

The Algerian banking system: reality, reforms and WTO Accession.

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Abstract:

In each economy, the banking system has a big rôle in the développement and the financement of the développement and creation of wealth and jobs by the financing the project of investissement.

Unfortunately , in Algeria is engaged in the process of accession to the WTO, but its banking system is not capable of doing this role and to be adapted with rules of the WTO and GATS .Why ? This is the main question of this paper.

In This paper we focuses on the function and dysfunction of the Algerian banking system and the conditions necessary for the success of reforms consistent with the standards of the WTO and GATS rules.

We try to analyze the function and dysfunction of the Algerian banking system by studying its composition, evolution and structure. We also try to determine the conditions necessary for the success of the accession and adaptation with GATS.

Key words: banking system, reality, reforms and WTO Accession.

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1. Introduction:

The Algerian banking system is dominated by public banks, despite the presence on the market of foreign banks. Financial Statistics show that 90% of banking assets are held by public banks, something that hinders economic development of the country.

Financial intermediation in Algeria is based on only the banks, the financial market is inactive. Efforts should focus on the privatization of public banks, improving the operating environment of banking and reducing intermediation costs. A schedule of privatization should be implemented and developed.

The Algerian government had invited foreign banks to bid for majority ownership of the bank was the healthiest in 2003¹, prior to reconsider imposing a ceiling of 49%. This has deterred foreign party. If the ceiling was high, new offers could be more attractive. Certainly, the financial indicators of Algeria are positive overall, \$ 150 billion of foreign exchange reserves and rising to 10th in the world, just behind Germany and ahead of France (125Mds), the authorities have prepaid external debt, reducing it to \$ 3.5 billion at the end 2009. but the problem remains very expensive import bill estimated at \$ 38 billion per year, half of which consists of food and pharmaceutical products. A State must work to create a food industry to reduce the invoice and achieve self-sufficiency, formation of youth in agriculture is the basis for developing this industry.

In the context of the WTO negotiations, the Algerian authorities have adopted several provisions, and in accordance with the General Agreement on Trade in Services GATS (Art 8). One can list below, the regulations of the Bank of Algeria and the instructions given to commercial banks and reflect these provisions:

In 2005: The terms of transfer of dividends, earnings and real net disposal or liquidation of foreign investment, have been established by Ordinance No. 01-03 of 20 August 2001 on the development of the investment

¹ Corn G. (1993), La réforme économique algérienne, une réforme mal menée in, *Revue Maghreb- Machrek*, n°139, Paris.

in economic activities of production of goods and services. Investments as defined in Article 2 of Ordinance No. 01-03 of 20 August 2001, made from external inputs, in terms of this regulation are guaranteed the transfer of income from investment products and real net disposal or liquidation, in accordance with Article 31 of Ordinance No. 01-03 of 20 August 2001

In 2006: Regulations of the Bank of Algeria n ° 06-02 of 9.24.06, set the conditions for:

- The authorization constitution banking and financial institution
- Authorization Installation bank branch and foreign financial institution
- The approval of the said bank, financial institution and branch banking and Financial establishing foreign

2007: The principle of the convertibility of the national currency for current international transactions, was established by the Bank of Algeria by the introduction of Regulation 07-01 of 02/03/2007). Latter defines the rules applicable transfer and abroad related to these transactions as well as the rights and obligations of foreign trade operators and authorized dealers in this area. Without prejudice to the legal provisions and regulations, payments and transfers for current international transactions are free. They are carried out by authorized dealers. Banks and financial institutions approved by the Council of the money and credit, which ensure the regularity of banking under the regulations only apply to authorized foreign exchange regulations and deal with foreign trade.

2008: A Regulation sets minimum capital of foreign financial institutions in Algeria.

2009: Through Regulation ²09/01 of 17/02/2009, individuals of foreign nationality resident and non-resident, non-resident legal entities are allowed to open with a bank approved through a foreign currency account denominated in a foreign currency freely convertible.

