

LABOUR LAW of LAO PEOPLE'S DEMOCRATIC REPUBLIC
(Amended in 2006, and promulgated on 27 December, 2006)

(The amendment was unofficially translated by Shintaro Nakamura, JICA expert.)

CHAPTER I
GENERAL PROVISIONS

Article 1 Purpose

The purpose of this law is to regulate employment relationships, to make the best use of workers' abilities to ensure national social and economic development, to enhance the efficiency and productivity of society and to improve workers' living conditions.

Article 2 Explanation of vocabularies

The meaning of vocabularies used in this labor law are explained as below:

1. **Labor** means physical strength, intelligence and skills of human being;
2. **Skill development** means provision of basic professional training to workers who have not yet received any training before for employment opportunity;
3. **Skill development** means upgrading vocational expertise and skills for workers who already have basic skill before to meet the increasing needs of labor markets at each stage;
4. **Worker** means people who work under the supervision of employer to receive salary or wage, benefits as a compensation for used labor as stated in the law and labor contract;
5. **Employer** means a person or judicial entity who use workers to do works for employer by paying salary or wage, other benefits to workers as stated in the law and employment contract;
6. **The use of labor by using forced measures** means the use of workers without the willingness from the workers to do the given work, that is not in consistency with the employment contract;
7. **Labor unit** means production, business units or service of all social-economic sectors;
8. **Labor market** means the need and provision of labor between labour users and workers.

Article 3 Principles of labor

The principles of labor are as follows:

1. Labour must be on the basis of employment contract between workers and employers.
2. Labor shall ensure mutual benefits among workers and employers without discrimination on the basis of race, sex, religion, political opinion and socio-economic status.
3. Employers shall use workers according to their knowledge and ability.
4. Employers shall fairly pay salary or wage, ensure safe labour conditions and perform in accordance with the social security system.
5. Employers shall employ Lao workers. If it is necessary to employ foreign workers, approval from labor management organization must be obtained prior to their performance.

6. Employers shall accept and give facilities to workers for being member of mass organizations and other legal social organization based in their own labour unit.
7. The worker who needs to go abroad for employment shall obtain an approval from the labor management organization.
8. Workers shall respect and strictly perform in accordance with labour regulation.
9. Addressing labour conflicts between worker and employer shall ensure fairness in accordance with the employment contract and regulation and law.
10. Any form of using workers by obligatory measures is prohibited.
11. The use of workers shall go along with the building and development of occupational skill.
12. Building and development of skill shall be in accordance with the social-economic development plan and the needs of labour market.

Article 4 Policy on labour

The state has a policy to promote, by using science and techniques, building and development of skills, creativeness, competition of skills, provision of labor information in order to raise labour discipline aloft and provide workers to internal and external markets, to promote employment opportunities for Lao workers, to pay attention to the management, and to protect the rights and fair benefits of workers and employer.

Article 5 Roles of trade union on labor

Trade unions or workers' representative shall be responsible for promoting solidarity, training and mobilization of workers with regard to labour discipline; work performance according to production plans established by the labour unit; presentation of any claims regarding compliance with labour regulations and contracts and participation in the settlement of labour disputes.

Trade unions shall be established in each labour unit. Any labour unit in which trade union is not established yet shall have workers' representative.

The employer shall provide trade unions or workers' representatives with facilities and appropriate premises during working hours to enable them to carry out their activities.

Article 6 Scope of application

This law applies to all workers and employers who carry on activities in labor unit.

Those who work in accordance with a written employment contract for a period of at least 3 months are allowed to refer to this labor law.

This law shall not apply to civil servants employed in state administrative and technical services, national defense, public order and mass organization.

Article 7 International relation and cooperation on labour

The state widely promotes international relation and cooperation in many fields and aspects in the area of labour such as building and development of skills, provision of employment, labor management, implementation of international labour-related treaties, exchange of lessons, assistance and other cooperation.

CHAPTER II

BUILDING AND DEVELOPMENT OF SKILLS

Article 8 Method of building and development of skills

Building and development of skills is performed in many forms such as learning in schools, training center, skills training and development center, on-the-job-training, study tour and learning lessons.

Article 9 Responsible organization for skill development

The labour authority is responsible for building and development of skills. In addition, it encourages and coordinates with concerned sectors both in the government and private bodies in the whole society on the building and development of skills.

Article 10 Obligation of building and development of skills

Employers must ensure that workers under their authority are trained and acquire qualifications and expertise to enable them to gradually become skilled and specialized workers.

Labor units shall develop staff training plan and carry out and set up a fund equal to 1% of salary budget or annual labor cost of workers as a budget for training, vocational skill improvement both outside and inside the country for workers under their own responsibility. In case that a labor unit cannot develop skill labor of their own workers, the fund shall be deposited in the National Fund for development of skilled labor.

Article 11 National skill development fund

The state has a policy to establish a fund for building and development of skills for workers. The fund is from the following sources:

- State budget by cutting 1,5 % of income tax of the laborers every year.
- The fund of labor units that can not build and develop skills for their workers by themselves. Those labor units contribute its own fund equal to 1 % of their workers' monthly salary on a monthly basis. This fund shall not be cut from the workers' salary or wage.
- Other funds obtained from internal and external sources. There will be specific regulations for the use and management of this fund.

