



**Ministry of Industry and Commerce
Department of Import and Export**

**Evaluation of Lao PDR's
Trade Facilitation Road Map 2017-2022**

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Supported by:



Preface

The First 5-year Trade Facilitation Strategy (2011-2015) of Lao PDR has been approved and promulgated according to Decree No. 213/GOL, dated 18 September 2011, which has defined many strategic measures and one of them is the implementation of Lao PDR's commitments in order to become a member of the World Trade Organization (WTO). Particularly, improving procedures and trade regulations to streamline and reduce costs to promote trade competition. The second 5-year Trade Facilitation Road Map (2017-2022) was endorsed and promulgated according to Decision No. 0051/TFS, dated 25 September 2017 with 7 strategic measures and 13 implementation methods which aimed to reduce time for import and export at least 50% and reduce at least 30% of costs and documents

Since 2022, Lao PDR has encountered many new challenges, such as the shortage of energy, especially fuel, the shortage of foreign currency, and the highest inflation in history, which has resulted in the price of goods increase in double. The government has various policies and measures to solve economic-financial difficulties and one of which is trade facilitation in reducing costs and time for import and export and movement of goods. On the other hand, this is the last year of the implementation of the Trade Facilitation Road Map (2017-2022), the Department of Import and Export (DIMEX) has collaborated with the international and national consultants to conduct evaluation of the road map in July 2022 by using questionnaires to collect information and discuss with relevant sectors. DIMEX discussed and presented the assessment results through many important meetings and received the useful comments and suggestions from the public sectors, international organizations, development partners, private sectors, international and national consultants. These comments have been incorporated into the assessment report which makes the report more complete and better than the previous report.

DIMEX would like to express our gratitude to the Lao PDR's Competitiveness and Trade Promotion Program (LCT) for providing technical and financial support for the evaluation of the Trade Facilitation Road Map 2017-2022. Thank you to all relevant parties who contributed in the research, coordinated with each other, and provided direct and constructive comments. We hope that this evaluation report will be useful to all parties involved in the implementation of the trade facilitation agenda in the future. If there is any mistake or incorrect, we are pleased to receive feedback for improving and developing a better version in the next evaluation.



Executive summary

This report is to evaluate the achievements and impact of the Lao PDR's Trade Facilitation Road Map (TFRM) for 2017-22. TFRM was adopted in September 2017, and it envisioned to simplify and streamline clearance procedures to enhance the service delivery to trade with a focus on improving the country's trade competitiveness through reduction in time and cost incurred on import and export. These reforms were to be achieved through a wide array of activities placed under the Road Map's seven strategic pillars, which consisted of building institutional structure, improving governance at sub-national level, collaboration with private sector, elimination of Non-Tariff Measures (NTMs), priority measures, regional integration, and full implementation of WTO Trade Facilitation Agreement (TFA).

To measure its outcomes, the Road Map had set key targets, such as reducing the time taken on import and export by 50% and the transaction cost by 30% by 2022. With improvement on these key indicators, it expected to improve Lao PDR's low ranking in Trading Across Borders parameter of the World Bank's Doing Business Study published annually, which was widely accepted as a global index on trade facilitation at the time. In 2017, Lao PDR was placed at 124 on its Trading Across Borders parameter and the Road Map set an ambitious target to raise it to a double digit, i.e., at the 99th rank, or better.

Overall, Lao PDR made a reasonably good progress in implementing the Road Map, which could have been much better, but for the Covid-19 pandemic that disrupted many critical activities for over two years. Especially affected were those which required technical assistance since international consultants were unable to be in Laos due to visa and travel restrictions. Even capacity building workshops and consultation meetings could not be held on site, due to travel restrictions. So essentially, the Road Map got less than three years of active period for full-steam work.

Notwithstanding these constraints, TFRM was successful in building a robust institutional structure for leading and monitoring trade facilitation activities both at the center, as well as in provinces. The central structure in the form of National Trade Facilitation Committee (NTFC) with its leadership under the Deputy Prime Minister was particularly effective in steering the trade facilitation agenda. Strengthening governance at sub-national level was another pillar that had similar success with the creation of Provincial Trade Facilitation Committee (PTFC) in each province under respective vice-governor.

Implementation of collaboration with private sector pillar was mainly driven by DIMEX, which consistently ensured private sector participation in its meetings. However no other line department took independent initiative for engaging with the private sector. They did not even set up consultative committee, the institutional mechanism envisaged under TFRM for private sector consultations. DIMEX/TFS however ensured that, as per TFRM, private sector was used for validating the efficacy and utility of TFRM measures, for which in 2021, they organized a private sector perception survey on TFA implementation.

Elimination of unwarranted NTMs, an important pillar of the Road Map however fell way short of target. The Road Map had aimed to review all the NTMs by 2022 and act on their recommendations. However, only 25% of the NTMs were reviewed and their advice remained largely unattended, except by the Ministry of Industry & Commerce which took exceptional measures. For instance, it eliminated key import licenses in case of cement, steel, vehicle parts, and tractors, and automated the licensing procedures for import of vehicles, petroleum, and gas by bringing them under National Single Window. It also rolled out the facility of electronic submission and processing of Certificates of Origin (e-CO) to provinces. Other departments however made procedural changes only and did not take any bold suggestion for repealing license/permits. They were also slow in acting on the recommendations of Time Release Study (TRS) 2020 on removing bottlenecks in issuance of licenses and permits.

The strategic pillar of priority measures which included a few eclectic initiatives identified for immediate action, had a mixed result. Of these, banning roadside checks met with reasonable success as action was taken under Prime Minister's orders no. 12PM. Publication of trade related procedures was also successful using LTP. But measures, like development of Service Charter (DIMEX was the lone department to develop it), inclusion of exporters in AEO scheme, extending working hours at the checkpoints and centralizing payments did not make much headway. Even a critical initiative, like the roll out of National Single Window to all departments fell far short of its target.

In contrast, ASEAN Single Window for sharing e-ATIGA Form D with other member states in 2019 was established on time. Exchange of ACDD data under it has however got delayed which is expected soon. Other activities stipulated under the Cross-Border Cooperation pillar, in comparison were slow-starters for diverse reasons. For instance, roll out of Single Stop Inspection that has been in operation at Dansavanh-Lao Bao checkpoint border since 2015 could not be accomplished at Friendship Bridge 2-Mukdahan checkpoint on Lao-Thai border due to legal constraints on the part of Thai Customs. Overall, little effort was made to synchronize the Road Map activities with those planned under ASEAN, GMS, or other regional, multilateral, and bilateral initiatives.

However, the most critical strategic pillar of the TF Road Map, i.e., implementation of the TFA measures witnessed encouraging progress as action was initiated on all the TFA measures, leading to about 30% measures being met fully, 17% substantially (where at least two third provisions of that TFA measure were complied with), and remaining 53% partly (less than 2/3rd compliance). Quite a few of them are close to the finishing line and will be completed shortly. They include many challenging measures, which are specifically targeted under the LCT project.

The Road Map had a spectacular achievement as far as its outcome targets were concerned. As per the World Bank's EDB reports, Lao PDR succeeded in reducing the time incurred on import and export both by around 72%, which catapulted it to a global rank of 78th position on the

Trading Across Borders parameter in 2019. It was much higher than Vietnam (100), Cambodia (115) and Indonesia (116), and closer to China (65) and Thailand (59). EDB study was discontinued in 2020. While EDB data is not available after 2019 as it was discontinued thereafter, reduction in time on border clearance is also supported by data from Time Release Studies conducted by Lao PDR in 2017 and 2020.

Implementation of the Road Map had some important learnings as it showed the significance of having political leadership at the helm of the trade facilitation steering bodies. Another important learning was the effectiveness of the WB project support in implementation of TFA measures. However, it also underlined the need for TFC Secretariat to have adequate staff and a strong monitoring mechanism to monitor so many departments and activities.

Based on these learnings, the report has recommended strengthening the NTFC secretariat for an effective monitoring of TF strategy. This advice has gained greater significance now in view of the government's decision to merge the National Transport Committee (NTC) into the NTFC, which will escalate the Secretariat's workload manifold. Another important recommendation is to pay greater attention on collaboration with private sector, which is key to the efficacy of any trade facilitation reform. Finally, critical measures, like NTM reforms or the roll out of Single Window must be closely monitored by NTFC for successful results. Given the successful impact of various initiatives taken under the Trade Facilitation Road Map, the experience and learnings may be utilized in the next strategy for still better results.

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Abbreviations

ACTS	ASEAN Customs Transit Scheme
ATIGA	ASEAN Trade in Goods Agreement
AEO	Authorized Economic Operator
ASEAN	Association of South-East Asian Nations
ASYCUDA	Automated System for Customs Data
DAP	Departmental Action Plan
DDT	Department of Digital and Technology
DIMEX	Department of Import & Export
DMM	Department of Mining Management
DOA	Department of Agriculture
DOLF	Department of Livestock & Agriculture
DOT	Department of Transport
DOSM	Department of Standardization & Metrology
EDB	Ease of Doing Business study
FDD	Food & Drugs Department
IRMF	Integrated Risk Management Framework
JICA	Japan International Cooperation Agency
LCD	Lao Customs Department
LCTP	Lao PDR's Competitiveness & Trade Project
LNCCI	Lao National Chamber of Commerce & Industry
LNSW	Lao National Single Window
LTP	Lao Trade Portal
MOU	Memorandum of Understanding
NEDA	Thailand's Neighboring Countries' Economic Development Agency
NTBs	Non-Tariff Barriers
NTCS	National Trade Committee Secretariat
NTFC	National Trade Facilitation Committee
NTTFC	National Trade and Transport Facilitation Committee
NTM	Non-Tariff Measure
OGA	Other Government Organizations (Other than Customs)
PTFC	Provincial Trade Facilitation Committee
RIA	Regulatory Impact Assessment
RKC	WCO's Revised Kyoto Convention on Simplification of Customs Procedures
SAFE	Safe Framework of Standards to Secure & Facilitate Global Trade
SOP	Standard Operating Procedure
SPS	Sanitary & Phytosanitary Standards
TAB	Trading Across Borders component of EDB studies
TBT	Technical Barriers to Trade
TFA	Trade Facilitation Agreement
TFRM	Lao PDR's Trade Facilitation Road Map (2017-22)
TFS	Trade Facilitation Secretariat
TIU	Trade Facilitation Implementation Unit
UNESCAP	United Nations Economic & Social Council for Asia & Pacific
WB	World Bank
WCO	World Customs Organization
WHO	World Health Organization
WOAH	World Organization for Animal Health (OIE)
WTO	World Trade Organization

1. Introduction

Lao PDR's Trade Facilitation Road Map (TFRM) was developed during 2017 in the wake of the review of the Trade Facilitation Strategic Plan of 2011-15. The country had seen a steady growth in exports in the previous years, which was plateauing, and it was felt that special efforts were warranted to improve the country's trade competitiveness under a new strategy. The Road Map therefore addressed the shortcomings of the previous strategy and introduced a wide range of measures for simplifying and streamlining the complex regulatory process of cross-border trade. It also included the implementation of WTO Trade Facilitation Agreement, which was widely advocated to reduce the cost of trading in developing countries and LDCs significantly.

This evaluation of the Trade Facilitation Road Map (2017-22) has been conducted both in terms of the progress made about implementation of various activities envisaged in the Road Map and their impact reflected in the form of outcomes, like reduction in the time and cost incurred on border clearance and documentary compliance for import and export.

To assess the activity-wise progress a comprehensive questionnaire was prepared seeking details of the action taken by line departments on each measure prescribed under the Road Map. Direct inputs were elicited through in-person meetings held with the key departments, like Lao Customs, Food & Drugs, Agriculture, Livestock & Fisheries, Transport, Standardization & Metrology, Mining Management, Digital Technology, and Import & Export, often more than once. They were also requested to furnish written responses on these questions along with the details of instructions and orders issued in support of the action claimed to have been taken by them. For evaluating the impact and outcomes, performance indicators prescribed under the TF Road Map were relied upon, which included WB's EDB survey reports which was discontinued in 2020, used the findings of Time Release Studies.

Feedback was also obtained from the private sector partner, Lao National Chamber of Commerce & Industry (LNCCI) about the on-ground progress and benefits derived by the trade from various initiatives taken under the TFRM. Inferences of the Private Sector Perception Survey carried out in 2021 were also examined to supplement the private sector response. In addition, secondary sources, such as OECD Trade Facilitation Survey of 2019 and UN Global Survey of 2021 on Digital & Sustainable Trade Facilitation were used for validating the evaluation results. Also referred were the Diagnostic Trade Integration Study (DTIS) of Lao PDR completed in 2022 and the UNESCAP's Readiness Assessment of Lao PDR for Paperless Trade conducted in 2022.

This Evaluation Report consists of five broad chapters. The second one after Introduction, covers review of performance and achievements, documenting the action taken by the line departments under various strategic pillars. The third chapter covers an overall assessment of their impact and outcome. The fourth thereafter lists out important inferences and learnings, based on which, the sixth chapter makes some key recommendations for future strategy.

2. Performance Review and Achievements

This section deals with the activity-wise review of the TF Road Map under various strategic pillars, especially highlighting the achievements made and challenges faced in the process of implementing them. The evaluation of the implementation progress of various activities has been made against the broad timeframe set out for them under the TFRM's Implementation Plan. These measures were categorized under seven strategic areas, which were identified for enhancing the efficiency of service delivery to trade and improving trade competitiveness. Hence, they start with creation of implementation and monitoring mechanism, enhancing governance, promoting partnership and cooperation on the one hand to listing out priority areas for action, such as NTM reforms, priority measures and full implementation of Trade Facilitation Agreement. The progress made under various activities prescribed in TFRM under these seven strategic pillars has been reviewed below capturing the measures taken and documenting the important decrees, decisions, orders, and instructions issued in support.

While the Road Map envisaged a five-year timeframe for implementation, it may be mentioned here that a substantial part of this period was affected by the Covid-19 pandemic, that disrupted not just travel but also the daily routine when offices were closed for months and officers were working from home, which had its own limitations. In the later phase, when the lockdown was withdrawn and office reopened, only a limited staff was allowed to attend office, that too on a rotation basis. They were not allowed to travel to provinces or hold in-person meetings and workshops. Besides, due to travel and visa restrictions, international consultants were not able to visit Laos. More than anything, new consultants could not be engaged in the pandemic situation, that delayed recruitment of international consultants for customs, agriculture, and mining departments. Non-availability of international consultants in the country between April 2020 when travel and visa restrictions were imposed and until June 2022, when they were relaxed heavily impacted the implementation of various activities, particularly those which required technical assistance and capacity building. Overall, out of five years, the Road Map barely had three years of normal period of working and hence its performance needs to be reviewed keeping this serious limitation in mind.

2.1 Developing institutional mechanism for effective coordination

For effective implementation and monitoring of the activities planned, the Road Map prescribed setting up a robust institutional structure, which included frequent meetings of the Steering Committee, i.e., TFS/NTFC, and creation of TIU in each department dedicated for implementing and monitoring trade facilitation activities and preparation of Departmental Action Plans (DAPs) in line departments. Most of these activities were to be carried out in the kick-off phase itself, i.e., by February 2018 so that the requisite structure was available for implementing the Road Map.

2.1.1 Obtaining requisite approval of the Trade Facilitation Road Map

The Trade Facilitation Road Map was developed in extensive consultation with the line departments over 2016-17 and was approved in the 6th meeting of the Trade Facilitation Secretariat (TFS) held on 11 August 2017. TFRM was formally promulgated on 25 Sep 2017¹ which designated Department of Import & Export (DIMEX) under the Ministry of Industry & Commerce to implement the Road Map in collaboration with other concerned departments and report the progress to the Trade Facilitation Secretariat (TFS). It also requested all the line departments to cooperate with the TFS in Implementing this action plan. The Road Map was subsequently launched by the Minister of Industry & Commerce at a public event on 29 November 2017 in presence of senior officials from various ministries, and the private sector representatives. The Road Map targets were soon after endorsed by the Prime Minister vide Order No.02/PM issued on 1 February 2018, where he urged all the concerned ministries, departments, state organizations and local government authorities to work concertedly towards streamlining trade related procedures to achieve the targets set out under the TF Road Map. This was further reinforced by the Prime Minister in his Order No.12/PM dated 19 October 2019 wherein he specifically directed all concerned to meet the targets by 2022 as laid out under the TFRM². These steps prove that TF Road Map was taken as the main framework to drive the trade facilitation initiatives in the country. With Prime Minister setting the pace, TF Road Map assumed the center stage and just needed an effective organizational structure to deliver results.

As per the PM Decision No. 48/PM³, dated 26 July 2018, the Trade Facilitation Secretariat, which was the apex body in the country steering the trade facilitation activities was upgraded to be headed by the Deputy Prime Minister (in place of the Industry & Commerce Minister) and was renamed as the National Trade Facilitation Committee (NTFC). With the Deputy PM at the helm, trade facilitation agenda was greatly escalated, and the Committee felt fully empowered to resolve the cross-cutting issues involving various ministries. To help monitor the implementation of trade facilitation activities, NTFC set up a Trade Facilitation Committee Secretariat (TFCS)⁴ headed by the Vice Minister, Industry & Commerce and having senior representatives of various line departments and the private sector. The Secretariat was assigned to prepare work plans, budget proposals, reports, and reviews etc. for NTFC, and organize its meetings at least twice a year. It was also entrusted with other wide-ranging responsibilities, such as reviewing and commenting on country's policies, plans, agreements, rules, and regulations concerning trade facilitation and help implement them in a coordinated manner. It

¹ Trade Facilitation Road Map for 2017-22 was promulgated vide Decision No.0051/TFS dated 26 Sep 2017.

² The order directed the concerned ministries, provincial government organizations and local government authorities across the country to cut down documentation and procedures to facilitate trade and assigned Ministries to coordinate their efforts towards meeting the TF Road Map targets.

³ PM's Decision No. 48/PM was Issued on 26 July 2018. Besides establishing a National Trade Facilitation Committee, it also ordered setting up of Provincial Trade Facilitation Committee in each province, under the respective Vice-Governors for effective coordination and monitoring of TF activities at the provincial level.

⁴ Agreement No. 001/NTFC dated 26 December 2018

was also required to study and enhance NTMs and other trade & transport related procedures to comply with the international commitments.

2.1.2 Increasing the meeting frequency of the NTFC/TFS

As TFS meetings were held once a year⁵, the Road Map had recommended increasing the frequency. The National Trade Facilitation Committee (NTFC), which replaced TFS, decided to meet once in 6 months. It held its inaugural meeting on 7 January 2019, when it discussed its scope and mandate. Once Provincial Trade Facilitation Committees (PTFCs) were established, it also decided to invite the heads of all these PTFCs in its meetings. It started off well, having two meetings in 2019 (April and November), but the schedule got disrupted by Covid. The Trade Facilitation Committee Secretariat (TFCS) set up to assist the NTFC, meets before the NTFC meetings.⁶ In addition, consultation meetings are also organized with concerned departments and private sector on specific issues. These technical consultations are usually attended by the TF Focal points of various line departments and are chaired by the DG or DDG, Department of Import & Export (DIMEX).

NTFC is always chaired by the Deputy Prime Minister. It has met five times⁷ so far, when important trade facilitation issues were taken up for discussion. These issues are documented and monitored closely until they are resolved. Some of the significant decisions of NTFC include ordering setting up of an integrated TF structure and signing of Joint MOU between Customs and other key agencies on developing an integrated risk management framework.

Altogether, over 50 meetings are reported to have been held during 2017-22, which works out to an average of 10 meetings per year. These meetings have greatly helped in coordination among line departments and consultations with the private sector in addressing the issues faced in the Road Map implementation. The minutes of these meetings also get circulated among the participants, though they are not put up on the Lao Trade Portal for the information of trade and public.

2.1.3 Setting up trade facilitation implementation unit in each line department

TFRM required line departments to set up a dedicated TF Implementation Unit (TIU) in their organization by Feb 2018. These TIUs were expected to help their departments to implement the TFRM activities within the prescribed timelines. Most of the departments, barring few exceptions, like DIMEX, LCD and FDD did not form TIU and instead relied upon the TF Focal Points appointed by them earlier. Lao Customs Department reported that it created a Customs Procedure & Trade Facilitation Unit under its Legislative Division vide Decision dated 15 March 2018 and subsequently, in May 2019, the responsibility of implementing TF activities

⁵ Met on 11 August 2017 and on 25th May 2018 during the TFRM period, before NTFC was formed.

