

Legal Frameworks for the Establishment of Free Zones: An Analytical Study of the Case of Iraq¹

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ABSTRACT

Introduction

Iraq has legislated Law No. (3) for the year 1998 (the General Authority for Free Zones Law), which stated the reasons for it “a desire to push the wheel of economic and social development forward by attracting national, Arab and foreign capital and industrial investments from developed countries, introducing advanced technology and creating new job opportunities and an increase in the volume of exports and foreign exchange resources, and for the management and investment of free zones as an Iraqi investment that serves national, Arab and international purposes.” Therefore, there was a need to review the General Authority for Free Zones Law No. (3) of 1998, which was brief, and to issue a new law for the purpose of working to impose mechanisms for adjudicating disputes arising from investment in them, while defining clear mechanisms of action and liberating them from the internal laws and procedures of the host country to give complete freedom for its investors to work without linking it to secondary parties as it is an international area subject only to its own law. Where these regions play a major role in stimulating the foreign trade of the host countries, not to mention their important role in stimulating the movement of internal trade and national industries, in addition to their role in attracting foreign investments and transferring technology to those host countries.

Research Objective

The research aims to address the free zones, legal frameworks, and legislation from which the free zones were established in Iraq and compare them with some legislation and laws of selected countries to reach a legal framework that can achieve positive results for the free zones.

Research Hypothesis

The hypothesis of the research is based on the following: The legal frameworks and legislation appropriate to free zones have a positive role when compared with the legislation and laws of selected countries.

Research Structure

The research deals with three topics. The first topic includes the legal conceptual rooting of free zones and their differences from legal systems. The second topic deals with the legal frameworks for free zones in Iraq. The third topic deals with the legal frameworks of selected countries for free zones.

Keywords: *free zones, legal frameworks for free zones, comparative law*

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THE FIRST TOPIC: THE LEGAL CONCEPTUAL ROOTS OF FREE ZONES AND THEIR DIFFERENCES FROM LEGAL SYSTEMS

Free zones appeared in the world several centuries ago, such as the free zone in Gibraltar in 1704 and the free zone in Hong Kong in 1848, as these zones were free ports in which goods were stored and facilitated import and export operations, and with time these zones developed until they reached their known form today. This, and their number has increased remarkably worldwide, distributed worldwide. Nevertheless, the observer of the free zones notices the development of their concept, whether in terms of their objectives, area, places of residence, or the privileges granted to them. Accordingly, in terms of goals, the concept of those zones has changed from places of storage and export to places where all commercial, industrial, and service operations take place that may not even exist within the host country itself. As for the places where it was established, it is no longer necessary to establish it on the centers of international trade lines, as it is being established even in remote places and on vast areas of land.

As the first free zone in the modern world was established in the city of Shannon, Ireland in 1959, where this region changed the shape of free zones in the world from commercial activity to industrial commercial activity, and in the last decades of the twentieth century, free zones developed significantly, keeping pace with the development of transportation and communications and the development of trade and industry in general. Furthermore, the phenomenon of free zones has emerged in recent decades in response to economic and regional developments, which are playing an increasing role in economic activity in their host countries and international trade, achieving high rates of growth in some countries because they are an instrument to attracting foreign investment and modern technology. Nevertheless, free zones have increasing importance as a pattern for international economic transactions and one of the tools for achieving economic development through openness to the world of foreign trade and industry and then being guided by its policies and productive structures. On the other hand, free zones have become linked to the nature of the existing economy and are affected by its global economic and political conditions.

First: The Concept of Free Zones

Familiarity with the legal system for investing in free zones is not done without addressing the concept of these zones, due to the ambiguity of this concept for many and the scarcity of relevant studies, and because research on the concept of these free zones gives a clearer picture of investment in them, as the idea of establishing free zones has evolved, both in terms of goals or from where it is located. Accordingly, in terms of its objectives, the idea has evolved from mere places for storage and re-export to areas that provide many services in the field of exports or industry. As for the places of its establishment and its area, after it was established in the centers of international trade lines and with small spaces, it is now established in any place, even in remote places of the state, for the purpose of reconstructing these areas and housing individuals in them for the development of these areas. A free zone is a piece of land that is fenced and has entry and exit points in which certain activities are practiced by investors. These areas are of great importance in the commercial life of some of their host countries.

