

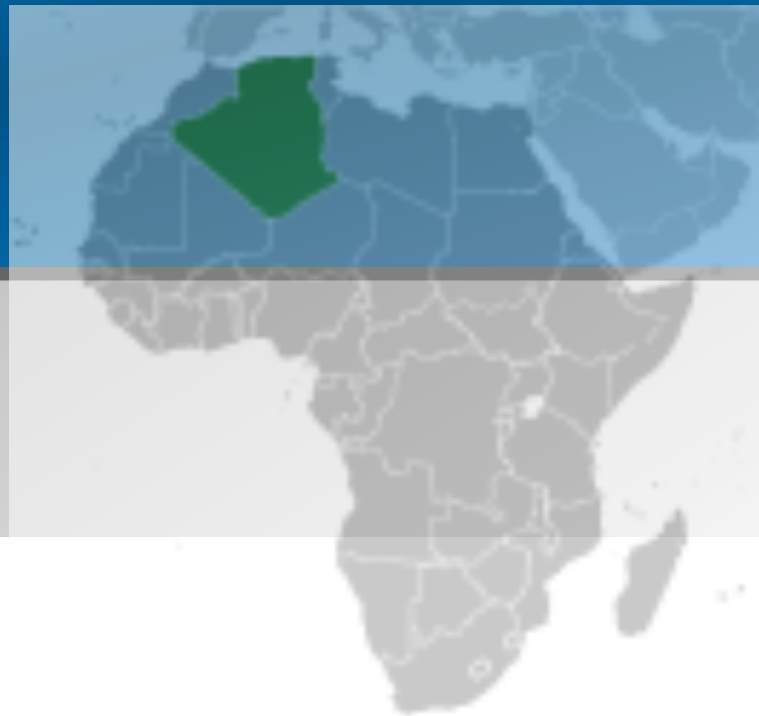


Investment & Technology Office (ITPO), TOKYO

Algeria

Economic environment and business opportunities

Lies Kerrar



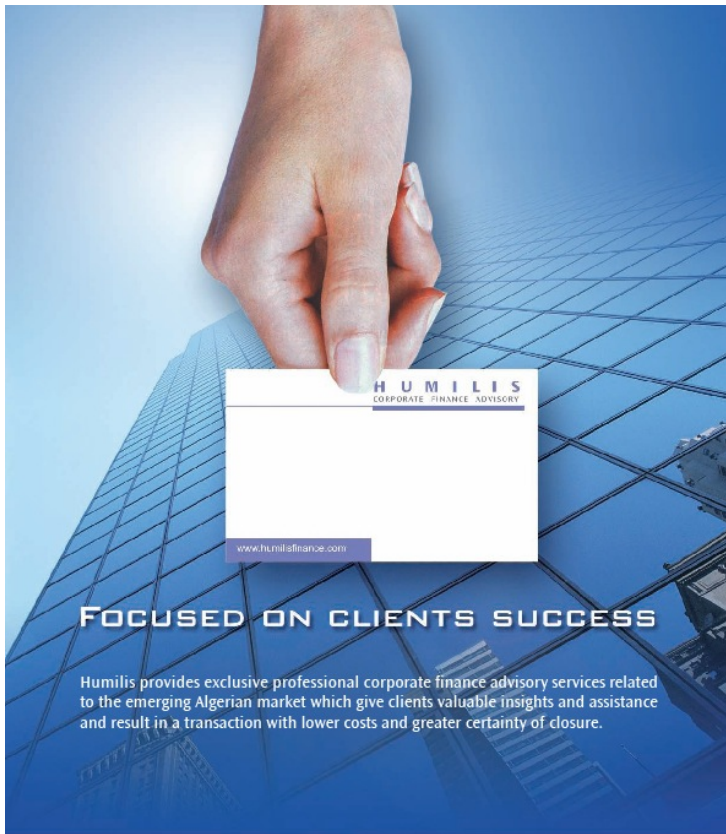
Forum des Chefs d'Entreprises:



- Algerian Business Owners Association
- Represents major algerian enterprises
- Think tank focused on the development of algerian economy
- Advocacy for public policy that stimulate business development, local value creation and competitiveness
- International presence with the partnership with business associations of the main Algeria business partners
- Recent position: 50 key reforms for a diversified economy



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ITPO Tokyo, Local Advisors Program



