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PALESTINE INDUSTRIAL ESTATES CORPORATION

LAW NO. (10) FOR THE YEAR 1998

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FREE INDUSTRIAL ESTATES & AREAS

Chairman of the Executive Committee of the Palestine Liberation Organization,

Chairman of the National Authority pursuant to the presentation of the Minister of Industry,

Pursuant to the requirements of public interest,

Upon review of the draft law submitted by the Council of Ministers, and,

Subsequent to the approval of the Legislative Council,

We have promulgated the following law:

PART ONE

Definitions and General Provisions

Article (1)

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In the application of the provisions of this law, the following words and expressions shall have the meanings assigned thereto hereunder unless the context indicates otherwise.

Minister: Minister of Industry

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Institution: Public Institution for the Industrial Estates and Free Industrial Zones.

Board of Directors:	Board of Directors of the Institution
Applicant:	Any natural or corporate person who is qualified according to the regulations and by-law to apply, according to this law, for the allocation of an area in Palestine to become an industrial estate.
Industrial Estate:	A geographically defined area which is established according to this law and allocated for the service of a number of beneficiaries for the implementation of industrial activities and services and has special privileges guaranteed by this law.
Free Industrial Zone:	A geographically defined area which is established according to this law and allocated for the service of one beneficiary or more for the implementation of export activities. It shall have special provisions for the customs and taxes which are guaranteed by this law.
Processing Project:	Any project which is licensed to operate within the industrial estate and produces a new commodity through transformation operations of organic and/or none organic materials into new products by changing the size, shape, nature or quality thereof through the use of manual or mechanical means or assembling of parts whereby it will become another product, including the packaging of products.
Licensed Project:	Any processing project which is licensed to operate within the premises of a free industrial zone.
Free Industrial Zone Certificate:	A certificate issued by the Institution pursuant to the provisions of this law which provides that a licensed project shall have the right to commence operation in a free industrial zone.
Promoter:	The party which is qualified and with whom a concession contract has been concluded according to this law for the purpose of developing and managing an industrial estate.
Concession Contract:	The agreement concluded between the promoter and the Institution for the purpose of establishing or developing and managing an industrial estate and/or a free industrial zone.
Allocation Decision:	The decision which is taken by the Council of Ministers pursuant to the provisions of this law concerning the allocation of an industrial estate and/or a free industrial area in Palestine.

Investment Outlet: The Institution or any of its offices which are located within the industrial estate and/or free industrial area from which the investor can obtain all the official permits, licenses and registration required by his project.

Article (2)

An Institution to be called “The Public Institution for the Industrial Estates and Free Industrial Zones” shall be established in Palestine in accordance with the provisions of this law, shall have an autonomous corporate entity and shall enjoy the legal capacity which would ensure the realization of its objects and exercise of its activity according to the provisions of the law.

Article (3)

The Institution shall be considered the investment outlet in the industrial estates and free industrial zones.

Article (4)

The head office of the Institution shall be located in the city of Jerusalem and the provisional office in a location determined by the National Authority and it may establish branches in any part of Palestine.

PART TWO **Objects of the Institution**

Article (5)

The Institution shall have competence over the following functions:

- 1- Formulate an overall general policy for the establishment and development of the industrial estates and free industrial zones in Palestine.
- 2- Submit proposals, plans and recommendations to the Council of Ministers with respect to the establishment, development and management of any industrial estate or free industrial zone in Palestine.
- 3- Accept and receive applications for the establishment of industrial estates and free industrial zones for the purpose of establishing industrial projects and transmit same with its recommendations to the Council of Ministers.
- 4- Review the applications of the various parties concerning the licensing for work in an industrial estate and/or a free industrial zone and granting of certificates of the free industrial zone to investors.

