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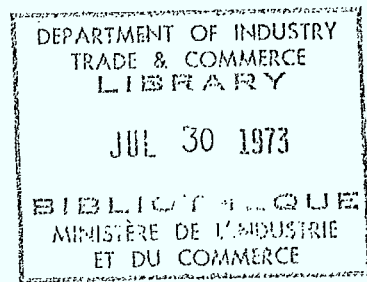
**THE MINISTERIAL TRADE AND
ECONOMIC MISSION TO ALGERIA**

November 21-24, 1971

DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA, CANADA



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REPORT
OF THE
Canada,
MINISTERIAL TRADE AND ECONOMIC MISSION TO ALGERIA

LED BY
THE HONOURABLE JEAN-LUC PEPIN
NOVEMBER 21 TO 24, 1971

THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE, OTTAWA, CANADA

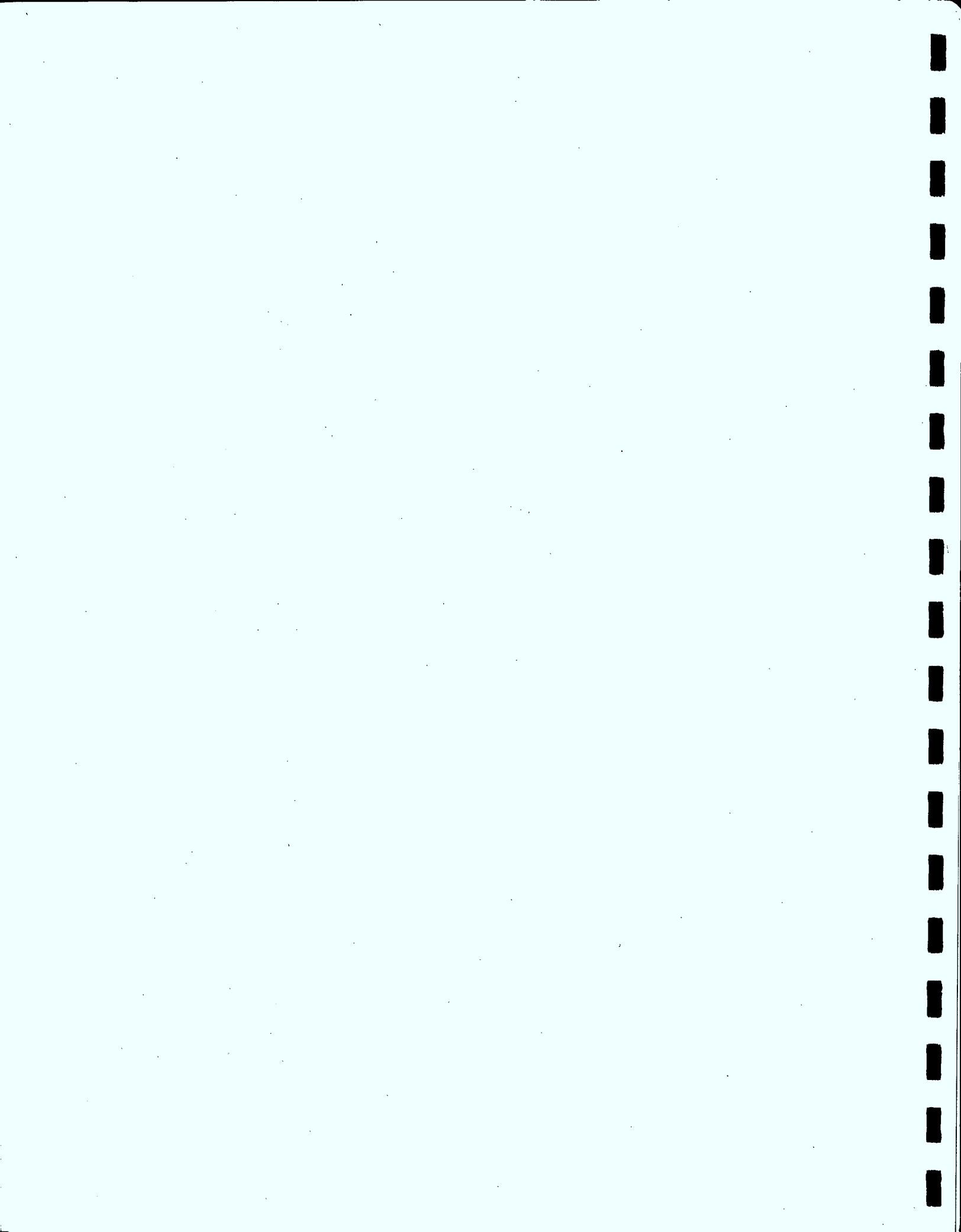


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INTRODUCTION

The Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, led a Trade and Economic Mission to Algeria, November 21-24, 1971.

The mission was a follow up to several exchange visits between Canadian businessmen and Algerian officials during the previous three years.

Members of the mission performed their tasks with diligence. They were warmly welcomed by the ministers, officials and businessmen of Algeria.

This report contains detailed information on the talks involving members of the mission. Although the latter will distribute in their respective sectors the information gathered during these meetings, this document is aimed at informing Canadian industry of potential markets in Algeria.

Members of the mission will meet again in Ottawa in a few months to study the progress achieved in their tour of Algeria.

PART I

ORGANIZATION OF THE MISSION

OBJECTIVES

Purpose of the mission was to broaden economic and commercial relationships with Algeria.

During the four-day visit, mission members and Algerian officials discussed trade potential between the two countries and how to improve economic co-operation. Another major topic was the possibility of opening up the Algerian market to Canadian exports. The mission also inquired about the Algerian program of development in order to determine the sectors best suited for Canadian participation.

MEMBERS OF THE MISSION

a) Government

The Hon. Jean-Luc Pepin
Minister of Industry, Trade and Commerce

A. G. Kniewasser
Senior Assistant Deputy Minister
Industry and Trade Development
Department of Industry, Trade and Commerce

C. Hardy
Canadian Ambassador Designate to Algeria

H. T. Aitken
President
Export Development Corporation

J. Gérin
Vice-President
Canadian International Development Agency

P. Labbé
Executive Assistant to the Minister
Department of Industry, Trade and Commerce

Dr. A. Van Meurs
Economist - International Studies
Energy Sector
Department of Energy, Mines and Resources

L. L. Lefebvre
Special Adviser
Agriculture, Fisheries and Food Products Branch
Department of Industry, Trade and Commerce

G. R. Ritchie
Chief, International Resources Division
Commodity Trade Policy Branch
Department of Industry, Trade and Commerce

R. F. Turcotte
Chief, Africa and Middle East Section
Regional Marketing and Operations Division
Trade Commissioner Service
Department of Industry, Trade and Commerce

H. Bearez
Programming Officer
Office of Regional Relations
Canadian International Development Agency

R. Brault
Africa Division
Office of Area Relations
Department of Industry, Trade and Commerce

B. Choquette
Special Projects Division
Fairs and Missions Branch
Department of Industry, Trade and Commerce

R. Ledoux
Co-ordinator, Africa and Middle East Section
Regional Marketing and Operations Division
Trade Commissioner Service
Department of Industry, Trade and Commerce

J. de Quimper
Press Officer
Publicity Branch
Department of Industry, Trade and Commerce

b) Business and Industry

John E. Bisson
Director of Overseas Marketing
Canadair Limited
Montreal, Quebec

Dr. Gaétan Côté
President
Economic and Scientific Research and
Standards Institute
Montreal, Quebec

André Ducharme
Executive Director
Asselin, Benoît, Boucher, Ducharme and Lapointe
Consulting Engineers
Montreal, Quebec

Charles Guérette
President of both:
Raoul Guérette Inc.
Estcourt, Quebec
and
Quebec Lumber Manufacturers Association

C. R. D. Kelly
Vice-President, Exports
Dominion Road Machinery Co. Limited
Goderich, Ontario

André S. LaMothe
General Manager
Exports and Mill Feed
Ogilvie Flour Mills Company Limited
Montreal, Quebec

M. Leclerc
President
Les Laiteries Leclerc Inc.
Granby, Quebec

M. A. Massé
Delegate
Canadian Bankers Association
and
Executive Vice-President
Bank of Montreal
Montreal, Quebec

Fernand Masson
Regional Director - Administration
Acres International Limited
Toronto, Ontario

W. K. Nichols
Vice-President - Sales
TPL Industries Ltd.
Vancouver, British Columbia
and
President
Canadian Wood Council

P. Pariseault
General Manager
Coopérative agricole de Granby
Granby, Quebec

Claude Richard
Director
Telecommunications Systems - Africa
RCA Limited
Sainte-Anne-de-Bellevue, Quebec

Louis Rochette
President
Canadian Shipbuilding and Ship Repairing Association
and
Executive Vice-President
Marine Industries Limited
Montreal, Quebec

Marcel Sicard
Vice-President - Development
Surveyer, Nenniger & Chênevert Inc.
Montreal, Quebec

R. D. Southern
President
ATCO Industries Limited
Calgary, Alberta

James S. Woods
President
Alcan S.A.
Zurich, Switzerland

W. S. Zaruby
First Vice-President
Westburne International Industries Ltd.
Calgary, Alberta

c) Canadian Government Representatives in Algeria

L. Delvoie
Chargé d'Affaires

J. O. C. Demers
Counsellor (Development)

A. C. Perron
Commercial Secretary

C. Latulippe
First Secretary (Development)

PART II

INFORMATION ON THE ECONOMY OF ALGERIA

ECONOMIC SITUATION IN ALGERIA

Since independence (1962), the Algerian economy has undergone major changes. Agriculture has been converted into a system of relatively independent co-operatives. The industrial, mining, transportation, trade and banking sectors have been reorganized in the form of state corporations. Generally speaking, decisions concerning the public sector have been centralized and economic activity has developed in the form of medium-term plans.

