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In the Name of the People

Presidency of the Republic

Presidential Order No. (2)

The President of the Republic, on the basis of the matters approved by the Council of Representatives pursuant to the provisions of Clause (First) of Article (61) and Clause (Third) of Article 73 of the Constitution, hereby promulgates the following Law on 21/05/2019:

Law No. (2) of 2019

Law of Industrial Cities

Article (1): For the purposes of this law, the following expressions shall have the meanings ascribed to them below:

First: Ministry: Ministry of Industry and Minerals.

Second: Minister: Minister of Industry and Minerals.

Third: Industrial city: A geographically defined area established pursuant to the provisions of this law and shall be designed to implement industrial activities and services outside the boundaries of Baghdad municipality and the municipalities in the regions and the governorates that are not organized in a region.

Fourth: Developer: a person who works on designing, constructing or developing the industrial city, its infrastructure and its public services.

Fifth: Manager of the industrial city: a person who works on managing, operating and maintaining the industrial city.

Sixth: License: a document granted by the authority of cities to establish, develop, operate or maintain an industrial city.

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Seventh: Authority (Commission): a body that establishes, develops, manages and oversees industrial cities in coordination with the relevant entities.

Article (2): This Law aims at the following:

First: Contributing to the objectives of the State overall economic policy.

Second: Organizing industrial activities in sites served by infrastructure and services.

Third: Promoting the use of industrial cities to guide the economic reform process.

Fourth: Organizing, establishing, developing and managing industrial cities.

Fifth: Encouraging the participation of the local and foreign private sector to invest in industrial cities across all governorates and in partnership with the public sector.

Sixth: Attracting and motivating the transfer of existing industrial activities in cities and communities into industrial cities established under this law.

Article (3): First: The provisions of this law shall apply to:

- a. Industrial cities and areas and economic activities that are in place or under construction.
- b. Recently established industrial cities and activities.

Second: The provision of this law shall not apply to the following:

- a. Activities or operations related to exploration, production, transportation, marketing, sale or export of crude oil or natural gas.
- b. Activities stipulated in the Law of Investment in Oil Refining Law No. 64 of 2007 and the Law of Mineral Investments No. 91 of 1988.

Article (4): First: An authority known as (the Industrial Cities Authority) and linked to the Ministry of Industry and Minerals shall be established and given legal personality and a separate (independent) budget and administration, and be represented by a President. Its headquarter shall be in Baghdad, and it may establish branches in other Regions and governorates that are not organized in a Region.

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Second: The authority shall be headed by an employee with a post title of Director General who holds at minimum an undergraduate degree with a period of no less than (20) years of experience in engineering, legal, administrative or accounting fields, and to be appointed in accordance with the law.

Third: The president of Authority shall be assisted by an employee under a post title of Assistant Director General, having at minimum an undergraduate degree with a period of no less than (20) years of experience in engineering, legal, administrative or accounting fields, and to be appointed in accordance with the law.

Article (5): The Authority shall assume the following tasks:

First: Following-up the implementation of a national strategy for the development of industrial cities in Iraq.

Second: Conducting economic feasibility studies, overseeing its completion, and implementing development plans for selected industrial cities.

Third: Organizing the process of establishing, developing and managing industrial cities.

Fourth: Coordinating with the relevant government entities to establish industrial cities, provided that land delivered is inhabitant-free.

Fifth: Overseeing, directing and supporting industrial cities administrations and evaluating their performance.

Sixth: Collaborating with parallel authorities in other states (countries).

Seventh: Awareness-raising on the importance of the existing industrial cities and the cities that will be developed in the future.

Article (6): First: The Authority shall have a Board of Directors consisting of:

- a. Minister.....as President.
- b. President (Chairman) of the Board.....as a member and a vice president.
- c. Director General of Industrial Development in the Ministry of Industry and Minerals.....as Member.
- d.. A representative of the following entities with a post title of Director General.....as members:
 1. Ministry of Planning.
 2. Ministry of Finance.
 3. Ministry of Construction, Housing, Municipalities and Public Works.

