

# International workshop on Policy Development Research in the Greater Mekong Subregion (GMS)

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# Policy priorities and in the GMS

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The Lao economy is estimated to have expanded by around 7-8% percent in 2015-2020, a slight moderation from 7.5 percent in the past year.

The resource sectors continued to make an important contribution to the growth of the Lao economy whereas services, agriculture and industry sectors are also promising sectors to contribute in economic development in the 8<sup>th</sup> National Socio-Economic Development (8<sup>th</sup> NSED).

On average, the annual growth of mining and hydro-power sector is estimated approximately 18 percent between 2003 and 2015.

# Policy priorities and in the GMS

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The 8<sup>th</sup> NSED plan of the Lao PDR is projected GDP to expand at 7 percent in 2016, with power generation expected to increase by more than 30 percent over 2015.

The increasing of ASEAN integration or AEC will open opportunities for Laos to improve economy expansion that including in transport, trade, increased participation in value chains and tourism.

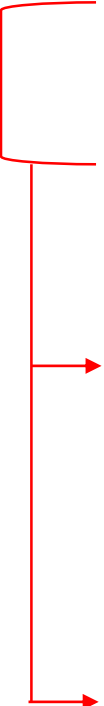
The government of Laos has set the target to meet the criteria of Least Developing Country by 2020, and setting the goal to graduate from Least Developing Country by the year 2025.

More policies development and improvement were adjusted to harmonize with international requirement (Globalization).

# Policy priorities and in the GMS

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To further focus the program, and as part of the strategic framework, the GMS countries also agreed on 11 flagship programs:

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1. The North–South Economic Corridor,
  2. The East–West Economic Corridor,
  3. The southern Economic Corridor,
  4. The telecommunications backbone,
  5. Regional power interconnection and trading arrangements,
  - 6. Facilitating cross-border trade and investment,
  7. Enhancing private sector participation and competitiveness,
  8. Developing human resources and skills competencies,
  9. A strategic environment framework,
  10. Flood control and water resource management, and
  - 11. GMS tourism development.

# Policy priorities and in the GMS

## Total Merchandise Exports (\$ million)

Item	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GMS	108,740	133,307	155,345	186,959	222,680	262,044	233,268	295,223	354,110	382,629	412,160	440,710
Cambodia	2,087	2,589	2,908	3,692	3,341	3,503	3,138	3,906	5,035	5,633	6,530	7,408
Guangxi, PRC	1,970	2,396	2,877	3,599	5,113	7,351	8,371	9,610	12,459	15,468	18,695	24,330
Yunnan, PRC	1,677	2,240	2,642	3,391	4,736	4,987	4,514	7,606	9,473	10,018	15,960	18,802
Lao PDR	336	363	553	882	923	1,092	1,053	1,746	2,190	2,271	2,264	2,662
Myanmar	2,357	2,928	3,558	5,233	6,402	6,779	7,587	8,861	9,136	8,977	11,204	12,524
Thailand	80,165	96,307	110,360	130,336	153,604	175,647	151,509	191,257	218,912	225,734	225,474	224,767
Viet Nam	20,149	26,485	32,447	39,826	48,561	62,685	57,096	72,237	96,906	114,529	132,033	150,217

Sources: ADB estimates; ADB *Key Indicators for Asia and the Pacific*, 2005 and 2015; and All [People's Republic of] China Data Center.

