



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Prime Minister

No. 154/PM

Vientiane Capital, date: 05/03/2012

Decree
on the Cancellation of Local Content Requirements set out in Previous Legislations

- Pursuant to Law on the Government of Lao PDR No. 02/NA, dated 6 May 2003.
- Pursuant to Law on Investment Promotion No. 02/NA, dated 8 July 2009.
- Pursuant to Decree on Special Economic Zone and Specific Economic Zone in the Lao PDR No. 443/PM, dated 26 October 2010.
- Pursuant to Proposal of the National Committee for the Management of Special Economic Zone and Specific Economic Zone.

The Prime Minister hereby issues a Decree as follows:

- Article 1.** This Decree is issued for the purpose of cancelling local content requirements set out in some articles of the previous Prime Minister's Decrees which relate to the investment incentives in the Lao PDR but which are incompatible with international economic integration requirements for the Lao PDR.
- Article 2.** Hereby cancel local content requirements which have been set out in the following legislations:
- 1). Decree on Densavanh Village Border Trade Zone No.25/PM, dated 25 March 2002, Article 17 Para 2 which states that: "The products produced and processed using local raw materials of more than 20% of the total value of such products, when allowed to enter into the domestic market, shall enjoy a reduced rate of import duty equal to the rate of such raw materials used in such products" is hereby cancelled.
 - 2). Decree on the Regulation and Investment Incentive for the Savan-Seno Special Economic Zone No. 177/PM, dated 13 November 2003, Article 25.6(a) Para 4 which states: "production using local raw materials of higher than 50% of the

total materials used in such production shall receive an additional privilege in the form of an profit tax reduction of 50% of the tax rates mentioned above for the first 2 years of profit tax payment application” is hereby cancelled.

3). Decree on Implementation of the Law on the Promotion of Domestic Investment No. 300/PM, dated 12 October 2005;

- Annex 2 which states that: “Domestic investment enterprise to receive investment incentive must use local raw material more than 50% of the total production cost” is hereby cancelled.
- Annex 4 which states that: “Activities opened with restriction (Category 2) subject to use a main ratio of local raw material” is hereby cancelled.

4). Decree on Implementation of the Law on the Promotion of Foreign Investment No. 301/PM, dated 12 October 2005;

- Annex 2 which states that: “Domestic investment enterprise to receive investment incentive must use local raw material more than 50% of total production cost” is hereby cancelled.
- Annex 4 which states that: “Activities opened with restriction (Category 2) subject to use a main ratio of local raw material” is hereby cancelled.

Article 3. Ministers-heads of equivalent authorities and all parties concerned shall acknowledge and implement this Decree in a strict manner.

Article 4. This Decree is effective after 30 days (thirty days) from its signing date.

The Prime Minister

[Signed and Sealed]

Thongsing THAMMAVONG