



PRESENTATION



INVEST IN ALGERIA

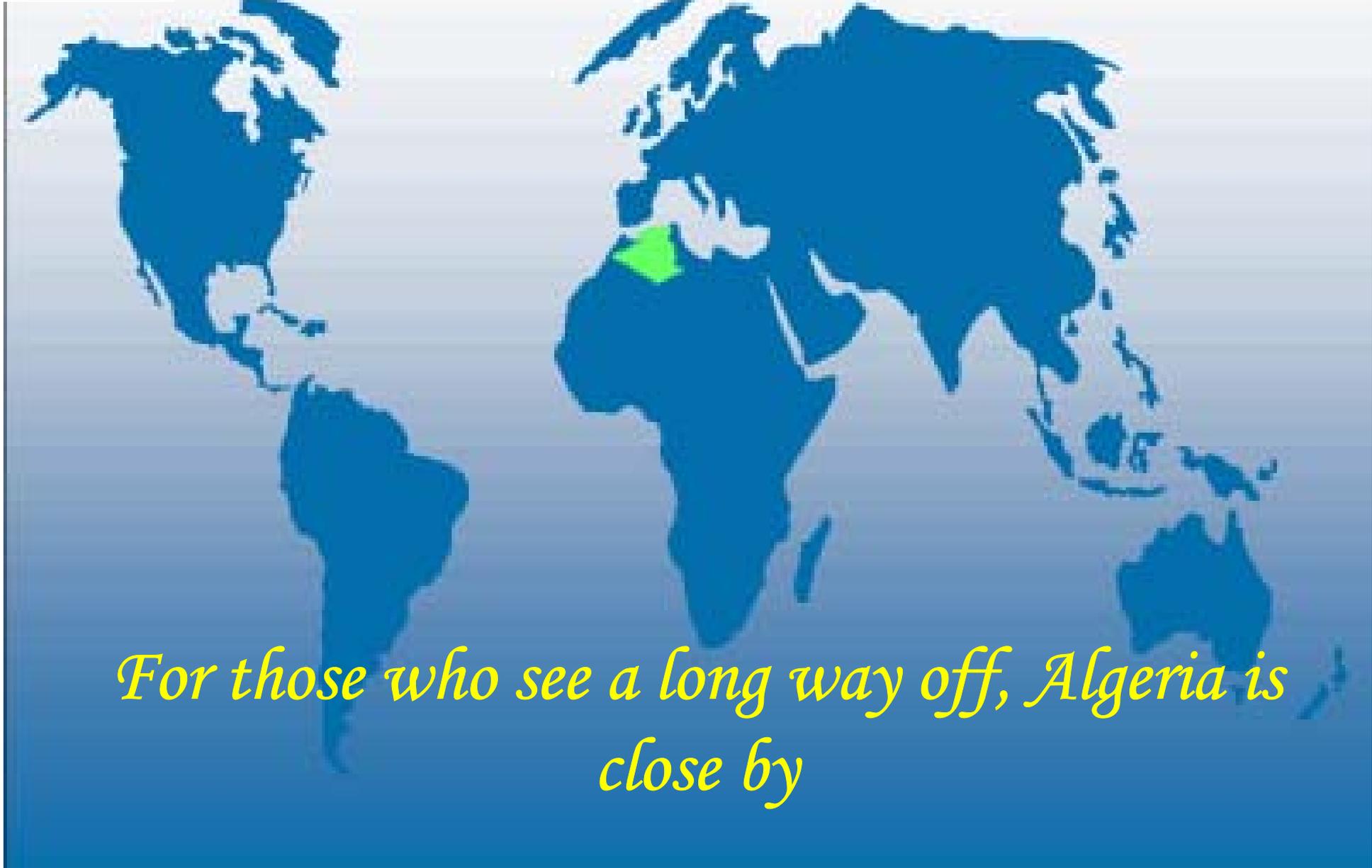


NATIONAL INVESTMENT PROMOTION AGENCY

ANDI 2003



New Energy Algeria



For those who see a long way off, Algeria is close by



New Energy Algeria



Algeria: Key Figures - 2002

2003

Size	2.381.741 km ²	
Population	31 Millions	
GDP	50 US\$ billion	
% Inflation	1.4%	2.3%
Exchange reserves	\$ 23.2 billion	\$25.96 billion
Exchange Euro/DA	95	
GDP growth	4.1	5.9



