

THE GOVERNMENT

No. 29/2008/ND-CP

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Hanoi, March 14, 2008

DECREE

**PROVIDING FOR INDUSTRIAL PARKS, EXPORT PROCESSING ZONES AND
ECONOMIC ZONES**

THE GOVERNMENT

Pursuant to the December 25, 2001 Law on Organization of the Government;

Pursuant to the November 29, 2005 Law on Investment;

Pursuant to the November 29, 2005 Law on Enterprises;

Pursuant to the June 14, 2005 Commercial Law;

At the proposal of the Minister of Planning and Investment,

DECREES:

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation and subjects of application

1. This Decree provides for the establishment, operation, state management of and policies toward industrial parks, export processing zones, economic zones and border-gate economic zones.

2. This Decree applies to state management agencies, organizations and individuals related to activities of investment, production and business in industrial parks, export processing zones, economic zones and border-gate economic zones.

Article 2. Interpretation of terms

In this Decree, the terms below are construed as follows:

1. *Industrial park* means a zone that specializes in the production of industrial goods or provision of services for industrial production, has specified geographical boundaries, and is established under the conditions and according to the order and procedures specified in this Decree.

2. *Export processing zone* means an industrial zone that specializes in the production of export goods, provision of services for export goods production and export activities, has specified geographical boundaries, and is established under the conditions and according to the order and procedures applicable to industrial parks specified in this Decree.

Industrial parks and export processing zones are collectively referred to as industrial zones, unless they are specifically referred to.

3. *Economic zone* means a zone that has a separate economic space with a particularly favorable investment and business environment for investors, has specified geographical boundaries, and is established under the conditions and according to the order and procedures specified in this Decree.

An economic zone is organized into functional areas, including non-tariff area, bonded area, export processing area, industrial area, entertainment area, tourism area, urban area, residential area, administrative area and other functional areas suitable to characteristics of each economic zone.

4. *Border-gate economic zone* means an economic zone that is located in a land border area where exists an international border gate or a major border gate and established under the conditions and according to the order and procedures specified in this Decree.

Economic zones and border-gate economic zones are collectively referred to as economic zones, unless they are specifically referred to.

5. *Industrial land area* means a land area of an industrial zone on which infrastructure has been constructed for lease or sublease to investors for the implementation of investment projects on production or business in this industrial zone.

6. *Export processing enterprise* means an enterprise that is established and operates in an export processing zone or exports all its products and operates in an industrial zone or economic zone.

7. *Master plan on development of industrial zones and economic zones throughout the country* means a plan that is elaborated and approved under legal provisions on the elaboration, approval and management of master plans on socio-economic development and the provisions of this Decree.

Article 3. Application of specialized laws and treaties

1. Special investment activities in industrial zones and economic zones specified in specialized laws comply with the provisions of these specialized laws.
2. If a treaty concerning investment to which Vietnam is a contracting party contains provisions different from those of this Decree, this treaty prevails.

Chapter II

ORDER AND PROCEDURES FOR ESTABLISHING INDUSTRIAL ZONES AND ECONOMIC ZONES

Article 4. Master plan on development of industrial zones and economic zones

1. Based on the socio-economic development strategy and planning: land use plannings of the whole country, provinces and centrally run cities, the Ministry of Planning and Investment shall assume the prime responsibility for, and coordinate with concerned ministries, branches and Peoples Committees of provinces or centrally run cities (below collectively referred to as provincial-level Peoples Committees) in, elaborating and submitting to the Prime Minister for approval a master plan on development of industrial zones and economic zones.
2. The approved master plan on development of industrial zones and economic zones serves as a basis for consideration of the establishment of industrial zones and economic zones; elaboration of plannings and plans on investment in the development of technical and social infrastructure works in service of the development of industrial zones and economic zones.

Article 5. Conditions on the establishment and expansion of industrial zones

1. Conditions on the establishment of an industrial zone:

a/ This industrial zone is in line with the approved master plan on development of industrial zones;

b/ At least 60% of the total industrial land area of industrial zones already established in the territory of the province or centrally run city where this industrial zone is to be located has been leased or sub-leased to investment projects which have been registered or granted investment certificates.

2. Conditions on the expansion of an industrial zone:

a/ This industrial zone is in line with the approved master plan on development of industrial zones;

b/ At least 60% of the total industrial land area of this industrial zone has been leased or sub-leased to investment projects which have been registered or granted investment certificates;

c/ This industrial park has already built and put into use a consolidated wastewater treatment work.

3. For industrial zones occupying 500 hectares or more each in which many investors join in constructing and commercially operating infrastructure works in separate plots or industrial zones linked with other urban or business centers under the same overall scheme, general construction plannings must be elaborated under the Ministry of Constructions guidance before detailing plannings are made.

4. For industrial zones occupying 500 hectares or more each, or located near national highways, regional or national defense zones, historical sites, beauty spots and ecological conservation zones or in grade-II, grade-I or special-grade urban centers, written consents of the Construction Ministry and concerned ministries and branches to detailed plans on construction of these industrial zones are required before these plans are approved by provincial-level Peoples Committees.

Article 6. Conditions on the addition of an industrial zone to the master plan on development of industrial zones

1. At least 60% of the total industrial land area of industrial zones already established in the territory of the province or centrally run city where this industrial zone is to be located has been leased or sub-leased to investment projects which have been registered or granted investment certificates.

2. This industrial zone is in line with the local socio-economic development planning; the land use planning; the regional and urban construction planning; the planning on technical infrastructure; the planning on use of minerals and other natural resources.

3. This industrial zone has favorable conditions for or is capable of constructing a system of technical and social infrastructure works, synchronously elaborating and closely combining the planning on development of industrial zones with the urban development planning, the distribution of population, residential houses and social works in service of its workers.

4. There are enough conditions for the development of this industrial zone, including:

a/ There is a sufficient land area reserved for its development and there exist conditions for it to be linked with adjacent industrial zones to form a cluster of industrial zones;

- b/ It is attractive to both domestic and foreign investors to invest their capital;
 - c/ Local workforce is sufficient to meet its labor needs;
5. Its location plan is in line with defense and security planning and requirements.

