LIST B

EXPLANATORY NOTES

1. This List sets out, pursuant to Article 10.8 (Reservations and Non-Conforming Measures), the specific sectors, subsectors or activities for which Lao PDR may maintain existing, or adopt new or more restrictive, measures that do not conform with obligations imposed by:

   (a) Article 10.3 (National Treatment);

   (b) Article 10.6 (Prohibition of Performance Requirements); or

   (c) Article 10.7 (Senior Management and Board of Directors).

2. Each entry in this List sets out the following elements:

   (a) **Sector** refers to the sector or sectors for which the entry is made;

   (b) **Subsector** refers to the specific sector for which the entry is made;

   (c) **Industry Classification** refers to the activities covered by the entry according to:

      (i) International Standard Industrial Classification (ISIC) Revision 3 for manufacturing, agriculture, fishery, forestry, mining and quarrying;

      (ii) If the entry does not exactly conform to the ISIC, Lao PDR specified the coverage of the entry, as necessary and appropriate;

   (d) **Obligations Concerned** specifies the obligations referred to in paragraph 1 that, pursuant to 10.8 (Reservations and Non-Conforming Measures), do not apply to the sectors, subsectors or activities listed in the entry;

   (e) **Description** sets out the sector, subsector or activities covered by the entry; and

   (f) **Existing Measures** identifies, for transparency purposes, a non-exhaustive list of existing measures that apply to the sectors, subsectors or activities covered by the entry.

3. List A and this List pursuant to Article 10.8 (Reservations and Non-Conforming Measures) follow the negative list with two list approach as follows:

   (a) List A sets out commitments in relation to existing non-conforming measures which are subject to standstill obligations but not subject to ratchet mechanism; and

   (b) this List sets out policy flexibility in relation to measures in sectors, subsectors and activities.

4. In accordance with Article 10.8 (Reservations and Non-Conforming Measures), the Articles of this Agreement specified in the Obligations Concerned element of an entry do not apply to the sectors, subsectors and activities identified in the Description element of that entry.

5. In the interpretation of an entry, all elements of an entry shall be considered. The Description element shall prevail over all other elements.

6. These Explanatory Notes shall form part of the Lao PDR's Schedule of Reservations and Non-Conforming Measures for Investment.

1

Sector	:	All Sectors
Subsector	:	-
Industry Classification	:	-
Level of Government	:	Central
Obligations Concerned	:	National Treatment (Article 10.3)
Description	:	In the case of joint ventures between domestic and foreign investors, the foreign investor is required to contribute at least 10 per cent of the total capital.[1]
Existing Measures	:	*Law on Investment Promotion* (No. 14/NA, dated 17 November 2016), Articles 26 through 31

[1] For the purposes of this entry:

(a) a wholly domestic or foreign-owned investment is an investment entirely owned by either domestic or foreign investors, and can be either a single investor or group of investors in the enterprise or project in Lao PDR;

(b) business cooperation by contract is a joint business arrangement between domestic and foreign juridical persons including public and private parties through a business cooperation contract according to the laws and regulations of Lao PDR for a certain period of time without need to establish a new legal entity or branch in Lao PDR;

(c) a joint venture between a state-owned enterprise and a private enterprise is a partnership between a state-owned enterprise and a private enterprise in order to operate business, have co-ownership, and establish a new entity under the laws and regulations of Lao PDR;

(d) a public private partnership business is a joint-venture investment between a public authority and a private party under a joint-venture contract to implement a project of new construction, improvement of infrastructure, or provide a service to the public.