Article 12 Skill standards

Skill standards are identification, test, warranty of quality of building and development of skills and level of workers' skills in each vocational field. The state identifies the details of skill standards.

The employer shall accept and rely on the skill level tested and certified by concerned state organization to identify scope of salary or wage for workers.

Article 13 Labor information

Labor management organization, labor units and other concerned sectors have a task to provide labor information to one another.

Labor unit shall report labor information to the labor management organization on a regular basis.

The labor management organization and labor unit shall provide labor information to laborers.

The laborers who need employment shall be registered at the labor management organization or at the legally licensed employment service enterprise.

Article 14 Labor market

State and concerned sectors shall pay attention in studying and researching labor market both inside and outside the country to build and develop labor skills in consistency with the needs of labor markets in each stage.

State and society shall expand labor markets more and more widely by increasing investment in production, business and service to create employment opportunities for workers, build and develop skills for better and better status.

Promotion of export of Lao worker for employment and import of foreign laborers for employment in the Lao P.D.R shall be screened and admitted by labor management organization.

The implementation of employment service to respond to the labor markets both inside and outside the country shall be approved by labor organization.

CHAPTER III RULES OF WORK

Article 15 Content of rules of work

Rules of work are the obligation that employer and worker shall observe under the law. The content of rules of work consists of the right and obligations of worker and employer in consistency with the internal regulation of labour unit and employment contract.

The internal work rules of any labour unit shall be established in conformity with the labour law and regulations of the Lao People's Democratic Republic and approved beforehand by the labour authority.

The internal work rules of a labour unit shall be made known to all workers and posted openly so that everybody may be informed.

Worker and employer have an obligation to implement rules of work strictly.

Article 16 Hours of work.

The hours of work in a labour unit shall be six days per week, but not exceeding eight hours per day or 48 hours per week, irrespective of the form of salary or wage paid.

Hours of work must not exceed six hours per day or 36 hours per week in respect of workers whose occupation involves:

- Direct exposure to radiation or to contagious disease;
- Direct exposure to gas or smoke having an adverse effect on health;
- Direct exposure to dangerous chemicals, in particular to explosives;
- Work in pits, or in underground tunnels, underwater or at heights;
- Work in an abnormally hot or cold environment;
- Direct use of constantly vibrating machinery.

Article 17 Time counted as hours of work.

In the calculation of daily hours of work, account shall be taken of:

- Time spent on preparatory technical operations at the start and end of work;
- Hourly breaks not exceeding 15 minutes, in certain sectors in which work is divided into periods or which operate on the basis of shifts;
- A 45-minute meal break per shift in respect of shift workers.

The employer shall establish a reasonable production schedule so as to enable

workers to rest at least five to ten minute after having worked for two hours. Should a necessity arise for any technical or mechanical reasons, work by rotation must be organized so that workers can rest appropriately.

Time counted as hours of work should be specified in rules of work of labour unit.

Article 18 Overtime

An employer may request workers to work overtime if necessary, subject to the prior consent of the trade union or workers' representatives and of the workers concerned.

Overtime shall not exceed 45 hours per month, except in exceptional situations such as a natural disaster or an unexpected event of a kind that would cause great damage to the labour unit.

Where overtime is necessary, the employer shall first consult the trade union or worker's representatives and notify workers in the labour unit concerned giving them and explanation for the necessity of requiring overtime work, and shall fully pay them fair compensation for overtime in accordance of this law.

Where overtime is required for more than 45 hours in one month, the employer must request prior authorization from the relevant labour administration, while giving proof in writing that the trade union or workers' representative is in agreement.

Article 19 Weekly rest and official holidays

Workers shall have the right to one full day of weekly rest, which may be Sunday or any other day agreed upon between the workers and their employer.

Official holidays shall be established by the Government.

Article 20 Sick leave

Upon presentation of a medical certificate, workers remunerated on a monthly basis shall be entitled to sick leave with full pay for up to 30 days per year. This provision shall apply to workers remunerated on the basis of hourly or daily wages or on a piece-rate basis or by contract only if they have worked for more than 90 days.

The provisions of this article do not apply to occupational injuries and diseases.

Article 21 Annual leave

Workers employed under an indefinite period or for a period of one year ore more who have worked for one full year shall be entitled to 15 days of annual leave. Workers performing arduous work or work which is damaging to their health, as specified in Article 16 of this law, shall be entitled to 18 days of annual leave with full pay.

Weekly rest days and official holidays shall not be counted in annual leave.

Article 22 Violation of rules of work

Violation of the rules of work mainly includes:

- Damage and destruction of labor unit's assets.
- Theft, swindle labor unit's assets
- Negligence to responsibilities
- Not obeying regulations of labor unit and employment contract.

CHAPTER IV CONCLUSION AND TERMINATION OF EMPLOYMENT CONTRACT

Article 23 Employment contract

An employment contract is an agreement concluded between a worker and an employer or their representatives. Every employer and worker shall be required to fully perform their duties, according to their specialization and experience. The employer shall provide the workers with work or functions that are stipulated in the employment contract, pay them salaries or wages, and provide them with fair benefits and any other bonuses in accordance with the statutory provisions in force or with the employment contract.

