

**INVESTMENT LAW
NO. 22 OF 2002**

Contents

		<u>Pages</u>
<hr/>		
<i>Section I</i>		
Preliminary Provisions	Articles 1-3	1
<hr/>		
<i>Section II</i>		
Guarantees and Benefits Accorded to Projects		8
Articles 4-17		
<hr/>		
<i>Section III</i>		
Customs Duty and Tax Exemptions Accorded to Projects, Promoting Local Production and Increasing Exports		14
Articles 18-26		
<hr/>		
<i>Chapter I</i>		
Customs Duty and Tax Exemptions		14
Articles 18-23		
<i>Chapter II</i>		
Promotion of Local Production and Increasing Exports		22
Articles 24-26		
<hr/>		
<i>Section IV</i>		
General Investment Authority	Articles 27-37	25

<i>Section V</i>		
Projects Registrations Procedures and Exemptions		37
Articles 38-41		
<hr/>		
<i>Section VI</i>		
Investments Companies		41
Articles 42-57		
<hr/>		
<i>Section VII</i>		
Administrative Appeals and Settlements of Investment Disputes		46
Articles 58 – 63		
<hr/>		
<i>Section VIII</i>		
Obligation of Investors and Project Sponsors: Violations and Subsequent Penalties		50
Articles 64-68		
<hr/>		
<i>Section IX</i>		
Transitional Provisions		57
Articles 69-70		
<hr/>		
<i>Section X</i>		
General Provisions	Article 71-76	58

Investment Law No. 22 of 2002
Published by :
The General Investment Authority
Sana'a September 2002.

First edition
All rights reserved

“This translation of the original Arabic Text is made available to help the reader understand the Law. For legal purposes only Arabic text will be considered”.

For more information please contact :
Promotion Sector
The General Investment Authority
P. O. Box 19022
Sana'a, ROY

Tel: 00967-268205
00967-1-262962 / 3- 268201/2
Fax: 00967-1-262964 / 268205

Email: invest@giay.org

WebSite: <http://www.giay.org>

INVESTMENT LAW

In the name of the people,
President of the Republic, after reviewing the constitution of the
Republic of Yemen, and after the approval of the Council of
Parliament

Hereby decree as follows: -

Section I **PRELIMINARY PROVISIONS**

Article 1

This law is designed to promote and regulate the investment of Yemeni, Arab and foreign capitals, subject to the provisions of this Law within the context of the state general policy, goals and priorities of the national economic and social development plan, and not in contradiction with the Islamic jurisdiction, in all of the sectors except the following:

1. Exploration and extraction of oil, gas and minerals that are governed by special agreements.
2. Weapons industry and explosive materials.
3. Industries that harm the environment and health.

4. Banks and exchange bureaus
5. Financial trade, importing, wholesale and retail trade.

Article 2

For the purposes of executing the provisions of this Law and unless the content shall otherwise imply, the terms and expressions appearing in this Law, shall have the meaning shown against each, as follows:

1. Republic

Republic of Yemen.

2. Government

The Government of the Republic of Yemen

3. Minister

The competent Minister.

4. Authority

The General Investment Authority established pursuant to this Law.

5. Board of Directors

Board of Directors of the Authority.

6. Chairman of Board

Chairman of the Board of Directors of the Authority.

7. Executive Administration

The Executive Administration of the Authority.

8. Authority President

President of the Authority Executive Administration.

9. General Manager

General Manager of the Authority

10. Competent Body

The government agency concerned, or the executive in-charge of the sector in which a project is operating or to be established or for any matters relating to a project.

11. Regulation

The executive regulations issued by the council of ministers comprising procedural provisions, directives and rules required for the execution of this Law.

12. Project

Every activity, whatever its legal status, included in the areas of investment referred to in Article (1), and authorized pursuant to the rules and procedures provided for in this Law and the decrees issued in execution thereof.

13. Registration

Registration at the Authority to establish, expand or rehabilitate or undertake project amendments including issuance of lists of exempted requirements and other certificate issued or amended by the authority.

14. Investor

Every Yemeni, Arab or foreign natural person or juridical entity desirous of investing, owning or participating in a project pursuant to the provisions of this Law.

15. Investment Company

A Company established by investor or investors to establish investment project or projects.

16. Fixed Assets

Machinery, instrument, equipment, supplies, and spare parts needed to establish, expand or rehabilitate a project including buses especially designed to transport tourists, vessels for maritime transport and fishing and furniture and furnishings for hotels and hospitals whether imported, or locally manufactured or procured.

17. Invested Capital

In application of this Law, invested capital shall mean the estimated value of foreign or local capital invested in a project and shall be determined as follows:

I. Foreign Capital

- a. Freely negotiable foreign currency for investment in establishment, expansion or rehabilitating of projects, as well as freely convertible financial securities transferred to the Republic by an Arab or foreign person or persons for investment in a project.
- b. Fixed assets imported from abroad for investment in a project.
- c. Arab or foreign incorporeal rights such as licenses, patents and trade marks invested in a project and registered in the Republic which are protected under an international or bilateral agreement to which the Republic is a party.
- d. Profits and gains earned by investment of foreign funds in the Republic and converted to capital by reinvestment in a project.
- e. Land and buildings investment cost related to a project.

II. Local Capital:

- a. Local currency paid in Yemeni Rials by a Yemeni natural person or a juridical entity the majority of equity holders of which is Yemeni.
- b. Local incorporeal rights and assets furnished for use in establishing, expanding or rehabilitating a project.
- c. Profits and gains by investment of local funds in the Republic and which are converted to capital by reinvestment in a project.
- d. Evaluation of investment capital in part I (b) and (c) and in part II (b) shall be in accordance with the rules and procedures specified in the executive regulations.

18. Service Fees

Fees charged for a service or a benefit such as port fees, storage fees and the like.

19. Expansion

Addition of new fixed assets serving to increase a project's production capacity of goods and services, or manufacture of goods previously imported, or for the purpose of producing and supplying new goods and services provided such an addition is within the scope of activity carried out by the licensed project in conformity with the rules and procedures provided for in the Law and the decrees issued in execution thereof.

20. Rehabilitating

Full or partial replacement or exchange of the fixed assets of a project by installing other new or more sophisticated assets or updating existing fixed assets by adding new assets or parts thereof to improve the efficiency of operation and improve or rehabilitate the type of goods or services produced, or make them more advanced, as the case may be.

21. Production Inputs

All materials needed to operate a project such as raw materials, intermediate commodities, spare parts and maintenance requirements appropriate to the nature of the project's activity.

22. Transfer of Technology

- a. Licensing, transfer, sale, use of patents, expertise, trade marks and other incorporeal rights.
- b. Furnishing expertise, technical know-how or other engineering services in any manner or form.
- c. Management and marketing services and the like.

