

**DECREE OF THE PRIME MINISTER
ON THE MANAGEMENT AND USE OF
FORESTS AND FOREST LAND**

- Pursuant to Articles 15 and 17 of the Constitution of the Lao PDR;
- Pursuant to the Prime Minister's Decree No. 67/PM, dated August 28, 1991, on the national logging ban;
- Pursuant to the Prime Minister's Decree No. 99/PM, dated 19/03/1993, on the management and use of land;
- Based on the proposal forwarded by the Minister of Agriculture and Forestry.

The Prime Minister issues the following Decree :

**CHAPTER I
GENERAL PRINCIPLES**

Article 1. Objectives of the Decree on the Management and Use of Forests and Forest Land.

This Decree on the Management and Use of Forests and Forest Land governs the adjustment of all relationships in the management, use and conservation of all forests and forest land, all activities pertaining to all types of forests and forest produces in the Lao PDR with the aim of preserving the forests, forest land, the environment, water sources and wild life in view of meeting the requirements in national economic development and the pluri-ethnic population's living conditions in terms of forest produces in a sustainable way without impact on the environment.

Article 2. Forests and Forest Land.

Forest refers to the living natural resources composed of various naturally growing plant varieties which existence is necessary for the preservation of the environment, water sources, soil, wild life and the livelihood of the pluri-ethnic population.

Forest land are all areas under the management of the Ministry of Agriculture and Forestry whether covered or not with forests, but are not used for or defined as permanent agricultural land.

Article 3. Forestry Resources and their Preservation

Forestry Resources include various natural resources related to the forests, such as land, water, trees, aquatic animals, wild life and others existing on forest land, except for underground resources.

The preservation of forestry resources is every person's duty. In view of continuously increasing the preservation and development of existing national forestry resources, all individuals, collectives, juridical entities and organizations in the society shall have the following duties :

- Preserve the presently existing trees and natural forests against any reduction;
- Regenerate, maintain and develop forests in degraded forest land, non-forest land and bald land;
- Use the forests, forest land and forest produces in accordance with the regulations;
- Reduce dependence on wood or other forest produces from natural forests as main sources of revenue.

Article 4 : Right of Tenure and Use of Forests and Forest Land

All existing forests and forest land on the national territory are the property of the national community which is represented by the State in their management and rational allocation to the various sectors for use. Individuals, collectives or juridical entities may hold the right of tenure and use of any tree, natural forest and forest land only with prior approval from the Ministry of Agriculture and Forestry.

Any tree, forest planted and maintained by individuals, collectives or juridical entities with their own labor or capital shall be their property which may be managed, used, transferred and inherited through notification to the Ministry of Agriculture and Forestry.

In addition to the above mentioned rights, the State also recognizes the right to use forests, forest land and forest produces in accordance with the villagers' traditions, such as for firewood, gathering of certain forest produces, hunting on forest land and others as provided in detail in the village forestry regulations.

Forest products are the various parts of a tree, such as mushroom, grass, roots, tuber, shoots, stem, bark, resin, oil, leave, flower, fruit which may be exploited or gathered from the forests.

Article 5. Obligation of Tree, Natural Forests and Forest land Users.

Individuals, collectives or juridical entities using trees, natural forests and forest land, or conducting temporary operations, such as mining in forest land, shall have the obligation to pay for the forestry resources and reforest the area or regenerate and maintain the forests where possible for the normalization or improvement of the exploited forests' productivity.

Article 6. Restriction of Tree Felling or Destruction in Forest land

Individuals, juridical entities or collectives are forbidden to fell or destroy trees in forest land, except if such felling is conducted for the implementation of Forest Management Plans or is authorized by the Ministry of Agriculture and Forestry, including customary forest use.

Any tree felling out of necessity in order to avoid any threat of potential danger may be executed immediately, but the concerned officer must be notified thereafter.

Article 7. Conversion of Forest Land for other Purposes

In necessary cases and for the common interest, forest land may be converted to other purposes, but such conversion must be authorized by the Prime Minister at the request of the Minister of Agriculture and Forestry, after consultation with the concerned agencies and sectors, except for degraded forest land or non-forest land which are converted for the use or assigned to the population for agriculture-forestry production and livestock as authorized by the Land and Forest Land Allocation Committee.

