

## Part 2 : Chapter 10 - Lao People ' s Democratic Republic

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## Chapter 10

# LAO PEOPLE'S DEMOCRATIC REPUBLIC

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### Lao People's Democratic Republic

Area:	236,800 km <sup>2</sup>
Population:	5.836 million (mid-year population, 2004)
Capital:	Vientiane
Language:	Lao
Religion:	Theravada Buddhism
Government type:	People's democratic republic
Chief of state:	President Khamtay SIPHANDONE
Currency:	kip (US\$1 = 10,800 kip; as of the end of 2005)
Fiscal year:	October–September

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# First Step toward Achieving the National Goal for 2020

NORIIHIKO YAMADA and NAOOKO AMAKAWA

In continuation from the previous year, 2005 was a stable year in all aspects, including politics, the economy, and foreign relations. In the political arena, preparation for the Eighth Party Congress of the Lao People's Revolutionary Party scheduled for 2006 took place across the country accompanied by frequent personnel transfers, and preparations progressed steadily without any significant problem. The economy performed satisfactorily, with a GDP growth rate that surpassed the target as well as increased foreign direct investment. Moreover, a major step was taken toward realization of the national goal to "exit the group of least-developed countries by 2020" when construction began on the Nam Theun 2 Hydroelectric Power Plant Project, a long-cherished plan of the government. In foreign policy, Laos maintained stable relationships with Thailand, Viet Nam, and China.

## DOMESTIC POLITICS

### *A Changing National Assembly*

The seventh session of the Fifth National Assembly, which opened on April 27, was extended by two days because of time spent deliberating bills and finished on May 20. The bills and amendments that were deliberated and approved include bills on a civil aviation law, a resolution of economic disputes law, an anti-corruption law, a tax law revision, a customs law revision, and a secured transaction law revision. Due to the inadequacy of the content of the law on national heritage, it was referred back to the government.

This National Assembly revised the government budget plan (fiscal year October 1 to September 30) for the first time. The budget plan is approved by the National Assembly that is in session during September to October of the previous fiscal year, but heretofore the plan had never been revised in the middle of the year. At the 10th Plenum Meeting of the Seventh Central Committee of the Party held in March prior to the National Assembly, the leaders discussed the government's budget deficit and the budget problem and displayed concern regarding the economy overall. In response, in the National Assembly, deputy prime minister/ chairman of committee for planning and investment, Thongloun, presented an implementation report on the fiscal condition in the first half of the year. According to his report, the outlook was that achievement of the annual plan would be difficult, given that domestic revenue, at 1,417.2 billion kip, was 39 percent of the planned level, and expenditures, at 2,349.4 billion kip, were also only 39 percent of the planned level. Thereupon, the government submitted a revised bill to the National Assembly for reduction of the domestic revenue from 3,600 billion kip to 3,467 billion kip and reduction of expenditures from 6,007 billion kip to 5,376.3 billion kip. The National Assembly, indicating concern over a potential negative impact on development if the large reduction in expenditures of 600 billion kip were passed, approved the government revision with a reduction of 200 billion kip. Moreover, this National Assembly set up a special telephone line to receive comments and suggestions from ordinary citizens.

The eighth session of the National Assembly, which was held for more than one month from October 7 to November 10, was the longest up to that point, and lively debate took place on the national plan and in the deliberation of bills. Bills adopted during this session were the national heritage bill which was referred back to the government by the previous session as well as those bills that were newly proposed on the medical treatment law, complaint resolution law, tourism law, corporate law revision, criminal law revision, and forest law revision. This National Assembly approved the implementation reports on the FY2004/5 National Socio-Economic Development Plan and the budget plan and approved the FY2005/6 development plan and budget plan.

### *Preparations for the Eighth Party Congress*

With one year remaining until the Eighth Party Congress, full-scale preparations began, and party congresses were held at the ministry and

local levels (see “Important Dates”). Together with the holding of party congresses by the organization at all levels, another important undertaking was personnel transfers. In 2005, a slew of personnel transfer occurred, and the governors in many provinces were changed (see “Important Dates”). In almost all the cases, the incumbent governors were transferred to other provinces, but there were also four who were appointed to the position of provincial governor for the first time. They were party cadres aged 50 to 60, and they were not on the Seventh Central Committee. Because all provincial governors were appointed to the party’s Central Committee at the Seventh Party Congress, there is a very high possibility that the four new governors will become members of the Central Committee at the Eighth Party Congress.

Moreover, the heads of several ministries and organizations changed, including the Ministry of Public Security, Ministry of Education, Ministry of Labor and Social Welfare, Ministry of Information and Culture, the Supreme People’s Prosecutor Office, and the Bank of the Lao PDR. However, in the case of the Ministry of Education, Ministry of Labor and Social Welfare, and the Bank of the Lao PDR, no new minister or bank governor was appointed, but instead only an acting minister or acting bank governor was appointed. This suggests that the new ministers and bank governor may be formally appointed at the first session of the Sixth National Assembly, to be held after the party congress, and it is expected that personnel transfers will again occur when the new cabinet is launched.

