Lao Economic Performance and New Base Year

Economics Statistics Department
Lao Statistics Bureau

29/6/2017

Outline

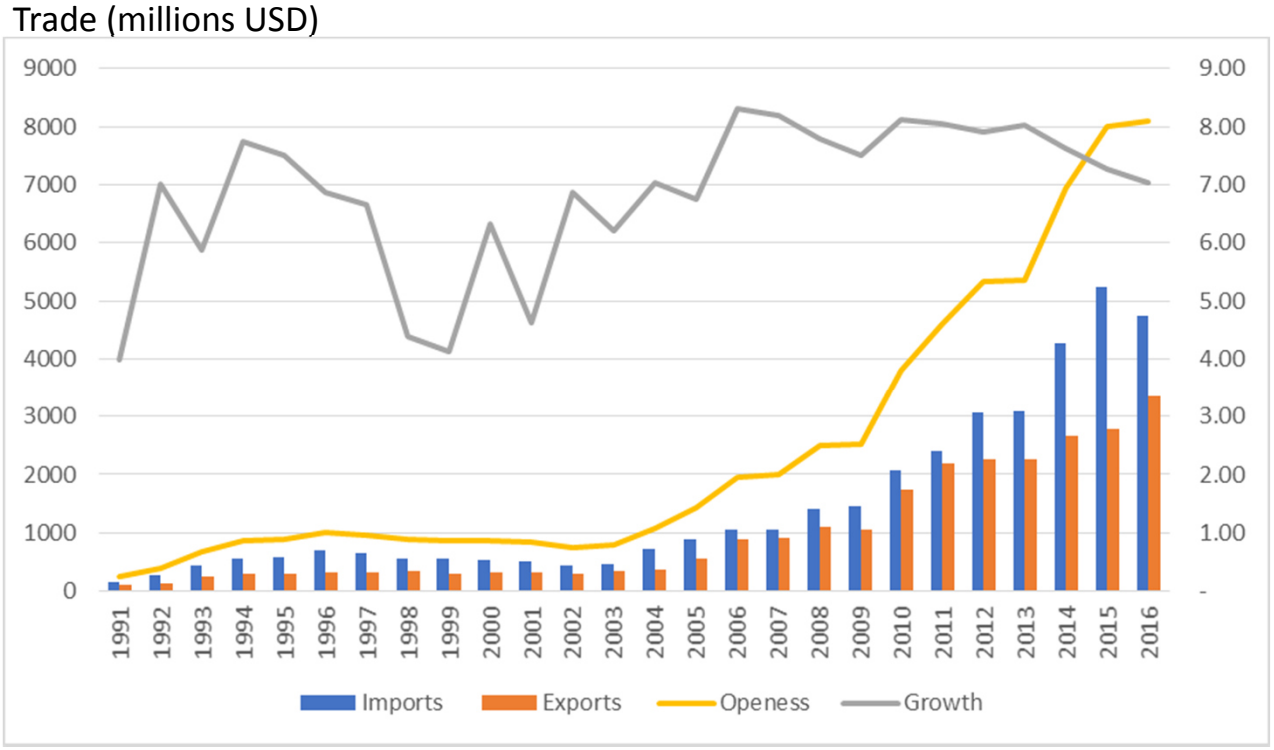
- Country Background
- Infrastructure and Development Policies
- Economic Growth
- The Changed in Economic Structure
- The methodology and the way forward on produce Economics Statistics

Country background

- Land link country, locates between China, Thailand, Vietnam, Myanmar and Cambodia.
- Rich of natural resources: Water, Land (Mine), forest and etc
- Politic and culture
- Lao population about 6,602,721 person (2016)
- GDP per capita US$ 2,408 (2016)
- Poverty rate: 23.2 %

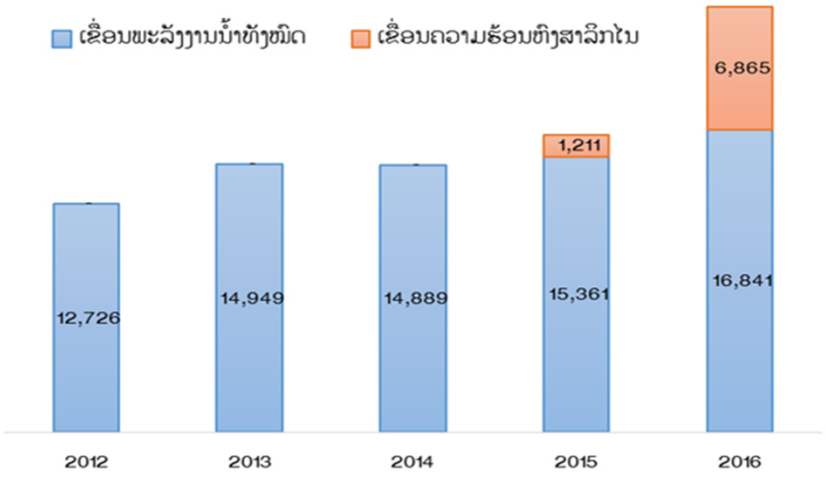
Infrastructure and Development Policies

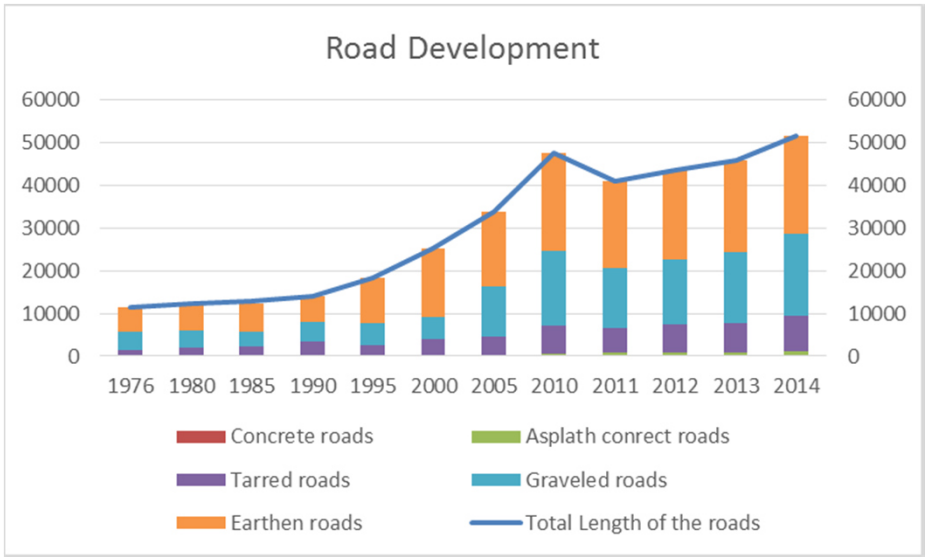
- Open Economy in 1990 and economic reform (Market and Industrialization)



