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# **3rd Quarter Report 2011**

## **Laos-US International and ASEAN Integration (LUNA) Project**

2012

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# **3<sup>rd</sup> Quarter Report 2011 – Laos- US International and ASEAN Inte- gration (LUNA) Project**

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# ACRONYMS

AEC – ASEAN Economic Community

ADB – Asian Development Bank

ASEAN – Association of Southeast Asian Nations

ASW – ASEAN Single Window

AusAID – Australian Agency for International Development

BTA – U.S.-Lao PDR Bilateral Trade Agreement

DOA – Department of Agriculture (MAF)

DIMEX – Department for Exports and Imports (MOIC)

DIP – Department of Intellectual Property (MST)

DISM – Department of Intellectual Property, Standardization and Metrology (NAST)

DIT – Department of Information Technology (MST)

DLV – Department of Livestock and Veterinary Matters (MAF)

DSM – Department of Standardization and Metrology (MST)

EC – European Commission

EDC – Enterprise and Development Consultants

FAO – Food and Agriculture Organization of the U.N.

FDD – Ministry of Health's Food and Drug Department

FTPD – Foreign Trade Policy Department (MOIC)

GATS – General Agreement on Trade in Services (WTO)

GiZ – Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Agency)

IP – Intellectual Property

IPR – Intellectual Property Rights

IOSCO – International Organization of Securities Commissions

IMF – International Monetary Fund

LBA – Lao Bar Association

LNCCI – Lao National Chamber of Commerce and Industry  
LUNA – Laos-United States International and ASEAN Integration (LUNA) Project  
MAF – Ministry of Agriculture and Forestry  
MOF – Ministry of Finance  
MOFA – Ministry of Foreign Affairs  
MOH – Ministry of Health  
MOIC – Ministry of Industry and Commerce  
MOJ – Ministry of Justice  
MPI – Ministry of Planning and Investment  
MPT – Ministry of Posts, Telecommunications and Communications  
MST – Ministry of Science and Technology  
NA – National Assembly  
NA-EPF – NA Committee on Economics, Planning and Finance  
NAST – National Authority for Science and Technology (upgraded to MST)  
LNSW – Lao National Single Window  
PMO – Prime Minister’s Office  
PSC – Project Steering Committee  
RDMA – USAID Regional Development Mission/Asia  
SECO – Securities and Exchange Commission Office  
SPS – Sanitary and Phytosanitary Measures  
TBT – Technical Barriers to Trade  
TDF – Trade Development Fund (funded by the Multilateral Donor Fund)  
UNCTAD – U.N. Conference and Trade and Development  
UNDP – U.N. Development Program  
UNDP – SELNA Project – UN Joint Program on Support to an Effective Lao National Assembly  
UNIDO – U.N. Industrial Development Organization  
USAID – U.S. Agency for International Development  
WB – World Bank  
WTO – World Trade Organization

# Introduction

The objective of the USAID-funded Laos-United States International and ASEAN Integration (LUNA) Project is to support the government of Laos in drafting, analyzing, promulgating, and implementing the array of legal and economic policy reforms and institutional capacity building needed to accomplish the following three objectives:

- Support the effective implementation of the U.S.-Lao PDR Bilateral Trade Agreement (BTA);
- Support the timely accession of Laos to the World Trade Organization (WTO); and
- Support Laos in fulfilling its commitments to the ASEAN Economic Community (AEC).

The three trade agreements form the pillars for establishing priorities for LUNA activities. These trade agreements have far-reaching impact, not only on commercial activity in Laos, but also on 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, which are driven by effectively implementing the trade agreements, should be integral and positive components of Laos' long-term development strategy. Although the mandate for the project is to support implementation of the trade agreements, the more general, and ultimately more important, goal of the project is to help Laos use the trade agreements to lay a strong foundation for sustained, broad-based development, poverty reduction, and strengthened rule of law and governance.

