

# Yemen

## Investment Law (2010)

*Unofficial translation*

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# **Investment Law**

Law No.15 of 2010

## **Part I. Preliminary provisions**

### **Article 1**

This law shall be cited as Investment Law.

## Article 2

This law aims to attract, promote and develop local and foreign investments within the framework of the state public policy, the national goals and the economic and social development priorities.

## Article 3

For the purposes of implementing the provisions of this law, the following terms and expressions, wherever mentioned in this law, shall have the meaning assigned opposite each of them, unless the context requires otherwise:

1. Republic: The Republic of Yemen.
2. Government: Government of the Republic of Yemen.
3. General Investment Authority (GIA): The agency in charge of promoting and facilitating investment in the Republic of Yemen being established under the provisions of this law.
4. Board of Directors: Board of Directors of the General Investment Authority.
5. Chairman of the Board: Chairman of the Board of Directors of the General Investment Authority.
6. President of the Authority: Chief Executive Officer of the GIA.
7. Competent Authority: Any government organization or Ministry in charge of investment in a specific sector.
8. One-Stop Shop: The system applied and administered by the General Investment Authority to develop and facilitate investment in coordination with the competent authorities.
9. Capital: The local or foreign capital invested in the project, including: a) Foreign currency, the local currency, and any form of monetary assets (liquid); b) Assets and any movable property related to the project; c) Immovable property including land and buildings; d) Intellectual property rights or any other moral rights such as licenses, patents, trademark and other intellectual rights registered within or outside the Republic as long as they are protected by virtue of international or bilateral agreement to which the Republic is a signing party; and e) Reinvested profits of the project.
10. Investor: Any natural or corporate person, regardless of the place of residence or the nationality, who owns an investment project in the Republic in accordance with applicable laws.
11. Investment: The employed capital in the project by the investor to gain benefit, intellectual property rights, tangible or intangible benefits, including project incorporation expenses, project continuation or maintenance expenses.
12. Project: The investment project being established by the investor pursuant to this law.
13. Promotion: Positioning Yemen as an attractive investment destination, while encouraging the investors to establish and develop investment projects.
14. Facilitation: Assisting the investor to obtain information, services and the necessary legal documents from the concerned government authorities through the One-Stop Shop.
15. Application Form: The document that the investor fills out and which includes all data and information related to the investment project for the purpose of registration in the Investment Register.

16. Investment Register: The register established by the General Investment Authority for the purpose of registration and documentation of the data and information related to investors and investment projects.
17. Services Fees: The fees prescribed by the Board of Directors against the administrative and technical services provided by the General Investment Authority.
18. Executive Regulation: The implementing regulation of this law.

## **Part II. Investment sectors**

### **Article 4**

- a) The investors, under the provisions of this law, have the freedom to invest in any sector of the national economy, except the weapons and explosives industry.
- b) The provisions of this law are applicable to investments in the sectors identified in the preceding paragraph, except for investment in the sectors regulated by special laws, which shall remain regulated and governed by the provisions of such laws, namely:
  1. Exploration and exploitation of oil and gas;
  2. Exploration and exploitation of minerals;
  3. Banking and exchange; and
  4. Import and export trading, wholesale and retail trade.
- c) The provisions of this law are only applicable to projects that have been established in accordance with its provisions.

## **Part III. Guarantees and benefits**

### **Article 5**

The State shall guarantee for foreign investors equal treatment, without discrimination, with local investors with respect to all rights and obligations, including the freedom to invest in any of the economic sectors, solely or in partnership in accordance with the provisions of this law.

### **Article 6**

The investor shall be entitled to purchase, rent and lease land and buildings, whether privately or publicly owned, in accordance with the provisions of applicable laws, for the purpose of establishing the investment project pursuant to this law.

### **Article 7**

- a) The investor, whether being a natural or a corporate person, and after having fulfilled tax obligations, shall be entitled to transfer abroad, through authorized and registered banks, in any convertible currency, any amount for the purpose of paying interests on shares or on capital profits, or royalties, or management fees or license fees or make payments to suppliers and any other costs.
- b) Any expatriate personnel working in the project shall be entitled, after having paid all due taxes and other obligations, to transfer abroad, through authorized banks, the wages and remunerations earned.

