

UK
TRADE &
INVESTMENT



UK Trade & Investment

Your guide to doing business in Algeria

Fast track to the world^{UK}

Overview

Algeria is still a relatively unknown market in the UK, despite being the largest country on the Mediterranean and the second largest country in Africa.

Since 2001, Algeria has experienced a significant economic upturn, aided in part by strong oil & gas export revenues. The growth rate in 2010 is forecast to be 4.5%, compared with a regional average of 2.9% in 2009.

External debt continues to decrease – estimated at US\$3.4 billion in 2009 – easing pressure on government finances. The increase in export revenues has caused the country's foreign currency reserves to increase to over US\$150 billion.

Algeria's economy is dominated by oil and gas, which accounts for around 98% of the country's export revenues. Algeria is the fourth largest crude oil producer in Africa (1.42 million barrels per day) and the sixth largest gas producer in the world (3.03 trillion cubic feet of natural gas).

The Algerian government has agreed a US\$286 billion five-year spending programme from 2010-14, largely focused on infrastructure projects including housing, schools, hospitals, water and sewerage systems, rail and road links and developing new port facilities.

Sonatrach (the state energy company) has announced a US\$1 billion refurbishment programme for existing production and



distribution networks, and there are a number of projects (planned and underway) such as the trans-Saharan, Medgaz and Galsi pipelines.

Algeria is in the process of moving to a more diversified economy and the government has taken a number of measures to encourage this, for example by cutting corporation tax to 19% for certain sectors and launching an initiative to promote technology start-ups linking Algerian companies with foreign entrepreneurs.

The government is also keen to develop the tourism industry, introducing tax credits and low-interest bank loans, reduced customs tariffs, subsidised land purchases and a streamlined bureaucracy.

Algeria has real potential as a market for UK companies with strong economic fundamentals and plans for significant government spending over the next five years, in particular on infrastructure projects. Companies that persevere and decide to enter the market now will reap the dividends.

KEY FACTS

Country name
Algeria
(The People's Democratic Republic of Algeria)

Population
34.4 million (2010 est.)

Area
2,381,740 sq km

Capital city
Algiers

Official language
Arabic but French is widely used

GDP per capita (ppp)
US\$8,285 (2010 est.)

“Algeria has the human and economic potential to be a giant; one of the main markets in Africa.”

Martyn Roper, HM Ambassador to Algeria



Sectors of opportunity in Algeria

Energy

The energy sector is dominated by state-owned Sonatrach, which achieved exports of US\$44.3 billion in 2009. Crude oil extraction capacity is around 1.42 million barrels per day, though currently running at roughly 1.2 million due to OPEC quotas. One-sixth of the total oil output is consumed at home, with the rest exported as crude, LPG or refined oil products.

Algeria is currently the world's fourth largest supplier of liquefied natural gas and is the second largest gas supplier in Europe. Natural gas accounts for 60% of Algeria's hydrocarbon consumption, with public distribution systems supplying gas directly to households.

The Algerian government is engaged in building two mega LNG projects, due for completion by 2025. When these plants come on stream Algeria will increase its production by 50% and will soon have the capacity to export 85 billion cubic meters/year compared to 60 billion cubic meters in 2009.

Electricity is also a top priority in Algeria's energy strategy. The utilities company Sonelgaz is investing some US\$20 billion in its gas and power operations in the period up to 2017. Of that, about US\$7.5 billion will be devoted to the construction of thermal power plants running on gas and US\$12.5 billion to power and gas transmission and distribution.

Demand in Algeria is growing faster than global demand and Sonelgaz is scheduled to bring new gas turbine power stations with a total capacity of 2,000 MW on stream this year.

Renewable energy is also being developed, and is expected to provide 20-30% of electricity requirements by 2050. Algeria has high uranium reserves of up to 30,000 tonnes, which could power a 1000-MW reactor for 50 years.

Construction

The previous five-year development plan helped the formerly stagnant construction sector meet Algeria's building needs, with the government authorising building contracts worth US\$8.2 billion in the first five months of 2009 alone.

The current five-year plan (covering 2010-14) allocates up to US\$150 billion for investments in transport and other infrastructure projects. A good example of the work envisaged under these plans is the East-West Highway running from the Tunisian border to the Moroccan border. Once complete, attention will move to a new Trans-Saharan Highway.

Public housing is a key part of this spending, with approximately 912,000 new homes built under the previous plan but demand continues to exceed supply. The new five-year plan aims to produce one

million housing units, while encouraging higher quality construction. This includes the construction of several new cities, including at Hassi Messaoud, the centre of Algeria's oil and gas industry. As well as housing, the plan envisages construction of new education and healthcare facilities.

