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LAO PDR-U.S. INTERNATIONAL AND ASEAN INTEGRATION (USAID LUNA II)

Lao PDR–U.S. International and Association of Southeast Asian Nations (ASEAN) Integration (USAID LUNA II), a four-year activity funded by the U.S. Agency for International Development (USAID), helps Lao PDR further integrate into the global economy by supporting officials to develop and implement sound, modern, transparent and inclusive economic policies and regulations.

Natural resource extraction has helped fuel, on average, a 7.5 percent annual GDP growth rate in Lao PDR over the past 10 years; however, the country’s per capita income remains low at about \$1,500 with poverty levels among the highest in Southeast Asia. Integration within the global economy helps generate sustainable trade and investment, and creates the conditions for improved access to economic opportunities and higher incomes across Lao society. Higher incomes are essential for Lao PDR to reach its goal of achieving middle-income country status by 2020.

INTEGRATING LAOS INTO THE GLOBAL ECONOMY

The activity helps Lao PDR meet commitments required as a member of the World Trade Organization and the ASEAN Economic Community, as well as those under the U.S.-Laos Bilateral Trade Agreement. By meeting these commitments, for instance by recognizing common standards for food, electronics and medicines, Lao PDR will further integrate itself into the global economy. Trade facilitation benefits the

Lao economy by reducing costs for importers and exporters. In turn, these savings are passed down to consumers.

IMPROVING ECONOMIC GOVERNANCE

An important requirement for robust trade is reasonably transparent government policy. The U.S.-Laos Bilateral Trade Agreement calls for such transparency, and this initiative has worked closely with the Ministry of Justice to further develop its electronic gazette – a tool for citizens and businesses to comment on new laws and to determine which ones are in effect. USAID LUNA II also promoted the “Law on Making Legislation” to help ensure that the private sector and various interest groups are able to reasonably comment on and influence draft laws that will affect them.

IMPACT AND RESULTS

In addition to the work on the electronic gazette, the project team has worked with the Lao government to help boost technical standards in trade such as strengthening the government agency that certifies testing laboratories. USAID LUNA II also provided assistance to launch and enhance the official enquiry point for importers. This enquiry point helps traders understand technical regulations required for importing goods to Lao PDR. With respect to the private sector, the activity helped Lao exporters streamline procedures for issuing certificates of origin under an ASEAN Economic Community pilot project and identified comparative advantages in various Lao products to assist Lao trade negotiators.

PARTNERS USAID partners with Nathan Associates, which provides advisory and technical services supporting inclusive economic growth and regional integration. USAID, through Nathan Associates, supported Lao PDR’s successful accession to the World Trade Organization and is helping the country fulfill its ASEAN Economic Community commitments.

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