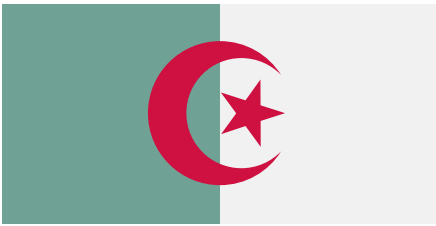




UK Trade  
& Investment

UKTI DSO Market Brief

# Defence & Security Opportunities Algeria



# Defence & Security Opportunities

## Algeria



### Why this market is important?

Algeria is the largest country in Africa, the second most populous in the Arab world, Africa's fourth largest producer of oil and the world's sixth largest producer of gas. It has strong economic fundamentals, with one of the highest GDPs per capita in Africa and a low rate of inflation. Foreign Currency Reserves stand at around \$190Bn, the second highest in the MENA region after Saudi Arabia. GDP growth is expected to average 5% for 2013-2016. In 2010, the Government implemented a 5 year spending programme of \$286 billion to improve infrastructure and to encourage a more diversified economy. Corporation tax is being cut to 19% in certain sectors to promote growth in areas other than petroleum and gas. There is a strong and growing commercial relationship between the UK and Algeria. Trade in goods between the two countries was worth over £2 billion in 2011. UK visible exports continue to grow, and totalled £574 million in 2011, up 66% on 2010 figures. UK companies have a reputation for quality in customer service and enjoy successful generation and retaining of business in Algeria.

### Economic background (2009 figures)

GDP (\$BN):

Per capita GDP (\$):

### Defence economics

#### Defence Budget:

The Defence and security budgets have doubled in the last 5 years however the exact figure not known, Officially published figures do not represent the actual figures being spent. Algeria is oil and gas rich and has the finances available to fund major projects.

% of GDP on Defence:

### Defence & security opportunities

The larger UK defence companies see Algeria as an emerging Market which makes Algeria an important market for the defence and security sector.

Algeria’s campaign against protracted counter-insurgency has resulted in the Algerian military focusing on equipment to support them in this arena, especially in the area of border security, and they have been given a significant budget to modernise and diversify. Following the recent terrorist attack on the In Amenas Gas Plant, Prime Minister David Cameron visited Algiers and there has since been substantial bilateral dialogue on Security and the formation of a G to G Strategic Security Partnership with the UK. The naval modernisation programme is currently underway and includes their fleet and dockyard infrastructure through to their training facilities. Much of their naval equipment traditionally came from the former Soviet Block but they have recently diversified and are purchasing Frigates and Offshore Patrol Vessels from Germany and China despite a long and expensive campaign fought by the UK’s BAE Systems to be the preferred supplier. We have traditionally been less sighted on their Land Forces requirements and the Air Force’s fast jet procurements have been traditionally supplied by the Russians.

### The Algeria defence market and how to do business

The following general information is intended as a preliminary guide to help UK defence companies understand the Algeria Defence Market. It is not intended to be exhaustive.

#### The Algeria Defence Market

The Algerian government do not publish forward plans and will not discuss future requirements. Any tender that is related to national security is closed (i.e only sent to specific companies and not published). The Algerians build up a market picture by attending trade shows and collecting huge amounts of company documentation, if they find a company they want to do business with the Defence Attaché in London will contact the company directly.

#### Fundamentals Needed to Succeed in the Algeria Defence Market

Doing business in Algeria requires perseverance as the system is very bureaucratic and even simple decisions are made at an extremely high level within government and this can take a while. However once a company has been invited to tender, proved to be reliable and earned the trust of the Algerian government future business will inevitably follow. Under the latest version of their public procurement code all responses to tender must include an element of technology transfer.

### Routes to Market

Tender Opportunities in Algeria are either National (open only to Algerian companies), international restricted (open to international companies operating in Algeria) or any tender that is related to national security is closed (i.e only sent to specific companies and not published). Most of the contracts that will interest defence and security companies will be through the closed route so it is important that companies attend trade shows where there will be an Algerian delegation present so they have visibility of the products available.

### HMG Support

Algeria is an important market for defence and security so receives a good level of support from the MoD, and FCO.

