

# LAO PDR IN 30 YEARS

## Economic Development

In the past 30 years, with revolutionary and patriotic spirit and love for the new regime and independence, the entire Party, Army and people of Laos have united in solidarity, overcome many difficulties and hardships to carry out the government's economic development plan with a number of significant achievements.

After successfully implementing the plan to heal the wounds of the war and the 1976-1980 plan for the recovery of the post-war economy, the Party led the people to implement the first five-year socio-economic development plan (1981-1985), which resulted in an average growth of the national economy of 7.6 percent per year and the gradual improvement of people's living conditions.

The second five-year plan (1986-1990) dealt with adjusting the new economic mechanism to suit the reality of the country by using commodity-monetary relations and a market mechanism and introducing a system of a single price and a multi-sectoral economy into the national development. During this period, the average rate of the economic growth reached five percent per year.

The general orientations and tasks of the third five-year plan (1991-1995), which was adopted at the fifth Party Congress continued the task of comprehensive renovation, and actively shifted the country from a subsistence economy to a market-oriented economy and to continued widening economic relations with foreign countries.

The fourth five-year plan (1996-2000) was the period when the county experienced difficulties as a result of the economic and financial crisis in the world and the region as well as economic and financial instability and threats from natural phenomena. These events caused abnormally high inflation and brought down the value of Kip (Laos' currency), however, the Party and Government paid attention to the domestic financial situation and as a consequence the economy recovered quickly.

The sixth Party Congress continued deeply scrutinising the world situation and the reality of the country, aiming to issue suitable policies toward further economic integration with foreign countries, which was seen to hold both opportunities and challenges. In addition, eight priority programmes of the Government were set forth to support many sectors and localities and to formulate detailed plans and projects, which could be implemented with success.



Entering the new century, the economic sector faces new challenges. The seventh Party Congress adopted a policy on shifting to industry and modernisation, and setting the target of "lifting the country from least developed status by 2020." The declaration of the policy on shifting the country to industry and modernisation was a rapid response of the Party to the real situation of the country, where the majority of people live in poverty and make their living through subsistence agriculture, the productivity of all sectors is low and most technical equipment is out of date. While lacking funds, technology and qualified labours, we entered the era of economic globalisation, an era that is typified by high competition between nations and which holds both opportunities and challenges for Laos.



The economies of each country have become deeply integrated, therefore, we need to make efforts to strengthen our national economic system in order to ensure that Laos becomes competitive in the global market.

Shifting the country to industry and modernisation is one of the requirements for the development of the country, which has been shown through the experiences of many other. Only shifting the country to industry and modernisation can lift us up from least developed status and help us move toward becoming a progressive and modern society in line with socialism.

The policy of the Party on the shift to industry and modernisation that was adopted in the fourth plenary session (seventh Congress) states: "to prioritise the power industry, agricultural and forest processing industry, tourism industry, mining industry and construction material production industry, but the education, science, technology, transportation and marketing sectors are key."

The main target of the 2001-2005 socio-economic development plan remains the expansion of production in parallel with the improvement of production. The plan aims to expand the sectors in which the country has potential and promote the productivity of the people; explore and upgrade skills and abilities in all economic sectors; formulate the economic structure of agriculture and forestry so it is more connected with industry and services; and formulate the economic structure in areas in order to explore all the potentials of each locality as well as the country as a whole.

Through the implementation of the economic development plan in each period, the Lao PDR has able to gain satisfactory achievements in each field over the last 30 years.

## **Agriculture**

Considering the agriculture and forestry sector as the basis for developing the country's industry we can see that during the past 30 years this sector has expanded consistently and managed an average growth rate of 4-5 percent a year. To date, the sector has made up 52 percent of Laos' Gross Domestic Product (GDP) (planting – 27 percent, animal husbandry – 19 percent and forestry – 6 percent).