### ***Preparations for the Election of the Sixth National Assembly***

On November 9 at the eighth session of the Fifth National Assembly, a proposal was passed, with 93 in favor and 1 opposed, to hold the election for the Sixth National Assembly prior to the expiration of the current term. National Assembly members’ term of office is five years, but the passage of this proposal meant that the Fifth National Assembly would complete its term in four years, after the eighth session. Thongsa, chief of the National Assembly Office, explained the reason, saying that the purpose was to implement reorganization and personnel transfers in a timely and effective manner in the National Assembly that follows the Eighth Party Congress. The previous Seventh Party Congress was held in 2001, but because the election of members of the Fifth National Assembly was held approximately one year later, in February 2002, a time lag occurred

between the personnel transfers of the party and those of the government. Consequently, it appears that the intention is to conduct personnel transfers in a streamlined manner this time by coordinating two important political events, the party congress and the election of the new National Assembly. The National Assembly's Standing Committee adopted a resolution on December 15 to hold voting on April 30, 2006, and President Khamtay promulgated it on December 20.

## ECONOMY

### *FY2004/5 Economic Performance*

According to the government report in the eighth session of the Fifth National Assembly (October 7 to November 10), the real GDP growth rate for FY2004/5 was 7.2 percent, which exceeded the target of 6.5 percent to 7.0 percent. By sector, the real GDP growth rate was 3.5 percent in agriculture and forestry, 13.0 percent in industry (which includes mining in this chapter), and 8.0 percent in the service sector. The composition ratio was 45.4 percent for agriculture and forestry, 28.2 percent for industry, and 26.4 percent for the service sector. Within the industrial sector, high growth was achieved by mining, at 22.4 percent. This was due to the fact that extraction of gold and copper proceeded satisfactorily in Xepon, Savannakhet Province. GDP per capita was US\$491, a 10 percent increase over the previous fiscal year, approaching the US\$500 figure which is the goal of the Fifth Five-Year Plan (2001–5). Moreover, the inflation rate, at an annual average of 7 percent to 8 percent, successfully remained below the target of 9 percent.

Government revenue was 3,961.3 billion kip when foreign grant aid was included and expenditures were 5,824.5 billion kip. The budget deficit as a share of the GDP was 6.2 percent. The domestic and foreign investments that were approved amounted to 143 projects worth US\$1.249 billion, up 43 percent compared with the previous fiscal year. A large share of this investment is due to the Nam Theun 2 Hydroelectric Power Plant Project and approvals in the mining sector. Projects implemented amounted to US\$449 million, up 36 percent compared with the previous fiscal year. Foreign assistance including both loans and grants was US\$436 million, up 10 percent compared with the previous fiscal year.

Moreover, as a result of the poverty reduction policy, 35,000 households rose about the poverty line in FY2004/5. This represents achieve-

ment of 67.4 percent of the plan, and there still remain 166,600 households (30.7 percent of the population) living in poverty. With regard to extermination of poppy cultivation, extermination declarations were issued between May and June by Special Region Xaisomboun, and the provinces of Houaphan, Louangphabang, Phongsali, Xiangkhouang, and Xaignabouli. This means that all 11 Laotian provinces that conducted poppy cultivation issued an extermination declaration, and complete extermination was achieved one year ahead of schedule.

The major economic goals of the government in FY2005/6 were a GDP growth rate of 7.5 percent to 8.0 percent, with a GDP growth rate by industries of 3.5 percent to 3.8 percent in agriculture and forestry, 14 percent in industry, and 9.0 percent to 10.0 percent in the service sector. The target for average income per capita is 5.80 million kip (approximately US\$529), and goal is to reduce poor households by 33,000 households.

### ***Start of Nam Theun 2 Hydroelectric Power Plant Project***

On November 27, the groundbreaking ceremony was held for the Nam Theun 2 Hydroelectric Power Plant Project, with Prime Minister Bounnyang and Thai Prime Minister Thaksin in attendance. This large-scale project, which had been desired by the Laotian government for over 10 years, had a total project cost of approximately US\$1.3 billion. The Laotian government had indicated an intention to develop this project since the early 1990s, but it was postponed due to the Asian economic crisis in 1997. Opinions that were critical of the project's effects on the environment and local residents spread and were shared by overseas parties, and so time was required to reach the implementation stage. In 1994 the government requested assistance from the World Bank, but due to the arguments for and against this controversial project in international society, the World Bank was obliged to undertake the massive effort of environmental and social impact studies and evaluations as well as exchanges of information and hearings, etc.

In September 2002, Nam Theun 2 Power Company, Ltd. (NTPC) was established as a corporate entity for the development of the project through the joint investment of Electricite de France International (EDFI), Electric du Laos (EDL), Electricity Generating Public Company (EGCO), which was set up through partial privatization of the Electricity Generating Authority of Thailand (EGAT), and Italian-Thai Development PCL (ITD), a large general contractor in Thailand. The following month, a 25-year work consignment contract was signed between NTPC and the

Laotian government. In November 2003, electric power purchasing contracts were signed between NTPC and EGAT as well as between NTPC and EDL.

