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# MEASURES FOR SUPPORTING INVESTMENT

## 1. MEASURES FOR SUPPORTING THE ENTERPRISE

### 1.1 Reduction of the wage and social security contributions

- Exemption from of the global contribution applied to any employer who engages training or professional development for its workers. The global contribution of social security is covered by the National Fund for unemployment insurance for up to three (3) months;
- Additional allowance for employer's share of social security contributions for all employers recruiting nine (9) employees or more and who will have doubled its initial size. The allowance will be granted for a period of one year;
- Coverage by the State of the share of employers' social security set at 7% of the gross remuneration in favor of the employers and master craftsmen who recruit under the Device of Assistance to the professional integration (DAIP).
- Granting for three (3) years of a monthly subsidy for employment to any employer for each recruitment when the employment contract is concluded for an indefinite period.
- Coverage by the National Fund for unemployment insurance of the differential contribution and reductions arising of the employment subsidy;
- Allowance of the employer's share of social security contributions for any recruitment of job seekers, including first-time applicants, regularly registered to employment agencies, conducted in the sectors of tourism, crafts, culture, agriculture, construction sites and public works and services companies for a period of six (6) months;
- Most important allowance of the employer's share of social security contributions for all recruiting made for a period of at least twelve (12) months in the regions of the Highlands and the South for three (3) years maximum ;.
- Allowance of the employer's share of social security contributions for all employers up to date with its contributions to social security, under each job seeker recruited for a period not less than twelve (12) months;
- State contribution to wages within the framework of an employment integration contract for the recruitment of young people placed in insertion contracts, in public and private companies. The contribution is paid for three (3) years for integration of graduates contracts, two (2) years for contracts of professional integration and one (1) year for contracts for training - integration.

- The reduction of employers' contribution to social security, covered by the state. This will increase from 56% to 80% in the wilaya of northern countries, and 72% to 90% in the wilaya of the Highplateaux and the south,

## 1.2 Relief of taxes and investment incentives.

- Deduction of 15% of the Corporate Income Tax (**IBS**) for SMEs located in the wilaya eligible for the aid of high plateaux fund;
- Deduction of 20% of CIT for the benefit of SMEs located in the wilaya eligible for the aid of the south fund;
- Exemption from Tax on the Professional Activity (**TPA**) for transactions carried out between member companies under the same corporate group and remove the main limitation of the deduction allowed for expenses;
- Temporary Exemption from the IBS for a period of five ( 05 ) years, from the beginning of their activity for the benefit of companies of venture capital (LF of 2005) and this to develop these financial instruments at the level of companies;
- Reduction of 50 % of the Global Income Tax (**IRG**) and the IBS for the investments implanted in the wilayas of Adrar, Illizi, Tindouf and Tamanrasset for a period of five ( 05 ) years;
- Permanent exemption of the TAP and the IBS granted for the operations of sales of the properties and the services intended for the export;
- Removing the **lump sum**;
- Rearrangement of the deductions allowed in determining taxable profits to the IBS;
- Reduction of IRG or IBS, as appropriate, for firms that create and maintain new jobs. It is applied for a period of four (4) years from 1 January 2007;
- Measures in favors of the Companies which create and maintain jobs: reduction of the IRG or the IBS. The reduction is fixed to 50 % of the amount of salaries in conformance with jobs created and protected within the limits of 5 % of the taxable profit without that this reduction exceeds 01 million DA;
- Coverage by the fund for export promotion expenses related to studies of foreign markets, participation in fairs and exhibitions, exploring foreign markets, transport costs for export (of some) perishable products;
- Reduction the standard rate of IBS 25% to 19% for some productive activities and tourism;
- Extension of the exemption period of IBS, from 03 years to 05 years, to companies creating more than 100 jobs at the starting of the activity;