### **Article 8**

a) Without prejudice to the provisions of the other paragraphs in this article, the government may not seize or nationalize any project or any of its assets;

b) Investment projects may not be expropriated by the government, except for the public interest based on non-discriminatory basis, and in accordance with the provisions of the Constitution and the related laws.

c) Irrespective of any other provisions in any other law, the following provisions shall apply with regard to compensation for expropriated projects:

1. The amount of compensation payable to the investor shall be determined according to the provisions of this article by mutual agreement between the government and the investor or by the competent commercial court;
2. The amount of compensation payable to the investor shall be the market value of the project and its assets at the day before the declaration of expropriation;
3. The amount of compensation shall be paid not later than 180 days from the date the project expropriation is declared. In the event the payment of the compensation is delayed beyond this period, the investor shall be entitled to claim reevaluation of the assessed compensation amount by the competent commercial court;
4. The investor may resort to the competent commercial court in the event the investor is not satisfied with the assessed value of compensation for the expropriated project and assets;
5. The amount of compensation payable to the investor shall be paid without delay on the set maturity dates according to the provisions of this article. And in the case of a foreign investor, he shall be authorized to freely transfer the amount of compensation abroad in any convertible currency.

#### **Article 9**

Without prejudice to the provisions of the Labor Law and the laws in force, the investor may hire foreign technical staff to assist in the management of his investments and businesses in the Republic.

#### **Article 10**

Protection of intellectual property rights of investors and investment projects is guaranteed by this law and other laws in force, including their right to register trademarks, patents, copyrights and any right of the intellectual property rights in accordance with the relevant international treaties to which the Republic is a signing party.

## **Part IV. General investment authority**

#### **Article 11**

1) This law establishes an investment promotion and facilitation authority named the "General Investment Authority", which shall enjoy a legal personality, an autonomous financial status, and is accountable to the Prime Minister.

2) The Authority's head office shall be located in the capital city of Sana'a and it may establish branches or offices within the Republic.

#### **Article 12**

As per the provisions of this law, the General Investment Authority is the government body in charge of the promotion and facilitation of investment in coordination with the competent authorities. To that end, it shall perform the following duties and functions:

1. Prepare, develop and implement the National Investment Promotion Strategy;
2. Carry out promotional activities and build a positive image for Yemen abroad as an attractive investment location;
3. Conduct surveys, explore and publish investment opportunities available in the Republic, conduct researches and studies on the investment climate and the challenges it faces;
4. Provide all necessary facilities for the establishment and implementation of investment projects;
5. Submit proposals to the Board of Directors with regard to simplification of registration procedures of investment projects;
6. Submit proposals to the Government for the purpose of improving the investment environment and raising the competitiveness level of Yemen as an investment location;
7. Receive applications for registration submitted by the investors to establish projects, process and finalize the registration procedures in the Investment Register as set forth in the Executive Regulation;
8. Assist investors with the relevant authorities to overcome the barriers and obstacles facing the implementation and operation of their projects;
9. Prepare feasibility studies for specific projects in the competitive sectors;
10. Provide technical support to the competent authorities whenever necessary;
11. Review and provide appropriate recommendations on the laws, regulations and decrees related to investment in the Republic, as well as the regional and international conventions dealing with investment;
12. Study and report investment obstacles to the government, propose appropriate solutions and remedies to overcome such obstacles and recommend amendments to any laws or regulations related to investment activity. Such recommendations shall have the priority in the agenda of the Cabinet for approval.

### **Article 13**

- a) The General Investment Authority shall apply the One-Stop Shop system.
- b) All relevant authorities with regard to investment activity shall be represented in the One-Stop Shop by qualified personnel to be appointed by these authorities. Those representatives shall have direct competence to issue all required permits from their authorities for the purpose of establishing and operating projects in accordance with the laws and regulations applied in those authorities. In the event of a proved inefficiency or ineffectiveness of any such representative, the General Investment Authority shall have the right to request those authorities to replace them. The competent authority shall appoint the substitute within thirty days to ensure proper functioning of the One-Stop Shop facility.
- c) The One-Stop Shop facility shall perform its functions under the management and supervision of the General Investment Authority. The GIA Executive Regulation shall regulate the tasks and duties performed by such representative within the One-Stop Shop system.

d) The Executive Regulation shall determine the rules governing the One-Stop Shop system, as well as the delegated responsibilities to the competent authorities in case of failure by the One-Stop Shop representatives to perform their functions including delays in processing investors' transactions.

#### **Article 14**

a) Pursuant to the provisions of this law, an investment register for investment projects shall be established within the General Investment Authority for statistical purposes, where all data related to the projects and subsequent amendments shall be recorded. The Executive Regulation shall set forth the conditions and procedures of data entry in this register.

b) All investors wishing to invest in accordance with this law shall apply to the General Investment Authority to register their projects in the Investment Register as per the procedures set forth in the Executive Regulation.

c) The General Investment Authority shall provide the competent authorities with the required statistical data based on the actual data recorded in the Investment Register.

d) Registration in the Investment Register and the investor obtaining registration certificate in accordance with this law is a condition precedent for the project to be entitled to the services of the One-Stop Shop.

