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Laos-US International and ASEAN Integration (LUNA- Lao) Project Quarterly Report

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Laos-US International and ASEAN Integration Project (LUNA-Lao) Quarterly Report

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Submitted By

Steve Parker

LUNA-Lao Project Director and Resident Trade Advisor

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Introduction

The objective of the [Laos-US International and ASEAN Integration Project](#) (LUNA-Lao) is to support the Lao PDR to draft, analyze, promulgate and implement the array of legal and economic policy reforms and institutional capacity building needed to accomplish the following objectives:

- Support the effective implementation of the U.S.-Laos Bilateral Trade Agreement (BTA);
- Support the timely accession of Laos to the World Trade Organization (WTO);
- Support Laos to fulfill its commitments to the ASEAN Economic Community (AEC); and,
- More generally, support the long-term development strategy of Laos to sustain strong, broad-based economic development and poverty reduction with strengthened rule of law and governance.

These trade agreements have far reaching impact, not only on commercial activity in Laos, but also on important elements of governance and the rule of law. To be most successful, the modernization and deepening of the Lao legal system and the integration of its economy into regional and global markets that are driven by effectively implementing the trade agreements can serve as an integral and quite positive component of Laos' long-term development strategy. Although the specific mandate for the Project is to support implementation of the trade agreements, the more general and ultimately more important project goal is to help Laos utilize the trade agreements to lay a strong foundation for sustained, broad-based development in Laos well into the future.

This document provides a Quarterly Report on LUNA-Lao activities from April through August 2010, in line with the LUNA-Lao Workplan for 2010 approved by the Ministry of Industry and Commerce (MOIC) and the U.S. Agency for International Development (USAID) in June/July, 2010.

Chapter I reports on the completion of on-going, enhanced activities that were initiated under Phase II of the Project. Chapter II reviews the status of newly initiated demand-driven activities under Phase III of the Project, reporting on both accomplishments to date and plans for further activity. Chapter III reports on the status of Project management issues and donor coordination. Chapter IV updates the time-line for Project activities.

1. Status Report on Finalizing Enhanced Phase II Activities

The following provides an update on finalizing enhanced Phase II activities as of August 2010.

1. **Public-Private Dialogue for Trade Negotiations** – In January 2010, the Project supported the MOIC’s Foreign Trade Policy Department (FTPD) to organize a productive “Workshop on Public-Private Dialogue for Trade Agreements.” A Project Report on Public-Private Policy Dialogue for Trade Negotiations will be submitted to the FTPD shortly. Key follow-up steps, which will be included as a Phase III activity, will be determined after review of the recommendations and further discussions with the FTPD.
2. **Reading Room** – Given the pending relocation of the FTPD offices, the establishment of an International Trade Reading Room will be delayed until the new quarters have been constructed. In response to a request from FTPD, in August 2010, the Project procured some equipment that can be used productively now and then eventually housed in the Reading Room – including a projector, screen, and scanner. These will also be used to support LUNA-Lao activities.
3. **FTPD Website and Communication Capabilities** – After making considerable progress on developing the FTPD webpage from February to April 2010, progress stalled when there were delays in upgrading internet capabilities. In June, the project provided support to upgrade the MOIC’s internet capacity to enhance their communication capabilities. In August, LUNA completed the purchase and installation of a server with related hardware and software to more fully support the operation on of the FTPD website.

The FTPD has noted that internet communications have clearly improved following LUNA-Lao upgrading of internet and server capabilities – enhancing staff productivity, facilitating communication within the MOIC and with stakeholders outside the ministry, and providing the basis for uploading content onto the website.

The next key steps for developing the website are to upload core data and information to the website, conduct a pilot test of a fully operational website, and develop the internal FTPD capability to regularly maintain and update the website over time. From internal staff discussions, **we recommend that a new FTPD Website Task Force be re-constituted to move the completion of the FTPD webpage forward as quickly as possible.**

Once the website is completed, MOIC/FTPD and USAID will organize a release event. Over time, it will be critical not only to maintain and update the FTPD website, but also to coordinate the FTPD website with other MOIC sites, including the Trade Portal on Trade Facilitation that

will be developed by the MOIC's Department on Exports and Imports through Trade Development Fund support, and with the MOIC export promotion website.

