

(Unofficial translation)



Lao's People Democratic Republic
Peace Independence Democracy Unity Prosperity

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Prime Minister Office

Ref no. 17/PMO
Vientiane capital, 22 September 2008

Ordinance Of the Prime Minister
Concerning the enhancement of forestry management, protection,
and coordination in the management of forestry and wood business

To: Ministers, Heads of governmental committee, Vientiane capital Major and provincial governors throughout the country

-In order to implement the forestry development strategy from now until 2020, especially making up the forestry coverage of 70% of the country's total area; limiting a reliance on an exploration of natural wood as a mean to generate income and moving toward shutting down the natural forest in principal at the appropriate time in order to retain plentiful forestry resource and biodiversities. .

-In order to effectively implement the law and other regulations relating to the forest without frequently issue an additional Ordinance every year concerning the forest and wood business's management.

-In order to increase a leading role of Ministries and relevant government agencies as well as local authorities at every level in pursuing its function, rights and obligations concerning the management of the forest and wood business efficiently and effectively, and to resist and prevent irregular behaviour in violating forestry and other related laws.

The Prime Minister issues an Ordinance:

1. Ministries and relevant government agencies as well as local authorities at every level shall put more efforts and responsibilities in exercising its own rights, obligations, and commitments concerning the forest and wood business's management by applying three general measures including advertising and educating measure, economic measure, and administrative and legal measure.

2. The Ministry of Agriculture and Forestry shall cooperate with National Land Management Authority, line Ministries-relevant agencies and local authorities in the entire country to conduct surveys to clearly identify areas for reallocating each forest category in accordance with the actual circumstances. A mark shall be clearly put on the three categories of forest namely: Preservation forest (national and local); protection forest (national and local) and production forest. Those are aimed to complete in 2010.

3. The management of each category of the forest shall be strictly attentive. The Ministry of Agriculture and Forestry is to take a leading role in cooperating with line Ministries, government authorities and local authorities in managing each forest category in each area effectively according to laws and regulations:

3.1. National preservation forest:

-It is ordered to transform the preservation forest, forest area protecting water origin and

reservoir into an authoritarian preservation by announcing a permanent shut down of the forest to ensure that there is no extraction of timber and forest stuffs, no fishery and wildlife hunting except for a collection of specific type of forestry products such as: bamboo shoot, mushroom, forest vegetable, tuberous crop, fruit, herb, palm seed, Noryae, Norboon, Norsan, rattan root, and others for a daily utilization of people from ethnic minority group in the authorized area. However, they shall follow technical guidance on basis of sustainable administration and no extinct character.

- The Ministry of Agriculture and Forestry shall restore the national management system for a preservation of the forest by appointing sufficient numbers of forestry technical officials to station at every preservation forest together with budget, vehicles and necessary equipments to be effectively used in the protection of the national preservation forest, water and forest animals, biodiversities, and forestry resources.

- The Ministry of Agriculture and Forestry shall administer in terms of technical forestry, create detailed management regulation in each preservation forest, administer researches/studies and a development of timber's species and biodiversity, and administer the collection of forestry products for a daily use of people in the protecting areas of the preservation forest.

- Local authorities at all levels shall take part in the protection of the national preservation forest by preventing illegal extraction of timber and forestry products, and ensure that land-areas of the preservation forest are not invaded and occupied for production or constructing houses.

- PhuKhaoKhouay and Phuphanang preservation forest are handed over to Ministry of National Defence to continually monitor. Its defence units shall coordinate with various relevant units of the local Authorities (Vientiane capital, Vientiane Province, Bolikhamxay Province) to jointly administer and protect these areas as being assigned. The tasks particularly involve the protection and prevention of illegal logging and collecting of forest resource; and prevention and extinction of bush fire occurred in areas of the preservation forest. As for the technical administration it is assigned to the Agriculture and Forestry sector

3.2. Protection forest

The administration of the protection forest shall be transformed into systemization in order that it could function its task in accordance with the target. In short terms a permanent shutting down of the forest in water origin areas, highly mountainous areas, national defend areas along the border with other countries shall be announced except for the infrastructure development areas (where an environmental study was conducted and approved by the government), and the specific areas for timber consumption of people and forestry products collection based on traditional living behaviour.

