

The role of investment policies in attracting foreign direct investment in Algeria durring the period: 2001 - 2015

دور سياسات الاستثمار في جذب الاستثمار الأجنبي المباشر في الجزائر

خلال الفترة: 2001 – 2015

*Hamoudi benabbes, Mohamed Khider University - Biskra,
hamoudi.benabbes@gmail.com.*

*Hassina houhou, Mohamed Khider University – Biskra,
Tasnim.ihcen@gmail.com.*

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Abstract:

This study aims to clarify the reality of policies towards foreign direct investment in Algeria and evaluate its role in attracting foreign direct investment. We have shown that investment policies in Algeria have evolved considerably from devoting the principle of freedom of investment to a restrictive protectionist policy, More restrictive FDI investment policies were adopted, the most important being the requirement of partnership by a local majority.

keyword: foreign direct investment, foreign investor, investment policies, policies towards foreign direct investment, Algeria.

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Corresponding author: hamoudi ben abbes,

E-mail: hamoudi.benabbes@gmail.com.

1.preamble

In the last three decades, various countries, especially developing ones, have been racing to attract foreign direct investment (FDI). This is because of its advantages not available in other sources of financing, in addition to providing financial resources that contribute to foreign direct investment in the transfer of technology, skills and modern management methods. As most developing countries have adjusted their policies towards foreign investment to provide the appropriate environment to attract FDI. Where it provided many incentives and guarantees and worked to eliminate various obstacles and restrictions. Algeria, like other developing countries, to benefit of the advantages provided by foreign direct investment to help it in the implementation and success of economic development plans and projects, has changed its policies towards foreign direct investment in order to improve the investment climate and attract the largest volume of foreign direct investment flows to benefit from the advantages provided by this type of investment However, the figures provided by various international and national bodies show that the volume of foreign direct investment inflows into Algeria is weak.

The problematic:

From the previous introduction, the problem of research can be raised in the following fundamental question:

Are investment policies in Algeria encouraging or restricting FDI?

Hypotheses:

From the above problematic, the following basic hypothesis can be formulated: Investment policies in Algeria are generally restricted to FDI.

2. The concept and forms of foreign direct investment

1.2 . Definition of foreign direct investment

There are many definitions of foreign direct investment, and each definition differs from the other in terms of the angle in which the investment is considered and the purpose of the investment:

According to the definition of the United Nations Conference on Trade

and Development (UNCTAD), “ FDI is that investment that involves a long-term relationship between the parent company and the company in the receiving country, which reflects the ability of the parent company to have administrative control in the subsidiary and the parent company has a share of the capital Not less than 10%” .

(قابل، 2008، الصفحات 179-180)

In the 1993 Balance of Payments book, the International Monetary Fund (IMF) defined foreign direct investment as the investment made to acquire a lasting interest in projects that are managed in a country other than the country to which the foreign investor belongs as well as the foreign investor acquiring an effective voice in project management By owning 15% of the project ownership (صفحة 03، 2006، بانقا، و جانقي) . Thus, the criterion for distinguishing between foreign direct and indirect investment lies in the effective control of the company. Control of the company is a direct investment, and the lack thereof is indirect. Control is determined by the amount of the contribution to the project capital. This amount varies according to the laws of each country. Control of the project has been offset by owning the majority of the capital, and the largest contribution to the capital has been matched.

2.2. Forms of foreign direct investment

The most important forms of foreign direct investment include:

1- Joint investment

It is a project that is permanently owned by two or more parties from two different countries. Participation is not limited to the share capital, but may include management, expertise, patents and trademarks. The joint investment contributes to increasing the accumulation of capital and the introduction of technologies and skills, providing job opportunities, improving the balance of payments position through enhancing exports and replacing imports, developing the capabilities of national cadres and creating links with local projects.

2- wholly foreign owned Investments

This type of investment is considered as one of the preferred forms of the multinationals, due in particular to its fear of the leakage of its technology to local companies. Unlike the host countries that are very reluctant to allow this form to exist for fear of monopoly and economic

dependency. however, in fact, the scene is increasingly visible in developing countries. It is embodied in the establishment by foreign companies of branches in the host economy. Among its advantages are the increase in capital accumulation, the substitution of imports and the increase in exports, which results in improving the balance of payments position. It also contributes to the introduction of advanced technology, managerial, organizational and marketing skills.