Algeria's economic life is dependent on its oil income. In 1969, oil accounted for 23 per cent of the budgetary income of Algeria; reserves are vast and exploitation capabilities are rapidly increasing. Various recent international discussions have allowed Algeria to substantially raise the prices paid by its main customers. In the industrial sector, the Algerians have concentrated their efforts on the basic industries which should expand considerably (mines, construction, metalworking). In 1970, Algeria surpassed its ambitious investment forecasts. As for agriculture, mainly concentrated on grains and wines (also citrus fruits and olives), the results are less spectacular. Algeria must face massive imports of grains and reduce year by year its wine-growing operations, the produce of which is largely superfluous both in Algeria and abroad.

Thus, Algeria could be termed a country in full economic take-off with a rapidly progressing industry. Thanks to its abundant resources and the vigorous determination of its government, Algeria should be able to achieve its development plan (1970-73).

FOUR-YEAR PLAN (1970-73)

It is interesting to note in what measure the Algerians have been able to start achieving their program objectives.

I. Gross National Product

The GNP increased by an annual average of 9.5 per cent during the period 1967-69 (at current prices). It is estimated that the GNP in real terms has increased about 5 per cent per annum. During the first year of the Four-Year Plan, the unused industrial potential was greatly reduced, which did not fail to cause bottlenecks in this sector, especially in the field of building materials as a result of large-scale projects. Investment forecasts amount to 27.7 billion AD for the duration of the plan which should result in a 9 per cent per annum growth in the GNP in real terms. However, because of the increase in prices, it can be estimated that the actual increase was only about 5 per cent (in real terms) in 1970. The Banque extérieure d'Algérie reports that in 1970 the GNP increased by 8.9 per cent to reach 17,200 million AD.

II. Investments

Investments will be mostly directed towards industry (oil, metalworking and machine building will receive nearly half of the investments); agriculture and education will obtain lesser but not negligible shares. During the first year of the Four-Year Plan, investments topped provisions (6.9 billion AD compared to 3.1 during the 1967-69 period). The main features of the plan can be outlined as follows:

- pronounced investments, especially in industry;
- private consumption reduced to a minimum (an increase of 2 per cent per annum);
- all sectors will contribute;
- fixed prices for all basic consumer goods;
- maximum net salaries fixed at 2,000 AD per month;
- low-rental housing;
- guaranteed prices for agricultural produce;
- consumption of luxury goods extremely curtailed.

III. Production

The production policy will first put the accent on oil and gas. The income of this sector accounts for some 20 per cent of the GNP. In addition to the recent negotiations with the chief customers, which will secure

a substantial amount of additional foreign exchange, it is planned to increase the pipeline transportation capacity of SONATRACH. As for industry, the achievements of the manufacturing and construction sectors grew rapidly during the first year of the plan, creating pressures which Algerian authorities expect to remove by increasing rail transportation capacity and also by massive imports of cement. As for agriculture, Algerian authorities launched in April 1970 an agrarian reform program involving essentially a redistribution of lands and a diversification of crops. Because of the sagging international demand, the reduction of wine-growing operations will be continued.

IV. Financial Sector

The large surplus in the regular budget has allowed the government to promote its development program. The build-up of large reserves was made possible over the years through a very strict control of expenditures. State corporations also helped maintain a balance in this field. For the period 1970-73, increases in regular expenditures are strictly limited to 5 per cent per annum with the exception of education.

In previous years, the Treasury had financed most of the deficits either by reducing its own account or by issuing treasury bonds. In 1970, it drew more heavily on the resources of the Central Bank. Algerian authorities have shown some concern over the effect of development spending on the balance of payments and have consequently issued directives on the budget (expenditure quotas).

No major changes have occurred in the monetary system, which consists of a Central Bank, three state banks and two private banks of secondary importance. The three state banks have become specialized (BNA: in agricultural credit; BEA: in foreign credit; and CAD: in investments).

The CAD is rapidly gaining stature as a development bank. In 1970, foreign holdings decreased quite substantially. As for the balance of payments, the surplus has decreased and 1969 showed a deficit of \$81 million; the deficit for 1970 should be of the order of \$110 million. This has reduced foreign exchange reserves to \$300 million (towards the end of 1970).

Conclusions

Thus, it can be concluded that the year 1970 was essentially a period of transition between the Three-Year Plan (1967-69) and the Four-Year Plan (1970-73) and 1971 should be a corrective year. The program is ambitious in all fields but, in the light of the first reports, it appears that the general objectives of the plan can be carried out.

CANADA'S TRADE RELATIONS WITH ALGERIA

Algeria is one of the few countries of the Third World with the means to implement its own development policy. Oil and natural gas exports enable it to buy abroad the capital goods and services which it lacks while the nationalized structure of economic activity makes it possible to impose a measure of austerity in the field of consumer imports in order to concentrate on the goods and services which contribute immediately to the country's development.

Algeria has embarked on a four-year development plan (1970-73) (see page 11) and its national economic policy aims to diversify sources of supply and markets abroad. In this quest for diversification, Canada has a privileged position. To Algerian eyes, Canada is a medium power without any imperialistic ambitions; practises a moderate policy in international negotiations; has North American technology and a population which is partly French speaking.

TRADE BETWEEN CANADA AND ALGERIA

Until recently (see statistical section, pages 18 and 19), trade between Canada and Algeria was modest. The year 1970 was the turning point. From \$2.9 million in 1969, Canadian exports to Algeria zoomed to \$19.1 million in 1970 and reached \$30.4 million in 1971. As for our imports from Algeria, they amounted to \$348,000 in 1971.

CANADIAN EXPORTS TO ALGERIA

In spite of more than satisfactory progress, Canadian exports to Algeria are mainly concentrated in the wheat and lumber sectors. They account for close to 90 per cent of the total. There are few manufactured products, the notable exception being prefabricated buildings and structures. Besides wheat, lumber and prefabricated structures, the main exports are cheese, flour, asbestos and asbestos building materials, newsprint and machinery for the manufacture of footwear.

CANADIAN IMPORTS FROM ALGERIA

From 1966 to 1970, Canadian imports from Algeria fluctuated between \$43,000 and \$245,000. The latter figure was reached in 1967 and resulted from Algeria's participation in Expo 67. Only wine, and perhaps tires for cars and trucks, seem to have found a permanent though restricted market in Canada.

PROSPECTS FOR INCREASING TRADE

The ministerial mission has made it possible to define the actual prospects of increasing trade and economic exchanges. Among the factors:

Trade negotiations or discussions are under way between Canadian firms and Algerian authorities, particularly in the fields of telecommunications, poultry, breeding, prefabricated housing and engineering consultant services.

Between 400 and 500 Canadians are in Algeria, many of them working in the geophysical and petroleum fields.

A consortium of private banks directed by the Bank of Montreal recently made a \$10 million loan to Algeria and is interested in pursuing its activities.

Algeria would like to see Canada participate in a large number of projects within the Algerian Four-Year Plan.

With regard to Algerian exports to Canada, there would seem to be interesting prospects including exports of citrus fruits and wine.

ALGERIAN TRADE AND CANADA'S SHARE

Algerian foreign trade totalled about \$1 billion in both directions in 1969. Canada's share of Algerian imports was about 0.3 per cent in 1969 and 1.7 per cent in 1970. More than 70 per cent of Algerian trade is with the European Economic Community (50 per cent with France). This predominance of the Common Market, and more particularly of France, is the result of historical factors and Algeria's allegiance to the franc zone.

TRADE RELATIONS

Canada and Algeria have granted each other the status of most favoured nation at the tariff level in accordance with the Franco-Canadian agreement of 1933 and Algeria's de facto membership in the General Agreement on Tariffs and Trade.

Canada has maintained a trade commissioner in Algeria since 1971. Algeria has an economic counsellor in Ottawa.