- Extension of 02-year period of exemption in matter of IRG or IBS for young promoters eligible for funds to support the employment of young people who are committed to recruit at least 03 permanent employees;
- The liability of Public Companies Economic dissolved any assets of which were sold to employees of companies is covered by the State;
- Exemption from registration fees of the introduction to the stock exchange;
- Tax exemption on total income (IRG) or the tax on corporate profits (IBS) of products and gains on transfer of shares and related securities made in the context of an operation introduction to the stock exchange;
- Granting a reduction of 30% in matter of the TAP on the operations of sales made by producers and wholesalers for drugs manufactured locally;
- Simplification of procedures for opening letters of credits (Credoc) to supply local industries under certain conditions;
- Authorization to import customs clearance of renovated production lines;
- Possibility to fractionate the amount of the registration fees as well as the tax of land advertising owed on the occasion of the establishment of the acts of concession of the state-owned properties within the framework of the development of the investment;

### 1.3 ANDI device:

#### 1- General Scheme

##### a. realization period:

- Exemption from customs duties on non excluded imported equipments, directly involved in the realization of the investment;
- Exemption from VAT on non exclude goods and services, whether imported or purchased locally, and that are directly involved in the investment realization;
- Exemption from property transfer tax in return for all property acquisitions, realized within the framework of the concerned investment;

##### b. Exploitation period:

For a duration of (3) years for project creating more 100 jobs at the startup of the activity and after observation of commencement of activity, established by the tax authorities to the diligence of the investor:

- Exemption from on company profits tax;
- Exemption from Professional activity tax.

This period is extended to five (05) years for projects creating one hundred and one (101) jobs at the startup of the activity, and / or for investment in strategic sectors the list of which is set by the National Council of Investment.

## **2-Derogatory scheme**

### **2.1. Scheme for the zones to be developed**

#### **-a Realization period:**

- exemption from transfer tax on real estate acquisitions realized within the framework of the investment
- application of the registration fee at the reduced rate of two per thousand (2 ‰) for acts of companies and capital increases;
- partial or total taking in charge by the State, after the Agency's assessment, of expenditures concerning infrastructure works necessary to the implementation of investment
- VAT exemption for goods and services not excluded from the benefits entering directly in the realization of the investment, whether imported or purchased on the local market;
- Exemption from customs duties for imported goods not excluded from the benefits, entering directly in the realization of the investment.
- Exemption from registration fees, land advertisement fees and the domanial remuneration on built and nonbuilt property, granted for the realization of investment projects. This benefit is applicable for the minimum duration of the granted concession.

Also benefit from these provisions concessions previously granted by decision of the Council of Ministers in favour of investment projects.

#### **-b Exploitation period and for a duration of ten (10) years:**

- exemption from the on company profits tax;
- exemption from Professional activity tax.
- exemption from the acquisition date from the property tax on real property within the scope of investment.
- Additional benefits of nature to improve and / or facilitate investment, such as the deferral of deficits and depreciation periods.

### **2.2 Investment of particular interest for the national economy (convention)**

#### **a. Realization period:**

- Exemption from duties, taxes, taxations and other tax deductions on all goods and services imported or locally purchased, that are necessary for the realization of the investment;
- Exemption from registration fees on transfers of real property allocated to the production as well as advertising law which they are subject;
- Exemption from registration fees on the constituent acts of companies and capital increases;
- Exemption from property tax on real estate allocated to the production;
- Exemption from registration fees, of land advertisement fees and the domanial remuneration on built and nonbuilt property, granted for the realization of investment projects. This benefit is applicable for the minimum duration of the granted concession.

Also benefit from these provisions concessions previously granted by decision of the Council of Ministers in favour of investment projects.

### **b. Exploitation period:**

For a duration of ten (10) years from the observation of commencement of activity, established by the tax authorities to the diligence of the investor:

- Exemption from Corporate profits tax;
- Exemption from Professional activity tax;
- Exemptions from or reductions of taxes, duties or taxes, including value added tax levied on the price of goods produced by the investment within the scope of emerging industrial activities upon decision of National Council of Investment.
- Other benefits upon decision of National Council of Investment such as the partial or total coverage by the State, after evaluation of the Agency of expenditure related to infrastructure works, required for the completion of the investment.

## **2. MEASURES TO SUPPORT CORPORATE FINANCING**

- Granting of bonus of the interest rate of loans granted by banks to SMEs.