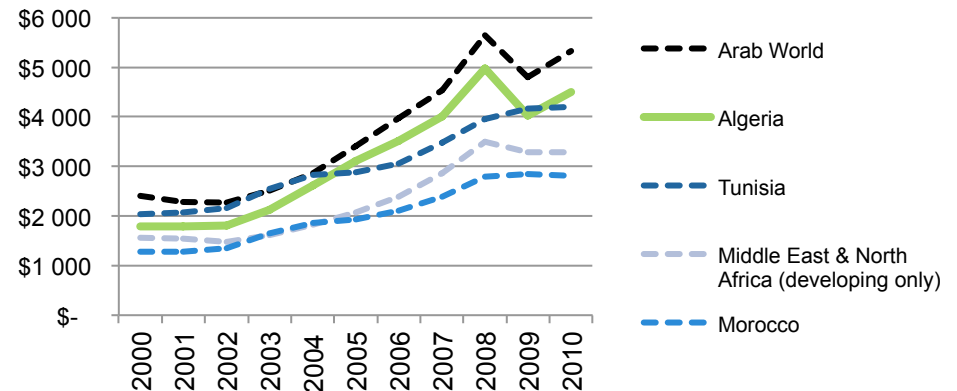
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- **Mandate to promote and facilitate Japanese companies responsible investments**
- **Local presence with local advisors in Algeria, Mozambique and Ethiopia**
- **Available for providing local market knowledge and local facilitation**
- **Contact: I.kerrar@unido.org**

Brief Algeria Economic picture

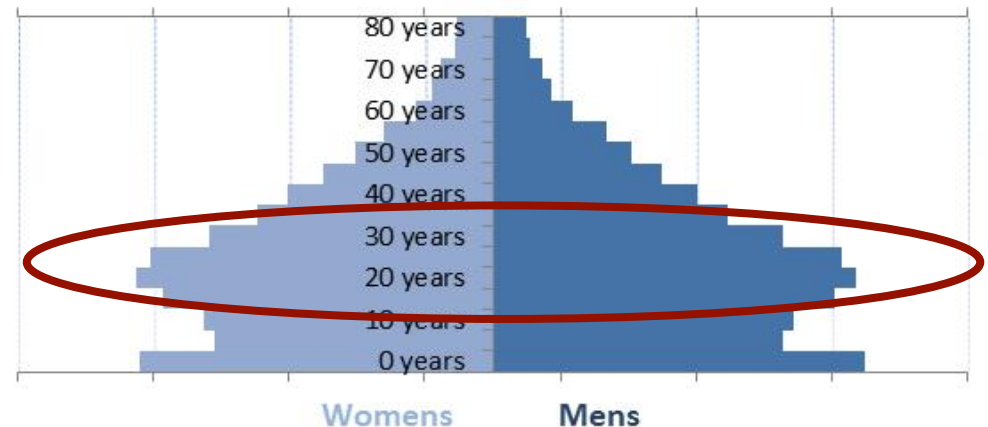
- Country that has almost no foreign debt and Foreign Currency Reserves of 190 USD billions (4 years imports)
- Abundant natural resources
- A demographic economic endowment:
 - Young population : 68% of the 36 million population is less than 35 years old
 - This represents a challenge for job creation
 - One of the most advanced education system and health coverage system in Africa

GDP per Capita, current USD



Algeria population pyramid

(Sources: Humilis and ONS data 2011)

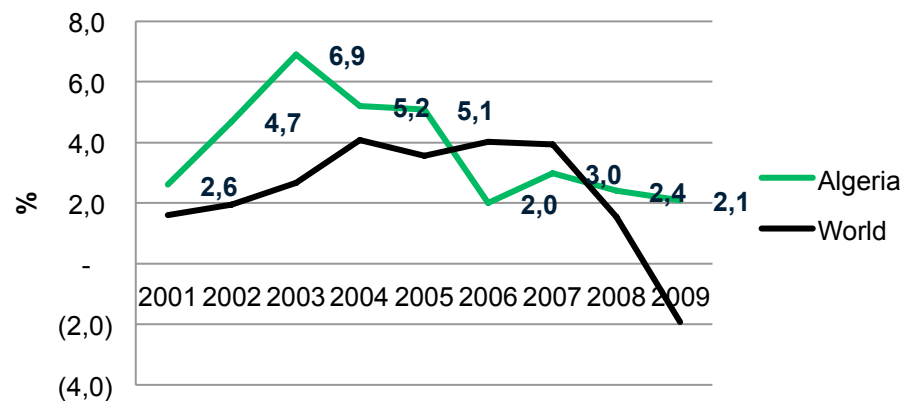


A decade of GDP Growth that has been resilient to financial crisis : Growth disconnected from world trends

