

(Anniversary special)

# Laos National Day

## Strategic partnership aids in sustainable development

VIROTH SUNDARA

AMBASSADOR OF THE LAO PDR



Dec. 2 marks the 42nd Anniversary of the proclamation of the Lao People's Democratic Republic (Lao PDR). On behalf of the Lao government and people, as well as on my own behalf, I would like to

convey the sincere and warm greetings and best wishes from His Excellency President of the Lao PDR 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 Japanese people.

On the auspicious occasion of our national day, I would like to take this opportunity to provide information about the recent achievements in socioeconomic development of the Lao PDR, as well as the fruitful cooperation and friendly relations between our two countries, particularly Japanese investments and business in Laos.

The Lao PDR has endured decades of war. Having witnessed the atrocities that come from war, peace has always been highly valued and cherished by the people of Laos. Throughout the past 42 years, the Lao people have lived in a land of peace and stability. We firmly believe that only a peaceful environment can form the fundamental ground for advancing national, social and economic development.

The achievements made throughout the past 42 years can be attributed to many factors, but the most crucial ones are political stability, economic and social order, as well as solid unity and solidarity among our multi-ethnic citizens. Furthermore, the Lao government has maintained its unwavering political will to fight against poverty by creating prerequisites for lifting the country from its least-developed country status and pursuing the path of sustainable development through the introduction of the open door policy of the New Economic Mechanism. We have kept our market open since 1986, when we shifted from a natural economy to a market-oriented economy. As a result of the current policy of the Lao People's Revolutionary Party (LPRP) and the government, the national economy has grown rapidly, consecutively and stably over the past decade, a fundamental factor in our favorable socioeconomic development, particularly in business incorporation, production, service and investment in the Lao PDR.

After the resolutions of the 10th LPRP Conference in 2016, the Lao government will also continue to pursue its Vision 2030 and Strategy 2025, as well as its current five-year socioeconomic development plan, in effect until 2020, aiming at advancing the country toward attaining a green economy and sustainable development goals. The 8th Five-Year National Socioeconomic Development Plan (8th NSEDP), which is in effect from 2016 to 2020, is meant to implement the resolutions of the 10th LPRP conference. It is also an outcome-based plan that resulted from close research and, thus, it is constructed with clear development outcomes and outputs corresponding with sector and provincial development plans. This should help us be able to ensure harmonization in the plan performance within provided sources of funding, including a government budget, grants and loans, domestic and foreign private investments and investments in the financial system.

Moreover, economic structural reform is shifting along the industrialization and modernization directions, which is resulting in a reduced proportion of the agriculture sector and increased proportions of the industry and service sectors in the gross domestic product. The Lao PDR was able to achieve significant progress in economic growth. The GDP has increased from 4.8 percent in the 1980s to 6.8 percent in 2017 and the GDP per capita increased from \$114 in 1985 to \$2,472 in 2017 along with an increase of 2.8 percent in the agricultural sector, 9.5 percent in the industrial sector and 6.15 percent in commerce and investment. This continuous economic growth is due to the appropriate macroeconomic management measures and mechanisms of the government and the implementation of the LPRP's guidance.

Overall, the economy of the Lao PDR has been growing recently. In order to maintain the level of economic development dynamically and sustainably, the Lao government needs to continue to improve the development factors by maintaining its political stability and social order, further implementing the 8th NSEDP, Strategy 2025 and Vision 2030, as well as the U.N.'s Sustainable Development Goals. We also need to continue to enhance our efforts leading to industrialization and modernization, as well as continue

utilizing our potentials and advantages effectively and sustainably such as fruitful natural resources (land, minerals, water resources and forests), electric energy development, mining processing and the tourist sight development with environmental protection. Additionally, generating the necessary and fundamental conditions within the country to cooperate and integrate regional and international connectivity such as improving and extending communication and transportation networks, telecommunication, highways, railways, electric transmission lines, logistics system and so on.

