



Lao PDR Diagnostic Trade
Integration Study (DTIS)
Update:

Preliminary Findings &
Recommendations

18TH Trade and Private
Sector Working Group
Meeting , Vientiane, Lao
PDR, November 10, 2021

Presenter: Robert Kirk,
Consultant, DPC, MOIC.

Purpose

- Identify priority actions in support of Lao PDRs strategy to deliver broad-based growth through integration.
- Takes stock of progress in implementing the Trade and Private Sector Plan adopted in the DTIS 2012.
- Focus on agribusiness, tourism and manufacturing through a trade lens.
- Prepare an updated Trade and Private Sector Development Roadmap.



Lessons learned from the 2012 DTIS for 2021 DTIS

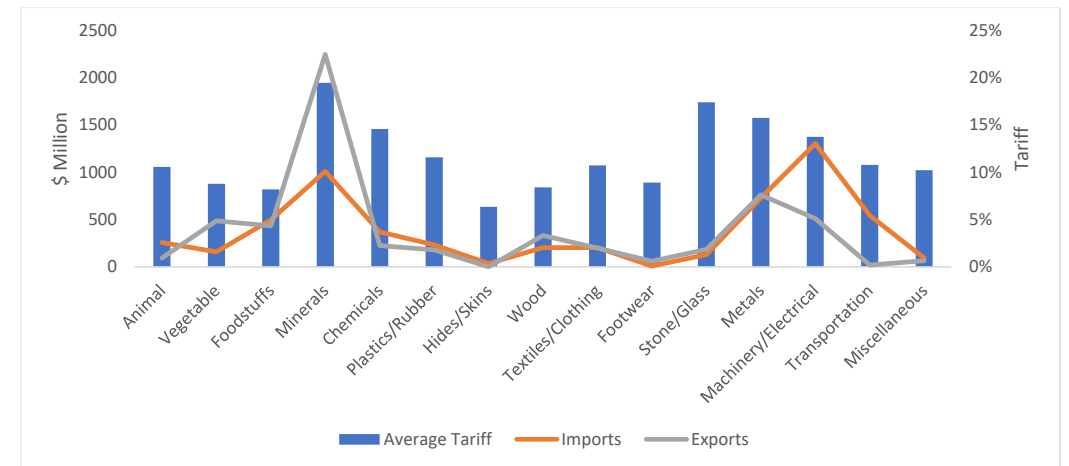
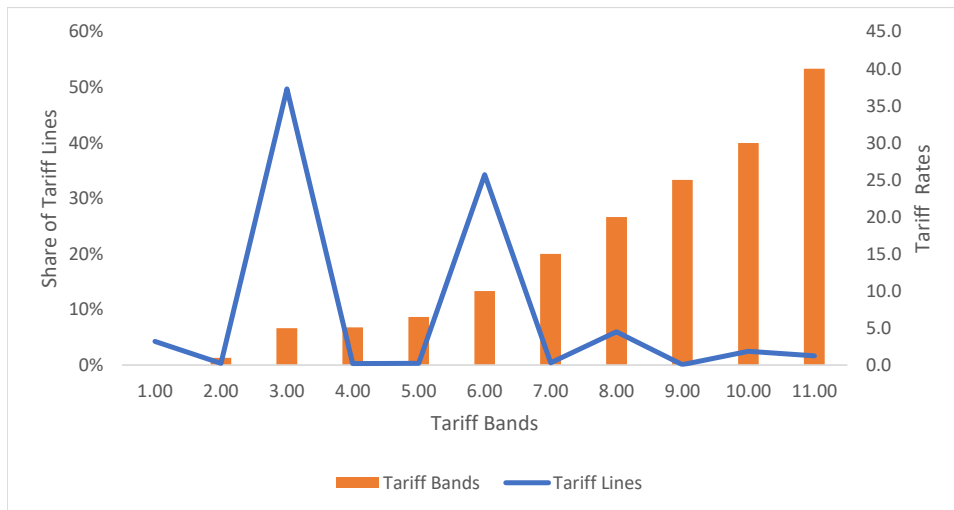
Principal Lessons

- Prioritize action items – avoid a long list. DTIS should be focused.
- Government priorities matter.
- Ensure ownership.
- Strengthen inter-agency coordination.
- Strengthen implementation capacity in the provincial administrations.

