

JAPAN INTERNATIONAL COOPERATION AGENCY (JICA)

STATE PLANNING COMMITTEE  
LAO PEOPLE'S DEMOCRATIC REPUBLIC

**THE STUDY ON  
SPECIAL ECONOMIC ZONE DEVELOPMENT  
IN BORDER AREA (SAVANNAKHET PROVINCE)  
IN LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**MAIN REPORT**

February 2001

KRI International Corp.  
Nippon Koei Co., Ltd.

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## PREFACE

In response to a request from the Government of the Lao People's Democratic Republic, the Government of Japan decided to conduct the Study on Special Economic Zone Development Plan in Border Area (Savannakhet Province). The study was implemented by the Japan International Cooperation Agency (JICA).


JICA sent a study team led by Mr. Hajime Koizumi, President of KRI International Corporation, and organized by members of KRI International Corporation and of NIPPON KOEI Co., Ltd., to the Lao PDR three times from July 2000 to January 2001.

The team held discussions with the officials concerned of the Government of the Lao PDR, and conducted related field surveys. After returning to Japan, the team conducted further studies and compiled the final results in this report.

I hope that this report will contribute to economic development in the Lao People's Democratic Republic and to the enhancement of friendly relationship between our two countries.

I wish to express my sincere appreciation to the officials concerned of the Government of Lao PDR for their close cooperation throughout the study.

February 2001



Kunihiko Saito

President

Japan International Cooperation Agency

February 2001

Mr. Kunihiko Saito  
President  
Japan International Cooperation Agency (JICA)

### **Letter of Transmittal**

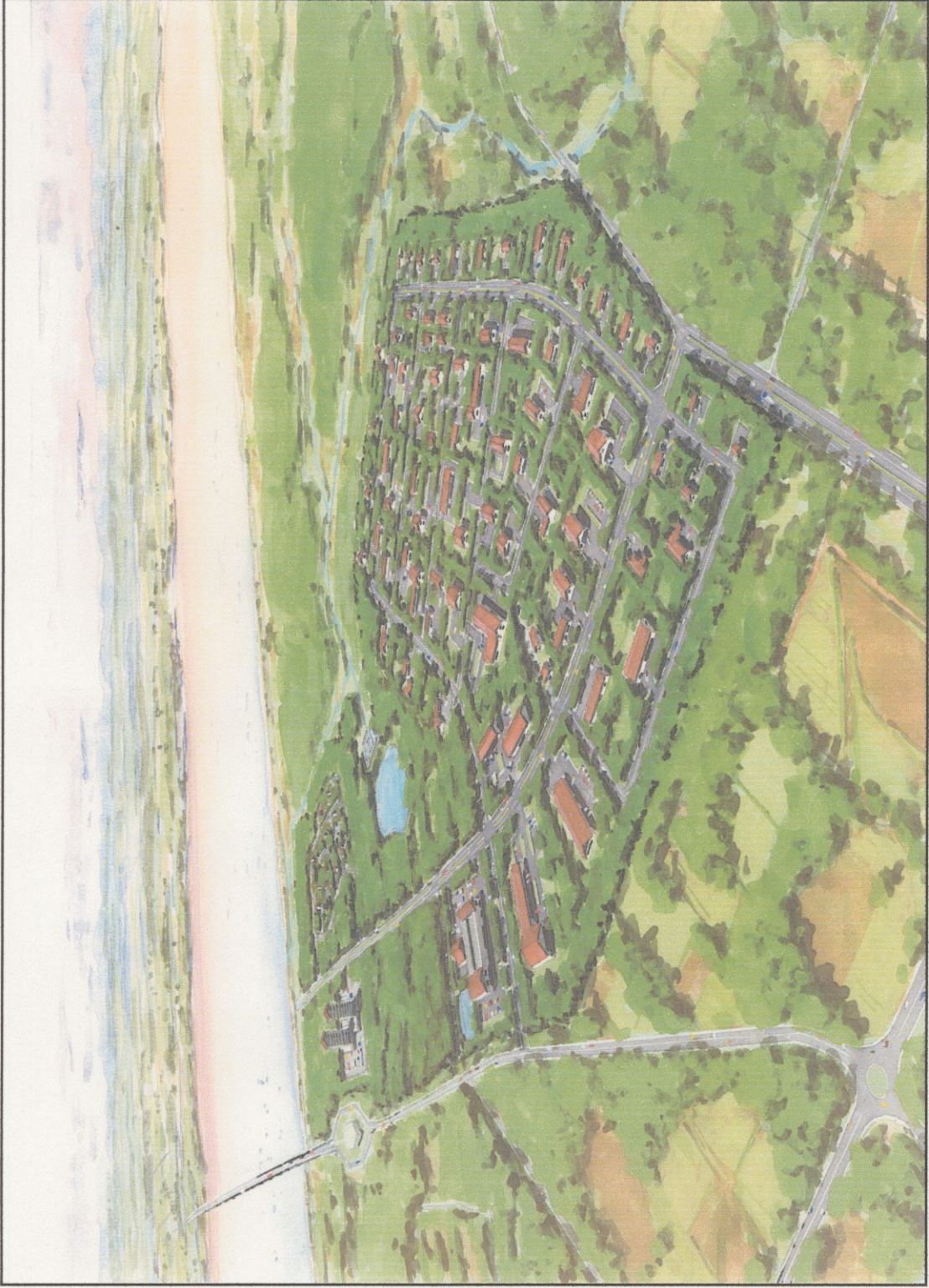
It is with great pleasure that we submit the Final Report of the “Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”. The Study has been completed by joint efforts of the counterparts assigned by the State Planning Committee (SPC) and our study team.