Second: The Legal Definition of Free Zones

The jurisprudential dispute over the definition of free zones, and despite the multiplicity of these definitions, they all fall within the general framework of the free zone. Nevertheless, free zones in the world are called by this designation because merchants, companies, and investment institutions, whether foreign or local, practice whatever activities and commercial operations they want within them, and they have absolute freedom in that, but despite that, they are not completely free but are restricted to different types of procedures, instructions and laws in the host country, especially in our developing countries.

The Law of the General Authority for Free Zones No. (3) of 1998 and the Customs Law No. (23) of 1984 neglected the definition of the free zone and left it vulnerable to jurisprudence and interpretations that do not rely on a legal basis. As there are many jurisprudential opinions in defining the free zone around the world, some of them define it as "walled lands containing administrative buildings and warehouses prepared for the purpose of storing goods and lands prepared for construction." However, it is noted from this definition that it was vague and general, focused on the real estate aspect, and neglected to clarify the activities carried out in free zones, as it considered free zones to be warehouses for storing goods. Other definitions include "a specific and fenced part of the national land that is separated

as customs and does not apply to the laws and provisions of foreign trade in force in the mother country." Except for regulations and laws related to security, morals, public health, and the suppression of smuggling.

It is understood that this definition focused on the customs and tax aspects, and did not indicate the nature of the free zones and the activities that are practiced in them. Including "the closed area under guard where goods are stored, whether that area is a sea or airport, inland or on the coast, to which goods of foreign origin are returned with the intention of re-exporting, displaying or introducing some additional operations on them." However, this definition is flawed because it considers free zones to be places for storing or re-exporting goods, and neglects to mention the goods that are produced in those zones. The definitions also include "geographical areas where activities are not restricted, whether trade, industry or construction, and where goods and services are not restricted and export is permitted to all parts of the world." It is taken from this definition that activities were launched without restrictions in the free zones, as well as goods and services, while the actual reality imposes many conditions on those goods and activities.

One of the most prominent definitions is what came from the Statistics Committee of the United Nations, where free zones were defined as "a geographical area whose borders are fixed and whose entrance is controlled by the Customs Authority, whereby goods coming from abroad can cross the customs borders without being subject to borders or control, except for those whose entry is prohibited by law." It is noted that this definition neglected to mention the goods that are removed from the free zones, and limited the definition to the goods that enter them only, as well as the productive activities that take place within them. As for the most comprehensive legal definition, it is "areas exempt from customs duties and import restrictions that provide an environment conducive to attracting investments, promoting exports, transferring technology, providing job opportunities and other activities, including transit (transit trade), shipping, warehousing, and distribution."

The free zones provide investors with a large number of incentives and customs and tax exemptions in addition to various legal guarantees, which makes the investor in a free environment to practice his investment activity without any restrictions that limit that activity away from the laws imposed within the host country, and this is the reason for naming the free zones by this name. Furthermore, Investing in free zones has different provisions and specific mechanisms that differ according to the legislation of the host countries, as investors who are natural persons must follow certain procedures to license their investment projects in those free zones, and they must also submit to some rules and instructions imposed by the administration of the free zone, consequently, it is necessary to research in the concept of the free zone so that this research is a bridge to the research of the legal system governing investment in it.

Third: Defining Free Zones in Legislation

The Syrian legislator defined free zones as "a geographic area within the territory of the Syrian Arab Republic that is fenced and specified in which licensed activities are practiced in accordance with this system and are subject to its provisions". The Free Zones Administration is linked to the institution or the institution (the Syrian Free Zones Foundation) is licensed to invest in them for another party under the name of private free zones or points, as the investing party works under the supervision and control of the institution in cooperation with the Customs Administration. Furthermore, free zones have been defined by the Jordanian legislator as "a part of the Kingdom's territory, defined and fenced with a dividing barrier, in which goods are placed for the purposes of storage and manufacturing with the suspension of the collection of all taxes and fees incurred therefrom, and these goods are considered as if they were outside the Kingdom."

