

Keynote Speech on PPP on Public Works and Transport Sector in Lao PDR

By

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- Excellency Mr. Norio Mitsuya, Parliamentary Senior Vice-Minister for Foreign Affairs of Japan
- Mr. Kouhei Watanabe, Chairman, The Japan-Mekong Business Cooperation Committee, The Japan Chamber of Commerce and Industry
- Honorable Delegates from Mekong Countries,
- Distinguished Guests and Participants,
- Ladies and Gentlemen,

On behalf of the Lao Government and the Ministry of Public Works and Transport, please allow me to begin by expressing my heartfelt appreciation to the Ministry of Foreign Affairs of Japan for inviting me and other delegates to this very important and meaningful Forum. It is my great pleasure and privilege to have an opportunity to speak at this significant meeting to share our country's experience with you.

I guess some of you may already know about Laos but some may still not so before going in to details on the Public-Private Partnership (PPP), I would like to introduce our country briefly. Lao PDR or Laos is categorized as a land-locked and least developed county located in the heart of mainland Southeast Asia. It is surrounded by five countries namely China to the North, Viet Nam to the East, Cambodia to the South, Thailand to the West and Myanmar to the Northwest. With the total population of approximately 6.5 million people (2012), the country has the total land area of 236,800 km², as a result the population density is about 26 persons per square kilometer, which is relatively low compared to Asian Countries. The income per capita is 1,349 USD (2011-2012 from NSEDP annual report, MPI). The poverty headcount ratio is about 22% of the total population in FY 2011-2012.

With the geographically potential located in the heart of the Greater Mekong Subregion (GMS) and ASEAN region, we have set policies for facilitating our socio-economic development and contributing to the regional development and integration by transforming from the landlocked country into landlinked and becoming transit services. ASEAN connectivity has been set as the first priority for the regional and international integration.

Our government has always been treating the transport development as a spearhead for the national socio-economic development, we have been allocating huge amount of national budget including international assistances into the transport infrastructures development for promoting the movements of people and goods, boosting tourism and investment within our ASEAN community and other regions and the world.

Ladies and Gentlemen,

I would like to inform you that we have achieved quite impressive progress in economic growth, poverty reduction and social development in 2013 as well as over the past three years of the implementation of the 7th National Social-Economic Development Plan and its endeavors to attain the Millennium Development Goals by 2015.□"It will be appropriate to mention today that significant achievements of the Lao PDR in maintaining peace, safeguarding political stability, encouraging the rule of law, protecting and promoting fundamental rights of the people which constitute an indispensable foundation for social and economic success of every nation in the modern world.

Though we have been significantly progressing in the development of transport facilities on many modes including roads, waterways, airways and railways such as upgrading the ASEAN Highways crossing Laos, airport developments and so on. Besides these achievements, we are facing many challenges, we have only limited fund with rapid increase of demand for the sector. Moreover, the maintenance of existing infrastructures to insure user safety, meet durability and servicibility expectation, tackling natural disasters all these also require great demand of funding. In order to realize the implementation plan for the ASEAN Connectivity requires our joint efforts to address these challenges effectively. Currently, our government is preparing to initiate the investment promotion for developing and improving transport infrastructures by the form of PPP mechanism which considered as a best option.

As a result of above-mentioned improvements and with strong forecasts for growth, I am very happy to learn that Japanese investors see Laos as a new production base following the improvement of the country's infrastructure, legal framework and the availability of cheap labor. The value of Japanese investment in Laos in 2013 reached US\$400 million, increasing by a factor of almost 15 compared to the year before. Japan is also a major donor to development in Laos. I think that within the next two years, Japan will climb in the rankings from 6th to 4th largest for foreign investment in Laos after China, Vietnam and Thailand. The latest investors include Nikon and Toyota, which will both be building part of their production bases in Laos. Due to the rising number of Japanese investors coming

to Laos, the Japan External Trade Organization (JETRO) is planning to open an office in Vientiane this year.

I would like to take this opportunity to express my heartfelt thanks to people and government of Japan for continuously supporting the Lao transport development and improvement which contributing greatly to these achievements.

Ladies and Gentlemen,

While the PPP may appear as a new concept in public works and transport sector, PPP approach has in recent years played an increasingly important role in the development of infrastructure projects in Lao PDR such as hydropower plants. In transport sector, I am very proud to share with you that, there is a showcase cooperation between Laos and Japan on the operation of the Vientiane International Airport Terminal under the name Laos-Japan Air Terminal Service or well-known as L-JATS which is a Joint Venture between Lao Airport Authority and Japanese Companies (JALUX Inc and Toyota Tsusho) since 1999. We are now considering for expanding the Contract Agreement for another five years. We also have PPP projects on Water Supply in Vientiane and Savannekhet.

In addition, with the assistances from the Government of Japan via JICA, we are currently carrying out the preparatory survey on the development of Vientiane Logistics Park by PPP scheme with Japanese logistics company, Nippon Express. We are expecting that the success of this project will pave the ways for many other PPP projects in the future. Also in 2012, our ministry decided to take an initiative to cooperate with the World Bank in conducting a PPP Pipeline Assessment in Lao road sector.

In this connection, may I invite and encourage more investments from Japan in the areas of urban transport, logistics, water supply and so on in the form of PPP in the future.

I am very confident that the success of this Forum will definitely one step forward to contribute to the boosting and promoting PPP cooperation between Mekong countries and Japan, achieving the "Tokyo Strategy 2012" and its action plan. I am really looking forwards to have a fruitful discussion with you throughout this Forum.

I am concluding my remarks by wishing you all the very best in your deliberations and may I wish the Forum successful. Thank you for your kind attention.