

[Lao National Emblem]

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

Government

No. 508/GOV  
Vientiane Capital, dated 4 December 2012

**Decree**  
**On Trade Inspection**

- Pursuant to the Law on Government of the Lao PDR, No. 02/NA, dated 6 May 2003;
- Pursuant to the Enterprise Law, No. 11/NA, dated 9 November 2005;
- Pursuant to the Law on Consumer Protection, No. 02/NA, dated 30 June 2010;
- Pursuant to the Resolutions of the Government Conference, No. 10/GOV, dated 9 October 2012;
- Pursuant to the Proposal by the Ministry of Industry and Commerce, No. 2193/MoIC, dated 16 October 2012.

**Government issues a Decree:**

**Chapter 1**  
**General Provisions**

**Article 1 Objectives**

This Decree defines the principles, rules and measures on the implementation of trade inspection activities for raising awareness and growing attitudes to regulatory compliance and collectively preventing violations against the laws and regulations on the trade control, business operating licensing breaches and illicit trade, focusing on promotion and protection of business entities with lawful operations in accordance with the laws and regulations and in line with economic and market orientation adjusted by the Government, promoting production, contributing to supply of goods, price control and consumer protection.

**Article 2 Trade Inspection**

Trade inspection functions to prevent and intercept violations against trade control, operating business licensing breaches and illicit trade.

**Article 3 Definitions**

The terms defined in this Decree shall have the following meanings:

- **Trade** shall mean purchase, sale, exchange or supply of goods;
- **Goods** shall mean the object produced or for sale including an ownership certificate of object concerned;

- **Violations of Laws and Regulations on Trade Inspection** shall mean the violations of supply of goods, controls on goods, price, market, dumping and hoarding;
- **Illicit goods** shall mean an unlawful trade of goods authorized by the Government;
- **Goods Seizure** shall mean a temporary confiscation of goods to a specified storage location under the control and maintenance of an authorized person or organization a decision is made with respect to the goods;
- **Goods Detention** shall mean a restriction on purchase, sale, transfer or pledge of immovable goods located at the inspected person's premises until a decision is made with respect to the goods;
- **Goods Confiscation** shall mean forfeiture of whole, or part of the offender's ownership of goods to the Government by judgement of the court.

**Article 4      Scope of Application**

This Decree applies to individuals, legal entities and both domestic and foreign organizations involved in trade in the Lao PDR including trade inspection officials and personnel.

## **Chapter 2 Process on Trade Inspection**

**Article 5      Scope of Trade Inspection**

Trade inspection shall be conducted in three stages triggered within the country as follows:

1. Goods trade and price violating the regulations of trade control;
2. Business operating licensing breaches;
3. Illicit goods.

Trade inspections address the following issues:

- Violations of the laws and regulations on supply of goods;
- Controls on goods, price, market, dumping and hoarding;
- No tags of price or label on goods;
- Using foreign currencies for settlement including price tagging of goods and services in foreign currencies within the territory of the Lao PDR without permission;
- Distributing goods from secure warehouse without permission;
- Ceasing, declining or delaying the distribution or services without reason;
- Hoarding goods under the Price Control List;
- Falsifying weights and measures;
- Inspecting goods produced, imported and distributed in the markets of poor quality, no standard, as counterfeit, replica or expired by cooperating with the related parties;
- Business operating licensing breaches,
- Operating business unrelated to the business activities;
- Setting up incorrect, or without, enterprise nameboard;
- Using forbidden name for business;
- Removing the enterprise nameboard after its dissolution;

- Fabricating, altering or trading the relevant documents on goods trade such as: a certificate of origin or import-export license;
- Trades of goods as smuggled or in breach of the regulations on goods control such as: smuggling, avoidance of duties or other fees or partly fulfilled duties and other fees;
- Other items violating the laws and regulations relating to trade.

**Article 6      Forms of Trade Inspection**

Trade inspection consists of three forms as follows:

1. General inspection;
2. Inspection by orders;
3. Inspection by sources or requests.

General inspection is an inspection of compliance in various places such as: stores, markets, warehouses and other places included in the action plans approved by the authorities of each level supervising trade inspection.

Inspection by order is an inspection with an agreement of the relevant authorities;

Inspection by information or request is an inspection when there is a reliable information or notification, the inspection can be made at any place, at any time.

**Article 7      Designation or Appointment for Trade Inspection**

Every notice of trade inspection shall receive a designation or appointment in written document from the higher authorities except for urgent cases.

Every designation or appointment for conducting trade inspections shall comprise of at least three inspectors and at least one trade inspection personnel who is a trade inspection official.

