

Laos National Day

Looking ahead to great potential

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CHARGE D'AFFAIRES A.I. OF LAOS

On the 41st Anniversary of the Lao People's Democratic Republic (Lao PDR), I have the honor on behalf of the government and the people of Laos, as well as on my own behalf to convey the sincere greetings and best wishes from President of the Lao PDR H.E. Bounnhang Vorachit and Prime Minister Thongloun Sisoulith to Their Majesties Emperor Akihito and Empress Michiko, members of the Imperial family, Prime Minister Shinzo Abe and the people of Japan.

Laos is the least-developed landlocked country in Asia, surrounded by China, Myanmar, Thailand, Cambodia and Vietnam. Since the foundation of the Lao PDR on Dec. 2, 1975, it has been continuously developed by the rules of laws. The country's constitution was established and implemented in 1991, and it laid down the legal system for socio-economic development and maintaining political stability as well as social security.

The economy of Laos has been significantly spurred and constantly developed since the government introduced the opened door policy on new economic mechanism by shifting in 1986 from a natural economy to a market-oriented economy that has remained open ever since. The national economy has grown rapidly, remaining continuously stable for over a decade, becoming a fundamental factor for favorable socio-economic development, particularly business corporation, production, service and investment in Laos. Annual gross domestic product (GDP) increased at an average of 7.9 percent from 2001 to 2015, while it is expected to reach 7 percent this year. The GDP per capita reached \$1,970 in 2015 and \$2,027 in 2016. Based on the growth, the Lao PDR has been given a status upgrade by the World Bank in 2011, changing Laos from being a low-income economy to a lower-middle income economy.

Looking forward to move out of the status of a least-developed country (LDC) by 2020, Laos officially announced its clear objective for graduating from the LDC status and has formulated its exit strategy since late 1990s. The National Vision of the LDC Graduation Toward 2020 was adopted in the Sixth Congress of the Lao People's Revolutionary Party in March 1996. To achieve this vision, the Lao government has formulated related strategic documents, including the 2020 Strategy, the National Strategy on Building up the Country's Industrial and Modernization Factors toward 2020, the National Strategy on Turning the Country from Land-Locked Situation to a Country of Land-Linked in the Sub-region, the National Growth and Poverty Eradication Strategy and more. These strategies have been first implemented in line with the fifth Five-Year National Social Economic Development Plan (NSEDP) and followed by sixth, seventh and eighth NSEDPs, focusing on development in the three priority areas

of transport infrastructure as the centralized core of development, human resources and social economy.

Currently, Laos is in progress toward graduation from LDC status and has progressively improved in all three LDC determination criteria of gross national income (GNI), human asset index (HAI) and economic vulnerability index (EVI). Based on the review of the U.N. Committee for Development Policy, the Lao PDR's per capita GNI reached \$1,232, or 99 percent of the threshold (\$1,242) in 2015, compared to \$350, or about 39 percent of the threshold, in 2006. The HAI of Laos has increased by 60.8, or about 92 percent in 2015, from 54 in 2006, while the EVI of Laos has slightly improved from 86 percent in 2012 to 88 percent. This area seems to be the biggest challenge for Laos among the three criteria.

To realize the goal of LDC graduation, the Lao government has further pursued the national development policies and formulated its 15-Year Vision for 2016-2030, 10-Year Social Economic Development Strategy for 2016-2025, and eighth five-year National Social Economic Development Plan for 2016-2020, which was approved by the inaugural session of the Lao National Assembly's eighth legislature in April. The goals are set to focus on green growth and sustainable development, maintaining steady economic growth, achieving constant reduction of poverty and graduating from LDC status by 2020. The eighth five-year National Social Economic Development Plan will be the last plan in supporting the 2020 vision of graduating the country from LDC status.

Another major goal is to progressively implement the 18 Sustainable Development Goals (SDGs) for Laos, to which an additional goal of Lives Safe from Unexploded Ordnance was adopted, and achieve all goals by 2030. According to these national policies, the government targets annual economic growth of no less than 7 percent by 2020 and 7.5 percent by 2025. While the GDP per capita targets an increase from the current \$2,027 to around \$2,978 and more double the 2015 figure of \$1,970 by 2025. The Lao population is also expected to exceed 7 million by 2020 and over 7.5 million by 2025 from the current 6.5 million. The national poverty rate is to be less than 10 percent by 2020 from 20 percent in 2015 and less than 5 percent by 2025.

