



USAID
FROM THE AMERICAN PEOPLE

3rd Quarter 2012 Report

Laos-US International and ASEAN Integration (LUNA) Project

March/April 2013

This publication was produced by the LUNA-Lao Project at the request of the Lao PDR Ministry of Industry and Commerce and the USAID Regional Development Mission for Asia.

3rd Quarter Report 2012 – Laos- US International and ASEAN Inte- gration (LUNA) Project

Compiled for

USAID/RDMA and

The Ministry of Industry and Commerce, Lao PDR

Under Contract

486-I-00-07-00008-00

Task Order 02

Submitted By

Steve Parker

LUNA-Lao Project Director and Resident Trade Advisor

DISCLAIMER

This document is made possible by the support of the American people through the United States Agency for International Development (USAID). Its contents are the sole responsibility of the author and do not necessarily reflect the views of USAID or the United States government.

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 11 counterparts, including 7 line ministries– the Ministries of Industry and Commerce (MOIC), Justice (MOJ), Agriculture and Forestry (MAF), Health (MOH), Finance (MOF), Science and Technology (MST), Posts, Telecommunications and Communication (MPTC) – as well as the National Assembly (NA), the Supreme People's Court (SPC), the Lao National Chamber of Commerce and Industry (LNCCI) and the National Authority for Special Economic Zones (NASEZ). LUNA's technical assistance consists of legal and economic policy analysis, comments on draft laws and regulations, training and capacity building, 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.

This document reports on LUNA activities for the 3rd Quarter of 2012. The full context for LUNA's work over the last six months of 2012 is provided in the 2013 Work Plan.

C.REPORT ON PROJECT ACTIVITIES FROM JULY TO SEPTEMBER 2012

This section reports on each LUNA project activity conducted from July to September 2012. The presentation is organized around eight “Issue Areas” in the same format as the previous Work Plans, with some adjustments made at the sub-issue level to reflect completion of some work and introduction of new areas of work. Thus, sub-issue areas for which project activities have been conducted in the previous years but that are no longer active in 2012 are no longer included in our list below. The eight issues areas are 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 2012 Activities. The following activities supported MOIC-FTPD capacity building from July to September 2012.

➤ 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) is fully operational and is being updated continuously by FTPD staff, serving over this period as a main instrument for the MOIC to provide information on trade policy issues, including WTO accession and AEC activities, to the public and trade communities. With LUNA support, the webpage design was improved during this period to make information more accessible to users.
- ✓ **FTPD’s WTO and Trade Reference Room.** The FTPD’s WTO and Trade Reference Room continues to serve as a useful information center, particularly for university students and officials, and as a useful meeting venue. With the move of the FTPD office to the new building, however, the Trade Reference Room has been readjusted to a new space, which will be expanded once the second new office building is completed.
- ✓ **Public Awareness Workshops on WTO/ASEAN/Trade Issues.** LUNA continues to support the FTPD to raise awareness among other ministries and the general public with regard to WTO/ASEAN/BTA issues. Over the last six months, the emphasis has focused particularly on raising awareness for WTO processes and principles.

LUNA supported the FTPD to carry out a "Public Forum on WTO Accession of Lao PDR" in Vientiane Capital at the ICTC on 30th August 2012, with more than 200 participants including government officials, NGO officers, business representatives and university students. The Forum covered presentations on WTO principles, Laos' WTO accession process, and resulting trade opportunities and challenges.

- ✓ **Trade Remedy Workshop.** On September 7, 2012, the FTPD organized a workshop with LUNA support with around 28 participants from relevant ministries to review WTO requirements for trade remedy procedures (safeguards, anti-dumping and countervailing duties) and to develop a strategy for developing trade remedies in Lao PDR. A decision was made to aim to develop government decrees for these trade remedies, starting with a decree on safeguards.

➤ **Support the Deepening of Understanding in Lao Universities on Key Issues Related to the Trade Agreements.**

- ✓ A presentation was done by LUNA's IPR expert Judy Goans at the Faculty of Law and Political Science for around 80 masters' students and faculty in international law on international best practice for intellectual property protection on August 22, 2012.

Activity 1.4: Support for Implementing the ASEAN Economic Community Blueprint

Report on July-September 2012 Activities. LUNA did not support any activities specifically directed at AEC issues over this period. However, LUNA did support advances in several key policies related to AEC requirements, including:

Cross-Border Insurance – Supported draft implementation of the ASEAN Protocol 5 Scheme of Compulsory Motor Vehicle Insurance, by supporting the Lao PDR to develop a "Blue Card" for cross-border recognition of insurance for transport vehicles (which is included in the draft government decree to implement the law on insurance).

Single Windows and E-commerce – Supported the passage of the Law on Electronic Transactions that will facilitate the development of the Lao National Single Window and its integration into the ASEAN Single Window. As well, the new Law advances Lao PDR's commitments to meeting e-commerce requirements in ASEAN.

