

Algeria

**Best Business Opportunities, Identification
and Selection of right Project, Thrust areas
for Investment, Industry Startup and
Entrepreneurship**

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Introduction

Algeria is a country in North Africa on the Mediterranean coast. Its capital and most populous city is **Algiers**. Algeria, a gateway between Africa and Europe, has been battered by violence over the past half-century. Algeria is bordered to the northeast by Tunisia, to the east by Libya, to the west by Morocco, to the southwest by Western Sahara, Mauritania, and Mali, to the southeast by Niger, and to the north by the Mediterranean Sea.

Ancient Algeria has known many empires and dynasties, including ancient Numidians, Phoenicians, Carthaginians, Romans, Vandals, Byzantines, Umayyads, Abbasids, Idrisid, Aghlabid, Rustamid, Fatimids, Zirid, Hammadids, Almoravids, Almohads, Ottomans and the French colonial empire. Algeria is now Africa's largest country, covering an area of nearly 2.4 million km², compared; it is 4 times the size of France or slightly less than 3.5 times the size of the U.S. state of Texas. But the country is almost only populated in the small coastal region, because its southern part is covered by the Sahara, the largest subtropical hot desert.

The Atlas Mountains cross Algeria east to west along the Mediterranean coast, with the north-facing slopes receiving good winter rainfall; the southern slopes, southern ranges, and interior plateaus get little rain. Algeria has a population of almost 38 million people. About 90% of Algerians live in the northern, coastal area. Official language is Arabic, French is the language of the elite, Tamazight, and the language of the indigenous Berber has been constitutionally recognized as a national language.

Geography and Climate

Algeria is the second largest country in Africa, and the tenth largest country in the world. Covering such an immense stretch of landscape, Algeria is also a country of diversity. It extends from the Mediterranean coastline to the sandy dunes of the Sahara Desert. Algeria's geography is fascinating and travelling through the country is a unique experience. Algeria lies mostly between latitudes 19° and 37°N (a small area is north of 37°), and longitudes 9°W and 12°E.

Most of the coastal area is hilly, sometimes even mountainous, and there are a few natural harbours. The area from the coast to the Tell Atlas is fertile. South of the Tell Atlas is a steppe landscape ending with the Saharan Atlas; farther south, there is the Sahara desert. Rainfall in this region is abundant-38 to 69 cm (15 to 27 in) per year and up to 100 cm (40 in) in the eastern part-except in the area around Oran (Ouahran), where mountains form a barrier against rain-carrying winds.

When heavy rains fall (often more than 3.8 cm/1.5 in within 24 hours), they flood large areas and then evaporate so quickly that they are of little help in cultivation. Farther inland, the rainfall is less plentiful. Algeria also has ergs, or sand dunes, between mountains. Among these, in the summer time when winds are heavy and gusty, temperatures can get up to 43.3 °C (110 °F).

Economy

Algeria's economy has seen significant reforms in recent years. Continuous improvements to the economy of Algeria are being made by the government, which has had a positive impact on investment in a number of different business sectors. The oil and gas sector is the country's main source of revenues, having generated about 70% of total budget receipts. A development strategy targeting stronger, sustained growth would create more jobs, especially for young people, and alleviate the housing shortage the country is facing.

The national strategic option is therefore to revitalise the process intended to diversify the economy starting with the non-oil sector while deepening the reforms needed for the structural transformation of the economy. The government's 2015-19 five-year plan incorporates measures to cope with cheaper oil prices without affecting the social and investment projects. These include a freeze on hiring government workers (except in education and healthcare) in 2015, postponing major non-priority investment projects (railways, tram networks),

using banks to fund those projects in the five-year plan that are outside the equipment budget, and reintroducing import licences to rationalise and reduce imports without undermining foreign-trade liberalisation. Today the hydrocarbons sector remains the principle industry of Algeria's economy. The hydrocarbons sector is the backbone of the Algerian economy, accounting for roughly 60% of its budget revenues and over 95% of export earnings. With its seventh-largest natural gas reserve rank in the world and the Arab second-largest gas exporter one, Algeria has fairly consolidated its GDP,

which passed from \$83, 9 billion in 2004 to \$135 billion in 2007. Per capita skyrocketed in 2007 reaching \$3968, non-oil GDP growth hovered 6%. Long-term economic challenges include diversifying the economy away from its reliance on hydrocarbon exports, bolstering the private sector, attracting foreign investment, and providing adequate jobs for younger Algerians.

Natural Resources

Algeria has the fifth-largest reserves of natural gas in the world and is the second largest gas exporter; it ranks fourteenth for oil reserves. Besides natural gas, Algeria main industries consist of petroleum, light industries, mining, petrochemical, and food processing. Its main agricultural products are wheat, barley, oats, grapes, olives, citrus, fruits; sheep, and cattle. These resources have caused Algeria to shift from focusing on agriculture. Improvements implemented by the government have helped the economy grow

and have enabled Algeria to become a lower middle-income country. Algeria has substantial and diversified natural wealth, especially in hydrocarbons, where it occupies the 15th range in field of oil reserves (45 billion of tons in oil equivalent), the 18th in field of production, and the 12th in exports. Algeria is the third supplier of the European Union in natural gas and it's forth supplier in energy. In addition to these two wealth, Algeria hides in its underground huge deposits of phosphate, Zinc, Gold, Uranium, iron,

Tungsten, Kaolin, etc. Algeria has relatively large water resources which creates room for fishing. Modern technologies and an efficiently run irrigation system has allowed Algeria to protect its natural resources. Many inhabitants have been able to survive harsh conditions and maintain the structure of Algeria by developing modern practices and foregoing traditional ones.

