

PERCEPTION SURVEY REPORT

PRIVATE SECTOR'S PERCEPTION SURVEY ON IMPLEMENTATION OF WTO TRADE FACILITATION AGREEMENT IN LAO PDR

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ABBREVIATIONS

AEO	Authorized Economic Operator
ASEAN	Association of Southeast Asian Nations
LCD	Lao Customs Department
LDC	Least Developed Country
LNSW	Lao National Single Window
LTP	Lao PDR Trade Portal
MOIC	Ministry of Industry and Commerce
NTFC	National Trade Facilitation Committee
OECD	Organization for Economic Co-operation and Development
SPS	Sanitary and phytosanitary
TBT	Technical barriers to trade
TFA	Trade Facilitation Agreement
TFRM	Trade Facilitation Road Map
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTO	World Trade Organization

EXECUTIVE SUMMARY

The World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) aims to improve transparency and efficiency in international trade transactions by reducing the time and cost of trading across borders, bringing substantial benefits for traders in developing and least developed countries (LDCs). This report provides a methodology for designing the questionnaire to evaluate the implementation of the WTO's TFA in Lao PDR based on the private sector's perception survey, an empirical assessment of the private sector's perception on the efficiency and effectiveness of implementing TFA measures, and policy recommendations for harnessing the benefits of TFA measures.

Surveyed data

The private sector's perception survey has been conducted for importers, exporters, customs brokers, transporters, and logistic firms in Lao PDR from 17 June to 30 July 2021. The total sample consists of 100 firms, including 92 importing-exporting firms and 8 transport and logistics firms. The number of importing-exporting firms in the sample were drawn from the population of importing-exporting firms in seven provinces, namely Bokeo, Borikhamxay, Champasack, Khammuane, Luangnamtha, Savannakhet, and Vientiane Capital. These provinces link Lao PDR's trade with Thailand, China and Vietnam as well as the transit route for exporting or importing to third countries such as the European Union.

Key findings

The average implementation rate of TFA measures based on the private sector's perception reveals that the NTFC has achieved moderate effectiveness and efficiency in the implementation of TFA measures. Traders have substantially used measures that relate to the formalities of automation and documents. But they have partially used measures that relate to fees and charges, external co-operation, information availability, internal co-operation, involvement of the trade community, and formalities of trade procedures. They also have limited utilization of measures relating to advance rulings, governance and impartiality, and appeal procedures (Fig. 1.1a). The majority of traders who used the TFA measures have benefited from them. Traders who have not used the measures report that they are not aware, do not understand, or do not see the utility of TFA measures (Table 1.1).

However, progress on the implementation of TFA varies widely across 35 measures under study.¹ 50% of measures (6 out of 12 measures) in Category A are perceived to be substantially implemented (Fig. 1.1b). They are Article 1.1 – Publication, Article 6.2 – Specific disciplines on customs fees and charges, Article 7.1 – Pre-arrival processing, Article 10.5 – Pre-shipment inspection, Article 10.6 – Use of customs brokers, and Article 10.9 – Temporary admission of goods and inward and outward processing. The remaining 50% of measures (6 measures) in Category A are perceived to be moderately or sparsely implemented. These measures include Article 1.2 – Information available through internet, Article 1.3 – Enquiry points, Article 4 – Procedures for appeal or review, Article 5.1 – Notifications for enhanced control or inspections, Article 5.2 – Detention, and Article 9 – Movement of goods intended for imports under customs control.

In addition, 50% of measures (3 out of 6 measures) in Category B are perceived to be substantially implemented (Fig. 1.1c). They are Article 2.2 – Consultations, Article 6.3 –

¹ In total, there are 36 measures in TFA. Article 1.4 – Notification is not included in this study.

Penalty disciplines, and Article 7.9 – Perishable goods. The remaining 50% of measures (3 measures) in Category B are perceived to be moderately or sparsely implemented. These measures include Article 2.1 – Opportunity to comment and information before entry into force, Article 6.1 – General disciplines on fees and charges, and Article 7.3 – Separation of release from final determination of customs duties, taxes, fees and charges.

Moreover, the implementation of 29% of measures (5 out of 17 measures) in Category C are significantly higher than their implementation commitments (Fig. 1.1d). They are Article 10.2 – Acceptance of copies, Article 10.7 – Common border procedures and uniform documentation requirements, Article 11 – Freedom of transit, Article 7.2 – Electronic payment, and Article 7.4 – Risk management.

Another 65% of measures (11 measures) in Category C are perceived to be moderately or sparsely implemented. These measures include Article 3 – Advance rulings, Article 5.3 – Test procedures, Article 7.5 – Post-clearance audit, Article 7.6 – Establishment and publication of average release times, Article 7.7 – Trade facilitation measures for authorized operators, Article 7.8 – Expedited shipments, Article 8 – Border agency cooperation, Article 10.1 – Formalities and documentation requirements, Article 10.4 – Single window, Article 10.8 – Rejected goods, and Article 12 – Customs cooperation. The remaining Article 10.3 – Use of International Standards (6% of measures in Category C) will be assessed in the next survey after it is implemented.

Furthermore, firms' utilization of some TFA measures in Southern provinces (Khammuane, Borikhamxay, Savannakhet, and Champasack) are significantly different from those in Vientiane Capital and Northern provinces (Luangnamtha and Bokeo). Firms in Southern provinces tend to underutilize three TFA measures, namely Article 1.2 – Information available through internet, Article 10.1 – Formalities and documentation requirements, and Article 10.4 – Single window. Meanwhile, they tend to better utilize the Article 7.6 – Establishment and publication of average release times than those in other regions of Lao PDR.

Finally, more than 50% of sample firms perceive that major obstacles to trade facilitation are informal payments or corruption, excessive paper work or documentation requirement, heavy taxes and duties, cumbersome customs regulations and procedures, difficult regulations and procedures of other cross-border regulatory agencies, and poor coordination among border agencies.

Policy recommendations

The following set of recommendations aims to improve the efficiency and effectiveness of TFA implementation in Lao PDR. Based on Lao PDR's notification of TFA measures to the WTO, measures in Category A were expected to be fully implemented by 22 February 2018, and measures in Category B before 1 January 2021. However, the analysis of firms' perception reveals that half of measures in Categories A and B have been moderately or sparsely implemented. These are not consistent with their implementation commitments notified to the WTO. The NTFC and implementing agencies of the TFA measures should bridge the gap between the implementation commitments and the implementation on the ground, while prioritizing the implementation of TFA measures towards more efficient international supply chains.

1. Improving the NTFC communication strategy for raising private sector awareness:

1.1 Developing a communication strategy to increase the participation of key stakeholders in both public and private sectors: The proactive communication strategy should consist of clear goals, messages designed for each of the different target groups (e.g. trade-related regulatory authorities, border agencies, traders, customs brokers, logistics firms, transport operators, freight forwarders), adapted communication channels, concrete outreach activities and a dedicated budget. In addition to the existing semi-annual meetings with the LNCCI and other private sector organizations mentioned above, some examples of the communication channels are the use of departments' websites, especially the Lao PDR Trade Portal (www.laotradeportal.gov.la), and/or social media (e.g. Facebook, LinkedIn) to post and communicate information on the work of NTFC, TFA targets and initiatives, as well as the publication of quarterly or semi-annual magazine/newsletter on trade facilitation issues, particularly the important decisions, measures and plans approved by the NTFC, PTFCs and various coordination committees,.

1.2 Raising awareness and understanding of trading community on TFA: Public awareness campaigns should focus on the rationales for TFA measures; their relevance and suitability to tackle cross border inefficiencies; regulatory changes as a result of the implementation of such measures; key stakeholders responsible for implementing such measures; and the intended benefits, potential challenges and key factors for successful implementation of TFA measures. This should provide sufficient information and time for affected firms to learn and adapt to the new procedures as part of the trade facilitation program.

2. Increasing more inclusive and effective public–private consultations on trade facilitation

2.1 Ensuring three key functions of public-private consultations organized by regulatory and border agencies: Firstly, the public-private consultation is used to build partnership and trust between public and private sectors through an approach that recognizes the need for mutual benefits, constructiveness rather than a platform for special lobbying, awareness raising about other stakeholders' interests and positions, and leadership. The NTFC should explore possibilities to increase the engagement with private sector, especially small and medium-sized enterprises, in the NTFC for their enhanced participation and awareness. Secondly, it is used to manage differences of opinion and interest. The NTFC will have to steer and monitor the trade facilitation agenda while balancing the differences with a focus on what is best for trade facilitation. Finally, it is an iterative process requiring long-term commitment to achieve the results.

2.2 Increasing the efficiency of consultations: The consultation should capture the main interest and expectation of traders by providing formal technical consultation and sufficient information for discussion. First, process of consultation needs be

formalized with establishment of standing Technical Coordination Committees in all the departments with prescribed meeting frequencies every quarter where department must discuss with private sector stakeholders its plans and initiatives in advance of their implementation. Existing forums for consulting private sector do not meet with regularity and have a limited agenda. Second, agendas and meeting materials, such as proposals of regulatory and procedural changes, draft recommendations, decisions, minutes of previous meeting for ratification or questions must be sent out at least five working days in advance to enable participants to prepare and contribute to the discussions.

2.3 Improving the effectiveness of consultations: A record of the consultation should be prepared and issued to all participants as draft minutes or gist of the meeting while the consultation is still fresh in minds, with action points listed with responsibilities and deadlines clearly identified. All comments and suggestions in the consultation should be considered with written explanations how they are incorporated or rejected in the draft regulations or procedures. This can assist firms to prepare for the next round of consultations.

3. Developing specific targets and indicators associated with TFA measures to strengthen the monitoring mechanism of trade facilitation reforms: The NTFC should construct specific targets and indicators of TFA measures to monitor the progress of TFA implementation every six months. This will feed into discussions on trade facilitation issues at the NTFC's semi-annual meetings between the central and provincial authorities.

4. Prioritizing the implementation of TFA measures towards more efficient international supply chains: The NTFC should focus on strengthening institutional arrangement and cooperation, improving transparency, increasing the efficiency of trade formalities, and fostering good governance and impartiality.

4.1 Measures to strengthen institutional arrangement and cooperation include accelerating the implementation of internal border agency cooperation (Article 8) and customs cooperation with neighbouring countries (Article 12). These two measures are in Category C, but have been moderately implemented on the ground. This should serve as a stepping stone towards their full implementation.

4.2 Measures to improve transparency include improving the outreach of trade information to the trade community through the Lao PDR Trade Portal (Article 1.2) and the enquiry points (Article 1.3), promoting the use of advance rulings (Article 3), enhancing the engagement of trade community in trade-related policy formulation and consultation (Articles 2.1 and 2.2), and ensuring the effectiveness of the appeal or review procedures (Article 4).

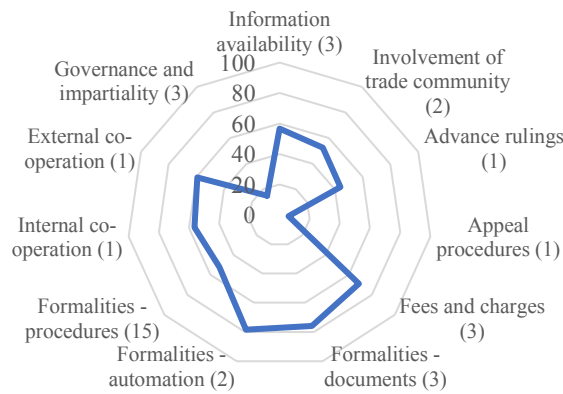
4.3 Measures to increase the efficiency of trade formalities include accelerating digital trade facilitation through the development of a full-fledged LNSW (Article 10.4); providing additional trade facilitation measures to trusted traders and providers of

logistics services (Article 7.7); strengthening the effectiveness of implementing measures for pre-arrival processing (Article 7.1) and separation of release from final determination of customs duties, taxes, fees and charges (Article 7.3); and reinforcing the implementation of Article 7.5 – Post Clearance Audit and Article 7.8 – Expedited shipments, which are two of the key measures in the Lao Customs Department’s Challenge Facility project under the Lao PDR Competitiveness and Trade Project.

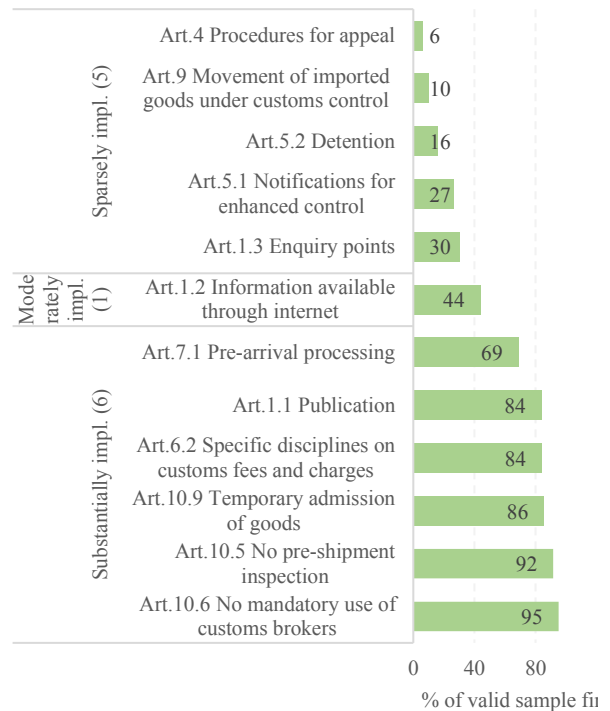
- 4.4** Measures to promote good governance and impartiality of trade facilitation include improving the effectiveness of measures that relate to notifications for enhanced control or inspections (Article 5.1) and detention of goods (Article 5.2).
- 4.5** Finally, the scope of corruption can be reduced by increasing the automation and application of risk management principles in clearance process (Article 7.4).

Fig. 1.1: Firms' perception on the use of TFA measures

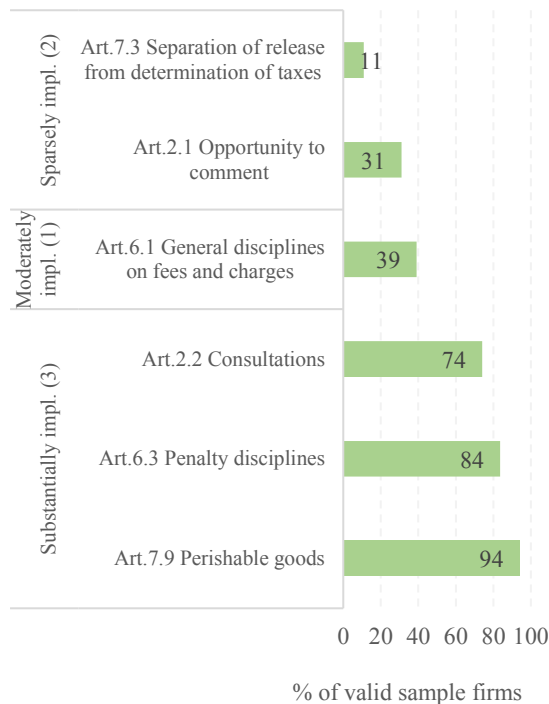
a. All measures (35)



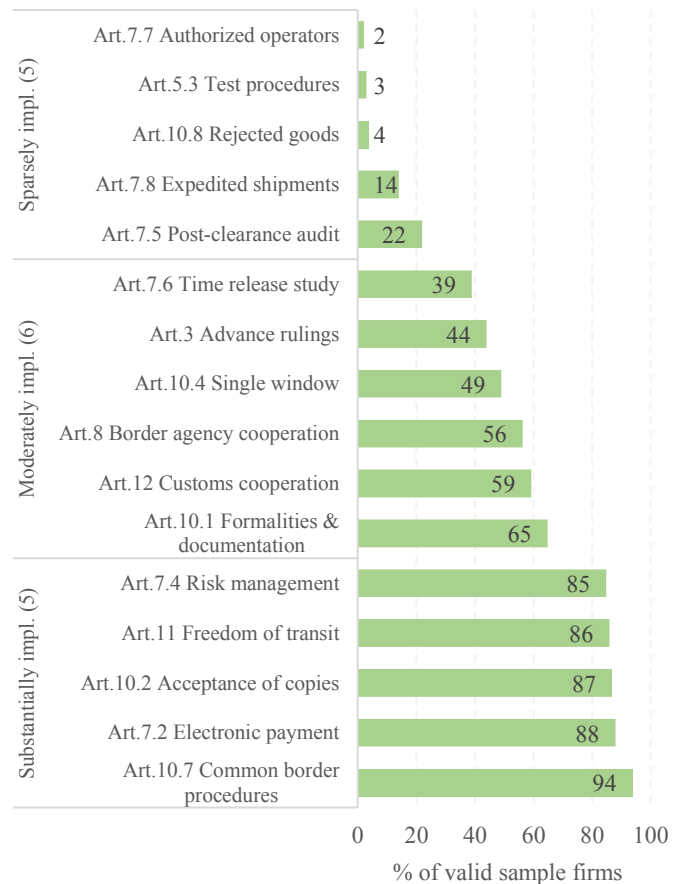
b. Measures in Category A



c. Measures in Category B



d. Measures in Category C



Note: Fig. 1.1c does not include Article 10.3 – Use of International Standards as data on its utilization is not available. 'impl.' refers to 'implemented'.

Source: Author's calculation.

Table 1.1: Summary of firms' perception on the implementation of WTO's TFA measures in Lao PDR

No.	TFA measures	Categorization of implementation		Firms' perception		Reasons for not using TFA measures (% of valid responses)						
		Commitment	Firms' utilization	Utilization (% of valid responses)	Benefit (% of use cases)	Lack of awareness	Lack of understanding	Lack of IT skills	Lack of personnel	Lack of internet access	Don't see utility	Others
I. Information availability (3)												
1	Article 1.1 Publication	A	Substantially implemented	84	97	41	41	10	7	1	NA	0
2	Article 1.2 Information available through internet (LTP)	A	Moderately implemented	44	92	46	25	5	3	5	17	0
3	Article 1.3 Enquiry points (SPS and TBT)	A	Sparsely implemented	30	88	19	22	1	1	0	57	0
II. Involvement of the trade community (2)												
4	Article 2.1 Opportunity to comment and information before entry into force	B	Sparsely implemented	31	68	24	19	NA	NA	NA	56	0
5	Article 2.2 Consultations	B	Substantially implemented	74	91	36	9	NA	NA	NA	48	6
III. Advance rulings (1)												
6	Article 3 Advance rulings	C	Moderately implemented	44	NA	19	13	NA	NA	NA	66	2
IV. Appeal procedures (1)												
7	Article 4 Procedures for appeal or review	A	Sparsely implemented	6	NA	2	2	0	0	0	96	0
V. Fees and charges (3)												
8	Article 6.1 General disciplines on fees and charges	B	Moderately implemented	39	90	NA	NA	NA	NA	NA	NA	NA
9	Article 6.2 Specific disciplines on customs fees and charges	A	Substantially implemented	84	NA	NA	NA	NA	NA	NA	NA	NA
10	Article 6.3 Penalty disciplines (Level of Govt's compliance with general disciplines)	B	Substantially implemented	84	NA	NA	NA	NA	NA	NA	NA	NA

No.	TFA measures	Categorization of implementation		Firms' perception		Reasons for not using TFA measures (% of valid responses)						
		Commitment	Firms' utilization	Utilization (% of valid responses)	Benefit (% of use cases)	Lack of awareness	Lack of understanding	Lack of IT skills	Lack of personnel	Lack of internet access	Don't see utility	Others
VI. Formalities - documents (3)												
11	Article 10.1 Formalities and documentation requirements (No obstacle)	C	Moderately implemented	65	NA	NA	NA	NA	NA	NA	NA	NA
12	Article 10.2 Acceptance of copies	C	Substantially implemented	87	NA	NA	NA	NA	NA	NA	NA	NA
13	Article 10.3 Use of international standards	C	NA	NA	96	NA	NA	NA	NA	NA	NA	NA
VII. Formalities - automation (2)												
14	Article 7.1 Pre-arrival processing	A	Substantially implemented	69	98	13	9	NA	NA	NA	78	0
15	Article 7.2 Electronic payment	C	Substantially implemented	88	99	NA	NA	NA	NA	NA	NA	NA
VIII. Formalities - procedures (15)												
16	Article 7.3 Separation of release from final determination of customs duties, taxes, fees and charges	B	Sparsely implemented	11	91	NA	NA	NA	NA	NA	NA	NA
17	Article 7.4 Risk management	C	Substantially implemented	85	NA	NA	NA	NA	NA	NA	NA	NA
18	Article 7.5 Post-clearance audit	C	Sparsely implemented	22	89	NA	NA	NA	NA	NA	NA	NA
19	Article 7.6 Establishment and publication of average release times	C	Moderately implemented	39	NA	NA	NA	NA	NA	NA	NA	NA
20	Article 7.7 Trade facilitation measures for authorized operators	C	Sparsely implemented	2	96	45	21	NA	NA	NA	33	0
21	Article 7.8 Expedited shipments	C	Sparsely implemented	14	89	NA	NA	NA	NA	NA	NA	NA
22	Article 7.9 Perishable goods	B	Substantially implemented	94	100	NA	NA	NA	NA	NA	NA	NA

No.	TFA measures	Categorization of implementation		Firms' perception		Reasons for not using TFA measures (% of valid responses)						
		Commitment	Firms' utilization	Utilization (% of valid responses)	Benefit (% of use cases)	Lack of awareness	Lack of understanding	Lack of IT skills	Lack of personnel	Lack of internet access	Don't see utility	Others
23	Article 9 Movement of goods intended for imports under customs control	A	Sparsely implemented	10	NA	4	2	NA	NA	NA	93	0
24	Article 10.4 Single window	C	Moderately implemented	49	91	44	28	NA	NA	NA	25	3
25	Article 10.5 Pre-shipment inspection (No pre-shipment inspection)	A	Substantially implemented	92	NA	NA	NA	NA	NA	NA	NA	NA
26	Article 10.6 Use of customs brokers (No mandatory use of customs brokers)	A	Substantially implemented	96	NA	14	12	NA	35	NA	NA	40
27	Article 10.7 Common border procedures and uniform documentation requirements	C	Substantially implemented	94	NA	NA	NA	NA	NA	NA	NA	NA
28	Article 10.8 Rejected goods	C	Sparsely implemented	4	100	NA	NA	NA	NA	NA	NA	NA
29	Article 10.9 Temporary admission of goods and inward and outward processing	A	Substantially implemented	86	NA	NA	NA	NA	NA	NA	NA	NA
30	Article 11 Freedom of transit	C	Substantially implemented	86	NA	NA	NA	NA	NA	NA	NA	NA
IX. Internal co-operation (1)												
31	Article 8 Border agency cooperation (No obstacle)	C	Moderately implemented	56	NA	NA	NA	NA	NA	NA	NA	NA
X. External co-operation (1)												
32	Article 12 Customs cooperation (No obstacle)	C	Moderately implemented	59	NA	NA	NA	NA	NA	NA	NA	NA
XI. Governance and impartiality (3)												
33	Article 5.1 Notifications for enhanced control or inspections (informed within 3 days)	A	Sparsely implemented	27	NA	NA	NA	NA	NA	NA	NA	NA
34	Article 5.2 Detention (informed within the same day)	A	Sparsely implemented	16	NA	NA	NA	NA	NA	NA	NA	NA

No.	TFA measures	Categorization of implementation		Firms' perception		Reasons for not using TFA measures (% of valid responses)						
		Commitment	Firms' utilization	Utilization (% of valid responses)	Benefit (% of use cases)	Lack of awareness	Lack of understanding	Lack of IT skills	Lack of personnel	Lack of internet access	Don't see utility	Others
35	Article 5.3 Test procedures	C	Sparsely implemented	3	75	3	1	NA	NA	NA	91	5

Source: Author's calculation based on surveyed data.

Legend:

	Substantially implemented (utilization > 66%)
	Moderately implemented (33% < utilization ≤ 66%)
	Sparsely implemented (utilization ≤ 33%)
	Areas for improvement

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I. INTRODUCTION

1.1 Research background

The World Trade Organization's (WTO) Trade Facilitation Agreement (TFA) entered into force on 22 February 2017 after two-thirds of 164 WTO members completed their domestic ratification process. As of January 2021, 153 WTO members have completed their ratification process. Lao PDR ratified the TFA on 29 September 2015, which was the 18th WTO member to formally accept the WTO's TFA. The TFA aims to expedite movement, release and clearance of goods as well as to improve cooperation between customs authorities both within and outside the country. It also contains provisions for technical assistance and capacity building on trade facilitation for developing and least developed countries.

In Lao PDR, the National Trade Facilitation Committee (NTFC) is responsible for supporting public and private sectors to implement the Trade Facilitation Road Map (TFRM), which also entails full implementation of the Trade Facilitation Agreement in a time-bound manner. NTFC was established on 26 July 2018 (Prime Minister's Decision No. 48/PM) and chaired by the Deputy Prime Minister. It includes key trade-related ministries such as industry and commerce, planning and investment, finance, public work and transport, agriculture and forestry, health, and science and technology as well as their corresponding offices in Vientiane Capital and provinces. The NTFC implements the WTO's TFA under TFRM and holds periodic meetings for public-private consultations as part of the monitoring mechanism on the implementation of TFA. In the consultation meetings, private sector representatives are invited to provide inputs in decision making and to ascertain if trade facilitation measures taken by the government are having their intended impact.

1.2 Purpose of the report

This report provides a methodology for evaluating the implementation of the WTO's TFA in Lao PDR, based on the perception survey of the private sector, an empirical assessment of the private sector's perception on the efficiency and effectiveness of implementing TFA measures, and policy recommendations for harnessing the benefits of TFA measures.

1.3 Structure of the report

The report consists of 16 sections:

- Section 2 explains the methodology for the design and implementation of the perception survey;
- Sections 3-15 present the empirical results of the private sector's perception on trade facilitation reform; and
- Section 16 concludes the study with policy recommendations.

II. METHODOLOGY

We take a systematic approach to assess the progress of implementing TFA measures and the effectiveness of NTFC in monitoring the progress of TFA implementation and resolving the private sector issues. The proposed approach consists of two key components, namely analytical framework for the assessment of NTFC using a questionnaire and the derived questionnaire for assessing the private sector's perception on the implementation of TFA.

2.1 Analytical framework for the assessment of NTFC

The analytical framework for the assessment of NTFC aims to ensure that all project activities and their expected outputs and outcomes are incorporated into the survey design and the construction of questionnaire as illustrated in Figure 1. We proceed with three steps.

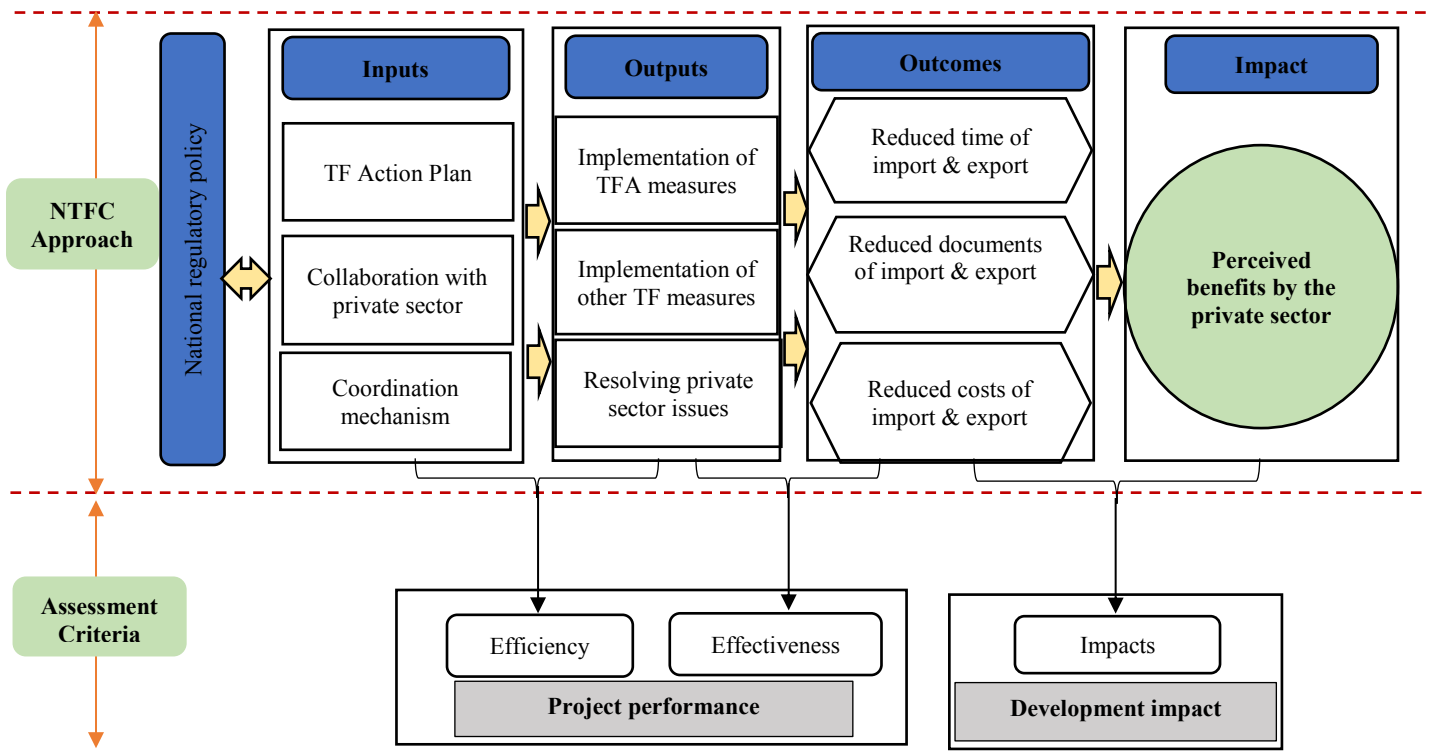
1. Analysing the efficiency of NTFC by assessing the implementation of TFA measures against their timeline set out in the implementation commitments notified to the WTO, and reviewing the mechanism of NTFC in resolving the relevant trade facilitation issues raised by the private sector. The design of questionnaire in this stage involves mapping the requirements of TFA measures into NTFC's activities; and then mapping the NTFC's activities into the regulatory and procedural changes due to TFA implementations.
2. Analysing the effectiveness of NTFC by assessing the implemented TFA measures against their expected outputs such as regulatory changes in the trade-related government agencies. The design of questionnaire in this stage involves mapping the regulatory and procedural changes into the changes of business processes of trade community (i.e. traders, customs brokers, transporters and freight forwarders).
3. Analysing the impact of TFA on time and costs of cross-border trade by assessing the results of regulatory and procedural changes under the TFA measures against their expected outcomes such as the reduction of time, costs, documents for import and export. The design of questionnaire in this stage involves mapping the changes of business processes into the perceived or expected benefits of trade community in terms of reduced time, reduced costs and reduced documentary requirements.

The design of questionnaire characterizes the perception of businesses on the benefits of TFA measures in four stages. They are awareness, understanding, use and perceived benefit or expected benefit. The NTFC can improve its efficiency by raising awareness and increasing understanding of trade community on the regulatory changes as a result of the implementation of TFA measures. It can also improve its effectiveness by promoting the use and expanding the benefits of TFA measures for trade community.

