



وزارة التجارة والصناعة
Ministry of Commerce and Industry

Foreign Investment Law in the Kingdom of Saudi Arabia

Article 1:

The following terms and expressions shall have the meanings assigned to them, unless the context requires otherwise:

- (a) The Council: The Supreme Economic Council.
- (b) Board of Directors: The Board of Directors of the General Investment Authority.
- (c) The Authority: The General Investment Authority.
- (d) The Governor: The Governor of the General Investment Authority.
- (e) Foreign Investor: A natural person who is not of Saudi nationality or a corporate person whose partners are not all Saudi.
- (f) Foreign Investment: Investment of foreign capital in an activity licensed by this Law.
- (g) Foreign Capital: In this Law, foreign capital shall mean, for example, but not limited to, the following funds and rights so long as they are owned by a foreign:
 - (1) Cash, securities and negotiable instruments.
 - (2) Foreign investment profits, if invested to increase capital, expand existing projects, or establish new ones.
 - (3) Machinery, equipment, furnishings, spare-parts, means of transport and production requirements related to the investment.
 - (4) Intangible rights, such as licenses, intellectual property rights, technical know-how, administrative skills and production techniques.
- (h) Commodity Firms: enterprises that produce industrial, agricultural, plant and animal commodities.
- (i) Service Firms: Service and contracting enterprises.
- (j) Law: The Foreign Investment Law.
- (k) Regulation: The implementing regulation of this Law.

Article 2:

Without prejudice to the provisions of the laws and agreements, the authority shall issue a license for foreign capital investment in any investment activity in the Kingdom, whether permanent or temporary.

The authority shall act on the investment application within 30 days of the submission of all the documents required by the regulation. If the specified period lapses without the authority acting on the application, it shall issue the required license to the investor.

If the authority rejects the application within the prescribed period, the decision must be justified, and the party whose application has been rejected shall have the right to appeal such decision according to laws.

Article 3:

The Council shall have the authority to issue a list of activities excluded from foreign investment.

Article 4:

Subject to the provisions of Article 2, the foreign investor may obtain more than one license for different activities, and the regulation shall specify the necessary requirements.

Article 5:

Foreign investments licensed under the provisions of this Law may be in either of the two following forms:

- (1) Firms owned by a national and foreign investor.
- (2) Firms wholly owned by a foreign investor. The legal form of the firm shall be determined in accordance with Regulation and directives.

Article 6:

The enterprise licensed under this Law shall enjoy all the benefits, incentives and guarantees extended to a national enterprise, according to laws and directives.

Article 7:

A Foreign Investor may repatriate its share that is derived either from the sale of its equity, the liquidation surplus, or from profits generated by the firm, or to dispose of it in any other lawful manner. The foreign investor may also transfer the amounts required to settle any contractual obligations related to the project.

Article 8:

A foreign firm licensed under this Law may acquire necessary real estate as needed for operating the licensed activity, or for housing all or some of its staff, subject to the provisions governing real estate ownership by non-Saudis.

Article 9:

The foreign investor and its non-Saudi staff shall be sponsored by the licensed firm.

Article 10:

The authority shall provide all interested investors with required information, clarifications and statistics as well as providing them with all services and procedures to facilitate and complete all investment related transactions.

Article 11:

The foreign investor's investments may not be confiscated, wholly or partially without a court judgment. Moreover, they may not be

subject to expropriation, wholly or partially, except for public interest, in exchange for a fair compensation according to laws.

Article 12:

(1) The authority shall notify the foreign investor in writing when violating the provisions of this Law and its regulation, in order to rectify such violation within a period of time specified by the authority for the rectification of the violation.

(2) Without prejudice to any harsher penalty, the foreign investor shall be subject to any of the following penalties if the violation persists:

(a) Withholding all or some of the incentives and benefits given to the Foreign Investor.

(b) Imposing a fine not exceeding SR 500 thousands.

(c) Revoking the foreign investment license.

(3) The penalties referred to in paragraph (2) shall be applied pursuant to a resolution by the board of directors.

(4) The penalty resolution issued may be appealed before the Board of Grievances in accordance with its Law.

Article 13:

Without prejudice to agreements in which the Kingdom of Saudi Arabia is party:

(1) Disputes arising between the government and the foreign investor in relation to its investments licensed in accordance with this Law shall, as far as possible, be settled amicably. Failing such settlement, the dispute shall be settled according to the relevant laws.

(2) Disputes arising between the foreign investor and his Saudi partners in relation to its investments licensed in accordance with this Law shall, as far as possible, be settled amicably. Failing such settlement, the dispute shall be settled according to relevant laws.

Article 14:

All foreign investments licensed under this Law shall be treated in accordance with the applicable tax provisions and amendments thereto in the Kingdom of Saudi Arabia.

Article 15:

The foreign investor shall comply with all laws, regulations and directives in force in the Kingdom of Saudi Arabia, as well as international agreements in which the Kingdom is party.

Article 16:

The implementation of this Law shall not violate the acquired rights of the foreign investments, legally existing before this Law comes into force. However, the process of conducting activities or increasing capital by such enterprises shall be governed by provisions of this Law.

Article 17:

The authority shall issue the regulation and it shall be published in the Official Gazette and shall become effective as of the date of its publication.

Article 18:

This Law shall be published in the Official Gazette and shall become effective 30 days after its publication date. The Foreign Capital Investment Law, issued upon Royal Decree No. (M/4), dated 2/2/1399H (corresponding to 1/1/1979AD), as well as any provisions inconsistent therewith shall be canceled.

List of activities excluded from foreign investment.

First: Industry Sector

1. Exploring, excavating and producing petroleum products. This doesn't include mining related services that are classified internationally under the numbers 883 and 5115.

2. Manufacturing military uniforms, equipment's, and devices.

3. Manufacturing civil explosives.

Second: Services Sector

1. Catering services for military sectors.

2. Investigation and security.

3. Insurance Services.

4. Real estate investment in the two Holy Cities of Makkah and Medina.

5. Tourist guidance services related to Hajj and Umra (visit to the Holy Cities).

6. Recruitment and employment services including local recruitment offices.

7. Real estate brokerage services.

8. Printing and Publishing Services

9. Distribution services (wholesale and retail trade) including medical retail trade such as the private pharmacies classified under the numbers of 632631, and 612161136111, and (commercial agents) except Franchising Services that are classified internationally under the number 8929, provided that the foreign property percentage does not exceed 49% as well as it shall be sufficient to stipulate one condition for every area.

10. Audio and visual services.

11. Education services (primary /secondary /adult education).

12. Communication services.

13. Land and air-transport services.

14. Distribution of electricity services as part of the general network.

15. Space transport services.

16. Pipe line transport services.

17. Services rendered by mid-wives and nurses, physiotherapy services, and Para-medical services classified internationally under the number of 93191.

18. Services related to the field of fishing.

19. Services related to toxic centers, blood banks and quarantines.
last modification 7/29/2013 11:52 AM