LUNA provides demand-driven support to eight counterparts, including six line ministries – the Ministries of Industry and Commerce (MOIC), Justice (MOJ), Agriculture and Forestry (MAF), Health (MOH), Finance (MOF), and Science and Technology (MST) – as well as the National Assembly (NA) and the Lao National Chamber of Commerce and Industry (LNCCI). LUNA's technical assistance consists of legal and economic policy analysis, comments on draft laws and regulations, training, and support for workshops and seminars, publications, study missions, translations, research, and certain equipment purchases. As much as possible, the project attempts to provide on-the-job and other types of training to counterpart staff. By strengthening the legal and policy framework and enhancing institutional and human resource capacities, LUNA can most effectively contribute to long-term development in the Lao PDR.

# Status Report on LUNA Activities in the 3<sup>rd</sup> Quarter 2011

## A. PROJECT ADMINISTRATION

### **Team Operations and the Project Office**

With the approval of the extension and expansion of LUNA in 2011, Franck Boulin was hired in June to serve as LUNA's Senior Legal Advisor. Franck works around two-thirds time each year, with flexibility to ensure that he will be available during peak times of LUNA technical assistance. As well, LUNA hired Ms. Chaikéo Kedsadasak as our new Project Coordinator.

With the expansion of staff, LUNA moved into a new, bigger office that is much closer to the Foreign Trade Policy Department (FTPD) and most of our counterparts (23 Singha Road, House no. 167/Unit 11, PO Box 5070, Nongbonr Village, Saysetha District, Vientiane Capital; Phone: 856 21 454-452)

Enterprise and Development Consultants (EDC), our main local sub-contractor, continues to effectively support the in-country financial administration of the project.

### **Report Deliverables**

This is the 3<sup>rd</sup> Quarter Report for 2011.

## C. REPORT ON PROJECT ACTIVITIES FROM JULY TO SEPTEMBER 2011

This section reports on each demand-driven project activity conducted from July to September 2011. The presentation is organized around the eight “Issue Areas” used throughout our Work Plans, as follows:

1. Analytical frameworks and general trade-capacity building to advance the BTA, WTO and AEC;
2. Transparency and dispute settlement;
3. SPS and TBT;
4. Trade facilitation and management;
5. Customs and the Lao National Single Window linked to the ASEAN Single Window;
6. Intellectual property rights;
7. Trade in services; and,
8. Public-private policy dialogue on trade policy.

### 1. Analytical Frameworks and General Trade-Capacity Building to Advance the BTA, WTO AND AEC

#### ***Activity 1.2: Support MOIC-FTPD Capacity-Building Programs***

**Report on July-September 2011 Activities.** The following activities supported MOIC-FTPD capacity building from July to September 2011.

- **Maintenance and Improvement of the FTPD’s Communication and Public Outreach Capabilities: the FTPD Website, WTO/Trade Reference Room, Public Awareness Initiatives and U.S. Product Manuals.**
  - **FTPD’s Webpage and Internet Capacity.** The FTPD Webpage ([www.laoftpd.com](http://www.laoftpd.com)) is fully operational and is being updated continuously by FTPD staff, serving over this period as the main instrument for the MOIC to provide information on trade policy issues, including WTO accession and AEC activities, to the public and trade communities.
  - **FTPD’s WTO and Trade Reference Room.** The FTPD’s WTO and Trade Reference Room continues to serve as a useful information centre, particularly for university students and officials, and as a useful meeting venue.

## 2. Transparency and Dispute Settlement

### ***Activity 2.1: Support Development of a Law on Making Legislation***

**Report on July-September 2011 Activities.** LUNA experts met regularly with the core MOJ-led drafting team for developing the Law on Making Legislation, including the Vice-Minister of Justice and senior officials from the MOJ, NA and the Prime Minister’s Office (PMO), to review and build understanding and consensus on key issues related to drafting a law on making legislation. Based on these meetings and the June/July 2011 study mission to Vietnam, LUNA developed an initial “reference” draft law on making legislation in English (and then translated to Lao) to help organize thinking for the drafting team to develop a first draft of the law.<sup>1</sup> As well, the National Assembly has agreed to set a “fast-track” schedule for developing and approving this law – with review and approval scheduled for June 2012.

LUNA provided two speakers at workshops organized by the MOJ Training Institute on legislative drafting in Vientiane on August 8 and 11, 2011, for around 56 participants at the first meeting and around 39 participants at the second meeting. Participants were from MOJ Departments from most of the provinces throughout Laos.

