



SPECIAL ECONOMIC ZONE (SEZ) DEVELOPMENT AND MANAGEMENT IN LAO PDR

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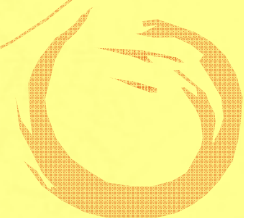
Prime Minister's Office, Lao PDR

January 2011



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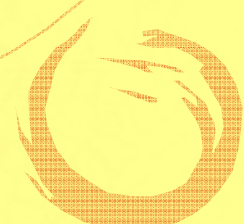
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I. Government policy on SEZ development.

Background

- In order to achieve the 7th National Socio-economic Development Plan and to graduate from the least developed countries in the year 2020, the Lao government has been trying to improve and create a good environment for local and foreign direct investment.
- Following an approval of the investment promotional law by the Parliament in July 2009; the Prime Minister issued the Decree on Special Economic Zone dated 26/10/2010 as a legal frame work to promote SEZ investment.
- The National Committee and the Secretariat Office to the National Committee for Special Economic Zone were established in 2010 as a mechanism to develop and manage SEZ.



I. Government policy on SEZ development (continue) .

Objectives

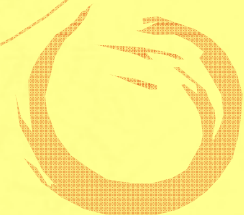
- Set up a competitive SEZ legal system and guidelines.
- Open door policy for SEZ development in all sectors in the country.
- Set up SEZ based on the Market Driven Method.
- Simplify process for investors to invest and operate (One Stop Service).
- Develop SEZ based on equity, accountability, sustainability and preserving environment.



Special economic zone and Specific economic zone in the Lao's context:

❑ ***Special economic zone:*** is a zone having a separate economic space with an investment and business environment which is specially favourable for investors, and fixed geographical boundaries more than 1000 ha, and being established pursuant to the conditions, order and procedures stipulated in legal document.

❑ ***Specific economic zone:*** is a zone having a separate economic space with an investment and business environment which is specially favourable for investors, and fixed geographical boundaries, and being established pursuant to the conditions, order and procedures stipulated in legal document.

