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Doing Business in Algeria

SMW 2014, Turin



Project funded by the
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MINISTÈRE DU COMMERCE
Chambre de Commerce et d'Industrie
DAHRA - Mostaganem

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Part 1

General Investment Framework

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Algeria

- Population: 38.7 Millions habitants
- Area: 2,381,741 km²
- Coastline length: 1,400 km
- 10th largest county in the world
- 1st largest county in Africa



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Algerian Economy

GDP: \$228 Billion

GDP per capita: \$5,886

Growth: 3.8 %

Foreign exchange (Forex) reserves : \$200 Billion (*Rank 13 Top countries*)

Petroleum reserves: 12.2 billion barrels (*proven oil reserves*)

Gas reserves: 4,500 trillion m³ (*proven natural-gas reserves*)

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Good Economic Situation

Indicators	2001	2014
Growth rate	2%	3,8 %
Foreign exchange reserves Billions US\$	18	200
Importations Billions US\$	10	54.85
Exportations Billions US\$	20	65.91
Foreign Debt Billions US\$	30	5.6

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Five-Year Investment Plan 2015-2019

- **\$262,5 billion** for public investments to boost domestic production and move its economy away from reliance on oil and gas (*2010-2014 plan worth \$286 billion*)
- **"developing a productive and diversified economy"**



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Guarantees, Protections, Agreements


- **48 bilateral treaties** to protect investments in addition to the multilateral treaties to the same effect.
- **31** double taxation agreement
- Association agreements with **EU** and **GAFTA**
- **Guarantee** of capital transfers



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General incentives

- **Corporate Income Tax (IBS):**
 - ✓ 25 % for commerce activities;
 - ✓ 19 % for production activities;
- **Global Income Tax (IRG):**
 - ✓ Income wages: depends to monthly taxable income
 - ✓ Shareholders dividends: withholding tax 10 %
- **Tax on Professional Activities (T.A.P):**
 - ✓ 2 % of the turnover (CA).
- **Value Added Tax (TVA): 7 & 17 %**
- **Customs duties: 0; 5; 15 & 30 %**




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Tax incentives

- **Implementing the project: 5 years**


VAT	➔	7% ✗	17% ✗	0% ✓	
Customs duties	➔	5% ✗	15% ✗	30% ✗	0% ✓
Property transfert tax	➔	5% ✗	8% ✗	0% ✓	



Common tax regime



Tax after exemptions



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Tax incentives

- Operating the investment: 1 - 10 years

IBS	→	Commerce: 25% ❌	Production: 19% ❌	0% ✔️
TAP	→	2% ❌	0% ✔️	

IBS : Corporate Income Tax

TAP : Tax on Professional Activities

❌ Common tax regime ✔️ Tax after exemptions

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Other incentives

- Reduction of employers' contribution to social security for the recruitment of young job seekers :
 - ✔️ *North of the country* : from 56% to 80%
 - ✔️ *High plateaus and South* : from 72% to 90%

The rate of payroll tax is 35% and 26% payable by the employer
- Exportation incentives**
 - ✔️ *Exemption of VAT and Customs duties,*
 - ✔️ *Exemption of IBS & TAP*

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Land: Industrial real estate

- *Concession formula: mutual agreement « gré à gré »: 33 years, renewal 3 times*
- *Reduction of the rent royalties cost calculated on the estate value*
 - *In the North:*
 - ✓ *90% : implementing period (for maximum 3 years),*
 - ✓ *50% : startup period of operating the investment.*
 - *In the South and High Plateaus:*
 - ✓ *1 DA symbolic per m² for 10 years,*
 - ✓ *after 10 years: 50% of the state value of the land,*
- *Rehabilitation and development program of Activities Zones (ZAC)*
- *Creation of 36 new industrial zones 7000 ha*



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Foreign Investment

- **Partnership principle:**
 - **51%** resident* / **49%** foreign
 - **70%** resident* / **30%** foreign *(for foreign trade activities**)*

* *resident ownership (domestic) may include several partners*

** *this provision includes the imports purchased for resale*



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Part 2

Business Opportunities

Highways

- Highlands Highway 1020 Km, \$9 Billion
- Connecting highways
- Highways equipment



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Highways

The project includes for the central section (420 km , \$470 million) :

- 16 operating stations access,
- 6 maintenance centers,
- 446 km of optical fiber,
- 500 surveillance cameras,
- 12 cameras for the automatic detection of accidents,
- 500 emergency call stations,
- 30 panels with multiple messages,
- 23 weather stations,
- 800 stations count of road traffic,
- 24 rest areas.