The Government has focused investments on constructing infrastructure, particularly irrigation systems to enhance agricultural production. There are currently 24,695 irrigation systems all over the country, which can provide water to 215,000ha of arable land in the dry season. This is a massive increase when compared with 1976 when there were only just over 2,700ha of irrigated land in the country in the dry season. In addition, the National Agriculture and Research Institute (NAFRI)

was established and it has grown to include 10 centres, eight stations and a vaccine factory. Thanks to these infrastructure improvements, rice production in 2005 reached 2.6 million tons, while the rice harvest in 1976 was only just over 660,000 tons. Since 2000 the Lao PDR has been self-sufficient in rice and had rice surpluses, some of which have been exported. This had never occurred before in the history of Laos.

Apart from growing rice and planting other crops, animal raising in both the farming industry and through native methods has expanded consistently. Livestock numbers have increased by three percent a year and fish numbers have grown by 15 percent a year, meaning the country can basically meet the demands of the



domestic market. Moreover, many kinds of animal products are now being exported and, to date, the export value of Lao animal products has reached US\$ 70 million a year.

The forestry sector is one of the Government's main focuses at the present time. There are over 167,000ha of tree plantations. The land and forest allocation project has been completed in 6,510 villages and 1,920,150ha of agricultural land and 3,640,117ha of forests have so far been allocated. Slash-and-burn agriculture has basically been stopped all over the country in 2005. Furthermore, 10,611,416ha of forests have been surveyed and managed. There are 20 national forest conservation areas with 3,156,100ha, covering 25 percent of the current forested areas, 188 provincial forest conservation areas with 2,906,580ha, 494 protection forests with 2,164,485ha, 456 production forests with 2,348,631ha and 164 temporarily unstocked forests covering 181,920 ha.



Moreover, the Ministry of Agriculture and Forestry has been able to attract assistance and loans from abroad to develop its sector. At present there are 73 projects, including 63 grant aid projects, worth over USD 111 million and 10 loan projects, worth over US\$ 108 million, underway in the sector.

## Trade

During the past 30 years the global trading system has altered dramatically and this meant changes in Laos too. Business units have shifted and restructured to better work under the guidelines of the Government and to operate in compliance with the rules on goods



production. Thanks to this, import-export management measures were enforced better, the foreign trade deficit rate has been reduced and exports have been promoted and have increased each year. In 1990-191 the value of imports reached USD 249.18 million and the exports were worth USD 137 million. In 2000-2001 the import value reached USD 528.27 million and the exports were worth USD 324.88 million. In 2004-2005 the import value is projected to reach USD 596 million, while

exports are expected to be worth USD 420 million.

Steps and obstacles in business operations have gradually been removed and companies that run import-export businesses are encouraged to produce goods. Strategic and daily life goods are being monitored, controlled and managed better than previously and sectoral management has been improved. The Government has worked in cooperation with sectors and localities in setting up goods production projects, the production of some types of goods have been protected and measures for countering and preventing out-system trading set up. Duty free shops have been controlled and import rules are under consideration.

Many means for searching for foreign markets for Lao goods have been used, including negotiation and signing contracts with many countries; organising meetings of high-ranking officials at the macro level; creating opportunities for Lao and foreign business people and investors in order to find ways to trade and cooperate in production; negotiation for getting "Everything but Arms" from the European Union (EU); establishing Normal Trade Relations (NTR) with the United States of America; negotiation with neighbouring countries in order to accept Lao products in international trade fairs at many levels; aiming to introduce Lao goods to the world community; establishment of trade promotion centres through using the Internet to collect data and disseminate information on trade with foreign countries; and the

implementation of the cooperation agreement on ASEAN Free Trade Area (AFTA). In the future the main trade target is the promotion of exports. In the 2006-2010 period the average export growth rate is projected to reach 15.8 percent a year, while the import growth rate is expected to cover 8 percent a year, aiming to balance the values of exports and imports by 2010.



## Tourism

The Lao PDR is one of countries most enriched in natural environments, a wide variety of cultures and ancient archaeological sites. This mix of conditions makes the country attractive to tourists. The Government considers tourism one of its eight priority development programmes and has therefore set guiding policies for the development of the industry. These include widening economic and cultural relations and cooperation with foreign countries; promoting the tourism industry with the aim of gradually improving the living conditions of people in all ethnic groups and promoting domestic production in all fields; promoting the unique arts and culture of the Lao PDR, disseminating the customs, traditions and courageous history of the Lao people and preserving historical and ancient archaeological sites and antiquities as tourist attractions; creating jobs and generating and distributing income for people of all ethnic groups; and setting up good friendly relations with all countries in compliance with the policy of the Government on tourism promotion.