⁶ TFCS met on 6 March 2019, 15 Aug 2019, 2 Nov 2020 and 16 Dec 2021.

⁷ NTFC meetings were held on 7 Jan 2019, 3 Apr 2019, 18 Dec 2019, 17 Dec 2020 and 25 Jan 2022. The first one did not include PTFC heads, which started from April 2019 and was termed as 1st full scale NTFC meeting.

was escalated to the Legislative Division as per the Minister's Decision No. 2059/MOF, dated 29 May 2021 on Organization and Functions of LCD.

Besides Customs, FDD was another department that had created a TIU in 2018, which consisted of representatives from its Bureau of Food & Drugs Inspections (BFDI) and the division looking after the border functions. However, four other departments, namely, the Department of Standardization & Metrology (DOS&M), Department of Agriculture (DOA), Department of Livestock & Fisheries (DOLF), and Department of Digital Technology (DDT) created TIUs only in March-May 2022⁸ on receipt of instructions from the TFC Secretariat (TFCS). It may be pertinent to mention here that among other things, TFCS was also tasked with setting up TIU in the line departments⁹. Perhaps this explicit responsibility triggered this late action in defaulting departments, which had earlier assumed that a focal point was as good as a unit. DIMEX being the secretariat of TFS and subsequently of NTFC, always had a well-equipped TF Division, that was supported by international and national TAs under the LCT project. It must be mentioned here that the three departments which did well in implementing the Road Map were the ones which had set up full-fledged TIUs.

⁸ As informed by them, TIU was set up in DDT on 11 March 2022, by DOLF on 16 March 2022, by DOA on 18 May 2022, by DOSM on 17 March 2022.

⁹ Article 3.11 of the Agreement No. 001/NTFC dated 16 December 2018 specifically mentions it as TFCS's Role.

2.1.4 Preparation of Departmental Action Plan (DAP) on trade facilitation by each line department to implement TF Road Map

For effective implementation TFRM required the line departments to draw up specific action plan for implementing TFRM in their department. Support of the international TA available under the project was also extended to the key departments for this purpose. After extensive discussions and deliberations, eight departments, namely, LCD, DIMEX, FDD, DOLF, DOA, DOSM, DOT, and Department of Mining Management (DMM) were able to develop their Departmental Action Plans (DAPs) with specific activities outlined to implement the Road Map activities in line with the TFRM timeframe. The DAPs included all the activities envisaged under TFRM. For instance, they included setting up of TIU, designating TF focal points in provinces, conducting NTM reviews, developing Service Charter, establishing consultative committee, and holding regular consultations therein for collaboration with private sector, and various other activities for implementing the concerned provisions of the WTO's Trade Facilitation Agreement. The focus of these DAPs was on meeting the WTO TFA measures which were time bound international commitments. These DAPs were approved by their management and shared with the TFS and the WB.

Based on their DAPs, departments also prepared their Challenge Facility (CF) proposals seeking project support in implementing some of the activities listed therein, particularly the Category C commitments where technical assistance was needed. Lao PDR's World Bank supported Competitiveness & Trade Project (LCTP) had earmarked special funds to support key departments in implementing TFA commitments under a specific heading called 'TFA Challenge Facility (TFA CF)' and hence these departmental proposals seeking the project support were termed as TFA CF proposals, or CF proposals in short. Five of these CF proposals (from LCD, FDD, DOLF-DOA, DIMEX and DMM) conforming to the project objectives and results framework were approved for the project support. Creation of this CF mechanism under LCT Project proved quite effective in extending the project support for implementing TFA measures. A summary of these five approved CF proposals is placed at Annex-2.

The departments were expected to monitor implementation of these DAPs using TIUs. However, at the time of this evaluation, it was noticed that none of them had reviewed their performance against these DAPs. It appeared that some departments were not even able to locate the DAPs prepared by them as their earlier staff of 2018, when these DAPs were developed had moved out and there was no institutional memory. Even those departments where CF proposals had been approved, review was confined to the CF proposals only, and not the entire DAP. As a result, other activities under the DAP, particularly where project support was not sought, such as activities listed under first six strategic measures or even Category A and B commitments were left largely unattended.

TFCS was also not able to monitor the performance of line departments in respect of all the activities listed under the TFRM Implementation Schedule as it did not receive any activity-wise report from them. The comprehensive template circulated among the line departments for progress reporting right in the beginning of the TFRM was not followed and unstructured and

irregular reports received from line departments from time to time were quite generic in nature missing the specific details. TFCS should have insisted on regular progress reporting which would have allowed it to help NTFC in monitoring non-performance or delays on the part of any line departments in implementing the Road Map. In fact, the handful of DIMEX staff entrusted with the Secretariat function was clearly not adequate nor eager to engage in such close monitoring of sister departments.

2.2 Strengthening governance structure at sub-national level

The Road Map recommended strengthening of governance structure at the sub-national level for improved communication, monitoring and implementation of trade facilitation measures at the provincial level. It was important to enhance coordination among line agencies, especially to resolve operational level issues.

2.2.1 Setting up Trade Facilitation Secretariat/NTFC office in each province

TFRM had recommended formation of TFS offices in each province on the lines of the TFS in the centre to provide effective coordination and monitoring needed for implementing TFRM activities at the provincial level. However, since the TFS was renamed as National Trade Facilitation Committee (NTFC), their counterparts proposed in provinces were named as the Provincial Trade Facilitation Committees (PTFC). PM's Decision No. 48/PM accordingly used these new nomenclatures in its decision. As mentioned above, Provincial Trade Facilitation Committees (PTFCs) were formed in all the provinces in pursuance with the PM's Decision No. 48/PM.

These committees were headed by the Vice-Governor of the respective province and included heads/deputy heads of all trade related departments in the province as members. They included departments of Import & Export, Customs, Transport, Food & Drugs, Agriculture, Livestock & Fisheries, Science & Technology etc. as deputy heads of the PTFC. Chief of the provincial department of Industry & Commerce was designated as its deputy chair for easy communication with the Department of Import & Export, which worked as NTFC's secretariat. It also helped in getting the required budgetary support from the LCT project as envisaged under the PM's directive. Also included as a member of the PTFC was the Vice President of the Chamber of Commerce & Industry in that province to involve the private sector in all the TFRM activities and decision making.

As per the PM's Decision, these PTFCs are required to meet twice a year. However, often this frequency was not followed strictly. Nevertheless, the fact remains that this new platform has greatly contributed towards improving coordination and creating awareness on TF issues at the provincial level. They have also brought in the onus of responsibility of implementing TFRM to the governor level. Officials from DIMEX have been attending meetings of these PTFCs and act as a bridge between the centre and province on issues relating to implementation and monitoring of TFRM activities. They also organize capacity building workshops for the PTFC secretariate using project support and help resolve contentious issues.

2.2.2 Designating TF Focal Points in Provinces

To improve communication with provincial offices, TFRM envisaged designation of a focal point by every department in each province. This was accomplished by the respective Governors while ordering formation of a Provincial Trade Facilitation Committee (PTFC) in their province in compliance with the Prime Minister's Decision No. 48/PM dated 26 July 2018, These PTFCs included heads of line departments, who were often designated as the TF Focal Points in the province as their members.

2.3 Priority measures to improve service standards, ban roadside checks, etc.

Special measures were identified in the Road Map for priority treatment. Some of them, like publication of procedures, AEO scheme and Single Window were also part of the TFA but were singled out for special emphasis and immediate action under this strategic pillar.

2.3.1 Publication of detailed procedures documentary requirements and Service Charter committing standard and time of service delivery

As required under the TFRM, all departments ensured that their trade-related laws, rules, procedures, instructions, documentary requirements and templates of various application forms are put up on the Lao Trade Portal (LTP), a bi-lingual (Lao and English) electronic platform, so that they are easily accessible online in any part of the world. The Portal is kept up-to-date by DIMEX, which is also responsible for its operation and upkeep. A private agency, Cyberia is engaged for its technical maintenance and DIMEX's staff designated to coordinate and get contents (documents) from the line departments, both in Lao and English language. DIMEX gets them translated into English if they are legal documents and are not accompanied with English translation. It also issues news flashes and announcements on important trade facilitation matters. In addition to the LTP, many of the departments, like Customs, DMM, DOT, DOSM, DOLF and DDT are also uploading the relevant documents on their own websites. Some of the departments have also assigned staff to forward their relevant documents to LTP, however, often the updating of LTP is carried out by the DIMEX staff on its own by retrieving the relevant information from websites and other sources. Line departments must realize that it is more important to provide information on the LTP, rather than their own website, as the LTP provides a single platform where all information needed for regulatory compliance in cross-border trade is made easily accessible to trade. Its English translation on LTP is crucial for enabling the interested parties abroad obtain the information needed for trade with Lao PDR. Ensuring transparency is an integral principle of the trade facilitation and hence, line departments must take the ownership of keeping the LTP fully updated with the legal, procedural and documentary requirements for getting cross-border clearances from their department. In fact, they must also ensure that draft laws, regulations and decrees are published on the LTP for prior intimation and inviting feedback of the trade at least 60 days before they come into effect.

The Road Map recommended all line departments to develop Service Charters committing a certain standard and timeframe of service delivery to trade from their side. Workshops were also organized sharing detailed guidelines and template for the purpose. However, DIMEX is the only department in Lao PDR that has developed a Service Charter assuring high standard of service to its clients. It has uploaded this Service Charter on LTP,¹⁰ declaring that it issues an Import Permit for vehicles and petroleum products within 1 day, and a Certificate of Origin for exports within 2 hours of applying. In fact, time taken for issuing an e-CO through online application is claimed to be barely an hour. There are however some services which take longer, but DIMEX is striving to cut down the processing time of these services as well by streamlining their process flows. In the latest version of their Service Charter issued in March 2022, DIMEX has provided a comparative permit-wise progress made in its service standards since 2018 when Service Charter was developed by DIMEX for the first time, which is amazing. It is difficult to fathom why other departments have not been enthused by this exemplary performance. Service Charters could also undertake to share draft regulations and decrees with the private sector and hold prior consultations with them well before they are finalized and made effective.

2.3.2 Extending working hours at major crossings, and to make them functional round the clock

At the request of private sector, the Road Map had recommended extension of working hours at major crossings and making them open throughout if feasibility studies justified such a requirement. Customs felt that the demand could be met only if matched by their counterparts on the other side of the border. Further, it also needed support from other government agencies at the border. In this connection, Customs suggested to conduct a feasibility study to identify appropriate working hours at each border crossing which may differ from one to the others based on the trend of trade volume growth, availability of resources and consent of the counterparts. While no feasibility study could be carried out on the subject, with the extension of working hours on the other side of some border checkpoints, two border checkpoints were kept open on all seven days of the week. It started with Boten where large volumes of traffic justified longer working hours and was also extended to Vang Tao checkpoint later. Working hours have been synchronized with those followed by the border administrations across the border. The dry ports opened recently at the Thanaleng and Savannakhet border checkpoints are reported to offer facilities on all seven days of the week between 8.00 am to 10.00 pm. However, clearance work takes place during the usual working hours only as the government staff is not available all the time. Informally, perishables and urgent consignments are cleared even after office hours at some checkpoints. But, this is an informal arrangement which needs to be allowed formally on payment of overtime fees.

2.3.3 Issue of order to stop roadside checks & inspections outside customs area and preparation of uniform procedures for launching one stop inspection

Considering the disruption caused by roadside checks of cross-border trade by various government agencies, DIMEX escalated the issue for PM's intervention, who ordered MOIC

¹⁰ Reference No. 0826/MIOC.DIMEX dated 2 March 2022.

to prepare a white paper on the subject with specific proposal for removing roadside check-posts. Pursuant to the above directive, DIMEX drafted a proposal after extensive consultation with the line departments proposing ban on roadside checks which were not necessary and were creating obstacles in the movement of goods. The proposal was approved and issued by the Prime Minister as Order No 12/PM in 2019¹¹. As per this order, just three agencies were allowed to set up roadside checkpoints, i.e., traffic police to check documents for enforcing traffic rules, transport department to check the weight and size of transport vehicles, and the customs to perform anti-smuggling activities. However, only the Customs is allowed to inspect goods, whereas others are expressly prohibited from doing so.

The order had a visible effect initially as the number of roadside check-posts went down, allowing a relatively unobstructed movement of import, export and transit goods outside the customs area. This was especially pronounced in some provinces, like Savannakhet and Bolikhamxay, where in pursuant to the PM's order, respective governors had issued specific orders removing unnecessary roadside checks. However, they resurfaced gradually, especially from the authorities at district level¹². LNCCI informed that district level authorities have been conducting such roadside checks for agricultural product, like coffee and cassava (in southern provinces during the season time) thereby hindering their exports.

In contrast, there has not been much progress on developing one-stop or joint inspection by the customs and other border agencies. It was dependent on the development of integrated risk framework where Customs would share the selectivity module of ASYCUDA with the OGAs for risk-based border checks and joint inspections. An MOU has been signed between Customs & OGAs on 13 December 2021 under which Customs was to develop an SOP on operationalizing integrated risk management and joint inspections in consultation with other border agencies. The same is however still awaited holding up any progress in regard to joint inspections.

2.3.4 Centralising payment of all duties, taxes, fees and other charges at checkpoints

Payments were not centralized until the establishment of National Single Window which has a facility of electronic payment of the license/permit fees and processing charges required to be paid to line departments, as well as the duties and taxes levied by Customs. This is still limited to DIMEX and DOT, the two departments covered by LNSW so far. Even these departments, however are not using the facility of e-payment for paying the fees of licenses, permits and certificates issued manually or outside the LNSW system, like e-CO. Ironically, even for the e-COs processed electronically, the fee has to be paid in cash. No concerted effort has been made to centralize payments of processing fees and charges at checkpoints. In fact, some departments, like DOT and DOLF are charging their fees in cash at their respective counters on border checkpoints, unlike others which are accepting their payments through banks.

¹¹ Prime Minister's Order No. 12/PM dated 16 Oct 2019 on facilitation of export & import, temporary import, trade in transit and domestic movement of goods

¹² PM's Order only allowed provincial governors to set up roadside check-posts temporarily for a specified purpose

In contrast, Customs has rolled out its electronic payment facility through smart tax card system at 26 of the 28 border checkpoints where all customs duties, taxes and processing fees which are chargeable under Presidential Edict No. 002/2021 can be paid at a single point. At the checkpoints where neither of these facilities is available, Customs duties are paid in cash at the Customs counter. By and large, therefore, Customs duties and taxes etc. may be paid electronically using either the Smart-Tax Cards or the LNSW payment module. An exception however is the collection of fees by Customs from the transport vehicles for allowing them to enter into the checkpoint or proceed into the city, which is done in cash on behalf of DOT.¹³ Strangely, this anomaly is compounded at Thanaleng Dry Port, where in addition to the Customs, DOT also is charging such fees in cash for the same purpose, which needs be rationalized as it appears to be an avoidable duplication.

2.3.5 Inclusion of at least 20 exporters in the authorised economic operator (AEO) program

Inclusion of AEO Scheme as a priority measure was done by TFRM to ensure immediate attention for operationalizing this scheme and extending its benefits to exporters. However, despite legislative changes and efforts towards capacity building and awareness generation, the scheme has been a non-starter. Customs received a few applications. However, not a single trader could qualify for AEO status due to its stringent criteria. Customs also faced constraints in verifying compliance track of economic operators in absence of reliable historical data on risk management and inspection results. Besides, there were very few takers of the scheme as it did not offer much incentives for taking so much trouble needed in authorization. It was informed by Customs that four economic operators were shortlisted, but only one of them has remained at the end which is being guided to take required authorization measures to qualify for AEO status. Lao Customs Department is contemplating to revamp the scheme to make it more attractive with a tier-based system of graded categories of AEOs for larger accreditation. Once the scheme becomes operational with adequate number of authorized operators, it plans to take steps towards signing Mutual Recognition Agreements (MRAs) with major trading partners.

2.3.6 Setting up National Single Window with 5 key departments by 2019, with 10 departments by 2020, and with other line departments by 2022

Lao National Single Window (LNSW) went on steam in 2019 starting its operation at the Friendship Bridge-1 (Thanaleng) checkpoint for clearance of vehicles, for which import permits were processed electronically by DIMEX and DOT using the Single Window. It also provided the facility of electronic payment of permit fees along with customs duties and other taxes, all in one go (one-time payment) at the time of customs clearance from the checkpoint. LNSW coverage in DIMEX was expanded to cover the import of petroleum products and gas in 2021. For some inexplicable reason however, LNSW has not been linked up with the e-CO system in DIMEX, which is used for electronic processing of applications for certificates of origin (e-COs), which could have been relatively easy. It would have also paved the way for

¹³ At Thanaleng Checkpoint, an amount of LAK 50,000 is charged as standard entry fees at the checkpoint, whereas an additional amount of LAK 250,000 is levied per truck if it needs to go into the city.

linking it up with the ASEAN Single Window used for sharing the ATIGA e-Form D with other ASEAN Member States.

The Single Window has since been rolled out to cover many checkpoints and SEZs and can be used for clearing all commodities. However, it has not been able to expand its coverage beyond three departments so far, i.e., Customs, DIMEX and DOT. FDD is the next department that is planned to be covered under LNSW in January 2023, which will take the total number of departments covered to 4. Hence, it is not going to meet the TFRM target of covering all departments by 2022. The key constraints in covering more departments and LPCO instruments, besides the absence of intent, consist of a lack of capacity in conducting business process re-engineering of the concerned departments and any follow up towards change management and improved communications.

Given the slow pace of roll out, LNSW Implementation is way behind its schedule. Government has taken note of this tardy pace of progress and is pushing to expand LNSW coverage at least geographically, with some additional functionalities, like manifest filing and data capture for populating customs declaration with an objective of enabling paperless processing of Customs declarations. Currently, a pilot test is being conducted at Thanaleng checkpoint where LNSW has been integrated with ASYCUDA to provide for manifest clearance and submission of customs declaration and supporting documents electronically. The system will allow data submission through the single platform of LNSW only, while the back-end functions will be carried out by ASYCUDA as usual. This integrated system has been termed as LNSWA+, which on successful completion of the pilot, is planned be rolled out at other checkpoints in 2023.

2.4 Elimination of unwarranted NTMs

The average Customs tariff rate in Lao PDR is estimated to be 8.6% which comes down to barely 0.2% under the preferential rates available under the ASEAN Trade in Goods Agreement (ATIGA) applicable to the imports from ASEAN member states¹⁴. However, irrespective of these low tariff rates, the average trade cost in Lao PDR is quite high, mainly on account of policy and regulatory requirements, which get translated into non-tariff measures (NTMs). As per the details available on the LTP, Lao PDR has as many as 452 NTMs at present. The number of NTMs identified in 2017 was 243, but has since gone up due to reclassification according to the UNCTAD's 2019 guidelines¹⁵ and on account of additional measures added under new legislations.

Trade Facilitation Road Map aimed to review all the major NTMs and had a phased approach for doing so. For instance, it targeted to carry out Regulatory Impact Assessment (RIA) of 18 NTMs in 2017 itself and act upon their recommendations immediately. Further, as line

¹⁴ Diagnostic Trade Integration Study (DTIS) of Lao PDR, 2022 refers to these average tariff rate based on the data from the World Integrated Trade Solutions.

¹⁵ International Classification of Non-Tariff Measures, 2019 edition, UNCTAD

departments were dragging their feet from conducting these assessments, the Road Map fixed a target of reviewing at least three NTMs from each department within 2017, and acting upon their recommendations within 2018. During 2018-22, it aimed to review all the remaining major NTMs and eliminate all those which were found unwarranted and constituted technical barriers to trade. This was based on the decision of the NTM Working Group to get RIA conducted of all the major NTMs. However, the Working Group decided to carry out simple reviews of the remaining NTMs instead of RIAs as conducting RIA was a time-consuming and costly exercise. Review of all the NTMs by 2022 was also to meet the target set by the ASEAN Trade-in-Goods Agreement (ATIGA), which had envisaged elimination of unwarranted Non-Tariff Barriers (NTBs).

