

[Lao National Emblem]

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

Ministry of Industry and Commerce

No. 1510/MOIC.DIH  
Vientiane Capital, dated 30 October 2019

**Decision**  
**On Industrial Estates**

- Pursuant to the Law on Processing Industry, No. 48/NA, dated 27 December 2013.
- Pursuant to the Law on Investment Promotion, No. 14/Na, dated 17 November 2016.
- Pursuant to the Decree on the Organization and Activities of the Ministry of Industry and Commerce, No. 230/PM, dated 24 July 2017.
- Pursuant to the Proposal by the Department of Industry and Handicraft, No. 1225/DIH.DIZ, dated 09 September 2019.

**Minister of Industry and Commerce decides:**

**Part I**  
**General Provisions**

**Article 1 Objectives**

This Decision is established to define the principles, measures and regulations on the establishment and supervision of industrial estates for promoting domestic and foreign investment in establishing and developing industrial estates, including manufacturing investments in industrial estates; by strictly emphasizing environmental protection and ensuring consistency with green development policies, focusing on industrial promotion to provide for domestic consumption and exports, generating revenue for the national budget and contributing to the national socio-economic development for sustainable growth.

**Article 2 Industrial Estates**

Industrial Estates are developed areas with complete infrastructure such as: roads, drainage systems, sewage treatment systems, flood protection systems, electricity, water supply, telecommunications, buildings, residences, storage and other necessary facilities for supporting the operation of industrial manufacturing activities. Industrial estates can be established either in or out of the industrial zone.

**Article 3 Definitions**

The terms as defined in this decision shall have the following meanings:

1. **Industrial Zone** shall mean the zoned or allocated area, authoritatively approved by the Government for establishing processing industry or other businesses providing support for industrial operations.
2. **General Industrial Zone** shall mean processing industrial estates operating for domestic distribution and exports.
3. **Export Processing Zone** shall mean industrial estates that specifically manufacture exports, including Production-For-Export Zone, stipulated in Article 30 of the Law on Processing Industry.
4. **Developer** shall mean an Investor who develops infrastructure in the specified area as industrial estates for providing fundamental facilities such as: land clearing, road building within industrial estates and border crossings, installing electrical systems, water supply and telecommunications;
5. **Investor** shall mean an individual or a legal entity whose enterprise is legally registered in accordance with Laws of the Lao PDR for operating a business in manufacture, commerce and service within industrial estates.
6. **Industrial Estate Supervision and Management Office** shall mean the state entity under the direction and supervision of the Ministry of Industry and Commerce. The office is established within industrial estates, representing the Government for investment supervision and facilitation.
7. **Economic Board of the Industrial Estates** shall mean the non-standing committees whose representatives are both from the Government and developers supervising the development and promoting investment in industrial estates.

**Article 4      Scope of Application**

This Decision applies to individuals, legal entities and both domestic and foreign organizations for industrial estate establishment and development in the Lao PDR.

**Part II**

**Industrial Estate and Industrial Zone Establishment and Development**

**Chapter 1**

**Industrial Estate Establishment and Development**

**Article 5      Types of Industrial Estates**

Industrial estates consist of 2 types as follows:

1. General Industrial Zone;
2. Export Processing Zone.

**Article 6      Forms of Development**

The development of industrial estates consist of 4 forms as follows:

1. Development by the Government;
2. The co-development between the Government;
3. The co-development between the Government and private sector;
4. Development by private sector.

**Article 7      Development by the Government**

Development by the Government means the Government wholly funds the development of the industrial estate and supervision by the state organization in

conjunction with the industrial estate establishment and development as stipulated in this Decision, relevant laws and regulations.

**Article 8 Co-development between the Government**

Co-development between the Government means a joint venture between the Lao Government and foreign governments on industrial estate development by defining rights and duties of each party within the joint venture agreement.

**Article 9 Co-development between the Government and private sector**

Co-development between the Government and private sector means a joint venture between the Lao government and domestic or foreign investors on industrial estate development by defining rights and duties of each party within the joint venture agreement.

