Democratic and Popular Republic of Algeria

Committee dedicated to improving
The business climate in Algeria

Report on facilitation and relief measures relating to the business environment and the investment in Algeria taken in 2012-2013

Final report
May 2013
DGVSEES / MIPMEPI
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Abbreviations:

ANDI Agence Nationale de Développement de l’Investissement
(National Agency for Investment Development)
ABEF Association des Banques et Associations Financières (Association of Banks and Financial Associations)
ANIREF Agence Nationale d’Intermédiation et de Régulation Foncière (National Agency of Intermediation and Property Regulation)
CAP Confédération Algérienne du Patronat (Algerian Confederation of Employers)
CIPA Confédération des Industriels et des Producteurs Algériens (Confederation of Industrialists and Producers Algerians)
DGD Confédération des Industriels et des Producteurs Algériens (Directorate General Areas)
DGI Direction Générale des Impôts (Directorate General of Taxes)
EPE Entreprise Publique Economique (Public Economic Enterprise)
FCE Forum des Chefs d’Entreprise (Business Leaders Forum)
MAE Ministère des Affaires Etrangères (Ministry of Foreign Affairs)
MFEP Ministère de la Formation et de l’Enseignement Professionnels (Department of Training and Professional Education)
MIPMEPI Ministère de l’Industrie, de la PME et de la Promotion de l’Investissement (Ministry of Industry, SMEs and Investment Promotion)
MPTIC Ministère de la Poste et des Technologies de l’Information et de la Communication (Ministry of Post and Information Technology and Communication)
MRE Ministère des Ressources en Eau (Ministry of Water Resources)
MTESS Ministère du Travail, de l’Emploi et de la Sécurité Sociale (Ministry of Labour, Employment and Social Security)
MHU Ministère de l’Habitat et de l’Urbanisme (Department of Housing and Urban Development)
PIB (GDP) Produit Intérieur Brut (Gross Domestic Product)
EU Union Européenne / European Union
UGTA Union Générale des Travailleurs Algériens (General Union of Algerian Workers)
GZALE Grande Zone Arabe de Libre Echange (Greater Arab Free Trade Area)
I. Framework

Establishment of a committee dedicated to improving the business climate in Algeria

Background

☐ Letter Mission Director of the Prime Minister No. 731/DC/PM made on December 1, 2012.
☐ The Committee was installed officially at a ceremony at the Residence Djenane El Mithak on March 10, 2013 by the Minister of Industry, SMEs and Investment Promotion.
☐ Have particular, attended the ceremony the Resident Representative of the World Bank in Algeria, the Secretary General of the UGTA, the presidents of employers' organizations, representatives of professional associations, representatives of state institutions, office managers education and counseling and a panel of national experts.
☐ The Committee involving all stakeholders, including: MIPMEPI; Commerce [CNRC], Finance, MHU, Transport, MAE, Justice, MTESS; MRE; MPTIC, Bank of Algeria; SONELGAZ; UGTA, Business Associations (FCE; CAP; CGP-BTPH; CIPA) ABEF; National Chamber of Notaries; national experts.

Objectives

☐ Make an inventory of the Business Climate in Algeria;
☐ Assess the state of the current administrative arrangements involved in the process of business creation, promotion of investment and SMEs / SMIs, including import and export processes;
☐ Identify procedures hindering the development, growth and competitiveness of Algerian companies;
☐ Propose measures in the short and medium term to improve the business climate in Algeria.
☐ Inform and communicate with international bodies on the efforts made by the Algerian Government to make it more attractive business environment in Algeria.

Proceedings

☐ The committee held its first meeting on Sunday, March 10, 2013, the day of his installation, in the presence of the presidents of the CFE, the CAP and CIPA.

After this, Eleven (11) meetings were held:

I. Meetings of the members of the committee: 13/03/2013 Wednesday and Thursday from 21/03/2013 and 28/03/2013.

II. Small meetings of working groups: two meetings were held on Tuesday, March 12, 2013; Monday, March 18, 2013; Sunday, March 24, 2013; Tuesday, March 26, 2013, Tuesday, April 16, 2013 and Thursday, April 18, 2013.
In the work of the committee dedicated to improving the business climate in Algeria and to awareness the economic operators, representatives of employers’ organizations and representatives of the Office of Studies, new facilitations taken by the government Committee to improve the business climate, two study days were held in the presence of the Resident Representative of the World Bank in Algeria by the Ministry of Industry, SMEs and Investment Promotion the April 2-3, 2013 at the Residence Djenane El Mithak - Algiers.

It should be noted the speech at the meeting, of two experts from the World Bank : Mr. Lawrence and Mr. Phillipe Gonnet Meneval. The two days were an exchange opportunity between the different actors involved in business creation, the act of investing and listening to the concerns of the economic and social partner’s operators. In addition, the objective was to identify the immediate reorganization may be made to the various procedures in order to relax and reduce construction time in activities related to the creation of the company and to promote investment. The papers presented during the two days, helped addressing different areas that recently experienced improvements in terms of relief or facilitation.

☐ The Committee has launched its website, www.climatdesaffaires.dz, the Committee has presented as one of its instruments in an interactive communication strategy in order to respond to all the concerns of the business world. The portal is expected to:

  - Centralize information on improving the business climate in Algeria.
  - Establish an information portal for national and international operators, international institutions (such as the World Bank, UNIDO, UNDP and UNCTAD)on actions in Algeria to improve the business climate and on procedures related to different processes of creation of the company and the act of investment procedures and also regulations and related regulatory frameworks to business.

☐ Two E-mail addresses have been set up for the purpose of creating a forum for the exchange and sharing of information, namely:

  - contact.comité@climatdesaffaires.dz this space is a messaging platform for exchange, information sharing and networking of members dedicated to improving the business climate Committee.
  - contact.public@climatdesaffaires.dz This address is a space for exchange and communication with all parties wishing to contribute to the work of the Committee or challenge institutions (any queries relating to inconvenience to business in Algeria). It is reserved for the general public (economic operators, employers and professional associations, national and international institutions, notaries, lawyers, etc..).
Committee meetings dedicated to improving the business climate, held during the months of March and April have helped:

- **Develop an inventory** of the business climate in Algeria.
- **Identify the various barriers and obstacles** to the establishment, operation and implementation by companies of their obligations to the State and third parties;
- **Critically analyze the analysis** of the ten (10) parameters mentioned in the report of the World Bank.
- **Accelerate the implementation** of reforms in progress related to the business world;
- **Propose specific measures** in the short term, can help improve the country’s position in “Doing Business 2014” report.
- **Identify facilitation measures to be implemented** in the medium term, particularly as regards reform of the legal framework of the various devices.
- **Establish a roadmap** for the implementation of an action plan 2013-2014.

**Composition of the Inter-Ministerial Committee set up**

**Chairman of the Committee**

**Bacha Mohamed** - CEO Strategic Intelligence, Economic Research and Statistics / MIPMEPI.

**Committee members**

**Achit-Henni Abdelhamid** - National Chamber of Notaries, President - **Aimene Laziz-CES**, Ministry of Justice; **Amer Hocine Yahia** (FCE); **Ameur Moussa** - CAP; **Bakir El Hadi** Director, CNRC (Ministry of Commerce); **Belir Benameur Malika** - Regional Chamber of Notaries, President; **Bentahar Kaddour** - Director, DGD; **Bessah Faisal** - Director MPTIC; **Choual Abdelkader** - Director SONELGAZ; **Dib Said** SG Council of Money and Credit (Bank of Algeria); **Drif Mohamed** - Director, IMB; **Heumissi Youcef** - Head of Division, ANDI; **Hasnaoui Sofiane** (FCE) **Mohamed Ibn El Boushaki** - Deputy Director, Department of Transportation; **Maouche Lounis** - Director, MRE; **Kies Saidia** - Inspector, MTESS; **Meddahi Houria** - Director MHU; **Mokrani Mohamed** - Director, DG Areas; **Mokrani Sihem** - MAE, **Mohamed Sahraoui** (FCE) **Saoudi Salah** - ABEF; **Ziani Lamia** - CIPA.
Engagement letter from the Prime Minister

Réf. : Envoi n° 1197/MF du 27/11/2012
P. d. : 01

Par envoi visé en référence, dont copie ci-jointe, Monsieur le Ministre des Finances a bien voulu faire part à Monsieur le Premier Ministre de l’état d’avancement du dossier cité en objet.

