

Lao PDR: Sharing Experiences on Post-WTO Accession

UNESCAP, Bangkok, Thailand

11 July 2016



*By: Bountheung DOUANGSAVANH
Deputy Director General
Foreign Trade Policy Department
Ministry of Industry and Commerce*

Contents

- 1. Long Road to Joining WTO**
- 2. Accession Negotiations and Results**
- 3. Post-Accession Challenges and Solutions**
- 4. Lessons Learned**

1. Long Road to Joining WTO



It took 15 years for a small country like Laos to join WTO.

- 07/1997: Applied for membership.
- 02/1998: Working Party (WP) established.
- 03/2001: Submitted Memorandum on Foreign Trade Regime.
 - Multilateral track: 10 Working Party Meetings.
 - Bilateral track: bilateral negotiations on goods and services with 9 members.
- 02/02/2013: Full-fledged member of WTO (158th).

2. Accession Negotiations and Results (Multilateral Track)

- Aim at clarifying compliance of Laos' laws and regulations with WTO principles.
- Provided 10 sets of questions and answers (Q&As), with more than 1,030 responses.
- Action plans stating in details legislation to be adopted and amended, and specifying steps, timeframe and technical assistance needed.
- More than 90 pieces of legislation were adopted or amended, including 26 laws and 18 decrees.

2. Accession Negotiations and Results (Multilateral Track)



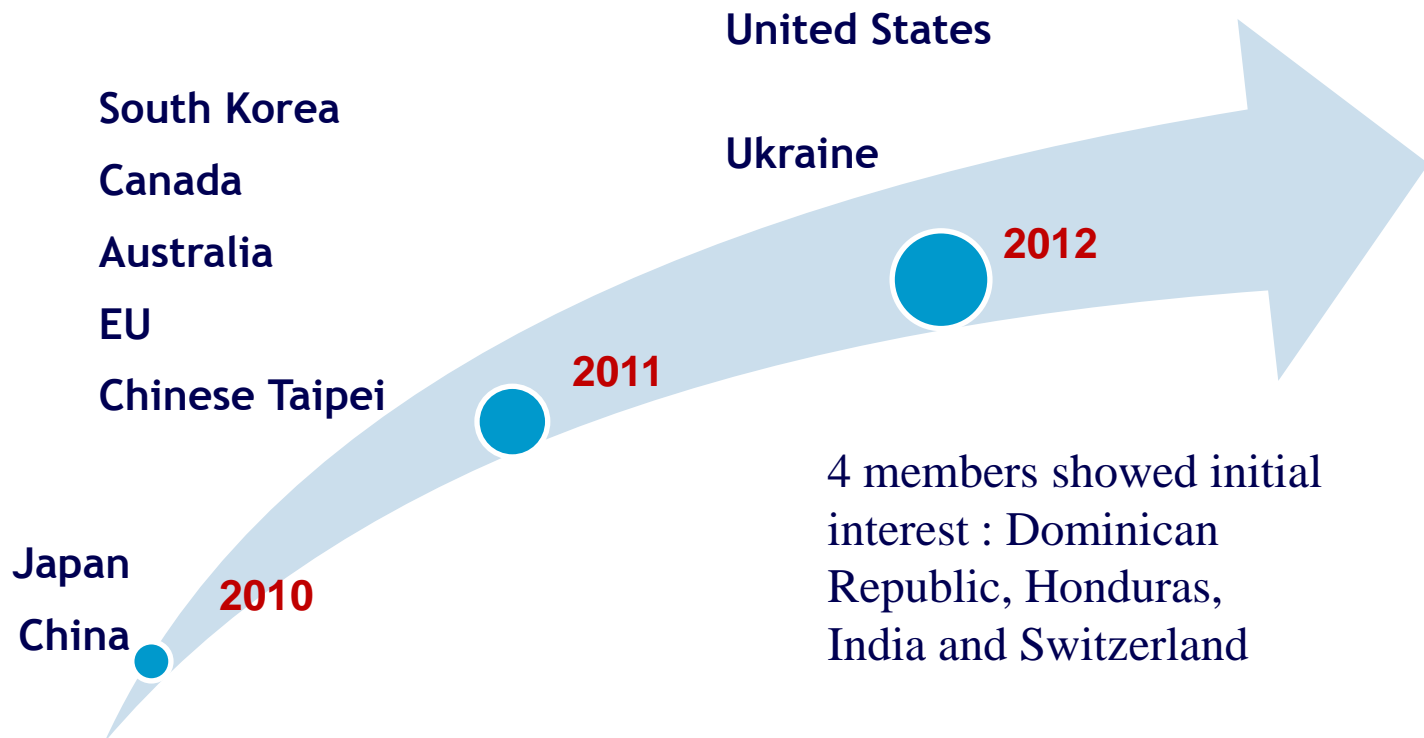
2. Accession Negotiations and Results **(Multilateral Track)**

Laos received transition periods as follows:

- Telecom Independent Regulator: 2 years
- To abolish reference price and fully implement CVA: 2 years
- Trading Rights: 2 years
- Official Gazette: 3 years
- Trade Remedies: 5 years
- To implement SPS/TBT Agreements: 2 years
- To implement TRIPS: 4 years (but TRIPS extension for LDC until 2021)

2. Accession Negotiations and Results (Bilateral Track)

Laos concluded bilateral negotiations on goods and services with 9 members.