Opportunities

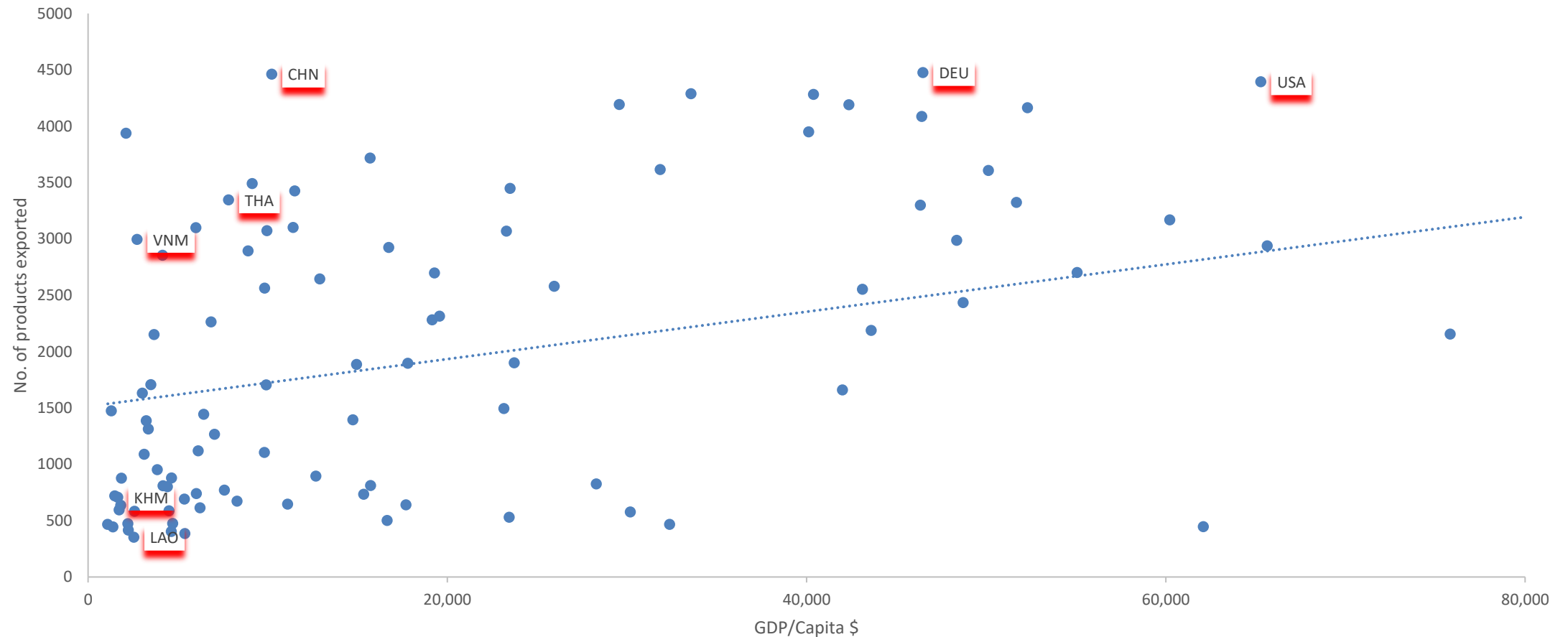
- Lends leverage to existing GOL agenda.
- Learn from earlier experience.
- Integrate the 2021 DTIS into ongoing donor funded activities.
- Opportunity for international cooperating partners to reaffirm support to GOL for advancing economic diversification through mainstreaming the trade agenda.

