

Preface

In order to translate the renovation guideline of the Party, especially in the economic field, into reality, the Government of the Lao PDR has the policy of promoting all economic sectors, both domestic and foreign, to invest in the economic and social development of our country. At the same time, the National Assembly has adopted many laws, including Law on Promotion of Investment No. 02/NA dated 8 July 2009. Recently, the Prime Minister had issued Decree on Special Economic Zone and Specific Economic Zone No. 443/PM dated 26 October 2010 and the Standing Committee of the National Assembly had also issued the Resolution on the Adoption of Decree on Special Economic Zone and Specific Economic Zone No. 47/SC dated 26 October 2010.

I am earnestly convinced that these legal acts will constitute important basic manuals for all parties in undertaking production, business and service operations, especially the development of SEZ, in an efficient manner, contributing to the economic and social development, bringing civilization and prosperity to our nation and well-being to our people. We are pleased and welcome useful comments from all parties that will allow us to make the improvement and amendment of the legal acts to ensure that they are suitable to the expansion of the economy of our country in each period.

**Deputy Prime Minister,
Chairman of Lao National Committee
for Special Economic Zone**



Somsavat LENGSAVATH

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Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity
ຮຸ່ນຮຸ່ນ ກຳ ຫຼວງ ຫຼວງ ຫຼວງ

National Assembly

No. 02/NA
Vientiane, 8 July, 2009

Law
On Investment Promotion

Part I
General Provisions

Article 1. Objectives

This Law on Investment Promotion defines the principles, regulations and measures relating to the promotion and management of the investments, both domestic and foreign, in order to make them convenient, speedy, correctly and allow them to receive the protection from the State, ensure the rights and interests of the investors as well as of the State and the peoples with the aim of raising the usefulness and roles of the investments in the continual and sustainable growth and expansion of the national economy, making significant contribution to the tasks of protecting and developing the country so as to become a strong nation.

Article 2. Promotion of Investment

The promotion of investments is the formulation of policies, creation of environment and conditions in various fields for both domestic and foreign investments in order to enable the

investors to undertake the business activities in the Lao PDR in a convenient and speedy manner and in compliance with the laws and regulations.

Article 3. Interpretation of the Terms

The terms used in this Law shall have the meanings as follows:

1. **Investment** means that investor brings tangible and intangible capital for the purpose of undertaking the business activities in the Lao PDR;
2. **Investor** means an individual or a legal entity, internal and foreign, who makes the investment in the business activities in the Lao PDR;
3. **Domestic investor** means a Lao citizen, an alien, a person having no nationality and the legal entity of this group of persons who live and undertake the business activities in the Lao PDR;
4. **Foreign investor** means a foreign citizen or a foreign individual or legal entity who comes to undertake the business operations in the Lao PDR;
5. **Tangible Capital** means money, movable and fixed assets.
6. **Intangible Capital** means intellectual property, expectable income, lease right, trade right, concession royalty, etc...
7. **Concession** means the authorization granted by the State to the legal person to use the ownership right of the State based on the determined terms and conditions through the agreement made legally for the purpose of undertaking the development or the business activities;
8. **Concession Agreement** means the agreement that the State organization or State-owned-enterprise assigned by the Government has signed with a legal entity concerning the

concession;

9. **Vehicles for directly serving the production** means the machinery, heavy trucks, etc... which are directly used in undertaking the investment activities as determined by the Government;
10. **Direct Investment** means that the investor or group of investors bring the capital for which they become the owner of the enterprise and take charge of the management, administration and expansion of the concerned enterprise;
11. **Indirect Investment** means the investor has purchased the shares of the company, buy the shares in the stock market, including the investment made on the financial guaranty fund, securities and other valuable documents for which the investor has not directly participated in the administration and management of the concerned enterprise;
12. **Valuable Documents** means the documents which have the financial value and can be purchased and sold, exchanged or used as guarantee, such as: land title, share certificate, bonds.
13. **Special Economic Zone** means the area that the Government has determined to be developed into a new and all-round modernized town, a place to induce domestic and foreign investments which has an area of one thousand hectares and over, has the special promotion policy and autonomous economic and financial system; and to be a small administrative unit having the system to ensure peace and security and sustainable environment protection;
14. **Specific Economic Zone** means the area that the Government has determined as industrial zone, production for export zone, tourist town zone, tax-free trade zone, technology and information development zone, border economy zone, etc...

- 15. Industrial Zone** means the area that the Government has determined as the zone for industry, industrial product manufacturing, and services to the manufacturing industry in order to create the industrial park through the development of appropriate infrastructures for serving the investments. This area may not be large as the area of the special economic zone;
- 16. Production for Export Zone** means the area that the Government has determined as area for the investment in the production, processing of goods and services for export.
- 17. Tourist Town Zone** means the area that the Government has determined as the area for the investment in tourism linked with the protection, conservation of natural resources and environment, the promotion of local and national potentials for tourist attraction and the modernization of tourist industry step by step;
- 18. Tax-free Zone** means the area that the Government has determined as the area for the investment in trade, exchange of goods between the country with foreign countries and the tax exemption is applied in the concerned area;
- 19. Technology and Information Zone** means the area that the Government has determined as the area for the investment in the study, research, development and use of advanced technology for the production and sale of technological products, intellectual products and information services to the society in a convenient and speedy manner;
- 20. Border Economy Zone** means the area that the Government has determined for promoting the purchase and sale, exchange of goods at the border areas.
- 21. Managed Urban Zone** means the areas that the Government has determined as the area which is to be authorized for the

investment in the development of fixed assets in order to develop the residential places for foreign investors or for the peoples in general;

- 22. New Town** means the area which is developed to become modern town with a strong economic base, civilized and fair culture and society, promotion of noble practices and national culture linked with the historical track of the location of the concerned town.

Article 4. State Policy on Investment Promotion

The State promotes the investments of all economic sectors, both domestic and foreign, through the formulation of guidelines, the provision of necessary information, the application of policy on taxes, custom duty and labor, the granting of land use right, the application of the investment's one-Stop-services as well as the recognition and guarantee of the protection of ownership, the legitimate rights and interests of the investors from the State.

The State promotes the investments in all sectors, activities and all regions in the whole country, except those zones and activities that are detrimental to the national security and peace, have harmful impacts to the environment at present time and in the long term, to the public health and to the fine culture of the country.

Article 5. Principles of Investment Promotion

The promotion of investment shall comply with the following principles:

1. To comply with the policy guideline, strategy, socio-economic development plan, development plan of the sector and region, the economic and social expansion in each period, the increase in the living condition of the peoples; and to comply with the laws and regulations;
2. To firmly link with the strengthening of the management of the State in a centralized and uniform manner throughout the

country;

3. To ensure that the investment has received the services which are convenient, speedy, transparent, fair and equal before the law through the application of the investment's one-stop-services;
4. To formulate the promotion policy in various fields which can attract and mobilize the investments;
5. To recognize and ensure the protection of lawful ownership, legitimate rights and interests of the investors from the State.
6. To ensure the protection and development of environment, peace and security in the society and in the investment area.

Article 6. Scope of the Application of the Law

This Law applies to the individuals or legal entities who are concerned with all types of investments in order to undertake the production business activities with the aim of creating the added value. Family business and small traders are excepted.

Article 7. International Cooperation

The State promotes the relation and cooperation with foreign countries and the regional and international cooperation concerning the investment promotion through the exchange of lessons, data and information, technology and experiences in the promotion and management of investment, marketing, trade, financial sources, regional and international integration.

Part II

Forms of Investments

Article 8. Forms of Investments

The investor can directly and indirectly make the investment in the following forms:

1. Investment wholly made by domestic investor or by foreign investor;

2. A joint venture investment made between domestic investor and foreign investor;
3. A joint business investment based on contract.

Article 9. Investment Wholly Made by Domestic Investor or by Foreign Investor

The investment wholly made by domestic investor or by foreign investor is an investment which is solely made by the domestic investor or by foreign investor which may consist of one investor or many investors in a specific activity or project in the Lao PDR.

Article 10. A Joint venture investment made between domestic investor and foreign investor

A joint venture investment made between domestic investor and foreign investor is a joint investment made between domestic investor and foreign investor who undertake the business activities and have the ownership jointly and create into a new legal entity under the laws of the Lao PDR.

The organization, activities, management, administration, rights and obligations of the investors of the joint venture investment form are determined in the joint venture agreement and in the by-law of the newly-established legal entity.

The foreign investor who makes the investment in this form shall contribute the capital for an amount of not less than ten percent (10 %) of the total capital.

Article 11. Joint Business Investment Based on Contract

A joint business investment based on contract is an investment made jointly by a legal person in the Lao PDR and a foreign legal person specified in the contract without creating a new legal entity or a branch in the Lao PDR.

This legal entity shall inform the Industry and Trade sector, the Planning and Investment sector for supervision accordingly to the regulations.

The contract of the joint business investment based on contract shall be brought to the court registry for certification of the validity

Article 12. Determination of the Registered Capital

The registered capital of the concession activities shall not be lower than thirty percent (30 %) of the total capital. For the general activities, the registered capital shall be in consistence with the provisions described in the Law on Enterprise.

The registered capital shall be indicated in assets; and throughout the period of the business operations, the assets amount shall not be lower than the amount of the registered capital.

**Part III
Investment Activities**

**Section 1
Types of Investment Activities**

Article 13. Types of Investment Activities

The investor can invest in the activities as follows:

- General activities;
- Concession activities;
- Development activities of the Special Economic Zone and the Specific Economic Zone.

Article 14. General Activities

The general activities are the investment activities in the general business sector including the activities lying in the list of controlled business types (Negative List) and these activities are not concession activities.

Article 15. Concession Activities

The concession activities are the investment activities that have received the concession from the State for using the

ownership right and other rights of the State in accordance with the regulations for the purpose of developing and undertaking business operations, particularly the concession right relating to land, minerals, electric power, airlines, telecommunication, insurance, financial institutions.

The list of the concession activities is determined by the Government.

Article 16. Development Activities of Special Economic Zone and Specific Economic Zone

The development activities of Special Economic Zone are the investment activities in Special Economic Zone for constructing a complete set of infrastructures and for creating a new town.

The development activities of Specific Economic Zone are the investment activities in the Specific Economic Zone for constructing the infrastructures and developing into various zones based on the actual conditions and in compliance with the laws and regulations, particularly the industrial zone, the production for export zone, the tourist town zone, etc...

The organization and activities of Special Economic Zone and Specific Economic Zone are determined in a separate regulation.

Section 2

Investments in General Activities

Article 17. Application for Investment

An investor who intends to invest in the general activities shall submit the application form through the investment's one-stop-service of the Industry and Trade sector for enterprise registration as specified in the Law on Enterprise.

A foreign investor who invests in the general activities shall have the total capital amounted to not less than one billion Kip.

Article 18. Consideration

The procedure and time for making the consideration of the enterprise registration with regard to the investment in general activities which are not lying in the negative list, the time period for issuing the enterprise registration shall not be later than ten working days, commencing from the day of receipt of the application for enterprise registration. With regard to the controlled business type, the time period for issuing the enterprise registration shall not be later than thirty working days, commencing from the day of receipt of the application for enterprise registration as specified in the Law on Enterprise.

Concerning the application for the expansion of activities of the investor who already has an enterprise, the forming of documents shall comprise only those which are necessary as described in a specific regulation, and the time period for making the consideration shall be shorter than the case of a new investment.

Article 19. Enterprise Registration Certificate

The Enterprise Registration Certificate is the document certifying the registration for undertaking the business activities in compliance with the law.

The Enterprise Registration Certificate is comprised of the investment license, the promotion policy, the tax registration certificate and the business operation authorization of the concerned sector.

After receiving the Enterprise Registration Certificate, the investor can start undertaking the business activities.

Article 20. Term of Investment

The investments in general activities have no limit of investment term, except for those investment activities that are subjected to the determination of investment term provided in the specific law and regulations of the concerned sectors.

Section 3

Investment in Concession Activities

Article 21. Application for Investment

An investor who intends to invest in the concession activities shall submit the application through the investment's One-Stop-Service of the Planning and Investment sector for screening and submitting to the Government or to the provincial administrative organization for consideration.

Article 22. Selection of Investor

The applicant for investment in concession activities shall be subjected to the selection made on case by case basis by using different methods, such as: comparison, bidding or evaluation which are performed by the concerned Planning and Investment sector in coordination with the concerned sectors and the local administrative organization in consistence with the laws and regulations.

In the selection of investor, the transparency, openness and accountability shall be ensured.

The methods of selection of the investor in concession activities are determined in a specific regulation.

Article 23. Consideration of Investment in Concession Activities

The Planning and Investment sector makes the consideration of the investment in concession activities by following the process as below:

- Undertake the research and make the decision in principle on the investment by ensuring the interest of the State as well as of the investors and the peoples. In case there is a re-transfer of land use right to the State, the concerned Land Management Authority shall calculate the compensation amount to be paid to the investor or to the people who suffer the loss by this transfer based on the

- market price;
- Advise the investor to prepare the documents in accordance with the determined forms, particularly the report on the study of economic and technical feasibility, the report on the assessment of the environmental and social impacts, the list of vehicles, equipments and raw materials for directly using in the production which is to be submitted for requesting the exemption of import duty and tax for using as the basis for the research, consideration and approval;
 - The Planning and Investment sector and other concerned sectors shall responsibly undertake the negotiation and the drafting of initial agreement ;
 - Take the outcomes of the negotiation concerning the concerned project for consideration in the meeting which is to be organized by the office of the investment's One-Stop-Service;
 - Submit the proposals to the Government or to the provincial administrative organization for consideration and decision, and advise the investor to deposit the project guaranty fund in accordance with the regulation and based on the type and size of the investment. This guaranty fund shall be deposited to the account of the National Treasury and shall be refunded at the time when the project has started operating for certain period of time. Upon receiving the approval, the Planning and Investment sector shall issue the concession license to the investor in accordance with the regulations.

Article 24. Issuance of Concession License

The Ministry of Planning and Investment is charged with issuing the concession license under its responsibility after having received the approval of the Government.

The Department, Office of Planning and Investment are charged with issuing the concession license under their

responsibility after having received the approval of the concerned local administrative organization.

Article 25. Concession License

The Concession License is a document attesting the acquisition of the concession right of the investor in compliance with the law.

The concession license includes the business registration certificate, the investment authorization, the promotion policy, the tax registration certificate and the authorization to undertake the activities of the concerned sector.

Upon receiving the concession license, the investor can start undertaking the business activities; and the investor shall perform his/her activities within the period of ninety days. In case the investor fails to undertake his/her activities within this specified period of time, the Planning and Investment sector shall issue a written notification of warnings and, after that, within a period of sixty days, if the investor has still not started his/her activities, these activities shall be subjected to the withdrawal of the concession license and the confiscation of the guaranty fund as State fund.

Article 26. Creation of Concession Agreement

The concession agreement is created on a voluntary basis and on a mutual consent between the investor and the Government or the provincial administrative organization.

The concession agreement shall define the goals, amount, term, conditions, rights and obligations of the contracting parties.

The investment contract, particularly the transfer of concession right and the transfer of shares shall be brought to the notary office for certification of the validity.

Article 27. Amendment of the Content of the Concession Agreement

The content of the concession agreement may be subjected to amendment, modification or addition based on the

mutual agreement of the contracting parties. In case such amendments, modification or addition are not important issues, the Planning and Investment sector shall coordinate with the concerned sectors to make the consideration and decision based on the request of a party of the contract and shall report to the Government or to the concerned provincial administrative organization for information.

The amendment, modification or addition of the concession agreement which consist of the transfer of right and the transfer of shares shall be subjected to the payment of tax as specified in the Law on Taxation.

Article 28. Term of Investment in Concession Activities

The term of investment in the concession activities is depended on the types, sizes and amounts of the investments, the conditions of the concession activities in consistence with the laws and regulations of the concerned sectors, but the maximum period shall not be over ninety years and may be extended on the basis of the approval by the Government or by the provincial administrative organization, particularly for the case the investor has undertaken the project which brings the highest benefits to the nation, has fruitfully implemented the agreement and has good performances in making the contribution to the local development.

Section 4

**Investment in Projects and Activities
in the List Soliciting the investments**

Article 29. Projects and Activities in the List Soliciting the Investments

The projects or activities in the list soliciting the investments are the general activities and concession activities

that the sectors and the local level have studied and prepared on the basis of the projects or activities which are important for the national economy and have the natural resources potential which is already approved by the Government or by the provincial administrative organization, but are required to mobilize the fund to develop these activities.

Article 30. Main content of the Projects or Activities Soliciting the Investments

The main content of the projects or activities soliciting the investment is comprised of the following:

- Master Plan of development;
- Report of economic and technical feasibility study;
- Conditions of the investment;
- Required funding sources.

Article 31. Consideration of the Projects and Activities Soliciting the Investments

Various sectors are responsible for preparing the projects or activities soliciting the investments in line with their strategy and plan. After that, they shall send them to the Planning and Investment sector for research, summarization and, then, submitting to the Government or to the provincial administrative organization for consideration and approval.

After the Government or the administrative organization of the province, city has approved these projects or activities, they shall send them to the concerned sectors, local level and to the offices of the investment's One-Stop-Service of the Planning and Investment sector and the Industry and Trade sector as well as to the embassies, consulates and trade representatives for using as data for soliciting the investments, both domestic and foreign.

With regard to the concession activities in the list soliciting the investments, the period for making the consideration and approval shall, at the latest, not be over forty five working days, commencing from the day of receipt of the

application.

Article 32. Approval of Investment in the Projects or Activities Soliciting the Investments

The Industry and Trade sector or the Planning and Investment sector is charged with directly approving the investments in the projects or activities soliciting the investments after having studied the conditions and capacity of the investor in accordance with the regulations.

