab Republic (1997), Bulgaria (1998), Canada (1999), Mali (1999), Vietnam

(1999), Bahrain (2000), Oman (2000), Poland (2000), Ethiopia (2002), Lebanon (2002), Spain (2002), and Yemen (2002). There is no double taxation treaty between Algeria and the United States.

In 1990, Algeria signed both investment protection and double taxation agreements with the Arab Maghreb Union (UMA) countries (Libya, Morocco, Mauritania and Tunisia).

OPIC & Other Investment Insurance Programs

[Return to top](#)

The U.S. Overseas Private Investment Corporation (OPIC) (<http://www.opic.gov>), the U.S. Export-Import Bank (Ex-Im) (<http://www.exim.gov>), and the U.S. Trade and Development Agency (U.S.TDA) (<http://www.ustda.gov>) are increasing their support of U.S. trade and investment in Algeria.

Beyond the oil and gas sectors, Ex-Im is working on expanding its activities in sectors including telecommunications, capital equipment, and pharmaceuticals. Ex-Im Bank remains one of Algeria's leading creditors. In 2004, Ex-Im Bank expressed its readiness to make available to Sonatrach, the state-owned oil and gas company, a \$1 billion credit facility intent for its five-year procurement plan. U.S. firms intent on bidding on tenders in the Algerian energy sector must inform Ex-Im of their wish to make a credit offer to Sonatrach, which Ex-Im then must authorize. For more details, please visit <http://www.exim.gov/portals/usexporter/index.cfm>. In December 2003, Ex-Im announced a \$176 million long-term loan guarantee (U.S. content only) for the Skikda Power Project. Because of current high oil revenues, Sonatrach's need for financing applies more to large-scale, long-term projects than to short-term, small-scale procurements. Due to the continued high price of oil on the international markets and Algeria's \$72 billion exchange reserves, Sonatrach did not required any external funding from Ex-Im or other international sources in 2006.

In January 2005, OPIC approved \$200 million in underwriting for financing for Ionics (now part of G.E. Infrastructure, Water and Process Technologies), for a 25-year build-own-operate (BOO) seawater desalination project in downtown Algiers' Hamma district. The project company, Hamma Water Desalination SpA (HWD), is owned 70 percent by G.E. Ionics and 30 percent by the Algerian Energy Company (AEC) (<http://www.aec.dz>). The project contracts were signed in Algiers on June 25, 2005.

OPIC continued to evaluate projects in Algeria in 2006 for potential financing.

Labor

[Return to top](#)

Algeria's labor code sets minimum work standards, including a minimum work age (16 years), a 40-hour workweek, and rates for overtime pay. Employers pay 26 percent of gross salaries in social security taxes, including provisions for both retirement and health/accident insurance.

To reduce labor costs, the government since 2001 has exempted employers from paying family allowances, estimated at \$377 million. However, the government decided in 2005

that employers should pay these charges, but no timetable for implementation of this provision has been set.

Algeria's labor force in 2005 was estimated at 10.4 million people. Total population was estimated at 33.5 million in 2006, with an annual population growth of 1.5 percent. According to the National Office of Statistics, over 60 percent of the population is under age 30. The monthly minimum wage was raised to DA 12,000 (\$174) from DA 10,000 (\$145) in 2006.

Reducing high unemployment and strengthening social protection are key objectives in the government's reform program. According to Algerian official statistics, the unemployment rate ranged from 15 percent to 17.7 percent in 2005, but international organizations such as the World Bank estimate Algeria's unemployment rate much higher, at 25.4 percent as of April 2006. Some of the jobs included in the official Algerian calculations are temporary, funded mainly through government programs.

U.S. companies have been able to hire trained technical staff. However, English speakers remain difficult to find. Arabic is the official language, and French is the de facto language of business. There are no restrictions on the number of expatriate supervisory personnel a company may establish. Entry visas for foreign workers must be requested through the Ministry of Employment and Social Solidarity (<http://www.massn.gov.dz>). Foreign workers must then obtain work permits from the Ministry of Labor (<http://www.mtss.gov.dz>) and a residency card from the local police office in the district where they will be working. The Employer is responsible for submitting all tax payments for individual workers to the proper local tax collection authorities.