CHAPTER II

DELINEATION AND CLASSIFICATION OF FOREST TYPES

Article 8. Forest Planning Areas

Forest Planning Areas refer to forest and forest land areas which have been surveyed and listed as national forest areas for long term forest management planning in order to ensure that the management and use of such forests and forest land comply with the outlined objectives.

The delineation and area of each Forest Planning Area are based on the location, situation, importance and appropriateness of the forests and forest land existing in each geographical region of the country which constitute the basic principles for delineation, without limitation on whether such Forest Planning Areas lie within an administrative area or not.

The Ministry of Agriculture and Forestry's task is to coordinate with the localities to delineate Forest Planning Areas for the various types of forests in each locality.

After consultation and coordination with the local administrative authorities and the concerned sectors, the Ministry of Agriculture and Forestry has the task to issue a decision or instruction on the Forest Management Area.

Article 9. Forest Management Areas

Forest Management Areas are areas which have been surveyed and allotted with the aim of managing the use of existing forestry resources in accordance with the objectives outlined in the allotment plans and national forest management contracts relating to the location of such management areas.

The delineation and area of each Forest Management Area must be determined based on the administrative area, conditions and actual appropriateness in each locality.

The Ministry of Agriculture and Forestry's task is to consult and coordinate with the local administrative authorities to determine the areas, enlist and appoint at least one forestry officer who will be in charge of Forest Management Areas in each locality.

After consultation and coordination with the local administrative authorities and concerned sectors, the Ministry of Agriculture and Forestry's task is to issue decisions or directives on Forest Management Areas.

Article 10. Survey, Inventory and Delineation of Forest Areas

The allotment plans, allocation plans, management plans and plans for the assignment of forest management shall be established on the basis of accurate data on forestry resources and the existing socio-economic conditions in the region.

The Ministry of Agriculture and Forestry's task is to issue directives and recommendations on the survey, inventory and delineation of different types of forest and forest land for planning and management.

Article 11. Types of Forests and Forest Land

After consultation and coordination with the concerned parties, the Ministry of Agriculture and Forestry's task is to survey and allocate forest land in accordance with each type of purposes in management and use as follows :

11.1 Protection Forests :

Are forest land which are allotted for the protection of water sources, protection against soil erosion, of steep slopes, national strategic defense areas, protection against natural disasters, protection of environment and others.

It is strictly forbidden to exploit forest produces in such forest land, except if specially authorized by the Ministry of Agriculture and Forestry.

11.2 Conservation Forests :

Are forest land which are allotted for the preservation of life, nature and others which hold special value for the environment, education and culture.

It is strictly forbidden to undertake any exploitation of forest produces and hunting in such forest land area, except if specially authorized by the Ministry of Agriculture and Forestry.

11.3 Production forests :

Are forest land in their complete or incomplete state which are allotted in order to meet the requirements in national economic development and the people's living conditions in terms of the sustainable supply of forest produces without impact on the environment.

All activities and use of forests existing in such forest land must comply to the forest management plans and all relevant rules and principles.

11.4 Regenerated forests :

Are forest land in their incomplete state which must be regenerated and maintained into production forests or other forest types.

All activities and use of forests existing within such forest land shall comply with the forest management plans.

11.5 Degraded Forest lands :

Are forest land which forest cover is seriously damaged or land without forest cover or bald land, and which is allotted for its conversion to the use or assigned to the population for permanent agriculture, forestry and livestock production or other purposes.

The classification, delineation and area of each type of forest must be regularly reviewed in each period of the national socio-economic development and may be re-allocated and delineated as appropriate.

The Ministry of Agriculture and Forestry shall define, delineate and determine the area, methods of declaration, including the methods of inspection and re-allocation of forests and forest land throughout the country.