- The Protection and preservation forest shall be administered in a participatory manner by selecting people from villages surrounded such forests to be trained and appointed to work on the forest (protecting, restoring, maintaining). They should receive appropriate benefit in a form of material or money as a result of such contribution. The Ministry of Agriculture and Forestry is assigned to issue specific regulation to govern such matter.

3.3. Production forest

Ministry of Agriculture and Forestry shall cooperate with local authorities to re-inspect the production forest that was already established. The allocation plan and long-term monitoring shall be urgently created according to a technical principle. If there is no allocation plan and the production forest has not been announced, a temporary shutting down shall be announced until completing the allocation plan and being able to announce the production forest officially. Hence the wood extraction will be allowed in accordance with the allocation plan.

4. The Ministry of Agriculture and Forestry and the Ministry of Industry and Commerce shall cooperate cohesively to create a yearly wood extraction plan of the government based on the wood extraction plan proposed by provinces that has already finished a survey on the wood extraction in the production forest and project development areas such as: hydro power construction project, mineral

extraction project, road or cable building project, land development project for creating jobs and looking for permanent habitations for local people, and other projects that are approved by the government.

4.1. The Ministry of Agriculture and Forestry shall create the yearly wood extraction plan to propose to the government for approval. Such plan shall be created on a basis of an actual supply capacity of the forests and a long term forestry development strategy. At the same time, it shall be based on demand for woods within the country and demands for woods as raw materials for processing finished goods to export.

4.2. The Ministry of Industry and Commerce shall recognize (hold a knowledge) of the demand of woods within the country. It shall summarise such demand and inform the Ministry of Agriculture and Forestry to create the yearly wood extraction plan.

4.3. The Ministry of Industry and Commerce has a role to supervise and encourage the national wood processing industry association to summarise and submit to it the demand of wood, and quantity of wood being used in wood processing factories that are members of the association. The Ministry of Industry and Commerce shall summarise the submitted information and then cooperate with the Ministry of Agriculture and Forestry to incorporate those information into the yearly wood extraction plan before proposing to the government for consideration.

4.4. After the yearly wood extraction plan being approved by the government, the Ministry of Industry and Commerce shall work with the Ministry of Agriculture and Forestry and local authorities to determine about allocating woods to the wood processing factories that meet the required standard and are members of the national wood processing industry association in accordance with the proposed plan through bidding or putting forward a price according to rules and regulations.

5. The Ministry of Agriculture and Forestry shall cooperate with line Ministries- relevant agencies and local authorities to manage the wood extraction to be consistent with the regulations on a basis of the yearly wood extraction plan that is approved by the government.

5.1. The Ministry of Agriculture and Forestry shall issue a specific regulation concerning wood extraction in the production forest and issue a permit for extracting woods specifically in the production forest that was surveyed and already has the long term allocation plan.

5.2. The wood extraction in the development project area must be proceed in accordance with the regulations and a specific method being agreed by the government as follows:

- appointing a supervision and management committee of the wood extraction that comprises of various relevant agencies and local authorities or setting up a specific taskforce to be responsible for the management; also the bidding or putting forward price should be arranged in order to select a company for carrying out the extraction.

- conducting a precise survey of wood category and volume of woods to be incorporated into the yearly wood extraction plan.

6. The sale of woods extracted from the production forests and the other development project areas in accordance with the yearly wood extraction plan must be implemented in two methods: (1) bidding or putting forward price according to the regulation and (2) allocating/dividing the woods, basing on a priority of whoever has higher productivity, to the wood processing factories who meet the required standard and are members of the national wood processing industry association.

6.1. The public sectors (Ministry of Agriculture and Forestry, Ministry of Industry and Commerce, relevant local authorities....) must be accountable for wood quotas and agree on quota allocation to various wood processing factories in accordance with terms and specific regulations set out by the Ministry of Industry and Commerce. As for the national wood processing industry association it has no right to allocate the quota, but has the duty to propose demands for species, price, and quantity of wood in each factory to the government in order that the wood extraction plan could be created on a basis of a supply capacity of wood every year; at the same time, it also has a duty to propose to relevant

public authorities to give priority to a specific wood processing factory who is a member of the association and is considered to be specially promoted.