4. **Manuals for Lao Exporters** – Taking into consideration comments from the FTPD, finalized manuals for Lao exporters in five sectors were submitted to the FTPD in August, 2010. Translation of these into Lao has begun. The current schedule is to complete translation and publication of around five hundred copies for each of the five manuals by the end of October (with each manual including a Lao and English version). Shortly thereafter, a release event will be organized and the manuals will be distributed to key target groups throughout Laos, especially businesses with the potential for exporting the products covered in the manuals.

5. **Intellectual Property Rights Needs Assessment** – LUNA-Lao submitted for comments the full, comprehensive Assessment of the Lao PDR Intellectual Property System to the FTPD and the National Authority for Science and Technology (NAST) in June 2010. We received written comments from the FTPD, and we expect verbal comments from NAST. Given the length and detail of this report, and based on a request from NAST, LUNA-Lao is developing a shorter “Summary of Key Findings from the Lao PDR Intellectual Property Assessment” (this is a Phase III activity). This should be completed and submitted to the FTPD and NAST in September, 2010. Once approved, LUNA-Lao will translate the Summary and publish the “Summary Report on IPR” in a publication with both Lao and English versions (likely with several hundred copies). The full, comprehensive report (which is more than 200 pages) will be provided in a desk-top version in English only. Both the summary and full version will be posted on appropriate webpages. Given the time required for translation and publication, our target date for finalizing and releasing the Summary Report is November, 2010.

2. Status Report on Phase III Activities

The following provides a status report as of August 2010 on technical assistance activities that were requested from discussions with Lao counterparts in the FTPD, the Ministry of Justice (MOJ), the Customs Department (Customs), NAST, and the Committee for Economy, Finance and Planning in the National Assembly. These activities were approved in the Workplan for 2010.

- 1. Support the Full Implementation of a Demand-Driven Technical Assistance Approval Process** - On June 3-4, 2010, leadership from USAID, the U.S. Embassy in Laos, and the FTPD met in Vientiane to review a draft of the LUNA-Lao Workplan for 2010. After productive discussions, the Workplan was approved in principle, and a process for final, formal approval was established. With minor adjustments, the Workplan was formally approved through a letter co-signed by USAID/RDMA leadership on June 30, 2010 and by MOIC leadership – Vice-Minister Khemmani Pholsena -- on July 7, 2010. A process was developed in line with Lao PDR government procedures for how LUNA-Lao, the FTPD and the various line ministries and National Assembly will coordinate and implement project activities. These steps will be completed for each “large” TA activity, particularly for an activity involving a large expenditure or a trip to Laos by international short-term technical assistance (STTA) experts, as follows:
 - a. LUNA-Lao will work closely with the appropriate technical Lao counterparts and the FTPD to develop a concept paper of proposed activities.
 - b. The FTPD will include the concept paper in an “official” letter sent by the FTPD to the appropriate line ministry to facilitate the activities.
 - c. LUNA-Lao (with comments by the technical counterpart) will provide a trip/activity report that will describe the contributions of the activity, including important success stories, and suggest key follow-up steps.

For TA work such as comments on legal drafts and other activities that do not involve a visiting advisor or major expenditures, LUNA-Lao will communicate verbally with key counterparts, conduct the activity, submit the outputs to our technical counterpart and the FTPD, and

will report on this work in meetings and quarterly/annual reports. We understand that these types of activities do not require concept papers and official letters, as long as they are in line with requested activities listed in a LUNA-Lao Workplan with the appropriate approvals.

A second task that requires further work is to establish the multi-ministry Steering Committee led by the FTPD to supervise LUNA-Lao activities. As noted below, LUNA-Lao will work with FTPD leadership to advance this effort.

Deliverables:

- **The effective operation of several demand-driven TA activities with line ministries and the National Assembly.** LUNA-Lao is conducting major TA activities with NAST on intellectual property issues and on TBT and Standards issues in August and September, and with the National Assembly to support the NA Inter-session meeting in September, which will include a major focus on WTO accession, foreign direct investment quality, and implementing treaties (each of these activities are described in more detail below).
 - **LUNA-Lao's Workplan for 2010 was approved by USAID and the MOIC in late June and early July.**
- 2. Develop a Roadmap of Legal Reforms for WTO Accession, Building Upon the Current WTO Legislative Action Plan** (*with extension to the BTA and AEC*) – This is a major effort that will take time to complete in full. To date, LUNA-Lao is developing detailed analysis with recommendations for legal reforms on the following areas of importance for the trade agreements: a) customs; b) trading rights; c) IPR (i.e. IP Law, UPOV, Berne); d) SPS and TBT points; e) MAS-Q (i.e. metrology, accreditation, standards and quality control, which includes regulations on standards, technical regulations and mutual recognition processes for goods); f) commercial arbitration (required by the BTA); g) legal and regulatory transparency; and h) right to appeal and the complaints process for government decisions. LUNA-Lao will work to organize these various analyses and recommendations into a matrix, and to steadily expand its coverage. In the short-term, this analysis will be used to provide input into the MOJ-led effort to develop a Lao PDR legislative development agenda for 2011-2015. LUNA-Lao has also been asked to support the development of the MOIC's priorities for legislative development. LUNA-Lao's contribution will focus on raising awareness of the importance of establishing legislative reform priorities needed for implementing the trade agreements, supporting the WTO accession process, and modernizing Laos' commercial legal environment. This will serve as a foundation for improving Laos' competitiveness and capabilities to respond to the opportunities and challenges of greater international integration.

Deliverables:

- **Analysis and recommendations for legal reform to comply with trade agreements for IPR and SPS/TBT.** LUNA-Lao is providing detailed recommendations for legal reforms as part of TA activities on IPR and SPS/TBT in August and September. This will be followed up through discussions in September with the MOJ about supporting the establishment of trade-agreement-related priorities for BTA-WTO-AEC-related legislative

action over the next several years. LUNA-Lao will also work with MOIC officials to develop MOIC legislative priorities for 2011-2015.

- **Update of the Lao-US BTA Implementation Matrix.** To support the Lao-U.S. bilateral negotiations that took place in Washington in July, LUNA-Lao worked with FTPD staff to update the Lao-US BTA Implementation Matrix.
- **Translations completed as input for updating the Lao-US BTA Implementation Matrix and the WTO accession process.** A translation to English of the PM decree on user charges was submitted to the FTPD in August, and is being reviewed and refined. A “quick” translation by the IMF is being refined and will be submitted to the FTPD and Customs for comments around the end of August.

3. **Support Public Understanding of the Requirements in Trade Agreements for Legal Transparency and the Drafting of a “Law on Laws” to Enhance Legal Transparency –**

Based on discussions with the MOJ and NA, LUNA-Lao will support a Study Mission to Vietnam in October or November 2010 for Lao policy makers to learn about the impressive reforms made in Vietnam to enhance legal transparency, in line with requirements by trade agreements and commitments to better government and the rule of law. This will include not only a focus on the Law on Laws itself, but also on Vietnam’s successful expansion of its Official Gazettes at both the national and provincial levels – all national-level legal normative documents (LNDs) must be published in the Official Gazette for 15 days before coming into force, and provincial-level LNDs in a provincial Official Gazette. As a background reference, LUNA-Lao has passed Vietnam’s most current Law on Laws and implementing decree to officials in the MOJ, FTPD and NA.

LUNA-Lao is also working with the NA’s SELNA Project (supported by the UNDP) to coordinate the development of a report and draft Law on Laws for Laos, which will include a discussion on the importance of developing a strong Law on Laws with National Assembly leadership during the upcoming Inter-Session meetings in September 2010.

We will set up a meeting in early September to coordinate these activities among the National Assembly and MOJ, and with LUNA-Lao and the UNDP SELNA Project.

Deliverable:

- a. **Meetings and plans are being made to develop a coordinated, systematic TA effort to support the development of a strong Law on Laws for Laos, and for developing an effective and financially-viable Official Gazette.** Key next steps include meetings to coordinate efforts among Lao and donor agencies, and to plan a study mission to Vietnam, most likely in October or November, 2010.

4. **Support for a Ministry of Justice Website –** After further discussions, the MOJ requested that LUNA-Lao focus support on other areas of higher priority to the MOJ rather than developing a

MOJ website at this time. Plans to renovate the MOJ offices affect the capability of developing a webpage in the near term.

5. Support a Strategic TA Package for Advancing the SPS and TBT Legal and Institutional Framework to Comply with WTO Obligations – Work on these issues will be advanced strongly during a two-week visit from September 6-20 to Laos by Ed Nemeroff, LUNA-Lao’s SPS-TBT-MAS-Q expert.

