



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

National Assembly

No. 02/NA
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LAW ON HANDICRAFT

PART I General Provisions

Article 1. Objective

Law on Handicraft stipulates the principles, regulations and measures in relation to the management of handicraft promotion and development to improve implementation, create quality artisanal products, focus on job creation and revenue generation for citizens to preserve our heritage and the traditional handicraftsmanship in culture and economy, which has been with Lao people since ancient time and shall continue its lasting legacy.

Article 2. Handicraft

Handicraft is a production process and an important sector that requires artisans and skilled laborers to create distinctive artistic goods and add value to cultural art and economy.

Article 3: The characteristics of handicrafts

The characteristics of handicrafts are as follows:

1. Primarily made by hand and some machinery if required;
2. High cultural identity and economic value;
3. Rare;
4. Consumer goods and artistic products
5. National, local and ethical identity;
6. Chronological history.

Article 4. Definition

Definition of words used in this law has the following meaning:

1. Entrepreneurs are individuals, juristic persons and organizations of the investing community with interests in manufacturing, artisan goods trading and business;
2. An artisan is a craftsperson and craftsman who produces handicrafts;
3. Operation means any activity which is conducted at a handicraft factory or family owned factory;
4. Authority means technical official appointed or assigned by governmental organization to implement the work relating to handicrafts;

5. Waste treatment means improvement, modification and reduction of waste produced from handicraft's operation such as wastewater, noise pollution, air pollution and other dangerous pollution;
6. Security for bank loan means using the borrower's assets as collateral or by guarantee from an organization or other individual;
7. Media channel means printing or electronic outlet which includes media products, newspapers, newsletters, notifications, magazines, radio stations, television, TV programs, internet, websites, gazettes, CDs, DVDs, videos and alike;
8. Metal means materials being processed by electricity such as steel, copper, gold, silver and other materials;
9. Non-Metal means materials being processed without using electricity such as glass, plastic, wood, and other materials;
10. Method means procedure and process of production; and
11. Textured paper means paper made from native plants such as little bluestem bamboo shoots and other plants.

Article 5. State's Policy on Handicrafts

The government has policy to promote handicrafts such as policy on management, promotion and development, conservation and reservation in order to grow handicraft sector sustainably.

Article 6. Principle of Handicrafts

Handicrafts shall operate based on principles as follows:

1. Sustainable management and development;
2. Environmental protection;
3. Conserve and reserve its handicraft heritage and identity and ethnicity;
4. Ensure consumer protection; and
5. Respect and comply with international treaties that Lao PDR is a party to.

Article 7. Scope of Application of Law

This law applies to every size of handicraft manufacturers and family-owned handicraft factories, artisans and entrepreneurs.

Article 8. International Cooperation

The State promotes international relations and cooperation in relation to handicrafts by obtaining international assistance, exchanging information, science and technology, lessons and upgrading capacity building on skilled workers and business management, market and otherwise.

PART II
Handicraft Industry
Chapter 1
Handicraft Factories and Family-Owned Factories

Article 9. Handicraft Factory

Handicraft factory is a building that produces handicraft products completely produced by laborers with a minimum of 10 workers and is able to utilize machinery to support production.

Article 10. Size of Handicraft Factory

Handicraft Factory is categorized into three sizes which are:

1. Handicraft Factory Size I is a large factory with capacity of at least 200 workers and is able to utilize some machinery to support production;
2. Handicraft Factory Size II is medium size factory with a capacity of 51-199 workers and is able to utilize some machinery to support production;
3. Handicraft Factory Size III is small size factory with a capacity of workers and is able to utilize some machinery to support production;

Article 11. Family-Owned Handicraft Factory

Family-Owned Handicraft Factory is a building owned and operated by a family-owned business which employs and use workers as the primary producer, with maximum of 9 workers and is able to utilize machinery to support production.

Article 12. Type of Family-Owned Handicraft Factory

Family-Owned Handicraft Factory is categorized into two types which are:

1. Family-Owned Handicraft Factory type I uses a handicraft factory as a primary business;
2. Family-Owned Handicraft Factory type II uses a handicraft factory as a secondary business.