Section 5

**Investments in Development Activities
In Special Economic Zone and Specific Economic Zone**

Article 33. Special Economic Zone

The Special Economic Zone is the area developed into new town which has received special promotion policy and is governed by the laws and regulations of the State and by the specific regulations of the zone which are not in contradiction with the interest of the State and the society.

The enterprises which undertake the business activities in this zone shall receive special policy and shall be administered by the laws and by the specific regulations which are in consistence with the laws of the Lao PDR.

The Government is charged with the formulation of the plan for creating the Special Economic Zone and authorizing the investors, both domestic and foreign, to invest in the development of infrastructures for public utilities in order to serve the business activities in the industrial, trade and service, cultural and social fields.

The Special Economic Zone may be comprised of many zones of the specific economic zone, such as industrial zone, production for export zone, tourist town zone, free-tax trade

zone, technology and information development zone, border economy zone, urban planning zone, and so on.

The organizational structure, activities and the management of each zone of the Special Economic Zone and specific economic zone are provided in a separate regulation.

Article 34. Principles of the Creation of Special Economic Zone and Specific Economic Zone

The Special Economic Zone and Specific Economic Zone are created on the basis of the main principles as follows:

1. Clearly define the purposes of the Special Economic Zone and Specific Economic Zone;
2. Clearly define the interest of the State, developers and peoples;
3. To be the area which is suitable with the purposes of each Special Economic Zone and Specific Economic Zone;
4. Clearly determine the size of the area and the boundaries;
5. Having the economic promotion policy specifically for each zone;
6. Having the economic management system of the zone which is autonomous for each zone;
7. Being under the supervision of the Government or the provincial administrative organization in accordance with the decision of the Government;
8. Enable the Zone Authority to have the right to lease the land to another person and to fix the rental charge; but this shall not exceed the term of the concession agreement;
9. Allow the Zone Authority to attract and approve the investment of the individuals or legal entities, both domestic and foreign, in their zone;
10. Ensure the security, peace, safety and environment protection within the zone.

Article 35. Creation Procedures

The Government is charged with making the decision concerning the creation of the Special Economic Zone and the Specific Economic Zone based on the proposal of the Ministry of Planning and Investment and on the research and coordination with other concerned sectors and local level in line with the socio-economic development plans of the Government and the local level and with the potentials of the zone.

A person who intends to establish Special Economic Zone and Specific Economic Zone shall submit the application to the Planning and Investment sector for screening and submitting to the Government for consideration.

The consideration of the investment in the establishment of Special Economic Zone and Specific Economic Zone shall be carried out in a similar manner as the consideration of the investment in the concession activities. In addition, it is required to set up the committee in charge with the creation of the Special Economic Zone and the Specific Economic Zone.

The activities, management and promotion policy of each zone of Special Economic Zone and Specific Economic Zone shall be determined by the Government.

Article 36. Committee in Charge with the Creation

The Committee in charge with the creation of Special Economic Zone and Specific Economic Zone is appointed by the Government based on the proposal of the Planning and Investment sector in coordination with the concerned local level.

The Committee in charge with the creation of Special Economic Zone and Specific Economic Zone is comprised of the developers, the representatives of the sectors, the local administrative organization and the Lao Front for National

Construction of the place where Special Economic Zone and Specific Economic Zone are located.

The Committee is charged with the creation appoints its support working unit which is to be the permanent unit to work jointly with the developers to deal with problems that are occurred during the period of the creation of Special Economic Zone and Specific Economic Zone.

Article 37. Rights and Functions of the Committee in Charge with the Creation

The Committee in charge with the creation of Special Economic Zone and Specific Economic Zone has the main rights and functions as follows:

- Undertake the research, make the proposals and coordinate with various parties with regard to the creation of Special Economic Zone and Specific Economic Zone;
- Undertake the creation works of Special Economic Zone and Specific Economic Zone so that they can be accomplished in accordance with the objectives, targets and specified time;
- Deal with various problems relating to the creation of the zones, particularly with regard to the developers and the interest of the people in Special Economic Zone and Specific Economic Zone by coordinating with the concerned local administrative organizations and the concerned sectors.

The Committee in charge with the creation of Special Economic Zone and Specific Economic Zone performs its activities on the basis of the budget of the developers.

The Committee in charge with the creation of the Special Economic Zone and the Specific Economic Zone will be terminated only after the Government has issued the Decree on the activities and management of the

concerned Special Economic Zone and Specific Economic Zone.

Article 38. Content of the Decree

The main content of the Decree on the activities and management of Special Economic Zone and Specific Economic Zone is comprised of:

- Zone Authority;
- Activities of the zone;
- Principles of management within the zone;
- Macro-management of the zone;
- Principles of the formulation of the promotion policy;
- Sharing of benefits between the State and the developers.

Article 39. Formulation of Investment Promotion Policy in Special Economic Zone and Specific Economic Zone

The Special Economic Zone and Specific Economic Zone Authorities are charged with the research and formulation of promotion policies and other economic policies in their zone in accordance with the scope defined by the Government in the Decree on the organization, activities and management of each zone.

Article 40. Principles of Operations of the Special Economic Zone and Specific Economic Zone

The Special Economic Zone and Specific Economic Zone operate in accordance with the following principles:

1. Having the autonomy in economic management;
2. Being under the macro-management of the Government or of the local administrative organization assigned by the Government.

Article 41. Development

The development of the Special Economic Zone and Specific Economic Zone aims at constructing a complete set of infrastructures in order to create favorable environment for attracting the investments in accordance with the purposes of each Special Economic Zone and Specific Economic Zone as approved by the State.

Article 42. Term of Investment in Development Activities in Special Economic Zone and Specific Economic Zone

The term of investment in development activities in the Special Economic Zone and the Specific Economic Zone depends on the type, size, conditions of each zone of Special Economic Zone and Specific Economic Zone; and the maximum period shall not exceed ninety years and may be extended on case by case basis in accordance with the approval of the Government, particularly in case the investor undertakes the project that bring highest benefits to the nation, has effectively implemented the agreement and has good performance in making the contribution to the local development.

Article 43. Application for Investment in the Special Economic Zone and Specific Economic Zone of Other Investors

Beside the developer, other investors who intend to invest in Special Economic Zone and Specific Economic Zone shall submit the application through the investment's One-Stop-Service of the Zone Authority of the concerned Special Economic Zone and Specific Economic Zone for consideration accordingly to the regulations.

The investments of other investors in Special Economic Zone and Specific Economic Zone are not subjected to investment period restriction, except for those investment activities that have their investment period specified in the laws and regulations of the concerned sectors.

Section 6

Investment's One-Stop-Service

Article 44. Investment's One-Stop-Service

The investment's One-Stop-Service is the services which provide the facilities in all fields to the investors through the provision of services on data and information, consideration of the investment, issuance of enterprise registration certificate or concession license and the issuance of notifications relating to the investment.

The offices of the investment's One-Stop-Service are established at:

- The planning and investment sector for the investment in concession activities and development activities in Special Economic Zone and Specific Economic Zone;
- The industry and Trade sector for the investment in the general activities;
- The Special Economic Zone and Specific Economic Zone for the investments made in these zones.

The organization and activities of the offices of the investment's One-Stop-Service are defined in a separate regulation.

Article 45. Principles of the Investment's One-Stop-Service

The principles of the investment's one-stop-service are as follows:

1. The investor receives the reply at the place where he/she has submitted the application for investment. The reply given to the investor shall comply with the time period specified in the regulation which is put on notice at the office of the investment's One-Stop-Service;
2. The application for the investment can be made by the investors themselves or through their legal representatives;

3. The services shall ensure the provision of data and information and the solutions of various problems that are occurred to the investors;
4. The fees and services charges shall be openly notified and pasted at the place where the investment's One-Stop-Service is provided;
5. The services shall be performed in accordance with the regulations; the working method shall be simple, speedy, creative, transparent, openly and accountable;
6. The decision on issues relating to the investment shall be made through the meeting of the office of the investment's One-Stop-Service.

Article 46: Implementation Mechanism of the One-Stop-Service

The office of One-Stop-Service shall organize weekly meeting that consists of representatives appointed by relevant sectors and local authorities in order to examine problems related to the investment. Documents shall be sent to all representatives in advance in order to get comments from their supervisors.

Relevant sectors and local authority shall appoint an investment coordinator who has responsibility to coordinate with relevant sectors related to investment, for instance, to supply necessary information of its own sector and local authority to One-Stop-Service office in order to further provide that information to investors.

Article 47. Representative Office

A foreign legal entity who intends to establish a representative office in the Lao PDR shall submit the application through the investment's One-Stop-Service of the Ministry of Planning and Investment for consideration and for issuing the registration certificate within the period of five days, commencing from the day of receipt of the application of the investor.

This registration certificate recognizes the lawful rights

of the representative office in undertaking its activities in accordance with its roles, rights and functions, particularly the collection of information relating to the investments for the parent-company for using as the basis for making the consideration on the investment in the Lao PDR. The representative office has no right to undertake the business activities.

Article 48. Branch of a Legal Entity

A foreign legal entity which intends to establish its branch in the Lao PDR shall submit the application through the investment's One-Stop-Service of the Ministry of Industry and Commerce for consideration and issuing the registration certificate for the establishment of the branch within a period of fifteen days, commencing from the day of receipt of the application.

This registration certificate recognizes the lawful rights of the branch in undertaking the business activities based on the assignment of the parent-company.

A domestic legal entity which intends to establish its branch in the general activities and concession activities within the country shall comply with the provisions specified in the Law on Enterprise.

Part IV

Promotion and Protection of Investment

Section 1

Promotion of Investment through Custom Duty and Tax Incentives

Article 49. Sectors Receiving the Promotion

The sectors which are entitled to receive the promotion are comprised of the agriculture, industry, handicraft and services

sectors for which the Government is charged with making detailed list of activities in these sectors in three levels based on the priority activities of the Government, the activities related to the eradication of poverty, improvement of living standard of the peoples, construction of infrastructures, development of human resources, creation of job opportunities, etc...

The promotion is divided into three levels as follows:

- Level 1: Activities which receive the highest level of promotion;
- Level 2: Activities which receive medium level of promotion;
- Level 3: Activities which receive low level of promotion.

Article 50. Investment Promotion Zones

The investment promotion zones are determined on the basis of the condition of the economic and social infrastructures and the geographic conditions. They are divided into three zones as follows:

Zone 1: The zone has the economic and social infrastructures which cannot provide the facilities to the investment and the geographical location is mostly mountainous and remote areas. This zone will receive the highest level of investment promotion.

Zone 2: The zone has the economic and social infrastructures which can partly provide the facilities to the investment and the geographic location is not as dangerous as in Zone 1. This Zone will receive a medium level of investment promotion.

Zone 3: The Zone has the economic and social infrastructures which can highly facilitate the investment. This Zone will receive a low level of investment promotion.

The list of each investment promotion zone shall be determined in a specific regulation.

Article 51. Profit Tax Policy

The profit tax policy shall be applied as follows:

1. Zone 1:
 - Activities of the promoted sectors of Level 1 shall receive the exemption of profit tax for a period of 10 years;
 - Activities of the promoted sectors of Level 2 shall receive the exemption of profit tax for a period of 6 years;
 - Activities of the promoted sectors of Level 3 shall receive the exemption of profit tax for a period of 4 years.
2. Zone 2:
 - Activities of the promoted sectors of Level 1 shall receive the exemption of profit tax for a period of 6 years;
 - Activities of the promoted sectors of Level 2 shall receive the exemption of profit tax for a period of 4 years;
 - Activities of the promoted sectors of Level 3 shall receive the exemption of profit tax for a period of 2 years.
3. Zone 3:
 - Activities of the promoted sectors of Level 1 shall receive the exemption of profit tax for a period of 4 years;
 - Activities of the promoted sectors of Level 2 shall receive the exemption of profit tax for a period of 2 years;
 - Activities of the promoted sectors of Level 3 shall receive the exemption of profit tax for a period of 1 year.

The period of the profit tax exemption shall commence from the day of business operations. For the activities of production of new goods, activities of research and new technology development, the exemption of profit tax shall commence from the day of making profits. After the termination of the profit tax exemption period mentioned above, these activities shall be subjected to the payment of profit tax as stipulated in the Law on Taxation.

With regard to the concession activities in mining, electric

power and trees plantation, they shall be subjected to the provisions of the relevant laws.

Article 52. Other Custom Duty and Tax Policy

In addition to the profit tax policy, the investors are entitled to receive other custom duty and tax policy as follows:

1. Receive the exemption of profit tax in the following accounting year for having taken the net profit gained from their business operations to reinvest in the expansion of their activities;
2. Receive the exemption of import duties for the raw materials, materials and vehicles for directly using in the production. The exemption of import tax for these items shall have an incentive characteristic and shall be in compliance with specific regulation.
3. Receive the exemption of export duties for the general products for export. Regarding the export of natural resources, products from the natural resources, they shall be carried out in accordance with the relevant laws and regulations.

Imports of fuel of all types are not entitled to receive the exemption of custom duty and tax.

4. The investor can take the annual loss for deducting from the profit of the following years within a period of three years if this annual loss is duly verified and certified by the tax officer. After the termination of this period, the remaining amount of the loss is no more permitted to be deducted from the profit.

For the Special Economic Zone and the Specific Economic Zone, they shall be carried out in consistence with the Decree on organization and activities of each zone.

Article 53. Policy on the Access to the Sources of Fund

Domestic and foreign investors are able to access the fund sources through borrowing the fund from the commercial banks

and other financial institutions in the Lao PDR and in foreign countries in compliance with the laws and regulations.

Article 54. Specific Promotion Policies

The specific promotion policies are as follows:

1. The investments in the construction of hospitals, kindergartens, formal education schools, vocational schools, colleges, universities, research-analysis centers, some activities of public interest and public utilities shall receive the policy of exemption from the payment of rental charge or concession royalty on State land as follows:
 - Zone 1: Receive the exemption of rental charge or concession royalty for 15 years;
 - Zone 2: Receive the exemption of rental charge or concession royalty for 10 years;
 - Zone 3: Receive the exemption of rental charge or concession royalty for 3 years.
2. The investments in the construction of hospitals, kindergartens, formal education schools, vocational schools, colleges, universities, research-analysis centers and public utilities activities shall receive additional policy of exemption of profit tax of 5 years in addition to the promotion policy provided in Article 51 of this Law.

Article 55. Implementation of the Custom Duty and Tax Policies

The implementation of the custom duty and tax policies is as follows:

1. The Finance sector is charged with the implementation of the policy of promotion through custom duty and tax incentive as described in the enterprise registration certificate or in the concession license;
2. Regarding the exemption of import duties for the raw materials, materials and vehicles for directly using in the

production, the Finance sector shall be charged with the actual implementation in compliance with this Law.

Section 2

Promotion of Investment through Other Policies

Article 56. Promotion of Investment through Other Policies

The promotion of investment through other policies is as follows:

- Promotion through data and information;
- Promotion through land use right.

Article 57. Promotion through Data and Information

In order to ensure that the investors can receive the information relating to the investments in a full, uniform, speedy and timely manner and can make the decision on the investment, the investment information center shall be set-up at the concerned investment's One-Stop-Service office.

The investment information center shall be charged with the collection and summarization of data on the investments for creating the network, the provision and exchange of data and information, particularly the advertisements via the website, handbooks, magazines, folders, etc... concerning the investments which are to be sent to interested persons, Lao embassies, consulates and trade representatives offices of the Lao PDR in foreign countries for distributing to persons who wish to come to make the investment.

Article 58. Promotion through Land Use Right

Foreign investors who invest in projects with a registered capital amounted to five hundred thousand US Dollars and over shall have the right to purchase the land use right from the State which is allocated on the basis of the investment period for the construction of buildings which are to be used as residence or business place in accordance with the approval of the local administrative organization and with the regulations.

The Government is charged with the formulation of regulations and mechanism concerning the division of management levels relating to the promotion through the land use right of the foreign investors.

Article 59. Extension of the Promotion Policies

In addition to the promotion policies stipulated in Section 1 and Section 2 of Part IV, if it is considered to be necessary to have additional promotion policies for the specific sectors, investment zones, special economic zone and specific economic zone, the Government has the right to submit the proposals to the meeting of the National Assembly or, in case the National Assembly meeting is not in session, to the Standing Committee of the National Assembly for consideration and approval.

Section 3

Protection of Investment

Article 60. Protection of Investment

All investors shall receive equal rights in making the investment and shall receive the protection of their rights and interests under the laws and regulations of the Lao PDR and the International Treaties that the Lao PDR is a signatory.

Article 61. Forms of Protection of Investment

The State fully recognizes and protects the investments of the investors by not making the requisition, the seizure and the transfer to State ownership by using the administrative methods.

In case the Government is required to use for the public interest, the investors will be entitled to receive the compensation of the actual amount based on the market price at the time of the hand-over and the payment shall be made through agreed method.

Article 62. Protection of Intellectual Property

The State recognizes and protects the intellectual property of the investors which are duly registered in accordance with the Law on Intellectual Property of the Lao PDR or the International Treaties that the Lao PDR is a signatory.

Part V

Rights and Obligations of the Investors

Article 63. Rights of the Investors

The investors have the main rights as follows:

1. Right of being self-master in the investment;
2. Right of management and administration of their business activities;
3. Right of employment of labour;
4. Right to have the residence of the foreign investors;
5. Right of repatriation of the capital, assets and income of the foreign investors.

