
LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Commerce

No. 462/MOC

**REGULATIONS
ON THE AUTHORISATION FOR THE OPERATION
OF THE IMPORT-EXPORT BUSINESS**

- Pursuant to the Prime Minister's Decree on the establishment of the Ministry of Commerce, No. 62/PM, dated 10 April 1993.
- Pursuant to the Prime Minister's Decree on the business operations No. 46/PM, dated 06 March 1993.
- Pursuant to the law on foreign investment in the Lao PDR.
- Pursuant to the law on obligation in contract.
- Pursuant to the law on ownership.
- Pursuant to the law on accounting.

Part I
General Principles

Article 1:

These regulations lay down principles with the aim to adjust relations in the establishment and operation of the import-export business, to protect the legal benefits of investors, to increase the efficiency of the state in the area of management in the trade sector and to enhance the expansion of the national socio-economic development.

Article 2:

Persons authorised to run business under these regulations may be the individuals or juridical persons and in the business forms as specified in the Prime Minister's Decree on business operations, No. 46/PM, dated 06 March 1993.

Article 3:

Operation of the import-export business units must be strictly undertaken in accordance with the laid down rules, regulations and law.

Part II
Requirements of Applicants Who Will be Authorised to Undertake
Import-Export Business Operations

Article 4:

Lao citizens, foreign residents, foreigners and individuals of non-rationality who have the rights to behave as per law on the obligations in contract, are individuals or juridical persons not prohibited or restricted by the court such as in the form of area arrested, or in the process of legal considerations and other restrictions as defined in article (8) part II, of the Decree No. 46/PM, on business operations, and are fully authorised to undertake the import-export business as per provisions of these regulations and other rules and laws of the Lao PDR.

In addition to the above-mentioned provisions, foreigners must be approved for investment as per law on foreign investment in the Lao PDR.

Article 5:

Production units producing commodities mainly for export or factories producing for local consumption, using imported raw materials, can request for an import-export business licence in order to send their products for sale abroad and to import required raw materials for their production.

Article 6: Criteria and conditions of individuals or juridical persons requesting licensing:

- Must have at least a capital equivalent to a sum defined for each group of commodities which includes fixed and working capital (as per capital registration procedures of the law on accounting), based on complete and correct certified documents.
- Must have technical basis and knowledge in regards to business, which will be undertaken, particularly for commodities with specific condition as specified in article (10) of their regulations.
- Must have a deposit account to ensure settlement of payment with both local and foreign countries, in accordance with the bank regulations.

Article 7: Criteria and conditions after the registration and import-export business operations:

1. The commitment of good inhabitants of the nation as specified in the constitution of the Lao PDR, particularly in the area of tax payment, respect to the rules and regulations and laws, keep the secret of the honest to the nation, contribution to the national security and protection.

2. The correct accounting system in accordance with the law on accounting, undertaking the obligations on reports, strict declaration of required data within a fixed time frame to the administrative institutions concerned.
3. The responsibilities, by laws, on volume, prices and quality of the commodities and services provided.
4. The strict implementation according to the objectives and groups of commodities specified in licensing and avoidance of using another persons licence.
5. The settlement of payment through the banks.
6. The environmental preservation, and responsibilities for any violation against laws.
7. The imported commodities must be managed until they reach the wholesale stage or the retailers, the list of clients or branches must be available (if any). The sales-purchase and settlement of payment must be properly carried out with bills.

Part III
Business Forms, Types and Groups of Commodities
Authorised for the Operations

Article 8: Prohibited commodities:

- Opium and other similar narcotics.
- Warfare items, including vehicle explosives, and other related materials.
- Historical products, cultural products, printing materials, as well as movie films which will degrade the national customs and tradition.
- Products decided occasionally and seasonally by the government.