**Article 8      Responsible Authorities for Trade Inspection**

Responsible authorities overseeing the trade inspection process consist of:

- The Minister of Industry and Commerce or Director General of Internal Trade for central-level trade inspection;
- The Provincial-Capital Department of Industry and Commerce or the head of Division for the provincial-level trade inspection;
- The Head Office of District-City Industry and Commerce for the district-level trade inspection.

**Article 9      Procedures for Trade Inspection**

Upon every trade inspection, the trade inspection personnel shall adhere to the following procedures:

1. Introduction, providing authority cards for trade inspection personnel and an agreement on trade inspection to the inspected person. The trade inspection officials shall wear uniforms for every trade inspection.
2. Recording initial statements;
3. Collecting evidence and exhibits in relation to the violations with details recorded;

4. Creating a memorandum of inspection between the trade inspection authority and the inspected person as well as preserving evidences or exhibits and reporting to the responsible authority.

In case of difficulties, the trade inspection authority shall report and seek guidance from the responsible authority as specified in the Article 8 of this Decree.

#### **Article 10 Showing Authority Card before Trade Inspection**

Before every trade inspection, by information or notification by orders of the higher authority, the trade inspection authority shall show their authority card and agreement on the inspection to the inspected person for his/her acknowledgement and cooperation.

In cases of urgent inspection, it is sufficient to only show the authority card.

#### **Article 11 Recording Initial Statements**

After seizure or detention of goods, items, vehicles and documents related to a violation, the trade inspection authority shall record the initial statements into a memorandum for reporting to the responsible authority as stipulated in the Article 8 of this Decree or relevant organizations.

#### **Article 12 Preservation of Evidence and Exhibits**

Seized or detained goods, items or vehicles as exhibits shall be safeguarded by the trade inspection authority or an authorized person or parties with assurance against damages, alternation and embezzlement of the concerned exhibits.

For perishable goods or items, the relevant trade inspection authorities shall have the right to auction and secure the disposal amount until the completion of proceedings.

#### **Article 13 Memo Creation**

At every inspection and when recording initial testimonies, the trade inspection personnel shall create a memo relating to the inspection and testimonies in the presence of the inspected person and let him/her read; in a case that the inspected person is unable to read, a third person shall be needed for reading and the inspected person shall sign with full name or stamp a fingerprint into on memo; thereafter the trade inspection personnel who is responsible for recording the memo or the initial testimonies, shall sign with their full name as the last person.

In cases where the inspected person is unwilling to sign their full name or stamp a fingerprint into the memo, it shall be noted at the end of the memo. The memo of inspection or initial testimonies shall be made into 3 copies: once kept in the case file, one given to the inspected person and one kept in a folder by the relevant trade inspection authorities.

In a case of a nonappearance of the inspected person, the Trade Inspection Authority shall post a notice within twenty-four hours after a completion of the inspection allowing owners to track and retrieve their goods and items. The notice shall be posted in front of the office of the trade inspection authority and in public area. The owner shall proceed with retrieval of goods and items within twenty-one days since the notice has been posted, otherwise the goods and items shall be forfeited to the Government.

#### **Article 14 Inspection of Illicit Goods**

The inspection of illicit goods and items is an inspection of the prohibited goods for importation, exportation, production or distribution in the Lao PDR such as: narcotics, bombs and weapons as stipulated in the relevant laws.

When the trade inspection personnel receive a reliable source of information or evidence of suspicious activity, the personnel shall immediately notify the police proceeding an inspection.

In the event of discovering the presence of illicit goods and urgent violations of prohibited goods, the trade inspection personnel shall temporarily detain or arrest the violator with seizure of goods, items, vehicles and documents related to the violation, and at the same time, shall immediately notify the local police officers for proceeding the inspection as stipulated in the relevant laws and regulations.

The detention or arrest shall be strictly implemented as defined in the Laws on Criminal Proceedings.

**Article 15 Cooperation**

Employees, soldiers, police officers and citizens have duties in cooperating and assisting the trade inspection authority during operations such as trace, seizure or detention of goods, items and vehicles violating the regulations on request.

**Chapter 3  
Consideration of Trade Inspection**

**Article 16 Reporting and Consideration of Trade Inspection**

After the completion of inspection, the trade inspection personnel shall prepare a report with the inspection memo attached to the responsible authority within thirty days since the completion date of the inspection for consideration.

The responsible authority shall consider and provide comment within five business days from the date of receiving the trade inspection result and provide the result in a written document for the inspected person's acknowledgement within three business days after the comment has been made which shall consist of two categories as follows:

1. Solving or dismissing the inspection;
2. Continuing resolution.

**Article 17 Solving or dismissing Inspection**

The violations of Law on Trade Control and Illicit Goods Trade state that the trade inspection authorities can solve or dismiss trade inspections for violations as specified in the regulations by resolutions of administrative means or case submission to the relevant authority.