Lao PDR Ex Ante Tariffs, Imports and Exports, 2019



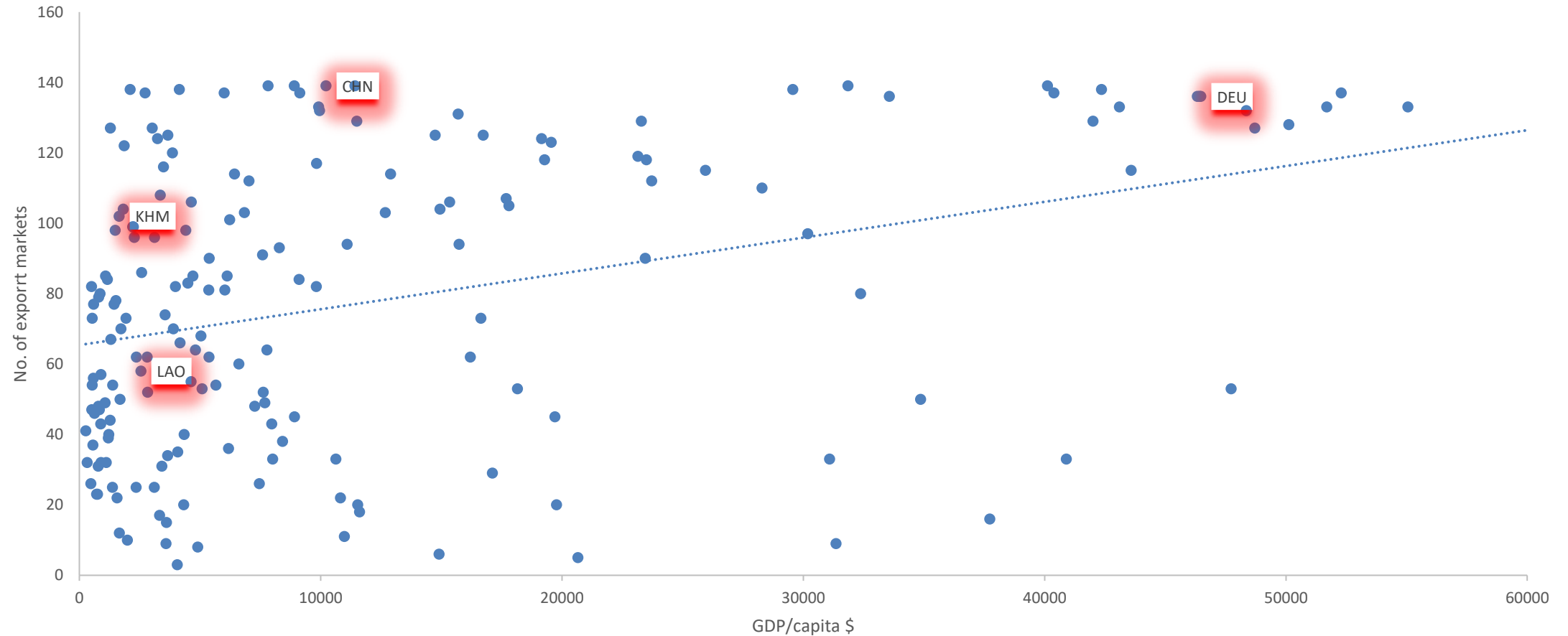
Exports concentrated on few products

