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## Product Labeling in Laos: New Regulations Require Local Language on Packaging

The Lao government has recently stepped up its efforts to raise public awareness of health issues and the quality of products sold in the market. The impetus behind the government's actions is largely attributable to one main factor—in Laos, most products still do not have labeling in the Lao language to provide consumers with information about the product, despite this being a requirement. In the past, the government generally turned a blind eye to this shortcoming in consumer protection, but this is now set to change.

### Regulatory Framework

The Department of Internal Trade, Ministry of Industry and Commerce, recently issued Announcement 1285, restating the requirement to include labels in the Lao language on products. The Announcement also granted all business operators involved in the manufacturing, importing, wholesaling, distributing, and retailing of goods an extension, until August 29, 2016, to bring their labeling in line with the requisite regulations.

The Announcement follows Ordinance 2501/MoIC DDT concerning Product Labeling in the Lao Language, which the Ministry of Industry and Commerce introduced on December 16, 2015. The Ordinance entered into force this year on January 8, followed on March 11 by the Department of Internal Trade issuing Recommendation 0281/Mo-IC, which restated much of the Ordinance and provided additional information on how it should be implemented by affected business operators.

The main reason for the Announcement and the Recommendation, which restate the Ordinance, is that almost no changes were made in practice after the Ordinance entered into force. Unfortunately, the duties and responsibilities of the administration were not adequately clarified under the Ordinance, meaning that it could not be properly implemented. The private sector was also largely unaware of the Ordinance, and even those who were aware had generally not yet taken action to adhere to the product labeling requirements.

### Purpose of the Ordinance

The Ordinance aims to help consumers gain a better understanding of the benefits and qualities of products before purchasing and using them. This helps consumers avoid purchasing low-quality or expired products, which could adversely affect their health, property, or the environment. In addition, under the Ordinance, domestic manufacturers and importers are encouraged to label their products in the Lao language prior to distribution. And the Ordinance also attempts to clarify the duties and responsibilities of the administration.

The Ordinance, rephrasing the Law on Consumer Protection 02/NA of 2010, also sets out the duties and responsibilities of local administrators in administering and monitoring product labels in the Lao language, and it includes product labeling obligations for manufacturers, importers, and distributors. It implores them to use product labels in the Lao

language, particularly for products that could potentially endanger the life, health, and safety of consumers.

### Product Labeling Requirements

Under the Ordinance, product labels must comply with Article 19 of the Law on Consumer Protection, which requires information on product labels regarding the type of goods; trademark registered by the manufacturer and the trademark used in trade by the importer in Laos; location of manufacture, the importer's trading address in Laos, and the country of origin of the manufacturer, when this is not Laos; and price, amount, quality, weight and net weight, components and component percentage, directions for use, warnings, date of manufacture, and the expiration date.

The Recommendation of March 11 leaves open the possibility of adding more information requirements in the future. In line with Article 19 of the Law on Consumer Protection, descriptive product information must be accurate, and it must not exaggerate any benefits or qualities.

### Penalties

The Law on Consumer Protection stipulates that any business operator supplying goods that are not labeled or that contain incorrect information will have their business license suspended. The Ordinance, however, specifies that business operators who are found guilty of infringement for the first time will not have their business license suspended immediately.

The Ordinance provides different levels of sanctions for different types of operators, with retailers being subject to more lenient treatment than manufacturers, importers, wholesalers, or distributors. First-time violators receive a notification of the violation and a warning. When a violation is found, business operators have one month to bring their product labeling in line with the requisite regulations. A failure to do so can result in fines of LAK 500,000 to LAK 1 million (USD 62 to USD 124) for retailers, and LAK 5 million to LAK 7 million (USD 620 to USD 871) for manufacturers, importers, wholesalers, or distributors.

If business operators continue to fail to adhere to the labeling requirements after the first and second violations described above, retailers are liable to a fine of LAK 1 million to LAK 2 million (USD 124 to USD 248) and they risk having their unlabeled goods seized. Manufacturers, importers, wholesalers, and distributors that are found guilty of the same offense are liable to even more severe penalties ranging from LAK 7 million to LAK 9 million (USD 871 to USD 1120) and the possibility of having their business license suspended for as long as the infringement continues.

### Products Exempted from the Ordinance

The Ordinance does not apply to certain types of goods, and it also takes into account the final purpose of goods. Therefore, certain products in the Ordinance are exempted from labeling requirements, including goods temporarily imported for subsequent export, goods temporarily imported for exhibition before being exported back to the original country, and goods in transit; gifts and souvenirs; fresh food and condiments without packaging directly sold to consumers; and raw materials without packaging imported for manufacturing in an industrial factory or for construction.

For products that are imported before August 29, the number of products without a Lao language label to be sold in the Lao market needs to be reported to the administration, to allow them to be "distributable" in the country.

Despite these limited exemptions, the Ordinance and its related regulations provide for far-reaching requirements for all businesses in the consumer goods sector. Businesses should take action immediately to comply with the new requirements, while closely monitoring the practical enforcement by local authorities. 🐞