



**Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity**

The President

**No. 064/POR
Vientiane Capital, 28 January 2014**

**DECREE OF THE PRESIDENT
OF LAO PEOPLE DEMOCRATIC REPUBLIC
ON PROMULGATION OF THE LAW ON PROCESSING INDUSTRY
(AMENDED VERSION)**

- Pursuant to the Constitution of Lao People's Democratic Republic (amended version 2015), Section VI, Article 67, Clause 1;
- Pursuant to Resolution of the National Assembly, No. 026/NA, dated 27 December 2013, on the Adoption of the Law on Processing Industry (amended version);
- Pursuant to the Letter of Proposal of the Standing Committee of the National Assembly, No. 022/SC, dated 7 January 2014,

The President of
Lao People's Democratic Republic issues a Presidential Decree:

Article 1. To promulgate the Law on Processing Industry (Amended version).

Article 2. This Presidential Decree is effective from the signing date.

President of Lao PDR

[Signature & Seal]

Choummaly Sayasone



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. 26/NA

RESOLUTION
OF MEETING OF NATIONAL ASSEMBLY
ON ADOPTION OF THE LAW ON PROCESSING INDUSTRY
(AMENDED VERSION)

Pursuant to Article 53 Clause 2 of the Constitution, and Article 3, Clause 1, of the Law on National Assembly of Lao People's Democratic Republic relating to the rights and duties of the National Assembly;

Following the 6th Ordinary Session of the National Assembly Meeting, VII Legislature, has widely and deeply considered the contents of the Law on Industrial Processing (amended version) in the morning Session held on 27 December 2013.

The Meeting of the National Assembly decided:

Article 1. To adopt the Law on Processing Industry (amended version) with a vote of majority.

Article 2. This Resolution is effective from the signing date.

Vientiane Capital, 27 December 2013

President of National Assembly

[Signature & Seal]

Pany Yathortu



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

National Assembly

No. 48/NA
Vientiane Capital, 27 December 2013

**LAW
ON PROCESSING INDUSTRY
(AMENDED VERSION)**

**PART I
GENERAL PROVISIONS**

Article 1 (Amended) Objective

This Law defines principles, regulations and measures on the promotion and management of processing industry to encourage strengthened production of goods, to create production capacity basis to support the development and expansion of processing industry, having social order, ensuring safety and environmental protection and aiming to create employment and enhance level of living conditions of multi-ethnic people and contributing to creation of primary factors for industrialization and modernization.

Articles 2 (Amended) Processing Industry

Processing industry is activities of production using machines and manpower in factories through production process of transforming raw materials or semi-finished products from their original state into new products.

Article 3 (New) Definition

Terms used in this Law shall have the following meanings:

1. **Premises of Factory** means surrounding areas of a factory that is in an industrial zone, industrial estate, special economic zone, export production zone or other locations;
2. **Machinery** means a device consisting of many parts to be used for manufacturing, transmitting energy, and changing or interchanging one energy into other by hydropower, steam, fuel, air, gas, electricity, wind energy or other type of energy solely or in combination;
3. **Overall Engine Capacity** means capacity of a machine or overall equivalent capacity installed in a factory with a unit is calculated in horsepower;
4. **Raw Material** means material obtained from mineral natural resources, such as, metals and non-metals, and from agricultural and forestry resources, such as, plants and livestock, and from wastes, such as, paper, wood, steel and

- plastic waste;
5. **Semi-Finished Material** means a product that has passed through any stage of processing, such as, plastic, steel, magnet, glass, fabric, synthetic materials and others, that can be further processed as a component or produced as a final product;
 6. **Processing Industry Product** means an output from the production process of a factory that employs equipment, machinery, technology or manpower in the production process;
 7. **Buffer Zone** means a reserved area surrounding the factory, including a building to fence or wall of factory in order to ensure environmental and social safety;
 8. **Green Industry** means an environmental-friendly industry, waste recycling and effective utilization of energy to ensure environmental safety.
 9. **Household Industry** means an industry that uses simple technology, with low investment, operates within family, mainly uses less than 10 family members or machinery of small size with less than 10 horsepower in production.

Article 4 (New) Policy on Processing Industry Activities

The State has a policy to promote individuals, legal entities and organizations to widely invest in industry development to move forward to modernization in line with green industry direction in order to produce higher added value goods, to build their competitive capacity by focusing on development of potential industry, small and medium industry, to ensure development in remote areas and regions and to develop economic basis for stable and interrupted development with the aim to create employment opportunities and to reduce poverty of people.

