



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No: 0264/MOIC.DIH
Vientiane Capital, Dated 15 March 2019

Decision On the Management of Factory

- Pursuant to the Law on Industrial Processing No. 48/NA, dated 27 December 2013;
- Pursuant to the Law on Handicraft No. 02/NA, dated 25 July 2008.
- Pursuant to the Presidential Decree on Establishment and Implementation of Ministry of Industry and Commerce, No.230/PM, dated 24 July 2017;
- Pursuant to the Proposal of Department of Industry and Handicraft No. 109/DIH, dated 28 January 2019.

The Minister of Ministry of Industry and Commerce hereby issues the Decision as follow:

Part I General Provisions

Article 1: Objectives

This Decree defines the principles, regulations, and measures relating to the establishment, operation, and management of factory to ensure technical standard of factory and environmental protection of factory, aiming to promote standard of productions, quality of products, safety, hygiene of employee and activity of factory, contribute to develop social-economic in accordance with stable green industrial policy.

Article 2: Factory Management

The management of factory is a management of establishment and operation of factory in accordance with technical standard of factory and laws by issuing of factory license and conduct inspection as defined above.

Article 3: Definitions

Words used in this Decree have the following meaning:

1. Factory **means** industrial processing factory and handicrafts factory as classified in 24 types under article 8 and divide in 3 types under article 9 of law on industrial processing No. 48/NA, dated 27 December 2013 and article 10 of law on handicrafts No. 02/NA, dated 25 July 2008;

2. Agency who issues factory license **means** Ministry of Industry and Commerce, Department of Industry and Commerce of Provinces and Vientiane Capital, office of Industry and Commerce of Districts, Municipals as defined in the article 62, 63 and 64 of law on industrial processing No. 48/NA, dated 27 December 2013 and article 50, 51 and 52 of law on handicrafts No. 02/NA, dated 25 July 2008;
3. Technical Standard of Factory **means** standard on location, building, machinery, material, hygiene and safety, production process and factory environmental;
4. Factory Operator **means** a person who obtains a factory license and name of such person will indicate in a factory license in accordance with laws and regulations;
5. Business Operating License **means** a license of establishment of factory or industrial processing or handicrafts businesses;
6. Factory Operation Certificate **means** an approval of productions after completion of establishment of factory, installation of machinery and testing of production;
7. Application Form ສ/ງ **means** documents on consideration of issuance or extension of factory operation certificate as defined under the law on industrial processing, particularly ສ/ງ 1 application form for an operating license, renewal and extension of factory and ສ/ງ 2 application form for temporary and permanently cessation of factory operation, ສ/ງ 3 application form for factory operation certificate;
8. Application ອ **means** documents defined annual operating plan of factory, particularly, ອ 1 production plan, ອ 2 distribution plan, ອ 3 annual raw material plan;
9. Waste **means** things occurred during construction period, operation and cessation of factory that can't be used such as wastes in form of solid, liquid and emission.

Article 4. Scope of Decree

This Decree applies to both domestic and foreign individual, entity and that operate all type and all size of factory business within Lao PDR, except industrial processing and familial handicraft.

Part II

Establishment and Operation of Factory Business

Charter 1

Establishment

Article 5. Establishment

Applicant who wishes to establish the factory shall implement the following procedures:

1. File an application form to Industry and Commerce Sectors under Enterprise Law for general business or file an investment application form to Ministry of Planning and

- Investment under Investment Promotion Law for concession business and business under controlled list;
2. File an application form for the operating license with respect to industrial processing and handicraft business that requires an approval to the Industry and Commerce Sectors;
 3. File a social-business plan of the factory under the form ໖/ງ 14 to the Industry and Commerce Sectors for considering the accuracy;
 4. File an application form of an environmental certificate and a construction permit as defined in the relevant regulations;
 5. Commence the construction of factory within 90 days from the issuing date of the construction permit.

Article 6. Process of Establishment of Factory

After obtaining an Enterprise Registration Certificate and an Operating License or an Investment license, an investor shall draft a technical business plan of factory under application form to the Industry and Commerce Sectors. After receiving the business-technical plan, the relevant official shall follow the below process:

1. Review contents of technical business plan of factory;
2. Coordinate with relevant authorities in order to inspect the factory;
3. Follow up and facilitate the construction of factory under technical business plan.

