

Chapter 5

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July 2021

This chapter should be cited as

Shrestha, R. and P. Kyophilavong (2021), 'Lao PDR Report', in ERIA (eds.), *Towards Seamless Trade Facilitation in ASEAN: Results from the ASTFI Baseline Study*. ERIA Research Project Report FY2021 No. 08, Jakarta: ERIA, pp.64-77.

Chapter 5

Trade Facilitation in the Lao PDR and the Results of the ASTFI Baseline Study¹

Rashesh Shrestha and Phouphet Kyophilavong

1. Introduction

The Lao People's Democratic Republic (Lao PDR) joined the World Trade Organization (WTO) in 2012 and is moving ahead strongly with reforms. Owing to an impressive average growth rate of 7.5% from 2010 to 2018, income per capita was \$2,542 in 2018, more than double its 2010 value.² Poverty in 2018 was at 13%, falling from over 23% in 2010. This enviable recent performance has given rise to optimism amongst both businesses and policymakers. The 8th Five-Year National Socio-Economic Development Plan, 2016–2020 aimed to graduate the Lao PDR from least developed country status by 2020 and achieve upper middle-income country status by 2030 (Ministry of Planning and Investment, 2016).

Like many small developing countries, the Lao PDR relies on trade and foreign direct investment (FDI) to achieve a rapid rate of economic growth. Exports have been performing well but rely heavily on exhaustible natural resources. In 2018, the total values of exports and imports were \$5,295 million and \$6,164 million, respectively, increasing more than fivefold since 2005.³ Manufactured goods accounted for only 26% of merchandise trade, while ores and metal comprised 28% and fuels 20% of the value of total exports. Figure 5.1 breaks down exports and imports by broad product categories. Hydroelectricity has seen a major influx of investment, attracting the highest value of FDI from 2005 to 2015 (Onphanhdala and Philavong, 2018). Altogether, there was a fourfold increase in the value of FDI from 2010 to 2018.

Most of the Lao PDR's trade is with its neighbours, with Thailand accounting for 60% of merchandise trade. Major import partners of the Lao PDR are Thailand (53%), Viet Nam (10%), and China (22%). Major export destinations are Thailand (48%), Viet Nam (15%), China (26%), and India (2%).

Trade facilitation is making swift progress in the Lao PDR. Recent indicators demonstrate the impact of the improvements that have been taking place since the early 2000s. With respect to the implementation of best practices, early development of a comprehensive trade portal (the Lao Trade Portal (LTP)) and frequent use of the Time Release Study (TRS) stand out. Other reforms have begun in earnest, with necessary changes in laws to adhere to international trade agreements. Having added the provisions in the Customs Law, 2011,

¹ This report is based on the 2018 data of the ASTFI baseline study survey.

² World Bank (n.d.), Country Profile: Lao PDR.