CHAPTER III **MANAGEMENT OF FORESTS AND FOREST LAND**

Article 12 : Management Principles

The Ministry of Agriculture and Forestry serves as staff to the Government in relation to activities in forestry, water sources and natural environment. It has the task to effectively conduct the vertical line management of the forest and forest land at the macro level throughout the country in accordance with the forests and forest land use plans approved by the Government.

The exploitation or gathering of wood or other forest produces shall comply to the principles of sustainable forest and forest land use without impact on the environment.

In order to ensure the effectiveness and appropriateness of all forestry activities, forestry officers shall be appointed to assume responsibility over each locality and forest area, necessary directives and regulations issued on the management system and forestry activities.

The Ministry of Agriculture and Forestry may assign other parties, such as : villagers, collective organizations, individuals or juridical entities to undertake the

actual management as appropriate and based on a contract, which conditions and terms shall abide by the Contract Law. The State guarantees the rights borne from such contract.

Article 13 : Forest Management Plans

Based on the general management and allotment plans of the Forest Planning Areas, forestry officers in charge of Forest Management Areas have the duty to consult and coordinate with the concerned parties, including the villagers, to establish detailed plans and conduct the actual management of all forests and forest land existing within the Forest Management Areas under their responsibility.

Forest Management Plans must conform to the major objectives in the management and allotment of each type of forests and forest land as *outlined in Article 11* above.

Before implementing the plans or certain activities contained in the plans, the concerned parties must be authorized by the Ministry of Agriculture and Forestry. When authorized, only the activities contained in the plans may be implemented. Any plan mentioning forestry activities and forest land forest land use inconsistent with Article 11 of this Decree, is considered as null.

Any forest management plan allowing wood exploitation in a forest land which should be sustainably preserved, must clearly mention the volume of trees to be planted, maintained or regenerated in compensation, the required maintenance and duration for the normalization or increase of the exploited forests' productivity.

The Ministry of Agriculture and Forestry shall issue decisions and recommendations on the content, methods of survey for planning, methods of review for adjustment, including the alteration of the forest management plans' content.

CHAPTER IV **FOREST MANAGEMENT CONTRACTS**

Article 14. Types of Forest Management Contract

Any forest and forest land may be assigned to a party for management and use only when based on Forest Management Contracts as specified in this Chapter.

Forest Management Contracts include :

- a - Collective forest management contract
- b - Family forest management contract.

c - Business Forestation contract.

Article 15. Collective Forest Management Contract.

The objective of the Collective Forest Management Contract is to develop the people's right of mastership in participating to the management and use of forests and forest land in order to meet the requirements of and improve the people's living conditions.

The Collective Forest Management Contract is an agreement for the management and use of forests and forest land established on the basis of unanimous approval between the Land and Forest Land Allocation Committee and the village headman or the collective organization's chief.

The Land and Forest Land Allocation Committee is directed by an officer of the Ministry of Agriculture and Forestry at the district level, and includes a representative of the District Front Organization as deputy and the representative of the concerned village administrative authorities as appointed by the District Governor.

The Collective Forest Management Contract may cover one or several types of forests as mentioned in Article 11 above, which amount and area shall comply with the allotment by the Ministry of Agriculture and Forestry.

The Collective Forest Management Contract must clearly provide the objectives and area of the contract, the contract parties' rights and obligations.

Article 16. Family Forest Management Contract.

The Family Forest Management Contract is an agreement for the management and use of degraded forests or non-forest land between the Land and Forest Land Allocation Committee with a village family based on the application forwarded by the concerned family and after consultation with the concerned parties.

The objectives of this contract is to make use of degraded forest land or non-forest land for agriculture, forestry and livestock production in order to upgrade the village family's living conditions.

The Land and Forest Land Allocation Committee is headed by a district forestry officer, and includes an officer of the district property and land office as deputy, a district cultivation officer, a representative of the village administrative authority and representatives of the concerned village Front organization as member and are appointed by the District Governor.

The Family Forest Management Contract must clearly mention the area of forest and forest land to be assigned to the management and use of the family, together with the contract's objectives and scope, the rights and obligations of the contract party family.

