

ASEAN




Tourism Investment Guide





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Guide



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Published by :
ASEAN National Tourism Organisations

First published April 2008

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▼ *Preface*

Tourism is one of the main priority sectors for ASEAN economic integration as envisaged in the Vientiane Action Programme (VAP). The ASEAN National Tourism Organizations (ASEAN NTOs) formulated a Plan of Action for ASEAN Co-operation in Tourism which includes the facilitation of investment within the region. Tourism has become a key industry and an important generator of income and employment for countries in the region. The rapid growth of tourism in recent years has attracted the interest of potential investors who are keen to be involved in this industry.

One of the measures under the Implementation of Roadmap for Integration of Tourism Sector (Tourism Investment) is the Incentives for Development of Tourism Infrastructure (Measure no. 20). The objective of this measure is to provide incentives for the development of tourism infrastructure so as to encourage private investment in the ASEAN countries coming from investors within and outside the region. To encourage tourism investment in the region, the ASEAN Tourism Investment Guide (ATIG), which was first produced in 1998, has been updated.

The Guide contains information on the 10 ASEAN Member Countries, namely, Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam, which includes:

- 1) Country Information
- 2) Investment Climate
- 3) Economic Indicators & Policies
- 4) Financial Framework
- 5) Statutory Requirements
- 6) Relevant Agencies

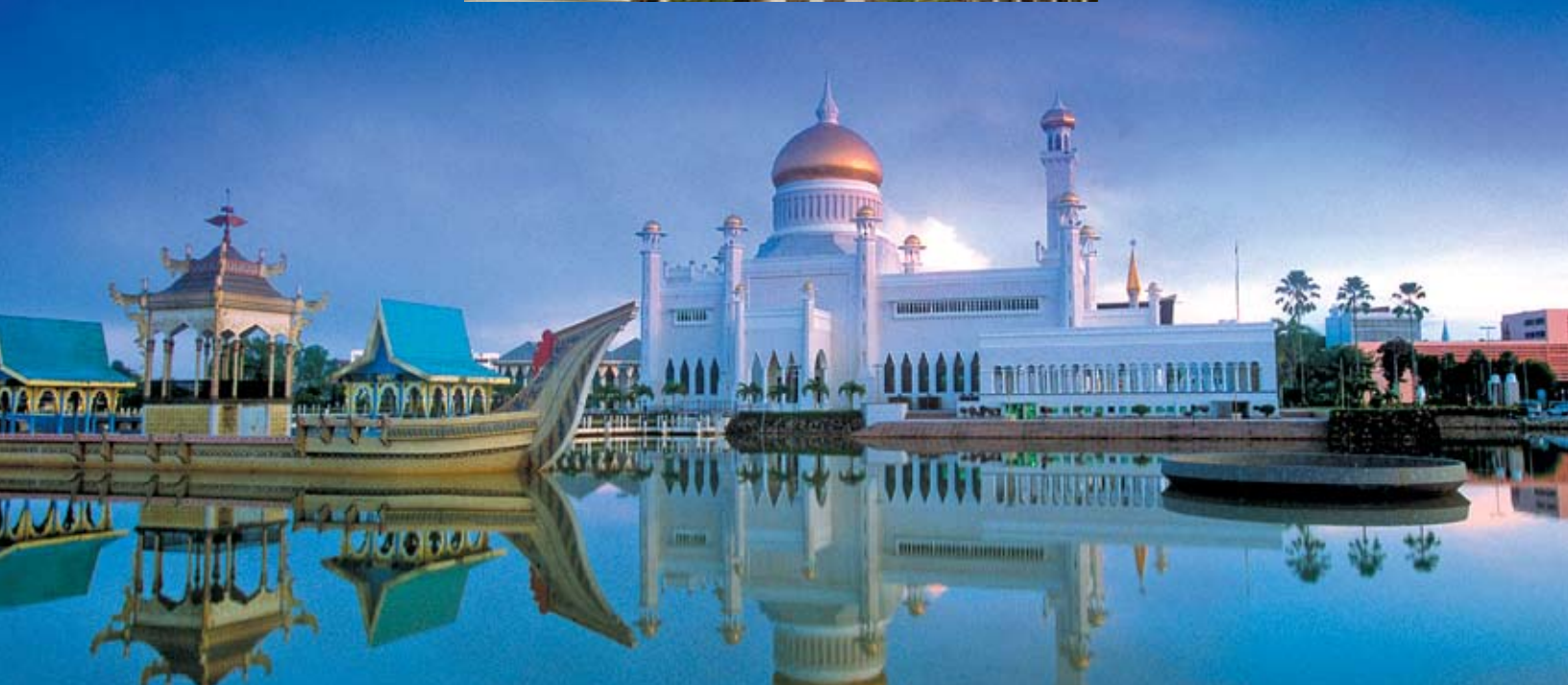
The information in this guide has been furnished by the respective National Tourism Organizations, and is correct as at the time of publication. Information provided in the guide is general and is subject to change. It is not intended to be used as the sole basis for decision making by potential investors. Users of this guide are strongly advised to seek the assistance of the respective National Tourism Organizations or Trade Offices for more information or clarification.

Asean Fast Fact

ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)



Establishment	: 8 August 1967
Member Countries	: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam
Population	: 560 million (2006)
Size/Length	: A total area of 4.5 million square kilometres
Combined Gross Domestic Product	: USD 1,100 billion (2006)
Total trade	: USD 1,400 billion (2006)
Per Capita Income	: USD 1,900 (2006)
Population Growth Rate	: 1.9% (2007)
Estimated Tourist Arrival	: 61 million (2007)
Estimated Intra-ASEAN Travel	: 43 percent of total tourist arrivals (2007)
Estimated Tourist Receipt	: USD 43.3 billion (2006)



Brunei Darussalam





Country Information

Just 443 km north of the Equator, Brunei's 5,765 sq km land area is wedged between the Malaysian Borneo states of Sabah and Sarawak. Rainfall and humidity are high with temperatures averaging 28°C throughout the year. Yet Brunei rests outside the tropical typhoon and earthquake belts.

Brunei is comprised of four districts - Temburong, Tutong, Belait and Brunei Muara. The nation's riverfront capital, Bandar Seri Begawan, is in the Brunei-Muara district. The population is comprised of Malays, Chinese, Indians and members of indigenous tribes. Bahasa Melayu is the official language but English is widely spoken and understood.

The country is ruled according to Islamic values and traditions by the present Monarch, His Majesty Sultan Haji Hassanal Bolkiah Mu'izzaddin Waddaulah, the 29th ascendant of the world's oldest reigning royal line. Brunei embraces the Malay Muslim Monarchy methodology with over 600 years of recorded history.

Investment Climate

Brunei Darussalam practices a liberal investment approach whereby the through the Ministry of Industry and Primary, the Investment Incentives Order 2001 which offers investment incentives in the form of tax exemption.

Economic Indicators and Policies

Brunei Darussalam is still very much dependent on revenues from crude oil and natural gas to finance its development programmes. Aside from this, Brunei Darussalam also receives income from rents, royalties, corporate tax and dividends. Due to the non-renewable nature of oil and gas, economic diversification has been in Brunei. In the Seventh National Development Plan, 1996 - 2000, the government has allocated more than \$7.2 billion for the implementation of various projects and programmes.

Brunei Darussalam is the third largest oil producer in Southeast Asia and it produced 163,000 barrels per day. It is also the fourth largest producer of liquefied natural gas in the world.

Financial Framework

Brunei Darussalam embraces Five Year National Development Plans for development of all infrastructure projects including tourism projects.

Relevant agencies

Currently there are a few agencies involved in tourism related investments notably the Brunei Economic Development Board, Semaun Holdings Sdn Bhd, the Brunei Tourism Board and Ministry of Industry and Primary Resources.

Areas/location for tourism investment

Areas identified for the tourism investment are as follows:-

- a) Aquaculture Recreational Resort (Semaun Holdings Sdn Bhd): Tunggulian Beach area, Kuala Belait district.
- b) Brunei Darussalam National Aquarium Project (Fisheries Department, Ministry Industry and Primary Resources): Meragang area, Brunei Muara district.

Government/public investors related to tourism infrastructure projects to identify the direction of tourism investment based on the National Plans of the respective Member Countries

- a) Brunei Darussalam National Aquarium Project (undertaken by the Fisheries Department, Ministry of Industry and Primary Resources)

Brunei Darussalam used to have a national aquarium called the National Hassanal Bolkiah Aquarium located at the centre of town. The aquarium has been used as a vehicle to create awareness among the public especially among the school children on the diversity of our aquatic resources. However it has made way to a new Royal Regalia Building in the early nineties.

The theme of the aquarium will be based around Brunei Darussalam's aquatic heritage, both freshwater and marine. Brunei offshore waters are located in the "coral triangle of biodiversity", an area that contains the most biodiversity coral reefs in the world. The aquarium will not only showcase Brunei Darussalam's aquatic biodiversity but will contribute to its understanding, appreciation and conservation through innovative displays, education programmes and research.

The preferred Development Strategy for Brunei Darussalam would be:

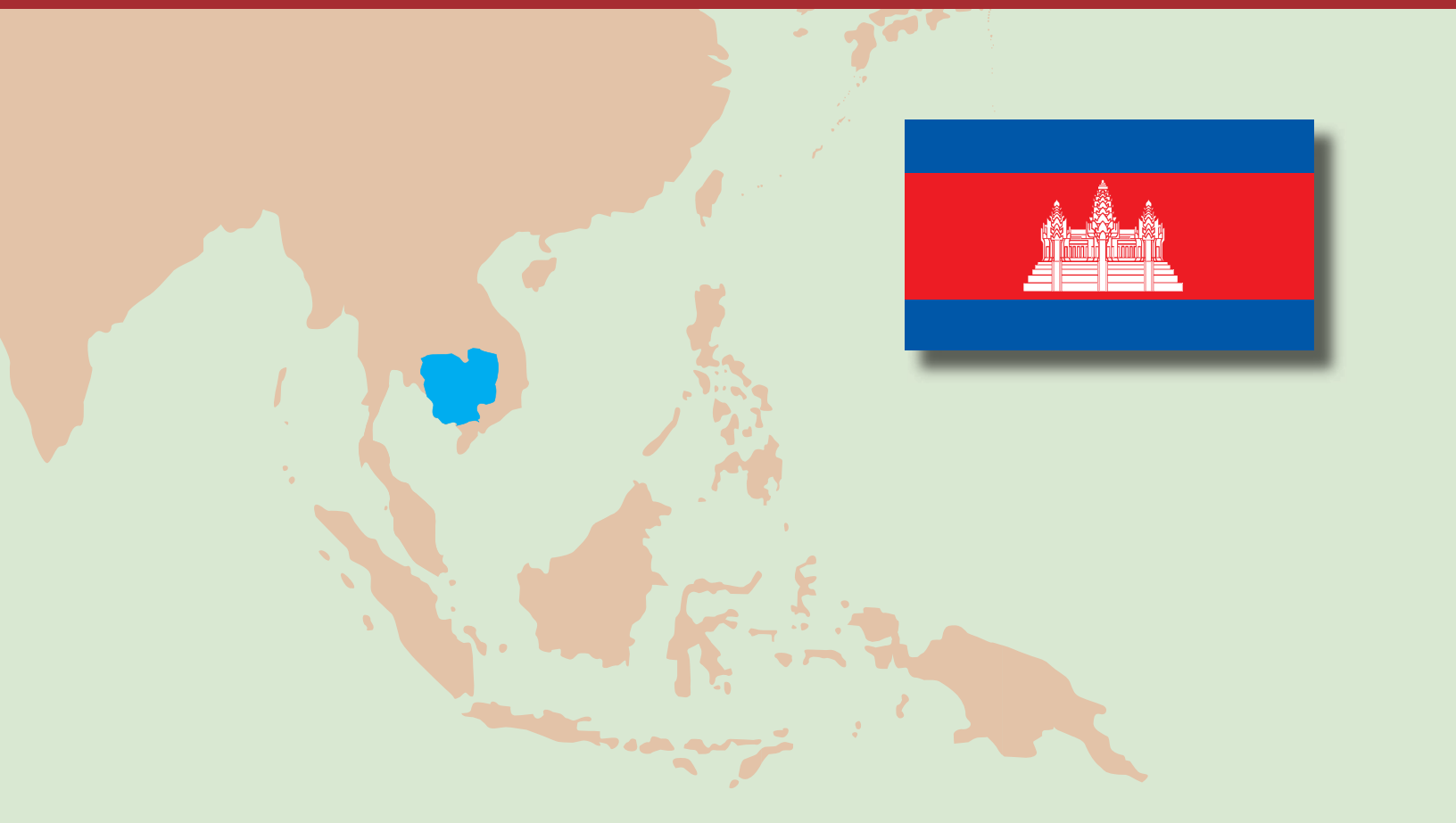
- A medium sized institutional aquarium
 - An investment level of between B\$25 million and B\$35 million
 - Showcasing Brunei Darussalam's aquatic biodiversity
 - Good research, educational and conservation facilities
- b) Aquaculture Recreational Resort (joint venture with Semaun Holdings Sdn Bhd)

The proposed project will be based on the BOOT concept (Build Operate, Own and Transfer). The approach will be a joint venture with local/foreign investor and the project will consist of facilities such as

- Driving range & 9 hole golf course
- Public utilities and facilities - Car park, Swimming pool, Tennis Court, Playground and etc
- Shops and Restaurants
- Chalets and Hostels
- Conference Hall/Administrative Office.



Cambodia





Country Information

1. Geography and Climate

► *Geography*

Cambodia, which is physically located in Southeast Asia, occupies a total area of 181,035 square kilometers. It is commonly bordered to the north by Thailand and Laos, to the east by Vietnam, to the south by Vietnam and Gulf of Thailand, and to the west by the Gulf of Thailand and Thailand.

Geographically speaking, Cambodia is divided into six major regions: the western and northwestern mountains rich in tropical forest, wildlife and fruit trees, the northeastern plateau abounding with tropical forest, wildlife, waterfalls, diamonds and magic, the central plain known as a large area of flat land for cultivating mainly rice, corns and beans, for flavoring fish and mangrove, there's the western and southwestern coastal plain popular with tourists who sunbath on the sandy beaches, and who consume seafood, the western and northeastern valleys suitable for the development of hydro-electric power, and the peninsula suitable for tin mining, rubber cultivation and fishing.

► *Climate*

Cambodia has a tropical monsoon climate with two seasons: a wet season from May to October and a dry season from November to May. The annual average temperature is about 27.7 degrees centigrade, and the average temperature exceeds 30 degrees centigrade in the hottest months, April and May.

2. Political System

Cambodia is a constitutional monarchy. The present King, His Majesty Norodom Sihamoni, acceded to the throne in 2004.

The Constitution stipulates that Cambodia adopts a policy of liberal democracy and pluralism, and that the Cambodian people are masters of the country. The Constitution also sets out that the power of the Legislative, Executive and Judicial branches shall be separated.

3. Social Climate

► *Population*

The estimated national population in 2006 is 14 million with a growth rate of 1.8 %. Phnom Penh, the capital and the largest city, has a population of 1,169,800.

► *Ethnic Groups*

The majority are Khmer (90 %). Small ethnic groups include Cham, Vietnamese and Chinese.

► **Religion**

Buddhism is established as a national religion by the Constitution (Article 43, The Constitution) and 90 % of the population is Buddhist. Other religions practiced in Cambodia include Islam, Christianity and others.

► **Language**

Khmer is the official language in Cambodia. English is very popular with Cambodian people for communicating with foreigners in administrative, commercial, diplomatic, economic, industrial, and tourist affairs. The older people educated at their local comprehensive school can speak French. Khmer-English road and street signs are found nationwide.

► **Education System**

The educational system in Cambodia consists of elementary school (grade 1 to 6), junior high school (grades 7 to 9), senior high school (grades 10 to 12) and university and other institutions of higher education. Compulsory education is until grade 9.

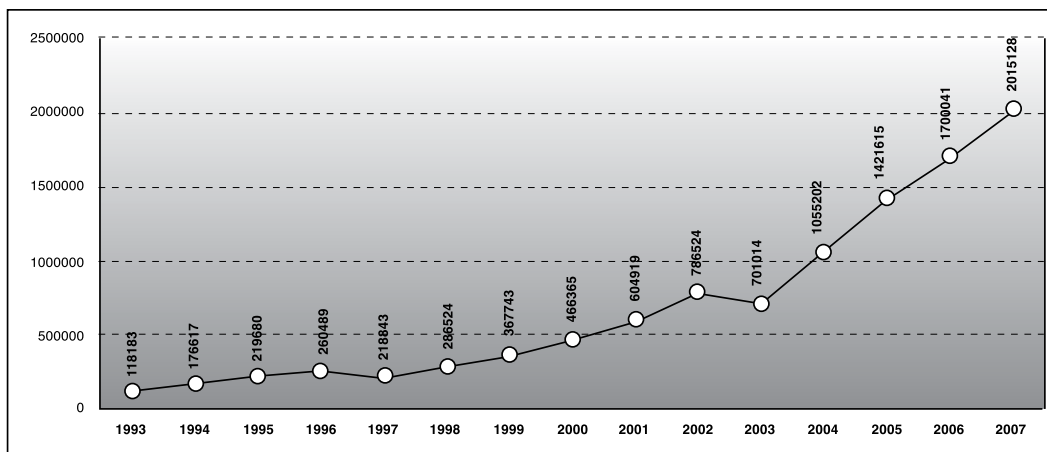
► **Currency**

Although the official national currency is the Riel, US dollars are commonly used in business and commercial transactions.

► **Tourism**

The tourism sector is in boosting economic growth and in providing employment to a large number of Cambodians in numerous related fields - hospitality, transport and others. Cambodia has attracted 1.7 million international visitors in 2006, with an increase of 19.59% over 2005 and the total tourism receipt was US\$1,049 million. In 2007, Cambodia received 2 million tourists, increased 19% with tourism revenue US\$1.400 million and providing 300,000 employment.

Visitor Arrivals to Cambodia from 1993 – 2007



► *Legal Hierarchy*

In the current legal system in Cambodia, the hierarchy of laws and regulations is understood as shown in table below.

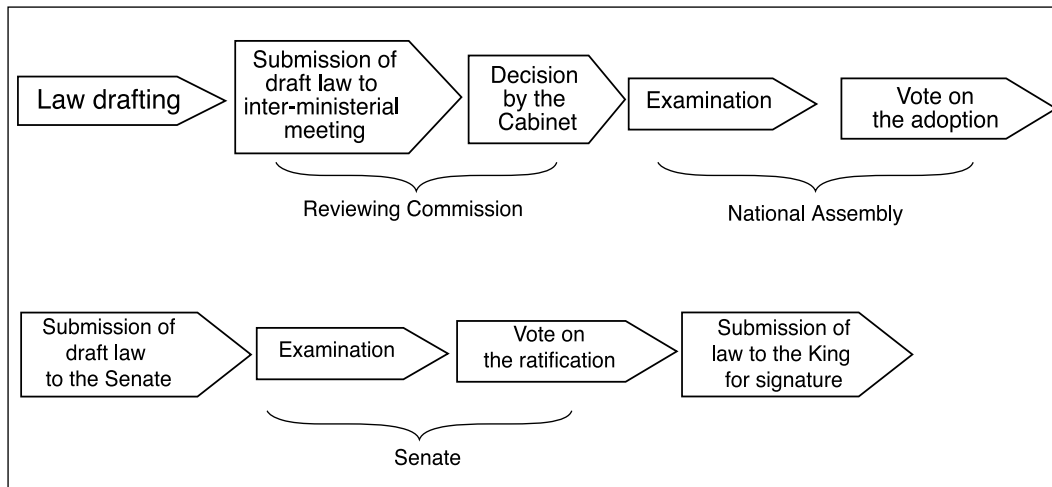
► *Legal Hierarchy in Cambodia*

- 1) **The Constitution:** The Supreme Law of the Kingdom of Cambodia
- 2) **Treaties and Convention:** According to Article 26 of the Constitution, the King shall sign and ratify international treaties and conventions, following the approval of the National Assembly. After such ratification, international treaties and conventions shall become one of the bases for judicial decisions.
- 3) **Laws (Chhbab):** Laws adopted by the National Assembly
- 4) **Royal Decree (Reach Kret):** To be issued under the name of the King for executing his constitutional powers
- 5) **Sub-Decree (Anu-Kret):** To be signed by the Prime Minister and countersigned by the Minister(s) in charge after adoption by the Cabinet Meeting. The Prime Minister can use this in exercising his own regulatory powers.
- 6) **Ministerial Order (Prakas):** To be issued by members of the government in exercising their own regulatory powers.
- 7) **Decision (Sechdei Samrech):** Individual decision of the Prime Minister and Decision (Prakas-Deika) of a Minister or a Governor, which is used in exercising his own regulatory powers.
- 8) **Circular (Sarachor):** In general, to be issued by the Prime Minister as head of government, and by a minister as an official of the ministry either to explain or clarify certain legal regulatory measures or to provide instructions.
- 9) **Provincial Deka (Arrete):** To be used by a provincial governor within the geographical limits of his province

► *Legislation Process*

The process of legislation by a member of the National Assembly is shown in the flow chart as in below figure. After the adoption by the National Assembly, the Senate reviews the law, followed by the Royal Decree of the King to promulgate the Law.

Process of Legislation by Member of National Assembly



4. International Relations

► *Foreign Policies*

The Constitution declares a policy of permanent neutrality and non-alignment for Cambodia. The Kingdom of Cambodia follows a policy of peaceful co-existence with its neighbors and with all other countries throughout the world, shall not invade any country, or interfere in any other country's internal affairs, directly or indirectly, and shall solve all problems peacefully with due respect for mutual interests. The Kingdom of Cambodia shall not joint in any military alliance or military pact that is incompatible with its policy of neutrality.

5. Membership in Major International Organizations

Cambodia joined the UN in 1955. After the prolonged civil war was ended in the early 1990's, the pace at which Cambodia joined various international economic organizations picked up. Below table shows some of the Cambodia's membership in international organizations to which Cambodia belongs. In addition, Cambodia is also a member of FAO, IMF, Interpol, UNCTAD, UNESCO, UNIDO, WHO, etc.

► *Membership Of Major International Organizations*

Organization	Member Since
International Telecommunication Union (ITU)	1952
United Nations (UN)	1955
Asian Development Bank (ADB)	1966
Universal Postal Union (UPU)	1969
International Bank for Reconstruction and Development (IBRD)	1970
International Development Association (IDA)	1970
World Tourism Organization (UNWTO)	1975
World Intellectual Property Organization (WIPO)	1995
International Finance Corporation (IFC)	1997
Multilateral Investment Guarantee Agency (MIGA)	1999
Association of Southeast Asian Nations (ASEAN)	1999
International Labour Organization (ILO)	1999*
World Customs Organization (WCO)	2001
World Trade Organization (WTO)	2004
International Centre for Settlement of Investment Disputes (ICSID)	2005

► *Investment Climate*

1. Investment Trend

Investments projects, approved by the Council for the Development of Cambodia (CDC) to grant investment incentives, consist of Cambodian capital and foreign capital. In 1995, one year after the enactment of the Law on Investment, the investment amount approved by the CDC totaled some 2.3 billion dollars. The figure has remained from 200 to 250 million dollars in recent years, and the cumulative investment approval is a combined 7.3 billion dollars over the period from 1995 to 2005.

Of the cumulative FDI (Foreign Direct Investment) approved in this period, the largest share was from Malaysia (31 %), which in the early years was the source of extensive investment in the field of resource development, including rubber, and tourism. Malaysia is followed by Singapore at 26 %. The other major sources are Taiwan, South Korea, Hong Kong, and China, whose investment comes mainly from garment industry companies.

As for the composition by industrial sub-sector, investment in the service sector accounts for more than 60 % of the cumulative total owing to extensive investment in the tourism industry in the initial days. Investment in the manufacturing sector accounts for about 35 %, of which 10 % is of the garment industry. Although investment in the garment industry during the period is by no means large on a monetary basis, the more than 400 investments in the industry account for more than 40 % of the total number of investment projects.

CDC-approved Investment Trend by Country in Cambodia

(MUS\$,%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	95-04	Ratio(%)
Cambodia	315	134	136	248	276	58	65	93	185	76	1,586	25.6
Japan	1	11		1	1	0	1	2		2	20	0.3
Korea	1	5	209	5	0	19	2	79	2	6	329	5.3
Taiwan	6	171	35	144	50	19	57	7	1	14	504	8.1
HK	12	12	67	91	21	5	1	2	6		216	3.5
China	3	39	39	113	46	28	5	24	34	83	415	6.7
Singapore	105	34	13	49	2	8		1	4	5	221	3.6
Malaysia	1,375	201	73	147	15	2	51	1	5	33	1,903	30.7
Thailand	10	40	28	33	14	26	15		7	1	174	2.8
USA	119	3	92	0	26	12	6			2	260	4.2
France	237	12	1	1	0	5			6	3	265	4.3
UK	54	50	6	0	2	17	2	0	0	2	133	2.1
Others	4	44	47	23	3	19	0	29	1	3	173	2.8
Total	2,242	756	746	855	456	218	205	238	251	230	6,197	100.0

Source: CDC (The Council for Development of Cambodia)

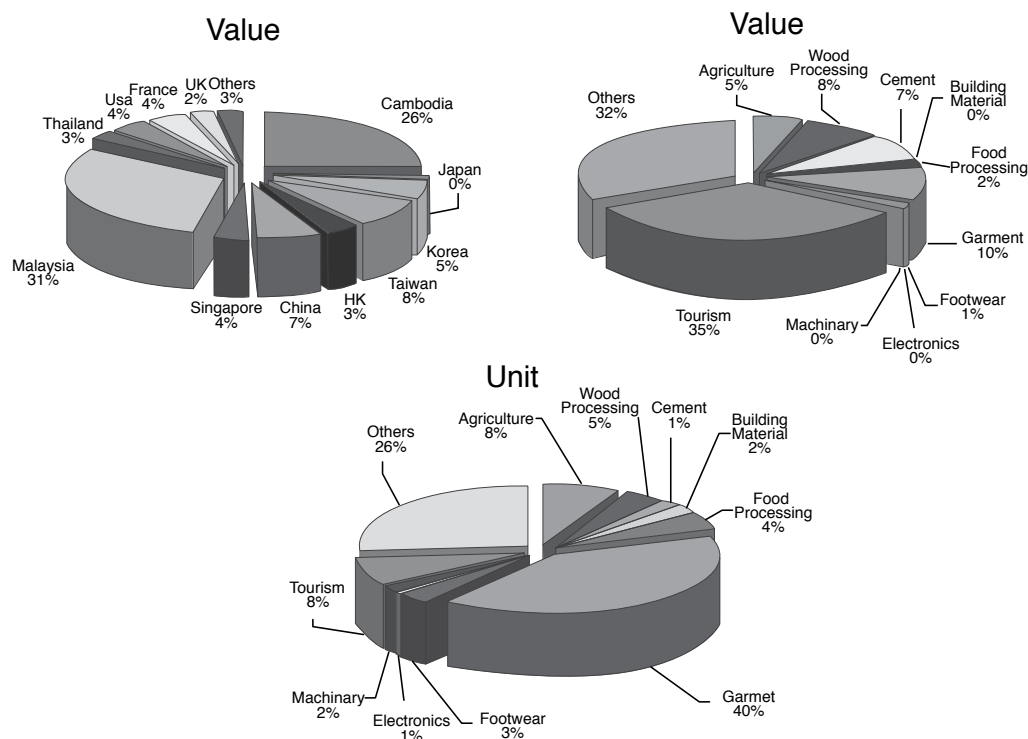
CDC-approved Investment Trend by Industry in Cambodia

(Unit)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	95-04	Ratio(%)
Agriculture	6	22	19	4	8	5	1	6	2	2	75	7.5
Manufacturing	81	135	168	124	74	40	28	19	29	48	746	75.1
Wood Processing	9	15	8	7	1	0	1	1	2	1	45	4.5
Cement	2	3	4	2	1	0				1	13	1.3
Building Material	6	8	4			4					22	2.2
Food Processing	9	11	11	1	5	1	1		2	1	42	4.2
Garment	24	46	98	83	48	23	14	13	19	36	404	40.6
Footwear	1	3	13	6	5	2				1	31	3.1
Electronics	2	2	1	0	0	2					7	0.7
Machinery	3	3	0	2	3	2	2				15	1.5
Others	25	44	29	23	11	6	10	5	6	8	167	16.8
Service	38	30	17	16	11	16	10	9	16	10	173	17.4
Tourism	14	15	7	7	2	8	6	3	10	5	77	7.7
Others	24	15	10	9	9	8	4	6	6	5	96	9.7
Total	125	187	204	144	93	61	39	34	47	60	994	100.0

Source: CDC

Accumulation of CDC-approved Investment by Country and by Industry in Cambodia (1995~2004)



► ***Economic Indicators and Policies***

1. Gross Domestic Product

► ***GDP Total***

GDP has shown continuous growth in recent years, with real growth rates of 7.7% in 2001, 6.2% in 2002, 8.6% in 2003, 10.0% in 2004 and 13.4% in 2005 and 9% in 2006. The nominal GDP was 25,350 billion Riels (approximately 6.2 billion US Dollars) in 2005 compared with 21,141 billion Riels in the previous year. These figures, however, should be interpreted with caution in view of the statistical issues involved in the revision of GDP estimates. If adjusted for statistical changes introduced in 2005, the real GDP growth for 2005 was 9.8%, compared with the earlier reported real GDP growth of 7.1% in 2003 and 7.7% in 2004 (calculated as the rate of US\$1=4000 Riel).

Per capita GDP in dollar terms has steadily increased since 1998 when the Riel greatly depreciated against the dollar. Per capita GDP in 2005 was 395 US dollars, an increase of 11% from 356 US dollars in 2004, and Per capita GDP in 2006 was 513US increased 13% compared with 2005.

► ***GDP by Expenditures***

Table below represents GDP by expenditure, as share and as contribution to total GDP growth for the last six years. As seen in table, private consumption accounted for 85.7% and 84.9% of GDP in 2004 and 2005, respectively. This high level of private

consumption has been maintained over the years. In 2005, private consumption growth accounted for 10.6 of the 13.4 points in the GDP growth rate.

Exports are another main contributor to GDP, as their share in total GDP incrementally grew to 70.9% in 2005. However, net exports (exports less imports) have always been negative because imports have continuously exceeded exports. Gross fixed capital formation maintained strong growth, increasing its share of total GDP from 16.9% in 2000 to 20.78% in 2005 and contributing much to GDP growth.

GDP by Expenditures, Share and Contribution (At Constant 2000 Prices)

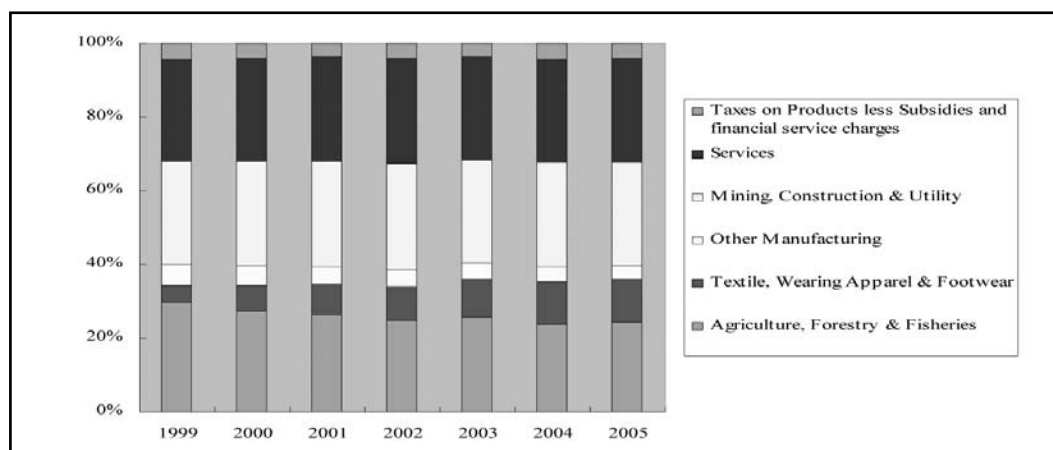
	Share(%)						Contribution(%)					
	2000	2001	2002	2003	2004	2005	2000	2001	2002	2003	2004	2005
Private Consumption	88.8	84.3	84.1	83.7	85.7	84.9	4.6	2.0	5.0	6.8	10.5	10.6
Government Expenditures	5.2	5.3	5.5	5.4	4.6	4.2	0.6	0.5	0.5	0.3	-0.3	0.1
Gross Fixed Capital Formation	16.9	19.1	20.2	22.4	18.2	20.7	1.0	3.7	2.3	4.2	-2.4	5.3
Exports	49.8	54.0	57.5	59.0	68.9	70.9	12.6	8.3	7.1	6.6	16.8	11.5
Imports	-61.7	-62.8	-67.8	-70.9	-77.3	-80.5	-12.8	-5.9	-9.1	-9.3	-14.1	-14.0
Statistical discrepancy	1.0	0.1	0.5	0.4	-0.1	-0.2	2.5	-0.9	0.4	-0.1	-0.5	-0.1
GDP	100.0	100.0	100.0	100.0	100.0	100.0	8.4	7.7	6.2	8.6	10.0	13.4

Source: Ministry of Economy and Finance (MEF)

The services sector has had a relatively stable share, between 36% and 38%, in the recent years. The services sector grew by 12.1% in 2005, accounting for 36.2% of total GDP in constant 2000 prices. Tourism continues to be the main contributor to growth in the services sector, with revenue from overseas tourists increasing by 20% in 2006. Hotels, restaurants and other services directly benefit from tourism growth and infrastructure development.

The number of tourists visiting Cambodia reached 1.7 million in 2006. Tourism contributed to strong growth in the hotel and restaurant industry (17.3%), transport and communications (13.1%) and other services (17.7%). Tourism has forward and backward linkages with the service sector in general. Thus the beneficiaries will not be just travel, hotel, restaurant and tourist establishments, but also enterprises engaged in retail trade, transportation, communications and finance.

Composition of GDP by Industry



Source: MEF

► *Policies Towards Foreign Direct Investment (FDI)*

In the Second Socio-Economic Development Plan 2001-2005, the Cambodian government regards foreign direct investment (FDI) as a major engine for economic development. From the viewpoint of the legal framework in Cambodia, laws and regulations governing FDI in Cambodia are basically designed to encourage investments. As the Law on Investment stipulates, FDIs are treated in a non-discriminatory manner except for land-ownership and allowed to invest freely in many areas. Under the current Law on Investment, the investors, who are given Final Registration Certificates, will be entitled to various incentives.

In addition, the Cambodian government has been improving their investment facilitation services. For example, the Government decided in 2005 to establish the Cambodian Special Economic Zone Board (The CSEZB) under the Council for the Development of Cambodia (CDC) to promote the special economic zone (SEZ) scheme in Cambodia. Administered by the CSEZB, the Special Economic Zone Administration is to be established in authorized SEZs and provide one-stop service to zone investors from the registration of investment projects to routine export-import approvals.

► *Government Attitudes*

International assistance remains a vital component in overcoming the challenges faced in Cambodia's development. Nonetheless, private sector investment will become increasingly important for the country as the private sector assumes its position as the main engine for economic growth in Cambodia. To this end, the Royal Government of Cambodia sees private sector investment as integral to development of fully democratic and prosperous Cambodia in the years ahead.

The government is fully aware that if the country is to achieve its development goals, it cannot rely on foreign aid and assistance indefinitely, and that real economic growth and development lie in the private sector. Consequently, a program of reform is now being undertaken by the government in order to create a conducive environment for private sector investment. In 1994, the Law on Investment of the Kingdom of Cambodia was passed with the aim of streamlining the foreign investment regime and providing generous and competitive concessions for direct private sector investment.

► *Foreign Investment Policy*

In order to attract FDI, the government has strengthened the country's legal framework, bolstered its institutions and liberalized the relevant regulations, in ways that are conducive to private sector investment and business activities in Cambodia. The 1994 Law on Investment provides similar treatment to foreign and domestic investor alike, with the exception of the issue of land ownership, as set forth in Cambodia's constitution. Even in this area, the regulations are generous, with foreign investors able to lease land for a period of up to 99 years.

The government provides investors with a guarantee neither to nationalize foreign-owned assets, nor to establish price controls on goods produced and services rendered by investors, and to grant them the right to freely repatriate capital, interest and other financial obligations.

Investors can set up 100% foreign-owned investment projects and employ skill workers from overseas, in cases where these workers cannot be found in the domestic labor force.

In order to facilitate investors in their applications for investment approval, the government has established an institution to oversee investment policy and strategy called the Council for the Development of Cambodia (CDC).

Cambodia has obtained “Generalized System of Preferences (GSP)” and “Most Favored Nation (MFN)” status from its major trading partners, including the European Union, the USA, Japan, Canada and Australia.

Apart from facilitation and support at the national level, attention is also being given by the government to opening up access to international sources of finance for private sector investment. Cambodia is already a member of the IFC, MIGA, and ICSID (International Centre for Settlement of Investment Disputes). It has also signed agreements with the ADB providing private sector investors with the opportunity to obtain funding for their investment projects from this international financing institution.

► ***Tourism Investment Policy***

- Develop a sound tourism investment policy and poverty reduction policy
- Encourage investment in tourism businesses that support the National Social Economic Development Plan, which emphasized on the development of high quality business.
- Encourage investment by local communities in various forms of tourism management through the use of low interest loans.
- Encourage private business organization of pro poor tourism development.
- Promote investment in producing essential goods, supplies and equipment to support tourism activities and services in order to help reduce imports.
- Support investment in the production of reasonable priced international standards good, appliances and equipment for use tourism entrepreneurs.

► ***Pro Poor Tourism Investment Policy***

Investment policies for tourism development are encouraged and support in areas:

- With high poverty levels and existing or potential tourism.
- Seeking to encourage tourism for rural development and cross economic linkages.
- Where tourism can contribute to the local economic growth.
- Where environmentally friendly forms of tourism can contribute to cultural and natural resource preservation conservation and sustainable use.
- Where there is a well-developed human resource development strategy.

► *Regulatory Framework for Investment*

In Cambodia, the FDI is free to implement, except in those areas prohibited or restricted for foreigners. It has to only be registered at the Ministry of Commerce and obtain relevant operating permits. However, if the foreign investors seek investment incentives, they have to apply for the investment registration which can be obtained through the CDC or the Provincial-Municipal Investment Sub-Committee (PMIS). The application for the investment registration can be made either before or after the incorporation (or a registration within the Ministry of Commerce).

The investment license scheme was originally regulated by the “Law on Investment”, which was promulgated in August 1994. In March 2003, in order to make the licensing schemes to be simpler and more transparent, predictable, automatic and non-discretionary, the original Law on Investment was amended substantially by the “Law on the Amendment to the Law on Investment”.

In addition, the “Sub-Decree on the Establishment of the Sub-Committee on Investment of the Provinces-Municipalities of the Kingdom of Cambodia” was issued in February 2005 to regulate the licensing scheme for investment less than two million US Dollars. The “Sub-Decree No. 111 on the Implementation of the Law on the Amendment to the Law on Investment” was also issued in September 2005. (For more information, contact CDC).

► *Labor Policies*

Cambodia’s low labor costs are attractive to foreign investors. About 45% of Cambodia’s population of 12 million is of working age, while over 60% of the workforce comprises women.

Investors are permitted to bring into Cambodia foreign nationals who are qualified managerial personnel, technical personnel, and skilled workers.

A law on Immigration was passed by the National Assembly on 26 August 1994. According to article 28 of the Law, foreigners who have already received a “letter of investment approval” from the CDC, will be allowed to stay in Cambodia, together with their families, for a period stated in the letters of investment approval.

A Labor Law was adopted by the National Assembly on 10 January 1997. This law lays down general working conditions and other related matters, such as: wages, hours of work, both daily and weekly, night work, weekly time off, paid holidays, paid annual leave, special leave, child labor, women labor, trade union freedoms and workers, representation in the enterprise, settlement of labor disputes.

Government/public Investors Related to Tourism Infrastructure Project

1. Responsible Organization

The CDC is the sole and One-Stop Service organization responsible for the rehabilitation, development and oversight of investment activities. The CDC is responsible for the evaluation and the decision-making on all rehabilitation, development and investment project activities (Article 3, the Law on Investment).

However, the CDC shall submit for the approval of the Council of Ministers any of the following investment projects involving the following (Article 11, “Sub-Decree No.147 on the Organization and Functioning of the Council for the Development of Cambodia”).

- Capital investment of US\$ 50 million and above
- Politically sensitive issues
- Exploration and the exploitation of mineral and natural resources
- Possible negative impact on the environment
- Long-term development strategy
- Infrastructure projects such as projects on the basis of Build-Own-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), Build-Own-Operate (BOO) or Build-Lease-Transfer (BLT)

2. Investment Promotion and Incentives

The Law on Investment provides the following incentives to investment projects in Cambodia:

- A corporate income tax of 9% except for the exploration and exploitation of natural resources, including timber, oil and gas, gold, and precious stones.
- A corporate tax exemption of up eight years is depending on the characteristic of the project and the priorities of the government.
- Losses carried forward for up to five years.
- Non-taxation on the distribution of dividends, profits or proceeds of investments, whether transferred abroad or distributed within the country.
- 100% import duty exemption on construction materials, means of production, equipment, intermediate goods, raw materials and spare parts used by:
 - An export-oriented project with a minimum of 80% of the production set apart for export,
 - Projects located in the designated Special Promotion Zone (SPZ)
- 100% exemption of export tax, if any

For investment projects excluded in the category covered by point bullet 5 the 100% exemption from duties and taxes is only authorized for the construction of factories and building, and for a period of one year following the start-up of production operations. Hotel construction is one of promoted sectors for investment.

3. Investment Guarantees

The Law on Investment guarantees the investment as follows:

- A foreign investor shall not be treated in any discriminatory way by reason only of the investor being a foreign investor, except in respect of ownership of land.
- The Royal Government shall not undertake a nationalization policy that would adversely affect private properties of investors in Cambodia.
- The Royal Government shall not fix the price or fee of the products or services of a Qualified Investment Project.
- The Cambodian Government shall permit investors to purchase foreign currencies through the banking system and to remit abroad these currencies for the following purposes:
 - Payment for imports and repayment of principle and interest on international loans.
 - Payment of royalties and management fees
 - Remittance of profits
 - Repatriation of invested capital

The Law on Investment contains a number of important guarantees for investors, as follows:

- Equal treatment of all investors.
- No nationalization adversely affecting the property of investors.
- No price controls on foreign currencies abroad

4. Outline of Investment Licensing Scheme

- “The Law on the Amendment to the Law on Investment” of 2003 was made to adopt the automatic approval system of the investment projects, which must be completed within 31 working days after the receipt by the CDC or PMIS of the investment application, unless they are among the fields prohibited in the negative list or investment project related to the national interest/ environmental sensitivity.
- An investment license or approval will be issued not to an investor or investing enterprise but to a project. A project which receives the investment license is called a Qualified Investment Project (or “QIP”).
- The Law governs all Qualified Investment Projects (or “QIPs”) and defines the procedures by which any person establishes a QIP.
- The investment incentives are granted automatically.
- The CDC is expected to act as One-Stop Shop and obtain all of necessary licenses required from relevant ministries entities listed in the conditional registration certificate for investment on behalf of the investment applicant.
- A QIP may be in the form of a joint venture. A joint venture may be formed between Cambodian entities, between Cambodian entities and foreign entities or between foreign entities. There is no limitation based on nationality or the share-holding proportion of each shareholder, except in the case a joint venture owns or intends to own land or an interest in land in Cambodia. In such a case, the maximum combined share-holding of all foreign parties must not exceed 49%.

5. Investment Licensing Procedures

The investment license application process until obtaining a Final Registration Certificate (FRC) is shown in Table IV-3 below (Article 7, the Law on Investment).

Party to Take Action	Process	Condition/ Remarks
Applicant	Submission of an Investment Proposal to the CDC or PMIS	Use a completed Application Form* Payment of Application Fee of 7,000,000 Riels
The CDC or PMIS	1) Issuance of "Conditional Registration Certificate" (CRC) - if the Investment Proposal contains all the information required, and - if the proposed activity is not in the Negative List or not related to national interest/ environmental sensitivity	To be Issued within 3 working days after submission of the Investment Proposal The CRC specifies the approvals, authorizations, clearances, licenses, permits or registrations required for the QIP to operate, as well as the government entities responsible to issue such approvals, etc. The CRC confirms the incentives to which the QIP is entitled and recognize the statutes of the legal entity.
	2) Issuance of "Letter of Non-Compliance" - If the Investment Proposal does not satisfy the above condition	Letter of Non-Compliance shall clearly state the reasons why the Investment Proposal was not acceptable and the additional information required for enabling the CDC or PMIS to issue a CRC.
	If a CRC or Letter of Non-Compliance is not issued within 3 working days, the CRC shall be considered automatically approved.	
The CDC or PMIS	Obtains all of the licenses from relevant ministries-entities listed in the CRC on behalf of the Applicant.	All government entities responsible for issuing an authorization, clearance, license, permit or registration listed on the CRC shall issue those no later than the 28th working day from the date of the CRC.
The CDC or PMIS	Issuance of a "Final Registration Certificate" (FRC)	To be issued within 28 working days of the issuance of the CRC. The date of issuance of the FRC shall be the date of QIP commencement.

6. Application Process for Investment License

► *Transparency*

Sectors in which investment is strongly encouraged:

- Pioneer and/ or high-technology industries
- Job creation
- Export-oriented industries
- Tourism industry
- Agro-industry and processing industry
- Infrastructure and energy
- Provincial and rural development
- Environmental protection, and
- Investment in the Special Promotion Zone (SPZ)

According to Sub-Decree No. 053 ANKR BK, 11 June 1999, Investment capital should be excess of US\$1,000,000 for any domestic or foreign investment project.

Investment sectors in which special incentives do not apply include the exploitation of natural resources, with the exception of oil and natural gas exploration. All fuels, lubricants and other petroleum-based products used as raw materials or intermediate goods are not eligible for exemptions from import duties.

7. National Treatment

Following sectors are subject to local equity participation: Gemstones, clay bricks both hollow and solid, tiles, rice milling, wood and stone carving, and silk-wear.

There is no limitation on foreign firms' access to sources of finance on the basis of their nationality.

8. Taxation

Most foreign investment and foreign investors will be affected by the following taxes:

- Tax on Profit
- Minimum Tax
- Various withholding taxes (e.g. Tax on profit withholding obligations)
- Value Added Tax
- Turnover Tax
- Import Duties
- Salary Tax on Cambodian and expatriate employees

There are various other taxes affecting certain categories of investor including:

- Specific Tax on Certain Merchandise and Services
- Various other minor taxes

Tax	Rates
Profit Tax (Article 1 – 23, Chapter 1)	
<ul style="list-style-type: none"> For legal person 	20% (unless investment incentive rate of 9% or 0% are applied)
<ul style="list-style-type: none"> Oil and natural gas production sharing contract and the exploitation of natural resource including timber, ore, gold, and precious stones. 	30%
Minimum Tax (Article 24, Chapter 1)	
<ul style="list-style-type: none"> To be applied only for the real regime If the profit tax amount exceeds 1% of annual turnover, the taxpayer pays only the tax on profit. 	1% of annual turnover
Withholding Tax (Article 25 – 28, Chapter 1)	
<ul style="list-style-type: none"> Income received by individuals for services such as management, consulting, etc. Payment of royalties for intangibles and interests in mineral resources Payment of interest by a resident taxpayer carrying on business, other than domestic banks or financial institutions 	15%
<ul style="list-style-type: none"> Income from the rental of movable or immovable property 	10%
<ul style="list-style-type: none"> Interest payment by domestic banks to residents with fixed term deposit account 	6%
<ul style="list-style-type: none"> Interest payment by domestic banks to residents with non-fixed term deposit account 	4%
<ul style="list-style-type: none"> Payment to non-residents : Interest, royalties, rent and other income connected with the use of property, dividends, payment for management or technical services 	14%
Tax on Salary (Article 40 – 54, Chapter 2)	
To be withheld monthly by employers	
<ul style="list-style-type: none"> 0 Riels – 500,000 Riels (Approx. USD 125 or less) 	0%
<ul style="list-style-type: none"> 500,001 Riels – 1,250,000 Riels (Over 125 - 312.5) 	5%
<ul style="list-style-type: none"> 1,250,001 Riels – 8,500,000 Riels (Over 312.5 - 2,215) 	10%
<ul style="list-style-type: none"> 8,500,001 Riels – 12,500,000 Riels (2,215 - 3,125) 	15%
<ul style="list-style-type: none"> Over 12,500,000 Riels (Over 3,125) 	20%
<ul style="list-style-type: none"> For fringe benefits 	20% on market value
<ul style="list-style-type: none"> Non-residents 	Flat rate of 20%

Tax	Rates	
Value Added Tax (Article 55 – 84, Chapter 3)		
<ul style="list-style-type: none"> • Taxable person: Any person subject to the real regime system • Registration: All companies must complete registration for VAT before commencing business. Others must register within 30 days after their taxable turnover for the preceding consecutive three months exceeds; <ul style="list-style-type: none"> - 125 million Riel for goods - 60 million Riel for services • Taxable supply: <ul style="list-style-type: none"> - Supply of goods or services by a taxable person in Cambodia - Appropriation of goods for his own use by a taxable person - Making of a gift or supply at below cost of goods or services - Import of goods into Cambodia • Standard tax rate • Tax rate for the goods exported from Cambodia and services executed outside of Cambodia • Input tax credit is deductible against the output tax amount. • Monthly filing: The VAT declaration must be submitted on or before the 20th day of the following month. 	<p>10%</p> <p>0%</p>	
Other taxes (Article 85, Chapter 4)		
Specific Tax on Certain Merchandise and Services		
<ul style="list-style-type: none"> • Tickets for local and international air transportation • Local and international telecommunication • Beverage • Tobacco, entertainment, large automobile, motorcycles from 125 cc upwards • Petroleum products, automobile more than 2,000 cc 	<p>10%</p> <p>3%</p> <p>20%</p> <p>10%</p> <p>30%</p>	
Property Transfer Tax		
<p>For the transference of ownership of real property and certain types of vehicles as a result of direct transfer or a contribution of share capital to an enterprise</p> <ul style="list-style-type: none"> • Prohibited to issue certificates of ownership of property until the Property Transfer Tax has been paid. 		<p>4% on transfer value</p>
Tax on Unused Land		
<ul style="list-style-type: none"> • Committee for Evaluation of Undeveloped Land, in cooperation with municipal and provincial authorities, decides whether a plot is “unused” or not and the amount of tax liability. • Taxable for the portion over 1,200 square meters. 	<p>2% on the assessed value of unused land</p>	
Patent Tax		
<ul style="list-style-type: none"> • For annual business registration 	<p>Approx. USD300-</p>	
Tax on House and Land Rent		
Import Duty		
Export Duty		

Relevant Agencies

The Council for Development of Cambodia
- Cambodian Investment Board (CIB)
Government Palace, Sisowath Quay,
Wat Phnom, Phnom Penh, Cambodia
Tel : (855) 23 981 154
Fax : (855) 23 428 426
E-mail : cdc.cib@online.com.kh
Website : www.cambodiainvestment.gov.kh

Cambodian Special Economic Zones Board
(CSEZB)
Room 7-8 C, Government Palace,
Sisowath Quay,
Wat Phnom, Phnom Penh, Cambodia
Tel : (855) 23 992 355
Fax : (855) 23 992 355
E-mail : cdc.csezbt@camintel.com

Ministry of Commerce
No. 20A-B Norodom Blvd.
Phnom Penh, Cambodia
Tel : (855) 23 426 024
Fax : (855) 23 426 024
E-mail : wtooffice@camnet.com.kh
(ASEAN and International
Org. Dept)
itd@gocambodia.com
(Internal Trade Dept.)
camcontrol@gocambodia.com
(Camcontrol Dept.)

Ministry of Economy and Finance
No.60, Street 92, Khan Daun Penh
Phnom Penh, Cambodia
Tel : (855) 23 428 960/428 634
/428 635
Fax : (855) 23 427 798
Website : www.mef.gov.kh

Customs and Excise Department
No. 6-8 Norodom Blvd.,
Phnom Penh, Cambodia
Tel : (855) 23 214 065
Fax : (855) 23 214 065
E-mail : info@customs.gov.kh
Website : www.customs.gov.kh

Ministry of Tourism
No.3 Monivong Blvd.,
Phnom Penh, Cambodia
Tel : (855) 23 212 837 / 213 741
Fax : (855) 23 217 503 / 220 704
E-mail : info@mot.gov.kh
Website : www.mot.gov.kh

Other Public Institutions

Municipality of Phnom Penh
No. 69, Monivong Blvd.,
Phnom Penh, Cambodia
Tel : (855) 23 722 054/426 101
Fax : (855) 23 724 156
Website : www.phnompenh.gov.kh



Indonesia





Country Information

1. Geographical aspects and Background Information

The Republic of Indonesia is the largest archipelago country in the world and the largest country in ASEAN, comprising 17,508 islands stretching along 5,120 Kilometers from east to west and 1,760 Kilometers from north to south. The islands scatter over more than one tenth of the equator between Southeast Asia and Australia, covering a land area of round 2 million square kilometers and territorial waters nearly four times of that size. There are about 400 mountains, most of which are volcanoes, either active or inactive ones, forming mountain ranges along the array of islands on the southern archipelago.

Kalimantan is the only island where volcano does not exist. Instead it has a dense tropical rainforest naturally develop on the middle range and peat swamp ecosystems on the Lowlands. The highest summit of the archipelago is Mount Jayawijaya, it is about 5,000 m above sea level, where the only snow in Indonesia can be found there. With such a diverse landscape, the country is endowed with tourism assets with strong developmental potential. Indonesia is the fourth most populous nation in the world with a total population of about 222 million in 2005. The most heavily populated island is Java with an average of 870 inhabitants per square kilometer.

The population consists of more than 300 ethnic groups speaking different language and dialects. The national language is Bahasa Indonesia, while English are widely used for business purpose and on the Tourism industry.

2. Tourism Related Infrastructure

► *Transportation System*

Airline and Airports

The domestic airline industry in Indonesia is growing rapidly, particularly the budget airlines. Their tickets are inexpensive and they also have as many flight routes as the national carriers. Due to the recent airline accidents, domestic airlines have begun implementing stricter safety regulations deemed mandatory by the government.

