

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
**PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

Prime Minister

No. 46/PM

**Decree of the Prime Minister**  
**regarding the**  
**Implementation of the Law on the Promotion and**  
**Management of Foreign Investment [in the Lao PDR]**

- Based upon the Law regarding the Government of the Lao PDR No. 01/95, dated 8 March 1995;
- Based upon the Law on the Promotion and Management of Foreign Investment in the Lao PDR No. 01/94, dated 14 March 1994;
- Based upon the proposal of the Committee for the Management of Foreign Investment and Cooperation and Domestic Investment;

The Prime Minister issues [this] Decree

**Chapter 1**  
**General Provisions**

**Article 1:** Objectives

This Decree establishes detailed rules and regulations regarding the implementation of the Law on the Promotion and Management of Foreign Investment in the Lao PDR in order to ensure that the implementation of such law is uniform, passes through one door with the aim of attracting, promoting and managing [foreign investment] properly in accordance with laws and regulations, [that the implementation of such law] is expeditious and efficient and contributes to the progress and stability of the socio-economic development of the Lao PDR.

**Article 2:** Protection of Foreign Investment

The Lao People's Democratic Republic recognizes the ownership of capital, property and interests of foreign investors. Such capital, property and interests shall not be requisitioned, confiscated or nationalized by the administrative power [of the State] except in necessary cases for the benefit of the people or the country in accordance with the laws of the Lao PDR, [and] in such cases, the Government shall compensate [the foreign investors] the fair and reasonable value in accordance with laws and regulations while also ensuring fairness to the foreign investor.

**Article 3:** Legal Guarantees

The Lao People's Democratic Republic provides legal guarantees to foreign investors as well as foreign investment enterprises established in the Lao PDR under the Law on the Promotion and Management of Foreign Investment [in the Lao PDR] or this Decree as follows:

- (1) administer by laws and regulations on the basis of fairness, equality and mutual interests;
- (2) refrain from using administrative power to interfere with the lawful activities of foreign investors;
- (3) undertake all of its duties with resolve under the laws of the Lao PDR, treaties in which the Lao PDR is a party, agreements regarding the protection and promotion of foreign investment and agreements or contracts, which the Government of the Lao PDR and foreign investors have agreed;
- (4) the Lao PDR facilitates foreign investors as well as foreign investment enterprises equally as it does for domestic investors and domestic enterprises except where specifically provided otherwise by this Decree;
- (5) the Lao PDR recognizes and accepts the rights of foreign investors in all respects regarding leasing, land use, intellectual property ownership as well as the lawful assets and rights of foreign investors or the rights related to foreign investment enterprises.

**Chapter II**

**Scope and Activities Promoted to Foreign Investment**

**Article 4:** Scope and Activities Open to Foreign Investment

A foreign individual or juristic entity, hereinafter referred to as the Foreign Investor, may invest and conduct production, processing and service businesses in every economic sector in the Lao PDR as provided in Article 2 of the Law on the Promotion and Management of Foreign Investment except in activities or in places which are not allowed under the laws of the Lao PDR or in closed activities provided in Article 5 of this Decree.

The FIMC shall determine and notify in detail periodically regarding which activities are open, which activities are open but with conditions, activities which are promoted and professions which are reserved for Lao nationals.

**Article 5:** Activities Closed to Foreign Investment

The FIMC shall determine which activities in the Lao PDR are "Closed Activities" to foreign investment because [such activities] will disturb the peace of the society, national security, or have adverse consequences to the environment, health, and national culture. The FIMC shall separately issue specific notifications and shall determine and explain various details regarding the closed activities. In the event the

FIMC considers a Foreign Investor's proposal in such activities has significant effect and benefits to the national economy, the FIMC may propose that the Government consider it as a special case.

**Article 6: Activities Open [to Foreign Investment] with Conditions**

The FIMC will determine activities in economic sectors of the Lao PDR which are open to foreign investment but with conditions, and the FIMC shall separately issue specific notification and shall determine the details and conditions. In some cases, the Lao PDR must participate in the invested activity or such investment must be established pursuant to agreement between the Lao PDR and the Foreign Investor.

**Article 7: Activities Promoted to Foreign Investment**

The FIMC shall determine activities in economic sectors of the Lao PDR, which are promoted to foreign investment and the FIMC shall separately issue specific notification and shall determine the details regarding the promoted activities.

**Article 8: Professions Reserved for Lao Nationals**

1. The FIMC shall determine certain professions and occupations that are reserved for Lao nationals with the aim of protecting the culture and fine tradition of the country, protecting the equitable rights and benefits of Lao nationals in order to protect and promote professions rooted in ancient times and in which Lao nationals are skillful, including professions which can support the livelihood of Lao nationals without requiring education, capital and technology know-how so that work is available to all Lao nationals .

The FIMC shall issue specific notification and shall separately determine the details regarding the professions and jobs reserved for Lao nationals.

2. A Foreign Investor may invest in any activities mentioned above except in the closed activities. However, for the reserved professions, foreign nationals shall not be employed in such professions, except in some cases, where the FIMC is entitled to consider an exception if seen as necessary.

**Chapter III  
Forms of Foreign Investment**

**Article 9: Forms of Foreign Investment**

A Foreign Investor may invest in the Lao PDR in two forms as follows:

- a. a 100% foreign owned investment enterprise;

- b. a joint venture enterprise between a Foreign Investor and a domestic investor.

A Foreign Investor may establish an enterprise in a form consistent with the Business Law namely:

- a. partnership company;
- b. limited company;
- c. public company.

**Article 10: Principles for Contribution of Registered Capital by Foreign Investors**

In a joint venture enterprise, a Foreign Investor must contribute at least 30% of the total registered capital proposed by the Foreign Investor at the time of submission of the investment application, except for a foreign investment enterprise established in activities open [to foreign investment] but with conditions in which the FIMC reserves a right to participate in the shareholding, and establishes detailed conditions when issuing notifications regarding activities open [to foreign investment] but with conditions.

Contribution of capital of a Foreign Investor may be in cash and/or in kind. Capital contributed in cash must be in a hard foreign currency which is stable and readily acceptable and which is convertible on the international market. Such capital shall be assessed in Kip at the time of contribution in accordance with the foreign exchange rate of the Bank of the Lao PDR on the date of the contribution.

A Foreign Investor who has less than 30% shareholding in a joint venture enterprise cannot invest [in such enterprise].

**Article 11: Principles for Establishment of Branches or Representative Offices**

A wholly foreign-owned investment enterprise may establish a new entity in the Lao PDR, in the form of a branch or a representative office of the parent company located abroad.

**Article 12: Branches**

1. A Foreign Investor such as a bank or a financial institution, an insurance company, an international consulting company or a foreign airline company may establish a new entity or a branch in the Lao PDR in accordance with this Decree, and except in the aforementioned sectors, other companies shall not be approved to establish a branch in the Lao PDR.

2. The establishment, organization, operation and management of a branch office must be conducted in accordance with the Law on [Commercial] Banks, the Business Law and other laws of the Lao PDR. Branches mentioned above shall be protected with regard to their rights, and must perform their obligations as described in this Decree.
3. In addition to the activities mentioned above, the FIMC shall issue a separate notification to determine additional activities in which a Foreign Investor may establish a branch in the Lao PDR.