ALGERIA: Four-Year Plan (1970-73)

Projected Public Investment by Sector

(million dinars - 1 dinar = \$0.2093)

I.	<u>Industry</u>	<u>12,400</u>
	A. Basic Industry	7,908
	Petrochemical and oil industry	4,573
	Mines	700
	Electric power	735
	Metalworking	1,900
	B. Manufacturing	<u>4,492</u>
	Engineering	1,275
	Textiles	515
	Foodstuffs	470
	Building materials	940
	Leather	60
	Chemicals	512
	Others	720
II.	<u>Agriculture</u>	<u>4,140</u>
	Irrigation	1,100
	Plantations, livestock and equipment	1,997
	Others	1,043
III.	<u>Infrastructure</u>	<u>5,387</u>
	Energy	641
	Dike construction	800
	Roadbuilding	1,012
	Telecommunications	365
	Transportation	800
	Housing	1,520
	Others	249
IV.	<u>Education and Social Benefits</u>	<u>4,239</u>
	Primary education	915
	Secondary education	1,245
	Higher education	558
	Vocational training	587
	Social benefits	934
V.	<u>Tourism</u>	<u>700</u>
VI.	<u>Administration</u>	<u>870</u>
	Total	<u>27,736</u>

MAIN CANADIAN EXPORTS TO ALGERIA - 1966-71

(\$'000 Can.)

<u>Products</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
<u>Total Canadian Exports</u>	969	2,674	7,309	2,948	19,138	30,407
Cheese	-	-	-	1,202	803	-
Powdered milk	74	-	306	94	-	-
Whole eggs	-	-	-	518	-	-
Barley	-	-	-	-	-	783
Wheat	771	806	5,907	-	11,538	21,894
Wheat flour	-	1,090	455	-	375	1,121
Asbestos, milled fibres and shorts	21	-	49	143	177	691
Lumber	-	-	-	244	4,759	4,833
Douglas fir plywood	-	-	-	-	-	149
Newsprint	-	-	-	-	172	119
Tallow	-	-	108	-	-	-
Aluminium bars, rods, sheets, etc.	9	86	244	240	558	461
Building materials, asbestos, asbestos cement	-	-	-	-	121	51
Shoe manufacturing machinery	31	3	7	332	59	4
Prefabricated buildings and structures, units n.d.e.	-	633	149	18	429	202
Contractors' equipment	-	-	-	103	16	-

MAIN CANADIAN IMPORTS FROM ALGERIA 1966-71

(\$'000 Can.)

<u>Products</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971</u>
Table wines	31	77	23	30	69	69
Olives	4	4	47	3	-	4
Dates	-	-	4	-	-	-
Men's shoes	-	-	-	5	-	-
New tires	-	-	-	-	37	29
Smoking supplies	3	-	-	-	-	-
Barrels, casks and packing	1	2	1	1	2	3
Works of art and collection	7	8	7	-	2	7
Rugs and tapestries	-	14	19	-	-	-
Jewels	-	24	2	-	-	-
Travel and advertising literature	-	69	19	-	-	-
Textiles and bedding	-	20	1	-	-	-
Others (mainly EXPO)	-	16	11	-	-	-
Goods returned within 5 years	-	3	-	3	84	235
Shipments worth less than \$200	1	8	6	1	-	1
 TOTAL CANADIAN IMPORTS	 47	 245	 140	 43	 194	 348

PART III

MISSION PROGRAM

The work programs of the Minister and members of the mission were prepared according to the mission's objectives.

Mr. Pepin had talks with the President of the Republic and the Minister of Foreign Affairs as well as the ministers and secretaries of state in charge of the following sectors: agriculture, finance, trade, transportation, industry, energy and planning. Mr. Pepin also met representatives of the major state corporations and national banks. In addition to several interviews with Canadian and Algerian representatives of the press, radio and television, Mr. Pepin gave two news conferences.

Canadian businessmen and officials discussed during talks with their Algerian counterparts, individually or in small groups, trade relations affecting the following industrial sectors: agriculture, dairy industry and food products, civil aviation, lumber and wood industry equipment, engineering services, mining and steel; equipment for agriculture and public works; petroleum and natural gas; telecommunications; shipping.

This procedure made it possible to gather in a single group the Minister, some officials and some businessmen representing various industries in order to study the Algerian market for Canadian products. In addition, members of the mission were able to benefit from the publicity received by the Minister following his meetings with Algerian counterparts. Daily information sessions attended by the Minister made it possible to review in detail the sectors studied during the day and to plan the following day's work.

MINISTER'S PROGRAM

Mr. Pepin's official host was Algerian Trade Minister Layachi Yaker. The purpose of the scheduled meetings was to disclose Canadian policies to the Algerian ministers and high officials and to allow an exchange of views on economic and trade relations between the two

countries. Members present at some of these meetings were Messrs. Kniewasser, Hardy, Aitken, Gérin, Labbé, Ritchie, Van Meurs and Brault.

In addition to these interviews, Mr. Pepin had the opportunity to visit, accompanied by his host and a few members of the mission, industrial installations situated in the vicinity of Algiers and Oran. He also went to Arzew (a key petrochemical complex) and to Hassi-Messaoud (large petroleum centre). These visits allowed the Minister and those accompanying him to gain a better understanding of Algerian achievements in the industrial field.

The Algerian press, radio and television mentioned the Minister's movements and interviews on several occasions from his arrival, on November 21, up to the inauguration of the embassy and his departure on November 24.

In addition to Mr. Yaker, Mr. Pepin met the following members of the Algerian Government:

His Excellency Houari Boumediene, President of the Revolutionary Council and Head of the Government

H.E. Mr. Abdelaziz Bouteflika, Minister of Foreign Affairs

H.E. Mr. Tayebi Larbi, Minister of Agriculture and Agrarian Reform

H.E. Mr. Smail Mahroug, Minister of Finance

H.E. Mr. Rabah Bitat, Minister of State in charge of Transportation

H.E. Mr. Belaid Abdesselam, Minister of Industry and Energy

H.E. Mr. Kamel Abdellah Khodja, Secretary of State for Planning.

MEMBERS' PROGRAM

Members of the mission attended information sessions on Algeria at the Canadian Embassy in Paris, November 20, and on the night of their arrival in Algiers.

In addition, work sessions were arranged at the embassy every evening during the mission's stay in Algeria.

Members took part in the opening and closing sessions presided over by Ministers Yaker and Pepin and were able, on these occasions and at official receptions, to talk with their Algerian colleagues.

The businessmen's program was worked out in such a manner as to allow each member to discuss matters of mutual interest with Algerian representatives. To that effect, members were divided into nine groups according to the industrial sectors they represented. A first meeting took place with their Algerian counterparts of various ministries. This allowed a roundup of the sector in question and the scheduling of subsequent meetings during which discussions could be continued. This procedure gave ample latitude to members who wished to pursue the study of any particular question.

Members thus had a flexible program which allowed them to study the market for which they were most qualified. As 10 of the major sectors of Canadian industry were represented, it was possible to study in depth the trade opportunities available to Canadian manufacturers.

Many businessmen had already made contacts on their own in several sectors. Most of the members were in a position to identify possible market opportunities either for the sector they represented or for a related sector. In some cases, new deals were negotiated on the spot.

A. C. Perron, commercial secretary in Algiers, organized the mission's general program and with other embassy staff members planned a round of activities for Canadian media representatives.

THE CANADIAN PRESS CORPS

Canadian journalists accompanying the members of the mission were:

J. L. Caron, Radio Canada Service International, Montreal;

P. Daniel, CBC, International Service, Paris correspondent;

J. Forgue, cameraman, CBC, International Service, Paris;

Y. Corre, sound technician, CBC, International Service, Paris;

R. Dubé, editor-in-chief, Le Soleil, Quebec City;

M. Gingras, editor-in-chief, Le Droit, Ottawa;

L. Laplante, editorial writer, Le Devoir, Montreal.

Their program included a preliminary meeting with officials of the press service of the Ministry of Information and Culture, followed by a meeting with press service staff from the Protocol Office of the Ministry of Foreign Affairs. During their three days in Algeria, members of the Canadian press corps also had many opportunities to meet journalists from the Algerian radio and television network as well as the editorial staff of the newspaper El Moudjhaïd and representatives of Reuters and Izvestia agencies.

Besides many articles by Canadian Press, France Presse and Reuters agencies, publicity was given to the visit by every Algerian newspaper. The following Canadian dailies published series of articles on both the activities of the official visitors to Algeria and the development opportunities in the country that their authors were able to investigate at first hand. These papers were Le Droit, with a series of four articles, Le Devoir, with three articles, and Le Soleil, with three articles.

The following two pages give an account of radio and television programs in Canada and in Algeria covering the activities of the Minister and the other members of the delegation.

CBC PROGRAMMING IN CANADA

SUBJECT: MR. PEPIN'S VISIT TO ALGERIA

<u>DATE</u>	<u>EVENT</u>	<u>LENGTH</u>	<u>TRANSMISSION</u>
Nov. 22	Opening report on the visit telephoned at 17.00 hrs. GMT	2:50 Min.	Same day at 19.15 hrs. GMT to Africa.
Nov. 24	Interview with Mr. Pepin and Mr. Yaker, and report on co-operation agreement, sent RTA radio-telephone at 17.00 hrs. GMT	4 Min.	Same day at 19.15 hrs. GMT to Africa, at 18.00 hrs. EST on French network and at 07.45 hrs. GMT (Nov. 25) to Africa and Europe.
Nov. 25	Results of the visit telephoned at 16.00 hrs. GMT	3 Min.	Same day at 19.15 hrs. GMT to Africa and at 07.45 hrs. GMT (Nov. 26) to Africa and Europe.
Nov. 26	Complete press conference by Mr. Pepin and Mr. Yaker at end of visit sent by plane	8 Min.	Same day at 19.15 hrs. GMT to Africa and extract at 07.45 hrs. GMT (Nov. 27) to Africa and Europe.
Dec. 2	Interview with Ambassador Hardy	4 Min.	Same day at 19.15 hrs. GMT to Africa.
Dec. 6	Interview with Jacques Gérin of the Canadian International Development Agency		19.15 hrs. GMT to Africa.