Algerian regulations allow foreigners to repatriate 50 percent of their salaries.

Algeria has ratified social security contribution conventions with France, Belgium, Romania, Tunisia and Egypt, effectively exempting workers from two different sets of social security taxes. There is no social security convention between Algeria and the United States.

Foreign-Trade Zones/Free Ports

[Return to top](#)

On December 1, 2004, the government of Algeria signed an executive decree to dismantle its only free trade zone, at Bellara, in preparation for WTO accession. Bellara has since been transformed into an industrial zone for regional development. There are currently no free trade zones in Algeria.

Foreign Direct Investment Statistics

[Return to top](#)

According to Foreign Direct Investment (FDI) statistics released by the National Agency for Investment Development (ANDI), the total value of investment declarations in 2005 was \$2.9 billion, of which \$1.6 billion were in non-hydrocarbons areas. The National Agency for the Development of Investment recorded 84 foreign investment projects in 2005, out of which 35 are partnership projects and the rest are 100 percent foreign owned. Not included in the aforementioned ANDI figures, the main 2005 foreign

investment projects included a \$928 million Spanish association “Iberia’s Fertial” project to modernize the Asmidal fertilizer plant in Annaba and an \$850 million investment by the Canadian Company SNC Lavallin.

Lavallin’s 1200 Mega Watt Power Plant project called Hadjret Ennous is located in the city of Cherchell. The Saudi construction and real estate company, SIDAR, launched an investment program to build office towers and business centers valued at around \$400 million that would be located throughout the main cities of Algeria. The Mehri Association, in association with the French Accor group, invested \$173 million to develop 36 three-star Ibis and Novotel hotels throughout the country. The sea water desalination plants of Skikda (\$110 million) and Beni Saf (\$160 million) were also major investments in 2005. The consumer market for pharmaceuticals is estimated at \$850 million annually. Pfizer and the GlaxoSmithKline (UK) / Asac Pharma (Spain) partnership are the primary domestic investors.

New hydrocarbon FDI was registered at \$1.3 billion in 2005, which represents close to 2004’s registered value of \$1.5 billion. This amount still represents 10 percent of all FDI inflows in Africa (excluding South Africa). The state owned oil and gas company Sonatrach signed 8 contracts during 2004 and 10 more in 2005.

From 1999 to 2005, more than 50 foreign companies, in partnership with Sonatrach (State-owned Oil & Gas Company) invested almost \$10 billion (of which 89.5 percent was for field development and 10.5 percent for exploration). In exploration, U.S. firms are the most active, having 35 percent of the market, followed by Italy (14 percent), Australia (9 percent), UK, Canada, Indonesia (8 percent each), France (7 percent) and the remaining share divided among Russia, Spain and others. British, American, Australian, and Spanish companies conducted field development projects worth \$7.7 billion during this period.

The U.S. Trade and Development Agency (<http://www.ustda.gov>) has been actively involved in Algeria.

Web Resources

[Return to top](#)

Algerian government:

Algeria Energy Company (AEC): <http://www.aec.dz/>
Algerian Embassy in Washington, D.C.: <http://www.algeria-us.org/>
Bank of Algeria (central bank): <http://www.bank-of-algeria.dz/>
Ministry of Employment and Social Solidarity: <http://www.massn.gov.dz/>
Ministry of Energy and Mines: <http://www.mem-algeria.org/>
Ministry of Finance: <http://finances-algeria.org/>
Ministry of Labor and Social Security: <http://www.mtss.gov.dz/>
Ministry of Participation and Investment Promotion: <http://www.mdppi.dz/>
National Investment Development Agency: <http://www.andi.dz/>
Sonatrach: <http://www.sonatrach-dz.com/>

