

## LEGALITY STANDARD 8: WOOD PROCESSING AND TRADING REQUIREMENTS

<b>PRINCIPLE 8.1 WOOD PROCESSING AND TRADING PROCEDURES AND REQUIREMENTS</b>		
<b>Criteria 8.1.1</b> The operator is legally established and authorized in accordance with the law and regulation		
<b>Indicator 8.1.1.1</b> The operator has formally possessed the valid investment license, enterprise registration license, factory operation license, certification of annual tax payment and environment certificate which have issued by related sectors.	<b>Verifiers:</b> <ul style="list-style-type: none"> <li>Investment license issued by planning and investments sector (If required)</li> <li>Enterprise registration license</li> <li>Certification of tax code of tax payer</li> <li>Certification of annual tax payment</li> <li>Factory operation license</li> <li>Environment certificate (Based on criteria 8.1.3)</li> </ul>	
<b>Legal reference:</b> <ul style="list-style-type: none"> <li>Law on industrial processing No.48/NA. Dec 2013</li> <li>Law on investment promotion No. 02/NA. July 2009</li> <li>Law on enterprise No.11/NA Nov 2005 (Article 12)</li> <li>Law on tax No. 04/NA. Dec 2011.</li> <li>Law on environmental protection No. 29/NA. Dec 2012.</li> </ul>	<b>Responsible organization</b> <ul style="list-style-type: none"> <li>Planning and investment sector</li> <li>Industry and commerce sector</li> <li>Finance sector</li> <li>Natural resources and environment sector</li> </ul>	<b>Verification procedures</b> <ul style="list-style-type: none"> <li>Review and check document</li> <li>Interview related staff</li> </ul>
<b>Criteria 8.1.2</b> The operator implements and complies with timber processing and trading management procedures required by the law and regulations		
<b>Indicator 8.1.2.1</b> The operator has purchased any types of timber into the factory, it shall be systematically recorded and attached with all	<b>Verifiers</b> <ul style="list-style-type: none"> <li>Invoice with detailed log list containing original sources</li> </ul>	

<p>legal documents to be able to ensure their legal origin.</p>	<ul style="list-style-type: none"> <li>• Receipt of timber royalty payment of the financial sector (Except plantation)</li> <li>• Certified letter of tax payment (Receipt of value-added tax)</li> <li>• Documents of timber sources</li> <li>• Timber input/receiving report of the operator</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• GAP identified</li> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• Finance sector</li> <li>• Industry and commerce sector</li> <li>• Agriculture and forestry sector</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.2.2</b> The wood processing operator has recorded all information of conversion factor while sawing log or processing timber into wood products to be able to use this information to compare the timber input and output of entering and leaving its factory.</p>	<p>Verifiers</p> <ul style="list-style-type: none"> <li>• List of figure of conversion factor of %/m3 of each log sawing at the sawmill.</li> <li>• List of figure of conversion factor of %/m3 of sawn timber or semi-finished product converting to finished products</li> <li>• Average figure of conversion factor estimated from all operation of %/m3.</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• POIC</li> <li>• DOIC</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.2.3</b> The operator has organized and separated its sawn timber into internal batches with different pallets attaching with codes of legal sources.</p>	<p>Verifiers</p> <ul style="list-style-type: none"> <li>• Internal batch number of sawn timber.</li> <li>• Pallets with codes of timber origin</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• GAP identified</li> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MOIC</li> <li>• POIC</li> <li>• DOIC</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.2.4</b> The operator shall record all information of timber and wood products remaining at or selling from the factory to be able use this information to correctly declare the timber output and balance to the industry and commerce sector.</p>	<p>Verifiers</p> <ul style="list-style-type: none"> <li>• Information of timber output/information of sale or export of wood products</li> <li>• Information of timber or wood product balance in the factory</li> <li>• Sales Invoices</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• GAP identified</li> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MOIC</li> <li>• POIC</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> </ul>

	<ul style="list-style-type: none"> <li>• DOIC</li> </ul>	<ul style="list-style-type: none"> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.2.5</b> The wood processing operator sends timber input, output and balance monthly report to related industry and commerce sector for information and further actions on monitoring and inspection if required.</p>	<p>Verifiers</p> <ul style="list-style-type: none"> <li>• Timber input monthly report of the operator</li> <li>• Timber output and balance monthly report of the operator</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MOIC</li> <li>• POIC</li> <li>• DOIC</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.2.6</b> The operator has been paid all taxes required for business operations including receipt and certified letter of tax payment from Financial sector.</p>	<p>Verifiers</p> <ul style="list-style-type: none"> <li>• Receipt of payment of income tax</li> <li>• Receipt of payment of profit tax</li> <li>• Receipt and certified letter of tax payment from financial sector</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• Law on Tax No. 05/NA. Dec 2011</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MOF</li> <li>• POF</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review and check document</li> <li>• Interview related staff</li> </ul>
<p><b>Criteria 8.1.3 The operator complies with environmental and social obligations required by the law and regulation</b></p>		
<p><b>Indicator 8.1.3.1</b> The operator has completed IEE or ESIA which has been approved by MONRE.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• IEE or ESIA and ESMMP prepared by the operator</li> <li>• Environment certificate with conditions issued by MONRE</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• Law No. 29/NA Dec 2012</li> <li>• Instruction No. 8029/MONRE Dec 2013</li> <li>• Instruction No. 8030/MONRE Dec 2013</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MONRE</li> <li>• PONRE</li> <li>• DONRE</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.1.3.2</b> The operator has implemented mitigation measures which are defined in ESMMP and conditions under environment certificate.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• ESMMP implementation progress report drafted by the operator</li> <li>• ESMMP inspection report drafted by PONRE or MONRE</li> </ul>	
<p><b>Legal reference:</b></p>	<p>Responsible organization</p>	<p>Verification procedures</p>

