



Minutes of the 12th Lao Business Forum November 12, 2019

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The 12th Lao Business Forum was called to order at 8:30AM on November 12, 2019 at the National Convention Centre in Vientiane Capital. Part I of the Forum was co-chaired by H.E. Somdy Duangdy, Deputy Prime Minister, Minister of Finance, H.E. Khemmani Pholsena, Minister of Industry and Commerce, and H.E. Outdet Souvannavong, President of Lao National Chamber of Commerce and Industry; and Part II of the Forum was chaired by H.E. Thongloun Sisoulith, Prime Minister.

The Forum gathered 440 participants from:

- the public sector (129 participants, of which 52 were women);
- the Lao National Chamber of Commerce and Industry, various Provincial Chambers of Commerce and Industry, and Lao business operators (226 participants, of which 61 were women);
- foreign chambers of commerce and foreign business operators (25 participants, of which 6 were women); and
- diplomatic delegates and representatives of development partners and international organizations in Lao PDR (60 participants).

Agenda

The Forum was divided into two parts with seven agenda items.

Part I - Introductory and Reporting Session

1st Agenda Item: Welcoming Remarks

2nd Agenda Item: Opening Remarks

3rd Agenda Item: Opportunities and challenges for the private sector in Lao PDR in a rapidly changing economic landscape at domestic, regional and global levels

4th Agenda Item: Opportunities and challenges for foreign direct investment in Lao PDR

5th Agenda Item: Key issues and recommendations raised under the Lao Business Forum from public-private sector dialogue

Part II – Commentary Session

6th Agenda Item: Public Sector's Response to Issues Raised by Private Sector

7th Agenda Item: Remarks and Concluding Remarks by H.E. Thongloun Sisoulith, Prime Minister of Lao PDR

Part I - Introductory session

1st Agenda Item: Welcoming Remarks

H.E. Khemmani Pholsena, Minister of Industry and Commerce, on behalf of the Forum's public focal point, welcomed the participants and outlined the key purposes of this Lao Business Forum which is to review the outcomes achieved from the public-private dialogue process under the 11th Lao Business Forum and to discuss possible resolutions for issues that remain as impediments to doing business. Members of both the public and private sectors were encouraged to actively use the available dialogue mechanisms under the Lao Business Forum to shed light on issues hindering business operations, and to use them as a platform to propose innovative recommendations to address those issues in a timely manner.

Further, she recounted the numerous mechanisms and measures that the Government of Lao PDR has implemented to improve competitiveness of firms in Lao PDR, notably by amending laws and regulations to align them with international practices, reducing regulatory compliance costs as well as improving access to finance and access to domestic and international markets in order to raise competitiveness of Lao enterprises, especially micro, small and medium-sized enterprises (MSMEs).

It was asserted that public officials in the industry and commerce sector will focus on resolving issues in four broad areas:

- (1) ensuring access to sustainable export markets;
- (2) improving doing business environment;
- (3) easing businesses' access to finance, market information, technology, human resources and business advisory services; and
- (4) promoting startup businesses that offer goods and services in the information technology space.

2nd Agenda Item: Opening Remarks

H.E. Somdy Duangdy, Deputy Prime Minister, Minister of Finance, declared the official opening of the 12th Lao Business Forum. He highlighted the importance of a public-private dialogue mechanism that Lao Business Forum played in supporting the government to identify prioritized issues needed to be tackled in order to bolster doing business climate in Lao PDR. In addition, he showcased government's continued endeavors and policies to restructure the economy, departing from heavy reliance on natural resource, in order to ensure economic stability and sustainable economic growth as well as promote private investment and boost employment, for instance, by: maintaining the macroeconomic stability, meeting international commitments under the bilateral and multilateral cooperation, investing in crucial infrastructure necessary to push for more diversified exports, streamlining government administrative procedures and application approval process, investing proceeds from natural resource extraction in economic expansion schemes such as improving in the fields of education, technology and infrastructure.

