ALGERIA

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EXECUTIVE SUMMARY

Acceleration In Growth To Be Constrained By Rising Inflation

We believe that Algerian real GDP growth will accelerate over the coming quarters on the back of rising output from the oil and gas sector and increasing government spending. However, the extent of the acceleration will be constrained by higher inflation driven by tax increases, subsidy removals and government borrowing from the central bank, which will erode purchasing power of consumers and the government in real terms. As such, we are forecasting real GDP growth of 2.9% in 2018, up from an estimated 2.0% in 2017, but below the government's target of 4.0% outlined in the 2018 budget.

Despite difficulties, growing domestic consumer market supported by population growth is key in terms of investment opportunities within industries that depend on increasing levels of household consumption. We would see potential in the infrastructure, construction, energy and utilities sectors. Five Year Development Plan, which started in 2015 and runs until 2019, consists of huge investment projects worth USD262.5bn.

The banking system has strong linkages with the hydrocarbon and public sector

Declining liquidity injections to banking system associated with public expenditure will increase banks funding costs and credit growth will be decelerated due to declining investment projects and fragile macroeconomic environment. However, Algeria's strong financial soundness indicators have shown that the banking system is strong enough to compensate recent liquidity, interest rate and credit risks with implementing necessary regulatory and supervisory framework. The IMF's latest evaluation report highlighted that overall capital adequacy ratio improved slightly compared with the 2015 and realized as 18.9% in 2016.

Turkey and Algeria trade relations

In the first three month of 2018, Turkey exports to Algeria rose by 1.1% to USD493mn in compared to same period of the previous year, whereas import increased by 40.6% to USD218mn.

Overall, trade volume of Turkey to Algeria is standing at USD711mn in the first three month of 2018, slightly higher than trade volume amounted as USD1.1bn in the same period of the 2016. With USD493mn export values, Algeria become the twentieth country in Turkey's top twenty-country export list in the quarter of this year and Algeria's share in Turkey's total export realized as 1.2%.

1- SWOT - Algeria

Strengths

- Strong hydrocarbon resources, with gas reserves.
- Strong liquidity indicators.
- Strong foreign exchange reserves.
- Low level of external debt.

Weaknesses

- Subdued economic growth due to weak oil prices.
- Increasing fiscal and current account deficits due to lower oil prices.
- Lack of structural reforms.
- Lack of economic diversification.
- Limited private sector promotions.
- Inward-oriented and protectionist policies.

Opportunities

- Improving relations with Morocco.
- Government investment in the oil and gas sector.
- Efforts to join the World Trade Organization.
- Potential in the areas of construction, renewable energy and tourism.
- Well-capitalized banking system.

Threats

- Dependency on hydrocarbon sector.
- Regional instability and militant attacks on military and security services.
- High average tariff rates.
- Ongoing public spending cuts.
- Lack of employment opportunities.
- A sustained decline in oil prices.
- Several barriers in investment, such as insufficient access to funding, bureaucratic hurdles and corruption.

2- ECONOMIC OUTLOOK

Main Economic Indicators					
	2014	2015	2016	2017	2018f
Nominal GDP, USDbn	213,5	131,0	126,2	135,2	139,8
Real GDP growth, % y-o-y	3,8	3,8	3,5	1,2	3,0
Consumer price inflation, % y-o-y, ave	2,9	4,8	6,4	5,6	7,4
Budget balance, % of GDP	-7,3	-15,3	-13,2	-9,6	-7,1
Current account balance, % of GDP	-4,4	-16,6	-13,5	-12,3	-9,3

