#### **ARTNeT Workshop:**

Trade and Investment for Tomorrow: Promoting Asia-Pacific Regional Integration

# Assessment the Effect of Free Trade Agreements on Exports of Lao PDR

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10-12 December 2013, Macao, China

#### **Content Outline**

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- II. Research Methodology and Data
- III. The Progress of Trade Development in Lao PDR
- IV. Results of Determinants of Lao Bilateral Exports to Major Trading Partners
- V. Conclusion and Policy Implications

#### Research Background

- Lao PDR initiated shift to the market economy in 1986.
- The economic growth was accelerating after the country has entered to ASEAN members in 1997
- The CEPT scheme, Laos is eligible to export to ASEAN markets with import tariff is relatively low from 0-5%
- Trade relations with more than 50 countries, BTAs with 15 countries, and RFTAs 5 ASEAN Dialogue partners.

#### I. Research Background (cont)

- Laos is eligible to export several products to the 5 countries with lower preferential tariff (APTA)
- Laos has received the GSP from 47 countries (LDCs)
- An increase in both bilateral and regional FTAs, it can be a significant factor to stimulate export growth rapidly from \$US 324.88 million in 2000 to \$US 1.69 billion 2011.

Table 1A: The share of Lao export to different regions (\$US Million)

Region	1995	2000	2005	2008	2011
ASEAN	171.00	167.41	590.04	678.19	1116.21
East Asia	14.10	22.93	63.47	106.78	106.94
Oceania	-	0.12	92.70	93.44	334.57
EU (15)	31.70	100.27	124.26	233.29	128.91
USA	5.30	7.68	6.91	10.24	5.38
Others	89.10	26.48	0.63	2.46	4.44
Total	311.20	324.89	878.01	1124.40	1696.44

Source: Ministry of Industry and Commerce (MoIC), Laos

#### 1.1 Research Questions

- 1. Will a reduction of the CEPT and the MFN import tariffs support trade creation or trade diversion?
- 2. How does the country gain from trade liberalization through various types of FTAs?
- 3. What are the urgent trade policies needed in order to improve the preferential tariff utilization?

#### 1.2 Research Objective

- To analyze the progress of trade liberalization and the export performance of Laos with major trading partners
- To estimate the determinants of Lao export as a consequence of both bilateral and multilateral FTAs being implemented.

### Study

! trading partners, which is classified to 6 regions

will be applied, during the periods 1996-2011.