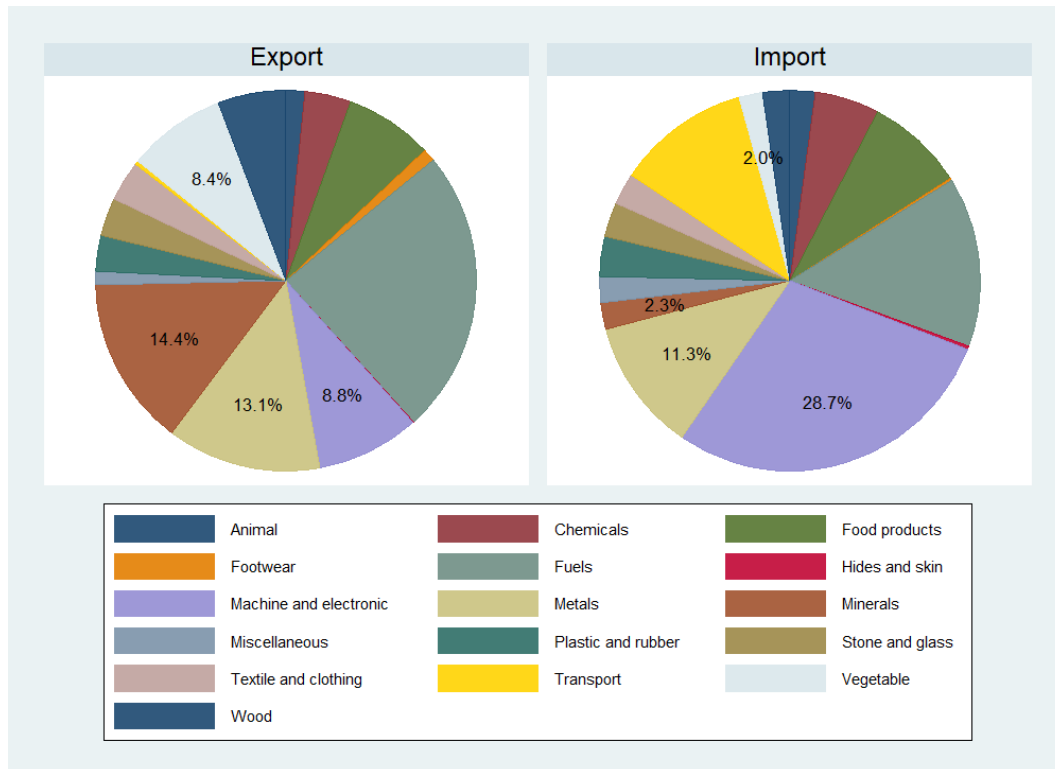
http://databank.worldbank.org/data/views/reports/reportwidget.aspx?Report_Name=CountryProfile&Id=b450fd57&tbar=y&dd=y&inf=n&zm=n&country=LAO (accessed 1 July 2018).

³ UNCTADstat (n.d.), Maritime Profile: Lao People's Dem. Rep.

<http://unctadstat.unctad.org/CountryProfile/MaritimeProfile/en-GB/418/index.html> (accessed 1 July 2018).

the Lao PDR is pilot testing features such as Advance Rulings, pre-arrival processing, and Authorised Economic Operators (AEOs). These are new provisions from the Lao PDR’s perspective. As such, authorities are gathering the necessary information from these pilot projects as well as learning from other countries in the region.

Figure 5.1: Lao PDR Trade Share by Product Type, 2018



Lao PDR = Lao People’s Democratic Republic.
 Source: Authors’ calculation with data from the World Integrated Trade Solution (WITS) database (n.d.), <https://wits.worldbank.org/> (accessed 13 July 2018).

5. Secondary Indicators of Trading Environment

The Lao PDR’s trading environment shows a general improvement, reflecting the reforms that have been conducted since the early 2000s in close partnership with donors and international organisations such as the World Bank and the Asian Development Bank. Table 5.1 summarises trends in some relevant indicators since 2006. A popular indicator is the World Bank’s Ease of Doing Business ‘trading across borders’.⁴ The Lao PDR’s Ease of Doing Business ranking in 2018 was 124 out of 190 countries, with a distance to frontier of 63%, meaning that the country’s trading environment was 37 percentage points away from best practice as determined by the World Bank. The major issue seems to be the time for documentary compliance, which took 216 hours in 2018; border compliance took

⁴ The World Bank’s Ease of Doing Business ranks countries on various aspects of their business environment, one of which is ‘trading across borders’. World Bank (n.d.), Ease of Doing Business Scores. <https://www.doingbusiness.org/en/data/doing-business-score> (accessed 1 July 2018).

12 hours. After a remarkable improvement since the mid-2000s, the country’s distance to frontier has remained constant since 2015. This indicator is one of the key performance indicators in the Trade Facilitation Road Map, 2017–2022.⁵

Another well-known indicator of trade facilitation is the Logistics Performance Index (LPI), which assesses a country across six dimensions based on a web-based survey of about 1,000 international freight forwarders. The 2018 international LPI ranked the Lao PDR at 82, up from 131 in 2014.⁶ Perceptions of the efficiency of border processes have been rising continuously, with the border clearance efficiency ranking reaching a historical high of 77 in 2018. Likewise, in the domestic LPI, the quality of air transport and customs brokers were highly rated, with 100% of respondents saying that customs processes had improved since 2015.