Dans cet envoi, il est fait état des mesures prises par le secteur des finances dans le cadre de l’amélioration du climat des affaires ainsi que des données relatives au classement de notre pays au titre de la nouvelle édition du rapport « Doing Business 2013 ».

Par ailleurs, compte tenu de la nature des thèmes traités dans le rapport précité et qui concernent plusieurs départements ministériels, il est suggéré de pérenniser le groupe de travail multisectoriel composé des représentants des secteurs des finances (Banque d’Algérie, Douanes, Impôts, Domaines), du Commerce (CNRC), de l’Habitat et de l’Urbanisme, du Travail, de l’Emploi et de la Sécurité Sociale, sous la forme d’un Comité nommé « Doing Business Algérie ».

Le Comité qui sera présidé par le Ministère de l’Industrie, de la Petite et Moyenne Entreprise et de la Promotion de l’Investissement, sera chargé d’assurer le suivi de l’ensemble des dix (10) indicateurs du rapport « Doing Business 2013 ».

Dans ce cadre, j’ai l’honneur de porter à votre connaissance que Monsieur le Premier Ministre, charge Monsieur le Ministère de l’Industrie, de la Petite et Moyenne Entreprise et de la Promotion de l’Investissement de prendre, en relation avec les secteurs concernés, notamment le Ministère des Finances, toutes les dispositions nécessaires pour l’installation, dans les plus brefs délais, du comité « Doing Business Algérie » tel que préconisé par le Ministère des Finances dans son envoi.

Enfin, Monsieur le Premier Ministre vous demande de veiller à une participation active de vos représentants au sein du dit comité qui devra établir un rapport trimestriel sur l’état d’avancement de ce dossier.

Veuillez agréer, Messieurs les Ministres, l’expression de ma haute considération.

Copie :
- Mr le Ministre des Finances
II. ANALYSIS OF THE BUSINESS CLIMATE IN 2013

Issue: Scope, issues and guidelines

Sustainable and high quality economic growth is a *sine qua non* condition for national development and job creation. It must be based on dynamic economic activities that act as levers of economic growth and development investment. The administrative environment is an essential part in productive activities.

In Algeria, measures to improve the business climate are relatively numerous and all were part under the theme of *reducing bureaucracy and simplifying procedures*. The steps taken in recent years have taken different paths and have experienced levels of application and differentiated results. They have not been, however, a clear and consistent review.

*The Committee set up* tried to evaluate the overall efficiency of the different approaches and formulate proposals for measures to improve the business climate in the short and medium term. The problem, in itself, is complex. It raises the question filigree engines of growth and strategic requirement to diversify our economy.

A national development strategy must be developed and implemented in a systematic manner. It should focus in particular on the densification of productive investments, on the one hand, and improving the competitiveness of enterprises, on the other hand. There are two fundamental aspects of any country’s economic strategy, combining two lines of action: (a) *Strengthen the capacity of domestic firms* to produce products with higher added value by effectively exploiting the country's resources and participate effectively in global production chains, and (b) *Develop a policy to attract FDI* with the objectives of developing the country. The role of FDI in promoting technological modernization and competitiveness is essential.

It is an established fact that the structuring actions, whether initiated by the State or carried out by private operators, not fully achieve their goals if they are part of a strategic framework of regulation involving all stakeholders. It is defined in a participatory process involving all stakeholders, strategic lines of development of the nation and the related action plans (timelines and adequate resources).

*Develop an investment climate* is characterized by an independent judiciary, a developed financial system, good quality and dense infrastructure, and skilled workforce and stands out as a critical and necessary strategy to improve the competitiveness of the economy and stimulate economic growth. In a highly competitive environment, Algeria has made the improvement of its business climate a strategic choice to build a strong economy able to the challenges of productivity and international competitiveness.
Improving the business environment and boost investments must register in the wake of the mechanisms of the market economy, which gives the state a strategic role in two ways:

- An active and informed role state contractor;
- A state role proponent of a flexible and efficient framework of regulation promoting a wise and liberal interventionism, oriented towards supporting the competitiveness of enterprises and the new balances negotiated between the state and the market.

According to the latest Doing Business report of the World Bank, Algeria has moved from 150th to 152th position in 2013 in a ranking includes 185 countries. Although this rating does not reflect the reality of the business climate in Algeria, the Algerian authorities take very seriously the misclassification of the country. Substantial efforts have been undertaken, including the facilitation of SME access to investment loans, regulation and access to industrial land, the application of the status of Authorized Economic Operator (AEO) providing facilitations clearance procedures for importing firms and other devices facilitation effect, allowing the improvement of services related to economic activities.

The strategic objective is therefore to create an appropriate environment for the development of entrepreneurship and productive investment, to catch up, particularly in industry, a sector that contributes only up to 5% GDP and improve the brand image of the country towards international institutions and foreign investors.

The promotion and consolidation of the business climate should be based on strategic principles of a strong and competitive economy, namely:

1. Maintaining a sound macroeconomic framework.
   - Effective institutional steering ensuring the principle of freedom to invest and guarantee legal stability;
   - The evaluation and improvement of public services.

2. Modernization and adaptation of legislative and legal framework to the specifics of business law.
   - The preservation of freedom of enterprise and freedom of investment;
   - The strengthening of good governance and transparency in the business world.
   - The strengthening of key entrepreneur, investor and business as critical factors in creating wealth and jobs;

3. Powerful levers of competitiveness and networking of institutions supporting business creation and investment promotion.
   - Facilitating access to finance and modernize the legal framework for business;
   - Strengthening the state's economic competitiveness and promoting productive investment.
   - Relieving processes related to the creation of the business, investment and commercial activities;
   - Improving collaboration and communication around the reforms undertaken by the government.
Evaluation of ten parameters the Committee

BUSINESS CREATION

Overview

The level of entrepreneurship in Algeria is still far from meeting the needs of the country. A significant increase in new businesses (entrepreneurs, professionals, SME, Artisans) is related to the improvement of the business environment.

Procedures and procedure

<table>
<thead>
<tr>
<th>Stages of the process</th>
<th>Procedures and documents required</th>
<th>Concerned parties</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Search for the existence of the name in the CNRC database</td>
<td>Receipt of payment (DA 480)</td>
<td>Department of Commerce - National Trade Register Centre (NRC) NRC Basic economic data</td>
<td>Economic database CNRC</td>
</tr>
<tr>
<td></td>
<td><strong>Result: Document for prior art</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Establishment of the Constitution with the Notary</td>
<td>1. Title or Lease</td>
<td>Department of Justice</td>
<td>Costs obey the statutes scale Executive Decree No. 08-243. A fixed rate is taken as an Notary fees as installments of the capital of the company. Development of pre Models model statutes.es.</td>
</tr>
<tr>
<td></td>
<td>2. PV AG constitutive</td>
<td>National Chamber of Notaries</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Copy of the extract from the register of commerce (PM)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Birth document</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>5. Criminal record (stamp 30 AD)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>6. Receipt of the Treasury - Liberation capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>7. Mandates (for signing the bylaws)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Result: The Statutes of the notarial business</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Publication in the Official Bulletin of Legal Announcements (BOAL) and in a national newspaper</td>
<td>1. Three copies of the text to be published in Arabic for BOAL</td>
<td>Ministry of Commerce</td>
<td>The NRC BOAL is managed by the CNRC. The notice of insertion is issued on the spot.</td>
</tr>
<tr>
<td></td>
<td>2. Three copies of the text to be published in French for BOAL</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Invoice in triplicate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4. Received in triplicate</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Copy of the text to be published in newspapers (in Arabic and French)</td>
<td></td>
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</tr>
</tbody>
</table>

Legal anchor


5. **Law 04-08 of 14 April 2004** on the conditions for carrying out commercial activities.