6.2 The allocation of wood to the wood processing factories must be on a basis of obligations stated in sales contract signed with the government, that have to implement as follows:

- For woods extracted from the production forests that already have the allocation plan they must be opened for bidding in accordance with categories and quantities of the woods that are approved. The price set by the Ministry of Industry and Commerce has to be a base price. A margin between bidding and the set price shall be shared with people and local authorities of those areas in accordance to the regulation. Benefits are generated to them to ensure that they could take part in the protection of the forests. After completing the bidding the Ministry of Industry and Commerce shall sign sales contract with a company who wins the bidding and both shall strictly implement the contract in order to avoid circumstance where extracted woods have no buyer or are bought at an unreasonable price that will diminish the government's benefit.

- For the wood extracted from the development project areas the supervision and management committee of the wood extraction in such areas shall pursue 02 methods: (1) bidding or putting forward price and (2) allocating the woods in accordance with a set priority of higher productivity to the wood processing factories who meet the required standards and also are members of the national wood processing industry association.

7. The Ministry of Agriculture and Forestry shall issue specific regulation concerning the management of planted wood in particular for a survey and registration of planting wood by individuals and legal entity in each local. The Ministry of Agriculture and Forestry shall issue a wood extraction regulation, and create the yearly wood extraction plan by ensuring some principles as follows:

7.1. The district Agriculture and Forestry Office is assigned to administer and monitor the wood plantation and issue a registration for wood plantation garden. For the planted woods that have an origin from the plantation site the provincial and Vientiane capital Agriculture and Forestry Department shall issue a certificate on a basis of the registration of plantation site issued by the District Agriculture and Forestry office.

7.2. A trading of woods from the plantation site is accountable for by site owners and buyers who enter into a negotiation or verify the price on a basis of market information supplied by the national wood processing association by giving the first priority to the national wood processing.

7.3. The Ministry of Industry and Commerce shall issue a specific regulation concerning the trading of wood from the plantation site. If any enterprise would like to export the planted wood in a form of log or sawed wood it must seek an approval from the Ministry of Industry and Commerce with consensus of the Ministry of Agriculture and Forestry. The exporter must be obliged fully to the export regulation.

8. - The Ministry of Agriculture and Forestry together with the Ministry of Industry and Commerce shall cooperate with line Ministries, relevant agencies and local authorities in laying down policies for promoting a utilization of planted woods instead of the woods from natural forests as raw materials in the wood processing factories and concretely promote products made from the planted wood.

- Every year the Ministry of Agriculture and Forestry must aggregate the plan for wood extraction from the plantation sites and then cooperate with the Ministry of Industry and Commerce to notify the national wood processing association to make a purchase according to the regulations and at an appropriate price.

9. -Extracting wood for a source of energy and as a product such as: firewood, wood for charcoal, wooded Fence, wood stand especially is allowed to take only from areas managed by local people and consumption forest of villages which have been undertaken a hand-over of land-forest or to take from

the infrastructure development areas that are thoroughly examined and hence the Ministry of Agriculture and Forestry and local authorities have issued only a permit for the extraction and must be aggregated to incorporate into the yearly wood extraction plan.

-For the wood stand used in the construction project in urban areas it is encouraged to mainly use the planted wood (such as Eucalyptus wood) and wood extracted from the development areas. At the same time, it is encouraged to use substituted materials other than wood such as: stand metal in the construction projects in order to ensure workers' safety and quality of various construction projects aiming at reducing a reliance on wood from the natural forest.

- For wood stand used in the construction by people in rural areas it is encouraged to use planted wood and wood extracted from the development projects. A part from that local people can utilise wood from the village's consumption forest that has been handed over.

-Provinces, Vientiane capital shall conduct a survey for cratexylon prunifolium, bamboo and forestry products within their provinces: from consumption forest of villages, areas managed by local people, and areas of the production forest that are allocated for long-term in accordance with the demand for raw material from various processing factories. These quantities shall be proposed to the Ministry of Agriculture and Forestry to be incorporated into the yearly wood extraction plan.

