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STUDY ON

Special Economic Zones Management and Promotion in the Lancang-Mekong Countries

Trade and Investment Facilitation Department
Mekong Institute
Khon Kaen, Thailand



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The Report presents the study results formed from the insights and suggestions of the project stakeholders in the visited locations of the six countries. And judgment in this report, if any, merely reflects the MI'S perspectives on SEZ management and promotion in the Lancang–Mekong countries.

EXECUTIVE SUMMARY

1. MI conducted the study on “Management and Promotion of Special Economic Zones (SEZ) in the Lancang–Mekong (LM) countries from September–December 2019. Overall, the Study aimed to review and analyze the current management practices of SEZ program implementation in the LM countries and zone-based investment promotion strategies in order to form insights and effective solutions to better performance of SEZs, better management measures, and enhancement of SEZ cooperation and connectivity in the sub-regional development context in Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and China.
2. The study focused on SEZ planning, SEZ performance, and economic outcomes in consideration of the roles of the central governments, local authorities, SEZ developers and investors in managing and promoting investment in SEZs using the measures or criteria, including (i) location, (ii) industry, (iii) policies, (iv) linkages to local economies, (v) management mechanism and investment promotion strategies. The economic outcomes of SEZs are reflected through the number of enterprises / projects invested, investment level, export turnover and diversification, labor and employment, contribution to state revenue, and so on in SEZs.
3. Adopting both qualitative and quantitative analysis, the study team conducted in-depth interviews/consultative meetings with the stakeholders from both public and private sectors in the selected locations in Cambodia, Lao PDR, Myanmar, Thailand, and Viet Nam with the participation of 73 stakeholders as specified in Annex 6.1. At the same time, the SEZ firm surveys were implemented to additionally analyze the SEZ performance. The study team also joined the structured learning visit (SLV) in Shanghai to study the development of Shanghai Pilot Free Trade Zone (FTZ) from December 8–10, 2019.
4. The key preliminary findings were made upon completion of the study at this stage, which are summarized as below:
 - SEZ development (planning, establishment, promotion and management) is governed by the national institutional and regulatory framework in each of the LM countries. Cambodia and Thailand have drafted their laws on SEZs but they have yet to come into effect till this point in time. In this connection, Myanmar is the only country governing its SEZs by the national law.
 - All countries have adopted international practices and universal concept of special economic zones (SEZs)/economic zones (EZs) to design their own concepts. As a matter of fact, SEZ definition varies in degree among the LM countries in terms of SEZ scope and typology, and investment incentives applied.
 - Industries currently invested in SEZs are not fully aligned with the national industrial development policies and strategies.
 - Except for the case of Myanmar, the effectiveness of OSSCs in facilitating investment and trade in SEZs is not clear.
 - Limited linkages to local economies, especially manufacturing industries in SEZs, except for local labor supplies (local SMEs’ joining the GVC/production network is still limited)

- Effective system(s)/mechanism(s) to measure and evaluate the performance and economic outcomes of SEZs from planning to implementation has not been seen.
- Lack of comprehensive/integrated SEZ information system in support of business plans and development of developers and investors.
- Slow infrastructure construction progress in SEZs caused by limited access to land and land price escalation may slow down SEZ development.

5. Recommendations

- Establishment of monitoring and evaluation mechanism/system at the central level in a close connection with SEZs
- Enhancement of the OSSC functions through capacity development for organizations and individuals in charge/involved in public services provided by OSSCs
- Engagement of the participation of the private sector in SEZ management and promotion to increase efficiency and effectiveness in SEZ development
- Further improvement in policies on Investment Privileges and incentives for SEZs that make SEZ really "special" in order to attract high quality investment projects in SEZs
- Further streamlining SEZ promotion scheme at both national and sub-national levels
- Capacity development for SEZ developers/SEZ Management Boards in such areas as investment promotion, SEZ management including safety and environmental protection in SEZs.

6. The report covers three key parts and seven sections.

- Section 1 introduces the Lancang–Mekong cooperation framework, project background, and study objective.
- Section 2 demonstrates the methodology and scope of the study
- Section 3 provides an overview of SEZ development
- Section 4 reviews and analyzes SEZ management and investment promotion, including the case studies on Thilawa SEZ and SAVAN Park Savannakhet.
- Section 5 provides a summary of preliminary findings and recommendations to SEZ management and investment promotion

7. The study has some limitations. It was not fully implemented as designed because of time constraints (September–December 2019) and limited access to sources of information as well as information quality. For this reason, case studies for SEZs could not be developed in Cambodia, Thailand, and Vietnam).

ACRONYMS AND ARREVIATIONS

ADB	Asian Development Bank
ASEAN	The Association of Southeast Asian Nations
BGEZ	Border Gate Economic Zone
BECZ	Border Economic Cooperation Zones
CBTA	Cross-border Transport Facilitation Agreement
CIQ	Customs–Immigration–Quarantine
CSEZB	Cambodia Special Economic Zone Board
DOC	Department of Commerce
EPZ	Export Processing Zone
EU	European Union
GDCE	General Department of Customs and Excise
GVC	Global Value Chain
JETRO	Japan External Trade Organization
KII	Key Informant Interview
LMC	Lancang–Mekong Cooperation
MI	Mekong Institute
GMS	Great Mekong Sub-region
OSS	One-Stop Services
IAC	Investment Assistance Committee
ICD	Inland Container Depot
ICT	Information and Communications Technology
MSEZ	Manhattan Special Economic Zone
MOC	Ministry of Commerce
MOF	Ministry of Finance
MOPF	Ministry of Planning and Finance
MPWT	Ministry of Public Works and Transport
QIP	Qualified Investment Project
SEZA	SAVAN-SENO Special Economic Zone Authority
SEZO	Special Economic Zone Development and Promotion Office
SEC	South Economic Corridor
SEZ	Special Economic Zone
USD	United States Dollars
VAT	Value-Added Tax

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I. INTRODUCTION

1.1. PROJECT OVERVIEW

8. In March 2016, the People's Republic of China (China), Cambodia, Lao PDR, Myanmar, Thailand, and Vietnam officially launched the Lancang–Mekong Cooperation (LMC) mechanism at the first LMC leaders' meeting. The mechanism aims to promote the economic and social development of the sub-regional countries, enhancing the wellbeing of their people and narrowing the development gaps among the regional countries. To this end, the countries agreed on the LMC cooperation framework covering three key pillars and five development areas to (i) synergize China's Belt and Road Initiative, ASEAN Community Building, (ii) promote the implementation of the UN 2030 Agenda for Sustainable Development, and (iii) advance South-South cooperation.
9. The key pillars include: Politics and Security, Economic and Sustainable Development, and Social, Cultural and People-to-People Exchange.
10. Development areas: Connectivity; Production Capacity; Cross-border Economic Cooperation; Water Resources; and Agriculture and Poverty Reduction.
11. Funded by the Lancang–Mekong Cooperation Special Fund (LMCSF), the Mekong Institute (MI) is implementing the Project on "Upgrading Border Facilitation for Trade and Logistics Development" for the period 2018 – 2021 under the supervision of the Ministry of Commerce, Thailand, and in cooperation with the stakeholders in the six Lancang–Mekong (LM) countries (Cambodia, China, Lao PDR, Myanmar, Thailand, and Vietnam) at both national and sub-national levels. The Project aims to (i) promote trade along border trade zones and border special economic zones which link the LM countries; (ii) increase trade capacity and reduce the costs incurred to traders; and (iii) enhance connectivity and improve competitiveness across international borders through improvements in infrastructure to facilitate cross-border trade and investment.

1.2. STUDY OBJECTIVE

12. The overall study objective aimed to review and analyze the current management practices of SEZ program implementation in the LM countries and zone-based investment promotion strategies in order to form insights and effective solutions to better performance of SEZs, better management measures, and enhancement of SEZ cooperation and connectivity in the sub-regional development context. Importantly, the study intended to create a complementary effect in the form of policy advocacy and technical solutions to SEZs as an effective tool for trade, investment, and economic development for individual countries in the LM sub-region in line with the current SEZ development trends. The study was expected to serve as a database of experiences, lessons learnt, and best practices in SEZ

development, including SEZ management and promotion, and provide an objective assessment of the effectiveness of SEZs as well as their limitations.

13. The specific study objectives were:

- To examine institutional and policy contextual factors of SEZ development in the LM countries
- To identify key characteristics of SEZ programs and analyze the current management as well as investment promotion practices, including locations, ownership types, prioritized industries, investment incentive schemes, backward linkages, functions and operations of OSSCs, as well as challenges facing the selected zones in the LM countries.
- To form policy advocacy and technical solutions to better management and promotion of SEZs in the LM countries, including international good practices applied for SEZ development and cooperation.

II. SCOPE AND METHODOLOGY

14. The selection of scope of study and locations for the consultation process is based on the study objectives and the project coverage. The study mostly focused on the border gate economic zones (BGEZs)/Special border economic zones (SBEZs) in line with the principle that the LM countries have embraced SEZs to maximize the geographic advantage of their proximity to target foreign investment and foreign markets to offer better economic connection, take advantages arisen from resources available in the neighboring countries, and develop potential for cross-border investment and trade.

15. As such, SEZs located in border areas in Cambodia, Lao PDR, and Thailand, border gate economic zones in Vietnam, Shanghai Pilot Free Trade Zone in China, and Thilawa SEZ are the focus of the study.

16. The study employed case-study method with quantitative and qualitative analysis, consisting of desk review, SEZ firm surveys (questionnaire surveys), and key informant interview (in-depth interview)/stakeholder consultation. This method contributed to building respective case studies for the selected SEZs in the LM countries.

- **Desk Review.** included desk-based case studies on good practices of management and promotion SEZs with a focus on success factors on the zone management and investment promotion measures. This helped facilitate the process of study design, collecting, organizing and synthesizing available information, obtaining better understanding of the country and regional context, priorities and trends in SEZ management and promotion, analyzing secondary data, and creating a reference list as appropriate.

- **Questionnaire Survey.** consisting of a set of quantitative questions on the key success measures and indicators were formulated and disseminated to the targeted stakeholders who have been involved in managing and operating SEZs in the LM countries. To this end, **SEZ investors/opertators (firms) were the target informants for the survey.** About 20–30 firms in each SEZ or 10% of the total firms in each SEZ were selected for the surveys. Only 14 firms in Thilawa SEZ and 20 firms in SAVAN Park responded to the surveys.
- **Key Informant Interview (KII)/Consultative meetings** were conducted from September to November 2019 with the attendance of (i) SEZ regulators, including Council for the Development of Cambodia (CDC), Manhattan SEZ in Cambodia; (ii) Ministry of Commerce, and Thilawa SEZ in Myanmar; (iii) National Social and Economkic Development Council (NSEDC), Tak SEZ, Chiang Rai SEZ and Chiang Khong District office in Thailand; (iv) Ministry of Planning and Investment (MPI), SEZ Promotion and Management Office (SEZO), and SAVAN Park in Lao PDR. A total of 72 stakeholders participated and contributed to the consultative meetings. In addition, the study team joined the SEZ structured learning visit (SLV) to (iv) Shanghai Pilot Free Trade Zone (FTZ), China from December 8–10, 2019.

17. The study adopted the success measures designated to the roles of the respective SEZ stakeholders in SEZ management and promotion into account, which are summarized in box 1.

Box 1. SUCCESS MEASURES AND ROLES OF CONCERNED STAKEHOLDERS

<p>Role of the Central Government</p> <ul style="list-style-type: none"> a) National Legal and Regulatory Framework for SEZs b) Government Policies on SEZ Development, e.g. Prioritized Industries, Foreign Direct Investment (FDI), industrial estate, land access, fiscal and non-fiscal incentives, and so on. c) SEZ typology and ownership <p>Role of SEZ Developers and Local Regulator /Authorities in Creating Business Enabling Environment for SEZs</p> <ul style="list-style-type: none"> d) Location advantages e) Infrastructure development f) Management and services g) Investment promotion (foreign and domestic) and Trade facilitation h) International and/or bilateral cooperation i) Labor and employment, and skills j) SEZ-related services, i.e. services provided OSS Centers (OSSC) <p>Role of SEZ Investors</p>
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- k) Investments cost
- l) Trade value
- m) Linkages to local economies and neighboring markets

III. SEZ DEVELOPMENT

18. Over the last few decades, the manufacturing sector has been undergoing a profound transformation – especially in terms of structure, technology, sectoral interlinkages and boundaries. In East Asia, China, the Government of Republic of Korea (Korea), and Taiwan have been the most successful economies in leveraging SEZs that remain a key element of their economic development strategies.
19. In the 1960s, many developing countries shifted from import-substitution to export-oriented growth strategies. In Korea, SEZs were created in the form of manufacturing-oriented free trade zones (FTZs) to attract FDI in export-oriented light industries. The SEZ development contributed to generate foreign exchange earnings, promote exports, open access to new technologies. As a result, light manufacturing industries' competitiveness was improved without posing any competition to domestic economy.
20. In 1980s, export-oriented industrial development strategies were adopted in many countries where EPZ as a mechanism that was commonly used to implement the export-oriented strategy. In Taiwan, export processing zones (EPZs) development was prioritized. The Government linkages between EPZ firms and non-EPZ firms. Integrating SEZs into Global Value Chains (GVCs) enhanced their competitiveness, application of new technologies, access to capital and markets. As a matter of fact, joining the GVCs, enterprises moved from the assembly of imported inputs to (i) local production and sourcing, (ii) original design manufacturing; and (iii) own branded merchandise.
21. In the 1980s, SEZs in China were viewed as policy experiments within which policy reforms could be tried out for possible later adoption within the wider economy
22. Broad concept of SEZs¹
- A SEZ is a geographically delimited area within which government facilitates industrial activity through fiscal and regulatory incentives and infrastructure support.

¹ UNCTAD, World Investment Report: Special Economic Zone, 2019

- A SEZ is an area with special privileges to attract foreign business investment in the country. The privileges might contain a particular investment policy or regulations with specific incentives, including fiscal and non-fiscal incentives, and special infrastructure support, e.g. customs procedures, one-stop services, electricity, water supply, and so on. The businesses which have been promoted under SEZs include industry, agriculture, commerce, tourism, services or any other operations.
- SEZ development varies from country to another subject to the following:
 - Institutional and regulatory framework, including SEZ management and promotion
 - Industrial development
 - Investment conditions
 - International trade
 - Trade and investment facilitation

23. Typology. SEZ comes in various typologies as specified in Table 2

Table 1. SEZ TYPOLOGY

TYPOLGY	DESCRIPTION (NOT AN EXHAUSTIVE LIST)
Free Trade Zone (FTZ)	Foreign Trade Zone, Commercial Free Zones, Free Trading & Warehousing SEZ, is known as a tax-free area that provides essential facilities for trading, shipping, import, and export business. As such, rules and regulation on tariffs, labor, might be exempted or reduced or less controlled
Export Processing Zones (EPZ)	Industrial estate primarily aiming at production of goods destined for foreign markets
Industrial Park	Large-sized manufacturing-based zone. Some multi-functional zones are close to “comprehensive Special Economic Zone” model, but usually operates at a smaller scale.
Specialized Zone	Hi-tech park, petrochemical zone, logistics park, and airport-based zone
Comprehensive Special Economic Zone	Large-sized zone covering industrial, services, and urban-amenity operations. In some cases, it encompasses a whole city or jurisdiction.
Eco-Industrial Zone	An “Industrial symbiosis” that focuses on green technologies to achieve energy and resource efficiency in terms of reducing waste and improving the environmental performance of firms.

Source: Douglas Zhihua Zeng, 2019, “Special Economic Zone: Lessons Learnt From Global Experience”, Private Enterprise Development in Low Income Countries (PEDL); available at <https://pedl.cepr.org>

24. SEZs has developed at different stages ²

- **Stage I.** SEZ (enclave model) is developed in low-income countries where the domestic economy is insufficiently developed to sustain backward linkages from the SEZ firms to domestic firms.
- **Stage II.** SEZ is developed with the linkages between SEZ firms and domestic firms that resulted in reduction in SEZ firms' costs and increase in profit. In other words, dynamic benefit of SEZs in the host country was generated from technology transfer and backward linkages.
- **Stage III.** SEZ development at a higher level where SEZ can facilitate the formation of clusters of industrial enterprises that produce mutually beneficial interactions among themselves.

² Peter Warr and Jayant Menon, 2015, Cambodia's Special Economic Zone, Australian National University; available at <https://acde.crawford.anu.edu.au>

25. SEZ policy objective, benefit, and cost drawn from the global experience in SEZ development are summarized in Table 3.

Table 2. SUMMARY OF SEZ POLICY OBJECTIVE, BENEFIT AND COSTS

SEZ Development Objective	Benefit		Cost	
	Static	Dynamic	Direct	Indirect
<ul style="list-style-type: none"> - To attract foreign direct investment - To promote exports and industrialization; - To alleviate large-scale unemployment; - To support a wider economic reform strategy; - To act as experimental laboratories for the application of new policies and approaches 	<ul style="list-style-type: none"> - Job creation and income generation - Export growth - Foreign exchange earnings - State revenue - Attraction of investment, especially foreign direct investment (FDI) 	<ul style="list-style-type: none"> - Creation of indirect jobs - Industrial upgrading - Upgrading labor and management skills - Technology transfer - Linkages and regional cooperation 	<ul style="list-style-type: none"> - Forming SEZs and maintaining SEZ Management Boards - Infrastructure development - Incentives (fiscal and non-fiscal) 	<ul style="list-style-type: none"> - The impact of crowding out resources of the domestic economic sector caused by the preferential treatment given to enterprises operating in SEZs; - Social and environmental impacts , e.g. impacts of land acquisition and resettlement, environmental pollution

Source: Huynh The Du, 2018, From Economic Zone to Regional Development and Integration: Creating Institutional Breakthroughs, available at <https://fsppm.fulbright.edu.vn>

26. In addition, the key success factors and measures used to evaluate SEZ performance include (i) location, (ii) industry, (iii) policy, (iv) linkage to local economy, (v) management, and (vi) roles of the government and the private sectors are shown in Table 4.

Table 3. SEZs' KEY SUCCESS FACTORS AND MEASURES

Location	Industry	Policy	Linkage to Local Economy	Management Mechanism	Government's role	Private sector's role
Advantages of proximity to	Selective and suitable	SEZ development	Creation of input and output	(i) Effective and competent	Policy commitment and	Participation in construction and

capital market, technology, foreign suppliers, ports, transport hubs & associated infrastructure	industries in line with the national competitive advantages in each economic period.	aligning with the national investment framework	linkages with the domestic economy	management structure (ii) Effective one-stop service mechanism	support from the central to local levels	development of special economic zones; and attracting investment
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IV. SEZ MANAGEMENT AND PROMOTION IN THE LANCANG – MEKONG COUNTRIES

CAMBODIA

27. The National Industrial Development Policy 2015-2025³ focused on:

- Increasing and diversifying export products by increasing the export of manufacturing products (non-textile products) to 15% of all exports by 2025
- Increasing export of processed agricultural products to 12% of all exports by 2025 as well as exporting new products
- Strengthening of the management mechanism and development of small and medium-sized enterprises (SMEs) by promoting their official registration, including large enterprises and promoting good corporate governance. The 2025 target is officially to achieve the 80% to 95% of registered SMEs.

28. The key pillars and policy measures under the Industrial Development Policy included:

- Attracting foreign direct investment (FDI) and mobilizing domestic private investment for industrial development, export market development and expansion, and promotion of technology development and transfer;
- Developing and modernizing SMEs by way of expanding and strengthening the manufacturing base, modernizing and officially registering enterprises, promoting technology development and transfer and strengthening industrial linkages between domestic and foreign enterprises specifically in the agro-industrial sector;
- Improving the legal environment to enhance competitiveness by way of improving the investment climate and promoting trade facilitation, providing market information and reducing business transactional fees;
- Coordinating supporting policies, such as human resource development, skills training and industrial relations improvement, implementation of land management, urbanization and land use plan in line with the land policy and land management together with infrastructure development, including transport/logistics system and digital connectivity, electricity and clean water supply and other supporting services such as public services, social services and financial services.
- Investment promotion through enabling investment climate; and developing and modernizing SEZs and industrial zones/parks

³ Cambodia Industrial Development Policy 2015–2025; available at <http://www.cambodiainvestment.gov.kh/cambodia-industrial-development-policy-2015-2025-3.html>

29. Implementing the national industrial development policy, the priority Industries have been promoted in the countries, including investment and development in SEZs. The priority industries under the national industrial development policy are specified in Table 4.

