Maintaining a National Committee on Trade Facilitation

“Ensuring the Proper Functioning and Long-term Adaptability of the Trade Facilitation Secretariat of Lao PDR”

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1. Background

• High trade costs of being landlocked and lack of policy coordination result in low trade competitiveness.

• To address these obstacles, the TFS, among others, was established in 2010 under the National Steering Committee for Economic Integration:
  - Deputy Prime Minister’s Decision on Organization and Role of the Trade Facilitation Secretariat, No. 023/NSCEI, dated 20 October 2010.
  - Prime Minister’s Degree on Organization and Role of the National Steering Committee for Economic Integration, No. 118/PM, dated 11 July 2008.

• Office of the TFS is located in the Department of Import and Export (MOIC), which serves as a focal point for coordinating policies and following up with implementation of trade facilitation in Laos.
2. Ensuring the Proper Functioning of TFS

• TFS function – principle vehicle for discussing national trade facilitation issues and priorities, and ensuring effective coordination of TF strategy (Fig. 1).

• Ensuring TFS function – meeting and reporting arrangements to review the progress of trade facilitation reform.
  - Ordinary meeting – twice a year to discuss and seek solutions on trade facilitation issues.
  - Special meeting – whenever important trade issues, especially those relating to private sector, emerge and need to resolve urgently.
Figure 1: Coordination Mechanism of TFS in Lao PDR
3. Securing Long-term Political Support

• Key strategies for securing long-term political support:
  (1) to engage senior government officials in the early stage of the establishment of the TFS;
  (2) to achieve tangible benefits from trade facilitation.

• Chair of TFS – Minister of Industry of Commerce.

• Vice chair of TFS – Director Generals from four key departments, i.e. Import and Export Dept (MOIC), Customs Dept (MOF), Transport Dept (MPWT), and Agriculture Dept (MAF).

• Members of TFS – Director Generals from various departments of trade-related government agencies and representatives of private sector (Fig. 2).
Figure 2: Organizational Structure of TFS

Minister of MOIC (Chair)

Vice Chair

Director General, Department of Import and Export, MOIC
Director General, Lao Customs Department, MOF
Director General, Transport Department, MPWT
Director General, Agriculture Department, MAF

Director General, Food and Drug Department, MOH
Director General, Foreign Trade Policy Department, MOIC
Director General, Investment Promotion Department, MPI
Director General, Treaties and Law Department, MFA

Director General, Department of Livestock and Fishery, MAF
Director General, International Relation Department, BOL
Director General, Department of Industrial Property, Standardization and Metrology, MST
Director General, Institute of Posts and Telecommunications, MPT

Secretariat, Lao National Chamber of Commerce and Industry

MOIC: Ministry of Industry and Commerce
MOF: Ministry of Finance
MPWT: Ministry of Public Works and Transport
MAF: Ministry of Agriculture and Forestry
MOH: Ministry of Health
MFA: Ministry of Foreign Affairs
MPS: Ministry of Public Security
BOL: Bank of Lao PDR
MST: Ministry of Science and Technology
MPT: Ministry of Posts and Telecommunications
4. Dealing with the Rotation and Replacement of Representatives to the TFS

• TOR of the TFS defines the role of its chair and members by the position title.

• For example, Minister of the Industry and Commerce serves as the chair of the TFS, and Deputy Director Generals from relevant departments across ministries serve as members of the TFS.

• In this case, the replacement of representatives to the TFS does not change the structure of the TFS.
5. Key Success Factors and Challenges

• Key achievements:
  - **WTO accession**: revised and formulated legal documents consistent with WTO rules.
  - **WTO TFA**: conducted needs assessment of trade facilitation; notified Cat. A to the WTO; and ratified the WTO TFA to the WTO.
  - **National TF reforms**: formulated and implemented Trade Facilitation Strategy of Lao PDR; revised several legal documents; addressed trade issues faced by the private sector; and operated the Lao PDR Trade Portal (LTP) since July 2012.

• Impact on trade cost:
  - **Regulatory environment** in Lao PDR has been greatly improved. According to the World Bank’s ease of doing business indicator, Lao PDR was ranked **159 out of 189 countries in 2014**, which improved from **171 out of 183 in 2011**.
  - **Time to export** reduced from 36 days in 2011 to 23 days in 2014, while **time to import** reduced from 37 days to 26 days over the same period (World Bank’s Doing Business Annual Reports).
  - **Cost of export** per container reduced from US$2,379 in 2011 to US$2,091 in 2014, while **cost of import** per container reduced from US$2,609 to US$2,048 over the same period (World Bank’s Doing Business Database).
  - The mean of **clearance time** decreased by 36%, from 17.9 hours in 2009 to 11.4 hours in 2012, while the mean of **document processing time** decreased by 67% from 8.8 hours to 2.9 hours over the same period (Lao PDR’s Time Release Study, 2012).
5. Key Success Factors and Challenges (Cont.)

• **Key success factors:**
  - Strong political commitment
  - Availability of financial resources through Trade Development Facility Project administered by the World Bank and financially supported by Australia, the European Union, Germany/GIZ, Irish Aid, and the World Bank.
  - Involvement of the private sector
  - Inter-agency coordination among public and private sectors.
5. Key Success Factors and Challenges (Cont.)

• Key challenges:
  - Trade-related government agencies have limited knowledge on trade facilitation.
  - Degree of coordination between central and provincial levels in the formulation and implementation of trade-related policies is still low.
  - Trade-related regulations and laws must be fully enforced to ensure common border procedures and uniform documentation requirements nationwide.
6. Conclusion

• **Political support** – driver of trade facilitation to push the national TF reform.

• **Good coordination** – build and strengthen commitment for TF reform.

• **Selection of a “champion”** – build a team work to initiate and implement the reform.
Thank You for Your Attention

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