- 5- Develop the industrial estates and free industrial zones directly or through promoters.
- 6- Prepare the plans and programmes pertaining to the development and progress of the industrial estates and free industrial zones.
- 7- Establish the public utilities which are required for the industrial estates and free industrial zones by itself or through third parties.
- 8- Fix the fees in consideration of the services provided by the Institution to the industrial estates and free industrial zones as well as the rules of its collection vide a law.
- 9- Conclude the contracts and agreements as well as accept the assistances and grants offered to it in a manner which is not in contradiction with the provisions of this law.
- 10- Approve the annual general budget of the institution and transmit same to the concerned parties for due adoption.
- 11- Selection of promoters and conclude contracts with them.
- 12- Supervise the performance and development of the industrial estates and free industrial zones as well as publish the reports pertaining thereto.
- 13- Endeavor to implement the local and regional agreements concluded in respect of any of the matters stated in this law.

PART THREE
Board of Directors

Article (6)

- a- The Institution shall have an eleven member Board of Directors in the following manner:

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|----|----------------------------------------------------|---------------|
| 1- | Minister of Industry | Chairman |
| 2- | A representative of each of: | |
| a- | Ministry of Economy and Trade | Vice Chairman |
| b- | Ministry of Finance | Secretary |
| c- | Ministry of Industry | Member |
| d- | Ministry of Planning and International Cooperation | Member |
| e- | Ministry of Local Government | Member |
| f- | Ministry of State for Environment Affairs | Member |

- 3- Four representatives two of whom are from amongst the promoters and two for the Chambers of Commerce and Industry as well as the Industrial Unions.
- b- The representatives of promoters, chambers of commerce and Industry and industrial unions shall be recommended by their representing parties. A decision by the Chairman of the National Authority shall be issued of the names of members of the Board of Directors upon a recommendation from the Council of Ministers.

Article (7)

The membership of representatives of the promoters, chambers of commerce and industry as well as the industrial unions shall continue on the Board of Directors for a period of two years after which their substitutes shall be nominated. The members whose period of membership has expired may be re-nominated by the institutions they represent provided that the member of the council whose membership has expired shall retain his membership on the Board until another person is nominated in his place.

Article (8)

Whoever is convicted of a crime touching on honour or honesty or has been declared bankrupt or convicted of any crime pursuant to the Companies Law in force shall lose his membership in the Board.

Article (9)

The members of the Board of Directors and workers in the institution should maintain the secrecy of work progress therein upon the exercise of their work.

Article (10)

Towards the realization of the targets and functions of the institution, the Board of Directors shall undertake the following powers:

- 1- Approve the work plan to be adopted by the institution within the framework of the general policy set out thereto.
- 2- Supervise the lands of the industrial estates and free industrial zones, the parties working therein and publish the periodical reports in this respect.
- 3- Advertise and promote the industrial estates and the free industrial zones locally and internationally for the purpose of increasing the investments therein and cooperate with the competent parties in this respect.

- 4- Formulate the by-laws which regulate the Institution's work within the industrial estates and free industrial zones in respect of the financial, administrative and technical aspects.
- 5- Nominate a Director General for the Institution.
- 6- Formulate the general policy for the employment of workers in the Institution and fix their salaries scale.
- 7- Approve the appointment of Experts and Consultants.
- 8- Issue various debentures within the general conditions in force according to the law.
- 9- Issue the necessary decisions with regard to the functions of the Institution.

Article (11)

- a- The Institution shall have a Director General who will be appointed by a decision of the Council of Ministers upon the recommendation of the Board of Directors.
- b- The Director General shall take part in the meetings and deliberations of the Board of Directors without having the right of voting.
- c- The Director General shall be considered the executive officer of the Institution and carry out the following functions:
 - 1- Implement the policies of the institution as determined by the Board of Directors.
 - 2- Organize and supervise the daily operations of the Institution.
 - 3- Submit regular reports to the Board of Directors concerning the Institution's operations and performance.
 - 4- Participate in the activities that pertain to the Institution's work within Palestine and abroad.
- d- The salary and other financial rights of the Director General shall be determined by a decision of the Board of Directors.
- e- The Director General may not be a party or have a direct or indirect interest in any processing project, licensed project or any contract concluded by the Institution.