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Tramways

- 3 operational
- 3 under construction
- 17 Tram in projects



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Railways




extension of the railway network
from **4000** to **12500 Km**




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Metro

Extension of the Algiers Metro from 9,5 km / 10 stations
to **54 Km / 50 stations** for 2025

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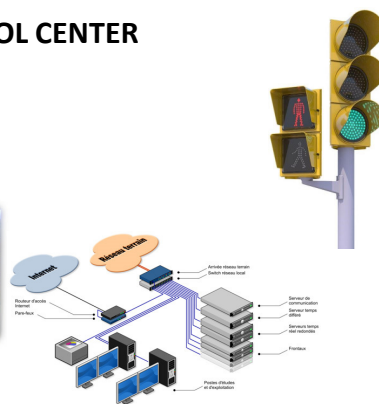
Traffic congestion solutions



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Urban Transport Management

- REMOTE MANAGEMENT CONTROL CENTER
- SUPERVISION CONTROL CENTER



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Intelligence Bus Systems

The diagram illustrates an 'Intelligence Bus System'. On the left, a 'Bus Stop' is equipped with several services:

- LED light
- RF link
- camera surveillance
- coin charge machine
- blue-tooth transceiver
- paper schedule
- bus route map with bus stops
- hotline number for assistance
- cab numbers

 The bus stop provides 'real-time passenger information':

- bus arriving schedule
- bus capacity
- priority seats availability
- bike rack availability

 On the right, a 'Trench Bus' is shown connected to a 'Trench Dispatch Center' and a 'Smartphone User'. The connections are labeled:

- 'In range' (Wi-Fi) between the bus and the dispatch center.
- 'GPS' between the bus and the dispatch center.
- 'In range' (Bluetooth) between the bus and the smartphone user.

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Intermodal freight transport

The image is a collage representing intermodal freight transport. It includes:

- An airplane in flight.
- A train engine pulling a freight train.
- A truck with a crane lifting a container, with a 'Quiktrax' logo on the side.
- A cargo ship at sea.
- A large industrial facility or port with a curved structure.


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Green Energy

National program for new energy development and energy efficiency – (3000 hours of sunshine per year)

- **2011-2030:**
22 000 MW, whose 12 000 MW will be oriented to the local consumption and 10 000 MW for exportation.
- **for 2020:**
 - ✓ 27 solar energy plants , 638 MW,
 - ✓ 27 hybrids plants (solar-diesel), 100 MW,
 - ✓ 06 solar thermal plants, 1350 MW,
 - ✓ 07 wind power plants, 260 MW.



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ICT opportunities

- E-payment / E-signature development and deployment of necessary infrastructures
- 3G/4G implementation

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Part 3**Specific Opportunities****National Health Monitoring System**

- With the advent of the EBOLA outbreak, the Algerian government has launched an program to quickly implement ICT in the health sector. Several R&D initiatives are launched by the ministry of health to support efforts to develop and deploy locally sustainable solutions.
- The inclusion of players from partner countries is highly encouraged.

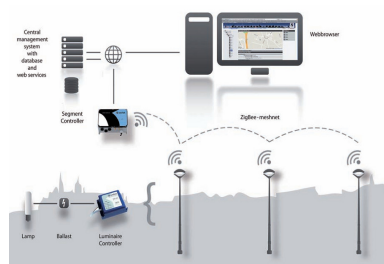
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Lighting and Traffic Control in Urban Areas

With the drastic improvement of Algerian standards of living, Algeria is witnessing the emergences of new problems.

Traffic jams, public health in urban areas, pollution, crowd management etc... are urgent matters which need to be addressed quickly.

R&D programs SME/Universities aimed at developing national expertise in these fields are a national priority.



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Pollution Control / Sustainable Development

- Pollution is a Mediterranean problem, it threatens the livelihood of millions of people living and working around the Mediterranean Basin.
- There is a national R&D program aimed at acquiring the necessary competencies and tools to enable a better understanding of polluting factors and sources, and finding the appropriate solutions with neighboring countries.
- One such program pertains to the establishment of a pollution level monitoring and mapping along the Algerian coast.





Algeria-EU Partnership Agreement

- During the 7th European framework program Algeria has participated in more than 40 projects.
- In 2013 Algeria signed the EU collaboration agreement and is now poised to increase its participation in the H2020 framework program, with the aim of giving a new dynamic to the creation of joint SMEs.
- Other initiatives are being put in place to help in the financing of new collaborative initiatives aimed specifically at technology transfer through the creation of self sustainable joint ventures with partner countries.



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Part 4

Business Development Support

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