

**Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity**

**Presidential Decree Law No. 01/P, March 17, 2008**

**Governing the Management of Foreign Exchange and Precious Metals.**

- In reference to the Constitution of the Lao People's Democratic Republic, No. 25/LNA, date May 6, 2003;
- In reference to the Law on the Government of the Lao People's Democratic Republic, No.02/LNA, date May 6, 2003;
- In reference to the Law on the Bank of the Lao People's Democratic Republic, No. 05/LNA, dated October 14, 1999.

**The President**

**Of the Lao People's Democratic Republic issues the Decree Law:**

**Section I**

**General Provisions**

**Article 1. Purposes**

This Decree Law is issued to determine the regulations and principles governing foreign exchange and precious metals. It aims to maintain the stability of the exchange rate between the local currency, the Kip and the foreign currencies; to promote the circulation of merchandise-money within the country, to protect the independence of the national currency and to stabilize its value, to broaden the external economic relation and cooperation that aim to contribute to the national socio-economic development of the Lao PDR.

**Article 2. Definitions (New)**

Terms used in this Decree Law are defined as follows:

- “Currency” means the Lao national currency whose unit of value is Kip;
- “Foreign exchange” means the bank notes, the traveler's checks, other commercial papers expressed in foreign currencies and precious metals which are acceptable for international settlements;

Informal version

- “Exchange rate” means price of currency in Kip required to buy or sell one unit of the foreign currency.

- “Legal person” means a business entity;

- “Commercial paper” means all types of bank checks and payment orders, bills of exchange, promissory notes, other documents or means for debt settlement equivalent to foreign exchange that can be tradable or used for the international settlements;

- “Cash in foreign exchange” means the bank notes, the traveler's checks and other documents which are equivalent to cash;

- “Precious metal” means gold which may be used as a means for international settlement;

- “Commercial bank” means a licensed corporate entity conducting a banking business in accordance with the laws of the Lao PDR;

- “Resident of the Lao PDR” means:

(1). A person, a legal person being either a Lao or a foreigner residing in the Lao PDR conducting a licensed and registered business there in accordance with the laws of the Lao PDR; and a representative office of the aforementioned legal person located abroad;

(2). A Government organization, a civil society organization of the Lao PDR operating both inside and outside the Lao PDR;

(3). A Lao citizen residing in the Lao PDR;

(4). A Lao citizen residing abroad for less than one year;

(5). A Lao diplomatic personnel working at the Lao Embassy, Lao Consular and international organization abroad;

(6). A Lao citizen studying and receiving a medical treatment abroad;

(7). A foreigner or a non-citizenship individual having been lived permanently in the Lao PDR;

(8). A foreigner working in the Lao PDR for more than one year, other than the diplomatic personnel of the foreign embassy and consular or international organization.

- “Non-resident of the Lao PDR” means:

(1). A person, a legal person residing abroad;

Informal version

(2). A foreign embassy, a consular, an international organization and their personnel; a foreign advisor, a foreign expert working in the Lao PDR, including their family members;

(3). A foreigner living in the Lao PDR for less than one year;

(4). A foreigner studying, traveling, visiting and receiving a medical treatment in the Lao PDR;

(5). A representative office of a foreign legal person residing in the Lao PDR;

(6). A Lao citizen living abroad for more than one year.

In case of encountering difficulty in classifying a person or a legal person to any of the

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A commercial bank has the right to buy banknotes, travelers' checks and commercial papers equivalent to foreign exchange that may be tradable or used for the international settlements. A licensed foreign exchange bureau has the right to buy banknotes and traveler's checks equivalent to foreign exchange from the public in accordance with the regulations of the Bank of the Lao PDR.

A commercial bank may participate in trading the foreign exchange in the inter-bank market and may sell foreign exchange to the public in accordance with the regulations promulgated by the Bank of the Lao PDR.

The Bank of the Lao PDR shall manage the inter-bank market operations and may participate in trading foreign exchange with the objective to increase the official foreign reserve and to conduct the monetary policy.

