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LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Industry and Commerce

No. 2005/MOIC.DIH
Vientiane Capital, dated 28 September 2015

**Decision
on Wooden Products**

- Pursuant to the Law on Wood Processing Industry No. 48/NA, dated 27 December 2013;
- Pursuant to the Decree on Structure and Activities of Ministry of Industry and Commerce No. 522/PM, dated 23 December 2011.

Minister of Industry and Commerce issues a decision:

**Section I
General provisions**

Article 1: Purpose

This Decision is to set out the principles, regulations and measures with regard to types, forms and sizes of timber products in order to facilitate management of timber processing , the utilization and distribution of wooden products in conformity with the laws and regulations in a uniform manner throughout the country and with the aim to promote modern timber processing industry, gradually create high value addition, protect environment and utilize forestry resources effectively and sustainably, and contribute in the the national economic development to be continually grown.

Article 2: Wooden Products

Wooden product refers to the product that is derived from raw materials and semi-finished products through working or processing to transform timber in to new products which could be supplied for consumption or distribution.

Wooden products are classified into categories, types and forms with different sizes.

Article 3: Definition

1. Timber processing factory refers to the industry and handicraft industry with timber processing operation;
2. Production process refers to the steps of production or production lines of the timber processing factories, which start from materials or semi-finished products transporting to the processing line according to relevant architectural design of forms, types and categories of wooden products;
3. Value addition refers to the value of wooden products which is created from each step of production process or production line of timber processing factory;
4. Raw material refers to the trunk, root, stump, gall, branch or all parts of a tree which has not been through the production process;
5. Semi-raw material refers to the sawn timber products or types of semi-processed timber or other assembled parts, which require further working and processing for turning them in to finished wooden products;
6. Tree trunk refers to the part of a tree from stump and branch, whose diameter and length are correctly measured as stated in article 1 of the Decision of Ministry of Agriculture and Forestry No. 116/MAF.07, dated 17/05/2007 on the regulations on measuring trunk, stump, gall and category of quality of trunk;
7. Tree root refers to the underneath or the lowest part of a tree under the ground;
8. Tree stump refers to the part which is separated from root and trunk of a tree;
9. Tree gall refers to the gall over trunk or branch of a tree;
10. Tree branch refers to the woody structural member connected to but not part of central trunk of a tree;
11. Inputs refers to the production process under the correct acknowledgement or certification of raw materials or semi-processed timber transporting into the area of the timber processing factory;
12. Output refers to the result of production process under the correct acknowledgement or certification of finished wooden products from the timber processing factory;
13. Master list of materials or semi-processed timber of log landing 3 refers to the certificate of raw materials or semi-processed timber for transportation and storage in log landing 3;
14. Log landing 3 refer to the place of timber processing factory to keep materials or semi-processed timber prior to moving them for production process;
15. Wooden product inventory refers to the documents which record details of wooden products, such as quantity, volume, size and value of the wooden products;
16. Veneer refers to the general veneer and chip board which are produced in a veneer factory by using raw materials from trunk, veneer, slicing board or waste wood;
17. Construction timber refers to the wooden products that have been through sawing process namely struts, roof beams, wooden roof, rafter, beam, etc. The above mentioned wooden products comprise of semi-processed timber and finished products;