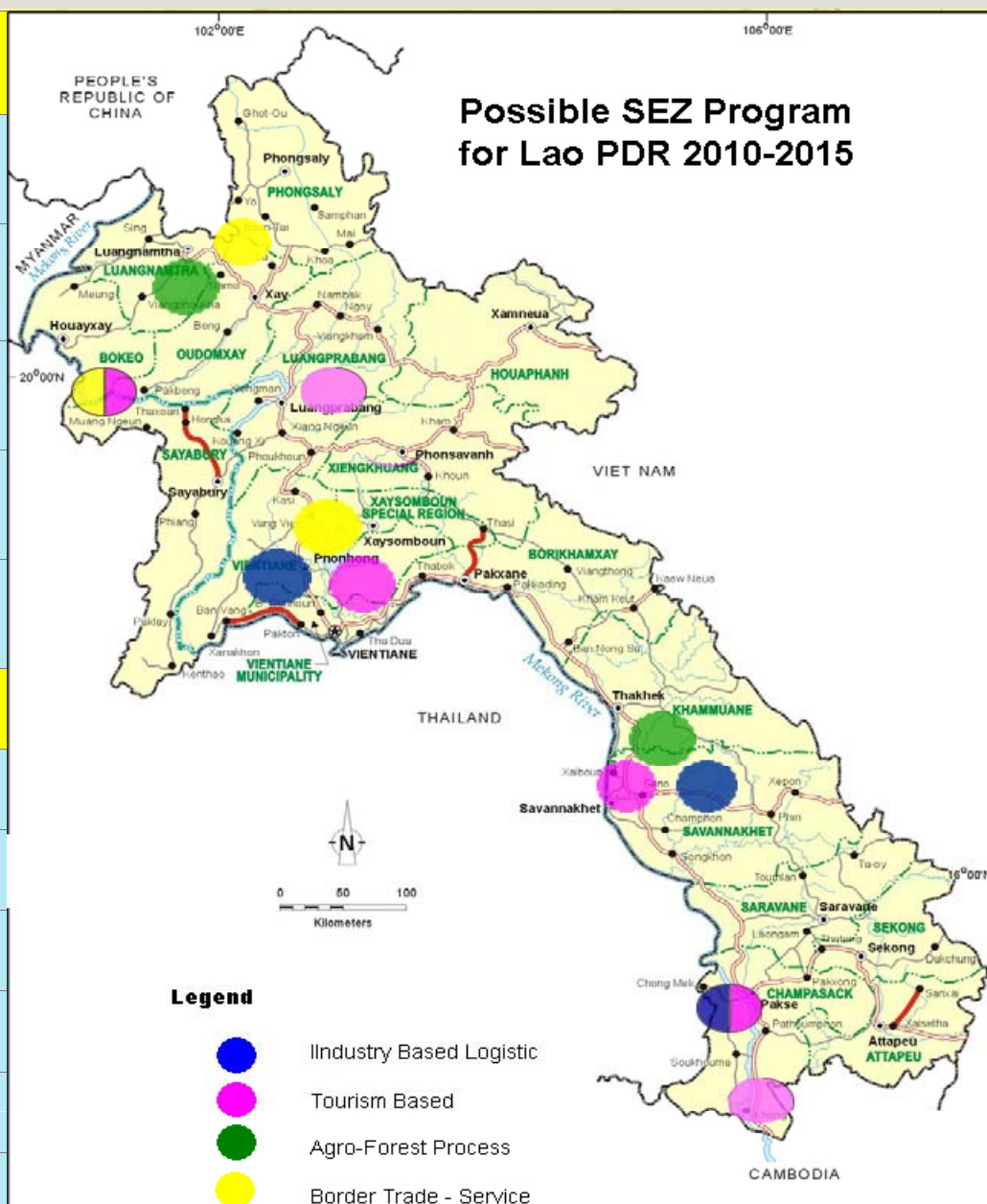


SPECIFIC AND SPECIAL ECONOMIC ZONE - A COMPARISION

| Specific Economic Zone | Special Economic Zone |
|---|---|
| Fixed geographical boundaries. | Fixed geographical boundaries. A special economic zone may combine many specific economic zones. The areas must be over 1,000 ha. |
| Managing by an Economic Board (Chaired by developer) | Managing by a Management Board (Chaired by government) and an Economic Board (Chaired by developer). |
| The establishment of SEZ must be approved by NSEZ-Committee and signed the contract with the government. | |
| <p style="text-align: center;">3 types of investment</p> <ol style="list-style-type: none"> 1. Government 100 percent 2. Joint venture (government and private sector) 3. Private own 100 percent | <p style="text-align: center;">2 types of investment</p> <ol style="list-style-type: none"> 1. Government 100 percent 2. Joint venture (government and private sector) |

II. Ongoing and new potential areas for SEZ development

| Name of SEZ | Location |
|---|----------------------|
| 1. Savan-Seno Special Economic Zone (Lao government -Malaysian investor) | Savanakhet province |
| 2. Boten Special Economic Zone (China) | Luangnamtha province |
| 3. Sarmliem Den Kham Special Economic Zone (China) | Bokeo province |
| 4. Phou Kieu Nakhon Specific Economic Zone (Lao) | Khammouan province |
| 5. Non Thong Industrial park (Taiwan) | Vientiane Capital |
| Potential for new SEZs development | |
| 1. Friendship Bridge SEZ | Khammouan |
| 2. Num Heuang SEZ | Xayaboury |
| 3. Four thousand Islands | Champasack |
| 4. Plain of Jar Development Zone | Xiengkhuang |
| 5. Xam Neua District & Viangxal District | Huaphan |

