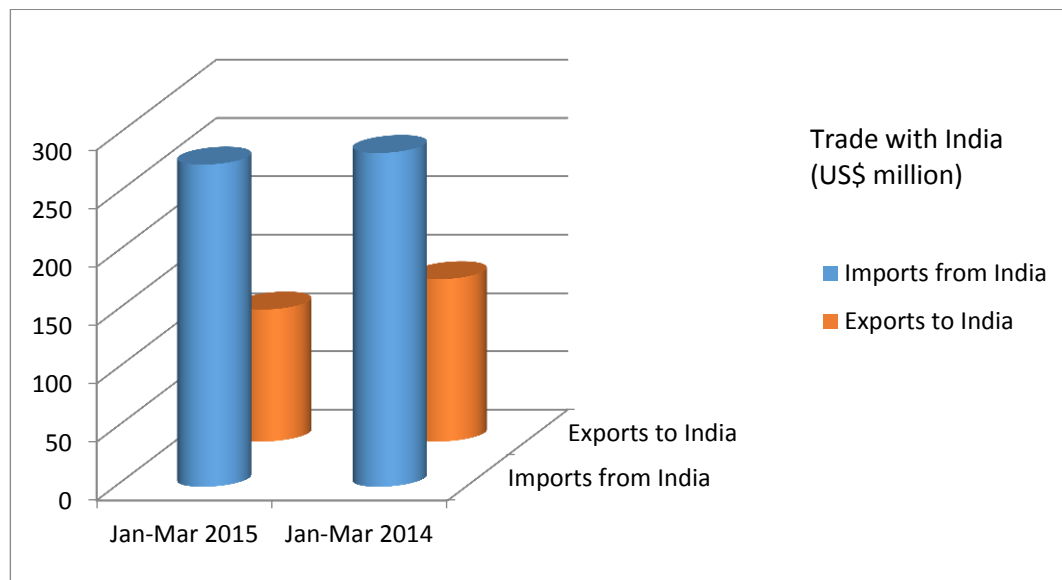


**EMBASSY OF INDIA
ALGIERS**

Economic and Commercial Report for the Month of May, 2015

1. Name of the Country: Algeria
Trade with India:

	<i>Value in US\$</i>		
	<i>Jan-March 2014</i>	<i>Jan-March 2015</i>	<i>Growth %</i>
Imports from India	286	276	-3.49
Exports to India	139	113	-18.70
Total	425	389	
Trade balance	147	163	



2. Trade Promotional Activities organized in Algeria and activities planned in the next six months:

BSMs will be organized during the next six months in Algeria with the collaboration of Indian Export Promotion Councils.

3. Trade and Commercial delegation from India to Algeria during the month of May: 72 Indian companies visited Algeria to take part to the 48th Algiers International Trade Fair, from 26th May to 1st June, 2015.