Creation and expansion of activity

- Algiers - Oran and Annaba: 0.25%
- Wilayas of the south and the high plateaux and 1.5%
- Other wilayas: 1%

Upgrading

- Wilayas of the south and high plateaux and 1.5%
- Other Wilayas: 1%

- The maximum level of the financial guarantee provided by the Guarantee Fund for SMEs has increased from 50 to 250 million DA;

- Creation of the National Investment Fund (NIF) with a capital of 150 billion dinars. The guarantee issued by the Guarantee Fund for Loans to SMEs (FGAR), banks and financial institutions to cover investment loans they grant to SMEs is considered to be the state guarantee;

- Reinforcement of the classical banking system for financing through the development of form of leasing aimed at SMEs, SMIs and provides a favorable environment with attractive tax benefits for financing investment of equipment;
- Establishment of companies interbank of asset management and debt recovery. These mechanisms are intended to reduce disputes on debts and boost credit to investors;
- Increase from 20 to 40 billion dinars of the financial allocation of funds to guarantee ANSEJ;
- Creation of an investment funds at the level of the wilaya assigned to participate in SME capital created by young entrepreneurs;
- Exemptions of the craftsmen and micro business law Algerian performance bond when involving in the operations of public restoration of cultural property;

- Granting by the Treasury of rate subsidies of credits granted by banks and financial institutions to real estate developers involved in the implementation of public housing programs;.
- Support by the Treasury, to invoicing of power in the direction of economic activities outside agriculture in the wilayas of the South with retroactive effect to January 1, 2008
- Granting of unpaid loans varying according to the cost of greenfield investment not exceeding:
  - o 25% of total cost of the investment when it is less than or equal to two (2) million dinars.
  - o 20% of total cost of the investment when it is more than two (2) million dinars, less than or equal to five (5) million dinars.
- Granting of unpaid loans brought to 22% when the investments are made in specific areas or in the wilaya of the South and the High Plateaux.
- Granting of credit not exceeding 70% of the total investment.
- Eligibility of the bank loans on the bonus investment credit set up at :
  - o 75% of the debtor rate applied by banks and financial institutions for investments made in agriculture, water resources and fisheries;
  - o 50% of the debtor rate applied by banks and financial institutions for investments made in all other sectors when the investments of the unemployed person (s) promoter (s) are located in specific areas, or in the wilaya of the South and High plateaux and the rate subsidies provided for here above shall be raised to 90% and to 75% of the debtor rate applied by banks and financial institutions.
- The beneficiaries of credit support only the differential of non subsidized interest rates.
- the Treasury makes available of the state banks, a line of long-term credit of 100 billion DA renewable, to enable them to finance projects of long maturity,
- the mobilization of investment companies whose creation by public banks is completed, to manage investment funds of the wilayas, and promote their participation during an initial period, to the capital of small and medium enterprises who wish to.
- the launch in March 2011, of public companies of leasing aimed at alleviating the cost of leasing equipment for new small and medium enterprises that wish to use this device,
- the revitalization of the existing mechanisms for the credit guarantee for small and medium enterprises (SMEs) and the relief of the associated procedures with the assistance of the monetary authority, and the intervention of the National Investment Fund to the profit of the domestic investors who wish to, with equity participation up to 34% in the capital and the financing, and to promote the creation of small and medium enterprises (SMEs).

#### **4 MEASURES TO SUPPORT THE CREATION OF EMPLOYMENT AND THE FIGHT AGAINST UNEMPLOYMENT**

##### **3.1 Device to support the employment of young - ANSEJ (creation 1996)**



- a) Granting of unpaid loans by the Fund of ANSEJ of up to:
  - 25% for investment not exceeding 02 Million DA
  - 20% for investment not exceeding 10 Million DA
- b) Subsidization of interest rates on loans granted by banks at 60%, 80% and 95% depending on the nature and the geographic location.

