

**Law No. (2) for the Year 2000 AD**  
**Regarding regulation of the work of commercial agents**

**Chairman of the Executive Committee of the Palestine Liberation Organization,  
President of the Palestinian National Authority,**

After review of the Commercial Agents and Middlemen Law No. 19 for the year 1967, in effect in the West Bank Governorates,  
And pursuant to ratification by the Legislative Council on 24 June 1999,

We promulgated the following law:

**Chapter One**  
**Definitions**

**Article (1)**

For the purpose of application of the provisions of this law, the following terms and expressions shall have the meanings specified hereunder unless otherwise is specified:

**The Ministry:** The Ministry of Economy and Trade

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**Commercial Agent:** Any natural or judicial person who has right, in compliance with an agreement, to sell, distribution or promote goods and commodities or to provide services in Palestine for the account of a producer or a supplier in exchange of commission or profit margin.

**Sub-Agent:** Any natural or judicial person who acts as sub-agent or distributor on the basis of a contract between him and the commercial agent to sell goods or services on which the commercial agent has the right to distribute or promote in exchange of a profit margin or commission.

**Public servant:** Any person appointed by a concerned body to fill in a post in any government department or who receives a salary as part of the budget thereof regardless of the nature or description of this job.

**Goods and commodities:** any commodity including services, goods or products distributed, promoted or sold by the travel agent in or outside Palestine in exchange of profit margin or commission on behalf of a supplier or producer.

**Registry:** records prepared by the Ministry for registration of commercial agencies.

**Chapter Two**  
**Terms of practice for commercial agents**

## **Article (2)**

Any person practicing as commercial agent must fulfill the following conditions:

1. The commercial agent must be direct agent registered in the registry.
2. The individual agent (natural person) must be:
  - a. Palestinian possessing full capacity and resident in Palestine
  - b. Registered in the commercial registry
  - c. Not convicted by bankruptcy, fraud or in position of stay of payment of debts with submission of general waiver to the creditors interest or subject to appoint of legal guardian on his assets or properties unless he is redeemed.
  - d. Not public servant working for the Palestinian National Authority or in any of the institutions thereof.
3. Any Company agent (judicial person) must fulfill the following:
  - a. Be established in compliance with the laws in effect in Palestine and registered in the Companies registry with headquarters in Palestine.
  - b. 51% of its capitals or shares must be owned by Palestinians.
  - c. The majority of its board members must be Palestinian.
  - d. Must not be under liquidation, legal guardianship, bankruptcy, settlement or conciliation preventing bankruptcy with any of its creditors.
  - e. Must have as part of its goal, performance of any acts of import and commercial agencies.

## **Article (3)**

It shall be prohibited for any natural or judicial persons who do not meet the terms set forth in Article (2) of this law to act as commercial agents in Palestine.

## **Article (4)**

Any commercial agent must register every commercial agency agreement in the registry within a period not exceeding three months after signature of the agreements by all concerned parties.

## **Chapter Three**

### **Terms to be fulfilled in commercial agencies agreements**

## **Article (5)**

The agreement on commercial agencies must be documented in writing and must include the following information:

- 1- Name, age, citizenship, trade name and residence of the agent; if the agent is a company, its registration number must be included.
- 2- Name, age, citizenship, trade name and residence of

- 3- Date of commencement and duration of the agreement, which must include all of Palestine.
- 4- Products covered by the agreement.
- 5- The value of sale commission payable to the commercial agent.
- 6- Commitment to supply sufficient accessories and provide necessary maintenance for cars, machines, motors or electric and electronic device and equipment.
- 7- Trademarks of goods or services and patents.
- 8- Any other terms agreed upon between the agent and

#### **Article (6)**

Registration of any commercial agency does not prevent the commitment thereof to obtain all necessary import licenses from competent authorities.

### **Chapter Four Obligations of Commercial Agents**

#### **Article (7)**

Commercial agents must abide to all guarantees, whether direct or indirect, provided by the supplier or producer, which the commercial agent commits to sell or market.

#### **Article (8)**

Any commercial agent must keep and provide necessary accessories in regular manner.

#### **Article (9)**

Any commercial agent must provide installation, operational and maintenance services as is necessary for the goods and commodities set forth in the commercial agency agreement while taking into consideration any standards applicable to such goods and commodities in Palestine.