6. **Ministerial Decree of 10 July 2004** on the revision of tariffs by the CNRC and legal advertisements.

7. **Executive Decree No. 97-41 of 18 January 1997**, as amended and supplemented, relating to conditions of registration in the commercial register;

8. **Executive Decree No. 08-243 of 3 August 2008**, which determines the rate of the notary fees based on the local capital of the company

9. **Decree of 13 June 2011** laying down the period of validity of the extract from the commercial register issued subject to certain activities.
**GRANTING BUILDING PERMIT**

**Overview**

In Algeria the building permission is required for: (1) the construction of new buildings regardless of use, (2) the extension and modification of existing buildings, (3) The creation of a wall Retaining or fence hard.

**Facilitation measures** have been introduced since January 2013 in order to simplify the procedures for delivering planning permission, building permit and certificate of conformity.

**Procedures and procedure**

The building permit is required for the construction of a new building or conversion of an existing building. The record consists of the following parts:

- A title property or other legal title;
- A ground plane specifying the implantation site across 500th;
- Plans for each level, facades and cuts across 100th;
- Descriptive parts of the work and the associated costs;
- Certification of civil engineering study signed by the architect and approved engineer or engineering;
- An impact study otherwise.

This is a technical file of the construction project in accordance with the provisions of **Executive Decree No. 09-307 of 22 September 2009**. This application must be filed in five copies in planning department of the municipality for projects under the jurisdiction of the municipality, or the wilaya for projects under the jurisdiction of the wali or the Minister for Planning.

**Delays in issuing building permits are set at 45 days** for the issuance of the document signed by the President of the People's Congress of the town, and **up to 60 days** for delivery of the document signed by the Wali or the Minister.

**Legal anchor**

- **Law No. 90-29 of 1 December 1990**, as amended and supplemented, relating to the development and planning.
- **Law No. 08-15 of 20 July 2008** laying down rules for compliance of construction and completion.
- **Executive Decree No. 09-307 of 22 September 2009** amending and supplementing Executive Decree No. 91-176 of 28 May 1991 laying down detailed rules and granting of planning permission, the subdivision permit.

**CONNECTING ELECTRICITY**

**Overview**

The government provides a major interest in ensuring the electrification of the Algerian territory in order to change the connection options of the greatest number of applicants. Statistics suggest that 95% of the country is electrified, the interest is more significantly with respect to investors seeking a connection to the high voltage for the purposes of their businesses.
It should be noted that the production of electricity is about 9502 MW, the investment program 2011-2015 aims to increase it to 15,000 MW with an important project to produce 2000 MW 1200 MW which are intended to export to Europe, which is in progress.

The development program adopted by the Group SONELGAZ and its subsidiaries was evidenced by the commissioning of new power plants and building transmission and distribution of electricity which has a substantial growth in production electricity and its availability to the consumer. In addition, the SONELGAZ Group has established a new reorganization through the spin of the core businesses that are producing electricity and transmission of electricity.

An interest for the development of renewable energy is also enshrined in the policy energy production adopted by the Government. By 2030, it is planned to produce 22,000 MW of electricity from renewable energy of which 10,000 MW for export.

**Procedures and procedure**

The file for the grid connection, includes:

- A written request for connection;
- A sheet of technical information on the project to complete, signed and dated;
- A site plan of the project (1/5000);
- A plan of the project (1/1000).

If the file is incomplete, *a period of 15 days is granted to the applicant to complete it*. After receiving the request, the distributor initiates a connection study to be submitted to the applicant within a period of one (01) months.

The applicant has 10 days to state its acceptance of the study or refusal. If the study is approved, the applicant must apply for a connection to start the procedure relating thereto and shall include:

- A signed acceptance of the connection proposal introduced through the study of the services of the distributor;
- A request for the performance of work on its own.

Thereafter, SONELGAZ sends the client an agreement supervision of connection works and supply and signing it within 15 days from the date of receipt of the acceptance of the proposed connection.

The work is initiated by the applicant after approval of the technical file by the distributor and under his supervision. *The distributor must give its approval within a maximum period of 15 days, the work must be completed no later than one (01) month after approval.*

After completion, and *within 15 days*, the distributor shall commissioning termination after: presentation by the customer of technical documents according to the execution and the bills realization, signing the minutes of the end of connection work; signing of the supply contract, payment by the customer ahead of consumption, authorization of the Director of Energy and Mines, territorial jurisdiction. *The process took place, would require an overall average duration of 125 days*, subject to delays which might be induced by the non-issuance of the necessary permits including administrative permissions.
Legal anchor

• Law No. 02-01 of 5 February 2002 on electricity and gas distribution pipeline.

• Executive Decree No. 05-182 of 18 May 2005 on the regulation of rates and compensation activities of transmission, distribution and marketing of electricity and gas.

TRANSFER OF OWNERSHIP

Overview

In terms of transfer of ownership, two modes are implemented:

• Transactions involving property in the private domain of the State and for which only the mode of concession is applicable under the legal framework governing (Ordinance No. 08.04 1 September 2008);

• Transactions involving private property status and for which the mode of transfer is applicable.

The concession entails formation of real right in favor of the dealer who owns the buildings he has built and are assignable and transferable under the current legislation. The issue raised concerns the failure to meet deadlines for registration and publication of the deed once the contract is signed by the parties. The deadline for registration on the official bulletin of legal notices is 48 hours. In practice, this period may exceed two months.

Procedures

The procedure for transfer of ownership through the following phases:

☐ The parties (buyer and seller) move to the notary to inform him of their intention to carry out a transaction involving real estate.

☐ The lawyer asks the parties to create a file containing:
  • A copy of the deed of the seller,
  • Mortgage status (negative certificate)
  • The justification of the identity of the parties (birth certificates).

☐ The notary drafts the deed of sale and make it signed by the parties, the purchaser deposits to their account fifth (individuals) or half (legal persons) of the price stated in the act that is repaid to seller in 30 days (max), after his tax situation.

☐ Concurrently, the parties pay the notary fees related to the transaction:
  • Amount of fees: the responsibility of the purchaser;
  • Amount of registration fees (supported jointly by the parties);
  • Amount of land registration fee (payable by the purchaser).

☐ The notary submits the document to the registration formalities at the service registration within one month from the date of the establishment of the act (usually the recording of the act occurs within 48 hours).

☐ Once registered, the notary submits the document to the formality of land registration at the Land Registry territorial jurisdiction (maximum: 15 days).

☐ The notary shall surrender the deed to the purchaser.
Legal anchor

• The law of 2007-02 27/02/07 instituting a procedure finding the right real estate and issuing title deeds by way of land survey.
• Executive decree 2008-147 of 19 may 2008 on land survey operations and issuance of title deeds.

Obtaining Loans

Overview

The World Bank classifies Algeria in good regional average compared to MENA. The index on the disclosure of credit information measure access and quality indicators in public registries or private bureaus.

The public credit registry is defined as a database managed by the public sector (the central bank in the case of Algeria). the public coverage indicator register is the number of individuals and firms listed in a public registry for which updated information on borrowing history is available for the past 5 years. This number is expressed as a percentage of the adult population (15 and over).

The private credit registry is defined as a private company or a non-profit organization. the private coverage indicator registry is the number of individuals and firms listed in private credit registries for which the information is up to date on the past in the past five years loans. This number is expressed as a percentage of the adult population (aged 15 and over).