**Article 13: Representative Offices**

- (1) A Foreign Investor which is an organization, a company or an association established under the laws of another foreign country, or established by treaties or other agreements between or among two or several countries may establish a representative office in the Lao PDR in accordance with this Decree.
- (2) A representative office shall acquire the legal recognition, rights, protections and obligations provided in this Decree only upon completion of enterprise registration with the commerce and trade division in accordance with the Business Law. The structure of the representative office shall be established in accordance with the structure of its parent company.
- (3) A representative office shall not have articles of association, but shall have representative office regulations drafted in accordance with this Decree for use as a basis for management of the representative office in the Lao PDR.
- (4) A request for the establishment of a representative office is made by submitting an application to the FIMC in accordance with the form and documentation determined by the FIMC.
- (5) A representative office shall be managed by one or two managers as authorized by the parent company and who shall have such powers and duties as provided in the regulations of the representative office or as authorized by the parent company and in accordance with this Decree or the laws and regulations of the Lao PDR.
- (6) A representative office shall be entitled to conduct the following activities:
  - (a) collect information and study whether it is feasible for its parent company to invest in the Lao PDR;
  - (b) be a contact point in the country and abroad to facilitate the parent company;

- (c) receive authorization from the parent company to enter into an investment agreement, prepare documentation for a contractor agreement or a service agreement as authorized by the parent company;
- (d) monitor the implementation of the investment agreement, contractor agreement or service agreement on behalf of the parent company.

A representative office is prohibited from:

- (a) having its own articles of association independent of its parent company's, except as provided in Clause 3 above;
- (b) concluding or executing contracts and legal documentation, except on behalf of the parent company provided that written authorization from the parent company is available;
- (c) carrying out any business or commercial activities, other than the activities permitted under Clause (6) above;
- (d) conducting any activity that earns income or revenue, or carrying out any activity that earns income or revenue (other than support funds from the parent company);
- (e) issuing receipts or invoices for income or revenues;
- (f) declaring itself insolvent or bankrupt;
- (g) importing supplies, equipment, production vehicles, except for supplies to use specifically in its operation in the activities provided in Clause 6 above.

In addition to the limitations and prohibitions provided above, a representative office shall:

- (a) maintain only basic books, accounts, and financial records as are necessary to comply with tax filings and payments applicable to representative offices;
- (b) dissolve or terminate by resolution of the parent company, upon dissolution or termination of the parent company, or as approved by the FIMC in the event the representative office violates the laws and regulations of the Lao PDR;
- (c) have a representative office license with a term of 1 year which may

be extended annually upon approval by the FIMC.

The FIMC shall separately determine specific detailed regulations regarding the management and operations of a representative office.

#### **Chapter IV**

### **Rules for Establishing Enterprises and Approval Procedures for Foreign Investment**

#### **Article 14: Submission of Foreign Investment License Applications**

A Foreign Investor who wishes to establish a foreign investment enterprise in the Lao PDR in accordance with the form of investment determined in Article 9 of this Article must submit or prepare an investment application for the Foreign Investment Management Cabinet in accordance with the form and necessary support documentation which depend on the type, activities and characteristics of the investment project as determined by the FIMC.

After receiving an investment application, the FIMC must review whether or not such documentation is correct and complete based upon the conditions and form determined in the above paragraph, and if such documentation is complete and correct, the FIMC must issue a receipt to acknowledge that the documentation is correct to the foreign investor who submitted the investment application within 5 working days.

#### **Article 15: Types of Foreign Investment Applications as follows:**

There are 2 types of foreign investment applications such as:

1. Investment applications which fall under the list of promoted activities and which are projects not involving a request for a concession right in the Lao PDR or for a concession right related to natural resources that do not affect the natural environment, health or culture of the country;
2. Investment applications which fall under the list of activities open to foreign investment but with conditions or which are projects not involving request for a concession right in the Lao PDR or for a concession right related to natural resources that do not have harmful consequences to the natural environment, health or culture of the country.

#### **Article 16: Procedures for Consideration and Approval of Foreign Investment Applications**

The procedures for consideration and approval of foreign investment applications must comply with the conditions base on sizes of investment capitals as

follows :

1. The first type of foreign investment projects as provided in Article 15.1 above must follow the following consideration and approval procedures:
  - a) Projects with capital value of US\$1 million or less must comply as follows:
    - after the FIMC receives the complete application as determined in Article 14 of this Decree, the FIMC must propose to the CIC, which is responsible for overseeing foreign investment work, to consider whether to issue an investment license or a rejection within 15 working days.
  - b) Projects with capital value of more than US\$1 million to US\$5 million must comply as follows:
    - Within 3 working days after receiving the investment application, the FIMC must send such application to the relevant ministries, sectors and localities for their technical comments, and the relevant sectors must send their comments to the FIMC within 20 working days. But if such sectors do not reply within the above time period, it is deemed that the relevant sectors have issued their approval.
    - Whether the relevant sectors approve or do not approve, the FIMC must nevertheless propose that the Vice Chairman of the CIC consider whether to issue an investment license or a rejection within 45 working days from the date the FIMC receives the investment application.
  - c) Projects with capital value of more than US\$5 million must comply as follows:
    - Within 3 working days after receiving the investment application, the FIMC must send such application to the relevant ministries, sectors and localities to seek their technical comments, and the relevant sectors must send their comments to the FIMC within 20 working days. But if the relevant sectors do not respond within such time period, it is deemed that the relevant sectors have issued their approval.
    - Whether the relevant sectors approve or do not approve, the FIMC must nevertheless propose that a meeting of the CIC consider whether to issue an investment license or a rejection within 60 working days from the date the FIMC receives the investment application.

2. The second type of investment projects as provided in Article 15.2 above must comply with the following consideration and approval procedures:

a) Projects open to foreign investment but with conditions must follow the following procedures:

- A Foreign Investor must prepare and submit an application to the FIMC in accordance with the form determined by the FIMC.

- Within 3 working days after receiving the investment application, the FIMC must send such application to the relevant ministries, sectors and localities to seek their technical comments, and the relevant sectors must send their comments to the FIMC within 20 working days, but if the relevant sectors do not respond within such time period, it is deemed that the relevant sectors have issued their approval.

- Whether the relevant sectors approve or do not approve, the FIMC must nevertheless propose that a meeting of the CIC consider whether to issue an investment license or a rejection response within 60 working days from the date the FIMC receives the investment application.

b) Projects involving a request for a concession right of the Lao PDR or a concession related to natural resources must follow the following procedures:

- Within 45 working days after receiving comments from the relevant sectors, the FIMC must propose that a meeting of the CIC approve in principle first.

- If the CIC approves in principle, the FIMC must issue an invitation letter to the Foreign Investor or the developer to come and hold preliminary discussions among the parties, and if both parties agree to the terms, the parties must then create preliminary association documents, such as a memorandum of understanding or other documents for submission to a CIC meeting for approval to sign such documents which shall be used as a reference for surveying, collecting information and preparing a preliminary feasibility study.

- After surveying or preparing a feasibility study, if the project is considered feasible, the investor has the right to request the FIMC to negotiate various agreements, such as a mining agreement, a project development agreement, a concession agreement, a benefit-sharing

agreement, a legal contract and other agreements which the FIMC considers necessary.

Regarding a joint venture agreement, the Government assigns the State enterprise connected to the invested sector or another juristic entity authorized by the Government to sign the joint venture agreement with the Foreign Investor.

3. The approval procedures for electricity projects, mining projects and projects involving a request for a land concession shall comply with the Electricity Law, Mining Law and the Land Law.

**Article 17: Foreign Investment License**

1. After an investment application has received due consideration in accordance with the procedures and terms provided in Article 15.1 above, the FIMC shall issue a foreign investment license to the Foreign Investor without any delay. The maximum term of such license is 15 years for a wholly-owned foreign investment enterprise and 20 years for a joint venture enterprise. Such terms may be extended upon approval of the FIMC.

The term of investment approval for the second type of investment projects as provided in Article 15.2 above depends on the conditions determined by the FIMC or in accordance with the various agreements signed by the Government and the Foreign Investor as determined by the laws and regulations relevant thereto.

