



The 14th Lao Business Forum (27th March 2023) (Draft) Meeting Minutes

The 14th Lao Business Forum (LBF) was held on 27th March 2023, at 08:30 at the National Convention Center, under the chairmanship of Mr. Sonexay Siphandone, Prime Minister of the Lao PDR. A total of 435 people participated in this meeting, including the steering committee of the LBF, led by Mr. Malaithong Khomasit (Minister of Industry and Commerce) and Mr. Oudet Souvannavong (President of the Lao National Chamber of Commerce and Industry [LNCCI]), with representatives from the relevant public sector, the LNCCI, the Foreign Chambers of Commerce in the Lao PDR, ambassadors, representatives from development partners and international organizations in Lao PDR, representatives from various associations, groups, and business units, the Secretariat and the government focal point of the LBF, and various news agencies. The meeting was organized into eight agendas as below:

Agenda 1: Speech to welcome the participants.

Mr. Vanthong Sithikoun, Vice President of the LNCCI, on behalf of the steering committee for the LBF, welcomed the Prime Minister and the participants and stated the primary purposes of organizing the LBF: to review the results of the consultation process between the public-private sector after the 13th LBF; to listen to clarifications, explanations and provide additional information from the relevant parts of the public sector; and to hear reports on the environment of doing business in Lao PDR from the perspective of domestic entrepreneurs, foreign entrepreneurs, and economic experts. Mr. Vanthong Sithikoun pointed out the process mechanism of the LBF, whereby all the issues raised have been screened by the working group leader of various sectors as a collective issue, which is a priority for the industry and not an issue of any individual company. Afterwards, the issues would be discussed with the relevant public sector to together find directions for

improvement and solutions to issues including facilitating start-up and business operations, providing access to capital, facilitating trade and investment, and strengthening innovation.

Agenda 2: Opening remarks

Mr. Sonexay Siphandone, the Prime Minister, officially opened the 14th LBF; by mentioning the importance of the LBF, which has contributed significantly to helping to push for the improvement of policies, laws, regulations, the management-administration of the public sector and the business environment, and the development of Lao PDR's private sector to grow step-by-step. Furthermore, the Prime Minister highlighted the challenges that Lao PDR is facing as a result of the weak production infrastructure due to the impact of the Covid-19 epidemic and natural disasters in recent years, as well as the effects of regional and international conflicts that have affected the transportation system, production and supply chains, causing higher risks in trade, investment and business operations. At the same time, with the problem of public sector debt, higher fuel prices, and decreased income from mineral exports and tourism, implementing the post-Covid-19 economic recovery plan is very challenging.

The Prime Minister emphasized that meeting participants from the public-private and development partners should make direct and constructive comments, highlight issues, and propose solutions that the Government and relevant sectors can study and consider, in order to amend policies, laws, regulations, mechanisms, cooperation-coordination, and work plans to create an environment that is attractive and conducive to trade, investment and business operations in Lao PDR.

Agenda 3: Presenting the business environment in Lao PDR in 2022 by a representative from domestic businesses.

Mr. Oudet Souvannavong, President of the LNCCI, represented domestic businesses and reported to the conference on the business environment in Lao PDR in 2022:

- In 2022, Lao PDR's economy was affected by changes in the market system and supply chain as a result of political tensions in the region, and the Covid-19 epidemic, which has led to changes in trade, the use of trade barriers, and an accelerated transition to the digital economy for greater economic integration.
- These changes have affected the economy and business environment in Lao PDR, causing a financial and economic crisis, causing low growth, resulting in a shortage of foreign currency, inflation, and market domination by non-system businesses. In addition, the efficiency of the public sector administration and the incentives to promote production, investment, and trade are not yet up to current economic conditions, further affecting the economy and the current business environment.
- The increase in inflation has affected the price of manufacturing, significantly increasing the cost of fuel by up to 20-25% from 2022. Moreover, the depreciation of the Kip, coupled with the increase in the price of consumer goods, also affects the

labor shortage in the country. Consequently, more Lao workers have turned to work abroad for higher income, affecting the agricultural, manufacturing, and service industry, and resulting in a lack of human resources; thus, some businesses have stopped operating.