After three years of contract implementation, if the contract party family has complied correctly and fully with the conditions of the contract, the family will receive a certificate of right for the permanent tenure and use of such forests and forest land, whereby the assignee of such right will be entitled to transfer, inherit, place as collateral, provided the Ministry of Agriculture and Forestry is notified.

Families failing to comply with the contract may be withdrawn from the Family Forest Management Contract and fined. In case the family assigned such forest and forest land desires to change the contract's original objectives, prior authorization must be obtained from the Ministry of Agriculture and Forestry.

Article 17. Business Forestation Contract.

The Forestation Business Contract is an agreement for the management and use of degraded forests or land without forest cover between the Ministry of Agriculture and Forestry or the Government with local or foreign individuals or juridical entities based on the application forwarded by the latter and after consultation with the concerned parties.

The objective of the contract is to promote investment and the use of degraded forest land or land without forest cover wherever appropriate and in excess of the population's requirements, for the market oriented plantation of forests.

The Ministry of Agriculture and Forestry is entitled to decide to enter into Forestation Business Contracts, however, provided the degraded forest applied for management and use shall not exceed 1,000 hectares (One thousand hectares) per individual or juridical entity, in which case the Government shall be consulted.

The Business Forestation Contract shall be effective for a determined period of time, and may be extended if the content of the contract is fully and entirely implemented.

The Business Forestation Contract must clearly mention the objectives, scope and term of the contract, the rights and obligations of the contract parties.

CHAPTER V **FORESTRY BUSINESS CONTRACTS**

Article 18. Types of Forestry Business Contracts.

Forestry Operations Contracts may include :

- Wood or forest produce sale contract.
- Contract for the supply of forest raw materials.
- Contract for integrated forestry investment
- Forestry services contract

Article 19. Wood and Forest Produce Sale Contract.

The Wood and Forest Produce Sale Contract is an agreement between the Ministry of Agriculture and Forestry with individuals or juridical entities for the sale of wood or other forest produces exploited or collected by the State from production forests. In necessary cases and with special authorization, the buyer may conduct the exploitation.

Article 20. Forest Raw Material Supply Contract.

The Forest Raw Material Supply Contract is an agreement between the Ministry of Agriculture and Forestry with individuals or juridical entities requiring supplies of wood or other forest produces for their factories.

The Forest Raw Material Supply Contract is a pre-requisite for the authorization to establish factories using wood or forest produces as raw material.

Article 21. Integrated Forestry Investment Contract.

The Integrated Forestry Investment Contract is an agreement between the Government with local or foreign enterprises for investment in forestation, exploitation, processing, sale of forest products and others.

Article 22. Forestry service contract.

A forestry service contract is an agreement between the ministry of agriculture and forestry with individuals or juridical entities for the conduct of a forestry operation for the state, such as : plantation and maintenance, exploitation, collection and transportation of forest produces, construction and maintenance of forestry roads and others.

Wherever possible, villagers shall have priority in entering such forestry service contracts.

Article 23. Content of forestry business contracts

Forestry business contracts must clearly mention the conditions, standards, scope, volume, price, measures, term of the contract, including the rights and obligations of the contract parties and others.

Contract parties entitled to conduct forestry business may enter into contracts with third individuals or juridical entities only when authorized by the ministry of agriculture and forestry.

CHAPTER VI
AMENDMENT, SUSPENSION, TERMINATION,
AND CANCELLATION OF FORESTRY CONTRACTS

Article 24. Amendment of forestry contracts

All types of signed forestry contracts may be amended as agreed by the contract parties. If a contract party suffers losses due to the contract's amendment, such contract party shall be appropriately compensated therefrom.

In case it is deemed necessary for the common interest, the ministry of agriculture and forestry may amend the forest management contracts' content, but must convince the other contract party to understand and implement the policy as appropriate, such as by compensating losses or provision of other forest and forest land in replacement.

In case the contract party assigned the management of forest and forest land has the intention to amend the contract's content, an application must be forwarded to the ministry of agriculture and forestry which will consider the approval for such amendment.

Forestry business contracts may be amended with the mutual agreement of both contract parties. Any contract party suffering losses from the contract's amendment, will be appropriately compensated by the other contract party.

