Transport & Logistics and Development
prospects in ALGERIA

Index:

1. Geopolitics and internal environment of Algeria
   - Geography
   - Policy of Maghreb Region
   - Economy in Algeria

2. Transport Sector and Opportunities
   - Road Network
   - Railway Network
   - Air Transport
   - Maritime Transport
   - Urban Transport
   - Sector Strategy
   - Schools and Training Centers

3. Opportunities for foreign investors
1. Geopolitics and Economy of Algeria:

- **Geography:**
  - Area of 2.381.741 Km²
  - Population of 38,48 million people (70% under the age of 40)
  - Neighboring countries: Tunisia, Libya, Niger, Mali, Mauritania, Western Sahara and Morocco.

![Map of Algeria](image)

- **Policy of Maghreb region:**
  - Diplomatic tensions (Algeria/Morocco)
  - The cooperation between the leaders of Maghreb remains difficult
  - Agreements focusing on non-regional partnerships
  - Weak economic complementarity
  - Algeria is the dominant power in the Maghreb.

- **Economy in Algeria:**
  - State control: presence of the state to 80% in the industrial sector;
  - Market undergoing privatization: the government’s efforts towards greater liberalization;
  - An economy based mainly on hydrocarbons exports (90% of exports and 30% of GDP)
  - Favorable medium and long-term economic prospects;
  - Massive and growing public investment, exceeding 10 billion USD, in infrastructure modernization;
  - GDP of 208 billion USD in 2012;
  - Unemployment rate of 9% (2012/2013).
2. Transport Sector and Opportunities:

Transport in Algeria is a diverse sector that has, however, a considerable ground to make up in terms of infrastructure management and development. Fully aware of the importance of the issue, the Algerian government has major programs in place to upgrade this sector, which is an essential prerequisite for Algeria to enter the era of globalization.

The Algerian sector of transport is experiencing a real change. Many projects have been completed or are under construction in order to make the sector more efficient and effective in its contribution to the economic development of the country (106.5 billion USD investments in the transport sector and more than 40 billion USD since 1999).

The Ministry of Transport is the relevant authority for the development and implementation of the National Transport Policy. The Ministry of Public Works is responsible for the design, the construction and the maintenance of road, port and airport infrastructure. For several years now, the two ministries have been committed to infrastructure development and transport reorganization on the basis of an integrated concept that optimizes the distribution aspects (public and private transport distribution).

- Road Network:

The Algerian road network remains one of the densest of the African continent, with 110,125 km of roads and highways, the road system’s density in Algeria is 3.3 km/1000 inhabitants while the African average is only 0.5 km/1000 inhabitants.

However, this network is unsuited to economic development, urban transport as well as the operation of port and airport infrastructure. Indeed, 90% of trade and movement of people go by road, which adds to the deterioration of the system. The road network should be completed by an important section of 1216 km which is underway and should eventually link the city of Annaba in the far East to the city of Tlemcen in the extreme West.
The Road Directorate of the Public Works Ministry is responsible for developing and achieving road and highway infrastructure and major engineering works.

Algerian road network is booming thanks to the highways modernization program. We include the construction of the East-West Highway totaling 1216 km, and the upcoming launch of the construction works of the highlands highway of 1020 km. There is also a Trans-Saharan Highway (north-south), which was promoted by the government to increase trade between the six countries along this road (Algeria, Mali, Niger, Nigeria, Chad and Tunisia).

Projects:

Algeria has embarked into a policy aimed at curbing the road network deficit with an investment expected to reach $ 40 billion by 2025. This investment will be structured in two phases:

- 2015-2025: implementation of major infrastructure projects (East-West Highway, North-South access roads), back up and modernization of the existing road system, setting up of a Road Maintenance Master Plan and a Road Signal Master Plan.
- 2015-2025: extension continuity, management, operation and follow-up of projects and strengthening of the High-Plateaus and Southern Road network, according to international standards and criteria.

The maintenance program includes an annual campaign for the coating of provincial roads and dependencies and the maintenance of structures.

Railway Network:

Currently, Algeria has 4,573 km of rail tracks, including 3854 km in operation, 449 km in double track lines and 323,15km in electrified lines. The Algerian railway has recently experienced electrification at certain sections, which should lead shortly to install high-speed trains that would connect the most important cities in the country. By 2014, the length of the rail network will be 10 515 km and 12 000 km in 2016/2014 to support projects in the sector.