23. a. Authorized Capital

Total capital agreed upon by the founders in the company's articles of association under which they are authorized to establish the company.

b. Paid in Capital

That portion of the capital to be paid any time during the company's duration.

c. Issued Capital

That portion of the capital purposely issued to be put up for public or private subscription whether paid in at the time of subscription or over a given number of years.

24. The Law

The Investment Law No. 22 of 2002.

25. Day

The official working day.

26. Recruitment Regulation

Authority recruitment regulation issued by a prime minister decree as proposed by the President of the Authority with the approval of the Board of Directors.

Article 3

- a. The provisions of this Law shall be applicable to all projects registered under its provisions.
- b. Yemeni, Arab or foreign capital may invest solely or in partnership in any project pursuant to the provisions of Article (1) of this law.

Section II
GUARANTEES AND BENEFITS ACCORDED TO
PROJECTS

Article 4

The State shall guarantee Yemen, Arab and foreign investor's freedom to invest in investment projects in accordance with the provisions of this Law.

Article 5

Arab and foreign capital and Arab and foreign investors shall be on a par with Yemeni capital and Yemeni investors without discrimination with respect to the rights, obligations, rules and procedures set forth in this Law and the decrees and regulations enacted in the execution thereof.

Article 6

Projects registered in accordance with the provisions of this Law, whatever their legal status, shall be deemed to be private sector projects whatever the legal nature of the contributed capitals may be.

Article 7

Investment projects and companies and Arab and foreign investors shall be entitled to purchase or lease land and buildings owned by the private sector or the State to be used for the purposes for which the project is registered under this Law; all rights and dispositions

devolving on lands and buildings shall be recorded in accordance with the rules indicated by the executive regulations of this Law.

Article 8

Industrial and agricultural projects may open commercial stores, either solely or in collaboration with other projects, from which to sell their products, subject to the business of such stores being restricted to marketing such products regardless of the nationality of those participating in the capital or management of such projects.

Article 9

When making procurement for government or public establishments, a (15%) fifteen percent maximum preference in the price of the production of local agricultural and industrial projects shall be accorded over comparable imports, subject to quality being consistent with that of imported products.

Article 10

Investors shall be entitled to manage their projects in the light of their appraisal of economic conditions and the status of their businesses.

Article 11

No additional financial or other burdens or obligations shall be imposed resulting in violation of the principal of parity amongst private, public, cooperative and mixed sector projects carrying out the same type of activity which are established under this Law or any other Law.

Article 12

All project products shall be exempted from compulsory price regulation and profit limiting, provided project not creating or indulging in monopolistic practices or trying to fix prices in overt or implicit agreement with other producers or vendors of similar products and services.

Article 13

- a. Projects may not be nationalized or seized.
- b. Funds may not be blocked, frozen, or sequestered by other decision than the courts of Law.
- c. 1- All or part of project real estate may not be expropriated save for the public interest according to the Law and a final court judgment and against fair compensation on the basis of such market price on the issuance date of court judgment.
2- Compensation shall be paid not later than three months from the date of the court final decision.
3- In the event of a delay in payment beyond this period, the investor is entitled to request the revaluation of the compensation on the basis of the then prevailing price of that time and place.
4- The juridical verdict execution shall be concurrent with payment of the compensation defined in the juridical verdict.
5- In cases where the invested funds, subject of such action mentioned in the pervious paragraphs are foreign funds, such compensations may be freely transferred abroad and all the

procedures and restrictions concerning the regulating and banning of funds transfers outside Yemen shall not be applied.

- d. Consistent with the provisions of article (71) of this Law, project registration, and any right or exemption issued and accorded under this Law may not be nullified or withdrawn except upon a final juridical verdict.

Article 14

With out prejudice to the project's rights to benefit from any monetary facilities being made available by the competent authorities in this regards, the government is under no obligation to provide any foreign currencies needed to carry out the project or to cover its authorized foreign currencies transactions or fund its foreign currencies bank accounts the project shall be entitled to obtain the foreign currencies it requires at any time from its foreign currencies accounts.

Article 15

- 1- An investor shall be entitled to transfer abroad his foreign currency funds and net profit earned by investment or any of its accrued returns to any transferable currency.
- 2- The foreign investors shall have the right to retransfer abroad their invested capital upon liquidation or disposal, and not in contradiction with the procedures provided for in Article (19) of this Law, and in case of assignment the new owner shall replace the former owner in the rights and claims and in accordance with provisions of this Law.

Article 16

Projects may import directly or through some other party, their requirements to establish, expand, rehabilitate or operate the project including fixed assets, means of transportation and production inputs appropriate to the nature of their activity. The Authority shall be the competent body to approve project exempted imported requirements. Customs authorities shall release such exempted imports on arrival promptly upon presentation of the project lists of requirements issued by the Authority without the need for any other documentation or procedures.

Article 17

- a. Project shall recruit and train the maximum number of Yemenis possible, and shall present replacement plan of Yemeni cadres substituting the foreign cadres within appropriate period of time and according to the nature of project, and project may recruit non-Yemenis in accordance with the requirements stated in its requirements list and are entitled to obtain work permits and residence visa for such personnel for three-year period renewable upon a recommendation of the authority. The executive regulations shall indicate all matters relating to advertising posts available, the issue and renewal of work and residence permits for foreigners, the procedures and timing to be observed in this regard, renewal fees and fines for delays as well as cases where exemption may be made to them.

- b.* Projects shall be at liberty to recruit, discipline and temporary layoff personnel as may be deemed fit by project management, subject to adhering to the terms of the contract of employment and to the provisions of labor Law and the fulfillment of all rights provided for in favor of the staff member.

Section III
CUSTOMS DUTY AND TAX EXEMPTIONS
ACCORDED TO PROJECTS,
PROMOTING OF LOCAL PRODUCTION AND
INCREASING EXPORTS

Chapter I
Customs Duty & Tax Exemptions

Article 18

- a. Fixed assets imported to establish, expand or rehabilitate a project shall be exempted from all types of customs duties and taxes, save for the service fees specified in Article (2) paragraph (18) of this Law subject to their being imported during the period specified in the project requirement list.
- b. It shall suffice to present the project requirement lists and its list of duty free imported fixed assets and nonexempt production input requirements issued by the Authority to obtain exemption at the Customs posts and entries without the need for an approval or a declaration from any other agency.
- c. The exemption provided for in paragraph (a) shall not be refused or limited in any of the following cases:
 - 1- Should the exempted fixed assets that arrived to the port is less than its value specified in the project requirement lists certificate.

