

IOA | 2019 | ACBR

AFRICA COUNTRY BENCHMARK REPORT



Algeria Profile



The Port of Algiers can cater for ships over 150 metres in length, making the facility one of the most important infrastructural features for a city with a famously high cost of living.





Image courtesy of Magharebia



ALGERIA

#15

ALGERIA



OVERVIEW ANALYSIS

The ouster of long-ruling autocratic President Abdelaziz Bouteflika in April 2019 was followed by civil unrest, agitating for a civilian administration and an end to the military's power over government. At stake is the political future of a country ranked by the World Bank as the third-most important economy in the MENA region. Algeria is one of the very few countries worldwide and the only African country to reduce poverty by 20% in the past two decades, but the political freedom that has eluded Algerians is now in sight. Although Algeria remains North Africa's second-largest economy behind Egypt, oil earnings have been stolen by corruption and whoever replaces Bouteflika faces economic challenges. Algeria's position in ACBR 2019 ranks in 15th place, a rise in two positions from 2017.

KEY OPPORTUNITIES

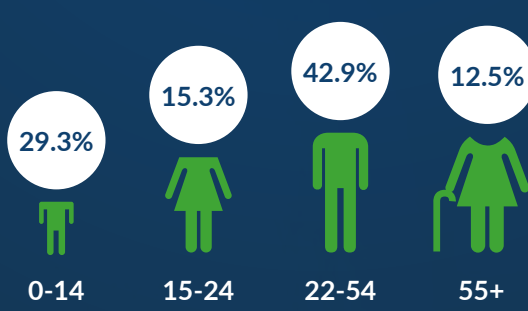
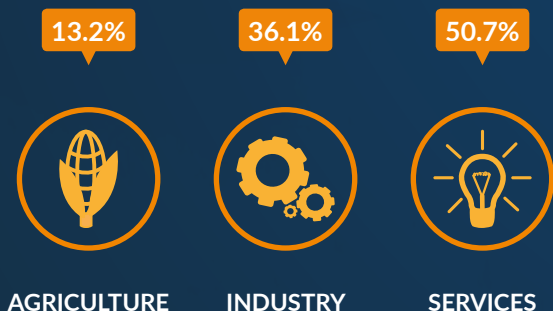
- The country is considered the gateway to Europe, deemed a key trading partner, while the Middle East also has strong trade ties with Algeria
- While the energy sector dominates the economy, government is intent on economic diversification

KEY CONCERNS

- Decreasing oil prices jeopardise social welfare programmes
- Rampant urban migration
- Agriculture needs investment and growth

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION Islam	PREDOMINANT LANGUAGE Arabic	POPULATION WITHOUT ELECTRICITY 0.6% (#5) ▼ ⁶	LITERACY RATE 80.2% (#14) =	PRIMARY ELECTRICITY SOURCE Gas
IMPORT/EXPORT Capital goods/ Petroleum	EXTERNAL DEBT US\$ 8.163 billion (#19) =	ACTIVE CONFLICT No	LAND SIZE 2,381,741 km ² (#1)	INTERNET PENETRATION 42.9% (#9) =



Term:
09/04/2019 - present
5 years (2 term limit)