With an annual turnover of more than $ 24.63 million, SNTF has a monopoly on the management of the railway network which consists of four major sets:

- The northern standard track Bypass that connects East and West. It is the main trade route between the major cities of the North (Annaba, Constantine, Algiers and Oran), and the ports to which the bypass is connected.
- The mining line with its rail sidings servicing the mineral deposits of Ouenza and Boukhadra (iron) and Djebel Onk (phosphate).
- The access routes to the High Plateaus and the South
- The High Plateaus Bypass connecting the cities of Tebessa, Ain-Touta and M’sila.
The SNTF equipment fleet is composed of 424 passenger coaches, 11,510 goods wagons, 64 electric motive power units, 17 diesel railcars, 216 diesel locomotives and 14 electric locomotives.

Some 11,116 employees provide management, maintenance and operation of the rail network. SNTF is responsible for the design, construction and maintenance of the railway infrastructure. An extensive railway development program, estimated at $80 billion has been set up to virtually triple SNTF’s operating capacity. The company has been seeking to expand its market share by scaling up its people and goods transport capacity by 160% in 2015.

**Projects:**

The company has also embarked upon a program aimed at improving the quality of the services it provides to the public in terms of safety, security, comfort, regularity, frequency and reduction of travel time.

To achieve these objectives, the action plan for the sector has led to the following results:

- Acquisition of 17 mainline railcars, 30 diesel-electric locomotives, 30 sleeper coaches, 20 mainline electric motive power units;
- Rehabilitation of the rolling stock including 202 passenger coaches;
- Setting up of modern telecommunications and signaling equipment;
- Training of SNTF technical staff to raise their awareness to the new technologies;
- Modernization of the Oran-Algiers-Constantine-Annaba Northern Bypass and its extensions to the borders;
- Construction of the said “High Plateaus” Bypass of about 1300 km (AinTouta- M’sila- AinOussera- Tiaret- Saida- Moulay Slisse/Sidi Bel Abbes);
- Construction of new railway lines to open up a large number of regions in southern Algeria such as Bechar, Tindouf, Ouargla, Ghardaia...
• **Construction works of the railway line Relizane-Tiaret-Tissemsilt:** This strategic project extends over 185 km and includes the realization of 4.5 km long tunnels and 11 km long bridges. 40 km have already been built;

• Algeria plans to multiply by 3 the rail network in 15 years to reach 10,000 km (3,200 km by now) railways. The biggest part of the budget reserved for transport will be devoted to the development of the rail.

- **Air Transport:**

Airport resources consist of 55 airfields of which 36 are open to public air traffic. These include 13 international, 10 national, 13 regional airports and one restricted airport (Hassi R’Mel).

For years, key airports across the country have been subject to a modernization and rehabilitation program. These include Houari Boumediene Airport in Algiers, the airport of Tlemcen (which was delivered two years ago) and the airports of Jijel, El Golea and Ghardaia. Algeria has developed its air transport sector in order to make it a genuine vehicle for integration at regional and international level. A budget of 60 billion dinars (600 million USD) will be spent to renew the fleet of Air Algérie during the period 2013-2017. The objective of the operation is to allow the company to snatch market shares and to reconquer Africa. The network covered by Air Algérie is 96,400 km. More than three million passengers and nearly 20,000 tons of freight are transported each year by the company.

Air Algérie is the national airline company; it dominates the air transport market which has seen several other private companies since its opening to competition. Air Algérie handles multiple lines to Europe, Africa, Canada, China and Middle East. Several foreign airlines have flights to Algeria, such as Tunis Air, Royal Air Morocco, Air France, Al Italia, Aigle Azur, Lufthansa, Turkish Airlines, British Airways, Qatar Airways... etc.

The national airline company will soon acquire three new aircraft with a capacity of 150 seats and renew its three Boeing 767, currently in service. There is also a project of buying two cargo planes to transport goods.

During the summer season, Air Algérie has recorded a growth rate of its total traffic of about 15%, in 2011, Air Algérie revenue was 56 billion dinars.

**Projects:**

The program of public investment in the development of airport infrastructure by 2015 is estimated at $ 492,820,000. While remaining attentive to air traffic growth and aviation safety, the investment program focuses on:

- Airport studies of any kind, including airfield enhancement, expansion, drainage, rehabilitation, security and aircraft parking;
- Maintenance work;
Works for new projects, enhancement, extension plans;
Modernization programs.