2. For projects involving a request for a concession right of the Lao PDR or a concession related to natural resources, foreign investment approval shall be issued in two stages : first, a temporary investment license is issued that contains conditions determined by the FIMC, thereafter, if it is seen that the Foreign Investor is able to perform the conditions provided in agreements or the temporary license, the FIMC shall issue a permanent license to the investor.
3. A foreign investment license must indicate the following details:
  - a) the name of the Foreign Investor, but in cases where the company has many investors that cannot be listed in the investment license, the majority shareholders or the shareholders agreed unanimously by all shareholders shall be listed in the investment license;
  - b) the name, location, form, term, total capital and registered capital of the approved enterprise;

- c) the activities to be conducted by the enterprise;
  - d) tax and duty privileges and other privileges (if any).
4. The conditions and terms as seen necessary by the FIMC shall be included on the back of the foreign investment license. The content of such terms and conditions must be in accordance with this Decree and the laws and regulations of the Lao PDR.

**Article 18: Enterprise Registration**

After receiving the foreign investment license and approval for the Articles of Association of the enterprise from the Foreign Investment Management Committee, the investor must register the enterprise in accordance with the Business Law at the Ministry of Commerce and Tourism, obtain tax registration from the Ministry of Finance, request the carving of the company seal from the Ministry of Interior, and request other licenses from other relevant parties and sectors in accordance with regulations before the enterprise can be considered as fully and completely established. Regarding the procedures for requesting approvals and registration with the relevant sectors, relevant officials must ensure that the foreign investor is being facilitated, that the procedures are precise and expeditious, and must refrain from requiring unnecessary and additional documents from the investor. Relevant parties and sectors have the right to require additional technical documents only if such documents relate to that sector.

**Article 19: Assignment and Transfer of the Investment License**

It is prohibited for an investor who has received an investment license to assign or transfer the investment license or foreign investment activities issued by the FIMC to other another individual, whether partly or wholly, if such investor has not received approval in writing from the FIMC.

**Article 20: Fees for Submission of Applications and Issuance of Foreign Investment Licenses**

- 1) An Investment application with a total investment value of US\$1,000,000 (one million) or less incurs a fee of US\$100 (one hundred US Dollars) for submission of the application and a fee of US\$500 (five hundred US Dollars) for [issuance of] a foreign investment license.
- An investment application with a total investment value of more than US\$1,000,000 (one million) incurs a fee of US\$200 (two hundred US Dollars) for submission of the application and a fee of US\$1,000 (one thousand US Dollars) for [issuance of] a foreign investment license .

- 2) An application to establish a representative office incurs the following fees:
  - fee for submission of the application is US\$100 (one hundred US Dollars)
  - fee for issuance of a license is US\$500 (five hundred US Dollars)
  - fee for renewal of the representative office license is US\$250 (two hundred fifty US Dollars)
- 3) Fees for submission of applications to establish a branch office and for issuance of a branch office license are based upon the same rates as the fees for submission of applications and issuance of licenses provided in Clause 1 above.
- 4) Any amendment or modification of an investment license mentioned above during the term provided in the investment license shall incur a fee of 50% (fifty percent) of the fee originally paid.
- 5) Regarding payment of the above fee, the FIMC shall issue a notice in writing and shall post it in an open and conspicuous place.
- 6) Revenues received from fees for issuance of investment licenses are to comply with the Budgetary Law.

**Article 21: Registered Capital and Capital Contribution**

- 1) Every form of foreign investment enterprises (except representative office) shall have a registered capital of at least US\$100,000 (one hundred thousand US Dollars).
- 2) The capital of a foreign investment enterprise may be contributed in cash or in kind as provided in the Business Law. Cash contribution shall be imported into the Lao PDR in accordance with the current applicable laws and regulations of the Bank of the Lao PDR. In kind contribution must be imported into the Lao PDR in accordance with the Business Law and other relevant laws and regulations.
- 3) In case the Bank of the Lao PDR cannot confirm the valuation of capital of the enterprise which is contributed in kind, the foreign investment enterprise at such time may employ the valuation service of an independent inspector upon written approval from the Bank of the Lao PDR at the expense of the foreign investment enterprise, and such valuation shall be considered as conclusive.

**Article 22: Fundamental Changes to a Foreign Investment Enterprise**

1) After a foreign investment enterprise (except a representative office) has registered its enterprise in accordance with the Business Law, any change to the following matters shall be considered as a fundamental change to such foreign investment enterprise:

- a. the name;
- b. the location;
- c. the form of the foreign investment enterprise;
- d. increase or reduction of the objectives or activities;
- e. the total capital and/or registered capital;
- f. the shareholders;
- g. the percentage of shares held by any shareholder;
- h. termination or merger with another company.

2) Any fundamental change described above shall take place in accordance with the Business Law. The FIMC shall issue certificate to acknowledge such change or shall amend the articles of association of the foreign investment enterprise, or in some cases, if there are several fundamental changes, the FIMC shall issue an amended or new investment license, or approval to the articles of association to replace the old investment license or approval to the articles of association, but the term of the foreign investment enterprise shall be based upon the date of receipt of the original investment license. Thereafter, the documents, which have been approved or amended, shall be registered with enterprise registration and tax officials to obtain a new enterprise registration certificate and a new tax registration certificate in accordance with laws and regulations.

**Chapter V**  
**Rights, Obligations and Tax and Duty Privileges**  
**of Foreign Investors**

**Article 23: Rights of Foreign Investors**

In accordance with this Decree and the laws and regulations of the Lao PDR, a Foreign Investor, him/her employees as well as their families, shall have the following rights:

1. enter and exit the Lao PDR;
2. travel to any place within the Lao PDR, except to prohibited areas, strategic areas, and areas concerning security, national defence and peace keeping work;
3. possess, use and transfer their property and assets to others in accordance with this Decree and the laws and regulations of the Lao PDR;
4. transfer their rights, obligations, shares and other benefits to others in accordance with this Decree and the laws and regulations of the Lao PDR;
5. repatriate expenses, capitals, revenues, profits, dividends and salaries from their investment to their country or to a third country after settlement of obligations in accordance with laws and regulations through the Bank of the Lao PDR or a foreign bank established in the Lao PDR in accordance with the exchange rate periodically determined by the Bank of the Lao PDR;
6. import assets and materials necessary and relevant to their investment project including personal items of the Foreign Investor, him/her employees and their families in accordance with laws and regulations;
7. export products, goods and services produced by the foreign investment enterprise;
8. protect their interests before the courts or arbitration organizations of the Lao PDR or other arbitration organizations in accordance with this Decree;
9. rights as determined in this Decree, laws of the Lao PDR, treaties to which the Lao PDR is a party, investment agreements or the applicable agreements on the protection and promotion of investment between the countries.

**Article 24: Obligations of Foreign Investors**

Foreign investors shall have the following obligations:

1. comply with tax and duty obligations as determined in this Decree and the Customs Law and the Tax Law of the Lao PDR;
2. open deposits in Kip currency and a foreign currency in a Lao PDR commercial bank or a foreign bank established in the Lao PDR;
3. utilize the accounting system of the Lao PDR or if it is necessary to use international accounting system, the foreign investment enterprise must first receive approval from the relevant sectors;

4. give priority to Lao nationals when using technical personnel, and employ Lao labor, and upgrade the skills of such employees and laborers;
5. comply with promises and obligations provided in agreements signed with the Government or in accordance with the investment license and the feasibility study of the investment;
6. before signing a memorandum of understanding and other agreements as listed in Article 16.2 of this Decree that involve a request for a concession right of the Lao PDR or a concession related to natural resources of the country, the Foreign Investor or developer must give a cash guarantee, and the value, procedures and conditions regarding such guarantee shall be provided in the memorandum of understanding or the agreements as negotiated between the Lao PDR and the investor or developer;
7. comply with measures and the laws and regulations to ensure that the environment is protected and rehabilitated to its original condition;
8. respect the fine tradition and culture of the people and ethnic groups of the Lao PDR;
9. report their activities to relevant authorities regularly in accordance with regulations;
10. comply with other obligations as determined in this Decree, the laws of the Lao PDR and agreements signed by the investor and the Lao PDR.

