The weakest aspect of Algeria’s economy is its heavy dependence on the production and export of hydrocarbons. Although this sector is highly developed, the financial sector has lagged far behind and become disconnected from global finance. Paradoxically, this backwardness prevented the banking system from becoming enmeshed in the international financial crisis. Even so, the crisis will infect the country through imports of goods and services.

1 Chakib Khelil, Minister of Energy and Mining, President of OPEC, during a forum organised by El-Moudjahid, 3 March 2009.


3 See: <jjellal@ittdocs/modules/news/article.php?storyid=405>.

To revitalize rural areas, which house a substantial proportion of the population, the Government has launched a multi-pronged development plan based on the following three elements:

- Improvements in the living conditions of the rural population, including the rehabilitation and modernization of villages and ksours (Berber villages throughout the oases).
- Diversification of rural economic activity to increase incomes, while protecting and increasing the value of natural resources, as well as both material and nonmaterial aspects of rural heritage.
- Building human resources through technical assistance. Almost all farming is private, with various forms of ownership. Traditionally, most farmers have been engaged in cultivating dry cereals and breeding small ruminants, however in recent years, some have begun sowing crops with higher value added, such as fruits and vegetables. With the exception of industrial tomatoes and olive oil, production of industrial crops remains limited.

In another effort to stimulate rural revitalization, the Government has initiated more than 5,000 local development projects benefiting more than 2 million households — which amount to nearly 8 million people.

The national highway plan for 2005-2025 produced by the Ministry of Public Works includes a 1,216 km-long network of east-west motorways connecting Annaba and Tlemcen. This will benefit 24 wilayas (provinces) and generate 100,000 construction jobs. The project is scheduled to begin in 2009.³

**Conclusion**

For at least a decade, two factors have had a powerful impact on Algeria’s economy and finance. One is a hydrocarbon policy that has promoted development of the country’s resources, leading to an increase in production capacity — oil production jumped from 0.9 million barrels a day in 2000 to 1.4 million in 2008, of which 1.2 million barrels were exported.⁴ The other is unprecedented State support for public banks — 2.6% of the average annual GDP for the 1991-2002 period and 1.7% for 2005-2006 — within a context of monetary and financial reform.⁷ These two policies brought a massive increase in foreign exchange reserves, robust income regulation funds, a surfeit of bank liquidity and a low level of foreign debt.⁶

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⁷ Intervention by Prof. Farid Yacii: “The effects of the crisis on the Algerian economy”. Seminar organized in collaboration with the Ministry of Industry and Investment Promotion.