Lao PDR exported 352 products in 2019



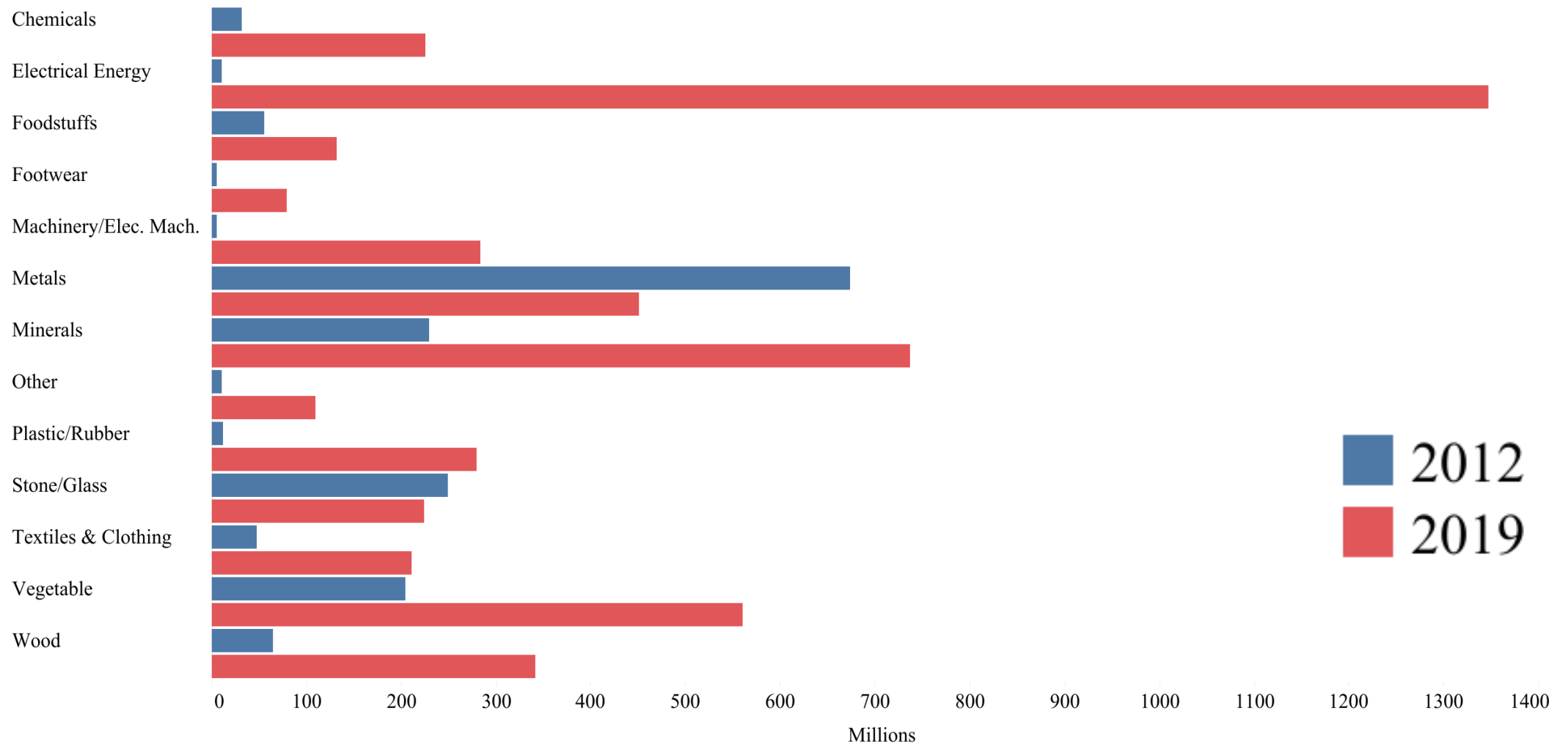
Exports concentrated in few markets

Lao PDR exported to 58 countries in 2019