Source: IMF, BMI, African Development Bank

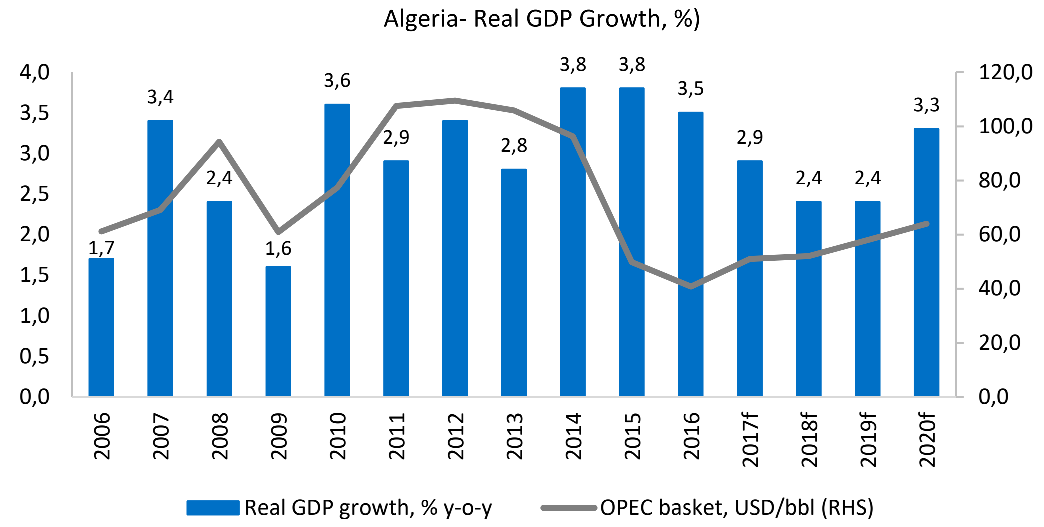
A&T Bank View: *We believe that Algerian real GDP growth will accelerate over the coming quarters on the back of rising output from the oil and gas sector and increasing government spending. However, the extent of the acceleration will be constrained by higher inflation driven by tax increases, subsidy removals and government borrowing from the central bank, which will erode purchasing power of consumers and the government in real terms. As such, we are forecasting real GDP growth of 2.9% in 2018, up from an estimated 2.0% in 2017, but below the government's target of 4.0% outlined in the 2018 budget.*

Algeria is the fourth largest economy in Africa (following Nigeria, Egypt and South Africa), while Algeria's economy ranked fifth in 22 members of the Arab League (following Saudi Arabia, Egypt, UAE and Qatar). The Algerian economy is highly dependent on the hydrocarbon sector. The U.S. Energy Information Administration (EIA) recent report has shown that Algeria is the leading natural gas producer in Africa, the second-largest natural gas supplier to Europe, and is one of the top three oil producers in Africa. Hydrocarbon sector accounts for about 25% of the GDP, around 95% of export earnings, and 60% of budget revenues, according to the IMF.

Algerian export revenues fell considerably and trade balance turned negative for the first time in 16 years in 2015 due to lower oil prices. The budget and current account showed a deficit of 13.2% and 13.5% in 2016, respectively and exchange reserves fell by 20% to USD114bn at the end of 2016 due to weak oil prices. We expect budget and current account deficit decline slowly in the medium term period on the back of subdued oil prices and continuing public spending in non-hydrocarbon sector.

Algerian economy would likely to continue growing with the help of non-oil sectors as the country aims to diversify economy from oil dependency and increase investments in non-oil sectors. Decline in oil prices would bring a turnaround in fiscal and current account surpluses and lead to deficits in both external and fiscal sectors. However, we believe strong fiscal buffers are important cushions against further and sustained shocks in prices. In our view, efforts to curb public spending and promote non-oil revenues will continue to be hampered by political considerations as the government need to maintain social stability and this will cause a drawdown on foreign exchange reserves.

We should note that the main risk for the state-led projects is current decline in oil prices which deteriorating fiscal budget and thus forcing the government to cut spending on investment projects. Prime Minister Abdelmalek Sellal has stated that several planned urban tramways and railroad developments across the country, including new metro lines, will be postponed indefinitely. Another major project, the construction of a new terminal at Algiers airport, will be financed through bank loans rather than directly by the state.



Source: IMF, BMI

According to our core view, the medium-term outlook depends on the government's ability to apply reforms in order to diversify economic activity and attract foreign investors. Private consumption and fixed capital formation would likely to be main triggers of economic growth. Growing domestic consumer market supported by population growth is key in terms of investment opportunities within industries that depend on increasing levels of household consumption. Furthermore, we would see potential in the infrastructure, construction, energy and utilities sectors. Five Year Development Plan, which started in 2015 and runs until 2019, consists of huge investment projects worth USD262.5bn.

Government Investment Strategy:

The government is expected to continue supporting economic activity by investments in transport and tourism infrastructure, renewable energy, construction sectors as well as in electricity and water resources. With the start of new Five Year Development Program, Algeria seems committed to encourage more foreign investment.

Firstly, the government is dedicated to invest more on transport and tourism infrastructure. While the country made improvements in last years, it still needs enhancements in its infrastructure. Therefore, it would likely to continue investment programs within the scope of Five Year Plan. The plan includes construction of road network, improving port facilities and modernization of the rail network.

