

**60th Session of the APO Governing Body**  
8–10 May 2018, Vientiane, Lao PDR

**Inaugural Address**

**Deputy Minister of Industry and Commerce of Lao PDR**  
**H.E. Somchith Inthamith**

APO Chair Chew Mok Lee,  
APO Directors,  
APO Dr. Secretary-General Santhi Kanoktanaporn,  
Advisers and Observers,  
Distinguished Guests, and Ladies and Gentlemen:

First of all, I would like to extend my warmest welcome to all of you to Vientiane, Lao PDR. It is indeed my great honor to take part in the Inaugural Session of the 60th Session of the APO Governing Body and to deliver the Inaugural Address at this important event.

As the APO will celebrate its 57th founding anniversary on 11 May in a few days' time, I would like to extend my sincere congratulations and commend the organization for the valuable and significant contributions it has made in advancing development of its members over the course of almost six decades. It was an aspiration for Lao PDR to join the organization one and one-half decades ago.

Lao PDR has achieved continued economic growth in the past decades, with GDP growth averaging more than 7%. The growth, however, has been largely based on natural resource sectors, including mining and hydropower. This has been vulnerable to external shocks, the changing prices of mineral resources in particular. Therefore, there has been a need for Lao PDR to diversify its economic activities to have greater focus on developing competitive manufacturing industries and the service and agriculture sectors.

Based on a number of studies and surveys, competitiveness at national and firm levels remains challenging. In the Global Competitive Index, Lao PDR was ranked 93rd out of 138 in 2016–2017 and 98th out of 137 in 2017–2018. According to a survey by the World Bank in 2016, labor productivity in Lao PDR remained low, with the median level at around USD4,600 per worker, and the top 10% of productive firms produce only around USD20,967 per worker. These indicators, however, could be a subject for further debate.

Against this backdrop, and with the aim of building a new foundation for graduating from least developed country (LDC) status by 2020 and to become an upper-middle-income country by 2030, the government has developed the 8th Five-Year National Socio-Economic Development Plan 2016–2020, the Development Strategy 2025, and Vision 2030 with the focus on green growth and sustainable development, maintaining steady economic development, and achieving constant reduction of poverty.

While Vision 2030 envisages Lao PDR ranking as a developing country with upper-middle-income status and with innovative, green, sustainable economic growth, the Development Strategy 2025 focuses on graduation from LDC status by 2020 and the transition period of LDC graduation by 2025, consisting of seven specific strategies:

- 1) Strategy on quality, inclusive, stable, sustainable, green economic growth;
- 2) Strategy on LDC graduation by 2020 and progress in achieving the UN Sustainable Development Goals (SDGs);
- 3) Strategy on human development;
- 4) Strategy on a sustainable green environment with effective, efficient use of natural resources;
- 5) Strategy to enhance government's role in social management under the effective rule of law;
- 6) Strategy on regional and international integration; and
- 7) Strategy on industrialization and modernization.

To develop viable, competitive manufacturing industries and the commerce sector, the Ministry of Industry and Commerce has also developed a sectoral development strategy and plan focusing on three pillars: 1) promotion of regional and international integration; 2) creation of an enabling business environment; and 3) strengthening the competitiveness of the business sector.

Furthermore, recognizing the importance of micro, small, and medium enterprises (MSMEs) for their contributions to job creation, income generation, and poverty alleviation, and their role as an engine for sustainable inclusive growth, the government has adopted the SME Development Plan 2016–2020. Promoting productivity, technology, and innovation has been identified among priority policy areas to support the productive capacity and competitiveness of MSMEs in the country.

Being a small, landlocked LDC, the Government of Lao PDR has attached great importance to productivity improvement in all spheres of development as a means to accelerate economic growth, poverty reduction, and improved well-being of the people. Thus, productivity improvement has been mainstreamed into government development policies and strategies, including the ones mentioned above.

Furthermore, to address bottlenecks resulting from being landlocked, the government has paid greater attention to connectivity to transform the country from a landlocked to land-linked position. The efforts include construction of the 417-km Laos–China Railway Project connecting Boten–Bohan (on the Lao PDR–PR China border), which is expected to be completed by the end of 2021.

At the regional and international level, the government has made tireless efforts to integrate its economy with the rest of the region and the world. The latest achievements included accession to the World Trade Organization in 2012 and participation in the ASEAN Economic Community which came into force at the end of 2015.

Throughout almost six decades of existence, the APO has endured a myriad of challenges and has adjusted itself to the changing, complex regional and international contexts as well as development needs. As a result, the APO has gradually evolved, made consistent achievements, and stayed relevant as an intergovernmental regional organization spearheading productivity enhancement to assist its members in their efforts to achieve development goals.

Nowadays, with the challenges of the rapidly changing regional and international contexts, the APO should enhance its focus on emerging issues that are of interest to enterprises, in particular SMEs. APO support and assistance should focus on:

- 1) Creating an ecosystem that enables MSMEs to be part of and benefit from regional and global value chains;
- 2) Enhancing the productive capacity of MSMEs, both quantitatively and qualitatively, which can be achieved through expanding and accelerating direct provision of technical assistance to MSMEs in areas such as productivity improvement, innovation, technology transfer and upgrading, access to certification in required international standards, etc.; and
- 3) Providing MSMEs with opportunities to benefit from e-commerce and digitization through access to affordable digital technology, infrastructure, and services as well as secure electronic payment options.

I am convinced that the APO will continuously adjust itself to make greater contributions in assisting its members to address their development needs, including achievement of the SDGs by 2030.

On this note, I wish the 60th Session of the APO Governing Body great success and hope that you all have a pleasant stay in Vientiane.

Thank you.