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PHASE II (AADCP II)

ROADMAPPING CAPACITY BUILDING NEEDS IN CONSUMER PROTECTION IN ASEAN

Consumers International

COUNTRY REPORT: LAO PDR (FINAL)

(Revised 3 June 2011)

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ABSTRACT

Lao PDR is one of the ASEAN member states in the subgroup that lacks a general consumer protection law. In fact such a law has since been passed, and will come into effect early in 2011. This law improves the state of consumer protection in Lao PDR, in part by providing new mechanisms for consumer redress. However, there are still significant obstacles to the realisation of consumers' rights in Lao PDR. These reflect not so much the lack of consumer protection law (though subsidiary legislation and standards are lacking), as the difficulties that its authorities face in implementing and enforcing it. These difficulties include the country's extensive and unpatrollable borders, a lack of available infrastructure and trained human resources, a widely distributed and diverse population, and a lack of awareness of consumer protection issues. Recommendations are given for addressing these problems, with the recommendation of top priority being to address human resource deficits through training and secondments, and one of the secondary priorities being to support a new consumer protection organisation for Lao PDR.

Keywords: Consumer protection, capacity building, complaints, redress mechanisms, best practices.

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ABBREVIATIONS

AADCP II	ASEAN Australia Development Cooperation Program Phase II
ACCP	ASEAN Committee on Consumer Protection
ADB	Asian Development Bank
ADR	Alternative Dispute Resolution
ADSL	Asymmetric Digital Subscriber Line
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Agreement
ALGI	Association of Lao Garment Industry
AMSs	ASEAN Member States
AOC	Actual Operating Context
ASEAN	Association of Southeast Asian Nations
ASEC	ASEAN Secretariat
ATM	Automated Teller Machine
CB	Capacity Building
CBD	Convention on Biological Diversity
CERT	Computer Emergency Response Team
CI	Consumers International
CIKL	Consumers International Kuala Lumpur Office
CP	Consumer Protection
CSO	Civil Society Organization
DDA	Department of Development Affairs
DMP	Development Master Plan
EIA	Environmental Impact Assessment
EU	European Union

FAO	Food and Agriculture Organization
FOC	Formal Operating Context
GAHP	Good Animal Husbandry Practice
GAP	Good Agricultural Practices
GDP	Gross Domestic Product
GHP	Good Handling Practice
GIs	Geographical Indicators
GMOs	Genetically Modified Organisms
GMP	Good Manufacturing Practice
GS	General Survey
HACCP	Hazard Analysis Critical Control Point
HDI	Human Development Index
HRM	Human Resource Management
ICT	Information Communication Technology
IEC	International Electrotechnical Commission
ILO	International Labour Organisation
IMF	International Monetary Fund
ISO	International Organization for Standardization
ISP	Internet Service Provider
ITU	The International Telecommunications Union
KII	Key Informant Interviews
Lao PDR	Lao People's Democratic Republic
LaoNIC	Lao National Internet Committee
LDC	Least Developed Country
MoH	Ministry of Health

MRC	Mekong River Commission
NGO	Non-Governmental Organisation
NGPES	National Growth and Poverty Eradication Strategy
ODCCP	United Nations Office for Drug Control and Crime Prevention
PDC	Pharmaceutical Development Centre
RTD	Roundtable Discussion
SAEDA	Sustainable Agriculture and Environment Development Association
SCP	Sustainable Consumption and Production
SEACC	Southeast Asian Consumer Council
SEP	Strategic Economic Partnership
SME	Small to Medium Enterprise
SOE	State Owned Enterprise
SSOP	Sanitation Standard Operating Procedures
SWOT	Strengths, Weaknesses, Opportunities and Threats
TA	Technical Assistance
UN	United Nations
UNDP	United Nations Development Program
UNECE	United Nations Economic Commission for Europe
UNFCCC	United Nations Framework Convention on Climate Change.
WHO	World Health Organization
WREA	Water Resources and Environment Administration
WTO	World Trade Organisation

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EXECUTIVE SUMMARY

Lao PDR is the second least developed country in ASEAN, and one of four that lack a general consumer protection law. That law has since been passed and will be implemented in early 2011, addressing two important deficiencies in the existing consumer protection regime – the lack of redress mechanisms, and the lack of a local consumer organisation. However, the absence of a general consumer protection law was not the greatest obstacle that Lao PDR faced in its ability to provide adequate protection for consumers.

More significant are the human and institutional capacity issues that Lao PDR faces. These have resulted in a lack of effective enforcement of laws, stemming principally from a lack of money, lack of personnel, lack of training, lack of awareness of consumer issues, and lack of infrastructure for testing and analysis. Compounding these difficulties have been the geographical difficulty of controlling Lao PDR's borders with five other countries, the sparse distribution and diversity of its population, and the complexity of coordinating the responsibilities of its various ministries.

To address these issues and improve the state of consumer protection in Lao PDR, this report finds that capacity building assistance in the following areas is required:

- Assistance in drafting regulations to provide better guidance on implementation, enforcement and remedies under the law.
- Assistance in the development and promulgation of local standards.
- Assistance in identifying and implementing more efficient means of coordination of authorities' responsibilities.
- Assistance with the formation of a new Consumer Protection Association.
- Assistance in training existing staff to implement and enforce consumer protection laws and programmes.
- Additional human resources to work with existing staff on the above laws and programmes.
- Assistance with awareness raising campaigns.
- Expansion of existing infrastructure for administration and testing.

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1. INTRODUCTION

1.1 STUDY BACKGROUND

This Country Report, which is complemented with a Subgroup Report, and to be read in tandem with a Regional Report, is part of the research titled '*Roadmapping Capacity Building in Consumer Protection in ASEAN*'. It is a project of the ASEAN Australia Development Cooperation Program Phase II (AADCP II) which aims to strengthen consumer protection in the region as well as in individual ASEAN Member States (AMS). The major output of this research is a regional capacity building roadmap on consumer protection and supporting roadmaps for each of the AMS. The roadmaps were based on the following information that were gathered and presented in this report:

- a mapping of consumer protection policies, laws and regulations in AMS
- consumer education programs, initiatives and best practices
- capacity building needs of major stakeholders in consumer protection and recommendations

The overarching framework of the study is primarily based on the UN Guidelines on Consumer Protection (1985), which has been further espoused and reiterated by Consumers International into 8 fundamental rights as follows:

1. The right to basic needs
2. The right to safety
3. The right to information
4. The right to choose
5. The right to representation
6. The right to redress
7. The right to consumer education
8. The right to a healthy environment

The following key principles are also adhered to in the development of the national road map, contributing towards the regional framework:

1. **Protection:** Consumers should be protected from unfair practices
2. **Responsibility:** Transparent legislation in addition to effective consumer programs to enable consumers to have sufficient information in order for them to exercise their responsibilities

3. **Enforcement:** There should be prompt and efficient enforcement of legislation to deter breaches of the consumer protection laws by businesses
4. **Change:** new and emerging consumer issues are identified so that legislation is updated and consumers have access to relevant information on these issues in order to make informed choices.
5. **Competition:** free and open competition is generally beneficial for consumers and Government regulations and legislation help to ensure a fair environment in the marketplace for consumers and businesses
6. **Representation:** Legitimacy for representation by non-governmental consumer organizations must be recognized such as the right to association

Consumers International Kuala Lumpur (CIKL) Office carried out the study in cooperation with its members in the AMS and partners, or appointed local focal points. In Lao PDR it was done with the Sustainable Agriculture and Environment Development Association, as the local focal point. CI is a not-for profit federation of consumer groups that serves as the only independent and authoritative global voice for consumers. Founded in 1960 and with over 220 member organisations in 115 countries, it is building a powerful international movement to help protect and empower consumers everywhere. The KL office is CI's regional office for Asia Pacific and the Middle East.

Organization of Report

This report is organized into 6 Chapters. Chapter 1 provides general background on Lao PDR and a general state of consumer protection in the country. Chapter 2 outlines the methods applied for data gathering that led to the outcomes and findings presented in this report. Findings of the project are presented in Chapters 3, 4 and 5. The general mapping and situational analysis on national legislation and consumer protection programs are presented in Chapter 3. Chapter 4 covers the assessment on the capacity building needs of the various stakeholders that took part in the project, and Chapter 5 presents some recommendations and the national roadmap for capacity building needs in consumer protection at the national level. Finally, Chapter 6 draws an overall conclusion of the report.

1.2 Country background

1.2.1 Population and geography

The Lao People's Democratic Republic (Lao PDR, or Laos) is the second least developed country in ASEAN, and the third least populous (after Singapore and Brunei), with an estimated 2010 population of 6.3 million. Its largely mountainous land area occupies 236,800 square kilometres; making it somewhat larger than Cambodia (which has about

twice the population of Lao PDR). It is therefore a relatively sparsely-populated country, and landlocked by Myanmar, Cambodia, China, Thailand and Vietnam.¹

As at 2008, 31% of the population is urban. There are more than 100 ethnic groups in Lao PDR, with the Lao group comprising a little over half. Two thirds of the population follow the Buddhist religion.² Lao is the official language, and as a former colony of France until 1949, French has also been widely spoken in official circles – though its use as a second language continues to decrease, being displaced by English.

An important feature of the geography of Lao PDR is the Mekong River, which forms a large part of its western border with Thailand. The country has 4,600 kilometres of waterways in all. Hydropower is one of the country's main natural resources, which the country is exploiting through seven hydroelectric plants that are already in operation, and another eleven planned by 2016.

Like many of its neighbours such as Cambodia and Vietnam, Lao PDR is recovering from the legacy of war. It continues to hold the dubious distinction of being the most bombed country in the world, as a result of heavy shelling by the United States during the Vietnam war. Much of this ordnance is unexploded, and poses an ongoing danger to both civilians and livestock.

1.2.2 Government

Since 1975, Lao PDR has been a planned economy under a communist government. Its National Assembly of 115 seats are elected by popular vote from a list of candidates selected by the Lao People's Revolutionary Party. Its Head of State is a President, and the leader of the government is the Prime Minister.

The Prime Minister appoints the Council of Ministers, which is the highest executive body in Lao PDR. They lead fourteen executive Ministries, a number of which will be described in more detail later in this report. There are also various other government authorities, some under the Prime Minister's Office and others (such as the Bank of Lao PDR) which are independent, and directly responsible to the Council of Ministers.

The Judiciary includes the People's Supreme Court, lower courts (People's Courts of all provinces, municipalities and districts, and military courts), and the Office of the Public Prosecution.

Lao PDR became a member of ASEAN in 1997.

¹ Central Intelligence Agency. *CIA World Factbook*. 2010. URL: <https://www.cia.gov/library/publications/download/download-2010/factbook-a.zip> (visited on 28/10/2010).

² Ibid.

1.2.3 Economy

Lao PDR is classified as a Least Developed Country (LDC),³ with per capita income (adjusted for purchasing power differences) estimated at about \$2,230 per year in 2009. Subsistence agriculture, dominated by rice cultivation in lowland areas, accounts for about 30% of GDP and provides 80% of total employment. Other major industries include mining (of copper, tin, gold and gypsum), tourism and garments.⁴

To create growth the Government in 1986 introduced a new economic model, the New Economic Mechanism (NEM) to privatise State Owned Enterprises (SOEs) and to make them more commercial and less dependent on subsidies, and to encourage small and medium enterprises and foreign direct investment in almost all sectors of the economy.⁵

The Lao National Party Congress recently set out the 7th National Socio-Economic Development Plan for 2011–2015, emphasising rapid and sustainable economic growth and poverty reduction. In pursuit of this plan, Lao PDR would be seeking to increase foreign investment and reach annual growth rates of over 8% for the next five years.⁶

The World Bank, in its mid-year Lao Economic Monitor, estimated that real gross domestic product (GDP) in Lao PDR will increase from 7% in 2009 to 7.8% this year. The growth is mostly a result of rapid expansion in the natural resources sector, as well as steady growth in agriculture, construction and a rebound in the processing and tourism industries. It has forecast that Lao GDP will average 7.7% per annum between 2011 and 2015.⁷

The government also has an ongoing National Growth and Poverty Eradication Strategy (NGPES). First launched in 2003, its dual objective is to promote sustainable economic growth and reduce poverty, particularly in the 72 poor districts (of which 47 are poorest priority districts), and across four main sectors (Agriculture, Health, Education and Infrastructure). The strategy for development of the poor districts centres around community-driven access-oriented rural development.⁸ Official poverty rates have been declining from 46% in 1992 to 26% in 2009.⁹

³ See <http://www.unohrls.org/en/ldc/related/62/>.

⁴ Central Intelligence Agency, see n. 1.

⁵ G Sivalingam. "The New Economic Mechanism and Competition Policy in Laos". In: *Competition Policy in the ASEAN Countries*. Thomson Learning Asia, 2005.

⁶ Brian McCartan. *Big is beautiful in Laos*. Ed. by Asia Times Online. 2010. URL: http://www.atimes.com/atimes/Southeast_Asia/LF23Ae01.html.

⁷ Ibid.

⁸ United Nations Capital Development Fund. *Report on Implementation of the Brussels Programmeme of Action for the Least Developed Countries (2001-2010): Lao People's Democratic Republic*. 2006. URL: <http://www.un.org/special-rep/ohrls/ldc/MTR/Lao.pdf>, p. 2.

⁹ Central Intelligence Agency, see n. 1.

1.3 Consumer protection in Lao PDR

1.3.1 General overview

Corresponding to the poverty of the country as a whole, the capacity of the government of Lao PDR to protect the country's consumers has been low in comparison to the desired ASEAN baseline standard. The government depends upon aid from international donors for over 80 per cent of its capital investment.¹⁰

The parlous state of consumer protection in Lao PDR applies across the six focus areas of this study (see section 2.1), each of which are dealt with more specifically below. However the greatest hazards to the health of Lao consumers arise in the two most basic consumer protection areas of product safety, and healthcare.

Recognising this, the government has been applying increasing efforts to improve consumer protection laws and practices, and these have borne some fruit. The legal regime for the protection of Lao consumers is now quite comprehensive. Whilst implementation and enforcement lags behind, it is still true to say that a greater number of Lao consumers than ever now have access to sanitation, and that public health care has also been slowly improving, at least since 2000.¹¹

However, there is much progress still to achieve, and in this regard Lao PDR will benefit from the assistance of ASEAN and its member states.

1.3.2 Product safety and labelling

Amongst the main consumer protection challenges in relation to product safety and labelling are:

- Food analysis capabilities of the Ministry of Health and the Ministry of Agriculture and Forestry are limited, therefore the capacity to analyse for priority hazards, zoonosis diseases, chemicals (including pesticide residue), antibiotic and hormonal residues needs to be improved. Laboratory equipment and reagents are also limited and inadequate.
- Surveillance and inspection activities are sporadic and limited. A market may be checked for compliance only once in three months, which gives the vendors at the market little incentive to consistently comply with the law and relevant standards.
- The capacity for inspection at the border is also limited. Food and other products regularly pass across to Lao PDR without inspection from neighbouring countries, with products from Thailand, Vietnam and China being of particular concern.

¹⁰ Central Intelligence Agency, see n. 1.

¹¹ See <http://www.nsc.gov.la/Statistics/Selected%20Statistics/Health.htm>.

- Capacity to implement quality assurance standards such as Good Manufacturing Practice (GMP), Good Handling Practice (GHP), Good Hygiene Practice (GHP), Good Agricultural Practice (GAP) Sanitation Standard Operating Procedures (SSOP) and Hazard Analyze Critical Control Point (HACCP) has been limited. This will impact not only on the safety of goods produced for domestic production, but also with possible export markets, particularly with Lao PDR's planned accession to the WTO (World Trade Organisation).
- There is a lack of food scientists, researchers and technologists for performance of surveillance and monitoring of food contaminants to control the incidence of pathogens in the food supply and also for getting information and data on food contaminants and food-borne diseases.
- Enforcement of metrological standards is too limited to address the daily needs of consumers. Scales used at markets are often rigged. Even the official government scale provided in each market has often been sabotaged. Similarly vendors of cooking gas are often found to have cheated consumers in the volume of gas sold.

1.3.3 Phone and Internet services and e-commerce

Internet services are relatively expensive in Lao PDR compared to neighbouring countries. Part of the reason is that as a landlocked country, it lacks direct access to submarine fibre optical cables. Lao Internet providers obtain access through resellers in Thailand and Vietnam, which increases the cost to the end user. Also responsible for the high cost is that all Lao ISPs have invested in their own infrastructure. The Lao telecommunications regime does not mandate "open access" to telecommunications infrastructure. As a result, no cost efficiencies are gained through sharing of fibre-optic or wireless links.

The limited consumer protection provisions that exist in the Telecommunications Law do not prescribe any mechanism of enforcement or any penalties, making the provisions of little use at present. LaoNIC does exercise an informal watchdog role over the industry, and can alert providers that are the subject of complaints by consumers. However, it has no legal authority to act on those complaints, should providers disregard them. The most it can do is to refer breaches of laws of general application to other relevant authorities. To provide more specific protection to consumers will require more detailed regulations to be passed.

Computer literacy in Lao PDR is limited. Whilst computer labs are installed in high schools, there is a critical lack of qualified teaching staff. Computer professionals are not attracted to teaching at schools, since much higher salaries can be earned in computer engineering jobs in the private sector. As a result, the computer labs in schools are more often used by the school administration than by the students.

Because of the lack of literacy in this area, Internet providers have been able to get away with misleading advertising. For example, they will advertise the availability of fast Internet connections that may exceed their actual capacity. Whilst LaoNIC can recommend that providers withdraw misleading advertisements, it does not have the power to compel action. The authority to approve the content of advertisements lies with the Ministry of Information and Culture, but it lacks the technical capacity to assess their accuracy.

1.3.4 Consumer credit and banking

Few problems in the implementation of consumer credit and banking laws were reported. However, there are unregulated black market lenders, particularly in urban areas. These black market lenders will take collateral over assets of the borrower, requiring the borrower to sign over ownership papers before the money is lent. In the case of a dispute over repayment, there is nothing that the borrower can do to prevent repossession of their assets, as the ownership papers are already in the lender's possession.

1.3.5 Environmental quality and services

Although Lao PDR has adequate environmental laws, the resources available for enforcement are limited, and a culture of compliance is not ingrained within industry.