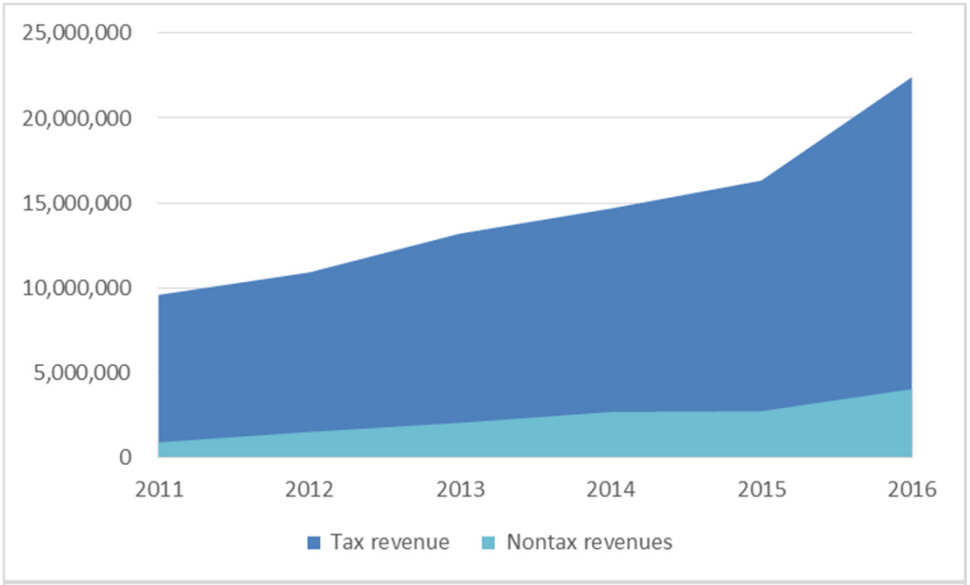
- Open market, investment, integrate to region and cooperate with other development partners

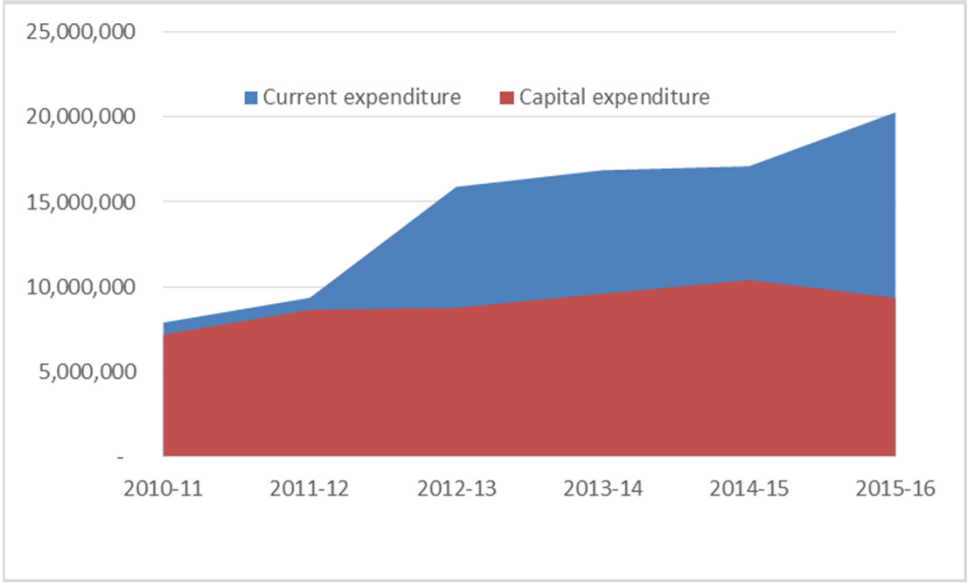
Infrastructure and Development Policies





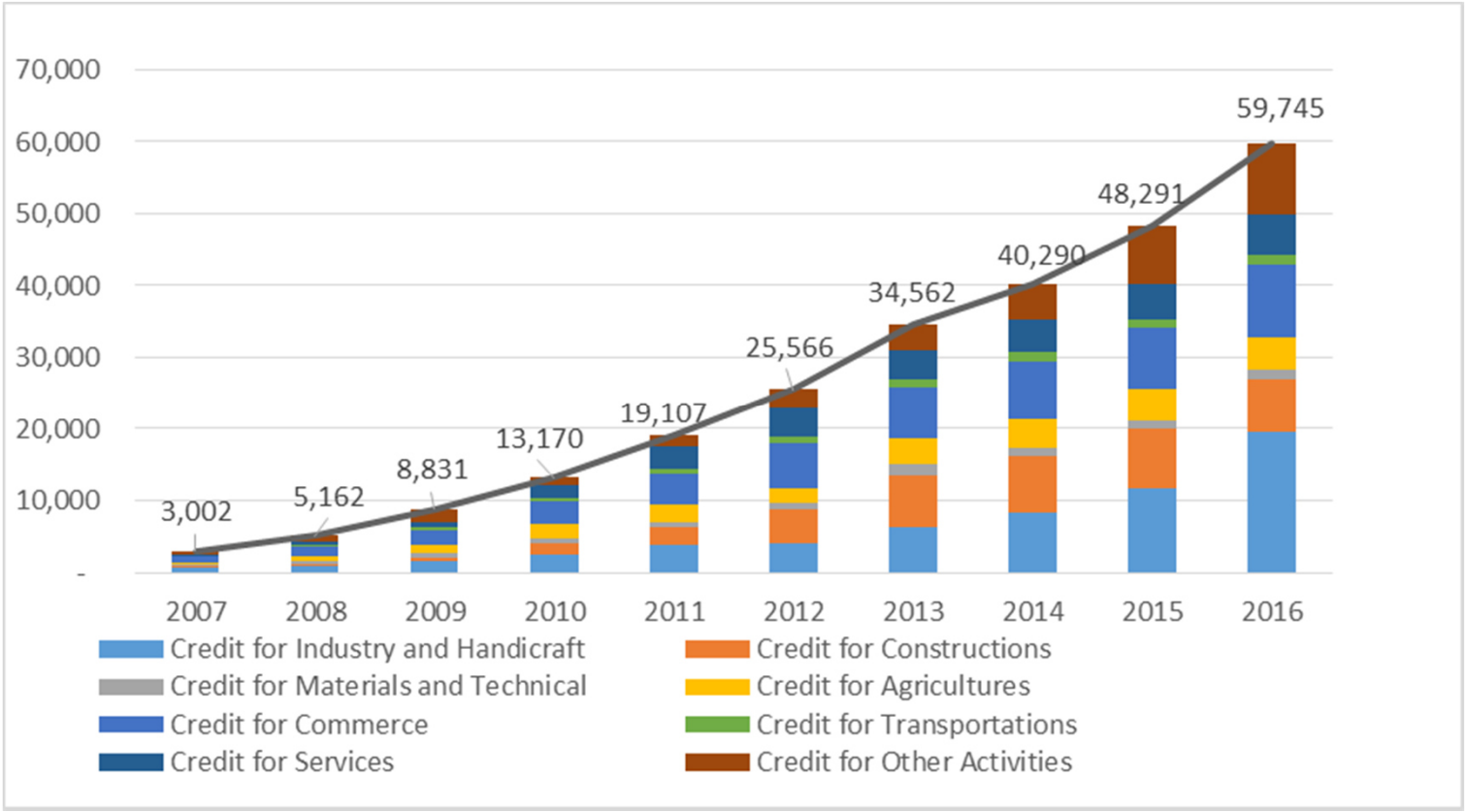
Urban population growth:



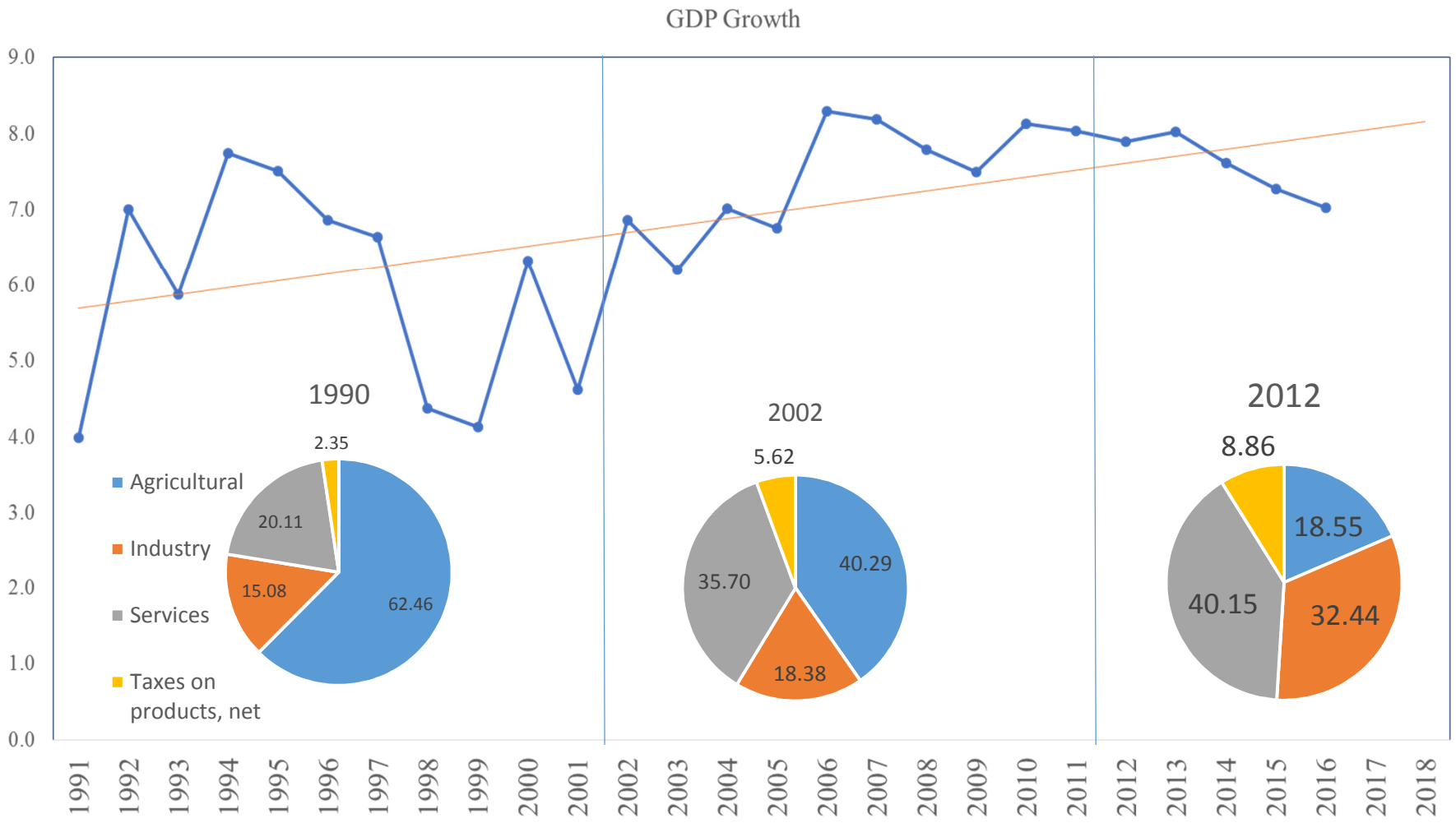


Government expenditure and revenue

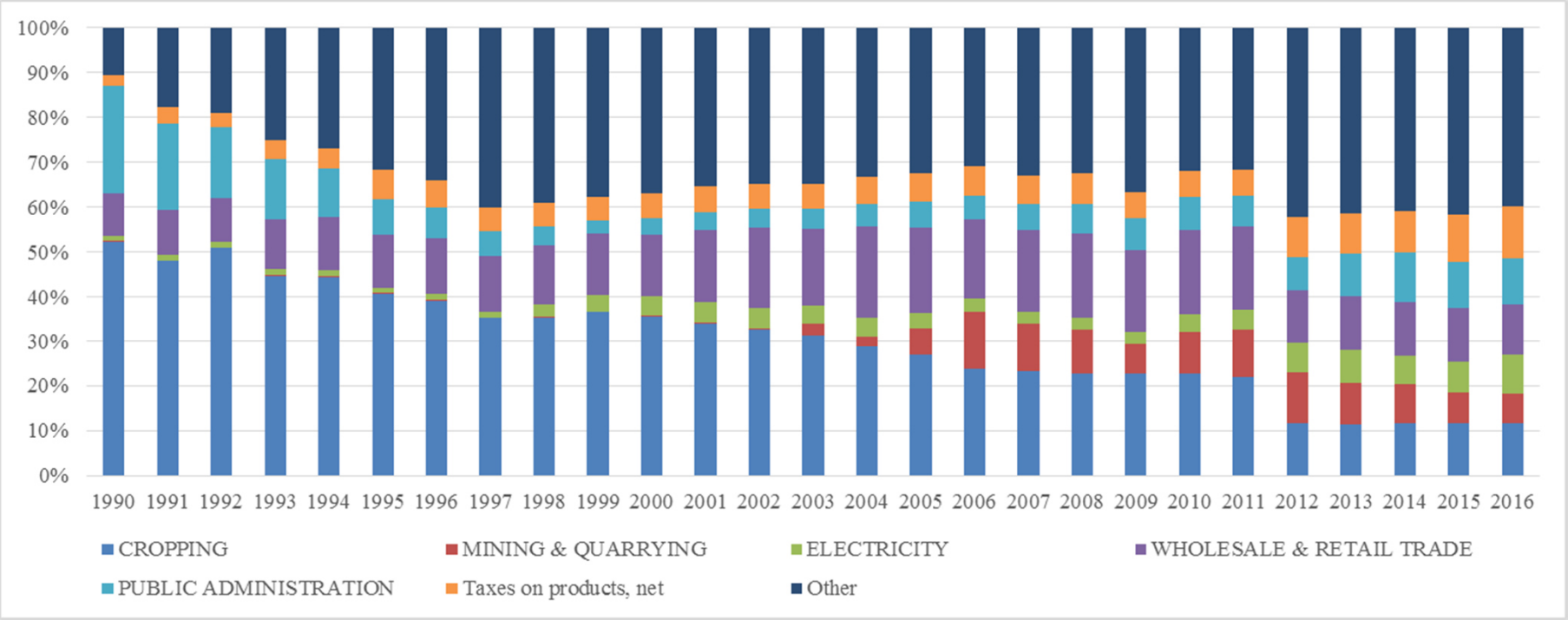
Credit of Commercial Banks (Billion LAK)



Economic Growth

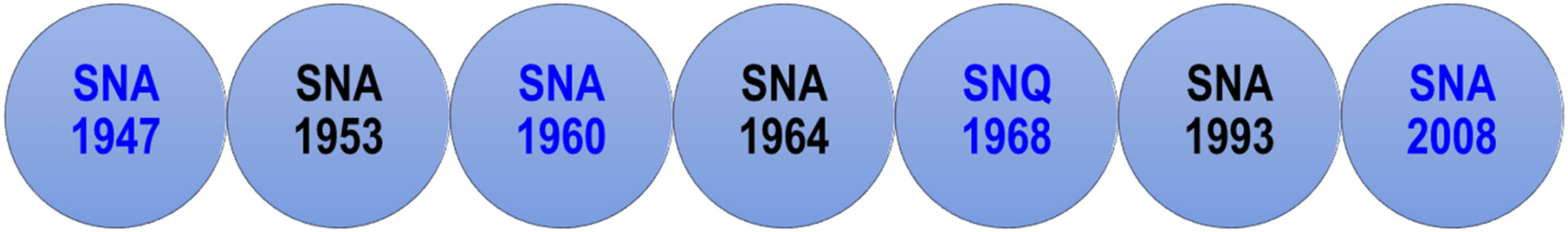


GDP by top 5 economics Activities



GDP estimation in Lao PDR

- GDP was compiled by LSB base on SNA since 1990
- The System of National Accounts (the 2008 SNA version) is the internationally agreed standard set of recommendations on how to compile measures of economic activity in accordance with strict accounting conventions based on economic principles