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18. Wood for building refers to the wooden products as parts of the buildings namely door frame, panel of door/window, staircase, wood peril stair, etc. The above mentioned wooden products comprise of semi-processed timber and finished products;
19. Parquet, wood flooring and truck body joinery refer to the parquet products, wood flooring and wooden products for truck body joinery by utilizing sawn wood, slicing board through the production process such as cutting, sizing, heat-drying, debarking, drilling, shaping, sanding (or sand-polishing), carving, etc.;
20. Laminated product/finger joint refers to the wooden products from timber processing factory by using slicing board, small diameter/size timber for joinery and turning them into the preferable sizes by using heat-drying, forming into shape, sanding, carving, cutting and joining with glue and compressing with heat-drying.
21. A wooden container refers to the wooden products, which are processed with fine and artistic skills to be finished product for use such as tray, cup, box, flower jar, etc.;
22. Wooden accessories refer to the wooden product, which is through industrial or handicraft production processes turned in to a finished product for use, such as chopsticks, big spoon, spoon, cloth hanger, comb, etc.;
23. Wooden furniture refers to the wooden product, which is through furniture processing manufacture such as cabinets, set of tables and chairs, etc.;
24. Wooden handicraft refer to the wooden product, which had been through handicraft production processes such as carve wood, drilling, and engraving various patterns with beautiful and outstanding shape and can be for instant use;
25. Veneer and slicing board refer to the wooden products from wood processing manufacture that is through the processes of veneering and slicing by utilizing trunks. Such products have mediate value addition and are able to be supplied to the wood processing factory to turn to finished products, such as plywood, wood sheets, table front surface, and etc.;
26. Waste wood, sawn dust, and waste wood plane refer to waste from sawing, slicing, cutting, planeing, and carving of woods.

Article 4: Scope of Use

This decision is used for individuals, legal entities and organizations within and outside the country who are engaged in wood processing industry in Lao PDR.

This decision shall not pertain to paper chip, paper, charcoal, rattan and bamboo.

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Section II

Types, Categories and Forms of Wooden Products

Article 5: Types, Categories and Forms of Wooden Products

There are three types of wooden products namely, sawn wooden products, semi-processed wooden products and finished wooden products, each type is divided into many categories and forms as the details stated in Article 6, 7 and 8 of this decision.

For types, forms, categories of wooden products, that are different from this decision, business operators relating to wood processing shall propose to Department of Handicraft and Industry, Ministry of Industry and Commerce to consider classifying types, forms and categories appropriately.

Article 6: Sawn wooden Product

Sawn wooden product is the wooden product processed through production process or initial processing with low value addition mainly cut wood, shape wood and slice wood with different sizes, including thick, wide and lengthy.

There are three types of sawn wooden products namely, cut wood, shape wood and slice wood.

1. Cut wood is the large size sawed wood taken from sawing timber, which has low value addition that can be turned in to semi-processed wood and finished products.
2. Shape wood is the wood sawed from cut wood and turned in to smaller sizes of cut wood and with low value addition.
3. Slice wood is the small diameter of wood sawed from shape wood, such as limb and branch of a tree and with low value addition.

Article 7: Semi-Processed Product

Semi-processed product is the wooden product that is processed through production process or the secondary level of wood processing after the primary level of timber production. Semi-processed products go through the process of heat-drying or sun-drying, shaping and cut sizing, circling, carving etc. but they cannot be immediately separated from or assembled (knock-downed) back with others according to relevant architectural design sets with moderate production cost.

Semi-processed product comprises of veneer, slice wood, wood for construction, building construction and semi-processed products, etc. with sizes and types which are similar to a finished timber product.

Semi-processed product with similar size and types to a finished timber product, such as semi-processed products with sizes and types which are similar to finished furniture products, parquet and wood flooring, wooden products for truck body joinery, etc. These wooden products cannot be immediately separated or assembled (knocked-down) and any others according to relevant architectural design of sets with additional details, which allow

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to be regarded or assembled as finished timber products namely, parts of furniture (sofa, table, chair, bed, cabinet), truck body, parquet and wood flooring.

There are two types of semi-processed products:

1. A unit or set which cannot be definitely used, assembled or knocked-down, such as cabinet, table, chair, bed, etc.
2. Types of part which cannot be definitely used such as parts of vehicle; parquet; wood joinery; leg; beam, board, handle, table, chair, bed, etc.

Article 8: Finished Wooden Product

Finished wooden product is the product which is processed through production process or the third level of wood processing manufacture (final process) after being through the second level, such as going through many stages of production processes and in many sizes, being heat-dried, debarked, drilled, formed into shape, joined, sanded, carved, waxed, screwed etc.; enabling it to be instantly used or separated or knocked-down without further modification and with high value addition.

