Law No. (15) for the year 2010
Concerning
Investment

On behalf of the people:
President of the Republic:

- Having reviewed the Constitution of the Republic of Yemen, and after the approval of the House of Representatives;

(We have promulgated the following law):

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 investment within the framework of State public policy, the national goals and priorities in the economic and social development field.

Article (3): For the purposes of implementing the provisions of this law, the following terms and expressions, wherever mentioned herein 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. **Authority President**: 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:** is 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 rights and other copyrights rights registered within or outside the Republic as long as they are protected under the 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 to the place of residence or the nationality, who owns an investment project in the Republic in accordance with applicable laws.

11. **Investment**: The investment of the Capital in the project by the investor to earn interest, intellectual property rights, material or intangible benefits, including incorporation expenses, project maintaining or maintenance expenses.

12. **Project**: is the investment project being established by the investor pursuant to this law.

13. **Promotion**: shall mean introducing Yemen as an investment attractive country and persuading the investors to establish and develop investment projects therein.

14. **Facilitation**/**Simplification**: helping the investor to obtain information, services and the necessary legal documents from the concerned government authorities through one-stop shop.

15. **Application form**: is 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 Register of investment.

16. **Investment Register**: Is the registry established by the General Investment Authority for the purpose of registration and documentation of the data and information of the investors and investment projects.

17. **Service Fees**: The fees prescribed by the Board of Directors against the administrative and technical services provided by the General Investment Authority.

18. **Implementing Regulations**: shall mean 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 weapons and explosives industry sector;

b) The provisions of this law are applicable to investments in the sectors identified in the preceding paragraph, save 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 Finance; and
4. Import and export,wholesale and retail trade.

c) The provisions of this Act are applicable only to projects that have been established in accordance with its provisions.

Part III
Guarantees and benefits

Article 5:

The State shall treat the foreign and local investors equally without discrimination with respect to all rights and liabilities, as well as the freedom to invest in any of the economic sectors, including partnership and individual ownership of the investment projects in accordance with the provisions of this Law.

Article 6:

The investor shall be entitled to purchase, lease or acquire the usufruct rights to land and buildings, whether owned by the private or the public sector, in accordance with the provisions of the applicable laws, for the purpose of constructing the investment project pursuant to this law.

Article 7:

a) The investor, whether being a natural or corporate person, after having fulfilled tax obligation, shall be entitled to transfer abroad, through authorized and registered banks, in any freely convertible currency, any amount for equity, principal and interests on the capital profits, royalties, management fees or license fees, make payment to suppliers and any other costs.

b) Any expatriate personnel working in the project shall be entitled, after having paid all applicable taxes and other liabilities, to transfer abroad, through authorized banks, the wages and remunerations they gain through their work in the investment project.

Article 8:

a. Subject to the provisions of the other paragraphs of 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, save for the public interest based on non-discriminatory basis, and in accordance with the provisions of the Constitution and the relevant laws.

c. Notwithstanding the provision of any law to the contrary, the following provisions shall apply with regard to compensation against 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 price 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 revaluation of the assessed compensation amount with 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 against the expropriated project and assets; and

5. The amount of compensation payable to the investor shall be paid on their dates of maturity without delay according to the provisions of this article. And in case of foreign investor, he shall be authorized to transfer the amount of compensation abroad in freely convertible currency.

Article (9):

Without prejudice to the provisions of the Labour Code and the laws in force, the investor may hire foreign technical staff to assist in the management of his investments and business in the Republic.

Article (10):

Protection of the intellectual property rights of the investors and investment projects is guaranteed by this Law and other laws in force, including their right to adopt trademarks, patents, copyrights and any 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. An authority in charge of promotion and facilitation of investment named "General Investment Authority" is to be established under this law with an autonomous financial status and accountability 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):

The General Investment Authority shall be, under the provisions of this law, the government body in charge of promotion and facilitation of investment in coordination with the competent authorities, and for that sake, it shall perform the following tasks and functions:

1) Prepare, develop and implement the national strategy for investment promotion;

2) Carry out promotional activities and building a positive image for Yemen abroad to attract investment;

3) Conduct surveys, promote investment opportunities available in the Republic, conduct researches and studies on the investment climate and the problems and obstacles 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 level of Yemen competitiveness as an investment location;

7) Receive and process the applications for registration submitted by investors to establish projects, and finalize registration procedures of the same in the investment register as set forth in the implementing regulations;

8) Assist investors with the relevant authorities to overcome the barriers and obstacles facing 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 proposals on the laws, regulations and decrees related to investment in the Republic, as well as the regional and international conventions dealing with investment; and

12) Study and report investment obstacles to the government, propose solutions and remedies to overcome such obstacles and propose amendments to any law or regulation related to investment activity, and such proposals shall have the priority in the agenda of the Cabinet for review and approval.