**Article 25:** Use of Land

1. It is prohibited for a Foreign Investor, a foreign investment enterprise or a foreign national to be allowed to own land in the Lao PDR. A Foreign Investor, a foreign investment enterprise or a foreign employee of such enterprise may only lease land directly from the Lao PDR or a Lao national under the terms of a land lease agreement made in accordance with the Land Law. The rights and obligations of a foreign investment enterprise or a foreign employee under such land lease agreements may be subleased and succeed in accordance with the laws of the Lao PDR and the terms of such land lease agreement.
2. A foreign investment enterprise shall be permitted to use land in the Lao PDR only under the terms of a land lease agreement. The rental price of the land may be calculated as an expense of the foreign investment enterprise or the Domestic Investor may contribute the rental price of such land to the registered capital of the foreign investment enterprise in return for shares in the foreign investment enterprise.

3. If a foreign investment enterprise is dissolved or terminated before the expiration of the term of a land lease agreement, the land lease agreement shall be terminated at the same time.
4. In the event of any termination of a land lease agreement before its expiration, the foreign investment enterprise shall be entitled to demand the return of any rental amount that has been paid in advance but unused. In the event of any termination of a land lease agreement under which the lessor has contributed the rental price as the registered capital of the foreign investment enterprise, the lessee shall not compensate [the lessor] such rental price.
5. A foreign investment enterprise and its employees shall be permitted to own buildings and other improvement on land, but such ownership shall be subject to the terms provided in the land lease agreement.
6. All tax obligations related to the ownership, use or lease of any land or lease of residence shall be the responsibility of the lessor unless provided otherwise in the land lease agreement.
7. The land lease agreement mentioned above must be certified and registered with the relevant sector according to laws and regulations.

**Article 26: Benefits of Receiving Duty and Tax Privileges by Foreign Investors**

A foreign investment enterprise shall receive import duty and tax privileges of 1% (one percent) only for equipment, machinery, production and transportation vehicles necessary for use in its business production or construction within the project, But not imported for other purposes, and are not available in the country or do not have in sufficient volume according to the needs of the foreign investment enterprise. The importation of such items shall be considered in accordance with the following characteristics and conditions:

1. **Vehicles:** Vehicles used for direct production, such as transportation vehicles, excavators, large vans to transport laborers and professional vehicles. The volume of vehicles to be approved must be appropriate as compared to the amount of capital and the amount of the work pursuant to the feasibility study, necessities and the actual needs of each project.

For sedans, Pick up trucks, small vans, Jeeps and vehicles used for purposes other than provided in clause 1 above, if it is necessary to import such items for use in the business operations of the company, the FIMC shall consider the case as appropriate, and they must comply with the customs and tax laws and regulations of the Lao PDR.

2) **Equipment for Construction of Factory and Production Machinery:**

- Such items are not available in the country or not in a sufficient volume based on the needs of the enterprise, and are imported only for use in construction and production within the project based upon the type, plan, and appraisal documentation approved by the relevant sectors.

- For the importation of production machinery, approval shall be given based upon agreement of the relevant sectors.

3) **Raw Materials:**

- The importation of raw materials, semi-finished products for use in production, processing or assembling into export products shall be exempted from import duties and taxes, and the export of such products shall also be exempted from export duties and taxes.

- The importation of raw materials and semi-finished products imported for further processing or assembly into finished products for import substitutions shall receive import duty and tax reduction in accordance with the customs and tax laws and regulations of the Government.

In special cases where approval of the Government of the Lao PDR has been granted, a foreign investment enterprise shall receive privileges and benefits for investment that has positive effects, has large investment capital and is important to the society and economy of the Lao PDR, through reduction or exemption of profit tax and/or import taxes and duties, equipment and production vehicles, spare parts and other equipment.

Except for the rights and privileges relative to taxes and duties provided above, foreign investors must pay business turnover tax, use tax and other fees in accordance with the laws and regulations of the Lao PDR.

**Chapter VI**

**Planning, Management and Monitoring and  
Inspection of Investment Projects**

**Article 27: Planning**

1. The Government assigns local foreign investment management committees (Provinces, Municipalities and Special Zones) to be responsible for planning and determining terms for foreign investment projects with value from USD 100,000 to USD 1,000,000 in order to attract foreign investment into their locality.

2. The Government assigns relevant ministries and agencies to determine policies and plans for foreign investment projects with value of more than USD 1,000,000 in order to attract foreign investment that fall within the scope of their work into their sector.

**Article 28:** Performance of Investment Projects

1. An investment project can conduct activities only after it has received written approval from the Foreign Investment Management Committee and has obtained enterprise registration. Undertaking of activities before receiving approval shall be taken as a violation of the Law on the Promotion and Management of Foreign Investment in the Lao PDR.
2. All relevant sectors, agencies and localities must facilitate foreign investors in accordance with laws and regulations and their responsibilities in the operation of approved projects. To facilitate and to ensure compliance with the "One-Door" Principle in all respects, an investment service unit shall be established to facilitate Foreign Investors in preparation of investment documents, obtain enterprise registration and provide services concerning requests for relevant approvals. This will ensure compliance with the Law on the Promotion and Management of Foreign Investment, Facilitate Foreign Investors and make them satisfied with the service (The rules on the establishment and work methodology of such work unit shall be issued by the Foreign Investment Management Cabinet as appropriate).
3. The local authority where an investment project is operating has the duty to assist in the management, care, monitoring, inspection and report to the Foreign Investment Management Cabinet. The line sectors which are administering such investment project must coordinate closely with the local authority and consult one another in details regarding the assignment of the duties of each sector to monitor and encourage the operation of such project, with the aim of ensuring uniformity and in accordance with the laws and regulations of the Lao PDR.

**Article 29:** Division of the Levels of Management of Foreign Investment

After a Foreign Investor has received approval from the Government, the Government shall assign relevant authorities and ministries to manage the implementation of the foreign investment project within the scope of their responsibilities.

1. The Government assigns authorities of Provinces, Municipalities and Special Zones to be responsible for the management of business operation of foreign investment with value from USD100,000 to USD1,000,000 operating in their locality.



2. The Government assigns Ministries and Ministry-Equivalent Agencies to be responsible for the management of business operation of foreign investment with value of more than USD1,000,000.

**Article 30:** Inspection of the Performance of Investment Projects

1. The monitoring, inspection and evaluation of foreign investment must be closely coordinated with the relevant sectors in order to monitor the implementation of investment projects which have received approval in accordance with each sector's responsibility pursuant to the investment agreements and the laws of the Lao PDR.

The monitoring and inspection must be conducted regularly according to systematic and clear rules (report semi-annually and annually except for projects which have agreements with the Government and as such must be reported in accordance with the agreements). The monitoring and inspection shall not create unnecessary difficulties and confusion to the Foreign Investor.

2. The Foreign Investment Management Cabinet must summarize the results of the inspections of investment projects in a systematic manner, conduct an evaluation and identify unexpected issues, and thereafter, must report to the Foreign Investment Management Committee as well as the Government in order to find an appropriate and timely means to resolve the issues.