The communities near gold mining factories (in provinces of Savannakhet, Bolikhamxay and Vientiane) are threatened by chemical wastes which the factories use for gold processing. Although environmental law requires a permit before discharging into water, wastes can also wash over the land into nearby rivers and paddy fields. The villagers cannot use this water, and it is dangerous to fish, buffaloes and cows as well.

Dumping of environmentally damaging or unsafe products from neighbouring countries is also a concern. Herbicides and insecticides that have not been approved for use in Lao PDR make their way through its porous borders, or as residue on imported foods. Our respondent from the Ministry of Agriculture and Forestry stated that he had even seen DDT in use in Lao PDR (though that was some years ago, in 1995), presumably having been imported illegally from a neighbouring country.

Another report was that in the dry season, farmers in the north rent their dry rice paddies to Chinese tenants to use for vegetable cultivation. These tenants bring their own equipment, fertilisers, herbicides and pesticides from China. Therefore, no control exists over the standard of products used. When the paddy is used again for rice cultivation in the wet season, any chemicals used will have leached into the soil and may contaminate the rice.

Even assuming that the culprits responsible for an act of environmental degradation can be found, the legislation typically does not prescribe a means of specific means of redress

for those affected. This indicates the need for supporting regulations that provide more specific guidance.

1.3.6 Health and healthcare services

There are numerous implementation issues with health care, including finance, sanitation, fake pharmaceuticals, and consumer awareness. Each of these issues will be touched on here.

Health care financing in Lao PDR is below the desired level of funding and overly dependent on out-of-pocket household expenditure. This type of funding is particularly troublesome for the poor and near poor. They are put at risk of avoiding needed health services due to cost and of being forced into absolute poverty by large medical expenses.¹²

Sanitation in rural areas is poor. 67% of households in the urban area have potable water and latrines, but only 13% of those in rural areas. Over the entire country, only half of households have latrines. Health problems in Lao PDR caused by hygiene and food safety deficits include opisthorchis, which is transmitted via consumption of contaminated raw fish, and other food-borne illnesses such as diarrhoea, typhoid and viral hepatitis.

There is no waste water treatment in Lao PDR. Whilst this is planned for the future by the Water Resources Department, funding is a constraint on these plans. In many areas, no sewage system is even in place, and residences instead use underground septic tanks to keep waste water. Those who don't have room to construct septic tanks, or whose tanks are full, sometimes release their waste water out to the main road, posing a serious health hazard.

Moreover, reports of water- and food-borne disease are limited. Without such reports, the capability of the Ministry of Health to respond is impeded. This is a function both of lack of awareness and also lack of coordination.

Another big problem is with fake pharmaceuticals that make their way across borders into Lao PDR. Pharmacists stock these medications, and their products are rarely checked by authorities. Penalties are not severe enough to deter this.

Finally, education about healthcare issues in many villages is poor. The representative from the Pharmaceutical Development Corporation related a story that some villagers will choose to take a medication because they like its colour, even if they receive advice that it is not the most effective medication for their condition.

1.3.7 Professional services

Access to justice is difficult in Lao PDR because the number of lawyers is so low. There are only 103 members of the Bar Association. Of these, some are still in their probationary

¹² Dean A Shuey. "Who Pays for the Poor?" In: *Asia Pacific Consumer* 30 (2002).

stage of practice, whereas others are retirees. Thus, there is a critical need for more qualified legal practitioners to meet consumers' needs.

The number of qualified medical practitioners is also low, though not quite to the same extent as in the legal sector. There is also a problem with the unregistered practice of medicine, particularly by pharmacists. They may "prescribe" medicine, whether counterfeit or legitimate, that does harm or that leaves a serious condition untreated – often without even examining the patient.

These pharmacists mostly lack training and up to date knowledge. Some of those who act as pharmacists are not registered even to practice pharmacy, let alone medicine. This is a particular problem in village areas.

2. METHODOLOGY

2.1 SCOPE

In developing the capacity building roadmap on consumer protection for ASEAN, this research covered two main areas of consumer protection. It looked at

- i) consumer protection laws in the country vis-à-vis enforcement, and
- ii) the relevant agencies' capacity building needs in carrying out the relevant laws.

The study focuses mainly on the aspects of consumer protection that been specifically identified by AADCP II as being of particular relevance to the ASEAN's goal of becoming a single market. As such, it has been mutually agreed that in addition to the general consumer protection measures, six key consumer areas will be specifically addressed in the project. The following are the 6 areas that will be covered in this study:

Table 2.1: Selected Key Consumer Areas and issues of focus.

Key consumer areas	Specific aspects to be covered
1. Product safety and labeling	: Consumer products including Food (excluding drugs and medicines)
2. Phone and internet services	: E-commerce, phone and internet including broadband services, online purchase.
3. Consumer Credit and Banking	: Banking and financial institutions providing loans; money lending, hire purchase or other financial assistance to consumers.
4. Environment	: Policies, laws and programs for safe and healthy environment, products or services related to water, energy and air
5. Health care services	: Public and private health care services, pharmaceuticals.
6. Professional services	: Laws related to chargeable fees and accountability with regards to legal and medical professions, consumer redress/ access

Across all consumer protection relevant laws, the study also examined these areas:

- Legal provisions that provide for consumer redress vis-à-vis the mechanisms already in place.

- Initiatives and best practices on consumer protection that are being implemented both by relevant government agencies, nongovernmental, and business organisations.

For the capacity building needs, the study covered the enforcement agencies that are principally in-charge of carrying out the provisions of the main consumer protection act and of the six major areas as listed above. Particularly, the agencies' capacity to enact, enforce and implement relevant laws was studied. The capacity building needs of non-governmental organisations and business groups in the country were also considered.

2.2 APPROACHES

The approach in carrying out the Lao PDR research was hinged on the review of the formal operating context vis-à-vis the actual operational environment of consumer protection in the country. The analysis and findings from this exercise served as basis in developing the recommendations for capacity building needs in consumer protection.

The **formal operating context covered** the assessment of

- The national consumer laws and regulations, including those that are being drafted or are awaiting enactment,
- National consumer protection programs and initiatives
- Key stakeholders' views and analysis

While in the **actual operational environment** of consumer protection legislations and programs, the following activities were carried out:

1. Evaluated how well laws and programs are actually implemented and enforced, and
2. Review human and institutional capacities to draft and enforce consumer legislations and implement related programs.

2.2.1 Capacity Building Needs Assessment on Consumer Protection

In order to achieve this objective, the study adopted an overall approach of the Formal and Actual Operating Contexts. The FOC involves legislation, policies and regulations that govern the responsibilities of the governments, businesses, consumers, and other stakeholders in the area of consumer protection. The FOC also includes the structures related to consumer protection. On the other hand, the AOC relates to the protection levels actually experienced by consumers, viewed from a rights-based perspective. The AOC includes governance and consumer welfare matters e.g. how enforcement mechanisms

actually operate, the nature of consumer complaints/injuries and the nature of redress and compensation which consumers actually obtain.

The assessment of capacity building needs (CBN) constituted the following activities:

- **System level:** Reviewed the principal legislation and mapped other related laws covering consumer protection, institutional structures specifically for the purpose of consumer protection laws and policies that explicitly protect the rights of consumers such as Ombudsmen schemes, tribunals and industry based complaints handling systems. Private “structures” such as complaint cells in multi-national companies were not included as the motivation behind such structures is not always in the public interest.
- **Organisational level:** Identified gaps in institutional capacities such as roles and functions including monitoring and implementation of policies, laws and regulations, operation procedures, budget, number of staff, infrastructure, management and leadership,
- **Individual level:** Identified gaps in human capacities knowledge, experience, competencies, and skills.

The capacity building needs (CBN) were identified based on the existing gaps and deficiencies in the current (actual) operating context of consumer protection vis-à-vis a comprehensive protection regime at the System, Institutional and Individual levels. The gaps were then translated into the areas for capacity building that were recommended in order to attain the desired outcomes. The desired outcomes in implementing CP at the national level were benchmarked at the different states of needs and capacities for the different stakeholders and were tailored in order to harmonise CB strategies towards the desired outcomes at the regional level.

2.3 DATA COLLECTION PROCESS

A major activity under the analysis approach was the **regional mapping** exercise. A compilation of national consumer protection legislations, programs in the country as well relevant regional agreements, plans and targets in relation to consumer protection was done. All these were reviewed vis-à-vis actual situations within the national context.

The following research activities were implemented in carrying out the mapping of available records, database, reports and documents including annual reports:

- Desk research of consumer laws, programs, initiatives and reviews.
- A general survey of national laws, programs and implementation with national government stakeholders as well as about their issues and needs and expectations.

- Key informant interviews in relation to consumer protection implementation and about issues and gaps in national consumer laws and enforcement.
- Roundtable discussions with key stakeholders

At the national level, stakeholders were identified based on their direct and indirect involvement in consumer protection and the six main sectors that have been specified such as:

- The government entities (the relevant ministries, particularly with relevance to the sector specified, including consumer tribunals and courts;
- Local authorities
- Regional Institutions or inter-government organizations such as ASEAN Secretariat (ASEC) Competition, Consumer Protection, and IPR Division (CCPID), ASEAN Committee on Consumer Protection (ACCP) and SEACC;
- Policy makers (Members of parliament)
- Training Institutes for government officials;
- Industries/business associations;
- National non-governmental organizations (NGOs)/civil society organizations (CSOs) including consumer associations,
- Academic or think-tank institutions such as ASEAN ISIS
- Professional bodies of legal and medical services

In addition to looking at the formal context and actual operational environmental of consumer legislations and programs in ASEAN, we also assessed the consumer situation. We examined what their needs and issues are and how well these are addressed by national and regional legislation and programs through desk research.

2.3.1 General survey

Survey responses were collected from seven respondents:

- Noulack Phounmalay, Director of Administration of the Association of Lao Garment Industry (ALGI);
- Phutthasone Phomvisay, Chief of the Trade, Investment and SME Division of the Lao National Chamber of Commerce and Industry;
- Soulixay Thipvongxay, Secretariat Member of the Lao Bankers' Association;
- Keomorakoth Sidlakone, Director of the Consumer Protection and Competition Division of the Department of Domestic Trade under the Ministry of Industry and Commerce;

- Phoukhong Chommala, Vice Managing Director of the Pharmaceutical Development Centre (PDC);
- Somphone Lakanchanh, Executive Member of the Lao Bar Association; and
- Mr Nocolette Matthijsen, Country Director of SNV-Laos.

Contact details for these parties are reproduced in Appendix 1 to this report.

The blank survey form is reproduced in Annex 2 to the inception report, and the responses received from each of the Lao respondents have been incorporated into this report at the appropriate points.

2.3.2 Key informant interviews

Fifteen key informant interviews were conducted by Jeremy Malcolm of Consumers International and Syed Mubashir Bin Syed Mohammad of Forum Air Malaysia, between 3 and 8 November 2010. Details of the key informant interviewees are contained in Appendix 2 to this report, and contact details for these parties are reproduced in Appendix 1 to this report.

The basic format used for the interviews is as set out in Annex 3 to the inception report, but this was freely adapted by the interviewers to suit the individual circumstances of each respondent.

In four cases, only one interviewer was present due to a timetabling clash. These were the Lao National Chamber of Commerce and Industry and the Association of the Lao Garment Industry (only interviewed by Jeremy Malcolm) and the Bank of Lao PDR and Village Focus (only interviewed by Syed Mohammad).

For Lao PDR, although full written notes were taken by the interviewers of each interview, the interviews were not recorded. This was due to sensitivity over the issue of recording, as previously experienced in Cambodia (where, however, all interviews bar one were recorded). It was thought best not to make respondents uneasy by insisting on recording conversations in Lao PDR.

2.3.3 Roundtable discussions

The roundtable discussion was held at the Ramayana Gallery Hotel in Vientiane, Lao PDR on 9 November 2010. In attendance were fourteen participants, listed in Appendix 3 to this report. The programme for the discussion is also listed in Appendix 3. Contact details for the parties attending are reproduced in Appendix 1 to this report, and their comments made at the roundtable discussion have been incorporated into this report where relevant.

2.4 Data Analysis

2.4.1 Secondary Data Analysis

The review and analysis of policies and laws entailed the identification of existing consumer protection related laws, the scope of the relevant Acts such as the areas or elements covered, how the Act is implemented and regulations enforced; and how consumers seek redress under the Act. In Lao PDR, due to the absence of a principal Consumer Protection Act, the enforcement of these other Acts were also examined through state actions or Ombudsmen schemes and through private action.

The process also involved reviewing of consumer protection regimes in other parts of the world where consumers enjoy a fairly higher degree of protection. Legal, structural, institutional and regulatory arrangements for consumer protection found in the European Union, Australia, United Kingdom and United States of America were examined with a view to establish a basis for a consumer protection regime that would be appropriate for the ASEAN region.

In analyzing the other aspects of data and information collected, it was necessary to take into account the socio-economic, cultural and political characteristics of Lao PDR. By drawing upon examples of good practices from the more advanced consumer protection regimes and adopting or adapting them to the requirements of the country, key components of a comprehensive consumer protection regime were identified.

2.4.2 General Survey Analysis

Six types of analysis were performed on the data from the General Survey using the 17.0 version of Statistical Package of Social Sciences (SPSS) in order to identify priority areas for capacity building and gaps in consumer protection (Table 2.2).

Table 2.2: Types of Statistical Analysis Used

Type of Analysis	SPSS analysis
Normality test of the data	Kurtosis and skewness, P-P Plot
Reliability test of the data	Cronbach alpha
Organizational profile and consumer protection measures	Frequencies
Level of difficulty in implementing consumer protection programs and activities	Frequencies, Index
Capacity building needs and form of assistance required	Frequencies, Index
Relationship between level of difficulties and capacity building needs	Pearson correlation, T-Test

Qualitative information obtained from Key Informant Interviews and Round Table Interviews was used to substantiate or supplement quantitative information obtained from the general survey. The open-ended Key Informant interviews and the Round Table Discussions served as a sounding board to fill in the gaps in formation, to check the validity and relevance of the capacity building needs of the AMSs.

Based on the findings from the General Survey, secondary data collection, key informant interviews and roundtable discussions at country levels, strategies and recommendations as well as a road map for strategic thrust areas for consumer protection was developed for the short, medium and long terms.

2.4.3 Capacity Building Needs Analysis

The identification of the capacity building needs was accomplished by making a systematic analysis of the information gathered through the general survey, especially with regard to difficulties expressed by respondents, and the types and forms of assistance which they needed. The information gathered from the above-mentioned analysis was used to identify weaknesses and gaps in the existing operating context for consumer protection among the stakeholders in the country.

An index was developed to measure capacity building needs, using an interval scale of 1 to 7. Level 1 is the least priority and level 7 is the highest priority. The Index level was based on the total scores (i.e. the total computed score for all items related to capacity building needs) and the mean for each area of capacity building need. The mean for the total score is called the Index for each item listed in the questionnaire.

The Index was also used to measure the level of difficulty in implementing consumer protection programmes and activities, and the preferred forms of assistance required by the stakeholders for work on consumer protection.

By making reference to a proposed framework for comprehensive consumer protection regime, it was possible to identify capacity building needs that would assist Lao PDR to make the transition from the current state to the desired state of consumer protection at the national and regional levels.

2.5 Profile of Stakeholders

Generally, the stakeholders were identified based on their direct and indirect involvement in consumer protection and the six main sectors that were specified including:

1. The government entities (the relevant ministries, particularly with relevance to the sector specified, including consumer tribunals and courts;
2. Local Authorities
3. ASEAN Committee on Consumer Protection (ACCP);
4. Industries/business associations;

5. National non-governmental organizations (NGOs)/civil society organizations (CSOs) including consumer associations,
6. Academic or think-tank institutions
7. Professional bodies of relevant services

The 18 CP-related stakeholders in Lao PDR that participated in this study could be categorised into three main groups:

- Government agencies
- Non-government organisations
- Private Sector or Industry-based Associations

A) Government Agencies

- i) Bank of Lao PDR
- ii) Ministry of Agriculture and Forestry
- iii) Ministry of Foreign Affairs
- iv) Ministry of Health
- v) Ministry of Industry and Commerce
- vi) National Authority For Science and Technology
- vii) National Authority of Posts & Telecommunications
- viii) Water Resources and Environment Administration

B) Non-government organisations

- ix) Care International in Lao PDR
- x) SNVLaos
- xi) Sustainable Agriculture and Environment Development Association
- xii) Village Focus International

C) Private Sector or Industry-based Associations

- xiii) Association of Lao Garment Industry
- xiv) Lao Bankers Association
- xv) Lao Bar Association
- xvi) Lao Nat.'l Chamber of Commerce & Industry
- xvii) Pharmaceutical Development Centre
- xviii) ST Bank

2.5.1 Overview of Consumer Movement

There is as yet no organised consumer movement in Lao PDR.

2.6 Limitations

Due to the time constraints, some relevant stakeholders were not able to participate in the survey, key informant interviews and the RTD.

Further, the availability of detailed materials primarily depended on the available resources and publications or reports available through internet search, which would be

further limited by availability in English version. Data were also mainly based on secondary compilation by the focal points and Key Informants and general survey respondents, who were selected by the local focal points. However, it was also noted during the course of interviews, the participants might have limited knowledge or experience in answering some of the questions pertinent to areas beyond their scope of functions.

Complete data representation on enforcement was also critically lacking in this report due the absence of participation of enforcement unit or departments. Only small passing reference and general remarks were made by respondents or key informants, without any specific mentioned of or reference materials, cases or statistics provided.

3. MAPPING AND ANALYSIS OF CONSUMER PROTECTION LAWS AND PROGRAMMES FOR LAO PDR

3.1 Laws and Regulations related to Consumer Protection

3.1.1 Principal Consumer Protection Act

Lao PDR's policy on consumer protection is set out in Art. 4 of its new *Consumer Protection Law*, which is reproduced in full in Appendix 6. In unofficial translation, this provides:

The State encourages the consumer protection by defining the regulations and laws, providing educations, recruiting the personnel, allocating the budget, providing the materials to an organization which is responsible for carrying out the consumer protection activities in order to create the conditions supporting the organization to perform its activities effectively, ensuring the safety of the life, health, property, legal rights and benefits of the consumers.