The high growth of domestic airlines can be seen by the number of passengers that increased more than 300% since 2001. This enabled the domestic airlines to introduce new aircrafts to their fleet, and even buying the latest version in substantial numbers; thus increasing seat capacity and safety for the passengers. Below are airlines providers in Indonesia:

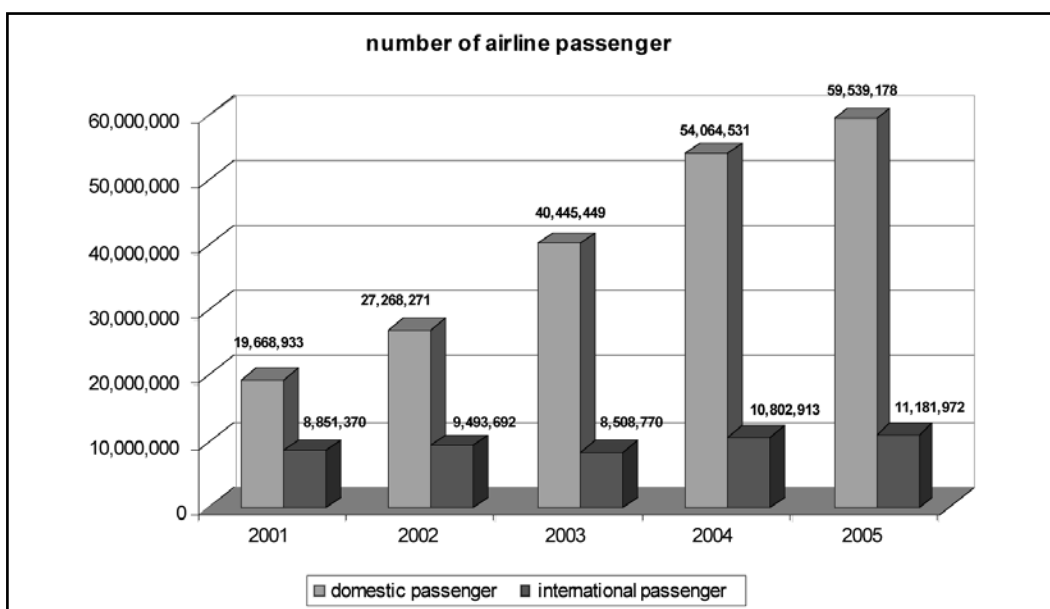
1. Air Regional
2. Airfast Indonesia
3. Airmark Indonesia
4. Auvia Air
5. Batavia Air
6. Cardig Air
7. Citilink
8. Deraya Air Taxi
9. GT Air
10. Garuda Indonesia
11. Dirgantara Air Service
12. Indonesia Air Transport
13. Indonesia AirAsia
14. Kalimantan Air Services

- | | |
|----------------------------|--------------------------------|
| 15. Kartika Airlines | 19. Merpati Nusantara Airlines |
| 16. Lion Air | 20. Nurman Avia |
| 17. Mandala Airlines | 21. Papua Indonesia Air System |
| 18. Manunggal Air Services | |

The International Airport List in Indonesia:

LOCATION	NAME OF AIRPORT
Bandung, West Java	Husein Sastranegara International Airport
Cengkareng, Banten/Jakarta	Soekarno-Hatta International Airport
Jakarta	Halim Perdanakusuma International Airport
Surabaya, East Java	Juanda International Airport
Surakarta (Solo), Central Java	Adisumarmo International Airport
Banda Aceh	Sultan Iskandar Muda International Airport
Batam, Riau Islands	Hang Nadim Airport
Medan, North Sumatra	Polonia International Airport
Palembang, South Sumatra	Sultan Mahmud Badaruddin II Airport
Pekanbaru, Riau	Sultan Syarif Kasim II Airport
Balikpapan, East Kalimantan	Sepinggagan International Airport
Banjarmasin, South Kalimantan	Syamsuddin Noor Airport
Pontianak, West Kalimantan	Supadio Airport
Manado, North Sulawesi	Sam Ratulangi Airport
Denpasar, Bali	Ngurah Rai Airport
Kupang, East Nusa Tenggara	El Tari Airport
Ambon, Maluku	Pattimura Airport
Biak, Papua	Frans Kaisiepo Airport
Semarang, Central Java	Achmad Yani Airport
Jogja	Adisucipto Airport
Makassar	Hasanuddin Airport

Number of Airline Passenger in Indonesia



Source: Directorate of Air Transportation

Sea Ports

Ferry lines in Indonesia are supported by 168 ships and 7 water trucks, of which 91 were owned by the private sectors and the rest owned by the state-run company. The number of harbors being called fell to 277 locations with a frequency of 23 times.

PELNI as the biggest passenger ship company in Indonesia has various route across major ports in Indonesian provinces. Its fleets has modern passenger ships consisted of 20 German built passenger ship.

The International Seaport List in Indonesia:

LOCATION	NAME OF SEAPORT
Batam	Sekupang, batu Ampar, Nongsa, Marina Teluk Senimba, Batam Centre
Tj Uban	Bandar Bintan Telani, Bandar Sri Udara Lobam
Tj Pinang	Sri Bintan Pura
Medan	Belawan
Sibolga	Sibolga
Dumai	Yos Sudarso
Padang	Teluk Bayur
Jakarta	Tanjung Priok
Bali	Padang Bai, Bena
Jayapura	Jayapura
Bitung	Bitung
Karimun	Tanjung Balai
Semarang	Tanjung Mas
Kupang	Tenau
Pare	Pare
Makasar	Soekarno Hatta
Nusa Tenggara Timur	Maumere

Railway

Railway in Indonesia is operated by PT Kereta Api Indonesia (KAI). It is the sole operator of public railways in the country. The railway lines cover most of Java and parts of Sumatra. The total number of trackage laid in Indonesia is 7,583 km

All locomotives of the PT KAI are dieses engined. Most new locomotives use electric transmission. A total of 451 locomotives are in the books.

Roads

Roads infrastructure is available for connecting all the cities in Indonesia. Highways temporarily only available in Java. Car rental services are easily available. Buses, taxis, and small car public transportation are the means to connecting various tourism destinations.

Length of Roads by Type of Surface (Km) 2004:

TYPE OF SURFACE	KM
Asphalted	206.144
Non asphalted	139.630
Others	27.155
Total	372.929

Source: Transportation and Communication Statistic 2005 (BPS)

Investment Climate

1. Foreign Investment Policy

The Government has opened widely most investment sectors for the foreign as well as the domestic investors, and it will add more investment sectors to be promoted as open sectors including tourism sector.

These investment sectors are stipulated in the Investment Negative List.

2. Regulation for Foreign Investment

Foreign Investment law No. 25 Year 2007 is an umbrella for the foreign and domestic investment in Indonesia. Foreign investment must be incorporated under Indonesian Corporate Law No. 40 Year 2007 as a Perseroan Terbatas (PT) which is a limited liability company. And the domicile of the company should be in Indonesia unless provided otherwise by the law. The life of company is 30 years and can be extended for another 30 years. The life of Permanent License/ Izin Usaha Tetap (IUT) is unlimited as long as the company in operation and for the old IUT, the renewal is also for unlimited years.

The Investment Coordinating Board (BKPM) is the Government Agency that is responsible for the investment policy and investment approval. Every investor must review and comprehend the Government Regulation (Peraturan Presiden) No.76, No. 77 of 2007 and No. 111 of 2008 on Investment that are open, or open with certain conditions or closed for investment.

BKPM supports any effort to improve Indonesia's competitiveness in the region including to simplify and to shorten investment license procedures. BKPM has confirmed its strategy to shorten the investment approval to 10 working days.

There are two criteria for foreign investment in tourism industry:

- a. Widely open category (Terbuka Penuh) Foreign investor may have 100% equity. In this category instate:

- Hotel (3 Star-5 Star),
 - Tourism area,
 - Tour Operator,
 - Resort,
 - Tourism Information Business,
 - Golf Course,
 - International Hotel Operator,
 - MICE Project
- b. Closed and Open category with some condition (Tertutup Dan Terbuka Dengan Syarat).
Maximum foreign equity is 50%. The balance of equity will be reserve for local investor. It includes:
- Hotel (1 star-2 star), Melati, Motel, Home Stay,
 - Food and Beverages Business;
 - Theme Parks, recreational camps, spa, etc.

3. Foreign Investment Level

FOREIGN INVESTMENT TOURISM PROJECT, 2006-2007		
	2006	2007
US\$ Million	268.3	354.8
Project	74	102

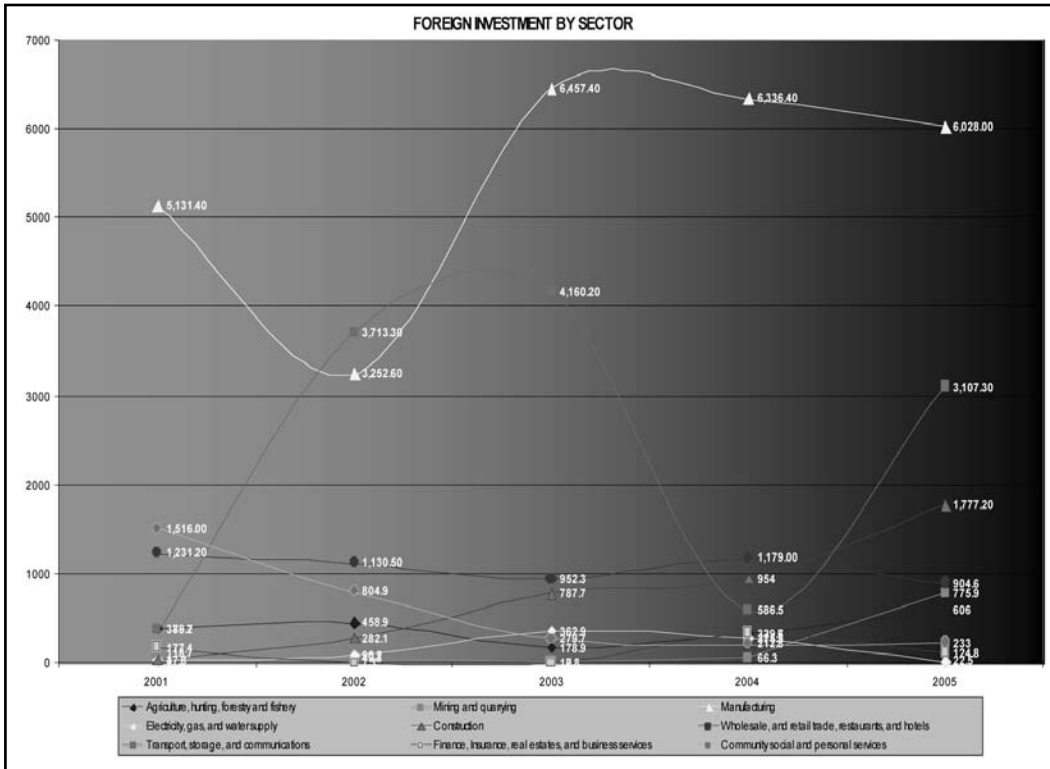
BKPM's source

Compared growth of foreign investment in tourism industry in 2007 with the same period (January-December) in 2006, it has increased by 37.84 % in 2007 from 74 projects in 2006 to 102 projects in 2007.

4. Government-to-government Agreements Relevant to Tourism

Indonesia is a member of the following international / regional initiatives in tourism:

- World Tourism Organization (WTO)
- Brunei-Indonesia-Malaysia-Phillipines East ASEAN Growth Area (BIMPEAGA)
- Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)
- Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT)



Foreign Investment Trends

► **Foreign Investment Trends**

5. Potential Locations for Tourism Related Investment

The Investment Coordinating Board which foreign investment stated in Indonesia needs USD 426.3 Billion of new investment until 2009, Including USD 150 billion for infrastructure development. Foreign Investments in tourism industry are welcome to invest in infrastructure projects such as hotel and restaurant, recreational and entertainment service and a host of other services.

Tourism investment projects which available in several provinces are:

NO. PROVINCE	OPPORTUNITIES
1. West Sumatra	Upper lake, Lower lake, Agro city of Solok Regency, sea tourism, cottage in Mentawai island regency, Air Manis plain, coast and tourism area of Padang City
2. Riau Islands	Beach, Lake, amusement center, shopping center, golf, hotel
3. Lampung	Eco tourism, Agrotourism, resorts, tourism facilities, villas, homestays.
4. Jakarta	Thousand Island, tourism project
5. West Java	Cottages, guest house, camping ground, spa, outbound facilities, improvement for existing tourism facilities, restaurant, convention hall.
6. Central Java	Park of World Wonders, Taman Kartini restoration project, Batik center in Laweyan, recreation park, Marine Tourism, Eco-tourism, antique train tour, resorts, MICE facilities, surfing facilities, golf course.
7. Yogyakarta	Turi Agro tourism, Tambak Boyo Water Park
8. East Java	Accommodation and transportation
9. Bali	Marine Tourism, Hotels, Amusement/ Recreational park, Agro tourism, Forest Tourism, Rafting, horse's recreation

NO. PROVINCE	OPPORTUNITIES
10. South Kalimantan	Resort, recreational business.
11. East Nusa Tenggara	Nautical tourism, coastal tourism, eco-tourism, cultural tourism
12. West Nusa Tenggara	Hotel, transportation
13. North Sulawesi	Agro Tourism, Marine Tourism
14. South Sulawesi	Infrastructure, Marine Tourism
15. Papua	Cultural tourism, sea tourism transport, Agriness national ocean park, marine tourism

6. Main Tourism Areas

TOP Destinations in 15 Regions

West Sumatra

TOP 5 Tourism Destinations:

1. Anai Valley Water fall
2. Lembah Harau National Park
3. Maninjau Lake
4. Siberut and Mentawai Island
5. Sianok Valley

Other Destinations:

1. Aditya Warman Museum
2. Alamanda Hot Spring
3. Air manis Beach
4. Batu Sangkar
5. Bungus Beach
6. Fort de Kock fortress
7. Padang Panjang
8. Pandai Sikek village
9. Solok
10. Teluk Bayur

Riau Island

TOP 5 Destination:

1. Lagoi
(Bintan Beach International Resort)
2. Tanjung Pinang
3. Nagoya
4. Nongsa
5. Tanjung Balai

Other Destinations:

1. Trikora Beach
2. Pasir Panjang Beach
3. Lubuk Karimun Beach
4. Senggarang Temple
5. Raja Haji Fii Sabilillah Monument
6. Pangkil Besar Beach

7. Sebong Bay

8. Penyengat Island

9. Karimun Island

10. Natuna Island

Lampung

TOP 5 destinations:

1. Way Kambas National Park
2. South Bukit Barisan National Park
3. Ranau Lake
4. Mount Krakatau
5. Pasir Putih Beach

Other Destination:

1. Merak Belatung Beach
2. Olden Times site in Jabung
3. Way Rarem Dam
4. Kalianda Resort
5. Marina Beach
6. Laguna Helau
7. Canti Village
8. Curup Selampang Waterfall
9. Curup Tujuh Waterfall
10. Tirta Gangga Lake

Jakarta

TOP 5 Destinations:

1. National Monument (Monas)
2. Seribu Island
3. Dunia Fantasi Theme Park
4. Sunda Kelapa Port
5. National Museum

Other Destinations:

1. Jakarta Kota old city
2. Jakarta History Museum
3. Wayang Museum

4. Fatahillah Temple
5. Maritime Museum
6. Glodok
7. Banteng Square
8. Satriamandala Museum
9. Taman Mini Indonesia Indah
10. Ismail Marzuki Park

West Java

TOP 5 Destinations:

1. Mount Tangkuban Perahu
2. Pangandaran
3. Puncak
4. Kampung Naga
5. Cipanas

Other Destinations:

1. Keraton Cirebon Palace
2. Cangkuang Temple
3. Ciater hot spring
4. Ratu Port
5. Mount Papandayan
6. Mount Gede Pangrango
7. Bogor Palace
8. Bogor Botanical Garden
9. Lembang
10. Batu Hiu Beach

Central Java

TOP 5 Destinations:

1. Borobudur Temple
2. Prambanan Temple
3. Karimun Jawa Island
4. Dieng Pletau
5. Keraton Palace

Other Destinations:

1. Jatijajar Cave
2. Karangbolong Beach
3. Demak Mosque
4. Ketep
5. Teluk Penyu Beach
6. Mendut Temple
7. Kudus Mosque Tower
8. Kopeng
9. Train Museum
10. Sangiran Museum

Yogyakarta

TOP 5 Destinations:

1. Keraton Palace
2. Mount Merapi
3. Malioboro Street
4. Parangtritis Beach
5. Kaliurang

Other Destination:

1. Kota Gede Old City
2. Parangkusumo Beach
3. Baron Beach
4. Jogja Kembali Monumen
5. Beringharjo Market
6. Vredeburg Fortress
7. Great Mosque
8. Paku Alaman Palace
9. Ulen Sentalu Museum
10. Gembira Loka Zoo

East Java

TOP 5 Destinations:

1. Mount Bromo
2. Malang
3. Baluran National Park
4. Alas Purwo National Park
5. Meru Betiri National Park

Other Destinations:

1. Jago Temple
2. Trowulan Temple
3. Sunan Giri Grave
4. Jelesveva Jayamahe Museum
5. Surabaya Zoo
6. Ampel Mosque
7. Madura Island
8. Singosari Temple
9. Seleкта
10. Surabaya old city

Bali

TOP 5 Destinations:

1. Kuta Beach
2. Sanur Beach
3. Nusa Dua
4. Besakih Temple
5. Garuda Wisnu Kencana

Other Destinations:

1. Tanjung Bena
2. Seminyak
3. Uluwatu Temple
4. Bedugul
5. Jimbaran Beach
6. West Bali National Park
7. Mount Agung
8. Lovina Beach
9. Batur Lake
10. Nusa Penida

West Nusa Tenggara

TOP 5 Destinations:

1. Mount Rinjani
2. Segara Anak Lake
3. Sengigi Beach
4. Gili Island
5. Moyo Island

Other Destinations:

1. Gili Meno
2. Gili Air
3. Gili Trawangan
4. Segara Muncar
5. Sade Village
6. Narmada Park
7. Sasak Village
8. Desa Selong Beach
9. Praya
10. Maru Betiri Village

East Nusa Tenggara

TOP 5 Destinations:

1. Kelimutu Lake
2. Komodo National Park
3. Lembata Island
4. Lamalera Village
5. Ende

Other Destinations:

1. Jopu/ Tenda Traditional Village
2. Riung Sea Park
3. Bena Megalith Village
4. Flores Sao Resort
5. Adegai-Alor Beach
6. Mount Egon
7. Babi Island
8. St Joseph Cathedral in Maumere
9. Alor Island
10. Paga Beach

South Kalimantan

TOP 5 Destinations:

1. Banjarmasin
2. Martapura
3. Kota Baru
4. Floating Market
5. Loksado

Other Destination:

1. Riam Kanan Lake
2. Sabilal Muhtadin Mosque
3. Kenanga Village
4. Palaihari Nature Conservation
5. Prince Suriansyah grave
6. Barito River
7. Mount Kapur
8. Martapura River
9. Amuntai
10. Kandangan

South Sulawesi

TOP 5 Destinations:

1. Tana Toraja
2. Selayar Island
3. Losari Island
4. Kayangan Island
5. Bantimurung

Other Destinations:

1. Balla Lompoa Museum
(Sultan Gowa Palace)
2. Fort Rotterdam fortress
3. Kuri Island
4. Bira Beach
5. Taka Bone Rate Island
6. Tempe Lake
7. Toddjo Village Argo Tourism
8. Pattunuang Cave
9. Mandala Monument
10. Batara Guru Museum
(Royal Luwu Palace)

North Sulawesi

TOP 5 Destinations:

1. Bunaken National Park
2. Manado Boulevard
3. Tondano Lake
4. Kasih Hill
5. Mount Klabat

- Other Destinations:
1. Bantenan Beach
 2. Tomohon
 3. Bogani Nani Wartabone National Park
 4. Tangkoko National Park
 5. Sangihe and Talaud Island
 6. Mount Lokon
 7. Lanu Lake
 8. Rurukan Village
 9. Amurang Bay
 10. Sawangan Archeology site

Papua

TOP 5 Destinations:

1. Sentani Lake
2. Lorentz National Park
3. Mount Cartenz
4. Baliem Valley
5. Tanjung Ria Beach

Other Destinations:

1. Lorentz National Park
2. Cendrawasih Bay National Park
3. Wusar National Park
4. Mariadei Beach
5. Kaimana
6. Mc Arthur Monument
7. Mount Jaya Wijaya
8. Casuarina Beach
9. Aihima (Aihima bridge)
10. Asmat ethnic Village

Economic Indicators and Policies

1. Statistical Information

Tourist Arrivals in 2000-2007

Year	International Visitors	Average Expenditure/ Person (US\$)		Avg Stay in Day (s)	Foreign Exchange Income (Million) US\$
		Per Visit	Per Day		
2000	5.064.217	1.135,18	92,59	12,26	5.748,80
2001	5.153.620	1.053,36	100,42	10,49	5.428,62
2002	5.033.400	893,26	91,29	9,79	4.496,13
2003	4.467.021	903,74	93,27	9,69	4.037,02
2004	5.321.165	901,66	95,17	9,47	4.797,88
2005	5.002.101	904,00	99,86	9,05	4.521,89
2006	4.087.351	913,09	100,48	9,09	4.447,98
2007	5.505.759	970,98	107,70	9,02	5.345,98

► *Top 5 Market (Number of tourists) in 2003 – 2007*

Country	2003	2004	2005	2006	2007
Singapore	1,469,282	1,644,717	1,417,803	1,401,804	1,466,416
Malaysia	466,811	622,541	591,358	769,988	941,202
Japan	463,088	615,720	517,879	419,213	593,784
Taiwan	381,877	384,226	247,037	236,384	236,912
Australia	268,538	406,389	391,862	226,981	313,881

► *Top 5 Revenue Markets (US\$ Million) in 2003 – 2006*

	2003	2004	2005	2006
Singapore	791,72	752,94	689,73	711,86
Japan	447,66	546,15	521,63	405,95
Australia	299,19	469,27	462,48	301,96
Taiwan	411,41	287,29	288,71	172,23
Malaysia	325,89	318,49	273,66	365,59

► *Average expenditure from Top 5 highest (US\$) in 2003 – 2006*

	2003	2004	2005	2006
Holland	1.171,46	1.365,35	1.454,95	1.365,91
USA	1.195,25	1.310,47	1.333,94	1.462,74
Germany	1.182,64	1.245,82	1.205,82	1.119,72
UK	1.087,22	1.179,65	1.169,95	1.246,45
Australia	1.114,15	1.154,32	1.136,32	1.330,31

► *Mode of Transportation*

Visitor arriving by air in 2006 made up 57.94 % to the total while the number of arrival by sea recorded at 41.44 % and by land is 0.62 %. Arrival by air predominated by visitors from Asia (including ASEAN) is 64.82 %, followed by visitors from Europe is 20.77 %. Visitor arrival by sea mostly come from Asia (including ASEAN) that is 87.68 %, among others were from Singapore 61.09 %, Malaysia 14.35 % and Korea 8.04 %. Similarly, visitor arrival by land which was accounting for 0.62 %, was predominated by ASEAN visitors (81.59%).

► *Purpose of Visit*

Visitor arrival for holiday shared the biggest number which accounted for 2,753,740 or 56.53% to the total arrival, while visitors who came for business placed the second that is 38.26% or 1.863.881. Those arriving for holiday were mostly from age group of 25-34 years (25.17%), followed by age group of 35-44 years (23.28%) Meanwhile, they who came for business were conducted by employees (sales/clerical/technical) 48.11% and professional 43.17%.

► *Travel Arrangement*

More than seventy percent of visitors (78.78%) traveled independently, while 21.22% are using package tour. The proportion of visitors using package tour decreases over the previous year. Consequently, there were more visitors traveled independently.

► *Accommodation Used*

Visitors mostly stayed in hotels (74.98%), while those who stayed at residence of friends were relatively small, only 6.07% to the total. Other accommodation enjoyed 18.95%. It showed that hotel is still the preferred accommodation of the visitors during their stay in Indonesia.

► *Length of Stay*

The average length of stay of visitor was 9,09 days, or experienced a decrease of 0.07 day over the previous year. In terms of the longest stay, visitors from Netherlands stayed the longest that is 20.45 days, followed by Austria is 18.28 days. Singaporean stayed the shortest days which is 4.34 days.

► *Tourism Revenue and Expenditure*

Total revenue from tourism in 2006 recorded as much as US\$ 4,447.98 Million or decreased by 1,63 % over the 2005. The biggest shares were contributed by visitors from Singapore at 16.00 % to the total revenue. The revenue from Japanese which has recorded at 9.13 % to total was the second biggest contributor.

Visitor expenditure per visit had reached US\$ 913.09 or experienced a increase by 1.01% over the year 2005. The average expenditure per visitor per day was US\$ 95.21 or increased by 2.07% over the year 2005.

► *Distribution of Expenditure*

Pattern of distribution of visitor expenditure were as followed: accommodation recorded the biggest receipt of all type of expenditure by absorbing 45.14 % to the total, followed by food and beverage 20.01 % and shopping 13.01%.

► *Accommodation*

Number of classified and non-classified hotel in 2006 was 1.057 and 10.404 units respectively. Both add a total to 11.461 accommodations. Compared to the previous year there was an increase of 1.70% for classified hotel and 0.89% for non-classified hotel. On the other hand number of rooms in 2006 were 106.692 for classified and 178.838 for non-classified hotel. Similarly, number of rooms of classified and non classified hotel increased by 1.92% and 1.70% respectively. Room occupancy rate of classified hotel in 2006 is 46.16. %

2. Tourism Manpower Base and Competencies

The average wage rate in the tourism industry is relatively low compared to the other countries. Experienced or qualified management personnel, however have salaries comparable with other countries because of the shortage of experienced local staff.

► *Number of workers in classified and non classified hotel in Indonesia in 2006*

Classified	Non Classified	Total
135,112	67,366	227,499

Source: Hotel and Other Accommodation Statistic in Indonesia

3. Summary of the Standard and Living Cost and Export Commodities

Employment	108 million people
Unemployment	12.5%
GDP per Capita	US\$ 3,800
GDP-Real Growth Rate	5.4%

► *Export by Main Commodities in 2005 (Million US\$)*

COMMODITY GROUP	VALUE
Mineral fuels, lubricants, and Related materials	23,716.8
Manufactured goods classifies chiefly by materials	14,401.5
Machinery and Transport equipment	13,602.3
Miscellaneous manufactured articles	10,272.4
Raw materials, inedible	9,016.7

Source: BPS in figures 2005; 2006

4. Information on the Exchange Rate System

The Rupiah (Rp) is based on floating system, with the latest exchange rate at Rp.9.200,- to US\$1

► *Financial Framework*

1. Policy on Repatriation of Profit/Capital Remittance of Earnings

Profit repatriation is guaranteed under the Foreign Investment Law. Indonesia has no exchange control regulations. The government will not curb the repatriation of profit or of capital.

2. Taxation System

► *Corporate Taxation*

Corporate Taxation operates as self-assessed taxation system that similar to many other countries. Rates are stepped and top out at 30% of taxable income. Expenses are deducted from revenue to arrive at taxable income. Indonesian GAAP (Generally Accepted Accounting Principles) is very similar to those of other countries. Revenues are revenues in any language and should be declared and can be subject to tax audit. Reimbursements are not considered as revenue, but any mark-up will be.

The following table is indicated the rates:

INCOME RANGE (MILLION RUPIAH)	MARGINAL RATE (%)
0 – 25	10
25 – 50	15
Above 50	30

Expenses are normal operating expenses of a company but there are some expenses that can not be included for tax purposes:

- Fringe Benefits (what the company pays on behalf of the employee that the employee would normally pay for himself/herself).
- Fines and interest for late reporting/payment of taxes.
- Vacation airfares, housing and schooling for expatriates staff and families.

Taxes are paid throughout the year to maintain even flow of funds into the State treasury and maintain a reasonably even cash flow for the company. One twelfth of the tax due for the previous year is paid each month in the current year less corporate tax withheld by third parties. When there import into Indonesia there is corporate tax withheld by Customs and paid to the Tax

Office on your behalf.

- Sales tax on luxury goods seated at rates of 10%, 20%, 30% and 35% is imposed on certain Luxury Goods.
- Custom duty, most duties range between 5% and 40%. The minimum rate is zero and the maximum is 200.
- Service tax, service tax or sales is not implemented wide but can be imposed by local authorities o certain services such as those of hotels and restaurant.

► *Taxation of Individual*

For tax purpose, an individual is assessed either as a resident. Resident is determined by the length of presence (more than in 12-month period or the time test stated in the relevant treaty)

The following table indicates the rates for residence:

INCOME RANGE (MILLION RUPIAH)	MARGINAL RATE (%)
0 – 25	10
25 – 50	15
Above 50	30

Non residents are subject to a flat rate of 20% on gross income, in accordance to treaty protection.

► ***Taxable Income***

Any increase in economic prosperity received or accrued by a tax payer, whether originating in or outside Indonesia. That many may be used for consumption or to increase the recipient wealth in whatever name and form is taxable. It includes wages, salary, commissions, bonuses, lottery, prizes, interest, dividends etc.

Special tax treatment applies to the following income:

- Benefits-in-kind are not taxable in the hands of the recipient unless provided by a body that is not an Indonesian tax payer.
- Interest income is generally subject to final withholding tax of 15% and need not be include in the tax return.

► ***Deduction and Exemptions***

Individual are allowed a flat deduction of 748,000 rupiahs a year. An individual's contribution to an approved pension fund is also deductible. No other deductions are allowed.

Individual are also entitled to an exemption based on the number dependants, as shown in the following table:

STATUS	EXEMPTION
Single	1,955,000
Married	2,756,000
Additional dependant (max of 3)	925,000
Self employee or with working wife	2,027,000

► *Taxation*

Income Tax

Income tax in Indonesia is progressive and applied to both individual(s) and enterprises. A self-assessment method is used to calculate the tax:-

The Tax Rates For Individual (s)	
Taxable Annual Income	Income Tax Rate
Up to Rp. 25 million	5 %
Over Rp. 25 million to Rp. 50 million	10%
Over Rp. 50 million to Rp 100 million	15%
Over Rp 100 million to Rp 200 million	25%
Over Rp 200 million	35%

The Tax Rates For Enterprise (ies)	
Taxable Annual Income	Income Tax Rate
Up to Rp. 50 million	10%
Over Rp. 50 million to Rp. 100 million	15%
Over Rp. 100 million	30%

Although the ultimate corporate income tax amount for a taxable year should be calculated based on annual income of that year, taxpayers are required to pay monthly installments (Article 25) during the year, the amount of which is based on the preceding year's annual tax return.

Losses

Basically the government provides a loss carried forward facility for a period of 5 (five) years.

Depreciation and Amortization Rates

Depreciation

- Depreciation cost of assets is deductible from the income before tax. Depreciable assets are grouped into four categories depending on the useful life of the assets.
- Investors may choose either the straight line method (for periods of less than 20 years) or the fast declining balance method (except for buildings).
- The depreciation rate is determined according to the useful life as follows:

Physical Asset	(Tangible)	Useful (Years)	Life	Method Of Calculation		
				Straight (%)	Line	Double Declining Balance (%)
I. Non Building:						
Group 1		4		25		50
Group 2		8		12.5		25
Group 3		16		6.25		12.5
Group 4		20		5		10
II. Building:						
Permanent		20		5		
Non Permanent		10		10		

Physical Asset	(Tangible)	Useful (Years)	Life	Method Of Calculation		
				Straight (%)	Line	Double Declining Balance (%)
Group 1		4		25.00		50.00
Group 2		8		12.50		25.00
Group 3		16		6.25		12.50
Group 4		20		5.00		10.00

Value Added Tax and Sales Tax on Luxury Goods

In normal cases, 10% Value Added Tax (VAT) is applied to imports, manufactured goods and most services. In addition, there is also sales tax on luxury goods ranging from 10% to 75%, depending on the article. The value added tax rate on the export of Taxable Goods is 0% (zero percent). For the export of taxable goods categorized as luxuries, the sales tax on luxury goods is also 0% (zero percent).

Importation of selected goods or on delivery of selected goods which having the character as Strategic, struck from imposition of the value added tax.

Importation of goods and/or delivery of goods to the Entrepreneurs which are doing or conducting activity in yielding goods for export in the bonded zone, hence the Value Added Tax and/or the Sales Tax on the Luxurious Goods, do not be collected.

Delivery of goods and/or importation of goods besides to be exported and on behalf of delivery of services in the island of Batam owed by the Value Added Tax and/or Sales Tax on Luxurious Goods are conducted step by step.

Withholding Tax

Withholding tax is an alternative method to pay tax beside the self-assessment method. Under the provision of the income tax law, certain types of income are subject to withholding tax law; certain types of income are subject to withholding tax by withholding agent. Payment of dividends, interests, royalties, and technical

and management fees for services performed in Indonesia to Indonesian residents are subject to withholding tax. The withholding tax rates may vary, depending on whether it is paid to a resident or non-resident as follows:

Payments to Indonesian residents (except for technical and management services 6%)	15%
Payment to non-Indonesian residents	20%

Stamp Duty

Stamp duty is nominally set at either Rp. 3000 or Rp. 6000 for specific legal documents. The rate of Rp. 6.000 is applicable for letters of agreement and other similar letters, including Notary Deeds and Land Deeds including their copies. For all documents bearing a sum of money, the rate is Rp. 6000 when the value stated in the document is more than Rp. 1 million, and Rp. 3.000 when the value is between Rp 500.000 and Rp. 1 million. Letters below Rp. 500.000 are not subject to stamp duty. For cheques, the rate is Rp. 3000 regardless of money value stated.

Land and Building Tax

Land and building tax is payable annually on land buildings and permanent structures. The effective rates are nominal, typically not more than one tenth of one percent annum (0.1%) of the value of property. The acquisition Duty of Right on Land and building payable to buyer. The rate of the acquisition Duty of Right on Land and building is 5%.

3. Relevant International Agreements

► Investment Guarantee and Protection Agreements

To provide security for foreign investment, the Government of Indonesia concludes Investment Guarantee Agreement (IGA) with ASEAN governments. Besides, Indonesia signed bilaterally the investment Promotion and Protection Agreements (Bilateral Investment Treaties) with 56 countries.

To create a favorable international investment climate, Indonesia has also signed multilateral agreements thereby promoting foreign direct investment in Indonesia. Indonesia is now a member of the Multilateral Investment Guarantee Agency (MIGA), which will protect investment against various political risks.

To deal with foreign investment disputes, Indonesia has become a signatory member of the International Center on the Settlement of Investment disputes (ICSID).

► Intellectual Property Rights

The government of Indonesia has been and will always play an active role in encouraging the development as well as advancement of industries that are capable to compete in the national and international trade. The agreement establishing The World Trade Organization, which covers the Agreement on Trade Related Aspects of Intellectual Property Rights, has been ratified in 1994.

In conjunction with this ratification, at this time Indonesia has put the following six laws relating to the Intellectual Property Rights into effect:

1. Copyright
2. Patent
3. Mark
4. Trade Secret
5. Industrial design
6. Lay-Out Design of Integrated Circuit.

From the viewpoint of investment activities, the implementation of these laws is a reflection that the government of Indonesia is committed to provide and protect the legal certainty of the conduct of business in its territory.

Laws and Regulations

1. Law No. 12/1997 concerning Amendment to Law No. 6/1982 concerning copyright, as already amendment by Law No. 7/1987.
2. Law No. 14/2001 concerning Patent
3. Law No. 15/2001 concerning Mark
4. Law No. 30/2000 concerning Trade Secret
5. Law No. 32/2000 concerning Industrial Design
6. Law No. 31/2000 concerning Lay-out Design Integrated Circuit.

Indonesia has made a great progress on intellectual property protection since 1986. Indonesia is a member of the world Intellectual Property Organization and is party of certain section of the Paris Convention for the protection of Intellectual Property. Pursuant to obligations under the Agreement on Trade-Related Aspects of Intellectual Property Right (TRIPs), one of the Uruguay Round Agreement, Indonesia has amended Patent Law, Copyright Law and Trademark Law in 1997.

Patents

Indonesia's first Patent Law entered into effect on August 1, 1991, and was further revised on August 1, 2001 by Law No 14 of 2001. The Law and its implementing regulations outline patent applications, procedures, application fees, registration of patent consultant and patent announcement. Products and production processes are in principle patent-able subject to certain requirements. The Law provides protection for a period of 20 years for a patent and 10 years for Simple Patent, both of which cannot be extended.

Trademark

Indonesia's first trademark Act took effect on April 1, 1993 and was further revised by Law No. 15 of August 2001. The act is intended to provide greater protection for well-known foreign and Indonesian marks, and to prohibit the use of deceptively similar marks. The act states that trademarks rights are determined on a first file basis rather than on a first use basis. The trademark is valid for 10 years from the date the trademark is file and it can be extended. After registration, the trade mark must actually be use in commerce. The deletion of registered trademark from the general list of trademark can be undertaken either by the trademark holder initiative or the trademark office if trademark is not used within 3 years.

Copyright

In 1987 and 1997, the House of Representative – Dewan Perwakilan Rakyat (DPR) passed two amendments to the 1982 Copyright Law. The amended law affords protection to people's creations on science, art and literature, expand the scope of coverage and raise the terms of protection for most categories of works to International standards. The copyright is valid:

- As long as the author's file until 50 years from the date of the death of author: for book, flyer, paper/write, seminar, lecture, speech, and the like, performance (music, java traditional music/ karawitan, drama, dance, people, or puppet performance/ pewayangan, pantomime, choreography, created song or music with or without lyric, arts (painting, statue), batiks arts architecture, map, translation, interpret, and excerpt, writing and work of arts.
- 50 years from the date of the copyright notification : For broadcasting creation used such as on TV, radio, video, and movie, created song or music with or without lyric, recorded voice or sound, arts (painting, statue), cinematography, computer programs.
- 25 years from the date of copyright notification for photography, computer programs, and cover design.

► *Land and Buildings*

Indonesia's land legislation does not recognize the concept of freehold land rights. Instead the various rights attached to the land are subdivided into separate titles. The definition of right of land includes; ownership right; right to cultivate; right to build; right to utilize; ownership of apartments; and development rights.

The basic agrarian law (Law No. 5 of 1960) recognizes the types of rights on land usage of non-state-forest area, whereas for the state-forest land area, the law No. 5 of 1967 on forestry is applied. For foreign as well as domestic investors, the following three main rights are significant; the land cultivation right (Hak Guna Usaha, abbreviated as HGU), the right of Building on Land (Hak Guna Bangunan, abbreviated HGB) and the right of use on land (Hak Pakai, abbreviated as HP)

These rights authorize the use of the land in specific ways, and their differences are mainly on the duration of validity, the nature of utilization, the opportunity to mortgage (to use as an asset or collateral) and proof of title:

- HGU is the right to Cultivate may be granted for a period of 95 (ninety-five) years by being granted and extended all at once in advance for a period of 60 (sixty) years, and renewable for a period of 35 (thirty-five) years;
- HGB is the right to Build may be granted for a period of 80 (eighty) years by being granted and extended all at once in advance for a period of 50 (fifty) years, and renewable for a period of 30 (thirty) years;
- HP is the right to Use may be granted for a period of 70 (seventy) years by being granted and extended all at once in advance for a period of 45 (forty-five) years, and renewable for a period of 25 (twenty-five) years

A dwelling, house or a residence that can be owned by a foreign person shall be:

- A separate house constructed on a piece of land with the right of utilization on state land or controlled on the basis of an agreement with a land holder;

- An apartment constructed on a piece of land with the right of utilization on state land.

Foreign investors who obtained mining contract from the Minister of Mines and Energy or the Respective Governor/the district Head could automatically use the land within their business license. In case investors want to use the land for the purposes, special applications should be submitted to the Ministry or the respective Governor/District Head concerned. These rights have no collateral value to the owner.

► *Double Tax Agreements*

In order to avoid incidental double taxation on certain income such as profits, dividends, interests, fees and royalties. The government of Indonesia has signed agreements (tax treaties) with 56 countries as follows:

Algeria	Jordan	Sri Lanka
Australia	Kuwait	South Africa
Austria	Luxemburg	Spain
Belgium	Malaysia	Sudan
Brunei Darussalam	Mexico	Syria
Bulgaria	Mongolia	Sweden
Canada	Netherlands	Switzerland
China	New Zealand	Taipei
Czech	Norway	Thailand
Dem. People's Rep. of Korea	Pakistan	The Philippines
Denmark	Philippines	Tunisia
Egypt	Poland	Turkey
Finland	Republic of Korea	United Kingdom
France	Rumania	Ukraine
Germany	Russia	United Arab Emirate
Hungary	Saudi Arabia	USA
India	Seychelles	Uzbekistan
Italy	Singapore	Venezuela
Japan	Slovakia	Vietnam

Source: A Brief guide for Investment, Indonesia Rebound, BKPM, 2005

► *Financial and Tax Incentives*

Incentives

Import

All investment projects of PMA as well as PMDN projects which are approved by the investment Coordinating board or by the office of investment in the respective districts will be granted the following facilities (including existing PMA and PMDN companies expanding their projects includes expansion, diversification, restructuring/modernization and rehabilitation of equipments in order to produce more than of 30% of installed capacities, or diversifying their products);

- a. Relief from import duty so that the final tariff becomes 5%. In the case of tariffs of import duty which are mentioned in the Indonesian Customs Tariff Book (BTBMI) being 5% or lower, the effective tariffs shall be those in TBMI:
 - For the importation of capital goods namely machinery, equipments;
 - For the importation of goods and materials or raw materials regardless of their type and composition, which are used as materials or component to produce finished goods for the purpose of two years full production (accumulated production time), and for an import period of two years starting from the date of stipulation of import duty relief.
 - For those enterprises who have been granted facilities from the government to import capital, goods and materials or raw materials as mentioned above and haven't yet finished their importation, since October 30, 2002 they may request from the government to extend their registered importations for 1 more year.
- b. Exemption from transfer of ownership fee for ship registration deed/certificate when processed for the first time in Indonesia.

Tax facilities

Based on Government's Regulation No 1 Year 2007 (PP No 1 Tahun 2007). Based on this tax law, domestic and foreign investors will be granted tax allowances in certain sector or activities as follows:

- An investment Tax Allowances in the form of taxable net income reduction as much as 30% from total capital investment being in charge during six years and 5% rate for each year.
- Accelerated depreciation and amortization
- A Loss carried forward facility for a period of up to ten year

Stipulations are as follow:

1. Extended 1 year: if the investment located in industry zones or special economic zones.
2. Extended 1 year: if hiring at least 500 workers during 5 years.
3. Extended 1 year: if the brand new investment needs investment/economic infrastructure and social expenditure at least 10,000,000,000,00 rupiahs.
4. Extended 1 year: for domestic research and development in order to developing products or product efficiency at least 5% rate from investment during 5 years.

5. Extended 1 years: using raw materials or domestic component products at least 70% on the fourth years.

- A 10% income tax on dividends, possibly lower if stipulated in the provisions of particular tax treaty.
- The government has also introduced Law No 25 year 2007 (UU No 25 tahun 2007) Facilities to be granted to an investment may be in the form of:
 - income tax through a reduction of net income to a specified extent of the total investments made within a definite period;
 - exemptions or relief on import duty of production capital goods, machines, or equipment not yet produced at home;
 - exemptions or relief on import duty of production raw materials or components for a definite period and with specified requirements;
 - exemptions or deferment of Value-Added Tax for a definite period on import of production capital goods or machines or equipment not yet produced at home;
 - accelerated depreciation or amortization; and
 - relief on Land and Buildings Tax, particularly for specified business sectors in specified regions or areas or zones;

And also:

- Exemptions or reductions of corporate income tax in a definite amount and period may only be granted to a new investment which is a pioneer industry, to wit an industry that has wide-ranging links, gives added values and high externality, introduces new technology, as well as has strategic values for the national economy.
- Ongoing investments that are replacing machines or other capital goods may be granted facilities in the form of customs duty relief or exemptions

Export Manufacturing

They are many incentives provided for exporting manufacture products. Some of these incentives are as follows:

- a. Restitution (drawback) of import on the importation of goods and raw materials needed to manufacture the export finished products.
- b. Exemption from value added tax and sales tax on luxury goods and materials purchased domestically, to be used in the manufacturing of the exported products.
- c. The company is free to import any raw materials required regardless of the availability of comparable domestic products.

Bonded zones

Industrial companies located in the bonded areas are provided with incentives as follows:

- a. Exemption from import duty, excise, income tax (article 22) and Value Added Tax on Luxury Goods on the importation of capital goods and equipment including raw materials for the production process.
- b. Allowed to divert to domestic market (through normal import procedures) up to 50% of their final exports (in the terms value) or up to 100% of their exports for other than final products.
- c. Allowed to sell scrap or waste into the Indonesian customs area as long as it contains no more than of 5% of the amount of the material used in the production process.
- d. Allowed to lend their own machineries and equipments to their subcontractors located outside bonded zones for no longer than 2 (two) years in order to further process their own products.
- e. Exemption of the value Added Tax and Sales Tax on Luxury Goods on the delivery of products for further processing from bonded zones to their subcontractors outside the bonded zones or the other way around as well as among companies within these areas.

Integrated Economic Development Zones (KAPETs), certain regions and pioneer industries

In promoting development in some areas such as in the eastern part or in the remote regions of Indonesia, there are several integrated economic development zones that have been setup by the government. Through the provisions of Law's No's 147 and 148 of 2000, there are tax incentives granted for investors who invest in the integrated Economic Development Zones or in certain Regions and in certain Sectors or Pioneer Industries in the form of:

- a. Up to 30% (thirty percent) investment allowance
- b. Accelerated depreciation and amortization
- c. Extended loss carried forward up to ten years; and
- d. Ten percent withholding tax on dividends referred to in Article 26 of the income tax law (prescribed rate is 20%), unless the tax rate under the relevant tax treaty is lower.

Indonesia Government seated has been deleted tax for holiday since the tax reform of 1084. However some investment incentives are available to PMA companies approved after 1 January 1984.

They include:

- a. Exemption from or reduction of import duty on capital goods needed for construction and directly or indirectly connected with production.
- b. Exemption from import duty for immediately and auxiliary material with an import duty rate of f less than 5% and reduction for those with rates over 5%.
- c. Reduced land and building tax for investment in Indonesia.

The list of closed sector for investment:

NO	FIELD SECTOR	KBLI	SECTOR
1	Gambling area/casino	92429	Tourism and culture
2	History archeological and olden times (ancient temple, keraton, ancient inscription, ancient building, petilasan, under water invention)	92323	Tourism and culture
3	Museum	92321	Tourism and culture
4	Living area/custom environment	92323	Tourism and culture
5	monument	92324	Tourism and culture
6	Sacred object (religious duties place, petilasan, grave)	92439	Tourism and culture

Source: President's Decree No 77 year 2007

4. Statutory Requirements

► *Commercial Regulations*

Business Incorporation

Foreign direct investment companies in Indonesia can be established in the form of 100 % foreign ownership or a joint venture between foreign and Indonesian parties and should be incorporates as an Indonesia limited liability company and domiciled in Indonesia.

To invest in Indonesia, an investor should look at a so-called “Negative List of Investment”. The list contains those business sectors that are absolutely closed to all domestic as well as foreign investments. Foreign investment approval will be issued by the Investment Coordination Board (BKPM) in Jakarta.

After investment application document are to be submitted to BKPM where than they will evaluated in terms of their compliance with various aspects such as sectoral policies, and finance. Upon the issuance of the investment approval, a foreign investment company can be legally established trough the execution of the articles of incorporation in notary deed form.

The process of incorporation of a new foreign direct investment company:

Step 1 Prepare and send the application with required documentation, compiled according to the investment plan. Set up a joint venture agreement if you are making the investment with Indonesian partners. The documents are:

- a. By Foreign investment Company
 - Article of Association of the Company and any amendment.
 - Tax -payer Registration Number (NPWP).
- b. By Foreign Participant
 - Article of association of the Company in English or Indonesian language
 - Copy of valid passport for foreign individuals.

- c. Flowchart of the production process and raw material requirements for processing industries and description of business activities for the services sector.
- d. Power of attorney to sign the application if the participant (s) is/are represented by another party.
- e. Other requirement from the sectoral minister concerned. If any, as stated among others in the “Capital Investment Implementation Technical Guidance (PTPPM)”.
- f. Required for partnership cooperation in the business sector are as follows :
 - Agreement between Small Scale Enterprise and Medium/large/ scale enterprise outlining among other thing name address of each party, pattern of partnership, rights and obligation of each party as well as guidance provided for small-scale enterprise.
 - Letter of Statement by the Small Scale Enterprise stating that the enterprise concerned, meets the criteria of Small-Scale Enterprise based on law No. 9 of 1995.

Step 2 Obtain the Initial License (SPPP BKPM), valid for 3 years.

Step 3 Incorporation of SPPP BKPM

- a. Establish Articles of Association with a Public Notary detailing proof of capital investment, and send it to the Ministry of Justice for approval and issuance of State Gazette.
- b. Registration of company address with local council (domicile).
- c. IRD registration (NPWP + PKP).
- d. Registration with the Department of Industry and Trade (TDP).

Step 4 Key expatriate positions (work permits)
Fixed Operating License (30 years)

Step 5 Prepare and send the 6-month report (LKPM) to the provincial BKPM office as well as UUG (HO) nuisance act to the regional office of BKPM.

Step 6 Incorporate facilities -Master list/ APIT or property ownership.

Step 7 Provincial approval for Fixed Licenses (BAP).

Step 8 Fixed License (IUT) for 30 years is issued.

A Limited Liability company is established either under foreign shareholders or through a joint venture with Indonesians or wholly owned by Indonesian shareholders and must be approved by the Ministry of Justice.

It doesn't matter who is the owner of an Indonesian Limited Liability company, they must comply with Indonesian law and are considered an Indonesian company and the company can subsequently be changed or sold to the shareholders, foreign or Indonesian.

To get license of Change of Capital and Change of Owner the applications should be submitted to BKPM. According to BKPM, there's no charge to arrange licenses.

Reporting Requirement

Information on other matter relating to taxation reporting, accounting and auditing could be obtained from the Directorate-General of Taxation, Department of Finance.

► *Immigration Procedures*

Free Visa for a Short Visit and Requirements

Tourists and business visitors from Chili, Morocco, The Philippines, Singapore, Hong Kong Special Administration Region (Hong Kong SAR), Thailand, Vietnam, Malaysia, Brunei Darussalam, Macao Special Administration Region (Macao SAR) and Peru do not require visa for a maximum stay of 30 (thirty) days.

The granting of free visa to visitors as such is limited for the purposes of holidays, inter-government relations, social-culture relations, business investigations or discussions with their business. They are not permitted to conclude any business transaction, engage in local employments, to perform any professional or technical service.

However, these visas are not extendable and un-changeable to other immigration purposes. The Free Visa for a Short Visit is also applicable for visitors from certain countries which are having a bilateral and or a multilateral agreement which based on a reciprocal treatment with the government of Indonesia.

Visa on Arrival

Visa is still required for visitors from countries which are not mentioned above. The visa is also available in the International Airports/Harbors upon arrival.

Multiple-Journey Business Visas

Multiple-Journey Business Visa travel visa gives the bearer the right to make several entries to Indonesia within a period of twelve months and each stay be up to 2 months. For business or tourist travelers of nationalities that have obtained the 30 (thirty) days free visa for a short visit, multiple-journey business visas are not necessary for stays within those thirty days.

Limited Stay Visas or Temporary Resident Visas

Limited Stay Visas are valid for three months to one year and are issued exclusively to experts for the national development and to expatriates who are involved in training or other educational or scientific programs in line with the prevailing government regulations. Direct dependents can also qualify for this type of visa.

Re-entry Permit

Non-citizens with residential status in Indonesia must have valid re-entry permits to re-enter Indonesia.

5. Environmental Protection

- In 1990, the government established the Environmental Impact Management Agency (BAPEDAL) and in 2002 this agency merged into the Ministry of Environment which is responsible for the development and implementation of national policies and programs for environmental management, particularly as they relate to urban and industrial pollution and hazardous waste management.
- The Ministry of Environment oversees a decentralized enforcement system (conducting environmental assessment) through the Regional Environment Management Agency (BAPEDALDA) and regional laboratories to ensure efficient monitoring of the implementation of environmental policies.

6. Business Entrance

Few fields of business activities are regulated by Presidential Decree No. 96 of 2000 as amended by No. 118 of 2000.

There are 11 (eleven) business activities closed for any investment (domestic as well as foreign/PMA) such as cultivation and processing marijuana, collection/utilization of sponges, industries of harmful chemicals and chemical weapon, which are listed in the attachment-I of the mentioned decrees.

There are 8 (eight) business activities and closed for PMA companies such as germ plasma cultivation, concessions for natural forest, which are listed in the attachment-II.

In addition, there are 9 (nine) business activities opened on the condition of joint venture between foreign and domestic capital, such as developing and operating of harbors, electricity production, transmission and distribution, as listed in the attachment-III. List of business activities which are opened for investment if they fulfill certain conditions is listed in the attachment-IV, such as cultivation of fish in fresh water, industries of pulp made of wood and ethyl alcohol.

7. Expatriates and Working Permits

In the framework of direct investment, the foreign and national shareholders are free to choose members of the supervisor and management board. The employment of foreign operational directors, managers, technicians, experts and even specialized workers by PMA as well as PMDN enterprises is allowed in Indonesia as long as Indonesians are not available or qualified to fill these positions or jobs.

The Department of Manpower issues regulation on this matter in the form of a list of professional positions in every position, in every business sector which are open for the employment of expatriate personnel. However, it has been relaxed, this list is a great deal and continues to consider further relaxations accordingly.

An expatriate wishing to take up or continue employment in Indonesia must possess a work permit. Work permits are also required to be possessed by expatriates who hold the post of directors. The first step to follow is to preparing plan of expatriates placement made by the company/employer namely **RPTKA (Expatriate Placement Plan)**.

If an enterprise in the framework of direct investment wants to employ foreigners, the enterprise should submit an Expatriate Placement Plan (RPTKA -Rencana Penempatan Tenaga Kerja Asing) to the Investment Coordinating Board (BKPM). If the enterprise is in the framework of foreign investment/PMA companies, work permits for senior positions (such as Director) held by foreigners are for three years and can be renewed just before expiration. Other position slots in the RPTKA are only for one year and can be renewed annually, usually up to a fixed number of years.

Based on the approval of the RPTKA (Expatriate Placement Plan), a **TA-O1** is issued, and then a **work permit, Izin Kerja Tenaga Asing (IKTA)** is issued after your arrival and the issuance of the KITAS card and have paid your annual DPKK fee.

A foreigner's expertise must be proven, as government regulations limit the employment of foreigners in Indonesia to "experts" which can contribute to the national development. Due to the high unemployment rate of nationals, it must be proven that the expertise of a foreigner cannot actually be supplied by a national instead.

A work permit issued for a foreigner does NOT entitle their spouse to work as well. A "dependent spouse"; must obtain their own sponsor and work permit in order to work in Indonesia. This can be done, but depends on the demand for their expertise.

► **TAO1 Recommendation**

After the RPTKA has been approved, the TAO1 recommendation has to be applied for in order to get a temporary residence visa. The original approval letter on the TAO1 recommendation will be needed to apply for the VITAS or VBS (Visa Tinggal Terbatas). The RPTKA & TAO1 recommendation are only necessary for foreigners working in Indonesia.

► ***Vitas or VBS - Limited Stay Visa or Semi Permanent Residence Visa***

Once the TAO1 recommendation has been approved, the VITAS must be applied for, for the working spouse and his dependent family, at the Indonesian Immigration office in the intended city of residence. Upon approval, the Indonesian Immigration office will send a telex approval to the Indonesian Embassy where the foreigner and his dependent family want to pick up the approval and to get the VITAS/VBS stamped into their passports.

This VBS visa stamp permits your entry into Indonesia. Within 3-7 days of your arrival in Indonesia, you and your dependent family members must go to the Immigration office to report your arrival and complete the necessary paperwork. Failure to do this within 3 days will constitute a violation of your status, a legal hassle that can only be overcome through a visit to the courts.