Projects committed or underway for the five-year plan 2010-2014 are defined as follows:

- 14 projects for enhancing the airfields of Adrar, Timimoun, Bechar, Tébessa, Tiaret, Alger, Jijel, Annaba, Oran, Ouargla, Illizi, Ain Amenas, Tindouf and El Goléa;
- 1 project for rehabilitating the airfield of Mostaghanem;
- 2 projects for extending the aircraft parking’s of the airfields of El Goléa and Annaba;
- 1 project for extending the runway of the airport of Sétif;
- 3 projects for building taxiways in the airfields of Algiers, Annaba and El Goléa;
- 10 projects to build hydraulic concrete ends of runways for the airfields of Adrar, Bordj Badji Mokhtar, Chef, Biskra, Tamanrasset, Boussaâda, El Bayadh, In Amenas, Tindouf and El Goléa;
- 3 projects for the protection of hubs and the sanitation of the airfields of Béjaïa, Jijel and Tébessa.

The international airport of Algiers is to be equipped with a new terminal with a capacity of 10 million passengers by 2018. The terminal which is to be built on a 65-acre surface with a parking lot, is to be designed by the Algerian-British-Spanish engineering department “Bet Bread, Llewlyne and Pointec” for an amount of $ 5.25 million. Construction work is to begin in 2014 for an estimated cost of $ 436.31 million.

**Maritime Transport :**

The public maritime domain includes the territorial waters that extend over 12 nautical miles and a narrow coastal strip of land that stretches over 1280 km. The port infrastructure includes 45 ports in operation and 200 maritime traffic signals. The 11 mixed trade ports are managed by 10 Public Economic Enterprises (EPE), which are subsidiaries of the State Shareholdings Management Company SOGEPORTS.

The Algerian National Navigation Company (CNAN) and the National Shipping Business travelers are the shipping actors in Algeria. Several ferries (ferry boat) make the connection of passengers to European coasts as well as the connection of freight all over the world.

Most of the international trade is carried by sea, via eleven commercial ports as follows: Alger, Oran, Annaba, Skikda, Arzew/Bethioua, Béjaïa, Mostaghanem, Ghazaouet, Jijel, Ténès and Dellys. The 31 fishing ports and shelters are managed by Fishing Ports Management Companies which are themselves attached to EPEs. The two ports of East-Skikda and Béthioua specialize in hydrocarbons. The port of Sidi Fredj located west of Algiers is the only Yacht harbor or marina in Algeria.
With the exception of oil and gas terminals, there was very little work to port infrastructure facilities.

Algeria’s coastline has 51 marine infrastructures: 11 commercial ports, 2 oil ports, 41 fishing ports and a marina. 19 port infrastructures (commercial and fishing ports) and four hub airports (airfields and airstrips) were built between 2000 and 2012, in compliance with the five-year plans (2001-2005 and 2005-2009), in addition to the current 2010-2014 plan.

The government has unlocked a € 160 million package to equip the various national ports with a new management system for maritime and port security and exchange of information. One billion dinars (9.6 million Euros) have been allocated to the port of Oran management company in order to renovate this strategic infrastructure.

**Projects:**

Maritime and port infrastructures are a major concern due to the place they hold in the economy. Indeed, 95% of the foreign trade is carried by sea. This is the reason why the Port Master Plan (2005-2025), worth $ 8.19 billion was designed as part of a coastal development policy and an awareness of issues that it represents on both environmental and economic plans. The promotion of private-public partnership is also envisaged.

The actions provided for in the 2005-2025 Port Master Plan include the following projects:
- Creation of 19 fishing ports and shelters;
- Development and capacity expansion of 21 fishing ports and shelters;
- Creation of 16 marinas;
- Protection of 27 shore sites on 16km;
- Development of 36 “grounding” beaches;
- Renovation of equipment and infrastructure for the existing 31 lighthouses, position signs and 134 port lights;
- Maintenance of 498 beaches and development of 36 beach accesses;
- Equipment of shipbuilding.

- **Urban Transport:**

**Algiers Subway**

Algeria has seen the opening of Algiers Subway on the 31st of October 2011, with a length of 9.5 km and serving 10 stations. It connects the capital’s city center to the tramway terminal and to a cable car. The line, composed of fourteen 6-cars subway trains, was built by the Spanish company CAF22. The cost of this first subway line which got off to a difficult start has been estimated at $ 1.23 billion.
Algiers is the first city in the Maghreb, to be equipped with a subway. The operation is ensured by RATP El Djazair, subsidiary of Independent Paris Transport Authority (RATP) for eight years, in collaboration with the company Le Métro d’Alger (EMA). Extensions to the east and the west are programmed and the construction of two other lines is planned for 2020. The Subway of Algiers will then have forty stations on a network of 40 km.

The company Métro d’Alger has launched a national and international call for tenders to carry out preliminary studies on extensions of Line 1 of Algiers subway.

Algeria has also just launched another flagship project within the five-year plan which is Oran Subway. The future Oran subway will allow the traffic of approximately 32 000 passengers per day. The cost of this project is estimated at around 138 billion dinars (1.324 billion Euros).