Article 7. inspect location of factory

After considering the technical business plan of factory, the Industry and Commerce Sectors shall coordinate with the relevant authorities in order to inspect location of factory. Each inspection shall consist representatives of the following sectors:

1. Department of Industry and Handicraft depending on levels;
2. Department of Industry and Commerce of Provinces and Vientiane Capital;
3. District, Municipal Office of Industry and Commerce;
4. Public Work and Transport Sector and other relevant authorities on a case by case basis;
5. Village chief where a factory is located.

Each inspection shall record in the form ໖/ງ 6 by having a clear location of factory including atmosphere around the factory under conditions defined in the article 12 of the law on industrial processing No. 48/NA, dated 27 December 2013 which indicates that: factory shall not locate in the central community and conserved areas such as school, hospital, temple, cultural site, national defense area, public security area, conservation forest, protection forest, production forest, water resources, conservation area of biodiversity and the inspection officers shall sign in the report, content of the report shall in line with the Laws of that period.

Article 8. Scale and registered capital of factory

Industrial and handicraft factory consist 3 scales as defined in the article 9 of the law on industrial processing No. 48/NA, dated 27 December 2013 and article 10 of the Law on Handicraft No. 02/NA, dated 25 July 2008 as below:

1. Factory with small scale is a factory with machinery of horsepower of 10hp to 50hp or having employees from 10 to 50 people or having total registered capital from 100 million LAK to 1 billion LAK;
2. Factory with medium scale is a factory with machinery of horsepower of 51hp to 200hp or having employees from 51 to 200 people or having total registered capital more than 1 billion LAK to 4 billion LAK;
3. Factory with big scale is a factory with machinery of horsepower more than 201hp or having employees more than 201 people or having total registered capital more than 4 billion LAK.

Registered capital of factory is based on scale of factory which shall not less than 30% of total capital.

Chapter 2

Operation of Factory

Article 9. requirement of productions

Operation of the production shall have the following requirement:

1. To complete the construction;
2. To pass the testing of production;
3. To have the factory operation certificate.

Article 10. Completion of Construction

Completion of the construction is the completion of construction of factory's building, installation of machinery, installation of safety system, hygiene, elimination and treatment of waste and pollution within the factory in accordance with technical construction plan and as defined in technical business plan.

Article 11. Testing of Production

Testing of Production is a startup of machinery in order to monitor a readiness of machinery after installation, quality of machinery including safety system, elimination and treatment system, pollution within the factory in accordance with standard of design. If there are any issues, the production shall be re-produced for further testing.

Testing of production shall be not exceed 90 days prior requesting an issuance of factory operation certificate. During the testing period, production of goods of factory are not allowed to distribute or sell.

Article 12. Factory Operation Certificate

Factory Operation Certificate is an official document allowing the operation of factory in accordance with laws which issues by the Department of Industry and Handicraft, Department of Industry and Commerce of Provinces and Vientiane Capital or District, Municipal Office of Industry and Commerce.

Factory Operation Certificate shall be available to public and be easy to see within factory and company.

Article 13. Propose for issuance of Factory Operation Certificate

After testing of production, before operating permanent production, an entrepreneur shall file application form under the form ສ/ງ in 3 sets and file to the Industry and Commerce Sectors as follows: application for factory with big scale shall be filed to the Department of Industry and Handicraft of the Ministry of Industry and Commerce. Application with medium and small scale shall be filed to the Department of Industry and Commerce of provinces or Vientiane Capital or the Office of Industry and Commerce of District or Municipal as assigned by the Department of Industry and Commerce of provinces or Vientiane Capital.

Upon receipt the completed application, the Industry and Commerce officer shall coordinate with the relevant sector to inspect a technical standard of factory within 5 working days. In the event that the application is inaccurate or incomplete, the officer shall inform the entrepreneur within 5 working days from the date of receipt of application in order to do the amendment and revised accordingly.

