Laos to build 41 special economic zones

The government plans to build 41 special and specific economic zones in a bid to attract foreign direct investment to boost development in rural areas.

The National Committee for Special and Specific Economic Zone Management Secretariat Office said that the government has listed 41 areas as special and specific economic zones, of which 25 will be built over the next 10 years. Most of the economic zones will be developed in border areas and remote parts of the country.

However, the government lacks the necessary funds to build infrastructure in the special zones so it is seeking foreign direct investment to develop these areas.

National Assembly members have approved a prime ministerial decree that enables the government to offer significant incentives to potential zone developers.

The government has set up the National Committee for Special and Specific Economic Zone Management to draw up development policy for the economic zones.

Over the next 10 years, the government expects to source foreign direct investment of US$3 billion to build infrastructure in the economic zones. This will exclude investment funding from companies operating in the zones.

It is expected that the economic zones will create about 50,000 jobs, and could boost local per capita incomes to as much as US$2,400.

Laos is already in the process of setting up six special and specific economic zones. In Savannakhet province, the Savan-Xeno Special Economic Zone will accommodate a commercial centre, service areas and processing plants.

The Boten Golden Land Special Economic Zone in Luang Namtha province and the Golden Triangle Special Economic Zone in Bokeo province will be developed as commercial and service areas.

The Vientiane-Nonthong Industrial Park and Xaysetha Integrated Development Zone in Vientiane will be developed as a commercial and processing industry centre. The Phoukhiew Specific Economic Zone in Khammuan province will accommodate a commercial centre, service area and processing plants.

Developments in all of the zones involve investment by the private sector, both from Laos and other countries. The exception is the Savan-Xeno Special Economic Zone, where the government is the sole investor and manager.

Infrastructure in the zones has begun to take shape in recent years thanks to special investment incentives. Companies are deciding to operate in these zones because they can obtain more advantageous investment incentives than in other areas.

Businesses operating in these zones find it easier to obtain investment permission and set up processing plants due to easier import and export regulations and the availability of infrastructure. Businesses are also given special tax breaks.