### Algeria Export Controls

Normal BIS ECO case-by-case rules apply to defence and security exports to Algeria.

### Visit Security Clearance

Further guidance and the required forms are at: <https://www.gov.uk/defence-equipment-and-support-principal-security-advisor#inward-visits>

### Armed forces – military strength

Active	147,000 (Army 127,000 Navy 6,000 Air 14000) Paramilitary 187,200
Reserve	150,000 (Army 150,000) to age 50 Terms of service: Conscription in army only, 18 months (6 months basic, 12 months with regular army often involving civil projects)

Source: IISS and the Military Balance 2010

### Security issues

#### Memberships:

Involvement in overseas deployments: N/A their constitution does not allow any military action outside of Algeria

### Domestic defence industrial capability

At the moment there is a very limited indigenous defence industrial capability; Algeria wishes to increase this through technology transfer as part of future contracts and partnering with defence companies.

## Defence imports and exports 2005-12

**Defence Import Procurement:**

**Total: \$8.4 Billion**

**Top supplier:**

**Russia (\$7.5BN) (Around 90% Market Share)**

**Other Suppliers:**

Germany

China

Czech Republic

France

India

Italy

South Africa

UK

## Identified Algerian Defence Exports:

**None declared**

Source: UKTI DSO Survey of Defence Exports & Various Open Sources

## Competitors

Algeria has arguably supplanted South Africa as the African region's largest and most dynamic market, affording major export opportunities for global suppliers. Historically, Russia and Ukraine were Algeria's leading equipment suppliers. Russia has offered creative financial solutions to Algeria including debt-forgiveness to facilitate sales. In recent years, however, there has been increased defence industrial activity by Germany and Italy (particularly Finmeccanica/Agusta Westland with large sales of helicopters built in Italy and the UK) and more recently the United States, underpinned by strong political support.

## Procurement organisation

Algerian Ministry of Defence.

## Offset policy

As far as UKTI DSO are aware there is no specified Algerian Offset Policy.

## Key personalities

**President and Minister of National Defense**

Abdelaziz Bouteflika

**Prime Minister**

Abdelmalek SELLAL

**Minister of State, Minister of the Interior and Local Communities**

Dahou Ould KABILA

**Minister Delegate in Charge of National Defense**

Abdelmalek Guenaizia

## Further Information:

If you require further information/clarification on anything in this Fact Sheet contact:

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<http://ukinalgeria.fco.gov.uk/en/business/>

**Other Useful Websites:****UKTI Doing Business in Algeria Guide**

<http://www.ukti.gov.uk/export/countries/africa/northafrica/algeria/item/107146.html>

**Algeria Travel Advice**

Travel information and general embassy contact details can be found at:

<http://www.fco.gov.uk>

**Visa Services and Links**

A visa is necessary for all British nationals and any foreigners working in Algeria must hold a work permit or a temporary work authorisation. To obtain a visa UK business travellers are required to provide a formal invitation from their Algerian hosts (e.g. business partner/contacts) along with 2 completed visa application forms. The application should be made to the Algerian Consulate at 6 Hyde Park Gate, London SW7 5EW. A current passport with a validity of more than 6 months, 2 passport photographs and the appropriate fee are also required. The visa section is open Tuesdays to Fridays from 0930 to 1200 hours for applications and visas can be collected between 1600 – 1630 hours. Please note that it takes a minimum of two weeks to process a visa application. Further information can be obtained from the Consulate website <http://www.algerian-consulate.org.uk/> or by calling +44 (0)20 7589 6885.

If you have an Israeli stamp in your passport you are likely to be denied entry at the airport, even if you have been issued with a visa.

We strongly recommend that you obtain comprehensive travel and medical insurance before arriving in Algeria.

The CIA World Factbook provides information on the history, people, government, economy, geography, communications, transportation, military, and transnational issues for 266 world entities. The Reference tab includes: maps of the major world regions, as well as Flags of the World, a Physical Map of the World, a Political Map of the World, and a Standard Time Zones of the World map.

<https://www.cia.gov/library/publications/the-world-factbook/>

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