- The market dominance of informal businesses is still high, resulting in unfair competition for business units that operate legally. As a result, the Government was unable to collect duties, taxes, and fees in total, which also increased corruption. Therefore, implementing laws and regulations to crack down on criminals and encouraging businesses to register in the system must be a priority for the public sector.
- Coordination between the Ministry, the Police Department, and the central and local areas to facilitate, manage, review, and monitor the business of each sector is also a challenge. In the past, the public and private sectors have had many discussion platforms to solve issues. However, many issues still need to be solved, and the solutions are taking too long.
- The Lao LBF consultation process is also a mechanism whereby the public and private sectors jointly analyze issues and find ways to solve them continuously. This mechanism started in 2005 and has been improved gradually from time to time. However, until now, the mechanism of the LBF has yet to be completed because this forum does not have legislation that clearly defines the duties, roles, and activities of each stakeholder.
- The LNCCI, as the Secretariat of the LBF, proposed that the Prime Minister consider directing the relevant public sector parties to analyze and create specific legislation for the LBF. This proposal is to determine the framework, procedures, and implementation methods, including the rights, duties, and roles of each stakeholder in this mechanism in detail.
- At the same time, it is proposed that the National Trade Facilitation Committee and Transport Facilitation Committee continue to work to solve issues to support the more convenient and timely transportation of goods, imports and exports. It is also proposed that the government sector at all levels should support the strengthening of business organizations such as the LNCCI at the central, provincial, and district level, in addition to business associations and groups and manufacturing groups, to give them the power to contribute to the future socio-economic development of Lao PDR.

Agenda 4: Comment on the business environment in Lao PDR from the perspective of foreign investors

In this agenda, Mr. Peter Fogde, the President of the European Chamber of Commerce and Industry in Lao PDR (ECCIL), was chosen as the representative of the Foreign Chamber

of Commerce in Lao PDR to comment on the 14th LBF regarding the business environment in Lao PDR from the perspective of foreign investors. Mr. Fodge highlighted the opportunities for investment in Lao PDR and four main challenges that need to be presented to the Government for consideration:

The investment opportunities in Lao PDR that have been highlighted include:

- A country that is land-linked that can connect to more than 500 million users.
- There are many natural tourism destinations that remain in their original state.
- It can be a leading country in the timber industry.
- There are many minerals, including gold and copper.
- The Government has a strategic focus on economic and social development, especially trade and investment.
- There is a large amount of investment in the development of land-link infrastructure, especially in the construction of railways and roads.
- The Government understands and gives importance to sustainable green growth.

The main challenges raised to the Government for consideration include four main points:

- Starting a business: It is proposed that legislation related to starting a business should continue to be improved, especially in terms of current procedures, which should be more convenient, quick, transparent, and attractive. For example: reconsider the list of controlled activities and the minimum registered capital requirements for general activities that are not listed as concession activities.
- Competition: Lao PDR wants to be a land-linked country, but there are still many limitations, especially the high cost of transportation, which make it difficult to compete with neighboring countries. Therefore, improvements need to be made to legislation that makes cross-border transportation, transit, and customs clearance procedures complicated, time-consuming, and expensive, contrary to the country's objective.
- Human Resources: Foreign investors need skilled and educated Lao workers. Therefore, the public sector's investment in education will help the economy grow in the medium term. However, in the short term, cooperation between the public and private sectors in education and the development of labor skills and professional training should be given more attention and support.
- Quality investments. Selection of foreign investments should be sensitive to their impact on the environment and society and their standard of management. These quality investments should be supported and promoted.

Agenda 5: Comments of economists from the World Bank on improving the economic situation of Lao PDR

Melise Jaud, a senior economist from the World Bank, made a presentation on the economic development of the Lao PDR from the perspective of an expert in economics. The main content of Ms. Jaud's presentation is summarized as follows:

- The state of the overall economy over the past two decades:
 - The economic growth of the Lao PDR has had a downward trend since 2010, which means that it had already started to decrease several years before the Covid-19 pandemic.
 - Economic growth over the past two decades has mainly come from the mining and energy sectors, which have yet to create jobs for most of the population. The increased consumption that results from economic growth is also by wealthy households only; this means that economic growth has not reduced the poverty of the citizens. Growth that does not create jobs slows down the transformation of the economic structure, as most of the working population is still in the agricultural sector.
 - In terms of industry, there are only small-scale industries, most of which employ less than 100 people. There is a very low number of large industrial companies and companies linked to international value chains compared to other developing countries. In the decade before Covid-19, the manufacturing sector's competitiveness in Lao PDR declined, with most manufacturing businesses having lower productivity levels than their competitors in East Asia and the Pacific.
- After Covid-19, the macroeconomic situation has been severely affected by inflation (at about 40% in 2022) and changes in the exchange rate (Kip depreciated by about 60%) in 2022. Therefore, the World Bank and the Asian Development Bank have jointly created a reform plan to improve the solution of economic difficulties to support the Government's national agenda for solving economic-financial difficulties in 2021–2023. The plan identified 37 proposals for the Government to consider and revise before 2023 to alleviate economic and financial difficulties. Ms. Jaud raised five main proposals to present to the meeting as follows:
 - Minimize tax incentives to increase revenue for the Government and maintain public sector costs for social services. The tax incentives policy reduces the Government's revenue each year, which makes the public sector budget insufficient to invest in education, human resource development, and debt repayment. If there is no investment in the development of knowledge, labor skills, and health, the development of the country will decrease more sharply.
 - Improve the administration of joint investment between the public and private sectors. Every inefficient investment by the public sector will result in