Article 14. Preparation of Application for Factory Operation Certificate

Applications required for the Factory Operation Certificate are as follows:

1. Application form under form ສ/ງ 1;
2. Power of attorney to appoint a representative for filing application in case the applicants are not able to attend;
3. Drawing plan of production with explanation;
4. List of machinery within factory;
5. Annual plan as defined under the form ອ;
6. Construction and machinery plan defined in a paper size A3 in accordance with regulations of construction such as:
 - 1) Plan of factory location indicating area nearby of 500 meters;
 - 2) Construction plan within the factory;
 - 3) Construction plan of production building including front and back size;
 - 4) Plan of Installation of machinery and weight lifting machine in accordance with number of machinery items at clause 4;
 - 5) Installation of oven and boiler or streaming machine, if any;
 - 6) Plan of Installation of electricity system, fan and ventilation system;
 - 7) Plan of installation of safety system, fire and urgent exist;

7. Four Headshot photos size 3x4cm which taken for no later than 3 months.

Copy of the required supporting documents are as follows:

1. Enterprise Registration Certificate and Operating License or Investment License;
2. Tax Player Identification Number Certificate or Tax Payment Certificate;
3. Environmental Certificate for the factory listed in the list of environmental assessment;
4. Construction Permit of factory;
5. Certificate of installation of treatment system and/or certificate of abandonment of waste of factory as defined in the relevant laws;
6. Lease agreement of land/building or Land Use Right Certificate and Land Title Certificate;
7. Certificate of Quality of Food, Beverage and Medical Products.

Article 15. Inspection for Consideration of Issuance of Factory Operation Certificate

Upon receipt of completed application as defined in the article 14 of this Decision, the Industry and Commerce sector shall coordinate with the relevant sector in order to inspect the factory standard as defined in the construction plan, construction and machinery plan, plan of elimination and treatment of waste and business plan and technical of factory comparing to the actual situation. The inspection report shall be in accordance with form ໖/໗ 7.

Upon inspection, if the factory can't operate production due to a lacking partially or wholly technical standard, the inspection committee shall instruct an enterprise to re-amend within the assigned time defining in the report.

Upon amendment in accordance with officer's instruction, an enterprise shall report to the Industry and Commerce sector to re-inspect and record a result of factory amendment under the form ໖/໗ 8. In case an enterprise can't amend on time, a reasonable reason shall be reported to the Industry and Commerce sector within 5 working days from the expiring date defined in the report.

Article 16. Consideration of Issuance of Factory Operation Certificate

Upon receipt completed application, upon the inspection of technical standard of factory and had an inspection report or report of factory's amendment which is agreed for factory's operation, the Industry and Commerce sector shall consider to issue a Factory Operation Certificate within 5 working days from the signing date of report under the form ໖/໗ 3.

Upon issuance of Factory Operation Certificate, for a factory with big scale, a seal of the relevant Department shall be affixed in total document and 1 copy shall be provided to the Department of Industry and Handicraft, 1 copy to the Department of Industry and Commerce of Provinces and Vientiane Capital and 1 copy to an enterprise.

For a factory with medium and small scale, a seal of the Division shall be affixed in total document and 1 copy shall be provided to the Department of Industry and Commerce of Provinces and Vientiane Capital, 1 copy to the District, Municipal Office of Industry and Commerce of Provinces and Vientiane Capital and 1 copy to an enterprise in order to manage, monitor and inspect in accordance with the Laws.

Article 17. Period of Factory Operation Certificate

Period of Factory Operation Certificate is valid for 3 years and can be extended, except period of factory business which may be risked to health of employee and environment and requires to monitor and control of specific technical standard, the period will be valid less than 3 years.

Article 18. Extension of Factory Operation Certificate

Prior a Factory Operation Certificate will be expired in 30 days; an operator of factory shall file application to the Industry and Commerce Sector in order to extend a Factory Operation Certificate as per the following procedures:

1. File an application of extension of factory operation certificate under the form ສ/ງ 1 including report of the previous factory operation under the form ສ/ງ 12, along supporting documents as defined in the article 14 of this Decree in case there is any changes from the past;
2. Procedure of consideration of extension of factory operation certificate shall be implemented the same as the issuance of factory operation certificate in accordance with article 16 of this Decree including an inspection report under the form ສ/ງ 7, upon fully implementation of all procedures and implement in accordance with the Laws a Factory Operation Certificate shall be extended under the form ສ/ງ 4.

Extension of each of a Factory Operation Certificate has the same period of an original Factory Operation Certificate, except in the event that a lease agreement will be expired, an extension shall be the same as a remaining period of the lease agreement.

Article 19. Cessation of a Factory Operation

An operator of factory is able to cease the operation of factory under the 2 cases such as: temporally cessation and permanent cessation as follows:

1. Temporally Cessation: an operator of factory who wishes to cease its operation of factory shall file an application to the Industry and Commerce Sector, including a reason of cessation under the form ສ/ງ 2 within 10 days prior a cessation date, in order to issue a temporally cessation certificate under the form ສ/ງ 5.