Additionally, the Lao government has been implementing the express railway construction from the capital of Vientiane to the Lao-China border, inaugurating a feasibility study of railway construction from Vientiane to Khammuan Province through Ha Tinh province to connect to the Vung An Port in Vietnam. The Lao PDR and Vietnam have come to an agreement on the development of the Vung An Port for it to serve as the international sea port of both countries. Moreover, the Lao PDR is also conducting a feasibility study of the railway from Thailand to Vietnam through the center of the Lao PDR, as well as the highway from the capital Vientiane to Hanoi, Vietnam. The Lao government is promoting the improvement of labor skills in human resources development, improving small and medium sized enterprises and amending many laws to create favorable conditions for domestic and foreign investors and for an effective management system.

Furthermore, to promote investment and to create a firm foundation for doing business in the Lao PDR and to set up a good opportunity for foreign investment, the Lao government has amended the law on investment promotion that was approved by the Lao National Assembly in 2016. The success of this amendment will be key to position Lao PDR as a safe and attractive investment destination. To compare to the previous law on investment promotion from 2009, the recent amended law specifies principles, rules, and measures on the support and the management of domestic and foreign investment, aiming to make investment convenient, fast, transparent, correct and protected by the government. The law on investment promotion aims to improve market access for foreign investors by improving clarity and ease of doing business in our country. Relevant regulations and procedures will also be revised by the Lao government in accordance with the Law on Investment Promotion to accelerate the investment sector. It intends to guarantee rights and benefits to investors, states, collectives and people. It also intends to be able to integrate both regionally and internationally and to contribute to continuously developing national socioeconomics in a green and sustainable way. Moreover, in an attempt to encourage investment in rural communities, the amended law specifies three incentive levels. Investors in education, health and agriculture in areas of extreme hardship will be granted the maximum profit tax exemption of up to 10 years or more. Different levels of hardship and fields of investment will attract different incentives.

To reach the goal, the Lao government has been focusing on the tourism sector. Tourism is one of the economic sectors that many countries have attached special importance to the development and promotion of tourism, considering it to be an important part of their countries' socioeco-



nomc development. Tourism has brought in foreign currencies and boosted investment in tourism-related businesses directly and indirectly such as hotels, restaurants and transportation services, as well as goods for souvenirs, and others.

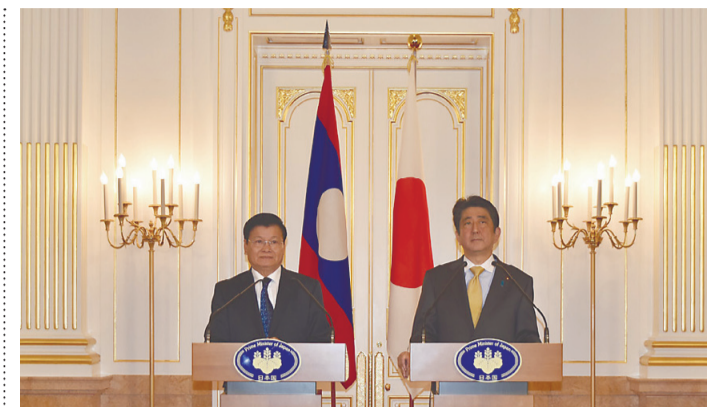
The Lao PDR has previously organized Visit Laos Years, in 1999 to 2000 and 2011 to 2012, in order to promote, advertise and encourage more foreign visitors to spend their vacations in the Lao PDR. Recognizing the potential and prospects to develop tourism in the years to come, the Lao government therefore has determined to organize Visit Laos Year 2018. The government will be promoting various activities and events nationwide and overseas for Visit Laos Year 2018. There will be 18 main activities in provinces across the country, including the Ethnic Festival, Elephant Festival, Vat Phou Temple Festival, Lao New Year Festival, Boat Racing Festival, That Luang Grand Stupa Festival and many more. Other related activities are comprised of caravan tours through tourist attractions in the northern and southern provinces, as well as family trips to tourist attractions by domestic and foreign media. Other scheduled activities in countries around the world include Lao Night at the ASEAN Tourism Forum 2018 in Thailand, Cocktail Party at ITB Berlin 2018 in Germany, the SMT Tourism Exhibition in Paris, Lao Night in Vietnam, the international tourism exhibition in London and last but not least, an exclusive Lao Night at the Lao Festival in Tokyo. Therefore, the Lao government has actively developed and promoted tourism, resulting in increased tourist arrivals in the country year by year.

