

2009-2010

Investment Opportunities in LAOS

CHAMPASAK PROVINCE

- Sky-rocketing FDIs since 2000
- Untapped business potentials
- Strategic Location
- Resource rich – low cost
- Attractive Incentives
- One Stop Shop Service Unit
- Conducive Investment Climate



Champasak Province

*“The emerging
investment destina-
tion in South East
Asia”*



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Welcoming Address by the Governor of Champasak Province

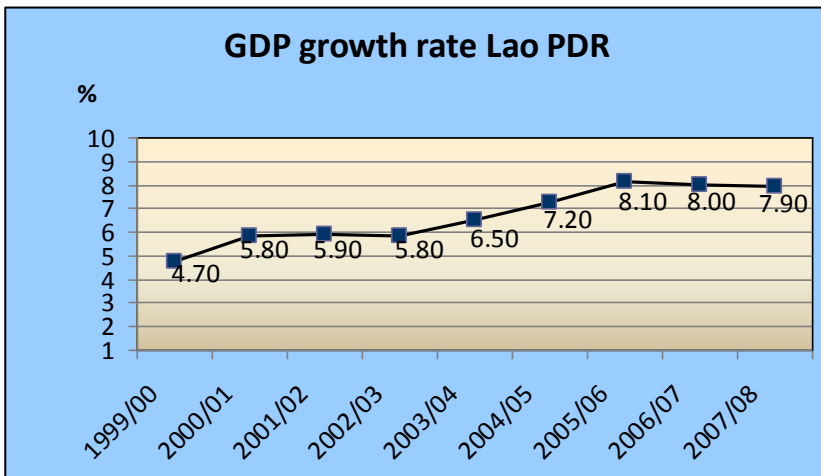


Governor of Champasak Province

As a result of the implementation of the socio-economic development plan in the fiscal year 2007/2008, Champasak Province has seen an overall increasing trend:

Estimated income per capita rose from US\$ 606 in 2006/2007 to US\$ 730 in 2007/2008. At provincial level, poverty rate remains at 5% of a total of 107,092 families. In addition the GDP growth rate over the last ten years is very promising. Macro-economic indicators, embracing government's policies and objectives - have accomplished a considerable satisfactory level.

Champasak Province authority in particular works hard to reduce poverty and to improve livelihood in rural areas. Provincial leaders together with departments, committees and relevant sectors, as well as the central government bodies, have put all their efforts in seeking additional funds for the provincial budget and utilizing all means for investments into some fundamental infrastructures. One of the notable efforts of the province is the serious focus on attracting and promoting domestic and foreign investment. Up to date, the province has approved a total of 184 projects, at a value of 3.285 trillion kip equivalent to US\$ 391 m. In the fiscal year 2007/2008 alone, 48 projects at value of 826.7 billion kip or US\$ 97.2 m have been approved. The majority of investments account for agriculture, facilitation of tourism infrastructure, industry and services. With the socio-economic development and its potentials, an increasing future trend is expected. Therefore, it is not surprising that investors, businessmen, both domestic and foreign in all sectors choose Champasak Province as one of their investment destinations due to its plentiful natural resources that are suitable for investment in agriculture (farming and livestock rising) especially organic



Source: MPI, Lao PDR

farming and processing. Most importantly, eco-tourism, cultural and famous historical attraction sites, such as Wat Phou Champasak, the second national World Heritage and Khon Pha Pheng, also known as the "South East Asian Niagara Falls" or the "Pearl of Mekong", invite all of you to visit, invest and doing business. Yet, there is an opportunity that investors should not miss, namely to invest in and

develop the Khon Pha Pheng zone. The government has earmarked the area to be a Special Economic Zone open to interested investors.

Ladies and gentlemen, the information published in this brochure on potentials and investment opportunities gives a first glance at comparative potentials and the competitive business investment climate of our province. For more detailed information, please contact the Department of Planning and Investment of Champasak Province.

Yours Sincerely

The Governor of Champasak Province

Sonexay Siphandone

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Champasak Province

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The DPI office is located at the Governors Office

Strategic Location

Champasak is a resource-rich province in Southern Laos, strategically closely placed to large markets of Thailand, Cambodia and Vietnam. The economic sectors of the province reflect a rapid growth in the agricultural as well as in the services sector. Due to its favourable conditions for agriculture the province could well be the food basket for the region.

The famous Boloven Plateau is renowned for its high quality coffee production. Despite sky-rocketing investments into the agricultural sector, the full potentials for agri-business remain still untapped.

The hotel and restaurant sectors are fast growing, with prestigious hotel construction projects underway to attract high spending visitors.

Untapped business potentials

Pakse, the provincial capital presently experiences an unprecedented construction boom and a rapid growth in domestic and foreign direct investment. Due to the close proximity to Thailand, Cambodia and Vietnam, wholesale and retail businesses are flourishing.

The newly established trade area at the Lao Nippon friendship bridge contributes to an economic upturn for the region. Another commercial hub, a large duty-free shopping area at the Vangtao Chongmek border point between Thailand and Laos is presently under construction in order to give an additional boost to commercial development and trading.

At the end of 2008 Pakse hosted the National Games which brought another boost to the provincial economy.

Resource rich

The Province is rich in natural resources like bauxite, copper, barite, peat, iron, lead, zinc, petroleum gas as well as substantial potential for hydro power generation. Several hydro power projects of installed capacities from 61 to 2,080 MW are planned. Potentials for a renewable energy plant from wood waste exist.



Lao Nippon Bridge: The gateway to and from Thailand



The new sports stadium in Pakse

Geographic Location

Champasak Province is located in the South-West of Lao PDR bordering Thailand and Cambodia. The Provincial capital is Pakse with 83,239 inhabitants. The Province benefits from the newly established East-West Corridor between Myanmar, Thailand, Laos and Vietnam in respect to transport linkages to growing markets. The Mekong River stretches from the north to the south of the Province and contributes strongly to the potentials of economic development particularly in agri-business and tourism.