#### **Article 15**

a) The General Investment Authority shall have a Board of Directors formed as follows:

1. Prime Minister Chairman
2. Minister of Planning and International Cooperation Member
3. Minister of Finance Member
4. Minister of Industry and Trade Member
5. Minister of Tourism Member
6. Governor of the Central Bank Member
7. GIA Chief Executive Officer Member
8. Chairman of the Federation of Chambers of Commerce and Industry Member
9. Four members from the private sector to be nominated by the Federation of Chambers of Commerce and Industry, the Businessmen Council, the Businessmen Club and the Yemen Industrialists Association, whose membership shall be for a period of three years, renewable Members

b) In his absence, the Chairman of the Board of Directors shall assign, among the members of the board, a member to preside the meetings.

c) The Board of Directors has the right to invite any official of the relevant authorities, to discuss any project which falls within the sector under the supervision of any such authority.

#### **Article 16**

The Board of Directors is the supreme authority overseeing the affairs of the General Investment Authority, steering its business while formulating the policies it pursues, and is, particularly, entitled to perform the following tasks and duties:

1. Approve the National Investment Promotion Strategy, the policies and programs

- emanating from it and the required budget for its implementation;
2. Approve policies, plans, programs and the annual budget for implementing the National Investment Promotion Strategy;
  3. Work to develop the institutional capacity of the General Investment Authority;
  4. Review and approve GIA draft annual budget and closing accounts;
  5. Develop performance indicators to measure GIA achievements;
  6. Review, discuss and approve GIA annual report;
  7. Look into and take the necessary actions to resolve investors' complaints and grievances;
  8. Strengthen the principle of public-private partnership (PPP) to develop investments;
  9. Approve draft regulations, bylaws, administrative, financial and organizational systems related to the activities of the General Investment Authority;
  10. Determine the services fees charged by the General Investment Authority to projects and investors; and
  11. Carry out investment-related duties assigned to it by the government.

#### **Article 17**

The Board of Directors shall have a special bylaw setting forth the dates of its meetings and the voting system. Such a bylaw shall be enacted by a decree of the Chairman of the Board after being approved by the Board within three months from the date of issuance of this law.

#### **Article 18**

The General Investment Authority shall have a Chief Executive Officer to be appointed by a Republican decree. He shall be accountable to the Board of Directors.

#### **Article 19**

The Chief Executive Officer shall manage the GIA while undertaking administrative, financial and technical affairs. He shall, in particular, perform the following duties:

1. Develop the National Investment Promotion Strategy in partnership with the competent authorities;
2. Prepare the draft annual budget and oversee its implementation after obtaining the approval of the Board of Directors;
3. Develop GIA strategies, annual action plans, programs and oversee their implementation after obtaining the approval of the Board of Directors. He shall submit quarterly progress reports to the Board;
4. Appoint and lay off staff pursuant to this law and other applicable laws;
5. Arrange and prepare the meetings of the Board of Directors and follow-up the implementation of the Board resolutions;
6. Represent GIA in legal litigations and in its relations with third parties;
7. Any other tasks provided for in accordance with the provisions of this law and as may be assigned to him by the Board of Directors.

#### **Article 20**

- a) GIA resources shall consist of the following:



1. Funds allocated for GIA within the State's annual public budget;
2. Grants and donations received by GIA as an additional support from donors;
3. Revenues earned from fees collected against the services rendered by GIA to investors and investment projects registered prior or after the enactment of this law as a support to GIA activities.
4. Any proceeds generated by GIA invested funds which are not received from the State's annual public budget.

b) The annual accrued funds earned through the aforementioned funding resources specified in the previous paragraphs of this article shall remain in GIA accounts and they may not be transferred to the public treasury, except for amounts specified in paragraph (1) of clause (a) of this article.

#### **Article 21**

GIA funds are considered as public funds and are subject to monitoring by the Central Organization for Control and Audit and they may not be subject to prescription, and shall be disposed of in accordance with the provisions of this law and its bylaws.

#### **Article 22**

- a) GIA shall have an autonomous budget in accordance with the applicable financial laws.
- b) The fiscal year of GIA shall be that of the State.

#### **Article 23**

All projects registered in the Investment Register shall pay administrative fees to GIA at a rate of half of one per thousand of the value of the fixed assets.

#### **Article 24**

GIA shall have, under this law and with respect to specialized and qualitative positions, a special cadre system based on competitive recruitment. This system shall enjoy flexibility in recruitment, selection of the staff, and human resources management system. Such a system shall include technical standards and criteria for performance assessment to set wages and termination of contracts. The special cadre system shall be enacted by a decree from the Prime Minister after the approval of the Board of Directors.