Table 4. PRIORITY INDUSTRIES

NEW INDUSTRIES	SUPPORTING INDUSTRIES	OTHERS
<ul style="list-style-type: none"> - Electronic assembly - Natural resources processing - High value-added garment products - Industrial equipment assembly 	<ul style="list-style-type: none"> - SMEs supporting industries - Light manufacturing - Construction materials - Food and beverage - Packaging equipment for export - Transport and logistics - Agro-Industrial (for export and domestic market) 	<ul style="list-style-type: none"> - Tourism - Human resource development - Information and Communications Technology - Energy - Furniture manufacturing - Traditional handicraft

Source: Cambodia Industrial Development Policy 2015–2025;
<http://www.cambodiainvestment.gov.kh>

30. The SEZ scheme been introduced to Cambodia for the first time in December 2005. “Sub-Decree No.147 on the organization, and function of the Council for the Development of Cambodia (CDC) was issued on 29/12/2005 under which the Cambodian Special Economic Zone Board (CSEZB) was established for managing the SEZ scheme. Sub-Decree No. 148 on the establishment and management of the SEZ governing the SEZ scheme was issued on 29/12/2005. The Law on the Special Economic Zones has yet to be promulgated.

31. By definition, SEZ refers to the special area for the development of the economic sectors which brings together all industrial and other related activities, and may include General Industrial Zones and/or Export Processing Zones (EPZs). Each SEZ shall have a production area which may have a Free Trade Area (FTA), Services Area, Residential Area, and Tourist Area. Land area designated to a SEZ is 50 hectares at a minimum with the (i) precise location and geographic boundaries; (ii) a surrounding fence for EPZ, FTA, and the premise of each investor in each zone; (iii) management office building and SEZ administration offices; and (iv) water sewage network, wastewater treatment network, location for storage and management of solid wastes, environment-protection measures, and other related infrastructures as deemed necessary.

32. The Cambodia Special Economic Zone Board (CSEZB) under the Council for the Development of Cambodia (CDC) is the “One-Stop Service” organization in charge of the development, management and supervision of SEZ operations. The SEZ Administration is the “One-Stop Service” mechanism and established by the CSEZB in order to be permanently stationed in each SEZ. The “Special Economic Zones Trouble Shooting

Committee (SEZ TSC)”, which is located at the CDC, is responsible for solving all SEZ-related issues, technical and legal aspects, or those that are beyond the authorities of SEZ Administration and CSEZB and in need of joint jurisdiction of ministries and agencies.

33. As mentioned above, SEZ scheme in Cambodia has been developing since 2005, and considered as one of the measures to improve the investment climate for local and foreign firms in Cambodia. Furthermore, SEZs were seen as a tool to establish and promote the linkages between urban and rural areas.
34. According to the SEZ statistics provided by CDC in 2019, 23 SEZs are currently operating in the country. Most SEZs are located in the border provinces of Cambodia–Thailand and Cambodia–Viet Nam, while the other SEZs are situated in Phnom Penh and the coastal area in Sihanoukville province. They all are situated along along the Southern Economic Corridor (SEC), and its sub-corridors and inter-corridor links.
35. Strategically, the Southern Economic Corridor (SEC) covers Cambodia, and connects it to Thailand and Vietnam. The SEC comprises the following sub-corridors and inter-corridor links: (i) Central sub-corridor: Bangkok–Phnom Penh–Ho Chi Minh City–Vung Tau; (ii) Northern sub-corridor: Bangkok–Siem Reap–Stung Treng–Rattanakiri–O Yadav–Le Thanh–Pleiku–Quy Nhon; (iii) Southern coast sub-corridor: Bangkok–Trat–Koh Kong–Kampot–Ha Tien–Ca Mau–Nam Can; and (iv) Inter-corridor link: Sihanoukville–Pnom Penh–Kratie–Stung Treng–Trapang Kreal)– Viengkham–Pakse–Savannakhet.
36. The central sub-corridor links three major population and commercial hubs, namely, Bangkok, Phnom Penh, and Ho Chi Minh City. This sub-corridor can assist in integrating resources of the three hubs to promote economic development at the regional level. Besides, the southern coastal sub-corridor connects the commercial, industrial, and tourism areas of Thailand to the coastal areas of Cambodia, while the southern sub-corridor extends to the Mekong Delta of Viet Nam at Ha Tien, Ca Mau, and Nam that is potential for developing food processing and light industries.

Figure 1. MAP OF SEZS IN CAMBODIA.



Source: JETRO, March 2019

37. A SEZ developer needs at least 50 ha of land and is responsible for (i) seeking investors to lease the area; (ii) constructing all infrastructures and facilities, including management office buildings, administration offices, road system, water supply and sewerage, waste treatment and disposal system, power supply, telecommunications network, fire protection and security system. In this connection SEZ developer is capable of meeting certain required conditions to provide extensive infrastructure and services, Furthermore, SEZ developer is responsible for establishing internal rules for management of its SEZ as well as business plan for its development.
38. A firm that intends to locate in an SEZ must first obtain government approval as a Qualified Investment Project (QIP), which requires it to have a minimum of USD 500,000 fixed assets. The firm is contractually required to use services within the zone from developer.
39. The Government delegates the right to establish and manage special zones to the private sector (known as SEZ developers). In doing so, Cambodia might avoid/reduce associated public sector set-up costs and increases sustainability through greater market discipline. However, there exists a weak linkage between SEZ firms and the local economy, highest cost of operating within an SEZ, e.g. higher electricity price is one of the constraints resulting in higher production costs in SEZs.
40. The development of SEZs in Cambodia is summarized in Table 5.

Table 5. SEZS IN CAMBODIA

SEZ IN CAMBODIA IN 2019	YEAR ESTABLISHED	INVESTOR	TOTAL INVESTMENT (US\$)	TOTAL EMPLOYMENT	2018 EXPORT VALUE (USD)
1. PHNOM PENH SEZ	2006	121	868,139,274	21,595	559,599,865
2. KERRY WORLDBRIDGE SEZ		1	21,000,000	20	39,711,069
3. GOLDFAME PAKSUN SEZ	2007	2	4,294,436	714	
4. SUVANNAPHUM SEZ	2014	1	1,500,000	207	729,035
5. TAI SENG BAVET SEZ	2007	38	179,007,425	9,536	291,932,603
6. DRAGON KING BAVET SEZ	2013	6	29,955,916	1,847	10,419,771
7. SHANDONG SUNSHELL SVAY RIENG SEZ	2013	11	33,683,406	9,143	64,885,049
8. QI LU JIAN PU JAY SEZ	2018	10	39,918,075	3,089	10,155,266
9. HI-PARK SEZ	2016	5	13,212,360	1,510	10,968,509
10. MANHATTAN SVAY RIENG SEZ	2005	33	141,213,296	31,127	438,822,867
11. SVAY RIENG GIGA RESOURCE SEZ	2017	22	128,298,200	8,419	39,343,127
12. INTERVIA AUTOMOBILE INDUSTRY COMPLEX SEZ	2017	3	51,824,000	305	10,911,452
13. DOUNG CHHIV PHNOM DIN SEZ	2006	2	9,800,000		
14. KAMPOT SEZ	2007	1	34,550,200	200	
15. SIHANOUKVILLE SEZ	2008	179	718,398,080	26,451	530,593,663
16. SIHANOUKVILLE PORT SEZ	2009	4	23,321,307	569	14,771,845
17. SIHANOUKVILLE 1ST SEZ	2006	3	998,300,000	600	
18. CAMBODIAN ZHEJIANG GUJI SEZ	2018	12	157,605,353	1,854	-

19. NEANG KOK KOH KONG SEZ	2007	6	67,645,793	10,590	
20. SANCO POI PET SEZ	2013	11	70,108,666	2,067	57,011,975
21. POI PET ONEANG SEZ	2006	6	14,601,411	5,468	46,753,723
22. POI PET PPSEZ	2017	1	-		
23. UBE SNOUL SEZ	2016	2	49,624,793		
GRAND TOTAL		480	3,656,001,991	135,311	2,126,609,819

Source: CDC, SEZ Report 2019

41. As per the CDC’s perspective, the Government has prioritized industrial diversification as one of the objectives for SEZ development. The industries invested in the SEZs are mostly labor-intensive taking the advantages of cheap labor costs in Cambodia. At present, the industrial-based manufacturing accounts for a higher proportion of electronics, electrical products, energy, and solar panels. In other words, industrial diversification has achieved certain results. The industries are shown in Table 6.

Table 6. INDUSTRY IN SEZS IN CAMBODIA

Animal Feeds	Dry port	Leather Products	Sanitary Products
Automobile Parts	Electronics and electronic Equipment	Machinery Parts	Silicone
Beverage Products	Food & Additive Products	Medical Tools & Equipment	Small-Size Motors
Bicycle & Spare Parts	Food Processing	Medicine & Cosmetic	Solar Panels
Car Assembly	Footwear	Motor & Motors Assembly	Sportwear & Equipment
Coal Power Plant	Furnitures	Motorcycle & Auto Parts	Steel & Steel Processing
Cosmetics Tools	Garments	Packaging Materials	Steel Wire for Constructions
Diamond Polishing	Home Decoration Materials	Plastics Products	Toy and Hobbies Products
Dairy Products	Household Products	Power Plants	Wire Cables
			Others

42. The SEZs have attracted the foreign investment into Cambodia with the investment of USD 3.66 billion and 135,000 jobs created as of September 2019, and export value of USD 2.12 billion in 2018. The major countries investing in SEZs in Cambodia include China, Malaysia, Japan, Taiwan, Singapore, British Virgin Islands, United States, Thailand, South Korea, Vietnam and others (Britain, Philippines, Myanmar, Australia, Germany, Switzerland, New Zealand, Netherlands, France, Ireland, and Hungary).
43. To achieve the captioned result, the Government has provided domestic and foreign with investment incentives and investment guarantee scheme which are summarized in Box 2.

BOX 2. KEY POINTS UNDER INVESTMENT INCENTIVE AND INVESTMENT GUARANTEE SCHEME

Investment incentives are applied to both SEZ developers and Investors. Qualified Investment Projects (QIPs) are entitled to both fiscal and non-fiscal incentives.

A. Tax Incentives

- Investor entitled to the incentive on value added tax (VAT) at the rate of 0% shall record the amount of tax exemption for its every import. In case the production outputs are imported into the domestic market, Investor shall refund the amount of VAT as recorded in comparison with the quantity of export.
- VAT exemption to investor located in the SEZ has been extended without specific time limit.
- An annual tax with a liability equal to 1% of annual turnover inclusive of all taxes except VAT is exempted.
- QIPs on export-oriented and supporting industries are entitled to customs duty exemptions for imports of production equipment, construction materials, and production inputs.
- QIPs on domestically-oriented industries generally receive customs duty exemptions for the import of production equipment and construction materials only. Import duty exemptions on production inputs are granted to such QIPs only when they supply their products to export-oriented industries or when they export their goods. Only the inputs used to produce those goods are exempted from import duty.
- Export duty exemptions are provided to all QIPs except for specific exports that are subject to export duties as stipulated under the prevailing law of Cambodia.

B. Customs Procedures. [SEZ located within 20km from the official border]

- Importation. SEZ investor as an importer presents and provides the duplicated copies of goods at the border check points, e.g. submission of customs declaration is not required.
- Exportation. Customs procedures are conducted with the SEZ.

C. Special Depreciation

A special depreciation allowance of 40% of the value of new or used tangible assets used in production or processing.

D. Supporting Industry QIPs and Subcontractors

QIPs on supporting Industries, including subcontractors can avail of VAT incentives if they are involved in (i) packaging; (ii) production of threads, cloth, buttons, zippers, coat hangers, clothes zippers and components to be attached to clothes, shoes, bags or hats; and (iii) laundry, dyeing, printing for cloth or clothes, sewing or knitting.

Subcontractors directly supply more than 80% of these goods and services to export-oriented industries in the garment, textile, footwear or millinery industries are subject to zero percent VAT on their supplies.

E. Investment Guarantee (for both foreign and Cambodian QIPs enjoy the following investment guarantees):

- Equal treatment of all investors regardless of nationality (except for land ownership and some investment activities)
- No nationalization of investors' properties
- No price controls on investors' products or services
- No control over remittance of foreign currencies abroad
- No discriminatory treatment to foreigners
- Foreign employees in the SEZ have the right to transfer all the income derived from the investment and salaries received in the zone to banks located in other countries after payment of tax.

Source: CDC, Investment Incentive and Investment Guarantee, <http://www.cambodiainvestment.gov.kh>

44. QIPs in SEZs are entitled to the government support through the public services of “one-stop service” represented by key representatives of responsible government ministries/departments. The OSS functions handle export and export formalities, e.g. customs clearance procedures, issuance of certificate of origin (C/O), labor and employment, and associated regulatory matters. The public services costs are met by SEZ developer, and firms locating within the zone will be charged with a fee for services provided and agreed by both sides.

45. Given that SEZ development plays an important role in promoting industrialization, trade promotion, and economic development through investment in infrastructure, labor skills and productivity, and job creation, the investment incentives entitled by SEZ developers and investors do not differ from those that are applied to investments outside SEZs.

46. The SEZ firm survey in Manhattan SEZ (MSEZ) was unable to conduct in September 2019 as planned. Instead, the study team had learnt about and specified the practices and experience in managing and promoting SEZ as per the case of MSEZ that is shown in Box 3.

BOX 3. SUMMARY OF MANHATTAN SPECIAL ECONOMIC ZONE (MSEZ) MANAGEMENT AND PROMOTION

A. PROFILE

- Company name (Investor): Manhattan International Co., Ltd; Manhattan Development Co., Ltd; and Manhattan Special Economic Zone (MSEZ)
- Year of establishment: 08/2005 (Sub-Decree No.135 dated 29/11/2006)
- Total land area: 290,5187 ha (157.0032+133.5157)
- Location: Nearest to Ba Vet (Cambodia)–Moc Bai (Viet Nam) International Border (06 km)
- Logistics routes: (i) MSEZ–Tan Son Nhat Airport, Vietnam (65km); (ii) MSEZ–Ports in HCMC, Vietnam (86km); and (iii) MSEZ–Phnom Penh (160km)
- Factories/Firms invested in MSEZ: 28–34 (25 in operations)
- Labor force: 30,914 (as of 08/2019) of which 21,617 are female workers (69.92%)
- Export value: USD 500 million (2015); and USD 700 (2017)
- Power distribution license: 437L (EAC), 28/06/2019
- MSEZ WWT License: Operation in 06/2016 (Permits: 05/2017 and 11/2018)
- EIA Report License: Approved Letter No. 1069 dated 07/11/2017
- Utility services:
 - Electricity: USD 0.147/Kwh
 - Water: USD 0.15/m³
 - Wastewater treatment: USD 0.15 – USD 0.50/m³
- Environmental and Social Fund: USD 21,000 per year (for a 10-year period)
- One-stop services center (OSSC): with the representatives of (CDC, MoC, Customs, CamControl, and Labor (as of 2005)
- Security force: 70

B. MSEZ MANAGEMENT AND PROMOTION

- MSEZ is the first SEZ in Cambodia, situated in a very strategic location (between Phnom Penh & Ho Chi Minh) along the Asian Highway 1—an easy access to airport and seaports in Viet Nam. In addition, Bavet–Moc Mai checkpoint is pretty good to handle high volume of cargos with the fact logistics services and infrastructure in the county is improving.
- The main industries in MSEZ focus on assembling industry, manufacturing, semi-finished products. High-tech industry will be invested in near future.
- According to MSEZ development plan, the developer has prepared for expanding areas, phase 1–1, phase 1–2 and Phase 1–3. This aimed to meet high demand from investors and workers for further zone development, residence, schools, hospitals, and so on in the next 3–5 years.
- OSS center functions well in terms of supportive and effective services provided, issuing customs procedures, issuance of Certificate of Origin (C/O). Representatives in OSS are from CDC, Customs, Ministry of Commerce (MOC), and concerned agencies

- The Government always wants all SEZ developers to comply with rules and regulations regarding environmental protection, labor and safety. But these require high cost of investments. In reality, not all investors follow regulations on environment, e.g. waste treatment system. Therefore, it is suggested that the Government enforce law implementation for both SEZ developers and investors.
- Challenges facing SEZ developers and operators include power supply (cost, quantity and stability), shortage of skilled labor, local supply of raw material for production is very limited. Now, the Government encourages investors to invest in vocational training to upgrade technical skills, such as information technology (IT), engineering, for labor force in support of industrial zone development in MSEZ.
- MSEZ promotes SEZ and investment based on its own capability and strategy. High-end technology investment, quality labor force, stable labor supplies, and more investors are prioritized.

Source: Manhattan SEZ, 2019

47. Besides the achievements of SEZ development over the past decade(s), SEZ management and promotion in Cambodia may need to consider the following for further enhancement of SEZ management and promotion practices.

- Monitoring and evaluation of SEZ performance and economic outcomes at both SEZ and national levels, e.g. creating an integrated monitoring mechanism.
- Given that the country has adopted export diversification policy and supported diversified industries invested in SEZs, priority industries in the SEZs in full alignment with those promoted under the national industrial development should be more considered.
- Stronger backward linkages, except for labor supplies, between SEZ firms and the local economy.
- Investment incentives entitled by developers and investors in SEZs should be more “special” in support of SEZ development.

LAO PDR

48. The SEZs in Lao PDR is governed by (i) Law on the Government No. 02/NA, dated 06/05/2003; (ii) Law on Investment Promotion No. 14/NA dated 17/11/2016; (iii) Prime Minister's Decree No 148/PM on establishment of Savan Seno Special Economic Zone dated 29/09/2003; (iv) Prime Minister's Decree No. 177/PM on the Management Regulations and Incentive Policies for Savan Seno SEZ (SASEZ) dated 13/11/2003; (v) Prime Minister's Decree No. 443/PM on the Special and Specific Economic Zones in Lao PDR date 26/10/ 2010; (vi) Prime Minister's Decree No. 188/PM on Endorsement and Promulgation of Development Strategy Plan for Special and Specific Economic Zones in the Lao PDR 2011– 2020 dated 09/04/2012.
49. Further to the individual SEZ Decree 177/PM on the Savan Seno SEZ (SASEZ) in 2003, a general decree No. 443/PM announced in October 2010 defined SEZ as a new economic development area determined by the Government. SEZs are entitled to (i) special promotion privileges, (ii) autonomous economic and financial system, (iii) privileged management and administration system according to the mechanism of “smaller administration unit but wider society”. A special economic zone (SEZ) may comprise specific economic zones. Land area for SEZ establishment and development is 1,000 ha at a minimum. A SEZ may comprise many specific economic zones. The Government shall allocate only land surface to developer(s) who is responsible for basic infrastructure development. The land lease period falls into a range of 50–99 years.
50. SEZ management and ownership in Lao PDR are classified into three categories: (i) public management model (100% public); (ii) private management model (100% private); and (iii) joint management model (Public-Private Partnership). According to the SEZ development process with the current number of SEZs (12) established and developed in the country, the SEZs are managed in the form of joint venture (54%), private management (38%), and public management (8%) by the government, respectively.
51. Promoted investment industries determined by the SEZ Administration Committee or Economic Executive Board, including:
- Electronic industry
 - Research on science and new technology for production
 - Production of modern construction materials
 - Tourism infrastructures
 - Clean agricultural production and processing, organic products
 - Production for export
 - Forestation
 - Education
 - Health and medical care, and
 - Hospitality

52. SEZ Development Objectives Towards 2020 are to (i) contribute to GDP; (ii) create industrial foundation and jobs; (iii) generate government revenue; (iv) and transfer knowledge and technology.
53. SEZ and Investment Promotion. The Committee for Investment Promotion (CIP) is the governing body that provides strategic orientations and coordinates investment promotion measures in Lao PDR under the 2009 Law on Investment Promotion. The CIP is chaired by the Minister of Planning and Investment (MPI). Its members include officials from the ministries/departments of industry and commerce, finance, public security, labour and social welfare, foreign affairs, agriculture and forestry, energy and mines, public works and transport, telecommunications and post, education, public health, water resources and environment, sciences and technology, national tourism, national land management, national defence, information and culture, justice and banking.
54. The Law on Investment Promotion defines investment promotion as: (i) formulating policies that create a favorable investment environment, (ii) providing incentives to investors, mostly tax incentives but also those related to land; (iii) and providing information.
55. The National Committee for Special Economic Zones (NCSEZ) was established by decree in 2010. Under the 2016 amendment of the law, the responsibility of SEZ investments is of the Ministry of Planning and Investment (MPI).
56. Under the institutional and regulatory framework that has formulated and adjusted during the SEZ development process, 12 SEZs were established from 2003 to 2019, which is shown in Table 7.