- 2- Should the total value of the exempted assets not exceed by more than (10%) ten percent the delivered to port (CIF) value specified in the registration certificate denominated in foreign currency.
 - 3- Should the arrival date is delayed by less than (6) six months after the date specified.
 - 4- Should there be minor differences in the items or types indicated in the project requirement lists according to the controls and standards indicated in the executive regulations.
- d. Should there be differences in the value, timing, items or types that exceed the limits specified in paragraph (c) of this article or should the project need new fixed assets, the Authority shall be responsible for issuing amended project requirements lists and prerequisites, or changing them as it may deem appropriate in the light of convincing justifications presented to it.
 - e. The cost of spare parts and maintenance requirements exempted under paragraph (a) shall not exceed (10%) ten percent of the total value of the imported fixed assets to be exempted, during the permissible exemption period.
 - f. When deciding on exemptions for imported fixed assets, the Authority shall take into consideration preference for local production, should such production satisfy the requirements of the project with respect to specifications and prices.
 - g. Fisheries, livestock and agricultural production inputs shall be exempted from Customs duty throughout the execution of activity by the project, and production inputs of other projects shall be exempted (50%) fifty percent of all the customs duty throughout

the execution of activity by the project including the established, licensed and registered projects

- h. It shall be stipulated that in order to exempt furniture, furnishing and fixtures for hotels, hospitals and educational projects imported for the purpose of replacement and rehabilitating, that furniture, furnishings and fixtures intended to be replaced have already served a project for a period of not less than five years pursuant to the standards and basis described in the executive regulations.

Article 19

- a. The projects lists of requirements and Customs exemptions provided for in Articles (16), (18) and (19) of this Law, shall be deemed to be relating to projects registered by the Authority.
- b. Imported fixed assets exempted from Customs duty and taxes in accordance with Article (18) may not be disposed of , unless the project or the investor:
 - 1. Notifies the Authority of the required disposition and the authority should not refuse the disposition unless the disposition is in contradiction with the effective regulations. Its lack of response within (30) thirty days shall be deemed as approval.
 - 2. Pay all Customs duty and taxes on all exempted fixed assets as determined at the time of sale according to its book value.
- c. Should the authority be convinced that the project suffered circumstances beyond its desires that hindered its activities or if this_circumstances was the cause of project burdens, the authority may and based on an appeal from the concerned parties exempt

the portion that it deemed appropriate of the fixed assets customs duty and taxes, the authority may exempt the project altogether from payment in case of disposal to another project entitled to benefit from the exemption of the same assets.

- d. Projects shall maintain formal accounting records in which they shall specify the location and use of goods imported on behalf of the project pursuant to the provisions of this Law.
- e. The Authority has the right to inspect the project locations and records during the working hours to verify that the use or disposal of goods and assets has taken place in accordance with the purpose designated and specified by the Authority, the executive regulation shall specify all the rules and provisions related to inspections procedures.

Article 20

Without prejudice to any more advantageous tax exemption granted, or to be granted, under any other Law, all projects shall enjoy exemption from taxes in the following manner:

1. Projects shall be exempted from profit tax for (7) seven years and the investment projects extensions issued by the Authority shall be exempted from profit tax for seven years pursuant to this law. Starting from the date on which they commence production or activity, as the case may be. The Authority shall be the body responsible for determining the date of commencement of production or activity. The Council of Ministers, upon a recommendation by the Authority's Board of Directors, may specify certain projects or fields of activity that shall be entitled to

benefit from the exemption provided for above for periods ranging from (7) seven to (10) ten years as the Council may deem fit in accordance with the exigencies of the public interest. To this end, the Authority shall issue periodic lists of projects subject to the provisions of this paragraph.

2. Projects shall be exempted from the real estate tax.
3. Contracts establishing projects, and all project related contracts until implementation is complete, shall be exempted from the notarization fees, the Authority determining which of such contracts are project related as well as the date of completing the implementation.
4. Projects shall be exempted for five years as of the date of commencement of production or activity, as the case may be, from all taxes and fees specified under the provisions of Article (64) of this Law on the proceeds from licensing the use of imported technology utilized in the project.
5. a. Interest on loans granted by local and foreign banks operating in Yemen to finance establishing or expanding or rehabilitating projects shall be exempted from (50%) fifty percent of taxes levied thereon.
b. Dividends distributed by projects established under this Law shall be exempted from income tax.
c. The taxation authorities concerned shall implement the foregoing exemptions promptly upon presentation of the project tax exemption certificate.

Article 21

1. The exemption referred to in Paragraph (1) of Article (1) shall be extended for an additional two years for each of the following project conditions which are realized:
 - a. Should the project be established in investment zone (b) referred to in Article (22) of this Law or should project establish in this zone not less than (50%) fifty percent of the total project component.
 - b. Should the project be owned by a joint stock company in which public subscription of Yemeni nationals is no less than (25%) twenty five percent of the paid in capital.
 - c. Should the proportion of the local component of fixed assets exceed (25%) twenty five percent of the total value of the project's total fixed assets, the Authority shall be the competent body to increase such proportion.

In all cases the total period of exemption granted in accordance with the provisions of this Article shall not exceed sixteen years starting from the commencement of the project production or activity.
2. Should a project incur losses during profit tax exemption years or any one year thereof, losses accumulated during such year (s) in which they occurred shall be deducted and carried forward for no more than three years, with effect from the first year following the exemption years, subject to submitting tax declaration from certified public accountant approving the accounts for those years.
3. In addition to the provisions of Article (20) and the preceding paragraphs and the provisions of this article, projects upon

expansion shall be accorded the same tax exemptions for the same duration according to the value added to the expansion relative to project total capital registered at the authority.

Article 22

- a. In order to benefit from the increased exemption provided for in paragraph (a) of the preceding Article, the Republic shall be divided into two investment zones (a) and (b) according to standards specified by the Council of Ministers for each. Zone boundaries shall be delineated by decree of the Council of Ministers. The council of Ministers may amend such boundaries every five years according to the development exigencies and requirements therein.
- b. Upon a proposal by the Board of Directors, the Council of Ministers may exclude one or more sectors in any investment zone, or any part thereof and accord such sector, or part thereof, the exemptions granted in the other zone or any sector therein.

Article 23

For projects to benefit from the tax exemptions provided for in Articles (20) paragraph (a) (1) and article (21) of this law, the following conditions shall be met by the projects:

1. With the exclusion of construction, agricultural and small projects --in which a number of employees not less than ten-- the value of fixed assets shall be no less than Y.R. fifty millions, or the equivalent thereof in freely convertible foreign currency. In calculating such value, funds invested in land and buildings shall

not be included. The Authority shall be the competent Authority concerned to determine such value.

2. The number of housing units in housing projects shall be no less than (50) fifty units built to the specifications of, and on the terms specified and approved by the Ministry of Works and Urban Planning, and shall be reserved for home ownership or rental to third parties.
3. Tourist establishments shall be rated at no lower than three stars according to the competent authority ratings.

Chapter II **Promotion of local Production** **and Increasing Exports**

Article 24

With a view to protecting local production and upon a recommendation of the Authority, the Customs Tariff Committee should impose or increase Customs duty on the import of made-up goods competing with local production that rely on local material on it's production and subject to the following being taken into consideration:

1. Consumer interest in the specifications of such goods, in particular with respect to quality and price.
2. Protection shall not entail the creation of any form of monopoly or control of the encouraged commodities.

