

Algeria and EU ties highlight strong and dynamic partnership

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Feature

Development of renewable energy is just one of several areas where Algeria can boost income generation, explains Pier Antonio Panzeri.



Support programmes from the European Union 2014-2017 towards Algeria are largely geared towards supporting economic diversification.

However, Algeria wants to go beyond the commercial partnership to move towards an industrial partnership. The significant growth that the country has been experiencing for over a decade is the result of development of the private sector (70 per cent of GDP excluding hydrocarbons).

After the energy industry the service sector is the next largest, while other sectors have also made good progress, notably chemicals, pharmaceuticals, building materials, mining and quarrying and food industries. The Algerian government wants to provide incentives to attract new investment, particularly in agriculture and agribusiness.

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Outside hydrocarbons the construction sector is the real engine of growth. The new five-year strategy will support infrastructure growth and offer more facilities to foreign investors. The key message is that Algeria has a huge economic potential and investment opportunities.

The implementation of new measures should allow European companies to build lasting partnerships. Algeria and the European Union should aim at a strong partnership for common development.

What is needed is implementation of the new support programme (P3A II) on cooperation between Algeria and the EU and an Algerian-European drive for to develop Algerian exports.

In the private sector, gas is a major export to the European market, as is oil; there have been substantial oil discoveries recently. The development of renewable energy could offer a new source of income generation.

As well as construction, other key sectors include steel, metallurgy and petrochemicals. The electricity sector is important for new production and distribution units.

On the health front, there is substantial funding for prevention programmes, and Algeria plays a major role in coordinating health interventions in Africa.

The pharmaceutical industry is a strategic economic sector, with high-tech industries promoting the development of one of the largest markets in the MENA region. However, hydraulics and the management and treatment of water are a major concern, while there is a need for investment in the tourism sector.

The food industry remains key. Training and consultancy are important and a national agricultural development plan is needed.

Capital goods represent a significant share of imports but, in terms of distribution, there is a potential which is not being sufficiently exploited.

Looking to the future, there are growing opportunities for ICT and the service sector. Insurance is a growing market and we can look forward to the expansion of electronic banking.

About the author

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