The World Bank's loan screening began at last in January 2005. In March 31 that year, the board of directors of the International Development Association (IDA) and the board of directors of the Multinational Investment Guarantee Agency (MIGA) approved a partial risk guarantee of US\$50 million and grant aid of US\$20 million from IDA as well as a political risk guarantee up to a maximum of US\$200 million from MIGA. Other institutions that had been waiting on the World Bank were motivated by these approvals, leading to decisions by multiple institutions to provide assistance and make investments.

For this project, the Asian Development Bank approved a loan of US\$20 million to the Laotian government for the purchase of NTPC stock, a loan of US\$50 million to NTPC, and a political risk guarantee up to a maximum of US\$50 million for both the countries of Laos and Thailand. Moreover, France, Sweden, and Norway decided to provide export credit, and Agence Francaise de Developpement (ADF) and the Export-Import Bank of Thailand (EXIM Bank) decided to extend a loan to NTPC. Furthermore from the private sector, nine international commercial banks and seven Thai commercial banks decided to conduct long-term financing.

Through this, NTPC acquired capital and loans from international society totaling US\$1.58 billion in funding, and the Nam Theun 2 Hydroelectric Power Plant Project was launched with 2009 as the target date for the start of operation.

### ***Outline of and Risks Involved in the Nam Theun 2 Hydroelectric Power Plant Project***

The Nam Theun 2 Hydroelectric Power Plant Project is a project to generate hydroelectric power using the difference in altitude between the Nakai Plateau and the Xe Bang Fai River basin that lies below the plateau. The Nam Theun River which flows from east to north across the Nakai Plateau will be dammed on the northern part of the plateau to form a reservoir of 450 km<sup>2</sup>. The water will be taken in from the southern part of the plateau and dropped to the power plant located below the plateau. Water from the plant will be released into the Xe Bang Fai River via a waterway. Of the electric power produced by the plant, 95 percent (995 MW) will be exported to Thailand via 500 kV transmission lines that will be installed



over the 130 km to the Thai border, and the remainder of the electric power will be consumed domestically.

As is clear from the above, the project will affect three areas, the Nakai Plateau, the lower reaches of the Xe Bang Fai River, and the lower reaches of the Nam Theun River. There is particular concern over the post-relocation lives of approximately 6,200 residents to be relocated from the area that will be submerged on the Nakai Plateau, the survival of rare life forms on the Nakai Plateau, the impact on biodiversity, and the impact on residents living downstream due to the riverbank erosion and changes in water quality of the Xe Bang Fai River. The project plan, instead of providing compensation for the residents to be relocated, provides not only restoration of livelihoods but also a permanent residential area on the south side of the reservoir to promote improvement. Moreover, the project will provide approximately US\$1 million annually over 31 years for conservation of the forest on the north side of the reservoir and for the Nakai-Nam Theun National Biodiversity Conservation Area. Additionally, also incorporated into the project are an environmental evaluation management plan and a social development plan, etc. Thus, suitable alleviation of a broad span of environmental and social impacts is a major theme of this project.

Two uncertainties are associated with the project. The first uncertainty is the outlook for electric power demand in Thailand. The World Bank estimates that Thailand's electric power demand will expand at an annual rate of 6 percent and concludes that the power generated by this project will only be capable of supplying a few percent of Thailand's electric power demand. In short, it is assumed that, even if Thailand's electric power demand fluctuates somewhat, it will have no significant impact on this project. The second uncertainty is how the Laotian government will use the revenue from the sale of electric power. The estimate adopted by the World Bank states that the annual revenue accruing to the Laotian government in the first year will be US\$13 million and after that may increase to a maximum of US\$150 million. As the World Bank itself says, "If this revenue is expended efficiently, with accountability as well as transparency," the Nam Theun 2 Hydroelectric Power Plant Project could be an important fund source for the Laotian government for poverty reduction, social development, and environmental conservation. However, the problem is whether or not this "if" will be realized.

At a press conference on March 31, World Bank President Wolfenson said that the World Bank concluded that it was possible to manage these

risks and that the World Bank would participate in this project, in part to assist in the management. Moreover, Kassum, the World Bank's vice president for East Asia and Pacific, said that the bank would cooperate over the long term with the Laotian government and the people to ensure that the benefits of the project reached the poor. With this assistance of international society, Laos has taken the first step toward reaching its national goal of "exiting the group of least developed countries by 2020." Henceforth, attention is likely to be focused on the Laotian government's transparency and accountability in connection with how effectively the revenue from electric power is being used to reduce poverty.

## FOREIGN RELATIONS

### *Deepening Relations with Thailand*

In continuation from the previous year, Laos maintained positive relations with Thailand. In March, Thailand's Foreign Minister Kanthathi visited Laos and held talks with Deputy Prime Minister/Foreign Minister Somsavad. Both foreign ministers agreed to closer relations between the two countries in the security sector, including resumption of negotiations related to placement of boundary markers along the two countries' national border. In May, the Fifth Laos-Thailand Border Conference was held in Pattaya, Thailand. The conference was attended by representatives of the 9 provinces in Laos and the 11 provinces in Thailand that lie along the national border, and they signed a memorandum to the effect that cooperation between the two countries would be further strengthened for the sake of border security. In October, an agreement was signed between Savannakhet Province in central Laos and Amnat Charoen Province in Thailand related to maintenance of public security, including a crack-down on drug dealing and patrolling of the border along the Mekong River. A cooperative relationship at the provincial level is increasingly being built up.