The State encourages all sectors in society, individuals, legal entities, and domestic and foreign organizations to contribute to the consumer protection activities.

The Law goes on in Art. 5 to set out five basic principles of consumer protection, and the rights of consumers to protection in the consumption of goods and services (Arts. 10 and 11). Later in the Law (Arts. 32 and 33) their rights and responsibilities are set out again in more detail.

Unlike in an earlier draft decree, the consumer rights in the Law are not derived from the United Nations Guidelines for Consumer Protection, though are compatible with it. Missing from the principles set out in the Law are mention of the consumer's right to satisfaction of basic needs, to consumer education, and to redress.

Accordant duties on producers of goods (Art. 12) and importers, sellers and distributors of goods and services (Art. 13) to respect consumers' rights are then set out, again being repeated in more detail later in the Law together with a list of rights and responsibilities of suppliers (Arts. 34 and 35).

The Law also covers fairness in advertising (Arts. 14–16), the right to information about risks in the use of goods and services and their compliance with product standards (Art. 17), labelling requirements (Arts. 18–20), and defines the “administrative organisations for consumer protection” from each government ministry (Arts. 22–26), including their rights and responsibilities (Art. 27) and those of their consumer protection officers (Art. 28). More detail on their rights and duties in the administration of consumer protection activities are given later in the Law (Arts. 60–61).

The Law also recognises and assigns responsibilities to a non-governmental Consumer Protection Association (Arts. 30–31), which has not yet been formed, and establishes a detailed regime for alternative dispute resolution (ADR) of consumer disputes (Arts. 36–55). This is followed by lists of prohibitions (Arts. 56–59) and penalties (Arts. 65–72), and provisions relating to inspection of goods (Arts. 62–64).

The new *Consumer Protection Law* was adopted by the National Assembly in June 2010. This Law should become effective in 2011, ninety days from the date of the promulgating decree of the President of the Lao People's Democratic Republic (Art. 74 of the Law).

3.1.1.1 Implementing agencies

The government agency responsible for consumer protection is the Consumer Protection and Competition Division of the Department of Domestic Trade under the Ministry of Industry and Commerce. It was established only in June 2009, and has seven staff. This will be expanded with the coming into force of the new Consumer Protection Law. It is planned that about ten people will be retained for each of seventeen provinces, with about two-thirds of those new staff being engaged in enforcement activities. These staff will be taken from the Trade Inspection Division of the same Department and given supplementary training for their new responsibilities.

An important step taken by the new Division has been to establish an inter-ministerial committee of the other responsible agencies outside of the Ministry of Industry and Commerce – particularly the Ministry of Agriculture and Forestry, the Ministry of Health and the National Authority for Science and Technology. In November 2010 the new committee had its first meeting to develop an action plan for the joint development of a consumer protection regime for Lao PDR under the terms of its new *Consumer Protection Law*.

Another agency that has authority in relation to general consumer protection is the Department of Intellectual Property, Standardisation and Metrology of the National Authority for Science and Technology, which is responsible for surveying the accuracy of devices used for weighing and measuring as part of its general mandate. It plans a new law on metrology, which would provide a more specific mandate to the Department as well as standardising treatment of this topic with other ASEAN member states.

Finally, advertisements are required to be approved by the Ministry of Information and Culture. The approval process normally takes about two weeks. To the extent that its capacity allows, it is required to review their content to ensure that it is accurate, and does not breach any laws such as national security. Other agencies are consulted where necessary to provide approval. However in practice, unless obviously false, the veracity of the claims made in advertisements are not cross-checked.

3.1.2 Laws on Product Safety and Labelling

The food safety law is the *Food Law 2004*. There is also a Food Safety Policy, issued in February 2009. The *Food Law* is an odd instrument, many articles of which are educative in function, rather than prescribing rules. However, there are also provisions relevant to food safety.

Art. 13 provides that “Food shall comply with the standards in the Lao PDR.” As a member of the Codex Alimentarius Agreement since 1995, food is required to comply with the applicable Codex Alimentarius standards where local standards do not exist (this does not appear to be supported by a specific article of the *Food Law*).

Subsequent articles allocate responsibility for ensuring standards compliance throughout the food chain: Art. 18 for initial production, Art. 19 for preparation, Art. 20 for serving, Art. 22 for distribution, and so on. Art. 30 requires food businesses to be registered with the Ministry of Health, and Art. 37 proscribes misleading advertising of food.

Art. 38 sets out the rights of the consumer, including the rights to receive information on food, to receive safe, quality, nutritious and appropriate food, and to return food or request compensation for food that is inedible or unsafe. However Art. 39 instructs consumers on how to maintain their own health through good hygiene and nutrition practices.

Part VI of the Law gives the Department of Food and Drug of the Ministry of Health the authority to inspect for food safety and quality, and Part VII covers offences – including, importantly, criminal sanctions for those who serve food that is dangerous to the life and health of the consumer.

There are also a number of regulations issued under the Law, including:

- Regulation on the Control of Production, Exported–Imported Safe Food (2006)
- Regulation on Bottled Drinking Water (2006)
- Regulation on the Basic Principles in the Application of Sanitary and Technical Measures for Food Safety Management (2009)
- Regulation on Food Labelling (2009)

Besides the above are regulations on food hygiene, market hygiene, the application of HACCP (Hazard Analysis & Critical Control Points) in food factories, and setting standards for ice cream, tomato sauce, iodized salt, mineral water and ice. Where food standards do not exist, the Codex Alimentarius Commission guidelines are used as a reference for inspection purposes and relevant Codex Standards will be adopted. New regulations on food additives and food inspection are planned.

At a sub-regulatory level, there is an ongoing programme to develop guidelines and manuals on food inspection and food quality assurance, following quality standards such as Good Manufacturing Practice (GMP), Good Handling Practice (GHP), Good Hygiene

Practice (GHP), Good Agricultural Practice (GAP), Sanitation Standard Operating Procedures (SSOP) and Hazard Analyze Critical Control Point (HACCP).

In addition to regulations under the *Food Law*, there are also product standards administered by the Department of Intellectual Property, Standardisation and Metrology, of the National Authority for Science and Technology. To date only 74 standards have been registered, which is a very small number compared to those of neighbouring countries. Amongst these are 50 standards taken directly from the International Electrotechnical Commission (IEC), with the balance covering a very few foods (water and rice) and construction materials. Of these standards, only a handful are made compulsory: these being the standards for steel, gasoline and cement.

Registered trademarks are enforced in Lao PDR, also by the Department of Intellectual Property, Standardisation and Metrology of the National Authority for Science and Technology. About 1000 marks are registered each year, 99% of these to overseas applicants. This is handled by only seven staff.

At least one new law is also in the pipeline: the Ministry of Agriculture and Forestry proposes a new agricultural standards law which would bring the sector into compliance with WTO requirements concerning standards on labelling, as well as on marketing, contamination and so on.

Other than as mentioned above, and for pharmaceuticals, medical products and cosmetics (as to which see also “Healthcare services” below at 3.1.6), there is limited regulation of product safety or labelling in Lao PDR.

3.1.2.1 Implementing agencies

The Department of Food and Drug of the Ministry of Health has approximately 50 staff. It is responsible for:

- Management and coordination with key ministries of the safety of food, drugs, medical devices and cosmetics.
- Administration of the Food and Drug Laws and regulations.
- Surveillance and inspection services.
- Laboratory services.
- Information, education, communication and training.
- Measures against offenders.

Testing of food and product safety is conducted in two main laboratories located in Vientiane, with a third planned:

- The Food and Drug Quality Centre of the Ministry of Health, which is a laboratory for physical, chemical and microbiological analysis.
- The Laboratory of Livestock and Fishery of the Ministry of Agriculture and Forestry, which is a laboratory for diseases and parasites of vegetables, fruits, meats and fish.
- The Department of Water and Environment Administration has also indicated that it will be establishing a national laboratory for monitoring of water supplies, with support from the World Bank.

When inspection or testing reveals that non-compliant products are being produced or sold, it is the usual practice of the Ministries to attempt to educate the offender by issuing a warning. Only in cases of repeat contravention are punishments such as fines normally issued. In extreme cases, offending businesses can be closed. This has happened for example in the case of a drinking water factory whose product was found to be unsafe.

Training courses for industry have been conducted by the Food and Drug Department annually on food and product safety issues such as Food Safety training, Good Manufacturing Practice (GMP), Good Handling Practice (GHP) and Hazard Analyze Critical Control Point (HACCP). For example a course on factory safety funded by the ILO has recently met with success for the Ministry of Industry and Commerce, and a course on training of supervisors for the garment industry administered through the same ministry began in 2010, for a three-year term. Ongoing training for pharmacists is also conducted by the Food and Drug Department. Such measures have been reported as useful by the industries concerned.

Outside of food, drugs and cosmetics, there is little standardisation of quality control in Lao industry. What does exist is as specified by contracts with overseas buyers. The Lao Garment Association, for example, does not encourage or enforce its members' compliance with any quality standards or codes, and has no plans to develop local best practice guidelines or manuals.

There are some rules or codes by sub-groups (or "business associations") under the Lao National Chamber of Commerce and Industry, of which there are 26. However these rules or codes seldom deal with consumer protection issues; rather being limited to dealings between members and development of the industry. One exception is the Lao Association of Travel Agents, which lists one of its objectives as "enhancing the business ethics of the travel profession" – though it is not known whether any programmes in pursuit of this objective have been undertaken.¹³

¹³ See http://www.latalaos.org/show_content.php?newsid=2.

3.1.3 Laws on Phone and Internet Service and E-commerce

The *Law on Telecommunications 2001* regulates the provision of both phone and Internet services. Article 15 of the Law provides that telecommunications users have the right “to receive quality, proper, accurate, convenient, rapid, safe and equitable services,” whilst also imposing upon them a duty “not to use communication to defeat national stability, peace, socio-economic or cultural development of the country” or “to defame persons or organisations.”

Article 24 of the law provides that “disputes arising from the construction, installation or provision of different types of telecommunication services causing civil damage to telecommunication users or other persons ... shall first be settled by mediation.” Procedures to take advantage of Articles 15 and 24 would require further explication by regulations, which do not yet exist.

Internet Regulations under the *Law on Telecommunications* were passed in 2000. These do contain a chapter on consumer protection, covering misuse of the network. As well as proscribing the dissemination of culturally or politically undesirable content (which is not really a consumer protection issue), the regulations are also broad enough to cover the transmission of spam and malware across the Internet.

A draft e-commerce law, compatible with those of ASEAN neighbours, has also been drafted and reviewed by cabinet. It currently awaits approval by the national assembly. The draft law does not contain detailed provisions on consumer protection, but does require certain minimum standards of protection for user privacy. To fill in the details of this law and to provide additional protections to consumers will require the passage of further regulations, on issues such as cybercrime, spam, and so on.

3.1.3.1 Implementing agencies

The responsible authority for telecommunications and private sector Internet services is the National Post and Telecommunications Authority. It regulates four main telecommunications operators (Lao Telecom, Enterprise Telecommunications Lao, Star Telecom and Millicom Lao Company), and twelve Internet service providers. In 2006, mobile telephone usage stood at 23% of the population, and now is probably closer to 28-30%. Some mobile phone operators also provide Internet access through telephone handsets, and an estimated 5–10% of mobile phone subscribers access this service.

Internet service is also provided through dial-up phone lines, ADSL and wireless broadband service. Most Internet providers do not serve consumers directly – only about 2-3% of the population have connections to their home or business. Instead, most Lao consumers access the Internet through Internet cafes or telecentres, bringing the total user base to about 5-8%.

In charge of Internet services to government and the operation of e-commerce systems is the Internet Service Department of the Science and Technology Administration.

These two authorities come together as members of the Lao National Internet Committee (LaoNIC), which also contains representatives of other ministries such as the Ministry of Information and Culture and the Ministry of Justice. There are no private sector members of consumer representatives on the committee. Indeed, there is not yet any organised body in Lao PDR to represent telecommunications or Internet providers or users.

A new Computer Emergency Response Team (CERT) is being established by regulation to provide a port of call for users who experience computer security problems such as attacks from hackers, viruses or malware. This team will not deal with disputes between Internet service provider and user.

72 telecentres and “e-government provincial centres” operate throughout Lao PDR, providing Internet access to the community, and are currently free of charge to the user. From these centres, it is possible to access government Web sites, to obtain or submit online application forms such as for birth certificates and passports, and to access basic training on computer use. The current centres are funded until 2011, at which time a decision will have to be made about whether funding is to be renewed, or whether the centres will have to become self-sustaining.

At present e-commerce services are not widely used in Lao PDR. Most of the e-commerce services that exist are for the tourism industry (such as hotel booking services), and export industries that interface with the e-commerce systems of customers or suppliers. There is currently little business-to-consumer e-commerce involving local Lao consumers.

3.1.4 Laws on Consumer Credit and Banking

The *Law on Commercial Bank 2006* establishes Lao policy on commercial banking, provides arrangements for the protection of interests of depositors, regulates the organisational structure of banks and the types of banking operations they provide (including electronic banking services) and establishes a supervision and inspection Authority.

The central provision for consumers is Art. 5 which provides:

Commercial banks shall protect the interests of depositors by:

- Being members of the depositors’ protection fund;
- Creating conditions to facilitate customers to deposit or withdraw their money, including principal and interest, completely and in a timely manner;
- Keeping information relating to the accounts of customers confidential, except as otherwise provided in the laws;

- Giving notice of rates of interest on deposits, rates of service fees, and exchange rates by various means.

Additionally Art. 43 provides that a bank must not, *inter alia*, “engage in manipulative devices or practices in its transactions that result in an unfair advantage for itself and for third parties.”

Art. 59 requires banks that provide electronic banking services to comply with the following requirements:

1. Provide their customers with a privacy policy statement;
2. Permit such customers to opt out of information sharing concerning them by such commercial banks with their affiliates or with non- affiliated third parties;
3. Have appropriate systems to maintain the security of their own internet and computer system.

3.1.4.1 Implementing agencies

The Bank of Lao PDR is the central bank, with licensing, supervision, and prudential regulatory powers over financial institutions, of which there are currently about 24.

The banking and finance sector in Lao PDR is still growing and maturing. Bank finance is gradually becoming more accessible to consumers, and banks are working at reducing delays in loan approvals (which can still stretch up to three months). New banking infrastructure is also being rolled out; for example online banking facilities (which however still only include limited services), and the installation of Automated Teller Machines (ATMs) – the Lao Development Bank to whom we spoke has only been installing these since May 2010.

A Banking Training Centre outside Vientiane was set up in 1980 and re-opened in 1985. The training centre was closed each time after a year of operation when the funds provided by the government ran out. The Banking Training Centre opened for a third time in 1993 with the aid from an Asian Development Bank (ADB) grant. When the grant expired, Bank of Lao PDR took over the role of supporting the centre, which remains open today.

There is also a Lao Bankers Association. It does not have a complaint-handling function, nor enforce a code of conduct, and does not include consumer representatives in any of its organs. It does informally discuss issues that have given rise to persistent complaints to its members from the public, and these may result in coordinated change to banking practices. However the main functions of the association are for sharing ideas, networking and training within the industry.

For consumers outside of the formal banking system, village saving funds exist. As well as being used for saving, these can provide small loans (of up to about 2-3 million kip; US\$250-375 at 1\$=8.000 Lao Kip) to members of the village. These saving funds are administered by the board of each large village, with the largest village funds holding about 1 billion kip (about US\$12,500). The villagers' participation in the saving fund also provides a form of self-education on saving and debt. The village fund pays a dividend to villagers at the end of each year.

Consumer debt is not yet a pressing problem in Lao PDR, partly because credit cards have only quite limited use, and because of the institution of village saving funds. Maximum interest rates are regulated by the Bank of Lao PDR.

Other means of finance for consumers include pawnbroking, specialised microfinance lenders, and hire purchase through banks. Both are regulated by the Bank of Lao PDR.

3.1.5 Laws on Environmental Quality and Services

The overarching environmental law is the *Law on Environmental Protection 1999*. It contains provisions on environmental protection, prevention of environmental degradation, managing exploitation and use of natural resources, protection of biodiversity, prevention of natural disasters, control of pollution of water, soil and air, and restoration of the environment.

Amongst the basic principles of environmental protection that Art. 5 of the law establishes are that "all persons and organisations residing in the Lao PDR shall have an obligation to protect the environment," and that "whoever causes damage to the environment is liable under the laws for such damage."

Under Art. 30, the government promotes the establishment of environmental protection funds to support activities in the field of research and study, preservation, remediation and restoration of the environment, including the protection and preservation of natural resources.

Other environmental laws include:

- the *Law on Industrial Processing 1999* (which refers to the *Law on Environmental Protection* and contains further measures to protect the environment in the context of industrial processing, such as registration of industrial zones);
- the recently-revised *Law on Forestry 2008*;
- the *Law on Wildlife 2008*;
- the *Law on Fire 2007*; and

- the *Law on Water and Water Resources 1996* (which is designed to manage the allocation of water resources between various competing uses, such as consumption, irrigation, fishing, aquaculture, hydropower, industry and so on).

There are also a number of subsidiary instruments including a decree on the management of reservoirs, and others planned such as revised regulations on sewerage. Thus, environmental laws in Lao PDR are quite well developed.

3.1.5.1 Implementing agencies

Environmental programmes are the joint responsibility of three ministries: the Water Resources and Environment Administration (WREA), the Ministry of Agriculture and Forestry, and the National Authority for Science and Technology. Together these ministries are responsible for administering the environmental laws of Lao PDR.

In this section three classes of environmental programme will be covered briefly: water management, environmental standards, and sustainable production.

The WREA is a relatively new authority, established in 2007. It has developed an action plan which calls for revision of the *Water and Water Resources Law* by 2011–2012, and development of a water policy by 2010. The water policy was indeed finalised earlier in 2010, and aims to be applied across all sectors with responsibility for water usage.

The Water Resources Department of the WREA is responsible for the development of water resources and their allocation to particular uses such as hydroelectric power, irrigation, drinking water, and drainage and sanitation. It cooperates with other authorities such as the Ministry of Health (on water safety), the Ministry of Public Works and Construction (on water delivery), and a water parameter body under the National Authority for Science and Technology (on water testing).