Subsequently, a private firm was engaged to conduct these NTM reviews in close consultation with the concerned departments and the TFS/TFCS. As a result, a total of 107 NTMs were reviewed during 2017-22, most of them during the initial period of 2017-19. Covid had a significant impact on the pace of these reviews. List of the important commodities reviewed is placed in the Table below for ready reference, which also mentions their key recommendations and action taken thereon.

NTMs Review Update

Year	Commodities	Department	No of NTM	Key recommendations	Action Taken
2018	Rice, Cement & Steel	DIMEX	4	Removal of automatic statistical licenses, as they did not fulfil their purpose.	Licensing of cement & steel removed by Order no. 1364.
2018	Vehicles, vehicle Parts	DIMEX, DOIH, DOT	13	Removal of vehicle parts import license/permit, streamline the vehicle import license/permit.	Licensing of vehicles parts at DIMEX & DOIH removed by Order no. 0535 (DIMEX, 2017), and Order no. 1848 (DOIH, 2019). DIMEX also removed the import license of tractor by Order no. 0982 (2021). DIMEX and DOT also streamlined the import process by using the LNSW for its import licensing/permit for vehicle in 2019.
2018	Fuel	DIMEX, DOSM	16	DIMEX, fuel import licensing to be streamlined/removed of some type of fuel DOSM to be moved out of border checkpoint.	The lubricant import license at DIMEX removed by Order no. 0317 (2022). For documents and procedure for the import licensing of the main type of fuel (gasoline, diesel, etc.) were streamlined by using the LNSW in 2020.

Year	Commodities	Department	No of NTM	Key recommendations	Action Taken
					DOSM not accepted since it checks imported fuel as per law on standards ¹⁶ .
2018	Seeds, fertilizer, pesticide	DOA	20	Progressive repeal of licensing with improved registration process	Delay in action. However, the DOLF has streamlined the process for issuing the license and registration as the Decision. 2985.
2018	Animal Products, Animal Feed	DOLF	9	Repeal licensing with streamlined procedures and rational fee structure	Delay in action. However, the DLF has streamlined the process for issuing the license as the Decision. 0795/MAF.
2018	Food, Pharmaceuticals	FDD	21	Repeal licensing with streamlined procedures and rational fee structure	Delay in action. However, the FDD is the process of streamlining its import licensing by using LNSW which it is expected to be implemented by Jan 2023.
2018	Publication, Entertainment, signboard, etc.	MOICT	20	Removal of import licenses	Delay in action. Since the import licensing stipulated in the relevant laws of the MOICT.
2020	Minerals products	DMM	4	Streamlining the internal procedures for issuing the export license	Accepted. The DMM has streamlined its internal procedure for issuing the export license, which reduced time from 5-7 days to 1 day.
Total			107		

Table 1- Details of NTM Reviews conducted during 2017-22

Based on the recommendations of these RIAs and reviews, some NTMs were removed, and actions were taken on many others for streamlining the related procedures.

¹⁶ According to the law on standard (revised version) No 49/NA, dated 18 July 2014, Decisions on the management, inspection and certification of the Quality of Petroleum in Lao PDR No. 0541/MOST, dated 08 June 2016 and vide Decision on certification and announcement of the compulsory standard of fuel and gas product No. 0011/MOST, dated 07 June 2021, any type of fuel and gas which are produced, sold, imported, and exported in Laos shall be inspected and certified by the DOSM.

2.4.1 Elimination of unwarranted NTMs and streamlining of procedures and rationalising fee structures of major NTMs as per the recommendations of NTM reviews

Ministry of Industry and Commerce was one of the most sensitized agencies on the subject and demonstrated exemplary action as it abolished the licensing on import of cement and steel vide Minister's Order number 1364/MOIC.DIMEX on 28 Sep 2018 based on the recommendation of Review of Statistical NTMs (Cement, Steel and Rice) conducted in 2017-18. Further, it also decided to remove licensing on the auto parts and components imported for vehicle assembly.¹⁷ Import licensing on tractors was also removed by it subsequently.¹⁸ Besides MOIC, other departments which worked on streamlining compliance procedures, included Customs, Mining Management, State Asset Department and Tax Department, whose concerted effort resulted in reducing the process of mineral exports significantly. It may be mentioned that MOIC played as a catalyst in this exercise consequent to the PM's order on reduction in processing time.

2.4.2 Completion of RIA/Reviews of all the NTMs

Road Map stipulated a target of 18 RIAs in the year 2017 itself since some of these reviews had already been started at the time of drafting of the Road Map. As many as 11 numbers of NTM regulatory impact assessments (RIAs) or reviews were carried out during 2017-22, which covered an aggregate of 107 NTMs. But still many NTMs remain to be reviewed leaving the target of 2022 unfulfilled. Given the total of 452 NTMs identified in the country, it worked out to less than a quarter (23.67%) only. The progress was severely impacted by Covid with its lockdowns and travel restrictions and activity has not picked up since. List of all NTMs identified in Lao PDR is placed on the LTP along with the details of the commodities covered and the requirements prescribed. However, particulars of the action taken on the recommendations in these NTM reviews are not updated thereon.

2.4.3 Taking action to further reduce or streamline their procedures

Action taken by the line departments on the recommendations made in the NTM reviews has been a bit slow as they needed to ensure that there were no negative fallouts of withdrawing or amending these NTMs. In addition, departments saw no incentive for conducting serious NTM reforms as controls were a higher concern than trade facilitation. Notwithstanding the reasons for not accepting many recommendations of these NTM reviews, especially to repeal licenses and permits, they must be placed before the NTFC to justify if they are valid reasons for not moving ahead.

Drastic action is required for removing various hurdles which are contributing to the high cost of trading and must be eliminated for improving the trade competitiveness of Lao PDR. In case the NTM review has not already done it, a cost-benefit analysis needs to undertake an assessment whether NTMs are serving the purpose for which they were introduced or are too cumbersome, which is driving importers to use informal channels. Hence, removal of the

¹⁷ DIMEX license was removed vide Minister's Order number 0535/MOIC.DIMEX on 10 Apr 2018 and that of DIOH subsequently by Minister's Order No 1848/MOIC.DIH on 26 Dec 2019.

¹⁸ Licensing on import of tractors was repealed vide Minister's Order No. 0982/MOIC dated 19 Oct 2021.

unwarranted NTMs will also help in reducing the associated corruption and 4. A table giving a gist of action taken on the recommendations of NTM reviews has been placed at **Annex-III**. It would help improve transparency of decision making by the concerned agencies if the recommendations of the NTM reviews and action taken thereon are also uploaded on the LTP so that the reasons behind their retention are clearly known.

2.5 Cross border cooperation and regional integration

ASEAN has been a prime mover in steering action towards regional integration, especially since its goal has been to develop ASEAN as a single economy and one production base to the rest of the world. There has been a great deal of integration within the ASEAN economic community. However, with the increasing amount of trade and investment, the pace of integration has been faster with another neighbour, i.e., China, in the recent times.

2.5.1 Operationalizing single stop inspection facility at Savannakhet- Mukdahan crossing on Thailand border

The Single Stop Inspection (SSI) system involving joint inspections by the customs and quarantine agencies of both the sides was successfully established at Dan Savan-Lao Bao checkpoint on the Vietnam border in 2015 under the GMS Cross Border Transport Agreement signed among Thailand, Laos, Vietnam and etc. in 2007. It envisaged deputing officials on the both sides of the border and stipulated that inspections, if required were to be carried out on the import side alone. SSI was to be rolled out at Savannakhet-Mukdahan on Thai border under the East West Economic Corridor (EWEC) component of the GMS Plan.¹⁹ TFRM included it as a priority measure in the hope of getting it done within the 2017 itself, especially since it had substantial transit traffic. However, it got stuck due to legal issues on the Thai side as Thai Customs law did not allow its officials to exercise customs enforcement functions outside its territory, including in the Common Control Areas (CCA). It is learnt that the law has since been amended and official level talks are going on under ASEAN's ACMECS Master Plan to start Single Stop Inspections at major checkpoints, including at the Savannakhet-Mukdahan crossing.²⁰ Given the current pace of activity, it is expected to get operationalized in 2023.

In the meantime, it is proposed that an evaluation may be conducted to assess the experience of SSI at Dan Savan-Lao Bao checkpoint, especially to highlight the lessons learnt and suggest if any revisions need be made in the scheme before its further roll out. While working towards sharing the inspection facility to expedite clearance by Customs and other border agencies, it is also important to the bilateral transport agreements with ASEAN Framework Agreement on Facilitating Goods in Transit (AFAFGIT) and associated nine protocols to speed up movement of transport across the region.

¹⁹ GMS Transport & Trade Facilitation Action Program (TTF-AP) aimed to explore its roll out at five other border crossings, including Savannakhet-Mukdahan checkpoint

²⁰ Under ASEAN's ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy) Master Plan, CLMVT countries (Cambodia, Laos, Myanmar, Cambodia, Vietnam, and Thailand) are aiming to establish Common Control Areas (CCAs) at key crossings having substantial cargo traffic to facilitate cross border trade.

2.5.2 Issue of technical regulations for implementing the National E-transaction Law

Since Lao PDR's Law on Electronic Transactions (promulgated way back in 2012) was awaiting implementation in want of supplementary regulations, TFRM set it as a target for the Ministry of Science & Technology to be met within 2017 itself to enable use of signatures and digital documents in official transactions. Law on Electronic Signatures was enacted in December 2018 and came into effect from 17 May 2019²¹, but it did not succeed in enabling use of e-signatures as no signature authentication agency was appointed for public use. This was followed by an implementing decision in 2020 and a decree on e-commerce in 2021 to facilitate electronic commerce. The Department of Digital Technology informed that a public sector telecom company, Unitel has been appointed as a signature authentication agency for non-public operators. Consequently, few ministries, including the Ministry of Finance and some non-business organizations have been authorized to use e-signatures. Ministry of Finance has also authorized economic operators and Customs officials using NSWA+ and ASYCUDA to register with the Department of IT in the Ministry of Finance enabling them to use e-signatures for signing electronic declarations/documents and issuing requisite approvals respectively.²²

However, e-signatures are still not being issued to general public for commercial use due to lack of system for operationalizing electronic transactions. Lao PDR's Law on Electronic Transactions, which did not recognize e-signatures authorized outside the country and excluded some key documents, like negotiable instruments and transferable records from its purview, has been reviewed for removing these anomalies and other incompatibilities²³. The revised version was recently passed by the National Assembly in December 2022 and the amended version will be endorsed in the beginning of 2023. In the meantime, the responsibility of its implementation has been transferred from the Ministry of Science & Technology to the Ministry of Technology and Communication. LNCCI informed that between the two ministries, they have not been able to set up a mechanism to issue electronic signatures yet. An important task needing urgent action is to engage in mutual recognition agreements (MRAs) with other countries to enable recognition of e-signatures issued by each other. It will also obviate the need for issuing physical copies of electronic documents (like e-CO and e-Phyto) by Lao authorities, if their e-signatures were recognized abroad. Overall, a practical approach need be pursued for enabling use of e-signatures and hastening electronic transactions in the country.

²¹ E-Signature Law provides for three types of signatures, simple electronic signatures, digital signatures, and digital seals. It has assigned Ministry of Posts & Telecommunications to issue such certificates for e-signatures.

²² Minister of Finance's Instruction No. 3480 dated 7 Nov 2022

²³ UNESCAP Report on Lao PDR's Readiness Assessment for Cross Border Paperless Trade, February 2022

2.5.3 Operationalizing ASEAN Single Window

ASEAN Single Window became operational in December 2019 and started sharing with other member States the e-ATIGA Form D documents as evidence of origin of goods for allowing them preferential treatment, if imported within the ASEAN community. The idea was to do away with the physical form of Certificates of Origin. However, the purpose has not been served as member countries continue to demand signed paper copies with official seals. As a result, even though e-COs applications are submitted and processed online by DIMEX, the certificates are still issued in paper form. The facility of electronic submission and processing of e-CO applications is also being extended to various provincial offices of DIMEX and is expected to be completed by 2023. On the other hand, the electronic copies of Form D received from other countries are not yet being shared with the concerned checkpoints and they continue to rely on paper copies. Lao Customs Department is working on providing access of ASEAN SW to officials posted on border checkpoints to make the copies of Form D available to the respective checkpoints in near future. It will also help in accessing other information shared by other member states.

Lao Customs is also planning to exchange information relating to the ASEAN Customs Declaration Document (ACDD) through ASEAN SW, which is already being done by six member states²⁴. Sharing of ACDD data, especially on value and quantity will improve compliance and help in enhancing revenue collection.

2.6 Collaboration with the private sector

Partnership with the private sector was given a paramount importance in the Road Map as it was considered a prerequisite for successful implementation of any trade facilitation initiative. With this understanding, the Road Map prescribed some key activities under this pillar.

2.6.1 Regular meetings with the private sector partners including LNCCI, at least once in a quarter

Emphasizing on the essentiality of collaboration with the private sector in implementing trade facilitation reforms, TFRM had prescribed regular interactions of line departments with the private sector partners. Besides, it is an important commitment under the Trade Facilitation Agreement and needs be met. It proposed to set up Technical Consultative Committees with representatives from the private sector and having a prescribed meeting frequency of at least once a quarter so that an institutional mechanism could be established for regular consultation with the private sector.

While most of the departments failed to set up any such consultative committee and did not hold regular meetings with private sector, DIMEX was an exception as it was responsible for implementing TFRM and worked as the secretariat to TFS/NTFC. More importantly, it also had adequate budget for it. DOLF organized such consultations twice a year (last one in 2021

²⁴ It is reported that six member states, namely Cambodia, Malaysia, Myanmar, Philippines, Singapore, and Thailand have already started exchanging the ACDD.

was online), and DMM and DOT held them once a year. They also issued minutes of these meetings. DOT informed that it organized these meetings in 2018, 2020 and 2021 of which last two were held online and were attended by a large number (60-70) of companies. DOSM stated to have held them as and when required and revealed that the last such consultations were held in early 2022 which discussed issues relating to the DOSM's presence at border checkpoints and the amount of inspection fees charged, which was considered rather steep. LCD has not been holding such consultations so far, but plans to set up a Consultative Committee with private sector representatives for such consultations every quarter. It has also drafted an MOU to be signed with the LNCCI for this purpose.

As evident from above, despite the importance placed, not many departments made efforts to meet this important measure in terms of creating an institutional structure for consultation with private sector. They expressed budgetary constraints for not holding such regular consultations. DIMEX was the sole department which assiduously engaged with the private sector and involved them in almost all its deliberations. During 2018-22, as many as 17 consultation meetings were organized by DIMEX involving the representatives from line departments as well as from the private sector. Over this period, 55 specific issues were raised by the private sector at central and provincial level, of which 24 were resolved and others are under consideration. In a meeting of the Trade & Private Sector Working Group²⁵ LNCCI informed that the list of issues resolved also included those which were raised by LNCCI that they were resolved through the mechanism of NTFC/TFCS, but some of them that could not be solved as they were beyond the NTFC's's competence. DIMEX regularly issues minutes of these interactions and shares them with the participants. However, it'd be still more desirable if the decision points of important discussions and meetings with private sector are placed on the LTP for public information and future reference. It also helps in enhancing the transparency of decision-making.

²⁵ Meeting of the Trade & Private Sector Working Group was held on 25 Nov 2022

2.6.2 Organising capacity building workshops on trade facilitation for the private sector in the capital and provinces both

Capacity building and sensitization workshops were organized for the private sector by many departments. But the activity was largely determined by the availability of budget for the purpose. Departments like Customs, FDD, DOLF, DOA and DIMEX could organize them using the funds allocated under the CF project (LCTP). For example, Customs conducted many such workshops during 2020-21 to sensitize business community on the revised customs law and the challenges faced in implementing various reform initiatives, especially in monitoring their progress. Similarly, FDD organized these workshops on food safety issues in the wake of new regulation introduced on food export and import in 2018. Likewise, DOLF also held similar workshop at Champassak in May 2022 for outreach to traders on the new regulation relating to import and export of animal products. Besides, with the project support, DIMEX and PTFCs organized more than 55 workshops on TF related issues with participants from different line departments and private sectors during 2018-22. These activities could therefore be carried out since the departments were provided the required funds for it under the project.

2.6.3 Seeking validation from the private sector partners, like LNCCI for measures implemented under TF road map

Architects of the TF Road Map firmly believed that no reform initiatives were complete until their intended benefits reached the trading community and hence as beneficiaries, the private sector was best placed to validate any measure claimed to have been implemented by the government agencies. It is with this objective that TFRM sought validation of various TFRM measures from the private sector. A private sector perception survey²⁶ was conducted in 2021 covering a large sample size of 100 firms spread over seven provinces, and the Vientiane capital for this purpose, which specifically focused on all the TFA measures to assess their extent of utilization and impact.

As per the Perception Survey, private sector felt that out of 34 TFA measures assessed, they were able to utilize 14 measures substantially and 8 moderately. Only 12 measures were sparsely utilized, which included as many as 5 Category A measures themselves, which consisted of provisions relating to enquiry points, appeal provisions, movement of goods under customs control, notification for enhanced checks, and detention.

2.7 Full implementation of TFA in a quick & time bound manner

Implementation of the WTO TFA was a key component of the Road Map as it was an international commitment which had to be carried out in a definite timeframe. TFRM prescribed a fast-track implementation schedule, which seemed ambitious, but the purpose was to stress upon its urgency and importance. Self-assessment of the status of Implementing Category B & C measures was carried out by key departments in consultation with DIMEX for

²⁶ The Private Sector Perception Survey was carried out during June-July 2021. Of 100 firms covered by the survey, 92 were export-import firms and 8 logistics firms.

ascertaining the quantum of support needed for technical assistance and capacity building for implementing these measures, especially for Category C commitments. Based on this assessment, specific activities were included in the LCT project to provide for technical assistance and other support towards TFA implementation in key departments. Subsequently, WTO was notified about the arrangement made for TFA implementation and the country's requirement for further support from WTO and other development partners in this regard.

In order to help line departments in implementing the TFA measures, individual Action Plans were developed for each of the Category B and C measures. Altogether 23 such action plans were developed (6 for Category B measures and 17 for Category C) and shared with the line departments. These measures explained the specific provisions of the TFA and what was required to be done thereunder. They also provided current status and existing practice with regard to the concerned measure and finally outlined the steps to be carried out for meeting those provisions with broad timeframes to guide the line departments. These action plans also mentioned the need of technical assistance, wherever required and hence were of particular help to line departments in developing their Departmental Action Plans and CF proposals.

An elaborate template was also prepared for seeking reports from the line departments to capture the implementation progress every quarter. Based on these quarterly progress reports from line departments, DIMEX was expected to report the overall progress of the TF Road Map to the TFS/NTFC. The information collated from the template could also be used in populating OECD matrix for monitoring the implementation progress of TFA measures. However, line departments did not follow the prescribed template and preferred to report in generic terms, thereby preventing DIMEX/TFCS from any close monitoring or assessment. In fact, Covid epidemic also precluded any in-depth mid-term evaluation of the Road Map, which could have helped in addressing the gaps and making required course-correction.

Details of the action taken by Customs and other regulatory agencies towards implementation of various TFA measures have been indicated below along with their impact and utilization by the beneficiaries, i.e., the private sector, for which findings of Private Sector Perception Survey and the feedback received from the Lao National Chamber of Commerce & Industry (LNCCI) has been taken in to account. Based on these, TFA measures have been described as fully met or partly met. Those described as fully met are the ones where action has been taken to fully comply with the TFA provisions. Others are partly met, however another category of substantially met has also been added which are those TFA measures where compliance is to the extent of about two third or more, but short of full compliance. For example, TFA Measure relating to Advance Rulings has been rated as substantially met as the revised Customs Law meets all the TFA provisions and trader is utilizing this facility. But their utilization is limited to the extent of getting rulings relating to origin issues only and not on classification and other issues despite law providing for it. No detailed report or explanation was offered by Customs if other issues were considered or not. In the circumstances, the measure was categorized as substantially met, instead of fully met.

2.7.1 Implementation of category A measures

Based on the gap assessment conducted earlier, Lao PDR had identified a total of thirteen TFA measures into Category A, which were considered either having been implemented already or which could be implemented easily without much difficulty. They were notified to the WTO in 2015.²⁷ Being an LDC, these Category A commitments were expected to be met within a year of the TFA becoming effective, i.e., by February 2018. The Road Map set a target of implementing them by December 2017 itself, well before the TFA deadline.