Article 7. Conditions on the establishment and expansion of economic zones

1. Conditions on the establishment of an economic zone:

- a/ It is in line with the approved master plan on development of economic zones;
- b/ It has a geographical position favorable for the regional economic development (having a deepwater seaport or being near an airport), is linkable with major national and international roads; can be easily controlled and serve as a hub for convenient exchange with other domestic and foreign regions; and has favorable condition and resources for technical infrastructure investment and development;
- c/ It occupies a land area of 10,000 hectares or more to satisfy its general development requirements;
- d/ It is able to attract large-sized and important investment projects and works with significant impacts on the regional socio-economic development;
- e/ It is able to bring into play local potential and exert pervasive development impacts on surrounding areas;
- f/ It has no negative impacts on nature reserves; causes no harmful effects or damage to tangible cultural heritages, scenic places and beauty spots, groups of architectures of historical, aesthetic or scientific value; is in line with the defense disposition and ensures the defense and security maintenance; and is able to satisfy requirements on environmental protection and sustainable development.

2. Conditions on the establishment of a border-gate economic zone:

- a/ It is in line with the approved master plan on development of economic zones;
- b/ It has an international or a major border gate specified in the Governments Decree No. 32/2005/ND-CP of March 14, 2005, promulgating the Regulation on land border gates; and consists of adjoining administrative units which are not spatially separated from each other;
- c/ It is linkable with major national roads; can serve as a hub for convenient exchange with neighboring countries through their land border gates; and has favorable conditions and resources for technical infrastructure investment;
- d/ Its general development requirements, covering commercial activities, import, export, temporary import for re-export, transportation of goods in transit, industrial production, tourism and services, can be satisfied; it has conditions for bringing into play local potential; it is able to develop commerce and attract investment;
- e/ It combines economic development with firm maintenance of security, political stability and social order and safety, and helps protect national sovereignty in border areas;
- f/ It has no negative impact on nature reserves; causes no harmful effect on or damage to tangible cultural heritages, scenic places and beauty spots, groups of architectures of historical, aesthetic

or scientific value; and is able to satisfy requirements on environmental protection and sustainable development.

3. Conditions on the expansion of an economic zone:

a/ The whole system of its infrastructure has been completed under its general construction planning;

b/ At least 70% of the total land area of its functional areas has been allocated or leased to organizations and individuals for the implementation of projects.

4. An economic zone is organized into functional areas under Clause 3, Article 2 of this Decree. The area and location of each functional area are identified in the general construction planning of the economic zone approved by the Prime Minister.

Article 8. Process of establishment or expansion of industrial zones

1. Procedures for the grant of investment certificates for investment projects on construction and commercial operation of infrastructure works of industrial zones comply with the investment law.

If an industrial zone or the expansion of an industrial zone has been included in the approved master plan on development of industrial zones or general planning on construction of an economic zone, the investment certificate-granting agency shall carry out procedures for investment projects on construction and commercial operation of infrastructure works without having to propose the Prime Minister to approve the investment policy and permit the establishment of this industrial zone;

If an industrial zone or the expansion of an industrial zone has not yet been included in the approved master plan on development of industrial zones, the provincial-level Peoples Committee shall carry out procedures for incorporating the addition or expansion of this industrial zone into the master plan on development of industrial zones under Articles 6 and 12 of this Decree.

2. Decision on the establishment or expansion of an industrial zone:

a/ A dossier for the establishment or expansion of an industrial zone shall be made under Article 10 of this Decree;

b/ A decision on the establishment or expansion of an industrial zone complies with Clause 2, Article 15 of this Decree.

Article 9. Process of establishment or expansion of an economic zone

1. If the establishment or expansion of an economic zone has been included in the approved master plan on development of economic zones, the Ministry of Planning and Investment shall carry out procedures for evaluating the establishment or expansion of this economic zone under Article 13 of this Decree.

If the establishment or expansion of an economic zone has not yet been included in the approved master plan on development of economic zones, procedures for incorporating the establishment or expansion of this economic zone into the master plan on development of economic zones must be carried out under legal provisions on the elaboration, approval and management of master plans on socio-economic development.

2. Decision on the establishment or expansion of an economic zone:

a/ A dossier for the establishment or expansion of an economic zone shall be made under Article 11 of this Decree;

b/ A decision on the establishment or expansion of an economic zone complies with Clause 1, Article 15 of this Decree.

Article 10. A dossier for the establishment or expansion of an industrial zone

1. A written request of the investor for the establishment or expansion of an industrial zone.

2. The provincial-level Peoples Committees decision approving the detailed planning on construction of the industrial zone.

3. The investment certificate granted to the investor implementing the investment project on development of infrastructure works of the-industrial zone.

4. A dossier shall be made in four sets, including an original dossier set, and submitted to the Management Board of the industrial zone, export processing zone or economic zone (below collectively referred to as the Management Board, unless it is specifically referred to) or the provincial-level Planning and Investment Service (for localities where no Management Board is available).

5. Within five working days after receiving a valid dossier, the Management Board or the provincial-level Planning and Investment Service (for localities where no Management Board is available) shall propose to the provincial-level Peoples Committee the establishment or expansion of the industrial zone. Within ten working days after receiving a valid dossier, the provincial-level Peoples Committee shall decide on the establishment or expansion of the industrial zone under Clause 2, Article 15 of this Decree.

Article 11. A dossier for the establishment or expansion of an economic zone

1. A scheme on the establishment or expansion of an economic zone, with the following principal contents:

a/ The necessity and legal grounds of the establishment of an economic zone;

b/ An evaluation of elements and conditions of geographical position, natural conditions and resources, socio-economic situation, advantages and limitations of the area where the economic zone is expected to be located;

c/ An assessment and explanation of the possibility to satisfy the conditions specified in Article 7 of this Decree;

d/ The set forth development orientations, including development objectives, characteristics and functions of the economic zone; orientations for development of branches, sectors and functional areas; orientations of the planning on the use of land in the economic zone;

e/ Projected total investment capital, modes of raising capital for investment in the infrastructure system of the economic zone; time of establishment of the economic zone; plan and roadmap on investment in the construction and development of the economic zone;

f/ An environmental impact assessment;

g/ Proposed solutions and their application;

h/ Display of the economic zone planning on the planning map.

2. A report of the provincial-level Peoples Committee to the Prime Minister, proposing the establishment or expansion of the economic zone.