Reference must be made in the employment contract to the workplace, the work to be performed, remuneration level and any other benefits to be provided for by the employer.

Article 24 Form and duration of employment contracts

An employment contract must be concluded in writing, on the basis of the principle of equality, and must be approved by both parties in accordance of this law.

An employment contract may be concluded either for a fixed term or for an indefinite period. Employment contract shall depend on the agreement between the employer and the worker concerned.

Article 25 Employment of workers

An employer shall have the right to employ workers to respond to the needs of a labour unit, but priority shall be given to Lao citizens especially worker who is under poverty elimination target.

When necessary, labour unit may employ foreign worker who are available to work with them (employer), but shall be screened and approved by labour authority at the following ratio:

- The allowed percentage of those with specific knowledge and using physical labor shall be at most 10% of total number of workers in that labor unit.
- The allowed percentage of those with specific knowledge and using brain to work shall be at most 20% of total number of workers in that labor unit

When it is necessary to employ imported foreign workers more than the rate defined above, the approval shall be given by government.

The employment of foreign workers shall be limited in number and in duration, and a detailed scheme shall be established for the transfer of skills to Lao workers.

The Government shall not authorize foreign workers to engage in or to exercise activities which are considered necessary to be reserved for Lao citizens.

The list of these activities shall be established by regulation.

Article 26: Recruitment of the disabled or handicapped laborers

Labor unit shall give priority to the disabled or handicapped workers to be employed in accordance with their capabilities, skills in appropriate position with the same salary or labor cost as general workers.

Article 27 Probationary recruitment

An employer shall have the right to engage workers on a probationary basis in order to ascertain their ability to perform their duties.

The duration of the probationary period shall be determined according to the nature of the work, as follows:

- In respect of work requiring neither experience nor specialized skills, such as manual work, the probationary period shall not exceed 30 days;
- In respect of work requiring specialized skills, the probationary period shall not exceed 60 days.

Where during such probationary period a worker is absent from work as a result of sickness or any other compelling reason, the duration of such absence shall not be counted as part of the probationary period.

Where the worker continues to lack the necessary skill for the work, the employer may extend the probationary period or may not engage the worker concerned. However, the extension shall not exceed 30 days.

During the probationary period, each party shall have the right to terminate the probation at any time, but must give the other party at least three days advance notice for non-skilled work and five days notice for skilled work.

Throughout the probationary period, workers shall be paid at least 90 per cent of the applicable salary or wage.

In such a case workers shall have the right to receive salaries or wages and other benefits provided for by legislation, calculated from the beginning of the probation to the date of termination.

Seven days before the end of the probationary period, the employment will be confirmed.

Article 28 Termination of employment contract

An employment contract may be terminated by agreement between the two parties.

An employment contract concluded for an indefinite period may be terminated by either party thereto, provided that the other party is given at least 45 days notice of such termination in respect of skilled work and 30 days for work that is primarily manual.

The parties to a fixed-term employment contract shall notify each other of their respective intentions at least 15 days prior to the expiry of such contract. Where they wish to continue their employment relationship, they shall conclude a new employment contract.

An employment contract to fix quantities of work will be cancelled when the work to be successful.

An employment contract shall be terminated on the death of the worker, but the employer shall pay wages in accordance with quantities of work that the worker has done and other policies in accordance with the law.

Article 29 Termination of employment contract by dismissal

Termination of employment contract by dismissal has the case as follows:

- Where the worker concerned lacks the required specialized skills, where the worker is not in good health and therefore cannot continue to work
- Where the employer considers it necessary to reduce the number of workers in order to improve the organization of work within the labour unit.

Where it is found that a worker lacks the required skills or is not in satisfactory health, the employer shall consider the possible transfer of the worker's skills or health and the employment contract may be terminated in accordance with the

duration under 28 of this law only if no such work is available or the worker concerned can not do the new work. During the period of notice, the employer shall authorize the worker to be absent from work for one working day per week in order to seek new employment, such absence being paid for as a normal working day.

Where a labour unit considers that it is necessary to reduce the number of its workers in order to improve the organization of its operation, the employer shall draw up a list of the names of the workers affected in consultation with the trade union or workers' representatives and inform the labour authority. At the same time, employer shall give the dismissed workers in accordance with the fixed-time notice and an explanation as to the reasons for the reduction.

Any worker who have completed the service of 12 months or more has the rights to present about the termination of employment contract before the termination date of the contract if their have good reasons such as: the worker is not in good health, the employer doesn't observe the employment contract, other benefits in accordance with rules of work. However, the worker has to give the employer the period of notice in advance in accordance with under article 25 of this law, and explain about the reason of termination to employer.

In the event of the termination of an employment contract on any of the above-mentioned grounds, the employer shall pay the workers concerned compensation according to their length of service.

Such compensation shall amount to 10 per cent of the monthly salary that was paid at the time of termination for each month of service. For workers who have worked for 3 years or more, the compensation shall be 15 per cent of such salary for each month of service.

For workers who are paid on a piece-rate basis or whose wages are not clearly fixed, the calculation of compensation shall be made on the basis of the average salary or wage that the workers received during the three months prior to termination.