### **Article 5. Objectives of Sale and Use of Foreign Exchange**

The sale of foreign exchange by commercial banks and the use foreign exchange by both resident and non-resident of the Lao PDR shall be carried out in accordance with the regulations issued by the Bank of the Lao PDR and its aims:

- (1) . To pay for imported goods;
- (2). To pay for services related directly to import-export goods. such as transit transportation, insurance and transit warehousing charges;
- (3). To repay the foreign debts in accordance with the agreement approved by the Government or by the organization authorized by the Government;
- (4). To give an aid to a foreign country in accordance with the approval of the Government or the organization authorized by the Government;
- (5). To repatriate of profits, dividends, initial investments, interests, service charges of the foreign investors and wages of foreign workers back to their home countries or to transfer to a third country as stipulated in the Law Governing the Promotion and Management of the Foreign Investment in the Lao PDR;
- (6). For the investment abroad with the Government approval;
- (7). For the national budget expenditures;
- (8). For other spending targets in accordance with regulations of the Bank of the Lao PDR including medical treatment, studying, visiting abroad.

**The sale of foreign exchange by the licensed foreign exchange bureaus shall be carried out based on the following targets:**

Informal version

- (1). Sell to state-owned commercial bank or the Bank of the Lao PDR;
- (2). Sell to the general public in accordance with the regulations of the Bank of the Lao PDR.

#### **Article 6. Right to Purchase Foreign Exchange**

A person, a legal person, a government organization, civil society organization locating in the Lao PDR may purchase foreign exchange from a commercial bank in accordance with the regulations of the Bank of the Lao PDR, so as to be used for the objective as stipulated in the Article 5 of this Decree Law.

#### **Article 7. Exchange Rate (New)**

The Bank of the Lao PDR uses market oriented exchange system guided by state.

In the case of financial crisis or unavailable market information for the purchase and sale of foreign currency, the Bank of the Lao PDR shall study and recommend submit to the Government for approval the exchange rate quotation to be implemented by commercial banks and foreign exchange bureaus.

The Bank of the Lao PDR shall study the exchange rate and recommend to the Government regime that deem suitable for the current stage of national socio-economic development from time to time.

### **Section III**

#### **Opening and using of bank deposit accounts in foreign currency by residents and non-residents of the Lao PDR**

#### **Article 8. Opening and using of a bank deposit account in foreign currency by a resident and a non-resident of the Lao PDR**

A person, a legal person as a resident and a non-resident of the Lao PDR who legally earns foreign exchange may open a bank deposit account in foreign currency at a commercial bank within the Lao PDR and shall receive interest in foreign currency in accordance with the regulations of the commercial bank and shall use the currency account in accordance with the Articles 3 and 5 of this Decree Law.

#### **Article 9. Right to hold and use foreign exchange of individuals**

A person, as a resident and a non-resident of the Lao PDR may hold foreign exchange, deposit it at a commercial bank within the Lao PDR and use it in accordance with the Articles 3 and 5 of this Decree Law.

Informal version

**Article 13. Supervision of the Earnings in foreign exchange (New)**

A person, a legal person resident in the Lao PDR dealing with international businesses, having revenues in foreign exchange shall repatriate those revenues to the Lao PDR in accordance with the regulations of the Bank of the Lao PDR. The revenues shall be deposited in their bank account held at a commercial bank and the utilization of the money in the account shall be complied with the Articles 3 and 5 of this decree law.

A person, a legal person as a resident of the Lao PDR, dealing with local businesses that are allowed to charge in foreign exchange shall deposit the foreign exchange in their bank account held at a commercial bank and the utilization of the money in the account shall be complied with the Articles 3 and 5 of this decree law.

All fiscal revenues in foreign exchange shall be deposited in the Government's account held at the Bank of the Lao PDR. Whenever in need for domestic payment shall be sold to the Bank of the Lao PDR at the daily exchange rate of the inter-bank market's trading.

**Article 14. Bringing Cash in Foreign Currency and Precious Metals and in Kip in or out of the Lao PDR**

A resident, a non-resident of the Lao PDR may bring cash in Kip, foreign currency and precious metals in or out the Lao PDR in accordance with the regulations issued by the Bank of the Lao PDR from time to time.

Customs officers at an immigration check-point shall inspect the declaration of Kip, foreign currency and precious metals to be brought in or out of the Lao PDR.

**Section IV**

**Foreign Exchange Business of a**

**Commercial Bank and a Foreign Exchange Bureau**

**Article 15: Licensing the Operations of Foreign Exchange Business**

The Bank of the Lao PDR shall issue and revoke the license for the operations of foreign exchange business of a commercial bank and a foreign exchange bureau.

A person, a legal person intended to run with foreign exchange business shall complete a licence application form and shall meet all requirements issued by the Bank of the Lao PDR from time to time.

A commercial bank and a licensed foreign exchange bureau shall operate their foreign exchange business within the limit stipulated in their license and shall comply with the laws, this decree law and other relevant regulations of the Lao PDR.