ALGERIAN RADIO AND TELEVISION NETWORK PROGRAMMING

SUBJECT: MR. PEPIN'S VISIT TO ALGERIA

<u>DATE</u>	<u>EVENT</u>	<u>LENGTH</u>
Nov. 21	Algiers: Panorama, general view	27 secs.
	Airport: Arrival	32 secs.
	Interview	
	Algiers: Visit to Sidi-Ferruch tourist complex	1.15 min.
Nov. 22	Trade Minister Yaker meeting delegation	24 secs.
	Negotiations	34 secs.
	Transport Minister Bitat meeting delegation	22 secs.
	Industry and Energy Minister Abdesselam meeting delegation	22 secs.
	Agriculture and Agrarian Reform	22 secs.
	Minister Larbi meeting delegation	
	Finance Minister Mahroug meeting delegation	22 secs.
Nov. 23	Oran: Arzew petrochemical complex, gas terminal	33 secs.
	"Camel" factory	34 secs.
	Refinery under construction	1.34 min.
	Hassi-Messaoud: Sahara, petroleum research complex pipeline terminal	57 secs.
Nov. 24	Algiers: Negotiations	57 secs.
	Foreign Affairs Minister Bouteflika, meeting delegation	20 secs.
	Secretary of State for Plan Khodja, meeting delegation	27 secs.
	Opening of Canadian Embassy with Algerian Trade Minister Yaker	1 min.
	President Boumediene meeting delegation	33 secs.
	Airport: Press Conference, Mr. Pepin, and departure	44 secs.

GENERAL SCHEDULE OF ACTIVITIES

The Commercial Section of the Canadian Embassy in Algiers was assigned to organize the activities of mission members.

SUNDAY, NOVEMBER 21, 1971

MINISTER

(hrs.)

ALL MISSION MEMBERS

(hrs.)

BUSINESSMEN

(hrs.)

0930 Press conference

0925 Arrival at Algiers

Delegation received at the
airport by H.E. Layachi
Yaker, Algerian Trade
Minister

1200 Lunch and tour of
the west shore with
Mr. Yaker

1830 Work session at the
Canadian Embassy

1200 Lunch and visit of
tourist complex in the
vicinity of Algiers

MONDAY, NOVEMBER 22, 1971

MINISTER

(hrs.)

1000 H.E. Layachi Yaker,
Minister of Trade,
Government House

ALL MISSION MEMBERS

(hrs.)

1030 Full opening session
attended by both delegations
at Government House

1230 Luncheon given by a Canadian
company, Westburne International
Drilling Ltd.

1400 H.E. Layachi Yaker,
Minister of Trade,
Government House

1500 H.E. Rabah Bitat,
Minister of State in
charge of Transportation

1600 H.E. Belaid Abdesselam,
Minister of Industry and Energy

1730 H.E. Tayebi Larbi, Minister of
Agriculture and Agrarian Reform

1830 H.E. Smaïl Mahroug, Minister of
Finance

1900 Work session at the Canadian Embassy
2030 Dinner given by Mr. Yaker, Minister
of Trade, Exhibition Hall

BUSINESSMEN

(hrs.)

1500 Business talks
began and AID
group starts
working meetings:
meetings in various
ministries; first
sectorial contract
and roundup;
appointments set
up for the following
day.

TUESDAY, NOVEMBER 23, 1971

MINISTER

(hrs.)

0700 Departure for Oran and
tour of the Arzew petro-
chemical complex

1100 Departure for Hassi-
Messaoud in the Sahara
to visit the oilfields

1930 Return to Algiers

ALL MISSION MEMBERS

(hrs.)

2030 Dinner given by
H.E. Belaid Abdesselam,
Minister of Industry and
Energy

2300 Work session, Canadian
Embassy

BUSINESSMEN

(hrs.)

0900 Talks between individuals
or small groups at the
ministries or state
corporations according
to interests, and
continuation of
industrial visits

WORKING MEETINGS OF AID

0900 Continuation of working
meetings in various
ministries

1430 Plenary session,
Ministry of Foreign
Affairs

GOVERNMENT OFFICIALS

1500 Meeting regarding
questions connected with
the development of
Canada-Algeria trade,
Ministry of Trade

WEDNESDAY, NOVEMBER 24, 1971

MINISTER

(hrs.)

1030 H.E. Mr. Abdelaziz
Bouteflika, Minister
of Foreign Affairs

1130 Press conference

1500 H.E. Mr. Kamel
Abdellah-Khodja,
Secretary of State in
charge of the Plan

1630 Audience given by H.E.
President Houari Boumediene

1830 Press conference

ALL MISSION MEMBERS

(hrs.)

0900 Closing session, Government House
Speeches by Messrs. Yaker and
Pepin

1230 State luncheon given by the
Canadian Minister of Industry,
Trade and Commerce

1400 Inauguration of the Canadian
Embassy; the flag is hoisted
for the first time

1800 Departure for airport

1900 Departure from Algiers

BUSINESSMEN

(hrs.)

1130 Conclusion of
individual meetings

PART IV

RESULTS OF THE MISSION

The following review by sectors is a summary of detailed reports prepared by members of the mission on various meetings with their Algerian counterparts. This information will help inform Canadian industry of new markets discovered by mission members during their stay in Algeria.

AGRICULTURE AND FOOD PRODUCTS

Members of the mission:

A. S. LaMothe, General Manager, Exports and Mill Feed, Ogilvie Flour Mills Co.

M. Leclerc, President, Les Laiteries Leclerc Inc.

P. Pariseault, General Manager, Coopérative agricole de Granby

L. L. Lefebvre, Agriculture, Fisheries and Food Products Branch, Department of Industry, Trade and Commerce

Algerian representatives:

Ministry of Commerce

Mr. S. Kellodi, Assistant Director of Trade Expansion

Ministry of Industry and Energy

Mr. M. Mokraoui, Director of Food and Agricultural Industries

ONAPO (National Edible Oil Products Board)

Mr. M. Ouslim, General Secretary and Assistant Director of Marketing at the Ministry of Agriculture

National Dairy Board

Mr. B. Rouis, General Director

ONACO (National Marketing Board)

Mr. K. Dib, Director of Procurement

ONAB (National Livestock Feed Board)

Mr. Atie, Director
Mr. Abdellatif

OFLA (Algerian Fruit and Vegetable Board)

Mr. A. Amora
Mr. Boucherrafa

ONCV (National Wine Marketing Board)

Mr. A. Kora-Terki, General Director

Société agricole de Prévoyance

Mr. M. Hossein, Director

Milling

Algeria has six feed mills with a total annual capacity of 42,000 tons. These mills produce balls, powders and mash, especially for poultry and livestock. All the additives, pre-mixtures, vitamins and secondary grains are imported. In addition, Algeria imports Canadian durum wheat and fully expects to continue adding this higher quality wheat to its usual supplies so as to increase the protein content of its bread. However, flour production cannot meet the demand.

Three mills are scheduled for construction in 1972, each having an hourly capacity of ten tons. Tenders for these projects will be called during the course of 1972. Canadian industrialists will be able to offer turnkey plants or make separate bids for the equipment only. Although the Algerians are not interested in proposals for management contracts, they would be inclined to consider any technical co-operation in this field.

The priorities of the Algerian government for the consolidation of the development plan in this field are:

- 1) the perfecting of a grain storage program through construction of grain silos to supply the new mills and the creation of reserves for their food and seed requirements;
- 2) the creation of a food technology institute;
- 3) the development of an irrigation program for the high Algerian plateaus.

This opens interesting possibilities to Canadian industry for the supply of equipment and for technical aid.

Animal Husbandry

Algeria has about 10 million sheep and 900,000 cattle. The latter have a very limited milk production and are raised mostly for meat. As part of a scheme to increase meat yields, the authorities have expressed the desire to see Canadian experts contribute to a study for the creation of a pilot livestock centre. This centre would include 20,000 sheep, 5,000 cattle and 1,000 milk calves and would be supplied by six ancillary plants in Algeria. The Algerians would like to receive technical aid from Canadian specialists, mainly for cattle raising

Poultry

In the poultry sector, there are plans to establish a meat and egg poultry industry including parental breeding, hatcheries, growing units and slaughter-houses as well as egg processing plants. A large portion of this project is of Canadian conception. The first phase (1971-72) would include the establishment of:

- 1) parental breeding farms containing 120,000 birds and hatcheries with a capacity of seven million eggs a year;
- 2) an evisceration plant with a capacity of 2,000 birds an hour;
- 3) a processing plant for table eggs with a capacity of six million eggs a year.