Article 5 (New) Basic Principles of Processing Industry

Basic principles of processing industry are as follows:

1. Be in accordance with policies, strategies and the National Social-Economic Development Plan from time to time, and pursuant with the laws and regulations;
2. Ensure effective use of resources, generate value and sustainable development and mitigate environmental impacts;
3. Ensure technical standards, safety, hygiene, environment and public order;
4. Ensure convenience, speediness, transparency, fairness, and equality before the law.

Article 6 (Amended) Scope of Application

This Law applies to both domestic and foreign individuals, legal entities and organizations operating a processing industry business for all sectors, sizes, and levels in Lao PDR, except for household industry.

Household industry is regulated by a specific regulation and promotion.

Article 7 (Amended) International Cooperation

The State supports and promotes foreign, regional and international cooperation regarding processing industry by the exchange of experiences, information, technology and trainings and research to upgrade technical knowledge and capacity for the effective activities and for implementing international treaties and conventions to which Lao PDR is a Party.

PART II PROCESSING INDUSTRY ACTIVITIES

Section 1 Types of Processing Industry

Article 8 (Amended) Types of Processing Industry

Processing industry is classified pursuant to the economic sector classification of Lao PDR and in accordance with the international classification as follows:

1. Food provision processing industry;
2. Beverage processing industry;
3. Tobacco processing industry;
4. Textile processing industry;
5. Garment processing industry;
6. Leather and leather-related product processing industry;
7. Wood, wood-derived products and rattan, hay-derived products and basketwork material processing factories;
8. Paper and paper product processing industry;
9. Printing, photocopying, and video, optic, color, sound industry;
10. Coal and combustible fuel processing industry;
11. Chemical substance and chemical product processing industry;
12. Medicine industry, chemical products for medicine processing and herbal products for medicine processing industry;
13. Rubber and plastic processing industry;
14. Non-metallic mineral processing industry;
15. Basic metal processing industry;
16. Inventive metal processing industry;
17. Computer, electronic and optical product processing industry;
18. Electrical appliance processing industry;
19. Machinery and non-assembled parts processing industry;
20. Car, trailer truck and trailer truck accessory equipment processing industry;
21. Other transportation processing industry, such as, boats, ships, airplanes, motorcycles;
22. Furniture processing industry;
23. Other processing industry, such as, production of jewelry accessories, musical instruments;
24. Repair and installation of machinery and equipment processing industry.

Processing industry is classified in several groups and kinds which are determined in specific regulations.

Article 9 (Amended) Seizes of Processing Industry Factories

Based on the overall engine capacity or on number of workers or capitals, the processing industry factories consist of three sizes as below:

1. Small size factory consisting of engine capacity from 10 to 50 horsepower or with manpower from 10 to 50 persons;
2. Medium-size factory consisting of engine capacity from 51 to 200 horsepower or with manpower from 51 to 200 persons;
3. Large-size factory consisting of engine capacity from 201 horsepower and higher or with manpower from 201 persons and higher.

Section 2

Installation of Factory

Article 10 (Amended) Factory

Factory consists of premises, buildings or vehicles containing machinery of a total engine capacity or manpower equivalent to 10 horsepower or more than 7.46 kilowatts or with manpower up to 10 persons undertaking production, assemblage, repair, modification, containment or re-production.

Article 11 (New) Application for Establishment of Factory

Any individuals wishing to invest in any processing industry shall file their application for enterprise registration with the sectors of industry and commerce in accordance with the procedures as provided for in the Enterprise Law, and Investment Promotion Law and shall have environmental impact assessment certificates, factory construction permit certificate, technical and economic feasibility study, and factory operation certificate.

Article 12 (New) Location of Factory

The location of processing industry factories of all types and sizes shall meet the following requirements:

1. Comply with National Master Plan on Land Allocation;
2. Have appropriate area for the business operation based on the size and type of the factory;
3. Have convenient road access;
4. Be a distance from community, schools, hospitals, temples, cultural areas, protection area, conservation forest, protected forest, water resource, and biodiversity etc.

Distance of factory location is determined in specific regulations.

Article 13 (New) Factory Building

A factory building shall have its structure consistent with technical standards depending on each type of a factory, which may include:

1. Building for manufacturing;
2. Warehouse for raw materials;
3. Product warehouse;
4. Administrative building;
5. Other buildings as deemed necessary.

Article 14 (New) Machine Installation

The installation of machinery and equipment shall be complied with the plan and technical system as defined in a technical and economic feasibility study.