Professional and Academic training

- Higher Education



52 Establishments including 30 academic Centers and 40 000 graduates / year

- Professional training



517 Establishments and 94 000 graduates / year



BASIS INFRASTRUCTURES

Roads



103 000 Km

Railways



4 000 Km

Harbours



11 Multiservices 2 for hydrocarbures exportation

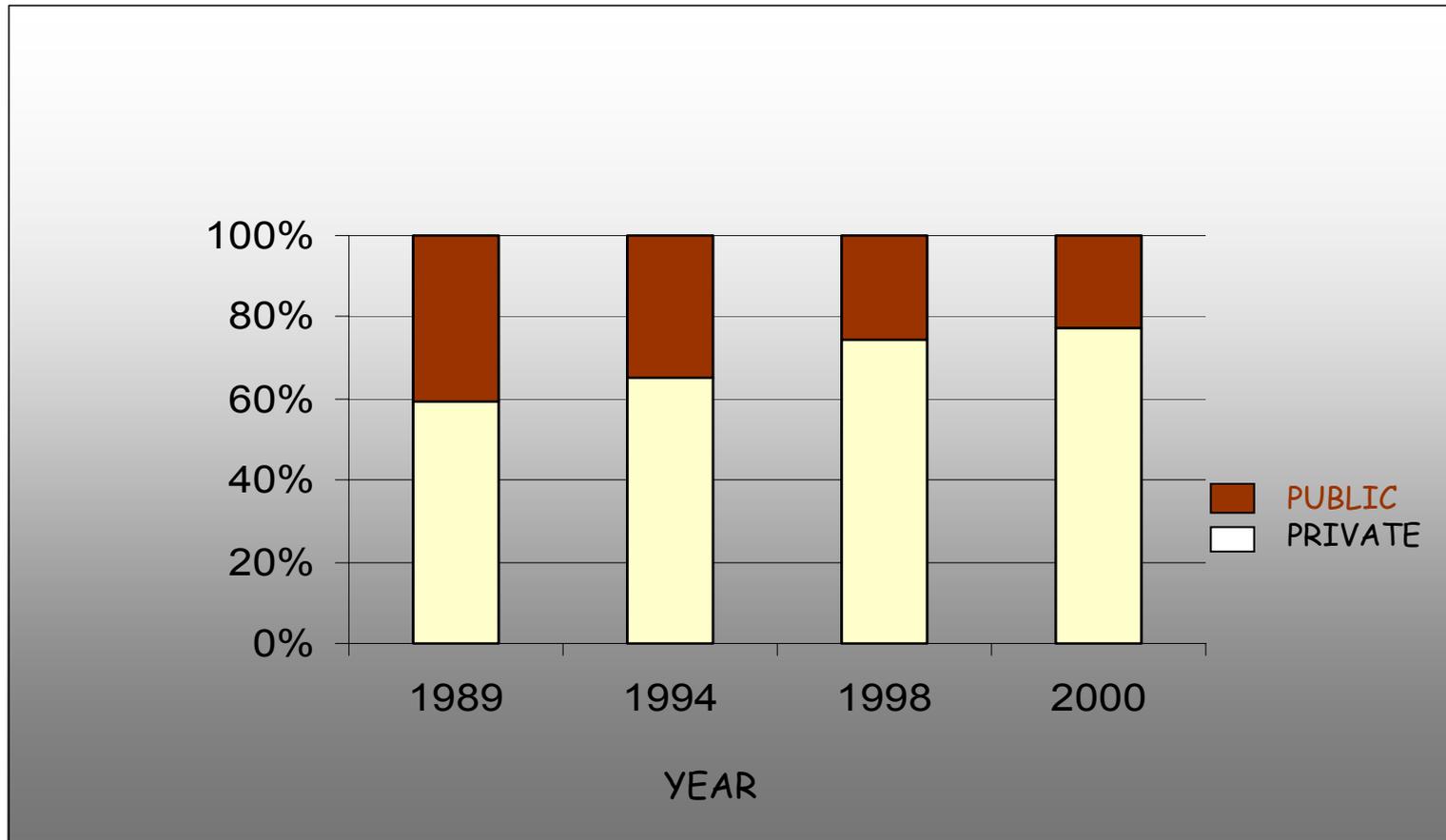
Airports



52 aerodroms including 30 opened to the civil aviation and 13 to the internationale aviation



Private sector's shares in the economic activity. National outside oil sector added value.



Source : The National Statistics Office



ALGERIAN FOREIGN TRADE

Valeur : Million US\$

INDICATOR	2001	2002
IMPORTATIONS	9 940	11 749
EXPORTATIONS	19 132	18 749
COMMERCIAL BALANCE	+9 192	+6 671

Source : Algerian customs.



ALGERIAN EXPORTATIONS

Valeur:= Million US\$

CATEGORY	2001	2002	Evolution %
HYDROCARBURES	18 484	17 698	-4,85%
HALF FINISHED PRODUCTS	504	539	7%
GROSS PRODUCTS	37	50	35%
CAPITAL GOODS	57	69	21%
FOOD GOODS	28	39	39,3%
NON FOOD CONSUMMER GOODS	22	25	13,6%
TOTAL EXPORTATIONS	19 132	18 420	-3,7%

Source : algerian customs.