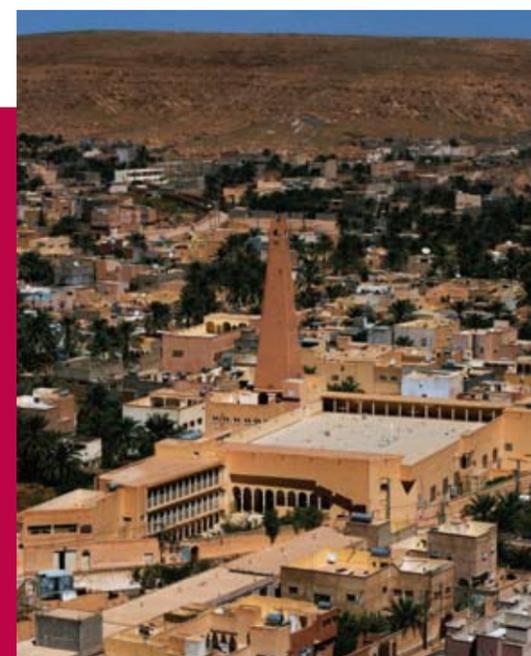
There is also a demand for purpose built office space, especially in Algiers where many businesses work out of converted apartments. With tourism on the rise, developers are bringing forward projects for mid-range and business orientated hotels.

The retail sector also offers real potential with the opening of Algeria's largest shopping mall offering 31,000 square metres of commercial and retail space. This is part of the development of a new business district in the Bab Ezzouar area of Algiers.

Another important urban development is the US\$8 billion makeover of the waterfront in Algiers, which is set to include the building of the world's third largest mosque.

Strengths of the market

- Strong economic fundamentals. Algeria has one of the highest GDP per capita income rates in Africa. Growth in 2010 is forecast to be 4.5%. Labour costs are low. Foreign currency reserves are around US\$ 150 billion. The rate of inflation is one of the lowest in the region.
- As well as abundant oil and gas reserves, Algeria boasts many other natural resources such as gold, iron, zinc, uranium, copper, phosphate, tungsten and kaolin. And it has enormous potential for renewable energy, in particular solar, wind and tidal energy.
- Bilateral trade between the UK and Algeria totalled £765 million in the nine months Jan-Aug 2010. BP is the largest single foreign investor in Algeria. UK visible exports have doubled since 2004 and continue to grow, totaling £327m in 2009, an increase of 22% on 2008.
- Algeria is a strategic hub for Europe, the Maghreb and sub-Saharan Africa. Algiers is only 2.5 hours away from the UK with at least one flight every day from London Heathrow. An East-West highway is being built to improve trans-Maghreb links and a trans-Saharan highway is planned.



Other sectors with potential include:

- **Agriculture**
- **Business & Consumer Services**
- **Education & Training**
- **Environment & Water**
- **Financial Services**
- **ICT**
- **Mass Transport**

Solutions for Business

Funded by
UK Government

A range of UK Government support is available from a portfolio of initiatives called Solutions for Business (SfB). The “solutions” are available to qualifying businesses, and cover everything from investment and grants through to specialist advice, collaborations and partnerships.

UK Trade & Investment is the government department that helps UK-based companies succeed in the global economy, and is responsible for the delivery of the two SfB products, “Developing Your International Trade Potential” and “Accessing International Markets”.

We also help overseas companies bring their high-quality investment of the UK’s dynamic economy – acknowledged as Europe’s best place from which to succeed in the global business.

UK Trade & Investment offers expertise and contacts through its extensive network of specialists in the UK, and in British embassies and other diplomatic offices around the world. We provide companies with the tools they require to be competitive on the world stage.

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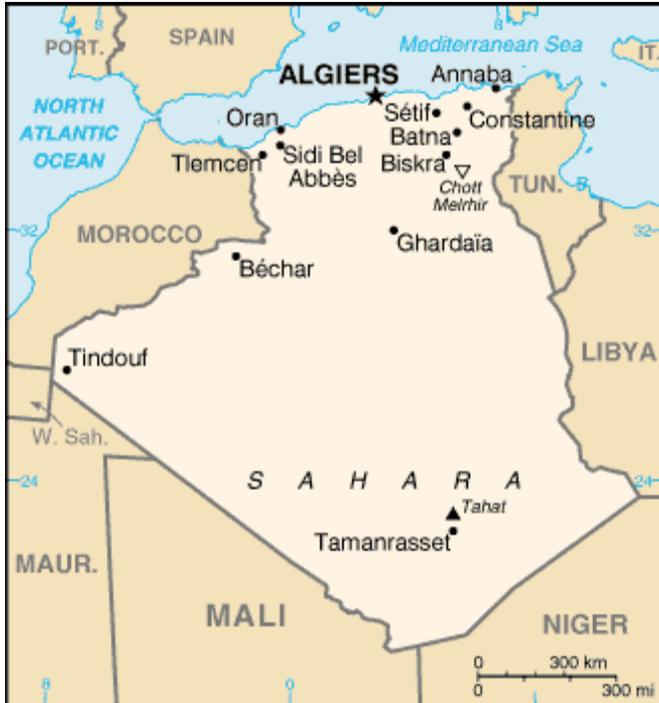
Doing Business in

Algeria



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Are you a UK company wishing to export overseas? Interested in entering or expanding your activity in the Algerian market? Then this guide is for you!