Article 30 Refrain of employer's right to terminate an employment contract.

An employer shall not terminate a worker's employment contract or force a worker to stop work where the said worker is:

- Sick and undergoing medical treatment or rehabilitation on the advice of a physician, or suffering from the effects of a disaster such as the destruction and flood of his or her home;
- A pregnant woman or a woman having given birth to a child within the last one year;
- On annual leave or on leave approved by the employer;
- Still on assignment to another workplace, at the request of the employer;
- A claimant or a complainant against the employer, cooperating with government officials in the application of labour legislation, or participating in a labour dispute within his or the labour unit;
- Workers who are preparing to be trade union committee or workers' representative to be approval by workers

This section shall not apply to workers who commit any fault mentioned under Article 32 of this law.

Article 31 Rights of workers during the notice period

Where workers to whom notice of termination has been served sustain an occupational injury or are sick and cannot come to work, the period of treatment for

such injury or sickness shall not be counted as part of the period of notice. During the notice period, the workers shall work and receive the same salary or wages as they did before notice was given.

Article 32 Termination of employment contract due to the fault of the worker

An employer shall have the right to terminate an employment contract without paying compensation, subject to providing at least three days notice. Where the worker concerned:

- deliberately causes serious damage to the employer's property where there is sufficient proof of such misconduct;
- violates labour regulations despite previous warnings from the employer;
- is absent from work for four consecutive days without a valid reason;
- is sentenced by a court to imprisonment.

Article 33 Unlawful termination of employment contract

Unlawful termination of employment contract has cases are as follows:

- The employer terminates their employment contract without a valid reason.
- The employer directly or indirectly forces them to terminate their employment
- The employer violates the basic rights of worker
- The employer acts in breach of its obligations under the employment contract despite previous reminders by the worker.

Workers whose employment contracts are unlawfully terminated shall also have the right to request reinstatement to their former post or to be assigned to other appropriate work.

Compensation to workers whose employment contract is terminated in the above-mentioned circumstances shall be 15 per cent of the monthly salary received at the time of termination for each month of service. For workers who have worked for three years or more, compensation shall be 20 per cent of such salary for each month of service.

Article 34 Temporary transfer of workers

An employer may transfer or move workers to other duties in the same labour unit for a period not exceeding three months, provided that such transfer is effected as a result of a temporary cessation of activity, for disciplinary reasons, as a means of preventing possible damage to its activities, or as a means of protection against a natural disaster. Where the period of transfer exceeds three months, the employer and workers concerned shall reconsider together the continuation of their employment contract.

Where, during a period of temporary transfer, workers are assigned to a higher post and are able to perform the duties involved in accordance with the required standards, the said workers shall be paid the salary or wage corresponding to their new post. On the other hand, where the salary or wage corresponding to the new post is lower than that which they used to earn, the workers shall continue to be paid their former salary or wage.

Workers transferred for disciplinary reasons to a new post having a lower salary or wage level than their former post shall be remunerated on the basis of the salary or wage level of the new post.

On resuming their former duties, workers shall be paid the salary or wage corresponding to their former duties.

Where there is a transfer of workers to other duties as referred to above for

whatever reasons or in whatever circumstances, the nature of these duties shall not be different or must be very similar to those of the previous position.

Article 35 Measures concerning termination of employment contract by the employer.

An employer shall have the right to terminate an employment contract where prior warning has been given for misconduct such misconduct continues.

However, before terminating an employment contract for any reason, the employer shall notify the labour authority in the jurisdiction where it exercises its activities of the reason at least 15 days prior to termination of the employment contract.

Unilateral termination of an employment contract or dismissal of a worker is prohibited unless the opinion of the labour authority had been requested and the trade union or the workers' representatives in the labour unit concerned has been notified.

The employer shall notify the workers concerned in writing about the termination of the employment contract in every such case, giving the reason for termination, and shall pay them the salaries they may have earned prior to termination and all other benefits prescribed by law and regulation.

Article 36 Responsibilities of new employers

Where workers terminate their employment contract in breach of the latter and apply for a new job, their new employer shall be responsible for any resulting damage to their former employer, if:

- There is evidence that the new employer was involved in the termination of the employment contract by the workers;
- The new employer hired the workers knowing that they were still bound by an employment contract with another employer.

Article 37 Issue of work certificates

An employer shall issue a work certificate to workers leaving its service within seven days of the workers cessation of work. The said certificate shall only specify the dates of commencement and cessation of service and the post they occupied before leaving the employer's service. The certificate shall be specified in more detail on wages and any observation of the workers' performance by the request of workers.

**CHAPTER V
EMPLOYMENT OF WOMEN AND YOUNG PERSONS**

Article 38 Women labour

Women during pregnancy or take care of infant shall not work on the following duties:

- Lifting or carrying heavy loads;
- Work which entails standing continuously for long periods.
- Other works under article 16 of this law

In such circumstances the employer shall assign women to other temporary duties.

While performing these temporary duties, the workers concerned shall continue to receive their normal salary or wage for a maximum period of three months, after which they shall be paid the salary or wage corresponding to their new assignment.