The contract party desiring to amend the contract's content must notify the other contract party in writing.

Article 25. Suspension and cancellation of forestry contracts.

In case of suspicion that a forest management contract or a forestry business contract is violated, such as :

- tree felling in excess of the quota or inconsistently with the regulations,
- violation of regulations on the preservation of the environment,
- improper transfer to other persons of rights assigned by contract.

The Ministry of Agriculture is entitled to instruct the suspension of contracts, and an inspection by a board of control.

If the inspection reveals that there has been no violation to the contract, the operations may continue.

In case of minor violation of the contract, after education or fine by the ministry of agriculture and forestry, the operations may continue. If the violation is deemed serious, the ministry of agriculture and forestry may terminate the contract in part or in totality.

In addition to termination due to contract violation, if the transgressing party causes damage to the other contract party, such party will be liable for appropriate compensation.

Article 26. Cancellation of forestry contracts.

Forestry management contracts or forestry business contracts with local or foreign parties may be canceled due to losses such as:

- contracts established by officers without due authority to sign contracts,
- contracts established inconsistently with the objectives of this decree,
- contracts established through misleading,
- sub-contracting to other individuals without approval from the ministry of agriculture and forestry.

The above established forestry contracts will be considered as void and canceled.

As a contract is canceled, it shall be considered as if no contract has ever been established between the contract parties. All former implementations shall be returned.

In case of incurred losses due to the implementation of such invalidated contracts, such losses will be compensated or a lawsuit may be filed in accordance with the laws and rules.

Article 27. Management of forestry contracts.

The Ministry of Agriculture and Forestry has the task to issue detailed regulations and recommendations on the management of forestry contracts, including the inspection and use of different sanctions.

CHAPTER VII
MANAGEMENT OF FORESTRY OPERATION ACTIVITIES
AND PRESERVATION OF WATER SOURCES
AND THE NATURAL ENVIRONMENT

Article 28. Principles in forestry operations.

The Ministry of Agriculture and Forestry has the role of staff in activities pertaining to forestry, water sources and natural environment to the Government, initiates the organization and implementation or management of all forestry operations within the country for their appropriateness and avoidance of any impact on the natural environment.

Forestry operations include all types of activities pertaining to the forests and the preservation of water sources and natural environment within forest areas and forest land, such as : survey, data gathering, planting, regeneration, maintenance, protection and development of forests and other forestry resources; exploitation, collection of wood or other forestry produces; design, construction and maintenance of forest roads, preservation of water sources, natural environment and wild life, and the development of vegetation and fauna, including the settlement of shifting farmers for sedentary agricultural-forestry-livestock production.

Article 29. Forestry Operations

Individuals, collectives or juridical entities may undertake forestry operations only if, based on a forest management contract, forestry business contract and based on their periodical and detailed work programmes, authorized by the Ministry of Agriculture and Forestry.

The Ministry of Agriculture and Forestry has the task to issue regulations on the conduct of forestry operations, including the conditions and criteria of parties eligible to undertake forestry operations in each type of forest and forest land.

Article 30. Tree felling and exploitation of other forestry produces.

Tree felling and exploitation of other forestry produces are authorized specifically only as provided in approved management plans and the forestry work programmes and must comply to the forestry regulations in order to ensure the sustainable use of forests and forest land without impact on the environment.

The "clear cut" exploitation is forbidden, except in special and necessary cases, such as felling trees from a forest land area approved by the Government for its conversion to other purposes on a permanent or temporary basis, such as road, airport, industrial estate, hydropower dam, water basin construction site, or mining sites.

Felling includes the use of various measures, such as machete, axes, saws, machines, fire, chemicals, explosives used for the destruction of trees, causing damage or removing trees or parts of it from the forests and forest land area.

Forestry produces include includes various products, such as forest products, wild life, soil, dust, water or sub-surface rocks and others which may be exploited or gathered from the forests.