Article 15 (New) Safety and Hygiene within Factory

The factory shall have safety and hygiene systems and factory disaster management plan as provided in the relevant laws and regulations.

Section 3 Modification of Activities

Article 16 (Amended) Expansion of Factory and Additional Activities

The expansion of a factory is an increase in the number or horsepower of machinery or an increase of factory areas or an increase in the number of workers, or all of them at the same time.

All types of processing industry can apply for an expansion of factory activities and increase production, but they shall comply with laws and regulations of the relevant sectors.

Article 17 (Amended) Relocation of Factory

The relocation of a factory from one location to another is considered as an establishment of a new factory, so an application for relocation shall be follow the same procedure as for an establishment of a new factory in accordance with conditions as provided for in Articles 11, 12, 13, 14, and 15 of this Law.

Article 18 (Amended) Lease, Leasing and Transfer of Activities

Activities of a factory can be leased, transferred, or sold to an individual or legal entity in accordance with relevant laws and regulations.

The transferees, successors or buyers of activities shall have their rights and obligations as provided for in this Law and other relevant laws.

The transferees, successors or buyers of activities shall amend the enterprise registration certificate according to the Law on Enterprise and an application for a factory business operation license with the sector of industry and commerce shall be required. For the lease or leasing of a factory activity, the industry and commerce sector shall be informed for continuing further management and promotion accordingly.

Section 4 Utilization of Machinery and Technology in Processing Industry

Article 19 (New) Machinery and Technology used in Processing Industry

Machinery and technology used in a processing industry shall suitable to the situation of the economic development of Lao PDR from time to time to ensure the quality, effective and efficient production, to avoid environmental impacts and to move forward to gradual modernization.

Article 20 (New) Maintenance of Machinery Quality in Factory

Machinery used in the factory shall be maintained in good condition during business operations. If any machinery is deteriorated, affected the quality of products or caused impact to environment, it shall be improved, replaced or its spare parts shall be changed accordingly to the appropriate standard.

Section 5 Industrial Processing Products

Article 21 (New) Standard of Industrial Processing Products

A factory business operator may voluntarily use any standards, provided that the quality, standard, hygiene, safety of products shall be ensured and no negative impacts to the environment caused.

A processing industrial product related to the national security, safety, hygiene, health and environment or products of strategical significance shall comply with compulsory standards or technical regulations determined by the government from time to time.

Establishment of standards, technical regulations or compliance assessment procedure shall be in accordance with the Law on Standards.

Article 22 (New) Intellectual Property of Industrial Processing

The State supports and promotes the implementation of intellectual property processing industry to protect rights and benefits of investors and to ensure fairness for investors or owners of the intellectual property in processing industry in accordance with the Law on Intellectual Property.

Section 6

Environmental Protection

Article 23 (New) Green Industry

The Government supports and promotes industrial processing factories to develop industrial processing to become green industry by complying with the environmental laws and regulations of Lao PDR and to render production being processed in environmental-friendly manner.

Article 24 (New) Environmental Risk Impact Level for Factories

Based on the importance and requirements for environmental and social control and protection, a factory can be divided into three levels of environmental risk impact as follows:

1. First-level factory that has a low level of environmental risk impact or dangers that shall be strictly complied with the regulation on the management and control of the factory;
2. Second-level factory that has a moderate level of environmental risk impact that shall establish an environmental management plan and shall follow up its implementation from time to time;
3. Third-level factory that has a high level of environmental risk impacts that shall make environmental impact assessment, establish a strict environmental management plan, and shall follow up its implementation on regular basis.

The details on factory levels of environmental risk impact are determined in specific regulation.

Article 25 (Amended) Environmental Protection Measures

Business operation of a factory shall comply with the following environmental protection as below:

1. To ensure compliance with the environment standards, such as, traffic, sound, light, coloring agents, odors, toxic fumes, dust, smoke, vibrations, temperature, moisture, and others as provided in the Law on Environmental Protection and other relevant laws and regulations;
2. To ensure first-level factories have a buffer zone at least four meters, second-level factories have a buffer zone at least ten meters, and third-level factories have a buffer zone at least twenty meters, respectively;

3. Collaboration between the industry and commerce sectors and other relevant sectors is required.

Article 26 (Amended) Factory Waste Treatment and Disposal

Factory wastes of all kinds shall be treated and disposed in compliance with the proper technical methods and rules at the appropriate locations as defined in the regulations.

Article 27 (New) Chemical Substance and Hazardous Waste Management

The business operation of processing industry factory regarding chemicals and hazardous wastes shall comply with the relevant laws and regulations, international treaties and conventions to which Lao PDR is a Party.