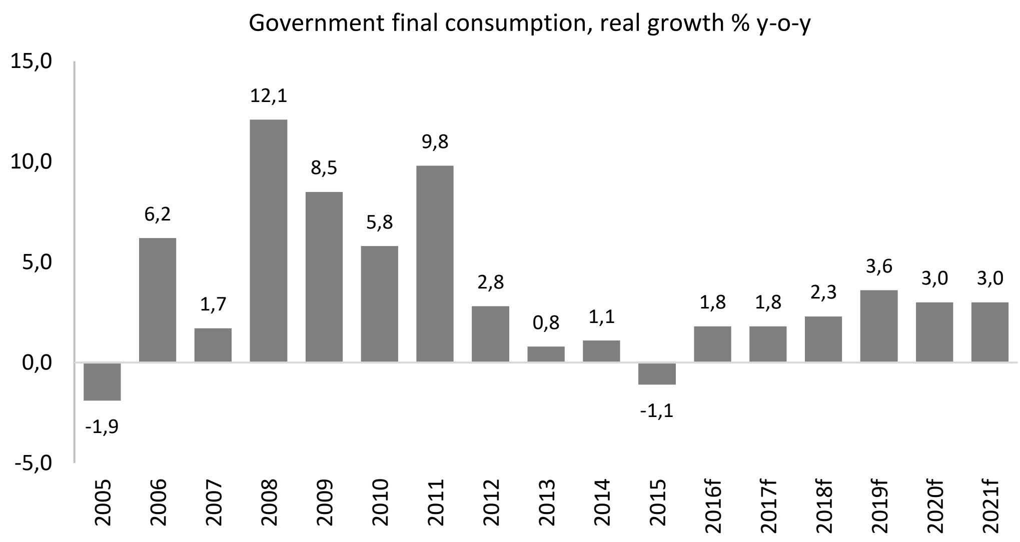
Secondly, due to Algeria's housing shortage and commitment to fill the gap, we expect construction activity to remain a substantial opportunity for investment. This part of investment seems likely to be spared from any spending cuts due to social and political reasons as housing shortage is well documented. The government has dedicated around USD63bn for the construction of 1.6 million new units between 2012 and 2019.

Thirdly, the government has an interest to invest in energy and utilities infrastructure with electric and water resources as well as renewable energy investments staying in the lead. The government has announced that it will spend around EUR15bn in the next 20 years for alternative energy investment such as solar, geothermal and wind power plants. Furthermore, the government aims to spend USD17.8bn in the water sector for plants, dams and water transfer systems.

In order to counter the fall in oil prices and finance its deficit, government introduced the 2016 finance law. According to the law, import duties will go up for goods including fruits, computers, and vehicles, while the government plans to raise the value-added tax (VAT) for 3G internet services and will double the tax on telecoms operators. The government has also affirmed plans to restrict goods imports, particularly for higher-value consumer items and construction materials. Imports of vehicles are restricted to only 152,000 units this year, approximately a third of the 439,000 units purchased from abroad in 2014. Cement and steel imports will also face new restrictions.

For the purpose of raising revenues, government planned to increase the VAT for electricity from the current 7% to 17% when consumption exceeds 125 kilowatt hours. In addition, diesel oil prices will increase slightly to 14.98 dinars a liter (USD0.14) from 13.70 dinars at present; this will be the first hike to the country's heavily subsidized fuel prices in more than two decades. As we see that, with an informal economy claiming about 60% of the Algerian economy and the Algerian citizens mainly uses cash payments (credit card usage and e-banking initiatives are not common), the government prefers to use VAT's and customs duties from imports to increase its budget revenues.

Austerity Will Weigh on Growth Performance



Source: National Sources, BMI

3- FOREIGN TRADE OUTLOOK

A&T Bank View: *We expect subdued export and import growth in the coming period with considering country's recent economic situation. Low oil prices will continue to weigh on foreign trade balance and the recovery will come if government steps up efforts to diversify its economy away from oil and take necessary steps to increase investment activity in the coming period.*

Historically, 95% of the country's exports were connected to hydrocarbon sector. Remaining amount include raw materials and agricultural products. In 2016, country's goods and services exports fell by 15.3% in compared to previous year and stood at USD32.5bn due to decreasing oil prices, which continued to deteriorate oil exports in 2016. Algeria's main export partners are EU (67%), USA (7.7%) and Brazil (4.4%). Almost half of country's import basket consisted of machinery, vehicles, cereals, iron and steel products and plastics. Country's goods and services imports decreased by 5.2% and realized as USD 60.3bn at the end of 2016. Main import partners are EU (44.2%), China (15.8%) and USA (5.9%).

