



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY

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President's Office

No. 35/PO

**DECREE**  
*of the*  
**PRESIDENT**  
*of the*  
**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**On the Promulgation of the Land Transport Law**

Pursuant to Chapter 5, Article 53, point 1 of the Constitution of the Lao People's Democratic Republic;

Pursuant to Resolution No. 03-97/NA, dated 12 of March 1997, of the 10th Ordinary Session of the third legislature of the National Assembly regarding the adoption of the Land Transport Law; and

Pursuant to Proposal No. 16/NASC, dated 7 May 1997, of the National Assembly Standing Committee.

**The President of the Lao People's Democratic Republic  
Decrees That:**

**Article 1.** The Land Transport Law is hereby promulgated.

**Article 2.** This decree shall enter into force on the date it is signed.

Vientiane, 31 May 1997  
President of the Lao People's  
Democratic Republic

*[Seal & Signature]*

Nouhak PHOUMSAVANH



LAO PEOPLE'S DEMOCRATIC REPUBLIC  
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National Assembly

No. 03-97/NA  
12 April 1997

## LAND TRANSPORT LAW

### Chapter 1 General Provisions

#### **Article 1. Function of the Land Transport Law**

The Land Transport Law has the function of determining the regime for the administration, organisation, and operation of the domestic, international and cross-border transport of goods and of passengers in order to efficiently and safely expand travel and distribution of goods, using the country's potential in respect of its geographical location at the centre of countries in the region to contribute to socio-economic development and international cooperation.

#### **Article 2. Meaning of Land Transport**

Land transport is the transport of goods, passengers, materials, commodities, and animals via roads by means of various types of vehicles and motorised mechanisms, including tractors carrying goods, passengers and animals, and [automobiles ranging] from three-wheeled vehicles to all types of automobiles, including different types of trucks.

Primitive traditional transport methods transmitted over time shall be excluded from this law.

#### **Article 3. Promotion of Land Transport**

It is the policy of the State to promote organisations and individuals to establish land transport enterprises to provide services in the domestic, international and cross-border transport of goods, passengers, materials and commodities.

#### **Article 4. Obligations in Land Transport**

In land transport, the transporter has the obligation to maintain safety and order, and to protect the roads, the natural environment and the society. In addition, the transporters must fulfil other obligations on transport as specified by the laws and regulations.

Passengers and users of specialised transport, persons using personal transport, owners of the goods and commodities, and persons delivering goods, shall also have the duty to contribute to the fulfilment of the obligations mentioned above.

#### **Article 5. Scope of Application of the Law**

This Land Transport Law applies to transport enterprises undertaking the transport of goods and passengers, including specialised transport and personal transport, by means of all sizes of mechanised vehicles, including all types of trucks, within the Lao People's Democratic Republic, between countries, and across borders, except transport by train or pipe, and official transport, which will be governed by separate specific regulations.

### **Chapter 2 General Regulations on the Administration of Land Transport**

#### **Article 6. General Regulations**

General regulations on the administration of land transport are provisions outlined to ensure the safety of passengers, to protect against loss of goods and materials, and to ensure they reach their destination on time.

#### **Article 7. Types of Land Transport**

There are three types of land transport in the Lao People's Democratic Republic as follows:

- Transport enterprises;<sup>1</sup>
- Specialised transport;
- Personal transport.

A transport enterprise refers to a service providing domestic, international or cross-border transport.

Specialised transport refers to the transport of goods, materials, commodities, animals or people for the internal use of an enterprise or for one's self.

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<sup>1</sup> The translators are aware that this term and its definition appear to refer to an entity, not a type of transport.

Personal transport refers to the transport of materials, commodities, people or animals to serve personal needs, which is not the provision of a general transport service or specialised transport service.

Transport enterprises are divided into two kinds as follows:

- Transport of goods, materials, commodities or animals;
- Transport of passengers.

