

**Information on Non-Conforming Measures  
referred to in paragraphs 2 and 4 of  
Article 8 of the Agreement between  
the Lao People's Democratic Republic and  
Japan for the Liberalisation, Promotion  
and Protection of Investment**

**3 August 2008**

**Lao People's Democratic Republic**

## **The Sectors or Matters specified in Annex I**

1. All Sectors – Term of the investment license
2. All Sectors – Registered capital of the joint venture
3. All Sectors – Importation of registered capital
4. All Sectors – Timeframe of the examination of application by foreign investor
5. All Sectors – Requirement for hiring nationals
6. All Sectors – Requirement for export
7. All Sectors – Requirement for achieving a given level or percentage of domestic content
8. All Sectors – Requirement for transferring technology
9. Manufacture of all types of alcohol
10. Manufacture of medicine
11. Manufacture of all types of motor vehicle
12. Hotel – less than 51 rooms or 2 stars
13. Travel agencies and tour operators services for specific areas
14. Construction and related consultancy activities
15. Road and water transportation
16. Fare for domestic air and water transport
17. Water supply

**Note:** For the purposes of this Information, the term “ISIC” means the International Standard Industrial Classification of All Economic Activities adopted, at its seventh sessions on 27 August 1948 and revised on 22 May 1989, by the Economic and Social Council of the United Nations.,

<b>1 Sector or Matter:</b>	All Sectors – Term of the investment license
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004), Article 11 - Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 7
<b>Succinct Description of the Measure:</b>	The maximum of investment term is allowed not over 75 (seventy five) years. The investment term is varies due to the nature, size and conditions of the business activities or the project.

<b>2 Sector or Matter:</b>	All Sectors – Registered capital of the joint venture
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004), Article 7
<b>Succinct Description of the Measure:</b>	Foreign investors investing in a joint venture must contribute at least 30 % (thirty percent) of the registered capital. The capital contributed in foreign currency must be converted into Lao Kip based on the exchange rate of the Bank of Lao PDR on the day of the capital contribution.

<b>3 Sector or Matter:</b>	All Sectors – Importation of registered capital
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 32.1
<b>Succinct Description of the Measure:</b>	The foreign investment enterprise shall import 20% (twenty percent) of its total registered capital within 60 (sixty) official working days from the date of the establishment of the enterprise.

<b>4 Sector or Matter:</b>	All Sectors – Timeframe of the examination of application by foreign investor
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 40, 41, and 42
<b>Succinct Description of the Measure:</b>	<p>The foreign investment which falls into 1<sup>st</sup> category as indicated in Article 23 of the Decree No. 301/PM (dated 12 October 2005), the consideration of approval or rejection is taken within 15 (fifteen) official working days by the Committee for Promotion and Management of Investment (CMPI). If the foreign investment values more than US\$ 20,000,000 (twenty million), the consideration of approval or rejection will be taken within 45 (forty five) official working days by the government.</p> <p>The foreign investment which falls into 2<sup>nd</sup> category as indicated in Article 24 of the Decree No. 301/PM (dated 12 October 2005), the consideration of approval or rejection is taken within 25 (twenty five) official working days by the CMPI. If the foreign investment values more than US\$ 20,000,000 (twenty million), the consideration of approval or rejection will be taken within 45 (forty five) official working days by the government.</p> <p>The foreign investment which falls into 3<sup>rd</sup> category as indicated in Article 25 of the Decree 301/PM (dated 12 October 2005, the consideration of approval or rejection is taken within 45 (forty five) official working days by the government.</p>

<b>5 Sector or Matter:</b>	All Sectors – Requirement for hiring nationals
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2) Prohibition of Performance Requirements (Article 7)
<b>Legal Source of the Measure:</b>	- Law on Labor (No. 06/NA, dated 27 December 2006), Article 25 - Regulation on the Import of Foreign Workers (No. 5418/LSW, dated 10 December 2007) - Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004), Article 12.5 - Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 28
<b>Succinct Description of the Measure:</b>	<p>The labor units has the right to accept employees as it requires but shall give priority to Lao citizens, especially persons who are targets under poverty alleviation programmes.</p> <p>The maximum percentage of foreign workers who may be allowed to be employed in each of the labor unit shall be:</p> <ul style="list-style-type: none"> <li>a - For physical laborers: not exceed 10% of the total number of Lao employees in that labor unit;</li> <li>b - For workers having intellectual expertise: not exceed 20% of the total number of Lao employees in that labor unit.</li> </ul> <p>Foreign workers shall only be permitted to enter and work in Laos for a restricted period and have the obligation to transfer expertise to Lao workers.</p>