Algeria Foreign Trade Indicators					
Indicator Name	**2014**	**2015**	**2016**	**2017f**	**2018f**
Goods and services exports, USDbn	63,6	38,4	32,5	37,3	39,6
Goods and services exports, USDbn, % y-o-y	-7,4	-39,6	-15,3	14,6	6,2
Goods and services exports, % of GDP	29,8	29,3	25,8	27,6	28,3
Goods and services imports, USDbn	71,4	63,6	60,3	61,4	63,5
Goods and services imports, USD, % y-o-y	8,6	-10,9	-5,2	1,8	3,4
Goods and services imports, % of GDP	33,4	48,5	47,8	45,4	45,4
Balance of trade in goods and services, USDbn	-7,8	-25,2	-27,8	-24,1	-23,9
Balance of trade in goods and services, USD, % y-o-y	-369,0	223,1	10,3	-13,2	-0,9
Balance of trade in goods and services, % of GDP	-3,7	-19,2	-22,0	-17,8	-17,1

Source: BMI

Import Partners	Value (Million Euro)	Share (%)
World	46,943	100,0
EU	20,765	44,2
China	7,423	15,8
USA	2,770	5,9
Turkey	1,673	3,6
Russia	1,601	3,4
South Korea	1,449	3,1
Brazil	1,054	2,2
Argentina	1,044	2,2
India	968	2,1
New Zealand	589	1,3

Export Partners	Value (Million Euro)	Share (%)
World	28,490	100,0
EU	19,093	67,0
USA	2,193	7,7
Brazil	1,245	4,4
Canada	1,139	4,0
Turkey	1,101	3,9
Tunisia	686	2,4
Morocco	600	2,1
India	532	1,9
Egypt	409	1,4
China	249	0,9

Source: European Commission

In the coming period we see some risks in country's foreign trade figures as Algeria's export mainly dominated with hydrocarbon sector (non-hydrocarbon products accounted only 1.7% of total good exports) and the export volume will be largely flat in over the coming years amid declining prices in oil and gas sector which will deteriorate country's export performance.

The government and national oil company Sonatrach are trying to explore new hydrocarbon reserves to ensure sufficient resources for the coming period but current low oil prices and inadequate foreign direct investment will continue to pressure export market. In import side, we expect a slowdown in import growth amid government new budget plan, which restrict goods imports and reduce food purchases from abroad in order to counter the fall in oil prices. However, we expect the new plan effectiveness will be limited as Algeria has a limited domestic production base and a large proportion of consumer products or capital goods must be sourced from abroad.

FDI Outlook in Algeria: According to the UNCTAD report, after declining USD 584mn, FDI inflows to Algeria increased to USD 1.54bn in 2016. Algeria counted in the top thirteen African countries list with its USD1.5bn FDI flows in 2016, while the UNCTAD World Investment Report ranked Algeria third, in terms of FDI, after Egypt and Morocco in North Africa. In recent years, European investments declined sharply in Algeria and the Gulf investor's interest to the Algerian market has started to increase. A re-orientation of FDI towards the domestic market is also noticeable. Most of the investment were made in energy, industry (including food, construction equipment, manufacturing based on basic assembly), reconstruction, real estate and telecommunication industries.

The construction of an ironworks complex began in early 2015, with Qatar holding 49% of the capital in the project, which is estimated at EUR2bn. The company Total is also expected to invest around EUR168mn in a lubricants plant and the construction of El Hamdania container port with the partnership between the Algeria government (51%) and state-owned Chinese firms, China Harbour Engineering Company and China State Construction Engineering Corporation will booster economic activity in the medium term. In our view, promising infrastructure and construction sectors would likely to keep foreign direct investment opportunities alive.

Foreign Direct Investment In Algeria				
Indicator Name	**2013**	**2014**	**2015**	**2016**
FDI Inward Flow (USDmn)	1.693	1.507	584	1.546
FDI Stock (USDmn)	25.313	26.820	26.232	27.778
Number of Greenfield Investments	16	14	13	17
FDI Inwards (in % of GFCF)	2,4	1,9	1,0	3,2
FDI Stock (in % of GDP)	12,1	12,6	15,9	17,3

Source: UNCTAD, World Investment Report 2016, GFCF: Gross Fixed Capital Formation

Algeria's rich natural resources and stable economy will provide more investment opportunities for the foreign investors in the future. However, country implemented 49/51 rule, which limits the participation of a foreign investor in local companies to 49%. Foreign bidders for public contracts are also now required to find local partners. Algeria ranked 156th out of 190 countries in the 2017 Doing Business report issued by the World Bank, which means that it moved up seven places compared to 2016. Government aims to liberalise economy and attract foreign investors mainly in infrastructure, telecommunications and energy sectors.