Before the dismissal of inspection, the criminal laws and Regulation Of Trade Control and Illicit Goods Trade require that fines or other fees as specified in the relevant laws and regulations shall be fully paid within ten business days.

**Article 18 Submission**

In instances where the violator of the laws and regulations on Trade Control and Illicit Goods submitted and paid the fines and other fees as specified in the relevant laws and regulations, the trade inspection authorities or solving committees shall have the right

to solve or dismiss an inspection as well as return the seized or detained goods and items to the owners, except the goods and items related to the violation that cannot be returned.

**Article 19 Continuity of the Resolution**

The violations of the laws and regulations on trade inspection and illicit goods trade that are unable to be resolved as specified in the Article 17 of this Decree, shall be referred to the Resolution Task Force.

The Resolution Task Force shall at least comprise of the relevant sectors as follows:

- Trade inspection authorities;
- Economic Police;
- Public Prosecutor; and
- Other related parties.

**Chapter 4**

**Trade Inspection Authorities, Officials and Personnel**

**Article 20 Trade Inspection Authorities**

Trade inspection authorities are organizations under the industry and commerce sectors comprising of three levels as follows:

- The central level refers to the Department of Internal Trade, Ministry of Industry and Commerce with the Trade Inspection Division as the secretariat;
- The provincial level refers to the internal trade sectors, Department of Industry and Commerce with the Trade Inspection Unit as the secretariat;
- The district level refers to the District-City Office of Industry and Commerce with teams or officers supervising the internal trade as the secretariat;

The Division of Trade Inspection, Units of Trade Inspection and Trade Inspection teams function as the secretariat to the trade inspection authorities in legal and technical matters on trade inspection.

The Ministry of Industry and Commerce shall perform as an issuer of regulations, define rights and duties of the secretariat and functions of the concerned trade inspection authorities.

**Article 21 Trade Inspection Officials**

Trade inspection officials consist of:

- Chief of the trade inspection authority as or the authorized Vice Chief;
- Public servants appointed to the trade inspection of the Department of Internal Trade, Ministry of Industry and Commerce or the trade inspection unit, the internal trade sectors of the Provincial-Capital Department of Industry and Commerce or the trade inspection teams of the District-City Office of Industry and Commerce.

The number of public servants functioning as trade inspection officers shall correspond with the number of necessary positions.

Trade inspection officials shall have an academic expertise in laws, particularly economic laws, or a certificate of completion on trade inspection at a minimum in a case of holding other academic degrees.

The Ministry of Industry and Commerce shall determine the number of trade inspection officers.

## **Article 22 Trade Inspection Personnel**

Trade inspection personnel are public servants at respective levels of the trade inspections authorities appointed to proceed with trade inspections.

As necessary, other public servants of the industry and commerce sectors are eligible to be appointed as trade inspection personnel.

The duration of being trade inspection personnel shall be subject to cases or targets of every inspection as specified in the agreement of appointment.

Every inspection shall be terminated when the task has been completed or overdue as specified in the agreement of appointment, and the concerned trade inspection personnel has reported, returned the authority card and documents related to that inspection to the trade inspection division at central level, to the trade in section unit at provincial level and to the trade inspection team at district level.

The termination of every inspection shall indicate the responsibility of the trade inspection personnel to the responsible authority as concluded.

## **Article 23 Requirements of Trade Inspection Personnel**

Trade inspection personnel shall meet the following requirements:

1. Having competency and responsibilities to undertake trade inspections;
2. Being a permanent public servant of the trade inspection authorities or of other organizations in the industry and commerce sectors as necessary;
3. No record of disciplinary measures or punishment for fraud, embezzlement or corruption.

## **Article 24 Duties of Trade Inspection Personnel**

Trade inspection personnel shall have the following duties:

1. To strictly proceed with trade inspections as stipulated therein this Decree and other laws and regulations;
2. To collaborate with the related parties for inspections;
3. To create reports and return all documents related to inspections including the authority card for trade inspection personnel to the higher authorities as specified in Article 22 of this Decree;
4. To outline inspection plans, summarize and evaluate the implementation of trade inspections for reporting and proposing guidance from higher authorities;
5. To maintain confidentiality related to trade inspections;
6. To perform other tasks as defined in the laws and regulations or as designated by higher authorities.