3rd Agenda Item: Opportunities and challenges for the private sector in Lao PDR in a rapidly changing economic landscape at domestic, regional and global levels.

Mr. Oudet Souvannavong, President of Lao National Chamber of Commerce and Industry, laid out the opportunities and challenges for the private sector in Lao PDR in a rapidly changing economic landscape at domestic, regional and global levels. The effects have led to changes in production patterns, movement of goods, and production chains in the region – in particular, the increase in the relocation of production bases by major companies across the globe. Lao PDR has yet to embrace these changes as opportunities to expand its economy due to its weak telecommunications, agriculture, production and technology infrastructure that could not keep pace with global changes, resulting in difficulties to fully integrate into regional and international investment and trade linkage. Moreover, the efforts on economic restructuring away from heavy dependence on natural resource extraction and exportation to an industrial, agricultural and service-based economy still remain sluggish.

The reasons for low competitiveness of Lao goods and the struggle for Lao PDR to embrace these changes as opportunities are owed to high regulatory compliance costs (including document and application fees), high freight costs (for both domestic and cross border trading), vague and confusing tax and customs administration system, inconsistent implementation of laws and regulations throughout the country, along with the unattractiveness of the overall doing business environment in Lao PDR.

Further cooperation and dialogue between the public and private sector are encouraged in order to improve business environment. To facilitate such cooperation and dialogue, The Lao National Chamber of Commerce and Industry thus proposed:

- (1) restructuring and legitimization of Lao Business Forum by virtue of legislation; and
- (2) establishing ten task forces, comprising of talents from both the public and private sector, where each respective task force is charged in raising Lao PDR's ranking for each World Bank's Doing Business Topic.

4th Agenda Item: Opportunities and Challenges for Foreign Direct Investment in Lao PDR

Mr. Rufus Pinto, President of Australian Chamber of Commerce in Lao PDR, on behalf of the international chambers of commerce in Lao PDR, commented on the current global economic situation and the opportunities that Lao PDR has before outlining the obstacles of operating a business and the complications faced by foreign direct investment in Lao PDR – of which the government should recognize. Current key challenges hindering foreign investors in Lao PDR include:

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| (1) policy uncertainty and inconsistent enforcement of law; | (2) unfavorable tax and customs administrative system; |
| (3) weak in-land connectivity and regional economic integration; | (4) lack of skilled workforce; |
| (5) hinderance of starting a business; and | (6) lax contract enforcement. |

These issues are taken into consideration by potential investors whether or not to invest in Lao PDR; thus, it was recommended that the government of Lao PDR prioritize in resolving them.

5th Agenda Item: Key issues and recommendations raised under the Lao Business Forum from public-private sector dialogue

Ms. Valy Vetsaphong, Vice President of the Lao National Chamber of Commerce and Industry, on behalf of the Lao Business Forum Secretariat, reported on the progress of the public-private dialogue achieved under the Lao Business Forum. In the period after the closing of the 11th Lao Business Forum, the Lao Business Forum Secretariat and the Government Focal Point initiated public-private dialogue mechanism under the Lao Business Forum. Private Sector Working Group meetings were first organized to discuss prioritized key issues faced by the private sector (including issues that have been raised prior to the 11th Lao Business Forum that remained unresolved) – 23 prioritized issues were identified as a result. Public-Private Consultation meetings, involving officials from different line ministries and government agencies, were then convened several times to raise and discuss possible solutions for these issues. From the Public-Private Consultation meetings:

- Resolutions of seven issues have been achieved, those being issues on: (1) value-added tax on commercial banks' banking services (generating non-interest income), (2) value-added tax on transit transport, (3) excise tax on internet usage, (4) export procedure for timber (from farmed trees), (5) business registration procedure, (6) regulation on interest rate cap, and (7) collection of standards and quality inspection fees on goods.
- Progress has been made to address the remaining sixteen issues, of those:
 - four issues are relating to legislation: (1) business license issuance procedure of line ministries/departments, (2) approval procedure for tourist groups entering Lao PDR, (3) investment license issuance procedure, (4) nature-based tourism development and promotion policy;
 - eight issues are relating to the enforcement of legislations: (1) approval procedure of the annual import plan (Master List) of goods and raw materials eligible for customs duty and tax exemption under Law on Investment Promotion (2016), (2) value-added tax refund for exporting producers, (3) competition from the informal sector, (4) approval procedure for transport of transit goods (that are not listed under the controlled/prohibited list), (5) registration fee for land use rights security agreement, (6) Credit Information Center, (7) registration procedure for loan and security agreements, (8) approval procedure for tourism-related activities; and
 - four issues are relating to policy on: (1) startup businesses, (2) Tourism Strategy, (3) unfavorable electricity tariff rates for the service sector, (4) financial technology services.

Issues that remained unresolved were raised and their potential resolutions were proposed at the Forum to seek response in tackling such issues.

- **Issues under the purview of Ministry of Industry and Commerce:**
 - a) Business license issuance procedure of line ministries/departments; and
 - b) Competition from the informal sector.
- **Recommendations to Ministry of Industry and Commerce:**

- a) Take lead to become a focal point for line ministries to improve transparency and streamline business operating license issuance procedure.
 - b) Consolidate and disseminate information in regards to conditions of registering businesses of different industry sectors, notably information on minimum registered capital of each business category/sector.
 - c) Reevaluate the effectiveness of the implementation of Minister of Industry and Commerce's Decision No. 1005/MOIC.ITD, dated 22 May 2015, and Minister of Industry and Commerce's Guidance on Redressing Problems of Foreign Individuals Unlawfully Operating Businesses in Lao PDR, No. 0651/MOIC.ITD, dated 12 July 2019 as well as recommend directions to further rectify those problems.
 - d) Increase strictness of inspection and enforcement measures on importers, retailers, dealers, product servicers and service providers that do not adhere to laws and regulations.
- **Issues under the purview of Ministry of Planning and Investment:**
 - a) Approval procedure of the annual import plan (Master List) of goods and raw materials eligible for customs duty and tax exemption under Law on Investment Promotion (2016).
 - b) Investment license issuance procedure.
- **Recommendations to Ministry of Planning and Investment:**
 - a) Take lead to liaise with line ministries/departments that approve annual import plan (Master List), to improve certainty and streamline the approval procedures of annual import plan under investment promotion policy, notably the annual import plan of businesses in energy and mining sector.
 - b) Create a list of goods that Lao PDR can produce (in terms of quantity and quality).
 - c) Grant VAT exemption to local products that can be provided to project companies eligible for VAT exemption on imports under investment promotion policy.
 - d) Make investment license issuance procedure more transparent and less time-consuming, as well as removing procedural steps that duplicate those required in business license issuance procedure, in order to be able to issue investment license within 25 working days in accordance to Article 34 of Law on Investment Promotion (2016) and Article 3 of Prime Minister's Decree on List of Controlled and Concession Businesses Lao PDR, dated 10 January 2019.
 - e) Amend restricted business list, as it is deemed that there are too many restrictions and they are policies that do not promote local or foreign investment.
- **Issues under the purview of Ministry of Finance:**
 - a) VAT refund for exporting producers.
 - b) Registration fee for land use rights security agreement.
 - c) Approval procedure for transport of transit goods (that are not listed under the controlled/prohibited list).
 - d) Competition from the informal sector.
- **Recommendations to Ministry of Finance:**
 - a) Expedite the process of drafting and bringing into force the Guidance on Implementation of Law on Value-added Tax (Amended);