3. A dossier must be made in ten dossier sets, of which at least two sets are original (one to be submitted to the Prime Minister and nine others; to the Ministry of Planning and Investment for appraisal under Article 13 of this Decree).

Article 12. A dossier for addition of industrial zones to the master plan on development of industrial zones

1. A planning scheme on development on industrial zones in the territory of the province or centrally run city, with the following principal contents:

a/ The necessity and legal grounds of the addition of industrial zones to the master plan;

b/ An assessment of the practical socio-economic situation and the set forth orientations for socio-economic development and industrial development in the territory of the province or centrally run city;

c/ An assessment of the practical construction and development of industrial zones which have been established and planned in the territory of the province or centrally run city;

d/ Name, location, land area, practical state and specific conditions for development of each industrial zone expected to be planned;

e/ An evaluation and explanation of the possibility to satisfy the conditions in Article 6 of this Decree;

f/ The possibility to raise capital for investment in the construction and development of industrial zones;

g/ Display of the industrial zone development planning on the planning map.

2. A report of the provincial-level Peoples Committee to the Prime Minister, proposing the addition of industrial zones to the master plan on development of industrial zones.

3. A dossier must be made in ten dossier sets, of which at least two sets are original (one to be submitted to the Prime Minister and nine others, to the Ministry of Planning and Investment for appraisal under Article 13 of this Decree).

Article 13. Evaluation of the addition to the master plan on development of industrial zones or the establishment of an economic zone

1. Evaluation contents:

a/ The legal grounds and necessity of the addition to the master plan on development of industrial zones or the establishment of an economic zone;

b/ The conformity of the addition to the master plan on development of industrial zones or the establishment of an economic zone with the local socio-economic development planning and land use planning; the regional and urban construction planning; the technical infrastructure planning; and the planning on the use of minerals and other natural resources;

c/ The objectives and targets of the addition to the master plan on development of industrial zones or the establishment of an economic zone and the distribution of resources;

d/ The degree of satisfaction of the conditions respectively set on the addition to the master plan on development of industrial zones or the establishment of an economic zone;

e/ Solutions to and feasibility of the addition to the master plan on development of industrial zones or the establishment of an economic zone.

2. Order of and procedures for evaluation:

a/ Within five working days after receiving a dossier on the addition to the master plan on development of industrial zones or the establishment of an economic zone, the Ministry of Planning and Investment shall gather opinions of concerned ministries and branches.

If the dossier fails to satisfy the requirements specified in Article 10 or 11 of this Decree, the Ministry of Planning and Investment shall request in writing the provincial-level Peoples Committee to supplement or modify the dossier. The duration for dossier supplementation or modification is not counted into the evaluation duration.

b/ Within ten working days, for industrial zones, or twenty working days, for economic zones, after receiving a valid dossier, concerned ministries and branches shall send their opinions to the Ministry of Planning and Investment.

When necessary, the Ministry of Planning and Investment shall organize a meeting with concerned ministries and branches and the provincial-level Peoples Committee to clarify matters which remain unclear.

c/ Within thirty working days, for industrial zones, or forty five working days, for economic zones, after receiving a valid dossier, the Ministry of Planning and Investment shall propose it to the Prime Minister for consideration and decision.

Article 14. First-time expansion and adjustment of the area of an industrial zone

1. If the first-time expansion of an industrial zone does not exceed 10% of its approved planned area or 30 hectares and has no impact on other local plannings, the provincial-level Peoples Committee may, based on opinions of concerned ministries and branches, decide on the expansion of this industrial zone without having to propose to the Prime Minister for approval the addition to the master plan on development of industrial zones.

2. If the actually measured area of an industrial zone is larger or smaller by under 10% than the approved planned area and the difference does not exceed 20 hectares, the provincial-level Peoples Committee may decide on the adjustment of the planned area to match the actual area without having to propose it to the Prime Minister for approval.

3. Other cases of expansion and adjustment of the area of an industrial zone must be proposed to the Prime Minister for consideration and decision.

Article 15. Competence to establish and expand industrial zones and economic zones

1. The Prime Minister shall decide on the establishment or expansion of economic zones in compliance with the approved master plan on development of economic zones.

2. Presidents of provincial-level Peoples Committees shall decide on the establishment or expansion of industrial zones already incorporated into the approved master plan on development of industrial zones or the approved general planning on construction of economic zones.

Chapter III

MECHANISMS AND POLICIES TOWARD INDUSTRIAL ZONES, EXPORT PROCESSING ZONES AND ECONOMIC ZONES

Article 16. Investment incentives for industrial zones and economic zones

1. Industrial zones are geographical areas eligible for investment incentives or enjoying preferential policies applicable to localities on the list of those with difficult socio-economic conditions. Industrial zones located in localities on the list of those with particularly difficult socio-economic conditions may enjoy preferential policies applicable to localities on this list.

2. Investors having investment projects in industrial zones, including expanded investment projects, may enjoy the following incentives:

a/ Investment projects in branches or sectors on the list of those eligible for special investment incentives are eligible for incentives applicable to investment projects in branches or sectors on this list and implemented in localities on the list of localities with difficult socio-economic conditions or the list of localities with particularly difficult socio-economic conditions;

b/ Investment projects in branches or sectors on the list of those eligible for investment incentives and production projects in industrial zones are eligible for investment incentives applicable to investment projects in branches or sectors on this list and implemented in localities on the list of localities with difficult socio-economic conditions or the list of localities with particularly difficult socio-economic conditions;

c/ Investment projects not specified in Items a and b, Clause 2 of this Article are eligible for the incentives provided for in Clause 1 of this Article.

3. Investors having investment projects in economic zones, including expanded investment projects, may enjoy preferential policies applicable to localities on the list of those with particularly difficult socio-economic conditions and other incentives provided for in this Decree.

4. The following investment projects are eligible for the highest incentives under the law on enterprise income tax:

a/ Investment projects in branches or sectors on the list of those eligible for special investment incentives and implemented in economic zones or industrial zones located in localities on the list of those with particularly difficult socio-economic conditions;

b/ Investment projects on construction and commercial operation of infrastructure works of non-tariff areas in economic zones;

c/ Investment projects on hi-tech domains in industrial zones or economic zones;

d/ Investment projects which are large and significant to the development of branches or sectors or the regional socio-economic development and located in industrial zones or economic zones after being approved by the Prime Minister.

