



**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
**PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

**Ministry of Industry and Commerce**

**No. 0521/MOIC.DDT**

**Vientiane Capital, dated 02 May 2018**

**Instruction on**

**the Implementation of some Article content in Decree on Petroleum Business No. 331/PM,  
dated 27 October 2017.**

- According to Decree No. 474 / PM "on the Management of prices of goods and services", dated 18 November 2010
- According to the Decree on Petroleum Business, No. 331 / PM, dated 27 October 2017
- According to the Decree on the Organization and Implementations of the Ministry of Industry and Commerce, No. 230 / PM, dated 24 July 2017;

To ensure the decree on petroleum business has fully implemented, uniform and effective in addressing the current state of fuel business management, enter into the rules for the benefit of the state, businesses and consumers.

**Minister of Industry and Commerce issued the instruction ad follows:**

**I. Objectives**

This instruction is to develop and prompt the content implementation of some articles of the Decree on Petroleum Business, No. 331 / PM, dated 27 October 2017, in order to have a clear and unified understanding across the country, aiming to upgrade the existing fuel business to operate in accordance with the requirements on the decree.

**II. Explain the meaning of some words and terms**

1. Import and Export Fuel Company means a company that has the right to import fuel for domestic distribution, its customers, re-export or transit and be able to purchase or represent a fuel-processing manufacturer in the Laos for export, which can fulfill the requirements based on Article 14 of the Decree on Petroleum Business. For the established companies, an update

is made within one year since the decree become effected and the decree published with this instruction.

2. Domestic supplier means a company that has the right to purchase fuel from an Import and Export Company, fuel processing manufacturer for distributing fuel and its customers, but cannot import and export the fuel on its own. To implement those activities must meet the requirements of Article 23 on the Decree on Fuel Business.
3. A self- invest on Gas station means a fuel retailer whose domestic distributor invests in the construction and operation of the retail business, or allows another individual to run the retail business by registering as fuel retail business.
4. Representative gas station means a fuel retailer in which the person or legal entity has invested, operated or is a joint venture in accordance with the related regulations, and represent only to the local distributor which shall carry the trademark or logo of the insider company its represent.
5. The client for import and export Fuel Company are concession/investment projects approved by the government and obtain a taxes and fees exemption policy, or contracted domestic supplier.
6. The client for domestic distributors are concession/investment projects approved by the government, the general project clients, construction companies, logistics companies, excavate sand companies that is not subject to get taxes and fees exemption policy.
7. Registered capital means the value of all assets divided by money, shares and materials which must be clearly evident to the company throughout the course of the business, the value of the assets must not depreciate in the listed capital.
8. Disposal of registered capital other than in compliance with the enterprise law, the fixed capital associated with the petroleum business must be certified by a licensed of real estate company in the Laos. Working capital must be certified by the Bank of the Laos or a properly registered commercial bank in the Laos and the certification must be active for at least 6 months, both of which are certified by the Company.
9. Petrol warehouse of Import and Export Fuel Company, Domestic Distributors and Petroleum Leasing Warehouse Companies includes corporate warehousing that located in one or more points (except the warehouse installed in the project) and must be comply with relevant sector regulations.
10. Petrol warehouse of Import and Export Fuel Company shall be located in the province or international borders check point where is the import and export of the fuel located and must be located in accordance with the use plan as specified by the relevant parties.

11. The fuel supplier of the domestic distributors shall be located in the province where the fuel is distributed and must be located in accordance with the use plan as specified by the relevant parties.
12. Gas Station Location regarding to fulfilling the requirements of the Decree on Petroleum Business and Public Works and Transport regulations, the case is opposite side (not to be overlooked), consideration must be given to only the main road and urban road where the zone is designated or location is defined as service areas such as bus stop along the highway or as specified by the provincial, municipal, city and municipal authorities.
13. A trademark or logo is implement as follows:
  - 13.1 Import-Export Fuel Company: stick the Company's logo into its warehouse, tank and fuel transportation vehicle.
  - 13.2 Domestic Distribution Company: stick the Company's logo into its warehouse, tank, pump and fuel transportation vehicle.
  - 13.3 Fuel Warehouse Rental Company: stick the Company's logo into its renting warehouse and fuel tank.
  - 13.4 Fuel Truck Rental Company: stick the Company's logo into its fuel transportation vehicle.
  - 13.5 Fuel Delivery Service Company: stick the Company's logo into its delivery Vehicle.
  - 13.6 The logo above can only be attached to a company logo.
14. The global oil price is the finished fuel price traded on the world market, it is considering the MOPS as Singapore market is based on the periodic calculation of import price (CIF).
15. The certificate on operating business has expired date applies as follows:
  - 15.1 Import-Export Fuel Companies, domestic suppliers and leasing warehouse companies have an active of three years after the date of certification.
  - 15.2 The Gas Stations have an active of 2 years after the date of certification.
16. To renewal of business license has to be requested before the expiration of 6 months as follows:
  - 16.1 Import-Export Fuel Companies, domestic suppliers and leasing warehouse companies have to intend to the Department of Domestic Trade, Ministry of Industry and Commerce.
  - 16.2 The Gas Stations have to present to the Department of Industry and Commerce, Vientiane Capital.