Industry

The industries of Algeria, which traditionally have been concentrated around Algiers and Oran, have included carpet mills, cement factories, chemical plants, automobile assembly plants, food-processing installations, oil refineries, soap factories, and textile plants. Other major industries have produced bricks and tiles, rolled steel, farm machinery, electrical supplies, machine tools, phosphates, sulphuric acid, paper and cartons, matches, and tobacco products. During the French colonial period, many new industrial enterprises were established to capitalise on

Algeria's resources, but were then nationalised after independence. The main industry sectors in Algeria are agriculture, fishing, minerals, finance and tourism. During the French colonization period, several industries were set up for better utilization of Algeria's abundant natural resources. After gaining independence, French companies were nationalized. In addition, the government concentrated on robust development of the petrochemical industry as the major revenue generating sector.

FOCUS SECTORS FOR INVESTMENT

Agricultural Sector

Algeria's agricultural sector, which contributes about eight percent of gross domestic product (GDP) but employs fourteen percent of the workforce, is unable to meet the food needs of the country's population. As a result, some forty-five percent of its food is imported. The primary crops are wheat, barley and potatoes. Farmers also have had success growing dates for export.

Cultivation is concentrated in the fertile coastal plain of the Tell Atlas region, which represents just a slice of Algeria's total territory. Altogether, only about three percent of Algerian territory is arable. Even in the Tell, rainfall variability has a significant impact on production. Government efforts to stimulate farming in the less-arable steppe and desert regions have met with limited success. However, herdsmen maintain livestock, specifically goats, cattle, and sheep, in the High Plateaus region.

The Algerian agriculture sector has always had tremendous potential. Once major exporter of agriculture goods to Europe, Algeria became one of the largest food importers because of two main causes: the country's post-independence centralized economy, which favoured industrialization, and the mass migration from rural areas to the urban zones.

Main asset of Algerian agriculture:

Wide diversity of agricultural and climatic environments;
slight recourse to chemicals;

big market (local and close to external markets: Mediterranean basin, African countries);
Government efforts to extend funding and technical assistance to farmers and increase the productivity of the agricultural sector, Algeria imports the bulk of the food it consumes, especially cereals (mainly wheat).

Tourism, Travel and Recreation

The development of the tourism sector in Algeria had previously been hampered by a lack of facilities, but since 2004 a broad tourism development strategy has been implemented resulting in many hotels of a high modern standard being built.

isitors are drawn to Algeria by the natural beauty, rich culture, fascinating history and warm hospitality offered by this North African country, and Algeria is becoming increasingly popular as an international tourist destination. With the knowledge that tourism has the potential to contribute significantly on an ongoing basis to the economy of Algeria, authorities place emphasis on the development of the country's infrastructure and tourism facilities.

Visitors need a valid passport and a visa. There are no required vaccinations, although inoculations against typhoid, tetanus, and rabies are recommended. Vaccination against yellow fever is required of those coming from an infected area. The most popular Algerian sport is football (soccer), which is played throughout the country by professionals and amateurs alike. Tennis is widely played as well.

Forestry

Algeria's forests contain 70 million metric tons of carbon in living forest biomass. The mountain ranges contain dense forests of evergreens (evergreen oak, Aleppo pine, and cedar) and deciduous trees, whereas the warmer regions contain large numbers of fruit and palm trees. Algeria is an important producer of cork; other forestry products are firewood, charcoal, and wood for industrial use. Algeria has some 582 known species of amphibians, birds, mammals and reptiles according to figures from the World Conservation Monitoring Center.

Of these, 1.0% is endemic, meaning they exist in no other country, and 4.5% are threatened. Algeria is home to at least 3164 species of vascular plants, of which 7.9% are endemic.

Following factors are more crucial to successful forest plantation development:

political and macroeconomic stability;
trade liberalization and open foreign investment;
clearly established property rights for land;

credible government with adequate capacity to enforce laws and administer incentive schemes; and Good natural growing conditions, proper technologies and basic infrastructure.

Transportation

The Algerian road network is the densest in Africa; its length is estimated at 180,000 km of highways, with more than 3,756 structures and a paving rate of 85%. Transport is one of the fundamental pillars of sustainable development and prosperity of any country. Efficient transport systems and modern networks are a necessity for economic development, social welfare, the large-scale production, and environmental protection. In Algeria, the transport sector is experiencing a real change. A large number of projects were carried out, or are in course of realization, in order to make the sector more efficient and effective in its contribution to the economic development of the country.

Algeria's transport infrastructure has been significantly overhauled since the early 2000s, funded by generous public sector spending on the back of voluminous oil and gas revenues, which saw tens of billions of euros channeled into projects ranging from roads and railways to seaports and urban tramways. The upcoming 2015-19 development plan is expected to allocate a further \$262bn worth of investments, with the goal of boosting domestic production and developing the non-oil economy. The Algerian transport sector is picking up speed, with a host of forthcoming urban tram and metro projects set to help alleviate traffic in cities, alongside significant new investments in airport infrastructure and aircraft that aim to improve access to the country's more remote areas. Road transport, particularly private cars and taxis, has long been the dominant form of passenger transport in both urban and rural parts of Algeria.



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