



AUTHENTIC IN LAO ONLY

LAO PEOPLE'S DEMOCRATIC REPLUBIC
Peace Independence Democracy Unity Prosperity



Ministry of Industry and Commerce

No. 1806/MOIC.DTD

Vientiane Capital, date 8 September 2009

Decision

On management of the retail Fuel Station in Lao PDR

- Pursuant to the Revised Criminal Law No. 12/NA, dated 10 November 2005;
- Pursuant to the Prime Minister's Decree regarding to the distribution business no.206/PM, dated 10 October 2001;
- Pursuant to the Prime Minister's Decree regarding to the control of goods price no.207/PM, dated 11 October 2001;
- Pursuant to the Prime Minister's Decree regarding to the Structure and Activities of the Ministry of Industry and Commerce no.188/PM;
- Pursuant to the Minister of Industry and Commerce's Decision regarding to the management of Importation and wholesale Fuel service no. 1785/MOIC. DTD, dated 7 September 2009.

The Minister of Industry and Commerce issued the following decision:

Section I

General Provision

Article 1. Purpose

This decision is issued to define a permission for the establishment and management of retail Fuel stations in Lao PDR to comply with relevant disciplines and technical standards, to ensure the service they provide to the public is more convenient and safe and to enhance the operators' involvement in the development of the country.

Article 2. Term of interpretation

Terms used in this decision are defined as follows:

- Fuel operator means a person or an entity that operates an importation of Fuel, Fuel station or distribution agent of fuel.
- Fuel means Gasoline 95, Gasoline 91, Diesel and etc.
- Station or distribution agent means a station of a Fuel company of any brand that sells Fuel to customers as well as the society.
- Division of Industry and Commerce means Division of Industry and Commerce in provinces, and Vientiane Capital.

Article 3. General principles for the establishment and operation of Fuel retail sale business

Fuel is a strategic good controlled by the government. It is a primary factor used for the production, basic infrastructure development and the national economy in general. It is necessary for the government to manage and adjust based on a market

economy mechanism. Therefore, the establishment and operation of Fuel retail sale stations in Lao PDR shall strictly comply with this decision and relevant regulations and Laws being enforced in each period.

Article 4. Scope of application

This decision is issued to apply to individuals or entities that operate a Fuel distribution service in Lao PDR.

Session II

Standards and conditions for the establishment and operation of a business of Fuel retail sale station

Article 5. Standards and conditions for the establishment of fuel retail sale stations

An individual or entity that would like to establish a fuel retail sale station in Lao PDR in any form shall fully meet the following conditions:

- 5.1 Shall register a capital of at least 500 million kips per one station;
- 5.2 Shall comply with technical standards set out by Ministry of Public Works and Transport and related agencies in each period;
- 5.3 Shall be authorized as a representative or distributor of any Fuel company;
- 5.4 One Fuel station can only be a representative or distributor for only one brand or only one company;
- 5.5 Shall have competency at a certain level or if lacking such competency technical staff has to be hired to provide advice;
- 5.6 Shall identify a point or location of the station with detailed site map about the Fuel intake and distributed technical service system being certified by relevant agencies;
- 5.7 Shall hold a certificate of authorization or transfer authorization or land lease contract where the station will be built with approval from related agencies for example: the location must not affect the surrounding environment, crowded community or the government's reserved area;
- 5.8 A retail sale fuel station that already has a contract with one company has no right to become a representative for another company before an expiration of the former contract or before receiving a cancellation certificate from the company that it was initially contracted with;
- 5.9 All category of Fuel stations shall have fire extinguishers (foam version) and a full set of fire prevention and sufficiency of the Fuel distribution system;

Article 6. Apply for establishment:

Those who would like to establish a retail sale Fuel station in Lao PDR shall submit an enterprise application form to the Industry and Commerce sector based on document requirements as follows:

- 6.1 Submit a proposal letter or a request for Fuel station establishment to the Division of Industry and Commerce where the station will be set up (along with related documents as indicated in Article 5 above);
- 6.2 After that together with the related agencies make a field visit to the site where the station or distributing agent is to be constructed;
- 6.3 When requirements are met the applicant will be allowed to register an enterprise in accordance to the regulation;
 - Division of Industry and Commerce in provinces and Vientiane Capital is an approval authority and issues an enterprise license to the Fuel station according to this decision and related regulation.

Article 7. Business Operation

All business units that provide a service on the retail sale Fuel station shall comply with the following requirements:

- 7.1 the Fuel shall meet with quality standards and comply with regulations of the Lao National Agency of Science and Technology;
- 7.2 It shall only buy Fuel from its parent company, it is not allowed to buy Fuel from another company other than the parent company;
- 7.3 It shall have a detailed and systematic account for following up with a receipt of the fuel from the parent company;
- 7.4 It shall have a tracking account and a summary report of its daily sales in detail and systematic;
- 7.5 It shall implement the retail sale price and indicate a time frame as set out in each period;
- 7.6 It shall follow closing and opening times of the Fuel station according to this decision:
 - Open from 6:00 am to 19:00 Pm (from Monday – Sunday).
 - Stations that have concession to operate 24hrs shall have a 24 hr service sign and have controlled measures to ensure safety.
- 7.7 It shall produce a systematic report or cooperate with the public sector in providing information systematically ;
- 7.8 It shall provide uniforms for its staff at the Fuel station, staff have to have good manners, be honest and should not cheat customers;
- 7.9 It shall comply with related regulations and Laws of business operation.

