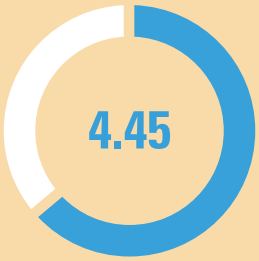
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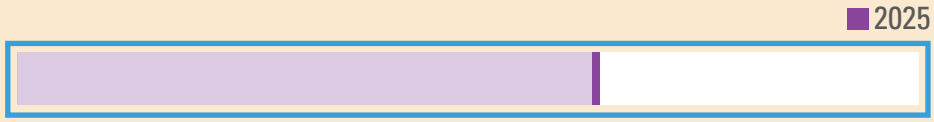
Shared Prosperity Dignified Life

Country profile
**COMOROS**

# ARAB BUSINESS LEGISLATIVE FRAMEWORKS



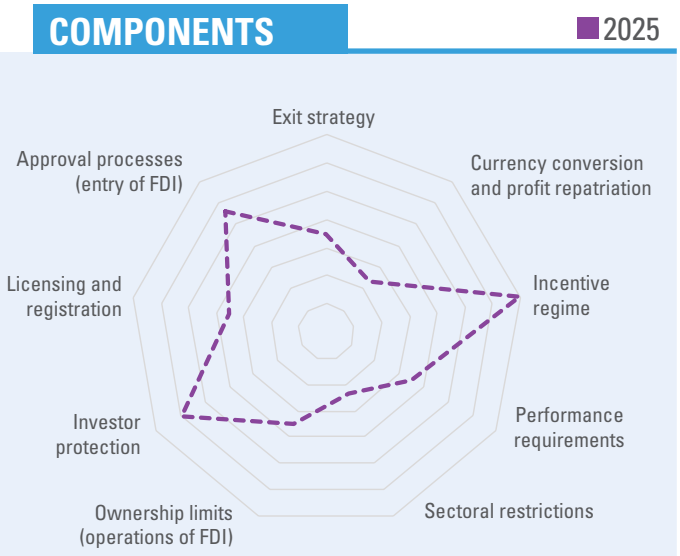

## FOREIGN DIRECT INVESTMENT



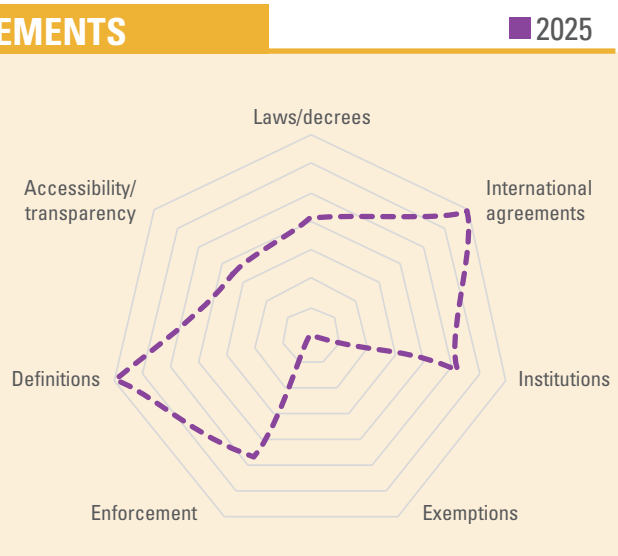

Very weak | Weak | Basic | Moderate | Developed | Strong | Very strong

| COMPONENTS | 2025 |
|---|---|
| Approval processes (entry of FDI) | 5.60 |
| Licensing and registration | 3.50 |
| Investor protection | 6.00 |
| Ownership limits (operations of FDI) | 3.50 |
| Sectoral restrictions | 2.33 |
| Performance requirements | 3.50 |
| Incentive regime | 7.00 |
| Currency conversion and profit repatriation | 2.33 |
| Exit strategy | 3.50 |

## COMPONENTS




## ELEMENTS



**Note on methodology:** The foreign direct investment (FDI) pillar was fully revised in 2023 following a legal and methodological review and first applied in the 2025 assessment. The 2020 edition assessed the macroeconomic enabling environment for investment. The revised methodology shifts to a business-conducting perspective, assessing the regulatory treatment of foreign investment.

## 2020 EDITION

Basic

### Foreign direct investment framework assessment

***Macroeconomic enabling environment lens***

The 2020 assessment examined whether the country's **macroeconomic policies** provided a stable foundation for investment, whether the **investment regulatory framework** set clear rules of engagement, how far **incentivization schemes** attracted foreign capital, the extent to which **bilateral treaties** offered investors legal certainty, and whether **banking regulations** enabled the financial operations required for investment.



**Macroeconomic policies**



**Investment regulatory framework**



**Incentivization schemes**



**Bilateral treaties**



**Banking regulations**

**This country profile is prepared based on the legal and regulatory framework in force as at April 2025.**

This country profile assesses the foreign direct investment (FDI) framework of the Comoros based on the nine FDI assessment components adopted under the Arab Business Legislative Frameworks methodology. The analysis is structured to ensure that each component is examined against its specific definition and indicators, supported by relevant legal and regulatory evidence.

