

General People's Committee
Decree No. (137) of 1372 FDP (2004 AD)
on issuing the executive regulation for Law No. (09) of 1430 FBP
on the organisation of transit trade and free zones

General People's Committee

Upon review of:

- Law No. (1) of 1369 FDP on people's congresses and people's committees and the executive regulation thereof;
- Law No. (09) of 1430 FBP on the organisation of transit trade and free zones;
- General People's Committee Decree No. (276) of 1430 FBP on issuing the executive regulation for Law No. (90) of 1430 FBP on the organisation of transit trade and free zones;
- The proposal of the Secretary of the General People's Committee for Economy and General Trade in Letter No. (5/1/1945) of 21/06/1372 FDP;
- The decisions of the Secretariat of the General People's Committee's during its 22nd regular session of 1372 FDP;

has decreed:

Article (1)

The provisions of the executive regulation of Law No. (90) of 1430 FBP on the organisation of transit trade and free zones attached to this decree shall enter into force.

Article (2)

General People's Committee Decree No. (276) of 1430 FBP on issuing the executive regulation for Law No. (90) of 1430 FBP on the organisation of transit trade and free zones shall be repealed. Any other provision contrary to the provisions of this decree shall be repealed.

Article (3)

This decree shall enter into force from the date of its issuance and shall be published in the Legal Register.

Issued on: 15/Jumada al-Akher
Corresponding to: 01/08/1372 FDP

General People's Committee – Libya

General People's Committee
Executive Regulation of Law No. (9) of 1430 FBP
on the organisation of transit trade and free zones

Chapter (1)
General Definitions

Article (1)

In the implementation of the provisions of this regulation, the below words shall have the meanings adjacent to each one of them unless the context indicates otherwise:

Law: Law No. (9) of 1430 FBP on the organisation of transit trade and free zones.

Free zone: Area exempt from duty, customs, monetary, and other restrictions declared for anyone interested in investing therein or usage thereof to achieve the purposes of the free zone.

Competent Secretary: The Secretary of the General People's Committee for Economy and Trade.

Goods in transit: Goods entering the Great Jamahiriya through customs offices for the purpose of exiting from the Great Jamahiriya through a different customs office.

Transit contractor: Any natural or legal person that assumes or is contracted with the responsibility of transporting goods in transit.

Administration: Free zone administration.

Investor or utiliser: Any natural or legal person licensed to invest in the free zone, use any facility, provide any service, or practice any profession or activity therein.

Investment or utilisation: The establishment of any industrial, commercial, or service project, or engagement in any profession or activity inside the free zone.

Project: Factories, offices, storehouses, warehouses, utilities, sales halls, equipment, supplies, transport and communication means, and all other necessary facilities in the free zone for the purpose of investment or utilisation.

Chapter (2)
Organisation of Free Zones

Article (2)

Free zones shall be established in any part of Libya by virtue of a decree issued by the General People's Committee on the basis of a proposal from the competent secretary and shall stipulate:

- The location and exact coordinates of the zone.
- The purpose for establishing the zone such that it clarifies whether the zone is industrial or commercial for the purposes of transit trade.
- The entities that will be utilising the zone.
- The benefits to be granted to investors or utilizers of the zone.

The People's Committees for districts may propose the establishment of free zones within their jurisdiction. Authorities supervising economic sectors may propose the establishment and administration of a free zone for a specific project. These proposals shall be submitted to the Secretariat of the General People's Committee for Economy and Trade and shall contain all aforementioned fields and be accompanied by a technical and economic feasibility study for the project. The Secretariat of the General People's Committee for Economy and Trade shall be responsible for reviewing the submitted proposals and providing guidance in that regard.

Article (3)

The establishment of free zones shall target transit trade and various transformative manufacturing processes that aim to change the state of goods or prepare them in accordance with commercial exchange requirements and market demand. It shall also aim to transport, localize, and develop technology and knowledge in an environment free from restrictions, and target the provision of ancillary services such as banking services, secretary services, investment, and other services of all types.

Article (4)

Investors and utilizers of free zones shall commit to achieving the joint interest of the national economy and the investor or utilizer, widening work prospects and absorbing and training national labour in projects and services operated in the free zones, and achieving investment revenues for the facilities located within the scope of these zones whenever possible.