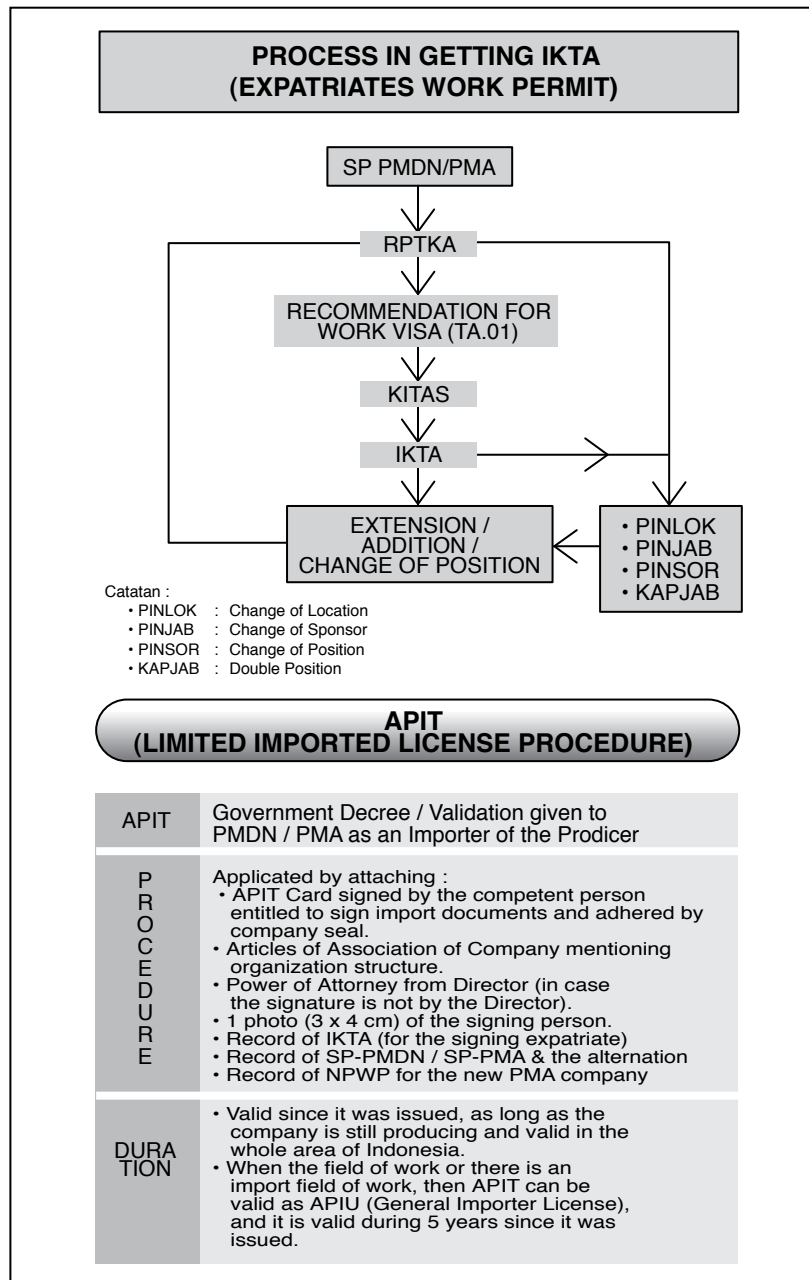
So don't delay your initial trip to the Immigration office to report your arrival. At the immigration office, you will be called to take a full set of fingerprints and to sign various documents.

► ***KJTAS Card or Limited Stay Permit Card and Blue Book/POA or Foreigner Registration***

When all the paperwork on your visa is done, you will be issued a Limited Stay Permit -Kartu Izin Tinggal Terbatas, better known as a KITAS card. The predecessor to the KITAS was the KIM/S. People still erroneously refer to the limited stay permit as a KIM/S. With your KITAS you will also receive a blue book, Buku Mutasi. The blue book tracks changes in your immigration status.

They are valuable documents and should be kept safely. The KITAS card & blue book allow you to live in Indonesia for one year and may be renewed annually, up to two extensions without having to leave the country.

B.7.1 Process For Getting IKTA



Source: UU no 25 year 2007

► Immigration Incentives and Facilities

Directorate General of Immigration already gave policy in immigration named Immigration Clearance on Board. Its about immigration checking in airplane and also in vessel on the way to Indonesia. This policy makes temporary tourist who come by Garuda airplane from Japan (Tokyo and Osaka), or Taiwan (Taipei and Kao Hsiung) do not have to make in lines when they arrived at Immigration counter at Soekarno-Hatta and Ngurah Rai airport.

They can process the immigration documents easily and efficient in time. This amenity also be valid for the cruise passenger from Thailand (Phuket), Malaysia (Port Klang,

Penang, Malaka and Langkawi), Papua Nugini (Port Moresby), Australia (Darwin, Sidney and Perth) and also Filipina (Davao).

Source: THE COORDINATING MINISTRY FOR ECONOMIC AFFAIRS REPUBLIC OF INDONESIA

Website : <http://www.ekon.go.id>

Temporary tourists who come to Indonesia and using Free Visa for a Short Visit (BVKS) or using Business Visit Visa (VKU) can make business transaction in order not contrary with the regulation itself. Besides business transaction, tourist also have legitimate to do field research and analyze in order to discuss about export and import comodities.

Source: THE COORDINATING MINISTRY FOR ECONOMIC AFFAIRS REPUBLIC OF INDONESIA

Website : <http://www.ekon.go.id>

► ***Immigration Incentives:***

A foreign investor shall be granted the following facilities:

- a. the granting of a non-permanent residence permit to a foreign investor for a period of 2 (two) years;
- b. the granting of a change in the status of nonpermanent residence permit to an investor into the status of permanent residence permit after the investor has resided in Indonesia for a period of 2 (two) consecutive years;
- c. the granting of a multiple re-entry permit to the holder of non-permanent residence permit with a validity period of 1 (one) year for a period of not exceeding 12 (twelve) months counted from when the nonpermanent residence permit is granted;
- d. the granting of a multiple re-entry permit to the holder of non-permanent residence permit with a validity period of 2 (two) years for a period of not exceeding 24 (twenty-four) months counted from when the non-permanent residence permit is granted; and
- e. The granting of a multiple re-entry permit to the holder of permanent residence permit for a period of not exceeding 24 (twenty four) months counted from when the permanent residence permit is granted.

Depbudpar

Departemen Kebudayaan Dan Pariwisata Indonesia

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BKPM

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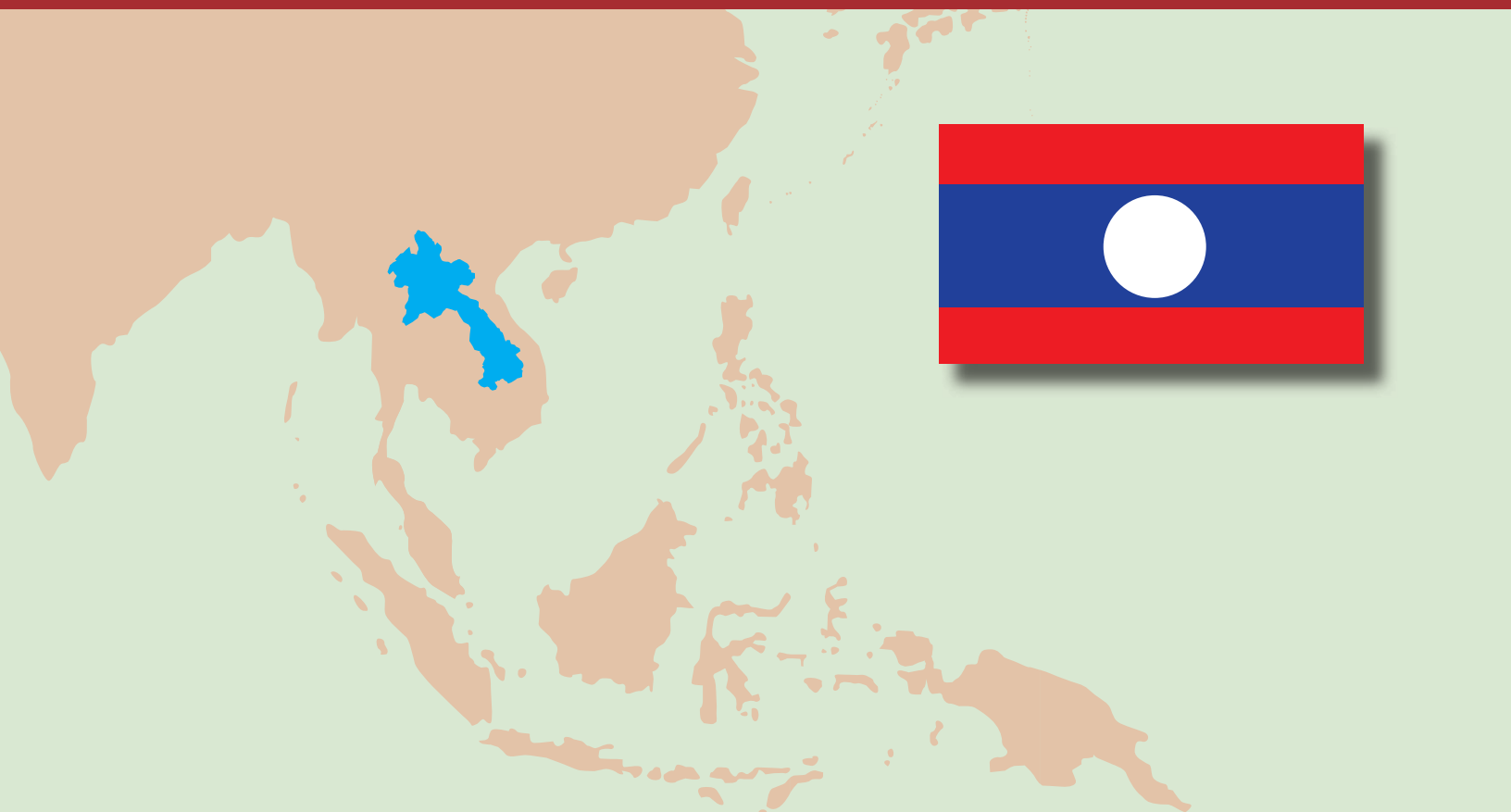
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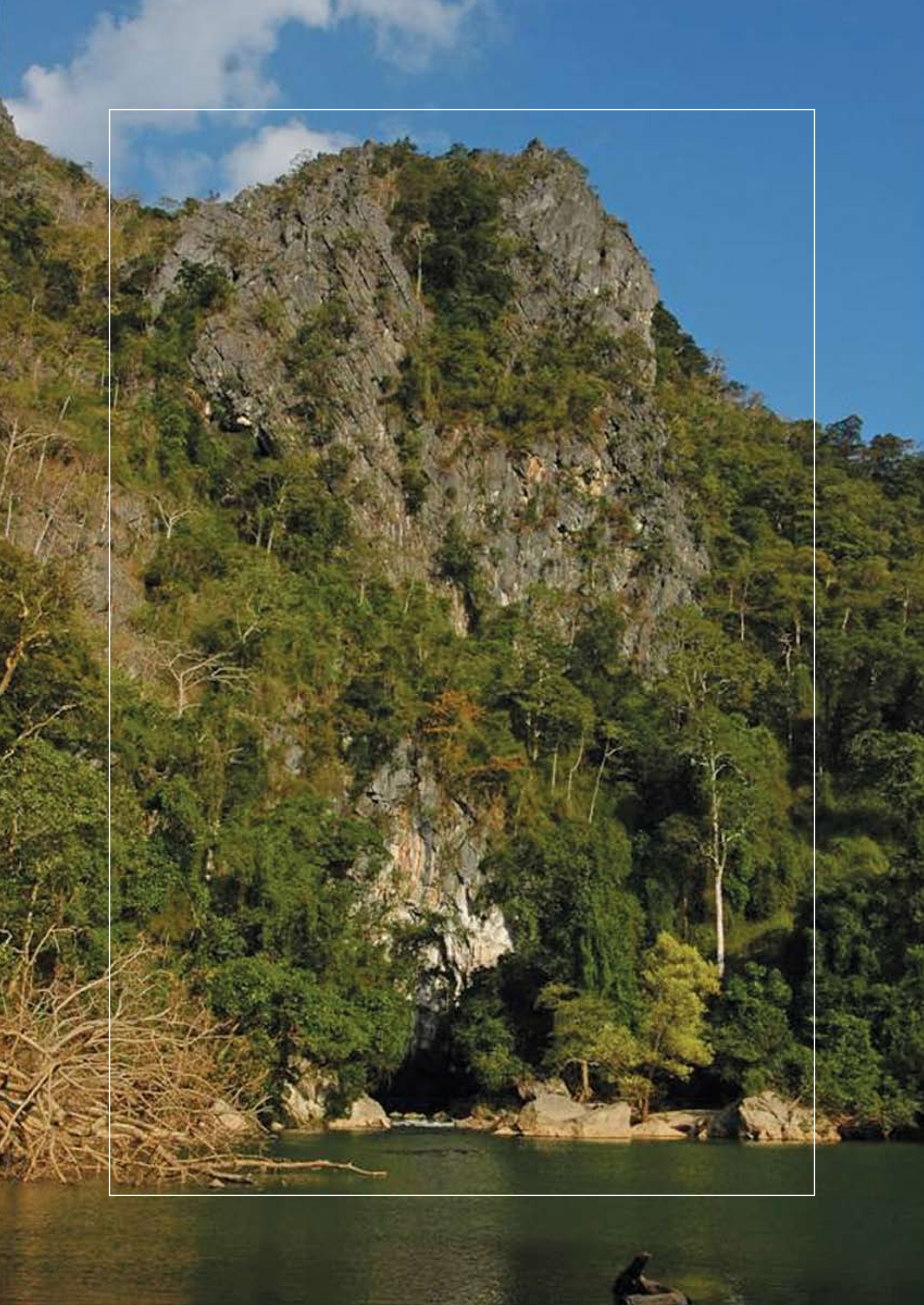
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Lao PDR





Country Information

Lao PDR is a small country in the mainland South East Asia, but has great tourism potential based on its excellent cultural, historical and natural assets. Existing forest cover is 39%, with 20 National Protected Areas harboring a wealth of biodiversity and globally important species. There is the Mekong River and its tributaries, beautiful scenery, archaeological sites and distinctive Lao arts and heritage. There are also many historic sites (the Plain of Jars, Vat Phou Champasak and Luang Prabang) and 49 hospitable ethnic groups with diverse lifestyles, cultural practices and customs.

One fine example of Lao PDR's heritage is Luang Prabang Ancient City, a living UNESCO World Heritage Site first settled in the 14th century. This wonderful town has become a "Tourism Mecca" in Southeast Asia, popular with both regional and long-haul visitors. Another is Vat Phou Champasak and the Ancient City of Settapura that date to the 5th century. In Xieng Khouang is the Plain of Jars, with over 3,000 large stone urns spreading over 60 major sites, weighing from 2-3 tons each, believed to be about 3,000 years old. This exceptional heritage is expected to be inscribed on the World Heritage List in 2012. In Houaphan Province are Hin Tang Archaeological Park and the historic caves at Viengxay, one of 15 National Heritage Sites.

Some of the exceptional natural tourist attractions are Li Phi, Kone Papheng water falls, the largest waterfall by volume in Asia Niagara of Asia. The 7.5 km Konglor Cave underground river that can accommodate small tourist boats. There are 20 National Protected Areas, some with established community-based ecotourism programmes. One successful project is the Nam Ha Ecotourism Project, recognized as "best practice" poverty alleviation project by UNDP that received both a UN Development Award and a British Airways Tourism for Tomorrow Award and also equator Prize from UNDP for the good protection of environment (one among top 25 in the world).

Some other special tourism destinations are the charming towns Muang Ngoi in Luang Prabang, Muang Sing in Luang Namtha, Vang Vieng in Vientiane Province, Pak Beng in Oudomxay, Don Sao in Bokeo and Don Khone-Don Det in Champasak. In addition, Laos has many traditional festivals occurs in every month of the year.

Lao PDR clearly sees the importance and benefits of tourism, therefore the Lao government continues to support and strengthen the role of the tourism sector through the enactment tourism law, the creation of marketing and promotion, publicprivate sector cooperation and cooperate with ASEAN and other friendly countries and international institutions. Priority areas for improvement are building human resources, developing infrastructure and upgrading services in the tourism sector and the implementation of community-based ecotourism projects in Houaphan, Luang Namtha, Luang Prabang, Khammouane, Champasak and other provinces.

The Law on the Promotion of Foreign Investment

1. Objectives

The Law on the Promotion of Foreign Investment defines the principles, regulations and measures regarding the promotion, protection and management of foreign investment in the Lao People's Democratic Republic, with the aim of enhancing relationships and economic cooperation with foreign countries, enhancing the utilization of financial resources and knowledge to increase production capacity for the purpose of industrialization and progressive modernization as well as to contribute gradually improving the people's living conditions, and to strengthen and to develop the country.

2. Definitions

Foreign investment means the importation of capital, which includes assets, technology, and expertise, into the Lao People's Democratic Republic by foreign investors for business purposes.

Foreign investor means a foreign individual or legal entity investing in the Lao People's Democratic Republic.

Domestic investor means Lao individual or legal entities, or aliens or apatrids residing in the Lao People's Democratic Republic who take part in joint ventures or co-operate with foreign business.

Asset means currency, materials and intellectual property.

Foreign investment enterprise means a one hundred percent foreign investment enterprise, a joint venture or business cooperation by contract established in the Lao People's Democratic Republic.

3. Promotion of Foreign Investment

Foreign investors may invest in production, [and] business in all sectors and zones of investment in the Lao People's Democratic Republic, except in business activities which are detrimental to national security or cause a negative impact on the environment in the present or long term, or are detrimental to health or fine national traditions.

The state supports foreign investors investing in [the] sectors and zones of investment as provided in Articles 16 and 17 of this law by establishing policies on customs [and] taxes, [by issuing] regulations [and] measures, [and] by providing information, services and other facilities to foreign investors.

4. Protection of Foreign Investment

The assets and investment of foreign investors in the Lao People's Democratic Republic shall be fully protected by the laws and regulations of the Lao People's Democratic Republic against seizure, confiscation or nationalization, except if necessary for a

public purpose, in which case the foreign investors shall be compensated in accordance with the laws and regulations.

Forms of Foreign Investment

Foreign investors may invest in the Lao People's Democratic Republic in the following forms:

- Business cooperation by contract;
- Joint ventures between foreign and domestic investors; and
- One hundred percent (100%) foreign-owned enterprises.

1. Business Cooperation by Contract

A “business cooperation by contract” is a business arrangement between domestic and foreign legal entities without establishing a new legal entity in the Lao People's Democratic Republic.

The objectives, forms of cooperation, business term, rights and obligations, responsibilities and benefits of each party must be determined in a contract.

2. Joint Ventures

A “joint Venture” is an enterprise established and registered under the laws of the Lao People's Democratic Republic, operated and jointly owned by foreign and domestic investors. The organization, management, operation and the relationship between the shareholders of the joint venture are set out in an agreement made by both parties and in the articles of such joint venture.

Foreign investors investing in a joint venture must contribute at least thirty percent (30%) of the joint venture's registered capital.

Capital contributed in foreign currency must be converted into Kip based on the exchange rate of the Bank of Lao People's Democratic on the day of the capital contribution.

3. One Hundred Percent (100%) Foreign Owned Enterprise

A one hundred percent (100%) foreign owned enterprise is an enterprise established in the Lao People's Democratic Republic in which the investment is made by a foreign investor only. Such enterprise may be incorporated as a new legal entity or as a branch of a foreign investment enterprise.

4. Registered Capital

The registered capital of a foreign investment enterprise must no be less than thirty percent (30%) of its total capital. During the business operation of a foreign investment enterprise, the assets of the enterprise must not be less than its registered capital.

5. Representative Offices

A foreign legal entity established under the law of another country may establish a representative office in the Lao People's Democratic Republic to collect information, study the feasibility of investment and coordinate matters for the purpose of applying for investment.

Representative offices or agents which operate for commercial purposes do not come under this law.

6. Term of Authorized Investment

The investment term of a foreign investment enterprise depends on the nature, size and conditions of the business activities or project but shall not exceed fifty years and may be extended with the approval of the government. However, the investment term of a foreign investment enterprise shall be for a maximum of seventy-five years.

Rights and Benefits of Foreign Investors

Foreign investors have the following rights and benefits:

- To receive support from the governments in establishing and operating their production, and business in accordance with the laws and regulations;
- To obtain protection of their rights and legitimate interests relating to business operations;
- To own assets;
- To receive benefits from the lease of or concession over land, such as the right to use or sell the assets associated with the leased land or concession, to create security interests over such assets in favor of any persons or financial institutions or to take such assets for the purpose of a joint venture, to sublease the right to use land, to transfer the land lease or concession agreement in accordance with the terms of the lease, to use the land lease contract or concession in a joint venture or to grant a security interest over the land lease contract or concession in favor of other persons. The details of the rights, benefits and obligations of foreign investors relating to the land lease or concession must be in compliance with the Land Law and other relevant laws;
- The use of foreign laborers, if necessary, must not exceed ten percent (10%) of the enterprise's labor force;
- Foreign investors and their families, including foreign professionals and foreign employees of an enterprise, shall be provided with facilities such as multiple entry visas and, if approved by the government, long term residence in the territory of the Lao People's Democratic Republic, and shall have the right to request Lao nationality in accordance with the Law on Lao Nationality;
- To receive protection of their intellectual property which has been registered with the relevant authorities in the Lao People's Democratic Republic;
- To repatriate profits, capital and other income after full payment of duties, taxes and other fees in accordance with the regulations and laws, to their home countries or a third country through a bank located in the Lao People's Democratic Republic;

- To open a Kip account and a foreign currency account with banks located in Lao People's Democratic Republic;
- To request justice from or to file a claim with the relevant authorities in the event that their business operations have been affected; and
- To obtain other rights and benefits as provided in the laws.

1. Obligations of Foreign Investors

The obligations of foreign investors are:

- To operate production, and business activities in accordance with their license, the procedures set out in their feasibility study, their contract and the laws and regulations;
- To maintain accounts in accordance with the Enterprise Accounting Law of the Lao People's Democratic Republic. If necessary, to use an internationally recognized accounting system, subject to the approval of the Ministry of Finance. To report on their business performance and to consolidate annual financial statements and send them to the LIPC and other relevant authorities;
- To fully pay duties, taxes and other fees relating to their business operations in a timely manner;
- To facilitate the organization and activities of the mass organizations in their enterprises;
- To give priority to recruiting Lao workers; and to train and upgrade the professional skills of and transfer technology to Lao workers;
- To address matters of social security, healthcare and safety of employees in their enterprises;
- To protect the environment, and ensure that their business activities do not adversely impact on the public, national security or public order;
- To maintain a reserve in accordance with laws and regulations;
- To maintain insurance and social security policies in accordance with the laws and regulations relating to insurance and social security;
- If an enterprise is relocated, to inform the relevant authorities and to maintain its premises in normal condition;
- To report on the performance of business operations to the LIPC and other relevant authorities; and
- To perform such other obligations as set out in the laws and regulations.

2. Personal Income Tax of Foreign Employees

Foreign employees working in a foreign investment enterprise must pay personal income tax at the rate of ten percent (10%) of their total income to the Lao government, except employees of a country with which the Lao government has signed a double taxation agreement.

Incentives for Foreign Investment

The State shall consider granting incentives for foreign investment in accordance with the activities and zones of investment promotion as provided in Articles 16 and 17 of this law.

1. Promoted Activities

The government defines promoted activities as follows:

- Production for export;
- Activities relating to agriculture or forestry, and agricultural, forestry and handicraft processing activities;
- Activities relating to industrial processing, industrial activities using modern techniques and technology, research and development, and activities relating to the protection of the environment and biodiversity;
- Human resource development, skills development and public health;
- Construction of infrastructure;
- Production of raw materials and equipment to be supplied to key industrial activities; and
- Development of the tourism industry and transit services.

2. Promoted Zones

The government determines 3 promoted zones for foreign investment based on geographical location and socio-economic conditions. The zones are as follows:

Zone 1: Mountainous, plain and plateau zones with no economic infrastructure to facilitate investment.

Zones 2: Mountainous, plain and plateau zones with a moderate level of economic infrastructure suitable to accommodate investment to some extent.

Zones 3: Mountainous, plain and plateau zones with good infrastructure to support investment.

The details of the promoted zones for foreign investment shall be determined by the government.

3. Incentive Related to Duties and Taxes

Foreign investment enterprise investing in activities within the promoted sectors and zones determined in Article 16 and 17 of this law shall be entitled to the following duty and tax incentives:

Investment in Zone 1 shall be entitled to a profit tax exemption for 7 years and thereafter shall be subject to profit tax at the rate of ten percent (10%).

Investment in Zone 2 shall be entitled to a profit tax exemption for 5 years, and thereafter shall be subject to a reduced profit tax at the rate half of fifteen percent for 3 years and thereafter a profit tax rate of fifteen percent (15%).

Investment in Zone 3 shall be entitled to a profit tax exemption for 2 years and thereafter be subject to a reduced profit tax at the rate of half of twenty percent for 2 years and thereafter a profit tax rate of twenty percent (20%).

Profit tax exemption starts from the date the foreign investment enterprise carries out operations. For tree plantation activities, profit tax exemption commences from the date the enterprises start making a profit.

Once the profit tax exemption period is over, foreign investment enterprises must pay profit tax in accordance with the laws and regulations.

In addition to the incentives mentioned above, foreign investment enterprises shall be entitled to the following incentives:

- During the tax exemption period and during the tax reduction period, the enterprises is entitled to an exemption of minimum tax;
- The profit used for the expansion of licensed business activities shall be Exempted from profit tax during the accounting year;
- Exemption from import duties and taxes on equipment, spare parts and vehicles directly used for production, on raw materials which do not exist domestically or which exist but are insufficient, and on semi-finished products imported for processing or assembly for the purpose of export products.
- Exemption from export duty on export products.

Raw materials and semi-finished products imported for processing or assembly for import substitution shall be excepted from import duties and taxes or shall be subject to reduce rates of import duties and taxes.

Special economic zones, industrial zones, border trade areas and other specific economic zones must follow the laws and regulations of such specific areas.

▼ ***Application for Foreign Investment License***

Application for foreign investment license investment in Lao People's Democratic Republic must go through the one stop service of the Committee for Promotion and Management of Investment (LIPC).

Foreign investors wishing to invest in Lao People's Democratic Republic must submit an application to LIPC at the central or provincial level with attachments, such as copies of the passport and resume of the foreign investor; feasibility study or business plan; and a copy of the joint venture agreement in the case of a joint venture.

1. Consideration of a Foreign Investment Application

Upon receipt of an application with its attachments in accordance with Article 19 of this law, the LIPC must coordinate with relevant sectors and local authorities, when necessary, to consider and to respond writing to the foreign investor pursuant to the following timeframes:

- Project which fall in the list of promoted activities: fifteen working days;
- Project which fall in the list of open activities with conditions: twenty-five working days;
- Project which involve the grant of a concession: forty-five working days.

Foreign investments who are qualified under this law shall obtain a foreign investment license, an enterprises registration certificate and a tax registration certificate at the same time from the LIPC at the place where the foreign investors are licensed; thereafter they shall be considered as enterprises established in conformity with the laws of the Lao People's Democratic Republic.

Within 90 days from the date of receipt of an investment license, the foreign investment enterprise must commence business activities in accordance with the steps in the feasibility study stipulated in the foreign investment license and in conformity with the laws and regulations of the Lao People's Democratic Republic. If such timeframe is not followed, the foreign investment license shall be terminated.

Management of Foreign Investment

1. Management Authorities Related to Foreign Investment

Management authorities related to foreign investment are:

- The Committee for Promotion and Management of Investment at central and provincial levels;
- Sectors and other relevant sectorized organizations.

2. Right and Duties of LIPC at the Central Level

The Committee for Promotion and Management of Investment at central level is nominated by the Prime Minister, located at the Committee for Planning and Investment and has the following right and duties:

- To study strategies and policies to promote and attract foreign investment and to propose them to the government for approval;
- To issue decisions, orders, instructions and notifications regarding the protection and promotion of foreign investment;
- To prepare a plan and a list of available investment projects for attracting foreign investment;
- To disseminate policies, laws and regulations; and to provide information to and to facilitate foreign investors;
- To consider issuing or withdrawing a foreign investment license within its scope of right and duties, particularly within projects involving the grant of a concession;
- To supervise and coordinate with the sectorized organizations and local authorities in implementing this Law on the Promotion of Foreign Investment;
- To monitor, inspect, assess and report to the government on the business operations of foreign investment enterprises ;
- To be a focal point in supporting, promoting and solving problems occurring in relation to the business operations of foreign investment enterprises;
- To organize annual meeting of LIPC and consultative meetings with foreign investors; and
- To exercise such other rights and perform such other duties as provided in the laws and regulations.

3. Right and Duties of LIPC at Provincial Levels

The Committee for Promotion of Foreign Investment at provincial levels is established by the chairman of the LIPC at the central level. The LIPC at the provincial level acts as a support to the provincial governors, the capital city governor, the Special Zone Head and the LIPC at the central level in promoting and managing foreign

investment. The LIPC at the provincial level are located at the provincial Planning and Investment Divisions and have the following rights and duties:

- To implement strategic plans, policies to promote and attract foreign investments within their locality;
- To disseminate policies, laws and regulations, provide information and facilitate foreign investors;
- To consider issuing or withdrawing foreign investment licenses within their scope of rights and duties;
- To coordinate with various relevant sectors in implementing the promotion policies within their approved projects and in implementing the decisions, orders, instructions and notifications of the higher-level authorities;
- To monitor, inspect, assess and report to the provincial governors, the capital city governor or the Special Zone Head and LIPC at the central level regarding foreign investment;
- To act as a focal point in solving problems related to foreign investment;
- To organize the LIPC annual meetings at provincial levels and consultative meetings with foreign investors; and
- To exercise such other rights and perform such other duties as provided in the laws and regulations.

4. Rights and Duties of other relevant Sectors and Sector Organizations

The relevant ministries, ministry-equivalent organizations and other sector organizations must promote, manage foreign investments in accordance with their rights and duties as follows:

- To coordinate with the LIPC at the central level in drafting laws, regulations, policies and plans in relation to foreign investment;
- To prepare a plan and list of available foreign investment projects to attract foreign investment to their sectors, and to disseminate information to attract and promote investment;
- To participate in the process of consideration and approval of investment projects;
- To supervise the sectors both at central and local levels in implementing incentive policies and in improving procedures regarding implementation of investment projects;
- To inspect and assess business operations of foreign investment enterprises and participants in business cooperation contracts within their scope of rights and duties and then report to the higher authorities; and
- To exercise such other rights and perform such other duties as provided in the laws and regulations.

The administrative authorities and sectors at the local level [which are] described above must coordinate with the LIPC at the local level within the scope of rights and duties described in this Article.

Dispute Resolution

1. General Principles

If a dispute arises in relation to their business operations, the parties must implement the principle of dispute resolution through amicable settlement, mediation, or filing a claim.

2. Mediation of Disputes

Disputes related to business operations which cannot be settled amicably shall be submitted for mediation to the LIPC that issued the license.

If the LIPC is not able to mediate such dispute, such dispute must be submitted to the Office of Economic Dispute Resolution for resolution.

3. Filing of a Claim

The parties to a dispute related to business operations which cannot be mediated may file a claim to the Office for Economic Dispute Resolution or to the People's Court for consideration according to formal dispute resolution procedures.

Policies Toward Those Who Have Performed Well

Individuals or organizations who have had outstanding achievements in implementing this law and in contributing to national socio-economic development shall receive rewards as deemed reasonable.

1. Measure Against Investors Who Violate Law

Individuals or legal entities who violate this law shall be subject to measures depending on the seriousness of the violation in the form of warnings, suspension, withdrawal of their foreign investment license or being sued in a court of law.

2. Measure Against Other Violators

Individuals who violate investment laws and regulations by abusing their power or position to hinder or obstruct the promotion and approval of investment, falsify documents, mislead investors, receive bribes or commit any acts causing damage to the state or investors must compensate for such damages and must be subject to disciplinary and other measures in accordance with the laws of the Lao People's Democratic Republic.

Implementation

The government of the Lao People's Democratic Republic shall implement this law.

1. Investment Related Tourism Sector

As you know, tourism has an important role to play in socio-economic development, commerce, investment, cross-cultural exchange and international cooperation. It helps people to better understand one another and encourages international peace and friendship. Because of these important factors, the Government of the Lao PDR has placed tourism among the priority sectors to contribute to the country's socio-economic development, with a focus on the development of sustainable tourism based on our cultural, natural and historic resources, so that the Lao PDR will become a place for recreation, cultural exchange and learning for both regional and long-haul visitors. Based on this vision, the main policies concerning tourism development in the Lao PDR are:

- To implement an open-door policy concerning cooperation with foreign nations in economic and cultural matters;
- To promote tourism development that alleviates poverty and stimulates local production;
- To create employment opportunities;
- To generate and distribute income to the multi-ethnic Lao People;
- To promote and conserve the arts, culture, and fine traditions of the Lao People, and
- Conserve and protect ancient archaeological sites, the natural environment and historic monuments;

When Lao PDR first opened its doors to international tourists in 1990, only 14,400 international arrivals were recorded. By 2007, the number had risen to nearly 1.5 million arrivals that generated over 200 million dollars in foreign exchange. For the past 6-7 years tourism has been among our number one earner of foreign exchange, outpacing garment manufacturing, electricity exports and the mining sector. In 2007, we received over 1.5 million tourists, with a rate of increase of 30 % and by 2010, expect the number of annual arrivals to climb to over 1.8.

Over 70% of arrivals are regional tourists with the remaining 30% from the long-haul market that includes Europe, America and the Asia-Pacific region. Some priority markets for the country are Thailand, America, France, UK, Japan, Australia, Germany, Canada, Viet Nam and China.

The Lao Government has made significant investments to promote growth and investment in our national tourism sector. There have been large investments in the road network from north to south and east to west that now conveniently link the Lao PDR to neighboring countries.

Three international airports are opened in Vientiane, Luang Prabang and Pakse the national electricity grid, water supply and other public infrastructure has been upgraded and expanded. Our communications infrastructure now allows easy and reliable communication with the entire world. There are 18 international immigration checkpoints, of which 13 issue visas on arrival. In addition, we have visa-free agreements with 8 ASEAN countries, and recently an exemption of visa for Japanese Russian and mongolien tourists. Recently, Lao origin people living abroad with foreign passports can get an entry visa to Laos for a period of 3 months at the Lao Embassy and extended for another three months, if visa on arrival, the can get 2 months and extended another two months.

Despite substantial progress made, but as a developing country, Lao PDR still requires large investments in infrastructure and the Government is actively encouraging foreign investment as outlined in the 2004 investment law. Foreign investment is encouraged in all production and service industries. All areas of investment that do not have negative impact on national security, environment, and do not adversely affect people's health or their cultures are highly welcomed. Foreign investors and their property are entitled to full protection under the Laws of the Lao PDR.

According to the Tourism Law passed in 2005, investment is encouraged in the following sectors:

- Activities involving tourism promotion;
- Activities involving tourism communications;
- Activities involving tourism transportation;
- Investment in the accommodation sector;
- Investment in the food and beverage and entertainment sector;
- Handicrafts and souvenirs;
- Investment in tour companies.

Investment in the tourism sector has been liberalized to allow 100% ownership in hotels and restaurants. Foreign investment in tour companies is set at a minimum of 30% and maximum of 70% for foreign shareholders.

At present, Lao PDR has a total of 1493 designated tourist attractions, of which 435 are cultural sites, 849 are natural sites and 209 historic sites. Of these, more than 600 are still awaiting investors to develop facilities and services at the sites. Of the 364 sites that are currently opened for business, many are in need of further investment and improvement. By 2010, we expect to have at least an additional 5,000 hotel rooms, especially in the World Heritage Sites of Luang Prabang and Champasak, two of Lao PDR's famous tourist attractions.

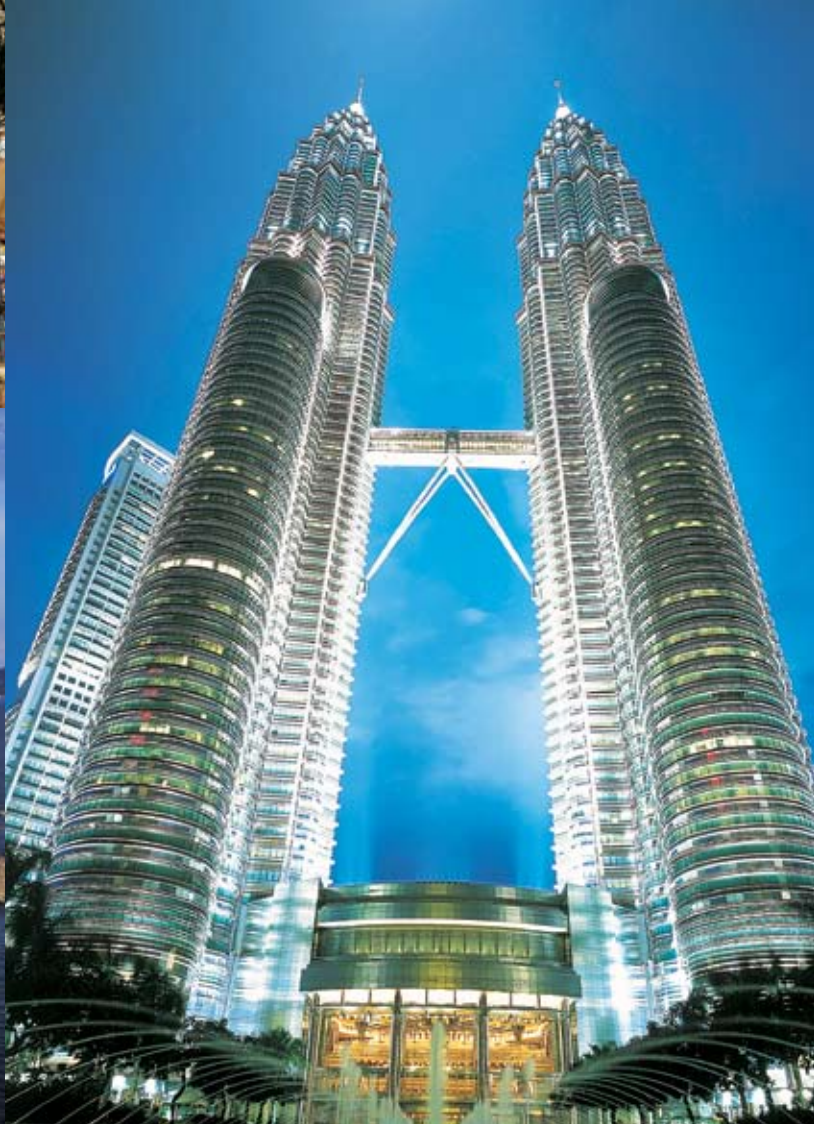
At the same time, Lao PDR has been improving tourism management and administrative systems and strengthening private sector tourism-related businesses. For example, the Lao National Tourism Administration has been elevated to Ministerial level and the Lao Association of Travel Agents and the Lao Hotel and Restaurant Association have been established. There are now 162 registered tour companies, 976 restaurants, 211 hotels and 1,120 guesthouses with a total of 19,000 rooms.

Tourism is an important earner for national revenue, especially for foreign exchange. In 2007, Laos records 1.6 million visitors and based on a formula devised by the World Tourism Organization, tourism earnings were US\$ 233 million. Tourism is the number two contributor of hard currency to the country's coffer and creates jobs; the tourism industry currently employs over 30,000 people, including many village based guides and other village level service providers that have been trained by the various community-based ecotourism programmes active in the country.

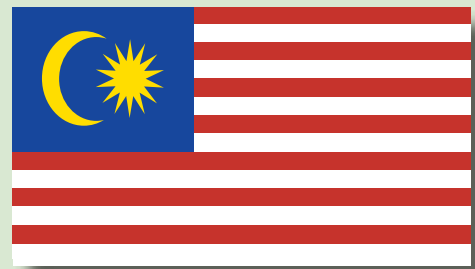
Relevant Agencies

Lao National Tourism Administration (LNTA)
Lane Xang Avenue, Vientiane
Lao PDR P.O.Box 3556
Tel : (856 – 21) 212 251, 212 248
Fax : (856 – 21) 212 769
Website : www.tourismlaos.gov.la
www.ecotourismlaos.com

Ministry of Planning and Investment of Lao PDR
Luang Prabang Road, Ban Sithan, Sikhottabong
District, Vientiane
Lao PDR
Tel : (856 – 21) 214 014, 223 002
Fax : (856 – 21) 215 491
Website : www.invest.laopdr.org



Malaysia





Country Information

1. Geographical Aspects and Background Information

Size	: 329, 758 square kilometres
Population	: 26.64 million
Climate	: Tropical, warm and humid all year around Temperature ranging from 21 to 32 degrees Celsius
Landscape	: Beaches, hills, rainforests Suitable for nature / eco-tourism activities

2. Tourism Related Infrastructure

▶ International Airport(s)	: 1. KL International Airport (KLIA) 2. Subang International Airport 3. Penang International Airport 4. Langkawi International Airport 5. Senai-Johor Bahru International Airport 6. Kota Kinabalu International Airport 7. Kuching International Airport
▶ Port(s)	: 1. Port Klang, Penang Port, Johor Port 2. Kemaman Port and Kuantan Port (Peninsular Malaysia) 3. Kuching Port, Rajang Port, Miri Port and Bintulu Port (Sarawak) 4. Kota Kinabalu Port, Sandakan Port (Sabah) 5. Labuan Port (W.P. Labuan)
▶ Railway	: Keretapi Tanah Melayu (KTM) North-South Expressway <i>Padang Besar (Perlis) - Singapore</i> East Coast Expressway <i>Tumpat (Kelantan) - Singapore</i>
▶ Express Rail Link	: KLIA - KL Central Station Kuala Lumpur Railway Transportation System
▶ Putra Light Rail Transit	: Terminal Putra Kelana Jaya - Terminal Putra Gombak
▶ Sistem Transit Aliran Ringan (STAR)	: Sentul Timur - Ampang Sentul Timur - Sri Petaling
▶ MONORAIL	: KL Sentral Station - Titiwangsa

3. Main Tourism Areas

- Kuala Lumpur - Malacca Corridor
- Penang/Langkawi/North-western States
- South-east Johor
- Peninsula East Coast
- Sarawak
- Sabah

Investment Climate

1. Foreign Investment Policy

Malaysia promotes both FDI and domestic investment (DI) as sources of economic growth. Over the years, various policies and measures were introduced to promote investments. Among these are liberal policies which allow 100% foreign equity ownership in the manufacturing and related services sectors. The liberal policies, investment facilitation measures and dynamic promotional efforts have been successful in attracting a large number of investment projects into the economy.

2. Regulations for Foreign Investment

▶ ***Hotels (1 - 3 Star) and Hotel Services***

- Requirement of local incorporation
- The projects must be registered with the Ministry of Tourism Malaysia
- At least 70% of the shares must be held by Malaysians including 30% reserved

▶ ***Hotels (4 - 5 Star) and Tourism Projects (Theme Parks / Recreational Camps etc.) and Convention Centres (over 5,000 capacity)***

- Requirement of local incorporation
- The projects must be registered with the Ministry of Tourism Malaysia
- Based on Malaysia's offer under the ASEAN Framework Agreement on Services (AFAS) (2007), Joint venture corporation with Malaysia individuals or Malaysia - controlled corporations or both and aggregate foreign shareholding in the joint venture corporation shall not exceed 49% foreign equity.

▶ ***Tour Services (Tour Services, Ticketing, Reservation)***

- Requirement of license from the Ministry of Tourism and to be renewable annually.
- Requirement of specific licenses from other competent authorities.
- Joint ventures only with Malaysian individuals, or Malaysia controlled companies, and to be locally incorporated.
- Based on Malaysia's offer under the ASEAN Framework Agreement on Services (AFAS) (2007), Joint venture corporation with Malaysia individuals or Malaysia controlled corporations or both and aggregate foreign shareholding in the joint

venture corporation shall not exceed 49% foreign equity (for inbound only).

- Subject to Tourism Industry Act 1992 and other related regulations under the Act.
- Establishment of branches shall be subject to additional licensing requirements and to be renewable annually.

► *Food & Beverage*

- Requirement of license(s) from competent local authorities

► *Tourism Retail*

- Requirement of license(s) from competent local authorities

3. Foreign Investment Level

Foreign Direct Investment in Hotel Projects Approved with Incentives.

Approved Hotel Projects with Foreign Investment by Country, 2004-2007

	2004		2005		2006		2007		All	
	No	Foreign Investment (US\$)	No	Foreign Investment (US\$)	No	Foreign Investment (US\$)	No	Foreign Investment (US\$)	No	Foreign Investment (US\$)
Australia	-	-	-	-	1	3,103,705	-	-	1	3,103,705
Brunei	-	-	-	-	1	318,801	-	-	1	318,801
Netherlands	1	49,342	-	-	-	-	-	-	1	49,342
Hong Kong	1	3,842,105	-	-	1	407,131	-	-	2	4,249,236
India	1	6,239,461	-	-	-	-	-	-	1	6,239,461
New Zealand	-	-	1	17,849,604	1	3,471,390	-	-	2	21,320,994
Singapore	1	5,585	-	-	2	6,243,199	2	1,258,779	5	7,507,563
China	1	270,263	-	-	-	-	-	-	1	270,263
Others	6	37,981,738	7	201,508,825	5	2,462,468	4	1,442,013	22	243,395,045
TOTAL	***	48,388,494	***	219,358,429	***	16,006,695	***	2,700,792	***	286,454,410

*** Numbers are not totalled to avoid double counting
Source: Malaysian Industrial Development Authority

4. Government-to-Government Agreements Relevant to Tourism

To date, Malaysia is a member of the following international / regional initiatives in tourism:

- ASEAN
- Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)
- Brunei-Indonesia-Malaysian-Philippines East ASEAN Growth Area (BIMP-EAGA)
- Indonesia-Malaysia -Singapore Growth Triangle (IMS-GT)
- United Nation World Tourism Organization (UNWTO)
- Asia Pacific Economic Co-operation (APEC) Tourism Working Group
- Organization of Islamic Conferences (OIC)
- Commonwealth

5. Foreign Investment Trends

Non-services sector - 77.6%
Services sector - 22.4%

Note: Tourism makes up a big proportion of the services sector. Figures quoted are from the year 1996.

6. Potential Locations For Tourism Related Investment

- International and Budget Class Hotels and Resorts
- Marinas / Water Sports Facilities
- Eco-tourism
- Convention Centre Facilities
- Theme Parks

7. Export Related / Customs Regulations

► *Currency*

A resident traveller is permitted to import Ringgit notes up to RM1,000 only and any amount of foreign currency. A resident traveller is permitted to export Ringgit notes up to RM1,000 only and foreign currencies and travellers cheque up to the equivalent of USD10,000.

A non-resident traveller is permitted to import Ringgit notes up to RM1,000 only and any amount of foreign currencies. A non-residents traveller is permitted to export Ringgit notes up to RM1, 000 only and foreign currencies and traveller's cheque up to the amount of foreign currencies and travellers cheque brought into Malaysia.

Prior approval is required for the import and export of Ringgit notes and the export of foreign currency notes, other than as permitted above.

► *Dutiable and Non-Dutiable Goods*

As a measure to promote Malaysia as a tourist destination, items popular among tourists such as cameras, watches, pens, lighters and perfumes are no longer subject to import duties.

Other goods imported into Malaysia are liable to import duties. Dutiable goods if carried or imported by visitors in their baggage are subject to an ad valorem duty rate of 30%.

► *Duty Exemption*

Duties are exempted for certain goods carried by visitors upon, subject to specific conditions. Such goods include spirits and alcoholic beverages (not exceeding 1 liter), tobacco and cigarettes (not exceeding 200 sticks), wearing apparels (not exceeding 3 pieces), footwear (not exceeding 1 pair), food preparation (total value not exceeding RM75), personal portable electrical appliance (not exceeding 1 unit), and gifts and souvenirs (total value not exceeding RM400).

Duties are also exempted for commercial goods, such as leather products, articles of apparel including footwear and clothing accessories with FOB value not exceeding RM200 per unit. Articles of sports such as articles and accessories for horse riding, golf bags and gloves and sports footwear are also exempted from import duties.

Foreign travel writers and journalists may import equipment that is normally used by travel writers and journalists duty free.

► *Temporary Importation*

Temporary importation of personal goods is subjected to payment of a refundable deposit of an amount equivalent to the rate of duty of the goods. The deposit is refunded upon the exportation of the said goods. In the case of exhibition goods and advertising materials, commercial samples and professional equipment, temporary importation is allowed under the ATA Carnet which is issued by the International Chambers of Commerce and Industry of participating countries.

► *Health Regulations*

Yellow Fever vaccination is required for all visitors coming from yellow fever infected areas or endemic zones except for children under one.

Notes:

- Taped video cassettes require customs clearance
- Export of antiquities and historical objects is not allowed unless an export license has been obtained from the Director General of Museums, Malaysia or that the antiquity was originally imported and declared to customs.
- Any plants or parts of a plant such as seeds, flowers or fruits, soil samples, cultures or fungi, bacteria and viruses, insect or any other vertebrate or invertebrate animals brought in from Tropical America and the Caribbean should be declared to the customs or the plant quarantine inspector.

► *Economic Indicators & Policies*

1. Statistical Information

► *Tourist Arrival*

	2002	2003	2004	2005	2006
Pen. Malaysia	12,644,290	10,085,830	14,651,265	15,420,359	16,235,196
Sabah	143,786	91,187	282,539	257,642	251,856
Sarawak	465,989	354,450	705,042	704,590	1,001,542
F.t. Labuan	37,945	45,448	64,560	48,464	58,269

► *Excursionist Arrivals*

	2002	2003	2004	2005	2006
Pen. Malaysia	6,775,695	5,216,526	7,827,925	6,948,666	6,891,417
Sabah	4,337	3,694	2,563	1,694	7,259
Sarawak	679,714	481,831	892,207	821,506	843,269
F.t. Labuan	4,247	13,578	6,255	6,211	9,946

► *Top 5 Markets (Tourist)*

2002	2003	2004	2005	2006
Singapore 7,547,761	Singapore 5,922,306	Singapore 9,520,306	Singapore 9,634,506	Singapore 9,656,251
Thailand 1,166,937	Thailand 1,152,296	Thailand 1,518,452	Thailand 1,900,839	Thailand 1,891,921
Indonesia 769,128	Indonesia 621,651	Indonesia 789,925	Indonesia 962,957	Indonesia 1,217,024
China 557,647	China 350,597	China 550,241	Brunei 486,344	Brunei 784,446
Japan 354,563	Brunei 215,634	Brunei 453,664	China 352,089	China 439,294

► *Top 5 Markets (Excursionist)*

2002	2003	2004	2005	2006
Singapore 5,706,830	Singapore 4,522,063	Singapore 7,113,457	Singapore 6,252,594	Singapore 6,182,389
Brunei 625,129	Brunei 433,458	Brunei 783,063	Brunei 728,088	Brunei 753,741
Japan 93,199	Indonesia 68,732	Indonesia 120,022	Indonesia 130,758	Indonesia 111,519
Thailand 81,234	Thailand 66,093	Japan 95,714	Thailand 102,104	Japan 91,926
Indonesia 79,423	Japan 47,361	Thailand 66,093	Japan 88,116	Thailand 88,223

Foreign Meetings & Convention Participants

► *Average Occupancy Rate by Quarter*

	2002	2003	2004	2005	2006
1st Qtr	51.2	49.8	56.4	60.7	63.2
2nd Qtr	57.2	46.4	58.4	61.5	64.8
3rd Qtr	61.8	57.1	65.6	68.6	68.9
4th Qtr	57.2	59.3	62.7	63.7	64.7

► **Top 5 Markets**

2002	2003	2004	2005	2006
Singapore 13,401.1	Singapore 11,053.4	Singapore 16,826.9	Singapore 17,715.0	Singapore 18,599.9
China 1,487.5	Indonesia 1,037.5	Thailand 1,362.7	Thailand 2,005.6	Indonesia 2,282.1
Indonesia 1,221.2	Thailand 1,034.3	China 1,329.2	Indonesia 1,447.7	Thailand 2,129.8
Thailand 1,002.9	China 903.8	Brunei 1,153.7	Brunei 1,286.5	Brunei 2,058.2
Japan 897.3	Japan 592.9	Indonesia 1,125.8	Australia 1,032.8	China 1,054.2

2. Revenue Tourist Receipts (RM Million)

2002- 25,781.1

2003 - 21,291.1

2004 - 29,651.4

2005 - 31,954.1

2006 - 36,271.7

3. Relevant Economic Policies

Relevant economic policies (monetary or fiscal) formulated by the government that affect or address the competitive advantage of doing business in Malaysia, in particular, tourism related business are as follows:

Tax Incentives

Tax incentives and other facilities for the manufacturing, agriculture and tourism sectors are provided for in the Promotion of Investment Act 1986, Income Tax Act 1967, Customs Act 1967, Sales Tax Act 1972 and Excise Act 1976.

- Export Credit Refinancing Facilities
- Export Credit Insurance and Guarantee Schemes
- Industrial Technical Assistance Fund
- Other Related Funds

4. Information on the Exchange Rate System

The Ringgit is currently at RM 3.2 to USD1.

Financial Framework

1. Policy on Repatriation of Profit/Capital and Remittance of Earnings

▶ Remittance Abroad

Generally, residents are not restricted to make payments to non-residents for any purpose for up to RM10,000 or its equivalent in foreign currency (reduction in amount), except for all payment for imports of goods and services.

Residents are allowed to make payments to non-residents in foreign currency only for amounts exceeding the RM10,000 equivalent. However, investments abroad in any form of payments under a guarantee for non-trade purposes require approval.

The prescribed manner of payment for exports is in foreign currency only, other than the currencies of Israel, Serbia and Montenegro.

▶ External Accounts

Prior approval is required for transfers between external accounts. Transfers to resident accounts after 30 September 1998 require approval, withdrawal of Ringgit assets.

▶ Investment Abroad

Residents with no domestic borrowing are allowed to make payment to non-residents for the purpose of investing abroad up to an amount of RM10,000 or its equivalent in foreign currency per transaction.

All residents require prior approval to make payments to non-residents for the purpose of investing abroad for an amount exceeding the RM10,000 equivalent in foreign currency.

2. Taxation System

Generally, all income of companies and individuals accrued in and derived from Malaysia are liable to income tax. Income derived from sources outside Malaysia and remitted to Malaysia is not subject to tax, except in the cases of banking and insurance business, sea and air transport undertakings.

Apart from income tax, there are other direct taxes such as real property gains tax, and indirect taxes such as sales tax, service tax, excise duty and import duty.

Income tax is payable for a Year of Assessment which is the calendar year by reference to income of the year (current year basis). Where a company adopts an accounting period different from the calendar year, the basic period for the business is the 12-month accounting period ending in the Year of Assessment.

► *Sources of Income Liabile to Tax*

Sources of income liable to income tax are as follows:

- Gains and profits from trade, profession and business
- Salaries, remuneration, gains and profits from an employment
- Dividends, interests or discounts
- Rent, royalties or other periodic payments
- Pensions, annuities or other periodic payments
- Other gains or profits of an income nature not mentioned above

Chargeable income is arrived at after adjusting for expenses incurred wholly and exclusively in the production of the income. Provisions or reserves for anticipated losses or contingent liabilities are not tax deductible. No deduction for book depreciation is allowed although capital allowances are granted. Unabsorbed losses maybe carried forward indefinitely to be offset against future income.

► *Corporate Tax*

A company, whether resident or not, is assessable on income, accrued in or derived from Malaysia. Income derived from sources outside Malaysia and remitted by a resident company is not subject to tax, except in the case of banking and insurance business and sea and air transport undertakings. A company is considered as a resident in Malaysia if the control and management of the company is in Malaysia. Control and management of a company is considered on the basis of where the Board of Directors meetings are held.

A tax rate of 26% is applicable to both resident and non-resident companies. In case of a company carrying on petroleum production, the applicable tax rate is 38%.