<b>6 Sector or Matter:</b>	All Sectors – Requirement for export
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	Prohibition of Performance Requirements (Article 7)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004): Article 16.1</li> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 15, Article 22 and Annex 2</li> </ul>
<b>Succinct Description of the Measure:</b>	<p>1. According to the Article 15 of the Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), foreign investment enterprise in the sector of goods-producing business for export to receive investment incentive must export products not less than 80% of value of total products in a year.</p> <p>2. According to the Article 22 and Annex 2 of the Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), foreign investment enterprise to receive investment incentive in the activities stipulated in the Annex 2, except the foreign investment to goods-producing for business export, should satisfy at least 3 of following conditions:</p> <ul style="list-style-type: none"> <li>- must use local labor at least 90% of total during the term of investment,</li> <li>- must use local raw material more than 50% of total production cost,</li> <li>- must use model technology,</li> <li>- must preserve the environment according to the law on environmental protection, -</li> <li>- must be promoted activities to other domestic production, -</li> <li>- must have production activities for export at least 80% of total production cost.</li> </ul>

<b>7 Sector or Matter:</b>	All Sectors – Requirement for achieving a given level or percentage of domestic content
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	Prohibition of Performance Requirements (Article 7)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 22 and Annex 2
<b>Succinct Description of the Measure:</b>	<p>According to the Article 22 and Annex 2 of the Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), foreign investment enterprise to receive investment incentive, except the foreign investment to goods-producing for business export, should satisfy at least 3 of following conditions:</p> <ul style="list-style-type: none"> <li>- must use local labor at least 90% of total during the term of investment,</li> <li>- must use local raw material more than 50% of total production cost,</li> <li>- must use modern technology,</li> <li>- must preserve the environment according to the law on environmental protection,</li> <li>- must be promoted activities to other domestic production,</li> <li>- must have production activities for export at least 80% of total production cost.</li> </ul>

<b>8 Sector or Matter:</b>	All Sectors – Requirement for transferring technology
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	Prohibition of Performance Requirements (Article 7)
<b>Legal Source of the Measure:</b>	- Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004), Article 13.5
<b>Succinct Description of the Measure:</b>	Foreign investors must train and upgrade the professional skills of Lao workers and transfer technology to Lao workers.

<b>9 Sector or Matter:</b>	Manufacture of all types of alcohol
<b>Industry Classification Codes:</b>	ISIC 1551 Distilling, rectifying and blending of spirits; ethyl alcohol production from fermented materials ISIC 1553 Manufacture of malt liquors and malt
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 24, Annex 4
<b>Succinct Description of the Measure:</b>	According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), manufacture of all types of alcohol is open to foreign investment with the following conditions: - Local equity must be participated in the investment. - Main ratio of products must be exported. - Local raw material must be used in main ratio of products.



<b>11 Sector or Matter:</b>	Manufacture of all types of motor vehicle
<b>Industry Classification Codes:</b>	ISIC 34 Manufacture of motor vehicles, trailers and semi-trailers
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 24, Annex 4
<b>Succinct Description of the Measure:</b>	<p>According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), manufacture of all types of vehicle is open to foreign investment with the following conditions:</p> <ul style="list-style-type: none"> <li>- Local equity must be participated in the investment.</li> <li>- Main ratio of products must be exported.</li> <li>- Local raw material must be used in main ratio of products.</li> </ul>

<b>12 Sector or Matter:</b>	Hotel – less than 51 rooms or 2 stars
<b>Industry Classification Codes:</b>	ISIC 5510 Hotels; camping sites and other provision of short-stay accommodation
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 24, Annex 4</li> <li>- Regulation on Hotel and Guesthouse Investment (No.159/PM, date 30 July 1997)</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of hotel more than 51 rooms requires specific approval from the Lao government.</li> <li>2. According to the Article 13 and 13.4 of the Regulation on Hotel and Guesthouse Investment (No.159/PM, dated 30 July 1997), guesthouses and dayrooms are reserved for domestic investors.</li> </ol>