high state expenditure. If these investments are not well managed between the public and private sectors, the Government will incur more debt.

- Re-allocate the state's debt structure through negotiation. The significant public debt situation causes instability in the macro economy as it limits the implementation of monetary policy, creates pressure on the exchange rate, and causes the banking sector to be unsettled.
- Strengthen the financial sector's stability by using various legal and regulatory instruments. The *weakness* of state-owned banks may hinder the growth of private-sector credit. Facing the risks of this financial sector may have a broad impact on other sectors of the economy.
- Improve the business environment by effectively reforming regulation. Barriers and regulations that make it difficult to start a business, barriers to trade, and barriers to transportation of goods cause business costs, reduce productivity, and discourage investment and exports.

In order to increase the competitiveness of Lao PDR's industrial sector and attract quality investment (investment with high productivity, high capital, and employment) to invest in Lao PDR, the business environment of the Lao PDR must be improved for better convenience and reliability, especially in terms of transportation, logistics and the implementation of uniform rules and laws throughout the country. Ms. Jaud presented three main priority points that the Government should consider:

- Promote and link exports. Eliminate trade barriers, and invest in infrastructure to increase exports:
 - Continue to simplify the tax rate structure.
 - Fully implement a paperless trading system.
 - Increase border management to control border areas for high-risk trade.
 - Improve non-tariff trade barriers to support exports.
 - Improve internal and regional connectivity to expand market size and facilitate labor mobility.
- Shift to labor-intensive exports. Eliminate interference caused by public sector policies that constrain the efficient allocation of labor, capital, and land (factors of production) so that efficient domestic and foreign companies can grow and create formal jobs:
 - Improve the process of enterprise registration and issuing business licenses.
 - Facilitate and reduce investment conditions to attract foreign investment.
 - Amend the law on investment promotion to limit incentives and tax exemptions.
 - Facilitate integration between the special economic zone and the domestic economy.

- Raise the capacity of the workforce. Invest in upskilling the workforce and ensure an efficient labor market to prepare the workforce to cope with the complexity of the global production system and to help contribute to inclusive economic growth:
 - Invest in human resources to stimulate economic diversification.
 - Promote skills training and create employment incentives based on geographic targets.
 - Increase the strength of labor laws and enforcement.

Ms. Jaud highlighted the importance of dialogue between the public and private sectors. Utilizing the mechanism of the LBF to listen to the feedback from the private sector, especially, will help to speed up the reform of the business environment to make it more sustainable.

Agenda 6: Report on the progress of the public-private dialogue under the mechanism of the LBF over the past year by Ms. Valy Vetsaphong (Ph.D.), Vice President of the LNCCI representing the Secretariat of the LBF:

- After the 13th LBF, held on 28th July 2021, the Secretariat and the public sector focal point followed up on the issues raised in the previous meeting by having technical several meetings and discussions with the relevant public sector to cooperatively find ways to solve the issues of the private sector. They also sent a follow-up letter on the progress of solving the issues to 11 relevant sectors. The Secretariat said that it had received good cooperation from many of the public sectors.
- In the past, the Secretariat still found that the number of resolved issues was low. Each issue took a long time to resolve because it was substantial and related to many issues. Some issues are related to many public sectors. Therefore, the Secretariat has updated and revised the priority by keeping only the ones that can determine the direction and deadline. The issues discussed at technical level with the relevant sectors involve 49 issues, including the proposals from the previous LBF and some issues raised after the 13th LBF.
- From the Secretariat's observation, it can be concluded that:
 - Twenty-one issues have been resolved.
 - Twenty issues cannot be resolved and will continue to be discussed and monitored.
 - Eight issues that cannot be resolved have been responded to.
 - There are also several issues that the Secretariat will have to thoroughly study before sending them to the relevant sectors in the consultation process of the LBF in the next round.