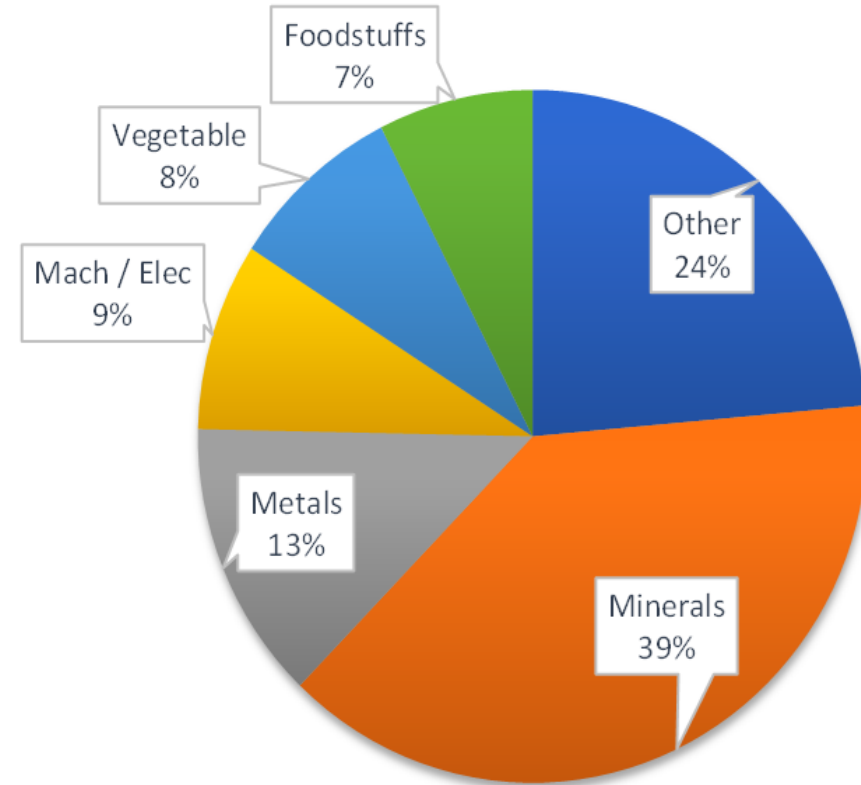
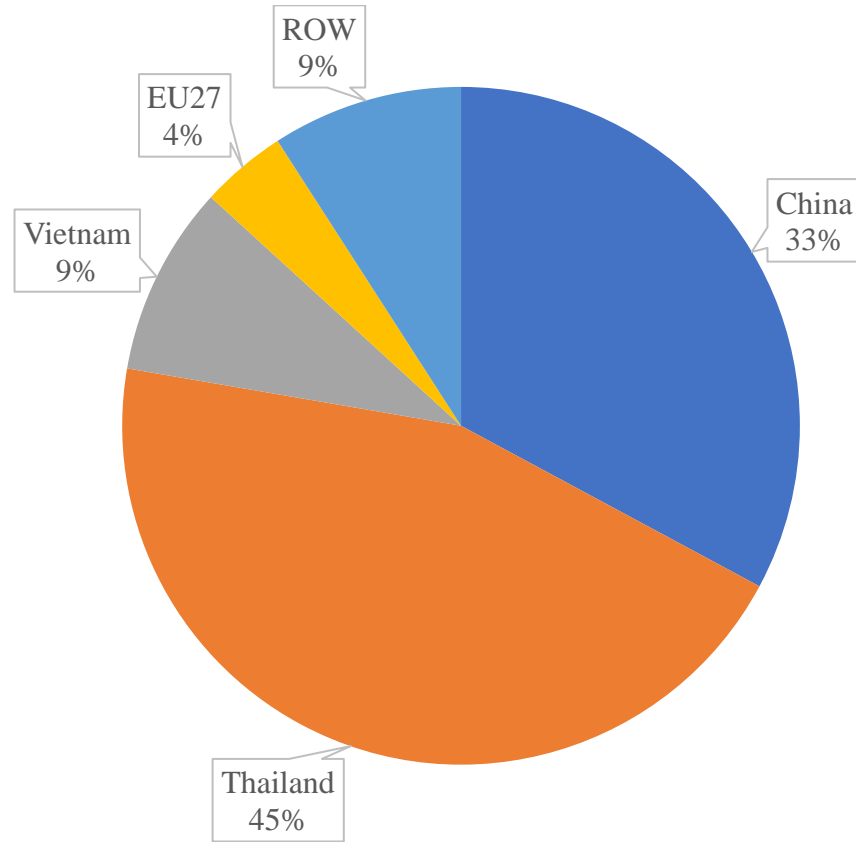
Lao PDR World Exports, 2012 & 2019

