

*The Cooperation Council for
the Arab States of the Gulf
Secretariat General*



**COMMON INDUSTRIAL REGULATORY LAW
OF THE COOPERATION COUNCIL
FOR THE ARAB STATES OF THE GULF
“GCC COMMON INDUSTRIAL LAW”**

**Economic Affairs
Commerce and Industry Department**

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**In the Name of Allah, the Most
Gracious, the Most Merciful**

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CHAPTER ONE

DEFINITIONS

Article (1)

For the purposes of implementation of the provisions of this Law, the following words and terms shall have the meanings assigned against each, unless the context otherwise requires:

- 1- “*Minister*” : the Minister of Industry or the competent minister.
- 2- “*Ministry*”: The Ministry of Industry or the Ministry or authority in charge of industry affairs.
- 3- “*Department*”: The department in charge of industry affairs at the ministry.
- 4- “*Committee*”: The technical committee(s) formed under Article (4) herein.
- 5- “*Industrial project (establishment)*”: Any establishment engaged basically in transforming raw materials into manufactured or semi - manufactured products, or transforming semi - manufactured products into fully manufactured products including the operations of mixing, separating, forming, assembling and packing, provided that all or most of such operations shall be mechanically performed as well as the know-how industries, environmental industries and other industries set forth in the Rules of Implementation.
- 6- “*Industrial Register*”: A *Register* wherein existing establishments are registered.
- 7- “*Expansion of the project*”: Increasing the volume of one or more production elements with a view to increasing productivity or creating production lines for other goods.
- 8- “*Improvement of the project*”: Introducing improvements, modifications or additions into one or more production elements with a view to increasing productivity, cutting costs or improving quality of the project.

- 9- “*Industrial product*”: Manufactured or semi-manufactured materials produced by the industrial project.
- 10-“Owner of the project”: Any natural or legal person who has the right to run the affairs of the establishment; where the running of the project’s affairs be vested in a director , managing director or authorized agent, such person shall act in the capacity of the project’s owner for the purposes of this law.

CHAPTER TWO SCOPE OF APPLICATION

Article (2)

The provisions of this Law apply to any industrial project (establishment) excluding the following:

- 1- Projects set forth in the Rules of Implementation
- 2- Projects established by special conventions, agreements or laws, or the projects carried out by the government or any state institutions without private sector participation, provided that such exclusion is to be stated in the laws or agreements establishing such projects.

CHAPTER THREE PRINCIPLES AND GENERAL OBJECTIVES OF THE APPLICATION OF THE LAW

Article (3)

Application of this Law shall take into account the following:

- 1- Contribution of the industry sector to national income and broadening the base of economic interdependency of the GCC States as well as strengthening economic activities
- 2- The GCC industrial policy, requirements of the economic plans and economic development programs.

- 3- Cooperation, integration and coordination among GCC States.
- 4- Economic needs of the country and the capabilities of domestic consumption and exportation
- 5- Availability and utilization of the industry inputs in GCC States.
- 6- Transfer and resettlement of appropriate state-of-art technology.
- 7- Employment and training of national manpower.
- 8- Maintaining security and public health and protection of environment from pollution.
- 9- General laws, customs and traditions applicable in GCC States.
- 10- Compatibility with the WTO controls, standards and mechanisms in terms of trade and increasing the volume of exports.

CHAPTER FOUR

THE TECHNICAL COMMITTEE FOR INDUSTRY AFFAIRS

Article (4)

A technical committee(s) composed of representatives of the concerned industry authorities shall be formed under a resolution by the minister or the competent authority. Such committee (s) shall be in charge of regulation and development of industry.

The committee gives opinion to the minister or his representative on all matters related to industry. The committee may seek assistance of experts or technicians at its sole discretion. The Rules of Implementation outline the functions and competence of the committee as well as its composition and its rules of procedures.

CHAPTER FIVE INDUSTRIAL LICENSES

Article (5)

No industrial project may be established, expanded, developed, altered in terms of production, merged into another industrial project or split into more than one project, nor its location may be changed or disposed totally or partially unless a license to this effect has been issued by the minister or his representative.

Article (6)

Application for license shall be submitted to the Department using the specified forms. The Department may request the project's feasibility study as set forth in the Rules of Implementation and the regulatory directives.

