

Royal Decree 119/2011
Establishing Al-Duqm Special Economic Zone
Authority and Issuing its Regulations

We, Qaboos bin Said, Sultan of Oman

After perusal of the Basic Law of the State issued by Royal Decree 101/1996,

the Law of Public Authorities and Public Establishments issued by Royal Decree 116/1991,

the Financial Law issued by Royal Decree 47/1998,

Royal Decree 67/2003 applying the Gulf Cooperation Council Unified Customs Law,

Royal Decree 85/2006 designating the development of Al-Duqm city in Al-Wusta Region a public utility project,

the Tender Law issued by Royal Decree No. 36/2008

and the Law of State Finance and Administrative Audit issued by the Royal Decree 111/2011,

and the Law of Protection of Public Property and Avoidance of Conflicts of Interest issued by Royal Decree 112/2011,

and in pursuance of the public interest we have decreed the following:

Article 1:

An authority under the name "Al-Duqm Special Economic Zone Authority" shall be established and affiliated to the Council of Ministers.

Article 2:

The headquarters of the Authority shall be located at Al-Duqm in Al-Wusta governorate, and by virtue of a decision to be passed by its Board of Directors it may establish branches or offices within or outside the Sultanate of Oman.

Article 3:

The Al-Duqm Special Economic Zone Authority shall enjoy juristic personality and shall be financially and administratively independent. The Authority shall have, for the purpose of achieving its objectives, the capacity to own fixed and moveable assets, the right to manage and dispose of the same, to carry out business and undertake all necessary acts for achieving its objectives, and to commence any necessary activities to achieve such objectives or associated therewith or completing the same, and shall conduct its activities pursuant to the provisions of the regulations attached hereto.

Article 4:

The site and boundaries of the Special Economic Zone pertaining to Wilayat Al-Duqm shall be in accordance with the attached plan.

Article 5:

Commodities imported from outside the Sultanate of Oman to the Special Economic Zone at Al-Duqm and those exported from the Zone abroad shall be exempted from custom duties.

Commodities exported outside the Zone to any place within the Sultanate of Oman shall be treated in the same manner as foreign commodities even though containing any raw materials or local components.

Article 6:

The projects licensed to be established within the Special Economic Zone at Al- Duqm shall not be nationalized except by virtue of the law and in consideration of fair compensation. The monies of such projects may not be confiscated, come under custody or adjudicated except by virtue of a judicial verdict.

Article 7:

A Royal Decree shall be promulgated specifying the regulations of the Special Economic Zone at Al-Duqm, primarily determining the guarantees, concessions, incentives, exemptions and facilities that shall be decided for the projects licensed to be established within it, without prejudice to the provisions of this Decree and the regulations annexed herewith.

Unless specifically provided for in this Decree and the regulations annexed herewith and the regulations mentioned in the preceding Clause, all the laws, royal decrees and the regulation in force in the Sultanate shall be applicable within the Zone.

Article 8:

The guarantees, concessions, incentives, exemptions and facilities decided under the regulations mentioned in paragraph 1 of Article 7 of this decree shall apply on the licensed projects existing in the Special Economic Zone at Al-Duqm on the date on which the above-mentioned regulations shall come into effect.

Article 9:

The Al-Duqm Special Economic Zone Authority and companies wholly owned by the government which are established in the Zone for the purpose of implementing or managing services projects and public facilities and other main projects established therein shall be exempted from the provisions of the Tender Law.

Article 10:

Without prejudice to the provisions of Clauses 7, 9, 10 and 11 of Article 3 of the annexed regulations, the Board of Directors of Al-Duqm Special Economic Zone Authority, after presenting the same to the Cabinet of Ministers, shall allocate a site in the Zone for the bodies concerned with providing services to the projects licensed to be established within the Zone, whether related to the issuance of licenses, permits, consents, visas,

or effecting the registration of the projects or other services, on the basis that an employee or more, or a unit shall exercise the jurisdiction of carrying on the activities specified by the laws, Royal Decrees and the regulations governing the provision of such services within the Zone.