Table 7. SEZs IN LAO PDR

SEZS IN LAO PDR	LOCATION	ESTABLISHMENT	LAND AREA (HA)	REGISTERED CAPINVESTMENT	
INDUSTRIAL PARK					
1	Savan Seno SEZ	Savannakhet	2002	954	74,000,000
2	Vientiane Industrial and (Pakse) Champasak SEZ	Vientiane	2009–2010	110	43,000,000
3	Saysettha SEZ	Champasak	2015	195	62,500,000
4	Phoukhyo SEZ	Vientiane	2010–2011	1,000	128,000,000
5		Khammuan	2011	4,850	708,000,000
TOURISM AND NEW URBAN CENTERS					
6	Golden Triangle	Bokeo	2007–2014	3,000	86,600,000
7	ThatLuang SEZ	Vientiane	2011	365	1,600,000,000
8	LongThanh SEZ	Vientiane	2008–2012	558	1,000,000,000
9	Luangprabang SEZ	Luangprabang	2016	4,850	1,200,000,000
TRADE AND LOGISTICS					
10	Boten SEZ	Luangnamtha	2003–2012	1,640	500,000,000
11	Dongphosy SEZ	Vientiane	2009–2012	54	50,000,000
12	Thakhek SEZ	Khammuan	2012	1,035	80,000,000
TOTAL				18,661	5,522,100,000

Source: Ministry of Planning and Investment (MPI), SEZO, 2019

57. As mentioned above, 12 SEZs have been established and in operations in Lao PDR, including 4 SEZs and 8 specific economic zones. The Government has offered various incentives to both domestic and foreign investments. SEZs are classified into three categories, namely (i) industrial zones, (ii) tourism and new urban centers, and (iii) trade and logistics areas. Geographically, the SEZs are located in proximity to border areas linking to production bases and international ports in neighboring countries, namely Thailand, Vietnam, and China.

Figure 2. MAP OF SEZ IN LAO PDR



Source: SEZO, Lao PDR, 2019

58. According to SEZO report provided at the consultative meeting in November 2019, the SEZ development for 2003–2019 period achieved the target economic results to some degree as summarized in Table 8. In particular, the total land area for constructing SEZs (special and specific economic zones), including subzones, was almost 30 thousand ha. The total number of investors (firms) reached to 721 with the total investment of USD 3.52 billion, 44.5 thousand jobs created, export value of USD 1.45 billion, contribution to the government revenue with USD 36.36 million as well as GDP growth and structural change.

Table 8. SEZ DEVELOPMENT FOR 2003 – 09/2019 PERIOD

Land area used for SEZ construction	29,453 ha (including subzones)
Firms invested SEZs	721
Actual investment	USD 3.51 billion, including: - Government: USD 51.91 million - Developers: USD 2.61 billion - Investors: USD 851.65 million
Government revenue	USD 36.36 million
Export value	USD 1.45 billion
Contribution to GDP	- 2013: 0.3 % - 2014: 1.0% - 2015: 0.72% - 2016: 0.85%
Jobs created	44,505

Soure: Ministry of Planning and Investment (MPI), SEZO, November 2019

59. Among the SEZs in Lao PDR, Savan–Seno Special Economic Zone (SASEZ) is the first special economic zone established under the Prime Minister Decree 148/PM on 29/09/2003 with the total land area of 956 ha. It is situated next to the Second Thai–Lao Friendship Bridge, along the Road No. 9 in Savannakhet province. The core objectives of SASEZ were to promote the investment for production, trade, and services along East–West Economic Corridor (EWEC).

60. SASEZ covers the specific zones: (i) **Zone A**: 436 ha for Trading, Financial Center and entertainment zone developed by Savan City Company Limited; (ii) **Zone B**: 20 ha located in Outhoumphone city for developing Logistic and Warehouse and operated by Savan Seno Special Economic Zone Authority. Nowadays, the Government of Lao PDR has invested more in infrastructure, including roads, power supply, and water in support of further zone development; (iii) **Zone C**: 220 ha for establishing industrial state and trade district located at pillar 10 of Kaisonemvihan city and developed by Savan Park Company; (iv) **Zone D**: 180 ha for developing residential and commercial area developed by SAVAN City Company Limited and located on pillar 8 of Kaisonemvihan city, including housing development and basic infrastructure projects.

61. The SASEZ’s key objectives were to:

- Transform and strengthen the strategic sectors such as industry, trade, industrial service, and shipping
- Create and Increase employment and improve the living standard of local people
- Generate spillover effect of knowledge and skills
- Support the linkages between the Special Economic Zone and the local economy through domestic enterprises

62. The SASEZ Authority (SEZA) was responsible for managing SASEZ activities. The SEZA took the leading roles in:

- Supervising the SASEZ's implementation of laws and regulations
- Examining the performance of developer and investors in SASEZ
- Liaising with SASEZ and handling (and negotiating) contract and MoU signing, e.g. between the Government and SASEZ
- Forming One-stop service center (OSSC) in order to facilitate the investors and associated businesses in SASEZ. The services include investment license appraisal and issuance, business registration, land use right, export – import formality, tax procedures, VISA and immigration for investors and foreigner staffs, work permit and labor, and so on.

63. Generally, investment in SASEZ in principle enjoys more incentives as compared to those invested outside SASEZ in terms of tax rates and tax holidays, land use right, prices and availability of infrastructure, facilities, and utilities. Tax Incentives in SASEZ shown in Table 9 reflects tax incentives by sector in which the Government encourages the investment in manufacturing sector, especially for export-driven manufacturing sectors.

Table 9. TAX INCENTIVES IN SASEZ BY INDUSTRY IN SASEZ

Industry	Tax holidays	ICT imposed in post tax holidays
A. Manufacturing (Export-oriented Industry)		
70% and more	10	8%
30% – 69%	07	8%
Up to 30%	05	8%
B. Trade and Services		
Domestic market	05	10%
Re-export	03	10%
Export	10	8%

64. Among four specific zones in SASEZ, zone C has been developed in line with the development plan and obtained certain achievements. The total number of investors are 69 from a number of countries, including, Australia, Belgium, Canada, Hongkong, France, Holland, Japan, Malaysia, South Korea, Thailand, Taiwan, and others investing in SASEZ. For further development, the SASEZ has been calling for investment in (i) industrial manufacturing and raw material value added processing, (ii) services-oriented businesses, duty-free goods, transportation and commercial complexes (commercial buildings, hotels, service apartments, recreational centers, financial and banking, technical institutions, hospitals, and restuarants.

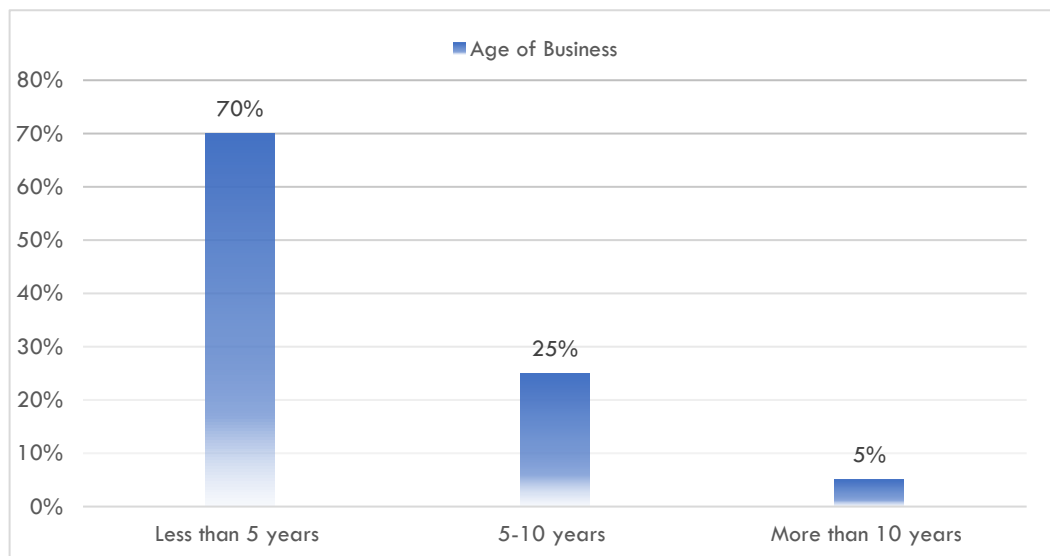
CASE STUDY ON SEZ MANAGEMENT AND PROMOTION IN SASEZ

65. The case study on SEZ management and performance of SASEZ was conducted through SEZ firm survey. The core indicators used for the firm survey focused on SEZ firm's business [(i) Age of business, (ii) Business ownership, (iii) Business sector, (iv) Investment, (v) employee, (vi) Trade, (vii) linkages to local economy; and SEZ management and promotion including (viii) SEZ regulatory framework, (ix) investment incentives in SEZ, (x) infrastructure in SEZ, and (xi) functions of OSSC.

66. 20 investing companies from the SASEZ responded to the survey in December 2019 and January 2020. The SEZ firm survey results are summarized as below:

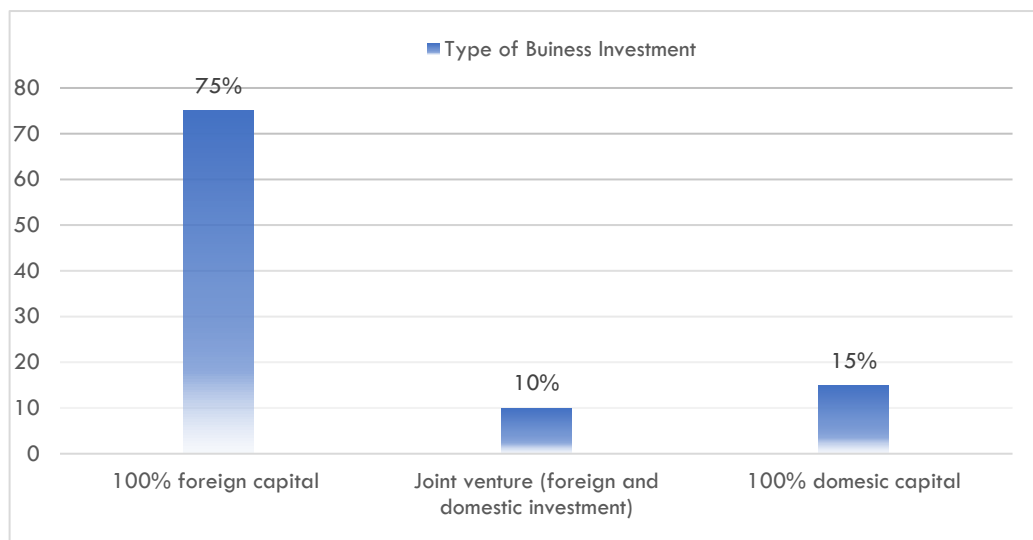
- **Age of SEZ company.** About 70 percent of the surveyed firms were established and have been in operations for less than 5 years (2015–2019), which are followed by 25% with 5–10 years, and 5% with more than 10 years, respectively.

Figure 2. AGE OF SEZ COMPANYY



- **Business ownership.** About 75 per cent of the surveyed firms are owned by foreign entrepreneurs, while 10% of the firms are joint-ventures, and only 15% are domestic owned firms

Figure 3. TYPE OF BUSINESS ONEWRSHIP AND INVESTMENT



- **Employee by Business Size.** The number of employees working for SEZ firms varied from one to another depending on business sizes and sectors. As a matter of fact, 45% of surveyed companies hired 1–49 employees, while only 5% hired 50–99 employees, and 20% hired 50–149 employees, and 30% of them hired 150 employees and/or more.

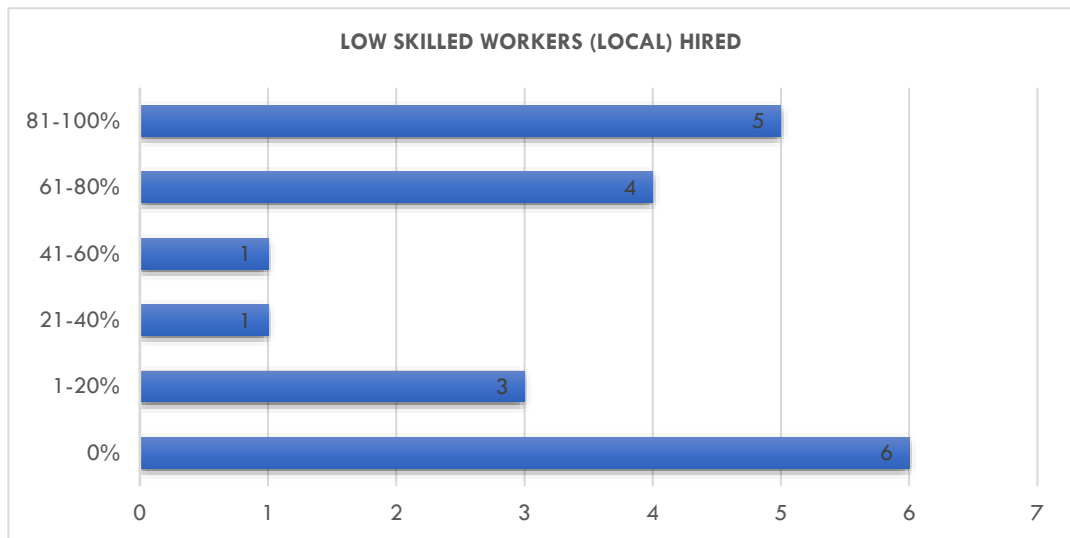
Figure 4. EMPLOYEES BY BUSINESS SIZE



- Among 20 surveyed companies, 5 companies used unskilled/low skilled workers with 81–100% of their labor force, 5 companies hired this category with 4–80%, 1

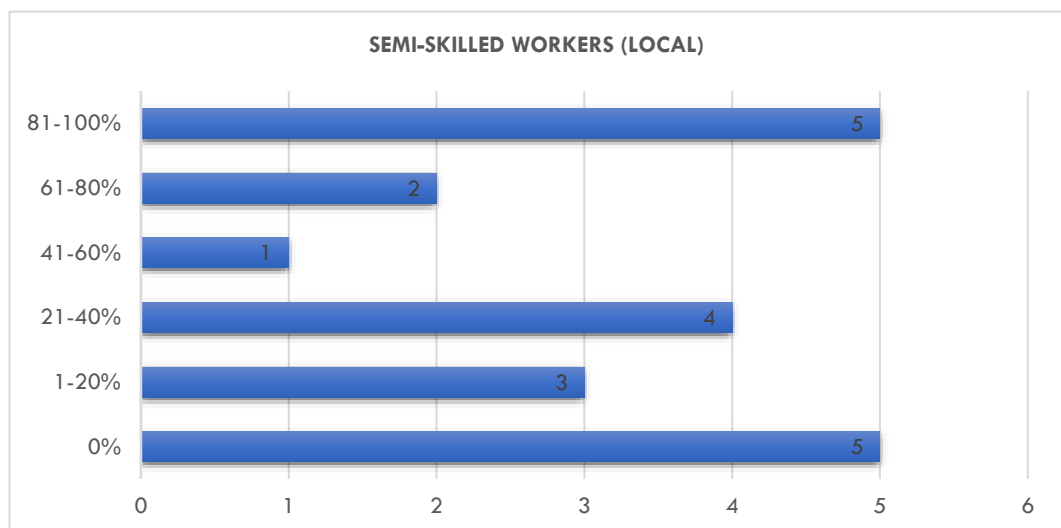
company owned 21–40 % of unskilled/low skilled labor, 3 companies hired unskilled or low skilled labor with only 1–20%, and 6 companies did not employ unskilled/low skilled workers.

Figure 5. UNSKILLED/LOW SKILLED WORKERS HIRED



- Instead, the SEZ firms that did not use unskilled/low skilled employed semi-skilled labor, while others used both semi and low skilled workers in their labor force as illustrated in Figure 5.

Figure 6. SEMI-SKILLED WORKERS (LOCAL)



- **Investment modality.** 75% of the surveyed firms represent 100% foreign investment, while 15% of the firms are 100% domestic owned companies, and 10% are joint ventures. In this connection, the investment of each foreign owned firm was USD 3.2 million on average. They mostly invested in the manufacturing,

infrastructure, construction, and logistics, e.g. electronics and electrical appliances, steel, construction and construction materials, automobile, transportation and logistics.

- **Exports** 12 out of 20 surveyed firms shared the information as below:
 - The total export value (as of 09/2019): USD 100 million
 - Average export value (annual) of 2014–2018: USD 100 million
 - Forecasted export value (annual) of 2020–2024: USD 97 million

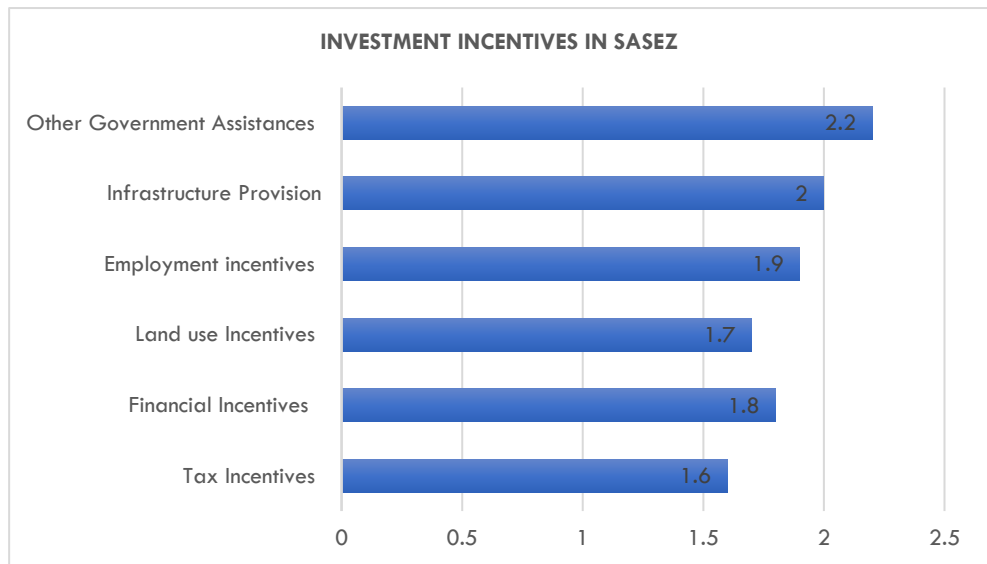
- **Imports.** 13 out of 20 surveyed firms shared the information as summarized as below:
 - The total import value (as of 09/2019) by five 05 surveyed firms : USD 200 million
 - Average import value (annual) of 2014–2018 by four 04 surveyed firms : USD 140 million
 - Forecasted import value (annual) of 2020–2024 by four 04 surveyed firms: USD 200 million

- **SEZ management and promotion.**

- - **SEZ Regulatory Framework.** Over 80% of the surveyed firms reflected that the SEZ regulatory framework of the SASEZ aligned with national law and regulations, and there existed the linkage between the SASEZ and the national investment framework. The SEZ management mechanism is in place with clear institutional roles and responsibilities of concerned organizations. Regarding SEZ ownership, most companies understood that SASEZ is instituted in the form of private ownership, but nearly 40% mentioned that SASEZ was established and developed in the form of PPP modality. In addition, the SASEZ promoted the linkages between SASEZ companies and local economics.
 - **Investment Incentives.** The overall average rating was 1.9⁴, i.e. in the range of Very good and Good, demonstrated the companies' satisfaction with investment incentive scheme, such as incentives, land use incentives, financial incentives, and employment incentives offered by SASEZ, and shown in Figure 6.