Political Party:
National Rally for Democracy

Recent Electoral Information:
N/A
N/A
N/A
Voter turnout: N/A



Acting Head of State
Abdelkader Bensalah

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

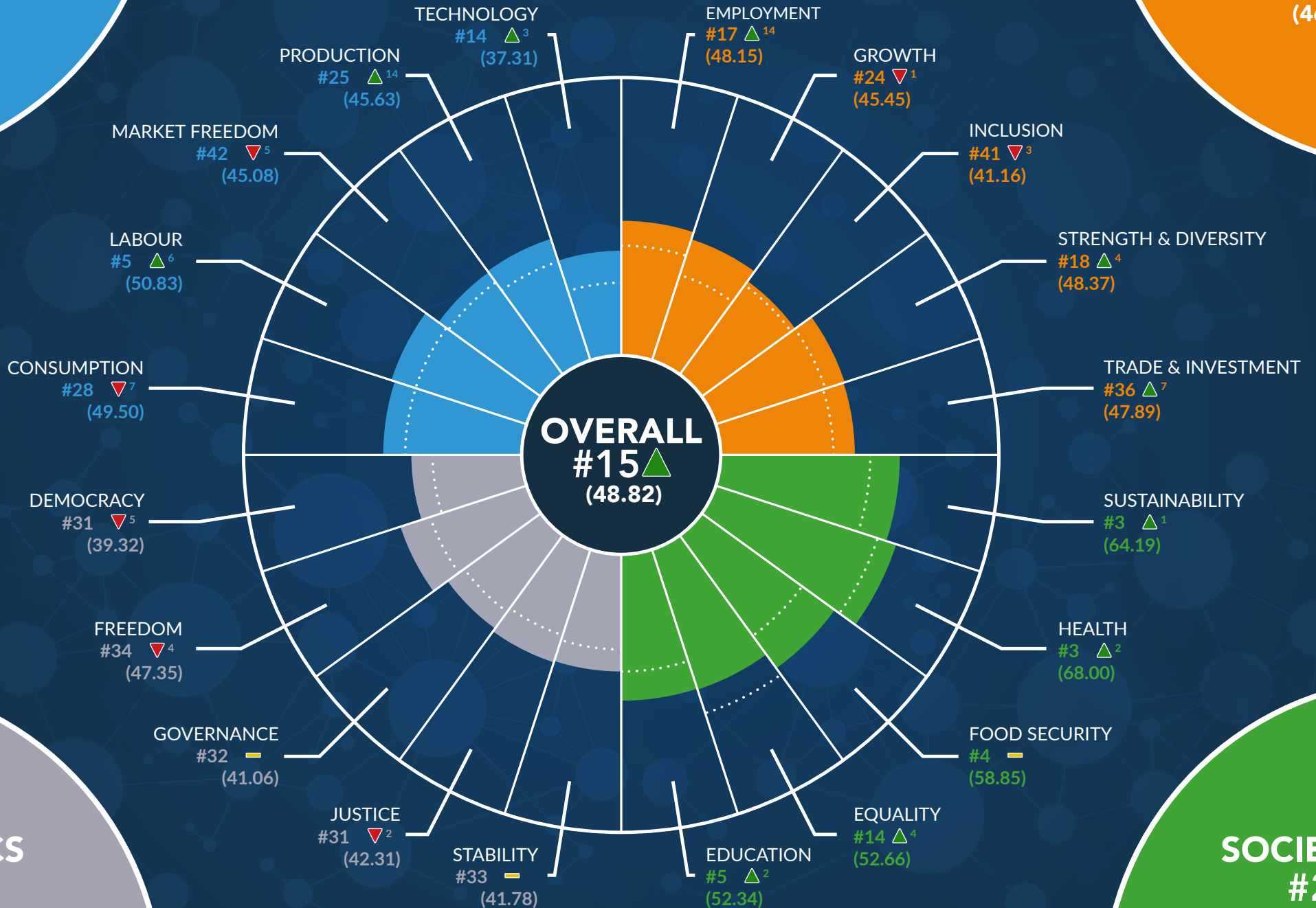
BUSINESS

#21
(45.67)

ALGERIA PERFORMANCE OVERVIEW

ECONOMICS

#22
(46.56)



▲ Increase from 2017

▼ Decrease from 2017

■ No change

..... 2017 Score

SOCIETY

#2
(60.69)

POLITICS

#33
(42.36)