Champasak, South-Western Province of Lao PDR

Economic Data Lao PDR:

Description	Data
Annual GDP growth	7.9 % in 2008
GDP	US\$ 5.3 bn
Export volume	US\$ 973.75 m
Import volume	US\$ 1.0 bn
Average income per capita/year	US\$ 835
Inflation rate	8 %
Economic sectors	29.5 % Agriculture 27.5 % Industry 42.7 % Services

Source: MPI, Lao PDR

Champasak Province in a nutshell

Description	Data
Total Land Area	15,350 km ²
Upland (26%)	3,991 km ²
Lowland (74%)	11,359 km ²
3 industrial parks	2,284 ha in total
Total Population	642,651 inhabitants
Population density	42 inhabitants/km ²
Labour force	453,503 persons
Administrative units	1 urban, 10 districts

Source: DPI, Champasak

Climate

Upland (26%)	Elevation	1,284 m
	Av. Temp.:	21 °C
	Rainfall:	3600 mm/year
	Humidity:	80 %
Low land area (74%)	Av. Temp.:	27 °C
	Rainfall:	2300 mm/year

Source: DPI, Champasak

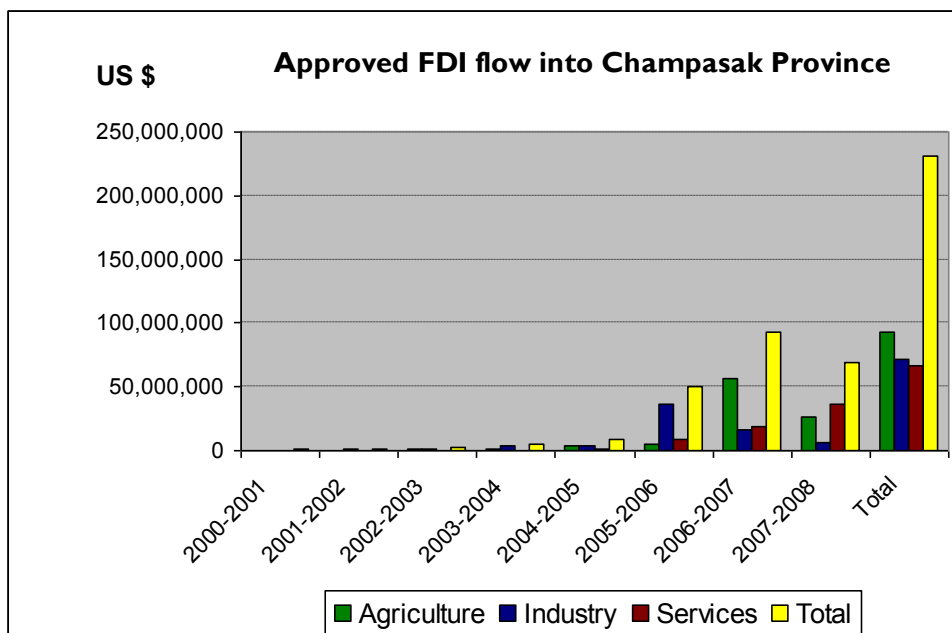
Economic Policies

Laos aims to join the WTO. The country is a member of ASEAN and signed the ASEAN Free Trade Agreement (AFTA) in 1998. Laos is strongly involved in regional economic cooperation initiatives with neighbouring countries such as the Emerald triangle cooperation for tourism and the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). ACMECS stands for trade & investment facilitation, agriculture and industry cooperation and improvement of transport linkages among other priority cooperation areas .

The country benefits from the Generalised System of Preferences (GSP) for exports to the EU, Japan and Australia and a bilateral trade agreement with the US.

Sky-rocketing Foreign Direct Investments

Thanks to its favourable investment location and facilitated licensing procedures, Champasak Province is able to attract large amounts of investment capital. Foreign Direct Investment gained strong momentum with a ten-fold increase of FDI between 2005 and 2007. Investments into the agricultural sector and services sector are steadily on the rise whilst the industrial sector had its peak in 2006. The services sector, including wholesale and retail trade as well as the hotel and restaurant sector in the tourism industry are fastest growing and account for a rapid and wide-spread construction boom in the provincial capital Pakse. The agricultural sector accounts for the highest value of investments since the year 2000.