-For the Cratexylon prunifolium extracted from the consumption areas of villages and areas administered by local people to be used in a production of white charcoal it is allowed to be extracted and be in motion throughout the year but should not make an impact on the environment. It is assigned to the local Agriculture and Forestry sector to strictly monitor the wood extraction and transportation on a basis of annual approved quota by the government and it shall implement the specific regulations regarding the administration and transportation of the wood extraction.

10. The Ministry of Agriculture and Forestry shall work with the Ministry of Industry and Commerce to look for a mechanism for promoting wood extraction investment in order to establish an organisation or wood extraction group that is a technical unit operating continually together with the plantation, protection, maintenance of the forest under an administration of local authorities and relevant agencies.

11. The Ministry of Agriculture and Forestry shall work with local authorities to examine the implementation of wood extraction plan as well as a dragging logs to mount up in Ground I and to transport them from Ground I to Ground II. Those must be completed before 31st May of every year. If the wood extraction plan is found unable to be implemented according to the required time the following measures shall be put into force based on each circumstance:

-for woods extracted from the production forest the unfinished part shall be terminated.

-for woods extracted from the infrastructure development project areas starting from 1st June until 31st October of every year the extraction shall be stopped, it is not allowed to drag and transport the woods to mount up in Ground II. In necessary circumstance to ensure a completion of the construction project on time, if the woods will be continually extracted and transported during raining season it is allowed to use specific routes provided for the project that do not affect the national roads or roads commuted by local people and do not impact on the environment it must seek an approval from the government as a special case.

12. A reform and management measure of the wood processing factories shall be enhanced as follows:

12.1. The Ministry of Industry and Commerce shall join with local authorities to urgently reform the wood processing factories in accordance with a decision issued by the Ministry of Industry and Commerce on factories' management, and wood industry processing factories' standard and forms of wood products. They shall conduct an inspection and shut down the wood processing factories, sawmill,

cutting factories that do not meet the required standard. Absolute measures shall be imposed on the factories that are shut down, required to be improved and are not temporally closed including wood processing factories that are not permitted to operate as a processing factory and are demolished or moved to be located around or nearby the preservation and protection forests. Only the government has an authority to approve the establishment of new factory (according to a direction to promote a modern wood processing factory) on a basis of the provincial authority's proposal and that proposal is agreed by the Ministry of Industry and Commerce and Ministry of Agriculture and Forestry.

12.2. The Ministry of Industry and Commerce shall join with Ministry of Agriculture and Forestry in supervising the National Chamber of Commerce and Industry to improve roles and operation mechanisms of the National wood processing industry association. In order that it could be strong in terms of its organisation, budget and business operation, and production to become a representative of all units of the wood industry. It is divided into groups that operate its own individual roles, but have coordinating mechanism such as: wood extraction group (or wood extraction business group), wood planting group, sawmill group, wood processing factories group, small furniture group, wood distribution and wood product shop, and wood products exporter group. Relevant agencies shall issue specific regulation for the implementation and operation of each group.

12.3. The Ministry of Industry and Commerce shall join with Ministry of Agriculture and Forestry to supervise and promote the National wood processing industry association to put in place short-term, medium-term, and long-term production strategies. These strategies are to promote production-business associated with environmental protection and forestry resource that could be constantly and sustainably enriched. The wood business operation shall become a potential sector to strengthen the national economy.

12.4. When raw materials (natural log or planting wood) in the country could not adequately meet the demand of the production-business, domestic consumption and export. The Ministry of Industry and Commerce could propose to the government to seek permission to import natural logs or planting woods from abroad. But certified documents from the origin should be attached and those documents should be examined by Ministry of Industry and Commerce together with related agencies (Ministry of Agriculture and Forestry and Ministry of Finance) prior to permit the import of logs for production. The importer of such wood must be entirely obliged to the regulation and must only be a member of the National wood processing industry association.