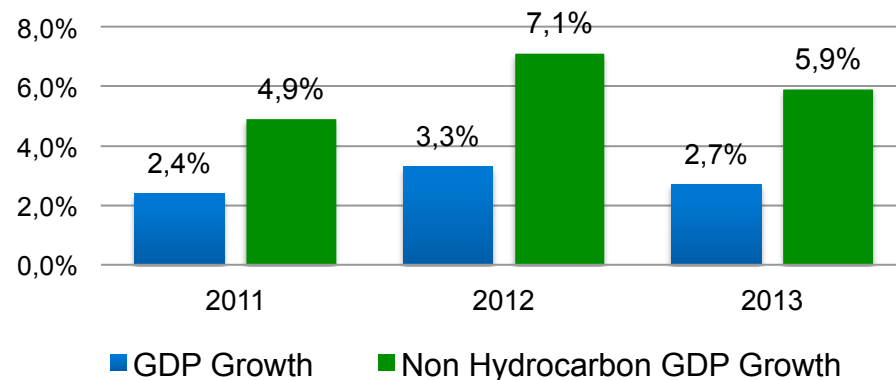
- GDP growth has been above 2% for the last 10 years.
- Non Hydrocarbon Growth of 5.9% in 2013
- Accounting for approximately 40-45% of the country GDP and 98% of its exports, the hydrocarbon sector remains the “engine” of the Algerian economy (provide government financing and infrastructure financing).
- Government recently announced objective: 7% GDP growth by 2019

GDP Growth Algeria Vs World(%)

(Source: WB Database)



Non-Hydrocarbon GDP Growth of 5.9% in 2013



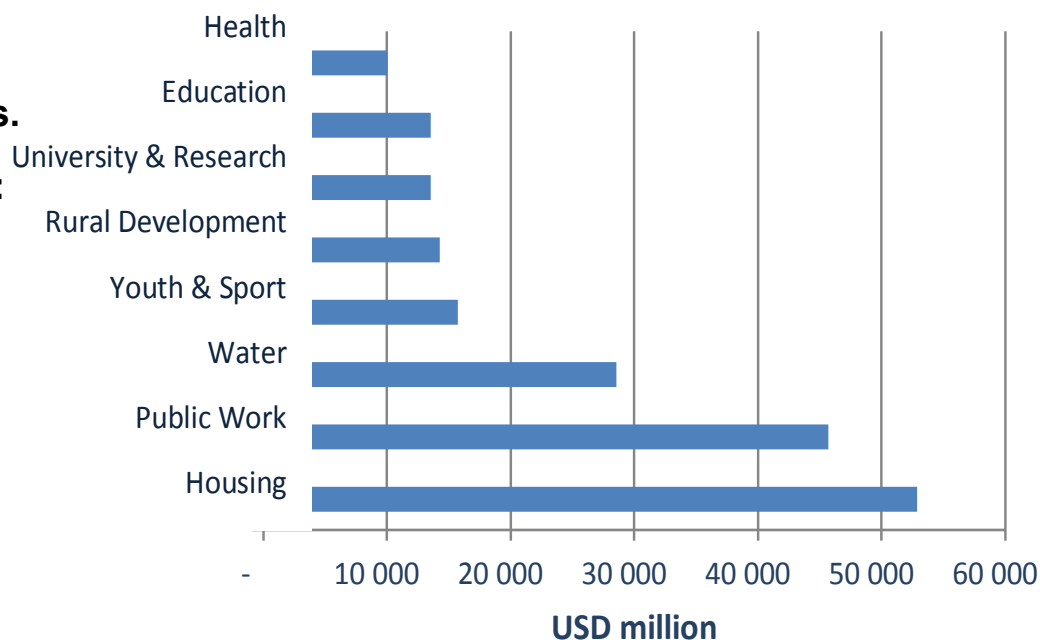
Growth was led by the state's investment package

Growth was led by the state's investment package as the government is trying to lessen economy reliance on hydrocarbons.