United States Government:

U.S. Department of State: <http://www.state.gov>.
(For travel information, please visit <http://travel.state.gov/>.)
U.S. Embassy Algiers: <http://algiers.usembassy.gov/> (*links to the Economic and Commercial Sections are contained within the link "Embassy News/About the Embassy"*)
U.S. Department of Commerce: <http://www.export.gov/>
Export Import Bank: <http://www.exim.gov/>
Overseas Private Investment Corporation (OPIC): <http://www.opic.gov/>
U.S. Trade and Development Agency: <http://www.ustda.gov/>

Non-Governmental:

Business Software Alliance (BSA): <http://www.bsa.org/>
U.S.-Algeria Business Council: <http://www.us-algeria.org/>

International:

E.U. Association Agreement:
http://europa.eu.int/comm/external_relations/euromed/med_ass_agreemnts.htm
European Free Trade Association (EFTA): <http://www.efta.int/>
IMF Algeria information: <http://www.imf.org/external/country/DZA/index.htm>
International Monetary Fund (IMF): <http://www.imf.org/>
Multilateral Investment Guarantee Agency: <http://www.miga.org/>
United Nations Conference on Trade and Development: <http://www.unctad.org/>
View the 2003 UNCTAD Investment Policy Report on Algeria (in French) here:
http://www.unctad.org/fr/docs/iteipc20039_fr.pdf
World Bank: <http://www.worldbank.org/>

Laws:

Hydrocarbons reform law (non-final English version): http://www.mem-algeria.org/legis/prem_hydroc.htm.
Hydrocarbons reform law (final, official Arabic version): <http://www.mem-algeria.org/fr/legis/hydrocarbures-5-7-ar.pdf>

Conventions:

New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards
<http://arbitr.wipo.int/arbitration/ny-convention/index.html>
Paris-based International Center for the Settlement of Investment Disputes:
<http://www.worldbank.org/icsid/>

[Return to top](#)

[Return to table of contents](#)

Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

[Return to top](#)

Most common payment terms are used in Algeria with the exception of payment in advance. Payments for goods are subject to producing an invoice with a bank domiciliation and customs clearing documents. Payments for services are subject to prior approval by the Bank of Algeria (the Central Bank) called an 'autorisation de transfer'. Current accounts are fully transferable.

The only credit-rating agency is the Central Bank. The information it collects is for in-house purposes only and is not shared with private enterprises or banks.

How Does the Banking System Operate

[Return to top](#)

Six state-owned banks still dominate the commercial market with 95 percent share, but numerous private banks now operate in Algeria as well. The most prominent are Citibank, French banks Natexis/Banques Populaires, Societe Generale, and BNP Paribas, and Arab group ABC. Spanish-owned Santander bank has announced plans to launch operations in Algeria in 2007. Citibank has four branches in Algeria: Algiers, Oran, Annaba and Hassi Messaoud, in the heart of the oil and gas fields. Western Union services (international money transfers) are also available. Societe Generale is expanding into retail operations throughout Algeria with the opening of over 60 branches nationwide.

The Khalifa Bank collapse in 2002 injured public confidence in the private banking sector, in spite of the flaws in state-owned banks. The collapse revealed massive corruption, including illegal transfers to offshore front companies. A September 2004 government directive, said to be a consequence of the Khalifa scandal, forbids state-owned enterprises from holding accounts with, or obtaining loans from, foreign banks.

Observers expect banking reform to continue throughout 2007, leading to the privatization of several state-owned banks. The tender for the privatization (51 percent ownership) of the first bank, Credit Populaire d'Algerie (CPA) was launched November

2006. It represents 14 percent of the market. Public Bank BDL, the Bank of Local Development is the next bank expected to be privatized in 2007.

Barriers on outward transfers and an antiquated domestic transfer system pose challenges for investment. Though the Bank of Algeria is working on creating a system that would permit payments by check and credit cards, this system is still very new and not many vendors have fully embraced this new system. Neither checks nor credit cards are common. ATMs are installed at some locations for limited-use disbursements, and only with cards issued by the local bank, not international credit cards. Algeria remains a cash-based society.

