

Construction

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ALGERIA

The Algerian government has made construction a major priority and has ambitious plans for the construction of social housing and other dwellings. There is an enormous shortage of housing and, with a rapidly expanding population, Algeria faces grim social problems if solutions are not found promptly. The government estimates that there is a current shortage of 1.5 million dwellings and has recently announced plans to construct sixty thousand new dwellings within the next twelve months and to complete well over three hundred thousand others within twenty-four months. These will be social housing units, subsidized by the state, intended to alleviate the worst of the housing crisis. Even this ambitious program will not satisfy the ever-increasing need for more construction. With such a pressing need, the Algerian construction sector has enormous potential and Canadian firms have the opportunity to capitalize on the priority given to this sector by the Algerian government. In particular, the government is encouraging joint ventures and other forms of Canadian-Algerian partnership in an attempt to enlist Canadian firms in the struggle with the housing crisis. In a meeting with the Canadian Ambassador, Mr. Marc C. Lemieux, the heads of some of the most important Algerian construction companies indicated that they had not only the license, but indeed the obligation, to make their companies more efficient and productive through better use of existing facilities, reduction of excess personnel, and an increased emphasis on sound business practices.

OPPORTUNITIES

The Algerian government is attempting to revitalize its industry and to improve both production and productivity. The opportunities for Canadian firms lie, therefore, not so much in the export of raw building materials, but rather in the export of the valuable experience and techniques perfected by Canadians. Joint ventures with Algerian firms to modernize and replace aging factories are much sought after by Algerian companies. The construction industry is paralysed by a lack of materials brought on by poor management of construction companies and suppliers of materials. Canadian firms willing to form partnerships or joint ventures with Algerian firms, and willing to transfer technology and management techniques to Algeria, have an enormous potential for success in the Algerian market.

FINANCING

One difficult aspect of the market involves the financing of projects. Currently Algeria is suffering, due to the lower level of world oil prices, from a shortage of hard currency. Virtually all contracts signed in Algeria must bring with them a package of financing. The EDC is very active in Algeria and financing from other international banking institutions is on the increase. The World Bank is currently negotiating a \$250 million line of credit, specifically for the construction and housing sector.