Informal version

**Article 16: The notice of foreign exchange rate**

A commercial bank and a licensed foreign exchange bureau shall disseminate their exchange rates in a transparent manner that can be seen by customers and shall exchange on such rates.

**Article 17: Lending in foreign exchange of a commercial bank (New)**

A commercial bank may lend the money to a person or a legal person of a resident of the Lao PDR in foreign exchange as agreed in accordance to the contracts between the commercial banks and the customers under the Law of Lao PDR.

**Article 18: Fund mobilization in foreign exchange**

Commercial banks and other financial institutions licensed to run foreign exchange may





## **Section VI**

### **Investment**

#### **Article 25: Foreign investment (New)**

A person, a legal person investing in the Lao PDR shall open accounts at a commercial bank incorporated in the Lao PDR for monitoring the fund bring in foreign currency and the usage of fund for business operations. The transfer of funds in foreign currency for investment in the Lao PDR shall be made through banking system in accordance with the type of currency stipulated in the investment license and in accordance with the Law of the Lao PDR.

The investment in kind is the value of the equipment and tools that investors bring and pay foreign countries, then legally brought into the Lao PDR for the purpose of licensed business operations. Equipments and tools imported by utilizing the foreign currency from the Lao PDR shall not be counted as investment in kind.

Ministry of planning and Investment shall monitor the investment of foreign investors in order to ensure the implementation of investment license and the Law on Foreign Investment Promotion and Management in the Lao PDR.

The Bank of the Lao PDR shall monitor and confirm the actual fund brought in as a reference for repatriating from the Lao PDR the principals, interests, profits, dividends and others related to the investment. Foreign investors who are unable to produce adequate evidence for their investment shall not be authorized by the Bank of the Lao PDR to repatriate the fund from the Lao PDR.

A person, a legal person licensed to invest in the Lao PDR shall declare their fund and prove the evidence of their f

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fund to his/her own country or to a third country in accordance with the Law of the Lao PDR.

**Article 28: Investment in a foreign country of a resident of the Lao PDR**

A resident of the Lao PDR who intends to invest directly or indirectly in a foreign country shall be approved by the concerned authorized organization(s). Upon this approval, the transfer of fund to be invested abroad shall be approved by the Bank of the Lao PDR.

**Section VII**

**Supervision of Precious Metal Business**

**Article 29: Creation and supervision of Precious Metal Business**

The Bank of the Lao PDR shall license and supervise an enterprise for importing exporting the precious metals which are internationally accepted as a means of payment and raw materials for producing jewelry domestically.

A person or a legal person desiring to establish an export-import enterprise for precious metals which are internationally accepted as a means of payment shall submit the creation application form and shall comply with the current requirements issued by the Bank of the Lao PDR.

The Ministry Industry and of Commerce shall license and supervise an enterprise for producing and selling the jewelry made from precious metals, including the importation and exportation of jewelry, precious stones and precious metals mined and manufactured in the Lao PDR.

**Article 30: The Bank of the Lao PDR's business on Precious Metal**

The Bank of the Lao PDR may buy and sell precious metals which are internationally accepted as a means of payment in domestic and foreign markets and may import or export the precious metals for monetary policy purposes of the Government.

**Section VIII**

**Forecasting the Balance of Payment**

**Article 31: Compiling revenue and expenditure in foreign currency (New)**

The Bank of the Lao PDR shall compile the statistical revenue and expenditure in foreign currency of the national economy.

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Ministries, ministerial equivalents, provinces, municipality and social organizations shall compile the report of statistical data in foreign currency of enterprises and organizations under their supervision and cooperate with the Bank of the Lao PDR staff who prepare the balance of payment.

**Article 32: Payments to foreign countries (New)**

Settlement for imports and exports, international services, borrowing, grants, investments, interests, profits, dividends and revenue and expenditure incurred between the Lao PDR and foreign countries shall be processed through the banking system in accordance with the Law of the Lao PDR.

**Section IX**

**Monitoring, favor policy for the good implementer and measures taken for the violator**

**Article 33: Monitoring (New)**

Ministries, ministerial equivalents, municipality and provincial authorities shall monitor regularly the departments, enterprises and individuals under their supervision the implementation of this decree law.

**Article 34: Favor policy for good implementers**

Individuals, organizations that implement successfully this decree law shall be praised properly in accordance with regulations issued by the Bank of the Lao PDR.

Individuals, organizations who successfully monitored and supplied the evidence of the violation of this decree law and informed the

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**Article 37: Penalty**

If individuals or organizations continue to vi