# Policy priorities and in the GMS

## Total Merchandise Imports (\$ million)

Item	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GMS	108,500	135,828	166,148	190,057	220,864	281,330	224,034	274,604	344,850	378,052	401,043	406,592
Cambodia	2,668	3,269	3,918	4,771	4,383	5,185	4,878	5,756	7,180	8,139	9,744	10,616
Guangxi, PRC	1,222	1,893	2,306	3,075	4,164	5,891	5,835	8,096	10,872	14,006	14,142	16,223
Yunnan, PRC	991	1,510	2,096	2,840	4,044	4,612	3,505	5,762	6,580	10,987	9,869	10,820
Lao PDR	462	713	882	1,060	1,065	1,403	1,461	2,060	2,404	3,055	3,081	4,271
Myanmar	2,240	1,973	1,984	2,937	3,353	4,543	4,181	6,413	9,035	9,069	13,760	16,633
Thailand	75,661	94,501	118,200	130,482	141,090	178,982	134,224	161,679	202,029	219,016	218,414	200,180
Viet Nam	25,256	31,969	36,761	44,891	62,765	80,714	69,949	84,839	106,750	113,780	132,033	147,849

Sources: ADB estimates; ADB *Key Indicators for Asia and the Pacific*, 2005 and 2015; and All [People's Republic of] China Data Center.

