

Seminar Series on the ASEAN Economic Community (AEC):
Regional Value Chains: Laos' Gateway into the ASEAN Single Market
January 26th 2016, Mercure Hotel, Vientiane Capital

At the end of the year 2015, the ASEAN Economic Community (AEC) has been established. During the first year of its existence, Lao PDR is chairman of the ASEAN. Important questions are related to the AEC: To what degree has the free flow of goods, services, investments and skilled labour already been implemented – de jure and de facto? What will be the impact of the ongoing regional economic integration process for Southeast Asia in general and for Lao PDR in particular?

Against this background, the “Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED)” Project of the German Development Cooperation and the European Chamber of Commerce and Industry in Lao PDR (ECCIL) hosted a seminar on “Regional Value Chains: Laos's Gateway into the ASEAN Single Market”. The one-day event was organized in Vientiane Capital on January 26th 2016.

One of the biggest AEC-related opportunities for Lao PDR consists in attracting more foreign direct investment and in strengthening its integration into regional value chains: in agro-businesses, in manufacturing and in services sectors. Lao PDR disposes, compared to other ASEAN Member States, of particular competitive advantages. This makes Laos attractive for international investors, who may locate part of their regional or global value chains to Lao PDR.

However, a lot of questions remain open: How high is the potential of the integration into these industrial value chains for Lao PDR? How can the potential positive effects related to the integration into regional value chains be used for the Lao economy as a whole, including its small and medium enterprises? And what does Lao PDR have to do in order to realize the potentials of regional value chains for its socio-economic development?

To answer these questions, Dr Witada Anukoonwattaka from the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) explained the concept of regional value chains, their relevance and characteristics in Asia, to more than 80 participants. She also explained the impact of the AEC on the development of regional value chains in ASEAN.

“Which are the opportunities of ASEAN regional value chains for the private sector in Lao PDR”? This was one of the key questions of the seminar. David Totten from Emerging Markets Consulting analysed in which value chains Laos has a particular advantage compared to other ASEAN Member States. Martin Forsen from Burapha Agroforestry Co. Ltd and Tee Chee Seng from Savan Park contributed their experiences on companies in Lao PDR that successfully built up or integrated into regional value chains in ASEAN.

The seminar was not limited to Lao perspectives. Dr Andreas Sturm, Managing Director of Wuerth (Thailand) and Andre de Jong, Managing Director of Bosch Cambodia, Myanmar and Laos, offered interesting insights into the question: Why is Lao PDR not yet part of my regional value chain? This led participants of the seminar to the discussion, how the integration of Lao PDR into regional value chains can be strengthened. Ms. Phanchinda Lengsavad, Director at the Secretariat of the National Committee of Special Economic Zone, explained the role of Special Economic Zones as gateways for the integration of Lao PDR into regional value chains. Finally, Shameer Khanal from the RELATED project analyzed how development partners can support Lao PDR in its integration into value chains in order to make full use of the potentials of the AEC.