The Algerian legislator defined them as "areas with defined boundaries, in which industrial activities, services or commercial activities are practiced".

The International Convention (Kyoto) for the simplification and coordination of customs procedures defined it as "a part of the territory or country where goods produced or provided are outside the customs area and not subject to customs duties and controls."

The establishment of free zones is considered with the aim of providing effective infrastructure, and perhaps one of its most important objectives is to attract and encourage foreign and local capital for development, economic and social development, and the establishment of infrastructure projects, facilities, and service facilities. Increasing trade

exchange and the volume of exports and foreign exchange resources. Providing new sources to support the national economy and diversifying sources of income. As well as the introduction of modern technologies and the creation of new job opportunities for workers and develop their skills.

Fourth: Characteristics of the Free Zone

The most important characteristics of these zones, with characteristics including the specific geographical area of the free zone, after the free zones used to take their location near one the seaports, they now take a location near airports or inside the country, and the free zone is subject to the full sovereignty of the host country, and the free zone is isolated from the rest of the state's territory. Among the most important other characteristics are tax exemptions, customs incentives, and procedural facilities.

Fifth: The Difference Between the Free Zones Law and Similar Legal Systems

The designation of free zones and the mechanism of their work are almost mixed with some other legal systems that are similar to them in some respects. Nevertheless, free zones have characteristics that distinguish them from other similar systems, which are as follows:

1. Transit System (Transit Traffic): Transit can be defined as follows: "the passage of goods through the territory of a country destined for another country, without the first imposing a customs tax on these goods in transit."

2. The drawback system (tax refund): The drawback system is "a system whereby the person concerned recovers the customs taxes previously collected on raw or semi-finished materials used in the manufacture of commodities when they are re-exported abroad."

3. Free trade zones: Free trade zones are a form of economic integration that arises between two or more countries, through which all customs and non-customs restrictions restricting the transfer of goods, capital, and labor between the state parties are removed.

4. Free markets: are "those places located within the framework of the sea, air, or land ports, or in designated and specific places within the country, in which finished consumer goods are sold to individuals passing through them in order to meet their needs of these goods."

THE SECOND TOPIC: LEGAL FRAMEWORKS FOR FREE ZONES IN IRAQ

First: The Establishment of Free Zones in Iraq

The experience of free zones in Iraq began after studying the establishment of a free zone in southern Iraq in 1997, which is located southwest of the city of Basra, at a distance of (40) km from it, and with an area of (1) million square meters. Therefore, a working group was formed to select the location of the zone and determine the requirements for its establishment. Accordingly, and for the purpose of keeping pace with the global, technical, and economic developments that the world witnessed, the Free Zones Law No. (3) of 1998 was issued in Iraq on 5/8/1998, according to which the General Authority for Free Zones was established. Nevertheless, it was stated among the reasons for issuing the law is the desire to push forward the wheel of economic and social development by attracting national, Arab and foreign capital, introducing advanced technology, creating job opportunities, and increasing the volume of exports and foreign exchange resources.

A - Objectives of the General Authority for Free Zones Law

- Managing and investing in free zones to serve the national economy.
- Establishing warehouses, installations, and depositories necessary for the operation and development of free zones.
- Implementation of the terms and conditions of customs control.

B-: The Authority's Management and Tasks

The commission is managed by a board of directors that includes a number of representatives of relevant ministries and departments (trade, industry and minerals, oil, transport, and communications, the Central Bank of Iraq, the General Authority for Customs, in addition to two members with expertise and specialization nominated by the Minister of Finance). The Board is chaired by the Director General of the Authority, and according to Article (4) of the law, the tasks of the Board of Directors have been determined, the most important of which is setting the general policy of the Authority, proposing the establishment or cancellation of free zones, as well as preparing development plans and programs, determining fees, rental allowances, and services provided. The number of Board of Directors meetings held during the year 2015 amounted to (9) sessions.