- The SNA provides information on how to measure the economic activities in production, consumption, and accumulation of asset.
- In 2005, we adapt to SNA 1993. Hence, produce GDPP and GDPE 2002-2005,
- GDPP was compiled and published regularly since 1990
- GDPE was compiled in some years 2002-2005, 2007, 2009 and 2012
- However, GDP by income is not yet compiled in Laos



How GDP can be measured?

- **Direct method: apply for SUT/BM year**
  - Economic Sector GO=IC+CE+OS
  - Public Service GO=IC+CE
  - NPIS GO=IC+CE

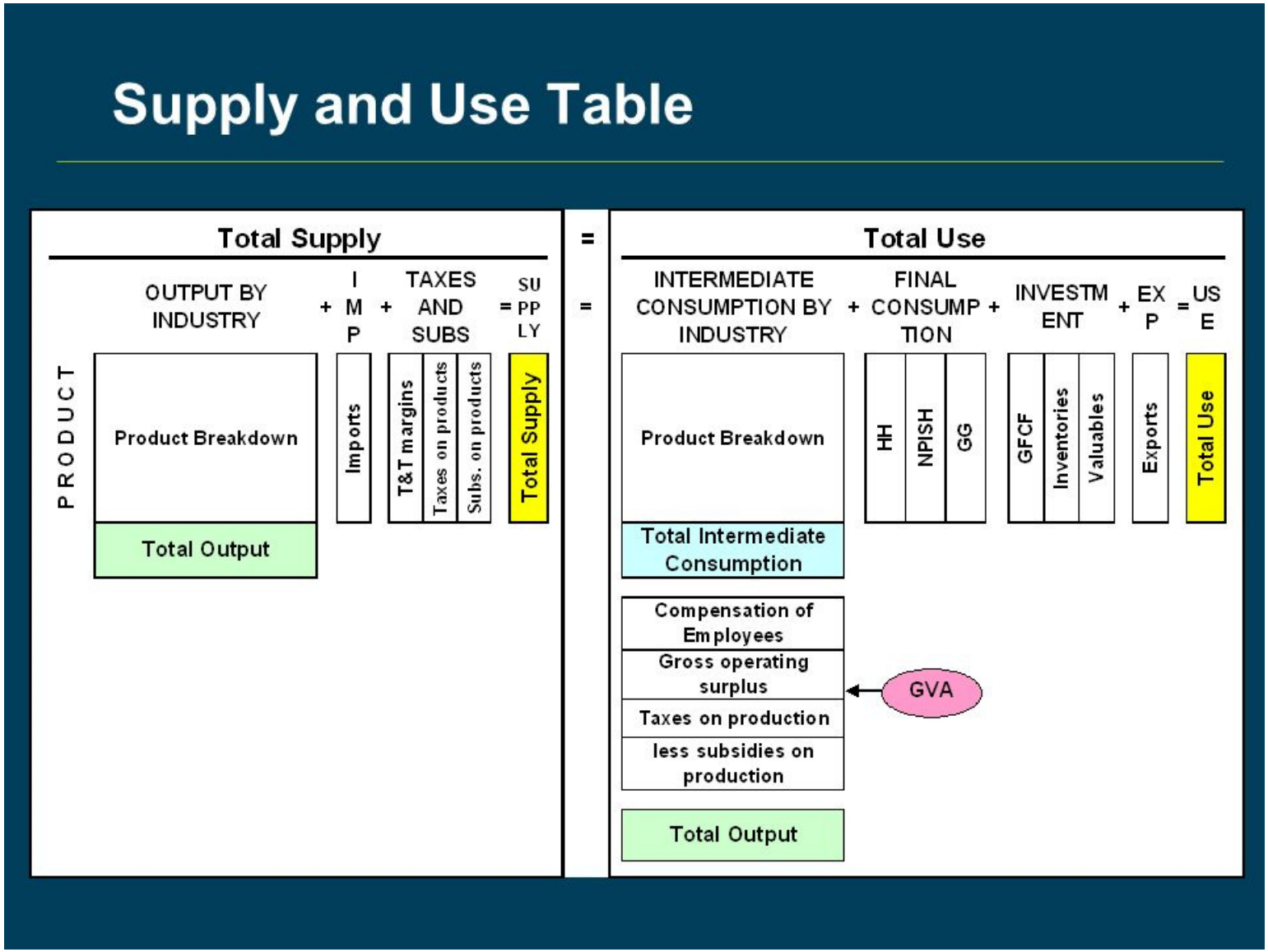
- **In Direct method: apply for annual estimate**