Article 64. Rights of Being Self-Master in the Investment

The rights of being self-master in the investment are as follows:

1. To invest in all sectors and all investment zones which are not restricted by the laws of the Lao PDR;
2. To make the investment in the category, form and type of enterprises as prescribed in the laws and regulations;
3. To apply for the granting of concession of projects from the Government or the local administrative organization, depending on the case, for undertaking the development of these projects;
4. To apply for the concession of the establishment of special economic zone and specific economic zone from the Government;
5. To establish the representative office or the branch in the

Lao PDR;

6. To request for the change of purposes or investment activities in case their business operations are not effective due to the changes in State policies or in the laws and regulations;
7. To become the owners of their assets;
8. To receive the protection from the State in various fields and the protection of their legitimate interest acquired from their investments;
9. To receive the facilities from the State in various fields for their investments;
10. To receive the benefits from the lease or concession, particularly the use right, the use as security with other individual or financial institutions or as capital contribution, leasing, the purchase and sale of land use right, the inheritance of land lease contract in accordance with the term of the contract, etc in compliance with the laws;
11. The persons who rent the land or have the land concession are entitled to use the land during the lease period or the concession period, and to be the owners of the houses, buildings or construction facilities located on the land, particularly the right to transfer to Lao nationals or to foreigners;
12. To open the accounts in Kip or in foreign currencies at the banks located in the Lao PDR;
13. To submit the complaints to the concerned organization in case they have found themselves in a disadvantage condition in their investments;
14. To receive other rights and benefits as provided in the laws and regulations.

Article 65. Rights in the Management and Administration of Investment Activities

The rights in the management and administration of investment activities are as follows:

1. To formulate the investment plan;
2. To procure and use the materials, equipments, vehicles, machinery and technology in the investment;
3. To have the access to domestic markets and international markets;
4. To manage the labour in order to ensure the safety and convenience in undertaking the business operations;
5. To hold the discussion meetings on their investments;
6. To hand-over, transfer, withdraw and increase the capital of the enterprise and to assign other investor to temporarily perform the business operations;
7. To request the concerned organization to consider the suspension, the termination of their enterprise or the change of their enterprise into another form of enterprise;
8. To perform other rights as provided in the laws and regulations.

Article 66. Rights of Employment of Labour

The rights of the employment of labour are as follows:

1. To sign the employment contract with technical staff, experts who shall come to work in the enterprise. In case the investment activities require the import of the number of labourers, both physical and intellectual, exceeding the ratio specified in the Law on Labour, the investors have the right to submit the request to the Government for consideration in a suitable manner;
2. To undertake the deployment and placement of the workers to various positions in accordance with the requirement of their enterprise;
3. To ensure the application of policy or measures toward the workers in an equitable manner;

4. To perform other rights as provided in the Law on Labour and in other laws and regulations.

Article 67. Right to have the Residence of the Foreign Investors

The foreign investors and their family members have the right to live in the territory of the Lao PDR during the period of the investment. The foreign technical staffs, experts have the right to live in the territory of the Lao PDR in accordance with the term of the employment contract.

The foreign investors and their family members, the foreign technical staffs and experts will receive the facilities to enter and leave the Lao PDR and can apply for multi-entry visa that shall not exceed five years for each time.

Article 68. Right of Repatriations of the Capital, Assets and Income of the Foreign Investors

The foreign investors have the right to repatriate their capital, assets and income, particularly the profits gained from investments, money and other assets which are their personal ownership or enterprise ownership through the bank located in the Lao PDR and the concerned State organization after having fully fulfilled the obligations relating to the custom duty, taxes and fees to the State as stipulated in the laws and regulations of the Lao PDR.

Article 69. Obligations of the Investors

The investors have the main obligations as follows:

1. To maintain the accounts in accordance with the Law on Accounting of the Lao PDR. In case of necessity, they may utilize other accounting system which is internationally recognized, subject to the approval of the Finance sector of the Lao PDR;
2. To fully pay the custom duty, tax, fees and service charges in a timely manner;

3. To introduce the social insurance and social security system for the workers in their enterprises in compliance with the relevant law; to promote the employment of Lao labour; give the emphasis on labour skill development, upgrading of specialized skill and transfer of technology to Lao workers;
4. To provide the facilities to the organization and activities of the mass organizations in their enterprises, particularly the trade union;
5. To coordinate with the local administrative organization with regard to the business activities; pay the compensation for the damages which are caused by their business; make the contribution to the eradication of poverty of the peoples and to the local development in the area where their projects are located;
6. To perform other obligations as specified in the laws and regulations.

Article 70. Obligations in the Protection of Environment

The investors have the obligations to protect and develop the environment, ensure that the business operations have no significant negative impacts to the public, the security and social order or to the health of the labourers. In case of the occurrence of the environmental problems, the investors have the obligation to take necessary measures to solve such situation in a timely manner in accordance with the laws and regulations.

Part VI

Prohibitions

Article 71. General Prohibitions

Individuals and organizations are prohibited to perform the following acts:

1. To give the approval and undertake the business

activities which are forbidden or are in contradiction with the laws and regulations;

2. To obstruct the promotion of investment in any form in the Lao PDR;
3. To perform other acts which are the prohibitions stipulated in the laws and regulations.

Article 72. Prohibitions for Officials

The officials are prohibited to perform the following acts:

1. To abuse the power, functions, position for illegal personal benefits;
2. To accept the bribe from the investors or from the persons seeking personal interest from the investment;
3. To disclose the confidential documents of the nation, of the offices and of the investors;
4. To delay or extend the time to consider the documents of the investors without reason;
5. Perform other acts which are the prohibitions stipulated in the laws and regulations.

Article 73. Prohibitions for the Investors

The investors are prohibited to perform the following acts:

1. To give the bribe to State authority and officials in charge of the concerned works;
2. To evade the fulfillment of the obligations; conceal the revenue, profits as well as the figures relating to the custom duties and taxes payment;
3. To make the false allegations or slandering propaganda against the State organization and the officials;
4. Perform other acts which are the prohibitions stipulated in the laws and regulations.

Part VII

Suspension, Change, Termination and Expiration of the Investment

Article 74. Suspension of Investment

The investment may be suspended by the organization issuing the license:

- Based on the request of the investors in case they have faced with the business problems;
- Based on the proposal of the concerned sectors or based on the comments of the organization issuing the license in case the business operations have the harmful impacts to the environment, economy and society or the business operations are in contradiction with the laws and regulations.

The suspension of investment shall have a well-determined time period in order to find out the solutions to the problems or to make the improvement so as to return to the normal situation. In case of inability to resolve the problems, such business activities shall be terminated as in accordance with the Law on Enterprise.

Article 75. Change of Investment

The change of investment may be made by various methods, such as: changes of purposes of business activities, of shareholders, of legal representative, of registered capital which are based on the request of the investors and shall be considered by the organization issuing the license.

Article 76. Termination of Investment

The investment will be terminated by the organization issuing the license:

- Based on the request of the contracting parties;
- Based on the request of a party of the contract in case

another party has breached the bindings specified in the contract or in the laws and regulations;

- When there is a withdrawal of the enterprise registration certificate or the concession license.

The procedures for making the consideration of the termination of the investment are as follows:

1. The organization issuing the license will be charged with issuing the notification of warning to the investor in case it is found that the business operations are not in compliance with the concession agreement, laws and regulations and have harmful impact to the environment in order to allow the investor to find the solutions and to make the improvement within a period of ninety days, commencing from the date of the notification, and a memorandum shall be made with the investor.
2. In case the investor has not solved the problems and made the improvement within this time period, the organization issuing the license shall issue the second notification of warning to allow the investor to resolve the problems and make the improvement within a period of sixty days;
3. After this, if the investor has not complied with the given time period, the organization issuing the license shall issue the notification on the termination of the business activities of the investor and inform the mass media for press release and shall take necessary measures against the investor in accordance with the laws and regulations.

Article 77. Expiration of the Investment

The investment is expired in the following cases:

1. Expiration of the investment period as mentioned in the concession license or the investment project has been accomplished;
2. There is the withdrawal or termination of the concession license or enterprise registration certificate;
3. There is the merging or a separation of the investment activities for the purpose of creating another legal entity;

4. Termination based on the request of the investor or of the contracting parties with the attestation of the concerned sectors;
5. Termination by the decision of the court or due to bankruptcy.

Part VIII

Settlement of Disputes

Article 78. Forms of the Settlement of Disputes

The settlement of disputes relating to the investment is performed in the following forms:

1. Settlement through reconciliation;
2. Settlement by the administrative measures;
3. Settlement through the Economic Arbitration Committee;
4. Filing of complaints.

Article 79. Settlement through Reconciliation

In case there is a dispute relating to the investment, the disputing parties shall make the effort to settle the dispute amicably through discussion and reconciliation with the aim to ensuring the mutual benefits for all parties.

Article 80. Settlement by Administrative Measures

In case there is a dispute which cannot be solved or mediated, the disputing parties have the right to make the request to the Planning and Investment sector or the Industry and Trade sector or to other concerned sector for making the consideration and settlement of the dispute by using the administrative measures in accordance with their roles.

Article 81. Settlement through the Economic Arbitration Committee

In case the disputing parties fail to make the

reconciliation or to settle the dispute by administrative measures, they have the right to make the request to the Economic Arbitration Committee for making the consideration and settlement of the dispute in accordance with the laws and regulations and based on the mutual agreement.

Article 82. Filing of Complaints

In case a party of the disputing parties sees that he/she has not received the justice in the settlement of dispute from the concerned organization or has suffered a loss due to the investment in the business activity, he/she has the right to file the complaint to the people's court for making the consideration and taking the decision in accordance with the laws and regulations.

Concerning the dispute relating to the investment which has the contract with the State, the settlement of dispute shall be carried out in compliance with the provisions of the contract.

Part IX

Management and Inspection

Section 1

Management

Article 83. Principles of the Division of Management Levels

The management of investment shall be performed in accordance with the following principles:

- Assign more responsibilities to the local level; increase the responsibility of the central level in macro-management, in encouraging and monitoring the implementation of the local level;
- The organization, the level which has issued the license shall be charged with the management, follow-up, inspection and evaluation of the investment by coordinating with other concerned sectors and local administrative organization and shall regularly report to

the higher authority;

- When an investment is made in a sector, it is that sector which shall ensure the management in the technical field by coordinating with other concerned sectors in accordance with the laws and regulations.

Article 84. Division of Investment Management Levels between Local Level and Central Level

The local level is mainly charged with issuing the licenses and managing the investments, whereas the central level is charged with issuing the licenses and managing the strategic activities, particularly the activities involving many sectors or many localities, activities using high technology, financial institutions, insurances, telecommunications, airlines, State rights, energy, minerals, crude oil, gas, etc as determined by the Government through the coordination between the organization issuing the license and other concerned sectors and local administrative organizations.

The local administrative organizations shall, in accordance with their roles, participate in the management of the investment activities that the central level has issued the licenses which are located in their localities.

The division of management levels which is specifically defined in the relevant laws shall be carried out in accordance with these laws.

Section 2

Management Organizations

Article 85. Investment Management Organizations

The Government is charged with the management of investment in a centralized and uniform manner throughout the country by assigning the Planning and Investment sector and the Industry and Trade sector to responsibly ensure the management by coordinating with other concerned sectors and local administrative organizations in accordance with their roles.

The investment management organizations consist of:

1. The Planning and Investment sector;
2. The Industry and Trade sector;
3. The Special Economic Zone and Specific Economic Zone.

Article 86. Rights and Functions of the Ministry of Planning and Investment and the Ministry of Industry and Commerce

In the management of investments, the Ministry of Planning and Investment and the Ministry of Industry and Commerce have the rights and functions as follows:

1. Undertake the research and formulate the strategic plan, policies, laws and regulations relating to the promotion of investments and summarize the projects or activities required for attracting the investments which are to be submitted to the Government for consideration;
2. Advertise and disseminate the strategic plan, policies, laws and regulations relating to the promotion of investments; provide the data and information including the projects or activities requiring the investments for the purpose of attracting the investments;
3. Give the advises, follow-up and coordinate with other concerned sectors and local level in order to ensure the implementation of the laws and regulations relating to the promotion of investments;
4. Encourage, promote and deal with the problems which are occurred in the projects, investment activities throughout the country;
5. Create the conditions and provide the facilities for the functioning of the investment's one-stop-service;
6. Undertake the research, consider, issue, suspend, withdraw, terminate the license or the agreement in accordance with their roles and subject to the consent of the Government;

7. Undertake the development, training and upgrading of the officials in the investment;
8. Ensure the relation and cooperation with foreign countries concerning the investment.
9. Summarize and report on the investments to the Government on a regular basis;
10. Perform other rights and functions as specified in the laws and regulations.

Article 87. Rights and Functions of the Department of Planning and Investment and the Department of Industry and Commerce of the Province/City

In the management of investments, the Department of Planning and Investment and the Department of Industry and Commerce of the Province/City have the rights and functions as follows:

1. Ensure the translation and implementation of the strategic plan, policies, laws and regulations relating the promotion of investment and develop the projects or activities required for attracting the investments in their localities;
2. Advertise and disseminate the policies, laws and regulations relating to the investments; provide the data and information including the projects or activities requiring the investments and provide the facilities to the investors in accordance with their responsibilities;
3. Give the advices, follow-up and coordinate with other concerned sectors in their locality with the aim of ensuring the implementation of the laws and regulations relating to the promotion of investments;
4. Undertake the research, consider, issue, suspend, withdraw, terminate the license or agreement in accordance with their roles and subject to the consent of the local administrative organization;

5. Ensure the implementation of the investment's one-door-services in accordance with the limit of their responsibilities;
6. Ensure the relation and cooperation with foreign countries concerning the investment as assigned by the higher authority;
7. Summarize and report on the investments to the higher authority on a regular basis;
8. Perform other rights and functions as specified in the laws and regulations.

Article 88. Rights and Functions of the Office of Planning and Investment and the Office of Industry and Commerce of the District/Municipality

In the management of investments, the Office of Planning and Investment and the Office of Industry and Commerce of the District/Municipality have the rights and functions as follows:

1. Implement the plan, programmes, projects, laws and regulations relating to the promotion of investments and the projects or activities requiring the investments in their localities;
2. Disseminate the policies, laws and regulations on the investment; provide the data and information including the projects or activities required for attracting the investments, and provide the facilities to the investors in accordance with their responsibilities;
3. Coordinate with other concerned sectors in their district, municipality in orders to ensure the implementation of the laws and regulations relating the promotion of investments;
4. Ensure the implementation of the investment's one-door-service in accordance with the scope of their responsibilities;
5. Develop the projects or activities requiring the

investments in accordance with their responsibilities and submit them to the concerned higher authority for consideration;

6. Collect the information concerning the investments including the investment activities in their localities;
7. Encourage, promote and deal with the problems that are occurred in the investments under their responsibility;
8. Summarize and report on the investments to the higher authority on a regular basis;
9. Perform other rights and functions as specified in the laws and regulations.

Article 89. Authorities of Special Economic Zone and Specific Economic Zone

The Authorities of Special Economic Zone and Specific Economic Zone are the organizations which are charged with managing the investments in the special economic zone and specific economic zone, establishing the office of the investment's one-stop-service for the purpose of attracting and promoting the investments, both domestic and foreign, in their special economic zone and specific economic zone.

The investment management of the Authorities of the special economic zone and specific economic zone is determined in a separate regulation.

Article 90. Rights and Functions of the Authorities of Special Economic Zone and Specific Economic Zone

In the management of the investments, the Authorities of Special Economic Zone and Specific Economic Zone have the rights and functions as follows:

1. Undertake the research and formulate the policy on investment promotion in their zone;
2. Undertake the research and develop the projects or activities requiring the investments for the purpose of

- attracting the investments in their zone;
3. Carry out the investment promotion policy in order to attract both domestic and foreign investors to make the investments in their zone;
 4. Create favorable conditions to enable the investors to undertake the business operations in their zone;
 5. Ensure the collection of custom duties, taxes, fees, services charges, rental charges, etc...within the zone as specified in the contract and in compliance with the laws and regulations;
 6. Ensure the management and use of the budget in compliance with the agreement and with the laws and regulations;
 7. Liaise and coordinate with all concerned parties, both internal and foreign, with a view to ensuring an effective management of their zone in accordance with the laws and regulations;
 8. Install the protection system for the facilities and infrastructures; ensure the safety and the protection of environment in the zone;
 9. Summarize and report on the investments in the zone to the higher authority on a regular basis;
 10. Perform other rights and functions as specified in the laws and regulations.

Article 91. Rights and Functions of other Sectors and Parties

Other sectors and parties have the rights and functions of ensuring the management and promotion of the investments in accordance with their roles.

The local administrative organizations are charged with managing, following-up the investment in various activities; ensuring the legitimate rights and interests of the Lao ethnic peoples, the State and the investors; providing the facilities to the investors and ensuring peace and order in their localities and reporting on the investment activities to the higher authority.

Section 3

Inspection

Article 92. Investment Inspection Organizations

The investment inspection organizations are the same organizations as the investment management organizations specified in Article 85 of this Law.

Article 93. Content of the Inspection

All activities of the investment operations are subjected to the management, follow-up and inspection of the concerned sectors. The main content of the inspection is as follows:

1. Inspect the compliance with the investment contracts;
2. Inspect the compliance with the investment procedures as defined in the Report on study of economic and technical feasibility;
3. Inspect the compliance of the protection of environment with the evaluation of the impacts on the environment including the property of the peoples, State and investors;
4. Inspect the implementation of the relevant laws and regulations;
5. Inspect the compliance with the labour safety measures.

The investment inspection organizations have the right to make the proposals on the measures for dealing with the problems to the concerned organizations for consideration in case it is found that there is the violation of the laws and regulations relating to the investment.

Article 94. Types of Inspection

The inspection consists of two types as follows:

1. Internal Inspection which is performed by the investment management and inspection organizations described in Article 85 and Article 92 of this Law;

2. External Inspection which is performed by the National Assembly, State Inspection Authority, State Audit Organization with regard to the inspection of the implementation of the investment promotion and management in accordance with their roles, rights, functions and roles specified in the laws and regulations.

