



ALGERIA BRITISH BUSINESS COUNCIL



CHAIRMAN: **Lady Olga Maitland** (olga.maitland@abbc.org.uk)

DEPUTY CHAIRMAN: **Yassine Bouhara**

PRESIDENT ALGERIA: **Arslan Chikhaoui**

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ABBC Monthly Business Environment Round-Up

November 2022

Algeria hosts Arab League Summit with focus on boosting cooperation

On 1st and 2nd November, Algiers played host to the Arab League Summit at the International Conference Centre (CIC), which was attended by representatives of 22 countries. The summit focussed on boosting action between Arab countries to face common challenges, including food and energy shortages and climate change.

The summit drew a positive reaction from Algerian political actors. The National Liberation Front (FLN) party hailed the 'success' of the summit and praised 'the efforts of President Abdelmadjid Tebboune to put the Palestinian cause back at the top of the agenda'. The El Bina movement stated that the session made it possible to achieve a qualitative leap in the treatment of important issues' related to the Arab world. The Movement of Society for Peace (MSP) hailed Algeria's role in unifying Arab nations while the Mouvement de l'Entente Nationale (MEN) welcomed the 'precious success' of the work of the Arab Summit, suggesting that President Tebboune oversaw the summit with 'wisdom and foresight'.

Algeria proceeds with application to join BRICS

In other international developments, in early November, a representative of the Ministry of Foreign Affairs confirmed that Algeria had filed an official request to join the BRICS group of countries. The group brings together five major emerging economies, Brazil, Russia, India, China and South Africa, comprising 41 percent of the world's population, owning 24% of world GDP and a 16% share in the world trade. President Abdelmadjid Tebboune had already signalled, in July 2022, that Algeria intended to make the request, noting that it would 'take Algeria, a pioneer of the non-alignment principle, away from the attraction of the two poles'. Prior to the official application, both China and Russia had welcomed the news that Algeria intended to request to join the group.

Over 200 projects registered with new investment agency

After its official inauguration in late October, the new Algerian Agency for Investment Promotion (AAPI), which replaced the ANDI as part of the new Investment Law, continued to receive new projects throughout the month of November. In early December it was confirmed that 233 investment projects had been registered with the agency since the new Investment Law came into effect. The projects represent a total value estimated at 44bn DZD (318mn USD) and should provide approximately 5,800 jobs once operational.

Budget Bill forecasts growing deficit for 2023

During the month of November, the 2023 Budget Bill was discussed and finalised in parliament. In the context of high oil and gas prices, the government believes that Algeria will see growth of 4.1% in 2023, although inflation is forecast to stand at 5.1%. Despite the recovery of oil and gas prices, however, authorities in Algeria also believe that there will be a budget deficit of 5,884.9bn DZD (43bn USD) in 2023, the highest deficit in a number of years. After several weeks of debate, the Budget Bill was approved by the Lower House of Parliament on 22nd November, paving the way for its approval by the Upper House.

Automotive industry receives long-awaited boost

In mid-November, new executive decrees governing vehicle imports and manufacturing activities were published in the Official Gazette. New texts regulating imports and sales of new vehicles have been published several times over the past three years since imports were reauthorised, although no new vehicles have been imported for sale or manufactured during that time. The new regulations were hotly anticipated as the prolonged pause on imports and manufacturing pushed the price of new and used vehicles as well as spare parts to high levels. Based on the new regulations, car dealerships in Algeria



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will be authorised to represent just one vehicle manufacturer, so there will be no multi-brand dealerships. It also appears as though imports of diesel cars will not be allowed according to the new texts.

Meanwhile vehicle manufacturers must commit to using high levels of locally manufactured parts in order to be awarded a manufacturing permit and must also commit to encouraging their subcontractors to set up shop in Algeria. Manufacturers of passenger vehicles and light commercial vehicles must begin exporting vehicles at the end of the fifth year of operation, which would help to diversify the Algeria's foreign trade profile.

Import and manufacturing activities are expected to pick up in 2023, once permits have been awarded to the successful applicants.

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