

## The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions

واقع قطاع تركيب السيارات في الجزائر بين حتمية تطوير المقاول من الباطن وقيود سياسة الاستيراد

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### Abstract:

This study aims to shed light on the auto installation sector and the handling network in Algeria, which made a decision to stop importing cars within the policy of rationalizing expenditures due to declining incomes after the collapse of oil prices, and motivated suppliers to invest in setting up auto installation factories while giving them customs facilities and tax exemptions.

The study concluded that there is a significant shortage in the handling network accompanying the installation of cars and almost a total dependence on foreign handlers, in addition to the constant legal changes that have stood as an obstacle to the development of this sector.

**Key words:** car installation sector, import restrictions, industrial handling

### المخلص:

تهدف هذه الدراسة إلى تسليط الضوء على قطاع تركيب السيارات وشبكة المناولة في الجزائر التي اتخذت قرارا بوقف استيراد السيارات ضمن سياسة ترشيد النفقات بسبب تراجع المداخيل عقب انهيار أسعار النفط، وحفزت الموردين على الاستثمار في إنشاء مصانع لتركيب السيارات مع منحهم تسهيلات جمركية وإعفاءات ضريبية.

وخلصت الدراسة إلى وجود نقص كبير في شبكة المناولة المرافقة لتركيب السيارات والاعتماد الشبه كلي على المناولين الأجانب، بالإضافة إلى التغييرات القانونية المستمرة التي وقفت كعائق لتطور هذا القطاع.

**الكلمات المفتاحية:** قطاع تركيب السيارات، قيود الاستيراد، شبكة المناولة الصناعية، الجزائر.

## **1. INTRODUCTION**

The industrial sector is an important basis for achieving economic development, it is given great attention in both developed and developing countries that seek to promote its economy, as the industry allows improvement in the trade balance and the balance of payments and in creation of job, among modern strategies and methods that allow its development, industrial handling contracts or subcontracting were activated by many countries and have had considerable success.

Subcontracting encourages industrial establishments to specialize in modern fields of technologies, contributes to the distribution of work among them, and combines high quality in production and speed in achievement, in a way keeping up with global development and international competition. That is why the choice of the handling strategy is essential and an appropriate choice for developing countries that suffer from technological retardation and low levels of productive efficiency as this strategy is based on intensifying the fabric of small and medium enterprises, enhancing their competitive capabilities and improving their performance, which helps in developing the economy.

Algeria is one of the developing countries that knew an economic crisis resulting from low fuel prices in international markets, the thing that pushed it to restructure and prioritize its economy , as recently it realized the importance of industrial handling to reduce imports and replace them with locally-made products, seeking to diversify the industrial fabric by trying to attract various foreign investments, perhaps the most important of which is the field of manufacture and installation of cars, and this was accompanied by a new policy of restriction importation of cars to encourage local production.

### **1.1.Statement of the problem**

Based on the above, we raise the following main question:

What is the impact of import restrictions policy on the possibility of developing a car handling network in Algeria?

### **1.2.Research questions**

***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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The analysis was guided by the following question:

- What did the policy imposed on importing cars in Algeria include?
- What is the reality of the practice of car installation activity in Algeria?
- Have the restrictions contributed to create a subcontracting network involved in car installation process in Algeria?

**1.3. Significance of study**

The importance of the study lies in trying to shed light on a basic sector of Algerian economy through which it seeks to achieve economic diversification out of the hydrocarbon stage, as it is considered the subject of the hour and the subject of wide debate and scope for legal changes at all times that have a direct relationship to the political conditions of the country.

**1.4. Methodology**

The study adopts a main methodological approach includes the analysis of manufacturing and installation car sector in Algeria according to import restrictions policy and the radical changes in the destination of the economy towards new strategies using deductive approach.

The present study has been organized in three main chapters as follows:

- Presentation of car import restrictions policy in Algeria;
- The reality of car installation activity in Algeria;
- Review of companies handling car installation factories in Algeria

**2. Presentation of car import restrictions policy in Algeria**

International trade is one of the main pillars in economic development of the countries, especially for those which need to import capital equipment and production inputs necessary for their

development programs. The import side of goods and services is an important aspect of the local economy, through which it obtains requirements that cannot be produced and offered with a better advantage than other countries. Giving foreign trade in general and imports in particular its position and embodying an appropriate import policy with economic policy is necessary for the success of the development process and the resumption of economic growth.

