First Working Party on Accession of Lao PDR to the WTO 
Statement of H.E. Soulivong Daravong, Minister of Commerce, 
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28 October 2004, Geneva, Switzerland

Mr. Chairman
Distinguished delegates 
Ladies and gentlemen,

It is my great honour to lead the Lao delegation participating in the first session of the Working Party for Lao PDR’s Accession to the World Trade Organization. This meeting is not only an important event pertaining to the accession process under Article XII of the Marrakesh Agreement Establishing the WTO but it will also offer an opportunity to accelerate the economic reform process undertaking by the Lao government. It will have far-reaching implications for the Lao economy and its integration into the world trading system.

On behalf of the Lao delegation, I would like to express our appreciation and thanks to the chairman and to all the members of the Working Party for providing opportunities and create favourable conditions to call on this meeting and having a keen interest in Lao PDR’s accession to the WTO. We would also like to express our sincere appreciation to the WTO Secretariat especially the Accessions Division, for lending support, encouragement and making this first Working Party possible. We wish to extend our gratitude to all multilateral and bilateral donor agencies for their support and without these we would not have been able to accomplish on preparations towards this Working Party meeting.

Mr. Chairman,

Allow me first to present briefly the overview of the current economic situation of Lao PDR. As you are aware, Lao PDR is a land-locked and least developed country. Around eighty per cent of the population lives in rural areas and is engaged in agricultural activities. Agricultural and forestry sector is the dominant source of production in the Lao economy, accounting for 47 per cent of GDP, while Industry accounts for 27 percent and Services 26 percent. During the past decade, the industry’s share in the GDP has improved marginally whereas the share of agriculture has similarly declined. Merchandise exports contribute about 12 percent of GDP, while imports amount to around 21 percent. Our exports are concentrated in a few items such as electricity, wood products, garments, mining, and coffee, indicating a weak and narrow export base.

Since the mid 1980s we have been implementing a comprehensive reform program to transform the Lao economy from a centrally-planned towards a
market-oriented system, allowing the private sector takes an active role in the socio-economic development process. With the ASEAN membership in 1997, Lao PDR has been gradually integrated into a regional forum which is consistent with the WTO rules and procedures. Regional trade flows have been increased and economic cooperation with neighbouring countries have been further strengthened. By this opportunity allow me to inform you that by the end of this year with full support and confidence of the ASEAN Members countries, Lao PDR will host the 10\textsuperscript{th} ASEAN Summit an the ASEAN Summit with China, Korea, Japan, India, Australia and New Zealand. So for enhanced global integration, we have applied for accession to the WTO. The strategy of market reforms has produced much economic benefits for Lao PDR. Inflation has been reduced and come closer to single digit levels. The exchange rate is stabilized as well as the foreign direct investment and exports have expanded. Economic growth has averaged approximately 6.4 per cent per annum over the last decade.

Recently, Lao PDR has launched its National Growth and Poverty Eradication Strategy which represents the Lao Poverty Reduction Strategy Papers with an aim to provide a valuable national framework, combining actions to create an enabling environment for poverty reduction and eventually to enable us to graduate from an LDC status. With technical assistance and support from the international development community, the Integrated Framework will help us in mainstreaming trade policy to contribute to our national poverty eradication strategy and socio-economic development plans.

While considerable progress has been made with economic reforms, the institutional base of the market economy in the Lao PDR remains weak. Our infrastructure and human resources capacity are grossly underdeveloped. These together with the landlocked-ness and underdeveloped infrastructure are the principal impediments to our national development.

Mr. Chairman,

Notwithstanding these challenges, the Government of Lao PDR remains committed to the economic integration as the foundation for its long-term economic development. We have consistently pursued an open trade regime and are keen to ensure widespread confidence in it. Our application for WTO accession demonstrates the strong will of the Lao Government to move forward. We hope that, being a WTO Member, the world economic activities will complement our domestic economic and trade reforms in order to deal with the challenges of greater competition in the global economy.

In this context, I would like to highlight some improvements that we have made in Lao PDR’s approach to WTO accession with a special focus on the areas of transparency of trade policies as well as commitments on tariffs and services.
Transparency of trade policies Since the submission of the Memorandum on the Foreign Trade Regime, Lao PDR has made considerable improvements in its trade policy regime to ensure more transparency and an enabling trading environment. Several regulations governing businesses and those relating to registration in domestic and foreign trade have been amended and replaced, these are


- The terms for businesses involved with distribution services are now set out in a progressive revised Decree on Goods Trading Business No. 206/PM of 11 October 2001, replacing the Regulations governing registration of businesses in wholesale trade (No. 463/MOC) and retail trade (No. 464/MOC) which are now out of date.

- Quota allocation for vehicle imports was abolished as stipulated in Decree No. 14/PM of 28 February 2003.

- Lao PDR has streamlined trade administration by promulgating Decree No. 12/PM of 10 June 2004 to abolish checkpoints as well as to stop collection of unofficial fees and charges for transportation of goods within the country.

