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ECONOMIC AND POLITICAL OVERVIEW

ECONOMIC OVERVIEW

The Algerian economy is mainly driven by hydrocarbons and public investment, with the former accounting for 40% of GDP, 94% of exports and one-third of fiscal revenues. In 2022, the country benefited from high energy prices and the increased demand from Europe that followed the EU sanctions against Russia, resulting in a GDP growth of 3.2%. The positive trend continued in 2023, when economic growth reached 4.2%, underpinned by robust activity in the hydrocarbon, industry, construction, and services sectors. For 2024 and 2025, GDP growth is forecasted to decelerate marginally to 3.1% and 2.5%, respectively, amid lower hydrocarbon prices (IMF). Private consumption, constituting 42% of GDP, is anticipated to make a positive contribution, largely sustained by government-introduced social support measures for households.

In recent years, continued large fiscal and external current account deficits have reduced policy space as public debt increased significantly and international reserves declined (IMF). During 2022 and 2023, the windfall hydrocarbon revenues failed to counterbalance the additional expenditures aimed at supporting the economy, resulting in a continual widening of the government deficit, which stood at 9% of GDP last year. Among the top-priority expenditures, the government plans to fund a 47-50% raise in public sector workers' salaries from 2023 to 2024, an augmentation in retirement allowances for the least affluent, an expansion of unemployment benefits, and a doubling of the defence budget, which will result in high deficits in 2024 (6.8%) and 2025 (6.3%) as per the IMF. The debt-to-GDP ratio was estimated at 55.1% in 2023 (from 55.6% one year earlier) and is expected to follow an upward trend over the forecast horizon, reaching 63.9% by 2025. The average annual inflation remained high at 9% in 2023, driven primarily by elevated prices of fresh food. Despite an appreciation in the exchange rate, which has helped mitigate imported inflation, monetary policy remains accommodative. In April, the central bank increased reserve requirements and intensified liquidity absorption in the banking sector, but inflationary pressures persist. The new Government Action Plan comprises a wide range of reforms to support the transition towards a more diversified and sustainable economy and bolster governance and social cohesion, for example focusing on the mining sector (iron, phosphate). Moreover, the country is looking for ways to reduce its dependence on gas for power generation by investing in solar energy.

According to the World Bank's estimates, unemployment hit 11.6% of the population in 2022 (latest data available). Unemployment is highest among youth, women and graduates due to skills mismatch in the labour market. Algeria has a low GDP per capita, estimated at USD 13,682 in 2023 by the IMF (PPP). There are also big differences between living conditions in cities and rural areas, and instability caused by radical groups on Algeria's borders remains a risk factor.

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
GDP (billions USD)	195.06	224.11	239.21	247.74	255.32
GDP (Constant Prices, Annual % Change)	3.2	3.8	3.1	2.5	1.9
GDP per Capita (USD)	4,307	4,875	5,130	5,243	5,336
General Government Gross Debt (in % of GDP)	55.6	55.1	58.8	63.9	68.1

Main Indicators	2022	2023 (E)	2024 (E)	2025 (E)	2026 (E)
Inflation Rate (%)	n/a	9.0	6.8	6.3	5.9
Unemployment Rate (% of the Labour Force)	0.0	0.0	0.0	0.0	0.0
Current Account (billions USD)	19.06	6.53	2.34	-3.74	-7.75
Current Account (in % of GDP)	9.8	2.9	1.0	-1.5	-3.0

Source: IMF – World Economic Outlook Database , October 2021

Country Risk

See the country [risk analysis](#) provided by [La Coface](#).

MAIN SECTORS OF INDUSTRY

Agriculture accounts for 11.6% of Algeria's GDP and employs 10% of the workforce (World Bank, latest data available). The main crops are wheat, barley, oats, citrus, wine grapes, olives, tobacco and dates. Algeria also produces a large quantity of cork and is an important livestock farmer. In late 2023, the government introduced the "Strategic plan for the development of cereal production in Algeria 2023-2028", aimed at developing the soft wheat, maize, sugar and oilseeds sectors to reduce the annual food import bill. National wheat production was anticipated at 2.5 million tonnes in 2023, approximately 17% lower y-o-y. The total cereal production was estimated at 3.6 million tonnes, marking a 12% decrease from the prior year, which was already impacted by adverse weather conditions. Overall, the 2023 harvest was more than 20% below the five-year average as the country faced a third consecutive drought season (FAO).