<b>13 Sector or Matter:</b>	Travel agencies and tour operators services for specific areas
<b>Industry Classification Codes:</b>	ISIC 6304 Activities of travel agencies and tour operators; tourist assistance activities not elsewhere classified. ISIC 9249 Other recreational activities ISIC 9309 Other service activities not else where classified
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Law on Tourism (No. 10/NA, dated 9 November 2005), Article 64 of Part VI , Chapter 8 of Part III - Regulation on Tour-guides (No. 626/M, dated 7 July 1999), Article 7.4 and Article 8.1 - Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 24, and Annex 4
<b>Succinct Description of the Measure:</b>	<p>1. (1) According to Article 64 of the Law on Tourism (No.10/NA, dated 9 November 2005), foreign individuals or organisations shall not be permitted to conduct travel agencies and tour operators services for specific areas, except as specified in paragraph 2 and 3 below. For the purposes of this Information, "specific areas" means limited geographical areas prescribed for small and community-based tour business which cannot operate in the whole country and cannot conduct tourism beyond the areas.</p> <p>(2) Foreign investment in this sector may be approved by the Government of Lao PDR in accordance with Article 24 and Annex 4 of the Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005). Note: In approving the foreign investment in this sector, foreign judicial persons should operate a joint venture with domestic investors and the portion of foreign partners needs to be up to 70% of the total capital.</p> <p>(3) Detailed regulations on permission of foreign investment in this sector may be separately stipulated. The regulation shall not be restrictive for foreign investment.</p> <p>2- According to Article 64 of the Law on Tourism (No.10/NA, dated 9 November 2005) and Article 7.4, 8.1 of the Regulation on Tour-guides (No.626/M, dated 7 July 1999), foreign individuals are not allowed to do tour guide.</p>

<b>14 Sector or Matter:</b>	Construction and related consultancy activities
<b>Industry Classification Codes:</b>	ISIC 4510 Site preparation ISIC 4520 Building of complete construction or parts thereof; civil engineering ISIC 4530 Building installation ISIC 4540 Building completion ISIC 4550 Renting of construction or demolition equipment with operator
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 22, 24, Annex 2 and Annex 4
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 22 and Annex 2 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of construction is not promoted and cannot receive promotion activities.</li> <li>2. According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of construction requires specific approval from the Lao government.</li> </ol>

<b>15 Sector or Matter:</b>	Road and water transportation
<b>Industry Classification Codes:</b>	ISIC 6021 Other scheduled passenger land transport ISIC 6022 Other non-scheduled passenger land transport ISIC 6023 Freight transport by road ISIC 6110 Sea and coastal water transport ISIC 6120 Inland water transport
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 24, 25.1 and Annex 4 - Law on Land Transport (No. 03-07/NA, dated 12 April 1997), Article 13, 23, 24,25, and 26 - Regulation on the Transport Direct Investment (No. 2033 / DoT, Dated 13 February 2008)
<b>Succinct Description of the Measure:</b>	1. According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of road and water transportation requires specific approval form the Lao government. 2. According to the Article 25.1 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of transport requires concession right from the Lao government by making a memorandum of understanding and agreements to develop business activities. 3.Foreign investors must observe the regulations stipulated in the Regulation on the Transport Direct Investment (No. 2033 / DoT, dated 13 February 2008). For example, licence for road and water transport is permitted in the form of joint-venture with Lao partners and the capital contribution of foreign investors shall not exceed 49% of the legal capital of joint-venture.

<b>16 Sector or Matter:</b>	Fare for domestic air and water transport
<b>Industry Classification Codes:</b>	-
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Notification of Lao Airlines (Department of Civil Aviation, Ministry of Public Works and Transport ) No. 005/QT/2007, dated 07 February 2007
<b>Succinct Description of the Measure:</b>	- The air ticket fare for foreign and Lao passengers is different. In addition, foreign passengers must pay the fare in USD.  - There is not any non-conforming measure about the fare for domestic water transport. The adoption of a new measure concerning this sector shall not be restrictive against foreigners. The private sectors in this field shall also be encouraged to conduct in this direction.