Legal anchor

• Ordinance no. 03-11 of 26 August 2003 on money and credit
• Law no. 90-10 of 14 April 1990 on money and credit
• Ordinance no. 10-04 of 26 August 2010 on monetary and credit
• Regulation no. 12-01 of 20 February 2012 on the organization and functioning of the central risk "businesses and households."

Investor Protection

Overview

The desire to appeal to the Algerian state based on incentives, including, in particular, that of ensuring the protection of any investment. many foreign investors have adopted a positive approach to the capacity of the government of Algeria to ensure safety at all levels. as such, the measures taken by Algeria, are quite consistent with the principles and rules of law as international law.
PAYMENT OF TAXES

Overview
Companies in Algeria are subject to the payment the following taxes:

*The tax on corporate income (IBS)*
*The rate of tax on corporate profits is 30%.* However, the profits reinvested in the business are taxed at the reduced rate of 15%.

*The lump sum payment (VF)*
Wages and salaries paid by companies are subject to a *lump sum payment at the rate of 3%*, net of working social security contributions and deductions for retirement. This payment is deductible from taxable income.

*Tax Professionals (TAP)*
This tax is based on turnover excluding VAT. The turnover is determined considering reductions of 30% and 50% determined by law. *The rate of this tax is 2%.* This tax is deductible from taxable income.

*The value added tax (VAT)*
VAT is levied, as appropriate, the standard rate of 17% and the reduced rate of 7%.

*The property tax on buildings (TFPB)*
The tax base of the TFPB consists of the rental tax value of taxable property. This base is determined by applying a year turnover rate of 2%, but can not exceed 40%. However, for plants, the reduction rate is 50% and the rate of property tax on the house property is 3%.

*The property tax on non-built properties*
The rate of property tax on undeveloped properties in non-urbanized area is 5%. In urban areas, this rate varies depending on the area considered: less than 500 m²: 5%, 500 to 1000 m²: 7% over 1000 m²: 10%.

Legal anchor
• *Decree No. 92-270 of 6 July 1992,* an exhaustive list of investments in movable and immovable property which are eligible for the reduced rate.

BORDER TRADE

Overview
Cross-border trade has grown since the release of the Algerian economy, a remarkable development. Indeed, the accession of Algeria to certain geo-economic areas (EU GAFTA) has *pulled up the volume of trade between Algeria and abroad*. So, anxious to ensure the supply of the market for products and services not manufactured or supplied locally and develop its non-oil exports especially in Algeria, spares no effort to streamline its trade with foreign partners and *continuously improve procedures for import or export*. The significant changes in its trade on the last years reflects its efforts and its prominent role denotes the Algerian market on regional or even global.
To get to the level of international standards, reforms are committed in several sectors directly involved in cross-border trade such as customs, and transportation. It should be noted that Algeria intends to strengthen the domestic fleet with the acquisition of twenty ships.

**Legal anchor**

- **Ordinance No. 03-04 of 19 July 2003** on the general rules applicable to import and export cargo operations.
- **Interministerial Order of 14 May 2007** establishing the list of products, materials and goods subject to a specification for export.
- **Executive Decree No. 07-102 of 2 April 2007** laying down the conditions for export of certain products, materials and goods.
- **Executive Decree No. 09-296 of 2 September 2009** amending Executive Decree No. 09-181 of 12 May 2009 laying down the conditions for the exercise of the importing of raw materials, products and goods for resale in the state by commercial companies, the partners or shareholders are foreigners.

**EXECUTION OF CONTRACTS**

**Overview**

Algerian Justice is, according to the Algerian Constitution of 28 November 1996, based on the principles of the independence of the judiciary, rule of law and the judge should obey the law and his oath. Indicators on enforcing contracts measure the effectiveness of the Algerian judicial system in resolving commercial disputes. The complexity of contract enforcement is evaluated by following the evolution of a payment dispute and tracking the time, cost and number of procedures involved from the filing of the complaint and the settlement of the creditor. In Algeria, the problem is the slow in resolving disputes in the courts, according to the World Bank, it takes an average of 630 days for the settlement of a dispute in Algeria. This delay does not correspond to reality, based on statistics, Algeria is in the international average, the courts take much less time than before to deal with the cases and make decisions.

It should be noted that Algerian law allows since April 2009 the use of private dispute settlement mechanisms in trade relations. And various alternative dispute resolution, who know throughout the country considerable development, are as follows:

- **Conciliation:** a well-known concept in Algeria, it is enshrined in various branches of Algerian law and in particular, the labor or social law, personal status, administrative law and the new Civil and Administrative Code Procedure, published in 2008 which states in Article 4 that "in any matter, the judge may still reconcile the parties during the proceedings."

- **Mediation** this mode is being developed with some success especially in business disputes. Mediation is scheduled and organized by sections 994-1005 new Code of Civil Procedure and Administrative. The provisions introduced by the Code provides that the judge shall provide the parties any material mediation.
If the parties accept this settlement, the judge shall appoint a mediator to hear their point of view and try to bring them together to help them find a solution to the dispute.

- **Arbitration**: trade and economic transactions (investments) provide increasingly, voluntary arbitration in disputes. And in a context where the arbitration is an alternative to stringent legal proceedings. Arbitration is the submission of the dispute by the parties, to the judgment of individuals they choose. *International arbitration is provided for in Article 1039 of CIFA* "International In the meaning of this code, arbitration who knows disputes relating to the economic interests of at least two states."

- **International arbitration**: Algeria used increasingly the international arbitration, due to the growth of the exchanges with its partners, but also to the flow of foreign direct investment. More contracts mean more recourse to international arbitration. Thus, thanks to the proactive government policy to promote the market economy, *Algeria adopted international arbitration in establishing a legal framework in this area.*

The Arbitration Law was established by **Legislative Decree No. 93-09 of 25 April 1993** amending and supplementing the Code of Civil Procedure. A chapter has been inserted, entitled "*Specific to international commercial arbitration provisions.*" These provisions have been the subject of articles 458 bis, 458 bis 28 of that code. The legal framework for international commercial arbitration has been profoundly modified by the law n ° 08-09 of 25/02/2008 on the Code of Civil Procedure and Administrative. *It is subject to the provisions of Articles 1039 to 1061 of this code.*

**Procedures**

- The court is seized by filing in the office of a written request, signed and dated by the applicant or his representative or his lawyer as many copies as there are parties.
- The original application must contain, under penalty of inadmissibility in the form, the following:
  - The court in which the action is brought,
  - The names and address of the applicant,
  - The names and domicile of the defendant, otherwise known domicile, he will mention his last home
  - Mention of the type, name and registered office of the corporation and the quality of his legal representative or conventional person,
  - A summary of the facts, claims and arguments in support of the action,
  - Statement, if applicable, and documents in support of the action.

- The request is placed immediately on an ad hoc register order of receipt indicating the names of the parties, the case number and date of the first hearing.
- The reference case number and date of the first hearing is given by the clerk of the copies of the original application, it shall give the applicant for service on the parties.
• A period of at least twenty (20) days must elapse between the date of delivery of the summons and the date of the first hearing, unless the law provides otherwise. Times summons to appear before all courts shall be increased by three (3) months, if the person summoned resides abroad.
• The court is seized by filing in the office of a written request, signed and dated by the applicant or his representative or his lawyer as many copies as there are parties.
• Parts, securities and documents, it is reported by the parties in support of their claims, must be produced before the registry of the court in the form of minutes or expeditions, or copies of the original and communicated to the other party. However, the judge may accept copies, if any.

Legal anchor:

• Law No. 08-09 of 25 February 2008 on the Code of Civil Procedure and Administrative is published in the Official Gazette No. 21 of 23 April 2008, puts an end to Ordinance No. 66-154 of 8 June 1966 on Code of Civil Procedure that no longer meet the internal and external which the judiciary is now facing changes.
• It is to emphasize the institution of alternative dispute resolution in articles cited below, su new Code of Civil and Administrative Procedure:
  - Reconciliation (Articles 990-993)
  - Mediation (Articles 994-1005)
  - National and international arbitration (Articles 1006-1061).

