NOTIFICATION OF arrangements and PROGRESS IN THE PROVISION
OF TECHNICAL ASSISTANCE AND CAPACITY BUILDING SUPPORT
for CATEGORY C COMMITMENTS

Communication from Lao people's democratic republic

The following communication, dated 11 March 2021, is being circulated at the request of the delegation of Lao People's Democratic Republic for Members' information.

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Lao People's Democratic Republic hereby notifies information on the arrangements concluded and progress made in the provision of technical assistance and capacity building support of the Category C commitments, in response to Article 16 of the Trade Facilitation Agreement (TFA).

1. **Advance Rulings**

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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 3 | Advance Rulings | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Customs department has established an Advance Ruling authority, however important areas of valuation and entitlement to the duty exemption or relief have been left out from its purview. Further, the validity of the Advance Ruling has been kept only for a year, which is very short and needs to be extended. These provisions will be added to the scheme vide suitable amendment of the legislative provisions.  The WB through the Lao PDR’s Competitiveness & Trade Project (LCTP) aims to provide the following assistance:1. Suitable amendment of Customs Law to fully comply with the provisions of Article 3 of the TFA;
2. Development of regulations and procedures in line with requirements of this Article;
3. Capacity building to support the Advanced Rulings during 2020.

However, the Lao Customs Department (LCD) will require assistance from development partners/WTO on – 1. Capacity development and training of Customs staff, and
2. Wider publicity of the scheme among the trade & industry to avail of its benefits.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 5.3 | Test procedures | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**There is no legal provision to allow for second test, but in exceptional cases, authorities allow re-test in government laboratories to verify if the goods are technically compliant. In case of Customs, these provisions will be added to the scheme vide suitable amendment of the Lao Customs Law. |
| The WB through the Lao PDR’s Competitiveness & Trade Project (LCTP) is providing the following assistance:1. Suitable amendment of Customs Law to fully comply with the provisions of Article 5.3 of TFA;
2. Development of regulations and procedures in line with requirements of this Article;
3. Capacity building to support above measures in a limited way.

Support from development partners/WTO is required for the following activities:1. Regulatory changes in non-customs agencies in line with the requirements of this article,
2. Capacity building of these agencies, particularly for identifying and notifying the accredited laboratories for second tests, and
3. Wider publicity of the scheme among the trade & industry to avail of its benefits.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.2 | Electronic Payment  | C | 31 Dec 2022 | To be determined |
| **Donor:** None |
| **Progress in the provision of technical assistance and capacity building support:**Among border agencies, Customs is the only department with provision for electronic payment of duties, taxes and inspection or quality test fees for imports and exports. Non-customs agencies (NCAs) are unable to allow it due to resource constraints in providing IT infrastructure to their field formations. There is no support available from any donor in this regard.Therefore, the Lao PDR will require assistance from development partners/WTO on – 1. Provision of ICT infrastructure in non-Customs agencies for enabling them to accept electronic payments of fees and processing charges relating to import, export and transit
2. Requisite changes in regulation & procedures, and
3. Capacity building of these agencies.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.4 | Risk Management | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Lao Customs Department is applying risk management principles in examination of goods at the border posts using the selectivity module of ASYCUDA, its automated processing system. The skill level of officers engaged in risk management functions needs to be enhanced for an effective application of risk management principles and reducing the percentage of border examinations. Further, development of an Integrated Risk Management Framework involving Customs and other border agencies is planned to undertake joint examination and clearance using the Customs’ selectivity module. The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) aims to provide following support:1. To enhance the maturity level of the LCD’s existing risk management functions
2. To develop an integrated risk management framework (IRMF) involving Customs and other border agencies, like Food & Drugs Department and Plant & Quarantine departments for improved border functions
3. Preparation of Operation Manuals and guidelines for implementing risk management in border agencies
4. Capacity building of above border agencies in application of risk management principles

However, due to fund constraints, support of the WB project is limited, and hence Lao PDR will require following assistance from the development partners/WTO:1. Technical support on risk analysis and development of risk profiles, particularly in the Department of Agriculture and the Department of Livestock & Fisheries, towards effective functioning of the risk management framework
2. Upgradation of the Risk Management System in Lao Customs following international best practices
3. Capacity building of Customs & other border agencies for above functions beyond 2020
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.5 | Post-clearance Audit | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Lao Customs has been following Post-Clearance Audit since 2007. However, PCA functioning in Lao Customs is confined to an asset verification exercise, rather than a comprehensive scrutiny of trader’s own accounts and commercial records. Hence, it needs qualitative upgradation, including capacity building of the staff for making them more effective. Other border agencies also need to evolve PCA mechanism to supplement their risk-based border inspections.The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) aims to provide following support:1. Strengthening the existing system of Post-Clearance Audit in Customs for enhancing compliance
2. Development of Operation Manual and guidelines for conducting PCA in Customs by using traders’ own financial accounts and commercial records
3. Introduction of post clearance audit in other agencies, like Food & Drugs Department and plant & quarantine agencies by restructuring their post-marketing compliance system
4. Capacity building of various border agencies for an effective post-clearance audit