3. The Foreign Investment Management Committee is responsible for directing the resolution of issues discovered by the inspection with the aim of advancing the implementation of such agreements as investment projects and to ensure that investment laws and regulations are carried out effectively.

4. In the event the FIMC considers it necessary to conduct an inspection of a specific event, the FIMC must notify the foreign investment enterprise in writing at least 7 working days in advance.

**Article 31:** Suspension or Termination of Projects

1. If the operations of a foreign investment enterprise are found to be in violation of the laws of the Lao PDR, this Decree or an investment agreement, the FIMC must first notify the foreign investment enterprise in writing of such violation and must provide the details of such infringement or violation as well as recommendations for rectifying the violation and a reasonable timetable for compliance in accordance with the provisions of the relevant laws and regulations of the Lao PDR.

2. If the foreign investment enterprise fails to comply or does not have serious intention to rectify such infringement or violation within the timetable

provided in the first notice, the FIMC shall notify in writing the foreign investment enterprise the second time regarding the violation. Such notice shall provide the same details as the first notice and may provide additional comments or warning as to require the foreign investment enterprise to rectify the violation.

3. If the foreign investment enterprise fails to rectify or does not fully rectify such violation within the timetable provided in the second notice, the FIMC may suspend the operations of the foreign investment enterprise by providing a written notice of suspension including the details of the basis, the infringement and conditions for the foreign investment enterprise to rectify.
4. If the foreign investment enterprise fails to rectify such violation within 90 (ninety) days from the date of the notice of suspension, the FIMC may issue a written notice to withdraw the investment license or to terminate the operations of the foreign investment enterprise. Such notice shall provide the details of the basis or reasons for the termination. If the foreign investor does not agree with the withdrawal of the investment license, the investor may submit a petition to courts for consideration and decision in accordance with laws and regulations.
5. A suspension or termination of operations shall not suspend or terminate any relevant duties, taxes, liabilities and losses of the foreign investment enterprise to the State and private parties.
6. The provisions of this Article shall not prejudice other actions, which may be undertaken against the foreign investment enterprise in accordance with the laws and regulations of the Lao PDR and any investment agreement signed between the investor and the Lao PDR.
7. If it is seen that a foreign investment enterprise, including the Foreign Investor, has committed serious violations of the laws of the Lao PDR, the FIMC is entitled to order suspension, and thereafter will prepare documents to petition a court to conduct case proceedings in accordance with the laws of the Lao PDR.

**Article 32: Dissolution of Foreign Investment Enterprises**

1. A foreign investment enterprise shall be dissolved or terminated as follows:
  - a. expiration of the term of the investment license which was not applied for renewal or was not approved for renewal;
  - b. by resolution of the shareholders of the foreign investment enterprise in accordance with the Business Law;

- c. in accordance with the Bankruptcy Law;
  - d. by court order made pursuant to:
    - violations of the laws of the Lao PDR that are not rectified pursuant to notices from the FIMC in accordance with Article 31 of this Decree;
    - termination of operations by court order.
2. In the event of any resolution of the shareholders to dissolve or terminate, the foreign investment enterprise shall submit a copy of such resolution to the FIMC within 10 business days from the date of issuance of such resolution along with a letter explaining the reasons for the dissolution or termination of the foreign investment enterprise.
  3. Prior to the dissolution or termination of a foreign investment enterprise, the FIMC must request comments from the relevant sectors to confirm that the foreign investment enterprise has settled all issues and has performed all of its obligations in accordance with the laws and regulations of the Lao PDR.
  4. Upon the dissolution or termination of a foreign investment enterprise, the FIMC shall withdraw the foreign investment license and notify enterprise registration officials and the Tax Department regarding the withdrawal of such license. Thereafter Enterprise registration officials shall cancel the enterprise registration certificate of the foreign investment enterprise, remove the foreign investment enterprise from the enterprise registry, and then notify the general public regarding such cancellation by announcement in newspapers and in an official gazette. As the final step, the foreign investment enterprise shall return its company seal to enterprise registration officials.
  5. Upon completion of the dissolution of a foreign investment enterprise in accordance with this Decree and the Business Law, the relevant foreign investor shall be entitled to repatriate capital, funds or other proceeds from the liquidation after performing all obligations according to the laws of the Lao PDR.

## **Chapter VII**

### **Dispute Resolution**

#### **Article 33:** Settlement of Disputes between Private Parties

1. In the event of any dispute between Foreign Investor (including its foreign employees) and any party other than the Lao PDR regarding any foreign investment, the disputants shall first seek to settle the dispute through consultation or mediation. The FIMC may provide consultation or mediation

services, but the FIMC shall not have the authority to make any final or binding decision or to use any administrative measure to determine any dispute under this Article.

2. If the dispute cannot be resolved through consultation or mediation, the parties may submit such dispute to an arbitration agency or a court based upon agreement by the parties which may be provided in the joint venture agreement. However, the steps and procedures must be in accordance with the Law on Dispute Resolution or other laws relative to dispute resolution of the Lao PDR.
3. During the period when the dispute is being resolved, any disputant may petition the courts to issue injunctions or sequestration orders in accordance with the Civil Procedure Law to preserve the interests of the disputants pending final settlement of the dispute.

**Article 34:** Settlement of Disputes between Foreign Investors and the Lao PDR

1. In the event of any dispute between a Foreign Investor and the Lao PDR relating to any foreign investment enterprise, or to any written agreement to which the Lao PDR is a party, the disputants shall first seek to settle the dispute through consultation or mediation. The FIMC may provide consultation or mediation services, but the FIMC shall not have the authority to make any final or binding decision or to use any administrative measure to determine any dispute under this Article.
2. If the dispute cannot be resolved through consultation or mediation, the dispute shall be settled in accordance with any applicable procedure provided in the relevant contracts or agreements between the Foreign Investor and the Lao PDR.
3. If the applicable procedure is not provided in the relevant contract or agreement, and cannot be agreed upon by the disputants, and if the disputants fail to reach an amicable settlement within 3 (three) months from the first written request for consultation or mediation, any of the disputants shall have the right to submit the dispute to an international economic arbitration organization, and the dispute shall then be finally settled through arbitration in accordance with the rules agreed upon by the Lao PDR and the Foreign Investor among the following alternatives:
  - a. the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (the "ICSID Convention"), if the Lao PDR and the country of the foreign investor are parties to the ICSID Convention at the time of submission of the request for arbitration; or

- b. the Arbitration Rules of the United Nations Commission on International Trade Law (the "UNCITRAL Rules"); or
- c. the Rules of Arbitration of the International Chamber of Commerce (the "ICC"); or
- d. other dispute resolution methods agreed upon by the Lao PDR and the foreign investor.
3. If the following conditions are not provided in the relevant contracts or agreements, the disputants must undertake:
- a. arbitration proceedings shall be conducted in the Lao language or the English language;
- b. arbitration proceedings shall be held in the Lao PDR;
- c. arbitration proceedings shall be governed by the laws of the Lao PDR; and
- d. the arbitration tribunal shall determine the issues in dispute in accordance with the laws of the Lao PDR.

Article 35: Law Governing Foreign Investment Agreements

An investment agreement shall be governed by the laws of the Lao PDR, except if the parties agree that the investment agreement shall be governed by the laws of another country. No matter which laws govern the investment agreement, any provision of the investment agreement which is contrary or not consistent with the laws of the Lao PDR at the time the investment agreement is executed shall not be enforceable in the Lao PDR, except if such discrepancy or inconsistency is exempted by the National Assembly or another agency which is authorized by the Government in accordance with the laws of the Lao PDR.