Conducive Investment Climate

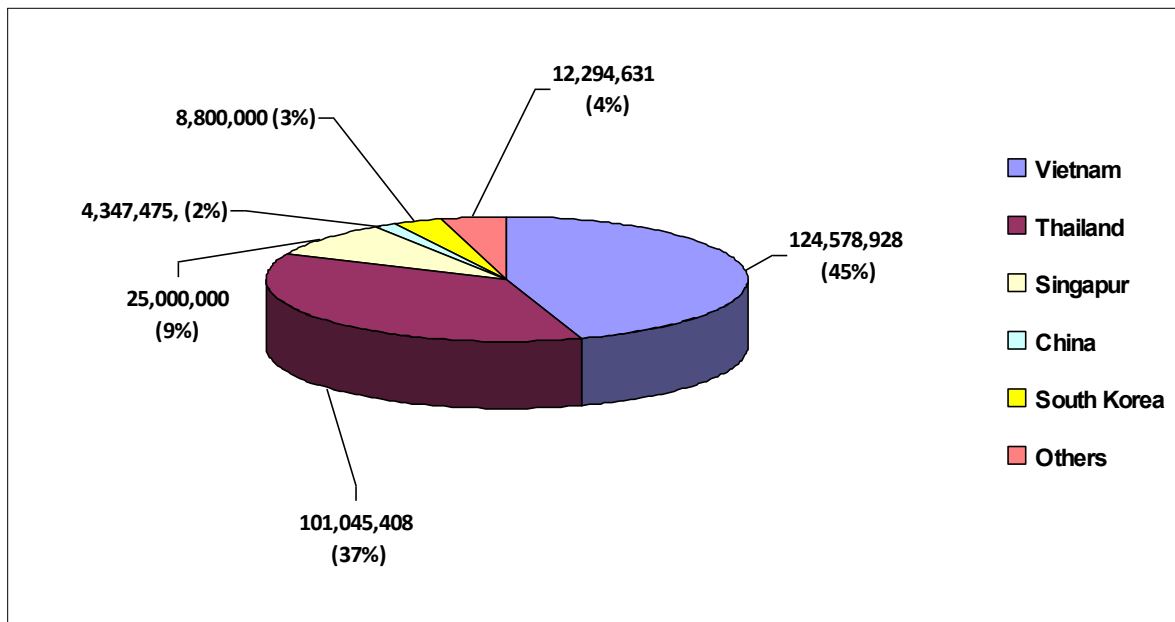
The outlook of macro-economic conditions is quite positive for 2009, with a projected GDP growth rate of 8.0 %. A new investment law which has been passed in 2004 is presently under review to further improve the business climate. In 2006 the Department for Planning and Investment (DPI) Champasak has put in place a *One Stop Shop Service Unit (OSS)* to enhance the investment approval process. Since then, time and cost of starting a business have been drastically reduced and investment licenses can now be obtained within 15 days.

The accelerated procedure led to a sharp increase in investments in the same year. Investors meet attractive incentive packages, low business costs, security of property and a strong economic growth in the province.

Investors have the right to employ foreign high skilled employees holding a work permit and to hire up to 10 % foreign low-skilled workers of the total number of the enterprise's labour force. A Provincial Public Private Dialogue (PPPD) which has been spear-headed by the German Technical Cooperation (GTZ) has been institutionalized by government structures in order to further improve the business environment for investors.

FDI by Country

In terms of value of investment, Vietnam leads investments into Champasak Province before Thailand, Singapore, Korea, China and others. Thailand has the highest number of investment projects followed by Vietnam, China, Korea and Singapore. Domestic investments into the Province since 2005 remained fairly stable in all 3 sectors. Domestic investments are headed by the services sector, followed by the industry and agricultural sector.



Approved FDI flow according to country of investment since 1989 in US \$ into Champasak Province

FDI Success Stories:

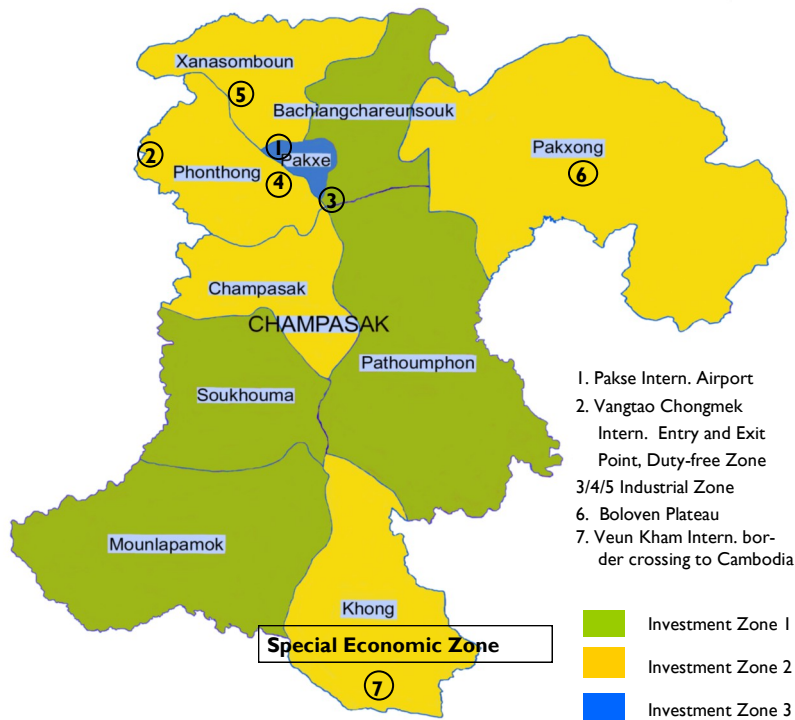


Beer Lao Brewery



Dao Heuang, Coffee Trade and Processing

Economic Map of Champasak Province



1. Pakse International Airport

The airport offers regular flights to Bangkok, Cambodia, Vientiane and Luang Prabang. Visa-upon arrival are issued.

2. Vangtao Chongmek International Entry and Exit Point

A large Duty-Free Shopping Area is under construction at this border point. Vangtao Chongmek is the main entry and exit point for imports and exports to and from Thailand. Visa-upon arrival is issued.

3./4./5. Industrial Zones

Three industrial zones in different districts of the province are surveyed and account for 2,284 ha. Most of the land is still available for suitable investments.

6. Boloven Plateau

The Province offers a wide array of best opportunities for agri-business. In the upland area (Boloven Plateau) coffee, organic vegetables, tea and fruit production are promoted. The Boloven Plateau is in addition a popular tourist destination as well as rich in natural resources.

7. Veun Kham International border crossing

This is the road border crossing to Cambodia. The route links to Siem Reap, Angkor Wat. Plans exist to improve transport linkage to Cambodia/Angkor Wat. The Provincial Government plans to establish a Special Economic Zone in Si Phan Don - Four Thousand Islands in order to attract Foreign Direct Investment.

International Road Transport Linkages



International Transport Distances

	Distance in km
Pakse – Dong Ha	570
Pakse – Da Nang	820
Pakse – Cambodia	203
Pakse - Bangkok	850

Foreign and Domestic Investment Calling List

Champasak Province offers a wide array of best business opportunities whereby priority investment areas are in agri-business, tourism/services and industry. The calling list below depicts investment projects needed in the province. Applications for investment projects not shown in the calling list are equally welcome.

