

**Common Industrial Regulatory Law of the
GCC Countries
1427 AH**

In the name of Allah, most Gracious, most Merciful

There is no god but Allah and Mohammed is His prophet

King of Kingdom of Saudi Arabia

Ref. ٢٠/م

With Allah's help

Date: 04/ 04/ 1427 AH

We, Abdullah bin Abdulaziz Al Saud,

King of Kingdom of Saudi Arabia

Pursuant to the following articles:

Article (70) of Basic System of Governance promulgated by royal decree No. (٩٠/ل) dated 27/ 08/ 1412 AH,

Article (20) of Law of The Council of Ministers promulgated by royal decree No. (١٣/ل) dated 03/ 03/ 1414 AH,

And

Article (18) of Law of Law of Consultative Assembly promulgated by royal decree No. (٩١/ل) dated 27/ 08/ 1412 AH,

And having perused:

The resolution of Consultative Assembly No. (64/84) dated 13/ 01/ 1427 AH,

The resolution of The Council of Ministers No. (74) dated 03/ 04/ 1427 AH,

We have decreed the following:

- I. Approving the Common Industrial Regulatory Law of the GCC Countries certified by the Supreme Council of the Gulf Cooperation Council's resolution issued on the session (25) held in Kingdom of Bahrain on 8 and 9/11/1425 AH. For the law formula, please refer to the attachment.
- II. Referring to Deputy Prime Minister and ministers, each within its respective area, to execute this decree.

(Signed)

Abdullah bin Abdulaziz

(True copy seal of Office of Prime Minister found)

Kingdom of Saudi
Arabia
Council of Ministers
Secretariat General

In the name of Allah,
most Gracious, most
Merciful

Resolution No. 74
Date: 03/ 04/ 1427 AH

Council of Ministers, having perused:

Correspondence sent by Office of Prime Minister under No. ب/٤٤٦٤ on 01/ 02/ 1427 AH involved the letter of His Excellency/ Minister of Commerce and Industry No. م/٢١١ dated 23/ 03/ 1426 AH regarding the request submitted by His Excellency to issue an executive decision upon which the supreme council of GCC's resolution- issued on session (25) held in kingdom of Bahrain dated 8 and 9/ 11/ 1425 AH regarding approving The Common Industrial Regulatory Law of the GCC Countries as mandatory law- can be applied,

Report No. 223 dated 07/ 06/ 1426 AH prepared by Bureau of Expert,

Consultative Assembly resolution No. (64/84) dated 13/ 01/ 1427 AH,

And

Recommendations of General Committee of the Council of Ministers No. 75 dated 20/ 02/ 1427 AH,

Has decided to

Approve The Common Industrial Regulatory Law of the GCC Countries certified by the supreme council of GCC's session (25) held in Kingdom of Bahrain on 8 and 9/11/1425 AH. For the law formula, please refer to the attachment.

Royal decree draft thereof has been prepared as attached hereto.

(Signed)

Prime Minister

(True copy seal of Office of Prime Minister found)

In the name of Allah, most Gracious, most Merciful

Gulf Cooperation Council-
Secretariat General
KSA- P. O. Box: 7153
Riyadh 11462, Tel. 4827777

Ref.
Date: / / 14 AH
Corresponding to
/ / 19 AD

Facsimile: 4829089, telex:
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Draft of

The Common Industrial Regulatory Law of the GCC Countries ¹

Chapter (1)

Definitions

Article (1)

For the purpose of this law execution, unless otherwise required by the context, the following words and expression shall have the meanings ascribed to them:

١. Minister:
Minister of Commerce and Industry or the concerned minister.
٢. Ministry:
Ministry of Commerce and Industry, or ministry or authority assigned to the industrial affairs.
٣. Administration:
The administration concerned with industrial affairs in the ministry.
٤. Committee:
Technical committee(s) formed per article (4).
٥. Industrial enterprise (industrial establishment):
Every establishment mainly aims at transformation of raw materials to fully-or-semi- manufactured products, or transformation of semi- manufactured products to fully- manufactured products including mixing, separating, forming, assembling and packing works provided that all or most of such works are mechanically operated. It also aims to operate cognitive, environmental and other industries determined by the executive regulation.
٦. Industrial register:
A register where the operating industrial establishments are recorded.
٧. Industrial enterprise expansion:

¹ Published in Um Al-Qura, issue 4100 on 13/ 05/ 1427 AH

Increasing the scope of one or more production elements in a pursuit to increase current productive capacity, or establishing production lines for other goods.