# Policy priorities and in the GMS

## Total Merchandise Trade balance (\$ million)

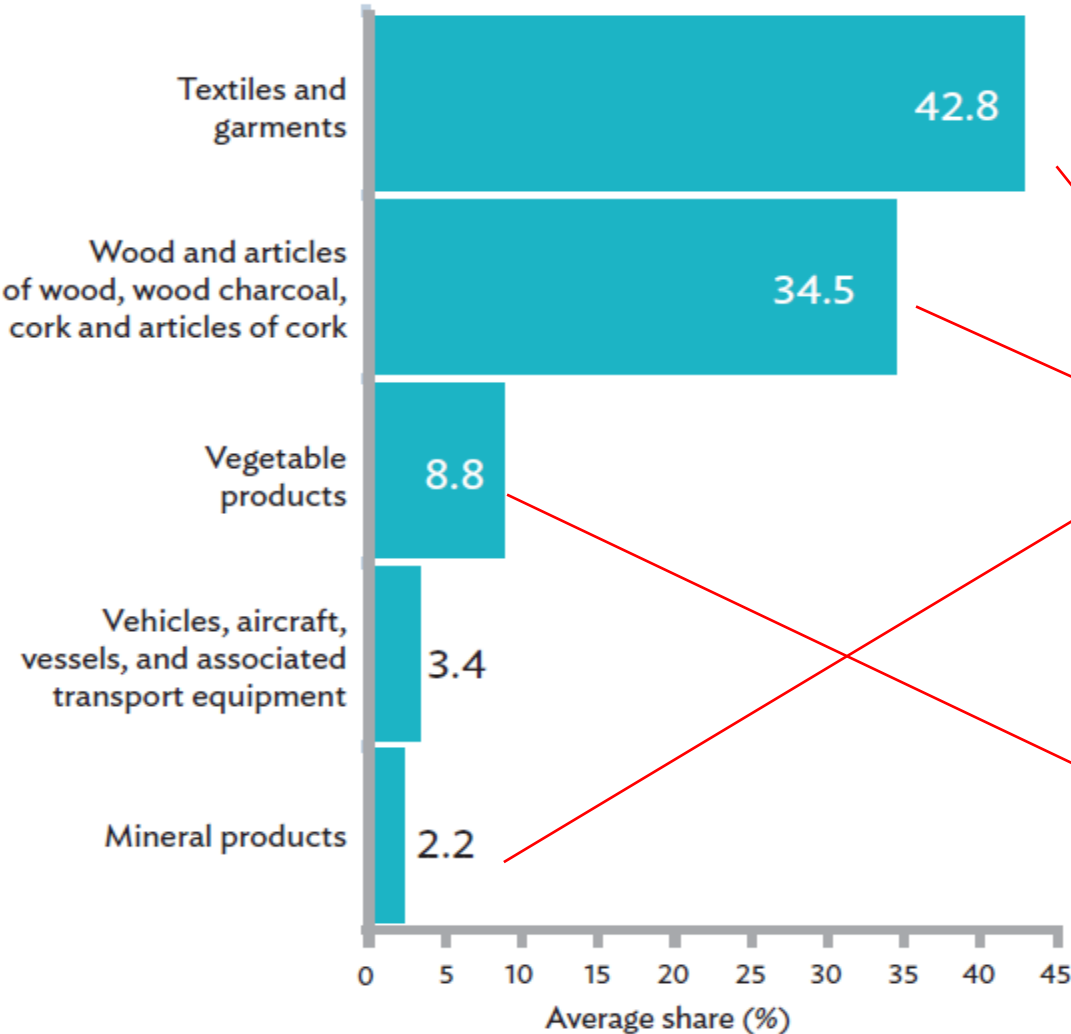
Item	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GMS	241	(2,521)	(10,803)	(3,098)	1,816	(19,286)	9,234	20,619	9,260	4,577	11,117	34,118
Cambodia	(581)	(681)	(1,010)	(1,079)	(1,042)	(1,681)	(1,740)	(1,850)	(2,145)	(2,506)	(3,214)	(3,208)
Guangxi, PRC	748	503	571	523	949	1,461	2,536	1,514	1,587	1,462	4,553	8,107
Yunnan, PRC	685	730	546	551	692	375	1,009	1,844	2,893	(969)	6,091	7,982
Lao PDR	(127)	(349)	(329)	(178)	(142)	(311)	(408)	(314)	(215)	(784)	(817)	(1,609)
Myanmar	117	955	1,574	2,296	3,048	2,236	3,406	2,448	101	(92)	(2,556)	(4,110)
Thailand	4,504	1,806	(7,840)	(147)	12,513	(3,335)	17,285	29,578	16,883	6,717	7,059	24,588
Viet Nam	(5,107)	(5,484)	(4,314)	(5,065)	(14,204)	(18,029)	(12,853)	(12,602)	(9,844)	749	0	2,368