$$GDP_t = \sum ((VA_{j(t-1)} \times (1 + Grth_{jt}) \times W_j) \times (1 + Inf_j))$$

Why benchmark GDP?

- The previous benchmark was in 2002. Until now estimates have been based on this.
- Based on UNSD as well as SNA recommends updating the base year every five years or at least every ten years.
- The structure of the economy has changed. Estimates since then are based on assumptions, some of which are no longer valid.
- Relative prices (which can affect growth rates) have changed.
- To adapt to the 2008SNA, which is some conceptual changes were introduced.
- Therefore, the 2012 was selected as a reference year for GDP rebased. It is a most relevant year due to the two particular data sources were available: Lao Expenditure and Consumption Survey V (LECS V) 2012/2013 and Economic Census II 2013 (EC II)

What method we use?



Data Sources

- The main sources of information for the major columns of the SUT were as follows: Locally produced gods and services: The Economic Census, banking data, key company accounts and government accounts
- Trade margins: derived from the Economic Census
- Taxes on products: Customs data, Revenue data.
- Intermediate demand by product: largely as a balancing residual.
- Household final consumption expenditure: LECS 2012-13 (adjusted)
- Government final consumption expenditure: Government accounts (Gazette)
- Fixed capital formation: largely as a balancing item
- Exports of goods and services: as for imports.
- For imports of goods: Customs data and mirror trade
- Imports of services: Balance of payments data from the Bank of Lao PDR

What the Key issues for the structure change?

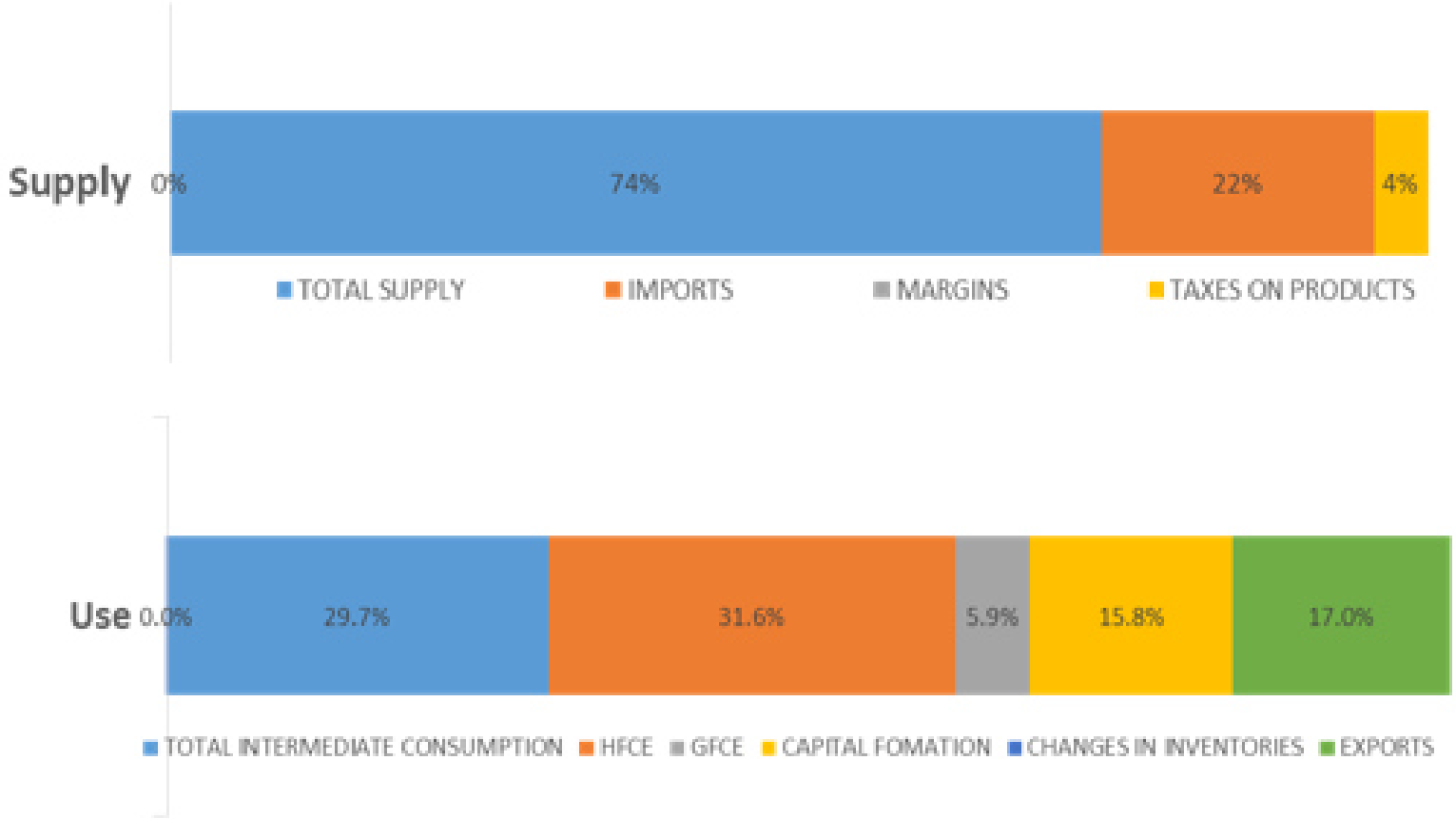
- Data sources
- Price
- Method
- Classification (ISICs, FISIM and LCPA)
- Development policies