In addition, the Government has widened the policy on tourism, particularly creating favourable conditions for entering and leaving the country, allowing the issuing of visas at Lao Embassies and Consulates abroad and international border checkpoints. As more parties, including the state and private sectors and people, increasingly understand the importance of tourism for the Lao PDR and cooperation with foreign countries and international organisations widens, the number of tourists visiting the country has been increasing rapidly. In the first year that the country was opened to foreign tourists, 1991, the number of tourists that visited the country was 37,613. In 2004 this number reached 894,806, an average annual increase of 27.61 percent. This impressive increase has been due to the conflux of many factors including Lao PDR's hosting of the ASEAN Tourism Forum and ASEAN Tourism Fair in 2004, which was an historical event for the country and had a large impact on the nation's tourism. Tourism creates opportunities to publicise Lao PDR to the world, particularly to disseminate policies of the Government on socio-economic development and show the world the country's readiness to be the new tourism destination of ASEAN and the region. It is projected that by 2010 the number of tourists visiting the Lao PDR will reach 1.5 million.



## Industry and handicrafts

During the past 30 years, the industry and handicrafts sector has developed consistently. The number of factories increased from just over 100 in 1975 to 26,200 this year. There are 119 large factories, 623 medium sized factories and 25,458 small factories, 95 percent of which are processing factories, including agricultural produce processing (66 percent), food processing (four percent), wood processing (four percent), car assemblies (five percent), construction material producing (four percent), garments (three percent) and others making up the final nine percent.



These factories have created jobs in the industrial sector for over 100,000 people. Female labours in the garment sector cover 80 Percent of the jobs created. To date, industrial products have sprouted with different quantity and quality in each locality in order to meet the increasing demands of domestic and international markets. In the past five years (2001-2005) average industrial product values increased by 11.46 percent per year, and by the end of 2005 the sector is expected to make up 27 percent of GDP.

The processing industry increased 11.51 percent, the electricity sector was up 0.47 percent, and at the present time the country's electricity production capacity is 690.2MW (up from only 33MW in 1975). 96.5 percent of districts, 33.17 percent of villages and 45 percent of households in the country have access to electricity.

The mining sector increased by 33.8% and there are 90 currently companies that have been issued licenses to invest in the Lao mining sector, 34 of which are foreign owned and 56 local. Since 2003, gold and copper exploration and production has also kicked off in the Vilabouly district of Savannakhet province.

The most effective businesses in the industry and handicraft sector are joint ventures between the Lao Government and foreign companies. These account for around two thirds (about 69 percent) of the investment. State enterprises make up 20.4 percent and the private sector accounts for 10.2 percent.



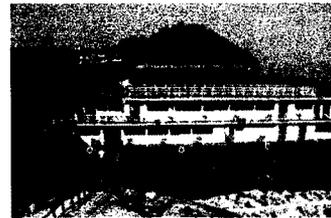
## Communication, Transport, Post and Construction: Spearhead of the National Economy

The Communications, Transport, Post and Construction (CTPC) sector is one of the priority areas on which the Government is focusing in order to turn the Lao PDR from a land-locked to a land-linked country. This aim connects well with the shift the country is undergoing towards industry and modernisation and the reduction of poverty for people of all ethnic groups. Each year the Government invests 30-50 percent of the annual state budget in maintaining and developing CTPC infrastructure. Moreover, it established a road maintenance fund in 2001 in order to facilitate the construction and maintenance of roads.



Thanks to these endeavours CTPC has developed more quickly in recent years than ever before in the history of Lao PDR. To date, road access (year-around and two-layer paved roads) has been made available in all the chief districts of the provinces and 125 other districts, leaving only 17 districts with unpaved roads. At the present time, the length of roads in the Lao PDR is 31,209km, a four-fold increase when compared with 1975. This figure includes 4,497km of asphalt roads (a five-fold increase, compared with 1975), 10,097km of gravel roads and 16,600km of dirt roads. Over 1,000 bridges have been built in the last 30 years, including nearly 500 permanent bridges (two Mekong River bridges have been completed and another one is under construction). Since 1975 roads have increased at an average rate of over 800km a year. This is big achievement of the Party, Government and people of Lao PDR.