Article 95. Forms of Inspection

The inspection has three forms as follows:

1. Systematic and regular inspection;
2. Inspection performed by sending the notice in advance;
3. Surprise inspection.

The systematic and regular inspection is the inspection which is conducted on a regular basis and has a definite time period. This inspection shall be performed at least twice in a year.

The inspection performed by sending the notice in advance is a non-planned inspection which is performed when it is considered to be necessary and the inspection target shall be notified at least twenty four hours in advance.

The surprise inspection is the inspection which is performed when it is considered to be necessary and urgently without notifying the inspection target in advance.

The inspection operations may be conducted with inspecting the documents and inspecting the actual works at the working site.

Part X

Policy Toward Persons Having Good Performances and Measures Against the Offenders

Article 96. Policy Toward Persons Having Good Performances

The individuals and legal entities who have outstanding

performances in the implementation of this Law, particularly by making the investment which is effective and is important to the Socio-economic development, attracting and encouraging the investment, shall be entitled to receive the congratulations and other benefits as provided in the laws and regulations.

Article 97. Measures Against the Offenders

The individuals and legal entities who violate the laws and regulations relating to the promotion of investment shall be subjected to education, disciplinary measures, payment of fines, payment of compensation or court proceeding depending on the severity of the case and in accordance with the laws and regulations.

Part XI

Final Provisions

Article 98. Implementation

The Government of the Lao People's Democratic Republic is charged with the implementation of this Law.

Article 99. Effectiveness

This Law will come into effect in sixty days commencing from the day the President of the Lao People's Democratic Republic issues the Presidential Decree on its promulgation.

This Law supersedes the Law on the Promotion of Domestic Investment No. 10/NA dated 22 October, 2004 and the Law on the Promotion of Foreign Investment No. 11/NA dated 22 October, 2004.

The benefits that the enterprises have received under the previous laws or under the contracts signed with the State previously shall not be changed. In case these enterprises wish to receive the investment promotion policy under this Law, they are

entitled to submit the application to the concerned sector, and the concerned sector shall notify the investor for implementation with immediate effect.

The President of the National Assembly



Thongsing THAMMAVONG



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity



National Assembly
Standing Committee

No. 47 /SC
Vientiane, 26/10/2010

Resolution
of the National Assembly's Standing Committee on the
Adoption of Decree on Special Economic Zone and
Specific Economic Zone in the Lao PDR

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- Pursuant to the Constitution of the Lao PDR, Article 56, specifying that the National Assembly's Standing Committee is the Standing Organization of the National Assembly charging with performing the functions in the place of the National Assembly when the National Assembly is not in session.
 - Referring to the letter of the Deputy Prime Minister, Standing Member of the Government of the Lao PDR No. 151/PM dated 11 October 2010 requesting the National Assembly to consider the adoption of the content of Decree on Special Economic Zone and Specific Economic Zone.
 - Referring to the Decision of the Meeting of the National Assembly's Standing Committee on 25 October 2010 on the adoption of the content of Decree on Special Economic Zone and Specific Economic Zone in the Lao PDR.

This Decree on Special Economic Zone and Specific Economic Zone is the translation of the Law on Promotion of Investment, particularly the provisions in Part III, Section 5 in order to ensure the realization and the translation into detail of this Law.

Referring to Article 59 of the Law on Promotion of Investment specifying that: “In addition to the promotion policies stipulated in Section 1 and Section 2 of Part IV, if it is considered to be necessary to have additional promotion policies for any specific sector, investment zone, special economic zone and specific economic zone, the Government has the right to submit the proposals to the meeting of the National Assembly or, in case the National Assembly meeting is not in session, to the Standing Committee of the National Assembly for consideration and approval”.

Upon research and comments of the meeting of the National Assembly's Standing Committee regarding the content of Decree on Special Economic Zone and Specific Economic Zone as requested by the Government;

**The National Assembly's Standing Committee
Takes the Decision as follows:**

Article 1: To authorize the Special Economic Zone and Specific Economic Zone to be independent budgetary and financial units. The Government shall be charged with appropriately considering and approving the budget allocation for funding the activities of the National Committee for Special Economic Zone in order to ensure the implementation of these activities with the highest level of efficiency.

Article 2: The National Committee for Special Economic Zone shall be charged with making the consideration on the granting of

exemption of duty and tax on the import of fuel during the construction period to developers of Special Economic Zone and Specific Economic Zone located in remote areas and geographical hazardous areas.

Article 3: The Administrative Committee or the Economic Executive Board of the Special Economic Zone and Specific Economic Zone shall be charged with the determination of policy on duty and tax incentives including the collection of duties and taxes within its zones; however the maximum rates applied shall not exceed the rates specified in the Law on Customs and the Law on Taxation.

The National Committee for Special Economic Zone shall be charged with the determination of policy on leasing rates or concession royalty including the collection of rental charges and land concession royalty; however, the maximum rates applied shall not exceed the rates specified in Presidential Decree No. 02/ POL dated 18 November 2009 on State Land Leasing Rates and Concession Royalty.

Article 4: The National Committee for Special Economic Zone shall be charged with considering and approving the quota of all types of vehicles for Special Economic Zone and Specific Economic Zone; and the Administrative Committee or the Economic Executive Board of the Special Economic Zone and Specific Economic Zone shall be charged with the management and registration of vehicles within its zone.

Article 5: The Administrative Committee or the Economic Executive Board of the Special Economic Zone and Specific Economic Zone shall be charged with the protection of conserved forest assigned by the Government in accordance with the contract (if any) with the aim of ensuring the protection of the green zones, the maintenance, afforestation, restoration of the

conserved forest so as to promote the sustainable development linked with the protection of nature, environment and biodiversity.

Article 6: The National Committee for Special Economic Zone shall be charged with research and considering the applications for the establishment of Special Economic Zone and Specific Economic Zone throughout the country.

Article 7: The Government shall be charged with the implementation of this Resolution. This Resolution is effective from the date of signature.

**National Assembly's Standing Committee
President**



Thongsing THAMMAVONG



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity
ຮຸ່ນຮຸ່ນ ພູ ອາຍຸອາຍຸ

Government's Office

No. 443/PM

Vientiane, 26/10/2010

Decree
On Special Economic Zone and
Specific Economic Zone in the Lao PDR

- Pursuant to the Law on the Government No 02/NA, dated 6 May 2003;
- Pursuant to the Law on Promotion of Investment No 02/NA, dated 08 July 2009;
- Referring to the Resolution of the National Assembly Standing Committee on the Approval of the Decree on Special Economic Zone and Specific Economic Zone in the Lao PDR No. 47/SC, dated 26 October 2010 ;
- Based on the Notification on Approval and Direction of the Ordinary Cabinet Meeting of the month of September, held from 29-30 September 2010, No. 2898/GS, dated 5 October 2010 ;

The Prime Minister decrees that:

Section I
General Provisions

Article 1. Objectives

This Decree defines the principles, regulations,

organization, activities, policies relating to the special economic zone and specific economic zone (SEZ), constituting the translation of the implementation of the Law on Investment Promotion, particularly Part III, Section 5, Article 59, with the aim of attracting and promoting the investment in the development of SEZ through special and specific policies and forms, developing the management and administration of “smaller administration unit but wider society” on the basis of the protection of the fine culture, conservation of natural resources, maintenance of social order, protection of environment, promoting local and national potentials, ensuring peace and security, contributing to strengthening and enriching the national economy, improving the living condition of the peoples of various ethnics in a gradually manner.

Article 2. Special Economic Zone and Specific Economic Zone

Special Economic Zone is the new economic development area that the Government has determined as the area having the location and economic environment which can provide facilities and autonomy in undertaking business operations more than other areas countrywide, through comprehensive building of social and economic infrastructures, institutions and so on with a view to raising the competitive capacity of the business operations which will be the incentive for attracting the investment of all parties so that the economy in this area may be developed at a faster pace, compared to other areas. The Special Economic Zone receives special promotion privileges, has autonomous economic and financial system, applies the management and administration system according to the mechanism of 'smaller administration unit but wider society', is supervised by the Administrative Committee and the Economic Executive Board, has the system ensuring the security, the protection of fine national culture and the sustainable conservation of environment, has an area of one thousand hectares and over, may comprised many specific economic

zones. In case there are peoples living in the zone, it is not required to move them out from the Special Economic Zone. On the contrary, the arrangement shall be made to allow them to have the job and participate with the Zone in the development and have sustainable income.

Specific Economic Zone is the area that the Government has determined as the area having the location and economic environment which can provide facilities and autonomy for undertaking business operations more than other areas countrywide, through comprehensive building of social and economic infrastructures, institutions and so on with a view to raising the competitive capacity of the business operations which will be the incentive for attracting the investment of all parties so that the economy in this area may be developed at a faster pace, compared to other areas. The name of the Specific Economic Zone shall be based on specific features of a zone characterized by the infrastructures and institutions that provide the facilities to the business, production and service operations which are varied depending on the specific characteristic of each type required to be developed. The Specific Economic Zone receives specific promotion privileges, has autonomous economic and financial system, is managed and administered by the Economic Executive Board according to 'one-stamp mechanism' and has a number of business, production, trade and service operations units for which the areas boundaries are clearly determined, and there are no peoples living in these areas.

The Specific Economic Zone inside the Special Economic Zone is established according to the agreement between the investor and the Administrative Committee and/or the Economic Executive Board of the Special Economic Zone.

The Specific Economic Zone outside the Special Economic Zone is established according to the procedures for considering the establishment specified in this Decree and to the

agreement between the Government and the investor.

The Special Economic Zone and the Specific Economic Zone are called in abbreviation as “SEZ” and are written in English language as: Special Economic Zone and the Specific Economic Zone (“SEZ”).

Article 3. Interpretation of the Terms

Terms used in this Decree have the following meaning:

1. **Developer** refers to an individual, legal person or a State organization who receives the authorization from the Government of the Lao PDR to invest in the development of an area in a Special Economic Zone or a Specific Economic Zone, particularly the development of basic infrastructures and public utilities for the purpose of facilitating the business, the production and the service operations;
2. **Investor** refers to an individual, legal person or a State organization that is registered to undertakes the business operations in the SEZ;
3. **Production, trade and service business units in Specific Economic Zone** mean the investors who have registered with the Economic Executive Board in compliance with the regulations of the zone;
4. **Production operations** refer to the production, processing, assembling, transformation, change of raw materials or materials into new products, such as: furniture factory, vehicles assembling factory, electronic parts assembling factory, and other production.
5. **Trade operations** refer to the use of materials, goods and various products for sale in their original form without processing or with some packing or minor modifications, such as: import-export trading operations, border trade, tax-free shop, wholesale trade, etc.
6. **Service operations** refer to the supply of labor or the supply of services to other persons through labor, intellectual, machinery, vehicles and other assets by receiving, in return, the payment of service charge, such as: transport, warehouse,

hotel construction, tourism, banking, university activities and other public operations, such as: amusement parks, tourist places service and other services.

7. **'Smaller administration unit but wider society'** refers to the management and administration of the SEZ through applying the mechanism of responsibility based on the scope of rights and duties of each zone, having its own seal and having the right to use it in making the contact, coordination and agreement with all parties within the country and in foreign countries in a widely manner;
8. **Development linked with environmental protection** refers to the development of SEZ that ensures the balance of ecological system and biodiversity for which the developer and investors shall not cause the adverse impact on environment and shall particularly have the plan for restoring the environment and maintaining it in good condition as well as taking measures to avoid long term impacts including disposal of solid waste, rubbish, poisonous and toxic substances, toxic chemicals, air pollution, noise which may affect the environment, human and animals health.
9. **Turning land into capital of the SEZ development sectors** refers to the development of land in a focused manner and for turning such land into capital (share holding, collection of leasing charges or concession royalty, use of SEZ land as guaranty) in order to ensure profitable development;
10. **Development of SEZ to achieve economic effectiveness** refers to full utilization of the natural resources potentials and the promotion policies granted by the Government to the SEZ in the formulation of policy and strategy for the development of SEZ in such manner that ensures maximum economic benefits.
11. **Development of SEZ to achieve effectiveness in social field** refers to the change of the living style of the population in SEZ in line with the standard level toward achieving the millennium goals of sustainable development ;

12. **Citizens** refers to peoples holding Lao nationality, honorary persons, aliens, persons having no nationality, labour, experts, domestic and foreign investors who live and undertake business, production and service operations in a SEZ ;
13. **Regional and international economic integration** mean all round economic integration of the SEZ with ASEAN economic zone and with regional and international economy ;
14. **Highly competitive area** means the area where the administrative mechanism and enterprise management mechanism in accordance with market mechanism are fully and practically developed.

Article 4. State Policy on SEZ

The State has a policy to promote all economic sectors, both domestic and foreign, to invest in the development of the SEZ by granting special and specific privileges to SEZ to consider and approve the investment, business operations, production, services, revenue-expenditure, administration and management based on the mechanism of 'smaller administration unit but wider society' for the special economic zone, one-stamp mechanism for the specific economic zone, maintenance of peace and security, sustainable environmental protection and other special policies as in accordance with this Decree and the agreement between the Government and the Developers.

Article 5. Principles on the Establishment and Operations of the SEZ

The principles on the establishment of the SEZ shall comply with the provisions specified in Article 34 of the Law on Investment Promotion.

In addition to the principles of operations of the SEZ provided in Article 40 of the Law on Investment Promotion, SEZ also operates in accordance with the following principles:

1. Respect and comply with the Constitution, laws, this Decree and the concession agreement;
2. To be autonomous and self-determined in terms of economic management and administration;
3. Ensure the equality between domestic investment and foreign investment within the SEZ;
4. Ensure tranquility, order, unity and solidarity, and promotion of fine Lao national culture;
5. Ensure sustainable development and environmental protection;
6. Ensure the management and administration of the “Smaller Administration Unit but Wider Society”;
7. To be under the macro management of the Government and the NSEZC or the Local Administration assigned by the Government.

Article 6. Strategy and Development of SEZ

The Government formulates the strategic plan for SEZ development on the basis of the National Socio-Economic Development Plan in each period in order to contribute to the improvement of the policy on transforming the assets into capital, particularly the policy of transforming land into capital. In addition, it is also to contribute to the improvement of open-door policy for regional international economic integration (a single market which is mainly based on the production base; it is the area having high competitive capacity level; it is the area with balanced and equal level of economic development; and it is the area being fully integrated with the world economy), and to contribute to the improvement of industrialization and modernization policy.

The development of SEZ is a form of development in line with the mechanism of using land in a focused manner, the protection of environment, the social and economic development

aiming at achieving the highest level of effectiveness in the development of infrastructures, necessary legal and institutional framework which will provide the facilities for the business operations, increase the competitive capacity of the focal industries through the benefit from the economy of scale, build into full cycle industries and join the international supply chain and value chain.

Article 7. Protection of Investment of Developers and Investors

Developers and investors in the SEZ are entitled to receive the protection of rights and benefits from the State in accordance with the provisions specified in Articles 60, 61 and 62 of the Law on Investment Promotion.

Article 8. Rights and Obligations of the Citizens in the SEZ

The citizens living in the SEZ are entitled to receive the protection of their legitimate rights and interest in compliance with the Constitution and laws of the Lao PDR and are under the responsibility and supervision of the SEZ Administration Committee and/or Economic Executive Board, and have the obligations to participate in various activities and cooperate with all parties in the SEZ, respect and comply with this Decree and other relevant regulations on the SEZ. The citizens in the SEZ are granted the same promotion privileges as the investors in the SEZ.

Article 9. International Cooperation

The State promotes all parties in the SEZ to attract foreign investors to come to invest in their zones in accordance with the Law on Promotion of Investment; to open wide the market for the exchange of labors, raw materials, technology, finance, trade, export-import, transport, entry and exit; to make the contact with foreign companies in order to achieve regional and international integration based on the laws and regulations of the Lao PDR.

Section II

Procedures for the Establishment of the SEZ

Article 10. Documents for Applying for the Establishment of the SEZ

Persons having the intention to establish the SEZ shall submit the application to the NCSEZ through the S-NCSEZ comprising the following documents:

1. Technical and economic feasibility study report;
2. Master plan for development;
3. Socio-Culture and environmental impacts assessment report;
4. Draft contract for the development of the SEZ project;
5. Documents certifying the financial status;
6. Documents certifying individuals or legal person status;
7. Other concerned documents.

Article 11. Criteria of Eligible Persons to be Granted with a License for the Development of the SEZ

Persons granted with a license for development of the SEZ shall have the following criteria:

- Having legal person status;
- Having the experiences in undertaking business operations of at least 5 years;
- Having sound financial status duly inspected and certified by reliable local or foreign financial institution.

Article 12. Procedures for Considering the Establishment

The procedures for considering the establishment of the SEZ are as follows:

1. Persons having the intention to develop the SEZ shall submit the application for the establishment of the SEZ to the NCSEZ through the S-NCSEZ by utilizing the specified forms;

2. After having received the application for the establishment of the SEZ, the NCSEZ shall coordinate with concerned sectors and local administrative organization to undertake the study and submit the proposal to the Chairman of the NCSEZ concerning the appointment of the SEZ Establishment Committee to take charge of conducting a preliminary feasibility study of the creation of the SEZ;
3. After being officially appointed, the SEZ Establishment Committee shall convene its first meeting to hold discussion, make division of works and prepare detailed work plan. The Chief of this committee has the right to appoint the secretariat to assist the committee in the implementation of the assigned works and ensure successful outcome;
4. The NCSEZ summarizes the findings of the study, the outcome the concession agreement negotiation and the findings of the research of the SEZ Establishment Committee for reporting to the meeting of the standing and non-standing Secretariat and, thereafter, submitting to the NCSEZ for consideration on the basis of the written certification and approval of the SEZ Establishment Committee;
5. The NCSEZ considers and approves or rejects the establishment of the SEZ. In case of approval of the establishment of the SEZ, the Chairman of the NCSEZ shall issue a Decision declaring the establishment of the SEZ and the NCSEZ shall issue the SEZ Concession Registration Certificate. In case the application for the establishment of the SEZ is beyond the scope of its rights and roles, the NCSEZ shall submit it to the Government for consideration;

6. In case the NCSEZ rejects the establishment of the SEZ, the NCSEZ shall notify the rejection to the SEZ development applicant including the reasons of the rejection;
7. In case of projects lying in the SEZ Master Development Plan which had already been approved by the Government, the procedures of consideration shall consist of selecting the developers on case by case basis through various methods, such as: comparison, bidding or evaluation performed by the NCSEZ in coordination with the sectors and local administration concerned.