### **2.1 The concept of import policy**

Freedom of trade may sometimes lead to negative effects and this depends on the nature of the country, in terms of its resources, as well as its external trade relations, for this the state interferes in freedom of trade, especially by imports using import policies, which can be divided in ( (Bouafia, 2016) :

- **Tax policy:** the state imposes taxes on goods and services coming from abroad. The tax imposed on these goods is called an import tax.
- **Non-tax policies:** It includes all non-tax restrictions on goods and services entering the country and among these restrictions on imports the policies of quantifying imports or the so-called quota system.
- **Import-limiting practices:** These include the government's discrimination in its purchases against foreign goods and services or specifying the place of production of goods.

### **2.2 Restrictions on importing cars in Algeria**

The activity of importing cars in Algeria witnessed several adjustments, as a set of orders, laws and decrees were issued in order to organize this activity and protect the national economy, which we supply as follows:

- The Ministry of Finance stopped importing cars less than three years through the supplementary finance law in 2005, which came to strengthen the position of car dealers who benefited for several years from this decision (Ahmin & Abdekhokhi, 2017),

***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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but this law is on the way to abolition after a meeting of government held on May 08, 2019 chaired by the Prime Minister, during which the Minister of Finance has presented new measures that must be taken to reduce the deficit in payments balance in order to maintain the exchange reserve. Important decisions were made to reduce the annual bill for importing CKD / SKD kits intended for the installation of tourist cars (Algerian Government, 2019), the minister of trade revealed later that work is underway with each of the Ministry of Finance and Trade in order to arrange legal mechanisms for licensing citizens to import used cars, less than 3 years in the coming weeks (Boucetta, 2019). The Minister affirmed that every citizen who wishes to import a car must pay it through the banking agency in Algeria before the brought it. He pointed out also, that a working group composed is in the process of finalizing the details related to the technical aspect, in order to launch and allow citizens to import used cars for less than three years.

- Then came Article 75 of Ordinance No. 01/09 containing the Supplementary Finance Law 2009, which canceled car loans granted by banks to individuals, stating that: "Banks are not authorized to grant loans to individuals except in the context of real estate loans" (Law No 09-01, 2009). This mainly aims to protect families from excessive borrowing and direct the national economy towards production, where former Finance Minister Karim Judy explained that among the 100 billion dinars of consumption loans provided by banks in 2008, 80% were directed towards auto loans, indicating that this situation was behind the increase of imports of cars and spare parts to \$ 3.7 billion during the same year (Ziad, 2009).
- Then Algeria started subjecting the car import activity to the quota system in February 2016, as it determined the number of cars to be imported in 2016 by about 152 thousand units with

the aim of setting a ceiling for imports that greatly exceed the needs of the national market (Kahal, 2016).

- Executive Decree No. 19/12 dated January 24, 2019 was issued, stipulating the designation of goods subject to restriction upon import including tourist cars and other vehicles specifically intended for the transportation of individuals including "Brake" cars and racing cars (Law No 19/12, 2019). Accordingly, the transactions related to the marketing of cars will remain subject to the authorized agents and installation factories that have been granted by the government who seeks to give priority to local factories based on privileges placed at their disposal, in exchange for the commitment of these dealers to the book of conditions, which represents the contract between the government and agents, especially in the field of increasing the rate of integration in four years of activity and the orientation after this period towards foreign markets (Imadine, 2019).

### **3. The reality of car installation activity in Algeria**

Recently, Algeria has made many significant investments in the field of car installation through foreign partnership with some of the most important manufacturing brands in the world.

#### **3.1 Renault car installation**

The French factory Renault opened on November 10, 2014 in Algeria, bearing the Renault brand, 51% for the Algerian side, through the National Industrial Vehicle Corporation (SNVI) with 34%, the National Investment Front (FNI) with 17%, and 49% for the French factory, located in Oued Tlilat Oran, covers an area of 150 hectares and has one production line. On March 13, 2019, the factory celebrated his achievement of producing 200,000 cars, and after more than 4 years of its opening it managed to integrate three models in his installation series and creates nearly 2000 direct and indirect jobs (André Abboud, 2019).

#### **3.2 Kia car installation**

The Global Group Algeria in the Jarma region of Batna has opened

***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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a new Kia brand factory, distinguished by its international specifications and respect safety and quality standards, production and installation of the Picanto, Rio, Cerato and Sportage brands will be produced and installed. This factory employs 2000 workers in its elementary stage, and in the manufacturing stage, job opportunities will increase by more than 5,000 workers, while raising the proportion of national integration to more than 40 percent.

