

# **WTO accession negotiation strategies- The case of Lao PDR**

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Excellencies,

Ladies and gentlemen,

1. On behalf of H.E. Minister Khemmani Pholsena, I would like to express our sincere gratitude to the Government of Cambodia, the Government of the People's Republic of China and WTO Secretariat for the invitation to participate in this important meeting. I hope that Lao PDR's experience in WTO accession negotiations will help WTO Members to enhance their support to LDC accessions and post-accession to facilitate the integration of LDCs into the global economy.
2. Lao PDR submitted its application for WTO Accession in July 1997. A Working Party was established in February 1998. In March 2001, Lao PDR submitted a Memorandum of Understanding on International Trade Regime to the Working Party. The initial Goods Offer was submitted in October 2006. During negotiation process, 10 Working Party Meetings were organised, and bilateral negotiations were concluded with 9 WTO members including Australia, Canada, China, Chinese Taipei, European Union, Japan, Republic of Korea, Ukraine and the United States.
3. On goods, Lao PDR has committed to liberalise an average bound of 18.8%. 19.3% for agricultural goods. 18.7% for non agricultural goods.
4. On services, Lao PDR has committed to liberalise 10 service sectors or 79 sub-sectors (of a total of 160 sub-sectors).

5. After 15 years of work with relevant ministries and agencies as well as several studies and private sector engagements, Lao PDR's accession negotiations were formally concluded during the 10<sup>th</sup> Working Party Meeting on 28 September 2012. Lao PDR became the 158th member of WTO on 02 February 2013. We had answered 10 sets of questions with more than 1,030 responses. In addition, there were also action plans stating in details legislations to be adopted and amended, specify steps, timeframe and technical assistance needed. As a result, Lao PDR has reviewed, developed and amended more than 90 trade-related pieces of legislation to be consistent with the WTO agreements, including 26 laws and 18 decrees.
6. From the beginning, we recognised that Lao PDR's accession to WTO was considered as an opportunity for the country. Without a large domestic market, trade is regarded as a key driver of Lao PDR's economic growth and social development. In order to maximise these benefits, it was necessary to define an accession negotiation strategy that reflected the country's needs.
7. Lao PDR follows a multi-layer of trade negotiation strategy: multilateral, regional and bilateral levels. The WTO is fundamental. It recognises the principles of S&D treatment. In this way, LDCs are better able to negotiate on the basis of non-reciprocity and for non-reciprocal outcomes, in which they are not obliged to open up their markets to the same degree as developed countries.
8. As a new Member of WTO, Lao PDR will work closely with the Least Developed Countries to create more value additions in the multilateral negotiations and to make benefits from the WTO provisions on exceptions for LDCs, and more importantly to focus on the areas for mutual interest such as trade in goods, trade in services, investment, trade facilitation and market access improvement which can provide a permanent solution to the country's development goal in the long term.
9. To supplement its efforts in the multilateral trade negotiations, Lao PDR attaches a great importance to bilateral and regional trade agreements. Her

regional trade strategy begins with her nearest neighbors and most important trading partners.

10. The ASEAN FTA is Lao PDR's first comprehensive regional trade agreement. The objective of joining ASEAN is to use this FTA as a platform to broaden and deepen its economic integration with ASEAN and the world.
11. Lao PDR's FTA strategy was her most important dialogue partners. Being a part of ASEAN, Lao PDR has jointly signed FTA with China, India, Japan, Korea, Australia and New Zealand.
12. ASEAN and Lao PDR as a bloc are now undertaking the negotiations with China, India, Japan, South Korea, Australia and New Zealand to create a 16-party Regional Comprehensive Economic Partnership (RCEP). If the RCEP is approved, it would create one of the world's largest free-trade zones. The RCEP countries make up 46% of the global population and are worth 24% of global GDP.
13. Lessons learned from Lao PDR's WTO accession negotiations

### **Lesson Number 1: Institutional support and preparation**

After Lao PDR officially applied for WTO membership in July 1997, many steps in institutional building was taken by the government to prepare for the negotiation process, starting from setting up a strong negotiation team for WTO negotiations. The negotiation team has the responsibility to advise and comment on negotiation offers, prepare and conduct WTO accession negotiations, report on the negotiation outcomes and suggest the follow-up measures, and cooperate with ministries concerned on sectoral issues in negotiations.

In order to support the WTO accession negotiations, the government has decided to set up the National Committee for International Economic Integration, which was chaired by Deputy Prime Minister and Minister for Foreign Affairs. This Committee is mandated with making strategies for regional and international economic integration, working with agencies concerned in reviewing and adjusting the current laws and regulations to comply with WTO

principles and international best practices. The Committee is represented by all relevant ministries and agencies and coordinated by the Ministry of Industry and Commerce.

### **Lesson Number 2: Policy reform and coordination**

Policy reform is one of the main works in preparation for WTO accession negotiations. Lao PDR had to review all of its laws and came up with a legislative agenda to amend existing laws and regulations or promulgate new laws and regulations that are in line with WTO rules. Laws and regulations that conflicted with WTO rules had to be amended.

Because trade-related laws and regulations involve several government agencies, the Ministry of Industry and Commerce has to work closely with the concerned ministries. The policy coordination is a work that requires a lot of patience and time.

### **Lesson Number 3: Consultation process**

An important channel of communication between the government policy makers and business community is through the Lao National Chamber of Industry and Commerce. Dissemination, awareness raising and discussion on WTO accession are included in the public and business consultation process.

### **Lesson Number 4: Effective use of donor support**

WTO accession is a complicated and costly process, therefore donor assistance including technical and capacity building is very important. More importantly, the ownership of the receiving countries and the effective use of support is also crucial.

Thank you for your attention.