



Lao People's Democratic Republic
Peace Independence Democracy Unity Prosperity

Ministry of Industry and Commerce

No. 1862/MoIC
Vientiane Capital, date 5 Nov 2008

**Regulations on the Sale and Purchase
of Timber from Tree Plantation**

- Based on the Order no. 17/PM, dated 22/09/08 on the enhancement of forestry management, protection, and coordination in the management of forestry and wood business;
- To promote the tree planting for the protection of environment, and for supply of raw material to the industrial handicraft factories for commercial production and improve the livelihood of the peoples as per the Socio Economic Development Plan;
- To change the method of the promotion of industrial processing of wood by reducing the wood from natural forests and move to the use planted trees.

**Ministry of Industry and Commerce issues the following regulations
on the Sale and Purchase of Timber from Tree Plantation:**

I. Conditions on the Sale – Purchase of Timber

1. The Purchaser shall have the complete conditions as follows:

- wood processing factory/company registered Enterprise License for conducting the wood processing and production activities as per the Law on Enterprise of the Lao PDR;
- the standard wood processing factory as provided in the Decision on Standard of Industrial Processing Factory of wood, rattan and bamboo issued by Ministry of Industry and Commerce no. 0221/MoIC, dated 13/02/07;
- a member of the Lao National/Provincial Association of Industrial Wood Processing;
- it shall have plans for production, distribution and market;
- it shall have bank account in the Commercial Banks in the Lao PDR;
- it shall have clear record on business operation (record of tax and custom payments...);
- a person who never be subject to legal action, accused or fined due to violation of forestry regulations and other laws;

2. the Seller shall fulfill all requirements, as follows

- holds registration of Tree Plantation or certification of planted trees issued by the relevant sectors;
- holds the license for timber harvesting in tree plantation;
- reports to the village/district or provincial forestry unit about the cut and move of such timbers;
- pays tax according the regulations.

II. Conditions on receiving and moving timber from tree plantation

1. The timbers could be moved from the landing II or tree plantation only if the inspection is done and all required documentation is obtained as per regulations;
2. Such timbers have been paid for tax;
3. Such timbers have been stamped with Forestry Stamp

III. Procedures on Purchase – Sale, Receiving and moving of the timbers

Procedure 1: Business unit (purchaser) contacts the seller for negotiation and signing the contract on sale and purchase as per harvesting plan of the tree plantation each year.

Procedure 2: the Agriculture and forestry sector shall manage the harvest activities, measure, make the list and hand over such list of timber to the seller.

Procedure 3: After receipt of the list of timber from the Agriculture and Forestry sector, the seller shall pay tax and other fees in full.

Procedure 4: the Industry and commerce sector shall issue the timber moving monitor sheet.

Procedure 5: the Agriculture and forestry shall stamp and release the timber according the regulations.

IV. Export of logs, big sized sawed timbers and sawed timber from the tree plantation to foreign countries:

For the planted timbers that is not in the list of prohibited and special wood species, could be exported, but it shall be prior obtained authorization from the Ministry of Industry and commerce (Department of Import and Export) based on certification by Ministry of Agriculture and Forestry.

This Regulation is effective from its signing date.

Minister
Ministry of Industry and Commerce

[Signed and Sealed Dr. Nam Vi Nhaket