ALGERIAN IMPORTATIONS

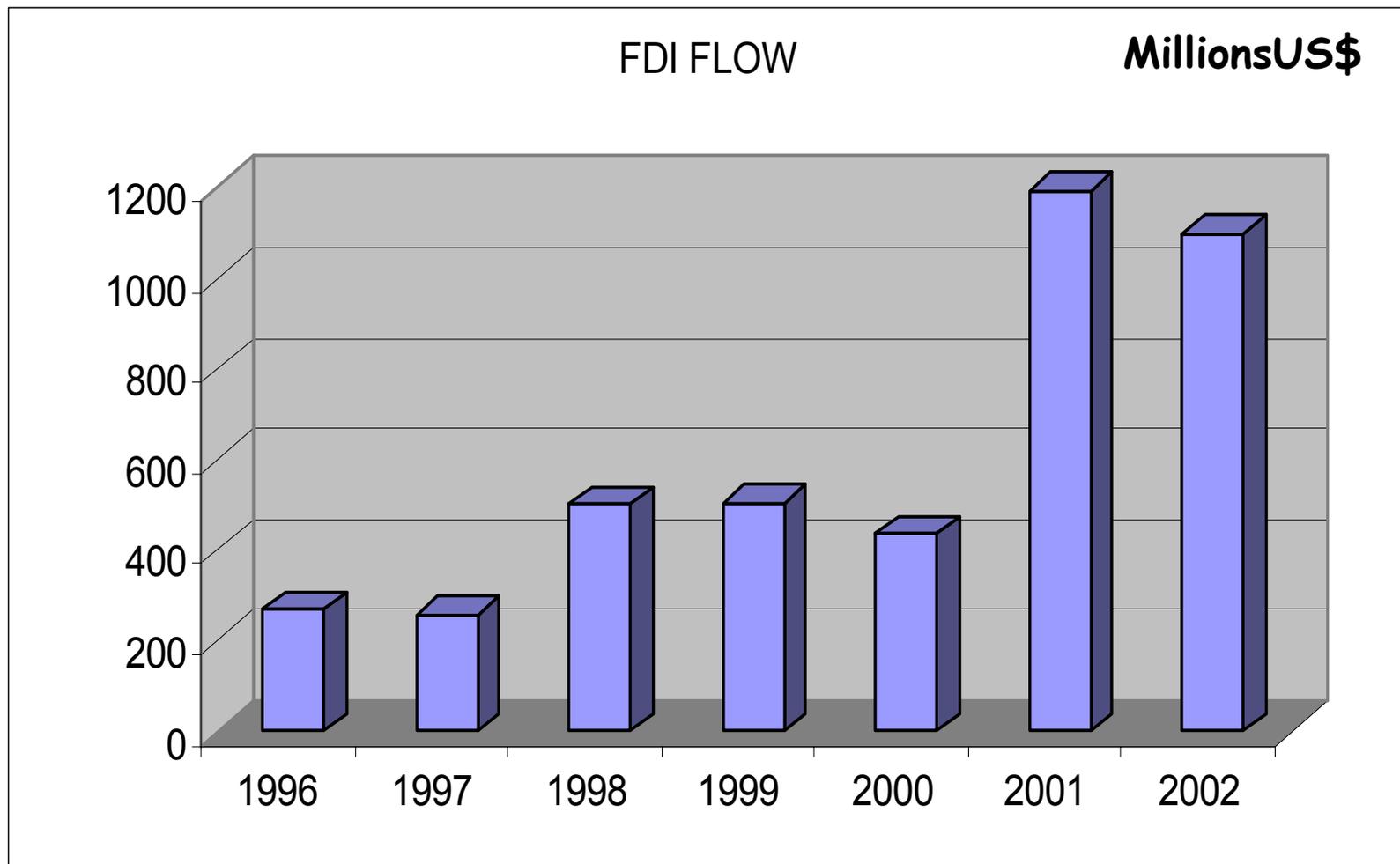
Valeur: Million US\$

CATEGORY	2001	2002	Evolution %
CAPITAL GOODS	3 590	4 466	24,4%
MIDDLE GOODS	2 489	3 015	21,1%
FOOD GOODS	2 395	2 678	11,8%
NON FOOD CONSUMER GOODS	1 466	1 590	8,5%
TOTAL IMPORTATIONS	9 940	11 749	18%

Source : algerian customs.