### **3.2 Device for unemployed people - CNAC-(30-50 years old)**

- a) Granting of unpaid loans by the CNAC of up to:
  - 25% for investment not exceeding 05 million DA
  - 20% for investment not exceeding 10 Million DA
  - 22% for investments in specific areas and those in the wilaya of the South and High Plateaux.
- b) Subsidization of interest rates on loans granted by banks up to:
  - 60% for investments in various sectors
  - 80% for investments in the sectors of agriculture, water and fisheries
  - 80% for investments in specific areas and those in the province of South and High Plateaux (investments in various sectors).
  - 95% for investments in specific areas and in the wilayas of South and High Plateaux (investments in the sectors of agriculture, water and fisheries).

### **3.3 Incentives common to the devices of the CNAC and ANSEJ:**

Besides the advantages already granted to them, candidates for the micro investments, will beneficiate from the following incentives:

- a reduction of their personal contribution for the financing of investment (reduced from 5% to 1% for investments not exceeding 5 million dinars, and 10% to 2% for investments up to 10 million dinars )
- expanding the maximum limit of interest rate subsidy on bank credit (ie 80% and 95% at North and South in the High Plateaux) in the activities of building, civil engineering and hydraulics (BTPH) and Transformation Industry,
- the extension of the periods of one year on deferred interest payments and 03 years on principal payments on bank lending
- Providing, if necessary, an additional interest-free Credit of 500,000 dinars for the rental of premises for the activity, or for the acquisition of a vehicle equipped in workshop, in the case of an professional activity by graduates of professional training,
- the granting, if necessary, an additional credit and interest-free 1DA million to rent a room intended to serve as a medical office, architect, lawyer or another, for a minimum two graduates university
- the establishment of a period of three years during which the micro-enterprise will gradually evolve into a full taxation after the exemption period,
- The reservation of a quota of local public contracts to small enterprises.

### **3.4 Micro credit device – ANGEM**

- Granting of an unpaid loan 25% of the total cost of the activity when the amount of investment is between 100,000 and 400,000 DA.
- Granting of unpaid loan to buy raw materials from 25% of the total cost which shall not exceed 30,000 dinars.
- Bonus interest rate of 70% of the global cost of the activity the financing of which is between 100,000 and 400,000 dinars.
- Granting of interest free credit of 100,000 DA allocated to the acquisition of raw materials. This device is widely used by housewives performing an activity to increase family income,
- Granting of interest free credit of 1 million DA, for the acquisition of small equipment and facilities for people wishing to exercise a manual activity.

### 3.5 Measures to support micro-credit

- The investments realized by eligible persons to the device of support of creation of activity by the unemployed entrepreneurs aged between thirty-five (35) to fifty (50) years shall enjoy the following benefits:
  - reduced rate of customs duty of 5%
  - exemption from registration fees for acts of corporations.
- Investments realized by persons eligible to the support of creation of activities of production of goods and services covered by the national unemployment insurance fund shall benefit from the following advantages:
  - ° reduced rate of 5% of customs duty on imported equipment directly involved in the realization of the investment.
  - ° tax exemption on value added tax for services and equipment directly involved in the realization of investment and intended for activities subject to this tax.
  - ° exemption from property transfer taxes for all property acquisitions made within the framework of that investment;
- Extension of the VAT exemption period for equipment goods and services within the framework of the extension of investments and for passenger vehicles constituting the main tool of business, acquired by young promoters eligible to the "National Fund for Employment Support of Youth ";
- Extension of benefits granted under the general scheme of the development of investment for investments realized by those eligible to the support to the creation of activities covered by Unemployment Insurance Fund (CNAC);
- Granting for three (3) years of a monthly subsidy for employment to any employer for each recruitment when the employment contract is concluded for an indefinite period;
- Exemption of registration fee of acts of corporate to investors approved by the (CNAC);
- Extension from 03 to 05 years of the period of exemption in matter of IRG established by the 1997 LF for micro enterprises eligible to support funds for the employment of young people who are committed to recruit at least 05 employees for indeterminate duration;

- Extension of benefits granted under the devices of ANSEJ and CNAC, to promoters eligible to the "National Fund for Support to micro credit";
- Deleting of deadline of December 31, 2009 regarding the benefits applied to investments approved by the CNAC prior to the operation phase;
  - Consecration of the formula of leasing in Instead of the cession for the exploitation of the premises allocated to the device "Youth Employment";
- Temporary Exemption of three (3) years of IRG, IBS, and TAP and property tax in favor of young promoters of investment eligible for the support of FNSEJ. This exemption is extended to six (06) years where the activity is located within an area to promote. These exemptions are extended for two (02) years when the promoters are committed to recruit at least 05 permanent employees;