5. Earners of taxable incomes, including Vietnamese and foreigners working in economic zones, are entitled to a 50% reduction of payable income tax.

6. Investment expenses for construction, operation or lease of apartment buildings and social infrastructure works in service of workers working in industrial zones or economic zones are

reasonable expenses deductible from taxable incomes of enterprises having investment projects in these zones.

Article 17. Modes of mobilizing capital for investment in the development of technical and social infrastructure systems of economic zones

1. Investment projects on important technical and social infrastructure works of economic zones have access to development investment capital of local budgets and targeted capital supports of the central budget. Conditions and principles for and types of works eligible for central budget supports comply with the Prime Ministers regulations.
2. Investment projects on construction of infrastructure works which are large or play a key role in the development of economic zones may issue project bonds.
3. Technical and social infrastructure works, service and public-utility works necessary for economic zones may have access to official development assistance (ODA) capital, concessional credit and other technical assistance.
4. Raising investment capital in BOT, BT, BTO and other forms under law.
5. Investment projects on construction and commercial operation of infrastructure works of functional areas in economic zones may raise capital through leasing part or the whole of unleased land areas to investors (except for the entities specified at Point d, Clause 4, Article 3 of the Investment Law) that are financially capable and experienced in mobilizing investment capital for investment and sub-lease.
6. Investment projects on development of technical and social infrastructure works for common use in economic zones may raise capital from the land fund under the land law.

Article 18. Entry, exit, travel, residence and sojourn in economic zones

1. Foreigners and overseas Vietnamese who work, invest or conduct business activities in economic zones and their family members may be granted visas for multiple entry and exit and with validity durations suitable to their durations of working in economic zones; and may reside or make sojourns for a definite time in economic zones and Vietnam.
2. For a border-gate economic zone, the following provisions on entry, exit and travel are applied:
 - a/ Citizens residing in a bordering countries district opposite to Vietnams border-gate economic zone may travel across the border into this zone with their border identity cards or laissez-passers granted by this countries competent authority. If these persons wish to enter other places of the province having the border-gate economic zone, the provincial police office shall grant them single travel permits with a specified validity duration;
 - b/ Holders of passports ineligible for visa exemption (citizens of a bordering country or a third country) are exempt from entry visas or may stay in the border-gate economic zone for no more than 15 days. If these persons wish to travel as tourists to other areas of Vietnam under programs organized by Vietnamese international travel companies, the competent immigration management agency shall consider and grant them entry visas at the border-gate economic zone;
 - c/ Means of transport carrying cargoes of a neighboring country or a third country may enter the border-gate economic zone under business contracts between Vietnamese enterprises and foreign

partners. If these means of transport wish to deliver or receive cargoes at other places outside the border-gate economic zone, current relevant regulations must be complied with.

Operators of means of transport (crewmembers on board ships, vehicle drivers and their assistants) may enter and leave the border-gate economic zone with their passports, crewmember books, border identity cards or laissez passers granted by foreign authorities;

d/ It is allowed to expand the reception in the border-gate economic zone of tourists from neighboring countries traveling with passports, identity cards or other equivalent papers to other provinces and cities throughout the country according to Item b, Clause 2 of this Article;

e/ Vietnamese cargo or vehicle owners who have business ties with neighboring countries partners may escort their cargoes or vehicles into these countries to deliver or receive cargoes with identity cards or border laissez-passers granted by Vietnamese competent authorities;

f/ Vietnamese citizens who conduct business or reside in the district or provincial town having a border-gate economic zone may travel into the bordering country with their border identity cards or laissez-passers in accordance with a treaty between Vietnam and this bordering country or when obtaining this countries consent.

Article 19. Provisions on finance and credit applicable to economic zones

1. Purchase, sale, payment, transfer and other transactions between organizations and individuals conducting business activities in a border-gate economic zone may be conducted in Vietnam dong, Chinese yuan, Lao kip, Cambodian riel and other freely convertible foreign currencies under the State Bank of Vietnam regulations.

2. Credit institutions may be established and operate in economic zones under the law on credit institutions.

3. Domestic and foreign travelers and tourists entering non-tariff areas in border-gate economic zones may purchase imported goods there and bring them into inland Vietnam and are entitled to exemption from import duty, value-added tax and special consumption tax (if any) under the Prime Ministers regulations.

4. Organizations and individuals that record merits in raising ODA capital and calling for investment projects in economic zones will be commended or rewarded under regulations promulgated by provincial-level Peoples Committees after obtaining the Ministry of Finances consent.

Article 20. Sojourn or temporary residence in industrial zones, export processing zones and export processing enterprises

1. There is no inhabitant living in industrial zones and export processing zones.

2. Only investors and persons working in export processing zones or enterprises and persons having working relationships with agencies, organizations and enterprises in export processing zones or export processing enterprises may enter and leave these zones or enterprises. These entities may not stay in export processing zones and enterprises, unless they are permitted by the Management Board.

3. In case of necessity, foreign experts may temporarily reside at enterprises in industrial zones or export processing zones under regulations of provincial-level Peoples Committees. The temporary residence of foreign experts must meet the following conditions:

- a/ This temporary residence serves production or business activities of enterprises;
- b/ These experts are not accompanied by their families and relatives;
- c/ The procedures for registration and declaration of temporary residence under current regulations on entry, exit and residence of foreigners in Vietnam are completed;
- d/ Enterprises shall arrange separate accommodation for these experts and commit that the temporary residence of foreign experts ensures social security and order and do not affect the operation of industrial zones or export processing zones.

Article 21. Provisions exclusively applicable to export processing zones and enterprises

1. Export processing zones and enterprises may apply legal provisions applicable to non-tariff areas. The law-specified status of export processing enterprises is stated in their investment certificates.
2. Export processing zones or enterprises are separated from inland Vietnam with fence and wall systems which have entry and exit gates and doors to ensure conditions for the control by customs and relevant functional agencies.
3. Export processing enterprises may purchase office equipment and stationery, food, foodstuffs and consumer goods from inland Vietnam to serve the administration of their office apparatus and daily-life activities of their staff members and workers. Export processing enterprises may choose to or not to carry out import, export and customs procedures for these goods.
4. Customs procedures for inspection and supervision of exported and imported goods of export processing zones and enterprises comply with the customs law.
5. Relations of goods exchange between export processing zones and enterprises and other areas in the Vietnamese territory, except for non-tariff areas, are regarded as import and export relations.
6. When carrying foreign currencies from inland Vietnam into export processing zones and enterprises and vice versa, staffs and workers working in these export processing zones and enterprises are exempt from customs declaration.