Article (5)

The Secretariat of the General People's Committee for Economy and Trade shall be responsible for supervising and overseeing free zones, and verifying that they are performing their activities and achieving their objectives in accordance with the law. The free zone administration must provide the General People's Committee for Economy and Trade with periodic reports on its activity flow.

Article (6)

A committee for the administration of the zone shall be appointed by virtue of a decree from the Secretariat of the General People's Committee on the basis of a proposal from the competent secretary. The administration shall carry out its activities in accordance with rules that are consistent with its nature. Investing companies may administer the establishment and investment in a free zone with the approval of the General People's Committee on the basis of a proposal from the competent secretary.

Article (7)

The administration shall draft its own regulations for work, incentives, salaries, and steering programs unrestricted by the prescribed rules in force in administrative units or those related to public service. These regulations shall be approved by the General People's Committee.

Article (8)

The free zone administration may establish, administer, and utilise the storehouses, warehouses, and yards related to processes of shipping, distribution, and storage, and may provide the necessary equipment and supplies for facilitating the functions of these projects that are established in the free zone.

Article (9)

Compensation for services, free zone and real estate occupancy, and compensation for storage in the free zone shall be determined by virtue of decisions from the competent secretary on the basis of a proposal from the administration.

Chapter (3)

Licensing in the Free Zone

Article (10)

License requests for the purpose of utilizing the free zone shall be submitted to the administration and shall clarify the type of utilization requested:

- License for investment project.
- Request for the usufruct of property.
- Any utilization or exploitation of any of the facilities in the zone.

Article (11)

The administration shall issue licenses to utilize the free zone after reviewing the requests and verifying that they contribute to the realization of any of the objectives set forth in the law. The license for work in the free zone or any part thereof shall contain a declaration of the purposes for which it was granted, its period of validity, and the value of the financial guarantee. The license bearer shall only enjoy the exemptions and benefits stipulated in the law within the limits of the purposes indicated in the license.

The license shall be personal. It may not be assigned in whole or in part nor be shared with another person except upon the approval of the administration.

Article (12)

The administration shall coordinate with the competent Customs Administration to issue entry permits into the zone for licensed business owners and shall issue permits for employees of licensed facilities.

Article (13)

Permits for residency in the free zone shall be issued by the free zone administration in coordination with the competent Customs Administration. The utilization of these permits shall be limited to employees in the free zone on the condition that the nature of their work requires their residency in the free zone outside of working hours.

Article (14)

The administration shall provide Customs with lists of all persons who enter or exit from the zone within 36 hours from the entry or exit.

Article (15)

The work, entry, or residency permit shall be revoked in the following cases:

1. If the permit bearer is convicted of a felony or misdemeanour for smuggling, crime related to security, or a crime of moral turpitude.
2. If the permit bearer completes his services in the facility in which he works, or if the activity he is licensed to practice in the free zone is completed or suspended.
3. If the permit bearer repeatedly violates the provisions, regulations, or instructions of the law.

Chapter (4)

Procedures Related to Goods in Transit and their Exit

Article (16)

Goods in transit may be transported across the Great Jamahiriya through all means of land, sea, and air transport. They may enter and exit from the Great Jamahiriya from all approved ports and shall pass through specific routes in accordance with the legislation.

Article (17)

Goods in transit shall not be subject any customs fees or duties except for service fees.

Article (18)

Goods in transit may only be stored, collected, and subjected to related procedures in the free zones.

Article (19)

Goods in transit shall be transported under the responsibility of the transit contractor. Goods in transit may not be restricted, prevented, or stopped except in cases determined by virtue of a decision issued by the Customs Administration.

Article (20)

Goods in transport shall be sealed in accordance with the system that is designated by virtue of a decision issued by the Customs Administration. The transit contractor shall bear responsibility for any tampering with these seals and in the case that tampering is proven, the goods shall be inspected and reconciled with the documents. The owner of the goods shall commit to paying all customs fees assessed for any shortage in the goods, along with payment of the prescribed fee in accordance with customs law. The transit contractor shall be charged an equivalent fine.