## **Article 25 Rights of Trade Inspection Personnel**

Trade inspection personnel shall have the following rights:

1. To notify violators for paying fines and other fees;
2. To give warnings and re-education measures for violators of the laws and regulations on trade control and illicit goods trade;
3. To temporarily seize or detain goods, items, vehicle or tools including documents related to violations of the laws and regulations on goods control and illicit goods trade as evidence;
4. To impose fines as stipulated in the relevant laws and regulations;

5. To carry and use weapons, equipment and vehicles according to the specific regulations;
  6. To collect initial testimonies;
  7. To search targets related to violations;
  8. To order or take proper measures for stopping moving vehicles when there is a reliable source of information or an order for inspection;
  9. To receive incentives as defined in the relevant laws and regulations;
  10. To use other rights as defined in the relevant laws and regulations;
- The use of rights specified in Para.3. and 7. of this Article shall be approved by the higher authorities, except in urgent cases.

## **Chapter 5**

### **Budgets, Uniforms, Logos and Authority Card**

#### **Article 26 Budgets**

Trade inspection authorities shall have specific budgets for operational activities. The budgets of the trade inspection authorities at each level shall be subject to the budget of the responsible authorities of concerned level.

#### **Article 27 Money from Fines or Disposal of Confiscated Assets**

The money derived from fines or disposal of confiscated assets shall be attributed to solving cases, information fees, storage charges, handling charges in relation to the seized or confiscated exhibits, rewards for individuals contributing to trade inspective operations and other necessary expenses, thereafter the remaining amount shall be collected into the budget.

#### **Article 28 Uniforms, Logos and Authority Card for Trade Inspection Personnel**

The trade inspection officials have the specific uniforms, logos and authority card for using in operational activities and duties.

The Ministry of Industry and Commerce shall clearly define the uniforms, logos and authority card for the trade inspection personnel.

## **Chapter 6**

### **Rewards for Outstanding Performers and Measures against Violators**

#### **Article 29 Rewards for Outstanding Performers**

Individuals, legal entities or organizations with outstanding performance contributing to operation activities on trade inspection shall be granted a congratulatory certificate and other incentives as prescribed in the laws and regulations.

In case of disability or death from an operation, the concerned victim shall obtain a lump-sum, allowance and other benefits from the relevant organization of the government at the relevant level according to the laws and regulations.

The Ministry of Industry and Commerce shall clearly issue the regulations for implementing rewards and policies subject to certain cases.

#### **Article 30 Measures Against Violators**

Individuals, legal entities or organizations violating the enforcement of this Decision shall be subject to disciplinary measures for minor to severe crimes.

**Article 31 Measures Against Trade Inspection Personnel and Officials**

The trade inspection personnel and officials who violate this Decree, shall be placed on re-educational measures, warnings, transfer, removal or discharge from government agencies, liable to civil or criminal sanctions for minor or severe crimes on the following misconduct:

- Abusing position, rights and role for personal interest;
- Lending trade inspection authority card or uniforms to other individuals to use whether intentionally or unintentionally;
- Lending assigned weapons to the other individuals to use whether intentionally or unintentionally;
- Noncompliance with the procedures of trade inspection as specified in Article 9 of this Decree;
- Wearing uniform for conducting personal businesses;
- Altering, destroying or damaging exhibits or evidence.

**Article 32 Measures Against Inspected Persons and Other Individuals**

Inspected persons and other individuals shall be warned, liable to civil or criminal sanctions subject for minor or severe crimes on the following misconduct:

1. Disguising or impersonating as trade inspection personnel;
2. Uncooperating, hindering, obstructing, threatening, disrespecting, violence or physical harm against the trade inspection personnel;
3. Altering, destroying or damaging the exhibits or evidence.

If a violator is unwilling to pay a fine, fees or other duties by the due date, they shall be subject with the following measures:

- Shall be warned for the first warning;
- Shall be doubly fined for the penalty, fees or other duties for the second warning;
- Shall be punished with any following measures such as: seizure or detention of related goods or items, a temporary or permanent suspension on any business activity subject to certain cases for the third warning.

**Chapter 7  
Final Provisions**

**Article 33 Implementation**

The Ministry of Industry and Commerce shall implement this Decree on a full and effective basis.

Ministries, ministry-equivalent organizations and all local authorities shall strictly acknowledge, cooperate and facilitate the implementation of this Decree in accordance with its roles.

Cooperate with the Provincial-Capital Department of Industry and Commerce, local authorities and related parties to effectively implement this Decision.

**Article 34 Effectiveness**

This Decision enters into force from the date of signing. Regulations and provisions that contradict this Decree are null and void.

**Prime Minister**

[Seal and Signature]  
Thongsing THAMMAVONG