Chapter IV

STATE MANAGEMENT OF INDUSTRIAL ZONES, EXPORT PROCESSING ZONES AND ECONOMIC ZONES

Article 22. Contents of the state management of industrial zones, export processing zones and economic zones

1. Elaborating and directing the implementation of plannings, plans and policies on development of industrial zones and economic zones.
2. Promulgating, guiding, disseminating and organizing the implementation of policies, laws, standards and technical regulations on the establishment, investment, construction, development and management of operation of industrial zones and economic zones; building and managing the system of information on industrial zones and economic zones; organizing the promotion of investment in industrial zones and economic zones.
3. Granting, adjusting or revoking investment certificates, business registration certificates, permits, licenses and certificates; carrying out state administrative procedures and support

services related to investment, production or business activities of organizations and individuals in industrial zones and economic zones.

4. Organizing the apparatus of and providing professional training and retraining for state management agencies in charge of industrial zones and economic zones.

5. Guiding, assisting, evaluating investment efficiency, examining, supervising, inspecting, settling complaints and denunciations, effecting commendation and reward, handling violations and solving problems arising in the course of formation and development of industrial zones and economic zones.

Article 23. Powers and responsibilities for state management of industrial zones, export processing zones and economic zones

1. The Government shall perform the unified state management of industrial zones and economic zones nationwide by assigning specific tasks and powers to each ministry, branch, provincial-level Peoples Committee or Management Board under this Decree; direct the elaboration and implementation of plannings and plans on development of, and the promulgation of policies and legal documents on, industrial zones and economic zones.

2. The Prime Minister has the following powers and responsibilities:

a/ To direct ministries, branches, provincial-level Peoples Committees and management boards in implementing law and policies on industrial zones and economic zones;

b/ To approve and adjust the master plans on development of industrial zones and economic zones;

c/ To decide on investment in projects falling under his competence;

d/ To decide on the establishment of economic zones; to approve general plannings on construction of economic zones; to permit the expansion or narrowing of land areas or change of approved land use purposes of industrial zones or functional areas in economic zones;

e/ To direct the solution of problems arising in the course of establishment, administration and management of operation of industrial zones and economic zones which are beyond the competence of ministries, branches, provincial-level Peoples Committees and management boards.

3. Ministries, branches and provincial-level Peoples Committees shall, within the ambit of their respective functions, tasks and powers, perform the state management of industrial zones and economic zones in terms of branches, domains and administrative territories; guide or authorize management boards to perform a number of state management tasks falling under their competence under this Decree and relevant laws.

Article 24. State management powers and responsibilities of the Ministry of Planning and Investment

1. To assume the prime responsibility for, and coordinate with the Ministry of Construction, the Ministry of Natural Resources and Environment, the Ministry of Defense, the Ministry of Industry and Trade, and concerned ministries, branches and provincial-level Peoples Committees in, elaborating master plans on development of industrial zones and economic zones, and submitting them to the Prime Minister for approval.

2. To assume the prime responsibility for, and coordinate with concerned ministries and branches in, elaborating legal documents and policies on development of industrial zones and economic zones, and submitting them to competent state agencies for promulgation; to review and propose the Prime Minister to annul provisions of the approved operation regulations of economic zones which are inconsistent with the provisions of this Decree.
3. To assume the prime responsibility for, and coordinate with concerned ministries and branches in, providing professional guidance, training and retraining for management boards.
4. To assume the prime responsibility for, and coordinate with the Ministry of Finance and concerned ministries and branches in, working out tentative plans on the provision of the central budgets supports for investment projects on construction and commercial operation of infrastructure of industrial zones in localities with difficult and particularly difficult socio-economic conditions under the Prime Ministers decisions; and tentative plans on the central budgets supports for investment in the development of technical infrastructure systems of economic zones under this Decree.
5. To assume the prime responsibility for, and coordinate with concerned ministries, branches, provincial-level Peoples Committees and management boards in, elaborating and implementing national programs and plans on promotion of investment in industrial zones and economic zones.
6. To build and manage the national system of information on industrial zones and economic zones; to set forms of periodical reports and supply information on industrial zones and economic zones to concerned governmental agencies.
7. To review and evaluate socio-economic results and benefits of industrial zones and economic zones and report them to the Prime Minister.

Article 25. State management powers and responsibilities of the Ministry of Home Affairs

1. To promulgate regulations on the elaboration of schemes on setting up, classification, grading and reorganization of management boards.
2. To specify the organizational structure, payrolls and salaries of civil servants and public employees of management boards.
3. To evaluate schemes on setting up and reorganization of management boards and submit them to the Prime Minister for consideration and decision.

Article 26. State management powers and responsibilities of the Ministry of Finance

1. To guide financial regulations and customs procedures applicable to industrial zones, economic zones and export processing enterprises.
2. To formulate financial mechanisms and policies applicable to management boards and non-business economic units with revenues that act as investors of investment projects on construction and commercial operation of infrastructure of industrial zones, and special economic organizations related to industrial zones and economic zones in accordance with law.
3. To guide the implementation of the provisions of Clause 6, Article 16 of this Decree.

Article 27. State management powers and responsibilities of the Ministry of Construction

1. To promulgate regulations guiding the elaboration, evaluation, approval and adjustment of general plannings on construction of economic zones or industrial zones specified in Clause 3,

Article 5 of this Decree, and detailed plannings on construction industrial zones and functional areas in economic zones.

2. To promulgate regulations guiding management boards in performing the state management of construction of technical infrastructure works and construction works in industrial zones and economic zones, and the urban management and development in economic zones.

Article 28. State management powers and responsibilities of the Ministry of Industry and Trade

1. To perform the state management of industrial, import, export and commercial activities in industrial zones and economic zones; to direct the development of industries in industrial zones and economic zones in line with approved industrial development strategies, plannings and plans of regions and territories.