<b>17 Sector or Matter:</b>	Water Supply
<b>Industry Classification Codes:</b>	ISIC 4100 Collection, purification and distribution of water
<b>Level of Government:</b>	Central Government
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM dated 12 October 2005), Article 24, Annex 4</li> <li>- Law on Water and Water Resources (No.02-96 dated October 11, 1996), Article 4 and 15</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of Water supply services can be permitted only where there is no investment plan of the Lao government.</li> <li>2. According to the Article 4 and 15 of the Law on Water and Water Resources (No.02-96 dated October 11, 1996), the usage of natural water and water resources requires the approval from the authorized agencies, except in the case of small-scale usage in family level.</li> </ol>

## **The Sectors or Matters specified in Annex II**

1. Manufacture of all types of weapons
2. Manufacture for processing of all types of narcotic drugs
3. Manufacture of cultural items destructive of the national culture and tradition
4. Manufacture of chemical substances and industrial waste hazardous to human life and environment
5. Manufacture of wood and wood products
6. Exploitation of timber and non-timber forest products of natural forest
7. Hunting, trapping, wildlife propagation including related service activities
8. Operation of fish hatcheries in the Mekong River
9. Production and processing of local fishes
10. Security activities
11. Activities of political organisation
12. Funeral and related activities
13. Pedagogy, teaching of other religious and producing specialist for national security
14. All Sectors-Ownership, utilisation of land (\*)
15. Mining (\*)
16. Nuclear energy
17. Energy, except nuclear energy (\*)
18. Gambling
19. Subsidies
20. Broadcasting and television
21. Retail and wholesale services(\*)
22. Share purchasing of the state-owned enterprise
23. Ownership of domestic and international electricity transmission grids

24. Domestic electricity distribution
25. Telecommunication (\*)
26. Air and railway transportation
27. Banking and other financial services
28. All Sectors – ASEAN

\* Any amendment or modification of an existing measure or adoption of a new measure shall not be more restrictive to existing investors of Japan and their investments than the measure applied to such investors or investments immediately before such amendments or modification or adoption.

“Existing investors of Japan and their investments” mean investors of Japan whose investments are present in the Area of the Lao People’s Democratic Republic, and investments of investors of Japan that are present in the Area of the Lao People’s Democratic Republic, immediately before the amendment or modification.

**Note:** For the purposes of this Information, the term “ISIC” means the International Standard Industrial Classification of All Economic Activities adopted, at its seventh sessions on 27 August 1948 and revised on 22 May 1989, by the Economic and Social Council of the United Nations.,

<b>1 Sector or Matter:</b>	Manufacture of all types of weapons
<b>Industry Classification Codes:</b>	ISIC 2927 Manufacture of weapons and ammunition
<b>Obligations under this Agreement:</b>	National Treatment (Article 2) Most-Favoured-Nation Treatment (Article 3)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), manufacture of all types of weapons is closed to foreign investment.

<b>2 Sector or Matter:</b>	Manufacture for processing of all types of narcotic drugs
<b>Industry Classification Codes:</b>	ISIC 2429 Manufacture of other chemical products not elsewhere classified
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), manufacture for processing of all types of narcotic drugs is closed to foreign investment.

<b>3 Sector or Matter:</b>	Manufacture of cultural items destructive of the national culture and tradition
<b>Industry Classification Codes:</b>	ISIC 3698 Manufacture of cultural items destructive of the national culture and tradition- ISIC 3699 Other manufacturing not else where classified-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), manufacture of cultural items destructive of the national culture and tradition is closed to foreign investment.

<b>4 Sector or Matter:</b>	Manufacture of chemical substances and industrial waste hazardous to human life and environment
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5</li> <li>- Environmental Protection Law (No. 02-99/NA, dated 3 April 1999), Article 26</li> <li>- Regulation on Environment Assessment in the Lao PDR (EIA No. 1770/STEA-PMO, dated 3 October 2000) Article 3, Paragraph 1, number 1</li> </ul>
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), manufacture of chemical substances and industrial waste hazardous to human life and environment is closed to foreign investment.

<b>5 Sector or Matter:</b>	Manufacture of wood and wood products
<b>Industry Classification Codes:</b>	ISIC 202 Manufacture of products of wood, cork, straw and plaiting materials
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 24, Annex 4
<b>Succinct Description of the Measure:</b>	According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), no new wood processing factory is to be licenced, but investment is promoted if planted wood is used.