A. Legal-Gap Analysis for How Existing Lao Laws and Regulations Match Up with the SPS and TBT Checklists for WTO Accession. LUNA-Lao is working with FTPD staff to update and provide greater detail regarding the laws and regulations that are in place, or that need to be developed, to meet the requirements listed in the SPS and TBT Checklists for WTO Accession. Materials have been collected from various agencies to facilitate this analysis.

B. Provide Support for Developing the Legal Documents Needed to Establish SPS and TBT Enquiry and Notification Points, and Raise Public Awareness of the Function of these Transparency Points – In July 2010, LUNA submitted detailed documents to the FTPD on the draft PM decree for establishing SPS/TBT enquiry and notification points. These comments were considered carefully by FTPD staff, and were used to revise the draft. Subsequently, after further inter-agency meetings, the draft decree was substantially revised to provide line ministries with greater flexibility for implementing the SPS/TBT points. As a result, the procedures for transparency required by the SPS and TBT Agreements will now have to be included in several ministerial regulations. LUNA-Lao will work with the MOIC, Ministry of Agriculture and Forestry (MAF), NAST and the Ministry of Health (MOH) to develop a draft “model” ministerial regulation that will meet the WTO standards (which must be applied uniformly among all these agencies) and that can be adapted as needed by each ministry.

LUNA-Lao will support the FTPD (in cooperation with MAF, NAST and the MOH) to organize a one-day workshop on Sept. 8 to build awareness of SPS/TBT enquiry and notification points among government agencies and private stakeholders.

Deliverables:

- **Detailed legal comments provided to the FTPD on the draft Prime Minister Decree on Establishing SPS/TBT Enquiry/Notification Points.**
- **Plans developed for supporting ministerial regulations to implement SPS/TBT points and for organizing a public awareness workshop on SPS/TBT Points.**

C. Support the Establishment and Operation of SPS and TBT Enquiry and Notification Points – LUNA-Lao’s SPS/TBT Expert, Ed Nemeroff, will provide training to key government officials on operating SPS and TBT points during his visit to Laos in September 2010.

D. Support the Drafting of an Implementing Decree for the Law on Standards – LUNA-Lao, led by standards expert Ed Nemeroff and LUNA-Lao senior legal advisor Sivath Sengdoangchanh, will work with the NAST Standards Office to do a careful analysis of the

compliance of the Standards Law relative to the WTO Agreements, and will help develop a first draft Prime Minister decree for implementing the Standards Law. A report on key principles and at least a partial draft of this decree should be completed in September. Continuing TA support will be provided to finalize a first draft of this decree and to encourage consultation and input from other agencies and private stakeholders. On-the-job training will be provided on these issues to Standards Office staff. Mr. Nemeroff will also make a presentation on international best practice approaches to standards at the September 8 workshop on SPS/TBT points.

Relative to the need for a study mission, the Trade Development Fund (TDF) is supporting study missions for NAST and MAF staff on SPS and TBT enquiry points. The TDF is also supporting a needs assessment for developing SPS and TBT enquiry points. LUNA-Lao, working closely with the National Implementation Unit (NIU), will coordinate our TA to complement these other efforts.

Deliverable:

- **Plans are in place for a 2-week TA activity with NAST to develop the foundations of an implementing decree for the Standards Law from September 6-20.**

6. Support a Strategic, Systematic TA Package to Advance the Legal and Institutional Framework for Intellectual Property Rights in Laos to Comply with BTA/WTO/AEC Requirements and to Promote Lao Development

Deliverable:

- **Judy Goans, LUNA-Lao IP expert, conducted a productive 2.5-week TA program with NAST and the FTPD from August 18 to September 3.** The results of this TA are included in the sections below.

A. Publish and Release a “Summary Report of the Key Findings and Recommendations from the IPR Needs Assessment” and Provide the Full Report on Demand – Please see the Phase II status report (#5) on completing the IPR Assessment. The summary of key findings will be completed as a Phase III activity.

Deliverable:

- **Full IP Assessment submitted to NAST and FTPD for comments in June 2010; a Summary of Key Findings will soon be submitted for comments.**

B. Support the Development of an Implementing Decree for the Recently Promulgated Law on Intellectual Property – NAST requested that LUNA-Lao be prepared to answer questions related to completing a first draft of the Prime Minister implementing decree for the IP Law. NAST will ask LUNA to provide detailed comments on a full first draft, most likely in October or November 2010.