3- the assembly operations

These projects take the form of an agreement between the foreign party and the national party (public or private) whereby the first party provides the components of a specific product for assembly to become a final product and in most cases, especially in developing countries, the foreign party also provides the necessary experience or knowledge related to the interior design of the factory, Process flow, storage methods, maintenance ... etc. And capital equipment in return for agreed material return (ابو قحف، 2001، صفحة 491). Assembly projects may take the form of joint investment or the form of full ownership of the project for the foreign party, or the project contract or agreement may not include any participation of the foreign investor in the management of the project and thus the investment is similar to the forms of indirect investment in the field of production (alasarag, 2007, p.13).

3. investment policies in Algeria

1.3. Investment policies in Algeria from freedom to restriction

The post-1990s period was marked by the return of political and security stability and improvement in economic conditions, which necessitated keeping pace with these conditions by issuing a large package of laws, decrees and orders that all enter into the depth of reforms and have touched all sectors without exception, and one of the most important legislations that addressed the issue of investment is Ordinance No. 01-03 of August 2001, related to investment development amended and completed, in order to give new impetus to the course of investments in Algeria, after the negative results left by Legislative Decree 93-12, as the experiment indicated some shortcomings and limitations in it, as long as it did not achieve what was expected of it, despite the guarantees and incentives it addressed. This Ordinance was modified and completed several times.¹

Ordinance No. 01-03 devotes the full freedom to domestic or foreign investment, according to Article 04 of it: "Investments shall be made in full freedom with due regard to legislation and regulations related to codified activities and environmental protection."

The classification of an activity or profession within the category of codified activities or professions is subject to the presence of primary concerns or interests that require a special legal and technical framework. Concerns and interests should be related or related to the following areas:(ج ر ج ج، 1997، صفحة 09)

- General system,
- Security of persons and property,
- Public health protection,
- Protection of morals and ethics,
- Protecting the rights and legitimate interests of individuals,
- Protection of the natural resources and component public properties that make up the national wealth,
- Respect for the environment, protected areas and sites, and the livelihood framework of the population,
- Protection of the national economy.

In July of 2008, the President of the Republic criticized the government's approach to foreign investment and privatization, stating that the policies did not achieve growth for the national economy and that large profits gained from foreign investments were transferred abroad. On July 26, 2009, Decree No. 09-01 of July 22, 2009 was issued, which includes the Supplementary Finance Law for the year 2009, in which Article 58 stipulates that: "Foreign investments can only be made in the framework of a partnership in which the resident national contribution represents a ratio of 51% At least of the social capital, and the national contribution means the gathering of several partners"(ج ر ج ج، 2009، صفحة 13), and therefore it is no longer possible to make foreign investments except in the framework of a partnership according to Rule 49/51 for the benefit of the local party or parties. Article 62 of Ordinance No. 09-01 states that the state, as well as public economic institutions, have the right of pre-emption over all concessions on the shares of foreign shareholders or for the benefit of foreign shareholders. The tax law has also been amended to require

investors to invest within four years the equivalent value of any tax benefits they receive as incentives for settlement in Algeria.

for the hydrocarbon sector, as a strategic sector, it was dealt with separately, as research and exploitation contracts include a clause allowing the participation of Sonatrach by 51%.

for the privatization process, the privatization program for public institutions was launched in 1995 by the Ordinance No. 95-22 and entered into force in 1998. However, the law lacked transparency and created procedural difficulties in evaluating state-owned companies and methods of privatization. In August 2001, Ordinance No. 01-04 was issued defining the rules for the regulation, management, control and privatization of economic public enterprises, aimed at accelerating the privatization of public enterprises in Algeria, as the government planned to privatize the remaining 1200 state-owned companies. However, the privatization process was halted in the year 2008 without significant privatization of the state-owned company since, due to lack of interest on the part of foreign companies and lack of confidence on the part of the government in this process as the government became seeking to strengthen state-owned companies.

2.3. The advantages and guarantees of investment in Algeria

1.2.3. Advantages

1- The General system:

1-1- Under the stage of realization:

In accordance with Article 9 of Ordinance No. 01-03 which is Amended and supplemented by Article 07 of Ordinance No. 06-08, investments benefiting from its completion title, benefit from the following advantages:²

- Exemption from customs rights regarding non-excluded and imported goods that are directly involved in the realization of the investment,
- Exemption³ from the Tarrif for value added in respect of goods and services not imported or locally acquired that are directly involved in the realization of the investment,
- Exemption from paying the right to transfer ownership in recompense, for all real estate holdings that were made within the framework of the investment in question,
- Exemption from registration rights, real estate advertising expenses, and the amounts of national properties that include

the right to concession over the built and not built real estate properties granted for the realization of investment project.
(ج ر ج ج، 2012، صفحة 13)

These benefits or privileges apply to the minimum period of concession granted.

