Current Activities of BRI in Lao PDR

Vanxay Sayavong, National Consultant, DESA
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The signing of 20 documents on cooperation, aimed at supporting the One Belt One Road initiative under the witness of two prime ministers.

An official visit to Laos by China’s Prime Minister Li Keqiang

8-9 September, 2016

Participation of Lao President, Bounhang Vorachit in the First Belt and Road Forum in China

13 May, 2017

The signing of 20 documents on cooperation, aimed at supporting the One Belt One Road initiative under the witness of two prime ministers.

An official visit of Chinese President Xi Jinping in Laos

13-14 November, 2017

Agreed to accelerate the synergy of the China-proposed Belt and Road Initiative and Laos’ strategy of turning itself from a "land-locked" country to a "land-linked" one

1st Laos-China Belt and Road Cooperation Forum in Vientiane, Laos

2 February, 2018

"Opportunities and Outlook of Laos-China Cooperation - Strategic Integration of Laos' Strategy of Transformation from a Landlocked to a Land-linked Country and the Belt and Road Initiative,"

Related agencies has now preparing the report of activities relayed to BRI related projects

Expected 2nd Belt and Road Forum

Early 2019

Source: Author’s compiling from various sources
Current activities of BRI in Lao PDR

Figure 2: Number of China-Backed Infrastructure Projects in BRI Countries

Source: Fitch Solutions – Keys Projects Database.

Figure 3: Selected Countries – China-Backed Infrastructure Projects by Value as share of Nominal GDP in 2017

Combined value of the Vientiane-Boten Railway, the Savannakhet-Lao Bao Railway, and some of hydropower plants — exceeds $17 billion
## Current activities of BRI in Lao PDR

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<th>No</th>
<th>B&amp;R Priority Areas</th>
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| 1  | Policy coordination | • Master Plan of the cooperation on developing the “One Belt One Road” between Laos and China – *complete*
|    |                   | • Master Plan for 3 Areas: (1) Laos-China Economic Corridor, (2) Electricity, and (3) Tourism Development. – *in progress* |
| 2  | Facilities connectivity | • Laos-China railway – *in progress*, Savannakhet-Lao Bao Railway - *consideration*
|    |                   | • Hydropower projects such as Nam Ou project
|    |                   | • Electrical grid network construction (500 Kw) – *MOU*
|    |                   | • Expressway from Vientiane to Chinese border – *phase 1 in the end of this year*
|    |                   | • Three ports: XiengKok, Pakbeang and Kokjong *under consideration*
| 3  | Trade and Investment | • Many investors especially Chinese investors are interested in the areas of tourism and agriculture along the route of railway.
|    |                   | • Several MOU with private firms from China and Thailand: smart city in Oudomxay and Luangnamtha province, SMEs, logistic and others. |
| 4  | Financial integration | • The Export-Import Bank of China, Silk Road Fund, AIIB, BNDB, SCO |
| 5  | People-to-people bond | • Increasing a number of scholarships, training, workshops and etc.
|    |                   | • Training 2,660 Government officials in China during 2013-2017 |
Current activities of BRI in Lao PDR

Master Plan of the cooperation on developing the “One Belt One Road” between Laos and China

1. Infrastructure
   • Transportation
   • Information, Internet and Satellite
   • Energy
2. Agriculture
   • Promoting the organic crops
   • Livestock and fishery
   • Expanding the agricultural production
   • Sanitation and disease measurement
   • Cooperation in the laboratory for agriculture
3. Capacity Building
4. Industrial Parks
5. Culture and tourism
6. Finance and banking
7. Commercialization Production
Current activities of BRI in Lao PDR

- During 2011-2017, the value of Chinese investment was 4.3 billion USD shared 23% of total approval investment lower than Thailand a bit (29%).
- Or 0.7 billion USD annually (5% of GDP)

![Figure 5: Approval Chinese Investment by sector, Share %](image-url)

- Electricity Generation, 38%
- Mining, 34%
- Agriculture, 7%
- Industry & Handicraft, 7%
- Service, 7%
- Public Health, 1%
- Construction, 5%
- Others, 1%

Source: Investment Promotion Department, MPI
Received grant of 6.57 billion Yuan or 8,679 bn kip (6.2% of GDP in 2017) for more than 1,100 projects.

Current activities of BRI in Lao PDR

- Infrastructure: 47%
- Education and related: 21%
- Health and sanitation: 12%
- Agriculture: 8%
- Technology and Science: 9%
- Capacity Building: 5%
Opportunities of BRI Activities

- Adequate infrastructure
- More cross-border trade, increased investment
- More local employment and business

Source: Author summarizing from various sources
China and Thailand stand to gain substantially from better rail connections between the two countries, which are *major trading partners* and *fast-growing tourism markets* for one another.

**Opportunities of BRI Activities**

**Economic Benefits from BRI**

- China, 31%
- Other ASEAN, 60%
- Laos, 1%
- Thailand, 8%

Source: a recent review by Thammasat University and the Japan External Trade Organization
Challenges of BRI activities

Five B&R Priority Areas

B&R 1: Policy coordination
B&R2: Facilities connectivity
B&R3: Trade and Investment
B&R4: Financial integration
B&R5: People-to-people bond

End poverty
End hunger and food security
Healthy life
Gender equality and women
Sustainable energy
Infrastructure, industrialization and innovation
Safe and resilient cities
Climate change and impact
Ecosystem and forest

Source: Hong (2017)
Challenges of BRI activities

**Five B&R Priority Areas**

**B&R 1**: The influence ‘s Chinese sphere as a bias in designing the policy

**B&R 2&3**: Proposed projects raises questions about their suitability for the market and risky business environments

**B&R 2&3**: Environmental damage related to the railway construction and Chinese investment

**B&R 4**: High public debt

**B&R 5**: Social problems as relocation problem of the local people and the new social security issues from the employment of Chinese workers

Source: Hong (2017)
Challenges of BRI activities

Five B&R Priority Areas

B&R 1: Policy coordination
B&R2: Facilities connectivity
B&R3: Trade and Investment
B&R4: Financial integration
B&R5: People-to-people bond

Source: Hong (2017)

17 SDGs

Direct link
Indirect link
Conclusion

• Questionable on the *benefits* from BRI activities for several sectors.
  • Government
  • Private sector
  • Local communities

• Although BRI brings opportunities for SDGs but also challenges remain.

• Especially, how to consider BRI activities to support goal 18.

• Although the BRI related projects will be declined in the future, the influence of Chinese constructing and planning such as residential and commercial developments in the countries will continue.