2.7.1.1 Publication of trade related information in fair and easily accessible manner (Article 1.1)

Laws and regulations relating to international trade are available in the official gazette published by the Lao PDR government. They are also made available to trade through brochures and booklets by the concerned departments, mostly without charge or at a nominal fee. In addition, information on the documents required for import and export as well as the process maps for obtaining them are prominently displayed in their offices and at border checkpoints. As per the perception survey, private sector also perceived to have utilized this measure substantially and hence the measure may be taken as fully implemented.

2.7.1.2 Availability of trade related information on the internet (Article 1.2)

Lao Trade Portal (LTP) set up in June 2012 is a national platform where all the regulatory requirements relating to import, export and transit are put up. It is maintained by the Ministry of Industry & Commerce, which keeps updating its contents with the help of a handful of staff. There are focal points designated in line departments, who are responsible for sharing relevant information on the LTP, but barring Customs and DOSM, others are found lacking in this task. Few departments also provide relevant information on their own websites. The measure was found to have been fully implemented in both OECD TF Survey of 2019 and UN Global Survey on Digital & Sustainable Trade of 2021.

However, it was perceived to be only moderately utilized by the private sector perception survey, which reported that traders relied more on the traditional sources of information, such as offices of Customs at checkpoints (25%), LNCCI (15%), Provincial Industry and Trade Department (14%), etc., rather than the LTP (13%) and Customs website (8%), where finding the desired information was challenging for an average trader²⁸. LNCCI feels that LTP should put up practical steps on how to conduct import or export of important commodities and may use videos to guide a newcomer.

LNCCI further stated that though information was put up on LTP in Lao language, many important procedures and instructions were not available in English, which deterred foreign investors and traders to get complete information from the website. Para 2.2 of Article 1.2 of the TFA dealing with this standard also prescribes for providing trade related information on the portal in one of the official languages of the WTO. This is an uphill task for DIMEX, especially since most of the line departments forward their documents without English translation. They are being advised to send

²⁷ WTO Notification No. WT/PCTF/N/LAO/1 dated 17 September 2017

²⁸ As per the Private Sector Perception Survey of 2021, traders placed less reliance upon LTP and Customs website. Lack of awareness and difficulty in assessing information on the website were indicated as the main reasons behind not accessing information from them.

English translation of important legal documents and instructions. Besides, plans are afoot to upgrade the website with user-friendly search engine and attractive looks. Notwithstanding the efforts for its further improvement, even in its current state, LTP is a reliable single source of all trade related information on the internet accessible to one and all without restriction, and hence the measure qualifies to be taken as fully implemented.

2.7.1.3 Designation of Enquiry Points by line departments to provide trade related information (Article 1.3)

Two national enquiry points have been notified by Lao PDR, Department of Agriculture for SPS related matters, and Department of Standardization & Metrology for TBT issues. They also seek information from other departments, if required and compile it for responding to the party making enquiry. Details of the Enquiry Points are put up on the Lao Trade Portal, though the facility is used sparingly and perhaps need be publicized. Further, while they do not charge any fee for providing information, no timeline is prescribed or assured within which these two Enquiry Points must respond to any enquiry. Finally, key departments like, Customs, transport, food & drugs, mining management and import & export do not have any designated Enquiry Points. LNCCI stated that there was no time limit followed for furnishing information and hence these enquiry points were not found useful by trade. The measure may therefore be taken as partly implemented.

2.7.1.4 Notifications of above details to the WTO Committee (Article 1)

Information relating to various commitments under the Agreement is notified to the WTO Committee as and when it is due. Various notifications issued by Lao PDR to WTO Committee may be seen on the WTO's TFA facility in this context. They include transparency notifications, providing particulars of the designated Enquiry Points, the Lao Trade Portal (LTP) URL, and other details where trade related information is published²⁹. Even the list of Category A, B and C commitments, their indicative and definitive dates of implementation, provision of technical assistance required for implementing them and moving measures between Categories B and C are also listed therein. Hence. This measure may be considered as fully implemented.

2.7.1.5 Provision for appeal and review for grievance redressal (Article 4)

The new Customs Law of Lao PDR³⁰ allows trader to file administrative appeal before a superior authority to review a decision where it feels aggrieved. A Local Appeal Committee led by the provincial director of customs will hear and decide the appeal (within 90 days) against a decision taken by the officers below the provincial director, whereas the Central Appeal Committee headed by the Director General of Customs is entrusted to hear the appeals against the decisions of the Local Appeal Committees. An appeal against the decisions of Central Appeal Committee will lie before the People's Court. These provisions however are yet to come into effect as enabling regulations are still being developed. Similar provisions also exist in the Plant Protection Law as well as in Veterinary and Fisheries laws, but no appeal cases could be produced in support. LNCCI reported that the mechanism for appeal or review was yet to be in place and even if it was set up, traders were too scared to go in appeal against Customs decision. The cases sited were more in the nature of complaints than administrative appeals and

²⁹ WTO Notification No. G/TFA/N/LAO/2 dated 17 January 2019

³⁰ The new Customs Law of Lao PDR was promulgated wide Presidential Decree No. 138/P on 10 Aug 2020. Its Chapter 2 deals with appellate remedies.

reflected absence of appellate mechanism on ground. Hence, the measure may be considered as partly implemented.

2.7.1.6 Notification needed for enhanced controls or inspections (Article 5.1)

From time to time, enhanced checks are imposed by health and quarantine agencies to counter any outbreak of epidemic disease or infection. For instance, sea food imports from Thailand were subjected to such diligent inspections recently. DOA did it to prevent import of infected planting material for Cassava from China a few years ago. But these enhanced checks were withdrawn soon after the threat had receded. In the perception survey however, the measure was reported to be sparsely implemented and even LNCCI did not feel that notifications were issued for informing the trader about any enhanced checks or their suspension or termination. In the circumstances, the measure may be considered only as partly implemented. It is quite evidently a result of a lack of consultation with the private sector and absence of any planning to create awareness about the need for such enhanced measures, which can easily be addressed.

2.7.1.7 Detention of goods to be promptly notified to the carrier/importer/ exporter (Article 5.2)

Customs claimed to notify the affected traders/brokers in case their consignment was detained by it for any special checks or investigation. There is no specific legal provision or instructions for it though. Customs plans to incorporate such instructions in their system so that concerned trader could be notified of such actions through the system's dashboard. The measure was perceived as sparsely implemented by the Perception Survey and its absence was affirmed by the LNCCI in the consultations held with them for final evaluation of the Road Map. Hence, it may only be taken as partly implemented. OECD and UN surveys had not included it in their study.

2.7.1.8 Specific discipline on fees & charges for customs processing to be limited to the approximate cost of services (Article 6.2)

Fees and charges levied by Customs are reviewed by the Tax Department periodically, based on which they are revised. Last such review was conducted during 2018-21 and revised rates were issued vide Presidential Edict No 002 of 21 June 2021. Private sector is also engaged in these reviews. However, last such review did not cause any reduction or elimination of customs fees and charges. On the contrary, rates were increased in some cases. LNCCI admitted having been consulted during these reviews but felt that the exercise took inordinately long time (3-4 years) to complete and should be an expeditious affair. They complained about the excessive transaction fees charged by the Thanaleng Dry Port, which seemed rather steep since it was to be paid in addition to the ASYCUDA processing charges and the LNSW fees if trader was using them for any transaction³¹. LNCCI requested for the rationalization of all the fees and charges. The Perception Survey also perceived it as substantially utilized and hence the measure may be considered as fully met.

2.7.1.9 Facility of advance lodging of documents for pre-arrival processing (Article 7.1)

Article 31 of the Lao Customs Law allows for filing of advance declaration seven days before the arrival of goods. Accordingly, many of the economic operators are lodging

³¹ Thanaleng Dry Port levies for ASYCUDA form LAK 180,000, whereas LNSW charges LAK 120,000 and ASYCUDA LAK 100,000 for each consignment handled. TDP charges seem quite steep as they have so many other handling charges too.

electronic declarations³² in ASYCUDA prior to the arrival of goods. The perception survey and even UNESCAP and OECD surveys have shown this measure as having been completed due to this legal provision. The procedures, however, do not allow processing of these declarations until the submission of printed copy of the customs declaration filed and hard copies of the supporting documents³³, including the transport document, which becomes available only after the arrival of goods. Lao Customs is currently running a pilot at Thanaleng linking up the Lao National Single Window (LNSW) system with ASYCUDA (termed as NSWA+) to enable online submission of Customs declaration through LNSW and leverage the facility available thereunder for uploading the electronic copies of the supporting documents in the system to allow pre-arrival processing. The interface will also be used for manifest clearance and control of goods at the checkpoint until clearance. The arrangement will be rolled out to other checkpoints too on its successful completion. Until that is accomplished, and procedures are revised, the measure may only be considered as partly implemented. The systems also need to be integrated with the CBTMS³⁴ system used by Dry Port authorities at Thanaleng and elsewhere, which provides for online submission of advance cargo information (ACI) and monitors the entry and release of trucks and other carriers at the dry port electronically. The manifest information received by them online should be made use of in the i-Gate module, the manifest clearance function of the NSWA+. Integration of LNSW, with ASYCUDA and Dry Port's CBTMS needs be studied carefully during the pilot test before implementation for speedy clearance and effective control.

2.7.1.10 Provision for movement of import goods within the country under customs control (Article 9)

To avoid clogging of border checkpoints, goods are allowed to be taken to the ICD, SEZs or warehouse etc. for clearance later and until then they are under Customs control. A domestic transit regime linking the manifest and transit modules is being developed for effective control of goods permitted to be moved to ICDs, SEZs, logistics park etc. for subsequent clearance. In fact, manifest control has already been operationalized at the checkpoints where LNSW has been rolled out. With the integration of LNSW and ASYCUDA, customs control will become more effective. This TFA measure was not covered in OECD and UN surveys but was found to be sparsely utilized under the perception survey. It may therefore be considered as partly implemented.

2.7.1.11 No insistence on pre-shipment inspection (Article 10.5)

No pre-shipment inspection is prescribed under the Lao Customs law, nor is it required by Customs for valuation or any other purpose. The practice was done away with many years ago. While UN Survey had not considered this measure, OECD survey termed it as fully implemented. Perception Survey also considered it as substantially utilized. It may therefore be taken as fully implemented.

³² ASYCUDA uses the template of ASEAN Customs Declaration Document (ACDD) for filing such declarations

³³ Customs procedure 0097/CD dated 6 Jan 2017 prescribes registration of declaration after receipt of printed copy of declaration and the supporting documents

³⁴ Cross Border Transport Monitoring System (CBTMS) is a standalone system used by Thanaleng Dry Port

2.7.1.12 Use of customs brokers not to be mandatory and to be regulated (Article 10.6)

In Lao PDR, use of Customs brokers is not mandatory, and many companies undertake clearance of their goods on their own. Comprehensive regulations³⁵ exist which control functioning of Customs brokers and freight forwarders under which they are licensed, and action taken to suspend or rescind their licenses in case of any violation of Customs laws or their code of conduct. There is a need to organize frequent training workshops for Customs brokers and C&F agents, especially in classification and other procedural issues so that their skill level and efficiency could be enhanced for facilitating clearance. While UN Survey had not considered this measure, OECD survey termed it as fully implemented. Perception survey also found the measure to be substantially utilized. Hence, the measure may be taken as fully implemented.

2.7.1.13 Temporary admission of goods to be allowed for inward/outward processing (Article 10.9)

Part V of Lao Customs Law has elaborate provisions for temporary admission of goods for inward or outward processing without payment of duty. It is allowed under concerned customs regime (IM6 or EX5) where duty is suspended until the goods are returned on processing. Customs officers check utilization of these goods against the input-output formula fixed under the Master List of imports approved by the Ministry of Planning & Investment. While UN Survey had not considered this measure, OECD survey termed it as fully implemented. The measure was perceived as substantially utilized under the Private Sector Perception Survey too. Hence, it may be considered as fully implemented.

³⁵ Instruction No 5916 dated 25 Nov 2021 has been issued by Minister of Finance to regulate functioning of customs brokers and prescribes a comprehensive code of conduct for them.

2.7.2 Validation of Category A measures

As mentioned above, the Road Map had envisaged validation of its measures by the private sector and hence for this purpose a private sector perception survey was organized in 2021 which revealed that over 53% of Category A commitments were substantially implemented. This is well over the 21% implementation shown in the WTO website. The six commitments under Category A which were perceived by private sector to have been sparsely utilized related to enquiry points, appellate procedures, movement of goods under customs control, notification for enhanced inspections, pre-arrival processing and detentions. This was further affirmed by the LNCCI during the discussions held on the final evaluation of the Road Map.

2.7.3 Shifting of category C measures to category B

Altogether six measures have been moved in between categories. Initially one measure, i.e., Acceptance of copies was moved from Category B to C³⁶ as it was felt that technical assistance was required in developing a government wide strategy for replacing paper documentation with electronic processing.

Recently, five of the Category C commitments have been moved to Category B since it was realized that government had the requisite capacity for implementing them using its own resources and did not require any support from development partners. WTO has been notified accordingly³⁷. These measures included the following:

1. Advance rulings (Article 3)
2. Test procedures (Article 5.3)
3. Expedited shipments (Article 7.8)
4. Single Window (Article 10.4), and
5. Freedom of transit (Article 11)

As a result of these reshufflings, the total number of Category B commitments of Lao PDR under TFA increased from 6 to 11 and that of Category C was reduced from 17 to 12. Two of these Category B commitments, i.e., Advance Rulings and Freedom of Transit are to be implemented by 31 December 2022, whereas the definitive date for implementing other three commitments, namely, Test Procedures, Expedited Shipments and Single Window has been notified as 31 December 2024, the same as for all the Category C measures³⁸.

2.7.4 Notifications to WTO on TFA commitments

Based on the discussions held with the line departments, 31 December 2020 was estimated as the indicative date for meeting the Category B commitments, which was notified to the WTO.³⁹ The date was also confirmed as definitive date subsequently.⁴⁰ Similarly, after having prepared Action Plans and Challenge Facility proposals to implement the TFA measures and having discussed with development partners for assured support on technical assistance for capacity

³⁶ WTO Notification No. G/TFA/N/LAO/1/Add.2 dated 24 September 2019

³⁷ WTO Notification No. G/TFA/N/LAO/1/Add.5 dated 22 August 2022

³⁸ WTO Notification No. G/TFA/N/LAO/1/Add.5 dated 22 August 2022

³⁹ WTO Notification No. G/TFA/N/LAO/1 dated 2 March 2018

⁴⁰ WTO Notification No. G/TFA/N/LAO/1/Add.4 dated 5 August 2020

building required, WTO was notified about the arrangement in place and the indicative date for meeting its Category C commitments.⁴¹ The notification denoted the indicative date for meeting Category C commitments as 31 December 2022 and also mentioned the details of technical assistance required by concerned line departments for implementing various measures.

2.7.5 Implementation of Category B measures

As per the Road Map, time frame of meeting Category B commitments was left to be decided after consulting the line departments. As mentioned above, this was set as 31 December 2020 and also notified to WTO as definitive date of implementing Category B measures. Specific measure-wise evaluation of the progress made is given below:

2.7.5.1 Opportunity to comment and information before entry into force (Article 2.1)

Under Lao Law on Making Laws, 60-day period is prescribed for publishing draft laws in government gazette seeking suggestions from public and trade before they are passed into law. Often these draft regulations were also published on the LTP calling for the attention of trade. Separate letters are also issued to the Lao National Chamber of Commerce & Industry (LNCCI) seeking their comments thereon. But their complaint was that not adequate time was given for this feedback and that it was more like a formality as the suggestions given were rarely acted upon. The Law also requires government agencies to give at least 15-day notice period before any new notification or decree comes into effect. However, these provisions are rarely followed. While OECD survey found the measure to have limited implementation, UN survey reported it as fully implemented. Perception survey considered it as sparsely utilized and even LNCCI reported that barring laws, other regulations were not publicly shared before their entry into force. Since the provisions of the TFA Article are not fully met, it may only be considered as partly implemented. Greater emphasis is required for advance publication of draft regulations and decrees well before they come into effect so that traders get adequate time to prepare themselves for the new requirement and seek their views on the proposed changes.

2.7.5.2 Consultation with stakeholders, i.e., traders & brokers (Article 2.2)

Barring DIMEX, most of the line departments do not hold any formal consultations with the private sector. DIMEX holds these consultation meetings with private sector once in six months where issues relating to trade facilitation are discussed. However, departments like, DOM and DOSM hold such meetings with private sector only once a year. Minutes of these meetings are also circulated after the meeting, but no agenda or minutes are put up on the LTP or any other public forum. Hence, no established mechanism has been set for holding these regular consultations with traders, and other stakeholders, except by DIMEX, secretariat of NTFC. While OECD survey had found it having low implementation, UN Survey reported it as fully implemented and perception survey perceived it as substantially utilized. However, considering the absence of regular consultation by most of the departments, the measure may only be labelled as partly implemented. LNCCI also felt that line departments did not hold regular consultations and they were called once a year or so, when only strategic level discussions took place, leaving the operational issues unattended.

⁴¹ WTO Notification No. G/TFA/N/LAO/1/Add.1 dated 16 September 2019

2.7.5.3 General discipline on fees and charges imposed (Article 6.1)

The details of fees and charges are provided under the Presidential Edict⁴², which is published in government gazette and is also made available on the LTP and Ministry of Justice's website. Periodic reviews of fees and charges incurred by line departments is conducted by the Tax Department in consultation with private sector, based on which they are revised. Adequate time is allowed between publication of the revised fees and their application. The last review resulted into revision of these fees and charges by Presidential Order No 002 dated 21 Jun 2021. However, these were mostly upward revisions instead of any elimination or reduction. LNCCI felt it was a very slow exercise as by the time it could be completed, it was time for the next review. They also complained that some of the charges approved by the government (for instance, the Dry Port fees allowed by DOT) were quite steep and not transparent.⁴³ While UN Survey had not covered this measure, OECD survey termed it having limited implementation. Perception survey also perceived it as moderately utilized. However, considering that all the provisions of Article 6.1 of the TFA were complied with, the measure may be considered as fully implemented.

2.7.5.4 Penalty discipline (Article 6.3)

Penalties under customs law are based on detailed gradations of offense, starting with simple reprimand and warning in the first level of minor offenses to fines and criminal prosecution in case of serious offense. Quantum of fines has also been specified under the law (Article 175 of the revised Customs Law) which are fixed, unless there are adequate grounds and bonafide to prove otherwise. Further, there are no discretions admissible to adjudicating authority for relenting in any situation of voluntary disclosures. However, there are not many cases where penalty was invoked by Customs. Besides, the law does prescribe a graded system of penalty according to the degree and severity of the breach as required under the TFA provision. It also does not have an incentive system for collection of penalty and thereby largely complies with TFA provisions. While UN survey did not cover this measure, the OECD survey termed it as fully implemented. The Perception survey also perceived it as substantially utilized. In the circumstances, the measure may be considered as fully implemented.

2.7.5.5 Separation of release of goods prior to final determination of duties, taxes and charges (Article 7.3)

Article 38 of the revised Customs law specifically provides for release of goods before determination of duties and taxes. It allows release of goods even before declaration in case of perishable or degradable goods, or non-commercial goods, agricultural products, live animals, goods used in case of emergency or other urgent cases. Article 41 stipulates provisional clearance in such cases against security or bank guarantee equal to the amount of duty and taxes payable. The provisions of revised Lao Customs law comply with the TFA requirements, and in practice as well, imported goods are allowed to be released before assessment in case of perishables, lifesaving drugs, or other urgent cases, which was also affirmed by LNCCI. In the circumstances, the measure may be taken as fully implemented, even though it was held as partly implemented/utilized by the OECD, UN, and perception surveys.

⁴² Fees and charges of government agencies are stipulated under President's Edict No. 002 of 17 Jun 2021.

⁴³ Fees charged by Thanaleng Dry Port is not a government levy as its charged by the Joint Venture entity. However, it adds to the trade cost and has been included as private sector suggested for rationalization

2.7.5.6 Provision for release of perishable goods within shortest possible time or their storage (Article 7.9)

Perishable goods are to be given priority treatment in examination and clearance. Article 38 of Lao Customs law provides for assigning them preference. Article 28 of amended Customs Law has specific provision for completing clearance formalities outside office hours or even on holidays at the request of the declarant. While OECD survey termed it as of low implementation and UN survey reported it in the planning stage, perception survey saw it as substantially utilized. Given the specific provisions in the new Customs Law and the practice followed on ground, the measure may be taken as substantially implemented.