ALGERIA BUSINESS ANALYSIS



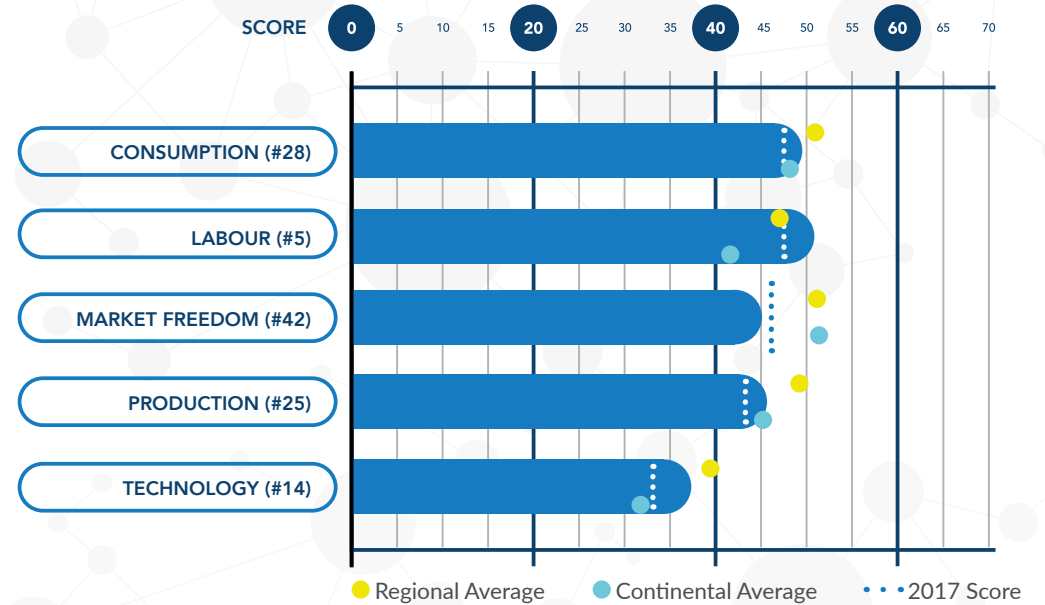
BUSINESS OVERVIEW

Algeria's goal of diversifying their economy away from the dominance of the energy sector depends on external trade and the success of new businesses to exploit those links. Foremost of these are the foreign markets in Europe, which have long-standing ties with Algeria. The country seeks to enter the African market with their manufacturing output, particularly with regard to the production of automobile assembly plants. Algeria is competing with Morocco for Sub-Saharan Africa's car business, where new car ownership is low. European car makers with plants in Algeria include France's Peugeot-Citroen and Renault, Germany's Volkswagen and Italy's Iveco. Algeria also has historic trade ties with the Middle East. In addition to revenues generated by the auto industry,

the plants will raise the technical level of Algerian labourers through the transfer of skills.

The auto industry is relatively new, commencing with a Renault plant in 2014, but corresponds with a simultaneous influx of business to service the auto plants. The tourism sector has also seen new investors, whose presence can also be felt in the processed foods business. Some manufacturing output is aimed at local consumption, but much is designed for export. Algeria's position as 21st in the Business quadrant, with a total score of 45.67, is an improvement by two country positions and a rise of 2.34 points from 2017, when Algeria's ranking stood at 23rd based on a score of 43.33.

BUSINESS SCORES & RANKINGS



BUSINESS DATA COMMENTARY

<p>Algeria data availability 91.21%</p>	<p>REGIONAL AVERAGE 87.69%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #24</p>
	<p>Data about business is relatively available in Algeria, which is ranked at 24th among African countries with a total score of 91.21%. This is better than the regional average of 87.89% and well above the continental average of 77.78%. One reason for the relative ease of obtaining business information is that multinational businesses operating in the country publish their finances to shareholders. Algeria has long-established trade links for which business data has been developed.</p>		

BUSINESS STATISTICS

<p>% POPULATION IN URBAN CENTRES</p> <p>72.6% (#5)</p>	<p>LABOUR FORCE IN MILLIONS</p> <p>11.82 million (#14)</p>	<p>INDUSTRIAL PRODUCTION GROWTH</p> <p>0.9% (#46)</p>	<p>PRIME LENDING RATE</p> <p>8% (#9)</p>
<p>% ADULTS WITH A BANK ACCOUNT</p> <p>42.78% (#17)</p>	<p>ANNUAL AIR PASSENGERS</p> <p>6.24 million (#5)</p>	<p>MOBILE SUBSCRIPTIONS</p> <p>115.85 per 100 (#11)</p>	<p>NATIONAL 3G COVERAGE</p> <p>83.4% (#15)</p>

ALGERIA ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

More investment is sought in the agricultural sector because foodstuffs, along with consumer goods, are Algeria's top non-energy exports. Yet the availability of cultivatable land, which comprises only 3.2% of this desert country's land, hinders expansion of agriculture without the use of new irrigation technologies. The decline in worldwide oil prices saw a contraction in Algeria's economy to 2% in 2017 from 3.3% in 2016. Algeria has the world's tenth-largest reserves of natural gas, but these are no longer reliable revenue earners, when critical energy earnings have accounted for 60% of government's budget and 95% of export earnings.