The second phase (1972-73) would involve the construction of a poultry abattoir with a capacity of 1,600 birds an hour, three growing units, hatcheries and an egg-processing plant.

Fruits and Vegetables

Algeria plans to build cold storage plants with a total capacity of 40,000 cubic metres and to use cold storage trucks for fruits and vegetables.

Dairy Industry

In Algeria, milk production comes from goats, sheep and dairy cows. The national consumption of milk in all its forms is 54 litres per capita, and it is estimated that 30 of these litres are imported. This milk is imported from France in pasteurized liquid form. It is brought in by ship and in heat-proof tanks with a capacity of 5,000 litres each.

Local production cost for milk is very high. As it is intended to increase consumption to 70 litres per capita by 1980, retail prices have to be kept at the lowest level possible. This country also imports powdered skimmed milk and butter oil for reconstitution into milk yogurt and cheese. In 1970, Algeria imported 7,400 tons of powdered skimmed milk including 3,200 tons from Canada. Fresh cheeses are in great demand and consumption amounts to nearly 6,000 metric tons a year. It is also estimated that butter consumption is 6,000 metric tons a year.

There are plans to develop dairy production along the Mediterranean coast where grass and fodder crops are more abundant. Irrigation is better, the rainfall heavier and the climate more favourable. In addition, this area is more densely populated.

A program of plant construction and modernization of existing dairy plants has been launched by the government. For example, the Anneba plant, which now produces 30,000 litres of milk a day, will soon have a capacity of 200,000 litres. Likewise, the Algiers plant will soon have a capacity of 150,000 litres a day while those of Constantine and El Kemis will each be able to process 160,000 litres.

It is planned to build at Birtouta, a factory producing sweetened and unsweetened condensed milk (from powdered skimmed milk and local vegetable oils) with an annual capacity of 20 to 30,000 tons. This complex would be supported by smaller specialized country plants and by a large network of delivery stations from which the milk will be transported in heat-proof tanks. This means a good market for both production and storage equipment (for example, refrigerating tanks as well as metal cans for condensed milk) and also transportation equipment (heat proof shipping tanks.) Members of the mission reported possibilities for Canadian suppliers to participate financially in the achievement of projects for which equipment is purchased.

The Ministry of Agriculture would like to set up a program for the development of farm-level agricultural production with a system of permanent stalling of cattle instead of favouring the industrial cultivation of fodder for livestock. This program will have to be highly integrated to allow optimum use of by-products. Our co-operation in this field could be offered at the following levels:

- 1) The training of executives and operating technicians as well as technical aid to bring these various projects to fruition. (ONALAIT would like, among other things, to create a dairy school.)
- 2) The supplying of Holstein dairy cattle. A call for tenders in connection with this project has been issued on an international scale, and Canadians have already replied. The object is to buy heifers which will be shipped either on special boats chartered by Algeria or by air as has already been done with Canadian calves sold to other countries. Algeria would like to attain a total 100,000 head of improved livestock by importing 30,000 heifers at the rate of 6,000 a year. Keen interest has been shown in artificial insemination and the importation of frozen semen in inert nitrogen at -300°C .

All imports of powdered skimmed milk and butter oil will be effected from now on through ONALAIT. ONALAIT plans an ambitious program to offer Algerian consumers, from local production which is to be developed in time, the following dairy products: sterilized natural milk; acidized milk; butter; cheese (creamy and non-creamy types); sweetened and unsweetened condensed milk; yogurt and fresh cream. Import plans for the next 5 years are:

Powdered Milk

1973	7,090 (metric tons)
1974	16,400
1975	14,400
1976	12,400
1977	<u>9,720</u>
	60,010

Butter Oil

1,845 (metric tons)
3,700
3,000
2,200
<u>1,400</u>
12,145

Canada could provide some 6,000 metric tons of powdered milk a year. Algerian authorities insist that these supplies be received on a regular basis. Algeria has already asked Canada to submit tenders for the supply of 10,000 tons of evaporated milk, 15,000 tons of sweetened condensed milk and 1,500 tons of powdered milk. It is clear that the Algerian dairy industry offers good outlets as present priorities range from the import of dairy cattle to the design and construction of dairies, cheese factories and plants for consumer-type reconstituted milk.

Algerian Products

The information which mission members were able to gather on the agricultural and food sectors confirmed that Algeria could sell Canada products such as wines, fruits, vegetables and jasmin and geranium concentrates.

It was also noted during talks with the management of the Société agricole du Prévoyance that Algeria manufactures saddles, riding boots, curios, pottery and decorative arms, and produces traditional hand-made rugs.

Canadian representatives strongly underlined the rigid prerequisites for the marketing in Canada of all these products and the necessity for Algerians to establish permanent contacts in order to penetrate the Canadian market and maintain their position.

CIVIL AVIATION

Members of the mission:

J. E. Bisson, Director of Overseas Marketing
Canadair Limited

F. R. Turcotte, Trade Commissioner Service
Department of Industry, Trade and Commerce

Algerian Representatives:

Ministry of State in Charge of Transport

Mr. T. Cherif, Chief, Legislation Bureau,
Assistant Director, Transport and Flying Services

STA (Flying Services Corporation)

Mr. M. Bouamrene, Director General

Mr. M. Seghir, Assistant Director General

MARA (Ministry of Agriculture and Agrarian Reform)

Mr. A. Dekhli, Chief Inspector, Waters and Forests

Mr. Manaa, Assistant Director of Planning, Planning and Research Branch

Ministry of the Interior (Civil Protection)

Mr. A. Dekhli, Civil Administrator, National Civil Protection Service, and Director, National Civil Protection School

Mr. T. Ghris, Bureau Chief

The battle against forest fires is a major problem for the Algerian authorities who are studying the possibility of using water bombers to solve the difficulty.

The use of these planes could be twofold: for dropping water on forest fires, which are most common from May to October, and spreading highly concentrated liquid fertilizer (at a rate of 100 to 150 kilograms per hectare) during the rest of the year since this is not possible with present equipment. The STA, which is under the Civil Aviation Branch, would fly these planes for the departments of Agriculture and of the Interior. It would also be in charge of technical evaluation of equipment before purchase, staff training and, in co-operation with the manufacturer, after-sales service and maintenance of the planes.

The field of civil aviation offers Canada a vast field for co-operation. There is the possibility of a flying centre, training centre for mechanics, staff training for a civil aviation school, the training of specialists in hydrometeorology and agrometeorology and development of aerodromes and air navigation.

The Civil Protection Service is particularly interested in ground infrastructure equipment such as gear for fire fighters (tents, axes, fireproof clothing); ground communications equipment (radio); ground transport equipment (tank-trucks, emergency trucks); and any equipment used by police for civil protection in cities in case of disaster or riots. Canadian manufacturers should take careful note of the possibilities in this sector.

WOOD AND EQUIPMENT FOR THE WOOD INDUSTRY

Members of the mission:

C. Guérette, President, Raoul Guérette Inc., and
President, Quebec Lumber Manufacturers Association

W. K. Nichols, Vice-President - Sales, TPL
Industries Ltd., and President, Canadian Wood Council

Algerian Representatives:

SONELGAZ (National Electricity and Gas Corporation)

Mr. C. Khelif, Special Projects

SONACOB (National Wood Marketing Corporation)

Mr. Benchicou, Director General

Mr. Khalfoun, Director of Supplies

PTT Ministry (Post Office, Telephone, Telegraph)

Mr. Saouti, Chief, National PTT Supplies Committee

SNCFA (Algerian National Railways)

Mr. A. Bouchene, Chief, Road Supplies

SNIB (National Wood Industries Corporation)

Mr. A. Abderrahmane, Director of Supplies

Mr. H. Kharfallah, Director, Panelling Department

Mr. A. Mena, Department Director

The Algerian market offers excellent possibilities for Canadian forest products. Although the country has some forest resources, notably resinous woods, it has to import a large quantity of the wood used in industry.

The Algerians seem to be quite willing to import wood and forest products from Canada. The new national classification regulations and the present standardization measures by QLMA and other Canadian associations were explained to them in detail. These permit a careful check of material type and quality before it leaves Canada. The Algerians are also aware that they can order lumber from any part of Canada since the classification and standards which are recognized throughout the country ensure uniformity of quality.

SONACOB is responsible for all imports of wood and wood products and distribution to the users. Through this company Algeria calls for tenders for its needs each year on the international market. Large quantities are imported (i.e., from 2 to 3 million board feet by purchase contract) and these are increasing from year to year. These grouped orders are particularly valuable to the Algerians since they permit reduction of shipping costs by use of time charters. SONACOB has no official suppliers and price and conditions of payment are the main factors determining the signing of contracts.

Housing is not one of the priorities of the current Four-Year Plan but it is to be given greater prominence in the next one, and this will no doubt offer profitable opportunities to Canadian producers. For this reason, interested firms would be well advised to have their names put on SONACOB's list of possible suppliers in order to receive calls for tenders. It is essential to use the metric system and to correspond in French.

