

WTO Trade Facilitation Advanced Course – June 6-10, 2016
Geneva, Switzerland

Maintaining a National Committee on Trade Facilitation

**“Ensuring the Proper Functioning and Long-term Adaptability of the
Trade Facilitation Secretariat of Lao PDR”**

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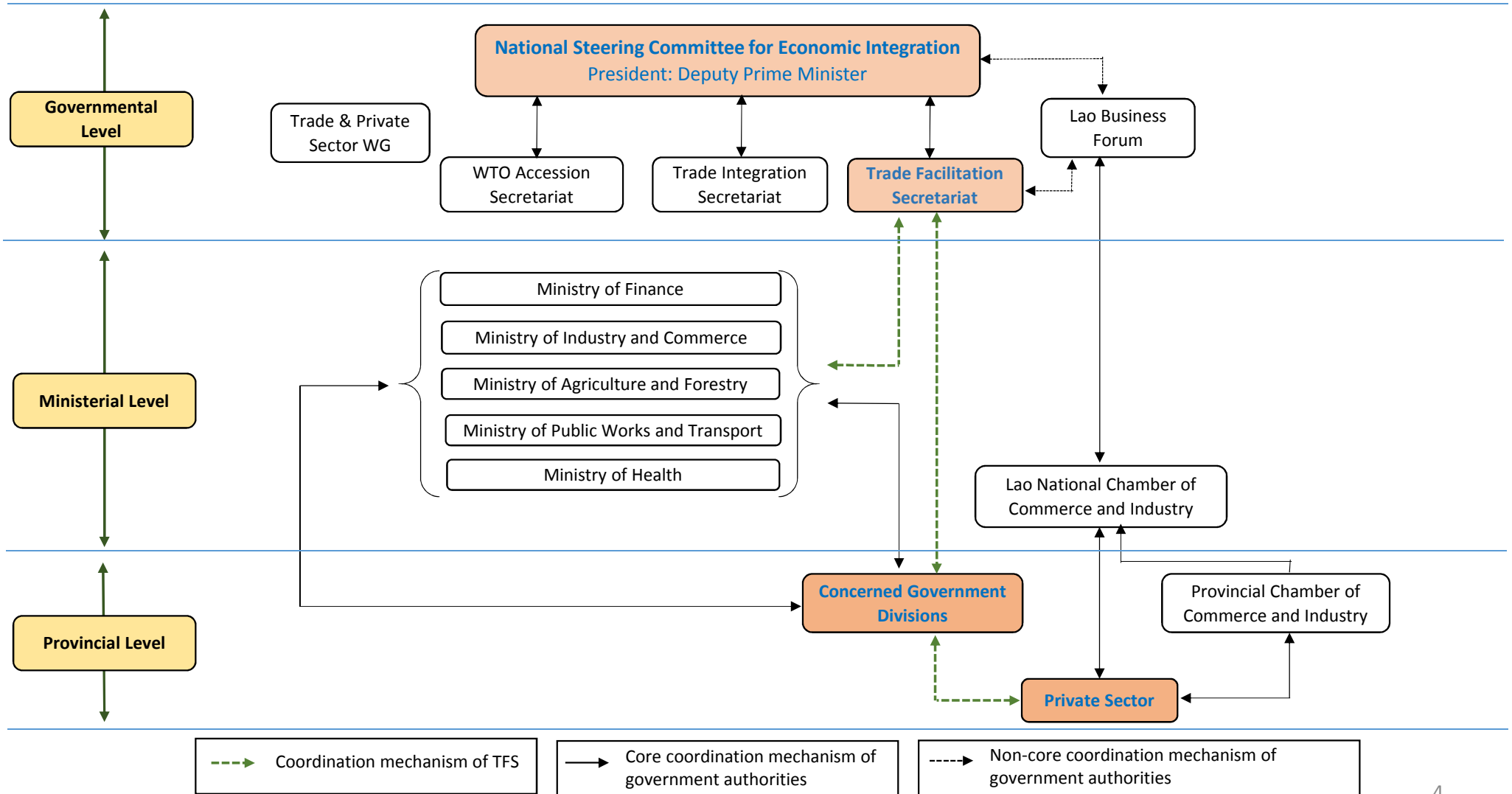
1. Background