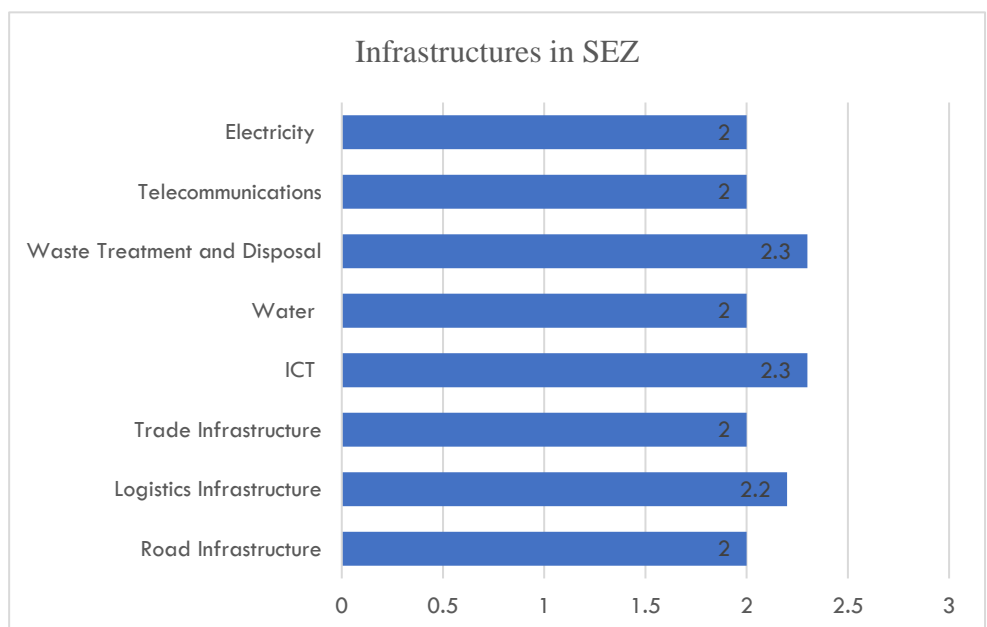
⁴ Rating scale: 1. Very good; 2. Good; 3. Average; 4. Poor; 5 Very Poor

Figure 7. RATING INVESTMENT INCENTIVES OF SASEZ



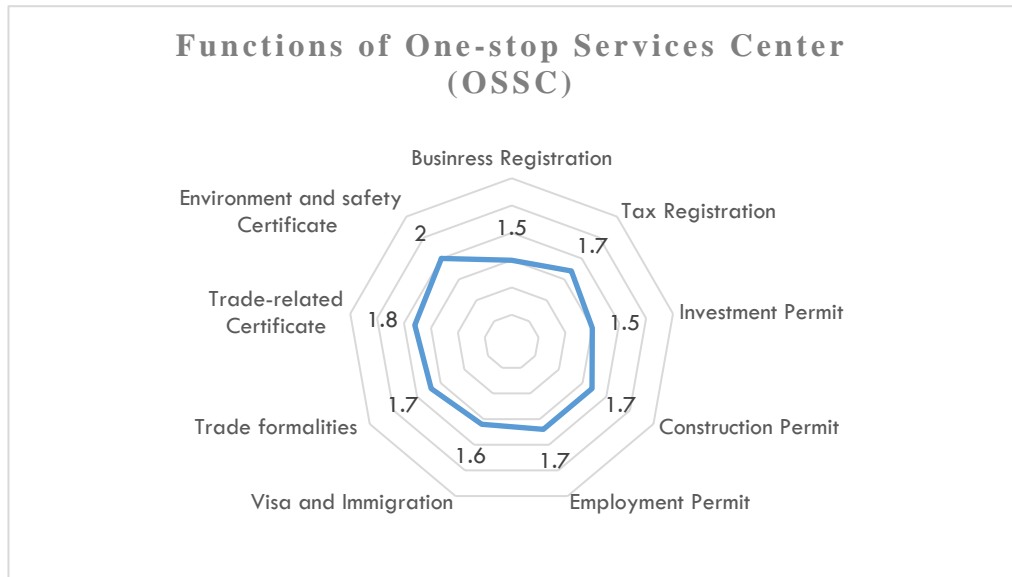
- **Infrastructure Support and Development.** The overall assessment of the infrastructure support and development in SASEZ was 2.1 with which the surveyed firms reported that the infrastructure support of the zone such as electricity, telecommunications, water, trade and customs infrastructures, and road infrastructures was functional and appropriate enough for their business operations, while ICT and waste treatment and disposal facilities needed further improvements.

Figure 8. RATING INFRASTRUCTURE SUPPORT AND DEVELOPMENT



- **Functions of OSSC.** The overall average rating of 1.7 shown that the OSSC services provided to SASEZ firms were effective and supportive. Among the services of the OSSC, the services for business registration, investment permit, visa and immigration, work permit, tax registration, trade-related certificate, import and export formalities, construction permit met the requirements of the investors, while services related to safety and environmental protection were still inadequate.

Figure 9. RATING THE FUNCTIONS OF OSSC



- In summary, the firm survey at the SASEZ received the responses of 20 companies. Most surveyed firms' age are less than five years old and holding 100% foreign capital (in practice, the SASEZ was established in 2003, while about 30% of the firms operated their businesses more than 5 years and invested in SASEZ in the form of joint venture and domestic ownership (15%). The employment and number of employees varied with 45% of the total firms hiring 1–49 workers; 25% hiring 50-149 workers, while 30% mobilized workers from 150 and more. The number of laborers in each firm depended on the business scale and business sectors. It also shows that the local low and semi-skilled labor force is crucial as employed by 70-80% of the surveyed firms. As of 2019, the average investment of each foreign owned firm is USD 3.2 million and the invested industries centered in electronics and electrical appliances, construction and construction materials, automobile, transportation and logistics, and steel manufacturing. The export and import value were not fully reported (In 2019, the total exports of 12 firms were rather limited. As for the SEZ regulatory framework, investment incentives, infrastructure support and development as well as public services provided by OSSC, the survey companies agreed that the management of SASEZ met their requirements for investments and business operations but SASEZ should consider the further development of ICT infrastructure and waste treatment and disposal facilities together with obtaining certification of environment protection and safety in SASEZ.

67. The SEZ program has started since 2003. Over a 16-year development period, the SEZs have achieved certain results in terms of attracting foreign and domestic investment, contribution to job creation, export development, and economic growth. To accelerate the SEZ development progress, the following issues need further consideration:

- Investment promotion program in support of investment in SEZs, especially an effective policy and mechanism to attract more foreign direct investment (FDI) in SEZs
- Access to land for constructing special economic zones and specific economic zones, e.g. the case of specific zones A, B, and D in SASEZ
- Capability of SEZ developers in Lao PDR, especially capability to mobilize funding to build special economic zones and specific economic zones
- Capacity development for OSSC-related organizations, especially in the areas of safety and environment protection.

MYANMAR

68. One of the reform objectives in Myanmar is to promote the manufacturing sector through establishing Special Economic Zones (SEZs) that have been designed to facilitate imports, exports, and FDI. The SEZ development is under the governance of (i) Myanmar Special Economic Zone Law and Dawei Special Economic Zone Law (27 January 2011); (ii) Myanmar Special Economic Zone Law 2014; (iii) Notification No. 1/2015 on the Myanmar Special Economic Zone Rules dated 27/08/2015; and (iv) Myanmar Company Law, 2017.

Figure 10. MAP OF SEZS IN MYANMAR

69. The law stipulated that a SEZ is the “zone notified and established by the Central Body as the Special Economic Zone by demarcating the boundary and issuing the notification under this Law”. An establishment of the SEZ shall have a contiguous area of at least 1,000 ha, but not exceeding 20,500 ha. SEZ must be demarcated. Free zone is specialized in export-oriented manufacturing and supporting industries supplying directly to the export-oriented manufactures, while promotion zone and other businesses are designed for serving domestic market. Free Zone must be fenced with the minimum height of 240 cm together with the minimum height of 60 cm barbed wired. Land lease is for a 50-year period with a possible term extension of 25 years. SEZ Ownership is in the form of Public–Private partnership (PPP).



Source: www.itd.or.th

70. The Government of Myanmar has designated three SEZs: (i) Kyaukphyu; (ii) Dawei; and (iii) Thilawa.

71. **Kyau Kphyu SEZ** is located in the western region of Rakhine State with an aim to serve as trade corridor connecting the three economies across China, India and ASEAN. The first phase comprised the development of 100 hectares of industrial park, a deep-sea port with

a container handling capacity of 80,000 20-foot equivalent units (TEU). The deep-sea port project is the first phase of the agreement signed in November 2018. The China International Trust Investment Corporation (CITIC), the China state-owned investment company, led the consortium as a key developer.

72. Expected to be a petrochemical hub with a USD 2.5 billion oil and gas pipeline supplying to China, the feasibility studies (FS) related to the zone development and the seaport were completed as a preparation for construction and development. In July 2019, CITIC Group started requiring environmental impact assessment (EIA), social impact assignment (SIA) and preliminary geological survey upon signing MoU with government.
73. The KKSEZ is also a part of China–Myanmar Economic Corridor (CMEC) under One Belt One Road Initiative, which is connected with a Y-shaped railway line, starting from Yunnan province to Mandalay and Nay Pyi Taw in Myanmar, and extended to Kyauk Phyu Sea Port and Yangon city, where New Yangon City Project (NYC) is located.
74. **Dawei SEZ** is developed by Thailand and Myanmar with support from Japan, located in the southern Tanintharyi region (132 km far from Myanmar – Thailand border). The initial phase of Dawei SEZ included construction of a two-lane road (138km), a wharf to accommodate 15,000–40,000-ton vessels, an industrial zone for labor intensive industries, a power plant, residential buildings and a water supply system (196 km²). Future plans include a motorway linking Dawei SEZ with Thailand’s Kanchaburi province, as well as a railway and links to oil and gas pipelines. The SEZ project was suspended in 2013 due to financial hurdles faced by the developer, Italian–Thai Co. And it was re-initiated with a USD 1.7 billion project for phase 1 development in August 2015.
75. **THILAWA SEZ** is formed by Myanmar-Japan Joint Venture, where Myanmar Japan Thilawa Development Limited – MJTD is the zone developer, consisting of (i) Thilawa SEZ Management Committee (TSMC) representing the Government of Myanmar; and (ii) Japan International Cooperation Agency (JICA) on behalf the Government of Japan. In this consortium (i) The Myanmar and Japanese Governments share 20% stakes (10% via JICA, and 10% via Thilawa SEZ Management Committee (TSMC), respectively; (ii) Myanmar private consortium accounts for 41% of stakes via the Myanmar Thilawa SEZ Holdings Public Limited, and (iii) Japanese private consortium, 39% stakes via Thilawa Development Co., Ltd.
76. Geographically, the Thilawa SEZ is located in a strategic location on the bank of Yangon River and about 38 kilometers away from Mingaladon International Airport and 23 kilometers from downtown area of Yangon Commercial District. The total land area of Thilawa SEZ is od 2,400 ha including zones A and B: (i) Zone A – an industrial area with 396 ha (construction was completed in 20915) is in operations; (ii) Zone B with 262 ha has also been developed to expand the SEZ and to be an industrial area in line with investment policy (labor-intensive and export-oriented manufacturing). Phases 1 and 2 were complete and operation started in 2018 and 2019, respectively. The long-term objective is to contribute to sustainable economic development through industrial development and employment generation.

77. Approval of Investor's Investment in Thilawa SEZ is decided by the Thilawa SEZ Management Committee; (ii) Investment approval for investors outside Thilawa SEZ is granted by the Myanmar Investment Commission (MIC). All investment and businesses in the SEZ are provided by OSS Center.

- **Establishment and Construction:** (i) Investment Permits/License; (ii) Company registration; (iii) Tax registration; (iv) environmental protection/impact assessment (EIA); (v) Construction permit; (vi) Factory operations certification
- **Commencement of business operations:** (i) Visa and immigration; (ii) Customs formalities; (iii) Certificate of origin; (iv) Taxation; (v) power and water supply; (vi) waste treatment; (viii) FDA; (ix) labor and training; and (x) others

78. Industries Invested in SEZs: (i) Infrastructure Development; (ii) Manufacturing-based Industries; and (iii) Services-based Industries.

79. Unlike industrial parks in the country, Thilawa SEZ provides quality comprehensive internal infrastructures, namely industrial water supply system (6,000 m³/day); sewerage treatment system (4,800 m³/day) for wastewater, and solid waste treatment); power supply system (50 MW power plant), power distribution line (33KV line), vocational training center, access roads, substation, multi-purpose port (external infrastructure).

80. Investment incentives of the Thilawa SEZ are described in Table 10.

Table 10. INVESTMENT INCENTIVES IN THILAWA SEZ

FREE ZONES	PROMOTION ZONES
Income tax exemption for the first seven years	Income tax exemption for the first five years
After seven years, 50% relief of current legal income tax rates for five years	After five years, 50% relief of current legal income tax rates for the second five years
After 12 years, 50% relief of current legal income tax for profit that is reinvested within one year as a reserve fund for the next five years	After 10 years, 50% relief of current legal income tax for profit that is reinvested within one year as a reserve fund for the next five years
Exemption from commercial tax or valued-added tax	For the first five years, exemptions from customs duties and other relevant taxation on production machinery and replacement parts; and construction materials for building the business's own facilities, such as factories, warehouses and offices
Exemptions from customs duties and other relevant taxation on imports of raw materials for production machinery instrument and necessary spare parts for production; construction material for building such as factories, warehouses and own offices and motor vehicles	For the resources listed above, 50% relief of the custom duties and other taxation the next five years

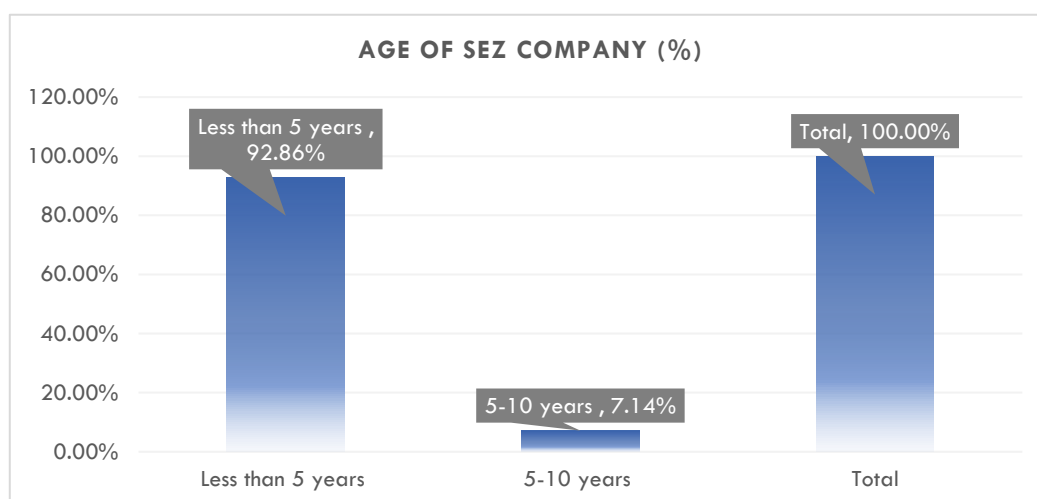
	The customs and other taxation shall be paid for the importation of raw materials and other goods for production
The exemptions of customs duties and other relevant taxation on the import of trading goods, consignment goods, motor vehicles and other materials which are essential for a business's free-tax wholesale trading, export trading and services of provision and transportation	For the resources listed above for, the option to apply for a refund of customs duties and other taxation paid on importing them, if the goods they help produce are exported abroad or into a Free Zone
The option to apply for exemption on import tax or value-added tax for goods imported from a local or Promotion Zone to a Free Zone for the investor of Free Zone	Exemption of commercial tax and value added tax during the relevant relief period provided in the Special Economic Zone Law
	In all other cases, businesses shall regularly pay the customs and other taxes upon importing raw materials and other goods for production

FIRM SURVEY ON SEZ MANAGEMENT AND PROMOTION IN THILAWA SEZ

81. The case study on SEZ management and performance of Thilawa SEZ was conducted through SEZ firm survey which is similar to the case of SASEZ in Lao PDR. The firm survey in Thilawa SEZ was conducted in October 2019. The survey received the responses of 14 companies as the representatives of all firms currently operating in the SEZ. The SEZ firm survey results are summarized as follows:

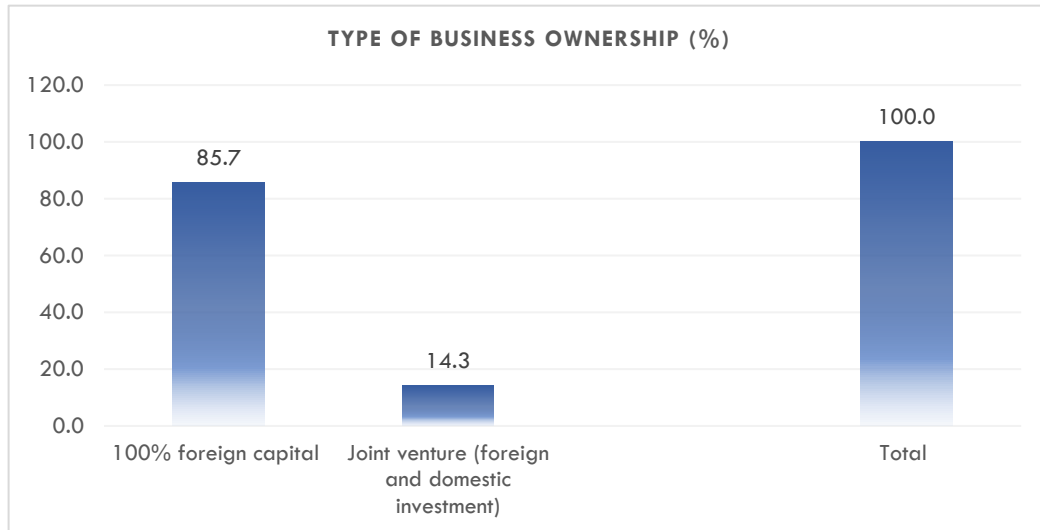
- **Age of SEZ company.** More than 92 percent (13 firms) of the surveyed firms were established and have been in operations for less than 5 years (2015-2019), while only 7 per cent have been operating for 5-10 years.

Figure 11. AGE OF SEZ COMPANY



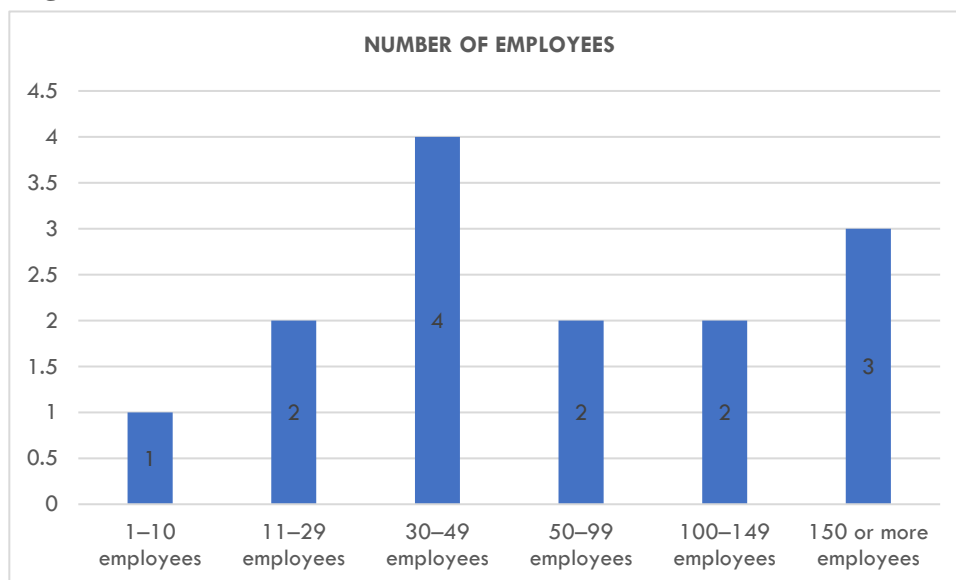
- **Business ownership.** More than 85 per cent of the surveyed firms are owned by foreign entrepreneurs, while 14 per cent of the firms are joint ventures.

Figure 12. Type of business ownership and investment.



- **Employee by Business Size.** The number of employees working for SEZ firms varied from one to another in line with business sizes and sectors. As a matter of fact, 50% of surveyed companies hired 1–49 employees, while only 14 % hired 50–99 employees, 14% hired 100-149 employees, and 21% hired 150 employees and more.

