**LEASE OF FACTORY IN INDUSTRIAL ZONES**

Due to serious effect of COVID-19 pandemic, production and business activities of both domestic and foreign enterprises were dramatically affected, forcing them to reduce production activities. For enterprises operating in the industrial area, export processing zones and high-tech zones on a large scale of up to thousands of square meters, the reduction of labor source and narrowing of the production creates a redundancy of factory ground. To reduce costs and expenses for the enterprises, an effective and optimal solution is given to lease the available space.

In Clause 4, Article 62 of Decree No. 31/2021/ND-CP, promulgated by Government, stipulates guidelines on the Investment Law, which is mentioned that: *For investment projects in industrial area, export processing zones, industrial area In high-tech zones and economic zones, investors are allowed to lease or to sublease factories, offices, warehouses and other constructions that have been built to serve production and business according to Land law and Law on real estate trading.*

In Ho Chi Minh City, Viet Nam, according to Document No. 1758/TB\_BQL\_KCN\_HCM-QLDN dated August 10, 2012 by Management Board of Export Processing Zones and Industrial area (HEPZA), guides the enterprises who have demand to lease or to sublease the redundant factory. In addition, the enterprise lessor of the vacant factory should pay attention to the following points:

1. Additional registration of constructions for lease under the Law on Investment, the Law on Real Estate Trading and the regulations on export processing zones - industrial area.

2. The factory for lease has completely legal documents; has no dispute of ownership, has no distraining of judgment enforcement or compliance with an administrative decision of a competent state agency. If the factory is mortgaged, it must have a written approval of the mortgagee.

3. The factory for lease must ensure separation so that the activities of the parties do not affect the activities of neighboring enterprises and the main operation of the export processing zone - the industrial park; be enough area for the constructing items to serve the laborers’ needs.

4. The lessor contacts with the Infrastructure Development Company of Export Processing Zone - Industrial Park for information about the expected sublease situation, and simultaneously makes an agreement with the Infrastructure Development Company of Export Processing Zone - Industrial Park to agree on ensuring the provision of infrastructure conditions.

 5. The factory lease contract must pay attention to the delimitation of responsibilities between the lessor and the lessee for wastewater treatment, wastewater volume before connecting to the common collection system of the export processing zone - industrial area; responsibility of collecting and transferring solid waste and hazardous waste; responsibility of paying infrastructure maintenance and reconstruction fees costs and other services costs; requirements on quality assurance of factory construction, etc.

The lessee of the redundant factory should note the following issues:

1. Having a line of business similar to the lessor’s line of business or in accordance with the planning and development of the export processing zone - industrial park; has high gray matter content, high technology, clean technology that does not pollute the environment; does not abuse labor resource.

2. Having a scale and activity do not affect the production activities of neighboring enterprises and the general operation of the export processing zone - the industrial park.

3. Carry out environmental legal procedures as regulation; register hazardous solid waste source owners; and simultaneously take responsibility before state management agencies for environmental protection activities during the operation process.

4. After making the operation, it must perform legal policies on labor such as: registration of labor rules; conditions making of trade unions establishment; registration of collective labor agreement; registration of salary scale, salary table; reporting of laborers utilisation declaration.

5. Take responsibility and self-assurance for issues related to security, fire protection, etc. in accordance with laws and take responsibility throughout the operation in the export processing zones – the industrial area.

These are specific legal regulations of redundant or vacant factories sublease of the enterprises in the industrial area, the export processing zones, the high-tech zones and the Economic zones, and some notes for lessees, especially during the current pandemic.

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