**Article 10 Development by private sector**

Development by private sector means an investment on industrial estate development of domestic or foreign investors or a joint venture between domestic and foreign private sectors, without investment by the Government.

**Article 11 Industrial Estate Establishment**

An industrial estate is able to established in or out of the industrial zone in accordance with the industrial and commercial sector development plan and the local socio-economic development plan.

The interested party who wishes to establish and develop an industrial estate shall proceed as follows:

1. In case of having an interest in a state land concession, the interested party shall propose to the Investment Promotion and Supervision Committee with the requirements and procedures as stipulated in the Law on Investment Promotion. If a land concession is obtained, the interested party shall then propose to the Ministry of Industry and Commerce for issuing an agreement on the establishment of the industrial estate, and organizing a supervision along with the industrial estate supervision mechanism.
2. If a state land concession is not obtained, the interested party shall propose to the Ministry of Industry and Commerce for consideration with the requirements and procedures as stipulated in this decision by complying with the relevant laws and regulations.

**Article 12 Requirements for Industrial Estate Establishment and Development**

Both domestic and foreign legal entity and organization are able to establish and develop industrial estates with following types, forms and essential requirements as follows:

1. Having an area of at least 30 hectares with a land use license or lease agreement, state land concession or land use permit, located in or out of the industrial zone in accordance with the industrial and commercial sector development plan and the local socio-economic development plan;
2. Developer shall have a strong financial position with an equity of more than LAK 25 billion reviewed and approved by the domestic or foreign financial institution for undertaking infrastructure development;

3. Having a clear intention and specified development period as appropriate for an industrial estate;
4. Having an international standard sewage treatment system, waste disposal measures and environmental measures.

**Article 13 Documents required for Application**

Documents required for proposing an establishment and development of an industrial estate to the Ministry of Industry and Commerce are as follows:

1. Application form for industrial estate establishment and development specified by the Ministry of Industry and Commerce;
2. Copy of business license;
3. Industrial estate development plan and F analysis;
4. Proposed land for industrial estate establishment and development;
5. Documents for land use license or lease agreement, state land concession or land use permit;
6. Environmental and social impact assessment report.

**Article 14 Consideration of Industrial Estate Establishment and Development**

The Department of Industry and Handicraft shall examine the proposal for industrial estate establishment by collaborating with the related parties and the provincial-capital state authorities to propose the Minister of Industry and Commerce's consideration for issuing an agreement on industrial estate establishment.

**Article 15 Investment Supervision and Facilitation in industrial Estates**

Investment supervision and facilitation of industrial estates shall be implemented in line with the Law on Processing Industry, this Decision and the relevant laws and regulations. The Ministry of Industry and Commerce considers the establishment of an industrial estate supervision office, as appropriated, necessary as representing the Government for industrial estate supervision.

The industrial estate supervision office possesses its own seal and a one stop service function for delivering services such as business license issuance, business operation permit, construction permit, manufacturing license and import-export certificate.

**Article 16 Rights and Duties of the Developer**

The developer of an industrial estate has rights and duties as follows:

1. To receive investment protection and incentives as defined by the laws;
2. To develop infrastructure and facilities including land allocation within industrial estates for progressing along the specified plan or economic-technical analysis approved by the Economic Board of the Industrial Estates;
3. To import funds into industrial estates with the specified amount and period;
4. To manage, advertise and attract investments into industrial estates;
5. To create conditions and mechanisms for upskilling the Lao workforce, particularly workers nearby the industrial estate enabling such workers to obtain jobs;
6. To emphasize skill development for investors in industrial estates with a desirable and favorable plan;

7. To participate in and contribute to community development with a desirable and favorable plan;
8. To enable conditions for SMEs to deliver services for investments within industrial estates;
9. To pay taxes, fees and other service charges at outstanding amount and timeframe as specified by the laws and regulations to the Government;
10. To cooperate with state authorities in supervision of the industrial estate investment and report development progress to the industrial estate supervision office on a quarterly basis;
11. To perform other tasks in accordance with the laws and regulations.