### *Smooth Relations with Viet Nam*

The "special relationship" with Viet Nam remained smooth in 2005 as well. In March, Nong Duc Manh, secretary-general of Viet Nam's Communist Party, visited Laos in response to an invitation from President Khamtay, who was also chairman of the Lao People's Revolutionary Party. At the summit meeting, reports were presented on the state of both coun-

tries' national development and national defense, and they discussed the cooperative relationship between the two countries in the future. They also discussed the condition of preparations for the party congresses in each country scheduled for 2006. March 22 is the 50th anniversary of the Lao People's Revolutionary Party, and in Hanoi the Vietnamese Communist Party also held a celebration. In July, the Laotian Ministry of Commerce and the Vietnamese Ministry of Commerce signed an agreement on mutual import tax concessions.

### *Relations with China: Consecutive Talks of Leading Figures*

In relations between Laos and China, talks between leading figures took place one after the other. In July, Prime Minister Bounnyang, who visited Yunnan, China, to attend the Second Greater Mekong Subregion (GMS) Summit, held a practical business talk with Chinese Premier Wen Jiabao. At that meeting, they discussed strengthening the relationship between the two countries, focusing on promotion of exports from Laos to China by abolishing customs duty on 91 items from Laos. In July, Foreign Minister Somsavad held talks with Chinese Foreign Minister Li Zhaoxing, who was in Laos to attend the ASEAN foreign ministers' meeting, etc., held in Vientiane. Both foreign ministers reviewed their countries' friendly relations and cooperation in 2004 and expressed their satisfaction. In November, a delegation led by Deputy Prime Minister Asang attended the Seventh China International Tourism Expo held in Kunming in Yunnan Province, China. As shown by the above, it can be seen that China and Laos maintained contact in a productive manner throughout the year.

## ISSUES IN 2006

The year 2006 will be a political year. The Eighth Party Congress will be held in March, and the elections for the Sixth National Assembly will be held in April, resulting in personnel transfers in both the party and the government. The first point of attention will be the change in party leadership at the party congress. The transfer of leadership to the younger generation has been a major topic among the party leadership for the past several years. At the Eighth Party Congress, it is expected that a portion of the first generation involved in the revolution will retire from politics, and the next-generation members will become part of the politburo. In the

Sixth National Assembly, it is considered certain that there will be changes in personnel, including Prime Minister Bounnyang and several Cabinet members. However, the generational change in the politburo, the party's Central Committee, and the government is not considered likely to cause a significant alteration in the operation of politics or the economy. It may be said that the major issue is how the new generation of leadership will conduct the national administration so as to achieve the national goal by 2020.

The main issue in the economic sphere is improvement of the investment environment. In 2005, the amount of foreign direct investment on an approved basis expanded greatly because of the Nam Theun 2 Hydroelectric Power Plant Project and steady investment in the mining sector; however, this does not indicate that the problems in the investment environment, such as the lack of legal infrastructure, have been resolved. Growth of the Laotian economy depends, for the time being, on foreign direct investment. One important issue is how the new leadership will manage to sustain the economic growth that is well underway. For this, it is necessary for the government to make further efforts to improve the investment environment. Moreover, sustained economic growth is also closely related to the political issue of building confidence in the new leadership. As the year when the next generation of leadership sets sail, 2006 will be an important year for divining that leadership's skill in managing both politics and the economy.

## IMPORTANT DATES IN 2005

### *January*

27–28: Monthly meeting of the government held. Discussion was conducted on revision of a ministerial ordinance of the Ministry of Finance concerning revenue, draft of a regulation on improvement of commercial banks, and draft of a law on intellectual property rights.

### *February*

- 4: Trade with the United States switched to most-favored-nation tax rate.  
- Bounpone, Deputy Supreme People's Prosecutor General assumed office as prosecutor general.
- 8: Former supreme people's prosecutor general Khampane assumed office as governor of Bolikhamxai Province.
- 11–12: World Bank President Wolfenson visited, inspected the site of the Nam Theun 2 Hydroelectric Power Plant Project, and talked with President Khamtay.
- 14: Thongbanh, former governor of Bolikhamxai Province, assumed office as minister of public security.
- 23: The Laotian government approved copper mining conducted by a subsidiary of the Chinese company Yunnan Copper Industry in Phongsali Province and Oudomxai Province and signed an agreement on it.
- 28–30: Fourth Xaignabouli Province Party Committee Congress held.

### *March*

- 1: Third national census began.
- 14–18: Tenth Plenum Meeting of the Seventh Central Committee of the Party held. Discussion held on the National Socioeconomic Development Plan, actual operation of the budget plan in the first half of the year, the plan for the second half of the year, the first draft of the political report to be submitted at the Eighth Party Congress, and revision of the party rules.
- 22: Fiftieth anniversary of the Lao People's Revolutionary Party.
- 24–26: Nong Duc Manh, secretary-general of the Vietnamese Communist Party, visited.
- 31: For the construction of Nam Theun 2 Hydroelectric Power Plant Project, the World Bank approved a partial risk guarantee of US\$50 million, International Development Association (IDA) approved financing of US\$20 million, and Multinational Investment Guarantee Agency (MIGA) approved a political risk guarantee of US\$200 million.

