

**LawNo10/1998**  
**regarding**  
**Industrial Estates and Industrial Free Zones**

The Chairman of the Executive Committee of the Palestine Liberation Organization and The President of the Palestinian National Authority, at the proposal of the Minister of Industry and considering the general public interest, after careful consideration of the draft law submitted by the Council of Ministers, and with the approval of the Palestinian Legislative Council, Hereby enact,

**CHAPTERONE**

**Definitions and General Provisions**

**Articl (1)**

**In application of the provisions hereof, the following words and phrases shall have the meanings designated for them below, unless otherwise stated:**

- Minister:** The Minister of Industry
- Ministry:** The Ministry of Industry
- Authority:** The Palestinian Industrial Estates and Free Zones Authority (PIEFZA)
- Board of Directors:** The Board of Directors of PIEFZA
- Applicant:** Any natural or legal person, qualified under the rules and regulations to submit applications under this law for allocation of an area in Palestine as an industrial estate or free zone
- Industrial Estate:** A geographically defined area originating hereunder, designated to service a number of beneficiaries to carry out industrial activities and services and shall have the privileges guaranteed by this law
- Industrial free zone:** A geographically defined area originating hereunder, assigned to service one or more beneficiaries for export related activities having special customs and tax provisions guaranteed by this law

**Manufacturing Project:** Any project licensed to work inside an industrial estate, producing new goods through processes of transforming organic and/or inorganic substances to new products by changing their size, shape, nature or quality using manual or automatic means or assembly of parts, so as to become another product, including the packaging of products.

**Licensed Project:** Any manufacturing project licensed to work inside an Industrial Free Zone

**Industrial Free Zone Certificate:** A Certificate issued by PIEFZA under the provisions hereof indicating that a licensed project is entitled to start work in an industrial free zone

**Developer:** A qualified party benefiting from a concession deed to develop and manage an industrial estate, under this law

**Concession Deed:** The agreement signed between the developer and PIEFZA for the purpose of establishing, or developing and managing an industrial estate and/or industrial free zone

**Allocation Decision:** The decision taken by the Council of Ministers pursuant to the provisions of this law regarding allocation of an industrial estate and/or industrial free zone in Palestine

**One Stop Shop:** PIEFZA or any of its offices located within the industrial estate and/or industrial free zone, where an investor can obtain all permits, licenses and official registrations needed by his project

## **Article (2)**

Pursuant to the provisions hereof, an authority called “PIEFZA” shall hereby be established in Palestine, with full independent legal status, for the purpose of attaining its objectives and exercising its activities in accordance with the provisions hereof.

## **Article (3)**

PIEFZA shall be considered the one stop shop for investors at the industrial estates and industrial free zones.

## **Article (4)**

The head office of PIEFZA shall be located in the city of Jerusalem, while temporary offices may be established in any place so determined by the Palestinian Authority. Branches may be opened in any place in Palestine.

## **CHAPTER TWO**

### **Objectives and Tasks of PIEFZA**

#### **Article (5)**

**PIEFZA shall be concerned with the following tasks:**

1. Preparation of a comprehensive general policy for the establishment and development of industrial estates and industrial free zones in Palestine.
2. Submission of proposals, plans and recommendations to the Council of Ministers regarding the establishment, development and management of any industrial estate or industrial free zone in Palestine.
3. Accepting and receiving applications, related to the establishment of industrial estates and industrial free zones for industrial projects; and submission thereof to the Council of Ministers coupled with its recommendations.
4. Study applications submitted by different parties for licenses to work in an industrial estate and/or industrial free zone and grant Industrial Free Zone Certificates to qualifying investors.
5. Development of industrial estates and industrial free zones, directly or through developers.
6. Preparation of plans and programs related to the development and growth of industrial estates and industrial free zones.
7. Establish public facilities required by the industrial estates and industrial free zones, directly or by a third party.
8. Determine fees and collection stipulations for services provided by PIEFZA to industrial estates and industrial free zones, in accordance with a law.

