

ກອງປະຊຸມໂຕະມິນປະຈຳປີ 2023: ຮ່າງບົດລາຍງານສຳລັບໜ່ວຍງານຂະແໜງການ
RTIM 2023: Trade and PS Working Group Report

ບົດລາຍງານນີ້ແມ່ນບົດລາຍງານຮ່ວມລະຫວ່າງປະທານ ແລະ ປະທານຮ່ວມໜ່ວຍງານຂະແໜງການ. ກະລຸນາປຶກສາຫາລືຮ່ວມ ກັບໜ່ວຍງານຂະແໜງການຍ່ອຍພາຍໃຕ້ໜ່ວຍງານຂະແໜງການຂອງທ່ານ ຕາມຄວາມເໝາະສົມ, ແລະ ຄັດຕິດບັນດາເອກະສານ ທີ່ກ່ຽວຂ້ອງກັບບົດລາຍງານນີ້.

This is a joint report of SWG Chair and Co-chairs. Please consult with your sub-sector working groups as appropriate, and consider annexing relevant documents to this report.

ຊື່ໜ່ວຍງານຂະແໜງການ:

SWG Name: Trade and Private Sector WG (TPSWG)

ປະທານໜ່ວຍງານຂະແໜງການ(ຊື່ ແລະ ຕຳແໜ່ງ):

SWG Chair (name and position): H.E. Mr. Malaithong Kommasith

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Head of Secretariat (name and position): Mr. Buavanh Vilavong (Ph.D)

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Secretariat (Government)(name and position): Permanent Secretary

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Secretariat (DPs)(name and position):

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1. ເປົ້າໝາຍ ແລະ ຄາດໝາຍຫຼັກ ຂອງໜ່ວຍງານຂະແໜງການໃນປີ 2023 (1/2 ໜ້າ)

1. Main objectives and targets of Sector Working Group in 2023 (1/2 page)

The Trade and Private Sector Working Group (TPSWG) adopted updated trade and private sector development roadmap in 2022 to support the country's strategy of diversifying the economy, rebuilding from COVID-19, and graduating from Least Developed Country (LDC) status by 2026, through accelerating trade integration. The updated roadmap identifies a priority list of measures that will support Lao PDR to realize more inclusive, diversified, and resilient growth through improving

the business enabling environment, reducing trade costs, and enhancing productivity of agribusiness, tourism, and manufacturing.

Priorities for 2023 for improving the business enabling environment include:

1. Streamline Business and Investment Licensing Procedures - implement online platform for business registration;
2. Improve capacity of business associations, particularly the Lao National Chamber of Commerce and Industry (LNCCD);
3. Review investment incentives instruments to ensure alignment with development goals of increasing diversification and greater linkage within the economy;
4. Reform the Investment Promotion Law;
5. Increase communication outreach, strengthen availability of business and trade policy regulations.

Priorities for 2023 for improving trade policy and trade facilitation include:

1. Liberalize trade policy;
2. Implement National Trade Facilitation Roadmap;
3. Review and streamline non-tariff measures.
4. Priorities for 2023 for improving trade policy and trade facilitation include:

Priorities for 2023 for improving MSME and Firm competitiveness include:

1. Implement measures to improve SME access to finance;
2. Improve supply and access to business development services.

2. ໝາກຜົນ ແລະ ຜົນໄດ້ຮັບ ທີ່ບັນລຸໄດ້ໃນປີ 2023 ພາຍໃນຂະແໜງການຂອງທ່ານ ມີຫຍັງແດ່ ທຽບກັບຄຳແນະນຳທາງດ້ານນະໂຍບາຍໃນກອງປະຊຸມໂຕະມົນປະຈຳປີ 2022, ແລະ ແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 9, ເປົ້າໝາຍພັດທະນາແບບຍືນຍົງແຫ່ງຊາດ ແລະ ແຜນຍຸດທະສາດຂອງຂະແໜງການ? (1-2 ໜ້າ)

2. What are the key results and impacts achieved within your sector in 2023 against the [2022 RTIM policy recommendations](#), and [9th NSEDP](#), SDGs and sector strategies? (1-2 pages)

1) Key results achieved in improving the business enabling environment include:

- MOIC and concerned line Ministries have largely completed regulatory simplification of procedures required to complete the starting a business process in Laos. With Ministry of Labor and Social Security's decision to move process for workers' social security registration to post enterprise registration process, the whole process of Starting a Business (SAB) in Laos has de jure reduced to four basic steps, including obtaining Enterprise Registration Certification (ERC), Registration of Article of Association, company seal making, and registration of social security for workers – enterprise registration. The focus should now shift to ensuring consistent implementation of adopted simplified procedures throughout the country.