13. The Ministry of Industry and Commerce shall issue a specific Ordinance and join with local authorities to supervise provincial and Vientiane Capital Industry and Commerce Department in administering the import, purchasing equipments or machinery for cutting any wood specie. Prior to the permit the import of equipments or such machinery has to be certified and agreed by the Agriculture and Forestry Sector.

14. The Ministry of Industry and Commerce frequently monitors a supply of woods to the wood processing factories (inspect input) and for a production of goods (inspect output) in accordance with a Law on Processing Industry and a Decision on a Management of Factories to perceive an actual situation about the utilization of woods and quality of the processing as well as businesses operation of a factory.

15. The Ministry of Finance shall monitor and inspect a purchase of wood as well as issue a specific regulation concerning the income collection from the forestry resource and wood business according to its own duty completely and timely following the law and regulation. The revenue collection from the forestry resource shall be collected in Lao currency (Kips) according to foreign exchange rate of the Bank of Lao PDR at the date of payment. Also a certified receipt from selling wood shall be issued for related agencies to issue wood transport permit each time.

16. Every sector shall enhance its own responsibility in wood extraction administration and wood business as follows:

16.1. Agriculture and Forestry sector:

(1) Explores, sets up a long-term forest allocation plan and marks trees that will be extracted in the production forest and explore wood density in various development project areas.

(2) Administers and monitors logging and uprooting trees by the wood extraction group to be consistent with technical procedure in order to reduce a loss in wood density and quality, at the same time, monitors the wood extraction in the areas that are allowed for the extraction.

(3) Administers the extraction and dragging wood (log, stump) from Ground I and transport to Ground II.

(4) Categorises, measures and enters list of wood from Ground II.

(5) Provides list of wood and actual wood that are entered into a list in Ground II for Industry and Commerce sector by examining the list and arranging a minute of actual granting and receiving of wood.

(6) Put a released stamp (၂၂၂) on the logs, stump in Ground II to Ground III or Ground II entering the production after getting confirmation about the payment from Finance sector and obtaining a monitoring slip for wood transportation from the Industry and Commerce sector.

(7) put a released stamp (၂၂၂၃) on the logs, stump and sawed wood (processed wood) to export in special circumstances approved by the government.

(8) Inspects and patrols the wood extraction site, wood transport route, wood ground, sawmill, wood processing factories, furniture factories, wood warehouse, factories that use wood as an energy and other sites that are considered as necessary in accordance with laws and regulations by closely coordinating with other related and local agencies.

(9) Interrogates and gathers narrative of every case on the violation of Laws and regulations concerning the forestry to be provided to prosecutors for further submission to the court.

(10) Collects maintenance fees of the forestry resources into the forest and forestry resource development fund.

(11) Coordinates and cooperates with other related agencies.

16.2. Industry and Commerce Sector:

(1) Receives the wood list and actual wood registered in Ground II from the Agriculture and Forestry sector, and is responsible for protecting the woods in the Ground II according to the list that is received from the Agriculture and Forestry sector.

(2) Signs sales contracts and calculates wood fees to be handed over to Ministry of Finance. Every sales contract must be sent to Finance sector to register according to laws and regulations and forward to the Agriculture and Forestry sector for following up.

(3) Issues wood sales regulation; lays down wood selling price of each category and species based on the price determined by the government; takes lead in following up with the fluctuation of wood price in the world market and reports to seek guidance from the government to appropriately adjust the price, responds quickly on the price, and ensures maximum benefits to the government.

(4) Monitors and inspects various sawmills, wood processing factories, furniture factories, wooden product warehouses, factories that use wood as an energy and other places which are perceived as necessary according to Law on Processing Industry by having closed cooperation with related agencies and local authorities.

(5) Monitors and issues the transport slip of wood (log, stump), finished and semi-finished wood products in domestic and export markets.

(6) Creates regulation to promote and improve the National wood processing industry

association to grow strong, to have bargaining power with foreign partners and encourage foreign companies to order timber products directly from the domestic companies.

(7) Inspects and patrols the transport and movement of wood products (log, stump), finished and semi-finished timber products along the transport routes, and the border checkpoint and other suspected areas as seen necessary according to related laws.