Article 13. Size of Handicraft Occupation

Size of handicraft occupation consists of:

1. Traditional textiles sector;
2. Wood, rattan, bamboo and woody vine;
3. Traditional paper sector;
4. Artistic metal and non-metal sector;
5. Clay sector;
6. Decorative object and jewelry sector; and
7. Traditional food and beverage sector.

Chapter 2

Handicraft Conservation, Preservation and Maintenance

Article 14. Handicraft Preservation

Handicraft Preservation is preservation and protection of handicraft industry from being ruined or endangered. Preservation shall be made along with a development of handicrafts to achieve both quality and innovation.

Article 15. Preserved Handicraft Sectors

Handicraft Sectors that are being Preserved are as follows:

1. Traditional textile sector:
 - Waving;
 - Natural Dyes;
 - Sewing, pin, knitting;
 - Design; and
 - Ikat
2. Wood sector, rattan, bamboo and woody vine:
 - Basket weaving; and
 - Carving and others
3. Traditional papers sector:
 - Traditional paper production; and
 - Traditional paper made from little bluestem leaves production and others
4. Metal and non-metal sector:
 - Refining;
 - Casting; and
 - Carving, animal horns and others
5. Clay sector:
 - Modelling clay; and
 - Brick production and others

6. Jewelry and decorative objects:
 - Silversmithing, goldsmithing that have lao traditional pattern;
 - Sword smithing and others
7. Traditional food and beverage sector:
 - Lao paste producing;
 - Riverweed; and
 - Production of other traditional beverages
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Article 16. Methodologies of Handicraft Preservation

Methodologies of Handicraft Preservation consist of:

1. Research and publish book for methodology of handicraft processes
2. Collect and list outstanding artisans so that they can teach and transfer knowledge to the next generation;
3. Collect and list outstanding handicraft products in order to further conduct research, exhibit, advertise and preserve;
4. Create a curriculum on handicraft development based on a book for the methodology of handicraft processes;
5. Establish handicraft center, vocational center and museum; and
6. Register traditional handicraft as an intellectual property.

Article 17. Handicraft Conservation

Handicraft conservation is a handicraft methodology preservation for Lao citizens at a defined time.

Article 18. Reserved Handicraft Sector

Reserved handicraft sectors are as follows:

1. Traditional textile sector:
Design, collection, motif creation, traditional ikats;
2. Wood sector, artistic metal, metal, jewelry and decorative object sector;
A design of Lao traditional pattern from Houaphanh Province from different period.

Article 19. Methodologies of Handicraft Reservation

Methodologies of handicraft reservation consist of:

- Register a methodology of handicraft production and list a handicraft business activity as a controlled business under state administration;

- Disseminate and educate a methodology of handicraft reservation in accordance with the regulations or permission of relevant departmental bodies.

Article 20. Heritage Handicrafts

Heritage handicrafts are products handmade by Lao people which creates cultural value, history and invaluable assets of the nation.

The heritage handicrafts reservation will be followed in accordance with the Law on National Heritage.

Chapter 3

The Implementation and Operation

of Handicraft Factories and Family-Owned Handicraft Factories

Article 21. Establishment of Handicraft Factory

Establishment of all sizes of handicraft factory is allowed to operate business immediately. Authorities from District Industry and Commerce Office and Municipalities shall conduct inspection and information collection in order to administrate and support.

Article 22. Establishment of Family-Owned Handicraft Factory

Establishment of family-owned handicraft factory of all types is allowed to operate business immediately. Authorities from District Industry and Commerce Office and Municipalities shall conduct inspection and information collection in order to administrate and support.

Article 23. Utilization of Raw Materials

The utilization of raw materials for handicraft production requires the promotion of use of materials sourced domestically.

The utilization of natural resources must be economical, sustainable and in accordance with the legislation.

