

Unofficial translation



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No. 1005/MOIC.ITD
Vientiane Capital, date 22 May 2015

Decision

On Wholesale and Retail Business

- Pursuant to the Enterprise Law No.46/NA, dated 26 December 2013;
- Pursuant to the Decree on Organization and Operation of Ministry of Industry and Commerce No. 522/PM, dated 23 December 2011;
- Pursuant to the Decree on Goods Trading Business, No.206/PMO. Dated 10 October 2001;

The Minister of Industry and Commerce hereby issued a Decision:

Part I
General Provision

Article 1 Objective

This Decision sets principles, regulation and measures related to wholesale and retail business operation, in order to manage the establishment, operate according to the prevailing laws and regulations with centralized management in accordance with market economic mechanism and open market access for fair competition, allocate systematically aiming at creating facilitation and consumer protection, government revenue, increase standard of living of all citizens and contribute to the development of national socio-economic development.

Article 2 Wholesale and Retail Trade

Wholesale trade means distribution of products as wholesale to individuals or juridical persons to re-produce, re-sell as wholesale or retail.

Retail trade means the distribution at final stage to individuals or juridical persons for consumption.

Article 3 Government Policy on Wholesale and Retail Business Operation

The government encourages domestic individuals and juridical persons to operate wholesale and retail business by issuing regulations, measures, supplying of information, services and other relevant facilitation.

Foreign individuals and juridical persons are able to operate wholesale and retail business, but shall follow the requirements stipulated in this Decision and to be consistent with related relevant laws and regulations.

Article 4 Basic Principles of Wholesale and Retail Business Operation

Wholesale and retail business operation in Lao PDR shall follow key basic principles as following:

1. Ensure the rights and interests of government, wholesale and retail businesses and consumers;
2. Ensure transparency in business operation and fair competition.
3. Comply with relevant laws and regulations of Lao PDR and agreements that Lao PDR is a party.

Article 5 Scope of Application

This decision applies to domestic and foreign individuals, juridical persons and organizations that conduct wholesale and retail business in Lao PDR.

Part II

Forms, Establishment and Wholesale and Retail Business Operation

Section 1

Types of Wholesale and Retail Business

Article 6 Types of Wholesale and Retail Business Operation

Types of wholesale and retail business operation include:

1. General;
2. Contract;
3. Agent;
4. Resell;
5. Franchise.

Article 7 General Wholesale and Retail Business

General wholesale and retail business is businesses that sell products produced by themselves or by others without a contract, are not a distributor or a franchise.

General wholesale and retail business operation shall be registered as an enterprise according to the Enterprise Law, unless for some wholesale and retail business that other laws and regulations stated otherwise.

Article 8 Wholesale and Retail Business based on a Contract

Wholesale and retail business based on a contract is distribution of goods according to conditions agreed in written and specified clearly in a buying-selling contract such as: quantity, standard, types, brand, expiry date, price, payment method, product warranty and conditions for returning products to the original manufacturer and so on.

Wholesale and retail business operation based on a contract shall be registered as an enterprise according to the Enterprise Law, unless there is an enterprise registration certificate for other wholesale or retail business.

Article 9 Wholesale and retail business as an Agent

Wholesale and retail business as an agent is purchasing and selling goods under individuals or juridical persons' name as agents that operate business under their own names for other party's benefits, based on an assigned contract for commission and other remuneration in return.

Wholesale and retail business operation as an agent shall be registered as an enterprise according to the Enterprise Law, unless there is an enterprise registration certificate for other wholesale or retail business.

Article 10 Wholesale and retail business as a Resell

Wholesale and retail business as a resell is goods distribution business, which includes reselling of produced goods for profit margin from the difference between purchasing and selling price through resellers having a buying contract with the brand owner in order to resell by using their own assets, capital or responsible for losses by themselves without obligations on other contracting party, unless specified in the contract otherwise.

Buying-selling contract between the brand owner and reseller shall be written in accordance with the Contract Law of Lao PDR.

Wholesale and retail business operation as a resell shall be registered as an enterprise according to the Enterprise Law, unless there is an enterprise registration certificate for other wholesale or retail business.

Article 11 Wholesale and Retail Business as a Franchise

Wholesale and retail business as a franchise is giving the rights to use trademark of products including the marketing management method from the rights holder to individuals or juridical persons as a franchise in order to distribute and supply services as if they are the rights holder.

The rights holder will receive fees from franchising from the franchise as a return. The franchise fees depend on the agreement between the right holder and the franchise.

Wholesale and retail business as a franchise shall be registered as an enterprise according to the Enterprise Law, unless there is an enterprise registration certificate for other wholesale or retail business.

Section 2

Establishment of Wholesale and Retail Business

Article 12 Establishment of Wholesale and Retail Business

Both domestic and foreign Individuals, juridical persons and organizations have the right to establish an enterprise and participate in wholesale and retail business in accordance with relevant laws, regulations and this decision.