RULES OF INSOLVENCY

Overview
The company must hold mechanisms to early detection of problems, and precise tracking of the evolution of the situation, the Government of Algeria, through its policy, devotes a significant aid to firms in difficulty through various programs to allow viable to improve their efficiency, productivity and ensure business continuity. Although the classification of Algeria fell to this criterion, it nevertheless retains a good position (62th).

Legal anchor

Section 215 of the Commercial Code states that "any merchant, a legal person of private law, even non-trading ceases its payments shall within fifteen days, make a declaration to the opening of proceedings judicial settlement or bankruptcy."
This declaration of default occurs due to the inability of the company to meet a deadline. Rehabilitation, bankruptcy and other offenses relating to bankruptcy are contained in Title III of the Commercial Code.
Review of facilitation measures and relief to improve the business climate

**FACILITATION MEASURES TAKEN BETWEEN 2011-2012**

**For the Business Creation**

☐ **Exemption from all recording acts which companies** set up by young people eligible for investment promoters rights using the "National Fund to support youth employment" or "National Fund support to microcredit" or "National Unemployment Insurance Fund" (Art. 9 LFC 2011).

**For obtaining loans**

☐ **Improved conditions for granting investment loans,**

For the set-up of action plan by the Government on the relief procedures for the benefit of citizens and improving the conditions for granting investment loans, a statement of the Prime Minister No. 164 Action Plan of 6 December 2012 instructed the various public institutions to implement various measures to clean up the economic environment in Algeria, namely:

**Relief bank opening procedure**

- Public banks are responsible to adopt a streamlined and unified procedure for opening an account that is limited only to administrative documents provided for customer identification.
- The establishment, as soon as possible in conjunction with the Bank of Algeria and the ABEF, a network allowing banks to enter, for verification, databases CNRC, Ministry of Finance (tax services, estate and land conservation).
- Public banks are required to densify their networks and promote financial inclusion in the whole country including the most remote areas.
- Public banks must increase their training in terms of reception quality and personal service.

**Facilitating SMEs' access to investment finance.**

Facilitation measures enacted by the government to SMEs are as follows:

a) **The reduction of response time by:**

- Standardization and automation of the processing of applications for investment loans.
- Authentication of documents through the use of the network set up between banks in different jurisdictions.
- Making available to applicants of all credit information about the bank's procedures for granting credit and the products and services marketed.
b) The consolidation of new financing instruments:

- **The improvement of leasing** as a means of funding and the continuation of tax benefits to leasing companies for depreciation.
- The revision of the law relating to private equity investment with the aim of alleviating the conditions for the creation of management companies specialized in the analysis of projects and supporting businesses.

c) Consolidation of the institutional arrangement guaranteed by:

- The deployment of network Credits Guarantee Fund Investment locally.
- The adaptation of the different instruments of institutional guarantee to priority sectors and regions to promote.
- Strengthening the role of the Fund guarantees investment loans through the generalization of delegation agreements to banks and the adoption of more flexible mechanisms (modulate the cap secured by industries and expand coverage guarantee the construction to accommodate the equipment).

It should be noted that the **statement of the Prime Minister** is supported by a **circular dated 26 December 2012 issued by the Bank of Algeria, which came into force in early January 2013**, which instructed banks and financial institutions to up an efficient organization to support the entrepreneurs for their needs as credits for the development of services adapted to their activities (collection, payment ...), the circular states that **the response times for SMEs should not exceed 45 days from the date of receipt by the bank of the credit application.**

- **Establish a computerized register of guarantee**

This centralized database, searchable by type of collateral and the debtor’s name has been established by a regulation adopted in February 2012 by the Council of Money and Credit.

**For the Investment Promotion and Protection of Investors**

- **Investment projects** may, upon proposal of the National Investment Council and following a decision of the Council of Ministers, have an additional reduction of the amount of the annual rental fee set by the services territorially competent domains corresponding to 1/20 of the market value\(^1\) of the land granted (Art. 8. LFC 2011).

- **The Treasury is authorized to take charge** (Art. 51 of the LFC2011)

  - Interest during the grace period and the bonus interest rates on loans granted by banks and financial institutions to businesses and public institutions in the financing of their restructuring programs and development duly approved by the Board of Investments of the State;
  - Interest during the grace period and improvement loans granted by banks and financial institutions to Algerian companies in the financing of their investment programs;

\(^1\) The market value of a property is the value of sale of the property. This is the price that would bring the sale thereof under normal conditions of sale.
• the rate of interest subsidy is set at 2%, the grace period is determined by instruction of the Treasury from three (3) to five (5) years, depending on the repayment of loans and the rate of interest set, the interest on the deferment period of three (3) years in the rescheduling of Algerian companies face difficulties with banks and financial institutions.

□ Exemption from registration of deeds of land concessions granted under Ordinance No. 01-03 of 20 August 2001 Rights, as amended and supplemented on the development of investment (Art. 66 LF 2012);

□ Concessions on property assets made for the realization of investment projects (also exempted land registration fees, as well as the state-owned remuneration (Art. 66 LF 2012);

□ Generalization of stop all wilaya of Instruction No. 205 of March 17, 2011 issued by the Prime Minister, it will implement the regulatory provisions and to ensure the presence of all public service Support investors 48 wickets with an effective delegation of empowerment, decision and signature provided by the agencies and organizations, their representatives in the office.

□ Measures have been taken to regulate access to industrial land, namely: (Art.15 LFC 2011):

• Concession OTC land for investment with a price set by the Areas;
• Annual rental fee attached to 1/20 of the fixed price, updatable every 11 years;
• Significant allowances on the price for the southern regions of the country.
• Proposed reorganization of ANDI introducing regional development boards to ensure regional coordination of the implementation of the tasks entrusted to the ANDI.
• The delegation of signature at the One Stop, extent determined by ministerial decree dated 30 January 2013, for the extension of the period of validity of the benefits granted to investors.
• The current installation of the Appeals Committee of ANDI

For the Payment of taxes

□ Revenues from activities related to raw milk intended for consumption in the state have a permanent exemption under the tax on total income. (Art. 6 of the LF 2011).

□ Generators currency transactions including: sales operations for export, the services for export receive a permanent exemption. (Art.10 LF 2011).

□ To be eligible for the exemption from the tax on the value added acquisitions of goods and services directly involved in the implementation of the investment creation or extension when performed by companies engaged in activities by young entrepreneurs (Art. 10. LFC 2011).
Benefitting from an exemption from the single flat tax under the first two years of activity, the activities of small businesses newly installed in managed by local communities. At the end of the exemption period, these activities receive a rebate on tax payable upfront and so, for the first three tax years. (Art. 42 LFC 2011).

*This allowance is as follows:*

<table>
<thead>
<tr>
<th>First taxation year</th>
<th>2nd taxation year</th>
<th>3rd tax year</th>
</tr>
</thead>
<tbody>
<tr>
<td>reduction 70%</td>
<td>reduction 50%</td>
<td>reduction 25%</td>
</tr>
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</table>

Are exempt from value added tax on equipment and sports equipment products in Algeria, acquired by the national sports federations. (Art. 52. LF 2012).

Are exempt from value added tax and subject to 5% customs duty, special medical infant formula on the national drug nomenclature (Art. 64 LF 2012).

**For cross-border trade**

The payment of import for sale in the state must be carried out using only the documentary credit. Companies producing goods and services can pay for equipment and inputs and other products used for the production and imports strategic products urgency by documentary collection or documentary credit. (Art. 23. LFC 2011).