Handicraft entrepreneurs must be diligent in relation to agriculture and livestock activity in order to provide alternative source of raw materials for production.

Article 24. The Use of Labor

The primary labor to be used for the production shall be employed domestically. Capacity building to upgrade worker's craftsmanship must be provided in order to produce quality handicraft products while preserving, protecting the cultural heritage, craftsmanship and the identity of the nation.

Article 25. The Development of Quality Handicraft Products

Entrepreneurs shall be diligent in handicraft product development in order to compete in both domestic and international markets by various methodologies namely, comprehensive production quality improvement, research and application of advanced technology.

Chapter 4

Craftsman and Artisan

Article 26. Craftsman and Artisan

Craftsman is individual who is equipped with a craft skill in a specific field and is certified by a school or vocational center and training in accordance with the handicraft curriculum.

Artisan is a professional who has qualification and competency on handicraft field and has minimum five year of work experience.

Article 27. Offering Title to Craftsmen and Artisans

State shall set the standard requirements as a reference when offering title and ranking for craftsmen and artisans, the purpose of which is to complement their work as appropriate.

PART III

Handicrafts Promotion and Development

Article 28. Handicrafts Promotion and development

State promotes and develops handicrafts industry by providing policies and measures as follows:

1. Fund and handicraft fund;
2. Customs and tax;
3. Handicraft product protection;
4. Providing information;
5. Marketing;
6. Technology;
7. Providing consultation;
8. Training and capacity building;
9. Handicraft center;
10. Vocational and training center for handicraft; and
11. Establishment of handicraft producers and entrepreneurs.

Article 29. Fund and Handicraft Fund

State allocates budget to promote handicraft industry such as handicraft development center, handicraft vocational center, the improvement of school of fine art and budget allocated for the capacity building of officials.

Ministry of Finance and Bank of Lao PDR stipulates policy to promote a bank loan with low interest by appropriately acting as a warranty for the entrepreneurs who operate business in crafts sectors.

Handicraft development fund is formed by the contribution from members of the Lao Handicrafts Association, handicraft private enterprises, state's assistance, social organization, economic units and individuals domestically and internationally.

Article 30. Duty and Tax

State promotes handicraft sector by providing duty and tax incentives where appropriate in order to develop, strengthen and expand handicraft sector.

Article 31. Handicraft Product Protection

State protects handicraft products by raising awareness to society, where state organization must set a good example by using locally made craft products while applying necessary measures to administrate the import of handicraft products such as: quality control, technical standard process of product and other measures.

Article 32. Information Dissemination

Department of Industry and Commerce and other relevant departments shall provide information to private enterprise that operate business in handicraft industry such as: information on the operation of the production, marketing, pricing, source of funds,

source of raw materials and otherwise by organizing seminars and advertising through various media channels.

Article 33. Marketing

Department of Industry and Commerce and other relevant departments and Lao National Chamber of Industry and Commerce, the Lao Handicraft Association and artisans shall seek for domestic and international markets through advertising and attending exhibitions and tradeshows while promoting made in Laos handicraft products to Lao society.

Article 34. The use of technology

State supports all economic sectors to conduct research and development, and methodologies for traditional handicraft product preservation.

Article 35. Advisory Service

Department of Industry and Commerce and other relevant departments advise on handicraft business operation to private enterprise who operates in craft sector such as advising on regulations, enterprise establishment, source of raw materials, marketing, pricing, dispute resolution facilitation and other activity.

State promotes individuals and shall form an office to provide advisory service to private enterprises in handicraft sector.

Article 36. Training and Capacity Building for Skilled Labor

Ministry of Industry and Commerce, Ministry of Sport and Education, Ministry of Labor and Social Welfare, Ministry of Culture, Information and Tourism, Mass Organization, Lao National Chamber of Industry and Commerce, Lao Handicraft Association and other relevant ministries shall conduct a seminar on handicrafts and upgrade skilled labor to enhance the effectiveness of product quality, service, and provide capacity building for management of private enterprises.