Article (12)

The Board of Directors may authorize the Director General of the Institution with some of its functions and utilize the services of any other specialized committee or persons with expertise.

Article (13)

The Board of Directors shall convene at least once per month upon the invitation of the Chairman of the Board or, in the event of his absence, his deputy. The quorum shall be present if it is attended by a majority of two thirds of its members including the Chairman or his deputy. The resolutions shall be adopted by the majority of those present and in the event of a tie, the Chairman shall have a casting vote. The Board may be called to hold an emergency meeting upon the invitation of the Institution's Director General following the approval of the Chairman of the Board.

Article (14)

Should there be any direct or indirect interest to any of the members of the Board of Directors in respect of any application submitted to the Institution by a qualified person or a promoter for the allocation, developing of an industrial estate and/or free industrial zone to any project therein, he should make a written disclosure thereof to the Board and he may not participate in any decision or recommendation issued by the Institution in respect of such an application.

PART FOUR **Finance**

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Article (15)

The Institution's financial resources shall consist of the following:

- 1- The amounts appropriated to the Institution in the general budget of the National Authority.
- 2- The fees consequent on the granting of licenses to the industrial estates and/or free industrial zones.
- 3- The financial fines levied by it according to the provisions of the law.
- 4- The grants and loans provided by the States, International organizations and local and foreign none governmental organizations.
- 5- Any other revenues which are collected according to the provisions of this law.

Article (16)

All incomes and revenues of the Institution shall be paid into a special account under the supervision of the Ministry of Finance which belongs to the account of the public treasury. A special budget shall be appropriated to the Institution with the annual general budget

of the National Authority where all expenditures of the Institution shall be made through it.

Article (17)

The Institution shall follow, in the organization of its accounts and records the international accounting practices and principles and the Board of Directors shall appoint a certified auditor to supervise and audit the Institution's accounts and records.

PART FIVE

Establishment of Industrial Estates and Free Industrial Zones

Article (18)

The Institution may, directly or upon an application submitted to it, recommend to the Council of Ministers to pass a decision for the allocation of any suitable location in Palestine to be an industrial estate and/or a free industrial zone. If the lands of the industrial estate or the free industrial zone is established on a leased land, the period of its lease may not exceed forty nine years.

Article (19)

The applications shall be submitted by those qualified for the allocation of an industrial estate and/or a free industrial zone to the Director General of the Institution who in turn shall transmit it, within three weeks from the date of submission of the application, to the Board of Directors in order to take the necessary recommendation in respect thereof and transmit it to the Council of Ministers, within a maximum period of sixty days as of the date of submission of the application.

Article (20)

The Board of Directors shall issue, upon the recommendation of the Board of Directors, its decision on the allocation of the industrial estate and/or free industrial zone within a period of one month from the date of referral of the recommendation thereto. In the event of rejection, the decision should be justified and the concerned party shall not have the right of grievance against this decision.

Article (21)

The decision of the Council of Ministers shall specify the location of the industrial estate and/or free industrial zone, its area boundaries according to the map provided for this purpose, activities and prepare the means of its supervision in a manner which would fulfil the requirements. The decision shall be published in the local press and a period of thirty

days from the date of publication of the decision shall be given for objecting thereon before the competent courts.

PART SIX
Development and Operation of Industrial
Estates and/or Free Industrial Zones

Article (22)

The Board may, in a manner not contradictory with the provisions of this law, grant a concession for the development of the industrial estate and/or free industrial zone to any promoter according to a concession contract for its development and management, provided that the promoter be a public, private or mixed company or institution which is registered in Palestine.

Article (23)

It is a pre-requisite that the promoter be capable financially and technically with preference to those who have past experience in the development and management of the industrial estates and/or free industrial zones.

Article (24)

If the committed promoter fails to develop and operate the industrial estate or the free industrial zone, he may, with the Institution's approval, authorize third parties to carry out his specified duties in the concession contract.