Foreign-Exchange Controls

[Return to top](#)

With few exceptions, the GOA prohibits Algerians from holding financial assets abroad. It does make foreign exchange available to Algerians for the importation of goods provided they have the dinar equivalent of the hard currency cost of the imports. A company (outside of the hydrocarbon sector) may only receive up to fifty percent of its export earnings in U.S. dollars; it must receive the rest in local currency. Companies in the hydrocarbon sector must receive one hundred percent of export revenue in local currency (dinar).

The Algerian dinar is convertible for current accounts for businesses. Individuals are entitled to own overseas accounts and transfer funds, but the Bank of Algeria cannot convert payments.

U.S. Banks and Local Correspondent Banks

[Return to top](#)

Citigroup, N.A. (Citibank)
07 Avenue Larbi Allik
Hydra, Alger 16035
+213 (21) 54 78 21

Each of the state-owned Algerian banks maintains correspondent banking relationships with several U.S. banks.

Relationships with Banque Extérieure d'Algérie

Bank of New York
BankAmerica International
Bankers Trust
Chase Manhattan Bank
Chemical Bank
Citibank
First Chicago

Relationships with Crédit Populaire d'Algérie

Citibank
Arab American Bank
Chemical Bank
Mellon Bank

Relationships with Banque Nationale d'Algérie

American Express Bank
Bank of America
Bank of New York
Bankers Trust
Chase Manhattan Bank
Citibank
CoBank Denver
First-Interstate Bank of California
Mellon Bank
Pittsburgh national Bank
United Bank for Africa

Relationships with Banque de Development Local

Citibank
Crédit Lyonnais NY
Rabo Bank
United Bank for Africa

Project Financing

[Return to top](#)

The World Bank and the African Development Bank are active in Algeria. Both finance infrastructure and social projects. In July 2003 the World Bank launched a three-year business plan for the Government of Algeria aimed at supporting the broad spectrum of reform undertaken by Algerian leadership to foster growth, create jobs and fight poverty. Designed in close consultations with the Government and civil society organizations, the country assistance strategy (CAS) for Algeria seeks to bolster the country's ambitious reform program through a mix of analytical and advisory services, institutional strengthening and lending for the fiscal years 2004 to 2006. To view the 2003 report, or the 2005 update, please visit www.worldbank.org/dz.

The international Finance Corporation (IFC) is actively providing equity, loans, capital mobilization, guarantees, and co-financing for projects in Algeria. Priority sectors for the corporation include financial services, construction, infrastructure, and mining. For additional information, please contact Abdelkader Allaoua, Associate Director, Middle East & North Africa at aalloua@ifc.org, or visit their website at www.ifc.org.

The Multilateral Investment Guarantee Agency provides investment guarantees in Algeria, primarily in the fields of financial services and oil and gas. Please contact Corporate Relations Officer Federica Dal Bono at fdalbono@worldbank.org for additional information or visit their website at <http://www.miga.org>.

Other Development Institutions:

The European Union finances major investments through the European Investment Bank. The EIB provides loans and structured finance for industry, transport, water & sanitation, and energy projects. For further information, please contact Helen Kavvadia at h.kavvadia@eib.org, or visit their website at www.eib.org.

The Overseas Private Investment Corporation (OPIC) is another source of project finance in Algeria. OPIC is currently a stakeholder in the \$150 million GE Ionics Hamma Water Desalination project in downtown Algiers. OPIC is most known in Algeria for providing Political Risk Insurance as well as loans. For additional information please contact the information line in Washington, D.C. at (202) 336-8799 or visit their website at www.opic.gov.