Finished wooden products comprise of various types such as veneer, wood for construction, wood for building, parquet, wood flooring, wooden products for truck body joinery, joined wood, wood containers, items made from wood, furniture, sawdust briquette, sawdust pellet and handicrafts.

There are two types of finished wooden products:

1. A unit or finished set can be instantly used, knocked-down products or sets such as cabinet, table, chair, bed, etc.
2. Assembled parts, which can be instantly used such as internal parts of vehicle; parquet; joinery wood; table legs, chair legs, beam, board, handle of cabinet, etc.

Section III

Size of Wooden Products

Article 9: Finished Wooden Product

Size of wooden product is indicated in terms of thickness, width and length of each type of wooden products to be processed, utilized and distributed in accordance with the objectives and fairness. The details of size of products are stated in Annex 1, 2 and 3 of this decision.

Different size of finished wooden products indicated in this decision, the business operator relating to wood processing must propose to Department of Industry and Handicraft, Ministry of Industry and Commerce.

Article 10: Size of Finished Wooden Product

Size of finished wooden product is provided in the table with heading code of factory's activities, Customs Heading System, list and size of wooden products of each type, form and category; which clearly identify the thickness, width and length of timber products. The

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attached Annexes 1, 2 and 3 include the varying sizes of the finished wooden products according to the decision.

Section IV

Establishment of Master List, Monitoring and Certification of Wooden Products

Article 11: Establishment of Master List

Owners of wood processing factories have to establish their own master list and submit to provincial and Vientiane capital Department of Industry and Commerce every three months.

Establishment of the master list is consistent with the real types, forms, categories, sizes, values and features of wooden products.

Article 12: Monitoring of Wooden Products

Provincial and Vientiane capital, Department of Industry and Commerce monitor and examine the transport of raw materials and semi-processed products as follows:

1. Inspect inputs to ensure accuracy of the raw material or semi-processed products that will be brought into the production process of wood processing factory.
2. Examine outputs to ensure accuracy of wooden products exported from wood processing factory and to be consistent with the results of the monitoring of each inputs.

The monitoring of inputs and outputs should be recorded in the minute and it should be reported to the Department of Industry and Handicraft, Ministry of Industry and Commerce.

Article 13: Certification Standard of Wooden Products

Owners of wood processing factory have rights to apply for the certification of standard of wood products if necessary or if there is a requirement of a market. The certification of standard of wooden products shall comply with the Decision on Industrial Products Management No. 0469/MOIC.DOHI, dated 05 March 2012.

Section V

Incentive Policy for Good Practice and Measures against Violators

Article 14: Incentive Policy for Good Practice

Owners of wood processing factory who operate their businesses in accordance to the regulations and have outstanding performance by using raw materials with adding value for processing wooden products that meet the standards for domestic use and export shall be promoted as stated in the Law on Industrial Processing, particularly the collection of value adding tax or excise tax for finished wooden products must be lower than semi-processed products and sawn timber products respectively.

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Article 15: Measures against Violators

Individuals, legal entities or organizations which are violating or failing to follow this decision shall be subjected to the measures such as education, warning, disciplinary procedure, fine and compensation in accordance with the Law Panel or shall be convicted according to the relevant laws on the case by case basis.

Section IV
Final provisions

Article 16: Implementation

The Department of Industry and Handicraft in partnership with provincial and Vientiane capital, Department of Industry and Commerce shall coordinate with relevant agencies and local authorities to strictly implement this Decision in an effective manner.

Article 17: Effectiveness

This Decision shall enter into force from the date of its signature and 15 days after the issuance of official gazette.

This Decision replaces Decision No. 1415/MOIC.DOIH, dated 28/08/2008.

Any previous regulations of Industry and Commerce adopted found to be conflicting with this Decision shall be invalid.

Minister of Industry and Commerce

[Signed and sealed]

Mrs. Khemmani Pholsena