Article 36:

The central and local FIMC must strive to encourage foreign individuals and juristic entities, which have received investment approval to comply with the Law on the Promotion and Management of Foreign Investment [in the Lao PDR], this Decree and other laws and regulations of the Lao PDR. In the event there is non-compliance with such laws, the FIMC must use such measures as warning, suspending investment license temporarily, or withdrawing investment license permanently, or if necessary, imposing penalties in accordance with regulations. In case of serious violations, [the Foreign Investor] must be responsible in accordance with laws and regulations of the Lao PDR.

**Chapter VIII**  
**Final Provisions**

**Article 37:** A foreign investment enterprise which has received approval from the FIMC after the Law on the Promotion and Management of Foreign Investment in the Lao PDR No. 01/94, dated 14 March 1994, became effective must comply with such law. Foreign investment which has received approval prior to this must continue to comply with the [Foreign Investment] Law No. 07 issued in 1998, except if the investor desires to seek the entitlements provided under the new law. In such case, the Foreign Investor must submit a written request in accordance with the form and conditions determined by the FIMC within one hundred and twenty (120) days from the date the Law on the Promotion and Management of Foreign Investment No. 01/94, dated 14 March 1994, became effective.

**Article 38:** The Foreign Investment Management Committee is assigned to coordinate with all ministries, ministry-equivalent organizations, local authorities and other relevant sectors to effectively implement this Decree.

**Article 39:** This Decree is effective from the date of signature onward and replace the Decree of the Council of Ministers No. 20/CM, dated 21 March 1989, regarding the Implementation of the Foreign Investment Law.

Any decrees, terms, provisions, regulations, which are contrary to this Decree shall be superseded.

Vientiane, 23 March 2001

Prime Minister of the Lao PDR

signature and seal

Sisavath Keobounphan



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### List 1: Activities Promoted for Foreign Investment

ISIC Code	Activities
<b><u>AGRICULTURE, HUNTING AND RELATED SERVICE ACTIVITIES</u></b>	
0111	Growing of cereals and other crops n.e.c.
0112	Growing of vegetables, horticultural specialties and nursery products
0113	Growing of fruit, nuts, beverage and spice crops
0121	Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
0122	Other animal farming; production of animal products n.e.c.
0130	Growing of crops combined with farming of animals (mixed farming)
0140	Agricultural and animal husbandry service activities, except veterinary activities
<b><u>MANUFACTURE OF FOOD PRODUCTS AND BEVERAGES</u></b>	
1511	Production, processing and preserving of meat and meat products
1512	Processing and preserving of fish and fish products
1513	Processing and preserving of fruit and vegetables
1514	Manufacture of vegetable and animal oils and fats
1520	Manufacture of dairy products
1531	Manufacture of grain mill products
1532	Manufacture of starches and starch products
1533	Manufacture of prepared animal feeds
1541	Manufacture of bakery products
1542	Manufacture of sugar
1549	Animal slaughtinghouse(abattoir), manufacture of fish souce, vinigar, tomato souces, and other food products n.e.c.
1551	Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials
<b><u>MANUFACTURE OF TEXTILES</u></b>	
1711	Preparation and spinning of textile fibres; weaving of textiles
1712	Finishing of textiles
172	Manufacture of other textiles, except toys
1729	Manufacture of toys
<b><u>MANUFACTURE OF WEARING APPAREL; DRESSING AND DYEING OF FUR</u></b>	
1810	Manufacture of wearing apparel, except fur apparel
1820	Dressing and dyeing of fur; manufacture of articles of fur

**TANNING AND DRESSING OF LEATHER; MANUFACTURE OF LUGGAGE, HANDBAGS, SADDLERY, HARNESS AND FOOTWEAR**

- 1911 Tanning and dressing of leather  
1912 Manufacture of luggage, handbags and the like, saddlery and harness  
1920 Manufacture of footwear

**MANUFACTURE OF PAPER AND PAPER PRODUCTS**

- 2101 Manufacture of pulp, paper and paperboard

**MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS**

- 2412 Manufacture of fertilizers and nitrogen compounds  
2419 Coloring factory  
2421 Manufacture of pesticides  
2422 Manufacture of paints, varnishes and similar coatings, printing ink and mastics  
2424 Manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations

**MANUFACTURE OF RUBBER AND PLASTICS PRODUCTS**

- 2511 Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres  
2519 Manufacture of other rubber products  
2520 Manufacture of plastics and plastic products, PVC and PVC products

**MANUFACTURE OF OTHER NON-METALLIC MINERAL PRODUCTS**

- 2692 Manufacture of bricks  
2694 Manufacture of cement, lime and plaster  
2695 Manufacture of articles of concrete, cement and plaster

**MANUFACTURE OF BASIC METALS**

- 2710 Manufacture of steel bar  
2720 Manufacture of basic precious and non-ferrous metals  
2731 Casting of iron and steel  
2732 Casting of non-ferrous metals

**MANUFACTURE OF MACHINERY AND EQUIPMENT N.E.C.**

- 2921 Assembling plant of agricultural machineries such as tractor

	<b><u>MANUFACTURE OF ELECTRICAL MACHINERY AND APPARATUS N.E.C.</u></b>
3110	Manufacture of electric motors, generators and transformers
3130	Manufacture of insulated wire and cable
3150	Manufacture of electric lamps and lighting equipment
	<b><u>MANUFACTURE OF OTHER TRANSPORT EQUIPMENT</u></b>
3599	Assembling plant of agricultural transportation machineries
	<b><u>MANUFACTURE OF FURNITURE; MANUFACTURING N.E.C.</u></b>
3610	Manufacture of furniture, household goods
3692	Manufacture of musical instruments
	<b><u>SALE, MAINTENANCE AND REPAIR OF MOTOR VEHICLES AND MOTORCYCLES; RETAIL SALE OF AUTOMOTIVE FUEL</u></b>
5020	Maintenance and repair of motor vehicles
	<b><u>HOTELS AND RESTAURANTS</u></b>
5510	Hotel
	<b><u>RENTING OF MACHINERY AND EQUIPMENT</u></b>
7130	Renting of personal and household goods n.e.c.
	<b><u>COMPUTER AND RELATED ACTIVITIES</u></b>
7210	Hardware consultancy
7220	Software consultancy and supply
7230	Data processing
7250	Maintenance and repair of office, accounting and computing machinery
	<b><u>OTHER BUSINESS ACTIVITIES</u></b>
7413	Market research and public opinion polling
7414	Business and management consultancy activities
7421	Architectural and engineering activities and related technical consultancy
7495	Packaging activities
	<b><u>PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY</u></b>
7513	Regulation of and contribution to more efficient operation of business
	<b><u>EDUCATION</u></b>
8021	General secondary education

8022	Technical and vocational secondary education
8090	Adult and other education
	<b><u>SEWAGE AND REFUSE DISPOSAL, SANITATION AND SIMILAR ACTIVITIES</u></b>
9000	Sewage and refuse disposal, sanitation and similar activities
	<b><u>RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES</u></b>
9233	Botanical and zoological gardens and nature reserves activities
9241	Sporting activities

**Remark: n.e.c.= not elsewhere classified**

**List 2: Activities Open for Foreign Investment with some Restrictions**

ISIC Code	Activities	Requirement/Restrictions
<b><u>AGRICULTURE, HUNTING AND RELATED SERVICE ACTIVITIES</u></b>		
0150	Hunting, trapping and game propagation including related service activities	
<b><u>FORESTRY, LOGGING AND RELATED SERVICE ACTIVITIES</u></b>		
0200	Forestry, logging and related service activities	1.) 2.) (Logging is closed)
0500	Fishing and service activities incidental to fishing	2.)15.)
0502	Operation of fish hatcheries in the Mekong River and its tributaries	2.)15.)
0503	Production and processing of local fishes	1.) 2.)
<b><u>INDUSTRIES, HANDICRAFT, MINING</u></b>		
-	Production of local handicraft	1.)
1010	Mining and agglomeration of hard coal	2.)7.)
1020	Mining and agglomeration of lignite	2.)7.)
1030	Extraction and agglomeration of peat	2.)7.)
1110	Extraction of crude petroleum and natural gas	2.)7.)
1120	Service activities incidental to oil and gas extraction excluding surveying	2.) 7.)
1200	Mining of uranium and thorium ores	2.)
1310	Mining of iron ores	2.)7.)
1320	Mining of non-ferrous metal ores, except uranium and thorium ores	2.)7.)
1410	Quarrying of stone, sand and clay	2.)7.)
1421	Mining of chemical and fertilizer minerals	2.)7.)
1422	Extraction of salt	2.)
1429	other mining and quarrying n.e.c.	2.)7.)
1551	Manufacture of all types of alcohol	3.) 5.) and/or 6.)
1553	Manufacture of beer	3.) 5.)

