



Embassy of Algeria to Japan

The economic potential of Algeria and the investment opportunities

Tokyo, September 5th, 2018.

Agenda

- **General information**
- **Legal framework**
- **Reasons to invest in Algeria**
- **5 priority sectors to be developed**



General information

- Location
- Area: 2 381 741 km²
- Littoral: 1600Km
- Population: 41.3 million inhabitants (January 2017)
- Mean age: 19 years
- Life expectancy: 73 years
- 262 billion USD of public investment for the time span 2015-2019
- Economic growth is mainly, driven by “industrial”, “agricultural”, “construction, Public Works and Hydraulics” activities.

- **Legal framework**

The Government of Algeria approved, in august 2016, a New Investment Promotion Law. Beside all the incentives and measures in the direction of the consolidation of productive investment, it affected also a major aspect of the local investment framework, namely the requirement since 2008 that Algeria based economic entities be majority Algerian owned, which is known as the 51/49 rule.

While the rule remains in effect, the changes saw it moved from the investment code to the finance law, which determines the government budget and is renewed every year.

The National Agency for Investment Development (ANDI)

This main Agency aims at promoting, accompanying and making the investment easier.

ANDI's main missions are:

- Business practice facilitation, and the follow up of the projects;
- Investors assistance, support and accompaniment;
- Qualification of the projects, their evaluation and the establishment of the investment agreement to be submitted to the National Investment Council for approval.

Reasons to invest in Algeria

❖ Stability

Algeria enjoys a political stability and became a “stability exporter” in its neighboring region and beyond, as recognized by the international community.

❖ A promising economy

- GDP: \$ 160 billion,
- GDP per capita: \$ 4,000,
- GDP real growth rate: 4% ,
- GDP real growth rate excluding hydrocarbons: 5.5,
- Low external Debt: \$ 3 billion,

❖ Access to regional markets

Geostrategic position providing proximity to the European, African and Arab markets.



❖ Functional and modern infrastructure in conformity with international standards

- Roads: 112,039 km of roads and highways (40th network World, 3rd in Africa) of which 29,573 km of national roads.
- Airports: 36 airports, of which 16 international.
- Ports: 45 maritime infrastructures, of which 11 commercial ports, two oil ports, 31 fishing ports, one (01) marina and 2,200 maritime traffic lights
- 31 oil and gas landing stage.
- The mining line with its branches serving the mineral deposits: the Iron in Ouenza and Boukhadra and the Phosphate in Djebel Onk.



❖ **A qualified young and competitive labour force**

- **5.5% of GDP to education**
- **6.24% of the state operating budget for higher education**
- **86% literacy rate**
- 63.6% of the Algerian population training age annually
- 96% of school enrollment
- **1.5 million students, including 35,000 registered in doctoral training and 90000 in technical areas.**
- 2 500 000 graduates since 1962, from 97 universities, 10 university centers, 20 national schools, 7 normal schools, 12 preparatory schools
- **Almost 643,700 enrolled in vocational education which 200,000 (average) graduates from 1213 establishments (institutes and centers).**

❖ **And competitive production factors costs**

➤ **Energy :**

Algeria has substantial and diversified natural resources, especially in hydrocarbons

Algeria is an important supplier of the European Union in natural gas and energy.

In addition to these two (oil and gas), Algeria enjoys, in its underground, with unexploded huge deposits of Phosphate, Zinc, Gold, Uranium, Iron, Tungsten, Kaolin, etc.

Algeria has invested US\$150 billion in the construction of power plants countrywide since 2000 that increased the national production to 18,000 megawatts against 3,900 megawatts only in 2000.

➤ **Incentives for investment**

- Important tax incentives, up to 10 years of exemption, depending on the location and size of the project ;
- Partial or total reimbursement of expenses related to infrastructure works in the south and highland areas and areas the development of which requires a contribution from the State;
- The concession of land by mutual agreement, over period of 33 years renewable and giving rise to the same property rights arising from sales ;
- Tax exemptions throughout the life of the project for exporting projects products;

❖ Financial Support

- A network of 29 banks and financial institutions, of which:
 - * 14 private, 6 public and 9 financial institutions;
 - * 11.400 billion dinars of credit to the economy;
- The presence of Leasing Companies ;
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- 5 Investment Funds covering the whole territory : participation up to 49% in the capital of SMEs;

❖ An intensified protection and international arbitration agreements

- Membership to international investors protection conventions, relating to international guarantees and arbitration;
- Signing of 48 bilateral agreements and agreements on the investments promotion and reciprocal protection;
- Signing of 65 bilateral agreements on non-double taxation (source DGI).

❖ 5 priority sectors to be developed



1-Industry:

Metalworking, hydraulic binders, electrical and household appliances, industrial chemistry, mechanics and automotive, pharmaceutical production,

aerospace, construction and ship repair, advanced technology, food processing, textiles and clothing, leather and timber products, wood and furniture industry, and Mines.

2-Tourism:

Algeria intends to give to the tourism sector a dimension worthy of its potentialities and its assets. A strategic reference framework and a vision by 2030 has been set through the **adoption of a National Plan of Territory Development in 2010**. This scheme aims at ensuring a balance of the population and activities localization throughout the country as well as the territories attractiveness.

It relies, in particular, on the territorial programming spaces organization, on the attractiveness and industrial development poles emergence, and on new towns implementation.

3-Agriculture:

- The development of integrated farms
- Encouraging public-private partnership in pilot farms
- The development of fertilization techniques to enhance the inputs production in the various agricultural sectors
- The creation and development of modern nurseries
- Valuation of local products “terroire” (dates, oils, table grapes, etc.)
- Investment in the agri-food industry sector (ex. manufacture of products for veterinary medication).

4-Renewable Energies and Energy Efficiency:

The integration of renewable energies into the National Energy Mix is a major challenge in terms of preserving fossil resources, diversifying electricity production and contributing to sustainable development.

Algeria aims to achieve a capacity of 22000MW by 2030, of which 4500 MW by 2019. This program concerns solar, thermal, biomass and wind energies.

The implementation of the program will make it possible to achieve by 2030, a share of renewable energy of nearly 27% in the national balance sheet of electricity production.

5-Information and Communication Technologies

It concerns the development of the digital economy, technology parks, the introduction of e-money and e-services, data and data base security, etc.