► *Personal Income Tax*

All individuals are liable to tax on income accrued in or derived from Malaysia. The rate of tax depends on the residence status of the individual which is determined by the duration of his stay in the country (as stipulated under Section 7 in the Income Tax Act 1967).

► *Resident Individual*

A resident individual is taxed on his chargeable income at graduated rates from 0% to 28% after the deduction of tax relief. An individual with chargeable income of RM2,500 or less is taxed at zero rate.

► *Tax Rebate*

Tax liability of a resident individual is reduced by rebates which are granted as follows:

- (a) For an individual with chargeable income not exceeding RM35,000, a rebate of RM350 is given. A further rebate of RM350 is given for his wife. A wife who is assessed separately will be entitled to a rebate of RM350 if her chargeable income does not exceed RM35,000.

- (b) The equivalent of amount paid in respect of any zakat, fitrah or other Islamic religious dues which are obligatory.
- (c) The amount of fees paid to the government for the issuance of an employment pass, visits pass or work permit.

► ***Non-Resident Individual***

Generally, a non-resident individual is liable to tax at the rate of 28% and is not entitled to any personal relief. However, for the following types of income, non-resident individuals are subject to a withholding tax, which is a final tax:

(a) Special classes of income under Section 4A ITA, 1967	-	10%
Technical fee, installation fee for services performed in Malaysia and rental of moveable property		
(b) Services of a public entertainer	-	15%
(c) Interest	-	15%
(d) Royalties	-	10%
(e) Real Estate Investment Trust	-	15%

An employee on a short-term visit to Malaysia enjoys tax exemption in respect of his income from an employment exercised in Malaysia when his presence does not exceed 60 days in a calendar year.

However, the income of a non-resident individual who performs independent services such as consultancy services is not exempted from tax.

► ***Real Property Gains Tax (RPGT)***

Capital gains are generally not subject to tax in Malaysia. Real Property Gains Tax is charged on gains arising from the disposal of real property situated in Malaysia or of interest, options or other rights in or over such land as well as the disposal of shares in real property companies. The rates of tax are as follows:

Disposal within 2nd years	30%
Disposal in the 3rd year	20%
Disposal in the 4th year	15%
Disposal in the 5th year	5%
Disposal in the 6th year	
And thereafter	
- company	5%
- Individual	nil

For individuals who are citizens or permanent residents, gains from disposal of real property held after five years are not subject to this tax. They are also entitled to an exemption of either RM5,000 or 10% of the gains whichever is the greater sum. In addition, they also enjoy a one-time tax exemption on the gains arising from the disposal of one private residence.

For non-citizens and non-permanent resident individuals, gains from disposal of real property within 5 years are subject to tax at a flat rate of 30%. However, disposal

in the sixth year and thereafter will be taxed at 5%. However, the RPGT has been exempted with effect from 01.04.2007

► *Sales Tax*

Sales tax is single stage tax levied on imported and locally manufactured goods, either at the time of importation or when it is sold by the manufacturer. Manufacturing companies are required to be licensed under the Sales Tax Act 1972. Manufacturers whose annual sales turnover does not exceed RM100,000 are exempted from licensing.

The general rate for sales tax is 10%. However, raw materials and components for use in the manufacture of taxable goods are normally exempted from Sales tax. Inputs for selected non-taxable products are also exempted. Certain non-essential foodstuffs and building materials are taxed at 5%. Primary commodities, basic foodstuffs, basic building materials, certain agricultural implements and heavy machinery for use in the construction industry are exempted.

► *Service Tax*

Generally, services tax is imposed on restaurants, hotel / lodging businesses, health services agencies, professional and consultancy agencies, insurance companies, motor vehicles service and repair centres, telecommunication companies, security and guard agencies, private clubs, estate agents, parking services providers, courier services companies, private hospitals and professional services. Hotels having less than 25 rooms are not subject to service tax.

Services provided by car rental agencies with annual sales turnover of RM300,000 and above, employment agencies with annual sales turnover RM150,000 and above and companies providing management services including project management/ coordinating services are also subject to services tax.

► *Excise Duty*

Excise duties are levied on goods imported or manufactured locally, namely cigarettes, liquors, playing cards, mahjong tiles and motor vehicles. Excise duties are imposed either at ad valorem or specific rates. The ad valorem rates of excise duties vary from 5% to 105%.

► *Import Duty*

Import duties are levied on a large number of imports and are imposed either at ad valorem or specific rates. The ad valorem rates of import duties vary from 0% to 50%. Over the last few years import duties on a wide range of raw materials components and machinery have been abolished.

Malaysia is committed to the ASEAN Common Effective Preferential Tariff (CEPT). Under the CEPT, import duties imposed on most goods from ASEAN countries are from 0% to 5%.

► *Double Tax Agreements*

The Agreement For The Avoidance Of Double Taxation And The Prevention Of Fiscal Evasion With Respect To Taxes On Income	
Country	Date Of Signing
South East Asia	
Singapore	26 December 1968
Singapore (Supplementary)	6 July 1973
Singapore (New Agreement)	5 October 2004
Thailand	29 March 1982
Thailand (Amending Protocol)	10 February 1995
Philippines	27 April 1982
Indonesia	12 September 1991
Indonesia (Amending Protocol)	12 January 2006
Vietnam	7 September 1995
Myanmar	9 March 1998
Asia	
Japan	30 January 1970
Japan (New Agreement)	19 February 1999
Sri Lanka	16 September 1972
Sri Lanka (New Agreement)	16 September 1997
India	25 October 1976
India (New Agreement)	14 May 2001
South Korea	20 April 1982
Pakistan	29 May 1982
Bangladesh	19 April 1983
China	23 November 1985
China (Amending Protocol)	5 June 2000
Mongolia	27 July 1995
Uzbekistan	6 October 1997
Kyrgyz	17 November 2000
Kazakhstan	26 June 2006
Middle East	
Iran	11 November 1992
Iran (Amending Protocol)	22 July 2002
Sudan	7 October 1993
Saudi Arabia (Limited Agreement)	18 July 1993
Saudi Arabia (New Agreement)	31 January 2006
Turkey	27 September 1994
Jordan	2 October 1994
United Arab Emirates	28 November 1995
Kuwait	6 April 1997
Kuwait (New Agreement)	2 February 2003
Egypt	14 April 1997
Bahrain	14 June 1999
Morocco	2 July 2001
Lebanon	20 January 2003
Syria	26 February 2007

The Agreement For The Avoidance Of Double Taxation And The Prevention Of Fiscal Evasion With Respect To Taxes On Income

Country	Date Of Signing
Europe	
Sweden	21 November 1970
Sweden (New Agreement)	12 March 2003
Denmark	4 December 1970
Denmark (Protocol)	3 December 2003
Norway	23 December 1970
United Kingdom	30 March 1973
United Kingdom (New Agreement)	10 December 1996
Belgium	24 October 1973
Belgium (Amending Protocol)	21 November 1995
Switzerland	30 December 1974
France	24 April 1975
France (Protocol)	31 January 1991
Germany	8 April 1977
Poland	16 September 1977
Romania	26 November 1982
Italy	28 January 1984
Finland	28 March 1984
Russia	31 July 1987
Netherlands	7 March 1988
Netherlands (Protocol)	4 December 1996
Hungary	24 May 1989
Austria	20 September 1989
Albania	24 January 1994
Malta	3 October 1995
Czech Republic	8 March 1996
Ireland	28 November 1998
Croatia	18 February 2002
Luxembourg	21 November 2002
Spain	24 May 2006
Bosnia and Herzegovina	21 June 2007
Oceania	
New Zealand	19 March 1976
New Zealand (Amending Protocol)	14 July 1994
Australia	20 August 1980
Australia (2nd Amending Protocol)	20 July 2002
Papua New Guinea	20 May 1993
Fiji	19 December 1995
Africa	
Mauritius	23 August 1992
Zimbabwe	28 April 1994
Namibia	28 July 1997
Seychelles	3 December 2003
South Africa	26 July 2005

The Agreement For The Avoidance Of Double Taxation And The Prevention Of Fiscal Evasion With Respect To Taxes On Income	
Country	Date Of Signing
North Africa	
Canada	16 October 1976
U.S.A (Limited Agreement)	18 April 1989
South America	
Argentina (Limited Agreement)	3 October 1997
Chile	3 September 2004
Venezuela	28 August 2006

* Limited Agreement refers to Agreement with respect to taxes on income on air transport and shipping

3. Financial and Tax Incentives

A project other than a hotel business exclusively carried out for the purposes connected with the promotion of tourism and registered with the Ministry of Tourism Malaysia

► *Tourism Related Activities Which Have Been Gazetted As Promoted Activities:*

- **Hotel Projects with 1 to 3 Stars (New Projects and Modernization/Expansion/Renovation Projects)**
 - a. Projects must be registered with the Ministry of Tourism Malaysia
 - b. For new projects, at least 70% of the shares must be held by Malaysians including 30% reserved
 - c. For modernisation/expansion/renovation projects, the equity condition imposed will be similar to the equity condition imposed on incentive for the original project
 - d. Room rates for 60% of the hotel rooms must be fixed at a rate not higher than RM150.00 (net) per night
- **Hotel Projects with 4 to 5 Stars (Modernization / Expansion / Renovation only)**
 - a. Projects must be registered with the Ministry of Tourism Malaysia
 - b. Equity condition to be imposed will be similar to the equity condition imposed on incentive for the original project
 - c. Public listed companies which undertake expansion/modernization/renovation of hotel projects are deemed to have complied with equity condition.
- **Tourism Projects (New / Modernization and Expansion)**
 - a. Projects must be registered with the Ministry of Tourism Malaysia
 - b. For new projects, at least 49% of shares must be held by Malaysians including 30% reserved effective from 6th year of operation
 - c. For modernisation/expansion/renovation projects, the equity condition imposed will be similar to the equity condition imposed on incentive for the original project

- d. A minimum investment of RM10 million in fixed assets (excluding land cost) must be incurred within 3 years from the effective date of the incentive approved for tourist projects
 - e. Income must be derived from tourist projects
- **Construction of Holiday Camps and Recreational Projects including Summer Camps**
 - a. Projects must be registered with the Ministry of Tourism Malaysia
 - b. A minimum investment of RM500,000.00 in fixed assets (excluding land cost) must be incurred for the development of recreational camps.
 - **Construction of Convention Centres**
 - a. Projects must be registered with the Ministry of Tourism Malaysia
 - b. The hall must be capable of accommodating at least 3,000 participants
 - c. A minimum investment of RM10 million in fixed assets (excluding land cost) must be incurred within 3 years from the effective date if the incentive approved for tourist projects

► ***Incentives***

- Pioneer Status with tax exemption of 70% (100% for promoted areas) of statutory income for 5 years. The period of tax exemption commences from the date of operation as determined by the Ministry of International Trade and Industry (MITI) Malaysia.
- Investment Tax Allowance (ITA) of 60% (100% for promoted areas) on qualifying capital expenditure incurred within 5 years. The allowance can be offset against 70% (100% for promoted areas) of statutory income in each year of assessment. Unutilized allowances can be carried forward till fully absorbed.

Promoted areas i.e. the designated Eastern Corridor of Peninsular Malaysia (Kelantan, Terengganu and Pahang and the district of Mersing, Johor), Perlis, Sabah and Sarawak and Federal Territory of Labuan.

- **1-3 star hotels and tourism projects are eligible for two (2) rounds of incentives for reinvestment**

Other types of incentives for tourism businesses in Malaysia are:

- i) Double deduction on expenditure incurred for promotional activities overseas
- ii) Double deduction on expenditure incurred in participating in an approved international trade fair in Malaysia
- iii) Tax Exemption for Tour Operators
 - Foreign Tourists
Licensed tour operators who bring in at least 500 foreign tourists in a year will be exempted from tax on income derived from the business of operating such tours
 - Local Tourists
Tax exemption on income earned from organising domestic tour packages for at least 1,200 local tourists per year
- iv) Tax exemption on income earned from promoting international conferences and/or organising approved international trade exhibitions in Malaysia which bring in at least 500 foreign participants/visitors per year

- v) Single deduction on expenditure incurred in promoting and managing a musical or cultural group and sponsoring local and/or foreign cultural performances
- vi) Full excise duty exemption on the purchase of national cars for operators of car rental services and 50% excise duty exemption on locally assembled 4WD vehicles for tour operators

Statutory Requirement

1. Commercial Regulations

Registration of a Local Limited Company [Under the Companies Act (“CA”) 1965]

There are three types of companies that can be incorporated under the Companies Act 1965 (“CA”). They are:

- (i) A company limited by shares
- (ii) An unlimited company
- (iii) A company limited by guarantee

For the purpose of conducting business in Malaysia, the most common type is a company limited by shares. A company having a share capital may be incorporated as a private company (identified through the words ‘Sendirian Berhad’ or ‘Sdn. Bhd.’ appearing together with the company’s name) or public company (identified through the words ‘Berhad’ or ‘Bhd.’ appearing together with the company’s name).

The requirements to form a company are:

- (i) A minimum of two subscribers to the shares of the company (Section 14 CA);
- (ii) A minimum of two directors (Section 122 CA); and
- (iii) A company secretary who can be either:
 - (a) an individual who is a member of a professional body prescribed by the Minister of Domestic Trade and Consumer Affairs; or
 - (b) an individual licensed by the Companies Commission of Malaysia (“SSM”).

Both the director and company secretary shall have their principal or only place of residence within Malaysia.

Incorporation Procedures

• Name Search with SSM and Application for Name

A name search must be conducted to determine whether the proposed name of the company is available. The steps involved are:

- (i) Completion and submission of Form 13 A of the CA (Request For Availability Of Name) to SSM; and
- (ii) Payment of a RM30.00 fee for each name applied.

When the proposed company’s name is approved by SSM, it shall be valid for three months from the date of approval.

• ***Lodgment of Incorporation Documents***

The following documents must be submitted to SSM within three months from the date of approval of the company's name.

(i) Memorandum and Articles of Association

- (a) An original copy of the Memorandum and Articles of Association shall each be stamped at RM100.00. Stamps are affixed at the Inland Revenue Board's stamp office.
- (b) The directors and secretaries shall be named in the Memorandum and Articles of Association.
- (c) The subscribers to the company's shares shall sign the Memorandum and Articles of Association in front of a witness.
- (d) Table A of the Fourth Schedule in the CA can be adopted as the Articles of Association of the company (Section 30 CA).

(ii) Form 48A (Statutory Declaration By A Director Or Promoter Before Appointment)

The director or promoter declares under oath that:

- (a) he/she is not a bankrupt; and
- (b) he/she has not been convicted and imprisoned for the prescribed offences.

(iii) Form 6 (Declaration of Compliance)

This declaration states that all the requirements of the CA have been complied with. It must be signed by the company secretary who handles the registration and is named in the Memorandum and Articles of Association.

(iv) Additional documents:

- (a) Original Form 13 A.
- (b) A copy of the letter from SSM approving the name of the company.
- (c) A copy of the identity card of each director and company secretary.

► ***Registration Fees***

Each application for the incorporation of a company shall be accompanied with payment as per the schedule below:

Authorized Share Capital (RM)	Fees Payable (RM)
Up to 100,000	1,000
100,001 – 500,000	3,000
500,001 – 1 million	5,000
1,000,001 – 5 million	8,000
5,000,001 – 10 million	10,000
10,000,001 – 25 million	20,000
25,000,001 – 50 million	40,000
50,000,001 – 100 million	50,000
100,000,001 and above	70,000

► *Certificate of Incorporation*

A certificate of Incorporation in Form 9 will be issued by SSM upon compliance with the incorporation procedures and submission of duly completed incorporation documents.

► *Books and Accounts*

A company must maintain a registered office in Malaysia where all books and documents required under the Companies Act 1965 are kept. The registers are:

- (i) Register of members
- (ii) Register of directors, managers and secretaries
- (iii) Register of charge (if applicable)
- (iv) Register of interest holders (if applicable)

Any changes to the registers have to be filed with SSM using the prescribed forms.

Annual return together with an audited account must be submitted to SSM after adoption at the annual general meeting. The accounts should be tabled within 6 months after the end of the financial year.

► *Registration of a Foreign Branch Company (Under the Companies Act, 1965)*

A foreign company may carry on business in Malaysia by either:

- (i) incorporating a local company; or
- (ii) registering a branch in Malaysia.

Foreign company is defined under the CA as:

- (i) a company, corporation, society, association or other body incorporated outside Malaysia; or
- (ii) an unincorporated society association, or other body which under the law of its place of origin may sue or be sued, or hold property in the name of the secretary or other officer of the body or association duly appointed for that purpose and which does not have its head office or principal place of business in Malaysia.

► *Registration Procedures*

• *Name Search With SSM And Application For Name*

A name search must be conducted to determine whether the proposed name of the company is available for registration. The steps involved are:

- (i) Completion and submission of Form 13A of the CA (Request for Availability of Name) to SSM; and
- (ii) Payment of a RM30.00 fee for each name applied.

The name to be used to register the foreign company should be the same as registered in its country of origin. When the proposed company's name is approved by SSM, it shall be valid for three months from the date of approval.

• *Lodgment of Registration Documents*

Registration documents must be submitted to SSM within three months from the date of approval of the company's name by SSM.

► *Registration Documents*

The following documents shall be submitted to SSM for registration:

- (i) A certified copy of the certificate of incorporation or registration of the foreign company;
- (ii) A certified copy of the foreign company's charter, statute or Memorandum and Articles of Association or other instrument defining its constitution;
- (iii) Form 79 (Return By Foreign Company Giving Particulars Of Directors and Changes of Particulars);

Note: If the list includes directors residing in Malaysia who are members of the local board of directors of the foreign company, a memorandum stating their powers must be executed by or on behalf of the foreign company and submitted to SSM.

- (iv) A memorandum of appointment or power of attorney authorizing the person(s) residing in Malaysia, to accept on behalf of the foreign company any notices required to be served on such foreign company;
- (v) Form 80 (Statutory Declaration By Agent Of Foreign Company); and
- (vi) Additional documents consisting of:
 - (a) The original Form 13 A; and
 - (b) A copy of the letter from SSM approving the name of the foreign company.

Note: If any of the described registration documents are in languages other than Malay or English, a certified translation of such documents in Malay or English shall be required.

► *Registration Fees*

Registration fees shall be as per the payment schedule below:

Authorized Share Capital (RM)	Fees Payable (RM)
Up to 100,000	1,000
100,001 – 500,000	3,000
500,001 – 1 million	5,000
1,000,001 – 5 million	8,000
5,000,001 – 10 million	10,000
10,000,001 – 25 million	20,000
25,000,001 – 50 million	40,000
50,000,001 – 100 million	50,000
100,000,001 and above	70,000

Note:

- (i) In determining the amount of registration fees, the nominal share capital of the foreign company should first be converted to the Malaysian currency (Ringgit Malaysia) at the prevailing exchange rate.
- (ii) In the event a foreign company does not prescribe any share capital, a flat rate of RM1,000.00 shall be paid to SSM.

► *Certificate of Registration*

A certificate of registration will be issued by SSM upon compliance with the registration procedures and submission of duly completed registration documents.

► *General*

The appointed agent is responsible for ensuring compliance of the Companies Act 1965.

Any change in the particulars of a foreign company or in the company's name or authorized capital must be filed with SSM within one month from the date of change together with the appropriate fees.

Every foreign branch company is required to keep proper accounting records.

Annual return must be lodged with SSM once in every calendar year.

Note: Foreigners are advised to seek the services of an advocate and solicitor, an accountant or a practicing company secretary for further assistance

2. Immigration Procedures

► *Immigration Procedures for Non-Malaysian Citizens*

- **Passport Requirement**

All non-Malaysian citizens entering Malaysia must possess valid national passports or relevant travel documents recognized by the Malaysian Government. The duration of the passport or relevant travel documents validity shall be at least 6 months from the date of entry.

- **Visa Requirement**

Visa is a prior approval issued by the authority of; or on behalf of the Government of Malaysia permitting non-Malaysian citizens to enter Malaysia.

ASEAN citizens (excluding ordinary Myanmar passport holders) are not required to apply for visa prior making social visits (short term visits i.e.: tourism purposes, visiting relatives/ friends and official business affairs trips) to Malaysia for a maximum of 1 month duration of stay.

ASEAN COUNTRIES	DURATION OF ENTRY WITHOUT VISA
Brunei Darussalam	1 month
Cambodia	1 month
Indonesia	1 month
Lao PDR	1 month
Myanmar	1 month (diplomatic passport holders only)
Philippines	1 month
Singapore	1 month
Thailand	1 month
Vietnam	1 month

Visa requirement for all foreigners according to countries can be obtained through the main webpage of the Immigration Department of Malaysia <http://www.imi.gov.my>.

- **Types of Visa**

- a. Single Entry Visa***

Single Entry Visa is issued to non-Malaysian citizens who wish to enter Malaysia for a single journey. The normal validity of a Single Entry Visa is 3 months* from the date of issue.

Note: *Referring to the period during which the visa remains valid for presentation to an Immigration officer during entry into Malaysia, and not referring to the length of stay.

- b. Multiple Entry Visa***

Multiple Entry Visa is issued to non-Malaysian citizens who wish to enter Malaysia for multiple journeys. The normal validity of a Multiple Entry Visa shall range from 3 months to 5 years**.

Note: **Referring to the period during which the visa remains valid for presentation to an Immigration officer during entry into Malaysia, and not referring to the length of stay. The maximum duration of stay for each entry made under a Multiple Entry Visa is 30 days.

- c. Visa on Arrival***

Visa on Arrival is issued upon arrival at six major entry points in Malaysia as follows:

- i. Customs, Immigration and Quarantine Complex, Tanjung Kupang, Johor
- ii. Kota Kinabalu International Airport, Sabah
- iii. Kuala Lumpur International Airport, Sepang
- iv. Kuching International Airport, Sarawak
- v. Penang International Airport
- vi. Senai International Airport, Johor

Foreigners from all over the world (excluding 21 identified African countries, Israel, Serbia, Montenegro and Colombia) are entitled to benefit from this facility that is intended for purposes of social and business visits (excluding purposes relating access to employment). The Visa on Arrival fee costs RM 100.00.

- **Visa Application**

Application for visas (for foreign nationals who are required to have visa to enter Malaysia) for the purpose of entry into Malaysia should be made at the nearest Malaysian Mission abroad. In countries where there is no Malaysian Mission abroad, visa application should be made at the nearest British High Commission or Embassy.

- **Entry into Malaysia**

Upon paying temporary visits to Malaysia, all non-Malaysian citizens (excluding holders of an Entry Permit or identified exempted persons) are required to obtain the relevant immigration pass.

Pass

A pass is an endorsement that is endorsed in a passport or travel document of a non-Malaysian citizen in order to allow the individual to enter and remain temporarily in Malaysia.

The types of passes issued by the Immigration Department of Malaysia are as follows:

a. Social Visit Pass

Social Visit Pass is issued to non-Malaysian citizens entering Malaysia for the purpose of social visit. This pass can be obtained at all points of entry upon arrival. Visitors who enter and stay in this country for the purpose of social visit are not allowed to extend their stay beyond the stipulated duration according to each country. However, extension duration of stay may be considered under certain circumstances i.e.: due to illness, accident, war at home country, etc.

A person who has been issued with a Social Visit Pass is not permitted to take up employment, business or professional work/ service while in Malaysia.

List of purposes of entry under the Social Visit Pass are as follows:

- i. Bilateral visits;
- ii. Attending conferences/ meetings/ seminars;
- iii. Attending discussions/ negotiation regarding business or trade;
- iv. Auditing of accounts;
- v. Investment missions and inauguration of businesses;
- vi. Signing of agreements;
- vii. Vacation/ tour;
- viii. Visiting relatives/ friends; or
- ix. Any other purpose as approved by the Director General of Immigration.

b. Temporary Employment Visit Pass

Temporary Employment Visit Pass is issued to a non-Malaysian citizen who enters the country to take up temporary employment. The normal validity of each Temporary Employment Visit Pass is 2 years; with avenues for renewal application.

c. Employment Pass

Employment Pass is issued to a non-Malaysian citizen who enters the country under the purpose to take up a contract of employment with minimum period of two years. The validity of an Employment Pass will be determined based on the approval of the expatriate post and contract of employment.

d. Professional Visit Pass

Professional Visit Pass is issued to non-Malaysian citizens who engaged in serving as professionals/ experts or to provide technical services on short term basis in Malaysia. The maximum duration of the pass is 12 months.

e. Student's Pass

Student's Pass is issued to non-Malaysian citizens who enrolls as an international student at any public or private educational institution accredited and recognized by the Malaysian Government.

f. Dependant's Pass

Dependant's Pass is issued to the wives and children of non-Malaysian citizens who have been issued with an Employment Pass. Application of Dependant's Pass can be made in tandem with the Employment Pass application or upon approval of the Employment Pass.

3. Expatriate Employment in Malaysia

In order to facilitate the recruitment of expatriates for both private and civil sectors in Malaysia, 6 Government agencies have been appointed to act as expatriate approval agencies. These agencies are responsible to evaluate and approve expatriate posts. Subsequently, the Immigration Department of Malaysia will endorse the appropriate employment pass upon the approval of such expatriate post.

The 6 expatriate approval agencies are listed according to designated business industries as follows:

AGENCY	INDUSTRIES
Malaysian Industrial Development Authority (MIDA)	Manufacturing and related services
Multimedia Development Corporation Sdn Bhd (MDeC)	Information technology sectors; specifically for companies that have been awarded Multimedia Super Corridor (MSC) status
Civil Service Department	Doctors, nurses, lecturers, tutors and contractual posts in the civil sector
Central Bank of Malaysia	Financial, insurance and banking sectors
Securities Commission	Securities and stock market
Expatriate Committee	Expatriate posts in sectors other than the above mentioned sectors. The Employment Pass Division of the Immigration Department of Malaysia is the secretariat of the Expatriate Committee.

Table A: Expatriate Approval Agencies

► *Expatriate Employment Process*

The expatriate employment process is divided into 2 stages:

Stage 1: Application for Expatriate Post

The company (employer) submits the expatriate post application to the relevant expatriate approval agency (according to industries as mentioned in Table A).

Applicants can apply for the following expatriate posts:

i. Key Posts

Key Posts are high level (1st level) managerial posts in foreign-owned companies and firms operating in Malaysia. Key posts are posts essential for companies to safeguard their interest and investments. The expatriates concerned are responsible for determining the company's policies in achieving its goals and objectives.

i.e.: Executive Chairman, Chief Executive Officer, Managing Director, General Manager, Technical Director, Production Manager, Project Manager, Factory Manager.

ii. Executive Posts

Executive Posts are intermediate level (2nd level) managerial and professional posts. The posts require academic qualifications, practical experience, skills and expertise related to the respective jobs. The expatriates concerned are responsible for implementing the company's policies and supervising the staff.

i.e.: Management functions such as Marketing Manager, Logistics manager, Investment Manager, Quality Control Manager, Professional functions such as Chief Engineer, Engineering Manager, Lecturer, Doctor, and Architect.

iii. Non-Executive Posts

Non-Executive Posts are posts that require the performance of technical jobs and specific technical or practical skills and experience.

i.e.: Welder, Mould Maker, Mould Designer, Cool & Die maker.

Stage 2: Application for Employment Pass

Upon completion of Stage 1, the company shall submit application for relevant employment pass (either Employment Pass or Temporary Employment Visit Pass) to the Immigration Department of Malaysia. The expatriate can be hired once the relevant pass has been endorsed.

Relevant Agencies

1. Tourism

► *Head Quarters*

Ministry of Tourism Malaysia
Level 32, Menara Dato' Onn,
Putra World Trade Centre,
45 Jalan Tun Ismail,
50695 Kuala Lumpur,
Federal Territory, MALAYSIA.
Tel : +603-26937111
Fax : +603-26941146
E-mail : info@motour.gov.my

Malaysia Tourism Promotion Board
17th Floor, Menara Dato' Onn,
Putra World Trade Centre,
45, Jalan Tun Ismail,
50480 Kuala Lumpur
Tel : 603-2615 8188
Fax : 603-2693 5884 / 2693 0207
Tourism Infoline : 1-300-88-5050
(within Malaysia only)
E-mail : enquiries@tourism.gov.my

► *Local Office*

Johor

Johor State Tourism Action Council
Aras 5-4, Pusat Penerangan Negeri Johor (JOTIC)
No. 2, Jalan Air Molek 80000 Johor Bahru
JOHOR DARUL TAKZIM
Tel : 07-224 1432 / 4935
Fax : 07-223 7554
Email : info@johortourism.com.my

Tourism Malaysia Johor
L3-26 Aras 3, Bangunan JOTIC,
2 Jalan Ayer Molek,
Johor Bahru 80000, Johor
Tel : 607-222 3590 / 3591
Fax : 607-223 5502
E-mail : mtpbjhb@tourism.gov.my

Perlis

Perlis State Tourism Action Council
No. 51 & 53, Persiaran Putra Timur
02000 Kuala Perlis
PERLIS INDERA KAYANGAN
Tel : 04-985 3701
Fax : 04-985 2373
Email : ab@mtpnperlis.gov.my

Tourism Malaysia Perlis
No 19, Tingkat Bawah, Jalan Pengkalan Indah,
Pengkalan Asam,
01000 Kangar, Perlis
Tel : 604-978 1235 / 1213
Fax : 604-978 1143
E-mail : mtpb.perlis@tourism.gov.my

Kedah

Kedah State Tourism Action Council
Kompleks Pelancongan Negeri Kedah Darul
Aman
Seksyen 20, Jalan Raja
05000 Alor Setar
KEDAH DARUL AMAN
Tel : 04-735 1030
Fax : 04-732 7914
Email : mtpnkedah@gov.my

Langkawi Tourism Action Council
P.o. Box 109,
Aras 4, Kompleks LADA
Jalan Persiaran Putera
07000 Kuah, Langkawi
KEDAH DARUL AMAN
Tel : 04-969 8080 / 8084
Fax : 04-969 8081
Email : ltac@tourismlangkawi.gov.my

Tourism Malaysia Kedah
Kompleks Pelancongan Negeri Kedah,
Seksyen 20, Jalan Raja,
Alor Setar 05000, Kedah
Tel : 604-731 2322 / 730 1322
Fax : 604-734 0322
E-mail : mtpbkdh@tourism.gov.my

Kelantan

Kelantan State Tourism Action Council
Tingkat 1, Bangunan MTPN Kelantan
Kampung Kraftangan, Jalan Hilir Balai
15300 Kota Bharu
Kelantan
Tel : 09-741 2400
Fax : 09-744 6672
Email : mtpnkel@yahoo.com

Tourism Malaysia Kelantan
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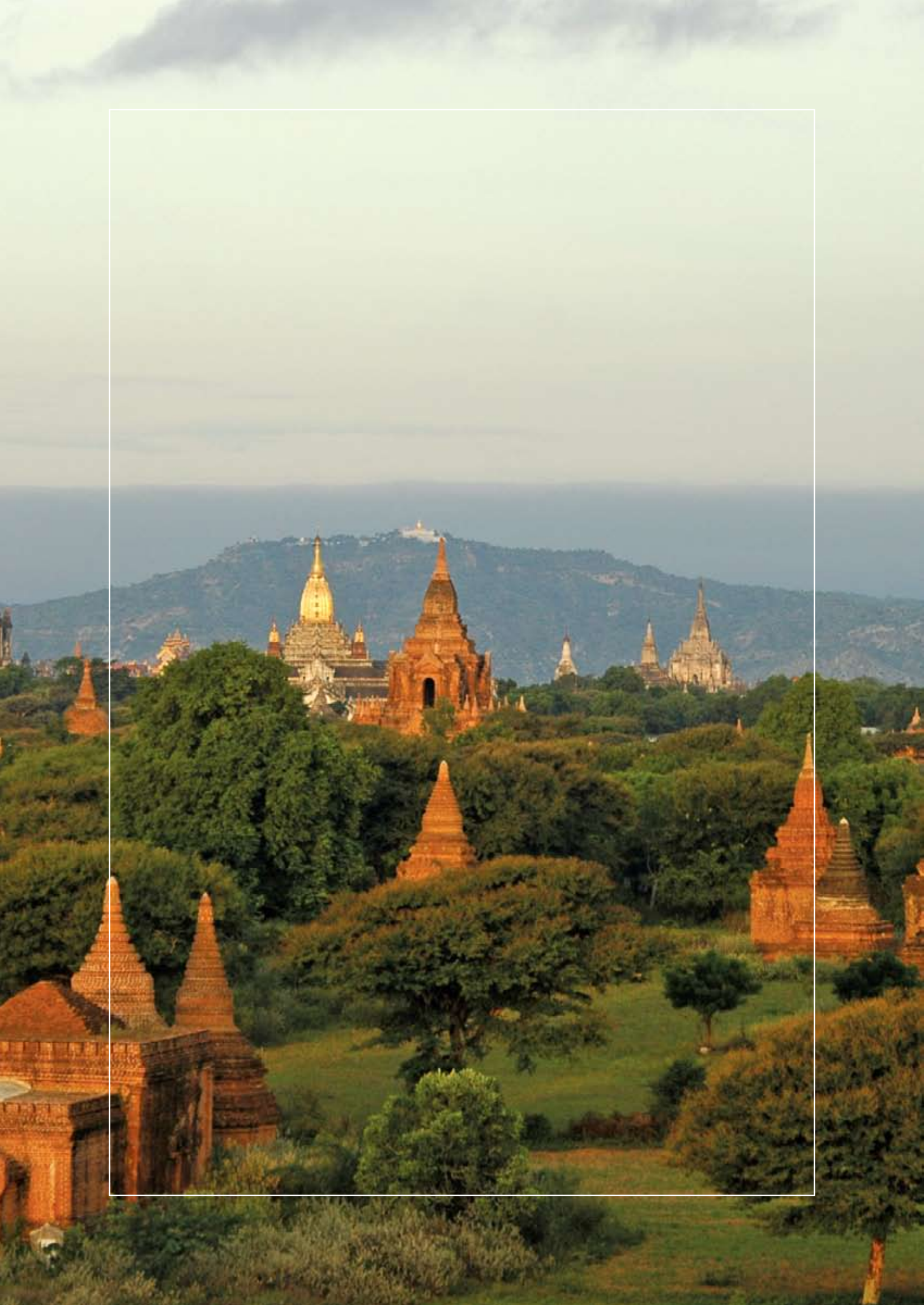
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Myanmar





Country Information

1. Geographical Aspects and Background Information

Myanmar is the largest country in mainland Southeast Asia with a total land area of 676,577 square kilometres sharing total international borders of 5,858 kilometres with Bangladesh and India in the northwest, China in the northeast, Lao PDR in the east and Thailand in the southeast.

It has a total coastline of 2,832 kilometres. It stretches 209 kilometers from north to south and 925 kilometers from east to west at its widest points.

Three parallel chains of mountain ranges that begin from the eastern extremity of the Himalayan mountain range run from north to south, namely the Western Yoma or Rakhine Yoma, the Bago Yoma and the Shan Plateau. The snow-capped peak of the Hkakabo-Razi at 5,889 meters is the highest in Southeast Asia.

These mountain chains divide the country into three river systems, the Ayeyarwady, the Sittoung and the Thanlwin, of which the Ayeyarwady, the most important river, about 2,170 kilometers long, and its major tributary, the Chindwin, 960 kilometers long, constitute the greatest riverine system in the country. As it enters the sea, the Ayeyarwady forms a vast delta of 240 kilometers by 210 kilometers.

According to these mountain chains and river systems, the country can be divided into seven major topographic regions: the Northern Hills, the Western Hills, the Shan Plateau, the Central Belt, the Lower Myanmar Delta, the Rakhine Coastal Region and the Tanintharyi Coastal Strip.

Located in the tropics, Myanmar has three seasons: the hot season from mid-February to mid-May, the rainy season from mid-May to mid-October and the cool season from mid-October to mid-February.

Annual rainfalls vary from 500 centimeters in the coastal regions to 75 centimeters or lesser in the central dry zone. The temperature ranges from 32 degrees Celsius in the coastal and delta areas and 21 degrees Celsius in the northern lowlands. During the hot season, temperatures could rise considerably in the central dry zone.

► *Population*

Myanmar's population spans over seven States and seven Divisions estimated at 57 million in 2007 with an annual growth rate of 2.02%. Myanmar is inhabited by many ethnic nationalities, over 100 national groups with the Bamar national forming the largest group comprising about 69% of the population.

► *Religion*

About 89% of the population – mainly Bamar, Shan, Mon, Rakhine and some Kayin are Buddhists, while the rest are Christians, Muslims, Hindus and Animists. The Christian population is composed mainly of Kayin, Kachin and Chin. Islam and Hinduism are practiced mainly by people of Indian origin.

2. Main Tourism Destinations

Traditionally, tourism in Myanmar is based on promoting the cultural attractiveness of the country. Myanmar, with her long history, culture and religion, has many pagodas, temples and monuments all over the country. In addition, there are snow-capped mountains, deep forests, cool and scenic places, long rivers, beautiful lakes and many beaches and archipelagos to promote nature-based tourism or eco-tourism.

Myanmar offers not only cultural attractions but also its scenic beauty, different national races and their way of life, traditional arts and crafts and warm hospitality of the people.

There are main tourist centres in Myanmar, namely Yangon, Mandalay, Bagan and Taunggyi (Inlay Lake) including the many varied sites and potential destinations.

Yangon is the main gateway to Myanmar. Evergreen and cool with lush tropical trees, shady parks and beautiful lakes, Yangon has earned the name of the Garden City of the East. Yangon was founded by King Alaungpaya on the site of a small village called Dagon when he conquered Lower Myanmar in 1775. The name Yangon means “End of Strife. The present day Yangon covers over 350 sq.km. and has a population of over 5 million.

Mandalay, the capital of the Myanmar Kings, is located in Central Myanmar, 668 km north of Yangon. Also known as Ratanabon-Napyidaw (meaning Gem City), it was built in 1857 by King Mindon. Today, it is the second largest city boasting its rich cultural heritage. It is also the commercial centre with rail, road, river and air links to all parts of the country.

Pyin-Oo-Lwin, over 1000 metres above sea-level, is a popular hill-station about 69 km away from Mandalay. It is well-known for its colonial-style houses with large compound and pine trees, eucalyptus and silver-oak around. Delightfully cool and pleasant the whole year round, the 175 hectare National Kandawgyi Gardens, Pwe Kauk and Ani-sakan Waterfalls, Goteik Viaduct and Peik Chin Myaung Caves are places of interest.

Bagan is the main tourist attraction in Myanmar. One of the richest archaeological sites in Asia, Bagan is located on the eastern bank of the Ayeyarwady River. Also being the capital of first Myanmar Empire, Bagan covers an area of 42 sq. km containing over 2000 well-preserved pagodas and temples of the 11th-13th century.

Mount Popa, some 50 km southeast of Bagan, 15,000 metres high, is an extinct volcano. It is the legendary home of the ‘nats’ or spirits. The Mount Popa area has also been designated as a National Park, a perfect place for eco-tourism.

Inlay Lake, a vast picturesque lake, 900 metres above sea-level, is one of the main tourist attractions in Myanmar. The lake, 22 km long and 10 km across, has a population of some 150,000 many of whom live on floating islands of vegetation. Inlay Lake, natural and unpolluted, is famous for its scenic beauty and the unique leg-rowing of the Inthas, the native lake dwellers.

► *Beaches*

Ngapali Beach, located on the Rakhine Coast near Thandwe, is one of the beautiful beaches in Myanmar. This beach is 35 minutes by plane from Yangon. By land, it is 14 hours drive along the narrow winding road over the Rakhine Yoma (mountain range) after crossing the Ayeyarwady River at Pyay. There is an 18-hole Golf Course, located 15 minutes drive from the beach. A wide choice of hotels from first-class Bay View Hotel, Sandoway Beach Resort and Amata Beach Resort to standard Ngapali Beach and Silver Beach.

Chaung-Tha Beach is located 40 km to the west of Patheingyi in Ayeyarwady Division. It is a very convenient drive from Yangon via Patheingyi taking about 5 hours. There are bungalow type hotels along the beach with modern facilities.

Ngwe-Saung Beach is a newly opened beach about 48 km from Patheingyi. This beach stretches 15 km of white sand and blue sea. There are newly constructed bungalows with local flavour but equipped with modern facilities. Fringed with palm trees, all hotels are facing the beach.

Myeik Archipelago, located in southernmost point of Myanmar, comprises over 500 gorgeous islands.

► *Other Tourism Destinations*

Kyaikhtiyo Pagoda stands on a gold gilded boulder, precariously perched on the edge of the hill, over 1100 m above sea-level. Kyaikhto, the town at the foot of the hill, is about 160 km from Yangon. It is an 11 kilometer up-hill climb for the hikers from Kimpun base camp. There is also a steep winding road for 4-wheel drive cars from the base to the nearest point of the pagoda. There are many legends about the pagoda.

Mawlamyine, a charming town, is the capital of Mon State, situated at the mouth of the Thanlwin River. It is easily accessible by road and rail from Yangon. Sites to see in Mawlamyine are Kyaikthanlan Pagoda, Uzena Pagoda, Caves of Kawgoon and Payon, famous for its countless Buddha images, stalagmites and stalactites.

Kyaikkhami Pagoda, perched on the rocks by the sea and joined to the land by a covered causeway, is the main attraction.

Thanbyuzayat is about 34 km from Mawlamyine. There is an Allied War Memorial Cemetery for the prisoners of war who lost their lives in the building of the famous Death Railway across the River Kwai.

Mrauk-U the 15th century ancient city of Rakhine Kingdom is known for its old temples with wall paintings.

The Mahamuni Shrine, one of the famous Pagodas in Myanmar is situated 30 km from Mrauk-U. Shitthaung Pagoda, Dukkhanthein Pagoda and Andawthein Shrine are some of the sites to see in Mrauk-U.

Myitkyina is the largest town in Kachin State. From Myitkyina, visitors can tour the confluence (Myitstone) of Maikha and Malikha, the source of the Ayeyarwady River. There are regular flights from Yangon and Mandalay to Myitkyina.

Putao is another town in Kachin State surrounded by snow-peaked mountains. It is cool the whole year round and there are many varieties of citrus fruits grown in the orchards. It is the nearest town to the base camp for climbing Mt. Khakaborazi (5889 meters), which is the highest mountain in Myanmar and in Southeast Asia.

Investment Climate

1. Macro Economic Situation

Myanmar adopted market - oriented economic system in 1988 and reform measures such as decentralizing, encouraging private sector development, allowing foreign direct investment, initiating institutional changes and promoting external trade by streamlining export and import procedures have been undertaken.

Accordingly, laws, orders, rules, regulations and notifications which had prohibited or restricted the private sector from engaging in economic activities were replaced and / or amended to be in line with the change of time and circumstances. New legal instruments, which encourage the private sector including foreign investors and businessmen were enacted.

Since 1992, the government has embarked on development plans in social, economic and infrastructure sectors. Plans and programmes, utilizing the available resources, that could be practically implemented were formulated.

- The first four year short - term plan was formulated and implemented from 1992 - 1993 to 1995 - 1996 achieving average annual growth rate of 7.5 %.
- The second five year short - term plan was formulated and implemented from 1996 - 1997 to 2000 - 2001 achieving average annual growth rate of 8.5 %.
- The third five year short - term plan was formulated and implemented from 2001 - 2002 to 2005 - 2006 achieving average annual growth rate of 12.8 %.

2. Regulations for Foreign Investment

Foreign Investment Policy

Myanmar's foreign direct investment policy is a component of the overall restructuring and development policy of the government. The main components of the policy are:

- Adoption of market oriented system for the allocation of resources.
- Encouragement of private investment and entrepreneurial activity.
- Opening of the economy for foreign trade and investment.

The objectives of the Union of Myanmar Foreign Investment Law are:

- promotion and expansion of exports
- exploitation of natural resources, which require heavy investment
- acquisition of high technology
- supporting and assisting production and services involving large capital
- opening up of more employment opportunities
- development of works which would save energy consumption; and
- regional development.

3. Formation of Myanmar Investment Commission

In order to oversee and administer the Foreign Investment Law (FIL) and Myanmar Citizen's Investment Law (MCIL); the Myanmar Investment Commission (MIC) was formed and the Ministers and Deputy Ministers from respective Ministries are members of the commission.

Duties and functions of MIC are:

- to scrutinize the proposal to see that it conforms with all the rules and regulations as set out in the FIL;
- to ensure that the proposal is financially credible, economically justifiable and that proposed technology to be used is appropriate;
- to ensure that the proposed project is environmentally friendly;
- to grant approval by the issuance of a Permit with stated terms and conditions;
- to monitor and evaluate foreign investment after approval has been given;
- to relax and amend the terms and conditions previously defined if necessary;
- to give suggestions and recommendations, where necessary;
- to facilitate and promote foreign investment
- to take necessary and prompt action in respect of issues regarding promotion of foreign investments.

Economic Indicators and Policies

1. Statistical Information

International Visitor Arrivals

In Myanmar, data and statistics are collected on a financial year basis (i.e. April to March). The international visitor arrivals and tourism receipts are as follows:

No	Name	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008
1.	Visitor Arrivals	220608	208032	242459	233453	282376	219864
2.	Visitor Arrivals (Border Crossing)	623083	640891	654470	420096	372226	501946
3.	Tourism Receipts (US\$ million)	116.98	144.27	160.45	178.17	198.48	171.396

The top markets are as follows:

- Thailand, China, Korea, Japan, Taiwan, Germany, France, Italy, Spain

▶ *Number of Hotel Rooms*

The total of foreign investment hotel rooms now operating in Yangon is 4036 and there are also over 500 local / private hotels and guesthouses, bringing it to a total of 19627 rooms. About 1500 rooms of foreign investment projects are still under construction.

All over the country, over 19000 hotel rooms of local standard are in operation.

▶ *Number of International Airports*

Yangon International Airport is the gateway to Myanmar. There are now (7) airports including Mandalay International Airport where Boeing 747 aircraft could land and (13) airports where aircraft upto Boeing 737 could land. Twelve international airlines are now operating in Yangon.

2. Information on the Exchange Rate System

The unit of currency in Myanmar is Kyat which is divided into 100 pyas. The certified average exchange rate is 1 US\$ = 6 Kyats.

3. Foreign Investment Inducement

Since the promulgation of the Foreign Investment Law in 1988, a total of 418 foreign enterprises from 28 countries of the economy with a total pledge amount of US\$ 14741.279 million, up to the end of March 2008. Among the investment in 11 sectors of the economy, the leading sectors are power 42.81%, oil & gas 22%, manufacturing 11.05% and real estate 7.17% of the total permitted amount of foreign investment. The leading investors are Thailand accounted for 5.14%, U.K accounted for 12.62% and Singapore accounted for 10.31% respectively.

4. Importance of FDI to Economic Development of Myanmar

Foreign Direct investment (FDI) has contributed significantly to the economic and industrial development of Myanmar over many years and will undoubtedly continue to be so. Given the continuous decline in the official development assistance and bank borrowing from the international Financial Agencies, FDI will continue to be a significant source of finance for development, fulfilling investment and saving gap. FDI will play an important role in supporting the sustainability of the recovery process and industrial development in Myanmar.

FDI brings along with it not only capital flows that are related to the balance of payments, but also a package of other economic benefits such as employment opportunities, export market, technology and entrepreneurial skill enhancement. So

FDI are welcome in accordance with the Union of Myanmar Foreign Investment Law. One exceptional case is that, while it is generally acknowledged that there is a close link between FDI and development, there are also arguments against FDI, such as, in its role in bringing inappropriate technology transfer and with respect to deteriorating balance of payments in the long run so that Myanmar does not accept such kind of FDI projects that will give negative effects.

5. Tourism Industry

Myanmar is a destination with a rich cultural heritage. It is also blessed with a natural environment with snow - capped mountains, beautiful lakes, long rivers, lush tropical forests, unspoilt beaches and archipelagos.

To enhance the development of tourism and to increase foreign revenue, the Myanmar Hotel and Tourism Law was enacted in October 1993, followed by the Procedures and Orders relating to the Hotel and Lodging House Business, Tourism Enterprises, Tourist Transportation and Tour Guide Business.

Today, there are 43 foreign investment hotel projects with a total investment of US\$ 1.1 billion and out of that, 28 international class hotels / apartments are already in operation. Hotel projects are mostly located in Yangon. There will be over 6,500 international class hotel rooms upon completion of all the existing projects.

Since the Myanmar Hotel and Tourism Law was passed in 1993, private entrepreneurs have been enthusiastic to engage and invest in tourism business, As of end March 2008, the following have been issued with licenses to operate.

- 767 tour operator / travel agent licenses
- 619 hotel, motel and lodging houses licenses
- 4658 tourist guide licenses
- 311 tourist transport licences

6. Government-to-government Agreements Relevant to Tourism

Myanmar has signed bilateral tourism co-operation agreements with the following countries:

China, Cambodia, Lao PDR, Malaysia, Singapore, Thailand, Viet Nam.

Areas covered under the agreements:

- Promotion of joint or combined destinations
- Introduction of simple entry procedures for citizens travelling between their countries
- Facilitation of air linkages
- Exchange of tourism information and expertise

7. Potential Locations for Tourism Related Investment

There is a growing need for international class hotels in major tourist sites like Bagan, Inlay and Ngapali. There are also many newly opened areas like Mawlamyine, Myitkyina, Pyay, Mrauk Oo where there are small hotels and guest houses with limited rooms.

There are many investment opportunities for developing golf courses, beach resorts, tourist villages, amusement parks, recreational centers, service apartments, condominiums and office complexes.

Myanmar has many diverse attractions and is also an ideal place for investors who are interested in property and estate development. Besides tourism related investments, a sound infrastructure (airports, roads, rails, telecommunication, etc) is highly crucial for the promotion of tourism and hence investors who are looking for investment opportunities in these areas are also welcome.

Apart from cultural attractions, scenic and natural unspoiled beauty, different national races and traditional arts and crafts, there are still many places where no international class resorts are available.

For eco-tourism, the potential areas are:

- Alaungdaw Katthapa National Park, about 250 kilometres west of Mandalay
- Popa Mountain Park, in the central dry zone, near Bagan
- Shwe Settaw Wildlife Sanctuary near Magwe Sein Ye Camp, 320 kilometres north of Yangon, near Oktwin township

Financial Framework

The FIL allows that foreign investment activities can be undertaken either in the form of wholly foreign-owned or a joint venture with any Myanmar partner, an individual, a private company, a co-operative society or a State-owned enterprise. In all joint ventures, the minimum share of the foreign party is 35 percent of the total equity capital. BOT (Build, Operate and Transfer) system is allowed for hotel and real estate project, while PSC (Production Sharing Contract) system is allowed for exploration and extraction of the natural resources.

1. Minimum Capital Requirement

The minimum amount of foreign capital required to be eligible under the Foreign Investment Law is as follows

- Industry US\$ 500,000
- Services US\$ 300,000

2. Land Utilization

According to the existing land laws of Myanmar, a foreigner or foreign company cannot own land, but can lease for a long-term period from the State for investment activities.

3. Allowable Economic Activities

In order to provide more specific guidance to foreign investors, a notification listing of the types of economic activities allowed for foreign investment has been issued covering most activities with the exception of those reserved under the State-owned Economic Enterprise Law (SEEs Law). However, if a foreign investor is interested in an activity not specified in the notification or an activity defined in the SEEs Law, application can be sent to MIC through the Ministry concerned the interest and reasons as to why it will be mutually beneficial to the State and to the investor for the activity to be undertaken. If MIC finds the proposed activity to be satisfactory and in the interest of the Nation, the application will be submitted to the Trade Council and Cabinet for approval.

4. Application Procedures for Foreign Investment

The potential investors shall submit a proposal to MIC in a prescribed form. The proposal has to be supported with the following documents:-

1. business profile and documents supporting financial credibility such as the latest audited accounts of the person(s) or the firm intending to make the investment;
2. bank reference and recommendation regarding the potential foreign investor's business standing;
3. detailed calculation relating to the economic justification of the proposed project;
4. a draft contract to be executed with a State organization that is responsible for the smooth operation of enterprise in the respective field if the project is a wholly foreign-owned venture;
5. a draft contract between the partners if the project is joint-venture;
6. a draft land lease agreement (if required);
7. draft Memorandum and Articles of Association if the proposed joint-venture is in the form of a limited company; a draft land lease agreement (if required); and
8. An application for exemptions and relief's under Section-21 of the FIL.

5. Incentives and Guarantees

As the FIL is aimed to bring in more foreign capital into the country, it offers investment incentives and guarantees to foreign investors. An enterprise permitted by the FIL shall enjoy a tax holiday period of three years inclusive of the year the enterprise commences its commercial operation and also to a reasonable period upon application, provided that MIC, in the interest of the State, considers appropriate. In addition, MIC may grant one or all of the following exemptions and reliefs:-

1. exemption or relief from income-tax on reinvest profits within one year;
2. accelerated depreciation rates approved by the Commission;
3. fifty per cent relief from income-tax on profits accrues from exports;
4. right to pay income-tax on behalf of foreign experts and technicians employed in the business and the right to deduct such payment from the assessable income;

5. right to pay income tax on the income of foreign employees at the rates applicable to Myanmar nationals;
6. right to deduct R & D expenditures from the assessable income;
7. right to carry forward and set off losses up to three consecutive years from the year the loss is sustained;
8. exemption or relief from customs duty or other internal taxes of both on import of machinery, equipment, instruments, machinery components, spare parts and materials used in the business during the period of construction; and
9. exemption or relief of customs duty or other internal taxes or both on imported raw materials for the first three years of commercial operation after completion of construction.

The FIL provides the State guarantee that an enterprise permitted by the MIC under the FIL shall not be nationalized during the permitted period or the extended period (if any). It also provides repatriation of profit after deduction of all taxes due.

6. Right to Transfer Foreign Currency

A person who has brought in foreign capital can transfer the following:-

- Foreign currency entitlement of him.
- Net profit after deducting all taxes and provisions.
- Foreign currency permitted for withdrawal by the Commission which may include the value of assets on the winding up of business.
- A foreign employee can transfer his salary and lawful income after deducting taxes and other living expenses incurred domestically.

7. Policy on Repatriation of Profit / Capital and Remittance of Earnings

The Foreign Investment Law (FIL) guarantees that foreign investments undertaken under the FIL shall not be nationalized. It also guarantees that the repatriation in foreign currency to the legitimate foreign investor after the termination of the business. The repatriation of savings of the foreign employees engaged by the foreign investor is also allowed.

8. Taxation System

Myanmar's tax structure comprises of 15 different taxes and duties under the four major heads. They are:

- taxes levied on domestic production and public consumption
- taxes levied on income and ownership
- customs duties
- taxes levied on the utilization of state-owned properties

► *Principal Taxes*

In general, all income of companies, association of persons and individuals are subjects to income tax. Other taxes include capital gains tax, commercial tax and stamp duty.

The Internal Revenue Department, which is under the Ministry of Finance and Revenue, administers one indirect tax, that is, the commercial tax and four direct taxes i.e. Income Tax, Profits Tax, State Lottery Tax and Stamp Duties.

Income of the taxpayers is computed on the basis of one fiscal year, which starts on 1st April and ends of 31st March the following year. The fiscal year in which income received is expressed as “income year” and the year following as “assessment year”.

The return of income is to be filed with the office of the Internal Revenue Department in the respective townships on or before 30th June following the income year, but for business being discontinued, filing must be done within a month from the date of termination.

► *Withholding Taxes*

In the case of income chargeable under the head “salaries”, tax must be deducted at source, i.e. the employer must deduct tax at the time of payment and remit the amount to the Township Revenue Office. The following types of income are also subject to withholding tax at the corresponding rates indicated, i.e. Tax must be deducted at the time of disbursement by the person responsible for such disbursement and remitted to the Internal Revenue Department.

