[[1]](#footnote-1)\*

[[2]](#footnote-2)\*\*

**Amended by:**

* Legislative decree No. (26) of 2015.
* Law No (24) of 2018.

**LEGISLATIVE DECREE NO.(28) OF 1999**

**WITH RESPECT TO ESTABLISHMENT AND ORGANISATION OF INDUSTRIAL AREAS**

We, **Hamad Bin Isa Al Khalifa,                Amir of the State of Bahrain,**

having perused the Constitution,

andAmiri Order No.(4) of 1975,

and Legislative Decree No.(7) of 1970 with respect to the Provisional Law for Land Organisation and Development,

and Legislative Decree No.(13) of 1977 with respect to Constructional Organisation of Buildings, as amended,

and Legislative Decree No.(18) of 1983 with respect to Charging Land Reclamation Costs to Landowners,

and Legislative Decree No.(6) of 1984 Governing Industry,

and Legislative Decree No.(11) of 1985 with respect to National Industry Protection and Support, as amended,

and Legislative Decree No.(6) of 1989 with respect to Protection of Industries of a National Origin,

and Legislative Decree No.(9) of 1994 with respect to Promulgating the International Commercial Arbitration Law,

and Legislative Decree No.(2) of 1994 with respect to Construction Planning and its Implementing Regulations,

and Legislative Decree No.(16) of 1996 with respect to the Governorates Scheme,

and Legislative Decree No.(21) of 1996 with respect to the Environment,

and Decree No.(23) of 1997 with respect to Re-organisation of the Ministry of Oil and Industry,

and Edict of the Council of Ministers No.(3) of 1998 with respect to Determining Zoning Regulations in Various Areas of the State,

and upon the submission of the Minister of Oil and Industry,

and having sought the opinion of the Consultative Council,

and with the approval of the Council of Ministers,

HEREBY ENACT THE FOLLOWING LAW:

**Chapter One**

**Definitions**

**Article 1**

The following words and expressions used in the articles of this Law shall have the meanings assigned against each unless a contrary intention appears from the context:

**Ministry:** Ministry of Oil and Industry.

**Minister:** Minister of Oil and Industry.

**Concerned Authorities:** Ministries and authorities concerned with developing the industrial areas and providing them with services and utilities.

**Industrial Areas Directorate:** The authority responsible for implementing this Law in compliance with the regulations, implementing orders and instructions issued by the Minister.

**Industrial Areas:** They are the areas that include the plots of land, installations and utilities erected thereon and intended for industrial purposes which shall be determined by an Edict of the Prime Minister upon the submission of the Minister.

**Industrial and Handicraft Activities and Related Activities:**They are the activities to be determined by an order of the Minister.

**Fixed and Mobile Industrial Facilities:** They are the facilities that are built in industrial areas in accordance with the legal terms and conditions.

**Industrial Areas Committee Affairs:** The Committee formed in accordance with the provisions of this Law and its Implementing Regulations.

**Chapter Two**

**Industrial Areas Establishment**

**Article 2**

Industrial areas shall be established and determined by an Edict to be issued by the Prime Minister upon the submission of the Minister in co-ordination with the relevant authorities.

**Article 3**

Industrial areas shall be divided into secondary industrial areas and secondary industrial areas shall be divided into parcels of land in compliance with the provisions of Edict No.(3) of 1988 with respect to Determination of Zoning Regulations in Various Areas of the State and the provisions set forth in the Implementing Regulations of this Law. An investor shall be given the necessary land area in view of the assessment of the Industrial Areas Directorate of his requirements according to the study that he submits in this respect.

**Article 4**

Maps shall be drawn up, in the measurements to be specified by the Implementing Regulations of this Law, delineating the boundaries of industrial areas, secondary industrial areas, parcels of land included in each area and plots of land occupied by buildings and their types. Such maps shall be accompanied by a detailed statement of the necessary service utilities and development and reclamation plans for such plots of land depending upon their condition.

**Article 5**

Industrial areas shall be used for industrial or handicraft activities or the activities related to industry as shall be determined by an order of the Minister.

An investor shall be obliged to commence the implementation of the project for which he has been licensed to use the land during one year from the date of taking over the plot of land, provided that the implementation shall be according to the specifications, conditions and drawings on the basis of which the allocation decision has been adopted. It shall not be permitted under any condition whatsoever without the Ministry’s written approval to alter the aforesaid project not to make any modifications thereto.

**Article 6**

The Ministry shall co-operate with the authorities concerned with administration and investment of industrial areas.