## **4. MEASURES IN FAVOUR OF SECTORS**

### **4.1- MEASURES IN FAVOUR OF AGRICULTURE**

- Creation of an interest-free credit "RFIG" for the benefit of farmers and breeders ;
- Implementation of a subsidy cost of acquisition and reproduction of seeds and seedlings and establishment of a price support to purchase of fertilizer of 20%;
- Establishment of public support prices of agricultural equipment and irrigation saving water between 25% and 45% plus the leasing;
- Alignment of local prices of grain delivered to the CCLS on world markets (4500 DA / q durum, 3500 DA / q tender 2500 DA / barley
- Raising prices paid by these pulses cooperatives (lens: 2 600 DA / q chickpea: 3000 DA / q);
- Support to the development of production and milk collection (- 12 DA / l produced and delivered to a conventioned dairy
  - granting a premium to processors integration: from 2 to 4 DA / l &
  - 5 DA for the collector);
- Support for the production of meat (ovine and caprine, poultry, equine, cameline.
- Reinforced support to certain tree crops (olive, palm cultivation (dates), fruit trees);
- Are exempted from customs duties, to imports, seed for the production of agro food;
- VAT exemption of rent payments within the framework of the credit contracts relating to the lease agricultural equipment produced in Algeria;
- Availability for the agricultural sector of the financial resources necessary for its development (200 billion / year);
- Setting and implementation of measures required for the upgrading of public enterprises involved in the production of materials and equipment for agriculture, including irrigation;
- exemption from VAT of the combine harvesters manufactured in Algeria);

- Submission to the reduced rate of VAT at 7%:
  - insecticides, fungicides, nematicides and herbicides used in agriculture.
  - agricultural plastic films;
- Exemption of the tax on transactions of new motor vehicles, tractors used exclusively for agricultural and other rolling stock not subject to registration
- Establishment of new farms by:
  - ❖ increasing the surface area of the concession with the agricultural application of the reliefs on the concession fee, adopted for investment in small and medium enterprises (SMEs)
  - ❖ Facilitating the development of large agricultural areas by national economic operators concerned on the basis of specifications,
  - ❖ widening public support for the development of the land to private landowners on the basis of specifications on cultures develop,
  - ❖ Allocating subsidized loans up to 01 million dinars per hectare for land development and the creation of farms.
- Consolidation of the process streams involving the agricultural producer to the processor.
- Making available for industrial units food (dairy, packaging to tomato ..) of subsidized and at term credit, the latter award, in their turn, pre- financing to farmers and growers in their sectors.
- Setting up of a guarantee bank loans to farmers.
- The involvement of the devices of the micro credits and of the integration of graduates to develop the network of business services to agriculture and to improve the agricultural farm advisory skills in this area

#### **4.2. MEASURES IN FAVOUR OF HOUSING SECTOR**

These incentives of the promoters involved in building programs supported by the State such as "AADL", "LSP" and "CNEP").

- In terms of access to land, the programs CNEP-IMMO receive the following abatements on land prices:
  - 80% at the level of the wilaya of Algiers, Annaba, Constantine and Oran;
  - 95% at the level of the wilayas of the High Plateaux and South;
  - 90% at the level of all other wilayas.
- AADL Programs of real estate development keep the free access to the land;
- In terms of credit financing for real estate development, all local promoters carrying out public programs of property developments obtain a subsidy on the cost of credit, 4% interest rate remaining at their expense
- The reduced rate of 7% VAT for sales transactions of residential premises;
- Exemption of the transfer for valuable consideration of 5% for sales of buildings to residential use principal ceded by the state and public housing according to the procedure of leasing, social housing, participatory social housing and rural housing;
- Exemption from all taxes and registration fees and land registration of all instruments, papers and documents established under the provisions of Articles 41 of the Finance Law 2001 and 209 of the finance law for 2002

relating to the sale of residential premises belonging to the State, to the local and OPGI;

- Reducing of the rate of IBS from 25% to 19% for construction activity and housing sales;
- Exemption from the IRG of the income from the rental of collective housing whose area doesn't exceed 80 m2.