The manufacturers can use the free transfer of imported inputs and spare parts and new equipment helping to increase the productivity of manufacturing enterprises, provided that such imports are only intended for production requirements and the annual orders Cumulative operated in this context does not exceed the amount of four (4) million dinars for the same company. (Art. 23. LFC 2011)

Are excluded from the requirement of documentary credit services imports. (Art.23 LFC 2011)

Effective status of Authorized Economic Operator (AEO) providing facilitations of customs clearance procedures for importing firms. This new device, subject to the provisions of Executive Order No. 12-93 of 1 March 2012 laying down the conditions and terms of the benefit of the AEO customs. (JORA No. 14 07/03/2012N °), provides economic operators with the possibility of a favorable treatment in terms of facilitation of customs clearance procedures. Are concerned with the status of the OAS all operators established in Algeria (natural or legal person), exercising the import or export activities or involved in the field of production and services or processing. To date 55 national enterprises, public and private, enabling the production, which have been granted this new status OAS. Customs facilitations granted to these companies in the context of encouraging investment and domestic production.
As part of the actions taken by the authorities in the field of promotion of non-oil exports and improving the business environment, especially for SMEs, three important steps have been made by Council Money and Credit and the Bank of Algeria namely:

**a. Regulation No. 11-06 of 19 October 2011** amending and supplementing Regulation No. 07-01 of 3 February 2007 on common rules for foreign transactions and foreign currency accounts. This Regulation is to amend the provisions of Article 61 of Regulation No 07-01 on the delay repatriation of non-oil export earnings for the period was 120 days and 180 days pass.

**b. Instruction No. 04-2011** amending and supplementing instruction No. 79-95 of 27 December 1995 on the organization and functioning of the interbank foreign exchange market. This instruction allows banks to make them lending / borrowing freely convertible on the interbank foreign exchange market. Lending / borrowing can be for a period up to 180 days. It should be noted that the above operations must be dedicated exclusively to hedge currency risk on import and export of goods operations.

**c. Instruction No. 05-2011** amending the provisions of Article 2a of Instruction No. 22-94 of 12 April 1994 as amended fixing the percentage of non-oil export earnings and mining products actually repatriated may be used freely the discretion of exporters and under their responsibility. Thus, the rate increased from 20% to 40% of the share of non-oil exports and mining products eligible for inclusion in the account of the exporter currency revenues.

**The General Changes of the Bank of Algeria Directorate**, sent on 24 March 2011, the authorized intermediary banks a rating 164/DCG/2011 repealing the certificate of quality control of the goods of a settlement package import of goods by credit or documentary collection (repeal footnote 16/DGC February 16, 2009). **Subsequent notes footnote 16/DGC 2009 are repealed.** By this measure, it was ended a paralyzing bureaucracy unnecessarily costly measure for corporate finance. It should be noted that the old notes required documents written by duly authorized bodies: a) A certificate of quality / compliance control of goods. b) a phytosanitary certificate for any food product. c) A certificate of origin established in the country of the exporter. Now these certificates snt no longer required in a documentary credit. However, this rating is only for authorized intermediary banks.

As part of efforts to simplify customs procedures and improving treatment and access to information, the customs administration has taken the following measures:

- Improving the Customs computer system SIGAD;
- Implementation at the regional offices, structures responsible for information and communication;
• A charge to reflect on customs actions to help improve the business climate in Algeria sector cell was installed in June 2012 at the Customs.

*Other features of customs facilitation, in effect,* allow improved performance in foreign trade are:

- **Measures to reduce clearance times:**
  - The filing of manifest before the arrival of the cargo;
  - The accelerated procedure for clearance of goods transported by road The simplified transit;
  - Clearance at home and on-site verification;
  - The green channel.
- **Measures to reduce the cash flow of the business**

- **Measures to assist companies in exploring foreign markets**
  - Export of samples
  - Warehouse abroad to store goods for sale
  - Consignment (export of agricultural products)

- **Clearance away from goods (relief for subscription SIGAD system)** under the entry into force of the instruction of the Prime Minister No. 220/PM of 27 March 2011 on the reduction procedures and administrative records for the benefit of citizens, the customs administration has taken similar measures with regard to the **subscription procedure SIGAD.** By decision of the General Directorate of Customs No. 278/DGD/SP/C100 of November 14, 2011, all the customs declaration (customs brokers, trader, consignees and other persons authorized), wishing to contract a subscription agreement to SIGAD system are exempted from the production of the NIF and a copy of the trade register in the constitution of the administrative file relating thereto card.

Under this relief, the treatment of any record made in this respect, is now the exclusive jurisdiction of the regional office of jurisdiction of local customs. Source ([www.douane.gov.dz](http://www.douane.gov.dz) / Press release).

- **A single window to reduce delays in clearance of goods.** Customs clearance will be processed in a single window open to all stakeholders in the trade as health care, agriculture, trade, customs, and fishing. *The aim is to shorten the clearance time to a few hours, in accordance with international standards.*

- The customs administration is currently working on the **option of a unified control with the Ministry of Commerce.** With this unified control with the Ministry of Commerce, approved **economic operators will no longer be required to provide a certificate of conformity** of imported products. Documentary checks sufficient to rule on compliance.
The setting up of the Centre for Conciliation and Mediation and Arbitration of Algiers (CCMAA) jurisdiction dedicated to processing trade business in Algeria, under the Algerian Chamber of Commerce and Industry (CACI). Using this organization offers many advantages for businesses including:

- Support of litigation by competent and experienced arbitrators;
- The freedom to choose the arbitrators and the rules applicable to the dispute;
- The existence of a formal control structure of sentences;
- Confidentiality that saves the secrecy.
- The registration of a case at the center duties are set at 50,000 dinars per case (a reasonable price compared to other countries)
- 120 40 referees and mediators have been trained to allow the center of conciliation, mediation and arbitration to carry out its missions including settlement of commercial disputes.

Other measures sanitation and the promotion of Algerian company

1. Exclusion of public enterprises from the scope of the public procurement rules.

Article Two (2) of Presidential Decree 13-03 of January 3, 2013 on the regulation of public procurement contracts stipulates that public enterprises under their internal procedures and not the public procurement rules, and this article is to EPE exclude from the scope of this regulation.

2. Fight against corruption and money laundering

As part of the reforms in the judicial system and the financial system, Algeria, which has made the fight against corruption and the workhorse of money laundering, has reinforced its strategy against these evils by adopting legal texts and creating bodies authorized for this purpose. The scope of these measures, the objective is the consolidation of the economic environment for fair competition and in environment, complies with international standards. It should be remembered that our country actively participates in international cooperation against these scourges, including through the United Nations and the Arab and African sub-regional organizations,. And significant steps have been taken in this context are:

Creation of the Central Office for the Repression of Corruption

Presidential Decree No. 11-426 of 8 December 2011 establishing the composition, organization and methods of operation of the Central Office for the Repression of Corruption (JORADP No. 68 of 14/12/2011).

The Office is responsible, including: collect, centralize and exploit information to detect and fight against corruption, to collect evidence and to conduct investigations into corruption and to bring perpetrators court of competent jurisdiction, develop cooperation and mutual assistance with the organizations fighting against corruption and the exchange of information during ongoing investigations to provide to the competent authorities any measure to preserve the smooth investigations which it is responsible.
Promulgation of the law on the prevention and fight against corruption.

Act No. 11-15 of 2 August 2011 amending and supplementing Law No. 06-01 of 20 February 2006 on the prevention and the fight against corruption (JORADP No. 44 of 10 August 2011).

This text is part of the strategy to fight against corruption. It complements the Law No. 06-01 of 20 February 2006 on the prevention and fight against corruption.

Amendments to the Act n° 05-01 of 6 February 2005 on the prevention and fight against money laundering and terrorist financing.

Ordinance No. 12-02 of 13 February 2012 amending and supplementing Law No. 05-01 of 6 February 2005 on the prevention and fight against money laundering and terrorist financing. (JORA No. 08 of 15/02/2012).