1544	Manufacture of rice noodle products	6.) and/or 5.)
1554	Manufacture of soft drinks; production of mineral waters and purred water	3.) and/or 5.)
1600	Manufacture of tobacco products	16.)
202	Manufacture of wood and wood products	17.)
<b><u>MANUFACTURE OF WOOD AND OF PRODUCTS OF WOOD AND CORK, EXCEPT FURNITURE; MANUFACTURE OF ARTICLES OF STRAW AND PLAINTING MATERIALS</u></b>		
2021	Manufacture of veneer sheets; manufacture of plywood, laminboard, particle board and other panels and boards	17.)
2022	Manufacture of builders, carpentry and joinery	17.)
2022	Manufacture of flooring parquets	17.)
2023	Manufacture of wooden containers	17.)
2029	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials	17.)
24	<b><u>MANUFACTURE OF CHEMICALS AND CHEMICAL PRODUCTS</u></b>	10.)
2423	Manufacture of pharmaceuticals	3.)5.) and/or 6.)
2429	Manufacture of psychothopic substances	18.)
34	<b><u>MANUFACTURE OF ALL TYPES OF MOTOR VEHICLES</u></b>	3.)5.) and/or 6.)
3691	Manufacture of brass, silver and gold products	1.)
4010	Production, collection and distribution of electricity	2.)
4020	Manufacture of gas; distribution of gaseous fuels through mains	9.)
4030	Steam and hot water supply	9.)
<b><u>COLLECTION, PURIFICATION AND DISTRIBUTION OF WATER</u></b>		
4100	Collection, purification and distribution of water	8.)
<b><u>CONSTRUCTION</u></b>		
4510	Site preparation	1.)
4520	Building of complete constructions or parts thereof; civil engineering	1.)
4530	Building installation	1.)
4540	Building completion	1.)

4550	Renting of construction or demolition equipment with operator	1.)
<b><u>TRADING</u></b>		
5010	Sale of motor vehicles	1.) and/or 11.)
5030	Sale of motor vehicle parts and accessories	1.) and/or 11.)
5040	Sale, maintenance and repair of motorcycles and related parts and accessories	1.) and/or 11.)
5050	Retail sale of automotive fuel	1.) and/or 11.)
<b><u>WHOLESALE TRADE AND COMMISSION TRADE, EXCEPT OF MOTOR VEHICLES AND MOTORCYCLES</u></b>		
5121	Wholesale of agricultural raw materials and live animals	11.)
5122	Wholesale of food, beverages and tobacco	11.)3.)
5131	wholesale of textiles, clothing and footwear	11.)3.)
5139	Wholesale of other household goods	11.)
5142	Wholesale of metals and metal ores	11.)
5143	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies	11.)
5149	Wholesale of other intermediate products, waste and scrap	1.)
5150	Wholesale of machinery, equipment and supplies	11.)3.)
5190	Other wholesale	11.)
<b><u>RETAIL TRADE</u></b>		
5231	Retail sale of pharmaceutical and medical goods, cosmetic and toile articles	11.)3.)
5232	Retail sale of textiles, clothing, footwear and leather goods	11.)3.)
5233	Retail sale of household appliances, articles and equipment	11.)3.)
5234	Retail sale of hardware, paints and glass	11.)3.)
5239	other retail sale in specialized stores	11.)3.)
5251	Retail sale via mail order houses	3.)
<b><u>HOTELS AND RESTAURANTS</u></b>		
5510	Hotels; camping sites and other provision of short-stay accommodation	1.)12.)
5520	Restaurants, bars and canteens	1.)
<b><u>LAND TRANSPORT</u></b>		
6010	Transport via railways	1.) 2.)
6021	Other scheduled passenger land transport	1.)9.)

6022	Other non-scheduled passenger land transport	1.)9.)
6023	Freight transport by road	1.)9.)
6030	Transport via pipelines	1.) 2.)
	<b><u>WATER TRANSPORT</u></b>	
6110	Sea and coastal water transport	1.) 2.)
6120	Inland water transport	1.) 2.)
	<b><u>AIR TRANSPORT</u></b>	
6210	Scheduled air transport	1.) 2.)
6220	Non-scheduled air transport	1.) 2.)
	<b><u>SUPPORTING AND AUXILIARY TRANSPORT ACTIVITIES; ACTIVITIES OF TRAVEL AGENCIES</u></b>	
6301	Cargo handling	1.)
6302	Storage and warehousing	8.)
6303	Other supporting transport activities	1.)
6304	Activities of travel agencies and tour operators; tourist assistance activities n.e.c.	13.)
6309	Activities of other transport agencies	1.)
	<b><u>POST AND TELECOMMUNICATIONS</u></b>	
6411	National post activities	1.)
6412	Courier activities other than national post activities	1.)
6420	Telecommunications	2.)
	<b><u>FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING</u></b>	
6519	Other monetary intermediation	1.)
6591	Financial leasing	1.)
6592	Other credit granting	1.)
6599	Other financial intermediation n.e.c.	1.)
	<b><u>INSURANCE AND PENSION FUNDING</u></b>	
6601	Life insurance	2.)
6602	Pension funding	1.)
6603	Non - life insurance	2.)
	<b><u>ACTIVITIES AUXILIARY TO FINANCIAL INTERMEDIATION</u></b>	
6720	Activities auxiliary to insurance and pension funding	1.)

	<b><u>REAL ESTATE ACTIVITIES</u></b>	
7010	Real estate activities with own or leased property	14.)
7020	Real estate activities on a fee or contract basis	1.)
	<b><u>RENTING OF MACHINERY AND EQUIPMENT</u></b>	
7111	Renting of land transport equipment	1.)
7112	Renting of water transport equipment	1.)
7113	Renting of air transport equipment	1.)
7121	Renting of agricultural machinery and equipment	1.)
7122	Renting of construction and civil engineering machinery and equipment	1.)
7123	Renting of office machinery and equipment (including computers)	1.)
7129	Renting of other machinery and equipment n.e.c.	1.)
	<b><u>COMPUTER AND RELATED ACTIVITIES</u></b>	
7240	Data base activities	1.)
7290	Other computer related activities	1.)
	<b><u>RESEARCH AND DEVELOPMENT</u></b>	
7310	Research and experimental development on natural sciences and engineering (NSE)	2.)
7320	Research and experimental development on social sciences and humanities (SSH)	2.)
	<b><u>OTHER BUSINESS ACTIVITIES</u></b>	
7411	Legal activities	1.)
7412	Accounting, book-keeping and auditing activities; tax consultancy	1.)
7422	Technical testing and analysis	2.)
7430	Advertising	1.)
7491	Labour recruitment and provision of personnel	1.)
7493	Building-cleaning activities	1.)
7494	Photographic activities	1.) 2.)
7499	Other business activities n.e.c.	1.)
	<b><u>PUBLIC ADMINISTRATION AND DEFENCE:</u></b>	
	<b><u>COMPULSORY SOCIAL SECURITY</u></b>	
7511	General (Over-all) public service activities	1.)