- b) Return value-added tax collected from exporters that are entitled to and have previously applied for VAT refund under the Law on Value-added Tax, but have yet to receive such refund.
 - c) Expedite the amendment of Presidential Ordinance on Fees and Charges, No. 003/PPO, as previously recommended at 10th Lao Business Forum in 2017.
 - d) Streamline approval procedure for transport of transit goods that are not listed on the controlled or prohibited list, as currently enforced.
 - e) Set direction and measures to rectify problems in relation to importation and sale of goods that do not properly declare taxes and customs duty in accordance to the laws and regulations. For instance, preventing goods being unlawfully imported through customs border.
- **Issues under the purview of Bank of Lao PDR:**
 - a) Credit Information Center.
 - b) Registration procedures of loan and security agreements.
- **Recommendations to Bank of Lao PDR:**
 - a) Improve Credit Information Center by providing more comprehensive and trustworthy content.
 - b) Discuss with Credit Information Center's users to improve the system.
 - c) Notify the improvement progress of the Credit Information Center Hold to members of Credit Information Center through periodic dialogue meetings or other means.
 - d) Reduce fees by only collecting service fees in the form of annual membership fees in order to promote wider consumption of the Credit Information Center.
 - e) Take lead to liaise with line ministries and/or departments, i.e. from the Natural Resources and Environment, Justice and Finance sector, in order to streamline unnecessary, duplicated and time-consuming procedural steps and abolish some fees relating to the registration of loan and security agreement, not least the steps relating to verifying land title deeds as well as registration and notarization of land use rights security agreement.
- **Issues under the purview of Ministry of Information, Culture and Tourism:**
 - a) Approval procedure for tourist groups entering Lao PDR.
 - b) Tourism Strategy.
 - c) Nature-based tourism development and promotion policy.
- **Recommendations to Ministry of Information, Culture and Tourism:**
 - a) Take lead to liaise with Ministry of Public Security and its provincial departments to facilitate the approval for tourist groups entering Lao PDR.
 - b) Permit private sector to participate in the process of developing or amending Tourism Strategy
 - c) Establish an independent secretariat committee to promote tourism in Lao PDR to take charge on marketing and promoting tourism in Lao PDR, comprising of private stakeholders in tourism industry and officials of the relevant public sector as executive directors of such committee.
 - d) Reevaluate the effectiveness of the Tourism Promotion Fund collection, such as the implementation of Prime Minister's Decree on Tourism Promotion Fund, No. 119/PO, dated 10 April 2017.

- e) Liaise with the relevant sector to develop legislations that specifically promote nature-based tourism.
- f) Set specific standards and establish systems to tackle air and water pollution as well littering that adversely affect tourism in Lao PDR.

Part II – Commentary Session

6th Agenda Item: Public Sector’s Response to Issues Raised by Private Sector

Comments made by Ministry of Industry and Commerce

H.E. Somchit Inthamith, Deputy Minister of Industry and Commerce, representing Ministry of Industry and Commerce, responded to the issues raised by the private sector as follows:

In regards to business license issuance procedure:

- Ministry of Industry and Commerce has initiated the amendment to business license issuance procedure for businesses under its purview on the basis of international practice’s perception of risks. To facilitate such initiative, it has brought two important legislations:
 - 1) Minister of Industry and Commerce’s Guidance on Issuance of Business License Under the Purview of MoIC, No. 0045/MoIC.ERM, dated 18 January 2019; and
 - 2) Minister of Industry and Commerce’s Decision on List of Businesses (under MOIC’s purview) that Require Prior Approval Before Operating, No. 0044/MoIC.ERM, dated 18 January 2019.

By virtue of those legislations, businesses under the scope of MoIC’s authority that are not listed under Article 3 of MoIC’s Decision No. 0044/MoIC.ERM may operate immediately upon receipt of their Enterprise Registration Certificate whereby enterprise registration officers will indicate businesses that respective owners can operate onto the back of the Enterprise Registration Certificate upon issuance.

- Currently, Ministry of Industry and Commerce is in the process of liaising with the relevant sectoral agencies that grant business license approvals to, on the basis of international practice’s perception of risks as applied in developing Decision No. 0044/MoIC.ERM:
 - 1) create one common system that dictates conditions of business license issuance; and
 - 2) develop a list of businesses that require prior business license approval.