Algerian companies supplied through SONACOB are the following:

SONELGAZ

SONELGAZ requires 10,000 poles a year. These are of wood, preferably treated by the Bethell process, i.e., coated with copper sulphate and creosoted at the base. Technical specifications are very close to those used by the PTT in France. The length of pole used varies from 5.5 to 10 metres, with a class A diameter. Specifications may be obtained from Canada's embassy in Algeria.

PTT

The PTT plans to import a total of 60,000 poles a year over the next three years. Technical specifications are the same as mentioned above.

SNCFA

This company uses an average of 12,000 poles a year and has adopted the same specifications as SONEGAS and the PTT. In addition, the SNCFA expects a requirement for 145,000 railway ties in 1972. At present only untreated wood, mainly oak, is being imported, and Australian jarrah is being tested.

SNIB

This company groups together the wood products factories (office furniture, general furniture, crates, wallboard and Sahara cabin factories). The aim of the SNIB is to oversee the modernization and expansion of these plants and to establish new ones. It is responsible for buying and setting up machinery and training staff as well as giving technical assistance and improving technological processes required for the operation of the plants.

The SNIB's plans under the 1970-73 Four-Year Plan include a particle board factory to be in production by early 1972; standard and mobile prefabricated homes factory; furniture factory to be built in 1972; two general woodworking shops and two plywood factories.

In short, the possibilities of selling wood for furniture and woodworking are excellent. Moreover, the SNIB is interested in arranging contracts immediately with Canadian suppliers for equipment required for the factories mentioned above.

ENGINEERING CONSULTANT SERVICES

Members of the Mission:

Dr. G. Côté, President, Economic and Scientific Research
and Standards Institute

A. Ducharme, Executive Director, Asselin, Benoit, Boucher,
Ducharme and Lapointe

F. Masson, Regional Director - Administration,
Acres International Limited

M. Sicard, Vice-President - Development, Surveyor,
Nenniger and Chênevert Inc.

J. S. Woods, President, Alcan S.A.

Algerian Representatives:

SONACOME (National Mechanical Engineering Corporation)

M. Ferroukhi, Director

SONAREM (National Mining Exploration Research Corporation)

Mr. T. Hamdi, Director General

Mr. Laifa, Chief, Department of Mining Research

Mr. K. Louldri, Director

Mr. S. Guerrak, Geologist

Mr. Benhamides

SONATRACH (National Corporation for Commercial
Hydrocarbon Transport)

Mr. A. Maoui, Engineer

SONELEC

Mr. M. Hajad-Aoul, Director General

Mr. Ouassini Yadi, Assistant Director

Mr. A. Moulay, Unit Management

SONELGAZ (National Electricity and Gas Corporation)

Mr. R. Leonardon, Director, Electrical Equipment

Mr. K. Heba

SONIC (National Cellulose Corporation)

Mr. Y. Chérif, Commercial Services

SNMC (National Construction Materials Corporation)

Mr. Belhadi, Acting Director

Ministry of Public Works

Mr. N. Terfaia, Director, Housing and Urban Planning

Mr. N. Mohammedi, Construction Engineer with Minister's Office

SNS (National Siderurgy Corporation)

Mr. Boudjemeline, Director of Siderurgy and Metallurgy

Mr. Hocine, Engineer

Mr. Jakta, Engineer

Ministry of Industry and Energy

Mr. Bencheikh

Mr. Ameer-Moussa

Mr. Kerroum, First Secretary of the Algerian Embassy in Ottawa

This field offers great possibilities for Canadian participation in the economic development of Algeria.

Housing and Construction

The Algerian government is negotiating with a Canadian firm for construction of a concrete unit manufacturing plant. This new industrial manufacturing method would be used not only for construction of housing, but also for schools and industrial buildings. It would, moreover, make up for shortages in the local production of bricks, tiles and cement blocks. At present, cement is imported from France and Italy. With the natural resources and the factories under construction, Algeria expects to not only meet its national demand but also become an exporting nation by the 1980s.

Canadian engineers and technicians could make their services available to national corporations involved in prefabricated housing to improve the techniques used in order to increase present production. Co-operation in the standardization of prefabricated modules might also be useful.

In the near future, Algeria plans to carry out several projects which are of importance for the construction industry, for example, the expansion of the iron-smelter at El Hadjar and the establishment of an aluminum smelter. The specifications of the latter project were shown to the members of the mission, and they were also able to discuss the establishment of related factories for semi-manufactured products, the growth possibilities of the Algerian market, the possibilities of exporting to the Common Market and neighbouring countries as well as the choice of the proposed site and the probable costs of the energy to be used.

Electrical and Electronic Equipment

There are no immediate plans for steam or hydro-electric power stations. However, a study of anticipated consumption of electricity until 1980 will be completed during the next six to nine months.

However, SONEGAS is building a high-voltage transmission line 400 km long between Oran and Algiers and tenders will soon be called for transformers.

It is also planned to expand electrical cable factories in order to manufacture complete units or component parts for medium-voltage switching gears.

In brief, the field of electrical transmission offers a wide scope for technical co-operation which the Algerian authorities would like to see develop over the next few years.

As for electronics, Algeria is planning to establish a manufacturing complex in the near future for the production of telephones, television sets, radios and components. Here again, the members of the mission found interesting possibilities for co-operation. Algeria would like to profit from its contacts with Canada which has been able to put North American technology to good advantage in this field.

Pulp and Paper

Plans for the pulp and paper industry are co-ordinated by SONIC. Calls for tenders will always be for turnkey projects. One current project that may interest Canadian industry is the construction of a staple fibre and cellophane factory.

Mining

Algeria is planning important mining projects. For example, the development of the Eglab mine (lead and zinc), the construction of a phosphoric acid transformation plant with a yearly capacity of 150,000 tons (estimated cost \$16,000,000), the development of the Ouenza iron mines to double production to five million tons and a coal mine in the Bechai region with a production of one million tons.

Canadian firms could offer their expertise both for the development of these projects and modernization of the methods and equipment now being used. Technical assistance in exploitation of mineral deposits could be another interesting field for Canada.

The Algerian authorities would like to obtain foreign participation in establishing an occupational training centre and mixed corporation for mining exploration.

PUBLIC WORKS EQUIPMENT

Members of the Mission:

C. R. D. Kelly, Vice-President, The Dominion Road Machinery Co. Ltd.

R. Ledoux, Trade Commissioner Service, Department of Industry, Trade and Commerce

Algerian Representatives:

SONACOME (National Mechanical Engineering Corporation)

Mr. H. Ferroukhi, Director

Mr. M. S. Djennane, Chief, Farm Machinery Project

Mr. H. Boucherat, Construction Materials Division,
Public Works

Ministry of Public Works

Captain K. Omar, Director General

Mr. Kortbi, Director

Mr. Mohammedi

DNC/ANP (National Directorate for Civilian Co-operation
with the People's National Army)

Mr. H. Hamouyoucef, Director

Judging by the work under way and the projects being planned, Algeria offers an excellent market for highway construction equipment. For example, work began this year on the construction of the Trans-Sahara highway, 1,800 km of which will be within Algeria, and it is planned to complete the first 360 km before the end of 1972. Each year, 150 km will be added.

Moreover, every year 50 km are added to the highway system already in existence, which now has more than 90,000 km. Technical studies for the construction of the Algiers expressway have already begun and will be completed in 1973. Construction will begin in 1973 and should be completely finished two years later.

Algeria requires the following construction equipment: 30 graders; 200 backhoes; 200 rubber tire loaders; 70 loaders with tracks; 300 front-end loaders; 300 compressors; four asphalt mixer stations (100 tons per hour); 10 asphalt spreaders (finishers); 60 rollers; 100 roller-vibrators; and 500 cement mixers with a capacity of 300 to 700 litres. SONACOME is responsible for the purchase of this equipment as well as all heavy motorized transport equipment for mining and agriculture.

Canadian farm equipment manufacturers should also be able to penetrate the Algerian market. Algeria needs 500 hay balers; 500 mowers; 2,000 harrows, rakes, trailers; 1,500 grain wagons; 3,000 combiners of shares (coulters) and discs for plows; and 2,000 sower cops (drill hoppers).

The construction of a Deutz motor factory for tractors, buses and trucks has already begun, so preference will be given to imports of equipment that can use these motors. Moreover, the Algerians attach a great deal of importance to after-sales service and prefer to try out any new machine before buying it.

The Algerian authorities, who until now have been buying this equipment from traditional suppliers, would like to maintain a certain standardization in their equipment. Canadian manufacturers will therefore have to offer attractive prices, good financing conditions, good after-sales service and undertake a mechanical training program.