No	Project Name	Location
I	Agriculture and Forestry	
1.	Establishment of organic farm plantations	Paksong, Bachiangchareunsouk district
2.	Aquaculture, fish production	Khong district
3.	Cattle production and pasture management	Mounlapamok district
4.	Renewable energy crop production of Jatropha, sugarcane, palms, cassava	4 Western districts
5.	Livestock production and aquaculture	10 districts
6.	Commercial vegetable production	10 districts and Bachiang
7.	Coffee plantation	Paksong district



Fish farming on the Mekong River



Investments into aquaculture with high potentials



Coffee harvest on the Boloven Plateau



Commercial vegetable farming

Foreign and Domestic Investment Calling List ctd.

II	Industry and Commerce	Location
A	Manufacturing	
8.	Coffee processing factory	Industrial Zone
9.	Fruit processing factory	Industrial Zone
10.	Rubber processing factory	Industrial Zone
11.	Cashew nut processing factory	Industrial Zone
12.	Bio fertilizer production factory	Industrial Zone
13.	Vangtao and Nongnokkiane border market	Phonthong and Khong dist.
14.	Animal feed factory	Industrial Zone
15.	Paper processing factory	Sanasomboun district
16.	Vegetable oil mill	Sanasomboun district
17.	Cassava flour production factory	Pathoumphon district
18.	Bio Ethanol/Bio diesel factory	Sanasomboun district
19.	Vermicelli production factory	Industrial Zone
20.	Fruit juice factory	Industrial Zone
21.	Wine Processing Factory	Industrial Zone
22.	Textile factory: Spinning thread production	Sanasomboun district
23.	Banana processing factory	Bachiangchareunsouk district
24.	Pickled vegetable production factory	Paksong district
25.	Meat and fish processing factory	Industrial Zone (km 16)
26.	Floor tile factory	Industrial Zone (km 16)
27.	Roofing sheet factory	Industrial Zone (km 13)
28.	Soda production factory	Industrial Zone (km 16)
29.	Beverage factory	Industrial Zone (km 16)
30.	Rice sack-bag production manufacturing	Sanasomboun district
31.	Barbed wire, iron net factory	Industrial Zone (km 13)
32.	Steel bar factory	Industrial Zone (km 17)
33.	Ceramic factory	Sanasomboun District
34.	Electronics manufacturing	Sanasomboun District
35.	Electrical wire factory	Industrial Zone (km 12)
36.	PVC pipe factory	Industrial Zone (km 12)
37.	Soap, shampoo, washing powder factory	Sanasomboun district

III	Tourism	
38.	Tourist site development Done Kor, Done Khong island	Khong district
39.	Tourist site development Houypoune Swamp	Pakse district
40.	Tourist site development protected forest “Pou-Xienthong Mountain”	Sanasomboun district
41.	Tourist site development “Pou-Sarao Mountain”	Phonthong district



Si Phan Don or 4000 Islands located in Southern Champasak Province seeks for investment proposals from interested investors

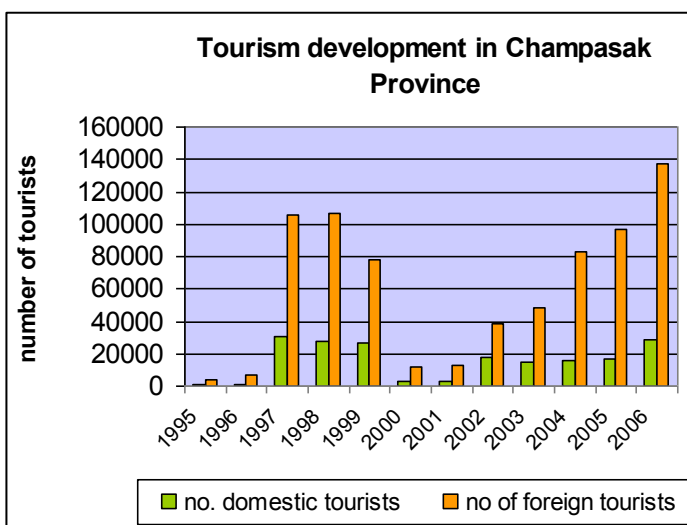
IV	Infrastructure: Road and Transportation Network	
42.	Construction of asphalted road at Ban Porban Khen	Moonlapamok district
43.	Construction of asphalted road at Ban Soad to Cambodian border	Khong district
44.	Construction of asphalted road from Pathoumphon district, (Champasak Province) to Sanamxay district (Attapeu Province)	Road No. 18
45.	Construction of asphalted road link Sukhuma district to Moonlapamok district border to Cambodia	Road No. 14
46.	Construction of bridge at Ban Na-Ban Hath	Khong district
47.	Construction of harbour at Ban Papim-Ban Moaumg	Pathoumphon, Champasak district

V	Energy and Mines		Preliminary detail
48	Hydro-Power Project “Dongsahong”	Khong district	240 MW
49	Hydro-Power Project “Sekatam”	Paksong district	60 MW
50	Hydro-Power Project “Sepain-Senamnoy”	Paksong district	390 MW
51	Electric expansion to tourist site and border trading zone		
52	Extraction of Bauxite	Paksong district	

The **tourism industry** is one of the cornerstones for the local economy. Huge business potentials in this sector are not yet exploited. The “Economist Intelligence Unit” forecasts continued expansion of the tourism industry. In December 2007 the New York Times named Laos as its number-one holiday destination. A tourist destination with this kind of pristine nature and picturesque character is unique and not easily be found elsewhere. Since Laos has opened its doors for tourism only few years ago, it can be assumed that mainstream tourism has not yet fully captured Laos as a holiday destination and that major revenues from tourism still lie ahead.