(8) Coordinates and cooperates with other related agencies.

16.3 Finance Sector:

(1) Facilitates a budget approval from the Forest and Forestry Resource Development Fund for forest exploration, management, and preservation of three categories of forest.

(2) Monitors the implementation of sales contracts and income collection from selling wood into the government budget.

(3) Issues wood selling receipts as a reference for the Industry and Commerce to issue a wood transferring slip, and for the Agriculture and Forestry sector to stamp wood released each time.

(4) Coordinates and cooperates with other related agencies.

16.4 National Chamber of Commerce and Industry:

(1) Takes a leading role in supervising an operation of the National Wood Processing Industry Association according to its duties, rights, and function as stated in the association's regulation.

(2) The National Wood Processing Industry Association has the right and duty to provide supports to wood processing factories that are upgraded to meet required standards and has the right to propose to the government to give them a priority to participate in auctions based on production and distribution plans that are in accordance with orders from domestic and foreign markets.

(3) The National Wood Processing Industry Association shall follow up and report outcomes of the wood processing factories' production-business nation-wide to the government every year. After that the meeting shall be frequently organised to select and prioritise the wood processing factories nation-wide every year to propose to the government regarding the rewarding policy in various forms including the promotion of production-business policy for their continuous expansions.

17. The Ministry of Agriculture and Forestry shall set-up some checkpoints of the forestry resource as seen necessary. Also, it should take a leading role in coordinating with the Ministry of Industry and Commerce, Ministry of Finance, and other related authorities to set a regime and place a patrolling system to inspect wood extraction sites, wood transport routes, wood grounds, wood processing factories and wood warehouse as seen necessary in consistent with laws and regulations.

18. The Ministry of Agriculture and Forestry, Ministry of Industry and Commerce, and Ministry of Finance shall put an effort on improving its own units and personnel that are responsible for agriculture and forestry work and wood business at both central and local level on a basis of implementing coordination regulations harmoniously; perform its own duty seriously, rigorously and transparently; protect and promote honest and competent people. Also they shall be stringent toward those who are an accomplice in seeking benefits to their selves and violating a regulation on public servant as well as other related laws.

19. The Ministry of Agriculture and Forestry, Ministry of Industry and Commerce, and Ministry of Finance shall convene meetings to discuss and exchange views with the National Chamber of Commerce and Industry, and the National wood processing industry association in order to be able to propose directions and measures to resolve oppressive problems. Also the promotion policy shall be studied and proposed to the government for approval aiming at strengthening and modernizing the wood processing industry within the country.

20. Special task forces for wood inspection at central level that were appointed by the government's decisions in the past shall be terminated. The national inspection committee is assigned to frequently scrutinize the implementation of government prohibitions regarding the management of forestry and wood business at both central and local level.

20.1. It is prohibited to propose for and permit the collection of lied wood- dead log wood, branch wood and prohibited to grant wood as a special policy to any individual.

20.2. Sectors and local authorities are prohibited to issue permits in extracting any kind of wood exceeding the wood extracting plan that is approved by the government.

20.3. It is prohibited to extract some kinds of preserved natural wood that are almost extinct such as: *Dalbergia cochinchinensis*, *Dalbergia cultrate*, *Cunninghamia sinensis*, *Gardenia Cambodiana* *Fagraea*, *Erythropholeum fordill*, *Azelia xylocarpa*, *Aquilaria Sp*, *Pterocarpus macrocarpus*, *Elaeocarpus slanensis*, *Fragrans Box*, *Desmodium lenglipes*, *Dysoxylon loureln*, *Michelia champace* (*Paramichelia baillonli*) and other forbidden woods.

20.4. It is prohibited sectors or any agency in both central and local level to open an account for money from selling wood outside the budgetary system and to utilize the income arising from selling wood before getting permission from the government.

20.5. It is prohibited to import, trade, and possess wood extraction or processing machine without obtaining a permission from related agencies. If it is hidden for illegitimate use it shall be confiscated by authorities and the violators shall be strictly imposed legal procedure according to laws and regulations.

