

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

ALGERIA

Africa Central

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Algiers	Capital, financial and administrative hub	Banking, administration, one-stop-shop investment facilitation
Hassi R'mel / Hassi Messaoud hydrocarbon basin	Core hydrocarbon production zone	Gas and oil production, Sonatrach joint ventures
Gara Djebilet, Tindouf	Iron-ore mega-deposit, now open to majority foreign ownership	Iron-ore mining, mineral processing
Arzew and Skikda LNG terminals	LNG export infrastructure	Liquefaction, export logistics
Southern desert solar and wind zones	Utility-scale renewable power development	Solar and wind generation under the 15 GW-by-2035 target
Oran-Algiers industrial corridor	Agri-food and light industry	Food processing, pharmaceuticals, local manufacturing
Tébessa / southern phosphate belt	Phosphate mining and fertiliser value chain	Phosphate mining, fertiliser production

INVESTOR ENTRY ROUTES

- ALGERIAN INVESTMENT PROMOTION AGENCY (AAPI) ONE-STOP-SHOP REGISTRATION UNDER LAW 22-18: Up to 100% foreign ownership outside strategic sectors
- STRATEGIC-SECTOR JOINT VENTURE (51/49 RULE, OR 80/20 FOR MINING UNDER THE NEW MINING LAW): For energy, mining, defence, transport, infrastructure, pharmaceuticals and fertilisers, subject to prior authorisation under decree 25-304
- MINING PERMIT UNDER THE NEW MINING LAW: Up to 80% foreign ownership, with a single permit valid up to 30 years covering both exploration and extraction
- SONATRACH PRODUCTION-SHARING OR JOINT-VENTURE CONTRACTS: For upstream oil and gas participation
- RENEWABLE-ENERGY INDEPENDENT POWER PRODUCER (IPP) TENDERING: For utility-scale solar and wind projects under the 15 GW-by-2035 program
- TRANSFER-GUARANTEE-QUALIFIED FOREIGN FINANCING: Structuring at least 25% foreign project financing to qualify for the Banque d'Algérie capital-repatriation guarantee

MARKET-ENTRY OBSERVATION

Algeria remains a hydrocarbon-dependent economy in a gradual, incomplete transition. Oil and gas still account for roughly 92-95% of exports and about 40% of GDP; Sonatrach's USD 40 billion investment program for 2023-2027 and new output from the Hassi R'mel and Touat fields have expanded gas production, and a July 2026 deal with Germany's VNG will increase pipeline deliveries from January 2027. But the 2022-2023 windfall from European demand for non-Russian gas has ended, and the current account is projected to swing to a deficit of roughly USD 11.4 billion in 2026.

Reform momentum is real but still partial. Law 22-18 allows up to 100% foreign ownership outside strategic sectors, a new mining law raises the foreign-ownership cap in mining to 80% with single 30-year permits, and non-hydrocarbon growth reached 5.3% year on year in the second quarter of 2025, led by industry, trade and agriculture. Even so, the IMF continues to flag an elevated fiscal deficit - the

2026 budget runs to roughly USD 135 billion, against an unofficial 2025 budget-gap estimate of around 21% of GDP - that it says persists 'without strong policy action.'

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
The dinar is not freely convertible and exchange controls are strict	A persistent gap between the official and parallel-market rates complicates repatriation and local-currency revenue valuation	Structure financing to qualify for the Banque d'Algérie transfer guarantee, which requires at least 25% foreign project financing
51/49 foreign-ownership cap retained across most strategic sectors (energy, defence, transport, infrastructure, pharmaceuticals, fertilisers)	Limits investor control and returns in core sectors outside the new mining carve-out	Confirm whether the specific sector qualifies for the Law 22-18 100%-ownership regime or the new 80% mining cap before structuring
Heavy dependency on hydrocarbon prices	Fiscal and current-account positions swing sharply with global gas prices, as the projected 2026 current-account deficit illustrates	Factor commodity-cycle risk explicitly into any hydrocarbon-linked investment
Elevated fiscal deficit and a large 2026 budget	Possible future subsidy cuts or tax changes as consolidation pressure builds	Monitor successive budget cycles and IMF Article IV consultations
Regulatory unpredictability and slow bureaucracy	Frequently changing rules and dispute-resolution processes that can run for years	Engage AAPI's one-stop shop and experienced local counsel from the outset
Non-WTO membership and import restrictions	Complicates integration into global supply chains for manufacturing investors	Plan for local-content and import-substitution-oriented business models
Historically volatile relationship with France, Algeria's largest traditional partner, now thawing but not fully settled	Periodic diplomatic friction has previously affected trade, visas and diaspora-linked business mobility	Monitor the bilateral relationship, particularly around high-level visits and policy signals

INVESTOR RISK NOTE

The most structurally significant risk is currency and capital-control related rather than political: the dinar's lack of free convertibility and the gap between official and parallel exchange rates directly affect how investment returns are valued and repatriated, making the Banque d'Algérie's transfer-guarantee mechanism a central structuring consideration rather than a footnote. Investors should also treat the retained 51/49 rule in most strategic sectors as a genuine constraint on control and economics, distinct from the new, more liberal 80% foreign-ownership regime now available specifically in mining.