### **III. Setting up and operating a fuel business**

#### **1. Establishment and business operation for import and export of Petroleum Company**

##### **1.1 Companies established before the promulgation of the petroleum business decree**

The Companies that established and operated a business before the promulgation of the fuel business, must amend to the requirements of the business operations in accordance to the Decree on Petroleum Business, which can be modified in a controlled fashion, joint venture or self-improvement. Any company that is unable to comply with the requirements is to abolish or transform into a domestic distributor, a petroleum warehouse rental company, as follows:

### **1.1.1 Improvement as import and export of fuel company**

Improvement as import and export fuel companies in accordance with the Article 14 of the Decree on Petroleum Business shall be as follows:

(1). Improve in consistency with the enterprise registration requirements as in Article 7 of the Decree on Petroleum Business and submitting a proposal to the enterprise authorities, Ministry of Industry and Commerce to amend the enterprise registration in accordance with the procedure as specified in the Enterprise Law.

(2). Improve in consistency with the operation terms as in Article 14 of the Decree on Petroleum Business within one year from the date of this decree being effective and published with this instruction.

(3). After following the amendment of the enterprise registration and complying with the conditions as in Article 14 of the Decree on Petroleum Business, as well as being insured under the Insurance Law of the Laos and becoming a member of the Petroleum Association, then fill up the documents as prescribed in Article 12 of the Decree on Fuel Business and submit to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration in terms of the issuance of business license for the import and export fuel company.

(4). Once a business license has been issued, it can operate business in accordance with the law. If a company fails to meet the requirements within the deadline, the business must be suspended until completed the requirements and obtained a business license that the business can operate in according to the laws.

### **1.1.2 Improvements to a Domestic Distribution Company**

Improvements to domestic distributors in accordance with the Article 23 of the Decree on Petroleum Business shall be as follows:

(1). Improve in consistency with the enterprise registration requirements as in Article 7 of the Decree on Petroleum Business and completed filling documents, submitting a proposal to the enterprise authorities, Ministry of Industry and Commerce to amend the enterprise registration in accordance with the procedure as specified in the Enterprise Law.

(2). Improve in consistency with the operation terms as in Article 23 of the Decree on Petroleum Business.

(3). After following the amendment of the enterprise registration and complying with the conditions as in Article 23 of the Decree on Petroleum Business, as well as being insured under the Insurance Law of the Laos and becoming a member of the Petroleum Association, then fill up the documents as prescribed in Article 21 of the Decree on Fuel Business and submit to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration in terms of the issuance of business license for the domestic distribution company.

(4). Once a business license has been issued, it can operate business in accordance with the law.

## **1.2 Companies established after the promulgation of the Decree on Petroleum Business**

### **1.2.1 Establishment and business operation of the import and export of fuel company**

The establishment and operation of the business of the import and export fuel companies after the promulgation of the petroleum business decree must following as steps:

(1). Fill out the documents as required on Article 8 of the Decree on Petroleum Business and submit a proposal to the enterprise authorities, Ministry of Industry and Commerce in accordance with the procedures as specified in the Enterprise Law.

(2). After the business registration has been issued then propose to the Ministry of Public Works and Transport for issuance of City plan certificate on the location and approval of the petroleum warehouse construction technical layout.

(3). After obtaining the City plan certificate on the location and approval of the petroleum warehouse construction technical layout. The enterprise has to make the feasibility study report on the environmental and social impact assessment of the petroleum warehouse and propose to the Natural Resources and Environment sector to issue a certificate.