Water transportation has also been improved. River ports and embankments at many points along the Mekong River have been constructed and navigation on northern sections of the river has been improved to facilitate water transportation in the four northern Mekong countries: Laos, Thailand, Myanmar and China.



Overland goods and passenger transportation in the country and border areas has also increased consistently. The amount of goods transported by land in 2004 reached 2,351,000 tons, an 84.4 percent increase compared with 1976. The number of passengers transported by land was 31 million, a 1,411.8 percent increase compared with 1976. The total amount of goods transported by water has also increased, but has been limited by the need to improve the navigability of the northern Mekong.

The country's air transportation system has also stepped forward. In 2000 there were over 440,000 air passengers, while in 2004 there were over 384,000. In 1976 only 16,000 passengers travelled by air, so the increase is particularly impressive. In order to both facilitate the increased air traffic and cope with increased passenger numbers, Wattay International Airport was improved to meet international norms and is now able to provide landing facilities for Boeing 747 and other large airliners. The Government has also improved the management system of the flights passing through the Lao PDR. This helped to generate USD 23 million in 2004, a 27.8 percent increase compared with 1978.

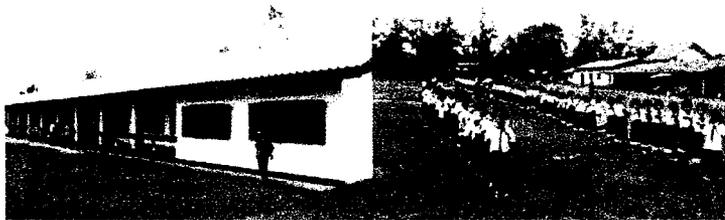
Post and telecommunications have also developed faster since 1990, due to the use of progressive and modern technologies. Thanks to this, service has become better and prices are more affordable. In 2004 there were 23 automatic telephone centres and the number of mobile telephone centres increased from one in 2001 to four in 2005. There are over 400,000 fixed line and mobile subscribers, an average of 6.5 users per 100 people. This is more than double the 2005 target of three numbers per 100 people.



Today telecommunications networks cover over 80 districts throughout the country; there are 104 post offices, 130 distribution points, over 23,000 PO Boxes, 117 branches selling stamps and 11 postal saving services. The postal service has been improved and, consequently, the volume of mail has increased.

Urban planning and water supply have strongly developed since 1995. Investments in the sector have been injected into urban infrastructure development, water supply and public facilities that have been constructed and improved widely in cities and rural areas. Particular

focus has been placed on organisation buildings, schools, hospitals, markets, trade centres, factories, restaurants, hotels and houses, all of which have seen a surge in construction. Vientiane Capital and second-level cities have been improved under the Asian Development Project, which aimed to help them create a new face. 96 urban planning projects have been completed in Vientiane Capital, provincial chief districts, districts and developing villages. The country's water supply has also been improved. There are now some 38 water supply plants in provincial chief districts and districts, an 18.75 percent increase compared with 2000. Nearly 40 percent of the total population now have access to the water supply systems.



## Education

In the realm of education the Party and Government pay attention to two aspects: the first is to build political and socialist ideology and awareness of the laws and regulations of the country; the second is to build people with excellence in professions and techniques, in order to gradually catch up with the world community. Moreover, the goal is also to expand the educational system in order to create a society of wise people with good morals and skills in the sciences, arts, sport and labour, and combine the education in school with the education in the home and society at large.

Over the past 30 years the education networks have expanded widely at all levels from childcare to university. The education system in both the state and private sectors has increased in quality and the curriculum and teaching have both improved.