Article (13):

a) The General Investment Authority shall apply one-stop shop system.

b) All relevant authorities with regard to investment activity shall be represented in the one-stop shop system by qualified personnel to be appointed by such relevant authorities, who shall have direct competence to issue all permits required from their concerned authorities for the purpose of projects establishment and operation in accordance with the laws and regulations in those concerned authorities. The General Investment authority shall be entitled, in the event of a proved inefficiency of any such representative, to request their replacement, and the concerned competent authority shall appoint the substitute within thirty days to ensure proper functioning of the one-stop shop facilities.

c) The one-stop shop facility shall perform its functions under the management and supervision of the General Investment Authority, and GIA regulation shall regulate the tasks and functions performed by such facility within the one-stop shop system.

d) The implementing regulations shall determine the rules governing the one-stop shop system, as well as the competence delegated to the competent authorities in case of failure by the one-stop shop facilities to perform their functions or overstepping the identified timing limits for processing investors' transactions.

Article (14):

a) An investment register for investment projects subject to the provisions of this law is to be established within the General Investment Authority for statistical purposes, in which all projects' data and amendments that may be made shall be recorded. The implementing regulations set forth the conditions and procedures of data entry in this register.

b) Every investor wishing to invest in accordance with this law shall apply to the General Investment Authority for registration of his project in the

investment register in accordance with the procedures provided for in the implementing regulations.

c) The General Investment Authority to provide the competent authorities with the required statistical data based on the actual date recorded in the investment register.

d) Registration in the investment register and investor obtaining registration certificate in accordance with this law is a prerequisite for the project entitlement to the services of the one-stop shop.

Article (15):

a) The Authority shall have a Board of Directors to be 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 the Chambers of commerce and industry, whose membership shall be for a period of three years subject to renewal - ***members***.

b) The chairman of the Board of Directors shall identify, among the members of the board, one member to preside the meetings of the board in his absence.
c) The Board of Directors shall be entitled to call any officer of the relevant authorities, at its discretion, to review any project falling within the sector under the supervision of any of such authorities.

Article (16):

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

1) Approve the National Strategy of investment promotion, as well as the policies and programs emanating out of it and the budget required for implementation of the national strategy and its programs;

2) Approve the strategies, plans, programs and the annual budget for implementation of the national strategy of investment promotion;

3) 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 assess 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 principle of partnership between public and private sectors (PPP) to develop investment;

9) Determine the fees to be charged for the services provided by the General Investment Authority to the projects and investors; and

10) Carry out investment-related tasks assigned to it by the government.

Article (17):
The Board of Directors shall have a special bylaw setting forth the dates of the meetings of the Board of Directors and the voting system, which 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 this law.

Article (18):
The General Investment Authority shall have a chief executive officer to be appointed by a Republican decree who shall be accountable to the Board of Directors.

Article (19):
The chief Executive Officer of GIA shall undertake management and steering of GIA administrative, financial and technical affairs, and shall, in particular perform the following functions:

1) Preparetion of the national strategy of investment promotion in partnership with the competent authorities;

2) Preparation and monitoring the implementation of the draft annual budget after being approved by the Board of Directors;

3) Preparation and monitoring the implementation of GIA annual action plans, policies and programs after being approved by the Board of Directors, and submit quarterly reports on the progress of implementation;

4) Staff recruitment and lay-off pursuant to this law and other applicable laws;

5) Arrange and prepare the meetings of the Board of Directors and follow-up implementation of the Board resolutions;
6) Represent GIA in litigation and in its relations with third parties; and
7) Any other tasks provided for in accordance with the provisions of this Law and as may be assigned to it, from time to time, by the Chairman of the Board of Directors.