<b>6 Sector or Matter:</b>	Exploitation of timber and non-timber forest products of natural forest
<b>Industry Classification Codes:</b>	ISIC 0200 Forestry, logging and related service activities
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM, dated 12 October 2005), Article 24 and Annex 4</li> <li>- Law on Forest No. 06/NA (dated December 24, 2007), Article 41, 42, 68, 86, 87 and 88</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), exploitation of timber and non-timber forest products of natural forest is open to foreign investment subject to specific approval from the Lao government and to make agreement with the Lao government.</li> <li>2. The provisions of the Article 41, 42, 68, 86, 87 and 88 of the Law on Forest No. 06/NA (dated 24 December 2007) are applied only to Lao nationals.</li> </ol>

<b>7 Sector or Matter:</b>	Hunting, trapping, wildlife propagation including related service activities
<b>Industry Classification Codes:</b>	ISIC 0150 Hunting, trapping and game propagation including related activities
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM, dated 12 October 2005), Article 24 and Annex 4</li> <li>- Law on Wildlife (No. 07/NA, dated 24 December 2007), Article 24, about catching / hunting aquatic and wild animals, -Article 31 and Article 32</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), hunting, trapping, wildlife propagation including related service activities is open to foreign investment subject to specific approval from the Lao government and to agreement with the Lao government.</li> <li>2. The measures stipulated in the Article 31 and Article 32 of the Law on Wildlife (No. 07/NA, dated 24 December 2007) are applied only to Lao nationals.</li> </ol>

<b>8 Sector or Matter:</b>	Operation of fish hatcheries in the Mekong River
<b>Industry Classification Codes:</b>	ISIC 0500 Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM, dated 12 October 2005), Article 24 and Annex 4</li> <li>- Draft of Law on Fishing and Fishery, Article 26 (in endorsement process)</li> <li>- Law on Wildlife (No. 07/NA, dated 24 December 2007), Article 24, 31 and Article 32</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 26 of Draft of Law on Fishing and Fishery none of foreigner is authorized to undertake fishing activity for commercial purpose in the Lao water space.</li> <li>2. The measures stipulated in the Article 31 and Article 32 of the Law on Wildlife (No. 07/NA, dated 24 December 2007) are applied only to Lao nationals.</li> </ol> <p>Note: The definition of the Mekong River means a whole Mekong River water system including main stream, tributaries, undercurrent water, lakes and marshes (Ex. Nam Ngum, including Nam Ngum reservoir, Nam Tha, Nam Ou, Nam Beng, Nam Xeuang, Nam Khan, Nam Ngiap, Nam San, Nam Kading, Nam Hin Boune, Xe Bang fay, Xe Bang Hieng, Xe Don, Xe kong.)</p>

<b>9 Sector or Matter:</b>	Production and processing of local fishes
<b>Industry Classification Codes:</b>	ISIC 0500 Fishing, operation of fish hatcheries and fish farms; service activities incidental to fishing
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM, dated 12 October 2005), Article 24 and Annex 4</li> <li>- Draft of Law on Fishing and Fishery, Article 26 (in endorsement process)</li> <li>- Law on Wildlife (No. 07/NA, dated 24 December 2007), Article 24 about catching / hunting aquatic and wild animals, Article 31 and Article 32</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), production and processing of local fishes is open to foreign investment subject to specific approval from the Lao government and to make agreement with the Lao government.</li> <li>2. The measures stipulated in the Article 31 and Article 32 of the Law on Wildlife (No. 07/NA, dated 24 December 2007) are applied only to Lao nationals.</li> </ol>

<b>10 Sector or Matter:</b>	Security activities
<b>Industry Classification Codes:</b>	ISIC 7492 Investigation and security activities
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Law on the Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004), Article 13.7</li> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5</li> </ul>
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), security activities are closed to foreign investment.

<b>11 Sector or Matter:</b>	Activities of political organization
<b>Industry Classification Codes:</b>	ISIC 9192 Activities of political organisations
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), activities of political organization are closed to foreign investment.

<b>12 Sector or Matter:</b>	Funeral and related activities
<b>Industry Classification Codes:</b>	ISIC 9303 Funeral and related activities
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Law on Hygiene, Prevention and Health Promotion (No. 04/NA, dated 10 April 2001), Section II, Article 23</li> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5</li> </ul>
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), funeral and related activities are closed to foreign investment.