- An independent survey of businesses registered in 2021 confirmed that the overall process for SAB in Laos was shortened to 30 days on average compared to 173 days reported by the 2020 WB's Doing Business Report. However, based on official administrative procedures the whole process of SAB should be completed within 10 working days. The number of days to start a business for women-owned businesses is slightly longer. Compared directly with their surveyed male counterparts, women-led firms take 133% as long to register, with an average of 32.3 days compared to 24.2 days.¹
- The revised Law on Enterprises was promulgated on February 10, 2023, with Presidential Ordinance No. 029. Among others, the revised Law has further strengthened several areas, including provisions on business registration to support the adoption of electronic business registration; the removal of the negative list and indication of how FDI restrictions under various trade and investment agreements should be regulated through sector licensing regulations; the importance of having clear provision on abolishing the minimum capital requirement; introduction of a single business identification number; and further strengthening of provisions on the disclosure of enterprise registration information to the general public.
- Development of the electronic business registration system is progressing well. The full online registration system is expected to be launched by August 2024.
- The total business operating licenses that were streamlined reached 14. The streamlining process includes reduction in steps, time to obtain the license, extension of validity duration as well as removal of minimum capital requirement. Among 14 licenses streamlined 09 licenses are in the sectors that are interest to women.
- MOIC leadership announced Government's intention to advance progress on simplification of licenses in priority sectors and Investment Promotion Department (IPD)/MPI expressed readiness to explore ways to streamline investment licensing regime as part of MPI's plan to update the control list as well as broader process of revising the current Investment Promotion Law.
- Launched of the two trade tools, namely the LaoLaw mobile application and the IP e-Filing system, to enhance services for businesses engaged in trading.
- Enacted ten legislative pieces, fostering consistency and effectiveness in laws, regulations, and administrative procedures and enhanced the capabilities of individuals involved in intellectual property, certificates of origin, legal and regulatory transparency, and the WTO's Information Technology Agreement (ITA) and development of a comprehensive Handbook titled "Consolidation of Core WTO Principles" to promote consistent implementation of trade-related laws and regulations in alignment with international trade principles.

2) Key results achieved in improving trade policy and trade facilitation include:

- Completion of the electronic trade statistics system (e-Stat), moderate progress on implementation of the Joint Risk Management Framework, including signing of the Joint Inspection Standard Operating Procedure (SOP) by the Minister of Finance, and uploading

¹ The survey was commissioned by NIU and interviewed 25 newly registered firms, including LLCs and sole proprietor companies in Vientiane covering manufacturing, agriculture, and trading.

into the ASYCUDA system of initial risk profiles by Implementing Agencies (IAs), as well as significant progress on the development of IT systems (NSWA+ and Dashboard and Alert system). In addition, a review of user fees by the Lao Customs Department (LCD) has resulted in a decision to revoke a new NSWA+ fee. Moreover, the first meeting of the newly constituted National Trade and Transport Facilitation Committee Meeting (NTTFC) has been held and chaired by the Deputy Prime Minister. However, further work is needed to ensure effective implementation, particularly in respect of the Non-tariff Measures (NTMs) agenda.

- Based on the report from NTTFC Secretariat, 36 of the 55 specific issues raised have been resolved, good progress is being made on all remaining issues.
- Through 2023, the Department of Foreign Trade or DOFT (former National Trade Facilitation Secretariat - NTFS) has been focusing on the implementation of PM Decree No. 145/PM issued on March 14, 2023, which formally established the new coordinating body called NTTFC - merger of the NTFC with NTC. The NTTFC is chaired by the Deputy Prime Minister and Minister of Foreign Affairs with the Secretariat continuing to be housed with DOFT. The details of the roles, responsibilities, working modalities, composition of the committee at national and provincial level as well as operational structure of both national and provincial level secretariat were defined in the Decision of the Chair of NTTFC issued on May 12, 2023.
- The NTTFC organized its first inauguration meeting on June 21, 2023. Among other things, the meeting discussed key past achievements in trade and transport facilitation and agreed short term priorities, which includes 1) further strengthen and improve effectiveness of the coordination structure; 2) upgrade relevant policy, laws, and regulations; 3) accelerate implementation of automation and paperless trade agenda; 4) multiply efforts in communications and outreach; 5) continuous improvement of infrastructure; and 6) address specific issues raised by private sector, enhance capacity of private sector, enhance consistent implementation of laws/policies at local level).
- Important recent developments in the use of risk management and paperless procedures in import/export include approval of the standard operating procedures for joint risk management framework, uploading of risk profiles into the ASYCUDA system, reduction of the percentage of red channel selections from more than 80% to less than 60% by LCD.
- Significant progress has been made on developing legislative and regulatory amendments to support WTO TFA implementation. Progress has been made on developing regulations and procedures for express cargo shipments and postal items. By February 2024 it is expected that supporting documents will no longer be required to be presented in hard copy for green lane shipments and will be scanned and electronically lodged with the Customs declaration. This work has a potentially significant impact as, when implemented, Laos will have moved to an essentially paperless Customs processing environment and will ensure Lao PDR is compliant with twelve additional commitments under the WTO TFA. This will leave only seven WTO TFA commitments only partially implemented.