2. To authorize management boards to grant certificates of origin for goods manufactured in industrial zones and economic zones; to grant, renew, amend, supplement and extend permits for setting up trade representative offices of foreign organizations and traders in industrial zones and economic zones.

3. To guide management boards in granting business licenses for goods purchase and sale and activities directly related to goods purchase and sale to foreign-invested enterprises and foreign investors that invest for the first time in industrial zones and economic zones.

4. To elaborate a Regulation on operation of non-tariff areas in economic zones, and submit it to the Prime Minister for promulgation.

Article 29. State management powers and responsibilities of the Ministry of Natural Resources and Environment

1. To promulgate a Regulation on management and protection of the environment in industrial zones and economic zones.

2. To guide the collection of environmental protection charges in industrial zones and economic zones.

3. To guide management boards in performing a number of tasks of state management of natural resources and environment in industrial zones and economic zones under the law on environmental protection.

Article 30. State management powers and responsibilities of the Ministry of Science and Technology

1. To promulgate regulations on criteria for determination of hi-tech investment projects in industrial zones and economic zones.

2. To guide management boards in performing the state management of organizations operating industrial zones and economic zones in scientific and technological aspects.

Article 31. State management powers and responsibilities of the Ministry of Labor, War Invalids and Social Affairs

To guide management boards in performing a number of tasks of state management of labor in industrial zones and economic zones under the labor law.

Article 32. State management powers and responsibilities of the Ministry of Public Security

1. To perform the function of state management of security, order and fire prevention and fight in industrial zones and economic zones.
2. To promulgate guiding regulations on entry, exit, residence and temporary residence applicable to economic zones and border-gate economic zones.

Article 33. State management powers and responsibilities of the Ministry of Culture, Sports and Tourism

1. To guide management boards in performing the state management of tourist activities in economic zones.
2. To authorize management boards to grant, renew, amend, supplement and extend permits for setting up representative offices and branches of foreign tourist companies in economic zones.

Article 34. State management powers and responsibilities of line ministries

Apart from the tasks and powers specified in Articles 24, 25, 26, 27, 28, 29, 30, 31, 32 and 33 of this Decree, ministries and ministerial-level agencies also have powers and responsibilities for state line management of industrial zones and economic zones, specifically:

1. To inspect and affirm in writing the capability of investment projects to satisfy the necessary conditions, for those falling under the Prime Ministers approving competence and those in domains eligible for conditional investment and implemented in industrial zones and economic zones under the investment law.
2. To promulgate conditions, order and procedures for management and organization of the provision of public administrative services of management boards.
3. To guide, examine, supervise, inspect and handle administrative violations according to their competence.

Article 35. State management powers and responsibilities of provincial-level Peoples Committees

1. To assume the prime responsibility for elaborating plannings on development of industrial zones and economic zones in their localities; to decide on the establishment or expansion of industrial zones.
2. To organize the elaboration of general plannings on construction of industrial zones specified in Clause 3, Article 5 of this Decree and economic zones.
3. To direct the elaboration and approval of detailed plannings on construction of industrial zones and functional areas in economic zones; to direct the evaluation and approval of basic designs of investment projects on development of infrastructure of industrial zones and functional areas in economic zones; to decide on the use of state budget capital in support of investors that invest in technical infrastructure systems inside industrial zones fences.
4. To carry out investment procedures for investment projects on development of infrastructure of industrial zones and functional areas in economic zones pending the setting up of management boards.
5. To perform the state management of investment projects in economic zones under approved plannings; to submit for approval or approve according to their competence lists of development

investment projects and annual and five-year plans on development investment capital in economic zones.

6. To promulgate specific preferential and incentive policies consistent with legal provisions on prioritized recruitment and employment of local laborers and highly qualified and skilled laborers; to support the job training of laborers working in industrial zones and economic zones.

7. To plan land areas for the construction of resettlement areas and residential houses for workers as well as service and public-utility works; to support investment in the construction of residential houses for workers, resettlement areas, socio-technical infrastructure works under the Law on State Budget; to support the promotion of investment, commerce and tourism; to support the payment of compensations for ground clearance in order to accelerate the investment in and development of industrial zones and economic zones.

8. To direct the recovery of land and water surface areas, payment of compensations for ground clearance, farming sedentarization and resettlement, and carry out procedures for lease or allocation of land in industrial zones and economic zones under the land law and relevant laws.

9. To direct concerned organizations in working out investment plans and organize the construction of technical and social infrastructure systems outside the fences of industrial zones and economic zones, such as: roads, power supply systems, water supply and drainage systems, information and communications systems, points of technical connection with infrastructure works inside the fences of industrial zones and economic zones, job-training establishments, residential houses, medical examination and treatment establishments, schools and other public works to meet the needs for development of industrial zones and economic zones.

10. To assume the prime responsibility for working out plans on and allocate support funds for investment in technical infrastructure systems inside the fences of industrial zones or socio-technical infrastructure systems of economic zones under the laws on investment and state budget and this Decree.

11. To promulgate and supervise the implementation of regulations on coordination between management boards and bodies under provincial-level Peoples Committees; to guide and assign tasks or authorize management boards to perform a number of tasks of state management of construction and environmental protection under Items d and h, Clause 2, Article 37 of this Decree.

12. To direct the implementation of plannings and regulations on construction, labor and environmental protection, fire and explosion prevention and fight, security and order in industrial zones and economic zones.

13. To organize and coordinate with other agencies in organizing job-training establishments in their localities in order to meet needs for labor for industrial zones and economic zones.

14. To organize, examine, inspect and supervise the solution of problems arising in the course of establishment and development of industrial zones and economic zones; to coordinate with ministries and ministerial-level agencies in solving or submitting to the Prime Minister for consideration and decision on the solution of problems falling beyond their competence.

15. To elaborate schemes on establishment or reorganization of management boards to ensure the principle that each province or centrally run city has one management board; to decide on the appointment of heads and deputy heads of management boards.

16. To allocate funds for administrative and non-business activities and development investment capital for management boards under the law on the state budget; to approve plans, allocate funds and organize the investment, trade and tourism promotion for the development of industrial zones and economic zones.