7512	Regulation of the activities of agencies that provide health care, education, cultural services and other social services excluding social security	1.)
7514	Ancillary service activities for the government as a whole	1.)
7530	Compulsory social security activities	1.)
<b><u>EDUCATION</u></b>		
8010	Primary education	1.)
8030	Higher education	1.)
<b><u>HEALTH AND SOCIAL WORK</u></b>		
8511	Hospital activities	1.)
8512	Medical and dental practice activities	1.)
8519	Other human health activities	1.)
8520	Veterinary activities	1.)
8531	Social work with accommodation	1.)
8532	Social work without accommodation	1.)
<b><u>RECREATIONAL, CULTURAL AND SPORTING ACTIVITIES</u></b>		
9211	Motion picture and video production and distribution	1.)
9212	Motion picture projection	1.)
9213	Radio and television activities	1.)
9214	Dramatic arts, music and other arts activities	1.)
9219	Other entertainment activities n.e.c.	1.)
9220	News agency activities	1.)
9231	Library and archives activities	1.)
9249	Other recreational activities	1.)
<b><u>OTHER SERVICE ACTIVITIES</u></b>		
9301	Washing and (dry-) cleaning of textile and fur products	1.)
9302	Hairdressing and other beauty treatment	1.)
9309	Other service activities n.e.c.	1.)
<b><u>EXTRA-TERRITORIAL ORGANIZATIONS AND BODIES</u></b>		
9900	Extra-territorial organizations and bodies	1.)

Remark: Activities closed to foreign investment

n.e.c= not elsewhere classified

- (E)= ISIC Code not applicable
- 1.)= Subject to specific approval from the Government
- 2.)= Subject to agreement with the Government
- 3.)= Local equity participation requirement
- 4.)= 100% export requirement
- 5.)= high ratio of export
- 6.)= subject to high ratio of local content
- 7.)= subject to processing
- 8.)= Only where no investment plan of the government
- 9.)= Subject to high technology
- 10.)= Not to be highly destructive to the environment and society
- 11.)= Subject to production and processing in the Lao PDR *(for only domestic production and processing factories)*
- 12.)= Hotels are promoted for investment; camping sites and other short stay accommodation are being reserved
- 13.)= A representative of tourism authority from any country is permitted. However, the representative shall only be a market research or liaison office. No tour operating service or tourism industry is permitted.
- 14.)= Foreigners are not entitled to own land, but they have the right to lease land
- 15.)= Subject to following the fishing regulations of local authority **COMPULSORY**
- 16.)= Production of tobacco leaves is promoted. Manufacture of tobacco is subject to high ratio of export and local content
- 17.)= No new wood processing factories to be licensed. However, they are promoted if using of planting woods
- 18.)= Subject to specific details provided by the Ministry of Health

ACTIVITIES OF MEMBERSHIP ORGANIZATIONS N.E.C.

9192 Activities of political organizations

OTHER SERVICE ACTIVITIES

9383 Transport and related activities

### List 3: Activities closed to foreign investment

ISIC Code	Activities
	<b><u>INDUSTRY, HANDICRAFT</u></b>
2927	Manufacture of all types of weapons and amunitions
2429	Manufacture/processing of nargotic drugs
3698	Manufacture of cultural items destructive of the national culture and tradition
-	Manufacture of chemical substances and industrial waste hazadous to human life and the environment
	<b><u>FINANCIAL INTERMEDIATION, EXCEPT INSURANCE AND PENSION FUNDING</u></b>
6511	Central banking
	<b><u>OTHER BUSINESS ACTIVITIES</u></b>
7492	Investigation and security activities
	<b><u>PUBLIC ADMINISTRATION AND DEFENCE; COMPULSORY SOCIAL SECURITY</u></b>
7521	Foreign affairs
7522	Defence activities
7523	Public order and safety activities
	<b><u>ACTIVITIES OF MEMBERSHIP ORGANIZATIONS N.E.C.</u></b>
9192	Activities of political organizations
	<b><u>OTHER SERVICE ACTIVITIES</u></b>
9303	Funeral and related activities

	<b>EDUCATION</b>
-	Pedagogic training, teaching of religions and producing homeland protecting specialists

**Remark:**

- ISIC code not applicable

	<b>EDUCATION</b>
-	Pedagogic training, teaching of religions and producing homeland protecting specialists

**Remark:**

- ISIC code not applicable



**List 4: Professionals Reserved for Lao Citizens**

	Activities
<b>A.</b>	<b><u>Agricultural and Forestry Sector</u></b>
-	Logging of planted trees
-	Forest exploitation activities
<b>B.</b>	<b><u>Industrial and Handicraft Sector</u></b>
-	Molding and firing clay
-	Brass working, silversmithing and goldsmithing (brass, silver and gold products)
-	Handicraft activities, weaving and embroidery
-	Sewing activities at garment factories
-	Making thatch from hollow woods and wicker
-	Making of Lao dolls
-	Making blankets and mattresses of cotton and kapok
-	Metal working activities
-	Lead welding activities
<b>C.</b>	<b><u>Banking Sector</u></b>
-	Distribution/sales of products made of gold, silver, brass, and other precious metals
<b>D.</b>	<b><u>Commercial Sector</u></b>
-	Retail sales
-	Retail sales services of petroleum
-	Being a clerk or a secretary
<b>E.</b>	<b><u>Financial Sector</u></b>
-	Accounting management, auditing or services
-	(except for certain period of internal audits)
<b>F.</b>	<b><u>Educational Sector</u></b>
-	Teaching Lao language to foreigners

	<p><b>G. <u>Cultural Sector</u></b></p> <ul style="list-style-type: none"> <li>- Making of buddha images</li> <li>- Wood sculpturing activities</li> <li>- Making of authentic Lao musical instruments</li> <li>- Hand compiling [type-setting] and printing letters</li> <li>- Designing and drafting of advertising signs</li> <li>- Decoration works</li> <li>- Beauty, chemical treatment of hair and barber activities</li> <li>- Local handicraft activities reflecting Lao arts, culture and tradition</li> </ul> <p><b>H. <u>Tourism Sector</u></b></p> <ul style="list-style-type: none"> <li>- Being a tour guide and tour organizer</li> </ul> <p><b>I. <u>Communication, Transportation, Post and Construction Sector</u></b></p> <ul style="list-style-type: none"> <li>- Drivers of transportation vehicles</li> <li>- Drivers of heavy machinery for construction works (bull dozer, excavator, bucket, grader, roller, dump truck, dirt spreading machine and hauling scraper)</li> <li>- Distribution activities of mail, newspapers, and other documents</li> <li>- Encryption</li> <li>- General service driver</li> <li>- Car washing services</li> </ul> <p><b>J. <u>Labor and Social Welfare Sector</u></b></p> <ul style="list-style-type: none"> <li>- Workers</li> <li>- General housekeepers</li> <li>- Guarding at any location</li> <li>- Housekeeper for foreigners</li> </ul> <p><b>K. <u>Food and Beverage Sector</u></b></p> <ul style="list-style-type: none"> <li>- Rice noodles production</li> </ul>
	<p><b>L. <u>Education Sector</u></b></p> <ul style="list-style-type: none"> <li>- Teaching Lao language to foreigners</li> </ul>