(Details and the progress of the 49 issues reported by the representative of the Secretariat in the 14th LBF can be found in the matrix of resolved issues, matrix of partially resolved issues, and matrix of unresolved issues, which are attached to the minutes of this meeting).

For the issues can be continuously monitored and resolved, the Secretariat proposed that:

- The relevant sectors establish a clear deadline for resolving priority issues raised by the private sector.
- In the consultative meeting between the public and private sectors at technical and policy level, the public sector should appoint representatives with the authority to make decisions so that the meeting can be fruitful.
- For issues related to multiple sectors, the main sector that has raised the issue should be responsible for coordinating with other relevant sectors to help the business sector follow up on the proposed recommendations.

Agenda 7: Comments by the representatives of relevant public sectors to the issues and proposals raised by the business sector.

Mr. Malaithong Kommasith, Minister of the Ministry of Industry and Commerce (MoIC), made comments on the issues related to the industry and commerce sector:

- **The proposal for the Government to adopt 10 business licenses as Priority Licenses in six industries** (manufacturing, wood and agricultural processing, tourism, restaurants, construction, and education), in order to improve and speed up the process of issuing business licenses (Priority Licenses). This proposal is related to implementing Prime Minister's Order No. 03/PM on improving investment license and business operating license procedures. The MoIC, as the coordinator for improving business licensing in relevant sectors, has conducted research and identified 20 business licenses for improvement. Out of 350 items, these 20 business licenses are the most applied for. Moreover, 10 of these 20 business licenses, which span across six sectors, are those that the private sector has proposed for improvement. Therefore, improving these 10 business licenses in all sectors is progressing well. However, to speed up implementation, the MoIC agrees to accept the proposals from the private sector to adopt these 10 business licenses as a priority, to work on their improvement, and report to the Government.
- **The proposal requires the Government to complete the improvement of the priority licenses within 18 months and consider switching to a risk-based approach.** For this proposal, the MoIC has already worked with the relevant sector and managed to revise four of the 10 business licenses in six priority sectors. Furthermore, the Minister of the MoIC called on the Minister, Deputy Minister, and leaders of each level of the relevant ministries and sectors to help encourage and guide their departments in the implementation of Order No. 03/PM, and to improve the process of issuing business licenses that are under their responsibility. In addition, MoIC has completed several essential tasks:

- Built understanding in relevant sectors to improve the start-up process and business operations according to orders No. 02/PM and 03/PM.
 - Completed summarization of business activities that require a risk-based approach to issue business licenses.
 - Created a manual on business licensing principles based on international best practices and risk-based principles, and distributed it to the sector as a reference for issuing licenses.
 - Built and launched a website and database for business license applications in both Lao and English. Currently, there are more than 320 business licenses in the database.
 - Assigned a coordinating committee to update content regarding business license application on the website.
 - Initiated the application of a risk-based approach to improve business licenses in the process industry (allowing that low-risk activities might not need to apply for a business license).
 - Issued an agreement on the adoption of the list of business activities in the industrial and handicrafts sector that required a permit to establish factories No.0167/MoIC.DIH, and signed an official letter that will be effective from 30 March 2023.
 - Completed the draft plan to improve the remaining six priority licenses for the next 18 months.
- **On the proposal that MoIC, on behalf of the members of the Joint Trade Facilitation Committee, should consider and coordinate with all relevant parties in re-evaluating the advantages and disadvantages of the implementation of Notification No. 04718 / MPWT; also find innovative solutions that will benefit all stakeholders, and monitor the implementation of such solutions.** MoIC has coordinated with the Ministry of Public Works and Transport (MPWT) many times in response to this issue. It has been agreed that the MoIC Department of Import and Export (DIMEX) should cooperate with LNCCI to compile a list of agricultural products that need to bring in empty trucks for export. Consequently, the list should be sent to the Department of Transport to study and update the notification from MPWT, by considering comprehensive issues including convenience, speed, capital costs of producers-exporters, technical readiness, and transferability, compatibility with the transport-trade strategy and turning the country into a regional integration-connection area. At the same time, it must follow the international transport service agreement and notify the provinces to enable uniform implementation throughout the country. Furthermore, MoIC and MPWT are included in the Trade Facilitation Committee Secretariat (TFCS) and Transport Facilitation Committee, which has been recently updated according to Decree 145/PM, and will evaluate the effects of the legislation governing the import and

export of goods to the economy. Subsequently, MoIC and MPWT will propose policies and measures that promote and build the competitiveness of the Lao economy to promote domestic production and export of goods according to the country's potential for more robust and sustainable economic development.