Web Resources

[Return to top](#)

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

International Finance Corporation: www.ifc.org

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

U.S.DA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

World Bank: www.worldbank.org/dz

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
- [Visa Requirements](#)
- [Telecommunications](#)
- [Transportation](#)
- [Language](#)
- [Health](#)
- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

[Return to top](#)

Algeria has a unique business culture that results from many factors, including: the country's location at the crossroads of Africa and of the Mediterranean basin; its ethnic diversity of Arabs and Berbers; and a history including 130 years of colonization, eight years of guerilla war for independence and a decade-long struggle with terrorism.

Formalism and protocol

Algerians attach great importance to titles and hierarchy. Calling people by their proper title is an important mark of respect. Given the importance of hierarchy, especially in the public sector, all requests, invitations, and proposals should be addressed to the head of an organization rather than to a subordinate. Algerians expect that first contact with an American company will come from a suitably senior counterpart. Personal contact is essential.

Not "deals" but alliances

Algerians' primary loyalties are based on family ties, tribal ties, or shared regional origin. These common ties last a lifetime and for most Algerians disregarding them would be unthinkable. By the same token, Algerian executives are more interested in forging long lasting alliances, with mutual long-term commitments, than specific deals with foreign firms. This often makes for protracted and convoluted negotiations.

Diffidence/Trust

Algerians usually approach initial business dealings and negotiations with extreme diffidence. On the other hand, once they have concluded that their interlocutor can be trusted and keeps commitments, the relationship becomes one of trust and often of friendship.

Candor

Algerians are often frank to the point of bluntness and appreciate such frankness in return. As a result, negotiations with Algerians are usually devoid of the subtleties common in the Arab world and can turn suddenly vehement. If the non-Algerian interlocutor remains firm but respectful, passions quickly abate.

Travel Advisory

[Return to top](#)

Please see the Department of State's Travel Advisory Web site at http://travel.state.gov/travel/warnings_consular.html for the latest information.

Visa Requirements

[Return to top](#)

U.S. citizens need a visa to enter Algeria. Travelers should clearly stipulate the intended date of entry and planned duration of stay on their applications.

Please visit the Web site of the Embassy of Algeria in Washington, D.C. at <http://www.algeria-us.org/>. Visa information is available under the heading "Consular Section."

Visitors are permitted to bring in any amount of foreign exchange, provided it is declared at customs. A special currency form is provided at customs; complete and retain it after authentication by airport customs authorities. Foreign currency can be exchanged at all banks, seaports, and airports and in some hotels and vacation villages. Unused foreign currency is re-exportable; provided it was properly declared upon entry and exchange authorities recorded the amounts on the currency form.

U.S. Companies that require travel of foreign businesspersons to the United States should allow sufficient time for visa issuance if required. Visa applicants should go to the following links:

State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Embassy Algiers: <http://algiers.usembassy.gov/>. Please check the Embassy Web site for operating hours and holidays that may affect the processing time of your application.

Telecommunications

[Return to top](#)

There are over 20 licensed Internet service providers in Algeria. There are no licenses available yet for broadband service providers. As of January 2005, licenses are being issued to VOIP providers. Internet connections are available at most major hotels.

All three of Algeria's cell phone service providers (Orascom's "Djezzy", Wataniya's "Nedjma", and Algerie Telecom's "Mobilis") use GSM-II technology.

There are international airmail, telegraph, telex, and telephone services to the U.S. and Europe. Long-distance calls may be made from any post office, but it is not possible to reverse charges or to use a credit card.

Transportation

[Return to top](#)

Algeria has one national airline, the state-owned Air Algerie, serving all of Algeria's large cities, its oil and gas production center at Hassi Messaoud, and many of the tourist destinations, in particular the Saharan cities like Tamanrasset. There is railway passenger service between the major northern cities and bus services to many of the smaller cities and towns. Good paved roads, one of which links Morocco and Tunisia, cover the northern region and connect some oases. The Trans-Saharan Highway is surfaced from Ghardaia to Tamanrasset. Rental cars are available but expensive.