Figure 13: EMPLOYEES BY BUSINESS SIZE



- Among 14 surveyed companies, 2 companies (about 14%) used unskilled/low skilled workers with 61–100% of their labor force, 4 companies (about 29%) hired this category with 21– 60%, 4 companies (about 29%) owned 1-20% of

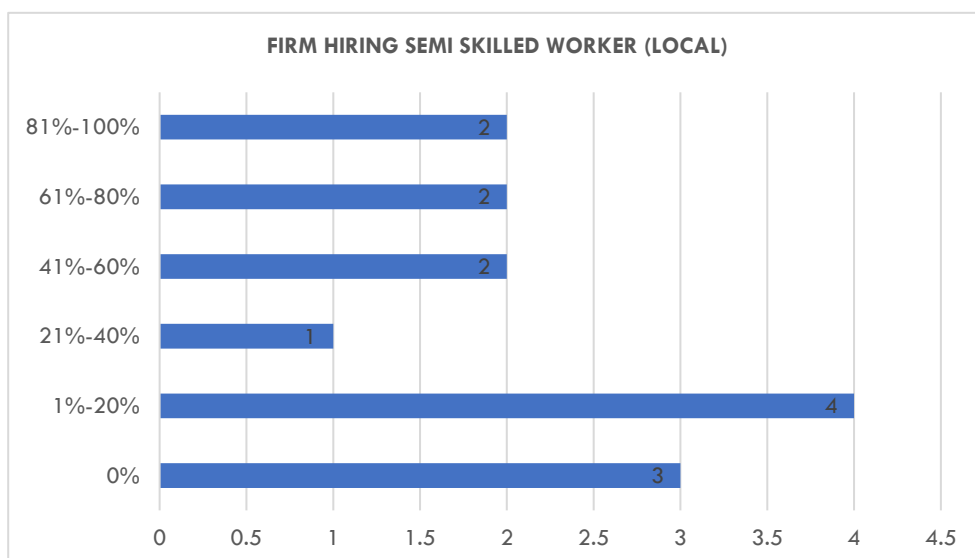
unskilled/low skilled labor, and 4 companies did not employ unskilled/low skilled workers.

Figure 14: FIRM HIRING LOW SKILLED WORKERS (LOCAL)



- The SEZ companies that did not use unskilled/low skilled employed semi-skilled labor and others used both semi and low skilled workers in their labor force are described in Figure 15 where 6 companies hired 41%-100% of semi skilled workers, and 5 companies pooled 1-40% of the workforce, respectively; but 3 companies did not appoint semi-skilled workers from the local labor market.

Figure 15: FIRM HIRING SEMI-SKILLED WORKER (LOCAL)



- **Investment modality.** 72% of the surveyed firms represent 100% foreign investment, while 28% of the firms are joint ventures. In this connection, the

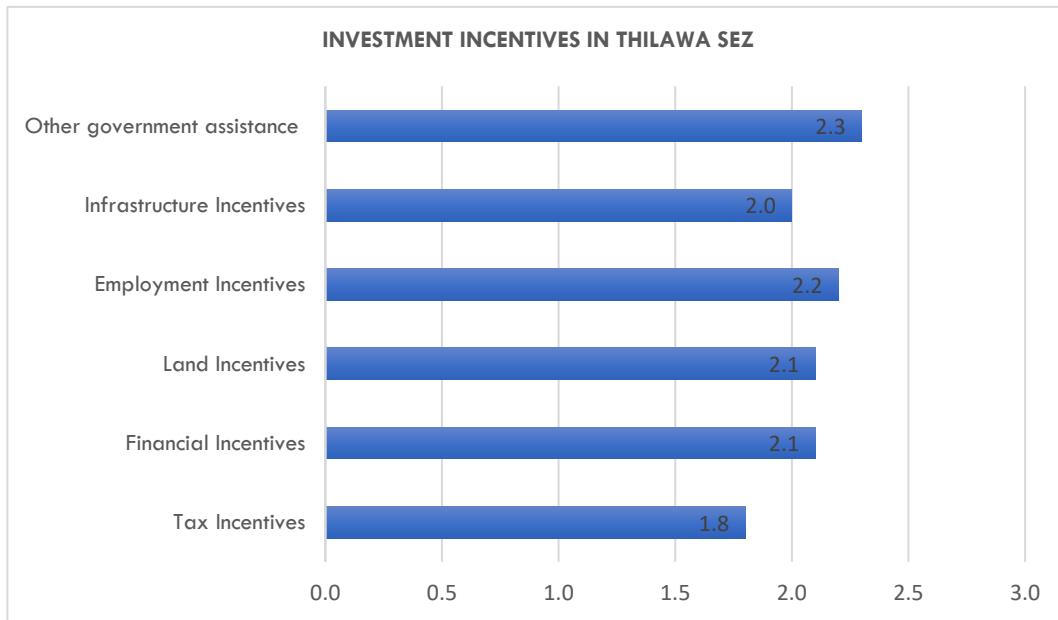
investment of each foreign owned firm was USD 11.85 million on average. They mostly invested in (i) the manufacturing e.g. industrial gas, manufacturing camea, plastic packaging, aluminium cans, garment and textile; and (ii) transport and logistics services. As for joint–venture companies, the average investment was 34.3 million. In this connection, agriculture and food processing is the industry with the highest investment value at present.

- **Export value.** 04 out of 14 surveyed companies shared the information as below:
 - The total export vaule of 2019 (as of 09/2019): USD 4 million
 - Average export value (annual) of 2014–2018: USD 129 million
 - Forecasted export value (annual) of 2020–2024: USD 1.7 billion

- **Import value.** 05 out of 14 surveyed firms shared the information as stated as below:
 - The total import vaule of 2019 (as of 09/2019) by five 05 surveyed firms : USD 1.2 billion
 - Average import value (annual) of 2014–2018 by four 04 surveyed firms : USD 0.7 billion
 - Forecasted import value (annual) of 2020–2024 by four 04 surveyed firms: USD 0.2 billion

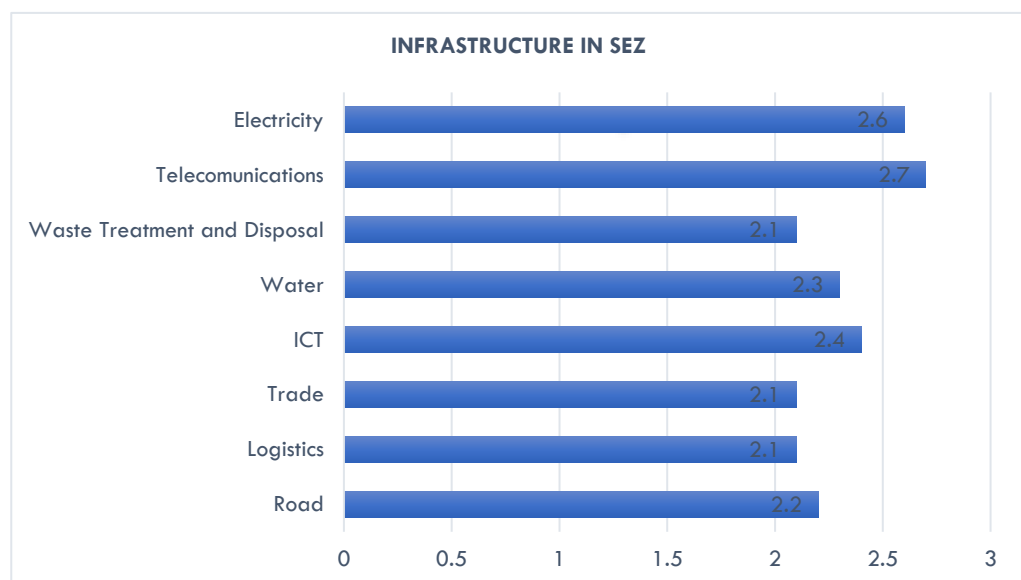
- **SEZ management and promotion.**
 - ***SEZ regulatory framework:*** About 100% of surveyed firms affirmed that the SEZ development in the Thilawa SEZ is governed by the national law on SEZ and linked to the national economic reform and investment framework. About 55% of the firms agreed that its framework has a clear focus on industries/sectors linking with the local economy, while 45% did not agreed that (i) industries invested in SEZ align with the prioritized industries of Myanmar; (ii) Thilawa SEZ promotes the cooperation between SEZ firms and the domestic firms (outside SEZ). In the survey, most of the firms perceived that Thilawa SEZ model has undergone private development process even though the joint venture form (Japan and Myanmar public-private consortium) is in operations.
 - ***Investment incentives.*** overall average rating to the zone incentives given by the firms was 2.1 reporting that the companies showed positive perspective towards most of the incentive services offered by Thilawa SEZ, particularly to tax incentive, financial incentive, land use incentive, employment incentive, and infrastructure incentive as shown in figure 16.

Figure 16: RATING INVESTMENT INCENTIVES OF THILAWA SEZ



- **Infrastructure Support and Development:** Overall assessment of the infrastructure support and development offered by the zone was 2.3. It reported that key facilities as road, logistics, trade, and waste treatment and disposal were supportive to their factory operations, while other infrastructures for electricity, telecommunications, water and ICT were perceived on average (Figure 17).

Figure 17: RATING INFRASTRUCTURE SUPPORT AND DEVELOPMENT



- Functions of OSSC:** The overall rating to functions of OSSC of Thilawa SEZ was 1.9, reporting that the OSSC services are efficient, where the services for visa immigration, investment permit, business registration and tax registration were significantly satisfied by the investing companies, whereas other services such as employment permit, construction permit, trade formalities, trade-related certificate, environmental protection and safety permits were also good as shown in figure 18.

Figure 18: RATING THE FUNCTIONS OF OSSC



82. In summary, the firm survey received the responses from 14 companies which are currently operating in Thilawa SEZ. Most of the surveyed firms are mostly less than five years old and owned by foreign investor (about 85% of the firms), whereas a few firms are more than 5–10 years and formed in joint venture ownership (14%). As for employment and labor force, about 50% of the surveyed companies hired 1–49 workers; 21% hired more than 150 employees, and the rest hired 50-149 employees. Most of employees of the firms are from the local low and semi-skilled labor force, which represented about 80% of the surveyed firms. However, there were still some firms (20% of the reported firms) did not hire the local low/ semi-skilled workers. The study shows that 100 % foreign owned firms invested mostly in manufacturing and logistics sectors, while joint-venture companies projected investments in agriculture and food processing sector. Not all surveyed firms did not provide their export and import value, whereas only 4 or 5 firms mentioned. Regarding the SEZ framework, Thilawa SEZ development is governed by the national SEZ law, ensuring linkage with the national economic strategies, particularly with industrial policy. Moreover, it reported that most of firms are satisfied with investment packages such as incentives services, key infrastructure and facilities and OSSC services, but there were some areas suggested for further improvement, e.g. environmental and safety permits.

83. Overall, with an early development stage (2015–2019), the Thilawa SEZ has obtained the following results:

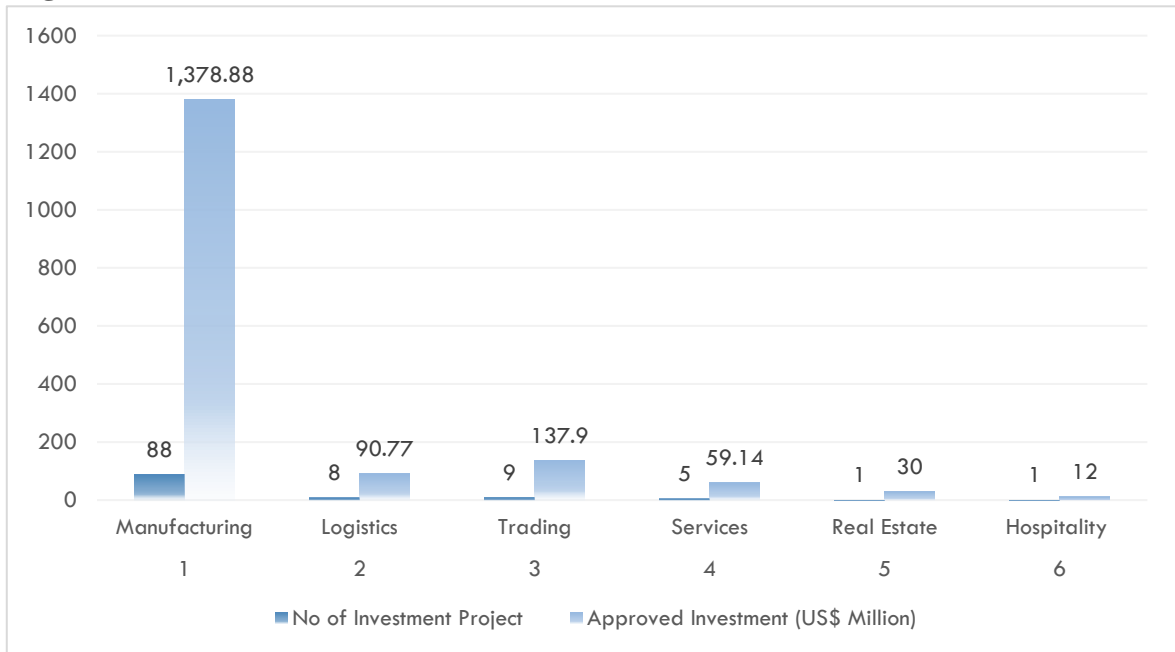
- 76 companies started commercial operation as of 1 September 2019.
- Over 37,000 planned employment and decent job opportunities.
- Domestic market-oriented industry, which supports further expansion of domestic industries and contribute to the upgrading of economy, (ii) export-oriented industry, which will help improving the trade balance for the country.
- Contribution to the supply of day-to-day commodities and durables such as foods, medicines, and vehicles, for domestic market by domestic-oriented industries.
- Contribution to the export of garments, automobile and other machinery parts, and semi-processed materials, which improve the international trade position of Myanmar economy, by the export-oriented industries.

84. The capacity of Thilawa SEZ Management Committee (TSMC) and One-Stop Service Center (OSSC), functioned by coordination between and among responsible ministries and agencies has been enhanced over the years. The OSS center has achieved significant result in terms (i) effective performance of OSSC; (ii) Investment proposals assessment standardized; (iii) operation procedures and business administration streamlined and standardized; (iv) Daily consultation services provided; and (v) Transparency and accountability.

Table 11. INVESTMENT PROJECTS IN THILAWA SEZ BY INDUSTRY, 2019

NO.	SECTOR	PROJECTS	INVESTMENT (US\$ MILLION)	SHARE (%)
1	Manufacturing	88	1,378.88	80.70
2	Logistics	8	90.77	5.31
3	Trading	9	137.90	8.07
4	Services	5	59.14	3.46
5	Real Estate	1	30.00	1.76
6	Hospitality (hotel)	1	12.00	0.70
	TOTAL	112	1,708.69	100.00

Figure 19: INVESTMENT PROJECTS OF THE THILAWA SEZ



85. Issues related Thilawa SEZ management and promotion in need of a further consideration

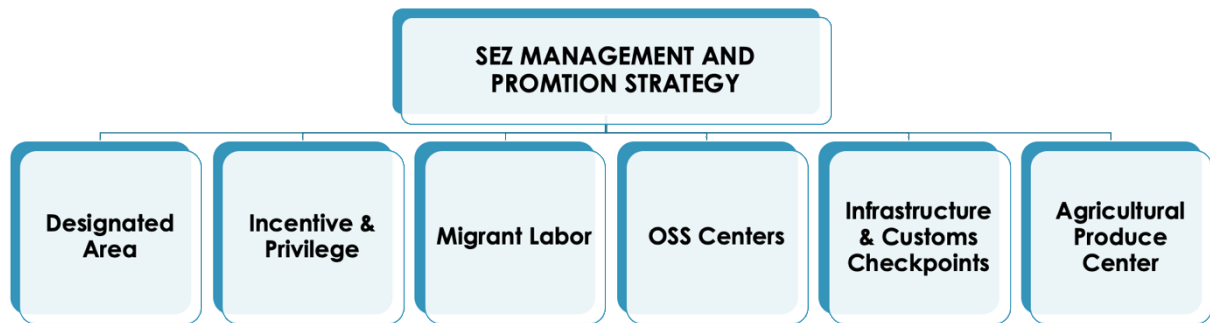
- Consideration for further improvement in financial and administrative independence of the Central Body, which is chaired by Vice President, and maintaining the financial independence of Management Committees.
- The role of the private sector in developing and operating SEZs.
- Coordination mechanism among OSSC-related ministries/departments and concerned agencies
- The role of Management Committee(s) in terms of policy making for SEZ to promote efficiency, effectiveness, and innovation as well.
- Additional technical assistance to Central Body and Management Committee

THAILAND

86. The Twelfth National Economic and Social Development Plan covering regional, urban and economic zone development, emphasized the key developments and activities, including (i) strengthening the existing production and service bases; (ii) creating new production and service bases to generate income for people in all regions; (iii) supporting the quality growth of urban areas; (iv) developing and reviving the Eastern Seaboard areas to accommodate future industrial expansion; (v) enabling the sound management of border economic areas to attain sustainable growth and competitiveness; and (vi) enhancing the efficiency of urban and regional development implementation mechanisms to deliver concrete outcomes.
87. The Plan's objectives aimed to (i) distribute regional growth and economic opportunities more equitably; (ii) develop the city centers of each province to become livable cities for all; (iii) develop and revive key economic areas to grow ecologically and improve the living standards of their communities; and (iv) develop new economic areas to enhance competitiveness and attain sustainable growth.
88. The special economic zones (SEZs) in border areas in Thailand are planned and developed under the governance of the (i) Prime Minister's office; (ii) Ministry of Foreign Affairs and Ministry of Interior National Committee on SEZ (NCSEZ); (iii) Board of Investment; (iv) Industrial Estate Authority; (v) Ministry of Finance's investment incentives and management; (vi) Ministry of Commerce; (vii) provincial authorities, and (viii) concerned agencies and organizations. The SEZ management consists of the following sub-committees:
- ***Sub-Committee on Designation of SEZs*** chaired by Ministry of Interior. Its task considers target provincial proposals for establishing SBEZs along with public land acquisition for further private lease (e.g. solving problems related to land prices);
 - ***Sub-Committee on Investment Incentives, Boundary and One Stop Service Center on Investment*** chaired by Permanent Secretary of Finance together with Office of Board of Investment, Office of Council of State, National Security Council, Department of Forestry, Office of SMEs Promotion and concerned provinces, local organizations and private sector;
 - ***Sub-Committee on Infrastructure and Customs House*** structured with the involvement of six organizations: (i) Ministry of Transport represented by Department of Highways, Department of Aviation and Marine Department; (ii) Ministry of Foreign Affairs, (iii) Ministry of Agriculture and Cooperatives, (iv) Department of Customs, (v) Office of Thailand Immigration, and (vi) Industrial Estate Authority of Thailand;
 - ***Sub-Committee on One Stop Service on Labor, Public Health and National Security*** consisting of 10 organizations: (i) Ministry of Foreign Affairs, (ii) Ministry of Interior, (iii) Ministry of Public Health, (iv) Department of Employment, (v) Department of Skill Development, (vi) Office of Thailand

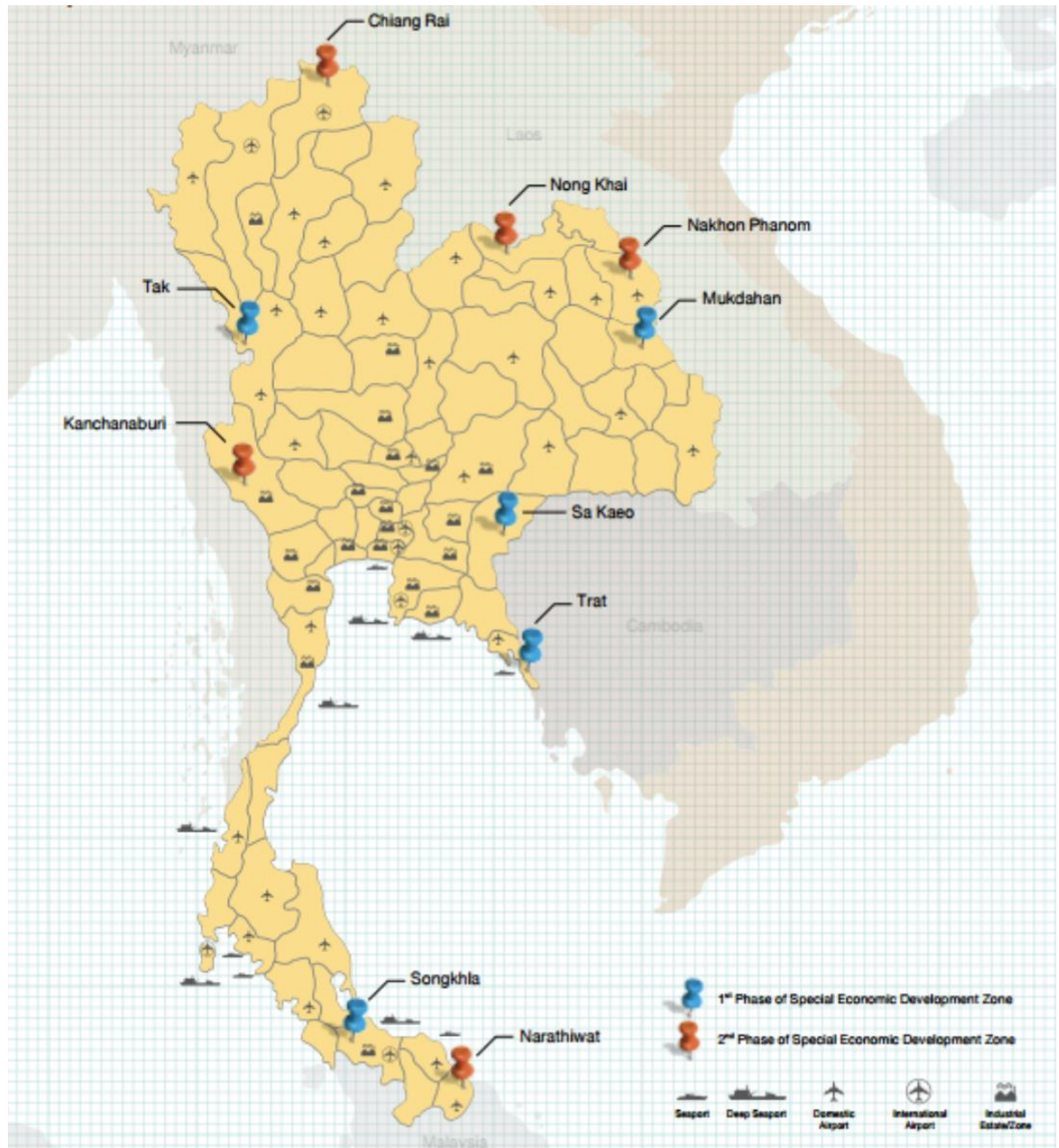
Immigration, (vii) Office of Social Security, (viii) Commission of Vocational Education, (ix) Industrial Federation of Thailand, and (x) Thai Chamber of Commerce

Diagram 1: SME Management and Promotion Strategy



89. The SEZ management and promotion described in the diagram 1 shows that SEZ scheme in border areas was established in 2015 by the Government through the Policy Committee for Special Economic Zones (PCSEZ). In Thailand, SEZ is a zone whose businesses are supported by investment special privileges, OSS center, tax incentives, financial measures, daily commute of foreign labor to work and the allocation of rented areas, and infrastructure support. Land lease is subject to a 50-year term with possibility of extension. Under the SEZ development scheme, 10 Border provinces have been established in two phases: (i) phase 1 development in Tak, Mukdahan, Sa Kaeo, Trat, and Nong Khai provinces; (ii) phase 2 development in Nong Khai, Narathiwat, Chiang Rai, Nakhon Phanom, and Kanchanaburi, respectively. 10 targeted areas for SEZs are located along the economic corridors and will be complementary with SEZ development in neighboring countries.