Sources: ADB estimates; ADB *Key Indicators for Asia and the Pacific*, 2005 and 2015; and All [People's Republic of] China Data Center.

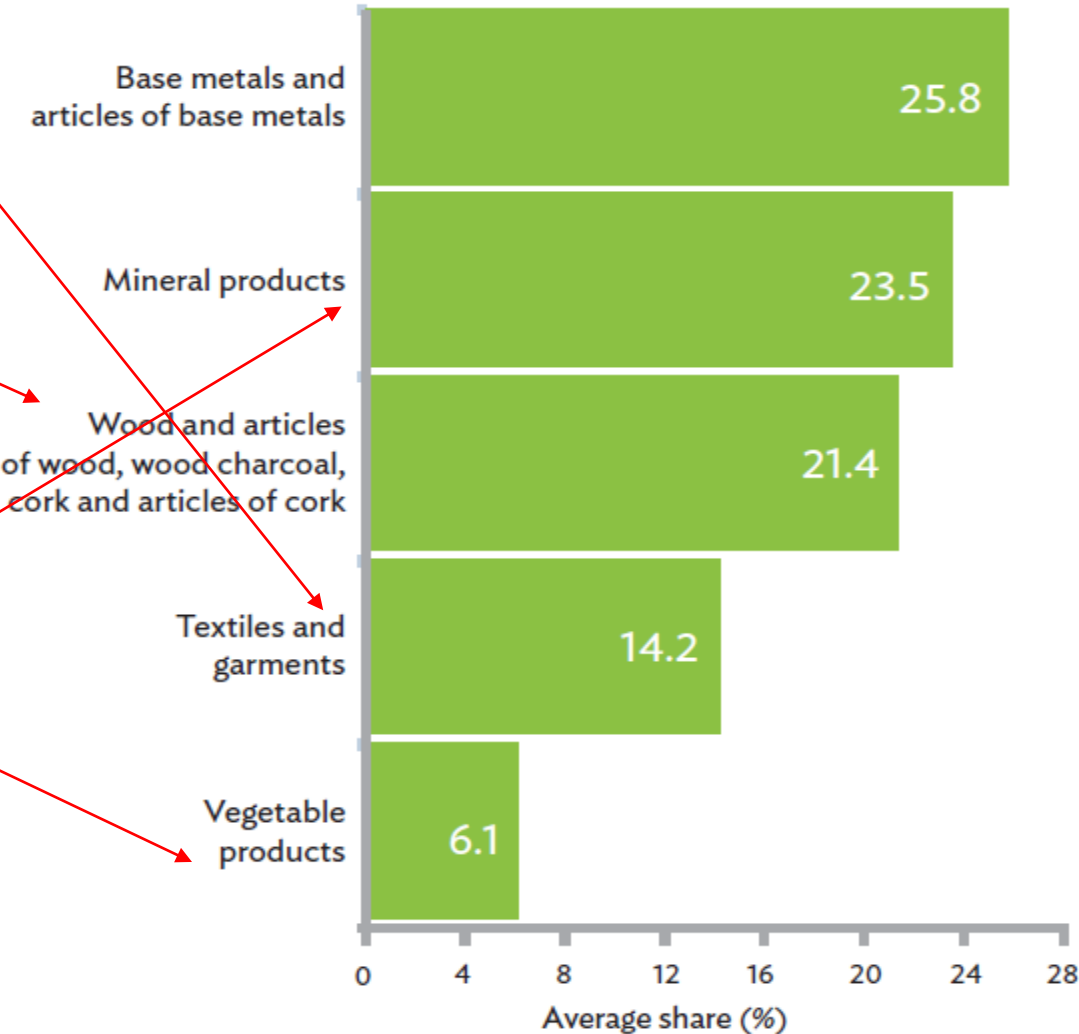


# Policy priorities and in the GMS

Laos - Top five exports, average share (%), 1995-2004