The **Emerald cooperation** triangle initiative between Thailand, Cambodia and Laos helped to boost the number of tourists coming to the region. The aim of this cooperation is to utilize the combined tourism resources of the sub-region for mutual benefit of the participating countries. For instance visa-upon arrival at all three international checkpoints in Champasak Province has been introduced to facilitate traveling of tourists in the region. The “Mekong Tourism Development Project” supported by the Asian Development Bank (ADB) equally assisted the Province in tourism development e.g. with an Eco-Tourism Project in cooperation with the World Wildlife Fund (WWF).

The **Provincial Tourism Administration** of Champasak Province estimates a ten-fold rise in the number of tourists since 2001 (see chart below), tendency rising.



Source: Department of Tourism, Champasak Province

Presently Thai tourists account for the majority of foreign tourists coming to the region. The potential of attracting Western tourists still remains untapped despite high potentials.



Delicious boat restaurants on the Mekong River



Cultural heritage of ancient Khmer culture



Mekong journeys



Unforgettable experiences

Planned Infrastructure Improvement Projects for Tourism



Prestigious hotels



Marvelous landscapes



Beautiful panoramas



Rich traditional culture

The Asian Development Bank (ADB) recently approved funding of over US \$ 20 m for the tourism authorities of Laos and Vietnam to develop a system of roads that link their tourism industry with Thailand. Champasak Province benefited from road improvement of route 13 South which connects to route No. 7 in Xiengteng town in northern Cambodia. A new road 14 A as public investment will be constructed from the Thailand border Vangtao Chongmek as direct linkage to the ancient temple Wat Phu to further facilitate tourism in the region.

As part of the planned establishment of a ‘Special Economic zone’ in Si Phan Don - Four Thousand Island in Southern Champasak Province, the economic development plan for the area foresees among others the improvement of transport linkages between Si Phan Don and Angkor Wat (Siem Reap) by air and by road. The plan entails the establishment of an airport as well as road improvement in order to easily connect tourists from Angkor Wat in Cambodia to Si Phan Don in Southern Laos. (see map below). The linkage from Angkor Wat to Si Phan Don will bring new investment opportunities to the area for which investment proposals by potential investors are also sought.



International flight connections from Pakse airport

- ➔ Regular international flights from Pakse airport to Bangkok and Siem Reap, Cambodia as well as to Luang Prabang.
- ➔ Planned linkage by air from Si Phan Don— Four Thousand Islands to Angkor Wat, Siem Reap, Cambodia.

Ready markets for agricultural commodities

World-wide soaring food prices and increasing demand turn agriculture into a lucrative business. Champasak's outstanding strategic position between Thailand, Cambodia and Vietnam offers a wide array of markets for agricultural commodities to neighbouring countries. Four large regional markets and 25 daily markets complement marketing opportunities. The central market in Pakse alone hosts more than 350 shops, with a newly established shopping mall in addition. Furthermore Laos benefits from the Generalised System of Preferences for exports to the EU, Japan and Australia and a bilateral trade agreement with the US.

Abundant farmland available

Distinct features of the province are the low population density and the Mekong River basin with its readily available fertile farmland and water sources for aquaculture. Climate and soil offer best conditions for commercial agriculture and a diversity in production. Cash crop production of coffee, organic tea, rubber, vegetables, fruits and cashew has high potential. The lowlands of the province and the Mekong River basin are suitable for livestock rising, rice, cassava, jatropha and sugarcane production as well as aquaculture.

Coffee - The Important Export Commodity

It is said that possibly the best coffee growing region in Southeast Asia is on the Boloven Plateau in Southern Laos, Champasak Province. On the Boloven Plateau Arabica, Catimor and Robusta coffee are cultivated and renowned for their special taste and good quality. CIRAD coffee research institute rank Lao coffee beans among the best 12 coffees in the world. Production and certification of coffee to access international niche markets and to obtain premium prices are an attractive option as well as establishing out-grower schemes for smallholders. Presently the Lao Coffee Association is seeking access to the International Coffee Association in order to promote Lao Coffee internationally.

Investments along the value chain sought

Investments are promoted along the agricultural value chain particularly for input supply, production and processing. The input supply segment needs animal feed and fertilizer, the production segment requires more cash crops, livestock rising, aquaculture, vegetable and renewable energy production. Supply of commodities such as meat, fish, fruits, rubber, coffee, cashew and pepper guarantee a constant supply chain for newly to be established processing plants.



Rubber plantations



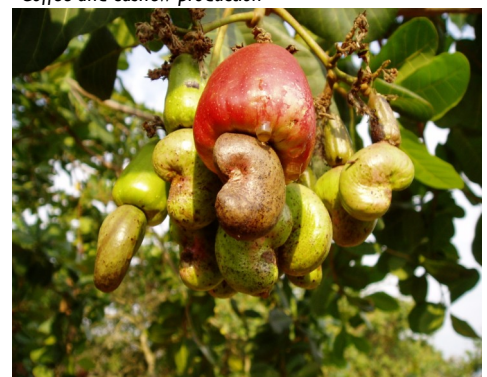
Fruit tree orchards



Commercial vegetable production



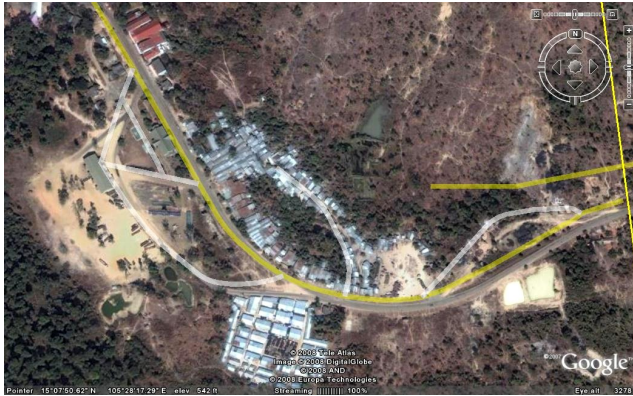
Coffee and cashew production



Priority Investment Area:

Industry

The total area of industrial zones surveyed in Champasak Province account for 2,284 ha. The industrial zone in close proximity to Pakse, hosts investment projects such as Lao Brewery Factory/Champasak branch, a furniture, wood manufacturing, shoe, a tile and concrete factory. 777 ha of industrial park land out of 1,012 ha are still remaining and can be provided to interested investors.