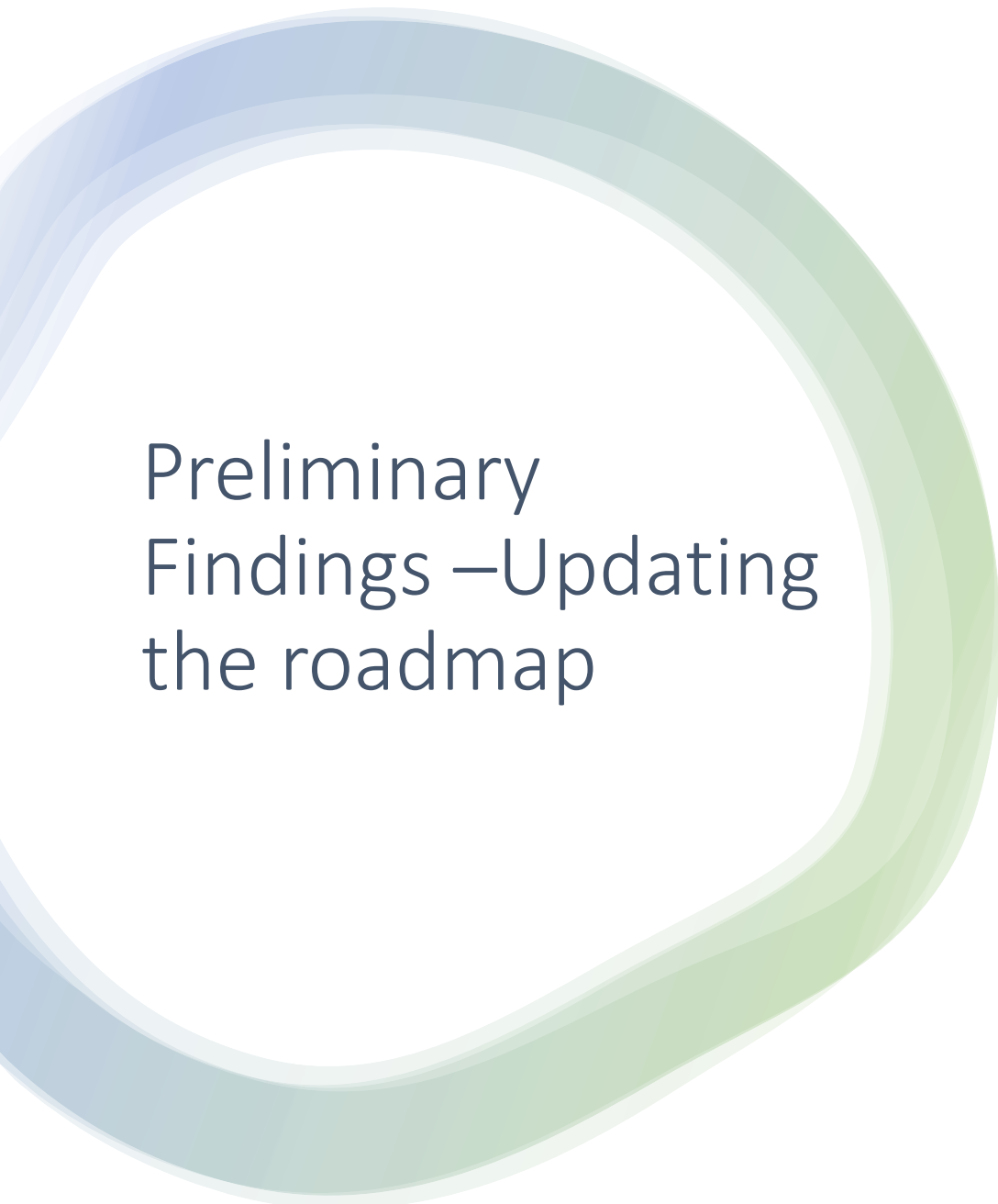
(Current prices, US\$)



Source: Derived from United Nations Comtrade.