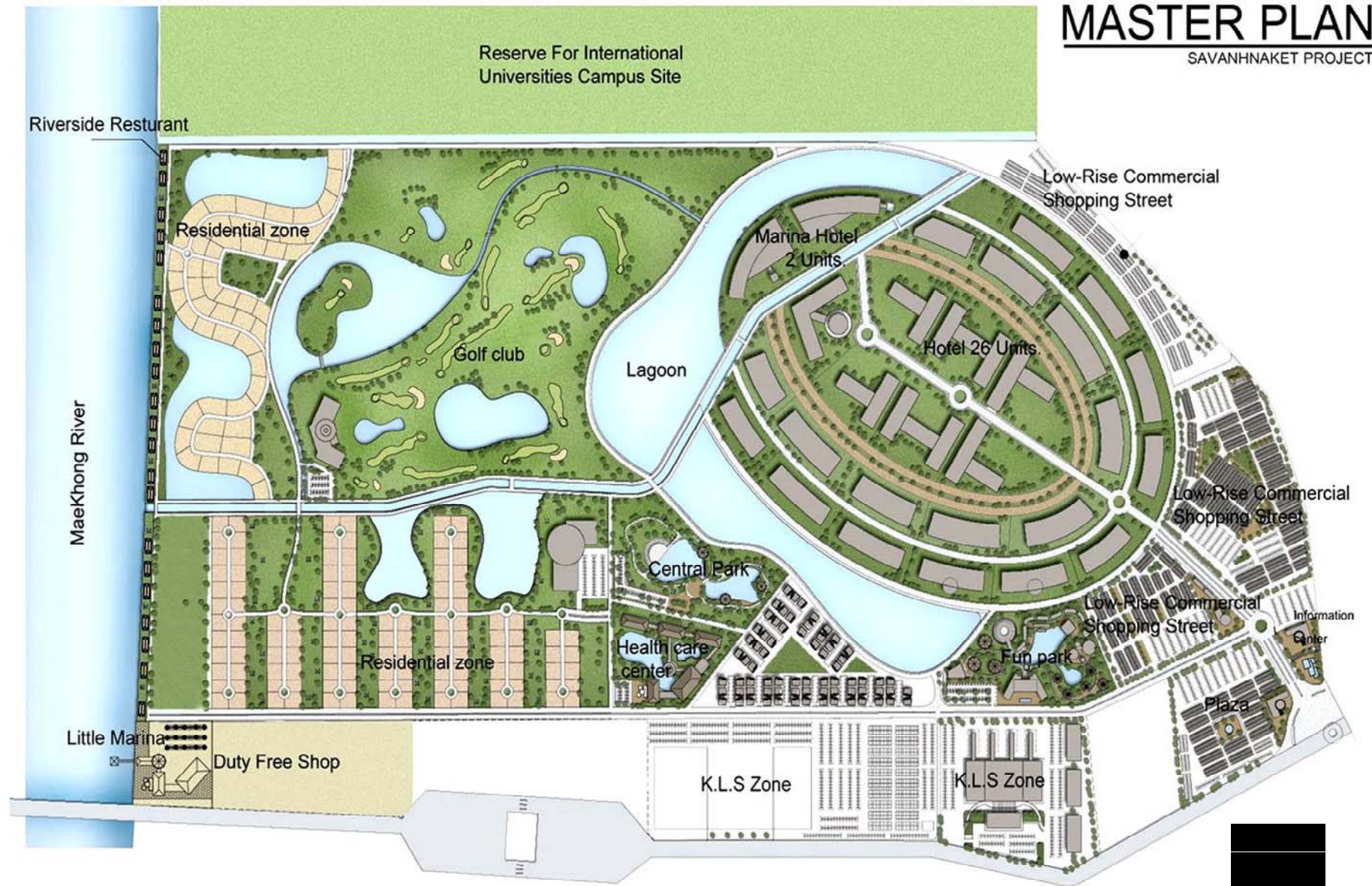


Plan of SEZ development from 2011-2015

| Year | 2011 | 2012 | 2013 | 2014 | 2015 | Total by the end of 2015 |
|-----------------|------|------|------|------|------|--------------------------------|
| On-Going | 5 | 8 | 12 | 17 | 22 | 27 |
| Proposed SEZ | 3 | 4 | 5 | 5 | 5 | 5 |
| Total | 8 | 12 | 17 | 22 | 27 | 32 |



