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Industrial Cities Law

No. (2) Of 2019

قانون المدن الصناعية

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In the name of the people,
Presidency of the Republic

Resolution No. (2)

Based on what was approved by the Parliament in accordance with the provisions of Item (First) of Article (61) and Item (Third) of Article (73) of the Constitution. On 21/5/2019, the President of the Republic decided to issue the following law:

No. (2) of 2019 Industrial Cities Law

Article 1

The following terms for the purposes of this law have the meanings indicated to them:

First: Ministry: The Ministry of Industry and Minerals.

Second: Minister: The Minister of Industry and Minerals.

Third: Industrial City: A geographically defined area established under the provisions of this law and designated for carrying out industrial activities and services outside the boundaries of the Baghdad



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Municipality and the municipalities in the regions and provinces that are not organized in a region.

Fourth: Developer: The person working on the design, construction or development of the industrial city and its infrastructure and public services.

Fifth: Industrial City Manager: The person who works on managing, operating and maintaining the industrial city.

Sixth: License: The document granted by the Cities body to establish, develop, operate or maintain an industrial city.

Seventh: Body: It is a formation that establishes, develops, manages and supervises the industrial cities in coordination with the relevant authorities.

Article 2

This law aims at the following:

First: Contribute to achieving the objectives of the state's general economic policy.

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

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

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

Fifth: Encouraging the participation of the local and foreign private sector in the investments of industrial cities in all provinces and partnership with the public sector.

Sixth: Attracting and stimulating the transfer of existing industrial activities in cities and industrial clusters to the industrial cities established under this law.



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Article 3

First: The provisions of this law shall be applied to:

- a. Cities, industrial areas, and existing economic activities or under construction.
- b. Newly established industrial cities and industrial activities.

Second: The following shall be excluded from the provisions of this law:

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

Article 4

First: A body called (Industrial Cities Body) shall be established linked to the Ministry of Industry and Minerals, and enjoying legal personality and financial and administrative independence. It is represented by the head of the commission, and its headquarters will be in Baghdad, and it may establish branches in the regions and provinces that are not organized in a region.

Second: The commission shall be headed by an employee with the title of general manager who holds at least an initial university degree and has experience in the engineering, legal, administrative or accounting fields for a period of no less than (20) twenty years and is appointed in accordance with the law.

Third: The head of the commission shall be assisted by an employee with the title of assistant general manager who holds at least an initial university degree and has experience in the engineering, legal, administrative or accounting fields for a period of no less than (20) twenty years and is appointed in accordance with the law.



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Article 5

The body shall undertake the following tasks:

- First: Follow-up on the implementation of a national strategy for the development of industrial cities in Iraq.
- Second: Conducting feasibility studies or supervising their completion, and implementing development plans for the selected industrial cities.
- Third: Organizing the process of establishing, developing and managing industrial cities.
- Fourth: Coordination with the relevant government agencies for the establishment of industrial cities on the condition that the land is delivered free of vacancies.
- Fifth: Supervising, directing and supporting the administrations of industrial cities and evaluating their performance.
- Sixth: Cooperating with similar institutions in other countries.
- Seventh: Raising awareness of the importance of the existing industrial cities and the cities that shall be developed in the future.

Article 6

First: The body shall have a Board of Directors consisting of:

- a. Minister Head
- b. Head of the body Member and vice-head
- c. Director General of Industrial Development at the Ministry of Industry and Minerals. Member
- d. A representative of the following entities with the title of Director General Members
 - 1. The Ministry of Planning
 - 2. Ministry of Finance
 - 3. The Ministry of Construction, Housing, Municipalities and Public Works



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4. Ministry of Health and Environment
 5. Ministry of Commerce
 6. Ministry of Electricity
 7. National Investment body
 8. General manager of the Industrial Bank.
 - e. Representatives of the following entities:
 1. The Iraqi Federation of Industries Two members
 2. Federation of Chambers of Commerce Member
 3. Federation of Businessmen Member
 - f. A representative of the High body for Coordination between the provinces.
- Second: The term of membership in the Board of Directors shall be (4) four years, renewable for one time, except for paragraphs (a, b, and c) of Item (First) of this Article.
- Third: A representative of the province in which an industrial city is established shall hold meetings of the Board of Directors.
- Fourth: The Board of Directors may seek the assistance of experts and specialists to seek their opinions.
- Fifth:
- a. The Board of Directors shall meet at least once every two months.
 - b. An extraordinary meeting of the council may be held at the invitation of its head or upon a reasoned written request submitted by half of its members.
- Sixth: The quorum of council meetings shall be achieved with the attendance of two-thirds of its members, including the president, and decisions shall be taken by a majority of the number of attendees. In the event of equal votes, the side with which the head votes shall prevail.
- Seventh: The deputy shall replace the head in his/ her absence.



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Article 7

First: The board of directors shall undertake the following tasks:

- a. Laying down the national strategy for the establishment, development and management of industrial cities in Iraq and supervising its implementation after be approved by the Council of Ministers.
- b. Monitoring and evaluating the body's implementation of its activities and setting priorities for establishment and management of industrial cities.
- c. Approving and reviewing the work plan and annual budget of the body and the reports submitted to it.

Second: The board of directors may delegate some of its duties to the head of the body.

Article 8

The financial resources of the body shall be consisted of:

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

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

Third: The fees collected by the body under the provision of this law.



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Article 9

First: The body shall grant City License to establish, develop or operate an industrial city.

Second: Conditions for granting the license stipulated in the Item (First) of this article shall be determined by instructions issued by the minister.

Article 10

First: The body shall decide on the application for obtaining the license within (30) days of its submission.

