

COUNTRY PROFILE

9 **Vital Statistics:** Population, geography, climate

POLITICS

- 13 **Back to Stability:** After a decade of violence, Algeria can return to peace and prosperity
- 14 **Reviving Education:** Upping the learning curve
- 18 **Interview:** Abdelaziz Bouteflika, President of the People's Democratic Republic of Algeria
- 21 **The Path of Concordance:** Implications of the proposed civil war amnesty
- 23 **Viewpoint:** Richard Erdman, US Ambassador to Algeria
- 24 **Affirming Friendship:** Restoring ties between France and Algeria
- 25 **Sahara:** No easy answers for the long-standing row over Western Sahara
- 28 **Interview:** Mohamed Bedjaoui, Minister of Foreign Affairs
- 30 **State of Disunion:** Regional integration suffers a new setback in 2005

THE ECONOMY

- 33 **Riding the High Tide:** Oil wealth ushers in reform
- 34 **Major Plans Afoot:** Spreading the prosperity
- 39 **Trade & Tribulations:** Sharpening other exports
- 42 **Interview:** Mourad Medelci, Minister of Finance
- 44 **Viewpoint:** Lucio Guerrato, Head of the European Commission Delegation
- 45 **Challenge & Opportunity:** Gearing up for free trade with the EU
- 47 **Gearing Up for Accession:** Can Algeria play by WTO rules?
- 49 **The Employment Challenge:** The job market struggles to adapt to economic modernisation
- 51 **Interview:** Hamid Temmar, Minister of State Shareholdings and Investment Promotion
- 53 **Viewpoint:** Mohamed Chami, CEO of the Algerian Chamber of Commerce & Industry, on management

Back to Stability

Page 13

The "national tragedy" of the 1990s is over, but the situation has not yet normalised and a state of emergency has been in effect for nearly 15 years. In an effort to close this chapter of history, Algerians voted in September 2005 to adopt President Bouteflika's Charter for Peace and National Reconciliation. It is hoped that the remaining Islamic activists will lay down their arms, so Algeria can focus its energies on economic development.



Riding the High Tide

Page 33



Buoyed by the oil boom, Algeria is enjoying unprecedented macroeconomic stability and financial prosperity. With a \$60bn public spending plan targeting housing, transport and water infrastructure, as well as education and training, Algeria is taking bold steps to lay the foundation for sustainable growth. Economic liberalisation has also succeeded in attracting much-needed foreign investment. Algeria will need to upgrade its public management to make the best of this ambitious programme.

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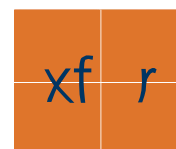


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Contents

BANKING

- 55 **Season for Change:** Significant change has occurred, but there is still a long way to go
- 56 **The Khalifa Affair:** Repercussions of a financial scandal and a new-found transparency
- 62 **Privatisation:** Moving ahead slowly but surely
- 64 **Viewpoint:** Abdelkader Beltas, President & Director of the Algerian Mortgage Refinance Corporation
- 65 **Banking on Reform:** Algeria's reform programme gathers momentum
- 68 **Interview:** Karim Djoudi, Minister Delegate of Financial Reform

CAPITAL MARKETS

- 71 **Flying at Low Altitude:** Rescuing a fledgling market
- 72 **Air Algeria Bond Issues:** Soaring for the first time
- 73 **Powering Development:** Sonelgaz's financing strategy
- 74 **Viewpoint:** Lachemi Siagh, CEO of Strategica
Stocks & Bonds: Share analysis and data provided by Strategica
- 78 **Bond Issue Guide:** The treasury yield curve and credit spreads
- 79 **Entreprise Nationale des Travaux aux Puits:** Oil and gas drilling
- 80 **Air Algeria:** Transportation
- 81 **Sonelgaz:** Utilities
- 82 **Interview:** Ali Sadmi, President of COSOB

INSURANCE

- 83 **Forging Ahead:** The insurance market is enjoying a period of rapid and sustained growth
- 84 **The Earthquakes of 2003:** Seismic fallout
- 87 **Interview:** Abdelmajid Messaoudi, Permanent Secretary of the National Insurance Council