Master Plan of Site A “Savan City”



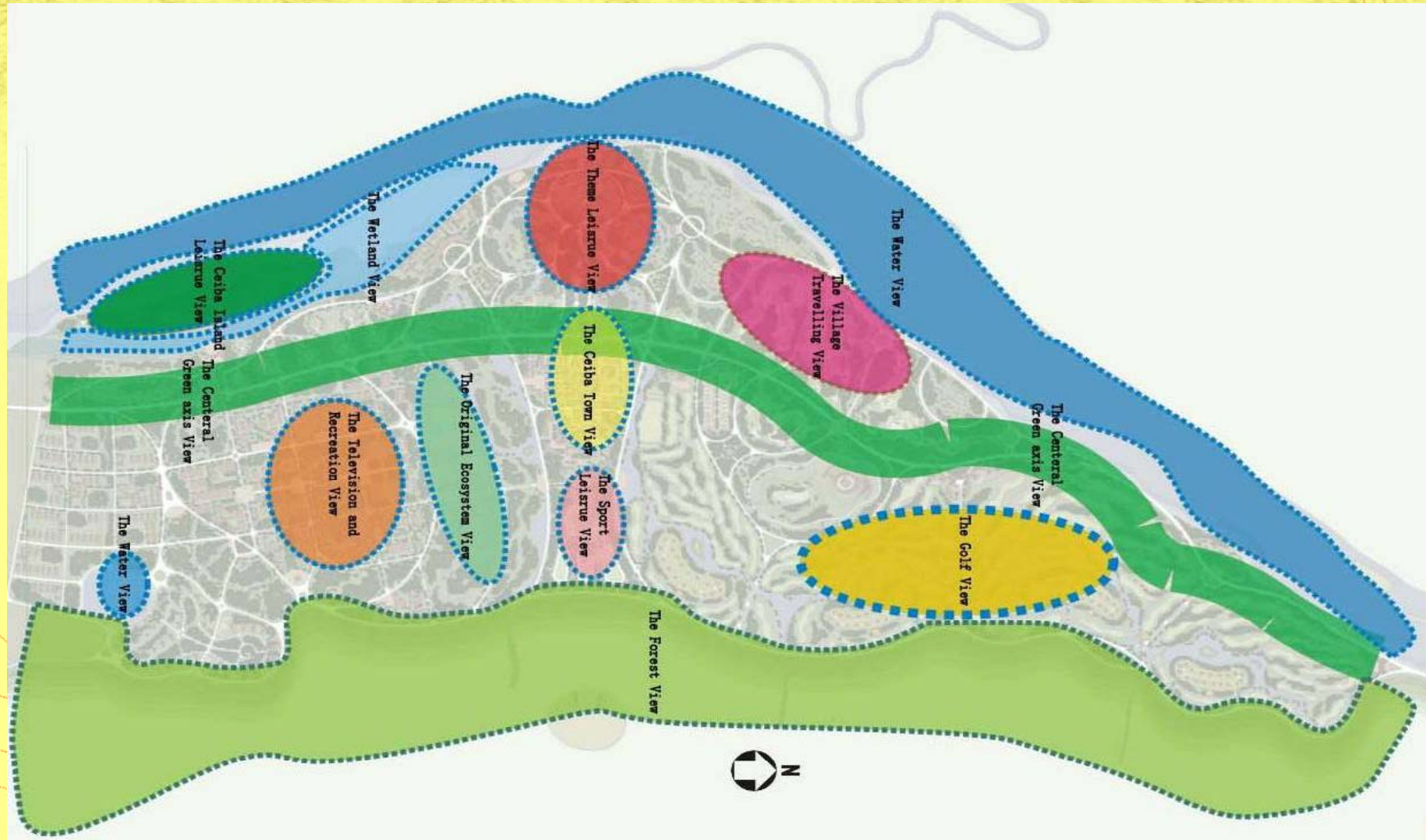
Prime Minister's Office
Savan-SENO Special Economic Zone