9. Subscription of contracts and agreements, and acceptance of subsidies and donations in accordance with the provisions hereof.
10. Approval of the annual public budget of PIEFZA and submission thereof to the appropriate authorities for ratification as required.
11. Selection of developers and subscription of contracts with them.
12. Monitoring performance and development of industrial estates and free industrial zones, and publish pertinent reports.
13. Causing to execute the local and regional agreements subscribed with respect to any of the issues set forth herein.

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### **CHAPTER THREE**

#### **Board of Directors**

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

A) The Authority shall have a Board of Directors consisting of eleven members, as follows:

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 Environmental Affairs Member

3. Four representatives, two (2) of them representing the developers and two (2) representing the chambers of commerce and industry and industrial federations.

B) Representatives of developers, chambers of commerce and industry and industrial federations shall be appointed by their own organizations. The President of the Palestinian Authority, based on the appointment made by the Council of Ministers, will announce the names of the Board members.

### **Article (7)**

The representatives of developers, chambers of commerce and industry, and industrial federations shall be on the Board of Directors for a two-year term. Their replacements shall be nominated at the end of the term. Members may be reelected by the organizations they represent, providing that a board member whose membership expired retains his board membership pending nomination of another person in his place.

### **Article (8)**

A Board member shall lose his board membership if he is convicted of a crime involving moral turpitude, honest, declared bankrupt or convicted of any crime pursuant to the company laws in force.

### **Article (9)**

The board members and the staff of PIEFZA while carrying out their duties shall observe confidentiality of work progress.

### **Article (10)**

With the purpose of carrying out its mandate, the PIEFZA Board of Directors shall have the following responsibilities:

1. Endorse the PIEFZA work plan within the framework of its general policy.
2. Supervise industrial estates and industrial free zone lands, and public entities there located and publish periodic reports.
3. Promote industrial estates and industrial free zones, locally and internationally, with the aim of attracting investment. Cooperate with the appropriate authorities in this regard.

4. Develop PIEFZA regulations in relation to financial, administrative and technical matters inside industrial estates and industrial free zones.
5. Nominate the PIEFZA Director General.
6. Create a general policy for personnel recruitment and establish salary scales.
7. Approve the employment of consultants and experts.
8. Issue various debentures within the general conditions applicable under the law.
9. Take decisions pertinent to the tasks of PIEFZA.

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

- a) PIEFZA's Director General shall be appointed by decision of the Council of Ministers, at the proposal of the Board of Directors.
- b) The Director General shall participate in the meetings and discussions of the Board of Directors without having the right to vote.
- c) The Director General shall be considered the executive official of PIEFZA and shall carry out the following duties:
  1. Implement policies as determined by the Board of Directors.
  2. Organize and supervise daily operations.
  3. Submit operation and performance reports to the Board of Director on a regular basis.
  4. Participate in local and overseas activities related to PIEFZA work.
- d) The Board of Directors shall determine the salary and other financial benefits of the director general.
- e) The Director General may not be a party to, or have any interest, directly or indirectly, in any manufacturing project, licensed project or any contract subscribed by PIEFZA.

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

The Board of Directors may delegate some of its duties to the Director General of PIEFZA and may seek the assistance of any other specialized committees or experienced people.

### **Article (13)**

The Board of Directors shall meet at least once every month at the request of the Chairman of the Board, or his deputy in the event of his absence. The meeting will be considered valid if attended by a majority of two thirds of its members, including the chairman or his deputy. Decisions of the Board shall be taken by a majority of votes and in case of a tie; the side of the chairman shall have the deciding vote. The Board may convene for an emergency meeting at the invitation of the Director General of PIEFZA, after approval from the Chairman of the Board.

### **Article (14)**

If any member of the Board of Directors has, directly or indirectly, an interest in any application submitted to PIEFZA by a qualified person or a developer for allocation or developing of an industrial estate and/or industrial free zone or for licensing of any project in it, he must declare this in writing to the Board and he may not participate in any decision or recommendation adopted by PIEFZA as far as this application is concerned.

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## **CHAPTER FOUR**

### **Finance**

### **Article (15)**

PIEFZA's financial resources will be provided by:

1. The amounts allocated to PIEFZA from the general budget of the Palestinian National Authority.
2. Fees collected from licenses granted for industrial estates and/or industrial free zones use.