Article 13. Organizational Structure and Term of Office of the SEZ Establishment Committee

The Organizational Structure of the SEZ Establishment Committee is as follows:

1. Governor or the Vice Governor of the Province where the SEZ is located or other suitable individual as chief of the Committee;
2. Chief or Deputy Chief of S-NCSEZ and/or other suitable sector as deputy chief of the Committee, and a number of members who are from concerned sectors, local administration and developers.

The term of office of the SEZ Establishment Committee shall not exceed six months and, in case of necessity and adequate justification, may be further extended to a maximum period of six months based on the request of the S-NCSEZ.

Article 14. Rights and Functions of the Establishment Committee

In addition to the rights and functions specified in Article 37 the Law on Investment Promotion, the SEZ Establishment Committee has also the following rights and functions:

1. Study and formulate the Master Plan for all round

- development of the SEZ by coordinating with concerned sectors and local administrative organizations;
2. Resolve various problems related to the creation of the SEZ, such as: land problems, interest of the peoples in the SEZ;
 3. Ensure the compensation of the benefit of the peoples in accordance with relevant regulations and make the arrangement for the resettlement of the peoples affected by the project;
 4. Study the promotion policy and various conditions which are to be included in the concession agreement between the Government and the Developers;
 5. Coordinate with the NCSEZ to undertake the negotiation with the developers and prepare the first draft of the agreement for submitting to the NCSEZ for consideration;
 6. In case of necessity, hire local and foreign consultants or experts to assist in carrying out the study on the creation of the SEZ until successful completion. The cost of this service shall be taken charge by the company of the developer;
 7. The Establishment Committee and the developer submit the findings of the development feasibility study to the meeting of the standing and non-standing NCSEZ for concluding the findings of the development feasibility study and giving macro directions to the project with the aim of ensuring effective development and compliance with the national socio-economic development plan;
 8. The Establishment Committee and the developer hold the discussion and make the improvement of the issues which are not yet clearly determined in accordance with the direction given by the meeting as mentioned in Paragraph 7 above in order to give written certification to the S-NCSEZ for reporting to the NCSEZ;

9. Study and make the proposal on the personnel who are to be included in the SEZ Administration Committee and/or Economic Executive Board which is to be submitted to the NCSEZ Chairman for appointment;
10. Submit to the NCSEZ meeting for consideration and approval.

Article 15. Termination of Operations of the SEZ Establishment Committee

The operations of the SEZ Establishment Committee shall be terminated in any of the following cases:

1. The Government or the NCSEZ has taken the decision to officially establish the SEZ and appoint the Administration Committee and/or the Economic Executive Board of the SEZ;
2. In case the Government or the NCSEZ does not approve the establishment of the SEZ;
3. The term of operation of the Committee is ended as provided in the Decision on the appointment, and there is no extension of the term or no re-appointment.

Section III

Development, investment and Activities within the SEZ

Article 16. Development

Development of SEZ consists of :

1. Formulation of operation plans ;
2. Development of basic infrastructures ;
3. Forms of development ;
4. Implementation of development works.

Article 17. Formulation of SEZ Operation Plans

The SEZ Administration Committee and/or Economic Executive Board are charged with undertaking the research and

the formulation of the operation plans, based on the Master Plan for comprehensive development of the SEZ, in each period - short term, medium term and long term-, comprising the plan for land development and use; plan for basic infrastructures development, urban expansion, construction of new community areas, tourism areas, cultural areas and educational, public health, agricultural, industrial areas; plan for production of goods for export, etc...

Article 18. Development of Basic Infrastructures

Development of basic infrastructures shall be undertaken as follows:

1. The SEZ developers shall undertake the construction of all basic infrastructures to facilitate the attraction of investment from within the country and from foreign countries into the zone, the linking zone between SEZ and localities, the national preserved forest zone according to the Development Master Plan, the buffer zone, conserved zone, and other zones as approved by the Government;
2. Necessary basic infrastructures include high-ways, secondary roads, link-roads of the zone, electrical power systems, water supply, waste water treatment system, solid waste disposal, river bank erosion protection, harbor, entry-exit check post, network within the zone, basic infrastructure for education, public health, socio-culture, telecommunication, etc., that are of high standards (avoiding the construction that is lower than the standard level defined by the Government);
3. The developers are responsible for the sources of fund for the development of basic infrastructures which may acquired from the investors own fund, State budget, loan fund, fund from partnership between developers and the State, or the income generated from the SEZ administration based on the percentage of the share specified in the Concession Agreement.

Article 19. Forms of Development of the SEZ

The development of the SEZ in the Lao PDR may be carried out in the following forms:

1. Development investment wholly (100 %) made by the State which refers to the SEZ where the State invests in the development of all basic infrastructures and public utilities of the zone by using the State budget;
2. The State invests jointly with private sector in the development which refers to the SEZ where the State invests jointly with the domestic or foreign private sector in the development of all basic infrastructures and public utilities of the zone in which the State may make the contribution in the capital in the form of land use right and hold the share of at least thirty percent (30%) or may make the contribution in the capital in other forms as agreed by the two Parties, while the private developers shall make the contribution to the share capital in cash and assets;
3. Development investment wholly (100 %) made by private sector which refers to a SEZ where the domestic or foreign private sector invests in the development of all basic infrastructures and public utilities of the zone by using the developers' own budgets.

Article 20. Implementation of Development Works

The implementation of development works of the SEZ shall be related to the following important tasks:

- Research and formulation of the plan for the development of the SEZ in each period (short term, medium term and long term) and assessment and analysis of the outcomes;
- Research and determination of policy for promoting the development of the SEZ including the mechanism for coordinating with various sectors;

- Research on technical methods and measures for protecting the environment;
- Development of the SEZ through laws and regulations including the zoning plan;
- Research for developing the management, administration and financial mechanisms for the SEZ that can ensure transparency and accountability;
- International cooperation in technical field and in exchange of lessons.

Article 21. Investments in the SEZ

The investments in the SEZ are comprised of:

1. General investments;
2. Promoted investments .

Article 22. General Investments

Developers and investors can invest in all sectors within the SEZ, except the activities prohibited by the Government, such as: purchase, sale and production of weapons, drugs, toxic chemicals, activities causing destructive effects to environment and to people's life and properties, the services that have contradicting effects to the laws, maintenance of peace, order and to the fine local and national culture. General investments are not entitled to receive promotional privileges from the SEZ.

Article 23. Promoted Investments

Promoted investments activities are determined by the SEZ Administration Committee or Economic Executive Board, such as: electronic industry, research on science and new technology for using in the production, production of modern construction materials, tourism infrastructures, clean agricultural production and processing, organic products, production for export, forestry, schools, hospitals, public parks and other activities as the SEZ considers to be suitable and to have the potential.

Article 24. Rights and Obligations of the SEZ Developers

Developers of the SEZ have the main rights and obligations as follows:

1. Exercise the right of self-determination with regard to the investment in development, the management and administration of their investment activities, the hiring of labour, the place of residence, the repatriation of fund, assets and income to foreign countries as provided in Articles 64, 65, 66, 67 and 68 of the Law on Investment Promotion;
2. Perform the main obligations including the obligation concerning the protection of environment as specified in Articles 69 and 70 of the Law on Investment Promotion;
3. Perform the obligation of making the contribution to the human resource development fund accordingly to the concession agreement between the Government and the Developers;
4. Perform and recover the capital in accordance with the contract between the Government and the Developers;
5. Perform other rights and obligations as prescribed in the contract, this Decree and the SEZ specific regulatory statutes.

Article 25. Rights and Obligations of Investors in the SEZ

Investors in the SEZ shall comply with the rights and obligations provided in Articles 63, 64, 65, 66, 68, 69 and 70 of the Law on Investment Promotion and shall perform the rights and obligations specified in the contract.

Article 26. Activities within the SEZ

Activities within the SEZ are as follows:

- Application for investment;
- One-Stop investment services;

- Import and Export;
- SEZ entry and exit;
- Protection of fine national culture and conservation of environment;
- External relations.

Article 27. Application for Investment in the SEZ

Any individual or legal entity, both domestic and foreign, who wishes to invest in the SEZ, shall submit the application for investment on determined form to the Administration Committee or to the Economic Executive Board of the SEZ, as the case may be.

The Investor can submit the application for investment via facsimile, electronic mail or by hand directly to the Office of One-Stop-Service of the SEZ, as the case may be.

Article 28. One-Stop Investment Services

One-Stop Investment Services shall comply with the principles and mechanism of implementation as specified in Articles 45 and 46 of the Law on Investment Promotion.

The Administration Committee or the Economic Executive Board of the SEZ establishes a One-Stop-Service, office depending on case, to provide the facilities for both domestic and foreign investments, such as: the issuance of Enterprise Registration Certificate, the provision of information, investment services and other services.

Article 29. Imports and Exports

All imports of goods, materials, vehicles, machineries, raw materials, semi-finished products (except fuel) which are to be used within the SEZ shall be performed in compliance with the specific regulations of the zone.

The exports of these goods to inside the country and to foreign countries shall be performed in accordance with the laws and regulations of the Lao PDR, the contracts and the International Convention that Lao PDR is a signatory.

The Administration Committee or the Economic Executive Board of the SEZ is charged with certifying and reporting the imports and exports, depending on case, to the NCSEZ on a regular basis.

Article 30. SEZ Entry and Exit

The entry to and the exit from the SEZ shall be subjected to the control performed by the check-post at determined places.

Article 31. Protection of Environment

The SEZ Administration Committee or the Economic Executive Board is charged with defining the rules and regulations concerning the management and protection of the environment and natural resources in compliance with the laws of the Lao PDR and to ensure sustainable development.

Article 32. External Relations

The SEZ has the right to make the contacts with other companies, local and foreign organizations in accordance with the laws of the Lao PDR.

Organizations and sectors outside the SEZ are charged with providing the facilities, cooperation, assistances and advices to enable the SEZ to effectively perform its activities in consistence with the rights and duties of the SEZ.

Section IV
Transforming SEZ into City

Article 33. Criteria for Transforming a SEZ into a City

The transforming of a SEZ into a City shall be based on the criteria specified in Article 12, Section 2 of the Law on Local Administration. The details are as follows:

- Being a large urban area; being the political, economic, cultural and social centre;

- Being the centre for business, production, trade, service and tourist activities;
- Having the role of promoting the economic and social development of the country; there is the expansion of infrastructures, public utilities, electricity, water supply, roads, international airports, harbour, telecommunication, post, transport, public works such as: hospital, schools which are comprehensively developed including the administration and management system moving toward industrialization and modernization; and having relations and cooperation with foreign countries and international community. In case a SEZ lacks the condition to build the harbour or international airport, this shall not be taken as the restriction in transforming the SEZ into a City;
- Having a population of eighty thousand persons and over.

Article 34. Consideration Procedures

The Administration Committee or the Economic Executive Board of the SEZ make the request to S-NCSEZ to coordinate with concerned sectors and local administration to organize the study and analysis of the administration and management system in make the assessment and evaluation according to the criteria specified in Article 33 of this Decree. Through the evaluation, if is found that the concerned SEZ has met all the criteria and can ensure sustainable development, the Administration Committee or the Economic Executive Board shall submit the request to the NCSEZ through the S-NCSEZ for consideration. The NCSEZ shall, after making the consideration, report to the Government for consideration. The Government shall, thereafter, send the request to the National Assembly for consideration and approval.

Article 35. City Declaration

The NCSEZ coordinates with the Government and the Standing Committee of the National Assembly to organize the ceremony of declaration and hand-over of the resolution on the

declaration of the SEZ as a City accordingly to the Constitution and the laws of the Lao PDR.

Section V

Promotion Privileges

Article 36. Promotion Privileges

According to the provisions in Article 59 of the Law on Investment Promotion, in addition to the promotion privileges specified in the Law of Investment Promotion, the SEZ is also granted with the promotion privileges as follows:

- Becoming a 'smaller administration unit but wider society' unit (for Special Economic Zone) or 'One-stamp system' (for Specific Economic Zone) in accordance with the new administration and management mechanism policy oriented toward industrialization and modernization;
- Receiving full rights in the development and management of the SEZ;
- Being able to perform economic and financial managing in an independent manner;
- Implementing the policy of one-door investment services;
- Determining the leasing charges of land and of other fixed and movable assets in its zone;
- Receiving other privileges as provided in the laws and regulations.

Article 37. Privileges Granted to Developers and Investors in the SEZ

Developers and investors in the SEZ are entitled to receive the privileges as following:

1. Special privileges on tax and duty based. The Administration Committee or the Economic Executive Board of the SEZ is charged with considering the exemption or reduction of the rates of custom duty and taxes of various types to be granted to the investors based on the sectors, activities, size of

investment; however, the maximum exemption or reduction rates shall not exceed the rates provided in the Customs Law and Taxation Law;

2. Receiving the exemption of duty and tax on the import of fuel during the construction period for the developers of the SEZ located in remote area and in area with hard geographical condition (not the SEZ in general), and it is required to make the import annual plan which is to be considered by the NCSEZ;
3. Import of fuel for investors and other entrepreneurs in the SEZ shall be subjected to the payment of tax and duty in accordance with the Law on Investment Promotion, Law on Customs and Law on Taxation;
4. Import of raw materials from within Lao PDR for using in various activities of the SEZ shall be considered as export of goods and shall be entitled to receive the duty and tax privilege in accordance with the laws;
5. Having the promotion privileges through land use right and ownership of other fixed assets as in accordance with Article 58 of the Law on Investment Promotion;
6. Receiving the right to reside in the territory of the Lao PDR along with the family during the period of the development investment contract;
7. Receiving the right to hire labour accordingly to the provision specified in Article 66 of the Law on Investment Promotion;
8. Receiving the facilities in the provision of information on investments and other information;
9. Receiving the congratulations in various forms according to the performances of the developers and investors;
10. Receiving honorary citizen status in accordance with the regulations.

Article 38. Protection of Rights and Benefits of Developers and Investors in the SEZ

The Government recognizes and protects the rights and benefits including the assets of the developers and investors in the SEZ as provided in Articles 60, 61 and 62 of the Law on Investment Promotion.

The Government recognizes and protects the rights and benefits of the developers in accordance with the SEZ Concession Agreement and with Article 37 of this Decree.

Article 39. Land Lease

Investors in the SEZ who lease the land for a long period shall be entitled to receive the privilege of leasing the land in accordance with the method and the rate of lease defined by the Administration Committee or the Economic Executive Board of the SEZ.

Article 40. Access to the Sources of Fund

Investors can have the access to the sources of fund, such as: loan from commercial banks and other financial institutions in Lao PDR and in foreign countries.

Article 41. Deduction of Expenditure

Developers and investors in the SEZ are able to deduct the amount of expenditure for personnel training from the taxable annual profits.

Section VI

SEZ Land

Article 42. Determination of Land Areas

The State specifically allocates the land surface (not included the property and resources under the ground and in sky-space) to be developed into the SEZ on the basis of the specific

features, size and condition of the land, such as: areas with low density of community, with appropriate geographical location, not overlapping the area of other development projects already approved by the Government.

Article 43. Compensation for Damages

The State and the developers shall be liable to make the compensation for the land use right, the construction and other objects which are affected by the allocation for building and developing into the SEZ in accordance with the law and regulations.

Article 44. Preserved Land and Buffer Land

Individuals or legal persons have no right to use or undertake the construction on preserved land and buffer land. In case of violation, they will not be entitled to receive any compensation for the damages.

The preserved land and buffer land are assigned to the Administration Committee or the Economic Executive Board of the SEZ who shall take charge with the protection, conservation and use in order to ensure sustainable development and environmental protection within the SEZ.

The preserved land and buffer land which are allocated to the SEZ for environmental protection and forestration to create a green coverage and supply the oxygen (O₂) to the SEZ shall be exempted from the payment of leasing charges and concession royalty throughout the concession period. However, the SEZ shall manage and strictly ensure that there is no trees cutting and forest destruction.

Article 45. Boundary Markings

After having received the approval for the creation of the SEZ and before the official signing of the Concession Agreement for SEZ development, the SEZ Establishment Committee shall coordinate with the National Land Management Authority, the National Border Supervision Committee (Ministry of Foreign

Affairs) and with concerned sectors and local administration to undertake the boundary markings based on the approval of the Government and to draw the map of the zone which is to be attached with the Concession Agreement for SEZ development.

Article 46. Creation of Check Posts

The SEZ Establishment Committee shall coordinate with the National Defense and Public Security sectors, the National Border Supervision Committee (Ministry of Foreign Affairs), the Custom Authority and the concerned local sectors to establish the international and local check posts of the SEZ.

Article 47. Expansion of SEZ Development Area

Developers who wish to expand the SEZ development area shall submit the application to the S-NCSEZ or to the Government for consideration.

Article 48. Relation with Local Administration

The local administration where SEZ is located shall provide the assistance and cooperate with the SEZ Administration Committee or Economic Executive Board, depending on the case, with regard to land survey and allocation, compensation for the construction, etc...

Article 49. Term of SEZ Development

Developers are entitled to develop the SEZ for a maximum period not longer than 99 years and may be extended depending on the case based on the approval of the Government, particularly in case the investors have executed the project that bring highest benefits to the country, have implemented the contract effectively and have good performances in making the contribution to the local development.

