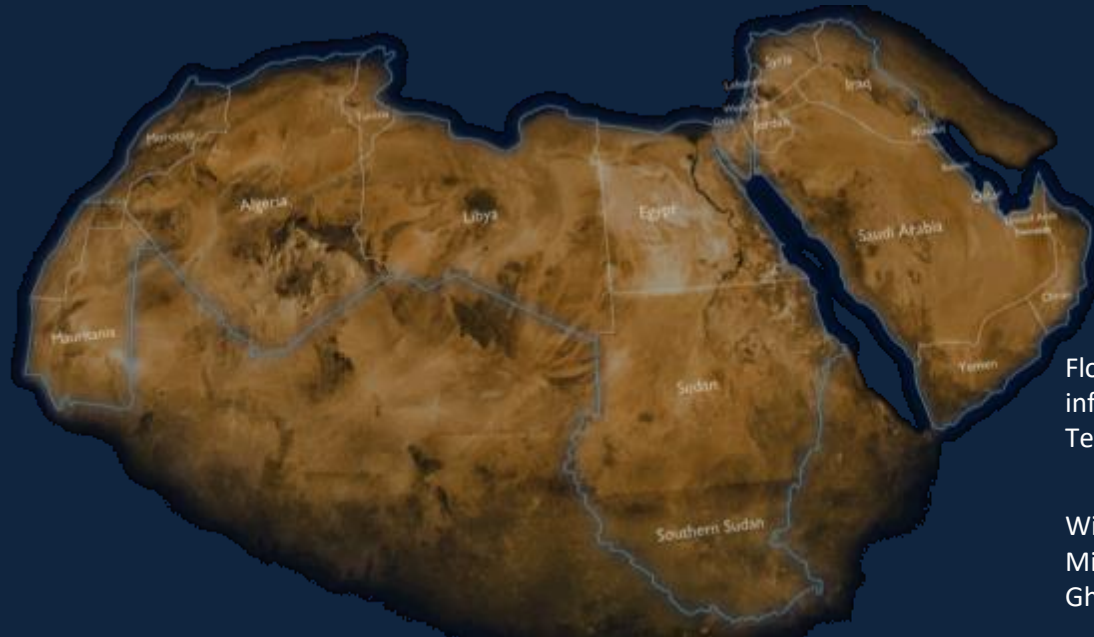




2019年末简述

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Florence Eid-Oakden, Ph.D
info@arabiamonitor.com
Tel: +44 203 239 4518

With Charlene Rahall, Robin Mills,
Mingqiao Zhao, Leila Lajevardi,
Ghalia Bajali.

Algeria: New guard, old regime

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- We were relieved that the Algerian elections took place peacefully even as the old regime was able to elect its candidate, Abdelmadjid Tebboune, as president. However, we have our doubts whether his five-year term will be served fully if the establishment does not provide a rapid and credible roadmap for transition to full democracy.
 - Tebboune, 74, a former prime minister, won with 58% of the votes. According to the government’s electoral commission, voter turnout was 40%, so the risk of increased civil unrest is not to be discounted.
 - Tebboune is seen as a regime insider who served in various ministerial positions under Bouteflika. He was sacked in 2017 after only three months as prime minister after a dispute with Ali Haddad, a powerful business tycoon who was close to the former president.
 - In a move to show that the authorities are following through on promises to crack down on corruption, Ahmed Ouyahia and Abdelmalek Sellal, two former prime ministers, were sentenced to 15 and 12 years in jail, respectively.
 - Tebboune also faces the contradictory task of satisfying the demonstrators’ wishes and those of the military, which has entrenched political interests in keeping the government the same.
 - All of this, combined with a large segment of the population rejecting the electoral outcome, means that Algeria’s toughest times are not yet over by far. Meanwhile, protesters are determined to hold the line until their demands are met.
- **The opposition Hirak movement is likely to remain active, which poses a risk to the country's oil and gas sector and to Algeria’s ambitions to attract new foreign investment. We are doubtful that either the revamped hydrocarbons law or other changes designed to improve the economy will bear fruit anytime soon.**
 - The IMF forecast growth at 2.4% for 2020 from 2.6% in 2019. We expect this to be revised downwards, and be closer to the government forecast of 1.8% for 2020, especially if oil production does not recover rapidly.

Algeria Macroeconomic Indicators ¹					
	2016	2017	2018	2019	2020f
Real GDP Growth (%)	3.2	1.3	1.4	2.6	2.4
Crude Oil Production (M bpd)	1.0	0.9	0.9	0.9	0.9
Oil GDP Growth (%)	7.7	-2.4	-6.4	1.6	1.9
Non-oil GDP Growth (%)	2.2	2.1	3.3	2.8	2.5
CPI Inflation (%)	6.4	5.6	4.3	2.0	4.1
Fiscal Balance (% of GDP)	-13.4	-8.6	-7.5	-13.2	-9.9
C/A Balance (% of GDP)	-16.5	-13.2	-9.6	-12.6	-11.9
Total Gov't. Gross Debt (% of GDP)	20.5	27.3	38.3	46.1	49.2
Total Gross External Debt (% of GDP)	2.4	2.6	2.3	2.2	3.0
Gross Official Reserves (Mos. of Imports)	22.5	19.2	15.7	11.6	7.9
Nominal GDP (USD B)	160.0	167.4	173.8	172.8	178.6
Population (Millions)	40.5	41.3	42.2	43.1	43.8

- Oil production averaged 1.03 Mb/d from January to November this year, its lowest average since 2002.
- The IMF expects inflation to rise to 4.1% in 2020 from 2% in 2019, on par with the government forecast, driven by higher taxes on cars and tobacco. Further reform will be difficult under the current political climate.
- Slowing growth alongside rising inflation poses a “double-whammy” of downside risks, exacerbated by high youth unemployment (over 30%). The country has lost more than half a million jobs since unrest began.²
- Although the country took recent steps to bolster investment, such as the adoption of the much-awaited hydrocarbon law in November -
 - reducing taxes and allowing contractual flexibility with the state-owned firm, Sonatrach -- it does not resolve the main impediment to foreign investment.
 - Foreign companies are still required to partner with Sonatrach under the 49%-51% rule, with the latter owned by Sonatrach.

¹ Arabia Monitor; IMF.

² Forum des Chefs d'Entreprises.

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Arabia Monitor
Aston House | Cornwall Avenue | London L3 1LF
Tel +44 203 239 4518
info@arabiamonitor.com
www.arabiamonitor.com

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