Government's budget deficit rose with recent years' decline in oil prices and the

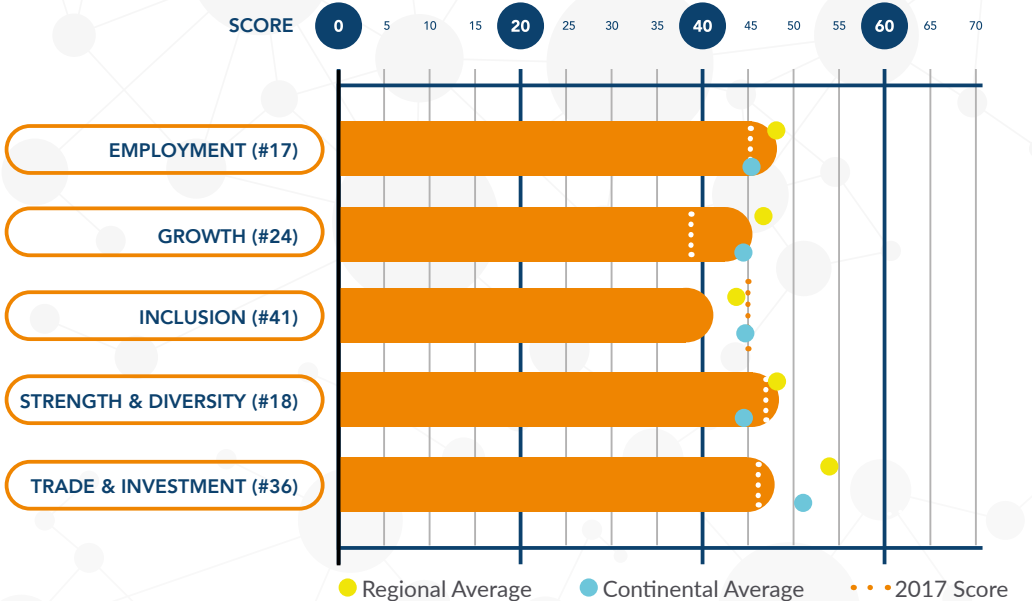
ability to balance the budget in 2019 would require a world price of US\$ 100 per barrel (versus US\$ 70 per barrel in July 2019). Foreign reserves have dropped two-thirds since 2014, while inflation has risen from 3% to 7%. The IMF has advised Algeria to gradually depreciate its currency, borrow externally and make its economy more hospitable to foreign investment.

With a score of 46.56, Algeria's ranking of 22nd in the Economics quadrant is a significant improvement over 2017's ranking of 33rd. This rise in rank can be largely attributed to worsening performances by other African nations' economies and the beneficial result of the Revised Investment Law (16-09).

ECONOMIC DATA COMMENTARY

<p>Algeria data availability 89.74%</p>	<p>REGIONAL AVERAGE 88.38%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #24</p>
	<p>Algeria's availability of economic data places the country in the 24th position of surveyed African countries, with a score of 89.74%. Investors are guided by information which if complete is sufficient for decision making. Four new data statistics have been added to ACBR 2019 to evaluate Algeria's Economics quadrant. One new stat, foreign direct investment inflows from overseas, shows the continuing economic importance of Algerians living abroad who send home salaries.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 15,100 (#6)</p>	<p>UNEMPLOYMENT RATE</p> <p>10% (#37)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>AMU</p>	<p>INFLATION RATE</p> <p>5.5% (#29)</p>
<p>GDP AT PPP</p> <p>US\$ 632.9 billion (#4)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 97.67 billion (#1)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 1,637 million (#9)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-10.6% (#50)</p>

ALGERIA POLITICAL ANALYSIS



POLITICAL OVERVIEW

Algeria's leader - Bouteflika, installed by the military in April 1999 at the cessation of a brutal civil war that killed 100,000 people – was viewed by political observers at the start of 2019 as likely to hold his position until he chooses to retire. The 2008 constitution, written under his rule, offered the possibility of him becoming a President-for-Life, despite having suffered a stroke in 2013 that put him out of public view.