By virtue, only few businesses classified as medium and high risks would require to apply for a business license. It is anticipated that such initiatives will be completed within the next 12 months.

- Further, MoIC has resumed its efforts towards the development of an online business registration system with an aim to implement such system by 2022, and it will create an online database that consolidates legislations, procedures and other relevant information in regards to business registration and license application of every sector on one platform (which will be managed by National Enterprise Database Office of Department of Enterprise Registration and Management) with an intention to complete such initiative within 18 months.

In regards to competition from the informal sector:

- A number of businesses operating in the wholesale and retail sector are not lawfully registered nor have a valid business license. The government has attempted to rectify such matter by issuing:
 - 1) Prime Minister's Order on Facilitation and Assistance of Temporary Work Permit Issuance for Foreigners, No. 62/PM, dated 13 November 2015, tasking Ministry of Labor and Social Welfare along with Ministry of Public Security to be directly responsible; and
 - 2) Minister of Industry and Commerce's Guidance on Implementation of PM Order 62/PM, No. 0429/MoIC.ITD, dated 3 July 2016, stipulating details of the type of businesses that foreigners may invest on certain conditions, such as wholesale and retail business, shopping centers and malls business, as well as specifying a list of jobs reserved for Lao nationals.
 - 3) Minister of Industry and Commerce's Guidance on Redressing Problems of Foreign Individuals Unlawfully Operating Businesses in Lao PDR, No. 0651/MoIC.ITD, dated 12 July 2019. Since enforcement of such legislation from July onwards, the Industry and Commerce Sector can conclude that currently there are 5,375 business units that are unlawfully operating – a number that starkly differs from what the two ministries have given, i.e. 10,208 foreigners.

MoIC will continue implementing the following measures:

- Should shareholders (both foreign and Lao) fail to provide required financial documents to verify its funds used for investment in Lao PDR within 90 days upon their business license issuance as stipulated in the business license procedure, MoIC will appoint commerce inspection officers to collaborate with the relevant agencies to inspect and employ necessary measures to revoke their business license. MoIC expects to complete such task in principle by March 2020.
- In relation to the implementation of Guidance No. 0651/MoIC.ITD, MoIC will resume collaborating with the relevant sector to assist them in performing their duties and functions accordingly. Further, it will consider developing a legislation alongside the

relevant public agencies, for instance labor and social welfare as well as public security sector, by clearly specifying implementation procedures and assigning tasks and functions to each sector.

- In relation to non-compliance to commercial regulations and informal sale of goods, those issues have been tackled by PM Decree on Commerce Inspection, No. 508/PM, dated 4 December 2012. In 2018, MoIC has commenced 1,841 inspection cases in total –1,789 cases were resolved, 52 cases remained unresolved, and fines have been imposed and goods have been seized in the total amount of 2.8 billion Lao Kip. In 2019, Vientiane Capital, inspections were carried out on importation and sale of contraband and as a result those goods, amounting to approximately 1 billion Lao Kip, were destroyed. In 2020, MoIC shall resume guiding and promoting the implementation of commerce inspection work throughout the country to effectively enhance strict regulatory compliance.

Comments made by Ministry of Planning and Investment

H.E. Khamchan Vongseneboun, Deputy Minister of Planning and Investment, representing Ministry of Planning and Investment, responded to the issues raised by the private sector as follows:

In regards to approval procedure of the annual import plan of goods and raw materials eligible for customs duty and tax exemption under investment promotion policy:

- Progress has been made to improving the procedures and lessening time for approving the annual import plan (Master List). Upon receipt of import plan application, a committee meeting to approve such plan shall be convened within 7 working days. Thereafter, the enterprise shall amend the import plan within 15 working days, if needs be. Upon amendment, the planning and investment sector will examine and consider accordingly to each of their respective scope of duties and functions within 7 working days. In the event that the import plan has been approved, it shall notify the relevant sector within 2 working days. In general, this means that the average import plan approval time will take 31 working days.
- Upon bringing into force Minister of Planning and Investment's Guidance on Granting Customs Duty and Valued-added Tax Exemption for Enterprise's Import Plan, No. 01/OSS.C, dated 02 January 2019, the Ministry of Planning and Investment has disseminated such legislation throughout the country to both members of the public and private sector.
- In the past year, granting customs duty and value-added tax exemptions remained to be faced with difficulties, not least due to:
 - Many initial import plan applications request exemptions for goods/raw materials which are not eligible to receive such exemption, i.e. materials that are not direct materials or those that could be acquired domestically. Some lists even comprise values that far exceed actual production costs or values that do not accurately reflect the actual investment. These factors may contribute to companies not being able to amend the

import plan within the time limit, thus creates delays and made the annual import plan approval process more time-consuming.

- In regards to goods that could be domestically produced, companies that choose to import goods that could be domestically produced would not be entitled to receive exemptions. However, in the event where standards of domestic materials do not meet the required standards, companies are permitted to import and still be eligible to receive exemptions but its application must be accompanied by a certifying letter from the Department of Industry and Handicraft, Ministry of Industry and Commerce or the relevant business association, e.g. Association of Steel and Cement.
- In regards to power and mining projects by virtue of a concession agreement with the government, their applications for annual import plan tend to comprise of a lengthy list of costly items, which, in turn, require more time than usual to process those applications to ensure compliance with the concession agreement and the relevant laws and regulations. Some handful companies did not even amend their annual import plan as per the committee's directions – and when energy and mining sectoral agencies sent the unrevised list back to the planning and investment sectoral agencies, such document still had to be reverted back to request for comments, hence, cause 2-3 month further delays in approving those companies' annual import plan for.

Future plans:

- 1) Amend Guidance No, 01/OSS.C, dated 02 January 2019, for instance by revising provisions on the enforcement of value-added tax exemption policy to ensure consistency with Law on Investment Promotion 2016 and Law on Value Added Tax 2018;
- 2) Streamline the liaise process between the Ministry of Planning and Investment and the relevant sectoral agencies to ensure stronger cooperation, better facilitation and speediness to prevent the need to amend the annual import plan multiple times and the need to request of duplicate comments; and
- 3) Organize meetings to review government's efforts in the past year in enforcing customs duty and tax exemption policy and create dialogues between the public and private sector.

In regards to investment license issuance procedure:

- Investment approval procedures are not as speedy as prescribed in the laws due to the delays caused by having to request and wait for comments from the relevant sectoral agencies where each agency tends to have its own system that requires jumping through many bureaucratic hoops before such request could be considered by the appropriate officials. Some government agency does not have one-stop service liaise system in place, thus, exacerbates the problem.

The comments provided from the relevant sector cannot be delivered in time as prescribed by the law where investment application for businesses falling under the controlled list shall be considered within 8 working days (Art. 37) and investment application for businesses falling under the concession list shall be considered within 30 working days (Art. 46). Drawing from that, it can be seen that the process of providing comments on

investment applications by the relevant sector tend to be very detailed as if they were in the process of approving such businesses themselves, thus, caused delays. Upon the investor receiving investment approval, it must then request for a business license by repeating a similar process, thus, consumes the comparable amount of time as previously required. This creates duplicate steps as raised by the private sector.

Future plans:

- Continue supporting the relevant sector to improve its system by establishing a unit responsible for one-stop service.
- Continue disseminating information on the relevant legislations relating to private sector investment promotion to the relevant sectorial and local government agencies.

