

[Unofficial Translation]



LAO PEOPLE'S DEMOCRATIC REPUBLIC
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

Prime Minister's Office

ref.no: 14/PM
Vientiane, dated 28 February 2003

Prime Minister's Decision

On Mechanism to import Vehicle, Spare parts for assembly in the Factory

- Pursuant to the Law on the amendment of certain article in the Law on Taxation no. 10/NA, dated 12th October 2002.
- Pursuant to the Request letter of Minister of Commerce ref.no 1307/MOC.FTD, dated 25th November 2002.
- Refer to the agreement of ordinary government meeting for November 2002 (dated 25-27 December 2002).

Prime Minister Agrees:

- Article 1: Announce the application of the importation system for vehicles and spare parts to assembly in the factory shall be proceed according to the market mechanism and shall be conform with the laws such as Law on Taxation no.10/NA, dated 12th October 2002 and Presidential Edict no.01/PO, dated 15th February 2000, that shall pay the fixed duty-tax (one time) prior to the importation.
- Article 2: for this state, it is necessary to authorize the importation of used vehicle by calculated the price as 80% of the new car for duty and tax calculation according to the Law on Customs, Law on Taxation. It is prohibited to import the right hand drive vehicle for permanent utilization in Lao PDR. For the technical standard of vehicle and spare parts to be authorize for import to register and assembly as a unit to utilize in Lao PDR shall comply with the instruction of Ministry of Transportation, Post and Construction no.4312/MTPC, dated 11 November 2002.
- Article 3: The importation of vehicle for Diplomatic, International Expert, Organization, importation for Domestic and Foreign investment project, grant and loan shall comply with the enforced disciplines and laws. For the importation of vehicle to use for the Government Institute, Party, National Assembly, mass organization including provincial, capital and special zone shall strictly implemented in accordance with the notification no.0886/PMO.SEC, dated 19 May 2000.
- Article 4: For vehicle imported according to the Decree no.71/PM shall fully implemented according to the said Decree.
- Article 5: agree to build the duty free warehouse for vehicle, but shall establish the pilot test at Friendship Bridge in Vientiane Capital and Savan-Seno Special Economic Zone first to

see the out come of the test. The Ministry of Finances shall cooperate with Ministry of Commerce to lay out the detail policies on this.

Article 6: Ministry of Industry and Handicraft shall take a lead to coordinate with Ministry of Transport, Post and Construction, Ministry of Finance, Ministry of Commerce and other agencies shall assess the operation of the new car (100%) assembly factory (Truck, Car and Motorbike) for re-inspect and certify the standard and implementation of disciplines. If the factory does not follow the fixed measures, it shall be warn, suspend the business or remove the business from operation.

For authorized used car assembly factory, if it well operated and required by the society, it could continue according to the market needs and control the technical standard and quality of the spare parts to be imported and the repaired vehicle must be strictly at least 80%. From now on, relevant agencies and local administrative shall not authorized the assembly of used vehicle and turn the existing factory to be come the assembly factory for new vehicle according to the actual needs and trend in domestic and international.

- Review the approval system for assembly three types of vehicle (SKD, CKD and IKD) by turning in to modern industry, support Lao worker and domestic materials.

Article 7: Ministry of Commerce, Ministry of Finance, Ministry of Industry and Handicraft, Ministry of Transport, Post and Construction, Ministry of Labor and Social Welfare, the Investment Committee and other relevant agencies shall acknowledge and strictly implement this Decision according to their roles, functions and responsibilities.

Articlie 8: This decision shall enter into force from the 1st April 2003.

Prime Minister of Lao PDR,

[Sign and Seal]

Bounyan VORACHITH