Type of Income	Resident-Citizens and resident-foreigners	Non-resident Foreigners
Interests	-	15%
Royalties for the use of licenses, Trade Marks, Patent Right ect.	15%	20%
Payments for work done under contract for State organizations, Development Committees and Co-operatives	3%	3.5%
Payment for work done by foreign contractors	2.5%	3%

The payment of taxes at sources shall be adjusted from the amount of tax under regular of final assessment.

► *Application of the Law*

The Myanmar Income Tax Law applies to the following types of taxpayers and class of income:

- (a) State-owned economic enterprises
- (b) Co-operative societies
- (c) Foreigners and foreign organizations engaged under special permission in state-enterprises
- (d) Income from salaries
- (e) Non-resident foreigners

- (f) Income earned abroad by non-residents citizens
- (g) Companies
- (h) Resident foreigners
- (i) Partnership of joint venture formed between or with a, b, c, e, g and h of above

► ***Resident and Non-Resident***

For income-tax purposes, a foreigner of foreign organization is classified as “resident” or “non-resident”. The Income Tax Law defines a “resident foreigner” as follows:-

- in the case of an individual, a foreigner who resides in Myanmar for not less than 183 days during the income year
- in the case of company, a company formed under the Myanmar Companies Act or any other existing Myanmar Law, wholly or partly with foreign shareholders.
- in the case of an association of persons other than a company, an association formed wholly or partly with foreigners and where the control, management and decision making of its affairs is situated and exercised wholly in the Union of Myanmar.
- non-resident foreigner means any foreigner who is not a resident foreigner in the Union of Myanmar.

Charge of Tax

A resident citizen or a resident foreigner or enterprise is subject to tax on income derived from all sources within the Union of Myanmar and on income from sources outside the Union of Myanmar. In the case of an enterprise operating under the Union of Myanmar Foreign Investment Law, the tax is payable on income derived from sources within the Union of Myanmar.

A non-resident foreigner or enterprise is subject to tax on all income from sources in Myanmar at the rates specially prescribed for non-residents.

Heads of Income

The following heads of income are subject to income tax:

- (a) salaries
- (b) profession
- (c) business
- (d) property (in respect of income received by letting out land, or and building)
- (e) capital gains
- (f) undisclosed source of income
- (g) other source of income

In the case of income from salaries or capital gains, the tax shall be separately assessed under each head of income.

► ***Resident Companies***

Companies formed under the Myanmar Companies Act or Special Company Act 1950, or any existing law are regarded as resident companies. The rate of income

tax for resident companies is 30%. Corporate income tax is levied on chargeable income.

Gross income includes income from trade, business, interest, discounts, rents royalties and other gains or profits of an income nature, such as commission and fees etc.

Dividend and capital gains are not included in income. Tax free dividends are payable by the company or firm concerned under the Income Tax Law, and capital gains tax are assessed separately.

Deductions are allowed for expenses incurred wholly and exclusively in the production of income.

Deduction for depreciation of capital assets is allowed as prescribed by the Income Tax legislation. Such tax depreciation must be calculated using the straight - line method.

► *Non-Resident Companies*

A non-resident company is subject to tax all sources of income from Myanmar. The tax rate for non-resident companies operating under the Union of Myanmar Foreign Investment Law is 30%.

A branch company will be treated as a “non-resident” company since its management and control is outside the Union of Myanmar. Income tax is payable at 35% or at graduated rates from 3% to 50%, whichever is greater.

► *Taxation of Individuals*

Resident Citizens and Resident Foreigners

A resident citizen or a resident foreigner is taxed on income derived from all sources within the Union of Myanmar and income from sources outside the Union of Myanmar.

A foreigner who lives in Myanmar for 183 days and more is deemed to be a resident foreigner. No tax is payable if the total income under the head “salaries” does not exceed K 30,000 in a year.

Tax is levied on taxable income at graduated rates ranging from 3% to 30%.

Business Income

Persons who carry on a trade, business, profession etc are taxed on gains derived from their activities. A taxable income of not more than K 10,000 shall not be taxed. Tax is levied on taxable income at graduated rates, ranging from 3% to 50%.

Taxation of Non-Resident Foreigner

A non-resident foreigner is subject to tax on all sources of income from Myanmar, at the rates specifically prescribed for non-residents.

Tax payable on total income is at 35% or at graduated rate from 3% to 50%, whichever is greater, before deduction of any relief is allowed. However, if a non-resident foreigner is engaged in a State enterprise or a State sponsored project enterprise or in any undertaking with the approval of the Ministry concerned, the tax shall be 20% of the total income, before deduction of any relief is allowed.

Capital Gains Tax

Capital assets are defined as any; and, building vehicle and any capital asset connected with an enterprise. Capital gains means any profits realized from the sale, exchange or transfer of any capital asset.

In determining the capital gains, the following shall be deducted from the full value of the sale, exchange or transfer of the capital asset concerned:

- (a) the net value remaining after deducting the total depreciation allowed under the Myanmar Income Tax Act from the sum total of the original cost to the assessed and any expenditure of a capital nature actually incurred by him for making any addition thereto
- (b) expenditure incurred in the procurement of the said asset, and in the sale, exchange or transfer of the same.

The rate of tax is a flat 10% on capital gains, but if accrued to a non-resident foreigner, the tax shall be a flat 40% on such gains.

No tax is liable if the value of the sale, exchange or transfer of the capital assets within a year is less than K 50,000.

Any person having taxable capital gains is required to file his return of income within one month from the sale, exchange or transfer of the capital asset.

Profits Tax

Those having taxable income, but not covered by the Income-Tax Law are subject to tax under the Profits Tax Law. The types of taxpayers are individuals who are resident citizens. The minimum income liable to tax is K 10,000. The taxes payable are according to the income level as provided in a separate schedule. The procedures pertaining to the method of assessments are almost the same as the procedures prescribed for Income Tax.

A person who desires to be assessed under the Income Tax Law may apply within three months from the end of the income year, producing reliable evidence to the State/Divisional Revenue Officer for passing an order to be so assessed.

Property Tax

The concerned City Development Committee (eg. Yangon, Mandalay) levies property tax.

Commercial Tax

Commercial Tax is a turnover tax levied on goods and services. The tax is charged on a wide range of goods either domestically produced or manufactured or imported into the country. Certain items of goods, mostly basic food and raw materials, are

exempt from tax. Types of services liable to tax include transportation of passengers, entertainment, trade and operation of hotels, lodging, restaurants, cafes and footstalls etc.

Except for trade, the tax is imposed as an ad valorem single stage tax, that is tax imposed at the point of sale of producer or manufacture for domestically produced or manufactured goods at the point of import (collected together with customs duty) for imported goods. Regulations to set-off input from output tax in the case of production and services are also provided in order to avoid tax cascading.

Tax rates for services are 8% for passengers transport fares. 30% on movies and video show, 15% on other entertainment, 5% on trading and 10% on hotel, lodging house and restaurant services.

Stamp Duty

Stamp duties are collected from the sale of judicial and non-judicial stamps. Duties collected from the sale of judicial stamps represent fees payable under the Court Fees Act, and non-judicial stamp duty is levied on various kinds of instruments which are required to be stamped under the Myanmar Stamp Act.

▶ ***Double Tax Agreement***

To avoid double taxation Myanmar has at present bilateral agreements entered into with the United Kingdom, Viet Nam and Korea.

▶ ***Financial and Tax incentives***

Under the Foreign Investment Law, there are incentives such as a tax holiday for a period of three consecutive years (inclusive of the year of commencement) of the production of services. There are also exemptions and relief from income tax, customs duty and internal taxes. Losses carried over are also allowed for three consecutive years from the year of the loss for companies and other enterprises.

▶ ***Statutory Requirements***

1. Commercial Regulations

▶ ***Companies***

The Companies Act 1914 (as subsequently amended) is the principal legislation governing companies in Myanmar. Four types of companies may be set up according to the Myanmar Companies Act, namely;

- companies limited by shares
- companies limited by guarantee having share capital
- companies limited by guarantee without share capital
- unlimited companies without share capital

A limited liability company is the most common form of business entity in Myanmar which may be formed by citizens and foreigners. The company, which may be either private or public is limited by shares. To be considered private, a company must meet all the following requirements:-

- restrict the right to transfer its shares
- limit the number of its members to 50
- prohibit public subscription for its shares or debentures

► ***Business Incorporation***

Wholly – Owned Foreign Interest

A foreign investor may form a sole proprietorship, a partnership, a limited company and a branch with 100% foreign capital. As sole proprietorships and partnerships may entail heavy taxation, foreign investors usually form limited companies.

Establishing Business in Which Citizens Have Interest

A foreign investor can enter into a partnership with his local counterpart or set up a limited liability company with shares held by local investors. He can also form a joint venture company limited. In such cases, the foreign capital to be brought in must be at a minimum of 35% of the total equity capital.

For the incorporation of a foreign company or for the establishment of a branch, a foreign investor is required to bring into Myanmar, a minimum amount of capital as follows:

- foreign currency equivalent to K 1,000,000 for an “industrial” company (including trading and services)
- foreign currency equivalent to K 500,000 for an “trading” company (including services)
- foreign currency equivalent to K 300,000 for an “services” company (services only)

Establishing a Foreign Company

Generally, limited companies are incorporated and registered in accordance with the provision of the Myanmar Companies Act. A foreign investor may form a limited company with 100% foreign capital or with shares held by a local investor. He may also form a joint venture company with a Myanmar business entity under the Union of Myanmar Foreign Investment Law to get certain exemptions and reliefs.

However, joint ventures with state-owned economic organizations must be incorporated under the Special Company Act 1950 and the Myanmar Foreign Investment Law.

Application Procedure for Permit to Trade

Before a foreign company or branch of a foreign company is set up in Myanmar, it is required to apply for “Permit to Trade” from the Ministry of National Planning and Economic Development before it can apply for registration of the company with the Register of Companies Registration Office. The application shall be made in Form A.

A Court fee stamp to the value of K 6 must be affixed to Form A. An application fee of US\$ 100 must be paid before filling in the application form.

A company incorporated under the Myanmar companies Act 1914 shall maintain proper books of accounts in Myanmar or English with respect to:

- All sums of money received and expended by the company and matters in receipt and expenditure take place.
- All sale and purchase of goods by the company
- The assets and liabilities of the company

The books of account shall be kept at the registered office of the company or at such other places as the directors deem fit, and shall be opened to inspection by the directors during business hours.

▶ *Audit Requirement*

Under the Companies Act, every company must appoint one or more auditors qualified for appointment under the Myanmar Accountancy Council Law to report to the shareholders on the company's financial statements. The auditors must express an opinion on the following and report to the shareholders at the general meeting:

- whether or not they have obtained all the information and explanations they have required
- whether or not in their opinion the balance sheet and the profit and loss account referred to in the report are drawn up in conformity with the law
- whether or not such balance sheet and profit and loss account exhibit a true and fair view of the state of the company's affairs according to the best of their information and the explanations given to them, and as shown by the books of the company
- whether in their opinion books of accounts have been kept by the company as required under Section 130 of Myanmar Companies Act.

▶ *Accounting Profession*

The Myanmar Accountancy Council is the accounting body in Myanmar. Chaired by the Auditor-General, all members of the Council are appointed by the Government. But under the Myanmar Accountancy Council Law 1994, the Council has now allowed the establishment of other professional institution for the development of the accounting profession.

▶ *Immigration / Work Permits / Employment Passes*

A labour contract may contain essential information which includes job description, working venue, salary and wages, duration of contract, terms of trial period and terms of termination.

The Department of Labour can help the foreign enterprises in scrutinizing the Work Rules and Employment Contracts so that they may be in conformity with the provision of existing Myanmar Labour Department.

Relevant Agencies

(a) Tourism

Director General
Directorate of Hotels and Tourism,
Ministry of Hotels and Tourism
Building No. (33)
Nay Pyi Taw, Union of Myanmar
Tel : 95 67 406451
406057 / 406130
Fax : 95 67 406056 / 406057
Email : dg.dht@mptmail.net.mm

(b) Business Registration

Director General
Directorate of Investment and
Company Administration
Building No. (32)
Nay Pyi Taw, Union of Myanmar
Tel : 95 67 406343
Fax : 95 67 406074

(c) Customs

Director General
Customs Department
No. 132, Strand Road
Kyauktada Township,
Yangon Union of Myanmar
Tel: 95 1 380729
Fax: 95 1 371031

(d) Tax

Director General
Internal Revenue Department
Building No. (34) Nay Pyi Taw,
Union of Myanmar
Tel : 95 67 410322, 403005
Fax : 95 67 410325

(e) Immigration

Director General
Immigration and National
Registration Department
Building No. (23)
Nay Pyi Taw, Union of Myanmar
Tel : 95 67 404038, 404062, 404030
Fax : 95 67 404062

Foreign Investment Of Permitted Enterprise As Of (31/3/2008) (By Sector)

USD million

Sr No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	Power	2	6311.222	42.81
2	Oil and Gas	85	3243.478	22.00
3	Manufacturing	154	1629.128	11.05
4	Real Estate	19	1056.453	7.17
5	Hotels & Tourism	43	1034.561	7.02
6	Mining	59	539.890	3.66
7	Livestock and Fisheries	25	324.358	2.20
8	Transport & Communication	16	313.272	2.13
9	Industrial Estate	3	193.113	1.32
10	Construction	2	37.767	0.26
11	Agriculture	4	34.351	0.24
12	Other Services	6	23.686	0.16
	Total	418	14741.279	100.00

* Inclusive of enterprises incorporated in British Virgin Islands, Bermuda Islands and Cayman Islands.

Annex B
Foreign Investment Of Permitted Enterprises
As Of (31/3/2008) (By Country)

USD million

Sr No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1	Thailand	58	7391.843	50.14
2	U.K*	50	1860.954	12.62
3	Singapore	71	1520.213	10.31
4	Malaysia	33	660.747	4.48
5	Hong Kong	31	504.218	3.42
6	China	27	475.443	3.23
7	France	2	469.000	3.18
8	U. S. A	15	243.565	1.65
9	Republic of Korea	37	243.308	1.65
10	Indonesia	12	241.497	1.64
11	The Netherland	5	238.835	1.62
12	Japan	23	213.004	1.44
13	Philippine	2	146.667	0.99
14	India	7	219.575	1.49
15	Australia	14	82.080	0.56
16	Austria	2	72.500	0.49
17	Canada	14	39.781	0.27
18	Panama	1	29.101	0.20
19	Germany	2	17.500	0.12
20	Denmark	1	13.370	0.09
21	Cyprus	2	38.250	0.26
22	Macau	2	4.400	0.03
23	Vietnam	1	3.649	0.02
24	Switzerland	1	3.382	0.02
25	Bangladesh	2	2.957	0.02
26	Israel	1	2.400	0.02
27	Brunei Darussalam	1	2.040	0.01
28	Sri Lanka	1	1.000	0.01
	Total	418	14741.279	100.00

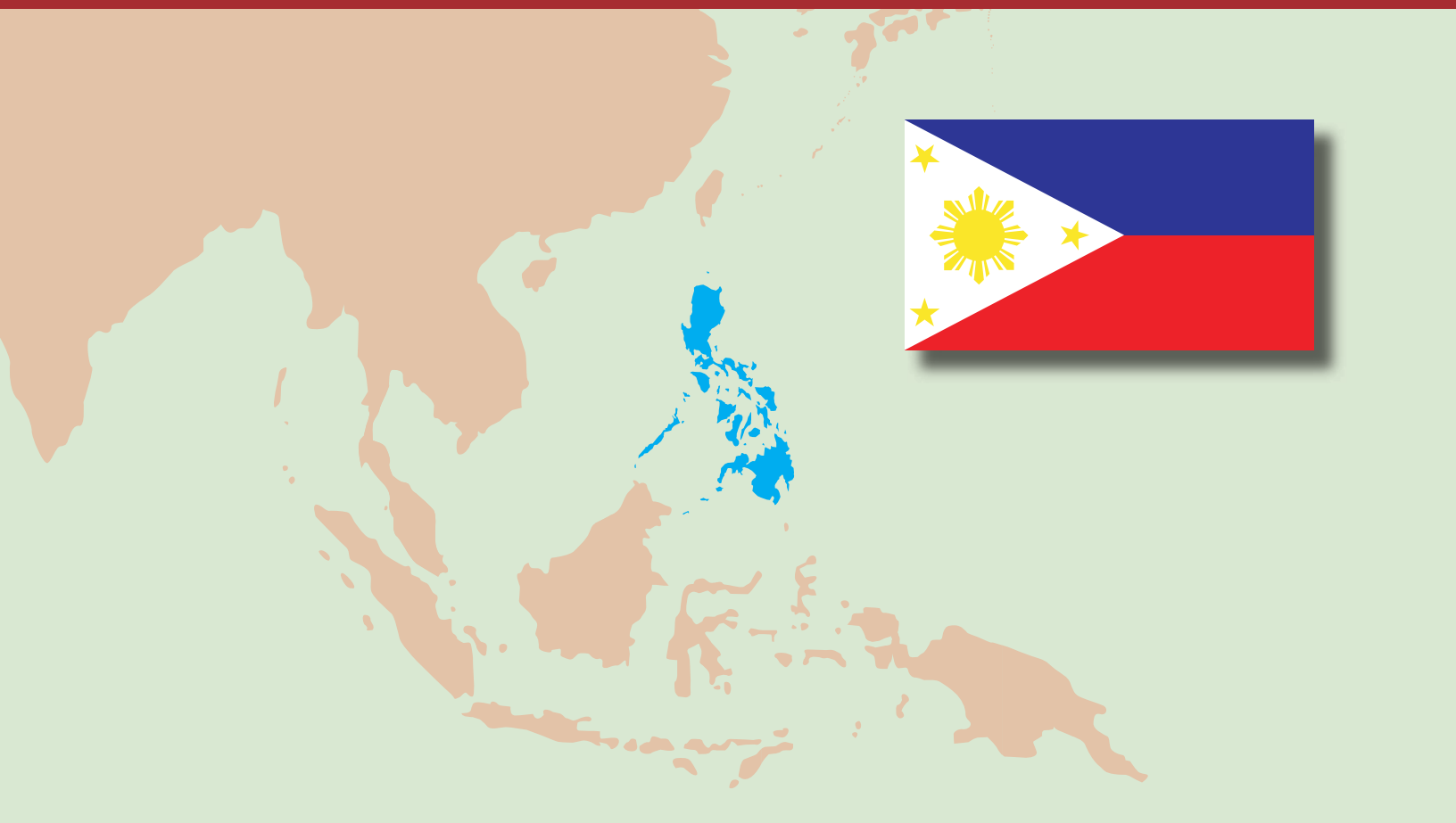
* Inclusive of enterprises incorporated in British Virgin Islands, Bermuda Islands and Cayman Islands.

**Myanmar Citizens Investment By Sector As Of
(31/3/2008) (Value Kyats In Million)**

Sr No.	Particulars	Permitted Enterprises		
		No.	Approved Amount	%
1.	Manufacturing	500	34898.23	24.47
2.	Real Estate Development	30	30081.96	21.09
3.	Transport	11	24934.26	17.48
4.	Construction	8	12468.00	8.74
5.	Others	13	11511.23	8.07
6.	Livestock & Fisheries	50	10535.06	7.39
7.	Mining	46	7377.92	5.17
8.	Hotel & Tourism	19	5603.84	3.93
9.	Power	2	3664.92	2.57
10.	Industrial Estate	1	1012.79	0.71
11.	Agriculture	5	547.90	0.38
	Total	685	142636.11	100.00



Philippines





Country Information

1. Geographical Aspects and Background Information

The Philippine archipelago lies off the southeastern coast of mainland Asia. The Pacific Ocean bounds it on the east, the Celebes Sea on the south, and the South China Sea on the west and north.

The Philippines is made up of 7,107 islands and islets, making it one of the largest archipelagos in the world. The islands are grouped into three geographic areas: Luzon, the biggest island group where the capital city of Manila is located, Visayas and Mindanao.

Topography is varied, consisting of lowlands, high mountain areas, and a coastline of 18,411 kilometers on which there are 60 natural harbors. Manila Bay, considered the country's premier seaport facility, has an area of 1,970 square kilometers and a coastline of 192 kilometers.

The country has two (2) distinct seasons: the dry season, from November to May and the wet season, from June to October. The different parts of the country experience varied weather conditions because of the general airstreams that cross the islands, namely, the monsoons and tradewinds. The average annual rainfall in the Philippines is about 2,030 millimeters. Temperature ranges from 23 to 32 degrees centigrade and humidity varies from 70% to 85%, depending on the time of year.

2. Tourism Related Infrastructure

Any part of the country is easily accessible. Concrete and asphalt roads connect the primary gateways to the various tourism development areas. Being an archipelago, the Philippines has various ports. It has about 114 harbors the busiest of which are Manila, Cebu, Iloilo and Zamboanga. For air transport, the country has 9 international airports (4 primary, 4 secondary and 1 unclassified), 10 major commercial domestic airports or trunkline, 38 minor commercial domestic or secondary airports and 30 feeder airports. The Ninoy Aquino International Airport (NAIA) and Centennial Airport in Metro Manila is served by at least 32 airlines which fly to different cities around the world.

The Mactan International Airport in Cebu, the second major gateway to the Philippines, is connected to Japan, Hongkong, Singapore, Korea, Taiwan and Malaysia. Davao and Zamboanga cities in Mindanao have regular flights from Indonesia, Singapore, Palau, Hongkong and Malaysia and will be the hubs of traffic to the dynamic geographical region known as the East Asian Growth Area (BIMP-EAGA). Laoag City in Northern Luzon is accessed from China, Hongkong and Taiwan. The Diosdado Macapagal International Airport in Clark, Pampanga is also servicing international flights to Singapore, Macau, Hongkong and Malaysia.

Both voice and non-voice telecommunication facilities are highly developed in the country. The Philippine Long Distance Telephone Company maintains an international gateway and an extensive telephone backbone nation-wide. Two

other companies have international telephone gateways: the Philippine Global Communications, Inc. and Eastern Telecommunications Philippines, Inc.

More telephone networks are expected to be set up with the government's mandate to increase telephone facilities. Several automatic cellular mobile telephone systems operate nation-wide. Fax, telex, telegram, data network, leased channel and other non-voice systems are widely available.

Investment Climate

1. Foreign Investment Policy

The Philippine government recognizes the pivotal role of the private sector investments and is committed to enhancing the business climate continuously. Foreign investments are encouraged to help provide employment, increase production, and provide a base for the overall development of the economy.

Anyone, regardless of nationality, is welcome to invest in the Philippines. With the liberalization of the foreign investment law of 1991, 100% foreign equity may be allowed in all areas of investment except those reserved for Filipinos by mandate of the Philippine Constitution.

2. Regulations for Foreign Investment

A foreign corporation must first secure the necessary licenses or registration from the appropriate government agencies. In the case of corporations or partnerships, the necessary incorporation papers from the Securities and Exchange Commission must first be obtained. In the case of sole proprietorships, registration from the Department of Trade and Industry must be secured.

The following are some laws governing tourism-related investment (details of these laws are found under the section on Financial Framework):

1. *Executive Order No. 63*
2. *Omnibus Investments Code (Executive Order No. 226)*
3. *Foreign Investment Act of 1991 (Republic Act 7042)*
4. *Built-Operate Transfer Law (Republic Act 7718)*
5. *Special Economic Zone Act of 1995 (Republic Act 7916)*
6. *Philippine Retirement Authority (Executive Order No. 1037)*

While acquisition of land is limited to a maximum of 40% foreign ownership, foreigners can now lease land for as long as 75 years. Based on the Republic Act 7652, lease agreements may be entered into with Filipino landowners. The lease period is 25 years, renewable for another 25 years. For tourism projects with a project cost of US\$ 5 million or more, the lease period can be 50 years, renewable for another 25 years.

3. Foreign Investment Level

The Philippine Board of investments provides the following statistics on total approved foreign direct investments based on registered projects:

Year	Investment Cost (Php in Million)
2002	46,048.70
2003	34,010.30
2004	155,509.40
2005	95,806.80
2006	165,880.00

Tourism investments, meanwhile, increased to over Php 93 billion in 2006 based on projects endorsed by the Department of Tourism to the Board of Investments and Philippine Economic Zone Authority for availment of incentives. Projects applied for registration were mostly in the hotel and resort sectors as well as in tourism estates.

Total investments in tourism are shown as follows:

Year	Investment Cost (Php in Million)
2002	828.66
2003	5,472.73
2004	1,287.89
2005	11,938.33
2006	93,765.85

Over the five year period, growth in tourism investment averaged almost 397.15% per annum and is due to the current thrust of the government to promote investments in the country.

Based on the 2006 figures, the development of hotels, resorts and tourism estate/ ecozone accounted for an increase of 685.42% as compared to the previous year. These are mostly located in major areas in Metro Manila, Cebu, Bohol, Albay, La Union and Baguio. The steady increase of tourist traffic to the country has resulted in more demand for more accommodation facilities.

In terms of investment by foreign nationals in the past five years, equity was brought in from Singapore, China, UK, USA, Spain, Hong Kong and Korea.

4. Government-to-government Agreements Relevant to Tourism

The following are several government-to-government agreements, which the Philippines has entered into:

- Brunei, Indonesia, Malaysia, Philippines - East ASEAN Growth Area (BIMP-EAGA) The BIMP-EAGA is an emerging growth triangle in Southeast Asia with a common desire to promote balanced growth within their countries. The BIMP-EAGA project is a key strategy of the participating governments to focus their development efforts in the areas within their countries that in the past have not fully benefited from the rapid economic growth taking place all over ASEAN.
- Agreement on Tourism Co-operation with the following countries (Bilateral Agreements):
 - Asia and Pacific
 - Cambodia* *Korea*
 - China* *Macau*
 - Hongkong* *Malaysia*
 - India* *Singapore*
 - Indonesia* *Taiwan*
 - Iran* *Thailand*
 - Vietnam*
 - Latin America
 - Chile* *Portugal*
 - Mexico* *Venezuela*
 - Europe
 - Greece (Helenic Republic)* *Russia*
 - Hungary* *Slovenia*
 - Kazakhstan* *Spain*
 - Romania* *Turkey*
 - Middle East and Africa
 - Bahrain*
 - Israel*
 - Papa New Guinea*
- Multilateral Agreements for Tourism
- United Nations World Tourism Organization (UNWTO)
- Association of South East Asian Nations (ASEAN) Tourism Agreement
- ASEAN Framework Agreement on Services

5. Export Related / Customs Regulations

A formal visa is not required for stay of 21 days or less for persons coming from America, Asia, or Europe, and who hold a valid passport and a return ticket to another destination outside the Philippines. A visa extension is needed to stay exceeding 21 days and may be applied at the Bureau of Immigration.

The Bureau of Immigration in coordination with the Department of Tourism issues the Special Investor's Residents Visa (SIRV) to foreigners who is willing and able to invest at least a minimum of USD 50,000.00 into any tourism related activity. It entitles the holder and dependents to multiple entry privilege with the right to stay permanently / indefinitely in the Philippines as long as the investments subsist.

At the customs, incoming visitors are given duty free privileges on personal belongings, two cartons of cigarettes or two tins of pipe tobacco, and up to one (1) litre of alcohol.

6. Potential Locations for Tourism Related Investments/ Main Tourism Areas and Their Infrastructure

► *National Capital Region*

Location/Positioning

► **Metro Manila**

South of Bulacan, northeast of Cavite, west of Rizal, and northwest of Laguna, Metro Manila, the National Capital Region is the throbbing cosmopolitan region of the Philippines. An aggregate of adverse distinctions, the region is an intriguing blend of the past and the present, of striking contrasts and contradictions. While it is blessed with significant historical and cultural destinations, it is likewise enriched with modish skyscraping edifices and state of the art shopping malls. As the major gateway to the country's 7,107 alluring islands, Metro Manila is the nation's heart and soul.

Believed to be the ultimate city to millions of Filipinos living outside the metropolis, Metro Manila is the central nerve of all activities in the country, the seat of government, the center of trade and economic activities and the core of education, culture and arts. It is a melting pot of different people, different cultures and different beliefs. NCR is the pulsating domain that remains to be the stalwart realm of the nation.

Getting to and Around

► **By Air**

Being the primary gateway to the Philippines, Manila plays host to numerous international flights from the major airlines all over the world. Flights come in from the different parts of the globe by the hour daily all throughout the week. Domestic flights come aplenty since Manila serves as the hub of all the airports throughout the country.

► **By Land**

Manila can be reached by private and public transport from all over the country through the road networks extending as far north as Cagayan and Ilocos and down south in Zamboanga and Davao.

► **By Sea**

The Port of Manila (POM South Harbor) and the Manila International Container Port (MICP) service many international cargo ships that make Manila a port of call. Incidentally, international commercial passenger ships/cruise lines call on these ports by arrangement, docking at Pier 15 (South Harbor) and served at the new “Eva Macapagal Passenger Terminal”. The Superferry, a domestic shipping line also docks at Pier 15 while all the other domestic shipping lines dock at the North Harbor.

Tourist Attractions

Roxas Boulevard	Museo ng Maynila
Congress of the Philippines	Bahay Tsinoy
Senate of the Philippines	San Agustin Church
Malacañang Palace/Museum	National Museum of the Philippines
Manila Hotel	Bonifacio Circle Monument
University of Sto. Tomas	Bamboo Organ
Manila Bay	Sarao Jeepney Factory Museum
Rizal Park	Ayala Museum
Intramuros	The Manila Polo Club (by request)
Malabon Zoo and Aquarium	Ayala Center
EDSA Shrine	Diosdado Macapagal Avenue
Wack Wack Golf and Country Club	Eastwood City Walk, Libis
Marikina River Park	Gateway Center, Cubao
Marikina Shoe Museum	Ortigas Center
Iglesia ni Cristo Central	Filinvest Corporate City
Cultural Center of the Philippines	Parañaque Wetland Bird Sanctuary
Star City	Sto. Domingo Church
Quezon Memorial Circle	St. John the Baptist Church
Cry of Pugad Lawin, Barangay Bahay Toro	Old Convent of Kabayanan and Santuario de Santo Cristo Church
Our Lady of EDSA Shrine	Greenhills Shopping Center
Ninoy Aquino Parks and Wildlife Center	Pinaglabanan Shrine
Laguna de Bay	Fort Bonifacio Global City
Libingan ng mga Bayani	

Tourism Statistics

► **2006 Visitor Arrivals**

Unknown Residences	Foreign Travelers	Overseas Filipinos	Domestic Travelers	Grand Total
15,303	240,889	28,395	68,694	353,281

** Based only on 10 establishments

► *Cordillera Administrative Region*

Location/Positioning

► **Baguio City**

Nestled at 5,000 feet above sea level atop the frosty peaks of the Grand Cordillera Ranges of Benguet and the mountain provinces, Baguio City, long acknowledged as the Philippine City of Pines, is easily one of the most frequented travel destination in the country. Fully endowed with a spring-like coolness the whole year round, it has appropriately positioned herself as the incomparable Summer Capital of the Philippines and an emerging flower city destination.

► **Banaue, Ifugao**

Home to the centuries-old “Eighth Wonder of the World”, the world-renowned Banaue Rice Terraces, Banaue municipality in Ifugao Province is indeed a sight to behold and to be cherished for a lifetime. Lying high in the Cordillera mountain ranges, the Banaue Rice Terraces are the first living cultural landscape to be inscribed as a World Heritage Site in the UNESCO. Since daily existence in the Cordilleras permanently unit’s man with nature, Banaue is inevitably positioned as an eco-tourism and historico-culture destination.

Getting to and Around

BAGUIO CITY

► **By Air**

From Manila, visitors can take a daily 45-minute flight via the Asian Spirit Airlines landing at the Baguio Loakan Airport which is approximately fifteen minutes drive away from the city proper.

► **By Land**

From Manila, visitors can take the five to six hour bus ride through Kennon Road, Marcos Highway or Quirino Highway (Naguilian Road).

Getting Around

Jeepneys and taxicabs negotiate the city’s winding road network with ease. Garage cars are also easy to contact for car rentals either with a driver or for self-driven cars, however, if you really want to see and smell Baguio, take long leisurely walks.

BANAUE, IFUGAO

► **By Air**

Access point by air is through chartered flights landing at the Bagabag Airport in Nueva Vizcaya. From there, Banaue is just one and a half hours away by land transfer.

► **By Land**

From Manila, Banaue is a good ten hours drive away by bus. From Baguio City, Banaue can be reached via Bontoc, Mountain Province passing thru Benguet Province along the Halsema Highway. Baguio City to Bontoc is a good six (6) hours drive while Bontoc to Banaue is approximately two hours drive via the Mt. Polis Road. Another

route from Baguio City would be via Carmen, Rosales in Pangasinan and San Jose City in Nueva Ecija. Travel time is approximately nine (9) hours. Just recently, the Benguet - Aritao (Nueva Vizcaya) Road was opened paving the way for yet another route for Banaue from Baguio City. Travel time is around seven (7) hours.

Getting Around

Jeepneys and tricycles are the most common mode of transportation in and out of Banaue.

Tourist Attractions

BAGUIO/SUBURBS	BANAUE, IFUGAO
Philippine Military Academy	Guihob Natural Pool
Asin Hot Spring	Bangaan Village & Rice Terraces
Mt. Sto. Tomas	Ducligan River and Waterfalls
Burnham Park	Banaue Rice Terraces
Botanical Garden	Batad Rice Terraces
Wright Park	Mt. Amuyao
Baguio Country Club	
Camp John Hay	
La Trinidad Strawberry Fields & Vegetable Gardens	
Balatoc Mines Tourism Village	

Tourism Statistics

► Visitor Arrivals*

2002	2003	2004	2005	2006
1,189,111	960,945	844,765	866,242	992,918

Tourism Development Directions

► Baguio City

- Development of Marcos Park in the Pugo/Tuba area as a Trade & Tourism Center for CAR (pending negotiation of land ownership)
- Improvement of Burnham Park as a recreation area
- Development of Cabinet Hill facilities for tourist accommodation
- Full development of Teachers' Camp as an educational center
- Improvement of water supply system for Baguio/BLIST
- Addressing the vehicular traffic congestion
- Improvement of Loakan Airport
- Development of alternative modes of transport
- Development/improvement of Botanical Garden as a cultural and botanical park

► **Banaue**

- Promotion of native Ifugao architecture for houses
- Cable cars in tourist village
- Rehabilitation of Banaue airstrip, including access road from the Poblacion
- Home-hosting accommodation/cottages
- Improvement/development of Banaue viewing decks
- Development of a health care facility
- Public pay toilets
- Poblacion renewal program
- Promotion of historic, scientific and cultural tours
- Establishment of a Rice Terraces Museum
- Trade Facilities
- Signages improvement

Required Infrastructure Facilities

► **Baguio City**

- Road improvement of Mt. Santo Tomas Road - Tuba side
- San Fernando Airport (San Fernando City, La Union) at present being used as an alternative airport to Baguio City most especially during the rainy season
- Road improvement of Baguio-Balatoc Road

► **Banaue, Ifugao**

- Road improvement of Baguio-Aritao Road
- Road improvement of the Banaue-Mayoyao-Aguinaldo-Ramon-Santiago Road
- Bagabag Airport (Bagabag, Nueva Vizcaya) to provide air transport access into Ifugao and the Mt. Province
- Road improvement of Mt. Data-Bontoc-Banaue roads
- Road improvement of Bontoc-Tabuk Road
- Toilets along these roads
- Road signages

Local Incentives

► **Baguio City**

As an economic zone, developers are granted incentives under the PEZA Law as follows:

- Income Tax Holiday (ITH) or Exemption from Corporate Income Tax for four (4) years, extendable for a maximum of eight (8) years
- After the ITH period, a special five (5%) percent Gross Income Tax, in lieu of all national and local taxes
- Incentives under the Build-Operate-Transfer Law which include government support for accessing Official Development Assistance and other sources of financing
- Exemption from duties and taxes on imported capital equipment, spare parts, supplies, raw materials
- Provision of vital off-site infrastructure facilities
- The equivalent tax credits on breeding stocks and/or generic materials when these are sourced locally

- Permanent resident status for foreign investors immediate family members
- Employment of foreign nationals
- Assistance in the promotion of economic zones to local and foreign locator enterprises
- Domestic sales allowance equivalent to thirty (30%) percent of total sales
- Exemption from export taxes, wharfage dues, imposts and fees
- Simplified import and export procedures

Other incentives under E.O. 226 or the Omnibus Investment Code of 1987, as may be determined by the PEZA Board.

► ***Region I–Ilocos Region
Ilocos Norte–Ilocos Sur–La Union–Pangasinan***

Location and Positioning

Situated on the northwestern coast of Luzon, Region I cover an area of 12,840.19 square kilometers. Predominantly mountainous, this narrow strip of land is bounded on the west by the South China Sea, on the east by the Cagayan Valley and the Cordillera Administrative Region, on the south is Central Luzon, and on the north is the Bangui Bay.

Getting to and Around

► **By Air**

The Laoag International Airport (LIA) in Ilocos Norte and the San Fernando City Airport in La Union serve as the main gateways to the Ilocos Region. The Laoag International Airport caters to international flights from Taiwan, Hongkong and Guangzhou. The San Fernando Airport, now under the administration of the Poro Point Development Corporation (PPDC) is also catering to domestic flights to and from Manila.

Laoag International Airport

International Flights

Route	Airline	Frequency	ETA	ETD
Kaoshioung – Laoag – Kaoshioung	Far Eastern Air Transport	Tue/Fri/Sun	5:20 pm	6:20 pm
Guangzhou – Laoag – Guangzhou	China Southern Airlines	Fri	7:00 pm	8:00 pm
		Sun	3:30 pm	4:20 pm

Domestic Flights

Route	Airline	Frequency	ETA	ETD
Manila – Laoag	Cebu Pacific	Mon/Wed/Sat	11:15 am	12:45 pm
Laoag – Manila			1:15 pm	2:05 pm
Manila – Laoag	Philippine Airlines	Tue/Thurs	10:00 am	10:55 am
Laoag – Manila		Fri/Sun	5:45 pm	6:40 pm
		Tue/Fri	11:45 am	12:40 pm
		Fri/Sun	7:30 pm	8:25 pm

San Fernando City Airport

Route	Airline	Frequency	ETA	ETD
Manila – San Fernando	Asian Spirit	Mon/Wed/Fri	10:30 am	11:40 pm
San Fernando – Manila			3:00 pm	4:10 pm
		Mon/Wed/Fri	11:55 am	1:05 pm
4:30 pm			5:40 pm	

► By Land

An extensive road network links Region I to the other parts of Luzon. From Manila, the following Bus Lines ply to several points of destinations within the region.

Bus Lines	Destination/s
Partas	San Fernando City; Vigan; Laoag City
Fariñas Trans	Laoag City
Maria de Leon	Laoag City
Candon Bus Lines	Candon City
Dominion Bus	Narvacan, Ilocos Sur; Vigan City; Candon City
Viron Trans	Vigan City; Narvaca, Ilocos Sur; San Fernando City; Tayug,
Pangasinan	
Autobus	Laoag City
Genesis Bus	Laoag City
Victory Liner	Dagupan City; Alaminos City; Bolinao, Pangasinan
Dagupan Bus	Dagupan City; San Carlos City
Five Star Bus	Dagupan City

► **By Sea**

Sea transport facilities are concentrated in the Port of San Fernando and Currimao. The Salomague Port in Cabugao has facilities as a containerized transshipment port. These are primarily for the movement of goods.

Tourist Attractions

	Ilocos Norte	Ilocos Sur	La Union	Pangasinan
Historical	Cape Bojeador Lighthouse	Tirad Pass	Bacsil Ridge	Lingayen Gulf War Memorial
	Aglipay Shrine	Besang Pass Sta. Maria Church	Wallace Air Staton	
Cultural	Juan Luna Shrine	Vigan Heritage Village	Blanket-weaving	Bolinao Museum
	Marcos Museum	National Museum – Padre Burgos House	Basi-making	Church of St. James Fortress
	Malacañang of the North	Archbishop's Palace	Museo de Iloko	
	Loom Weaving	Bantay Church		
	Paoay Church	Pagburnayan		

	Ilocos Norte	Ilocos Sur	La Union	Pangasinan
Natural	Paoay Lake National Park	Santiago Cove	Bauang Beach	Hundred Islands National Park
	Bangui-Pagudpud Beach	Pinsal Falls	San Francisco – Canaoay – Pagudpud Beach	Cacupangan Cave
			San Juan Beach	Villacorta Caves
				Santiago Island
				Cape Bolinao Beach

► **Activities:**

- Watersports such as surfing, scuba diving, kayaking
- Landlocked activities like trekking, mountain biking, 4-Wheel Driving, motocross, spelunking

Tourist Statistics

	2000	2001	2002	2003	2004	2005	2006
ILOCOS NORTE							
Foreign	17,130	55,834	44,948	36,702	47,436	35,238	36,481
Domestic	102,255	114,676	134,362	135,266	135,564	131,568	140,614
Total	119,385	170,510	179,310	171,968	183,000	166,806	177,095
Ave. Length of Stay	2.0	1.6	1.5	1.5	2	1.78	2
Ave. Occ. Rate (%)	26.54	32.26	47.52	35.25	41.66	39.54	37.62

	2000	2001	2002	2003	2004	2005	2006
ILOCOS SUR							
Foreign	4,367	2,982	2,136	565	1,348	2,130	2,994
Domestic	27,819	26,942	33,623	49,622	20,933	38,284	53,418
Total	32,186	29,924	35,759	50,187	22,281	40,414	56,412
Ave. Length of Stay	1.0	1.0	1.06	1.0	1.11	1.04	1.0
Ave. Occ. Rate (%)	33.60	33.70	37.61	25.10	30.78	29.55	39.01

	2000	2001	2002	2003	2004	2005	2006
LA UNION							
Foreign	15,232	14,603	7,680	3,625	3,957	3,559	6,823
Domestic	69,743	70,911	71,928	72,739	45,502	33,412	42,477
Total	84,975	85,514	79,608	76,364	49,459	36,971	49,300
Ave. Length of Stay	1.0	1.1	1.24	1.0	1.6	1.86	1.2
Ave. Occ. Rate (%)	32.80	32.22	37.38	34.56	28.51	25.89	40.65

	2000	2001	2002	2003	2004	2005	2006
PANGASINAN							
Foreign	11,706	10,061	9,396	2,429	3,607	4,715	8,331
Domestic	41,471	48,700	51,495	78,131	42,794	38,677	45,073
Total	53,177	58,761	60,891	80,560	46,401	43,392	53,404
Ave. Length of Stay	3.0	1.2	1.24	1.05	1.1	1.14	1.2
Ave. Occ. Rate (%)	39.81	48.22	45.68	31.87	32.61	30.18	39.14

Present Accommodation Capacities

Province	NUMBER OF HOTELS			NUMBER OF ROOMS		
	Accredited	Non-Accredited	TOTAL	Accredited	Non-Accredited	TOTAL
Ilocos Norte	8	17	25	607	340	947
Ilocos Sur	5	14	19	79	209	288
La Union	17	14	31	456	271	727
Pangasinan	14	28	42	534	559	1,093
Total	44	73	117	1,676	1,379	3,055

Tourism Development Directions

- Investment of private sector in developing accommodation establishments.
- Accreditation of tourism establishments (hotels, resorts, restaurants, travel agencies) to conform with the standards set by the Department of Tourism.
- Training of frontliners.

Required Infrastructure

- Laoag International Airport Facility Improvement
- San Fernando City Seaport Improvement Project
- San Fernando City Improvement Project

Local Incentives

► Ilocos Norte

- Exemption from payment of permit fees, business taxes and other charges which the Province imposes
 - Applicable after 3 years from start of commercial operation
- Exemption from payment of basic Real Property Tax and Special Education Fund Tax
 - Applicable for 3 years from the date of approval of the province's Investment Incentive Board.

► Ilocos Sur

- Income Tax Holiday
- Tax Credits
- Additional Deductions from Labor Expense
- Non-Fiscal Incentives

► La Union

- Tax Incentives under the Local Government Code
- Fiscal Incentives – 100% exemption for the first 3 years from provincial taxes, fees and other charges imposed under the Provincial Revenue Code of 1996 after which the exemption shall be 50% on the 4th, 5th and 6th years.
- Non-Fiscal Incentives
 - Assistance in seeking permission of employment of qualified personnel for operating enterprise and transfer of technology
 - Assistance in seeking Environmental Compliance Certificate (ECC)

- Assistance in the release of imported equipment or raw materials from the Bureau of Customs for registered enterprise.

► **Pangasinan**

- Fiscal Incentive Holiday and Exemption from all taxes, fees, charges and other impositions.
 - 10% discount on Real Property Tax paid on or before 31 March, and shall be enjoyed for a period of 2 years from the start of operations of foreign investors concerned.

**Applicable to all foreign persons, natural and juridical or corporations who engage in trade or business within the province*

► ***Region II - Cagayan Valley Region***

Location/Positioning

Situated on the northeastern part of Luzon mainland with the island of Batanes off its northern coast. It is composed of five (5) provinces and three (3) cities.

Getting to and Around

Region II is accessible by air and land from Manila.

► **By Air**

Air Philippines fly to Tuguegarao City four (4) times a week during Mondays, Wednesdays, Fridays and Saturdays with 50 minutes travel time.

► **By Land**

There are good roads that cross the highways and roads of the Region. Over ten (10) land transportation companies ply the Cagayan Valley route, through Nueva Vizcaya and in the backdoor through Ilocos Norte. Night trip from Manila to Tuguegarao is about 8-12 hours. Transport companies include Baliuag, Victory, Florida, Nelbusco, Auto Bus and others. There are aircon, de luxe and super deluxe buses.

Buses, vans, jeepneys, and tricycles are available for hire to any destination within the region.

Tourist Attractions

► **Callao Caves Tourist Zone.** An Eco tourism destination combining nature attractions of river, caves, forest and mountains for adventure and for the tourist to simply sit back and enjoy the beauty of the panoramic view. Activities includes river cruise, craving, swimming, kayaking, picnic and photo op.

► **Miraculous Image of Our Lady of Piat.** The 400 years old Image of Our Lady of Piat is the top Pilgrimage destination in the region. With the testimonies from her numerous devotees, join a pilgrimage and be a recipient of her blessings.

► **Cagayan Beaches in the towns of Sta. Ana, Claveria, Aparri, Gonzaga, Buguey and others.** Enjoy the wide expanse of gray and white beaches in the various towns of Cagayan.

► **Centuries Old Churches of the Region.** Old churches dot the highway in various towns of the region. With the oldest bell in the Far East located at Calamaniugan, Cagayan to the oldest church in the region located at Dupax del Sur, Nueva Vizcaya.

► **The Sierra Madre and the Palanan Rainforest.** The Philippines' largest low altitude rain forest with numerous unknown endemic species of flora and fauna with exceptional biological diversity.

Tourism Statistics on Visitor Arrivals Occupancy Rates and Present Capacities

- Average Tourist Arrivals for the last 5 years is 623,164
- Average Increase/(Decrease) for the last 5 years is 3.25%
- Average Occupancy Rates for the last 5 years is 50%
- Total number of Hotel Rooms in the Region is 2,261
- Total number of rooms in Homestays is 216
- Total number of Hotels and Inns is 63

Tourism Development Directions

- Development of Eco Tourism and Adventure Tourism
- Promotion and Development of coastal areas particularly beach areas in Cagayan and Isabela
- Continuing promotion and development of Pilgrimage and Religious Tours

Required Infrastructure Facilities

- Rehabilitation of roads and bridges in areas leading to tourist attractions
- Construction of facilities in Eco Tourism destinations

Local Incentives

- Under process by some local government units

► ***Region III - Central Luzon Region***

Location/Positioning

Subic and Clark together form the hub of air transport, tourism, trade, finance and industry in Central Luzon. One can also enjoy ecotourism (sightseeing, hiking, treks and special interest activities), beaches, recreation, shopping, fine dining, gaming and entertainment.

► **Subic**

Strategically positioned in the dynamic Asia Pacific Region. Subic Bay occupies a 60,000 hectare complex including some areas of its neighbors Zambales and Bataan. Subic is a shining jewel in Central Luzon, geographically located 110 kilometers northwest of Manila, the capital of the Philippines.

► **Clark**

Angeles is the Province of Pampanga's premiere city and hub of commercial activity. The city is dotted with Spanish-era ancestral houses, churches, and historical markers Angeles can be seen along the city's main and oldest street. Sto. Rosario and Clark Filed (formerly known as Statsberg). While history is maintained, progress takes its steady course in the province. Clark, former bastion of U.S. military might, is now the site of the booming Clark Freeport Philippines (CFP).

Getting to and Around

SUBIC

► **By Air**

The Subic Bay International Airport accommodates both domestic and international flights and is certified by the Federal Aviation Administration as a modern facility with state-of-the-art safety navigational communications and meteorological systems. As of the moment, there is no commercial flight that serves Manila-Subic route.

► **By Land**

An hourly bus from Manila to Olongapo City is available everyday. Then from Olongapo take a 5 minute jeepney ride to Subic.

► **By Sea**

A vessel leaves Manila port terminal almost 8 times daily to Orion, Bataan. An hour and a half land travel by bus connects to Subic.

CLARK

► **By Air**

The Diosdado Macapagal International Airport (DMIA) is served by three domestic airlines, Asian Spirit, SEAIR and Cebu Pacific. International flights that service Clark include Asiana Airlines, Hong Kong Airlines, as well as budget-friendly airlines such as Tiger Airways and Air Asia.

► **By Land**

It is just an hour and a half ride by car or bus from Manila to Angeles and Clark through the North Luzon Expressway exiting via Angeles or Sta. Inez toll plazas.

Tourist Attractions

SUBIC

► **Natural**

- Pamulaklakin Forest Trail
- Subic Bay Nature Park (Apaliin Forest Trail and Triboa Bay Mangrove Park)
- Jungle Environment Survival Training Camp (JEST Camp)
- Ocean Adventure

- Dungaree
- All Hands and Officer's Beach
- Camayan Beach
- Grande Island
- Shoreline fishing at Alave Pier, Kalalake Bridge, Malawaan River, Lower Mau, Leyte Wharf, Recreation Pier and Cubi Point
- Subic Bay Aqua Sports
- Nabasan Beach
- ZOOBIC Zafari
- Subic Bay Eco Tour

► **Man-made**

- Extreme Adventure Park
- Binictican Valley Golf Course
- Subic Bay Golf and Country Club

CLARK

► **Historical**

- The Salakot
- U.S. Memorial Cemetery
- Pre-War Artillery Area
- Kamikaze West Airfield (former USAF AMMO)
- Sek Tunnel
- Buddha of Peace World Shrine
- Parade Grounds
- Monument to Col. Stotsenberg
- 1902 Original Stotsenberg Posts
- President Manuel Roxas Marker
- Former 13th Airforce Office of the Commander
- Post Commander Office/Mansions/General's House
- The Centennial Black (Barn Houses)

Tourism Statistics

► **Visitor Arrivals***

2000	2001	2002	2003	2004	2005	2006
77175	90506	143839	149282	149774	153099	149695

* *Zambales and Olongapo City*

► **Occupancy Rates (%)***

2000	2001	2002	2003	2004	2005	2006
33.41	34.49	42.47	42.48	42.09	38.60	38.36

* *Zambales and Olongapo City*

► Visitor Arrivals*

2000	2001	2002	2003	2004	2005	2006
86891	111113	130229	126957	130675	151808	165224

* Pampanga and Angeles City

► Occupancy Rates (%)*

2000	2001	2002	2003	2004	2005	2006
37.62	42.34	38.45	36.12	52.70	38.28	62.55

* Pampanga and Angeles City

	Number of Rooms
Subic	1316
Clark	1200

* Does not include Zambales/Olongapo and Pampanga/Angeles City

Tourism Development Directions

CLARK

► Cultural Development Programs

Description	Status
Lights and Sounds Camp O'Donnell in Capas, Tarlac	Planning

Required Infrastructure Facilities

SUBIC

► Bypass Construction

Description	Status
Dinalupihan-Olongapo Road	On-going
Iba-Tarlac Road	On-going
Mariveles-Bagac- Morong-Olongapo Road	On-going

CLARK

► Bypass Construction

Description	Status
Angeles Bypass Development	Completed
Tarlac Bypass	For implementation
Dinalupihan-Angeles Road	Completed

Local Incentives

► Subic

- Tax and duty-free importation, Subic Bay Freeport (SBF) investors enjoy tax and duty free exemptions on imported raw materials, supplies, capital equipment and other items for consumption with the Freeport
- Exemption from all local and national taxes with only a 5% corporate tax on gross income. SBF investors are exempt from all local and national taxes such as value-added taxes, franchise taxes, excise and ad-valorem taxes. They pay only a final corporate tax of 5% of their earned gross income.
- Unrestricted entry of foreign investments. Foreign investors may invest up to one hundred percent (100%) equity in almost any economic activity in the SBF except those listed in the Foreign Investments Negative List (FINL) as published by the Philippine Board of Investments. (BOI).
- Visas available to foreign nationals. The SBF processes and directly grants special resident and investor visa. Temporary Working Permit (TWP) and Subic Special Work Visas (SSWW) may be granted to foreign nationals subject to certain requirement. Subic Special Investor Visa (SSIV), on the other hand, can be granted to foreign investors with an investment of at least US\$250,000.00.
- Expanded Allowable Deduction and Higher Percentage of Income allowable from sources within customs territory for regional enterprises. The Regional Enterprises shall enjoy expanded deductions that shall be allowable for the calculation of gross income earned for the required 5% payment. Also, the Regional Enterprises may generate revenues from sources within the Customs Territory up to 50% of its total revenues.

► Clark

- Tax and duty-free importation of machinery, equipment, raw materials, supplies and all other articles including finished goods.
- No local and national taxes. In lieu of taxes, Clark Freeport Philippines (CFP) enterprises shall pay a fee of five percent (5%) of the Gross Income Earned (GIE).
- 100% foreign equity is allowed for many types of industries including manufacturing, tourism, and service-oriented businesses.
- CFP is managed as a separate customs territory, ensuring free flow of articles within the zone.
- Unlimited purchase and consumption of tax and duty-free goods within the CFP.
- No exchange control policy is applied where free market for foreign exchange, gold, securities, and future shall be allowed and maintained.
- Banking and finance is liberalized with the establishment of foreign currency depository units of local commercial banks and offshore banking units of foreign banks with minimum Central Bank regulations.
- Special Investor's Resident Visa (SIRV) for foreigners, his spouse and dependents who invest not less than two hundred fifty thousand US dollars (US\$ 250,000.00).
- Special Working Visa renewable every two (2) years to foreign executives and other aliens processing highly-technical skills.
- Exemption from SGS inspections except duty-free goods/articles destined to commercial establishments/duty-free shops.

- Simplified export and import procedures.
- Unrestricted use of consigned equipment.
- VAT exemption from purchases made from the local market.

► ***Region IV
Palawan and Calabarzon***

PALAWAN

Location and Positioning

Palawan, dubbed as the Philippine’s last ecological frontier and the site of UNESCO – inscribe World Heritages – Tubbataha Reefs National Park and the St. Paul’s Underground river. It is an archipelago located in the western border of the Philippines and about 30 nautical miles South of Mindoro and 60 nautical miles north of Borneo.

Just a short drive from the city proper, are lush rainforests and beautiful islands which are guaranteed to steal your breath away.

Getting to and Around

► **By Air**

Major airlines such as Philippine Airlines, Air Philippines and Cebu Pacific serve Palawan daily thru Puerto Princesa City from Manila and back. While, 4 times a week from Cebu and back.