Fig. 2.1 shows that the implementation of TFA measures will result in the improvement of procedures and legislations for imports, exports or transit. The transparency and predictability of fees and charges (Article 6.1 – General disciplines on fees and charges imposed on or in connection with importation and exportation; Article 6.2 – Specific disciplines on fees and charges for customs processing related to importation and exportation) can directly affect variable costs of trade community. Better access to trade information (Article 1.1 Publication),

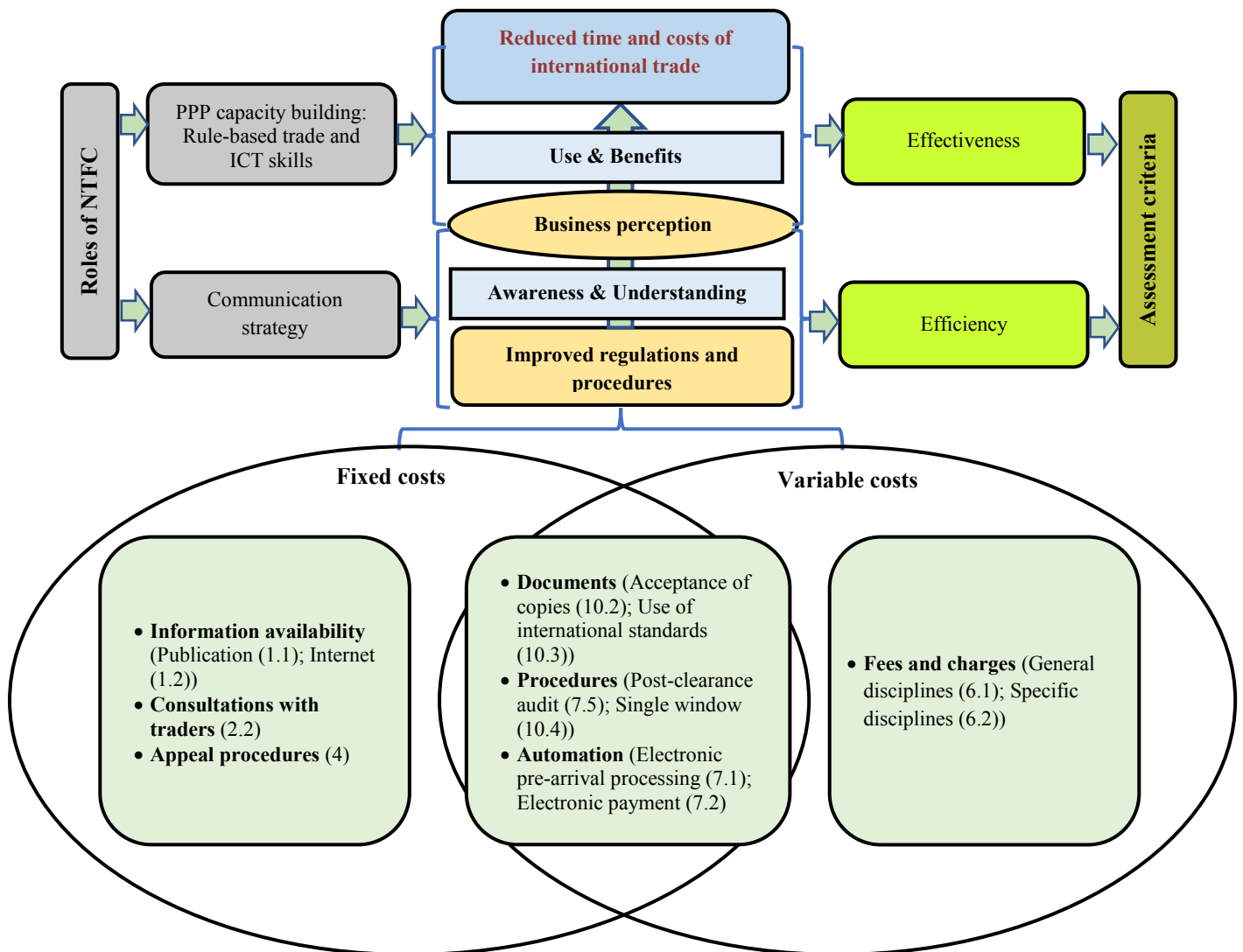
more frequent consultations with traders (Article 2.2 – Consultations), and availability of appeal procedures (Article 4 – Procedures for appeal or review) can reduce fixed costs of trade community. However, the trade community may not benefit from these regulatory and procedural changes if they are not aware or do not understand procedures for using them. This highlights the importance of NTFC in translating the benefits of TFA to the trade community.

Fig. 2.1: Assessment of NTFC approach for trade facilitation



Source: Author's construction based on background information of TOR and the Trade Facilitation Roadmap of Lao PDR for 2017-2022.

Fig. 2.2: Trade facilitation strategy for helping firms to benefit from trade



Note: PPP = Public-private partnership.

Source: Author's construction.

2.2 Structure of the questionnaire

The questionnaire for the perception survey is the set of questions derived from mapping WTO's TFA obligations into business processes, the expected regulatory changes as a result of the implementation of trade obligations, and the expected impacts of regulatory changes on time, costs and documentary requirements for traders. These obligations consist of 36 articles, 35 of which are used to construct the questionnaire. The remaining article, Article 1.4 on notification, is not included as it is not relevant to the private sector.

The full questionnaire for the perception survey is presented in Annex 1 and is divided into nine sections as follows:

A. Control information

B. General information

C. Access to trade information

- C.1 Publication [Article 1.1 Publication (A)]
- C.2 Information available through the internet [Article 1.2 Information available through internet (A)]
- C.3 Enquiry points [Article 1.3 Enquiry points (A)]
- C.4 Consultation [Article 2.2 Consultations (B)]
- C.5 Opportunity to comment and information before entry into force [Article 2.1 Opportunity to comment and information before entry into force (B)]
- C.6 Advance ruling [Article 3 Advance rulings (C)]

D. Border clearance

- D.1 Pre-arrival processing [Article 7.1 Pre-arrival processing (A)]
- D.2 Separation of release from final determination of customs duties, taxes, fees and charges [Article 7.3 Separation of release from final determination of customs duties, taxes, fees and charges (B)]
- D.3 Disciplines on fees and charges [Article 6.1 General disciplines on fees and charges imposed on or in connection with importation and exportation (B)]
- D.4 Fees and charges for customs processing [Article 6.2 Specific disciplines on fees and charges for customs processing related to importation and exportation (A)]
- D.5 Limits on mandatory use of customs brokers [Article 10.6 Use of customs brokers (A)]
- D.6 Pre-shipment inspection [Article 10.5 Pre-shipment inspection (A)]
- D.7 Additional facilitation of authorized operators [Article 7.7 Trade facilitation measures for authorized operators (C)]
- D.8 Single window [Article 10.4 Single window (C)]
- D.9 Use of copies of supporting documents for faster processing [Article 10.2 Acceptance of copies (C)]
- D.10 Offering the option of electronic payment [Article 7.2 Electronic payment (C)]

- D.11 Application of Risk Management principles in clearance of goods [Article 7.4 (C)]
- D.12 Post-clearance audit [Article 7.5 Post-clearance audit (C)]
- D.13 Publication of time release studies [Article 7.6 Establishment and publication of average release times (C)]
- D.14 Expedited shipments by air [Article 7.8 Expedited shipments (C)]
- D.15 Formalities and documentation requirements [Article 10.1 Formalities and documentation requirements (C)]
- D.16 Use of international standards [Article 10.3 Use of international standards (C)]
- D.17 Common border procedures and uniform documentation requirements [Article 10.7 Common border procedures and uniform documentation requirements (C)]

E. Fairness in resolving customs dispute

- E.1 Right to appeal or review [Article 4 Procedures for appeal or review (A)]
- E.2 Customs penalty disciplines [Article 6.3 Penalty disciplines (B)]

F. Duty-free import procedure

- F.1 Movement of goods under customs control intended for import [Article 9 Movement of goods intended for imports under customs control (A)]
- F.2 Temporary admission of goods and inward and outward processing [Article 10.9 Temporary admission of goods and inward and outward processing (A)]
- F.3 Freedom of transit [Article 11 Freedom of transit (C)]

G. Measures available in defence of your goods

- G.1 Prompt notice of detention of goods for inspection [Article 5.2 Detention (A)]
- G.2 Import alert systems for food and animal feeds [Article 5.1 Notifications for enhanced control or inspections (A)]
- G.3 Handling and release of perishable goods [Article 7.9 Perishable goods (B)]
- G.4 Option to return rejected goods [Article 10.8 Rejected goods (C)]
- G.5 Requesting opportunity for a second test [Article 5.3 Test procedures (C)]

H. Customs and border agency controls and administration

- H.1 Internal border cooperation [Article 8 Border agency cooperation (C)]
- H.2 External border cooperation [Article 12: Customs cooperation (C)]

I. Overall perception of the enterprise

- I.1 Informal payments
- I.2 Major obstacles to trade facilitation

2.3 Survey design and firm characteristics

The perception survey was conducted by a private consulting firm, Indochina Research (Laos) Ltd. The total sample consists of 100 firms, including 92 importing-exporting firms and 8 transport and logistics firms. The number of importing-exporting firms in the sample is drawn from the population of importing-exporting firms in seven provinces, namely Bokeo, Borikhamxay, Champasack, Khammuane, Luangnamtha, Savannakhet, and Vientiane Capital. These provinces link Lao PDR's trade with Thailand, China and Vietnam as well as the transit route for exporting or importing to third countries such as the European Union (EU).

Table 2.1: Target province and sample firms for the perception survey of private sector

No.	Province code	Province name	Key checkpoints	Firms		Total
				Import-export firms*	Transport/ logistics firms ⁺	
1.	05	Bokeo	Friendship Bridge 4	6	0	6
2.	11	Borikhamxay	Nampao (KM 20)	8	1	9
3.	16	Champasack	Vangtao	9	0	9
4.	12	Khammuane	Friendship Bridge 3; Napao	7	1	8
5.	03	Luangnamtha	Borten	7	2	9
6.	13	Savannakhet	Dansavan; Friendship Bridge 2; Savan-Seno SEZ	10	2	12
7.	01	Vientiane Capital	Friendship Bridge 1	45	2	47
Total				92	8	100

Note: * Stratified random sampling; + Purposive sampling.

Source: Author's calculation based on Lao customs data for 2020.

An analysis of Lao customs data on imports and exports for 2020 shows that these seven provinces have 472 importing-exporting firms with contact details (e.g. phone number, location of firm), accounting for 79% of total importing-exporting firms with contact details in Lao PDR (See Annex 2, Table A.2.1). Cross-border trade (i.e. exports and imports) through the top-10 international border checkpoints in these provinces account for 87% of Lao PDR's total imports and 89% of Lao PDR's total exports in 2020 (See Annex 2, Table A.2.2).

The minimum sample size for exporting-importing firms is 96 firms². Given limited budget for the survey, we reduced the minimum sample size to 92. Importing-exporting firms in the sample are stratified by two criteria, namely province and trade activity. The trade activity consists of three groups, namely only export, only import and the combination of import and

² The sample size is calculated by using the following formula: $n = \left[\frac{1}{N} + \frac{N-1}{N} \frac{1}{PQ} \left(\frac{k}{Z_{1-\alpha/2}} \right)^2 \right]$, where N = population size (472 firms), P = population proportion (0.5), Q = 1 - P (0.5), k = desired level of precision (7.5%), $Z_{1-\alpha/2} = 1.64$, using 90% confidence level. The same formula is used for the World Bank's enterprise survey, available at https://www.enterprisesurveys.org/content/dam/enterprisesurveys/documents/methodology/Sampling_Note.pdf

export. We purposefully selected eight transport and logistics firms based on their locations, transaction volume (kilograms) and availability of contact details.

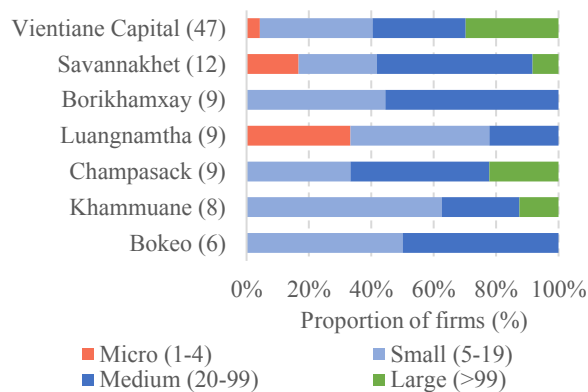
The majority of firms in the sample are small and medium-sized enterprises (SMEs) (Fig. 2.3a). Following the World Bank's enterprise survey for Lao PDR in 2018, a firm is defined as micro, small, medium or large if it has the number of employees between 1 and 4, between 5 and 19, between 20 and 99, or at least 100, respectively. Three out of seven sample provinces include micro enterprises. They are Vientiane Capital, Savannakhet and Luangnamtha. Four out of seven sample provinces include large enterprises. They are Vientiane Capital, Savannakhet, Champasack and Khammuane.

The majority of sample firms are importers and exporters (Fig. 2.3b). Some firms in the sample engage in more than one business activities that relate to international trade. For example, a firm in Luangnamtha is, on average, conducting about two business activities which explains the presence of nine sample firms and 23 business activities there. The proportion of customs brokers and transporters in total sample firms in Luangnamtha is larger than that in other provinces.

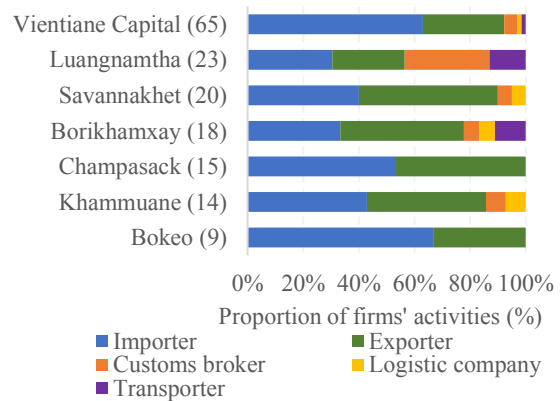
International trade activities in goods are unevenly distributed across border crossing points, trading partners, and products. 57% of the goods traded by the sample firms passes through five border checkpoints, namely Friendship Bridge 1 (20% of total goods) in Vientiane Capital, Nampao (KM 20) (10%) in Borikhamxay, Napao (10%) in Khammuane, Borten (10%) in Luangnamtha, and Dansavan (7%) in Savannakhet (Fig. 2.3c). 80% of sample firms traded with firms in Thailand (36% of sample firms), Vietnam (23%), and China (21%) (Fig. 2.3d). 51% of the goods traded is accounted by agricultural products, electrical machinery and equipment, iron, steel, plastic and rubber products, prepared foodstuff, and wood products (Fig. 2.3e).

Fig. 2.3: Characteristics of sample firms

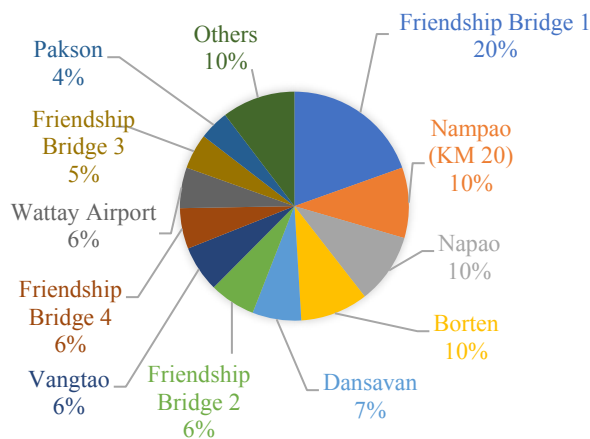
a. Firm size



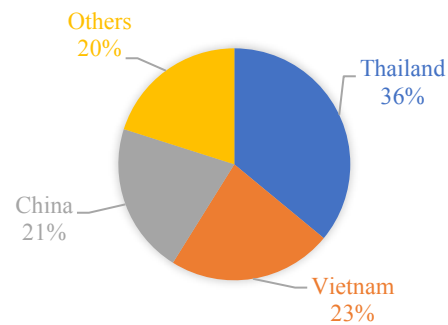
b. Nature of business activities



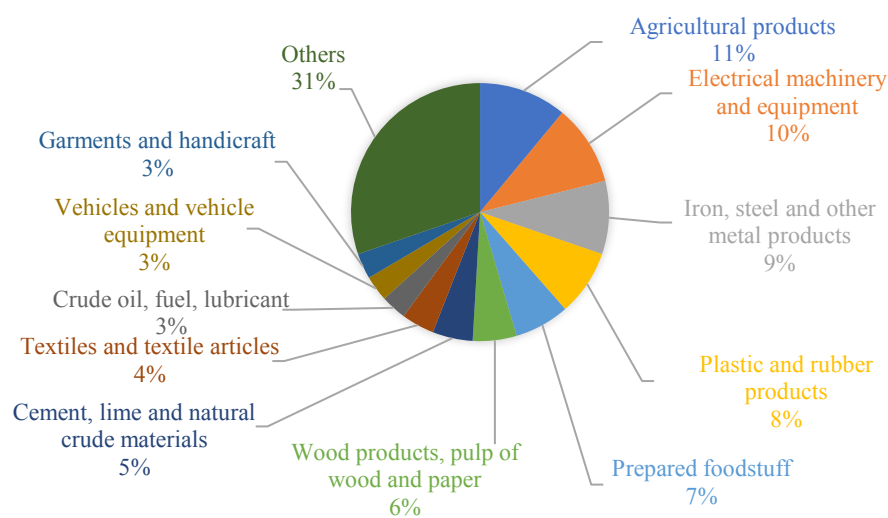
c. Most frequently used border crossing points



d. Major trading partners



e. Most frequently imported or exported products



Note: Figures in (a) are the number of firms. Figures in (b) are the number of business activities.
 Source: Author's calculation based on surveyed data.

III. INFORMATION AVAILABILITY

There are 3 measures that relate to the availability of trade information. They are Article 1.1 – Publication, Article 1.2 – Information available through internet, and Article 1.3 – Enquiry points. All of these measures are in Category A. To assess the progress of TFA implementation based on firms’ utilization of TFA measures, this study categorizes the TFA implementation into three stages, namely sparsely implemented, moderately implemented, and substantially implemented. A measure is sparsely implemented if the proportion of firms’ utilization of TFA measure in total sample firms is equal or lower than 33%. A measure is moderately implemented if the proportion of firms’ utilization of TFA measure is greater than 33%, but equal or lower than 66%. A measure is substantially implemented if the proportion of firms’ utilization of TFA measure is greater than 66%.

The perception survey reveals that only Article 1.1 is substantially implemented. Article 1.2 is moderately implemented, while Article 1.3 is sparsely implemented. The key reasons for firms not using them are the lack of awareness, lack of understanding, and not being able to see the utility of these measures. The limited or moderate implementation of Articles 1.2 and 1.3 is not consistent with their implementation commitments in Categories A notified to the WTO. Going forward, strong public awareness campaigns are needed to increase firms’ utilization rates of these measures.

3.1 TFA measures in Category A

3.1.1 Article 1.1 – Publication

Transparency is one of the core pillars of trade facilitation. Lack of transparency or restricted access to regulatory and procedural requirements can increase costs for business and governments to collect information and mitigate formalities, corrupt and discriminatory practices, and unpredictable rules. Article 1.1 of the WTO’s TFA aims to promote equal access to trade-related information by requiring WTO Members to make available in published form a wide array of specific information on regulatory requirements related to the import, export or transit of goods.

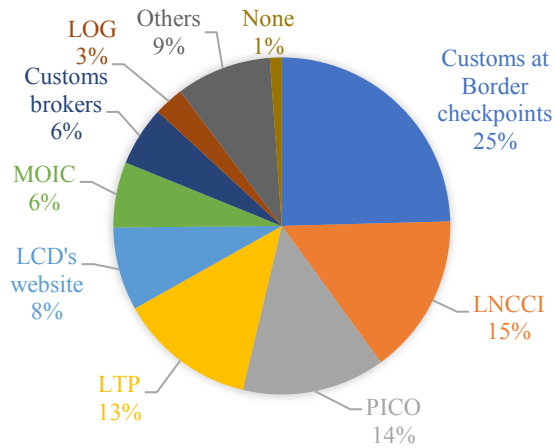
In Lao PDR, trade-related government agencies have provided 84% of total trade information required by firms in the past two years. The largest supplier of trade information is the customs authorities at border checkpoints (25% of total responses), followed by Lao National Chamber of Commerce and Industry (LNCCI) (15%), Provincial Industry and Commerce Office (PICO) (14%), Lao PDR Trade Portal (LTP) (13%), Lao Customs Department’s (LCD) website (8%), Ministry of Industry Commerce (MOIC) (6%)³, and Lao Official Gazette (3%). Firms also obtain trade information from customs brokers and other sources such as Provincial Special Economic Zone Office, Provincial Tax Office, and Provincial Agriculture and Forestry Office (Fig. 3.1a).

Almost all sample firms perceive that the use of trade information from those sources are beneficial for their businesses in three ways. First, firms gained better understanding of trade procedures. Second, they could determine more easily trade-related regulatory requirements. Finally, they could better estimate costs of duties, taxes, fees and charges (Fig. 3.1b).

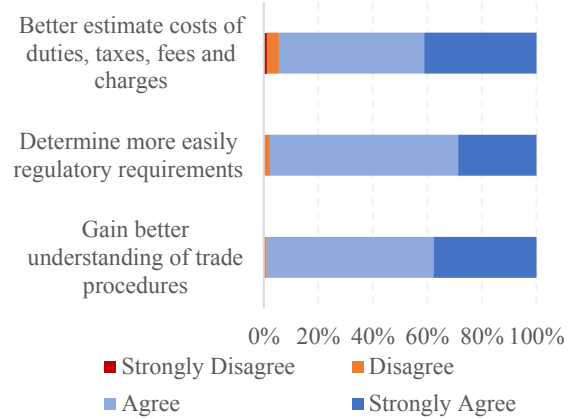
³ The respondents could not identify specific departments of MOIC.

Fig. 3.1: Sources of trade information and perceived benefits of using them

a. Sources of trade information



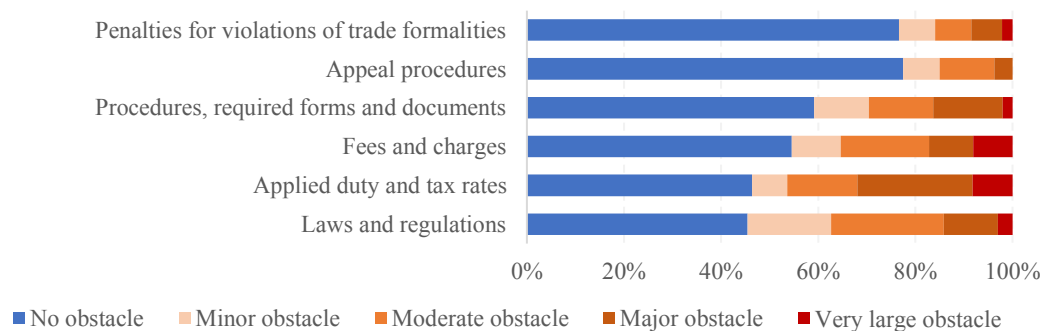
b. Perceived benefits



Note: LNCCI = Lao National Chamber of Commerce and Industry; PICO = Provincial Industry and Commerce Office; LTP = Lao PDR Trade Portal; LCD = Lao Customs Department; MOIC = Ministry of Industry and Commerce; LOG = Lao Official Gazette.

Source: Author's calculation based on surveyed data in 2021.

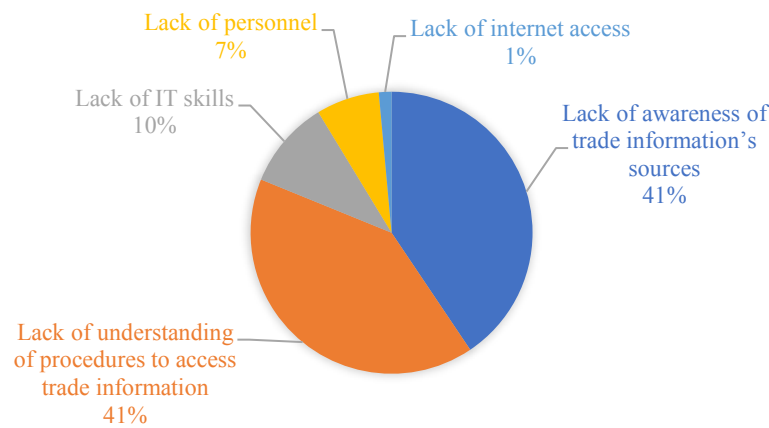
Fig. 3.2: Firms' perception on access to trade information as an obstacle of their business operations



Source: Author's calculation based on surveyed data in 2021.

However, firms still require greater variety of trade information to enhance their business operations. More than 50% of firms want to have greater access to trade-related laws and regulations and applied duty and tax rates. 41-45% of firms want to have better access to information on fees and charges as well as procedures, required forms and documents. About 23% of firms want to have better access to appeal procedures and penalties for violations of trade formalities (Fig. 3.2).

Fig. 3.3: Firms' constraints to access to trade information



Source: Author's calculation based on surveyed data in 2021.

Firms' demand for greater trade information may reflect firms' limited capacity in accessing the available sources of trade information as well as the inadequacy of trade information in those sources. In this survey, **about 55% of firms report some form of constraints in accessing trade information**, and the remaining 45% report no constraints. The largest constraint is the lack of firms' awareness of trade information's sources (41% of responses that report constraints in accessing trade information) and the lack of firms' understanding of procedures to access trade information (41%). Other constraints include lack of skills in information and technology (IT), lack of personnel to gather trade information, and lack of internet connection (Fig. 3.3).

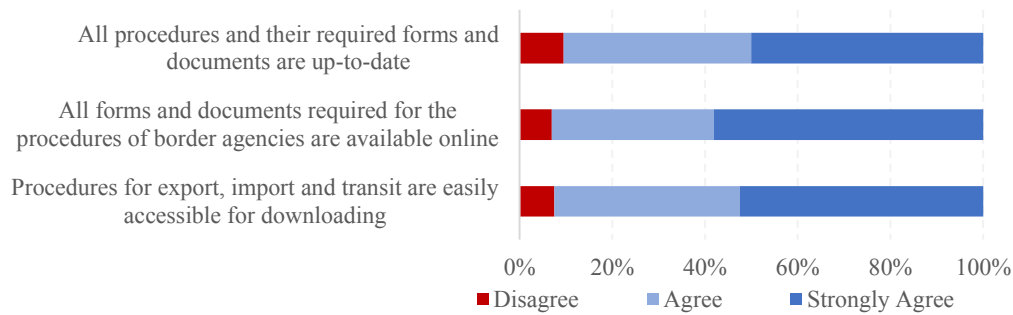
3.1.2 Article 1.2 – Information available through internet

Access to information on the internet is essential for small and medium-sized enterprises (SMEs) to reduce the time and costs to obtain complete and updated information on regulatory requirements for import, export or transit. This is particularly important for SMEs located outside Vientiane Capital, who often have to travel to get trade information from customs authorities at border checkpoints or trade-related government agencies in provincial cities.

Article 1.2 of the TFA requires the WTO Members to publish a step-by-step description of the procedures for importation, exportation and transit of goods on the internet. This provision aims to ensure that domestic and foreign stakeholders can easily understand the procedures for importing to, exporting from, or transiting through that country.

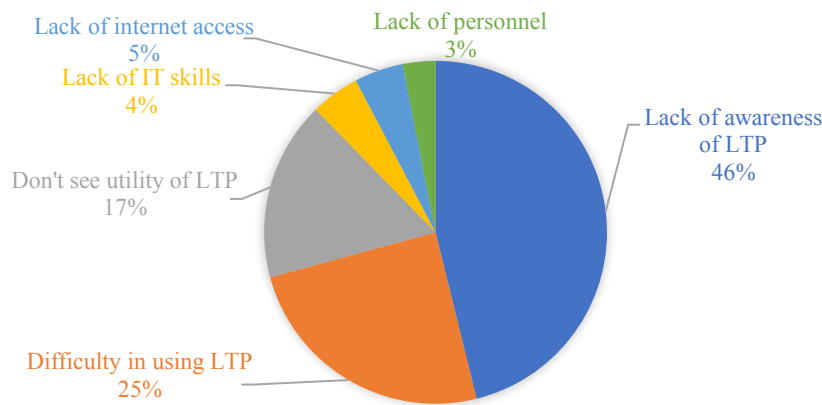
In Lao PDR, all trade-related information has been published on the internet through the Lao PDR Trade Portal. The LTP is located at the Department of Import and Export of the Ministry of Industry and Commerce. The role of LTP in enhancing international trade depends on the extent to which it has been utilized by traders.

Fig. 3.4: Firms' perception on the quality of trade information in LTP



Source: Author's calculation based on surveyed data in 2021.

Fig. 3.5: Reasons for not using LTP



Source: Author's calculation based on surveyed data in 2021.

The perception survey reveals that 40% of sample firms have accessed to trade information through the LTP in the last two years, and the remaining 60% have never accessed to it. More than 90% of firms that have used it recognize the good quality of trade information published on the LTP. These firms agree or strongly agree that procedures for export, import and transit are easily accessible for downloading; all forms and documents required for the procedures of border agencies are available online; and all procedures and their required forms and documents are up-to-date (Fig. 3.4).

There are three main reasons for firms that have never accessed to trade information through the LTP in the last two years. First, 46% of firms that have never used LTP are not aware of the LTP. Second, 25% of firms report their difficulty in accessing trade information through the LTP. Finally, 17% of firms report no utility in accessing trade information through the LTP (Fig. 3.5).

3.1.3 Article 1.3 – Enquiry points

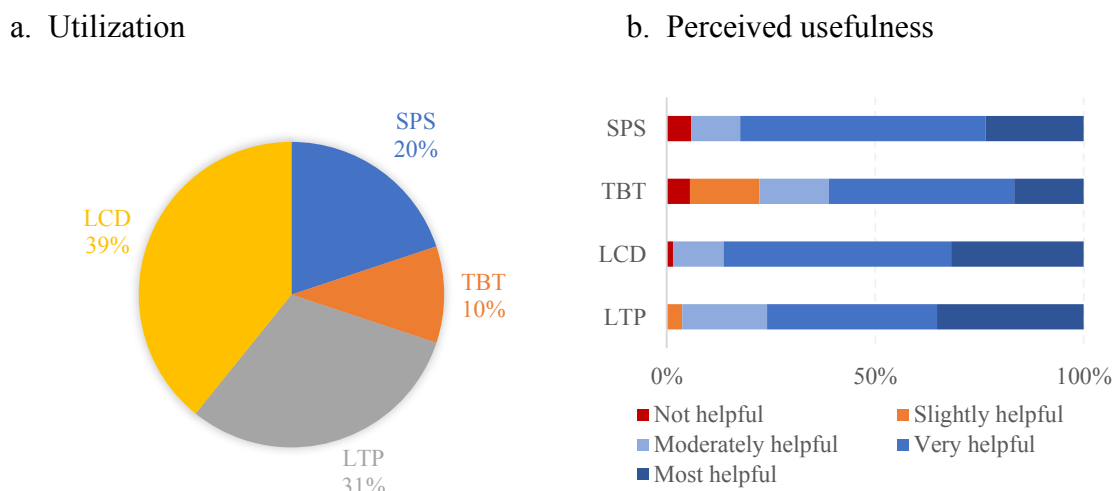
The collection of trade information is time-consuming and costly for traders, particularly for SMEs with limited resources. Article 1.3 of the TFA requires WTO Members to establish

enquiry points to answer queries from governments, traders and other parties on trade information within a reasonable time.

In Lao PDR, two enquiry points have been officially notified to the WTO. They are TBT Enquiry Point at the Standards Division, Department of Standardization and Metrology, Ministry of Science and Technology; and SPS Enquiry Point at the Economic Integration Division, Department of Planning and Cooperation, Ministry of Agriculture and Forestry.

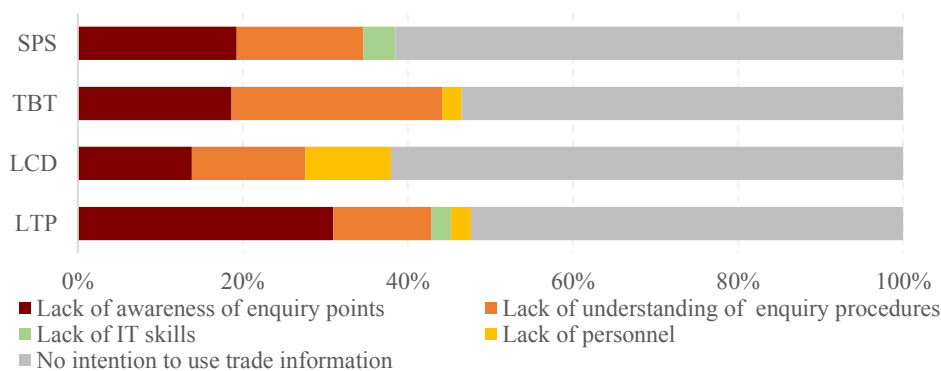
The perception survey reveals that only about 30% of sample firms have requested information about trade regulations and procedures from the national enquiry points, including the SPS Enquiry Point (20% of sample firms) and the TBT Enquiry Point (10%). The remaining 70% of sample firms rely on the Lao Customs Department (39%) and LTP (31%) for obtaining relevant trade information (Fig. 3.6a).