Article 37. Handicraft Promotion Center

Handicraft promotion center is formed to support as an exhibition and marketplace for craft products, training and upgrading craft skills and also research and demonstrate, host meeting for technical officials to exchange lessons, buy and sale negotiation, corporation

and assistance amongst craftsmen and artisans. Additionally, handicraft promotion center is a museum to continuously preserve and develop handicraft industry.

Article 38. Handicraft Vocational Training Center

State promote all economic sectors and social organizations to operate handicraft vocational training center, upgrade craftsmanship for artisans and craftsmen and Lao citizens, which skilled labors earn income by being employed while preserving and protecting heritage handicraft and identity of Laos.

The sales of products produced from the handicraft vocational training center shall receive duty and tax exemption.

Article 39. The Formation of Craft Manufacturer Group

Ministry of Industry and Commerce shall identify regulations to facilitate the formation of groups, associations and cooperative of crafts producers to support the promotion of the implementation.

PART IV

Environmental Protection and Safety of Labor

Article 40. Environmental Protection

The business operation of handicraft factory and family-owned handicraft factory shall be executed in accordance with the environmental protection law in order to prevent and reduce the negative impact on social and environment such as: smoke, dust, waste and water waste, sound, color, light, smell, vibration, temperature, moisture and other.

Article 41. Factory Waste Disposal and Treatment

Waste produced from handicraft factory and family-owned handicraft factory shall be disposed and treated in accordance with technical instruction and specified location.

Article 42. Safety of Welfare of Labor

Handicraft factory must ensure the safety, hygiene, social welfare of workers in accordance with the labor law.

Family-owned handicraft factory type I is required to form an employment contract, and ensure salary is paid on time and safety, hygiene and basic social welfare of workers.

Family-owned handicraft factory type II is required to apply the same requirements of type I in any case that workers employed in the family-owned factory are non-family members.

PART V

Rights, Responsibilities, and Obligations of Private Enterprises

Article 43. Rights, Responsibilities and Obligations of Private Enterprises

Private Enterprises in the handicraft sector have rights and responsibilities as follows:

1. Receive promotion and development incentives from state and relevant agencies in accordance with law;
2. Receive the protection of rights and benefits and respectable ownership in accordance with law;
3. Collaborate with local authorities, contribute employment creation, support poverty reduction in the community and be a part of the promotion of the peaceful community; and
4. Exercise rights and other responsibilities on handicraft sector as specified on legislation.

PART VI

Prohibitions

Article 45. Prohibiting for Private Enterprises

Private Enterprise are prohibited from committing the following actions:

1. Deconstruct or change the handicraft identity of Laos or ethic group;
2. Disregard and lack of responsibilities on environmental protection or peaceful and social welfare protection of workers; or
3. Introduce craft products imported from foreign countries and present it as Lao crafted product by deceiving.

Article 46. Prohibition of Authorities, Officials, Individuals and other Organizations

Authorities, officials, individuals and other organizations are prohibited to commit the following actions which include:

1. Absence of responsibilities, disregard the assignment on handicraft promotion and development;
2. Falsify, demolish documents concerning handicrafts; or
3. Prevent the handicraft operation or legal proceeding due to the violation of law on handicrafts.

PART VII

Dispute Resolution

Article 47. Principles of Dispute Resolution

Dispute resolution on handicraft shall implement the general principle on dispute resolution on administration and civil code based on mediation and conciliation.

Articles 48: Types of Dispute Resolution

The dispute resolution on handicraft shall be implemented in different types as follows:

1. Consultation and mediation;
2. Dispute resolution resolved by administrative organization or handicraft association or handicraft producer group;
3. The law on resolution of economic disputes; or
4. Arbitration.

PART VIII
Administration and Inspection
Chapter 1
Administration

Article 49. Administrative Organization

The State is the administrator of the handicraft sector and unanimously nationwide by appointing the Ministry of Industry and Commerce to be a focal point to coordinate with concerned departmental bodies including local authorities responsible for administration and promotion and development of handicraft sector.