An employer shall not employ pregnant women or women with a child under one

year of age to work overtime, or on a day of weekly rest or at night.

Article 39 Maternity leave before or after confinement

Before and after confinement, women workers shall be entitled to at least 90 days' maternity leave with their normal pay from their employers or from the social security fund, if contributions have been fully paid to this fund. Such period of 90-day maternity leave shall include post-maternity leave of at least 42 days.

In the event of illness resulting from confinement which is certified by a physician, the workers concerned shall be allowed to take a supplementary leave of at least 30 days at 50 per cent of their normal pay.

During the 12-month period following confinements, women workers shall have the right to a daily break of one hour to nurse or take care of their child, and women workers shall have the right to take their child to immunization injection in accordance regulation.

In the event of miscarriage, entitlement to leave shall be determined on the advice of a physician, and the normal salary shall be paid during the entitled period.

Article 40 Maternity benefit

Women workers shall, on giving birth to a child, be entitled to a benefit equivalent to at least 60 per cent of the minimum wage established by the government, to be paid by the employer or by the social security fund, if contributions have been fully paid. Where they give birth to two or more children at the same time, the said benefit shall be increased by 50 per cent. This benefit shall also be due in the event of miscarriage, subject to the presentation of a medical certificate.

Article 41 Employment of young persons

An employer may employ young workers between 14 and 18 years of age provided that they do not work for more than eight hours per day. The young workers shall not be employed to perform arduous work or work which is damaging to their health, including:

- All mining and quarrying work;
- Work involving chemicals or explosives and poisonous substances;
- Overtime work;
- Working in noisy environment;
- Working in the environment involving alcoholic and gamble;
- Other work specified under Article 25 of this law;
- Work at night in all branches of industry from 10 p.m. to 5 a.m. the next morning;
- Other work specified under Article 16 of this law;

CHAPTER VI LABOUR PROTECTION

Article 42 Measures of labour protection and working conditions

Labour protection is to make conditions and environments including other measures to ensure that workers have safety and they can perform quality work.

The employer shall be responsible for ensuring that the workplace, machines, materials and the various stages of production, including the use of chemicals under its supervision are safe and not dangerous to the workers' health.

The employer shall be responsible for drawing up work rules concerning labour and health protection, including the implementation of such measures as may be required to ensure protection in the use of machinery, and the installation of various safety equipment, in consultation with trade unions or workers' representatives in its labour unit. Workers shall be informed about these rules, which shall be visibly posted in an open place where they can be read by all those concerned.

Necessary measures to ensure safety and sanitation at the workplace shall include:

- Appropriate lighting by means of an electrical installation or natural light, limitation of excessive noise, ventilation designed to expel dust and odor which are dangerous to health;
- A supply of drinking water, showers, toilets, a cafeteria, and a changing room for workers;
- A storage room where toxic substances can be kept safely without risk of leakage;
- The provision, free of charge, of such personal protective equipment and clothing as may be required by workers engaged in the production process;
- The installation of protective equipment or fencing around any dangerous machinery or at other place posing a risk such as fire-alarms or protective equipment against electric shocks.

The employer shall furthermore ensure that workers acquire sufficient knowledge of the rules governing their own safety and health protection and should organize training courses in this respect. All measures related to workers' safety and health protection in each labour unit shall be free of charge to workers.

Each worker shall diligently and scrupulously observe such measures for their own and other colleagues' safety and health, and must cooperate with the employer in its implementation of compulsory measures designed to protect the workers' safety and health.

The employer shall not use narcotics or substances dangerous to the health of workers.

Article 43 Medical examination and health care for workers

Any labour unit may require from employment applicants a medical certificate establishing that they do not suffer from an occupational disease. Where an applicant has an occupational disease, the employer may reject his application for employment.

An employer shall request his workers to undergo a medical examination at least once a year, particularly those engaged in arduous work or work which is damaging to their health, within the meaning of Article 16 of this law. Where it is established that workers have contracted an occupational disease at a specific workplace, their employer shall be responsible for their medical treatment in accordance with the regulations in force. Workers who have contracted a contagious occupational disease shall be entitled to sick leave and treatment until such time as they fully recover their health, and they then shall be restated to their usual post. All expenses for medical examination and treatment of occupational disease shall be charged to the employer or social security organization for people who are SSO member.

All labour units shall be equipped with a first-aid kit. Units employing 50 or more workers should arrange for medical staff to attend to the health of their workers.

CHAPTER VII SALARIES OR WAGES AND INCOME TAX

Article 44 Salary or wage

A salary or wage is remuneration in the form of money that the employer must pay to his workers. Workers' salaries or wages may be paid at the beginning or at the end of each month, before or after the completion of their work.

Article 45 Right to equal remuneration

All workers shall be entitled to receive equal salaries or wages for work of equal quantity, quality, and value, without any discrimination as to nationality, or ethnic origin, sex, age, religious, believe in, social-economic status.

Article 46 Determination of the level of remuneration

The Government shall periodically establish minimum salaries or wages for each region.

Defined minimum salaries or wages shall ensure minimum basic level of living of workers in consistency with the cost of living and any periodic changes therein.

Employers shall not establish a minimum salaries or wages level lower than the level periodically fixed by the government.