Article 31. Rotating Shifting Cultivation or Gardening by the Population

In order to restrain the destruction of forests, water sources and the environment taking place in each locality from the undifferentiated practice of slash and burn cultivation, while ensuring the population's living conditions, individuals, families and village collectives are authorized to conduct rotating slash and burn or orchard cultivation only within degraded land or non-forest land as allotted within each locality, and such cultivation shall have the sole purpose of meeting the requirements of their families as approved by the Land and Forest Land Allocation Committee, or the relevant village administrative authority where such committee is not yet established.

Wherever possible, the local administrative authorities and concerned parties must encourage, assist and establish favorable conditions for the individuals, families or collectives still practicing shifting cultivation to convert to the appropriate sedentary agricultural-forestry-livestock production based on their willingness under a contract, such as the family forest management contract.

Article 32. Registration of tree felling devices.

Individuals, collectives or juridical entities may possess certain types of tree felling devices which include hand saw, sawing machines, tree felling hand saw, machines capable of rapidly cutting, destroying or removing trees from forest areas,

only if such devices are declared, registered and authorized by the Ministry of Agriculture and Forestry.

The Ministry of Agriculture and Forestry has the task to issue regulations on the management of certain tree felling devices.

Article 33. Tree Planting

Individuals, collectives or juridical entities being assigned the management of forests and forest land by contract, where within their management area exists a degraded forest or an appropriate vacant area in which, if not used for other purposes, trees must be planted in accordance with specific regulations.

In addition, individuals, collectives or juridical entities may also plant trees on other land for various purposes in accordance with the regulations.

The Ministry of Agriculture and Forestry has the task to issue regulations on tree planting for various purposes, such as market oriented fast growing trees planting or for supply to industrial factories, tree planting by families, tree planting in public areas, tree planting for the protection of water sources and the environment.

Article 34. Maintenance of Forests.

Individuals, collectives or juridical entities assigned the management, based on a forest management contract, of production forest areas, regenerated forests and degraded forests, have the obligation to maintain such forests in accordance with specific regulations.

Article 35. Preservation of Protection Forests and Conservation Forests

It is strictly forbidden to fell all types and size of trees within the area of protected forests and conservation forests, especially in restricted areas. Except for the restricted areas, trees may be felled, especially if for environmental purposes and security as authorized by the Ministry of Agriculture and Forestry.

The gathering of certain forestry products in the area of protection forests and conservation forests may be undertaken, except in restricted areas.

It is forbidden to hunt, destroy or remove all wild life species from the conservation forests, except for certain species of animals which must be specially authorized by the Minister of Agriculture and Forestry.

In order to ensure the preservation of forests, wild life, water sources, natural environment and to improve the living conditions of the people living within or around the different types of forests holding substantial importance, buffer zones shall be allotted for such forest areas, where the people may plant, fell trees, exploit or gather forest-produces and hunt certain animal species and in certain seasons in accordance with the regulations.

Article 36. Preservation of tree and wild life species.

It is forbidden to hunt, destroy, remove or possess wild animals which belong to the national or local protected species, except if specially authorized by the Minister of Agriculture and Forestry in the case of national protected species and from the authoritative local officers in the case of local protected species, in accordance with the specific provisions on the management of aquatic and wild life.

It is forbidden to cut, destroy or remove trees belonging to the national or local protected species, except if specially authorized by the Minister of Agriculture and Forestry in the case of national protected species and from authoritative local officers in the case of local protected species, in accordance with the specific provisions on the management of trees and tree species.

The national protected standing tree species or wild life species are provided in a specific Decree of the Prime Minister.

Article 37. Registration of hunting devices.

Individuals, collectives or juridical entities may possess certain hunting devices, which include traditional guns, double-barreled gun, lightning devices for hunting, slaughtering or destroying wild life provided they are notified to, registered or approved by the Ministry of Agriculture and Forestry.

The Ministry of Agriculture and Forestry has the task to issue regulations on the management of certain hunting devices.

CHAPTER VIII
**MANAGEMENT OF ALLOCATION, SALE, POSSESSION,
REMOVAL AND PROCESSING OF WOOD OR
OTHER FORESTRY PRODUCES**

Article 38. Principles in the Distribution of Wood or other Forestry Produces.

