



Improving the Business Environment through
Constructive Dialogue



Lao Business Forum

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H.E. Mr. Somsavat Lengsavad, Deputy Prime Minister of Lao PDR

H.E. Mr. Somdy Duangdy, Minister of Planning and Investment

H.E. Ms. Khemmani Pholsena, Minister of Industry and Commerce

Mr. Sisavath Thiravong, President of Lao National Chamber of Commerce and Industry

Distinguished Guests,
Ladies and Gentlemen

On behalf of the European Chamber of Commerce and Industry and Cross Cutting Issue Private Sector Working Group, I would like to extend my gratitude to the Government for offering me the opportunity to address the overview of strengthening legal certainty and implementation gap through improving quality of legislation to this Forum.

Lao PDR has made significant reforms to the enabling environment for trade over the last five years and has deepened commitments at the regional (ASEAN) and global (WTO) level. A key priority over the next phase will be an increased focus on implementation of reforms and following through of commitments at a level that directly benefits the private sector. Similarly at the ASEAN level, Lao PDR will need to deliver on its commitments in areas such as tariff liberalization and the establishment of a national single window for trade facilitation and others. Over the years, the LBF has made contributions to resolving some concrete issues facing the private sector in areas of tax administration, trade facilitation and the LBF as well as other instances also enabled the private sector to make significant contributions to law making, especially the Mining Law, Labor Law and others.

However in order to reduce uncertainty of business regulatory environment caused by inconsistency among laws and regulations, and reduce gaps between laws/policies and actual implementation, we would like to make the following remarks:

To reach maximum efficiency in this venture, we believe government should rely on 3 pillars:

- The Public Sector gathering the Line Ministries in charge of setting up the rules and guidelines of the sector they are in charge of. Sometimes more than one Ministry is involved in the writing of Laws and Decrees.

- The Private Sector in charge of the development of industry and provider of the needed financial resources to Lao PDR as well as the utmost expertise needed to understand the rules of the markets internally and externally.
- The Legislator in charge of the consistency of the different Laws and Decrees, within the Lao legal system, but also with the international standards set up in the neighboring countries and everywhere in the world.

We believe the Lao Business Forum should be the only instance where those 3 pillars can be united at an early stage to draft together the future legislation of Laos and pave the way to a shiny economic future.

There have been indeed some successes with recent new legislations like the Law on Insurance, the Law on Industrial Processes, or the Labor Law, and on all these Laws indeed, all the 3 mentioned entities have been involved at a certain point of time. Nevertheless the coordination has been an issue in the different discussions and the LBF has not played his role of coordinator nor been the engine of success what might have expected. A lot of time and energy could have been saved if the right people would have been able to discuss at an earlier time and if a consistent project plan could have been prepared in due course.

1. Proposed solutions:

- a. Introduce a systematic approach to public consultation by maximizing role of the LBF and its working groups as one of the main channels for seeking private sector's inputs on draft laws/regulations;
- b. Set up a drafting Committee representing the 3 pillars of the legal system: Private Sector, Line Ministries, Legal Authority (National Assembly)
- c. Enhance private sector's participation in future development of commercial laws and other relevant regulations through inviting private sector representatives and experts in the drafting committee
- d. Avoid inconsistency among laws and regulations through improving inter-ministerial coordination. The government would delegate the right persons (Experts and Deciders) to really tackle the issue and progress together with the Private Sector. One of the weak points of the previous organization was that the momentum was often lost as we were not able to discuss with the right persons at the right time.
- e. Another point is the real need of a coordinator in the Private Sector side, but that will be the role played by the LNCCI, as well as on the government side as there is a high need of Project Management especially when not only one Ministry is concerned.
That coordinator would also set up the deadlines for the Ministries to answer the issues and reconcile the different solutions and make sure they are compatible and consistent with the current Laws and the international standards required.
- f. We also think that it would be advisable to have a sponsor as we did in the past as some issues need external consultants sometimes from other countries, which would involve some costs, on top of those from the meeting of the different committees, or the LBF Conference as well.

It would also probably help to have a renowned sponsor in terms of international recognition of the work done through the LBF.

- Once this structure would be in place, the pending issues should be tackled, and new issues should be proposed.
- Committees should be appointed with all the stakeholders from the Private or the Public Sector involved and should meet in our opinion on a monthly basis until the issues have found a solution or a clear position on what should be the governing rule regarding the issue
- Coordinators from Public and Private Sector should be officially appointed and their missions clearly defined and known from all parties. Coordinators should be skilled and experienced and be granted swift access to the deciding authorities
- The Date of the next LBF should be decided and a retro planning (Gantt Chart) should be established for each committee.
- Sponsors should be approached as this instance should be the prevailing organization to enhance the business environment in Laos.

Thank You