

Remarks by Ambassador Joan A. Polaschik  
“Doing Business in Algeria” Road Show  
November 30, 2015

Mister Minister, Mister Ambassador, Assistant Secretary Jadotte, Colleagues and Friends,

I am pleased to join you today as part of the “Doing Business in Algeria” Road Show to highlight the opportunities for U.S. companies seeking to establish or grow their presence in Algeria.

Algeria is an important partner for the United States, and its continued success and prosperity matter greatly. As Foreign Minister Lamamra regularly says, Algeria is a producer and exporter of stability in a very challenging region. In addition to its own impressive counter-terrorism record, Algeria has been a leading force for stability in the region, negotiating the recent peace agreement in Mali and actively supporting UN peace efforts in Libya. Now, more than ever, U.S. and Algerian interests and activities closely align, and we seek to develop and expand our already excellent relationship with the Algerian government.

Algeria, like most oil and gas exporters, currently faces a number of economic challenges. In order to meet these challenges, the Algerian government has made clear its desire to diversify its economy and especially its export base. This new approach signals exciting new opportunities for American companies, particularly those that can help develop and transfer know-how and technology. I firmly believe that no one in the world is as effective in this area as the American private sector, and I think U.S. companies could be a valuable partner as Algeria enters a new phase in its economic development.

Before I launch into the specific opportunities that I see for U.S. companies, I’d like to make one thing very clear: Algeria in 2015 is a very different place than it was 5, 10 or 15 years ago. Thanks to the heroic efforts of the Algerian government and people, Algeria’s internal terrorism threats have been largely contained to a few geographic areas. Algeria’s major cities are lively and booming, full of creative culture and energy. Algeria’s enormous youth population is eager to embrace U.S. skills and technology and wants to speak English, not French. And the private sector – previously relegated to a minor role in a what was then a heavily statist economy – is not just growing but playing an active role in advocating for the kinds of regulatory and administrative changes that Algeria’s American partners have long sought.

As Algeria seeks to diversify its economy, there are many opportunities for U.S. companies outside the traditional sectors of security and hydrocarbons, concentrated in niche markets like healthcare equipment, pharmaceuticals, agribusiness, and renewable energy.

Healthcare equipment is one sector that has stood out recently given U.S. firms’ success in Algeria. Both Varian Medical Systems and GE Healthcare are increasing sales of their medical devices and growing their operations in Algeria, given demand for equipment for cancer treatment and the detection of other chronic diseases. Both Algerian hospitals and consumers

regularly express a strong preference for U.S. brands, which are admired for their high quality and reliability.

Foreign investors in the Algerian pharmaceutical sector have admittedly had a rough year, with the imposition of various restrictions on importing both proprietary and generic drugs. These are issues on which we continue to engage the Algerian government in order to foster an environment supportive of scientific innovation and commercial growth. The Algerian government's "Vision 2020" plan calls for the creation of a biotechnology hub in Algeria. PhRMA, the U.S. association of pharmaceutical researchers and manufacturers, signed an MOU with the Algerian government last year to implement the Vision 2020 plan, and we look forward to seeing progress on this commitment from both sides. The vision is there, and I think the time is right to discuss in detail Algeria's strategy for achieving this vision, and how the U.S. private sector can be a valuable partner in this endeavor.

The agribusiness sector is bright and growing in Algeria for U.S. companies. Just three weeks ago, the American International Agriculture Group and Algeria's Groupe Lacheb signed a joint venture agreement to create a binational firm that will provide advanced agricultural technologies needed to establish and operate integrated U.S. production models in Algeria. The partnership is valued at \$100 million, and will focus on potatoes and dairy milk in order to boost production of both in Algeria. Georgia-based AGCO is an equity partner in a Massey-Ferguson tractor factory in the eastern Algerian city of Constantine, which I visited two months ago. By 2018, Algerian Tractor Company, the joint venture operating this impressive plant, expects to produce 8,000 tractors per year with up to 60 percent Algerian-sourced content, and potentially begin exporting to other markets in Africa.

For renewable energy, the Algerian government has set the goal of diversifying its electricity generation to source 27 percent from renewables by 2030. The achievement of such an ambitious objective will require the installation of more than 22 gigawatts of clean power, nearly two-thirds of which are projected to be solar, and one-quarter, wind. Meeting this goal will require partnerships with foreign firms to build the requisite solar and wind farms, representing a grand opportunity for U.S. firms that have pioneered many advanced technologies in this field, and are well placed to help provide the necessary know-how and technical expertise.

Even with all of these opportunities, Algeria remains a challenging market. The recent World Bank "Ease of Doing Business" report lays out these challenges in very clear detail. Algeria's protectionist trade barriers also pose a serious challenge to foreign business and serve as a brake on Algeria's long-term growth. We continue to encourage the Algerian government to pursue open trade policies that will facilitate the diversification and growth of Algeria's economy.

In spite of these challenges, I firmly believe that Algeria is a market worth exploring. As many companies present in this room will tell you, the challenges, while significant, are not

insurmountable. And the returns can be quite lucrative. As one leading Algerian businessman told me last year, a bad year for his business constitutes 20 percent growth.

As many of you know, success in doing business in Algeria comes primarily from two things: long-term, strategic engagement, and building and maintaining meaningful relationships. Despite the adversities I mentioned earlier, many U.S. companies have committed to Algeria for the long haul. Algerian partners view the inclusion of training and the transfer of technology in business projects as critically important, and so too is corporate social responsibility. Varian and Anadarko are just two of the many U.S. firms engaged in these activities and have invested millions of dollars in training programs for Algerian youth, including new career centers at Algerian universities that represent an exciting new public-private partnership.

When I first arrived in Algeria, a long-time observer of Algeria told me that the secret to success in Algeria is the three Ps: presence, persistence and patience. I encourage all of you to come to Algeria to start establishing that presence and those long-term relationships that are the key to success in this market. The U.S. Embassy stands ready to assist in any way possible, including brainstorming ways to navigate the Algerian environment to find and secure potentially fruitful opportunities. I encourage any and all U.S. companies interested in doing business in Algeria to contact our Foreign Commercial Service office, which will greatly expand its services this month with the addition of an American officer to the team. Our Foreign Agricultural Service Office and our Department of State economic officers also are available to share insights and provide assistance.

To close, the U.S.-Algeria relationship is built on many years of partnership, and I am gratified that so many U.S. companies, through your participation here today, recognize the vast potential of the economic side of our relationship. I hope that this conference will be just one step towards a deeper commercial relationship between our two countries, and I look forward to hearing your thoughts and addressing any questions at the panel session later this morning.

Thank you very much.