- Representing the MPWT, Mr. Lan Sengaphone, Deputy Minister, made comments to the meeting on the issues and proposals related to the public works and transport sector:
 - Regarding the proposal related to the implementation of Notice No. 04718/MPWT.O, dated 23 February 2022, on increasing the magnitude of monitoring and inspection of foreign trucks entering Lao PDR to comply with laws and regulations. This is a proposal from the private sector to be allowed to bring empty foreign trucks and empty containers to obtain goods in the Lao PDR without having to transfer or change the truck and the trailer, to promote production for export:
 - In principle: International transportation between Lao PDR and neighboring countries is based on bilateral land transportation agreements, e.g., Lao PDR-China, Lao PDR-Thailand, Lao PDR-Vietnam, and Lao PDR-Cambodia. These agreements define the principles and methods of implementation and explain some important principles in the transport agreement:
 - Determined certain checkpoints to allow cars from neighboring countries to enter and exit Lao PDR.
 - Determined certain national highways to allow cars from neighboring countries to come in but not leave predetermined routes.
 - Prohibit foreign trucks from coming in to obtain goods because it violates rights and competition for jobs in the host country.
 - Prohibit foreign trucks when delivering goods and not transporting other goods in Lao PDR because it is illegally competing for jobs with the locals.
 - During the Covid-19 pandemic, the transportation of goods in Lao PDR has been problematic. Cargo trucks are not enough to meet demand, as every country has taken strict measures to prevent the spread of the Covid-19 virus. As a result, most foreign trucks could not transport goods in Lao PDR as they used to. Therefore, the transportation of goods must include transloading at the border, and only trucks transporting dangerous goods, perishable agricultural goods, specialized vehicles, goods at risk of being smuggled, and special-sized goods are allowed to be sent to the destination. At the same time, this turns the crisis into an opportunity to

strengthen domestic transport operators to meet the demand for cargo transportation during this period.

- Under the guidance of Government Notice No. 63/PMO, the MPWT office issued Notice 0478/MPWT.O to the public works and transport divisions in other provinces and international checkpoints to enforce monitoring foreign cargo trucks that come to obtain and transport goods in Lao PDR, which violates the laws and bilateral transport agreement. Lao trucks must transport goods from the factory to the dry port to transload to foreign trucks for export. Foreign trucks must also be monitored so that they stay on the specified route as stated in the agreement. However, in practice it is seen that regulations are not enforced, especially the policy of promoting production for export.
- Solutions: Following discussion, MPWT and relevant ministries have arrived at the following solutions:
 - On a case-by-case basis during this transitional period – relax the restrictions to allow empty foreign trucks to collect goods in Lao PDR, and allow trucks to deliver goods outside the specified route if: they deliver goods including: agricultural goods, perishable goods, breakable goods, goods that cannot be transferred, liquid goods, flammable materials, dangerous goods, containers from seaport to collect goods in Lao PDR to go to a third country, and specialized transport vehicles that are unavailable or insufficient in Lao PDR. Furthermore, in border areas where Lao transport vehicles are not accessible, with periodic confirmation from the Provincial Transport Authority, the LITFA Association, or the Provincial Transporters Association, the MPWT will allow the transport vehicles to enter Lao PDR.
 - The MPWT will re-investigate the price of cargo transportation services in Lao PDR to ensure that they are appropriate.
 - For the proposal to streamline procedures for applying for permission to bring empty trucks and empty containers from abroad to pick up goods conveniently in Lao PDR, as per the MOIC and MPWT priority list, at the moment, we are still collecting information from all provinces about the capacity and competency of Lao trucks and will issue detailed legislation soon.
 - For a long-term solution, the MPWT has assigned the Department of Transport to continue discussions to renegotiate bilateral transport agreements with neighboring countries to align with the current socio-economic situation. For example, improving the principles and methods of implementation in the transportation of goods in and out of

the country, determining the cooperation model of the two parties, such as guaranteeing transport vehicles, guaranteeing goods, changing truck-trailers, and determining the scope of transportation, based on mutual benefits. During the pre-negotiation of the transport agreement, there will be further discussion between the public and private sectors to create unity to bargain in the same direction. At the same time, we will increase the implementation of the decree on establishing and operating the Trade and Transportation Facilitation Committee that has already been approved, and continue to support and strengthen the Lao Transport Association at both central and local level.