<ul style="list-style-type: none"> <li>• Law No. 29/NA Dec 2012</li> <li>• Instruction No. 8029/MONRE Dec 2013</li> <li>• Instruction No. 8030/MONRE Dec 2013</li> </ul>	<ul style="list-style-type: none"> <li>• MONRE</li> <li>• PONRE</li> <li>• DONRE</li> </ul>	<ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>PRINCIPLE 8.2 EXPORT PROCEDURES AND REQUIREMENTS</b></p>		
<p><b>Criteria 8.2.1 Clear evidence of timber products and product information for export shall be demonstrated by the operators in accordance with the laws and regulations</b></p>		
<p><b>Indicator 8.2.1.1</b> The operator has complied with wood products for export in compliance with product scope and product standard which are allowed and not allowed to export defined by the Government.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• List of finished products with size, volumes and species allowed for export.</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• Order No. 15/PM</li> <li>• Decision No. 1833/IH. 3 Oct 2016</li> <li>• Order No. 2143/IH.MOIC. 25 Nov 16</li> <li>• New MOIC Decision on COC</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• Financial sector</li> <li>• Industry and commerce sector</li> <li>• Agriculture and forestry sector</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.2.1. 2</b> The wood product exporter has put in place all proved information of wood product specification in accordance product standard defined by the Government while exporting to overseas.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• List of wood product with detailed specification in terms size, dimension, volumes (pies), and species.</li> </ul>	
<p><b>Criteria 8.2.2 Wood exporter complies with custom procedures required by the law and regulation</b></p>		
<p><b>Indicator 8.2.2.1</b> The wood product exporter has put in place of all export dossiers related to wood products for export.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• Detailed custom declaration</li> <li>• Invoice</li> <li>• Packing list</li> <li>• Wood product certification for export</li> <li>• Sanitary certificate (SPS)</li> <li>• Certificate of product origin (CO)</li> <li>• COC certificate?</li> <li>• FLEGT license?</li> </ul>	
<p><b>Legal reference:</b></p>	<p>Responsible organization</p>	<p>Verification procedures</p>

<ul style="list-style-type: none"> <li>• Law non tax No. 05/NA. Dec 2011</li> <li>• Notification No.1818/PMO. Nov 2016</li> <li>• Order instruction No. 2143/IC.MOIC. Nov 2016</li> <li>• GAP identifiedNew MOIC Decision on COC</li> </ul>	<ul style="list-style-type: none"> <li>• Financial sector</li> <li>• Industry and commerce sector</li> <li>• Agriculture and forestry sector</li> </ul>	<ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>
<p><b>Indicator 8.2.2.2</b> The wood product exporter has sale contract with foreign company and transacts money via the banking system of Lao PDR.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• Contract of export signed between the exporter and the foreign company</li> <li>• Registration of selling and purchasing contract</li> <li>• Receipt of payment via the bank</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• Order instruction No. 2143/IC.MOIC. Nov 2016</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• Financial sector</li> <li>• Industry and commerce sector</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> </ul>
<p><b>Indicator 8.2.2.3</b> The wood product exporter has complied with standards for phytosanitary measures while exports its wood products to overseas.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• Certificate of import and export of plants</li> <li>• Certificate of free pest and diseases</li> </ul>	
<p><b>Legal reference:</b></p>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• MAF</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> </ul>
<p><b>Criteria 8.2.3 The wood exporter complies with CITES Regulation</b></p>		
<p><b>Indicator 8.2.3.1</b> The wood product exporter who exports the prohibited timber or wood products under CITES shall comply with CITES permit requirements.</p>	<p><b>Verifiers:</b></p> <ul style="list-style-type: none"> <li>• The CITES request letter for export, import and re-export of Department of Forestry</li> <li>• Permit for export, import and re-export from related organization of CITES of the importing country and exporting country.</li> </ul>	
<p><b>Legal reference:</b></p> <ul style="list-style-type: none"> <li>• Regulation No. 0142/MAF. 2009</li> <li>• CITES Oct 2009 (Article IV.9.2.2)</li> </ul>	<p>Responsible organization</p> <ul style="list-style-type: none"> <li>• DOFI/MAF</li> </ul>	<p>Verification procedures</p> <ul style="list-style-type: none"> <li>• Review document</li> <li>• Interview related staff</li> <li>• Field inspection</li> </ul>