Specialised and personal transport are divided into two kinds as follows:

- Transport of materials, commodities, goods, or animals;
- Transport of people.

### **Article 8. Scope of Land Transport**

The scope of land transport in the Lao People's Democratic Republic refers to the scope of roads within which it is determined that a transport vehicle may conduct transport, which is divided into two scopes, as follows:

- Scope of domestic transport;
- Scope of international or cross-border transport.

The scope of domestic transport refers to transport within urban areas, and within and between provinces.

The scope of international transport refers to transport from the Lao People's Democratic Republic to another country or from abroad to the Lao People's Democratic Republic.

The scope of cross-border transport refers to transport from the Lao People's Democratic Republic through any country to a third country or transport from any country through the Lao People's Democratic Republic to a third country.

### **Article 9. Size of Transport Vehicles**

Transport vehicles are divided into three sizes as follows:

- Small transport vehicles;
- Medium transport vehicles;
- Large transport vehicles.

Small transport vehicles for goods, materials and commodities refers to transport vehicles with an authorised load, including the weight of the empty vehicle, not exceeding seven tons.

Medium transport vehicles for goods, materials and commodities refers to transport vehicles of all sizes, including all types of trucks, with an

authorised load, including the weight of the empty vehicle, of more than seven tons up to fifteen tons.

Large transport vehicles for goods, materials and commodities refers to transport vehicles of all sizes, including all types of trucks, with an authorised load, including the weight of the empty vehicle, of more than fifteen tons.

Small transport vehicles for passengers or people refers to transport vehicles with a capacity of two to seven seats.

Medium transport vehicles for passengers or people refers to transport vehicles with more than seven seats up to thirty-five seats.

Large transport vehicles for passengers or people refers to transport vehicles with capacity of more than thirty-five seats.

The Ministry of Communication, Transport, Post, and Construction is assigned to set the administration regime for the above-mentioned transport vehicles, including the maximum authorised weight for large transport vehicles.

#### **Article 10. Requirements for Drivers of Transport Vehicles**

Drivers of goods and passenger transport vehicles shall meet the following requirements:

- Hold a proper driver's license in accordance with regulations;
- Have good health;
- Strictly adhere to traffic regulations;
- Shall not drive the vehicle for longer than the time limit as provided by regulations;
- Shall not drive while intoxicated and shall not be addicted to narcotics.

#### **Article 11. Technical Inspections**

All transport vehicles shall receive technical inspections strictly within the time periods and at the technical inspection stations that are determined by the Ministry of Communication, Transport, Post, and Construction.

#### **Article 12. Standards and Conditions of Garages**

In order to guarantee technical standards of transport vehicles, the Ministry of Communication, Transport, Post and Construction shall issue provisions on the standards and conditions of garages.

### **Chapter 3**

#### **Transport Enterprises, Specialised Transport and Personal Transport**

#### **Article 13. Application for Establishment of Transport Enterprise**

Applications for the establishment of enterprises for domestic, international and cross-border land transport of goods and passengers shall comply with Articles 16, 17, 18 and 19 of the Business Law. For foreign investments, Articles 23, 24, 25, and 26 of the Law on the Promotion and Management of Foreign Investment in the Lao People's Democratic Republic shall apply.<sup>2</sup>

#### **Article 14. Conditions for Persons Wishing to Receive Approval to Establish Transport Enterprises**

Any person or organisation wishing to receive permission to establish and register a transport enterprise shall meet the following conditions:

- Have professional ability in the area of transport;
- Have financial capacity;
- Be honest in the conduct of the transport profession.

In addition, the applicant shall also fulfil other conditions as provided in the Business Law.

#### **Article 15. Licence of Transport Enterprise**

The licence of a goods or passenger transport enterprise cannot be used, leased or transferred to other persons.