- On behalf of the Ministry of Planning and Investment (MPI), Mr. Sathabanhdit Insixiangmai (Ph.D.), Deputy Minister, made comments to the meeting on the issues and proposals related to the planning and investment sector:
 - Regarding the comments of a senior economist from the World Bank who proposed that the Government should improve the tax promotion policy aimed at removing such policies, I agree and welcome research to improve the investment promotion law.
 - **On the proposal that MPI revises the law on Investment Promotion to remove the controlled activities list, and on the issuance of investment licenses (that are not listed in the concession activities),** MPI sees this as a helpful proposal that should be further researched and considered in depth. This is because businesses listed as controlled activities impact national security, social order, national customs, the environment, society, or nature. At the same time, this is related to the characteristics of investors, which requires a background check to ensure that the investors are suitable.
 - MPI is conducting research to improve the investment promotion law to present to the National Assembly for approval in December 2023. MPI welcomes the opportunity to work with the private sector in research, highlighting the detailed and comprehensive reasons for eliminating the list of controlled activities to consult and research in conjunction with relevant sectors following amendment of the law.
- On behalf of the Ministry of Information, Culture, and Tourism (MICT), Mr. Ounthuang Khaophan, Deputy Minister, commented at the meeting on the proposals related to the Ministry:
 - The Deputy Minister agrees overall with the report, proposals, and progress related to the MICT that the Secretariat reported in the previous agenda.

- The MICT is currently revising the tourism law, which is expected to be submitted to the National Assembly in the third quarter of 2023.
- For the proposals to assign the MICT as focal point, the Ministry suggested that the private sector should make proposals directly to relevant sectors. The MICT will continue to support the collaboration with all relevant parties in both the public and private sectors.
- The MICT proposes that the relevant sectors prioritize business units in tourism so that they can easily access low-interest loans. It is also proposed that the private sector contribute to marketing campaigns for Lao tourism, especially in exhibitions abroad.
- On behalf of the Bank of the Lao PDR (BoL), Ms. Khankeo Lamaningao, Deputy Governor of the Bank, made comments at the meeting regarding the proposal related to the BoL:
 - BoL is currently revising the commercial banking law and researching and formalizing a strategy to manage foreign debt. Various reforms have been implemented in the past, especially those related to foreign currency exchange.
 - Regarding the proposal to allow the use of the land-use certificate approved by the chief village as collateral for a small loan in an area where no land title is issued: Previously, to operate under the Land Law, Article 104, Paragraph 2, which stipulates that the registration of land use rights must be done at the Office of Natural Resources and Environment where the land is located, face-to-face between the parties in the contract and the land office authority; BoL has issued notification No. 506/D.NRE, dated 27 August 2020, and notification No. 313/MOF.DFI dated 28 August 2020 for financial institutions to strictly comply with the land law. However, in practice, it was seen that the law was not being fully implemented. Therefore, the Commercial Bank Management Department is currently researching how to create legislation at the governor level to advise in detail what kind of documents can be used for the land-use rights to be brought as collateral, how much the loan amount is capped at, what documents are required and how to evaluate the value of the land. Regarding this issue, BoL will continue to research appropriately in coordination with the Ministry of Natural Resources and Environment (MoNRE), which is also drafting legislation on the same issue to ensure that the legislation from both sectors is in line. Therefore, the current solution, where the implementation of the law is not complete, is to issue new legislation to implement first, which is expected to be completed in July 2023.