### *April*

- 4: To support the construction plan of the Nam Theun 2 Hydroelectric Power Plant Project, the Asian Development Bank (ADB) announced the

approval of public financing of US\$20 million, private financing of US\$50 million maximum, and a political risk guarantee of US\$50 million maximum.

5–7: Fifth Louangphabang Province Party Committee Congress held.

9–11: Fourth Bolikhamxai Province Party Committee Congress held.

27–May 20: Seventh session of the Fifth National Assembly held. The revised budget plan for the second half of FY2004–5 was approved, and bills adopted were the civil aviation law, the law on resolution of economic disputes, the anti-corruption law, tax law revision, and customs law revision.

## **May**

5–7: Sixth Oudomxai Province Party Committee Congress held.

12–14: Eighth Phongsali Province Party Committee Congress held.

13: Former Minister of Labor and Social Welfare Somphanh assumed office as governor of Xiangkhouang Province.

16: Former Governor of Xiangkhouang Province Soukanh assumed office as governor of Champasak Province.

20: Deputy Foreign Minister Vilayvanh assumed dual office as vice governor of Savannakhet Province and vice secretary of the Provincial Party Committee.

23: Former Minister of Education Phimmasone assumed dual office as governor of Louangnamtha Province and Secretary of the Provincial Party Committee. Deputy Minister of Education Bosenkham assumed office as Acting Minister.

26–27: Monthly meeting of the government held. Discussion conducted on forest strategy up to 2020 and the draft ordinance for the start of media businesses by individuals.

## **June**

1: Xaignabouli Province announced extermination of opium cultivation, completing the extermination of opium cultivation nationwide.

8–10: Third Bokeo Province Party Committee Congress held.

15–17: Fifth Xiangkhouang Province Party Committee Congress held.

## **July**

4: Prime Minister Bounnyang attended the Second Greater Mekong Subregion (GMS) Summit (in Yunnan Province, China). Prime Minister Bounnyang and Chinese Premier Wen Jiabao agreed that China would lower customs duty to 0 percent on 91 Laotian items starting from January 1, 2006, and that China would provide 80 million yuan in grant aid.

8: Thai Minister of Foreign Affairs Surakiart visited.

14: Vice Governor of Savannakhet Province/Vice Secretary of the Provincial Party Committee Vilayvanh assumed dual office as governor of

- Savannakhet Province and secretary of the Provincial Party Committee.
- 15: A handing-over ceremony was held by former Governor of Xaisomboun Special Region/Secretary of the Provincial Party Committee Somphet and the new Governor of Xaisomboun Special Region Khamsing.
  - 19: Former Governor of Savannakhet Province Sileua assumed dual office as chairman of the Committee for Propaganda and Training of Central Party Committee and secretary of the Party Committee.
  - 20: Former Chairman of the Committee for Propaganda and Training of the Central Party Committee Mounkeo assumed office as the Minister of Information and Culture.
  - 20–21: Monthly meeting of the government held. The GDP growth rate for FY2004–5 estimated at 7.2 percent.

### *August*

- 19–21: Fourth Vientiane Capital Party Committee Congress held.
- 29–31: Monthly meeting of the government held. Bills approved were those on the corporate law, tourism law, and medical treatment law.

### *September*

- 5–10: Tenth Plenum Meeting of the Seventh Central Committee of the Party held. Discussion was conducted on the Sixth Five-Year Plan for 2006–10.
  - Vice Governor of the Bank of Lao PDR Phouphet assumed office as the acting governor.
- 7: The Thai government agreed on customs duty exemptions for 10 types of Laotian agricultural products.
- 26: Deputy Director General Khamphanh of the National Organization for the Study of Policy and Administration (NOSPA) assumed dual office as governor of Xekong Province and vice secretary of the Provincial Party Committee. The former governor of Xekong Province, Boualeui, remained in office as secretary of Provincial Party Committee.
- 27: Vice Chairman of Committee for Propaganda and Training of the Central Party Committee Cheuang assumed office as Chief of Cabinet of Prime Minister's Office.

### *October*

- 3: Former Chief of Cabinet of Prime Minister's Office Phankham assumed dual office as governor of Houaphan Province and secretary of the Provincial Party Committee.
- 7–November 10: Eighth session of the Fifth National Assembly held. The National Assembly, in addition to approving the implementation reports on the National Socioeconomic Development Plan and the Budget Plan for FY2004–5 and approving the National Socioeconomic Development Plan and the Budget Plan for FY2005–6, also adopted the medical treatment

law, complaint law, national heritage law, tourism law, revised corporate law, and revised criminal law.