3. Financial penalties collected pursuant to the provisions of the law.
4. Grants and loans offered by other countries, international organizations and local and foreign non-governmental organizations.
5. Any other revenues collected in accordance with the provisions hereof.

#### **Article (16)**

All proceeds and revenues of PIEFZA shall be deposited in a special account under the supervision of the Ministry of Finance, belonging the general public treasury account. A special budget shall be allocated to PIEFZA within the National Authority's annual general budget through which all the expenses of PIEFZA shall be made.

#### **Article (17)**

PIEFZA's accounting and books shall be carried according to international accounting principles, and the Board of Directors shall appoint a certified accountant to control and audit all accounts and books.

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### **CHAPTER FIVE**

#### **Establishment of Industrial Estates and Industrial free zones**

#### **Article (18)**

PIEFZA, directly or at a request submitted to it, may recommend the Council of Ministers to declare any suitable place in Palestine to be an industrial estate and/or industrial free zone. If the industrial estate or the industrial free zone is established on a leased land, the lease period may not exceed forty-nine years.

#### **Article (19)**



Applications by qualified persons for allocation of an industrial estate and/or industrial free zone shall be submitted to the Director General of PIEFZA, who, in turn, shall submit it within three weeks to the Board of Directors, which in turn submits its own recommendations to the Council of Ministers, all within sixty days from the date of presentation of the application.

#### **Article (20)**

At the recommendation of the Board of Directors, the Council of Ministers shall issue a decision for allocation of the industrial estate and/or industrial free zone within a period of one month after receiving the recommendation. In the event of rejection, the decision must be justified and the concerned party has no right to appeal this decision.

#### **Article (21)**

The Council of Ministers' decision shall determine the location of the industrial estate and/or industrial free zone and its area and borders according to the approved layout. It shall also determine its activities and the means to regulate and monitor its operations as required. The decision shall be published in the local newspapers and a period of thirty days from the date of publication, for the presentation of any opposition to the appropriate courts, will be granted

### **CHAPTER SIX**

#### ***Development and Operation of Industrial Estates and Industrial Free Zones***

#### **Article (22)**

Consistent with the provisions hereof, the Board may grant a concession for development of an industrial estate and/or industrial free zone to any developer pursuant to a concession deed for development and management thereof, providing that the developer shall be a public, private or a mixed corporation or company registered in Palestine.

#### **Article (23)**

The developer should be financially and technically capable. Those having past experience in the development and operation of industrial estates and/or industrial free zones shall be preferred.

#### **Article (24)**

If a developer fails to develop and operate the industrial estate or industrial free zone, he may, subject to approval by PIEFZA, delegate to a third party, the performance of his duties as indicated in the concession deed.

#### **Article (25)**

PIEFZA shall determine the conditions of the concession deed, term, master lay-out, general specifications of buildings and infrastructure of the industrial estate or industrial free zone, operations and maintenance plan and type of activities and services to be carried out, all in accordance with the regulations and instructions of the concession deed.

#### **Article (26)**

The industrial estate or industrial free zone shall be subject to control and supervision by PIEFZA, in order to verify implementation of the conditions of the concession deed agreed upon between PIEFZA and the developer. In case of a dispute arising therefrom, the two parties shall resort to arbitration in accordance with the provisions of the law.

#### **Article (27)**

The concession deed shall conclude by expiration of its term or after the establishment of the industrial estate or industrial free zone, subject to the completion of conditions agreed upon in the concession deed. The industrial estate or industrial free zone shall by expiration of the concession deed, without prejudice to the rights of third parties, be referred to PIEFZA, with all developer-owned installations, projects and assets; and the concession deed may not be amended or transferred to a third party except after the approval of the Board of Directors.

#### **Article (28)**

With authorization from, and in coordination with the Board of Directors, the developer may promote the industrial estate or industrial free zone, with the purpose of attracting investors and businessmen. The developer may also subscribe marketing and promotional contracts with any public

or private corporation, all in accordance with the provisions of this and any other law in force in Palestine.