By 2030, Laos aims to achieve upper middle-income country status with a knowledge-based social economy, green growth and sustainable development and a per capita GDP of more than four times the 2015 figure. It would have systemic and comprehensive laws in place in all fields with the rights of the entire population protected by the strict enforcement of laws, so that the society enjoys security, justice, democracy and civilization in line with the new regional and international integration.

In terms of the regional and international integration, the Lao government has greatly attached the importance in development to accommodate economic and trade integration, as well as regional connectivity. The National Strategy on Turning the Country from Land-Locked

Situation to a Country of Land-Linked in the Sub-region has been progressively implemented based on potential of the nation. Transport infrastructure of the North-South and East-West Economic Corridors has been developed, providing connectivity services, as well as improving economic growth in the region. According to the Ministry of Public Works and Transport of Laos, there are currently two main railway projects under construction across the nation, including the 427.2 km Laos-China high-speed railway project linking Vientiane to China's Yunnan province and the second phase of the Laos-Thai rail linking Thalang Station and Vientiane.

In addition, the Lao government has announced its plans to develop three other railway projects across the country for connectivity in the region. The 220 km Savan-Lao Bao railway project, known as the 3C rail project linking central Savannakhet province of Laos with the Laos-Vietnam Dansavan-Lao Bao border checkpoint is in the preparation stages of construction. The 450 km Vientiane-Thakhaek-Muya rail project, which is technically known as the A3 railway project, linking Vientiane with the Vung Ang Seaport in Vietnam's Ha Tinh province is under a feasibility study. The 452 km Vientiane-Pakxe-Chongmek railway project, or D3 rail project, connecting the Vangao-Chongmek Lao-Thai border checkpoint in the southern province of Champassak has been completely surveyed. All these railways will be connected when the planned rail lines are realized and Laos will fully become a land-linked nation and transit hub for bigger neighboring economies.

Regarding economic integration, Laos has signed bilateral economic and trade treaties with 15 nations and several multilateral trade cooperation agreements in the region, including the Association of Southeast Asian Nations (ASEAN) Trade in Goods Agreement, the ASEAN Comprehensive Investment Agreement and others. Significantly, the Lao PDR has achieved membership in the World Trade Organization (WTO) on Feb. 2, 2013, after 15 years of preparations and trade negotiations. The WTO membership more fully integrates Laos into the international economy and offers the nation the opportunity to take advantage of LDC specific trade support for WTO members.

Since Laos joined ASEAN on July 23, 1997, the nation has actively participated in the ASEAN Community building process, especially the ASEAN Economic Community, which was established at the end of December 2015. Laos has the honor to be ASEAN chair for the second time this year under the theme of "Turning Vision into Reality for a Dynamic ASEAN Community," aiming to maintain and promote a peaceful, stable and outward-looking ASEAN region, a highly integrated and cohesive regional economy, while enhancing connectivity and strengthening efforts in narrowing the development gap.



Prime Minister Shinzo Abe (left) and Lao Prime Minister Thongloun Sisoulith on Sept. 6 in Laos. EMBASSY OF LAOS

During the chairmanship, Laos hosted several regional summits and various ministerial and senior official meetings. Significantly, the 28th and 29th ASEAN summits and related summits took place in Vientiane from Sept. 6 through 8 and were successfully concluded with ASEAN leaders' commitment to strengthening and advancing the ASEAN Community through the effective implementation of the ASEAN Community Vision 2025 and the three community blueprints. These blueprints included the adoption of the Initiative for ASEAN Integration (IAI) Work Plan III, the Master Plan on ASEAN Connectivity 2025 and the ASEAN Declaration on One ASEAN, One Response: ASEAN Responding to Disasters as One in the Region and Outside the Region, as well as adoption of several outcome documents aimed at realizing the eight priorities for ASEAN chairmanship and the implementation of the ASEAN Community Vision 2025. With external partners, the ASEAN leaders reiterated the importance of further strengthening cooperation with dialogue partners, namely China, Japan, the Republic of Korea, India, the United States, Australia and the U.N.