2.7.5.7 Advance rulings (Article 3)

As per Article 32 of the revised Lao Customs Law, a trader may apply for Advance Ruling on any issue relating to HS Code, valuation, origin, and others, which is to be issued within 60 days of its application and remains valid for 3 years. The provisions comply with the TFA standards and are being followed on ground as Lao Customs has established Advance Rulings authority and traders are applying for them. During 2020-22, Lao Customs reported to have issued as many as 21 Advance Rulings. They were however all related to classification issue and it is not known whether the ruling was sought on any other issue or how many applications are still awaiting reply. The measure was reported in OECD survey as having low implementation and in the UN survey, as partially implemented, Perception survey found it as moderately utilized. However, given the new Customs law being compliant with the TFA provisions and its utilization, the measure may be considered as substantially implemented.

2.7.5.8 Opportunity for second test (Article 5.3)

There are no provisions under law for allowing an opportunity for the second test or taking them into consideration for decision on clearance. However, line departments, like FDD, DOA, DOLF and DOSM, are allowing second test to traders who are aggrieved by the findings of Government's test kits/laboratories. Second tests are reported to be permitted in the government laboratories of ASEAN member states and their test reports are relied upon in taking a final decision on clearance. While list of the accredited laboratories is not available on LTP or department's websites, names of these laboratories are provided to traders on demand. UN survey reported it as not implemented and perception survey also described it as sparsely implemented. In the event, especially since there are no legal provisions in support nor details of such instructions or the list of accredited labs provided under LTP, the measure may be considered only as partly implemented.

2.7.5.9 Expedited shipments (Article 7.8)

Customs law allows for duty free clearance of import goods valuing below LAK 1,500,000. A simplified scheme of clearance is also being followed for post parcels. However, courier baggage is subjected to the regular clearance procedures. A scheme is therefore under development for fast-track clearance of e-commerce shipments on lines of the WCO Guidelines for Immediate Release of consignments, particularly those of low value, above the de minimis level. OECD, UN, and perception surveys have described the measure as having low implementation, partially implemented, and sparsely utilized, respectively. Hence, it may only be taken as partly implemented.

2.7.5.10 Single Window (Article 10.4)

Lao National Single Window (LNSW) went on steam in 2019 starting its operation at the Friendship Bridge-1 (Thanaleng) border checkpoint on Lao-Thai border in a limited way, covering only vehicle imports initially. The facility was expanded to cover all commodities in February 2021. It was rolled out to Boten checkpoint on Lao-China border on 23 May 2022 and more recently to Friendship Bridge-3, Friendship Bridge - 2, Napao and Dan Savan) border checkpoints on 25 July 2022, and to Vangtao and Nongnokkewn checkpoints on 23 September 2022. Around the same time, it was also extended to cover the SEZs in Khammouan and Savannakhet provinces⁴⁴. While LNSW can be used for clearing all commodities at these checkpoints, its use is limited since besides Customs, only two departments, i.e., Department of Import & Export is using it for issuing import license for vehicles, petroleum and gas and Department of Transport is using it for issuing import technical permits for vehicles.

Further, as per a recent report of UN ESCAP⁴⁵, while 331 companies are registered to use the system at Friendship Bridge-1/Thanaleng checkpoint, only 142 were using it, chiefly due to the additional fees payable for using LNSW⁴⁶. FDD is the next department that is planned to be covered under LNSW in January 2023, followed by the DOA and DOSM. However, the pace of LNSW roll out is way behind its schedule and it's not known when it will be able to cover all the departments. It has also not linked up with the e-CO system in use by DIMEX for electronic processing of certificate of origin applications. Work should be started on conducting business process re-engineering of the departments planned to be brought under LNSW and steps be initiated for change management towards electronic processing of the LPCOs.

As mentioned above, Customs has already started a pilot for using LNSW platform for electronic submission of declarations and supporting documents. For this purpose, LNSW has been linked with ASYCUDA to form NSWA+. The facility will enable paperless pre-arrival processing as customs declarations and supporting documents can be submitted online once the pilot is fully implemented at all the checkpoints. It can also be used for electronic manifest clearance functions strengthening customs control. However, NSWA+ should also be linked with the CBTMS of Dry Ports for effective monitoring of vehicles and containers through the customs area and account for clearance of all the cargo that is brought to the checkpoint. Their integration will be critical for optimal use of automated facility for border clearance. The OECD described the measure as having low implementation, UN survey as partially implemented, and perception survey as sparsely utilized. Hence, the measure may only be taken as partly implemented.

2.7.5.11 Freedom of transit (Article 11)

Since 2019, Lao PDR has been implementing ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) with nine elaborate protocols guiding customs, transport, and quarantine authorities, which allow unhindered movement of

⁴⁴ LNSW was rolled out to the Friendship Bridge-3 and Napao checkpoints, as well as Thakhek Special Economic Zone on 14 July 2022 and to Friendship Bridge-2 & Dan Savan Checkpoints, and Savan-Xeno SEZ on 19 July 2022, and Vangtao checkpoint on 23 September 2022.

⁴⁵ This is as per the Readiness Assessment for Cross-border Paperless Trade in Lao PDR conducted by UN ESCAP in 2021-22. The report was released in April 2022.

⁴⁶ In terms of MOF announcement No. 0163 of 27 January 2021, LNSW is authorized to collect a service fees of LAK 120,000 for every transaction as per the concession agreement with the government.

transit goods across the country. ASEAN Customs Transit System (ACTS) is an essential part of AFAFGIT, which enables transit goods (under customs seals and a single guarantee) to pass through the ASEAN member states under computerized management system without the need to file Customs declaration in transit countries. Transit goods are not subjected to checks for compliance with technical standards, even though transit permits may be needed for restricted goods (which require import permits). Transit permits for food items (like the import permits for them) are mostly issued by provinces.

AFAFGIT also allows transit goods to flow across borders without any need for transshipment. For this purpose, countries have been allowed to issue 500 special permits to local trucks (complying with the technical standards) which are permitted unhindered access for moving transit goods across AMS. It has greatly facilitated movement of Thai and Vietnamese trucks to ferry across Lao PDR. While this TFA measure was not covered by OECD, UN survey described it as partially implemented. However, perception survey found it as substantially utilized. Given the initiatives taken under ASEAN for seamless transit of goods, this measure may be taken as substantially implemented.

2.7.6 Validation of implementation of Category B measures from private sector partners

As described above, the Road Map had envisaged validation of all the TFA measures to be carried out by private sector, which being its beneficiary was best placed to do so. Therefore, for this purpose, a private sector perception survey was carried out in 2021 seeking their assessment on the impact and utilization of various TFA measures. The survey reported that 45% Category B measures were substantially or fully utilized, which included the measures relating to consultation, penalty discipline, perishable goods, advance rulings and freedom of transit.

2.7.7 Implementation of Category C measures

Measures kept in Category C were those where country lacked requisite capacity and needed technical assistance from the development partners for implementing them. Initially, Lao PDR had identified as many as 16 measures as Category C commitments. However, as mentioned already, one measure was moved from Category B to C earlier and more measure from Category C to B recently, five of these were moved from Category C to Category B as no TA was needed for their implementation. This has brought down the total number of Category C measures to 12 now.

Lao PDR's Competitiveness & Trade Project (LCTP), which was started in 2018 with the support of the WB and other development partners provided requisite technical assistance to key departments for implementing TFA, especially the Category C measures. One of the performance targets of the LCTP included meeting 80 percent of the TFA commitments by the end of the project in 2024.⁴⁷ This was aimed to be achieved through the CF proposals developed using the specific action plans drafted earlier for implementing various measures under Category B and C. As many as 5 such CF proposals were approved under the project,

⁴⁷ LCTP aimed to meet 80% TFA commitments from a baseline of 21% in 2018, when the project had started.

which related to key departments, like Customs, FDD, DOLF, DOA, DIMEX and DMM. The proposals dealing with border agencies focused on developing an integrated risk management framework for risk-based border checks and post-clearance verifications. The Customs CF proposal was the most comprehensive one as it covered as many as 10 TFA measures under three components, one for bringing required legislative changes, second one for improving border procedures and the third one for ASYCUDA customization. Besides CF proposals, project also provided for technical assistance to help NTFC and TFCS in implementing the TFA measures through a provision of international and national experts. Using project support, LCD was able to amend the Customs law in 2020 making it compliant with the TFA and WCO's Revised Kyoto Convention (RKC). Similarly, other departments also used the technical assistance available under the project support for implementing various Category C measures.

2.7.7.1 Risk management (Article 7.4)

Principles of risk management are being applied in border checks by Lao Customs through the Selectivity Module of its ASYCUDA system. Risk profiles used therein are based on the HS Code, country of origin, supplier/exporter and importer's names and range of values etc. Based on the hits and success results and other inputs, these profiles are periodically updated. A joint Memorandum of Understanding (MOU)⁴⁸ has been signed between Customs and OGAs (namely, FDD, DOA and DOLF) to develop an integrated risk management framework (IRMF) to be jointly applied by all these border agencies. A Joint Risk Management Committee has also been set up under DG Customs with representatives from other border agencies, like FDD, DOLF and DOA for steering the establishment of IRMF. Detailed SOP is being developed to conduct joint examination and use of integrated risk profiles in Customs' selectivity module for risk-based border clearance by all border agencies.

The selectivity module will automatically assign green, yellow, or red lanes for appropriate treatment of goods based on the uploaded risk profiles. By removing manual intervention, it will greatly reduce the incidence of cargo inspections and scope for corruption. Hence, integrated risk-based border checks must be introduced quickly as planned to bring down the trade costs. While OECD and UN surveys have found this measure to be partly implemented, the perception survey perceived it as substantially utilized. However, LNCCI stated that OGAs examined all the consignments and felt that percentage of shipments examined by customs was very high, which included even green lane goods. In the event, the measure could only be considered as partly implemented.

2.7.7.2 Post-Clearance Audit (Article 7.5)

The new Lao Customs Law, that was revised in 2020 has detailed provisions on Post Clearance Audit. Further, Post Clearance Audit (PCA) division in LCD has been strengthened and protocols developed for conducting PCA. These audits are conducted

⁴⁸ Joint MOU was signed between Lao Customs Department and Food & Drugs Department, Department of Livestock & Fisheries and Department of Agriculture on 13 Dec 2021 to collaborate on applying risk-based border checks using ASYCUDA selectivity module and other mechanisms to facilitate cross-border trade

as per the audit plan prepared in advance based on the intelligence inputs. However, the frequency or effectiveness of PCA is not known as no statistics are available to indicate the number of non-compliant cases or the amount of revenue loss detected by the PCA division in the past. FDD also conducts regular post-clearance market verifications, but again no data is shared to show its efficacy. All the surveys found this measure to be only partly/sparingly implemented/utilized. Hence, this measure may be considered as partly implemented only.

2.7.7.3 Establishment and publication of average release time (Article 7.6)

Time Release Studies are being conducted quite frequently in Lao PDR. There have been three such studies in the last 5 years, in 2017, 2018 and 2020, which have been showing progressive improvement in border clearance time. The last TRS that was conducted in 2020 reported an average border clearance time of 5 hours 7 minutes, which was a significant advance over 8 hours 10 minutes of 2018. In addition, TRS 2020 also extended its scope to capture the time taken on the issuance of licenses, permits, certificates and other authorizations (LPCOs) for cross-border trade. The weighted average worked out for issuing these authorizations in 2020 was 1 day 22 hours and 9 minutes which has been taken as a baseline for measuring any future performance.

Based on its analyses, TRS 2020 also made various recommendations for facilitating clearance and LPC issuance. Its findings have been uploaded on the LTP for public information. The next TRS is being conducted with revised methodology this year⁴⁹ and another one is planned in 2024, for evaluating the impact of various reform initiatives in the country. The revised methodology aims to make TRS more reliable and robust and to provide data on key performance indicators on trade facilitation. LCTP has decided to use TRS data for its performance evaluation and has set a target of 20% reduction in border clearance and 50% in issuance of LPCOs by 2024 end.

While OECD survey found it fully implemented, UN survey and perception survey considered it as partially/moderately implemented/utilized perhaps due to lack of awareness as their findings were not being published in the past, which are now made available on the LTP. Hence, considering the regularity of TRS exercise and its compliance with the TFA provisions, the measure is considered as fully implemented. The project support has played a key role in implementation of this activity. However, a sustainable strategy needs be developed by Customs and DIMEX for continuing the Time Release Studies regularly after the project has ended.

2.7.7.4 Trade facilitation measures for authorized operators (Article 7.7)

TFA requires member countries to provide simplified fast track clearance facilities for the economic operators having well-established internal controls, financial solvency, and supply chain security, who present low risk of non-compliance. The new Lao Customs Law provides for such a facility under Chapter 5 of Part II. As per the Minister's instruction issued in 2021⁵⁰, such authorized economic operators (AEOs) are eligible for greater trade facilitation facility. However, it lays down stringent conditions to qualify for AEO status. As a result, currently, no applicant has been found eligible

⁴⁹ Data collection for TRS 2022 was completed in November 2022 and has been uploaded for analysis. Results are expected by early 2023.

⁵⁰ Minister's instruction issued in 2021 to facilitate AEO scheme provides detailed mechanism for selection and validation of AEOs based on the WCO's SAFE Framework of Standards.

for the scheme despite many workshops and trainings. It is understood that one applicant is at the stage of site preparation to meet the validation advice. The AEO scheme needs be revisited for a tier-based compliance and incentive system and greater awareness generation to make it popular. Besides, risk management must also be strengthened for improving compliance management under AEO scheme. While OECD and perception surveys considered the measure as limited/sparingly implemented/utilized, UN survey reported it in the planning stage and hence, it may be termed as partly implemented only.

2.7.7.5 Border agency cooperation (Article 8)

As mentioned above, an MOU on inter-agency collaboration has been signed between Customs and other border agencies (like, FDD, DOLF and DOA) on 13 Dec 2021 which provides legal and administrative framework for inter-agency cooperation to facilitate border clearance. A comprehensive SOP is also being developed, that will entail mechanism for risk-based border checks and joint examination using Customs automated system.

Sharing of facilities and Single-Stop Inspections (SSI) involving border agencies of both the neighbors have been in operation for many years at the Dan Savan-Lao Bao crossing on Vietnam border. Its roll out at Savannakhet-Mukdahan checkpoint on Thai border, got delayed since Thai side took time in making requisite amendment in its laws. However, these efforts have been revived under the ACMECS initiative which should bear fruits very soon. All three surveys considered this measure as partially implemented or moderately utilized and since many of the initiatives are still in the pipeline, it may be taken as partly implemented only.

2.7.7.6 Review of formalities & documentation requirements (Article 10.1)

Formalities and documentary requirements of various cross-border regulatory agencies (CRBAs) have been reviewed through NTM assessments and reviews. There were as many as 107 such reviews conducted in last five years with recommendation for cutting down documentary requirements and streamlining their procedures. In Feb 2018, Prime Minister⁵¹ issued Order urging line departments to review the formalities and documentation requirements related to issuance of LPCOs and cut down their processing time by 50%. Later, TRS 2020, which measured the time taken on issuance of LPCOs in five departments, made some specific recommendations for removing redundant processes to cut down this processing time. Line departments are considering these recommendations, though action taken is rather slow. They need to prioritize and identify what improvements they plan to bring about in the next 5-10 years. These objectives must be shared publicly so that their actions could be viewed to measure their impact towards meeting those objectives. For example, any fresh regulation or NTM must be reviewed independently to assess if these are going to become a hurdle in trade facilitation or if their benefits will far outweigh the losses. While UN survey did not cover this TFA measure, OECD and perception surveys termed it as of low implementation and moderate utilization. LNCCI also did not see much improvement in the formalities and documentary requirements. Accordingly, the measure at best can only be considered as partly implemented.

⁵¹ Order No. 02/PM issued on 1 Feb 2018 directed Ministry of Industry & Commerce to collaborate with concerned departments in reviewing and streamlining procedures to cut down time taken on issuance of LPCs required for cross-border trade as well as to facilitate border clearance process.

2.7.7.7 Acceptance of copies of supporting documents (Article 10.2)

While there is no specific provision in any law for it, border agencies and line departments in practice do accept authenticated copies of documents, if the originals are already submitted to some other government agency. Some of the supporting documents, like Certificate of Origin, Import Permit and SPS certificate are sought in original before granting clearance. Department of Digital Technology, however, accepts copies only if the originals are submitted within the Ministry, but not otherwise. As far as imports covered under LNSW are concerned, it does not require copy of any document that has already been uploaded in the system or has been issued by it. In fact, once e-signatures are implemented, traders will be able to provide self-authenticated copies with their e-signatures and digital seals, which may also help in acceptance of copies. While OECD and UN surveys found this TFA measure having low/partial implementation, perception survey perceived it as substantially utilized. Considering that the LNSW has a limited coverage and there are no legal provisions in support, the measure may only be considered as partly implemented.

2.7.7.8 Use of international standards (Article 10.3)

Lao PDR acceded to the International Convention on the Simplification and Harmonization of Customs Procedures (Revised Kyoto Convention, or RKC) in 2016. Lao Customs Law was amended in 2020 bringing in requisite provisions in line with the RKC. As per the compliance report submitted by LCD for the recent WCO Diagnostic Study, Lao Customs Law is claimed to be 96% compliant with the requirements laid down under the RKC General Annex. Law was also amended to comply with the TFA commitments. For instance, provisions of Advance Rulings were modified to align with the TFA standards. Similarly, special provisions were also inserted in respect of advance cargo information and AEO facility for improving customs control in line with the WCO's SAFE Framework of Standards to Secure and Facilitate Global Trade.

Similarly, FDD has been following the standards and guidelines laid down under the FAO WHO's Codex Alimentarius for clearance of food items. On the same lines, DOLF has been applying guidelines issued by the World Organization for Animal Health (WOAH/OIE) in regulating import and export of cattle and poultry products. DOA too has been following the International Plant Protection Convention (IPPC) in sampling and clearance of plant materials and pesticides etc. While OECD termed this measure as having low implementation, it was not covered by UN survey or the perception survey. However, considering that Customs and other line departments have widely adopted international standards in their laws and practice, the measure may be considered as substantially implemented.

2.7.7.9 Common border procedures and uniform documentation requirements (Article 10.7)

Instructions and guidelines are regularly issued by the ministries and departments for uniform application of laws and procedures across the country. These laws, decrees, rules, regulations, and procedures are published at Lao Trade Portal for information of trade and officials alike and are expected to be followed for ensuring common border procedures. However, at times complaints are received from trade about deviation in the procedure or additional documentary requirements for border clearance at some borders. These issues are taken up at different levels of trade facilitation committees. In fact, a significant part of discussions in the National Trade Facilitation Committee

(NTFC) meetings relate to such matters, which issues requisite instructions for resolving disputes and facilitate trade. Neither OECD nor UN survey covered this TFA measure. However, perception survey found it being substantially utilized, which was also affirmed by the LNCCI.⁵² In the event, the measure may be taken as having been substantially met.

2.7.7.10 Provision of reshipment of rejected goods (Article 10.8)

As per Minister's Instruction on Article 12 of Lao Customs law, hazardous goods, which are not permitted to be imported are allowed reshipment back to the exporting country in terms of the Basel Convention on the Control of Transboundary Movement of Hazardous Wastes and their Disposal.⁵³ FDD also allows reshipment or destruction of goods (as per importer's wish) if they are non-compliant with Lao Standards. Under Article 29 of the Food Import and Export Control Decision issued by Health Minister (No 1166/2018), reshipment of rejected goods is allowed. There are many instances, where goods like soft drinks, milk and cosmetics were allowed to be reshipped back after rejection, on account of non-compliance with the country's laws or standards. While UN survey did not cover this measure, OECD found it as having low implementation and perception survey perceived it as sparsely utilized. Further work on review of regulatory laws of other departments, like DOA, DOSM etc. for greater compliance with international standards is being contemplated with donor support. In the circumstances, this measure may be considered as partly implemented only.