The teacher shortage and non-qualified teacher issues have been resolved through heightening their roles. At the same time teachers have been guaranteed suitable recompense in line with their enhanced responsibilities. Libraries, data and information and textbook supplies have gradually improved. Vocational schools, universities, some high schools, provincial education offices and departments of the Ministry of Education have been computerised and in the present time an Internet connection is under development in order to better manage data and information in the education sector. Educational infrastructure, particularly training centres, laboratories, technical facilities and other necessary buildings have been constructed and are able to meet the demands of students and teachers.

Nationally, there are now 967 nurseries and kindergartens, including 136 private, an 11.5 percent increase compared with the previous year. There are 2,679 crèche attendants and kindergarten instructors and 45,166 pupils, an 8.2 percent increase, compared with the previous year. The enrolment rate reached 8.17 percent, a 0.07 percent increase towards the 9.0 percent target.



There are 12,438 primary schools in the country, including 184 private and 10 schools for monks, a 0.9 percent increase compared with the previous year. There are 27,618 teachers, including 772 working for the private schools, 890,821 students, including 369

monks and 21,020 private school students, a 0.7 percent increase compared with the previous year. Nationally, the average classroom contains 31 students, while the ratio of students to teachers is 32:1.

There are 952 secondary schools nationwide (638 lower secondary, 30 upper secondary and 284 combined), including three ethnic boarding schools, 34 private and 34 schools for monks. The number of secondary schools has increased by 2.8 percent compared with the previous year. There are 14,637 teachers, including 305 private school teachers, 297 monk teachers and 144 pedagogic advisors, a 4.65 percent increase compared with the previous year. There are 388,053 students, including 6,198 private secondary school students, a 3.51 percent increase compared with the previous year. The average lower secondary school classroom has 47 students, while the average upper secondary school classroom has 55. The student teacher ration across high school classes is 27:1.

There are now 10 pedagogical schools (with the exception of the National University of Laos, Champassak University and Souphanouvong University), including five pedagogic colleges, three schools to train crèche attendants and kindergarten instructors, one school to train fine arts teachers and one school to train physical education teachers. There are 616 teachers and 17,635 students at these institutions. 3,346 students in their final year, including students in the Faculty of Education, are now preparing to be teachers. Nationally, there are 44 technical and vocational schools, including 11 private schools and 19 schools under other ministries. There are 1,230 teachers and 24,264 students in these schools, including 2,902 in their final year.

There are now 33 universities and colleges across the country, including 27 private colleges, a 33 percent increase compared with the previous year. There are 1,702 teachers, a 6.86 percent increase compared with the previous year, and 39,921 students, including 24,634 students in the private colleges. Besides the normal educational system, there is the special system of the National University of Laos where 12,249 students study for higher diplomas and bachelor degrees. Some officials and students have also been sent abroad in order to further their education in specific areas.

When compared with 2003-2004, the education sector has greatly expanded; both in quantity and quality. The number of students in the pedagogic schools has increased 29.46 percent, the number of vocational school students is up 22.73 percent and the number of university students has risen by 41.44 percent. Two faculties of the National University of Laos, Economics and Management and Natural Sciences, have commenced Master degree courses.

## **Public health**

In the last 30 years, the Lao public health sector has grown satisfactorily and it has developed a new face, and is now seen as a good basis for disease prevention, treatment and the formulation of the next five-year plan to modernise the public health system and integrate it into regional and international development. Since the country's liberation the country's public health networks have grown by 91 percent, covering the poor districts. Village medical kits were set up and number of village public health volunteers reached 16,618; the number of midwives reached 5,227; and the number of village doctors rose to 534. The public health sector in 2004 had 11,326 medical personnel and ancillary, including 310 post-graduates, 1,710 diploma graduates, 3,860 technically-trained clinical staff and 5,656 certificate-level staff. 726 dispensaries were built (692 on operation) and there are 127 district hospitals, 12 provincial hospitals, one special zone hospital, five regional hospitals, three central hospitals, 254 private clinics and 1,977 pharmacies.

**Vaccination:** The Government has been able to gradually improve the living conditions of people all over the country by focusing on the supply of medical information available and ensuring all villagers are taught basic hygiene rules. Access to clean water supplies has reached 64 percent and 42 percent of households now have access to lavatories. Impregnated and non-impregnated mosquito nets are being used. Due to these factors the morbidity and mortality rates have been reduced. Breast feeding of infants is being encouraged and salt has been iodised and mothers and children have been vaccinated against several common preventable diseases.