The privileges granted previously according to the decision of the Council of Ministers for the benefit of investment projects, as well as investments authorized by the National Investment Development Agency, also benefit from these provisions.

1-2- With the title of exploitation: Article 7 of Ordinance No. 06-08 states that after examining the initiation of the activity that the tax authorities prepare at the request of the investor and for a period of three (03) years⁴, it benefits from:

- Exemption from tax on corporate profits,
- Exemption from Tarrif on professional activity.

According to Article 49 of Ordinance No. 10-01, these provisions apply to investments authorized by the National Investment Development Agency. This condition does not apply to investments located in areas benefiting from the special fund subsidy for the South and High Plateaux.

Article 58 of Law No. 13-08 also stipulated that investments in strategic sectors benefit from an exemption from corporate profits tax and Tarrif for professional activity for a period of five (5) years without requiring the creation of jobs.

Article 60 of Ordinance No. 09-01 states that granting public system benefits is subject to a written undertaking from the beneficiary to give preference to products and services that is Algerian origin. Benefiting from fee exemption is only for value added in purchases of Algerian origin. However, this privilege can be granted when it is confirmed that no similar local product exists. Investments with an amount greater than or equal to 500 million dinars⁵ can not benefit from the benefits of public order except by a decision of the National Investment Council.

Article 60 of Ordinance No. 09-01 also stipulates that the advantages of the public system in relation to investment amounts less than 1.5 billion dinars are granted automatically for the benefit of investments that meet the pre-determined conditions by the National Investment Council through a reading network and this

network is specifically defined The sectors of activities that are eligible to benefit from the benefits due to their importance to the national economy.

2- The exceptional system:

Article 10 of Ordinance No. 01-03, stipulates that the investments made in the regions whose development requires a private contribution from the state, as well as investments of special importance for the national economy, especially when they use special technologies that preserve the environment, protect natural resources, and save Energy and leads to sustainable development, benefiting from special benefits.

2-1- Investments made in areas whose development requires a private contribution from the state:

In accordance with Article 11 of Ordinance No. 01-03, these investments benefit from the following advantages:

2-1-1- Under the stage of realization:

- Exemption from paying transfer property rights with compensation in respect of all real estate acquisitions that are made within the framework of investment,
- The application of a fixed right in the field of registration⁶ at a reduced rate of 2 % with regard to founding contracts and capital increases,
- The state shall partially or fully cover the expenses, after evaluating them from the agency, with regard to works related to the basic facilities necessary to carry out the investment,
- Exemption from the value added Tarrif in the goods and services⁷ that are directly involved in the realization of the investment, whether imported or acquired from the local market, when these goods and services are directed to the realization of operations subject to VAT,
- Exemption from customs rights regarding imported goods that are not excluded from the benefits and that go directly to the realization of the investment.⁸
- Exemption from registration rights, real estate advertising expenses, and national property amounts that include the right to concession over the built and nonbuilt real estate granted to the realization of investment projects. (ج ر ج ج، 2013، صفحة 14)

These benefits apply to the minimum period of concession granted. It also benefits from these provisions concessions previously granted under the decision of the Council of Ministers for the benefit of investment projects.

2-1-2- After reviewing the launch of the exploitation that the tax authorities prepare at the request of the investor:

- Exemption, for a period of ten (10) years from actual activity, from the tax on corporate profits, from the tax on gross income on distributed profits, from lump sum payment,⁹ and from Tarrif on professional activity,
- Exemption, for a period of ten (10) years from the date of acquisition, from the real estate fee to real estate properties that fall within the framework of the investment,
- Granting additional benefits that would improve and / or facilitate investment, such as deferring deficits and time limits for consumption,
- Exemption from registration rights, real estate advertising expenses, as well as national property amounts for assignments that include real estate assets granted for the purpose of carrying out investment projects.(ج ر ج ج، 2011، صفحة 21).

These projects also benefit from investment projects that previously obtained the concession by a decision of the Council of Ministers.

