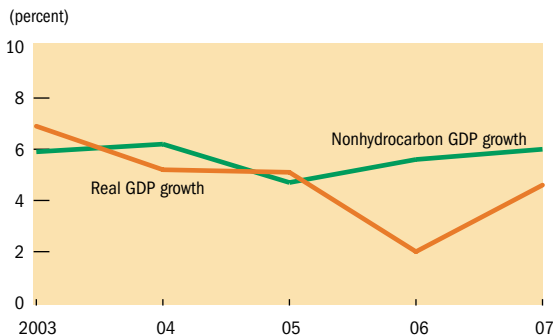


## Algeria

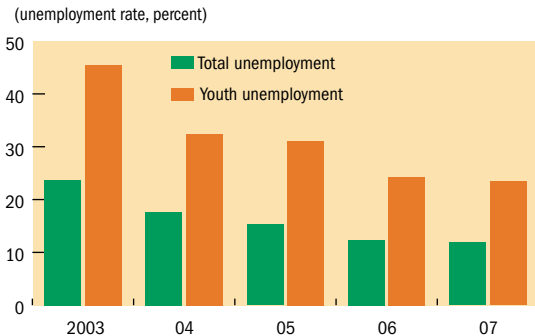


**Algeria has managed its hydrocarbon wealth soundly, achieving strong growth and macroeconomic stability. It must now deepen market-oriented reforms, especially in the financial sector, to diversify the economy and further reduce unemployment.**

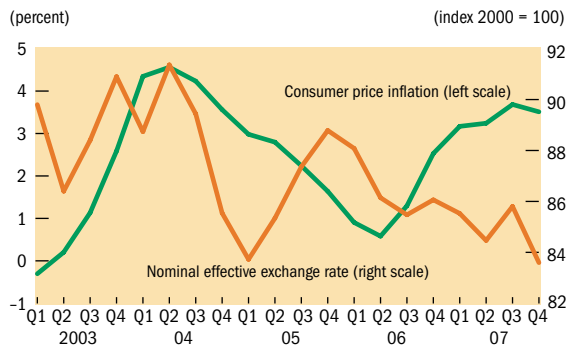
**Algeria's recent vigorous growth has been driven by higher hydrocarbon production and accelerating activity in services, construction, and public works.**



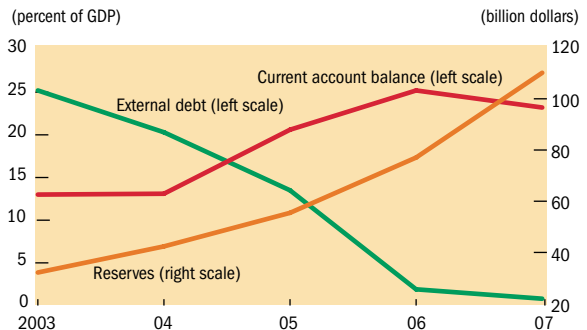
**With high job creation in the nonhydrocarbon sector, unemployment has been halved, although it remains high among youth.**



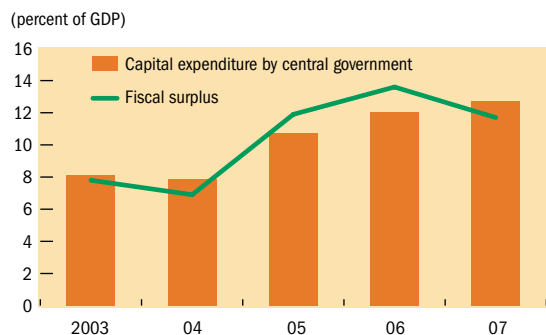
**The exchange rate is managed flexibly and, although food prices are rising, overall inflation is under control.**



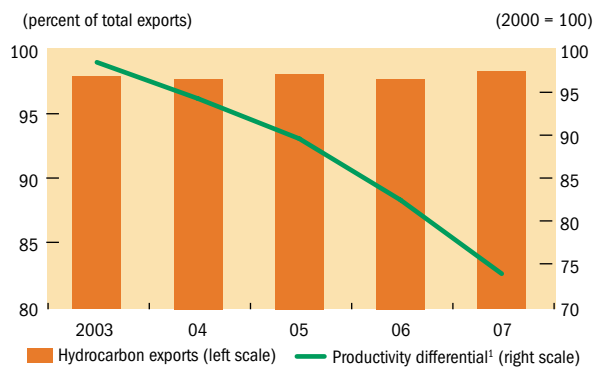
**Record-high oil prices have translated into huge current account surpluses, soaring foreign reserves, a significant drop in foreign debt . . .**



**. . . and strong budget surpluses—despite an ambitious public investment program undertaken to tackle pressing infrastructure and social needs.**



**Algeria's top priorities include boosting productivity and diversifying the economy away from hydrocarbons.**



<sup>1</sup>The difference in productivity between Algeria and its trading partners.

Sources: Algerian authorities; and IMF staff estimates.