However, while Bouteflika survived 2011's Arab Spring uprisings against North African dictators, Algerians grew weary of his hold on power and his corrupt cronies. Persistent street protests led to his ouster in April 2019 by the military that had been essential to his hold on power.

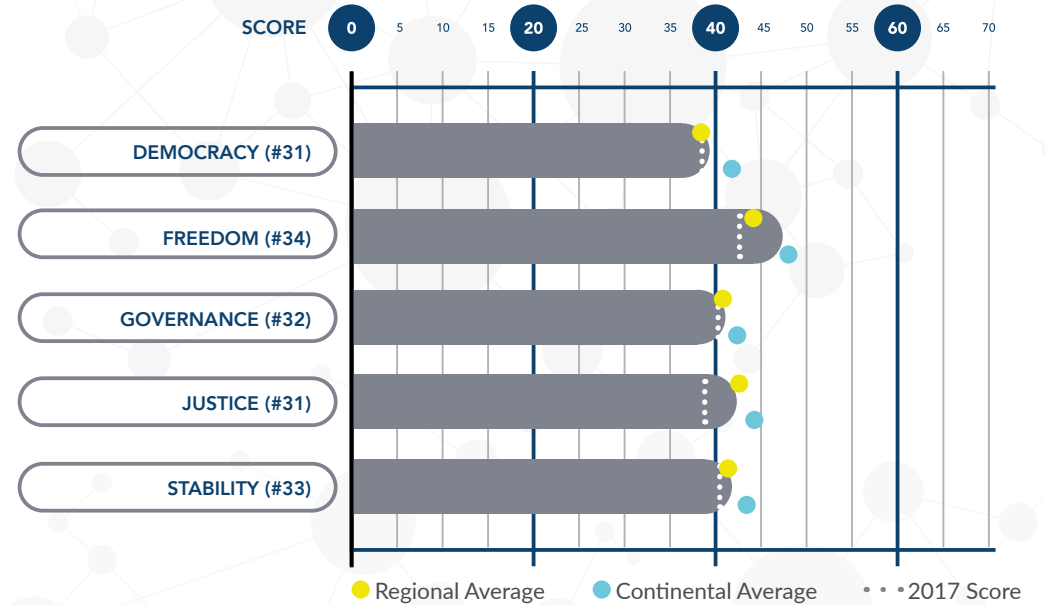
In the following months, demonstrations continued to force the military to give up government control. On 5 July 2019, the 57th anniversary of Algeria's independence, a massive protest was held against an interim government, against police orders, signalling that the political will amongst pro-democracy forces is passionate about concluding the unfinished business of the 2011 Arab Spring.

Positioned in 33rd place because of a score of 42.36, Algeria has fallen by four ranks in the Politics quadrant, despite a score increase of 1.25 from 41.11 earned in 2017. The better scoring performance of some other countries in this quadrant should not diminish Algeria's improvement.

POLITICAL DATA COMMENTARY

<p>Algeria data availability 89.36%</p>	REGIONAL AVERAGE 92.34%	AFRICAN AVERAGE 82.86%	CONTINENTAL RANK #26
	Of data required to thoroughly analyse Algeria's political themes, 89.36% is available. ACBR 2019 includes four new statistics to better evaluate Algeria's politics and governance. Since the Arab Spring that transformed North Africa's governance landscape, human rights groups and international partners have kept watch on Algeria's president for abuse of his three decade-long lock on power, and what information is available conforms to IOA political analysts' assessment of the country.		

POLITICAL SCORES & RANKINGS



POLITICAL STATISTICS

NUMBER OF POLITICAL PARTIES <p>22 (#6)</p>	MILITARY EXP AS % OF GDP <p>5.9% (#1)</p>	REFUGEE INFLOW <p>100,000 (#19)</p>	NUMBER OF RIGHTS <p>36 (#44)</p>
DATE OF INDEPENDENCE <p>07/05/1962</p>	NET OFFICIAL DEVELOPMENT ASSISTANCE <p>US\$ 157 million (#41)</p>	WOMEN IN PARLIAMENT <p>25.8% (#16)</p>	CAPITAL PUNISHMENT <p>Special Cases</p>

ALGERIA SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

The United Nations reports that Algeria has made significant gains in each of the key Human Development Indicators, ranking 83rd out of 188 countries. This gives Algeria the status of “highly developed cohort” in the latest Human Development Report.