#### **4.3. MEASURES IN FAVOUR OF TOURISM**

- Coverage of the fund for investment, promotion and quality of tourism activities support, of expenditure related to tourism promotion and other Support expenditure to projects of tourism investment;
- Tourism activities are subject to the IBS at a rate of 19% while other activities are subject to 25%;
- Regarding to IBS, exemption for a period of 10 years for tourism companies established by promoters or foreign agencies other than tourism and travel as well as mixed-economy companies operating in the tourism sector ;
- Investment in tourism projects to be carried out in the wilaya of the north and south respectively receive a of 3% and 4.5% for bank loans;
- Actions of modernization of tourist establishments and hotels to achieve at the wilaya of the north and south engaged under the "quality plan tourism" respectively receive a subsidy of 3% and 4.5% of the interest rate applicable to bank loans;
- Permanent exemption of TAP for tourism, hotel and thermal activities;
- In order to promote the development of the tourism sector in the South high plateaux and the concession of land required for the realization of investment projects respectively tourist benefits a reduction of 50% and 80%;
- Expansion of benefits granted under the device of ANDI to investment related to classified tourism and hotels activities;

#### **4.4. MEASURES IN FAVOUR OF THE CULTURE SECTOR**

- Exemption from duties and taxes for a period of three (3) years, stage equipment and exposure imported acquired on behalf of the state for the organization of artistic activities, museums and exhibitions;
- Eligibility for benefits granted within the framework of the ANDI, the investments carried out by companies for the purpose of cultural activities, including those relating to the film and books;
- Granting an exemption from VAT for the paper used exclusively in the manufacture and printing of books;
- Granting an exemption from VAT to the transactions for creating, editing and production of domestic work and work on digital media.

#### **4.5 MEASURES IN FAVOUR OF HEALTH SECTOR**

- Exemption from VAT on pharmaceutical products appearing in the national classification of drugs;
- The reduced rate of VAT of 7% for medical procedures;
- Exemption from VAT of Wheelchairs and similar vehicles for invalids even with engine or other propulsion machinery, motorcycles and bicycles with auxiliary motor specially designed for invalids;
- Exemption from VAT on sales transactions relating to ostomy bags;
  - Purchases in franchise raw materials, components and special packaging for the production, packaging or presentation of the drug trade;
- The reduced rate of VAT of 7% on anti-bedsores mattresses;
- Assigning a share of the the product of the additional tax on tobacco produce to the fund for emergencies and medical care activities;
- Granting a reduction of 30% of TAP on the operations of sales made by producers and wholesalers for drugs manufactured locally.

## **5. MEASURES FOR THE PROMOTION OF NATIONAL PRODUCTION TOOL TAKEN IN THE FRAMEWORK OF THE REVISION OF THE REGULATION OF PUBLIC CONTRACTS (communication for the national)**

- To encourage service Contracting to recourse to the allotment of projects, each time it is possible, to help Algerian companies to participate more actively in public investment programs;
- To provide to the products of Algerian origin and / or the companies of Algerian law whose capital is mainly owned by domestic residents, a preference margin of 25%.
- Requiring to foreign companies bidders on public contracts to invest in Algeria, in partnership with Algerian companies whose capital is held by National residents.
- To make proportional the conditions of eligibility in the specifications of restricted tendering, to the nature, complexity and importance of the project, so as to allow Algerian companies to participate in tenders, in compliance with the requirements related to quality and deadline.
- To require to contractors services to recourse to competitive bidding when domestic production or domestic production tool is able to meet the needs of the contractor service.
- To encourage foreign companies bidders to reduce the transferable share of the market.
- To enhance the use of products of Algerian origin, the integration in the national economy and the importance of lots or subcontracted products on the Algerian market.
- To restrict and regulate the transfer of foreign exchange during the execution of public contracts in the context of subcontracting and within the framework of groups of joint ventures.