This new factory, covers an area of 50 hectares and started the operations of car production immediately after its construction in August 2018, in its initial stage more than 50,000 vehicles were produced, with the hope to double the production capacity to reach 100,000 units (A.Zaidi, 2018).

The Algerian Global Group had caused a violent change in the car market in Algeria, when it launched a series of attractive discounts that touched most of the brands produced in Algeria, and reached more than 60 million, and these were the cuts that have had an impact for several months on the Algerian auto market.

### **3.3 Volkswagen car installation**

On July 26, 2017, the factory of installation cars with German Volkswagen brand was inaugurated in Sidi Khattab, Relizane, for the installation of four types of cars: SEAT Ibiza, Skoda Octavia, Golf 7 and Cady, the partnership was between the Algerian Sovac and the German company. The Sovac complex announced that the sale of installed cars would be 20% cheaper than imported ones, and this is the first factory in North Africa, and the second in Africa after a factory located in the South African country. Its president, general manager, said that the factory will activate subcontracting, producing spare parts locally, and then exporting abroad at a later stage. The factory is built on an area of 150 hectares, and will work to manufacture 12 thousand cars in the first year, and 100,000 cars in the horizon of five years, and the Algerian company indicated that it has invested 250 million euros in this project (Aoulami, 2017) .

### **3.4 Suzuki car installation**

## **SEFFARI Asma / BOUCEMINA Amel**

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An Algerian-Japanese company named SPA Suzuki Algeria, a 51/49% investment-based company, was established to accomplish this project, as the Algerian company TMC, is the local partner of the Japanese part to accomplish this project. It is expected that this car will be cheaper compared to the rest of the cars made in Algeria, in addition to that this project, which will be established in Saida, will soon include producing spare parts. The factory will produce about 15,000 Suzuki Swift and Alto cars in the first stage, to reach the installation of more than 100 thousand cars in the long term, with an integration rate of 15% in the first year to reach 40% within three years, and the project will provide about 400 direct jobs and more than 500 indirect jobs (Mtatla, 2018), and it will also work to overcome the obstacles facing the sector, especially the weakness of the local handling network (Bokrouh, 2018).

### **3.5 Peugeot car installation**

On November 11, 2017, Algeria and France signed an agreement between PMO Constantine complex, Condor complex, Palpa Pro Foundation and the PSA Peugeot car maker in Algeria. Where the capital of the company is distributed according to the rule 49/51% between 20% for PMO Constantine and 15.5% for the private complex Condor and 15.5% for the Algerian Palpa Pro and 49% for the French side (Benmhemed, 2017).

The estimated area of 120 hectares in Tafrawi ,Oran is directed to the completion of this factory by Peugeot with two local partners with an investment of 16.4 billion DZD. they decided to manufacture 3 classes of cars, Peugeot 208, Peugeot 301, and C Elisé, which belongs to the Citroen brand, with 1000 direct jobs and 4000 indirect jobs. This project aims to develop an entire branch of cars in Algeria, where Peugeot equipment manufacturers who will settle in Algeria will establish other partnerships with Algerian dealers to create industrial fabric and exceed 40% of the integration (Elwehda, 2019).

### **3.6 Mercedes Benz car installation**

On October 26, 2014, the Mercedes-Benz automobile installation



### ***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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unit was inaugurated with three major shareholders, where the Algerian party owns 51% (the Auto Industries Development Corporation of the Military Industries 34% and the National Industrial Vehicle Company 17%) and the second shareholder is UAE Abbar with 49%, while the German party Dilmer, is considered as technology partner (M B, 2014). The Algerian automaker Mercedes-Benz starts in Ein Bouchakif Tiaret, the production manager at Mercedes-Benz Algeria explained that the company has trained 120 high technicians and engineers in the fields of electromechanical and Industrial maintenance, in order to work in 19 new production stations, bringing the total number of stations in the production chain to 35 (Amir N, 2019).