17. To direct local specialized and professional agencies in charge of commerce, finance, customs, banking, public security and other relevant agencies to nominate their competent representatives to handle relevant affairs in each zone when necessary.

18. To perform other tasks and power of state management of industrial zones and economic zones in accordance with law.

Chapter V

FUNCTIONS, TASKS, POWERS AND ORGANIZATIONAL STRUCTURES OF MANAGEMENT BOARDS OF INDUSTRIAL ZONES AND ECONOMIC ZONES

Article 36. Functions of management boards of industrial zones, export processing zones and economic zones

1. Management boards are attached to provincial-level Peoples Committees and perform the function of direct state management of industrial zones and economic zones in provinces or centrally run cities under this Decree and relevant laws; manage and organize the provision of public administrative services and other support services related to investment, production and business activities of investors in industrial zones and economic zones.

2. Management boards are set up under the Prime Ministers decisions and subject to the provincial-level Peoples Committees direction and management of organization, state payrolls, working programs and plans and operating funds (unless otherwise prescribed by the Prime Minister); submit to the professional direction, guidance and inspection by concerned line ministries and branches; shall closely coordinate with professional agencies of provincial-level Peoples Committees in managing industrial zones and economic zones.

3. Management boards have the legal entity status, bank accounts, seals bearing the national emblem, and are allocated state budget funds for state administration and non-business activities, and development investment capital under annual plans.

Article 37. Tasks and powers of management boards of industrial zones, export processing zones and economic zones

1. To contribute opinions on, plan and propose to ministries, branches and provincial-level Peoples Committees for approval and organization of the performance the following tasks:

a/ Giving opinions to ministries, branches and provincial-level Peoples Committees on the elaboration of legal documents, policies and plannings on investment in and development of industrial zones and economic zones;

b/ Assuming the prime responsibility for, and coordinating with concerned agencies in, elaborating regulations on working coordination with specialized agencies of provincial-level Peoples Committees and relevant agencies in performing assigned tasks and vested powers under the one-stop shop and inter-branch one-stop shop mechanism, then submitting these regulations to provincial-level Peoples Committees for approval, and organizing their implementation;

c/ Formulating programs and plans on promotion of investment in the development of industrial zones and economic zones, and submitting them to provincial-level Peoples Committees for approval, and organizing their implementation;

d/ Elaborating annual and five-year plans on development of human resources to meet demands of industrial zones and economic zones, and submitting them to provincial-level Peoples Committees for approval, and organizing their implementation;

e/ Making estimates of their budget allocations and funds for non-business activities and annual development investment capital amounts, and submitting them to competent agencies for approval under the Law on State Budget and relevant laws.

2. Management boards shall perform the following tasks as specified by law or guided or authorized by ministries, branches and provincial-level Peoples Committees:

a/ Managing, disseminating, guiding, examining, supervising and inspecting the implementation of regulations, plannings and plans on industrial zones and economic zones already approved by competent state agencies, and sanctioning administrative violations of these regulations, plannings and plans;

b/ Making investment registration; verifying and granting, modifying and revoking investment certificates for investment projects under their competence;

c/ Granting, renewing, amending, supplementing and extending permits for setting up trade representative offices of foreign organizations and traders in industrial zones and economic zones; granting business licenses for goods purchase and sale and activities directly related to goods purchase and sale to foreign-invested enterprises and foreign investors that invest for the first time in industrial zones and economic zones after obtaining written approval of the Ministry of Industry and Trade;

d/ Adjusting approved detailed plannings on construction of industrial zones and functional areas in economic zones without changing use purposes of land plots and planning structure; evaluating basic designs of group-B or group-C projects or grant and extend construction permits for construction works for which these permits are required under the law on management of investment projects on construction of works; granting certificates of ownership of construction works for those in industrial zones and economic zones to concerned organizations;

e/ Granting, renewing, extending or revoking working permits for foreigners and overseas Vietnamese working in industrial zones and economic zones; issuing labor books to Vietnamese laborers working in industrial zones and economic zones; organizing the registration of labor rules, collective labor agreements, rules on labor sanitation and safety, systems of wage ranks and tables, labor norms and plans on sending laborers on under-90 day overseas skill practice tours for enterprises; receiving enterprises reports on the signing, application and termination of labor contracts;

f/ Granting certificates of origin for goods manufactured in industrial zones and economic zones and other relevant permits, licenses and certificates in industrial zones and economic zones;

g/ Certifying contracts and title deeds of real estate in industrial zones and economic zones for concerned organizations;

- h/ Organizing the evaluation and approval of environmental impact assessment reports for investment projects falling under the deciding competence of provincial-level Peoples Committees in industrial zones and economic zones;
- i/ Examining, inspecting and supervising the achievement of investment objectives specified in investment certificates, schedules of capital contribution and implementation of investment projects; assuming the prime responsibility for, and coordinating with other agencies in, examining and inspecting the observance of committed clauses by projects enjoying investment incentives and the observance of laws on construction, labor, wage and social insurance for laborers, protection of lawful interests of laborers and labor users, operation of socio-political organizations, fire and explosion prevention and fight, security and order and protection of the ecological environment by projects in industrial zones and economic zones; deciding on the sanctioning of administrative violations in domains under their competence according to regulations and requesting competent state management agencies to handle violations in domains falling beyond their competence;
- j/ Solving problems and difficulties facing investors in industrial zones and economic zones, and proposing the Prime Minister, concerned ministries, branches and provincial-level Peoples Committees in solving problems falling beyond their competence;
- k/ Receiving statistical reports and financial statements of enterprises operating in industrial zones and economic zones; appraising the efficiency of investment in industrial zones and economic zones;
- l/ Coordinating with the Ministry of Planning and Investment in building and managing the system of information on industrial zones and economic zones under their management;
- m/ Sending periodical reports to the Ministry of Planning and Investment, concerned ministries, branches and provincial-level Peoples Committees on the construction and development of industrial zones and economic zones; granting, modifying and revoking investment certificates; organizing the implementation of investment projects; fulfilling obligations toward the State; attracting and employing laborers; complying with the labor law and settling labor disputes and applying measures to protect the ecological environment in industrial zones and economic zones;
- n/ Organizing emulation movements for and commending and rewarding enterprises with emulation achievements in industrial zones and economic zones;
- o/ Organizing and coordinating with state management agencies in conducting inspection, examination and settlement of complaints and denunciations, prevention and combat of corruption, waste, negative acts, and handling of administrative violations in their zones;
- p/ Performing tasks in accordance with law and provincial-level Peoples Committees regulations on management of finance, assets and budget funds allocated to them; collecting and managing the use of various charges and fees; conducting scientific researches and applying scientific and technological advances; cooperating with domestic and foreign organizations and individuals in domains related to investment in the construction and development of industrial zones and economic zones; managing the organizational structure, state payroll, cadres, civil servants and public employees, and providing professional training and retraining for their cadres, civil servants and public employees; recommending jobs for laborers working in industrial zones and economic zones;
- q/ Performing other tasks assigned by provincial-level Peoples Committees.