**Article 7**

The Industrial Areas Directorate shall establish and maintain the industrial land registers determined by the Implementing Regulations. Interested persons may be permitted to have access to the maps and registers or to obtain official certificates thereof after payment of the fees the scales of which shall be determined by an order to be issued by the Minister subject to the consent of the Council of Ministers.

**Article 8**

Once handed over to an investor, no industrial land areas shall be cancelled nor re-allocated. Similarly, industrial facilities and installations shall not be acquired except by a resolution from the Council of Ministers against payment of a fair compensation to the investor.

**Chapter Three**

**Exploitation of Industrial Areas’ Lands**

**Article 9**

A committee shall be formed at the Ministry called the “Industrial Areas Affairs Committee” to be empowered to deal with various industrial areas affairs including supervision of implementing the construction and expansion plans in such areas in the manner determined by this Law and its Implementing Regulations.

An order shall be issued by the Minister for the formation of this Committee and determining its powers and rules of its deliberations.

**Article 10**

Land parcels in industrial areas shall be exploited by an order of the Minister upon a recommendation from the Industrial Areas Affairs Committee in compliance with the terms and procedures set forth in the Implementing Regulations of this Law.

Leasing industrial parcels shall not be deemed effective except from the date of handing over the land to the lessee.

**Article 11**

Applications to obtain industrial land parcels shall be submitted using the prescribed form to the Industrial Areas Directorate at the Ministry. An application shall be accompanied by the supporting documents.

The Industrial Areas Directorate shall refer applications to obtain industrial land parcels after providing the necessary documents to the Industrial Areas Affairs Committee.

The Industrial Areas Affairs Committee shall examine applications to obtain industrial land parcels and shall issue its recommendation concerning each application within 30 days from the date of its reference thereto accompanied by a recommendation to the Minister to adopt his decision in respect of the application by approval or rejection.

**Article 12**

Owners of industrial projects may request the reservation of industrial land parcels on a preliminary basis against payment of a monthly consideration the amount of which shall be determined by an order of the Minister, provided that the reservation period shall not exceed 3 months which may be extended for a similar period only. A reservation request shall be forfeited upon the expiry of its period without obtaining an allotment decision.

The Implementing Regulations shall determine the reservation procedures and conditions and amount of monthly reservation consideration. Further, a special register for reservation requests shall be maintained and its priorities shall be decided. The Implementing Regulations shall determine its form and registration procedures for it.

**Article 13**

Subject to the approval of the Industrial Areas Affairs Committee, licenses may be given to banks or investment firms and companies to establish industrial complexes in the industrial areas to be rented out to private sector investors. The Implementing Regulations of the Law shall set forth the terms and conditions of establishing such complexes and methods of investing them.

**Article 14**

Plots of land situated in industrial areas are Government property, hence they shall be exploited in the manner provided for in this Law.

No natural or corporate person shall gain possession nor seize in any capacity the properties situated in the industrial areas except according to the provisions of this Law.

Every act or determination of any right in kind that takes place in contravention of this Law shall be deemed null and void, hence it shall not be legalised.

**Article 15**

Exploitation of land parcels in the industrial areas shall take place by way of leasing in accordance with the provisions of this Law and pursuant to the terms and conditions of the Implementing Regulations. Lease agreements for such land parcels shall be drawn up through the Industrial Areas Directorate at the Ministry using the prescribed forms intended for this purpose according to the provisions of the Implementing Regulations.

A lease agreement shall contain a clause for reference of any dispute arising from the lease agreement to arbitration if the parties mutually agree upon such clause.

Further, the Minister may - where necessary - conclude lease agreements with special terms subject to the restrictions provided for in the Implementing Regulations.

The Implementing Regulations shall stipulate the rules to be followed in the assessment of rentals of industrial land parcels, lease term, method of payment of rent, rules to be followed in case of concluding lease agreements special terms and all other lease provisions.

The lease term shall not be more than 50 years unless otherwise agreed upon.

The Minister may grant temporary licenses for the exploitation of industrial land parcels for a renewable period not exceeding one year for the purposes and under the terms and conditions set forth in the Implementing Regulations.

Except for temporary licenses for exploitation of industrial land parcels, lease agreements shall be notarised at the Office of Notarisation at the Ministry of Justice and Islamic Affairs. The notarisation fees shall be solely borne by the lessee.

**Article 16**

Without prejudice to the provisions of Legislative Decree No. (7) of 1970 with respect to the Provisional Law for Land Organisation and Development and Legislative Decree No.(18) of 1983 with respect to Charging Land Reclamation Costs to Landowners, the Minister may exempt a lessee from payment of rent for an appropriate period if the lessee proves having reclaimed or improved the land in the manner approved by the concerned technical committees for this purpose.

