Doing Business in Algeria
SMW 2014, Turin

Part 1
General Investment Framework
Population: 38.7 Millions habitants
Area: 2,381,741 km²
Coastline length: 1,400 km
10th largest country in the world
1st largest country in Africa
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 m$³ (proven natural-gas reserves)

Good Economic Situation

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2001</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth rate</td>
<td>2%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Foreign exchange reserves Billions US$</td>
<td>18</td>
<td>200</td>
</tr>
<tr>
<td>Importations Billions US$</td>
<td>10</td>
<td>54.85</td>
</tr>
<tr>
<td>Exportations Billions US$</td>
<td>20</td>
<td>65.91</td>
</tr>
<tr>
<td>Foreign Debt Billions US$</td>
<td>30</td>
<td>5.6</td>
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</table>
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"

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
General incentives

- **Corporate Income Tax (IBS):**
  - 25% for commerce activities;
  - 19% for production activities;

- **Global Income Tax (IRG):**
  - Income wages: depends on 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%

Tax incentives

- **Implementing the project:** 5 years

<table>
<thead>
<tr>
<th>Tax</th>
<th>0%</th>
<th>5%</th>
<th>15%</th>
<th>30%</th>
<th>7%</th>
<th>17%</th>
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</thead>
<tbody>
<tr>
<td>VAT</td>
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<tr>
<td>Customs duties</td>
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<tr>
<td>Property transfer tax</td>
<td>![X]</td>
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</tbody>
</table>

- **Compliance tax regime**
- **Tax after exemptions**
**Tax incentives**

**Operating the investment: 1 - 10 years**

<table>
<thead>
<tr>
<th>IBS</th>
<th>Commerce: 25%</th>
<th>Production: 19%</th>
<th>0%</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAP</td>
<td>2%</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

**IBS**: Corporate Income Tax  
**TAP**: Tax on Professional Activities

**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
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

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
Part 2
Business Opportunities

Highways

- Highlands Highway 1020 Km, $9 Billion
- Connecting highways
- Highways equipement
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.

Tramways

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

extension of the railway network
from 4000 to 12500 Km

Metro

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

Urban Transport Management

- REMOTE MANAGEMENT CONTROL CENTER
- SUPERVISION CONTROL CENTER
Intelligence Bus Systems

Intermodal freight transport
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.

ICT opportunities

- E-payment / E-signature development and deployment of necessary infrastructures
- 3G/4G implementation
With the advent of the EBOLA outbreak, the Algerian government has launched a 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.
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.

Part 4

Business Development Support
Préférence pour l'investissement en Algérie, terre des opportunités