The main objective of this **Doing Business Guide** is to provide you with basic knowledge about Algeria; an overview of its economy, business culture, potential opportunities and an introduction to other relevant issues. Novice exporters in particular will find it a useful starting point.

Further assistance is available from the UKTI team in Algeria. Full contact details are available on page 15.

Important Information - Sanctions and Embargoes

Some countries may be subject to export restrictions due to sanctions and embargoes placed on them by the UN or EU. Exporting companies are responsible for checking that their goods can be exported and that they are using the correct licences.

Further information is available on the website of the Department for Business, Innovation & Skills (www.bis.gov.uk)

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1. Introduction

"Algeria has the human and economic potential to be a giant; one of the main markets in Africa."

Andrew Henderson, HM Ambassador to Algeria

Algeria is still a relatively unknown market in the UK, which is strange given that it's the largest country on the Mediterranean and the 2nd largest country in Africa. Algeria has real potential as a market for UK companies. The economic fundamentals are strong and there are plans for significant government spending over the next 5 years, in particular on infrastructure projects. But if people in the UK are aware of Algeria they think of it as being too difficult, too dangerous or too French. These perceptions, if they were ever true, are considerably out of date.

As with any emerging market, bureaucracy is an issue but the business environment is improving with the drive to increase transparency and recent anti-corruption initiatives.

During the 1990's Algeria was a dangerous country to do business in because of a vicious civil insurgency. However the main terrorist grouping declared a ceasefire in 1997 and government reconciliation initiatives combined with stronger security measures have contained terrorism to remoter areas of Algeria, meaning that foreign companies can do business here safely.

Algeria is reassessing its relationship with France and is keen to diversify its trading partners. British companies will find themselves pushing at an open door. And while the business language is French, it's not a difficult linguistic environment for any UK exporter to operate in.

There is great potential in Algeria for UK companies because the market is just beginning to open up. Companies that persevere and decide to enter the market now will reap the dividends.

Strengths of the market

- Strong economic fundamentals. Algeria has one of the highest GDP per capita income rates in Africa. Growth in 2010 is forecast to be 4.5%. Labour costs are low. Foreign currency reserves are around \$150 billion. And the rate of inflation is one of the lowest in the region.
- Algeria is the 4th largest crude oil producer in Africa and the 6th largest gas producer in the world. It is an increasingly important energy supplier for the EU – currently the 4th largest – and will increase its share as new distribution networks come on line.
- Algeria is also blessed with many other natural resources such as gold, iron, zinc, uranium, copper, phosphate, tungsten and kaolin. And it has enormous potential for renewable energy, in particular solar, wind and tidal energy.
- UK visible exports have doubled since 2004 and continue to grow, totaling £327m in 2009 and increase of 22% on 2008. This compares with an average fall of 2% for UK exports in 2009 to the Middle East & North Africa. Among EU nations the UK is one of largest foreign investors in Algeria, investing \$115m in 2008. The UK has a strong reputation for quality, innovation, customer service and know-how meaning that Algerians are keen to see more UK companies doing business here.
- Algeria is a strategic hub for Europe, the Maghreb and sub-Saharan Africa. Algiers is only 2.5 hours away from the UK with at least one flight every day from London Heathrow. An East-

West highway is being built to improve trans-Maghreb links and a trans-Saharan highway is planned.

Opportunities in Algeria

There are many opportunities in Algeria, across most sectors but especially in infrastructure where there are a large number of government funded projects planned. Priority sectors identified by UK Trade & Investment are:

- **Advanced Engineering**
- **Defence**
- **Education & Skills**
- **Energy**
- **Financial & Professional Services**
- **Food & Drink**
- **Infrastructure (Construction, Environment & Water, Ports, Rail)**
- **Life Sciences**
- **Security**

Trade between UK and Algeria

The UK has been traditionally strong in the oil & gas sector, with BP among the largest foreign investors in Algeria. Some of the other major UK companies who are currently active in Algeria include:

- Energy – Shell, BG, BHPBilliton, Petrofac, Wood Group
- Environment & Water – Biwater
- Transport – British Airways
- Retail – Unilever, BAT
- Financial & Professional Services – HSBC, BACB, UIB, Moore Stephens, Regus
- Security - Control Risks, G4S
- Pharmaceuticals – GlaxoSmithKline, AstraZeneca
- Education & Skills – Linguaphone, Language Solutions

Economic Overview

Algeria's economy is dominated by its export trade in petroleum and natural gas, which accounts for around 98% of the country's export revenues. Algeria is the 4th largest crude oil producer in Africa (1.42m barrels per day) and the 6th largest gas producer in the world (3.03 trillion cubic feet of natural gas). Sonatrach has announced a \$1 billion refurbishment programme of the existing production and distribution networks and there are a number of new projects planned such as the trans-Saharan, Medgaz and Galsi pipelines.