## 3. SPS and TBT

### ***Activity 3.2: Support Finalization of Regulations to Implement the Law on Standardization***

**Report on July-September 2011 Activities.** LUNA experts met several times with the MST-DSM-led drafting team to move forward final wording of the Prime Minister Decree to Implement the Law on Standardization, which includes a number of key WTO and ASEAN requirements.

### ***Activity 3.5: Support Development and Implementation Capacity of SPS-Related Regulations for the Ministry of Agriculture and Forestry***

**Report on July-September 2011 Activities.** Following up initial support in early 2011, LUNA provided a series of detailed comments and participated in several meetings to finalize the draft “Regulation on Basic Principles on the Application of Sanitary and Phytosanitary Measures in Plant and Animal Product Administration” by MAF. This was approved in January 2012.

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<sup>1</sup> As reported in the Semi-Annual January-June 2011 Report, the study mission to Hanoi and Ho Chi Minh City Vietnam was conducted from June 27 through July 2. The delegation was led by the Vice-Minister of Justice and included the Vice Presidents of the NA’s Law Committee and EPF Committee, and key senior officials from the MOJ, PMO, NA and FTPD. The delegation met with counterparts in Vietnam from the Ministry of Justice, National Assembly, Office of the Government (both their legal policy team and leaders of the Official Gazette), the Ministry of Finance, the Vietnam Chamber of Commerce and Industry, and leaders of the Ho Chi Minh People’s Committee, Department of Justice and People’s Assembly in Ho Chi Minh City, and foreign and domestic laws firms and business representatives in both Hanoi and HCMC. The findings from this study mission provide a substantive foundation for making a range of key policy decisions that will facilitate development of a first draft Law on Making Legislation.

## 6. Intellectual Property Protection

### ***Activity 6.1: Support for Revision of the Law on Intellectual Property***

**Report on July-September 2011 Activities.** Based on the results of the June WTO Working Group meeting in Geneva, a decision was made by the Lao PDR to focus on revising the Law on IP to come into compliance with the WTO as quickly as possible.<sup>2</sup> LUNA mobilized our IP expert – Judy Goans – for around three weeks at the beginning of September to work with the core MOST-DIP drafting team to complete a full first draft revision to the IP Law, with a focus on meeting WTO and related international requirements. Ms. Goans worked almost every day for the three-week period with the team to advance the draft. A Consultation Workshop with around 66 stakeholders and inter-agency experts was organized on September 23, 2011 in Vientiane to review the proposed revisions to the Law on IP.

### ***Activity 6.4: Support Development of a Stronger Legal Framework and Public Understanding for Intellectual Property Border Measures***

**Report on July-September 2011 Activities.** At the request of the Minister of Finance, LUNA supported a Department of Customs workshop in cooperation with the LNCCI in Vientiane on July 25, 2011 for 55 participants to provide input on the draft Customs instruction on IP border measures. The MOF approved the “Instruction on Customs Measures for the Protection of Intellectual Property Rights” on August 3, 2011, building upon strong, on-going LUNA support. As well, LUNA provided comments on the IP sections of draft revisions to the Law on Customs.

## 7. Trade in Services

### ***Activity 7.2: Support Development and Implementation of an Effective Law on Lawyers***

**Report on July-September 2011 Activities.** Following up earlier support for drafting the Law on Lawyers, LUNA supported three major national consultation programs with participation by government agencies, the judicial sector, lawyers and businesses from throughout Laos, as follows: in Vientiane on August 18-19 for 77 participants and opened and chaired by the Minister of Justice; in Luang Prabang on August 22-23 with 66 participants (opened and chaired by the Vice-Minister of Justice); and in Pakse on August 29-30 with 53 participants (opened and chaired by the Vice-Minister of Justice). Following these workshops, LUNA provided further detailed comments on subsequent drafts of the law, and several working meetings were conducted with the MOJ-led drafting team. A well-developed draft was submitted in November to the Cabinet and then the National Assembly for approval. The new Law on Lawyers was approved by the National Assembly on December 21, 2011.

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<sup>2</sup> Note that much of the work on developing the draft PM implementing decree in early 2011 contributed directly to expedite the revisions to the Law on IP in September 2011 and thereafter.

To support this process and to provide international perspective, LUNA supported the development and distribution of a reference paper on the development of the legal sector in Vietnam after their passage of a new law on lawyers.