Upon cessation, prior re-opening a factory's operation, an operator of factory shall inform to the Industry and Commerce Sector in order to inspect the factory's condition and consider to re-issue a Factory Operation Certificate. The Consideration's process shall be implemented as defined in the article 16 of this Decree.

2. Permanent Cessation: an operator of factory who wishes to cease all of its operation of factory permanently shall file an application to the Industry and Commerce Sector, including a reason of cessation under the form 5/2 within 15 days in order to issue a cessation certificate under the form 5/5 and revoke a Factory Operation Certificate. If a cessation of factory is partially, a Factory Operation Certificate shall be amended.

A Factory where there is dangerous waste within a factory, prior ceasing factory's operation permanently, such waste is required to be eliminated or treated in accordance with the relevant laws.

Article 20. Abandonment of Factory Operation Certificate

Abandonment of Factory Operation Certificate shall implement as follows:

1. Cease a factory's operation permanently under the article 19 of this Decree;
2. An accident occurred within the factory as defined in the article 31 of this Decree; upon a relevant inspection officer inspects a factory and its machinery, and found that a factory or machinery are no longer repair and there is no security over employee. If operator of factory is able to repair its factory and re-amend it to a good condition or re-establish a factory in order to replace an old factory, an operator of factory shall inform the Industry and Commerce officer to issue a new Factory Operation Certificate as defined in the article 13 of this Decree;
3. Implement any illegal action against the relevant laws intentionally such as breaching of any prohibitions as defined in the article 51 of this Decree.

Article 21. Apply for a Factory Operation Certificate, Replacement Version

In the event that a Factory Operation Certificate is lost or damage, an operator of factory shall inform a local officer properly, an application is required to file to the Industry and Commerce sector within 15 working days from the date of issuing a certificate from a local officer in order to issue a new certificate.

Article 22. Fee for issuing a Factory Operation Certificate

Fee for issuing a Factory Operation Certificate, extension of a Factory Operation Certificate, extended and replaced of a Factory Operation Certificate shall be calculated based on horsepower comparing to machinery or number of employees within a factory. Further details are defined in the Presidential Ordinance on Fee and Charge from time to time.

Chapter 3

Management of Factory Activity

Article 23. Management of Factory Activity

Management of Factory Activity consist as below:

1. Draft activity plan;
2. Management of Production process;
3. Management of importation of machinery, material and spare part;
4. Management of importation of raw material, semi-finished raw material;
5. Management of products;
6. Management of elimination and treatment of waste;
7. Management of safety and hygiene of Factory;
8. Measures for Resolving accident within factory.

Article 24. Draft Activity Plan

An operator of factory shall draft a quarter and annual activity plan under the form \ominus such as: production plan, distribution plan, annual raw-material plan, finished invoice per one product, social-economic diminution per product and summarize of importation of raw material, spare part, material, equipment, industrial machinery and report to the Industry and Commerce sector for consideration.

Article 25. Management of Production

All type of factory that use natural ingredient shall create production system such as management of importation and exportation of production in order to ensure its raw material, cooking and products to be in a good standard, quality and safety over employee. Moreover, in order to ensure importation of raw material, energy, management of importation and exportation of production are defined in a specific regulation.

Article 26. Management of Importation of Machinery, Material and Spare Part

Importation of machinery, material and spare part including equipment of factory for the purpose of utilization within factory, shall apply for an approval from the Industry and Commerce sector.

Machinery, material and spare part including equipment of factory shall be in a good quality, a good technology and in accordance with purpose of business activity, business plan and annual production plan.

Process of importation of machinery, material and spare part is defined in a specific regulation.

Article 27. Management of Importation of Raw Material, Semi-Finished Raw Material

Importation of raw material and semi-finished raw material for production within factory shall apply an approval from the Industry and Commerce sector. Raw material and

semi-finished raw material shall be in a good standard and good quality and in accordance with production goal, business plan and annual production plan of factory.

Process of importation of raw material and semi-finished raw material is defined in a specific regulation.

Importation of chemical, waste in the form of deleterious chemical in order to utilize in production or cooking process shall implement in accordance with a specific regulation.

Article 28. Management of Products

Products that went through a factory production process shall ensure its quality and be in a good standard, good hygiene and safety for consumers in accordance with technical regulation or any standard required by market.

Article 29. Management of Elimination and Treatment of Waste

Establishment and operation of factory that will be caused some waste such as air pollution, waste water, waste in the form of solid and dangerous, light, noisy sound, vibrate and etc. shall be treated eliminated pursuant to a standard prior releasing to outside environment.

