

Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development (RELATED)

Strengthening capacities to make the most out of regional economic integration

What we aim for

Together with key stakeholders of the public and private sector, the RELATED project aims to support Laos to realise the benefits and mitigate the risks of the ASEAN Economic Community (AEC) that is to be established in 2015. The project covers three main dimensions: contributing to the improvement of the regulatory environment for regional trade and investment, assisting the government in managing the integration process and supporting the private sector to benefit from the AEC.

With regard to the regulatory environment, the project assists the Lao authorities in translating ASEAN agreements into the national legal framework in the area of cross-border trade, both in goods and services, as well as to facilitate trade-related investments, especially in the context of Special Economic Zones (SEZs). Furthermore, the project includes a financial contribution to the Trade Development Facility (TDF II), a multi-donor trust fund designed to support the implementation of major national trade-related priorities.

Given the complexity and the large number of stakeholders involved in the ASEAN integration, the project supports the steering, coordination and monitoring of the AEC implementation. It also aims at raising awareness for the AEC and intensifying related dialogue processes.

Finally, RELATED assists the Lao business community, especially small and medium enterprises (SMEs), to be better prepared for the potentials and challenges of regional integration. The project is strengthening the entrepreneurial and technical capacities of the private sector to improve its competitiveness, the quality of its products and its access to other ASEAN countries.

Project name	Regional Economic Integration of Laos into ASEAN, Trade and Entrepreneurship Development
Commissioned by	Federal Ministry for Economic Cooperation and Development (BMZ)
Project Partners	Lao National Chamber of Commerce and Industry Ministry of Industry and Commerce Ministry of Planning and Investment National Committee for Special Economic Zone
Project region	National level, Champasak and Luang Prabang provinces
Project volume	6,400,000 EUR
Duration	February 2014 - July 2017

What we have achieved

RELATED builds on the results and experiences of preceding Lao German Development Cooperation programmes in the field of regional economic integration and private sector development.



L. to r.: Trade in goods at Lao-Thai border; Cross-border trade via the Lao-Thai friendship bridge



Dr. Hartmut Janus

L. to r.: Customs clearing at border control; Goods are unloaded in Vientiane

These programmes helped to increase the awareness on the importance of the AEC as well as the capacity to deal with its consequences. Overall 670 representatives from the public and private sector have participated in various AEC-related trainings. To support the effective realisation of the AEC, the government has been assisted in taking stock of commitments signed as part of the AEC and in monitoring their implementation.

Furthermore, GIZ supported the identification of Lao products with export potential in ASEAN and the development of selected value chains. The capacity of relevant chambers of commerce and industry as well as business associations to offer AEC-related services to their members has been improved. Business sector satisfaction with government services has improved consistently over the past years.

Background

The upcoming AEC is of high relevance for the economic development in Laos. It will create a single market with 600 million consumers. For a small and landlocked country like Laos, the AEC offers great potential by improving the access to this regional market. Its single production base increases the opportunities to become part of regional value chains. ASEAN member states already account for more than half of the total foreign trade in Laos. However, the opportunities of the AEC are accompanied by a set of challenges for both the public and private sector to be addressed in the short time left until 2015.

The Lao government is confronted with the challenging task to implement all the necessary regulatory changes in coherence with ASEAN agreements. This does not only require extensive technical knowledge, but also the coordination of a large number of government actors from different sectors and agencies. In the face of the increasing liberalisation, the business sector will be confronted with growing competition from more advanced ASEAN economies. At the moment, Laos' main exports are energy and mineral resources, both of which only have limited effects on local employment. The vast majority of businesses in Laos are SMEs. Promoting their development offers great leverage to make the integration into the AEC more inclusive and sustainable.

About GIZ Laos

GIZ, as part of the Lao-German Development Cooperation, has been active in Laos since 1993 and is currently implementing projects in two priority areas: rural development and economic cooperation. Moreover, GIZ participates in regional programmes on behalf of the German Government, for example with the Mekong River Commission.

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