### **November**

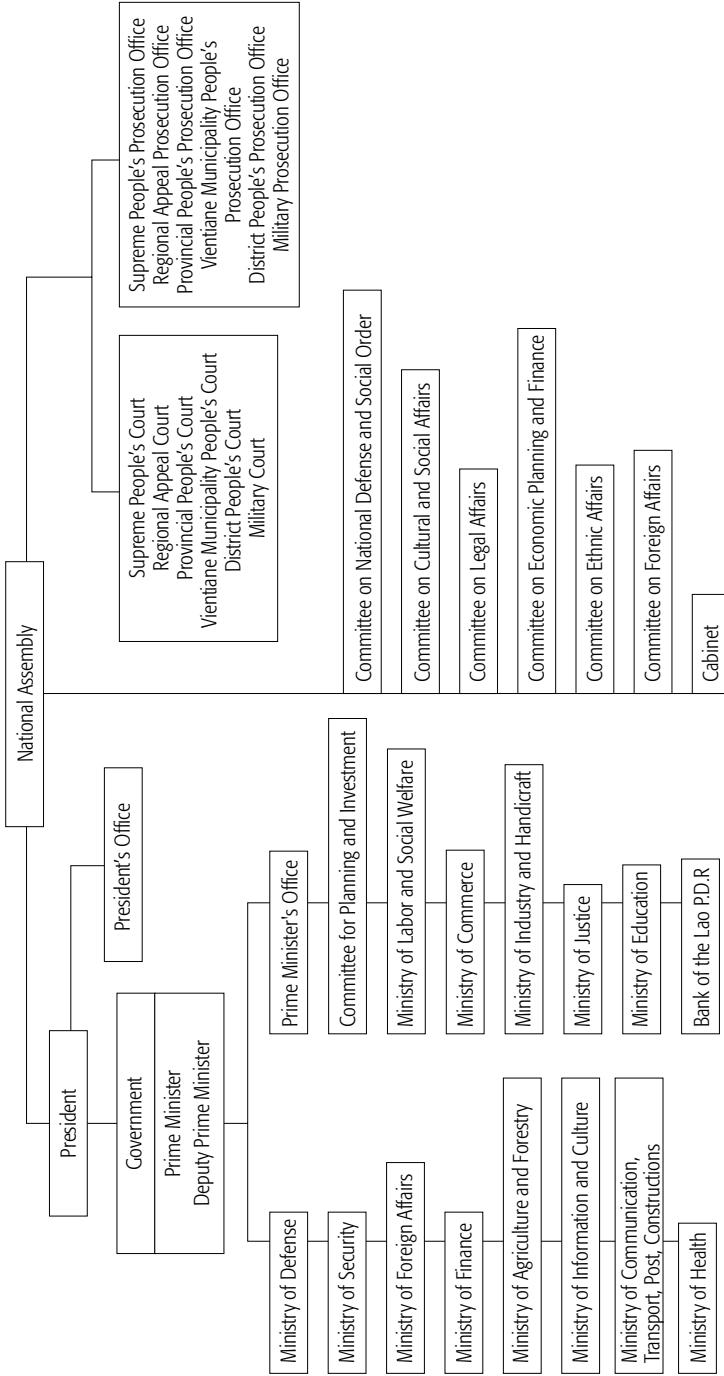
- 9–11: Seventh Khammouan Province Party Committee Congress held.
- 14–16: Third Vientiane Province Party Committee Congress held.
- 21–23: Fifth Champasak Province Party Committee Congress held.
- 23–24: Monthly meeting of the government held. Discussion held on establishment of a land development and service company and revised land tax law, etc.
- 27: Groundbreaking ceremony held for the Nam Theun 2 Hydroelectric Power Plant Project, attended by Thai Prime Minister Thaksin.
- 28–30: Sixth Savannakhet Province Party Committee Congress held.
- 28–30: Seventh Xekong Province Party Committee Congress held.
- 30: Memorial Hall to commemorate former President Soupanuvong opened.

### **December**

- 2: Assembly held to commemorate the 30th anniversary of the country's founding.
- 12: The Chinese government presented two bronze statues of former secretary-general Kaysone to the government of Laos.
- 14–16: Sixth Salavan Province Party Committee Congress held.
- 15–17: Seventh Houaphan Province Party Committee Congress held.
- 19–21: Fifth Louangnamtha Province Party Committee Congress held.
- 19–21: Seventh Attapu Province Party Committee Congress held.
- 22: Laos' Committee for Planning and Investment and a Russian regional oil company signed a memorandum on hydroelectric power plant plans for Namkhong Hydroelectric Power Plant 1 and Namkhong Hydroelectric Power Plant 3 in Attapu Province and Xekong Hydroelectric Power Plant 5 in Xekong Province.
- 30: The Laotian government and Chinese government signed an agreement to cooperate in the fields of economics and technology. The Chinese government agreed to provide 100 million yuan (approximately US\$12.40 million) in grant aid to Laos.