Upon the termination of the term of the SEZ development investment, the State shall take charge of the management and administration of the SEZ, such as: collecting the tax and duty,

fees, leasing charges of land, infrastructure and public utilities.

Article 50. Issuance of Land Use Right Certificate

The National Land Management Authority shall issue Land Use Right Certificate to the SEZ Administration Committee or Economic Executive Board.

The main content of the Land Use Right Certificate includes: location, area, cadastral map, term and conditions of land use as determined in the SEZ Concession Agreement.

The SEZ Administration Committee or Economic Executive Board is charged with issuing the Land Use Right Certificate within their SEZ.

Article 51. Management and Use of Land

The management and use of land within the SEZ in the technical field shall be performed in compliance with the Law on Land.

With regard to land policy, the collection of revenue relating to land shall be performed in compliance with SEZ regulations.

Section VII

Finance, Accounting and Budget of the SEZ

Article 52. Finance of the SEZ

The finance of the SEZ shall be performed as follows:

1. SEZ is a planning and special finance unit which is self-reliant and self-sufficient, and performs the obligations toward the Government in accordance with the Concession Agreement and this Decree;
2. The payment within the zone shall be made in Kip currency and the payment with foreign countries shall be made accordingly to the contract and valued in Kip equivalence;
3. The Bank of the Lao PDR shall be charged with supervising

and controlling the circulation of foreign currencies in the SEZ in accordance with banking laws and regulations.

Article 53. Use of Accounting Regime

The accounting regime of the developers and investors within the SEZ shall comply with the accounting regime prescribed in the Accounting Law of the Lao PDR. Other international accounting regimes may also be used subject to the approval of the S-NCSEZ and the possibility for the State Audit Authority to perform the audit.

Article 54. Circulation and Use of Foreign Currencies

Revenue from the sale of goods, the services and other incomes of the investors in the SEZ which are in foreign currencies shall be transferred to the accounts that they have opened in the banks in the Lao PDR.

Taking foreign currencies in or out of the SEZ shall be performed in compliance with the law and regulations on the management of the circulation of foreign currencies of the Lao PDR.

Article 55. Budget of the SEZ

SEZ is an independent budget unit and the meeting of the Administration Committee and/or the Economic Executive Board of the SEZ are (is) charged with making the decision on the budget.

The budget revenues and expenditures of the SEZ are as follows:

1. Main revenues of the SEZ are from business, production and service operations as follows:
 - Leasing the SEZ land which is already developed;
 - Sale or leasing of other fixed assets;
 - Services charges, fees and various tax stamps in accordance with regulations;
 - Revenue from the taxes and duty arising in the SEZ (excluded the tax and duty on import to Lao PDR);

- Money from the fines applied in case of violation of investment contracts in the SEZ;
 - Revenue from business operations, hotel services, supermarkets and other activities;
 - Purchase and sale of domestic and foreign shares directly or indirectly;
 - Other revenues.
2. Main expenditures of the SEZ are as follows:
- Expenditure for the investment in basic infrastructures;
 - Expenditure for the management and administration of the SEZ;
 - Salary, bonus, pension allowances (Government staff and SEZ staff);
 - Social welfare (Government staff, SEZ staff, and contracted personnel);
 - Payment for necessary public utilities in the SEZ, such as: electricity, water supply, bus station, town cleaning, public park, planting of trees along the road side, etc;
 - Payment in case of the occurrence of the accidents;
 - Reserved fund of the SEZ.
 - Each payment is approved by the meeting of the Administration Committee and/or the Economic Executive Board of the SEZ.
 - The salary, bonus, and pension allowances for the Government staff working in the SEZ shall not be lower than the rate of salary, bonus, and pension allowance of civil servant and shall be based on the level of economic expansion of the SEZ.
3. The distribution and the responsibility concerning the (budget) revenue and expenditure between the Government and the developers shall be carried out in compliance with the regulation on share-holding calculated in each period of 5 years, 10 years, 20 years, 50 years,... as mentioned in the

Concession Agreement. In case the developer is the State or private individuals who make 100% of investment, it shall also comply with the provisions of the Concession Agreement on SEZ development.

4. The budget for management and administration expenditure of the SEZ Administration Committee and/or Economic Executive Board is, at the outset, acquired from the developers as being specified in the Concession Agreement between the Government and the Developers.

Article 56. Distribution of Benefits between the Government and the Developers:

The distribution of benefits between the Government and the developers is as follows :

1. Benefits of the Government :
 - Dividends according to the share contribution in each period (directly or indirectly) as mentioned in the Concession Agreement ;
 - Allocation of the budget as provided in Paragraph 3 of Article 55 above ;
 - Charges on natural resources, copyrights of the Government that the SEZ has used ;
 - Outcomes of the development of basic infrastructures, linking zones, gross domestic products (GDP) of the local level (indirectly) ;
 - Provision of employment opportunities to the peoples.
2. Benefits of the Provincial/City Administration:
 - Charges for the use of natural resources in the SEZ (not less than 5% of the amount of the natural resources);
 - At least 30 % of the total revenue of the Government received from the dividend and the budget allocation of the SEZ;
3. Benefits of the District/Municipality Administration :
 - At least 30% of the charges on the use of natural resources

in the SEZ that the Provincial/city administration has received;

- At least 30 % of the total revenue of the Government received from the dividend and the budget allocation of the SEZ that the Provincial/city administration has received;

4. Benefits of the Developers:

- Income from the dividends of the share contribution in each period as mentioned in the Concession Agreement between the Government and the developers;
- Income from the holding of the shares in various new activities in the SEZ;
- Income from the business, service and investment operations and other incomes as approved by the Government.

Regarding the rights, benefits and other issues which are not yet defined or are not clearly determined, they shall be included in the Concession Agreement between the Government and the developers.

Section VIII

Settlement of Disputes

Article 57. Settlement of Disputes

The settlement of disputes arisen in the SEZ shall be performed through internal settlement or external settlement.

Article 58. Internal Settlement

Internal settlement is performed through negotiation for conciliation between the disputing parties. If the conciliation fails, the dispute can be settled through mediation by the SEZ Administration Committee, and if not successful, the external settlement shall be adopted .

Article 59. External Settlement

The external settlement is performed by the Committee

for Advices and Settlement of Dispute of the SEZ. If the dispute cannot be resolved, any disputing party has the right to request the Economic Arbitration Office or the People's Court to resolve the dispute in accordance with the justice process.

Section IX

Internal Management and Administration and Inspection of the SEZ

Article 60. Maintenance of Security in the SEZ

The maintenance of security in the SEZ shall be performed as follows:

1. SEZ has a public security office or a public security headquarter, depending on the case, which is charged with maintaining the security within the SEZ;
2. The Chairman of the Provincial Committee for National Defense and Public Security is charged with making the decision concerning the rights and duties of the public security office or public security headquarter of the SEZ;
3. The citizen, domestic and foreign investors who operate and live in the SEZ shall have the obligation to maintain the security and order in the SEZ and shall comply with the laws and regulations of the Lao PDR;

The Chief of the public security office or the Chief of the public security headquarter is appointed by the Chairman of the Committee for National Defense and Public Security of the SEZ;

The Chairman of the SEZ Public Security Committee is appointed by the Chairman of the Committee for National Defense and Public Security of the province, city where the SEZ is located;

4. In the SEZ, there may be a public security system by setting up security services enterprise or by using the forces in the security service enterprises in the Lao PDR.

For the Specific Economic Zone, the maintenance of security of the zone is relied on the province, city and district where the zone is located. The zone may also use the forces in the security service enterprises in the Lao PDR, but cannot set up its own security force unit.

Article 61. Use of Languages in the SEZ

Individuals or a legal persons living or undertaking the business operations within the SEZ shall hold the Lao language as official language. Regarding foreign languages, English language or other languages may be used as decided by the Government.

Advertising signs, company's name plates and other signs within the SEZ shall be written in Lao language on the top and foreign languages on the bottom.

Article 62. Management of Vehicles

The NCSEZ is charged with considering and approving the quota of vehicles of all types to the SEZ countrywide.

Developers and investors who use the vehicles, machineries in business, production and service operations accordingly to the promotion policy of the SEZ shall register them with the Administration Committee or the Economic Executive Board of the SEZ.

In case there is a transfer or sale of vehicles, machineries to other investors within the SEZ, it is required to request the certification from the Administration Committee or the Economic Executive Board of the SEZ who had issued the registration certificates for the concerned vehicles, machineries, depending on the case.

The transfer or sale of vehicles and machineries to outside the zone shall be performed in compliance with the laws and regulations of the Lao PDR subject to the receipt of the authorization from the Administration Committee or the Economic Executive Board of the SEZ who had issued the

registration certificates for the concerned vehicles, machineries.

The vehicles registered in the SEZ shall have the sticker pasted on them and have specific record book to facilitate the management of the authority when they are used for activities outside the SEZ.

Detailed management regulation shall be specifically and separately by the SEZ and shall be approved by the S-NCSEZ.

Article 63. Management of Citizens

The Administration Committee and/or the Economic Executive Board of the SEZ shall coordinate with each other in the management of the citizens within the SEZ in order to issue various cards to persons holding Lao nationality, developers, investors, aliens, person having no nationality, tourists, local and foreign experts, workers, civil servants, local and foreign staff of the private sector in accordance with relevant laws and regulations of the Lao PDR.

Article 64. Management of Personnel and Labor

The management of personnel of the Administration Committee and/or the Economic Executive Board of the SEZ shall be based on relevant laws and regulations of the Lao PDR.

Developers and investors of the SEZ have the obligations in the management, protection and promotion of the workers who are under their responsibility in compliance with relevant laws and regulations of the Lao PDR, particularly in relation to social welfare, labor insurance, protection against labor accidents, creation and development of labor skill.

Article 65. Protection of National Culture and Environmental Conservation

The Administration Committee and/or the Economic Executive Board of the SEZ shall make a plan, allocate a budget and create the fund for the management, protection of national culture and development of the environment within the SEZ.

The developers and investors ensure the implementation of their activities in accordance with international standard, law and regulations relating to environmental, social and natural protection in order to:

1. Dispose the dirt; avoid the destruction of natural resources and conserve them so that they may become tourist attraction places;
2. Protect the holy places, the cultural and historical sites;
3. Protect against the pollution and the degradation of the environment;
4. Maintain health care and the safety of the staff, workers and neighboring local communities.

Developers and investors shall undertake the operations in a reasonable manner and shall not perform the acts that cause the obstruction or restriction to the growth of the natural resources in the future in compliance with the law and regulations on environment.

Article 66. Management of Forest in the SEZ

The development of the SEZ shall give the emphasis to the protection, management and conservation of natural forest and afforestation to turn them into green zones. In case the Government has made the allocation of preserved forest and protected forest lying within the SEZ boundary, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue management regulations and allocate the budget for protecting these forest areas in consistence with the law and regulations.

Article 67. Management of Business, Production and Service Operations

In order to ensure the management of the business, production and service operations in the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue the regulations on the management in consistence with relevant laws and regulations.

Article 68. Cultural and Social Management

In order to ensure the management and development of culture, society, education and public health systems in the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue regulations on the management and development in consistence with relevant laws and regulations, and shall raise the quality up to the level of international standard.

Article 69. Management of Basic Infrastructures and Public Utilities

In order to ensure the management of basic infrastructures and public utilities in the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue regulations on the management in consistence with relevant laws and regulations.

Article 70. Formulation of Macro Economic Policy in the SEZ

The formulation of macro-economic policy for SEZ development shall be in compliance with the national socio-economic development plan in each period by emphasizing on attracting the investment in the sectors which will assist in transforming the agricultural production into industrialization and modernization step by step as well as in promoting the potential sectors of our country.

Article 71. Management of Statistical Data

For the management of the statistical data within the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue regulations on the management in consistence with the law and regulations on statistics in order to ensure the link with the S-NCSEZ.

Article 72. Management of Research and Analysis Works

For the management of the research and analysis works in

the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue regulations on the management in consistence with relevant law and regulations.

Article 73. Management of Domestic and International Relations and Cooperation

For the management of domestic and international relations and cooperation in the SEZ, the Administration Committee and /or the Economic Executive Board of the SEZ shall issue regulations on the management in consistence with relevant law and regulations.

Article 74. Management of Production

The goods of all types which are produced, assembled within the SEZ shall be subjected to the registration of goods origin (Made in Laos) before they can be put on sale or exported.

Article 75. Management of Food and Medicines

Food and medicines which are produced, imported and sold within the SEZ shall be subjected to the inspection of the Food and Drugs Authority in the SEZ in accordance with the Law on Food and Drugs in order to ensure the health of the consumer according to accepted international standard.

Article 76. Inspection of the Goods

The goods, materials and equipments and vehicles which are imported to and exported from the SEZ shall be subjected to the inspection and certification by the One-Door Investment Service Unit of each SEZ, and each check-post shall provide the facilities to the services.

Article 77. Management of Financial Institutions

For the management of financial institutions, the Administration Committee and /or the Economic Executive Board of the SEZ shall issue regulations on the management in

compliance with relevant law and regulations, particularly the credit cards from foreign countries which are used for making the payment in the Lao PDR shall be performed through the payment service center in the Lao PDR only. In case the financial institutions in the SEZ are not able to establish the payment service center, they may jointly use the network of the payment service center of the commercial bank registered in the Lao PDR.

Article 78. Management of Transport of Transit Goods and Exported Goods

Individuals and legal persons who transport transit goods and exported goods from Lao PDR shall use the services of the warehouse system and export through the international border posts of the Lao PDR. For the implementation in detail, the Administration Committee and /or the Economic Executive Board of the SEZ, as the case may be, shall issue specific regulations that are to be approved by the S-NCSEZ.

Article 79. Development

For the development within the SEZ, the Administration Committee and/or the Economic Executive Board of the SEZ shall issue regulations on the management in compliance with relevant laws and regulations with the aim of ensuring the achievement of the Millennium Development Goals in the social fields, ensuring environmental protection, peace and security and sustainable development.

Article 80. Administration within the SEZ

With regard to the administration within the SEZ, the administrator shall perform in accordance with the main principles as follows:

1. Specific legal acts of the SEZ;
2. Concession Agreement between the Government and the

- Developer;
3. Transparency;
 4. Accountability;
 5. Effectiveness;
 6. Chemical-free;
 7. Environmental production;
 8. Sustainable development.

Article 81. Inspection of the SEZ

The inspection of the SEZ shall be performed in compliance with Part IX, Section 3 of the Law on Investment Promotion and is able to use other audit organizations as specified in the Concession Agreement.

Section X

Management Organizations of the SEZ

Article 82. Management Organizations of the SEZ

The management organizations of the SEZ in the Lao PDR are composed of the following:

1. Government; Lao National Committee for Special Economic Zone and Specific Economic Zone, written in abbreviation in Lao as ຄຊພສ, written in English as : National Committee for Special Economic Zone, and in abbreviation in English: NCSEZ;
2. Secretariat to Lao National Committee for Special Economic Zone, written in abbreviation in Lao as ກຄຊພສ, written in English as : Secretariat to National Committee for Special Economic Zone, and in abbreviation in English: S-NCSEZ;
3. Concerned Ministries and Agencies;
4. Local administrative organizations;

5. Administration Committee and Economic Executive Board of the SEZ of each zone;
6. Advisory Committee.

Article 83. Rights and Duties of the Government

For the management of the SEZ, The Government has the rights and duties as follows

1. Formulate the policies and issue legal acts relating to the development and management of the SEZ;
2. Supervise the security and safety, and directly lead the tasks of national defense and public security;
3. Consider and approve the budget for the activities of the NCSEZ including the development and management of SEZ throughout the country;
4. Give advises and mobilizes major developers and investors to develop land invest in SEZ.

Article 84. NCSEZ

NCSEZ is comprised of:

1. Deputy Prime Minister as Chairman;
2. Minister of Government's Office as Deputy Chairman;
3. Minister of Ministry of Planning and Investment as Deputy Chairman;
4. Minister of Industry and Commerce as Deputy Chairman;
5. Minister of Ministry of Public Works and Transport as Deputy Chairman;
6. Minister of Ministry of Finance as Member;
7. Minister of Ministry of Justice as Member;
8. Minister of Information, Culture and Tourism as Member;
9. Provincial Governors and Vientiane Capital where Special and Specific Economic Zones are located as Member
10. Deputy Minister of Ministry of National Defense as Member;
11. Deputy Minister of Ministry of Public Security as Member;
12. Deputy Minister of Ministry of Foreign Affairs as Member;
13. Deputy Minister of Ministry of Labor and Social Welfare as Member;

14. Deputy Minister of Ministry of Home Affairs as Member;
15. Deputy Minister of Ministry of Natural Resource and Environment as Member;
16. General Secretariat of NCSEZ as Member.

The organization and activities of the NCSEZ and Of the S - NCSEZ, a standing organization of NCSEZ with second-level budget, are determined in a separate regulation.

Article 85. Rights and Duties of Ministries and Agencies Concerned

Concerning the works of the SEZ, the Ministries and Agencies concerned have the main rights and duties as follows:

1. Provide the promotion privileges, facilitating and managing the investment activities in the SEZ which are related with their respective sectors;
2. Give advices, follow-up the implementation of the laws and regulations in the SEZ which are issued by their respective sectors;
3. Organize the training; upgrade technical skill for the SEZ personnel to allow them to achieve the required standard of their job description based on the request of the SEZ.

Article 86. Rights and Duties of local Administrative Organizations

The local administrative organizations have the main rights and duties as follows:

1. Lead the tasks of public security of the SEZ as well as ensure the security and order in the SEZ located in their locality;
2. Take charge with the management and monitoring of the activities of the SEZ;
3. Follow-up the exercise of the legitimate rights and benefits of the people, State, developers and investors;
4. Provide facilities in various fields to the development and investment.