The domestic LPI for 2018 also revealed improved infrastructure and performance. The percentage of physical inspections was 18%. It was also reported that 100% of declarations were submitted electronically. The average clearance time without physical inspection was reported to be 2 days. A caveat is that scores for landlocked countries such as the Lao PDR may be less accurate because the scores are affected by transit issues outside the country’s border (Arvis et al., 2016). Furthermore, the latest scores for the Lao PDR may have been helped by the growing importance of the electronics trade.

Table 5.1: Lao PDR’s Ranking in Various Trade Environment Indicators

Indicator	2006	2010	2014	2018
World Bank				
Ease of Doing Business –				
Trading Across Borders				
Distance to frontier	18.43	41.65	52.04	62.98
Time to export (days)	55	38	23	10 (228 hours)
Time to import (days)	65	37	26	10 (230 hours)
Logistic Performance Index				
Overall rank	117 [2007]	118	131	82
Efficiency of clearance process	2.08	2.16	2.45	2.61
Clearance time without physical inspection (days)		3 [2012]	1	3
Physical inspection (%)		75 [2012]	75	18

Source: World Bank Ease of Doing Business (<https://www.doingbusiness.org/en/data/doing-business-score> (accessed 1 July 2018), Logistic Performance Index (<https://lpi.worldbank.org/>) (accessed 1 July 2018).

⁵ LTP (n.d.), Trade Facilitation Road Map of Lao PDR for 2017–2022.

<http://www.laotradeportal.gov.la/index.php?r=site/display&id=1309> (accessed 1 July 2018).

⁶ World Bank (n.d.), LPI Country Score Card: Lao PDR 2018.

<https://lpi.worldbank.org/international/scorecard/column/254/C/LAO/2018#chartarea> (accessed 1 July 2018).

6. Trade Regime

The Lao PDR is a landlocked country sharing borders with Cambodia, China, Myanmar, Thailand, and Viet Nam. It has 26 international border crossings and other domestic border posts.

Based on the enforcement of measures and requirements, important trade-related government agencies include the Ministry of Agriculture and Forestry (Department of Agriculture); Ministry of Finance (Customs Department); Ministry of Health (Food and Drug Department); Ministry of Industry and Commerce (Department of Import and Export (DIMEX)); Ministry of Information, Culture, and Tourism; and Ministry of Science and Technology (Department of Standard and Measure). The Ministry of Energy and Mines (Department of Mines) is also important due to the share of mining products in the Lao PDR's exports. Other relevant agencies include the Department of Plant and Animal Quarantine (for inspections) and the Department of Transport (for transport facilitation and implementation of Greater Mekong Subregion (GMS) Cross-Border Transport Agreement agreements). The trade-related roles of these agencies include providing licences and permits, setting import/export fees and product standards, and enforcing measures and product standards.

Import and export licences are issued by DIMEX under the Ministry of Industry and Commerce (MOIC). Traders can apply directly at DIMEX or the nearest provincial office of MOIC. Some licences are issued automatically, subject to meeting statutory requirements. For others, DIMEX makes a determination regarding issuance. Documentary requirements for the issuance of licences vary by products.⁷ A certificate of origin is also issued by DIMEX or other competent issuing authorities.

The Lao PDR has restrictions on a number of goods, which are published in the list of prohibited and regulated goods (DIXEM, 2012). The goods prohibited for import and export are listed in Notification No. 0973, Annex 1.⁸ The regulated goods require import or export licences to be obtained from different agencies. Depending on the product, the licence can be either automatic or non-automatic. The rules on licensing are governed by Notification No. 0076;⁹ and the list of products requiring licensing as well as the list of required supporting documents are in the annexes of the notification. If a product is not subject to licensing or specific sanitary/phytosanitary or technical measures, traders can import the product by submitting a declaration directly to customs. Export duty is levied on 40 products (8-digit HS code).¹⁰ The duties range from 5% to 40%. Besides normal imports, goods can be imported under the warehouse regime or as temporary imports. Certain exemptions are also available. Transit imports are also allowed.

