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## Strong economic growth; low inflation: Officials

(By SomsackPongkhao)

The economy has continued to grow strongly while inflation has remained low, according to figures from the Bank of the Lao PDR and the Ministry of Planning and Investment. GDP growth for 2015 stood at 7.5 percent while the inflation rate over the past 11 months was recorded at less than 2 percent despite the increasing amounts of money in circulation. A senior economist at the National Economic Research Institute, Dr Leebouapao, told *Vientiane Times* on Thursday that high GDP growth and low inflation were the main objectives of the government and indicated a positive trend in national development. According to the Bank of the Lao PDR, the inflation rate from January to October 2015 averaged 1.31 percent, which was lower than the same period in 2014 when it averaged 4.03 percent. The falling inflation rate is mainly attributed to the drop in fuel prices and the appreciation of the kip against the baht, as 90 percent of goods sold in Lao markets are purchased from Thailand. The falling price of fuel has contributed to lower production costs, but many people still complain about rising food prices. Dr Leebouapao said inflation was not always linked to the rising amounts of money circulating in the economy. On the contrary, a higher money supply could help to boost public spending and investment which

would eventually result in more job opportunities. As of August 2015, the amount of M2 rose by 20.31 percent compared to the same period in the previous year, according to a report from the Ministry of Planning and Investment. The term M2 refers to more-or-less liquid assets such as savings deposits that can quickly be converted to cash. The increase in M2 was due to the growth in credit facilities, which conforms to economic expectations. The report also stated that as of August 2015, the amount of credit extended to the commercial sector increased by 12.9 percent compared to the figure recorded in September 2014. Over the past five years, Laos has successfully kept the inflation rate below the rate of economic growth, alongside higher commercial production. In August last year, the Bank of the Lao PDR lowered the interest rate on deposits as they wanted to lower the loan rate, aiming to reduce production costs for the private sector and boost investment in Laos, which would spur the growth of commercial domestic production. Economists forecast that the economy will continue to grow at 7.5 percent this year, helped by several large-scale projects such as the Hongsa power plant and hydropower projects that have become significant sources of revenue through electricity generation.

(*Vientiane Times* 09 January 2016)

## Number of railway workers could reach 100,000: DPM

*(By Times Reporte)*

The total number of workers needed for the Laos-China rail project throughout the five years of its construction could reach 100,000 people, the Deputy Prime Minister has said. Mr Somsavat Lengsavad, who is in charge of the project, told the recent ordinary session of the National Assembly that Laos and the Chinese contractors are preparing to assemble a workforce of sufficient size to carry out the project. The US\$6.04 billion project has several different components and requires workers with varying skills. As the various segments of the railway are built, up to 20,000 workers could be needed at each stage. "When one batch of workers has finished their stage of the project, they will leave and another group will arrive to work on a particular component or section that requires a different area of specialisation," he said. "But overall, we could need as many as 100,000 workers to complete the project." The Lao and Chinese governments took part in a groundbreaking ceremony on December 2 in Vientiane to symbolise the start of construction of the 427-km railway, which will connect the Lao capital to the Chinese border. Construction of the Laos-China joint venture, which is split in a 30-70 share, is expected to take five years to complete. Mr Somsavat said central and local authorities in Laos are now seeking workers to be trained and recruited for the project. However, there is a concern that Lao workers could be at a disadvantage when it comes to recruitment during the construction

stage as they have no experience of this type of work. The authorities are now selecting Lao officials who could go to China to take training courses on various aspects of railway operation and management so they would complete their studies in time to operate the railway. "There is no concern about this aspect of the project as China has expressed its readiness to help [training Lao workers and officials]," he assured National Assembly members. Lao-Sino Railway Project Joint Preparatory Team Leader Zhao Xiang told Mr Somsavat during his visit to Vientiane in November that China plans to establish a training centre in Yunnan province to provide rail-related knowhow and training for relevant staff and officials. Mr Zhao said China was willing to help and Chinese technicians would accompany and mentor Lao staff to enable them to run the railway at a later date. Laos and China are also preparing to import the necessary machinery and construction equipment and assemble a sizeable Chinese workforce to help with construction, as well as ensure that sufficient food is available to feed the influx of workers. The authorities are also collecting information concerning the land, buildings and crops owned by people living in areas that have been designated for the railway in order to calculate the cost of compensation payouts. Another consideration is the presence of unexploded ordnance along the proposed route, which will need to be surveyed and cleared.

*(Vientiane Times 11 January 2016)*

## Lao coffee producer eyes larger share of AEC market

(By Times Reporters)

A Lao coffee producer is hoping to expand its share of the regional market and is going all out to take advantage of the growing popularity of coffee drinking in Asean countries. With the Asean Community now in effect, it provides an exciting opportunity for entrepreneurs in the region to boost their market share and seek out new points of sale. "The Asean Community offers a great opportunity for Lao coffee because there are millions of coffee drinkers all around the region. But initially we have to be stronger here in Laos before entering bigger regional markets that need a huge budget to fund all of the operations involved," said the owner of Sinouk Coffee, Mr Sinouk Sisombath. Mr Sinouk spoke to *Vientiane Times* in Vientiane last Friday during the launch of Sinouk's Coffee Pavilion. He views the opening of the coffee pavilion as another step in strengthening the market for Lao coffee products. "The pavilion is a learning house where Lao people can upgrade and professionalise their coffee making skills," he said, adding that it is the first such educational centre in Laos. He explained that Sinouk Coffee will use the centre to demonstrate the company's ability and the potential for Lao coffee production from the raw material stage right up to the creation of the coffee learning centre. The pavilion has sections that feature displays describing the history of coffee, the history of coffee in