<b>13 Sector or Matter:</b>	Pedagogy, teaching of other religious and producing specialist for national security
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 26, Annex 5
<b>Succinct Description of the Measure:</b>	According to Article 26 and Annex 5 of the Decree No. 301/PM (dated 12 October 2005), pedagogy, teaching of other religious and producing specialist for national security are closed to foreign investment.

<b>14 Sector or Matter:</b>	All Sectors-Ownership, utilisation of land (*)
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 25.1</li> <li>- Land Law (No. 04/NA, dated 20 October 2003), Articles 3, 64, 65, 66 and 67</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 25.1 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of land requires concession right from the Lao government by making a memorandum of understanding and agreements to develop business activities.</li> <li>2. According to Articles 3, 64, 65, 66 and 67 of the Land Law (No.04/NA dated October 20, 2003), only Lao legal entities and Lao citizens shall have the right to own land. Foreign investors are not allowed to own land, but are allowed to lease land or to receive grant concession of land for the investment purpose.</li> </ol>

<b>15 Sector or Matter:</b>	Mining (*)
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 25 and 25.2</li> <li>- Mining Law (No.04-97/NA dated April 12, 1997), Article 21</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 25.2 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of mining needs concession right from the Lao government by making agreement to explore and survey minerals and agreement to exploit and produce minerals.</li> <li>2. According to the Article 21 of the Mining Law (No.04-97/NA dated April 12, 1997), investment in mining operations in the Lao PDR shall take following forms: <ul style="list-style-type: none"> <li>- Sole investment by the State;</li> <li>- Joint investment between the State and domestic or foreign parties;</li> <li>- Collective or private investment from domestic parties.</li> </ul> </li> </ol>

<b>17 Sector or Matter:</b>	Energy, except nuclear energy (*)
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 25 and 25.3
<b>Succinct Description of the Measure:</b>	According to the Article 25.3 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of energy (except nuclear energy) requires concession right from the Lao government by making a memorandum of understanding, an agreement to develop the business and concession agreements of the business with the Lao government.

<b>18 Sector or Matter:</b>	Gambling
<b>Industry Classification Codes:</b>	ISIC 9219 Other entertainment activities not elsewhere classified
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 24 and Article 4
<b>Succinct Description of the Measure:</b>	According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), gambling is open to foreign investment subject to specific approval from the Lao government.

<b>19 Sector or Matter:</b>	Subsidies
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	-
<b>Succinct Description of the Measure:</b>	National Treatment may not be accorded to investors of Japan and their investments with respect to subsidies.

<b>20 Sector or Matter:</b>	Broadcasting and television
<b>Industry Classification Codes:</b>	ISIC 9213 Radio and television activities
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No. 301/PM, dated 12 October 2005), Article 24, Annex 4
<b>Succinct Description of the Measure:</b>	According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), broadcasting and television are open to foreign investment subject to specific approval from the Lao government.

<b>21 Sector or Matter:</b>	Retail and wholesale services (*)
<b>Industry Classification Codes:</b>	ISIC 5050 Retail sale of automotive fuel ISIC 51 Wholesale trade and commission trade, except of motor vehicles and motor cycles ISIC 521 Non-specialized retail trade in stores ISIC 522 Retail sale of food, beverages and tobacco in specialized stores ISIC 523 Other retail trade of new goods in specialized stores ISIC 524 Retail sale of second-hand goods in stores ISIC 525 Retail trade not in stores
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Enterprise Law (No. 11/NA, dated 9 November 2005), Article 8 - Decree on the Implementation of Business Law (No. 31/PM, dated 1 February 2001), Article 7
<b>Succinct Description of the Measure:</b>	Laos reserves the right to adopt or maintain any measure relating to retail and wholesale service.

<b>22 Sector or Matter:</b>	Share purchasing of the state-owned enterprise
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	- Enterprise Law (No. 11/NA, dated 9 November 2005), Part VI, Section 1, Article 191
<b>Succinct Description of the Measure:</b>	According to Article 191 of the Enterprise Law (No.11/NA dated November 9, 2005), investors authorized by the Lao government would be allowed to purchase shares of the State-owned enterprise up to a maximum amount of less than fifty percent of its total shares.