Article 9: Capital requirements for each of the authorised commodities for the conduct of import-export business

1. Imports

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| - <u>Group 1:</u> | Foodstuffs | 50.000.000 and over |
| - <u>Group 2:</u> | Textile, garments and daily consumption products | 50.000.000 and over |
| - <u>Group 3:</u> | Office supplies, education, sports and cultural materials | 50.000.000 and over |
| - <u>Group 4:</u> | Machines, agricultural, livestock and fishing tools, tools for industrial-handicraft purposes | 30.000.000 and over |
| - <u>Group 5:</u> | Luxury products | 50.000.000 and over |
| - <u>Group 6:</u> | Materials and equipment for construction, electrical materials and appliances | 100.000.000 and over |

- Group 7: Vehicles and spare parts, including the engines 100.000.000 and over
- Group 8: Medicine and medical materials, products for medicine processing 50.000.000 and over
- Group 9: Fuel, lubricants, grease and gas 200.000.000 and over

2. Exports

- Group 1: Timber and wooden products 100.000.000 and above
- Group 2: Rattan and bamboo products 20.000.000 and above
- Group 3: Coffee and tea
- Group 4: Minerals 50.000.000 and above
- Group 5: Traditional herbs
- Group 6: Forestry products
- Group 7: Agriculture-livestock products
- Group 8: Industrial products
- Group 9: Handicraft products
- Group 10: Other products

The state wishes to promote the export of those products as specified in groups 3, 5 and 10, therefore the registered capital required by those persons wishing to conduct businesses exporting these commodities is unlimited. Any persons wishing to establish a business company must have the capital as stated in Decree 46/PM regarding private enterprise.

Article 10:

Anyone who wants to run import-export trading business which requires technical management at a specific level, necessary material background and special licensing, prior to submission to the Ministry of Commerce, must apply for the authorisation from sectors concerned, i.e. medicine, wood, sports guns, guns for hunting and signal generators. For other commodities, including fuel and lubricants, business can be run by direct application to the Ministry of Commerce for approval (except for high value items controlled by the Bank of Lao PDR).

Article 11: Business forms authorised for import-export are:

1. Export business
2. Import business
3. Export-Import business

Article 12:

Individuals for juridical persons willing to run import-export business, have the rights to choose one of the above-mentioned business forms as per capital determined and conditions specified in these regulations.

Article 13:

The export business is for the export of commodities specified in one or many groups chosen, from group 1 to group 10, according to the conditions of the capital. For minerals in Group 4, specific business operations for each type of mineral products need to be established such as tin business, coal business, etc.

Article 14:

The import business is for the import of commodities specified in one or many groups chosen, from group 1 to group 9, according to the conditions of the capital.

Article 15:

The export-import business is for the export-import of commodities specified in one or many groups. The authorised import-commodities groups are from group 1 to group 9, the authorised export-commodities group is from group 1 to group 10, according to the capital determined for each commodities group.

Article 16:

Re-export is the trading business on commodities in concerned groups authorised as per provisions of these regulations and it is not necessary to apply for additional authorisation for this business. There will be separate procedures on the transit business.

Article 17:

The state exercises control over certain types of products, protected products and products under the quota system, including those prohibited products, as stated in Article 8 of this regulation, such as prohibited imports and exports, the prohibited distribution and others. The Ministry will publish a list of such products, describing the requirements and declaration time, in each particular regulation.

Article 18

All products before either export or import must have the appropriate authorisation (permits) issued by the concerned provincial Department of Commerce and the Municipality (In the event of any change in this procedure, the Ministry will issue additional regulations related to this.)

In the case of those products under the quota system, the Ministry of Commerce will determine and allocate these based on the plans of the concerned individual import-export businesses.

The concerned provincial Department of Commerce and the Municipality will issue the authorisation (permits) regarding those products under the quota system at intervals. If the quota amount allocated to each business is not utilised completely within the specified time, the quota may not be transferred to the next year, and will be immediately cancelled as of the 31st December of the year of issue.

Article 19:

Permits authorised by each provincial Department of Commerce state clearly the destination and the entry points, and the requirements to be complied with. These destinations and entry points must be used. There will be no revision of existing permits or issue of new permits.

