



**Partners for Change**



**مؤتمر فلسطين للاستثمار**  
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# Palestinian Industrial Estates

**A.** Two major laws govern investment in Industrial Estates and Free Zones (IE/FZ); the Industrial Estates and Free Zones Law (law No 10 1998), and the Palestinian Investment Promotion Law. All incentives, exemptions and privileges offered by these laws are applicable to all investors regardless of nationality, and the major points include the following:

**1. Income tax exemptions:**

The law No 10/1998 regarding investment inside IE/FZ gives 2 additional years of tax holiday to that already given by Law no. 1/98 regarding the encouragement of investment in Palestine. For example if you invest \$100,000 - \$1 million inside an IE/FZ you will get a 7-year tax holiday and pay only 10% income tax on net profits for an additional 8-year period. If you invest \$1-\$5 million inside an IE/FZ you will get a 7-year tax holiday and pay 10% income tax on net profits for an additional 12-year period. If you invest over \$5 million inside an IE/FZ you will get a 7-year tax holiday and pay 10% income tax on net profits for an additional 20-year period.

**2. Fixed assets exemptions:**

All goods, materials, ingredients, machines and foreign vehicles imported into the IE / FZ or for the consumption and use of staff employees enjoy exemption from customs duties, related fees and import licenses.

**3. Export exemptions:**

Goods produced and sold outside Palestine are exempt from export taxes and any other taxes. Goods produced and sold within Palestine are regarded as regular imports.

**4. Local market sales:**

A company established in an IE/FZ may sell a maximum of 20% of the annual value of its production to the local market, provided that all raw materials used in the goods sold to the local market are subject to the fees and customs duties imposed on any similar product available in the local market. If a similar product is not available on the local market, only 80% of the fees and customs duties imposed on these products must be paid.

**5. Rules of origin incentives:**

A Palestinian product is given preferential customs treatment according to existing trade agreements. While each agreement defines its own rules of origin, generally a product will be stamped 'Made in Palestine' for export purposes if not less than 35%-40% of its factory value has been processed in Palestine.

**6. Investment guarantees:**

These include protection for all investors and investments and specific incentives for projects creating or expanding economic activities in certain sectors. They prohibit discrimination against any investor on the basis of nationality, or the expropriation of investment.





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### 7. Risk Insurance Investment Guarantees:

Long-term Political Risk Insurance covers up to \$3-5 million for foreign direct investors per project during a 15-year period. Co-insurance is also available to increase coverage. The Investment Guarantee fund is administered by the Multilateral Investment Guarantee Agency (MIGA) and is funded by the World Bank.

### 8. Preferential access to regional and international markets:

Investors in Palestine benefit from its strategic location at the crossroads of Europe, Asia and Africa. There is also the added incentive of preferential duty-free access to the United States, Europe and important regional markets such as Egypt, Saudi Arabia and Jordan.

## B. Types of Industrial Estate in Palestine

### 1. Internal Industrial Estates:

Estates that lie within the borders of the WBGS and around cities and villages. They essentially serve the local industrial development plan, and aim at gathering different industrial activities in designated areas. Examples include Nablus Industrial Estate (NIE), Tarqumia Industrial Estate (TIE), and the Technology Park in Hebron.

### 2. Border Industrial Estates:

These are estates that lie on or near the territorial borders of the WBGS. Investments

in such estates are usually joint-ventures, and aim primarily at establishing bilateral or regional cooperation with neighbouring countries as well as enhancing economic and trade relations between them. These estates result in a network of different levels of cooperation that eventually serve stability in the region, if based on sound and clear foundations. Examples include Jenin Industrial Estate (JIE), Gaza Industrial Estate (GIE), Jericho Industrial Estate (JeIE), Rafah Industrial Estate (RIE), and Khadoury Information Technology Estate (KITE).

### 3. Municipal Industrial Complexes:

These estates gather many small projects within the boundaries of municipalities. They provide a number of consulting services, in addition to infrastructure and buildings equipped for industrial activity, at reasonable prices. The municipal industrial complexes program is aimed at planning and establishing industrial complexes in suitable urban locations, providing support to existing projects in addition to hosting new ones. The main objective is to set up business incubators, focusing mainly on new projects and providing them with necessary facilities. These complexes would be a solution to the lack of industrial land or the high price of land within the municipality area. They will also enable small and medium-sized enterprises to expand. Such complexes exist in almost every main city (municipality).

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