Article (7)

The Department examines the Application in terms of technical and economic aspects, and gives decision within a period not to exceed thirty days from the date submitted. Should the Application be rejected (reasons to be given) or the said period expire, the applicant may appeal to the minister within sixty days from the date of the written notice of rejection or expiry of the said period. Appeal shall be examined within sixty days from the date submitted.

Article (8)

The industrial license shall be issued according to the uniform Form specified in the Rules of Implementation. The license shall state the conditions under which the license was granted, particularly the following:

- 1- The period during which the owner of the industrial project shall commence work provided such period shall not exceed one year. Notwithstanding; such period could be extended

- for reasons acceptable to the competent authorities
- 2- Conformity of the industrial project to the specifications and standards set forth in the laws, regulations and the decisions issued in this respect.
 - 3- Compliance of the industrial project with the requirements for the preservation of public health and protection of environment from pollution and noise.

Article (9)

The minister or his representative may cancel the license in the event of non-commencement of project works within the specified period or suspension of completion of the project after considering all reasonable justifications submitted by the licensee, or if it is proven that the license was obtained based on incorrect information.

Article (10)

The licensee may appeal to the minister against the cancellation of his license within thirty days of the notice date.

CHAPTER SIX INDUSTRIAL REGISTER

Article (11)

The Department shall keep an industrial register wherein all licensed projects that have been completed and operated are registered as stipulated in the Rules of Implementation.

A Certificate of Industrial Registration will be issued to the owner of the registered industrial project. The Rules of Implementation outline the details and procedures of this certificate. Such Certificate shall be periodically renewed as set forth herein.

Article (12)

The Certificate of Industrial Registration shall be presented to the government departments and institutions for all matters related to the project.

Article (13)

Owner, heirs or agent of the industrial project shall have the right to obtain a copy of the data pertinent to the project registered with the Industrial Registration as stipulated in the Rules of Implementation.

Article (14)

Information and data related to the projects registered with the Industrial Registration shall be published as set forth in the Rules of Implementation. Likewise, any alteration to such data shall be published in the same manner.

Article (15)

The Industrial Register is of a confidential nature. Only authorized officers from the Department or judicial entities may have access to the contents of the Industrial Register. The information and data recorded in the Industrial Register may not be circulated or otherwise used except as set forth herein.

CHAPTER SEVEN ENCOURAGEMENT AND DEVELOPMENT OF INDUSTRIAL PROJECTS

Article (16)

The following industrial projects shall have the priority of privileges and exemptions:

- 1- Projects producing domestic consumer goods that substitute or compete with foreign goods
- 2- Projects producing export goods
- 3- Industries based on the exploitation and development of

natural resources available in the GCC States

- 4- Projects established in areas specified by the government for development purposes.
- 5- Projects of special importance or deemed so in the government plans.
- 6- Industries that contribute to the achievement of GCC industrial integration through joint investment in industrial projects.
- 7- Projects that protect environment.
- 8- Projects that develop and nationalize technology.

Article (17)

The Minister or his authorized representative shall take appropriate actions for granting all or some of the following exemptions to the industrial project:

- 1- Full or partial exemption from the customs duties imposed on the project's imports in accordance with the agreed "GCC Controls for the Exemption of Industry Inputs"
- 2- Full or partial exemption from all taxes including income tax as set forth in the laws of each Member State.
- 3- Exempting the project's exports from export taxes and charges.
- 4- Any other exemptions as agreed on within the framework of the GCC.

Article (18)

The Minister, his authorized representative or the competent authorities in the country may grant the industrial project all or some of the following privileges:

- 1- Allocating an appropriate lot for the project
- 2- Leasing , at encouraging conditions, the industrial buildings required for the project in the industrial areas established by the government.
- 3- Supply of electricity , water , fuel, energy and other utilities

required for the project at encouraging prices.

- 4- Any other benefits as agreed upon within the GCC frame work.

Article (19)

The Ministry, under a resolution by the Minister, may contribute to the preparation of the technical and economic studies and researches being conducted by the owner of the industrial project.

Article (20)

Exports of the industrial project to countries other than GCC States may be granted encouraging incentives as set forth in the applicable laws and regulations.

Article (21)

Owner of the industrial project may obtain from the Ministry, to the extent possible, published statistics and other data. He may also obtain a statement of the benefits, exemptions and facilities granted to industrial projects as well as all new technical information that would facilitate the possible selection and exploitation of technology at highly efficient levels.