Part IV

Application for an Import-Export Business Authorization

Article 20:

Anyone desiring to run the import-export trading business in the Lao PDR, except for some commodities as specified in Article 10, must, through the provincial and Vientiane Municipality trade service, where the main office is located, apply for the business operations authorisation from the Ministry of Commerce. After that, the application for the establishment and registration of the business has to be submitted to the financial institution, as per provisions and principles of the Decree No 46/PM, on the business operation.

Article 21: Documentation for import-export trading business operations application:

1. The application for import-export trading business authorisation (formats issued by the Ministry of Commerce).
2. The declaration of assets for setting up the business (formats issued by the Ministry of Commerce) attached together with assets ownership certificate and the deposit account.
3. The procedures of the business unit.
4. In addition to the above-mentioned documents, foreigners desiring to run the business must be authorised to invest by the Foreign Investment Management committee and External Economic Co-operation.

Article 22: Examination of the applications:

- After having received the application forms and attached documents, the trade services at the provincial and prefecture level must examine the correctness of such documents based on the provisions, criteria and principles of these regulations, and in collaboration with other concerned organisations. The trade services have the rights to claim for additional documents from the applicants, and if necessary, certify and send the whole set of documents to the Ministry of Commerce.
- After having received the complete set of document forms from the trade services, without any errors, the Ministry of Commerce will approve within 10 days.

Part V
Names, Stamps, Signals and Changes
Of the Import-Export Trading Business

Articles 23:

In addition to the provisions of the Decree No 46/PM, on the business operations, the name of an import-export trading business should not be confusing characteristics, similar or coincidentally with Lao Leaders' names, with the names of the ministries or of government organisations, with the name of the Lao nation, with well known names to avoid any confusion of ownership, and the names which are not consistent with government policies and the good customs and culture of the nation.

Article 24:

The stamps and signals of a business should not be inconsistent with the national signals and the official signals and stamps. Any signals, which are not consistent with the government policies and the good religion of the Lao people, are not allowed to be used.

- The name "Ministry of Commerce" is not allowed to be mentioned in the stamps and letterheads of any companies.

Article 25:

When an enterprise is formally established, the trade licence, together with the tax certificate must be openly hung in the office of the enterprise. Every nameplate of the enterprise must be in the Lao language first and the name "Ministry of Commerce" is not allowed to be mentioned.

Article 26:

The location of the enterprise, shops, warehouses and other affairs pertaining to its business must be in good order according to the local authorities' principals, and should not cause difficulties or cause trouble to the others in adjacent locations and on the roadside.

To ensure the highly technical storage methodology, there must be particular warehouses for the commodities requiring storage with special protective temperature.

Article 27:

Every change of business, augmentation or reduction of capital, unification or divergence of the business, change in the business forms, bankruptcy, as well as collapse of the business, must conform strictly with the Decree No. 46/PM, on business operations and other related regulations and laws. In cases where there is change of the location of the enterprise or of the production area, the owner or the director of the enterprise must inform the administration authorities, on the old and new locations. If the business has to be stopped on a temporary basis, reasons must be informed in due course.

Article 28:

The licence issued by the Ministry of Commerce will be permanently valid until there are changes in the concerned business, as specified in Article 27 of these regulations. In case of loss or deterioration of the license, urgent information to the issuing authority is needed for the issuance of the new copy.

Article 29:

Any individual or enterprise violating these regulations, in addition to be convicted by law, has to be administratively punished, depending on the situations, such as get instructed, warned, penalty payment, blamed and temporary or permanent stop of the business operations.

Part VI
Implementation

Article 30:

The trade services of the provinces and prefecture have to implement, manage, monitor and examine the application forms and operation of the import-export trading business under their responsibilities in close co-ordination with concerned sectors and local administrative authorities, and regularly report to the Ministry of Commerce.

Article 31:

The Department of Internal Trade in collaboration with the other concerned departments, has to design the application and permits, forms and other related documents, and to monitor and supervise the implementation of these regulations with high success.

Article 32:

These regulations enter into force from the date of signature. All other previous regulations and principles inconsistent with the contents of these regulations are eliminated.

Vientiane, 08 December 1993

Signed and sealed,
Sompadith VORASANE
(Minister of Commerce)