The released spending focused on:

- developing non-hydrocarbon sectors,
- improving infrastructure,
- expanding local skills base,
- and supporting small and medium size enterprises.

State Investment Plan 2010-2014



The challenge: Economic diversification in order to create sufficient jobs for the growing young population

New government plan key announced objectives (2014-2019) 1/2

- **Economy diversification in order to reach a 7% GDP growth rate**
- **Business Environment Reforms (reduction of the procedures, delays and costs for doing business)**
- **Legal system reform and anti-corruption enforcement**
- **Tourism development strategy**
- **Government spending efficiency monitoring and review of the subsidies**
- **Local and Foreign Investment promotion: a review of the investment rules is currently under review (in order to enhance attractiveness)**
- **Financial system reforms**

New government plan key announced objectives (2014-2019) 2/2

- **Infrastructure investment should continue with a higher focus on efficiency and PPP could be considered for some sectors**
- **SMEs development and local subcontracting policy for key industrial sectors as automotive parts, health & construction.**
- **Promotion of developing local supplying for energy, water and agri-food industries**
- **Mining resources development and related industries (Fertilizers and Steel). New development for Zinc, baryte and Gold**
- **Fishing development**

New government plan key announced objectives (2014-2019) for Energy

- Intensification of exploration and development for conventional reserves
- New production start-ups for conventional Oil and Gas
- Testing activities for non-conventional hydrocarbons (shale gas)
- 14 new pipes projects
- 6 new refineries
- Electricity: doubling the electricity production capacity by 2017
- Renewable energy development (mainly solar)
- Petrochemical industry development

Business and investment opportunities

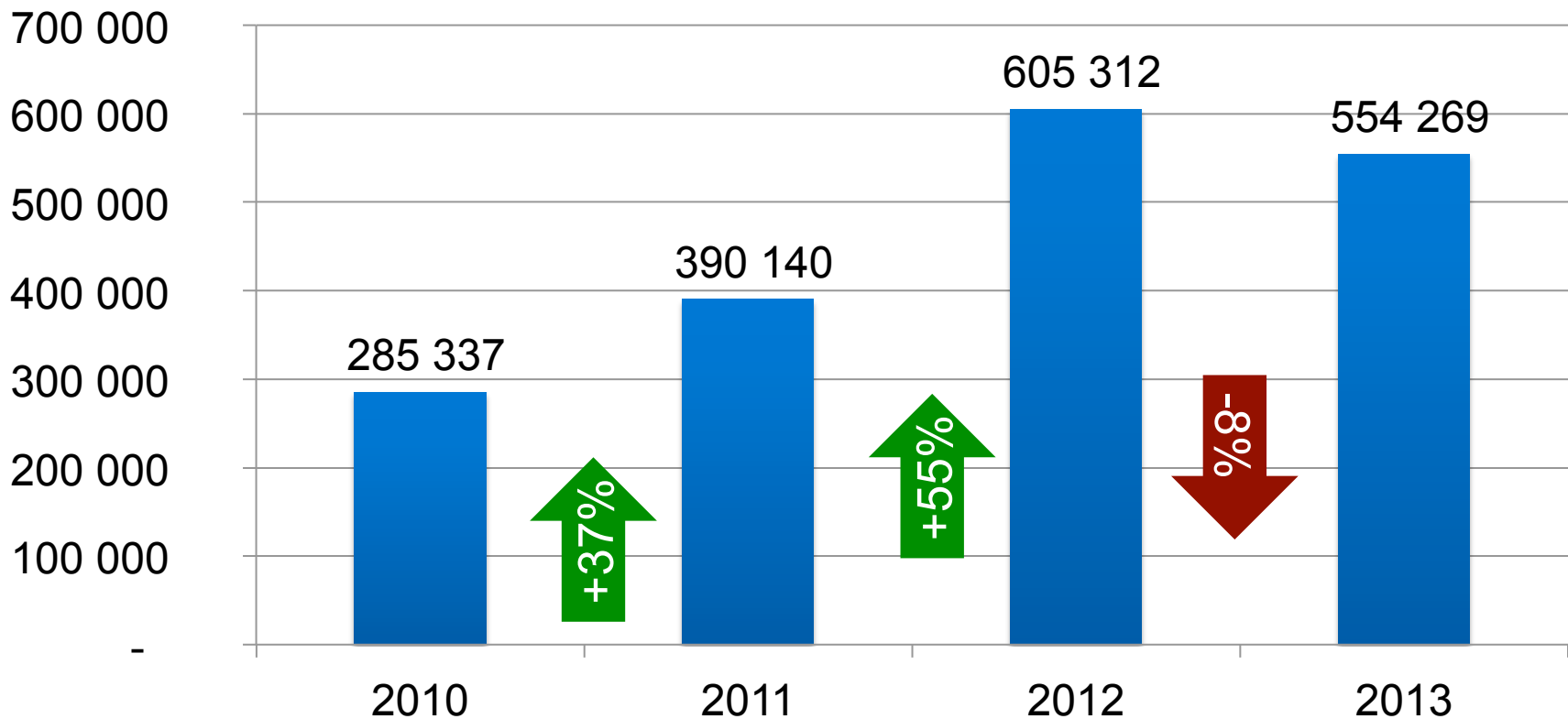
Energy	Petrochemicals	Mining
Construction materials	Engineering	Health (pharmaceuticals & medical equipment)
Consumers products	Hospitality	Financial services