Application, issuance and cancellation of chemical substance and hazardous waste certificates, including monitoring and inspection certificate, is determined in specific regulations.

The industry and commerce sector is the principal authority with other relevant sectors in management of importation and utilization of chemical substances and in allocating responsibility of management of the same to the relevant sectors.

Section 7

Industrial Zone and Industrial Estate

Article 28 (Amended) Industrial Zone

An industrial zone is a land area that is reserved or allocated for the construction of a processing industrial factory or other activities to support such processing industrial activities which are officially approved by the Government and which are not laid out in any special economic zones.

The Government defines a promotion policy on development and investment in industrial zones as deemed appropriate from time to time.

The industry and commerce sector collaborates with relevant local administrations and other relevant sectors to determine and allocate land for industrial zones to ensure the location of factories, to avoid or mitigate environmental and social impacts.

Article 29 (Amended) Industrial Estate

An industrial estate is a land area where the infrastructure system is comprehensively developed, such as, roads, drainage system, waste treatment system, flood protection system, electricity, water supply, telecommunication, building structures, accommodation, warehouses and other facilities needed for processing industrial operations.

Article 30 (New) Processing Zone for Export

A processing zone for export is an area used for manufacturing, processing, and services exclusively for export.

Investment and operation of a factory in the processing zone for export shall comply with export promotion policy.

Article 31 (New) Establishment of Industrial Estate or Processing Zone for Export

Any persons who wish to establish an industrial estate or processing zone for

export shall comply with the Law on Investment Promotion and specific regulations.

Details on the establishment, management and promotion of an industrial estate or processing zone for export are defined in specific regulations.

Article 32 (New) Investment in Industrial Estate or Processing Zone for Export

Any persons who wish to invest in an industrial estate or a processing zone for export shall comply with the Law on Investment Promotion and specific regulations.

**PART III
INVESTMENT PROMOTION IN PROCESSING INDUSTRY**

Article 33 (Amended) Contents of Promotion

Investors in processing industry shall, in addition to the promotion incentives pursuant to the Law on Investment Promotion, be supported by the Government with the followings:

1. Access to the sources of funds;
2. Utilization of machinery and technology;
3. Development of green industry;
4. Creation of added value;
5. Technique;
6. Vocational training;
7. Provision of information;
8. Consultancy service;
9. Provision of labor;
10. Priority;
11. Customs and taxation incentives;
12. Marketing;
13. Building of industrial infrastructure of processing industries;
14. Establishment of producer's association and groups;
15. Establishment of processing industry research institute or center.

Article 34 (Amended) Access to Sources of Funds

The State promotes all economic sectors, both domestic and foreign banks and other financial institutions to make their contribution, create funds and banks, and to provide credits to individuals, legal entities and organizations wishing to invest in processing industry business.

The Bank of Lao PDR implements the government's policy on the support, promotion and creation of facilities for commercial banks and other financial institutions in creating facilitation mechanism for the provision of capital and credit, credit guarantee, joint-venture and other necessary mechanisms to ensure that processing industries have easy and broad access to sources of funds.

Article 35 (Amended) Utilization of Machinery and Technology

The State promotes the use of appropriate machinery and technology to improve competitiveness of Lao PDR processing industry in accordance with the relevant laws and regulations.

The State provides financial assistance to support research and educational institutions to carry out research, development, and the transfer of technology for processing industry production.

Article 36 (New) Development of Green Industry

The State supports the development of green industry aiming at environmentally friendly production. Factory activities that have received green industry certificate shall receive the following incentives:

1. Receive profit tax exemption for 3 additional years in addition to such exemption as provided for in the Law on Investment Promotion;
2. Receive publicity on achievements;
3. Receive a green industry mark from the Industry and Commerce Sector.

Details on green industry is determined in a specific regulation.

Article 37 (New) Creation of Added Value

The State promotes the production of goods with the added value by providing technical assistance, enhancing labor skill, and production technique and technology.

Promotion of value-added is determined in specific regulations.

Article 38 (Amended) Technique

The industry and commerce sector, in collaboration with the education and sports sector, labor and social welfare sector and other sectors, shall carry out appropriate labor development in both quantity and quality in various forms to supply labor to processing industry.

Processing industry factory operators shall pay attention to develop and upgrade technical knowledge for managers, technical staffs, and workers through various means both inside and outside the country.

Article 39 (Amended) Vocational Training

The State promotes individuals, legal entities, and organizations to invest in the establishment of institutions, vocational training centers or vocational schools for training and enhancing labor skills on processing industry vocation.