Perspective Layout of Site B



Prime Minister's Office
Savan-SENO Special Economic Zone

Golden Triangle Trade/Tourism Based SEZ at Bokeo



Boten SEZ

老挝磨丁黄金城 - 自由与发展的乐土

Golden Boten City LAOS : Paradise for Freedom and Development

招商项目册

Attracting investment project handbook



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老挝磨丁黄金城有限公司

Golden Boten City CO., LTD. LAOS

Khammouan Specific Economic Zone



III. Structure and management of SEZ

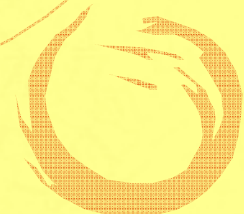
1. Lao National Committee for Special Economic Zone

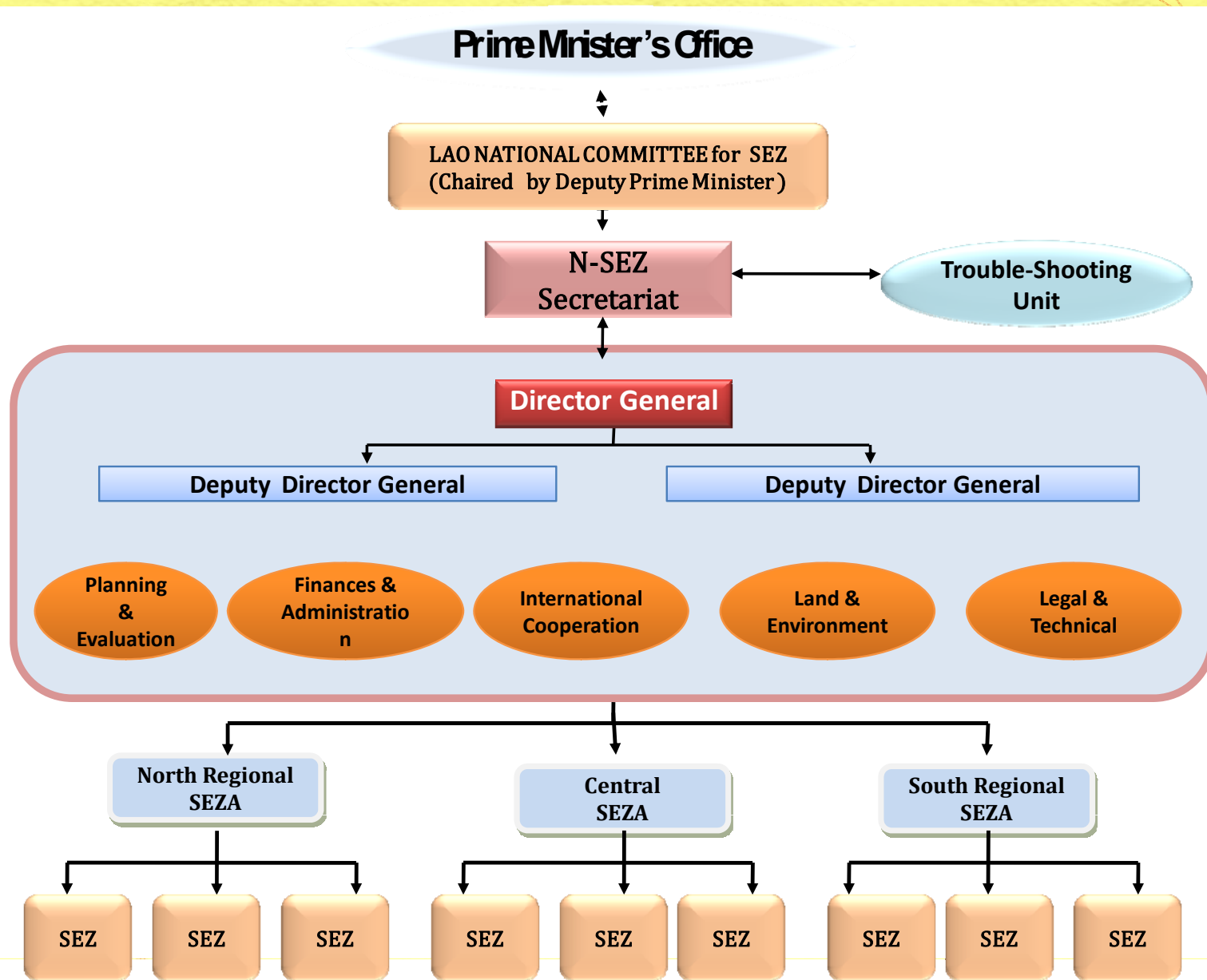
- Consists of 19 members (ministers and vice ministers of related ministries)
- Chaired by Deputy Prime Minister.
- Supervises and approves the establishment of SEZs
- Appoints the management/economic board of the established SEZ.