Article 13 Establishment and Wholesale and Retail Business Operation for foreign investors

Foreign investors (individuals or juridical persons) can establish and operate wholesale and retail business in Lao PDR as follows:

1. Establish and operate wholesale and retail business in accordance with the requirements provided in the Decision on Shopping Malls and Department Stores issued by the Ministry of Industry and Commerce;
2. Locate business operation office in a shopping mall or department store or places that approved by government specifically to each case;
3. Shall have a registered capital of more than 4 billion Kip;
4. Registered capital from 20 billion Kip, 100% foreign equity participation;
5. Registered capital from 4 to less than 20 billion Kip, shall join venture with domestic investor as conditions below:
 - Registered capital from 10 to less than 20 billion Kip, foreign equity participation up to 70%.
 - Registered capital from 4 to less than 10 billion Kip, foreign equity participation up to 50%.

Article 14 Application for Wholesale and Retail Business Registration

The application for wholesale and retail business registration shall be submitted to:

1. The enterprise registrar of Ministry of Industry and Commerce for enterprises that are a joint venture with foreign investors with registered capital from 20 billion Kip.
2. The enterprise registrar of Provincial and Capital Departments of Industry and Commerce:
 - Enterprises that are a joint venture with foreign investors with registered capital less than 20 billion Kip;
 - Enterprises of domestic investors with 100% equity owned.

Ministry of Industry and Commerce will assign the rights for additional business registration according to readiness conditions of provincial departments and district offices of Industry and Commerce in each period.

The responsibility allocation in the business registration services of wholesale and retail business between provincial departments and district offices of Industry and Commerce is assigned to provincial departments of Industry and Commerce to allocate under real conditions of each place.

Article 15 Application for Business Registration

The application for business registration of wholesale and retail business operation shall:

- Follow the establishment procedure, types and forms of enterprises as provided in the Enterprise Law.
- Follow the regulation on forms, request letter for business registration for each business type or business form.
- File required documents according to conditions of each wholesale and retail business form such as: the rights authorization letter, franchise contracts.

Section 3

The Wholesale and Retail Business Operation

Article 16 The Wholesale and Retail Business Operation of importing enterprises

Importing enterprises can operate both wholesale and retail business for their imported products. The approval of the establishment of an importing enterprise means to allow the wholesale and retail business registration, except the importation of raw materials equipment, vehicles production for factory and other projects.

Importing enterprises with 100% owned by Lao investors can distribute their imported goods as a wholesale and retail as indicated in the enterprise registration certification without an additional registration for wholesale or retail business.

All wholesale and retail business units must have an account compliant with laws and regulations. If a business unit operates both wholesale and retail, it shall have two accounts: a wholesale account and retail account that clearly separated.

Wholesale business can import products from overseas if they have a business registration for importation of such products.

Retail business cannot import products from overseas by themselves.

Article 17 Wholesale and Retail Business Operation of Factories

Factories that are registered in Lao PDR can distribute without additional registration for wholesale and retail business.

Factories are prohibited to sell goods other than the ones they produce. In case of violation, it is goods distribution outside system.

Article 18 Amount of Foreign Labor

Amount of foreign labor in the wholesale and retail business shall strictly follow as provided in the Labor Law and commitment in the international agreements which Lao PDR is a Party.

Employees of shops or distribution premises including sales of wholesale and retail must be Lao national except some cases that laws and regulations state otherwise.

Article 19 Distribution Services

Distribution services of wholesale and retail business units shall follow the practices and forms provided in the laws and regulations. In this regard, they may be operated through the forms and practices as follows:

1. Shops or premise that are owned or rented for goods distribution on a permanent basis;
2. Temporary shops or premises such as trade fairs, exhibitions;
3. Mobile goods distribution such as using vehicles;
4. Permanent shops or premises in markets, shopping malls and department stores.

Article 20 Location of Wholesale and Retail Business

Location of wholesale and retail business shall follow urban plan and appropriate municipality and facilitate location for goods dispatching for customers, with a car park and ensure security in accordance with relevant laws and regulations.

Part III Prohibition

Article 21 Prohibition for the Relevant Supervisory Authorities

The relevant supervisory authorities are prohibited:

1. To exercise power, position and duty for personal benefits;
2. To force, threat as such using violence, abusive words and deliberately delay time.
3. To leave the duty, be irresponsible and manipulate facts;
4. To conceal, protect and collaborate with a guilty person;
5. To disclose the business secret without permission from relevant business operators.
6. To conduct any practices violating laws and regulations.

Article 22 Prohibition for Wholesale and Retail Business Operators

Wholesale and retail business operators are prohibited:

1. To deliberately manipulate prices leading to prices lower or higher than reality or disturbing society;
2. To stock piling products that are items under price management list.
3. To store products in a warehouse other than warehouses reported to the price management authorities;

4. To distribute goods in price management list without approval by the price management authorities;
5. To stop, refuse or procrastinate time for distribution or service without reasons;
6. To give an enterprise registration certificate to be used by other person;
7. To sell goods without a label, description of products and an expiry date;
8. To conduct any practices violating laws and regulations.