⁷ Lao PDR Trade Portal (LTP) (n.d.), <https://www.laotradeportal.gov.la/index.php?r=searchProcedure/index> (accessed 1 June 2018).

⁸ Ministry of Industry and Commerce Notification No. 0973 dated 25 May 2011 on Prohibited Goods on Import or Export.

⁹ Ministry of Industry and Commerce Notification No. 0076 dated 13 January 2012 on Goods Subject to Automatic and Non-Automatic Import or Export Licensing.

¹⁰ Edict of the President No. 002/OP dated 27 April 2012 on the List of Goods and Export Duty Rates.

For the customs clearance process, traders file a declaration at the border electronically, using the Automated Systems for Customs Data (ASYCUDA) . Based on the information provided, the system channels the consignment to red, yellow, green, or blue. Physical inspection is required for red channel goods and document inspection is required for yellow channel goods. The green and blue channel goods can proceed without any physical or document inspection, but blue channel goods may be subject to further customs control at a later stage. Duties are assessed by the system, and upon payment, the goods can be released from customs control.

7. Trade Facilitation History

Trade reform in the Lao PDR began in earnest in the mid-2000s. In 2004, the Government of the Lao PDR began the Integrated Framework process, a WTO programme designed to help least developed countries integrate into the world trading system.¹¹ The 2005 Investment Climate Assessment and Diagnostic Trade Integration Study (DTIS), conducted by the World Bank and completed in 2006, emphasised the need for increasing competitiveness and improving regional integration. Improving coordination across government agencies on trade-related matters was one of the early reforms implemented. One of the key recommendations of the DTIS included the formation of a permanent national body to coordinate policies across government agencies. The National Trade Facilitation Secretariat (NTFS), an inter-agency body, was established with a clear mandate. The leadership of the NTFS was divided between the Ministry of Industry and Commerce and the Customs Department.

Important steps have been taken towards operationalising trade facilitation. The Single Administrative Document was adopted in June 2010 to ensure harmonisation and consistency in customs declarations and clearance for all checkpoints by following the ASEAN Customs Declaration Document. By 2014, the ASYCUDA World system was implemented in all major ports, covering 95% of trade. National laws were also amended to bring them in line with international standards. Revision to the Customs Law in 2011 added new elements related to trade facilitation, such as provisions for Advance Rulings, pre-clearance procedures, risk management, and temporary importation.

The establishment of the online LTP, launched in mid-2012, was a landmark achievement in improving transparency in the trade process. The formation of the portal itself was a massive effort in coordination across agencies as it forced agencies to share information on their regulations in a systematic way. This highlighted the contradictions in regulations that needed to be reconciled. It also demonstrated gaps in procedures and legislation that needed to be filled. According to the TRS by the Lao PDR Customs Department, the average time to clear goods at the border from truck arrival to customs release was reduced by 36% from 17.9 hours in 2009 to about 11.4 hours in 2012 (Fradelizi, 2016).

¹¹ World Trade Organization (n.d.), Integrated Framework Fact Sheet. https://www.wto.org/english/tratop_e/devel_e/teccop_e/if_factsheet_e.htm (accessed 1 July 2018).

The Trade Facilitation Road Map, 2017–2022 envisions facilitating and minimising procedures for trade and taxation, improving services, and enhancing capacity in trade competition. The strategy and implementing methodology include increasing the effectiveness of the coordination between relevant departments and agencies, integrating with domestic and international regions and cooperating with neighbouring countries, and establishing a National Single Window (NSW) system. Key performance indicators include a shorter time duration and cheaper import and export costs.

8. Results from the ASTFI Survey

The ASEAN Seamless Trade Facilitation Indicators (ASTFI) survey results are based on responses to the ASTFI questionnaire, validation meetings held at MOIC and Lao Customs in June 2018, and information available via various web-based sources. We only obtained a consolidated response to the major agency questionnaire, so we were unable to determine differences in practices across agencies. The results of the survey are discussed below.

8.1. Transparency of information

The Lao PDR is generally performing well in the transparency of trade-related information. The LTP provides information both in English and the local language on applied rates of tariffs, measures, and procedures, all of which are searchable by HS code or product description.