#### **Article (10)**

Brochures and user's instructions given to consumers along with the goods and products must be written in Arabic at least and in any other language or languages and must fulfill all legal terms in effect regarding advertisement and trade labels.

#### **Article (11)**

All goods and products included in any commercial agency agreement, which have a special nature, must fulfill any other special terms applicable thereto.

#### **Article (12)**

Commercial agents shall have the right to assign one or more sub-agents, who, in turn, must provide consumers with all guarantees granted by the supplier or producer.

### **Chapter five**

## **Provisions in case of cancellation of commercial agencies agreements**

### **Article (13)**

In case of cancellation of a commercial agency agreement, the obligations of the commercial agent in accordance with Articles (7 and 8) of this law, shall subsist for one more year at least pursuant to the cancellation of the commercial agency agreement (provided that on other law specifies a longer period for purposes of accessories and maintenance as is the case for cars) or until appointment of a new commercial agent, whichever happens first.

### **Article (14)**

In case of cancellation of any commercial agency agreement for whatever reason, the supplier, producer or new agent shall abide to purchasing all the stock of the products and accessories held by the first agent on the date of termination of the agreement at the price initially paid by this agent to purchase such products or accessories.

### **Article (15)**

In case of termination or non-renewal of the commercial agency agreement by the grantor thereof without serious reason, the grantor shall abide to pay fair compensation to the agent taking into consideration the harm caused to the agent as a result of cancellation or non-renewal of such agreement and the profit made by the grantor of the agency as a result of the activity of the agent in promoting his services or products.

## **Chapter Six General and transitional provisions**

### **Article (16)**

- A- Without jeopardizing the provisions of this law, any commercial agent and grantor shall have the liberty to:
- 1- Settle disputes emerging as a result of the agreement by having recourse to mediation, arbitration or litigation.
  - 2- Define the body that will be charge with mediation or arbitration.
- B- The court in whose jurisdiction the commitments resulting from the agency contract should be implemented shall be competent in viewing any conflicts emerging thereof in accordance with relevant Palestinian laws.

### **Article (17)**

If the grantor of the agency substitutes his agent with a new one, the new agent and the grantor of the agency shall be collectively responsible for payment of compensations due to the previous agent by court ruling once it is proved that the repeal or non-renewal of the agency agreement resulted from collusion between the grantor of the agency and the new agent.

### **Article (18)**

Natural and judicial persons who act as commercial agents when this law comes into effect, must fulfill the terms set forth in Article (2) thereof and register their agreements in the registry within a period not exceeding three months as from the date of enforcement of the law.

**Article (19)**

All natural and judicial persons who act as commercial agents when this law comes into force and who do not meet the terms provided for in Article (2) of this law, shall be granted a year to abide to the terms set forth in Article (2) or to cancel their agency agreements. If any natural or judicial person persists with the violation after the collapse of this year, the Ministry shall have the right to cancel registration of any commercial agencies registered previously by this person.

**Article (20)**

Non-Palestinian regional commercial agents shall be treated in the same manner as their countries treat Palestinian regional agents.

**Article (21)**

The Ministry shall charge fees for registration of the agreements and changes to such registration as shall be determined by the by-laws.

**Article (22)**

Without prejudice to any more severe penalty set forth by another law, any person who violates the provisions of this law shall be sentenced to payment of a fine that is not less than 1000 Jordanian Dinars or the equivalent thereof and not more than 5000 Jordanian Dinars, or the equivalent thereof.

**Article (23)**

Any other provision contradicting with the provisions of this law shall be repealed.

**Article (24)**

The Ministry shall devise the necessary regulations necessary for the enforcement of the provisions of this law, which shall be enacted by a decision of the Ministerial Cabinet and shall be published in the official gazette.

**Article (25)**

Every body, each according to its specialty, shall implement the provisions of this law, which shall come into effect thirty days after the date of its publication in the official gazette.

Promulgated in the City of Gaza on 16<sup>th</sup> January 2000 AD, that is 9<sup>th</sup> Shawwal 1420 Hegira

**Yasser Arafat**

**Chairman of the Executive Committee of the  
Palestine Liberation Organization  
President of the Palestinian National  
Authority**