Article 11:

All assets, rights, liabilities and records pertaining to the project of the development of Wilayat of Al-Duqm shall accrue to Al-Duqm Special Economic Zone Authority from the Ministry of Transport and Communications and other ministries and concerned bodies, apparatuses and committees, each within its own jurisdiction. The determination of the date for accrual of such assets and rights only shall be pursuant to agreement between the Authority and the concerned bodies.

Article 12:

The Chairman of the Board of Directors of Al-Duqm Special Economic Zone Authority after agreement with the Cabinet of Ministers, heads of bodies and apparatuses and concerned committees may decide, pursuant to substantive regulations, to transfer any employee working with the Ministries, bodies, apparatuses and the committees referred to in Article 11 hereof, who are exercising jurisdiction or assignments or works pertaining to the implementation of the project, to Al-Duqm Special Economic Zone Authority, after coordination with the Ministry of Finance, provided that the transfer of the above-mentioned employees shall be on the basis of the same grade and financial packages.

Article 13:

The Chairman of the Board of Directors of Al-Duqm Special Economic Zone Authority shall issue the regulations and decisions necessary for the implementation of this Decree and the regulations annexed herewith. Until such regulations are issued, the Authority shall be subject to the laws and rules in effect in a manner that does not contradict with the provisions of this Decree and the regulations annexed herewith.

Article 14:

All that is contrary to this Decree and the attached regulation or contradicts with the provisions hereof is hereby repealed.

Article 15:

This Royal Decree shall be published in the Official Gazette and shall come into force effective from the date following its publication.

Issued on 28 Dhul Qaeda 1432 AH

Corresponding to 26 October 2011

Qaboos bin Said

Sultan of Oman

Regulation

Al-Duqm Special Economic Zone Authority

Chapter One

Definitions

Article 1:

In the implementation of these regulations, the following words and expressions shall have the meaning ascribed to each of them unless otherwise implied by the context:

1. **Authority:** Al-Duqm Special Economic Zone Authority.
2. **Zone:** The Special Economic Zone located in Wilayat Al-Duqm with the purpose of establishing economic, service and other projects, which boundaries and sites are shown in the plan attached to the issuing decree.
3. **Board:** The Board of Directors of the Authority.
4. **Chairman of the Board:** Chairman of the Board of Directors of the Authority.
5. **Chief Executive Officer:** Chief Executive Officer of the Authority.

6. **Projects:** The projects that are licensed for establishment in the Zone whether they take the status of an individual proprietorship or a company or a branch of a company or a foreign establishment, as well as the trades and crafts licensed to be conducted in the Zone.

7. **Regulations of the Zone:** The Regulations of the Al-Duqm Special Economic Zone Authority referred to in paragraph 1 of Article 7 of the Decree.

Chapter Two

Objectives of the Authority

Article 2:

The Authority's objective is to supervise the implementation of the project of the development of Wilayat Al-Duqm and administering, improving and developing the Zone while adhering to the regulations of the Zone in order to contribute to the achievement of comprehensive economic and social development.

Chapter Three

Jurisdiction of the Authority

Article 3:

The Authority shall exercise the following jurisdictions in order to achieve its objectives:

1. Coordinating with the Ministries, concerned bodies and

apparatuses responsible for purposes of completing its implementation.

2. Undertaking the necessary procedures for following up on the implementation of the project of development of Wilayat Al-Duqm, supervision over the same, and preparation of the necessary reports in this regard.

3. Drawing up the general policy for the management of the Zone and its main sectors and for its architectural and construction development and planning.

4. Undertaking the necessary procedures for the provision, management, development and improvement of services and the public utilities such as electricity, water and wastewater networks and roads necessary for the Zone, subject to the provisions of the laws and regulations in force in respect to the above-mentioned services and utilities.