Article 87. Rights and Duties of the Districts where the SEZ is Located

The districts where the SEZ is located have the main rights and duties as follows:

1. Coordinate with the Administration Committee and the Economic Executive Board of the SEZ in formulating the development plan of the SEZ and the surrounding areas;
2. Provide the facilitates for land allocation, relocation and livelihood of the peoples in the areas surrounding the SEZ based on the approved plan;
3. Make the arrangement and organize the vocational training; provide jobs for the people as required in the SEZ;
4. Undertake the allocating and providing vocational training, providing jobs for people as required within the zone;

The District Administration, the Administration Committee and the Economic Executive Board of the SEZ shall respect each other and shall be held responsible for the gains and the losses to the provincial/city administration and to the Government with regard to the implementation of the Concession Agreement and this Decree.

Article 88. Rights and Duties of the Villages Surrounding the SEZ

The villages surrounding the SEZ have the main rights and duties as follows:

1. Ensure security and safety within the village;
2. Support to the development and investment in the SEZ in accordance with the laws and regulations;
3. Use and protect the basic infrastructures and facilities which are developed within the SEZ accordingly to the regulations of the SEZ;
4. Educate the organizations and the peoples under their responsibility to enable them to get the employment and expand small and medium businesses around the activities

of the SEZ.

Article 89. SEZ Administration Committee of Each Zone

The SEZ Administration Committee of each zone is comprised of:

1. Chief of the Administration Committee of the Zone;
2. Deputy Chief of the Administration Committee the Zone (1-3 persons);
3. A number of members (as appropriate).

Article 90. Appointment of the SEZ Administration Committee

The Chief, Deputy Chief and members of the SEZ Administration Committee are appointed or dismissed by the Chairperson of NCSEZ according to the proposal made by the S-NCSEZ on the basis of the coordination with the sectors and local administration concerned.

Article 91. Rights and Duties of the SEZ Administration Committee

The SEZ Administration Committee has the main rights and duties as follows:

1. Study the strategy on the administration, public security within the SEZ in line with the policy on national defense and public security and in compliance with the laws and regulations;
2. Study and issue the regulations concerning the management of citizens, the SEZ entry-exit ;
3. Study and formulate the policy on social development, promotion of education, public health, culture and the solution to social problems in the SEZ;
4. Ensure the solidarity, peace, social order and justice within the SEZ in compliance with the Constitution and the laws of the Lao PDR;

5. Provide the services for activities in the SEZ to allow the SEZ to be developed speedily in all fields and in line with determined direction;
6. Collaborate with the Economic Executive Board and the Consulting Committee to resolve the disputes occurred in the SEZ;
7. Collaborate with the Economic Executive Board to take measures to protect the environment and ensure sustainable development;
8. Give advises to the Economic Executive Board in the exercise of its rights and duties;
9. Coordinate with District Administration; seek advises from the Provincial Administration and from line agencies of central level on a regular basis in order to ensure and facilitate the operations;
10. Ensure international relations and cooperation in accordance with its rights and duties;
11. Summarize and reports the outcomes of the activities to NCSEZ, Provincial Administration and line agencies of the central level in regular manner;
12. Perform other rights and functions as provided in the laws and regulations.

Article 92. SEZ Economic Executive Board of each Zone

The SEZ Economic Executive Board of each Zone is comprised of:

1. Chairperson of the Economic Executive Board;
2. Deputy Chairperson of the Economic Executive Board, One to three persons.
3. A number of members, as appropriate.

Article 93. Appointment of the Economic Executive Board

The Chairperson, Deputy Chairpersons and members of

the SEZ Economic Executive Board are appointed or dismissed by the Chairperson of the NCSEZ based on the proposal made by the S-NCSEZ in coordination with concerned sectors and local administrative organizations.

Regarding the appointment or dismissal of the Deputy Chairperson of the SEZ Economic Executive Board who is a foreigner, it is required to conduct the check on his/her biography accordingly to the consent and proposal of the Chairperson of the Economic Executive Board.

Article 94. Rights and Duties of the Economic Executive Board

The SEZ Economic Executive Board has the main rights and duties as follows:

1. Study and formulate the economic development plan, programmes and projects of investment for the period of 6 month, 1 year, 5 years , 20 years, and other period until the project life is expired;
2. Study the regulations on the management and administration of the economy;
3. Study and implement the policy of investment promotion in compliance with the Law on Investment Promotion, particularly the approval of the import and export in the SEZ;
4. Exploring the revenue, prepare and implement the budget of the SEZ;
5. Organize the collection of various revenues of the SEZ;
6. Provide the information, consider the investment and conduct the evaluation of the investment;
7. Encourage, promote and provide the facilities to the business units within its zone;
8. Resolve the disputes in collaboration with the SEZ Administration Committee and the Advisory Committee for disputes settlement;
9. Fulfill the obligations to the State in accordance with the

Concession Agreement and this Decree;

10. Develop, use and manage the employees and workers who are under its responsibility;
11. Ensure Socio-culture, education and public health development;
12. Protect the internal and external solidarity, ensure security and order within the SEZ ;
13. Protect the environment to ensure sustainable development;
14. Manage, allocate and use the land, construction facilities accordingly to the regulations;
15. Make contact with local and foreign companies and business units in compliance with the laws and regulations;
16. Summarize and reports the performances to the Government on a quarterly, six-month and annual basis.

Article 95. Management and Administration of Special Economic Zone

The management and administration of Special Economic Zone have the following characteristics:

1. In case of the investment in the development of basic infrastructures and public utilities is wholly made by the State (100%), the management of this zone shall consist only of the Administration Committee which has the rights and duties as provided in Article 91 and Article 94 of this Decree;
2. In case of State and private sector jointly invest in the development, the management and administration shall be comprised of 2 committees, namely: Administration Committee and Economic Executive Board which have the rights and duties as defined in Article 91 and Article 94 of this Decree;
3. In case the private sector invests in the development by hundred percent (100%), the management and administration shall consist only of the Economic Executive Board which

has the rights and duties as provided in Article 91 and Article 94 of this Decree.

Article 96. Management and Administration of Specific Economic Zone

The management and administration of the Specific Economic Zone shall be based on the agreement between the Government and the developer, and shall be comprised of the Economic Executive Board which consists of the personnel from the Government and the developers, applies the rotation system for the post of Chairperson of Economic Executive Board, and has the rights and duties as provided in Article 91 (except Paragraph 1) and Article 94 of this Decree.

Article 97. Advisory Committee

The Advisory Committee is composed of persons having experiences in the fields of economy, laws, public administration, national defense and public security, history, socio-culture, construction, environment, land and other fields who are appointed by the Chairperson of the NCSEZ based on the proposal of the S-NCSEZ.

Members of the Advisory Committee may come from within the country and from foreign countries, and there are standing members and non-standing members.

Article 98. Rights and Duties of the Advisory Committee

The Advisory Committee has the main rights and duties as follows:

1. Coordinate with S-NCSEZ to discuss, draw local and foreign lessons on the settlement of disputes and other issues of the SEZ;
2. Coordinate with S-NCSEZ in advertising for the purpose of attracting the investment in the development and the

investment in the SEZ;

3. Coordinate with S-NCSEZ in seeking for the sources of grant fund (ODA) and foreign direct investment (FDI) for the development and investment in the SEZ;
4. Coordinate with S-NCSEZ in technical aspects for the development and investment in the SEZ, such as: training of personnel in the country and abroad, preparation of manuals and website, equipments for using in the management and administration.

Section XI

Award for Persons Having Excellent Achievements and Sanctions for Offenders

Article 99. Award for Persons Having Excellent Achievements

An individual and legal person having excellent achievements in the implementation of this Decree, such as: attracting investment, encouraging, giving the advices, contributing actively to the development and investment activities in the SEZ to enable it to expand will receive the congratulations and other privileges in accordance with the law and regulations.

Article 100. Sanctions for Offenders

In addition to the measures specified in Article 97 of the Law on Investment Promotion, an individual or legal person who violates this Decree shall also be subjected to various measures, depending on the severity of the case.

For the offense relating to non-payment of tax and duty obligations, violation of Concession Agreement, construction of building without authorization and other offenses, the sanctions shall be executed in compliance with relevant laws.

Section XII

Final Provisions

Article 101. Seal

The Administration Committee and/or the Economic Executive Board of the SEZ have their own specific form of seal for using in the execution of their activities in consistence with their roles and functions.

Article 102. Implementation

The Government's Office, NCSEZ, S-NCSEZ, Ministries, Equivalent Agencies, Local administration, SEZ Administrative Committee, SEZ Economic Executive Board, Advisory Committee, SEZ, developers, investors and the peoples in the areas surrounding the SEZ shall be charged with strict implementation of this Decree.

Article 103. Effectiveness

This Decree is effective from the date of signature.

Developers and investors who have undertaken the business operations under the Decree on the establishment, activities and management of the Special Economic Zone that the Government had previously approved are also entitled to apply this Decree as the basis for implementation by submitting the request in writing to the S-NCSEZ within a period of six months from the date of effectiveness of this Decree

Prime Minister of the Lao PDR



Bouasone BOUPHAVANH



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity



Government's Office

No. 517/PM
Vientiane, 09.12.2010

**Decree on the Organization and Activities
Of the National Committee for Special and Specific Economic
Zones**

- Pursuant to Law on the Government No. 02/NA, dated 6 May 2003;
- Pursuant to Law on Promotion of Investment No. 02/NA, dated 08 July 2009;
- Referring to Decree on Special and Specific Economic Zones in Lao PDR No. 443/PM dated 26 October 2010;
- Referring to the letter of proposal of the Minister of Justice No. 342/MoJ dated 19 August 2010;
- Based on the letter of proposal of the Minister of Government's Office, Head of Public Administration and Civil Service Authority No. 150/PACSA dated 8 November 2010;

The Prime Minister Decrees:

**Section I
General Provisions**

Article 1. Objectives

This Decree defines the roles, functions, rights, organizational structure of Lao National Committee for Special

Economic Zone, hereinafter referred to in abbreviation as “NCSEZ”, aiming at encouraging, promoting and managing the investment in the development of the SEZ in the whole country in order to contribute to developing, enriching and strengthening the national economy and allowing it to integrate with regional and global economy.

Article 2. Position and Roles

The NCSEZ is a specialized agency of the Government with the mandate of assisting and helping the works of the Government in leading and managing the SEZ in the whole country, and is the focal point of coordination with all local and foreign parties concerned in order to ensure the implementation of State policy relating to SEZ activities.

Section II
Functions and Rights

Article 3. Functions

The NCSEZ has the main functions as follows:

1. Lead and manage the SEZ (special economic zones, export-oriented industrial zones, industrial zones and parks, goods transit centers, tourist towns, free-tax zones, border areas, new township zones and other zones) countrywide;
2. Consider and approve the policies and legal acts pertaining the development and management of the SEZ activities in the whole country;
3. Formulate the strategic plan for development of the SEZ in the whole country;
4. Advertise, disseminate and attract the investments for the development of the SEZ;
5. Research, look for the funding sources, and ensure the management of the fund from both local and foreign parties for the purpose of developing the SEZ;

6. Give advises suggestions; encourage, follow-up, control, facilitate and resolve all problems arising in the SEZ in order to allow it to perform development activities; and manage the SEZ so as to ensure maximum economic and social efficiency, justice, social order, peace, safety, security, environmental protection, sustainable development, etc...

Article 4. Scope of Rights

The NCSEZ has the following rights:

1. Lead and manage the implementation of the strategic plan of development, laws and regulations and liaise with all parties within the country and abroad concerning the activities of the SEZ;
2. Consider and approve the creation or dissolution of the SEZ in the whole country. In case of necessity, the NCSEZ shall report to the Government for seeking comments prior to making the approval;
3. Sign the concession agreement for the development of the SEZ according to macro sector under its specific direction or based on the decision of the Chairman of the NCSEZ ;
4. Consider and appoint the Administrative Committee and/or the Economic Executive Board of the SEZ;
5. Consider, approve or participate in the signing of the concession agreement on the development of the SEZ ;
6. Undertake the exchange of lessons, information relating to the management and development of the SEZ within the country and abroad ;
7. Invite concerned parties and localities to attend the meeting in order to discuss and address the problems related to the SEZ works ;
8. Manage the fund for human resources development and advisers (the Chairman of NCSEZ is charged with formulating separate regulation for managing this fund), the grant project; and ensure the management of the revenue and expenditure according to the concession agreement on the SEZ development;

9. Research, prepare and submit, for consideration and approval, the work plan, staffing plan and budget plan of the Government when they are necessary for NCSEZ to carry out its works;
10. Lead the SEZ in setting up the administration and management system in an appropriate and systematic manner, especially the supervision of database system, the collection of statistics, etc in order to ensure flexible, transparent and accountable operations (online system with S-NCSEZ).

Section III

Organizational Structure

Article 5. Personnel Structure

The personnel structure of NCSEZ is comprised of:

1. Deputy Prime Minister as Chairman;
2. Minister of Government's Office as Deputy Chairman;
3. Minister of Ministry of Planning and Investment as Deputy Chairman;
4. Minister of Industry and Commerce as Deputy Chairman;
5. Minister of Ministry of Public Works and Transport as Deputy Chairman;
6. Minister of Ministry of Finance as Member;
7. Minister of Ministry of Justice as Member;
8. Minister of Information, Culture and Tourism as Member;
9. Provincial Governors and Vientiane Capital where Special and Specific Economic Zones are located as Member
10. Deputy Minister of Ministry of National Defense as Member;
11. Deputy Minister of Ministry of Public Security as Member;
12. Deputy Minister of Ministry of Foreign Affairs as Member;
13. Deputy Minister of Ministry of Labor and Social Welfare as Member;
14. Deputy Minister of Ministry of Home Affairs as Member;
15. Deputy Minister of Ministry of Natural Resource and Environment as Member;

16. General Secretariat of NCSEZ as Member.

The Chairman of the NCSEZ shall be charged with division of responsibilities among the Deputy-Chairpersons, members of the NCSEZ with regard to SEZ development and management works in the whole country.

Article 6. Organizational Machinery

The NCSEZ is a non-standing organization, but has a secretariat as a standing agency of NCSEZ. S-NCSEZ is attached to the organizational structure of the Government's Office in term of budget, whereas Party and personnel affairs are directly under Public Administration and Civil Service Authority. S-NCSEZ has the mandate of assisting NCSEZ in the implementation of works, development and management of SEZ in the whole country.

S-NCSEZ is comprised of One General Secretariat and a number of Deputy General Secretariats; Directors and Deputy Directors of Divisions and technical staffs as appropriately required performing the works.

The Chairman of the NCSEZ is charged with clearly defining the organization and activities of S-NCSEZ.

Article 7. Division of Management Level between Central and Local Levels

The division of management level concerning the SEZ works between the central and local levels shall be carried out in accordance with Article 85 to Article 88 of Decree on the SEZ No. 443/PM dated 26 October 2010.

Section IV

Working Methods

Article 8. Working Methods of NCSEZ

The NCSEZ performs its activities in accordance with the Working methods as follows:

- All activities of NCSEZ shall be firmly adhered to Party's guidelines, State laws and regulations and to the specific legal acts of the SEZ;
- Complying with the principles of centralized democracy, leading in group, assigning the responsibility to the individual combined with the practice of one-head regime and the system of division of management level based on clear and detailed division of tasks according to sectors of the committee, including the assignment of authority and rights to take the decision on issues under the area of their responsibility;
- Perform the works on the basis detailed plans, programmes and projects; deal with the works in a focused manner and based on targets in each period; coordinate with other parties concerned in a closely manner;
- Carry out the works and undertake the control, follow-up, encouragement, summarizing, drawing of lessons, evaluation of the performances ; and carry out the system of reporting in a strictly manner;
- Apply the system of monthly, quarterly, six-monthly or annual meetings and report regularly to the Government. In case of necessity and urgent matter, extra-ordinary meetings may be organized at any time.

Section V

Final Provisions

Article 9. Budget and Seal

In order to facilitate the implementation of SEZ development and management tasks in the whole country, NCSEZ shall have the status of second level budget and financial unit attached to the Government's Office, and S-NCSEZ shall be charged with assisting in budget and financial administration

and management. NCSEZ has its own seal for using in its activities in accordance with the regulations.

Article 10. Implementation

The Government's Office, NCSEZ, S-NCSEZ, central sectors, agencies, local administrative organizations of all levels, SEZ in the whole country and all other parties concerned shall be informed and shall provide facilities, coordinate and collaborate in the implementation of this Decree in an effective manner.

Article 11. Effectiveness

This Decree is effective from the date of signature and shall supersede Prime Minister's Decision on Appointment of National Steering Committee for Special Economic Zone Establishment Project in Lao PDR No. 165/PM dated 14 December 2009.

Prime Minister of Lao PDR



Bouasone BOUPHAVANH



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity



Government's Office
National Committee for
Special Economic zone

No. 01/NCSEZ
Vientiane, 13 December 2010

Decision

On the Organization and Activities of the Secretariat To Lao National Committee for Special Economic Zone

- Referring to Decree on Special Economic Zone and Specific Economic Zone in Lao PDR No. 443/PM dated 26 October 2010;
- Referring to Decree on the Organization and Activities of the Lao National Committee for Special Economic Zone No.517/PM dated 9 December 2010;
- Referring to the letter of proposal of the Minister of Justice No. 342/MoJ dated 19 August 2010;
- Based on the letter of proposal of the Minister of Government's Office, Head of Public Administration and Civil Service Authority No.151/PACSA dated 8 November 2010;

The Deputy Prime Minister
Chairman of Lao National Committee for Special Economic Zone

Issues the Decision as follows:

Section 1

Position and Roles

Article 1. Position and Roles

The Secretariat to the National Committee for Special Economic Zone is written in abbreviation as “ກຄຂພສ” or in English as Secretariat to Lao National Committee for Special Economic Zone and in abbreviation as “S-NCSEZ”.