3) Key results achieved in enhancing SME competitiveness include:

- A pool of Quality Champions has been fostered, who are now capacitated to conduct own quality improvement projects. SMEs were able to improve their knowledge on export

management and the benefits of the Everything But Arms (EBA) scheme, gained awareness of EU and regional quality requirements and benefitted from the development of an online Quality Platform that offers valid and up-to-date information on those requirements.

- Export roadmaps for the coffee and wood processing sectors have been developed. Companies benefitted from exposure to international markets and gained practical and business skills related to the coffee and wood sectors, including and increased knowledge on organic farming, specialty coffee and the quality, legality, and sustainability of wood sourcing.
- Provided advisory services and training programs to over 1,000 SMEs aimed at improving their managerial and technical skills.
- Matching grant fund was provided to more than 500 SMEs to improve their productivity and business operations under 50:50 cost sharing basis.
- A special line of credit to facilitate SME access to finance has been operational in partnership with six major commercial banks. Under this scheme, more than 16 Mill. USD of loans were released to 222 SMEs.
- Several online training platforms for SMEs were launched during 2023.
- Produced 6 Business Guides (in Lao and English language) on exporting duty-free to the EU under the Everything But Arms (EBA) scheme. The guides cover the following topics:
 - General Business Guide: Exporting to the EU under the EBA scheme.
 - Exporting Raw Agricultural Products under the EBA scheme
 - Exporting Processed Food Products under the EBA scheme
 - Exporting Textiles and Garments under the EBA scheme
 - Exporting Footwear under the EBA scheme
 - Exporting Processed Wood Products under the EBA Scheme.

3a.ໂດຍອີງໃສ່ບັນດາຄໍາແນະນໍາໃນບົດທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 9, ບຸລິມະສິດປະຈໍາປີ 2024 ຂອງໜ່ວຍງານຂະແໜງທ່ານມີຫຍັງແດ່? (1 ໜ້າ)

3.a Building on the recommendations of the Mid-Term Review (MTR) of the 9th NSEDP, what are the SWG’s key priorities for 2024? (1 page)

Below policy measures remain the SWG’s priorities for 2024-2025

No.	Action	Identified Constraint(s)	Responsibility	Difficulty, payoff, and priority timeframe	Existing Initiatives
Improving the Business Enabling Environment					
1	Streamline Business and Investment Licensing Procedures -implement online platform for business registration	Multiple processes, duplicative information requirements across multiple agencies. Lack of clarity on documentary requirements.	MPI, MOIC and line agencies	M/H/M	Lao PDR Competitiveness and Trade Project (CTP), Pillar A
2	Improve Capacity of Business Associations	Foreigners are restricted from representing their firms/organizations in Business Associations	MOIC and MHA	M/M/S	LBF July 2021 Priority Issue
3	Review Investment Incentives Instruments to ensure alignment with GOL investment goals (increasing diversification and greater linkages within the economy)	Dependence on Tax Holidays and tax/duty exemptions is problematic.	MPI	M/H/M	
4	Reform the Investment Promotion Law (2016)	Lack of transparency, predictability, lengthy approval process	MPI	L/H/S	
5	Join the International Centre for the Settlement of Investment Disputes (ICSID)	Slow and uncertain legal process	GOL/MPI	L/M/S	
6	Eliminate entry restrictions for key service sectors (logistics, transport) to promote competition and efficiency	Limited range of support services available, adversely impacts aggregate competitiveness	MOIC/MPI	H/H/M	
7	Increase Communication and Outreach, strengthen availability of business and trade policies and regulations	Limited awareness of business and trade policies across the private sector and with provincial and district level implementing agencies	MOIC and line Ministries	H/H/M	TTC, Support for the National Trade Portal, and other online Portals
Trade and Trade Facilitation					
8	Liberalize Trade Policy	Complex tariff schedule with multiple bands, low “nuisance tariffs” and tariff peaks	MOF/MOIC/MPI	H/M/M	