In regards to removal of businesses off controlled list:

- Investment license issuance procedure can be time-consuming as comments have to be requested from the relevant sectoral agencies before reporting to the both the Investment Management and Promotion Executive Committee Central Level and the Investment Management and Promotion Executive Committee Provincial Level for their approval on investment license issuance for businesses under the controlled list. It can be seen that processing time still exceeds the amount as stipulated in the laws, especially the process of liaising with the relevant sector for comments that remains time consuming, notably when requesting for comments on investment applications that is highly technical in nature (for instance, those that impact environment) and when place of address of the business has to be questioned.

Given the investment approval process as described above, the Ministry of Planning and Investment welcomed further removal of businesses off the controlled list and has, in fact, initiated liaising with the relevant sectoral agencies to revise the controlled list by eliminating more businesses off the list. The Ministry of Planning Investment is in the process of convening meeting to reevaluate the implementation of the controlled list in order for the relevant sector to consider reviewing their list of sector that they're in charge of, because in accordance to PM Decree No. 03/PM, the amendment of such controlled list can be made at any given time if the relevant sector endorses and confirms accordingly.

Comments made by Ministry of Finance

Mr. Bounpasert Sikounlabouth, Acting Director General of Customs Department, representing the Ministry of Finance, responded to the issues raised by the private sector as follows:

In regards to registration of loan and security agreement:

- the Ministry of Finance currently utilizes the online registration system of security interest in fixed-asset where users can register such documents within 1 day.

In regards to VAT refund:

- the Ministry of Finance is currently in the process of issuing a Guidance on the Implementation of Law on Value-added Tax in order provide more comprehensive conditions on the VAT refund procedures. Businesses that have already submitted its application for VAT refund but have yet to receive such refund, the Ministry of Finance will expedite processing of those applications to issue a refund accordingly.

In regards to transport of transit goods:

- Customs Department welcomed the recommendations raised in relation to streamlining the application procedure for approving the transport list of transit goods (of which must be requested and approved 6 - 12 months prior). As for general goods that do not fall under the controlled or prohibited list, Customs Department will consider removing those procedures in line with international practices.

Future plans:

- 1) Develop legislations in order to implement and administer the requirements of international protocols relating to transport of transit goods that Lao PDR is a party to.
- 2) Install ASEAN Customs Transit System of which Lao PDR is required to start implementing by the end of November 2019. Pilot testing will be done at KM 9 road where it is excepted to fully launch the system at various customs borders nationwide by April 2020.
- 3) Issue specific guidance on transport of transit goods in compliance with international and regional practices, as well as the regulation of other countries that are party to the relevant international protocols.

In regards to competition from the informal sector:

- Ministry of Finance has issued the following legislations in response:
 - 1) Guidance on the Implementation of Inspection Work of Customs Department to permit customs officers to function like an investigative unit as per the Ministry of Finance's Decision No 1559/MoF dated 24 May 2019.
 - 2) Guidance on the Collaboration between Customs Officers and Tax Officers in Managing Destination Warehouse, No. 1626/MoF dated 30 May 2019.
 - 3) Guidance on Administration on Goods Imported through Traditional Borders, No. 3708, of which will be disseminated at every border nationwide in 2020.

HE. Somdy Duangdy, Deputy Prime Minister, Minister of Finance, raised additional comments:

In regards to value-added tax exemption for eligible project companies under the Law on Investment Promotion 2016 on the purchase of direct materials from domestic producers, the Ministry of Finance shall review the appropriateness of such policy with the Ministry of Planning and Investment. In relation to the recommendations to amend the Presidential Ordinance on Fees and Charges, No. 003/PPO, the Ministry of Finance will expedite for it to be completed by early 2020.