Laos - Top five exports, average share (%), 2005- 2014

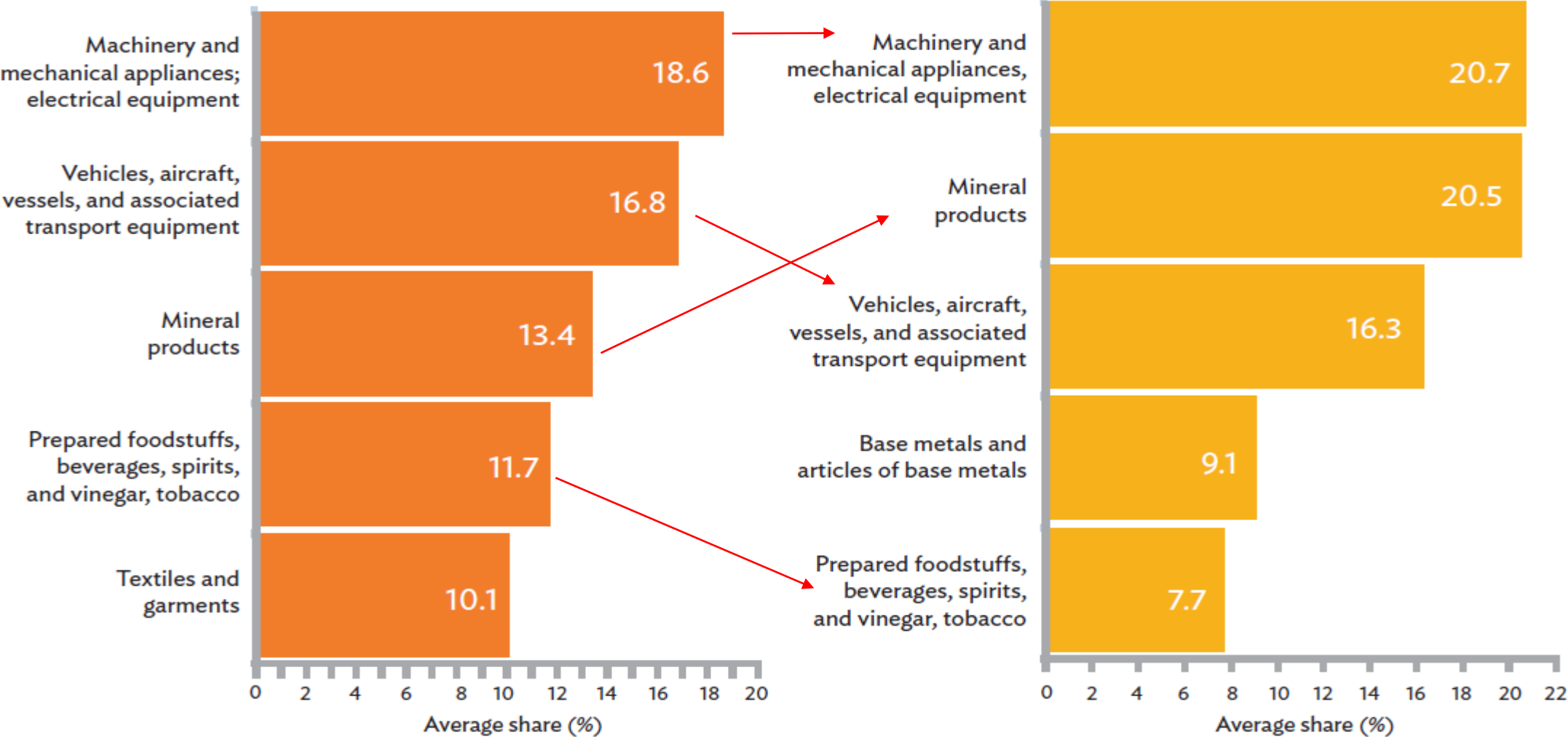


Sources: ADB estimates; ADB Key Indicators for Asia and the Pacific, 2005 and 2015; and All [People's Republic of] China Data Center.

