

**TRADE AGREEMENT BETWEEN
THE GOVERNMENT OF THE LAO PEOPLE'S DEMOCRATIC REPUBLIC
AND
THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM**

The Government of the Lao People's Democratic Republic and the Government of the Socialist Republic of Viet Nam (hereinafter referred to as the Contracting Parties);

Desiring to reinforce and further expand the economic and trade relations between the two countries on the principles of equality, mutual benefits and special friendship and solidarity of the Lao PDR and Viet Nam;

Recalling that the Contracting Parties are WTO members and reaffirming that this Agreement shall have no impacts on rights and obligations of each Party in accordance with pacts, agreements and other documents which are relevant to or signed under the auspices of WTO Recalling Trade Agreements signed between the two countries with a view to establishing a strategic trade cooperation framework towards deeper economic integration between the Contracting Parties;

Have agreed as follows:

**Chapter 1
Objectives and Principles
Article 1
Objectives**

This Agreement reinforces and enhances the special friendship and comprehensive cooperation, promotes market access for goods and services and creates stable, sustainable and long-term development connectivity between the two countries

**Article 2
Principles**

1. This Agreement creates the legal framework for trade relations between the two countries in accordance with the respective laws, regulations and policies of each country based on the principles of equality, mutual benefit and further promotion of the special Lao PDR- Viet Nam friendship and solidarity.
2. This Agreement aims at creating the maximum facilitation for exports and imports of goods and services between the two countries framework agreement setting directions for relevant trade and service activities.
3. With this Agreement, the Contracting Parties are committed to extending special preferential treatment of trade in goods and services to each other.

Chapter 2
Market Access
Article 3
Trade in goods

1. The Contracting Parties shall remove customs duties on all goods originating from each Party in accordance with criteria specified in Form S under the Arrangement on the Rules of origin applied to the goods eligible for Laos- Viet Nam Preferential tariff treatment, except for those listed in Annexes attached to this Agreement. The Annexes will be extended automatically unless there is notification from either party.
2. The list of goods under Annexes (1a, 2a, 1b, 2b, and 3) attached to this Agreement shall be classified based on the Asean Harmonized Tariff Nomenclature (AHTN) 2012.
3. The Contracting Parties shall not apply non-tariff measures inconsistent with WTO rules to goods imported and originated from the other side.
4. Each Party shall accord national treatment to the goods of the other Party in accordance with Article III of GATT 1994.
5. The Contracting Parties shall not issue or maintain any form of subsidy for exports unless in conformity with WTO obligations.

Article 4
Trade in Services

1. Recognizing the growing importance of trade in services for the growth and development of both countries and taking into account the different level of economic development of the two countries, each Contracting Party will progressively reduce or eliminate existing restrictive measures against services and service suppliers of the other Contracting Party in line with its trade and financial needs
2. At the request of either Party, the Contracting Parties may, through consultation, pursue further liberalization of trade in services between them.

Chapter 3:
Trade Facilitation
Article 5
Customs Procedures

1. The Contracting Parties shall ensure the stability, predictability, transparency of customs procedures and create favourable conditions for trade through accelerating the customs clearance process for exports and imports of each country.
2. The customs authorities of both Parties shall conduct periodical review to further simplify customs procedures with a view to promoting bilateral trade between the two countries.
3. For the purpose of risk management, rapid clearance will be applied for low-risk goods and physical inspection will be focused on high-risk goods.
4. The Contracting Parties agree to enhance IT application in customs procedures and post-clearance audit and to coordinate in collecting customs statistical data.

5. Both Parties agree to implement "single stop inspection" model for exports and imports clearance at Lao Bao-Dan Sa Vanh pair of border gates and consider replication of the model at all competent international pairs of border gates in due course.

Article 6
Payment and Transfers

1. All payment related to trade in goods or services between the two countries shall be made by domestic currency of each country or freely convertible foreign currency, in line with foreign currency management laws and regulations of each country and payment and settlement agreements between the two countries.
2. All payment or transactions shall be consistent with the respective laws and regulations of each country.
3. The Contracting Parties agree to create favourable conditions for the operation of commercial banks of the Lao PDR and Viet Nam in two countries in order to provide effective support for the business community of both countries.

