



Lao People Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No. 09/MOIC.DFTP
Vientiane, Capital, 05 July 2018

Instruction
On the Implementation of Article 9 of the Law on Safeguards

- Pursuant to the Law on Safeguards, No. 27/NA, dated 30 October 2017.

In order to develop the contents of Article 9 of the Law on Safeguards, No. 27/NA, dated 30 October 2017 in detail and ensure practical, uniform application and efficient and effective implementation.

The Minister of Industry and Commerce issues the instruction:

I. Determination of severe injury

The determination of severe injury, due to the increased import of goods for which 8 factors are provided for in Article 9 of the Law, shall be considered based on the increase of each factor in comparison with the previous information of not exceeding five (5) years. If it is found that one of these 8 factors has increased and caused severe negative effects to the domestic producers, such factors can be considered in determining severe injury, detailed as follows:

- 1 The increase in the level of imported goods shall be determined based on evidence and the quantity of such imported goods to identify a variation in quantity of the imported goods in comparison with the production outcome of the like products or directly competitive products manufactured in Lao PDR.
- 2 The decrease in market share of domestic producers shall be considered based on the variation in the increased market share of the imported goods against the domestic goods market as a whole when comparing with the rate of market share in the previous year. The calculation formula is as follows:

Market share = Market share rate of the investigation year - Market share rate of the previous investigation year.

Calculation method of the market share is:

Market share rate = (Value of sale of the imported goods ÷ Value of sale of the whole goods within the country) × 100

- 3 Variation in the level of sales shall be determined based on the decrease in quantity or value of the sale of like products or directly competitive products manufactured in Lao PDR. The calculation formula is as follows:

$$\text{Level of sale} = [(\text{Quantity or Value of sale in the investigation year} - \text{Quantity or Value of sale in the previous year}) \div (\text{Quantity or Value of sale in the previous year})] \times 100$$

Calculation method of quantity of value of sale is as follows:

$$\text{Quantity of sale} = \text{Quantity of manufactured goods} - \text{Remaining goods.}$$

$$\text{Value of sale} = \text{Quantity of sold goods} \times \text{price unit of goods.}$$

- 4 Variation in the level of production outcome shall be determined based on the decrease in quantity of the production of the like products or directly competitive products of domestic producers. The calculation formula is as follows:

$$\text{Level of production outcome} = [(\text{Production outcome level in the investigation year} - \text{production outcome of the previous year}) \div (\text{Production outcome in the previous year})] \times 100$$

- 5 Variation in the level of productivity shall be determined based on the decrease in effectiveness of production of like products or directly competitive products of domestic producers. The calculation formula is as follows:

$$\text{Level of productivity} = [(\text{Productivity in the investigation year} - \text{productivity of the previous year}) \div (\text{Productivity in the previous year})] \times 100$$

Calculation method of productivity is as follows:

$$\text{Productivity} = \text{Whole production outcome} \div \text{Production factors}$$

The production factors are comprised of materials, manpower and other costs for the goods production process.

- 6 Variation in the level of production capacity shall be considered based on the decrease in the use of manpower in the production of like products or directly competitive products of domestic producers when comparing the use of manpower in the previous year. The calculation formula is as follows:

$$\text{Level of productive force} = \text{Rate of the use of manpower in the investigation year} - \text{Rate of the use of manpower in the previous year}$$

Calculation method of the rate of the use of manpower is as follows:

Rate of the use of manpower = (Actual production outcome ÷ Maximum capacity of production outcome) × 100

Calculation method of the maximum capacity of production outcome is as follows:

Maximum capacity of production outcome = Working hours of the machine ÷ Actual time used in the production of one unit.

For example: A fridge manufacturer has 50 machines and such machines are operating 16 hours per day. The working hours or working capacity of the machines = 50 units x 16 hours = 800 hours per day. The actual time taken to produce one fridge is 0.5 hour (half of an hour):

Maximum capacity of production outcome: 800 hrs./Unit ÷ 0.5 = 1600 Units /day.

- 7 Variation in the level of profits and losses shall be considered based on the decrease in profits or the increase of losses due to production or distribution/sale of like products or directly competitive products of domestic producers. The formula of calculation of the comparative rates of decrease of profits or increase of losses is as follows:

Level of profits or losses = [(Profits or losses in the investigation year – Profits or losses in the previous year) ÷ (Profits or losses in the previous year)] × 100

Calculation method of profits or losses is as follows:

Profits or losses = [(Value of sale of goods) – (Production costs + Administrative expenditure)]

- 8 Variation in level of employment shall be considered based on the decrease of the number of employees used in the production and foreign manpower used in the management of like products or directly competitive products of the domestic producers. The formula of calculation of the level of employment is as follows:

Level of employment = [(Quantity of employees in the investigation year) – (Quantity of employees in the previous year) ÷ (Quantity of employees in the previous year)] × 100

Calculation method of quantity of employees is as follows:

Quantity of employees = Production manpower + Administrative manpower

II. Implementation

Delegate the Department of Foreign Trade Policy, Ministry of Industry and Commerce to lead collaboration with the relevant sectors to implement this Instruction to ensure highly effective and implementation.

This Instruction is effective from the signing date and fifteen (15) days following the date of publication in the Official Gazette.

Minister of Industry and Commerce
[Signature & Seal]

Mrs. Khemmany Pholsena