4. Important International Trade Fairs/Exhibitions in Algeria in 2015:

Event	Period	Venue
Equip Auto	1-5 March	SAFEX, Algiers
International Computer and Communication Fair	8-12 March	SAFEX, Algiers
International Cycles and Motorcycles Fair	18-28 March	SAFEX, Algiers
Auto Expo Algeria	18-28 March	SAFEX, Algiers
Hospital Fair	8-11 April	SAFEX, Algiers
Djazagro, International Agro Industry Fair	20-23 April	SAFEX, Algiers
Batimatec, International Construction Fair	3-7 May	SAFEX, Algiers
SITEV, International Tourism Fair	14-17 May	SAFEX, Algiers
SIPSA, International Agriculture Fair	14-17 May	SAFEX, Algiers
SIHEM, Medical Equipments International Fair	14-17 May	SAFEX, Algiers
Algiers International Trade Fair	27 th May- 1 st June	SAFEX, Algiers
SISE Sports and Equipment International Show	08-13 June	SAFEX, Algiers
Algeria Fire Safety Security Expo	07-09 September	SAFEX, Algiers
Algeria Electricity & Water Expo	07-09 September	SAFEX, Algiers
“MICA” Mining Industry International Fair	21-24 September	SAFEX, Algiers
Algiers Industries Fair	05-08 October	SAFEX, Algiers
SIVI Industrial and Utility Vehicles International Fair	05-08 October	SAFEX, Algiers
SMEs, Paternership and Technologies Fair	05-08 October	SAFEX, Algiers
Djazair Oil & Gas Expo	05-08 October	SAFEX, Algiers
Traditional Handicrafts Fair	15-24 October	SAFEX, Algiers
SIOL Optic and Glasses Fair	16-24 October	SAFEX, Algiers
SILA Algiers International Book Fair	28 October-7 November	SAFEX, Algiers
Kitchen and Bathroom International Fair	02-06 November	SAFEX, Algiers
SITP Public Works International Fair	18-22 November	SAFEX, Algiers
AGRO EXPO Agriculture International Fair	18-22 November	SAFEX, Algiers
Best 5, Design Expo	18-22 November	SAFEX, Algiers
Food Expo	18-22 November	SAFEX, Algiers
Djazair Energy Expo	07 -10 December	SAFEX, Algiers
Algerian Production Fair	23 -29 December	SAFEX, Algiers

India participated at the 48th Algiers International Trade Fair from 26th May to 1st June, 2015 on the invitation of the Algerian side, as 'Guest of Honour' country which coincided with the 9th Session of Joint Commission Meeting held on 24th and 25th May. The Indian pavilion entitled 'Salam Namaste' was set up in collaboration with FICCI where more than 70 Indian companies involved in automobile and spare parts, tractors, construction, pharmaceuticals, food and food processing, tyres and tubes etc, participated in the Fair. Mr. Abdelmalek Sellal, Prime Minister of Algeria inaugurated the Indian Pavillion along with the Minister of State for Commerce and

Industry Smt. Nirmala Sitharaman on 26th May 2015. During B2B meetings in the fair, a number of deals have been signed between Indian and Algerian companies, including an order worth more than a million dollar. During the fair, two cultural troupes from India also entertained the gathering including dignitaries.

The 9th Session of the India-Algeria Joint Commission meeting for Economic Trade, Scientific, Technical and Cultural Cooperation was held on 25-26 May 2015 in Algiers. The Indian delegation was headed by Smt. Nirmala Sitharaman, Hon'ble Minister of State (IC) of Commerce and Industry and the Algerian delegation was led by the Algerian Minister of Transport Mr. Boudjema Talai. The JCM took place after a gap of 12 years. Minister of State for Commerce and Industry and the Algerian Minister of Transport signed on 26th May 2015 the Agreed Minutes which called for cooperation in various sectors.

The Algeria Minister of Commerce Mr. Amara Benyounes and His Excellency the Ambassador of India to Algeria, jointly hosted a conference in the fair ground, SAFEX on the occasion of the organisation of the 48th Algiers International Trade Fair held from 26th May to 1st June. India was 'Guest of honour' country this year. The international Fair which conveyed the slogan related to the development of the country 'An economic diversification for a sustainable growth' saw the participation of about 30 foreign countries represented by 742 exhibitors on a global surface of 12 533 m2. Europe was represented by six countries, Asia also by six countries, America by four countries and Africa by three countries.

External

5. Trade and Investment activities by other countries in Algeria:

Algeria – China:

The Chinese oil company Sinopec won a contract for the supply of drilling equipment. The contract was granted by the joint venture between the Irish company Petroceltic, the Italian Enel and the Algerian hydrocarbon company Sonatrach, for the development of gas fields of Ain Tsila in the province of Illizi.

Algeria-France:

The National Company of Railway Transports, SNTF ordered 17 autorails of Coradia type from the French constructor Alstom, for a value of US\$ 228 million. It is a worldwide renowned material and the most recent, which meets the requirements. This acquisition is part of the modernisation plan of SNTF equipments. With this new order the French company reinforces its position in Algeria. Already in charge of the

realization of tramways in several provinces, the French group Alstom inaugurated on 12th May, an assembly and maintenance of tramways plant in the province of Annaba, with a total investment of US\$ 28 million.