Air Algerie serves 37 destinations in Europe, Africa and the Middle East. A number of international airlines serve Algeria, though there are no direct flights between Algeria and the U.S. Direct flights to Morocco and Tunisia are frequent. International carriers include: Air France, Air Litorale and Aigle Azur, Alitalia, British Airways, Egypt Air, Libyan Arab Airlines, Lufthansa, Qatar Airways, Royal Air Maroc, Saudi Arabian Airlines, Syrian Air, Tunis Air, and Turkish Airlines. Iberia resumed services in 2006. Many routes are seasonal, with more flight options during the summer.

Language

[Return to top](#)

Arabic is the official language of Algeria. French is widely spoken in business and government circles, but English is rare. Algerian business contacts will generally expect that the American side will provide translation if it is needed; be sure to check this prior to any meeting.

Health

[Return to top](#)

No vaccinations are required for entry. Typhoid, tetanus, polio, cholera and rabies inoculations are strongly recommended. Tap water is considered potable in Algiers but we recommend that bottled water be used. For additional information see the World Health Organization website at: <http://www.who.int/countries/dza/en/>.

Local Time, Business Hours, and Holidays

[Return to top](#)

The workweek in Algeria is Saturday to Wednesday, 09:00 a.m. to 05:00 p.m.

Algeria is in the GMT +1 Time Zone, five hours ahead of Eastern Standard Time, and in the same time zone as Central European Time. Algeria does not follow daylight savings during the summer, at which point it is one hour behind Central European Time.

Holidays in 2007 are as follows:

New Year's Day	January 1
Awal Moharem *	January 21
Achoura *	January 30
Mawlid Ennabbaoui *	March 31
Labor Day	May 1
Independence Day	July 5
Aid El Fitr *	October 13/14
Revolutionary Day	November 1
Aid El Adha *	December 20

(*) Precise date subject to lunar sighting/government declaration

Temporary Entry of Materials and Personal Belongings [Return to top](#)

Algerian customs authorities encourage the use of an ATA (Admission Temporaire/Temporary Admission) Carnet for the temporary admission of professional equipment, commercial samples, and/or goods for exhibitions and fair purposes. ATA Carnet Headquarters located at the U.S. Council for International Business, 1212 Avenue of the Americas, New York, NY 10036, issues and guarantees the ATA Carnet in the United States. For additional information call (212) 354-4480, send an e-mail to atacarnet@uscib.org, or visit uscib.org for details.

Web Resources [Return to top](#)

Embassy of Algeria in Washington, D.C.: <http://www.algeria-us.org/>.
State Department Visa Website: <http://travel.state.gov/visa/index.html>

United States Visas.gov: <http://www.unitedstatesvisas.gov/>

U.S. Center for International Business: www.uscib.org

U.S. Embassy Algiers: <http://algiers.usembassy.gov/>. Please check the Embassy Web site for operating hours and holidays that may affect the processing time of your application.

World Health Organization website at: <http://www.who.int/countries/dza/en/>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 9: Contacts, Market Research, and Trade Events

- [Contacts](#)
- [Market Research](#)
- [Trade Events](#)

Contacts

[Return to top](#)