Fig. 3.6: Firms’ utilization and perceived usefulness of enquiry points



Source: Author’s calculation based on surveyed data in 2021.

Fig. 3.7: Reasons for not using the enquiry points



Source: Author’s calculation based on surveyed data in 2021.

Firms perceive the national enquiry points as moderately useful in providing the trade information to them. About 94% of sample firms perceive that the SPS Enquiry Point is helpful (degree of benefit varying from most helpful to very helpful to moderately helpful) in providing the requested trade information. Similarly, 78% of sample firms perceive that the TBT Enquiry Point is helpful in providing trade information. However, these figures are lower than those for

the Lao Customs Department (98%) and LTP (96%), suggesting that the information requirement of trade is mostly met by the Customs department and the LTP (Fig. 3.6b).

The primary reasons for not using the enquiry points are no need for trade information, lack of awareness of enquiry points, and lack of understanding of enquiry points. The lack of understanding of enquiry points is particularly pronounced in the SPS Enquiry Point (15% of sample firms that used this enquiry point) and TBT enquiry points (26%) (Fig. 3.7). Besides, if the information is accessible from the official gadget, Customs department or the Trade Portal, traders will approach Enquiry Points only for seeking clarifications or specific information that is not readily available on these public platforms.

3.2 TFA measures in Category B

There is no measure in Category B that relates to information availability.

3.3 TFA measures in Category C

There is no measure in Category C that relates to information availability.

IV. INVOLVEMENT OF TRADE COMMUNITY

There are 2 measures that relate to the involvement of the trade community. They are Article 2.1 – Opportunity to comment and information before entry into force and Article 2.2 – Consultations. Both articles are in Category B. The perception survey reveals that Article 2.2 is substantially implemented, while Article 2.1 is sparsely implemented. The current state of implementing Article 2.1 is lower than its implementation commitment in Category B notified to the WTO.

4.1 TFA measures in Category A

There is no TFA measure in Category A that relates to the involvement of the trade community.

4.2 TFA measures in Category B

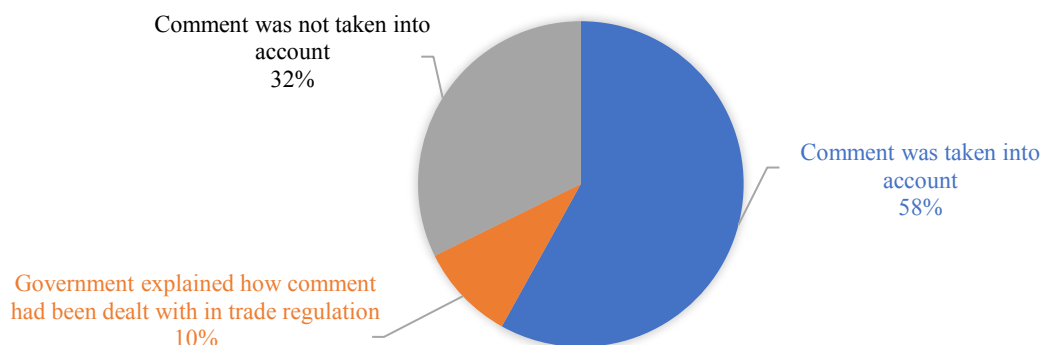
4.2.1 Article 2.1 – Opportunity to comment and information before entry into force

Gathering traders’ inputs at an early stage of the legal process is crucial for tackling the challenges and constraints faced by traders. But sometimes legislators do not consult with traders to understand their views and problems. As a result, traders are not informed or not given the opportunity to comment on new or amended rules which will affect their business operations.

Article 2.1 of the TFA requires WTO Members to make publicly available new or amended trade related laws or regulations, and to provide interested stakeholders opportunity to comment well before entry into force. If Article 2.1 is fully implemented, businesses and other interested stakeholders can share their views and experience of trade constraints during the legislative phase of new or amended legislation, which can be addressed in the proposed regulations.

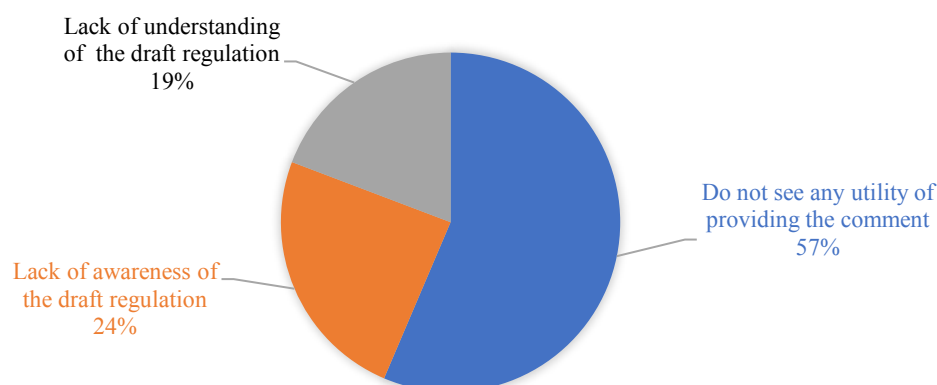
In Lao PDR, 31% of sample firms have provided comments on draft trade-related regulations before their entry into force in the last two years. 68% of these firms report that the government considered their comments (58%), and explained the way in which their comments had been dealt with online or in the trade regulation’s final draft (10%). The remaining 32% of firms report that the government did not consider their comments on draft trade-related regulations (Fig. 4.1).

Fig. 4.1: Government’s response to traders’ comments on draft trade-related regulations



Source: Author’s calculation based on surveyed data in 2021.

Fig. 4.2: Reasons for not providing comments on draft trade-related regulations



Source: Author's calculation based on surveyed data in 2021.

The remaining 69% of sample firms have not provided any comments on draft trade-related regulations. 57% of these firms report that they do not see any utility of providing their comments. The remaining 43% of these firms report that they do not understand draft trade-related regulations (24%) and are not aware of draft trade-related regulations before their entry into force (19%) (Fig. 4.2).

4.2.2 Article 2.2 – Consultations

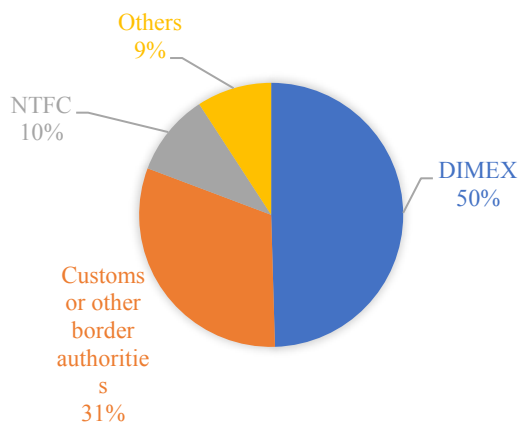
Lack of consultations with traders can lead to disconnection and mistrust between border agencies and traders on customs procedures, border control and inspections, fees and charges. Article 2.2 of the TFA requires WTO Members to facilitate regular consultations between border agencies, traders and other stakeholders involved in customs and other border operational practices to obtain their views on matters directly affecting them. Regular and constructive consultation should enable border agencies and traders to discuss the most efficient measures to achieve regulatory objectives for import, export, or transit of goods.

In Lao PDR, 26% of sample firms have never attended public-private consultations on trade and customs issues in the last two years. Of the 74% sample firms which did, about 50% participated in meetings organized by DIMEX of MOIC. Another 31% of firms attended semi-annual meeting organized by customs or other border authorities. The remaining 19% of firms attended the semi-annual meeting of NTFC (10%) and other meetings organized by PICO (9%) (Fig. 4.3a).

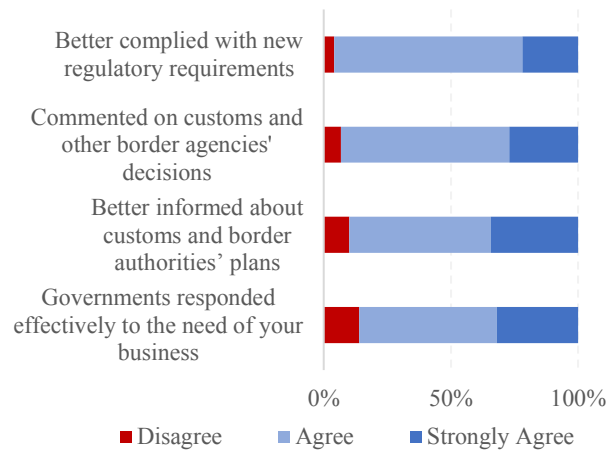
Almost all firms have benefited from attending public-private consultations on trade and customs issues. Firms could better comply with new requirements as soon as new regulations entered into force; give opinions on proposed decisions and actions by customs and other border agencies; stay informed about customs and border authorities' plans that affect their business; and increase governments' responses to the need of their businesses (Fig. 4.3b).

Fig. 4.3: Public-private consultations on trade facilitation issues

a. Host institution

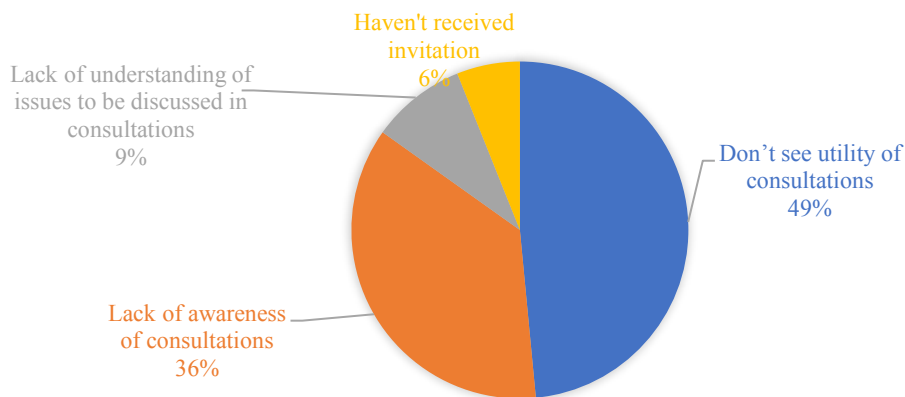


b. Firms' perceived benefits



Source: Author's calculation based on surveyed data in 2021.

Fig. 4.4: Reasons for not attending consultations



Source: Author's calculation based on surveyed data in 2021.

There are three main reasons for firms that have not attended any public-private consultation on trade and customs issues in the last two years. First, they don't see utility of consultations (49% of firms that have not attended the consultation). Second, they are not aware of consultations (36%). Finally, firms could not understand issues to be discussed in consultations (Fig. 4.4).

4.3 TFA measures in Category C

There is no TFA measure in Category C that relates to the involvement of the trade community.

V. ADVANCE RULINGS

The advance rulings include Article 3 – advance rulings, which is in Category C. The perception survey reveals that Article 3 is moderately implemented, suggesting that the current state of implementing Article 3 is consistent with its implementation commitment in Category C notified to the WTO.

5.1 TFA measures in Category A

There is no TFA measure in Category A that relates to advance rulings.

5.2 TFA measures in Category B

There is no TFA measure in Category B that relates to advance rulings.

5.3 TFA measures in Category C

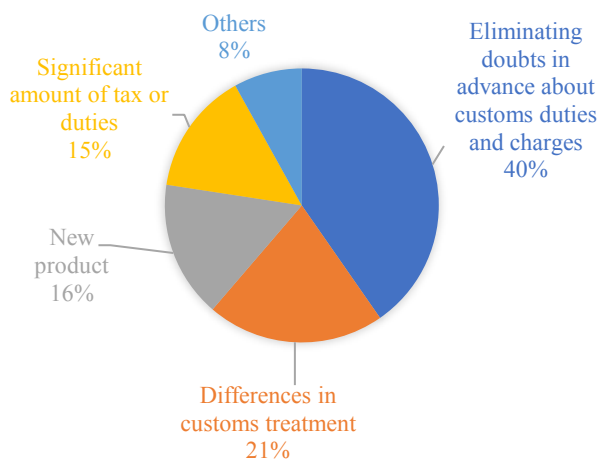
5.3.1 Article 3 – Advance rulings

Traders sometimes face inconsistent treatment of their imported goods. This creates uncertainties of international trade transactions, particularly for traders who do not know how their goods will be treated at the border in terms of tariff classification, rules of origin, or customs value.

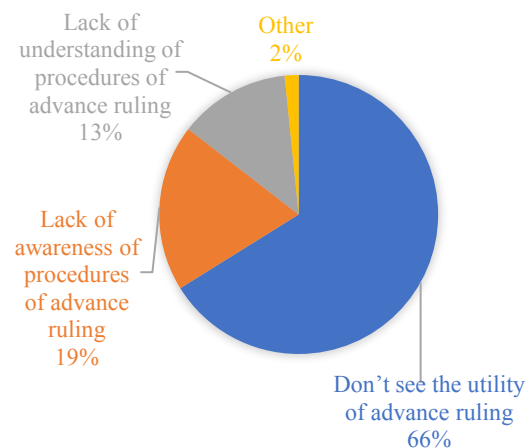
Article 3 of the TFA requires WTO Members to provide binding written decisions about admissible customs disciplines to traders before the importation of goods. If Article 3 is fully implemented, it should enhance predictability and transparency of international trade transactions. An advance ruling is defined as a written decision provided by the authorities to traders (upon request) prior to the transaction, which sets forth a transparent and formal process for treatment of goods with regards to the goods’ tariff classification and rules of origin.

Fig. 5.1: Reasons for firms to use or not to use the advance ruling

a. Reasons for using



b. Reasons for not using



Source: Author’s calculation based on surveyed data in 2021.

In Lao PDR, 44% of sample firms have ever requested an advance ruling in the last two years. The top-3 reasons for using it include elimination of doubts in advance about customs duties and charges (40%); differences in customs treatment of imported goods at different border

checkpoints (21%); and importation of new product (16%). Other reasons are to seek clarification on the requirement of paying significant amount of tax or duties for imported goods (15%) and to speed up the process of importation (8%) (Fig. 5.1a).

The remaining 54% of valid sample firms have never requested an advance ruling in the last two years. The primary reason is that they don't see the utility of advance ruling (66% of firms that have never requested the advance ruling). Other reasons are the lack of awareness of the procedures for requesting the advance ruling (19%) and lack of understanding of the procedures for requesting it (13%) (Fig. 5.1b). Clearly, there is a strong case here for generating greater awareness in the trade about Advance Ruling provisions and their utility.

VI. APPEAL PROCEDURES

The appeal procedures include Article 4 – Procedures for appeal or review, which is in Category A. The perception survey reveals that Article 4 is sparsely implemented. This is not consistent with its implementation commitment in Category A notified to the WTO.

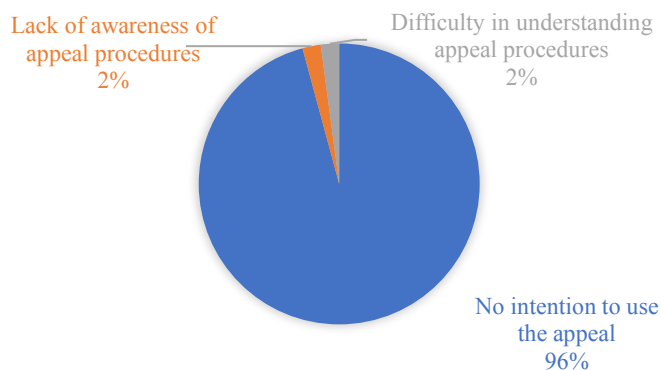
6.1 TFA measures in Category A

6.1.1 Article 4 – Procedures for appeal or review

Sometimes administrative rulings by the customs authority are based on omissions which may not fully comply with the law. Affected traders may seek a review of the ruling for the correction of administrative actions or omissions. Article 4 of TFA requires WTO Members to provide right of appeal and review to any person dissatisfied with an administrative decision issued by the customs authority.

In Lao PDR, 6% of sample firms have submitted the appeal on customs issues to the Appeal Settlement Committee in the last two years. These issues include tariff classification or customs valuation of imports, unreasonable assessment of administrative penalties for alleged errors in declarations, rejection of a claim for refund, and different amount of tax levied on the same goods.

Fig. 6.1: Reasons for not using the appeal



Source: Author's calculation using surveyed data.

The remaining 94% of sample firms have not used the appeal procedures. These firms have no intention to use them (96%). Other reasons include the lack of awareness of the appeal procedures and difficulty in understanding them (Fig. 6.1).

6.2 TFA measures in Category B

There is no TFA measure in Category B that relates to appeal procedures.

6.3 TFA measures in Category C

There is no TFA measure in Category C that relates to appeal procedures.

VII. FEES AND CHARGES

There are 3 measures that relate to fees and charges. These include a measure in Category A, Article 6.2 – Specific disciplines on customs fees and charges, and the remaining 2 measures in Category B, namely Article 6.1 – General disciplines on fees and charges and Article 6.3 – Penalty disciplines. The perception survey reveals that Articles 6.2 and 6.3 are substantially implemented, while Article 6.1 is moderately implemented. The substantial implementation of Articles 6.2 and 6.3 is consistent with their implementation commitments, but the moderate implementation of Article 6.1 is not consistent with its implementation commitment in Category B notified to the WTO.

7.1 TFA measures in Category A

7.1.1 Article 6.2 – Specific disciplines on fees and charges for customs processing related to importation and exportation

Some fees and charges are levied on import and export transactions to cover the cost of customs processing. However, some fees and charges may not reflect the true cost of the service rendered when they are determined in ad valorem rates. Article 6.2 of TFA requires WTO Members to limit the amount of fees and charges for customs processing based on the costs of services rendered.

In Lao PDR, 84% of valid sample firms (95 firms) perceive that the amount of fees and charges for customs processing was limited to the costs of services rendered in the last two years. The remaining 16% of firms perceive that the amount of fees and charges for customs processing was higher than their costs.

7.2 TFA measures in Category B

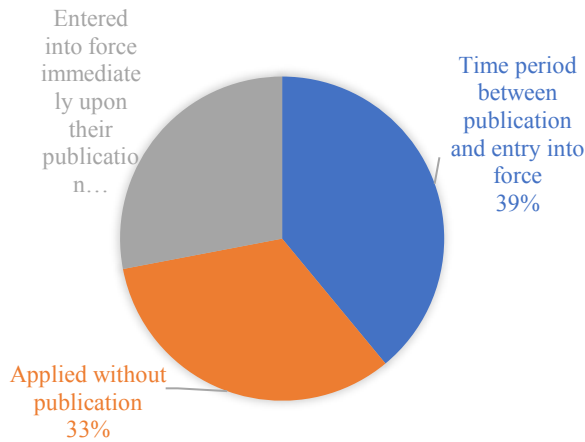
7.2.1 Article 6.1 – General disciplines on fees and charges imposed on or in connection with importation and exportation

Informal payments and unusually high fees and charges are two of the key non-tariff barriers to international trade. Article 6.1 of TFA requires WTO Members to publish fees and charges related to importation and exportation in a transparent and predictable manner, and to periodically review them according to the cost-recovery principle. In other words, fees and charges should not exceed the expenditures related to the provision of the service. Prompt access to relevant information on the imposition of fees and charges levied for importation and exportation will increase transparency, legal certainty and predictability for traders.

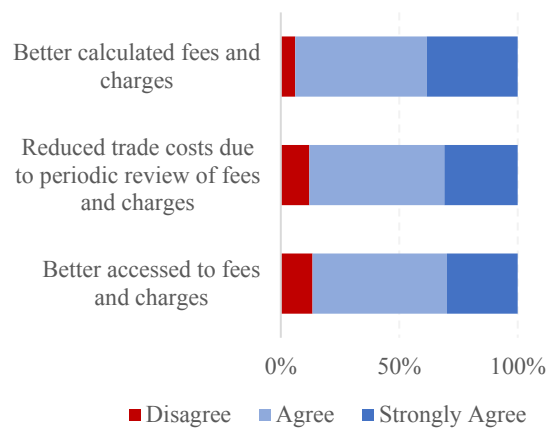
In Lao PDR, only 39% of sample firms report that there was a time period accorded between the publication of new or amended fees and charges and their entry into force. Allowing a time period their entry into force will provide traders with an opportunity to better understand and adjust to upcoming changes that will affect them. However, 61% of these firms report that new or amended regulations on fees and charges entered into force immediately upon their publication (28%), or were applied even without being published or prior to their publication (33%) (Fig. 7.1a).

Fig. 7.1: General disciplines on fees and charges

a. Adequate time period granted



b. Perceived benefits



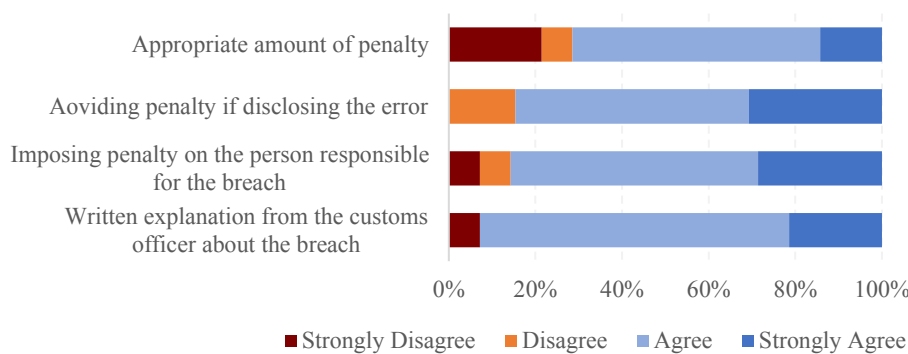
Source: Author's calculation using surveyed data.

The majority of sample firms perceives that the implementation of Article 6.1 has benefited their firms in three ways. First, firms could better calculate the amount of fees and charges for their imports and exports (93% of sample firms). Second, periodic review of fees and charges could reduce trade costs for their firms. Finally, firms have better access to the information of fees and charges for imports and exports (84%) (Fig. 7.1b).

7.2.2 Article 6.3 – Penalty disciplines

Unclear reasons for the nature and amount of penalties for breaches of customs laws, regulations and procedures create conflicts of interest and corruptive behaviour. Article 6.3 of TFA requires WTO Members to impose penalties on the person responsible for the breach in a fair and transparent manner. It aims to reduce the arbitrary imposition of penalties and avoid any conflict of interest in their assessment and collection.

Fig. 7.2: Firms' perception on government's compliance with penalty disciplines



Source: Author's calculation using surveyed data.

In Lao PDR, 14% of valid sample firms have breached the customs law or regulation, such as erroneous declaration of imports or exports of goods, in the last two years. 93% of these firms report that they received a written explanation from the customs officer about the nature and amount of the breach specified in the applicable law or regulation. However, firms still need

the government to better comply with the penalty disciplines in collecting the appropriate amount of penalty, avoiding or reducing penalty if they disclose the errors, and imposing the penalty only on the person responsible for the breach (Fig. 7.2).

7.3 TFA measures in Category C

There is no TFA measure in Category C that relates to fees and charges.

VIII. FORMALITIES – DOCUMENTS

There are 3 measures that relate to formalities of documents. They are Article 10.1 – Formalities and documentation requirements, Article 10.2 – Acceptance of copies, and Article 10.3 – Use of international standards. These articles are in Category C. The perception survey reveals that Article 10.2 is substantially implemented, while Article 10.1 is moderately implemented. Article 10.3 is not assessed due to data unavailability. The substantial implementation of Article 10.2 is beyond the expectation of its implementation commitment, and the moderate implementation of Article 10.1 is consistent with its implementation commitment in Category C notified to the WTO.

8.1 TFA measures in Category A

There is no TFA measure in Category A that relates to formalities of documents.

8.2 TFA measures in Category B

There is no TFA measure in Category B that relates to formalities of documents.

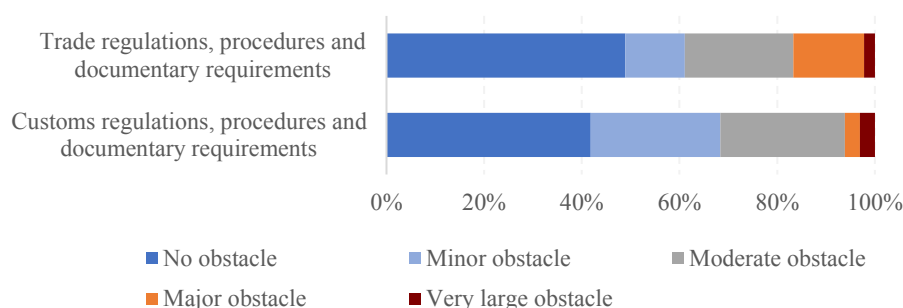
8.3 TFA measures in Category C

8.3.1 Article 10.1 – Formalities and documentation requirements

Various formalities and requirements such as submitting documents and completing administrative procedures create an excessive amount of paperwork. This increases time and costs for traders. Article 10.1 of TFA encourages WTO Members to hold periodic reviews to simplify both trade formalities and documents and their alignment to international standards.

In Lao PDR, about one-third of sample firms report that regulations, procedures and documentary requirements imposed by trade and customs authorities have moderately or substantially impeded their business operations (Fig. 8.1).

Fig. 8.1: Firms' perception on trade-related regulatory and procedural burden



Source: Author's calculation using surveyed data.

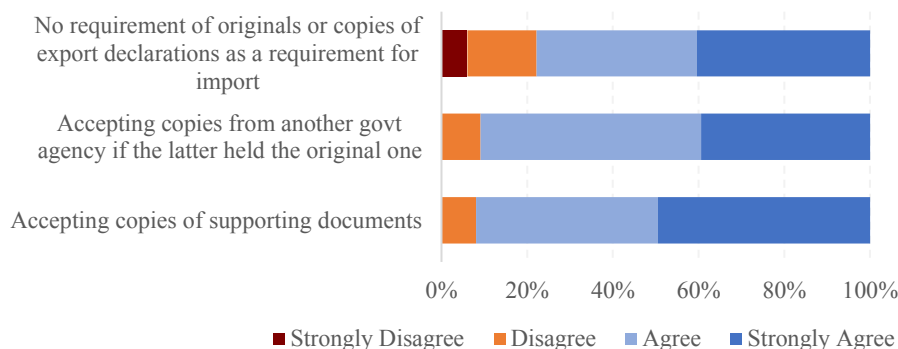
8.3.2 Article 10.2 – Acceptance of copies

Traders have to spend long time and high costs to comply with the large number of documents required to import, export or transit goods. In some cases, the same documents are required by more than one authority. Article 10.2 of TFA requests WTO Members to accept paper or electronic copies of supporting documents required for import, export or transit formalities.

In Lao PDR, 49% of valid sample firms (99 firms) report that the requirement of submitting the same original documents to multiple trade-related government agencies creates moderate

or very large obstacle to their business operations. The remaining 51% of firms report minor or no obstacle for their business.

Fig. 8.2: Level of accepting copies of supporting documents for import by government agencies



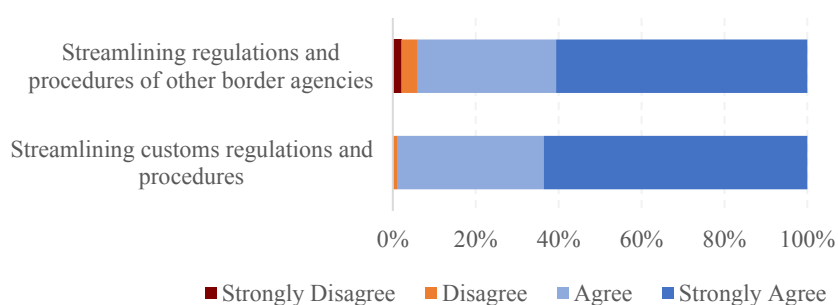
Source: Author’s calculation using surveyed data.

About 90% of valid sample firms (99 firms) perceive that trade-related government authorities accept copies of supporting documents required for import, export and transit transactions as well as copies from another government agency if the latter held the original of the required document. But 23% of valid sample firms report that trade-related government authorities require the original or copy of the export declaration submitted to the customs authority in the exporting country as a requirement for the importation of goods in Lao PDR (Fig. 8.2). Such requirement is not consistent with the provision 10.2.3, which states that the original or copy of export declarations that traders or economic operators submitted to the customs authorities of the exporting country should not be used as a requirement of importation.

8.3.3 Article 10.3 – Use of international standards

The use of international standards is part of the key components of trade facilitation, which aims to harmonize numerous formalities and documentation requirements. Some examples of standardized documents include certificates of origin, phytosanitary certificate, bills of lading, and freight forwarding instructions. Article 10.3 of TFA encourages WTO Members to use relevant international standards as a basis for their import, export, or transit formalities and procedures

Fig. 8.3: Firms’ perception on reductions in trade time and costs due to standardized trade regulations and procedures



Source: Author’s calculation using surveyed data.

In Lao PDR, at least 93% of valid responses (198 responses)⁴ from sample firms perceive that the use of international standards to streamline regulations and procedures of customs and other border agencies have reduced time and costs for their businesses (Fig. 8.3).⁵

⁴ In the questionnaire, the benefit of standardized trade regulations and procedures is assessed against two indicators, namely streamlining customs regulations and procedures, and streamlining regulations and procedures of other border agencies. Given the sample size of 100 firms, the maximum number of responses is 100 for each indicator. The maximum number of the combination of the responses from two indicators is 200. In the survey, a firm responded as 'Don't Know' for the two indicators. So, the realized responses (valid responses) are 198.

⁵ Surveyed data on the use of Article 10.3 is not available for assessing its current stage of implementation as it requires detailed information on the types of international standards to be implemented on the ground.

IX. FORMALITIES OF AUTOMATION

There are 2 measures that relate to formalities of automation. They are Article 7.1 – Pre-arrival processing in Category A and Article 7.2 – Electronic payment in Category C. The perception survey reveals that both articles are substantially implemented. The substantial implementation of Article 7.2 is beyond the expectation of its implementation commitment in Category C notified to the WTO.

9.1 TFA measures in Category A

9.1.1 Article 7.1 – Pre-arrival processing

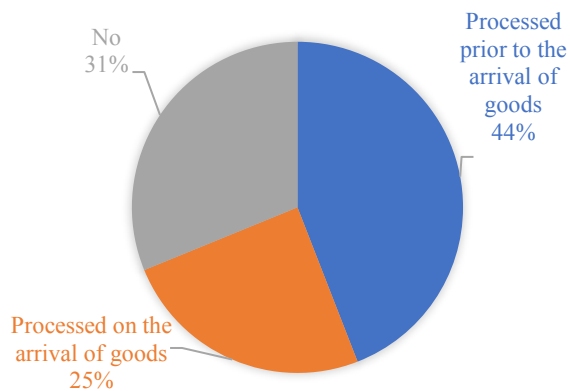
The traditional procedures of processing trade documents result in long delays, which lead to higher trade costs and loss of competitiveness for traders. Such procedures include submitting paper documents for the clearance of imported goods to customs authorities after the arrival of goods. The customs authorities begin to process these documents when the goods are already at the border checkpoint.

The Article 7.1 of the TFA requires the WTO Members to adopt or maintain procedures allowing the submission of documents, including manifests, prior to the arrival of goods. Customs and other border authorities at the checkpoint can complete processing of documents for release of goods on arrival, where possible. Enabling advance lodging of trade documents in electronic format should reduce delays, risks and costs such as storage and insurance fees at border crossings.