Regulatory Best Practice – Support full implementation of the Law on Making Legislation requirement that a regulatory best-practice assessment note be developed on all draft legislation, which in addition to the similar and specific requirements in the Government Decree to Implement the Law on Standardization, serve to move forward implementation of Lao obligations in the ASEAN Consultation Committee on Standards and Quality (ACCSQ) with regard to the application of good regulatory practices in the development and implementation of standards, technical regulations and conformity assessment procedures, in line with the ASEAN Good Regulatory Practice Guide and the ASEAN Policy Guideline on Standards and Conformance.

2. Transparency and Dispute Settlement

Activity 2.1: Support Development of a Law on Making Legislation

Report on July to September 2012 Activities. Supporting the development of a strong Law on Making Legislation has been a top priority for LUNA. With the approval and promulgation of the Law on Making Legislation in July 2012, LUNA shifted to working with the Ministry of Justice to plan the development of a government decree to implement the Law, and to develop draft articles for sections on developing and operating an Electronic Official Gazette, the budgetary and regulatory assessment notes, and the public comment processes. As well, LUNA worked with the MOJ to develop a plan for establishing and operating the Electronic Gazette.

LUNA provided the MOJ Legislation Department with a printer/copy machine and three desktop computers to facilitate the implementation of this Law and other laws related to implementation of the trade agreements.

Activity 2.2: Support Strengthening of Administrative and Judicial Appeal Processes

Report on July to September 2012 Activities. Over this period, LUNA worked to strengthen the administrative appeal process articles in each of the draft laws and regulations that were supported by LUNA.

Activity 2.3: Support the Implementation of the Revised Law on Resolution of Economic Disputes

Report on July to September 2012 Activities. LUNA worked over this period with the Ministry of Justice's Center for Economic Dispute Resolution to develop a government decree to implement the revised law on resolution of economic disputes, working through several drafts.

Activity 2.4: Linking the Trade Agreements and Legal Sector Development

Report on July to September 2012 Activities. In all of its activities, LUNA continually supports the strong link between the requirements in the trade agreements and enhancing governance and the rule of law in Laos. In particular, LUNA works to link the trade agreements to achieving the longer-term objectives of the Legal Sector Master Plan (LSMP) and development of a Rule of Law State in Lao PDR by 2020. LUNA met in August with the MOJ and JICA experts to determine how best to develop a new activity related to a Civil Code and modernized Contract Law.

3. SPS and TBT

LUNA has continued to work intensively with the FTPD, MST-DSM and MAF to support the development of regulations to modernize the legal framework for SPS and TBT processes and to support training and institution building in particular for developing the TBT and SPS Enquiry Points and National Notification Unit.

Activity 3.1: Support Establishment and Operation of SPS and TBT Enquiry Points and Notification Unit

Report on July to September 2012 Activities. LUNA continued to work with both enquiry points, in cooperation with the Lao Trade Portal, to improve their webpages and to understand more clearly how EPs will operate in practice.

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

Report on July to September 2012 Activities. LUNA worked internally to develop initial drafts for the Code of Technical Regulations and the Decision to Establish the Lao National Accreditation Bureau.

Activity 3.4: Build MOST-DSM Institutional and Implementation Capacities

Report on July to September 2012 Activities. In cooperation with lead support from the Trade Development Fund, LUNA helped facilitate the development of a draft National Quality Infrastructure (NQI) Strategic Plan for developing DSM's institutional and human resource capacities to meet the demands of an increasingly open and rapidly growing Lao economy and to benefit from the application of international best practices.

6. Intellectual Property Protection

Activity 6.1: Support for Revision of the Law on Intellectual Property and Preparation of Implementing Regulations

Report on July to September 2012 Activities. In August 2012, LUNA's IPR expert worked intensively with the Ministry of Science and Technology's Department for Intellectual Property to draft at an accelerated pace in order to meet requirements for the WTO the following six decisions to implement the Law on Intellectual Property, which were approved on September 20, 2012.

- 1) Decision on Patents and Petty Patents;
- 2) Decision on Copyrights and Related Rights;
- 3) Decision on Trademarks and Trade Names;
- 4) Decision on Industrial Designs;
- 5) Decision on Integrated Circuit Layout Designs; and,
- 6) Decision on Geographic Indicators.

LUNA also supported development of a draft Decision on Data Protection and draft Decision on Un-fair Competition over this period, which are expected to be refined and approved in 2013.

Activity 6.6: Support the Development of Guidelines for Civil Court Proceedings and Capacity Building for the Judiciary for IPR and Other International Trade Issues

Report on July to September 2012 Activities. LUNA was asked by the National Assembly and Supreme People's Court in August 2012 at the last stages of the development of draft revisions to the Law on Civil Procedure to provide comments and recommendations on the areas affected by WTO requirements, which were carried out in the 4th quarter.

7. Trade in Services

Activity 7.4: Support Development of a Law on Electronic Transactions

Report on July to September 2012 Activities. LUNA continued its strong on-going support for developing a Law on Electronic Transactions, including over this period planning for a major study mission on E-transactions to Singapore for a high-level government delegation.

8. Public-Private Dialogue on Trade Policy

Activity 8.1: Support Productive Public-Private Dialogue on Trade Policy and Build Awareness on Trade Issues by the Business Sector

Report on July to September 2012 Activities. LUNA provided technical assistance support for the LNCCI's legal analysis and policy dialogue program.