However, due to fund constraints, WB support is limited and hence, support of development partners/WTO is required for the following activities beyond 2020:1. Development of Operation Manuals and protocols in non-Customs border agencies, for conducting PCA and sharing results with each other
2. Capacity building, especially the on-job mentoring of the officials of border agencies
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.6 | Establishment and Publication of Average Release Times | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Lao Customs has been conducting Time Release Study (TRS) surveys for many years and in the last survey conducted in February 2019, it tried to include other border agencies as well.The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) has assured to provide following support:1. To Customs, for conducting TRS survey (using WCO’s TRS software) in 2020
2. Capacity building of non-Customs agencies at the border for joining in the future TRS surveys

However, due to fund constraints, WB support is limited and hence, support of development partners/WTO is required for the following activities beyond 2020:1. To conduct TRS survey for Customs and other border agencies beyond 2020, particularly including the time taken in issuing licenses and for other documentary compliances
2. Capacity building of the officials of Customs and other border agencies for this purpose
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.7 | Trade Facilitation Measures for Authorized Operators | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank, International Finance Corporation, World Customs Organization |
| **Progress in the provision of technical assistance and capacity building support:**Lao Customs has already launched an Authorized Economic Operators (AEO) program with the assistance of WB (IFC) and has also conducted rigorous training of its staff with the WCO help recently. It however requires continued support in capacity building of its staff and the private sector for developing a robust system of AEO regime.The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) has assured to provide following support:1. Legal & procedural changes in customs for an effective AEO scheme
2. Development of detailed guidelines for processing of applications and validation of AEOs

However, due to fund constraints, WB support is limited and hence, support of development partners/WTO is required for the following activities beyond 2020:1. Capacity building of Customs staff for conducting AEO validation and development of Mutual Recognition Agreements (MRAs) on AEOs
2. Awareness generation of the private sector for developing voluntary compliance to AEO requirements
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 7.8 | Expedited Shipments | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Special procedure is needed for fast track release of expedited shipments under the TFA. The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) has assured to provide following support:1. To help LCD in developing special procedures and operational guidelines for fast track processing of expedited shipments, like courier parcels etc. arriving by air
2. Capacity building of Lao Customs for above

Support of development partners/WTO is required for following activities:1. Development of procedures and instructions for non-Customs agencies in fast track clearance of expedited shipments
2. Capacity building on non-Customs agencies in quick clearance of expedited shipments
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 8 | Border Agency Cooperation | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**The WB under the Lao PDR’s Competitiveness & Trade Project (LCTP) has assured to provide following support:1. To evolve an efficient mechanism of border management involving Customs and other agencies for conducting joint inspection and clearance at the border using Customs’ ASYCUDA platform
2. To develop special procedures for clearance of perishables (like fresh fruits & vegetables and fisheries) on priority
3. Capacity building of Customs, Food & Drugs, and Plant & Animal Quarantine departments for joint inspection and clearance by using Customs’ selectivity module

However, due to fund constraints, WB support is only limited to in-country border-agency cooperation and hence, support of development partners/WTO is required for the following activities beyond 2020, which will involve cross-border cooperation:1. Provision of infrastructure for common border facilities or juxtaposed border posts with neighbouring countries at prominent border crossings
2. Development of procedures and instructions for Customs and other border agencies for allowing Single Stop Inspections in collaboration with the cross-border administrations at key border posts
3. Capacity building of the staff of Customs and other border agencies on cross-border cooperation for Single Stop Inspections and clearance
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.1 | Formalities and Documentation Requirements | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Review of border procedures is planned by Customs and other border agencies under the WB’s Lao PDR’s Competitiveness & Trade Project (LCTP), which has assured to provide following support:1. Revision of border procedures and documentation requirements of Customs, food & drugs, plant and animal quarantine departments with the purpose of reducing the processing time and cost
2. Development of suitable procedures for clearance of import, export & transit cargo transported by rail and multimodal means of transport
3. Review of clearance procedures for the goods using the rail link connecting to Laem Chabang port in Thailand
4. Capacity building of Customs, Food & Drugs, and Plant & Animal Quarantine departments for applying revised procedures

Support of development partners/WTO is required for the revision of procedures followed by other agencies, like the Department of Standardization & Measures, Department of Transport and Department of Mines etc. for following activities:1. Review of NTMs in order to reduce paperwork and streamline compliance procedures
2. Development of operational procedures and instructions for reducing documentary compliance on import, export & transit
3. Capacity building of the staff of these agencies for on cross-border cooperation for Single Stop Inspections and clearance
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.2 | Acceptance of Copies of supporting documents | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Customs and other agencies are accepting authenticated copies of supporting documents and Lao PDR does not require any assistance in this regard. |

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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.3 | Use of International Standards | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Under the Lao PDR’s Competitiveness & Trade Project (LCTP), the WB has assured support to the Lao Customs Department in revision of its law and regulations to align them with international standards, which includes the following:1. Revision of Customs law and regulations to comply with the TFA provisions and Revised Kyoto Convention (RKC) standards
2. Capacity building of Customs for implementing the revised law and regulations during 2020.