- C. Support a Careful Review of Strengths and Weaknesses of the Existing IP Law, Especially with Regard to Compliance with Requirements in the BTA/WTO/AEC –** LUNA-Lao, led by Judy Goans, expects to submit a careful analysis of the compliance of the IP Law with BTA, WTO and AEC requirements in September.
- D. Support the Development of a Strong Legal Framework for Protecting Plant Varieties in Laos Through Accession to the International Convention for the Protection of New Plant Varieties (UPOV) –** An Action Plan is being developed with NAST and MAF for acceding to UPOV. A basic outline was developed during August, and the Action Plan will ultimately include an analysis of the legal changes required to meet the strict standards of UPOV as well as recommendations for the institutional investments that are needed to implement UPOV requirements. In addition, next steps will be recommended to apply for UPOV accession, to utilize UPOV technical assistance, and eventually, for Laos ratification of the UPOV convention.
- E. Support Lao Accession to the Berne Convention –** LUNA-Lao is supporting the Copyright Office's efforts to advance Lao PDR accession to the Berne Convention for the Protection of Literary and Artistic Works. Berne accession, including the related changes required in the IP Law, is a critical step toward BTA and AEC implementation and contributes to readiness for WTO accession. As well, it is a critical step forward in the development of the Lao intellectual property system, particularly for supporting Lao artists, authors, song writers and other creators. LUNA-Lao supported a workshop on the Berne Convention on August 26. Over the next several months, the Project will work with the Copyright Office to develop follow-up activities on Berne accession and other TA activities to support stronger copyright protection in Laos, including the possibility of supporting the development of a collective management organization (CMO) in Laos.

Deliverable:

- **A productive workshop with around 50 participants from state agencies and private stakeholders was organized on August 26, 2010 by the Copyright Office, with support from LUNA-Lao.** This workshop helped to increase awareness among the key national officials, and the private sector, who will be most involved in the Berne Convention accession process and with implementation of copyright protection in Laos over time. Also discussed at the workshop were the changes in the IP Law that will be needed to finalize Berne accession and the steps required for application and approval of Berne membership.
- F. Provide Technical Assistance and Training to Reduce the Backlog of Patent Applications in Laos –** LUNA-Lao IP expert Judy Goans, a registered patent attorney in the United States, is working with the Patent Office to review pending patent applications. The Lao office has been receiving patent applications since 2004, but has not granted or refused any of the 122 patent applications received to date. This has largely occurred because the Patent Office lacks the technical capacity to conduct the legally-required examinations. Ms. Goans helped the Patent Office to develop procedures that would permit action on pending applications. On-the-job mentoring is being provided on patent examina-

tion and interpreting Patent Cooperation Treaty (PCT) International Search Reports, developing procedures for addressing the more common issues that arise in patent examination. After reviewing files through patent application number 65, the office is in a position to take action on each application filed from 2004 through June 2008. Over the next several weeks, it is expected that the Patent Office will notify two applicants that applications can be approved subject to the payment of issue fees, notify two more that additional measures are needed for approval, provisionally refuse eight applications, and ask for further requirements from 41 applicants. This has been the first-ever evaluation of patent applications in Laos, and we expect that NAST will officially approve the country's first patents by the end of the year and reduce its backlog by at least half.

In addition to on-the-job support for patent examination of pending applications, a strategy is being developed for the Patent Office to process patent applications despite its limited capacities. Applicants will be invited to submit a search or examination report if one is available, or may request to copy claims from an issued patent granted through a patent office that conducts a comprehensive search and substantive patent examination. For patent applications submitted through the PCT, the Patent Office will adopt the International Search Report from the more advanced PCT members that have stronger technical capacities. Where a search or examination report is not available, and the applicant does not ask to copy claims from an issued patent, the office will examine some simple applications and will refer more technical applications to another country's patent office, primarily relying on the work-sharing arrangement that has been developed among ASEAN nations.

It is suggested that NAST organize a press release and public relations event to mark the issuance of the first patent in Laos, which should include a focus both on the Lao media but also on international target audiences, such as WIPO and the WTO.