2. Secretariat to National Committee for Special Economic Zone

3. Line ministries and provincial authorities.

4. Economic or/and management board of SEZ





IV. Investment opportunities in SEZ

- Peace and stable political condition.
- Stable and low cost of electricity.
- Economic board has a full authority in managing SEZ (one stop service).
- Abundant land for SEZ development.
- Railway from Thailand was connected and a Dry Port is being developed.
- Railway from China to Vientiane is planned to be completed within 4 years (construction will be starting in April 2011).
- Railway will be extending to Vietnam.



IV. Investment opportunities in SEZ

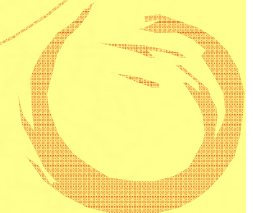
Zone Developers

- Economic Board chaired by local or foreign investors have full authority in economic and financial management in SEZ(According Article 34)
- Economic Board has to assure the success or failure of social and economic development in the SEZ
- Zone Developers receives tax incentive (fuel, vehicle, raw materials of construction)
- Profit tax exemption for 10 years
- And other incentives according to the Investment Promotion Law and Prime Minister's Decree on SEZ
- The establishment of SEZ will be approved by The NCSEZ

Investors

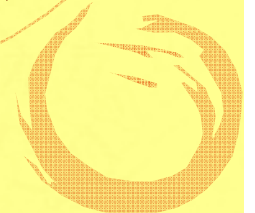
Tax incentives:

- Custom duty for plant/equipments and raw materials will be exempted.
- Tax is decided by the economic board.
- Business turnover tax will be exempted using within SEZ.
- Excise tax is also exempted using within SEZ.
- Profit tax is exempted maximum for 10 years