The secondary sector represents 45.9% of GDP, employing 31% of the active population. The oil and gas sector accounts for most of the federal income and almost all of its export income (it represents over 90% of total exports). Algeria is among the top ten largest gas exporters in the world, it ranks 16th in oil reserves and 10th in confirmed gas reserves. The ores mined in large quantities are iron, lead, phosphate, uranium, zinc, salt and coal. The main activities of the manufacturing sector are industrial food processing, textile and chemical products, metals and construction materials. The manufacturing sector alone accounts for 35% of GDP (World Bank). Figures from the Ministry of Industry show that in the two first quarters of 2023, the public industrial sector recorded a growth rate of over 5.6% and 1,3% y-o-y, respectively.

The tertiary sector contributes to 38.6% of the GDP and employs 59% of the workforce. Algeria's banking sector is dominated by public banks, which suffer from high levels of non-performing loans to state-owned enterprises. Of the 20 banks operating in Algeria, six state-run banks retain the lion's share of the market. With over 1,600 km of Mediterranean coastline, important cultural and historical sites, and the striking desert landscapes of the Sahara, Algeria has long held considerable potential for tourism. Nevertheless, the sector still accounts for a small part of GDP.

Breakdown of Economic Activity By Sector	Agriculture	Industry	Services
Employment By Sector (in % of Total Employment)	10.3	31.0	58.6
Value Added (in % of GDP)	11.4	42.3	42.2
Value Added (Annual % Change)	4.0	1.7	4.1

Source: World Bank - Latest available data.

Monetary Indicators	2016	2017	2018	2019	2020
Algerian Dinar (DZD) - Average Annual Exchange Rate For 1 USD	109.44	110.97	116.59	119.40	126.78

Source: World Bank - Latest available data.

FOREIGN TRADE

Algeria has an open economy in which foreign trade represents 59% of GDP (World Bank). Natural gas and petroleum products account for nearly all exports: in 2022, hydrocarbons covered 89.8% of the total volume of exports (41% natural gas, 30.3% crude oil and 15.4% motor fuels). The remaining exports (10.2%) consisted of derivatives from the oil and gas industries (fertilizers, ammonia, oils from tar distillation), as well as agro-food products (dates, sugar). As per imports, four product groups contribute to over one-third of the total: food products (16%, primarily cereals and dairy); industrial equipment goods (10.9%); plastic products (7.3%); and electrical equipment goods (5.1% - data French Ministry of the Economy). According to the National Centre of the Trade Register (CNRC), in 2022 the number of exporters rose to 5,498 operators against 4,749 at the end of 2021.

Data from the French Ministry of the Economy show that France was the third-largest customer of Algeria in 2022, accounting for 10.5% of the total, behind Italy (32.3%) and Spain (12%); whereas China was the top supplier with a market share of 18.6%, followed by France (14%) and Italy (7.7%). To boost its foreign trade, Algeria signed several [trade agreements](#), as well as ratifying the Agreement on the African Continental Free Trade Area (AfCFTA) in 2019 in Accra, Ghana. The agreement allows interested states to benefit from the progressive elimination of tariff barriers for a period of five years from its entry into force in July 2020. The agreement aims to free African states from dependence on the extraction of raw materials and promote inter-African trade.

