

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**PEACE      INDEPENDENCE      DEMOCRACY      UNITY      PROSPERITY**

The Office of the Prime Minister

No. 11/PM

**NOTIFICATION  
FROM THE PRIME MINISTER  
ON THE MANAGEMENT OF FORESTRY AND THE TIMBER INDUSTRY**

To: The Ministers of all ministries, the heads of ministry-equivalent organizations, provincial and municipal governor and heads of the special zones.

Previously the Government and the Party formulated a forestry policy, which ensured that the allocation of staff, budget and vehicles, was sufficient for its implementation. However, there still remain many measures to be undertaken. These include the reduction of slash and burn agriculture and logging in order to protect and preserve the natural resources of the country, which are of strategic importance. To this end the Government promulgated the Law on Forestry. However, many provinces have violated this law. There is illegal logging, in which more timber is cut than that given official sanction. Many private enterprises are involved in logging, timber exports are permitted, and timber factories have been established. All of these activities are illegal.

All of these activities are in violation of the laws of the state and the rules and regulations on forestry. Furthermore they have resulted in serious damage to the forests.

Therefore, methods of dealing with this were discussed in the 6/99 Monthly Government Conference.

The Prime Minister hereby directs:

1. All logging operations must be confined to those areas where there is an identified need – for example: areas flooded during hydropower dam constructions, irrigation or road construction, power installation or areas allocated for logging.
2. Logging and the extraction of other forest products must be linked with reforestation. For every cubic meter of cut forest 20 trees must be planted. This must be overseen by a state-authorized person and must be funded from the sales of all timber. The levy will be US\$3.00 per cubic meter on Woods I and II, US\$2.00 per cubic meter on Controlled Woods I and II, and US\$1.00 per cubic meter on Controlled Woods III.

For the compensation of the extraction of forestry products, The Ministry of Agriculture and Forestry will give more advice.

3. The state has a policy of promoting reforestation by allowing individuals or organizations exemption from land tax if that tax is used to plant at least 1,100 trees per hectare.
4. The sales of timber is the responsibility of the state and is divided as follows:
  - The government determines wood for export
  - The local authorities determine the areas to be logged each year in keeping with the government's plan.
5. The timber sales activities are:
  - The trade sections who negotiate with buyers (cost, categories and kinds of wood, delivery and reception points, methods of payment). This based on these sectors allocated by the Ministry of Agriculture and Forestry.
  - The Agriculture and Forestry sections who allocate areas for logging, and manage cutting and re-planting programs. They also supervise the actual logging, identify trees for cutting, identify trees to be planted, and check the delivery process.
  - The Finance sections are responsible for following up the payment of money, supervising the budget. The budget should show an allocation allowed for various items in the contract including funds for reforestation. This should be handed over to the Ministry of Agriculture and Forestry for implementation.
  - The banks provide the service for payments in accordance with the contract conditions.
6. For logging in the year 1999 – 2000 the government will operate a quota for domestic use only and inform the various municipalities, provinces and special zones. For timber exports the government will identify those contracts of high value to the state. The Ministry of Agriculture and Forestry will estimate their effectiveness, after the Ministry of Commerce has negotiated with the buyers.
7. All companies, state enterprises, and timber factories throughout the country must sign a Timber Sales Contract with the Ministry of Commerce and Tourism if the products are for export, or the provincial trade and tourism division for domestic use. For those intending to carry out logging or planting, they must sign a contract with the Agriculture and Forestry section.
8. For timber designated for cutting in 1998 – 1999 for which the cutting is not expected to be finished before 30/9/1999, the Ministry of Agriculture and Forestry, the Ministry of Commerce and Tourism and the local authority are jointly given the responsibility of carrying out an audit:
  - For timber already cut and on which taxes are paid (from Section II), but which has not yet been exported, a contract must be signed with the trade and tourism section to complete the export. This must be done before any new sales contract.
  - Agreements must be in keeping with the separation of management levels as detailed in No.7 above. Thus if the timber is for export contracts must be at ministry level, if for domestic use at provincial division level.

9. In the future all timber for export must be value added. This will reduce the amount of timber exported and all export timber must have government approval. This also applies to rattan and other forestry products.
10. Sawmills, furniture companies and wooden goods factories will be re-examined. Those, which prove to be efficient, will be allowed to continue. Any inefficient or illegal establishments will be closed down.
11. The timber sales committees at the provincial, municipal and special zone level will be disbanded and their activities transferred to the appropriate divisions as detailed above.
12. Forestry resources checkpoints (between provinces, districts and villages) will be closed down. Their responsibilities will be transferred to those areas allocated for logging (Sectors I, II and timber industries)
  - In particular inspection will be re-enforced by better co-ordination between the local authorities and security divisions.
  - There will be closer inspection of timber and timber and forestry products at export points.
13. Any logging in excess of that planned will be absolutely banned. This will be against the law as it destroys the nation's resources. Furthermore, the exchange of timber concessions for projects such as: road construction, school, hospital and irrigation construction, village electricity supply, is prohibited, unless special government permission is granted.
14. The Ministry of Finance and the Ministry of Commerce and Tourism must co-ordinate with the Ministry of Agriculture and Forestry in inspection and re-fixing the taxes under these new conditions and to ensure the payment of money into the state budget.
15. The import or transit of timber, logs, wood and forestry products can only occur with permission from the government.
16. The Ministry of Agriculture and Forestry, the Ministry of Commerce and Tourism, the Ministry of Finance, other ministries and equivalent organizations, the municipality, the provinces and the special zone are charged with the responsibility of the implementation of this directive.
17. The Ministry of Agriculture and Forestry and the Office of the Prime Minister are responsible for the follow-up and overall supervision. They must observe and furnish the government with regular reports.
18. Other directives concerning management and the timber industry together with this directive must be implemented in keeping with its spirit.

Vientiane, 23/08/1999  
The Prime Minister of the Lao PDR.

Sisavath Keobounphanh