- High trade costs of being landlocked and lack of policy coordination result in low trade competitiveness.
- To address these obstacles, the TFS, among others, was established in 2010 under the National Steering Committee for Economic Integration:
 - Deputy Prime Minister's Decision on Organization and Role of the Trade Facilitation Secretariat, No. 023/NSCEI, dated 20 October 2010.
 - Prime Minister's Degree on Organization and Role of the National Steering Committee for Economic Integration, No. 118/PM, dated 11 July 2008.
- Office of the TFS is located in the Department of Import and Export (MOIC), which serves as a focal point for coordinating policies and following up with implementation of trade facilitation in Laos.

2. Ensuring the Proper Functioning of TFS

- TFS function – principle vehicle for discussing national trade facilitation issues and priorities, and ensuring effective coordination of TF strategy (Fig. 1).
- Ensuring TFS function – meeting and reporting arrangements to review the progress of trade facilitation reform.
 - Ordinary meeting – twice a year to discuss and seek solutions on trade facilitation issues.
 - Special meeting – whenever important trade issues, especially those relating to private sector, emerge and need to resolve urgently.

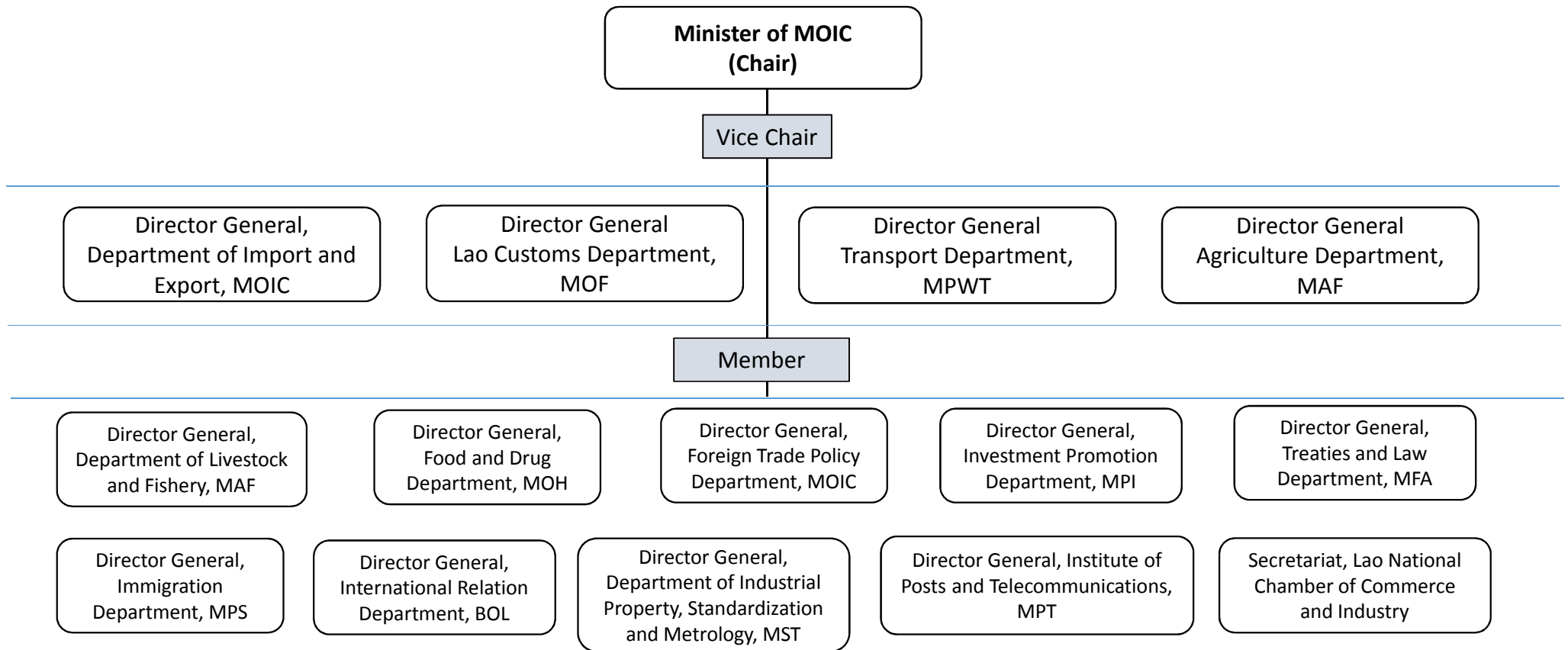
Figure 1: Coordination Mechanism of TFS in Lao PDR