Article 40 (Amended) Provision of Information

The State promotes the collection and provision of information on processing industry from both domestic and foreign countries, such as, information on relevant legislation, capital sources, raw materials, labor, machinery, technology, goods, prices, markets, transportation, environment, chemical substances and others in order to disseminate and use information widely.

Article 41 (New) Consultancy Service

The State supports and promotes individuals, legal entities and organizations to provide consultancy services on relevant legislation, processing industrial policy, increase productivity, technical and technology standards, establishment and operation of factories, marketing, labor, environment and chemical substances, and dispute resolution related to processing industry factory operations.

Article 42 (New) Provision of Labor

The State promotes studies and research on the domestic labor market, and provision of information on labor, employment, and labor provision services.

Employment and labor supply services shall be in line with the National Socio-Economic Development Plan from time to time, and the Labor Law and Social Security.

Article 43 (Amended) Giving of Priority

The State gives priority to the following types of processing industry:

1. Processing industry of food provision, beverage, textiles, and other types using agricultural outcomes;
2. Processing industry of minerals;
3. Industry of electrical appliance and electronic devices;
4. Industry of machinery and motor vehicle manufacture.

Giving priorities and policies are determined in specific regulations.

Article 44 (Amended) Custom and Tax Incentives

The processing industry business operators shall, in addition to such custom and tax incentives as provided for in the Law on Investment Promotion, receive exemption of value-added tax on machinery and equipment to be used in production in accordance with the relevant regulations.

Article 45 (Amended) Marketing

The Ministry of Industry and Commerce collaborates with Lao National Chamber of Commerce and Industry, Processing Industry Associations of all sectors, and processing industry entrepreneurs to find the markets for the sale of products.

The procurement of domestic and foreign markets will be undertaken through various forms, such as, advertisement of all types, organizing domestic and foreign exhibitions, widening regional and international trade cooperation and relations, and product development and design based on market needs.

Article 46 (New) Building of industrial infrastructure of processing industries

The State will draw attention to the development of industrial infrastructure of processing industry to facilitate and attract investments in processing industry.

The State supports and promotes both domestic and foreign individuals, legal entities and organizations to invest in the development of infrastructure of processing industry, particularly the development of industrial zones, industrial estates and processing zones for export to facilitate and attract investments in processing industry.

Investors who invest in such infrastructure will receive incentive policies as defined in the relevant laws and regulations.

Article 47 (New) Establishment of Producers' Associations and Groups

The State supports and promotes the establishment of the processing industry producers' associations or groups in accordance with the relevant laws and regulations to facilitate the management, build competitiveness and commercial transactions aiming at building uniform business operations, sustainable development and continuous growth.

Article 48 (New) Establishment of Processing Industry Research Institutes or Centers.

The State supports and promotes both domestic and foreign individuals, legal entities and organizations to invest in the establishment of research institutions or centers in terms of technical processing, such as, increase of productivity, industrial economic research, processing industrial development, processing industrial standards, processing industrial environment, processing industrial chemical and other processing industrial services.

PART IV
RIGHTS AND OBLIGATIONS
OF PROCESSING INDUSTRY FACTORY BUSINESS OPERATORS

Article 49 (Amended) Rights of Business Operators

The processing industry factory business operators have the following rights:

1. To own the factory and outcomes of the business operation;
2. To construct building facilities and to install machinery and equipment for operating a factory in accordance with the laws and regulations of the relevant sectors;
3. To carry out activities in accordance with the factory operation license;
4. To be able to receive incentives, promotion, technical and technology assistance, and advice from the Government and other sectors on factory operations;
5. To lend, transfer, assign, inherit, buy, sell, expand and cease business activities in accordance with the relevant regulations;
6. To receive protection of legitimate rights and benefits accordingly to the laws;
7. To exercise other rights as provided in the relevant laws and regulations.

Article 50 (Amended) Obligations of Business Operators

The processing industry factory business operators have the following obligations:

1. To establish and operate factory business in accordance with technical standards and factory operation permit;
2. To comply with the regulations on the use of labor, such as, to provide social welfare and safety protection for employees in accordance with the relevant laws and regulations;
3. To pay custom duties, taxes, and other obligations and fees in accurate and full amount and on a timely basis;
4. To establish operation procedure or a unit to manage safety, hygiene, environment, chemical substances and disaster at the factory as determined by the relevant regulations;
5. To report on severe accidents that occur in the factory to the relevant sectors, including the industry and commerce sectors;
6. To liaise with local authorities where the factory is located to receive support and assistance regarding the operation of factories, mainly, keeping public security, social order, and environment;
7. To respond to official information surveys and provide information on factory activities as required by laws and regulations.
8. To notify the industry and commerce sector on the reasons of temporary or permanent closure of business or bankruptcy;

9. To provide cooperation to the Government officials in the implementation of laws and regulations;
10. To perform other obligations as provided for in the relevant laws and regulations.