٨. Development of the industrial enterprise:
Improving, amending and adding to one or more production elements in order to increase production, decrease the cost or improve the quality.
٩. Industrial product:
Fully-or-semi-manufactured Material(s) produced by the industrial enterprise.
١٠. industrial enterprise employer:
A natural or legal person that is entitled to manage the industrial enterprise's affairs. In the event that the management of the industrial enterprise's affairs are vested in a manager, managing director or authorized representative, such manager, managing director or authorized representative shall be deemed the employer for the purposes of this law.

Chapter (2)

The scope of application

Article (2)

This law shall be applied to every industrial enterprise except for the following:

١. Enterprises determined by the executive regulation.
٢. Enterprises regulated by special treaties, agreements or laws, or performed by the Kingdom or one of its organizations without participation of the private sector, if deemed appropriate, provided that such enterprises are to be excepted only in areas prescribed by the respective laws or agreements of performance.

Chapter (3)

General principles and objectives of this law

Article (3)

Upon application of this law, the following items shall be considered:

١. Private sector shall contribute to increase of national income and widening of economic interrelationship base in GCC countries, in addition to strengthening the related activities.
٢. GCC policy regulating manufacture, economic plan requirements and economic development programs shall be taken into account.
٣. GCC countries shall cooperate, integrate and coordinate.
٤. Needs of economic countries and capacities of local consumption and export are to be considered.

٥. Availability scope and use of inputs potentially relied on by manufacturing GCC countries shall be taken into consideration.
٦. Appropriate and enhanced technology shall be provided and localized in the countries.
٧. National workmen shall be trained and employed.
٨. Security, public health, environment safety against pollution shall be maintained.
٩. Public order, customs and traditions applicable by GCC shall be followed.
١٠. Regulations, standards and mechanisms shall be conformed to as prescribed in WHO Agreement on Commercial Exchange and Export Increasing.

Chapter (4)

Technical committee of industrial affairs

Article (4)

Upon a decision by the minister or competent authority, technical committee(s) shall be established to regulate and develop industry. Such committee involves industry-concerned entities' representatives.

The committee is responsible for providing consultancies to the minister or the authorized representative about all industry-related matters. The committee has the right to request experts or technician's help, as deemed appropriate.

The executive regulation provides the committee's obligations, terms of references, method of establishment and the formalities of performance.

Chapter (5)

Industrial licenses

Article (5)

No industrial enterprise may be partially or wholly established, expanded, developed, changed in terms of production, merged into another industrial enterprise, partitioned into many projects, relocated or disposed unless a license is issued by the minister or the authorized representative.

Article (6)

License application shall be submitted according to the determined forms. The administration may request the economic feasibility study of the

enterprise as contemplated in the executive regulation and regulating decisions.

Article (7)

The administration technically and economically studies the application that is supposed to be decided on within, at most, thirty days from the date of submission. Any disapproval shall be reasonable. In case the application is disapproved or the determined period elapsed, the applicant may challenge this this before the minster within sixty days from the date this disapproval or period elapse is notified in writing. Such challenge shall be decided on within sixty days of submission.

Article (8)

The industrial license is issued per the unified form determined by the executive regulation. Such license given to the applicant shall provide the terms upon which the license is issued, including but not limited to:

١. The period within which the industrial enterprise's employer shall proceed with work performance. Such period may not exceed one year unless there are delay reasons accepted by competent entities.
٢. The industrial enterprise shall conform to specifications and measure set out by laws, orders and decisions issued on this concern.
٣. Requirements that maintain public health and environment safety against pollution and inconvenience shall be followed.