2.7.7.11 Customs cooperation (Article 12)

Lao PDR has signed several bilateral and multilateral agreements and MOUs with Customs administrations of ASEAN member states as well as with other prominent countries in the region. These agreements provide mechanism for cooperation and mutual assistance, especially, exchange of information for facilitating trade, enhancing customs control, and preventing smuggling & drug trafficking. LCD's International Customs Cooperation Division has been designated as the contact point for this purpose. Further, as required under TFA provision, Article 118 of the revised Customs Law has inserted specific provisions for security of statistics and information submitted by the trader. While OECD and perception survey considered the measure with limited/partial implementation/utilization, UN survey termed it as fully implemented. Hence, the measure may be termed as substantially implemented.

2.7.7.12 Provision for electronic payment (Article 7.2)

Lao Customs has been allowing electronic payment of customs duties and fees through its Smart-Tax Cards at 26 international border checkpoints. Payments for OGAs' fees and charges are however not covered by Smart-Tax cards and are made in cash. At the remaining checkpoints not covered by Smart-Tax, customs duties and taxes are paid at the counters of BCEL and LDB banks, which allow such payments through e-banking, cheques or in cash. Customs and OGAs' processing fees at these checkpoints are paid in cash at their respective department's counters. However, Lao National Single Window (LNSW) provides a facility of electronic payment of customs duties & taxes, as well as the permit fees charged by DIMEX and Department of Transport, for documents issued under LNSW. Even in these two departments, payment of fees for

⁵² LNCCI though complained of variation in fees charged in some provinces.

⁵³ Finance Minister's instruction No. 3269 issued on 26 July 2021 for implementing amended Customs Law.

the permits and authorizations issued manually is required to be done in cash. Further, LNSW is only functioning at 9 checkpoints and 3 SEZs so far, leaving out majority of others uncovered. Hopefully, with its roll out, facility of electronic payment will be available at all the international checkpoints of the country in future. While OECD and UN survey, both found the measure as having limited or partial implementation, perception survey perceived it as being substantially utilized, which may not be an accurate depiction of the ground reality where many departments were still collecting fees in cash and the facility of electronic payment was limited. In the event, the measure may be considered only as partly implemented.

2.7.8 Validation of implementation of Category C measures from private sector partners

Validation of Category C measure done through the private sector perception survey, which inferred that over 41% of these measures were substantially or fully utilized and the remaining ones were moderately or sparsely utilized. The five Category C measures which were considered substantially utilized in the perception survey, included electronic payment, risk management, acceptance of copies, uniform border procedures and freedom of transit. However, the perception of private sector about any measure is largely dependent on their awareness and utilization of that measure and that's why measures like electronic payment or risk management which are still partly implemented are perceived by them as substantially utilized as they may be paying duties through smart tax card and having some percentage of goods cleared through green lane. In contrast, some other measures, like the TRS or Customs Cooperation, which have been fully/substantially implemented are still perceived by trade as moderately utilized as they may not be directly impacted by them and may be lacking in awareness about them. It is therefore important that private sector engagement is ensured for gainful utilization of any reform initiative.

2.7.9 Summary of TFA evaluation ratings

Summary of the final evaluation of the TFA measures, comparing it with the findings of the Private Sector Perception Survey is placed below for quick reference:

Sl No	Measures	Cat	Private Sector Perception Survey (2021)	TFRM Evaluation	Whether same as Perception Survey	Remarks on divergence
1	Article 1.1 Publication	A	Substantially Utilized	Fully implemented	Yes	
2	Article 1.2 Information available through internet (LTP)	A	Moderately utilized	Fully implemented	No	LTP offers all relevant info. TFRM rating also supported by other surveys
3	Article 1.3 Enquiry points (SPS and TBT)	A	Sparsely Utilized	Partly implemented	Yes	
4	Article 1.4 Notifications to WTO	A	N/A	Fully implemented	N/A	

Sl No	Measures	Cat	Private Sector Perception Survey (2021)	TFRM Evaluation	Whether same as Perception Survey	Remarks on
5	Article 4 Procedures for appeal or review	A	Sparsely Utilized	Partly implemented	Yes	
6	Article 5.1 Notification for Enhanced Controls or Inspections	A	Sparsely Utilized	Partly implemented	Yes	
7	Article 5.2 Detention	A	Sparsely Utilized	Partly implemented	Yes	
8	Article 6.2 Specific disciplines on customs fees and charges	A	Substantially Utilized	Fully implemented	Yes	
9	Article 7.1 Pre-arrival processing	A	Substantially Utilized	Partly implemented	No	While provision for advance lodging exists, pre-arrival processing not allowed
10	Article 9 Movement of goods intended for imports under customs control	A	Sparsely Utilized	Partly implemented	Yes	
11	Article 10.5 Pre-shipment inspection (No pre-shipment inspection)	A	Substantially Utilized	Fully implemented	Yes	
12	Article 10.6 Use of customs brokers (No mandatory use of customs brokers)	A	Substantially Utilized	Fully implemented	Yes	
13	Article 10.9 Temporary admission of goods and inward and outward processing	A	Substantially Utilized	Fully implemented	Yes	
14	Article 2.1 Opportunity to comment and information before entry into force	B	Sparsely Utilized	Partly implemented	Yes	
15	Article 2.2 Regular consultations with traders and other stakeholders	B	Substantially Utilized	Partly implemented	No	Perception survey finding of substantial utilization not affirmed by LNCCI. TFRM rating supported by OECD survey.
16	Article 6.1 General disciplines on fees and charges	B	Moderately utilized	Fully implemented	No	Fees & charges widely published and reviewed periodically complying with TFA provisions
17	Article 6.3 Penalty disciplines (Level of Govt's compliance with general disciplines)	B	Substantially Utilized	Substantially implemented	Yes	
18	Article 7.3 Separation of release from final determination of customs duties, taxes, fees and charges	B	Sparsely Utilized	Fully implemented	No	Facility for provisional release available and is used. Need to generate awareness
19	Article 7.9 Perishable goods	B	Substantially Utilized	Substantially implemented	Yes	
20	Article 3 Advance rulings	B	Moderately utilized	Substantially implemented	No	Advance Rulings facility is in place without much use. Need create awareness
21	Article 5.3 Test procedures	B	Sparsely Utilized	Partly implemented	Yes	

SI No	Measures	Cat	Private Sector Perception Survey (2021)	TFRM Evaluation	Whether same as Perception Survey	Remarks on divergence
22	Article 7.8 Expedited shipments	B	Sparsely Utilized	Partly implemented	Yes	
23	Article 10.4 Single window	B	Moderately utilized	Partly implemented	Yes	
24	Article 11 Freedom of transit	B	Substantially Utilized	Substantially implemented	Yes	
25	Article 7.4 Risk management	C	Substantially Utilized	Partly implemented	No	No other agency except Customs is conducting risk-based border checks
26	Article 7.5 Post-clearance audit	C	Sparsely Utilized	Partly implemented	Yes	
27	Article 7.6 Establishment and publication of average release times	C	Moderately utilized	Fully implemented	No	TRS conducted periodically, but findings not widely published in the past. Need to publicize them
28	Article 7.7 Trade facilitation measures for authorized operators	C	Sparsely Utilized	Partly implemented	Yes	
29	Article 8 Border agency cooperation	C	Moderately utilized	Partly implemented	Yes	
30	Article 10.1 Formalities and documentation requirements	C	Moderately utilized	Partly implemented	Yes	
31	Article 10.2 Acceptance of copies	C	Substantially Utilized	Partly implemented	Yes	
32	Article 10.3 Use of international standards	C	N/A	Substantially implemented	NA	
33	Article 10.7 Common border procedures and uniform documentation requirements	C	Substantially Utilized	Substantially implemented	Yes	
34	Article 10.8 Rejected goods	C	Sparsely Utilized	Partly implemented	Yes	
35	Article 12: Customs cooperation (Synchronization)	C	Moderately utilized	Substantially implemented	No	Trade seems unaware of customs cooperation with other countries. Need to publicize it, esp. bilateral agreements
36	Article 7.2 Electronic payment	C	Substantially Utilized	Partly implemented	No	TFRM rating supported by other surveys. OGAs still collect their fees in cash

Table 2- Evaluation Ratings of TFA Measures compared with Perception Survey findings

This evaluation exercise which examined both the extent of efforts made, and the impact of various initiatives undertaken reveals that TFRM was successful in implementing 17 out of 36 TFA commitments, i.e., around 47% of them fully/substantially, which consisted of 7 Category

A, 6 Category B and 4 Category C measures. The remaining 19 measures, which are partly met are also at various stages of implementation. Some of them may be met shortly if the necessary action is taken concertedly with close monitoring.

Gist of evaluation of the TFA measures is produced below for quick recap:

Category-wise Evaluation Ratings			Fully	Substantially	Partly Implemented
Cat A	13		7	0	6
Cat B	11		3	3	5
Cat C	12		1	3	8
Total	36		11	6	19
Percentage			30.6%	16.7%	52.8%

Table 3- Category-wise Evaluation Ratings of TFA Measures

3. Impact and outcome

The greatest success of the TF Road Map has been in achieving its target of the outcomes. Its Vision Statement had envisaged that focus of the Road Map would be on improving the trade competitiveness of Lao PDR by substantially reducing the time (by 50%) and cost (by 30%) of trading by 2022. By doing so, it aimed to raise the country's score on the WB's Trading Across Borders (TAB) parameter in double digits, taking it from the then rank of 124 to below 100 or better (Table below).

The Road Map was amazingly successful in reducing the time of trading to one third, i.e., by a whopping 72%, which involved reducing the time incurred on export processes from 226 hours to 69 hours and that on import from 228 hours to 71 hours. It catapulted Lao PDR from 124 to 78 position in global ranking on the Trading Across Borders parameter of the World Bank's Ease of Doing Business Report of 2020.⁵⁴

The processing time considered for scoring in Trading Across Borders parameter consisted of two components, one related to the time incurred on documentary compliance and the other one on border clearance. Documentary compliance referred to preparation of documents for seeking requisite clearances and permissions in export and import, which included obtaining license, permit, certificate, and other authorizations (LPCOs) as prescribed under law. On the other hand, border clearance related to clearance of import or export cargo from customs and other border agencies at the checkpoint.

The phenomenal jump in Lao PDR's TAB score was mainly on account of drastic reduction in time incurred on the documentary compliance from 216 hours to 60 hours.⁵⁵ This was a result of the concerted effort made in streamlining the process of issuing LPCOs by line departments, particularly, by DIMEX, DOT and DMM. For instance, DIMEX removed the import of vehicle parts from license/permit requirement and simplified the issuance process of vehicle and fuel import permit by implementing the LNSW⁵⁶. Similarly, DMM also streamlined its approval process for allowing mineral exports. Efforts from customs and border agencies resulted in the reduction of border clearance time too, which went down from 12 to 9 hours in case of export, and 14 to 11 hours for import. Further, to supplement above efforts, capacity building workshops were organized for traders and brokers sensitizing them about various trade facilitation initiatives so that they could accurately respond to the questions raised in TAB survey questionnaire, if they were approached for DB Survey.

The departments were galvanized into action by DIMEX after the Prime Minister issued an order (No. 002/PM on 1 Feb 2018) urging all government departments to simplify procedures relating to import and export to cut down their processing time by half, and the cost by 30%. It was a result of DIMEX escalating the TF agenda to the level of Prime Minister seeking him to

⁵⁴ Based on the Doing Business Survey conducted in 190 economies of the world during 2019

⁵⁵ Border Clearance time also decreased from 12 to 9 hours for export and from 14 to 11 hours for import.

⁵⁶ Licensing of auto-parts was removed vide Minister's Order number 0535/MOIC.DIMEX on 10 Apr 2018.

issue the said order which set out the targets fixed under the Road Map for everyone's implementation and specifically entrusted the Ministry of Industry & Commerce to take lead in this regard. Workshops were organized not only for line departments, but also for the private sector apprising them of government's campaign with intent to speed up processes relating to cross-border trade. Pursuant to the PM's Order, DIMEX team visited some key departments, like DOT, DOIH and DMM to study their process maps, identify bottlenecks and help them remove them, especially those quick fixes which did not necessitate much gestation period. For long term plans, emphasis was laid on reviewing the NTMs and meeting their recommendations. As mentioned above, MOIC removed some key NTMs, like licensing on import of cement and steel in September 2018 and subsequently also repealed license for import of vehicle parts for manufacturing in Dec 2019 and tractors in 2021.

For its performance evaluation, the Road Map envisaged using data about trading across borders from the WB's Ease of Doing Business (EDB) Surveys, which were held regularly every year. For this purpose, survey measured two sets of indices, which included the average time and cost incurred on export and import. Based on these time and cost data, a composite score was worked out, which determined an economy's global rank on the Trading Across Borders parameter. Their global rankings reflected their relative positions on trade competitiveness among various economies.

However, the EDB studies were discontinued after 2020 and hence we do not have necessary data of subsequent years for evaluating Road Map's progress on all these parameters. The Time Release Study (TRS) conducted by the Lao government does however provide data relating to the time incurred on border clearance and the last one held in 2020 also captured data on the time taken on issuance of license, permit, certificate, and other authorizations (LPCOs) relating to export, import and transit. Time Release Study has already started for 2022, but the results will be available only by February 2023.

While TRS data on border clearance is comparable with that of DB Survey, its findings on issuance of LPCOs does not match with the DB survey indices as the latter estimated the time taken on preparation of *all* documents required for import and export, and not just on getting license and permit. In absence of DB data, however TRS 2020 statistics on LPCO issuance may be taken as the baseline to measure the future progress. LCT Project that has been extended till 2024 end has already decided to switch to TRS findings in place of DB survey results for measuring progress on its activities under Pillar 2 which is associated with the TFA implementation.

Going by the TRS data on border clearance, the same has further improved to 3 hours and 52 minutes for export and 5 hours 43 minutes for import in 2020 in comparison to 9 hours for export and 11 hours for import captured by EDB survey in 2019.

Using the data from both the EDB Survey and TRS, the progress of Road Map on its key performance indicators (KPIs) against the targets set out is as below:

Area of performance	Process	Baseline (2017)		2019		2019	2020	Target (2022)	
		Doing Business Studies Data				TRS Data			
KPIs prescribed under TFRM		Time (hours)	Cost (USD)	Time (hours)	Cost (USD)	Time (hours)	Time (hours)	Time (hours)	Cost (USD)
Export	Doc compliance	216	235	60	235	N/A	N/A	N/A	N/A
	Border clearance	12	73	9	140	5 hrs. 16 mins	3 hrs. 52 mins	N/A	N/A
	Total	228	308	69	375			114	216
Import	Doc compliance	216	115	60	115	N/A	N/A	N/A	N/A
	Border clearance	14	153	11	224	9 hrs. 16 mins	5 hrs. 43 mins	N/A	N/A
	Total	230	268	71	339			115	188
TAB rank (In EDB study)		124		78				99 or above	

Source: Trading Across Borders scores in Ease of Doing Business Reports of 2018 and 2020 for Lao PDR and Lao PDR's 2019 and 2020 Reports of Time Release Studies

Table 4- Road Map Progress against KPIs and Targets

Looking at the comparative scores on Trading Across Borders parameter in the Ease of Doing Business (EDB) reports for the years 2017 and 2019 in the Table above, Lao PDR made a spectacular progress in terms of reducing the time of exports and imports, both by about 72%, which catapulted it to a global rank of 78, exceeding the targets set for it in the first and fourth KPIs. This Trading Across Borders rank of Lao PDR was much above those of Vietnam (100), Cambodia (115) and Indonesia (116) and closer to China (65) and Thailand (59) in that year. There is no EDB data available after 2019 as the study was discontinued thereafter. It is often argued that EDB study was looking at just two commodities and hence any improvement in clearance of those commodities improved the score disproportionately. This criticism may be correct to some extent, however in case of Lao PDR, this improvement in border clearance time was also supported by the data of Time Release Studies.

For instance, as per the TRS data sited in the Table above, the average time taken on border clearance was reported as 5 hours 16 minutes for export, and 9 hours 10 minutes for import in 2019, which improved to 3 hours 52 minutes and 5 hours 43 minutes, respectively in 2020. It may also be noted that the 2019 figures for export and import derived from TRS are better than those reported in EDB study for 2019. TRS studies have greater reliability as they cover all kinds of items cleared through 10-12 checkpoints and therefore have a much larger and widely dispersed sample base.

It may also be mentioned here that border clearance time in Lao PDR is among the top echelons in ASEAN. Further, while time taken on documentary compliance has improved significantly, it is still on the higher side. In absence of EDB studies, it was decided to collect data on the time incurred on issuance of LPCOs as well, and accordingly information was collected on it in 2020 TRS survey, which gave the average time spent on issuance of a

license/permit/certificate as one day 22 hours 9 minutes. This can be taken as a baseline to measure future performance of documentary compliance as has been decided by the LCT Project. TRS 2022 will give us a relative picture of the progress made over 2020 performance, both in border clearance as well as in LPCO issuance.

In contrast to this remarkable reduction in clearance time, cost of exports and imports both went up, instead of coming down.⁵⁷ For this reason, reduction in time of clearance, which is significant from the global ranking perspective was not received very enthusiastically by the trade, which had to bear an increased cost of trading. As may be seen from the table above, cost of documentary compliance remained unchanged, it increased in respect of border clearance for both export and import. In case of export, for example, it went up from US\$73 in 2017 to US\$140 (almost doubled) in 2019, and in case of import from US\$153 to US\$224 during the same period. As per the EDB analysis, significant part of this increased cost in Lao PDR was associated with the cost of inspections by border agencies. Hence, cutting down the incidence of physical inspections by introducing risk-based border checks will certainly make a crucial impact on the cost of border clearance. While there is no further report or survey available to provide cost information after 2019, anecdotal data suggests an increase in the transaction cost of imports and export. Besides, the cost of documentary compliance remains high due to large number of NTMs, which need be eliminated or streamlined. Bringing the issuance of LPCO under LNSW will also cut down time and cost of documentary compliance.

⁵⁷ As per the breakdown given in the WB's 2020 Ease of Doing Business Report for Lao PDR, (page-49), costs associated with the clearance and inspection by customs and other border agencies account for 85-90% of the overall cost of exports & imports

4. Inferences and Lessons learnt

Key findings of the evaluation, along with the lessons learnt in implementing the TF Road Map are described below:

4.1 A robust institutional structure has developed to steer TF Road Map

The Trade Facilitation Road Map was successful in creating a robust institutional structure in the form of NTFC headed by the Deputy Prime Minister. This is a unique achievement as rarely is this body seen to be headed by such a high-level executive. Leadership of Deputy Prime Minister not only imparts it required authority to intervene, but also provides an easy access to the Prime Minister for issuing necessary instructions for addressing any challenging situation requiring compliance from multiple departments, as we witnessed in the case of roadside checks. These results resonate with the findings of the UN Trade Facilitation Survey⁵⁸ which reported that measures relating to institutional arrangements, especially those involving NTFC, or similar body were extensively implemented in the Asia Pacific region.

4.2 Monitoring and support structure of NTFC highly inadequate

The NTFC Secretariat (TFCS) with its handful of staff is ill-equipped to monitor wide ranging activities outlined under the road map. Due to inadequate staff and absence of strong monitoring mechanism, TFCS was not able to focus its attention on the incidence of delay or inaction by line departments in implementing Road Map activities.

4.3 Weak monitoring in line departments

While some of the priority measures, like banning roadside checks or streamlining procedures for reducing time and cost of clearance process, which were specifically pursued by DIMEX received attention of top leadership, other measures did not make much progress. Even for the measures where instructions were issued by the Prime Minister, implementation was poor as there were no follow ups or reporting for compliance. The line departments must set up TIU and use it in implementing and monitoring the department level activities under the trade facilitation plan. Development of department level plans like, DAPs must also be encouraged to provide ownership of TFRM objectives by line departments.

4.4 Absence of regular reporting

Reporting, or rather a lack of it is a common issue faced in program implementation. There were no regular reports from line departments giving measure-wise implementation progress. A comprehensive template circulated to them right in the beginning of the road map was not followed by the line departments and their reports touched upon barely few issues, rather than the entire Road Map and the activities listed therein. Further, this negligence in reporting was not even escalated to the NTFC for issuing instructions or pulling up defaulting agencies for improving compliance.

⁵⁸ UN Global Survey on Digital and Sustainable Trade Facilitation, UNESCAP, 2021.

