

ALGERIA: PUBLICATION OF THE APPLICATION TEXTS OF THE NEW INVESTMENT LAW

Algiers, 27 September 2022



Key points

- Publication of most of the new investment law application texts (Law 22-18).
- Installation of a High Commission responsible for ruling on appeals lodged by investors considering they have been disadvantaged under Law 22-18.
- Creation of an electronic platform to guide and accompany investors.
- Creation of a one-stop shop with national competence dedicated to foreign investments and major projects.
- The minimum threshold for benefiting from the transfer guarantee is calculated based on the share of foreign financing incumbent on investors in the total investment cost and is set at 25% of the investment amount.
- Projects creating at least 500 jobs and worth at least DZD 10 billion (approx. EUR 75 million) benefit from the favourable regime for "structuring investments".

On 28 July 2022, a new Investment Law No. 22-18 of 24 July 2022 (the "**Law 22-18**") was published in the Journal Officiel.

Eight texts implementing Law 22-18 were published in the Official Journal on 18 September 2022, the main provisions of which are summarised below.

Institutional framework

○ *The High National Commission for Investment Appeals*

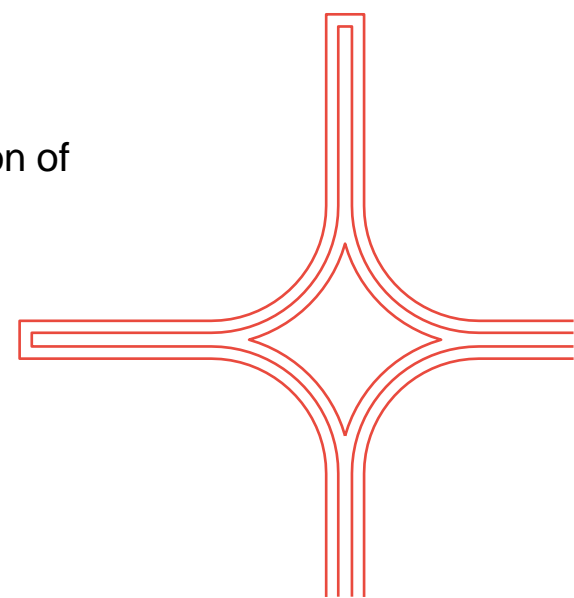
Presidential Decree No. 22-296 of 4 September 2022 sets out the composition and functioning of the High National Commission for Investment Appeals. This commission is responsible for ruling on appeals lodged by investors considering they have been disadvantaged under Law 22-18.

○ *The National Investment Council*

Executive Decree No. 22-297 of 8 September 2022 sets out the composition and functioning of the National Investment Council, which proposes the State's investment strategy, ensures its overall coherence and evaluates its implementation.

○ *The Algerian Investment Promotion Agency ("AAPI")*

Executive Decree No. 22-298 of 8 September 2022 sets out the organisation and operation of AAPI, which replaces the former National Investment Development Agency (ANDI).



The AAPI is in charge of promoting investment and the attractiveness of Algeria, registering investment files, managing investment incentive schemes, and setting up and managing the investor's digital platform.

This platform is intended to be an electronic instrument for guiding, accompanying and monitoring investments from the moment they are registered and during their operation.

- One-stop shops

Two types of one-stop shops are created within the AAPI:

- The one-stop shop for major projects and foreign investments (national competence).
- Decentralised one-stop shops (with local competence).

The mission of the one-stop shops is to be the investor's sole contact. They are made up of most of the administrations involved in realising an investment (taxes, customs, trade register, town planning, land, etc.). The one-stop shops are authorised to issue all authorisations relating to the implementation and operation of the investment.

Registration of investments

Executive Decree No. 22-299 of 8 September 2022 sets out the procedures for registering and transferring investments and the amount of the fee for processing files.

The registration of foreign investment is carried out at the one-stop shop for major projects and **foreign investments**, which are defined as "*investments in which the capital is held in whole or in part by foreign natural or legal persons, benefiting from the transfer guarantee of the invested capital and the income derived from it*".

The registration certificate confers eligibility for the benefits provided for by Law 22-18.

Negative lists

Executive Decree No. 22-300 of 8 September 2022 sets out the lists of activities, goods and services that are not eligible for the benefits provided for by Law 22-18. For example, the activities of pharmaceutical establishments operating marketing authorisations are excluded from the sector regime.

Transfer guarantee

Decree No. 22-300 defines the minimum threshold for a foreign investor to be eligible for the transfer guarantee (i.e. the right to transfer in foreign currency the capital invested, the income derived from it, as well as the proceeds from the disposal and liquidation of the investment).

This minimum threshold is calculated based on the investors' share of foreign financing in the total cost of the investment and is set at **25% of the investment amount**.

Zone regime

Executive Decree No. 22-301 of 8 September 2022 sets out the lists of localities in the High Plateaux, the South and the Deep South, localities whose development requires special support from the State and localities with natural resource potential to be developed, which are eligible for the zone incentive scheme.

Structuring investment regime

Executive Decree No. 22-302 of 8 September 2022 sets out the criteria for qualifying structuring investments, the procedures for benefiting from operating advantages and the evaluation grids.

Structuring investments are investments with a **high potential for creating wealth and jobs that are likely to increase the attractiveness of the territory** and to have a spillover effect in terms of the economic activity for a sustainable development, which essentially contribute to :

- import substitution ;
- export diversification ;
- integration into global and regional value chains;
- the acquisition of technology and know-how.

Investments meeting the following criteria are eligible for the structuring investment scheme:

- the level of direct employment: equal to or greater than **500 jobs**;
- the amount of the investment: equal to or greater than DZD **10 billion** (approx. **EUR 75 million**).

Structuring investments can benefit from State support for the development and infrastructure work necessary for the investments' completion. The registration of structuring investments is subject to the presentation, by the investor, of a techno-economic study showing the criteria for qualifying structuring investments set out above.

Evaluation grid and investment monitoring

Decree No. 22-302 defines evaluation grids for each incentive scheme, based on quantifiable and weighted criteria, in order to determine the duration of the tax exemptions granted during the operational phase.

Finally, Decree No. 22-303 of 8 September 2022 sets out the measures for monitoring investments and the sanctions in the event of non-compliance with the commitments taken by the investors.

If you have any questions about this newsletter, please do not hesitate to contact us.

CONTACT:



Rym Loucif

PARTNER
LOUCIF+CO

40, Rue de la Madeleine,
16035 Hydra, Algiers, Algeria
Email : rloucif@loucif-law.com
T. (Algiers): + 213 (0)5 52 58 28 93
T. (Paris): + 33 (0)6 29 27 13 34

www.loucif-law.com