An operator of factory shall design treatment and elimination system of factory prior inform to the Industry and Commerce sector for consideration. Thereafter, there will be a construction, installation of treatment and elimination system.

Standard on a waste released from factory is defined in a specific regulation.

Article 30. Management of Safety and Hygiene of Factory

Factory shall have safety system and a sufficient safety and hygiene administration unit and in accordance with type and scale of each factory, safety and hygiene administration unit is responsible to inspect, monitor, report, coordinate and train a safety and hygiene tasks in order to avoid labor accident, occupational diseases, affects against employee's health, cleaning and hygiene within factory regularly.

Safety and hygiene standard of factory is defined in a specific regulation.

Article 31. Measures for Resolving accident within factory

In the event that an accident occurred within a factory and cause damage to production, injury or death, an operator of factory shall inform the Industry and Commerce sector and relevant authority immediately and shall resolve as per the following measures:

1. If an accident causes effect for severe injury or death of a person, machinery relates to accident shall be ceased until an inspection has been conducted in order to find a cause of death. An operator of factory shall be responsible to all damage including a deceased and injured person pursuant to the relevant law.

2. If an accident is effect to the operation of factory and factory is ceased more than 7 days, an operator of factory shall inform the Industry and Commerce sector and relevant authority within 15 days from the ceasing date. Upon resolving accident and the factory is back to operate, the operator shall inform the Industry and Commerce sector in order to inspect and certify a technical issue prior re-operate a factory.

Chapter 4

Change of Factory Activity

Article 32. Change of Factory Activity

Change of factory activity consist the following:

1. Expand a factory;
2. Relocate a factory;
3. Relocate machinery of factory;
4. Transfer, lease or sell a factory business;
5. Inherit a factory business operation;
6. Rename or change an operator of factory.

Article 33. Expand a Factory

Expansion of a factory consist 3 forms such as: increase machinery, increase production's building and increasing both of the above at the same time.

Expansion of factory that is not a production's building, raw material storage, product storage or other administrative office is not deemed to be an expansion of factory but a construction condition is required to be accurate.

An operator of factory can expand a factory under the same location, but a process shall be the same with the process when apply a Factory Operation Certificate.

Article 34. Expansion of Factory by Increasing Machinery

Expansion of factory has 2 cases as below:

1. First case: a factory with total horsepower approved less than 100hp, if a factory increases horsepower of machinery more than 50% shall be deemed at an expansion of factory;
2. Second case: a factory with total horsepower approved more than 100hp, if a factory increases horsepower of machinery more than 50% shall be deemed at an expansion of factory;

Article 35. Expansion of Factory by Increasing Production Building

Expansion of factory by increasing building's size or construct new building which is located in the same area consist 2 cases as below:

1. First case: building with an approved area less than 200 square meters, if increasing a size up to 50% shall be deemed to be a factory expansion;
2. Second case: building with an approved area more than 200 square meters, if increasing a size up to 100 square meters shall be deemed to be a factory expansion.

Article 36. Operation of Factory in expansion area

Upon successful of factory's expansion pursuant to the laws, an operator of factory shall file an expansion application under the form №/г 1 to amend a Factory Operation Certificate in accordance with actual expansion. Process of expansion shall be as follows:

1. Process of consideration of factory expansion shall be implemented as the same process as issuing of a Factory Operation Certificate in the article 13, 14, 15 and 16 of this Decision. Period of certificate of factory expansion shall be the same with period of a Factory Operation Certificate;
2. Expansion of factory, if there is an increasing or decreasing of capital or increase or decrease business activity, an operator of factory shall file application to amend an investment license or an Enterprise Registration Certificate prior amending a Factory Operation Certificate;
3. In case there is an increasing of machinery or expand a factory's size, but it is not as defined in the article 34 and 35 of this Decision, an operator of factory shall inform to the Industry and Commerce sector.

Article 37. Relocation of Factory

An operator of factory can relocate address of factory to anywhere, but the relevant documentation relates to establishment and operation of factory shall be amended. In this case, a new address of a factory shall implement a location's requirement in the article 7 and an issuing of a Factory Operation Certificate in the article 13 of this Decision. Prior relocated a factory, a cessation and dissolution of an old factory's building as defined in the article 19 (2) of this Decision shall be filed to the Industry and Commerce sector.