In order to ensure that the whole national community receives its reasonable and appropriate share of benefit in accordance with plans for the sale of exploited or exploitable or gathered wood or other forest produces, from the forests within the country, the Ministry of Agriculture and Forestry has the task to survey and collect data on production and market demands, compile and classify produces in appropriate areas, study appropriate plans of distribution and sale of wood or other forest produces which are not included under the right of use under a forest management contract, for presentation to the Government for approval.

The Ministry of Agriculture and Forestry, the Ministry of Commerce and the Ministry of Finance shall, in accordance with their roles, coordinate among themselves to direct and organize the actual strict and efficient implementation of the said wood or forest produce distribution and sale plans in each locality as authorized by the Government.

Village collectives, individuals or juridical entities which have not entered forest management contracts, may use or receive a share of wood or other forest produces for consumption, processing or sale, provided a forestry business contract is established with the Ministry of Agriculture and Forestry.

Article 39. Sale of wood or other forest produces.

The sale of wood or other forest produces is authorized specifically only within the quantity of wood or other forest produces which are produced or may be produced by the forest per year, as provided in the forest allotment and management plans of each region as approved by the Ministry of Agriculture and Forestry.

The sale of wood or other forest produces belonging to the State may be conducted under two forms :

- + The occasional sale which is a transaction of wood or other forest produces as agreed between the seller and buyer each time.
- + The periodical sale which is a transaction of wood or other forest produces as agreed by the buyer and seller for a certain period of time, such as three months, six months, one year, three years.

The transaction price for wood or other forest produces under these two forms are based on the agreement between both contract parties or on tenders. The Government will determine the minimum price in each period.

Commercial transaction of wood must be settled through banks.

Article 40. Possession of wood or forest produces.

Individuals, collectives or juridical entities may possess certain types of wood or forest produces in substantial amount, only if authorized by the Ministry of Agriculture and Forestry or if their lawful acquisition may be certified.

Article 41. Transport of wood or other forest produces within the country.

Wood and other forest produces may be transferred from the log yard (log yard 2) to elsewhere provided the removal documents are complete and correct, and accompany each shipment of wood or other forest produces.

The removal of wood or other forest produces must comply to the regulations in relation to transportation vehicles, roads and the allowed time.

Article 42. Limitation of exportation of wood or other forest produce.

In order to meet the domestic consumption demand, to promote domestic processing industry and to preserve water sources and the environment, based on the proposal of the Minister of Agriculture and Forestry, the Prime Minister may declare the restriction or limitation of certain wood or other forest produce species' exportation.

Article 43. Establishment and operations of wood or other forest produce processing factory.

Individuals, collectives or juridical entities may establish and operate wood or other forest produce processing factories only if authorized by the Ministry of Agriculture and Forestry.

All parties establishing and operating processing factories as authorized must record and report their activities to the Ministry of Agriculture and Forestry in each period as provided on a regular basis.

Wood processing factory includes saw mills, factories, permanently installed or movable machinery or tools which may be used to saw or process wood or other forest produces into commodities or different types of forest products.

Forest products include all types of products from the processing of forest produces which may include the finished or semi-finished or initially processed product.

CHAPTER IX
FOREST DEVELOPMENT FUND

Article 44. Objectives of the Forest Development Fund.

In order to ensure effective forest and forest land management, it is necessary to establish a Forestry Development Fund.

Article 45. Sources of the Forest Development Fund.

The sources of the Forestry Development Fund may be ensured by the state budget or contributions from individuals, juridical entities, collectives, social organizations, international organizations and others.

Article 46. Use of the Forest Development Fund.

The Forest Development Fund is used in forest activities, namely the preservation of protection forests and conservation forests, forestation and forest regeneration, advertisement and education on forest activities, protection of environment and water sources and other issues related to forests.

Article 47. Management of the Forest Development Fund.

The Ministry of Agriculture and Forestry is responsible for the effective and appropriate management and use of the Forest Development Fund in accordance with its objectives and the regulations.

The Ministry of Finance has the task to control the use of the Forest Development Fund by the Ministry of Agriculture and Forestry on a regular basis, every quarter and year.