Other entry points of Palawan are Coron, El Nido, Cuyo and Taytay. The first is serviced daily by Southeast Asian Airlines and Asian Spirit, Inc. The second point is serviced daily by Trans Air Voyager. Cuyo is serviced once a week by from Puerto Princesa City by South East Asia Airlines and twice a week by Pacific Air en route Manila – Cuyo. While flights to and from Taytay is chartered via Rodriguez Airport.

► **By Sea**

Four times weekly, commercial boat trips are available in Coron town en route Manila – Coron – Puerto Princesa City and vice versa, Manila - Coron – Liminangcong and vice versa Manila – Coron – Manila. Servicing these are Aboitiz Transport Services (Superferry); San Nicolas Lines, Inc.; Atienza Shipping Lines; and Negros Navigation.

Cuyo has a twice a week commercial boat trip en route Iloilo – Cuyo – Puerto Princesa City by MV Milagrosa and once a week en route Manila - Cuyo by MBRS Shipping Lines.

► **By Land**

Tricycles and jeepneys are the main mode of transport within the city and other town centers. Buses provide regular trips from Puerto Princesa City to mainland municipalities. Shuttle vans and vehicles for rent are also available.

Tourist Attractions

Historical	Natural	Man-made
Puerto de Sta. Isabel	Puerto Princesa Subterranean National Park	Calauit Game Preserve and Wildlife Sanctuary Nasin-aw White Beach and Silica Beach
Cuyo Port	El Nido Marine Reserve	Palawan Wildlife Rescue and Conservation Center
Cagayancillo Port	Tubbataha Reefs National Park	Iwahig Prison and Penal Farm Palawan Butterfly Garden
Port Miller & Lighthouse Tower		
Melville Lighthouse	Rasa Island Ursula Island Game Refuge	Tabon Museum
Agutaya Fort / Church of St. John the Baptist	and Bird Sanctuary Honda Bay	Palawan Museum
Plaza Cuartel		
Lucbuan Church	Tabon caves	
Culion Fort		
Culion Cathedral		

► **Activities:**

- Watersports such as surfing, scuba diving, snorkeling, spelunking, kayaking
- Landlocked activities like jungletrekking and nature adventure, horseback riding, mountain climbing, mountain biking, 4-Wheel Driving, motocross.

Tourist Statistics

	2004	2005
Foreign	41,030	69,904
Overseas Filipinos	704	1,631
Domestic	163,098	130,531
Total	204,832	202,066
Ave. Length of Stay	na	6 days

Present and Projected Accommodation Capacities

Present Accredited Accommodation Facilities	No. of Accommodation Facilities	No. of Rooms
Hotels	3	210
Resorts	13	371
Inns	8	155
Total	24	736

Tourism Development Directions

- Part of the Central Philippines Super Regions Program
- High value and low impact tourism development approach
- Enjoyment of nature in outstanding marine parks and unique vistas
- Diving and beach holiday / island hopping
- Puerto Princesa City as Base and Gateway
- Conference, golf course development
- Mass tourism
- Soft adventure (trekking, hiking interaction with local communities)
- Beach holidays
- Island hopping

Required Infrastructure

- Development / Upgrading of roads and bridges
- Development of accommodation facilities
- Upgrading of airports

Incentives (for Puerto Princesa City)

- Payment of business taxes for a period of five (5) years from the date of the issuance of the Business Permit by the City;
- Payment of real property tax on the improvements for a period of five (5) years from the date of the issuance of the Business Permit by the City.

Provided further that, in case of corporation, partnership or cooperative at least 20% of its capital is owned or sourced out from a local investor, who is a resident of Puerto Princesa City. As such, shall be accordingly entitled for additional one (1) year of the abovementioned period of exemption.

CALABARZON

Location and Positioning

Located within the proximity to Metro Manila, Calabarzon is a five-province cluster blessed with bountiful scenic wonders. It is rich in natural resources and home to a diverse population with many faceted talents.

Calabarzon today is made up of the most progressive provinces outside Metro Manila. It is where most highly industrialized economic and export processing zones in the country are located. It lodged booming commercial and business centers, tourist attractions with modern facilities brought about by its proximity and accessibility to Metro Manila. Well-paved road network interconnects its towns and cities that make travel fast, safe and convenient.

Getting to and Around

The main artery that will take you to Calabarzon from Metro Manila is the South Luzon Expressway (SLEX). The highway system in and around this five-province

cluster is the most well-developed road network in the country that links neighboring provinces with ease and convenience for tourism, trade and commerce.

Public utility jeepneys and buses regularly ply the roads in the provincial cities and towns, making travel within the five provinces easy and affordable. Tricycles and other vehicles for hire are also readily available for special trips to various destinations. Bancas or motorized boats can be chartered for island-hopping or for trips to outlying island destinations.

Tourist Attractions

	Cavite	Laguna	Batangas	Rizal	Quezon
Natural		Mt. Makiling	Taal Volcano and Crater Lake	Daranak Falls	Mt. Banahaw
		Pagsanjan Falls	Mt. Maculot	Wawa Dam and Pamitinan Cave	Quezon National Park
		Lake Caliraya		Hinulugang Taktak Talim Island	Lamon Bay
					Tayabas Bay
					Pagbilao Grande
					Padre Burgos
Man-made		University of the Philippines	Casa de Segunda Katigbak	Ugong Park and Pacheco Finger Painting Gallery	
Cultural / Historical	Gen. Emilio Aguinaldo Shrine	Underground Cemetery Arts and Crafts Town	Taal Heritage Village	Sierra madre Viewpoint Petroglyphs	San Diego de Alcala Fortress
	Corregidor Island ruins	Dr. Jose Rizal Shrine		Angono Arts Village	
	Fort San Felipe	Pila Heritage Site		Vicente Manansala Historical Shrine	
	Imus Museum				
	Heritage Museum				

► **Activities:**

- Play golf, feast in festivals, fine and exotic dining, diving, snorkeling, bird watching

Tourist Statistics

CAVITE	2004	2005
Foreign	261,674	18,627
Overseas Filipinos	7,557	0
Domestic	1,549,432	250,511
Total	1,818,663	269,138

LAGUNA	2004	2005
Foreign	160,619	149,531
Overseas Filipinos	49	158
Domestic	1,387,723	1,650,766
Total	1,548,391	1,800,455

BATANGAS	2004	2005
Foreign	6,156	9,932
Overseas Filipinos	6,319	3,164
Domestic	175,666	146,443
Total	188,141	159,539

RIZAL	2004	2005
Foreign	30,735	75
Overseas Filipinos	3,512	0
Domestic	2,789	3,779
Total	37,036	3,854

Tourism Development Directions

- Position the 5-province cluster as a special interest destination with its varied historical sites, colonial churches, landmarks and museums, for the domestic and international markets.
- Position Tagaytay City and environs as a cluster destinations highlighting international cuisine, outstanding scenic attractions for families on holidays, youth travelers, corporate market and nature lovers including the conference market.
- Sustain the lead as a quality destination for golf holiday in the international and domestic markets and scuba diving.
- Position special areas for the operation of spa/medical facilities and retirement villages due to the cool weather, scenic qualities and mature infrastructure linkages to Metro Manila and CALABARZON.
- Position the Ternate-Maragondon-Mt. Palay-Palay areas as ecotourism site.

Required Infrastructure

- Development of other access points to Taal Volcano Island in the municipalities of Cuenca, alitagtag, San Nicolas, Sta. Teresita and Agoncillo (La Cassa).
- Development of Mt. Maculot in Cuenca, Batangas as an ecotourism site.
- Tourism estate development in San Juan, Batangas.
- Port development linking Western Batangas thru the Port of Calatagan with Lubang Island, Occidental Mindoro.
- Development of additional identified sites in Los Baños and Pansol, Laguna as investment areas for wellness and medical tourism facilities.
 - Development of a theme park in Talim Island, Binangonan, Rizal
 - Development of Wawa Dam / Pamitinan Cave in Rizal as key ecotourism site in the province.
 - Development of conference area in Hinulugang Taktak, Rizal.

- Development of new areas for beach resort investments in Bignay and Guisguis, Polilio Island, Quezon.
- Development of Padre Burgos, Quezon as beach holiday destination.
- Development of Tiaong-Sariaya area as a tourism development corridor linking Quezon with Metro Manila and Bicol Region.

► *Region V - Bicol Region*

Location/Positioning

Situated at the midsection of the country, lies at 122° to 124° longitude and 12° to 14° latitude. The Region's land area is about 17,632 square kilometers which is 5.87% of the total area of the Philippines. Region's topography is generally described as ranging from slightly undulating to rolling and from hilly to mountainous. It is endowed with numerous mountains and volcanoes. There are seventeen (17) volcanoes, three (3) of which are actively namely: Mt. Mayon in Albay; Mt. Isarog in Camarines Sur and Bulusan Volcano in Sorsogon. It has a total population of 4.7 million in 2000 which grew annually by 1.68% from the 1996 population of 4.3 million. The total national road length of the region is 2,260 kilometers, only 38% of which is connected while 34% is earth/gravel surface.

Getting to and Around

Region V is accessible by air and land and sea.

► **By Land**

Air-conditioned tourist bus companies ply from Manila to Legazpi daily with an average of nine (9) hours travel time.

► **By Sea**

Several shipping lines have regular trips to and from Catanduanes through the Tabaco Port. Travel time from Visayas and Mindanao pass through the port of Matnog in Sorsogon. Trip to Masbate City from Pilar, Sorsogon has an average travel time of one and a half hour via Fast Craft.

► **By Air**

Legazpi City is 45 minutes away from Manila via Philippine Airlines and Cebu Pacific.

Buses and jeepneys are generally the modes of transportation in getting around the region's destinations. Pedicabs and tricycles are also available for short distance travels. Rent-a-car services are also available.

Tourist Attractions

ALBAY/LEGAZPI CITY

A. Socio-Cultural

- Spanish Galleon Wreck Site

B. Socio-Economic

- Philippine Geothermal, Inc. (PGI)

C. Natural

- Mayon Volcano
- Mt. Malinao
- Bewitching Beaches
- Busay Falls

D. Historical

- Cagsawa Ruins
- Roca Baluarte
- Gen. Simeon A. Ola Monuments
- Potentino Gregorio Bust
- Kampo ng Bayan Heritage Park

E. Cultural

- Cagsawa National Museum

F. Religious

- Daraga Catholic Church
- Camalig Catholic Church
- Our Lady of Salvation Shrine
- Binugsukan Falls
- Palale Falls
- Hoyop-Hoyopan Cave
- Calabidingan Caves
- Pototan Caves
- Nag-Aso Boiling Lake

G. Man-Made

- Mayon Skyline Hotel
- Kimantong Sky Drive
- Albay Park and Wildlife

CAMARINES NORTE

A. Natural

- Bagasbas Beach
- Lanot Beach
- Mangcamagong Beach
- Mananap Falls
- Itok Waterfalls
- Canton Caves
- Pulang Daga
- Mampurog River
- Tulay na Lupa Reservoir
- Sinagtala Resort
- Pineapple Island Resort

B. Historical

- First Rizal Monument
- Laniton Shrine
- Martry's Shrine
- Capalonga Shrine of the Black Nazarene
- Wenceslao Q. Vinzon's Shrine
- Rufino Pabico's Ancestral House
- Museo Bulawan

C. Socio-Economic

- Mercedes Fishing Community
- Gold

CAMARINES SUR/NAGA CITY**A. Socio-Cultural**

- Ateneo de Naga
- Colegio de Sta. Isabel
- Holy Rosary Minor Seminary
- Museo Conciliar del Seminario de Nueva Caceres
- Basilica Minore
- Metropolitan Cathedral
- San Francisco Church
- University of Nueva Caceres
- Peñafrancia Shrine
- Camarines Sur National High School

B. Natural

- Malabsay Falls
- Nabontolan Spring
- Naga City Ecology Park

C. Historical

- Plaza Quince Martires
- Plaza Rizal

D. Man-made

- Naga City Public Market
- Metro Naga Sports Complex

CAMARINES SUR**A. Natural**

- Mt. Isarog
- Mt. Iriga/Mt. Asog
- Lake Bato
- Animasola Island
- Baybay Falls
- Buhi Lakelets
- Itbog Falls
- Lake Buhi
- Pongol Spring

- Sarikaw
- Nalalata Falls
- Gota Beach
- Lahuy Island
- Atulayan Island
- Consocep Mountain Resort

B. Man-made

- Bishop Barlin Monument
- Emerald Grotto
- Tinagba Park
- Deer Farm
- Provincial Capitol Complex

C. Historical

- Alatco Terminal
- Calvario Hill
- Kinuwartelan

CATANDUANES

A. Historical/Religious

- Bato Church
- Batalay Shrine
- Luyang Cave
- Bato Paluay

B. Natural

- Puraran
- Emmalyn Paradise Resort
- Amenia Beach
- Kosta Alcantara
- Twin Rocks
- Balite Beach
- Solong Falls

MASBATE CITY

- Bontod Islet
- B. Titong
- Mt. Talamban
- Pawa
- St. Anthony Seminary
- Villa Bayot
- Talisay Beach
- Isla de Paraiso

SORSOGON

- Donsol Butanding/Whalesharks
- Mt. Bulusan National Park & Mountain Lake
- Rizal Beach Resort
- Tolong Gapo Beach Resort

- PNOC/Inang Maharang Eco-Park
- Hot & Mineral Spring of Irosin
- Prieto Diaz Mangrove Forest and Coastal Management Showcase
- The Picturesque Island of Matnog

Tourism Statistics

► Visitor Arrivals

Province	2004			2005			2006		
	D	F	T	D	F	T	D	F	T
Albay	140,466	12,091	152,557	144,813	15,372	160,185	124,675	8,765	133,440
Camarines Sur	131,445	4,154	135,599	139,986	4,266	144,252	232,778	25,830	258,608
Camarines Norte	72,685	2,082	74,767	57,284	1,383	58,667	69,922	3,617	73,539
Catanduanes	15,956	1,789	17,745	25,544	2,761	28,305	25,845	3,181	29,026
Masbate	47,629	3,183	50,812	59,987	2,525	62,512	74,188	2,942	77,130
Sorsogon	41,114	1,844	42,958	43,795	3,662	47,457	60,415	4,969	65,384
TOTAL	449,295	25,143	474,438	471,409	229,969	501,378	587,823	49,304	637,127

Legend : D - Domestic F - Foreign T - Total

► Occupancy Rates (%) 2004 - 2006

Province	2004	2005	2006
Albay	30.00	36.50	34.50
Camarines Sur	23.70	25.00	21.00
Camarines Norte	28.44	35.00	44.00
Catanduanes	56.59	67.00	52.50
Masbate	40.03	43.55	45.00
Sorsogon	31.19	41.00	47.00
AVERAGE	35.00	41.34	41.00

Tourism Development Directions

The Bicol Region shall be a primary visitor destination with its well-preserved heritage, environment and unspoiled beaches and aquatic resources with world class accommodation, telecommunication and transport services and well maintained infrastructure system under a private sector led but government-supported sector with a local population that mirrors Filipino hospitality and benefits from the exploration of its tourism resources.

► Goals:

- To develop tourism as a major and sustainable industry in the provinces of Bicol;
- To preserve the local heritage and culture of Bicolanos;
- To ensure preservation of environment; and
- To develop world-class and state-of-the-art tourist accommodations and facilities that mirror local culture

► **Objectives:**

- To develop quality infrastructure facilities and state-of-the-art services supportive to tourism
- To attract investments and develop tourist destinations;
- To increase tourist arrivals;
- To increase local incomes and generate employment opportunities and livelihood activities for the local population; and
- Actively involve local communities and local populace in the management of tourism facilities.

► **Strategies:**

The Investment Plan adopted two (2) sets of strategies namely: Spatial and Operational. Spatial strategies present the tourism core, and the hub and spoke of tourism. Operational strategies include packages, market development, institutional development and support services.

► **Spatial Strategies:**

The spatial strategies embark on the rehabilitation and development of tourist destinations. Primary tourism development zone and tourism development zones were identified and designated. The pacific side of Albay, Camarines Sur and Catanduanes is designated as the primary tourism development zone. The pacific side of Camarines Norte and the area of Ticao Pass in Masbate are the designated tourism development zones.

Rehabilitation and development of tourism destination include:

- Development of natural attractions
- Development of key/potential/emerging eco-tourism sites
- Cultural, historical and archeological site development
- Agri-farm tourist, arts and crafts tourism development and promotion

► **Operational Strategies:**

Incentive Packages

- The government, through the Board of Investment, will provide incentive packages for the implementation of tourism-related projects (e.g. establishment of tourist accommodation facilities, tourism estates, historico-cultural heritage projects and tourist bus operations) as provided by E.O. 226.
- The Local Government Units likewise provide local incentives to businessmen engaged in tourism related activities in their respective geopolitical units.
- The DOT is providing non fiscal incentives to Tour Operators

Market Development

- The DOT, DA, DTI, DENR, LGUs, Local Tourism Councils and farm operators shall develop packages of natural tourism, agri-farm tourism, industry led tourism and eco-tourism activities.
- The DOT, DTI, LGUs, Provincial Tourism Councils and the Regional Development Council (RDC) will continuously conduct tourism investment promotions through investment for a travel mart, fairs and missions.

- The Regional and Central offices of the DOT, PCVC, Provincial Tourism Councils, PIA and Tourism Oriented Establishment owners shall conduct and sustain tourism marketing and promotional activities. They can observe continuous preparation and updating of tourism brochures, development of web-page networking with domestic and international TV programs, networking with Manila-based and international tour operators, and coordination with tourism councils of other regions to make Bicol a spoke of their tourism hubs.
- The LGUs of Legazpi City, Pili, Daet, Virac and Masbate shall establish visitors' assistance centers in their respective airports.
- All LGUs with tourist destinations particularly those identified in the Bicol Tourism Master Plan, shall operate and maintain tourist information centers in strategic locations.
- The DOT, in coordination with the local tourism councils shall institutionalize its homestay program through aggressive promotion.
- DENR, LGUs, and DOT shall continue to promote environment friendly tourist development and activities.
- Provide intensive training of tourism-oriented service providers/personnel to ensure quality of services and customer satisfaction at all times at reasonable cost.

Institutional Development

- The DOT shall strengthen its regional office in Bicol by expanding its staff complement to respond to the thrusts of the Bicol Tourism Industry, enhancing capability of its present manpower thru trainings and matching this with the required budget for its operation.
- The DOT, LGUs and Provincial Tourism Councils shall continuously conduct massive information campaigns and trainings to encourage community participation in the management and development of tourism-related facilities and amenities in their respective areas.
- The DOT together with the Commission of Higher Education (CHED) shall identify a regional center for tourism education and support centers in the different provinces and cities.
- The CHED, State Universities and Colleges (SUCs), the Department of Education (DepEd), Technical Education and Skills Development Authority (TESDA) and private schools shall integrate in the primary, secondary and tertiary curricula the concepts and economic benefits of tourism.
- All LGUs shall require DOT accreditation before issuance of licenses to build and operate accommodation, restaurants and other tourism-related establishments.

Support Services

- Adequate financial assistance from the national government agencies, congressmen and local government units for the implementation of the identified support facilities to tourist destinations and development of tourism-oriented establishments.

- Enforcement of policies/legislations aimed at enhancing the non-infra component of tourism, such as establishment of a more accurate data generation and data banking system; innovative incentives for private sector participation in the tourism industry.
- More accurate generation of data/statistics for both domestic and foreign tourists in Bicol region.
- The DTI in coordination with the DOT, LGUs and Tourism councils shall provide financial assistance through soft loans to small tourist area developers/operators for the improvement of tourist facilities and services.
- DOT, Tourism Councils, LGUs, private sector in coordination with CHED and TESDA will conduct tourism-related trainings for service providers, e.g. tour guiding, hotel services, transport standards and tourism journalism.

Local Incentives

CITY OF LEGAZPI

► For New Investors:

- Exemption from the Mayor's Permit fees, building permit fees, business sales taxes and other fees and charges imposed under existing city ordinances with period of exemptions subject to the following:

Small Enterprises	Below 15M	3 years
Medium Enterprises	Below 60M	4 years
Large Enterprises	Above 60M	5 years

- Exemption from the basic real property tax on property improvements, buildings and machineries under the Tax Code of Legazpi City with period of tax exemptions subject to the following qualifications:

Small Enterprises	Below 15M	3 years
Medium Enterprises	15-60M	4 years
Large Enterprises	Above 60M	5 years

- Should they locate during the first year of implementation of the Legazpi City Investment Code of 1996, the above period of exemption shall be extended by two (2) years, thus:

Small Enterprises	Below 15M	5 years
Medium Enterprises	15-60M	6 years
Large Enterprises	Above 60M	7 years

► **Provincial Government of Albay**

LGUs are tasked to provide, whenever feasible, investment incentives for tourism establishments and facilities, according to the discretion of the LGUs and according to the prevailing local situations, which may include among others:

- Exemption from the Mayor's Permit fees, building permit fees, business sales taxes and other fees and charges imposed under existing city ordinances with period of exemptions.
- Exemption from the basic real property tax on property improvements, buildings and machineries under the city/municipal tax code, with period of tax exemptions.
- Tax reduction or tax credits from expenditures on construction of "public infrastructure" (such as roads, bridges, etc.) accessible to public use as determined by the Board.

Skills training fro company employees

► ***Region VI – Western Visayas***

Location/Positioning

Region VI is located at the western portion of the Philippines. It is composed of six provinces namely: Iloilo, Aklan, Antique, Capiz, Guimaras and Negros Occidental. It has two highly urbanized cities and 15 component cities mostly located in Negros Occidental. Iloilo City is the regional center and a gateway to the magnificent region of Western Visayas. It has a total land area of 35,351.3 km₂.

Despite the region's diverse characteristics, Western Visayas is generally an Ecotourism and cultural destination. Boracay, on the other hand, is best known as a sun-beach and holiday destination.

Getting to and Around

Western Visayas is accessible by air, sea and land transportation. There are five (5) airports in the region located in Iloilo, Bacolod City, Kalibo, Caticlan (Boracay) and Roxas City.

► By Air

Airline	Destination	Frequency (Daily)
Philippine Airlines	Manila-Iloilo	4
	Cebu-Iloilo (Air Phil)	1
	Manila-Roxas City, Capiz	1
	Manila-Kalibo	3
	Manila-Bacolod	4
Air Philippines	Manila-Iloilo	3
	Cebu-Iloilo	1
	Manila-Bacolod	3
	Cebu-Bacolod	1
Cebu Pacific	Manila-Iloilo	4
	Manila-Bacolod	4
	Manila-Kalibo	3
	Manila-Roxas City	1
	Cebu-Bacolod	1
	Cebu-Kalibo	1
Asian Spirit	Manila-Caticlan (Boracay)	17
	Cebu-Caticlan	1
SEAIR	Manila-Caticlan (Boracay)	25
	Angeles-Boracay	3
	Busuanga-Boracay	1

► By Sea

Vessel	Destination	Frequency
Negros Navigation, Inc.	Manila – Iloilo	Daily
	Manila – Bacolod	Daily except Wednesday
	Manila – Roxas	Sunday
	Bacolod – Iloilo	Sun, Tue, Thu, Fri
	Iloilo – Bacolod	Wednesday
	Cagayan de Oro – Iloilo	Wednesday
	Ozamis – Iloilo	Tuesday
	Iligan – Iloilo	Tuesday
	Dipolog – Iloilo	Tuesday
	WG&A Superferry	Manila – Iloilo
Manila – Bacolod		Tue, Thu, Fri, Sun
Bacolod – Iloilo		Wednesday
Iloilo – Bacolod		Mon, Wed, Fri
Cagayan de Oro – Bacolod		Thursday
Cagayan de Oro – Iloilo		Thursday
Cotabato – Iloilo		Monday
Davao – Iloilo		Friday

Vessel	Destination	Frequency
WG&A Superferry	Gen San – Iloilo	Saturday
	Iligan – Iloilo	Tuesday
	Iligan - Bacolod	Tue, Sat
	Ozamis – Bacolod	Sunday
	Zamboanga – Iloilo	Monday
Sulpicio Lines	Manila – Iloilo	Tuesday
	Zamboanga – Iloilo	Sunday
Cokaliong Shipping	Cebu – Iloilo	Tue, Thu, Sat
Trans-Asia Shipping	Cebu – Iloilo	Daily
Moreta Shipping	Manila – Roxas	Sun, Thu

Iloilo, Aklan (Boracay), Capiz, and Antique are also accessible from Manila via Strong Republic Nautical Highway by Roll-on- Roll- Off.

Iloilo City is the gateway to Guimaras. Guimaras can be reached by air and boat from Manila and other origin, via Iloilo City and by pumpboat in Pulupandan, Negros Occidental. The island province is 20-30 minutes by motorboat or ferryboat from Parola, Ortiz Wharf, Muelle Loney or Lapuz in Iloilo City. Direct travel to Guimaras is possible by light planes, which can land at the Guimaras Feeder Airport. . Bacolod City is also accessible via fast craft and regular ferry from Iloilo sailing on a regular basis.

There are also regular bus and van trips from Iloilo City to Roxas City, Capiz, Antique, Kalibo, Aklan and Caticlan, the jump-off point to Boracay.

Tourist Attractions

► **Iloilo**

- Ancestral and heritage houses (Jaro District)
- Century-old churches
- Iloilo Golf & Country Club
- Museo Iloilo
- Fort San Pedro
- Garin Farm
- Casa Fiametta

► **Aklan**

- Bakhawan Ecopark
- Piña Village
- Ati-Atihan Village
- Boracay Island
- Ignito Cave
- Museo it Akean
- Jawili Falls

- **Antique**
 - Bugang River
 - Siraan Hot Spring
 - Igpasungaw Falls
 - Nogas Island

- **Guimaras**
 - Mango Orchard
 - Island Resorts
 - Trappist Monastery

- **Capiz**
 - Ang Panublion Museum
 - Quipot Cave
 - Pilar Cave
 - Tucad Reef
 - Suhot Cave
 - Pan-ay Church

- **Negros Occidental**
 - Mt. Kanlaon
 - Mambukal Mountain Resort
 - Sagay Marine Sanctuary
 - Iron Dinosaurs
 - Vicmico Golf & Country Club
 - Silay City Ancestral Houses

Tourism Statistics

➤ **Tourist Arrivals and Occupancy Rates**

PROVINCE	2002	2003	2004	2005	2006
ILOILO	207,780	214,690	336,854	380,289	372,778
AKLAN (including Boracay)	316,292	359,163	443,359	519,863	574,497
ANTIQUE	7,165	13,446	16,267	24,324	43,055
CAPIZ	26,363	26,588	26,958	32,234	37,269
GUIMARAS	109,430	116,880	136,628	181,941	172,985
CITY/NEGROS/OCC.	169,365	221,813	258,748	461,019	417,359
BORACAY	300,792	339,434	428,755	499,457	554,181

► **Occupancy Rates (2002-2006)**

PROVINCE	2002	2003	2004	2005	2006
ILOILO	33.70	34.38	39.92	54.63	50.68
AKLAN (including Boracay)	26.90	32.81	28.28	16.07	25.91
ANTIQUE	11.20	11.03	14.39	12.61	11.05
CAPIZ	15.80	16.11	16.97	22.15	25.68
GUIMARAS	9.78	8.36	11.14	21.77	13.45
NEGROS/OCC.	24.76	46.58	32.9	31.29	30.56
BORACAY	40.61	34.32	0	0	0

► **Total No. of Accredited Rooms (as of March 5, 2007)**

Province	No. of Rooms			
	Hotels	Tourist Inns	Pension Houses	Resorts
Iloilo	933	0	22	88
Aklan	0	19	0	46
Boracay	0	0	0	1129
Antique	0	0	5	12
Capiz	48	19	0	13
Negros Occ.	575	0	16	139
Guimaras	0	0	0	75
Total	1556	38	43	1502

Required Infrastructure Facilities

► **Iloilo**

- Expansion and upgrading of existing wharves in the coastal municipalities
- Concreting/improvement of roads leading to priority destinations (e.g. San Joaquin, Concepcion)
- Communication facilities in remote towns with ecotourism potentials
- Establishment/modernization/rehabilitation of accommodation facilities
- Provision and maintenance of tourist transport facilities
- Improvement of land transportation terminals

► **Aklan**

- Establishment/Improvement of national roads, bridges and flood control
- Expansion/Improvement of Caticlan Airport
- Rehabilitation of Aklan ports
- Rehabilitation/Improvement of provincial roads
- Water supply system facilities/spring development

► **Antique**

- Investments in Convention Centers, Ecotourism facilities, environmental infrastructures and more accommodation establishments in strategic areas
- Upgrading of existing tourist facilities and establishments
- Improvement of Tiolas, San Joaquin, Iloilo - Guinsang-an, Antique coastal road

- Improvement of Pandan, Antique to Caticlan, Aklan via Buruaga Road
- Construction of tourism information center and One-Stop shops all through the strategic areas of the province
- Improvement of provincial roads
- Construction of bridge and improvement of Bgy. Capuyuan-Igtiring Road in Barbaza, Antique.

➤ **Capiz**

- Establishment and upgrading of existing communication facilities especially in remote towns with ecotourism potential
- Improvement and maintenance of road network within and outside the province
- Provision and maintenance of transport facilities
- Establishment of tourism information counters at entry ports

➤ **Guimaras**

- Improvement/expansion of existing wharves
- Concreting of 4-km Dasal-Sabang wharf road
- Improvement of access roads to Lawi, Inampulogan, guisi, etc.
- Provision of wave breaker at T-Wharf in Buenavista Port
- Construction/Repair/Rehabilitation of water system in Nueva Valencia
- Construction of hotels, theme parks, transport terminals (land and water), sports and recreation centers, shopping centers, communication facilities and health care
- Construction of mango fruit processing center in Jordan, Guimaras

➤ **Negros Occidental**

- Establishment of convention centers
- Construction/ Expansion of hotels of international standards
- Improvement of tourist transportation facilities especially tourist buses
- Opening of new access roads linking to neighboring provincial LGUs (Negros Oriental)
- Upgrading of airport facility
- Irrigation development
- Opening of seaports in strategic areas of the province

Development Directions

➤ **Iloilo**

- More infrastructure facilities to support tourism development
- Integrated marketing and promotion projects and activities for a unified provincial tourism marketing program
- Increased tourist's interest in Ilonggo culture
- Strong public-private partnership to support tourism investments, capacity development and tourist services
- Systematized community and policy support
- Permanent leadership and governance of the province's tourism industry

➤ **Aklan**

- Increased job creation for economic growth
- Improved physical planning and sustainable management of the environment

➤ **Antique**

- Tourism Promotion, Marketing and Advocacy Programs – production of information materials and participation and holding of trade fairs and tourism-based cultural events
- Institution Building, Networking and Linkaging – strong coordination between and among different stakeholders for a concerted effort in plan formulation
- Tourism Information Management

➤ **Guimaras**

- To position Guimaras as the prime producer of mango and mango products not only in the country but in the international market
- To put Guimaras in the tourism map through quality standard accommodation and resort facilities that will best serve tourists
- Increase tourist arrivals in the province by the improvement of access roads and port terminals in the island province

➤ **Negros Occidental**

- Opening of strategic growth centers/development of new satellite urban core:
 - Sipalay City – gateway to tourism development
 - Kabankalan City – gateway for economic services in the south
 - San Carlos City – gateway for commerce and trade in Northern Negros
 - Cadiz City – gateway for commerce and trade in the middle of Northern Negros
 - Bacolod City – primary service center for tertiary services such as health and education
- Position Negros Occidental as an Ecotourism destination
- Seven Point Development Agenda:
 - Food security and agricultural productivity
 - Infrastructure development
 - Basic social, health and education services
 - Environmental protection, preservation and conservation
 - Trade and investment promotion
 - Tourism development
 - Development Administration

Local Incentives

ILOILO CITY

➤ **Fiscal Incentives**

- Fiscal incentives provided therein for a fixed period corresponding to the actual amount of investment put up by the investors/enterprise under the following brackets:

Investment	Incentive Period
P 5 Million but less than P 20 Million	One Year
P 20 Million but less than P 40 Million	Two Years
P 40 Million and above	Three years

- A registered enterprise under this Ordinance shall enjoy a reduction of business taxes based on gross sales/receipts or realized during the preceding calendar year, to wit:

a. New Enterprises:

Year of Operation	% of Reduction
1st Year	75
2nd Year	50
3rd Year	25

b. Expanding Enterprises:

1st Year	60
2nd Year	40
3rd Year	20

► **Non-Fiscal Incentives**

- A registered enterprise shall be entitled to the following non-fiscal incentives which include but not limited to:
 - a. Assistance in securing additional business permits and other related data
 - b. Facilitating access to financial and technical assistance programs of the government.
 - c. Facilitating service connections with local utilities and other services as maybe recommended by the Board.
- Enterprises that have been granted incentives under this Ordinance but have paid their corresponding business taxes prior to the approval of the grant of incentive shall apply such payment as tax credits for its subsequent business tax obligations.

GUIMARAS

► **Fiscal Incentives**

- In addition to the incentives provided under RA 7160 otherwise known as the “Local Government Code of 1991”, Executive order No. 226 known as “Omnibus Investment Code of 1987” and other pertinent laws, a registered enterprise under this Code shall enjoy the following tax incentives:
 - a. Exemption from real property tax imposed under Provincial Ordinance No. 93-005 otherwise known as the provincial Revenue Code of Guimaras, for a period of three (3) years from the date of registration approved by the Guimaras Investment Board or from the date of expiration of the registered enterprise tax exemption as provided under other national laws, whichever is applicable; provided, that the tax exemption shall pertain to the thirty-five percent (35%) share of the Province;
 - b. From the date of approval of registration by the Board up to the start of commercial operation, an enterprise registered under this Code, shall be fully exempt from the charges fully imposed under the existing Provincial Revenue Code, or specifically but not limited to Articles 224,225,226 and

229 of the Rules and Regulations implementing the Local Government Code of 2991 (RA 7160), and in no case shall; said period exceed one (1) year;

- c. A registered enterprise qualified under this Code shall within three (3) years from the start of its commercial operation, be exempt from the aforesaid provincial impositions under the conditions and manner herein prescribed:

For qualified enterprise:

- 100% - 1st year
- 75% - 2nd year
- 50% - 3rd year
- 0% - 4th year

- d. Other specific fiscal incentives shall be provided by the respective Municipal Local Government Units

► **Non-Fiscal Incentives**

- Registered enterprises and investors shall be granted the following non-fiscal incentives:
 - a. provision of a one-stop documentation center for simplified documentation procedures;
 - b. Promote harmonious employer-employee relationship through GTIC;
 - c. Assistance in securing direct source of electric power and water supply connection;
 - d. Assistance in the negotiation of special rates for industries with a minimum load of at least 1000 kilowatts;
 - e. Assistance in selection, negotiation for right of way and construction access road;
 - f. Assistance in labor recruitment and arbitration;
 - g. Other non-fiscal incentives as may be determined by the Board.

BOCOLOD CITY

- The Bacolod City Investment Code of 2002, among others, states that investors enjoying incentives under E.). 226, R.A. 7844, R.A. 7916, R.A. 7718 and R.A. 8289, shall be exempted from the following:
 - a. Payment of building fees, business fee business sales taxes and other fees and charges imposed by existing City Ordinance. The exemption for business fees, sales taxes and other fees shall be for a minimum period of five (5) years from the date of approval by the Board.
 - b. Payment of basic real property tax imposed by existing City Ordinance on improvements, but only for improvements introduced by the investor. In the case of an already existing improvement, the exemption shall apply only to the increase in the assessment because of rehabilitation, adaptation, expansion, or introduction of equipment/machineries. The exemption shall be maximum period of five (5) years from the date of approval by the Board.

BORACAY (MALAY, AKLAN)

- In encouraging, promoting and strengthening economic activities in identified investment priority areas, the municipal Investment and Incentive Code of Malay, Aklan has provided investors with the following:

Tax Incentive for Registered Enterprise. Under this Code, all newly registered enterprises with a capitalization of not less than five (5) million pesos and above and existing enterprises with an additional capitalization of at least three (3) million pesos shall be granted with the following incentives:

Fiscal Incentives (Mayor's permit, building permit, local clearance and business tax)

- a. The grant of fiscal incentive is not motu proprio hence that grantee shall apply for availment of the aforesaid grants with the appropriate municipal agency.
- b. Business tax exemption as an incentive shall only be extended to the grantee in the first year of operation.

► Non-Fiscal Incentive

- a. Site selection and conveyance negotiation assistance
- b. One-Stop documentation center/processing of applications
- c. Labor recruitment and arbitration assistance

- Incentives granted to existing enterprises shall apply only to additional capitalization and shall not include previous investments. In no case, however, shall privilege to incentives be transferred from one legal grantee to another and shall be enjoyed on one occasion only.

ANTIQUÉ (SAN JOSE DE BUENAVISTA)

► Fiscal Incentives

- Exemption from local licenses, fees, dues. Within four (4) years from the date of approval of the application, a registered enterprise, this code shall be fully exempt from Mayor's permit fees and other kinds of local licenses, fees and dues except for regulatory impositions such as:
 - a. Permit fee on occupation
 - b. Fire clearance fee
 - c. Sanitary permit fee
 - d. Garbage fee
 - e. Court clearance fee
 - f. Zoning clearance fee

- Waiver of Municipal Share in Real Property Tax
 - a. The registered enterprise under this code shall be given a reduction of 40% per annum in basic real property tax by virtue of the waiver of municipal share in the said tax.
 - *The reduction shall be granted onward up to three (3) years from the approval of the enterprise's application.*
 - b. The same privilege as stipulated in the 1st paragraph (a) is given to a very large-scale enterprise. i.e., with investments of over one hundred million pesos (Php 100,000,000.00) out with a five-year Retroactive effect for land property of registered enterprise reclassified from agricultural to commercial use.
- For a period of not more than four (4) years from the date of approval of their Application, registered enterprise shall be entitled of the following exemption:
 - a. Full exemption upon application to start the business during the first year.
 - b. Fifty Percent (50%) of gross receipts exempted during the second year
 - c. Thirty Percent (30%) of gross receipts exempted during the third year.
 - d. Twenty Percent (20%) of gross receipts exempted during the fourth year
- Exemption from Locational Clearance Fee in the construction of buildings provided the applicants process their locational clearance documents.
- Discounts in Building Fees
 - a. More than 15 M to 16 M Cost of Building - 25% discount in all buildings
 - b. More than 60M to 100 M Cost of Building - 50% discount in all buildings
 - c. More than 100 M Cost of Building - 75% discount in all buildings
- **Non-Fiscal Incentives**
 - Aside from the fiscal incentives granted to enterprise registered with the Board this code shall guarantee non-fiscal incentives as follows:
 - a. The Municipal Government of San Jose de Buenavista shall create the One-Stop Investments Action Center or OSIAC. This body shall take charge of facilitating project clearance permits and shall act as business database information center.
 - b. One-Stop Processing for Local Permits.

► *Region VII - Central Visayas Region*

Location/Positioning

Strategically located at the center of the Philippines. Composed of four (4) provinces namely Cebu, Bohol, Oriental and Siquijor. The region is blessed with beautiful beaches, a plethora of sea life, and areas with natural wonders. Moreover, the region

is steeped in historical significance. Central Visayas boasts of natural and man-made attractions. The coral gardens and colorful marine life offer some of the world's best scuba, snorkeling and diving sites. The region has numerous waterfalls, mountain trails, caves and mangroves, great for mountain trekking, spelunking and other adventure activities.

Getting to and Around

Central Visayas is accessible directly via the Mactan-Cebu International Airport, the country's second international gateway from the following points as serviced by:

Hongkong Pacific	-	Philippine Airlines, Cathay Pacific, Cebu Pacific
Kuala Lumpur (via Kinabalu)	-	Malaysian Airlines
Taipei, Taiwan	-	Mandarin Airlines (Chartered Flights)
Kaoshiung, Taiwan	-	Far Eastern Transport Corp. (Chartered Flights)
Singapore	-	Silk Air, Cebu Pacific
Narita, Japan	-	Philippine Airlines
Incheon, Korea Airlines,	-	Philippine Airlines, Cebu Pacific, Korean Asiana Airlines
Pusan, Korea	-	Cebu Pacific
Doha, Qatar	-	Qatar Airways

CEBU

► By Air

Cebu Pacific, Philippine Airlines and Air Philippines flies daily to Cebu.

► By Sea

Superferry, Sulpicio Lines and Carlos A. Gothong Lines.

BOHOL

► By Air

Cebu Pacific and Philippine Airlines fly Manila to Tagbilaran.

► By Sea

Sulpicio Lines and Superferry have trips from Manila to Tagbilaran

ORIENTAL NEGROS

► By Air

Cebu Pacific and Philippine Airlines fly Manila to Dumaguete.

► By Sea

Cokaliong Shipping and George & Peter Lines have trips from Cebu to Dumaguete.

► By Fastferry

Ocean Jet Weesam Express has trips from Cebu to Dumaguete.

SIQUIJOR

► By Sea

Palacio Shipping and Cokaliong Shipping Lines have trips from Cebu to Larena. Palacio Shipping also have trips from Dumaguete to Larena.

► By Fastferry

Delta Fast Ferry has trips from Dumaguete to Larena

► By Motorized Boat

There are motorized boats that served Dumaguete to Siquijor.

Tourist Attractions

CEBU	BOHOL
Magellan's Cross	Blood Compact
Heritage of Cebu Monument	Candijay Mangrove Adventure Tour
Basilica Minore del Santo Niño	Chocolate Hills
Fort San Pedro	Panglao Beaches
Moalboal Beach	Pamalican Island
Kawasan Falls	Sierra Bullones Adventure Tour
Camotes Island	Baclayon Church
Taoist Temple	Casa Rocha Suarez Heritage Center
St. Catherine's School	Clarín Ancestral House
Olango Island Bird Sanctuary	Ermita Ruins
Mactan Island	Punta Cruz Watchtower
Lapu Lapu Movement	Balicasag Island
Sto. Tomas de Villanueva Church	Banacon Mangrove Forest Tour
Malapascua Island	Ubay Agri-Park Tour
Semana Santa Sa Bantayan	

ORIENTAL NEGROS	SIQUIJOR
Apo Island	Siquijor Beaches
Siliman University Ethno-Anthro Museum	San Juan de Capilay Lake
Rizal Boulevard	Cantabon Cave
Dolphin & Whale Watching	Mt. Bandilaan Nature Park
Cata-al War Memorabilia	Folk Healing
Central Azucarera de Bais	Cambugahay Falls
Mabinay Caverns	Tulapos Marine Sanctuary
The Twin Lakes, Balinsayaw & Danao	St. Isidore Labradore Church and Convent
Mt. Kanlaon	St. Francis of Assisi Church, Bell Tower and Convent
Casaroro Falls	Our Lady of Divine Providence Bell Tower
Campanario de Dumaguete	St. Vincent de Ferrer Bell Tower

Tourism Statistics

Domestic and Foreign Arrivals

Province	Volume	% Share
Cebu	1,247,487	76.38%
Bohol	219,311	13.43%
Negros Oriental	155,323	9.51%
Siquijor	11,039	0.68%
Total	1,633,160	100%
Growth Rate		11.80%

► *Region X - Northern Mindanao Region*

Location/Positioning

Region 10 or Northern Mindanao is bounded on the North by the Bohol Sea, east by the Provinces of Agusan del Norte and Sur, West by the Provinces of Zamboanga del Norte and Sur, South by the Province of Davao del Norte and West by the Province of Lanao del Sur. Exotic wilderness and Cultural Destination throughout the region

Land area: 19,279.60 sq.km

- No. of Provinces : 5 (Bukidnon, Camiguin, Lanao del Norte, Misamis Occidental & Misamis Oriental)
- No. of Cities : 8 (Cagayan de Oro, Iligan, Gingoog, Malaybalay, Oroquieta, Ozamiz , Tangub, Valencia)
- No of Municipalities : 85
- No. of Barangays : 2020
- Population (CY 2000) : 3,505,708

Climate: Located outside the typhoon belt area; rainfall evenly distributed throughout the year. Vegetation, natural springs and high elevations are factors that make the region's climate cool and invigorating.

Main Gateway: Cagayan de Oro City

Getting There

► *By Air*

FROM MANILA

There are 9 flights daily plying Manila to Cagayan de Oro City serviced by PAL, Cebu Pacific Air and Air Philippines.

FROM CEBU

One flight daily from Mactan International Airport, Cebu by Asian Spirit. Three flights a week from Mactan to Camiguin by SEAir.

► **By Land**

FROM MANILA

Take a Philtranco Bus specifically from the Pasay City Terminal passing by Naga City, Tacloban, Surigao until its final destination which is Cagayan de Oro City

OTHER MINOR PORT WITHIN THE REGION

Plaridel , Misamis Occidental with trips to Siquijor via fastcrafts.

► **By Sea**

FROM MANILA

Negros Navigation, Sulpicio Lines and Aboitiz Transport Superferry ply from Manila Port to the ports of Cagayan de Oro, Iligan and Ozamiz Cities.

FROM CEBU

Trans-Asia and Aboitiz Transport Shipping Lines ply from Cebu Port to the ports of Cagayan de Oro and Ozamiz Cities. Super Shuttle Ferry serves Cebu to Camiguin every Friday and every Sunday back to Cebu.

Going Around The Region

Air-conditioned buses and vans are widely used as means of transportation from Cagayan de Oro City to any point in the region as well as Mindanao.

► **Tourist Arrivals For 2006**

Analysis

Region 10 experienced a boost in tourist arrivals for year 2006. Domestic tourists placed at 837,851 was an encouraging 24.23 % increased. More so with foreign market which was a record high of 65.41 %? Combined travelers showed 26.17 % improvement.

Market segments which favored Region 10 came from non-traditional countries like Vietnam and Cambodia, while increases were also seen from Hong Kong, Canada, Australia, New Zealand, Denmark, Finland and Sweden.

Balikbayan soared to 327.47 % (16,180)

Ozamiz- Misamis Occidental-Tangub-Oroquieta cluster topped the year's regional destinations and shared 32.32 % of the regional registered arrivals. Cagayan de Oro-Misamis Occidental contributed 29.36 %; Camiguin 24.64 %; Iligan-Lanao del Norte- 9.45 % and Bukidnon-4.21 %

Average hotel occupancy rate was 68.11 or 6.71 % better than year 2005.

Events totaled 2,596 and went up by 44.70 %.Delegates, however, were still low at 17.10 % accounting to only 195,682 against 230,040 in 2005.

Events in the national and regional levels slumped by 30.08 % and 54 %, respectively local i.e. city/provincial level and international events rose by 82.24 % and 22.22 %, respectively.

Assumptions

Increases in the choice of Region 10 as destination both by travellers and event organizers maybe due to:

- Concerted effort by the LGUs, private sector and media with DOT 10 intensively promoting the various attractions of the Region thru promo collaterals, cultural festivals, media exposures, events hostings.
- The upgrading of LGUs and private sector in the facilities, services and amenities which catered satisfactory levels (rehab of hotel rooms, lobbies, promotion of local cuisine, service group trainings, upgrading of transport units, shopping centers, others).
- Peace and order situation in the Region.
- Regionalization of the WOW Philippines (Pasundayag Northern Mindanao) hosted by Ozamiz with tremendous support from Miss. Occ, Tangub, Oroquieta and the rest of Region 10 LGUs including the municipalities and baranggay and participation from private entrepreneurs.
- Continued implementation of cultural projects by the LGUs thru local tourism offices.
- Entrance of new local investors to the industry.

Prospects for Year 2007

Tourism Industry in the Region will continue to play vital role in development. The year 2006 which surpassed the target arrivals of 19 % over that of targeted 749,608 (714,891 for domestic; 34,717 for foreign) is an indicator that the Region is successfully attaining it objective of marking itself in the country's tourism map as well as international choice of destination.

Major projects support such as WOW Philippines Pasundayag Northern Mindanao; cultural festivals (Kaamulan, Lanzones, Kagay-anon, Kasadya, Sagayan, Salo-Tabo, Kaliga) Adventure tours (white water river rafting, river tubing, Canopy walk, others), attractions (Misamis Occidental Aquamarine Park, Gardens of Malasag Eco-Tourism Village, Ozamiz COTTA), international exhibist and tour packages (culinary tours, agri-tourism tour, NM tours). Continued trainings for frontline services, accreditation of commercial tourism establishments, stronger linkages with the LGU tourism officers and private tourism-oriented associations; integrative development planning with local directions are strategies to be undertaken aggressively in 2007.

Analysis

Fourth quarter arrivals made an upswing of 43.54 % (289,835) compared to the same quarter in 2006 (201,907). Filipino travelers was up by 42 % while foreign tourists was at high 80.33 %

The travelers for the quarter were Netherlands, United Kingdom, USA, Hong Kong and Australia. Decreases were observed from Indonesia, Taiwan, Italy, Switzerland and Malaysia.

Balikbayan reached 58 % more.

The quarter likewise saw the Ozamiz-Misamis Occidental-Tangub-Oroquieta cluster topping the regional destinations with 39 % (112,349) share of the regional arrivals. Camiguin follows with 28 % share (80,814) Cagayan de Oro City, Misamis Oriental- 23.31 % (67,578). Iligan City. Lanao del Norte- 7 % (19,630) and Bukidnon- 3.29 % (9,564).

Hotel occupancy average rate is 79 % or 18 % increased.

Events which totaled 951 against only 607 in 2005 4th quarter recorded 57 % increase. There were 9 conventions; seminars/workshops and special events were greater by 19 and 127 percent, respectively. Delegates to the various events slumped by 13.38 %

Except for national events which slid by 50 %, regional city/provincial and international levels improved by 44.60 %

Assumptions

Trend has shown that last quarter months are peak season for travel to the Philippines such is attributed to:

- Long holiday season which traditionally spells fascination over climate, family visits, long vacations, merriment, shopping inspite of difficult economy.
- Peace and order situation
- Year-end prerequisites for most organizations company/accomplishments assessments, social gatherings
- Cultural activities in the Ozamiz-Misamis Occidental-Tangub-Oroquieta cluster with their famous Christmas Symbols Festival, Pasko sa COTTA and Aquamarine Park attractions

► **Davao/Zamboanga**

Mindanao in the southernmost part of the Philippines is the second largest island group in the country.

Davao is the industrial hub of Mindanao and is composed of three provinces and one city. Davao City, is the largest city in the world in terms of land area covering 244,000 hectares. It is served by an international airport.

Close to the city is Mount Apo, rising 10,311 feet above sea level has the highest mountain peak in the country. Mount Apo is home to the endangered Philippine eagle.

Exotic Zamboanga is the melting pot of the south. Five tribal groups may be found in and around Zamboanga. They are Badjao, Subanon, Sama, Tausug and Yakan.

Though the Muslim influence is seen in the architecture, Zamboanga's population is actually 80% Christian with the remaining 20% mostly Muslim.

► *Economic Indicators & Policies*

1. Statistical Information

► *International Visitor Arrivals*

2002	2003	2004	2005	2006
1,932,677	1,907,226	2,291,347	2,623,084	2,843,345

► *Top 5 Markets:*

	2002	2003	2004	2005	2006
Korea	288,468	303,867	378,602	489,465	572,133
USA	395,323	387,879	478,091	528,493	567,355
Japan	341,867	322,896	382,307	415,456	421,808
China	27,803	32,039	39,581	107,456	133,585
Taiwan	103,024	92,740	115,182	122,946	114,955

► *Domestic Visitor Arrivals*

2002	2003	2004	2005	2006
8,915,806	9,687,573	11,331,212	13,804,873	14,064,724

► *Tourism Receipts from International Visitors (Us\$ Million)*

2002	2003	2004	2005	2006*
1,740.06	1,522.68	1,990.81	2,236.05	2,622.89

* January to October 2006

► ***Number of Hotel Rooms
(Accredited by the Department of Tourism)***

Metro Manila	14,757 rooms
Regions	9,051 rooms
TOTAL:	23,808 rooms

► ***Average Occupancy Levels In Hotels
(Metro Manila)***

2002	2003	2004	2005	2006
59.92%	65.10%	68.63%	71.71%	70.47%

► ***Number of International Airports - 9***

- Ninoy Aquino International Airport
- Mactan-Cebu International Airport
- Subic Bay International Airport
- Diosdado Macapagal International Airport
- Francisco Bangoy International Airport
- Laoag International Airport
- General Santos International Airport
- Zamboanga International Airport
- Iloilo International Airport

► ***Number of international airlines serving the destinations***

Air Asia	Gulf Air	Thai Airways
Air France	Hongkong Airlines	Vietnam Airlines
Air Macau	Japan Airlines	Silk Air
Air Nauru	Jetstar	Singapore Airlines
Air Nuigini	KLM	Swiss Airlines
Asiana Airlines	Korean Airlines	Tiger Airways
Asian Spirit Airlines	Kuwait Airways	
British Airways	Lufthansa	
Cathay Pacific	Malaysian Airlines	
Cebu Pacific	Mandarin Airlines	
China Airlines	Northwest Airlines	
China Southern Airlines	Pakistan International	
Continental Airlines	Philippine Airlines	
Egypt Airlines	Qantas	
Emirates	Qatar Airways	
ETIHAD	Royal Brunei	
Eva Airways	Saudia	
Far Eastern Air Transport	Shriwi Jaya Air	

2. Tourism manpower base and competencies

There are approximately 1.142 million additional jobs created in 3 years directly employed in various tourism-related enterprises.

The Philippines has a well-trained workforce proficient in English. Its training institutions are regarded as some of the best in the Southeast Asian region, while its technical and professional workers.

3. Cost of Doing Business in the Philippines

REGISTRATION FEES	
PHILIPPINES SECURITIES AND EXCHANGE COMMISSION (SEC)	
Registration of Corporations & Partnerships	Main Fees to be Paid (in Pesos)
Stock Corporations	
Filing Fee	1/5 of 1% of the Authorized Capital Stock or the subscription price of the subscribed capital stock whichever is higher but not less than P1,000.00
Legal Research Fee (LRF)	1% of the Filing Fee but not less than P10.00
By-laws (fixed)	500.00
Non-Stock Corporations	
Filing Fee of Articles of Incorporation	500.00
By-laws	500.00
Partnership	
Articles of Partnership	1/5 of 1% of the partnership's capital but not less than P1,000.00
Legal Research Fee	1% of the Filing Fee but not less than P10.00

DEPARTMENT OF TRADE AND INDUSTRY (DTI)	
Business Name Registration (Bureau of Trade Regulation and consumer Protection -- BTRCP)	Main Fees to be Paid (In Pesos)
Application Fee	315.00 to 515.00
Single Proprietorship	300.00
Partnership/Corporation	500.00
Documentary stamp	15.00
Sole Proprietorship under FIA	5,800.00
Business Name Registration Fee	300.00
Filing Fee	500.00
FIA Registration Fee	5,000.00

5. Information on the exchange rate system

There is no limit to the amount of foreign exchange that can be brought by travelers into the country. Travelers leaving the country can change their pesos into foreign currency in the amount not exceeding US\$200.00 – or any other equivalent foreign currency – in all authorized banks.

Financial Framework

1. Policy on repatriation of profit / capital and remittance of earnings

Foreign investments duly registered with the Central Bank of the Philippines shall be entitled to full and immediate capital repatriation and dividend/profit remittance privileges. Without prior BSP approval, Authorized Agent Banks (AABs) are authorized to sell and to remit the equivalent foreign exchange at the exchange rate prevailing at the time of actual remittance (representing sales/ divestment proceeds or dividends / profit of duly registered foreign investment) upon presentation of the Bangko Sentral Registration Document.

In the case of unregistered foreign investments, profit remittance and capital repatriation shall be serviced using foreign exchange source from outside the domestic banking system.