**Foreign direct investment in the Comoros has been fundamentally restructured with the implementation of Law No. 20–035/AU of 28 December 2020, which established a new investment code. The Investment Code included several improvements to support investment within the country, and repealed all prior provisions to the contrary, including Law No. 07–0010/AU of 31 August 2007 establishing the former Investment Code.**



## Approval processes

**This assessment component examines the mechanisms and institutional arrangements governing the authorization of FDI, the applicable regulatory requirements, and the legal basis for international investment commitments and access to bank financing.**

Decree No. 08–063/PR established the National Agency for the Promotion of Investments in the Comoros, which was entrusted with key responsibilities in accordance with article 27 of the new Investment Code (Law No. 20–035/AU of 28 December 2020). These responsibilities included promoting the Comoros as an attractive destination for investment, developing investment policies in collaboration with the ministry in charge of investments, and coordinating the identification and formulation of business climate reforms. Article 27.2 states that the resources of the National Agency for the Promotion of Investments include fees for filing investment and business establishment applications, as well as a levy payable by companies accredited under regimes A, B, C or D, the nature and amount of which are determined by implementing regulations.

Article 5 states that the provisions of this Code shall not preclude investors from benefiting from broader advantages and guarantees granted under any investment agreement or treaty concluded between the Comoros and other States.



## Licensing and registration

**This assessment component reviews the legal and regulatory framework for the licensing and registration of foreign investment projects in the Comoros, with particular attention to transparency and predictability in administrative procedures, land use and ownership conditions, and streamlining of registration processes.**

Article 14 of the Investment Code defines the types of activities and investment regimes eligible for an approval application. Under regime A, the investment programme should be equal to or exceed 20 million Comorian francs (KMF), excluding taxes, and should not exceed 100 million KMF, excluding taxes. Regimes B and C apply to investment programmes strictly exceeding 100 million KMF, excluding taxes, while regime D is reserved for enterprises whose investment programme strictly exceeds 10 billion KMF, excluding taxes. With respect to company registration, article 27 of the Code entrusts the National Agency for the Promotion of Investments with the management of the one-stop shop, which serves as the single-entry point for the submission of applications related to business establishment, accreditation requests, and the completion of all related administrative formalities.



## Investor protection

**This assessment component reviews the legal protections available to foreign investors in the Comoros, including statutory guarantees, access to dispute resolution mechanisms, and the role of domestic courts and arbitration frameworks in ensuring the enforcement of investor rights and investment-related obligations.**

Pursuant to articles 27 and 28 of the Investment Code, the National Agency for the Promotion of Investments in the Comoros, in coordination with the National Commission for the Monitoring and Oversight of Approved Enterprises, is entrusted with monitoring and ensuring compliance with investment policies and their effective implementation. With regard to investor guarantees, section 3 of the Code outlines a series of safeguards aimed at securing a fair and safe investment environment. Investors, whether of Comorian or foreign nationality, shall be treated equally under the laws and regulations in force within the country. No investment may be nationalized or expropriated except under the following cumulative conditions: the measure must be taken in the public interest, must be non-discriminatory, and must be accompanied by prompt, adequate and effective compensation.

In the settlement of disputes between the investor and the Union of the Comoros, priority shall be given to amicable resolution. If no amicable resolution is reached within six months of written notification, disputes may be referred to the following mechanisms: mediation rules of the Court of Arbitration of the Comoros (CACOM); investor-State mediation rules of the International Bar Association (IBA); arbitration rules of the International Chamber of Commerce (ICC); or arbitration rules of the Common Court of Justice and Arbitration (CCJA) under the Organization for the Harmonization of Business Law in Africa (OHADA). Any amicable agreements resulting from such proceedings shall be binding upon the parties.

Disputes between Comorian investors and the State fall under the jurisdiction of Comorian courts, or arbitration if mutually agreed upon. Disputes between foreign investors and the State may be resolved through arbitration in accordance with ratified international treaties, including those under the International Centre for Settlement of Investment Disputes (ICSID), the United Nations Commission on International Trade Law (UNCITRAL), OHADA, CACOM or any other mutually accepted arbitration mechanism. The Comoros is a signatory to the ICSID Convention, which entered into force for the country in 1978 and remains in effect. The Comoros also acceded to the New York Convention in April 2015.

However, the legal framework places greater emphasis on arbitration mechanisms, while matters related to the independence and compliance of domestic courts are addressed under the broader judicial framework rather than explicitly within the Investment Code.



## Ownership limits

**This assessment component examines the extent to which legislation in the Comoros imposes ownership limits, foreign equity restrictions, or screening and prior approval mechanisms on foreign investment operations, including restrictions related to acquisition of real estate or participation in certain economic activities.**

The Investment Code of the Comoros does not impose general foreign equity caps, such as a 49/51 ownership rule. Instead, it sets out the conditions under which a Comorian company is deemed to be controlled by a foreign investor, including a presumption of foreign control where an investor holds 25 per cent or more of shares or equity interests. This threshold is intended solely for classification purposes and does not function as an ownership ceiling. The Investment Code contains no specific provisions governing the acquisition of real estate by foreign investors. Matters related to land ownership fall under the general land legislation and the OHADA legal framework. In practice, certain categories of land, particularly in rural or strategically sensitive areas, may be subject to prior administrative authorization rather than explicit statutory prohibitions.