LUNA-Lao will continue TA support to the Patent Office over at least the next six months or so to continue the mentored review of all patent applications and to provide the training and procedural guidelines needed to review and resolve patent applications on a timely basis over time.

Deliverable:

- **In August, LUNA IP expert Judy Goans worked with Patent Office staff to review around half of the 122 pending patent applications (identifying several that are likely to be granted – or rejected – by the end of the year), to develop a process for sending letters to patent applicants for follow-up responses, to develop guidance and provide training on how to use Patent Cooperation Treaty International Search Reports by more advanced patent offices throughout the world to examine the majority of Lao patent applications, and to develop a core strategy for the Patent Office to review new patent applications on a timely basis over time.**

7. Support Training of Staff Throughout State Agencies and Non-Government Stakeholders on BTA, WTO and AEC Requirements – Focus over the last quarter has been on concrete efforts to advance key legal reforms required for implementing the BTA and AEC, and for WTO accession. On-the-job training has been provided to staff throughout this process. As well, three workshops will be supported in August and September that will provide training and enhance public awareness for key trade-agreement issues (workshops on IPR and the Berne Convention (described above), on SPS and TBT points (described above), and the NA intersession meeting described below).

- a. **National Assembly Inter-Session Meeting.** LUNA-Lao has been asked to support a major training program for National Assembly leadership and staff (the NA Inter-session meeting). LUNA-Lao will co-sponsor the funding for this program with two UNDP Programs – the SELNA Project with the National Assembly, and the International Law Project with the Ministry of Foreign Affairs (MOFA). The Inter-session meeting, to be held in Vientiane Province from September 13-16, will focus on issues of high relevance to the LUNA-Lao Project – the quality of foreign direct investment, the WTO accession, implementing international treaties and conventions, and improving the efficiency of the National Assembly. Around 120 participants will include NA leadership of all committees and staff, as well as 3 to 4 members from each province. Several senior Government officials will also provide presentations, including the MOIC’s Vice-Minister. LUNA-Lao Project Manager Steve Parker will make a presentation on WTO accession, and the Project will support the attendance of two experts from Vietnam – Mr. Vu Mao, former Chairman of Vietnam’s National Assembly’s Committee on Foreign Affairs and Mr. Fred Burke, Managing Director of Baker & McKenzie in Vietnam. Mr. Vu Mao managed the passage of the WTO accession and the Law on Treaties by the National Assembly in Vietnam. Mr. Burke has counseled many foreign investors in Vietnam since the early 1990s and worked closely with the USAID-STAR-Vietnam Project to provide legal technical assistance for the BTA and WTO.

Deliverable:

- **LUNA-Lao supported a workshop on IPR and the Berne Convention in August, and plans are in place for a workshop on SPS/TBT issues and the NA Intersession meetings in September that will provide training on BTA/WTO-related issues for around 250 government officials and private stakeholders.**
- 8. Organize a Policy Seminar on International Economic Dispute Settlement Processes** – Plans to organize this seminar will be developed after LUNA-Lao’s support of the National Assembly’s Inter-session meetings.
 - 9. Provide Technical Assistance to Support Implementation of BTA/WTO-Consistent Customs Valuation Procedures** – LUNA-Lao met with the Customs Department and with the IMF technical advisor who supports Customs to develop their legal framework for customs operations, including for customs valuation. The regulatory framework for customs valuation has now been approved, in the form of a Ministry of Finance regulation and a Customs Instruction on valuation procedures. These will be reviewed by LUNA-Lao and by the IMF in

line with WTO requirements. As well, the IMF technical advisor developed manuals to provide guidance for customs staff to implement the new customs-valuation procedures, which have been translated into Lao. LUNA-Lao is helping to translate the Customs Instruction for the FTPD, and provided the FTPD with the IMF-translated MOF Customs Regulation. LUNA-Lao will meet with Customs officials as the customs valuation processes are being applied to determine whether any additional TA may be required.

- 10. Support Development and Implementation of the Decree on the Import and Export of Goods (Trading Rights)** – Detailed legal comments on the draft Decree on import and export goods will be provided to the MOIC soon. Once finalized, LUNA-Lao will support publication and the posting on the web of a full set of trading right regulations, to make it easier for businesses to understand and follow these regulations.

- 11. Provide Comments on Draft Revisions for the Law on Economic Disputes** – Responding to a request from the MOJ, LUNA-Lao will provide legal comments on draft revisions to revise the Law on Economic Disputes, which relates to requirements in the BTA. These should be submitted in September.