Article 25

- a. With the exclusion of service fees, the minimum level of fees and duty charged on imported end production commodities which are comparable to locally-produced commodities shall be no less than the total fees and duty charged on production inputs and on local production during its various stages.
- b. In the case of any increase over the fees proportion referred to in the preceding paragraph, the relevant project shall be granted a reduction in the total fees and duty referred to, equal to the increase by means of a Discount Voucher issued by the Authority to the

project in accordance with terms and procedures to be indicated in the executive regulations. The Discount Voucher shall indicate the reduction granted and production inputs benefiting there from.

- c. It shall suffice to present the Discount Voucher given to the project by the Authority to obtain the reduction at the Customs point and the Tax Authority as the case may be without need for any further approval or procedure.
- d. When the increase diminishes or is eliminated as a result of amendments to the tariff schedule or any other factor, the reduction granted to the project shall be reduced by the same rate as the diminishing difference, or shall end when the difference ends, as the case may be, according to a decree to be issued by the Authority to that effect.

Article 26

Any existing project that exports all or part of its production abroad shall be entitled to the following:

1. Exemption from all fees or taxes of any kind levied on exports.
2. Exemption from production and consumption excise or any other taxes levied on goods and services exported abroad which are produced by projects registered under the Law.
3. Exemption of tax payable on profits earned from export revenues after termination of the exemption period accorded to the project, subject to such profit being transferred in foreign currency to the Republic through an authorized bank.
4. Recovery of all Customs fees and duties of whatever kind paid on imported inputs included in that portion of production exported.

Should it not be possible to make the recovery in cash, the Authority shall issue to the project a Rebate Voucher to the extent of the amount due to it, which the project has the right to use to settle Customs fees and duty payable on future imports. Use of the Rebate Voucher in such case shall be deemed to be a cash payment. The executive regulations shall specify the procedures, timing and rules to be observed to recover customs fees and duty receivable, the issuing of Rebate Vouchers and their use pursuant to the provisions of this article.

5. Export on its own or through an intermediary without license or need for registration in the Exporters Registry.

Section IV GENERAL INVESTMENT AUTHORITY

Article 27

- a. Establishment of a General Investment Authority as a juridical entity with an autonomous financial status and accountability to the Prime Minister.
- b. The Authority's head office shall be in Sana'a and it shall have branches in locations within the Republic designated by the prime Minister, exercising the Authority's functions in the manner to be specified in the decrees establishing them in the light of controls and principles to be set forth in the executive regulations. The Authority may also have offices outside the Republic created by decree of the Chairman of the Board of Directors upon a recommendation by the President of the Authority and with the approval of the Board of Directors.
- c. The Authority shall have an Executive Administration composed of specialists and administrators appointed in accordance with the terms and conditions Stated in the Authority recruitment policy.
- d. Appointment of the President and General Manager of the Authority shall be by Republican Decree.
- e. Offices shall be set up in the Authority representing :
 1. Ministry of Industry and Trade.
 2. Ministry of Works and Urban Planning .
 3. Ministry of Public Health and Population.
 4. Ministry of Social Affairs and Labor.

5. Passports Authority.
6. Customs Authority.
7. Taxation Authority .
8. General Tourism Authority.

and other specialized agencies that the council of Ministers decides shall have offices representing them in the Authority. These offices shall have direct authority to issue all permits and approvals required of such agencies for the purpose of establishing or operating projects by virtue of the provisions of this Law. The offices shall be administratively responsible to the Authority and subject to its direct orientation and oversight as may be specified in this connection by the Authority's bylaws in this regard.

Article 28

- a. The Authority shall execute the provisions of this Law and to this end may:
 1. Receive applications made by investors or projects and register them in accordance with the rules, procedures and conditions specified by virtue of the provisions of this Law.
 2. Issue exempted project requirement lists related to carrying out, expanding, rehabilitating or operating projects, and to the rights, exemptions and benefits accorded to them pursuant to the provisions of this Law.
 3. Obtain, on behalf of projects sponsors, all approvals needed to carry out and operate their projects.

4. Assist projects in dealing with agencies concerned to overcome any impediments or obstacles facing project implementation and operation.
5. Allot lands needed to establish projects and sign the relevant contracts on behalf of the agencies concerned. Such agencies are obliged to furnish the Authority with all maps and information concerning land available for such purposes, including rules and conditions of contracting therefore.
6. Study the Laws, regulations and decrees relating to investment in the Republic, as well as regional and international agreements dealing with investment matters and make appropriate proposals in that regard.
7. Make necessary appraisals of troubled projects in coordination with the competent agencies concerned, and make appropriate proposals to remedy any impediments or obstacles encountered.
8. Conduct research relating to investment and the problems and obstacles hampering effective promotion and orientation of investment to serve development purposes and make appropriate proposals in this regard.
9. Identify investment opportunities and viable projects available for investment in the Republic, and promote them in the likely prospective investors mediums in the Republic and abroad.
10. Prepare and publish lists of feasible investment opportunities and projects to which Yemeni, Arab and foreign capital could be invited to invest pursuant to the provisions of this Law.
11. Collect and publish information and statements needed to familiarize investors with the investment climate in the Republic

and facilitating the acquisition of studies, information and data needed for project establishment by potential investors.

12. Keep a record of invested capital in the units of currency in which received, if cash, valued in kind subscriptions, and review the valuation of invested capital upon disposal or liquidation for re-export or transfer abroad.
 13. Approve the transfer of net profits and retransfer of capital abroad after examining the documents concerning a project's financial position and verifying, in particular, that reserves and allocations provided for in Law and in recognized technical and accounting practices have been set aside, and that taxes have been paid upon completion of the exemption period provided for in this Law.
 14. Carry out other duties and functions assigned to the Authority in matters relating to investment or project transactions and related issues.
- b. The Authority may sue in its own name, and defend itself in suits against it, in all matters relating to its business and duties concerning execution of the provisions of this Law.
 - c. The Authority shall have the competence to own and dispose of any moveable or non-moveable property in accordance with the Expropriation Law, as well as to sign contracts and transactions needed for it to carry out its duties.
 - d. The Authority shall have the competence to purchase or lease lands for the purpose of establishing projects, industrial area's or complexes and investment zones that may be set up in accordance with the provisions of this Law. It may also, with the approval of

the council of Ministers upon a recommendation by the Authority President, reserve and expropriate lands that it deems necessary to achieve this end in conformity with the Expropriation Law and against fair compensation to its owners on the basis of the price for that time and place. The Authority may re-grant interested projects and investors the ownership or leasing of such lands according to the principles and conditions approved by the Board of Directors ensuring that prices, rents and terms of ownership or lease are encouraging.

