

**People's Committee General
Resolution No.137/2004 concernning the Implementing
Regulations of the Law No. (9)**

People's Committee General

Reference to:

- law no. 01/1369 of the people's congresses and people's committees and its implementing regulations.
- Law no. 09/1430 concerning organizing transit trades & free zones.
- Resolution of people's committee general no.276/2004 of issuing the implementing regulations of the law no. 9/2000 concerning organizing transit goods & free zones.
- Reference is also made to what has been submitted by the secretary of the people's committee general of economy and trade in his letter no. 1945/1/5 dated on 21/06/2004.
- Reference to the decision of the people's committee general in its regular meeting No. 24/2004 .

It is decided that:

Article No. 1

The herewith attached implementing regulations of the law no. 9 / 2004 of organizing transit goods & free zones is put in force.

Article No. 2

The resolution of people's committee general no. 276/2004 of issuing the implementing regulations of the law no. 9/2000 concerning organizing transit goods & free zones is cancelled as well as any other resolution that may contradict this resolution.

Article No. 3

This resolution is published in the legislations log.

Issued on 01/08/2004

People's Committee General

The official signature and seal are duly appended

Great Socialist People's Libyan Arab Jamahiriya

The People's Committee General

Implementing Regulations of the law nn. 9/2000 Concerning Organizing Transit Goods & Free Zones

Part I

Article No. 1

General Definitions

In the application of provisions of this implementing regulations, the terms below mentioned shall carry the meaning against each one unless the context otherwise indicates.

Law: the law no. 9/2000 concerning organizing transit trades & free zones .

Free zone: a zone free of any restrictions of tax, custom duties and monetary restrictions etc.. which are announced to all those who have the interest to invest therein or to utilize it for achieving the aims of the free zone.

Competent secretary: the secretary of people's committee general of economy and trade.

Transit goods: the goods entering to Libyan Jamahiriya through customs check points to be released out side through other Libyan customs centres.

Transit Enterpriser : Any natural or juridical person undertaking or assigning the responsibility of forwarding transit goods.

Administration: the administration of the free zone.

Investor or utilizer: any natural of juridical person who is licensed to invest in the free zone or utilizes any facility of its utilities or rendering any service or performing any job or activity therein.

Investment or utilization: establishing any industrial or commercial or service project or performing any job or business in the free zone.

Project : plants, offices, warehouses, stores, utilities, sale galleries, equipments, supplies, transport and means of communication and all necessary establishments within the free zone for the purpose of investment or utilization.

Part II

Organizing Free Zones

Article No 2

Free zones are to be established by a decision of the secretary of people's committee general at any part of Libyan Jamahiriya according to a suggestion of the competent secretary stating the following:

- The site of the free zone and its coordinates precisely.
 - Purpose of establishing such a zone, stating either to be for industrial , commercial or transit trade purposes.
 - Entities shall be using the zone.
 - Merits to be granted to the zone investors and users.

The people's committees of the Sha-byat may propose establishing such free zones within their scopes and the authorities supervise economic sectors may also propose establishing and administrating free zones for certain purposes, such proposals are to be submitted to the people's committee general for economy and trade including all above mentioned fields attatched with the feasibility and technical studies and the committee studies the proposals and makes use of them.

Article No 3

Establishing free zones shall be targetting at transit trade, encouraging various transforming industrial processes that intend to changing the state of goods or adapting them according to requirements of commercial exchange and market demands and also transferring , settling and developing of technology and knowhow in an environment free of all restrictions as well as intends rendering ancillary services such as banking, insurance, investment and other services of all types.

Article No 4

Investors and utilizers shall commit to achieve mutual benefit of both the national economy and investor and utilizers for opening business prospects and for training national personnel in the projects and services established in the free zone and achieving investment revenues, to the maximum extent, of the established institutions within the scope of these free zones.

Article No 5

The people's committee general of economy and trade undertakes supervising and watching the free zones confirming performance of their business and achieving the purposes of establishment according to law. The administration shall provide the people's committee general of economy and trade with periodic technical reports about its activities.

Article No. 6

The administration committee of the free zone is to be assigned by a resolution of the secretariat of the people's committee general according to a recommendation of the

competent secretary and this committee performs its duties according to the regulations that fit its nature . Stock companies might be assigned to administrate or establish and invest the free zones under the approval of the people's committee general after being suggested by the competent secretary.

Article No. 7

The administration puts certain systems of work, salaries incentives, and running systems and not to be restricted by the regulations and rules in force in the administrative units or those in regard of the public posts and such systems have to be approved by the people's committee general .

Article No. 8

The administration may institute, manage or utilize stores, warehouses and yards of loading, unloading and storing processes as well as providing instruments and equipments necessary for facilitating projects works established in the free zones.

Article No. 9

Service and occupying yards fees and storing charges in the free zone are to be determined by the competent secretary upon a tender of the administration.