2. Taxation system

Taxation in the Philippines

The country's taxation system is governed by the Tax Reform Act 1997, passed into law on December 11, 1997 and became effective on 01 January 1998. The law is aimed at the expanding the country's tax base and maintaining the healthy fiscal standing of the government.

Corporate Income Tax Rates		
	Domestic/Resident Foreign Corporation	Non-resident Foreign Corporation
Taxable income not subject to special tax rates	35%	35%
Interest from deposits and yield from deposit substitutes/trust funds and royalties	20%	35%
Interest on foreign loans	N/A	20%
Interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system	7.5%	N/A
Dividends from domestic corporations	0	15% / 35%
Gains on sales of shares of stock not traded in the Stock Exchange	5% / 10%	5% / 10%

Notes:

The rates of tax applicable for corporations entitled to special tax privileges are set out below:

- The corporate tax rate was increased from 32% to 35% with effect from 1 July 2005 but will be reduced to 30% effective 1 January 2009.
- The rate is reduced to 7.5% for interest income derived by a domestic corporation from a depository bank under the expanded foreign currency deposit system.
- The rate of 15% applies if the host country exempts the dividend from tax or permits a 20% or greater credit for underlying corporation tax paid by the company paying the dividend.
- The 5% rate applies to the first P100,000 of gains annually, with the 10% rate applying to the excess. Stocks of shares in listed companies are subject to a 0.5% tax on the sale proceeds.

ENTITY	RATES	TAX BASE
Proprietary educational institutions and non-profit hospitals	10%	Taxable income
Certain enterprises registered with the Philippine Economic Zone Authority	5%	Gross income
Non-resident owner or lessor of aircraft, machinery and other equipment	7.5%	Gross Philippine rentals, lease, charter fees
Non-resident owners of vessels chartered by Philippine nationals and approved by the Maritime Industry Authority	4.5%	Gross Philippine rentals, lease, charter fees
Non-resident cinematographic film owners, lessors or distributors	25%	Gross Philippine source income
Foreign international carriers (air and sea)	2.5%	Gross Philippine billings
Offshore banking units (OBUs) and foreign currency deposit units (FCDUs) authorized by the Bangko Sentral ng Pilipinas	10%	Income from foreign currency transactions with residents
Regional operating headquarters	10%	Taxable income

Income Tax Rates as Passive Income of Domestic/Resident Corporation	
Dividends received from domestic corporations	Not subject to tax
Interest on any currency bank deposit and yield or other monetary benefit from deposit substitutes and from trust fund and similar arrangements	20% of final tax
Interest from foreign currency deposits with foreign currency deposit units (FCDUs)	7 1/2% of final tax
gains from sale or exchange of shares of stock not listed and traded in the local stock exchange	5% capital gains tax (CGT) on net gains not exceeding P 100,00 and 10% on the excess.
Gains from sale or exchange of land or buildings not actually used in business and treated as capital issue	6% CGT on gross selling price or fair market value, whichever is higher
Royalties	20% final tax

New Taxes for Corporation Under the Tax Reform Act of 1997

Minimum Corporate Income Tax (MCIT) - A 2% MCIT on gross income on an annual basis is imposed on corporations whose regular corporate income tax liability is less than the MCIT beginning the fourth taxable year following the year they commenced business operation. Any excess of the MCIT over the normal tax shall be carried forward and credited against the normal tax for the three (3) immediately succeeding taxable years.

Fringe Benefits Tax - Fringe benefits granted to supervisory and managerial employees are subject to 32% tax on the grossed-up monetary value of the fringe benefit. Fringe benefits given by OBUs regional operating headquarters of multinational companies, petroleum contractors and subcontractors to qualified alien employees and in certain cases, to Filipino employees, are taxed at 15% of the grossed-up monetary value of the fringed benefit.

Improperly Accumulated Earnings Tax - a 10% tax is imposed on the improperly accumulated earnings of a corporation, except in the case of publicly held corporations, banks, and other non-bank financial intermediaries and insurance companies. When a corporation allows its earnings or profits to accumulate beyond its reasonable needs, it shall be assumed that the purpose is to avoid tax on stockholders, unless proven to the contrary.

Individual Taxation

Non-resident aliens not engage in trade and business flat income tax rate	25%
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Resident citizens/aliens (gainfully employed) Graduated income tax rates	0%-35%
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Who Shall File:

1. An individual whose gross compensation income does not exceed his total personal and additional exemptions;
2. An individual whose compensation derived from one year employer does not exceed P60,000 and the income tax on which has been correctly withheld;
3. An individual whose income has been subjected to final withholding tax (alien employee as well as Filipino employee occupying the same position as that of the alien employee of regional or area headquarters and regional operating headquarters of multinational companies, petroleum service contractors and sub-contractors, and offshore banking units, non-resident alien not engaged in trade or business), and
4. An individual who is exempt from income tax.

Married individuals shall file single return for the taxable year to include the income of both spouses, separately computing their individual income tax based on their respective taxable income. Where it is impracticable for the spouses to file one return, each spouse may file a separate return.

Tax Table for individuals earning purely compensation income and individuals engaged in business and practice of profession

If Taxable Income is:	Tax Due is:	If Taxable Income is:	Tax Due is:
Not over P10,000	5%		
Over P10,000 but not over P30,000	P500+10% of the excess over P10,000	Over P140,000 but not over P250,000	P22,500+25% of the excess over P140,000
Over P30,000 but not over P70,000	P2,500+15% of the excess over P30,000	Over P250,000 but not over P500,000	P50,000+30% of the excess over P250,000
Over P70,000 but not over P140,000	P8,500+20% of the excess over P70,000	Over 500,000	P125,000+34% of the excess

Note: Effective January 1, 1999, the maximum rate shall be thirty-three percent (33% and thirty-two percent 32% on January 1, 2000

Note: When the tax due exceeds P2,000.00, the taxpayer may elect to pay in two equal installments, the first installment to be paid at the time the return is filed and the second installment on or before July 15 of the same year at the Authorized Agent Bank (AAB) within the jurisdiction of the Revenue District Office (RDO) where the taxpayer is registered.

Aside from the above business taxes, there are other taxes levied in the Philippines such as:

- (a) Real estate tax
- (b) Stamp tax on certain documents, instruments and related transactions such as issuance of stock certificates, evidences of indebtedness, transfer of real property, lease contracts, insurance policies, etc
- (c) Community tax
- (d) Overseas communication tax

3. Double Tax Agreements

The Philippines has entered into treaties with various countries for the avoidance of double taxation and prevention of fiscal evasion with the following countries:

Australia	Austria	Belgium	Brazil	Canada
China	Denmark	Finland	France	Germany
Hungary	Indonesia	India	Israel	Italy
Japan	Korea	Malaysia	the Netherlands	New Zealand
Norway	Pakistan	Romania	Russia	
Singapore	Spain	Sweden	Switzerland	
Thailand	United Kingdom	United States		

Value Added Tax (VAT)
Sale of goods, other properties, and services in the Philippines, as well as importation of goods to the Philippines, are subject to the 12% VAT. VAT is imposed on the gross selling price (in case of sale of goods) and gross receipts (in case of sale of services).
1.7 Stock Transaction Tax
1/2 of 1% of gross selling price is imposed on the sale, barter, exchange or other disposition of shares through the facilities of stock exchange.

4. Financial Tax Incentives

Laws and Incentives Covering Tourism Investments:

Executive Order No. 63

This E.O grants incentives to foreigners investing at least US \$ 50,000 in a tourism-related projects.

E.O. 63 grants the following incentives:

- Special Investor’s Resident Visa (SIRV) to investor, wife and unmarried minor children;
- Remittance of Earnings;
- Repatriation of Capital; and
- Right of succession.

An investor may apply for the SIRV at the Philippine Embassy or Consulate in his home country or place of residence. If already in the Philippines, the investor may file the application at the Department of Tourism or at the One-Stop-Action-Centre of the Board Investments (BOI).

Omnibus Investments Code (E.O. 226)

E.O. 226 authorizes the Board of Investments to grant fiscal and non-fiscal incentives to any tourism related investments.

Incentives available are:

- Income Tax Holiday (ITH)
- 6-year ITH for pioneer status
- 4-year ITH for non-pioneer status
- 3-year ITH for expansion projects
- Duty-free importation of capital equipment under E.O. 528
- Employment of Foreign Nationals
- Unrestricted Use of Consigned Equipment
- Simplified Customs Procedures

► **Foreign Investments Act of 1991 (R.A. 7042)**

With the passage of the Foreign Investments Act, foreign nationals are now allowed to invest up to 100% equity participation in all areas of activities except those listed in the Foreign Investments Negative List.

► **Build-Operate-Transfer (BOT) Law (Republic Act 7718)**

The BOT Law authorizes the financing, construction, and operational maintenance of infrastructure projects by the private sector. The law institutionalizes the government's adoption of the BOT scheme as a proven method of encouraging the investment and participation of foreign and local contractors in the country's infrastructure development program.

► **Special Economic Zone Act of 1995 (Republic Act 7916)**

This provides the framework and mechanism for the creation, operation, administration and co-ordination of Special Economic Zones in the Philippines, creating for this purpose the Philippine Economic Zone Authority (PEZA) and for other purposes.

Incentives available are:

- a. Tourism Ecozone Developers/Operators shall be entitled to four (4) years of Income Tax Holiday (ITH), subject to the provisions of the Investment Priorities Plan (IPP), provided that Tourism Ecozones located in Less Developed Areas shall be granted six (6) years ITH. Upon expiry of the ITH period, Tourism Ecozone Developers/Operators shall have the option to pay a special 5% tax on gross income earned, in lieu of all national local taxes, except real property taxes on land owned by developers (5% GIT incentive), provided, however, that PEZA-registered Tourism Ecozone Developers/Operators shall have the option to forego its ITH incentive entitlement and immediately avail of the 5% GIT incentive upon start of their commercial operations.
- b. Enterprises establishing and operating sports and recreation centers, accommodation, convention and cultural facilities, theme parks, and other special interest or attraction activities/establishments shall be entitled to four (4) years ITH, as may be provided in and in accordance with the provisions of the IPP, and tax and duty-free importation of capital equipment required for the technical viability and operation of the registered activities of the enterprises. Upon expiry

of the ITH period, PEZA-registered Tourism Ecozone locators shall be entitled to the 5% GIT incentive, provided, however, that they shall have the option to forego their ITH incentive entitlement and immediately avail of the 5% GIT incentive upon start of the commercial operations.

- c. Enterprises establishing and operating airports, seaports and/or marinas shall be entitled to the ITH incentive, as may be provided in and in accordance with the provisions of the IPP, and tax and duty-free importation of capital equipment. Upon expiry of the ITH period, PEZA-registered Tourism Ecozone locators establishing and operating airports, seaports and/or marinas shall be entitled to avail of the 5% GIT incentive, provided, however, that they shall have the option to forego their ITH incentive entitlement and immediately avail of the 5% GIT incentive upon start of their commercial operations.

5. Statutory Requirements:

► Commercial Regulation

The government has liberalized visa requirement for foreign entrants to encourage foreign participation in the economic development of the Philippines. The rules governing immigrants to the Philippines are as follows:

- Foreign stockholders, investors, representatives of investment houses, land developers and tourism developers are among the categories granted special visa incentive.
- Aliens entitled to enter the country under the provisions of treaty of amity, commerce and navigations may be admitted as non-immigrants. They will be given treaty-trader visas for the sole purpose of carrying on substantial trade between the Philippines and the state of which they are nationals. The visa may also be for the purpose of developing and directing the operations of an enterprise in which he or she is investing or has invested a large amount of capital.
- Foreign technicians may be admitted into the Philippines with a pre-arranged employment visa, on the condition that their employer can prove that the skills they possess are not available in the country.
- Persons may come to the Philippines for reasons of business, pleasure of health with a temporary visitor's visa. This allows them to stay for a period of 59 days, extendable for a maximum of one year. To extend their stay, visitors must register with the Bureau of Immigration.
- Executive Order No. 408 allows foreigners, except those of specifically restricted nationalities, to stay in the Philippines for up to 21 days without leaving the Philippines.
- As provided under Executive Order No. 63, foreigners who are willing and able to invest a minimum of US \$ 50,000.00 in any tourism related activities in the Philippines may be issued a Special Investor's Residents Visa. Holders of each may reside in the Philippines for as long as the investment is maintained.

Relevant Agencies

Tourism Investments Promotion Group

Room 204, Department of Tourism Building
T.M. Kalaw St., Manila
TN. (632) 536-1128
FN. (632) 525-7980
Atty. Ma. Victoria V. Jasmin – Director, Office of Tourism Standards /
Head, Tourism Investments Promotion Group

Securities and Exchange Commission

SEC Bldg., EDSA
Mandaluyong City
Tel. No. (632)7260931
Fax No. (632) 7220990

Board of Investments

385 Sen. Gil J. Puyat Avenue
Makati City
Tel. Nos. (632) 8953515; 8909332
Fax No. (632) 8961166

Bureau of Immigration

Magallanes Drive
Port Area, Manila
Tel No. (632) 5273260
Fax No. (632) 5273288

Philippine Economic Zone Authority

PEZA Bldg., Roxas Blvd., cor.
San Luis St., Pasay City
Tel. No. (632) 5519518



Singapore





Country Information

1. Geographical Aspects and Background Information

Singapore is a vibrant tourism hub – attracting visitors from all over the world, and international businesses and events to be based here. The buoyant outlook for Singapore’s tourism industry has attracted a number of developments and investments from local and international tourism investors and developers. These significant tourism developments will further reinforce Singapore’s position as a choice and dynamic destination for both leisure and business visitors from around the world.

Geographically, Singapore is a well-placed island nation lying 137 kilometres north of the equator at the South-eastern end of the Strait of Malacca, the seaway connecting the Pacific and Indian oceans. There are about 63 tropical islands within Singapore’s territorial waters allowing for large-scale water-based leisure activities such as the Volvo Ocean Race. Singapore’s total land area including its offshore islands is 697.1 square kilometres. Lush parks, nature-themed attractions and tree-lined streets complement the modern city’s landscape of shopping, entertainment, dining and nightlife options.

Singapore has one of the world’s most developed economies with about 7,000 resident multinational companies and 100,000 enterprises, creating a continuously vibrant business environment. It is a convergence of robust technologies, a hub of exemplary minds and talents. A cosmopolitan population of ethnically diverse Singapore citizens, permanent residents and expatriates make up the 4.48 million people who live, work and play in the city state.

2. Tourism in Singapore

Singapore is all geared up for the Asia-Pacific tourism boom. Already, more iconic attractions are in the works, raising the bar of excitement in the Singapore tourism industry to an all-time high. From the Singapore Flyer, one of the world’s largest observation wheels, to The Marina Bay Sands™, the much-anticipated flagship resort of Las Vegas Sands, and Resorts World at Sentosa, housing Southeast Asia’s only Universal Studios. All these upcoming tourism developments will transform the region’s leisure landscape and become the most sought-after postcard icons.

Their arrival is a clear signal of investors’ growing confidence in and commitment to Singapore’s tourism future. Since 2004, the city has surpassed all expectations and is optimistic in achieving its targets of growing visitor arrivals and tourism receipts to 17 million and SGD 30 billion (USD 21.2 billion) respectively by 2015.

► *Growth Opportunities for Singapore Tourism*

The key factors contributing to the notable development continue to grow from strength to strength and Singapore stands to benefit. While there is sustained outbound tourism growth in traditional source markets such as Europe, the USA

and Japan, the emerging economies of China and India also demonstrate strong outbound potential with Singapore as their choice destination in the region. The liberalisation of travel regimes and the proliferation of low-cost carriers have also opened doors for intra-regional travel within Southeast Asia. Tourism in Asia is clearly on the rise.

Singapore is, geographically and logistically, at the centre of this trend. Within a seven-hour flight radius, there is a potential of 2.8 billion population to tap from. While other Asian countries could claim the same advantage, Singapore benefits from its reputation as the region's premier air hub: more than 80 airlines flying 4,199 flights into Singapore weekly from 180 cities in 57 countries.

The opening of the SGD 1.5 billion (USD 1.0 billion) third terminal in Singapore Changi Airport in early 2008 will further boost our position with an estimated 70 million passenger handling capacity.

► *Singapore Tourism is at an All-Time High*

Asia remains our biggest source market with almost two million visitors coming from Indonesia alone. Not only was Singapore the first country in the world to welcome more than one million visitors from mainland China, it still retains its appeal among traditional source countries like Australia and Malaysia, and growing markets like India and South Korea.

In spite of the accolades it garnered, Singapore is certainly not resting on its laurels. In January 2005, Singapore unveiled Tourism 2015, outlining the bold targets of increasing tourism receipts to SGD 30 billion (USD 21.2 billion), growing visitor arrivals to 17 million and employing 250,000 people in the tourism industry by 2015. These targets will be achieved by enhancing Singapore's current tourism offerings, as well as focusing on the new tourism products and experiences that our key customers want.

► *Singapore, More Exciting Than Ever*

There is much to explore in the city – be it the vibrant mix of chic designer boutiques and smart shopping malls on Orchard Road or the range of museums in the Civic District or the myriad dining and entertainment options at the Singapore River.

For a respite from the bustle of the city, visitors can relax at Sentosa – our idyllic 500-hectare island getaway – or visit Mandai for an animal-themed adventure at the Night Safari and Singapore Zoo. Visitors can also experience the rich and diverse cultures at any of the colourful ethnic precincts of Chinatown, Little India and Kampong Glam.

Visitors to Singapore can look forward to even more exciting leisure and entertainment developments coming up in the heart of tourist precincts, with many being driven by the private sector. In this area, the private sector's investment into Singapore

will amount to more than SGD 16 billion (USD 10.4 billion). Clearly, investors are signalling their commitment to Singapore, not only as a tourism destination, but also as a choice investment destination.

3. Tourism-related Infrastructure

Singapore is well-positioned to be a major cruise hub and the gateway into the region, with its prime location between major international maritime routes and excellent air connectivity to destinations worldwide.

Changi International Airport has consistently received accolades for being one of the best airports in the world and is acclaimed for its efficiency, air hub status, and wide variety of facilities. With the opening of its Airbus 380-enabled third terminal in January 2008, its total capacity rose to 70 million passengers. In 2006, Singapore set up its Budget Terminal to cater to the rise in low cost carriers and in the same year opened JetQuay, a members-only luxury airport terminal at Changi Airport.

With international, regional and domestic cruise and ferry terminals at HarbourFront, Tanah Merah and Pasir Panjang, the Singapore Cruise Centre (SCC) has the experience and facilities to continue its operations. To realise Singapore's ambition to be a major cruise hub and successfully capitalise on the global and Asian market growth, the Singapore government will develop a new International Cruise Terminal at Marina South. The new terminal will attract the new generation of larger cruise ships with features such as larger berths and a larger turning basin and is expected to be completed in 2010.

There are currently more than 37,000 hotel rooms in Singapore, ranging from top-tier luxury hotels to niche boutique hotels to backpacker hostels. The number of hotel rooms is set to grow as more investors and developers, attracted by the buoyant hospitality sector performance since 2004, enter the market to build hotels to accommodate expected increases in demand from rising visitor numbers.

Singapore has been ranked Asia's top convention city for 23 consecutive years by the Union of International Associations. There is a wide array of world-class venues to choose with meeting facilities capable of seating anywhere from 20 to 20,000 people. New hardware that is coming on stream in the next couple of years will allow us to further enhance Singapore's MICE infrastructure. These include the Sports Hub, the AquaStage and the Singapore Air Show site, which will add to the MICE space and present more varied and unusual options for holding events.

The two integrated resorts – The Marina Bay Sands™ and Resorts World at Sentosa – will add 4,400 more hotel rooms as well as leisure attractions, entertainment, shopping, nightlife and dining, as well as new MICE options. The MICE facilities at The Marina Bay Sands™, will be able to accommodate approximately 2,000 exhibition booths and over 45,000 delegates in more than 120,000 square metres of flexible convention and exhibition space. At Resorts World at Sentosa there will be meeting facilities for up to 12,000 delegates, including a ballroom that hosts some 7,300 guests – one of the largest in Asia – as well as a 1,600-seat showroom.

Singapore's compact size and efficient transport system, comprising of a Mass Rapid Transit (MRT) subway system, a comprehensive bus network as well as taxi services, make it easy and convenient for tourists to travel throughout Singapore. In 2008, Singapore launched the Singapore Tourist Pass which allows tourists unlimited travel on buses and train for a period of one, two or three days.

4. Tourism Activities and Locations

▶ *Singapore Tourism Landscape Today*

▶ **Marina Bay**

With the recent completion of the 178-metre Singapore Flyer, one of the world's tallest observation wheels, the Marina Bay area is becoming the new downtown and the place to explore and be entertained. The area is also anchored by Esplanade - Theatres on the Bay, the distinctive performance arts venue and the Merlion Park, home to the iconic Merlion.

▶ **Little India**

Little India, stretching over Serangoon Road, Little India Arcade and Campbell Lane, is a centre of Indian culture, commerce and leisure. Offering a cornucopia of items such as ethnic jewellery, jasmine garlands and silk saris, Little India draws about 2.5 million visitors each year.

▶ **East Coast Park**

East Coast Park offers a wide range of facilities - bowling alleys, a golf driving range, holiday chalets, restaurants, barbecue pits and a hawker centre. For the adventurous, there are water sports offered by the Sailing Club and the People's Association, cycling and in-line skating as well as overnight camping.

▶ **Southern Waterfront**

The Southern Waterfront is a must-stop destination for both family and luxury travel visitors, offering a range of experiences, from mass-appeal attractions to more exclusive lifestyle offerings. These include Mount Faber, a 106-metre hill offering spectacular views of Sentosa Island and the sea beyond, Sentosa - a 500-hectare island that is the most popular island attraction in Singapore and Vivocity - a sprawling mall with 100,000 square meters of multi-experiential retail and lifestyle offerings.

▶ **Chinatown**

Chinatown is where visitors can see the oldest Hokkien temple - Thian Hock Keng, alongside the oldest Indian temple - Sri Mariamman Temple. Every year, 3.6 million tourists visit Chinatown to shop for fresh produce at the wet market, visit Chinatown Night Market in the evenings, or learn about the rich cultural history of old Chinatown at the Chinatown Heritage Centre.

- **Singapore Expo**
 The largest and leading exhibition and convention centre in Southeast Asia boasts 10 halls of 100,000 square metres, 10 conference halls, nine meeting rooms, eight units of mobile conference rooms, parking space for more than 2,200 cars, a Coach Bay, the Starhub Business Centre and Flavours East (a collection of 13 F&B outlets).
- **Orchard Road**
 Spanning 2 km, this street which is synonymous with shopping in Singapore has a varied retail and lifestyle mix. To further raise its statue as a world-class shopping district, SGD 40 million will be injected over the next 3 years to enhance the street's landscape and infrastructure. Additionally, an estimated 100,000 sqm of retail space will be injected by exciting new developments such as Somerset Central, Orchard Central and ION Orchard.
- **Geylang Serai**
 Geylang Serai, or Singapore's Malay Village, offers the possibility to experience traditional Malay arts and crafts like batik painting and kampung games such as top spinning. Gain insights into the lives of Malays in Singapore via the Cultural Museum, Muslim Showcase and Geylang Serai Corner.
- **Wild Wild Wet**
 Wild Wild Wet is Singapore's biggest water theme park, with raft slides, an artificial wave pool, jacuzzi and slide-up. It is the winner of the 2004 World Water Park Association Innovation award.
- **Mandai**
 Attracting 3 million visitors a year, Mandai is poised to become one of Asia's best Nature Family Destinations. Characterised by lush tropical rainforests and a tranquil freshwater reservoir, Mandai offers the perfect setting for the Singapore Zoo, a 28-hectare "open concept" zoo and the Night Safari, the world's first night zoo.
- **Kampong Glam**
 Kampong Glam is a proud enclave of Malay cuisine, costumes, wares and art visited by 0.9 million visitors each year. Key highlights are the Sultan Mosque – Singapore's largest mosque in Singapore, Bussorah Mall – restored shophouses selling traditional clothes, artefacts, handicraft, and jewellery and the Malay Heritage Centre – converted from a sultan's palace.
- **Singapore Discovery Centre**
 The Discovery Centre offers high-tech and interactive exhibits. Key highlights include the Singapore Dynamics Gallery that showcases Singapore's milestones and achievements, and the Technology and Tactics Gallery that exhibit the sophistication of advanced technology and great tacticians respectively.

➤ **Jurong Lake**

The Jurong Lake area, anchored by existing attractions such as the Singapore Science Centre, Jurong Bird Park and Chinese & Japanese Gardens is a favourite leisure destination for families with young children. Between these key attractions, the area currently attracts an estimated 1.5 million visitors a year.

➤ **Katong/Joo Chiat**

Amidst modern buildings and high rise apartments, Katong/Joo Chiat continues to exude the charm of yesteryear which can be attributed to its melting pot of Peranakan (Straits Chinese), Eurasian, Malay, Indian and Chinese cultures.

➤ **Singapore Botanic Gardens**

The Singapore Botanic Gardens epitomizes the tropical island's luxuriant parks. Spread over 52 hectares and close to the centre of the city, the Gardens showcases many outstanding plant collections and rare specimens

▶ ***Upcoming Attractions***

➤ **FORMULA 1™ SingTel Singapore Grand Prix**

In September 2008, Singapore will add another feather to its cap of events and entertainment offerings by hosting a leg of the 2008 FIA FORMULA 1™ World Championship series. The 2008 FORMULA 1™ SingTel Singapore Grand Prix will be the first Formula One™ street race in Asia and the first night race in Formula One™ history.

Running counter-clockwise, the unique street circuit in the heart of the city features fast straights and technically challenging turns that will satisfy even the most die-hard motorsports enthusiast. The route will showcase, to an international viewership of 500 million, Singapore's attractive skyline, iconic city landmarks and lush tree-lined boulevards befitting of our Garden City billing.

All round the circuit are grandstands with a seating capacity of 80,000 and a permanent Pit Building that will come with deluxe paddock facilities. Located along the Marina Bay waterfront and adjacent to the Singapore Flyer, the world's highest observation wheel, the Pit Building offers unparalleled viewing opportunities of the starting straight as well as pit lane action.

➤ **City Circuit Track**

The 5.067 km track in Marina Centre will run past several of Singapore's historic landmarks such as the War Memorial Park, the upcoming National Art Gallery occupying the former City Hall and Supreme Court buildings, and the Anderson Bridge; modern-day buildings including the iconic Esplanade - Theatres on the Bay and the soon to- be-completed The Marina Bay Sands™ integrated resort across the Marina Bay.

The proposed race circuit is still subject to further safety checks and certification, and is thus not finalised yet.

➤ **Marina Bay Area**

Marina Bay Sands™

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The Las Vegas Sands Corporation, Asia's leading developer of premium integrated resorts and the Meetings, Incentives, Conventions and Exhibitions (MICE) industry leader of the United States, will invest over SGD 5 billion (USD 3.3 billion) into this integrated development that is set to transform the Marina Bay area into not just a leading exhibition and convention cluster, but one with a range of quality lifestyle and entertainment offerings.

Expected Completion: Late 2009

• **Singapore Flyer**

Set to become one of the world's tallest observation wheels, this SGD240 million (USD 156 million) development will scale new heights of 178 metres with its 28 air-conditioned capsules. This icon is expected to offer unparalleled 45-km views of Singapore and its neighbours to 2.5 million visitors in its first year of operation.

Official Opening: April 2008

• **Clarke Quay**

Its recent SGD 80 million (USD 52 million) rejuvenation has made this one of Singapore's must-stops for a range of world-class entertainment and dining options. Key highlights include the world's largest 4,000-square metre Ministry of Sound, the cutting-edge Kandi Bar inspired by cult music brand Hed Kandi and a sexy supper club Barfly under the Buddha Bar umbrella.

• **Marina Barrage**

This 350-metre dam will not only turn the Marina Bay basin into a freshwater reservoir but also transform the area into an ideal location for water sports and world-class sporting events.

• **Gardens By The Bay**

Gardens by the Bay will occupy 101-ha of waterfront prime land at the heart of Singapore's new downtown - Marina Bay. The gardens will be an integral part of Singapore's "City in a Garden" vision. The Gardens at Marina South, Gardens at Marina East, and Gardens at Marina Centre will offer a horticultural fantasia, showcasing garden craftsmanship and floral artistry that will set world benchmarks.

Expected completion: 2010

➤ **Southern Waterfront**

• **Resorts World at Sentosa**

Scheduled to open in 2010, the Resorts World at Sentosa, developed by Genting International, promises an over SGD 5 billion multi-resort experience for the entire family. This latest mega tourism development is envisaged to position Sentosa and Singapore firmly as a top-of-mind, fun and exciting family destination.

Spread over 49 hectares of lush greenery, Resorts World at Sentosa Pte Ltd is designed as a collection of resorts within a resort, so as to impart a multi-resort experience for all its visitors. With world-class anchor attractions and myriad lifestyle offerings, Resorts World at Sentosa is set to become a must-visit family destination.

- **Sentosa Cove**

Tucked away with two championship golf courses in the secluded east of Sentosa Island, Sentosa Cove is truly the epitome of waterfront living with 204 wet berths, including 10 specially designed for mega yachts. With more than 50% of the total bungalow plots already sold, Sentosa Cove is well on its way to become one of the world's most prestigious marina residential communities.

- **VivoCity**

Opened in late 2006, VivoCity has enhanced Singapore's retail scene with its more than 95,000 square metres of multi-experiential retail and lifestyle offerings. VivoCity's unique design incorporates breathtaking open spaces for waterfront alfresco dining and the staging of world-class events and performances in a 1,000-seat amphitheatre.

- **St James Power Station**

After a SGD 40 million (USD 26 million) transformation, Singapore's first coal-fired power station built in 1927 has re-emerged as a choice 6,500 square metres nine-in-one nightspot destination. Key highlights include the 1,000 square metres dance club St James Power House, the world music bar Movida and Singapore's first mandopop bar Dragonfly. Within its compound, St James Power Station also hosts the 1,500 square metres Tiger Live, South East Asia's first brand experience centre.

- **Mount Faber**

Mount Faber is a hill about 106 metres in height, located 10 minutes from the Central Business District and part of the Southern Waterfront Precinct. The lush greenery and existing black and white heritage buildings on the southern slopes cover an approximate area of 62 hectares. Offering spectacular views to the Harbourfront, Sentosa Island and the sea beyond, Mount Faber will be a niche destination that is appealing to both families and young professionals.

➤ **Remaking Orchard Road**

- **The St. Regis Singapore**

The St Regis Singapore is set to transform the upper end of Orchard Road. A joint venture between City Developments, Hong Leong Holdings and TID PL, it has 173 well-appointed residences and 299 hotel guest rooms. In keeping with the exclusivity and luxury synonymous with the St Regis brand name, it will offer impeccable service and even a personal butler service for guests.

Completed in 2007

Official Opening: April 2008

- **ION Orchard**

A distinctive 56-storey development made up of over 55,000 square metres of

retail space and 175 apartment units, this SGD2 billion (USD1.3 billion) joint venture by Capitaland Ltd and Sun Hung Kai Properties Ltd is set to transform Orchard Road's busiest junction. The observatory at the upper floors will offer panoramic views of the lush tree-lined boulevard. Six global superbrand Cartier, Christian Dior, Dolce & Gabbana, Giorgio Armani, Louis Vuitton and Prada will establish their first duplex flagship stores here, validating ION Orchard's status as a redefining landmark in the local retail landscape.
Expected Completion: 2008

- **Orchard Central**

Far East Organisation's (FEO) Orchard Central is set to be a signature development with more than 20,000 square metres of retail, F&B and entertainment options. Its underground pedestrian mall will make it more convenient for pedestrians to access Somerset MRT (Mass Rapid Transit) station and its vicinity.
Expected Completion: 2008

- **Somerset Central**

One of Australia's foremost developers, Lend Lease, signalled its confidence in Singapore through its successful bid for the Somerset Central project. A highlight of the vibrant 20,000 square metres retail and entertainment hub will be its extensive walkway frontage, giving shoppers a unique 'street-shopping' experience.
Expected Completion: 2009

- **Mandai Nature Cluster**

Leveraging on the presence of two existing world-class animal-themed attractions in the vicinity and its pristine forested and freshwater surroundings, plans are underway to transform Mandai into one of Asia's top nature destinations. With more than 30 hectares of land for tourism development, the area will be reserved for tourism concepts that can fit in with the Mandai vision, concepts that draw on its surroundings to position Mandai as a unique animal and nature-themed experience that is sensitive to the biodiversity of the area and comprising attractions, accommodation, and other lifestyle offerings, transforming it into a must-visit nature themed family destination that can become a leading example of nature-friendly leisure developments.

5. Tourism Training

There are many institutions in Singapore providing quality training in Tourism. Broadly, the training can be categorised into Competency Skills Based Training, Diploma, Undergraduate as well as Post Graduate studies. Depending on the need for workers at different skills' levels and functional areas, investors may wish to contact the institution directly for the specific course information.

Such institutions may include the Institute of Technical Education (ITE), the Polytechnics (Nanyang Polytechnic, Ngee Ann Polytechnic, Republic Polytechnic, Singapore Polytechnic, Temasek Polytechnic), the Nanyang Technological University as well as the Cornell-Nanyang Institute of Hospitality Management. Singapore has CaseTrusted Commercial Schools* such as Singapore Hotel Association Training &

Educational Centre (SHATEC) and Tourism Management Institute of Singapore (TMIS) which are industry association affiliated institutions as well.

As the Singapore Tourism Board works towards achieving the Tourism 2015 targets of 17 million in visitor arrivals and S\$30 billion in tourism receipts, it is critical to develop an adequate and skilled workforce to support the tourism industry. There are currently 170,000 to 180,000 tourism jobs. By the end of 2010, there will be 50,000 to 60,000 more jobs created by the growing industry.

Due to this growth, in October 2007, the Ministry of Manpower, the STB and the Workforce Development Agency launched the TOURism TALent (TOTAL) Plan to prepare for the expected spike in demand for tourism manpower. The TOTAL Plan adopts a three-pronged approach: Continuing Education and Training (CET) for adult workers, Pre-Employment Training (PET) for students and Industry Development to attract the local workers to take up tourism jobs.

In addition to a three-year tourism careers campaign, Tourism - A Journey of Discovery, aimed at increasing the profile of tourism jobs the other initiatives under the TOTAL Plan are as follows:

► *Continuing Education and Training*

► **S\$30 million Tourism Industry Professionals in Tourism (TIP-iT) incentive scheme**

In 2007, the STB launched a S\$30 million incentive scheme - Training Industry Professionals in Tourism (TIP-iT) which supports companies who wish to develop their manpower through the acquisition and application of specialised skills/new capabilities which would contribute to STB's Tourism 2015 objectives. This scheme will encourage tourism establishments to hire in advance, train their employees and attach key personnel to developments outside of Singapore to train for job readiness. The STB aims to train 3,000 senior executives over the next three years.

► **Tourism Training Infrastructure Enhancement Scheme**

In view of the positive tourism landscape, training providers may set up specialised training institutions to provide tourism training, especially those currently unavailable in Singapore.

STB will be developing a scheme which will provide funding for tourism training infrastructures and facilities for specialised training skills for the next three years.

► *Pre-Employment Training (PET) for Students*

The STB has been working with the post secondary educational institutions (PSEIs) to progressively increase their intake and introduce new courses in tourism-related disciplines, such as culinary, retail and resort management.

The tourism-related PET intake has already been increased to 3,000 for Academic Year (AY) 2007 from 2,000 for AY 2006.

STB also gives out scholarships at the diploma, undergraduate and postgraduate levels for various programmes, namely Diploma in Integrated Events Management (Republic Polytechnic), Bachelor of Business (Tourism & Hospitality Management) (NTU) and Masters of Management in Hospitality (Cornell-Nanyang Institute). In addition, STB continues to give out study awards for ITE students. These are targeted at better students in tourism-related NITEC courses who will be attached to the industry (eg. F&B) as apprentices.

To continue to build up new talent pool and a quality workforce for the industry, the STB will be working with industry partners to expand the scholarship scheme to benefit more entrants.

► *Industry Development to Attract Local Workers*

► **Job Re-creation Programme (JRP)**

To attract mature workers, STB is currently working with Singapore National Employers Federation (SNEF), with support from National Trades Union Congress and Singapore Workforce Development Agency, to redesign some jobs for the Hotels & Accommodation, MICE, Tour & Travel, and Attractions sectors. The programme encourages employers in these sectors to re-design jobs in ways that will enhance job worth, improve working conditions, job prospects and job image. This will in turn lead to an increase in job productivity or quality of work which will justify a meaningful increase in workers' pay. In achieving this, the sectors will draw more locals to take up jobs in tourism.

There are also plans in the pipeline to provide JRP funding for various mechanisation initiatives which will make tasks such as hotel guest check-in, dish washing and room cleaning easier, less strenuous and less labour-intensive. This initiative will target new hotels, instead of existing ones, which already have operations methods set and may find it more difficult to retrofit new equipment.

► **HR/ Workplace Practices**

Industry players have frequently highlighted a general unwillingness amongst local workers to take up certain positions in the tourism industry. Major reasons cited have been mainly job-specific, demonstrating the industry needs to address certain industry and HR practices to enhance the appeal of jobs and to attract more locals to take them up.

To boost the tourism industry's current efforts in enhancing jobs, the HR/ Workplace Practice Scheme will provide incentives to encourage and assist the industry to adopt relevant HR/Workplace practices. These new practices would help enhance the industry's attractiveness; encourage and facilitate new entrants such as housewives and retirees entering the industry; and increase employee retention. Potential areas to be explored include clearer career progression, motivation of staff, and mentorship for new hires. The industry will also be encouraged to share best practices with each other.

The scheme highlights the importance of the role the industry plays in making the tourism sector a more attractive sector to join, and in improving the quality of our tourism workforce.

It emphasises the point that more attention and resources should be set aside to upgrade HR practices and train employees. It also encourages the industry to be more open to employing mature workers and helping them make a career switch.

Together with the commitment of the industry, the STB aims to improve the existing retention rate of tourism establishments by 20% over the next three years.

**A CaseTrusted Commercial School is a private education organization that achieves CaseTrust for Education and is certified as an organisation that possesses the foundation for good quality student welfare/protection practices and standards. CaseTrust certification does not in any way represent an endorsement or accreditation of the quality of the courses offered. Prospective students of CaseTrust certified private schools are advised to find out more about them, the quality of the courses and the background of the local organization that facilitates the delivery of the courses when making a decision to enrol in the course of study. By end-2008 the CaseTrusted Commercial School certification will be replaced by EduTrust, under the new Private Education Bill. A new Council for Private Education will be set up to oversee the regulatory framework. Further details will be released in 2008.*

Investment Climate

1. Singapore: a Business Centre

Singapore is today a reputable financial centre, a key regional trading centre, the world's busiest port and a top location for investments. The country's assets as a business hub include its excellent infrastructure, strategic location, skilled and industrious workforce, advanced capabilities and a government whose approach to business is both pragmatic and flexible.

The International Meetings Statistics 2006 Report by Union of International Associations' ranked Singapore Asia's Top City for Meetings for the 23rd time, Asia's Top Country for Meetings and 3rd Top International Meeting City.

The International Congress & Convention Association Global Rankings 2006 ranked Singapore Asia's Top Convention City for the 8th time and 3rd Top Convention City in the World.

2. Singapore Welcomes Foreign Investors

The Singapore economy is based on free enterprise, with no restriction on foreign ownership of businesses and employment of foreign expertise. The Singapore Government adopts an open-door policy and welcomes foreign investors. It encourages business to thrive by keeping red-tape to a minimum. It also has a reputation for being responsive to change and is willing to adapt quickly to new and unforeseen circumstances by altering its outlook and modifying policies.

With exceptions for national security purposes and in some restricted industries, no limitations are imposed on the percentage of foreign ownership of business operations in Singapore. A foreign company may establish a representative office in Singapore to undertake promotional and liaison activities on behalf of its parent company subject to the approval of the International Enterprise Singapore (IES).

Cruise

Leveraging on Singapore's strength as a densely connected air and sea hub to give passengers more varied travel options, Singapore launched a S\$10 million Fly-Cruise Development Fund to encourage both new and existing cruise companies in Singapore to develop their Asian presence and more importantly, anchor strategic deployments here in Asia, in Singapore. Costa Cruises and Royal Caribbean International are the first to tap the fund, while several other major cruise players have also expressed their interest to collaborate on regional cruise marketing efforts.

Top players like Royal Caribbean Cruises and Carnival have strategically positioned their ships in Asia. 2007 saw Royal Caribbean's Rhapsody of the Seas sailing into Singapore to begin her series of Asian voyages with Singapore as her homeport. Carnival's Costa Allegra and Costa Classica (from 2009) will also call Singapore their homeport for their Asian itinerary, while Silversea Cruises will make Singapore its homeport for its ships seasonally.

Economic Indicators & Policies

1. Statistical Information*

	2002	2003	2004	2005	2006	2007**
International Visitor Arrivals into Singapore	7,567,112	6,127,291	8,328,748	8,943,029	9,750,960	10,283,361
Hotel Rooms Situation (No. of gazetted rooms available)	30,468	29,917	30,300	30,445	30,686	30,075***
Hotel Average Occupancy Rate (%)	74.4	67.2	80.6	83.8	85.2	87.0
Tourism Receipts (S\$ billion)	8.8	6.9	9.8	10.9	12.4	13.8

*Source: Singapore Tourism Board

** Figures for 2007 are preliminary estimates

*** Number of gazetted rooms as at June 2007

2. Summary of the Standard and Cost of Living

Living conditions in Singapore are among the best in Asia, with excellent facilities for education, shopping, sports and recreation. Inflation in Singapore is among the lowest in the world. This is due mainly to the strong Singapore dollar; the provision of low cost public housing; Singapore's free trade policy which has enabled the economy to switch to more competitive import sources; and the various counter-inflationary measures adopted by the Government.

Singapore is of sound politically, geographically and economically. Security is assured in Singapore, with low crime rates and a population that by a vast majority is law abiding. When investing in Singapore, MNCs' investments and businesses are protected against major upheavals and disruptions that are so often seen in many other parts of the world. In fact, Singapore has been ranked several times as the lowest risk nation in the world.

3. Relevant Economic Policies

Monetary Policy

The Monetary Authority of Singapore (MAS) is the central bank of Singapore. It formulates and executes Singapore's monetary policy, and issues Singapore currency. As banker and financial agent to the Singapore Government, MAS manages the country's official foreign reserves and issues government securities. As supervisor and regulator of Singapore's financial services sector, MAS has prudential oversight over the banking, securities, futures and insurance industries. It is also responsible for the development and promotion of Singapore as an international financial centre.

MAS operates a flexible exchange rate policy. It manages the Singapore Dollar against a trade-weighted basket of currencies of Singapore's main trading partners, and not against any single currency. The primary goal is to maintain price stability to foster long-term sustainable economic growth. As supervisor of the financial sector, MAS ensures that financial institutions maintain high standards of financial management and prudence. This is to maintain the resilience of the financial sector in the face of the challenging external environment.

Financial Framework

1. Free Movement of Capital and Profits

The repatriation of profits and the import of capital are freely allowed. There is no capital gains tax.

2. Taxation System

Income Tax (Corporate and Personal)

Companies are taxed at a flat rate of 18% on their chargeable income with effect from the year of assessment 2008. From the year of assessment 2008, a partial tax exemption is given on a company's chargeable income (excluding Singapore franked dividends) of up to \$300,000, which is subject to tax at the normal corporate tax rate as follows:

- 75% tax exemption for the first \$10,000 chargeable income;
- 50% tax exemption for the next \$290,000 chargeable income

From the year of assessment 2008, full tax exemption is granted for each of the first three years of assessment of a qualifying company as follows:

- Full tax exemption for the first \$100,000 chargeable income;
- 50% tax exemption for the next \$200,000 chargeable income.

Individual residents in Singapore are taxed on all income derived from Singapore. All foreign-sourced income received in Singapore by resident individuals (excluding foreign-sourced income received in Singapore through a partnership in Singapore) on or after 1 January 2004 will be tax-exempt. The income after deducting personal reliefs will be taxed at resident rates ranging from 0% - 20% with effect from year of assessment 2007.

A non-residential individual is exempted from tax in respect of remittances made to Singapore. Only income earned in or derived in Singapore is liable to tax. He will not be given personal reliefs and his employment income will be taxed at a flat rate of 15% or the resident rates, depending on which gives a higher tax. However, in the case of an individual employee (excluding a director of a company) who is present in Singapore for a period not exceeding 60 days in a calendar year, the employment income will be exempted from Singapore income tax. For director's fee and income other than employment, they will be taxed at a flat rate of 20% with effect from year of assessment 2005.

► *Loss Carry-Back System*

With effect from the year of assessment 2006, trade losses and unutilised capital allowances of up to \$100,000 incurred by a company in the current year can be carried back for one year of assessment immediately preceding that year of assessment in which the trade losses are incurred or the capital allowances granted.

► *Property Tax*

Property tax is levied on all immovable properties in Singapore. The property tax payable per year is computed based on a tax rate of the annual value of the property. If the property is a piece of land, then the annual value is at 5% of the estimated market value of the land. The property tax rate is 4% for owner-occupied residential properties and 10% for others.

Property tax is levied on all immovable properties in Singapore and is payable in advance by the owner in the month of January each year. These properties include HDB flats, houses, offices, factories, shops, hotels and land. The property tax payable per year is computed based on a tax rate of the annual value of the property. Annual value is the estimated annual rent that a property can fetch if it were rented out. If the property is a piece of land, then the annual value is at 5% of the estimated market value of the land. The property tax rate is 4% for owner-occupied residential properties and 10% for others.

► *Goods and Services Tax (GST)*

The government has sought to reduce its reliance on Income Tax as a major source of revenue by broadening the tax base with the introduction of a consumption tax in Singapore, called the Goods and Services Tax (GST) which commenced on 1 April 1994. GST is levied on supplies of goods and services made by a taxable person in Singapore. All supplies of goods and services are taxable except for the grant, assignment or surrender of any interest in, or right over, any residential properties.

The tax charged will be at a rate of 7%. The GST rate was increased from 3% to 4% on 1 January 2003 and to 5% from 1st January 2004. From 1 July 2007, the rate is 7%.

► *Capital Gains Tax*

There is no capital gains tax in Singapore.

► *Customs and Import Duties*

Singapore pursues a free trade policy. Very few goods are dutiable or under control, hence most goods can be imported or exported into and from Singapore. The main dutiable items are petroleum products, intoxicating liquors (including wine, beer, ale, stout and port), motor vehicles and tobacco products (including cigarettes and cigars). All dutiable goods imported into or manufactured in Singapore are subject to Customs duty and/ or Excise duty in accordance with the Singapore Customs Duties Order.

3. Double Tax Agreements

Singapore has avoidance of double taxation and prevention of fiscal evasion agreements in force with a number of countries. Please refer to the “Tax treaties” page on the website iras.gov.sg for the full list of countries.

4. Financial and Tax Incentives

Investment incentives play a key role in shaping the pace and direction of industrial development. In Singapore, incentives are used both for the promotion of new investments in industries and services, and for encouraging existing companies to upgrade through mechanization and automation and through the introduction of new products and services.

Besides non sector specific incentives offered by the Economic Development Board (EDB), the Singapore Tourism Board (STB) offers specific financial grants and tax incentives to the tourism industry.

► *Financial Grants*

In terms of financial grants, the Tourism Development Assistance Scheme (TDAS) administered by the STB is aimed at accelerating the pace of tourism development in Singapore.

The Film in Singapore! Scheme (FSS) aims to facilitate international film-makers and broadcasters in the shooting, production and post-production of quality movies and television programmes in Singapore.

The Training Industry Professionals in Tourism (TIP-iT) is an incentive scheme which aims to support strategic companies in their manpower development through the acquisition and application of specialised skills / new capabilities that would directly contribute to achieving Tourism 2015 objectives.

To allow a company to stage or expand its business event in Singapore, the Singapore Exhibition & Convention Bureau (SECB) – a group of the Singapore Tourism Board, offers customised support to business event organisers, corporations and associations under the BE in Singapore incentive scheme.

► *Tax Incentives*

The STB offers Double Tax Deduction for Inbound Tourism Promotion and Double Tax Deduction for Local Trade Exhibitions, which are aimed at encouraging companies to market Singapore as a destination at overseas trade fairs and missions as well as to expand their markets by participating in international trade-oriented exhibitions held in Singapore.

Also, there are the Investment Allowance Scheme For Flagship Concepts, which aims to encourage new investments in flagship concepts stores in the retail, food and beverage and entertainment sectors, and the Concessionary Tax Rate For Approved Mega Events, which aims to encourage event organisers to bring in or stage mega events.

Statutory Requirements

Commercial Regulations

► *Immigration/ Work Permits/ Employment Passes*

Under the Immigration Act (Cap. 133), foreigners must obtain the permission of the Controller of Immigration to enter into Singapore to take up or continue employment, or to engage in business. Foreigners (excluding permanent residents) taking up employment in Singapore are required to obtain employment passes issued.

► *Auditing*

Companies incorporated under the Company's Act must, within 3 months of its incorporation, appoint an independent auditor approved by the Public Accountants Board.

► *Licensing*

The following businesses would need various licenses to operate in Singapore. They are:

- Entertainment, Recreation and Sports
- Events and Exhibition Services
- Food and Beverage Outlet
- Hotel and Accommodation
- Manufacturing
- Retail
- Services
- Wholesale (Import, Export & Distribute)
- Tourist Guides and Travel Agents

Singapore has a one-stop On-line Business Licensing Service (OBLS) located at <https://licences.business.gov.sg/> where companies can:

- Find information on the licenses & permits that apply to your business
- Apply & pay for licenses & permits online
- Register a new business

Relevant Agencies

1. Tourism Agencies And Offices

► *Singapore Tourism Board (STB)*

The Singapore Tourism Board (STB) aims to evolve Singapore into a Tourism Capital. It markets Singapore as an exciting and memorable tourist destination through the Uniquely Singapore brand which positions the Lion City as a unique blend of the modern world and rich cultures that delivers enriching experiences. The STB drives the economic growth in one of Singapore's largest service sectors - tourism. In 2007, the tourism industry generated more than S\$13.8 billion in tourism receipts and welcomed 10.3 million visitors.

Interested investors may contact STB directly to engage with the relevant division for further discussion as projects are assessed based on its individual merits and alignment with Tourism 2015 vision/targets.

Address:
Singapore Tourism Board
Tourism Court,
1 Orchard Spring Lane
Singapore 247729
Tel : (65) 6736 6622
Fax : (65) 6736 9423
Website : <http://www.stb.gov.sg>

► *Overseas Offices*

India

Singapore Tourism Board
Ispahani Centre
123/124 Nungambakkam High Road
Chennai, 600 034, India
Tel : (91-44) 4213 9995
Fax : (91-44) 4201 2200
Email : chennai@stb.gov.sg

Singapore Tourism Board
International Trade Tower
Block F, Ground Floor,
Nehru Place, New Delhi - 110019
Tel : +91 11 41683070/71/72
Fax : +91 11 41683073
Email : delhi@stb.gov.sg

Singapore Tourism Board
First Floor, Manek Lodge,
85, Hughes Road,
Above HDFC Bank, Next to RTI
Mumbai - 400 007
Tel : (91-22) 2380 2202 / 03
Fax : (91-22) 2380 2207
Email : mumbai@stb.gov.sg

Indonesia

Singapore Tourism Board
27th Floor - Suite 01/02
Menara Bank Danamon
Jln Prof. Dr Satrio Kav E IV/6
Mega Kuningan
Jakarta 12950
Indonesia
Tel : (62-21) 5799-2276 or
(62-21) 5799-2279
Fax : (62-21) 5799-2271
Email : stb_indonesia@stb.gov.sg

Singapore Tourism Board
Grand Angkasa International Hotel
Jl. Sutomo No.1
Medan 20235
Indonesia
Tel : (62-61) 4566 649
Fax : (62-61) 4566 650
Email : stb_indonesia@stb.gov.sg

Japan

Singapore Tourism Board
Osaka City Air Terminal (OCAT), 4F
1-4-1, Minato-machi, Naniwa-ku
Osaka 556-0017, Japan
Tel : (81-6) 6635 3087
Fax : (81-6) 6635 3089

Singapore Tourism Board
8th Floor, Chiyoda Building
1-6-4, Yuraku-cho, Chiyoda-ku
Tokyo 100-0006, Japan
Tel : (81-3) 3593 3388
Fax : (81-3) 3591 1489
Email : info@stb.or.jp

Malaysia

Singapore Tourism Board
Ground Floor, Menara Keck Seng
203 Jalan Bukit Bintang
Kuala Lumpur 55100, Malaysia
Tel : (60-3) 2142 7133
Fax : (60-3) 2148 7133
Email : stb@stbmalaysia.com.my

Republic of Korea

Singapore Tourism Board
9th Floor Young Poong Building
33 Sorin-Dong Chongro-ku
Seoul, Republic of Korea 110-110
Tel : (82-2) 399 5570
Fax : (82-2) 399 5574
Email : info@newasia-singapore.or.kr

Thailand

Singapore Tourism Board
Unit 2102A, 21st Floor United Center
323 Silom Road
Bangrak, Bangkok 10500
Thailand
Tel : (66-2) 630 4774 / 630 4775
Fax : (66-2) 630 4773
E-mail : stbbkk@truemail.co.th

The Philippines

Singapore Tourism Board
17th Floor, 6788 Ayala Ave
1226 Makati City
Manila, The Philippines
Tel: (632) 813 0946/4968
Fax: (632) 813 6585
Email: stbphils@pacific.net.ph

Vietnam

Singapore Tourism Board
3rd Floor Saigon Tourist Department Store
35 bis - 45 Le Thanh Ton Street, District 1
Ho Chi Minh City, Vietnam
Tel : (84-8) 8277 646
Fax : (84-8) 8277 648
Email : visitsingapore@hcm.vnn.vn

United Arab Emirates

Singapore Tourism Board
Crowne Plaza Commercial Tower,
19th Floor, Unit 1901 / 02 ,
Sheik Zayed Rd, PO Box 62425,
Dubai, United Arab Emirates
Tel : (971) 4 329 0898
Fax : (971) 4 331 2177

People's Republic of China

Singapore Tourism Board
Unit 1202-1205
West Tower of LG Building
Jian Wai Avenue
Beijing 100022
People's Republic of China
Tel : (86-10) 5879 3388
Fax : (86-10) 5879 3666
(Greater China Office)
(86-10) 5879 3616
(Northern China Office)
Email : stb_gc@stb.gov.sg

Singapore Tourism Board
Room 1005, Shanghai Kerry Centre
1515 Nanjing Road West
Shanghai 200040
People's Republic of China
Tel: (86-21) 5298 5688
Fax: (86-21) 5298 5388
Email: stb_gc@stb.gov.sg

Hong Kong

Singapore Tourism Board
Room 2003 Central Plaza
18 Harbour Road
Wanchai
Hong Kong SAR
Tel : (85-2) 2598 9290
Fax : (85-2) 2598 1040
Email : stbhk1@hknet.com

Taiwan

Singapore Visitors Centre
 Unit H 6th Floor
 Hung Tai Center
 168 Tun Hwa North Road
 Taipei 105
 Taiwan
 Tel : (886-2) 2718 5280
 Fax : (886-2) 2719 1049
 Email : stbtpeinfo@seed.net.tw

Australia

Singapore Tourism Board
 Level 11, AWA Building
 47 York Street
 Sydney, NSW 2000, Australia
 Tel : (61-2) 9290 2888 / 9290 2882
 Fax : (61-2) 9290 2555
 Email : stb-syd@stb-syd.org.au

New Zealand

Singapore Tourism Board Marketing Consultant
 c/o Vivaldi World Ltd
 1340-C Glenbrook Road
 RD1, Waiuku
 Auckland.
 New Zealand
 Tel : 0800 608 506
 (freecall in New Zealand only)
 Fax : (61 2) 9290 2555
 Email : stbnz@stb-syd.org.au

Germany

Singapore Tourism Board
 Hochstrasse 35-37
 60313 Frankfurt, Germany
 Tel : (49-69) 920 7700
 Fax : (49-69) 297 8922
 Email : info@stb-germany.de

United Kingdom

Singapore Tourism Board
 Singapore Centre
 Grand Buildings
 1-3 Strand
 London WC2N 5HR
 United Kingdom
 Tel : (44-20) 7484 2710
 Fax : (44-20) 7839 6162
 Email : stb_london@stb.gov.sg

USA

Singapore Tourism Board
 5670 Wilshire Boulevard #1550
 Los Angeles, CA 90036
 Tel : 1-323-677-0808
 Fax : 1-323-677-0801
 Email : losangeles@stb.gov.sg

Singapore Tourism Board
 1156 Avenue of the Americas, Suite 702
 New York, NY 10036, USA
 Tel : (1-212) 302 4861
 Fax : (1-212) 302 4801
 Email : newyork@stb.gov.sg

2. Other Related Agencies**► Sentosa Development Corporation (SDC)**

SDC manages and promotes Sentosa Island, the favourite recreational island resort of Singaporeans and overseas visitors alike. SDC works with private investors to develop new attractions, facilities and activities for the enjoyment of visitors to Sentosa. SDC also develops and manages Sentosa Cove, a unique marina resort and waterfront housing project.