4.5 Creation of PTFCs a major step towards strengthening governance structure at provincial level

Setting up Provincial Trade Facilitation Committees (PTFCs) on the lines of NTFC in the center has certainly contributed towards a stronger governance structure at the sub-national level. Consisting of heads/deputy heads of all the regulatory agencies in the province and headed by the respective vice-governors, these PTFCs have greatly helped in inter-agency coordination. PTFC meetings are invariably attended by TFCS official also as a representative of the TFCS/TFS, who adds key issues relating to the TFRM implementation into the meeting agenda. Heads of these PTFCs are also invited to attend NTFC meetings so that they get to know the priorities and targets of the NTFC and can escalate issues needing NTFC attention.

4.6 Cross-border cooperation was not placed much emphasis

ASEAN SW could be established with exchange of Form D. However, other activities under this pillar of the Road Map, including roll out of Single Stop Inspection and implementation of e-signatures remained non-starters. This is due to the lack of any synchronization with the ASEAN and other regional and multi-national efforts (like under ADB, UNESCAP, USAID). In fact, even the bilateral initiatives, like those under JICA or NEDA must be synergized with the long-term TF strategy for aligning those efforts with the overall framework and country's priorities for optimal utilization of resources. Their plans of activities and priorities should be closely incorporated in the TF strategy or else they seem to be going in parallel without any linkage or coordination.

4.7 Partnership with private sector still a distant dream

DIMEX was the only department to ensure participation of private sector in its meetings. However, other departments failed to take any independent initiative to engage with the private sector. Their interaction with private sector remained adhoc and at best at the strategic level when they are invited to annual meetings. Line departments have not set up any consultative committees or technical committees involving private sector representatives for regular consultations, even though it is a TFA commitment and was also flagged as a priority measure. Besides, private sector was not even made a member of the NTFC, the highest body responsible for trade facilitation in the country. They were invited for its meetings no doubt, but it did not mean an equal partnership. Similarly, measures relating to giving opportunity to comment on the draft regulations and decrees in advance and giving prior notice before enhanced checks were also not met fully. Greater efforts are needed in this regard.

4.8 E-transaction plans to be given greater focus along with LNSW

Automation of processes to be placed as an integrated strategy involving all concerned or else, they remain non-starters. For instance, although development of technical regulations on electronic transactions and e-signatures was a part of the TFRM, it could not be pursued as the responsibility was moved from one ministry to another half-way. Ministry of Technology & Communication in charge of digitalization in the country presently should also be included in the NTFC for their closer involvement in the any effort towards transitioning to paperless processing and automation. Similarly, Bank of Lao PDR should also be included to provide requisite support on issues relating to e-payments and e-transactions.

4.9 Some key NTMs eliminated because of NTM reforms

As described above, NTM reviews resulted into removal of some important licenses, such as import licensing of auto parts, tractors, lubricants, steel, and cement, which led to a saving of significant amount of time in their import processing. Export process and license requirements were also streamlined for minerals as per the recommendations made in the NTM review, thereby cutting down the processing time of their export.

4.10 NTM review targets not reached

The Road Map had envisaged review of all NTMs by 2022, but less than 25% of them have been reviewed so far. This was also a requirement under ATIGA, which required Lao PDR to remove NTBs by 2018 and hence needed be followed on priority. It started well in 2017-18 when many reviews were undertaken, however the pace could not be maintained thereafter due to several factors, like inadequate capacity of concerned departments, lack of resources, and the pandemic. It is felt that the task of completing all the NTM reviews remained a tough challenge due to its time consuming and now the TFCS is focusing on streamlining NTMs as the priority rather than conducting NTMs review

4.11 Recommendations of NTM reviews broadly not implemented

With exception of DIMEX and DOIH, line departments did not accept any recommendation of NTM reviews for repeal of licenses/permits most. They sat over these critical issues and at best, made some procedural changes only. Working Group on NTMs should meet regularly to examine the pending issues and take quick decisions for their time-bound implementation, especially for eliminating unwarranted NTMs.

4.12 Encouraging progress in TFA Implementation

As it specifically included full implementation of TFA commitments, TFRM was successful in implementing over 47% of the TFA measures either fully or substantially. These included about 54% Category A and 55% of Category B measures. There was no TFA measure that was not implemented as action was initiated under the TFRM for implementing *all* the TFA commitments and they are at different stages of completion. Some of them are quite close to completion and may be met within a few months.

4.13 Project support for TFA implementation had positive impact

With its objective to help in supporting implementation of Category C commitments where country needed technical assistance, LCTP succeeded in getting all stakeholders to focus on Category C implementation. The mechanism of Challenge Facility (CF) with earmarked budget to support implementation of risk management and other Category C measures in key departments made better progress as they were monitored by the NIU/DIMEX (TFCS) and the WB regularly. It also helped in capacity building of the stakeholders, as workshops could be organized throughout the country with project support provided to the PTFCs.

4.14 Absence of ownership in line departments

An important lesson of TFRM implementation has been a realization that though many meetings and capacity building workshops were organized for the staff of line departments, they failed to take initiative at their level as they did not feel the ownership of undertaking these important tasks. Only a handful of departments, like Customs, DIMEX and FDD which set up

the required structure (a designated TF Implementation Unit: TIU) under the leadership of a senior official (of DDG/Director level) were able to make a noticeable progress. Ownership of senior management and sustained efforts towards capacity building of the concerned officials were key to successful implementation of various TF initiatives under the Road Map in these departments.

4.15 Varying capacity levels of departments delayed joint action

While synchronization is helpful in implementing any integrated plan, it also runs the risk of holding it up if any of the partner agencies is not able to keep pace with the progress. This was evident in the development of Integrated Risk Management Framework (IRMF), where DOA was not able to catch up with other agencies due to its capacity limitation and transfer of staff. Besides, since the action in DOA was largely confined to the provinces, they were also not able to take them along for any speedy action. Back up alternative plans be made for such situations to allow others to move ahead unhindered or perhaps involve the provincial offices directly in implementation.

4.16 Mid-Term Review crucial for course correction

The Road Map had envisaged a comprehensive mid-term review (MTR) during 2020, which could not be carried out due to various restrictions caused by the pandemic. Absence of MTR left the NTFC and TFS authorities devoid of crucial data needed to evaluate the mid-term progress of its implementation and the factors hindering it, which could have allowed any course correction by the NTFC/TFS and implementing partners.

5 Recommendations and Way ahead

Based on the lessons learnt, following are some key recommendations for future strategy:

5.1 Fortifying NTFC Secretariat

While DIMEX has played a commendable role as TFC secretariat (TFCS) it is not adequately equipped. It needs be refurbished with additional staff and a dedicated DDG level officer entrusted exclusively with the responsibility of implementing the TF Strategy and to carry out all the monitoring and coordination required for this purpose. Sufficient budget should also be earmarked to the Secretariat for this purpose as it will also be coordinating with the PTFCs in the provinces and will need to support their efforts.

5.2 Strengthening reporting and monitoring

Regular progress reporting must be insisted upon for all line departments in prescribed format for close monitoring of implementation progress by all concerned. In case of any non-compliance, the matter need be escalated to the NTFC. Development of DAPs is also helpful in aligning goals with TFRM objectives, planning, and setting timelines for various tasks which help in monitoring. Tasks like, implementation of TFA commitments, which are time-bound need be closely monitored by the NTFC through regular progress reporting. Monitoring of TFA implementation must be an essential part of its meeting agenda, highlighting the challenges faced in it or the delay in action on the part of the responsible agency. A sub-committee may be formed to monitor TFA implementation in between the NTFC meetings, which should actively help in implementing TFA measures and report the progress to NTFC.

5.3 Prescribing regular reporting at sub-national level

While PTFCs have contributed to improving coordination at the sub-national level, it was not as effective in monitoring implementation of the TF Road Map as there were no prescribed reporting at that level. PTFCs got bogged down discussing operational issues rather than the progress of TFRM implementation or even meeting the targets set out under the PM's orders. Neither were any progress reports received from the PTFCs on Road Map implementation in the province. To monitor the implementation of any TF plan, regular reports must be prescribed to inform the monthly progress made in the province.

5.4 Clear strategy to connect with private sector partners

Private sector needs be engaged at all the levels for an active partnership in reforms so that policies are made to cater to their requirements, and they are able to benefit from them. Continued engagement and capacity building of private sector is crucial for effectiveness of trade facilitation initiatives. It would lead to better utilization of various reform measures. Prominent issues raised by the private sector both at the central and provincial levels may be carefully documented and taken up by the NTFC. They may be closely monitored and resolved in consultation with the private sector. Collaboration with LNCCI's LBF Secretariat may also be carried out to allocate these issues appropriately and avoid any duplication.

5.5 Paperless processing of cross-border trade need be brought to centerstage

No clear strategy or time frame for digitalization of cross-border trade and e-transactions, and e-signatures etc. Government should ratify the UNESCAP Framework Agreement on Facilitating Paperless Cross Border Trade so that there is an avowed objective of automating various processes relating to cross-border trade, starting immediately with paperless processing of customs declarations and roll out of Lao National Single Window to cover all the key departments, including export documentation. The Agreement also provides detailed step-by-step guidelines for developing paperless cross-border trade.

5.6 Aligning TF Strategy with other initiatives at multilateral and bilateral levels

The TF strategy must be closely aligned with the TF initiatives planned under ASEAN, GMS, ADB, WB and other bilateral aid programs for synergy of efforts and optimal utilization of resources. Minister of Foreign Affairs must also be included as a member of the NTFC to facilitate border cooperation and trade facilitation at the bilateral and multilateral levels.

5.7 Integrating Trade Facilitation with Transport and Logistics Plans

Consequent to the creation of NTTFC, transport, logistics and TF which were moving in parallel with little coordination and planning will be integrated. The next Trade Facilitation Strategy for 2023-2027 therefore, should consider the development plans of transport and logistics to cater to the trade facilitation needs and vice versa. For instance, the new strategy may focus on facilitating upcoming facilities, like dry ports, container freight stations, railway terminals, multi-modal transshipment hubs etc. to exploit their full potential and propose linking them up with the ICDs, Export Processing Zones and Special Economic Zones.

5.8 NTFC to monitor follow up action on NTM Review recommendations

Recommendations made in various NTM Reviews remain unimplemented and in many cases are not even considered for decision. Usually, the departments concerned are not inclined to make any changes and hence recommendations for elimination of NTM or even streamlining are not accepted. To counter such a situation, NTM Review recommendations must be submitted before the NTFC for deciding if they need be accepted and appropriate directions be issued by it for time-bound action. It will be able to evaluate the urgency of action and may be in position to monitor their implementation. In fact, DIMEX should submit before NTFC a summary of recommendations made under all the NTM reviews in last 5 years, along with the action taken thereon or awaited to direct their time-bound implementation. Further, in future, all draft regulations for introducing new NTMs or TBTs must also be submitted by line departments to the NTFC for seeking comment/guidance to ensure that they do not turn into trade barriers.

5.9 Specific action recommended for meeting the TFA commitments

Finally, a special push needs be given to fully implement the TFA commitments, which are yet to be fully met. For this purpose, a summary of the gap area, responsible department and action needed for implementing the remaining TFA measures is given in the table

below. These 19 commitments which are partly implemented include 6 from Category A, 5 from Category B and 8 from Category C.

Sl. No	Category and Commitment	Gap area	Responsible Department	Recommended Action
Category A				
1	Designation of Enquiry Points by line departments to provide trade related information	Only MOAF and DOST have EPs. Other ministries don't have EPs. Besides, no time limit fixed for responding to queries.	LCD, FDD, DOT, DIMEX & DMM	Concerned ministries to set up EPs and make rules for quick, time-bound reply (This measure can be met without much difficulty)
2	Provision for appeal and review for grievance redressal	Customs law revised to provide for appellate mechanism against orders of Provincial Directors and DG Customs	LCD	Customs to draft elaborate rules for filing appeals, and constitute Local and Central Appellate Committees
3	Notification needed for enhanced controls or inspections	Prior intimation not given to trade for enhanced checks or inspections by border agencies	LCD, FDD, DOLF, DOA and DOSM	Need to create public awareness every time a notification is issued for enhanced check (This measure can be met without much difficulty)
4	Detention of goods to be promptly notified to the carrier/importer/exporter	Concerned trader not informed if his/her goods are detained by Customs for investigation or checks	LCD	LCD to issue specific instruction for promptly informing the trader & broker in case their goods are detained (This measure can be met without much difficulty)
5	Advance lodging of documents and pre-arrival processing	While facility for advance lodging of declarations is available, its pre-arrival processing not possible as it requires submission of printed copy of declaration along with the supporting documents on arrival of goods	LCD	Provision of vetting be removed and scanned copy of supporting documents allowed uploading to enable pre-arrival processing of declaration (This measure can be met without much difficulty)
6	Provision for movement of import goods within the country under customs control	Movement of imported goods within the country not easily available	LCD	An internal transit regime linking the manifest and transit modules is to be developed for effective control of goods permitted to be moved to ICDs, SEZs, logistics park for subsequent clearance

Sl. No	Category and Commitment	Gap area	Responsible Department	Recommended Action
Category B				
1	Opportunity to comment and information before entry into force	Barring laws, other regulations are not publicly shared before their entry into force	All departments line	Instructions be issued by Ministry of Justice for prior sharing of draft rules and regulations with private sector before their issuance (This measure can be met without much difficulty)
2	Consultation with stakeholders, i.e., traders & brokers	Barring DIMEX, most departments hold meetings with private sector only once a year	All departments line	All departments to set up consultative or technical committees with representation from private sector which should meet once every quarter (This measure can be met without much difficulty)
3	Opportunity for second test	While opportunity for second test is extended by FDD, DOA, DOLF and DOSM to aggrieved parties, there are no legal provisions to support it	LCD, FDD, DOA, DOLF and DOSM	Provisions may be made under law or rules for allowing an opportunity for the second test and considering their results in decision making.
4	Expedited shipments	No special scheme available for clearance of express couriers	LCD	LCD to develop special procedures for fast clearance of courier baggage, express consignment
5	Single Window	LNSW covers basically two departments and that too in a limited way. Even their geographical expansion is very limited	LNSW, LCD, and other licensing issuance authorities	LNSW roll out to be expedited
Category C				
1	Risk Management	Except Customs, no other border agency is applying RM principles in border checks	LCD, FDD, DOLF and DOA	LCD in collaboration with OGAs to start risk-based border checks in place of 100% inspections
2	Post-clearance audit (PCA)	Except Customs, no other border agency is implementing PCA	LCD, FDD, DOLF and DOA	LCD in collaboration OGAs to introduce PCA, post marketing checks to supplement RM
3	Trade facilitation measures for authorized operators	While AEO scheme has been in operation, no operator qualified to be accredited as AEO yet	LCD	AEO Scheme may be revised to make a graded list of AEO beneficiaries based on their authorization status

Sl. No	Category and Commitment	Gap area	Responsible Department	Recommended Action
4	Border Agency Cooperation	No data exchange or coordination among government agencies in border clearance. Single stop inspection (SSI) for external cooperation not extended beyond Dan Savan-Lao Bao checkpoint.	LCD, FDD, DOLF, DOSM and DOA	SOP on RM and border cooperation need be developed and implemented quickly in pursuant with Joint MOU signed in December 2021. SSI to be rolled out to other checkpoints
5	Review of formalities and documentation requirements	Review of formalities and documentary requirements undertaken to expedite release of import, export and transit goods and reduce compliance cost for traders	All line departments	Recommendations of NTM reviews and TRS reports are considered for simplifying procedures and reducing compliance cost and time
6	Acceptance of copies of supporting documents	Line departments to accept paper or electronic copies of supporting documents required for import, export, or transit formalities, especially if original is already with some other agency	All line departments	Instructions may be got issued from Technology and Communication for OGAs to accept duplicate copy if it is authenticated by the department holding the original, and also accept electronic copies (This measure can be met without much difficulty)
7	Provision of reshipment of rejected goods	Non-compliant goods are allowed to be returned by some departments, but there is no consistency or data in support.	OGAs, like DOA, DOLF and DOSM	Clear instructions need be issued for allowing reshipment of non-compliant goods and statistics of such permissions given be maintained. (This measure can be met without much difficulty)
8	Provision for electronic payment	While Customs offers a facility for e-payment through Smart Tax Card, many departments are still charging their fees in cash. LNSW offers it but its roll out too slow	All line departments except Customs	Facility for accepting e-payment of fees and other charges be made in consultation with the banks. and started instead of cash payment.
Total number of TFA measures, which are partly implemented		19 (Category A- 6 Category B- 5 and Category C- 8)		

Table 5- Action needed for meeting partly implemented TFA measures

While some of these measures, which are big ticket items, such as Single Window, Border Cooperation, Electronic Payment, Risk Management and PCA etc., may require time and efforts from multiple agencies in implementation, few others are not as challenging since much of the action has already been taken and they are close to the finishing line. Eight such measures

(4 Cat A, 2 Cat B & 2 Cat C), which have been highlighted in green in the Table above may be met in the next few months raising the implementation percentage to around 72% from the current level of 47.2%. In any case, emphasis need be placed on meeting all the Category A commitments which are long overdue as they were to be met before 22 February 2018. Further, 6 of the measures, like Expedited Shipment, AEO scheme, Detention of Goods, etc. involve only Customs Department and may be taken up by them on priority for implementation. It is emphasized that NTFC will have to monitor them closely with regular reporting of the implementation progress from the responsible agencies.

Finally, considering the successful impact of the strategy drawn up under the Trade Facilitation Road Map despite the serious constraints caused by the pandemic situation over two years, its learnings combined with other good international practices may be applied to the future strategy for still better results.

Annexes

1. Composition of NTFC

The National Trade Facilitation Committee constituted vide 48/PM dated 26 July 2018 is headed by the Deputy Prime Minister and includes other members, such as Minister of MOIC as Vice Head, Dy Minister of Planning & Investment, Dy Minister of Industry (also designated as Head of the TF Secretariat), Dy Minister of Finance, Dy Minister of Public Works & Transport, Dy Minister of Agriculture & Forestry, Dy Minister of Public Health, and Dy Minister of Science & Technology as members.