Article 38. Tasks and powers of management boards of economic zones

Apart from the tasks and powers of management boards of industrial parks, export processing zones and economic zones specified in Article 37 of this Decree, the management board of an economic zone also has the following tasks and powers:

1. To elaborate and submit to the provincial-level Peoples Committee for submission to the Prime Minister for decision according to its competence:

a/ A general planning on construction of the economic zone;

b/ A plan on issuance of project bonds; a plan on mobilization of other capital sources for investment in the development of the system of important technical and social infrastructure works in the economic zone.

2. To elaborate and submit to ministries, branches and the provincial-level Peoples Committee for approval, and organize the implementation of:

a/ Detailed planning on construction of functional areas in line with the approved general planning on construction of the economic zone, detailed planning and plans on the use of land in the economic zone, which are approved by the provincial-level Peoples Committee;

b/ Annual and five-year plans on development of the economic zone, which are submitted and approved by the provincial-level Peoples Committee and competent state agencies;

c/ A list of investment projects and annual and five-year development investment capital plans, which are submitted to competent agencies for approval or approved by themselves according to their competence;

d/ Price brackets and charge and fee rates to be applied in the economic zone, which are submitted to competent agencies for promulgation in accordance with law.

3. The management board of an economic zone shall direct or organize the performance of the following tasks:

a/ Conducting the following activities in accordance with legal provisions and under the guidance or authorization by ministries, branches and the provincial-level Peoples Committee: granting, modifying and revoking business registration certificates under the Law on Enterprises for the establishment of economic organizations in the economic zone; granting, renewing, amending, supplementing and extending permits for setting up representative offices and branches in the economic zone for foreign tourist companies;

b/ Hiring foreign consultants to provide the service of advising on investment promotion or the strategy on investment in the construction and development of the economic zone;

c/ Deciding on investment in group-B or group-C projects which use state budget capital invested in the economic zone under the authorization of the provincial-level Peoples Committee;

d/ Signing BOT, BTO or BT contracts with group-B or group-C projects as authorized by the provincial-level Peoples Committee; directly receiving, managing and using ODA capital;

e/ Managing and using capital sources for investment in the development of the economic zone falling under its competence; managing investment in the construction of and bidding for investment projects in the economic zone funded with development investment capital from the

state budget and falling under its competence; managing administrative and non-business revenues and expenditures, funds for target programs and other capital sources assigned to it in accordance with law;

f/ Assuming the prime responsibility for, and coordinating with concerned agencies in, conducting regular repair and maintenance of the system of technical and social infrastructure works, service and public-utility works invested with the state budget in the economic zone;

g/ Managing and effectively using the special-use land and water surface fund already assigned to it for proper use purposes and in conformity with the general planning on construction of the economic zone, detailed planning on construction of functional areas, land use planning and plans approved by competent authorities;

h/ Reallocating land with or without collection of land use levy, leasing land and water surface, and performing the management of land in the economic zone under the land law;

i/ Based on regulations of the provincial-level Peoples Committee and the investment and land laws, deciding on use levy and rent rates as well as exemption or reduction levels for special-use land and water surface areas of investment projects, which are applicable to cases of land reallocation or lease not through a land use rights auction or bidding;

j/ Coordinating with the local administration and concerned agencies in ensuring that all activities in the economic zone are conducted in compliance with the planning and plan on construction and development of the economic zone already approved by the competent state agency and relevant regulations.

Article 39. Organizational structure and state payroll of a management board

1. A management board is composed of a head, several deputy heads and an assisting apparatus.

The head of the management board is appointed or dismissed by the president of the provincial-level Peoples Committee. Deputy heads are appointed or dismissed by the president of the provincial-level Peoples Committee at the request of the head.

2. The head shall administer all activities of the management board and is responsible before the provincial-level Peoples Committee and law for the operation and operation efficiency of the industrial or economic zone.

3. The organizational structure of the management board consists of an assisting apparatus (the office, professional and specialized sections and a representative of the management board in the industrial or economic zone); attached non-business units performing public and public-utility tasks, providing investment or business support services for investors in the zone and other organizations suitable to the development of the industrial or economic zone as well as tasks and powers of each type of management board as guided by the Ministry of Home Affairs and specified by law.

Management boards of economic zones and management boards of grade-I industrial zones or export processing zones as guided by the Ministry of Home Affairs may set up their own inspectorates.

4. The state payroll of a management board includes an administrative payroll and a non-business payroll and is decided by the president of the provincial-level Peoples Committee in accordance with legal provisions on decentralized management of administrative and non-

business payrolls and the mechanism for state payroll management applicable to state non-business units.

Chapter VI

IMPLEMENTATION PROVISIONS

Article 40. Effect of the Decree

1. This Decree takes effect 15 days after its publication in CONG BAO.

2. This Decree replaces:

a/ The Prime Ministers Decision No.53/2001/QD-TTg of April 19, 2001, on policies toward border-gate economic zones, and Decision No. 273/2005/QD-TTg of October 31, 2005, amending and supplementing a number of articles of Decision No. 53/2001/QD-TTg;

b/ Other regulations on industrial parks, export processing zones and economic zones which are contrary to this Decree.

Article 41. Implementation responsibility

Ministers, heads of ministerial-level agencies, heads of government-attached agencies, presidents of provincial/municipal Peoples Committees, heads of management boards of industrial parks, export processing zones and economic zones, and concerned organizations and individuals shall implement this Decree.

**ON BEHALF OF THE GOVERNMENT
PRIME MINISTER**

Nguyen Tan Dung