### **Article (29)**

The developer shall maintain the infrastructure and other facilities required for operation of the industrial estate or industrial free zone in good operating condition. He shall deal with all the projects licensed in that industrial estate or industrial free zone, with the same criteria and without discriminating between them for any reason whatsoever

## **CHAPTER SEVEN**

### **Procedures Inside The Industrial free zone**

#### **Article (30)**

It is not permissible for any physical or legal person to perform any industrial activity inside the industrial free zone, except with the industrial free zone certificate, which authorizes it to work in a single industrial free zone.

#### **Article (31)**

Applications to obtain industrial free zone certificate shall be submitted by project owners to the Director General of PIEFZA, who presents them to the Board of Directors no later than a month from the date of submission. The Board of Directors shall respond within two weeks from the date of presentation. Every decision to deny the application must be reasoned.

#### **Article (32)**

An application rejected pursuant to Article (31) may be presented for reconsideration to the same Board of Directors within six months from the date of rejection. If the application is rejected for the second time, the applicant may appeal to the appropriate court.

#### **Article (33)**

The industrial free zone certificate shall be revoked if proven that the project owner violated any provisions or if a period of six months has

elapsed before initiation of actual work on the licensed project, unless a reasonable excuse for the delay is presented.

#### **Article (34)**

The industrial free zone certificate may not be granted except to the persons or the legal entities registered in Palestine whose purpose is to work in the industrial free zone.

### **CHAPTER EIGHT**

#### **Movement of Goods In and Out Of The Industrial Free Zone**

#### **Article (35)**

Owners of licensed projects may carry out any industrial or export activities or any additional activities, including services, within the licensed limits.

#### **Article (36)**

The owner of a licensed project may sell up to 20% of its production to the local market, providing that all materials incorporated in the manufacturing of the product sold in the local market shall be subject to the customs duties and taxes if a similar local product exists in the local market. If no similar local product exists, 80% of customs duties and taxes imposed on these materials shall be paid.

#### **Article (37)**

All commodities and goods required for use by a licensed project in the industrial free zone which are deposited for storage at the warehouses of the Customs Department, shall be treated as if they were imported to the industrial free zone.

#### **Article (38)**

All goods, materials, implements, machinery and vehicles imported from abroad into the industrial free zone with the purpose of using them inside its boundaries or in any industrial project in it, shall be exempted from customs duties, other duties attached to them and import licenses.

#### **Article (39)**

Local goods and products supplied to the industrial free zone from any Palestinian territories shall not be subject to any established procedures, taxes or duties.

#### **Article (40)**

All goods and products manufactured in the industrial free zones exported abroad shall not be subject to the rules and legally procedures established for export, export taxes and any other taxes.

#### **Article (41)**

Assets originating from any industrial free zones and entered into Palestinian markets shall be treated as imported on the date of exit from the free industrial zones. All customs duties, taxes and government allowances on them shall be collected. However, goods, which move from one industrial free zone to another or to warehouses under the customs control, shall not be considered imported goods.

### ***CHAPTER NINE***

#### ***Rights and Duties of Licensed Projects***

#### **Article (42)**

In addition to any other rights guaranteed in any other law, the owners of licensed projects shall be free to determine the prices of their products and services and to seek and import services and goods necessary for them from inside or outside the country. They are also free to sell their projects.

#### **Article (43)**

Owners of licensed projects shall be obligated to:

1. Restrict their activities to those indicated in the license contained in the industrial free zone certificate granted to each of them or to any additional activities pursuant to Article (35) hereof. It is permissible to change the type of activity in the zone after securing approval of PIEFZA.
2. Submit any documents, books or accounts, when so required by PIEFZA, for the purpose of carrying out any statistical operations.

3. Abide by any instructions or regulations established for the operation of the industrial free zones or for observing discipline and providing security inside the industrial free zone.
4. Notify PIEFZA at least three months in advance and in writing of the decision of the project owner to liquidate and terminate his project.

#### **Article (44)**

The project owner shall liquidate his project in the industrial free zone within six months from the date of stopping work without justification. If he fails to do so, PIEFZA, in coordination with the Customs Department may, after the lapse of this period, sell it in auction, and all the liabilities and debts of the project, if any, shall be deducted from the price and the rest transferred to his private account

## **CHAPTER TEN**

### **Dealing in Foreign Currency**

#### **Article (45)**

Foreign currency may be employed freely inside the industrial free zone and no restrictions shall apply either to entering foreign currency to the Palestinian territories from industrial free zone or vice versa.