Vangtao-Chongmek checkpoint development area at the Lao-Thai border



Surveyed industrial zone on the outskirts of Pakse

The fledging manufacturing and processing sector offer high potentials. Processing of agricultural crops, manufacturing of supplies for the construction industry as well as electronics manufacturing meet only little local competition.

Utility and production costs are low and qualified labour can be obtained from the Vocational & Technical School as well as from Pakse University. The banking sector in Pakse is developing fast with various new bank establishments and their diverse financial services. Above all the accelerated investment licensing procedures help foreign investors to start up business operations easily.



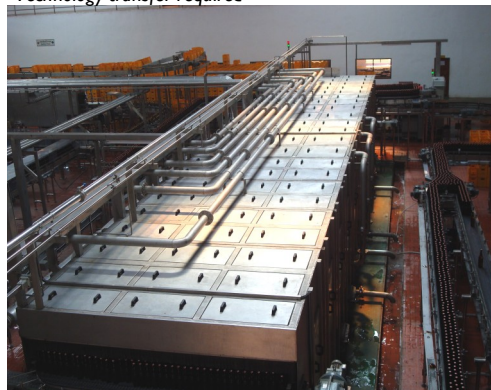
Substantial potentials for energy generation existing



Processing industry meets little competition



Technology transfer required



Domestic investments on the rise



Investment Incentives

- Re-invested profits will be exempted from profit tax for the particular accounting year.
- During the period of profit tax exemption, enterprises will be entitled to the exemption of minimum tax measure.
- Permission to bring in foreign nationals to undertake investment feasibility studies as well as to bring in foreign technicians, experts and managers, if qualified Lao nationals are not available to work on investment projects.
- Exemptions of custom duty and import tax for importations of machinery, materials, equipments and heavy vehicles directly used in production. In addition, enterprises will be entitled to custom duty and import tax exemption or reduction for the importation of raw materials and semi-finished products.
- Foreign expatriates are subjected to personal income tax at a flat rate of 10%.
- Foreign investors and their family members will be granted multiple entry visas, max. for 5 years, renewable.
- Permission is granted to lease land for up to 30 years from a Lao national and up to 50 years from the government.
- Rights, benefits and obligations of foreign investors relating to land lease or concession must be in compliance with the Land Law and other relevant laws.
- The government also offers guarantees against seizure, confiscation or nationalization. The foreign investor shall be compensated in accordance with the laws and regulations, if necessary for public purpose.

Profit Tax Incentives

The profit tax incentives granted are based on three **investment zones** as shown in the table below and the eight promoted **sectors**.

Zone 1: No economic infrastructure to facilitate investments

Zone 2: Moderate level of economic infrastructure available to accommodate investments.

Zone 3: Good economic infrastructure is available for investments. (see economic map page 8)

Zone	Profit Tax exemption Period	Reduced Tax rate	Full tax rate
1	First 7 years		Year 8 onwards: 10 %
2	First 5 years	Year 6-8: 7.5 %	Year 9 onwards: 15 %
3	First 2 years	Year 3-4: 10 %	Year 5 onwards: 20 %

Profit Tax incentives according to investment zones

Investment Application

Investment Application forms can be obtained directly at the Department of Planning and Investment (DPI) Champasak Province. The DPI is located in Pakse at the Governors office. Contact under tel/fax: +856-31-212541-2. Application forms can also be downloaded under: www.dpichamp.com

Investment applications shall be submitted to:

*Department of Planning and Investment (DPI)
Champasak Province
Pakse, Laos*

Overview of Facilities and Costs

Communications

Telecommunications in Champasak Province

Communication by electronic or digital media become important aspects, when choosing a base for business. Champasak Province offers all DSL, broadband, mobile and internet services at inexpensive rates. Telephone and video conferences via internet based services are also available. Modern customer service centers offer quality services in communication and cater for customer needs.

Mobile phone Networks

Several mobile phone operators exist, using GSM 900/1800 MHz networks. WAP and GPRS/EDGE for e-mail and web browsing is available. Local calls cost 300 kip/minute and international calls 2000 kip/min.

Home or Business Telephone Lines

Lao Telecom or ETL install new regular phone, fax or dialup, ADSL and leased lines for internet at home or office are available. LaoTel's Win Phone is an alternative to landline phone service. It can be used for internet and voice services.

Satellite TV

Champasak Cable TV Ltd. offers Satellite and Cable TV with more than 30 TV channels among them CNN, DW, TV5 Monde, Channel News Asia as to mention a few.



