



International Organization for Migration (IOM)
The UN Migration Agency

IOM AND LABOUR MIGRATION

Special Economic Zones (SEZs) in Lao People's Democratic Republic



Factory workers in Savan-Seno Special Economic Zone
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IOM's Visit to Savan-Seno SEZ Factory



Savan-Seno SEZ is located in Savannakhet and currently has 103 companies, with a total investment of USD 332.9 million. Current labour in Savan-Seno equals 4,874 Lao workers and 164 foreign workers. Savan-Seno SEZ is a model for good practice and ethical supply chain management, foreign companies work directly with the authority of Savan-Seno SEZ to ensure workers receive the necessary trainings and social welfare services while also encouraging company corporate social responsibility (CSR).

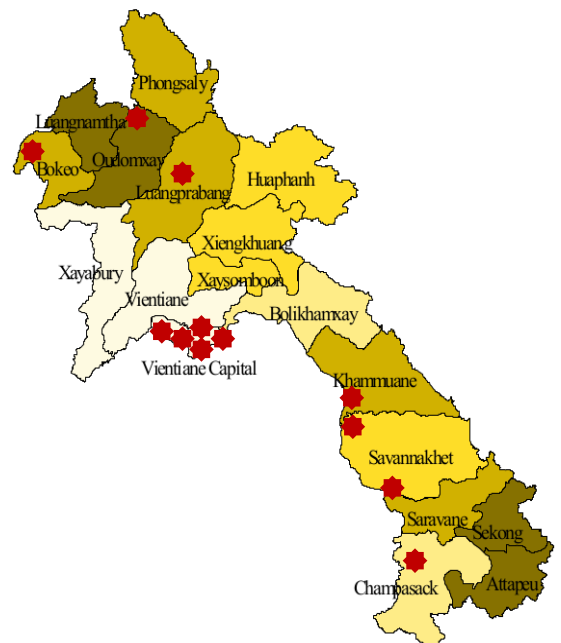
Special Economic Zones (SEZs) in Lao People's Democratic Republic

The government of Lao PDR has allocated significant resources in the development of SEZs and in attracting foreign investment in Lao PDR. In 2017, 71 companies – 58 of which foreign owned - invested in Laos with a registered capital of over USD \$93 million. In 2018, the government will target 95 companies to invest in SEZs in the hope of generating 4,500 jobs for local people.

There are currently 12 SEZs in Lao PDR with approximately 388 companies from Laos and overseas with a registered capital of USD \$8 billion, covering an area of 12,437 hectares. SEZs in Lao PDR have become increasingly attractive to foreign investors due to tax incentives and infrastructure improvements. Desired industries in the SEZs range from electronics industries to tourism infrastructure, and manufacturing. With the growing interest of investors in Laos, the government plans to develop and expand SEZs, with developments to infrastructure and facilities to accommodate investors.

As of May 2018, total workers in the 12 SEZs equals 20,099 (11,097 foreign workers and 9,002 Lao workers).

12 Special Economic Zones in Lao PDR



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IOM's Visit to Northern SEZs

IOM had the opportunity to visit both SEZs in Northern Lao PDR and meet with government officials from the provinces of Luang Namtha and Bokeo, along with SEZ government authorities and relevant ministries working in the SEZs. IOM collected data in both Boten SEZ and Golden Triangle SEZ to fully understand current issues and concerns these SEZs face in terms of labour management.

IOM, in coordination with the Special Economic Zone Promotion and Management Office (SEZO) recently held a workshop on 'Overview of Best Practice in Regulating and Monitoring SEZs' in Luang Namtha, in which 52 government officials attended from Provincial offices of Luang Namtha, Bokeo, Savannakhet, as well as government officials from central level and relevant ministries. Representatives from the SEZs were also present, which provided a unique opportunity for all departments and relevant ministries to discuss current labour trends in the SEZs, concerns and next steps for future cooperation in addressing these issues.

Golden Triangle Special Economic Zone - Bokeo Province

- Developer - Government + Private (Chinese)
- 50 years land tenure
- Area - 3,000 Hectares
- Total invested - 86,600,000 USD

Boten Beautiful Land Specific Economic Zone - Luang Namtha Province

- Developer - Private 100% Chinese
- 50 year land tenure
- Area - 1,640 Hectares
- Total invested - 500,000,000 USD

Recommendations

- Develop SEZ management plan;
- Improve management in SEZs and government offices through increased coordination;
- Labour skills development and improving labour protection of all workers;
- Dissemination of law and regulations to employers and workers, to raise awareness on worker's rights.



Boten Beautiful Land Special Economic Zone in Luang Namtha

Due to development plans and the increasing number of foreign workers in the Northern SEZs, foreign companies and the Government of Lao PDR are interested in working together to develop a future plan of cooperation in reducing instances of irregular migrant labour by ensuring workers have the proper permits and documents to work in Lao PDR. Labour management within the SEZs is also a key concern, to ensure companies are following Lao labour law and ensuring worker rights.

Future Development

The Golden Triangle SEZ in Bokeo currently has 81 companies, with the highest foreign labour of all SEZs; 7,963 foreign workers. Boten SEZ in Luang Namtha has 2,520 foreign workers. Majority of foreign workers in these SEZs are Chinese labour.

Boten SEZ development plans hope to increase inhabitants to 300,000 in the near future, this SEZ will be focusing on trade and tourism, while sustaining Boten's natural mountainous environment. With these plans for expansion, SEZ authorities are concerned with labour management of foreign workers, along with protecting Lao workers who have lower skills and experience in the industrial sector.



Model of future development in Boten Beautiful Land SEZ © IOM 2018

There is a need to develop and implement worker training courses to improve skills and provide workers with basic information on laws and regulations. The GoL hopes to strengthen skills development of Lao workers, specifically in Northern SEZ areas to ensure rural populations surrounding the SEZs can benefit from this development and are provided with greater opportunities to work at foreign companies in the SEZs.



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