

# **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 (158<sup>th</sup>).

## 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)



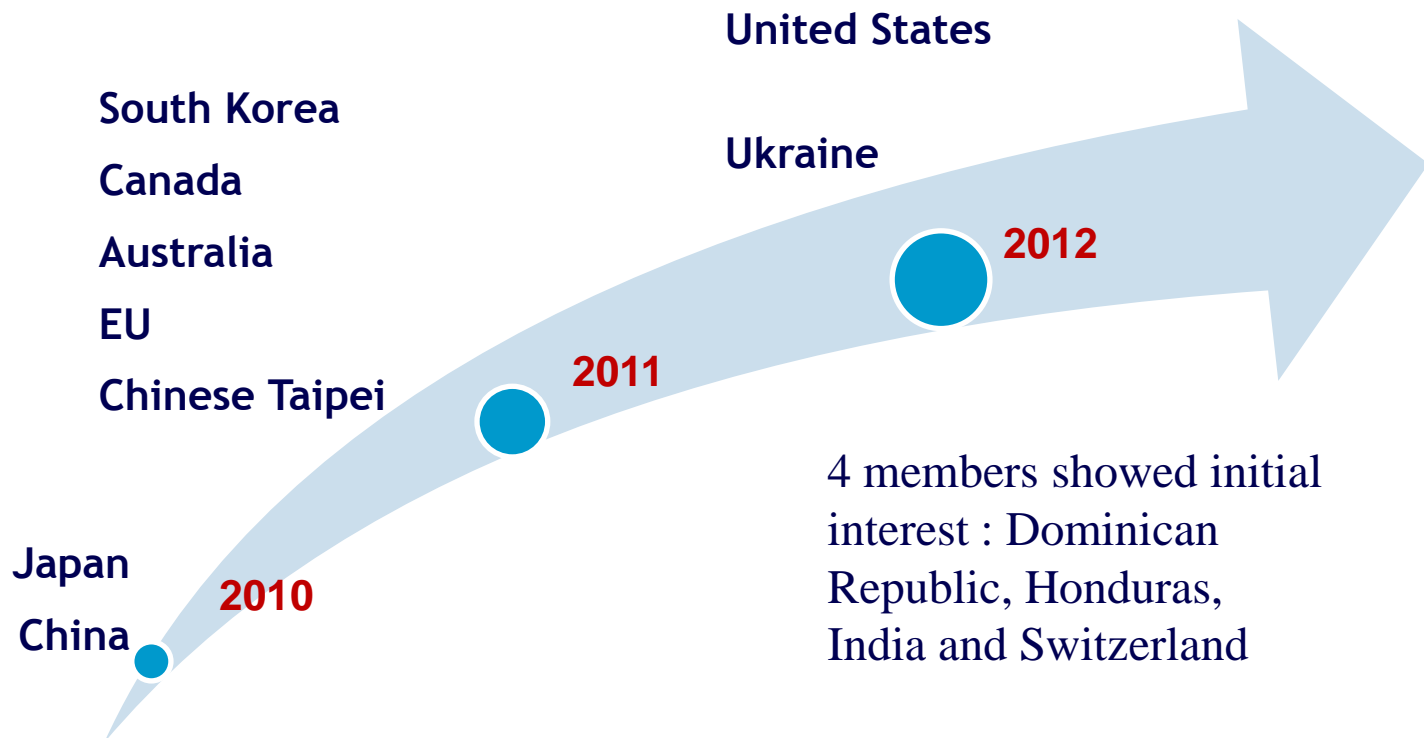
## **2. Accession Negotiations and Results** **(Multilateral Track)**

**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 (18<sup>th</sup> member, 2<sup>nd</sup> LDC, 3<sup>rd</sup> LLDC and 3<sup>rd</sup> 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](http://www.laoftpd.com)