PART V PROHIBITIONS

Article 51 (New) Prohibitions for Officials and Staffs

Officials and staff of the industry and commerce sector are prohibited to behave as follows:

1. To abuse powers, duties, positions, collude or engage in negative behaviors;
2. To take any bribes;
3. To report on factories which are illegally operating their businesses;
4. To disclose national, official and factory operators' confidential documents;
5. To hinder and delay documents or falsify the signature of the relevant authorities;
6. To have engage in behaviors which contravene the laws and regulations.

Article 52 (New) Prohibitions for the Factory Business Operators

The processing industry factory business operators are prohibited to behave as follows:

1. To establish, relocate and operate a factory not in accordance with the relevant laws and regulations;
2. To build a factory in official reserved, protected or prohibited areas;
3. To operate a factory in a way that is inconsistent with their factory operation permit;
4. To bring illegal raw materials and labor into the factory;
5. To use hazardous chemical substances without authorization;
6. To cut lead, key or chain attached to the machinery by the factory inspectors;
7. To change a factory name, sell, lease a factory or change a factory operator not in accordance with the relevant laws and regulations;
8. To falsify documents, conceal the facts, obstruct or not cooperate with the relevant officials;
9. To release or throw waste without treatment process according to the regulations;
10. To engage in other behaviors which contravene the laws and regulations.

Article 53 (New) Prohibitions for other Organizations

Other organizations are prohibited to behave as follows:

1. To issue factory operation permits which are not under their own rights and duties or not in accordance with the relevant laws and regulations;
2. To suspend or withdraw factory operation permits which are not under their own rights and duties;
3. To create undue obstacles, barriers or blockages of all forms for processing industry promotion and development;
4. To authorize any kind of factory activities that do not hold a factory

- operations permit, or fail to report illegal factory activities;
5. To engage in other behaviors which contravene the laws and regulations.

PART VI DISPUTE RESOLUTION

Article 54 (New) Forms of Dispute Resolution

Dispute resolution related to processing industry activities can be carried out through any of the following forms:

1. Reconciliation;
2. Mediation;
3. Administrative resolution;
4. Resolution by economic dispute resolution body;
5. Claim to courts;
6. International dispute resolution.

Article 55 (New) Reconciliation

When a dispute occurs, the parties are encouraged to resolve such dispute through discussions and compromise to allow the parties to gain the benefits.

Article 56 (New) Mediation

When a dispute relating to processing industry occurs and such dispute cannot be resolved through reconciliation, the parties may resolve such dispute through mediation.

Article 57 (New) Administrative Resolution

A person or legal entity may submit a proposal to the industry and commerce sectors to reconsider a decision refusing a permit, denying an authorization, or the suspension and withdrawal of such permit or authorization. The industry and commerce sectors shall resolve the proposal within thirty official working days. The absence of response to the proposal by the deadline shall be considered as a decision on rejection of appeal.

If proposing person is not satisfied with the decision made, including when the appeal is rejected by a non-response, the proposing person may further refer to the courts for final resolution in accordance with the laws and regulations.

Article 58 (New) Resolution by Economic Dispute Resolution Body

When a dispute relating to processing industry occurs, the parties may refer to the Economic Dispute Resolution Body for resolution in accordance with the Law on Economic Dispute Resolution.

Article 59 (New) Claim to the Court

When a dispute relating to processing industry occurs, the parties may refer to the courts for resolution.

Article 60 (New) Resolution of Dispute of International Nature

When a dispute relating to processing industry occurs, resolution of such dispute shall be compliant with the procedures as provided for in the international treaties and conventions to which Lao PDR is a Party.

**PART VII
MANAGEMENT AND INSPECTION**

**Section 1
Management**

Article 61 (New) Management Organizations

The Government manages processing industry activities on a centralized and uniform basis throughout the country by designating the Ministry of Industry and Commerce as the lead authority in collaboration with other relevant sectors and relevant local administrative authorities accordingly to their jurisdictions.

The processing industry management organizations consist of:

1. Ministry of Industry and Commerce;
2. Provincial, City Department of Industry and Commerce;
3. District, Municipality Office of Industry and Commerce.