The country is in the process of moving to a more diversified economy and the government has taken a number of measures to encourage this, for example by cutting corporation tax to 19% for certain sectors. The government has agreed a \$150 billion 5-year spending programme, largely focused on infrastructure projects including housing, water supply, road & rail links and developing new port facilities. An initiative has been launched to promote technology start-ups linking Algerian companies with foreign entrepreneurs. And the government is keen to develop the tourism industry, introducing tax cuts and low-interest bank loans, reduced customs tariffs, subsidised land purchases and a streamlined bureaucracy.

There is a growing private sector in Algeria - the Forum des Chefs d'Entreprise (www.fce-dz.org) and the World Trade Center Algeria (www.wtcalgeria.com) involve the main players – but most business is still done in the public sector.

Since 2001 Algeria has experienced a significant economic upturn, in part aided by strong oil and natural gas export revenues. The growth rate in 2010 is expected to be 4.5% compared with a regional average of 2.9% (2009 figure). The increase in oil export revenues has caused the country's foreign resources to rebound to over \$150 billion. External debt continues to decrease (estimated to be \$3.4 billion in 2009), easing pressure on government finances.

In 2005 Algeria concluded an Association Agreement with the European Union and the government is working towards accession to the World Trade Organisation.

Political Overview

Algeria won its independence in 1962 after a bitter and often bloody conflict with France who had colonised Algeria in 1830. After independence Algeria became a one-party state with the government pursuing a programme of industrialisation within a state-controlled socialist economy. Some liberal economic reforms were introduced during the 1980s but the collapse in the oil price led to recession and social unrest, forcing the government to introduce a multi-party system.

From the 1970s the government pursued an Arabisation policy. Arabic teachers brought in from other Muslim countries spread radical Islamic thought in schools, sowing the seeds of political Islamism. The *Front Islamique du Salut* (FIS) was formed from a broad coalition of Islamist groups and dominated the first round of legislative elections held in December 1991. Fearing the election of an Islamist government the authorities intervened to cancel the elections, banning the FIS and replacing the Presidency with a High Council of State. A vicious civil insurgency followed, in which over 200,000 people are thought to have died. The armed wing of the FIS didn't declare a ceasefire until October 1997.

Abdelaziz Bouteflika was elected President in April 1999 on a platform of restoring stability to the country. He announced a *Civil Concord* initiative, approved by popular referendum, under which many political prisoners were pardoned and several thousand members of armed groups were granted exemption from prosecution under an amnesty. The levels of insurgent violence fell rapidly but one group, the *Groupe Salafiste pour la Prédication et le Combat* (GSPC) continued their terrorist campaign.

President Bouteflika was re-elected in April 2004 on a programme of national reconciliation which included economic, institutional, political and social reforms to modernise the country with the aim of raising living standards and tackling the causes of alienation. It also included a second amnesty initiative, the Charter for Peace & National Reconciliation, which was approved in a referendum in September 2005. The GSPC rejected the amnesty and in 2007 reformed themselves as the al-Qaeda Organisation in the Islamic Maghreb.

In November 2008 the Algerian constitution was amended to remove the two-term limit for presidents and President Bouteflika was re-elected for a third term in April 2009. During his election campaign he promised to extend the national reconciliation programme to include a \$150 billion spending programme which would create 3 million new jobs, construct one million new housing units as well as continuing public sector and infrastructure modernisation programmes.

Population

The population of Algeria is estimated to be around 35.7 million with 30% of the population under the age of 15. Around 90% of people live in the northern coastal area. There is a small minority of partly nomadic/nomadic settlers numbering around 1 million who live in the Sahara.

While an Arab country, many Algerians are of Berber origin with Tamazight (the Berber language) spoken by around 20% of Algerians.

Getting here and advice about your stay

FCO Travel Advice

The FCO website has a dedicated travel advice section to help you prepare for your visits overseas and to stay safe and secure while you are there.

Please visit the FCO's website (www.fco.gov.uk) for more information.

Flights to Algeria

There are good air connections between Algiers and other major European cities. British Airways (www.ba.com) has daily flights from London Heathrow. The Algerian national carrier, Air Algerie (www.air-algerie.co.uk) runs flights 3 times per week also from London Heathrow. JetAir (www.jetair.co.uk) offers regular flights from London Gatwick to Hassi Messaoud.

