

LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Prime Minister's Office

No. 34/PM
Vientiane Capital, dated 14 February 2006

Decree

On Export Promotion Fund

- Pursuant to Law on the Government of the Lao People's Democratic Republic No 02/NA, dated 06 May 2003.
- Pursuant to Law on Law on State Budget No. 05/94/NA, dated 18/7/1994
- Pursuant to the Proposal of Minister of Industry and Commerce No 1305/MOIC, dated 23 December 2005.

The Prime Minister of the Lao People's Democratic Republic decrees:

PART I
General Provision

Article 1: **Objectives**

The Decree on Export Promotion Fund regulates the establishment, management and inspection of the Export Promotion Fund aimed at mobilizing funds from various sources to be sufficiently stable and consistent to promote product development that meets foreign market demand, and export promotion in accordance with a national social-economic development plan.

Article 2: **Definitions**

- The Export Promotion Fund is State agency which is responsible for mobilizing and utilizing funds for export promotion. Abbreviated as "EPF"
- Import-Exporting Business is a company that duly registers and operates in Lao PDR
- Committee is administrative committee that is responsible for managing the Export Promotion Fund

Article 3: **Goal of fund contribution**

- The importers or exporters of goods who receive SPS and TBT notifications from the Ministry of Industry and Commerce are required to contribute to the Export Promotion Fund.

Article 4: **Principle of fund utilization**

- Utilization of funds shall be subject to budget planning, auditing and final reporting and shall ensure transparency and effectiveness of utilization of funds.

Article 5: **Capacity of decree**

- This Decree applies to any exporting business nationwide which stipulated in Article 2 of this Decree.

PART II

Source and Utilization of Funds

Article 6: **Source (Revenue) of fund**

- Sources (revenue) of funds received from:

1. State Budget
2. Foreign grants or loans
3. Funds raised from donations or contributions of individuals or organizations;
4. Revenue from the collection of charges or service fees;
5. Revenue from interest and dividend from investment of funds

Article 7: **Export Promotion Fund Expenditure**

- Export Promotion Fund will be used to promote following targets:

1. Export promotion activities and projects
2. Loan promotion for businesses
3. Administrative expenditure of Export Promotion Fund Committee
4. Administrative expenses
5. Other expenditure concerned with export promotion fund activities

Articles 8: **Revenue collection- expenditure plan of Export Promotion Fund**

- Export Promotion Fund Committee shall consider an annual state budget revenue and expenditure, to be submitted to the Government for approval.

Article 9: **Account and deposit account**

- Export Promotion Fund shall have its own account consistent with state account system. Export Promotion Fund shall open its account at any commercial bank in Lao PDR. Withdrawals from the account must be made by cheque, with at least two signatures of representatives assigned by Minister of Industry and Commerce. Fund usage should not exceed the revenue of the annual budget and shall have sufficient reserve to pay debts of the fund and utilize the budget of next fiscal year. Such reserved monies and budget planning shall be approved by Minister of Industry and Commerce

Article 10: **Conditions on fund utilization**

- Utilization of the budget is based on following conditions:

- Existing funds
- Priority and importance of activities
- Identified plan
- The performance of exporters

- The Export Promotion Fund Committee shall consider applications based on above criteria and submit them to the Minister of Industry and Commerce.

PART III
Fund Management

Article 11: Organization Structure

- The Export Promotion Fund shall have a fund management committee
- The Fund Management Committee shall have its own internal governance
- The Fund Management Committee and head of internal departments shall work under the direction of Minister of Industry and Commerce, and offices of the Ministry of Industry and Commerce as required.

Article 12: Export Promotion Fund Committee

- The Export Promotion Fund Committee consists of:
 1. Vice Minister of Industry and Commerce President
 2. Head of Trade Promotion Committee and Secretariat
 3. Director of Import-Export Department Committee
 4. Representative of Science, Technology and Environmental Organization Committee
 5. Representative of Ministry of Finance Committee
 6. Representative of Bank of Lao PDR Committee
 7. Representative of Ministry of Industry and Handicraft Committee
 8. Representative of Ministry of Agriculture and Forest Committee
 9. Representative of Lao National Chamber of Industry and Commerce Committee
 10. Representative of successful import-export businesses, 2 persons Committee
- The Export Promotion Fund Committee shall select two Vice President from Export Promotion Fund Committee

Article 13: Standards and conditions of Export Promotion Fund Committee business representatives

- Business representatives appointed to the Committee are required to be equipped with knowledge and ability with at least five years of business operating experiences relating to export, which shall be selected by import-export businesses community.
- In addition to above standards and conditions, candidates must meet following conditions:
 1. Lao National
 2. No bankruptcy record
 3. Well behaved and responsible
 4. No criminal record, except a case that relates to offense or insult without caution