2-2- Investments of Special Importance to the National Economy:

According to Article 10 of Ordinance No. 06-08, investments of importance for the national economy benefit from advantages negotiated between the investor and the agency that acts in the name of the state, under the supervision of the minister in charge of promoting the investments.

Article 11 of Ordinance No. 06-08 also states that the benefits that may be granted to investments of importance to the national economy may relate to all or part of the following benefits:

2-2-1- In the realization stage, for a maximum period of five (05) years:

- the exemption or redemption of rights, fees, taxes and other deductions of a taxable nature applied to acquisitions, whether by import or the local market, for the goods and services necessary to realize the investment,

- an exemption from registration rights related to the transfer of real estate properties designated for production, as well as the legal declaration that must be applied to them,
- an exemption from registration rights in respect of companies' founding contracts and increases in capital,
- Exemption from real estate fees in respect of real estate properties designated for production.
- Exemption from registration rights, real estate advertising expenses, and the amounts of national properties that include the right to concession over the built and nonbuilt real estate properties awarded with the title of realization of investment projects. (ج ر ج ج، 2013، صفحة 14).

2-2-2- In the stage of exploitation, for a maximum period of ten (10) years, starting from the date of the inspection of the initiation of exploitation prepared by the tax authorities at the request of the investor:

- Exemption from tax on corporate profits,
- Exemption from Tarrif on professional activity,
- Exemption from registration rights, real estate advertising expenses, as well as national property amounts for assignments including real estate assets granted with the aim of realization of investment projects. (ج ر ج ج، 2011، صفحة 21).

Without prejudice to competition rules, the National Investment council qualifies a law to approve, for a period not exceeding five (05) years, exemptions or reductions in rights, taxes or fees, including a Tarrif on added value that weighs the prices of goods produced through investment that falls within the framework of activities Emerging industrial. (ج ر ج ج، 2009، صفحة 15).

In addition to the benefits mentioned above, the National Investment Council may decide to grant additional benefits in accordance with the legislation in force.

Investments (domestic or foreign) that wish to benefit from advantages are subject to an investment permit with the National Investment Development Agency. With the issuance of Ordinance No. 09-01, foreign investments (without local) before realization became obligated to authorize investment with the agency, whether or not they obtained the benefits.

3- Free Zones

Algeria does not have any free zones or free ports. Whereas, in the year 1997, according to the Executive Decree No. 97-106 of April 5, 1997, a free zone was established at the “Belara” location in the state of Jijel, with an industrial destination for export, in which all forms of investments can be practiced except those contaminated or legally prohibited. However, in the year 2005, by the Executive Decree No. 05-01 of January 3, 2005, Executive Decree No. 97-106 include the establishment of the Belara Free Zone was canceled, and thus the only free trade area in Belara was dismantled, and this area has not been operational since its establishment in 1997 it turned into an industrial zone for regional development.

2.2.3. Guarantees

1- Treatment:

Article 14 of Ordinance No. 01-03 amending and completing stipulates non-discrimination in treatment between domestic and foreign investors in the area of investment-related rights and obligations, taking into account the provisions of the agreements concluded with their countries of origin. Article 15 of the same Ordinance also stipulates that revisions or cancellations as a result of changing the provisions of the Investment Law do not apply to the investments made unless the investor explicitly requests it.

2- Transfer money

Article 31 of Ordinance No. 01-03 amended and completed, states that investments benefit from a guarantee of transfer of invested capital and the returns and net real incomes resulting from assignment or liquidation, even if this amount is greater than the invested capital in the beginning.

3- Confiscation and compensation

Although the Algerian government nationalized foreign companies in the 1960s and 1970s, it has not taken any similar measures since then. Article 16 of Ordinance No. 01-03, states that completed investments may not be confiscated except in cases stipulated by law, and confiscation will result in fair and equitable compensation.

4- Dispute settlement and arbitration

These disputes can be resolved informally through negotiations between the parties or by the local court system. The Civil Procedure Code allows both private and public sector companies to resort to

international arbitration. Where it is allowed to include international arbitration clauses in contracts.

Algeria is a signatory to the MIGA Agreement in the year 1995. The agreement that includes the establishment of the International Investment Guarantee Agency in 1995. The International Center for Settlement of Investment Disputes ICSID (based in Paris). It has also joined the agreement that includes the establishment of the Islamic Corporation for the Insurance of Investment Export credit on February 19, 1995, and ratification of the agreement establishing the Maghreb Bank for Investment and Foreign Trade between the countries of the Arab Maghreb Union signed in Ras Lanuf (Libya) on 09 and 10 March 1991. Accession with reservation, to the agreement Endorsed by the United Nations Conference in New York (June 10, 1958) and for the adoption of foreign arbitral decisions and implemented on 12 July 1988 and the year 1988.