Over the past ten years, the Lao Government has pursued a program to transform the legal framework from one based on decrees to one based substantially on the laws that have been adopted by the National Assembly. Since 1990, more than 38 laws in the economic sphere were promulgated to support the development of market economy of Lao PDR.

Lao PDR has become a signatory to the World Intellectual Property Organization since 1995 and also to the Paris Convention for the Protection of Industrial Property since 1998. The Government is preparing to become a member of the Patent Cooperation Treaty and studying to join other conventions such as the Bern Convention. With regard to IP legislation a Decree of the Prime Minister on Trademarks and a Decree on Patent, Utility Model and Industrial Designs have been promulgated since 1995 and 2002 respectively, which followed the WIPO Model Law, and in consistent with WTO requirements of the TRIPS Agreement. For the time-being we are in the process of upgrading those Decrees to the level of Law on Intellectual Property, which shall cover other field of IP including Copyrights and Related Rights. We are also an observer and considering to join the World Customs Organization.
Lao PDR is also a member of the Codex Alimentarius Commission, the International Office of Epizootics and the International Plant Protection Commission. Our SPS regulations and standards are based on the relevant international standards, guidelines, or recommendations. Lao PDR is participating actively in the regional harmonization programs of ASEAN regarding SPS measures.

As part of the accession process, the Lao Government will review its TBT and SPS measures to be in compliance with WTO requirements by seeking technical supports from WTO Members.

Due to complexity and technicality of the issues, Lao PDR urgently requires comprehensive technical assistance in the areas of IPRs, Customs Valuation, SPS and TBT and others from the international community, in particular from WTO Members. In addition, Lao PDR as a LDC would require a transitional period and flexibility to comply with these relevant WTO Agreements. For example, a lack of well-trained and professionally-experienced specialists as well as laboratory facilities creates problems in implementing effective SPS controls.

Allow me now to turn to our Commitments on tariffs and the services sector. Currently, Lao PDR is reducing its tariff rates and streamlining trade policy under the Common Effective Preferential Tariffs Scheme for AFTA. As Lao PDR is an agricultural country and still in the early stage of industrialization, we wish to take a pragmatic approach towards tariff reform commitments. It would be too early to expect industrial diversification with extensive zero or low tariff bindings for a least developed land-locked country like Lao PDR whose transit and transport costs account for considerably a high proportion of the production costs. In this context, we are confident that we will not be expected to make commitments beyond the levels applicable to the current WTO Members with similar economic backgrounds.

Lao PDR has a relatively open services sector which accounts for a quarter of the national economy. The telecommunications sector has been opened for competition between foreign suppliers. Currently, four mobile phone operators are actively providing its best quality services. Other services sectors are also relatively open; of these are private professional and tertiary education and tourism services, among others.

I would like to bring to your kind attention that certain elements are critical in determining the level and extent of commitments expected from Lao PDR based on its status as a least developed country with weak institutional infrastructure, limited capabilities and weak human assets. We wish to refer to GATS Article IV.3 and Article XIX.2 that provide for LDCs to make commitments in fewer services sectors.
Mr. Chairman,

In this globalization world, a land-locked least developed country like Lao PDR still remains marginalized. We continue to face structural challenges in international trade and competition. In fact, we not only have to cope with geographical access limitations but we are also facing the challenges of border crossing, both of which are rendering us extremely vulnerable. Therefore, we hope and believe that we will have your sympathy and flexibility with respect to the terms and conditions for Lao PDR to carry out its accession obligations. We wish to refer to General Council Decision No. WT/L/508 dated 10 December 2002 (Guidelines on LDC accessions) and other special and differential treatment provisions accorded to developing countries and least developed countries. Lao PDR, as a LDC, expects to be required to make commitments to the extent consistent with our development, financial and trade needs as well as administrative and institutional capacities.

Before I conclude my statement, allow me, Mr. Chairman, to take this opportunity, to congratulate Cambodia and Nepal for their recent accession to the WTO memberships as the first two LDCs after its establishment since 1995. The lessons learned from their accession process will certainly help Lao PDR to take it into account for its preparation to the WTO accession. In this connection, we would like to seek your sympathy, as provided for in the Doha round, that the Members shall exercise restraint in seeking concessions and commitments on trade in goods and services from acceding LDCs, taking into account our levels of concessions and commitments undertaken by existing LDC Members. We would also seek technical assistance to build our capacity to enable us to comply with WTO obligations and involve actively in the trade negotiations in the WTO and the international communities.

On behalf of the Lao Government, I would like to reiterate the enormous importance we attach to the process of negotiations for our accession to the WTO. Lao PDR reaffirms that it is firmly resolved and willing to abide by the basic principles and rules of the WTO with the valuable assistances from our bilateral, regional and multilateral development Members and partners. These, we believe will provide the basis for our expectation for an early accession to the WTO and our active participation in international trading system.

Thank you for your attention.