Chapter 4:
Border Trade Article 7
Border Trade Agreement

1. In order to enhance border trade and improve living standards of residents of both countries and contribute to strengthening bilateral trade, the Contracting Parties shall discuss, agree and sign an agreement within 2015 to create the most favourable conditions for border trade and exchange of goods within border areas.
2. Preferential import tariff treatment for sugar and goods requested by the Lao PDR will be considered and embodied by Viet Nam under the Border Trade Agreement.

Article 8
Anti-smuggling Cooperation

The Contracting Parties shall coordinate in sharing information, formulating joint work plans and cooperating in fighting smuggling, especially in border provinces of both countries.

Chapter 5:
Trade Promotion
Article 9
Cooperation in Trade Promotion

1. The Contracting Parties shall enhance cooperation in organizing trade promotion activities such as trade fairs, exhibitions, seminars, business matching and exchange experiences in trade promotion.
2. The Contracting Parties shall regularly exchange economic and trade information, consult each other on measures and policies to boost trade in conformity with the laws, mutual interests of both countries and international legal provisions.

Article 10
E-commerce Publication

The Contracting Parties will enhance publication and guidance on the use and development of e-commerce and take efforts in protecting consumers in e-commerce

Chapter 6.
Implementation Arrangements

Article 11
Support in the Integration Processes

The Contracting Parties will exchange information, knowledge and experiences and support each other's position and viewpoints in international and regional economic and trade fora.

Article 12
Common Exceptions

No terms in this Agreement can prevent each Party from implementing measures to protect national security or artifacts with historical, cultural and fine arts values or other necessary measures to protect social morals, health of people, animals and plants on land and aquatic biodiversities and to ensure environmental protection in accordance with Article XX and Article XXI of GATT 1994.

Article 13
Implementing Agencies

The Ministry of Industry and Commerce of the Lao PDR and the Ministry of Industry and Trade of Viet Nam are focal agencies in coordinating with relevant Ministries to implement this Agreement.

Article 14
Dispute Resolution

All differences in interpreting or implementing this Agreement shall be solved through amicable consultation by Contracting Parties in the spirit of solidarity and constructiveness.

Article 15
Annexes

The Annexes attached to this Agreement form an integral part of this Agreement.

Article 16
Validity and Entry into force

1. This Agreement shall enter into force sixty (60) days following the date of receiving notification, through diplomatic channel, upon completing internal formalities for the entry into force of this Agreement.

2. This Agreement replaces the Trade Agreement signed by the Government of the Lao People's Democratic Republic and the Government of the Socialist Republic of Viet Nam on the 9h March 1998 in Vientiane and the Arrangement between the Government of the Lao People's Democratic Republic and the Government of the Socialist Republic of Viet Nam on the Preferential Tariff signed on the 1 December 2011 in Vientiane.
3. This Agreement will take legal effects in 5 years from the date of entry into force and shall be automatically extended every three years. This Agreement will terminate its effects three (3) months after either Party notify the other Party, through diplomatic channel, of the intention of terminating the Agreement.
4. When this Agreement terminates its validity, its provisions will still be applied for unfinished contracts signed within its period of validity
5. This Agreement can be revised or supplemented with written consent of the Contracting Parties. Revisions and amendments are an indispensable part of this Agreement and shall enter into force in accordance with the Item 1 of this Article.

Done at Vientiane Capital on the 3d March 2015, in duplicate in Lao, Vietnamese and English languages. All texts being equally authentic. In case of any divergence in the interpretation or application of the present Agreement, the English text shall prevail.

**FOR THE GOVERNMENT OF
THE LAO PEOPLE'S
DEMOCRATIC REPUBLIC**

**KHEMMANI PHOLSENA
MINISTRY OF INDUSTRY
AND COMMERCE**

**FOR THE GOVERNMENT OF
THE SOCIALIST REPUBLIC OF
VIET NAM**

**VU HUY HOANG
MINISTRY OF INDUSTRY
AND TRADE**