Algeria FDI Flows



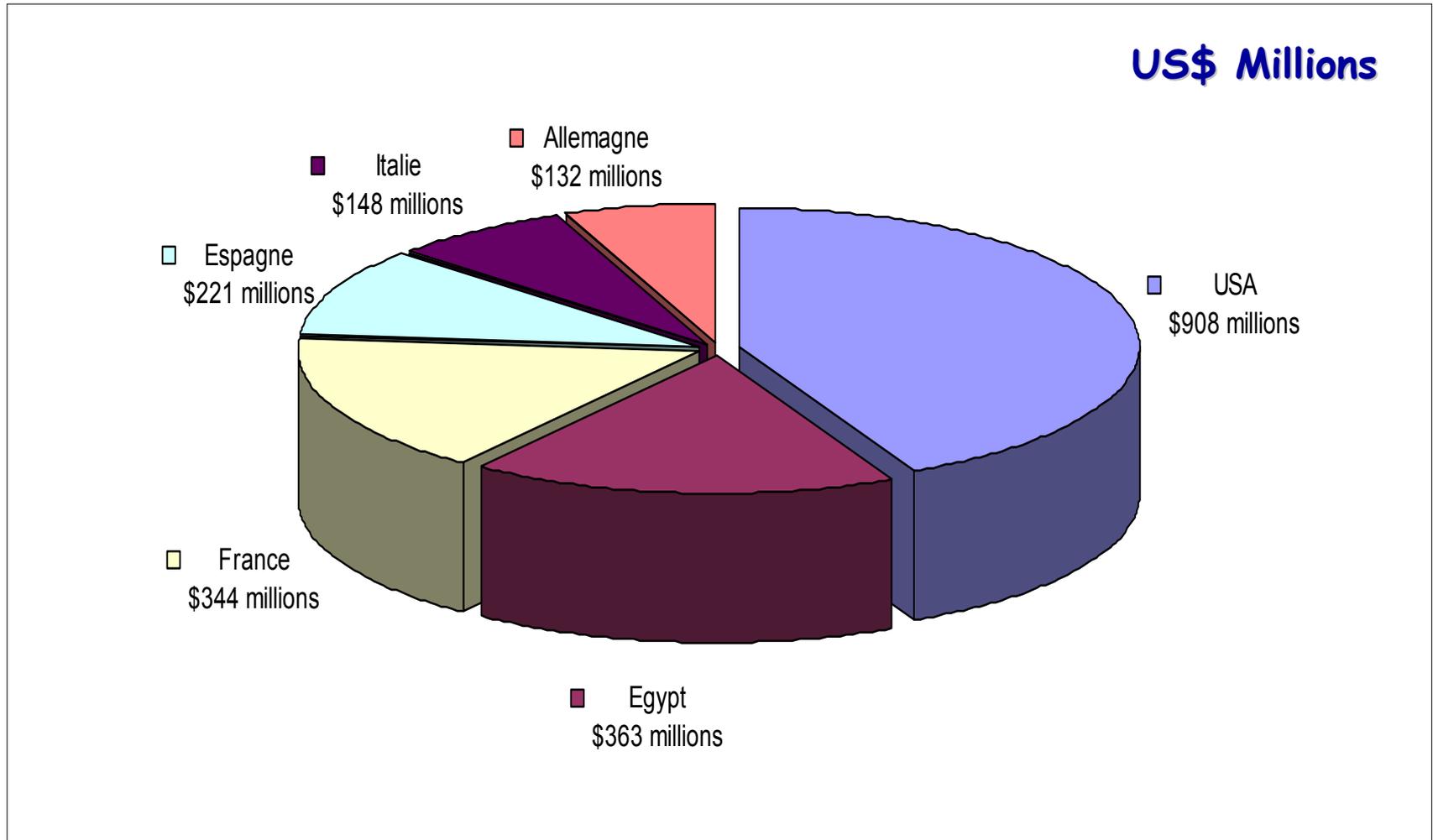
Source: UNCTAD World Investment Report 2002
Bank of Algérie



New Energy Algeria



Key Sources of investment in ALGERIA



Source: UNCTAD World Investment Report 2002
Bank of Algérie



New Energy Algeria



Why Invest in Algeria?

- ❑ Political and macro-economic stability
- ❑ Growing local market
- ❑ Strategic position at the crossroads of Arabian, African and European markets
- ❑ Competitive cost base (wages and energy)
- ❑ Young and skilled labour force, opened to the west



LEGAL FRAME FOR INVESTMENT IN ALGERIA

Basic principles

- Freedom to invest
- Investment guaranties and protection
- Non discrimination between foreign and national investors
- Recourse to international arbitration
- Guarantee of profit and capital repatriation



Business support factors

- Strong basic infrastructure
- Skilled and efficient suppliers and partners
- Association agreement with the EU
- Planned membership of the WTO
- Wide range of investment incentives



Key sectors with investment potential

➤ **Industry:**

Agro-Food, chemical/Pharmaceuticals, Manufacture, paper and packaging, Engineering, Electronics...

➤ **Building trade and civil engineering.**

House construction, concessions, activities related to public services and works

➤ **Mines:**

Gold, Marble, Stone, Salt, Phosphate, Ferrous and non Ferrous metals

➤ **Agriculture:**

Development of farmlands, fishing and aquaculture, breeding, Services to agriculture...

➤ **Services:**

Banking and Insurance, Financial intermediation, Telecommunications, Tourism, Business consulting, Aerial transportation.