TRANSPORT

- 89 **Hit the Road, Jack:** Where public investment is headed
- 90 **Networking Public Transportation:** Remedying urban transit woes
- 92 **Interview:** Mohamed Maghlaoui, Minister of Transport

ENERGY

- 95 **Great Expectations:** A boom for hydrocarbons
- 97 **Gassi Touil:** International acclaim for a top prize
- 97 **Liquidity Ratios:** The ins and outs of the liquefied natural gas sector
- 100 **Stepping on the Gas:** BP accelerates its petroleum interests
- 101 **Changing the Rules:** The new Hydrocarbons Law will boost output
- 103 **Interview:** Mohamed Meziane, CEO of Sonatrach
- 104 **Viewpoint:** Hassan Yassine, partner at Thompson & Knight
- 109 **Time to Think Big:** Opportunities in the downstream oil industry
- 114 **Powering Up:** Foreign firms are called to fill in the gaps
- 119 **Interview:** Ian Smale, President and CEO of BP North Africa
- 121 **At Your Service:** An all-inclusive oil investment banquet

TOURISM

- 125 **New Horizons:** The tourism sector is a new priority
- 127 **Bridging the Gap:** A new venture for Accor and Mehri
- 129 **Interview:** Nouredine Moussa, Minister of Tourism

CONSTRUCTION & REAL ESTATE

- 131 **Catching Up:** Peace begets construction
- 132 **We Come to Build:** China and Turkey head west
- 134 **Interview:** Lakhdar Rekhroukh, CEO and Chairman of Cosider
- 137 **Open Field:** The government struggles to meet real estate demands
- 138 **Digging Down:** Weighing public housing

Season for Change

Page 55



The current state of the banking sector is a significant hindrance to investment and growth, despite excess liquidity to the tune of \$10bn. As Algeria enters a new period of stability, the government has engaged in an overhaul of the sector and the privatisation of some state-owned banks, which comprise some 90% of the market.

Flying into Action

Page 71

With only three companies quoted and low trading activity, the Algiers Stock Exchange, created through a government initiative, appears to be a flyweight among regional markets. Market capitalisation has recently reached \$1.4bn, however, and growth is being further propelled by a series of fresh bond issues and initial public offerings slated for the end of 2006.



Forging Ahead

Page 83

Algeria's insurance sector still lags far behind its neighbours with revenue well under 1% of GDP, but sector modernisation is well underway. Privatisation should soon follow suit. Sector players will need to raise the general public's awareness and develop new products – especially in life insurance – if the sector is to live up to its potential.

Hit the Road, Jack

Page 89

The sector is set for growth in the coming years, with the massive 2005-09 government spending plan focusing on transport and infrastructure. Algeria is gearing up to build a 1200-km highway, an underground network and a new international airport in Algiers, as well as to upgrade the country's decrepit rail system. The sector, aside from aviation, has been opened to private investment.



Great Expectations

Page 95



Oil prices have reached dizzying heights. With the global race for resources showing no sign of abating, the country is working hard to attract foreign investment in the energy sector with its new hydrocarbons law, as its gas and oil reserves remain surprisingly under-explored.

Growing Pains

Page 141



The sector has improved following the entry of a third mobile operator and is now the fastest growing in the Maghreb. It is hoped that a second fixed-line licence will stimulate further growth. Competition has taken precedence over network development and service quality. Despite the presence of major international GSM service providers, more investment is needed to reach regional standards.

Time to Compete

Page 151

Long a key contributor to Algeria's GDP, industry is set to benefit from a healthy injection of government spending, attracting foreign investment, improvement of capital and fresh training of the local workforce. Yet with WTO accession set for 2006, the administration clearly needs to make industry more business-friendly.



Writer's Block

Page 169



Increasing pressure on the press and deficiencies in editorial training have led to a decline in print media quality over the past 15 years, even as advertising revenue has improved finances. Broadcast media remains a state monopoly but has held its own in the face competition from satellite television, while freedom of the press remains on the backburner.