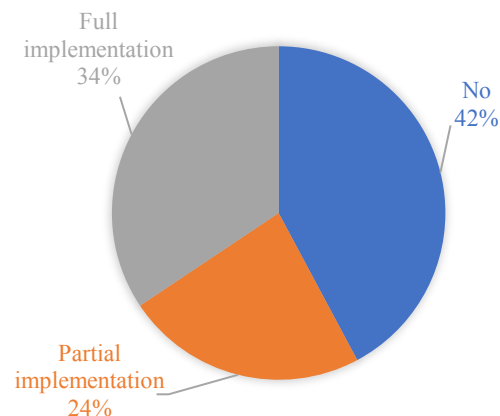
In Lao PDR, 69% of valid sample firms (93 firms) have used the pre-arrival processing for their imported goods in the last two years. Documents for the imported goods were processed prior to the arrival of goods for 44% of sample firms and on the arrival of goods for 25% of sample firms. The remaining 25% of sample firms have never used the pre-arrival processing for their imported goods (Fig. 9.1a).

Fig. 9.1: Pre-arrival processing of documents for firms' imported goods

a. Use of pre-arrival processing

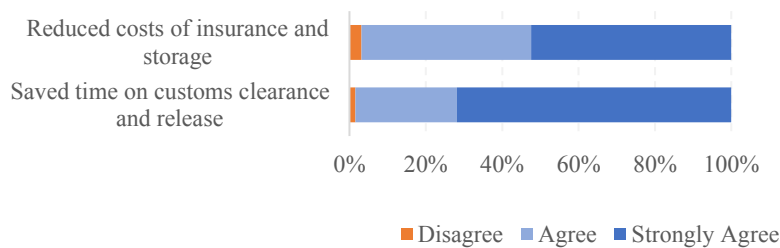


b. Stage of electronic pre-arrival processing



Source: Author's calculation using surveyed data.

Fig. 9.2: Firms' perception on benefits of pre-arrival processing

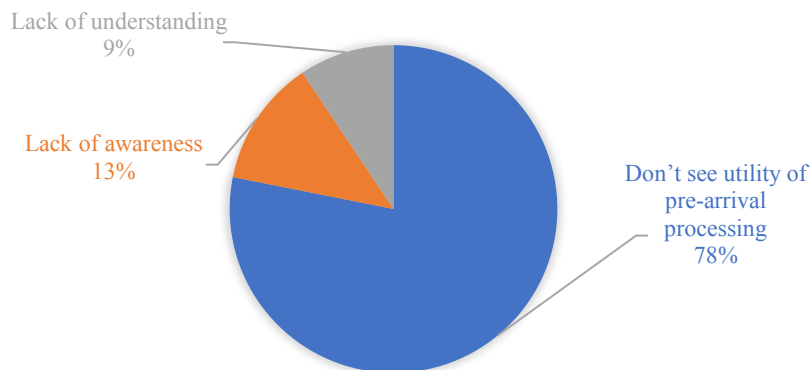


Source: Author's calculation using surveyed data.

The electronic pre-arrival processing for their imported goods is not yet operational across country. The responses are only about the facility of allowing advance lodging of import declaration before arrival of goods and not about their pre-arrival processing. 34% of firms report that advance lodging in electronic format was fully operational. Another 24% of firms report the partial implementation of advance lodging in electronic format. The remaining 42% of firms report that documents could not be lodged in advance in electronic format (Fig. 9.1b).

Despite different stages of the implementation of pre-arrival processing across country, almost all firms that used it perceive its benefits. These benefits include saving time on customs clearance and release; and reduce costs of insurance and storage (Fig. 9.2).

Fig. 9.3: Reasons for not using the pre-arrival processing



Source: Author's calculation using surveyed data.

The primary reason for firms that do not use the pre-arrival processing is that they do not see the utility of using it (78% of firms that do not use the pre-arrival processing). Other reasons include lack of awareness (13%) and understanding of the pre-arrival processing (9%) (Fig. 9.3).

While advance lodging of electronic declaration is allowed in ASYCUDA up to 7 days before arrival of goods, the printout of the electronic declaration along with the physical copies of the supporting documents, including transport documents are required to be submitted to Customs for face-vetting or validation before allowing their processing in ASYCUDA. It means that in practice, even if the import declaration has been submitted electronically before the arrival of goods, pre-arrival processing is not allowed until after submission of hard copies of the documents. Two things will be needed to allow pre-arrival processing, one is to do away with

face-vetting requirement as recommended by TRS 2020 and secondly, to enable traders to submit electronic/scanned copies of all the supporting documents in ASYCUDA, which is not feasible due to inadequate storage of ASYCUDA at present.

9.2 TFA measures in Category B

There is no TFA measure in Category B that relates to formalities of automation.

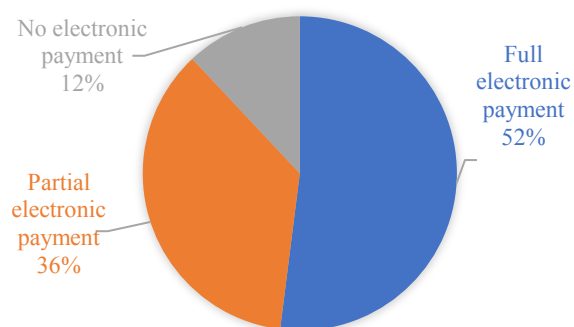
9.3 TFA measures in Category C

9.3.1 Article 7.2 – Electronic payment

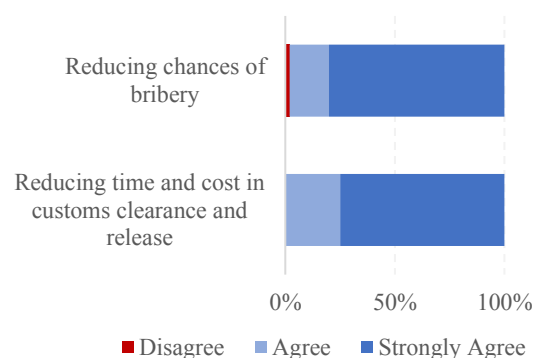
Article 7.2 of TFA requires WTO Members to provide the option of electronic payment for duties, taxes, fees and charges related to importation and exportation collected by customs authorities. When facilities for online payments and electronic bank transfers are provided, traders will no longer be required to visit government agencies’ offices or banks for effecting payment, reducing delays at the time of clearance of goods.

Fig. 9.4: Current stage of electronic payment for duties, taxes, fees and charges and its expected benefits

a. Current stage



b. Expected benefits



Source: Author’s calculation using surveyed data.

In Lao PDR, 52% of sample firms report that all duties, taxes, fees and charges were paid electronically. Another 36% of sample firms paid some duties, taxes, fees and charges electronically. The remaining 12% paid all duties, taxes, fees and charges in cash (Fig. 9.4a). If all duties, taxes, fees and charges can be paid electronically, more than 75% of sample firms strongly believe that the electronic payment could reduce chances of bribery as well as time and cost in customs clearance and release (Fig. 9.4b).

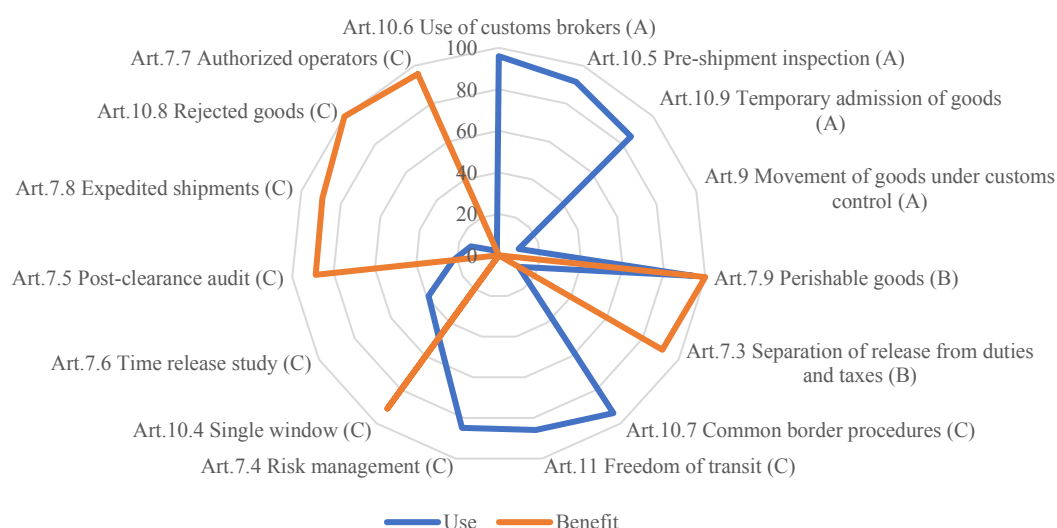
X. FORMALITIES OF PROCEDURES

There are 15 measures that relate to formalities of procedures, including 4 measures in Category A, 2 measures in Category B, and 9 measures in Category C. The perception survey in Fig. 10.1 reveals that 7 measures are substantially implemented; 2 measures are moderately implemented; and 6 measures are sparsely implemented.

The substantially implemented measures include 3 measures in Category A, namely Article 10.5 – Pre-shipment inspection, Article 10.6 – Use of customs brokers, and Article 10.9 – Temporary admission of goods and inward and outward processing; 1 measure in Category B, namely Article 7.9 – Perishable goods; and 3 measures in Category C, namely Article 10.7 – Common border procedures and uniform documentation requirements, Article 11 – Freedom of transit, and Article 7.4 – Risk management. The substantial implementation of measures in Category A and B are consistent with their implementation commitments, while the substantial implementation of measures in Category C are beyond the expectations of their implementation commitments.

The moderately implemented measures include Article 10.4 – Single window and Article 7.6 – Establishment and publication of average release times in Category C. Both measures are already under implementation, though use or awareness about their operation is reported by 49% of sample firms for Article 10.4 and 39% for Article 7.6. This is consistent with their implementation commitments.

Fig. 10.1: Firms’ perception on the use and benefits of TFA measures relevant to formalities of procedures



Note: Data on the benefit of Articles 7.4, 7.6, 9, 10.5, 10.6, 10.7, 10.9, and 11 are not available.

Source: Author’s calculation using surveyed data.

The sparsely implemented measures include Article 9 – Movement of goods intended for imports under customs control in Category A, Article 7.3 – Separation of release from final determination of customs duties, taxes, fees and charges in Category B, and 4 articles in Category C, namely Article 7.5 – Post-clearance audit, Article 7.8 – Expedited shipments, Article 10.8 – Rejected goods, and Article 7.7 – Trade facilitation measures for authorized

operators. Limited progress in implementing Articles 9 and 7.3 is not consistent with their implementation commitments in Categories A and B, respectively. Limited progress in implementing Articles 7.5, 7.7, 7.8, and 10.8 in Category C is consistent with their implementation commitments notified to the WTO.

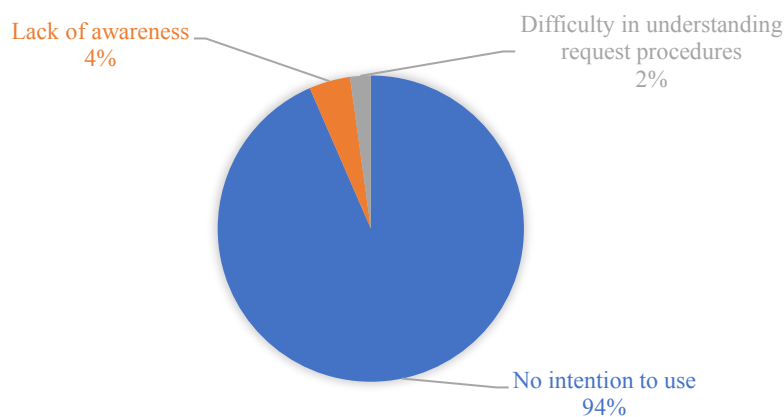
10.1 TFA measures in Category A

10.1.1 Article 9 – Movement of goods intended for imports under customs control

Border checkpoints are usually selected as the point of entry and release for imported goods. However, in some cases, businesses prefer clearing imported goods at dry ports, which act as logistics centres where goods are duly released or cleared.

Article 9 of TFA requires WTO Members to provide for imported goods arrived at one customs office (for example, at a border checkpoint) to be delivered to another customs office (at the Inland Customs Depot) where the importer will declare and clear the goods. It aims to permit the importer to clear the merchandise at destination rather than at the point of entry, thus speeding the flow of goods at the border.

Fig. 10.2: Reasons for not requesting for the movement of goods under customs control



Source: Author's calculation using surveyed data.

In Lao PDR, 10% of sample firms have submitted requests and got their approvals for transporting the imported goods under Lao customs control from the entry point to another customs office (domestic transit) for clearance of goods in the last two years. The remaining 90% of valid sample firms have not submitted any request because they have no intention to move goods under the customs control (Fig. 10.2).

10.1.2 Article 10.5 – Pre-shipment inspection

Mandatory pre-shipment inspections of goods create non-technical barrier to trade and add to the cost of doing business. Pre-shipment inspection procedures are operated through private companies that perform a quantitative and qualitative examination of imports before they are shipped from the exporting country.

Article 10.5 of the TFA aims to reduce the pre-shipment inspection in WTO Member countries as much as possible by prohibiting its use in relation to tariff classification and customs valuation, and by encouraging Members not to apply new requirements for other types of pre-shipment inspections.

In Lao PDR, only 8% of valid sample firms (83 firms) report that their exported goods face pre-shipment inspections conducted by private firms for tariff classification and customs valuation in the last two years.

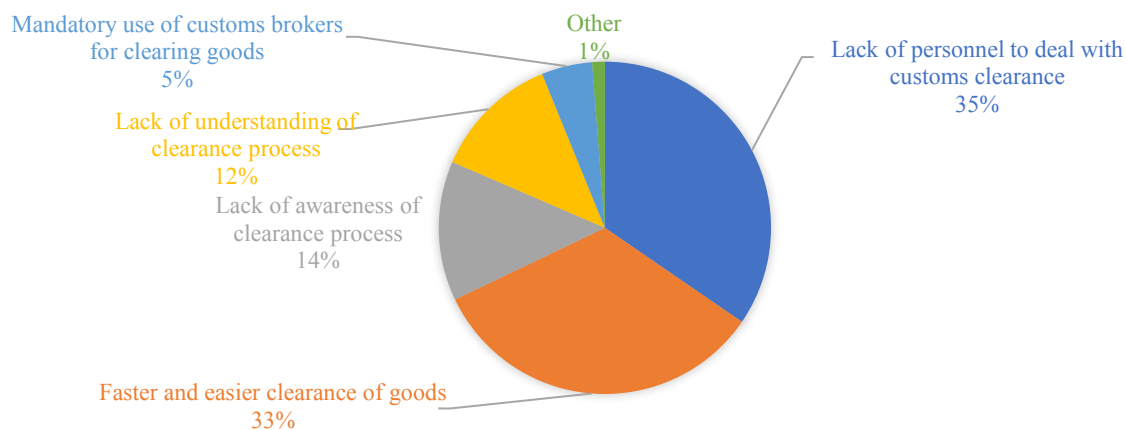
10.1.3 Article 10.6 – Use of customs brokers

The use of customs brokers aims to facilitate the process of import, export and transit, and to assist traders in compliance with customs regulations. But the mandatory use of customs brokers as part of vested interest groups coupled with high cost of their service increase trade costs for traders who use them, which present obstacles rather than facilitating trade.

Article 10.6 of the TFA requires WTO Members not to make the use of customs brokers mandatory. When Members have measures in place on, or introduce changes to, the use of customs brokers, they must promptly publish them. Eliminating the mandatory use of customs brokers can help businesses reduce the time and cost of trade transactions based on ‘value for money’ considerations. Public availability of information regarding the use of customs brokers will enhance transparency and predictability, allowing traders to have easy access to information without losing time.

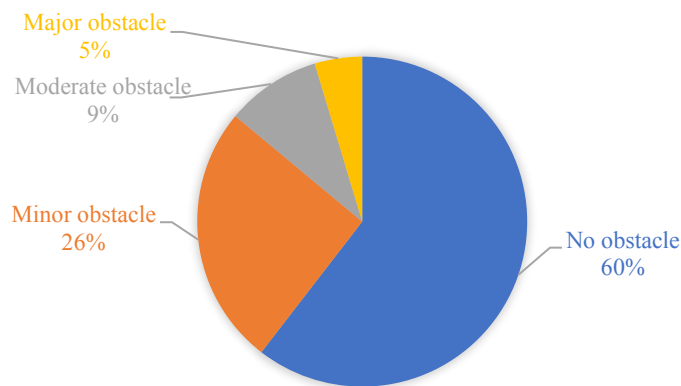
In Lao PDR, 43% of valid sample firms (99 firms) have used customs brokers to facilitate the clearance of goods in the last two years. The top three reasons for using customs brokers include, lack of personnel to deal with customs clearance (35% of firms that used customs brokers), faster and easier clearance of goods (33%), and lack of awareness of clearance process (14%). Meanwhile 5% of firms that used customs brokers perceive that use of customs brokers is mandatory in the clearance of goods (Fig. 10.3).

Fig. 10.3: Reasons for using customs brokers



Source: Author’s calculation using surveyed data.

Fig. 10.4: Firms' perception on the use of customs brokers as an obstacle to their business operations



Source: Author's calculation using surveyed data.

The use of customs brokers in Lao PDR is likely to facilitate trade rather than restricting it for the majority of firms. 86% of firms that used customs brokers report no obstacle or minor obstacle on the use of customs brokers for the clearance of goods. The remaining 14% of firms perceive that the use of customs brokers impedes their business operations (Fig. 10.4).

In addition, 20% of valid sample firms (99 firms) report that they were requested to provide an informal gift or payment for the clearance of goods at the border. 80% of these firms perceive that the clearance of their goods at the border would be delayed if they do not pay any informal fee or bribe.

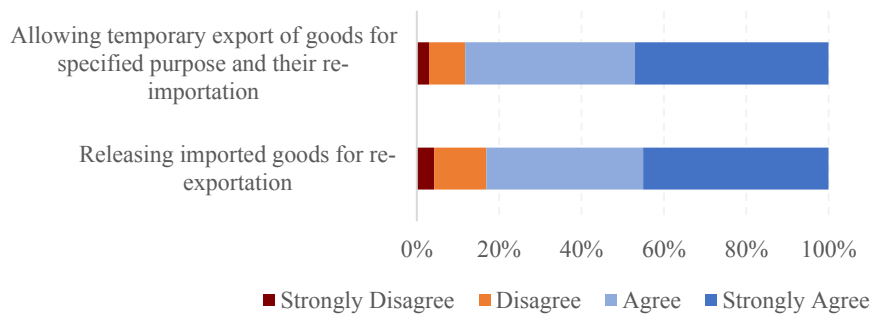
10.1.4 Article 10.9 – Temporary admission of goods and inward and outward processing

Article 10.9 of TFA requires WTO Members to allow the release of goods, without payment of duties and taxes, for importation for a predefined period and predefined purpose of use. It consists of three elements, namely temporary admission, inward processing, and outward processing.

Temporary admission is a useful mechanism for businesses to temporarily import goods such as samples, professional equipment or items for auction, exhibition or demonstration. Inward processing is a facility provided by Members for importation of certain goods conditionally, fully or partially exempt from customs duty and taxes, or eligible for duty drawback. Such goods are intended for manufacturing processing, or repair and exportation. Outward processing means that goods are temporarily exported from a customs territory in order to undergo processing or repair operations in another customs territory.

The processed products resulting from these goods can then be re-imported and released for free circulation with total or partial relief from import duties and taxes. Outward processing is designed to give businesses the possibility to take advantage of externalities, such as lower labour costs or specific technical expertise available in other jurisdictions.

Fig. 10.5: Firms' perception on the inward and outward processing without payment of duties or taxes



Source: Author's calculation using surveyed data.

In Lao PDR, 86% of valid responses (139 responses) from sample firms report that the customs authority allows the release of their imported goods, without payment of duties or taxes, for re-exportation after carrying out processing and/or assembly; and allows temporary export of their goods for specified purpose and their re-importation without payment of duties or taxes (Fig. 10.5). However, the remaining 14% of firms have to pay duties or taxes to conduct such transactions.

10.2 TFA measures in Category B

10.2.1 Article 7.3 – Separation of release from final determination of customs duties, taxes, fees and charges

Goods at border checkpoints are usually released when the customs duties, taxes, fees and charges have been paid. These payments are sometimes delayed for various reasons, such as decisions pending on the classification and valuation of the goods, laboratory testing, missing documents or disputes against a customs decision. Such delays have a negative impact on traders' supply chains, as the goods are withheld from traders in customs-controlled facilities.

Article 7.3 of TFA requires WTO Members to allow the release of goods prior to the final determination of customs duties, taxes, fees and charges. Separating release from clearance means the goods can be released by customs prior to the payment of duties, taxes, fees and charges where the final classification of the goods, assessment of value or other transactions are pending.

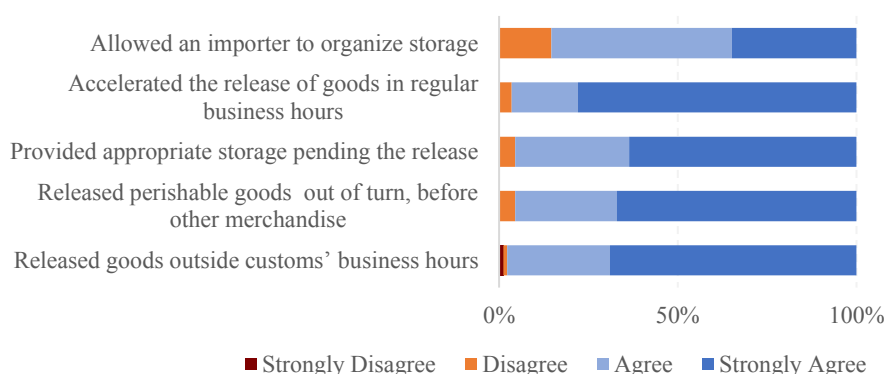
In Lao PDR, only 11% of sample firms report that the release of their goods at border checkpoints has been separated from final determination and payment of customs duties, taxes, fees and charges. The majority of these firms (91% of firms that experienced the separation of release of goods) perceive that the separation of release from final determination of customs duties, taxes, fees and charges could reduce time and cost for the clearance of goods. However, the remaining 89% of sample firms report that their goods have not been released until all taxes and duties have been paid.

10.2.2 Article 7.9 – Perishable goods

Inadequate customs and logistics services at the border can impede export or import of perishable goods, as delays in clearance and inappropriate storage facilities at the border can lead to their deterioration and resultant loss of quality and value. Article 7.9 of TFA requires

WTO Members to provide for a quick release of perishable goods and provide appropriate storage for them pending their release.

Fig. 10.6: Treatment of perishable goods at the border checkpoints



Source: Author's calculation using surveyed data.

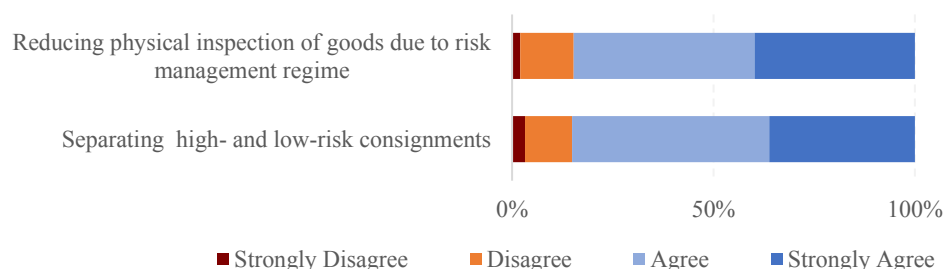
In Lao PDR, more than 90% of valid responses (438 responses) from sample firms report that the customs authority accelerates the release of perishable goods in regular business hours, releases perishable goods out of turn before other merchandise at the border checkpoint, releases perishable goods outside customs' business hours, and provides appropriate storage pending the release of goods. However, the key area for improvement in this measure is the permission for an importer to organize storage of perishable goods pending their release (Fig. 10.6).

10.3 TFA measures in Category C

10.3.1 Article 7.4 – Risk management

Customs risk management plays a crucial role in the customs clearance process and is essential to detect risky consignments and fraud as well as protecting revenues and security of citizens. But maintaining a stringent physical inspection regime, where every shipment is stopped and partially or completely examined, causes significant delays at border crossings. As a result, bribery and informal payments to speed up the process can be common practices.

Fig. 10.7: Firms' perception on the application of risk management principles into the clearance of goods



Source: Author's calculation using surveyed data.

To enhance international trade, Article 7.4 of TFA requires WTO Members to adopt or maintain a risk management system for customs control. Customs administrations should improve and modernize techniques to separate low-risk consignments to those high-risk

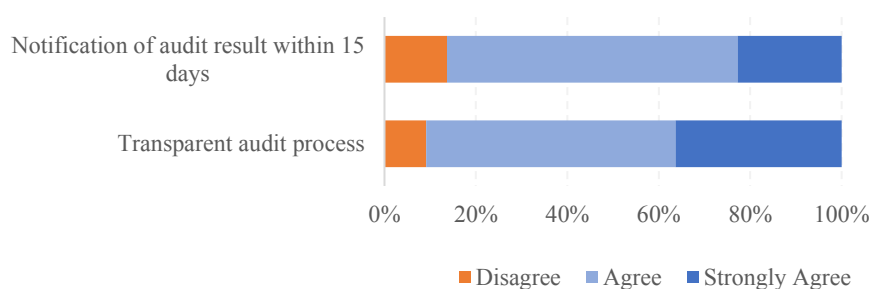
consignments. Low-risk consignments should be put into the green channel for faster release of goods, whereas high-risk consignments should be put into the red channel for mandatory physical inspections.

In Lao PDR, more than 80% of valid responses (192 valid responses) from sample firms report that customs authorities have applied the risk-based management system for customs controls at border checkpoints. These include separating the high, medium and low-risk consignments into red, yellow and green lane respectively at border checkpoints and reducing the incidence of physical inspection of goods (Fig. 10.7).

10.3.2 Article 7.5 – Post-clearance audit

Inspecting the documents required for importation of goods may not provide the complete picture and context of a commercial transaction to customs officials. To release goods without delay, Article 7.5 of TFA requires customs and other agencies in WTO Member countries to adopt post-clearance audits to ensure compliance with customs and other related laws and regulations.

Fig. 10.8: Firms’ perception on the level of customs authority’s compliance with requirements of post-clearance audit



Source: Author’s calculation using surveyed data.

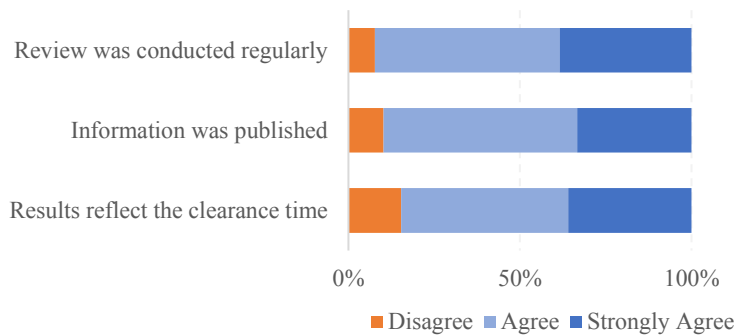
In Lao PDR, 22% of valid responses (44 valid responses) from sample firms have been selected for post-clearance audit by the customs authority in the last two years. More than 86% of these firms perceive that the post-clearance audit is transparent and communicated to the audited person without delay (15 days) (Fig. 10.8).

10.3.3 Article 7.6 – Establishment and publication of average release times

The release of goods may be delayed due to the complex clearance process. Such process involves coordination among multiple agencies such as the border authority, Ministry of Health, departments of agriculture and veterinary, national committee of standards. Lack of agency cooperation results in inefficiencies and delays at the border checkpoint.

Article 7.6 of TFA encourages WTO Members to measure and publish the average release time of goods periodically and in a consistent manner using tools, like the WCO’s Time Release Study (TRS). Quick access to accurate information on average release times should improve traders’ compliance and capacity to predict arrival times for imported goods thus improving efficacy and efficiency of their trade performance and supply value chains.

Fig. 10.9: Customs authority’s compliance with the establishment and publication of average release times



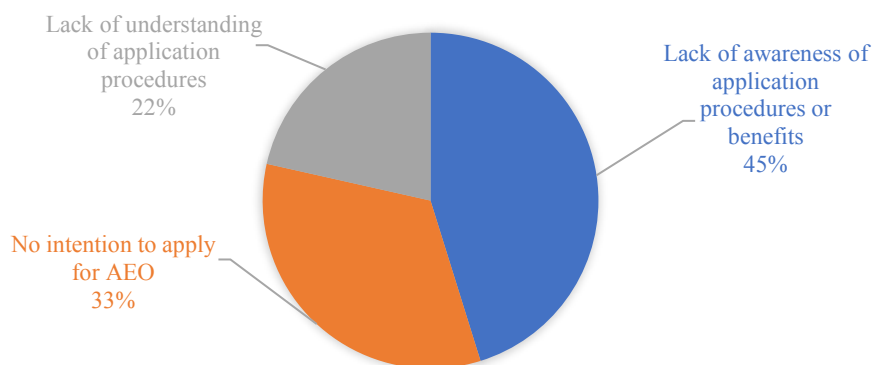
Source: Author’s calculation using surveyed data.

In Lao PDR, 39% of sample firms have reported their awareness about the Time Release Study conducted by the customs authority and its results in the past two years. More than 85% of these firms perceive that the customs authority has regularly conducted a review of release times, published the information of average release times pertaining to importation, and provided results consistent with the actual clearance time (Fig. 10.9).

10.3.4 Article 7.7 – Trade facilitation measures for authorized operators

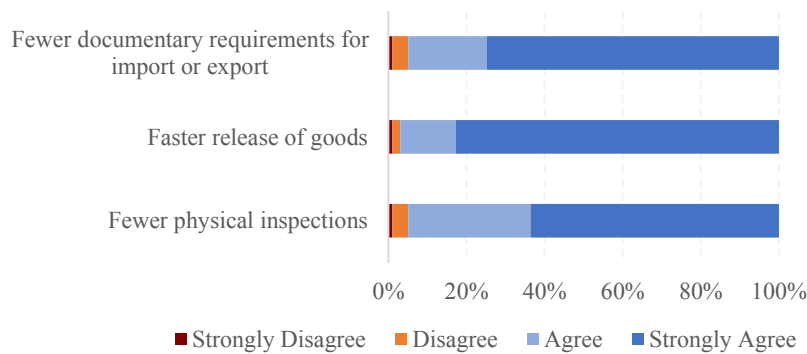
To prevent and contain trade risks in a way that does not reduce the speed and intensity of trade flows, Article 7.7 of TFA requires WTO Members to provide additional trade facilitation measures to selected operators who are deemed to be low-risk, based on specified criteria, and can be classified as authorized economic operators (AEO). The AEO should benefit from preferential measures, such as fewer physical inspections, more rapid release times and reduced documentation and data requirements.

Fig. 10.10: Reasons for not applying for AEO



Source: Author’s calculation using surveyed data.

Fig. 10.11: Firms' perception on the expected benefits of AEO



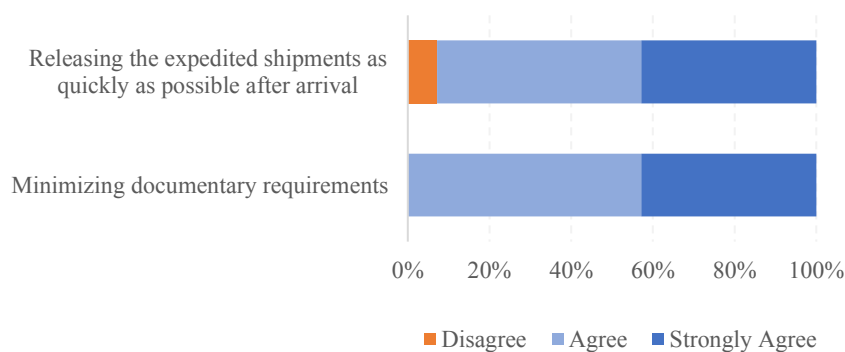
Source: Author's calculation using surveyed data.