² La Banque d'Algérie,(2012),*Rapport annuel, évolution économique et monétaire en Algérie*, Alger

It should be noted that most of the mentioned regulations incorporate and modify existing regulations generally softening them and making them compatible with the principles of the GATS agreement

3-Requirements for successful banking reforms compatible with WTO norms and rules of the GATS:

The current situation, which is characterized by macroeconomic stability is favorable for the revival of economic reforms and banking. The reform program that the authorities were proposing to engage, before the financial crisis will be completed as soon as possible. Efforts should be made to:

1 - Strengthen the governance and supervision of banks:

In Algeria, the issue of good governance is acute. This key concept involves the reform of all state institutions. Establishing the principles of good governance requires effective government, better quality of regulation and establishment of the rule of law. In banks, public banks must improve their governance must take account of the mistakes in the past, further modernizing their operational framework. They must explore every way to meet the highest international standards, including through partnership

with foreign institutions and the opening of their capital to the private sector. The non-performing loans should be reduced to a level close to that of comparable countries. We recall that the control of the banking system is exercised by:

- The Board of the money and credit established by the law 90-10, which was constructed in 2001 to split the council money and credit in two bodies: the first is the board and the second is appointed by the Board of currency and credit, which acts as the monetary authority
- The Banking Commission which relies on the services of the central bank

In case of breach of the regulations by a bank, the Banking Commission may impose sanctions that can range from warnings to the withdrawal of approval. In this context, the banking commission decided the liquidation of banks Elkhalfa the BCIA and the Algerian International Bank. Authorities have undertaken the revision of the regulation, following banking crises which section 104 of the Ordinance 03/11 of August 2003, which "prohibits a bank

or a financial institution to extend credit to its directors to its shareholders or companies affiliated with the bank. "After the liquidation of private banks, a corporate guarantee of bank deposits in national currency was created.

The Ministry of Finance ensures that a strict public banks. It has power to appoint members of the general assembly and the board of directors of banks and public institutions. It acts as a regulator of the banking system is. We note that despite this control framework and regulation of banking, the Algerian banking system has experienced several financial scandals have shown weaknesses in the system, including the Khalifa Bank, which was detailed in the previous chapter, but also the scandals of the bank's commercial and industrial Algeria (BCIA), the bank Algerian International Bank (AIB) and Union Bank.

For industrial and commercial bank of Algeria (BCIA), the file is known as the case of "drafts endorsed" harmed several billion dinars in treasury and led to the withdrawal of approval of this private bank 2003. After an inspection, conducted in 1999, BCIA has been a disciplinary procedure, after adversarial proceedings led to the temporary suspension of the President of the Board and a fine of 5 million dinars paid to the public treasury.

The Bank of Algeria had filed several complaints against the managers of the bank in court for fraud and breach of lack of banking regulation, the exchange regulations, complicity and embezzlement of public property. Fraud that was reported to the bank managers concerned the financial guarantees and deposits that have been manipulated. Their estimates were inflated. The scandal of BCIA has once again demonstrated the weaknesses of the Algerian banking system.

Another case in addition to others, it is the case of the Algerian bank International bank. This bank has been approved by the bank of banks in 2000 and has been the subject of liquidation in 2003. It was placed under provisional administration has been a withdrawal of approval by the Banking Commission³ has noted the lack of sufficient financial contributions despite

³ Oufriha F.(2007), *La difficile transformation du système bancaire Algérie*, Alger.

the request that was sent by the Governor of the Bank of Algeria, to shareholders for financial support for their establishment.

The Union Bank, called "the oldest private bank" is a private business, which was founded in 1994, was the first to have authorization to exercise financial and banking activities in 1995 . He exuded annual profits. This financial institution regularly made public its financial accounting and its numerous subsidiaries which activated in fishing, construction, financing, etc. Ain Benian, Staouéli, Ouled Fayet, in Algiers. She mounted 10 subsidiaries whose principal was bank fishing Union, Union Health Real Estate Union, Union industry, Air freight service, China Trading, Algeria Aviation Services, Brokerage Ub, etc. A year after his birth, this was sanctioned by the Bank of Algeria, by the removal of accreditation, foreign trade, banking regulation loss. In September 2003, the Bank of Algeria warned the public enterprises that Union Bank could not make compensation. Several customers of the bank withdrew whose Sonelgaz has instructed its structures no longer accept checks domiciled to Union Bank. In 2004, Justice decided the liquidation of the Union Bank

Following these multiple scandals, the Algerian authorities gave instructions to the public enterprises, rely exclusively on public banks to open their bank accounts, investment deposits, the management of their titles, and their internal and external business operations.