#### **Article (46)**

Banks or their accredited branches in the industrial free zone may accept payment in any foreign currencies from any natural or legal person, and they may open accounts in these currencies in the names of depositors and the depositors may use the balance of these accounts in foreign currency without any restrictions.

#### **Article (47)**

Income tax on the licensed projects, the manufacturing projects or the works of developers shall be specified in the regulations issued pursuant to this or any other law, whichever is greater in the best interest of these projects.

## **CHAPTER ELEVEN**

### **Penalties**

#### **Article (48)**

Without prejudice to any stronger penalty provided for in any other law, anyone violating the provisions of this law or any regulation or decision issued hereunder shall be penalized by a fine of no less than one hundred Jordanian Dinars but not more than one thousand Jordanian Dinars, or its equivalent in any other currency used.

#### **Article (49)**

The public lawsuit arising from the crimes committed in violation of the provisions hereof, should not be instituted except by request of the Minister of Industry, and the Board of Directors of PIEFZA may reach a compromise regarding the penalties provided for in the preceding article at any stage of the lawsuit.

## **CHAPTERTWELVE**

### **Transitional Provisions**

#### **Article (50)**

The Minister of Industry, at the recommendation of the Board of Directors, may issue the instructions and decisions required for the implementation of the provisions hereof.

#### **Article (51)**

The Board shall establish the regulations required for implementation of the provisions hereof to be issued by a decision of the Council of Ministers and published in the Official Gazette.

#### **Article (52)**

PIEFZA may require the industrial estates and industrial free zones existing prior to the enactment of this law, to adopt the provisions hereof within a period of six months. It may recommend the Council of Ministers to then grant them the privileges herein contained.

#### **Article (53)**

All concerned legal entities, each within its jurisdiction, shall implement this law which shall take effect as of the date of its publishing in the Official Gazette.

Issued in the city of Gaza on November 02, 1998 A. D.  
Corresponding to Rajab 13, 1419 A. H.

**YASSER ARAFAT**  
**Chairman, PLO Executive Committee**  
President, Palestinian National Authority



Law No. (1) 2004  
Amending some provisions of Law No. (10) 1998 m  
On estates and industrial free zones

Chairman of the Executive Committee of the Palestine Liberation  
Organization  
President of the Palestinian National Authority  
Having examined the Law No. (10) for in 1998 on cities and industrial  
free zones.

And Presidential Decree No. (7) for in 2003 to form the Council of  
Ministers issued on 29/4/2003.

Based on the draft law submitted by the Council of Ministers ..  
Following the adoption of the Legislative Council held on 28/5/2003  
penultimate m.

Asdna law follows:

Article (1)

Astidal words (Ministry of National Economy)

Replace the words (MNE) phrases (Ministry of Industry and the Minister  
of Industry) wherever contained in Law No. (10) for in 1998.

Article (2)

Amend Article (6) (board)

Replaces the text of Article (6) paragraph (a) of the Act referred to the  
following text:

The management of a body board of directors composed of nine (9)  
members headed by the Minister and membership of:

1. A representative of the Ministry of Finance Vice-Chairman.
2. A representative of the Ministry of Planning.
3. A representative of the Ministry of Local Government.
4. A representative of the ministry.
5. A representative of the developers.
6. A representative of the Chambers of Commerce and Industry.
7. A representative of the industrial federations.
8. A representative of the power quality environment.

Article (3)

Amendment to article (50) (issuing regulations and instructions)

Replaces the text of Article (50) of the Act referred to the following text.  
Minister at the placement of the Governing Council to issue the necessary  
instructions and decisions to implement the provisions of this Act.

Article (4)  
Implementation and force

All the competent authorities, each respective implementation of this Act and shall on the date of 29 / 4 m in 2003 and published in the Official Gazette.

A city of Ramallah on 11/1/2004 m  
Approved 18 1424 e

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