CHAPTER EIGHT OBLIGATIONS OF THE OWNERS OF INDUSTRIAL PROJECTS

Article (22)

Owner of the industrial project, who has been granted the privileges and exemptions provided for in Chapter (7) of this law, shall:

- 1- Not misuse the privileges granted to him
- 2- Commence and continue the works that have been granted such benefits according to the specified conditions
- 3- Take all necessary steps to meet the demand for protected industrial products

- 4- In no way sell, assign, sublet or transfer the benefits to another person without prior written approval from the Ministry.
- 5- Abide by the other commitments and obligations enforced by applicable laws and regulations such as the label affixed on the outer packing of a product irremovable indicating composition, production date and expiry date of the product as well as the name of the establishment and the country of manufacturing.
- 6- Submit to the Ministry complete and correct data on the project if the product is granted such benefits.

Article (23)

Owner of the industrial project shall:

- 1- Ensure that the accounts of the industrial project conform to the applicable accounting and legal practices and rules. He shall also submit to the Department a balance sheet approved by a certified accountant and the final accounts for each fiscal year.
- 2- Permit the Ministry's staff authorized in writing to enter the project , to have access to the records, documents and accounts and to survey production operations and other project activities during official working hours.
- 3- Notify the Ministry of the intended sale of the project in whole or in part, mortgage, lease or subletting the project in any way in accordance with the necessary procedures set forth in the Rules of Implementation.
- 4- Notify the Department of the suspension of the project in whole or in part within thirty days from the date of suspension giving reasons of such suspension.
- 5- Use the machinery, parts and exempt raw materials solely for the purposes for which exemption was granted, and keep records of such materials.
- 6- Not lease the lot or facilities allocated by the government

to the project to any other party or dispose the same in any way without obtaining permission from the competent government authorities and notify the department of any such action.

- 7- Submit to the Department, on annual basis, the information provided for in the Rules of Implementation according to the designated forms.
- 8- Employ national labor and reduce recruiting expatriate labor, except where necessary, according to the applicable laws and regulations.
- 9- Protect environment from pollution
- 10- Utilize , nationalize and develop production technologies in his project, train national labor and cooperate with the government according to the regulations and plans of vocational training.
- 11-Ensure that his products conform to approved standards
- 12-Abide by the laws and rules of safety, industrial security and public health.

Article (24)

Owner of the industrial project producing any basic material shall notify the Ministry prior to liquidation, dissolution or suspension of the project or reducing its production. In this case, the Ministry may take all necessary actions to ensure continuity of production.

CHAPTER NINE SURVIELLANCE AND PENALTIES

Article (25)

The Department shall be in charge of the supervision of the industrial projects.

Article (26)

The personnel designated per a resolution by the Minister or his authorized representative shall have the right to enter the premises, offices and branches of the industrial projects during usual working hours. They shall have the right also to have access to the books and documents of the project and to take and inspect sample products, and to draw up a report on any violation to the provisions of this Law.

Article (27)

The Department's personnel, who are authorized herein to have access to the books or records of the industrial projects, shall maintain the confidentiality of these information and shall not disclose these information to any incompetent entity. Violators of this law shall be penalized according to the laws applicable in each Member State.

Article (28)

The Minister or his authorized representative may order administrative penalties, including closing of the project, to be taken against the violating industrial projects as set forth in the Rules of Implementation.

Article (29)

The Minister or his authorized representative may withdraw all or some of the privileges, exemptions or incentives granted to the industrial projects in the following cases:

- 1- If the owner of the industrial project has obtained these privileges, exemptions or incentives as a result of submitting false or misleading information or by using illegal means.
- 2- If production in the project is suspended for six months, or if production capacity is reduced or changed without a justification acceptable to the Department.
- 3- If the owner of the project does not register his project

with the Industrial Registration, or if he does not notify the competent department of any change in the details recorded therein.

Owner of the industrial project may appeal to the Minister against this decision within thirty days of the date of notification.

Article (30)

Administrative penalties provided for herein shall not exonerate the owner of the industrial project from his legal liability according to applicable laws and regulations.

Article (31)

Unless otherwise provided for herein, the owner of the industrial project may appeal against the explicit or implicit decisions within thirty days from the date of publication, declaration or notification. Appeal is to be submitted to the entity that has given such decision. Appeal is to be examined within sixty days from the date submitted.

Article (32)

Owner of the industrial project may appeal to the competent court against such administrative judgments.

Article (33)

The GCC Industrial Cooperation Committee shall have the right to interpret and amend this Law as well as the Rules of Implementation thereof.