In Lao PDR, 2% of valid sample firms (94 firms) have applied for the AEO. Their applications are being processed. The remaining 98% of valid sample firms has not applied for the AEO. The primary reasons for not applying for the AEO are lack of awareness of the application process or the benefits of being an AEO, no intention to apply for the AEO, and lack of understanding of the application process (Fig. 10.10). If these firms are granted with the AEO status, more than 94% of them perceive that they will benefit from fewer documentary requirements for import or export, faster release of goods, and fewer physical inspections by border authorities (Fig. 10.11).

10.3.5 Article 7.8 – Expedited shipments

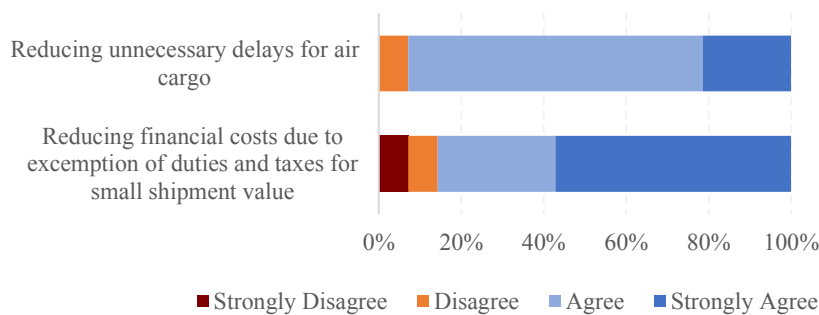
Expedited shipments through air transport provide just-in-time delivery of goods to serve global value chains and e-commerce. However, delays in clearing consignments of air cargo at entry points reduce the competitiveness of logistic chains that deliver express parcels. Article 7.8 of TFA requires WTO Members to set up special procedures to expedite the release of goods entered through air cargo for those persons who apply for such treatment.

Fig. 10.12: Firms' perception on customs authority's treatment of urgent consignment of air cargo



Source: Author's calculation using surveyed data.

Fig. 10.13: Firms' perception on benefits of expedited shipments for air cargo



Source: Author's calculation using surveyed data.

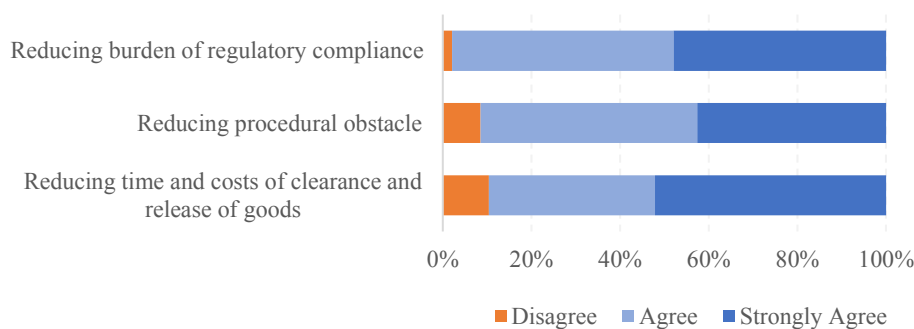
In Lao PDR, only 14% of sample firms have used the expedited clearance of express cargo (urgent consignments) imported through air cargo in the last two years. These firms report that the customs authority release the expedited shipments as quickly as possible after their arrival, and minimize the documentary requirements (Fig. 10.12). More than 86% of these firms perceive that effective implementation of expedited shipments should reduce unnecessary delays for air cargo and financial costs as duties and taxes for small shipment value were not collected (Fig. 10.13).

10.3.6 Article 10.4 – Single window

The physical or electronic single window is a system that allows traders to submit documentation and data requirements through a single-entry point. It also enables them to receive the results of processing and clearance permission through the same single window. It should reduce procedural obstacle as well as time and cost of clearance and release processes. Article 10.4 of TFA encourages WTO Members to establish a single window to allow traders to submit documents and data requirements through a single entry point, using information technology to the extent possible.

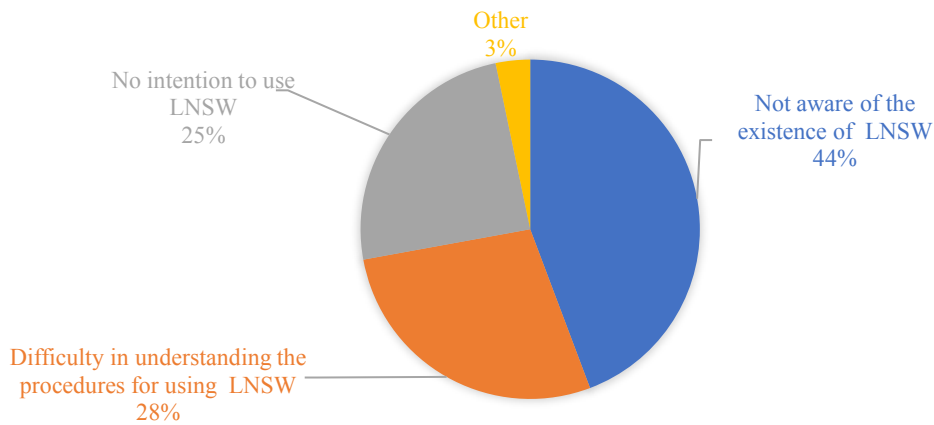
In Lao PDR, 49% of sample firms have submitted import or export documents via the Lao National Single Window (LNSW) in the last two years. These firms perceive that the use of LNSW could reduce burden of regulatory compliance, procedural obstacle, and time and costs associated with the clearance and release of goods (Fig. 10.14).

Fig. 10.14: Firms' perception on benefits of using Lao National Single Window



Source: Author's calculation using surveyed data.

Fig. 10.15: Reasons for not using Lao National Single Window



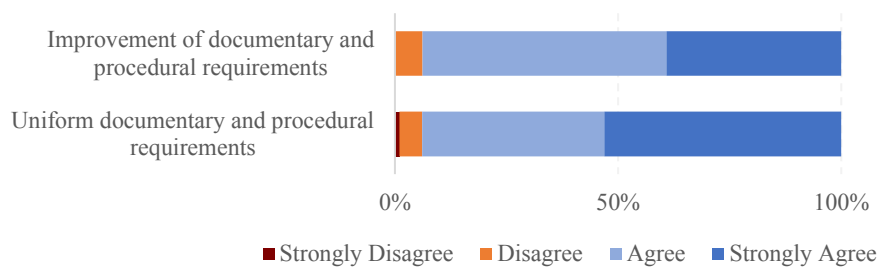
Source: Author’s calculation using surveyed data.

The remaining 51% of sample firms have never submitted import or export documents via LNSW. Three main reasons for not using it include lack of awareness of the presence of LNSW (44%), difficulty in understanding the procedures for using LNSW (28%), and no intention to use the LNSW (25%) (Fig. 10.15). As the LNSW has been in operation for a short duration only covering a few border checkpoints and products, its use is still limited.

10.3.7 Article 10.7 – Common border procedures and uniform documentation requirements

The application of different procedures or requirement of different documents for clearing goods at different border posts within the same territory raises costs for businesses that have to comply with multiple border requirements. Article 10.7 of TFA requires WTO Members to apply common border procedures and uniform documentation requirements for release and clearance of goods throughout their territory to minimize the costs borne by business.

Fig. 10.16: Firms’ perception on documentary and procedural requirements for import, export or transit across border checkpoints



Source: Author’s calculation using surveyed data.

In Lao PDR, more than 91% of valid responses (195 responses) from sample firms reveal that trade-related government agencies have uniform documentary and procedural requirements across border checkpoints. Those requirements have also been improved in the last two years (Fig. 10.16).

10.3.8 Article 10.8 – Rejected goods

Goods that do not meet technical or SPS requirements are rejected for import. The rejected goods often get confiscated and destroyed by border authorities. However, such action is unfair for both the importer and the exporter who are denied the opportunity to dispose of the goods and decide how to alternatively place them in other markets with less stringent technical or safety regulations. Article 10.8 of the TFA aims to limit the discretion of border authorities to destroy goods against traders’ will by allowing noncompliant goods to be re-consigned or returned to the exporter.

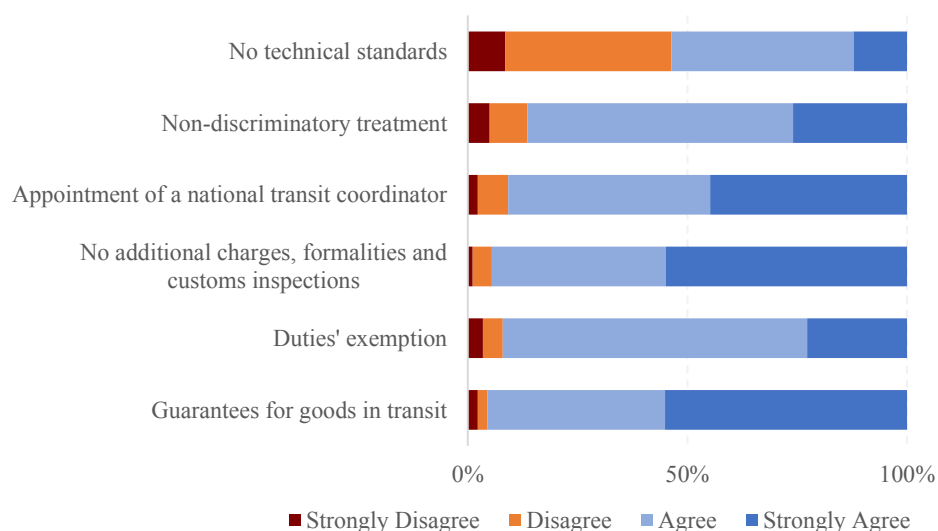
In Lao PDR, three out of 80 valid sample firms report that their goods were rejected for import by the border authorities due to non-compliance with technical or SPS requirements in the last two years. Only one of these three firms were able to return the rejected good to the exporter.

Over the next two years, if the Lao government allows the importer to return the rejected good to exporter, these firms believe that the rejected goods can be returned to the exporter for selling in another market, or re-consigned to a third country, other than the country of export.

10.3.9 Article 11 – Freedom of transit

Article 11 of the TFA aims to ensure movement of traffic in transit through the application of rules, regulations and processes in a non-trade-restrictive manner, eliminating all unnecessary regulations and formalities, prohibiting any voluntary restraints to traffic in transit and securing a non-discriminatory treatment of goods in transit. It requires WTO Members not to condition the traffic in transit upon the collection of fees or charges, and not to impose discriminatory (no less favourable) or burdensome restrictions on transit.

Fig. 10.17: Firms’ perception on the treatment of goods in transit



Source: Author’s calculation using surveyed data.

In Lao PDR, 86% of valid responses (518 responses) from sample firms reveal the full compliance with all requirements of freedom of transit. More than 91% of these responses indicate four key areas that have made much progress. First, guarantees for goods in transit are allowed and promptly discharged once the transit requirements are satisfied. Second, once the goods have been authorized to proceed from the point of origin, they are not subject to further charges, formalities and customs inspections until they conclude their transit at their point of

destination within the country. Third, transit is exempt from duties except for reasonable charges for transportation and administrative expenses. Fourth, a national transit coordinator has been appointed.

However, there are two key areas that lag behind others. The first area is the imposition of technical standards on goods in transit. 46% of valid sample firms report their goods in transit are required to comply with technical standards. The second area is the non-discriminatory treatment of goods in transit. 14% of valid sample firms perceive that regulatory and procedural requirements for transit were less favourable than those for import or export (Fig. 10.17).

XI. INTERNAL CO-OPERATION

The internal co-operation includes only one measure, which is Article 8 – Border agency cooperation in Category C. It is perceived to be moderately implemented. This is consistent with its implementation commitment notified to the WTO.

11.1 TFA measures in Category A

There is no TFA measure in Category A that relates to internal border co-operation.

11.2 TFA measures in Category B

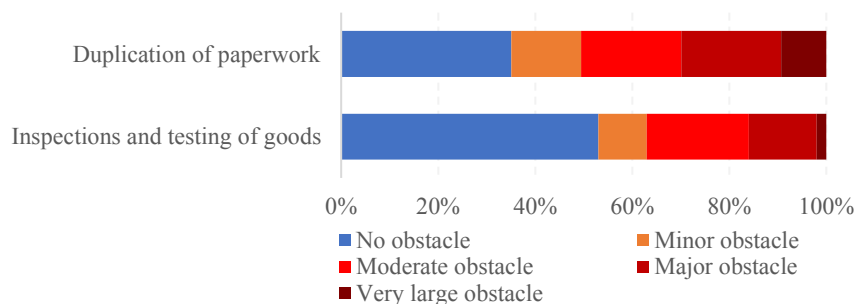
There is no TFA measure in Category B that relates to internal border co-operation.

11.3 TFA measures in Category C

11.3.1 Article 8 – Border agency cooperation

Article 8 of TFA requires all national authorities and agencies responsible for border controls and procedures dealing with importation, exportation and transit of goods (such as those issuing licences and certificates, testing laboratories) in WTO Member countries to cooperate with one another and coordinate their activities in order to provide a better end-to-end experience for traders.

Fig. 11.1: Firms' perception on internal border agency cooperation



Source: Author's calculation using surveyed data.

In Lao PDR, 44% of valid responses (197 responses) from sample firms reveal the lack of internal border cooperation as moderate or very large obstacle for their business operations. These obstacles result from duplication of paperwork as well as lack of coordination among border authorities in the inspections of goods (Fig. 11.1).

XII. EXTERNAL CO-OPERATION

The external co-operation includes only one measure, which is Article 12 – Customs co-operation in Category C. It is perceived to be moderately implemented. This is consistent with its implementation commitment notified to the WTO.

12.1 TFA measures in Category A

There is no TFA measure in Category A that relates to external border co-operation.

12.2 TFA measures in Category B

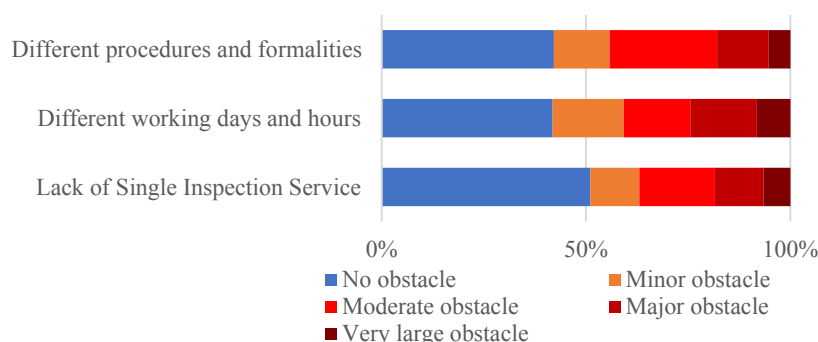
There is no TFA measure in Category B that relates to external border co-operation.

12.3 TFA measures in Category C

12.3.1 Article 12 – Customs cooperation

Article 12 of the TFA requires WTO Members to improve cooperation on customs services to foster compliance by businesses and enable freer trade. It contains detailed rules and procedures to allow one customs administration to obtain from another copies of the import or export declaration (or the data), and the supporting documents (commercial invoice, packing list, certificates of origin, and bill of lading) in specific cases where the requesting administration has reasonable doubts about the truth or accuracy of the declaration made to it. These rules and procedures include requirements to ensure that confidential information of businesses is protected and properly used only for the verification purposes requested.

Fig. 12.1: Firms' perception on external border cooperation



Source: Author's calculation using surveyed data.

In Lao PDR, 41% of valid responses (285 responses) from sample firms reveal moderate or very large obstacle from the lack of external co-operation among customs administrations for their business operations. These obstacles result from different trade procedures and formalities, different working days and hours, and the lack of single inspection service between Lao PDR and its neighbouring countries (Fig. 12.1).

XIII. GOVERNANCE AND IMPARTIALITY

The governance and impartiality include two measures in Category A, namely Article 5.1 – Notifications for enhanced control or inspections and Article 5.2 – Detention; and one measure in Category C, namely Article 5.3 – Test procedures. The perception survey reveals that these measures are sparsely implemented, suggesting that the current state of implementing Articles 5.1 and 5.2 are not consistent with their implementation commitments notified to the WTO.

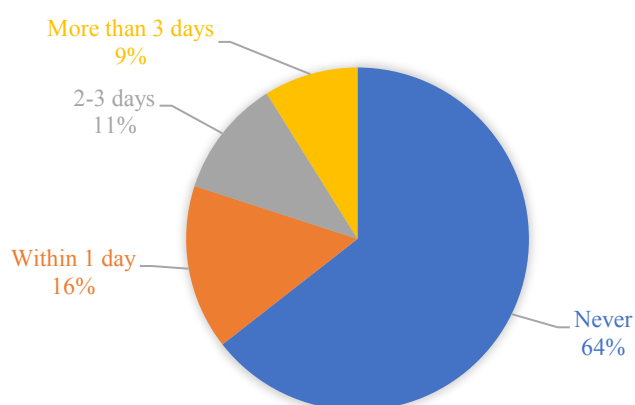
13.1 TFA measures in Category A

13.1.1 Article 5.1 – Notifications for enhanced control or inspections

Article 5.1 of the TFA requires WTO Members to quickly terminate or suspend the notification of controls as soon as the underlying risk disappears, or if changed circumstances allow for a re-evaluation of the notification in a less trade restrictive manner. This provision is only applicable when the WTO Member has set up or maintains a system of issuing advance notifications or prior guidance to enhance border controls for foods, beverages or feedstuffs.

In Lao PDR, 64% of valid sample firms (45 firms) report that they have never received any advance notification for enhanced controls for foods, beverages or feedstuff from the border authorities before the date of their effectiveness. The remaining 36% of valid sample firms received the advance notification of enhanced controls before one day (16%), 2-3 days (11%), and greater than 3 days (9%) from their coming in to force (Fig. 13.1).

Fig. 13.1: Proportion of firms receiving notification of enhanced controls

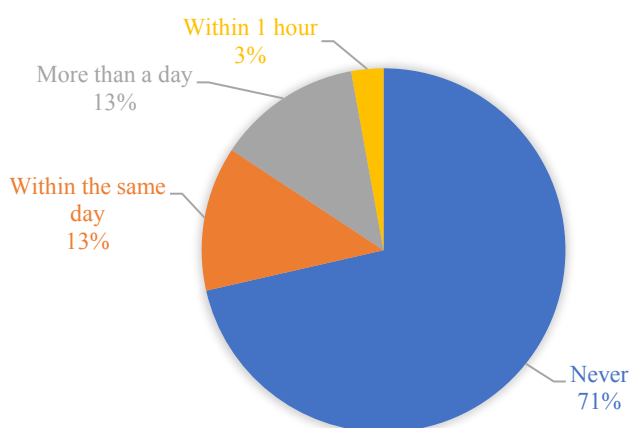


Source: Author's calculation using surveyed data.

13.1.2 Article 5.2 – Detention

Article 5.2 of the TFA requires WTO Members to rapidly inform the importer or their carrier of detention of goods for inspection by customs or any other competent authority in a transparent, non-discriminatory and legitimate manner.

Fig. 13.2: Proportion of firms receiving notification of inspection



Source: Author’s calculation using surveyed data.

In Lao PDR, 71% of valid sample firms (70 firms) report that they have never received any notification from the customs authority in case their goods were detained for inspection in the last two years. The remaining 29% of valid sample firms received the notification of goods’ detention for inspection within one hour (3%), within the same day (13%), and greater than one day (13%) (Fig. 13.2).

13.2 TFA measures in Category B

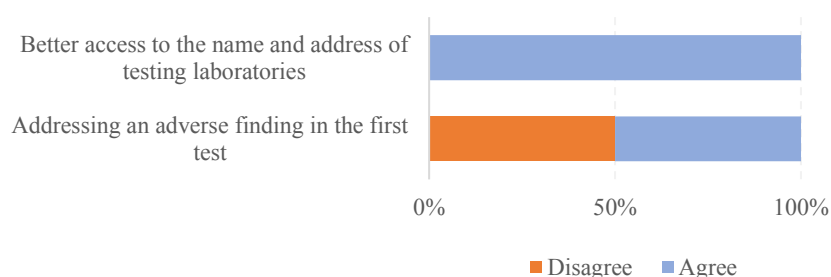
There is no TFA measure in Category B that relates to governance and impartiality.

13.3 TFA measures in Category C

13.3.1 Article 5.3 – Test procedures

In some cases, test results of sampled goods for import at the border checkpoint are different from those mentioned in the import declaration. At times, the test results may not be acceptable to the importer and he may seek for retest.

Fig. 13.3: Firms’ perception on benefits of allowing for the second test



Source: Author’s calculation using surveyed data.

Article 5.3 of the TFA requires WTO Members to re-test samples on the request of traders in a transparent and trade facilitative manner. A second test would ensure or challenge the consistency of the first test and highlight any discrepancy that might have occurred between the first test and the declaration of goods for importation.

In Lao PDR, three out of 100 sample firms have submitted a request for the second test of their imported goods, but only the request from two firms was accepted. These two firms report that

they have better access to the name and address of testing laboratories. However, only one of them perceives that allowing an opportunity for the second test could address an adverse finding in the first test (Fig. 13.3).

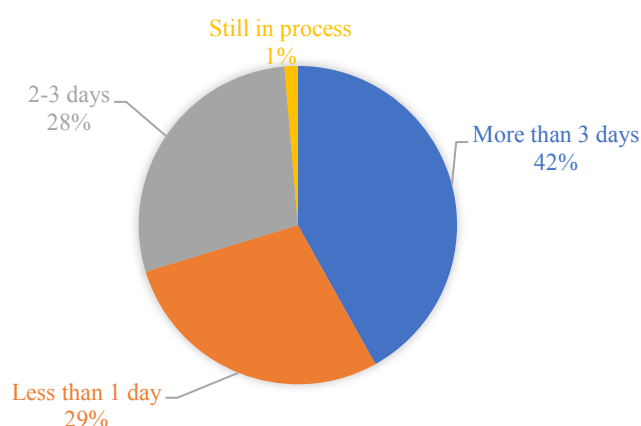
XIV. FIRMS' OVERALL PERCEPTION

This section aims to gauge firms' perception on the degree of informal payment and obstacles to trade facilitation. It reveals that about one-third of valid sample firms use gift or informal payment to public officials to obtain the license, permit or authorization. The top-three obstacles to trade facilitation are informal payments or corruption, excessive paper work or documentation requirement, and heavy taxes and duties.

14.1 Informal payments

To get the license, permit or authorization needed during the import, export or transit clearance process, 28% of sample firms have provided gift or informal payment to public officials in the last two years. 16 out of 28 firms that reported informal payment agreed to provide more information on the nature of informal payment, while the remaining 12 firms refused to do so. 75% of these 16 firms provided informal payments or gifts to public officials as a percentage to total value of goods, which ranged from 1% to 10%. The remaining 25% provided a fixed amount per transaction, which ranged from LAK 1,000,000 to LAK 5,000,000.

Fig. 14.1: Number of days for obtaining an import license, permit or authorization from customs or other line departments



Source: Author's calculation using surveyed data.

In the last two years, 77% of valid sample firms (97 firms) applied for an import license or permit or sought authorization from customs or other line departments. 56% of these firms could obtain it within three days. The remaining 42% of firms report that it took more than three days to obtain the license or authorization (Fig. 14.1). 25% of firms that applied for the import license or authorization were asked to make informal gift or payment.

14.2 Major obstacles to trade facilitation

In the perception survey, we assess major obstacles to trade facilitation against nine indicators, cumbersome customs regulations and procedures, difficult regulations and procedures of other cross-border regulatory agencies, informal payments or corruption, excessive paper work or documentation requirement, poor coordination among border agencies, lack of knowledge about rules and procedures, heavy taxes and duties, transport, and inadequately educated workforce. Firms were asked to put the scales 1-9 on these indicators, with 1 as the biggest obstacle and 9 as the smallest obstacle.

An analysis of scales 1-3 in the perception survey reveals that the top three obstacles to trade facilitation are informal payments or corruption, excessive paper work or documentation requirement, and heavy taxes and duties. They are followed by cumbersome customs regulations and procedures, difficult regulations and procedures of other cross-border regulatory agencies, poor coordination among border agencies, lack of knowledge about rules and procedures, transport, and inadequately educated workforce (Table 14.1).

Table 14.1: Ranking of the obstacles to trade facilitation

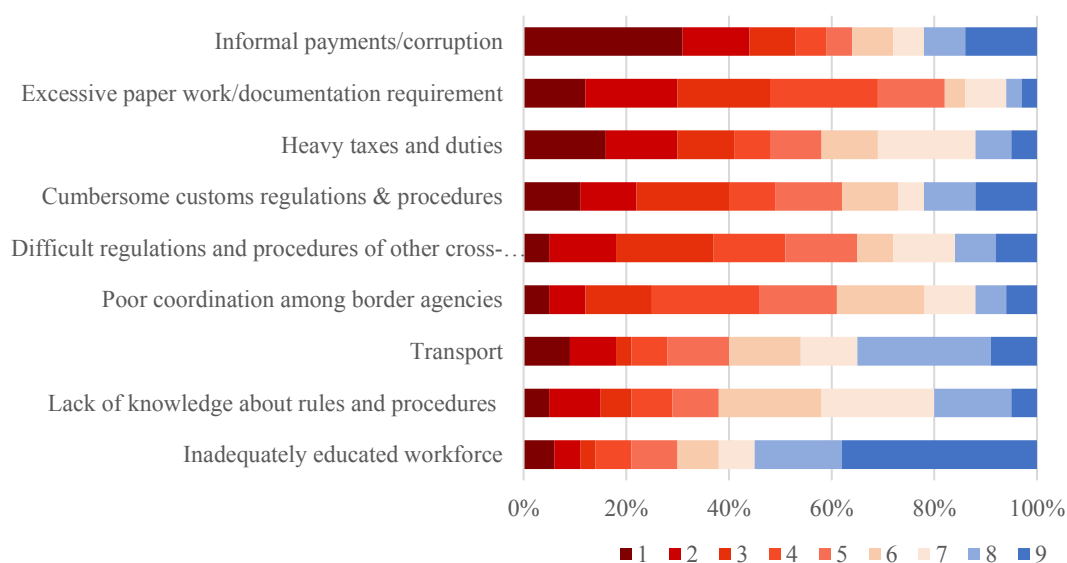
Type of obstacle	Ranking of trade facilitation obstacles
Informal payments/corruption	1
Excessive paper work/documentation requirement	2
Heavy taxes and duties	3
Cumbersome customs regulations & procedures	4
Difficult regulations and procedures of other cross-border regulatory agencies	5
Poor coordination among border agencies	6
Lack of knowledge about rules and procedures	7
Transport	8
Inadequately educated workforce	9

Note: The ranking is based on the sum of responses for scales 1-3.

Source: Author's calculation.

The ranking of trade facilitation obstacles in Table 14.1 is consistent with the analysis of all scales (1-9). Fig. 14.2 shows that more than 50% of sample firms perceive that the major obstacles to trade facilitation are informal payments or corruption, excessive paper work or documentation requirement, heavy taxes and duties, cumbersome customs regulations and procedures, difficult regulations and procedures of other cross-border regulatory agencies, and poor coordination among border agencies.

Fig. 14.2: Firms' perception on major obstacles to trade facilitation



Source: Author's calculation using surveyed data.

XV. COMPARATIVE OVERVIEW OF TFA UTILIZATION AND IMPLEMENTATION

This section aims to gauge the extent to which firms utilize the TFA measures at the national and regional levels. It compares firms' utilization of TFA measures and the state of TFA implementation at the national level as well as the differences of firms' utilization of TFA measures in Vientiane Capital, Northern and Southern provinces. The comparative analysis uses three sources of TFA information, namely firms' utilization of 35 TFA measures based on the private sector's perception survey in 2021, the state of TFA implementation in 2019 by the Organization for Economic Co-operation and Development (OECD), and the state of TFA implementation in 2021 by the United Nations Economic Commission for Asia and the Pacific (UN ESCAP). The OECD covers 29 TFA measures (see Annex 3 for more details of the components of OECD's trade facilitation indicators), while the UN Survey covers 20 measures (see Annex 4 for the complete list of UN's trade facilitation indicators).

Overall, the Perception Survey reveals that of 35 TFA measures, as many as 14 have been substantially utilized, which means over two-thirds of the respondents reported using them. Further, remaining 8 TFA measures were utilized moderately and 12 sparsely⁶. In terms of percentage, the utilization can be categorized approximately as 40% substantially, 23% moderately and 34% sparsely. This is at slight variance with the level of implementation reported in OECD and UNESCAP surveys, where roughly about 6-8 measures were reported to be fully implemented and 10-11 had partial or limited implementation. However, we must also remember that the focus of UNESCAP survey was on paperless and sustainable trade facilitation and hence it had not covered as many as 16 TFA measures, which were perhaps not considered relevant for the purpose of its study.

Further, given that OECD survey was carried out in 2019 and the UN Survey was conducted in 2021, there is bound to be some variance as some more measures may have been implemented in these two years. In addition, the two surveys are not using the same set of questions and hence the responses may also differ due to the kind of questions asked therein. We will try to compare the inferences of the Perception Survey in the backdrop of the findings of these two surveys. Thereafter, we will also try to study the variations in responses within the country, especially across the northern and southern parts vis-à-vis the Vientiane Capital. The discussion will be covered under major clusters followed by the OECD that uses full set of TFA indicators (TFIs) to measure the progress in their implementation.

A. Information availability

It covers 3 TFA measures concerning availability of trade related information to general public through various means, viz., publication, availability of information through internet and enquiry points. As per OECD survey, two of these measures, i.e., access of information through internet and enquiry points is fully implemented, whereas it has limited implementation through publication. UN survey has also confirmed full implementation of information availability through internet for which it has captured data. It did not cover measures relating to publication or enquiry points. Perception Survey reveals that maximum utilization was

⁶ In case of the measure relating to use of international standards, the response was not available.

reported to be of information made available through publication (over two-thirds of the respondents preferred to access information through publication), whereas measure relating to information availability was moderately utilized and enquiry points were sparsely utilized. The reasons behind their preference over one to another is not as much to their availability, but in the awareness of trade about relevant internet sites and enquiry points. It came a bit as a surprise as Lao PDR was one of the pioneers among developing countries to have set up Lao Trade Portal way back in 2012 and it was assumed that LTP was being used widely, *but perhaps the use was more in the public sector with their developed internet access and awareness, whereas private sector was still more dependent on traditional sources of information*. All these three measures under the information availability cluster are designated as Category A commitments and have been implemented by the government, yet their utilization varies due to a lack of adequate awareness among trade about their use and efficacy.

B. Involvement of trade community

There are two TFA measures under this cluster, opportunity to comment and information before entry into force of any new or revised trade regulation, and consultations with private sector. Both the measures are Category B commitments and should have been implemented by the end of 2020. As per OECD survey, the former measure had limited implementation and the latter low implementation as far as their compliance to TFA provisions are concerned. On the other hand, the UN Survey reported both these measures as fully implemented. The difference in two reports is due to the fact that OECD had a more comprehensive questionnaire covering various aspects of the TFA measure, whereas UN survey essentially looked at the provision of enabling regulation for it. For example, in case of the measure on comment & information, (under TFA Article 2.1), OECD measured this progress against four components, namely, notice and comment procedures, consideration of public comments, draft publication, and policy objectives communication, whereas the UN survey measured the implementation progress by the availability of legislation that requires administrative agencies to make proposed new regulations or amendments publicly available before their entry into force.

Response under the Perception Survey was somewhere in between as it revealed substantial utilization of the measure about consultations with private sector, but only a sparse utilization of the measure on their opportunity for advance information and comment.

C. Advance rulings

This TFA measure, which is a Category C commitment (Article 3 of TFA) was reported as low implementation in the OECD survey and partially implemented in the UN survey. It was reported to be moderately utilized under the Perception Survey, which confirmed the low level of implementation of this measure and reflected the need for raising greater awareness of this facility among the traders.