S-NCSEZ is the standing agency of the NCSEZ, is attached to the organizational machinery structure of the Prime Minister's Office in term of budget, whereas Party and personnel affairs are directly under Public Administration and Civil Service Authority, has the role of assisting the NCSEZ; liaises with both local and foreign parties regarding the SEZ works and ensures the administration and management of daily tasks of the NCSEZ.

Article 2. Functions

S-NCSEZ has the functions of assisting the NCSEZ in the implementation of works related to SEZ as follows:

1. Assist the NCSEZ in the development and management of the SEZ countrywide;
2. Research, formulate the strategic plan and define land area for the SEZ development in each period; draft the policy on promotion of investment in the development and management of SEZ in Lao PDR for submitting to the NCSEZ or to the Government for consideration;
3. Encourage, advise and follow-up the implementation of One-Stop Service in the SEZ throughout the country;
4. Research, prepare the drafts of laws, decrees, decisions, orders, instructions, notifications, regulations, the SEZ development agreements, contracts, etc... concerning the SEZ for submitting to the NCSEZ and to the Government for consideration;

5. Advertise, disseminate, mobilize and advise the execution of the policies, laws, regulations relating to the SEZ development and management in Lao PDR;
6. Collect and analyze the information on the creation, development and management of the SEZ that are concerned with sectors and localities in accordance with the socio-economic development policy laid down by the Government in each period;
7. Research and consider the application for the SEZ development of all parties; act as focal point of coordination between the applicants for SEZ development and the sectors concerned;
8. Prepare, research, negotiate, formulate the decisions, memorandum of understanding, concession agreements for SEZ development and other legal documents by coordinating with various parties concerned;
9. Coordinate with the Chairman, Deputy Chairpersons, members of the NCSEZ and with central and local sectors in order to ensure the implementation of the SEZ development and management works in the country as a whole;
10. Submit the findings of the study and analysis of the SEZ development projects to the NCSEZ meetings for seeking approval of the application for investment in the SEZ development as provided in the Law on Investment Promotion;
11. Study the request for special promotion policy of the SEZ and ensure the management, follow-up, control of the implementation of this policy;
12. Ensure ideological guidance and solidarity strengthening; ensure technical development, training and upgrading for staff, civil servants who are under the scope of its responsibility in order to allow them to have firm political ideology and to be strong in organization, technical skills and

- practical experiences;
13. Undertake the follow-up, collection of revenue in accordance with the SEZ development agreement for the budget and the fund for human resource development and advisers;
 14. Issue the notifications, give the explanations, disseminate the contents of the agreements or legal documents concerning the SEZ development to the concerned sectors and localities;
 15. Coordinate with the sectors and localities concerned in conducting the follow-up, inspection, motivation; propose the solutions to various problems to the higher authority concerning the development and management of the SEZ already approved ;
 16. Ensure the management and use of staff, budget, fund for human resource development and advisers, vehicles and materials provided by the Government, international organizations and the SEZ in consistence with relevant regulations;
 17. Prepare works plan, classify priority tasks in the agenda of ordinary and extra-ordinary meetings of the NCSEZ for discussing and making decision;
 18. Held the consultation on necessary and urgent works with local and foreign advisers;
 19. Determined the staffing plan, programmes, projects, activities and budget plan for serving the works in accordance with its scope of rights and functions;
 20. Liaise, coordinate, encourage and advise the SEZ Administrative Committee and/or Economic Executive Board in the implementation of their roles, functions and rights as prescribed in Decree on SEZ and in the agreement on SEZ development;
 21. Collaborate with Public Administration and Civil Service Authority to undertake the study on personnel required to be included in the organizational structure of the SEZ in each

- zone for submitting to the NCSEZ for consideration;
22. Discuss with different parties for the purpose of mobilizing the fund, cooperate with foreign countries and manage the project for the SEZ development and management;
 23. Make the minute of meeting and issue the notification of each meeting of the NCSEZ for using as reference for implementing the works in accordance with the decisions of the NCSEZ meeting;
 24. Mobilize, advertise, disseminate the policy, law on investment promotion, decrees, regulations, master plan of the SEZ aiming at attracting the investment in the development of the SEZ throughout the country;
 25. Encourage, advise, follow-up and control the overall information system of the SEZ to allow the integration with S-NCSEZ;
 26. Summarize the status of the implementation of the tasks and functions of the SEZ on a monthly, quarterly, six-monthly, nine-monthly and annual basis for reporting to the NCSEZ and to the Government;
 27. Perform other tasks as assigned by the NCSEZ.

Article 3. Scope of Rights

S-NCSEZ has the following main rights:

1. Encourage, advise, manage, follow-up and control the activities of the SEZ;
2. Negotiate on the memorandum of understanding, draft-protocol, concession agreement for the SEZ development and other relevant legal documents;
3. Issue the instruction or notification concerning the SEZ development and management;
4. Make the proposals for the amendment, improvement, change, suspension or cancellation of legal documents specified in Paragraph 2 above in case it is found that they are

- not suitable and consistence with the terms and conditions of the agreement and with the regulations;
5. Sign the concession agreement on the SEZ development as witness and sign official documents that are concerned with the SEZ development and management works, such as: the SEZ concession registration certificate, letter of invitation, sending form, letter on technical comments, reply letter to investor; adopt legal documents of the SEZ developers that are already approved and other documents that are within the scope of its rights and roles or as assigned by the NCSEZ;
 6. Coordinate with the sectors concerned to undertake the study in order to find out the solutions to the problems and difficulties in the development and management of the SEZ for reporting to the NCSEZ for seeking directions;
 7. Make proposals to the NCSEZ to consider and approve the creation, improvement and cancellation of the divisions, sectors, projects, activities or task-force unit under its responsibility by coordinating with Public Administration and Civil Service Authority;
 8. Make proposals to the NCSEZ to consider and approve the appointment, promotion of grades and steps, reward, transfer, dismissal, disciplinary action and other policies toward the employees and civil servants who are under its responsibility by coordinating with Public Administration and Civil Service Authority;
 9. Employ the staff on the basis employment contract and work requirement of S-NCSEZ and the SEZ;
 10. Undertake the procurement of vehicles and materials for using in the office according to the budget plan;
 11. Prepare the staffing plan, programmes, projects, activities and budget plan for submitting to the NCSEZ and the Government for consideration;
 12. Undertake research and make proposals to the NCSEZ and

the Government to consider the approval, improvement, amendment or cancellation of regulations on the SEZ development and management;

13. Exercise other rights as provided in the SEZ legal documents and as directed by the NCSEZ.

Section 2

Organizational Structure

Article 4. Organizational Machinery Structure

S-NCSEZ has the organizational machinery structure as follows:

1. Division of Personnel, Administration and Finance;
2. Division of Land and Environment;
3. Technical and Legal Division;
4. Division of International Relations and Cooperation;
5. Division of Planning and Evaluation.

Article 5. Staffing Structure

S-NCSEZ is comprised of one General Secretariat and a number of Deputy General Secretariats; Directors and Deputy Directors of Divisions and technical staffs as appropriately required performing the works.

1. The General Secretariat of the NCSEZ is appointed or dismissed by the Prime Minister of Lao PDR upon the proposal of the NCSEZ made in consultation and in consensus with Party's Organization Board and Public Administration and Civil Service Authority;
2. The Deputy General Secretariat of the NCSEZ are appointed or dismissed by the Chairman of the NCSEZ upon the proposal of the General Secretariat of the NCSEZ made in consultation and in consensus with Party's Organization Board and Public Administration and Civil Service

Authority;

3. The Directors and Deputy Directors of Divisions and technical staffs are appointed by the Deputy-Chief of Public Administration and Civil Service Authority, member of the NCSEZ upon the proposal of the Head of S-NCSEZ.

Section 3

Functions of Each Division

Article 6. Division of Personnel, Administration and Finance

The Division of Personnel, Administration and Finance has the following main functions:

1. Prepare the annual budget plan and manage the assets of S-NCSEZ;
2. Take charge of in-coming and out-going documents, files keeping, summarizing, sending and following the documents;
3. Prepare the budget plan for holding the discussion meetings, seminars, trainings, lectures, consulting services, upgrading of personnel, exchange of lessons, work mission within the country and abroad;
4. Undertake the follow-up and collection of revenue in accordance with the SEZ concession agreement; manage the fund for human resources development and advisers;
5. Maintain the list, manage, develop and apply the policies toward the employees and civil servants who are under the responsibility of S-NCSEZ and the SEZ ;
6. Take charge of the documents for applying for authorization for employees and personnel of S-NCSEZ for going on mission within the country and abroad;
7. Study the staffing structure, staff deployment of S-NCSEZ and the SEZ for submitting to the Head of S-NCSEZ for consideration;
8. Prepare the plan and organize the training to upgrade the

technical and theoretical knowledge for S-NCSEZ and the SEZ personnel;

9. Take charge of the collection of fees and technical service charges in accordance with regulations;
10. Mobilize other sources of revenue for using in the SEZ works;
11. Organize internal meetings, such as: weekly feedback meeting, S-NCSEZ general meeting, meeting of negotiation on concession agreement on the SEZ development and consultation meeting with the SEZ developers and the SEZ major investors;
12. Take charge of protocol works of NCSEZ and S-NCSEZ in accordance with regulations;
13. Perform other tasks as assigned by the higher authority.

Article 7. Division of Land and Environment

The Division of Land and Environment has the following main functions:

1. Coordinate with land sector to undertake the study on local and national potentials in order to determine the limits of land areas for the SEZ development;
2. Coordinate with land sector to implement the Land Use Master Plan in the development of the SEZ in each period;
3. Participate with the committee in charge of the SEZ creation, concerned sectors and localities to conduct the initial survey for the purpose of establishing the SEZ;
4. Coordinate with relevant sectors and localities to undertake the determination and marking of boundaries of the SEZ that is authorized to be created;
5. Coordinate with and encourage the land sector to issue the land title to the SEZ that is authorized to be created;
6. Coordinate with relevant sectors and localities to undertake the study and execute the plan of rehabilitation, compensation and relocation concerning the peoples affected

- by the SEZ development project;
7. Responsibly coordinate with relevant sectors and localities to deal with land problems of the SEZ;
 8. Coordinate with the environment sector to undertake the initial research and study on the environmental and social impacts evaluation plan of the SEZ development in accordance with the regulations ;
 9. Responsibly coordinate with the environment sector to undertake regular follow-up of the implementation of the plan for environmental and social management in each period of the development of the SEZ;
 10. Responsibly coordinate with the environment sector to study, improve, amend, give warnings to or take measures against the SEZ in case of failure to comply with the approved environmental and social management plan in orders to submit to the higher authority for consideration;
 11. Responsibly coordinate with the environment sector and the concerned locality to address the environmental problems of the the SEZ;
 12. Responsibly coordinate with the concerned sectors and local administrative organizations to encourage the SEZ to develop the project for promoting the people in surrounding area to participate in the development and have a share of benefit in the SEZ;
 13. Responsibly coordinate with the SEZ and local administrative organization concerned to jointly develop the plan for afforestation, protection and development of land areas in accordance with the SEZ development agreement;
 14. Perform other tasks as assigned by the higher authority.

Article 8. Technical and Legal Division

The Technical and Legal Division has the following main functions:

1. Research, draft, review the legal acts, policies and documents

- relating to the SEZ development and management in a responsible manner;
2. Undertake the analysis of the letters of intent and the applications for the creation of the SEZ in accordance with the procedures specified in the law and regulations;
 3. Consider and analyze the feasibility in technical, economic, financial, environmental, sustainability fields and in other fields based on the application for the creation of the SEZ; then, summarize the finding of the analysis for submitting to the higher authority for consideration;
 4. Hold technical meeting, in case of necessity, in order to study and discuss the SEZ development and management issues and to reach the consensus on technical matters before submitting to the higher authority for consideration and approval;
 5. Coordinate with the committee in charge of the creation of the SEZ to prepare the draft of the memorandum of understanding, concession agreement for the SEZ development; and responsibly organize the meeting for negotiating with the developers concerning the memorandum of understanding, the concession agreement on SEZ development in accordance with the approval of the higher authority;
 6. Summarize and prepare the minute of the negotiation meeting for reporting to the higher authority for consideration;
 7. Verify the content of the draft of the memorandum of understanding and the concession agreement before submitting to the higher authority for consideration and approval in order to ensure the rights and benefits in all aspects of the State as well as of the developer and the people;
 8. Draft the concession registration certificate for submitting for

- signature or issue the notification on the rejection to be sent to the applicant for the SEZ development in case the application has not received the approval from the higher authority;
9. Summarize the activities that are required to be submitted to the monthly meeting of the NCSEZ; prepare the agenda and documents of the NCSEZ monthly meeting and make the minute of meeting for each monthly meeting of NCSEZ;
 10. Undertake the study for the negotiation and prepare the memorandum with the developer regarding the project of construction of the SEZ infrastructures that are eligible to receive the refund for the construction cost in and submit it to the higher authority for consideration;
 11. Keep and manage the documents of the approved projects of the SEZ by using the form and method that can ensure a lasting use;
 12. Analyze the request, provide the advices, consultation and follow-up the mediation of disputes (at initial level) relating to the development and management of the SEZ;
 13. Perform other tasks as assigned by the higher authority.

Article 9. Division of International Relations and Cooperation

The Division of International Relations and Cooperation has the following main functions:

1. Develop, prepare the plan for publishing legal documents and advertising documents on the SEZ development and management;
2. Coordinate with all parties concerned and with the SEZ to advertise, disseminate, exchange of information, policy on the promotion of the SEZ development and management within the country and abroad;
3. Organize and participate in the meetings and seminars on investment promotion and the SEZ development at local and

national levels as well as at regional and international levels;

4. Coordinate with the sectors concerned to research and mobilize the support, assistance and cooperation from within the country and from foreign countries for the purpose of enhancing the SEZ development and management works;
5. Take charge of local and international cooperation projects;
6. Research and draw lessons for making proposals to improve the policy on promotion of the SEZ development and management and of the investment in the SEZ in order to compete with other countries in the sub-region and region;
7. Research and consider special promotion policy as prescribed in Decree on the SEZ for submitting to the higher authority for consideration, and ensure the management and monitoring of the implementation of this policy;
8. Provide the facilities to the SEZ developers and investors in coordinating with officers and units;
9. Organize welcome meeting for investors for the purpose of advertising and disseminating the policy on SEZ development and management;
10. Create favorable conditions for the personnel in charge of the SEZ works to enable them to draw lessons within the country and abroad;
11. Perform other tasks as assigned by the higher authority.

Article 10. Division of Planning and Evaluation

The Division of Planning and Evaluation has the following main functions:

1. Research and formulate the strategic plan for the SEZ development for the whole country in each period (short term, medium term and long term) for submitting to the higher authority for consideration and approval;
2. Prepare the operation plan of S-NCSEZ in each period;

3. Encourage and coordinate with relevant sectors to ensure the management of population, security and safety (including entertainment and casino operations), culture and society within the SEZ;
4. Coordinate with concerned sectors and localities to manage, follow-up and encourage the activities and give advices to the SEZ to carry out their activities in accordance with relevant regulations of Lao PDR;
5. Make the arrangement for collecting the information concerning the creation, development and activities of the SEZ and record them in the general database system of the IT system;
6. Follow-up the collection of data and update the data in the database on a daily basis; provide the information relating to the SEZ to the higher authority and potential investors in the SEZ;
7. Undertake the follow-up, summarization and evaluation of the outcomes and effectiveness of the SEZ development investment projects in order to make the evaluation in each period and to regularly report to the higher authority;
8. Collect the statistical data, summarize the trends of the increase or decrease of the SEZ investment on a monthly and annual basis for reporting to the sectors concerned;
9. Coordinate with Public Administration and Civil Service Authority to encourage and follow-up the implementation of the activities of the SEZ One-Stop Service;
10. Summarize and report the activities of S-NCSEZ on a weekly, monthly, quarterly, six-monthly and annual basis as directed by the higher authority;
11. Perform other tasks as assigned by the higher authority.

Section 4

Working Methods

Article 11. Working Methods

S-NCSEZ performs its activities in accordance with the following principles:

1. Complying with the principles of centralized democracy, leading in group, assigning the responsibility to the individual combined with the practice of one-head regime, enhancing the creativity in the execution of functions and tasks of S-NCSEZ;
2. Perform the works on the basis of detailed plans, programmes and projects; deal with the works in a focused manner and based on targets in each period; coordinate with Government agencies in a closely manner;
3. Carry out the works and perform the control, follow-up, encouragement, summarizing, drawing of lessons, evaluation of performances as well as strictly apply the reporting regime;
4. Comply with the political and technical meeting system in a regular manner; organize monthly, quarterly, 6-monthly and annual meetings; and comply with the system of regularly reporting to the higher authority and Government;
5. Ensure the implementation of the slogan or the competitive theme of “Love the nation-develop the nation” in accordance with the special feature of the SEZ through the attitudes of dare to think, dare to be innovative, dare to convert into laws and regulations, dare to implement and dare to take the responsibility.

Section 5
Final Provisions

Article 12. Budget and Seal

S-NCSEZ has its own budget and seal for using in its official works.

Article 13. Implementation and Effectiveness

The Government's Office, NCSEZ, Ministries, Equivalent Agencies, Agencies, Local Administrative Organizations, S-NCSEZ, the SEZ Administrative Committee and Executive Economic Board and all parties concerned shall be informed and strictly implement this Decision.

This Decision is effective from the date of signature.

**Deputy Prime Minister,
Chairman of Lao National Committee
for Special Economic Zone**



Somsavat LENGSAVATH