



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Ministry of Industry and Commerce

No. 2228/MOIC.PO
Vientiane Capital 22 November 2011

Notification

To: Provincial Departments of Industry and Commerce and Vientiane Capital

Subject: Continue combining and improving timber processing manufactures

- Pursuant to the implementation and activities of ministry of Industry and Commerce No. 188/PMO, dated 17/8/2006.
- Pursuant to Order No. 17/PMO, dated 22/09/2008 on strengthening a restrict control, forestry conservation and cooperation on forest management and timber business.
- Pursuant to the Oder No. 010/PMO, dated 02/06/2011 on anti and forbid illegal harvesting and purchasing prohibited timbers.

Based on realistic experiences drawing from activities of the industry and commerce sector on combining and improving timber processing manufactures, trade facilitation, production and timber product promotion within 7 southern provinces (Attapeu, Xekong, Saravanh, Champasack, Savannakhet, Khammoun and Bolikhamxay). From 31/10/2011 to 07/11/2011, Ministry of Industry and Commerce continued combining and improving timber processing manufactures to become more productively, increase economic background and income sources for provinces and Vientiane capital, which are consistent with environmental protection, job creation for Lao people, initiate brand of timber products and increase in value adding as well as a use of natural resources with an effective and beneficial manners.

Minister of Industry and Commerce Imposes the Notification:

1. Ministry of Industry and Commerce and Vientiane Capital create a detailed work plan to continue combining and improving the timber processing manufactures and some furniture manufactures that meet standards of the manufactures and productions with an aim to promote a sustainable development. For the selection of a number of manufactures are based on 2 main conditions as follows:
 - a. Based on a capability of raw materials supply (timber) and the balance of a number of manufactures (selected manufactures) those need promotion and development.
 - b. Must based on features of the manufactures:
 - A manufacture with product development and productivity, modernization by utilizing machines and advanced technologies to meet industry requirements, which can ensure quantity, quality and high value adding;
 - Must ensure sustainability of the area and environment;
 - Must create jobs for local people (Lao labors) in accordance with the law;
 - Must make a good use of domestic materials in the most beneficial manner;
 - Must be the potential of the provinces;

- Must be the main income revenue source for the provinces;
 - Must develop commercial timber product brands;
 - Activities must comply with the rules and regulations of the investment law.
2. The process of work plan must finish within 1 month from the date of signature of this notification. This work plan must cooperate with Department of Industry and Handicraft and must receive an approval from the provincial governor, Vientiane (vice and governor, vice and mayor). The work plan shall deliver and report to the government auditing committee as the auditor of the implementation.
 3. After the work plan gets an approval, it must launch the implementation within the period of 6 months (since the date of getting approval) to be a model of the initiative: must be an upgrade productivity, consistent with a background of the provincial economy and source of income revenue, Vientiane capital, which are consistent with environmental protection, job creation for Lao people, brand building and value adding, make a good use of raw materials in the most effective manner.
 4. As the model manufactures are selected, raw material shall supply to only the selected manufactures. For the rest manufactures that could not meet the requirements shall be a network or a partner of the selected manufactures. For those who forbid this notification, they must be considered to cease and no quota provide.
 5. Provinces and Vientiane capital must recheck all timber processing manufactures and furniture and categorize them as: good, medium and weak manufactures in accordance with the previous rules and regulations such as timber processing manufacture standards No. 0719/MOIC, dated 03/04/2009 and the notification on patterns and sizes of timber products No. 1415/MOIC.DOIH, dated 28/8/08 and other relevant rules and regulations.
 6. Provincial Industry and Commerce Departments and Vientiane capital must check the records and urgently solve all timber processing manufactures and furniture those are running or renting license to foreign investors and in the supply chain of production (rent) in an illegal manner. This could cause a chance of illegal logging from local people. All joint venture should comply with the relevant laws of the Lao PDR.
 7. All kinds of timber processing manufactures, sizes with a purpose to export, they must be processed and turned them to final products. Logs, cut woods, sawing woods, peeling woods and semi products are prohibited for exports.
 8. Prices of the wood categories must be based on the notification of Ministry of Industry and Commerce with an aim to promote domestic production, but not solely raw materials for exports.
 9. Provincial Industry and Commerce Departments and Vientiane capital must work closely with agriculture and forestry sectors to monitor sources of the raw materials (timber) in provinces and Vientiane and capacity of supply chain to the timber processing manufactures.
 10. Department of Industry and Handicraft is assigned to coordinate with provinces and Vientiane capital in order to continue combining and improving the timber processing manufactures, particularly to finish the targeted work plans.
 11. This notification entered into force on the date of the signature.

Minister of Industry and Commerce

Dr. Nam Viyaket