#### **Article 16. Conditions of Vehicles used in Transport Enterprises and Specialised Transport**

Vehicles used in transport enterprises and in specialised transport must comply with the following main conditions:

- Have been registered as a transport vehicle;
- Have a licence plate<sup>3</sup>;
- Comply with technical [requirements] for transport;
- Maintain relevant insurance;
- Have paid annual road usage fees;
- Have received technical inspection as required by rules and regulations.

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<sup>2</sup> These are both references to older versions of these laws. Translations of the 2005 Enterprise Law (which replaced the Business Law) and the 2004 Law on the Promotion of Foreign Investment in the Lao People's Democratic Republic are available in this series.

<sup>3</sup> The literal translation of this term is "have registered plate".

Detailed conditions in respect of vehicles used in transport enterprises shall be determined by the Ministry of Communication, Transport, Post and Construction.

**Article 17. Insurance for Transport Vehicles**

Goods and passenger transport vehicles of all sizes, and vehicles for specialised and personal transport, including various types of trucks, for use within the country must have insurance, particularly third party insurance. Vehicles used for international or cross-border transport must have, in addition to third party insurance, insurance covering the driver and goods being transported.

**Article 18. Vehicle Use Permit**

A vehicle use permit is a permit issued for a vehicle that is used by a transport enterprise, according to [its] type, technical standards, and scope of transport as licensed by the Communication, Transport, Post and Construction sector<sup>4</sup>.

Vehicles used in specialised transport to serve [the operator's] own enterprise or activities must similarly have a vehicle use permit.

In the event of any modification of technical standards or change of scope of transport of a vehicle, a new vehicle use permit must be applied for.

**Article 19. Bill of Lading**

In the operation of a goods transport enterprise, the transporter must provide a bill of lading in the form issued by the Ministry of Communication, Transport, Post and Construction, which must accompany the vehicle on each trip. For specialised transport to serve [the operator's] own business or activities, a bill of lading must similarly accompany the vehicle on each trip.

**Article 20. Transport Vehicle Stations**

Vehicles of enterprises transporting goods and passengers must enter, park and exit from stations or transport vehicle parking, for which the Ministry of Communication, Transport, Post and Construction will determine technical construction standards.

Transport vehicle stations may be divided into two types as follows:

- Stations for goods transport vehicles;
- Stations for passenger transport vehicles.

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<sup>4</sup> The term “sector” is used in many Lao laws to refer to the cluster of government ministries or agencies engaged in a particular activity.

If necessary, specific transport stations for animals shall be established.

#### **Article 21. Transport Contracts**

Goods and passenger transport enterprises may make written, verbal, or implied contracts.

Enterprise contract for goods transport refers to an agreement made between the transport enterprise operator and the owner of the goods to move goods from one point to another under which the transport enterprise operator has the obligation to take goods to their destination without losing or damaging them and to ensure the quality of such goods and the owner of the goods must pay the transporter for the transport, as agreed.

Enterprise contract for passenger transport refers to an agreement made between the transport enterprise operator and the passenger to travel from one point to another under which the transport enterprise operator has the obligation to safely transport the passenger, to ensure that the passenger's belongings are not lost or damaged, and to assist the passenger, and the passenger must pay the transport enterprise operator fees for travel, as agreed.

#### **Article 22. Primary Contents of Goods Transport Contracts**

A goods transport contract has the following primary contents<sup>5</sup>:

- Type of goods, including the quantity, volume, and weight;
- Place of dispatch and destination where the goods will be received;
- Services provided, which means packing, packaging,<sup>6</sup> storage, loading, unloading;
- Goods transport charges;
- Insurance;
- Means of payment of transport charges.

International and cross-border goods transport contracts shall be implemented in accordance with international transport contracts.

The goods transport service provider and owner of goods must fully comply with the contract.

#### **Article 23. Transport of Dangerous Materials**

The transport of dangerous materials, such as: chemical materials, flammable materials, explosive materials, whether by transport enterprise,

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<sup>5</sup> This is a literal translation. The intention is to refer to “those matters that must be included”. See Article 11 of the Contract Law for a similar use of “contents”.