Article (9)

The minster or the authorized representative shall be entitled to cancel the license in case of nonperformance within the determined period or suspension of the enterprise, given the fact that all reasons provided by the applicant are taken into consideration or that the applicant might provide the license was given based on incorrect data.

Article (10)

The decision of license cancellation may be challenged before the minister within thirty days from the date such decision is notified.

Chapter (6) **Industrial register**

Article (11)

An industrial register shall be kept with the administration to record all licensed performed and operated enterprises. The executive regulation determines terms and formalities of such industrial register.

The registered employer shall be given certificate providing that it is registered in the industrial register. The executive regulation determines

data and formalities of such certificate that shall be regularly renewed according to this law requirements.

Article (12)

The above certificate shall be provided to the kingdom's administrations and establishments for the purpose of the project.

Article (13)

The industrial enterprise employer, the respective successors or the manager may obtain an extract of enterprise data recorded in the industrial register per circumstances mentioned in the executive regulation.

Article (13)

Information and data of the enterprise are to be recorded in the industrial register pursuant to the executive regulation.

Any amendment to the recorded data shall, either, be recorded the same way in the industrial register.

Chapter (7)

Encouraging and developing the industrial enterprise

Article (16)

The priority to take advantages and exemptions shall be given to the following industrial enterprises:

١. Enterprises that produce goods of local consumption replacing or competing foreign goods.
٢. Enterprises that produce goods to be exported.
٣. Industries that rely on using and developing natural resources available with GCC countries.
٤. Enterprises established in areas determined by the Kingdom in order to develop such areas.
٥. Enterprises that have special economic significance or are so listed in the Kingdom's plan.
٦. Industries that contribute to Gulf industrial integration through mutual investment in the industrial enterprises.
٧. Enterprises that help protect the environment.
٨. Enterprises that lead to development and localization of technology.

Article (17)

The minister or the authorized representative may take the appropriate formalities required to give the industrial enterprise all or some of the following exemptions:

١. Wholly or partly exemption from customs duties imposed on the enterprise imports according to industry input exemption's regulations agreed on by GCC.
٢. Wholly or partly exemption from all taxes, including income tax, per law applied in each state.
٣. Exemption of industrial enterprise's exports from export taxes and duties.
٤. Any other exemptions agreed upon by GCC.

Article (18)

The minister, the representative or the Kingdom's competent entities grant the industrial enterprise all or some of the following advantages:

١. Allocation of an appropriate plot.
٢. Rental of industrial premises required for the industrial enterprise upon encouraging terms in the industrial zones established by the government.
٣. Provision of electricity, water, fuel and other facilities required for the industrial enterprise at encouraging prices.
٤. Any other advantages agreed upon by GCC.

Article (19)

Upon a decision by the minister, the ministry contribute to preparation of technical and economic studies and researches conducted by the employer in case the enterprise significantly caters to the national economic.

Article (20)

The enterprise exports may be granted incentives according to applicable laws and regulations.

Article (21)

As far as available with the ministry, the employer is entitled to obtain published statistical information and data. Employer as well may be given statement of benefits, exemptions and facilitations granted to industrial enterprises, in addition to all new technical information which enables efficient and effective selection and exploit of technology.

Chapter (8)

Obligations of industrial enterprise employers

Article (22)

The employer whose enterprise is given advantages and exemptions set out in chapter (7) hereof shall be committed to:

١. Never abuse the given advantages.

٢. Proceed with and continue performance of works given the advantages per the determined terms and conditions.
٣. Take all necessary steps that guarantee fulfillment of the protected industrial products' demand.
٤. Never sell, waive, use to license or assign such advantages to any other person without prior written approval of the minister.
٥. Conform to other representations and obligations applied under applicable laws and regulations, that is, to place on the external cover of the product a reference to composition, date of production, expiry date, origin name and manufacturing country in non-removable way according to the goods nature.
٦. Submit before the ministry all requirements, be it full and proper data of the enterprise once the product is given the very advantages.