Visas and travel insurance

A visa is necessary for all British nationals and any foreigners working in Algeria must hold a work permit or a temporary work authorisation. To obtain a visa UK business travellers are required to provide a formal invitation from their Algerian hosts (e.g. business partner/contacts) along with 2 completed visa application forms. The application should be made to the Algerian Consulate at 6 Hyde Park Gate, London SW7 5EW. A current passport with a validity of more than 6 months, 2 passport photographs and the appropriate fee are also required. The visa section is open Tuesdays to Fridays from 0930 to 1200 hours for applications and visas can be collected between 1500 – 1530 hours. Please note that it takes a minimum of two weeks to process a visa application. Further information can be obtained from the Consulate website (www.algerianconsulate.org.uk) or by calling +44 (0)20 7589 6885.

If you have an Israeli stamp in your passport you are likely to be denied entry at the airport, even if you have been issued with a visa.

We strongly recommend that you obtain comprehensive travel and medical insurance before arriving in Algeria.

Climate

The vast majority of Algeria (80%) is comprised of the Sahara desert. However the coastal region in the north enjoys a very pleasant Mediterranean climate which in comparison to the rest of the country is relatively temperate. Algeria is prone to a hot sandy wind during the summer known as the Sirocco. Winters in Algeria are quite mild, although they can be very wet. Algiers receives a higher level of rainfall each year than London, usually in short, sharp bursts! Winter in the mountains can be severe with heavy snow.

Taxis

You can easily find taxis at the airport and at hotels. We recommend that you use official taxis booked through your hotel.

Traffic can be heavy in Algiers and we suggest you leave plenty of time to get to and from meetings. Some street names have changed, meaning that not everyone (including taxi-drivers) use them. The drivers are not always familiar with companies and most work on prominent land-marks or well-known shops. So make sure the driver knows exactly where he is going before you set off. And you need to agree a price in advance as the meters rarely work!

Other methods of travel

It is possible to hire a private car with or without a driver. Internal air travel can offer good value for money and significant sums are being spent to renew the rail infrastructure. Metro and tram systems are being built in Algiers.

Hotels

There are several international hotels in Algiers (the UKTI team in Algeria can supply you with a list) which accept major credit cards as well as travellers cheques. You can also find bureaux de change in these hotels. Hotel space is at a premium and it can be very difficult to find good quality accommodation during busy periods.

Money

The unit of currency is the Algerian Dinar (DZD). Bank notes come in denominations of 1,000, 500, 200 and 100 dinars with coins for 1, 2, 5, 10, 20, 50 and 100 dinars. The Algerian government sets the official exchange rate, currently around 110 DZD = £1.

Credit cards are not widely used in Algeria so it is essential to have cash for day to day expenses as it is the only acceptable form of payment for taxis, restaurants and shops. There are few reliable ATMs in Algiers.

Algeria has strict foreign exchange laws and the dinar can not be exported, so it is not possible to buy dinars before you arrive. You are required to record all your currency transactions during your stay in Algeria. You may be approached by people offering to exchange money for you, especially at the airport. While they may offer a more favourable exchange rate, this is illegal.

Communications

The dialing code from the UK is +213. Fixed telephones are not always reliable and voicemail may not always be an option. Mobile phones are therefore used far more for core business than in Europe and it would not be considered unusual if you were to contact someone for the first time on a mobile phone. Most UK mobile phone networks can function in Algeria. Just check that the roaming option is available on your mobile.

The postal service is unreliable and sending documents by courier is recommended but can be expensive. Faxes are still the preferred method of communication. Although there has been an increase in the use of e-mail it is not as widely used as you might expect, not least in the public sector where there is still a strong preference for paper correspondence. Telephones, faxes and emails may not be suitable for commercial or personally sensitive material.

Security

Although the security situation in Algeria has improved considerably, there is still a risk from terrorism. Check the FCO's Travel Advice pages (www.fco.gov.uk) for up-to-date information.

2. Preparing to Export to Algeria

British companies wishing to enter the Algerian market are advised to undertake as much market research and planning as possible in the UK.

In most cases doing business successfully in Algeria requires local representation but the appointment of a local partner/representative will only be the first step. Algeria is a market in which personal contacts predominate in the business environment and where personal relationships are very important. This requires you to investment your time on regular visits to Algeria, especially during the early phase, as this is an important part of a successful market entry strategy, as is continuity. It's important for people to build up a relationship with the same person, not just the company. Product training for your local representative is essential, as are regular updates on developments, modifications, competitor activity etc.

Careful selection is required when appointing a local representative. There are a number of risks, not least that you may lose control over the pricing and presentation of your goods once they are in the hands of agents and that these middleman can have differing business goals, which may lead to a less than satisfactory marketing of your product in country.

UKTI's team in Algeria can provide a range of services to British-based companies wishing to grow their business in the Algerian market. Our services include the provision of market information, validated lists of agents/potential partners, key market players or potential customers; establishing the interest of such contacts in working with your company; and arranging appointments for you as part of a visit programme. In addition, we can also organise events for you to meet contacts or to promote your company and your products/services.