A turnkey agreement for the deployment of Orval system, a sub marine optical fiber cable of 560 km, linking Algeria and Spain has been signed between the Algerian Ministry of Post, Information Technologies and Communication and the French company specialised in IP networks Alcatel-Lucent. This Orval network represents a strategic technological investment, which will reinforce the access to network services of high quality.

Algeria-USA:

Five partnership protocols were signed between Algeria (SGP Proda) and USA in the field of agriculture, which include irrigation technics, vegetal seeds, breeding animals, dairy farming, fodder growing, USA is ready to assist Algeria to improve its agriculture and to ensure its food security.

Algeria-Portugal:

A new Algerian-Portuguese company specialised in the production of agricultural material for land labour will soon be on service. This company has been created from a triparty partnership between the Portuguese manufacturer of agricultural material, GALLUCI and the agricultural mechanism complex CMA and the private company PMAT. The plant will produce 2500 instrument per annum.

Prefabricated housing: 9 foreign companies selected:

Nine foreign companies were selected by the Ministry of Housing in Algeria to create, in partnership with Algerian companies, prefabricated housing plants in Algeria. Among 131 files submitted to the tender, 9 have been selected. The admitted companies are from China, Emirates, Turkey, Italy and Spain. A shortlist will be established during the month of June. In order to settle in Algeria, the selected companies will have to set up joint venture with Algerian companies, in accordance to the 51/49% rule. The companies will benefit from several industrial land advantages and fiscal and para fiscal facilitations.

Bilateral:

Algeria-India:

The General Confederation of Algerian Entrepreneurs (CGEA) and the Indo-European Chamber of Commerce for SMEs (IECSME), signed in Algiers a cooperation agreement for the promotion of economic partnership between Algeria and India. This agreement was signed by the president of CGEA Habib Yousfi and the Secretary General of IECSME John Martin Thomas. According to the document signed, the agreement aims at reinforcing the economic cooperation opportunities between Algeria and India, and the establishment of direct working relationship between business communities of the two countries. The two parties will create appropriate conditions in order to promote direct and bilateral cooperation between their member organisations while committing to exchange information, experience and competence. The partnership concerns the strategic sectors which are of prime importance to Algeria such as mechanical, pharmaceuticals, IT, agriculture and construction industries.

Visit of an Algerian veterinary delegation to India:

A three member veterinary delegation from Algerian Ministry of Agriculture and Rural Development visited India from 27th May to 4th June on the invitation of APEDA, New Delhi, to inspect meat installation plants in different regions of India including Aurangabad, Delhi, Aligarh, Mumbai and Lucknow. During their visit, they inspected Al Nafees, Al Saquib, Al Hamd, Al Dua, Marya and Rustam meat plants. The purpose of this visit was to approve the above abattoirs for meat export to Algeria.

6. Analysis of export performance of competing countries in first trimester 2015:

India ranks at the 9th position in terms of exports to Algeria. The main exporters to Algeria are mostly China and European countries and as shown in the table below:

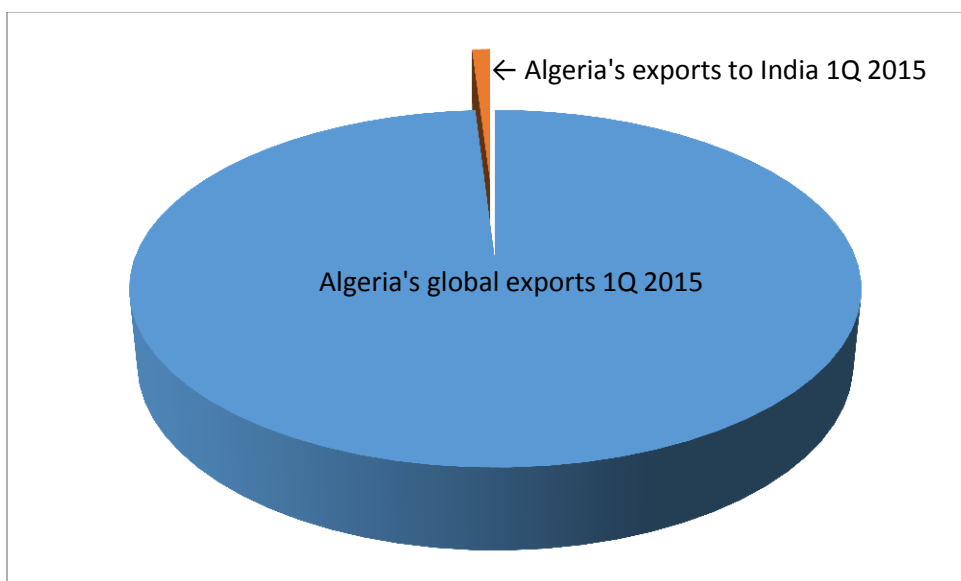
<i>Value in US\$ million</i>		
Country	Value	Growth %
China	2 136	12.18
France	1 364	-20,00
Italy	1 241	-5.63

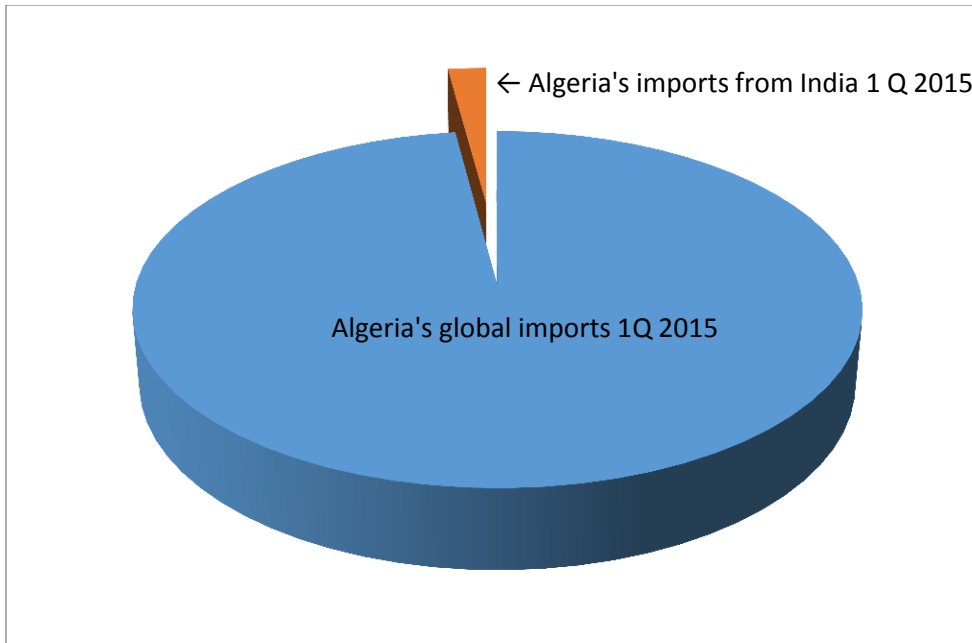
Spain	1 001	-21.74
Germany	899	9.50
USA	740	11.61
Turkey	473	-4.83
Republic of Korea	375	31.12
INDIA	276	-3.49
Great Britain	271	-18.86
Argentina	260	-26.97
Brazil	255	-40.42
Belgium	211	-9.83
Netherlands	175	-50.56

7. Global Exports and Imports of Algeria and India's share for January-March 2014/2015:

Value in million US\$

Period	Algeria's Global Exports	Exports to India	%age of Global Exports	Algeria's Global Imports	Imports from India	%age of Global Imports
Jan- Mar 2014	16 175	139	0.85	14 337	286	1.99
Jan- Mar 2015	11 307	113	0.99	13 038	276	2.11





8. Market prospects in respect of major items of Indian exports:

India has very good opportunity for enlargement of its market share in Algeria. Algeria is an import dependent country; India has good chances to increase the volume of its exports to Algeria in various sectors, such as construction materials, mainly wood steel, engineering items, food products, pharmaceuticals etc. India is already exporting automobiles, engineering items, frozen meat and other food items, pharmaceuticals, handicrafts, cosmetics, construction equipment etc.