Article (25)

The Institution shall specify the conditions and period of the concession contract, main plan, general specifications of buildings and infra structure of the industrial estate or the free industrial zones, method of its operation and maintenance, type of activities, performance and development of services therein according to the regulations and instructions of the concession contract.

Article (26)

The industrial estate and/or free industrial zone shall be subject to the control and supervision of the Institution for the purpose of ascertaining the implementation of concession contract conditions and performance of services thereto under the conditions agreed upon between the Institution and the Promoter. In the event of any controversy thereon, the two parties shall resort to the arbitration according to the provisions of the law.

Article (27)

The concession contract shall terminate upon the expiry of the period thereof or completion of the establishment of the industrial estate or free industrial zone under the conditions agreed upon in the concession contract and the industrial estate or the free industrial zone shall inure, upon the expiry of the concession contract, without prejudice to the right of third parties, to the Institution inclusive of the contents therein, installations thereon and projects and assets owned by the promoter. The concession contract may not be amended or transferred to a third party except with the approval of the Council of Ministers.

Article (28)

The promoter may, with the authorization and coordination with the Board of Directors, promote, through publicity, the industrial estate or the free zone area for the purpose of attracting the investors and entrepreneurs as well as enter into contracts with any of the public or private institutions for the purpose of carrying out the publicity activities according to the provisions of this law and any other law in force in Palestine.

Article (29)

The promoter should maintain the infra structure and other utilities required for the operation of the industrial estate or free industrial zone in good condition and should deal with all licensed projects in such industrial estate or free industrial zone in the same criteria without any discrimination between them for any reason whatsoever.

PART SEVEN **Proceedings Within the Free Industrial Zone**

Article (30)

No party may carry out any industrial activity within the free industrial area except by a certificate of the free industrial zone which authorizes it to work in a single free industrial zone.

Article (31)

The applications for the obtaining of free industrial zone certificates from the entrepreneurs to the Director General of the Institution who will transmit it to the Board of Directors within a maximum period of one month from the date thereof. The Board of Directors should finalize the applications submitted thereto within two weeks from the date of its presentation and in the event of rejection, it should be justified.

Article (32)

The applicant whose application has been rejected as per article (31), should apply for re-consideration thereof before the same Board of Directors within six months from the

date of rejection of his application. If it is rejected for the second time, the applicant shall have the right to take exception towards the rejection decision before the competent court.

Article (33)

The free industrial zone certificate shall be withdrawn if it has been substantiated that the entrepreneur has violated its conditions or if a period of six months have lapsed from the date of granting thereof without the entrepreneur's actual commencement therewith and unless he offers satisfying reasons which prevented the operation.

Article (34)

The free industrial zone certificate shall be granted only to the persons or institutions registered in Palestine and whose object is to work in the free industrial zone.

PART EIGHT

Rules of Bringing in and Taking Out of Goods From the Free Industrial Zone

Article (35)

The licensed entrepreneurs, shall have the right to carry out any industrial or export activity as well as any additional activities including the services within the licensed limits.

Article (36)

The licensed entrepreneur may sell a maximum of 20% of the production of his project in the local market provided that all materials included in the manufacture of this production which is sold in the local market shall be subject to the customs fees and taxes should there be found in the local market a similar local production.

Article (37)

All the necessary commodities and goods which are required for use by a licensed project in the free industrial area and are stored in the warehouse, of the Customs Department shall be treated as if they are imported into the free industrial zone.

Article (38)

All goods, materials, provisions, machinery and means of transport which are imported from abroad into the free industrial zone for the purpose of using same within the free industrial zone or in any industrial project therein shall be exempted from customs fees and other fees attached thereto.

Article (39)

The local goods and products which are imported to the free industrial zone from all the other Palestinian territories shall not be subject to any established measures, taxes or fees.