#### **Article 25**

The Board of Director shall submit an annual report to the government on the outcomes of the review of GIA key annual performance indicators, as well as on the adequacy of the needed GIA financial resources in order to carry out its mandate.

## **Part V. Investment disputes settlement**

#### **Article 26**

- a) Yemeni commercial courts shall be the competent authority to resolve investment disputes in accordance with the provisions of this law.
- b) Without prejudice to the provisions of the previous paragraph, the parties to an investment dispute may agree to settle their dispute amicably or through arbitration.

c) In the event any dispute arises between the investor and the government with respect to the project, the dispute may be settled amicably. Should an amicable settlement not be reached, the dispute shall be referred to arbitration in accordance with the following:

1. The arbitration rules and procedures of any national or regional recognized arbitration center.
2. The applicable arbitration rules and procedures of the United Nations Commission on International Trade Law (UNCITRAL).

## **Part VI. General and final provisions**

### **Article 27**

In the event the land allocated for the investment project is part of the State property and the investor has finalized all contracts and permits necessary to establish the project, then if any claim arises with regard to the ownership of the land, it should be addressed to the General Authority of Land Survey & Urban Planning. However, the filing of any such claim shall not hinder the work progress in the investment project.

### **Article 28**

Investment projects established in accordance with the provisions of this law and the laws in force shall enjoy the incentives or benefits provided for in the applicable laws.

### **Article 29**

a) Investment projects existing at the time of the enactment of this law which have already acquired tax exemptions under Law No. 22 of 2002 shall continue enjoying such granted tax exemptions up to the end of the period specified for these exemptions. However, such projects shall be required to pay the prescribed taxes and fees which are not covered by such exemptions.

b) Registered investment projects in accordance with Law No. 22 of 2002 which did not commence activity or production on the date of the enactment of this law shall be required to commence activity or production within a period not exceeding two years starting from the date of the enactment of this law in order for them to enjoy the incentives provided for in paragraph (a).

c) Customs exemptions under the Customs Law shall apply as follows:

1. Exemptions provided for in the international conventions in force to which the Republic is a signing party, and the agreements concluded with the international and regional organizations, or foreign agencies which have completed the constitutional procedures. Any customs exemptions in contradiction with the Customs Law shall be nullified.
2. Fixed and imported assets to establish investment and industrial projects consisting of machinery and equipment including fishing and marine freight vessels and aircrafts for air transport based on the lists prepared and submitted by the General Investment Authority in accordance with the Customs Law and its Executive Regulation.
3. Production inputs of licensed and registered industrial investment projects are exempted from customs duties at a rate of 50% in accordance with the relevant regulations and requirements as provided for in the Executive Regulation of the Customs Law. The investor may not combine both exemption incentives stipulated in this paragraph on the one hand and those exemptions stipulated in the international

conventions in force to which the Republic is a signing party and in the convention for the establishment of the Arab Free Trade Zone on the other. The investor is required to choose one of either.

d) For the purposes of implementing the provisions of the preceding paragraphs, the Authority established under this law shall replace the General Investment Authority with regard to initiating the required procedures to determine the activity and the term of the due exemption according to the provisions of paragraph (a) of Article (20) of the former Investment Law No. 22 of 2002. It shall also be mandated to monitor and supervise those projects in accordance with the provisions of this law.

e) The Authority, Tax and Customs Authorities shall exchange data and information and they shall continuously coordinate for the implementation and application of the provisions of this article in compliance with the related provisions and terms in the relevant laws.

#### **Article 30**

All competent authorities and governors of governorates shall exert sufficient efforts and cooperate with the Authority to enforce the provisions of this law so as to insure the delivery and execution of all the facilities stipulated in this law while coordinate with the Authority to implement its plans and programs within the framework of the One-Stop Shop system.

#### **Article 31**

All fixed and moveable assets as well as the rights and liabilities of the previous authority shall be transferred to the General Investment Authority. Employees in the previous authority shall also be transferred to the General Investment Authority in accordance with the conditions, standards and criteria as specified in the Executive Regulation of this law.

#### **Article 32**

The Executive Regulation of this law shall be issued by a decree from the Prime Minister based on the presentation made by the Board of Directors and after the approval of the Council of Ministers within a period not exceeding six months from the date of the enactment of this law.

#### **Article 33**

Investment Law No. 22 of the year 2002 is nullified upon the enactment of this law.

#### **Article 34**

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

#### **Article 35**

This law shall come into force on the date of its enactment and it shall be published in the Official Gazette.

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