D. Appeal procedures

The measure is a Category A commitment (Article 4) and was reported as fully implemented by both OECD and UN surveys. However, the Perception Survey showed only a sparse utilization of this measure as 6% of the respondents had ever used this facility despite the fact that the appeal procedure in Customs has been in place for a long time. An overwhelming majority of respondents did not intend to use appeal procedure as they did not see its efficacy.

E. Fees and charges

Of the three measures (Articles 6.1, 6.2 and 6.3 of TFA) listed in this cluster, which fall under Category A and B commitments, OECD survey indicated low to full implementation of these, which was broadly supported by the Perception Survey that reflected their moderate to substantial utilization. UN survey did not cover any of these measures.

F. Formalities- documents

The cluster covered three TFA measures, which included review of formalities and documentation requirements for removing restrictions (Article 10.1 of TFA), acceptance of copies (Article 10.2) and use of international standards (Article 10.3). Falling under Category C commitments, their implementation progress has been slow and they were appropriately reflected under OECD survey as having limited implementation. UN survey covered only one measure from this cluster, i.e. acceptance of copies, which was rated as partially implemented. Perception Survey however, reported substantial utilization of this measure as many departments are accepting copies of the documents authenticated by other departments, but it termed the measure concerning review of formalities and documentation as moderately utilized. It did not cover third measure of the cluster, i.e., use of international standards.

G. Formalities- automation

The two measures under this cluster, i.e., pre-arrival processing (Article 7.1) and electronic payment (Article 7.2) respectively fell under Category A and C commitments. OECD survey termed their progress as limited implementation. UN survey showed electronic payment as making limited progress, but pre-arrival processing having been fully implemented. Perception Survey showed both these measures as substantially utilized. While the facility of electronic payment is available through smart cards, for payment of customs duties and other taxes, which is widely used, the survey finding about pre-arrival processing is not as unambiguous. Lao Customs Law allows submission of declaration before the arrival of goods, the procedures however, do not permit pre-arrival processing, since they require face-vetting or validation based on receipt of the printed copy of the declaration and supporting documents before allowing any processing of declaration. The response therefore is reflecting the importers utilizing the facility of advance lodgement of declaration, rather than the pre-arrival processing conducted by customs officials.

H. Formalities- procedures

This cluster has many as 15 TFA measures from diverse categories. 4 from Category A, 2 from Category B and remaining 9 from Category C. The 4 procedures from Category A entail movement of goods under customs control (Article 9), pre-shipment inspection (Article 10.5), use of customs brokers (Article 10.6) and temporary admission of goods (Article 10.9). Barring the first one (i.e., Article 9, which was not considered), all the other three were reported to be fully implemented as per OECD survey. UN survey did not cover any of these 4 measures. The Perception Survey confirmed substantial utilization of all these Category A measures, except movement of goods under customs control, which was reported as sparsely utilized.

The two measures of Category B included separation of release from determination of Customs duties & taxes (Article 7.3) and the priority treatment of perishable goods (Article 7.9). Both

were rated as low implementation measures under OECD survey. Similarly, they were also labelled as partially implemented and at planning stage respectively under the UN Survey. While Perception Survey confirmed the first measure as sparsely utilized, it surprisingly held the measure relating to perishable goods as substantially utilized. The anomaly appears to be a manifestation of the prevailing practice of perishable goods being cleared on priority, even though no such procedures were laid down by Customs for their special treatment.

Of the 9 Category C commitments in this cluster, none was reported to be fully implemented in OECD survey, except one which related to Time Release Study (Article 7.6). Neither did the UN Survey find any of these measures as fully implemented, though 5 were described as partially implemented and 2 in the planning stage. The Perception Survey however reported 3 of these as substantially utilized, which were risk management (Article 7.4), common border procedures (Article 10.7) and freedom of transit (Article 11). On the contrary, the TRS measure which was found as fully implemented by OECD survey was reported only moderately utilized under the Perception Survey, which could be due to the limited awareness of trade about the TRS exercise.

An overall comparison of these findings has been made on the basis of the responses received against various questions under the OECD and UN surveys. For instance, if a measure had 3 questions (or indicators) under it and only one of them was responded positively, it was given a score of 33%. However, if another measure had 4 such questions and two were answered in affirmative, it was given a score of 50%. The difference between firms' utilization and TFA implementation scores reveals three salient features of TFA implementation in Lao PDR (Table 15.1).

First, firms tend to underutilize 11 out of 20 measures or 55% of TFA measures. Firms' utilization of these measures is lower than their implementation commitments by at least 25 percentage points. They are

1. Article 1.2 – Information available through internet
2. Article 2.1 – Opportunity to comment and information before entry into force
3. Article 2.2 – Consultations
4. Article 4 – Procedures for appeal or review
5. Article 7.1 – Pre-arrival processing
6. Article 7.3 – Separation of release from final determination of customs duties, taxes, fees and charges
7. Article 7.5 – Post-clearance audit
8. Article 7.6 – Establishment and publication of average release times
9. Article 7.7 – Trade facilitation measures for authorized operators
10. Article 7.8 – Expedited shipments
11. Article 12 – Customs cooperation

Four out of 13 underutilized measures are consistent with the difference between firms' utilization and OECD's TFA implementation scores. They are Articles 1.2, 4, 7.5, and 7.7. The remaining seven measures are not consistent with those of OECD because the implementation scores of UN Survey are significantly higher than those of OECD. For example, the implementation score for Article 2.1 is 38% for OECD, while it is 100% for UN Survey.

There are two possible explanations for such difference. First, OECD survey was conducted two years earlier in 2019, while UN Survey was carried out in 2021. From 2019 to 2021, the state of implementation of Articles 2.1, 2.2 and 8 reported by UN Survey has improved from partial to full implementation. Second, some components of TFA measures used by UN Survey are different from those of OECD. For example, UN Survey measures the progress of implementing Article 2.1 by the availability of legislation that requires administrative agencies to make proposed new regulations or amendments publicly available before their entry into force. In comparison, OECD measures this progress against four components, namely, notice and comment procedures, public comments, drafts publication, and policy objectives communication.

Second, government authorities tend to facilitate trade of perishable goods much more than the implementation commitment of Article 7.9. The proportion of firms' perception on government's compliance with requirements of Article 7.9 is 94%, which is almost twice higher than the state of implementing them reported under the UN survey. In practice, it is possible that the TFA utilization may be higher than its implementation level as trade-related government authorities in some provinces may provide greater degree of trade facilitation than that stipulated in national laws or regulations.

Based on the OECD's TFA implementation scores, the government tends to facilitate trade on the ground much more than the implementation commitments of additional 11 articles. They are Articles 1.1, 2.2, 3, 6.2, 10.1, 10.2, 7.1, 7.2, 7.4, 10.5, and 10.7. OECD's implementation scores for six out of these articles, namely Articles 2.2, 3, 7.1, 7.2, 7.4, and 10.5, are significantly lower than those of UN Survey. This may reflect the outdated data of OECD indicators and different components used to measure the state of TFA implementation by OECD and UN Survey.

Finally, firms' utilization of TFA measures are consistent with the implementation commitments of eight measures reported by the UN Survey. The difference between utilization (%) and implementation (%) for these measures is less than 25 percentage points. They are

1. Article 3 – Advance rulings
2. Article 7.2 – Electronic payment
3. Article 7.4 – Risk management
4. Article 8 – Border agency cooperation
5. Article 10.2 – Acceptance of copies
6. Article 10.4 – Single window
7. Article 10.5 – Pre-shipment inspection
8. Article 11 – Freedom of transit

Two out of these measures, namely Articles 8 and 10.4, are consistent with those of OECD. The implementation scores of five articles, namely Articles 3, 7.2, 7.4, 10.2, and 10.5, are not consistent with those of OECD because the implementation scores of UN Survey are significantly higher than those of OECD. For example, the implementation score for Article 7.2 is 25% for OECD, while it is 67% for UN Survey.

The comparative analysis between firms' utilization of TFA measures and the state of TFA implementation by ESCAP reveals that firms in Lao PDR tend to underutilize 11 TFA measures relating to the information availability, the involvement of trade community and the

release and clearance of goods. However, their utilization of the trade facilitation measure of perishable goods is better than the implementation commitment of such measure. In addition, firms' utilization of eight TFA measures are consistent with their implementation commitments, namely advance rulings, electronic payment, risk management, border agency cooperation, acceptance of copies, single window, pre-shipment inspection and freedom of transit. Finally, firms' utilization of TFA measures vary across Vientiane Capital, Northern provinces and Southern provinces.

15.1 Comparison of TFA utilization at the national and regional levels

Firms' utilization of TFA measures captured under this Perception Survey varies across Vientiane Capital, Northern provinces and Southern provinces. The national average of TFA utilization is not significantly different from the average of TFA utilization in Vientiane Capital and in Northern provinces, namely Luangnamtha and Bokeo. In Vientiane Capital, the difference of utilization scores (%) is highest for Article 10.4 – Single window, and lowest for Article 1.3 – Enquiry points. In Northern provinces, the difference of utilization scores (%) is highest for Article 10.1 – Formalities and documentation requirements, and lowest for Article 6.1 – General disciplines on fees and charges. But the difference of utilization scores in Vientiane Capital and Northern provinces is lower than the threshold of 25 percentage points, suggesting no major differences in firms' utilization of TFA measures in the two regions.

However, the national average of TFA utilization is substantially different from the average of TFA utilization in Southern provinces, namely Khammuane, Borikhamxay, Savannakhet, and Champasack. Firms in Southern provinces tend to underutilize three TFA measures, namely Article 1.2 – Information available through internet, Article 10.1 – Formalities and documentation requirements, and Article 10.4 – Single window. Meanwhile, they tend to better utilize the Article 7.6 – Establishment and publication of average release times than those in other regions of Lao PDR.

Table 15.1: Firms' perception on the utilization of TFA measures and state of TFA implementation by OECD and ESCAP

No.	TFA measures	Cat.	Firms' utilization (% of valid responses)				Govt implementation (% of best performance)				Difference between utilization and implementation		Difference between regional and national utilization		
			National	VTE	North*	South ⁺	OECD (2019)		ESCAP (2021)		OECD (2019)	ESCAP (2021)	VTE	North*	South ⁺
			%	%	%	%	%	Score	%	Score			Percentage points		
I. Information availability (3)			53	51	57	46	71	1.429	100	3.000	-19	-47	-1	5	-7
1	Article 1.1 Publication	A	84	83	77	88	58	1.154	NA	NA	26	NA	-1	-7	4
2	Article 1.2 Information available through internet (LTP)	A	44	49	50	13	88	1.750	100	3.000	-44	-56	5	6	-31
3	Article 1.3 Enquiry points (SPS and TBT)	A	30	21	44	35	100	2.000	NA	NA	-70	NA	-9	14	5
II. Involvement of the trade community (2)			53	50	54	57	29	0.571	100	3.000	24	-48	-3	1	4
4	Article 2.1 Opportunity to comment and information before entry into force	B	31	32	32	27	38	0.750	100	3.000	-7	-69	1	1	-4
5	Article 2.2 Consultations	B	74	68	76	87	17	0.333	100	3.000	57	-26	-6	2	13
III. Advance rulings (1)			44	49	29	67	0	0.000	67	2.000	44	-23	5	-15	23
6	Article 3 Advance rulings	C	44	49	29	67	0	0.000	67	2.000	44	-23	5	-15	23
IV. Appeal procedures (1)			6	6	5	7	78	1.556	100	3.000	-72	-94	0	-1	1
7	Article 4 Procedures for appeal or review	A	6	6	5	7	78	1.556	100	3.000	-72	-94	0	-1	1
V. Fees and charges (3)			69	73	62	72	46	0.923	NA	NA	23	NA	4	-7	3
8	Article 6.1 General disciplines on fees and charges	B	39	47	24	53	50	1.000	NA	NA	-11	NA	8	-15	14
9	Article 6.2 Specific disciplines on customs fees and charges	A	84	84	86	80	17	0.333	NA	NA	68	NA	0	2	-4
10	Article 6.3 Penalty disciplines (Level of Govt's compliance with general disciplines)	B	84	88	75	83	60	1.200	NA	NA	24	NA	4	-9	-1
VI. Formalities - documents (3)			76	74	83	64	22	0.444	67	2.000	54	9	-2	7	-12
11	Article 10.1 Formalities and documentation requirements (No obstacle)	C	65	62	79	38	30	0.600	NA	NA	35	NA	-3	15	-27
12	Article 10.2 Acceptance of copies	C	87	86	87	90	17	0.333	67	2.000	70	20	-1	0	4

No.	TFA measures	Cat.	Firms' utilization (% of valid responses)				Govt implementation (% of best performance)				Difference between utilization and implementation		Difference between regional and national utilization		
			National	VTE	North*	South ⁺	OECD (2019)		ESCAP (2021)		OECD (2019)	ESCAP (2021)	VTE	North*	South ⁺
			%	%	%	%	%	Score	%	Score			Percentage points		
13	Article 10.3 Use of international standards	C	NA	NA	NA	NA	0	0.000	NA	NA	NA	NA	NA	NA	NA
VII. Formalities - automation (2)			78	78	78	83	35	0.700	83	2.500	43	-5	-1	-1	5
14	Article 7.1 Pre-arrival processing	A	69	64	74	73	38	0.750	100	3.000	31	-31	-5	5	5
15	Article 7.2 Electronic payment	C	88	91	82	93	25	0.500	67	2.000	63	21	3	-6	5
VIII. Formalities - procedures (15)			52	54	51	49	47	0.931	60	1.800	6	-8	2	-1	-3
16	Article 7.3 Separation of release from final determination of customs duties, taxes, fees and charges	B	11	15	11	0	0	0.000	67	2.000	11	-56	4	0	-11
17	Article 7.4 Risk management	C	85	87	81	89	50	1.000	67	2.000	35	18	2	-4	4
18	Article 7.5 Post-clearance audit	C	22	23	16	33	50	1.000	67	2.000	-28	-45	1	-6	11
19	Article 7.6 Establishment and publication of average release times	C	39	34	32	73	50	1.000	67	2.000	-11	-28	-5	-7	34
20	Article 7.7 Trade facilitation measures for authorized operators	C	2	4	0	0	38	0.750	33	1.000	-35	-31	2	-2	-2
21	Article 7.8 Expedited shipments	C	14	26	5	0	0	0.000	67	2.000	14	-53	12	-9	-14
22	Article 7.9 Perishable goods	B	94	92	97	96	33	0.667	33	1.000	61	61	-2	3	2
23	Article 9 Movement of goods intended for imports under customs control	A	10	9	16	0	NA	NA	NA	NA	NA	NA	-1	6	-10
24	Article 10.4 Single window	C	49	62	53	0	50	1.000	33	1.000	-1	16	13	4	-49
25	Article 10.5 Pre-shipment inspection (No pre-shipment inspection)	A	92	86	94	100	0	0.000	100	3.000	92	-8	-5	2	8
26	Article 10.6 Use of customs brokers (No mandatory use of customs brokers)	A	96	98	97	87	100	2.000	NA	NA	-4	NA	2	1	-9
27	Article 10.7 Common border procedures and uniform documentation requirements	C	94	97	97	73	50	1.000	NA	NA	44	NA	3	4	-21
28	Article 10.8 Rejected goods	C	4	3	0	13	0	0.000	NA	NA	4	NA	-1	-4	10

No.	TFA measures	Cat.	Firms' utilization (% of valid responses)				Govt implementation (% of best performance)				Difference between utilization and implementation		Difference between regional and national utilization		
			National	VTE	North*	South ⁺	OECD (2019)		ESCAP (2021)		OECD (2019)	ESCAP (2021)	VTE	North*	South ⁺
			%	%	%	%	%	Score	%	Score			Percentage points		
29	Article 10.9 Temporary admission of goods and inward and outward processing	A	86	97	75	83	100	2.000	NA	NA	-14	NA	11	-11	-3
30	Article 11 Freedom of transit	C	86	82	90	85	NA	NA	67	2.000	NA	19	-4	4	-1
IX. Internal co-operation (1)			56	57	59	47	50	1.000	67	2.000	6	-10	1	3	-10
31	Article 8 Border agency cooperation (No obstacle)	C	56	57	59	47	55	1.100	67	2.000	1	-10	1	3	-10
X. External co-operation (1)			59	61	55	65	50	1.000	100	3.000	9	-41	2	-5	6
32	Article 12 Customs cooperation (No obstacle)	C	59	61	55	65	50	1.000	100	3.000	9	-41	2	-5	6
XI. Governance and impartiality (3)			15	16	11	22	63	1.250	NA	NA	-47	NA	1	-4	7
33	Article 5.1 Notifications for enhanced control or inspections (informed within 3 days)	A	27	20	23	50	NA	NA	NA	NA	NA	NA	-7	-4	23
34	Article 5.2 Detention (informed within the same day)	A	16	25	7	17	NA	NA	NA	NA	NA	NA	9	-9	1
35	Article 5.3 Test procedures	C	3	4	3	0	NA	NA	NA	NA	NA	NA	1	0	-3

Note: South consists of four provinces of Lao PDR, namely Khammuane, Borikhamxay, Savannakhet, and Champasack. North consists of two provinces of Lao PDR, namely Luangnamtha and Bokeo. VTE stands for Vientiane Capital. OECD's TFI score is between 0 (no implementation) and 2 (highest performance). ESCAP's TFI score is between 0 (no implementation) and 3 (full implementation).

Source: Author's calculation using data from the private sector's perception survey in Lao PDR in 2021, OECD's online database 'Trade Facilitation Indicators and UN Global Survey on Digital and Sustainable Trade Facilitation (accessed November 5, 2021).

Legend:

	Firm's utilization of a TFA measure is higher than the state of implementation by at least 25 percentage points
	Firm's utilization of a TFA measure is lower than the state of implementation by at least 25 percentage points

XVI. CONCLUSION AND POLICY RECOMMENDATIONS

16.1 Conclusion

This study evaluates the implementation of 35 TFA measures in Lao PDR based on the private sector's perception survey. The survey has been conducted for importers, exporters, customs brokers, transporters, and logistic firms in Lao PDR from 17 June to 30 July 2021. The total sample consists of 100 firms, including 92 importing-exporting firms and 8 transport and logistics firms. The number of importing-exporting firms in the sample were drawn from the population of importing-exporting firms in seven provinces, namely Bokeo, Borikhamxay, Champasack, Khammuane, Luangnamtha, Savannakhet, and Vientiane Capital. These provinces link Lao PDR's trade with Thailand, China and Vietnam as well as the transit route for exporting or importing to third countries such as the European Union.

The average implementation rate of TFA measures based on the private sector's perception reveals that the NTFC has achieved moderate effectiveness and efficiency in the implementation of TFA measures. As many as 40% (14 out of 35 TFA measures) measures have been substantially utilized and 23% (8 out of 35) as moderately utilized. This leaves out only the remaining 34% (12 out of 35) as sparsely utilized or not utilized. Traders have substantially used measures that relate to the formalities of automation and documents. But they have partially used measures that relate to fees and charges, external co-operation, information availability, internal co-operation, involvement of the trade community and formalities of trade procedures. They also have limited utilization of measures relating to advancing rulings, governance and impartiality, and appeal procedures. The majority of traders who used the TFA measures have benefited from them. Traders who have not used the measures report that they are not aware, do not understand or do not see the utility of TFA measures.

However, progress on the implementation of TFA varies widely across 35 measures in Categories A, B, and C that have been notified to the WTO. 50% of measures (6 out of 12 measures) in Category A are perceived to be substantially utilized. They are Publication (Article 1.1), Specific disciplines on customs fees and charges (Article 6.2), Pre-arrival processing (Article 7.1), Pre-shipment inspection (Article 10.5), Use of customs brokers (Article 10.6), and Temporary admission of goods and inward and outward processing (Article 10.9). The remaining 50% of measures (6 measures) in Category A are perceived to be sparsely or moderately implemented. These measures include Information available through internet (Article 1.2), Enquiry points (Article 1.3), Procedures for appeal or review (Article 4), Notifications for enhanced control or inspections (Article 5.1), Detention (Article 5.2), and Movement of goods intended for imports under customs control (Article 9).

In addition, 50% of measures (3 out of 6 measures) in Category B are perceived to be substantially utilized. They are Consultations (Article 2.2), Penalty disciplines (Article 6.3), and Perishable goods (Article 7.9). The remaining 50% of measures (3 measures) in Category B are perceived to be sparsely or moderately implemented. These measures include Opportunity to comment and information before entry into force (Article 2.1), General disciplines on fees and charges (Article 6.1), and Separation of release from final determination of customs duties, taxes, fees and charges (Article 7.3).

Moreover, the implementation of 29% of measures (5 out of 17 measures) in Category C is significantly more advanced than their implementation commitments. They are Acceptance of copies (Article 10.2), Common border procedures and uniform documentation requirements (Article 10.7), Freedom of transit (Article 11), Electronic payment (Article 7.2), and Risk management (Article 7.4).

Another 35% (6 out of 17) are reported to be moderately utilized under the Perception Survey. These include Advance rulings (Article 3), Establishment and publication of average release times (Article 7.6), Border agency cooperation (Article 8), Formalities and documentation requirements (Article 10.1), Single window (Article 10.4), and Customs cooperation (Article 12).

Only about 30% of measures (5 measures) in Category C are perceived to be sparsely implemented. These measures include Test procedures (Article 5.3), Post-clearance audit (Article 7.5), Trade facilitation measures for authorized operators (Article 7.7), Expedited shipments (Article 7.8), and Rejected goods (Article 10.8). The remaining measure relating to the use of international standards (Article 10.3) will be assessed in the next survey after it is implemented.

Finally, more than 50% of sample firms perceive that major obstacles to trade facilitation are informal payments or corruption, excessive paper work or documentation requirement, heavy taxes and duties, cumbersome customs regulations and procedures, difficult regulations and procedures of other cross-border regulatory agencies, and poor coordination among border agencies.

Firms' overall perception and specific perception on TFA-related paperwork are consistent with the key finding of the Time Release Study in 2020. Trade-related government agencies still rely on the paper-based system to issue import or export license, permit or certificate. Efforts to digitalize trade procedures through LNSW have been initiated in a few cases, but its effectiveness in reducing time for processing trade documents is negligible still as the digitisation of process has not been preceded by any business process re-engineering or elimination of unwarranted documentation.

16.2 Policy recommendations

The following set of recommendations aims to improve the efficiency and effectiveness of TFA implementation in Lao PDR. Based on Lao PDR's notification of TFA measures to the WTO, measures in Category A were expected to be fully implemented by 22 February 2018 and measures in Category B before 1 January 2021. However, the analysis of firms' perception reveals that half of measures in Categories A and B have been moderately or sparsely implemented. These are not consistent with their implementation commitments notified to the WTO. The NTFC and implementing agencies of the TFA measures should bridge the gap between the implementation commitments and the implementation on the ground, while prioritizing the implementation of TFA measures towards more efficient international supply chains.

- 1. Improving the NTFC communication strategy for raising private sector awareness:** Trade facilitation reforms under the TFA can have far-reaching

consequences for many actors in trade and transport as well as end-consumers and the society as a whole. The implementation of measures in Category C over the next few years will add to the complexity of trade facilitation reforms. With the NTFC moving forward to the coordination of concrete trade facilitation reforms, managing the expectations of all stakeholders becomes critical for the successful implementation of various trade facilitation projects. Transparency and systematic communication are the cornerstone of change management. To do so, the NTFC should develop a proactive communication strategy and raise awareness of trade community on the TFA measures.

1.1 Developing a communication strategy to increase the participation of key stakeholders in both public and private sectors: The proactive communication strategy should consist of clear goals, messages designed for each of the different target groups (e.g. trade-related regulatory authorities, border agencies, traders, customs brokers, logistics firms, transport operators, freight forwarders), adapted communication channels, concrete outreach activities and a dedicated budget. In addition to the existing semi-annual meetings, some examples of the communication channels are the use of official websites, especially the Lao PDR Trade Portal (www.laotradeportal.gov.la), Customs Department's website and/or social media (e.g. Facebook, LinkedIn) to post and communicate information on the NTFC decisions, TFA targets and initiatives planned as well as publication of quarterly or semi-annual magazine/newsletters on trade facilitation issues.

1.2 Raising awareness and understanding of trading community on TFA: Public awareness campaigns should focus on the rationales for TFA measures; their relevance and suitability to tackle cross border inefficiencies; regulatory changes as a result of the implementation of such measures; key stakeholders responsible for implementing such measures; and the intended benefits, potential challenges and key factors for successful implementation of TFA measures. This should provide sufficient information and time for affected firms to learn and adapt to the new procedures as part of the trade facilitation program.

2. Increasing more inclusive and effective public–private consultations on trade facilitation: About one-third of sample firms had the opportunity to comment on draft trade-related regulations before entry into force, and about two-thirds of sample firms participated in consultations on trade facilitation issues. Lack of firms' interests and awareness is the main reason for limited engagement of firms in the formulation and consultations of trade-related regulations. These results reinforce the role of NTFC in ensuring appropriate functions of public–private consultations as well as increasing the efficiency and effectiveness of the consultations. For the government, the consultation provides opportunities to disclose information and solicit feedback on actions taken or to be taken. This will ensure ownership, accountability, effectiveness, and improvement in the quality of decision making. For traders, it provides an opportunity to voice opinions and concerns and suggest solutions to existing challenges, while allowing for timely preparations for planned legislation or reform.

2.1 Ensuring three key functions of public-private consultations organized by regulatory and border agencies: Firstly, the public-private consultation is used to build partnership and trust between public and private sectors through an approach that recognizes the need for mutual benefits, constructiveness rather than a platform for special lobbying, awareness raising about other stakeholders' interests and positions, and leadership. The NTFC should explore possibilities to increase the private sector, especially SMEs, in the NTFC for their increased participation and awareness. Secondly, it is used to manage differences of opinion and interest. The NTFC will have to act as the chief protagonist to steer and focus on what is best for trade facilitation. Finally, it is an iterative process requiring long-term commitment to achieve the results.

2.2 Increasing the efficiency of consultations: In preparing for consultations, the NTFC should consider that while consultation is an essential part of government business, traders' main interest is in running their own businesses. As a result, the expression 'time is money' must be factored into the planning of consultation. Business representatives generally cannot afford to sit in a long consultation meeting that achieves few or no results. The consultation should capture the main interest and expectation of traders by providing formal technical consultation and sufficient information for discussion. First, process of consultation needs to be formalized with establishment of standing Technical Consultation Committees in all the departments with prescribed meeting frequencies every quarter where departments discuss their plans and initiatives in advance of their implementation. Existing forums for consulting private sector do not meet with regularity and have a limited agenda. Second, agendas and meeting materials such as proposals of regulatory and procedural changes, draft minutes of previous meeting for ratification, recommendations, decisions or questions must be sent out at least five working days in advance to enable participants to prepare and contribute to the discussions.

2.3 Improving the effectiveness of consultations: A record of the consultation should be prepared and issued to all participants while the consultation is still fresh in minds, with action points listed with responsibilities and deadlines clearly identified. All comments and suggestions in the consultation should be considered with written explanations how they are incorporated or rejected in the draft regulations or procedures. This can assist firms to prepare for the next round of consultations.

3. Developing specific targets and indicators associated with TFA measures to strengthen the monitoring mechanism of trade facilitation reforms: Several global trade facilitation performance surveys and databases such as the World Bank's Doing Business Database and Logistic Performance Index and the United Nations' global survey on digital and sustainable trade facilitation, are now available, and have proven very useful as benchmarking and awareness raising tools. They do not, however,

provide sufficiently detailed information to assist in developing or updating national trade facilitation action plans semi-annually. Therefore, the NTFC should develop Annual Action Plans with specific targets and indicators of TFA measures to monitor the progress of TFA implementation every six months. This will feed into discussions on trade facilitation issues at the NTFC's semi-annual meetings between the central and provincial authorities. The target should specifically prioritize Category A and B commitments which have not yet been implemented though their timelines have long since expired. Besides, the target should also include those TFA measures which have been implemented but not being used substantially on account of various reasons, such as lack of awareness or efficacy etc. Based on the findings of the Perception Survey, efforts should be made to address the reasons behind their low utilization and enhance their utilization.

4. Prioritizing the implementation of TFA measures towards more efficient international supply chains: The NTFC should fully implement all fundamental trade facilitation measures to achieve the cross-border electronic exchange of trade-related documents and data. UNESCAP (2021)⁷ categorizes the progress of trade facilitation reform towards more efficient international supply chains into five ladders, namely institutional arrangement and cooperation, transparency, formalities, paperless trade, and cross-border paperless trade (Fig. 16.1). These five trade facilitation ladders suggest that countries with limited implementation of measures for institutional arrangement and cooperation, transparency, formalities, and paperless trade are unlikely to be successful in the implementation of cross-border paperless trade. Fig. 16.2 shows that Lao PDR has a relatively low level of implementing measures in all trade facilitation ladders. The NTFC should focus on strengthening institutional arrangement and cooperation, improving transparency, increasing the efficiency of trade formalities, and fostering good governance and impartiality.

4.1 The first ladder of trade facilitation reform involves the establishment of the institutional arrangement for prioritizing and coordinating the implementation of trade facilitation measures. Trade facilitation reform in this ladder should focus on accelerating the implementation of internal border agency cooperation (Article 8) and customs cooperation with neighbouring countries (Article 12). These two measures are in Category C, but have been moderately implemented on the ground. This should serve a stepping stone towards their full implementation. Further, greater responsibility should be assigned to the provincial Trade Facilitation Committees for implementing and monitoring TFA initiatives at the provincial level for more efficient and effective implementation and utilization of these TFA initiatives.

4.2 The second ladder of trade facilitation reform aims to increase the transparency of trade processes by sharing information on existing laws, regulations and procedures

⁷ UNESCAP. (2021). *Digital and Sustainable Trade Facilitation in Asia and the Pacific 2021*. Washington D.C.: United Nations.

as widely as possible, and consulting with stakeholders when developing new ones. Key areas of focus include improving the outreach of trade information to the trade community through LTP (Article 1.2) and the enquiry points (Article 1.3), promoting the use of advance ruling (Article 3), enhancing the involvement of trade community in trade-related policy formulation and consultation (Articles 2.1 and 2.2), and ensuring the effectiveness of the appeal and review procedures (Article 4).

4.3 The third ladder of trade facilitation reform aims to improve the efficiency of trade formalities by reducing physical inspections of goods through the use of risk management at border crossings; speeding up the release of goods through the implementation of pre-arrival processing and post-clearance audits; and reducing the duplication of documentary requirements by multiple government agencies through the use of copies of original supporting trade documents. Key areas of reform include

4.3.1 Strengthening the effectiveness of implementing measures for pre-arrival processing (Article 7.1), separation of release from final determination of customs duties, taxes, fees and charges (Article 7.3), notifications for enhanced control or inspections (Article 5.1), and detention of goods (Article 5.2). These measures are in Categories A or B, but firms' utilization of some of these measures is lower than their implementation commitments.

4.3.2 Reinforcing the implementation of Post-clearance audit (Article 7.5) and Expedited shipments (Article 7.8). These two measures are being implemented by the Lao Customs Department's Challenge Facility project under the Lao PDR Competitiveness and Trade Project.

4.3.3 Accelerating digital trade facilitation through the development of a full-fledged LNSW (Article 10.4). The full-fledged LNSW and its connection with the ASEAN Single Window subsequently should enable the electronic exchange of trade-related documents among trade-related government agencies in Lao PDR and its trading partners in ASEAN. A UNESCAP's report⁸ shows that the full implementation of the national single window under the TFA can reduce current trade costs in Lao PDR by about 7%.

- The pandemic has also highlighted the need for digitalizing trade procedures through LNSW. The work-from-home directive as part of the COVID-19 control measure means that some regulatory authorities in the ministries of trade, health or agriculture have to provide public services in different locations and may not be fully available for processing paper documents submitted by traders. This has created risks of disrupting the supply chains in food and medical supplies. Such risks can be mitigated by the implementation of full-fledged LNSW to enable exporters or

⁸ <https://www.unescap.org/sites/default/d8files/knowledge-products/UNTF%20ASEAN%20Report%20%282019.12.27%29.pdf>

importers to submit all trade-related documents electronically only once for each occurrence of their exports or imports. Such documents are then processed electronically by the regulatory authorities having remote web-based access.

