

LAO PEOPLE'S DEMOCRATIC REPUBLIC

PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Prime Minister's Office

No. 31/PMO

**DECREE
ON THE IMPLEMENTATION OF THE BUSINESS LAW**

- Pursuant to the Business law No 005/NA, dated 18/07/1994.

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In addition to the types and forms of enterprises mentioned above, as per Business Law, the agents are treated as businessmen who have to be legally registered and operate their business strictly in accordance to the terms and conditions, rights and commitments specified therein.

Article 4: Conditions for Business Operations.

Laotians, Lao citizens and people of no nationality, dwelling in the Lao PDR, except persons prohibited from professionally operating a business, as specified in Article 11 of the Business Law, and foreigners have the rights to operate or participate in business operations.

- For government staff, government staff regulations have to be applied.
- For foreigners, the approval of the Foreign Investment Management Committee is needed as per the Law on the promotion of foreign investment in the Lao PDR.

Article 5: Prohibited Business Sectors:

All business sectors, which are inconsistent with the regulations and laws of the Lao PDR, are prohibited.

Prohibited business sectors are detailed in Appendix 1.

Article 6: Business sectors controlled by the government:

The government strictly controls some business sectors, which are of utmost importance for the national security, socio-economy and the environment. This does not mean that the government will monopolize all. The government may operate some business sectors by itself; the government may join the operations of some business sectors and the government may authorize the other types of enterprises to run business according to the situations and the necessity of a particular business which the government will identify periodically.

Business sectors controlled by the government are detailed in Appendix 2.

Article 7: Business Sectors Reserved for the Laotians (Lao People):

The reservation of some business sectors is the protection of the rights and interests of the Lao People. This is for the purpose of the conservation and expansion of the production-business in which the Lao People are specialized since antiquity, including the business sectors, which do not require high know-how or high capital, for the creation of employment for the Lao People.

Business sectors or profession reserved for the Lao People are detailed in Appendix 3.

Article 8: Trade Certificate:

The trade certificate is a contract document which constitutes the background/base for payment and can be sold out and be used as a vehicle for credit.

The introduction of the trade certificate (procedures, types and methodology) will be separately determined by the National Financial Institution (Bank of the Lao PDR).

Chapter III
Procedures for the Business Registration

Article 9: Business Registration:

The business registration is the formal authorization and approval of the government for the establishment and legal operations of the enterprises in the Lao PDR. The Business Law identifies a “one door” system of business registration executed by the trade sector.

Article 10: Responsibilities of Each Sector Concerned, Prior to and After Business Registration.

Chapter IV

Article 17: Credit Share:

The credit share, a document or a bank bond, certifies one type of borrowing of an

Chapter VI
Implementation

Article 22: All business units, all types of enterprises, including the agents and brokers who have been allowed to run business in the Lao PDR, have to revise and make necessary improvements and adjustments for purposes of consistence with the conditions, types and forms as specified in the Business Law, and to be registered according to the provisions of this Decree before

Article 23: The Ministry of Commerce, Ministry of Finance and other sectors concerned, are assigned for efficiently co-ordinating and implementing this Decree.

Article 24: This Decree is entered into force from the date of signature.

Vientiane, 01 February 1996

Signed and sealed
Khamtay SIPHANDONE
(Prime Minister)

Appendix 1

PROHIBITED BUSINESS SECTORS

The manufacture and distribution of .all weapons of war.

Appendix 2

**BUSINESS SECTORS CLOSELY CONTROLLED FOR NATIONAL SECURITY,
SOCIO-ECONOMIC AND ENVIRONMENTAL PURPOSES:**

1. Fuel sector
2. Electric power sector
3. Water supply sector
4. Post and telecommunication sector
5. Wood and wood products sector
6. Mineral and ore sector
7. Chemical liquid sector
8. All types of foodstuffs sector
9. Medicine sector
10. Beverage and liquor sector
11. Tobacco sector
12. Construction materials sector
13. All types of vehicles sector
14. Cultural production sector
15. Valuable items sector
16. Education sector

Appendix 3

PROFESSIONAL SECTORS RESERVED FOR LAOTIANS

- a) Agriculture – Forestry Sector:
 - 1. The wood exploitation works
 - 2. The exploitation of forestry items

- b) Industry – Handicrafts Sector:
 - 1. The porcelain works
 - 2. The golden, silver and bronze production
 - 3. The weaving and sewing activities
 - 4. The textiles and garments works in manufacturing industries
 - 5. The bamboo and rattan work
 - 6. Work with Lao children's toys
 - 7. Blankets and matelas made from cotton works
 - 8. Work with steel production
 - 9. Electric welding .and lead work

- c) Banking Business Sector:
 - 1. Selling and distribution of gold, silver, bronze and other valuable items.

- d) Trading Sector:
 - 1. Retailing activities (mobile and fixed)
 - 2. Retail of fuels
 - 3. Secretary or Clerk

- h) Tourism sector:
 - 1. Tour guide and tour arrangement.

- i) Communications, Transport, Post and Construction Sector:
 - 1. Vehicle drivers.
 - 2. Drivers of heavy vehicles (tractors, excavators, graders, dump trucks, steamrollers, bulldozers, street cleaning machines) in different construction businesses.
 - 3. Delivery of letters, newspapers and other documents.
 - 4.