- **On the proposal to upgrade the credit information center to expand the coverage of information and integrate it with relevant sectors:** In the past, BOL created the Decree on Credit Information Work No. 224/**GOV**, dated 19 July 2019, and established the Lao PDR Credit Information Company (CIC) in 2020. CIC is a company 100% owned by BoL, operating and providing social services under the Law on Enterprises, the Decree on Credit Information Work, and other regulations. To develop products and improve the quality of information, the CIC has coordinated and signed a memorandum of understanding with many parties in both the public and private sectors to compile other information to serve credit scoring, and try to rank the credit information of legal entities (credit rating). Until 2022, it was possible to rank individuals' credit by using the data of payment of telephone and electricity bills. However, it is not yet possible to compile information nationwide. Moreover, it is challenging to collect legal entity information, especially for enterprise, financial status, and tax payment information. Nevertheless, CIC also needs to invest in buying and assembling a new technology system at a high cost, for which it needs more capital. In the future, BOL will change the structure of CIC to raise funds by turning commercial banks into shareholders. This is predicted to be completed by the end of 2023, and the development of credit rating products is expected to be completed in 2024. At the same time, the Ministry of Finance (MoF) will investigate the collection of fees and service charges of CIC as proposed by the private sector. In addition, efforts will be made to enlist financial institutions that still need to become members. However, financial institutions that have become members already cover about 96% of the total number of credit accounts.
- **On behalf of the Ministry of Finance (MoF), Mr. Santiphab Phomvihanh, the Minister, made comments at the meeting regarding the proposals related to the MoF:**
 - As in the past, the Ministry is focusing on its modernization, as stated in the national agenda, which is to solve economic and financial problems. Therefore, all proposals related to the modernization of the Ministry will be completed in 2023.
 - The MoF agrees with the report and the progress of the proposals that the Secretariat reported in the previous agenda, and has additional comments as follows:
 - Regarding **the proposal for the Government to appoint an independent unit to monitor the implementation of Decree No. 002/PPD across the country:** it is seen that the fees and service charges specified in Decree No. 002/President are related to many sectors. Therefore, to ensure uniform implementation of the statute at

central and local level, the Ministry has installed a POS system to collect fees and service charges that are under MoF, which will be expanded for installation at the service counters of various sectors that collect additional fees and service charges.

- **On the proposal that the Customs Department accelerate the expansion of the scope of LNSW in terms of product types and customs border:** so far, the LNSW system has been installed and used at nine international customs points. In addition, the LNSW and ASYCUDA systems have been upgraded to become the same system – the National Single Window ASYCUDA Plus (NSWA+), a detailed electronic tax declaration system according to international standards.
- **On the proposal that MoF (Customs and tax) coordinate with various parties and incorporate the collection of fees related to the transportation of goods:** according to the Decree on Border and International Airports No. 558/, the customs department is responsible for collecting all fees and service charges at centralized checkpoints. However, in practice, this is yet to be done uniformly because the customs border consists of various departments including security, finance, agriculture, foreign affairs, and the provincial administration office. Therefore, the MoF will continue to cooperate with relevant departments to develop and expand the installation of the electronic system (Smart tax) for the centralized collection of fees and service charges at border crossings.

Agenda 8: Comments and guidelines to the meeting by the Prime Minister

In the concluding remarks of the meeting, Mr. Sonexay Siphandone, the Prime Minister, represented the Government and expressed his gratitude and compliments the LNCCI, the local Business Association, and the Foreign Chamber of Commerce in Lao PDR, for hosting and making valuable contributions to enable the LBF to achieve its goals and expectations. In addition, the Prime Minister emphasized three major issues at the meeting:

- I. Implementation of the 13th LBF Results:** There were 49 proposals for the Government to research and consider. Through research, consideration, and actual issue resolution, it was found that 21 proposals have been resolved, 20 proposals are progressing to be resolved, and eight proposals cannot be resolved. Therefore, when interpreting the overall assessment, it can be viewed that each sector has attempted to resolve the issues raised by the private sector, but the actual results are still sluggish. Therefore, the Government acknowledges the remaining issues and will improve them.

II. Comments and proposals of the Forum

- **On the proposal of the President of the LNCCI:** to create a decree on the LBF, as it will help to create a unified understanding of the roles, duties, responsibilities, coordination mechanisms, and working methods of each party from both the public and private sectors. Since creating a decree would be a lengthy process, it should instead be created as an agreement that can be used contemporarily. In the future, if necessary, this agreement can be upgraded to a decree. Therefore, the Prime Minister assigned the MoIC to coordinate, study, and draft an agreement with all relevant parties, such as the MoIC and the LNCCI, and send it to the Prime Minister for approval within 30 days.
- **On the proposal of the President of the ECCIL:** The Prime Minister expressed his gratitude for the sincere and constructive comments. Regarding the issues raised: facilitating the starting up of business, creating competitiveness, human resource development, and attracting quality investment are all tasks that the Government gives importance to and will continue to focus on implementing to be more efficient and effective.
- **Regarding the proposal of the senior economist from the World Bank:** The Prime Minister expressed his gratitude and agreed to the opinion of the senior economist from the World Bank, who proposed to the Government five points that must be acknowledged in solving the economic and financial problems:
 1. Reducing tax-exemption measures and increasing customs-tax rates on some items after Covid-19 has eased.
 2. Improving the management of state and private investment and joint investment between the state and the private sector.
 3. Improving public debt structure through renegotiation.
 4. Improving the stability of the banking sector through legislative instruments.
 5. Improving the business and investment environment.
- **On the three proposals from the Secretariat of the LBF:**
 1. The proposal to set a clear period for the resolution of the priority issues raised by the private sector is agreed upon and seen to be in line with the presentation by senior economists from the World Bank.
 2. Regarding the proposal for the public sector to appoint representatives with the power to make decisions to participate in the public-private consultative meeting at the technical and policy level so that the meeting can get results: the Prime Minister proposed that the relevant ministries should direct their departments and technical staff working on specific subjects related to the proposal to participate in further meetings.
 3. For a proposal that is related to many sectors, it is proposed that the main Ministry related to the management of that business is responsible for coordinating with other relevant ministries to help that business in following up on the solution of the proposal: The Prime Minister stated that we should