Figure 20. SEZS IN THAILAND



Source: Board of Investment of Thailand (BOI)

90. The total land area and plan for construction of basic infrastructure and border check points are described in Table 12.

Table 12. SEZ IN THAILAND BY LAND AREA AND PLAN FOR BASIC INFRASTRUCTURE CONSTRUCTION

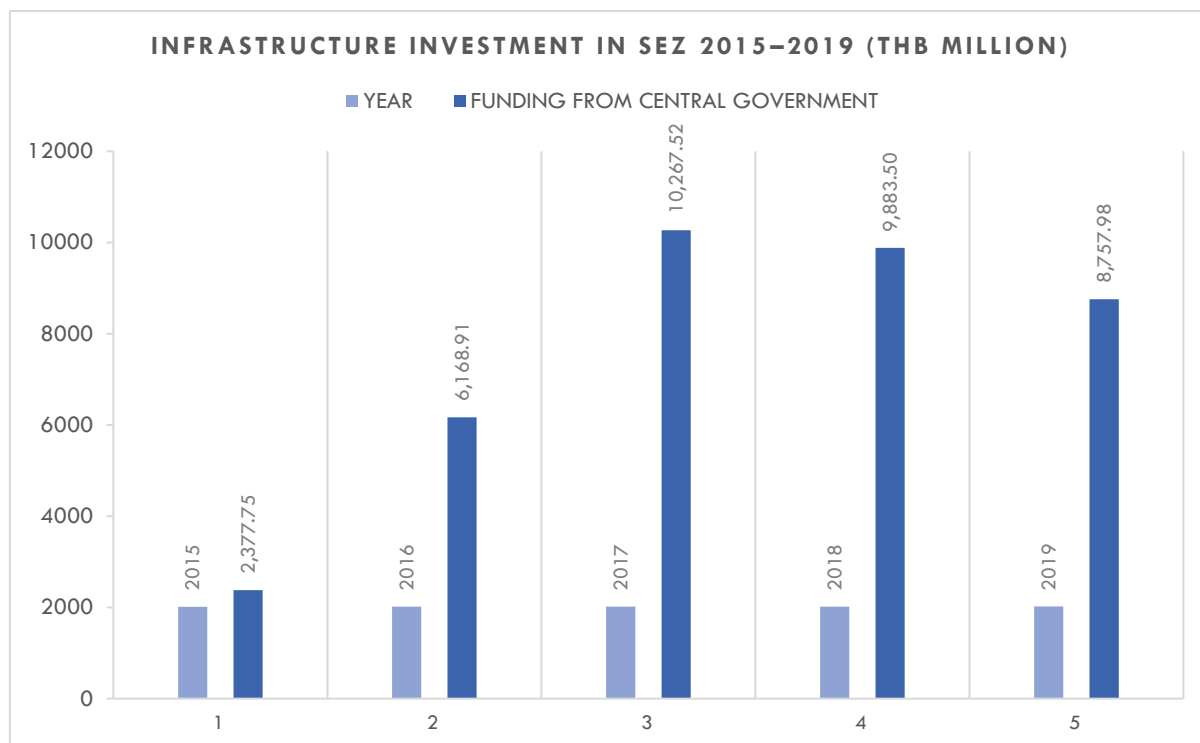
SPECIAL ECONOMIC ZONE (SEZ)	LAND AREA (KM²)	PLAN FOR CONSTRUCTION OF BASIC INFRASTRUCTURE AND BORDER CHECK POINTS
Tak (14 Sub-districts in 3 districts)	1,419.00	2021
Mukdahan (11 Sub-districts in 3)	578.50	2020
Sakaeo (4 Sub-districts in 2 districts)	332	2021
Trat (3 Sub-districts in Khlong Yai	50.2	2019
Songkhla (4 Sub-districts in Sadao	552.3	2021
Nong Khai (13 Sub-districts in 2	473.67	2020
Narathiwat (5 Sub-districts in 5	235.17	2023
Chiang Rai (21 Sub-districts in 3	1,523.63	2020
Nakhon Phanom (13 Sub-districts in	794.79	2021
Kanchanaburi (2 Sub-districts in	260.79	2019
TOTAL	6,220.05	

Source: National Social and Economic Development Council (NSEDCC), 2019

91. The SEZ development progress is summarized as follows:

- Construction of transport infrastructure such as road, airport, seaports, and bridge, and so on.
- Construction of border checkpoint, cargo and enhancement of potential agricultural checkpoint
- Constructions of free zones (under Thai Customs regulations)
- Land use planning
- Construction of industrial estate
- Establishment of investment OSS
- Establishment of labor OSS and granting work permit
- Establishment of disease prevention and control system, health care system and labor health insurance.

Figure 20: INFRASTRUCTURE INVESTMENT IN SEZ 2015-2019 (THB MILLION)



92. The industries are entitled to BOI's investment incentives are:

- Agro-industry, fishery industry, and related activities
- Ceramic products manufacturing
- Textile and garment industries, and manufacturing of leather products
- Manufacturing of furniture or parts
- Manufacturing of gems and jewelry or parts
- Manufacturing of medical devices or parts
- Manufacturing of engine and vehicle parts, and manufacturing of machinery, equipment, and parts
- Electronics and electrical appliances industries
- Manufacturing of plastic products
- Manufacturing of medicine
- Logistics
- Industrial zones/industrial estates
- Tourism promotion service and activities to support tourism

93. The Investment Incentives and Privileges provided by the Board of Investment (BOI) for Targeted and General industries/businesses in the SEZs are applied to both targeted and general industries/businesses are summarized in Table 13.

Table 13. INVESTMENT AND PRIVILEGES BY INDUSTRY/BUSINESS

INCENTIVES AND PRIVILEGES	GENERAL INDUSTRY/ BUSINESS	TARGETED INDUSTRY/ BUSINESS
Exemption from corporate income tax (ICT)	An additional 3 years but not exceeding 8 years in total	8-year period for the investment capital, excluding the land price and rotating capital
Reduction in corporate income tax on the net profit made from the investment (upon completion of ICT exemption period)	50% for 5 years for businesses of the A1 and the A2 types of industries (granted with 8-year exemption period for ICT)	50% for 5 years
Reduction in transport, electricity, and piped-water fees	Double for 10 years, starting from the first day income generated	Double for 10 years, starting from the first day income generated
Reduction in investment in installation or building facilities	25% of the investment capital (in addition to the regular reduction of depreciated value)	25% of the investment capital (in addition to the regular reduction of depreciated value)
Exemption from import duty for machinery	Exemption	Exemption
Exemption from import duty for raw materials or necessary components for the production of items for export	05 years	05 years
Permission to use foreign labor	Unskilled foreign labor	Unskilled foreign labor

Source: Thailand Board of Investment (BOI), Investment Incentives, <https://www.boi.go.th>

94. As per the perspectives of the provincial stakeholders, the following industries represent the comparative advantages and competitiveness of the five border provinces under SEZ development scheme in phase 1. This also reflected the local expectation of developing in the following prioritized industries in support of the local economic development :

- **Tak Province:** An international cross-docking center and labor industrial network for garment, textile, and processed food industries.
- **Mukdahan Province:** A logistics center and transportation of goods in transit center.
- **Sakaeo Province:** An agricultural food processing industry and transportation of goods in transit center, which can easily transport goods to Lamchabang Seaport and Bangkok.
- **Trat Province:** A logistics center, transportation-of-goods-in-transit center, and center of tourism in the region.

- **Songkhla Province:** Processed industries, such as rubber, tire, seafood processing, halal food, and a transportation-of-goods-in-transit center.

95. According to the stakeholder consultations in Chiang Rai SEZ and Chiang Khong District in October 2019, the Province expected to become a Free Trade Zone (FTZ) as the core part of SEZ development program in order to promote investment, trade, and tourism development in cooperation with the China and Myanmar along the North–South Economic Corridor (NSEC). In addition, the planned Chiang Rai SEZ must re-designated in line with the provincial comparative advantages with the fact that labor-intensive industries may not be suitable and prioritized in the current development conditions in Chiang Rai as well as in Thailand where the labor cost has become more expensive. At the same time, mobilizing foreign laborers from neighboring countries, i.e. Lao PDR and Myanmar, has been challenged by some factors, including limited supply of migrant labor.

96. Based on the NSEDC’s report in 2019, the current industries invested in the 10 SEZs include: construction and real estate, manufacturing, hospitality services, trading (wholesaling and retailing), including fuel and gasoline, agricultural materials, rubber and plastics, wood and lumber, furniture, and so on), transportation of goods and passengers, and logistics, including warehousing, and financial services. Besides, the report presented both domestic investment and foreign direct investment (FDI). Among the 10 provinces, the foreign investment in Songkhla and Tak provinces was relatively significant as compared to the others, while domestic investment in Tak, Nongkhai, Mukdahan and Songkhla were at a higher level.

Table 14. COMPANIES’ INVESTMENT IN 10 SEZS, 2019 ⁵

SEZS IN THAILAND	NO OF COMPANY	REGISTERED CAPITAL (MILLION USD EQUIVALENT)	FOREIGN INVESTMENT (MILLION USD EQUIVALENT)
TAK	1,563	226.89	25.39
MUKDAHAN	890	186.25	1.26
SAKAE0	173	409.23	7.89
TRAT	114	10.22	0.75
SONGKHLA	502	201.65	48.82
NONG KHAI	1,213	199.94	7.29
NARATHIWAT	361	85.02	7.70
CHIANG RAI	1,362	147.08	0.75
NAKHON PHANOM	741	95.84	2.85

⁵ The investment in Thai Baht was converted into USD with the use of USD/THB = 30 for reference purpose

KANCHANABURI	124	52.06	0.22
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Source: NSEDC, 2019, Investment in 10 SEZs in Thailand

97. SEZ development in the border areas of Thailand just started in 2015. The construction has still been in progress with the support of the Government. In addition to the current development, SEZ development have been encountering certain issues as bellow:

- Infrastructure development in SEZs nation-wide is not yet in an equal status.
- Bilateral cooperation between Thailand and its neighboring countries, e.g. Myanmar in developing border infrastructure, while SEZs require a lot of improvement in basic infrastructure and customs facilities to facilitate trade and investment.
- Access to land and land price escalation
- Incentives for investment in SEZs do not significantly differ from other investment schemes supported by the BOI
- Promoting labor-intensive industries with the use of foreign labor, e.g. from Myanmar, Lao PDR, in the context where labor cost in Thailand increase, while labor supply from neighboring countries is limited may become more challenging. In addition, this policy approach may contrast to other investment policies that instead encourage capital-intensive and high-technology industries.
- The current economic conditions and expectations of the provinces and SEZs do not fully match the national plan for SEZ development in terms of industrial policies.

VIET NAM

98. The development of economic zones in Viet Nam has experienced the following phases:
- **1991–1994:** Establishment and development of EPZ to attract foreign investment, boost export activities, and prepare for the country to integrate itself into global trade (Tan Thuan EPZ was established in 1991).
 - **1994–1997:** Establishment of industrial parks (IPs) and the transformation of a number of EPZs into IPs to promote investment attraction with a larger scale, diversify the development of industries, especially light industries, towards export.
 - **1997–2003:** Forming high-tech Parks (HTPs); and piloting and establishing border–gate economic zones with the establishment of Mong Cai Border Gate Economic Zone in 1996 and HTP Hoa Lac in 1998.
 - **2003 to present:** Piloting the implementation of open economic zone model through developing coastal economic zone to create conditions for the development of heavy industries in coastal areas. At the same time, application of high technology in such areas as information technology and agriculture has been promoted.
99. Economic zones are governed by the (i) Law on Foreign Investment (1987); (ii) Company Law and Private Enterprise Law (1990); (iii) Law on Foreign Investment (1996); (iv) Law on Investment 2014; (v) Decree 118/2015/ND-CP, (vi) Decree 29/2008/ND-CP; (vii) Decree 164/2013/ND-CP; (viii) Decree 114/2015/ND-CP; (ix) Decree No. 82/2018/ND-CP on Management of IPs and economic zones (EZs); and (x) prevailing laws on land, commerce, labor, construction, taxes and some other relevant laws.
100. The State management of economic zones is based on the business–center approach. The SEZ management is undertaken at two levels:
- **National level:** The Government, Prime Minister, and line ministries and agencies in which the Government takes the leading role to direct and manage the development of economic zones nationwide, including specific delegation mechanism(s) to designated ministries and agencies for designing and planning macro policies on economic zone development.
 - **Sub-national level:** Provincial People's Committee (PPC) and Management Boards of economic zones, and concerned departments implement the tasks directed by the Government and ministries and agencies in charge. As such, the local authorities are responsible for supporting and supervising all SEZ– related activities.
101. The state management of investment promotion, including investment in economic zones, is directed and governed by the Prime Minister's Decision No. 03/2014/QĐ–TTg dated January 14, 2014. Investment promotion is the responsibility of the Ministry of Planning and Investment (MPI). The Provincial People's Committees (PPC) lead the investment promotion at subnational level. Investment promotion programs include:
- Research and evaluate investment potentials, market trends, and investment partners
 - Building project portfolio call for investment

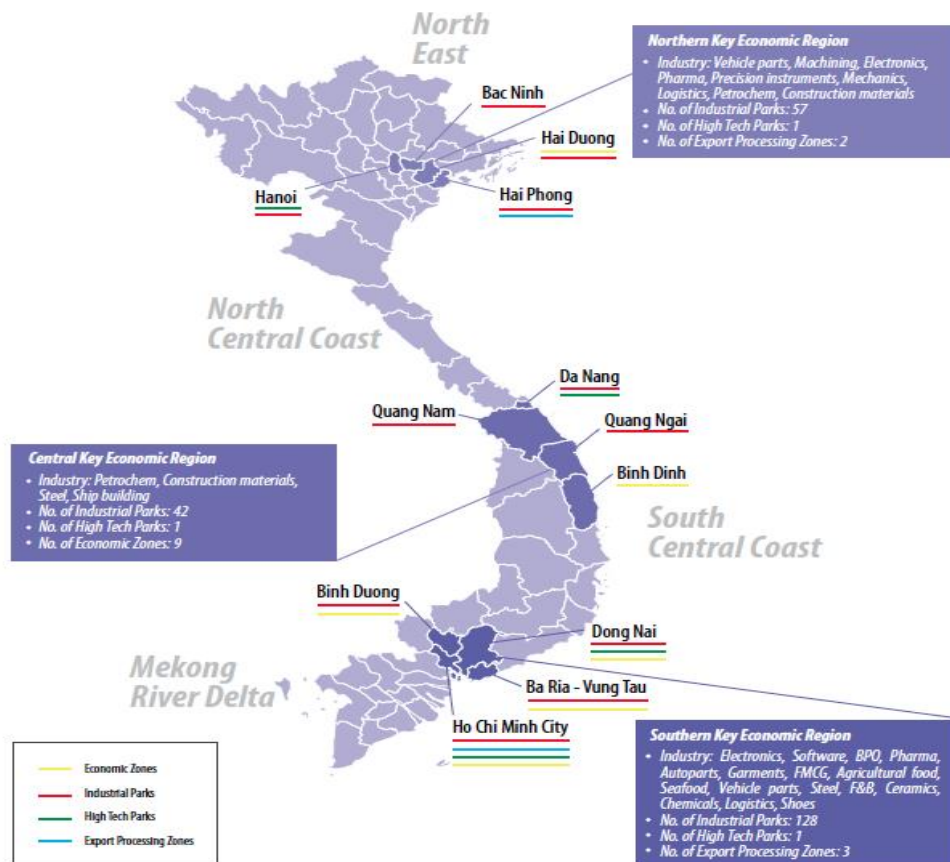
- Promote and introduce investment environment and policies and connect investment opportunities
- Provide investment support to businesses, investors, and organizations in terms of investment policies, business environment, implementation of investment projects
- Build capacity in the area of trade and investment promotion for organizations and individuals in charge.
- Promote international cooperation in investment promotion

102. Investment promotion program is planned and implemented on an annual basis in compliance with the national social and economic development plan(s).