3-Increase transparency:

Transparency which is the second key principle of the General Agreement on Trade in Services⁴ (GATS), following the principle of most favored nation, a problem in the Algerian banking system. It lacks a lot of transparency in the management of banking operations. One can even say that it discourages investment. The cancellation of the operation of the privatization of (Crédit Populaire d'Algerie) (CPA), and other state-owned banks and BNA B.AD that were originally planned, stopping the granting of approval by foreign banks, which was announced in 2008 and was officially

⁴ L'accord général sur le commerce de services, AGCS en anglais GATS.

justified by the reorganization of the Algerian banking market, are examples that demonstrate this problem. The 2010 report "Transparency International" shows that Algeria obtains again very poor rating 2.9/10 and a bad ranking, the 105th out of 178 countries ranked. A score below 3 means the report "a high level of corruption in state institutions"

This is the ninth consecutive year (since 2002), international organization that sends a negative assessment (3.2 in 2009 and 2.8 in 2008). Regarding international business transactions, this report shows that Algeria does not trade with the least corrupt countries including, Denmark, Singapore, Finland, Sweden, Canada, Switzerland, and Norway. Another recent study developed by "Global Financial Integrity," dated March 2010, still ranked the third in Algeria at the continental level, countries with a high rate of illicit financial outflows with outflows of capital estimated at 25 million of dollars in recent years. According to the same study, the outflow depletes currency increases inflation, reduces tax revenues and cancel the investment. The fight against corruption has affected all sectors, unfortunately, is not a matter of laws, laws and procedures, but a question of clear redefinition of institutional functions, including the use of public funds and property, the role of political bodies (parliament), technical bodies (the Court of Auditors has been frozen for years), the General Inspectorate of finance the implementation of effective management institutions and public accountability, healthy, clear and transparent. The Algerian banking institution, needs more transparency, especially the banking system lags behind when compared to the same systems of neighboring countries (Morocco and Tunisia), including quality of banking services rates and hedges bank.

4 - Successful privatization of public banks and institutional reforms:

The issue of privatization is one of the major reform of the banking sector. It is under this term, at least two different processes: the first concerns the installation of private banks⁵, capital, national, foreign or mixed, which is already in place (see Table 1, banking network Algeria, 2004). opening for the second capital of the state banks. An amendment was made to the investment

⁵ Site de la banque d'Algérie ; www.bank-of-algeria.dz

code in 1993 to allow foreign ownership in the capital of commercial banks up to 49%.

In this context, the Council of State Holdings had agreed to open the capital of the Bank CPA. Operation that should be done no later than June 2004, was subsequently canceled. After resounding scandals, private banks, which were operational in the banking market in Algeria, the Algerian government has withdrawn the accreditation of banks Elkhaila, BCIA and introduced a directive that prohibits public entities to deal with private banks. To cope with this problem, private banks should be regularly monitored rigorously and vigorously. Public banks must work only with healthy banks as already recommended by the International Monetary Fund under its various consultations. The criticisms that have been made to the Bank of Algeria on the case of Khalifa, focus on the fact that his time responsiveness of fraud, disastrous findings identified by its inspectors on the operation of Khalifa Bank, were too slow. We recall that the bank was authorized on 27 July 1998 by the Bank of Algeria has been a first check which revealed several deficiencies that were brought managerial knowledge managers of the bank. If we use the terms used by the Bank of Algeria, the Banking Commission has been somewhat "handicapped" in the exercise of its oversight, because of the absence of arrested and adoption of annual accounts the financial years 1999, 2000 and 2001. It took until October 2001 for the Bank of Algeria was the leaders of the bank. Inspectors of the Bank of Algeria have criticized the Khalifa Bank, its non-compliance with prudential ratios, an abnormal swelling of the item "other" balance sheet of the bank and the non-compliance of the exchange. The government has decided June 5, 2003, the withdrawal by the Banking Commission approval of the Khalifa Bank and appointed a liquidator judiciary.

On the issue of institutional reforms, Algeria is still lagging behind, if we compare the index of the institutional environment (2.3 to 10).

During recent consultations, the authorities and the IMF agreed on the overall orientation of macroeconomic policies that have helped maintain

financial position very comfortable ⁶, but structural reforms were not as ambitious as suggested by IMF staff. The authorities continued the implementation of a major PIP to improve infrastructure and enhance growth potential. However, the recent significant increase salaries Public delaying fiscal consolidation in the medium term required to preserve the ability of Algeria to overcome negative shocks in oil prices. The quality control of major projects PIP has improved and the modernization of budgetary slowly. BA continues to effectively absorb the abundant liquidity of banks to curb inflationary pressures while maintaining interest rates at their reduced levels since the beginning of 2009. The authorities have always intended to diversify the economy, but progress on structural reforms, including in the financial sector remains slow. New regulations on FDI adopted in 2009 could further deteriorate the negative perception of the business climate.