The minimum salary or wage level in all labour units shall be under management and inspection by labour authority.

Each employer shall have the right to determine the level of remuneration of its workers, taking into account:

- The evaluation of the skills and abilities level of the various social groups or the level of the payment of wage or salary in other labour units. The wage or salary should be in conformity with the value of work or duties;
- Worth of the work that have been done;
- The material and spiritual needs of workers;
- The cost of living and any periodic changes therein;
- Social welfare and social security benefits for workers;

Workers or trade unions or workers' representatives shall also have right to negotiate with the employer in respect of salary or wage levels.

Article 47 Form of salaries or wages payment

The employer should pay to workers salaries or wages based on time worked: hourly, daily, monthly or on a lump-sum basis. In all cases, payment of salaries or remuneration including benefits and bonuses shall be recorded in an account book to be signed by each worker.

Workers shall have the right to ask their employer for clarification of the calculation of their salaries or wages where it is necessary to verify conformity with the employment contract agreed upon.

Where the employer allowed workers to bring and do supplementary work outside their labour unit, wages may be paid on the basis of productivity or on a lump-sum basis.

Salaries or wages of workers shall be paid on time and fully in cash directly to each worker, except where it is otherwise prescribed by government regulations or by a specific agreement between workers and employer.

In addition to salaries or wages, the employer may pay bonuses, allowances or other benefits as an incentive to its workers.

Payment to workers in the form of narcotics, drugs or substances dangerous for health as a substitute for salaries or wages and other benefits shall be prohibited.

Article 48 Calculation of overtime

Overtime worked shall be calculated as follows:

- Overtime worked in the daytime on a regular working day shall be paid for on the basis of 150 per cent of normal hourly remuneration for each hour thus worked;
- Overtime worked at night on a regular working day shall be paid for on the basis of 200 per cent of normal hourly remuneration for each hour thus worked;
- Overtime worked on a day of weekly rest or on an official holiday shall be paid for on the basis of 250 per cent of normal hourly remuneration for each hour thus worked in the daytime;
- Overtime worked at night of weekly rest or on an official holiday shall be paid for on the basis of 300 per cent of normal hourly remuneration for each hour thus worked in the daytime;

A worker assigned to work on night shift between 10 p.m. and 5 a.m. shall be paid at least 15 per cent more for each hour thus worked.

Article 49 Schedule for payment of salary or wage

Salaries or wages shall be paid to workers at least once a month at a fixed time, except for benefits, bonuses and other policy which shall be provided internal regulation of labor unit.

In respect of wage paid on a piece-rate basis, or in respect of hourly work, workers shall be paid at least twice a month.

Where workers face difficulties or emergency events such as childbirth, sickness, or accidents and ask for advance salary or wage, the employer should, as necessary, give consideration to payment of their salary or wage before the pay-day.

Article 50 Payment of salary or wage in the event of temporary work stoppages

Where a labour unit is ordered to postpone its production and business activities or to stop producing, due to the employer's fault, the employer shall pay salary or wage to workers, in the event of temporary work stoppages, an amount of not less than 50 per cent of the minimum salary or wage which the workers receive.

Once the production and business activities resume normally, salaries or wages shall be paid as usual.

Article 51 Priority in payment of salaries or wages

Where a labour unit is closed down, goes bankrupt or is under a court order for total confiscation of its property, its workers shall have the priority to receive their salaries or wages, including any bonuses and benefits, on preferential basis, before other debts are settled with remaining assets.

Article 52 Deductions from salary or wage to compensate for damage

Deductions from a workers salary or wage to compensate to labour unit shall be made according to the value of actual damage.

Where workers have no other property with which to compensate for damage, deductions may be made from their salary or wage to compensate, but shall not exceed 20 per cent of their salary or wage.

Article 53 Deduction of income tax from salary or wage

All workers employed in the Lao People's Democratic Republic, including Lao workers assigned to work overseas, shall be subject to income tax in conformity with income tax regulations. Each employer or managerial body shall diligently deduct income tax from its workers' salaries or remuneration for payment to the national budget, and report to labour authority for follow-up.

Foreign workers who work in various labour units in the Lao People's Republic shall also pay income tax to the Government in accordance with specific regulations.

CHAPTER VIII OCCUPATIONAL INJURY AND OCCUPATIONAL DISEASE

Article 54 Occupational injury and occupational disease

An occupational injury means an accident, which results in injury, disability or handicap to a worker or in their consequent death and which occurs:

- During the performance of occupational duties at the workplace or at any other place in accordance with the instructions of the employer or the person in charge of labour management on its behalf;
- In a recreational area, cafeteria, or any other place under the responsibility of the labour unit.
- When worker commutes between their home and work place.

Injuries sustained by workers during work performed for personal purposes without instructions from their employer or its representative shall not be considered an occupational injury.

Any form of occupational disease shall be regarded as an occupational injury.

Category of occupational disease has been defined in accordance with the specific regulations.

Article 55 Assistance to victims of an occupational injury and occupational disease

The employer shall appropriately give assistance to the worker who has occupational injury and occupational diseases. At the same time, the employer or Social Security Organization for those who are members in accordance with the doctor's certificate shall be responsible for the medical expenses.