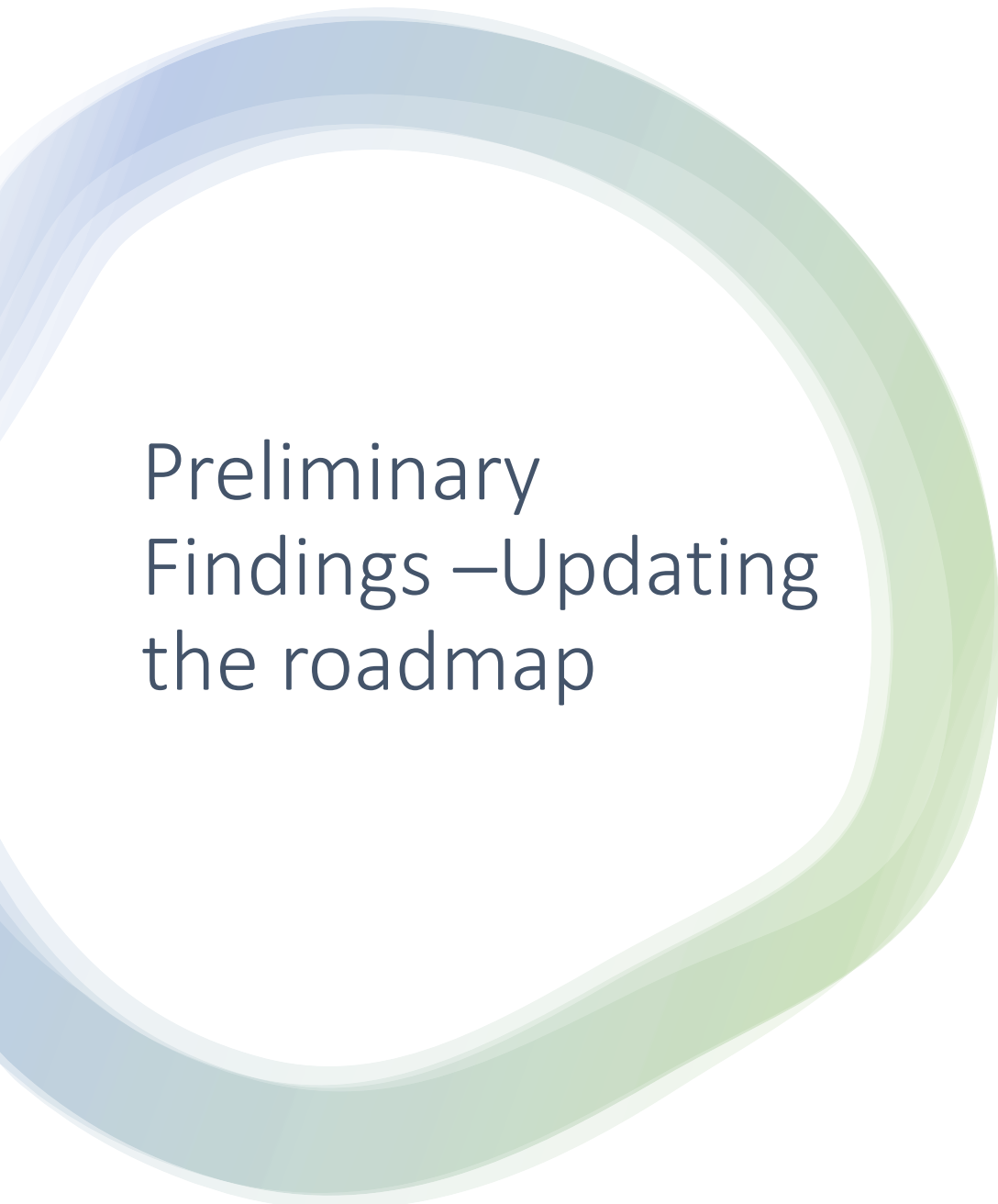
Lao PDR Exports 2019: markets and products