Information on the import and export formalities of major agencies is available online through the LTP, which was launched on 22 June 2012. One feature of the system is that traders can sign up for an e-alerts, which they can customise to receive information on commodities.¹² English translations of laws and regulations are also available through the LTP, making it much more convenient for foreign investors.

Private Sector Consultation

In terms of private sector consultation, the Lao PDR established the NTFS to act as a national trade facilitation committee (Khounchantha, 2015). Its responsibilities include (i) reviewing and advising the government on matters of trade facilitation; (ii) implementing measures of the WTO Trade Facilitation Agreement; (iii) collecting and disseminating information on trade facilitation; and (iv) coordinating with government authorities, the private sector, and international organisations in the areas of trade facilitation. This coordination body has been meeting regularly. However, there are some issues with coordination at the provincial level, which were highlighted in the Trade Facilitation Road Map. The NTFS has been working to expand capacity at the local level regarding trade facilitation, through workshops.¹³

¹² LTP (n.d.), Member Services. <http://www.laotradeportal.gov.la/index.php?r=site/display&id=79> (accessed 1 June 2018).

¹³ LTP (n.d.), Strengthening on Trade Facilitation in the Northern Part of Lao PDR. <https://www.laotradeportal.gov.la/index.php?r=site/display&id=1363> (accessed 1 June 2018).

Engagement with stakeholders takes place through the Lao Business Forum.¹⁴ The objectives of the forum are to (i) facilitate public and private sector dialogue, including participation by the broadest range of private sector companies, from domestic small and medium-sized enterprises to foreign investors; (ii) ensure consistent enforcement and transparent interpretation of laws and regulations; (iii) remove the bureaucratic impediments that businesses encounter in entry and exit processes and provide feedback on business-related policies, laws, and regulations that impact the private sector; and (iv) provide feedback on draft government laws and regulations that could potentially impact the business community and assist the government in private sector-related policy development.

The Lao Business Forum follows a multi-tiered consultation process. An annual forum, chaired by the Prime Minister or Deputy Prime Minister, is held every year. Steering committee meetings are held to prioritise the reform agenda to be presented at the annual forum, chaired by the Minister of Industry and Commerce. Public–private consultation is conducted each year between government agencies and members of private sector working groups. Finally, sector-specific private sector working groups meet frequently to discuss areas of reform. The Department of Planning and Cooperation of the Ministry of Industry and Commerce acts as the main coordinating body for the public sector to ensure effective public–private dialogue at the Public–Private Consultation Meeting. A recently concluded meeting highlighted cumbersome import/export procedures as a key area of reform.¹⁵

Release and Clearance Formalities

The Lao PDR has adopted release and clearance formalities, following a number of best practices in customs procedures. Pre-arrival processing, allowing goods to be cleared with guarantee, and regular use of the TRS to assess border processes, are some examples of good practices. Other provisions are being studied or pilot tested, such as Advance Rulings and AEOs. Publishing the dwell time of major ports on the website would be relatively simple for ports with the ASYCUDA system. Enhancing risk management and post-clearance audits will require coordination with major agencies to develop a comprehensive risk profile.

Pre-arrival processing is available in the main and major ports for trade via air and land transport. Importers can submit a pre-arrival customs declaration within 7 working days prior to the date of arrival of the goods following the same procedures as a normal declaration.¹⁶ Currently, pre-arrival processing is only allowed for selected traders and allows them to declare goods before arrival. Under pre-arrival processing, duties are paid

¹⁴ Lao Business Forum (n.d.), Overview of the Lao Business Forum. <https://lncci.la/about-lbf/> (accessed 1 June 2018).

¹⁵ http://www.laocci.com/images/stories/2017/press%20release%20for%20the%2010th%20lbf_eng.pdf (accessed 1 July 2018).

¹⁶ Ministry of Finance (Customs Department) Instruction No. 00097/CD dated 6 January 2017 on Electronic Customs Declaration.

at the time of arrival of the goods (DIXEM, 2012). However, a pilot test is under way with two traders to pay their duties during pre-arrival processing.

