



**Multi-stakeholder Taskforce on COVID-19 Impact to  
Support Determination of NSEDP and SDG Localization**

*ICTC, Vientiane, 28 September 2020*

**TRADE, PRIVATE SECTOR,  
VALUE CHAINS, AND TOURISM**

**Dr. Buavanh VILAVONG**  
Director General

Dept of Industry and Handicraft, MOIC

# Context and outlook

- Lao PDR has made a transition from being a landlocked to a land-linked country
- Rapid growth yet limited structural transformation
  - FDI being concentrated in natural resources
  - Complex business environment and excessive barriers to regional trade and integration

## COVID-19 delivers a major economic shock

- Lao PDR's export destinations: Thailand (41%), China (28%) and Vietnam (18%), followed by Japan, India and Germany. All of these are severely affected by the pandemic
- Lao PDR's growth path during 9<sup>th</sup> NSEDP depends on recovery in industrial countries, key export markets for China.
- Globally, FDI projected to fall between 30 and 40% for Asian developing countries
- Tourism was one of the fastest growing sectors in Lao PDR before COVID-19. During the 2<sup>nd</sup> and 3<sup>rd</sup> quarters of 2020, international arrivals ground to a complete halt
- With COVID-19, falling incomes in cities led to decline of 30-40% in demand for meat and vegetables

# Strategic Policy Recommendations

- The impact of COVID-19: revisit key assumptions and targets in draft 9<sup>th</sup> NSEDP
- Despite unexpected COVID-19 impact, many of private sector priorities in 8<sup>th</sup> NSEDP remain relevant
- COVID-19: bold steps to accelerate progress, incl. addressing bottlenecks for faster implementation of existing priorities
- Growing areas of economic opportunity post-COVID, offering crucial opening for progress

# 7 recommendations

## 1. Business Environment and Investment

- Intensify reviewing and streamlining regulatory requirements
- Easing restrictions in transport/logistics while unleashing more competition
- Streamlining laws and regulations around investment climate
- Moving towards electronic delivery of government service

## 2. Tourism

- Promoting domestic tourism although it may not fully substitute for international tourism
- Long term: rebuild visitors' confidence via 'travel bubbles' with key markets and targeted marketing

# 7 recommendations (Cont'd)

## 3. Digital Transformation

- COVID-19 accelerating the uptake of digital technologies and e-commerce
- The NSEDP should reflect the need for strong political leadership to foster digital transformation
  - intersectoral policy coordination mechanism
  - Working group in charge of e-commerce development agenda across ministries and sectors

## 4. Women and COVID-19

- Specific considerations of support to women and empower them to take advantage of new business opportunities, e.g. digital transformation

# 7 recommendations (Cont'd)

## 5. Regional Integration

- Lao-China to operate in 2021 => bold policy reforms to facilitate trade and improve connectivity
  - Interchange railway and domestic transport systems
  - Improve regulatory framework to allow for efficient transport services
- Complying with ASEAN Leaders' Vision Statement and Hanoi Plan of Action in response to COVID-19 (free flow of goods, services and labour)

# **7 recommendations (Cont'd)**

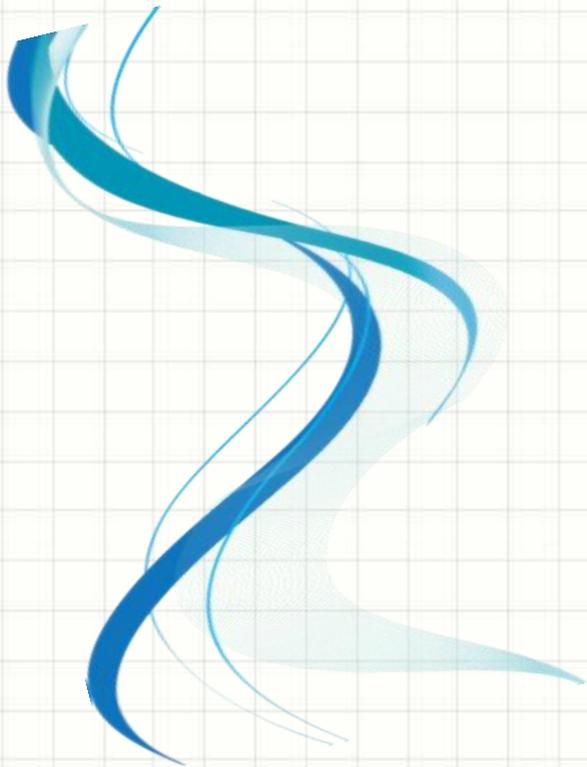
## **6. LDC Graduation**

3 long-term strategies to mitigate trade preferential losses:

- trade agreements with the EU
- targeted trade promotion
- export diversification

## **7. Agriculture**

- Short term: ensure food safety and standards
- Longer term: transform food system to be more resilient - strategic adjustment of policies in the agricultural sector.



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*Mail: b.vilavong@moic.gov.la*