9. Trade enquiries from India and Algeria:

The Commercial Section received 56 inquiries from India and 6 from Algeria during the month of May for various products mainly engineering items, pharmaceuticals, medical equipment, handicrafts, food products, construction materials, IT equipment, and cars spare parts, etc. Algerian businessmen also visited the Embassy for various business and trade information.

10. Trade complaints received during the month of May: The Commercial Section received followed up the complaint from M/s Eurl Ayat Import Export vs. Cosmic International for import of toilet soaps.

11. India's investments in Algeria: There are no new Indian investments in Algeria.

12. Status of ongoing major investments by Indian PSU's/Pvt Sector in Algeria: There are no major investments by PSUs.

13. Analysis of investment opportunities in Algeria:

Algeria is an open market and is seeking large investments in various sectors. The Government has launched the new five year development program, with an envelope of US\$ 262 billion, which will be used to complete the ongoing projects that were launched during the previous five-year program 2010-2014 and to start new projects in different sectors related to housing, training, education, electricity and water. It is to be mentioned that up to 2014 about 320 000 houses were distributed. The Algerian government encourages investments that help Algeria in developing other sectors in order not to depend only on hydrocarbons and to erect a strong economy, especially that the hydrocarbon exports of Algeria have strongly decreased by 30.31% during the two first months of the current year, with US\$ 7.24 billion against US\$ 10.39 billion during the same period in 2014. However, the conditionality of 51/49 discourages investments.

Algeria offers large investment opportunities in the field of agriculture particularly for potato seeds, breeding of milk cows, cattle feed and agricultural mechanism. Algeria is looking for opportunities to benefit from foreign experience and technical know-how to develop the sector. Ambitious programs have been retained for the development of milk production.

There are also investment opportunities in fisheries, as the Algerian government opened the sector to foreign investors in the framework of partnership projects. The sector will be gradually opened but only for the oceanic fishing.

The total of investment projects declared in 2014 shows a dynamic development in an attractive market. Investments in partnership projects with foreign companies increased particularly, with 74 projects in the industrial sector mainly steel, mechanic and electric industry (17.13%), chemical industry (15.72%), agro food industry (26%) and construction material industry (22.4%). This result shows the commitment of the Algerian government in favour of industries, to diversify and develop its industrial activities, with important markets to conquer.

14. Status of trade and investment related issues taken up by the mission with the Government of Algeria: Nil

15. Details and result of meetings and interactions of the Mission with Trade Industry and Economic Ministries/Department/Agencies in Algeria: Nil

16. Important policy changes by the Government of Algeria with respect to trade, investment, aid/credit facilities:

17. Position of Algeria on WTO related issues and issues with respect to other important multilateral fora:

New stumbling points in the negotiations with WTO: Algeria's restriction of exports of ferrous and non-ferrous metals and the restriction on imports of pharmaceuticals are two stumbling obstacles in the negotiations between Algeria and WTO. The suppression of these measures decreed by Algeria for the protection of a dawning local industry is requested by the USA. Suspended in 2008 and restarted in April 2013 in favour of the 11th round held in Geneva in Switzerland, the negotiations for Algeria's accession to WTO stumbles on new points linked to the evolution of the Algerian economic regulation. The suspension of ferrous and non-ferrous products in 2009 and the restrictions on imports of pharmaceuticals introduced in 2011 as well

as the obligation to associate with an Algerian partner to do business in Algeria are the most important stumbling points in the negotiations which are already difficult due, among others the ban of imports of used vehicles, the support to exportations through the Special National Fund for the Promotion of Exports and the gas price, subsidized for domestic needs and aligned on the world prices for the exterior market.