- [Présidence de la République](#)
<http://www.elmouradia.dz>
- [Services du Chef du Gouvernement](#)
<http://www.cg.gov.dz>
- [Ministère des Affaires Etrangères](#)
<http://www.mae.dz>
- [Ministère de la Justice](#)
<http://www.mjustice.dz>
- [Ministère des Finances](#)
<http://www.finance-algeria.org>
- [Ministère de l'Energie et des Mines](#)
<http://www.mem-algeria.org>
- [Ministère de l'Aménagement du Territoire et de l'Environnement](#)
<http://www.environnement-dz.org>
- [Ministère des Transports](#)
<http://www.ministeredestransports.dz>
- [Ministère de l'Education Nationale](#)
<http://www.meducation.edu.dz>
- [Ministère de l'Agriculture et du Développement Rural](#)
<http://www.minagri-algeria.org>
- [Ministère du Tourisme](#)
<http://www.tourisme.dz>
- [Ministère des Travaux Publics](#)
<http://www.mtp-dz.com>
- [Ministère de la Santé, de la Population et de la Réforme Hospitalière](#)
<http://www.sante.dz>
- [Ministère de la Communication et de la Culture](#)
<http://www.mcc.gov.dz>
- [Ministère des Ressources en Eau](#)
<http://www.mre.gov.dz>
- [Ministère de la Petite et Moyenne Entreprise et de l'Artisanat](#)
<http://www.pmeart-dz.org>
- [Ministère de l'Enseignement Supérieur et de la Recherche Scientifique](#)
<http://www.mesrs.edu.dz>
- [Ministère de la Poste et des Technologies de l'Information et de la Communication](#)
<http://www.postelecom.dz>
- [Ministère de la Formation et de l'Enseignement Professionnels](#)
<http://www.mfep.gov.dz>
- [Ministère de l'Habitat et de l'Urbanisme](#)
<http://www.mhu.gov.dz>

- [Ministère du Travail et de la Sécurité Sociale](http://www.mtss.gov.dz)
http://www.mtss.gov.dz
- [Ministère de l'Emploi et de la Solidarité Nationale](http://www.massn.gov.dz)
http://www.massn.gov.dz
- [Ministère des Relations avec le Parlement](http://www.mcrp.gov.dz)
http://www.mcrp.gov.dz
- [Ministère de la Pêche et des Ressources Halieutiques](http://www.mprh-dz.com)
http://www.mprh-dz.com
- [Ministère de la Jeunesse et des Sports](http://www.mjs.dz)
http://www.mjs.dz
- [Ministère délégué auprès du Chef du Gouvernement, chargé de la Communauté Nationale à l'Etranger](http://www.mdccne.gov.dz)
http://www.mdccne.gov.dz

- [Assemblée Populaire Nationale](http://www.apn-dz.org)
http://www.apn-dz.org

- [Conseil de la Nation](http://www.majliselouma.dz)
http://www.majliselouma.dz
- [Conseil Constitutionnel](http://www.conseilconstitutionnel-dz.org)
http://www.conseilconstitutionnel-dz.org
- [Conseil d'Etat](http://www.conseil-etat-dz.org)
http://www.conseil-etat-dz.org
- [Conseil National Economique et Social](http://www.cnes.dz)
http://www.cnes.dz
- [Haut Conseil Islamique](http://www.hci.dz)
http://www.hci.dz
- [Cour Suprême](http://www.coursupreme-dz.org)
http://www.coursupreme-dz.org
- [Cour des Comptes](http://www.ccomptes.org.dz)
http://www.ccomptes.org.dz
- [Direction Générale des Archives Nationales](http://www.archives-dgan.gov.dz)
http://www.archives-dgan.gov.dz

- U.S. – Algeria Business Council
<http://www.us-algeria.org/>
- World Trade Center Association Algeria
<http://www.wtcalgeria.com>
- U.S. Embassy Foreign Commercial Service
http://algiers.usembassy.gov/commercial_service.html

Market Research

[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Additional investment guides for Algeria have been produced by several Embassies and Organizations. Some of these include the French Embassy, the Canadian Embassy, the Oxford Group and KPMG.

Trade Events

[Return to top](#)

Upcoming Events sponsored by:

The U.S. – Algeria Business Council:

2007 U.S.ABC HI-TECH SYMPOSIUM
March 6-7, 2007
Silicon Valley, CA

3RD ANNUAL U.S.ABC ENERGY SYMPOSIUM
April 12-13, 2007
Washington, DC

2007 U.S.ABC TRADE AND INVESTMENT EXPO
May 6-8, 2007
Chicago, IL

2007 U.S.ABC INTELLECTUAL PROPERTY AND COMPLIANCE FORUM
June 6, 2007
Algiers, ALGERIA

2007 U.S.ABC BANKING AND FINANCE SYMPOSIUM
September 12-13, 2007
Washington, DC

2007 U.S.ABC DEFENSE AND TRANSPORTATION SYMPOSIUM
November 15, 2007
Washington, DC

For additional information and events please see: www.us-algeria.org

The U.S. Embassy – Foreign Commercial Service:

2007 Algiers International Trade Fair
June 02-07, 2007
Algiers, Algeria

The USA Pavilion at the Algiers International Trade Fair is key to showcasing the commitment of American business in Algeria. With over 600,000 visitors during this fair, exhibitors use this fair as an opportunity to pave the way for numerous business deals leading to lasting, profitable relationships. For other exhibitors, the exposure to high-ranking government officials, media, potential partners, decision makers, and

consumers, allows them to better position their companies in the Algerian market. These are all key factors to doing successful business in Algeria.

Participation in the Algiers International Trade Fair is one of the most effective tools by which to reach the largest group of partners, consumers, politicians, media, business people and decision makers. Last year, the U.S. Pavilion showcased 44 U.S. Companies from a wide array of sectors including 17 New-To-Market firms.

The Embassy Foreign Commercial Service can provide you with information on registering your company to participate. For additional information, give us a call or send us an email today!

The World Trade Center Group:

Counterfeit Symposium Conference and Exhibition
January 15-16, 2007
El Aurassi Hotel, Algiers

This conference will address how globalization and the fast-paced development of international trade have a serious impact on counterfeiting.

International Symposium on Cybercrime
January 22-23, 2007
El Aurassi Hotel, Algiers

This symposium is dedicated to evaluating the rapid evolution of the IT and communication domain and the impact of cybercriminality including the increasing problem of cybercrime on the internet.

The Fourth Annual Alger/Montpellier Business Law Legal Meeting
January 27-28, 2007
Sofitel hotel, Algiers

The fourth edition is dedicated to the subject of "The Franchise", taking into consideration evolving interest in the franchising sector.

2007 U.S.ABC – WTC Construction & Infrastructure Symposium
February 26, 2007
El Djazair Hotel, Algiers

Registration for the 2007 construction and infrastructure symposium is open to U.S. and Algerian businessmen seeking partnerships and investment opportunities in the field of construction. Additional information available at www.us-algeria.org.

EVE 2007
March 6-9, 2007
SAFEX Grounds, Algiers

This show gathers together all industries related to women (cosmetics, clothing, leather goods, jewelry, and consumer products) and also addresses the role of women as manager.

Hi-Tech 2007
April 16-19, 2007
SAFEX Grounds, Algiers

The objective of Hi-Tech 2007 is to encourage the use and dissemination of new technologies in the IT sector in Algeria.

For more information on these and other events, please visit the World Trade Center Group Algeria Website at: www.wtcalgeria.com

SAFEX – The Algerian Society for Fairs and Exports

Salon International d'Adrar, January 2007 (date to be determined)

Equip Auto Algerie, Automotive, car and spare parts, March/19-22/2007

Med-IT Algerie, ICT, Telephony, IT Network, April/2-3/2007 (Palais de la Culture, Alger)

Tel: 00 33 442 70-91-89

Fax: 00 33 442 70-00-66

Website: www.medit.eu.org/ALGERIE/presentation.htm

Djazagro, Food processing, Restaurant and Hotel sectors, April/16-19/2007

Forum Labo Alger, Quality control labs, April/16-19/2007

BATIMATEC, Building/Public Works equipment, materials, process, May/3-5/2007

Foire Internationale d'Alger, Pavilion des U.S.A, June/1-8/2007

Salon International du Livre d'Alger (SILA), October 2007

Franchise Expo, November 2007 (date to be determined)

Please see the SAFEX website for additional information: www.safex.com.dz

For more trade events, please visit: <http://www.export.gov/tradeevents.html>

[Return to table of contents](#)

[Return to table of contents](#)

Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the link below.

<http://www.buyusa.gov/morocco/en/>

[Return to table of contents](#)

U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) U.S.A-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.