Article 23 Prohibition for individuals and organizations

Individuals and organizations are prohibited:

1. To create obstacles preventing government official to perform their relevant duties in wholesale and retail trade management;
2. To assist or protect persons who breach relevant laws and regulations and this Decision.
3. To act as a broker to offer or receive a bribe for your own benefits.
4. To conduct any practices violating laws and regulations

Part IV

Wholesale and Retail Business Supervisory Authority

Article 24 Wholesale and Retail Business Supervisory Authority

Ministry of Industry and Commerce is Wholesale and Retail Business Supervisory Authority. Wholesale and Retail Business Supervisory Authority consists of central and provincial with 3 levels:

- At central level: the Internal Trade Department, Ministry of Industry and Commerce.
- At provincial level: Division of Industry and Commerce of provinces and Vientiane Capital.
- At district level: Industry and Commerce Office of districts.

Article 25 Rights and Duties of Wholesale and Retail Business Supervisory Authority

Wholesale and Retail Business Supervisory Authority at central level has rights and duties as follows:

1. To research on policy, legislation and standard for wholesale and retail business management;
2. To analysis, assess on wholesale and retail business operation including propose projects, programs and measures for management;
3. To provide regulations as tools for management implementation;
4. To disseminate, provide guidance to Division of Industry and Commerce of provinces, of Vientiane Capital, and Industry and Commerce Office of districts and be a focal point coordinating with other relevant sectors on the implementation of wholesale and retail business.

5. To consider and resolve the requests of effected and damaged persons from actions that affect wholesale and retail business operation;
6. To monitor, evaluate, summarize, report and suggest on management implementation of wholesale and retail business to higher level of government;
7. To issue notifications, regulations, decisions and others assigned by higher level of government;
8. To disseminate, provide guidance on this Decision and other relevant regulations to society.
9. To implement other rights and duties as provided by laws and regulations.

Article 26 Rights and Duties of Provincial Level of Wholesale and Retail Business Supervisory Authority

Provincial Level of Wholesale and Retail Business Supervisory Authority has rights and duties as follows:

1. To analysis, assess on wholesale and retail business operation including propose projects, programs and measures for management;
2. To provide guidance to District Industry and Commerce Offices and collaborate with relevant Divisions of provinces on the implementation;
3. To implement wholesale and retail business operation supervisory in accordance with this Decision and other relevant regulations;
4. To disseminate, provide guidance on this Decision and other relevant regulations to society.
5. To issue notifications, regulations, decisions and others assigned by the Ministry of Industry and Commerce;
6. To monitor actions of wholesale and retail business operators;
7. To consider and resolve the requests of effected and damaged persons from actions that affect wholesale and retail business operation according to their responsibilities;
8. To summarize, report and suggest on the implementation to the Ministry of Industry and Commerce (the Internal Trade Department), Provincial Permanent Office, Vientiane Capital;
9. To implement other rights and duties as provided by laws and regulations.

Article 27 Right and Duties of District Level of Wholesale and Retail Business Supervisory Authority

District Level of Wholesale and Retail Business Supervisory Authority has rights and duties as follows:

1. To disseminate, provide guidance on this Decision and other relevant regulations to society.
2. To implement wholesale and retail business operation supervisory in accordance with this Decision and other relevant regulations;
3. To monitor actions of wholesale and retail business operators;

4. To consider and resolve the requests of effected and damaged persons from actions that affect wholesale and retail business operation according to their responsibilities;
5. To issue notifications, regulations, decisions and others assigned by the Division of Industry and Commerce in provinces, Vientiane Capital;
6. To summarize, report and suggest on the implementation to Division of Industry and Commerce in provinces, Vientiane Capital, District Permanent Office;
7. To implement other rights and duties as provided by laws and regulations.

Part V

Awards and Sanctions

Article 28 Awards for Good Performance

Individuals, juridical persons and organizations with outstanding performance in implementing this Decision will receive compliments, awards or other appropriate policy.

Article 29 Sanctions for Violation

Individuals, juridical persons and organization that violate this Decision shall receive measures of warning, education, punishment, fine, payment for civil damages or criminal punishment depending on seriousness of the violation.

Part VI

Final Provision

Article 30 Implementation

The Internal Trade Department, the Department of Enterprise Registration Ministry of Industry and Commerce, Division of Industry and Commerce of provinces, Vientiane capital, Office of Industry and Commerce of Districts, in collaboration with relevant authorities are assigned to strictly implement this Decision.

The Enterprises of foreign investors with one hundred percent equity (100%) or joint venture with domestic investors that had registered as wholesale and retail business operation enterprises prior the announcement of this Decision can continue their business operation, but shall modify their enterprises to be compliant with this Decision within timeline as follows:

- 3 years for registered capital from 20 billion Kip;
- 2 years for registered capital from 10 billion Kip to less than 20 billion Kip;
- 1 year for registered capital from 4 billion Kip to less than 10 billion Kip.

If over the provided time period, measures according to relevant laws and regulations will be implemented.

Article 31 Effectiveness

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

This decision replaced the Decision on the Wholesale and Retail Business No.0977/MOIC.ITD, dated 18 May 2012.

Minister of Industry and Commerce

(Signature and Seal)