CHAPTER X
ROLE AND TASKS OF FORESTRY OFFICERS

Article 48. Forestry Officers.

Forestry officers are civil servants or officers in charge of directing, managing, controlling and inspecting the implementation of forestry activities.

These officers include two main categories, such as forestry officers of the Ministry of Agriculture and Forestry, and the village forestry officers.

Article 49. Forestry Officers of the Ministry of Agriculture and Forestry.

Forestry officers of the Ministry of Agriculture and Forestry include civil servants from three levels as follows :

- * The macro-economic level : includes civil servants at the central, provincial and district levels who are in charge of studying strategic policies, policy programs, laws and provisions in relation to forestry; directing, inspecting, controlling, setting up and approving plans, authorizations and others as provided in the Tasks of the Ministry of Agriculture and Forestry.
- * The technical level : includes civil servants at the central and local levels in charge of technical studies, survey, data collection, technical promotion and actual implementation of forestry, water sources and environmental protection activities.
- * The law enforcement level (forest police) includes civil servants at the central and local levels in charge of the enforcement of forest laws, educating and filing lawsuits against offenders.

Article 50. Village Forestry Officers.

Village forestry officers are selected and assigned their tasks by the Ministry of Agriculture and Forestry for the protection of the forests, water sources and natural environment lying within their villages' responsibility; they have the task to educate and address forest and forest land issues and employ minor sanctions against offenses. Serious cases will be reported to superior forestry officers.

In principle, the village forestry officers should be qualified and knowledgeable in forestry at a certain level.

CHAPTER XI
SANCTIONS

Article 51. Objectives of Measures against Offenders.

Measures are imposed against offenders in order to educate the population in observing and abiding by the rules and laws on forestry with the aim of preserving the forests, water sources and the environment, restricting infringement and destruction from offenses.

Article 52. Sanctions.

Any individual, collective or juridical entity committing the following acts :

- Burning or destroying forests.
- Felling or destroying protected tree species.
- Killing or destroying protected animal species.
- Unauthorized tree felling or illegal exploitation of other forest produces.
- Exploiting, gathering or use of wood or forest produces in excess of the authorization.
- Illegally removing wood or other forestry produces.
- Illegally possessing wood or other forestry produces.
- Unlawfully exporting wood, wild life or produces or other forestry produces from Lao PDR.
- Unlawfully establishing and removing wood or other forest produce processing factories.

Will be subjected to the following measures :

- Fined from one to three fold the value of the damaged trees, wild life or forest produces.
- Fined from one to three fold the value of damaged trees, wild life or forest produces, and their license withdrawn.
- A penal lawsuit may be instituted in case of serious damage, document falsification or recidivism.

All evidence, vehicles and equipment used in the offense will be confiscated by the State. Other minor offenses will be subject to re-education.

CHAPTER XII
FINAL PROVISIONS

Article 53. Implementation

The Ministry of Agriculture and Forestry is entrusted to organize the implementation of this Decree.

For such purpose, the Ministry of Agriculture and Forestry is entitled and has the task to issue regulations, directives and recommendations as necessary in order to facilitate the organization of this Decree's implementation, to compile and report the situation to the Government.

The Ministry of Agriculture and Forestry has the task to coordinate with the Ministry of Finance in studying and establishing regulations on charges and fees for forestry activities and fines.

Ministries and equal ranking agencies within the Government, provinces, municipality and districts have the duty to participate to the implementation of this Decree according to their respective role.

Article 54. Effectiveness

This Decree supersedes the Decree No. 117/CCM, dated October 05, 1989 and is effective 3 months from the day it is signed.

Within 3 months from the day this Decree is signed, any individual, collective, juridical entity or enterprise, having formerly conducted forestry activities and forestry business operations, must comply to the provisions of this Decree.

Any existing production by the population impacted by the organization and implementation of this Decree shall be appropriately compensated.

Formerly issued decrees, provisions, regulations and instructions inconsistent with this Decree are abrogated.

Vientiane, November 3, 1993

On behalf of the Prime Minister

Khamphouy Keobualapha