A: The Authority's Bylaws

The internal system of Authority No. (3) for the year 1999 specified the administrative formations of the Authority and the tasks of each of the departments and branches of the Authority, which are as follows: Administrative Section, Financial Section, Calculator Section, Planning and Studies Section, Investment Section, Property and Construction Section, Legal Section, Internal Control Section, Department of Relations and Information, Secretariat of the Board of Directors.

Second: Free Zones Operating in Iraq**A- Khor Al Zubair Free Zone:**

The area is located to the southwest of the city of Basra, at a distance of (45) km, and its area is (one million square meters), while the area of the expansion area is approximately (20,364,200 square meters), and it is distinguished by its view of the Arabian Gulf, which makes it an important connection point for international trade lines, as it has a commercial depth towards the Iraqi and Gulf markets, and from there to the Asian markets. Furthermore, there is more than one sea and land port that the free zone can deal with, as it is adjacent to the port of Khor Al-Zubair and about (20) km from the port of Umm Qasr, in addition to the presence of the Safwan border port with Kuwait and the Shalamcheh port with Iran. Accordingly, this location made it in the middle of an open network of means of transport, with the presence of shipping lines, there are express transportation routes that link it with all free zones and neighboring countries, in addition to its proximity to raw materials sites, which are inputs to many industries and a successful environment for all types of industrial, commercial and service investments.

B- The Free Zone in Nineveh:

This zone is located in the north of the country in Nineveh Governorate, on the Mosul-Dohuk road, about (20) km north of Mosul, with an area of (664,000) square meters. As for the area of the expansion area, it amounts to about (3,978,000) square meters. Nevertheless, the region is distinguished by the importance of its location, as it is located at the crossroads of land and railway roads in different directions to Turkey, Syria, Jordan, and Iran, which makes it the focus of commercial exchanges for goods toward these countries. This zone is close to the sources of many raw materials, agricultural and animal products, and these are inputs for many industries food, and others.

C- Free Zone in Al-Qaim:

The Zone is located in the northwest of the country in Anbar Governorate and on the Iraqi-Syrian border. Its area is (70,000) square meters. As for the zone of expansion zone, it amounts to approximately (433,143) square meters. In addition, the Commission owns another plot of land located on Akashat Road, with an area of (6,610,000) square meters. Furthermore, the free zone in Al-Qaim is connected to Nineveh Governorate, by (Rawa / Mosul) road to the Turkish border, and it is linked to the Basra Governorate by the highway to the Arabian Gulf. It is also linked to the border crossing in Trebil through the international road to Jordan, as well as the Al-Walid port to reach Syria. It is also connected to many railway lines, including one that reaches Nineveh Governorate, and the other that reaches Baghdad and Basra, and from there to the ports, and this location made it distinguished by commercial activities with all neighboring countries.

D- The Free Zone of Merkez Al-Madina Automotive Services Company in Baghdad / Awereej:

The commercial-free zone in Awereej Industrial (Merkez Al-Madina automotive services Company. Ltd) with a site area of (6500 square meters) that can be expanded and is located on the main road (Baghdad-Hilla) in the Awereej Industrial Area. It specializes in trading cars and their accessories. Furthermore, one of the most important factors and reasons behind the establishment of a private free zone for the above company is: facilitating the process of importing and storing cars and their accessories of spare tools and others from the country of origin and reducing costs, which will reduce the selling costs. And controlling the costs of taxes and fees that must be paid by the company to the departments of the Ministry of Finance through the presence of employees for these departments at the headquarters of the free zone. Also, some materials will be re-exported to neighboring countries when needed, as is the case in neighboring countries, which will encourage trade between the countries of the region.

E- The Specialized Free Zone of the Basra Center Limited Company for the Oil and Gas Axis in Khor Al-Zubayr:

The area of this zone is about (11) million square meters and is located within the expansion land of the free zone currently operating in Khor Al-Zubayr, where the activity of this zone is concentrated in providing logistical services to oil and gas companies operating in Iraq, and the Commission is striving to activate the contract concluded between it and the above company in this region and to complete the stages of its establishment after the issuance of Cabinet Resolution No. (141) for the year 2014, which includes the cancellation of Cabinet Resolution No. (282) for the year 2013.