Lao Telecom with its modern customer service center

Internet

	Speed	Cost
Internet ADSL	128 Kbps—768 Kbps	For all facilities individual & corporate contracts are available at LaoTelecom and ETL Lao, starting from 450,000 kip/month to 3,560,000 kip/month
Internet Leased-Line	128 Kbps—2 Mbps	4,950,000 kip/month—23,750,000 kip/month (ETL) 512 kbps: 7 Mio kip/month, 2Mbps: 26 Mio. Kip/month
Data Leased-Line	64 Kbps— 1 Mbps	1 Mbps: 14 Mio kip/month

Internet costs

Public Utilities

Water Tariffs

Consumption levels in kip per m³/month

User category	1 - 5	6 - 15	16 - 30	> 30
Private households & government	1,200 kip/m ³	2,600 kip/m ³	3,400 kip/m ³	4,000 kip/m ³
Hotels and beverage shops	3,300 kip/m ³	3,700 kip/m ³	4,500 kip/m ³	5,600 kip/m ³

User category	1 - 5	6 - 30	> 31
Industries	3,700 kip/m ³	4,700 kip/m ³	5,700 kip/m ³

Electricity & Fuel Tariffs

Residential in kip/kWh (Low Voltage)

0 - 25	26 - 150	>150
203	301	773

Cost of Fuel (Jan. 09)

Diesel	5,730 kip/l
Petrol	5,960 kip/l

Non-Residential in kip/kWh (Low Voltage)

Int. Organisation Embassy	Commercial	Entertainment	Irrigation	Industry
1,077	835	1,106	362	607

Non-Residential in kip/kWh (Medium Voltage)

Commercial	Irrigation	Industry
709	308	516

Trading & Transport

Trading Across Borders

Three International entry and exit points provide easy access to neighbouring Thailand and Cambodia. According to the ASEAN Free Trade Agreement (AFTA), intra-regional tariffs have been reduced to 0 - 5% tariff band by January 2008 and all non-tariff barriers have been eliminated.

Transport - Logistics

Pakse International airport offers flights to Bangkok, Cambodia, Vientiane and Luang Prabang. Daily comfortable night busses provide transport to the capital. DHL, FedEx and EMS have offices in Lao PDR. They are able to pick up and deliver goods all over the world. Lao EMS provides a reliable parcel delivery service.

Availability and Skills of Human Resources

Technical and Industrial Training:

The Pakse Vocational and Technical School (PVET) has 99 staff and about 2000 students. PVET trains students in a 2-3 year vocational education programme in the following professions: construction, carpentry, electronics, electrician, business administration, accounting, basic science including computer science, hotel and catering, restaurant and kitchen services, tourism service, car and motorbike mechanic, metal works, dress making and textiles. The education programme comprises on-the-job training attached to various industries and companies. Each year approximately 800 well-trained students complete their professional education and are available for the labour market.



Vocational education at PVET

Academic Graduates

The University of Pakse has 5 faculties: Education, Economics and Management, Agriculture, Law and Administration and Engineering. Each year approximately 300 students graduate from the Education faculty, 320 from the Economics & Management faculty. The Agriculture faculty account for 125 students, the Engineering faculty for 117. The Law and Administration faculty started only recently the study programme. Further information on availability on human resources can be directly obtained from the PVET and the University.



Computer training at PVET

Production Cost: Labour

Position	Average Salary (US \$)
Manager (junior)	150
Manager (middle)	200
Manager (senior)	300
Accountant	100
Secretary	50-200
Office clerk	50-200
Driver	> 60
Janitor	< 100

Cost of labour

Minimum Wage

The official minimum wage labour accounts for 348,000 kip per month.

Labour Legislation & Relations

Foreign investors are allowed to use foreign labourers, but not exceeding 10% of the enterprise's labour force. Priority shall be given to recruiting Lao workers and training and upgrading their professional skills.

Immigration Requirements

Foreign investors and their families, foreign professionals and employees of a foreign enterprise will be provided with facilities such as multiple entry visas and long term residence in Lao PDR.