**Article 17 Rights and Duties of Investors**

Investors in industrial estates have the following rights and duties:

1. To receive investment protection and incentives as defined by the laws;
2. To manage and operate with the specified business plan or approved economic feasibility study;
3. To import funds in the specified amount and timeframe;
4. To transfer profits generated from business operations into foreign countries in accordance with the specified laws and regulations;
5. To create conditions and mechanisms for upskilling the Lao workforce, particularly workers nearby the industrial estate enabling such workers to obtain jobs;
6. To design and emphasize skills development for investors in industrial estates with a desirable and favorable plan;
7. To pay taxes, fees and other service charges in full by the deadline as specified by the laws and regulations to the Government;
8. To cooperate state authorities in industrial estate investment supervision and report the development progress to the industrial estate supervision office on a quarterly basis;
9. To perform other tasks in accordance with the laws and regulations.

**Chapter 2**

**Industrial Zone Designation and Development**

**Article 18 Industrial Zone Designation and Development**

The Provincial-Capital Department of Industry and Commerce shall liaise with the related government agencies and provincial-capital authorities to study, select and designate an appropriate boundary and mark the zoned location, then propose to the provincial-capital governor to issue an agreement to approve the respective provincial-capital industrial zone, and thereby propose to the Ministry of Industry and Commerce for proposing the government’s approval as land for industrial zone.

The Provincial-Capital Department of Industry and shall create the master plan for the industrial zone, project the compensation for expropriation for the zoned area to develop the fundamental infrastructure sustaining factory establishment and other related activities supporting industrial processing operations.

**Article 19 Investment in the Industrial Zone**

Investment in the industrial zone shall comply with the same procedures as in the general zone in accordance with the Law on Processing Industry under the supervision of industry and commerce sectors.

The investment in the industrial zone shall receive incentives as specified in the Law on Processing Industry, the Law on Investment Promotion and the relevant laws and legislations of the Lao PDR.

### **Part III**

#### **Incentives for Development and Investment**

##### **Article 20 Incentives for Developers of Industrial Estates**

The government has enlarged incentives for individuals, legal entities and domestic and foreign organizations to establish and develop industrial estates in accordance with the types specified in Article 5 of this decision, the favorable conditions in industrial processing operations and related activities.

Developers of industrial zones shall receive tax exemptions, commissions and other service fees as stipulated in the joint venture agreement between the Government of the Lao PDR and the Developer and as specified in the relevant laws and regulations.

##### **Article 21 Incentives for Investment in Industrial Estates**

Investment in industrial estates shall receive specific incentives in line with the specified investment types in Article 5 of this Decision for tax exemptions, commission fees and other service fees as stipulated in the agreement on industrial estate development and as specified in the relevant laws and regulations.

Investors in industrial estates shall have rights to obtain available information on the specific policies and regulations of each industrial estate.

##### **Article 22 Application for Investment License and Land Use in Industrial Estates**

Applications for investment licenses in industrial estates shall be submitted to the industrial estate supervision office by completing the specified application form.

The Developer shall allocate the area of industrial estates by dividing into land titles and then propose the industrial estates supervision office to issue a land use license for each land title for Investors' lease or acquisition of the land use rights as specified in the agreement of industrial estate development.

### **Part IV**

#### **Supervision of Industrial Estate**

##### **Article 23 Supervision of Industrial Estates**

Department of Industry and Handicraft shall be primarily responsible for the supervision of industrial estate and the Provincial-Capital Department of Industry and Commerce, local authorities and related parties shall administer the establishment and development of industrial estates across the country.

The supervisory authorities consist of as follows:

1. The Department of Industry and Handicraft, Ministry of Industry and Commerce;
2. The Provincial and Capital Department of Industry and Commerce;
3. The Industrial Estate Supervision Office.