use the existing coordination mechanism, especially using the focal point of the public sector, which is MoIC. As for the private sector, the Secretariat of the LBF is the coordinator. In addition, the Government has legislation No. 145/PM, which has appointed a committee to facilitate trade and transportation at both central and provincial level. At central level the Department of Import and Export, and the Department of Transport form the Secretariat. For investment promotion work, the Investment Promotion Department is the center for coordinating research and evaluation to report to the Government. Currently, the Government has cut down on the activities of the management and investment promotion committee meetings at both central and provincial level.

4. For the proposal related to the revision of the list of controlled activities and related legislation, the response of the representative from the MPI is agreed. At the same time, there will be reassessment of the implementation of Prime Minister's Orders No. 02 and 03 to improve compliance with the investment and business environment in Lao PDR.

III. Comments to improve the LBF mechanism in the future:

- The Government confirms and considers the mechanism of the LBF as an essential platform for discussing and exchanging opinions on policies, regulations, and what is happening in the economy, trade, investment, and business activities. The business sector is an important partner of the Government in the national economic-social development. Therefore, it should continue to maintain and enhance the mechanism of the LBF to be more efficient and effective. **Therefore, the Prime Minister proposed that each section pay attention to:**
 - **Public sector:** draft an agreement on the LBF to clearly define the roles, duties, scope of rights, responsibilities, coordination mechanisms, and working methods of each sector for both the public and private sectors. This task must be quickly implemented as a reference for activities after the 14th LBF. It is also necessary to increase responsibility for performing duties, especially solving new and remaining issues. Therefore, improving responsibility in the performance of duties is very important.
 - **Private sector:** This year, the LNCCI will open its general meeting. Therefore, the current LNCCI board of directors should review, research, discuss and draw lessons from its leadership and activities over the past three years, especially implementation of Decree No. 237/PM. The LNCCI must analyze the problems in depth, both positive and negative, and lessons learned in order to improve, create transformations and develop the LNCCI to be at full strength:
 - It is suggested that the LNCCI Board members pay attention to gathering and encouraging unity, participation, contribution, and sacrifice in leading

and acting as a representative of business associations and entrepreneurs throughout the country to the best of their ability.

- It is proposed that the foreign chambers in Lao PDR continue to be active and contribute to encouraging and giving feedback on the efforts of the Government and LNCCI to improve the mechanism of the LBF to be a platform that can raise important issues. Furthermore, ideas should be gathered and new ways proposed to improve the environment in economic activities, trade, investment, and business operation in Lao PDR, to become more attractive and convenient for investors and business people, domestically and internationally.
- **Development partners:** especially ally countries and active international organizations in Lao PDR, play the most critical role in the socio-economic development of the country. Since the beginning of the mechanism of the LBF in 2005, development partners have been providing it with feedback and support. However, although this mechanism has been implemented for many years, it is still not as strong as it should be. Therefore, in order to continue to strengthen this mechanism and develop the LBF to become an efficient, effective, and sustainable Government and business forum, the Prime Minister proposes that development partners support the mechanism further and provide feedback to make it self-sufficient, self-reliant and able to strengthen itself over time.

At the end of the meeting, the Prime Minister expressed his gratitude to the Secretariat of the LBF of the LNCCI and the focal point in the public sector, the MoIC, for the comprehensive preparation and successful organization of the meeting. He also thanked Australia, Ireland, the United States, and the World Bank for supporting the LCT project, which is the main supporter of trade and private sector development in Lao PDR, including the dialogue process under the LBF. Consequentially, the Prime Minister of Lao PDR officially closed the meeting. The meeting closed at 12:30 on the same day.

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Lao Business Forum Steering Committee

Ministry of Industry and Commerce

Lao National Chamber of Commerce and Industry

Prime Minister

President