There is also a local catchment management committee, as well as a regional river basin organisation, the Mekong River Commission (MRC) which exists by agreement between the governments of Lao PDR, Cambodia, Thailand and Vietnam to jointly manage their shared water resources and development of the economic potential of the river.¹⁴ The organisation has concluded an Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin, which requires any party wishing to develop (for example, to dam) the river to consult with the other parties first. An environmental and social impact assessment is also required.

This Agreement is currently being tested, with a dispute over the Lao plan for a hydroelectric dam at Siphandone, bordering Cambodia. This plan has raised some concerns in that latter country regarding depletion of fish stocks and reduction of water flow. This

¹⁴ See <http://www.mrcmekong.org/>.

dispute is being worked through pursuant to the Agreement, and a working group has been set up to establish the true impact of the project.

Although Lao PDR has ample water, its flow is seasonal, so there is flooding during the wet season and insufficient water in the dry season, when water levels drop. This could be solved through the use of reservoirs to store water, this has not been possible on a large scale due to lack of resources. The only reservoirs that have been constructed have been those used for purposes of hydroelectric power.

The Good Agricultural Practice standard, which is an international standard originating from Germany,¹⁵ is being promoted as mandatory for all Lao agricultural producers by the Ministry of Agriculture and Forestry. It is unclear however that it actually has mandatory status at law, and can probably be more accurately regarded as a best practice guideline. In any case, enforcement practices at the village level emphasise education rather than punishment.

A “Lao Organic” certification has also been developed by the Ministry of Agriculture and Forestry. It contains strict conditions prohibiting the use of artificial chemicals or additives in food production. Whilst voluntary, those complying with the standard are entitled to use the “Lao Organic” certification mark on their products. This mark has been promoted to consumers through television and print publications, and at a weekly market in the Vientiane capital.

The Lao National Chamber of Commerce and Industry is a participant in an NGO-funded program titled SPIN – the Sustainable Product Innovation Project. This project, running from 2010 to 2014, aims to promote the development of local products that do not endanger the environment. Products included to date include furniture and packaging. 20% of project funds were contributed by the Chamber, and the balance through a SWIFT Asia project also covering Cambodia and Vietnam. The Chamber has promoted participation in this programme to its 500 members.

Sustainability is also a focus of SAEDA, the Sustainable Agriculture and Environment Development Association. Over its lifetime since 1991 it has trained over 10,000 producers on sustainability practices such as organic farming, with support from local authorities. SAEDA also continues to organise a twice-weekly market for organic foods at a regional location.

3.1.6 Laws on Health and Healthcare Services

The main law on health care in Lao PDR is the *Public Health Law 2003*. Art. 4 provides:

The main law on health care in Lao PDR is the *Public Health Law 2003*. Art. 4 provides:

¹⁵ See <http://www.globalgap.org/>.

All citizens, regardless of gender, age, ethnic origin, race, religion or socio-economic status, shall be entitled to health care when they are ill and are equally entitled to criticize or bring a complaint if they find that the health care provided is not in conformity with professional techniques or is not equitable
...

The state policy on healthcare is set out in Art. 5, and Art. 6 establishes the principles to be observed in the health care system such as regard for medical ethics. (The particular duties that fall on medical practitioners will be dealt with under “Professional services,” below.)

Arts. 13–17 describe the components of the public healthcare system, which are healthcare services at the primary level (such as village health centres), intermediate level (such as district and municipal hospitals), high-level (provincial and regional hospitals) and advanced level (centre hospitals and specialist health care centres). The private health care system is also recognised and regulated in Art. 19.

Since free universal health care has not been provided in Lao PDR since the mid-1980s, the law contains provisions (in Chapter 5) about health insurance, recognising both private insurance, and also community health insurance funds, which are derived from the contributions of the members of a community, such as a village, monastery or school. The poor may also qualify for provision from a public welfare health insurance fund (Art. 50).

Besides the *Public Health Law*, there is also a *Law on Hygiene, Disease Prevention and Health Promotion 2001* dealing with hygiene, disease prevention, health promotion and maternal health care.

Finally pharmaceuticals and medical devices are regulated by the *Drug and Medical Product Law 2000*. A National Drug Policy has also been issued since 1993, and was revised in 2003. There is also a separate Decree on Traditional Medicines – though interestingly, Art. 3 of the *Drug and Medical Product Law* provides that “The State promotes the wide and increasing production and use of modern medicines in combination with traditional medicines in the prevention of disease and the treatment of the multi-ethnic people.”

Amongst the main functions of the *Drug and Medical Product Law* are to regulate:

- Establishment of pharmaceutical, cosmetic and traditional medicine factories and companies.
- Regulation of pharmacies.
- Registration and regulation of drugs, cosmetics, and traditional medicines whether locally produced or imported.

The law also ensures (in Chapter 2) that unapproved drugs are not allowed to be put on sale or advertised, and prohibits misleading advertisements for drugs that have been approved. Drugs are subject to price control (Chapter 3) and inspection (Art. 40).

New regulations on labelling of pharmaceuticals (which is already dealt with to some extent in the Law) are planned. At present, approved pharmaceuticals are already required by Art. 20 to carry a seal of the Food and Drug Department so that they can be more easily identified and distinguished from unregistered (and perhaps counterfeit) imports.

3.1.6.1 Implementing agencies

The Food and Drug Department of the Ministry of Health is divided into eight divisions, which include a food control division, drug control division, narcotics, chemicals and cosmetics control division, traditional medicine division, and an information, education and communication division. There are also two state-owned pharmaceutical factories under the Food and Drug Department.

There is also a Food and Drug Advisory Committee which is designed to ensure that the key ministries are part of decision-making process related to food regulation and enforcement in Lao PDR. This brings together nine members from six ministries: the Ministry of Health (MoH), Ministry of Forest and Agriculture (MoFA), Ministry of Industry and Commerce (MoIC), Ministry of Finance (MoF), National Authority for Science and Technology (NAST) and Ministry of Public Security (MoPS). Alongside this is a Lao National Codex Committee, responsible for the implications of the standardisation of food and food control issues, which brings together nine members from five ministries. Finally a Technical Working Group committee has roles and duties in developing draft policy documents, strategies and plans of action, regulations and standards.

At the grassroots, an important institution is the Mahosot Hospital-Wellcome Trust-University of Oxford Infectious Disease Centre (or Mahosot Hospital), which is dedicated to the diagnosis and treatment of infectious diseases and also serves as a medical research and training centre.

Outside of the government sector, the Lao Red Cross Society, established in 1955 works with approximately 40,000 patients annually, focussing since 1992 on tackling problems with HIV/AIDS. Another NGO, Village Focus, has a programme to raise awareness of sanitation issues.

Most healthcare programmes in Lao PDR are concerned with extending medical services to more disadvantaged consumers, with less emphasis on increasing the quality of those services or providing redress to those affected by services of poor quality.

3.1.7 Laws on Professional Services

Both medical and legal professionals are required to be registered. In the case of the medical profession, this obligation arises from Art. 8 of the *Public Health Law 2003*. Art. 9 sets out

the duties of health care professionals, including “to prescribe and recommend health-care protocols and to conduct necessary health-care procedures ensuring high quality and safety.” Art. 35 sets out their required professional ethics, including “observance of nationally and internationally recognised technical standards of care in order to help patients recover their health.”

In the case of the legal profession, the obligations on professionals come from the government Decree (No 64/PM of 21 February 2006) that establishes the Bar Association of Lao PDR as an official organ of the legal system. The Bar Association’s rules govern the eligibility of legal practitioners to practice law in Lao PDR. Candidates for admission must, amongst other criteria, have a certificate of graduation from a high or middle level law school, and in the latter case must also have served more than five years experience working as a judicial officer. Essentially, this means that a candidate with a lower level of formal qualifications can serve as a lawyer after a five-year apprenticeship.

3.1.7.1 Implementing agencies

The case of healthcare services has been discussed above, though there have been limited consumer protection programmes in that sector. In the legal professional services sector, the programmes have been equally limited.

The Lao Bar Association has an Inspection Committee, “aiming at smooth and improved operation of lawyers in the service of Lao multi-ethnic population” (Bar Association Rules, Art. 18.4).

Whilst not a redress mechanism (since it provides no recompense to the consumer), the Executive Committee of the Bar Association is authorised to issue a warning note or “written confession” to a lawyer who commits a mistake that is not serious and does not cause serious damage (Art. 21.3). More serious errors are referred to a General Meeting of the Association for action, and thence to the Ministry of Justice which can revoke or suspend the lawyer’s registration as a practitioner.

The Bar Association also has a programme to enhance access to justice, targetted at the poor and vulnerable in remote areas. Part of this involves cooperation with member NGOs who fund legal aid programmes for the provision of *pro bono* advice and representation for the poor and marginalised.

3.1.8 Other Laws Protecting Rights of Consumers

There are also two other general consumer protection laws worthy of brief mention:

- A *Decree on Goods Price Controls*, pursuant to which the Ministry of Industry and Commerce is empowered to control prices of essential items. Currently the prices of about 20 essential items are controlled.

- *A Decree on Trade Competition*, which would prohibit restrictive trade practices, prevent anti-competitive behaviour and address monopoly market structures. The term “would” is used because the decree has not been implemented, as the competition authority is yet to be established.

3.2 Inter agency co-ordination

From the general survey conducted in Lao PDR, over 70% of respondents reported experiencing a medium to high level of difficulty in implementing consumer protection activities and programmes.

Coordination between ministries is a complex challenge. Many of our respondents repeated this observation, with only one (the Consumer Protection and Competition Division) arguing that there should be no difficulty with coordination, at least where the law is clear. Others (such as the Water Resources Department) noted that the law is not always clear enough about the division of responsibilities, and that this can result in “turf-wars” in which authorities are unwilling to share power in a certain area. Our respondent from the Ministry of Agriculture and Forestry observed that coordination, although necessary, is costly and that financial support is required to facilitate it.

An example of one area of inter-dependence between ministries was given by the Food and Drug Department: that its approval is needed for the importation of food items, but that the effective implementation of this requires the cooperation of the customs authorities. A second example is that a factory may be inspected by three different ministries at three different times. It may be more efficient for the ministries to coordinate their visits, but currently there is no mechanism by which to do this.

Food is probably the area most effected by this problem of multiple overlapping ministerial responsibilities, in that responsibility keeps shifting from one ministry to another along the food chain. From the ground to the farm gate, responsibility for food safety is that of the Ministry of Agriculture and Forestry; from the farm gate to the market it is that of the Ministry of Industry and Commerce; and from the market to the table it is that of the Ministry of Health.

3.3 Redress mechanisms

3.3.1 General consumer protection

Until now, redress mechanisms available to the consumer have been limited. There is no cross-sectoral national hotline telephone number for consumer complaints.

The *Law on Resolution of Economic Disputes 2005* provides for the mediation or arbitration of economic disputes by an Organisation of Economic Disputes Settlement under the

Ministry of Justice. Its jurisdiction extends over “conflicts which take place in relation to production and business operations” (Art. 2). However this depends on both parties agreeing that mediation or arbitration should take place (Art. 4). Moreover, a fee is payable (Art. 44).

There are also Economic Police under the Ministry of Public Security who intervene in commercial disputes, such as complaints of foreign trade mark owners against counterfeit goods being sold in Lao PDR, the sale of price-controlled goods at higher prices, or commercial misrepresentations. If investigation by the Economic Police reveals that a vendor has broken a law, action can be taken such as a warning or in appropriate cases prosecution.

Often it is the Economic Police who have been called upon to act on consumer complaints also. In some cases, such as misrepresentations by vendors, this is been appropriate and can yield successful results for the consumer. However, they are not specifically trained in other consumer protection issues such as product safety and labelling. Nor can they order provision of civil redress such as a refund to the consumer. Therefore the Economic Police do not provide Lao consumers with a one-stop point for redress for all consumer complaints.

For commercial activities that require registration by the business owner, the consumer can go to the relevant registrar to complain about the conduct of a vendor. If found to have breached the terms of registration, the registration certificate can be cancelled. However, few consumers are aware of the responsible registrar for a given business, and thus do not know where to turn to make such a complaint.

Further, once again, this does not provide the consumer with actual redress by way of compensation, but merely penalises the vendor. Neither can consumer organisations in Lao PDR act on behalf of, or represent a consumer in civil proceedings, to seek redress or compensation. Therefore if a consumer does not have the knowledge or resources to go to court to take civil action, he or she may be out of luck.

There is also a mechanism by which a complaint can be taken to the National Assembly, but this is in the nature of an appeal from a decision of the courts, and is therefore not accessible to most consumers.

Under the new *Consumer Protection Law*, the situation will improve. The law provides (Art. 37) for disputes between consumers and suppliers to be settled through a hierarchy of processes:

- Conciliation or mediation.
- An administrative hearing by the responsible ministry.
- Arbitration by the Organization of Economic Disputes Settlement.

- Finally, court action.

A strict timetable for these processes is provided in the Law.

The difference between conciliation and mediation is that conciliation takes place between the consumer and supplier only, whereas mediation is conducted by an independent individual or organisation accepted by both parties. Organisations to offer this mediation service must be established under the Act, comprising of between three to five personnel. The yet-to-be-formed Consumer Protection Association may also offer a mediation service (Art. 42).

3.3.2 Specific subject areas

Outside of the procedure in the new *Consumer Protection Law*, there are certain sectoral boards or administrators to whom complaints can be taken in specific subject areas as a free alternative to the expensive process of taking legal action. These include:

- the Lao National Internet Committee, for Internet service disputes such as billing irregularities;
- the metrology division of the Department of Intellectual Property, Standardisation and Metrology of the National Authority for Science and Technology for disputes about weights and measures such as faulty scales;
- the industrial property division of the same department for trade mark disputes; and
- the Law Enforcement Committee of the Department of Food and Drug for food or pharmaceutical safety disputes.

The publicity materials issued by the Department of Food and Drug provide a telephone number for the purpose of making such complaints, and in rural areas, the Department's provincial offices are also available to receive complaints in person. However, the Pharmaceutical Development Corporation recommends that for pharmaceutical complaints, rather than going to the Department, the consumer should complain directly to the manufacturers of their products, because only the manufacturer has access to batch numbers and can conduct testing on offending samples.

The WREA has indicated that in an emergency situation where damage has been done to the environment and consumers have suffered loss as a result, it attempts to mediate a negotiated solution for redress – however, this function lacks any legal backing.

In other sectors – such as consumer banking, or quality complaints outside of the food and drug sector – no such body exists to hear consumer complaints and provide redress. The National Chamber of Industry and Commerce provides arbitration services between its members, but not between members and consumers.

Similarly, whilst markets are governed by a committee, this mostly moderates disputes between vendors, rather than between vendors and consumers. Membership of the committee is limited to representatives of the vendors. There is no consumer representation on any market committee.

3.4 Consumer Protection Programmes, Initiatives and Best Practices

3.4.1 Programmes and Initiatives

The main relevant consumer protection programmes and initiatives in each area have been discussed above when referring to the implementing agencies. This section will focus on one class of programmes that has not been covered, namely consumer education in each area.

There is no general consumer education in primary or secondary education curricula. At tertiary level, there is more education on consumer issues, but only as relevant to particular courses. For example, the Water Resources and Environment Administration has assisted local universities on environmental awareness.

As to consumer awareness campaigns, apart from those noted below in specific subject areas, there have not yet been any general campaigns about consumer law, rights or policy. The Consumer Protection & Competition Division of the Department of Domestic Trade does plan such a campaign, to accompany the new *Consumer Protection Act*, but its scope and reach will be dependent upon available funding.

3.4.1.1 Food and Product Safety

One of the most active authorities in terms of consumer awareness and education has been the Food and Drug Department of the Ministry of Health. It has utilised television, radio, poster and pamphlet media to address consumers, as well as issuing a regular bulletin, currently at its 26th edition. It is reported that amongst the most effective media have been posters, which can be displayed at public markets, hospital wards and other locations where consumers will see them.

3.4.1.2 Phone and Internet Service and E-commerce

Since 2000 the Lao National Internet Committee has held seminars two times per year on Internet usage issues and dangers, and issued associated publications. Most of those who attended these meetings were not consumers, but operators of Internet cafes and computer shops. It is unclear to what extent the messages have been passed on to consumers by these operators.

All high schools in Lao PDR also have computer laboratories, intended for providing education on computer usage. However the classes to be taught in these labs have not been established in all schools due to a lack of qualified teachers.

3.4.1.3 Consumer Credit and Banking

The Bank of Lao PDR has reported that it plans to undertake an awareness programme to educate people of all ages about the services provided by banks and the importance of investing one's savings in the bank. A timetable for this programme has not been released.

3.4.1.4 Environmental Quality and Services

The Ministry of Agriculture and Forestry (in conjunction with the Ministry of Health) has used loudspeaker broadcasts for its awareness raising activities. Loudspeaker setups are located in many villages, and reach even those who do not have or use televisions or radios. They have also been used in other ASEAN countries including Indonesia and Vietnam. The use of community radio for similar purposes is also being trialled in pilot programmes.

SAEDA, the Sustainable Agriculture and Environment Development Association, has proposed the inclusion of traditional knowledge about biodiversity into the primary school curriculum, in cooperation with the Ministry of Education, however this has not yet been officially adopted.

3.4.1.5 Healthcare Services

Consumer education on health issues is undertaken by the Ministry of Health and also by NGOs such as Village Focus, or quite often by the Ministry and NGOs together in joint projects. Amongst the topics covered are:

- Nutrition.
- Infant health.
- Importance of using clean water.
- Malaria prevention.
- Sanitation.

In providing such information, it is necessary to tailor the advice for the cultural and religious sensitivities of the tribe or ethnic group in question. In upland areas, it is common that each mountain is home to a different tribe, with different cultural practices and beliefs. For example, some tribes are vegetarian, meaning that dietary campaigns about eating meat for protein are inappropriate.

3.4.2 Best Practices

Although it has been identified that Lao PDR has significant needs for capacity building assistance in its planning, development, implementation and enforcement of consumer protection laws and programmes, a number of best practices from Lao PDR have also been identified. The purpose of this short section is to draw attention to these best practices.