Although hydrocarbons, construction, food, chemicals and retailing industries are offering great investment potentials, if government fails to apply reforms, to attract more foreign investment, it is highly likely for foreign firms to stay distant from weak business climate of Algeria. Possible reforms are more liberalization of economy, fighting with corruption and bureaucratic hurdles and lifting restrictions for investment. The low cost of energy constituents (gas, fuel and electricity), cheap workforce, government economic diversification strategy, technological developments and proximity to Europe are the main advantages, which could increase the FDI inflows in the coming period. However, slow administrative procedures, very complex legislation and difficulty to acquire industrial property are the main disadvantages for the foreign investors.

4- BANKING SECTOR OUTLOOK

A&T Bank View: *We expect moderate asset and deposit growth in the coming period with considering continuing volatility in oil market and decreasing public expenditures. While the banking sector is adequately capitalized and profitable, the oil price shock has increased liquidity, interest rate, and credit risks. In order to compensate low oil prices and decreasing public sector expenditures, government should improve regulatory and supervisory frameworks toward international standards, develop the role of macro prudential policy, strengthen the governance of public banks and improve the crisis resolution framework.*

The Algerian banking sector is dominated by six public banks, which represent 86% of total banking assets and the remaining part are held by foreign-owned private banks. The Banque Nationale d'Algérie (BNA), Banque Extérieure d'Algérie (BEA), and Crédit Populaire d'Algérie (CPA), were established in the 1960s as instruments of socialist central planning and assigned to finance specific sectors of the economy. BNA primarily handled agriculture, industry and trade; BEA was charged with managing banking relations with foreign counterparts; and CPA handled craft trades, tourism, pharmaceuticals and others. The Oxford Business Group report highlighted that two more state-run banks trace their origins back to a major sector restructuring in 1982: Banque de Développement Local (BDL) and Banque de l' Agriculture et du Développement Rural (BADR). The latter is today the country's largest bank in terms of network, with over 300 branches. The Caisse Nationale d'Epargne et de Prévoyance (CNEP), also founded in the 1960s, remains highly specialized in household savings and mortgage products.

The remaining 13% of the banking sector's assets are in the hands of the 14 private banks, all of which are foreign-owned. Société Générale, BNP Paribas, Natixis, Al Baraka, Arab Banking Corporation, Gulf Bank, Fransabank Al-Djazaïr, Crédit agricole corporate et investissement Bank-Algérie, HSBC-Algeria, Al Salam Bank-Algeria , Citybank N.A Algeria, Arab Bank PLC-Algeria, Trust Bank-Algeria and The Housing Bank For Trade and Finance-Algeria are the main private banks in the sector. Despite holding just 14% of the market share, private banks have managed to collect about 30% of the industry's income in recent years, helped by the international trade financing. They have also shown a strong desire to introduce new products, driving the rapid expansion in recent years of leasing, bancassurance, Islamic financing and other profitable niches.

The banking system has strong linkages with the hydrocarbon and public sector. As public expenditures are financing with the hydrocarbon revenues, the weak oil prices will decrease the government revenues and this will deteriorate the banking system liquidity, according to IMF latest country report. The declining liquidity injections to banking system associated with public expenditure will increase banks funding costs and credit growth will be decelerated due to declining investment projects and fragile macroeconomic environment. However, Algeria's strong financial soundness indicators have shown that the banking system is strong enough to compensate recent liquidity, interest rate and credit risks with implementing necessary regulatory and supervisory framework.

The latest data from the country's commercial banking sector has shown that, the sector's asset fell by 3.4% to USD112.8bn and client loans increased by 2.1% to USD69.4bn in 2016, in compared to 2015. On the funding side, client deposits fell by 14.1% in 2016 in compared to previous year and realized as USD71.3bn. We expect moderate asset and deposit growth in the coming period with considering continuing volatility in oil market and decreasing public expenditures.