Meeting the Challenge

- Economic Census 2013
- Lao Expenditure and Consumption Survey (LECS) in 2012/2013
- Trade margin
- Intermediate Consumption

Key Finding

Graph1: Composition of Supply and Use (%)



Key Finding

Picture 2: GDP by Production and Expenditure approach (Billion kip)

GDP BY PRODUCTION = GDP BY EXPENDITURE

1. Total output	124,311
2. less Intermediate Consumption	49,934
3. Gross Value Added	74,377
4. Taxes less subsidies on product	7,233
GDP by Production	**81,609**

1. Household final consumption expenditure	53,136
2. Government final consumption expenditure	9,878
3. Fixed capital formation	26,522
4. Changes in inventory	(0)
5. Exports of goods & services	28,465
6. less Imports of goods & services	36,392
GDP by Expenditure	**81,609**

Key Finding

Industries	Base year 2002		Base year 2012	
	Billion Kip	% Share	Billion Kip	% Share
Agricultural Cropping, Livestock, fishing and forestr	18,269	24.3%	15,174	18.6%
Mining and quarrying	12,085	16.1%	8,842	10.8%
Manufacturing	5,794	7.7%	7,483	9.2%
Electricity and water	2,392	3.2%	5,227	6.4%
Construction	4,728	6.3%	5,273	6.5%
Wholesale and retail trade; repair of motor vehicles & motocycle	12,870	17.1%	9,681	11.9%
Transportation and storage	1,309	1.7%	1,267	1.6%
Accommodation and food services activities	469	0.6%	2,345	2.9%
Information and communications	1,363	1.8%	1,319	1.6%
Financial & Insurance Activities	2,617	3.5%	1,553	1.9%
Real Estate Activities	1,361	1.8%	6,094	7.5%
Public Administration & Defence, Compulsory social security	5,937	7.1%	7,438	9.1%
Other Service activities	1,655	3.0%	2,682	3.3%
TOTALS (AT BASIC PRICES)	**70,848**	**94.1%**	**74,377**	**91.1%**
Taxes on products and Import duties, net	**4,403**	**5.9%**	7,233	8.9%
GROSS DOMETICS PRODUCT, GDP	**75,251**	**100.0%**	**81,610**	**100.0%**

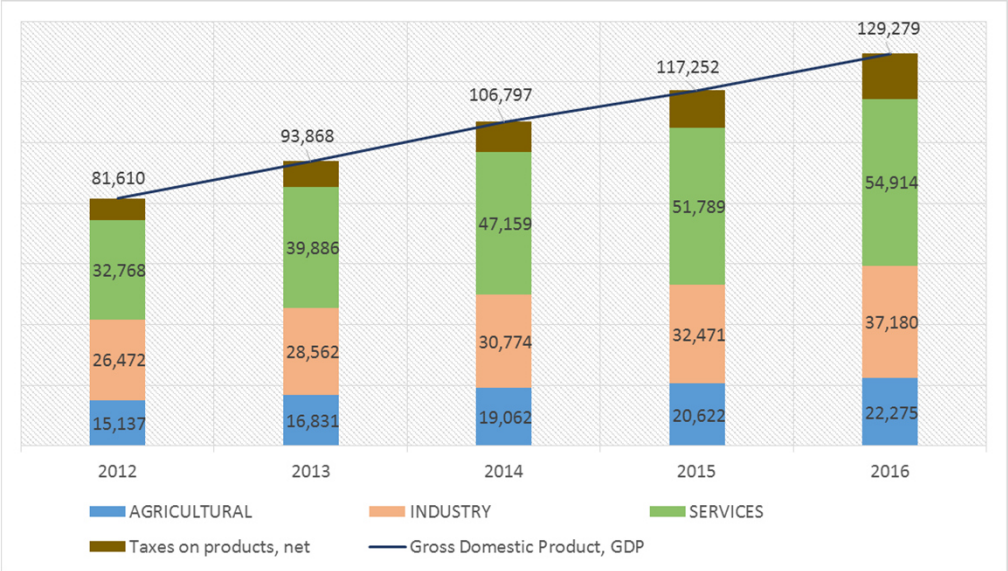
Key Finding

ACTIVITIES	Base year 2002	Base year 2012	Diff
Agricultural Cropping, Livestock, fishing and forestry	18,269	15,174	-17%
Mining and quarrying	12,085	8,842	-27%
Manufacturing	5,794	7,483	29%
Electricity and water	2,392	5,227	119%
Construction	4,728	5,273	12%
Wholesale and retail trade; repair of motor vehicles & motocycle	12,870	9,681	-25%
Transportation and storage	1,309	1,267	-3%
Accommodation and food services activities	469	2,345	400%
Information and communications	1,363	1,319	-3%
Financial & Insurance Activities	2,617	1,553	-41%
Real Estate Activities	1,361	6,094	348%
Public Administration & Defence, Compulsory social security	5,937	7,438	25%
Other Service activities	1,655	2,682	62%
TOTALS (AT BASIC PRICES)	**70,848**	**74,377**	**5%**
Taxes on products and Import duties, net	**4,403**	**7,233**	**64%**
GROSS DOMETICS PRODUCT, GDP	**75,251**	**81,610**	**8%**