**APPENDIX 10.1: STATE ORGANIZATION (as of December 2005)**



## APPENDIX 10.2: KEY GOVERNMENT FIGURES

(as of December 2005)

### **President**

Khamtay Siphandone

### **Vice President**

Choummaly Saynyasone

### **Chairman of the National Assembly**

Samane Vinyaketh

## **GOVERNMENT**

*Prime Minister:* Bounnyang Vorachith

*Deputy Prime Minister:* Asang Laoly

*Deputy Prime Minister/Chairman of Committee for Planning and Investment:* Thongloun Sisoulith

*Deputy Prime Minister:* Bouasone Bouphavanh

*Deputy Prime Minister/Minister of Foreign Affairs:* Somsavat Lengsavad

*Minister of Defense:* Douangchay Phichit

*Minister of Education (Acting):* Borsengkham Vongdara

*Minister of Information and Culture:* Mounkeo Olaboun

*Minister of Security:* Thongban Sengaphone

*Minister of Labor and Social Welfare (Acting):* Le Kakanya

*Minister of Commerce:* Soulivong Daravong

*Minister of Industry and Handicraft:* Onneua Phommachanh

*Minister of Communication, Transport, Post, Constructions:*  
Bouathong Vonglokham

*Minister of Finance:* Chansy Phosikham

*Minister of Health:* Ponemek Dalaloy

*Minister of Justice:* Kham Ouane Boupha

*Minister of Agriculture and Forestry:* Siane Saphangthong

*Minister to the President's Office:* Soubanh Srithirat

*Minister to the Prime Minister's Office:* Bountiem Phitsamay, Souli Nanthavong, Saisenglee Tengbliavue, Somphong Mongkhonvilay, Venethong Luangvilay

*Governor of the Bank of Lao P.D.R (Acting):* Phouphet Khamphunvong

## APPENDIX 10.3: OTHER KEY FIGURES

### **POLITBURO OF THE LAO PEOPLE'S REVOLUTIONARY PARTY (LPRP)**

*Party Chairman, President:* Khamtay Siphandone

*Chairman of the NA:* Samane Vinyaketh

*Vice President:* Choummaly Saynyasone

*Mayor of Vientiane Municipality:* Thongsing Thammavong

*Prime Minister:* Bounnyang Vorachith

*Chairman of the National Construction Front:* Sisavath Keobounphanh

*Deputy Prime Minister:* Asang Laoly

*Deputy Prime Minister/Chairman of CPI:* Thongloun Sisoulith

*Minister of Defense:* Douangchay Phichit

*Deputy Prime Minister:* Bouasone Bouphavanh

### **ADVISOR TO THE CENTRAL COMMITTEE OF LPRP**

Nouhak Phoumsavan

### **NATIONAL ASSEMBLY**

*Chairman:* Samane Vinyaketh

*Vice Chairman:* Ms. Pany Yathotou

*Standing Committee:* Samane Vinyaketh, Pany Yathotou, Saysomphone Phomvihane, Bouasy Lovansay, Bounthone Chitvilaphonh, Somphone Khagnong-ek, Thongsa Panyasith,

### **Chairman of the Committees**

#### **Foreign Affairs**

Saysomphone Phomvihane

#### **Ethnic Affairs**

Somphone Khagnong-ek

#### **Economic Planning and Finance**

Bouasy Lovansay

#### **Cultural and Social Affairs**

Ms. Thongphonh Chanthalanonh

#### **National Defense and Social Order**

Bounthone Chitvilaphonh

#### **Legal Affairs**

Keyoun Nhotsayviboun

#### **Cabinet**

Thongsa Panyasith

**JUDICIAL BRANCH**

*Chief of the Supreme People's Court:* Khammy Saynyavong

*Prosecutor General:* Bounpon Sangsomsak

## APPENDIX 10.4: MAJOR STATISTICS

### 1. General

	2000	2001	2002	2003	2004
Population (mid-year, 1,000 persons)	5,218	5,377	5,526	5,679	5,836
Exchange rates (US\$1=kip)	8,218.0	9,490.0	10,680.0	10,467.0	10,376.5

Source: Committee for Planning and Investment National Statistical Centre, *Statistics 1975–2005; IFS*, December 2005.

### 2. Gross Domestic Product by Industries (at constant 1990 prices)

	(Million kip)				
	2000	2001 <sup>a)</sup>	2002 <sup>a)</sup>	2003 <sup>a)</sup>	2004 <sup>b)</sup>
Agriculture	583,590.8	605,618.5	629,716.9	643,601.7	665,894.1
Crops	346,562.7	360,743.8	373,356.4	373,217.5	388,224.5
Livestock & fishery	202,098.4	207,107.2	216,664.2	227,282.4	234,024.5
Forestry	34,929.7	37,767.5	39,696.3	43,101.8	43,645.2
Industry	254,283.4	280,031.7	308,341.3	343,680.5	386,804.6
Mining & quarrying	5,488.7	5,555.2	6,117.2	22,480.2	21,343.7
Manufacturing	188,803.3	211,641.3	239,100.4	254,172.8	289,048.0
Construction	25,328.9	28,629.4	26,756.4	30,214.1	37,660.3
Electricity & water	34,662.5	34,205.8	36,367.3	36,813.4	38,752.5
Service	281,490.7	297,462.2	314,463.6	337,205.2	362,535.2
Transport, communication & post	65,014.8	70,606.2	76,536.8	83,691.4	91,632.4
Wholesale & retail trade	105,131.8	114,436.4	123,010.2	136,206.4	148,691.3
Banking	8,611.3	9,708.3	5,215.6	5,946.5	4,517.5
Ownership & dwellings	33,262.2	34,093.8	34,946.1	35,819.8	36,715.3
Public administration	33,400.3	33,951.4	39,044.1	40,377.9	40,791.0
Nonprofit institution	8,600.0	7,525.0	7,838.6	8,385.0	9,001.6
Hotel & restaurant	25,303.2	25,007.2	25,681.7	24,397.6	28,423.2
Other services	2,167.0	2,134.0	2,190.5	2,380.7	2,762.9
Import duties	7,748.8	8,973.1	10,101.3	11,000.7	12,594.4
Gross domestic product (GDP) at market price	1,127,113.7	1,192,085.5	1,262,623.2	1,335,488.1	1,427,828.4

Source: Committee for Planning and Investment National Statistical Centre, *Statistics 1975–2005*.

