

**Lao People's Democratic Republic**  
Peace Independence Democracy Unity Prosperity

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Prime Minister'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 zones and specific economic zones (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 comprise 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 undertake 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 allround economic integration of the SEZ with ASEAN economic zone and with regional and international economy ;
14. **Highly competitive area** mean 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. Social and environmental impacts assessment report;
4. Draft contract for the development of 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 Licence for the Development of the SEZ**

Persons granted with a licence 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 a 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 of the Law on Investment Promotion, the SEZ Establishment Committee has also the following rights and functions:

1. Study and formulate the Master Plan for allround 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. 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 be acquired from the investor's 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 a 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 a 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 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 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 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-door 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 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 fascimile, electronic mail or by hand directly to the Office of One-Door Investment Services of the SEZ, as the case may be.

#### **Article 28. One-Door Investment Services**

One Door 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-Door Investment Services 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**

SEZ has the right to make the contacts with other companies, local and foreign organisations 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 it 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 organise 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 on 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 SEZ**

Developers and investors in 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 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 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 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 (O<sub>2</sub>) 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 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-NSEZC 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 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 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 dirts; 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 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 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 the management of the business, production and service operations in 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 sytems 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 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 SEZ, the Administration Committee and/or tthe 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 Millennim 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 Organisations 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;
2. National Committee for Special Economic Zone and Specific Economic Zone, written in abbreviation in Lao as ຄຂພສ, written in English as : National Committee for Special Economic Zone, and in abbreviation in English: NCSEZ;
3. Secretariat to National Committee for Special Economic Zone and Specific Economic Zone, written in abbreviation in Lao as ກຄຂພສ, written in English as : Secretariat to National Committee for Special Economic Zone, and in abbreviation in English: S-NCSEZ;
4. Concerned Ministries and Agencies;
5. Local administrative organizations;
6. Administration Committee and Economic Executive Board of the SEZ of each zone;
7. 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 mobilize major developers and investors to develop land invest in SEZ.

#### **Article 84. NCSEZ**

NCSEZ is comprised of:

1. Deputy Prime Minister, Standing Member of the Government as Chairman;
2. Minister of Ministry of Planning and Investment as Deputy Chairman and standing member;

3. Minister of Ministry of Industry and Commerce as Deputy Chairman;
4. Minister of Ministry of Public Works and Transport as Deputy Chairman;
5. Minister of Ministry of Finance as member;
6. Minister of Ministry of Justice as member;
7. Minister of Ministry of Information and Culture as member;
8. Deputy Minister of Ministry of National Defense as member;
9. Deputy Minister of Ministry of Public Security as member;
10. Deputy Minister of Ministry of Foreign Affairs as member;
11. Deputy Minister of Ministry of Agriculture and Forestry as member;
12. Deputy Minister of Ministry of Labour and Social Welfare as member;
13. Vice Governor of Bank of the Lao PDR as member;
14. Deputy Chief of National Land Management Authority as member;
15. Vice Minister, Vice Chairman of National Tourism Authority as member;
16. Deputy Chief of PACSA as member;
17. Deputy Chief of Water Resource and Environment Agency as member;
18. Member, Government Secretariat as member;
19. Head of the Secretariat to 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 facilities 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 the NCSEZ according to the proposal made by the S-NCSES 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 the 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 (1-3 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. Fullfil 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 cultural, social, 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 the 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 investor, 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-NCEZ 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 Prime Minister'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 timplementation 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**