Best practice risk management is progressing but has room for improvement. Currently, it is conducted at border checkpoints where the ASYCUDA system is installed. Customs does not conduct 100% inspection of all shipments, although they have a 5% target rate for inspections. Customs uses risk factors to select consignments for inspection. These factors include the type of goods, duty rate, and company profile. Considering the goods' origin as a risk factor is currently being planned. Other agencies also conduct some risk management, but not in a systematic way. Therefore, risk management is not fully integrated across major trade-related agencies. This score may be affected by the unavailability of individual responses from major agencies.

In terms of separation of release from the final destination, release without payment is possible on the basis of a provisional manifest or declaration submissions with a guarantee. This is governed by Article 27 of the Customs Law, which allows the release of goods without a customs declaration if the trader deposits security in the form of cash or a guarantee from a financial institution. In practice, traders are normally required to post a guarantee of 120% of the applicable duties and tax, but traders need to be pre-authorised to use this facility.

Customs allows payment by electronic means through the Smart Tax system, with separate billing for all the consignment fees and charges. For the 11 international border posts, payment of duties can be done at the bank office or in cash.¹⁷ At other border posts, only cash is accepted and duties can be paid at the customs cashier. The Major Agency response was that electronic payment is possible, but they also accept cash and checks and over-the-counter payments. For export and import licences obtained from DIMEX, payment is also made in cash at the cashier's office.¹⁸

In terms of the appeal and review mechanism, both reviews and judicial appeals are allowed. The procedures and rules governing appeals and settlement are described in the Customs Law, Part X, Chapter 2. This information is available from the LTP.¹⁹ Within 30 days of the relevant customs decision, the declarant can submit an appeal to the appeal settlement committees, appointed by the minister of finance. The first appeal goes to the Regional and Central Appeal Settlement Committee. The regional committee is chaired by the director of the regional customs department, with representatives from the regional branch of the department of finance, and sectoral and customs experts. If the trader is not satisfied, the appeal can be lodged with the Central Appeal Settlement Committee, which comprises the director of customs as chair with representatives from

¹⁷ LTP (n.d.), Customs Clearance for Imports (ASYCUDA).

<http://www.laotradeportal.gov.la/index.php?r=searchProcedure/view1&id=5> (accessed 1 July 2018).

¹⁸ DIMEX (2012) [http://www.laotradeportal.gov.la/kcfinder/upload/files/Import-Export%20Guide%20\(EN\)%20v1.0.pdf](http://www.laotradeportal.gov.la/kcfinder/upload/files/Import-Export%20Guide%20(EN)%20v1.0.pdf) (accessed 1 June 2018).

¹⁹ LTP (n.d), Customs Law.

[http://www.laotradeportal.gov.la/kcfinder/upload/files/Customs%20Law%20\(2012-final\).pdf](http://www.laotradeportal.gov.la/kcfinder/upload/files/Customs%20Law%20(2012-final).pdf) (accessed 1 July 2018).

the Department of Finance, other relevant ministries, and experts. If this decision is not satisfactory, the trader has right to submit an appeal to the People's court.

A post-clearance audit (PCA) is conducted for traders selected randomly or via a risk management framework. Major Agencies also conduct PCA, but their response does not include details about the procedures. Article 8 of the Decree on the Implementation of the Customs Law stipulates that the Customs Authority can conduct PCA of customs declaration.²⁰ Regarding the involvement of other agencies, the law stipulates that relevant sectors shall cooperate to provide information on business operators at the request of the customs authorities.

Dwell time information is not publicly available from the ports where the ASYCUDA system is installed. The Trade Facilitation Road Map includes plans to receive quarterly clearance time reports from ASYCUDA. A provision could be put in place to make these data available to the public on a regular basis. In practice, TRSs have been conducted for the main port only every 2 or 3 years and the results are published online. To date, TRSs have been conducted in 2009, 2012, 2016, and 2017 (Amphaengphai, n.d.).