PETROLEUM AND NATURAL GAS SECTOR

Members of the Mission:

G. R. Ritchie, Chief, International Resources Division,
Department of Industry, Trade and Commerce

R. D. Southern, President, ATCO Industries Ltd.

Dr. A. Van Meurs, Economist - International Studies,
Energy Sector, Department of Energy, Mines and Resources

W. S. Zaruby, First Vice-President, Westburne International Industries Ltd.

Algerian Representatives:

Ministry of Industry and Energy

Mr. Bencheikh, Mission Head

SONATRACH (National Corporation for Commercial Hydrocarbon Transport)

Mr. S. A. Ghozali, Director General

Mr. Khouni, Assistant Director General

Mr. Ben Mahdi, Finance Branch

Mr. Djellali, Finance Branch

Mr. A. Maoui, Engineer

SONACOME (National Mechanical Engineering Corporation)

Mr. Ferroukhi, Trade Director

Although Algeria did not become an exporter of oil until 1958, production reached 50 million tons in 1970. Algeria's reserves are estimated at 1.7 billion tons, and nearly 600,000 square kilometers have not yet been prospected. A production goal of 100 million tons within 10 years has been set. To do this, SONATRACH has to develop pipelines to carry it since at present lack of transport facilities is limiting production of crude oil.

SONATRACH was created in 1964 and originally was concerned only with the transport of oil and gas. Today, this corporation controls all oil production and owns all oil and gas pipelines and liquefaction plants.

All foreign companies were nationalized in 1970 and it is no longer possible for a foreign oil company to come into Algeria.

Before nationalization, SONATRACH produced 15 million of the total 50 million tons of oil produced. At that time, 50 per cent of the total production was exported to France, 10 million to Spain (Hispanoil), and the rest sold according to international market conditions.

Today SONATRACH controls a production of 28 million tons, of which contracts have already been signed for 23 million.

- In May 1971, the Brazilian state corporation PETROBAS signed a contract to buy 1.4 million tons.
- A West German company signed a contract to buy 10.5 million tons during the next five years at a price of \$2.75 a barrel.
- A contract was signed between SONATRACH, Mobil and Shell, providing for the sale of seven million tons of crude oil to each of the latter over a period of four years.
- Italy has just signed an agreement providing for the purchase of 90,000 - 120,000 tons of lubricants for a period of two years.

Since oil production is limited at present by low pipeline transport capacity, plans call for finding ways of moving 65 million tons by 1973.

Production of natural gas began in 1961. That same year, it reached 231 billion cubic metres and by 1968 it had climbed to 7,868 billion cubic metres.

Algerian gas is clean and does not contain any oil, so it is especially easy to process. It is one of the best gases for use in the chemical industry.

The main deposits are found in the region of Hassi-R'mel, 500 km south of Algiers. This is the second largest deposit on the market, giving Algeria one eighth of the world's reserves. An additional gas pipeline will be built to join with the Arzew liquefaction complex which, when completed in 1976, will include six liquefaction units with a total capacity of 10 billion cubic metres of liquefied gas a year. It is planned to build similar facilities at Skikda with a production capacity of 4.5 million cubic metres a day. Moreover, an annual production of 53,000 tons of ethane and 110,000 tons of butane is planned. The complex will also include storage tanks holding 56,000 cubic metres of liquefied gas and loading facilities for 120,000-cubic-metre-methane tankers.

As for marketing, Algeria so far has been selling one billion cubic metres to Britain and the rest to France. Recently, new contracts have been signed with El Paso providing for the delivery of 25 billion cubic metres of liquefied natural gas over a period of 25 years; with Gaz de France for the delivery of 3.5 billion cubic metres a year from 1972 to 1987 - to be transported in 40,000-cubic-metre-methane tankers from Skikda to Fos-sur-Mer; and with Distribution Gas of Boston for 32.5 billion cubic metres of liquefied natural gas over the 20-year period from 1975 to 1995.

Negotiations are underway with Italy, for 2 billion cubic metres a year; Spain, 4 billion cubic; Austria, 1.5 billion cubic metres and Yugoslavia, 0.8 billion cubic metres. Thus, there is a large market for equipment for oil and gas exploration, production and transport.

The program of enlarging the gas pipeline system should open opportunities for Canadian firms to submit tenders for the construction of some of the planned sections and for the sale of pumping station equipment.

Moreover, SONATRACH grants contracts to foreign firms to extract the crude oil. These contracts, of negotiable length, provide at the same time an undertaking on the part of the firm to train executives and technicians for the industry. The Algerians have expressed an interest in having a better idea of the products and services that Canadian industry can offer them in this field, including long-term financing conditions. Any Canadian industrialist who would like to participate in the development of this Algerian industry should get in touch with SONATRACH.

In brief, the possibilities for Algerian-Canadian co-operation in this sector are most interesting. Canadians could play an active part in this development program, either by offering their services as consulting engineers for the construction and operation of oil and gas pipelines, refineries and natural gas liquefaction plants, or by making use of their expertise in the field of oilwell machinery operation to obtain an operation contract as described above, or again by promoting the sale of equipment necessary for oil production and transport.

This industry also offers an interesting market for permanent and mobile prefabricated houses for technicians and workers on the oil fields at Hassi-Messaoud/Edjeleh (near Ohanet on the Libyan border, 500 km south of Hassi-Messaoud) and the explorations regions (Rhourdel-Hamra, 350 km south of Hassi-Messaoud and Hassi-Limoulaye, northeast of Ohanet).

The Algerian government is very interested in prefabricated modules. SNIB produces five Sahara cabins a day and is planning to build a large complex at Constantine.

TELECOMMUNICATIONS

Members of the Mission:

C. Richard, Director, Communication Systems - Africa,
RCA Limited

R. Ledoux, Trade Commissioner Service, Department of
Industry, Trade and Commerce

Algerian Representatives:

PTT Ministry (Post Office, Telephone and Telegraph)

Mr. I. Zekri, Secretary General

Mr. Bairi, Communication Engineer (ground station)

Mr. Bacha, Communication Engineer (transmission)

Ministry of State in Charge of Transport

Mr. Z. Bererhi, Engineer, Chief, Technical and Supply Services

Algerian Radio and Television Network

Mr. A. Laghouati, Director of Technical Services

Ground Station Project

The PTT Ministry is studying tenders for technical consultation services (preparation of specifications), the evaluation of tenders for construction of the land station and supervision of the work.

Tenders will be called for the construction of this station in 1972 after the specifications have been prepared by the consultant and approved by the PTT.

Telecommunications Equipment

The PTT assures telephone links throughout the territory by cables rather than by microwave networks. However, Algeria will begin to use microwave links by 1973 and this should mean new outlets for Canadian industry.

Algeria also has to obtain various other telecommunications equipment such as single sideband (SSB), portable mobile radios (UHF and VHF) for highway and air traffic, low power point to point equipment with 12 to 60 channels for different services.

Civil airports, the Ministry of the Interior (Police and Customs), national corporations and the Ministry of Defence would also be interested in various kinds of telecommunications equipment.

Multiplex Equipment

Before the end of the year, the PTT will call for tenders for the supply and installation of multiplex equipment. This contract will be spread over several years. At present PTT requirements are in the order of 600 telephone channels a year. The supplier must undertake to maintain a team locally to carry out installation and then keep the equipment operating properly. This team could be made up of employees of the manufacturer or of a local contractor.

Automatic Switching Equipment

By 1980, Algeria will require 180,000 new lines or 30 exchanges with 6,000 lines each. Algerian authorities would welcome construction in their country of a factory producing this type of equipment.

Algerian Radio and Television Network

The Algerian Radio and Television Network has an east-west microwave line which will soon be linked with Morocco in the west and Tunisia in the east. Expansion projects for this network include the addition of a two-way channel to the present line and the extension of the microwave network to the south, to Mecheria in 1972 and then to Bechara.

Towards April 1972, the ARTN will call for tenders for microwave facilities between the cities of Tersalla and Mecheria, a distance of about 200 km.

All calls for tenders are published in the official newspaper El Moudjhaïd in Algiers. The Commercial Secretary in Algiers will see that calls of possible interest to Canadian firms are sent to the Department of Industry, Trade and Commerce.

Algerian authorities deplored the slight contact that they have had in the past with the Canadian communications industry and asked to receive all information on the various products and equipment of this type manufactured in Canada.

SHIPPING

Members of the Mission:

Louis Rochette, President, Canadian Shipbuilding and Ship Repairing Association, and Executive Vice-President, Marine Industries Ltd.

R. Brault, Office of Area Relations, Department of Industry, Trade and Commerce

Algerian Representative:

Ministry of State in Charge of Transport

Mr. Adib, Director, Merchant Marine, Ports and Fisheries

Algeria would like to study the possibility of buying certain types of ships from Canada.

Because of the long period between the call for tenders and the delivery of a ship, the next Four-Year Plan will be finalized by the beginning of 1972 insofar as it concerns shipbuilding. The purchase of some 70 to 80,000-ton oil tankers, which Canadian companies would be able to build, might be expected.

Over the next few years, Algeria will order additional methane tankers with capacities ranging from 40,000 to 100,000 cubic metres. The plan also provides for the construction of 40 23-metre-trawlers, a few 40 to 50-metre-tuna boats and some conventional freighters of 7,000 tons.

The planned growth of the Algerian merchant marine will necessitate the training of officers and crew. Co-operation between Canada and Algeria could be contemplated in this area. Algerian authorities would look favourably upon an association with Canadian ship owners to establish such a training centre. The costs and management could be shared.