- e. The Authority, by resolution of the President of the Authority upon the request of the parties concerned, may assist in all or part of the cost of studies and research relating to exploring investment opportunities and project feasibility or investment conditions and issues in the Republic which the President of the Authority considers to be beneficial in facilitating the Authority's business and achieving its objectives in execution of policy endorsed by the Board in this regard.

Article 29

The Authority shall have a Board of Directors composed as follows:

- | | |
|--|---------------|
| 1. Prime Minister | Chairman |
| 2. Senior Vice-Premier | Vice-Chairman |
| 3. Foreign Minister | member |
| 4. Minister of Industry and trade. | member |
| 5. Minister of Petroleum and Mineral Resources | member |
| 6. Minister of Planning and Development | member |
| 7. Minister of Finance | member |

- | | |
|---|------------|
| 8. Governor of the Central Bank of Yemen | member |
| 9. President of the Authority | member |
| 10. Minister or Deputy Minister of the agency concerned who shall be entitled to attend meetings and vote when subjects concerning sectors the agency oversees are being considered | member |
| 11. Chairman of Federation of Chambers of Industry and Commerce | member |
| 12. General Manager of the Authority. | rapporteur |

Article 30

The Board of Directors shall be deemed to be the supreme authority overseeing the affairs of the Authority, disposing of its business and formulating the policies it pursues. It may take such decisions as it deems necessary to achieve the purposes for which it was established. In addition to the powers and competence provided for in this Law, the Board shall, in particular, carry out the following:

1. Formulate Policies relating to the Authority's competencies in the context of overall State policy.
2. Approve plans and programs for the Authority activity in the context of State general plan.
3. Act to develop the Authority's activity on basis of modern technical and administrative systems including the standards, methods and rules of project appraisal in accordance with the provisions of this Law, and keeping pace with the various

developments that have impact on the reality of the national economy and requirements of State general policy.

4. Consider the periodic reports presented by the President of the Authority on progress of work in the Authority and matters relating to the investment conditions, climate and issues in the Republic and take whatever action is required when needed.
5. Consider the financial position of the Authority and approve its draft annual budget and closing Statement of accounts.
6. Approve the contracting of loans and credit facilities offered to the Authority under government, bank or specialized financial institution guarantees in accordance with established rules and regulations, subject to the purposes thereof being restricted to financing the Authority's activities to the extent of the competence provided for under the provisions of Article (28).
7. Perform the tasks assigned to it by the Government in investment related matters.
8. Consider matters presented by the Chairman of the Board relating to investment issues that are within the competence of the Authority, so that decisions needed in this regard may be taken when necessary.
9. Determine fees for the services provided by the Authority to projects and investors.

Article 31

- a. The Authority's Executive Administration shall execute the policies and resolutions of the Board of Directors and conduct of all the Authority's duties provided for in Article (28). It shall also

exercise all competence vested in the Authority by virtue of the provisions of this Law, save those wholly retained by the Board of Directors, in conformity with all the rules, procedures and provisions provided for in this Law and the regulations and resolutions enacted in execution thereof.

- b. Authority personnel designated by decree of the Minister of Justice in agreement with the President of the Authority shall be vested with the powers of judicial enforcement to the extent of their competence.

Article 32

- a. The Board of Directors shall meet at least once every three months at the invitation of the chairman, or in the event of his absence, the Vice-chairman. The invitation shall be addressed to Board members no less than three days before the date of a meeting. In urgent cases such period need not be adhered to. The Board may also meet at the request of one third of members should this be necessary. A quorum shall be constituted by the attendance of a majority of members. Resolutions shall be adopted by a majority of the members present. In case of a tie, the session's Chairman shall cast the deciding vote. The executive regulations shall determine the internal rules and procedures for the conduct of Board of Directors business.
- b. The Board of Directors may constitute one or more committees composed of its members to which it may delegate some of its competencies or assign to perform certain tasks within its purview.

Article 33

The President of the Authority shall oversee the execution of the general policy formulated by the Board of Directors and shall, in particular, perform the following functions:

- a. Oversee the management of the Authority, and control and develop work processes to ensure achievement of its objectives.
- b. Arrange and prepare for meetings of the Board of Directors and monitor execution of Board resolutions.
- c. Appoint staff according to the provisions of the Law and the Authority recruitment policy.
- d. Form internal committees to perform certain tasks to assist in achieving authority objectives.
- e. Oversee the preparation of draft plans and programs relating to Authority activities for presentation to the Board of Directors.
- f. Represent the Authority in litigation and in relations with third parties.
- g. Oversee preparation of the Authority's proposed budget and closing Statement of accounts.
- h. Oversee Authority offices located within the Republic and abroad.
- I. Exercise all other authorities vested in him in accordance with the provisions of this Law and as may be assigned to him by the Chairman of the Board of Directors.

Article 34

- a. The General Manager shall act as Vice President of the Authority and shall assume responsibility in case of the President's absence.
- b. The General Manager shall be responsible before the president of the authority for managing the Authority's Executive administration and disposing of its business and executing the President of the authority directives according to the policies approved by the Board of Directors and shall exercise the following authorities:
 1. Oversee all Authority departments, divisions and units and coordinate their activities.
 2. Conduct Authority business administratively, technically and financially and develop working processes to achieve the Authority's objectives.
 3. Enter into contracts on behalf of the Authority to the extent prescribed in the Authority's bylaws, within the limits of his authority, or as may be vested in him by the Board of Directors or the president of the Authority.
 4. Assist the President of the Authority to execute the resolutions of the Board of Directors.
 5. Exercise all the authorities vested in him by the Chairman of the Board, the Board of Directors or the President of the Authority.
 6. Prepare periodic reports on Authority activity and level of performance and make the necessary proposals for improvement.
 7. Prepare draft plans and programs relating to Authority activities for presenting such to the President of the Authority.

Article 35

- a. The Authority shall have an autonomous annual budget drawn up and executed according to rules specified in the authority executive regulations without being restricted to provisions relating to the budgets of public organizations and authorities.
- b. Authority funds shall be deemed public property, and may not become the property of third parties by prescription and shall be disposed of as indicated in the Authority bylaws.

Article 36

The resources of the Authority shall be made up of the following:

- a. Revenues earned in consideration for services rendered or fees collected in the course of the Authority's activity in accordance with the terms and conditions provided for under the provisions of this Law.
- b. Loans and credit facilities contracted for by the Authority and permissible by Islamic Sharia and pursuant to the procedures and conditions provided for in Article 30 (6) of this Law.
- c. Grants and donations approved by the Board of Directors.
- d. Allocations earmarked by the government in the Authority's budget.

Article 37

The Authority's bylaws shall be enacted by a decree of the prime Minister and shall include a definition of the Authority's administrative divisions and the functions of each, as well as all

matters relating to budget, accounts, expenditure, employment and other provisions needed to execute the provisions of this Law.

