

LAO PEOPLE'S DEMOCRATIC REPUBLIC
Peace Independence Democracy Unity Prosperity

Prime Minister's Office

No.206/PMO

Decree
On Goods Trading Business

- Based on the law on the Government of the Lao PDR No. 01/95 dated 8 March 1995,
- Based on the Business Law No. 03/94/NA dated 18 July 1994,
- Based on the Tax Law No. 04/95/NA dated 14 October 1995,
- Based on the proposal of the Minister of Trade No. 1165/MTT dated 9 October 2001,
- Based on the decision of the Government Meeting dated 25 December 2000.

The Prime Minister of the Lao PDR has decreed:

Section I: General Provisions

Article 1: Function of the decree

This decree has the function of setting up management regulations on domestic goods trading business in accordance with the law, focused on sufficient goods circulation, promotion of goods production, price and exchange rate stabilization, improving living standard of people and active contribution to the national socio-economic development.

Article 2: Goods Trading Business

Goods Trading Business means business on goods traffic within the country which covers the first sale of local produced goods or imported goods through the last sale to the consumer of both whole and retail sale.

The first sale is the first ownership transfer of goods from the domestic producer or the importer to a person or entity against money or other benefit.

Article 3: Basic Principle of Organization and Operation

Any organization and operation of Goods Trading Business shall be conducted strictly in accordance with this decree and other related laws.

Section II: Management of Conditional Goods

Article 4: Management on Distribution of Conditional Goods

The Government of the Lao PDR promotes the circulation of any commodity liberally in accordance with the law, except commodities, that the government stipulates conditions on distribution in this decree and other laws and regulations related.

Management on distribution of Conditional Goods is the stipulation for the trading business of a certain commodity according to its nature, specific, important, affect, risk or danger.

Article 5: Control Measures of Conditional Goods

Conditional Goods may be controlled by one of the following measures:

- Forbid or restrict business on trading of some goods as necessary;
- Stipulate Registered Capital higher than indicated in the Business Law;
- Require certain qualification of the director, manager, owner or staff;
- Set up standard, quality of goods, trading mark, accounting and other;
- Indicate part which will be permitted for business;
- Set up the price limits and the margins of stocks accumulation periodically.

The measure indicated for a certain conditional goods should not hinder the mentioned business, which can have a negative effect on supply, price, money and competition at reasonable level.

Article 6: Conditional Goods

Conditional Goods are those controlled by the measures in the above Article 5. The list of Conditional Goods may be change as necessary.

Designate the Ministry of Commerce to set up or cancel the list of Conditional Goods and to issue detail management measures for each type of commodity periodically, except those commodities managed by other sector or being covered by other measures.

Article 7: Conditional Goods under other sectors

Conditional Goods under other sectors are those under the direct management of the related sectors. Traders of those goods shall conduct business according to measures issued by the related sectors.

The related sectors shall set up and issue the type and detailed management measures of Conditional Goods mentioned in paragraph 1 above as necessary, then report its list of Conditional Goods officially to the Ministry of Commerce to compile into the list of Conditional Goods of the state.

Assign the Ministry of Commerce to announce this list of business entity and related sectors.

Article 8: Forbidden Goods Trading

Trading of Forbidden Goods shall be permitted by the Ministry of Commerce based on the agreement of the Prime Minister.

In case the Forbidden Goods are under direct management of the related sectors, the Ministry of Commerce shall coordinate with the related sectors before making proposal to the Prime Minister.

Section III: Foundation and Operation of Goods Trading Business

Article 9: Foundation

Individual or juristic entities who want to set up a Goods Trading Business shall apply to the Commercial Section for foundation and business registration and to the Financial Section for tax registration.

Article 10: Registered Capital

Registered Capital to set up a Goods Trading Business shall be undertaken as indicated in the Business Law, except for trading of some commodities which the laws and regulations specify for a higher Register Capital.

Article 11: Approved goods on the license

Individual or juristic entity who want to set up a Goods Trading Business may apply for trading of one or many kinds of commodities.

Article 12: Business Organization

The organization of Goods Trading Business may be set up in accordance with the type and form as indicated in the Business Law.

Article 13: Business Activity

Individual or juristic entities who have been licensed for Goods Trading Business may chose the form of trading according to capacity, but have to conduct business in accordance with the related regulations of the selected form of trading.

Article 14: Consequence from Non-operation

A business License of the Goods Trading Business entity, which is not operative for one year after approval, will be cancelled, except in case a reasonable reason has been reported to the Commercial Section before the end of the one year limit.

Section IV: Sanction

Article 15: Violation of the Regulations on Conditional Goods

Individual or juristic entities who breach the regulations on Conditional Goods, in addition to the withdrawal the license, shall be fined and be subject to legal proceedings.

Article 16: Other Violations

Any violation of trader and government officer such as false documentation and misuse of position shall be punished according to the law.

Section V: Final Provision

Article 17: Implementation

The Prime Minister's Office, the Ministry of Commerce, the Ministry of Finance, Ministries comparable organizations, provinces, municipality and special zone shall implement this decree throughout the country.

Article 18: Effectiveness

This decree takes effect from its signature date. All promulgated decrees and regulations in conflict with this decree are herewith abrogated.

Vientiane 11/10/2001
Prime Minister of the Lao PDR
Signed and Sealed