The public health sector has planned for the next five years to implement disease prevention programmes. Access to clean water supplies is projected to reach 75 percent, access to household lavatories to 60 percent, access to school lavatories to 30 percent, vaccination will climb to over 80 percent, the birth rate is projected to be reduced by 3.7 percent, maternal mortality is projected to drop to 200 out of every 100,000, while an infant mortality reduction programme aims to reduce infant mortality to 40 children out of every thousand. For children under five the figure is more likely to be 60 per 1,000.

**Treatment:** Medical personnel have been recruited and trained to give emergency treatment and first aid. They are now working in the Emergency Section, External Section, Birth Delivery and the Female and Childhood Disease Section at 15 district hospitals, 17 provincial hospitals and one special zone hospital. Infrastructure facilities in some central and provincial hospitals have been improved. The provincial hospital in Phongsaly province was improved and new hospitals were constructed in Luang Namtha, Oudomxay and Luang Prabang provinces. Provincial hospitals in Sayaboury, Savannakhet and Champassak provinces have been extended. Central hospitals, particularly Mahosot Hospital, the Friendship Hospital, the Children and Mother Health Institute, the Eye Treatment Centre and the Rehabilitation Centre were extended. A new hospital, called Setthathirath, has been built.

The public health system has set up a development plan for the next five years. It is seeking to upgrade services at the district level in order to handle first instance and emergency treatment; to upgrade the services of the provincial hospitals, particularly small hospitals, to enable them to treat emergencies concerning external treatment; to improve medium-sized hospitals to be on par with large ones; to improve hospitals in big provinces to be at the same level as those at regional and central level; and to improve the central hospitals in order to have them approach the standard of major hospitals in the region.

**Food and drugs:** There have been several units set up around the country to produce medicines both for the domestic market and export. These include six (Western) pharmaceutical factories, which together produce 634 items of modern medicines, and three (Traditional) pharmaceutical factories, which together produce 62 items of traditional and herbal medicine. There are high quality traditional medicines produced, such as medicines to treat dysentery and medicines to cure stomach and intestine problems, which are made from plants. These medicines are consumed locally and also increasingly exported to other countries. Pharmaceutical factories No 2 and No 3 have 52 and 10 items of such medicines respectively.

## **Information**

Based on the stance of the Party and the real situation of the nation, the information sector is seen as a sharp political and ideological tool, a collective propagandist, agitator, and organiser, a forum for expanding democracy and access to information, data and knowledge for the masses, and a source of entertainment. In recent years the mass media sector has developed widely and played a strong role in the dissemination of Party and Government policies,

guidelines, decrees, laws and important historical information, encouraging the masses, building patriotism and love for the new regime and uniting people all ethnic groups in solidarity for national defence and construction tasks. It has congratulated model works and people, indicated new factors and lessons appearing in the working process, disseminated constructive opinions of people on the realities of society and been able to basically meet the demands of the people.

The Party and Government have invested in the improvement of some technical and infrastructure facilities through which the mass media disseminate information. Currently the country has one news agency, three daily Lao language newspapers and two daily English language newspapers. In addition, there are magazines and newspapers aimed at specific sectors of society and over 40 printing presses. Printing techniques have improved and print quality at central and local levels is beautiful and colourful. There are 31 radio stations at both central and local levels, covering 70-80 percent of the country and marking an increase of 17 stations compared with 2000. There are two central television stations and some local television stations along with several cable stations. Mass media organisations have also developed websites in order to better disseminate information both domestically and internationally.

## Culture

Following the advice that “cultural development and building a spiritual civilisation makes society have a worldly outlook, good habits and a progressive vision,” the Party and Government have paid attention to the preservation, building and development of the national culture, by searching for the good cultural values of tribes and other attributes and artefacts involved in the national culture.



Arts, particularly performances, compositions and songs, reflect the real life of the society, as well as the industriousness, courageousness,



solidarity and creativity of people of all ethnic groups in the national defence and construction.