5- International investment agreements

Algeria has signed investment promotion and protection agreements with 44 countries. It also signed agreements to avoid double taxation and tax evasion with regard to taxes on income and wealth with 20 countries. Algeria is not a member of the World Trade Organization (WTO) and therefore has not adopted the Agreement on Trade-Related Investment Measures (TRIMS).

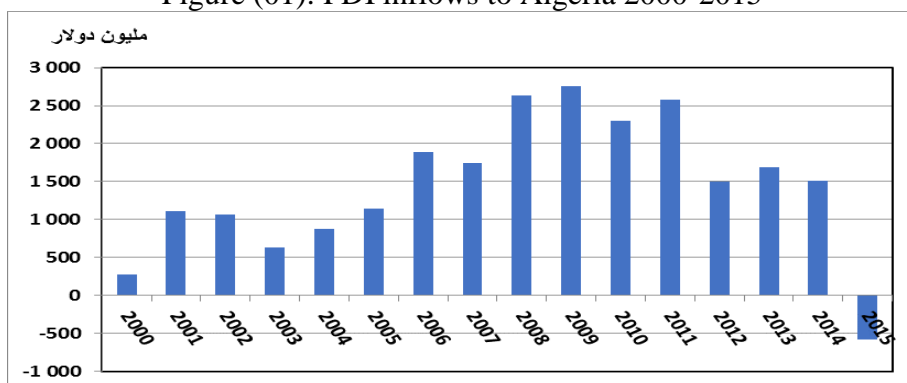
4. Evaluating policies towards foreign direct investment in Algeria

1.4. The volume of FDI inflows to Algeria

Since the year 2000, Algeria's attractiveness to foreign investment flows began to develop continuously, as Algeria in 2001 and 2002 ranked fourth and third in succession in terms of attracting foreign investment in Africa and the first polarized country in the Arab Maghreb in 2002 where this good performance of the investment climate in Algeria is due to the achievement of some strategic investments in the hydrocarbon sector, the telecommunications sector, as well as the iron and steel sector, in particular the sale of the mobile phone license to the Egyptian 'Orascom' and the privatization of the 'Hajar' factory for the Indian ESPAT company, and in 2003 the inflows somewhat decreased to reach 637.88 million dollars, and 1113.11 and \$ 1065 million in 2001 and 2002 respectively, so these figures do not reflect an improvement in the investment climate.

FDI inflows recorded 882 million dollars in 2004, thanks to the sale of the third license of Kuwait National Telecom Company, Algeria ranked first in the Maghreb before Tunisia, which recorded flows estimated at 853 million dollars and Morocco, which attracted only 639 million dollars. Starting in the year 2005, foreign investment flows to Algeria began to witness a noticeable development, especially in the year 2008, when it reached the level of 2631.71 million dollars. Then these flows jumped to the size of \$ 2.746 billion in 2009, and most of these investments were concentrated in the energy and mining sector. This would be the year in which Algeria recorded the largest volume of FDI inflows.

Figure (01): FDI inflows to Algeria 2000-2015



Source : The data was collected from the website:
<http://unctadstat.unctad.org/>

What distinguishes FDI coming to Algeria is the fluctuation in the volume of flows, and this is what distinguished the volume of inflows after 2009, due in particular to the effect of the supplementary finance law for the year 2009 and the subsequent financial laws that made the investment climate characterized by restrictions, especially the application of rule 49/51, which limits the contribution of foreign partners and requires the foreign investor to search for local partners to obtain projects, in addition to the interruption of foreign investments in the hydrocarbon sector in the year 2010 against the background of the corruption file of Sonatrach.

In 2015, a negative flows of inward FDI was recorded at \$ 584 million.