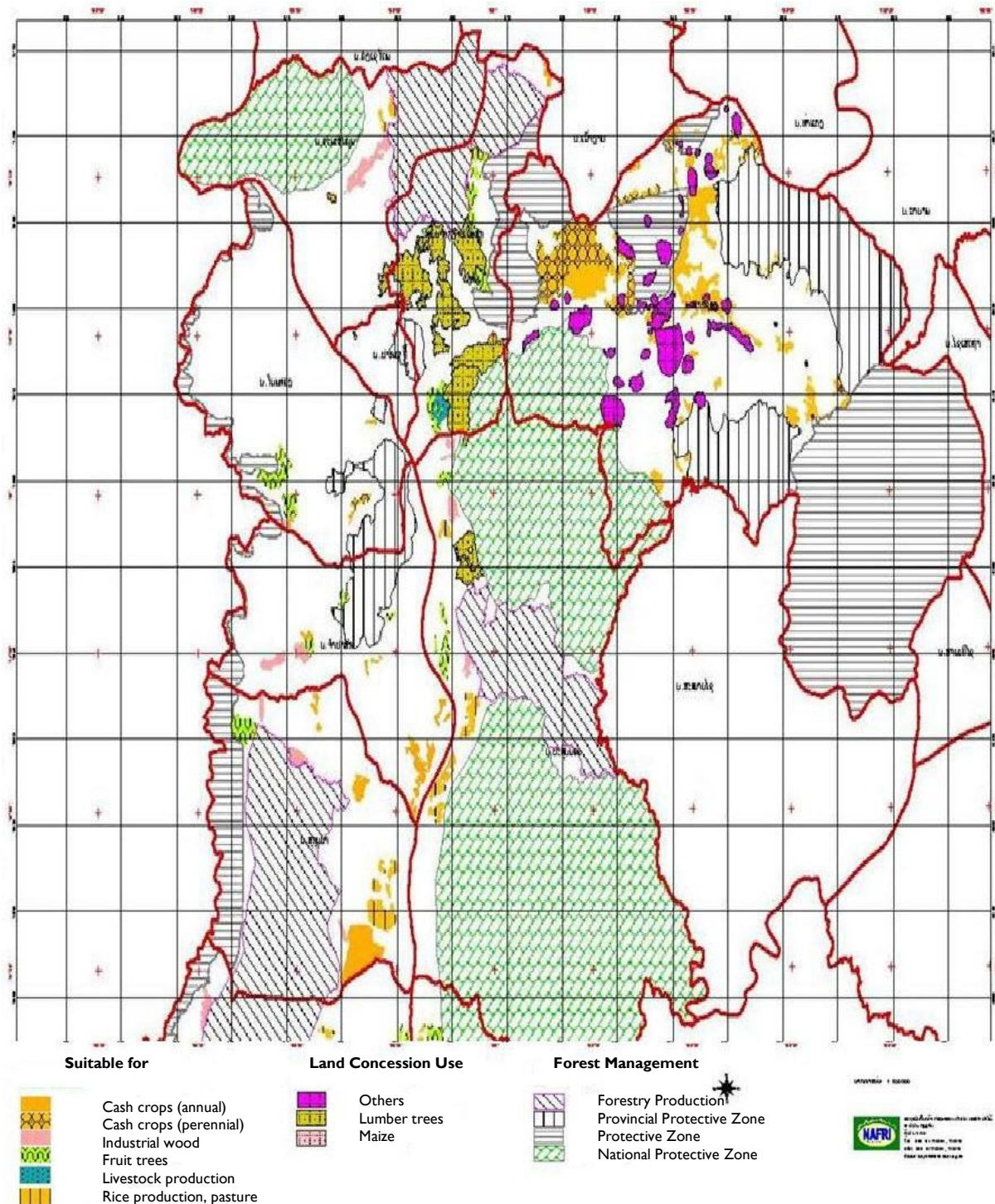
Production Cost: Land

The cost of land lease for agricultural projects are in the range of US \$ 5-12/ha per year, but will likely be raised to US \$ 20-30/ha in 2009 in accordance with the reformed land law. Land lease for industrial land amounts to US \$12 - 29 per ha/year. The permission to lease land is up to 30 years from a Lao national and up to 50 years from the government.

Location	Land Lease in US \$ per year/ha
Prime Areas/ Industrial Zone	12 - 29
Agricultural land	5 - 12

Cost of land lease

Land use and Spatial Development Plan for Agriculture and Forestry



Land use plan for agriculture and forestry in Champasak Province

Financial Facilities - Banking

Opening of bank accounts

Foreigners can open US\$, Thai Baht or Lao Kip savings or fixed deposit accounts with BCEL, ACLEDA, ANZV Vientiane Commercial bank and Phongsavanh Commercial Bank, in Pakse. BCEL bank offers a domestic ATM card for kip accounts. PLUS and CIRRUS ATM networks are available for the most common credit cards such as VISA and Master Card.

The Joint Development Bank (JDB) located in Vientiane has announced internet banking for their foreign account holders.

Credit Facilities

Fixed loans, working capital loan and overdraft are available at BCEL bank. ACLEDEA bank offers microfinance and credits to Small and Medium Scale Enterprises. As a new banking initiative, the

Money transfer

Banks have SWIFT codes, but transfers can be made only via correspondent' or 'intermediary' banks in other countries. International money transfers can also be done with MoneyGram or Western Union for non bank account holders.

ທະນາຄານ ການຄ້າ ຕ່າງປະເທດລາວ ສາຂາ ຈຳປາສັກ
BANQUE POUR LE COMMERCE EXTERIEUR LAO CHAMPASAK BRANCH

ທັນສະໄໝ ວ່ອງໄວ ພໍ້ນໃຈ (Modern, Prompt, Reliable)
 ການເຊື່ອມຕໍ່ 24 ຊົ່ວໂມງ. ຖອນເງິນ, ໂອນເງິນ, ດ້ວຍລະບົບອອນລາຍນາທີຕໍ່ນາທີ
 Real Tim Online System, Deposit, Transfer, withdraw, ATM Services

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 Tel: +856-21 213200-1, 223243-4, Fax: +856-21 213202, 214944, 223012
 Telex: 4301, 4332 BCE YTE LS, Cable: LAO COMBANK
 E-mail: bcelhovr@etlao.com, SWIFT Code: COEBLALA

BCEL bank, Pakse

BCEL bank Lao, has agreed a tie-up with the Bank of Investment and Development of Vietnam to offer loans for large investment projects in Laos. The banks are primarily targeting Vietnamese businesses which are looking forward to invest in contract agriculture, mineral exploration and power plants.

Taxation

Tax	Percentage
Corporate income tax	35 %
Incentive tax in promoted sectors according to investment zone and respective time frame	From tax exemption to 20 %
Minimum tax	1 % of turnover
Social security contributions	8 %
Personal Income Tax (PIT) of Lao Employees	5 – 25 %
Personal Income Tax to foreign employees	10 % *
Income Tax on house rent, land lease and lease of property	15 %
Business Turnover Tax (BTT)	0 %, 5 % and 10 % rates, which will soon be replaced by a VAT standard rate of 10 %. The rate will be collected from businesses with a turnover of more than US \$ 40,000 per year

Overview of relevant taxes for investors

* except employees of a country with which the Lao Government has signed a Double Taxation Agreement.

Quality of Life

- Safe and secure environment
- Moderate and inexpensive living costs
- Average consumer price inflation of 8%, expected to slow down in 2009 to 5.3%
- Convenient climate
- Readily available, inexpensive and furnished, good-standard accommodation ranging from US\$ 100 - US\$ 500 per month
- A variety of international restaurants with Lao, Thai, Vietnamese, Chinese, Indian, Korean and Western cuisine
- Nearby recreational tourism sites
- Sports facilities for golf, tennis, bowling and swimming
- Broadband internet, Sat & cable TV
- University with five faculties



View over Pakse town



Marvelous Mekong panorama



Accommodation in beautiful environment



Good housing

&



accommodation standards



18-hole Golf Course for relaxation

7 reasons to invest in Champasak Province

- Fast developing economy
- A steady GDP upwards trend since 2000
- Facilitated investment licensing
- Low costs of production, particularly land and labour
- Low utility costs
- Uncomplicated immigration policy
- Special economic zone to be established

Official Agencies in Champasak Province:

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