**Article 24 Rights and Duties of Department of Industry and Handcraft**

Department of Industry and Handcraft shall have rights and duties to supervise the establishment and development of industrial estates as follows:

1. To define the principles and policies in supervising and developing national industrial estates;
2. To create technical manuals for land allocation, integrated system design or development of industrial estates;
3. To study and define policies on infrastructure development including investment promotion in industrial estates;
4. To draft supervisory policies and systems, advocate industrial estates by cooperating with the developer in consistent with circumstance, and then propose the higher authority for approval;
5. To study and propose the appointment of government officers to form committees in industrial estate office in consistent with the form of development;
6. To advice, recommend, upskill and deliver technical training at local authorities and industrial estate supervision office on the execution and implementation of industrial estate promotion and supervision;
7. To assess economic feasibility assessments relating to industrial estate development by request of the developer, negotiate and draft joint venture agreement;
8. To approve industrial estate development plans and examine the development;
9. To cooperate with the Provincial-Capital Department of Industry and Commerce, related parties and local authorities to appropriately designate land allocation in the establishment and development of industrial estates;
10. To disseminate information and assist developers in attracting the domestic and foreign investment into industrial estates;
11. To seek funds for linking infrastructure development between industrial estates;
12. To cooperate with the related government agencies and international organization to aid efficient industrial estate promotion and supervision;
13. To perform other rights as assigned by the higher authorities in relation to industrial estates.

**Article 25 The Provincial and Capital Department of Industry and Commerce**

The Provincial and Capital Department of Industry and Commerce shall have rights and duties relating to the supervision, establishment and development of industrial estates as follows:

1. To execute the promotion and supervision of industrial estates in accordance with the directions at supervisory level and the assignment by the Ministry;
2. To employ the respective officers or consider the district-level officers into the industrial estate supervision office based on an assignment and agreement with the Ministry of Industry and Commerce;
3. To study and consider approval for investment applications and establishment and processing industrial operations within industrial estates in accordance with roles

and directions at supervisory level whose industrial estate supervision office is yet established;

4. To encourage, monitor and examine the development and operation of industrial estates, and business operations of manufacturers located in industrial estates for implementing the approved plan and ensuring compliance, environmental protection and sustainable development;
5. To cooperate vertically and horizontally with related parties for efficient implementation of the industrial estate promotion and supervision;
6. To report an overview of industrial estate development to the Ministry of Industry and Commerce periodically;
7. To perform other rights and duties related to industrial estates as assigned by the Ministry of Industry and Commerce.

**Article 26     The Industrial Estate Supervision Office**

The Industrial Estate Supervision Office shall have rights and duties as follows:

1. To deliver one stop service function to support developers and investors with their business operations;
2. To grant permissions in accordance with the authorization of the Ministry of Industry and Commerce such as enterprise registration, business operation license and manufacturing license;
3. To supervise and monitor the importation/exportation of machinery, raw materials, tools and equipment;
4. To collect fees and documentation services as specified by the regulations for an accurate transfer to the Government's budget;
5. To monitor tax collection and payment of developers and investors on behalf of the Government as specified with the regulations and timeframe;
6. To conclude, summarize and report an overview of implementation on a quarterly basis;
7. To perform other rights and duties as assigned by the Ministry of Industry and Commerce or the related government agencies.

**Part V**

**Rewards for Outstanding Performers and Measures against Violators**

**Article 27     Rewards for Outstanding Performers**

Individuals, legal entities or organizations with outstanding performance in the enforcement of this Decision shall be granted a congratulatory certificate and other incentives as prescribed in the laws and regulations.

**Article 28     Measures Against Violators**

Individuals, legal entities or organizations violating the enforcement of this Decision shall be subject to re-education measures, disciplinary action, fines and criminal punishment, subject to cases as prescribed in the Law on Processing Industry and the Decision on Factory Management.



**Part VI**  
**Final Provisions**

**Article 29    Implementation**

The Department of Industry and Handicraft shall cooperate with the Provincial-Capital Department of Industry and Commerce, local authorities and related parties to effectively implement this Decision.

**Article 30    Effectiveness**

This Decision enters into force from the date of signing and after fifteen days of its publication on the Official Gazette.

**Minister**

[Seal and Signature]  
Mrs. Khemmany PHOLSENA