Note: a) Revised; b) Estimated

### 3. GDP and Consumer Price Index

	(%)				
	2000	2001	2002	2003	2004
GDP growth rates	5.8	5.8	5.9	5.9	6.5
Agriculture	4.9	3.8	4	2.2	3.5
Industry	8.5	10.1	10.1	11.5	11.4
Service	4.9	5.7	5.7	7.5	7.3
Increase in consumer price index	8.4	7.8	10.7	15.8	10.6

Source: ADB, *Asian Development Outlook 2005*.

### 4. Principal Agricultural Products

	(1,000 tons)				
	2000	2001	2002	2003	2004
Rice	2,230.0	2,334.5	2,416.5	2,375.1	2,529.0
Maize	117.0	113.2	124.1	143.2	203.5
Starchy roots	51.9	100.8	110.7	150.4	175.2
Vegetables & beans	255.2	630.6	633.1	662.7	670.5
Soybeans	5.4	3.0	3.0	7.8	4.7
Peanuts	13.2	16.8	16.4	16.0	12.4
Tobacco	39.8	30.1	27.5	25.7	33.0
Cotton	4.7	3.4	2.9	1.8	2.2
Sugarcane	173.6	208.8	222.0	308.4	223.3
Coffee	17.5	25.8	32.2	22.2	23.1
Tea	0.4	–	0.2	0.1	0.3

Source: Same as Table 2.

### 5. Principal Exported Goods

	2000	2001	2002	2003	2004
Electric power (million kWh)	622	2,823	2,798	2,316	2,422
Timber (1,000 m <sup>3</sup> )	31	142	11	21	19
Lumber (1,000 m <sup>3</sup> )	4,591	152	156	80	21
Plywood (1,000 sheets)	253	986	448	1,196	2,839
Coffee (tons)	15,181	11,868	14,456	11,055	9,404
Gypsum (1,000 tons)	100	135	49	124	163
Tin (tons)	1,958	865	288	482	420

Source: Same as Table 2.

## 6. Principal Imported Goods

	2000	2001	2002	2003	2004
Electric power (million kWh)	215	182	201	217	277
Motorcycle (units)	17,539	15,522	3,450	35,193	439,493
Bicycles (units)	25,084	14,000	7,492	32,568	113,402
Fuel (1,000 tons)	477	169	131	236	261
Cement (1,000 tons)	211	285	126	87	191
Iron (1,000 tons)	16	62	15	29	46
Cotton thread (tons)	336	197	114	106	527
Fabrics (tons)	503	843	459	275	911
Sugar (tons)	5,563	20,119	7,864	8,737	26,889
Sewing machine (units)	6,285	1,869	862	1,688	3,258
Rice (tons)	4,236	17,958	4,107	16,010	25,906

Source: Same as Table 2.

## 7. Government Budget

	(Billion kip)			
	2000/1	2001/2	2002/3	2003/4*
Revenue and grants	2,476.1	2,567.5	2,798.0	3,074.9
Revenue	2,000.4	2,327.2	2,344.8	2,792.4
Tax revenue	1,628.9	1,878.7	1,927.5	2,321.0
Non-tax revenue	371.6	448.6	417.2	471.4
Grants	475.7	240.3	453.2	282.5
Expenditure and net lending	3,140.8	3,237.0	4,016.8	3,715.0
Current expenditure	1,229.4	1,452.1	1,647.0	2,109.4
Capital and on-lending net	1,911.4	1,784.9	2,369.8	1,605.7
Overall cash balance	-664.7	-669.6	-1,218.9	-640.1
Financing	664.7	669.6	1,218.9	640.1
Domestic	187.1	16.9	110.6	-263.0
Foreign (net)	477.6	652.7	1,108.3	923.1

Source: Bank of the Lao P.D.R, *Annual Report 2003, 2004*.

Note: \* indicates estimate.

## 8. Balance of Payments

	(US\$ million)			
	2001	2002	2003	2004*
Trade balance	-190.8	-146.3	-122.6	-144.7
Exports (fob)	319.5	300.6	335.5	361.1
Imports (cif)	510.3	446.0	462.1	505.9
Services (net)	134.4	143.8	90.4	108.3
Factor income (net)	-33.4	-42.3	-47.0	-51.7
Transfers (net)	33.7	48.1	39.8	78.6
Current account balance	-56.0	3.3	-43.4	-6.6
Foreign direct investment	23.9	4.5	19.5	16.9
Other investment	106.6	64.4	99.1	129.8
Errors and omissions	-82.0	-9.7	-55.7	-118.3
Capital and financial account	130.5	68.9	118.6	146.7
Overall balance	-7.5	62.5	19.6	21.8

Source: Same as Table 7.

Note: \* indicates estimated figures.