Second: Failure to respond to the request within the stipulated period in the Item (First) of this article shall be acceptable.

Third: For a person whose application has been rejected, he may appeal the rejection decision before an administrative court in accordance with the law.

Article 11

The management of the industrial city shall be assumed by a natural or legal person and shall practice the following tasks:

First: Supervising the daily activities of the industrial city and providing services therein.



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Second: Running and following up the implementation of activities of design, maintenance and development of the industrial city and promoting them.

Third: Providing facilities and services within the industrial city in coordination with the body and related authorities pursuant to the law.

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

Fifth: Collection of fees for services provided in the industrial city.

Sixth: Employment of local and foreign labour in accordance with the law.

Seventh: Transferring capital and its revenues inside and outside Iraq in accordance with the law and instructions of the central bank of Iraq if the city manager is foreigner.

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

Ninth: Establishing a schedule of fees the legal or natural person receives for provided services and collecting them in line with the authority's strategy.

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

Eleventh: Promoting the industrial city inside and outside Iraq.

Article 12

The authority shall withdraw the license in one of the following cases:

First: If developer or manager of the industrial city declares his/ her bankruptcy.



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Second: In case of not to start establishing or developing the city within one year from the date of signing the contract without legitimate excuse.

Third: If the developer or the director of the city carries, or not to create or develop the city effectively within (3) three years from the date of signing the contract.

Fourth: In case of providing incorrect or misleading information and using illegal methods that result in obtaining any privileges or benefit in accordance with the provisions of this law.

Fifth: In case of violating the provisions of this law, then the body shall follow the following measures:

a.

1. Warning to remove the violation or start implementing the project within the period specified by the body.
2. If the violation is not removed within the period specified by the body, a final warning shall be given for a period of (30) thirty days from the date of warning, and at its end, a delay fine proportionate to the amount of time variance is imposed, provided that the cumulative total does not exceed 10 ten percent of the project cost.

- b. When the violation is not responded to be removed after depleting the procedures stipulated in (First) and (Second) of Paragraph (a) of this Item, the body may withdraw the license from the date of verification of the violation, while others reserve the right to claim compensation against the developer for the damage caused to him/ her as a result of the violation without prejudice to any other penalties.



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Article 13

The industrial estates body may withdraw the license in case the developer does not comply with the implementation of the contract in accordance with the conditions and durations specified therein.

Article 14

The developer and the manager of the industrial city shall commit to the following:

First: Establishing the industrial city, starting to operate inside it, and developing fixed assets in it to promote effective economic growth in it.

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

Third: Constructing fixed assets inside the industrial city, including infrastructure in accordance with the issued license, and supervising the development of infrastructure outside the industrial city in coordination with the concerned institutions.

Fourth: Submitting a semi-annual report to the body that includes the following:

- a. Investments made in the city during the past year, and the expected investments during the coming year.
- b. The lands that have been developed with the industrial cities and all the fixed assets built therein.
- c. Any other information that the body finds necessary to provide.



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Fifth: Compliance with the requirements of the performances specified under the issued license and the contracts concluded with the body in this regard.

Sixth: Technical training for Iraqi workers in accordance with the contracts concluded with the body in this regard.

Article 15

The developer and manager of the industrial city shall enjoy the following:

First: The right to rent and rent out the real estates in the industrial city or make (Musataha) (A real right that authorizes the owner of the right of Musataha to construct a building or other facilities other than plantation on the land of others under an agreement between him/ her and the owner of the land. This agreement shall specify the rights of this concession and its obligations. The right of the "Musataha" must be registered in the real estate registration office. The translator) on it for a period not exceeding (50) fifty years, renewable once time.

Second: Concluding contracts with third parties for the purpose of developing and providing industrial city services, including infrastructure within the industrial city, and on preferential terms.

Third: Collection of wages for services provided during the establishment of the industrial city.

Fourth: Transferring money in accordance with the instructions of the Central Bank of Iraq issued in this regard for the foreign developer.

Fifth: Employing domestic and foreign labour in accordance with the law.



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Article 16

The organization shall guarantee the following:

First: There is no discrimination in the treatment between the Iraqi developer or manager of the industrial city and foreign developer or manager of it.

Second: Protecting private property, fixed assets and investments related to the industrial city.

Article 17

Disputes arising from the application of this law shall be subject to Iraqi law and the jurisdiction of the Iraqi judiciary. It may be agreed with the developer to resort to commercial (national or international) arbitration in accordance with an agreement concluded between the parties specifying the arbitration procedures and its sides and the applicable law.

Article 18

First: The customs and tax exemptions stipulated in the investment law no. (13) Of 2006 and The Industrial Investment Law for the private and mixed sectors No. (20) Of 1998 shall be applied on economic activities licensed in industrial cities.

Second: The ministry of oil shall provide those covered by the provisions of article (3/ First) of this law and those who have obtained a federal industrial development license in all provinces of the Republic of Iraq and the



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Kurdistan Region with oil derivatives and at the prevailing official price and exclusively for the uses of the industrial project.

Third: The ministry of electricity shall provide those covered by the provisions of article (3/ First) of this law and those who have obtained a federal industrial development license in all provinces of the Republic of Iraq and the Kurdistan Region with electricity at a subsidized price and exclusively for the uses of the industrial project.

Article 19

The authority's accounts shall be subject to the monitoring and audit of the federal monitoring bureau.

Article 20

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

Second:

- a. The body's formations and tasks shall be determined by rules of procedure issued by the minister.
- b. The minister shall issue instructions to facilitate the implementation of the provisions of this law.



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Article 21

This law shall be entered in to force from the date of its publication in the Official Gazette.

Dr. Barham Salih

The president of the Republic