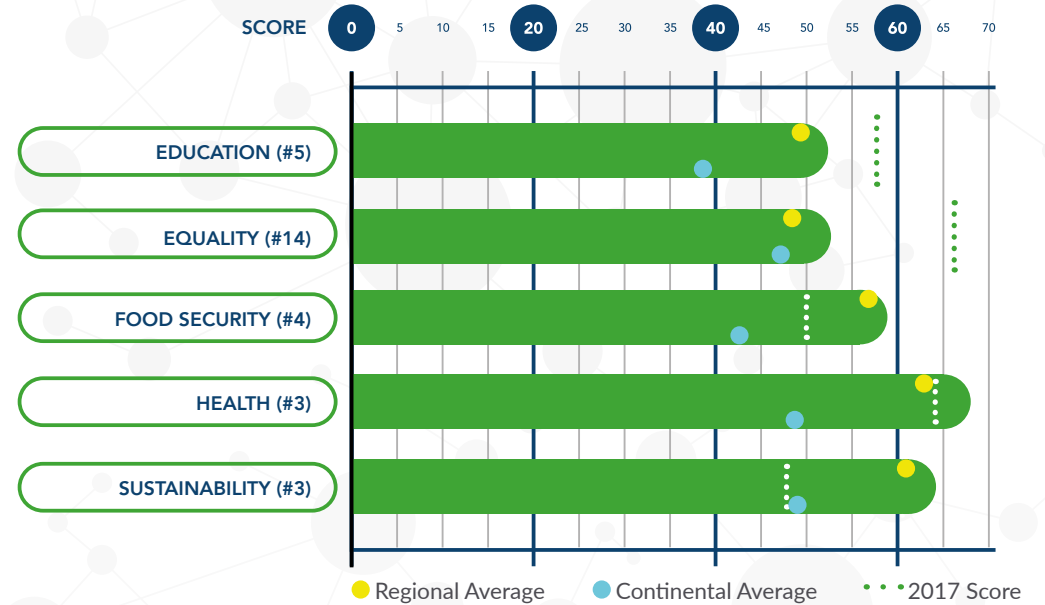
Life expectancy stands at 77 years. A social insurance system paid for by government and employers allows workers to retire at the age of 60, however, few women benefit from this as only 10% of the workforce is female.

Years of high birth rates prior to national independence in 1962 have slowed considerably in the decades that followed, from seven children per woman in the 1950s to 2.7 children today. Meanwhile,

the average woman's age at first marriage rose from 19 in the mid-1950s to 24 in the 1970s and then to 30.5 by 2000. One reason for postponed marriage is the acute housing shortage in towns as urban migration from the countryside continues unabated. About 77% of Algerians are urban dwellers. As an indication of Algerians' growing affluence, today's eight million cars are expected to multiply to 20 million by 2025.

Algeria's high position of 2nd among African countries in the Society quadrant, with a total of 60.69 points, is an improvement by two ranks from 2017's ranking of 4th and a score of 56.37, a rise of 4.32 points.

SOCIETAL SCORES & RANKINGS



SOCIETAL DATA COMMENTARY

<p>Algeria data availability 83.67%</p>	<p>REGIONAL AVERAGE 84.08%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #29</p>
	<p>Less data is available on Algeria's Society quadrant than the Business or Economics quadrants due to the interest of international investors and financial organisations in Algeria's economy. With a score of 83.67% for availability of societal data, this is the only category where Algeria scores below the North African regional average. However, four new stats contributing to ACBR 2019 have allowed a sharpening of the analysis on Algeria's societal issues.</p>		

SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>40,969,443 at 1.7% p.a (#8)</p>	<p>LIFE EXPECTANCY</p> <p>77 years (#2)</p>	<p>HIV PREVALENCE</p> <p>0.01% (#50)</p>	<p>SEXUALITY TOLERANCE</p> <p>Illegal</p>
<p>ACCESS TO DRINKING WATER</p> <p>83.6% (#17)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>7.06% (#14)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>N/A (#N/A)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>44% (#5)</p>

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