Preliminary Findings –Updating the roadmap

- Little export diversification.
- Modest growth in agricultural exports.
- Transport costs remain higher than neighboring economies.
- Regulatory barriers hold back investment in services.
- Slow progress on trade facilitation.




Preliminary Findings –Updating the roadmap

- Economic diversification to build resilience and long term sustainable and more inclusive growth
 - new products
 - new markets
- Prioritize establishing a more supportive development environment
 - Doing Business
 - Trade Facilitation
 - Investment incentives
 - Regulatory reform
 - Streamline institutional framework



Improving the Business Enabling Environment

- Streamline business and investment licensing procedures.
- Reform the Investment Promotion Law (2016) to ensure transparency, predictability and rapid approvals.
- Join the International Centre for the Settlement of Investment Disputes (ICSID).
- Revise investment incentives (move away from tax holidays).
- Remove entry restrictions on key service sectors.



Reducing Trade Costs – Trade Policy and Trade Facilitation

- Continue to liberalize and simplify trade policy.
- Trade Facilitation – continue implementing the National Trade Facilitation Roadmap..
- Review Non-Tariff Measures (NTM) – Regulatory Impact Assessments (RIAs).



Establish a more
supportive
development
environment

- Strengthen communication and information outreach to the private sector, and provincial and district level implementing agencies.
- Strengthen technical capacity in the line ministries technical departments.
- Make monitoring and evaluation reports publicly available.



Agribusiness

- Simplify regulations on agricultural inputs.
- Abolish the list of minimum and maximum prices.
- Establish mobile-friendly online information platform for farmers (price data, productivity advice, etc.).
- Encourage the development of cold chain for vegetables.
- Cross-cutting reform of doing business regulations, investment regulations and incentives to encourage private investment in transportation, logistics, storage, cold chain.



Tourism

- Strengthen marketing of Lao PDR as a tourist destination - establish a Tourism Marketing Board that brings together all stakeholders (learn from Thailand and Vietnam experiences)
- Simplify the tourism regulatory framework.
- Implement cross-cutting Doing Business reforms.
- Strengthen dialogue between the public and the private sectors.
- Provide training to address human resource shortfalls.
- Implement policy measures for environmental protection (Nature Based Tourism).

Manufacturing
– Identifying
constraints to
investment
and growth


High costs of doing business (154/190).

Onerous, unpredictable and discretionary
access to incentives.

Few large firms/most firms informal.

High Trade costs –services constraints.

Low labor productivity (\$4,600/worker).



Manufacturing – promoting growth

Business enabling
environment needs
strengthening (154 out
of 190 economies)

Efficiency and quality of
services critical for
increasing
manufacturing
competitiveness

Regulatory reform to
promote competition
and efficiency in
transport & logistics
services

Special Economic Zones
(SEZ) – simplify
procedures/learn from
leading practices

Reform Incentives to
attract “efficiency”
seeking diversification



Draft Trade and Private Sector Development Roadmap

- Prioritize improving the business enabling environment – simplify business registration, review investment incentives, improve the IPL, eliminate entry restrictions for service sectors, and increase transparency.
- Regulatory reform to automate/increase transparency for imports.
- Trade policy – remove nuisance tariffs, zero rate intermediate inputs/introduce duty remission scheme.
- Trade Facilitation – continue implementing National Trade Facilitation Roadmap.
- Specific Recommendations for Agriculture, Tourism and Manufacturing.
- Review SEZ regulations to assess impact and recommend reforms to encourage investment.