Section V
PROJECT REGISTRATION AND EXEMPTION
PROCEDURES

Article 38

a. No Investment project may be established, expanded or rehabilitated under the provisions of this Law only after registration at the Authority on the basis of an application submitted to it in writing on the form devised for that purpose at the authority.

The Authority shall decide acceptance or rejection of the application within (15) days following the date on which the application was presented complete with all documents and information required. The Authority may extend such period for not more than (10) additional days in the case of applications relating to the construction of large- scale projects.

b. Agencies concerned shall take their decisions approving, rejecting or requiring amendments within a period not exceeding (15) days following referral of the request to them by the Authority. The Authority may take a decision on an application for a registration without referring to the agency concerned and without requiring its approval in any of the cases indicated in the executive regulations.

c. Lack of a reply within the periods specified in the preceding paragraph (a) and (b) shall be considered approval. In case of rejection, the decision shall be substantiated. The party concerned

may appeal the decision in accordance with the provisions of Section VII of this Law.

- d. The executive regulations shall indicate the application form and papers and documents that must be presented for a decision to be taken in accordance with the provisions of this Article.

Article 39

1. The tax exemptions provided for in Articles 20 (a) (1,2,4) and article (21) of this Law shall be granted according to the following procedures:
 - a. The Authority shall be notified when the installation of fixed assets in the projects is completed and the date of commencement of production or pursuit of activity before any products are put on the market or services made available to the public, as the case may be.
 - b. An application, with all substantiating evidence of entitlement to the exemption in accordance with the provisions of this Law, shall be presented to the Authority within 90 days following commencement of production or pursuit of project activity.
 - c. The Authority may examine the project and its records and assets to verify the conditions needed for Tax Exemption requested.
 - d. The Authority shall issue, within (60) days following receipt of all documents needed, the Tax Exemption Certificates granted to the project.

2. The taxation authorities concerned shall execute the exemption promptly upon presentation of the certificate mentioned in Paragraph (1-d) of this Article.
3. The executive regulations shall determine the exemption application form and the supporting documents issued by the Authority in this respect.

Article 40

Any project may be expanded or rehabilitated according to the following procedures:

- a. The application submitted to the Authority to register a project may provide that the project will be executed in phases, subject to the application including all information needed, as the case may be. In such case the project registration certificate may indicate that registration certificate cover all phases needed.
- b. Project shall register at the Authority in case of undertaking any project expansion or rehabilitating. Decisions on application for expansion and rehabilitating shall be governed by the same rules and procedures needed for applications to establish projects.
- c. Projects expansion and rehabilitating shall enjoy the guaranties, rights and exemptions provided for in this law.

Article 41

- a. A register of investment projects governed by the provisions of this Law shall be established in the Authority to record all basic data and information relating to registered projects and all modifications thereto. The executive regulations shall specify

procedure and fees for registration, modification, deletion, and issue to those concerned or publish of formal extracts of the official record or publish them.

- b. Investors shall notify the Authority of any major modification taking place to registered projects. A major modification shall be any change affecting how it is treated according to the provisions of this Law. In the event of any major modification occurring in a registered project prior to its implementation; investors shall be required to suspend such modifications pending completion of formalities relating to a decision on the modification. Major modifications in registered projects shall be governed by the same procedures as those governing the project registrations upon establishment specified in this Law and the executive regulations thereto.

Section VI INVESTMENT COMPANIES

Article 42

1. Without prejudice to the provisions of Article (43) of this Law, the establishment of an investment company and the amendment of its articles of association shall be upon a decree issued by the Authority President pursuant to the provisions contained in this section.
2. When established, investment companies shall take any of the legal forms provided for in the Companies Law and the civil Law, subject to joint stock companies that put up their shares for public subscription or limited stock partnership companies satisfying the following conditions:
 - a. Founders shall number no less than two and the founders' subscription to capital shall be no less than 20%.
 - b. Non-Yemeni subscription to capital shall not exceed (45%) forty five percent of paid in capital. That proportion may, by decree of the council of Ministers, be increased according to exigencies of the public interest upon a proposal by the Board of Directors.

Article 43

The founding of a joint stock company putting up its shares for public subscription, or amendment of its statutes, shall be by resolution of the Board of Directors of the Authority as presented by the Authority's Executive body in accordance with the provisions of this Law.

Article 44

Joint stock companies that do not put up their shares for public subscription companies may be founded, or may amend their statutes, by a decision of the president of the Authority in accordance with the provisions of this Law.

Article 45

The resolution licensing the foundation of a company or amending its statutes or articles of incorporation shall be issued within (15) days following the date of submission of a completed application which shall meet all the conditions Stated in Article (42) of this Law within (45) days for companies Stated in Article (43) of the Law. Should such period elapse without issuance of a resolution thereon the company shall be deemed to have been legally founded and the amendment approved and publishable in the official gazette. It shall be required that registration formalities pursuant to regulations in force be completed without objection.

Article 46

Paid-in capital of joint stock companies that put their shares up for public subscription shall be no less than (20 %) twenty percent of capital.

Article 47

Capital of an investment company may be paid wholly in foreign, local currency or in both, as may be agreed upon by the investors. The

company's statutes, articles of incorporation, books and records shall show each investor's subscription to company capital in the currency invested. A company may also issue shares, stock in either or both foreign and local currency.

Article 48

- a. A joint stock company's shares shall be nominal or to bearer, but shall remain nominal until the full value is paid in. A nominal share holder upon full payment of the value may request that the shares be converted to bearer bonds unless otherwise provided for in company statutes.
- b. No share's nominal value may exceed Y.R. 50.000 or the equivalent thereof in freely convertible foreign currency.

Article 49

A joint stock company may issue, stocks and shares at a premium subject to such fact being recorded in the company's establishment instruments at the Authority.

Article 50

A joint stock company shall be managed by a Board of Directors, company statutes determining members number which shall be no less than three. A member of board of directors may appoint someone other than himself as his representative in the membership of the Board regardless of the subscription in the company or nationality of such proxy. Furthermore there shall be nothing to prevent a person

being a member of the Board of more than one public joint stock company.

Article 51

Representation of shareholders on a company's Board of Directors shall be proportional to the number of shares held, regardless of any provision providing otherwise in other Laws and regulations.

Article 52

A joint stock company's statutes may provide for the following:

- a. Authorized capital upon foundation may amount to three multiples the issued capital.
- b. Issued capital may be increased by issuing new shares, pursuant to a resolution by the company's Board of Directors, to the extent of the authorized capital subject to all previous issues being subscribed to.

Article 53

Without prejudice to the provisions of Articles (3) and (42) of this Law, Yemeni and non-Yemeni subscriptions shall not be governed by any specific proportion in investment companies regardless of any provisions providing otherwise in any other Law.

Article 54

Investment company shares and founders' shares may not be circulated during the first two years of a company's duration save with the approval of the Authority's Board of Directors.

