



Algeria

Geography

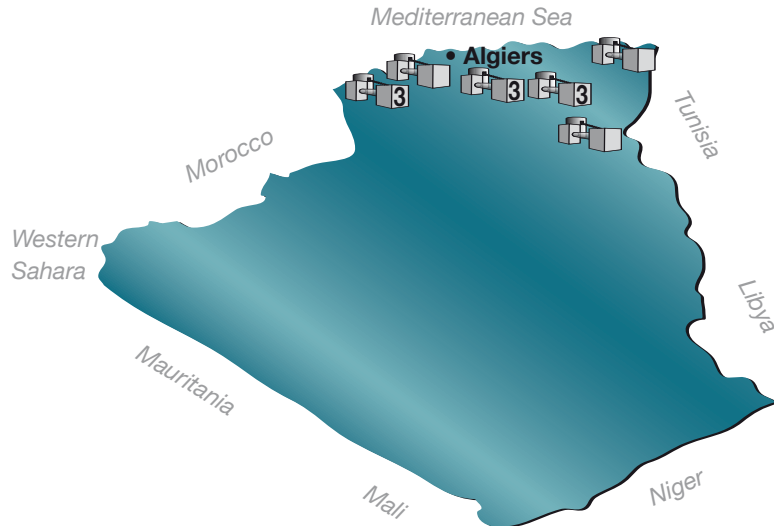
Area	2,381,740 km ²
Capital	Algiers

Demography

Population	33.5m
Density	14 inhab./km ²
Urbanisation	49%
Official language	Arabic

Economy

GNI per capita	US\$2730
Currency	Algerian dinar (DZD)
Per capita cement consumption	380kg



Prospects for future growth in the Algerian construction market are encouraging new investments in the cement industry. Orascom Construction Industries leads the way with the opening of a 5Mt works, while Buzzi Unicem has also taken a slice of the Algerian market. With additional new capacity planned, the domestic market is making great strides towards accommodating growing demand.

After years of relative economic stagnation, Algeria is currently in a phase of diversification away from the fluctuations of crude oil markets and the erratic productivity of its agricultural sector.

The economy has witnessed an average five per cent growth rate annually between 2001-05. Such positive economic performance and consolidation of the constitutional and structural reforms in various sectors, implemented in 2004, should see economic growth rates increase to six per cent in 2006. For 2007-08, growth is projected to accelerate to an average of 6.3 per cent.

Since the mid-1990s, the privatisation process of state-held companies and the encouragement of foreign participation in development initiatives have been on the forefront of the public sector's agenda. The government is expected to remain broadly committed to economic liberalisation, and will continue to encourage foreign invest-

ment in sectors such as infrastructure, telecommunications, power and water.

Consumption

The Algerian construction sector is supplied by government development initiatives with the housing sector expected to remain the focus in the medium-term. Algeria suffers from a severe housing shortage, particularly in urban areas, where public social rental housing, which dominate the market, have not been able to keep up with demand. Consequently, Algeria has one of the world's highest occupancy rates per housing unit.

The 'accommodation deficit' of 1m units is expected to rise to 2m in the near future. It is estimated that 175,000 new housing units need to be built each year during the next decade to absorb the deficit and satisfy future demands. This does not take account of substantive repairs that must be made to an already badly dilapidated housing

stock. The Algerian authorities have introduced a construction policy aimed at producing 150,000 housing units per annum for the next 10 years.

On the infrastructure side, three main areas of development are underway: extensive road works, the development of maritime and port facilities, and the expansion and relocation of airports.

Cement consumption in Algeria totalled 12.72Mt in 2005 and is forecast to reach 16Mt by the end of 2007.

Production

After years of Algerian output stagnating at around 9Mt, there was a surge in production in 2004 following the opening of the Algerian Cement Company's (ACC) new plant. ACC was formed in 2001 and is a wholly owned subsidiary of the OCI Cement Group. It is the first privately-owned cement company in Algeria and is the single largest foreign investment in Algeria outside of the telecom and petrochemical industries. ACC is located in the M'sila area, some 215km southeast of Algiers, and operates two dry-process production lines, each yielding 2.5Mta of cement giving ACC a total plant production capacity of 5Mta of cement. The first cement line began production in January 2004 and the second production line commenced