#### **3.7 Hyundai car installation**

In 2014, a partnership agreement was concluded between Hyundai and Tahkout Industries, whereby Hyundai cars can be installed locally at the level of the factory in Tiaret, which has a production capacity of 60,000 units annually and includes 8 types of Hyundai cars that are most popular locally allowing creating 500 direct jobs (Mouna Tobal, 2018,p4)

#### **3.8 Ford car installation**

The Algerian complex "GISM" owned by "Essio Ayoub" and the auto giant "Ford", signed an agreement protocol to establish the first car installation factory for this brand in Algeria (Elbiled, 2017).

The National Investment Fund also granted the Algerian private company "AMC" the official representative of the American factory "Ford" the right to activate the project of the automobile installation factory, as it is expected that it will enter into production soon, and it will be established in the industrial zone, Sidi Khattab Ghilizan on an industrial property of more than 100 hectares, and it is expected that its production capacity will reach more than 30 thousand units during the first year, and through which Algerians can buy these models: Ford Fiesta, Ford Ka, Ford Kuga 4\*4, Ford Ranger Pick-up, Ford Transit, Ford Everest (Elbiled n. p., 2018).

#### **3.9 BAIC car installation**

## **SEFFARI Asma / BOUCEMINA Amel**

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On December 22, 2018, the giant Chinese auto BAIC factory opened in Batna, it is the first project of its kind to install Chinese tourist cars with CKD technology. The factory has a capacity of 150 cars per day in 5 models and the initial incorporation rate is 26% after concluding contracts with four local financiers, thanks to the partnership contracts concluded with local parts and accessories dealers, like Iris Auto Tire and a local company for the production of cables and electrical equipment. The total production rate will reach 30,000 units at the end of 2019, increasing to 180,000 units at the beginning of 2021, and the main investor HANDLER SARIAK AUTO owns 90% of the shares of the company INDUSTRIE INTERNATIONALE ALGERIE BAIC, while the Chinese partner has a ratio of 10 % (Mohamed Shawky, 2018).

### **3.10 Nissan car installation**

On 13/02/2019, the Nissan brand official revealed on the sidelines of the partnership signed between Hasnaoui Complex and Nissan Motors that the factory will provide 1800 direct jobs, and will ensure training for workers, and contribute to the development of handling networks, and the investment value will reach one million dollars, as a first stage and the distribution network will be expanded to reach 45 points of sale across the country. The Nissan Vehicle Installation factory will produce four new Nissan models with the latest smart technologies, also cars produced in Algeria can be marketed in any country in the world (Mahfouf, 2019).

According to the same official, Algeria will benefit from alliance between Renault and Nissan to create a strong handling network in Algeria, and the factory will be established in West Algeria, while the first car will be produced in the first of 2020.

## **4. Review of companies handling car installation factories in Algeria**

With great potentials, Algeria is striving to play its primary role in the promotion of handling and industrial growth, driven by the firm will

***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

of the public authorities to make it a competitive sector creative for job opportunities.

#### **4.1 Algerian efforts to upgrade the auto handling network**

The costs of importing cars and their parts have become a burden to the state budget, as shown in the following table:

**Table 1.** The costs of importing cars and their parts (million USD)

<b>Main products</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Transport vehicles for people, goods and CKD groups	2308.9	1501.13	767.68	521.22	723.14
Tourist vehicles and CKD groups	2963.2	2038.16	1351.72	1673.66	2999.76
Auto parts and accessories	411.21	394.86	395.25	416.23	374.58
New rubber tires	137.4	139.21	144.02	123.62	147
Total	5683.4	3934.15	2514.56	2611.11	4244.48
Imports Total	58580	51702	47089	46059	46197
The ratio of Auto imports total to imports total	9.93%	7.87%	5.65%	5.93%	9.19%

**Source:** www.douane.gov.dz, 2019

Through this table, a clear decrease in the percentage of imports total of basic products to imports total from 9.93% in 2014 to 7.87% in 2015, despite the high percentage of imports of each of the parts and accessories of cars (for used auto parts) by 0.06%, and the new rubber tires by 0.04%, due to the large decrease in imports of both vehicles and people transporting goods by 1.04%, and tourist vehicles by 1.12%, and

this is due to the import restrictions for cars that the state set to rationalize its import, then the table shows a continuous increase in the percentage of imports total of basic products relative to imports total by rates of 5.65%, 5.93% and 9.19% during the years 2016, 2017 and 2018 respectively, due to the large increase in imports of vehicles for transporting people, goods and parts involved in its installation, and tourist vehicles and parts included in their installation, in contrast, we find fluctuations in the imports of parts and accessories for cars, and new tires and rubber wheels.