(4). After obtaining environmental and social certificate, the enterprise has to request for building permit from the Public Works and Transport sector and after getting permission that can start the construction and installed security systems.

(5). Following the completion of the warehouse, the Ministry of Public Works and Transport is required to inspect and certify the accuracy of warehouse construction, as well as submit the proposal to the security sector for issuing certificates on protection security and anti-incendiary.

(6). After completing the above steps, it has apply for insurance based on the insurance law of Laos and apply for membership in the Petroleum Association.

(7). After the insurance is completed and has been a member of the Petroleum Association that have to submit the documents as mentioned in Article 12 of the Decree on Petroleum Business to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration regarding to the issue a certificate for import and export fuel companies.

(8). Once a business license has been issued, it can operate business in accordance with the law.

### **1.2.2 Establishment and business activities of domestic distribution company**

The establishment and operation of the business of domestic distribution company after the promulgation of the petroleum business decree must following as steps:

(1). Fill out the documents as required on Article 8 of the Decree on Petroleum Business and submit a proposal to the enterprise authorities, Ministry of Industry and Commerce in accordance with the procedures as specified in the Enterprise Law.

(2). After the business registration has been issued then propose to the Ministry of Public Works and Transport for issuance of City plan certificate on the location and approval of the petroleum warehouse construction technical layout and self-invest on Gas Station.

(3). After obtaining the City plan certificate on the location and approval of the petroleum warehouse construction technical layout and Gas Station. The enterprise has to make the feasibility study report on the environmental and social impact assessment of the petroleum warehouse and propose to the Natural Resources and Environment sector to issue a certificate.

(4). After obtaining environmental and social certificate, the enterprise has to request for building permit from the Public Works and Transport sector and after getting permission that can be install the construction and installed security systems.

(5). Following the completion of the warehouse, the Ministry of Public Works and Transport is required to inspect and certify the accuracy of warehouse construction, as well as submit the proposal to the security sector for issuing certificates on protection security and anti-incendiary.

(6). After completing the above steps, it has apply for insurance based on the insurance law of Laos and apply for membership in the Petroleum Association.

(7). After the insurance is completed and has been a member of the Petroleum Association that have to submit the documents as mentioned in Article 21 of the Decree on Petroleum Business to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration regarding to the issue a certificate for domestic distribution company.

(8). Once a business license has been issued, it can operate business in accordance with the law.

## **2. Establishment and operation of Gas Station business**

### **2.1. Gas Station established before the promulgation of the petroleum business decree**

Gas Station established before the promulgation of the petroleum business decree shall follow the procedures as below:

(1). Improve in consistency with the enterprise registration requirements as in Article 7 of the Decree on Petroleum Business within 2 years period since the decree entry into force and the decree was disseminated with this instruction, and submit a proposal to the enterprise authorities, Ministry of Industry and Commerce to amend the enterprise registration in accordance with the procedure as specified in the Enterprise Law.

(2). After following the amendment of the enterprise registration and improvement of Gas Station as well as the insurance law of the Lao PDR has been completed, as required by Article 26 of the Decree of the Petroleum Business as prescribed in Article 26 of the Decree on Fuel Business and submit to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration in terms of the issuance of business license for the Gas Station.

(3). Once a business license has been issued, it can operate business in accordance with the law. If the Gas Station fails to meet the requirements in due course, the business must be suspended until it is completed and the business license can be activated.

### **2.2 Gas Station established after promulgation of the petroleum business decree**

The establishment and operation of the Gas Station after the promulgation of the petroleum business decree must to follow these steps:

(1). Submit proposals to the enterprise authorities, Ministry of Industry and Commerce in accordance with the procedures as specified in the Enterprise Law.

(2). After obtaining the business registration then enterprise has propose to the Ministry of Public Works and Transport for issuing of City plan certificate on the location and approval of the Gas Station construction technical layout.

(3). After obtaining the City plan certificate on the location and approval of the Gas Station technical design. The enterprise has to create the feasibility study report on the environmental and social impact assessment of the Gas Station and propose to the Natural Resources and Environment sector to issue a certificate.

(4). After obtaining environmental and social certificate, the enterprise has to request for building permit from the Public Works and Transport sector and after getting permission that can start the construction and install security systems.