DIFFERENT INVESTMENT TYPES ELIGIBLE TO INCENTIVES

Asset acquisitions



- ✓ Creation of new activities
- ✓ capacity extension
- ✓ Rehabilitation
- ✓ Restructuring

**Capital participation
in public companies**



- ✓ Cash contribution
- ✓ Contribution in kind

**Privatization of public
companies**



- ✓ Partial privatization
- ✓ Total privatization.



INVESTMENTS ELLIGIBLE TO INCENTIVES

1. Common investments

2. Investment with special impact on the national economy

- Investment impact
- Environment protection
- Job creation
- Contribution with new technologies
- Energy conservation
- Promotion of products outside hydrocarbons exports



INCENTIVES FOR INVESTMENT IN ALGERIA

Advantages granted

1. GENERAL SCHEME

2. DEROGATORY SCHEME

- Projects submitted to the negotiated incentives scheme



Advantages granted to common investments

General Scheme

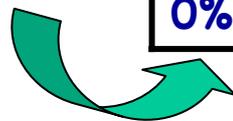
1.Reduced customs rates for equipments

5%	✓	15%	✗	30%	✗
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2.Exemption from value added tax

0%	✓	7%	✗	17%	✗
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3.Exemption of transfer tax for real estate acquisitions :

0%	✓	8%	✗
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DEROGATORY SCHEME FOR PRIORITY DEVELOPMENT ZONES

Investment realization
phase

1.Reduced customs rates for equipments :

5% ✓	15% ✗	30% ✗
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2.Exemption from value added tax (VAT) :

0% ✓	7% ✗	17% ✗
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3.Exemption from transfer tax for real estate acquisitions :

0% ✓	8% ✗
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4.Reduced rate for registration rights:

0,2% ✓	0,5% ✗
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5.State undertaking to pay totally or partially the infrastructure works .



DEROGATORY SCHEME

Exploitation phase

- Tax exemption during 10 years :

1. Tax Benefits (IBS) :

0% ✓	30% ✗
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2. Global Income tax (IRG) :

0% ✓	0-40% ✗
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3. Levy on wages:

0% ✓	3% ✗
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4. Tax on professional activity :

0% ✓	2% ✗
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5. Property tax exemption (real estates)

6. Deficit postponement .

7. Extension of depreciation delay



INCENTIVES FOR INVESTMENT IN ALGERIA

THE NEGOTIATED INCENTIVES SCHEME

- The advantages are negotiated between the investor and the National Development Investment Agency (ANDI) which acts on behalf of the State .
- The negotiated incentives scheme is approved by the National Investment Council



