

Lao People's Democratic Republic
Peace Independence Democratic Unity Prosperity

Prime Minister's Office

Ref. No: **148/PM**
Vientiane, 29th September, 2003

**Decree of the Prime Minister
on Savan-Seno Special Economic Zone**

- In compliance with the Law No. 02/NA, dated 6th May, 2003 on the Government of the Lao PDR;
- with the Law No. 03/95/NA, dated 14th October, 1995 on Promotion of Domestic Investment;
- with the Law on Promotion and Management of Foreign Investment in Lao PDR No. 01/94, dated 14th March, 1994; and
- with reference to the proposal of the President of the Committee for Planning and Cooperation on this subject;

The Prime Minister decrees as follows:

Article 1: Objectives

This Decree determines organization, activities and basic policies on the Savan-Seno Special Economic Zone, in order to take advantage of the vantage ground of this Zone to attract and promote foreign and domestic investments in compliance with the general investment policies of the Government; to foster production, export and services growth, and create opportunities for learning experiences in the fields of business management and administration and use of new technology, as well as for promoting industrial, trade and service relationships with regional and international community.

Article 2: Definition

The Savan-Seno Special Economic Zone, which is hereafter referred to, in brief, as 'SASEZ', has areas of 305 ha and 20 ha at sites A and B, respectively, in the initial stage and as indicated on map 6.5 of the Main Report of the Study on Special Economic Zone Development in Border Area (Savannakhet province) in Lao PDR (February, 2001). This Zone covers a land area allocated by the Government of Lao PDR for foreign and domestic investment in the fields of manufacturing, trade and service. All business activities in the SASEZ are promoted and managed in conformity with the applicable Laws, special

incentives and specific priority conditions. The SASEZ aims at attracting investment and high technology by being economic, industrial, trade, service and cooperation centre of the region.

Article 3: Mandate

The Savan-Seno Special Economic Zone Authority (hereafter referred as 'SEZA') is a state administrative organization, responsible directly to the Government and placed under the leadership of the Prime Minister's Office. The organization main duties are to screen, approve, administer and promote domestic and foreign investment in the SASEZ within the land area allocated by the Government.

Article 4: Right and duties of the SEZA

The rights and duties of the SEZA are as follows:

- 4.1 To study and turn government investment policies into long-term, medium and short-term development plans for the SASEZ, and implement those plans successfully.
- 4.2 To study and propose draft regulations on the management, promotion and development of the SASEZ for approval by the Prime Minister and Government; to advise the organs or business entities within the SASEZ and control their activities regarding the implementation of the Law on investment and other related Laws and with respect to the regulations of the SASEZ.
- 4.3 To provide information and facilitation to domestic and foreign investors who are interested to invest in the zone; to consider and speedily approve investment proposal in short procedure and administer investment activities in a highly efficient manner.
- 4.4 To encourage and promote the growth of business entities inside the SASEZ, as well as the timely and complete fulfilment of their fiscal obligations.
- 4.5 To advertise among domestic and foreign enterprises for investment in various business activities inside the SASEZ; to invest jointly with private company or to invest alone in the construction of basic infrastructure of the SASEZ; to execute agreements, authorise leasing of building, offices and other assets owned by the government within the SASEZ.
- 4.6 To consult and coordinate with the line Ministries, provincial authorities and relevant agencies in the solving of investment issues and obstacles, which are related to those organizations; to liaise with the Savannakhet Provincial Authorities with regards to security matter and socio-economic development of the province; to ask for guidance from the Prime Minister, or his appointed representative as regards issues relating to principles, policies and rules which are not yet approved or are still unclear.

- 4.7 To examine and approve investment proposals submitted by domestic and foreign enterprises (in the field of industry, trade, service and tourism) and grant license to them for creation and operation of their business; to negotiate and sign concession agreements or Memorandums of Understanding; to grant extension of both the scope of activities and duration of the issued licenses, in accordance with the rights stipulated.
- 4.8 To consider and submit issues related to the use of national budget and fund from other sources recruited by the SEZA in the land acquisition and resettlement of villagers for consideration the relevant organizations and the higher government authorities.
- 4.9 To administer organization and supervise the staff under its responsibility; to propose the creation or cancellation of the SASEZ administrative structure organs to the higher Authority for approval, and submit the nomination, displacement or dismissal of the Vice-Governor, the chief of Cabinet of the SEZA and other positions for approval by the higher Authority.
- 4.10 To administer, utilize the SASEZ assets efficiently and in accordance with the relevant governmental regulations concerned.
- 4.11 To manage and use the SASEZ budget, economically and with high efficiency; to seek other sources of financing for the development of the SASEZ.
- 4.12 To issue orders, regulations and explanatory notices for further implementation of the Laws, higher Authority decision and guidelines, and for managing activities within the SASEZ.
- 4.13 To create opportunities and facilities to Lao civil servants and workers within the zone to gaining experiences, lessons in business management, and using new world class technology, and participating in the development of the bases of industrialization and modernization of the country; to create jobs for Lao people and reduce poverty in the provincial area.
- 4.14 To make summing-up reports on the activities of the SASEZ on a monthly, quarterly, semi-annually and annually basis, to the government, Prime Minister and relevant provincial authorities.
- 4.15 To fulfill other rights and duties trusted upon by the higher Authority.

