



**Remarks by Ms Sonam Yangchen Rana
UN Resident Coordinator**

**at the Conference on the Dissemination of Decree on Special
and Specific Economic Zones in the Lao PDR
“Building Lao PDR’s Capacity to Develop
Special Economic Zones (SEZs)”**

15 October

*Your Excellency Mr. Somsavath Lengsavad, Standing Deputy Prime Minister,
Chairman of the National Steering Committee for supervising the Special
Economic Zones (SEZs) in Lao PDR*

*Your Excellency Dr. Sinlavong Khoutphaythoune, Minister of Planning and
Investment,*

Your Excellency Dr. Nam Vignaketh, Minister of Industry and Commerce,

Mr. Chong Chi Nai, Country Director, ADB

Excellencies, Representatives of Government,

Distinguished guests, ladies and gentlemen,

As United Nations Resident Coordinator, and on behalf of UNIDO in the Lao PDR, I am very pleased to be here at this Conference on the dissemination of the Decree on Social and Specific Economic Zones development in Laos.

The United Nations in Laos supports this important milestone in fostering economic growth and private sector development. SEZs provide an important beginning in export promotion and a jump-start for the private sector.

The important link between export and foreign investment promotion began with the creation of Special Economic Zones in 2002 with the Svannakhet-Xeno SEZ in the Southeast of the country. It was strategically well placed along the East-West corridor and with link to Vietnam and Thailand. The Government of Lao PDR recognized that by offering tax initiatives and privileged trading terms for manufacturing-based exports, SEZs could indeed attract foreign investment, spur employment, and boost the infusion of improved technologies and infrastructure.

Given the enormous potential of SEZs as witnessed in other parts of Asia, we are pleased to learn that the Government of Lao PDR has decided to formulate policy and enact legislation, not only for creating a plan and strategic road map for the nation, but also for formulating the personnel structure, and the responsibilities of each management board for special economic zone such as: export processing zone, industrial zone, logistic centre, tourism zone, duty free zone and border trade zone.

This new decree aims to strengthen the regulatory framework of the special economic zones, and will clearly define roles and responsibilities in the management of the zones. This is an important step in managing and ensuring the effectiveness and sustainability of SEZ in the Lao DPR in the future.

UNIDO together with other partners from the UN system, stands ready to provide Laos with expertise and share experiences of other countries on the nuances of operating SEZs, to assist the Government in streamlining the process of establishing and furthering SEZs.

We also hope that the SEZs will promote local entrepreneurs since SEZs can serve them as well, in fact, enterprises irrespective of whether they are foreign investors or not, with potential to export and earn foreign exchange for the country could find place in the SEZs in the future.

The success of SEZs will require strong promotion on the one hand and regulation on the other, which is why the decree is so important.

The quality and efficiency of the management system, for them to be strong and modern, using advanced information technology are essential. Also to ensure the sustainability of the SEZs, they must be developed in compliance with social and environmental protection. This assessment of environment and human aspects, related to labour and other dimensions, needs careful consideration.

We are happy to learn that the Government is considering to promote a green zone and recycle polluted water and other industrial waste in the zones.

Lao PDR's overall industrial development challenge lies in the strengthening of its supply structure for it to become a more diversified economy. The strengthening of institutional capacities at various levels is essential to improve the conditions and to create a supportive environment for raising industrial productivity and competitiveness, thus translate into practice forward-looking industry-related policies and strategies.

UNIDO will continue to play a critical role by fostering productivity and growth. In this case, UNIDO aims to promote sustainable industrial development as a way to alleviate poverty through promoting public private partnership investment. Likewise, UNIDO will put emphasis to the country's potentials: use of local resources, and encourage collective action and partnership to foster growth and to achieve the 7th National Socio-Economic Development Plan.

The UN looks forward to this exciting opportunity to work further with the Government, ADB and other development partners to seize the potential of SEZs to promote growth and poverty reduction in Laos.

Thank you.