**Article 17**

The Ministry shall be empowered to give a temporary exemption from payment of the rent with a view to promoting certain types of industries in compliance with the terms and conditions to be determined by the Implementing Regulations.

The temporary exemption shall only come into effect from the date of production.

**Article 18**

Parcels of land shall be handed over to the lessee in accordance with the provisions of this Law encumbered by whatever easements relate thereto without creating any right to claim a compensation in consideration of such rights.

**Article 19**

Sums due to the Government in respect of rents of properties subject to the provisions of this Law shall have a general lien over the debtor’s fund and shall have preference over any other lien apart from the wages and amounts due to the worker arising from the contract of employment, legal costs and charges.

**Article 20**

A lessee shall have a comprehensive insurance cover in his favour or in favour of the parties entitled thereto, provided that he shall deposit with the Industrial Areas Directorate evidence confirming that such insurance has been effected and the lessee’s continuation to pay the premiums thereof.

**Article 21**

Subject to the Ministry’s approval, a lessee may assign the lease in favour of a third party and the assignor shall remain jointly liable with the assignee for the financial obligations arising prior to the date of assignment.

Further, industrial land parcels shall not be sub-let except with the written approval of the Ministry.

Occupying a property by branches of the same establishment or because of changing its legal status, expansion or merger with another establishment shall not be deemed as sub-letting.

In all cases, an assignment of the lease or sub-letting shall not be deemed effective towards the Ministry or third parties except from the date of notarising the conveyance by the Office of Notarisation, Ministry of Justice and Islamic Affairs.

**Chapter Four**

**Construction in Industrial Areas**

**Article 22**

Industrial installations may not be established by fixed or non-fixed buildings in the areas subject to the provisions of this Law except by a permit from the concerned authorities after securing the Ministry’s approval subject to the conditions and specifications determined by the Implementing Regulations.

**Article 23**

No demolition, alteration or improvement shall take place to any of the buildings of industrial installations except with a written approval from the Industrial Areas Directorate in compliance with the Constructional Organisation of Buildings and its Implementing Regulations.

**Article 24**

"*As amended Law No (24) of 2018”*

Permission shall be granted for construction of special buildings to be used as warehouses and showrooms for display of the project’s industrial products.

It shall be prohibited to construct workers’ residential buildings. However, the Industrial Areas Affairs Committee may grant an exceptional licence for construction of such buildings in respect of some projects with a special nature as shall be determined by the Implementing Regulations.

Subject to procuring a license from the Industrial Zones Committee and compliance with the conditions related to security, safety and health of the workers as provided under the Implementing Regulations, residential buildings for workers in the industrial areas may be constructed by the owner of the industrial project for the accommodation of his workers on the land dedicated to the project and also by investors who desire to construct such buildings for the accommodation of workers.

A building licensee shall comply with the provisions of orders with respect to determination of conditions for obtaining licences for demolition and building in such land areas and to comply with the building requirements set forth in the Constructional Organisation of Buildings

**Article 25**

Buildings of industrial installations, workers’ buildings or facilities for display of manufactured products shall be subject to the zoning regulations for construction in industrial areas provided for in Edict No.(3) of 1998 with respect to Determination of Zoning Regulations for Construction in Various Parts of the State.

**Chapter Five**

**Obligations and Rights of Lessees of Industrial Land Parcels**

**Article 26**

*"As amended by Legislative Decree No (26) of 2015”*

“The Lessee of industrial plots shall comply with the following:

1. Payment of the rent due from him at the appointed times. In case of recurrence of his default on this obligation, he may be obliged to pay a cash security deposit equal to the rent amount for a period of not more than one year, after he pays the full amount of the rent due from him as a result of delay.
2. Utilizing the industrial plot for the purposes designated therefor.
3. Obtaining the building permit within a maximum period of nine (9) months from the date of taking delivery of the industrial plot.
4. Commencing on the construction and fitting out the installation within one year from the date of receiving the industrial plot, and completing his project within a maximum period of two (2) years from the date of receiving the industrial plot.
5. Not sub-leasing the industrial plot, entirely or partially, to third parties without obtaining the Ministry’s written approval.
6. Carrying out the necessary renovation and repairs for his installations and the industrial plot subject of the contract. The Ministry may intervene, if necessary, in carrying out such renovation and repair works. Similarly, the Ministry may, if necessary, request the Summary Proceedings Court to oblige him, or to permit the Ministry to carry out such renovation and repair works at his own cost, and such dues shall be collected using the methods referred to in this Law.
7. Fencing off the industrial plot and erecting signboards on the entrance in accordance with the provisions of the Implementing Regulations of this Law.
8. Providing internal car parks and landscaping them in accordance with the purposes of the project. The Implementing Regulations of this Law shall specify the sizes of the areas necessary for each project and the specifications necessary for such parks.
9. Removing refuse on a gradual basis and complying with the provisions of environmental protection.
10. Complying with the occupational health and safety procedures in his installations.”