Identification of best practices in Consumer Protection programme implementation are generally made based on the following criteria.

- there is continuity and replicability, and follow-up, with regular reporting and updates (each time the program is conducted)
- meets the objectives and targets of the program
- program is evaluated by participants
- documentation of the program's effects
- reaches out to target groups as expected or beyond.
- program is implemented within the budget

The best practices identified in Lao PDR are:

- Targetting of outreach according to the specific capacities of local consumers.
- Successful promotion of organic food as an environmentally sustainable niche agriculture product.
- Provision of no-cost administrative dispute resolution mechanisms.
- Decentralisation of government services to the village level.

These best practices will be briefly explained again in turn.

First, examples have been found in which the use of media has been well targetted to the specific needs and circumstances of local consumers. In rural areas, as many as 40% of the population are unschooled, and many do not have access to television or even radio equipment. This means that rather than using traditional media, alternatives have been employed or are planned:

- Comic books are planned to be used by the Ministry of Industry and Commerce communicate its message. These illustrated books make it easier to communicate the message to those whose literacy is not strong, or who are simply not comfortable communicating in written language.
- Loudspeaker systems in remote villages have been used by the Ministry of Agriculture and Forestry to broadcast educational messages to consumers who may not possess a television or radio set. Unlike television or radio, these messages are also impossible to “turn off”!

The next best practice is the promotion of a voluntary organic standard by the Ministry of Agriculture and Forestry, through a campaign launched in 2007. This can be regarded as a success, in that:

- Organic farming is beneficial to the environment, with no danger of run-off of chemical fertilisers, herbicides or pesticides into waterways, and fewer health risks to consumers.
- Such products can be successfully sold at market at a price premium of up to 30% (though normally the premium charged is closer to 10%), thereby providing a better living to farmers.
- In the longer term it is hoped that organic agriculture will provide a niche agricultural export for Lao PDR, which is unable to match the sheer volume of product that its neighbours Vietnam and Thailand produce for export.

A third best practice is the use of no-cost administrative procedures for complaints, as an alternative to the court system. As noted at section 3.4.2, committees exist within the the Lao National Internet Committee, the Department of Intellectual Property, Standardisation and Metrology and the Law Enforcement Committee of the Department of Food and Drug, to which a consumer can raise a complaint and obtain redress at no charge, and without the need to go to court. More useful still will be the implementation of the provisions of the new *Consumer Protection Law* that regulate the conciliation and mediation of consumer complaints – particularly if these too are free for the consumer to access.

Finally, we commend the best practice in Lao PDR of providing decentralised government services at the village level where possible, rather than requiring consumers to venture into large towns or cities to engage with the government. Examples of this best practice include:

- the telecentres and e-government provincial centres that allow villagers to access the Internet and online government services;
- agriculture “service centres” or “extension centres”, which each cover 10–15 villages, and together reach about 80% of all Lao PDR’s 8,760 villages; and
- village saving funds, which offer an accessible, community-based alternative to traditional banking, as well as educating consumers in financial matters.

4. NEEDS ASSESSMENT FOR CONSUMER PROTECTION

Over 70% of respondents to the general survey in Lao PDR expressed that a high level of capacity building assistance was required. In particular, adequate finances and access to experts were cited as difficulties faced by the stakeholders in implementing consumer protection (Difficulty Index of 6.00 or more). In general stakeholders indicated that they had capacity building needs in almost all the areas surveyed. This section will clarify that statistic, by identifying the needs for capacity building assistance more specifically.

4.1 Analysis of System, Institutional and Human Resource Capacity Gaps

This section briefly outlines the capacity building gaps that face Lao PDR, and identifies the needs that underlie those capacity gaps. It is largely a summary and synthesis of the implementation problems and capacity gaps earlier identified in this report, mostly in the introduction at 1.3.

A more detailed treatment of each of the identified gaps will be given in the following section 4.2, and specific recommendations to fill those gaps and thereby address the underlying needs are given in Chapter 5.

4.1.1 Laws and programmes on CP

Two main system, institutional and human resource capacity gaps exist in relation to planning and development of consumer protection laws programmes in Lao PDR: the lack of regulatory guidance on implementation and enforcement, and the lack of local standards.

The following capacity building needs respectively underlie the identified gaps:

- Assistance in drafting regulations to provide better guidance on implementation, enforcement and remedies under the law.
- Assistance in the development and promulgation of local standards.

4.1.2 Enforcement

Four main capacity gaps can be identified in relation to enforcement needs in Lao PDR: these are in the areas of training, human resources, awareness raising and infrastructure.

The capacity building needs that underlie these gaps are respectively:

- Assistance in training existing staff to implement and enforce consumer protection laws and programmes.
- Additional human resources to work with existing staff on the above laws and programmes.

- Assistance with awareness raising campaigns.
- Expansion of existing infrastructure for administration and testing.

4.1.3 Redress mechanism

The four capacity gaps identified in relation to enforcement, and the underlying capacity building needs associated with those capacity gaps, also apply in relation to redress mechanisms for consumers.

4.1.4 Implementing agencies on CP

Two additional problems with respect to the implementing agencies for consumer protection are problems of coordination between authorities, and the lack of a local consumer organisation.

In this regard the underlying needs are:

- Assistance in identifying and implementing more efficient means of coordination of authorities' responsibilities.
- Assistance with the formation of a new Consumer Protection Association.

In addition, the four main capacity gaps that were identified at 4.1.2 in relation to enforcement needs in Lao PDR also apply more generally to all of the major implementing agencies for consumer protection in Lao PDR.

4.2 Capacity building needs and strategic thrusts

This section will go into more detail about the capacity building needs that were identified above.

4.1.1 Laws and programmes on CP

Two main system, institutional and human resource capacity gaps were identified in the planning and development of consumer protection laws and programmes. These were:

1. The lack of specific regulatory guidance and authority for implementation and enforcement.
2. The lack of local product quality and safety standards.

These two capacity gaps will be dealt with in turn.

First, a number of areas have been identified in which supportive regulations are required, to fill in details of the law and provide more guidance on implementation and enforcement. These include:

- Regulations under the new *Consumer Protection Law* to prescribe penalties, and to describe more fully the mechanism for establishment and funding of a new Consumer Protection Association.
- Regulations under the *Telecommunications Law* to enhance consumer protection in telecommunications, by setting out procedures for the reception of consumer complaints on issues such as billing, cybercrime, spam and malware.
- Regulations under environmental laws such as the *Law on Water and Water Resources* to provide specific avenues of redress for those affected by the breach of environmental standards.

There are also a couple of areas in which new legislation may be required, to fill two notable omissions from the new *Consumer Protection Law*:

- A law against unfair terms and conditions in contracts. This exists in other ASEAN countries even within the subgroup, such as Brunei and Myanmar. It would counteract the power imbalance that normally exists in contracts between suppliers and consumers, which can enable the supplier to impose unfair terms of the consumer such as disclaiming all liability for faults in the product.
- A consumer complaints hotline. The Food and Drug Department has requested assistance to establish a hotline system for consumer complains on food and drug matters, but we would go further and recommend a general consumer complaints hotline. Since even the ministries involved in consumer protection have trouble with coordination of their activities, consumers should not be lumbered with the same difficulty. A centralised hotline which could route complaints through to the appropriate authority would be an extremely beneficial addition to the new Act.

The second area in which a planning and development capacity gap exists is in the development of quality and safety standards for consumer products and services. With only 74 product standards, Lao PDR lags far behind its neighbours. There are, of course, international standards with which a local company can be directly accredited. Some Lao businesses have done this, such as the Pharmaceutical Development Centre, which is independently accredited to ISO standard ISU9001:2008. This also carries the benefit that products can be more easily exported overseas to buyers who demand international standards compliance.

On the other hand, compliance with ISO standards is too expensive for many Lao SMEs, because of the high fees charged by consultants to accredit businesses against those standards. Also, the development of local standards, in consultation with industry and consumers, can also serve a capacity building function in itself. This is because, even if they

simply mirror the content of international standards, they can raise awareness of those standards, and thereby promote voluntary compliance.

4.2.2 Enforcement

For enforcement of consumer protection laws and programmes, the identified capacity gaps were:

1. Training.
2. Human resources.
3. Awareness raising
4. Infrastructure.

These will be dealt with in turn.

A common call, across virtually all of the subject areas considered here (perhaps with the exception of banking and finance), was for technical assistance with training, to improve the effectiveness of implementation and enforcement. (In some cases, this overlaps with the next capacity gap; in that staff to receive the training are also often needed.) For example:

- The Ministry of Industry and Commerce, with its fledgling Division on Competition and Consumer Protection, is not self-sufficient for its training needs. It relies upon funding assistance from NGOs and foreign governments for training, including training of trainers.
- The Ministry of Health requires more training of analysts to carry out food and drug analysis.
- Training is required for producers and inspectors to effectively implement quality standards such as GMP, GHP, GAP, SSOP and HACCP. This applies to the preceding two ministries and also the Ministry of Agriculture and Forestry.
- Professionals (lawyers and doctors) are not always sufficiently well-trained.
- Pharmacists do not have enough training, particularly in village areas.
- Teachers are not trained to impart knowledge on Internet usage, even though an appropriate class for this instruction already exists in the curriculum. Still less are they qualified to teach general consumer education, for which there is yet no place in the curriculum.

Apart from the lack of training for staff, the simple numbers of staff are also inadequate, particularly in areas such as:

- Border inspection for food and product safety.

- Inspectors at the market for food safety and metrology.
- Teachers to make use of already-existing computer resources in classrooms and to provide consumer education on Internet usage at secondary level.
- Lawyers to assist consumers to enforce their rights.
- Food and pharmaceutical scientists, researchers and technologists at the laboratories.
- Trainers and assessors for quality and safety standards.

Another capacity gap exists with respect to awareness raising. For example:

- The Consumer Protection Division intends to launch new awareness-raising programmes in conjunction with the launch of the new *Consumer Protection Law*. These will utilise State-owned television and newspaper media, as well as handouts and meetings in each province. However at present, the Division has insufficient funds to support such activities at the desired level. The Division was required to borrow money even to finance consultations on the new Law.
- The Food and Drug Department of the Ministry of Health has called for more dissemination of information on food safety to consumers, including the use of television. However the budget required for use of television media is high and the Department's experience with production for television is low. In any case, public education broadcasts attract few viewers when competing with Thai entertainment broadcasts, widely available in Lao PDR. This points to the need for well-funded, compelling consumer awareness programming.
- Consumers in village areas have particular needs for improved awareness of health issues around hygiene and food safety, and the safe and rational use of pharmaceuticals.

The lack of needed infrastructure is also an capacity gap. Here, we do not deal with large scale infrastructure projects, that are beyond the scope of ASEAN's ability to provide capacity building assistance. Example of such large scale projects not considered here are the construction of reservoirs for water collection, construction of waste water treatment plants to prevent untreated sewerage from being released directly into waterways, and the installation of more potable water and waste water connections to villages.

However, there are smaller scale infrastructure gaps that could be resolved more easily:

- Laboratory equipment and reagents for food and pharmaceutical testing are limited and inadequate. The need for such analysis will only increase over time as the volume of the food trade rises, as compliance with standards becomes more important for export trade, and as technological methods for the production and

treatment of food (such as irradiation, GMOs, food additives, and use of antibiotics, hormones and pesticides) continue to become more complex.

- The Department of Intellectual Property, Standardisation and Metrology of the National Authority for Science and Technology still uses a manual system for intellectual property registration, when most neighbouring countries are using more efficient computer-based systems.

4.2.3 Redress mechanism

As noted above, exactly the same capacity gaps of training, human resources, awareness raising and infrastructure that impede the enforcement of consumer protection laws and policies also impede the effectiveness of consumer redress, and the associated needs are also the same.

It is difficult to be too much more specific at this point in time, because the redress mechanisms specified under the new law in Lao PDR are not yet fully specified.

4.2.4 Implementing agencies on CP

For implementing agencies, the two additional capacity gaps identified were:

1. Problems with coordination between authorities.
2. The lack of a local consumer organisation.

The underlying needs were for assistance in identifying and implementing more efficient means of coordination of authorities' responsibilities, and assistance in the formation of a new consumer organisation.

These gaps and needs are treated here in more detail, with first a brief note of the special needs of the ACCP focal point organisation (that is, the Consumer Protection and Competition Division of the Department of Domestic Trade under the Ministry of Industry and Commerce).

4.2.4.1 ACCP focal point

The needs of the Consumer Protection and Competition Division reflect those of the other agencies involved in enforcement and implementation of consumer protection law and policy in Lao PDR, only magnified; in that it is a newer agency (established in June 2009) and has fewer staff (only seven, at the time our research was conducted).

4.2.4.2 Inter agency coordination

There is a clear need to streamline coordination between ministries and departments. In theory, the Prime Minister's office is responsible for coordination between ministries and departments. In practice, inter-ministerial working groups are formed by one ministry or other, which are responsible for the coordination role. For example, the Ministry of

Agriculture and Forestry has working groups on food security, irrigation, agribusiness and upland areas.

Whilst this sometimes works well, we have heard that the overlap and lack of clarity about ministerial responsibilities can cause implementation to become cumbersome, slow and expensive. This points to a capacity gap that requires attention.

4.2.4.3 Other stakeholders

The final capacity gap is the lack of a local consumer organisation in Lao PDR, either in relation to overall consumer issues, or even sectorally. The Science and Technology Administration explained that the lack of consumer representation on the Lao National Internet Committee was largely due to the lack of an organised consumer group that would be interested in participating. Should such a group emerge, then the view was expressed that there might well be room to include it on the LaoNIC in future.

The establishment of a Consumer Protection Association pursuant to the new Consumer Protection Law is a step forward. However, the details of this are unspecified by the new Law. In particular, the very critical question of funding for the new organisation is left open. Currently, no consumer protection fund exists to support the development of consumer organisations or to support general consumer education in Lao PDR. Whether this will change under the new Act is uncertain. If not, the new association will certainly need support.

5. RECOMMENDATIONS FOR CAPACITY BUILDING ON CONSUMER PROTECTION IN LAO PDR

A high level of all assistance (Index 5.00 to 6.00) was indicated for all the forms of capacity building assistance listed in the general survey questionnaire. The need for assistance held across most of the consumer protection areas highlighted (other than for the environment – though that finding was an anomaly that did not hold up during the key informant interviews).

The purpose of this section is to set out the suggested priorities for Lao PDR for the next two years in terms of assistance eg. experts, training, etc.

Although similar to section 4 on “Needs assessments,” the difference between that section and this is that whereas the former just identifies needs for assistance in general terms, this section looks at concrete strategies that are available to address those needs through ASEAN capacity building programmes. It also attempts to prioritise those strategies.

5.1 Capacity Building Roadmap and Implementation Plan

This section follows the structure of the previous sections 4.1 and 4.2, and deals with recommendations to address the needs to fill the capacity building gaps that were identified in those sections.

5.1.1 Laws and programmes on CP

The first capacity building need identified for Lao PDR was the need for assistance in drafting regulations to provide better guidance on implementation, enforcement and remedies under the law. The forms of assistance that could be useful in addressing this need are:

- Consultancy services by experts to interpret the intent of the law, and elaborate it into the required regulations. These services could also be provided by way of staff secondments.
- In some cases it may be determined that formal regulations are not required, but instead simply manuals or toolkits to guide implementation and enforcement practices. Therefore, the development of such resources could also meet this capacity building need.

The second capacity building need was for assistance in the development and promulgation of local standards. The forms of assistance that could meet this need are as follows:

- Consultancy services from specialists, perhaps on secondment to the Department of Intellectual Property, Standardisation and Metrology, to adapt necessary standards into suitable form for adoption in Lao PDR.
- Twinning or partnership between the Department of Intellectual Property, Standardisation and Metrology and another ASEAN standards body could assist it in expanding its capacity to develop its own standards without external assistance.
- It may be that standards could be more efficiently adopted by a new, independent and private Lao standards body with more lightweight, informal procedures. Expert advice could be given on this option.

5.1.2 Enforcement

A major capacity building need in relation to enforcement was identified for assistance in training existing staff to implement and enforce consumer protection laws and programmes. This calls for the following forms of assistance:

- Training, and training of trainers, in the relevant areas where knowledge and experience are lacking, in both classroom and seminar formats.
- The provision of manuals, toolkits and Web-based products in the Lao language to allow for self-education in these areas, and for use as works of reference.
- Internships or study and exposure visits for staff to similar organisations that are operating effectively elsewhere in the ASEAN region.

The next need identified was for additional human resources to work with existing staff on consumer protection laws and programmes. In response, the following forms of assistance should be offered:

- Secondments of experienced staff from other organisations elsewhere in the ASEAN region.
- An expert report on whether greater efficiencies could be realised to reduce staff requirements – for example, by consolidating inspections at markets, factories and borders so that they are performed by a single dedicated inspections unit with multiple competencies.

Another need was observed in Lao PDR for assistance with awareness raising campaigns. To some extent this is a simple question of funding; however since funding does not amount to a form of capacity building assistance, the recommendations given to address this need are instead:

- Technical assistance from consultants in the design of awareness raising campaigns that will be effective in reaching their target audience, and on the job training for the consumer protection authority.
- Workshops for consumers, with a focus on those in rural areas, to raise their awareness of consumer protection issues.
- Workshops for industry in which consumer protection issues will be highlighted, with the aim not only of increasing awareness of those issues, but also encouraging businesses to form networks and to develop their own best practice codes and standards.

A final observed need of enforcement agencies was for the expansion of administration and testing infrastructure. Again, to some extent this simply calls for new donor funding, at least insofar as new hardware is required. However, looking beyond that, the following forms of capacity building assistance are indicated:

- Expert analysis of whether the efficiency of the existing (and planned) testing laboratories could be improved by combining them into a single national testing laboratory with responsibility for food, drugs, cosmetics, water and consumer durables.
- Consultancy on the design of information technology systems that could be used by the Department of Intellectual Property, Standardisation and Metrology (and perhaps by other authorities with similar needs) for conducting its registration functions.

5.1.3 Redress mechanisms

The capacity building assistance needed for providing redress to consumers is the same as that needed for enforcement of consumer protection laws and policies. It may be possible to discern more specific needs once the redress mechanisms provided by the new consumer protection Act are more fully specified.