Article 62 (New) Rights and Duties of Ministry of Industry and Commerce

In managing the industrial processing activities, the Ministry of Industry and Commerce has the following rights and duties:

1. To research, draft and determine policies, strategic plans, programs, plans and projects on industrial processing activities to propose to the Government for approval;
2. To research, draft and amend legislation to propose to the National Assembly to consider for adoption and to research, draft and amend regulations as well as advertise, disseminate, supervise and monitor the implementation of legislation related to processing industry;
3. To provide information and facilitate processing industry operators;
4. To manage, monitor, inspect and issue or cancel certificates of registration of chemical substances and wastes hazardous for processing industry;
5. To manage, monitor and inspect the environment, mainly, hazardous wastes of processing industry factories at all levels in collaboration with the provincial or City Departments of Industry and Commerce;
6. To issue, suspend, withdraw or cancel factory operating permits for large factories;
7. To monitor and inspect processing industry factories nationwide;
8. To establish technical infrastructure to be used in the analyzing, testing and product certification processes;
9. To establish administrative dispute resolution mechanism for consideration of appeals against administrative decisions related to the industrial processing issued by the industry and commerce sectors;
10. To provide capacity building for both public and private sector personnel

- regarding the management and promotion of industry;
11. To promote and develop processing industry;
 12. To undertake micro-management, encourage and promote the development of industrial zones, and industrial estates and processing for export zones;
 13. To collaborate with relevant sectors to ensure that there will be effective implementation of technical regulations and no unnecessarily overlapping regulations and inspections;
 14. To enter in external, regional and international relation and cooperation on industrial processing activities;
 15. To evaluate, summarize, and report on the implementation of industrial activities to the Government on a regular basis;
 16. To exercise and perform other rights and duties as provided for in the relevant laws and regulations.

Article 63 (New) Rights and Duties of Provincial, City Departments of Industry and Commerce

In managing the industrial processing activities, the Provincial, City Departments of Industry and Commerce have the following rights and duties:

1. To research, develop directives, strategic plans, policy plans, processing industry development plans;
2. To implement legislation on processing industry as well as advertise, disseminate, supervise and monitor the implementation of legislation;
3. To provide information and facilitate processing industry operators;
4. To manage, monitor and inspect the import, export and use of chemical substances for processing industry;
5. To manage, monitor and inspect the environment of the processing industry factories at all levels within their own provinces or cities in collaboration with all relevant sectors;
6. To issue, suspend, withdraw or cease factory operation permit for small and medium-sized factories as designated by the Ministry;
7. To propose to the higher level to improve, adjust, suspend or cease large-sized factory business operations within the provinces, cities that breach the laws and regulations;
8. To monitor and inspect processing industry factories;
9. To build technical infrastructure to be used in the analyzing, testing and product certification processes;
10. To establish administrative dispute resolution mechanism for consideration of appeals against administrative decisions related to the industrial processing issued by the industry and commerce sectors;
11. To provide capacity building for both public and private sector personnel regarding the management and promotion of industry;
12. To promote and develop processing industry;
13. To collaborate with relevant sectors for determining industrial zones, and to monitor, encourage and promote the development of industrial zones, industrial estates and industrial processing zones for export within their localities;
14. To collaborate with relevant sectors to ensure that there will be effective implementation of technical regulations and no unnecessarily overlapping regulations and inspections;
15. To enter in external, regional and international relations and cooperation on industrial processing activities as assigned;

16. To evaluate, summarize, and report on the implementation of industrial activities to their higher levels on a regular basis;
17. To exercise and perform other rights and duties as provided for in the relevant laws and regulations.

Article 64 (New) Rights and Duties of District, Municipality Offices of Industry and Commerce

In managing the industrial processing activities, the District, Municipality Offices of Industry and Commerce have the following rights and duties:

1. To disseminate and implement strategic plans, plans, projects, laws, decisions, orders, notices and instructions on processing industry;
2. To provide information and facilitate processing industry operators;
3. To monitor and inspect the requirements for the dangerous chemical and hazardous waste permit where required for a processing industry;
4. To monitor and inspect the environment of processing industry factories at levels within their own districts and municipalities;
5. To issue, suspend, withdraw or cease factory operation permits as designated by the Province and City;
6. To propose to their higher level to improve, adjust, suspend or cease factory business operating permits within the district and municipality that breach the laws and regulations;
7. To monitor and inspect processing industry factories;
8. To establish administrative dispute resolution processes for consideration of appeals against administrative decisions related to the industrial processing issued by the industry and commerce sectors;
9. To promote and develop processing industry;
10. To collaborate with the relevant sectors for the effective implementation of technical regulations and no unnecessarily overlapping regulations and inspections;
11. To evaluate, summary and report on the implementation of industrial activities to their higher levels on regular basis;
12. To exercise and perform other rights and duties as provided for in the relevant laws and regulations.