Algeria Commercial Banking Sector							
Indicator Name	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Total assets, USDmn	136.670	116.793	112.815	117.845	125.318	133.344	141.965
Total assets, DZDmn	12.016.100	12.508.700	12.973.800	14.141.442	15.414.171	16.801.447	18.313.577
Total assets, % of GDP	69,8	76,9	75,1	74,1	74,9	74,4	73,8
Total assets, % y-o-y (DZDmn)	16,4	4,1	3,7	9,0	9,0	9,0	9,0
Client loans, USDmn	73.904	67.932	69.374	72.467	77.063	81.998	87.300
Client loans, DZDmn	6.497.700	7.275.600	7.978.100	8.696.129	9.478.780	10.331.870	11.261.739
Client loans, % of GDP	37,8	44,7	46,2	45,6	46,0	45,8	45,4
Client loans, % y-o-y (DZDmn)	26,1	12,0	9,7	9,0	9,0	9,0	9,0
Client deposits, DZDmn	9.080.100	8.886.900	8.194.500	8.891.032	9.646.770	10.466.745	11.356.419
Client deposits, USDmn	103.276	82.976	71.256	74.091	78.429	83.069	88.034
Client deposits, % y-o-y (DZDmn)	19,0	-2,1	-7,8	8,5	8,5	8,5	8,5
Client deposits, % of GDP	52,8	54,6	47,4	46,6	46,9	46,4	45,8
Loan/deposit ratio	71,6	81,9	97,4	97,8	98,3	98,7	99,2
Loan/asset ratio	54,1	58,2	61,5	61,5	61,5	61,5	61,5

Source: BMI

The IMF's latest evaluation report highlighted that overall capital adequacy ratio improved slightly compared with the 2015 and realized as 18.9% in 2016. In particular, public banks capital ratios improved from 18% in 2015 to 18.5% in 2016, a result of the capital injections made at some public banks to meet the more stringent minimum capital requirements (for operational risk) introduced at end-2014, and of the government guarantees of large loans extended by some public banks to the public sector. The Tier I capital adequacy ratio was up from 15.9% in 2015 to 16.4% in 2016, mainly due to the recapitalization of a public bank.

At end of 2016, liquidity buffers remained sizeable at the system level, with liquid assets representing 27.5% of total assets and covering about two-thirds of short-term liabilities on aggregate. However, banking sector liquidity declined markedly in 2015 and 2016 in compared to previous years, reflecting continued credit growth and a contraction in bank deposits, notably due to lower hydrocarbon exports. Accordingly, the aggregate loan-to-deposit ratio of the commercial banking sector rose to 97% at end-2016 from 82% at end-2015.The gross NPL ratio rose to 11.4% in 2016 from 9.8% in 2015 amid delayed payments from the government to its suppliers.

Algerian Banking Sector Financial Soundness Indicators (%)					
Indicator Name	**2012**	**2013**	**2014**	**2015**	**2016**
Capital adequacy ratio	23,4	21,5	16,0	18,7	18,9
Return on assets	2,0	1,7	2,0	1,9	1,9
Return on equity	23,3	19,0	23,6	21,6	19,4
Gross NPL / total loans	11,5	10,6	9,2	9,8	11,4
Provisioning coverage ratio	69,5	68,2	65,2	61,2	55,4
Net NPL / total loans	3,5	3,4	3,2	3,8	5,1
Liquid assets / total Assets	45,9	40,5	38,0	27,2	27,5
Liquid assets / short-term liabilities	107,5	93,5	82,1	61,6	67,3

Source: IMF

5- Turkey & Algeria:

Foreign Trade:

Turkey exports to Algeria fell by 1.4% to USD1.7bn in 2017 whereas imports incresed by 65% to USD767mn in compared to 2016. The trade volume of Turkey to Algeria is standing at USD2.5bn in 2017, higher than trade volume of 2016, which amounted as USD2.2bn. While trade balance was in favor of Algeria until 2005, it changed in favor of Turkey after 2006 with increasing exports to Algeria. Meanwhile, after reaching USD2.1bn in 2014, Turkey exports to Algeria declined gradually and stood at USD1.7bn in 2016, lowest level since 2012.

In the first three month of 2018, Turkey exports to Algeria rose by 1.1% to USD493mn in compared to same period of the previous year, whereas import increased by 40.6% to USD218mn. Overall, trade volume of Turkey to Algeria is standing at USD711mn in the first three month of 2018, slightly higher than trade volume amounted as USD1.1bn in the same period of the 2016. With USD493mn export values, Algeria become the twentieth country in Turkey's top twenty-country export list in the quarter of this year and Algeria's share in Turkey's total export realized as 1.2%.

Algeria-Turkey Foreign Trade Relationship				
Years	Export (USDmn)	Import (USDmn)	Trade Balance	Trade Volume
2010	1.505	1.068	436	2.573
2011	1.471	1.150	320	2.621
2012	1.813	925	888	2.738
2013	2.003	714	1.289	2.717
2014	2.079	921	1.158	3.000
2015	1.826	741	1.085	2.566
2016	1.736	464	1.273	2.200
2017	1.712	767	945	2.479
2018*	493	218	275	711

Source: Turkstat, Foreign Trade Statistics, 2018* included January-Mach 2018 period.