3. Status of Project Management Issues

1. **Project Name Adjusted and Approved.** USAID and the MOIC have approved the following Project name: Laos-US States International and ASEAN Integration Project (the LUNA Integration Project or LUNA-Lao for short).
2. **FTPD Support for LUNA and Facilitating Inter-Ministry Cooperation and Technical Assistance.** With support from the FTPD, LUNA-Lao began to interact regularly with a range of Government Agencies and the National Assembly who are responsible for advancing key legal and institutional reforms in line with the trade agreements. A process (noted above) has been developed to facilitate the operational procedures for cross-ministry assistance, with FTPD providing an official letter to ministry counterparts to comply with Government procedural requirements. This will facilitate our demand-driven approach to technical assistance. Furthermore, managerial support from the FTPD for LUNA-Lao activities has been quite supportive and responsive.
3. **Establishing the LUNA Steering Committee.** At this stage, the FTPD continues to play the role as the Lao PDR supervisor for LUNA-Lao activities. A key next step is to establish a small Steering Committee under the Lao Integrated Framework Secretariat, which will include representatives from key other ministries and the National Assembly who will be receiving Project assistance and who will play key roles in moving forward actions to support the trade agreements.
4. **A “Policy Firewall” to Facilitate Project Technical Assistance on Issues under Active Official Bilateral Negotiations.** Supervision and coordination with the U.S. Embassy and USAID/RDMA have been effective and efficient, including the implementation of the “policy firewall”. LUNA-Lao has received a number of important draft regulations from Lao counterparts and is providing detailed legal comments and analysis, as noted above.
5. **Project Reporting and U.S.-Lao Consultative Meetings.** During the June meeting between the FTPD, USAID and U.S. Embassy to discuss the 2010 Workplan, FTPD suggested that it could be beneficial to hold one of the US-Lao consultations on LUNA-Lao in Bangkok. One possibility would be to hold the consultation session on the LUNA-Lao Workplan for 2011 in Bangkok, possibly this January, 2011.

With the submittal of this Quarterly Report at the end of August, and following the approval of the Workplan for 2010 in late June and early July, **the LUNA-Lao Project requests that**

the next project quarterly report be included in the Workplan for 2011, which will be submitted at the end of December or early January, for approval in January 2011. At that time, Project reporting could get on track for regular quarterly reports (Jan-Mar; Apr-June; Jul-Sept; and the Oct-Dec included in the Workplan for 2011)

- 6. Donor Coordination.** LUNA-Lao has met with the NIU to discuss how to most effectively coordinate our activities with other donors, especially with the Trade Development Fund. A suggestion has been made, which we support strongly, for the U.S. and LUNA-Lao to be added as an observer to the Trade Development Fund Steering Committee meetings and communications, and similarly for other donors such as AUSAID and EU to be observers to the US-LUNA-Lao Steering Committee meetings and communications. This would allow each of the donors to utilize their own Steering Committees, while at the same time encouraging coordination among donors and Lao PDR agencies. As well, LUNA-Lao will participate fully in other donor coordination efforts related to trade and legal development.
- 7. Lao Status of the LUNA-Lao Project.** Phase III of the LUNA-Lao Project has been approved by Ministry of Planning and Investment (MPI). Procedures are steadily advancing for Project Manager Steve Parker and his wife to receive their foreign-expert identification card and a long-term visa. Further discussions will be required by the two Governments to confirm that USAID and the LUNA-Lao Project can be availed normal donor privileges in Laos, including VAT and customs-duty exemptions.
- 8. Status Report on Project Start Up.** LUNA Project staff has been hired and are operating effectively. LUNA mobilized its first short-term foreign advisor in mid-August (Mrs. Judy Goans, IP expert), who will be followed by Mr. Ed Nemeroff, LUNA's SPS/TBT and standards expert, in early September. The project office was opened on June 1 and is working effectively, as is coordination and facilitation with EDC, the Lao sub-contractor supporting LUNA-Lao activities in Laos.
- 9. Translation.** As expected, the demand for translation is growing strongly. To date, LUNA-Lao is working with a range of free-lance translators to provide needed services. However, LUNA-Lao will remain in the market to hire a full-time translator, if a strong candidate becomes available.