Table No. (1): A table showing the total contracts in force for the year 2015

Region	2015 contracts		
	Commercial	Industrial	Service
Al-Zubayr creek	52	9	9
Nineveh	47	13	5
Al-Qaim	29	2	1
The total	128	23	16

Source: *Study on Free Zones, Ministry of Finance, General Authority for Free Zones, Investment Department, 2021, p. 10.*

- The percentage of commercial projects to the total number of projects is (63.72%), the percentage of industrial projects is (20.85%), and the percentage of service projects is (15.68%).
- The areas occupied by commercial activity amounted to (325509.27) square meters, and the areas occupied by industrial activity amounted to (108796.8) square meters, while the areas occupied by service activity amounted to (114367.26) square meters, and the total invested areas in the free zones in different sectors amounted to (548,673.33) square meters, as shown in Table No. (2) below for each directorate:

Table No. (2) Total areas invested in free zones in different sectors

	Commercial	Industrial	Service	The total
Al-Zubayr creek	300196,27	50742,8	110727,26	461666,33
Nineveh	25313	53644	3640	82597
Al-Qaim	---	4410	---	4410
The total	325509,27	108796,8	114367,26	548673,33

Source: *Study on Free Zones, Ministry of Finance, General Authority for Free Zones, Investment Department, 2021, p. 11.*

Table No. (3) shows the number of investment contracts in force in the three free zones in all their sectors (commercial, industrial, and service) until 2020. It is clear from the table that the contracts valid until 2020 amounted to (102) contracts. The commercial activity constitutes the largest percentage of the contracts in force and the contracted areas. The industrial activity comes in the second rank of the total contracts signed. The service activity comes in the third rank among the Authority's activities.

Table No. (3) Number of investment contracts in force in the three free zones for the year 2020

Region	2020 Contracts			The total
	Commercial	Industrial	Service	
Al-Zubayr creek	47	9	13	69
Nineveh	18	10	3	31
Al-Qaim	---	2	---	2
The total	65	21	16	102

Source: *Study on Free Zones, Ministry of Finance, General Authority for Free Zones, Investment Department, 2021, p. 12.*

Third: Establishments that can be Established inside the Free Zones:

The law allowed the practice of all industrial, commercial, and service activities (except for prohibited activities whose goods are prohibited from entering, including goods of origin or source that are prohibited to deal with drugs, toxic materials, firearms, ammunition, explosives, coinage molds, radioactive materials, stinky materials, and flammable materials). The law allowed the practice of business such as industrial activity in both parts of the production and consumer industries, assembly, installation, sorting and repacking operations, storage, re-export, and

trading operations, as well as service, warehousing, and transportation projects of all kinds. Banking, insurance, and reinsurance activities. Complementary and supportive professional and service activities.

Fourth: Investment Procedures:

Instructions No. (4) and the decisions of the Board of Directors of the General Authority for Free Zones specified the investment procedures as follows:

- Submitting an investment application by the investor, and filling out the investment projects form.
- Submitting a certificate proving the investor's financial position.
- Submitting an economic feasibility study for the project.
- Obtaining the initial investment approval.
- Obtaining the final approval from the Authority's management and signing the investment contract, after paying the financial obligations incurred thereof.
- Submit engineering drawings for the project.

Fifth: The Mechanism of Movement of Goods within the Free Zone

Instructions No. (4) specified the mechanism for the movement of goods from customs ports or local markets to the free zone and vice versa, as well as operations within the zone, as indicated in the following paragraphs:

- The process of bringing foreign goods into the free zone, depositing them in it, and removing them from it outside the territory of Iraq is exempt from taxes and customs fees, and these goods are not subject to trade restrictions.
- Entering national goods (exporting them) to the free zone after completing the procedures prescribed in accordance with the laws in force.
- Exiting the goods from the free zone to the local markets after completing the procedures prescribed in laws.
- Allowing goods to be deposited within the free zone for an indefinite period, provided that they do not result in any negative impact on the environment, other goods, or the goods themselves.
- The possibility of transporting goods from one free zone to another free zone within the country, while exempting them from customs duties, transit fees, and public service fees for the region.
- It is permitted to assign goods in the free zone after paying the prescribed fees.