While the trade balance was historically positive, the surplus has vanished completely since late 2012 and the country has had a trade deficit since 2014. This reduction was due to a sharp fall in hydrocarbon exports. Incomes have also decreased drastically with the fall of oil prices. Nevertheless, such a trend reversed in 2021 thanks to the uptick in energy prices and it improved further in 2022 as Algeria benefited from the consequences of the EU sanctions towards Russia, which led to an increase in European hydrocarbon imports from Algeria. Data from the World Bank shows that the country's trade balance was positive by an estimated 11.6% of GDP in 2022. In the same year, exports of goods increased by 58% year-on-year, reaching USD 60.9 billion; whereas imports grew at a much slower pace (+4.1%, at USD 39 billion). In terms of services, the country exported the equivalent of USD 3.5 billion and imported USD 8.3 billion (data WTO). According to preliminary figures from the government, as of the end of September 2023, Algeria's hydrocarbon export revenues reached approximately USD 38 billion, with an average oil price of 82 dollars per barrel. In 2022, hydrocarbon export revenues were around USD 59.5 billion, with an average barrel price of 104 dollars.

Foreign Trade Values	2018	2019	2020	2021	2022
Imports of Goods (million USD)	46,330	44,632	35,547	37,464	39,027
Exports of Goods (million USD)	41,797	35,312	21,925	38,558	60,924
Imports of Services (million USD)	11,805	9,939	7,440	6,939	8,290
Exports of Services (million USD)	3,264	3,239	2,987	3,222	3,584

Source: World Trade Organisation (WTO) ; Latest available data

Foreign Trade Indicators	2018	2019	2020	2021	2022
Foreign Trade (in % of GDP)	58.1	51.8	45.3	53.2	54.1
Trade Balance (million USD)	-7,161	-9,007	-12,992	1,233	26,809

Foreign Trade Indicators	2018	2019	2020	2021	2022
Trade Balance (Including Service) <i>(million USD)</i>	-15,701	-15,708	-17,445	-2,452	22,441
Imports of Goods and Services <i>(Annual % Change)</i>	-3.8	-6.9	-16.0	-4.1	-3.3
Exports of Goods and Services <i>(Annual % Change)</i>	-3.7	-6.1	-11.3	13.4	0.0
Imports of Goods and Services <i>(in % of GDP)</i>	32.2	29.1	27.9	26.5	22.4
Exports of Goods and Services <i>(in % of GDP)</i>	25.9	22.7	17.5	26.7	31.7

Source: World Bank ; Latest available data

Foreign Trade Forecasts	2023	2024 (e)	2025 (e)	2026 (e)	2027 (e)
Volume of exports of goods and services (Annual % change)	-11.6	-0.2	-0.6	-2.7	-0.0
Volume of imports of goods and services (Annual % change)	14.3	9.1	8.3	4.4	1.6

Source: IMF, World Economic Outlook ; Latest available data

Note: (e) Estimated Data

International Economic Cooperation

Algeria is a member of the following international economic organisations: IMF, Arab Bank for Economic Development in Africa (ABEDA), Arab Fund for Economic and Social Development (AFESD), ICC, Arab Monetary Fund (AMF), G-15, G-24, G-77, WTO (observer), Arab League, among others. For the full list of economic and other international organisations in which participates Algeria click [here](#). International organisation membership of Algeria is also outlined [here](#).

Free Trade Agreements

The complete and up-to-date list of Free Trade Agreements signed by Algeria can be consulted [here](#).

Main Partner Countries

Main Customers <i>(% of Exports)</i>	2017
Italy	16.0%
France	12.6%
Spain	11.7%
United States	9.9%
Brazil	6.0%
See More Countries	43.8%

Main Suppliers (% of Imports)	2017
China	18.1%
France	9.3%
Italy	8.2%
Germany	7.0%
Spain	6.8%
See More Countries	50.7%

Source: Comtrade, Latest Available Data

POLITICAL OUTLINE

Current Political Leaders

President-elect: Abdelmadjid Tebboune (since 19 December 2019)

Prime Minister: Nadir Larbaoui (since 11 November 2023)

Next Election Dates

Presidential: 2024

Council of the Nation: 2025

National People's Assembly: 12 June 2026

Current Political Context

Abdelmajid Tebboune, Bouteflika's prime minister in 2017, has been in charge as President since December 2019. Since then, Algeria's outlook for government stability has enhanced, following weekly nationwide anti-government protests demanding substantial political system reforms. The Hirak protest movement, the primary opposition force for a decade, was effectively neutralized by three waves of the COVID-19 pandemic.