18. Major international tenders issued: The international tenders are published in the local newspapers. Embassy also subscribed to AlgeriaTenders, which is a web site in which all tenders in different sectors are published. Embassy is kept updated about new tenders everyday by email. During the month of May, tenders regarding IT, construction etc. were sent to India .

19. Aid/assistance received by Algeria from other countries/international agencies, funding organizations: NIL

20. Commercial, Economic and Political report of Algeria: The reports are sent on regular basis.

21. Pending references from the Mission: / NIL

22. Monthly expenditure of the Commercial Budget: Rs 234,487

23. Any other relevant inputs:

Internal:

Made in Algeria campaign:

In order to rationalize imports in a context of drop of world oil prices, the Algerian ministry of housing passed a circular to different entrepreneurs of the construction sector, aiming at promoting the national production. This circular prohibits to construction companies in charge of the realization of different projects financed totally or partially by the State, to have recourse to imported materials if the same product is locally manufactured.

Imports of construction materials decreased to US\$ 664 million during the first trimester of 2015 against US\$ 995 during the same period in 2014, a drop of 33.2%. Imported quantities of main construction materials have also dropped from 2.5 million tons during the first trimester of 2014 to 2.2 million tons during the same period in 2015. The drop in the import bill concern essentially cement (-13.73%), wood (-31.67%), ceramics (-44%), iron and steel (-46%).

Modification of the specifications document regarding car imports by Algeria:

Some provisions of the ministerial decree of March 2015 related to the specifications on the exercise of activity of new car dealers has been modified by another ministerial decree published in the official gazette No. 24 dated 13 May 2015. The new decree stipulated in its article 2 that 'automobile vehicles whose import operation were subject to bank domiciliation before 15 April, are not concerned by the provisions of article 23 of the specification documents provided for in below article 3.

This article 3 to which it refers to the new ministerial decree of 12 May indicated that 'the points concerning the Electronic Stability Control (ESC, ESB) and the two lateral airbags mentioned in article 23, have been removed.

Import licences concern about twenty expensive products:

Among concerned products by these import licences, cement whose annual import bill is US\$ 600 million, cattle feed US\$ 1.6 billion, and vehicles, more than US\$ 6 billion.

Hydrocarbon exports, Algeria loses nearly 10 billion dollars

Though the Algerian imports decreased by 8.26% passing from US\$ 19.32 billion during the first four months 2014 to US\$ 17.73 billion during the same period in 2015, its commercial balance has been heavily hit by the drop of earnings generated by the exports of hydrocabons, due to the fall of oil prices, which lost nearly half of its value in one year.

Algeria's exports, which depend almost exclusively on hydrocarbons, lost about two billion dollars in value during the same period. From 1st January to 30th April 2015, exports were US\$ 13.4 billion against about US\$ 22.72 billion during the same period in 2014 a drop of 41%.

Algerian exports cover presently only 76% of its imports. Exports which are composed of 93.54% if hydrocarbons in volume which represents a value of US\$ 12.54 billion against US\$ 21.93 billion during the same period in 2014 a drop of 42.83%.

The commercial balance recorded a deficit of US\$ 1.73 billion during the first trimester of the current year, against a surplus of US\$ 1.83 during the same period in 2014.

Algeria recorded a commercial deficit of US\$ 1.73 billion during the first trimester of 2015 against a surplus of US\$ 1.83 billion during the same period of 2014. Facing a slowdown in its economy, Algeria launched an operation aiming at reviving the industrial sector and to increase the agricultural productivity by focusing on local production. Food imports have heavily weighted on public expenses during the last years, which was possible thanks to the hydrocarbon sector of Algeria. However, due to the decrease of international prices of oil these last years, the government tries to attract the interest of the consumer on local products through initiatives and reforms which include awareness campaigns and more facilitation in access to consumer credit for the purchase of non-imported products. This policy, would also lead to the improvement of the consumer's trust by ensuring quality and availability of local products. Though these initiatives benefit from the support of private sector, the low levels of productivity and the low added value still constitute key obstacles for the development of Made in Algeria.

This issues with the approval of Ambassador

Commercial Section
E/I Algiers