Regarding trade facilitation measures for Trusted Traders, the Lao PDR is still implementing an AEO or Authorised Trader scheme.²¹ The major facilities available to AEO firms include simplified reporting requirements, consolidated declarations, and associated duty deferment arrangements (World Bank, 2016). The project is still in the pilot phase, with customs trying to learn about the assessment criteria for AEOs. Mutual recognition agreements for AEOs with other countries are in progress.

Self-certification is operational but limited. It applies for both certified manufacturers and certified exporters. Issuance of the certificate of origin is within the purview of DIMEX. Documents related to the application for the certificate of origin are available from the LTP.²²

Expedited shipment/clearance procedures are at the planning stage. According to the Instruction on Electronic Customs Declaration dated January 2017,²³ certain goods (e.g. livestock, perishable goods, and frozen goods) are given priority in clearance. Traders wishing to obtain expedited release can request it from customs officers at the checkpoint at the time of arrival or before the arrival of goods. They will have to pay the declared value as guarantee. The *de minimis* rule is applied.

Temporary admission is allowed but not under the Istanbul or Admission Temporaire/Temporary Admission (ATA) conventions. Temporary importation is governed by Article 42 of the Customs Law, which was added in 2011.

²⁰ Decree No. 362/PMO dated 19 October 2007 on the Implementation of the Customs Law.

²¹ LTP (n.d.), National Trade Repository. <http://www.laotradeportal.gov.la/index.php?r=site/display&id=698> (accessed 1 July 2018).

²² LTP (n.d.), Forms for Certificate of Origin (CO). <http://www.laotradeportal.gov.la/index.php?r=site/display&id=641> (accessed 1 July 2018).

²³ Lao Customs Instruction No. 00097/CD dated 6 January 2017 on Electronic Customs Declaration.

8.2. Import/export formalities and coordination

The Lao PDR lags other ASEAN Member States on documentary requirements, acceptance of copies, the NSW, and the ASEAN Single Window.

The Lao PDR has not yet implemented fully paperless documentation. Customs declarations are done electronically on the ASYCUDA system and some approved traders may even file declarations from their own offices. During the declaration, traders have to attach scanned copies of required documents. However, upon registration, they have to print and sign the declaration and are required to bring original copies of supporting documents for release.

Customs only accepts originals of the required documents. Major agencies also accept originals only. Nonetheless, there is some movement towards an electronic system. For instance, the application for certificates of origin can be made online (DIXEM e-CO, n.d.).

The NSW is regarded as being 'under development'. Currently, two agencies participate – DIMEX (e-applications for the certificate of origin) and the Department of Transportation. Lao Customs is the lead agency for the NSW implementation. The NSW covers import, export, transit, and trans-shipment. Export permits, import permits, certificates of origin, licences, and import declarations and manifests can be submitted through the NSW. The Lao NSW website is implemented as a joint venture between the Ministry of Finance and the private sector. The law provisioning the formation of the NSW has already been promulgated (Lao National Single Window, 2015). According to the implementation plan laid out in the Trade Facilitation Road Map, the Lao PDR plans to set up an NSW with five key departments by 2019, increasing to 10 departments by 2020, and then to all line departments by 2022. While a fully functioning NSW is being developed, electronic documentary processes could be set up in each major agency. This would not only help prepare for a full NSW, but also socialise the agencies in electronic document processing.

Cross-Border Coordination

Cross-border coordination and transport facilitation are limited. The Lao PDR indicated that cross-border coordination with Viet Nam is operational, with the involvement of customs, immigration, and quarantine agencies, and includes joint control with neighbouring country authorities. Bilateral agreements with other bordering countries are also in place.²⁴ Viet Nam and the Lao PDR share eight international border gates, seven key border gates, and 18 small border gates. Nine border gate economic zones have been established, facilitating trade and service development between the two nations' border localities. According to the Trade Facilitation Road Map, the Department of Transport is working on a single-stop inspection at the two major border crossings in cooperation with customs, immigration, and the Department of Plant and Animal Quarantine. The facility at the Dansavanh–Lao Bao crossing point on the Viet Nam border is already operational.

²⁴ LTP (n.d), Lao PDR Trade Portal. <https://www.laotradeportal.gov.la/index.php?r=site/display&id=778> [in Lao] (accessed 1 June 2018).