5. Marketing the Zone within and outside the Sultanate of Oman.

6. Identifying the activities and works that may be practiced by the projects in the Zone in accordance with the laws in force.

7. Licensing the establishment of projects in the Zone, in accordance with the laws in force.

8. Establishing companies, in accordance with the laws in force, or participating therein, for the purpose of managing, developing, and improving the Zone's main sectors and marketing them.

9. Determining the usufruct rights over lands owned by the State, located in the Zone, necessary for the projects to perform their activities or to expand the same, or to construct residential buildings for the employees working therein, pursuant to the laws in force and subject to the provisions of Clause 11 of Article 5 hereof.

10. Issuing building licenses for the projects pursuant to the regulations in force.

11. Issuing environmental permits and taking the necessary action for the protection of the environment, the prevention of pollution and protection of potable water resources from pollution pursuant to the laws in force.

12. Preparing monitoring regulations for health, environmental, technical, services and others in the Zone and regulations for monitoring performance of activities and works therein, with the exception of activities subject to special controls from certain units of the State's Administrative Apparatus, such as banking and insurance activities, and the preparation of such regulations shall be in accordance with the laws in force.

13. Undertaking the necessary measures for the implementation of the monitoring regulations referenced in Clause 12 of this Article after the approval of the concerned bodies.

14. Undertaking the necessary procedures for training the national manpower in various specializations in accordance with the training plans approved by the board, in order to qualify them to work in the projects licensed to be established in the Zone after coordination with the concerned bodies.

Chapter Four

The Management of the Authority

Article 4:

The Board shall be responsible for the management of the Authority, and shall be comprised of seven members including the Chairman and six members from bodies to be determined by a decision issued by the Cabinet of Ministers.

The Chairman of the Board shall have the grade of a Minister and shall be appointed by a Royal Decree.

The Board shall select from among its members a deputy chairman to replace the Chairman in his absence or in case the Chairman is not capable of exercising his responsibilities.

The period of membership of the Board shall be four years, renewable for a similar period or periods.

The Cabinet of Ministers shall determine the remuneration of the board members.

Article 5:

The Board shall have all powers necessary to achieve the objectives of the Authority, in particular the following:

1. Adoption of the general policy of the Authority to ensure the achievement of its objectives.
2. Adoption of the necessary measures for the implementation of the general policy of the Authority and following its implementation.
3. Approving the organizational chart of the Authority and its sub-regulatory divisions and determining their jurisdiction after coordination with the concerned bodies.
4. Adoption of the financial, administrative and personnel regulations of the Authority after obtaining the consent of the Ministry of Finance, and the other regulations required for the works of the Authority.
5. Forming specialized committees from amongst the Board members

specifying their jurisdictions and responsibilities provided that their recommendations or decisions shall not come into force until after approval by the Board.

6. Forming permanent or temporary committees specifying their jurisdictions or responsibilities, provided that their recommendations or decisions shall not come into force until after approval by the Board.

7. Accepting endowments, bequests and donations in accordance with rules adopted by the Board without contradicting the objectives of the Authority.

8. Approving loan agreements in accordance with the laws and regulations in effect after coordination with the Ministry of Finance.

9. Adoption of tender regulations applied by the Authority and the companies incorporated by it, and companies referred to in Article 9 of the promulgation Decree, to contract on supplying, contracting, purchasing or leasing of real properties necessary for the implementation of services and public utilities projects and other basic projects in the Zone, notwithstanding the provisions of the Tender Law.

10. Formation of one or more committees pertaining to tenders or bids offered by the Authority, the companies incorporated by it, or companies referred to in Article 9 of the promulgation Decree; determination of their jurisdictions and organization of their work procedures, notwithstanding the provisions of the Tender Law.

11. Adoption of the rules regulating the remuneration received by the Authority in consideration of the usufruct right over the land owned by the state located in the Zone, and identification of the segments of such remuneration, after approval of the Ministry of Finance.