Article (40)

All goods and products processed in the free industrial zones which are exported abroad shall not be subject to the rules and measures which are legally established for export, outgoing tax as well as other taxes.

Article (41)

The established assets that are transferred from the free industrial zones and brought into the Palestinian market shall be considered as if they are imported on the date of its taking out from the free industrial zones and all customs fees, taxes and governmental charges shall be levied. However, the goods which are transferred from a free industrial zone to another or to warehouses under the control of customs, it shall not be considered as imported goods.

PART NINE **Rights and Duties of Licensed Projects**

Article (42)

In addition to any other rights which are guaranteed in any other law, the entrepreneurs who are licensed shall be free to fix the prices of their production and services as well as procure the services and goods necessary to them from within the country or abroad as well as freedom of disposal for the sale of their projects.

Article (43)

The licensed entrepreneurs undertake the following:

- 1- Restrict their activities which are shown in the license established by the certificate of the free industrial zone granted to each of them or any additional activity as per article (35) of this law. The type of activity may be amended in the area subsequent to the Institution's approval thereon.
- 2- Submit any documents, records, or accounts to the Institution if requested to do so for the purpose of carrying out any statistical activities.
- 3- Comply with any instructions or regulations formulated for running the free industrial zones or to observe the order and provide security within the free industrial area.

- 4- Notify the Institution in writing of the entrepreneur's decision to liquidate and finalize his project three months prior to the implementation of the liquidation or finalization decision.

Article (44)

The entrepreneur should liquidate his project from the free industrial zone within six months from the date of suspension of work without justification. If he fails to do so, the Institution shall have the right, in coordination with the Customs Department, following the lapse of the said period, to sell it through auction where all the obligations and debts consequent on the project, if any, shall be deducted from the price and the balance shall be transferred to the personal account thereof.

PART TEN **Dealing in Foreign Currency**

Article (45)

The dealing in foreign currency or keeping it within the free industrial zone shall not be subject to any restrictions and any foreign currency may be brought in from the free industrial zone to any part in the other Palestinian territories or vice versa.

Article (46)

The banks or its approved branches in the free industrial zone may accept payment in any foreign currencies from any natural or corporate person and open accounts in these currencies in the names of depositors. The depositors shall have the right to utilize the balances of these accounts in foreign currency without any restrictions.

Article (47)

The income tax on the licensed projects, processing projects or promoter works shall be according to what is specified in the regulations issued pursuant to this law or pursuant to any other law, which ever is better in favour of such projects.

PART ELEVEN **Penalties**

Article (48)

Without prejudice to any severer penalty provided for in any other law, who ever violates the provisions of this law, any regulation or decision issued pursuant thereto shall be penalized by a minimum fine of one hundred Jordanian Dinars and not more than one thousand Jordanian Dinars or the equivalent of the currency in circulation.

Article (49)

The public lawsuit arising out of the crimes committed in violation of the provisions of this law shall not be instituted except upon the request of the Minister of Industry. The Board of Directors of the Institution may make a compromise on the fines provided for in the foregoing article in any stage in which the lawsuit may be.

PART TWELVE **Concluding Provisions**

Article (50)

The Minister of Industry may, upon the recommendation of the Board of Directors, issue the necessary instructions and decisions which are necessary for implementing the provisions of this law.

Article (51)

The Board shall formulate the necessary by-laws which are required for the application of this law. The decision shall be published in the official gazette.

Article (52)

The Institution may, request the industrial estates and free industrial zones existing prior to the promulgation of this law conciliate their position, according to the provisions of this law within a period of six months and recommend to the Council of Ministers to grant it the concessions granted by the law.

Article (53)

All concerned parties shall each, as far as he is concerned, implement this law and shall be put into operation from the date of its publication in the official gazette.

Issued in the city of Gaza on 2nd November 1998 AD. corresponding to 13th Rajab 1419 AH.

Yaser Arafat
Chairman of the Executive Committee
of the Palestine Liberation Organization Cum
Chairman of the Palestine National Authority