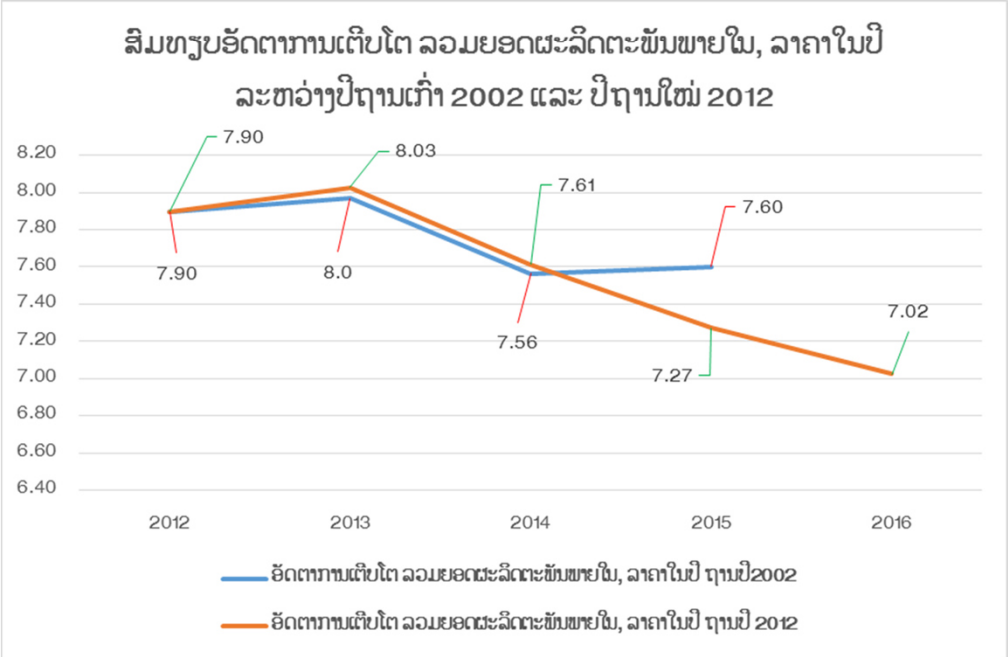
Key Finding

Country	Previous Base year	Latest Base year	Diff%
Thailand	2007	2012	-0.4%
Vietnam	2007	2012	0.7%
Cambodia	2005	2011	1.1%
Indonesia	2008	2010	6.5%
Malaysia	2005	2010	16.9%
Lao PDR	2002	2012	8%

Apply to estimate GDP 2012-2016

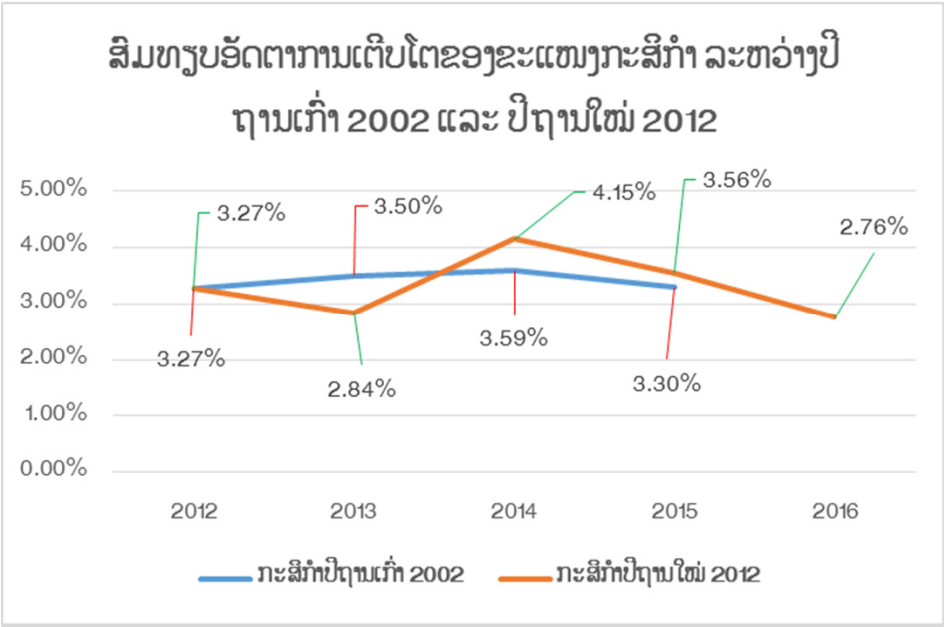


GDP current year (Billion Kip)

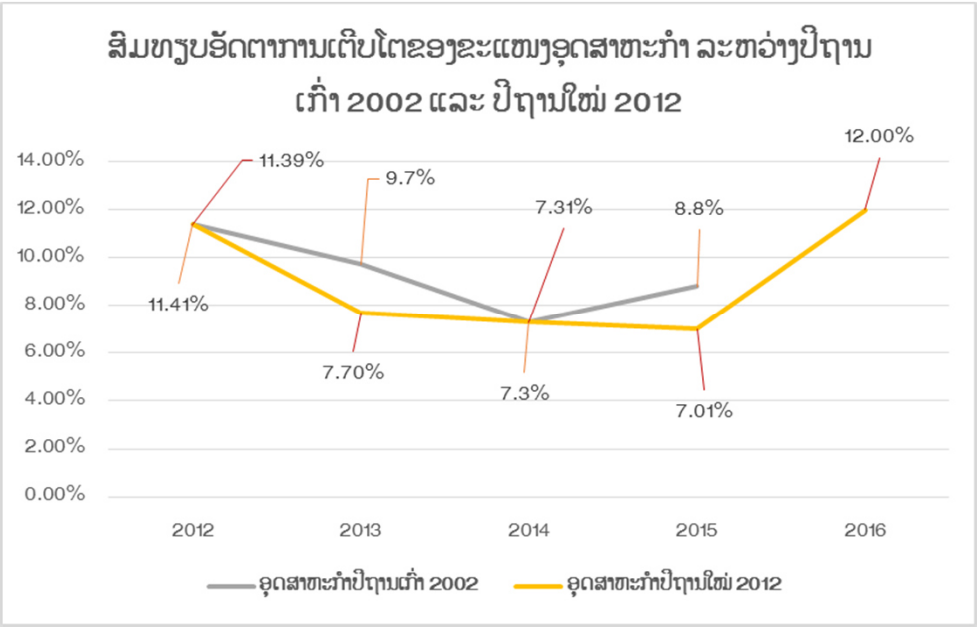


GDP Growth 2012 Vs GDP growth 2002 (%)