The Lao PDR joined the cross-border transport agreement of the Greater Mekong Subregion (GMS) in 1999 with Thailand and Viet Nam (LTP, n.d.). This agreement included a provision for coordinating border crossing formalities with single-window inspection, single-stop inspection, coordination of hours of operation, and advance exchange of information.²⁵ Both the GMS Road Transport Permit, which is a subregional traffic rights system, and the GMS Customs Transit and Temporary Admission System, which is a subregional customs guarantee system, have been pilot tested in the East–West Economic Corridor.²⁶ Bilateral land transport agreements are in place with China, Thailand, Viet Nam, and Cambodia, but not Myanmar, according to Onphanhdala and Philavong (2018). Working closely with neighbouring countries to operationalise these agreements will be crucial to lower logistics costs for traders.

8.3. Transport facilitation

There are no provisions for issuing cross-border permits for vehicles carrying ASEAN goods. At the legislative level, goods in transit procedures are laid out in the Notification on Transit Goods.²⁷ In terms of electronic data interchange, they are available on either the main or the major ports. Protocols 1 (designation of transit transport routes facilities) and 4 (technical requirement of vehicles) of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) have been ratified, but no laws or regulations are in place. The ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) and ASEAN Framework Agreement on Multimodal Transport (AFAMT) have been ratified, but no laws are in place.

8.4. E-commerce

There is no legal framework for e-identification and authorisation. A revenue framework catering to e-commerce trade is under study.

9. Summary and Recommendations

- The Lao PDR has made tremendous progress in trade facilitation and has committed to improve the business-friendliness of its economic environment. The Trade Facilitation Road Map lays out ambitious targets and strategies. The most important one is likely better coordination between national and local governments in implementing decisions.
- The mechanisms for sharing information and coordinating with the private sector are well developed at the national level. Regular meetings of government and the private sector are held at the Lao Business Forum. However, coordination at the subnational level is less successful and needs to be improved. The newly proposed

²⁵ LTP (n.d.), 'GMS Cross-Border Transport Facilitation Agreement (Lao PDR, Thailand, and Viet Nam)'. http://www.laotradeportal.gov.la/kcfinder/upload/files/Agreement_CBTA_Eng.pdf (accessed 1 June 2018).

²⁶ GMS (n.d.), Greater Mekong Subregion Cross-Border Transport Agreement – GMS CBTA. <http://www.gms-cbta.org/cross-border-transport-agreement> (accessed 1 June 2018).

²⁷ Ministry of Finance Notification No. 0749/CD dated 24 February 2007 on Transit Goods.

monitoring structure of the National Committee for Trade and Private Sector Development (headed by the Prime Minister) in the Trade Facilitation Road Map, if properly implemented, may be able to achieve better coordination across agencies at both the national and provincial levels.

- The Lao PDR has adopted a number of best practices in customs procedures. Other provisions are being studied or pilot tested. Publishing the dwell time of major ports on the website would be relatively simple. The Trade Facilitation Road Map includes plans to receive quarterly clearance time reports from ASYCUDA. A provision could be in place to make these data publicly available to traders. Enhancing risk management and PCA will also be important, but will require coordination with major agencies to develop a comprehensive risk profile.
- Import/export formalities are a major area of improvement. The use of electronic means to process documents is limited, including the development of the NSW. All major trade-related agencies require original copies of documents with a 'red stamp' and 'wet ink'. The adoption of paperless documentation and acceptance of copies will ease the import–export procedures for traders. Some progress has been made on this front. According to the implementation plan laid out in the Trade Facilitation Road Map, the Lao PDR plans to set up an NSW with five key departments by 2019, increasing to 10 departments by 2020, then to all line departments by 2022. While a fully functioning NSW is being developed, electronic documentary processes could be set up in each major agency in the short term. This will not only help prepare for a full NSW, but also socialise the agencies in electronic document processing.
- Cross-border coordination and transport facilitation are also limited. These are priority areas for reform. Improving border processes in conjunction with neighbours – bilaterally or multilaterally under the Cross-Border Transport Agreement framework – will be necessary to reduce the logistics cost.

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