Article 65 (New) Rights and Duties of Other Sectors and Parties

In managing processing industry activities, other relevant sectors and parties have rights and duties to collaborate with the industry and commerce sectors according to their roles to ensure efficient implementation of technical regulations and no unnecessarily overlapping regulations and inspections.

**Section 2
Inspection**

Article 66 (New) Inspection Organizations

The processing industry inspection organizations consist of:

1. The internal processing industry inspection organizations are the same organizations as the processing industry management organizations as defined in Article 61 of this Law.

2. The external processing industry inspection organizations are the National Assembly, the Government Inspection and Anti-Corruption Organization, and the State Audit Organization.

Article 67 (Amended) Contents of Inspection

The inspection of processing industry has the following contents:

1. The establishment, operation and termination of factory operations;
2. Technics of the buildings, safety and hygiene system, environmental impacts, machinery and production equipment;
3. Labor safety and use of labor;
4. Industrial products;
5. Exercise of rights and duties of factory operators as defined in this Law and other relevant laws and regulations.

Article 68 (Amended) Forms of Inspection

The inspection of a processing industry factory pursuant to the contents as specified in Article 67 has the following forms:

1. Regular inspection;
2. Inspection with prior notification;
3. Urgent inspection.

Regular inspection is an inspection that is carried out according to a plan on a regular basis and at a specified time.

Inspection with prior notification is an inspection that is conducted outside the plan when it is necessary and that requires prior notification to the person subject to the inspection.

Urgent inspection is the inspection that is carried out suddenly when it is needed and urgently without prior notification to the person subject to the inspection.

The inspection may be carried through the examination of documents and onsite inspection at the workplace and the inspectors shall strictly comply with the laws and regulations.

PART VIII

INCENTIVES TOWARDS OUTSTANDING PERFORMERS AND MEASURES AGAINST VIOLATORS

Article 69 (Amended) Incentives towards Outstanding Performers

Individuals, legal entities, and organizations having outstanding performance in the implementation of this Law will be rewarded or receive other incentives according to the laws and regulations.

Article 70 (Amended) Measures against Violators

Individuals, legal entities, and organizations violating this Law will be educated, warned, imposed disciplinary measures, be required to compensate for damages, fined or criminally punished depending on the seriousness of the case.

Article 71 (Amended) Re-educated Measures

Individuals, legal entities, and organizations violating this Law in minor cases for the first time shall be warned or re-educated.

Article 72 (Amended) Disciplinary Measures

Officials of staffs violating this Law, such as, those who violated prohibitions and have been already re-educated or warned and such violation has not criminal offense components, shall be subject to enforcement of disciplinary measures in accordance with the relevant laws and regulations.

Article 73 (Amended) Fine Measures

Individuals, legal entities, and organizations violating this Law and such violation is not a criminal offense, shall be fined depending on each case as provided for in the relevant laws and regulations.

Article 74 (Amended) Civil Measures

Individuals, legal entities, and organizations violating this that cause damages to the interests of the State, collectives, employees, families and other persons shall be required to compensate for damages occurred.

Article 75 (Amended) Criminal Measures

Individuals or legal entities, violating this Law with criminal offense, such as, falsification of documents, non-compliance with factory safety measures that caused injury, disability or death to people, shall be subject to criminal punishment as provided for in the criminal laws.

Article 76 (Amended) Additional Punishment

In addition to punishments as defined in Articles 75 above, violators shall be subject to additional punishment, such as, suspension or withdrawal of a factory business operating permit.

**PART IX
FINAL PROVISIONS**

Article 77 (Amended) Implementation

The Government of Lao PDR is responsible for the implementation of this Law.

Article 78 (Amended) Effectiveness

This Law is effective from the date the President of the Lao People Democratic Republic issues a Presidential Promulgation Decree and fifteen days following its publication in the Official Gazette.

Those industrial processing factories which have been established before the promulgation of this Law shall be regulated by specific instructions.

This Law replaces the Law on Processing Industry No.01/99/NA, dated 3/4/1999.

Any regulations, provisions contradicting with this Law shall be cancelled.

President of National Assembly

[Signature & Seal]