Regarding diplomatic relations, Lao PDR has made significant achievements in implementing a foreign policy of peace, independence, friendship and cooperation. The Lao PDR has established diplomatic relations with 140 countries and has 39 diplomatic missions overseas. Moreover, the Lao PDR is proud to be part of the ASEAN family. Since its accession in 1997, ASEAN has been an important pillar of Lao PDR's foreign policy. Over the past 20 years, the Lao PDR has actively participated in and contributed to all cooperation areas under the three community pillars as well as ASEAN's external relations and has also been fulfilling its obligations, thus bringing benefits to the country and the Lao people. Regarding the 50th anniversary of ASEAN, we celebrated in a meaningful manner in order to reaffirm the continued relevance of ASEAN as an inter-governmental organization with significant achievements that have been recognized by other regions and the international community as a whole. The Lao PDR, as one of the prominent members of ASEAN, will forge ahead together by continuing to strengthen the ASEAN community. The Lao PDR pursues a policy of transforming from a land-locked country into a land-linked hub, facilitating direct connectivity between the immediate neighboring countries and the wider region. By constituting part of the production and supply chains through implementation of

infrastructure projects, improvement of logistics and transport networks, for instance, the construction of a high speed railway from Vientiane to Kunming, improvement of North-South Economic Corridor and East-West Economic Corridor, among others.

On bilateral relations, the strategic partnership with Japan has seen the country as one of our main donors that has remained a big provider of official development assistance to Laos for many years. The Lao PDR highly values the consistent support and assistance extended to us by the government and people of Japan for our national socioeconomic development. The assistance mainly goes to improve infrastructure development, health services, education and human resource development. Through our strategic partnership, the Lao PDR firmly believes that bilateral cooperation will be further enhanced and deepened.

The Lao PDR and Japan have also been enjoying the friendship and cooperation as the leaders of our two countries have exchanged visits regularly. The most recent official visit was by our prime minister in June for the 23rd International Conference on the Future of Asia in Tokyo. At the bilateral meeting between our prime ministers, the two stated that since Japan and the Lao PDR elevated their relationship to a strategic partnership, the relationship between the two countries has deepened. Japan will continue to contribute to the sustainable



Prime Minister Thongloun Sisoulith and Prime Minister Shinzo Abe hold a press conference following their meeting in Tokyo on June 7. EMBASSY OF THE LAO PDR

development of the Lao PDR through quality infrastructure investment in the future. He also cited examples of the win-win relationships between Japan and the Lao PDR such as the establishment of the Pakse-Japan Small and Medium Enterprise Special Economic Zone in southern Laos.

Japanese investment in the Lao PDR has gradually increased and maintained a strong presence in 2017 with around 102 projects valued at \$438 million, making Japan the seventh-largest foreign investor in the Lao PDR. Almost all major Japanese companies are based in the special economic zone of Vientiane Industrial and Trade Area and the Savan-Seno Special Economic Zone in the southern Savannakhet province. These companies include Mitsubishi Materials Corp., Nikon Corp., Toyota Boshoku Corp. and Ade-

rans Co. Additionally, hydroelectric power, processing and service have also seen investment by Japanese companies in Laos.

Lastly, I would like to express my heartfelt appreciation and gratitude to the government and people of Japan, Japan-Laos Parliamentary Friendship Association, Japan-Laos Friendship Association and Lao communities and all friends of the Lao PDR in Japan for their support and assistance to the Lao PDR, as well as promoting good relations and fruitful cooperation between our two countries. I also would like to take this opportunity to convey my wholehearted thanks to our sponsors for their generous support on this special supplement. I am confident that bilateral relations between the Lao PDR and Japan under the strategic partnership will be further enhanced in the coming years.

### Congratulations

to the Lao People's Democratic Republic  
on the 42nd Anniversary of Their National Day



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## CONGRATULATIONS

to the Lao People's Democratic Republic  
on the 42nd Anniversary of their National Day

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Former Ambassador to Lao PDR

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Charcoal-Tree Planting Task Force  
(特定非営利活動法人炭の木植え隊)

Throughout the past 42 years, the Lao people have lived in a land of peace and stability. We firmly believe that only a peaceful environment can form the fundamental ground for advancing national, social and economic development.  
AMBASSADOR OF THE LAO PDR  
VIROTH SUNDARA

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