

Foreword

Lao PDR has achieved remarkable economic growth in recent years. With growing international division of labour, the country has gradually integrated with international global production networks based on ‘the second unbundling.’ This economic achievement is exemplified by improved living standards throughout the country, as indicated by an increase in per capita income. On the other hand, Lao PDR faces the problems of an overdependence on the energy and mineral sectors, and growing development gaps within the country.

Lao PDR is at a turning point, where it can turn its weakness of being a ‘landlocked’ country into its strength, by becoming a ‘land-linked’ country in the Mekong Region. As chair of the ASEAN Summit and the East Asia Summit this year – a role it takes on only every 10 years – Lao PDR has a great opportunity to announce its novel industrial development strategy to potential investors around the world. ‘Lao PDR at the Crossroads,’ the research title, refers to this crucial time for a decision about the country’s future and its central location as a transport hub in the Mekong Region.

These circumstances were motivation for the Lao PDR government and the Economic Research Institute for ASEAN and East Asia (ERIA) to create a unique mid- and long-term development vision, titled ‘Lao PDR at the Crossroads: Industrial Development Strategies 2016–2030’. The study was designed to generate concrete policy measures and recommendations that, if adopted, are likely to contribute to the further development and growth of Lao PDR. I am strongly convinced that the analyses and policy recommendations presented in ‘Lao PDR at the Crossroads’ will be conducive to the pursuit of new development strategies. Its ideas and policy recommendations were also incorporated into Lao PDR’s official plans such as the 10-Year Development Strategy (2016–2025) and Vision 2030 (2016–2030).

The policy measures proposed in this study are expected not only to promote the economic development of Lao PDR, but also to improve connectivity in the ASEAN region as a whole. I firmly believe that ‘Lao PDR at the Crossroads’ will contribute to the revision of the ‘Master Plan on ASEAN Connectivity.’

First and foremost, I would like to express my special appreciation for the continuous support of the Ministry of Industry and Commerce (MOIC) under the auspices of H.E. Khemmani Pholsena, Minister for MOIC.

I am deeply indebted to those directly involved in this project. Fukunari Kimura, ERIA's Chief Economist, Masahito Ambashi, ERIA Economist, and Souknilanh Keola, IDE–JETRO Research Fellow, who edited the whole report and to achieve near-perfection. There were also substantial contributions from two Lao institutes and their researchers: the National Economic Research Institute (Leeber Leebouapao, Sthabandith Insisienmay, and Vanthana Nolintha) and the Economic Research Institute for Trade (Xaysomphet Norasingh, Viengsavang Thipphavong, Thantavanh Manolom, Lekxay Keoyasan, and Vanaxay Soukhaseum) who wrote the drafts of Chapters 2 to 4 and provided invaluable data. Daiwa Institute of Research Ltd. (Masahiro Nakamura, Hideaki Kasai, Jin Yoshida, Keisuke Goto, Sanae Ota, Yu Karasawa, and Rei Naka) largely contributed Chapters 5 and 6 by conducting extensive field surveys. And the IDE–JETRO Geographical Simulation Model team (Satoru Kumagai and Ikumo Isono) supported the quantitative analysis of Chapter 7 with their expertise.

I would also like to thank other ERIA staff: Yasuhiro Yamada, for his enthusiastic support in Vientiane, and Jeremy Gross, for coordinating the National Policy Dialogue on 30 March 2016. I would also like to express my gratitude to Maria Priscila del Rosario, Stefan Wesiak, Fadriani Trianingsih, and Chrestella Budyanto for their editorial and publishing support.

I hope that 'Lao PDR at the Crossroads' will be a useful reference for the Lao PDR government as well as international donor agencies and funding institutions, to help them take concrete actions for promoting the industrial development of the country.



Professor Hidetoshi Nishimura
President, Economic Research Institute for ASEAN and East Asia

June 2016