ALGERIAN BANKING SYSTEM

Members of the Mission:

H. T. Aitken, President, Export Development Corporation
M. A. Massé, Delegate from the Canadian Bankers
Association

Algerian Representatives:

Ministry of Finance

Mr. M. Aoufi, Secretary General
Mr. M. Boukari, Head of mission, Foreign Financing
Branch
Mr. B. Belghoula, President, Banque extérieure d'Algérie,
and Director General, Caisse algérienne de Développement

Banque centrale d'Algérie

Mr. M. S. Tatai

Banque nationale d'Algérie

Mr. A. Teman, President and Director General
Mr. R. Aous, Treasurer, and in Charge of Public Relations

Banque extérieure d'Algérie

Mr. H. Abed, Assistant Director General

Caisse algérienne de Développement

Mr. B. E. Nouioua, Assistant Director General

An annual year-end revision of all financial requirements including investments provide a basis for preparation of a budgetary plan for each state-owned corporation. After approval by the Ministry of Finance and the Council of Ministers, financing and investment terms are transmitted to the state-owned corporation and the three commercial banks: Banque extérieure d'Algérie (BEA), Crédit populaire d'Algérie (CPA) and Banque nationale d'Algérie (BNA). These banks are then

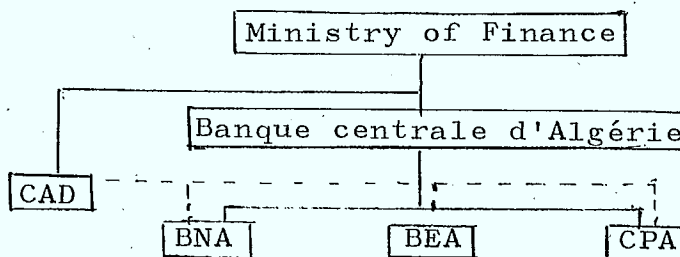
responsible for the allocation of the sums budgeted and must report to the Caisse algérienne de Développement (CAD) and the Director of the Treasury on a monthly basis regarding the use of funds under the Four-Year Plan (1970-73).

The CAD has the responsibility to monitor all aspects of the lending facilities of the three commercial banks. It is also permitted to borrow on a short or long-term basis from the Treasury or from off-shore sources. It distributes proceeds of funded loans to the three banks as needed. The CAD allocates the accounts of specific state-owned corporations to each commercial bank. However, these banks remain responsible for the disposal and the management of the allocated funds.

The Banque centrale d'Algérie has the sole authority to issue currency and control the monetary mass. It advises BNA, BEA and CPA regarding lines of credit and the allocation of funds. The Banque centrale d'Algérie does not operate branches or deal with the public.

In practice, responsibility for the proper administration of the Four-Year Plan as it applies to state-owned corporations lies with the Governor of the Banque centrale d'Algérie, the managing directors of the CAD, the Treasury Board, BNA, BEA, CPA and the Managing Director of the Caisse nationale d'Epargne et de Prévoyance.

The organization is as shown:



All loans to producing state-owned corporations obtained from off-shore sources must be guaranteed by either the Minister of Finance, CAD or any of the three commercial banks in order to qualify for availability of hard currency at time of payment. This is a prime prerequisite.

FINANCING BY THE EXPORT DEVELOPMENT CORPORATION

Member of the Mission:

H. T. Aitken, President, Export Development Corporation

H. T. Aitken met with various Algerian officials to outline the availability of EDC financing for sales of Canadian equipment and services to Algeria.

He informed them that EDC was prepared to undertake such financing to support the supply of Canadian equipment and services for projects in Algeria which meet normal EDC criteria. Such financing would be considered on a case by case basis as specific projects were presented to EDC by Canadian exporters with prospective sales opportunities in Algeria.

While in Algeria, Mr. Aitken concluded an agreement in principle with the Caisse algérienne de Développement (CAD) under which EDC has agreed to provide CAD with a re-lending loan of \$10 million (Can.). The CAD is an important financial agency of the Algerian Government which acts as the country's industrial development bank. The purpose of the re-lending loan is to provide financing support for smaller-sized sales of Canadian capital equipment and services. For such sales, the CAD would consider applications from prospective Algerian purchasers of Canadian equipment and services and provide financing from the proceeds of the EDC re-lending loan. Details governing the operation of the re-lending loan are currently under negotiation between EDC and CAD and it is expected that arrangements will be completed in the very near future.

CANADIAN-ALGERIAN CO-OPERATION UNDER THE
AEGIS OF THE CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

Members of the Mission:

J. Gérin, Vice-President, Bilateral Programs Branch

H. Béarez, Programming Officer

The essential aim of the meetings which took place on co-operation during the mission's stay in Algeria was to carry out a general review of projects being carried out and those being studied. Meetings were held at two levels: Jacques Gérin, Vice-President and responsible for CIDA's bilateral programs, was able to meet with high Algerian officials to explain CIDA's general philosophy. At another level, a working group was made up of L. Delvoie, Chargé d'Affaires at the Canadian Embassy in Algiers; Mr. Demers, Aid Officer specially sent from Tunis; C. Latulippe, First Secretary at the Canadian Embassy in Algiers, and H. Béarez, Officer in Ottawa responsible for planning for the Maghreb countries. At the latter level, meetings were held in each ministry involved with an actual or planned project, and a general meeting was held in the Ministry of Foreign Affairs. In the ministries, it was possible to hold special technical discussions, allowing greater clarification of the structure of the program and the direction of Canadian efforts in its co-operation with Algeria.

Canada's efforts tend to centre on agriculture. Within Algeria's Four-Year Plan, this sector has much greater difficulty in financing than do the others. Canada is considering the possibility of co-operating in several areas: the construction of grain elevators to build up a reserve from the very irregular local production; in forestries, a program of forest protection and possible co-operation in a forest inventory. In agriculture-related fields, surveying, map-making and hydrometeorology programs should be useful to Algeria in carrying out land reform and a more efficient distribution of arable land. In the field of fisheries, Canada is co-operating in the construction of a fish refrigeration unit and plans to take part in running a fisheries school.

The field of technical assistance was also reviewed and it was decided to concentrate Canadian efforts on more integrated programs. Canada hopes to co-operate with technological institutes, especially with a forest technology institute and a medical technology institute to be situated in Oran.

The Algerian authorities also took advantage of this occasion to submit different projects that they favour. They also took advantage of the visit by Canadian experts to clarify the civil aviation co-operation program and the operation of a fisheries school.

No formal commitment was made concerning the specific action to be taken on given projects, but priorities were established and the hesitations relate to the grain elevator program which is of considerable financial importance. Funds available to Algeria in 1971-72 amount to \$6.3 million including \$1.5 million in loans; \$1.8 million in grants; and \$3 million in food aid.

PRESS RELEASE

On the invitation of His Excellency, Mr. Layachi Yaker, Minister of Trade of the Algerian People's Democratic Republic, a delegation from the Canadian Government led by the Honourable Jean-Luc Pepin, Minister of Industry, Trade and Commerce, visited Algeria from November 21 to 24, 1971.

During its stay in Algeria, the Canadian delegation held meetings with an Algerian delegation and working sessions were possible with Canadian and Algerian officials at various levels.

The conversations, which were conducted in a spirit of co-operation and friendship, opened the way for further development of economic, technical and trade relations between Algeria and Canada.

The two Parties examined the growth of exchanges between Algeria and Canada and the possibilities of increasing them and obtaining a better balance in the trade flows between the two countries.

The two Parties agreed in principle to the financing of several economic projects in Algeria through loans and appropriate means of financing. The two delegations studied a series of projects in this field.

The two Parties examined means of increasing the volume of their technical and scientific co-operation.

During his visit, the Hon. Jean-Luc Pepin, accompanied by Mr. Layachi Yaker, visited the sites of some of Algeria's major accomplishments in the fields of industry, agriculture and tourism, notably the Arzew petrochemical complex and the Hassi-Messaoud oil field.

The head of the Canadian delegation was granted an audience with His Excellency, Mr. Houari Boumedienne, President of the Revolutionary Council and Leader of the Government, and was able to meet with the following members of the Algerian Government:

Messrs.: Abdelaziz Bouteflika, Member of the Revolutionary Council and Minister of Foreign Affairs

Tayebi Larbi, Member of the Revolutionary Council and Minister of Agriculture and Agrarian Reform

Rabah Bitat, Minister of State in charge of Transport

Belaid Abdesselam, Minister of Industry and Energy

Smail Mahroug, Minister of Finance

Kemal Abdellah Khodja, Secretary of State for the Plan

The two delegations were very pleased with the results obtained in all fields of Algerian-Canadian co-operation.

The Hon. Jean-Luc Pepin invited His Excellency Mr. Layachi Yaker to make an official visit to Canada. This invitation was accepted with pleasure and the visit will take place at the earliest possible date.

1. The first part of the document is a letter from the President of the United States to the Congress, dated January 3, 1862. It is a very important document, and it is one of the most important documents in the history of the United States. It is a letter of great importance, and it is one of the most important documents in the history of the United States.