Article 55

Projects that take the form of joint stock investment companies may invest part of their capital in subsidiary projects outside the scope of this Law, as may be decided by the Authority's Board of Directors. Guarantees, benefits and exemptions provided for in this Law shall not apply to such subsidiary projects or invested funds, without prejudice to the rights of such project to benefit from any guarantees, benefits or exemptions provided for under other Laws.

Article 56

Without prejudice to the companies law and commercial register, all investment companies shall indicate the following information in all their documents, correspondence and any literature they distribute to the public:

- a. Company name.
- b. Legal status.
- c. Address of company Head office.
- d. Commercial Registry number.

Article 57

All matters not regulated by an expressed provision in this Section shall conform to the provisions of the Companies Law and the authority shall replace the ministry in executing the indicated law provisions upon the investment companies.

Section VII
ADMINISTRATIVE APPEALS AND
SETTLEMENT OF INVESTMENT DISPUTES

Article 58

The Authority and all other parties concerned shall settle all problems or obstacles encountered by investors or investment projects and shall seek to solve them by all expeditious and appropriate means. The executive regulations of this Law shall indicate all rules and procedures regulating such action.

Article 59

Investors and projects may appeal decisions by the authorities concerned infringing on their interests in accordance with the provisions of this Law, by applying in writing to the decision making authority or to the President of the Authority within thirty days following notification of the decision. The party appealed to shall decide on the appeal within twenty days of its submission. Elapse of such time without reply shall be deemed an acceptance of the appeal and in such case the party appealed to should rectify its decision in consistency with the appeal submitted by the investor. If appeal was rejected, the appellant shall be entitled to submit his appeal to the Prime Minister who shall take a decision thereon in ten days or refer it to the Council of Ministers to take such decision as may be appropriate within no more than thirty days.

Article 60

An appeal regarding decision provided for in the preceding Article may be filed directly with the competent court after exhausting the appeal before the president of the authority or the prime minister, and may be referred to an arbitration tribunal to be agreed upon without the need for continuing with the administrative appeal.

Article 61

Without prejudice to the right to resort to Yemeni courts, investment disputes relating to the execution of the provisions of this Law arising between the Government and a project may be settled by arbitration resorting to any of the following procedures as may be selected by the investor or the project:

1. The Standardized Agreement for Arab Capital Investment in Arab Countries.
2. The International Convention for the Settlement of Investment Disputes between the State and the nationals of another State.
3. Any international or bilateral agreement to which the Republic is a party.
4. Commercial arbitration rules and procedures of the United Nations' Commission on International Trade Law at the nearest regional center for international commercial arbitration using such rules.
5. Rules and procedures of arbitration within the Republic of Yemen.

Article 62

- a. Settlement of disputes arising between investors in a project or between a project and other projects shall be through the medium

of either Yemeni courts of Law or arbitration on the basis of a written agreement between the parties concerned executed in advance or at any other time. It may also be part of any other written agreement including the documents establishing a company.

The arbitration tribunal shall be composed of a member selected by each of the two parties to the dispute and a third member agreed upon by the two parties concerned, who shall preside over the tribunal. Should they fail to agree on his selection or fail to delegate some other person, party or organization to make such selection, the president of the Authority shall make a selection.

- b. With the exception of that which is explicitly provided for in the provisions of this Law and the executive regulations thereto, or as may be explicitly agreed upon by the parties concerned or as may be decided by the majority vote of the arbitrators, arbitration may be conducted according to the rules for conducting commercial arbitration of the United Nations commission on International Trade Law prevailing at that date.
- c. Disputes relating to agreements on the transfer of technology shall be applicable to the parties concerned before the courts of Law in the Republic and all parties involved shall be entitled to settle disputes by arbitration in accordance with the provisions of this Article.

Article 63

Decisions reached by arbitrators issued in accordance with the rules set forth in this Section shall have the same power and effectiveness of

the rulings of Yemeni courts and the courts of competence in the Republic shall order that they be enforced promptly upon receipt of a request in writing to this effect from the party concerned.

Section VIII
OBLIGATION OF INVESTORS AND PROJECT
SPONSORS: VIOLATIONS AND SUBSEQUENT
PENALTIES

Article 64

- a. At the end of the exemption period provided for in Article 20 (4), projects licensed to use foreign technology in production or in the pursuit of their activity against regular royalties paid to the foreign licensors shall deduct and pay to the competent taxation authorities 10 percent of such royalties for the following:
 1. Rights to benefit from trade mark licenses.
 2. Rights to benefit from patent licenses.
 3. Rights to benefit from technical know-how.
 4. Rights to benefit from management know-how and other services rendered in the Republic.
- b. The tax percentage specified in paragraph (a) shall be in effect except where otherwise provided for in any international or bilateral agreement in the field of transfer and use of technology to which the government of the Republic is a party with the country of the foreign licensor for the technology used in the project.

Article 65

Without prejudice to the obligations provided for in other Articles of this Law, investors and project sponsors shall:

- a. Maintain regular accounts according to project requirements and of production or services rendered.
- b. Maintain separate accounts when expanding projects or merging with other projects if either or any of them benefits from entitlements or exemptions granted in accordance with Law.
- c. Furnish any lists, data or documents relating to project execution and operation requested by the Authority within the time limit specified in the request.
- d. Refrain from disposing of lands owned or leased to the project by the Authority for purposes other than those for which licensed without the prior written consent of the Authority.
In case of violation, the contract signed with the investor or project in this regard shall be deemed to be void and all relevant rights shall revert to the Authority and be registered in its name.
- e. Allow an Authority employee, duly authorized in writing, the opportunity to enter the project during normal working hours of business to examine project records, books, fixed assets and inventory of production inputs and the like. The project shall furnish any clarifications requested to verify that obligations are being met in accordance with this Law.

Article 66

1. The Authority shall accord the registered project therein specified period to execute the project and shall state in the registration certificate the designated date of the commencement of the project or the production.

2. Should an investor fail to begin carrying out the relevant project within the period specified by the authority, the Authority shall notify the investor of the expiry of such period and Notice shall specify a further period of time for the investor to begin implementing the project.
3. Should the additional grace time provided for in the preceding paragraph elapse and the investor fails to begin implementing the project, the Authority shall warn the investor of registration cancellation within the period specified in the warning if the investor fail to begin project implementation during this period.
4. Should the project not be implemented within the period specified in the registration certificate and upon presenting convincing reasons , the Authority may grant a further period of time not exceeding two years if applied for at least two months prior to the deadline of the start of implementation.
5. Should the registered project be unable to conduct its activities in the date specified in the registration certificate and failed to present convincing reasons to the Authority of this delay, the delayed time shall be deducted from the original exemption period granted to the project pursuant to Articles of this law except projects with a cost of no less than one billion Y.R which their exception shall be extended to five years if they pay half of the annual fees for every extended years.
6. Should an investor have begun carrying out the project, the Authority may institute proceedings to cancel the project registration, or wholly or partially withdraw the rights or

exemptions accorded after due warning and notice to the investor or project in the following cases:

- a. Should the registration or rights and exemptions were granted to the project on the basis of false information which has considerably influenced the decision of it's registration and granting those rights
 - b. Should the project use any right or exemption granted to it under the provisions of this Law for other than the purposes specified therefore in violation of the provisions of Article 19 (a) of this Law.
 - c. Should the project or investor, as the case may be, fail to fulfill any of the conditions listed in the registration certificate, as may be decided by the Law and its regulation.
 - d. Should the project deliberately violate, or deal leniently with a substantial violation of, any provision of this Law, as may be decided by the Law and its executive regulation.
 - e. Should the project suspend activity for longer than one year without justification acceptable to the Authority.
7. An investor or project whose registration has been canceled or whose rights and exemptions have been withdrawn may apply for a new registration or restoration of withdrawn rights one year after the cancellation decision is taken.
 8. When convincing reasons are present, the Authority may accord a project an operations testing period not exceeding four months at the end of which, for the purposes of this Law, operations will immediately be deemed to have actually begun.

The executive regulations shall specify the rules needed to determine the date of commencement of operations of a project if several production lines for various goods are included.

Article 67

- a. Without prejudice to any more stringent penalty provided for in any other Law, a person who deliberately furnishes false, misleading or forged information and data to the Authority, and to the agency concerned with the project, or who acts leniently in such regard, for the purpose of obtaining a registration, rights or exemptions pursuant to this Law shall be punished a fine of no less than Y.R. 50.000 and no more than Y.R. 500.000 and shall refund all fees and taxes from which the relevant project was exempted. The same penalty shall apply in the event of failure to report any modification in the project with the intent to mislead in violation of the provisions of Article 41 (b) of this Law, provided the violations are terminated.

Further more a person who uses the exemption certificates granted under the provisions of this Law for other than the purposes specified therefore in violation of the provisions of Article 19 (a) shall be liable to the same penalty.

- b. (1) A person who violates any of the provision of Articles (65,54,19) of this law shall be punished with a fine of no less than Y.R. 50.000 and no more than Y.R. 500.000, with due consideration of such violation.
(2) A person who violates any of the provision of Articles (39,56) of this law shall be punished with a fine no less than Y.R. 20,000

and no more than Y.R. 100,000, with due consideration of the violation.

- c. Disposal of exempted, imported fixed assets in violation of the provisions of paragraph (b) Article (19) shall entail payment of double the fees and taxes payable on their importation at the time of such disposal.
- d. In any of the violations previously listed, any project or company manager or official aware thereof without notifying the authorities concerned, shall be subject to the same penalty as provided for each type of violation.
- e. No public proceedings shall be instituted in respect of any of the preceding violations save at the request, or with the approval in writing, of the president of the Authority. The President of the Authority or whomever he may delegate may arrange a reconciliation in such public proceedings against payment of the maximum amount of the fine provided for if the violation is proved.
- f. All amounts ruled for violations of the provisions of this Law, or which the violator may pay by a way of reconciliation, shall revert to the Authority.

Article 68

- a. All Authority and competent agency personnel shall perform their duties in such a way as shall facilitate completion of all dealings relating to projects and their implementation and operation. Anyone causing harm to a project or delaying or impeding its transactions, implementation or operation without clear

justification shall be disciplined according to the disciplinary code in the public Law including termination of service.

- b. Authority and competent agency personnel authorized to review project business shall maintain the confidentiality of information and documents available to them by reason of their duties and shall use such information solely in application of the provisions of this Law. Anyone violating this provision shall be punished in accordance with Laws in force, including termination of service. The executive regulations shall specify the nature of information and data to be considered confidential for the purposes of this paragraph.

Section IX
TRANSITIONAL PROVISIONS

Article 69

Operating projects not accorded the exemptions and benefits provisioned in this Law or Laws repealed there under shall be entitled to obtain investment registration for their expansion or rehabilitating; and for project expansion and rehabilitating the same obligations and benefits contained in this Law relating to expansion and rehabilitating of register projects shall be applicable.

Article 70

All agencies concerned shall establish in their structures investment sub-departments or liaison units to coordinate with the Authority in respect of investment transactions and execution of related procedures devolving upon them by virtue of the provisions of this Law and the regulations and decrees enacted in execution thereof.

Section X GENERAL PROVISIONS

Article 71

- a. At least the following provisions shall be amended by decree of the Council of Ministers upon presentation by the Board of Directors in accordance with considerations required by the public interest every (5) years :
 1. The amounts and terms provided for in Articles (21 and 23).
 2. The amounts, terms and standards provided for in Articles (42, 46, and 48 (b)).
 3. Non-Yemeni capital subscription provided for in Article 42 (b).
- b. Amendment of these lists provided for in Article 3 (b) and 20 (a & b), will be by a decree of the Council of Ministers upon presentation by the Board of Directors for considerations required by the public interest and according to the conditions and rules set by the Authority's Board of Directors.
- c. Any of the amendments provided for in the preceding paragraphs (a) and (b) shall not involve:
 1. Infringement of the guarantees, exemptions and rights accorded in accordance with the provisions of this Law.
 2. Retroactive withdrawal of any guarantees, rights or exemptions granted to the project registered according to provisions of this Law, before the amendment becomes effective.

Article 72

All notices and correspondence shall be in writing, the executive regulations specifying the timing and manner of receipt.

Article 73

All projects shall pay to the Authority in return for its administrative and technical services the following:

- a. Fees at a rate of (three quarters of one per thousand) of the value of exempted fixed assets and exempted production inputs upon registration issuance.
- b. Annual fees at a rate of (three quarters of one per thousand) of the value of exempted fixed assets intended to be used for the establishment, expansion or rehabilitating of a project which shall be valid throughout the period of tax exemption starting from the date on which a project commence production or a activity.
- c. Government shall cover investment promotion expenses locally and at the international levels.

Article 74

The executive regulations to this decree of Law shall be enacted by prime minister decree based on presentation from the Broad of Directors within a period not exceeding (90) days following enactment of this decree of Law.

Article 75

- a. Any provision conflicting with the provisions of this Law shall be repealed. The provisions of this Law shall prevail should they conflict with provisions of other Laws, bylaws and regulations.
- b. Investment Law and organization No. (18) of 1975 enacted in Sana'a and Investment Law No. (5) of 1990 enacted in Aden and Investment law No. (22) of 1991 and its amendments by the republican decree No. (14) of 1995 and Law No. (29) of 1997 enacted in Sana'a shall be repealed with effect from date of entry into force of this Law.

Article 76

This law shall come into force since its date of issue and shall be published in the official Gazette.

Issued at the Presidency of the Republic - Sana'a

On Gomad Awal 10,1417.A.H

July 20, 2002. A.D

**Ali Abdulla Saleh,
President of the Republic of Yemen**