# Policy priorities and in the GMS

Laos - Top five imports, average share (%), 1995-2004

Laos - Top five imports, average share (%), 2005- 2014

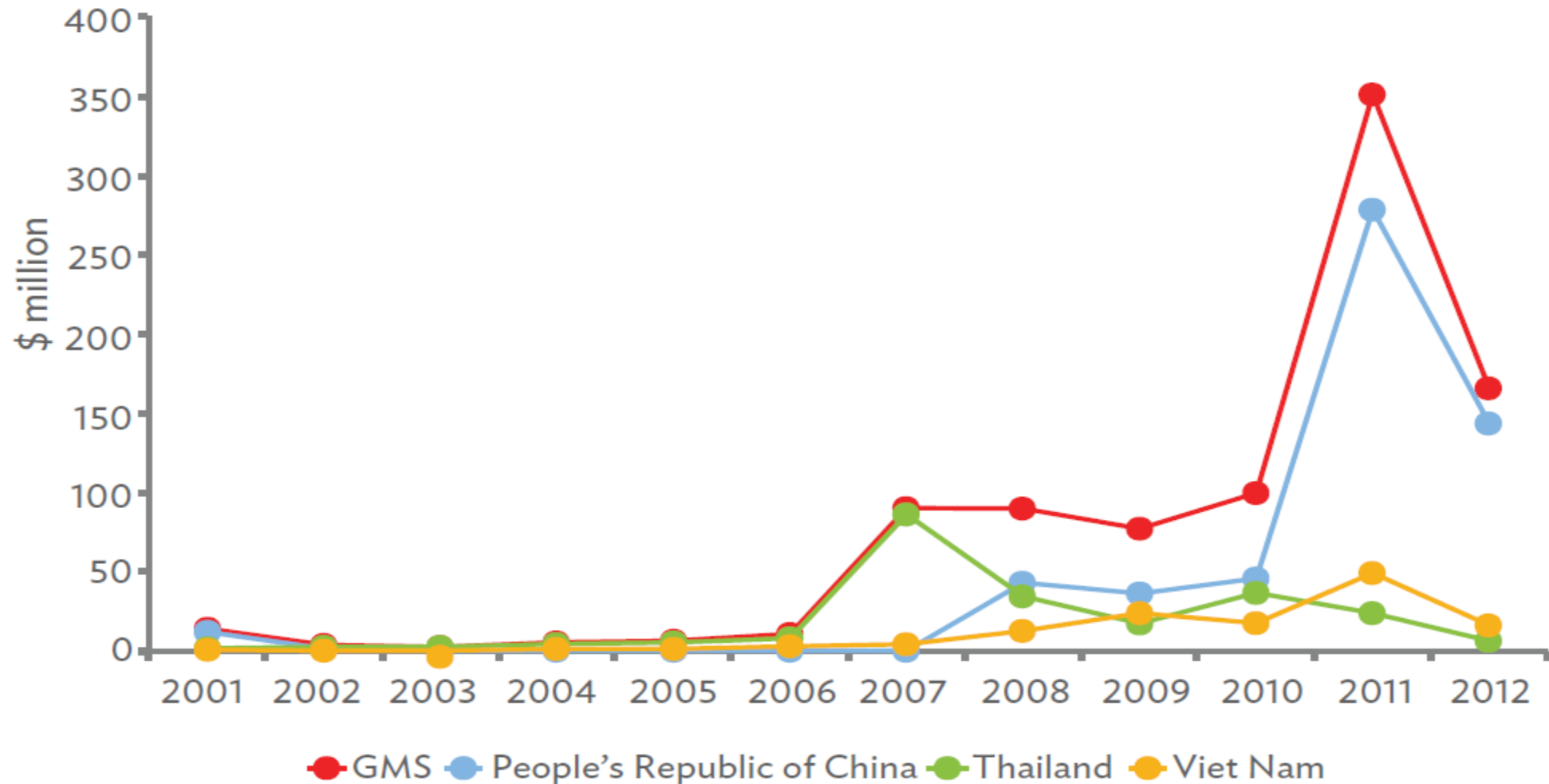


Sources: ADB estimates; ADB Key Indicators for Asia and the Pacific, 2005 and 2015; and All [People's Republic of] China Data Center.

# Policy priorities and in the GMS

## Total GMS FDI Inflows to Lao PDR (\$ million)

Sources: ADB estimates;  
*ADB Key Indicators for Asia  
and the Pacific*, 2005 and  
2015; and All [People's  
Republic of] China Data  
Center.



# Policy priorities and in the GMS

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Priority Activities to Achieve from 2016-2025 of the development plan:

## **Industrial processing sector:**

- To diversify commercial goods produced from the industrial processing sector and quantitatively and qualitatively making it a high growth sector for domestic consumption and export, using agricultural and forestry raw materials and products as production inputs; modernizing the industrial processing sector so that it is capable to compete with the international. Render it to become a basic sector of the economy to create employment for the people. Support investment factories that assemble spare parts such as: assembling vehicles and other machinery's spare parts.

## **Handicraft Sector:**

- To develop Lao handicraft products that have potential and inheritance for each local area, having high domestic and foreign market demand and render them to be of high quality for instance: garment, silk cloths and skirts weaving, bamboo weaving and wood carving products.

# Policy priorities and in the GMS

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## **Construction (infrastructure)**

- Upgrade roads that connect to the neighboring countries such the Mekong Sub-region corridors (GMS), Asian Highway, East-West Corridor, North-South Economic Corridor.
- The Railway Boten - Vientiane
- Create comprehensive logistic systems by focusing on 4 areas: Nattoei, Savannakhet, Vientiane and Champasak.
- Upgrade domestic airports to meet the international standards and expand more routes to regional and international destinations in order to have comparable services internationally.
- Shifting away from enterprises that are state owned, like Nampapa to be privatized for more effective and more competitive, while facilitation and advice on pricing are provided by the government.