The Study has worked out a plan to set up a Special Economic Zone (SEZ) in Savannakhet along national route 9 between the New Mekong Bridge and the junction with national route 13. SEZ is proposed to have multiple functions; i.e., logistics and transport-related services, export processing, free markets and trades, and tourism and other service industries. SEZ with these functions will greatly contribute for social and economic development of Savannakhet province and the Lao economy, and for enhancement of economic impacts of the East-West Corridor for which the Government of Japan has been actively cooperating. Our Study team hopes that the Final Report will serve for implementation of the proposed SEZ in conjunction with the East-West Corridor projects.

Our study team would like to express its heartfelt gratitude for kind cooperation extended by SPC and all other parties concerned in Lao PDR. This Final Report is a fruit of excellent collaboration of all participants in this Study.

Hajime Koizumi  
Study Team Leader





Savannakhet Special Economic Zone (SEZ)

**THE STUDY ON SPECIAL ECONOMIC ZONE DEVELOPMENT  
IN BORDER AREA (SAVANNAKHET PROVINCE) IN LAO PDR  
MAIN REPORT  
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## ABBREVIATIONS

ADB:	Asian Development Bank
AFTA:	Asian Free Trade Area
APB:	Agricultural Promotion Bank
ASEAN:	Association of South-East Asian Nations
CEPT:	Common Effective Protection Tariff
CKD:	Complete Knock Down
DFS:	Duty Free Shop
EDL:	Electricité du Laos
EPZ:	Export Processing Zone
FDI:	Foreign Direct Investment
FIMC:	Foreign Investment Management Cabinet
FTZ:	Free Trade Zone
GRP:	Gross Regional Product
IPZ:	Import Processing Zone
ISIC:	International Standard for Industrial Classification
JBIC:	Japan Bank for International Cooperation
JICA:	Japan International Cooperation Agency
Lao PDR:	Lao People's Democratic Republic
LDC:	Least Developed Countries
LECS:	Lao Expenditure and Consumption Survey
MCT:	Ministry of Commerce and Tourism
MCTPC:	Ministry of Communication, Transport, Post and Construction
MIH:	Ministry of Industry and Handicrafts
MLSW:	Ministry of Labor and Social Welfare
MNE:	Multi National Enterprise
MOAF:	Ministry of Agriculture and Forestry
MOF:	Ministry of Finance
NIEs:	Newly Industrializing Economies
SEZ:	Special Economic Zone
SOE:	State Owned Enterprise
SPC:	State Planning Committee
SME:	Small and Medium-Sized Enterprise
UNDP:	United Nations Development Programme
WTO:	World Trade Organization

Exchange Rate 1\$= 8,000 kip (As of September 2000)
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