Article 38. Relocation of Machinery

An operator of factory can relocate machinery to anywhere, which consist 2 forms such as: temporally and permanently relocation of machinery by implementing as defined below:

1. Relocation of any machinery within a factory to other temporally location shall be filed a letter to the Industry and Commerce sector indicating reason of the relocation under the form №/г 13, attaching with list of machinery and other documents related to the relocation. Relocation of machinery temporally shall be returned within 1 year from the date of approval. In case, it is required for a machinery to be used for more than 1 year, shall inform the Industry and Commerce sector by indicating reason for extension, but can't exceed 1 year. In the meantime, condition or method to ensure safety shall be stipulated accordingly.

2. Relocation of machinery permanently in any case such as machinery is broken and can't be used, sale of machinery or transfer to third party which is required that such machinery shall be relocated to other place, shall inform to the Industry and Commerce sector, a reason of relocation shall be attached to list of machinery in order for the relevant official to do an inspection prior relocation, and an original list of machinery shall be amended including a new plan of installation of machinery within 15 days.

Article 39. Transfer, Lease or Sell a Factory Business

In case there is a transfer, lease or sell a factory business upon finished all process as defined in the relevant law, an old operator of factory shall report to the Industry and Commerce sector within 15 days from the signing date of a transfer, lease or sell factory.

A transferee, lessee or buyer of a factory shall file an application to the Industry and Commerce sector or the Planning and Investment Sector in order to amend an Enterprise Registration Certificate or an Investment License, an Operating License and a Factory Operation Certificate by amending a name of an operator of factory from the old person to a name of transferee, lessee or buyer of a factory within 30 days from the signing date of Transfer, Lease or Sale-Purchase Agreement.

Article 40. Inherit a Factory Business Operation

In case an operator of factory is death, successor or a person who have right to inherit under the laws and regulations shall report in writing to the Industry and Commerce sector within 60 days from the deceased date of such operator and shall amend an Enterprise Registration Certificate or an Investment License, an Operating License and a Factory Operation Certificate by changing a name of a deceased person to heirs.

Upon a deceased date of operator is exceed 90 days without any successors, a Factory Operation Certificate shall be deemed to be expired on the date of a deceased operator. If any successor wishes to re-operate a factory upon the timeframe above is exceeded, successor shall file application to relevant authority as same as process to apply for an operating license of a factory.

Article 41. Rename or Change an Operator of Factory

Operation of factory can be renamed or change a director and shall inform the Industry and Commerce sector or the Planning and Investment sector in order to amend an Enterprise Registration Certificate or an Investment License, an Operating License and a Factory Operation Certificate.

Part III

Inspection of Factory

Article 42. Inspection of Factory

Inspection of factory is the inspection of standard of factory's building, installation of machinery, production, safety, hygiene, security of employee and utilization of employee, inspection of factory product, inspection of elimination and treatment of waste and prevent any affect to environment including implementation of right and obligation of factory's operator as defined in the article 67 of the Law on Industrial Processing No. 48/NA, dated 27 December 2013.

Article 43. Inspection of Factory

Inspection of Factory consist three forms as follows:

1. Inspection by normal procedure;
2. Inspection by providing an advance writing notice;
3. Inspection by Sudden.

Inspection can be conducted on documentation and a practice process in an actual operation place and Inspection officers shall strictly implement the law.

Article 44. Inspection by Normal Procedure

Inspection by normal procedure is an inspection under a plan, procedure and a definite timeframe which consist an inspection before establishment, operation, extension, expansion and cessation of factory.

1. Inspection before establishment is an inspection of location in order to certify an accuracy as defined in the article 7 of this Decision and other relevant regulation.
2. Inspection during establishment of factory is an inspection of construction of factory as defined in business plan and technical standard system under construction plan.
3. Inspection of operation of factory and extension are an inspection to certify an accuracy of construction and installation of machinery which need to be in accordance with incorporate documents for operation of factory and business plan.

Inspection of operation of factory occurs upon completion of construction of factory, installation of machinery, testing of production and upon incorporate application including relevant application has been filed completely and accurately to the Industry and Commerce sector.

Inspection of extension of factory license is an inspection to certify standard and previous production of factory.

4. Inspection of expansion of factory is an inspection of extended part of factory's building on a case by case basis as defined in the article 34, 35 and 36 of this Decision in order to acknowledge and certify accuracy of extended part of building.

Inspection of expansion of factory shall conduct upon an application of expansion of factory has been submitted to the Industry and Commerce sector.

