

## ALGERIA

### **OVERVIEW**

Algeria is undergoing a difficult transition from a managed economy, to a 'new' free market economy. A short term debt burden, as well as social and political unrest, makes the task of economic reform even more daunting to the government. A two year period of austerity has been introduced including import restrictions on a great many products, mostly those considered as luxury items.

These new restrictions have potentially serious implications for Canadian exporters of high tech equipment and services. In general, all imports of electronic equipment for mass consumption, such as personal computers for home use, or home entertainment equipment, are currently forbidden. In addition, all contracts exceeding U.S. \$100,000 in value are subject to review by an ad hoc committee made up of cabinet ministers and the Prime Minister, which only meets every few months.

The market is also hampered by a lack of hard currency. As in most other sectors in Algeria, successful exporters must bring with them a financing package in order to have any chance of success. The Export Development Corporation (EDC) is currently negotiating a line of credit in excess of \$100 million with the Banque Algérienne de Développement in order to facilitate export sales.

Despite these and other obstacles, Algeria remains a market with a great deal of potential. The current economic and political problems facing the country will make it a difficult country with which to do business, but those firms with the competence and the patience to pursue the market should continue to do well. Canadian companies enjoy a good reputation in Algeria, and Canadian technology is sought after. Our trading relationship with Algeria is such that Algeria has been one of our most important trading partners in the Arab world, with 1991 exports of Cdn \$238 million.

Not all of the sub-sectors which are represented at HiTEC are viable sectors in Algeria. The primary sub-sectors of importance are:

### **TRANSPORTATION**

Improving the transportation infrastructure of Algeria remains a government priority. The main priorities will be rail, urban transit, aerospace and port improvement. The government acknowledges that 1993-1994 will be difficult times in Algeria, with security concerns predominating. Economic development will assist the government in dealing with the social problems at the root of the current unrest. The next two years will see reduced spending as the government tries to reorganize and meet its debt obligations, but the sector will remain important to Canada.