4.3.4 Providing additional trade facilitation measures to trusted traders and providers of logistics services under Article 7.7 of the TFA: This article requires WTO members, including Lao PDR and other ASEAN countries, to provide additional trade facilitation measures related to import, export or transit formalities and procedures to operators who qualify as AEOs according to specified criteria. Potential AEOs include traders and logistics services providers such as customs agents, truck operators and freight forwarders. The AEO program in Lao PDR is in the early stage, where only 2% of sample firms have applied for it.

- If Article 7.7 is fully implemented, there will be fewer physical inspections, faster release times and reduced documentation and data requirements for AEO companies operating across the country. The implementation of the AEO program in Brazil⁹ shows that the average export and import clearance times for AEO companies are 65% and 81% faster respectively than for non-AEO companies. In addition, Customs and other border authorities could better allocate their resources to riskier shipment inspections and more complex procedures due to enhanced supply chain security. Use of Mutual Recognition Agreements (MRAs) on AEOs with key trading partners (like, Thailand, China and Vietnam) should also be encouraged to further improve the efficiency of the process. The recognition of AEOs as secure and safe business partners should also improve the relationship between them and border authorities.

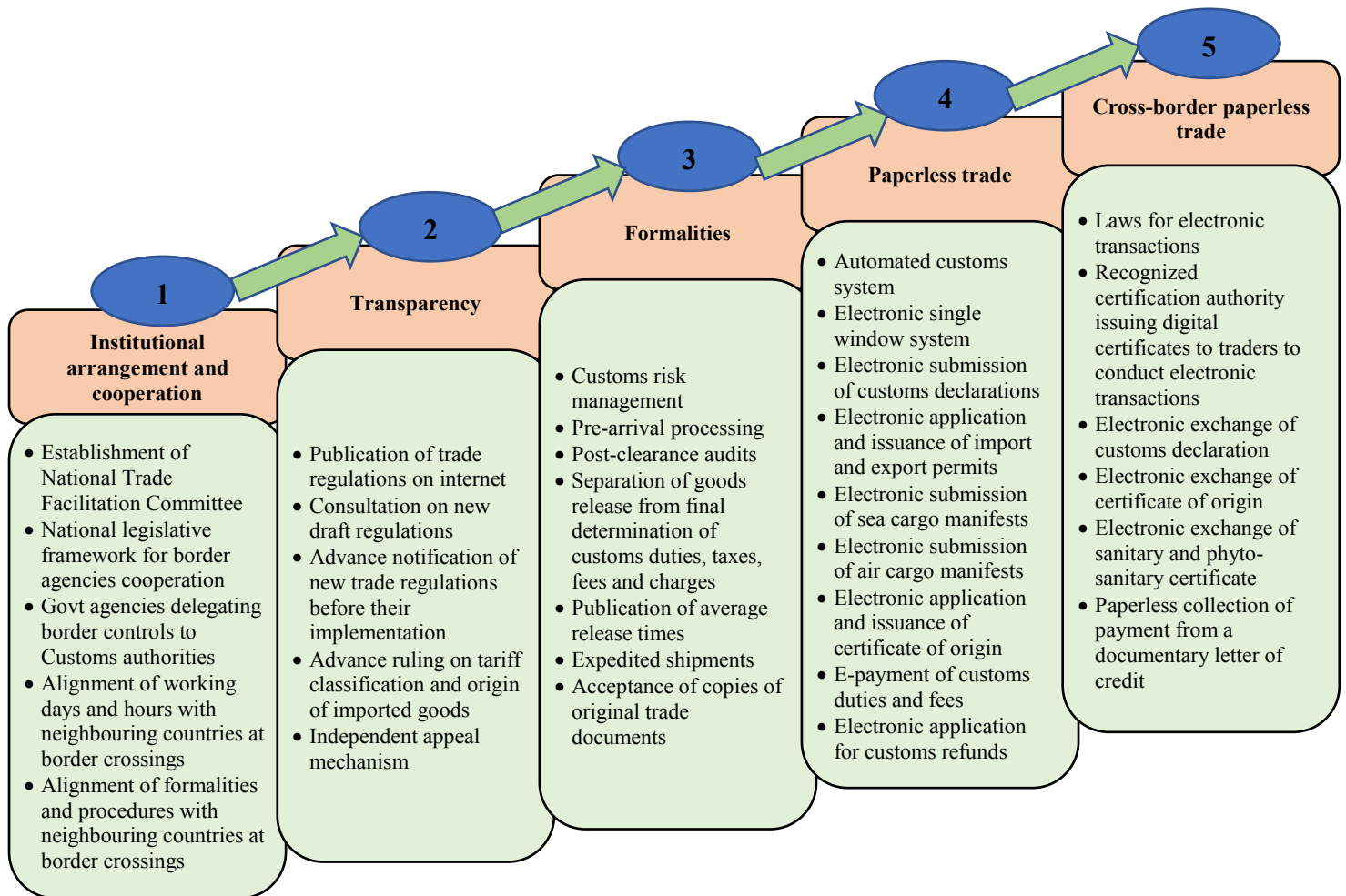
4.3.5 Accelerating the implementation of five measures in Category C that are perceived to be substantially implemented. These include Article 7.2 – Electronic payment, Article 7.4 – Risk management, Article 10.2 – Acceptance of copies, Article 10.7 – Common border procedures and uniform documentation requirements, and Article 11 – Freedom of transit. The remaining four measures in Category C should be implemented in the medium term. They are Article 5.3 – Test procedures, Article 7.6 – Establishment and publication of average release times, Article 10.1 – Formalities and documentation requirements, and Article 10.8 – Rejected goods.

4.4 The fourth ladder involves the use of ICT to re-engineer paper-based trade processes, and transform all trade processes into the paperless trade system. For this

⁹ <https://www.tradefacilitation.org/project/helping-to-establish-an-aeo-regional-recognition-arrangement-2/>

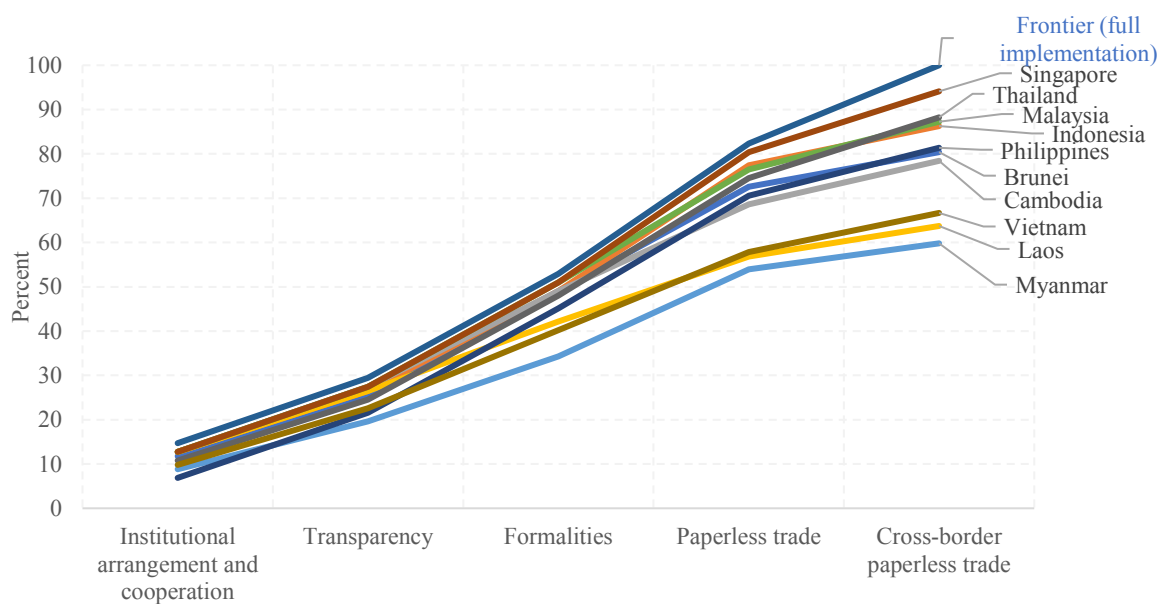
purpose, LNSW will have to be rolled out to cover all the key departments for issuing Licenses, Certificates, Permits and other authorizations (LCPOs) relating to import, export and transit goods. LNSW will be linking up with the electronic processes already in operation for issue of e-Phytos and e-CERTS, like e-COOs. The fifth ladder is the cross-border paperless trade, which enables cross-border exchange of trade-related documents and data. These two ladders of trade facilitation reform deserve further study.

Fig. 16.1: Trade facilitation ladders towards more efficient international supply chains



Source: Author's elaboration based on UNESCAP (2021).

Fig. 16.2: Current stage of trade facilitation ladders in ASEAN, 2021



Note: The figure shows the cumulative scores of trade facilitation implementation of ASEAN member states for 34 common trade facilitation measures included in the United Nations Global Survey on Digital and Sustainable Trade Facilitation in 2021.

Source: Author's calculation.

16.3 Limitation and scope for future survey

The perception survey on TFA implementation aims to capture trade-related government agencies' compliance with requirements of the TFA as well as the impact of improved trade-related regulations and procedures on costs and time of conducting international trade transactions by firms in the trade community. The 2021 perception survey focuses on 35 TFA measures, covering 12 out of 13 measures in Category A and all measures in Categories B (6 measures) and C (17 measures). Given the large number of regulatory requirements in the TFA, the questionnaire of this perception survey focused on the impact and efficacy of the TFA measures in Categories A and B as well as some measures in Category C. This is essential for keeping the interview within a manageable length to retain the interest of respondents till the end of the process and obtain meaningful response on all the questions.

Future survey may incorporate the impact and efficacy of remaining TFA measures in Category C when they are implemented. This may be done by first mapping the regulatory and procedural reforms into the TFA measures for assessing their compliance levels against the standards set out under the TFA provisions, and then measuring the impact of improved regulations and procedures on reductions of costs and time associated with each measure.

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ANNEX 1: QUESTIONNAIRE FOR THE PERCEPTION SURVEY

SERIAL NUMBER

NATIONAL TRADE FACILITATION COMMITTEE
Private Sector's Perception Survey 2021
Implementation of World Trade Organization's Trade Facilitation
Agreement in Lao PDR

A. CONTROL INFORMATION [TO BE COMPLETED BEFORE THE INTERVIEW]

A.1 a1	Sampling Province
Vientiane Capital	1
Savannakhet	2
Champasack	3
Luangnamtha	4
Khammuane	5
Bokeo	6
Borikhamxay	7

A.2 Name of village and district

a2

A.3 Interviewer code

a3

A.4 Supervisor code

a4

A.5 Name of firm to be interviewed

a5

A.6 Date of the interview

Date	Month	Year

a6d

a6m

a6y

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING.

The goal of this survey is to gather information and opinions about the implementation results of the World Trade Organization's Trade Facilitation Agreement in Lao PDR. The information gathered here will help the Government of Lao PDR to improve trade-related policies and procedures that reduce time and costs of international trade in Lao PDR.

The information obtained here will be held in the strictest confidentiality. Neither your name nor the name of your firm will be used in any document based on this survey.

B. GENERAL INFORMATION

B.1 | What is the nature of your business? (Please select all that apply)

Importer	b1a	1
Exporter	b1b	2
Freight forwarder	b1c	3
Customs broker	b1d	4
Transporter	b1e	5
Logistic company	b1f	6

B.2	At what border checkpoints do you export, import or transit your goods? (Please select all that apply)
-----	--

Friendship Bridge 1	b2a	1
Friendship Bridge 2	b2b	2
Friendship Bridge 3	b2c	3
Friendship Bridge 4	b2d	4
Borten	b2e	5
Nampao (KM 20)	b2f	6
Savan-Seno SEZ	b2g	7
Vangtao	b2h	8
Napao	b2i	9
Dansavan	b2j	10
Namheuang	b2k	11
Pakson	b2l	12
Namgnern	b2m	13
Phoukeua	b2n	14
Wattay Airport	b2o	15
Pakhok	b2p	16
Phoudou	b2q	17
Samliamkham	b2r	18
Namkan	b2s	19
Meuangkhob	b2t	20
Nongnökkian	b2u	21
Namsoy	b2v	22
Banmom	b2w	23

B.3	What are the main countries from which you import, or to which you export your goods? (Please select all that apply)
-----	--

Thailand	b3a	1
China	b3b	2
Vietnam	b3c	3
Other (specify):	b3d	4

B.4 | What types of goods do you export, import or transit? (Please select all that apply)

Agricultural products	b4a	1
Live animal and animal products	b4b	2
Prepared foodstuff	b4c	3
Pharmaceutical products	b4d	4
Cement, lime and natural crude materials	b4e	5
Crude oil, fuel, lubricant	b4f	6
Electrical machinery and equipment	b4g	7
Vehicles and vehicle equipment	b4h	8
Gold, copper, precious stones and jewellery	b4i	9
Iron, steel and other metal products	b4j	10
Machinery and mechanical equipment	b4k	11
Mineral products	b4l	12
Wood products, pulp of wood and paper	b4m	13
Plastic and rubber products	b4n	14
Garments and handicraft	b4o	15
Textiles and textile articles	b4p	16
Other (specify):	b4q	17

B.5 | How many employees are working for your firm?

	Number	
Number of employees		
		b5

C. ACCESS TO TRADE INFORMATION

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:

The following questions assess the availability of information on trade regulations and procedures for traders, transporters, freight forwarders, logistics firms, and customs brokers.

C.1 Publication [Article 1.1 Publication (A)]

C.1.1	Over the last two years, what were your main sources of information on import, export or transit regulations and procedures? (Please select all that apply)
-------	--

Lao Trade Portal	c11a	1
Lao Official Gazette	c11b	2
Lao Customs Department's website	c11c	3
Customs authorities at border checkpoints	c11d	4
Customs broker	c11e	5
Lao National Chamber of Commerce and Industry	c11f	6
Other (please specify):	c11g	7

C.1.2	To what degree was Access to Trade Information an obstacle to the operation of your firm?
-------	--

	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Laws and regulations c12a	0	1	2	3	4	-9	-7
Procedures, required forms and documents c12b	0	1	2	3	4	-9	-7
Applied duty and tax rates c12c	0	1	2	3	4	-9	-7
Fees and charges c12d	0	1	2	3	4	-9	-7
Penalties for violations of trade formalities c12e	0	1	2	3	4	-9	-7
Appeal procedures c12f	0	1	2	3	4	-9	-7

C.1.3	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the benefits of using trade information for the operation of your firm:
-------	---

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
You gained better understanding of trade procedures c13a	1	2	3	4	-9	-7
You could determine more easily trade-related regulatory requirements c13b	1	2	3	4	-9	-7
You could better estimate costs of duties, taxes, fees and charges c13c	1	2	3	4	-9	-7

C.1.4	At the present time, what are the constraints of your company to access to trade information? (Please select all that apply)
-------	---

Lack of awareness of trade information's sources	c14a	1
Lack of understanding of procedures to access trade information	c14b	2
Lack of IT skills	c14c	3
Lack of personnel	c14d	4
Lack of internet access	c14e	5
Other (specify):	c14f	6
NO CONSTRAINT (SPONTANEOUS)	c14g	-7

C.2 Information available through the internet [Article 1.2 Information available through internet (A)]

C.2.1 Over the last two years, did you access to trade information through **Lao Trade Portal**?

Yes	1	<i>GO TO QUESTION C.2.3</i>
No	2	
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION C.3.1</i>
		c21

C.2.2 Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the **quality of trade information on the Lao Trade Portal**:

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Procedures for export, import and transit are easily accessible for downloading c22a	1	2	3	4	-9	-7
All forms and documents required for the procedures of border agencies are available online c22b	1	2	3	4	-9	-7
All procedures and their required forms and documents are up-to-date c22c	1	2	3	4	-9	-7

C.2.3 Please tell me the reason(s) for not using the Lao Trade Portal:

Lack of awareness of Lao Trade Portal	c23a	1
Difficulty in using Lao Trade Portal	c23b	2
Lack of IT skills	c23c	3
Lack of personnel	c23d	4
Lack of internet access	c23e	5
Other (specify):	c23f	6
NO CONSTRAINT (SPONTANEOUS)	c23g	-7

C.3 Enquiry points [Article 1.3 Enquiry points (A)]

C.3.1	Over the last two years, did you request information about trade regulations and procedures from the national enquiry point of [INSERT OPTION]?
-------	---

ROTATE OPTIONS	Yes	No
	Lao Trade Portal at Ministry of Industry and Commerce c31a	1
Lao Customs Department c31b	1	2
Sanitary and phytosanitary measures at Ministry of Agriculture and Forestry c31c	1	2
Technical barriers to trade at Ministry of Science and Technology c31d	1	2

C.3.2	How helpful was the enquiry point of [INSERT OPTION] in providing the requested trade information?
-------	--

ROTATE OPTIONS	Not helpful	Slightly helpful	Moderately helpful	Very helpful	Most helpful	DOES NOT APPLY
Lao Trade Portal at Ministry of Industry and Commerce c32a	0	1	2	3	4	-7
Lao Customs Department c32b	0	1	2	3	4	-7
Sanitary and phytosanitary measures at Ministry of Agriculture and Forestry c32c	0	1	2	3	4	-7
Technical barriers to trade at Ministry of Science and Technology c32d	0	1	2	3	4	-7

[*Put 'DOES NOT APPLY' when the respondent answered 'No' to **QUESTION 3.1**]

C.3.3	Please tell me a reason for not requesting trade information from the enquiry point of [INSERT OPTION]?
-------	---

ROTATE OPTIONS	Lack of awareness of enquiry points	Lack of understanding of enquiry procedures	Lack of IT skills	Lack of personnel	No intention to get trade information	DOES NOT APPLY
Lao Trade Portal at Ministry of Industry and Commerce c33a	1	2	3	4	5	-7
Lao Customs Department c33b	1	2	3	4	5	-7
Sanitary and phytosanitary measures at Ministry of Agriculture and Forestry c33c	1	2	3	4	5	-7
Technical barriers to trade at Ministry of Science and Technology c33d	1	2	3	4	5	-7

[*Put 'DOES NOT APPLY' when the respondent answered 'Yes' to *QUESTION 3.1*]

C.4 Consultation [Article 2.2 Consultations (B)]

C.4.1	Over the last two years, did you attend any public-private consultation on trade and customs issues?
-------	--

Yes	1
No	2

GO TO QUESTION C.4.4

c41

C.4.2	What kind of public-private consultation did you attend? (Please select all that apply)
-------	--

Meetings organized by DIMEX on Trade Facilitation issues	c42a	1
Semi-annual meeting of NTFC	c42b	2
Semi-annual meeting organized by customs or other border authorities	c42c	3
Other (specify):	c42d	4

C.4.3	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the benefits of the consultations for your firm:
-------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
You could stay informed about customs and border authorities' plans that affect their business c43a	1	2	3	4	-9	-7
You could give your opinions on proposed decisions and actions by customs and other border agencies c43b	1	2	3	4	-9	-7
You were better able to comply with new requirements as soon as new regulations entered into force c43c	1	2	3	4	-9	-7
Governments responded effectively to the need of your business c43d	1	2	3	4	-9	-7

C.4.4	Please tell me a reason for not attending the consultation: (Please select all that apply)
-------	---

Lack of awareness of consultations	c44a	1
Lack of understanding of issues to be discussed in consultations	c44b	2
Don't see utility of consultations	c44c	5
Other(specify):	c44d	6

**C.5 Opportunity to comment and information before entry into force [Article 2.1
Opportunity to comment and information before entry into force (B)]**

C.5.1	Over the last two years, did you provide any comment on the draft trade-related regulation before its entry into force?
-------	---

Yes	1
No	2

GO TO QUESTION C.5.3

c51

C.5.2	Was your comment taken into account by the government?
-------	--

Your comment was not taken into account.	1
Your comment was taken into account.	2
The government explained how your comment had been dealt with online or in the trade regulation's final draft.	3

c52

C.5.3	Please tell me a reason for not providing your comment on the draft trade-related regulation: (Please select all that apply)
-------	---

Lack of awareness of the draft regulation	c51a	1
Lack of understanding of the draft regulation	c51b	2
Do not see any utility of providing the comment	c51c	5
Other (specify):	c51d	6

C.6 Advance ruling [Article 3 Advance rulings (B)]

C.6.1 Over the last two years, did you request an **advance ruling**?

Yes	1
No	2

GO TO QUESTION C.6.3

c61

C.6.2 What was the **reason(s)** to request for the **advance ruling**?
(Please select all that apply)

The product was new or imported for the first time.	c62a	1
There were differences in customs treatment of imported goods at different border checkpoints.	c62b	2
The imported goods were required to pay significant amount of tax or duties.	c62c	3
You wanted to eliminate doubts in advance about customs duties and charges.	c62d	4
Other (specify):	c62e	5

C.6.3 Please tell me a reason for not using the advance ruling:
(Please select all that apply)

Lack of awareness of the procedures of advance rulings.	c63a	1
Lack of understanding of the procedures of advance rulings.	c63b	2
No intention to use the advance rulings.	c63c	5
Other (specify):	c63d	6

D. BORDER CLEARANCE

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the progress of simplifying and harmonizing trade-related regulations and procedures, which aim to accelerate release and clearance of goods at the border.

D.1 Pre-arrival processing [Article 7.1 Pre-arrival processing (A)]

D.1.1 Over the last two years, did you use the **pre-arrival processing** for your imported goods?

Yes, your documents were processed prior to the arrival of goods.	1	
Yes, your documents were processed on the arrival of goods.	2	
No	3	<i>GO TO QUESTION D.1.4</i>
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION D.1.4</i>
DO NOT APPLY (SPONTANEOUS)	-8	<i>GO TO QUESTION D.1.4</i>

d11

D.1.2 Was the **pre-arrival processing** supported by the possibility to lodge documents in advance in **electronic format**?

Documents could not be lodged in advance in electronic format.	1	
Advance lodging of documents in electronic format was in the process of implementation, not yet fully operational.	2	
Advance lodging in electronic format was fully operational.	3	

d12

D.1.3 Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the **benefits of using pre-arrival processing** for your firm:

					(SPONTANEOUS)	
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
You saved time on customs clearance and release d13a	1	2	3	4	-9	-7
You could reduce costs of insurance and storage d13b	1	2	3	4	-9	-7

D.1.4 Please tell me a reason for not using the pre-arrival processing:
(Please select all that apply)

Lack of awareness of the procedures of pre-arrival processing. d14a	1
Lack of understanding of the procedures of pre-arrival processing. d14b	2
Supporting documents cannot be submitted electronically d14c	3
Processing does not commence until hard copy of documents filed on arrival of goods d14d	4
No intention to use the pre-arrival processing. d14e	5
Other(specify): d14f	6

D.2 Separation of release from final determination of customs duties, taxes, fees and charges [Article 7.3 Separation of release from final determination of customs duties, taxes, fees and charges (B)]

D.2.1 Over the last two years, was the **release of your goods separated from final determination and payment of customs duties, taxes, fees and charges?**

Yes	1
No	2

GO TO QUESTION D.3.1

d21

D.2.2 Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the statements on **conditions for the release of goods** for your firm:

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Amount of guarantee was not greater than the amount of duties, taxes, fees and charges to be paid for the imported goods d22a	1	2	3	4	-9	-7
Amount of guarantee was discharged when it was no longer required d22b	1	2	3	4	-9	-7

D.2.3 Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statement that **separation of release from final determination of customs duties, taxes, fees and charges could reduce time and cost for the clearance of goods for your firm:**

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Separation of release from final determination of customs duties, taxes, fees and charges could reduce time and cost for the clearance of goods d23	1	2	3	4	-9	-7

D.3 Disciplines on fees and charges [Article 6.1 General disciplines on fees and charges imposed on or in connection with importation and exportation (B)]

D.3.1	Was there an adequate time period granted between the publication of new or amended fees and charges and their entry into force?
-------	--

Fees and charges were applied even without being published or prior to their publication.	1
New or amended fees and charges entered into force immediately upon their publication.	2
There was a time period accorded between the publication of new or amended fees and charges and their entry into force.	3

d31

D.3.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the benefits of general disciplines on fees and charges for your firm over the past two years:
-------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
You better accessed to the information of fees and charges for imports and exports d32a	1	2	3	4	-9	-7
You could better calculate the amount of fees and charges for their imports and exports d32b	1	2	3	4	-9	-7
A continued review of fees and charges reduced trade costs for your firm d32c	1	2	3	4	-9	-7

D.4 Fees and charges for customs processing [Article 6.2 Specific disciplines on fees and charges for customs processing related to importation and exportation (A)]

D.4.1	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statement which pertains to the benefits of the disciplines on fees and charges for customs processing for your firm over the past two years:
-------	---

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
The amount of fees and charges for customs processing was limited to the costs of services rendered d41	1	2	3	4	-9	-7

D.5 Limits on mandatory use of customs brokers [Article 10.6 Use of customs brokers (A)]

D.5.1	Over the last two years, did your firm use any customs brokers to facilitate the clearance of goods?
-------	---

Yes	1	
No	2	<i>GO TO QUESTION D.5.4</i>
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION D.5.4</i>
DO NOT APPLY (SPONTANEOUS)	-8	<i>GO TO QUESTION D.5.4</i>
		d51

D.5.2	Why did you use the customs broker to facilitate the clearance of goods? (Please select all that apply)
-------	--

Lack of awareness of the process for clearing goods at the border	d52a	1
Lack of understanding of the complex process for clearing goods at the border	d52b	2
Lack of personnel to deal with customs authority for clearing goods	d52c	3
Faster and easier clearance of goods	d52d	4
Mandatory use of customs brokers for clearing goods	d52e	5
Other (specify):	d52f	6
DON'T KNOW (SPONTANEOUS)	d52g	-9

D.5.3	To what extent was the Use of Customs Brokers an obstacle to the operation of your business?
-------	---

	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Use of Customs Brokers d53	0	1	2	3	4	-9	-7

D.5.4 Was an informal gift or payment expected or requested for the clearance of goods at the border?

Yes	1
No	2
DON'T KNOW (SPONTANEOUS)	-9
REFUSE (SPONTANEOUS)	-8

d54

D.5.5 Was there a delay in clearance of goods at the border if you do not pay any informal fee or bribe?

Yes	1
No	2
DON'T KNOW (SPONTANEOUS)	-9
REFUSE (SPONTANEOUS)	-8

d55

D.6 Pre-shipment inspection [Article 10.5 Pre-shipment inspection (A)]

D.6.1	Over the last two years, did your exported goods face any pre-shipment inspections conducted by private firms for tariff classification and customs valuation in Lao PDR?
-------	--

Yes	1	
No	2	<i>GO TO QUESTION D.7.1</i>
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION D.7.1</i>
DOES NOT APPLY (SPONTANEOUS)	-7	<i>GO TO QUESTION D.7.1</i>
		d61

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the current stage of release and clearance of goods at the border against the trade facilitation measures that will be fully implemented in the next few years. If properly implemented, these measures will have significant potential to reduce existing costs and delays in border processing that are extremely burdensome for businesses.

D.7 Additional facilitation of authorized operators [Article 7.7 Trade facilitation measures for authorized operators (C)]

D.7.1 Over the last two years, did you submit an **application to Customs to obtain accreditation as an Authorized Economic Operator?**

Yes	1
No	2
DON'T KNOW (SPONTANEOUS)	-9

GO TO QUESTION D.7.4

GO TO QUESTION D.7.4

d71

D.7.2 How many days did it take to obtain the approval from the day of the application to the day the service was received?

	Days
Wait for approval of Authorized Economic Operator	
STILL IN PROCESS	-6
APPLICATION DENIED	-5
DON'T KNOW (SPONTANEOUS)	-9

d72

D.7.3 Was an informal gift or payment expected or requested?

Yes	1
No	2
DON'T KNOW (SPONTANEOUS)	-9
REFUSE (SPONTANEOUS)	-8

d73

D.7.4	Please provide a reason for not applying for an Authorized Economic Operator for your business: (Please select all that apply)
-------	---

Lack of awareness of the application procedures	d74a	1
Lack of understanding of the application procedures	d74b	2
Lack of awareness of the benefits offered through the AEO scheme	d74c	3
No intention to apply for an Authorized Economic Operator	d74d	5
Other (specify):	d74e	6

D.7.5	Over the next two years, if your firm is operated as an Authorized Economic Operator, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the benefits of an Authorized Economic Operator for your firm:
-------	---

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Your goods will face fewer physical inspections d75a	1	2	3	4	-9	-7
Your goods will be released more rapidly d75b	1	2	3	4	-9	-7
Your firm will be required to submit fewer documents for import or export d75c	1	2	3	4	-9	-7

D.8 Single window [Article 10.4 Single window (C)]

D.8.1	Over the last two years, did you submit import or export documents via the Lao National Single Window ?
-------	--

Yes	1	<i>GO TO QUESTION D.8.2</i>
No	2	<i>GO TO QUESTION D.8.3</i>

d81

D.8.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the benefits of using Lao National Single Window for your firm over the last two years :
-------	---

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Lao Single Window could reduce procedural obstacle d82a	1	2	3	4	-9	-7
Lao Single Window could reduce burden of regulatory compliance d82b	1	2	3	4	-9	-7
Lao Single Window could reduce time and costs of clearance and release goods d82c	1	2	3	4	-9	-7

D.8.3	Please provide a reason for not using the Lao National Single Window: (Please select all that apply)
-------	---

Not aware of the existence of the Lao National Single Window	d83a	1
Difficulty in understanding the procedures for using the Lao National Single Window	d83b	2
Facility of LNSW not available yet	d83c	3
No intention to use it	d83d	5
Other (specify):	d83e	6

**D.9 Use of copies of supporting documents for faster processing [Article 10.2
Acceptance of copies (C)]**

D.9.1	Over the past two years, to what extent did the requirement of submitting the same original documents to multiple trade-related government agencies impede the operation of your business?
-------	---

						(SPONTANEOUS)	
	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	DON'T KNOW	DOES NOT APPLY
Requirement of submitting the same original documents to multiple trade-related government agencies d91	0	1	2	3	4	-9	-7

D.9.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the Level of Accepting Copies of Supporting Documents by the trade-related government agencies:
-------	---

					(SPONTANEOUS)	
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Customs and other border agencies accepted copies of supporting documents required for import, export and transit transactions d92a	1	2	3	4	-9	-7
Customs and other border agencies accepted copies from another government agency if the latter held the original of the required document d92b	1	2	3	4	-9	-7
Customs and other border agencies did not require originals or copies of export declarations submitted to customs authorities of the exporting country as a requirement for importation d92c	1	2	3	4	-9	-7

D.10 Offering the option of electronic payment [Article 7.2 Electronic payment (C)]

D.10.1	Over the last two years, did you pay duties, taxes, fees and charges electronically collected by the customs authority for import or export?
--------	--

All duties, taxes, fees and charges were not paid electronically.	1
Some duties, taxes, fees and charges were paid electronically.	2
All duties, taxes, fees and charges were paid electronically.	3

d101

D.10.2	Over the next two years , if other border agencies adopt procedures to allow businesses the option to pay fees and charges electronically, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the benefits of using the electronic payment for your firm:
--------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Electronic payment can reduce the time and cost in customs clearance and release d102a	1	2	3	4	-9	-7
Electronic payment can reduce chances of bribery d102b	1	2	3	4	-9	-7

D.11 Application of Risk Management principles in clearance of goods [Article 7.4 (C)]

D.11.1	Over the last two years , please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements, which pertain to the risk-based management system for customs controls at the border checkpoint:
--------	---

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Risk management was applied to separate the high- and low-risk consignments into red, yellow and green lane at the border d111a	1	2	3	4	-9	-7
Percentage of examination of goods at the border was reduced as a result of risk management regime d111b	1	2	3	4	-9	-7

D.12 Post-clearance audit [Article 7.5 Post-clearance audit (C)]

D.12.1	Over the last two years, did your firm face any post-clearance audit by the customs authority?
--------	---

Yes	1
No	2

GO TO QUESTION D.13.1

d121

D.12.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the level of customs authority's compliance with requirements of post-clearance audit for your firm over the last two years :
--------	--

					(SPONTANEOUS)	
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
The audit process was transparent d122a	1	2	3	4	-9	-7
The audit result was notified to the audited person within 15 days d122b	1	2	3	4	-9	-7

D.13 Publication of time release studies [Article 7.6 Establishment and publication of average release times (C)]

D.13.1	Over the last two years, did you get to learn about the Time Release Study conducted by Customs and its results?
--------	--

Yes	1
No	2

GO TO QUESTION D.14.1

d131

D.13.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the customs authority's compliance with the establishment and publication of average release times for your firm over the last two years :
--------	--

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
The information on average release times pertaining to importation was published d132a	1	2	3	4	-9	-7
A review of average release times was conducted regularly d132b	1	2	3	4	-9	-7
Results of Time Release Study accurately reflect the clearance time d132c	1	2	3	4	-9	-7

D.14 Expedited shipments by air [Article 7.8 Expedited shipments (C)]

D.14.1	Over the last two years, did you use the expedited clearance of express cargo (urgent consignments) imported through air cargo in your business?
--------	--

Yes	1
No	2

GO TO QUESTION D.15.1

d141

D.14.2	What were the measures used by the customs authority for the quick Release of Urgent Consignments Entered Through Air Cargo ?
--------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Customs authority minimized the documentary requirement and released them on provisional basis d142a	1	2	3	4	-9	-7
Customs authority released the expedited shipments as quickly as possible after arrival d142b	1	2	3	4	-9	-7

D.14.3	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements that pertain to the benefits of using the results of expedited shipments for air cargo for your firm over the last two years :
--------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Your firm could reduce unnecessary delays for air cargo d143a	1	2	3	4	-9	-7
Your firm could reduce financial costs as duties and taxes for small shipment value were not collected d143b	1	2	3	4	-9	-7

D.15 Formalities and documentation requirements [Article 10.1 Formalities and documentation requirements (C)]

D.15.1	Over the past two years, to what extent did [INSERT OPTION] impede the operation of your business?
--------	--

ROTATE OPTIONS	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Customs regulations, procedures & documentary requirements d151a	0	1	2	3	4	-9	-7
Trade regulations, procedures & documentary requirements, of other agencies d151b	0	1	2	3	4	-9	-7

D.16 Use of international standards [Article 10.3 Use of international standards (C)]

D.16.1	Over the past two years, to what extent do you think that customs and other border agencies have improved their procedures [INSERT OPTION] for import, export or transit as per international standards ? Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statement that pertain to the benefit of standardized trade regulations and procedures for your firm:
--------	---

ROTATE OPTIONS	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Use of international standards for streamlining customs regulations and procedures has reduced time and costs of international trade transactions for your firm d161a	1	2	3	4	-9	-7
Use of international standards for streamlining regulations and procedures of other border agencies has reduced time and costs of international trade transactions for your firm d161b	1	2	3	4	-9	-7

D.17 Common border procedures and uniform documentation requirements [Article 10.7 Common border procedures and uniform documentation requirements (C)]

D.17.1	Over the past two years, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the Level of Adopting the Same Documentary and Procedural Requirements for Import, Export or Transit Across Border Checkpoints by the trade-related government agencies:
--------	---

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
The documentary and procedural requirements followed at different border checkpoints were uniform d171a	1	2	3	4	-9	-7
Customs and other border agencies have improved their documentary and procedural requirements d171b	1	2	3	4	-9	-7

E. FAIRNESS IN RESOLVING CUSTOMS DISPUTE

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the progress of transparent and dispute settlement procedures between individual traders and customs authority, such as disputes about the tariff classification, customs valuation or other matters affecting duty and tax on imported goods.

