

Special Economic Zones:

Promoting Growth and Mitigating Algerian Instability

David Renich Newbrander

Sources of Economic Instability







Youth unemployment

Unattractive business climate

Reliance on hydrocarbon wealth

Regional Consequences of Instability







Instability in already volatile region

Migratory pressure

Radicalization and terrorism

Models of Economic Liberalization

Rapid

- IMF approach
- Privatization

Incremental

- Chinese model
- SEZs

Implications of Economic Liberalization

Rapid

- Political crisis
- Regime change

Incremental

- Minimal instability
- · Stable growth

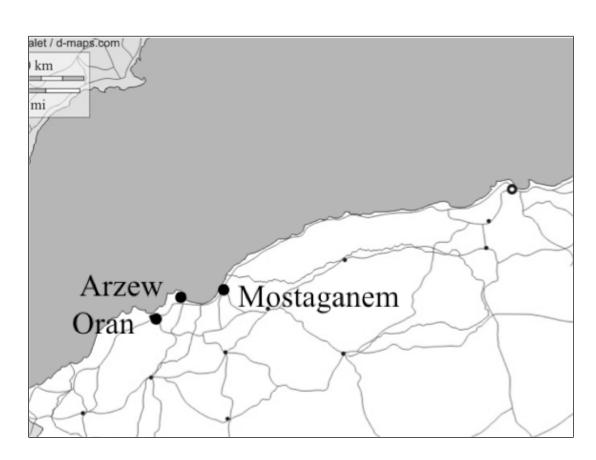
SEZ in Algeria: Benefits of Hybrid EPZ



- Job creation
- Export diversification
- Domestic linkages

SEZ in Algeria: Location and Funding

- Located in Arzew
 - Market Access
 - Infrastructure
 - Local Labor
- Private Funding



SEZ in Algeria: Guidelines for SEZ Policy

- ▶ Recommendation #1: Local vs. foreign labor
- ▶ Recommendation #2: Amend local ownership law
- ▶ Recommendation #3: Streamlined bureaucracy
- Recommendation #4: Credibility mechanism

Potential Objections

▶ Objection #1: Why will the SEZ succeed when past attempts failed?

Objection #2: Won't job creation be concentrated geographically?

▶ Objection #3: How can we protect the SEZ from corrupt bureaucrats?

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