



The People's Democratic Republic of Algeria
Embassy of Algeria to Switzerland

Intervention of H.E. El Haoués RIACHE
Ambassador of Algeria to Switzerland

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Your Excellency, Ambassador Monica Ruhle Burzi,

Excellencies

Ladies and Gentlemen,

First of all, I would like to thank the organizers of this important event, Mr. Thomas Seghezzi and his partners, for the kind invitation they extended to my country to take part, for the first time, in this session of the Swiss-African Business Exchange.

Because Algeria has been, for the last ten years at least, one of the most important destinations for investment in Africa, I am pleased today to seize this opportunity to present to this honorable assembly a brief summary of the important changes our economy went through during the last decade and the ambitious programs of development currently on our national agenda.

We hope that this could be of interest to the Swiss and other companies looking for investment opportunities in Africa in general and in Algeria in particular. Since our speaking time is limited, I would like to concentrate my intervention on the three following issues.

First, security and political stability as major prerequisites for any viable policy of investment.

Thanks to the wise policy of national reconciliation implemented by president Abdelaziz Bouteflika since his first election in 1999, Algeria gradually became once again a safe and secure country. The image of a country torn, in the nineties, by instability and lack of security belongs to the past. Today, the main concern of the government and that of the population is the development of the country and the improvement of the living conditions and the well being of all its citizens.

The human, financial and institutional resources of the country are engaged towards the achievement of three important objectives : **first**, developing the infrastructure basis of the economy, **second**, meeting the main social needs of the population and, **third**, boosting the national industry and its production capacities.

This does not mean that the country has definitively done with terrorism. To combat the last remaining of this phenomena, unfortunately still sporadically active in some remote and isolated areas, and fully secure people lives and properties, the government has engaged all the means put at its disposal by the country laws, and will continue to do so until these last sources of terrorist violence are definitely eradicated.

Politically, the process of building a genuine, stable and credible democratic system is on the way. This is done through implementation of deep institutional reforms aiming at the modernization of the public administration, improving the level and quality of training of the civil servant, promoting a state of law in all areas, reinforcing the structures, human resources and the functioning of the judiciary, as well as protecting and promoting human rights and fundamental freedoms.

Free and fair elections are held regularly at local, regional and national level in accordance with the national political and constitutional agenda. Out of the 28 political parties than exist in Algeria today, 19 have representatives in the parliament and almost each one holds seats in

the local and regional elected assemblies. The government includes representatives of the three main political parties and enjoy the political support of the National Alliance, a political coalition made of the three major political parties. The president of the republic is directly elected by the people for a renewable five year term. The last presidential election took place one year ago.

The press publishes over 289 titles, out of which only six belong to the government, the rest is owned privately and expresses independent opinions. More than 2.5 million copies are printed daily, against 750 000 ten years ago. The NGO's movement is developing, gaining strength and credibility as well as a growing role as an actor within the society and in its interaction with the public authorities. Today, there are over 80 000 registered organizations of the civil society and a large number is acting on the ground.

The business community, as well as the trade unions, are also getting more organized and have a bigger say in the country's main economic, social and labor decisions, mainly through the Economic and Social National Pact and a dialogue structure called "La Tripartite", which meets on a regular base and whenever it is needed.

Today, most credible observers as well as the major guarantee agencies are of the opinion that Algeria's political future does not hide any uncertainties. It is a country with a level of security that is more than acceptable by current international standards and with a dynamic economy that offers a large variety of advantages compared to what is available in our region, in Africa and also in other parts of the world.

The second dimension I want to talk about is the *legal framework and the economic environment that are conducive to investment.*

In Algeria, institutional and economic reforms have been launched in the mid-nineties. This was done in very harsh political and economic conditions and with the close accompaniment of the IMF. The objective was to adapt national laws, institutions and practices to the norms and needs of the market economy. To achieve this goal, all required internal transformations and adaptations have been done, although not at the pace wanted by the Algerian authorities themselves, and very often at a very high social price.

The policy based on the privatization of public enterprises, the progressive and thoughtful withdrawal of the State from most of the economic areas for a role of regulator, as well as the encouragement of partnerships of private national and foreign investment, through the adoption of a comprehensive set of incentive laws and the signing of various international and bilateral agreement promoting and protecting investments, began to bear fruit.

From 1999 to the end of 2008, more than 250 billion Us dollars were invested in the economy, out of which 156 billion came from the State's equipment budget, 47 billion from the national private sector, at the time where the direct foreign investments accounted for 47 billion dollars, 21 in the oil industry and 26 billion through the National Agency for the Development of Investment.