(5). Following the completion of the construction, the Ministry of Public Works and Transport is required to inspect and certify the accuracy of the gas station construction, as well as submit the proposal to the security sector for issuing certificates on protection security and anti-incendiary. And it also has apply for insurance gas station based on the insurance law of Laos.

(6). After the insurance is completed that have to submit the documents as mentioned in Article 26 of the Decree on Petroleum Business to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration regarding to the issue a certificate for gas station operation.

(7). Once a business license has been issued, it can operate business in accordance with the law.

### **3. The establishment and operation of a petroleum Warehouse Rental Company**

The establishment and operation of a petroleum warehouse rental company must to follow these steps:

(1). Submit proposals to the enterprise authorities, Ministry of Industry and Commerce in accordance with the procedures as specified in the Enterprise Law.

(2). After obtaining the business registration then enterprise has propose to the Ministry of Public Works and Transport for issuing of City plan certificate on the location and approval of the warehouse construction technical layout.

(3). After obtaining the City plan certificate on the location and approval of the warehouse technical design. The enterprise has to create the feasibility study report on the environmental and social impact assessment of the warehouse and propose to the Natural Resources and Environment sector to issue a certificate.

(4). After obtaining environmental and social certificate, the enterprise has to request for building permit from the Public Works and Transport sector and after getting permission that can start the construction and install security system.

(5). Following the completion of the construction, the Ministry of Public Works and Transport is required to inspect and certify the accuracy of the warehouse construction, as well as submit the proposal to the security sector for issuing certificates on protection security and anti-incendiary. And it also has apply for insurance warehouse based on the insurance law of Laos and apply for membership in the Petroleum Association.

(6). After the insurance is completed and has been a member of the Petroleum Association that have to submit the documents as mentioned in Article 31 of the Decree on Petroleum Business to the Department of Domestic Trade, Ministry of Industry and Commerce for consideration regarding to the issue a certificate for warehouse rental company.

(7). Once a business license has been issued, it can operate business in accordance with the law.



#### **IV. Annual plans for fuel distribution**

Domestic distributors make annual plans for petrol distribution apply to the Department of Domestic Trade, Ministry of Industry and Commerce before 31 October of each year as specified in the Article 16 of the Decree on Petroleum Business for certification.

#### **V. Fuel import permit.**

The import and export petroleum company is request to the Department of Import and Export, Ministry of Industry and Commerce before 31 October of each year as indicated in Article 16 of the Decree on Petroleum Business for consideration.

#### **VI. Fuel business administration**

The fuel business administration for the industrial and commercial sector includes:

1. At the central level is the Department of Domestic Trade, which is coordinated with the Department of Import and Export.
2. At the provincial level, the capital is the provincial department of industry and commerce, the capital.
3. At the district level, the municipality is the industry and commerce office, the municipality.

#### **VII. Training on fuel business administration**

The fuel business administration of the industry and trade sector to coordinate with relevant departments and Petroleum Association regarding provides training to those who operate the fuel business at least once a year on:

1. Management of import and export, distribution, transit, gas station and warehouse rental services.
2. Account management, gas station.
3. Security of warehouse management, gas station.
4. Transportation management and leasing vehicle service.
5. Fuel quality management.
6. Other related management.

#### **VIII. Measurement on panalty**

If any business does not comply with the requirements of the Decree on Petroleum and this instruction shall strictly adhered to the Chapter IX of the Decree.

## **IX. Implementation**

The Ministry of Domestic Trade to coordinate with the relevant departments and sectors along with the Petroleum Association to disseminate this guidance.

Assign the fuel business administration of the industry and trade sector to coordinate with the relevant departments, sectors and the petroleum enterprise along with fuel enterprise shall implement this instruction strictly.

The petroleum business unit conducting business operations prior to the promulgation of the petroleum business shall update itself in accordance with the conditions and procedures as mentioned in the Decree and Instruction.

Individuals, legal entities that propose to establish before the promulgation of the petroleum business shall comply with the procedures of this Instruction, while the enterprises who have proposed after the promulgation of the Petroleum Business Amendment as specified in Section II of this Instruction that shall receive establishment proposal documents.

This instruction is effective after the date of signature and published in official gazette fifteen days.

Minister

[Sealed and Signed]

Ms. Khemani Pholsena