2.4.Restrictions on foreign direct investment in Algeria

Among the restriction of FDI in Algeria in light of the ordinance No. 01-03, we find:

1-Foreign investments are subject to authorization and prior study:

With the issuance of Ordinance No. 09-01, and according to the first paragraph of Article 4 bis 1 (Article 58 of Ordinance No. 09-01), foreign investments became subject to a permit from the agency to invest, even if they did not wish to benefit from the benefits. Moreover, under the fourth paragraph of Article 4 bis 1, every FDI project or investment in partnership with foreign capital has become subject to prior study by the National Investment Council. Consequently, the permit for investment became obligatory whether the foreign investor requested the benefits or not. Consequently, the foreign investor has become subject to a discriminatory treatment in comparison with the national investor, which is contrary to the principle of national treatment and a retreat for Algeria from its obligations to the foreign investor, whether legislative or in light of bilateral agreements, and this is in violation of the provisions of Article 14 of Ordinance No. 01-03.

2- The necessity of achieving foreign investments in partnership:

Ordinance No. 01-03 under Article 04, before its amendment in 2009, established full freedom to make investments except as provided for in the text. However, with the issuance of the Decree No. 09-01, the discrimination has become in favor of the national investor, as Article 4 bis in its second paragraph states: “Foreign investments can only be made in the framework of a partnership in which the national contribution resident represents At least 51% of social capital, and the national contribution means the gathering of several partners”.

This is an crippling measure since it is not clear how the foreign investor will be able to collect the resident national contribution. The Algerian authorities claim that the law is not an impediment to attracting foreign investment, and that it is necessary to diversify investment in the Algerian economy, promote private sector growth,

create jobs, and transfer technology and knowledge.

While rule 51/49 was initially controversial, foreign companies had adapted to it and formed joint ventures with local partners.

Nevertheless, the rule (51/49) remains a challenge for many investors. For example, they impede market access for SMEs, because they do not possess human resources or capital like large corporations, especially multinationals, so that large corporations can find ways to work within this rule, even with the Algerian government, given the benefits. It may provide from job creation and technology transfer that the government often desires, SMEs usually do not receive this same consideration. Among the most important concerns of foreign investors is the possibility of losing intellectual property, as foreign companies do not want to hand over control of their designs and patents, which prevents them from setting up companies in Algeria.

3- The necessity of providing a surplus balance in hard currency:

Article 4 bis of Ordinance 01-03 in its Fifth Paragraph (Article 58 of Ordinance 09-01) states that: "FDI or in partnership shall provide a surplus balance in hard currency for the benefit of Algeria during the whole period of the project's establishment".

If this condition can be fulfilled by an exporting establishment, is the establishment that is active in import substitution bound to this condition? .

With this condition, Algeria aims to prevent the depletion of hard currency, given the urgent need for it. However, this condition is considered a restrictive measure against the foreign investor, and such conditions prevent foreign investors from investing in Algeria because it lacks the necessary incentives.

4- The necessity of resorting to local financing:

Article 4 bis of Ordinance 01-03 in the sixth paragraph (Article 58 of Ordinance 09-01) states that: "Except in a special case, the funds necessary to accomplish foreign investments, direct or in partnership, shall be established by resorting to domestic financing, except the formation of the capital.

The aim of this is to limit the transfer of potential foreign loan interest and to use the excess liquidity available in local banks. However, this condition is considered a restrictive measure against the foreign investor.

5- Exercising the right of pre-emption:

Article 4 bis 3 of Ordinance 01-03 (Article 62 of Ordinance No. 09-01) states that: “The state, as well as public economic institutions, shall have the right to preemption over all concessions on the interests of foreign shareholders or for the benefit of foreign shareholders.”

Algeria's dedication to the right of pre-emption has resulted in a violation of many of its legal obligations, contained in Ordinance No. 01-03, as well as its obligations to foreign investors through investment agreements concluded with the National Investment Development Agency. Consecration of the right of pre-emption violates the principle of Article 30 of Ordinance No. 01-03 contradicts the principle of national treatment enshrined in Article 14 of Ordinance No. 01-03, and therefore is a discriminatory measure against a foreign investor. He also violated the principle of non-retroactivity of laws: this is included in Article 15 of Ordinance 01-03, as by returning to the case of ‘Djezzy’ we find that the legislator has enshrined the right of pre-emption retroactively.

5. Conclusion and recommendations

1.5. Conclusion:

The issuance of Ordinance No. 01-03 related to the development of investment was one of the most important economic reforms undertaken by Algeria, as it abolished many obstacles, and devoted a set of principles such as the principle of freedom of investment and the principle of national treatment, and the provision of a set of privileges and guarantees for foreign and national investments alike.