Car market: above 500 000 vehicles per year with a 18% yearly growth

Compounded Annual Growth: 18%

Car imports

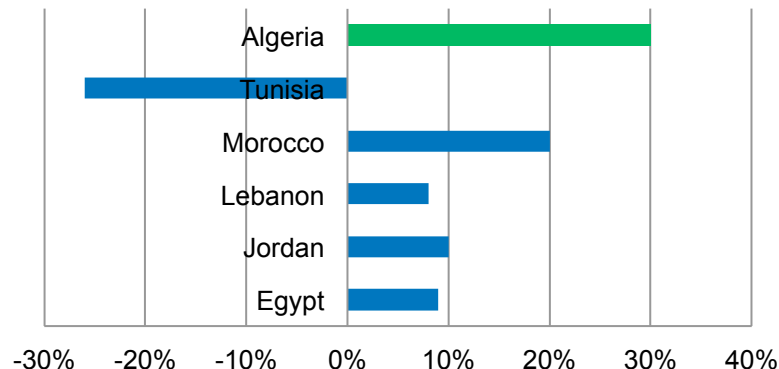


Financial Services: Attractive Fundamentals

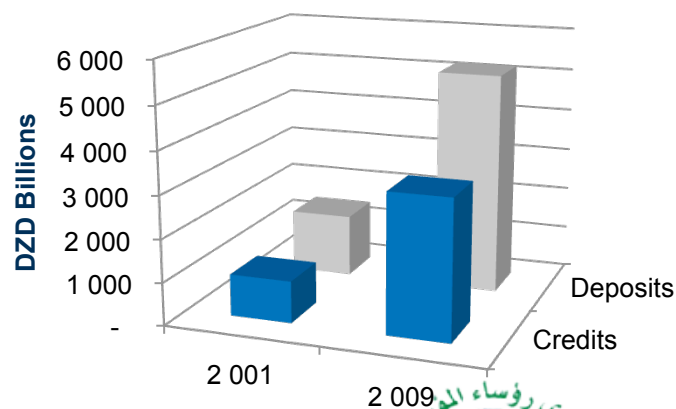
Reforms would create opportunities

- The financial systems has not been affected by the financial crisis...
- But the financial intermediation is still not performing: 40% of deposit are not converted into loans to the economy
- High level of liquidity on the market
- The banking system is still focused on offering trade services
- Great development opportunities:
 - Banking services
 - Electronic banking
 - Mobile banking
 - Under developed stock market
 - Professionnal asset management

Banks' Return on Equity : Selected MENA Markets (2008)



Bank Credits vs Deposits



Algeria investment rules

- **51/49 rule: Foreign Shareholding in Algerian companies limited to 49%**
 - Specific corporate governance should be organized in line with strategic objectives
 - Explore the wide range of local shareholding possibilities:
 - Equity funds
 - Local IPO
 - Public companies
 - Strategic local investors
- **Consider M&A, JVs, Partnership options for entering the market**
- **The Business environment is challenging: 4 basic rules for success**
 - **Prepare:** Do market research and monitor market opportunities in your sector.
 - **Plan for the long term:** It will take time to get results.
 - **Patience:** The business environment is different.
 - **Persevere:** If you are considering this market for the right reason, you should succeed.

Questions and Contact

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