On the political side, Algeria's relationship with France - its largest historical trade and diaspora partner - has moved through a period of real tension followed by a visible thaw, including a presidential visit aimed at mending ties. This relationship bears directly on trade flows, diaspora investment, and business mobility, and is worth monitoring as a leading indicator of the broader external environment rather than a settled backdrop.

MARKET ACCESS

AAPI's one-stop-shop model and Law 22-18's 100%-ownership regime outside strategic sectors have made non-strategic-sector entry meaningfully easier since 2022, and the national investment agency recorded over 21,000 registered projects since November 2022, though only a portion have been realised.

Algeria's large domestic market (around 48 million people, 74.8% urbanised) and its position bordering both phosphate-rich Morocco and other resource-rich neighbours give it genuine regional significance, even though its own non-WTO status and import restrictions complicate full integration into global supply chains.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Algerian Investment Promotion Agency (AAPI)	One-stop-shop investment facilitation under Law 22-18	Primary registration and facilitation contact for new entrants
Sonatrach	State hydrocarbon company	Route for upstream oil and gas joint-venture and production-sharing engagement

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Energy and Mines	Hydrocarbon- and mining-sector policy and licensing	Confirm mining-permit terms under the new mining law
Banque d'Algérie (central bank)	Monetary policy, exchange controls and transfer-guarantee administration	Confirm repatriation terms and foreign-financing qualification thresholds
Ministry of Finance	Fiscal policy and the national budget	Monitor deficit-consolidation measures and IMF engagement
Ministry of Industry	Industrial, agri-food and pharmaceutical localisation policy	Route for local-manufacturing and import-substitution projects
Renewable-energy program administrators	Oversight of the 15 GW-by-2035 solar and wind target	Route for IPP tendering and renewable-energy project development

CURRENT INTERNATIONAL BUSINESS CHANNELS

France remains Algeria's largest historical trade and diaspora-linked business partner, with the relationship currently in a visible thaw following a period of real tension. Italy (via Eni's gas ties and growing agri-mechanisation investment) and Spain (via the Medgaz pipeline) are major European partners, with Germany's VNG deal adding a new gas-delivery relationship from January 2027. China remains active in infrastructure financing, and Gulf-state commercial ties continue to grow.

INVESTOR PROFILE BEST SUITED

Algeria is best suited to hydrocarbon and renewable-energy investors structuring through Sonatrach joint ventures or solar/wind IPP tenders, mining-sector investors able to use the new 80% foreign-ownership regime for iron ore and phosphates, and agri-food or local-manufacturing investors leveraging Law 22-18's 100%-ownership regime outside strategic sectors.

It is a weaker fit for investors who require fully free capital convertibility or rapid, low-friction market entry, given persistent currency controls and regulatory complexity.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm the Sector Classification

Determine whether the project falls under the strategic-sector 51/49 rule (or the mining-specific 80/20 regime) or qualifies for up to 100% foreign ownership under Law 22-18.

STEP 2: Engage AAPI's One-Stop Shop Early

Open parallel conversations with AAPI and, where relevant, Sonatrach or the Ministry of Energy and Mines.

STEP 3: Structure Financing for Transfer-Guarantee Qualification

Ensure at least 25% foreign financing where capital-repatriation assurance is required.

STEP 4: Secure the Licence, Permit or Joint-Venture Agreement

Finalise the mining permit, production-sharing contract, or industrial-project authorisation as applicable.

STEP 5: Launch and Monitor

Begin operations while tracking fiscal and IMF developments and the state of the France relationship.

WAVERLEY'S ROLE

- Independent due-diligence and structuring advisory across AAPI, strategic-sector JV and mining-permit entry routes
- Introductions to AAPI, Sonatrach, the Ministry of Energy and Mines, and Banque d'Algérie counterparts
- Ongoing monitoring of fiscal and currency-control developments and the Algeria-France relationship
- Coordination with experienced local legal, tax and foreign-exchange advisory specialists

INVESTOR CALL TO ACTION

Investors seeking exposure to North Africa's largest gas exporter now opening its mining and renewable-energy sectors to majority foreign ownership are invited to engage Waverley for a confidential structuring consultation.

Intelligence → Structuring → Licensing → Market Entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Current pipeline items Waverley is tracking include mining-sector tenders following the new 80% foreign-ownership law, particularly around the Gara Djebilet iron-ore deposit and the southern phosphate belt; renewable-energy IPP tenders under the 15 GW-by-2035

program; continued Sonatrach upstream investment under its USD 40 billion 2023-2027 program; and the expanding European gas-export relationship, including the new Germany-bound VNG pipeline deliveries beginning January 2027.

POSITIONING

Waverley approaches Algeria as a hydrocarbon giant in genuine, if incomplete, economic transition - opening mining and renewables to majority foreign ownership while retaining tight currency controls and strategic-sector restrictions elsewhere.

Our role is to help investors navigate that dual reality: capturing the newly liberalised opportunities while structuring correctly around Algeria's distinctive currency, ownership and regulatory architecture.

SELECTED SOURCES

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