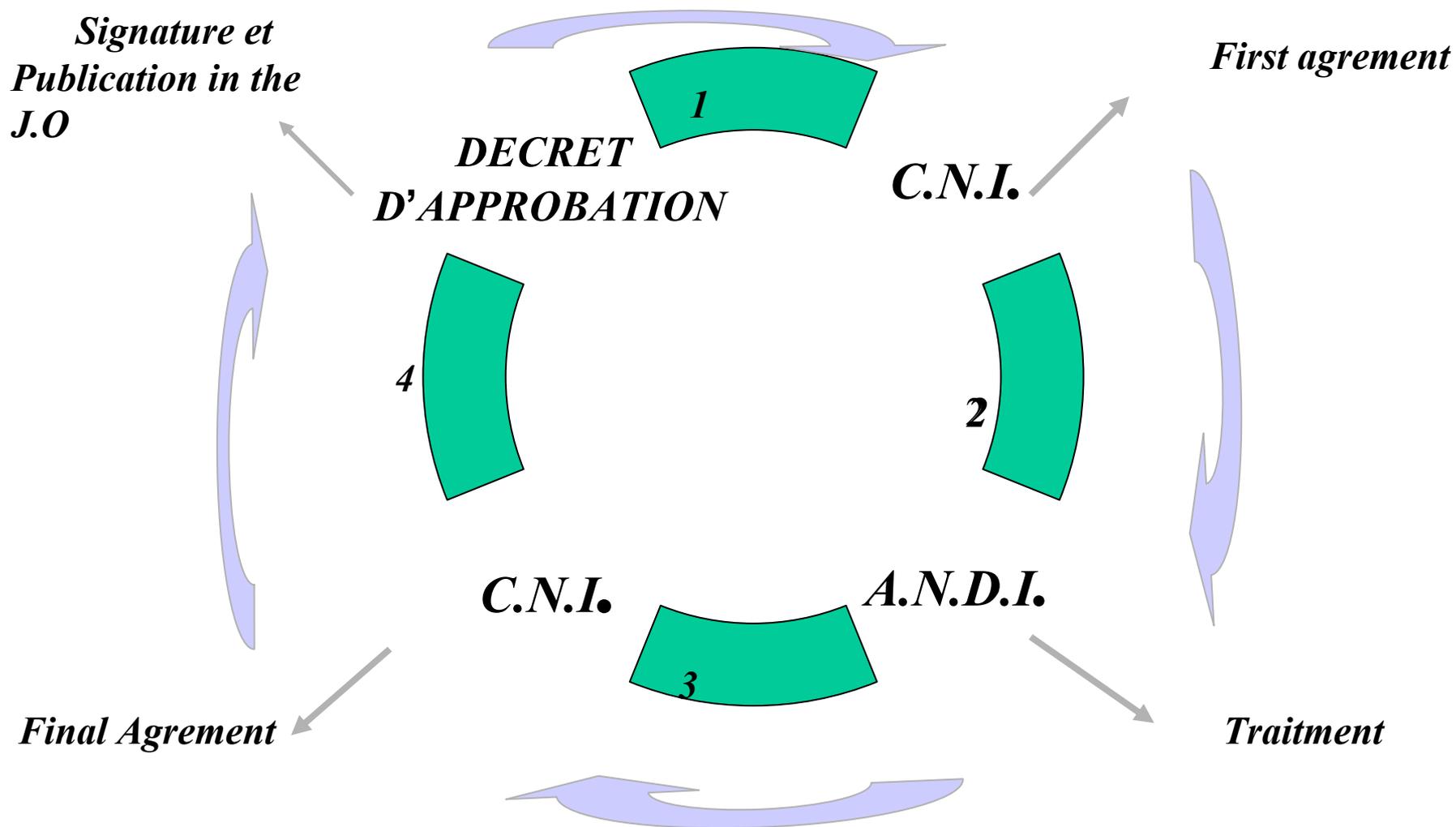
PROJECTS ELLIGIBLE TO THE DEROGATORY SCHEME

Appréciation's critères :

- ▶ *Investment's amount*
- ▶ *Manpower employed*
- ▶ *Local services and goods share in the investment*
- ▶ *Technological transfert*
- ▶ *Hydrocarbons export's contribution*
- ▶ *Environment Protection*
- ▶ *Global economical impact*



AGREEMENT PROCESS IN THE DEROGATORY SCHEME





STATUTES OF COMPANIES PROVIDED FOR BY THE CODE.

- ❖ UNLIMITED COMPANIES / SARL
- ❖ COMPANY OWNED BY A SOLE PROPRIETOR / EURL
- ❖ JOINT-STOCK COMPANIES / S.A
- ❖ LIMITED OR SPECIAL PARTNERSHIP / SCS
- ❖ GENERAL PARTNERSHIP / SNC



GETTING INCENTIVES PROCESS



Investor

ANDI 's One stop shops



Algiers
Blida
Oran
Annaba
Ouargla



Registration of the declaration of investment
Collection of the incentives
Granting decision
(01 month maximum delay)



• **NATIONAL INVESTMENT PROMOTION AGENCY
A.N.D.I**

- ✓ Investment promotion, development and follow up
- ✓ One stop shop administration
- ✓ Assistance to investors,
- ✓ To administer the investment incentives scheme
- ✓ To administer the investment support fund .



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