Article 14: Term and termination of Export Promotion Fund Committee business representatives

- Business representatives appointed to the Committee shall have 2-year in one term, commencing from the date of appointment and are eligible to be appointed for a second term.
 - Business representatives appointed to the Committee shall terminate their position upon the occurrence of the following events:
 1. Death
 2. Resignation

3. An agreement of Minister of Industry and Commerce submitted by the management committee
 4. Restriction of liberty
 5. Lack of qualification and other
- In circumstances where a business representative appointed to the Committee departs a position prior to their full term for any reason listed above, the appointment of a substitution shall be implemented within one month, commencing from the departure date of former committee member. The term for position will be based on the remaining time of former committee member's term.

Article 15: Rights and Responsibilities of fund committee

- The Export Promotion Fund Committee shall have rights and responsibilities as follows:

1. Formulate additional regulations on the implementation of this Decree
2. Review regulations on activity, rights and responsibilities of internal departments, and instruct the activity of internal departments
3. Fund raising
4. Usage of fund shall meet the target criteria stipulated in Article 7 of this Decree
5. Plan and conclude the activities of the Fund periodically
6. Implement rights and other responsibilities as assigned by the Government of Lao PDR

Article 16: Disclosure of Benefits

- In circumstances where members of the Export Promotion Fund Committee are aware of the indirect or direct benefits arising from their position that conflict with this role, the member shall inform the Committee of such benefits or actions for their consideration immediately.

Article 17: Export Promotion Fund Committee Meetings

- Meetings of the Export Promotion Fund Committee shall take place bi-annually and require at least two-thirds of members in attendance to achieve a quorum. Meetings are allowed to take place anytime to deal with important and urgent matters. At least three members must attend special meetings.

PART IV
Auditing, Inspection and Reporting

Article 18: Account auditing

- The accounts of the Export Promotion Fund shall be audited, every 2 years, by the State Audit Organization (SAO) or Government Inspection Authority (GIA) as assigned, and SAO and GIA shall report the result of inspection to public.

Article 19: The formation of Taskforce for inspection

- The Prime Minister can appoint individuals or an agency as a taskforce to carry out inspection of the Export Promotion Fund Committee's activities. If unlawful action is established, violators will be subject to penalties as set out by the law.

Article 20: Reporting

The Export Promotion Fund Committee shall submit an annual progress report to the Minister of Industry and Commerce, Minister of Finance and Prime Minister. The latest report should not exceed three months after the finalization of annual budget plan.

- Furthermore, Export Promotion Fund Committee shall implement in accordance with state financial reporting regulations as specified.

PART V

**Policies Towards Persons with Outstanding Achievement
and Measures Against violators**

Article 21: Policies Towards Persons with Outstanding Achievement

- Individuals or legal entities shall receive rewards and other appropriate policies such as: the persons performing export activities regularly, or increasing volume of export, or new goods export, or expanding to new market, duly performing their obligation to budget, donors and other individuals will receive government recognition, special treatment or technical assistance and rewards of different rank depending on performance. The Export Promotion Fund Committee shall identify detailed policies, grant special treatment or technical assistance to persons with outstanding achievement.

Article 22: Measures Against violators

- Individuals or legal entities, as specified in Article 3 of this Decree, not fulfilling their obligations shall be subject to disciplinary measures as prescribed in Article 85 and 86 of Law of Value Added Tax

- Tax and VAT authorities committing unlawful activities as stipulated in the Article 87 of the law of VAT will be subject to disciplinary measures and be prosecuted in accordance with this Article and relevant laws depending on seriousness of violation.

- Individuals, legal entities or organizations responsible for finance and budget tasks violating this Decree such as submitting a false financial report that is inconsistent with the accounting system, regulation, inaccurate or undisclosed information, counterfeit, or assisting with counterfeit action shall be subject to re-education measures, responsible for civil damage and criminal law (in accordance with Article 149 and 150 of criminal law) and relevant laws depending on the seriousness of violation.

PART VI

Final Provision

Article 23: Implementation

- Ministry of Industry and Commerce shall develop this Decree by issuing regulations to serve the implementation of the Export Promotion Fund

- Ministry of Industry and Commerce, Ministry of Finance, Export Promotion Fund Committee and concerned departments are to strictly implement this Decree.

Article 24: Effectiveness

- This Decree shall enter into force on the date of signature. All provisions and regulations conflicting with this Decree shall be cancelled.

Prime Minister

Bounnhang Vorachit