Although the government implemented the auto import quotas system from 2016, in order to reduce the bill for its imports, the large import of the parts involved in installing cars prevented it. This indicates that the rate of integration of the local component is weak in the automobile installation factories in Algeria, and the contribution of the network for handling vehicles in supplying it with parts is also weak.

The public authorities are currently adopting a policy of intensifying the country's industrial fabric and upgrading national production, which mainly depends on achieving a strong integration of components and locally manufactured parts. On this basis, directing investors towards various handling sectors has become the ultimate goal of all activities and decisions of public authorities in this field, through the Ministry of Industry and Mines (Zayet, 2018).

In this context, the legislation on public deals imposes a 25% preference margin for Algerian products and services, and the government seeks to attract foreign handlers through the benefits granted to investors under the Investment Law for a period of 3 to 10 years, including tax benefits and subsidies granted to institutions that operate in the field of handling and that particularly benefit from the value-added fee exemption, and an exemption from corporate profits tax, professional activity fee, real estate fee for properties within the scope of the investment, and interest rate reduction applied to bank loans directed to investors in this area is granted. In addition to these advantages granted to every investment

***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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made in Algeria, the handlers benefit in particular from exemptions mentioned in Article 1 of the Joint Ministerial Decision of March 8, 2018 (Article 01, 08/03/2018).

## **4.2 Reality of current car subcontracting network in Algeria**

Among the companies involved in auto assembly in Algeria, we mention:

### **4.2.1 Subcontractors accompanying Renault**

Renault imports most of the spare parts, parts and accessories from the branches located in foreign countries, located in France, Turkey, Romania, Russia and Spain, providing them with engines, car bodies and spare parts, in addition to the handling located in Algeria, which manufacture the spare parts and supplies that go into the manufacturing process, among them (Hawarya & Abdel-Qader, 2018):

- **MARTUR Corporation:** It is an industrial handling company with an Algerian-French partnership, located in the industrial zone in Oued Tlilat, which executes the orders of the commanding institution Renault, and it specializes in the production of front and back seats, this organization employs about 350 workers
- **SITEL Corporation:** It is a handling company for telecommunications specialized in the manufacture of motor cables and small ordinary cables for cars, through an Algerian-French partnership, it started its activity in the industrial zone of Tlemcen during 2015 by signing a contract with Renault, by supplying it with 70,000 thousand cables, i.e. a production amount estimated at 4000 Cable per day, SITEL aspires to increase its production in the future, respect production times and meet orders for other brands in the Algerian market, such as Volkswagen, Kia, Mercedes, and other brands, and aspire during the year 2019 to employ 250 workers and manufacture a car dashboard.

## **SEFFARI Asma / BOUCEMINA Amel**

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- **SAREL Corporation:** It is a handling company specialized in the manufacture of plastic parts that go into the processes of cars installation for Renault, currently, it employs approximately 50 workers.
- **SEALYNX Corporation:** It is a handling company in the mechanical industry, specializing in the manufacture of seals for vehicles installed at the level of Oued Tilat, through an Algerian partnership with Renault, and currently it employs more than 50 workers.
- **FORMFLEX Corporation:** It is a handling company specialized in the manufacture of car carpets and sound insulator for various models produced like Symbol, Sandero Stepway and Clio 4 and it covers all Renault's orders currently.

### **4.2.2 Subcontractors accompanying Peugeot**

There are 7 large handling companies that will accompany the Peugeot factory project in Algeria, the most important of which is the Foresia company specialized in the manufacture of car seats and exhausts, the German giant Leoni specializes in the manufacture of car cables, as well as Japanese Yazaki specialized in the same field. The director of Peugeot focused to involve the Algerian handlers, as 20 Algerian companies will participate in the project, including one that is 100% Algerian specialized in batteries, as well as another company specialist in refrigeration and shipping fluids, which will allow the Assad mark to reach 40% of the local integration rate (Ahmed M, 2017).

### **4.2.3 Saida Company**

It a company specialized in the manufacture of auto joint links under the name Automotive Algeria Sealynx, which is the result of a partnership between International Sealynx 29%, Taleb family 27%, Palapro 24% and SAIDA 20%, and among its first customers we find Renault Algeria Company and it will also work with other manufacturers in Algeria such as Hyundai, Kia and Volkswagen (R. Akoush, 2017).