Part III License in the free zone

Article No. 10

Applications of licenses for investing in the free zone are to be submitted to the administration stating the type of requested investment:

License of investment project.

- Application of real estate utilization.
- Any utilization or exploitation of any establishments existing in the free zone.

Article No. 11

The administration issues licenses of investment in the free zone after studying the applications assuring that they achieve the targets stipulated in the law and license of utilizing the free zone or part thereof should include the purpose for which it is granted as well as its validity and the value of the financial guarantee. Licensee shall not benefit from exemptions and privileges stated in the law except within the purposes stipulated in the license.

The license shall be personal and shall not be assigned to others either in whole or part without prior consent of the administration.

Article No. 12

The administration shall issue, in coordination with the customs authority, entry permits for licensed business people and also issue entry permits for the personnel of licensed establishments.

Article No. 13

Residence permits in the free zone shall be issued by the administration, in coordination with the competent customs authority, provided that such permits shall only be

issued for the personnel who have to stay in the free zone beyond regular working hours because of jobs nature .

Article No. 14

The administration shall submit lists of all what gets in and out the free zone to the customs within 36 hours .

Article No. 15

Permits of work ,entry and residence are to be cancelled in the following cases:

If the authorized person is sentenced in smuggling crime , offence or any crime of breaching trust or honesty.

If the authorized person in the establishment he works for expires or ceased or the licensed activity is ended or suspended in the free zone.

1- If violations against the law, regulations and instructions are repeated.

Part IV

Procedures of entry and exit of transit goods

Article No. 16

Transit goods may be transported through Jamahiriya by all land, air and marine transport means. And also may be entered in or taken out through approved access provided that they pass through certain routs in accordance with legislations in force.

Article No. 17

Transit goods are not subject to any duties except service fees.

Article No. 18

Transit goods shall not be stored or gathered or undergo procedures relevant thereof outside free zones.

Article No. 19

Transit goods shall be transported under the responsibility of transit forwarder and shall not be restricted , stopped or prevented except in the cases of which the resolution of the customs authority is issued.

Article No. 20

Transit goods shall be sealed as per the systems specified by a resolution of the customs authority, and forwarder of transit goods shall be responsible for any misuse of such seals, in case misuse occurs, goods to be inspected and compared with sights thereof and consignee undertakes all estimated customs duties for any shortage of goods as well as to pay penalty as specified in the customs law, and transit goods forwarder is also fined similar penalty.

Article No. 21

Exit of transit goods to its destination is to be proved by submitting certificate from customs centre in the goods exit terminal stating fitness of seals and conformity of packages number. If goods are packed in containers, verification of containers seals is enough.

Article No. 22

Customs declaration for transit goods at arrival to terminal is prepared including description of necessary information about the goods according to the form issued in a resolution of the customs authority and consignees or their representatives or customs clearance personnel approved by the customs authority who hold work license in the free zones submit such declarations to the customs authority at goods arrival.

Article No. 23

Customs authority undertakes inspection of transit goods at arrival at the entry terminal comparing them with relevant documents, inspects all packages or some of packages according to customs regulations issued by the customs authority. In all cases, inspection of goods should be performed at the entry and exit terminals within 24 hours from the date of submitting documents.

Part V

General Provisions

Article No. 24

Goods of all kinds, from both foreign or local sources are allowed to enter the free zone except the following:

- 1- Spoiled goods or those harmful to health and/or environment.
- 2- Inflammable goods except those necessary for investment works of which are allowed by the administration according to terms and conditions determined thereof.
- 3- Goods violating laws relevant to commercial, industrial, technical and literary property protection of which resolution of the competent authority is issued.
- 4- Boycotted goods or goods subject to boycott.
- 5- Goods carry pictures or figures or logs violate Devine religions.
- 6- Drugs and mental narcotics of all types and extracts.
- 7- Arms, weapons, ammunitions and explosives except under permit of competent authority.

Consignees of such goods and their representatives are responsible for the goods prohibited to enter the free zone if entered thereof with no breaching to be subject to determined punishment.

Article No. 25

For entering goods, of any source, into the free zone, the consignee or its representative should submit an application to the administration stating goods source and origin, type, number of packages, weight and marks also enclosing a declaration of being acquainted of the provisions of this implementing regulations and all relevant resolutions . If the goods are imported from abroad to the free zone, they should submit the original shipping document, other permits and customs documents relevant to shipping.

Article No. 26

Customs declaration of imported and exported goods shall be submitted to the customs authority enclosed with necessary documents approved by the free zone administration.

Article No. 27

Goods taken into the free zone from inside the country shall be treated as of goods exported abroad, and export regulations and procedures are applied in this regard. By approval of the administration, local and foreign goods may be temporary taken from inside the country to the free zone for the purpose of repair or for making supplementary processes and to be returned back inside the country not imposing import regulations, whereas customs duties shall be paid on maintenance value or for completion of manufacturing according to the provisions of customs law.