Article (23)

The employer undertakes to:

١. Prepare the industrial accounts in regular way per the applicable accounting practices and legal rules and provide the administration with the balance sheet certified by legal accountant and final account of every financial year.
٢. Allow the ministry officials in writing to access the industrial enterprise, check records, documents and accounts and supervise production process and other respective activities within the official work time.
٣. Notify the ministry before wholly or partially selling, mortgaging, renting or otherwise assigning the industrial enterprise. For the respective formalities, refer to the executive regulation.
٤. Notify the administration with any establishment's whole or partial cessation to work within thirty days from the date of such cessation. The leading reasons shall be stated.
٥. Use machines, devices, spare parts and raw materials that are given customs exemption inside the licensed plant for purposes determined upon exemption. The employer shall keep a record for such stuff.
٦. Neither rent the plot or premises allocated for the enterprise by the Kingdom to any third party, nor whatever dispose the same without obtaining a permission of the concerned governmental entities. The administration then shall be notified thereof.
٧. Annually provide the administration with information set out in the executive regulation per the form prepared for this purpose.
٨. Recruit national workmen and decrease the level of foreign employment except in necessary cases and per the applicable regulations and laws.

٩. Maintain the environment safety against pollutions.
١٠. Seek to include, localize and develop production technologies in the enterprise, to train the national workmen, and to cooperate with the Kingdom pursuant to regulations and plans prepared for professional training.
١١. Ensure the products are conformed to approved specifications and measures.
١٢. Comply with laws and regulations of safety, industrial security and public health.

Article (24)

Employer of the industrial enterprise manufacturing main products shall notify the ministry should the enterprise is liquidated or dissolved or the production stopped or reduced. The ministry then may take the required measures to continue production.

Chapter (9)

Control and penalty of industrial enterprises

Article (25)

The administration is responsible for control of industrial enterprises.

Article (26)

Officials determined by the minister or the authorized representative shall be entitled to access locations of the industrial enterprise, offices and affiliates on the official work times, check records and documents, take samples of the products for examination, and prepare report on any breach hereto.

Article (27)

The administration's officials authorized under this law to check any records or registers of the industrial enterprises shall maintain the respective information confidential, that is to say, not to disclose the same for any external entity except for competent one. In case of violation, the violating party shall be subject to disciplinary action per each state laws.

Article (28)

The minister or the authorized representative may order to apply administrative penalties to industrial enterprises violating this law per the executive regulation, which penalties may go as far as stoppage of the industrial enterprise.

Article (29)

The minister or the authorized representative may cancel all or some advantages, exemptions or incentives granted for the industrial enterprise in the following cases:

١. In case the employer has obtained this advantages, exemptions or incentives upon false or misleading information or use of illegal methods.
٢. If the industrial enterprise ceases to produce for six months, the production is reduced or the productive capacity changes without reason accepted by the administration.
٣. In case the employer fails to register the enterprise in the industrial register or to inform the administration with any change in the registered data.

The employer has the right to challenge this decision before the minister within thirty days from the date such decision is notified.

Article (30)

Administrative processing mentioned in this law may not protect the employer from judicial accountability per the recognized laws and regulations.

Article (31)

Unless otherwise provided in the enterprise, the concerned person may challenge against any issued explicit or implicit decisions within thirty days from the date they are published, stated or undoubtedly informed. Such challenge is to be submitted to the issuing entity to be decided on within sixty days from the submittal date.

Article (32)

The employer is entitled to submit an appeal before the court (the competent entity) that has the jurisdiction to consider appeals of the administrative decisions.

Article (33)

GCC Industrial Cooperation Committee has the right to construct and suggest amendment of this law, and to issue, amend and construct the respective executive regulation.

Preparatory meeting of industry agents	The Common Industrial Regulatory Law of the GCC Countries
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(Seal of Council of Ministers' Bureau of Expert found)

(Seal of Council of Ministers' Secretariat General found)

(True copy seal of Office of Prime Minister found)