



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

\*\*\*\*==000==\*\*\*\*

Ministry of Commerce

No. 0948/MOC.FTP  
Vientiane, date 13/8/2001

**Provision on**  
**Small Export Business at Borders**

- Pursuant to Regulations and relevant Laws of Lao PDR;
- Pursuant to the Decree N. 24/PM, dated 24/03/99, on the Organization and Activities of the Ministry of Commerce.

**The Minister of Commerce decides:**

**Chapter I**  
**General Provision**

**Article I: Objective**

This Provision is to promote small production and to manage [administrate] the business units along the border in order to operate their business as a legal entity and in line with the economic and trade development plan, regulations, laws as well as to ensure the peace and public order in the area; to generate jobs and income and to gradually solve the difficulties of people's livelihood who are living along borders and rural areas.

**Article II: The Small Export Business Unit**

The small export business unit is a business that produces and to buys goods for export in small volumes along the borders, [including] family business units and joint-venture businesses that produce goods in the border area.

Joint-venture businesses producing goods in the border area are small businesses on the Lao side (as an exporter) that cooperate with people or business units of the neighboring countries (as a supplier of seeds or raw materials [input] and as importer of such products).

A small export business unit can import some types of products necessary to livelihood and production in accordance with the criteria specified in this Provision only.

**Article III: Fundamental Regulations of Doing Business**

The small export business unit shall strictly follow the regulations stipulated in this Provision, regulations and other relevant laws of Lao PDR.

## **Chapter II**

### **Criteria and the Establishment of a Small Export Business Unit at Border**

#### **Article IV: Criteria for Business Operation**

Those who can operate a small export business unit and can import some types of goods at the borders shall be members of the business group, so-called “The Small Export Business Group at the Border”

#### **Article V: Group Establishment**

The Small Export Business Group at the Border is an organization of producers and buyers of goods that export in small amounts along the shared border of Laos and neighbouring countries. Such Business Groups shall be established and act in accordance with criteria and Decision N. 0834/MOC.DTD, dated 13/7/2001 on the Association of a Business Group.

#### **Article VI: Membership of the Business Group**

The members of the Small Export Business Group at the Border may comprise two types: members that produce goods with their own production facilities and those members who do not have production facilities, as follows:

- Member having production facilities may have a business certificate specifying or non-specifying the distribution [rights] in domestic market. In that case that a business does not have the business certificate, prior to applying for the membership of the Business Group, such business should inform the District Trade Office for approval.
- Members that do not have production facilities should have a business certificate allowing the distribution of goods in the domestic market.

Goods or products that members export may be from their own production or bought from other sources or from domestic markets.

## **Chapter III**

### **Import and Export of Goods Subject to Border Trade**

#### **Article VII: General Rules**

Goods or products that are imported and exported subject to border trade shall go through the “border check-point” which is allowed by the local authorities such as provincial, capital and special zone level and they are subject to tariffs and tax in accordance with regulations of the Finance Office [sector]; except the borders which are, otherwise, determined specifically such as the border market which is under different regulations.

It is prohibited to import or export goods subject to border trade through the international check-point. In the case of personal belonging or consumption, the customs regulations are applied.

All goods or products subject to border trade are imported for domestic production and for the necessity of people’s livelihoods only. The Ministry of Commerce will list the goods or products subject to border trade.

#### **Article VIII: Border Check-point**

There are two types of border Check-point: the border-checkpoint located in a remote area and the border-checkpoint not located in a remote area.

Members of the Small Export Business Group at the Border that have been established and that operate their business at the Border Check-point located in a remote area can import and export goods, permitted in each period, for their production and for serving the needs of people's livelihood.

Members of the Small Export Business Group at the Border that have been established and that operate their business at the Border Check-point not located in a remote area can import and export goods for their production only. In relation to goods or products for serving the necessity of their livelihoods [their own consumption], they should buy them at domestic markets only.