Laos, and coffee cultivation and harvesting. The pavilion also demonstrates the roasting process, and has a room where visitors can sample the coffee and staff show the various ways in which they decorate the top of a cup of coffee by etching eye-catching designs. A barista classroom shows visitors how to pour and mix a good cup of coffee and serve it up attractively. When asked about the possibility of expanding the franchise into neighbouring countries, Mr Sinouk said Thailand was their initial target market, followed by Cambodia, Singapore and Malaysia, but that was some way in the future. "To begin with we have to think about personnel development. We want Lao people to be proud of Sinouk Coffee so we have to prioritise the development of the Lao employees who would be positioned in each country," Mr Sinouk said. Sinouk Coffee has become a well-recognised brand and has about eight cafes in Laos. However, the company is still keen to focus on improving its staff so that it can deliver the best possible service. "I grew up in France so our plans include taking on French staff as that would attract customers from overseas and give them confidence in our brand," Mr Sinouk said. The newly opened coffee pavilion is all part of the company's policy to encourage people to learn the skills involved in the trade and perhaps become an employee of the company, he added.

(*Vientiane Times* 11 January 2016)

## Laos progresses with anti-money laundering efforts

*(By TimesReporters)*

Laos has progressed the implementation of its Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) obligations as planned, seeking to ensure financial and economic order, stability and security. The 4th ordinary session of the National Coordination Committee on Money Laundering and Combating the Financing of Terrorism was held yesterday in Vientiane, chaired by Governor of the Bank of the Lao PDR, Dr Somphao Phaysith.



*Dr Somphao Phaysith.*

In the past Laos has actively implemented activities towards preventing money laundering and financing of terrorism in order to comply with the AML/CFT international standards as well as the 40 recommendations of the Financial Action Task Force (FATF), he noted. Over the past four months, the committee has urgently implemented the resolutions of the 3rd ordinary session of the National Coordination Committee on AML/CFT, Dr Somphao said. "We have made progress such as the adoption of a summary on implementing the AML/CFT and action plan in the last six months, said Dr Somphao, who is also Vice Chairman of the National Coordination Committee on AML/CFT. He added that at the same time, the country has

improved legislation such as the drafting of a Prime Ministerial Order on the freezing and confiscation of assets related to money laundering. It has also formulated legislation in translating Prime Ministerial Order No. 61 which consists of drafting an agreement on the adoption of lists of suspected terrorist organisations and individuals, according to Resolution 1267 of the UN Security Council and drafting the announcement on implementing the Prime Ministerial Order No. 61. The committee has also drafted agreements on charging reporting units; agreements on searching for customers and increasing the care it takes of financial institution customers. The committee has improved the legislation of the Ministry of Public Security related to translating Prime Ministerial Order No. 61 so that it can be endorsed and translated into approved legislation. In particular, it is seeking to disseminate the Law on Money Laundering and Combating the Financing of Terrorism and other relevant legislation for ministries, financial institutions and other sectors in Vientiane and local areas. It will also issue an announcement for reporting units in implementing and preparing memorandums of understanding with domestic and overseas sectors. Hence, the committee is preparing to promote the Anti-Money Laundering Intelligence Unit under the Bank of the Lao PDR to become the Anti-Money Laundering Intelligence Office in order to enhance its role and rights in anti-money laundering, Dr Somphao noted. According to the Anti-Money Laundering Intelligence Unit, Laos was firstly evaluated by FATF's APG in 2010 and the evaluation indicated Laos having deficiencies on AML/CFT. This resulted in Laos being placed on the Grey list of the Financial Action Task Force (FATF). The FATF plenary meeting in October 2015 placed Laos on the Dark Grey List due to the

country's inability to meet priority regulations in a timely manner. In addition to that, the FATF encourages Laos to address its

AML/CFT deficiencies and continue the process of implementing its action plan.

*(Vientiane Times 12 January 2016)*

## **Construction firms set to benefit from railway**

*(By Times Reporters)*

Lao construction companies could make a tidy profit when work gets underway on the 418-km railway running from Vientiane to the Chinese border, authorities say. Under Lao regulations, the Chinese companies that are the main contractors should choose Lao companies that have the ability, preparedness and aptness as sub-contractors, project Director Dr Koung Souk-Aloun told *Vientiane Times* yesterday. Many Lao construction companies have been submitting proposals to the National Constructors' Association, which will estimate the number of companies to be involved. The names of those companies will then be sent to the project steering committee for selection and forwarded to the Laos-China joint company and main contractor, who will decide which companies will be awarded sub-contracts. Project staff may then sign a contract with suitable Lao firms but those companies will have to comply fully with the terms of the contract. It is expected that Lao companies will be employed to provide sand and stone supplies as well as undertake land clearance and excavation, while more high-tech operations such as bridges and tunnels as well as the railway track itself will be built by foreign companies. Construction is

expected to cost around 40 billion yuan (US\$6.28 billion) and take about four and a half years to complete. China will be responsible for 70 percent of the total investment, while Laos will be responsible for the remainder. Some 50 metres of land along each side of the railway will be fenced off and left empty for safety reasons, according to the project. Trains will run at a maximum of 160 km per hour and 120 km per hour when carrying passengers and freight respectively. Of the total length, some 60 percent of the line will consist of bridges and tunnels. The government has promised that local businesses will be given the opportunity to be involved in the project and has urged them to be prepared. The massive project will create job opportunities for Lao workers as well as provide a catalyst for the Lao government's efforts to convert the country from being landlocked into a land-link, contributing significantly to countrywide socio-economic development. The Vientiane-Boten railway will form part of the regional rail link known as the Kunming-Singapore rail network over a distance of 3,000km. The rail line will link China's Kunming all the way down to Singapore, passing through Laos, Thailand and Malaysia.

*(Vientiane Times 13 January 2016)*