In case that worker has serious occupational injury, occupational diseases or death, the employer shall report to the nearest labour authority within 48 hours. In case of death, the employer shall be responsible for funeral and cremation rites appropriately but the cost of assistance shall not be lower than six month-salary of the dead.

Where workers die while on assignment by the employer to another workplace, the cost of transporting their body or remains to their family shall also be paid by the employer.

The beneficiaries of the deceased shall have the right to receive lump-sum benefits.

Article 56 Compensation to victims of occupational injury or occupational disease

Compensation for workers who sustain an occupational injury or contract an occupational disease shall be as follows.

Throughout the period of medical treatment and rehabilitation prescribed by a physician, victims of an occupational injury shall be entitled to receive their regular salary or wage for up to six months. Where the said period exceeds six months they

shall be entitled to receive only 50 per cent of their salary or wage for each month thereafter, up to 18 months. For workers who are SSO member, benefits under the social security system shall be granted.

Where workers are disabled or suffer from any organ amputation as a result of an occupational disease or die as a result thereof, the employer shall pay compensation to the victim or to their heirs in accordance with the law regulations.

CHAPTER IX SOCIAL SECURITY

Article 57 Importance of Social Security

Social Security has a significant importance in the basic warranty of material life and spirit of workers and of their families to bring about certainty and trust in case of sickness, delivery, loss of working capability, death, work accident, occupational diseases, disability, unemployment and other difficult problems.

The social security fund is obtained from workers' and employers' contribution in accordance with the social security system which is laid down by the state.

Article 58 Compulsory social security

All labor units must be members of compulsory social security by paying money to the social security fund to carry out social security policy for workers and employers in accordance with the regulation.

CHAPTER X PENSION SCHEME AND COMPENSATION SYSTEM

Article 59 Pension scheme

Persons employed in a labour unit operating in socio-economic sectors shall have the right to retire on a pension provided that they have:

- Reached the age of 60 years for men and women. For women can receive early retirement but not less than 55 years;
- Completed 25 years of service;

For workers having worked in succession prior to retirement, over five years in succession prior to retirement, the service period required to obtain a pension shall be 20 years, and the retirement age 55 years, for women can receive early retirement but not less than 50 years;

For workers who are SSO member shall be perform social security regulation; but the workers who are not SSO member, labour unit shall be responsible to pay in accordance with the social security regulation.

Article 60 Lump-sum payment

The workers who fail to satisfy the requirements set out in the article 59 above will receive a lump-sum payment in accordance with the article 29 of this law.

CHAPTER XI SETTLEMENT OF LABOUR DISPUTES

Article 61 Types of labour disputes

Labour disputes are that employer and worker can not agree about labour problems. Labour disputes are divided into two types as follows:

- Disputes concerning the implementation of the provisions of labour law, labour regulations, internal work rules of the labour unit, rules of work, employment contract and other legal instruments concerning labour.
- Disputes over interests are the disputes related to claims of the workers for new benefits or rights that request to employer for improvement.

Article 62 Settlement of labour disputes over rights

Where a worker, or trade union or workers' representative claims that an employer has acted in a way which is considered not to be in conformity with labour law, internal work rule of the labour unit, rules of work or labour contract, the employer or its delegate shall urgently consider resolving the claim directly with the claimant.

During this discussion the worker concerned may require assistance from a trade union or workers' representative.

When the worker and the employer can agree on all or a part of the dispute, a memorandum shall be made, signed by both parties and witnesses of both parties, and sent to labour authority and trade union or workers' representative during 15 days after it is signed.

Article 63 Organization in the settlement of labour disputes over rights

Fifteen days after submission of a claim to the employer, if no arrangement could be reached or if an arrangement reached has not been implemented, the worker shall be entitled to submit the dispute to the labour administration for conciliation.

Where the labour administration fails to resolve or can resolve only part of the dispute within 15 days, the case may be submitted to the people's court for consideration and decision.

Article 64 Settlement of labour disputes over interests

The procedures established under Articles 62 and 63 above for the settlement of labour dispute over rights shall also apply to labour disputes over interests.

Where the labour administration fails to settle the interest dispute within fifteen days, such dispute shall be submitted to the Labour Dispute Arbitration Committee for final decision.

This Labour Dispute Arbitration Committee shall be comprised of representatives of the labour authority, trade unions or workers' representative, representative of employers and other concerned parties.

Establishment and activities of Labour Dispute Arbitration Committee is defined in accordance with the specific regulation.

Article 65 Prohibition of work stoppage

Workers, employers or their respective representatives shall not declare a work stoppage:

- In the event of a dispute concerning the implementation of labour law and regulations and benefits;
- Where both parties have agreed to negotiate for a settlement;
- During the labour authority or Labour Disputes Settlement Committee is in the process of the settlement of unresolved matters;
- During a labour dispute settlement procedure before the People's Court.

Any person or organization that is involved in a work stoppage or directly,

indirectly, verbally or materially incites workers, employers or their respective representatives to stop work, thus causing damage to the workers or employers or social disorder, shall be punished in accordance with the legislation in force.