Money laundering is at the heart of criminal activity and threatens the most important in terms of economic stability. The fight against illicit financial flows is a priority of the Algerian authorities. To ensure transparency in the conduct of financial transactions, a decree was issued in 2012, under the 2000 Convention of the United Nations Convention against Transnational Organized Crime (known as Palermo Convention), ratified by Algeria on 9 November 2003.

1. Rescheduling of SME-SMI

The rescheduling of tax liabilities of SMEs operating only since April, 2012, for, theoretically, all the companies that make the application, excluding those subject to a deposit of complaint by the tax authorities for fraud. The decision applies to all tax debts accrued by companies at 31 December 2011.

The modalities of implementation of this device have several options, including:
• Granting a one-year moratorium for companies in difficulty to pay their tax debts,
• spreading the payment of the tax debt in three years with the establishment of a monthly payment schedule,
• The total abandonment of penalties assessment and collection for the benefit of companies that have paid all principal rights.

NOTE 17,274 rescheduling tax liabilities of SMEs to nearly 92 billion DA treated, processed in January 2013.

2. Promotion and development of SMEs

ANDPME restructuring and decentralization programs upgrade

The reorganization of the ANDPME to make available the tools to fully ensure the support and development of the SME role.

Intellectual Property

Decree of 2 February 2011 establishing the Annexes to the Algerian National Institute of Industrial Property. (JORA No. 24 20/04/2011)
In order to improve the flow of communication and information between the Algerian government and enterprises in industrial property, a decree was enacted in 2011 and which aims to create the Annexes to the Algerian National Institute of industrial property.

These appendices provide a public service in the field of industrial property, they are responsible to:

- contribute to the development of the activity of the Algerian National Institute of Industrial Property at the local level;
- Ensure the implementation of the annual program of the Algerian National Institute of Industrial Property at the local level;
- Contribute to the implementation of actions related to the promotion of innovation;
- Facilitate access to domestic users with technical information related to industrial property.

**Training and employment**

*Interministerial Order of 30 January 2011 establishing the composition, functions and mode of operation of the Committee wilaya Partnership (JORA No. 21 of 03/04/2011).*

The commission's duties include developing intersectoral collaboration through:

- adapting training offerings based on the needs for qualified businesses and organizations enabling employers in the province labor;
- Implementation at the local level, framework agreements concluded by the MFEP with institutions and organizations
- The proposed new vocational training courses that meet desired profiles requested by the local labor market.

**Extend the Algerian capital market for SMEs**

*Decree of 24 January 2012 approving the settlement of the organizing committee and monitoring operations Grant No. 12-01 of 12 January 2012 amending and supplementing Regulation COSOB 97-03 of 18 November 1997 on the General Rules the stock exchange. (JORA No. 41 of 15/07/2012)*

The issue of financing of investment by non-bankig support and boosting the financial market is a priority to allow private companies to access long-term resources. The new regulation No. 12-01 of 12 January 2012 introduced the possibility for SMEs to open a portion (at least 10%) of their capital stock exchange. This evolution of the securities law paves the way for the implementation of a dedicated SME stock compartment.

Thus, the above-mentioned decree stipulates in its Article nine (9), a section entitled "Admission of equity securities on the market for SMEs" is created after Article 44 of Regulation No 97 - 03 of 18 November 1997, the SME must have the status of a corporation and shall appoint, for a period of five (5) years, an attendant counselor, called promoter scholarship to assist him during the show its securities in the preparation of the admission process and continuously ensure that it meets its obligations of legal and regulatory information.

In addition, easing the conditions of admission of securities traded were introduced such as:
Exemption SMEs wishing to use the Algiers Stock Exchange on the Status of profitability during the past year;

• Revision of the release condition of equity securities to holders of 300 to 150 shares shareholders fifty three institutional investors or the public shareholders for shares issued by SMEs;

• Removal of the condition of the bond number previously set at one hundred (100) for the admission of a debt instrument (bond) to the Official List.

Strengthening the regulation of exchange and capital movements to and from abroad.

Executive Decree No. 12-279 of 9 July 2012 laying down the organization and functioning of the national register of offenders in contravention of the laws and regulations of foreign exchange and capital movements to and from overseas. (JORA No. 41 of 15/07/2012)

The authorities have set up a database which stores any person or entity, resident or non-resident, having been a report of a finding of violation of the laws and regulations exchange and capital movements to and from abroad. The file is placed with the Ministry of Finance and the Bank of Algeria, operated, among others, the following purposes:

• Developing policy prevention and control in respect of infringements of exchange;

• The prevention and fight against money laundering and financing of terrorism;

• Background checks of offenders for transaction;

• To take precautionary measures against offenders;

• The compilation of statistics;

Fight against informal trade

More than 600 of the 1,520 sites were eradicated informal trade since the launch of the campaign against this scourge in Algeria. The first phase of the fight against informal trade, conducted in 2010-2012, allowed the identification of 70 000 informal traders, a budget equivalent to € 40 million had been allocated.

Develop renewable energy

The government spent $ 20 billion to develop renewable energy futures, officially adopted in February 2011 by the Council of Ministers, the national program for development of renewable energy (NRP) plans to produce 22,000 MW of power source renewable, including solar and wind, for the domestic market, more than 10,000 MW to be exported for the next 20 years. This corresponds to 40% of global electricity production by 2030 and double the current capacity of the National Park of electricity production.
exemption des PME désirant recourir à la Bourse d’Alger de la condition de profitabilité durant le dernier exercice ;

- révision de la condition de diffusion des titres de capital auprès des actionnaires détenteurs de 300 à 150 actions : 3 investisseurs institutionnels ou cinquante actionnaires du grand public pour les actions émises par les PME ;

- suppression de la condition du nombre d’obligataires fixé antérieurement à cent (100) pour l’admission d’un titre de créance (obligation) à la cote officielle.

Renforcement de la réglementation des changes et des mouvements de capitaux de et vers l’étranger.

Décret exécutif n°12-279 du 9 juillet 2012 fixant les modalités d’organisation et de fonctionnement du fichier national des contrevenants en matière d’infraction à la législation et à la réglementation des changes et des mouvements de capitaux de et vers l’étranger. (JORAD n°41 du 15/07/2012)

Les autorités publiques ont mis en place une banque de données dans laquelle est enregistrée toute personne, physique ou morale, résidente ou non résidente, ayant fait l’objet d’un procès-verbal de constat d’infraction à la législation et à la réglementation des changes et des mouvements de capitaux de et vers l’étranger. Le fichier, placé auprès du ministère chargé des finances et de la Banque d’Algérie, est exploité, entre autres, aux fins suivantes :

- l’élaboration de la politique de prévention et de lutte en matière de blanchiment d’argent et le financement du terrorisme ;
- la prévention et la lutte contre les antécédents des contrevenants en matière de transaction ;
- la prise de mesures conservatoires à l’égard des contrevenants ;
- l’établissement des statistiques ;

Lutte contre le commerce informel

Plus de 600 sur les 1.520 sites de commerce informel ont été éliminés depuis le lancement de la campagne de lutte contre ce fléau en Algérie. La première phase du programme de lutte contre le commerce informel, déroulée sur la période 2010-2012, a permis l’identification de 70 000 commerçants informels, une enveloppe équivalente à 40 M€ lui avait été attribuée.

Développer les énergies renouvelables

Les pouvoirs publics ont consacré 20 milliards de dollars pour développer à terme les énergies renouvelables, officiellement adopté en février 2011 par le Conseil des ministres, le programme national de développpement des énergies renouvelables (PNR) prévoit une production de 22.000 MW d’électricité de source renouvelable, notamment solaire et éolienne, destinée au marché intérieur, en plus de 10.000 MW supplémentaires à exporter pour les 20 prochaines années. Ceci correspond à 40% de la production globale d’électricité d’ici 2030 et le double de la capacité actuelle du parc national de production d’électricité.
FACILITATION MEASURES TAKEN IN 2013

Under the Licensing building

Facilitation measures have been implemented as early as January 2013 on the instruction of the Minister of Housing (Instruction No. 085/SPM/MHU/2013 17/01/2013 addressed to the Walis, the Presidents of the People's Communal Assemblies and managers of urban planning and construction). The statement, in force since 17 January 2013, aims to define the modalities to facilitate the issuance of planning actions by the competent authorities in accordance with the regulations in force.