Article (21)

The exit of goods to their destination shall be confirmed by the submission of a certificate from the customs office in the port by which the goods exit indicating the integrity of the seals and conformity of the parcel quantity. If the goods are transported in containers, indication of the integrity of the seals on the containers shall be sufficient.

Article (22)

A customs declaration shall be prepared for the commodities in transit upon their arrival at the port. It shall contain the necessary information and data in accordance with the form designated by virtue of a decision issued by the Customs Administration. The owners of the goods or their delegates or customs expeditors accredited with customs who are licensed to work in free zones shall submit these declarations to the Customs Administration upon the arrival of the goods.

Article (23)

The Customs Administration shall be responsible for inspecting the goods in transit upon their arrival at the port of entry, their conformity with their documents, and inspecting all or some of the parcels in accordance with the rules that are issued by the Customs Administration. In all cases, inspection must be completed in the entry and exit ports within 24 hours of the date of submission of documents.

Chapter (5) General Provisions

Article (24)

Goods of all types and from all foreign or national sources are permitted to enter the free zone, with the following exceptions:

1. Spoiled goods or those that are damaging to health or the environment.
2. Flammable goods, aside from materials necessary for investment activities that the zone administration has permitted to enter in accordance with the conditions that it sets.
3. Goods that violate laws related to protecting commercial, industrial, literary, and artistic property designated by a decision issued by the competent authorities.
4. Boycotted goods or those whose boycott has been decided.
5. Goods that carry drawings, forms, and slogans that violate the Abrahamic religions.
6. Narcotics and psychotropic substances of all types and their derivatives.
7. Weapons, ammunition, and explosives, except with the approval of the competent authorities.

The owners of these goods and their representatives shall be considered responsible for the goods that are prohibited from entry into the free zone in the event of their entry, without prejudice to infliction of the prescribed penalties.

Article (25)

For the entry of goods into the free zone regardless of their source, a request must be submitted by the person concerned or his representative to the director of the zone. It shall indicate the source, origin and type of goods, as well as the number of parcels, their weight, and their labels. It shall also contain a declaration that he has reviewed the provisions of this regulation and all decrees and rules related to the same.

If the goods are arriving to the free zone from abroad, he must submit the original copy of the shipping document or other customs permits and papers related to the shipment.

Article (26)

A customs declaration shall be submitted for the goods imported or exported from the free zone to the competent Customs Administration. The necessary documents certified by the free zone administration shall be attached to the declaration.

Article (27)

Goods exported from inside the country to the free zone shall be treated equally to goods exported abroad. They shall be subject to the rules and procedures organising export.

Upon the approval of the free zone administration, domestic and foreign goods may be permitted to enter from inside the country to the free zone temporarily for the repair thereof or for conducting completion processes thereon and returning them to inside the country without subjecting them to the prescribed import rules and collecting customs duties on the cost of repair or completion of manufacturing in accordance with the provisions of the Customs Law.

Article (28)

The import of goods from the free zone to inside the country shall be in conformity with the general rules for import from abroad. Customs fees and other duties and fees shall be collected therefor as if they were imported from abroad. The customs tax basis for products imported from the free zone that are composed of both domestic and foreign components shall be the value of the foreign components at the prevailing price at the time of their exit from the free zone to inside the country.

Article (29)

Goods and products may be circulated from one facility to another inside the free zone in accordance with the procedures designated by the administration.

Goods and products may also be circulated from the free zone to others in accordance with the transit system.

Article (30)

Foreign goods may not be consumed for personal utilization in the free market before the payment of customs duties and other payable duties and fees.

Article (31)

Ships may enter the free zones to resupply with the supplies that they need.

Article (32)

Goods of foreign origin may be transported in accordance with the goods in transit system upon the submission of guaranteed pledges of the arrival of the goods to their destination.

Article (33)

Goods in transit stored in warehouses located in the free zone and re-exported in the same state in which they arrived shall be subject to the procedures and rules stipulated in the Customs Law.

Article (34)

Goods shall be deposited in the free zone in accordance with the principles and rules for storage on the condition that the records are organized, numbered, and approved by the administration.