The Green Giant Re-awakens

Page 173

Food subsistence is the ultimate goal of agricultural reforms. The largest Mediterranean importer of food produce from the EU, moves to further liberalise the sector have been met with disdain. A lack of processing infrastructure further plagues modernisation efforts. Algeria will need to find a niche market to prosper in the face of competition from its neighbors.



A Rai of Sunshine

Page 204



Once a sub-cultural phenomenon venting the frustrations and angst of Algerian youth, rai has since become a global music sensation. Originally performed during French colonial rule in 1950s Oran and emerged in the 1980s with a blend of modern production and traditional melodies that conveyed the trials of the era, opening a sphere for youth to openly discuss taboo subjects. It remains Algeria's most celebrated form of cultural expression.

TELECOMS & IT

- 141 **Growing Pains:** Catching up with the rest of the Maghreb
- 142 **Made in China:** An opportunity seized by the Chinese
- 143 **Pst... Want a Phone?** Keeping track of new developments
- 145 **Interview:** Mohamed Belfodil, President of ARPT
- 147 **Making Connections:** The IT sector expands its network
- 149 **Bootleg Bazaar:** Keeping software piracy under control

INDUSTRY

- 151 **Time to Compete:** The industrial sector rises to meet the global challenge
- 152 **Fertile Partnership:** Spain's Villar Mir Group sets Algeria's fertiliser industry abloom
- 154 **Interview:** Mahmoud Khedri, Minister of Industry
- 155 **Feeding the Nation:** Privatising the food-processing industry
- 157 **Viewpoint:** Issad Rebrab, President of Cevital Group
- 159 **Medicinal Magic:** Universal access means expansion
- 163 **Interview:** Mustapha Ait-Adjedjou, President of Laboratoire Pharmaceutique Algérien
- 165 **Value in the Veins:** The mining sector opens to gold seekers
- 166 **Vertical Integration:** Mittal Steel's strategic bid for Algerian monopoly Sider

MEDIA & ADVERTISING

- 169 **Writer's Block:** Print press takes a back seat to satellite TV
- 170 **Circulation:** GSM advertising revenues boost circulation
- 171 **Riding the High Tide:** Surging revenues as international competition steps up

AGRICULTURE

- 173 **The Green Giant Re-awakens:** Agriculture begins to take off
- 174 **Plague Prevention:** Fighting off the locusts

HISTORY

- 176 **A Just Jihadi:** The story of Emir Abd al-Qadir, Algeria's national hero

THE BUSINESS GUIDE

KPMG Algeria

- 179 **A Taxing Chore:** Step-by-step approach to revenue reform
- 180 **A Witty Scheme:** Evolving tax laws
- 184 **Viewpoint:** Jean-Marie Pinel, CEO of KPMG Algeria

Gide Loyrette Nouel Algeria

- 187 **Investment Law:** The ins and outs of statutes
- 190 **State Sales:** The new legal framework for privatisation
- 191 **Hydrocarbons Law:** Breaking down the barriers to trade
- 193 **Viewpoint:** Samy Laghouati of Gide Loyrette Nouel

THE GUIDE

- 195 **Pathways to Prehistory:** Exploring Tassili N'Ajjer
- 197 **Maghreb Mornings:** Hotel listings
- 199 **Nightlife Trends:** The inside scoop on the scene in Algiers
- 200 **Land of The Tribes:** Kabylia's stunning views
- 201 **From the Maghreb with Love:** Restaurant reviews
- 204 **Profile:** Expressing hope through music

LISTINGS

- 206 **Government:** Ministries, state institutions, visas
 - Foreign Missions:** Embassies
 - Agencies:** Trade, development
 - Health:** Hospitals, emergency
- 207 **Information:** Newspapers, TV & radio, theatre
 - Travel:** Agencies, services
 - Useful Links:** Government, tourism, information
- 208 **Facts for Visitors:** Some useful tips for new arrivals