<sup>6</sup> The term packing here means to put into a container while the term packaging means to seal it up.

specialised transport or personal transport, must receive approval from the Ministry of Communication, Transport, Post and Construction in coordination with concerned sectors and must strictly comply with the regulations regarding the transport of dangerous materials.

**Article 24. Responsibility of the Transporter**

In the enterprise of goods transport, the transporter has the responsibility to compensate for damages if, due to his fault, the goods do not reach their destination in time thereby causing damage to the owner, or causing the goods to lose quality or be lost.

In the transport of passengers, the transporter has the responsibility to compensate for damages, if, due to his fault, the passengers fail to reach the destination, the passengers are not kept safe or the passengers' belongings are lost or damaged.

In addition, the transporter may be held criminally responsible if he commits an offence.

**Chapter 4**  
**International and Cross-border Transport**

**Article 25. International and Cross-border Transport**

In international and cross-border transport, the government will comply with agreements signed with foreign countries and authorise transport passing across its territory, including facilitating and providing necessary guarantees in accordance with treaties and international conventions to which it is a party.

In international and cross-border transport, goods may or may not be unloaded, depending on the government's decision.

Foreign transport passing through the territory of the Lao People's Democratic Republic must comply with Lao traffic regulations and Lao laws and regulations.

**Article 26. Stations for International Transport Vehicles**

International or cross-border goods and passenger transport vehicles that enter and exit the Lao People's Democratic Republic must enter, park, and exit in the stations for the international transport vehicles as determined by the Ministry of Communication, Transport, Post and Construction.

Stations for international transport vehicles are divided into two types, as follows:

- Stations for goods transport vehicles;
- Stations for passenger transport vehicles.

If necessary, specific transport stations for animals shall be established.

## **Chapter 5**

### **Freight Forwarding and Vehicle Rentals**

#### **Article 27. Freight Forwarding**

To facilitate domestic, international, and cross-border delivery of goods, the State authorises enterprises to provide freight forwarding services.

#### **Article 28. Freight Forwarders**

A freight forwarder is a person or organisation providing a business service in preparing documentation, consolidating, packaging and packing of goods to hand over to the transporter.

The freight forwarder is responsible for correctly completing the bill of lading, ensuring the complete forwarding of goods in accordance with the amount listed, preventing loss or damage to goods or loss in quality due to the packing-packaging and ensuring that such goods reach their destination.

#### **Article 29. Licences for Freight Forwarding Enterprises**

Individuals or organisations wishing to receive approval to operate a freight forwarding enterprise must fulfil the conditions and provisions in Articles 13, 14, 15, 16 and 17 of this law.

#### **Article 30. Vehicle Rental Operators**

The State permits the establishment of vehicle rental enterprises in order to promote the growth of transport enterprises, specialised transport and personal transport, and domestic, international, and cross-border transport.

Vehicle rental enterprise operators are individuals or organisations that have various types of motorised vehicles, as defined in Article 9 of this law, that are used to provide a service to persons who require the use of rental vehicles, on a temporary or permanent basis according to contract, for the operation of a transport enterprise or for use in specialised transport or personal transport.

Vehicle rental is divided into two types as follows:

- Vehicle rental for personal use;
- Vehicle rental including the provision of services.

#### **Article 31. Obligations of Lessors and Lessees**

In renting out vehicles where the lessee rents for his own use, the lessor must deliver the vehicle in compliance with the conditions in Article 16

of this law to the lessee for use during the period set out in the agreement. The lessee must pay rent, properly use the vehicle according to the objective of the contract, and return the vehicle in the same condition. In addition, the lessor and lessee must adhere to other conditions in the contract.

In a vehicle rental that includes service, in addition to the obligations provided in paragraph one above, the lessor must provide a driver to the lessee, and the driver must ensure the provision of transport services and safety to the lessee and comply with other conditions as provided in the contract. The lessee must pay rent as agreed in the contract.