Administrative organizations of handicrafts sectors consist of:

1. Ministry of Industry and Commerce;
2. Department of Industry and Commerce at Provincial level, Vientiane Capital;
3. Office of Industry and Commerce at district level, municipality; and
4. Village Administration.

Article 50. Rights and Duties of Ministry of Industry and Commerce

In administrating the handicraft sector, Ministry of Industry and Commerce have rights and duties as follows:

1. Research strategies, promotion policies, regulation on handicraft industry to propose to the government of Laos for consideration;
2. Issue agreement, order, instruction and notification on handicraft activities;
3. Disseminate policies and regulations and facilitate and provide information to private enterprises on handicraft;
4. Instruct and monitor the implementation of handicraft activity nationwide;
5. Consider the establishment, registration and withdrawal of enterprise of handicraft factory size I;
6. Facilitate dispute resolution in relation to handicraft activities;
7. Human resource creation and development for handicraft sector;
8. Coordinate with relevant ministries and local administrative authorities to promote handicraft development;
9. An agency to directly promote the handicraft development;
10. Cooperate with international organizations on handicraft development as assigned by the Government of Laos;
11. Summarize, evaluate on the implementation of the handicraft activity; and
12. Exercise rights and other duties on handicraft activity as stipulated in the law.

Article 51. Rights and Responsibilities of Department of Industry and Commerce at provincial level, Vientiane Capital.

In administrating handicraft activity, Department of Industry and Commerce Vientiane Capital has rights and duties as follow:

1. Develop and implement the strategy, development plan, policy on handicraft promotion and regulation on handicraft activity under their responsibilities;
2. Disseminate the policy, regulations, and provide information on handicraft development activity as defined in their scope of work;
3. Instruct and monitor the implementation of handicraft activity at the provincial level, Vientiane Capital, and Office of Industry and Commerce at district and municipal level;
4. Consider the establishment, registration and withdrawal of enterprise of handicraft factory size II and III;
5. Facilitate dispute resolution on handicraft within their responsibilities as assigned;
6. A focal point to coordinate with relevant governmental authorities on handicraft promotion and development;
7. Cooperate with international organizations on handicraft development activity as assigned by Ministry of Industry and Commerce;
8. Summarize and evaluate the implementation of handicraft activity to report to the Governor of Vientiane Capital and Minister of Industry and Commerce; and
9. Exercise rights and duties on handicraft promotion and development as specified in the law.

Article 52. Rights and Responsibilities of Division of Industry and Commerce, District level.

1. Implement the action plan, policy on handicraft promotion and development within the scope of their responsibilities;
2. Disseminate policy, regulation, provide information on handicraft development within their responsibilities;
3. A focal point to coordinate with administrative authorizes and directly execute the promotion and development of family-owned handicraft factory;
4. Coordinate with municipal administration on the implementation of handicraft development activity;
5. Collect information on handicraft from their local territory;
6. Facilitate dispute resolution on handicraft within their responsibilities as assigned;
7. Summarize and evaluate the implementation of handicraft activity then report to the district and provincial administration; and

8. Exercise rights and responsibilities on the handicraft promotion and development as specified in the law.

Article 53. Responsibilities of Village Administration

To administrate handicraft sector, village administration has rights and responsibilities to coordinate and cooperate with division of industry and commerce at provincial level, private enterprise, Lao handicraft association, handicraft producer group, handicraft factory and family-owned handicraft factory in protecting the environment, and facilitate the operation of handicraft development under their responsibilities.

Article 54. Rights and Responsibilities of Other Administrative Authorities

To administrate handicraft sector, other administrative authorities have rights and responsibilities to coordinate with division of industry and commerce at their level in order to facilitate, promote and develop the handicraft implementation under their responsibilities.

Article 55. Rights and Responsibilities of Lao National Chamber of Industry and Commerce

Lao National Chamber of Industry and Commerce is an organization structure of businesses acting as a bridge between state organization and private sector. In addition, it approves the establishment of group, association or cooperative of handicraft community, and it is responsible for the craft promotional activity, training, exhibition, skilled labor development, marketing, information providing, fund raising and other handicraft promotional activities.

