

# **Non-Tariff Measures in Lao PDR**

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# I. Overview

- ❑ Laos had a significant development in recent years but is still an LDC.
- ❑ The importance of job creation and higher value products.
- ❑ **NTMs program in Lao PDR**
  - NTMs program in Lao PDR started from 2013 to September 2018 which was supported by the multi development partners under TDF2 project.
  - Continued the NTMs program in the Pillar B of Facilitating Trade and Connecting to Markets under new project, called “Lao PDR Competitiveness And Trade Project”.

Project life: 2019-2022.

## II. NTMs Streamlining

### 2.1 Coordination Mechanism:

The National Trade Facilitation Committee (NTFC) was established according to the Prime Minister's Order no. 48/PM, dated 26 July 2018. There are two levels:

- ❑ The Leading Committee on Trade Facilitation in Central level (LCTFC) chaired by Deputy Prime Minister.
- ❑ The Trade Facilitation Committee in Provincial Level (TFCP) chaired by Deputy Governor of Provinces.

The secretariat of LCTFC was also established according to the Decision of the Head of LCTFC no. 001/LCTFC, dated 26 December 2018.

## II. NTMs Streamlining (cont.)

### 2.2 Legal basis for NTMs Streamlining:

- ❑ **PM's Order on Improvement of Regulations and Coordination Mechanism for Doing Business in Lao PDR no. 02/PM, dated 01 February 2019.**
- ❑ **PM's Order on facilitating import-export, temporary import, transit, and transfer goods in Lao PDR no. 12/PM, dated 16 October 2019. The orders aims to:**
  - Improve the Trading Across Border indicator of the Ease of Doing Business report by minimizing time and procedure for import and export of goods at least 50% by 2019-2022.
  - Ensure the implementation of trade facilitation in line with WTO-TFA.
  - Trade regulatory reform by addressing NTMs and procedural/documentary obstacles faced by private sectors.

## II. NTMs Streamlining (cont.)

### 2.3 NTMs Classification:

- There are 323 measures (Updated December 2019) have been classified as NTMs from over 118 regulations. These consists of:
  - 93 measures for import/export licensing and permit.
  - 72 measures for fees and charges collection related to import and export.
  - Other NTMs.

## II. NTMs Streamlining (cont.)

### 2.4 NTMs Classification (cont.):

No.	NTMs Chapter	Description	NTMs	Proportion (%)
1	A	SPS Measure	60	18.58
2	B	TBT Measure	107	33.13
3	C	Pre-shipment Inspection and other Formalities	21	6.5
4	E	Non-automatic Licensing, Quotas, Prohibitions... measures other than for SPS or TBT Reasons	6	1.85
5	F	Price-control Measures, including Additional Taxes And Charges	55	17.03
6	P	Export-related Measures	74	22.91
<b>Total</b>			<b>323</b>	

## II. NTMs Streamlining (cont.)

### 2.4 NTMs Classification (cont.):

No.	Agency	Number
1	Ministry of Agriculture and Forestry	101
2	Ministry of Health	72
3	Ministry of Industry and Commerce	34
4	Ministry of Science and Technology	27
5	Ministry of Finance	21
6	Ministry of Post and Telecommunication	20
7	Ministry of Information, Culture and Tourism	20
8	Ministry of Natural Resource and Environment	7
9	Ministry of Energy and Mine	6
10	Ministry of National Defense	5
11	Ministry of Public Work and Transport	4
12	Bank of Lao PDR	4
13	Ministry of Public Security	2

## II. NTMs Streamlining (cont.)

### 2.5 Trade Regulations and Procedures Reform:

#### Export of Minerals Product:

- Reduce time for issuing the Customs Officials Notice at the Customs Department (MOF) to the customs border for collecting duties, taxes and charges in every shipment (takes about two to five days in the past) ➔ **Issuing the Customs Official Notice once unless the amendment of the concession contract.**

#### Import of Vehicle Spare Part (For assembling or producing):

- Cut out the unnecessary and overlapped procedure for import licensing/certification of two departments under MOIC (DIMEX and DIH) ➔ **Only DIH issue an import certification which reduces time from six days to two-three days.**



## II. NTMs Streamlining (cont.)

### Results:

- ❑ **The Trading Across Borders (TAB) indicator has been significant improved in the Ease of Doing Business 2019:**
  - The ranking of TAB goes up by **48** from 124 (2018) to **76 (2019)** or achieve the target by 39.% (of 50%). The TAB indicator of Lao PDR is ranked as 4<sup>th</sup> in ASEAN.
  - Time to proceed a documentary compliance for both import and export reduces by **156 hours (6.5 days)** from 216 hours (9 days) to **60 hours (2.5 day)**.
  - Time to proceed a border compliance reduces by 3 hours:
    - Import reduces from 14 hours to **9 hours**.
    - Export reduces from 12 hours to **9 hours**.
- ❑ **However, the latest Ease of Doing Business 2020 (24 October 2019) shows the ranking of TAB goes down from 76 (2019) to 78 (2020).**