<b>23 Sector or Matter:</b>	Ownership of domestic and international electricity transmission grids
<b>Industry Classification Codes:</b>	ISIC 4010 Production, collection and distribution of electricity
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 24 and Annex 4
<b>Succinct Description of the Measure:</b>	According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), production, collection and distribution of electricity is open to foreign investments subject to agreement with the Lao government.

<b>24 Sector or Matter:</b>	Domestic electricity distribution
<b>Industry Classification Codes:</b>	ISIC 4010 Production, collection and distribution of electricity
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 24 and Annex 4
<b>Succinct Description of the Measure:</b>	According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), production, collection and distribution of electricity is open to foreign investment subject to agreement with the Lao government.

<b>25 Sector or Matter:</b>	Telecommunication (*)
<b>Industry Classification Codes:</b>	ISIC 6420 Telecommunications
<b>Obligations under this Agreement:</b>	Prohibition of Performance Requirements (Article 7)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Law on Telecommunications (No. 02/NA, dated 10 April 2001), Article 4</li> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 25.1</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 25.1 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of telecommunication requires concession right from the Lao government by making a memorandum of understanding and agreements to develop business activities.</li> <li>2. According to Article 4 of the telecommunications Law (No.02/NA, dated April 10, 2001), the Lao government promotes competitive and joint investments by domestic and foreign investors in the construction, development, [and] extension of telecommunication networks, [and] telecommunication services in the forms, types determined by the Lao government.</li> </ol>

<b>26 Sector or Matter:</b>	Air and railway transportation
<b>Industry Classification Codes:</b>	ISIC 6010 Transport via railways ISIC 6210 Scheduled air transport ISIC 6220 Non-scheduled air transport
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 24, 25, 25.1 and Annex 4
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 24 and Annex 4 of the Decree No.301/PM (dated 12 October 2005), air and railway transportation is open to foreign investment subject to specific approval from the Lao government and to agreement with the government.</li> <li>2. According to the Article 25.1 of the Decree No.301/PM (dated 12 October 2005), foreign investment in the sector of transportation requires concession right from the Lao government by making a memorandum of understanding and agreements to develop business activities.</li> </ol>

<b>27 Sector or Matter:</b>	Banking and other financial services
<b>Industry Classification Codes:</b>	ISIC 6511 Central banking ISIC 6519 Other monetary intermediation ISIC 6591 Financial leasing ISIC 6592 Other credit granting ISIC 6599 Other financial intermediation not elsewhere classified
<b>Obligations under this Agreement:</b>	National Treatment (Article 2)
<b>Legal Source of the Measure:</b>	<ul style="list-style-type: none"> <li>- Law on Commercial Bank (No. 03/NA, dated 26 December 2006)</li> <li>- Law on Promotion of Foreign Investment (No. 11/NA, dated 22 October 2004)</li> <li>- Decree of the Prime Minister Regarding the Implementation of the Law on the Promotion of Foreign Investment (No.301/PM dated 12 October 2005), Article 24 and Annex 4</li> <li>- Decree Law on Governing the management of Foreign Exchange and Precious Metal (No. 01/OP, dated 9 August 2002)</li> </ul>
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. According to the Article 12 of the Law on Commercial Bank (No. 03/NA, dated 26 December 2006) , the Bank of Lao PDR shall have the sole responsibility for the issuance of licenses to banks.</li> <li>2. According to Article 24 and Annex 4 of the Decree No. 301/PM (dated 12 October 2005), banking and other financial services is open to foreign investment subject to specific approval from the Lao government.</li> </ol>

<b>28 Sector or Matter:</b>	All Sectors – ASEAN
<b>Industry Classification Codes:</b>	-
<b>Obligations under this Agreement:</b>	Most-Favoured-Nation Treatment (Article 3)
<b>Legal Source of the Measure:</b>	
<b>Succinct Description of the Measure:</b>	<ol style="list-style-type: none"> <li>1. Most-Favoured-Nation Treatment may not be accorded to foreign investors and their investments with respect preferential treatment granted under any agreement within the frameworks of the ASEAN.</li> <li>2. If the Lao People’s Democratic Republic enters into an ASEAN agreement on investment after the date of entry into force of this Agreement, it shall, upon the request of Japan, consider according to investors of Japan and their investments treatment no less favourable than that it accords, in like circumstances, to investors of non-Contracting Party which is a member country of the ASEAN pursuant to such ASEAN agreement.</li> </ol>