**Tramway**

Under the five-year plan (2010-2014), Algeria launched another development and modernization plan of urban transit and intercity traveling on railways, the tram.

The tramway of Algiers is a system of common transport serving the Greater Algiers since May 2011. In 2012 it included a line of 16.2 km and 28 stations and should extend over 23 km and 38 stations by 2016. It is equipped with 41 Citadis type train-sets developed by Alstom.

Algeria’s Tramway Management Company (Setram) is responsible for all Algerian tramway engineering, development, achievement, management, operation and maintenance projects. The company is owned by a consortium of 3 companies: RATP El Djazair (49%), EMA (15%) and the urban and suburban transport company of Algiers- ETUSA (36%).

The tram of Constantine is a project of common transport serving the Greater Constantine; it is under construction since 2008. The first technical tests of Constantine’s tram were made in 2012. A restricted national and international call for tenders on completion of the works for the extension of the first tramway line of Constantine was recently issued by the Algiers Metro Company (EMA). This 44 billion dinars (425 million Euros) project deals with a 9km tramway network including 10 stations.

Many projects are to be implemented in the near future in several cities of the country. These include:

- Extension of the tramway systems of Algiers and Constantine;
- Extension of the tramway of Oran (call for tenders to be issued soon), it will be the longest tramway of the country, with a global distance of 48 km;
Launching of the construction works of the tramway systems of Mostaghanem and Sidi Belabbes;

The construction works of the Ouargla tramway project will be launched shortly. Once operational by 2015, the future tramway of Ouargla will cover a distance of 13.2 km, through 23 stations.

Studies under completion for the tramway systems of Béchar, Béjaïa, Biskra, Baida, Tébessa, Djelfa, Skikda and Tlemcen;

Launching of technical studies of feasibility of the tramway systems of M’sila, Chlef and Mascara.

- **Sector Strategy**

  Sector strategy aims to develop the supply of transport in order to:
  
  - Meet the needs of mobility of people and goods;
  - Improve service quality by reducing the travel time;
  - Respond to the logical needs of economic operators;
  - Ensuring sustainable development while promoting inter-modality and interconnection of the different modes of transport;

  It is within this prospect that the Algerian State has established programs in the transport sector for different periods (1999-2004, 2005-2009, 2010-2014).

  A budget of 40 billion USD has been allocated to the transport sector in the 2010-2014 five-year program to:
  
  - Modernizing and expanding the railways: 30 billion USD;
  - Improving urban transport including the implementation of the tram across 14 cities;
  - Modernizing the airport sector;

Schools and Training Institutes:

There are over 32 schools and training institutes, among them:

- Institute hydrométéorologique
- Ecole Technique de Formation et d’Instruction Maritimes of Béjaïa
- Institut Supérieur de Formation Ferroviaire Rouiba- Algiers
- Institut Supérieur Maritime Tépaza
- Ecole Technique de Formation et d’Instructions Maritimes of Mostaghanem
- Ecole Nationale d’Application des Techniques.

The number of registered projects in the ANDI for the period of 2002-2012 in the sector of transport is:
<table>
<thead>
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<th>Activity Sector</th>
<th>Number of Projects</th>
<th>Amount</th>
<th>Number of Jobs</th>
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<td>Transport and auxiliary of</td>
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<td>700 233</td>
<td>157 940</td>
</tr>
<tr>
<td>transports</td>
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3. Opportunities for foreign investors:

The FDI (Foreign Direct Investment) represent a relatively small share of total investment in Algeria. Given their importance for technology transfer and improvement of innovation capabilities, a specific policy has been defined within the new industrial strategy.

Recognizing the crucial role of FDI for the competitiveness and growth of the country, the government chose to focus its work on the development of partnerships between domestic and foreign firms, contracts of subcontracting between transnational subsidiaries established in Algeria and local SMEs.

The investment promotion measures show a significant interest for foreign investors, particularly those relating to: the improvement of the business environment, the functioning of the National Agency of Development of Investment (ANDI), the simplification of customs procedures, taxation and the labor market and especially the creating of industrial zones of integrated development (ZDI).

Among the advantages of the Algerian market are:

- The stability and economic boom;
- The proximity to Europe;
- Encourage partnerships with local and foreign companies because of their knowledge of the laws, culture and morals;
- Seizing the opportunity for the growth of industry and transport.

The size of the country, made up of many different reliefs, confirms the key role that transport should play in order to provide access to the rural populations and improve travelling conditions. Today, Algeria is determined to address the challenges, guided in this by a constant heading to continuing its commitment to a sustainable development, already shown through the significant achievements and the launch of major public and private projects.