Address:
 Sentosa Development Corporation
 c/o Sentosa Leisure Group
 33 Allanbrooke Road, Sentosa
 Singapore 099981
 Tel : 65-62750388
 Website : <http://www.sentosa.com.sg>

► ***Economic Development Board (EDB)***

The Economic Development Board (EDB) is the lead government agency responsible for planning and executing economic strategies to enhance Singapore's position as a global hub for business and investment. EDB is the one-stop agency that facilitates and supports local and foreign investors in both the manufacturing and services sectors as they seek more value-creating operations, higher sustainable returns and new business opportunities.

Address:
Economic Development Board
250 North Bridge Road
#28-00 Raffles City Tower
Singapore 179101
Tel : (65) 6832-6832
Fax : (65) 6832-6565
Website : <http://www.edb.gov.sg>

► ***Accounting & Corporate Regulatory Authority (ACRA)***

The Accounting & Corporate Regulatory Authority (ACRA) was formed as a result of merger of the Registry of Companies and Businesses (RCB) and the Public Accountants Board (PAB) from 1 April 2004. The mission of ACRA is to provide a responsive and forward looking regulatory environment for companies, business and public accountants, conducive to enterprise and growth in Singapore. The focus of the statutory board will be on issues concerning businesses, such as developing the corporate law framework, accounting and corporate governance.

Address:
Accounting & Corporate Regulatory Authority
10 Anson Road #05-01/15
International Plaza, Singapore 079903
Tel : (65) 6248 6028
Fax : (65) 6225 1676
Website : <http://www.acra.gov.sg>

► ***Singapore Land Authority (SLA)***

SLA is responsible for the management of State land and buildings, land sales, leases, acquisitions and allocation, developing and marketing land-related information and maintaining the national land information database. They are also the national land registration authority, responsible for the management and maintenance of the national land survey system.

Address:
Singapore Land Authority
8 Shenton Way
#26-01 Singapore 068811
Tel : (65) 6323 9829
Fax : (65) 6323 9937
Website : <http://www.sla.gov.sg>

► ***Urban Redevelopment Authority (URA)***

The Urban Redevelopment Authority (URA) is Singapore's national land use planning authority. URA prepares long term strategic plans (Concept Plan/Master Plans), as well as detailed local area plans (Development Guide Plans), for physical development, and then co-ordinates and guides efforts to bring these plans to reality. Prudent land use planning has enabled Singapore to enjoy strong economic growth and social cohesion, and ensures that sufficient land is safeguarded to support continued economic progress and future development.

Address:
Urban Redevelopment Authority
The URA Centre
45 Maxwell Road
Singapore 069118
Tel : (65) 6221 6666
Fax : (65) 6227 5069
Website : <http://www.ura.gov.sg>

► ***Jurong Town Corporation (JTC)***

The JTC's mission is to plan, promote and develop vibrant industrial space, in support of the country's economic advancement. They are the leading provider of industrial space solutions.

Address:
JTC Corporation
The JTC Summit
8 Jurong Town Hall Road
Singapore 609434
Tel : (5) 1800 5676000
Fax : (65) 65655301
Website : <http://www.jtc.gov.sg>

► ***Land Sales***

The Singapore government releases land regularly through its land sales program for private sector development. The URA, SLA and JTC act as key agents for the State in carrying out land sales for commercial, hotel, private residential and industrial developments. Sites are usually sold on 99-year leases for commercial, hotel and private residential development whereas leases for industrial sites are usually for 60 years. The lease tenure for other types of sites varies depending on the uses.

The usual sale method is through public tender, where the various land sites available for sale are published on the website, and applicants submit their price bids for the land. The bid with the highest price wins. More information on land sales program is available on each relevant government agencies' website.

► *Land Rentals*

Rental of State Land

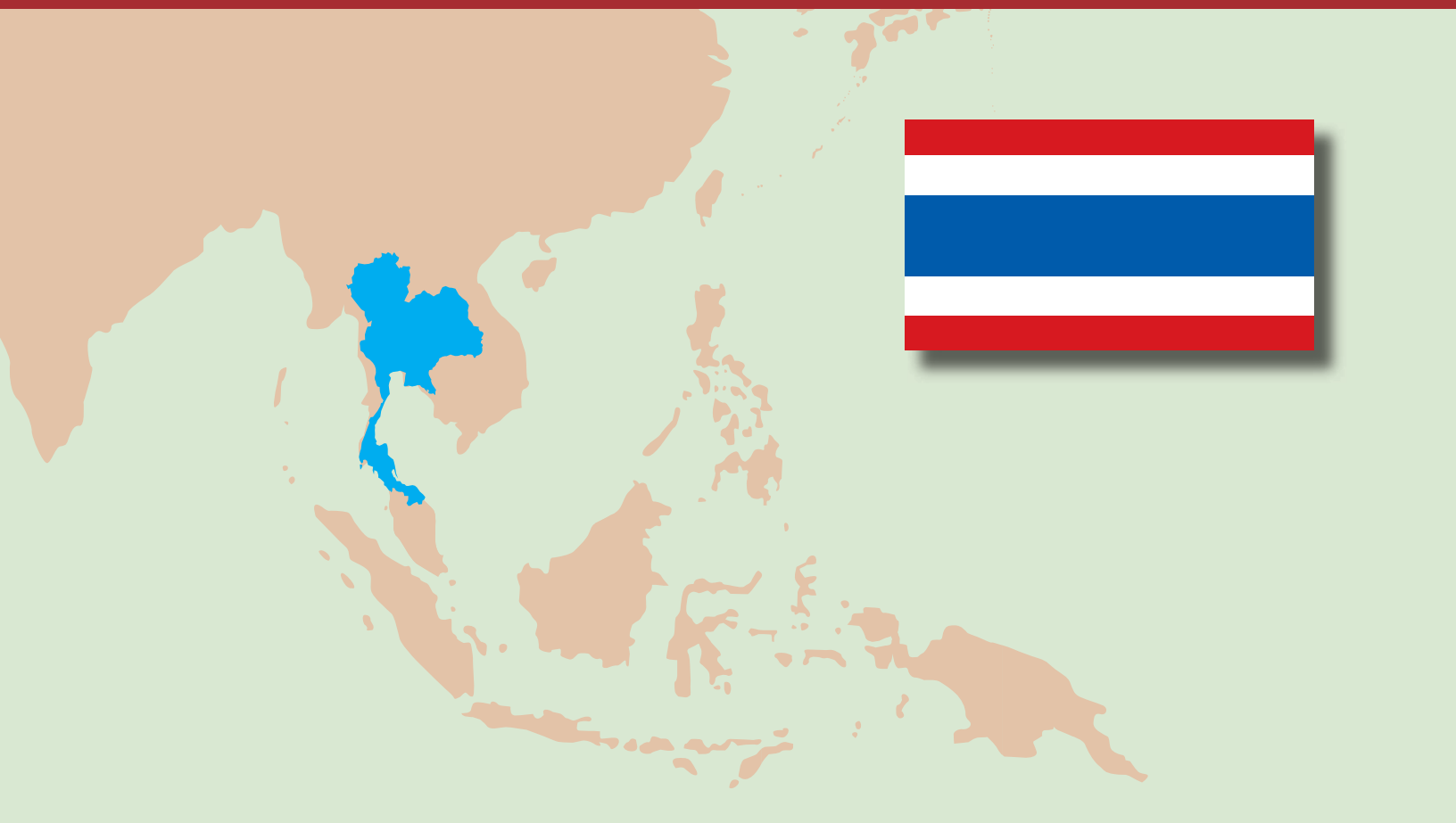
- SLA rents out vacant State lands through Temporary Occupation Licenses (TOLs) and Tenancy Agreements (TAs). TOLs are generally for a short fixed term or could be on a monthly or yearly renewable basis. TAs are for fixed terms, up to a maximum of 3 years per term.
- TOLs and TAs can be issued for a whole range of uses ranging from worksites, site offices, temporary structures on State foreshore, mini fairs, trade expositions, carnivals, offices, schools, hospitals, places of worship etc.

Rental of State Buildings

- SLA seeks to put vacant State properties not earmarked for immediate development to optimal use in the interim period. The properties range from residential, commercial, industrial to institutional. State-owned properties which are available for rental are managed either by SLA or our managing agents.
- The interim use tenure for State properties varies. Some are rented out through tenancies where the tenure depends on the development time-frame for the properties, while others are rented out through Temporary Occupation Licenses (TOLs). TOLs either cover a fixed short term or are renewable on a monthly or yearly basis.



Thailand





Country Information

1. Geographical Aspects and Background Information

► *Geography*

Situated in the heart of Southeast Asia and as a gateway to Indochina, Thailand borders with Lao PDR in the north and northeast, Myanmar in the north and west, the Andaman Sea in the west, Cambodia and the Gulf of Thailand in the east and Malaysia in the south.

Thailand covers a land area of 513,115 square kilometres and extends about 1,620 kilometres from north to south and 775 kilometres from east to west.

The climate is tropical with long hours of sunshine and high humidity. There are three seasons: warm from March to June; rainy from July to October; moderate from November to February. The average minimum temperature is 20 degrees Celsius and maximum temperature is 37 degrees Celsius. The geographic and climatic conditions make the country suitable for the cultivation of a wide range of tropical and sub-tropical agricultural crops.

► *Population and Language*

The country has a population of approximately 64 millions. While the national and official language is Thai. English is widely spoken and understood in major cities and in business circles.

► *Religion*

Buddhism is the national religion. There is religious freedom and all faiths are allowed to practice. Under the constitution, the King is a Buddhist and upholder of all religions.

► *Government*

Thailand has been a democratic constitutional monarchy since 1932. The Parliament is composed of House of Representatives and House of Senators.

The Prime Minister is head of cabinet while other chief executives include cabinet members and ministers, together with high-ranking government officials in ministries, bureaux and agencies.

Bangkok Metropolitan Administration comes under an elected governor and is divided into 50 districts. Besides Bangkok, there are 75 other provinces, administered by appointed governors and divided into districts, sub-districts, and villages.

2. Tourism Related Infrastructure

► *Airports*

Thailand has developed an extensive air transport network that encompasses 28 commercial airports, meaning that all Thailand's regions are about an hour flight from Bangkok.

In addition to Don Muang Airport in Bangkok, which in 2005 handled in excess of 268,000 flights, 990,000 tons of cargo and 38 million passengers, Thailand has international airports in Phuket, Chiang Mai, Hat Yai, Chiang Rai and Ko Samui.

The new Suvarnabhumi international airport was opened in Bangkok in September 2006 to replace Don Muang which is now used by domestic carriers.

The Suvarnabhumi airport has capacity of handling 45 million passengers per year, and capacity will increase to 100 million passengers and 6.4 million metric tons of cargo when the airport is completed.

► *Road Network*

Thailand is widely acknowledged as having the most extensive road transportation network of more than 250,000 kilometres, more than 40% of which are international standard highways that provide links to every province.

There are more than 225 km of inter-city motorways creating links between Bangkok and other major regions of the Kingdom, and the government is enhancing inter-city motorways, which are expected to stretch to 4,150 kilometres of 4-lane roads.

New highways are constantly being built, including projects to link Bangkok to the Suvarnabhumi Airport, and an ambitious project to speed transport time to Thailand's southern provinces.

The signing of the Asian Highway Agreement on April 26, 2004 strengthens Thailand's connection to the rest of the world for land-based trade and transportation linking it to 32 countries in Europe and Asia. The importance of these interconnections will increase dramatically as Thailand's free trade agreements with the People's Republic of China, ASEAN and India kick in, making Thailand a crucial hub for international production and trade.

► *Sea Ports*

Thailand's water transportation system has long been an important part of the country's history and industries. With a coastline of 3,219 km and over 4,000 km of inland waterways, Thailand's water transportation and port infrastructure are essential to its overall transportation and trade.

There are currently 122 ports, wharves, and jetties able to accommodate sea-going vessels engaging in international trade, including eight international deep sea ports.

Deep sea ports, located in Bangkok, Laem Chabang and Map Ta Phut on Thailand's Eastern Seaboard, and Songkhla, Satun, Narathiwat, Phuket and Ranong in the South, provide capacity of more than 4.5 million TEU, a figure that is expected to double as current expansion projects are completed.

At Laem Chabang Port, six new container terminals are being developed with state-of-the-art equipment that can handle the latest generation of container vessels.

The Laem Chabang Port's services include cargo handling, distribution and handling, and through a cooperative venture between the Port Authority of Thailand and the Customs Department, imports and exports are cleared within one day.

► *Rail and Mass Transit Systems*

Thailand's rail transportation, which dates back more than a century, is extensive, covering 4,000 kilometres on three lines, intersecting in Bangkok. The system offers affordable transportation from the Malaysian border to northernmost provinces and Kanchanaburi in the west. The system connects with Malaysia's national system, providing direct linkages down to Singapore, and a railway link to cross the Mekong is under construction at Nong Khai.

To help alleviate traffic in Bangkok, the government has been developing mass transit systems. In 1999, the first system, known as the Sky train, opened on overhead tracks. The system covers 55 kilometres, serving 23 stations on two lines, and carries approximately 300,000 passengers per working day.

Extensions of both lines are underway, covering more than 10 km, including a route across the Chao Phraya River to Thonburi.

In mid-2004, the Bangkok Subway opened, providing service at 18 stations over a 20 kilometre distance. The system, which intersects with the Sky train, can carry 50,000 passengers an hour in each direction. The government plans to expand the system to 297 kilometres and 82 stations over the next six years.

► *Telecommunications*

A wide range of telecommunication facilities is available across the country. Fixed line telephones (offering international direct dial connections at affordable prices) and mobile phones are readily available, and access to the Internet is available through ADSL, satellite modems and dial-up connections.

In recent years, the speed of internet access has increased while costs have declined, and this trend seems certain to continue.

► *International Schools*

The government has recognized the need to promote the development of international schools, both to permit the offspring of foreign investors to obtain international-standard education and to facilitate Thai students to prepare for tertiary education abroad. Accordingly, there are numerous schools that follow the American, British or Japanese educational systems, and students from these schools are accepted at some of the world's finest universities.

► *Investment Climate*

1. Foreign Investment Policy

In 2005, Thailand was ranked the 3rd most attractive site for investment in Asia in a survey conducted by the UN Commission for Trade and Development. The reason for that ranking was Thailand has offered investors many advantages.

The investment environment is one of the most enabling factors in the region. Successive administration measures have been committed to letting private sector be the driver while government plays a supporting role. This remains the cornerstone of Thai policy.

In addition, sustained emphasis on macroeconomic stability and policies on liberalization, privatization and decentralization have created an environment in which private sector has been able to flourish and grow. Indeed, while there are several government agencies that support and facilitate efforts of investors, Thailand's main lure is the freedom that enables entrepreneurs to seize opportunities.

The Thai government has established resources to support and assist investors. Through the Board of Investment (BOI), the government has offered a range of tax incentives, support services and import duty concessions available to an extensive list of businesses that are regarded as priority or promoted industries. Other government organizations, like the Department of Export Promotion and International Chambers of Commerce, have provided valuable support.

The country's well-defined investment policies focus on liberalization and encourage free trade. Foreign investments, especially those aiming to promote skill enhancement, technology and innovation are highly encouraged by the government.

2. Fiscal and Non-Tax Incentives

To attract foreign investment, the BOI has offered a wide range of fiscal and non-tax incentives.

To reduce risks, the BOI offers guarantees against nationalization or competition from new state enterprises. It also grants permission to bring in foreign nationals to perform investment feasibility studies or to work under promoted projects, and grants permission for foreign entities to own land for carrying out promoted activities or for residences of workers and management.

To help reduce the initial investment costs and improve the overall rate of return, the BOI offers an attractive range of tax incentives, including exemption or reduction of import duties on imported machinery, exemption or reduction of import duty on imported materials and components, and a corporate income tax holiday for up to eight years, etc.

The BOI offers investors a wide range of services, before, during and after the application process. For example, the BOI can help find joint venture partners, promote industrial subcontracting, offer business facilitation services to help resolve issues involving other government agencies. The BOI also operates a One-Stop Service Centre for Visas and Work Permits, enabling investors to obtain within three hours or less long-term visas and work permits.

3. Conditions for Foreign Investment in Tourism Related Activities

▶ *Ocean Marina Services*

Projects must have facilities including ship lifter, inland berthing, ship dock for maintenance and repair.

▶ *Tour Boat or Yacht Renting*

- Projects must be approved by relevant government agencies.
- Projects will receive a 50 percent import duty reduction on machinery and a 5-year corporate income tax exemption, regardless of zone.

▶ *Amusement Parks*

- Projects must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht, with total area of not less than 200 rai.
- Project details must be approved by the Board.
- 15 percent of the total area must be allocated as a parking slot and another 15 percent as a green area.

▶ *Cultural Centres*

Projects must have a minimum investment (excluding cost of land and working capital) of not less than 20 million baht, with total area of not less than 10 rai.

▶ *Aquariums*

- Projects must have a minimum investment (excluding cost of land and working capital) of not less than 100 million baht, with total area of not less than 10 rai.
- 15 percent of the total area must be allocated as a parking slot and another 15 percent as a green area.
- A study on environmental impact must be submitted.

▶ ***Racing Tracks***

- Projects must be located in Zone 2 or 3.
- Projects must be approved by relevant government agencies.
- Projects must obtain a standard certificate from FIA (Federation International de L'Automobile) or FIM (Federation International de Motocyclisme).
- Projects must have appropriate preventive and controlling measures against environmental damage or against danger or trouble to neighbours.
- An environmental impact study must be submitted.

▶ ***Open Zoos***

- Projects must have a minimum investment (excluding cost of land and working capital) of not less than 500 million baht, with total area of not less than 500 rai.
- Project details must be approved by the Board.
- 15 percent of the total area must be allocated as a parking slot and another 15 percent as a green area.

▶ ***Cable Cars***

Projects must be approved by relevant government agencies.

▶ ***Convention Halls***

- The total convention area must be not less than 4,000 sq.m. Total area of the largest hall must be not less than 3,000 sq.m.
- Convention hall facilities and equipment must be approved by the Board.
- Blueprints must be approved by the Board.

▶ ***International Exhibition Centres***

- The total area must be not less than 50 rai, with an indoor exhibition area of not less than 25,500 sq.m.
- Each hall must have at least one meeting room.

▶ ***Hotels***

- Projects located in Zone 1, Zone 2, Hat Yai district or Muang district of Chiang Mai will receive only non-tax privileges.
- Projects located in Zone 3 (excluding those provinces specified in section No.1 and No.3) will receive only an exemption of import duty on machinery and other non-tax privileges.
- Projects located in Amnat Charoen, Buri Ram, Kalasin, Maha Sarakham, Nakhon Phanom, Nan, Narathiwat, Nongbualamphu, Pattani, Phayao, Phrae, Roi Et, Sisaket, Surin, Sakon Nakhon, Satun, Yasothon, or Yala, will receive privileges according to the BOI Announcement No.1/2543.
- Each hotel must have at least 100 rooms.

▶ ***Movie Town***

- Exempt from import duty on machinery and corporate income tax for a period of 8 years, regardless of zone.

- Approved projects locating in “Movie Town” industrial estate must provide the following facilities:
 - Indoor studio and outdoor studio,
 - Post production services such as film developing, special effects, computer animation, sound lab, etc.

► *Long-stay Businesses*

- Projects must be approved by relevant government agencies.
- Only non-tax privileges shall be granted.
- Promoted projects must provide a variety of services, such as lodging, health care, travel services, etc.

4. BOI Zoning

As decentralization is a major theme in devising the BOI incentive scheme, the entire country is divided into three zones based on economic factors.

Zone 1 Bangkok, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan and Samut Sakhon

Zone 2 Ang Thong, Ayutthaya, Chachoengsao, Chon Buri, Kanchanaburi, Nakhon Nayok, Ratchaburi, Samut Songkhram, Saraburi, Suphanburi, Phuket and Rayong

Zone 3 The remaining 58 provinces with low income and less developed infrastructure, which are designated as Investment Promotion Zones.

5. Work Permits and Visas

The Alien Occupation Law, adopted in 1973, requires all aliens working in Thailand to obtain a work permit prior to starting work in the Kingdom. An updated version of the Act, adopted in 1978, describes the procedures for issuance and maintenance of work permits and lists certain occupations from which foreigners may be excluded.

An alien seeking permission to work in the Kingdom under the Investment Promotion Law must submit an application for a work permit within 30 days of notification by the BOI that the position has been approved. An alien in this category may engage in authorized work while the application is being processed.

All persons, other than those in transit and citizens of certain countries, are required to obtain a visa in order to enter Thailand. Foreign nationals who intend to remain in Thailand to work or conduct business must comply with visa requirements in addition to obtaining a work permit.

Nationals of 36 countries will be able to enter Thailand without a visa and may remain for 30 days per visit. However, the total duration of stay may not exceed 90 days within a six-month period. Nationals of 40 countries may enter the country with a tourist visa for a maximum stay of 60 days, for the purpose of tourism only. Other nationals may enter the country with a tourist visa for 30 days.

Economic Indicators and Policies

1. Statistical Information

Gross Domestic Product in 2006 was at 7,813 billion baht. The GDP growth rate in 2006 was 5 %. Number of tourist arrivals in 2006 was 13.82 million increasing 20.01% from the year 2005. The number of foreign tourists is expected to be 14.8 million in 2007.

The Office of National Economic and Social Development Board forecasted that Thai economy in 2007 is likely to grow by 4.0-4.5 percent. The average inflation rate is expected at 2.0-2.5 percent. The current account balance will be in surplus of approximately 3-4 percent of GDP. Unemployment rate will remain low at 1.5-2.0 percent throughout 2007.

2. Financial Framework

Exchange Controls

The Exchange Control Act 1942, as amended, governs all matters involving foreign exchange. As a general rule, all matters involving foreign currency are regulated by and require the permission of the Bank of Thailand. Since May 22, 1990 foreign exchange control has been considerably relaxed by the Bank of Thailand.

At present, certain transactions in Thai baht or foreign currency can be performed virtually without restriction, and only a few requires approval from the Bank of Thailand.

Importation of Funds

Non-residents: Individuals in transit may normally bring foreign currency and negotiable instruments into Thailand without limit. They may also freely take out of the country all foreign currency they had brought in, without limit. Individuals in transit, however, may not take out Thai currency exceeding 50,000 baht per person, except for trips to countries bordering Thailand (Myanmar, Lao PDR, Cambodia, Malaysia and Viet Nam), where an amount of up to 500,000 baht is allowed. There is no restriction on the amount of Thai currency that may be brought into the country.

Residents: There are usually no restrictions on the amount of foreign currency a resident may bring into Thailand.

Investors: There is no restriction on the import of foreign currency such as investment funds, offshore loans, etc. Such foreign currency, however, must be sold or exchanged into Thai baht, or deposited in a foreign currency account with an authorized bank, within seven days from the date of receipt or entry into the country. An application form must be submitted to an authorized bank for each transaction involving the sale, exchange or deposit of such foreign currency in an amount exceeding US\$5,000 or its equivalent.

Repatriation of Funds

Repatriation of investment funds, dividends, and profits, loan repayment and interest payments thereon, after settlements of all applicable taxes, may be made freely.

Foreign Exchange in Business Transaction

Foreign Currency Accounts of Thai Residents:

Thai individuals and juristic persons in Thailand may maintain foreign currency accounts under the following conditions:

- The accounts are opened with authorized banks in Thailand and deposited with funds that originate from abroad or from foreign currency borrowing from the Bangkok International Banking Facilities;
- The depositor must submit evidence showing the obligations to pay in foreign currency to persons abroad, authorized banks, the Export and Import Bank of Thailand, or the Industrial Finance Corporation of Thailand within three months from the date of deposit. The depositor can deposit no more than the amount of the above obligations;
- The deposit of foreign currency notes and coins must not exceed US\$2,000 per day;
- Debits to the accounts are permitted for payment of any external obligations upon submission of supporting evidence or for conversion into baht at authorized banks;
- The total daily outstanding balances in all accounts must not exceed US\$5,000,000 for a juristic person and US\$500,000 for an individual.

Foreign Currency Accounts for Non-Thai Residents:

Non-Thai residents can open and maintain foreign currency accounts with authorized banks in Thailand. The deposits must come from funds originating abroad. Balances on such accounts may be transferred without restriction.

Non-Resident Baht Account

Non-residents may open an account with any authorized bank in Thailand provided they show proof of identity, such as a valid passport. They may freely credit the account with:

- Proceeds from the sale of foreign currency that originate from abroad or foreign currencies from non-residents' foreign currency accounts;

- Amounts transferred from other non-resident baht accounts;
- Obligations between residents and non-residents.

Imports

Importers may freely purchase or draw foreign exchange from their own foreign currency accounts for import payments.

Exports

Exports are free from any foreign exchange restrictions. However, proceeds of exports valued at more than 500,000 baht or its equivalent per transaction must be received within 120 days from the date of export and must be surrendered to an authorized bank or deposited in a foreign currency account with an authorized local bank within seven days of receipt.

Free restrictions are permitted for items of a non-capital nature, such as service fees, interest, dividends, profits and royalties, provided supporting documents are presented to an authorized bank. Travelling expenses or educational expenses of residents are also freely permitted on submission of supporting evidence. Proceeds from invisibles must be surrendered to an authorized bank or deposited in a foreign currency account with an authorized bank in Thailand within seven days of receipt.

► ***Taxation in Thailand***

The Revenue Code outlines regulations for the imposition of taxes on income, with income tax divided into three categories: Corporate income tax, value added tax, and personal income tax.

Corporate Income Tax

All companies registered under Thai law are subject to taxation as stipulated in the Revenue Code and are subject to income tax on income earned from sources within and outside of Thailand. Foreign companies not registered or not residing in Thailand are subject to tax only on income derived from sources within Thailand.

Incorporated firms operating in Thailand pay income tax at a rate of 30 percent of net profits. International transport companies face a rate of three percent of gross ticket receipts and three percent of gross freight charges.

Small and medium-sized enterprises with paid up registered capital not exceeding 5 million baht pay corporate income tax at a rate of 20 percent for the first million baht of profits; profits of 1 million to 3 million baht will be taxed at 25 percent and profits of more than 3 million baht at 30 percent.

Value Added Tax

The value added tax (VAT) system, effective January 1, 1992, largely replaced the old business tax system. Under this tax regime, value added at every stage of the production process is subject to a seven percent tax rate. This tax affects producers, providers of services, wholesalers, retailers, exporters and importers.

Personal Income Tax

Every person, resident or non-resident, who derives assessable income from employment or business in Thailand, or has assets located in Thailand, is subject to personal income tax, whether such income is paid in or outside Thailand. Exemptions are granted to certain persons, including United Nations officers, diplomats and certain visiting experts, under the terms of international and bilateral agreements.

Individuals residing for 180 days or more in Thailand for any calendar year are also subject to income tax on income from foreign sources if that income is brought into Thailand during the same taxable year that they are a resident.

Personal income taxes and tax returns must be filed prior to the end of March of the year following the year in which the income was earned.

A standard deduction of 40 percent, but not in excess of 60,000 baht, is permitted against income from employment or services rendered or income from copyrights. Standard deductions ranging from 10 to 85 percent are allowed for other categories of income. In general, however, taxpayers may elect to itemize expenses in lieu of taking standard deductions on income from sources specified by law.

Treaties to Avoid Double Taxation

Thailand has treaty agreements to eliminate double taxation with numerous countries. As of July 2006, Thailand had concluded 51 agreements with Armenia, Australia, Austria, Bahrain, Bangladesh, Belgium, Bulgaria, Canada, China, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hong Kong SAR, Hungary, India, Indonesia, Israel, Italy, Japan, Korea, Lao PDR, Luxembourg, Malaysia, Mauritius, Nepal, Netherlands, New Zealand, Norway, Oman, Pakistan, Philippines, Poland, Romania, Seychelles, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Turkey, Ukraine, United Arab Emirates, United Kingdom, United States of America, Uzbekistan and Viet Nam.

The treaties generally place taxpayers in a more favorable position for Thai income than they would be under the Revenue Code, as profits will only be taxable if the taxpayer has a permanent establishment in Thailand.

Government/Public Investment

According to the 10th National Economic and Social Development Plan for the year 2007-2011, Thailand places emphasis on tourism related investment in order to meet the increasing demand of niche markets and add value to businesses. Investment priority includes:

- Healthcare services
- Convention and exhibition centres
- Long-stay business
- Shopping centres
- OTOP
- Man-made attractions

1. Private Investment

Detailed information on private investment can be found on the website of the Board of Investment www.boi.go.th

2. Areas/Locations for Tourism Investment

There is no specific area or location for tourism investment. As mentioned earlier in Investment Climate, the entire country is divided into three zones based on economic factors. The Board of Investment offers attractive incentives to investors in tourism related activities depending upon zone.

Relevant Agencies

Ministry of Commerce

44/100 Nonthaburi 1 Rd,
Muang Nonthaburi 11000 Thailand
Tel : (66) 2507 8000
Fax : (66) 2507 7717

Department of Business Development

44/100 Nonthaburi 1 Rd,
Muang Nonthaburi 11000 Thailand
Tel : (66) 2547 5050
Fax : (66) 2547 4459

Department of Trade Negotiations

44/100 Nonthaburi 1 Rd,
Muang Nonthaburi 11000 Thailand
Tel : (66) 2507 7444
Fax : (66) 2547 5630

Private Sector Or Institution

Thai Chamber of Commerce and Board of Trade of Thailand

150 Rajbopit Road, Pranakhon,
Bangkok 10200 Thailand
Tel : (66) 2622 1860-76
Fax : (66) 2225 3372

Thai-Chinese Chamber of Commerce

889 Thai C.C. Tower, 9th Floor,
Sathorn Road, Bangkok 10120 Thailand
Tel : (66) 2675 8574-84
Fax : (66) 2212 3916

Thai Hotels Association

203-209/3 Ratchadamnoen Klang Avenue,
Bangkok 10200 Thailand
Tel : (66) 2281 9496
Fax : (66) 2281 4188

Investment

Office of National Economic and Social Development Board

962 Krung Kasem Road,
Bangkok 10100 Thailand
Tel : (66) 2280 4085
Fax : (66) 2281 3938

Office of the Board of Investment

555 Vibhavadi-Rangsit Road, Chatuchak,
Bangkok 10900 Thailand
Tel : (66) 2537 8111, 2537 8555
Fax : (66) 2537 8177

Office of Foreign Workers Administration

Department of Employment
Mitmaitri Road, Dindaeng,
Bangkok 10400 Thailand
Tel : (66) 2245 2085
Fax : (66) 2248 4743

Ministry of Foreign Affairs

Sri Ayudhya Road,
Bangkok 10400 Thailand
Tel : (66) 2643 5000
Fax : (66) 2643 5180

Tourism

Ministry of Tourism and Sports

4 Ratchadamnoen Nok Avenue,
Bangkok 10100 Thailand
Tel : (66) 2283 1555
Fax : (66) 2356 0678

Office of Tourism Development

154 Rama I Road, Pathumwan,
Bangkok 10330 Thailand
Tel : (66) 2219 4010
Fax : (66) 2216 6906

Tourism Authority of Thailand

1600 New Phetchaburi Road, Ratchathewi,
Bangkok 10400 Thailand
Tel : (66) 2250 5500
Fax : (66) 2250 5511

Immigration Bureau

507 Soi Suan Plu, Sathorn,
Bangkok 10120 Thailand
Tel : (66) 2287 3101-10
Fax : (66) 2287 1310

Trade

Department of Foreign Trade
44/100 Nonthaburi 1 Rd,
Muang Nonthaburi 11000 Thailand
Tel : (66) 2547 4771-86
Fax : (66) 2547 4791-2

Customs Department
Sunthornkosa Road, Khlong Toey,
Bangkok 10110 Thailand
Tel : (66) 2249 0431-40
Fax : (66) 2249 2874

International Organization

International Bank for Reconstruction and Development (IBRD)
The World Bank Office
30th Floor, Siam Tower
989 Rama 1 Road, Pathumwan,
Bangkok 10330 Thailand
Tel : (66) 2686 8300
Fax : (66) 2686 8301

Economic and Social Commission for Asia and the Pacific (ESCAP)
United Nations Building,
Ratchadamnoen Nok Avenue,
Bangkok 10200 Thailand
Tel : (66) 2288 1234
Fax : (66) 2288 1000



Viet Nam





Country Information

1. Geography

Vietnam is located in the centre of Southeast Asia with a land area of 331,689 square km. The country lies in the eastern part of the Indochina peninsula, bordered by China to the North, Laos PRD and Cambodia to the West, the East Sea and Pacific Ocean to the East and South and has a beautiful 3,260 km long coastal line. It is in an idea position for the development of the economy in the general, and trade and tourism in particular.

Three quarters of the country consists of mountains and tropical forests, but the plains are the most densely populated areas. The two rice-rich areas are the Red River Delta in the north (15,000km²) and the Mekong River Delta in the south (40,000km²). Vietnam is located in the both tropical and temperate zones.

2. Population

In 2006, Vietnam's population was approximately 84.1 million. The most populous area is in the South. There are 54 ethnic groups, of which the largest are Kinh (or ethnic Vietnamese). Vietnam's literacy rate is 94% and 60% of the population are under 25 years of age.

3. Natural Resources

Vietnam has considerable energy resources such as oil, gas and coal and its 41,000 km long waterways provide the basis for hydro power. The country is rich in minerals such as bauxite, iron ore, lead, gold, precious stones, tin, chromate, anthracite, granite, marble, clay, white sand and granite. In addition, Vietnam has a considerable fresh and saltwater fauna, dense tropical forestry resources and it possesses great agricultural potential.

4. International Relations

At present, Vietnam has established diplomatic relations with 168 countries, and it has economic and trading relations with 165 countries. Vietnam joined the United Nations in 1977, became an official member of ASEAN in 1995 and has concluded a cooperation agreement with the European Community. Relations with multi-national financial institutions such as the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB) are being strengthened.

Vietnam has been participating in the ASEAN Free Trade Area (AFTA) since 1996, became a member of the Asia Pacific Economic Cooperation Forum (APEC) in 1998 and an official member of the World Trade Organization (WTO) in November 2006. The country signed the bilateral trade agreement (BTA) with the United States in 2000.

5. Infrastructure

Highway system, the road system consists of a 210,000 km network including 10,732 bridges and 178 ferries. In recent years, the Government has mobilized a significantly large amount of capital to upgrade the highway system with financial support from international lending agencies.

The railway network consists of 2,600 km with 260 stations. The lines connecting Vietnam to China were re-opened a few years ago.

There are two major inland waterway systems in Vietnam. The first one is in the Red River area in the north which stretches for approximately 2,500 km with 5 main ports. The second one extends along the Mekong River and boasts about 30 ports.

There are three international airports: Ho Chi Minh City, Hanoi and Da Nang. Currently, the Government has significantly upgraded international airports to handle the increase in the volume of traffic associated with Vietnam's invigorated economy. Four new international airports are also planned to be constructed in Phu Quoc island, Dong Nai, Lao Cai and Quang Ninh provinces.

Long Thanh international airport in Dong Nai province shall be constructed in 2007, with an annual transportation capacity of 80 to 100 million passengers, becoming one of the biggest airports in the region. In addition, there are 16 other domestic airports around the country.

6. Telecommunications

Vietnam has made great strides in upgrading its telecommunication systems. From 2000-2006, the annual growth rates of the telecommunication market in Vietnam reached 30%. The Government's relaxation with the regard to international calls made over internet and the spread of mobile phone subscriptions have further improved the landscape, especially in rural areas

Legal Environment on Tourism Investment

Law on Investment has been taken into effect as of 1 July 2006. This Law shall replace the 1996 Law on Foreign Investment in Vietnam, the 2000 Law on Amendment of and Addition to a Number of Articles of the Law on Foreign Investment in Vietnam and the 1998 Law on Promotion of Domestic Investment.

Decree No. 108/2006/ND-CP dated 22 September 2006 that providing guidelines for implementation of a number of articles of Law on Investment.

Law on Tourism has been taken into effect as of 01 Jan 2006. This Law shall replace the Tourism Ordinance on 08 Feb 1999.

Decree No.92/2007/ND-CP dated 01 June 2007 on providing guidelines for implementation of a number of articles of Law on Tourism.

1. Incentive Beneficiaries

Law on Investment has been taken into effect as of 1 July 2006 and Decree No. 108/2006/ND-CP dated 22 September 2006 of the Government that providing guidelines for implementation of a number of articles of Law on Investment. According to the Decree No. 108/2006/ND-CP, at the section II, Chapter IV on sectors and geographical areas receiving investment incentives and support, tourism sector has specific incentives as follows:

- National tourism complex, eco-tourism site, cultural theme park with entertainment, recreation and sport activities will be in the List of investment incentives and encouragement;
- Projects on tourism investment in geographical areas with especially difficult socio-economic conditions and geographical areas with difficult socio-economic conditions will be in the list of investment incentives (according to the Annex II of Decree. 108/2006/ND-CP); and
- Tourism projects that regularly use more than 5,000 labor forces will be in the list of areas that have specific investment incentives; regularly use from 500 to 5,000 labor forces will be in the list of areas that have investment incentives.

2. Incentives in Relation to Corporate Income Tax and Import Duty

As stipulated in the Article 25 of the Decree No. 108/2006/ND-CP dated 22 September 2006 on providing guidelines for implementation of a number of articles of Law on Investment: Investors with investment projects in tourism sectors and incentive receiving geographical areas (as mentioned above) will receive investment incentives regarding corporate income tax in accordance with the law on corporate income tax; import duty with respect to imported goods in accordance with the law on import and export duties.

3. Incentives in Relation to Land Use Tax, Land Use Fees, Land Rent and Water Surface Rent

As stipulated in the Article 26 of the Decree No. 108/2006/ND-CP dated 22 September 2006 on providing guidelines for implementation of a number of articles of Law on Investment: Investors to which the State allocates land without collection of land use fees, allocates land with payment of land use fees, or leases land for an investment project in a sector or geographical area (as mention above) entitled to investment incentives to exemption from or reduction of land use tax, land use fees, land rent and water surface rent in accordance with the law on land and law on taxation.

4. Moving the Loss

After drawing balance sheet on tax with custom authorities, if investors have been lost in business, they can move the loss to the year after; the loss will be deducted in the corporate income tax according to the Law on corporate income tax. The time for moving loss does not exceed 5 years.

5. Depreciation on Fixed Assets

Tourism Investment Project on incentive investment geographical areas and effective project will be applied the policy of quick depreciation for fixed assets; the maximum depreciation is twice compared to the depreciation for fixed assets.

6. Besides Policies That Stipulated on the Law on Investment and Decree No. 108/2006/nd-cp of the Government, Tourism Sector Also Inherits Some Incentive Policies on Tourism Development, Namely:

According to the Law on Tourism, on the Article 6 of tourism development policies: The State shall allocate budget for planning work, support investment in building infrastructure in tourist cities, tourist resorts and tourist spots and support tourism publicity and promotion, protection and embellishment of tourism resources and environment, research and application of science and technology, and training and development of human resources in tourism.

According to the Article 2 - Policy on pushing tourism development of the Decree No. 92/2007/ND-CP dated 01 June 2007 on providing guidelines for implementation of a number of articles of Law on Tourism:

Investment Projects on building National tourism complex, eco-tourism site, cultural theme park with entertainment, recreation and sport activities that in the List of investment incentives and encouragement and incentive geographical areas as stipulated by the Government will have incentives on:

- Incentives on import and export duties, corporate income tax as regulated by the Government.
- To be eligible for exemption and reduction of land use tax and land use fee, land or water surface lease fee as regulated in the land law and tax law.

Investment projects on expanding, upgrading and newly building the training and vocational institutes; investment development projects in areas with especially difficult socio-economic conditions, areas of difficult socio-economic conditions and eligible for credit privileges as provided by the Government.

► Other Policies As Legal Regulations

Based on state budget ability and requirements of tourism development in each period, the State shall provide financial assistance for the following activities:

- Maintain, embellish tourism resources and environment; prevent and fix the environmental problems at tourism complexes and tourism sites.
- Build tourism related infrastructure at national tourism complexes and sites; provincial tourism complexes and sites of tourism potential but under areas of especially difficulty socio-economic conditions and difficulty socio-economic conditions.

Budget for tourism promotion is regulated as follows:

- State budget shall be allocated to tourism promotion activities done by tourism state administration at central level

- Provincial budget shall be allocated to tourism promotion activities done by provincial authorities and central cities.

► ***Assistance on tourism related infrastructure from the state with the aim to guiding attraction of tourism investment based on national plan***

1. Situation Of Tourism Related Infrastructure Investment

In the period of 2001-2007, the state provided a budget of VND 3,516 billion (equivalent to USD 220 million). This fund was allocated mainly for tourism related infrastructure investment of 4 national tourism complexes, 17 national tourism theme parks and other tourism complexes of 59 provinces/cities. The ratio of fund allocated for provinces possessing national tourism complex was 65.4% and the average amount given to each province of national tourism complex was around VND 18 billion.

Besides, this fund was also allocated for investment into tourism sites with possibility attractive a lot of tourists from tourism centers such as Ha Noi, Hue, Da Nang, Ho Chi Minh, etc... so as to meet requirements of weekend tourism by domestic tourists and international ones. This budget was also allocated for tourism sites and circuits under difficult, remote or mountainous areas of ability of link with national tourism circuits, thus creating package tour attractive to tourists and contributing to hunger elimination and poverty reduction.

► ***Core Tourism Development Area Under Central Region and Highland***

The Central Region - Highland is a core tourism development area of Vietnam. This area is consisting of 19 coastal provinces from Thanh Hoa to Binh Thuan and 5 highland provinces. This is an area full of natural tourism resources such as beach tourism, eco-tourism, recreation tourism, etc and rich humane tourism resources which are able to strongly develop tourism.

► ***Kinds of Projects are Eligible to Investment Assistance:***

The budget of tourism related infrastructure are allocated for targets such as tourism road, power supply, water supply and treatment, environmental protection at tourism sites and complexes. Structure of VND 3,516 billion budget provided in the period of 2001 - 2007 is the follows:

- Road connect to tourism complexes and road inside tourism complexes accounted 90% of total fund.
- Water supply at tourism complexes was 2.2%
- Power supply at tourism complexes reached 2.2%
- Water treatment and environmental protection was 5.6%

The reality shows that this budget has been used efficiently, contributing to change of tourism image. This state budget affected positively on investment, improvement of tourism related infrastructure of provinces in order to enhance the possibility of receiving tourists. This budget is considered as “seed money” which enables to increase the value of tourism land, attracts other investment sources into tourism facilities and tourism unites.

This budget has made remarkable achievements, thus creating a momentum to attract a thousand of billion VND from other sources into tourism technical and material facilities. By the end of 2006, Vietnam attracted 215 FDI projects worth at USD 5.282 billion in the fields of hotels and guest houses, tourism complexes, entertainment complexes, travel and transport services. (Updated 22 May 2007, the number of FDI projects taking effect remains 182 worth at USD 4.3 billion)

2. Criteria for Tourism Related Infrastructure Assistance

Principles, criteria, norms for tourism related infrastructure assistance by state budget from 2007 - 2010 is regulated in the Decision 210/2006 QĐ-TTg dated September 12th, 2006 of the Prime Minister. Under this Decision, support for infrastructure investment is applied to subjects as follows:

► *The State Budget Gives a Partly Support to Tourism Infrastructure Project Under The Principle:*

- Giving priority to tourism infrastructure project in national tourism complexes and tourism theme parks.
- Investment for tourism infrastructure project in tourism-focused areas in the Central Highlands.
- Focusing on tourism infrastructure project with the aim to explore tourism spots able of attracting tourists from the tourism center to the adjacent areas.
- Paying attention to tourism infrastructure project attached to tourism trails and areas which belong to provinces of difficult socio-economic condition and remote areas or provinces having tourism potentials but facing difficult in financing. The state budget is distributed as follows:
 - i) The government supports 30 billion VND/year but not exceed 20 billion /project for a national tourism complex or a province having 02 national theme parks or the main point tourism areas.
 - ii) The government supports 25 billion VND/year but not exceed 15 billion /project for national theme park.
 - iii) The government supports 15 billion VND/year but not exceed 10 billion /project for tourism areas in potential tourism provinces having difficult social-economic conditions.

► ***Support Content:***

Projects on transportation from the main road to tourism areas; providing electricity of low voltage for tourism usage; water and waste treatment, environment protection; building of tourism ports; sea erosion and tourism sources preservation and reproduction at tourism areas.

Besides, some tourism areas are applied separate policy and incentives because they are in an economic zone, border gate economic areas or in areas having their own status and operations, such as:

- i) Decision 38/2006/ QD-TTg dated February 14, 2006 issued by the Prime Minister attached to the Statute for organization and operation of Phu Quoc Island, Kien Giang province. Pursuant to this decision, all the projects invested in Phu Quoc Island are entitled to enjoy preferential policies applying to area having socio-economic conditions as per regulations of law on land, investment and other legal normative acts of Vietnam Law; Determining that Phu Quoc Island to be as the national main-point tourist zone, so the investment projects on tourism business in Phu Quoc Island are investment projects into National Tourism Zones under the line of business, field of encouraging investment

► ***Invested Places and Places Calling Tourism Investment***

1. Tourism Complexes: 4

Tourism beach complex, in islands of Ha Long - Cat Ba (Quang Ninh - Hai Phong Provinces), in attachment to the pivotal economic area of the North.

Tourism sea recreation and sport complex of Canh Duong - Hai Van - Non Nuoc (Thua Thien Hue - Da Nang Provinces), in attachment to the dynamic economic area of the North the Central.

Tourism beach resort of Van Phong - Dai Lanh (Khanh Hoa Province).

Mountainous recreation and eco-tourism complex of Dankia - Suoi Vang (Lam Dong - Da Lat).

2. Tourism Theme Parks:

- Tourism mountainous recreation resort of Sapa (Lao Cai Province).
- Eco-tourism resort of Ba Be lake (Bac Kan Province)
- Tourism cultural - historical resort of Co Loa (Ha Noi Capital).
- Tourism cultural, environmental resort of Huong Son (Ha Tay Province).
- Tourism cultural, historical, ecological resort of Tam Coc - Bich Dong (Ninh Binh Province).

- Tourism cultural, historical resort of Kim Lien - Nam Dan (Nghe An Province).
- Tourism cave ecological resort of Phong Nha - Ke Bang (Quang Binh Province).
- Tourism revolutionary and historical resort of Ho Chi Minh Trail (Quang Tri Province)
- Tourism cultural resort of Hoi An in conjunction with My Son Holly Land (Quang Nam Province).
- Tourism beach resort of Phan Thiet - Mui Ne (Binh Thuan Province).
- Tourism ecological resort of Tuyen Lam Lake (Lam Dong Province).
- Tourism ecological resort of Rung Sac - Can Gio (Ho Chi Minh City).
- Tourism beach resort of Long Hai - Phuoc Hai (Ba Ria - Vung Tau Province).
- Tourism historical and ecological resort of Con Dao (Ba Ria - Vung Tau).
- Tourism beach - island resort of Phu Quoc (Kien Giang).
- Tourism ecological resort of mangrove-forest in Land Cape (Ca Mau Province)
- Tourism ecological and recreation resort of Ba Vi - Suoi Hai (Ha Tay Province).

**3. Additional National Tourism Resorts
(in the process of submitting to Prime Minister):
14 resorts**

- Tourism cultural, historical, ecological resort of Dien Bien Phu- Muong Phang- Pa Khoang (Dien Bien province)
- Tourism cultural, historical, ecological resort of Pac Po (Cao Bang province)
- Tourism ecological resort of Thac Ba lake (Yen Bai province)
- Tourism cultural, historical resort of Hung temple (Phu Tho province)
- Tourism ecological resort of Hoa Binh lake and surroundings (Hoa Binh province)
- Tourism weekend entertainment resort of Soc Son (Ha Noi city)
- Tourism cultural, historical, ecological resort of Con Son - Kiep Bac (Hai Duong province)
- Tourism beach recreation resort of Thien Cam (Ha Tinh province)
- Tourism recreation resort of North Cam Ranh (Khanh Hoa)
- Tourism beach recreation resort of Phuong Mai (Binh Dinh province)
- Tourism ecological resort of Buon Don (Dac Lac province)
- Tourism ecological resort of Mang Den (Kon Tum province)
- Tourism hick ecological resort of Thoi Son - Con Phung (Tien Giang and Ben Tre provinces)
- Tourism historical and ecological resort of Tan Trao (Tuyen Quang province)

4. Priority Investment Areas:

Invest into 8 major tourism areas including: Ha Noi and surroundings;

Hai Phong- Quang Ninh; Sam Son - Lam Kinh, Ho King citadel-Ben En; Hue - Da Nang - Quang Nam; Nha Trang - Ninh Chu - Da Lat; Ho Chi Minh city and surroundings; Long Hai - Vung Tau - Con Dao; Rach Gia - Ha Tien - Phu Quoc.

Relevant Agencies:

1. Government Agencies:

Ministry of Culture, Sports and Tourism
Vietnam National Administration of Tourism
80 Quan Su, Hanoi
Tel: (84-4) 9421061
Fax: (84-4) 9424115/9426860
E-mail: diep78vnat@yahoo.com
www.vietnamtourism.gov.vn

Ministry of Transport
80 Tran Hung Dao, Hanoi
Tel: (84-4) 9422079
Fax: (84-4) 9422386
www.mt.gov.vn

Ministry of Science and Technology
39 Tran Hung Dao
Tel: (84-4) 8252731
Fax: (84-4) 8252733
www.most.gov.vn

Ministry of Planning and Investment
2 Hoang Van Thu, Hanoi
Tel: (84-4) 8455298
Fax: (84-4) 8234453
www.mpi.gov.vn

Ministry of Environment and Resource
83 Nguyen Tri Thanh
Tel: (84-4) 8343914
Fax: (84-4) 8352131
www.monre.gov.vn

Ministry of Finance
28 Tran Hung Dao
Tel: (84-4) 2202828
Fax: (84-4) 2208020/2208021
www.mof.gov.vn

2. Provincial People's Committee Websites

An Giang
<http://www.angiang.gov.vn>

Ba Ria - Vung Tau
<http://www.baria-vungtau.gov.vn>

Bac Lieu
<http://www.baclieu.gov.vn>

Bac Kan
<http://www.backan.gov.vn>

Bac Giang
<http://www.bacgiang.gov.vn>

Bac Ninh
<http://www.bacninh.gov.vn>

Ben Tre
<http://www.bentre.gov.vn>

Binh Duong
<http://www.binhduong.gov.vn>

Binh _inh
<http://www.binh딘h.gov.vn>

Binh Phuoc
<http://www.binhphuoc.gov.vn>

Binh Thuan
<http://www.binhthuan.gov.vn>

Ca Mau
<http://www.camau.gov.vn>

Cao Bang
<http://www.caobang.gov.vn>

Can Tho
<http://www.cantho.gov.vn>

Da Nang
<http://www.danang.gov.vn>

Dac Lak
<http://www.daclak.gov.vn>

Dac Nong
<http://www.dacnong.gov.vn>

Dien Bien
<http://www.dienbien.gov.vn>

Dong Nai
<http://www.dongnai.gov.vn>

Dong Thap
<http://www.dongthap.gov.vn>

Gia Lai
<http://www.gialai.gov.vn>

Ha Giang
<http://www.hagiang.gov.vn>

Ha Nam
<http://www.hanam.gov.vn>

Ha Noi
<http://www.hanoi.gov.vn>

Ha Tay
<http://www.hatay.gov.vn>

Ha Tinh
<http://www.hatinh.gov.vn>

Hai Duong
<http://www.haiduong.gov.vn>

Hai Phong
<http://www.haiphong.gov.vn>

Hau Giang
<http://www.haugiang.gov.vn>

Hoa Binh
<http://www.hoabinh.gov.vn>

Hung Yen
<http://www.hungyen.gov.vn>

Khanh Hoa
<http://www.khanhhoa.gov.vn>

Kien Giang
<http://www.kiengiang.gov.vn>

Kon Tum
<http://www.kontum.gov.vn>

Lai Chau
<http://www.laichau.gov.vn>

Lam Dong
<http://www.lamdong.gov.vn>

Lang Son
<http://www.langson.gov.vn>

Lao Cai
<http://www.laocai.gov.vn>

Long An
<http://www.longan.gov.vn>

Nam _inh
<http://www.namdinh.gov.vn>

Nghe An
<http://www.nghean.gov.vn>

Ninh Binh
<http://www.ninhbinh.gov.vn>

Ninh Thuan
<http://www.ninhthuan.gov.vn>

Phu Tho
<http://www.phutho.gov.vn>

Phu Yen
<http://www.phuyen.gov.vn>

Quang Binh
<http://www.quangbinh.gov.vn>

Quang Nam
<http://www.quangnam.gov.vn>

Quang Ngai
<http://www.quangngai.gov.vn>

Quang Ninh
<http://www.quangninh.gov.vn>

Quang Tri
<http://www.quangtri.gov.vn>

Soc Trang
<http://www.soctrang.gov.vn>

Son La
<http://www.sonla.gov.vn>

Tay Ninh
<http://www.tayninh.gov.vn>

Thai Binh
<http://www.thaibinh.gov.vn>

Thai Nguyen
<http://www.thainguyen.gov.vn>

Thanh Hoa
<http://www.thanhhoa.gov.vn>

Thua Thien Hue
<http://www.hue.gov.vn>

3. Provincial Departments of Planning and Investment

Contact details can be found at the following link of Ministry of Planning and Investment:<http://www.mpi.gov.vn/showphonelist.aspx?magoc=39&lang=2>, or via Provincial People's Committee websites

4. Provincial Departments of Tourism

Contact details can be found via Provincial People's Committee websites.



BRUNEI DARUSSALAM



MYANMAR



CAMBODIA



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SINGAPORE



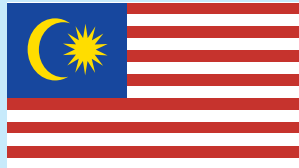
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THAILAND



MALAYSIA



VIET NAM