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4. Ministry of Health and Environment.
5. Ministry of Trade
6. Ministry of Electricity.
7. National Investment Commission.
8. Director General of the Industrial Bank.

e. Representatives of the following bodies:

1. Iraqi Federation of Industries..... two members
2. Federation of Chambers of Commerce.....member
3. Businessmen Union.....member

f. A representative of the High Commission for Coordination between Governorates..... member

Second: The term of Board membership shall be four years, renewable and there is a limit of two terms, except for paragraphs (a, b, and c) of Clause (First) of this article.

Third: A representative of the governorate in which an industrial city is being established shall attend Board meetings.

Fourth: The board of directors may consult and seek the opinion of any experienced and competent person.

Fifth: a. The Board of Directors shall meet at least once every two months.

b. An extraordinary (special) Board meeting may be held at the invitation of its Chairman or upon an advance request submitted in writing by half of its members.

Sixth: The presence of two thirds of the members of the Board, including its Chairman, shall constitute a quorum for the Board meetings. Decisions shall be taken by the majority of the attendees. In the event of a tie, the Chairman shall cast the deciding vote.

Seventh: In case of the Chairman's absence, the Vice Chairman shall act in his place.

Article (7): First: The Board of Directors shall assume the following tasks:

- a) Setting a national strategy for establishing, developing and managing industrial cities in Iraq and overseeing its implementation after approval by the Council of Ministers.

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- b) Following-up and evaluating the authority's implementation of its activities and determining priorities for establishing and managing industrial cities.
- c) Approving and reviewing the annual work plan, budget and reports submitted to the Authority.

Second: The Board of Directors may delegate some of its tasks to the Chairman of the Authority.

Article (8): The Authority's financial resources shall consist of the following:

First: The amounts allocated to it within the annual general budget of the ministry.

Second: Grants, gifts, and internal and external donations made to it in accordance with the law.

Third: Revenues generated by the Authority according to the provisions of this law.

Article (9): First: The authority shall grant city licenses to establish, develop, or operate an industrial city.

Second: The conditions for granting city license as stipulated in Clause (First) of this Article shall be determined by instructions of the Minister.

Article (10): First: The Authority shall decide on the application for obtaining a license within thirty (30) days from the date of application.

Second: Not responding by the Authority to a submitted application within the stipulated time period shall be deemed as consent for that application.

Third: Applicants whose applications have been rejected, may appeal to the Administrative Court in accordance with the law.

Article (11): The management of the industrial city shall be undertaken by a natural or legal person who exercises the following duties:

First: Overseeing the daily activities and providing services to the industrial city.

Second: Operating and following up the implementation of the design, maintenance and development activities of the industrial city and its promotion.

Third: Providing utilities and services within the industrial city in coordination with the authority and relevant entities in compliance with the law.

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Fourth: Contracting with others for the purpose of managing, maintaining, and servicing the industrial city.

Fifth: Collecting service charges provided for the industrial city.

Sixth: Recruiting local and foreign manpower in accordance with the law.

Seventh: Transferring capital and its returns inside and outside Iraq shall be in accordance with the law and instructions of the Central Bank of Iraq if the city manager is a foreign.

Eighth: Preserving and maintaining the assets of the industrial city.

Ninth: Establishing charges scale in return of the provided services in a manner consistent with the Authority strategy.

Tenth: Providing services within the industrial city to encourage and facilitate operational activities.

Eleventh: Promoting the industrial city inside and outside Iraq.

Article (12): The Authority may withdraw the license in one of the following cases:

First: The developer or manager of the industrial city declares his bankruptcy.

Second: The developer or manager of the industrial city fails to get down to start building or developing the city within one year from the date of signing the contract without lawful excuse.

Third: In case that the developer or city manager delays or has not already established or developed the city within (3) three years from the date of signing the contract.

Fourth: Providing false or misleading information or using illicit means to obtain privileges or benefits in accordance with the provisions of this law.