Facilitation measures mainly concern the grant of planning permission, building permit and certificate of conformity. It focuses on the contents of the folder of the application under consideration, the details of its investigation, the time of issue of the planning act and the conditions of administrative appeal which gives protection to asylum against bureaucratic practices.

Facilitation measures are as follows:

- The building permit is issued in the form ordered by the president of the Municipal People's Congress, or the wali or the Minister of Planning. So far, only the wali was empowered to issue the document.
- The simplification of procedures introduced the principle of decentralization of the receipt and review of records by the municipality - the Municipal People's Congress - which has expanded powers and facilitating procedures for applicants. The issuance of building permits issued by the Wali for records of an industrial nature.
- One-stop business in the short term are introduced in these two instances which are grouped all the representatives of departments and agencies to consult.
- The government has extended the principle of compliance with the completed and uncompleted buildings without planning permission providing the opportunity for offenders to fit into the legal process. The deadline for issuance of the certificate of compliance or notice of a reasoned refusal to the applicant, has been set at 30 days.
- Introducing appeals when the applicant does not receive a response. The competent authorities (the municipality or the province) are required to respond within the time limits set: seven days to the planning permission, thirty days for the building permit, and fifteen days for the certificate of conformity.
- A second appeal may be lodged with the General Inspectorate of Housing and Urban Development under the Ministry of Housing and Urban Development.

For the Transfer of property

- On instruction of the Director General of the National Area 3138/F/DGDN/DE No. 31/03/2013, land registration procedures relating to acts of concession of public land for investment and acts embodying the transactions on private property status and on which it is expected the realization of investment projects will be completed within a maximum period of ten (10) days from the date of their filing.
Exemption from registration rights, land registration tax and the national compensation acts on concession property in the private domain of the State, established by the administration of areas under the regulation of real estate enjoyment held by EPA and public industrial and commercial (Art 32 LF 2013).

For the cross-border trade

- Introducing a system called "the draw back" that allows new customs regime on export of goods to obtain a full or partial refund of duties and import taxes that hit either the goods or the products contained in the goods exported or consumed in their production.

The requirements for the exporter:

- Justify the prior imported for release for consumption goods used in the production of exported products.
- Meet the specific customs duties (keeping records or accounting-materials) to ascertain the basis of the request draw back. (Art. 23 LF 2013)

Institution estimated declaration or simplified overall:

In order to ease the procedures and to support the operations of the trade that can be achieved by economic operators that do not have all the information relating to such transactions, the government introduced the possibility of filing estimated returns. It is also offered to traders, the possibility of using global declarations in the case of regular import operations on the same species. Similarly, this procedure offers the possibility of admitting the recording for simplified transactions involving multiple shipments destined for the same project under a contract domiciled statements, and for which the operator does not have a precise elements forming the basis of the declaration. It should be noted that these statements are known to be regulated by additional statements, as appropriate, which may have a general, periodic or summary nature. (Art 25 LF 2013).

The deadline for clearance of goods at the Algerian ports may not exceed eight (8) from the month of April 2013, in favor of a new instruction from the Director General of Customs. (Ie if the operator explains the reason for the rejection, or the goods are released.)

control at ports and airports will be strengthened to support the acquisition of new equipment DGD four mobile scanners for control of containers and four particle detection devices for control on site and in real time products and suspicious substances.

For the promotion of investment

- The threshold for projects that go through the National Investment Council passes 1.5 billion DA DA against 500 million currently. (Art. 37 LF2013)
- Investment Partners of domestic companies will be excluded from the obligation to reinvest the share of profits relating to exemptions or reductions granted when the employee benefits were injected in the prices of final goods and services produced. (Art. 40. LF 2013).
The project to build 42 new industrial zones was officially launched on 14/04/2013. A first call for national and international restricted tender was published by ANIREF. The industrial zone projects will be performing real industrial centers, equipped with all necessary amenities and facilitations to domestic and foreign investors.

Repeal of Section 55 of Ordinance 10-01 of 26/08/2010 with CFLs in 2010 which mandated the inclusion in the specifications of international tenders clause on the obligation of these investing in Algeria in partnership in the same field of activity with a company incorporated under Algerian law, whose capital is majority owned by domestic residents. (Art 48 LF 2013);

Rehabilitation exemption from registration fees, costs of land registration and the national compensation at the implementation phase in lieu of the operating phase. (This art. Amends section 09 of the Ordinance 01/03 of 20/08/2001, as amended and supplemented, on the development of investment, granting exemption from registration fees, advertising costs. Land and the national wage concessions on property and undeveloped granted for the implementation of investment projects (Article 36 LF 2013);

Reintroduction advantages granted by the CNI emerging industries, for a period of 05 years ie exemptions or reductions of taxes, duties or taxes, including VAT on goods produced by the investment within the scope of these activities (Art 39 LF 2013).

For the Payment of Taxes

Exemption from customs duties and VAT on products and raw materials in the poultry sector from 01/09/2012 TO 01/08/2013 (Art 44 LF 2013).

Exemption from customs duties and application of VAT 7% (instead of 17%) to the steel billet for domestic production of rebar’s (Art 45 LF 2013).

The LF 2013 allows the "centralization" of TAP payment by the taxpayer resides in the DGE, unlike the old practice (in each city). The objective of this measure is the realization of the principle of single point by the centralization of TAP (Art 20 LF 2013).

IMB plans to implement an electronic payment system that will be operational in the first half of 2013.

VERY IMPORTANT The Finance law 2013 contains no new additional tax.

For the regulation of markets

Increase competition and transparency in economic activities

The competitive market economy must be guided by reliable institutions to realize the symbiotic roles of complementary and not contradictory between the government and the market traders. In this context, the Competition Council was officially established on January 29, 2013. Its goal is to promote healthy competition to protect the purchasing power of consumers, diversify supply and found the principle of relative "quality / price". He will be responsible to: (a) establish the conditions for the exercise of market competition, (b) prevent any restrictive practice, (c) control economic concentration to stimulate economic efficiency and improve the well-being of consumers.
Appendix

SYNTHETIC REVIEW ACTION PLAN 2013 - 2014

The business environment is central to the issues of economic growth in our country and it is, within very close, to implement all the conditions necessary for its improvement. Many ambitious reforms of the legislative schemes, regulatory and institutional will be conducted by the Algerian authorities to facilitate doing business in Algeria. The action plan adopted by the Committee is based on operational activities, not only to get a better position in the ranking of international institutions, but also to improve a diligent manner the conditions for entrepreneurship development and investment.

The four objectives of the Committee are as follows:

- Increase transparency and simplify administrative procedures;
- Modernize business law and provide an appropriate incentive and regulatory framework for investment and entrepreneurship.
- Widespread use of ICT in all administrative structures;
- Improve consultation and communication on institutional reforms in Algeria.

Dedicated Committee to improving the business climate proposes an action plan spanning 2013-2014, based on the following strategies:

- Facilitate and simplify procedures for starting a business;
- Establish a legal framework for electronic exchanges;
- To promote productive investment and make the business climate more attractive to FDI;
- Simplify the rules of transfer of ownership:
- Facilitate obtaining loans from banks;
- Facilitate payment of taxes
- Simplify procedures for foreign trade
- Facilitate the execution of contracts and promote alternative dispute resolution;
- Introduce flexible employment mechanisms;
- Promote regulation of markets and eradicate informal activities;
- Support the adoption of ICT by SMEs;
- Establish reference tools for better economic and legal regulation.