Article (20):

a) GIA resources shall be made up of the following:

1. Funds allocated for GIA in the Public Budget of the State;
2. Grants and donations received by GIA by donors as an additional support ;
3. Revenues earned or fees collected in consideration of the services rendered by GIA to the investors and investment projects existing prior or after the enactment of this law in support to GIA activities; and
4. Any proceeds generated by GIA investment of its funds obtained apart of the public budget.

b) The annual accrued funds earned through the aforementioned funding resources shall remain in GIA account and may not be posted to the public treasury, save for amounts stated in paragraph (1) of clause (a) of this article.

Article (21):

GIA funds are considered as public funds which are subject to monitoring by the Central Organization for Control and Audit (COCA) and may not become the property of third parties by prescription, and shall be disposed of in accordance with the provisions of this law and its bylaws issued thereunder.

Article (22):

a) GIA shall have an autonomous budget in accordance with the financial Acts in force.
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 (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 posts, a recruitment system subject to competition and marked with flexibility for hiring and selection of the staff and management of job affairs, provided that such system shall include technical standards and criteria to assess the performance and based on which the level of wages and lay-off shall be determined. A bylaw in this regard 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 and scores, as well as the adequacy of the financial resources for the volume of GIA duties and functions.

Part V
Settlement of investment disputes

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 preceding paragraph, the parties to the investment dispute may agree to settle the dispute amicably or through arbitration.

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

1. The arbitration rules and and procedures of any national or regional approved arbitration center; or

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 owned lands and the investor has finalized all contracts and permits necessary to establish the project, should any claim with regard to the ownership of the land arises, it should be addressed to the Public Authority of Area, Lands and urban planning. However, filing such a claim shall not hinder the progress of the work in the investment project.

Article (28):

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

Article (29):

a) Investment projects existing at the time of enactment of this Law and which already acquired tax exemption under Law No. (22) of 2002 shall maintain such accorded tax exemptions up to the end of the period set for such exemptions. However, such projects shall be required to pay the prescribed taxes and duties not covered by that exemption.

b) Registered investment projects in accordance with Law No. (22) of 2002 which did not commence their activity or production by the enactment date of this law shall commence their activities or production within a period not later than two years starting from the date of this law in order to enjoy the benefits provided for in paragraph (a).

c) Customs exemptions under Customs Act shall apply as follows:

1. Exemptions provided for in the applicable 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 whose constitutional procedures have been finalized. Any customs exemptions to the contrary of customs law are hereby annulled;

2. Fixed and imported assets to establish investment and industrial projects including machinery, equipment, fishing and marine freight vessels and aircraft for air transport based on the lists prepared and submitted by the General Investment Authority in accordance with the Customs Act and its implementing regulations;

3. Production inputs of licensed and registered industrial investment projects are exempted at 50% of customs duties in accordance with the relevant regulations and requirements provided for in the implementing regulation of customs Act, provided that the investor may not combine the two benefits of the exemptions contained in this paragraph and the exemptions contained in the international conventions in force to which the Republic is a signing party and in the convention for establishment of the Arab Free Trade Zone; and the investor shall have the option to choose one of them;

4. 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 actions related to identification of 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, as well as control and supervision of the projects in accordance with the provisions of this law; and

5. The General Investment Authority, Tax and Customs Authority shall exchange date and information and maintain continuous coordination for the implementation and application of the provisions of this article in compliance with the related provisions and terms of the relevant laws.

Article (30):
All competent authorities and governors of governorates shall make sufficient efforts and cooperate with the General Investment Authority to enforce the provisions of this law, so as to ensure provision of all facilities provided for in this law and coordinate with the Authority to implement its plans and programs within the framework of one-stop shop system.

Article (31):
All fixed and moveable assets, as well as the rights and liabilities and staff of the previous Authority shall be transferred to the General Investment Authority established under this law in accordance with the controls, standards and criteria identified by the implementing regulation of this law.

Article (32):

The implementing regulation of this law shall be issued by a decree of the Prime Minister based on the presentation made by the Board of Directors after the approval of the Cabinet within a period not later than six months as of the date of this law.

Article (33):
Investment Law No. (22) of the year 2002 is annulled with immediate effect as of the date of this law.

Article (34):
Any provision inconsistent with the provisions of this law are deemed annulled and void.

Article (35):
This law shall come into force as of the date of issue and shall be published in the official Gazette.

Presidency of the Republic – Sanaa

Ramadan 13, 1431 A.H.

Corresponding to:

August 23, 2010.

Ali Abdullah Saleh
President of the Republic