



Algeria partially drops planned investment restrictions

As a result of joint efforts by the Commission, Member States and Business, the Algerian government has decided not to adopt a planned measure to oblige foreign companies already based in Algeria and engaged in foreign trade to have at least 30% Algerian ownership.

In December 2008, the Algerian government announced far-reaching changes to its regime for foreign direct investment. A first set of implementing measures were published in May 2009.

The planned measures included inter alia:

- an examination of all foreign investment by the National Investment Council without time limits,
- an obligation to mobilise capital exclusively on the Algerian market,
- a minimum Algerian shareholding requirement of 30% for companies engaged in foreign trade and 51% for other investments.

While the 51% minimum local Algerian shareholding requirement would have applied to future investments only, the 30% requirement would have applied to future and existing investments.

Member States and EU business representatives alerted the Commission to the harmful effects of the planned measures for EU business, especially with regard to the protection of existing investments.

In a letter of 12 June 2009 to her Algerian counterpart Commissioner Ashton expressed the EU's concern that the planned measures would not be compatible with the bilateral Association Agreement and would be detrimental to the shared objective of fostering EU investment in the Algerian economy. These concerns were confirmed in a meeting of the Association Council on 16 June 2009.

The Algerian government's recent decision not to apply the 30 % minimum requirement to existing foreign investments for companies engaged in foreign trade eliminates the aspect of greatest concern to the more than 1600 European companies currently based in Algeria. The Commission welcomes this positive development.

The 51% and 30% minimum requirements for Algerian shareholding will, however, apply to investments made after 26 July 2009. The Commission considers that the limitations on future investments and other elements of the package contradict the provisions of the bilateral Association Agreement and should be withdrawn. It will continue to closely monitor the situation and plans to discuss the measures with the Algerian authorities during a forthcoming trade mission to Algeria in September and the next Euromed Trade Ministerial meeting scheduled for 19-20 October in Brussels.

Trade G.1 and C.2 in cooperation with EU Delegation in Algeria

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