**Article 27**

Every mineral wealth, oil, natural gas or underground water that is discovered or found under the ground of industrial areas shall be the property of the Government which shall compensate the investor for the loss of the total or partial benefit of such land areas in case of

intervention by exploitation. Further, an occupant of such land areas may benefit from the natural quarries in his land by a special permission from the Ministry and for building in his project only and for the consideration fixed for similar resources available outside the industrial areas.

**Article 28**

The Industrial Areas Affairs Committee may decide, of its own accord or at the request of a lessee, to reserve parcels of land neighbouring the land subject to the lease for the project’s expansion purposes or for industrial integration with other projects, provided that the Committee shall determine the consideration for such reservation and the necessary period for keeping such land reserved for this purpose in that case.

**Article 29**

It shall be prohibited for any person in industrial areas to bury under the ground or to dispose on the coastal areas, roads, public squares or in front of public or private buildings or to permit the spillage of any of the following materials:

1. Building debris or waste arising from various industries.
2. Sewerage, rubbish or inflammable, toxic or hazardous materials.

**Article 30**

A lessee may seek changing the industrial land parcel, if there is a justification for such action and the Implementing Regulations shall set forth the conditions and procedures for such change.

**Article 31**

*"As amended by Legislative Decree No (26) of 2015”*

The Ministry may rescind the lease contract for industrial plots if the Lessee is to be liquidated or to be declared bankrupt, while claiming from him the entire rent due for such usufruct and any other amounts due to the Ministry.

**Chapter Six**

**Penalties**

**Article 32**

*"As amended by Legislative Decree No (26) of 2015”*

1. The Ministry shall have the right to rescind the lease contract for industrial plots in the following instances:
2. if the lessor defaults on payment of the rent at the appointed times or refuses to pay the security deposit provided for under (1) of Article (26) of this Law.
3. if the Lessee does not obtain the building permit within a maximum period of nine (9) months from the date of receiving the industrial plot.
4. if the Lessee does not commence construction of the licensed project within one year from the date of receiving the industrial plot without any acceptable excuse approved by the Industrial Areas Affairs Committee.
5. if the Lessee does not complete the fencing off and construction works within a maximum period of two (2) years from the date of receiving the industrial plot.
6. if the Lessee suspends work at the installation for a period of more than six (6) months without an acceptable excuse approved by the Industrial Areas Affairs Committee.
7. if the Lessee uses the industrial plot for purposes other than those designated therefor despite being served a warning to this effect.
8. if the Lessee assigns the rent of the industrial plot or mortgage any real rights attached thereto without obtaining the Ministry’s written approval.
9. if the Lessee sub-leases the industrial plot, entirely or partially, to third parties without obtaining the Ministry’s approval.
10. if the lease period expires without renewal of the contract for a reason due to the Lessee.
11. if the Lessee dies before the expiry of the contract period and his heirs, or one of them, do/does not wish to continue with the lease contract with the Ministry.
12. With due regard to the provisions of Article (33-bis) of this Law, rescission of the contract shall be made by the Industrial Areas Affairs Committee without the need for a court judgment.
13. In the absence of an agreement in the contract otherwise, the Ministry may, in case of rescission of the contract or in case of the expiry of its period without renewal, keep the buildings and installations against compensation to the Lessee in accordance with the rules prescribed in the Implementing Regulations of this Law.