## Sectoral restrictions

**This assessment component reviews sector-specific regulations that affect foreign direct investment in the Comoros, focusing on market access limitations, competition-related considerations, and exceptions justified on grounds.**

The Investment Code of the Comoros indirectly supports foreign direct investment by affirming the principles of economic freedom and competition under articles 2 and 6. However, article 4 of the Investment Code excludes certain activities from its scope of application, including trading activities, banking, financial services and insurance.

The exclusion of these sectors from the Investment Code does not constitute a prohibition of foreign participation. Rather, such activities are governed by separate sector-specific legislation and are subject to the regulatory and licensing requirements established under the applicable legal frameworks. The exclusions therefore reflect regulatory specialization rather than restrictions based on national security grounds.



## Performance requirements

**This assessment component examines whether investment legislation or policies in the Comoros impose performance-related obligations on foreign investors, such as requirements related to employment, skills development, export promotion, or compliance with social and labour standards.**

Investors must prioritize hiring Comorian citizens or residents and pledge to improve local workforce competencies through professional training and development initiatives, as stipulated in article 17, which imposes specific performance requirements pertaining to education, training and labour-market integration. These provisions constitute explicit performance requirements aimed at facilitating the integration of foreign investment into the local labour market and ensuring that investment activities contribute to improved social and working conditions.

However, the Investment Code does not establish clear criteria or methodologies for assessing opportunity costs, effectiveness or overall efficiency of the State's foreign direct investment strategies.

## Incentive regime

**This assessment component reviews the legal framework governing investment incentives in the Comoros, which includes defining incentive schemes in legislation, specifying the adopted incentive regime, and identifying the competent authorities responsible for administering and implementing these incentives.**

Articles 18 to 21 of the Investment Code of the Comoros provide a clear definition and description of incentive programmes. The four incentive regimes (regimes A, B, C and D) that are explicitly specified in these articles correlate to various investment scales, sectoral priorities, and anticipated economic benefits.

Regime A: Incentives include a reduced corporate tax rate of 15 per cent, exemption from certain income tax brackets, and suspension or exemption from customs duties and taxes on imports necessary for investment operations for a duration of five years.

Regime B: Investors benefit from similar incentives as regime A, such as a reduced corporate tax rate of 15 per cent, income tax relief, and customs duties exemptions, extended over seven years.

Regime C: This regime grants more advantageous tax benefits: a significantly reduced corporate tax rate (10 per cent for the first five years if 150 jobs are created), preferential income tax treatments, exemption and suspension of import duties and taxes, and designation as an accredited economic operator, with benefits lasting for ten years.

Regime D: Investors under this regime receive the highest incentives, including an even more reduced corporate tax rate (5 per cent for the first five years if 350 jobs are created), extensive income tax exemptions, complete suspension of import-related duties and taxes, and accredited economic operator status, all extending over a fifteen-year period.

Furthermore, articles 27 and 28 designate the National Agency for the Promotion of Investments, together with the National Commission for the Monitoring and Oversight of Approved Enterprises as the authoritative bodies responsible for monitoring compliance, managing investor relations, and ensuring the accurate implementation of these incentive regimes according to the Investment Code.

## Currency conversion and profit repatriation

**This assessment component examines the legal provisions governing currency conversion and the repatriation of profits by foreign investors in the Comoros, including guarantees for capital transfers, the role of financial and banking authorities, and applicable capital control measures.**

Articles 10 and 11 of the Investment Code give investors the right to transfer capital and income without any restrictions.

## Exit strategy

**This assessment component assesses the legal framework governing the exit of foreign investors from the market in the Comoros, focusing on provisions related to divestment, liquidation, mergers and acquisitions.**

Article 10, paragraph 2, of the Investment Code guarantees the free transfer abroad of liquidation surplus, subject to the payment of applicable duties and taxes. This provision constitutes a key legal safeguard for the exit of foreign investors, ensuring the repatriation of proceeds resulting from divestment or liquidation.

However, the Investment Code of the Comoros does not contain specific provisions governing mergers and acquisitions, which remain subject to the general commercial and corporate law framework.

## RECOMMENDATIONS

- Adopt specific provisions to clarify the legal framework for mortgages and asset pledges by foreign investors.
- Integrate cost–benefit and economic impact assessment requirements into investment policy design and evaluation.
- Provide explicit guidance on the role and enforcement capacity of domestic courts in investment-related disputes.
- Clarify whether sectoral exclusions are based on regulatory, prudential or national security considerations.
- Regularly assess incentive regimes to ensure their alignment with national development priorities.
- Establish formal criteria to assess the effectiveness, efficiency and opportunity costs of FDI strategies.
- Strengthen institutional oversight mechanisms for monitoring foreign investment capital flows within the banking sector.
- Introduce specific legal guidance addressing mergers and acquisitions involving foreign investors.

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