Sixth: Future Prospects:

Pursuant to Law No. (3) of 1998 Article (4) First, the Board of Directors of the Authority shall set the general policy of the Authority, propose the establishment and cancellation of free zones, and prepare plans and programs for the development and naming of free zones, as an executive summary has been prepared aiming at advancing the status of the authority and increasing the volume of investment in it, which will reflect positively on advancing economic development, attracting national, Arab and foreign capital, industrial investments, introducing advanced technology, creating new job opportunities, increasing the volume of exports and foreign exchange resources, and maximizing non-oil resources. Accordingly, the following proposals have been put forward:

1- Establishing free zones specialized in aviation services near international airports (Baghdad, Basra, Najaf) for the purpose of securing support services for airports and national and international airlines such as aircraft maintenance services, pilot training institutes, flight attendants and aircraft engineers, meal preparation services, as well as hotels, housing, corporate offices and exhibitions, Insurance of air freight and storage (both dry and refrigerated).

2- Establishing specialized free zones near the land outlets in line with the increasing activity (commercial exchange) with neighboring countries in the regions (Safwan, Shalamchah, Zurbatiya) in addition to establishing a free zone near the port of Umm Qasr for the purpose of practicing commercial, industrial and service activities.

3- Expansion of the free zone in Khor Al-Zubair within the expansive lands of the Authority, with an area of 2 million square meters.

THE THIRD TOPIC: LEGAL FRAMEWORKS OF SELECTED COUNTRIES FOR FREE ZONES**First: The Legal Framework for Free Zones in the UAE**

Article No. 121 of the Constitution of the United Arab Emirates enables the federation to establish financial free zones in the various emirates, excluding the application of some federal laws in these financial free zones. A number of laws have established the DIFC and its necessary authorities, including the Dubai Financial Services Authority. These laws define the objectives, powers, and tasks of the entities in the center and contain essential exceptions and prohibitions in the Dubai International Financial Center.

Federal Law No. 8 of 2004

Federal Law No. 8 of 2004 regarding "Financial Free Zones in the United Arab Emirates" (Financial Free Zones Law) mainly:

- It is permitted to establish a financial free zone in any emirate in the country by virtue of a federal decree.
- Excludes financial free zones and the financial services provided through them from all federal civil and commercial laws.
- Confirms the applicability of federal criminal laws to financial free zones, including federal laws on combating money laundering.
- It prevents companies licensed in the Dubai International Financial Center from dealing in "taking deposits from the state's markets and dealing in UAE dirhams."
- Restricts the transactions of insurance companies licensed in the Dubai International Financial Center in the country to carry out reinsurance activities only. The non-applicability of federal laws means that the Dubai International Financial Centre (DIFC) has its own regulatory and legal framework.

*** Cabinet Resolution No. 28 of 2007**

Cabinet Decision No. 28 of 2007 on "Implementation of Federal Law No. 8 of 2004 Concerning Financial Free Zones" further detailed some of the provisions of the Financial Free Zones Law.

*** Federal Decree No. 35 of 2004**

Federal Decree No. 35 of 2004 established the Dubai International Financial Center as a financial-free zone in Dubai (DIFC Law). The Federal Council of Ministers also issued two cabinet decisions defining the geographical boundaries of the Dubai International Financial Center.

***Dubai Law No. 5 of 2021**

Dubai Law No. 5 of 2021 regarding the "Establishment of the Dubai International Financial Center" acknowledges the establishment of the Dubai International Financial Center:

- Recognition of the financial and administrative independence of the Dubai International Financial Center.
- Establishes entities in the Dubai International Financial Centre, including the Dubai Financial Services Authority.
- Provides that the Dubai Financial Services Authority operates independently of other entities in the Centre.
- The Dubai International Financial Center is excluded from the laws and regulations of the Emirate of Dubai, under certain circumstances.