Article No. 28

Importing goods from the free zones to inside the country shall be according to the general import regulations , customs duties and other duties and charges shall be paid as if imported from abroad. Customs duties assessment imposed on imported goods from the free zones which contain local and foreign components is for the value of foreign components of the common rate at the time of taking the goods outside the free zone to the country.

Article No. 29

Circulating goods and products between the establishments inside the free zone is allowed within the regulations determined by the administration. Circulating goods and products between one free zone and another is also allowed according to transit goods regulations.

Article No. 30

Consumption of good for personal use in the free zone, is not allowed before paying customs duty and other due taxes and fees.

Article No. 31

Vessels may enter to the free zones for supplying with needed materials.

Article No. 32

Goods of foreign origin may, according to transit goods regulations, be transported through the free zones after submitting guarantee documents to deliver them to their destinations.

Article No. 33

Transit goods stored in the free zone warehouses and re-exported on the state they come over shall be imposed to the procedures and regulations stated in the customs law.

Article No. 34

Transit goods are deposited in the free zone according to the regulations and principles of storage with condition to keep registers well-organized, numbered and approved by the administration.

The licensee should make annual inventory, at least once per year, for stored goods and should submit the administration with a copy of inventory and its results. The administration may make sudden partial or complete inventory whenever necessary.

Article No. 35

Goods enter the free zone are not complied to any time restrictions as of remaining therein, and administration in coordination with the customs authority may order to dispose the goods or take them out or sell them paid taxes and duties goods in the following cases:

Suspending licensee activities for a period of that prevent goods from remaining in the free zone as decided by the administration.

- 1- If proved that the goods do not meet health conditions or that their stay in the free zone may expose public hygiene to danger.
- 2- If goods existence can harm the other goods.

Article No. 36

The licensee shall be responsible for any shortage, loss or change of goods in terms of weight, number or type at the time of storing; this responsibility is lifted if this occurred due to the nature of goods or force majeure or powerful incidents. The customs duty and other taxes and fees shall be levied over shortage or additions exceeding tolerance rate stipulated in the customs law.

Article No. 37

Provisions of smuggling and violation of customs regulations stipulated in the customs law shall be herein applied.

Article No. 38

Customs authority shall follow up the transit goods when passing through the Libyan Jamahiriya and shall coordinate with the administration in this regard during goods existence in the free zone .

Article No. 39

Neither projects, investors nor the free zone utilizers shall be subject to registration requirements in the registers of importers and exporters or commercial register and the administration shall set-up the rules and procedures of registering projects, investors and utilizers therein and shall set-up registers for this regard, registration fees and means of payment and the entity of approval.

The free zones or a certain free zone may have a particular system for establishing foreign companies' branches thereof with feasible conditions and that shall be approved by the people's committee general.

Article No. 40

Neither the projects, commodities, goods, services, funds, nor imported and exported, or circulating trades in the free zone shall be subject to any customs restrictions or any other fees and shall not also be subject to any applied control restrictions or systems except those in relation to faith, morals, domestic and national security or health or environment protection.

The provisions of this article shall not apply to trading performed between the free zones and the other Libyan territories .

Article No. 41

All projects, investors and utilizers' funds as well as transit goods in the free zone shall be considered private properties whoever the owner ,and such funds shall not be retained or put under custody except by law provision or by judicial execution subject to enforce in the Libyan Jamahiriya.

Article No. 42

No nationalization, expropriation, dispossession, confiscation, freezing, or putting under procedures having the same impact shall be made on the established projects within the free zone except by force of law and against fair compensation .

Article No. 43

The investors and utilizers shall, whenever possible, employ Libyan personnel and shall, whenever possible, seek assistance of national financial and legal consulting offices, and the administration shall put rules, regulations and limits for such service assistance for the benefit of the national economy, the investors and the utilizers.

Article No. 44

Labor and social security systems applied in the Libyan Jamahiriya shall be the minimum that investors and utilizers provide for the employees .This article shall not

prevent those employee from better conditions of work and social insurance as per international standards in this respect.

Article No. 45

Investors and utilizers shall comply with insurance of buildings and equipments being used in the projects according to the regulations laid by the administration.

Article No. 46

Investors and utilizers may complain to the competent secretary about the administrative procedures issued

against its favour and this complaint is to be submitted to the administration board within 30 days from the date of issue .

The administration shall give its decision on the complaint within two weeks of submitting thereof or referring it to the competent secretary enclosing it with its opinion to take a decision relevant to the matter .

In all cases, complaining to the administration shall not seize the investors or utilizers to take the case to arbitration or law courts.

Article No. 47

The administration may reach to an agreement with the investors or others to settle arising disputes between them by the commercial arbitration.

Article No. 48

Provisions of this implementting regulations shall not infringe provisions stipulated in the agreements in which the Libyan Jamahiriya is a party or the provisions stated in the zionist enemy boycott law.

People's Committee General

The official seal is duly appended