3. Securing Long-term Political Support

- Key strategies for securing long-term political support:
 - (1) to engage senior government officials in the early stage of the establishment of the TFS;
 - (2) to achieve tangible benefits from trade facilitation.
- Chair of TFS – Minister of Industry of Commerce.
- Vice chair of TFS – Director Generals from four key departments, i.e. Import and Export Dept (MOIC), Customs Dept (MOF), Transport Dept (MPWT), and Agriculture Dept (MAF).
- Members of TFS – Director Generals from various departments of trade-related government agencies and representatives of private sector (Fig. 2).

Figure 2: Organizational Structure of TFS



MOIC: Ministry of Industry and Commerce
 MOF: Ministry of Finance
 MPWT: Ministry of Public Works and Transport
 MAF: Ministry of Agriculture and Forestry

MOH: Ministry of Health
 MFA: Ministry of Foreign Affairs
 MPS: Ministry of Public Security
 BOL: Bank of Lao PDR

MST: Ministry of Science and Technology
 MPT: Ministry of Posts and Telecommunications

4. Dealing with the Rotation and Replacement of Representatives to the TFS

- TOR of the TFS defines the role of its chair and members by the position title.
- For example, Minister of the Industry and Commerce serves as the chair of the TFS, and Deputy Director Generals from relevant departments across ministries serve as members of the TFS.
- In this case, the replacement of representatives to the TFS does not change the structure of the TFS.

5. Key Success Factors and Challenges

- **Key achievements:**

- **WTO accession:** revised and formulated legal documents consistent with WTO rules.
- **WTO TFA:** conducted needs assessment of trade facilitation; notified Cat. A to the WTO; and ratified the WTO TFA to the WTO.
- **National TF reforms:** formulated and implemented Trade Facilitation Strategy of Lao PDR; revised several legal documents; addressed trade issues faced by the private sector; and operated the Lao PDR Trade Portal (LTP) since July 2012.

- **Impact on trade cost:**

- **Regulatory environment** in Lao PDR has been greatly improved. According to the World Bank's **ease of doing business indicator**, Lao PDR was ranked **159 out of 189 countries in 2014**, which improved from **171 out of 183 in 2011**.
- **Time to export** reduced from 36 days in 2011 to 23 days in 2014, while **time to import** reduced from 37 days to 26 days over the same period (World Bank's Doing Business Annual Reports).
- **Cost of export** per container reduced from US\$2,379 in 2011 to US\$2,091 in 2014, while **cost of import** per container reduced from US\$2,609 to US\$2,048 over the same period (World Bank's Doing Business Database).
- The mean of **clearance time** decreased by 36%, from 17.9 hours in 2009 to 11.4 hours in 2012, while the mean of **document processing time** decreased by 67% from 8.8 hours to 2.9 hours over the same period (Lao PDR's Time Release Study, 2012).

5. Key Success Factors and Challenges (Cont.)

- **Key success factors:**

- Strong political commitment
- Availability of financial resources through Trade Development Facility Project administered by the World Bank and financially supported by Australia, the European Union, Germany/GIZ, Irish Aid, and the World Bank.
- Involvement of the private sector
- Inter-agency coordination among public and private sectors.

5. Key Success Factors and Challenges (Cont.)

- **Key challenges:**

- Trade-related government agencies have limited knowledge on trade facilitation.
- Implementation of WTO TFA's provisions in Categories B and C requires an Action Plan.
- Degree of coordination between central and provincial levels in the formulation and implementation of trade-related policies is still low.
- Trade-related regulations and laws must be fully enforced to ensure common border procedures and uniform documentation requirements nationwide.

6. Conclusion

- **Political support** – driver of trade facilitation to push the national TF reform.
- **Good coordination** – build and strengthen commitment for TF reform.
- **Selection of a “champion”** – build a team work to initiate and implement the reform.

Thank You for Your Attention

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