E.1 Right to appeal or review [Article 4 Procedures for appeal or review (A)]

E.1.1 Over the **last two years**, did you submit any **appeal on customs issues** to the Appeal Settlement Committee?

Yes	1
No	2

GO TO QUESTION E.1.3

e11

E.1.2 What was the reason(s) for the appeal?
 (Please select all that apply)

Tariff classification or customs valuation of your imports, which required you to pay more duty and tax.	e12a	1
Unreasonable assessment of administrative penalties for alleged errors in declarations.	e12b	2
Rejection of a claim for refund.	e12c	3
Other (specify):	e12d	4

E.1.3 Please provide a reason for not using the appeal:
 (Please select all that apply)

Lack of awareness of the appeal procedures.	e13a	1
Difficulty in understanding the appeal procedures.	e13b	2
No intention to use it	e13c	5
Other (specify):	e13d	6

E.2 Customs penalty disciplines [Article 6.3 Penalty disciplines (B)]

E.2.1	Over the last two years , did you breach any customs law or regulation such as erroneous declaration of imports or exports of goods?
-------	--

Yes	1
No	2

GO TO QUESTION E.3.1

e21

E.2.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertain to the Level of Government's Compliance with Penalty Disciplines :
-------	---

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Amount of penalty was commensurate with the severity of the offense e22a	1	2	3	4	-9	-7
The penalty was imposed only on the person(s) responsible for the breach e22b	1	2	3	4	-9	-7
You received a written explanation from the customs officer about the nature and amount of the breach specified in the applicable law or regulation e22c	1	2	3	4	-9	-7
If you disclosed that you made an error, you would be able to avoid penalty that the customs authority might otherwise impose e22d	1	2	3	4	-9	-7

F. DUTY-FREE IMPORT PROCEDURE

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess customs procedures that allow goods to be imported without payment of import duties and taxes under certain conditions.

F.1 Movement of goods under customs control intended for import [Article 9 Movement of goods intended for imports under customs control (A)]

F.1.1	Over the last two years, did you request for transporting the imported goods under Lao customs control from the entry point to another customs office (domestic transit) for clearance of goods?
-------	--

Yes, my request was approved	1	<i>GO TO QUESTION F.2.1</i>
Yes, but my request was denied	-5	
No, I did not submit any request	2	

GO TO QUESTION F.1.3

f11

F.1.3	Please provide a reason for not requesting for the movement of imported goods under customs controls: (Please select all that apply)
-------	---

Not aware of the request procedures	f13a	1
Difficulty in understanding the request procedures	f13b	2
No intention to use it	f13c	3
Other (specify):	f13d	6

**F.2 Temporary admission of goods and inward and outward processing [Article 10.9
Temporary admission of goods and inward and outward processing (A)]**

F.2.1	Over the past two years, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertained to the Level of Compliance with Temporary Admission of Goods and Inward and Outward Processing by the customs authority:
-------	--

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Customs authority allowed the release of imported goods, without payment of duties or taxes, for re-exportation after carrying out processing and/or assembly f21a	1	2	3	4	-9	-7
Customs authority allowed temporary export of goods for specified purpose and their re-importation without payment of duties or taxes f21b	1	2	3	4	-9	-7

F.2.2	To what extent did the Temporary Admission of Goods and Inward and Outward Processing impede the operation of your firm?
-------	---

	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Temporary Admission of Goods and Inward and Outward Processing f22	0	1	2	3	4	-9	-7

F.3 Freedom of transit [Article 11 Freedom of transit (C)]

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the degree of freedom of goods in transit, which will be fully implemented over the next few years.

F.3.1 Over the past two years, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements which pertained to the **Level of Compliance with Freedom of Transit** by the customs authority:

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
Regulatory and procedural requirements for transit were no less favourable than those for import or export f31a	1	2	3	4	-9	-7
Transit was exempt from duties except for reasonable charges for transportation and administrative expenses f31b	1	2	3	4	-9	-7
Goods in transit were not required to comply with technical standards f31c	1	2	3	4	-9	-7
Once the goods have been authorized to proceed from the point of origin, they were not subject to further charges, formalities and customs inspections until they concluded their transit at their point of destination within the country f31d	1	2	3	4	-9	-7
Guarantees for goods in transit were allowed and promptly discharged once the transit requirements were satisfied f31e	1	2	3	4	-9	-7
A national transit coordinator has been appointed f31f	1	2	3	4	-9	-7

G. MEASURES AVAILABLE IN DEFENSE OF YOUR GOODS

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:

The following questions assess trade facilitation measures available for exporters and importers in the clearance of agricultural, pharmaceutical and food products. Such products are more prone to sampling and testing for compliance with product specific regulatory requirements conducted by the food safety or animal and plant quarantine authorities.

G.1 Prompt notice of detention of goods for inspection [Article 5.2 Detention (A)]

G.1.1	Over the last two years , how long did it take to get a notification from the customs authority in case your goods were detained for inspection ?
-------	--

Within 1 hour	1
Within the same day	2
More than a day	3
Never	4
DO NOT APPLY (SPONTANEOUS)	-8

GO TO QUESTION G.2.1

GO TO QUESTION G.2.1

g11

G.2 Import alert systems for food and animal feeds [Article 5.1 Notifications for enhanced control or inspections (A)]

G.2.1	Over the last two years , how long did it take to get a notification of enhanced controls for foods, beverages or feedstuff from the border authorities after the date of issuance?
-------	---

Within 1 day	1
2-3 days	2
More than 3 days	3
Never	4
DO NOT APPLY (SPONTANEOUS)	-8

GO TO QUESTION G.3.1

GO TO QUESTION G.3.1

g21

G.3 Handling and release of perishable goods [Article 7.9 Perishable goods (B)]

G.3.1 Over the last two years, please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements, which pertain to the **measures for the quick release of perishable goods** such as agricultural and pharmaceutical products, at the border checkpoint?

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Customs authority accelerated the release of perishable goods in regular business hours g31a	1	2	3	4	-9	-7
Customs authority released perishable goods outside customs' business hours g31b	1	2	3	4	-9	-7
Customs authority released perishable goods out of turn, before any other merchandise waiting at the border g31c	1	2	3	4	-9	-7
Customs authority provided appropriate storage for perishable goods pending their release g31d	1	2	3	4	-9	-7
Customs authority allowed an importer to organize storage of perishable goods pending their release g31e	1	2	3	4	-9	-7

G.3.2 Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements, which pertain to the **benefits of the quick release of perishable goods** for your firm:

	(SPONTANEOUS)					
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
Your perishable goods were released more quickly g32a	1	2	3	4	-9	-7
Your perishable goods faced lower risk of damages g32b	1	2	3	4	-9	-7

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the trade facilitation measures for customs and other border procedures, which will be fully implemented at the border checkpoints over the next few years.

G.4 Option to return rejected goods [Article 10.8 Rejected goods (C)]

G.4.1 Over the last two years, was your good rejected for import by the border authorities due to non-compliance with technical or sanitary or phytosanitary standards in Lao PDR?

Yes	1	
No	2	<i>GO TO QUESTION G.5.1</i>
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION G.5.1</i>
DO NOT APPLY (SPONTANEOUS)	-8	<i>GO TO QUESTION G.5.1</i>

g41

G.4.2 Were you able to return the rejected good to the exporter?

Yes	1	
No	2	
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION G.5.1</i>
DO NOT APPLY (SPONTANEOUS)	-8	<i>GO TO QUESTION G.5.1</i>

g42

G.4.3 Over the next two years, if the Lao government allows the importer to return the rejected good to exporter, Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements, which pertain to the **benefits of the opportunity to return rejected goods** for your firm:

					(SPONTANEOUS)	
	Strongly Disagree	Disagree	Agree	Strongly Agree	DON'T KNOW	DOES NOT APPLY
The rejected goods can be returned to the exporter for selling in another market g43a	1	2	3	4	-9	-7
The rejected goods can be re-consigned to a third country, other than the country of export g43b	1	2	3	4	-9	-7

G.5 Requesting opportunity for a second test [Article 5.3 Test procedures (C)]

G.5.1	Over the last two years , did you request an opportunity for the second test of your imported goods in case the result of first test conducted by the border authorities such as food safety or animal and plant quarantine, is different from that in your declaration of imported goods?
-------	--

Yes, my request was approved	1
Yes, but my request was denied	-5
No, I did not submit any request	2

GO TO QUESTION H.1.1

GO TO QUESTION G.5.3

g51

G.5.2	Please tell me if you Strongly disagree, Tend to disagree, Tend to agree, or Strongly agree with the following statements, which pertain to the benefits from the Opportunity to Allow for the Second Test of Imported Goods b for your firm over the past two years:
-------	---

	Strongly Disagree	Disagree	Agree	Strongly Agree	(SPONTANEOUS)	
					DON'T KNOW	DOES NOT APPLY
You could address an adverse finding in the first test g52a	1	2	3	4	-9	-7
You could easily access to the name and address of testing laboratories g52b	1	2	3	4	-9	-7

G.5.3	Please provide a reason for not requesting for the opportunity of the second test of your imported goods: (Please select all that apply)
-------	---

Not aware of the request procedures	g53a	1
Difficulty in understanding the request procedures	g53b	2
No intention to use it	g53c	3
No accredited laboratory available for second test	g53d	4
Other (specify):	g53e	6

H. CUSTOMS AND BORDER AGENCY CONTROLS AND ADMINISTRATION

READ THE FOLLOWING TO THE RESPONDENT BEFORE PROCEEDING:
The following questions assess the trade facilitation measures for the control and verification methods used by customs and other border authorities, which will be fully implemented at the border checkpoints over the next few years.

H.1 Internal border cooperation [Article 8 Border agency cooperation (C)]

H.1.1	Over the past two years, to what extent was the lack of cooperation among Lao border authorities an obstacle to the operation of your firm?
-------	---

	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Inspections and testing of goods h11a	0	1	2	3	4	-9	-7
Duplication of paperwork h11b	0	1	2	3	4	-9	-7

H.2 External border cooperation [Article 12: Customs cooperation (C)]

H.2.1	Over the past two years, to what extent was the [INSERT OPTION] between Lao border authorities and neighbouring countries an obstacle to the operation of your firm?
-------	---

ROTATE OPTIONS	No obstacle	Minor obstacle	Moderate obstacle	Major obstacle	Very large obstacle	(SPONTANEOUS)	
						DON'T KNOW	DOES NOT APPLY
Different working days and hours h21a	0	1	2	3	4	-9	-7
Different procedures and formalities h21b	0	1	2	3	4	-9	-7
Lack of Single Inspection Service h21c	0	1	2	3	4	-9	-7

I. OVERALL PERCEPTION OF THE ENTERPRISE

I.1 Informal payments

I.1	Over the last two years, did your firm provide any gift or informal payment to public officials in granting the license, permit or authorization needed during the import, export or transit clearance/compliance process?
-----	--

Yes	1	<i>GO TO QUESTION I.2</i>
No	2	<i>GO TO QUESTION I.3</i>
DON'T KNOW (SPONTANEOUS)	-9	<i>GO TO QUESTION I.3</i>
DO NOT APPLY (SPONTANEOUS)	-8	<i>GO TO QUESTION I.3</i>

i1

I.2	On average, what percentage of total value of goods involved did your firm provide informal payments or gifts to public officials?
-----	--

	(SPONTANEOUS)				
	As a percentage to total value of goods	No percentage, but a fixed charge per transaction	No Payment or gifts are made	DON'T KNOW	DOES NOT APPLY
Informal Payments of Gifts i2			2	-9	-7

I.3	Over the last two years, did your firm apply to obtain an import license or permit or seek authorization from customs or any other line department?
-----	---

Yes	1	<i>GO TO QUESTION I.4</i>
No	2	
DON'T KNOW (SPONTANEOUS)	-9	
DO NOT APPLY (SPONTANEOUS)	-8	

i3

I.4	Approximately how many days did it take to obtain it from the day of the application to the day it was granted?
-----	---

Number of days taken	
Less than a day	1
Still in process	-6
Application denied	-5
DO NOT KNOW (SPONTANEOUS)	-9

i4

I.5	In reference to that application, was an informal gift or payment expected or requested?
-----	--

Yes	1
No	2
DON'T KNOW (SPONTANEOUS)	-9
DO NOT APPLY (SPONTANEOUS)	-8

i5

I.6 Major obstacles to trade facilitation

I.6	<p>By looking at the list of elements of the business environment, please indicate which one, if any, currently represents the biggest obstacle faced by the firm.</p> <p>INTERVIEWER: SHOW RANDOMIZED LIST TO THE RESPONDENT. DO NOT READ OPTIONS.</p>
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Please arrange them in a descending order of importance (scale: 1 – 9, 1 = biggest, 9 = smallest)		Position #
Cumbersome customs regulations & procedures	i6a	
Difficult regulations and procedures of other cross-border regulatory agencies	i6b	
Informal payments/corruption	i6c	
Excessive paper work/documentation requirement	i6d	
Poor coordination among border agencies	i6e	
Lack of knowledge about rules and procedures	i6f	
Heavy taxes and duties	i6g	
Transport	i6h	
Inadequately educated workforce	i6i	

A.7 Please complete the following information about the interviewee(s)

	Position in the firm	Years with the firm	Gender (Male = 1; Female = 2)
Main respondent	a71a	a72a	a73a
Second respondent	a71b	a72b	a73b
Third respondent	a71c	a72c	a73c

THE SURVEY ENDS HERE

THANK YOU VERY MUCH FOR YOUR COOPERATION.

ANNEX 2: SELECTION OF IMPORTING-EXPORTING FIRMS FOR THE PERCEPTION SURVEY

Table A.2.1: Derivation of sample firms using a stratified random sampling method

No.	Province code	Province name	Population of importing-exporting firms				Distribution of importing-exporting firms (%)				Importing-exporting firms in sample			
			Total number	By import-export activity			Total number	By import-export activity			Total number	By import-export activity		
				Only export	Only import	Export-import		Only export	Only import	Export-import		Only export	Only import	Export-import
1.	05	Bokeo	20	1	16	3	4.24	0.21	3.39	0.64	6	0	5	1
2.	11	Borikhamxay	24	11	8	5	5.08	2.33	1.69	1.06	8	2	5	1
3.	16	Champasack	35	13	19	3	7.42	2.75	4.03	0.64	9	3	5	1
4.	12	Khammuane	23	6	12	5	4.87	1.27	2.54	1.06	7	1	5	1
5.	03	Luangnamtha	16	4	6	6	3.39	0.85	1.27	1.27	7	1	5	1
6.	13	Savannakhet	50	15	26	9	10.59	3.18	5.51	1.91	10	3	5	2
7.	01	Vientiane Capital	304	32	254	18	64.41	6.78	53.81	3.81	45	7	34	4
Total firms in sampling frame			472	82	341	49	100.00	17.37	72.25	10.38	92	17	64	11
% of firms in all provinces			79%	60%	89%	64%								

Source: Author's calculation using Customs data for 2020.

Table A.2.2: Top 10 customs border checkpoints for the sample provinces, by import and export values in 2020 (US\$)

No.	Checkpoint code	Checkpoint name	Province	Imports	Exports
1.	R3C50	Nampao (KM 20)	Borikhamxay	150,644,143	19,853,247
2.	R4C10	Vangtao	Champasack	103,642,978	119,440,911
3.	R3C30	Friendship Bridge 3	Khammuane	194,321,443	87,655,792
4.	R3C60	Napao	Khammuane	26,417,598	175,723,782
5.	R1C10	Borten	Luangnamtha	157,360,136	276,028,380
6.	R3C20	Dansavan	Savannakhet	48,186,826	183,671,257
7.	R3C10	Friendship Bridge 2	Savannakhet	91,944,329	24,282,946
8.	R3C16	Savan-Seno SEZ	Savannakhet	106,167,568	151,314,778
9.	R5C10	Friendship Bridge 1	Vientiane Capital	849,282,558	24,474,570
Total				1,727,967,579	1,062,445,662
% of total values of goods declared at all checkpoints				87%	89%

Source: Author's calculation using Customs data for 2020.

ANNEX 3: COMPONENTS OF OECD'S TRADE FACILITATION INDICATORS

Group	Component	Score
I. Information availability	A1-Customs website	2
	A10-Advance publication-time	0
	A11-Agreements publication	2
	A12-Appeal procedures information	1
	A13-Customs classification examples	2
	A14-Advance rulings information	0
	A15-Breaches formalities	1
	A16-Applicable legislation	2
	A17-Judicial decisions	0
	A18-Professional users' site	2
	A19-User manuals	2
	A2-Online feedback	2
	A20-Website user friendliness	1
	A21-Policymaking transparency	1
	A3-Rate of duties	2
	A4-Enquiry points	2
	A5-Enquiry points operating hours	2
	A6-Enquiry points timeliness	2
	A7-Import/export procedures	2
A8-Accessible documentation	2	
A9-Advance publication	0	
II. Involvement of the trade community	B1-Public consultations	1
	B2-Notice and comment procedures	0
	B3-Consultations guidelines	0
	B4-Targeted stakeholders	0
	B5-Consultations frequency	NA
	B6-Drafts publication	1
	B7-Public comments	0
	B8-Policy objectives communication	2
III. Advance rulings	C1-Advance rulings	0
	C10-ARs review request	0
	C11-ARs refusal motivation	0
	C2-ARs tariff-number	0
	C3-ARs origin-number	0
	C4-ARs total-number	0
	C5-ARs validity	0
	C6-ARs issuance time publication	0
	C7-ARs issuance time	0
	C8-ARs within issuance time	0
	C9-ARs information	0
IV. Appeal procedures	D1-Appeal procedural rules	2
	D10-Judicial appeal time limit	2
	D11-Appeal time limit decision	0
	D12-Legal framework efficiency	2
	D13-Judicial independence	1
	D2-Judicial appeals	1
	D3-Appeal-lodging time	2
	D4-Appeal-delays avoidance	2
	D5-Appeal-information motives	2
	D6-Appeals introduced by customs	NA
	D7-Appeals introduced by traders	NA

Group	Component	Score
	D8-Administrative appeals-number	NA
	D9-Judicial appeals-number	NA
V. Fees and charges	E1-Information on fees	1
	E10-Penalty disciplines	2
	E11-Penalties procedural guarantees	2
	E12-Penalties-conflicts of interest	2
	E13-Penalties-voluntary disclosure	0
	E14-Fees diversity	0
	E2-Fees evaluation	1
	E3-Fees all-inclusive information	1
	E4-Fees collected-number	NA
	E5-Fees for enquiries	2
	E6-Fees periodic review	0
	E7-Fees advance publication	1
	E8-Normal working hours	0
	E9-Penalties implementation	0
VI. Formalities - documents	F1-Acceptance of copies	1
	F2-Copies-percentage	0
	F3-Copies-original another agency	0
	F4-International standards	0
	F5-Import documents-number	0
	F6-Export documents-number	1
	F7-Documents review	1
	F8-Import documents-time	0
	F9-Export documents-time	1
VII. Formalities - automation	G1-Electronic import declarations	NA
	G10-Automated processing-goods release	0
	G11-Digital certificates	0
	G12-Full-time automated processing	0
	G13-ITC quality	2
	G2-Electronic export declarations	NA
	G3-Procedures electronic processing	NA
	G4-Electronic pre-arrival processing	1
	G5-Electronic payment	1
	G6-Processing system-electronic payment	0
	G7-Automated risk management	1
	G8-Single window IT	1
	G9-Electronic data interchange	1
VIII. Formalities - procedures	H1-Single window	1
	H10-Separation of release	0
	H11-Separation of release-share goods	0
	H12-Separation of release-share perishables	NA
	H13-Separation of release-perishables	0
	H14-Risk management customs	1
	H15-Risk management other agencies	1
	H16-Post-clearance audits	1
	H17-PCAs percentage	2
	H18-PCAs standard procedures	0
	H19-Pre-shipment inspection	0
	H2-Average release times publication	0
	H20-Authorised operators programs	1
	H21-AOs criteria transparency	1
	H22-AOs share of traders	NA
	H23-SMEs in AOs	NA
	H24-AOs trade volumes	NA
	H25-AOs certification time	0
	H26-AOs benefits	1

Group	Component	Score
	H27-Working hours customs	1
	H28-Customs brokers	2
	H29-Expedited release procedures	0
	H3-Average release time	2
	H30-Re-export rejected goods	0
	H31-Goods temporary admission	2
	H32-Imports efficiency	2
	H33-Exports efficiency	2
	H34-Procedures simplification-time	2
	H35-Procedures simplification-cost	2
	H4-Pre-arrival processing	1
	H5-Pre-arrival processing-percentage	NA
	H6-Physical inspections	1
	H7-Physical inspections-perishables	1
	H8-Physical inspections-share perishables	NA
	H9-Physical inspections-storage	0
IX. Internal co-operation	I1-General coordination	1
	I10-Internal coordination AOs	1
	I11-Coordinated infrastructure	2
	I2-Coordination mechanism	2
	I3-Coordination meetings	0
	I4-Domestic data coordination	1
	I5-Interconnected computer systems	0
	I6-Inspections coordination	1
	I7-Inspections shared results	2
	I8-Control delegation	NA
I9-Coordinated risk management	1	
X. External co-operation	J1-Cross-border coordination	1
	J10-Mutual recognition agreements	0
	J11-Training programmes	1
	J2-Working days alignment	2
	J3-External formalities alignment	1
	J4-External data harmonisation	0
	J5-External systems coordination	0
	J6-External risk coordination	1
	J7-External sharing control results	2
	J8-Common facilities	2
J9-Joint controls	1	

Note: Score ranges from 0 for no implementation to 1 for partial implementation and 2 for best performance.

Source: Author's compilation from OECD's online database 'Trade Facilitation Indicators', available at <http://www.compareyourcountry.org/trade-facilitation/en/0>. Accessed November 5, 2021.

ANNEX 4: ESCAP'S PROGRESS OF DIGITAL AND SUSTAINABLE TRADE FACILITATION REFORM IN LAO PDR

No.	Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021
1	National Trade Facilitation Committee or similar body	Fully implemented	Fully implemented	Fully implemented	Fully implemented
2	Publication of existing import-export regulations on the internet	Fully implemented	Fully implemented	Fully implemented	Fully implemented
3	Stakeholders' consultation on new draft regulations (prior to their finalization)	Partially implemented	Partially implemented	Partially implemented	Fully implemented
4	Advance publication/notification of new trade-related regulations before their implementation	Partially implemented	Partially implemented	Partially implemented	Fully implemented
5	Advance ruling on tariff classification and origin of imported goods	Partially implemented	Partially implemented	Partially implemented	Partially implemented
6	Risk management	Partially implemented	Partially implemented	Partially implemented	Partially implemented
7	Pre-arrival processing	Fully implemented	Fully implemented	Fully implemented	Fully implemented
8	Post-clearance audits	Partially implemented	Partially implemented	Partially implemented	Partially implemented
9	Independent appeal mechanism	Fully implemented	Fully implemented	Fully implemented	Fully implemented
10	Separation of Release from final determination of customs duties, taxes, fees and charges	Partially implemented	Partially implemented	Partially implemented	Partially implemented
11	Establishment and publication of average release times	Partially implemented	Partially implemented	Partially implemented	Partially implemented
12	TF measures for authorized operators	Not implemented	Not implemented	Planning stage	Planning stage
13	Expedited shipments	Partially implemented	Partially implemented	Partially implemented	Partially implemented
14	Acceptance of copies of original supporting documents required for import, export or transit formalities	Not implemented	Partially implemented	Partially implemented	Partially implemented
15	Automated Customs System	Partially implemented	Partially implemented	Partially implemented	Partially implemented
16	Internet connection available to Customs and other trade control agencies	Partially implemented	Partially implemented	Partially implemented	Partially implemented
17	Electronic Single Window System	Not implemented	Planning stage	Planning stage	Planning stage
18	Electronic submission of Customs declarations	Partially implemented	Partially implemented	Partially implemented	Partially implemented
19	Electronic application and issuance of import and export permit	Not implemented	Not implemented	Not implemented	Not implemented
20	Electronic Submission of Sea Cargo Manifests	Not available	Not available	Not available	Not available
21	Electronic Submission of Air Cargo Manifests	Partially implemented	Partially implemented	Partially implemented	Partially implemented
22	Electronic application and issuance of Preferential Certificate of Origin	Not implemented	Not implemented	Not implemented	Partially implemented
23	E-Payment of Customs Duties and Fees	Partially implemented	Partially implemented	Partially implemented	Partially implemented
24	Electronic Application for Customs Refunds	Partially implemented	Partially implemented	Partially implemented	Partially implemented

No.	Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021
25	Laws and regulations for electronic transactions	Partially implemented	Partially implemented	Partially implemented	Partially implemented
26	Recognised certification authority	Planning stage	Planning stage	Planning stage	Planning stage
27	Electronic exchange of Customs Declaration	Not implemented	Not implemented	Planning stage	Planning stage
28	Electronic exchange of Certificate of Origin	Not implemented	Not implemented	Planning stage	Partially implemented
29	Electronic exchange of Sanitary & Phyto-Sanitary Certificate	Not implemented	Not implemented	Planning stage	Planning stage
30	Paperless collection of payment from a documentary letter of credit	Not implemented	Not implemented	Not implemented	Not implemented
31	National legislative framework and/or institutional arrangements for border agencies cooperation	Partially implemented	Partially implemented	Partially implemented	Partially implemented
32	Government agencies delegating border controls to Customs authorities	Partially implemented	Partially implemented	Partially implemented	Partially implemented
33	Alignment of working days and hours with neighbouring countries at border crossings	Partially implemented	Partially implemented	Partially implemented	Fully implemented
34	Alignment of formalities and procedures with neighbouring countries at border crossings	Partially implemented	Partially implemented	Partially implemented	Fully implemented
35	Transit facilitation agreement(s)	Partially implemented	Partially implemented	Partially implemented	Partially implemented
36	Limit the physical inspections of transit goods and use risk assessment	Partially implemented	Partially implemented	Fully implemented	Fully implemented
37	Supporting pre-arrival processing for transit facilitation	Partially implemented	Partially implemented	Partially implemented	Partially implemented
38	Cooperation between agencies of countries involved in transit	Partially implemented	Partially implemented	Partially implemented	Partially implemented
39	Trade-related information measures for SMEs	Not available	Not implemented	Planning stage	Partially implemented
40	SMEs in AEO scheme	Not available	Not implemented	Not implemented	Not implemented
41	SMEs access Single Window	Not available	Not implemented	Not implemented	Not implemented
42	SMEs in National Trade Facilitation Committee	Not available	Not implemented	Not implemented	Not implemented
43	Other special measures for SMEs	Not available	Not available	Not implemented	Not implemented
44	Testing and laboratory facilities available to meet SPS of main trading partners	Not available	Not implemented	Not implemented	Not implemented
45	National standards and accreditation bodies to facilitate compliance with SPS	Not available	Not implemented	Not implemented	Not implemented
46	Electronic application and issuance of SPS certificates	Not available	Not implemented	Not implemented	Not implemented
47	Special treatment for perishable goods	Not available	Not available	Planning stage	Planning stage
48	TF policy/strategy to increase women's participation in trade	Not available	Not implemented	Not implemented	Partially implemented
49	TF measures to benefit women involved in trade	Not available	Not implemented	Not implemented	Partially implemented
50	Women membership in the National Trade Facilitation Committee or similar bodies	Not available	Not available	Do not know	Partially implemented
51	Single window facilitates traders' access to finance	Not available	Not available	Do not know	Do not know
52	Authorities engaged in blockchain-based supply chain project covering trade finance	Not available	Not available	Do not know	Do not know

No.	Measure	Survey 2015	Survey 2017	Survey 2019	Survey 2021
53	Variety of trade finance services available	Not available	Not available	Do not know	Do not know
54	Agency in place to manage TF in times of crises and emergencies	Not available	Not available	Not available	Partially implemented
55	Online publication of emergency TF measures	Not available	Not available	Not available	Partially implemented
56	Coordination between countries on emergency TF measures	Not available	Not available	Not available	Planning stage
57	Additional trade facilitation measures to facilitate trade in times of emergencies	Not available	Not available	Not available	Planning stage
58	Plan in place to facilitate trade during future crises	Not available	Not available	Not available	Fully implemented

Note: The implementation score is 0 for no implementation, 1 for planning stage, 2 for partial implementation and 3 for full implementation.

Source: Author's compilation using data from UN Global Survey on Digital and Sustainable Trade Facilitation, available at <https://www.untfsurvey.org/economy?id=LAO>. Accessed November 5, 2021.