**Article 32. Licence for Establishment of a Vehicle Rental Enterprise**

Individuals or organisations wishing to receive a licence to operate a vehicle rental enterprise must fulfil the conditions in Articles 13, 14, 15, 16, 17, 18, and 23 of this law.

In addition, lessors must also comply with regulations relating to the administration of vehicle rental enterprises issued by the Ministry of Communication, Transport, Post and Construction.

**Article 33. Prohibitions**

Individuals and organisations that have not received any licence for operating a transport enterprise are prohibited from establishing goods transport, freight forwarding or vehicle rental enterprises.

**Chapter 6  
Administration of Land Transport**

**Article 34. Land Transport Administration Agencies**

The land transport administration agencies comprise:

- The Ministry of Communication, Transport, Post and Construction;
- The communication, transport, post and construction division at each province, prefecture or special zone;
- The communication, transport, post and construction office in each district.

**Article 35. Rights and Duties of the Ministry of Communication, Transport, Post and Construction**

In administering land transport, the Ministry of Communication, Transport, Post and Construction has the following main rights and duties:

- To draw up long-, medium-, and short-term strategic and master plans regarding the development of land transport;

- To issue regulations regarding the administration of land transport throughout the country;
- To consider and comment on applications for the establishment of international and cross-border land transport enterprises;
- To study policies and land transport fares and submit them to the government for consideration;
- To study fees and service charges relating to land transport in coordination with relevant agencies;
- To administer the list of transport vehicles throughout the country;
- To inspect the organisation of land transport enterprises;
- To cooperate with international parties and to search for funding sources to develop land transport;
- To exercise such other rights and perform such other duties relating to land transport.

**Article 36. Rights and Duties of the Communication, Transport, Post and Construction Divisions**

In the administration of land transport, the communication, transport, post and construction division at each province, prefecture or special zone has the following main duties:

- To elaborate on the strategic and master plans regarding the development of land transport;
- To consider and comment on applications for the establishment of domestic transport enterprises within the province, prefecture, or special zone for which it is responsible;
- To register transport vehicles in the province, prefecture or special zone according to regulations issued by the Ministry of Communication, Transport, Post and Construction;
- To administer the list of transport vehicles in the province, prefecture or special zone;
- To issue licenses for the operation of transport vehicles within the country;
- To administer and inspect the domestic, international and cross-border operations of land transport [enterprise];
- To undertake technical inspection of transport vehicles, and to administer transport vehicle garages and vehicle technical inspection stations;
- To determine the locations for, and to administer, transport vehicle stations;
- To exercise such other rights and perform such other duties regarding land transport as assigned by the Ministry of Communication, Transport, Post and Construction.

**Article 37. Rights and Duties of the Communication, Transport, Post and Construction Offices**

The communication, transport, post and construction office at each district has the duty to administer transport vehicles and transport vehicle parking areas within its district as assigned by the communication, transport, post and construction division of the [relevant] province, prefecture or special zone.

**Article 38. Inspection of Transport**

The Ministry of Communication, Transport, Post and Construction has the duty to organise the regular and systematic inspection of transport in order to ensure that operators of transport enterprises, specialised transport and personal transport strictly adhere to transport regulations, and ensure safety and order.

To ensure effective inspections of land transport, highway patrols may be established.

**Article 39. Transport Committee**

To facilitate the administration of domestic, international and cross-border transport, the government may establish the National Transport Committee based on the proposal of the Ministry of Communication, Transport, Post and Construction. The National Transport Committee has the following duties:

- To study the strategic plan and the transport development plan;
- To study and determine technical standards for transport vehicles;
- To study means of protecting safety during transport;
- To give advice to goods and passenger transport service providers;
- To research options for road placement and transport fares from time to time.