103. According to the latest Prime Minister's Decree 82/2018/ND-CP, the definition of economic zones includes but not limited to the following:

- **Industrial park** is an area with a defined geographical boundary specialized in the production of industrial goods and provision of services for industrial production, established under the specific conditions and procedures. Industrial parks include different types, including: (i) export processing zones (EPZs), (ii) supporting industries parks, (iii) eco-industrial parks [referred collectively to as IPs, except for cases where there are separate rules for each type.]
 - Export processing zone: an IP specialized in the production of exports, providing services for manufacturing of exported goods and export activities, and established under the specific conditions and procedures applicable to the industrial park. EPZs are separated from the outside areas according to the regulations applicable to non-tariff areas prescribed in the law on import and export duties
 - Supporting industrial zone in an IP specialize in manufacturing supporting industrial products, providing services to produce supporting industrial products. The minimum proportion of land area for investment projects on supporting industries is at least 60% of the industrial land area in an IP.
 - Eco-industrial park: an IP where investors invest in cleaner production and use natural resources efficiently with business and manufacturing cooperation to create industrial symbiosis effect in order to improve the economic, environmental, and social efficiency and effectiveness
 - Industrial symbiosis in industrial parks means business cooperation between and among businesses within and with other industrial parks are made in order to optimize the use of inputs and outputs. Doing so, network to exchange production factors, common use of infrastructure and services for production, improvement in technological processes and production efficiency, and so on are prioritized.
- **Economic zone (EZ)** means an area with a defined geographical boundary, consisting of functional zones to attract investment, serves socio-economic development, and protect national defense and security. EZs cover coastal economic zones (CEZ) and border-gate economic zones (BGEZ)
 - Coastal economic zone (CEZ) means an economic zone formed in a coastal area and its adjacent areas under the specific conditions and procedures

- Border-gate economic zone (BGEZ) means an economic zone formed in a land border area and an area adjacent to the land border area with an international border gates or main border gates.
- Land area designated: 10,000 ha/EZ
- Public ownership



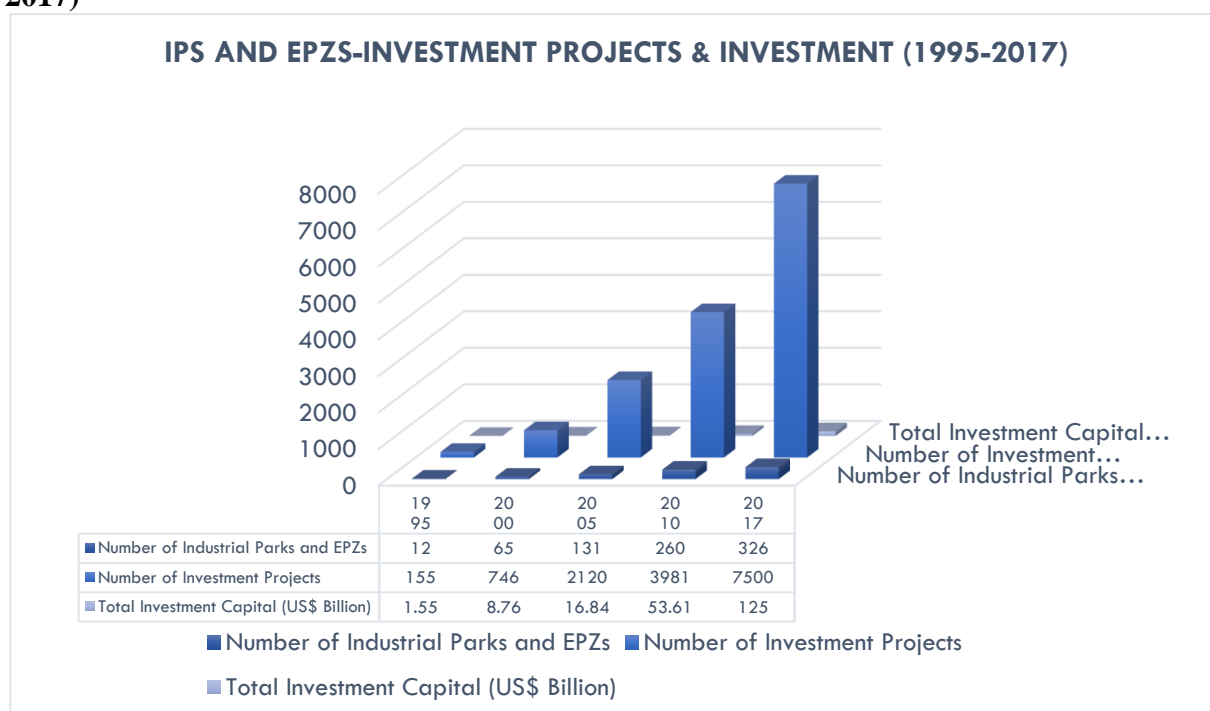
Source: Locations of industrial parks, economic zones by region in Vietnam,
Available at <https://www.dezshira.com>

104. Investment incentives for industrial parks and economic zones include:
- Industrial parks and economic zones located in the geographical areas with difficult socio-economic conditions as part of the **Investment Law are eligible for incentive investment schemes.**
 - Investment expenses for construction, operations, or lease of residential dormitories; and social infrastructure projects serving workers working in IPs and ECs **are reasonable expenses** that are eligible for deduction from CIT.
 - Investment projects on construction of houses, cultural and sports facilities, social infrastructure works serving workers working in IPs and EZs are eligible for incentives of **social housing construction programs** under construction and concerned laws
 - Investors investing projects in IPs and EZs are assisted by competent agencies in carrying out administrative procedures on investment, enterprises, land, construction, and environment, customs, labor and recruitment by **one-stop-shop mechanism.**

- Support for mobilizing capital for investment in construction of industrial park infrastructure
- Support for mobilizing capital for investment in development of technical and social infrastructure systems in economic zones
- Immigration, travel, and residence in economic zones
- Financial and credit regulations for economic zones

105. The development of export processing zones (EPZs), industrial parks (IPs), and economic zones in 1995–2017 period is shown Figure 21. According to Statistics 2017, Vietnam had 324 IPs and EPZs with 7,500 investment projects and total investment of USD 125 billion, which deemed as a breakthrough in industrial development as compared to those in 1995.

Figure 21. IPS AND EPZS INVESTMENT PROJECTS & INVESTMENT (1995-2017)



Source: Ministry of Planning and Investment (MPI), Viet Nam, 2019

106. As specified above, the BGEZ development started in 1996 (a pilot phase). Most BGEZs are located along the borders between Vietnam and the three countries, namely, Cambodia, China, Lao PDR and the North–South Economic Corridor (NSEC), East–West Economic Corridor (EWEC), and Southern Economic Corridor (SEC). The BGEZ development is in line with economic corridor approach under the GMS Cooperation Framework in terms of promoting trade and investment in the border areas and cross-border trade taking advantage of physical connectivity between and among the GMS countries. The key BGEZs by land area and target industry are described in Table 15.

Table 15. KEY BORDER–GATE ECONOMIC ZONES

BORDER GATE ECOMIC ZONE (NOT AN EXHAUSTIVE LIST)	YEAR ESTABLISHED	LAND AREA (HA)	TARGET INDUSTRY
A. NORTHERN REGION			
Hoanh Mo–Dong Van, Quang Ninh Province	2002	14,236	(i) Trade and services; and (ii) Agricultural production
Mong Cai, Quang Ninh Province	2012	71,217	(i) Trade and Services; (ii) Industrial Manufacturing; and Financial services
Dong Dang–Lang Son, Lang Son Province	2008	39,400	(i) Logistics and Transportation; (ii) Export Processing; (iii) and Industrial manufacturing
Lao Cai, Lao Cai Province	2008	15,930	(i) Trade and Services; (ii) Logistics and Transportation; (iii) Industrial manufacturing; (iv) Light industries; and (v) Tourism
B. CENTRAL REGION			
Cau Treo, Ha Tinh Province	2008	12,500	(i) Trade and Services; (ii) Industrial manufacturing; and (iii) Tourism
Cha Lo, Quang Binh Province	2002	53,923	(i) Trade and Services; and (ii) Manufacturing
Lao Bao, Quang Tri Province	1998	15,804	(i) Trade and Services; (ii) Industrial manufacturing; and (iii) Logistics and Transportation
C. SOUTHERN REGION			
Bo Y, Kon Tum Province	2009	70,483	(i) Industrial manufacturing; (ii) Handicrafts; (iii) Research and Development; (iv) Trade; and (v) and Agriculture-Forestry-Fishery production
Moc Bai, Tay Ninh Province	1998	21,284	(i) Industrial manufacturing; (ii) Trade and Services; and Logistics and Transportation
An Giang, An Giang Province	2008	30,730	(i) Industrial manufacturing, (ii) Handicraft; (iii) Agriculture and fisheries; (iv) Trade and services; (v) Tourism, and (vi) Others

Source: Compiled by Mekong Institute (MI) from the official websites of BGEZs in the specific provinces, Vietnam

107. BGEZ development and result achieved during period from 1996 to 2016 are reflected as below:

- The total number of BGEZs is 28 located among 25 border provinces in connectivity with the border provinces in China, Cambodia, and Lao PDR.

- BGEZs have contributed to improving infrastructure, facilitating trade, attracting domestic and foreign investment in border areas, and promoting economic growth of border localities. In this connection, they attracted 800 investment projects: (i) 700 domestic projects with investment of USD 2.4 billion; and 100 FDI projects with the registered investment of USD 700 million.
- The Government selected 9 key border economic zones⁶ for further investment and development by state budget in the 2016–2020 period.
- Trade and investment among the BGEZs have not yet developed in an equal manner. Cross-border trade through border gates between Viet Nam and China are recorded at higher value as compared to those in the other regions.
 - **BGEZs in Northern region:** (i) economic and social infrastructure improved; (ii) cross-border trade and Investment increased; and (iii) Trade cooperation and trade facilitation expanded;
 - **BGEZs in Central region:** (i) domestic and foreign investment in Lao Bao increased; (ii) bilateral trade and trade along EWEC enhanced; and (iii) investment in construction of infrastructure, and development of inter-regional transport system continued to enhance potential trade between the two countries needed.
 - **BGEZs in Southern region.** Except for Moc Bai BGEZ, (i) Infrastructure systems underdeveloped; and (ii) Small-sized norder-gate markets and markets in the BGEZs remained.

108. The most common features which are also deemed as challenges facing BGEZ development in Vietnam:

- All BGEZs are located in poor and border provinces in connectivity with land border gates (international and domestic) and the GMS economic corridors (NSEC, EWC, and SEC).
- Infrastructure in the border provinces are less developed (inside and outside BGEZs)
- The border provinces as well SEZs fully rely on the state budget for infrastructure development and related investment in BGEZs
- Due to difficulties in attracting investment (foreign and domestic), most BGEZs focus more on trade and services, e.g. cross – border trade and logistics, while the other target industries and businesses have yet developed.
- OSSCs’ functions have not yet implemented in BGEZs.

⁶ **A.** Northern region [Viet Nam – China] (i) Mong Cai; (ii) Dong Dang – Lang Son; (iii) Lao Cai; (iv) and Cao Bang; **B.** Central region [Viet Nam – Lao PDR] (v) Cau Treo; (vi) Cha Lo; and (vii) Lao Bao; **C.** Southern region [Viet Nam – Cambodia] (viii) Moc Bai; and (ix) An Giang.

CHINA

109. China's SEZs developed in compliance with the Reform and Opening-up policy adopted in 1978. SEZ is defined as an area in which the Government implements special policies and allows foreign enterprises and/or individuals. The establishment of SEZs aims to create a conducive investment environment through preferential arrangements for investors with fiscal and non-fiscal incentive scheme(s), such as trade and investment facilitation, exemption/reduction in CIT; protecting investors' investments and profit; concession on land use rights; visa and immigration, and so on.

110. Further to the first SEZs established by the Central Government in 1978 in the coastal towns of Shenzhen, Zhuhai, Shantou and Xiamen, various types of SEZs have been developed, including Economic and Technological Development Zones (ETDZs), High and New Technology Industrial Development Zones, Export-oriented Manufacturing Zones, Bonded Areas, Cross Border Economic Cooperation Zones (CBEZs), Tourism and Leisure Zones and others. Among these SEZs, Shanghai began to develop and construct the Pudong New Area in 1990. The Pudong New Area became a comprehensive free economic zone (FEZ) with the following:

- Financial development zones
- Bonded zones
- New and high-tech industrial parks
- Export processing zones (EPZs)

111. The China (Shanghai) Pilot FTZ was officially launched in September 2013, covering 04 special customs regulation areas:

- The Waigaoqiao Bonded Area
- The Waigaoqiao Bonded Logistics Park
- The Yangshan Free Trade Port Area, and
- The Pudong Airport Comprehensive Bonded Area
- The total land area for phase 1 development is 28.88 km²

112. The Shanghai FTA by zone, land area, priority industry, and target development is illustrated in Table 16.

Table 16. ZONING OF THE SHANGHAI FREE TRADE ZONE (PHASES 1 AND 2)

ZONE		LAND AREA (KM ²)	INDUSTRY	TARGET
Waigaoqiao Area	Bonded	10.10	International trade center Shipping logistics center	Enhancing transformation of government functions and focusing on management during and after the trading process

Waigaoqiao Logistics Park	Bonded	1.03	International shipping service area	Opening services and financial industries
Yangshan Port Area	Free Trade	14.16	International air services and modern business functional area	Managing negative list
Pudong Comprehensive Area	Airport Bonded	3.59	International trade center Shipping logistics center	Creating legal environment for foreign investment
Lujiazui Trade Zone	Finance and	34.26	Financial system led by Chinese and foreign banks, insurance companies, trust and investment corporations, security companies and fund companies	Investment administration system focusing on the negative list
Jinqiao Processing Zone	Export	20.48	Processing and manufacturing industry under special customs supervision	Jinqiao Export Processing Zone
Hangjiang Zone	High-Tech	37.20	Industrial model combining processing and manufacturing with R&D of new and high-tech products	Financial innovation system aimed at opening capital account convertibility and financial service
TOTAL		120.82		

Source, Shanghai Pilot Free Trade Zone (FTZ), 2019

113. The objective of implementing the pilot FTA in Shanghai was to:
- Test new reforms and policies through transforming the governmental functions
 - Promote economic growth and policy transformation
 - Demonstrate the Government's commitment to innovation
 - Enhance trade facilitation, foreign investment, and trade liberalization (through management of negative list)
 - Open to financial services
114. The management of Shanghai FTZ included the (i) leading group of Shanghai FTZ, and (ii) Management Committee of Shanghai FTZ consisting of Lujiazui, World Expo, Jinqiao, Zhangjiang and Bonded Zone Administrative Bureau.
115. Investment Incentive scheme offered to investors, especially FDI, focused on the following reform:
- High autonomy, quick, convenient one-stop administrative procedure
 - Equal treatment between domestic and foreign businesses;
 - Access to preferential credit, flexible foreign exchange management mechanisms,
 - Highly qualified international human resources

- High quality professional services, including laws, education, consulting, and others

116. In China, the negative list includes the industries that prohibit/restrict foreign investment in FTZs, i.e. industries that may affect the national security. As such, foreign investors who expects to invest in the negative list-related industries must acquire special approval or enter into a joint venture with a Chinese partner. As a matter of fact, China has reformed is negative list with removal of 27 special administrative measures from 2015 list, including 10 of manufacturing, 04 of finance, and 04 of other services, respectively.

117. The reform (regarding the negative list) has created an enabling buisness environment to further liberate trade and investment, especially in FTZs in China. The 2015 Negative List of Pilot FTZs in China are described in Table 17.

Table 17. NEGATIVE LIST

INDUSTRY	SPECIFIC AREA
Agriculture, forestry, animal husbandry, fishery	Seed industry, fishery
Mining	Exploration and development of exclusive economic zone and continental shelf, oil and gas exploration, exploitation of rare earth and rare metal ores, metal and non-metal mining and exploitation
Manufacturing	Aviation, shipbuilding, automobile manufacturing, rail transportation equipment manufacturing, communications equipment manufacturing, mineral smelting and rolling processing, pharmaceutical manufacturing, other manufacturing
Production and supply of electricity, heat, gas and water	Atomic energy, and pipe network facilities
Wholesale and retail	Franchising
Transportation, storage and postal services	Road transportation, railway transportation, water transportation, public air transportation, general aviation, civil airports and air traffic control, and post
Information transmission, software and information technology services	Telecommunication transport services, Internet, and other related services
Finance	Type requirements for banking shareholder institutions, qualification requirements for the banking sector, banking share ratio requirements, foreign banks, futures companies, securities companies, securities investment fund management companies, securities and futures trading, establishment of insurance agencies, and insurance
Leasing and business services	Accounting and auditing, legal services, statistics and investigations, and other business services

Scientific research and technical services	Professional technical services
Management of water conservancy, environment and public facilities	Animal and plant resource protection
Education	Education
Health and social work	Medical services
Culture, sports and entertainment	Broadcasting, transmission, production and management of radio and television, press and publishing, radio, film and television, financial information, film production, distribution and screening, intangible cultural heritage, cultural relics and archeology, and culture and entertainment

118. The economic achievement of the Shanghai Pilot FTZ is summarized in Table 18.

Table 18. ECONOMIC ACHIEVEMENT OF SHANGHAI FTZ FROM 2013-2017

ECONOMIC INDICATOR	UNIT	YEAR					
		2012	2013	2014	2015	2016	2017
Investments	RMB Billions	4.84	5.10	3.04	56.31	60.79	68.03
Trade Value	US\$ Billions	113.05	113.453	124.10	741.55	783.68	1,350
Newly Established Enterprises	Enterprise	788	4,416	11,440	10,901	10,298	7,283
FDI Project	Project	164	359	2,057	3,072	2,762	1,192
FDI (Actual Value)	US\$ Billions	0.55	0.70	0.62	4.82	6.18	7.02

Source: The Shanghai Pilot FTZ, 2019

119. The Shanghai Pilot FTZ development in phase II. The reform planning of further deepening China (Shanghai) Pilot FTZ was approved in April 2015. The expanded SFTZ covers an area of 120.72 km², including:

- The Shanghai Waigaoqiao Bonded Area, the Waigaoqiao Bonded Logistics Park, the Yangshan Free Trade Port Area, the Pudong Airport Comprehensive Bonded Area—four special customs supervision areas (covering 28.78 km²)
- The Lujiazui Financial District (34.26 km²),
- The Jinqiao Development Area (20.48 km²), and
- The Zhangjiang High-Tech District (37.2 km²).

120. Factors leading to success of the Shanghai Pilot FTZ include (i) clear development strategy and goals, (ii) right location, (iii) reform-oriented approach, (iv) upgrading of strategic sectors, and (v) broad government enterprise partnership.

121. At the same time, there has been existing challenges facing the development of Shanghai FTZ inspite of its success. The challenges may be caused by uncertainty in the global economy, continued reforms, and insufficient spillover effects.

V. SUMMARY OF FINDINGS AND RECOMMENDATIONS

122. The study on SEZ management and promotion and SEZ development in specific SEZs and economic zones in Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, and the Shanghai Pilot Free Trade Zone ended up with the following findings:

- SEZ development (planning, establishment, promotion and management) is governed by the national institutional and regulatory framework in each of the LM countries. Cambodia and Thailand have drafted their laws on SEZs but they have yet to come into effect till this point in time. In this connection, Myanmar is the only country governing its SEZs by the national law.
- All countries have adopted international practices and universal concept of special economic zones (SEZs)/economic zones (EZs) to design their own concepts. As a matter of fact, SEZ definition varies in degree among the LM countries in terms of SEZ scope and typology, and investment incentives applied.
- Industries currently invested in SEZs are not fully aligned with the national industrial development policies and strategies.
- Except for the case of Myanmar, the effectiveness of OSSCs in facilitating investment and trade in SEZs is not clear.
- Limited linkages to local economies, especially manufacturing industries in SEZs, except for local labor supplies (local SMEs' joining the GVC/production network is still limited)
- Effective system(s)/mechanism(s) to measure and evaluate the performance and economic outcomes of SEZs from planning to implementation has not been seen.
- Lack of comprehensive/integrated SEZ information system in support of business plans and development of developers and investors.
- Slow infrastructure construction progress in SEZs caused by limited access to land and land price escalation may slow down SEZ development.

123. Following the mentioned findings, the study proposes the following measures that may contribute to better management and promotion in SEZs in the LM countries:

- Establishment of monitoring and evaluation mechanism/system at the central level in a close connection with SEZs
- Enhancement of the OSSC functions through capacity development for organizations and individuals in charge/involved in public services provided by OSSCs
- Engagement of the participation of the private sector in SEZ management and promotion to increase efficiency and effectiveness in SEZ development
- Further improvement in policies on Investment Privileges and incentives for SEZs that make SEZ really “special” in order to attract high quality investment projects in SEZs
- Further streamlining SEZ promotion scheme at both national and sub-national levels

- Capacity development for SEZ developers/SEZ Management Boards in such areas as investment promotion, SEZ management including safety and environmental protection in SEZs.