Session III

Site and obligations of the retail sale fuel stations

Article 8. Site of retail sale fuel station or (fuel station)

- 8.1 it shall be a flat and wide field with easy exit-entry, convenient for transferring fuel and ensure safety;
- 8.2 It shall install a trademark (a representative agent) at a high point within easy view, one station shall have only one trademark;
- 8.3 It shall have a rest room provided for customers;
- 8.4 It shall have a mini mart (if possible);
- 8.5 It shall have a waiting room (if possible);
- 8.6 It shall provide a car wash service, oil change, tire pressure check and etc (if possible).

(details of technical requirements of the fuel station shall follow a regulation on requirements for technical standard approval No. 568/MCTPC, dated: 4 July 1991 of Ministry of Communications, Transport, Post and Construction).

Article 9. Obligation of the Fuel stations

- 9.1 It is prohibited for Fuel stations to set the price on their own. If this is discovered, the Fuel station will be strictly penalized according to the related regulations and Laws;
- 9.2 The price of each type of Fuel shall be displayed each time following a change at the front of the station for easy view from a distance of 100 metres to facilitate customers;
- 9.3 With respect to quality inspections of Fuel it should ensure that the distributed fuel can meet both quantity and quality without mixture with other substances or counterfeit. The fuel distributors shall have at least one Fuel volume examination tool at their stations to examine when:
 - Each time there is a change of Fuel price;
 - when there is a request from customers to conduct an inspection or other cases.

- 9.4 It should ensure that there is a reserve of Fuel for an emergency for at least 2 days service, the station shall not be closed because of running out of Fuel or other reason.
- 9.5 It shall fully meet commitments to duly pay tax and other commitment to the Government.

Session IV

Incentive to good performers and Measures against violator

Article 10. Incentive to good performers:

any operator who lawfully operates their station according to this decision and other regulations and Laws will not only be acknowledged by the government and the general public but will also be given incentives as follows:

1. It will be granted priority in their operation from the Government;
2. It will be listed as an outstanding business and praised by the Government through media;
3. It will be rewarded in other form as being appropriate;

Article 11. measures against violator.

If the Fuel station infringes the regulation in any way it shall be treated as follows:

11.1 taking advantage by increasing Fuel price

For a Fuel station that increases the Fuel price without permission or sets higher price than the price set by the Government at every certain period, and when there is natural disaster: drought, flood, or some difficulties in the region, they will be imprisoned from 6 months to 2 years and fined from 1,000,000 kips to 5,000,000 kip each time of violence (according to article 147 of Criminal Law);

11.2 storing up Fuel

For the Fuel station that serves the general public stored up, hidden fuel in the station or else seeks to gain profit and creates difficulties to the public will be imprisoned from 1 to 4 years and fined according to Customs regulation (article 148 of Criminal Law);

11.3 the sale of fuel in-compliant with the regulation

The operators that serve the general public are allowed to be a representative of only one company or one brand. Thus, if the operator purchases fuel from another brand or company, they will be imprisoned from 6 months to 2 years and fined from 1,000,000 to 10,000,000 kips each offence (according to article 149 of Criminal Law);

11.4 Counterfeit of scale measurement or weight measurement

When the operators tamper with the scales or measurements during fuel purchasing or selling, adjust the measurement, or use non-standardized scales to gain profit by taking advantage of customers they will be imprisoned from 6 months to 2 years and fined from 100,000 to 3,000,000 kips each offence (according to article 150 of Criminal Law).

Article 12. Other violations.

Persons or entities operating a Fuel retail business that violate this decision and cause damage to other person/s will be responsible for the damage. If the violence constitutes a Criminal offence, the offender will be punished according to Criminal Law, beside cases mentioned in article 10 of this decision.

Article 13. Measures against misbehaving government official.

Any government official acting against their rights and responsibilities or violating this decision will be treated as follows: counselling course to act in more appropriate way; transferring to another position; relieving from position or

dismissed from the Government agency and will be treated according to article 8 of Criminal Law.

Session V
Implementation

Article 14. implementation

The Department of Domestic Trade, division of Industry and Commerce in provinces and Vientiane Capital and cabinet office of Industry and Commerce at the district level coordinating with related agencies to implement and develop this decision effectively.

Article 15. Effectiveness

This decision shall be effective after the date of signature and any regulations of Ministry of Industry and Commerce that are not compliant with this decision will be cancelled.

Minister of Industry and Commerce,
(Signed and sealed)
Dr. Nam Viyakhet