However, the situation changed with the issuance of the Supplementary Finance Law of 2009, which included provisions contradicting many of the rules and principles governing Ordinance No. 01-03, the most important of which is the return to subjecting all foreign companies to

the minority share (rule 49/51) in all new investments in any sector Economy. This affected the investment climate negatively and consequently the negative impact on the volume of FDI flows towards Algeria.

Algeria is an example of a high-risk, high-profit economy, where there are opportunities to invest in almost all sectors, and while Algeria is enthusiastic about FDI for technology access and knowledge transfer, the difficult business climate, inconsistent regulatory environment, and contradictory and ever-changing government policies , impeding the flow of FDI into this developing economy.

2.5. Recommendations:

Based on the findings, we can give some recommendations that could contribute to improving the investment climate in Algeria:

- Maintaining the stability of the legal texts regulating investment, and stopping the amendment of the investment law every time on the occasion of the issuance of financial laws,
- The investment policy should work to direct FDI towards targeted projects and activities, whether export or import-oriented projects. Therefore, provisions can be made that classify FDI into categories of 'encouraging', 'permitted', 'restricted' and 'prohibited'. FDI in encouraging industries is eligible for various incentives; FDI in restricted industries is subject to strict government examination and approval on a case-by-case basis. FDI in prohibited industries is not allowed,
- The creation of special economic zones according to the growth pole theory, in which various development efforts are focused and special incentives granted to attract FDI,
- Eliminating the partnership requirement and restricting it to strategic projects only,
- Giving the investor free access to financing, whether foreign or domestic,
- Abolition of the right of pre-emption,

- Granting adequate guarantees to the foreign investor against the risks of nationalization and expropriation,
- should introduce provisions in the investment law on the protection of intellectual property,
- Supporting investment promotion efforts and strengthening the role of investment promotion bodies,
- Elimination of bureaucracy and corruption;
- The need to accelerate reforms, especially banking and financial reforms,
- Whatever the case, the most important factor is the strong political will for change for the better.

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9. *الجريدة الرسمية للجمهورية الجزائرية*. (26 07, 2009). الأمر رقم 01-09 المؤرخ في 22 جويلية سنة 2009 يتضمن قانون المالية التكميلي لسنة 2009. ج رج ج(44)، 04 - 28.
10. *الجريدة الرسمية للجمهورية الجزائرية*. (19 01, 1997). المرسوم التنفيذي رقم 97 - 40 المؤرخ في 18 جانفي 1997 يتعلق بمعايير تحديد النشاطات والمهن المقننة الخاضعة للقيود في السجل التجاري وتأطيرها. ج رج ج(05)، 07 - 10.

¹ Amended and completed by ordinance No. 06-08 of 15 July 2006, then its provisions amended and implemented several times thereafter in accordance with the following legislations: ordinance No. 09-09 of 22 July 2009 containing the Supplementary Finance Act of 2009, Ordinance No. 10-01 of 26 August 2010 containing the Supplementary Finance Act of 2010, Law No. 11-16 of 28 December 2011 containing the Finance Act of 2012, Law No. 12-12 of 26 December 2012 containing the Finance Act of 2013, Law No. 13-08 of 30 December 2013 Including the Finance Law of 2014, Law No. 14-10 of 30 December 2014 Including the Finance Law of 2015.

² It was before the issuance of Ordinance No. 06-08: application of the reduced percentage in the field of customs rights

³ It became according to Article 74 of Law No. 14-10: Purchase with exemption from fees on

⁴ It became: for a period of 05 years if he created more than 100 jobs at the start of the activity (according to Article 35 of Ordinance No. 09-01), then: for a period of 01 years to 03 years (according to Article 49 of Ordinance No. 10-01), then: And extending from 03 to 05 years for the newly created investments more than 100 jobs at the start of the activity (according to Article 49 of Ordinance No. 10-01 and then Article 58 of Law No. 13-08 and Article 74 of Law No. 14-10).

⁵ It became 1.5 billion dinars under Article 37 of Law 12-12, then 2 billion dinars under Article 97 of Law No. 14-10.

⁶ It became 1.5 billion dinars under Article 37 of Law 12-12, and then 2 billion dinars under Article 97 of Law No. 14-10.

⁷ The phrase (not excluded) was added under Article 08 of Ordinance No. 06-08.

⁸ Before the issuance of Ordinance No. 06-08 it was: Application of the reduced percentage in the field of customs rights With regard to imported goods that go directly to making the investment.

⁹ The phrase: from the gross income tax on dividends and from the lump sum payment was deleted according to the ordinance No. 06-08.