Algeria mainly imports nuclear reactors, boilers, machinery and mechanical appliances, articles of iron and steel, electrical machinery and vehicles from Turkey. While mainly exports mineral fuels, mineral oils and products of their distillation to Turkey. While Algerian government put around 20% customs duty for some of the imported products, the customs duty identified as 5% for raw materials, 15% for semi-finished products and 30% for final products. With considering recent customs duty procedures, manufacturing sector investments (machinery and mechanical appliances, articles of iron and steel, electrical machinery) could attract more investors in the future.

As of 2016, Algeria's total iron and steel imports from the World decreased by 25.9% to USD2.2bn. In the same year, Algeria imported USD73.5mn iron and steel from Turkey and Turkey become the Algeria's eighth iron and steel supplier with its 3.2% share in Algeria's total iron and steel imports. On the other side, re-export of Turkish goods to Algeria through the ports of Spain, France and Italy along with the transit transactions of Turkish goods via Arab Maghreb Union countries are adding around USD300-350mn additional trade values to Turkey- Algeria trade relations.

Despite increasing exports to Algeria in the first half of 2017, Algeria has banned imports of 24 products from Turkey in August 2017. The products include industrial products (such as plastics, electric transformers, marble and granite) and food products (such as bread, pizza, soup, ready sauces and pasta). In order to develop its domestic market and produce its own agricultural and industrial products, Algeria follows protectionist policies and this could deteriorate trade relationship between two countries.

Algeria's decision of closing banking channels to imports did not comply with World Trade Organization (WTO) requirement and the decision is expected to be valid on a short-term basis not permanently. Turkey and Algeria have not signed Free Trade Agreement yet and Algeria uses around 20% customs duty for many of products. With considering current situation, we expect Turkey’s exports to Algeria remain subdued in the coming period as we anticipate Algeria’s import growth to decelerate amid government approved plans to restrict goods imports and reduce good purchases from abroad. Turkish exporters are trying to find new roads to enter Algerian market. Corporation with major Algerian importers and using the system of import quotas could facilitate entry into the market.

Potential Areas for Cooperation: Construction, iron and steel, furniture and food sectors have present great investment opportunities and with considering relative political stability and welcoming attitude towards foreign investors, Turkish investors are trying to increase the share of Turkish investments in the country. Turkish companies are participating wide range of projects, including building social houses, hospitals, dams, highways, tunnels and ports. In line with the increasing construction sector activities, production of construction materials and quarry sector is expected to offer great investment opportunities, while Algeria is also looking for partners in order to improve the seafood and fishing sector. With creating loan facilities and using specific programs, government is aiming to improve its fishing sector. The number of investment projects have been growing helped by the encouragement of both governments.

Algerian construction sector offers great opportunities to the Turkish contractors. In the 1972–2017 July period, according to the country distribution of international works undertaken by Turkish contractors, the Russia has been the leading market with a share of 19.6%, followed by Turkmenistan (13.6%) and Libya (8.4%). In the same period, Algeria has taken 4.1% share and become eighth biggest market for the Turkish contractor ship activities. In the 1972–2017 July period, Turkish contractors activities in Algeria reached to USD14bn, while around 60 Turkish contracting and consulting firms are currently operating in Algeria. Turkish companies are mainly working in the fields of motorway, tunnel, railway and station, dam, water treatment plant, pipeline, dormitory construction, business center, bus station and hotel restoration projects.

Turkish Contractors Activities in Abroad by Countries (1972-2017*))		
Country	Total Project Amount (USD)	Share (%)
Russia	67.556.629.085	19,6
Turkmenistan	46.815.753.213	13,6
Libya	28.875.374.694	8,4
Iraq	24.808.029.476	7,2
Kazakhstan	21.929.320.560	6,4
Saudi Arabia	18.589.150.126	5,4
Qatar	14.070.092.625	4,1
Algeria	*13.991.404.555*	*4,1*
Azerbaijan	11.821.829.147	3,4
UAE	9.919.551.345	2,9
Other countries	86.353.814.196	25,0
TOTAL	**344.730.949.023**	

Source: Ministry of Economy, *included January-July 2017 period

Main Turkish Firms in Algeria:

Turkish Construction Companies:

Turkish Construction Companies in Algeria		
AHT PVC Aluminium Construction	Gülpet İnşaat	Nod Construction Systems
Arte Constructıon Systems	Günsayıl İnşaat Tic. San.Ltd. Şti.	Nurol İnşaat ve Tic. A.Ş.
As- Yertaş İnşaat	Hassan İnşaat Makina San. Ve Tic. Ltd.Şti.	Özgün İnşaat Taah. Ltd. Şti.
Ascioglu Yapı	Işık İnşaat Taah. Tic. Ltd. Şti.	Özgün İnşaat Taah. Ltd. Şti.
Aslan Yapı ve Ticaret Ltd. Şti	İpek İnşaat San. ve Tic. A.Ş.	Özka Insaat
Best Elektrik Taahut San.	İpek İnşaat San. ve Tic. A.Ş.	Özmert Algeria
Bilyap İnşaat Enerji San.Tic. A.Ş. (Kayı İnşaat)	İstanbul Group Construction	Polikon- Karamaden İnşaat San.ve Tic. Ltd.Şti.
Dekinsan İnşaat	Karamaden İnşaat Maden San.ve Tic. Ltd.Şti.	Rönesans İnşaat
Dorçe Prefabrik Yapı İnş. Tic.	Karataş İnşaat Madencilik	Sistem İnşaat Ltd. Şti
Dünyalar R&C (Sarl)	Kolin Insaat Al Djazair	SKN İnşaat
Ece Turizm İnşaat Tic. A.Ş.	Kur İnşaat A.S.	Tayal L'Algerienne des Industries
Efes Construction	Kur-Gürbuz Groupement	Torkam Insaat ve Yatirim A.S.
Ekos Group	Kuzu Toplu Konut İnşaat A.Ş.	Volcana İnşaat
El Amir Salim Btp	Makyol İnşaat Tur. ve Tic.	Yapı Merkezi İnşaat ve San. A.Ş.
Entes İnşaat A.Ş.	Mapa İnşaat ve Tic. A.Ş	Yenigün Inssat Sanayi Ticaret A.Ş.
Eurl Alpaslan Ascenseurs	MBD İnşaat	Yüksel Proje Uluslararası A.Ş
Gama Güç Sistemleri	Mimko İnşaat Konsorsiyum	
Gentes Yapı Ve End Ticaret Ltd. Şti	MNZ Insaat	
Groupement Truva	Net Mühendislik Elektrik San.ve Tic. A.Ş.	
Gurbag Insaat Muhendislik Mad. San. Tic. A.S.	New Pan	

Turkish Investment Companies:

Turkish Investor Companies in Algeria	
Abdi Ibrahim Algerie	Jasmin Moble
Adora Plastik	Nautilius (Construction Chemicals)
AHT PVC Aluminium Construction	Siesta Plastik Mamul Üretimi
Bifa- Soaltubi	SPA Martur Algeria Automotive Seating and Interiors
CAN Hygiene Spa (Ontex)	Spcc Spa
El Waha International	Sur Plastik
Eskar Construction et Commerce	Tayal Tekstil Sanayi (Taypa)
Galaxy (Plastic Production)	Tosyali Holding
Geeat Anatolia Boya	Trici Sud
Hayat Dhc	Ultipa
Istanbul Group	

Turkish Trade Companies in Algeria:

Turkish Trade Companies in Algeria		
Adara	Gökay Algerie	Sa-Ra A.Ş.
Aksa Generataeur	Güven Pvc Alüminyum	Med Synergie
Alfa Asanseurs	H & H Sarl El Kenz Denizcilik	ALG Business Development
Alfo Import Export	Haksan Sirketi	Aluteams İmport & Export
Algoturc	Hc Mag	Bentach
Altrokam Lojistik ve Gümrük Danışmanlığı	Hydra Cap Ambalaj	Bereket
Arkas Hussein Dey Alger	Itoc Algerie	Desen Import& Export
Aşkinlar Catering	Jet Em Electro-Mecanique	Ejrine
Ayder (Sarl)	Maraş Gemi	Frow Algerie
Barbaros Turk	Medkon Lines Aldjazair	Star İhracat A.Ş.
Barkan Catering	Metro Cuir Sarl Algeria	TNMS
Bms	Moda Istenbul	Tofital Algerie
Borusan Lojistik International	Nafco	Turkmark
Celex Seyahat Acentasi	Netas Telekomunikasyon A.S	Ulusoy
Containerships	Özser Algerie	Unimena Import Export
Cwtm	Papcell / Sarl Ifct	Vemko Dis Ticaret A.S
D.P. Parfumum Alger Centre	Plomberie Adara	
Deka Catering- Mobilya	Ram Diş Ticaret A.Ş.	
El Biar-Alger	Renksan Plastik	
Elitalco Alger	Ringelsan Diş Ticaret Mohammadia	
Eurl Alpaslan		
Gabrini Kozmetik		

Source: Ministry of Economy