Fifth: Violating the provisions of this law. And in this case the Authority shall take the following measures:

- a. 1. Giving a warning for putting a stop to violations or started implementing the project within a period of time to be determined by the Authority.
2. In case the violation has not ceased within a time period set by the Authority, a final warning shall be given for a period of (30) thirty days from the warning date,

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but upon the expiry of the specified time, delay fees proportional to each day of delay shall be imposed, but with the total cumulative fees shall not exceed 10% of the cost of the project.

b. In case of a non-responding to cease the violation and after having exhausted all measures as stipulated in (1) and (2) of Paragraph (A) of this Clause, the Authority may withdraw the license from the date on which the violation was committed, while the third party would reserve the right to claim compensation from the developer for damage resulting from the violation, without prejudice to any other penalties.

Article (13): The Authority of industrial cities may withdraw the license in the event that the developer fails to commit to implementing the contract according to the conditions and terms specified therein.

Article (14): The developer and manager of the industrial city shall commit to the following:

First: Establishing and commissioning the industrial city and developing its fixed assets to promote effective economic growth.

Second: Preparing and updating the industrial city development plan in accordance with the technical documents attached to license application.

Third: Constructing the fixed assets within the industrial city, including the infrastructure pursuant to the issued license, and overseeing the development of infrastructure outside the industrial city in coordination with the concerned institutions.

Fourth: Submitting a biannual report to the Authority that includes the following:

- a. Investments made inside the city during the past year, and anticipated investments for the coming year.
- b. The lands that have been developed and all fixed assets within the industrial cities.
- c. Any further information that the Authority finds it necessary to provide.

Fifth: Compliance with the performance requirements as specified under the issued license and the contracts concluded with the authority in this regard.

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Sixth: Providing technical training for Iraqi workers in accordance with the contracts concluded with the Authority in this regard.

Article (15): The developer and manager of the industrial city shall enjoy the following rights:

First: The right to rent and lease real estate in the industrial city or develop thereon for a period not exceeding (50) fifty years, renewable only once.

Second: To conclude contracts with others for the purpose of developing and provide services for the industrial city, including city infrastructure on favorable terms.

Third: To collect fees for the services provided during the establishment of the industrial city.

Fourth: To transfer money in case of foreign developer, in accordance with the relevant instructions of the Central Bank of Iraq.

Fifth: To employ local and foreign manpower in accordance with the law.

Article (16): The Authority shall insure the following:

First: Non-discrimination of treatment between Iraqi developer or manager of the industrial city and its expatriate developer or manager.

Second: Protection of private property, fixed assets, and investments within the industrial city.

Article (17): Disputes arising from the application of this law are subject to Iraqi law and jurisdiction of Iraqi courts. An agreement may be concluded with the developer to resort to commercial arbitration (National or international), subject to an agreement concluded between the two parties according to which the arbitration procedures, its body and the applicable law shall be determined

Article (18): First: The customs and tax exemptions stipulated in the Investment Law No. (13) of 2006, or in the Industrial Investment Law for private and mixed sectors No. (20) of 1998, shall be applied to all licensed economic activities within the industrial city.

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Second: The Ministry of Oil shall provide those covered by the provisions of Article (3 / First) of this law and those who have obtained a license for federal industrial development in the governorates of the Republic of Iraq and the Kurdistan Region with oil derivatives (products) at the official pertaining rates (prices), solely for use in the industrial project.

Third: The Ministry of Electricity shall provide those covered by the provisions of Article (3 / First) of this law and those who have obtained a license for federal industrial development in the governorates of the Republic of Iraq and the Kurdistan Region with power supply at subsidized rates (fees), solely for use in the industrial project.

Article (19): The authority's accounts shall be subject to supervision and auditory by the Federal Board of Supreme Audit.

Article (20):

First: Regulations may be issued to facilitate the implementation of the provisions of this law.

Second:

- a) The structures and tasks of the Authority shall be determined by internal regulations (bylaw) issued by the Minister.
- b) The Minister shall issue instructions to facilitate the implementation of the provisions of this law.

Article (21): This law shall be implemented from the date of its publication in the Official Gazette. (Alwaqa'e Al Iraqia Journal)

Dr. Barham Salih

President of the Republic

Law's Compelling Reasons

For the purpose of regulating the establishment, development, management, commissioning and maintenance of industrial cities in line with contemporary experiences and with the aim of encouraging and expanding private investment, enhancing the capabilities of the national economy and attracting foreign investments, creating job opportunities and achieving sustainable development,
This law was legislated.