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Page: 1/6

Committee on Trade Facilitation

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**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

Revision

The following communication, dated 24 August 2022, is being circulated at the request of the delegation of Lao People's Democratic Republic for Members' information.

Following up from the notification dated 19 March 2021 (G/TFA/N/LAO/3), 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).

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 7.2	Electronic Payment	C	31 December 2022	31 December 2024
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 through Smart Tax Card. In addition, the Lao National Single Window (LNSW) also provides for electronic payment of Customs duties and taxes, as well as of fees payable to participating agencies for issuing licenses, permits and certificates. LNSW is currently available only at a few border crossings and is limited to just a handful of participating agencies, like DIMEX and Department of Transport. The progress of LNSW roll out is however slow in absence of lack of IT infrastructure in concerned agencies. 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: (a) 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. (b) Requisite changes in regulation & procedures, and (c) Capacity building of these agencies.				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 7.4	Risk Management	C	31 December 2022	31 December 2024
Donor: World Bank				
Progress in the provision of technical assistance and capacity building support:				
<p>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. With the support of the WB's LCT project, border agencies already signed an MOU to implement the joined risk management. However, all border agencies need to work together to come up with the SOP for joined risk management.</p> <p>The WB under the Lao PDR's Competitiveness & Trade Project (LCTP) aims to provide following support:</p> <ol style="list-style-type: none"> 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. <p>In addition, Lao Customs Department is also helped by JICA in building its capacity for risk assessment, analysis and development of risk parameters for effective risk management.</p> <p>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:</p> <ol style="list-style-type: none"> (a) 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. (b) Upgrade of the Risk Management System in Lao Customs following international best practices. (c) Capacity building of Customs & other border agencies for above functions. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 7.5	Post-clearance Audit	C	31 December 2022	31 December 2024
Donor: World Bank				
Progress in the provision of technical assistance and capacity building support:				
<p>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.</p> <p>The WB under the Lao PDR's Competitiveness & Trade Project (LCTP) aims to provide following support:</p> <ol style="list-style-type: none"> 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. <p>However, due to fund constraints, WB support is limited and hence, support of development partners/WTO is required for the following activities:</p> <ol style="list-style-type: none"> (a) Development of Operation Manuals and protocols in non-Customs border agencies, for conducting PCA and sharing results with each other. (b) Capacity building, especially the on-job mentoring of the officials of border agencies. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 7.6	Establishment and Publication of Average Release Times	C	31 December 2022	31 December 2024
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 2020, it expanded its scope to capture the time taken by various cross-border regulatory authorities for issuance of various licences and permits by needed for import, export and transit.				
The WB under the Lao PDR's Competitiveness & Trade Project (LCTP) continues to provide following support:				
<ol style="list-style-type: none"> 1. To Customs, for conducting TRS survey (using WCO's TRS software) in 2022 and 2024. 2. Capacity building of non-Customs agencies at the border for joining in the future TRS surveys. 3. The TRS 2022 and 2024 survey will continue to cover the areas of survey to the field of license issuance with improved methodology and also aims to include licenses/permits issued at the provincial level. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 7.7	Trade Facilitation Measures for Authorized Operators	C	31 December 2022	31 December 2024
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 provided following support:				
<ol style="list-style-type: none"> 1. Legal & procedural changes in customs for an effective AEO scheme. 2. Development of detailed guidelines for processing of applications and validation of AEOs. 				
Due to fund constraints, WB support is limited and hence, support of development partners/WTO is required for the following activities:				
<ol style="list-style-type: none"> (a) Revising the scheme for tier based AEO program as not many economic operators are attracted to join the scheme due to its stringent qualifying criteria for validation. (b) Capacity building of Customs staff for conducting AEO validation and development of Mutual Recognition Agreements (MRAs) on AEOs. (c) Awareness generation of the private sector for developing voluntary compliance to AEO requirements. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 8	Border Agency Cooperation	C	31 December 2022	31 December 2024
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:				
<ol style="list-style-type: none"> 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, which will involve cross-border cooperation:				
<ol style="list-style-type: none"> (a) Provision of infrastructure for common border facilities or juxtaposed border posts with neighbouring countries at prominent border crossings (b) 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 (c) Capacity building of the staff of Customs and other border agencies on cross-border cooperation for Single Stop Inspections and clearance 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 10.1	Formalities and Documentation Requirements	C	31 December 2022	31 December 2024
Donor: World Bank				
Progress in the provision of technical assistance and capacity building support:				
Review of border procedures is being undertaken by Customs and other border agencies under the WB's Lao PDR's Competitiveness & Trade Project (LCTP), which has assured to provide following support:				
<ol style="list-style-type: none"> 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. 5. Capacity building of the staff of these agencies for cross-border cooperation for Single Stop Inspections and clearance. 				
Support of development partners/WTO is required for the revision of procedures followed by other agencies, like the Department of Import and Export, Department of Standardization & Metrology, Department of Transport and Department of Mines etc. for following activities:				
<ol style="list-style-type: none"> (a) Review of NTMs in order to reduce paperwork and streamline compliance procedures. (b) Development of operational procedures, regulations, and instructions for reducing documentary compliance on import, export & transit. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 10.2	Acceptance of Copies of supporting documents	C	31 December 2022	31 December 2024
Donor: to be determined				
Progress in the provision of technical assistance and capacity building support: Customs and other agencies are accepting authenticated copies of supporting documents. With the roll out of LNSW, and provision for electronic processing of documents thereunder, documents will be available in the LNSW system for use by all the participating departments. Lao PDR does not require any assistance in this regard. However, assistance is needed to develop a government-wide strategy to replace the paper based with electronic processing, especially in issuing agencies and border agencies. Technical Assistance needed to promote coordination among related agencies to transition to electronic document. Human resources/training-capacity building for relevant officials to ensure enhanced border coordination. Assistance needed to capacitate other agencies with ICT tools and enablers in order to meet international standards for computerized system.				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 10.3	Use of International Standards	C	31 December 2022	31 December 2024
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: <ol style="list-style-type: none"> 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. Similarly, FDD has been following the standards and guidelines laid down under the FAO WHO's Codex Alimentarius for clearance of food items. On the same lines, DOLF has been applying guidelines issued by the World Organization for Animal Health (WOAH/OIE) in regulating import and export of cattle and poultry products. DOA too has been following the International Plant Protection Convention (IPPC) in sampling and clearance of plant materials and pesticides etc. However, capacity building of the staff of these agencies for implementing above is required.				
Article 10.7	Common Border Procedures and Uniform Documentation Requirements	C	31 December 2022	31 December 2024
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: <ol style="list-style-type: none"> (a) 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. (b) Development of monitoring mechanism for ensuring common border procedures and documentation, and (c) Capacity building of the staff of these agencies for implementing above changes. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 10.8	Rejected goods	C	31 December 2022	31 December 2024
Donor: to be determined				
Progress in the provision of technical assistance and capacity building support:				
<p>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.</p> <p>However, support of development partners/WTO is required for the following activities:</p> <ul style="list-style-type: none"> (a) Revision of laws and procedures of non-Customs agencies for complying with the TFA provisions. (b) Capacity building of the staff of these agencies for implementing above changes. 				

Provision	Heading/Description	Category	Indicative date for implementation	Definitive date for implementation
Article 12	Customs Cooperation	C	31 December 2022	31 December 2024
Donor: World Bank				
Progress in the provision of technical assistance and capacity building support:				
<p>Under the Lao PDR's Competitiveness & Trade Project (LCTP), the WB has assured support to LCD for revision of its law and regulations to be in line with TFA provision. The LCT will also support the capacity building of the staff for implementing.</p>				