A structural reform program should stimulate more resolute business climate and growth driven by private investment.

The private sector remains weak and fragmented, particularly in the industrial sector, and its ability to innovate and enhance the competitiveness is limited. Support program for SMEs should be accelerated, with more effective targeting and consistent goals that should be developed in cooperation with representatives of the private sector. Restructuring programs of public enterprises, recently decentralized to line ministries should take speed to provide more space for private initiatives and reduce the pressure on the budget. More generally, the authorities should explore other reform to improve the business climate.

The IMF criticized the slow pace of banking reforms

The delegation of the International Monetary Fund, IMF, staying in Algeria for two weeks as part of a mission is about to finalize its annual report on the development of the national economy, do we learn from a banking source knowledgeable. In the same vein, our source did not rule out the possibility of

⁶ Le FMI(2010), *le FMI recommande l'accélération des réformes bancaires en Algérie*, Washington

a proposal from the IMF delegation on the participation of Algeria in its funding.

According to the same source, the IMF representatives are not satisfied with the slow pace⁷ of banking reforms, which began five years ago, and that's limited only to the development of some forms of payment. In this context, they stressed the need for expanding the banking network and diversification of sources of funding for the national economy, to give a new impetus to the SME sector.

In addition, the IMF experts have criticized the government intervention in the management of banking and financial institutions. Regarding monetary liquidity in banks, estimated at 4000 billion IMF representatives have indicated that such a rate was never reached in the Maghreb, which is explained by the centralization of decision making.

Source: IMF, Algeria, IMF Staff Report for the 2010 consultations under Article IV.

5 - Facilitate access to financial information and improve the information system: The reports of international economic organizations, informs us that there is a real problem of access to financial information in Algeria. Also, managers of public banks, that we encountered during our survey reported themselves, there is a problem of access to information and public institutions suffer from information system failure.

6 - Promoting competition in the banking sector: The new rules on foreign direct investment adopted in 2009, and bureaucratic obstacles seem to discourage foreign direct investors, which deprives Algeria transfer of technology and know-how it needs. The lack of openness and competition hinders the development of the banking sector. Such measures the Finance Act (LFC 2009) should be reviewed to ensure a well-regulated investment environment but attractive.

⁷ Oufriha F.,(2008), *Réformes et régulation monétariste en Algérie : évolution de la conception et du fonctionnement des institutions monétaires et financières*, Paris.

7-Facilitate bank intermediation: The Algerian banking sector is very liquid⁸, but the level of loans is relatively low due to credit risk. It is recommended the creation of a credit bureau that will improve risk assessment and encourage lending.

Press again 8-Banking Supervision: The effective banking supervision is highly recommended to liberalize and modernize the banking system. This mission is carried out by the State and the Bank of Algeria. Banking supervision is the responsibility of the Banking Commission, which is chaired by the Governor of the Bank of Algeria. It must carry on parts and relying on canvas giving details of the banks' liabilities and levels of supply relevant. Emergencies, the commission may send investigators on site. It seems that this information has not been provided until 1999. The lack of control and supervision of banking is explained by the paltry number of inspectors available to the Bank of Algeria and their qualification which makes them suitable for this task. If Algeria has experienced painful the liquidation of private banks, which have caused considerable treasure holes, depositors public and private, whether through lack of adequate and effective banking supervision. Supervision and control of banks are imperatives in an economy that is becoming globalized and open to the outside. In order to improve the assessment, management and control of credit risk, the Bank of Algeria introduced in 2011, a rating system of banks (rating) and developed the first report on the stability financial, which will facilitate the identification of potential risks in the banking and financial sector.

9-Restart financial market:

The organization of the banking system in Algeria⁹, which is limited to two categories of institutions: banks and financial institutions (see table No. 42), does not promote the development of financial intermediation. In addition to these two categories of property, there are:

⁸ Bouyacoub A.(2006),Epargne et efficacité du système bancaire, *les Cahiers de CREAD*, n°06, Alger.

⁹ Chaib E.,(2011),Réformes et opportunités d'investissement dans le secteur bancaire algérien, *Revue Media Bank*, n°48, Alger.

The Treasury, with its decentralized services, treasuries wilaya under the Ministry of Finance and are banking operations, in addition to postal services which are also some of the bank's operations: collection of resources, remittances and transfers funds. There are no banks or investment banks, things that negatively affects economic development. A scholarship of management of securities was created in 1996, but it plays no role at the moment, because of the lack of supply of securities.