#### **4.2.3 locally-installed car bodies in Alhadjar Complex**

The Iron and Steel Complex in Annaba will start manufacturing parts of the car in Algeria in 2020, with an amount of between 250 and 300 million euros, it aims to manufacture parts of the local cars in order to reduce the cost of installing cars in Algeria and reducing the import bill.

The first stage of the investment will include the construction of steel parts of car bodies, such as doors, wings and engine covers, provided that the second stage will include the manufacturing of the complete structures, and during the last stage of the investment plan and regarding the prices of the equipment that will be locally manufactured, it will not exceed 30 million for medium-sized cars (Salmi, 2019).

#### **4.2.4 Tahkout factories:**

The president of the Tahkout complex, Mohie El Din Tahkout, inaugurated the first factory of brake plates in Raghaya, east of Algiers, with a production capacity of 20 million units annually, representing 66% of the local demand, with an investment of 2.5 billion dinars. The new factory employs 450 workers who have benefited from training and recycling operations at the professional center "Sima Excellence", Tahkout said that the factory sent samples of the brake plates to "Hyundai" in South Korea to obtain a certificate of conformity, in addition to passing through all the necessary tests, to ensure that it meets 100 % safety standards (Chbita, 2017).

Also, Algeria will soon know the entry of the first auto parts factory in Al bayed, where it will be produced spare parts for engines and car accessories to cover the needs of the national market and contribute to reducing the import bill (Al Khabar, 2018).

#### **4.2.5 The contribution of the National Industrial Vehicle Corporation to the automobile handling network in Algeria:**

After many years in the field of industrial vehicles and after several partnerships in the areas of utility and tourism vehicles, the National Industrial Vehicle Corporation complex is moving towards handling in the field of cars to develop new activities that will meet the needs of

new projects in the Mechanical Industries Division. According to the general manager of the complex Noredine ojit, there is a partnership between the National Industrial Vehicle Corporation and SARL FOS with two foreign partners, Automotive Barcelona Meleghy (Spain) and Farguell Nitra (Slovakia), with the aim of setting up a company to manufacture welded structures for cars, and it is expected that the future factory production will meet the needs of Renault Algeria (Zayet, Handling is a Creative Sector for Wealth, 2018).

#### **4.3 Barriers to develop car handling network in Algeria:**

The auto industry in Algeria, which is newly emerging, knows a lack of rapprochement between manufacturers and handlers, although their closeness and exchanges is indispensable for raising the rate of inclusion and effective contribution to the development of this activity, as confirmed by many professionals on the sidelines of the technical days on car handling that took place in Algiers On 05 / 06 March 2018 where handlers regretted this situation, as well as many presidents of small private enterprises specialized in producing panels for components used in particular in the manufacture of cars, airplanes, and ships.

With regard to the necessary conditions for the development of handling in Algeria, these handlers summarized it in setting up an information channel and communicating with installation companies, obtaining bank loans, industrial property and forming qualified and specialized workers (Torki, 2018).

### **5. CONCLUSION**

Through this study we tried to present the reality of a very important industrial sector represented in installing cars in Algeria between the restrictions of the import policy and the challenges of developing an industrial handling network that must accompany it and which is one of the successful strategies in developing the industry in the world, however, despite the steps taken by Algeria seeking to develop this strategy by encouraging the production of cars locally is still very



***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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modest, and not keeping pace with the results of successful global experiences, there is no great partnership between businesses and handlers, the thing which is forcing Algeria to take more serious measures and policies.

We came up with a set of recommendations that we can summarize as follows:

- Issuing the necessary legislation to regulate the car handling activity.
- Attracting foreign investors in the auto parts industry in order to develop their activities locally in the form of a partnership with small local institutions in the same field in order to provide them with expertise and productive technologies.
- Working to increase cooperation and partnership between handling and commanding corporations, especially in the field of transferring knowledge and technology and forming qualified workers.
- Stop bringing more installation factories to Algeria and focus more on developing local industrial handling.
- Imposing control over the automobile installation factories in Algeria and following up all import and manufacturing operations included in the SKD system.
- Facilitating foreign domestic partnerships in mechanical handling, with conditions of the use of local resources and employment.
- Allocating exclusive customs and tax exemptions to the industry included in the CKD, which would gradually push foreign manufacturers and investors to move to CKD and to overall domestic manufacturing.

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***The reality of car manufacturing sector in Algeria between the necessity of developing subcontracting and import policy restrictions***

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