

UNCTAD World Investment Forum

Ministerial Roundtable

7 September 2010

Dr. Bounthavy

Minister for Planning and Investment

LAO P.D.R

Session one will focus on issues related to *attracting* foreign investment:

1. In the post-crisis era, what are the challenges in attracting foreign investment?
In the post-crisis era, the Lao PDR had encountered several challenges in attracting foreign investment as following:
 - The number of FDI especially from China, Thailand and Vietnam had drop dramatically in the first quarter of the year 2009 and continues to the second quarter of the same year.
 - There were slowly in transferring money to use in the operation for the existing companies in Lao PDR.
 - All the Mega projects such as hydropower, mining, industrial tree plantation, and tourism zones were delay in developments.
 - The government had to adjust some policies to help investors to cope with the crisis such as the investment laws and other related regulations.
 - There were number of exporting businesses hardly hit by this crisis. The value of the exportation had also decline a bit.

2. What are lessons learned from the crisis for policies aimed at attracting foreign investment?
 - The government needs to look for other alternatives such as prompting more domestic investors to put the capital in the investment instead relying on the FDI to much. The domestic SMEs had been promoted and supported by the government in order to grow and can complete with the foreign firms.
 - There were number of laws, regulations and policies adjusted in order to meet the support the FDI transactions such as the amended and addendum the investment promotion law by combining the domestic investment promotion law and foreign investment promotion law together.
 - The government needed to discuss with the private sector closely in order to listen to them for further adjustment the supported policies. Thus, the government opened up more channel in listening to the domestic and foreign

investors through business forum at the national level, and public private dialogue at the provincial as well.

- The government should not only rely on the big or mega projects from the FDI, the SMEs from the neighboring countries were welcome and promoted.
- The government increased number of incentives in order to attract more FDI and domestic investment such as open more the financial sectors, liberalized the telecommunication and tourism businesses.

Session two will focus on how to *ensure development benefits* from foreign investment:

1. What policies, including industrial and competition policies, are you putting in place to increase the benefits from foreign investment?
 - Under the new investment law, the government liberalized more in the health and education sectors. The government also established the National Economic Special Zone Committee to overlook the industrial park, tourism zone, exporting zone and other zones as well.
 - The government increased more incentives offering to both domestic and foreign investors such as concession land least up to 99 years, the land right used by foreign investors and more tax exemption incentives offered if investing in the remotes areas where there are not much infrastructure development.
 - The government cut out number of investment approval procedures by deleting the investment license for the general business activities (not include the concession and economic zone projects). Now both foreign and domestic investors can legislation their business with the ministry of industrial and commerce directly.
 - The government also opened up more financial, telecom, tourism, real-estate business sectors. At the same time, the government put up the mega infrastructure projects such as road, bridge, national electric grid and rail road to private sectors for investing in the form of BOT or PPP forms.
 - The government tried to development project called “projects calling list”, in which each province needs to submit their priority projects to the central government in order to make in the form of projects calling list or projects profiles then we can introduce to investors who are interested to invest.
 - The one stop service was introduced to the investors in which the investors can use such service for getting their investment approval fast, transparency and accurate.

2. What policies are you considering to address potential negative effects of foreign investment?
 - The policies that make the procedure of the investment approved more complicated and too much steps for such approval.
 - The un-coordinated policies in which one ministry issues and contradiction with other ministries in terms of the policies implementation.