2. Details of CF proposals approved for LCT Project support

Sl. No.	Line Departments	Cost of CF Proposal (in US\$)
1	Customs	830,000
2	FDD	452,000
3	DIMEX	517,000
4	DOA/DOLF	520,000
5	DMM	184,000
	TOTAL	2,503,000

Table 6- Cost of the line departments' CF proposals approved under the LCT Project

3. Gist of Initiatives taken on Non-Tariff Measures (NTMs)

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
1	Import permit for animal and animal products	Department of Livestock and Fisheries, MAF	Decree on the Control of the Movement of Animal and Animal Products no. 230/GOL, dated 4 June 2012; and	SPS (Classified by NTMs team)	To protect health of human and animal	Completed. The procedures, forms, and documents for issuing permit and certificate for import and export of animal and animal product were streamlined and clearly stipulated in Decision no. 0795/MAF to ensure the uniformity across the country. Previously, there was only one decree no. 230/GOL which stipulated the general requirement for import and export. Moreover, the DOLF is in the process of drafting new regulation on national movement of animal and animal products.
2.	Export permit for animal and animal products		Decision on the Import, Export, and Transit of Animal and Animal Products no.0795/MAF, dated 18 April 2019			
3.	Sanitary Certificate for export of animal and animal products					
4.	Import permit for aquatic animal II and III	Department of Livestock and Fisheries, MAF	Decision on Import, Export and Transit of Aquatic Animals and Aquatic Products no. 4211/MAF, dated 29 November 2019.	SPS (Classified by NTMs team)	To protect health of human and animal	Completed. The procedures, forms, and documents for issuing permit and certificate for import and export of aquatic animal and aquatic animal product were clearly stipulated in Decision no. 4211/MAF to ensure the uniformity across the country. Previously, there was only Fisheries Law No. 03/NA which stipulated a very broad term for import and export.
5.	Import permit of animal feeds	Department of Livestock and Fisheries, MAF	Decree on Animal Feed no. 02/GOL dated 02 January 2020.	SPS (Classified by NTMs team)	To ensure quality, standard, safety, and nutritional value of animal	Completed. The procedures, forms, and documents for issuing import permit of animal feed were clearly stipulated in Decree no. 02/GOL. In the past, there was no specific regulation for the management of animal feed.
6.	Phytosanitary certificate for export of plant and plant products and controlled materials	Department of Agriculture, MAF	Decision on Phytosanitary Measure for Export and Transit of Plants, Plant Products, and Control Materials no. 2986/MAF, dated 28 June 2019. Guidelines on the Principles and Certification of Sanitation for Export and Transit of Plants, Plant Products and Controlled Substances no. 2880/MAF, dated 11 December 2019.	SPS (Classified by NTMs team)	To protect environment and human's health	Completed. The procedures, forms, and documents for issuing phytosanitary certificate for export of plant and plant products were streamlined and clearly stipulated in Decision no. 2986/MAF and Guideline no. 2880/MAF. Previously, the Law on Plant Protection and Quarantine no. 13/NA only stated a general requirement for issuing phytosanitary certificate. However, under the CF project, DOA will revise the Guideline no. 2880/MAF once its new SOP is completed.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
7.	Import permit for plant and plant products and controlled materials	Department of Agriculture, MAF	Decision on the Phytosanitary Measures for Import and Transit of Plants, Plant Product, and Control Materials no. 2985/MAF, dated 28 June 2019 Guidelines on the import and export plants, plant products and controlled substances, No. 2881/MAF, dated 11 December 2019.	SPS (Classified by NTMs team)	To protect environment and people's health	Completed. The procedures, forms, and documents for issuing import permit of plant and plant products was streamlined and clearly stipulated in Decision no. 2985/MAF and Guideline no. 2881/MAF. Previously, the Law on Plant Protection and Quarantine no. 13/NA only stated a general requirement for issuing import license. However, under the CF project, DOA will revise the Guideline no. 2881/MAF once its new SOP is completed.
8.	Approval of Annual Import Plan (Master List) under Investment Promotion	Investment Promotion Department, MPI	Instruction on Duty and Value-Added Tax Incentives for Master List of Enterprise no. 01/CIPSC, dated 02 January 2019	General measure (Classified by NTMs team)	To promote investment with customs duty and tax incentives	Complete. The procedures, forms, and documents for approving the master list was streamlined and clearly stipulated in Decision no. 01/CIPSC. In the past, the time for approving the master list took 3-6 months. Now it takes only about 7-15 working days (for general project), and 15-22 days (for hydro and mining project). However, the MPI is in the process of assessing and revising the Investment Promotion Law no. 14/NA. Then, the Instruction no. 01/IPCC may be revised accordingly in the future.
9.	Import certification for vehicle parts	Department of Industry and Handicraft, MOIC	Order on the Abolishment of Issuing Import License of Vehicle Parts for Manufacturing and Assembling in factories no. 1848/MOIC.DIH, dated 26 December 2019.	Automatic license (Classified by NTMs team)	For statistical collection	Completed. The import certificate for vehicle parts issued by the DOIH earlier was removed by the Order no. 1848/MOIC.DIH
10.	Import permit for fuel	Department of Import and Export, MOIC	Decision on the Import of Petroleum and Lubricant no. 0317/MOIC, dated 21 March 2022.	Automatic license (Classified by NTMs team)	For statistical collection	Completed. DIMEX has streamlined documents applying for the import license of the main types of fuel (gasoline, diesel, etc.) by separating it into two types of import license. One is for distribution which requires four supporting documents. Second one is for project use which requires five supporting documents. In the past, DIMEX used to require more than ten supporting documents. The procedures for issuing the license have also been streamlined by using the LNSW in 2020 which normally takes one or half a day to issue the license. Moreover, the import license of lubricants has been eliminated by DIMEX.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
11.	Export permit for wood products (from plantation and natural forest)	Department of Import and Export, MOIC	Instruction on Wood Export from Natural Forest no. 0332/MOIC, dated 22 March 2022.	Non-automatic license (Classified by NTMs team)	For protection of natural resource	Completed. Requirement of documents for export license of wood from natural forest has been significantly reduced from about 20 documents in the past to eight documents (three of them are required for the first time, or if some modification was made). The procedure and inspection for export has also been streamlined, the validation will be conducted on receipt of the application as well as after the site inspection report (before loading to truck). It has clearly defined the roles and responsibilities of three agencies (POIC, PAF, POF).
12.	Import permit for drone with weight exceeding 200 grams	Department of Civil Aviation, Ministry of Technology and Telecommunication	Decision on the Radio Frequency Certificate of Drone, No. 1831/MPT, dated 11 September 2020.	TBT (Classified by NTMs team)	For national security	Completed. The import permit for drone with weight exceeding 200 grams at the DFW has been eliminated. The DFW is now only in charge of management and certification for the use of radio frequency. In the past, there were two departments in charge of issuing permit for the drone with weight exceeding 200 grams, namely Department of Frequency Wave (MOTT) and Department of Civil Aviation (MPWT). Now only Department of Civil Aviation (DCA) oversees issuing the import permit.
13.	Import permit for walkie-talkie equipment	Department of Frequency Wave, Ministry of Technology and Telecommunication	Notification on Import and Registration of Walkie-Talkie for communication channel, no. 911/MPT.CO, dated 26 May 2020	TBT (Classified by NTMs team)	For national security	Completed. The procedures and documents for issuing the import permit of walkie-talkie equipment was streamlined and clearly stipulated in Decision no. 911. However, DIMEX will work with the DFW on the further improvement of the import licensing.
14.	Import permit for Ozone depleting substances	Department of Environment, MONRE	Decision on Controlling Pollutions no. 1687/MONRE, dated 07 April 2021.	TBT (Classified by NTMs team)	For environment protection	Completed. Refer to Decision no. 1686/MONRE, the "Ozone depleting substances" were changed into "substances under Montreal Protocol". The import permit has been streamlined from each import permit into annual import permit.
15.	Import certification for quality of electronic and electric appliances	Department of Standard and Metrology, MOIC	Decision on the Safety Management of Electrical and Electronic Equipment no. 1573/DSM.MOST, dated 27 November 2020.	TBT (Classified by NTMs team)	To ensure quality and safety to consumer	Completed. In March 2019, the DOSM assigned its officials to undertake the quality inspection/testing of electronic and electric appliances at the FB1 border checkpoint which caused delay and high cost for import. After number of consultation meetings organized by DIMEX

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
						and the GOV, it was decided by the DPM to permanently suspend the quality inspection at the border and undertake the post market inspection instead. Therefore, the DOSM has issued the Decision no. 1573/DSM to replace the old one.
16.	Import permit for chemicals	Department of Industry and Handicraft, MOIC	Decision on Registration for Import, Export Chemicals and Carrying Chemicals Across Borders no. 1204/MOIC.DIH, dated 24 December 2020.	TBT (Classified by NTMs team)	To protect human's health and safety and environment	Completed. The procedures, forms, and documents for issuing import and export registration/permit of chemicals (type 2, 3, 4) were clearly stipulated in Decision no. 1204/MOIC.DIH which supplement the content of the Chemicals Control Law no. 07/NA, dated 10 November 2016. However, there will be further discussion between MOIC, MOH, MAF on the management of some types of chemical substances which are not unified.
17.	Export permit for chemicals	Department of Industry and Handicraft, MOIC				
18.	Certification of preferential treatment entitlement	Department of Customs, MOF	Decision on Continuing to Allow Customs Border Checkpoints for Verifying Preferential Tariff Rates of the ATIGA-FORM D of 11 import Companies, No.03682/DOC, on 30 July 2021.	General measure (Classified by NTMs team)	To certify the preferential treatment entitlement in consistence with commitments of Lao PDR	Completed. Vide Decision no. 03682/CD, the issuance of certificate for preferential treatment entitlement was streamlined from the issuance at only one place (i.e., at the LCD). The certification was authorized to the international border checkpoints to issue ATIGA-Form D certificate for 11 companies as a pilot project for the implementation of AEO. The LCD will urge more traders to join AEOs.
19.	Approval of domestic movement for white charcoals	Department of Forestry, MAF	. Instruction on the Management of White Charcoal Production and Movement No.5952/MOAF, date 23 December 2022.	General measure (Classified by NTMs team)	For protection of natural resource	Complete. DOF has issued the Instruction no. 5952. The movement of white charcoal (district to district, province to province), the Agriculture and Forestry Offices in district are authorized to solely issue the permit (in the past, there were two permits, one at district and the another one at provincial level). For export, the Agriculture and Forestry Office in Provinces are authorized to solely issue the permit. The site inspection before movement and export has been streamlined, only representative from the Forestry Sector to conduct inspection and not exceed three representatives (There were number of relevant sectors involved)
20.	Export permit for white charcoal			Non-automatic license (Classified by NTMs team)		

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
21.	Import permit for ICT products	Department of Digital Technology, Ministry of Technology and Telecommunication	Decision on the Import and Distribution of ICT Equipment No. 3201/MPT, dated 16 November 2016.	TBT (Classified by NTMs team)	To ensure the quality and safety to consumer and society	In substantial progress. The DODT is in the process of developing the online system for import permit (not LNSW). The DODT is also in the process of revising the Decision no. 3201/PTC. The DOTF is suggested to use the LNSW for its import permit in near future since online system will be integrated with the border clearance system (ASYCUDA).
22.	Technical permit for import of vehicle	Department of Transport, MPWT	Law on Inland Vehicles no. 04/NA, date 16 November 2021.	TBT (Classified by NTMs team)	For consumer safety	In substantial progress. The MPWT has completed the Law no. 04/NA which will be the base for drafting regulations to supplement the law, especially streamlining the technical certificate for import of vehicles and vehicle parts. The model-based import permit of vehicles will be introduced in the new regulations according to the signed MRAs.
23.	Technical permit for import of vehicle parts		Provisions on Technical Standards and Accessories of Vehicles that are Authorized for Import, Registering and assembling for using in Lao PDR no. 4312/MCTPC, dated 11 November 2002.			
24.	Export permit for non-timber forest products (NTFPs)	Department of Forestry, MAF	Law on Forestry (Amended) no. 64/NA dated 13 June 2019. Decision on the Determination of NTFPs I, II and III, no. 0279 / MAF, dated 19 February 2020.	Non-automatic license (Classified by NTMs team)	For protection of natural resource	In partial progress. MAF and MOH are in the process of discussion on the overlapping management of NTFPs export since the laws and regulations of each ministry are not unified, especially the management of NTFPs which are in the list of pharmaceutical natural resource. Meanwhile, the MOH is drafting the Law on the Management of Traditional Medicine which will replace the Decree no. 155/PM. The draft law was discussed and presented to the National Assembly.
25.	Approval for domestic movement of NTFPs	Department of Forestry, MAF	Order on Planning for Exploration, Management of Buying and Selling, Moving and Exporting Non-timber Forest Products, No.4266/MOAF, date 07 October 2022. Law on Forestry (Amended), No. 64/NA, dated 13 June 2019. Decision on the determination of NTFPs I, II and III, No.0279 / MAF, dated 19 February 2020.	General measure (Classified by NTMs team)	For protection of natural resource	In partial progress. The DOF has issued Order no. 4266/MOAF. However, this Order does not stipulate the procedure, form, and documents required for approval of the domestic movement of NTFPs. DIMEX will continue to work with the DOF on this specific issue.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
26.	Approval of domestic movement of natural wood	Department of Forestry, MAF	Notification on the Movement and Export of Timber and Non-timber Forest Products no. 2522/DOF, dated 11 November 2016. Law on Forestry (Amended), No. 64/NA, dated 13 June 2019.	General measure (Classified by NTMs team)	For protection of natural resource	In partial progress. The DOF is in the process of revising Notification no. 2552/DOF in line with Law of Forestry no. 64/NA.
27.	Approval of domestic movement for wildlife and wild plants	Department of Forestry, MAF	Decision on the Establishment and Management of Zoos, Wildlife Farms, Center of Rehabilitation and Wildlife Breeding and Plantations no. 0188/MAF, date 03 February 2019. Law on Wildlife and Aquatic Resources No. 07/NA dated 24 December 2007.	General measure (Classified by NTMs team)	For sustainability of natural ecosystem and to comply with CITES	In partial progress. The DOF is in the process of revising the Law no. 07/NA.
28.	Import permit for wildlife and wild plants			SPS (Classified by NTMs team)		
29.	Export permit for wildlife and wild plants			SPS (Classified by NTMs team)		
30.	Import license for road vehicles	Department of Import and Export, MOIC	Decision on the Procedures for Vehicle Import and Distribution in the Lao PDR no. 0075/MOIC.DIMEX, dated 03 January 2012.	Automatic license (Classified by NTMs team)	For statistical collection	In partial progress. DIMEX is in the process of revising the Decision no. 0075/MOIC.DIMEX with the aim to remove the import permit once the E-stat becomes fully functional. DIMEX has streamlined its import licensing by using LNSW since 2019. In addition, DIMEX has removed the import license of tractor by the Order no. 0982/MOIC (2021).
31.	Import license for gas	Department of Import and Export, MOIC	Decision On the Procedure for Import and Distribution of Gas in the Lao PDR no. 0238/MOIC.DIMEX, dated 02 February 2012.	Automatic license (Classified by NTMs team)	For statistical collection	In partial progress. DIMEX is in the process of revising the Decision no. 0238/MOIC.DIMEX with the aim to remove the import license once the E-stat is full-functioned. DIMEX has streamlined its import licensing by using LNSW since 2019.
32.	Import permit for wood products	Department of Import and Export, MOIC	Decision on the Procedure for Timber Import no. 0451/MOIC.DIMEX, dated 01 March 2012.	Automatic license (Classified by NTMs team)	For statistical collection	In partial progress. DIMEX is in the process of revising the Decision no. 0451/MOIC.DIMEX.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
33.	Import permit for rice	Department of Import and Export, MOIC	Decision on the Procedures for Rice Import and Export in the Lao PDR no. 0452/MOIC.DIMEX, dated 01 March 2012.	Non-automatic license (Classified by NTMs team)	For food security	In partial progress. DIMEX has completed the guideline on the rice balancing mechanism in 2021. Currently, it is in the process of implementing pilot project in 5 provinces. This project is supported by the WB's Agriculture Competitiveness Project. After that, DIMEX will conduct assessment of the pilot project which will be used for the revision of Decision no. 0452 to ensure the adequate food security across the country.
34.	Export permit for rice					
35.	Import certification for timber extraction machineries	Department of Import and Export, MOIC & Department of Forestry, MAF	Law on Forestry (Amended), no. 64/NA, dated 13 June 2019.	Non-automatic license (Classified by NTMs team)	For protection of natural resource	In partial progress. DIMEX planned to draft regulation to supplement the law no. 64/NA (in the process of drafting the Decision) which is expected to complete by 2023
36.	Import permit for published materials and publication	Department of Literature and Publication, MOICT	Decision on Procedures for Importation and Distribution of Publications no. 518/MICT, dated 13 June 2012.	Automatic license (Classified by NTMs team)	For statistical collection	In partial progress. DOLP is in the process of revising law on publication no. 05/NA, dated 9 December 2008 in consistent with the current circumstance which is expected to complete in 2024. After that the Decision no. 518 will be revised accordingly.
37.	Import permit for food and food products	Food and Drug Department, MOH	Decision on Export-Import and Transit of Food no. 1166/MoH, dated 21 June 2018.	SPS (Classified by NTMs team)	For consumer health and safety	In partial progress. FDD is in the process of revising the Decision no. 1166/MOH which is expected to complete by 2023. FDD is planning to streamline its processing for import permit by using LNSW which is expected to start the pilot project for food import in January 2023
38.	Import permit for medicines (pharmaceutical products)	Food and Drug Department, MOH	Regulation Governing Drug Registration no. 1441/MOH, dated 13 August 2003	TBT (Classified by NTMs team)	For consumer health and safety	In partial progress. FDD has issued the Decision on Registration of traditional medicine no. 169/MOH, date 25 January 2022. However, the revision of Provision no. 1441/MOH is still in the progress.
39.	Import permit for additive substance, substances on psychoanalysis and chemicals	Food and Drug Department, MOH	Decision on the Management of Narcotic Drugs, Nerve Affecting Substances, and Basic Chemical Substances no. 456/MOF dated 19 April 2006.	TBT (Classified by NTMs team)	For consumer health and safety	In partial progress. FDD is in the process of revising the Decision no. 456/MOH.
40.	Import permit for alcoholic products	Department of Hygiene and Health Promotion, MOH	Law on Alcohol Control no. 54/NA, dated 19 December 2014	TBT (Classified by NTMs team)	For consumer health and safety	In partial progress. The DHHP has completed the draft decree on the alcohol penalty, and in the collaboration with the FDD on drafting regulation related to import licensing for alcoholic product to supplement the Law no. 54/NA.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
41.	Import certification for quality of construction materials	Department of Standard and Metrology, MOIC	Decision on the Management, Inspection, and Certification of Construction Material Products in Lao PDR no. 0307/MOST, dated 01 March 2018.	TBT (Classified by NTMs team)	To ensure quality and safety to consumer	In partial progress. The DOSM is in the process of revising Decision no. 0307/MOST.
42.	Import certification for quality of fuel	Department of Standard and Metrology, MOIC	Decision on the Management, Inspection, and Certification of Fuel no. 0541/MOST, dated 8 June 2016.	TBT (Classified by NTMs team)	To protect national benefit and consumer safety	In partial progress. The DOSM is in the process of drafting regulation for conducting the post border control of fuel.
43.	Approval of import plan for loan and development projects	Department of Public Debt Management, MOF	Instruction on the implementation of Tariff-Tax Exemption for the Import of Object, Equipment, and Vehicle for Loan and ODA Projects no. 2560/MOF, dated 09 August 2016.	General measure (Classified by NTMs team)	To promote investment with customs duty and tax incentives	In partial progress. This reform took quite long since the Department of External Finance and Public Debt Management was recently split into two departments. Currently, the Department of Public Debt Management (DPDM) is responsible for the approval of import plan for loan and ODA projects. DIMEX will continue to collaborate with DPDM on this reform.
44.	Import permit for fertilizer	Department of Agriculture, MAF	Decision of Minister on Fertilizer Management in Lao PDR no. 2169/MAF, dated 24 October 2013.	TBT (Classified by NTMs team)	To ensure safety for human, plant, and animal and to protect environment	In partial progress. The DOA is in the process of revising the Decision no. 2169/MAF by upgrading it into the decree.
45.	Import permit for pesticides (medium dangerous)	Department of Agriculture, MAF	Decree on Pesticide Management No.258/GOL, dated 24 August 2017	TBT (Classified by NTMs team)	To ensure safety for human, plant, and animal and to protect environment	In partial progress. The DOA is in the process of drafting regulations to supplement the contents of Decree no. 258/GOV.
46.	Import permit for pesticides (minimal dangerous)					
47.	Import permit for pesticides (long term effect)					
48.	Export permit of pharmaceutical natural resource	Food and Drug Department, MOH	Decree on Natural resource for medicines (Pharmaceutical Natural resource) No. 155/PM, dated 30 September 2003.	Non-automatic license (Classified by NTMs team)	For protection of natural resource	In partial progress. MAF and MOH are in process of discussion on the overlapping management of NTFPs export since the laws and regulations of each ministry are not unified, especially the management of NTFPs which are in the list of pharmaceutical natural resource. Meanwhile, the MOH is drafting the Law on the Management of Traditional Medicine which will replace the Decree no. 155. The draft law was discussed several times and presented to the National Assembly.

No.	Measures	Responsible Organization	Legal Document	Measure Type	Objective	Comment/Status
49.	Import permit for medical equipment	Food and Drug Department, MOH	Law on Drugs and Medical Products No. 07/NA dated 21 December 2011.	TBT (Classified by NTMs team)	For consumer health and safety	In partial progress. The FDD is in the process of drafting regulations to supplement the contents of Law no. 07/NA.
50.	Import permit for mineral and mineral products	Department of Mining Management, MEM	Decision on the Import and Export Licensing Procedures of Minerals and Mineral Products, No. 0352/MEM, dated 13 March 2012. Notification on the Procedure to request Plan and Mineral Product for Distribution No. 0011/DOM3, dated 04 January 2019.	Automatic license (Classified by NTMs team)	For statistical collection	In partial progress. The DMM is in the process of revising the Decree, Regulations, and Notifications related to import and export mineral product. These activities are supported by CF fund under LCT project.
51.	Export permit for mineral and mineral products			Non-automatic license (Classified by NTMs team)	For natural resource protection	

Table 7- Status of NTMs with reform initiatives