5. Inspection of cessation of factory is an inspection upon receipt information of cessation of factory temporally or permanently including a notice on withdrawal of a Factory Operation Certificate which an inspection of business activity, implementation of right and obligation of a factory and protection of environment and elimination and treatment of waste are required to re-evaluate.

6. Inspection by normal procedure is an inspection upon a normal operation of factory from time to time based on the right and obligation as defined in the article 62, 63 and 64 of the Law on Industrial Processing No. 48/NA, dated 27 December 2013 by inspecting a business activity, importation of raw material, material of production, product, safety, hygiene, utilization of employee and environment.

Inspection by normal procedure shall define an inspection plan by stipulating a date and time and shall implement an inspection regularly at least once per year. Prior doing an inspection, the relevant officer shall inform an operator of factory in advance at least 1 day, a record shall be made under the form 5/9.

Article 45. Inspection by Providing an Advance Writing Notice

Inspection by providing an advance writing notice is an inspection listed in a plan or outside of a plan, prior doing an inspection, officer shall inform a target factory 1 day in advance.

Inspection which is not listed in a plan is a necessary inspection or under the order required such as: establishment of factory, expansion or implementation of business activity without an approval from the Industry and Commerce sector.

Article 46. Inspection by Sudden

Inspection by sudden is an inspection that is necessary and urgent such as: in case there are an order from a government, an information, proposal, claim of an individual or organization relates to environmental issue or there is a doubt that it may be affected to social and economic, business activity of factory is not in accordance with its approval, operate a business illegally, labor accident occurred, accidental fire which effect severe to health and asset.

Article 47. Inspection officer

A person who has the right to do an inspection of factory as defined in the article 44, 45 and 46 of this Decision is officer of the Industry and Commerce sector who has been appointed as an inspection officer or a person who is responsible of management of industry and commerce task. Details are defined in the Decision on Inspection Officer.

Part IV

Right and Obligation of Operator of Factory

Article 48. Right of Operator of Factory

Operator of Factor has the following rights:

1. be an ownership of asset and interest generated by a factory's operation;
2. construct building and install machinery, material in order to operate a factory business activity as defined in the relevant law;

3. implement business activity under the scope defined in a Factory Operation Certificate;
4. be able to obtain some policy, promotion, assistance, instruction from state organization and other sector in relation to technology of operation of factory;
5. lease, transfer, grant, inherit, purchase, sell, expand, extend a Factory Operation Certificate and cease a factory business activity as defined in regulation;
6. have the right and obligation under the law;
7. implementing other rights as defined in a specific regulation.

Article 49. Obligation of Operator of Factory

Operator of Factor has the following obligations:

1. establish and operate a factory in accordance with a standard and a Factory Operation Certificate;
2. pay taxes, customs, obligations and other fees in a timely manner, complete and accurate;
3. implement a regulation on utilization of employee such as: salary, allowance, safety equipment of employee and etc.;
4. create safety system within a factory by appointing labor unit on management, hygiene, environment, chemical and incidents within a factory as defined in the relevant regulations;
5. report a severe accident within factory to the Industry and Commerce sector;
6. coordinate with local authority where a factory is located in order to ensure its peacefulness and environmental protection;
7. report and provide information on implementation of its operation to the relevant GOL organization;
8. inform a reason on temporally, permanently cessation or bankruptcy to the Industry and Commerce;
9. coordinate with state officers on implementation of right and obligation of state officers;
10. Implement other obligations as defined in the relevant law and regulation, particularly, budget on inspection as defined in the article 67 and 68 of the Law on Industrial and Processing No. 48/NA, dated 27 December 2013.

Part V

Prohibitions

Article 50. Prohibitions

Prohibit an individual, entity and organization have the following actions:

1. Issue or postpone or withdraw a Factory Operation Certificate which are not under its competence.

2. Create obstacles in any form beyond the right and duties defined in the promotion and development of industrial and handicraft.
3. Approve all type of factory to operate its business without a Factory Operation Certificate or not report on illegal business activity.
4. Have other actions that contradict to the laws.