**Article 33**

"*As amended by Legislative Decree No (26) of 2015”*

1. Without prejudice to the provisions of Article (33-bis) of this Law, when the violation is established, the Industrial Areas Affairs Committee shall order the violator, by virtue of a justifiable decision served on the violator in a registered letter with a delivery note, to stop the violation and remove its reasons and effects within a period of time specified by the Ministry. In case he does not comply with this order within the specified period, the Committee may issue an adequately justifiable decision taking one of the following measures:
2. Suspending the industrial installation for a period of not more than 3 months;
3. Imposing an administrative fine, calculated on a daily basis, to force the violator to stop the violation and remove its reasons and effects, of not more than BD 1,000 daily when he commits the violation for the first time daily, and BD 2,000 daily when he commits any other violation within three (3) years from the date of issuing the penalty against him for the previous violation. In all cases, the total fine shall not exceed the amount of Bahrain Dinars twenty thousand (BD 2,000);
4. Imposing an aggregate fine not exceeding BD 20,000;
5. Rescinding the industrial plot lease contract without the need for a court judgment.
6. Closing down the industrial installation permanently.
7. In the two cases provided for under Clauses (2) and (3) of Paragraph (A) of this Article, when assessing the fine, the gravity of the violation and the obstinacy shown by the violator, the benefits he has obtained and the damages which have been suffered by third parties as a result thereof, shall be taken into consideration. Collection of the fine shall be made by using the methods prescribed for collecting amounts due to the State.
8. The Ministry may publish a statement of the violation which is proved to have been committed by the violator, using the method and manner specified in the order and in a way commensurate with the gravity of the violation, provided that publication shall not be made except after the expiry of thirty (30) days from the Ministry’s decision establishing the violation without it being appealed, or after a final court judgment is passed establishing the violation, as the case be.”

**Article (33-bis)**

*"As added by Legislative Decree No (26) of 2015”*

1. The Ministry may conduct an administrative investigation, at its own instance or in response to well grounded reports or complaints, to ascertain any violation of the provisions of this Law, or otherwise. It may conduct investigation, if it has well-grounded evidence to make it believe that a certain violation is imminent.
2. The Ministry may, in the course of carrying out the investigation, require the Lessee to provide all details, clarifications and documents, and may delegate any of the employees referred to under Article (34) of this Law to carry out any of the tasks they are delegated to perform.
3. If the Ministry decides that the investigation has resulted in proving the existence of a criminal offense, it shall refer the papers to the Public Prosecution.
4. The Implementing Regulations of this Law shall organize the investigation procedures and the time limits to be complied with, the rules of notifying lessees subject of the provisions of this Law of the violations attributed to them and the rules of affording fair opportunities to all parties concerned with the investigation to defend their interests, including attendance of the sessions to hear and to cross examine the concerned parties and their witnesses and enable them to give their views and submit their pleas and evidence, both written and oral.

The concerned parties shall have the right to seek assistance of their counsels in all investigation hearings and procedures.

**Article (33- bis) (1)**

"*As added by Legislative Decree No (26) of 2015”*

1. The decision issued in accordance with the provisions of Articles (32) and (33) of this Law shall not be considered valid except after the lapse of the time limit for filing a grievance against it or deciding upon it, and the mere filing of an appeal before the Court shall not entail a stay on execution of the order.
2. A grievance against the order issued in accordance with the provisions of Articles (32) and (33) of this Law shall be filed with the Minister within thirty (30) days from the date of notification of the violator of the decision in a registered letter with a delivery note. The Minister shall decide on the grievance within (30) days from the date of its submission, and the Ministry shall notify the grievant of the decision in a registered letter with a delivery note. The decision after the lapse of the period without deciding on the grievance shall be considered non-existent.”

**Article (33- bis) (2)**

"*As added by Legislative Decree No (26) of 2015”*

“The Ministry may use administrative methods for enforcement, and seek forcible means, if required, to enforce the decision rescinding the industrial plots lease contract and evict the violating Lessee or to stop the violation of the provisions of the Law. In seeking enforcement by forcible means, the violator shall be given respite to remove the violation of his own volition. In all cases, the violator shall bear all the costs incurred by the Ministry in this respect.”

**Chapter Seven**

**General Provisions**

**Article 34**

The Minister shall issue an order for designating some officers of the Industrial Areas Directorate who have the right to enter industrial areas and carry out inspections therein to ascertain the enforcement of the provisions of this Law and the Orders issued for its implementation and for reporting the violations of its provisions. They shall have the power to draw up the necessary statements in this respect for reference to the Industrial Areas Directorate to issue its recommendation with respect to the action to be taken in respect thereof and to refer the minutes together with the recommendation to the Minister.

**Article 35**

The Minister of Oil and Industry shall issue the Implementing Regulations and the necessary orders for implementing the provisions of this Law.

**Article 36**

The Ministers, each in his respective capacity, shall implement the provisions of this Law which shall come into effect from the date of its publication in the Official Gazette.

**Hamad Bin Isa Al Khalifa,**

**Amir of the State of Bahrain.**

Issued at Rifaa Palace on: 7th Rabi’e Al Awwal,1420Hijra

corresponding to: 21st June,1999 A.D.

1. \* This copy is translated by Bahrain Economic Development Board (EDB) as per the provisions in force up to January 2019. [↑](#footnote-ref-1)
2. \*\*This is an unofficial translation and in the event of any conflict or discrepancy between the English text and the Arabic text, the Arabic text shall prevail. [↑](#footnote-ref-2)