In the interim, that in itself reflects a capacity building need for assistance in clarifying the applicable laws and policies regarding consumer redress, for which recommendations have been given in 5.1.1 above.

5.1.4 Implementing agencies on CP

An additional capacity building need identified for the implementing agencies was for assistance in identifying and implementing more efficient means of coordination of authorities' responsibilities. This need could be addressed through the following forms of assistance:

- For each area in which coordination is required, the holding of a joint seminar or workshop to which all relevant authorities would be invited to share their needs, concerns and suggestions about coordinating with each other.
- Development of manuals or toolkits on best practices that Lao ministries and other authorities can use to coordinate their activities more effectively and efficiently.
- Expert advice as to whether it would be beneficial to consolidate the various overlapping laws passed at various times, so that all the relevant legislation is contained together, and the potential for overlap or ambiguity of ministerial responsibilities is reduced.

Finally amongst the planning and development needs of implementing agencies, a need was observed for assistance with the formation of a new Consumer Protection Association. A very clear case can be made for the utility of the following forms of assistance in meeting this need:

- Training on consumer issues, management/leadership and fund-raising for staff of the new association.
- Staff exchanges, internships, secondments and/or study and exposure visits for staff of the new association with other consumer organisations in ASEAN.
- Networking assistance for the new association in establishing relationships with other consumer organisations in ASEAN and beyond, leading to possible partnerships and future membership of Consumers International.

5.1.4 Capacity building implementation plan for consumer protection in Lao PDR

The recommendations given above will need to be implemented in more detail by means of a thorough implementation plan. A possible template for such a plan (addressing some, but not all of the recommendations noted above) is given here. The actual plan for adoption in Lao PDR will, of course, differ from this example, based on the available resources.

Table 5.1

FOCUS AREAS	STRATEGIC THRUST AREAS		
	SHORT TERM (2011)	MEDIUM TERM (2011-2013)	LONG TERM (2011-2015)
NATIONAL CONSUMER PROTECTION POLICY	To develop a national consumer policy	Translate the national consumer policy into plans and programs	Review the national consumer policy to see applicability.
CONSUMER MASTER PLAN	Formulate a consumer master plan and identify implementation milestones	Translate the master plan into programs and projects, and identify implementation milestones	Review and update action plan, and identify implementation milestones
PRINCIPAL CONSUMER PROTECTION LAW	Draft implementing regulations for the new Consumer Protection Law	Translate the Consumer Protection Law into programs and projects, and identify milestones for implementation	Review and update programs and projects, and identify milestones for implementation
CONSUMER RELATED LAWS AND STATUES	Develop quality and safety standards for consumer products and services	Review consumer-related laws and statues to address emerging and/or clashing issues	Review related laws and statues
ESTABLISHING INSTITUTIONAL MECHANISMS	Establish a national consumer council	Develop an information management system that will monitor implementation of consumer protection plans, programs and projects in the country	Conduct an institutional review of the council and update strategic plan

	Formulate a strategic action plan for core areas, and identify implementation milestones	Review and update action plan, and identify implementation milestones	Review and update action plan, and identify implementation milestones
	Set up a national consumer redress mechanism	Set up consumer redress mechanisms especially in remote areas and for poor consumers	Set up accessible redress mechanisms nationwide
ENFORCEMENT AGENCIES	Conduct briefing for all consumer protection agencies	Develop consumer protection strategic objectives at the provincial and local level, identify milestones, and provide funding for consumer protection related programs	Review plans and programs and finetune strategies
	Develop regulatory guidance for implementation	Set up functional consumer protection units in all enforcement agencies, review functions and resources, formulate action plans and identify implementation milestones	Streamline consumer protection operations and coordination among agencies
HUMAN RESOURCE DEVELOPMENT	Conduct training on key areas identified in the cap b needs, eg. consumer awareness, standards development, assistance in drafting regulations for implementation, enforcement and remedies, and functional/operational training	Provide adequate staff with technical capacity to be assigned in all consumer protection agencies	Create permanent staff positions for consumer protection in all enforcement agencies
	Conduct an institutional and human capacity building needs	Develop HR Development programs and upgrade HR capacity to meet emerging needs	Develop a continuing education program for staff and management

PROGRAMS FOR CORE CONSUMER AREAS	From the master plan, develop strategic objectives for core consumer areas and identify milestones	Translate the strategic objectives into programs and projects, and identify implementation milestones	Review plans and programs, finetune strategies, and identify implementation milestones
CONSUMER EDUCATION AND AWARENESS	Identify best practices in the country and other countries and adopt these into national context and needs		Identify best practices in the country and other countries and adopt these into national context and needs
	Develop a national consumer education policy	Develop formal and informal consumer education programs, identify implementation milestones	Assess effectiveness of consumer education programs
	Develop a consumer education program for general public, particularly targeting disadvantaged consumers like women and poor consumers	Implement a continuing consumer education program for the general public	Implement a continuing consumer education for the general public
CONSUMER NGO DEVELOPMENT INDUSTRY	Develop consumer protection program with commercial and retail industries	Monitor consumer education program, identify implementation milestones and finetune strategies	Monitor consumer education program, identify implementation milestones and finetune strategies
		Develop a consumer protection module for commercial Industries	Adopt ISO26000/Social Responsibility by the business sector
CONSUMER ORGANISATIONS' PARTICIPATION IN CONSUMER PROTECTION	Develop consumer organisations	Develop NGO strategic plans and identify implementation milestones	Set up consumer protection awareness mechanisms in local communities

		Set up a sustainable funding mechanism for consumer organisations' activities.	
		Develop clear guidelines for consumer organisations' representation for standards and policy making activities	
IMPLEMENTATION OF INDUSTRY CODES OF CONDUCT	Promote review of industry codes that are in place for the last 10 years and older	Integrate consumer protection in all business operations	Adopt ISO26000/Social Responsibility by the business sector
WOMEN AND CONSUMER PROTECTION	Identify areas of concern for women consumers	Intergrate gender dimension into consumer policies and legislations	Consolidate women's participation at all levels
PROTECTION OF CHILDREN AS CONSUMERS	Conduct a national assessment of policies and government programs/initiatives that affect or impact on children	Create an enabling environment for children as consumer	Implement consumer awareness in school program nationwide, and conduct education program for out-of-school children.
ADVOCACY		Strengthen research capacities of consumer agencies and consumer organisations	
		Develop a national advocal plan and corresponding action plan	Review plans and programs, finetune strategies, and identify implementation milestones

FINANCE	Conduct a feasibility plan for the setting of consumer trust fund and identify projects for its funding	Set up a consumer protection trust fund to promote consumer education and develop consumer organisations	Review plans and programs, finetune strategies, and identify implementation milestones
	Identify funding requirements of consumer protection programs and projects and potential sources; conduct initial fundraising for key and urgent consumer protection activities	Develop a sustainable funding mechanism for consumer protection programs and projects, conduct ambitious and active donor conferences to support consumer protection programs	Develop self-sustaining programs and projects to promote consumer protection

5.2 Prioritisation of Strategies and Focus Areas

Since not all of the recommendations given above, it will be necessary for Lao PDR to prioritise the strategies that should be included in its implementation plan (modelled on the example given above).

Whilst this is a matter for Lao authorities, some recommendations can be made here based on our research findings and on feedback given at a regional meeting of ACCP members on 30 November and 1 December 2010. In this regard, five focus areas suggested by the ACCP focal point at that regional meeting were:

1. Principal Consumer Protection Law – Drafting regulations under the new law, but consultancy help is needed (short-term)
2. Establishing Institutional Structures - Expanding the new CP agency to the provinces (short-term). Perhaps in the long term, a single agency for product safety, and improving food and drug testing laboratories.
3. Enforcement – Training of trainers (short-term, suggest not training all countries together), and overseas training for staff (longer term, contingent on funding).
4. Consumer Master Plan – Improving coordination between all responsible government agencies through joint seminars or workshops (short to medium term).
5. Consumer Education & Awareness – Programmes through TV, radio and comic books on food safety, etc (medium-term).

It may also be useful to suggest a prioritisation for each of the eight capacity building needs identified for Lao PDR in Chapter 4. To recap, these were:

1. Assistance in drafting regulations to provide better guidance on implementation, enforcement and remedies under the law.
2. Assistance in the development and promulgation of local standards.
3. Assistance in identifying and implementing more efficient means of coordination of authorities' responsibilities.
4. Assistance with the formation of a new Consumer Protection Association.
5. Assistance in training existing staff to implement and enforce consumer protection laws and programmes.

6. Additional human resources to work with existing staff on the above laws and programmes.
7. Assistance with awareness raising campaigns.
8. Expansion of existing infrastructure for administration and testing.

Based on our discussions with stakeholders at the key informant interviews, the roundtable discussion meeting and the regional meeting, the highest priority should, we suggest, be accorded to strategies that address capacity building needs numbers 4 and 5: human resources and training. It is in this area that consumer protection in Lao PDR is most deficient. Existing laws and programmes are simply not being implemented and enforced effectively, because of a lack of trained human resources.

The next priority should be assistance with the formation of the new Consumer Protection Association, and – in conjunction with this – awareness raising. There are many consumer protection needs that consumers can address themselves, so long as they have access to the right information and skills, and assistance from a consumer organisation. For example, given knowledge of the importance of hygiene and how to prepare food and water safely, consumers can begin to take charge of their own health; and given representation from a consumer organisation, they can much more easily expose unfair practices by businesses.

We suggest that the next priority should be assistance in the drafting of regulations and standards. In many cases ministries are going about their business without a specific regulatory mandate – for example, the Water Resources and Environment Administration explained that it mediates environmental disputes although it is not required to do this by any law or regulation. But in other areas, the lack of appropriate regulatory backing is impeding the implementation of the objectives of consumer legislation. So too the lack of standards makes it more difficult to inspect products for quality and safety.

The next suggested priority is the expansion of infrastructure. It is clear that the lack of infrastructure for testing, in particular, is also holding back the implementation of consumer protection law, just as lack of trained human resources is doing so. Both needs need to be addressed in tandem, though we judge the need for trained human resources as more pressing.

Streamlining coordination between ministries is the final priority area suggested. Whilst this is not a critical need, we received enough reports of the difficulty of coordinating action between ministries that it is clear that alleviating this problem would assist in the smoother implementation of consumer protection laws and programmes.

6. CONCLUSION

Lao PDR may have a small population, but it has large obstacles to overcome in order to provide full protection of consumer rights to its citizens. The biggest such obstacles include its large and porous borders, its widely distributed and culturally diverse population, the lack of a culture of consumer protection (either in the business community or amongst consumers themselves), and the lack of trained personnel to carry out consumer protection functions.

To address these difficulties, we have recommended that ASEAN's priorities for capacity building for consumer protection in Lao PDR should include:

- Technical assistance with training and the development of standards and regulations.
- Fostering the development of a new local consumer protection association.
- Awareness raising to facilitate the implementation of consumer programmes and to improve compliance.
- Improvement of enforcement capability through the expansion of infrastructure and human resources, and the realisation of greater efficiencies in coordination between authorities.

With the adoption of these measures, we have confidence that the state of consumer protection in Lao PDR will be advanced, and the ASEAN region will be brought closer to its objective of realising a uniform level of consumer protection across all member states.

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APPENDICES

Appendix 1: List of the stakeholders

Sorted alphabetically by organisation name.

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Appendix 2: Key informant interview programme

The following key informant interviews were conducted between 3 and 8 November 2010:

- The Ministry of Industry and Commerce, with Mr Soulinhon Philavong Deputy Director General Department of Domestic Trade, Head of Consumer Protection and Competition Division Dr Keomorakoth Sidlakone and his four other staff;
- The Lao National Chamber of Commerce and Industry, with the Chief of the Trade – Investment and SMEs Division, Phutthasone Phomvisay;
- The Bank of Lao PDR, with Deputy Chief of the Foreign Relations Department, Mr Panom Lathouly;
- The Information Technology Research Institute of the National Authority for Science and Technology, with its Director-General Phonpasit Phissamay;
- The Department of Intellectual Property, Standardisation and Metrology of the National Authority for Science and Technology, with its Director-General Nheune Sisavad along with several other staff;
- The Sustainable Agriculture and Environment Development Association (SAEDA) with Co-Director Thongdam Phongphichith and Project Coordinator Xuan Sivoraphanh;
- The Ministry of Agriculture and Forestry with the Director of the Centre for Statistics and Information, Dr Thatheva Saphangthong;
- The Department of Food and Drug of the Ministry of Health, with its Deputy Director General Douangsavanh Savengvong and four other staff;
- The Association of the Lao Garment Industry, with its Director of Administration, Noulack Phounmalay;
- Village Focus International, with its Country Director, Rick Reece;
- The Lao Development Bank, with the Director of its International Banking Department, Sounthone Sinthapaseuth;
- The Department of Water Resources of the Water Resources and Environment Administration at the Prime Minister’s Office, with its Director-General Phonechaleun Nonthaxay; and

- The Pharmaceutical Development Centre (also known as Pharmaceutical Factory No 3), with its Vice Managing Director, Dr Phoukhong Chommala.

Appendix 3: Roundtable discussion programme

The roundtable discussion meeting in Lao PDR was held on 9 November 2010. The agenda was as follows:

Time	Program
8:30 – 9:00 am	Registration
9:00 – 10:00 am	Opening Address Roadmapping Capacity Building Needs on Consumer Protection in ASEAN region <ul style="list-style-type: none"> • The Project • Methodology & Stakeholders • Analysis of Results • Findings (overall roadmap, Where? How?, focus areas, Implementation plans for capacity building) • Discussions / Q&A
10:00 – 10:30 am	Tea Break
10:30 – 11:30 am	Capacity Building Needs on Consumer Protection & Sectoral Impact in Lao PDR Short presentation for specific areas. Feedback and discussions from relevant stakeholders <ul style="list-style-type: none"> • Product Safety and Labelling • Consumer credit and banking • Phone & internet services, and E-commerce • Health care services • Environment • Professional services • Other emerging needs
11:30 am – 12:30 pm	The Way Forward: Conclusions and Reaffirmation of Study's Findings

In attendance were:

- Mr Phutthasone Phomvisay, Deputy Director of the Trade Promotion Department of the Lao Nat.'l Chamber of Commerce & Industry;

- Mr Phomma Inthanam, Director of the Research and Planning Division of the Department of Domestic Trade of the Ministry of Industry and Commerce;
- Mr Pithleudeth Vongvath, Mr Vongthong Xayyapheth and Mr Bounphet Keoduangdy from the Consumer Protection and Competition Division of the Department of Domestic Trade, Ministry of Industry and Commerce;
- Mr Soulixay Thipvongxay, Liaison Officer of the Lao Bankers Association;
- Mr Khamson Kechany of the Lao Bar Association;
- Mr Ratsamy Phanthavong, Director of the General Affairs Division of the Department of Intellectual Property Standardization and Metrology of the National Authority for Science and Technology;
- Mr Kongngeun Chounlamounry, Assistant Director-General of the Water Resources and Environment Administration of the Department of Water Resources;
- Mr Thongdam Phongphichith, Co-Director and Messrs Xuan Sivoraphanh and Bounlap, Project Officers of the Sustainable Agriculture and Environment Development Association;
- Dr Thatheva Saphangthong, Director of the Centre for Statistics and Information, Ministry of Agriculture and Forestry; and
- Dr Viengxay Vansilalom, Deputy Head of the Food Control Division of the Department of Food and Drug, Ministry of Health.

Appendix 4: List of relevant laws for Consumer Protection

- Consumer Protection Law 2011
- Drug and Medical Product Law 2000
- Food Law 2004
- Law on Commercial Bank 2006
- Law on Environmental Protection 1999
- Law on Fire 2007
- Law on Forestry 2008
- Law on Hygiene, Disease Prevention and Health Promotion 2001
- Law on Industrial Processing 1999
- Law on Telecommunications 2001
- Law on Water and Water Resources 1996
- Law on Wildlife 2008
- Public Health Law 2003

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Appendix 5: List of implementing agencies for Consumer Protection

- Bank of Lao PDR
- Ministry of Agriculture and Forestry
- Ministry of Foreign Affairs
- Ministry of Health
 - Department of Food and Drug
- Ministry of Industry and Commerce
 - Department of Domestic Trade
 - Consumer Protection and Competition Division
- Ministry of Information and Culture
- Ministry of Justice
 - Economic Police
- National Authority for Science and Technology
 - Department of Intellectual Property, Standardisation and Metrology
 - Internet Service Department
- National Post and Telecommunications Authority
- Organization of Economic Disputes Settlement
- Water Resources and Environment Administration
 - Department of Water Resources

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Appendix 6: Consumer Protection Act

Unofficial translation – first draft pending for proofreading.

PART I GENERAL PROVISIONS

Article 1. Objectives

The Law on Consumer Protection defines the principles and measures to organize, administrate and inspect and monitor the activities of consumer protection in order to strengthen these activities ensuring the legitimate interests, [and] the safety of the consumers from the negative impacts as result of consumptions of goods and services; to promote the domestic production, import [and] distribution of goods and services to produce quality goods and services, to meet the standards, [and] to conduct properly in accordance with regulations and laws; aiming at maintaining of the justice, peace and public orders of society to improve the standard of living of the people, contributing to the national socio-economic development.

Article 2. Consumer Protection

The consumer protection means the application of the principles and measures to protect the health, assets, legitimate rights and interests of consumer as result from the impacts of consumptions of goods and services such as foods, medicines, cosmetics, heath treatments, including the settlement of disputes between the consumers and supplier as provide for in regulations and laws.

Article 3. Definitions

The terms used in this law shall have the meanings ascribed below:

1. **Consumer** means an individual, legal entity or organization who buys or uses goods and service properly without profit-making purpose;
2. **Supplier** means an individual, legal entity or organization, which produces, sells, distributes, buys for re-selling, and renders service, imports for selling and transferring.
3. **Label** means a picture, design, paper or any mark showing the statement describing of goods to appear on the goods, or container or package of goods, or inserted in or put together with the goods or container or package or goods, and includes a document or user's manual, or tag attached to or displayed on the goods;

4. **Service** means the act of being served, permission of right to use or conferring benefit in any property for monetary consideration or other forms of interests.
5. **[A Consumer] Contract** means the agreement between the consumers and suppliers to purchase or sell the goods or use of services;
6. **Billboard Advertising** means the different types of billboard advertising in public areas and the advertising of new product and service.