*** Dubai International Financial Center Law No. 1 of 2004**

(DIFC) Law No. 1 of 2004 or the "Regulatory Law 2004" is the bedrock of the regulatory powers, functions, and objectives of the Dubai Financial Services Authority (DFSA), and:

- Grants the DFSA the authority to set rules.
- Determines the powers and duties of the Board of Directors and the Chief Executive Officer.

- Establishes the legal body for financial markets.
 - Defines standards and processes for licensing companies and individuals.
 - Defines the powers to supervise and conduct investigations on individuals, in addition to enforcing the laws applied by the Dubai Financial Services Authority.
 - Grants the DFSA the power to impose restrictions, suspensions, and sanctions, including financial penalties.
 - Provides for the registration of auditors and designated non-financial businesses and professions
 - Defines the decision-making process that the DFSA must follow in order to issue certain types of decisions.
- The Dubai International Financial Centre (DIFC) Courts Establishment Act can be found here. The DIFC Laws database is available here.

CONCLUSIONS

- 1- The appropriate legal frameworks and legislations for free zones have a positive role when compared with the legislations and laws of selected countries.
- 2- The existing jurisprudential dispute over the definition of free zones, and despite the multiplicity of these definitions, they all fall within the general framework of the free zone's characterization, as there are many jurisprudential opinions regarding the definition of the free zone around the world.
- 3- The Law of the General Authority for Free Zones No. (3) for the year 1998 and the Customs Law No. (23) for the year 1984 neglected the definition of the free zone, leaving it vulnerable to jurisprudence and interpretations that do not rely on a legal basis.
- 4- The most comprehensive legal definition is "areas exempt from customs duties and import restrictions that provide an environment conducive to attracting investments, promoting exports, transferring technology, and providing job opportunities. Perhaps one of its most important goals is to attract and encourage foreign and local capital for economic and social development."
- 5- The most important characteristics of these zones, including the specific geographical area of the free zone, after the free zones used to be located near one of the seaports.
- 6- The Free Zones Law was issued in Iraq No. (3) for the year 1998 on 5/8/1998, according to which the General Authority for Free Zones was established. The reasons for issuing the law included the desire to advance economic and social development.
- 7- The percentage of commercial projects in free zones to the total number of projects is (63.72%), the percentage of industrial projects is (20.85%), and the percentage of service projects is (15.68%).
- 8- The number of investment contracts in force in the three free zones in all their sectors (commercial, industrial, and service) until 2020 was about (102) contracts, which is a small percentage compared to other countries.
- 9- Federal Law No. 8 of 2004 regarding "Financial Free Zones in the United Arab Emirates" (Financial Free Zones Law) allows the establishment of a financial free zone in any emirate in the country and excludes financial free zones and the financial services provided through them from all federal civil and commercial laws.
- 10- Dubai International Financial Center Law No. 1 of 2004 allows the establishment of a financial free zone in any emirate in the country by virtue of a federal decree. Nevertheless, the Non-applicability of federal laws means that the Dubai International Financial Center has its own regulatory and legal framework.
- 11- Dubai Law No. 5 of 2021 regarding the "Establishment of the Dubai International Financial Center" recognizes the establishment of the Dubai International Financial Center and recognizes the financial and administrative independence of the Dubai International Financial Center.

RECOMMENDATIONS

- 1- Adopting laws and legislation that can contribute to strengthening free zones in Iraq.
- 2- The possibility of benefiting from the laws and legislations of selected countries, such as the laws issued in the United Arab Emirates.
- 3- Not relying on jurisprudence and interpretations that are far from the law
- 4- The possibility of benefiting from Dubai Law No. 5 of 2021 regarding “establishing the Dubai International Financial Center” in order to compare with the laws in force in free zones in Iraq.
- 5- Determine the powers and remove ambiguity in many procedures that impede the implementation of the laws in force for free zones in Iraq.
- 6- Establishing free zones specialized in aviation services near international airports (Baghdad, Basra, Najaf) for the purpose of securing support services for airports and national and international airlines.
- 7- Establishing specialized free zones near the land ports in line with the increasing activity (commercial exchange) with neighboring countries, in addition to establishing a free zone near the port of Umm Qasr for the purpose of practicing commercial, industrial and service activities.

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