Article 56. Responsibilities of Lao Handicraft Association

Lao Handicraft Association is a non-profit organization that assembles handicraft artisans and craftsmen with an objective to create collaborative opportunities for mutual benefits for small businesses; administrate the promotion and development of private enterprises who are members and non-members of the association in order to assist them to grow in both quantity and quality aspects. It also raises awareness amongst businesses on the opportunity for joining the group, cooperative and associations nationwide.

Lao handicraft association is responsible for the cooperation with the governmental body in implementing the strategy and development plan of handicraft industry and to develop craftsmanship for Lao people, to promote artisans to produce quality handicraft products for both domestic and international markets.

Chapter 2

Inspection

Article 57. Crafts Inspection Organization

Crafts inspection organization is the same organization that administrate handicraft sector as specified on article 48 of this law.

Article 58. Rights and Responsibilities of Crafts Inspection Organization

Crafts inspection organization has rights and responsibilities to inspect the implementation of the handicraft activity and ensure the compliance with applicable laws and regulations on handicraft activity such as: administration inspection, handicraft development and promotional activity implemented by relevant agencies and the operation of handicraft production.

Article 59. Inspection Forms

Inspection forms consist of:

1. A regular inspection;
2. An inspection with advance notice; and
3. An ad hoc inspection without notice

An inspection shall be conducted upon request by individual or organization or order from state organization or citizen who witnesses the inappropriate practice or non-compliance with relevant laws or regulations of handicrafts

PART IX

Policies towards Persons with Outstanding Performance and Measures against Violators

Article 60. Policies towards Persons with Outstanding Performance

Individuals or organizations with outstanding performance in implementing this Law primarily: administration, promotion and operation of private enterprises will receive an award and other policies in accordance with regulations.

Article 61. Measures against Violator

Individuals or organization that violate this Law will be warned, educated, sanctioned by disciplinary measures, fined, proceeded under civil compensation or criminal penalty depending on the level of severity.

Articles 62. Re-education Measures

Persons or organizations that fail to exercise their rights, responsibilities and obligations as stipulated in the article 43 and 44 and violates article 45 of this Law for the first time such as: destroy or falsify the identity of art object of nation or ethic group, which causes damage less than five hundred thousand kip will be warned and re-educated.

Article 63. Disciplinary Measures

Authorities and officials who commit minor violation of this law or other regulations on handicraft which do not fall under criminal penalty or cause damage with value of five hundred thousand kip; however, do not report sincere information, avoid error will be punished with disciplinary measure based on different case as follows:

1. Warning and inform their bad practice which is non-compliant with regulation, along with the record in their resume;
2. Pause promotions, salary raise and awards;
3. Dismiss from position or reshuffle to other position with lower power;
4. Resignation from state without any policies.

Article 64. Fine

Persons or organizations violate this law on handicraft and commit minor violation which does not fall under criminal law and cause damage with value not more than five hundred thousand kip will be fined with one-fold amount of damage.

In any case the violation is the second time, the fine will be two-fold of its damage.

Article 65. Civil Measures

Persons or organizations cause damage to other persons or society due to their operation of handicraft activity will pay compensation based on violation committed.

Article 66. Criminal Measures

Persons violate this Law on handicraft falls under criminal law will punished by criminal law.

PART X

Final Provisions

Article 67. Handicraft Day

State has set 1 November of each year as a handicraft day to assemble businesses and artisans in order to collaborate or co-organize an event such as handicraft festival, exhibition, seminar, crafts product competition to win the prize of outstanding products of year and other activities.

Article 68. Implementation

The government of Lao people's democratic republic shall implement this Law.

Article 69. Effectiveness

This Law shall be effective 90 days of the entry into force of Presidential Decree.

The terms and provisions that are inconsistent with this Law shall be cancelled.

President of National Assembly

[Signature & Seal]

Pany Yathortu