Article 4. State's Policy on Consumer Protection

The State encourages the consumer protection by defining the regulations and laws, providing educations, recruiting the personnel, allocating the budget, providing the materials to an organization which is responsible for carrying out the consumer protection activities in order to create the conditions supporting the organization to perform its activities effectively, ensuring the safety of the life, health, property, legal rights and benefits of the consumers.

The State encourages all sectors in society, individuals, legal entities, and domestic and foreign organizations to contribute to the consumer protection activities.

Article 5. Basic Principles of Consumer Protection

The consumer protection shall be conducted based on the following principles:

1. The consumer protection [shall be] conducted in parallel with the promotion of the domestic production; ensured the quality, and the standards of the production, import, distribution of goods and services as regulated by the relevant organizations;
2. Ensuring of the safety of life, health, property, [protection of] legitimate rights and interests of the consumer, maintaining of the environment and promotion of the sustainable consumption;
3. Ensuring of the equality, transparency, fairness between the consumers and suppliers in performance of the contracts;
4. Ensuring of the people and society's participation in administration, monitoring, inspection of the prices, label and billboard advertising of goods and services;
5. Respect and implement the agreements, international conventions that the Lao PDR is a party to.

Article 6. Duty to Perform the Consumer Protection

Lao citizens, foreign residents, apatrids residing in the Lao PDR have duty to respect, implement this law and other relevant laws, including the facilitation,

providing of the information and cooperation with the consumer protection officers while they are performing their functions and duties.

Article 7. Scope of Application of Law

This law applies to individuals, legal entities including the domestic and foreign organization that produce, import, sell, and distribute the goods and services which are licensed and registered their business entities; and the consumers in Lao PDR.

For those suppliers that not registered their business entities are applied by other law.

Article 8. International Cooperation

The State promotes the international relation and cooperation in relation to the protection of rights and benefits of consumer by exchanging lessons, information, sciences, technology and trainings, upgrading the technical capacity in order to perform those activities effectively and implement the international agreements and conventions which the Lao PDR is the party to.

PART II CONSUMER PROTECTION

Chapter 1 Types of Consumer Protection

Article 9. Types of Consumer Protection

Consumer Protection is categorized into two types as follows:

- The protection of consumption of goods;
- The protection of consumption of services.

Article 10. The Protection of Consumption of Goods

The protection of consumption of goods means use of the measures to enable the consumers to utilize the quality and standard goods as defined by the relevant organizations, without negative impacts on life, health, property, legitimate rights and interests of the consumers and environment.

Article 11. The Protection of Consumption of Services

The protection of consumption of goods means use of the measures to enable the consumers to be rendered the quality and standard services as defined by the relevant organizations and sound fair.

Chapter 2

Production, Import, Selling of Goods and Services

Article 12. Production of Goods

Production of goods must conduct in accordance with the criteria, standards and principles strictly as define by the relevant sectors in order to avoid the contamination, danger of the improperly production of goods, aims at ensuring of safety of the life, health, property, rights, benefits of the consumers and environment.

Article 13. Import, Selling, Distribution of Goods and Services

Import, selling, and distribution of goods and rendering of services must comply with the requirements, standards and approval by the relevant sectors in accordance with the laws strictly in order to ensure the quality, safety, quick, reasonable price and without unfair treatment to consumers.

Chapter 3

Advertising

Article 14. Advertising

The advertising must conducted in the following principles:

- ensuring that the context of advertisement is precisely, presenting the true on the category, type, characteristics, quality of the goods, trademarks and services;
- ensuring the providing of sufficient information about the goods and services;
- ensuring that the advertisement shall not satirize, look down the goods and services of others.

The advertisement can be conducted in all forms such as billboard advertising, through the media.

Article 15. Permission for Advertisement

An individual, entity and organization intending to advertise the goods and service must seek the approval from the committee for consumer protection in accordance with the laws.

The contents and contexts of the advertisement on goods and service shall be in accordance with the regulations and laws as provides for by the relevant sectors.

Article 16. Modification of Advertising

Where it deems that any advertising is untrue bringing impact on the benefits of the consumers the relevant officers for consumer protection must notify the supplier who is conducting that advertisement to stop the advertising and modify the statement of advertising to be accurate prior continuation of such advertisement.

Article 17. Access to Information

In order to facilitate the consumers to access to information, acknowledge, and understand about the goods and services that are dangerous, the consumer protection organization or suppliers must inform such information in various forms through the media, billboard advertising as follows:

1. Inform about the risks that are harmful to life and health in consumption of the goods and services;
2. Inform the types of goods and services which are under testing or re-testing to certify the quality, standard of the goods and services, after receipt of the results of the testing and examination, the consumers must be informed about that results.
3. After the distributions of the goods and services, if the suppliers have information about the dangerous of the goods, the suppliers must inform the relevant consumer protection organizations promptly and also propose the appropriate measures to be taken.

Expenses on the examination, re-testing of the goods and services, the notification about the dangerous of the goods and services through media and billboard advertising are under responsibilities of the suppliers.

Chapter 4

Labels and Contracts

Article 18. Label controlled goods

The goods which are manufactured for sale in the country and imported for sell and consumption in the Lao PDR must be label controlled goods particularly the goods that have risks to life, health and safety of the consumers.

Article 19. Descriptions of Label

The label of a label controlled goods must be in Lao language. For the imported goods, the label in Lao Language must be also affixed.

The label controlled goods must contain of the following descriptions:

1. the type or kind of goods;
2. the name or trademark of the manufacturer or the importer for sale;
3. the place of manufacturing or place of operating import business; in case of imported goods, the name of the manufacturing country.
4. the price, quantity, volume, recommendation for use, warning, produced and expired date.

Article 20. Modification of Label controlled goods

If it is deemed that any goods is not labelled or its descriptions of label is incorrect and insufficient as its benefits and characteristic of that good the officers for consumer protection must inform the supplier to suspend its import, distribution and modify the label correctly and accordingly prior continuation of import and distribution.

Article 21. Contract

In the course of the business activities on any type of goods and services, the suppliers and consumers must conclude the contracts in accordance with the law on the contractual and non-contractual obligations and must perform the contracts fully, accordingly and timely.

PART III
ADMINISTRATIVE ORGANIZATIONS FOR
CONSUMER PROTECTION

Chapter 1
Administrative Organizations for Consumer Protection

Article 22. Administrative Organizations for Consumer Protection

The governmental administrative organizations for consumer protection from the central to the local levels comprise of the key sectors as follows:

1. The Ministry of Industry and Commerce;
2. The Ministry of Health;
3. The Ministry of Forestry and Agriculture;
4. The Science and Technology Administration.

The organization structures and the personnel of the organization for consumer protection are regulated in the special regulation separately.

Article 23. Industry and Commerce Sector

In the course of implementing the consumer protection activities, the industry and commerce sector has the centrally leading role to coordinate and cooperate with the relevant sectors and has responsibility focusing on the industrial and commercial fields related to the manufacturing, marketing, price and services including but not limited to other fields that are under responsibilities of other sectors.

Article 24. Health Sector

In the course of implementing the consumer protection activities, the health sector has responsibility focusing on the health care and treatment fields related to the foods and medicines, medical equipment and services in health care and treatment.

Article 25. Forestry and Agriculture Sector

In the course of implementing the consumer protection activities, the forestry and agriculture sector has responsibility to focus on the forestry and agriculture fields related to the fertilizers manufacturing, and using of the chemical substances in the agriculture, using of the chemical insecticide, animal medicines, foods, agricultural products, seeds, breeding, agricultural equipment and machinery.

Article 26. Science and Technology Sector

In the course of implementing the consumer protection activities, the science and technology sector has responsibility to focus on the scientific activities, technology, quality, standards, measures, weight, and intellectual property.

Article 27. Rights and Duties of the Organizations for Consumer Protection

The administrative organizations for consumer protection have the following rights and duties:

1. To implement the policies and regulations on the consumer protection accordingly and strictly;
2. To settle the disputes between the consumers and suppliers, provide the counselling on the legal matters related to the consumer protection;
3. To examine the contents and forms of the advertising, label, packaging, measures and prices on goods that manufacture, import, and distribute in the markets;
4. To examine the certificates on the quality, standards of goods and services, enterprise registrations, and other relevant documents on the goods and services;
5. To collect the samples of the products or goods or objects imported for manufacturing, trading, and services for examinations;
6. To seize or freeze goods, parcels, or packages of goods, label or other incorrect documents, and make the records as evidence for further legal proceeding;
7. To inspect the place, premises, buildings that are involved in production process, manufacturing or improvement of products and goods, sell places, shops, stores and services places;
8. To interview individuals, representatives, legal entities or organizations on quality, standards of goods and services, and environment;
9. To propose to withdraw the licenses, or certificates, enterprise registration or any relevant document related to the goods and services if it is deems that there is violation of laws as under the organization's responsibility;
10. To cooperate and coordinate with each other, with relevant organisations, local administrations at all levels in implementing of the consumer protection activities;
11. To cooperation, coordinate with foreign countries on the consumer protection activities as assigned by the their supreme bodies;
12. To summarize, evaluate and report the implementation of consumer protection to their supreme bodies regularly.

Article 28. Other Sectors

In the implementing the consumer protection activities, the other sectors have their responsibilities to implement the law in accordance with their functions, rights and duties.

Article 29. Consumer Protection Officers

Consumer protection officers are the governmental personnel which are appointed by the ministers of relevant organizations for consumer protection.

The function, rights and duties of the consumer protection officers are defined in special regulation separately.

Chapter 2 Consumer Protection Association

Article 30. Functions and Roles of Consumer Protection Association

The consumer protection association is the civil and non-profitable organization created by law, has the functions and roles to assist, provide the advices, and suggestions and protect the legitimate rights and interests of the consumers.

The organization and activities of the consumer protection association are defined separately.

Article 31. Rights and Obligations of Consumer Protection Association

The consumer protection association has the following rights and obligations:

1. To receive, study, consider the requests by the consumers and organize the settlement of disputes between the consumers and suppliers;
2. To be the representatives of the consumers in the settlement of disputes and file claims against the suppliers;
3. To request to the administrative organizations for consumer protection about the violations of laws by the suppliers;
4. To present about the inappropriate acts of the consumer protection officers to the responsible organizations for consumer protection;
5. To express the views to the organizations for consumer protection about the measures and the creation of the laws and regulations on the consumer protection;
6. To advice, assist the consumers where they have the issues on consumption of goods and services and ensure the transparency and fairness when it represents as representatives of consumer in the course of settlement of disputes;
7. To perform other rights and obligations in accordance with the laws and regulations and as assigned by the relevant governmental organizations.

PART IV

RIGHTS AND RESPONSIBILITIES OF CONSUMERS AND SUPPLIERS

Chapter 1

Rights and Responsibilities of Consumers

Article 32. Rights of Consumers

The consumer shall have the following rights:

1. To choose goods and services at its own will, and make decision by itself to buy goods or obtain service;
2. To receive clear information and directions about the quality, price, location of manufacture, name of producer, usage, the special feature, content, manufactured and expired dates, dosage, certificate of approval of use, manual, service after sell or terms of service and other relevant costs in relating to the goods and services after sell or render of services;
3. To be guaranteed the safety to health, environment in consumption the goods and services;
4. To claim for compensation to relevant organizations about the goods and service those are under standard quality and incorrect in terms of standard and have impact on life, health, and property.
5. To present to the organizations of consumer protection the suggestion about the prohibited goods and service, which is manufactured, prohibited business activities; counterfeit goods, services that are under-standard quality; incorrect quantity goods and the incorrect or unreal information about goods and services, the damage to environment;

Article 33. Responsibilities of Consumers

The consumer has the following responsibilities:

1. To pay for goods and services in Lao currency (LAK);
2. To use the goods and services in accordance with instructions or manuals properly;
3. To report on the goods and services that are under standards and quality to the relevant organizations.

Chapter 2

Rights and Responsibilities of Suppliers

Article 34. Rights of Suppliers

The suppliers have the following rights:

1. To conduct business activities, manufacture, conduct business and render services;
2. To determine and show the prices of goods and services in Lao currency;
3. To advertise the quality of goods and services precisely and accurately;
4. To request, propose on the consumer protection activities and the violation of their intellectual property and services to the relevant organizations for consumer protection.

Article 35. Responsibilities of Suppliers

The Suppliers have the following responsibilities:

1. To ensure the standard, quality of goods and services are correct in accordance with the regulations and laws;
2. To ensure that the manufacturing, import, distributions, and sell of goods and services do not over standard that will bring negative impact to environment;
3. To ensure that the provided the information about goods or services to the consumer are correct and clear;
4. To be responsibility for the damages causing by using of the products, goods, and services that are not qualified and unstandardized and supplied by them.
5. To perform the contracts with consumers strictly and label goods as provide for in the laws and regulations accordingly;
6. To provide the cooperation and information about the goods and services to relevant officers.

PART V

SETTLEMENT OF DISPUTES BETWEEN THE CONSUMERS AND SUPPLIERS

Chapter 1

Settlement of Disputes

Article 36. Principles of Settlement of Disputes

The settlement of consumer protection disputes must be applied the principles as follows:

- Correctly and in accordantly on the regulations and laws;
- Equality;
- Transparency and fairness;
- Speedy.

Article 37. Means of Settlement of Disputes

The disputes between the consumer and supplier can be settled through any of the following means:

1. Conciliation;
2. Mediation;
3. Administrative mean by the organizations for consumer protection ;
4. Settlement of disputes by the Organization of Economic Dispute Settlement or through the formal judicial process by people courts.

Chapter 2 Conciliations

Article 38. Conciliations

In case there is a dispute between the consumers and suppliers, the parties to dispute shall endeavour to resolve that dispute through the consultations and conciliations in accordance with the following steps:

1. If it is deems that rights and interests have been violated, damaged due to the consumption of goods and service, the consumers have rights claim against or request the compensations directly from the suppliers, individuals or legal entities which received the goods and services from the suppliers;
2. The suppliers shall respond the claims or requests by the consumers at least no later than three days after receipt such claims or requests;
3. The supplier shall solve the disputes in appropriate time but not later than seven days after receipt the claims or requests;
4. The consumers have rights to use other means of settlement of disputes when the conciliation has fail.

Article 39. Records of Conciliations

The consumers and suppliers must make the records of the conciliation in writing, unless agreed otherwise.

A party to dispute has obligations to perform in accordance with the records or agreements in the course of such conciliation.

Chapter 3 Mediations

Article 40. Mediations

When there is a dispute between the consumers and suppliers, the party to dispute has right to purpose:

1. To choose an individual or organization which is accepted by both parties to disputes to conduct the mediation;
2. To medicate in accordance with the regulations and laws.

Article 41. Principles of Mediations

The mediations must undertake in accordance with the following principles:

1. ensuring that the equality, transparency, subjective, fairness without duress and deception;
2. ensuring that the confidentiality of the information of each party, unless agreed or the provisions of laws otherwise;
3. ensuring that no mediation on illegal matters.

Article 42. Mediation Units

The organizations for consumer protection shall establish the mediation units which comprise of three to five personnel and have duties to mediate the disputes between the consumers and suppliers under their responsibilities.

The consumer protection association can also conduct the mediation if agreed by the consumers and suppliers as the party to dispute.

Article 43. Timelines of Mediations

The mediation shall undertake the following timelines:

1. during seven days after receipt of the request to mediation, the mediation units must notify the parties to disputes to mediate;

2. duration of mediation is subject to agreement by the parties to disputes which must make such agreement within one month after receiving of the notice to mediation;
3. The party to disputes can withdraw from the mediation any time but must give the written notice to the mediation units.

Article 44. The Contents of the Mediation Records/Agreement

The records of the mediations must have the following substantive contents:

1. Names and Surnames of the parties to disputes;
2. The information of the disputes to mediate;
3. Name of Surname (s) of the mediator (s) and participants;
4. Date, and place of mediations;
5. Outcomes of mediations;
6. Terms to implement the agreements;
7. Signatures and fingerprints of the parties to disputes;
8. Signature (s) of the mediator (s).

Article 45. Implementation of Mediation Agreements

The mediation agreement must be implemented as follows:

1. The parties to dispute must voluntarily implement the mediation agreement, unless in case that there is an appeal against such agreement with sufficient grounds;
2. In case that a party to dispute does not implement the mediation agreement voluntarily without grounds, another party to dispute can have right to request to the organizations for consumer protection for consideration.

Article 46. Procedure to Implement the Mediation Agreements

The mediation agreement must be conducted as follows:

1. The mediation units must send the mediation records to the relevant organizations for consumer protection within three official working days;
2. Within five official working days from receiving of the mediation agreement, the organization for consumer protection must give notice and warn the parties to dispute must to implement such mediation agreement;
3. In case of a party to dispute who has obligations under the agreement, had not performed such obligations, the organization for consumer protection has right to request to the competent authority for any measure to be taken in accordance with the laws.

Article 47. Cancellation of the Mediation Agreement

When it is deemed that the mediation is violated the principles as provided for in Article 41 of this law and this makes a party to dispute lose its benefits, such party to dispute has right to request on cancellation of mediation agreement to relevant organizations for consumer protection.

Within five days from receiving of the request on cancellation of mediation agreement, the organization for consumer protection must make its decision to cancel or not cancel that mediation agreement and inform its reasons to the parties to dispute.

Chapter 4

Administrative Means by the Organizations for Consumer Protection

Article 48. Administrative Means

When there is a dispute between the consumers and suppliers, the party to dispute has right to request to the organizations for consumer protection or relevant sectors to consider the settlement of dispute through the administrative means in accordance with regulations and laws.

Article 49. The Procedure for the Submissions of Requests

The submissions of the requests for the settlement of disputes through the administration means must undertake in the following procedure:

1. The consumers can submit their requests to the organizations for consumer protection in their localities;
2. The consumers have duty to provide the documents, evidence as follows:
 - Evidence on the selling-buying with suppliers;
 - Evidence on act showing that suppliers have breached the contracts;

The damaged suppliers also have right to submit the requests.