20.6. It is prohibited to provide new domicile to those who relocate without authorization or those who relocate due to necessary reasons to inhabit nearby the protection and preservation forest to avoid illegal logging and occupy the forestry areas for a living.

20.7. It is prohibited to invade, settle and transform the forest area into production, tree plantation or building shelter without being permitted from related agencies. It is prohibited commercial sector and local authorities to approve any operation within the three forest categories over the boundary of its own authority and responsibility as being described in the laws and related regulations.

21. Vientiane capital Mayor, and Governors are assigned to be responsible for supervising a management and protection of the three forest categories such as: preservation, protection, and production forest laying under local authorities' responsibility together with wood business and preventing illegal logging in its own areas. Also the Vientiane capital Major and governors has rights and responsibility to supervise, follow up, and inspect the performance of officials working on the management of forestry and wood business in those local area. If there is a case of violating the laws with obvious evidence the Vientiane capital Major and governors shall urgently join with related Ministries at the vertical line to absolutely solve the issue.

22. The permission to import, registers, and use vehicles for wood extraction and transportation including the transportation of log, sawed timber, stump and timber products shall follow the joint agreement between Ministry of Agriculture and Forestry, and the Ministry of Public work and Transport No. 0019/MAF and No. 2139/MPT, dated 14 Feb 2008.

23. Only the government has an authority to consider and agree on special cases concerning the exportation of log, sawed timber, stump and semi finished wood. The agreement is only on specific case it will depend on the purpose, amount, and the actual situation of the wood extraction and utilization.

24. An incentive policy shall be granted in various forms toward sectors, organisations,

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individuals and legal entities who have an outstanding performance in planting tree, rehabilitating and protecting forest, processing wood with the international standard, paying taxes to the government correctly and duly and make a contribution to the society. The incentive policy shall be in a form of granting priority to buy wood from the government, providing an honourable reward, and providing support on marketing and others.

25. If any individual or legal entity from both domestic and foreign in any local area violates laws, regulations regarding the management of forestry and wood business and other prohibition outlined in this Ordinance, the local authorities shall give guidance to related agencies to strictly and timely impose measures according to laws and regulations as follows:

25.1. For those who invade the protection forest, national reservation forest, production forest, who occupy and transform the forest land without permission, who incorrectly utilize the forest land, who slash and burn the forest in the preservation area they will be educated, fined and punished based on criminal law as being described in the Forestry and other related laws.

25.2. For individuals or legal entities, who violate the wood extraction plan, laws and regulations, and any prohibition concerning wood extraction, wood transportation and wood business with an intention by having proofs or evidences (such as: illegal wood, over logging wood, wood logged outside the required time) their woods shall be confiscated and then the violators shall be strictly proceeded the case according to laws and regulations. The seized wood shall be put on bidding to generate income to the government. It is absolutely not allowed to avail the violator to participate in the bidding or buy the wood back. The violators shall be imposed measures according to laws and regulations. Firstly their Business Registration shall be immediately withdrawn.

25.3 For civil servants and government officials who take part directly or indirectly in particular on issuing documents, falsifying documents, creating conditions or facilitating or being an accomplice in, taking bribe from the violators they shall be strictly imposed disciplinary measures according to the Government Official Regulation. At the same time criminal case shall be proceed against them in accordance to the law.

26. The State Inspection Committee and the government secretariat committee are assigned to monitor, and inspect the implementation of this Ordinance by regularly report to the Prime Minister regarding the strength and weakness of the implementation in reality.

27. The Ministry of Agriculture and Forestry, Ministry of Industry and Commerce, and Ministry of Finance are assigned to issue detailed guidance for the implementation of this Ordinance.

28. Ministers, Heads of government committees, Vientiane Capital Mayor, and Governors shall deeply comprehend the content of this Ordinance, and take a leading role in promptly expanding issues lied under its own responsibility into more detail and supervise the implementation for an effective outcomes.

29. This Ordinance enters into force from the date of signing and replaces the Prime Minister's Ordinance no.30/PM, dated 17 August 2007 and the additional Ordinance of the Prime Minister no. 09/PM, dated 02 May 2008.

Prime Minister of Lao PDR
(signature and seal)

Buasone Bouphavan