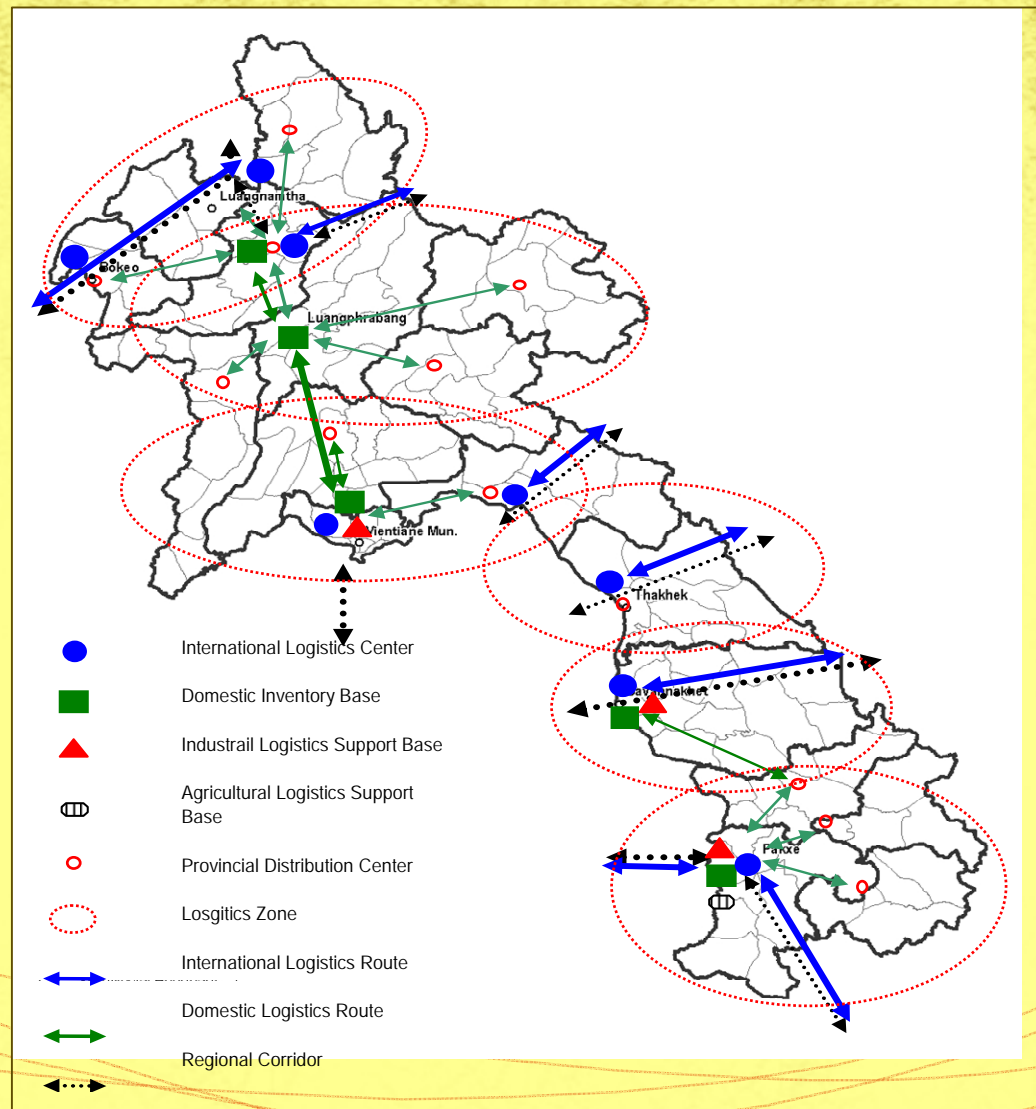


Suitable SEZ development in Laos

1. Manufacturing SEZ: in the northern, central and southern part of the country.
2. Tourism Based SEZ: Bokeo, Vientiane, Savanakhet, Khammouan and Champasak provinces
3. Border Trade FTZ: Border areas with China, Thailand and Vietnam
4. Agro-Based Processing SEZ: Possible in few Regions : North, Central and South.
5. New special and Specific Economic Zones will be developed along the railway from China to Laos (Land allocation will be arranged by the Government)




Lao PDR become a cross road of Mekong Region





V. How to apply for and invest in SEZ development in Lao PDR

To establish a new SEZ, developer submits the application forms to Secretariat to Lao National Committee for Special Economic Zone:

- 
- Master plan of purposed SEZ development.
 - Economic and technical analysis report.
 - Environmental impact assessment report.
 - Draft of contract agreement.
 - Financial statement.
 - Other related supporting document.



V. How to apply for and invest in SEZ development in Lao PDR

- To invest in an existing SEZ, investor should fill in the registering form and submit to the Economic Board of that SEZ to approve. The business license can be obtained within 24 hours (**One Stop Service**).



Contact Address

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**Thank you very much for your
kindly attention**

