

LAW NO. 26 OF 1995 ON FREE ZONES

Having perused the Constitution; and

Law Decree No. 3 of 1955 concerning Kuwait Income Tax and all its amending laws thereof; and

Law No. 15 of 1960, promulgating the Commercial Companies Law, and all its amending laws thereof; and

Law No. 38 of 1964, on Private Sector Labour and all its amending laws thereof; and

Law No. 43 of 1964 on Import; and

Law Decree No. 133 of 1977, establishing Ports Public Authority, and all its amending laws thereof; and

Law No. 13 of 1980 concerning Customs; and

Law Decree No. 68 of 1980, promulgating the Commercial Law and all its amending laws thereof;

The National Assembly has ratified the law of following provisions which we hereby sanction and promulgate:

Article (1)

One or more Free Trade Zone/Zones may be established under a resolution issued by the Council of Ministers, with locations and boundaries specified in the same resolution.

Article (2)

The following may be licensed in Free Zones under a resolution from the Minister of Commerce and Industry:-

- a) Storage and display of goods of any kind, source or country of origin whatsoever
- b) Performing the process under which the condition of goods available at Free Zones are changed and made ready for supply according to trade exchange exigencies and market requirements.
- c) Carrying on any profession the relevant activity may need and the services required to be rendered to those operating within the said Zones.

Article (3)

Entry, storage and display of damaged or banned goods into, in and/or at Free Zones are prohibited. In the event of violation, the applicable laws and regulations shall be enforceable.

Article (4)

The licence referred to in Article (2) hereof shall include the place, i.e., the site where a relevant activity is practiced within a Free Zone, the purposes for which the licence is issued, the validity of its duration and the amount of guarantee payable by the licensee.

Article (5)

The following shall be exempted from taxes and Customs Duties:-

- a) The enterprises (projects) established in Free Zones, including the profits generated from their activities as carried on within such Zones.
- b) Goods imported into or exported from such Zones.
- c) Tools and equipment necessary for work and operations within Free Zones of whatsoever nature or type. All of which shall be made without prejudice to the stipulations provided for in this law.

Article (6)

Goods entered into Free Zones shall not be subject to any restrictions regarding their duration therein, save in the event of cases necessitating their removal out of Zones due to their relevant nature or to failure of owners to pay their financial liabilities, or in case of violating the provisions of this law.

Furthermore, neither imports into a Zone nor exports from a Zone shall be subject to import/export restrictions.

Article (7)

The officials specified in a resolution issued by the Minister of Commerce and Industry shall have the right to enter Free Zones and the plants established therein to investigate and control any violations committed, which are contradictory to the provisions of this law or to its implementing regulations. They may seek the assistance of policemen, if necessary.

Article (8)

In accordance with the provisions of this law a licensee shall undertake to effect insurance, duly covering all building facilities, machinery and equipment against all accident-risks. Moreover, he undertakes to remove the same at his own expense, within a fixed period which shall be stipulated in a resolution issued by the Minister of Commerce and Industry, with effect from the expiry date of his licence.

Article (9)

Entry into or residence at Free Zones shall be made in conformity with the conditions and stipulations prescribed in a resolution, issued by the Minister of Commerce and Industry. Moreover, the relevant storage charges for occupying vacant places where goods are warehoused shall be specified in the same resolution.

Article (10)

Property and/or funds invested in Free Zones may not be attached, retained, confiscated or subject to sequestration or receivership, save through a judicial process.

Article (11)

The Ministry of Commerce and Industry shall assume the responsibility of Free Zone supervision. This Ministry may entrust the management of said zones to private sector professional parties of expertise and specialization after securing the approval of the Council of Ministers, and in conformity with its prescribed conditions.

Article (12)

The party authorized to manage Free Zones shall, for the purpose of performing its assigned functions and carrying out its duties and pertinent obligations, seek the assistance of all competent Government authorities of specialization; and such authorities shall provide the required facilities within the limits determined by the Council of Ministers.

Article (13)

Free Zones shall be subject to the provisions of laws governing Health and Agriculture Quarantine, Environment Protection, including those provisions prescribing safeguarding and protection against plights and epidemic diseases. Moreover, Kuwaiti legislation provisions shall be applicable in the event of otherwise, not specifically provided for in this law.

Article (14)

Agreement may be made for settlement of disputes, arising between the projects established in Free Zones or between such enterprises and the party assuming the management of said Zones or between any other administrative authorities and/or departments in connection with Free Zones business activities, by means of arbitration.

The Arbitration Panel shall be constituted of one arbitrator-member for each of the two disputing parties and a third umpire to be elected under agreement of the said two arbitrator-members. In the event of disagreement to elect him within a thirty day period from the date of appointing the latter one, the umpire shall be elected at the request of either party, under a resolution from the Minister of Commerce and Industry.

The Arbitration Panel shall lay down the rules of its procedure, without abiding by the rules of the Civil and Commercial Procedure Code, save in relation to sureties and basic principles of litigation. It shall pass its verdict by a majority vote, which shall be binding on all parties and duly enforceable as same as final judgements.

The Panel shall fix the relevant arbitration fees and identify by which party shall be borne.

Article (15)

Without prejudice to any severe penalty provided for in other laws, any defaulter whoever violates any provisions of the law hereof or any of its implementing rules and resolutions shall be punished with a fine not exceeding Five Thousand Kuwaiti Dinars.

Conciliation may be made in respect of this crime, and whoever minutes the same shall after confronting the accused of it, offer conciliation and state such a fact on his record. Consequently the accused who is desirous in the conciliation shall within five days from the conciliation offer date pay half of the maximum fine fixed for the crime attributed to him to an extent of an amount not more than five hundred Kuwaiti Dinars. The conciliation shall result in abatement of the penal action at law including all its effects; but reconciliation may not be made in the event of recidivism.

Article (16)

The Minister of Commerce and Industry shall issue the Free Zones Organizing Resolutions and implementing procedure.

Article (17)

All Ministers, each within his jurisdiction, shall implement this law.

AMIR OF KUWAIT
JABER AL AHMAD AL SABAH

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