#### **Article IX: Border Check-point located in a Remote Area**

The border check-point located in the remote area should meet the two following criteria:

This area cannot be accessed or is very difficult to access for domestic markets due to the distance and difficulties. The "market" here also means the different levels of retail [distribution] network serving in each place. It is an area that a domestic business cannot supply goods / products to or to which it can only supply a small amount which cannot address the shortage in such area.

The Provincial Commerce Department, Capital and Special Zone should take a leading role in collaborating with the local authority to define details of the border check-point located in the remote area; then, report to the Ministry in order to follow up and supervise [this issue] in each period.

#### **Article X: Goods or Products subject to Border Trade for Export**

Goods or Products subject to border trade for export are general goods; except those goods or products subject to prohibition or export control.

#### **Article XI: Goods or Products subject to Border Trade for Import**

Goods or products subject to border trade can be imported provided that:

- Those goods or products meet [are compliant with] the criteria specified in Article VIII of this Provision.
- Those goods or products are allowed to be imported only at each border check-point.
- The Provincial Commerce Department, Capital and Special Zone should collaborate with the relevant local authorities to determine details of goods or products in each period, within the value of goods / products allowed for the small business units at the border to export under the trade balancing plan in each year.
- Those goods or products are in line with the Ministry's approval for small business units at the border to import. The Foreign Trade Department should study and [determine] the list of such goods or products.

#### **Article XII: Trade Balancing Plan of Border Trade**

The determination of the trade balancing plan of border trade for each business group is the total value for import in each year without determining the export value;

however, the actual import shall be implemented very strictly in accordance with the following criteria:

- The criteria specified in Article VIII and Article XI of this Provision.
- The import value for necessary daily consumption shall not exceed the export value when closing the balance at the end of the year (the enterprise's accounting year [calendar year]).

For import of some types of goods for production such as raw materials or seeds, it is not necessary to balance the import value is not necessary to. In exceptional cases, import shall be allowed by applying for a license from the Commerce District Office.

The import value specified in the balancing plan for border trade and the total volume assigned to each small business group at the border should be under the overall trade balancing plan that Ministry of Commerce assigns [determine] for each local [office] to implement in each year; except for the cases specified in this Article.

The Provincial Commerce Department, Capital and Special Zone should allocate the value [volume] of the trade balancing plan for border trade and should supervise small export business groups at border. The Commerce District Office should be directly responsible for the implementation of the trade balancing plan and the activities of such business groups under its area of responsibility.

#### **Article XIII: Import and Export Procedures at the Border**

The export and import of goods subject to border trade shall follow the regulations with as simple and speedy a procedure as possible. This includes:

For export, the exporting goods or products can be declared directly to the relevant officials at the border check-point with respect to quantity, types and value for statistic collection purposes and for checking other aspects in accordance with the export goods under this Provision.

For import, prior to the importation, the importer shall acquire a document, so-called "the letter for monitoring import at the border"; then, shall declare directly to the relevant officials at the border check-point for statistic collection purposes and for import management in accordance with the criteria specified in Article XI of this Provision.

The letter for the import monitoring at the border shall be simple. The Foreign Trade Department shall study and issue the format of such letter form.

### **Chapter IV Measures against Violators and Implementation**

#### **Article XIV: Measures against Violators**

Any violators of this Decision shall not only be prohibited from operating a small business at border, but also they shall be subject to prosecution as set out in the relevant laws and regulations of Lao PDR.

#### **Article XV: Implementation**

The Foreign Trade Department shall take a leading role in collaborating with the

Provincial Commerce Department, District Offices and other relevant agencies for effective implementation.

**Article XVI: Replacement**

This Provision shall replace (temporary) Decision N. 465/MOCT, dated 8/12/1993 on business at the border.

**Article XVII: Effectiveness**

This Provision shall enter into force from the date of signature.

**Signed and Stamped  
Minister of Commerce  
Phoumy Thippavone**