Support of development partners/WTO is required for other line departments, like the Department of Agriculture, Food & Drug Department, Department of Standardization & Measures, Department of Transport, Department of Industry & Handicraft and Department of Mines etc. for following activities:1. Revision of their laws and regulations to comply with the international standards in respective areas
2. Development of operational procedures and instructions to translate them into action, and
3. Capacity building of the staff of these agencies for implementing above changes, especially after 2020, when WB project would have exhausted its allocated funds under the current project.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.4 | Single Window | C | 31 Dec 2022 | To be determined |
| **Donor:** None |
| **Progress in the provision of technical assistance and capacity building support:**Lao PDR is engaged in establishment of National Single Window (NSW), in which a pilot is currently being run at its leading border post for import of automobiles. On successful completion, the NSW will be scaled up to include other commodities and the remaining border posts too.Support of development partners/WTO is required for the following activities:1. Development of infrastructure and Technical Assistance to scale up the National Single Window to include other products and remaining border posts
2. Drafting of suitable procedures in different departments for operationalizing NSW to clear other commodities
3. Capacity building of the staff of these agencies for implementing above changes
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.7 | Common Border Procedures and Uniform Documentation Requirements | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**With the automation of customs processes using ASYCUDA, common procedures and documentation are being followed by Customs throughout the country. Further, under the Lao PDR’s Competitiveness & Trade Project (LCTP), the WB has assured support to key border agencies in using the ASYCUDA platform for conducting joint border inspection and clearance, which is expected to bring uniformity in border procedures across the country.However, support of development partners/WTO is required for following activities:1. Regular study and review of procedures and documentation requirements of border agencies, like the Department of Food & Drugs and Department of Agriculture (Plant & Animal Quarantine departments) to ensure that common border procedures and documentation requirements are followed throughout the country
2. Development of monitoring mechanism for ensuring common border procedures and documentation, and
3. Capacity building of the staff of these agencies for implementing above changes.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 10.8 | Rejected goods | C | 31 Dec 2022 | To be determined |
| **Donor:** None |
| **Progress in the provision of technical assistance and capacity building support:**The Plant Protection Law of Lao PDR allows for return of goods back to the exporting country if the goods are found to be non-compliant with SPS regulations. However, there is no such provision under the Customs Law or other laws. Under the Lao PDR’s Competitiveness & Trade Project (LCTP), the WB has assured support to LCD for revision of its law and regulations, which will also include suitable provision for allowing return of imported goods found inconsistent with SPS or other technical regulations in line with TFA provision.Support of development partners/WTO is required for the following activities:1. Revision of laws and procedures of non-Customs agencies for complying with the TFA provisions.
2. Capacity building of the staff of these agencies for implementing above changes
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 11 | Freedom of Transit | C | 31 Dec 2022 | To be determined |
| **Donor:** World Bank |
| **Progress in the provision of technical assistance and capacity building support:**Under the Lao PDR’s Competitiveness & Trade Project (LCTP), the WB has assured support to Lao Customs Department for the following activities:1. Drafting of operational procedures to implement ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT), ASEAN Customs Transit System (ACTS) and other such transit agreements
2. Development of suitable transit procedures to cover the multimodal movement of goods, including that by Lao-China rail that is scheduled to start in 2021
3. Capacity building of Lao Customs for implementing the above procedures.

Support of development partners/WTO is required for other line departments, like the Department of Agriculture, Food & Drug Department, Department of Standardization & Measures and Department of Transport, for following activities:1. Development of simplified procedures by non-customs agencies for seamless transit of goods across ASEAN by road, rail, and multi-modal means of transport
2. Capacity building of the staff of these agencies for implementing above changes.
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| **Provision** | **Heading/Description** | **Category** | **Indicative date for implementation** | **Definitive date for implementation** |
| Article 12 | Customs Cooperation | C | 31 Dec 2022 | To be determined |
| **Donor:** None |
| **Progress in the provision of technical assistance and capacity building support:**Currently, no donor support is available for customs cooperation.Support of development partners/WTO is required for Lao Customs for following activities:1. Development of protocols and procedures to implement various Customs cooperation agreement
2. Provision of technical assistance and ICT infrastructure for exchange of information with other customs administrations
3. Capacity building of the staff for implementing above.
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