You will find further background information on doing business in Algeria on our website (www.ukti.gov.uk). Registered users will be able to access a variety of information including sector reports and can set alerts to be advised of potential business opportunities, site updates and event notifications.

You can commission these services under which are chargeable and operated by UK Trade & Investment (UKTI) to assist British-based companies wishing to enter or expand their business in overseas markets. Under this service, the Embassy's Trade & Investment Advisers, who have wide local experience and knowledge, can identify business partners and provide the support and advice most relevant to your company's specific needs in the market.

To find out more about commissioning work, please contact your local International Trade Adviser. You can find their contact details on UKTI's website (www.ukti.gov.uk)

3. How to do business in Algeria

What companies should consider when doing business

Algeria has a reputation as a difficult place to do business because of the bureaucracy and the need for companies and personnel to be fluent in French. Traditionally UK companies have used French subsidiaries or operate through contractors who are already on the ground. It does take time to get established in the market but once in Algeria UK companies tend to do well not least because of their reputation for supplying quality products and offering a good after sale service. This means they get repeat business as well as being able to source new clients.

There is a strong desire to develop relationships with new countries with a move away from France and a definite shift to non-traditional partners including the Gulf States and China.

The UKTI team in Algiers can provide lists of business consultants, lawyers, accountants, interpreters and recruitment agencies.

Regus (www.regus.com) are based in Algiers and can offer you workplace support depending on your business requirements.

Gateways/Locations – Key areas for business

Algiers and Oran are the 2 largest commercial centres with populations of 3.3 million and 1.5 million respectively. For the oil & gas industry most production is centred in the south of the country around Hassi Messaoud. The main firms working in the oil & gas sector have large operations and bases in the south and small or representative offices in Algiers. If you plan to deal in this sector it is important to ascertain exactly which office will best suit your needs.

Market entry and start up considerations

Making decisions on setting up a business in Algeria can be a complicated process. It requires a detailed knowledge of the local rules & regulations along with an acceptance that things can change from day-to-day. UK companies planning to enter the Algerian market are strongly advised to get up-to-date information and advice from local professionals.

The *Reglementation des Marches Publiques* (Public Procurement Code) is an essential guide for anyone bidding for work in the public sector. You can find a copy on our website (www.ukti.gov.uk)

In most cases doing business in Algeria requires local representation in the form of an agent or distributor as business with end users is done face-to-face and not by e-mail or phone. Building long-lasting personal relationships is the key to doing business successfully in Algeria. Generally Algerians like to see British nationals representing UK companies. If you are really serious about Algeria, consider sending someone here permanently.

There are currently four main ways of supplying goods and services into Algeria:

Externally

The work takes place entirely outside Algeria. You provide the goods/services to contractors or companies who then forward them on. If the work is completed entirely overseas there is no withholding tax or other recourse to Algeria. This type of work normally only applies to niche areas or

high tech work which is not readily available in country. It also applies to products and services needed in a hurry.

Direct to End User

This is commonest method. UK companies respond to an international tender and upon award provide the services or products directly into the market. In the event that they are provided on the ground they will inevitably incur withholding tax if conducted through a UK company. Using a subsidiary from a country with a double taxation agreement with Algeria (e.g. France) would not incur any withholding tax.

Through an Agent/Representative

Goods are supplied through an agent or facilitator who will usually then provide the contractual link to the end user in the supply chain.

Affiliate/Joint Venture

The UK company establishes an Algerian subsidiary or branch office. The UK subsidiary has a local presence in country and supplies into the market via subcontractors/joint venture or direct to the end user.

Customs and Regulations

Customs procedures can be bureaucratic and slow. We recommend that a good shipping agent be used as delays in clearance are common.

Legislation and Local Regulations

The legal and taxation systems in Algeria are well established and based on French and Islamic Law. The systems are opaque and difficult to understand. Professional advice should be sought.

Responding to Tenders

Government tenders are published on www.baosem.com (energy and mining) and www.anep.com.dz/bomop (all other tenders). Non-government tenders are published in the local press.

Projects which are considered an opportunity for UK companies will be published on UKTI's website (www.ukti.gov.uk) in the *Business Opportunities* section. You can register on the website to be sent alerts for new business opportunities.

Recruiting and Retaining Staff

The official unemployment rate is around 15%. Retaining good staff can be a problem given the small number of trained and experienced English speakers.

Documentation

Required customs documents include the original bill of lading, copies of invoices, phyto-sanitary health certificate (if applicable), packing list and certificate of origin. It is important to make sure

these are filled in correctly as missing, incomplete or inaccurate documentation can cause significant delays at customs.

Labelling and Packaging Regulations

There are differing packaging requirements for products exported to Algeria, especially for food and pharmaceutical products. The importer should be able to clarify these. It is highly recommended that all printed contents are in Arabic and/or French. Containers should show the consignee's name and port.