## **Energy Sector:**

- Focus on hydropower development, thermal electric power, sun energy and industrial plants energy in order to turn the power sector into a sustainable income generating sector to support various productions and to solve the people's poverty.

# Policy priorities and in the GMS

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## **Electrical Power and Mining Industries:**

- Strengthen the existing metal melting industries so that they be getting stronger every day, by considering the iron, lead, Aluminum, zinc, gold melting industries etc.
- The manufacture of construction materials by focusing on cement production.
- Develop the chemical industries such as chlorides, sodium salt, alkali, kali fertilizer especially in Vientiane province.

# Policy priorities and in the GMS

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- Integrate GMS into broader national framework for international cooperation under multilateral framework (WTO), ASEAN, and other sub-regional initiatives;
- Leverage GMS to promote greater integration with regional economy through improving connectivity and promotion of liberalization in key services sectors.

## Current economic research priorities in institution/country and roles of research in policy development

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- Research and development to support and advice for enterprises in the form of market information,
- Advice on issues relating to global integration, AFTA implementation, and trade policy reforms;
- Research focusing on trade related economic issues relevant for Lao PDR;
- Formulating strategies for promoting and developing domestic and international trade of Lao PDR;
- Research that focuses on policy aspect which related to trade and business issues, market accession, financial access, Tourism, investment, AEC integration and both regional and global;
- Past achievements of collaboration under GMS framework;



# key challenges in doing economic research and in using research for policy development

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## **Challenges ahead in doing economic research:**

1. Policy research and development of concrete policy recommendations to address identified issues in GMS
2. Limited capacity and fund to support research in some member countries;
3. Cost of data tends to be relatively high on certain topics due to the lack of a regular data collection system (for example, data on labor and wages) and Laos is being relatively less studied; also, costs of data collection is relatively high (due to transportation cost and geographical challenges).

# key challenges in doing economic research and in using research for policy development

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## **Challenges ahead in GMS trading:**

**Underdeveloped logistics services** - Lengthy clearance processes at the borders and other technical barriers cause unnecessary delays and adding costs. Lack of data on GMS logistics performance—including data on cost and time of moving a container across borders—is also a problem.

**High cost of doing business.** The cost of trade between GMS countries varies widely and remains high. This is largely caused by non-tariff measures, inefficient cross-border procedures, lack of a customs transit system, and poor logistics services.

**Insufficient data on informal trade, cross-border labor movement.** Border communities trade with each other, but goods are not always traded through designated crossing points either due to infrastructural constraints or cumbersome regulatory measures. In addition, it is estimated there are thousands of low-skilled and seasonal workers crossing GMS borders for work

# The potential opportunities and challenges to establishing regional collaboration in development policy research

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## **Potential opportunities** for regional collaboration:

Research on shared issues and borderless problems - Shared issues include, for example, labor migration or cross-border employment; water quality management and safety regulations enforcement on shared rivers for agriculture and fishery, navigation, and recreation;

Border special economic zones collaboration; harmonization in food and other consumer products quality and safety standards;

Cooperation in cross-country transportation services, tourism, etc.

Borderless problems include climate change impact on agricultural production and, food security, trade, air pollution from factories or other production facilities.

# The potential opportunities and challenges to establishing regional collaboration in development policy research

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1. Set up research platform under GMS Research Collaboration Network Platform (GMS-RCNP) - Collaboration can be a platform where public perspective, authors, researchers, policy makers can share better Knowledge and improve GMS bottom neck together,
2. Organize annual GMS-RCNP forum where policy makers of each GMS country can gather and listen to the study of researchers (linking research outcomes to policy makers)
3. Promote internship among GMS research institutions and academic institutions (Universities....) → Institution + Academic Program,



## Human capital gap

- Not much researchers
- Limited Experiences
- Limited Budget support

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Thank You