2. Accession Negotiations and Results (Bilateral Track)

- Goods: average bound rates 18,8%
 - Agricultural goods: 19.3% (applied rates: 18.4%)
 - Industrial goods: 18.7% (applied rate: 10.0%)

- Services: open 10 sectors and 79 sub-sectors
(from 160 sub-sectors)

2. Accession Negotiations and Results

(Bilateral Track)

➤ Business

- Professional Service (7 sub-sectors)
- Computer Service (5 sub-sectors)
- Research & Development (1 sub-sector)
- Other businesses (9 sub-sectors)

➤ Communications

- Courier Services (1 sub-sector)
- Telecoms Services (15 sub-sectors)

➤ Construction Services (5 sub-sectors)

➤ Distribution Services (4 sub-sectors)

➤ Private Education Services (4 sub-sectors)

➤ Environment Services (5 sub-sectors)

➤ Financial Services

- Insurance Services (4 sub-sectors)
- Banking & other financial Services (8 sub-sectors)

➤ Hospital Services (1 sub-sector)

➤ Tourism Services (3 sub-sectors)

➤ Transportation Services

- Air transportation Services (3 sub-sectors)



Open 79 sub-sectors

3. Post-Accession Challenges and Solutions

(Internal Coordination)

- After the accession, a new National Steering Committee for Economic Integration (NSC) was set up to replace the one that oversaw WTO accession negotiations:
 - New NSC is a policy making level for international trade policy: WTO, Regional, Sub-Regional and Bilateral.
 - Chaired by DPM, Minister of MOFA; and
 - Minister of MOIC, Deputy Chair.
- The Foreign Trade Policy Department (FTPD) serves as Economic Integration Secretariat.
- Negotiating teams are formed by FTPD for negotiations under WTO, Regional, Sub-Regional and Bilateral Agreements.

3. Post-Accession Challenges and Solutions

(Internal Coordination)

- Reform in the organizational structure of FTPD to be more functionalized in divisions: Goods, Services, Multilateral (WTO), Bilateral, ASEAN for instance.
- Form up the drafting team for legislation on trade remedies
- Raising awareness for public and private sector on post-WTO accession and AEC.
- Studying pros and cons of the impact of economic integration and seek expert opinion.
- Sharing experience with neighboring countries on post accession.
- Strengthening internal coordination.
- Seeking TA aimed at legislation improvement and technical staff's capacity building.

3. Post-Accession Challenges and Solutions

(Internal Coordination)

- New Government - new chair of NSC to be appointed - still in discussion within Government.
- Internal coordination between ministries/agencies:
 - Reform may mean bureaucratic winners and losers.
 - Reform is a social concern, mindset problem: import is bad while export is good.
 - Government revenue concerns.
 - Internal coordination between public and private sector:
 - Hesitance about economic reforms in general.
 - Not well cooperate with Government.

3. Post-Accession Challenges and Solutions

(Status of Commitments)

- **Completed activities/commitments:**
 - Abolishment of reference price.
 - Official Gazette.
- **On-going activities/commitments:**
 - Telecom Independent Regulator: behind schedule
 - Regulation on Trading Rights: behind schedule
 - Law on Safeguard (to be completed by June 2017): on schedule
 - Law on Anti-Dumping and Countervailing Measures (to be completed by October 2017): on schedule.

4. Lessons Learned

- Clear political will during accession negotiations and for post accession is needed.
- Keeping reform momentum achieved during accession negotiations: be prepared to implement the commitments in advance, not wait until the deadline of transition periods.
- Keeping those personnel trained and involved in the negotiations for post accession.
- Strengthening internal coordination.

4. Lessons Learned

- Be active in different negotiating groups in Geneva, but considering limited resources, it is important to focus on specific interest and needs of the country.
- As a land-locked LDC, Laos attaches great importance to trade facilitation, especially the Trade Facilitation Agreement (TFA):
 - Ratified TFA on 29 September 2015 (18th member, 2nd LDC, 3rd LLDC and 3rd ASEAN).
 - Submitted Category A Notification on 15 September 2015, and is ready to submit Category B and C.
- Laos also ratified the Protocol amending TRIPS Agreement on 29 September 2015.

4. Lessons Learned

Mobilization and Effective Utilization of Technical Assistance, with full ownership:

- USAID LUNA II (2014-2018) : *Legal reform for post-WTO accession and implementation of the commitments.*
- IDEAS Centre (2013-2016), with funding support from SECO (Switzerland): *Formulation of negotiation strategies in DDA and implement the commitments.*
- TDF2 (2013-2017): *Support post-WTO accession.*
- GIZ RELATED Project: *Support the implementation of AEC.*
- ADB, FAO: *SPS/TBT related issues.*
- ACWL: *Legal compliance (upon request).*
- WTO, EIF, WB, ITC, UNCTAD etc.: *Raising awareness and addressing productive capacity constraint.*

Multilateral Negotiations



Signing bilateral deal with China



Signing bilateral deal with EU



Signing bilateral deal with Australia



Signing bilateral deal with the US



Signing bilateral deal with Chinese Taipei



GC Meeting Approving Laos' Accession Package



After Signing of the Protocol of Accession



Full-fledged Membership of Laos in WTO



Kob Jai

(Thank you)

For further information:

Multilateral Trade Policy Division
Foreign Trade Policy Department
Ministry of Industry and Commerce
Lao PDR

Tel.: +856-21-450065

Fax: +856-21-450066

www.laoftpd.com