

# Lesson2: The Performance of the Algerian Economy

Subject: Economics / Business English

## Introduction – Algeria's Economy

Algeria has a **large, resource-rich economy** in North Africa.

- The economy is still **strongly dependent** on **hydrocarbons** (oil and gas), but there is a **growing focus on diversification**.
- The **government and central bank** are trying to improve **stability, growth, and job creation**.

### 1. Main Features of the Algerian Economy

Algeria has a large and resource-rich economy in North Africa. The structure is characterized by:

- A strong role of **hydrocarbons** (oil and gas).
- A growing weight of **non-hydrocarbon sectors**.
- A significant presence of **public investment** and state-led development.

The economy is part of **Africa's larger macroeconomic context**, with a relatively high GDP per capita in the region and a diversified but still unbalanced structure.

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### 2. Role of Hydrocarbons

Hydrocarbons remain central to the performance of the Algerian economy.

- Hydrocarbons contribute to a large share of **GDP, exports, and government budget revenue**.
  - Global prices and production quotas for oil and gas influence the level of **export earnings** and **public spending**.
  - Changes in hydrocarbon markets therefore affect the **overall balance** of the economy and the **external accounts**.
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### 3. Non-Hydrocarbon Sectors

Non-hydrocarbon sectors are becoming more important for Algeria's growth and employment.

- These sectors include **agriculture, industry, construction, and services**.
- They contribute to **domestic production, import substitution, and the creation of jobs**.

- In recent analyses, **non-hydrocarbon GDP** has shown an upward trend, reflecting efforts to diversify the economy.
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#### 4. Inflation and Monetary Policy

The Algerian authorities manage inflation and the value of the national currency through the **central bank**.

- Inflation has generally been **low to moderate**, supported by controlled public prices and a stable exchange rate.
  - The central bank uses **interest-rate tools** and **credit controls** to influence the level of **borrowing, investment, and consumption**.
  - Stable inflation helps households and firms plan their **spending** and **investment** decisions.
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#### 5. Public Finance and Investment

Public finance is a key element of Algeria's economic performance.

- The government carries out **large public-investment programs** in infrastructure, housing, energy, and transport.
  - Public spending provides **demand** for goods and services and supports **employment**.
  - At the same time, fiscal policy must balance **spending, revenues, and budget deficits** over time.
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#### 6. External Balance and Trade

External balance is closely linked to the structure of exports and imports.

- **Exports** are still dominated by **hydrocarbons**, but **non-hydrocarbon exports** such as fertilizers, steel products, and cement are increasing.
  - **Imports** include machinery, intermediate goods, and some finished products used in industry and consumption.
  - The **current-account balance** reflects the difference between export earnings and payments for imports and other external flows.
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#### 7. Challenges and Structural Features

Several structural features influence Algeria's economic performance in general.

- The economy is still **highly dependent** on hydrocarbons, which creates vulnerability to price shocks.
- The **private sector** faces constraints related to regulation, access to finance, and competition.
- There is a need to continue reforms in **laws, taxation, imports, and investment rules** to support long-term growth.

#### 8.Vocabulary Table (Economic Indicators)

English term	Meaning (simple)	Example sentence (Algeria)
<b>GDP</b> (real)	Total value of goods and services produced	Real GDP grew by about <b>3,8% in 2024</b> . wikipedia+1
<b>Growth rate</b>	How fast the economy is growing	Algeria's growth rate is <b>moderate but positive</b> . lemoci+1
<b>Hydrocarbons</b>	Oil and gas	Hydrocarbures still <b>dominate</b> exports and budget revenue. international.groupecreditagricole+1
<b>Non-hydrocarbon sector</b>	Economy outside oil and gas	The <b>non-hydrocarbon sector</b> is growing <b>faster</b> than hydrocarbures. ons+1
<b>Inflation</b>	Rising prices of goods and services	Inflation in Algeria is <b>low</b> (around <b>1,7–2,2%</b> ). wikipedia+2
<b>Public investment</b>	Government spending on infrastructure and services	Public investment is <b>high</b> in construction and energy. international.groupecreditagricole+2
<b>Deficit</b> (current account)	More imports and expenses than exports and income	The current-account deficit is <b>higher</b> than in the past. maghrebemergent+1