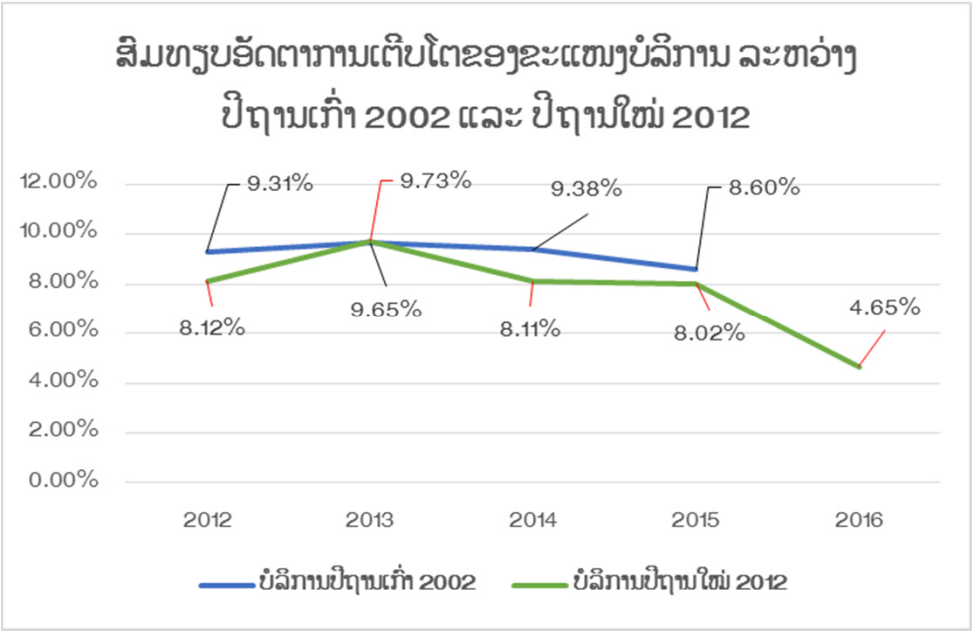
Agriculture



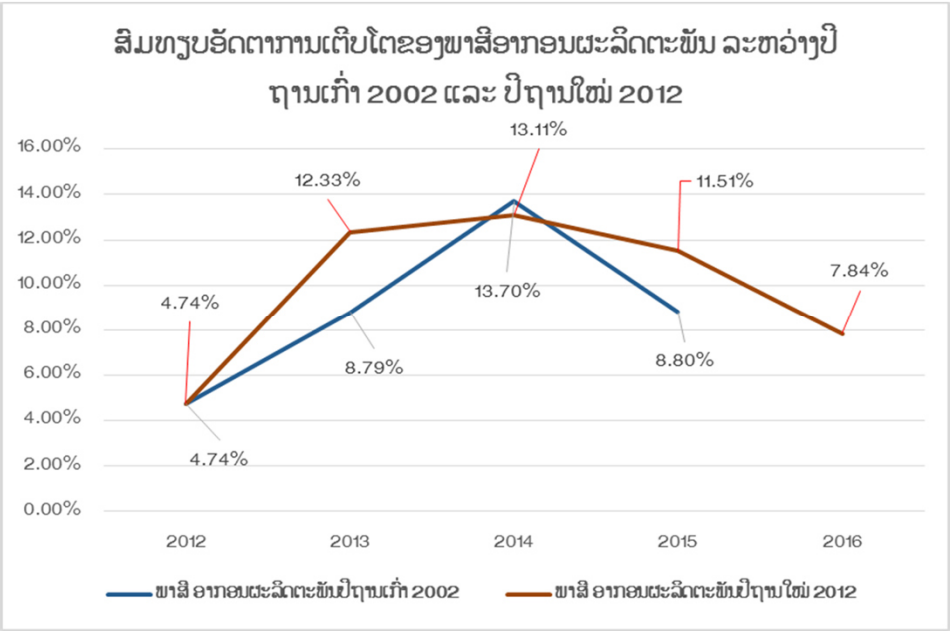
Industry



Service



Tax



Economic activities in GDP

Acitivity	2012	2013	2014	2015	2016
AGRICULTURAL CROPPING	11.55	11.29	11.71	11.73	11.66
LIVESTOCK & LIVESTOCK PRODUCTS	2.38	2.33	2.26	2.22	2.17
FORESTRY & LOGGING	2.14	1.84	1.49	1.28	1.12
FISHING	2.48	2.47	2.39	2.36	2.28
INDUSTRY	**32.44**	**30.43**	**28.82**	**27.69**	**28.76**
MINING & QUARRYING	11.49	9.43	8.59	6.80	6.49
MANUFACTURE OF FOOD PRODUCTS	1.68	1.69	1.69	1.66	1.56
MANUFACTURE OF BEVERAGES & TOB	1.45	1.44	1.54	1.48	1.41
MANUFACTURE OF TEXTILES, CLOTHIN	1.59	1.46	1.38	1.31	1.23
OTHER MANUFACTURE	4.27	3.84	3.83	3.74	3.57
ELECTRICITY	6.45	7.15	6.44	6.79	8.68
WATER SUPPLY; SEWERAGE, WASTE M	0.28	0.28	0.27	0.28	0.26
CONSTRUCTION	5.22	5.14	5.09	5.64	5.56
SERVICES	**40.15**	**42.49**	**44.16**	**44.17**	**42.48**
WHOLESALE & RETAIL TRADE; REPAIR	11.96	12.15	12.13	12.09	11.46
TRANSPORTATION & STORAGE	1.41	1.36	1.33	1.36	1.35
ACCOMMODATION & FOOD SERVICE AC	3.01	3.01	3.00	3.10	2.81
INFORMATION & COMMUNICATIONS	1.63	1.66	1.64	1.72	1.63
FINANCIAL & INSURANCE ACTIVITIES	1.83	2.08	1.89	2.49	2.46
REAL ESTATE ACTIVITIES	7.48	6.59	6.37	6.21	5.83
PROFESSIONAL, SCIENTIFIC & TECHNIC	1.31	1.32	1.30	1.36	1.34
PUBLIC ADMINISTRATION & DEFENCE; C	7.43	9.45	10.98	10.35	10.37
EDUCATION	1.75	2.38	2.85	2.81	2.68
HUMAN HEALTH & SOCIAL WORK ACTIV	0.52	0.70	0.84	0.79	0.76
OTHER SERVICE ACTIVITIES	1.82	1.79	1.83	1.89	1.80
TOTALS (at basic prices)	**91.14**	**90.85**	**90.82**	**89.45**	**88.47**
Taxes on products, net	8.86	9.15	9.18	10.55	11.53
Gross Domestic Product, GDP	**100.00**	**100.00**	**100.00**	**100.00**	**100.00**

Next Lease calendar

- Preliminary estimate GDP 2017 (Base on 6th month data) on September 2017
- Estimate GDP 2017 on March 2018 and project estimate 2018

The methodology and the way forward on produce Economics Statistics

- Target is to fully adapt to SNA 2008: QNA, Production accounts, Distribution and Income Accounts, to produce QGDP, GDPP and GDPI (Including GNI) in 2020
- Study and produce SUT-time series 2010-2016, plan to launch in 2018
- Prepare database to re-benchmark in 2017 (Base on schedule 2019-2020)
- Study IO survey and apply to produce IOT
- Research and analysis on trade margin, the impact effect of less mining reduction to/ on GDP growth, and investigate on real estate sector contribution to share of GDP

The methodology and the way forward on produce Economics Statistics

Data sources:

- Reporting System
  - Cooperate and coordinate with line ministries to improve data compilation methods such as MAF, MOIC, MOF, BOL, MEM and etc
  - Classification and manual
  - Data sharing and link particularly btw MOF, MOIC and LSB to create SBR

- Survey:
  - LECS VI 2017/2018
  - Annual Household Survey 2016
  - Annual Establishment Survey 2017
  - Economic Census (EC III) in 2018
  - Agriculture census III ปี 2019
  - Other survey such as: SEZ, Trade in service, IIP and etc

Thank you