Regarding Laos-Japan relations, our two countries have enjoyed good friendship and fruitful cooperation over the past 61 years since the establishment of bilateral diplomatic relations in 1955. The strategic partnership between the two countries was established in March 2015 by our prime ministers on the occasion of the 60th anniversary of diplomatic relations of the two countries, which reached a high level of cooperation. Visits between leaders of our countries have been regularly demonstrated in past years to further strengthen and deepen bilateral ties, as well as cooperation in the regional and international arenas.

Our prime ministers met twice this year, with Lao Prime Minister Thongloun Sisoulith paying an official visit to Japan from May 26 to 28 and attending the G-7 Ise-Shima summit outreach meeting in Mie Prefecture as ASEAN Chair after his appointment as prime minister. Japan's prime minister paid an official visit to Laos from Sept. 6 to 8 to attend the 28th and 29th ASEAN summits. The visit marked the second time that he went to Laos since being re-

official development assistance donor in Laos in the past years. As a development partner, Japan has played a significant role in Laos' development. The assistance mainly supports the development of infrastructure, human resources and socioeconomic development in Laos, meeting the needs of the Lao government and people. Contributions have been particularly strong toward implementation of the national strategic policies, including the vision of LDC graduation toward 2020, the national growth and Poverty Eradication Strategy, the five-year national social economic development plans and more.

Recently, the two countries have concluded the Lao PDR-Japan Joint Development Cooperation Plan for the Sustainable Development of the Lao PDR in September during the Japanese prime minister's official visit to Laos. The plan would support and contribute to the implementation of the eighth Five-Year National Social Economic Development Plan for 2016-2020. Laos and Japan concluded an agreement on liberalization, promotion and protection of investment in 2008, which has provided the legal framework for Japanese business in Laos.

Japanese investment in Laos has gradually increased and

maintained a strong presence in 2015 with around 132 companies valued at \$438 million, making Japan the seventh-ranked foreign investor in Laos. Almost all major Japanese companies are based in the special economic zone of the Vientiane Industrial and Trade Area and the Savan-Seno Special Economic Zone in the southern Savannakhet province. These companies include Mitsubishi Materials Corp. producing thermal resistor sensors, Nikon Corp. assembling digital single lens reflex cameras, Toyota Boshoku Corp. making seat covers for export to Thailand and Vietnam and Aderans Co. producing wigs. Additionally, hydroelectric power, processing and service have seen investment by Japanese companies in Laos.

Laos and Japan have good bilateral trade cooperation and it is likely to increase in the years to come. In 2015, bilateral trade between the two countries was valued at ¥1.3 trillion. Trade saw Laos import steel, autos, machinery and textile goods, while the country exported clothes, food, materials and chemical products to Japan.

On people-to-people exchanges, an agreement for air services between Laos and Japan was signed in January 2015, providing the opportunity to open

direct airline routes between the two countries. Direct flights between Vientiane and Tokyo are expected to begin during the first half of 2017. If realized, it will further facilitate exchanges between the peoples of Laos and Japan in the near future. According to a source from the Ministry of Information, Culture and Tourism of Laos, 43,826 Japanese visited Laos in 2015, while the number of Japanese arrivals to Laos during the first nine months of this year is around 38,403 and it is expected to rise by the end of the year.

In conclusion, I would like to express my heartfelt appreciation and gratitude to the government and people of Japan, the Japan-Laos Parliamentary Friendship Association, the Japan-Laos Friendship Association, Lao communities and all friends of Laos in Japan for their support and assistance to the Lao PDR, as well as in promoting good relations and fruitful cooperation between our two countries. I also take this opportunity to convey my wholehearted thanks to our sponsors for their generous support on this supplement.

I am confident that bilateral relations between Laos and Japan under the strategic partnership will be further enhanced in the coming years.

CONGRATULATIONS
to the Lao People's Democratic Republic
on the 41st Anniversary of their National Day

JAPAN-LAOS ASSOCIATION

President: Itsuo Hashimoto
Former Ambassador to Lao PDR



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