Additionally, President Abdelmadjid Tebboune's government implemented popular policies, contributing to economic revitalization, further supported by a favourable commodity cycle.

Algerian economic diplomacy obtained various successes in recent years, particularly in relation to the country's hydrocarbon exports to Europe. Nevertheless, in 2023, the North African country's application to join the BRICS was rejected: Algeria did not make it into the initial list of five candidate countries for future integration into the BRICS, despite Russia's support. Among the reasons for the refusal were the lack of industrialization, the absence of economic diversification, or concrete state projects to revitalize the industrial fabric; the absence of a banking system befitting the mission of economic growth and an outdated fiscal system. Moreover, Algeria has been identified as a vulnerable country due to its distance from nations engaged in the energy transition.

Main Political Parties

Following liberalisation of the electoral law in 1997, dozens of political parties entered the parliamentary sphere. Still, most political power is concentrated in the President-backed National Liberation Front (FLN).

- **National Liberation Front (FLN)**: left-wing, secures about half of parliamentary seats; previously the only legally permitted party
- **National Rally for Democracy (RND)**: centrist, liberal; initially created by the military as an alternative party, but still remains closely aligned to the FLN
- **Future Front (FM)**: centrist, nationalist

- [National Construction Movement](#) (Binaa): Islamic democracy, Algerian nationalism

The main opposition parties include:

- [Movement of Society for Peace](#) (MSP): Sunni Islamism, Islamic democracy, aligned with the international Muslim Brotherhood
- People's Voice Party (PVP): led by Lamine Osmanie, a former member of the Algerian National Front
- Justice and Development Front (FJD): right-wing, inspired by the Turkish Justice and Development Party (AKP).

Executive Power

The [President of the Republic](#) is the Head of State. He is directly elected by direct universal suffrage by absolute majority in two rounds if needed for a 5-year term (renewable once). He appoints the Prime Minister after consultation with the majority party in the Parliament and the Government at the suggestion of the Prime Minister. The Prime Minister sets the amount of the State's expenses and revenue and prepares some bills.

Legislative Power

Parliament is bicameral and composed of the [Council of the Nation](#) (Majlis al-Umma) and the [National Popular Assembly](#) (al-Majlis al-Sha'abi al-Watani). The Council (upper house) has 174 seats, 96 members are indirectly elected in secret ballot (2/3) and 58 are appointed by the President of the Republic (1/3). Its members serve a six-year term with one-half of the membership renewed every 3 years. The Assembly (lower house) has 407 members directly elected by the population to serve 5-year terms, of which 8 are elected among Algerians living abroad.

COVID-19 COUNTRY RESPONSE

Travel restrictions

Regularly updated travel information for all countries with regards to Covid-19 related entry regulations, flight bans, test and vaccines requirements is available on [TravelDoc Infopage](#).

To find information about the current travel regulations, including health requirements, it is also advised to consult Travel Regulations Map provided and updated on a daily basis by [IATA](#).

Import & export restrictions

A general overview of trade restrictions which were adopted by different countries during the COVID-19 pandemic is available on the [International Trade Centre's COVID-19 Temporary Trade Measures](#) webpage.

Economic recovery plan

ent, consult the [dedicated page on the KPMG website](#).

For updates on the key economic policy responses to the COVID-19 outbreak (fiscal, monetary and macroeconomic) undertaken by the Algerian government, please consult the country's dedicated section in the [IMF's Policy Tracker platform](#).

Support plan for businesses

For an evaluation of impact of the Covid pandemic on SMEs and an inventory of country responses to foster SME resilience, refer to the OECD's [SME Covid-19 Policy Responses](#) document.

You can also consult the World Bank's [Map of SME-Support Measures in Response to COVID-19](#).