If necessary, provincial, prefecture, or special zone transport committees may be established, which shall have the following main duties:

- To give advice regarding transport;
- To determine road placement and transport fare rates, based on the policy issued by the Ministry of Communication, Transport, Post and Construction;
- To encourage the implementation of laws and regulations regarding transport.

**Article 40. Transporters Association**

For effective administration and to ensure order in goods and passenger transport, the State will authorise the establishment of a land

transporters association in accordance with regulations issued by the Ministry of Communication, Transport, Post and Construction.

## **Chapter 7**

### **Policies Towards Persons with Outstanding Achievements and Measures against Violators<sup>7</sup>**

#### **Article 41. Policies Towards Persons with Outstanding Achievements**

Any person or organisation carrying out land transport with good quality, ensuring safety, order, and good protection of the environment, and strictly adhering to transport fare rates according to regulations, will receive rewards and policies of reduction or exemption from taxes as provided in the Law on the Promotion of Domestic Investment.

#### **Article 42. Measures**

Any person or organisation violating this Land Transport Law will be re-educated<sup>8</sup>, fined or criminally punished. In addition, the violator may receive additional punishment, such as: suspension of business operation, withdrawal of license, and seizure of vehicles used in the offence.

#### **Article 43. Re-Education Measures**

In cases of non-serious violations and in the case of first offences, the violator will be re-educated.

#### **Article 44. Fines**

Any individual [committing] any of the following violations shall be fined from 3,000 to 10,000 Kip:

- No vehicle operator's permit accompanying the vehicle;
- No bill of lading;
- Not carrying out transport on designated roads;
- No certificate of payment of fees and taxes regarding transport business;
- No driver's license for light transport<sup>9</sup> and specialised transport business services.

Any individual [committing] any of the following violations shall be fined from 15,000 to 30,000 Kip:

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<sup>7</sup> The term “policies” is often used as an indirect way of referring to “incentives” or “privileges” and the term “measures” is often used as an indirect way of referring to “sanctions”.

<sup>8</sup> Here, “re-education” does not mean the same as “re-education without deprivation of liberty” referred to in the Penal Law.

<sup>9</sup> The categories of “light transport” and “heavy transport” (see next paragraph) are not defined in this law but are noted on the driver's licence.

- Transport business license has expired;
- No transport vehicle technical inspection certificate;
- No insurance for vehicle;
- No driver's license for heavy transport, in the case of drivers providing services in transport enterprises and specialised transport.

Any individual [committing] any of the following violations shall be fined from 31,000 to 50,000 Kip:

- Parking a vehicle, or loading or unloading goods outside of the designated area;
- Driving a vehicle in excess of the speed limit;
- Loading in excess of the authorised [weight].

Any individual [committing] any of the following violations shall be fined from 51,000 to 100,000 Kip:

- Operating a land transport, freight forwarding or vehicle rental enterprise without a licence;
- Operating a land transport, freight forwarding or vehicle rental enterprise not conforming to the type of licence;
- Using the license of another person or giving its license to another person for use to operate a land transport enterprise.

#### **Article 45. Criminal Measures**

An individual who commits any of the following offences shall be punished under the Penal Law:

- Filing false documents to obtain approval to establish a land transport enterprise;
- Falsifying documents regarding the establishment of a land transport enterprise;
- Committing a criminal offence in the course of transport;
- Obstructing officials in their inspection of land transport.

Any civil servants and State employees committing criminal offences in land transport by: taking bribes, abuse of power, falsification of documents, or abuse of their position for personal gain, shall be punished under the Penal Law.

**Chapter 8**  
**Final Provisions**

**Article 46. Implementation**

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

**Article 47. Effectiveness**

This law shall come into effect after one hundred eighty days from the date of the promulgating decree of the President of the Lao People's Democratic Republic.

Any regulations and provisions that contradict to this law are hereby repealed.

Vientiane, 12 April 1997  
President of the National Assembly

*[Seal and Signature]*

Samane VIGNAKET