Getting your Goods to the Market

The main options for Algeria are airfreight, sea-freight or courier service. It is often easier to use a freight forwarder. Forwarding agents should be approached in the early stages of market research rather than waiting until you are ready to deliver your goods.

Standards and Technical Regulation

For standards and technical regulations contact the *Institut Algerien de Normalisation* (www.ianor.org)

Intellectual Property Rights

As in many developing economies, the scale of intellectual property rights abuses across Algeria's industrial sectors continues to outgrow the government's enforcement efforts. This is a particular problem for the film & software industries, with counterfeit DVDs and CD-ROMs widely available.

4. Business Etiquette, Language and Culture

Doing business in Algeria is about establishing strong personal relationships. Long term commitments are valued and are necessary to be successful. Your relationship will become more of a friendship with many Algerians choosing to do business with the same company for many years.

Basic hints and tips include:

- Doing business by e-mail or over the internet isn't yet common (especially in the public sector) and there is a strong preference for paper. It's better to send a fax and then to make a follow up call.
- Make your presentation in French or Arabic. The same for your business cards and trade literature. Make sure you have enough for everyone! And don't refer people to your company's website for information; have the information available for them.
- Algerians are very status conscious. If you want to see the CEO, send your CEO to meet with them. And be aware you may need to work on building a relationship with the company first before you are able to get a meeting with the CEO or senior officials, particularly in public sector organisations.
- Don't leave your follow-up visit too late; otherwise the trail will go cold.
- Beware of middlemen. While there are good agents, some will claim much more than they can deliver.
- Use local knowledge.

Language

Arabic is the official language in Algeria with French the main business language. English is beginning to become more common but at present less than 10% of business people currently speak it fluently, although there is a higher percentage of English speaking Algerians in the oil & gas sector. If you do not speak French or Arabic fluently, you should consider engaging an interpreter.

Meetings and Presentations

It's important that you try to arrange appointments before arriving in Algeria. You should also ask for some form of confirmation. Unfortunately it is not uncommon for meetings to be postponed or changed at the last moment. This does not necessarily indicate a lack of interest; just that priorities can change suddenly. And even when you have a confirmed meeting, you may not be seen promptly so be prepared for this. By the same token it is not unusual for meetings to be arranged with relatively little notice. The timeframes people work to are often shorter than in the UK.

Algerians expect to get to know potential contacts over several meetings before business transactions take place. You should set aside time for relationship building. The first part of the meeting will usually consist of introductions and personal conversation – where do you live, what did you study, are you enjoying Algeria etc. It is important not to cut this short as it would be considered very impolite. This is in many ways the most important part of the meeting, as a large part of business is done on the basis of forming strong personal relationships. Your host will normally offer you coffee, tea or water, which is impolite to refuse.

Once this part of the meeting comes to a natural conclusion you will then typically be asked what they can do for you. It is important to be able to give a clear and concise reason for your visit. Interlocutors may not always be prepared for your meeting and you may find it necessary to start by explaining again who you are, why you are visiting and something about your company's product or service.

Smart business dress is appreciated although because of the climate men often dispense with jackets and do not always wear ties. Businesswomen typically dress modestly with longer jackets and tops teamed with longer skirts or trousers.

Algerians are very family orientated and do not tend to socialise late outside of their family environment.

Working Hours

The public sector usually works from 0800 – 1600 hrs, with the private sector working until 1700 hrs. Most retail outlets remain open until late evening. Reduced working hours operate during Ramadan. Since Autumn 2009 Algeria has operated a Friday/Saturday weekend. Friday is the Muslim holy day and many retailers will be closed until mid-afternoon or evening.

Holidays in 2010

1 Jan - New Year's Day
1 May - Labour Day
19 June - Revolutionary Readjustment
5 July - Independence Day
1 Nov - Revolution Day

Other holidays are Islamic and follow a lunar calendar meaning no precise dates can be given. Approximate dates are shown.

Mawlid - The birthday of the Prophet (25 Feb)
Eid al-Fitr - The end of Ramadan (12/13 Sep)
Eid al-Adha - The feast of the sacrifice (17/18 Nov)
Islamic New Year (7 Dec)
Ashura (16 Dec)

Negotiations

Algerians are generally easy going, open in communication and courteous but they will rarely put their cards on the table until they have built up a relationship of trust. This will take place over several meetings and you may find you have to work your way up the chain of command during this process. It will take time to get a final decision but should it be in your favour, you will find that further business will follow.

5. What are the challenges?

The principal problems that UK companies face are:

- The absence of a level playing field for all companies, foreign and domestic;
- Increased commercial competition from China (but not in every sector);
- The lack of transparency in bureaucratic and judicial processes;
- An unwieldy bureaucracy; and
- The lack of reliable information whether statistics, data about institutions or contact information.