Article 51. Prohibitions of Operator of Factory

Prohibit an operator of factory have the following actions:

1. Establish, relocate, operate and expand of factory without approval defined the relevant laws;
2. Install, move machinery without approval defined the relevant laws;
3. Establish a factory in the conservation forest, protection forest or official conservation areas;
4. Bribery;
5. Operate a business outside the scope of a Factory Operation Certificate;
6. Import illegal raw material, machinery or labor into Laos;
7. Import or utilize chemical without approval;
8. Not follow an order of officer such as: cut a key or lope that the officer attached to machinery in order to cessation of such machine;
9. Rename, transfer, sell, lease or change a director of factory without approval from the Industry and Commerce sector;
10. Hide information or don't coordinate with the relevant officer;
11. Release or abandon of waste which is not passing the treatment system;
12. Have any illegal actions against laws.

Article 52. Prohibitions of Officials

Prohibitions of officials of the Industry and Commerce have the following actions:

1. Emblaze power, duties, position, join or other methods;
2. Bribery;
3. Omit on a report of illegal factory;
4. Publish confidential information of the nation, government and operator of factory;
5. Delay documents or falsify signature of higher official;
6. Have other actions that contradict with the law.

Part VI

Violator Measure

Article 53. Violator Measure

Individuals, Entities and organizations that violate this Decision shall receive training, warning, compensation of loss or criminal based on case by case basis.

Article 54. Warning and Training

Operator of factory who violate this Decision, regulations at first time shall be warning or training from the Industry and Commerce sector by recording a record on warning under the form ๕/๓ 11.

Article 54. Fine Measure

Operator of factory who violates this Decision at second time shall be a fine for each case as follows:

case	Content of violation	Amount of a fine (LAK)		
		Small scale 10-50hp or 10-50ppl	Medium scale 51-200hp or 51-200 ppl	Big scale Up to 201hp or up to 201 ppl
1	Establishment, relocation, operation of factory without approval issued by the Industry and Commerce;	5,000,000	10,000,000	15,000,000
2	Establishment of factory in conservation forest, protection forest or official conservation area;	5,000,000	10,000,000	15,000,000
3	Expansion of factory without approval;	3,000,000	5,000,000	8,000,000
4	Installation, relocation of machinery without approval;	2,000,000	4,000,000	6,000,000
5	Rename, transfer, sell, lease or change director of factory without approval from Industry and Commerce sector;	1,000,000	2,000,000	3,000,000
6	Falsify documents, hide information or not coordinate with official;	2,000,000	4,000,000	6,000,000
7	Operate a business outside the scope of a Factory Operation Certificate;	3,000,000	6,000,000	10,000,000

8	Importation of machinery which is not in accordance with target of operation or without approval of official;	2,000,000	4,000,000	6,000,000
9	Importation or utilization of chemical within factory without approval;	5,000,000	10,000,000	15,000,000
10	Not follow an order of officer such as: cut a key or rope that the officer attached to machinery in order to cessation of such machine;	2,000,000	4,000,000	6,000,000
11	Release or abandon of waste which is not passing the treatment system; Have any illegal actions against laws;	10,000,000	15,000,000	20,000,000
12	Extension of a Factory License before its expiry	1,000,000	2,000,000	3,000,000
13	Bribery;	2,000,000	4,000,000	6,000,000
14	Having other actions that contradict with the laws.	1,000,000	2,000,000	3,000,000

Article 56. Civil Measure

In case the operation of factory cause effect to any loss of employee, general person, interest of government or collective, compensation on the actual loss shall be responsible by such operator.

Article 57. Criminal Measure

In case the operator of factory commits criminal offences such as: falsify a Factory Operation Certificate or relevant documents relates to this Decision shall be responsible against criminal measures and additional penalties as defined in the article 75 and 76 of the Law on Industrial Processing No. 48/NA, dated 27 December 2013.

Article 58. Additional Penalties

Apart from penalties defined in the article 75 of the Law on Industrial Processing No. 48/NA, dated 27 December 2013, violator shall be responsible for additional penalties such as revoke or withdraw a Factory Operation Certificate.

Part VII
Final Provision

Article 59. Implementation

The Industry and Handicraft Department, the Department of Industry and Commerce of province and Vientiane Capital, District, municipal office of Industry and Commerce in collaboration with relevant agencies are assigned to publish, instruct, strictly implement this Decision in accordance with right and duties under the relevant laws.

Article 60. Effectiveness

This Decision is effective from the date of signature and 15 days from the date of publication on Official Gazette.

This Decision is replaced the Decision on management of Industrial and Handicraft Factories No. 1301/MOIC, dated 30 July 2007.

Minister of Industry and Commerce

[Signed and Sealed]

Mrs. Khemmany Pholsena