

H.E. Dr Manothong Vongxay Vice Minister of Industry and Commerce Opening
Remark

Lancang – Mekong Business Forum 2022

Promoting Agribusiness and Investment in Processed Food Sector

9-11 November 2022

Vientiane & Boten, Lao PDR

Distinguish guests,

Ladies and Gentlemen

It is my great pleasure and honor to welcome you all to Lancang-Mekong Business Forum 2022.

On behalf of the Lao Ministry of Industry and Commerce, I would like to express our sincere thanks to representatives of the business community, government agencies, academia, and development partners who help make this Forum a reality.

We are here today to discuss and exchange our views on opportunities and challenges in promoting agribusiness in the Mekong region.

Today's Forum is one of many important public-private sector collaboration initiatives to develop agrobusiness and agro processing industry in Laos and in the region.

Ladies and gentlemen:

Lao PDR has enjoyed real annual GDP growth averaging over 7 percent throughout the two decades to 2018, enabling the country to halve poverty and multiply per capita incomes.

Exports and foreign investment have acted as the primary drivers of growth in Lao PDR's small domestic market, but overall trade openness remains limited compared to regional peers.

Natural resources represent an increasing share of Lao exports as the rate of natural resource sector growth outpaces all others, and this trend is expected to continue.

Non-resource industries are nevertheless expected to expand further, though at a slower pace than the resource sector, and in fact provide a stronger basis for long-term development and employment generation.

Ladies and gentlemen:

Given the large majority of our population is engaged in agriculture, boosting agricultural productivity is a top priority for improving livelihoods and reducing poverty. Higher agricultural productivity will raise farm incomes and will eventually free workers to move to higher productivity, higher-paying sectors.

In the medium term, diversification will be critical for providing better employment opportunities for workers who are released from agriculture. Because the natural resources sector generates few jobs, greater emphasis is needed on creating an environment that helps businesses in the employment-generating manufacturing and services sectors flourish.

We believe that Laos has comparative advantages in agribusiness and agro-processing.

In order to address the challenges and maximize the opportunities, our broad sector development policy has focused on the following priorities:

- Further deepening economic integration and maintaining a liberal regime for trade and investment;
- Continuous improvement of business enabling environment, including improving trade facilitation, and reducing regulatory compliance cost for businesses;
- Building capacity of local enterprises; and
- Investing in skills of work force. Because skills, both at the individual and firm levels, are crucial for the competitiveness of the industry. The quality of labor is another important factor affecting the performance of our

agribusiness sector, given that many modern business activities rely on a skilled workforce, and;

- Investing in infrastructure, particularly in transport and energy, including electricity and water.

Ladies and gentlemen:

On the possibilities for developing regional value chains that connect the different countries of the Mekong Region.

In my view formation of the regional production network has been taking place already.

For example, we have observed that:

- By leveraging existing automotive and electronics clusters, and by taking advantage of its position as the leading investor with the largest capital accumulation, Thailand is upgrading its domestic industries and technology, while expanding its supply chains across the sub-region.
- Vietnam is leveraging its potential as the most populous nation in the sub-region with a long coastline and deep seaport facilities and geographical proximity to the southern part of China which represents the world's largest electronics cluster has started to attract Japanese and Chinese FDI in upstream processes such as spinning yarn or precision processes in manufacturing.
- Cambodia, Lao PDR and Myanmar are in the early stages of industrialization and thus the priority is to nurture industries that leverage abundant labor and/or natural resources, such as agriculture and fisheries, food processing and tourism.
- With abundant water resources, fertile soil and low-cost labor, Lao PDR may have a comparative advantage in creating a precision machinery industry (e.g. lens polishing processes), mineral processing industry, agro processing industry, electricity appliance and electronic assembly industry. Abundant natural resources not only offer potential to export raw materials, but also the chance to upgrade the industry by processing resources in the region and producing added value. In addition, better efficiency in electricity generation

and transmission could empower the manufacturing industry in the Mekong sub-region.

However, with strong commitments, concrete collaboration framework among member countries, and strong engagement from private sector, we should be able to accelerate or at least facilitate the process of developing effective and competitive regional production value chains in our Mekong Region.

In conclusion, I would like to stress that increased international and regional integration remains one of our key strategies for achieving our economic and social development targets and we are fully committed to integrate more closely with the rapidly growing regional economy through the implementation of trade commitments both multilaterally and within the Association of Southeast Asian Nations (ASEAN) and other regional and sub-regional framework such as RCEP, the maintenance of relatively low tariffs, and through improved physical infrastructure and connectivity with neighbors.

Finally, I would also like to thank you the Mekong Institute (MI) and the Department of Trade Promotion, Ministry of Industry and Commerce (MOIC), Lao PDR, the Ministry of Commerce (MoC) of the Royal Thai Government, especially the support from the Lancang-Mekong Cooperation Special Fund of P.R. China to organize the **4th Lancang-Mekong Business Forum (LMBF)** to promote agribusiness and investment in the processed food sector in Lao PDR this time.

I wish you all a productive forum

Thank you.