Algeria is perceived as difficult for newcomers because of the bureaucracy and the Francophile nature of the market. If you have no export experience then Algeria may not be the ideal first market for you but with a little preparation and advice then you should be able to develop a successful market entry strategy. If you are an experienced exporter with a good product to offer then you should be able to access the Algerian market relatively easily, provided the opportunities are right for you and your price is competitive.

The most important things to remember when doing business in Algeria are to:

- Have a physical presence in the market;
- Be patient, it will take time to build the working relationships necessary to do business here; and
- Persevere. There is good business to be won here but you will need to work to get it.

Getting Paid - Terms of Payment

Payment for imports must be completed by letters of credit.

Algeria has a variable reputation with regards to payments – delays are more common than non-payment - and in particular the payment process at Sonatrach can be very bureaucratic. The majority of the payment is usually only made on delivery of the goods required or completion of the contract. You may want to consider including payment terms when drawing up any contract.

6. How to Invest in Algeria

The *Loi de Finances Complementary* (2009) revised the conditions for foreign investment. It created a \$20 billion fund to support investment projects. Algerian shareholders (which can include several partners) must represent 51% of the capital. Foreign investments must result in a positive foreign exchange balance in favour of the Algerian economy during the project's lifetime. Any proposed foreign investments need to be reviewed by the *Centre Nationale d'Investissement* (CNI). The CNI are able to grant exemptions or reductions against duties, taxes or charges. More information can be obtained from the *Agence Nationale de Developpement de l'Investissement* (www.andi.dz).

7. Contacts

If you have a specific export enquiry about Algeria which is not answered by the information in this report you can contact our team in the UK via:

UKTI Enquiry Service

Europa Building, 450 Argyle Street, Glasgow. G2 8LG
Tel: +44 (0)20 7215 8000
Fax: +44 (0)141 228 3693
Email: enquiries@ukti.gsi.gov.uk
Website: www.ukti.gov.uk

Or the UKTI team in Algeria via:

British Embassy Algiers

3 Chemin Capitaine Hocine Slimane, Algiers
Tel: +213 (0)770 085 000
Fax: +213 (0)770 085 099
Email: trade.algeria@fco.gov.uk
Website: www.ukinalgeria.fco.gov.uk

UK Trade & Investment can help you make the most of the opportunities available and help you plan your approach to entering the Algerian market. You will be able to find out more about the range of services available to UK companies trading internationally through your local International Trade Adviser. You can find their contact details on our website (www.ukti.gov.uk)

We hope that you have found this guide useful. For further information, please contact your local International Trade Adviser or the UKTI team in Algeria or the UK.

8. Resources/Useful Links

Business Link: International Trade

Business Link's International Trade pages provide an overview of export basics including licensing, customs procedures, classifying and movement of goods, other regulatory information and export paperwork issues. It also introduces exporters to the UK Trade Tariff.

Essential reading for exporters!

Find out more at:

<http://www.businesslink.gov.uk/bdotg/action/layer?r.s=tl&r.lc=en&topicId=1079717544>

Country Information

BBC Website: http://news.bbc.co.uk/1/hi/country_profiles/default.stm

FCO Country Profile:

<http://www.fco.gov.uk/en/travel-and-living-abroad/travel-advice-by-country/country-profile/>

Culture and communications

CILT – National Centre for Languages - Regional Language Network in your area:

http://www.cilt.org.uk/workplace/employer_support/in_your_area.aspx

Kwintessential culture guides: <http://www.kwintessential.co.uk/>

Customs & Regulations

HM Revenue & Customs: www.hmrc.gov.uk

Import Controls and documentation (SITPRO): <http://www.sitpro.org.uk>

Economic Information

Economist: <http://www.economist.com/countries/>

Export Control

Export Control Organisation:

<http://www.berr.gov.uk/whatwedo/europeandtrade/strategic-export-control/index.html/strategic-export-control/index.html>

Export Finance and Insurance

ECGD: <http://www.ecgd.gov.uk/>

Intellectual Property

Intellectual Property Office: www.ipo.gov.uk

Market Access

Market Access Database for Tariffs: <http://mkaccdb.eu.int/mkaccdb2/indexPubli.htm>

Standard and Technical Regulations

British Standards Institution (BSI):

<http://www.bsigroup.com/en/sectorsandservices/Disciplines/ImportExport/>

National Physical Laboratory: <http://www.npl.co.uk/>

Intellectual Property: <http://www.ipo.gov.uk/>

Trade Statistics

National Statistics Information: <http://www.statistics.gov.uk/hub/index.html>

UK Trade Info: <https://www.uktradeinfo.co.uk/>

Travel Advice

FCO Travel: <http://www.fco.gov.uk/en/travel-and-living-abroad/>

NHS: <http://www.nhs.uk/nhsengland/Healthcareabroad/>

Travel Health: <http://www.travelhealth.co.uk/>