Mr. Chairman

Honorable Ministers, Distinguished Ladies and Gentlemen,

It is indeed my great honor and privilege to participate in this 5th Ministerial Meeting. I would like to take this opportunity to express my sincere thanks and appreciate to all host and co-host organizations made for this meeting. Taking this occasion, I like to brief you on our participation in international regional trade arrangement and how we are solving the key challenges associated with high logistics and trade facilitation costs as a Land Locked Country.

Lao PDR’s economy has been growing rapidly in the past decade, largely driven by high investment in natural resource sectors, namely hydroelectric power and minerals, and closer regional economic integration. Real GDP grew at an average of above 7 percent during the last two decades and is expected to maintain at around 7 percent during 2016-2020. At this pace, Lao PDR is on track to achieve its 2020 vision of graduating from Least Developed Country (LDC) status.

Lao PDR continues to integrate more closely into the rapidly growing regional economy through implementation of commitments within the Association of Southeast Asian Nations (ASEAN), and improved physical infrastructure and connectivity with neighbors. This has resulted in strong growth in cross-border flows of goods, services and investment. Over the last decade the value of trade has risen rapidly with both imports and exports increasing by average annual rate of above 20 percent.

Although the economy is growing fast, it is becoming less diverse. Mining, hydroelectric power, and wood product exports accounted for some 70 per cent of total exports in 2015. Mining and hydropower now account for more than 80 per
cent of total foreign direct investment (FDI), which in turn affects the composition of export growth. The trade in goods is concentrated not only by product but by destination too.

Trade policy in Lao PDR is largely shaped by its regional and multilateral trade agreements under ASEAN and WTO to contribute in the achievement of the 2020 Sustainable Development Goals and the Vienna Program of Action (VpoA). The country’s trade regime is relatively open and since 2000s the country’s most-favored nation (MFN) applied simple average tariff has not changed much, and remains at 9.7 percent.

Lao PDR has made the decision to view itself as a “Land-linked” country. For this, Trade Facilitation is of paramount importance. The country recognizes that it needs to reduce the costs of trading in order to ensure the competitiveness of its exporters as well as the overall economy. Efforts are being made to accomplish our trade facilitation agenda for instance, implementation of E.CO, Licensing and soon E.regulation automated information systems for customs clearance has been introduced along with more modern risk management techniques at the border to reduce clearance times and improve the efficiency of revenue collection; the implementation of cross border trade agreement with the set-up of Sinle Windows and Single Stop Inspection along the EWEL.

Important steps have been taken to improve inter-agency coordination with respect to trade facilitation issues through the establishment of a Trade Facilitation Secretariat (TFS), which is known as a reference point for coordinating trade facilitation related issues focusing on simplifying and harmonizing administrative procedures and reducing trade barriers to support and promote the expansion of trade. Among others, our next five year Trade and Private Sector Development Plan has identified an agenda for improving trade facilitation and cooperation among line agencies as well as pre-defined performance indicators. It also aims at ensuring harmonization, increasing import-export competitiveness through simplification of trade procedures so that they are easy, transparent, speedy and standardized. Additionally, to increase transparency in trade related regulation the Government of Lao PDR took key initiative to establish the Lao PDR Trade Portal. The development of the LTP has allowed Lao PDR to comply with Article 13 of ASEAN Trade in Goods Agreement (ATIGA), and Article X of GATT, which requires for all trade information to be published transparently.
Despite of some key progress made so far in terms of economic integration and trade facilitation, there are remaining challenges lied ahead to ensure that our trade sector could continue to contribute in the achievement of the 2030 Sustainable Development Agenda, SDGs and Vienna Program of Action (VpoA) as well as graduation from LDC status in 2020.

As a least developed, landlocked country, Lao PDR is prepared and will continue to provide efficient transit services to neighboring countries, to promote multimodal transport operation and mitigate the negative impacts caused by not having direct sea access. Lao trade facilitation strategy is being implemented by specified 6 strategies measures and 28 planned activities, this is the interpretation of VpoA to the concrete situation of Laos. However, the VpoA implementation seek the commitment of international community and strengthened partnership between LLDCS, their transit neighbors and improving transit facilitation with the aim of reducing port and border delays and transaction costs. After two years of strategic implementation, we see some improvements, let say, export cost per container reduced by 9% from $US2,140 in 2013 to $US1,950 in 2015; while import cost per container reduced by 10% from $US2,125 to $US1,910 over the same period. This figure is still high and needs to be in depth addressed for further cost reduction and simplification of trade procedures between borders and behind the borders by seeking all involved partners to ratify and implement the WTO Trade Facilitation Agreement as soon as possible.

Ladies and Gentlemen,

Since 2006 we have worked hard at increasing the ownership and effectiveness of our trade programme. Through the developments to date we have had the confidence to take charge of the diagnostic and programatic planning requirements within the Enhanced Integrated Frammework (EIF), and proceed with a nationally led Diagnostic Trade Integration Study. Our approach has been gradual, with a focus on the involvement of all key partners to build a common country ownership, including Government, the private sector and Development Partners.

Development partners have also worked closely with us in increasing harmonization and simplification in various projects, allowing more time to be spent on implementation. In particular, the implementation of our trade program has been greatly facilitated by the establishment of a Multi-Donor Trust Fund, the Trade Development Facility (or TDF) which completely harmonises various Donor interventions from the perspective of the Government.
Lastly, we have also harmonised the steering committees for various Aid for Trade (AFT) projects into a combined programme steering committee, what we call the Program Executive Committee. This means that the various projects can be aligned more closely to the government priorities as well as working in conjunction with each other to mobilise our trade development programme that cover not only hard and soft IF-HRD and ICT implementation. Over time we expect that this Committee will include more Development Partners which also include South South Cooperation Partners within the context of our new Trade and Private sector working group.

Thank you for your kind attention.