The permit bearer shall take inventory of the stored commodities at least once per year. He shall provide the free zone administration with a copy of the inventory and the results thereof. The free zone administration may conduct spot inventory in part or in full whenever necessary.

Article (35)

Goods that enter the free zone shall not be subject to any time restriction in terms of their duration in the zone. However, the administration may coordinate with the competent customs to order the destruction of goods and their exit from the zone or the sale of the goods free of customs duties and fees and other duties and fees in the following cases:

1. Suspension of licensed activity for a period that does not permit the goods to remain in the zone in the manner designated by the administration.
2. If it is proven that the goods are not valid for health reasons, or if their remaining in the zone endangers public health.
3. If it emerges that the existence of the goods would cause damage to other goods.

Article (36)

The permit bearer shall be responsible for any shortage, loss, or change in the goods on the basis of their weight, number, and category upon storage. He shall be relieved of this responsibility if the shortage, loss, or change is the result of reasons related to the nature of the category, force majeure, or an accident.

The customs duties and other duties and fees shall be collected for the shortage or increase that exceeds the designated tolerance percentage prescribed in conformity with the provisions of the Customs Law.

Article (37)

The free zone shall be subject to the provisions on smuggling and violating the Customs Systems stipulated in the customs law.

Article (38)

The Customs Administration shall be responsible for monitoring goods in transit during their transit through the Great Jamahiriya. It shall coordinate in this regard with the administration during the presence of goods in the free zones.

Article (39)

Projects, investors, and utilizers in the free zone shall not be subject to the registration requirements in the importer and exporter record and the commercial register. The administration shall formulate the rules and procedures for the registration of its projects, investors, and utilizers, as well as the records required therefor, the value of fees for registration, the method of their payment, and the authority responsible for its approval.

The free zones or a specific free zone may have its own system for establishing companies and branches of foreign companies with lenient terms. This system shall be approved by the General People's Committee.

Article (40)

The projects, goods, commodities, services, funds, and transfers imported, exported, or circulated in the free zones shall not be subject to any customs restrictions or other equivalent fees or duties. They shall not be subject to any limitations or oversight systems in force with the exception of those related to creed, morals, national or state security, health, or the conservation of the environment.

The provisions of this article shall not apply to transfers that are made between free zones and the remainder of zones in the Great Jamahiriya.

Article (41)

All projects and funds of the investors or utilizers in the free zones as well as all goods in transit shall be considered private funds regardless of the entity that owns them. These funds may not be seized, distrained or placed under guardianship except by virtue of a legal text or pursuant to an enforceable legal action in the Great Jamahiriya.

Article (42)

Projects established in free zones may not be nationalized, nor may they be stripped of their ownership, appropriated, confiscated, frozen, or subjected to procedures of similar effect except by virtue of a law and in exchange for a just compensation.

Article (43)

Each investor or utilizer shall use national labour whenever possible. He shall also make use of national financial, legal, and investment offices whenever possible. The administration shall set the rules and limits for making use of these services in a way that serves the national economy as well as the investor and the utilizer.

Article (44)

The work systems and social security in force in the Great Jamahiriya shall be considered the minimum that the investors must provide to their employees. The provision of this article shall not prejudice the permission of the employee to enjoy more favourable terms of work and social security in accordance with the internationally accepted standards.

Article (45)

The investor or utilizer shall commit to insuring the buildings and equipment that he uses in the project in accordance with the rules set by the administration.

Article (46)

The investor or utilizer may submit a grievance to the competent secretary with regards to administrative procedures issued against him. He shall submit a grievance request to the administration within 30 days of the date of notification of the complainant of the decision issued against him.

The administration shall decide on the grievance within two weeks of the date of its submission or referral to the competent secretary accompanied with its opinion to be reviewed and the issuing of its decision regarding this grievance. In all cases, filing a grievance before the administration of the zone shall not preclude the right of the investor or utilizer to resort to arbitration or the judiciary.

Article (47)

The administration may agree with the investors or others to resolve any disputes that may arise between them through commercial arbitration.

Article (48)

The provisions included in this regulation shall not prejudice the provisions stipulated in agreements to which the Great Jamahiriya is a party as well as the provisions included in the Law on Boycotting the Zionist Enemy.