8-Improve the business climate in Algeria:

If economies globally and continue to make reforms to improve the ability of local firms to undertake and the business climate in general, Algeria to decreased compared to the previous ranking . The business climate in Algeria is not attractive, administrative delays, the complexity of procedures, many of the documents requested by investors to the creation of companies and obtain loans are the main characteristics of this climate. The latest ranking of Doing Business is the 136th Rank in Algeria (see Table 4), a degradation of 9 points in the standings in 2008 and by 2 points in the standings in 2009. Algeria is not well rated even compared to its neighbors (in Tunisia and Morocco ranks 69th in the 128th.

Table 73: Indicators on the business climate in Algeria:

Doing Business indicator	2008	2009	2009
Doing Business 2010 rankings			
Change in 2010 and 2009			

The structural reform, institutional will stimulate the business climate in Algeria, the program of privatization of public banks should be restarted. More generally, the authorities should explore other reform to improve the business climate¹⁰. As the tax system in Algeria is one of the heaviest in the world. Indicators of Doing Business rank even lower in Algeria, at 168th out of 183 economies studied Rank. Introduce flexibility and relief in the tax area is a necessity.

A study by the research center in applied economics (CREAD) showed that the greatest obstacle to binding entrepreneurship lies in the access to and

¹⁰ CREAD,(2008),*Monnaie, prix, inflation et ajustement, Problème de la transition en Algérie*, Alger

cost of credit (28.8%). Algerian banking system lacks efficiency which explains the low investment.

10 - To adapt to changes in banking regulations that operate internationally and financial development: Algerian legislation is inadequate for the development of banking and economic, while the general agreement on trade in services is designed for banking and financial systems highly developed. in the era of globalization and globalization, the Algerian legislature is called upon to adapt to changes in regulations and international economic changes.

In a study by FEMISE on banking regulations in Algeria, Morocco, Tunisia and Egypt., Morocco was rated highest in North Africa in terms of the adaptation of banking regulation the requirements of the growing economic and international investment. Certainly, the four countries led reforms in the banking and financial sector, but the extent and effectiveness varies from one country to another.

The removal of subsidies and controls interest rates, strengthening the roles and mandates banking supervisors, improved risk management practices and their adaptation to the latest practices, the removal of barriers to entry foreign banks in the local market, are actions to implement as soon as possible to harmonize banking regulations Algerian standards and rules of the General Agreement on Trade in Services. For example, the minimum capital for the creation of a bank is limited to 200 million dirhams in Morocco against 200 million euro in Algeria. Another point to note is the high rate of refusal to grant licenses to foreign banks that wanted to settle in Algeria. Owned banks still dominate the banking sector and account for 90% of total assets of the banking sector.

According to the same source, banking regulation affects the efficiency in banking. The study shows that banks operating in countries with better regulatory structure are most effective. Specifically, the existence of insurance plan bank deposits, disclosure obligations that facilitate surveillance by private actors and the availability of credit information are key factors that significantly improves the efficiency of banks

Also, the dismantling of barriers to entry in the banking sector, the independence of the body responsible for banking supervision, increase efficiency / cost banks. It is important to note that the adequacy regulation not

only improves the efficiency of banking operations ¹¹ , but financial development and economic growth, according to the results of this study analyzes the impact of regulations on bank efficiency banking system and economic growth in the four countries of the southern Mediterranean (Morocco, Algeria, Tunisia and Egypt ¹²). It compares the level of convergence of regulatory standards Euro-Mediterranean. The four countries have implemented policies that aim to improve the quality of credit and banking efficiency, but their ratios of bad loans on total loans remain among the highest in the region ¹³ . Although the study acknowledges some improvements in the management of the banking sectors of this panel, weaknesses in credit insurance, access to the banking market, the banking and financial information, persist. Commonalities between the four banking systems lies in the fact that their authority has initiated reforms to modernize their banking sectors, reforms that include the restructuring and privatization of public banks, the implementation of legislation and prudential systems risk management. analysis shows that the high degree of state intervention is one of the reasons that explain the financial underdevelopment.

In Algeria, the dominant role of the state in the banking sector seems to have a negative impact on banking efficiency and quality even credits. The share of public assets in relation to total assets is estimated at over 90%. It is less than 25% in Morocco.