9	Implement National Trade Facilitation Roadmap	Multiple trade facilitation measures including AEO, PCA, Joint Risk Management Framework (JRMF), Advance Clearance and Transit, and National Single Window, are not operational resulting in increased trade costs	MOIC/Customs/ Line Ministries	H/M/M	TTC,
10	Review Non-Tariff Measures (NTM)-Regulatory Impact Assessments	Multiple NTM increase trade costs	Multiple Ministries	H/M/L	TTC
Sector Specific: Agriculture					
11	Simplify regulations for agricultural inputs	Lack of transparency, harmonization with major trade partners	MAFF/DOLF	H/H/M	
12	Abolish list of minimum and maximum prices for agricultural products	Price restrictions constrain investment in downstream processing	MOF/MOIC/MAFF/DOLF	M/M/M	
13	Establish mobile-friendly online information platform	Need for readily available price information	MAFF	L/H/M	
14	Encourage the development of cold chain for vegetables	Restricts market size and constrains investment	MAFF	L/H/M	
Sector Specific: Tourism					
15	Establish a Tourism Marketing Board	Lack of high-profile marketing materials	MOICT/MOIC	M/H/M	Process underway
16	Simplify the tourism regulatory framework	Cumbersome and time-consuming license requirements	MOICT	M/H/M	
17	Implement policy measures for environment protection to promote Nature Based Tourism	Most tourism concentrated in Luang Prabang and Vientiane	MOICT/MOF	M/H/L	
18	Increase Training for Hospitality and Tourism Sectors	Growth is constrained by human resource shortages	MOICT/MOE	L/H/L	
Sector Specific: Manufacturing					
19	Improve Business Enabling Environment (see Action Item #1)	Difficult business environment	See 1		
20	Special Economic Zones -simplify procedures -learn from leading global practices	Existing procedures are complex, lack transparency. Existing incentives -tax holidays encourage highly mobile investments.	MPI/MOIC	M/M/M	
Firm Level Competitiveness					
21	Strengthen SME Capabilities and Know-How	Knowledge gaps in production, branding and marketing, ICT, and management	MOIC/NIU	L/H/M	Continue and Expand BDS II

3b. ໂດຍອີງໃສ່ບັນດາຄໍາແນະນໍາໃນບົດທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ9, ບູລິມະສິດຂອງໜ່ວຍງານຂະແໜງທ່ານເພື່ອກະກຽມແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ 10 ມີຫຍັງແດ່? (1/2 ໜ້າ)

3.b Building on the recommendations of the Mid-Term Review (MTR) of the 9th NSEDP, what are the SWG's key priorities for the conceptualization of the 10th NSEDP? (1/2 page)

The SWG's priorities for the conceptualization of the 10th NSEDP include the following:

- Further business and trade reforms are required for inclusiveness, diversification, widespread job creation, and poverty reduction;
 - Rapid growth over the past decade was primarily driven by infrastructure investment and the exploitation of natural resources, with limited job creation.
 - Trade potential remains underutilized.
- Diversification through leveraging natural assets, land-linked geographical location, and improved transport infrastructure.

4. ບົດຮຽນສໍາຄັນທີ່ທ່ານສາມາດທອດຖອນໄດ້ຈາກໜ່ວຍງານຂະແໜງການ ແລະ ຈາກບົດລາຍງານທົບທວນກາງສະໄໝຂອງແຜນພັດທະນາເສດຖະກິດສັງຄົມແຫ່ງຊາດຄັ້ງທີ9 ມີຫຍັງແດ່?(1/2 ໜ້າ)

4. What are the key lessons learned for the SWG, including from the MTR of the 9th NSEDP? (1/2 page)

- The long list of priorities neither addressed coordination challenges nor the importance of sequencing the interventions aimed at economy-wide and sector specific constraints.
- The SWG prioritized increasing public-private dialogue including engagement with civil society on the importance of mainstreaming trade, reducing trade costs, and increasing regional and global trade.
- Many of the activities listed in the past development plans are complex and required high levels of technical skill and experience to implement successfully. Implementing the Integrated Risk Management Framework (IRMF) is a multi-year process and requires a culture of inter-agency collaboration.
- Importance of recognizing technical challenge faced by key private sector participants. Improving the capacity of the private sector in developing strong technical arguments for policy and regulatory reforms relating to their concerns, will strengthen the quality of the public-private dialogue and increase the likelihood of timely implementation.
- Limited inter-agency coordination and absence of monitoring system. The adverse economic impact of COVID-19 reinforced the high-level political will to improve the business environment; however, implementing reforms remain difficult owing to limited inter-agency coordination and the absence of a monitoring system. It is recommended that the lead agencies (MOIC) develop clear action plans listing time-bound activities, ensure routine monitoring and reporting on progress to all stakeholders. Strengthening communications and information outreach will: (i) enhance the ability of the private sector to advocate for reforms more effectively; and (ii) increase the incentives for improved public service delivery.