



ALGERIA BRITISH BUSINESS COUNCIL



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ABBC Monthly Business Environment Round-Up

December 2022

President Tebboune focuses on delivering election promises...

In late December, President Abdelmadjid Tebboune gave an interview with a number of press outlets in which he indicated that it 'is still too early to talk about a second term as president'. In response to a question about his intentions of running for a second term, the President suggested instead that he is currently focussed on 'fulfilling his commitments', noting that it will be up to the Algerian people to judge the outcome and that 'everything will come in its time'. President Tebboune is currently just over halfway through his four-year term following his election in December 2019.

A few days later, President Tebboune announced increases to salaries, pensions and unemployment benefits. The commitments included raising civil servant salaries between 2023 and 2024 by an amount that varies between 4,500 DZD to 8,500 DZD per year depending on pay grades, raising the minimum retirement allowance to 15,000 DZD for those earning less than 10,000 DZD and to 20,000 DZD for those earning 15,000 DZD and raising unemployment benefits from 13,000 to 15,000 DZD net per month.

The increases to salaries, pensions and employment benefits came as the National Office of Statistics (ONS) released new figures showing that annual inflation in Algeria stood at 9.3% in October 2022, an increase of 0.7% when compared to September. The price hike was driven by significant increases in the price of various foodstuffs, in particular red meat and eggs, which rose by 31.8% and 21.3% respectively.

...as the economic situation continues to improve

Algeria continued to reap the rewards of higher oil and gas prices in December 2022 as many of the country's economic indicators improved. On 26th December, the Governor of the Bank of Algeria (BA), Salah Eddine Taleb, announced that Algeria's foreign exchange reserves are currently over 60bn USD i.e. the equivalent of almost a year and a half of imported goods and services. Prior to 2022, the country's foreign exchange reserves had been decreasing since late 2014 as its export spending consistently exceeded import revenues.

Also in December, the Minister of Finance, Brahim Djamel Kassali, announced that the Revenue Regulation Fund (RRF) should total 2,300bn DZD (16.7bn USD) at the end of 2022, based on current forecasts for oil taxation income and the stock market in 2023. The fund will be used to finance the projected budget deficit, according to the Minister.

In addition, efforts to diversify the country's exports continued to bear fruit in December, as the Minister of Trade Kamel Rezig announced that the value of Algeria's non-oil and gas exports exceeded 6bn USD during the first eleven months of 2022. The Minister noted that 'this figure reassures us and encourages us to move forward with plans to double our revenues from non-oil and gas exports in 2023', recalling that authorities plan to generate 15bn USD from these exports.

Infrastructure projects gather pace

As Algeria's economic fortunes improved, authorities pushed forward with efforts to resume a number of large-scale infrastructure projects, many of which were placed on hold during the more challenging context of recent years. In early December, the Prime Minister Aymane Benabderrahmane announced that the railway line linking Boughezoul (Médéa) and Tissemsilt would be commissioned by the end of the year. The railway line is 139 km long and included the construction of 21 railway bridges, 44 road bridges, several hydraulic structures and support and protection facilities across four wilayas.

Meanwhile, the Minister of Transport, Kamel Beldjoud, set 'the end of the year' as the final deadline for the resolution of a dispute between the management of the Port of Djendjen (Jijel) and its South Korean



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partner Hyundai, which is responsible for bringing the Jijel container terminal construction project to completion. Beldjoud said that the five-year dispute between the two parties should soon be resolved, and that if it were not, the contract between the two will be terminated and the company replaced by 'other local companies'. The container terminal was said to be 90% complete in 2018 but requires some 'additional work' to be entirely finished.

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