11-Diversify sources of funding of the national economy:

The challenge for the Algerian economy is to diversify its sources of funding by attracting new investors in all sectors, not just the energy sector is the main source of funding economy. The current fluctuations in the price of a barrel of oil in the international market, and recently during the recent global financial crisis has shown us that Algeria is highly dependent on the international market and therefore the challenge is to promote other niche productive to

¹¹ Creane S.,Goyal R.,Mobarak M.,Sabir R.,(2011) ,*Study of Financial sector development in the Middle East and north Africa* , P13-18

¹²FEMISE,(2011), *Convergence of Banking Sector Regulation and its Impact on Bank Performance and Growth , the Case of Algeria , Morocco, Egypt, and Tunisia* , Rapport n°33/11.

diversify the structure of the economy, sustainable growth and attract private investment in all sectors. The Algerian economy must find ways to diversify and no longer depend on oil that currently 97% of reported foreign currency. It is time to find alternative sources of supply in the country: the implementation of the renewable energy program and promote tourism as an example. Diversification of the Algerian economy may be improving the business climate and accelerating reforms to modernize and develop the banking system is the engine of economic growth.

Algeria can increase its non-oil exports by investing in other niches such as agriculture and tourism. This objective can be achieved by implementing a strategy of diversification of exports, well planned.

If the Algerian economy continues to remain dependent on the oil industry,. To diversify the economy, we must have a healthy business climate more conducive to private initiative. Another feature of the Algerian economy is the dominant role of the state in economic life: 90% of banks are public, 2/3 of non-oil GDP go public spending and oil company is a state enterprise.

Algeria has made significant progress in infrastructure investment to improve access to services (water, electricity, health. Etc.). These efforts, however, are slow to take effect. Algerian Re-exports are among the least diverse in the world, even in comparison with other oil producing countries. Governments need to succeed in improving the business climate to allow new companies to be born, to grow and take advantage of the huge investments State infrastructure.

Conclusion

In theory, banking reforms initiated by the state were improvements in: effectiveness and efficiency of banking intermediation and performance in banking.

These goals are far from being achieved. The State needs to accelerate institutional reforms that are deemed necessary to develop more than the banking sector. Today, it is generally accepted that liberalization and modernization, banking can-not be successful without strong institutional reforms and effective banking supervision.

The Algerian economy is penalized by its banking system despite its liquidity, is unable to meet the financing needs of the country's economic development.

Results analysis : Difficulties of adaptation and transformation of the banking sector to the requirements of WTO and GATS rules can be summarized as follows:

- Lack of governance
- Lack of transparency
- Lack of economic openness and competition
- Effectiveness and efficiency insufficient.
- Inadequate legal framework to develop banking

Despite the presence of foreign banks in the banking market, their role in financing the economy remains limited. Algerian banking sector is characterized by the dominance of public banks that hold more than 90% of financial assets. The problem is not in the "public-private", but in the management methods applied in state banks, which do not meet any logic of efficiency and financing activities which is diverted to public funding.

The opening of the Algerian banking market to all private, local and foreign, can contribute, through the diversification of behavior and abandonment of cash, improving system performance. The increased competition will benefit customers and the bank: the bank will grow better resources collected and guests can easily access funding and with lower costs WTO.

Was asked Algerian negotiators to charge the same price whether domestic or foreign, which gives a competitive advantage to traders who invest in the domestic market. Access to energy at a lower price compared to the world market is beneficial to the entire industrial Algeria. As such, the price cannot be seen as a prohibited subsidy and not according to the rules of the multilateral trading system.

The real problem lies in the lack of transparency associated with the existence of monopolies and reports that they have with their government-. What makes the difference in prices of the same products on the local and international market comes from state regulation and not under the commercial policy of the Sonatrach or a state enterprise. We saw in the second chapter that the problem of dual pricing has not prevented Saudi Arabia and Russia to join the WTO.

Recommendation s'paper :

Algeria have to accelerate the administrativ reform and institutional reform to raise The attractiveness of foreign direct investment wich requires manage all projects whose project of reforms, the Algerian institutions have serious problems with lack of quality, transparency, efficiency and performance. These problems can be explained by the failure of the information system, the qualification of responsible institutions and the non-application of sanctions. Also, the legal system is inadequate economic development. Such shortcomings eat a variety of examples of corruption, the appropriation of public property for private uses the diversion of public administration, the use of billing, etc. It is what has been confirmed by the recent report of the World Bank on reforms in the MENA region which recommends the obligation of transparency; improve the quality, efficiency and performance Algerian institutions. The reforms of institutions is irreversible for accession to the WTO and is the quality of institutions determines the rules of law, procedures and their application.

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