Article 5: Organization Structure

- 5.1 The structure of the SEZA organization consists of a secretariat, divisions, technical sections and supporting units.

The Prime Minister or the Prime Minister's appointed representative is responsible for establishment or cancellation of any above organs or units the SEZA, on the proposal of the Governor.

The Governor of the SEZA has a duty to determine the tasks and rights of such organizations under the SEZA and based on a consultation with the Prime Minister's Office.

- 5.2 The Executive Committee of the SEZA consists of one Governor, appointed or dismissed by the Prime Minister, and a number of Vice-Governors, appointed or dismissed by the Prime Minister, or by the Prime Minister's appointed representative.

The ranking of the Governor and Vice-Governor of the SEZA in the Government hierarchy shall be determined in the nomination Decree or letter for each person, according to the prevailing situation and appropriate requirements of each time period.

Article 6: Basic policies on the investment in the SASEZ

- 6.1 The Government encouraged state-owned enterprises, foreign and domestic private companies to invest in the development and management of infrastructures and facilities of the SASEZ.
- 6.2 Business entities undertaking investment for the development of the SASEZ may have the following forms: 100% private-own domestic or foreign investment, joint-venture investment between domestic and foreign enterprises, state-owned enterprise, joint-venture investment between the state-owned and domestic- and foreign-owned enterprises.
- 6.3 The economic sectors zones promoted in the SASEZ include:
- Export Processing Zone;
 - Free Trade Zone;
 - Free Service and Logistic Centre.
- 6.4 The Government grants domestic and foreign investors of the SASEZ with preferential duty and tax treatment, multiple entry visas, land lease and other incentives. These preferential treatment and incentives will be determined separately.
- 6.5 Land and allocation of land of the SASEZ:
- 6.5.1 The land areas owned by individuals or organizations, used by them before SASEZ creation shall be reclaimed to conform with the development of the SASEZ expropriation of those lands or settlement of issues regarding those lands shall be made in accordance with the Land Law and other related legal acts.
- 6.5.2 The factories and enterprises located inside the SASEZ before the creation of the SASEZ can enjoy investment incentives of the SASEZ by improving

their business to conform with the conditions, standards and development principle set up by the SEZA.

- 6.5.3 The land area located in the SASEZ is the property of the nation. Individuals, judicial persons, domestic and foreign investors can lease, use, inherit and transfer such land ownership according to the specific related laws and regulations.

Article 7: Duties of the provincial authorities

Savannakhet provincial authorities at all levels, Khanthabouly, Outhoumphone districts and other districts concerned, including administrative authorities at village levels and people within the local area SASEZ concerned, are required to perform the following duties:

- 7.1 To facilitate, cooperate and assist the SEZA in the settlement of the issues of land acquisition and security within the SASEZ;
- 7.2 To coordinate work with the SEZA in the recruitment and preparation for manpower to meet the needs of activities of the SASEZ;
- 7.3 To contribute in the advertising and attracting domestic and foreign investors to invest and operate their business in the SASEZ;
- 7.4 To perform other duties related to the development of the SASEZ.

Article 8: Budget of the SEZA

- 8.1 The SEZA budget has a status of first-level budget in the national budget. The SEZA has the tasks of planning of its annual budget and using the allocated budget in accordance with the relevant regulations.
- 8.2 The implementation of the SEZA budget be subject to audit in accordance with the regulations of the Ministry of Finance. The Ministry shall issue appropriate rules of procedure for enabling the SEZA to use and manage its budget independently, efficiently and strictly to those rules.

Article 9: Working principles of the Executive Committee of the SEZA

The Executive Committee of the SEZA performs its duties, according to the following Principles:

- 9.1 To operate all activities in compliance with the policies, rules and regulations of the Government, and specific regulations set by the Executive Committee of the SEZA.
- 9.2 To perform all tasks in compliance with the democratic centralism based on collective decision and individual high responsibility.

- 9.3 To work according to plan, time schedule, working principles, in coordination with relevant parties and with under an internal control procedures based on Laws and regulations, and specific regulations of the SASEZ.
- 9.4 To maintain regular reports to and obtain guidelines from the Prime Minister, or the Prime Minister's appointed representative, and the Savannakhet province Governor; To organize a regular general meetings, make reports on achievements, issues and learn lessons and submit them to the highest authorities on a regular basis.

Article 10: Stamp of the SASEZ

The SASEZ has its own stamp for its official administrative use.

Article 11: Acknowledgement and implementation

The Prime Minister's Office, SEZA, line Ministries, central and provincial authorities concerned shall acknowledge and strictly and efficiently implement this Decree.

Article 12: Effectiveness

This Decree replaces the Prime Minister's Decree No. 02/PM dated 21st January, 2002 on Savan-Seno Special Economic Zone and is effective from the date of its signature.

Prime Minister of Lao PDR

Signed: **Bounhang VORACHITH**