CHAPTER XII LABOUR MANAGEMENT AND INSPECTION

Article 66 Labour authority

Labour authority consists of:

- Ministry of Labour and Social Welfare
- Provincial, Vientiane Capital labour and social welfare departments
- District, municipal labour and social welfare offices

Article 67 Rights and functions of the Ministry of Labour and Social Welfare

The Ministry of Labour and Social Welfare has rights and functions on labour affairs as follows:

1. Study and make strategic plan, long-term, medium-term and short term plan on skill development, provision of employment and labour management to submit to the government for agreement.
2. Disseminate, follow up, direct and inspect the implementation of labour law, various labour affairs-related regulations.
3. Study, consider, approve or abolish employment service enterprises, associations and foundations.
4. Organize and conduct a scientific research on labour, statistics, information, labour markets and others.
5. Collaborate with sectors, organizations in skill building and development and provision of employment.
6. Manage Lao workers working both inside and outside the country, foreign workers working in Lao P.D.R, in cooperation with the Ministry of Foreign Affairs, Ministry of Security and other concerned sectors at central and local levels when necessary.
7. Manage, inspect the activities of employment service enterprises
8. Manage, utilize and inspect the national fund for skill building and development in accordance with the regulation.
9. Conduct mediation of labour disputes in accordance with their roles and functions.
10. Relate and cooperate with internationals on labor affairs
11. Perform other rights and functions in accordance with the law

Article 68 Rights and function of provincial, Vientiane Capital labour and social welfare departments

Provincial, Vientiane Capital labour and social welfare have rights and functions on labour affairs as follows:

1. Change or develop strategic plan and development plan on labour.
2. Disseminate, follow up, direct and inspect the implementation of labour law, various labour-related regulations.
3. Collaborate with departments, various organizations in skill building and development, provision of employment and labour management.
4. Manage Lao workers working both inside and outside the country, foreign

- workers working in Lao P.D.R in collaboration with concerned bodies in their locality when necessary in accordance with the delegation by the Ministry.
5. Manage, utilize, and inspect the national fund for skill building and development in accordance with the regulation.
 6. Conduct mediation of labour conflicts in accordance with the regulation and law.
 7. Study application, establishment or abolition of employment service enterprises, association and foundations to submit to the Ministry of Labour and Social Welfare for agreement and approval.
 8. Give direction, follow up and manage the activities of employment service enterprises, associations and foundations established under their responsibilities.
 9. Follow up and collect information on labour and labour market.
 10. Summarize on labour, and then report to authority of higher level.
 11. Perform other rights and functions as stated in the law.

Article 69 Rights and functions of district, urban labour and social welfare offices

District and urban labour and social welfare have rights and functions on labour affairs as follows:

1. Disseminate, follow up, and inspect the implementation of labour law, various labour-related regulations under the scope of their responsibilities.
2. Collaborate with offices, organizations in skill building and development, provision of employment and labour management.
3. Conduct mediation of labour conflicts in accordance with the law.
4. Follow up and manage the activities of employment service enterprises, associations and foundations in the scope of their responsibilities.
5. Follow up and collect labour and labour market information.
6. Summarize of labour, and then report to authority of higher level.
7. Perform other rights and other functions in accordance with the law.

Article 70 Rights and functions of other concerned sectors

Labour-related sectors and governing authorities at each local level have rights and functions to collaborate with labour sector in accordance with their roles and responsibilities in building, development and promotion of skills, provision of employment and labour management in order that labour grows more and be able to contribute in strengthening national social-economic development.

Article 71 Labour inspection organization

The labour inspection organization is the labour authority stated in the article 66 of this law.

Article 72 Rights and functions of labour inspection organization

Labour inspection organization has rights as follows:

1. Inspect the implementation of labour-related regulations and law, plan on labour.
2. Inspect work conditions, labour welfare and social security.
3. Inspect safety, health conditions in the work place.
4. Inspect the use of child and women labour.
5. Inspect skill building and development.

6. Inspect employment service enterprise.
7. Perform other rights and functions as stated in the law

Article 73 Labour Inspection System

Labour inspection system is divided into 3 categories:

1. Regular inspection
2. Inspection to follow up the results
3. Special or inspect immediate inspection
 - Regular inspection is based on the schedule.
 - Inspection to follow up the results is performed after the regular inspection in labour units warned or given some advices for some improvements.
 - Special or immediate inspection is an urgent inspection that is not notified in advance to the organizations to be inspected.

CHAPTER XIII

REWARD SYSTEM FOR GOOD PRACTICE AND SANCTIONS

Article 74 Reward system for good practice

Person or organization that produce successful results in the implementation of this labour law will be awarded and receive benefits as appropriate.

Article 75: Measures for those who violate

Any individual or organization who violate this law will be corrected, warned, fined, ordered to temporarily stop working, ordered to withdraw business operation license or legal action will be taken in accordance with the degree of violation of in case, including the compensation for the loss caused in accordance with the regulation and law.

CHAPTER XIV

FINAL PROVISIONS

Article 76: Implementation of labor law

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

Article 77 Entry into force

This amended Labour Law repeals and replaces Labour Law No. 002/NA dated 14 March 1994

This law shall come into force 90 days after President of Lao P.D.R promulgation. Any decision and provision which is contrary to this law will be cancelled.