The trade is now totally free and open to national and foreign companies. The free trade agreement signed with the European Union went into force in 2005, as did in January 2009 the Greater Arab Free Trade Agreement. On the other hand, the negotiations with the WTO and the European Free Trade Association are on the way and are making progresses. The private sector currently accounts for over 50% of the volume of imports of the country and for over 2/3 of the growth-rate outside oil and gas.

Amongst the main results of the economic reforms carried out as well as the measures taken by the State to improve the global economic environment, we can mention the restoring of the macroeconomic balances, the reduction of the inflation rate to +/- 3% for the last 8 years – it is expected to be less than 4,8% this year, due to the impact of the international economic crisis on our national economy -, the reduction of the employment rate from 30% en 1999 to 10,8% at the end of 2009, although it is still high amongst the youth and mainly those seeking their first job, a sustained +/- 5% growth rate since 2002 – it is expected be 5,5% in 2010 and 6,4% excluding the oil and gas sector.

We can also mention the sound management of the public finances with an emphasis on the reduction and better control of the public spending, the substantive reduction of the internal public debt, the bringing down of the public foreign debt from 33 billion dollars to less than 1% of our GDP – this was done through the reimbursement by anticipation of our foreign debt which saved the country 2 billion dollar -, the setting up of the Regulation Fund Revenue, a national saving fund, that today allows the country to face the future with more confidence. The current level of savings amount to more than 144 billion dollars and permit a 3 year period of imports.

This important improvements in the transformation and modernization of the national economy and its functioning strongly facilitated for the government the launching of very important and ambitious programs of development.

These important and ambitious programs of development are the third point I want to address.

For the period 2001 – 2004 and 2005-2009, the country launched two major development programs aimed at four objectives : sustaining the economic growth, improving the living conditions of the population, developing the infrastructure basis of the economy and promoting of the production capacity of our national industry. To achieve these objectives, the government put together detailed programs for which an amount of more than 200 billion dollars was set aside from the public budget over that period.

Amongst the main important programs implemented in this context, we can mention, for example, in the housing sector the building of over 1 500 000 units and in the area of roads the construction of the 1200 kms East-West highway that will be finalized this year. A document summarizing these programs and what has been achieved is available at the Algerian stand in the main hall. I wish to say that with these programs Algeria is today, without any doubt, the most promising economy in the Mediterranean area.

For the next five coming years 2010-2014, the country has prepared a new program pursuing a policy with the same objectives as for the two previous programs. I would like to mention some of the objectives of this program :

- Develop further the potential of agriculture, encourage domestic and foreign investment in agriculture and animal husbandry and agro-food industry, as well as the exploitation of fishery resources in the national territorial waters by local capacity, upgrade the public enterprises with a viable plan of care and involvement in this process the foreign partners willing to participate in the modernization of our industrial base,
- To continue the country's development without resorting to external debt and relying primarily on the mobilization of financial resources available locally
The creation of at least 200,000 new SMEs during the next five years.
The Development of land transport infrastructure, the completion of the modernization of port operations and rehabilitation of transport capacity of goods by sea,

- The revival of tourism and handicrafts, with the goal for the next five years, to reintroduce our country in the circuits of global tourism, enhance our potential in this field and increase competition in this sector know for its job creation and foreign exchange earnings,
- The construction of 19 news dams and stations for desalination of seawater and 40 stations for sewage wastewater.
- building of another million homes added to that which was achieved during the period 2005-2009.

A budget of 150 billion US dollars drawn from the public resources will finance this program.

Excellencies,

Ladies and Gentlemen,

I would like to conclude this brief presentation by underlining the fact that a growing number of Swiss companies are now involved in the Algerian economy in many sectors of activities. The governments of the two countries are working together to create the best conditions for the development of the bilateral economic relations and offer the best guaranties to their respective companies by the signing of the convention on protection and promotion of investments and the convention on non double taxation. They are also working to conclude the negotiations on the Algeria EFTA free trade zone agreement.

For more information on the conditions and practical modalities of investment in Algeria, and more specifically on the new rules introduced last July by the supplementary finance bill, I invited those interested to visit the Algerian stand in the main hall of this event.

I think you for your kind attention.

H.E El Haoues RIACHE, Ambassador of Algeria to Switzerland

Zurich, 24th of March 2009