# III. Trade Transparency

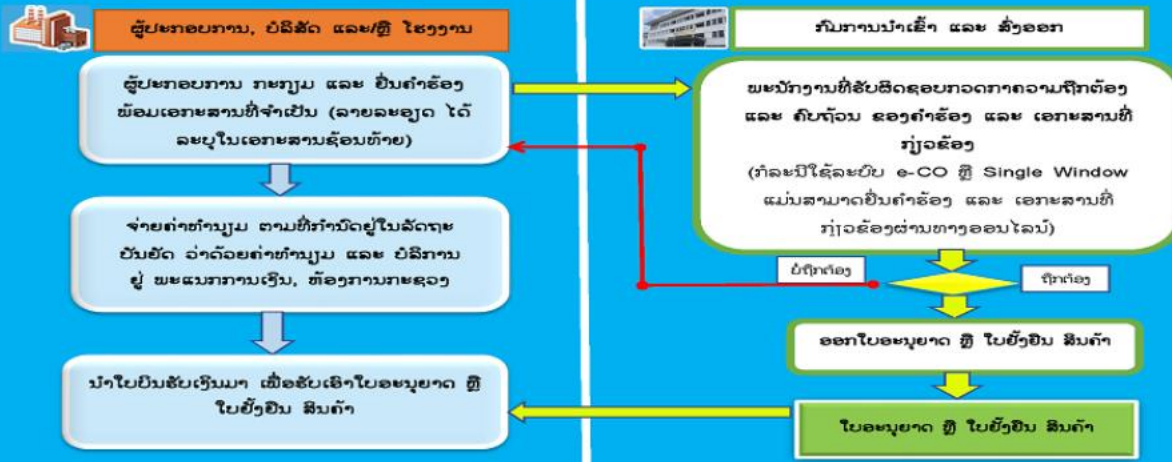
- **Lao PDR Trade Portal is used as the National Trade Repository to:**
  - Provide trade information of Lao PDR for public and private sectors, researchers and students by online.
  - Centralize all information sources on the regulations of import, export, transit trade, re-export as well as to improve the trade predictability and transparency.
  - Enhance capacity on trade competitiveness for private sectors to comply with international norm.
  - Ensure the compliance with WTO (Article X, GATT) and ASEAN (Article 13, ATIGA) Obligation.

Lao PDR Trade Portal  
 In 2019, about 500,000  
 page views

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ຂັ້ນຕອນ ການອອກໃບອະນຸຍາດນໍາເຂົ້າ-ສົ່ງອອກ, ໃບຢັ້ງຢືນການຜ່ານແດນ ແລະ ການນໍາເຂົ້າເພື່ອສົ່ງອອກຕໍ່,  
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# ASEAN TRADE REPOSITORY

TRANSPARENCY

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In line with the ASEAN Trade in Goods Agreement (ATIGA), the ASEAN Trade Repository (ATR) is intended to provide transparency on the trade and customs laws and procedures of all ASEAN Member States. The ATR is an electronic interface through which the public can freely access the information available on the National Trade Repositories (NTRs) of each AMS.

## ASEAN MEMBER STATES



Brunei Darussalam



Indonesia



Malaysia



Philippines



Thailand



Cambodia



Lao PDR



Myanmar



Singapore



Vietnam

## TOPICS

- Tariff nomenclature
- MFN tariffs, preferential tariffs offered under the ATIGA and other Agreements of ASEAN with its Dialogue Partners
- Rules of origin
- Non-tariff measures
- National trade and customs laws and rules
- Procedures and documentary requirements
- Administrative rulings
- Best practices in trade facilitation applied by each Member State
- List of authorised traders of AMSs



This database contains the standards that ASEAN has harmonized towards the existing relevant international standards, as mandated under the ATIGA.



# IV. Export Competitiveness

- **The Agriculture Development Strategy to 2025 and Vision to the year 2030 determines that:**
  - Develop the sector and agricultural production until the year 2020 and 2025. In 2030 aims at ensuring food security.
  - Produce comparative and competitive potential agricultural commodities, developing clean, safe and sustainable agriculture and shift gradually to the modernization of production
  - Prioritized products such as **rice, maize, coffee, sugar canes, rubber, cattle, vegetables and other cash crops**. The agriculture products could be raw materials to supply processing factories such as food industry (finished and semi-finished), animal feeds processing, other products in order to add values in export.

## IV. Export Competitiveness (Cont.)

- Currently, the Lao PDR has two crop plantation standards that are certified including: 1) Good Agriculture Practice (GAP) standard and 2) Organic Agriculture (OA) production.
- However, standards are still voluntary standards. Therefore, it is necessary to develop the following standards:
  1. Develop a national crop plantation standard that can be applied to every targeted crop farm and producer's group for producing domestic commercial products.
  2. Upgrade the 2 existing standards up to the international level in order to make them recognized by foreign markets.

**The Industry and Commerce Sector as well as agriculture entrepreneurs play a role in improving and upgrading capacity in processing to create value added.**

# IV. Export Competitiveness (Cont.)

## Some projects involved:

- ❑ **Lao Agriculture Competitiveness Project (LACP)** which is funded by International Development Association (IDA) and Government of Lao PDR (GOL). The project is executed by the Ministry of Agriculture and Forestry (MAF) and Provincial Agricultural and Forestry Offices (PAFOs) of 5 provinces (Khammouane, Bolikhamxay, Xayabouly, Vientiane province, Vientiane Capital) within 6 years since 2018 to 2024. The objective is to increase competitiveness of selected agricultural value chains in the project areas.
- ❑ **ARISE Plus Program** is a four-year project (2019-2022) under EU's Multiannual Indicative Program for Asia. ITC will support the Lao government to improve the business environment with a focus on regional economic integration and increase trade and participation in global value chains in targeted sectors.

# V. Challenges

## □ Challenge:

- After LDC graduation – a reduction in ODA and a decline in the privileged trade treatment granted to Laos which will impact the manufacturing and export sectors.
- Addressing the issues faced by traders always take delays.
- Dissemination of the newly introduced NTMs or legal amendment related to import and export to relevant public and private sectors is not good which reflects to the ranking of EDB every year.
- No serious action taken to conduct a review and revision of legislations related to import and export, in particular the old regulations.
- Apply electronic system for issuing of import and export permit as well as the payment of duties, taxes, fees and charges.
- Adopt some mandatory standard for the products that are harmful to consumer's health and safety.



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