Comments made by representative of Bank of Lao PDR

H.E. Sonexay Sitpaxay, Governor of Bank of Lao PDR, representing Bank of Lao PDR, responded to the issues raised by the private sector as follows:

In regards to the Credit Information Center (CIC):

- The current legislation legitimizing Credit Information Center is PM Decree on Work Relating to Credit Information, No. 224/PM, dated 19 July 2019. By virtue of such legislation, of which is currently being disseminated, the Credit Information Center has become an independent legal entity.
- Future improvement plans involve providing consumer information (by working with the relevant sectorial agencies) and tax declaration information (by working and liaising with the Ministry of Finance) on the system.
- In relation to the recommendations regarding the service fees of CIB, annual membership fees of a commercial bank amounts to 2.5 million Lao KIP and each credit information search request costs 20,000 Lao KIP. Annual membership fees for financial institutions amount of 1.5 million Lao KIP and each credit information search request fee costs 10,000 Lao KIP. BoL is of the opinion that the fees are not exorbitant.

In regards to the loan and security agreement registration process:

- BoL welcomed the recommendations. It will take lead in liaising with the relevant sector to streamline the procedures for registering loan and security agreement to make it easier, faster and cheaper. In relation to security for SME's access to finance, BoL is in the process of drafting Credit Security Company so that borrowers can more options.

Comments raised by Ministry of Information, Culture and Tourism

H.E. Ountuang Khaophan, Deputy Minister of Information, Culture and Tourism, representing the Ministry of Information, Culture and Tourism, responded to the issues raised by the private sector as follows:

In regards to procedures of approving a list of tourists entering in Lao PDR:

- MICT recommended that the private sector write an official letter to the concerned tourism sector directly and the MICT will help follow-up.

In regards to Tourism Strategy:

- MICT will gladly amend the policy but it requested that the private sector write an official letter detailing the specific points it wants to add.

In regards to the establishment of a secretariat committee to promote tourism in Lao PDR

- It will be referred for the Minister of Information, Culture and Tourism's consideration.

In regards to the tourism promotion fund:

- MICT will research and consolidate relevant information for the government to consider.

In regards to promote the development of nature-based tourism:

- MICT proposed that the private sector write an official letter to the relevant sector/agencies directly and MICT will assist with follow-ups.

7th Agenda Item: Remarks and Concluding Remarks by H.E. Thongloun Sisoulith, Prime Minister of Lao PDR

H.E. Thongloun Sisoulith, Prime Minister of Lao PDR made the following remarks:

- Concurred in principle to establish 10 Task Forces, comprising of talents from both the public and private sector, where each respective task force is charged in raising Lao PDR's ranking for each World Bank's Doing Business Topic in order to improve the overall business environment.
- Concurred in principle to exempt customs duty and value-added tax for project companies that are eligible for such exemption under the Law on Investment Promotion in relation to the purchase of direct materials from domestic producers. Thus, tasked line ministries to issue legislation as legal grounds for implementation.
- Tasked the Ministry of Finance as the lead agency to collaborate with relevant sector to complete the amendment of Presidential Ordinance on Fees and Charges, No. 03/PPO, by early 2020.
- Tasked the Ministry of Planning and Investment to improve the operation effectiveness of one-stop service units.
- Tasked line ministries to tackle any remaining issues raised by the private sector at the 12th Lao Business Forum, as well as any other issues that are deemed to prevent the improvement of Lao business environment.

- Tasked LNCCI, the Forum's secretariat, to collaborate with the Ministry of Industry and Commerce, the Forum's public focal point, to continue operating under the mechanisms of LBF to consolidate issues and recommendations on how to tackle prioritized issues and periodically report to the government.
- Tasked the public sector to strive to continuously improve its service in order to facilitate business operations.
- Congratulated the private sector, both Lao and foreign business operators, in contributing emergency funds in response to the disasters faced by the country in 2018-2019.
- In 2019, the government has implemented various measures to tackle various remaining issues in operating a business, notably legislative measures. As for further improvements, the government will focus on enforcing current legislations strictly and effectively.
- In 2020, the government will push forward to rectify nine remaining issues as raised at the National Assembly General Meeting.

Official closing remarks were made before the Forum was declared closed at 12:00PM of the same day by H.E. Thongloun Sisoulith, Prime Minister of Lao PDR.

Chairpersons

Ministry of Industry and Commerce

Lao National Chamber of Commerce and Industry

Minister

President