12. Adoption of rules relating to the fees and amounts received by the Authority in consideration of services it renders, after approval of the Ministry of Finance.

13. Adoption of the draft annual budget of the Authority and approval of its final account, in coordination with the Ministry of Finance.

14. Adoption of the annual and periodic reports submitted on the activity of the Authority and the achievement of its objectives.

Article 6:

The Board shall hold an ordinary meeting at least four times a year upon the invitation of the Chairman or Vice-Chairman - as the case may be, and the Board may also be invited to convene whenever public interest so requires. The meetings of the Board shall not be valid unless attended by at least four members including the Chairman or Vice-Chairman, as the case may be.

The Board shall pass its resolutions by a majority vote of members present. In the case of a tie, the Chairman shall have a casting vote.

Internal regulations setting out the procedures and organizational work of the Board shall be issued by the Chairman of the Board after approval by the Board.

Article 7:

Without violating the provisions of the Law of Protection of Public Property and Avoidance of Conflict of Interests, a Board member having any interest, directly or indirectly in contracts entered into by the Board, shall notify the Chairman and abstain from considering the issue submitted with respect to the contract.

The preceding paragraph applies if a member, his spouse or any of his

relatives to the second degree owns a stake in the company entering into a contract with the Authority, or is a member of its Board.

Article 8:

The Board may delegate some of its powers to the Chairman of the Board or the Vice-Chairman.

Article 9:

The Chairman of the Board shall submit to the Cabinet of Ministers an annual report on the works of the Authority, and periodic reports on any follow up implementation in accordance with Clause 2 of Article 3 of this Regulation. Such reports shall include primarily public utilities and services projects and other projects undertaken toward implementing the project of developing Wilayat Al Duqm, the projects being implemented toward achieving this objective, and future projects to be implemented for the same purpose. The Royal Court shall be served with copies of the implementation follow-up reports.

Article 10:

The Chairman shall represent the Board before the Courts and in relation to third parties.

Article 11:

The Chief Executive Officer shall be appointed by a Cabinet Resolution upon the proposal of the Board and his jurisdictions shall be set by a resolution to be issued by the Board without prejudice to the provisions of Article 5 of these Regulations.

Chapter Five

Authority's Financial Affairs

Article 12:

The Authority shall have an independent budget and the fiscal year of the Authority shall commence on 1st January and end on 31st December of each year except the first fiscal year, which shall commence as of the effective date of the promulgation Decree until 31st December of the following year.

Article 13:

The Authority's resources shall consist of the following:

1. The provisions allocated to the Authority in the general budget of the State.
2. The revenues received by the Authority in consideration of services rendered.
3. Proceeds of investments of the Authority's funds.
4. Gifts, bequests, and donations accepted by the Board in accordance with Clause 7 of Article 5 of these Regulations.
5. Loans obtained by the Authority in accordance with Clause 8 of Article 5 of this Regulation.
6. Other resources specified by the Board after approval of the Cabinet of Ministers.

Article 14:

The Authority's movable and immovable assets as well as its rights towards third parties and the proceeds of its investment of the funds shall be considered public funds.

Article 15:

The Authority shall collect the amounts owed to it pursuant to the provisions of the Regulation on the collection of taxes, fees and other amounts due to the State's administrative body units promulgated by Royal Decree 32/94.

Article 16:

The surplus generated by the Authority from its resources after the deduction of all current and capital expenditures and other expenditures shall accrue to the public treasury according to the rules specified by the Board upon the approval of the Ministry of Finance.

Article 17:

The Authority shall be exempted from all taxes and fees.

Article 18:

The Authority shall have an auditor licensed to practice the accounting and auditing profession who shall be appointed and have his remuneration determined by a resolution from the Board; without prejudice to the provisions of the Law on the State's Financial and Administrative Audit Law.

مخطط المنطقة الاقتصادية الخاصة بالدقم

