Opening Remarks – Ambassador David D. Pearce
U.S.-North Africa Trade Mission
September 26, 2010

Mr. Minister, Dr. Chikhoune, Mr. Mikolashek, Dr. Amor Nedjai, delegation members, ladies and gentlemen –

Good morning, it's great to see you all here.

Let me begin by thanking the U.S.-Algeria Business Council, the National U.S.-Arab Chamber of Commerce, and the Embassy of Algeria to the United States, for organizing this trade mission. Without your hard work and tireless commitment to growing U.S.-Algerian business ties, such an important event would not have been possible.

C'est un réel plaisir de voir autant de distingués collègues présent aujourd'hui du Ministère de l'Industrie, de la Promotion de l'Investissement et des Petites et Moyennes Entreprises; du Ministère des Finances; de la Direction Générale des Douanes Algériennes; du Ministère du Commerce; de l'Agence Nationale de Développement de l'Investissement en Algérie; du Ministère du Travail; de la Chambre Américaine de Commerce en Algérie; de la Chambre nationale algérienne de Commerce et de la communauté des Banques. Merci à tous de nous faire l'honneur de votre présence.

We Americans don't know much about Algeria, but we should. What happens here matters. Algeria is the second largest country in Africa, and the second most populous country in the Arab world. It is a young country with enormous room for growth. 70% of the population is under age 30, and hungry for opportunities to realize their potential.

It is important for everyone to understand that Algeria is not the same country it was 15 years ago. Since gaining independence in 1962, Algeria has faced major challenges, including violent extremism and civil unrest. But in recent years, the Algerian government has made great strides in countering these threats, emerging as a regional leader and a central U.S. partner in the fight against terrorism.

Both our countries realize that we have shared interests in security, stability, commerce, and further opening our countries to each other.

U.S. companies have been operating in Algeria since the 1980's, and I believe the security improvements in recent years should serve to increase the attractiveness of the Algerian market. In 1995, there were 35 U.S. companies doing business in Algeria. Today, there are over 80. And most of these newer companies operate outside the hydrocarbon sector, in areas such as food, pharmaceuticals, machinery, construction, security, consumer goods, and information technology. There is more business, more companies, more involvement.

We have been laying the groundwork for even deeper, more diverse economic ties between our nations. In 2008 we returned a full-time commercial attaché to the embassy for the first

time in 15 years. In a few weeks, we are also adding an Agricultural Attaché to our Embassy for the first time in 17 years. This year, the U.S. Department of Commerce led the first ever official trade mission to Algeria. The Trade and Development Agency concluded its first grant in Algeria in seven years. And last spring, seven Algerian business leaders travelled to Washington to participate in the Presidential Summit for Entrepreneurship hosted by President Obama.

So, as you can see, we have taken a number of important steps to grow the commercial relationship. But, I am not satisfied. I think there is more we can do, and a lot of room for growth. For that reason, in a few weeks, I will personally be touring several major cities in the U.S. to talk to U.S. companies about the business environment in Algeria and to increase awareness of the possibilities here.

But before we take a look at areas for growth, let's look at where we are today. This trade relationship is our fourth largest in the region, and we are Algeria's largest trading partner. The strongest sectors in terms of both volume and dollar value are energy, food, machinery, and electronics. Total bilateral trade in 2009 was about $12 billion, and we are on track to exceed that amount in 2010. We are Algeria's number one customer and nearly $11 billion of that two-way trade is us buying from Algeria. We export a little over a billion dollars a year – behind France, China, Italy, Spain, and Germany. I hope we can do better than that in coming years – because, if you control for price fluctuations in global markets, you will find that the nature and total volume of goods and services exchanged between our countries has not changed much for the past few years.

While it is true that current exchanges between the U.S. and Algeria are strongest in the hydrocarbon sector, one of the highest priorities for both our governments is to diversify our commercial ties into other sectors. We see strong opportunities to partner in food products, pharmaceuticals, computer software, aerospace, defense, medical equipment, and green technologies, to name a few.

We also think there are opportunities for U.S. companies to contribute to Algeria's ambitious, $287 billion five-year development plan in areas such as construction, water resources, mining operations, renewable energy, transportation, and infrastructure development.

For example, the Algerian Government has expressed interest in U.S. expertise in construction of water treatment and hydroelectric facilities. The Ministry of Transportation has plans for the construction of new container terminals. The Ministry of Public Works is making infrastructure investments for roads and highways, and in a maintenance program for the current road network.

And that is just the beginning. Algeria and the U.S. may have started by doing business in oil and gas, but the future is about a lot more.

Algeria has not been a traditional market for U.S. firms. But in the course of my tenure here, I have noticed a strong increase in interest from U.S. firms in the Algerian market, and from the Algerian Government in U.S. solutions. This is clearly a trend that we want to encourage.

Of course, there are challenges. For U.S. companies, lack of familiarity with the region, language, local regulations, and business culture can make those first steps uncertain. In the U.S., private-sector business leaders make all the trade and investment decisions. But here, the leaders of government are primary decision makers in many key areas, and they value long-term relationships. The Government of Algeria believes that a strong state role in ownership, investment, and economic controls will promote growth and prosperity. They have passed a number of regulations in the past year to reinforce that position. U.S. companies would do well to familiarize themselves with those laws when evaluating new ventures.

Because of these factors, building a solid relationship with a well-placed local partner is key. Finding the right partner, developing trust, and learning the operating environment will take time, patience, and diligence.

And that is an area where the Embassy can help. I encourage anyone looking to enter the Algerian market to meet with our Commercial Service staff. They can be your eyes and ears on the ground to help you get started, and stand ready to help U.S. firms succeed in Algeria.

The better American firms understand the Algerian business climate, the better they will be able to build successful long-term partnerships. U.S. firms seek business conditions that are transparent and predictable. And that is why we put so much effort into encouraging dialogue, links, and exchanges between U.S. businesses and potential Algerian partners.

Algeria has natural resources and human capital that are the envy of the region. It has faced the deadly security challenge of the 1990s, showing both its resolve and enormous potential. U.S. firms could play an important role in helping to realize that potential.

How Algeria will make use of its potential is ultimately a decision that only Algeria can make. As friends and partners, the U.S. Government and U.S. companies stand ready to share ideas and work together to create a strong and prosperous market for both foreign and domestic business and investment.

The U.S.-Algeria Business Council has lined up a quality program to help you take those first steps. I hope you will all take full advantage of this opportunity to see what Algeria has to offer and make contacts that may grow into long-term partnerships. Because Algeria is well worth your time.

Thank you.