VI. ANNEXES

6.1. List of Stakeholders / Interviewees in the LM countries

Cambodia			
I.	Meeting Location	The Council for the Development of Cambodia (CDC), Phnom Penh, Cambodia	
	Date	Sep 04, 2019	
No.	Name	Position and Organization	Contact Details
1.	H.E. Mr. Chea Vuthy	Development of Cambodia (CDC), Phnom Penh, Cambodia	Email: cheavuthysez@gmail.com
II.	Meeting Location	Manhattan SEZ Management Office, Bavet, Svay Rieng, Cambodia	
	Date	Sep 05, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Clement Yang	President	
2.	Ms. Dorin Tsai	Sales Assistant Manager	
3.	Mr. Men Chivorn	Senior Manager, Admin Department	
4.	Mr. Du, General	Audit/CFO	
5.	Mr. Pock Chea	EVP	
6.	Mr. Keo Ratna	Administrative officer	
7.	Ton Soda	Purchaser	
Myanmar			
I.	Meeting Venue	Ministry of Commerce, Nay Pyi Taw, Myanmar	
	Date:	Sep 23, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Aung Htoo	Deputy Minister, Ministry of Commerce	Email: aughtoo36@gmail.com Tel: +9567 408007, 408255 Fax: 95 067 408254
2.	Mr. Minn Minn	Director General, Department of Trade, Ministry of Commerce	
3.	Mr. Myint Lwin	Director General, Department of Consumer Affairs, Ministry of Commerce	
4.	Ms. Khin Thet Hta	Deputy Permanent Secretary, Ministry of Commerce	
5.	Mr. Oo Han	Deputy Director General, Myanmar Trade Promotion Organization, Ministry of Commerce	
6.	Mr. Khin Maung Lwin	Assistant Secretary, Minister Office, Ministry of Commerce	

7.	Mr. Soe Htike Aung	Staff Officer, Union Minister Office	Email: soehtikeaungmoc@gmail.com Tel: +9567408240, +959424701175, +9567408310
II.	Meeting Venue	Thilawa SEZ Management Committee, Yangon	
	Date:	Sep 24, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Yoichi MATSUI	Chief Advisor, JICA, Myanmar Thilawa SEZ Management Committee (TSMC)	Email: y-matsui@tea.ocn.ne.jp , Ph: +959421111307.
2.	Ms. Cho Cho Wynn,	Vice Chairperson, TSMC.	Email: cchowynn@gmail.com
3.	Dr. Shwe Hein	Secretary, TSMC	Email: heinshwe@gmail.com
4.	Ms. Sanda	Head of Investment Section, TSMC	Email: sanda.dica.mm@gmail.com
5.	Ms. Soe Soe Aye	Member, TSMC	Email: soesoeaye.tan@gmail.com
6.	Mr. Myint Thura Kyaw	Staff Officer, Customs Department, OSSC, Thilawa SEZ	Ph: 09258418908
7.	Mr. Phyo Win Aung	Customs Inspector, Customs Department, OSSC, Thilawa SEZ	Ph: 095035492
8.	Mrs. Han Thi Thaug Oo	Assistant Director, DICA, OSSC, Thilawa SEZ	Ph: 09448042640
9.	Ms. Cho Cho Mar	ALO, Labor, OSSC, Thilawa SEZ	Ph: 09977282558
10.	Mr. Soe Naing,	Deputy Director, Labor, OSSC, Thilawa SEZ	Ph: 09250066059
	Thailand		
I.	Meeting Venue	Tak SEZ Management Office, Mae Sot, Tak Province, Thailand	
	Date	Sep 27, 2019	
No.	Name	Position and Organization	Contact Details
1.	Ms. Buntitha Klaicharoen	Executive director, Department of skill development of Tak	Ph: 0854838596
2.	Mr. Vichien Charoenteera	Ministry of industry of Tak	Ph: 0897014595
3.	Mr. Natthawut SraTan	Executive director of Maesot Customs	Ph: 0817354282
4.	Mr. Aree Devi	Office of Provincial Commercial Affairs Tak	Ph: 0813795504
5.	Mr. Sarawut	Tak Provincial Governor's Office	Email: taksezcenter@gmail.com
6.	Mr. Pramote Boontunjeen	Tak Provincial Governor's Office	Ph: 0882606281

7.	Ms. Patcharin Kumnuan	Tak Provincial Governor's Office	Ph: 0649366254
8.	Mr. Thirapat Makhong,	Ministry of Industry	Ph: 0966594455
9.	Ms. Pakjera Boonpramook	Tak Skill Development	Ph: 0895632120
10.	Mr. Vorawut Manacheep	MOC of Tak	Ph: 0956415107
11.	Mr. Thirit Chuenarom	BOI	Ph: 0828511456
II.	Meeting Venue	National Economic and Social Development Board (NESDB), Bangkok, Thailand	
	Date	Sep 30, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Termsap Telakul	Director	Email: termsap@nesdc.go.th ; sasikan@nesdc.go.th ; boonchanit@nesdc.go.th ;
2.	Ms. Ampassacha Rakkhumkaeo	Policy and Plan Analyst	
3.	Ms. Sasikan Boonkham	Policy and Plan Analyst	
4.	Ms. Boonchanit Wongprapinkul	Policy and Plan Analyst	
5.	Ms. Nupa Nantakeiti	Policy and Plan Analyst	
III.	Meeting Venue	Chiang Rai SEZ Management Committee, Chiang Kong, Chiang Saen, Thailand	
	Date	Oct 7, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mrs. Phoosanit Chaimanee	Office of Provincial Commercial Affairs Chiangrai	Ph: 0655101880
2.	Mr. Songkran Moonvijit	Chiangrai Ministry of Industry	Ph: 0815308711
3.	Ms. Achara Garpchai	Office of Public Works and Town and Country Planning of Chiangrai	Ph: 0819708692
4.	Ms. Phakaimart Vierra	Chiang rai, Chamber of Commerce	Ph: 0815956178
5.	Mr. Chatchai Pattananuparp	Chiangrai, Federation of Industry	Ph: 0898508663
6.	Mr. Wisanupong Worapattamrong	Chiangsan district	Ph: 0639012109

7.	Mr. Somsak Kanakam	Mae sai district	Email: veeravithball@gmail.com
8.	Mr. Rittidet Janyapog	Chiangkhong district	
9.	Ms. Mantana Sinna	Director of Strategy and Information Group for Provincial Development of Chiangrai	Ph:0909802800
10.	Ms. Warisa Sang-aronrak	Chiangrai, Ministry of Industry	Email: cross.sez@gmail.com Ph: 0892343030
11.	Mr. Teerapong Puttawong	Policy and Plan Analyst	Email: cross.sez@gmail.com Ph: 0881917249
12.	Mr. Itsarapong Sandsook	Manager of One Stop Service Center for Investment in Chiang Rai Special Economic Development Zone	Email: cross.sez@gmail.com Ph: 0895614391
13.	Mr. Suranart Kamondepharin	Provincial office of Chiangrai	Email: cross.sez@gmail.com Ph: 0839221001
14.	Ms. Chutikarn Sanjai	Provincial office of Chiangrai	Email: cross.sez@gmail.com Ph: 0637828783
Lao PDR			
I.	Meeting Venue	SEZ Management Office, Ministry of Planning & Investment, Vientiane, Lao PDR	
	Date	November 12, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Phonepaseuth HAO-ONECHANH	Head of Promotion and External Relation Division, SEZ Promotion and Management Office, MPI, Vientiane	Email: phonepaseuth_hoc@outlook.com Ph: +856 20 59188488
2.	Ms. Phonetavanh Pathammavong	Technical Officer, SEZ Promotion and Management Office, MPI, Vientiane	Email: phonetavanh@live.com Ph: + 856 20 97895663
II.	Meeting Venue	Savan-Seno SEZ Management Committee, Savannakhet Province, Laos	
	Date	November 13, 2019	
No.	Name	Position and Organization	Contact Details
1.	Ms. Souphavady Phaphanchit	Head of Information, Savan Park Zone C	Ph: +856 20 97375799
2.	Ms. Thavixay	SEZ Authority, Savan Seno SEZ	Ph: + 865 20 59445454
3.	Ms. Souvanhxay Soukhanouvong	General Manager, Savan Transport & Logistics	Ph: + 865 20 58947474
4.	Mr. Syho Khammany	Operation Manager, Savan Logistics	Ph:+ 856 20 22300215
5.	Ms. Bounnapha Chanthakhoth	Customer Service, Tiongmarn Solution Logistics	Ph: + 856 20 78955654

6.	Ms. Senekeng Keomixay	Marketing, Savan Park Zone C	Ph:+ 856 20 96527503
7.	Ms. Vilayranh Meoungkhod	Marketing, Savan Park	Ph: + 856 20 77227606
Vietnam			
I.	Meeting Venue	Department of Service Economy and Department of Economic Zone Management, Ministry of Planning and Investment (MPI), Hanoi, Vietnam	
	Date	Oct 30, 2019	
No.	Name	Position and Organization	Contact Details
1.	Ms. Ho Phuong Chi	Deputy Director-General, Department of Service Economy Ministry of Planning and Investment (MPI)	Email: hophuongchi@mpi.gov.vn Ph: 0804 3082/0912830088 Fax: 0804 4478
2.	Mr. Tran Quoc Trung	Vice Director, Department of Economic Zone Management, Ministry of Planning and Investment (MPI)	Email: tquoctrung@gmail.com ;
II.	Meeting Venue	Dong Dang-Lang Son Border Gate Economic Zone Management Board, Lang Son Province, Vietnam	
	Date	Oct 31, 2019	
No.	Name	Position and Organization	Contact Details
1.	Mr. Hoang Van Quyet	Deputy Head, Dong Dang-Lang Son Border Gate Economic Zone Management Board, Lang Son Province, Vietnam	Email: quyetls1601@gmail.com Ph: +84989316888
2.	Mr. Hoang Thanh Son	Head, General Planning Division, Dong Dang-Lang Son Border Gate Economic Zone Management Board, Lang Son Province, Vietnam	Email: hoangson62@gmail.com Ph:
3.	Mr. Nguyen Cong Tuan	Huu Nghi Customs Sub-Department	
4.	Mr. Do Minh Dinh	Huu Nghi – Bao Lam Border Gate Management Center Customs Sub-Department	
5.	Mr. Tran Van Tung	Export-Import Division, Lang Son Industry and Trade Department	
6.	Ms. Pham Thi Phuong	Specialist, International Cooperation Division, Foreign Affairs Department	
7.	Mr. Nguyen Hung Cuong	Deputy Director, Xuan Cuong Limited Company	

6.2. Annex 2. Photo Record of Study Field Visits in the LM Countries

Meeting with the Council for the Development of Cambodia (CDC), Phnom Penh, Cambodia



Meeting with the Manhattan SEZ Management Office, Bavet, Svay Rieng, Cambodia



Meeting with Ministry of Commerce, Nay Pyi Taw, Myanmar



Meeting with Thilawa SEZ Management Committee, Yangon



Meeting with Tak SEZ Management Office, Mae Sot, Tak Province, Thailand



Meeting with National Economic and Social Development Board (NESDB), Bangkok, Thailand



Meeting with Chiang Rai SEZ Management Committee, Chiang Kong, Chiang Saen, Thailand



Meeting with SEZ Management Office, Ministry of Planning & Investment, Vientiane, Lao PDR



Meeting with Savan-Seno SEZ Management Committee, Savannakhet Province, Laos





Meeting with Department of Service Economy and Department of Economic Zone Management, Ministry of Planning and Investment (MPI), Hanoi, Vietnam



Meeting with Dong Dang-Lang Son Border Gate Economic Zone Management Board, Lang Son Province, Vietnam



6.3. Annex 3. Workplan of the Study Field Visits

STUDY ON MANAGEMENT AND PROMOTION OF SEZs IN THE LM COUNTRIES:
TENTATIVE FIELD SURVEY SCHEDULE
(CAMBODIA / CHINA / MYANMAR / LAO PDR / THAILAND / VIETNAM)
(SEPTEMBER 03- OCTOBER 30, 2019)

I. IN-DEPTH INTERVIEW [KEY INFORMANT INTERVIEW] | [SEPTEMBER 03- OCTOBER 23, 2019]

Date	Field Survey: Meeting Venue and Schedule		MI Study Team	Travel Plan
Cambodia				
09/04/2019	KII Meeting with the Central Government	Meeting Venue: The Council for the Development of Cambodia, SEZ Management Board Office, Phnom Penh Meeting Time: 13:30-16:30	Mr. Dutta, Mr. Quan, Mr. Sokim	Flight to PNP: Sep 03 Mr. Dutta's flight: Morning, Sep 4 Night stop: (2) in PNP Sep 03 and 04
09/05/2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Manhattan SEZ Management Office, Bavet, Svay Rieng Meeting Time: 13:00-16:00 Site Visit: 16:00-16:30	Mr. Dutta, Mr. Quan, Mr. Sokim	Land travel: 4 hrs from PNP to Bavet at 6:30 am Land Travel: 2 hrs from Bavet to HCMC Night Stop (1) in HCMC Flight to BKK: Sep 6
Thailand				
09/30/25	KII Meeting with the Central Government	Meeting Venue: NESDB, Bangkok, Thailand Meeting Time: 09:00-12:00	Mr. Dutta, Mr. Quan, Kyaw	Flight to BKK: Sep 18 Night stop (1) in BKK Flight to Mae Sot Night Stop (1) in Maesot
09/27/2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Mae Sot SEZ Management Committee, Tak Province, Thailand Meeting Time: 09:00-12:00 Site Visit: 12:00-13:00	Mr. Dutta, Mr. Quan, Kyaw	Flight to BKK: Sep 20 Night Stop in BKK ?
Myanmar				

Date	Field Survey: Meeting Venue and Schedule		MI Study Team	Travel Plan
09/23/2019	KII Meeting with the Central Government	Meeting Venue: Ministry of Commerce, MSEZ Central Working Body, Nay Pyi Taw, Myanmar Meeting Time: 09:00-12:00	Mr. Dutta, Mr. Quan, Mr. Kyaw	Flight to NPT: Sep 22: 17:00 Night Stop in NPT: Sep 22 Flight to YGN: Sep 23: 17:50 Night Stop in Ygn: Sep 23
09/24/2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Thilawa SEZ Management Committee (TSMC), Yangon, Myanmar Meeting Time: 09:00-12:00 Site Visit: 12:00-13:00	Mr. Dutta, Mr. Quan, Mr. Kyaw	Flight to BKK: Sep 24: 19:45
PR China				<u>Visa Application: 2 or 3rd week of Sep, and in continuum with SLV trip Oct 7-12</u>
10/14/2019	KII Meeting with the Provincial Government	Meeting Venue: Department of Commerce, Nanning, the Guangxi Autonomous Region, PRC Meeting Time: 09:00-12:00	Mr. Dutta, Mr. Quan, Hao Wen, Mr. Kyaw	Flight to Nanning: Oct 13 (From SLV) Night Stop (1) in NN Oct 13, Land Travel: 3 hrs to Pingxiang, Night Stop (1)
10/15/2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Guangxi Pingxiang Integrated Free Trade Zone (FTZ) Management Office, the Guangxi Autonomous Region, PRC Meeting Time: 09:00-12:00 Site Visit: 12:00-13:00	Mr. Dutta, Mr. Quan, Ms. Hao Wen	Border Crossing, Land travel: 2 hrs to Land Son, Night Stop in Land Son
Vietnam				
10/29/2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Dong Dang–Lang Son Border Economic Zone, Lang Son Province, Vietnam Meeting Time: 09:00-12:00 Site Visit: 12:00-13:00	Mr. Dutta, Mr. Quan, Mr. Kyaw	Land Travel: 3 hrs to Hanoi, Night Stop in Hanoi: Oct 17
10/30/2019	KII Meeting with the Central Government	Meeting Venue: The Ministry of Planning and Investment, Hanoi, Vietnam. Meeting Time: 09:00-12:00	Mr. Dutta, Mr. Quan, Mr. Kyaw	Flight to BKK: Oct 18
Laos PDR				
10/22/2019	KII Meeting with the Central Government	Meeting Venue: Ministry of Planning and Investment, SEZ Promotion and Management Office, Vientiane, Laos Meeting Time: 13:30-16:30	Mr. Dutta, Mr. Quan, Kyaw	MI Van to KK: Oct 22: 8:00 Night Stop in VTE

Date	Field Survey: Meeting Venue and Schedule		MI Study Team	Travel Plan
10/23//2019	KII Meeting with the zone management committee and site visit	Meeting Venue: Savan–Seno SEZ Management Office, Savannakhet Province, Lao PDR Meeting Time: 10:00-12:00 Site Visit: 13:00-14:00	Mr. Dutta, Mr. Quan, Mr. Kyaw	Flight to SVN: Oct 23 (Wed): 8:00 Another MI Van to SVN: Oct 23 and meet us at SEZ around 11:00 and back KK Note: Only Mon and Wed: flight from VTE to Savannakhet: 15 mins drive to SVV airport to SEZ.

II. QUESTIONNAIRE SURVEY

No.	SEZ	Number of Companies located	Expected Number of Companies for Survey	Date of Questionnaire Dissemination	Date of Questionnaire Collection
1.	Manhattan SEZ, Bavet, Svay Rieng, Cambodia	23 Companies ⁷	12 Companies	09/06/2019	09/17/2019
2.	Tak SEZ, Tak Province, Thailand	24 Companies ⁸	12 Companies	09/20/2019	09/27/2019
3.	Thilawa SEZ, Yangon, Myanmar	82 Companies ⁹	25 Companies	09/25/2019	10/03/2019
4.	Guangxi Pingxiang Integrated Free Trade Zone (FTZ), the Guangxi Autonomous Region, PRC			10/16/2019	10/23/2019
5.	Dong Dang–Lang Son Border Economic Zone, Lang Son Province, Vietnam			10/17/2019	10/24/2019
6.	Savan–Seno SEZ, Savannakhet Province, Lao PDR	47 companies ¹⁰	25 Companies	10/23/2019	10/30/2019

Note:

- Questionnaires will be disseminated by (i) hard copies; or (ii) email; or online (Survey Monkey) once after the meeting with the zone committee and collected back as scheduled above. Number of respondents will be based on number of companies located in the specific zone.
- This is convenience sampling; and the number of SEZ companies surveyed will be consulted with SEZ Developers

⁷ http://open_jicareport.jica.go.jp/pdf/12111787_02.pdf

⁸ http://www.mekonginstitute.org/uploads/tx_ffpublication/Joint_Study_and_Survey_of_Special_Economic_Zones101018_FINAL__20Dec.pdf

⁹ <https://www.myanmarthilawa.gov.mm/list-investors>

¹⁰ http://ethesisarchive.library.tu.ac.th/thesis/2017/TU_2017_5966090135_7033_6636.pdf

6.4. Annex 4. Key Informant Interview Questions (KII)

KEY INFORMANT INTERVIEWS (KIIs)

(For Line Ministries and Agencies, and SEZ¹¹ Regulators/Developers/Management Boards in Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam)

Date: _____

KII Nos.: _____

I. INTRODUCTION AND BACKGROUND INFORMATION

We are a research team from Trade and Investment Facilitation Department (TIF), Mekong Institute (MI). We would like to extend our warm thanks to your great support and cooperation with us in conducting the study on “Management and Promotion of SEZs in the Lancang–Mekong (LM) countries”.

The questions are prepared for KII meetings with line Ministries and Agencies, SEZ Regulators/Developers/Management Boards in Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam. The questions focus on Border SEZ policies, strategies, management, and development, except for the case of Myanmar where Thilawa SEZ is selected for this study. It may take 2 – 3 hours to complete one KII meeting in each location.

Your suggestions are significant to the study in forming policy recommendation and advocacy, and solutions to “better management and promotion of border SEZs in the LM countries. The information is merely for the study purpose under the framework of the project on “Upgrading Border facilitation for Trade and Logistics Development in LM sub-region”.

Thank you for your kind cooperation and support.

II. THEMES AND QUESTIONS

THEME	QUESTION
I. SEZ PLANNING	1. What are the government’s main objectives and expected outcomes to achieve in establishing and promoting SEZs and Border SEZs? 2. Is there coherence between SEZs and the national investment framework?

¹¹ SEZ includes (i) Special Border Economic Zones (BSEZs) under this study include (i) border gate economic zones, border economic cooperation zones located in Cambodia, China, Lao PDR, Thailand, and Viet Nam; and SEZ in Myanmar.

3. What is competitive advantages of the selected SEZs in terms of sectors, locations, and competition?
4. Are there concrete measures to promote linkages between SEZs and local economy as well as regional product network?
5. What are the major forms of SEZ in the country?
6. What is the development status of SBEZs?
7. What is the development status of SEZs and trade zones in Myanmar?
8. What are the main challenges facing the country in SEZ development and promotion?

II. SEZ OPERATIONS

1. What is the size of SEZ in terms of:
 - Land area
 - Infrastructure investment
 - Number of firms and nationality of firms
 - Occupancy rate
 - License types
2. What is the management and operational structure, and services in terms of:
 - Ownership structure
 - Financing
 - Restrictions
 - Types of incentives
 - Fiscal
 - Regulatory
 - Financial
 - Infrastructure
 - One-stop services
 - Other types of public / private services, if any.
3. What are the relationships between / among the central Government and SEZs regulators, developers, and operators (firms)?
4. What is the market and promotion strategy of SEZs to attract potential investors?
5. Is there strategy on SEZ cooperation between and among the LM countries? If not, what is the future plan in terms of better (i) regulatory harmonization, (ii) business connection, and (iii) information sharing?
6. Have SEZs adopted information and communications technology (ICTs) technologies with regards to establishment of online or web-based platform for managing and measuring SEZ performance, establishing SEZ database and business-related services, and information sharing.
7. What are the main challenges facing the SEZ developers and operators?

**III. ECONOMIC PERFORMANCE (OVER THE PAST
05 OR 10 YEARS)**

1. The number of jobs created (or percentage) by sector and industry?
2. Development or improvement in professional skills and labor market as well?
3. Trade (import and export) and investment value by firms
4. Export diversification, i.e. change in export structure
5. Creation and improvement in inter-linkages between (i) SEZ investors and local firms; and (ii) SEZ investors/firms and regional product networks
6. Foreign Direct Investment (FDI) in terms of investment value and prioritized sectors
7. Contribution to Government revenue