Article 50. Timelines of Address of Requests by Consumers

The timelines for address of requests by the consumers are as follows:

1. within ten official working days from the receiving of the requests by the consumers the organization for consumer protection must invite the suppliers to respond the requests by consumers;

2. The suppliers must respond such requests not later than seven days of the receipt of the invitation from the organization for consumer protection.
3. Within no later than thirty days of receipt of the respond from the suppliers the organization for consumer protection must issue its decision to solve the requests;
4. In case if it deems necessary the organization for consumer protection may invite the parties to disputes to provide further explanations or invite the relevant sectors or experts to participate in the solving of the dispute.

Article 51. Scope of Authority to Solve the Requests

The organizations for consumer protection have the power to consider the following requests:

1. the organization for consumer protection at district level have the power to consider the requests on the goods and services with total values below one hundred million LAK;
2. the organization for consumer protection at provincial level have the power to consider the requests on the goods and services with total values above one hundred million LAK.

Article 52. The Decisions

The decisions on the requests in the case that the suppliers breach the contracts can be rendered as follows:

1. To order the suppliers to perform their obligations in accordance with contracts;
2. To order the suppliers to compensate to the consumers;
3. To order the suppliers to maintain the impacts on the consumers;

The decisions on the requests in the case that the suppliers have not breached the contracts shall be rendered to adopt such requests.

The decisions by the suppliers shall be rendered in the same principles as mention above.

Chapter 5

Settlements of Disputes by the Organization of Economic Disputes Settlement or by the People's Courts

Article 53. Settlement of Disputes by the Organization of Economic Disputes Settlement

When there is a dispute between the consumers and suppliers, the party to dispute has right to request to the organization of economic disputes settlement to resolve the dispute in accordance with the laws and mutual agreement by the parties to dispute.

Article 54. Settlement of Disputes by the People's Courts

When there is a dispute between the consumers and suppliers, the party to dispute has right to bring the legal action to the people's court for consideration and adjudication by laws.

Article 55. Settlement of Disputes related to Private International Laws

The disputes on the consumer protection that have the public international law's elements shall be settled in accordance with the laws of the Lao PDR or the agreements or the conventions which the Lao PDR is a Party to.

PART VI PROHIBITIONS

Article 56. Prohibitions on Officers or Personnel

The consumer protection officers or personnel are prohibited to act as follows:

1. To perform their duties for the consumers unfairly, bias, and illegally;
2. To abuse of their powers, positions, and of their position for their individual interests, take bribes related to the consumer protection activities;
3. To falsify or use falsified documents, disclose the confidential information, delay or destroy the concerning documents related to the goods and services;
4. Any other prohibited act as define in the laws related to the consumer protections.

Article 57. Prohibitions on Consumers

The consumers are prohibited to act as follows:

1. To promote the unqualified and non-standardized goods or services;

2. To discredit the reputations of suppliers on the goods and services or omit any act causing the damage to the suppliers;
3. To perform the contracts improperly and not fully;
4. To ignore the violations of laws by the officers, personnel or suppliers;
5. To utilized the goods and services that are harmful to the environment; violate the laws and regulations; bring impact on the fine traditions and customs; that are harmful to the life, heath, and property of others and society;
6. To use the foreign currencies to pay for goods and services without permission;
7. Any other prohibited act as define in the laws.

Article 58. Prohibitions on Suppliers

The suppliers are prohibited to act as follows:

1. To manufacture, import, distribute the unqualified and non-standardized, counterfeit, and prohibited goods;
2. To render the unqualified and non-standardized goods and violate the laws and regulations and fine traditions;
3. To perform the contract with the consumers improperly and not full;
4. To supply the goods that increase the pollutions over the standard lines, cause the damage to the life, health, and property of the consumers;
5. To advertise or provide unreal or incorrect information on goods and services;
6. To falsify or use the falsified documents on the goods and services;
7. To invent falsehood, deceive, offer bribes due to illegal supplying of goods and services;
8. To place stickers, show the prices and receive the payments for goods and services in foreign currencies;
9. Any other prohibited act as define in the laws related to the consumer protections.

Article 59. Prohibitions on Individuals and Organizations

The individuals and organizations are prohibited to act as follows:

1. To create the obstacles, intervene the consumer protection activities by the suppliers;
2. To propaganda the incorrect information about the quality, standard of the goods and services causing misunderstanding or discrediting the suppliers;
3. To assist, protect the suppliers who violate the laws and regulations;
4. To abuse, frighten, create the obstacles the performing of duties of the consumer protection officers;

5. To be the intermediaries for offering and receiving of bribes related to the consumer protections;
6. Any other prohibited act as define in the laws.

PART VII

ADMINISTRATION AND INSPECTION ON CONSUMER PROTECTION ACTIVITIES

Chapter 1

Administration of Consumer Protection Activities

Article 60. Organizations for Administration of Consumer Protection Activities

The Government uniformly administrates the consumer protection activities throughout the country and delegates the Ministry of Industry and Commerce to be the central authority to coordinate and cooperate with the Ministry of Health, the Ministry of Agriculture and Forestry, the National Science and Technology Administration, and other relevant sectors and the local administrations.

The organizations for administration of consumer protection activities are the same organizations for consumer protection as provide for in Article 22 of this law.

Article 61. Rights and Duties of the Organizations for Administration of Consumer Protection Activities

The organizations for administration of the consumer protection activities have the following rights and duties:

1. To study and formulate the policies, laws and regulations, the strategic plans and programmes on consumer protection and submit to the Government for consideration and approval;
2. To disseminate, propaganda the policies, laws and regulations, the strategic plans and programmes on consumer protection to the society under their responsibilities;
3. To issue the regulations, decisions, instructions, recommendations and notices related to consumer protection;
4. To coordinate with other relevant organizations and the local administrations in order to supervise and follow up the implementation of the consumer protections in accordance with their responsibilities;
5. To suspend, change, and cancel the appointments, instructions, orders, guidelines, notices that are in conflict with laws and regulations on

- consumer protections in accordance with their responsibilities and duties;
6. To propose to establish or the dissolve and follow up and administrate the consumer protection association;
 7. To create, provide the trainings, upgrade the knowledge and capacity of personnel; to appoint or dismiss the officers for consumer protection in their sectors;
 8. To receive the complains by the consumers and to address such issues within its scope of responsibilities or refer them to other relevant authorities for settlement as stipulate in the relevant laws;
 9. To provide the cooperation with the international organization and foreign countries in accordance with its rights and duties;
 10. To report on the implementation of policies and laws on protection of consumer regularly to the Government.

Chapter 2

Inspection on Consumer Protection

Article 62. Inspection Agencies for Consumer Protection

The inspection agencies for consumer protection consist of:

1. Internal inspection agencies are the same organizations for administration of consumer protections as provide for in Article 60 of this law.
2. External inspection agencies are the National Assembly and the State Supervision and Inspection Administration which have rights and duties to inspect the consumer protection activities within their roles and responsibilities under the relevant laws.

Article 63. The Substantive Inspection

The substantive inspections on consumer protection are as follows:

1. Monitoring the implementation of policies and laws and regulations on the consumer protection;
2. Reviewing the structures and activities of the organizations for consumer protections;
3. Monitoring the activities, responsibilities, acts, and works of the officers for consumer protections.

Article 64. Forms of Inspection

Inspection on consumer protection is undertaken in compliance with the following forms:

1. Regular inspection;
2. Inspection by advance notice;
3. Emergency inspection.

Regular inspection refers to an inspection performed regularly according to plans and at pre-determined times and shall take at least two times per an annual;

Inspection by advance notice refers to an inspection which is not included in the plan, which is performed when deemed necessary and for which advance notice is given at least twenty four hours.

Emergency inspection refers to a sudden inspection without advance notice to the person to be inspected.

Inspection can be conducted to view and inspect the documents and performance and conduct in the field.

PART VIII
POLICIES FORWARD PERSONS WITH
OUTSTANDING ACHIEVEMENT
AND MEASURES AGAINST VIOLATORS

Article 65. Policies Forward Persons with Outstanding Achievement

Persons or organizations that are role models of active and effective participation in the implementation of this law will receive rewards or be granted policies as determined in detail by the government.

Article 66. Measures Against Violators

Persons or organizations violating this law or regulations on consumer protection shall be re-educated, disciplines, fined, civil or penal according to the nature of the violation.

Article 67. Re-education Measures

Individuals or organizations intentionally violating this law or regulations on consumer protection particularly the minor prohibition provisions and at first will be subject to re-educated measure.

Article 68. Disciplines Measure

The civil servants or public officers, which have violated any of the provisions of the law and regulation on consumer protection and prohibitions [under this law] as minor offender, which is not the criminal offence; and cause the damage but had not reported, or attempted to escape of wrong doing; will be imposed any of following as determined on case by case basis:

1. Being warned about the violation in accordance with the regulations on civil servants and remark such offence in their biographic record;
2. Suspension of the promotion on position, salary grade, and praise;
3. Demotion or Reposition from current position to a position at lower level;
4. Dismissal from office without any incentive or benefit;

An individual who had been imposed the said disciplines must return any property that acquired offensively to the organization properly and completely.

Article 69. Fines

Individuals or organizations that are violated the law on consumer protection particularly violated non-criminal offence, and after had received warnings up to two times will be fined depending on the seriousness or natures of violation which are defined in separate regulation.

Article 70. Civil Measures

Individuals or organizations causing the damages to other people by supplied goods or services that are unqualified, under standard and other forms of civil matters must pay the compensation for damages caused.

Article 71. Penal Measures

An individual who had forced, abused of power, position, duties, and rights; received or offered bribes, adjusted the weight scales or measures equipment, falsify the documents, used the falsified documents, disclosed the confidential information for the individual benefits, manufactured, sold and distributed the prohibited goods and services that create the pollutions harmful to the environment seriously, to lives, and health, and properties of people greatly, and other acts related to the consumer protection that are criminal offences shall be subject to punishments in accordance with the penal law.

Article 72. Additional Measures

In addition to the measures as provide for in Articles 71 of this law, the violator of law may be subject to additional measures including order to suspension

or cease of license, enterprise registration, and other certificates, nationalization of property or the profits gaining from the offences.

PART IX FINAL PROVISIONS

Article 75. Implementation

The government of the Lao People's Democratic Republic is to implement this law.

Article 76. Effectiveness

This law shall become effective after ninety days from the date of the promulgating decree of the President of the Lao People's Democratic Republic. Any provisions that contradict this law are repealed.

President of the National Assembly

Appendix 7: Consumer Law Matrix

A	THE RIGHT TO SAFETY	YES	NO
<i>Protect consumers from products or services which are dangerous or unsafe, or whose use might cause injury to others, by:</i>			
1	establishing a general duty of safety upon suppliers	√	
2	banning the supply of unsafe goods;	√	
3	prescribing safety and information standards with which goods or services must comply;	√	
4	establishing procedures to examine products and services alleged to be unsafe	√	
5	monitoring the market place for unsafe goods and services;	√	
6	warning consumers of the possible risks involved in the use of certain goods or services.	√	
<i>Ensure that information about unsafe products and services is collected and made available to consumers, by:</i>			
7	establishing procedures to collect and disseminate information on particular goods and services identified as being unsafe	√	
8	establishing procedures for the notification to authorities by consumers of alleged hazardous goods and services; and	√	
9	requiring suppliers who become aware that their goods or services are unsafe to advertise any dangers.	√	
<i>Ensure that dangerous products are recalled from suppliers, by:</i>			
10	requiring any manufacturer who recalls goods for safety reasons to notify relevant authorities of the recall;		√
11	establishing procedures for the monitoring of voluntary recalls to ensure they are effective;		√
12	allowing relevant authorities to order a manufacturer to recall goods, and to specify how those goods are to be recalled; and	√	
13	giving relevant authorities power to investigate the actions of manufacturers to determine whether they have complied with laws relating to recalls	√	

B	THE RIGHT TO BE INFORMED	YES	NO
<i>Require all necessary information to be given to consumers about the goods and services they acquire, especially in relation to therapeutic goods and toxic products, by:</i>			
1	requiring appropriate statements and warnings to accompany toxic products;	✓	
2	regulating the supply of therapeutic goods and toxic products to ensure information is disclosed in a manner consistent with international best practice;	✓	
3	establishing procedures to monitor national and international developments relating to therapeutic goods and toxic products; and	✓	
4	prescribing mandatory information standards to require particular information to be disclosed about particular goods not otherwise regulated	✓	
5	prohibiting deceptive packaging; and	✓	
6	requiring packages to clearly identify their contents	✓	
7	requiring packages to clearly identify their price		✓
<i>Protect consumers from conduct which is false or misleading, by:</i>			
7	prohibiting conduct, in relation to the supply of goods or services to a consumer, that is misleading or deceptive, or likely to mislead or deceive, or which is unfair	✓	
8	prohibiting representations about goods or manufacturers and suppliers which are not true or which could mislead consumers; and	✓	
9	prohibiting any particular sales or marketing practices which act to the detriment of consumers.		✓
10	require all necessary information to be given to consumers about food and drinks in order to enable them to make informed decisions regarding health and nutrition		✓
11	ensure that necessary information about goods and services is required to be accurate and comprehensible	✓	
C	THE RIGHT TO CHOOSE	YES	NO
<i>Encourage consumers to acquire only the things they need, by:</i>			
1	establishing procedures for community and consumer education about		✓

	products.		
<i>Protect consumers from anti-competitive conduct and exploitation, by:</i>			
2	ensuring manufacturers and suppliers do not abuse their powers; and		√
3	giving consumers rights to obtain redress for goods which are unsafe, unsuitable, defective or of poor quality.	√	
4	protect consumers by ensuring effective trade measurement practices and standards are adopted and enforced.	√	
5	prohibit direct sales and marketing practices without appropriate 'cooling off' periods.		√
D	THE RIGHT TO BE HEARD	YES	NO
<i>Ensure consumers can participate in the development of policies which affect them, including giving consumer representatives access to the media, by:</i>			
1	requiring administrative and political bodies responsible for matters affecting consumers to include members representing consumers;		√
2	requiring laws and policies which affect consumers to be publicised before they are introduced to allow consumers to comment on them; and	√	
3	establishing procedures to channel any comments or complaints made by consumers to appropriate authorities, and to monitor the response to those comments or complaints.		√
4	facilitate the establishment of complaints handling systems in both the government and non-government sectors, including the involvement of consumer representatives in the process		√
5	ensure consumers have standing to take action in courts and tribunals, including as third parties, to protect consumer interests.		√
6	enable consumers to take collective action before courts and tribunals.		√
7	enable indigent consumers to enforce their rights by providing access to legal and financial assistance		√
E	THE RIGHT TO REDRESS	YES	NO
Provide consumers with cost-effective, speedy and accessible means to enforce their			

legal rights, by:			
1	establishing a court or tribunal, with a simple procedure, to hear consumer complaints;	✓	
2	prescribing procedures to ensure consumers know their rights and how to enforce them, particularly in relation to disadvantaged groups		✓
3	ensuring that consumers are allowed to play an equal role in the resolution of their disputes; and	✓	
4	providing consumers with effective remedies and reasonable compensation if their complaints are found to be justified.	✓	
5	provide consumers with a right to compensation if they are injured as a result of unsafe goods or faulty services.	✓	
<i>Provide a mechanism through which consumers can channel their complaints and grievances to government, by:</i>			
6	establishing mechanisms to collect and register consumer complaints and grievances;	✓	
7	prescribing procedures to investigate complaints; and	✓	
8	prescribing procedures to monitor the number of complaints and grievances, and to report any results back to the consumer		✓
<i>Ensure that consumers are properly compensated for any loss suffered if their consumer rights are contravened, by:</i>			
9	ensuring any court or tribunal can provide a consumer with an appropriate remedy if it is established that the consumer's rights have been contravened.	✓	
10	protect consumers from intimidation or harassment if they seek to enforce their rights.		✓
<i>Establish effective post-sale consumer protection, by:</i>			
11	implying into contracts for the supply of goods and services, non-excludable warranties governing acceptable quality, fitness for known purpose, and, in relation to services, that they are rendered with due care and skill.		✓
F	THE RIGHT TO CONSUMER EDUCATION	YES	NO
1	Consumer law should be written in language which can be easily understood	✓	
Establish procedures which ensure consumers are informed about their consumer			

rights, particularly consumers with special needs, by:			
2	prescribing mechanisms to monitor consumer awareness and use of their rights; and		√
3	introducing laws to protect particular groups with special needs as required		√
4	set in place mechanisms to inform consumers about how to enforce their rights		√
5	ensure consumers are aware of their consumer responsibilities		√
G	THE RIGHT TO A HEALTHY ENVIRONMENT	YES	NO
Protect consumers from pollution of the environment, by:			
1	promoting the use of products which are environmentally friendly;		√
2	encouraging recycling of consumer goods; and		√
3	requiring environmentally dangerous products to carry appropriate warnings and instructions for the safe use and disposal of the product	√	
<i>Promote the use of non-toxic products where available, by:</i>			
4	promoting consumer awareness of safer alternatives to toxic products;		√
5	establishing procedures to monitor international developments and ensure products which are banned overseas do not find their way into national markets	√	
6	ensure the social costs of pollution are minimised.	√	
7	encourage the promotion of ethical and socially responsible practices by the producers and suppliers of goods and services	√	
H	THE RIGHT TO THE SATISFACTION OF BASIC NEEDS	YES	NO
<i>Consumer laws should promote the provision of information to consumers about products and substances which may adversely affect them, by:</i>			
1	requiring therapeutic goods to carry information about safety, efficacy, and side effects; and	√	
2	requiring any products containing hazardous substances to clearly list all its ingredients and to display appropriate warnings.	√	

3	protect consumers from unethical, unconscionable, and illegal practices especially in the supply or provision of: health care; housing and accommodation; education; water; energy; financial services; employment; retirement services; children's services; insurance; investment services; and food.		√
<i>Protect the privacy of consumers, by:</i>			
4	ensuring telecommunications and other communications are secure from unauthorised interference and are not used to provide or promote unsolicited commercial communications;		√
5	ensuring personal information about consumers is used only for the purposes for which it is collected and with their knowledge and approval; and		√
6	ensuring that consumers have the right to access, amend and correct their personal information held by government or non-government entities.		√

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