Handicrafts, particularly weaving, pottery, sculpture, carving, painting, photography and silver and gold smithing, that have national significance and unique aspects have been promoted widely and artist's products have become goods for export that are becoming increasingly popular in foreign countries.

Ancient architectures and antiquities around the country have been restored. Today there are 13 museums, 10 traditional exhibition halls, 13 historical-cultural sites at the national level and two world heritage sites. In addition, the Thong Hihin master plan was prepared and presented to the United Nations Educational, Scientific and Cultural Organisation (UNESCO) in order to have the Thong Hihin (plain of jars) area declared the third world heritage site in Laos.

The work of the Mass Culture Department has paid attention to increasing the depth and width of education in lifestyle and fine culture, researching and promoting national customs and traditions along with newly developing cultural forms. Campaigns have focused on rural areas, and, to date, 11,400 cultural



model families and 80 cultural model villages have been declared.

## Sport

In the past 30 years Lao sport has been developed consistently. The Party and Government have actively promoted sports by drawing up a national sport strategy. Sporting administration offices, along with stadiums and training centres both central and local have also been improved and upgraded.



Currently, there are 27 sport federations across the country.

Thanks to these efforts sports in the country have grown and developed.

Besides annual and national



tournaments, Ministries, organisations, and local areas are continually organising sporting competitions of various kinds to promote both physical exercise and to build the community's solidarity. To date, six national games have been organised and traditional sport contest have been held since the beginning of 1999. Apart from sport activities domestically, Lao athletes have been sent to compete in eight sub-regional tournaments and seven regional games and other sporting contests. They have gained some proud achievements at these competitions, including gold medals in table tennis tournament (young female singles) on three continents, Asia, Africa and Latin America, in 1976; a bronze medal in international boxing at the seventh Asian Games in 1990, in China; a gold medal at the Asia-Pacific Petangue Tournament in 2000, in Vientiane Capital; and several medals at the eighth Southeast Asian (SEA) Games.

## Labour and Social Welfare

In compliance with Labour Laws, the Ministry of Labour and Social Welfare has made efforts to gradually organise and regulate the labour force. Workers at production units are protected by the party in coordination with the State and employers in order to prevent and counter illegal activities, such as the use of child and bonded labour. In order to promote employment for Lao people of all ethnic groups, which is suitable to people's abilities and needs, the Ministry has set up artisan skills development centres to train people in key vocations. At present there are 103 centres around the country that have trained 500,000 people. Moreover, some labourers have been sent to train and gain work experience abroad. Even though social welfare is new to the Lao PDR, it has achieved important successes, particularly in the areas of pensions, death allowances, hospitalisation allowances, help for the handicapped, maternity leave with pay, supply of artificial body parts and others. The Government has promoted the social security system to those who work for enterprises. To date, there are 228 business units that have joined the social security system and 23,397 labourers are covered.

The Government has also been working on helping victims of national disasters and resettlement. On average, five billion kip has been allocated to victims each year. Attention has also been paid to the aging, isolated, unprivileged, disabled and orphans. Many associations have been established to see to the needs of such people, including the National Disabled People's Association, the Aging People's Association, the National Committee for Orphans, the National Committee for Disabled People and Lao SOS. Currently, there are five SOS centres in the country. The Ministry of Labour and Social Welfare has, in collaboration

with the Ministry of Defence, Ministry of Security and the Personnel Board of the Party Central Committee, established the Federation of Veterans, a mass organisation at the central level that plays a large role in looking after veterans. Those who contribute to the country have been guaranteed their material and spiritual needs, based on their real conditions. On average, the Government injects at least one billion kip into this sector each year.

## Defence and Security

The armed forces of the Lao people were born of and are made up of people of all ethnic groups and are led and educated by the Lao People's Revolutionary Party. The armed forces are always loyalty to the nation and Party, full-heartedly serve the people and are dedicated to fulfilling their tasks. Over the past 30 years, the armed force of the Lao people have expanded their traditions, strengthened themselves and participated in constructing the Lao PDR with peace, independence, democracy, unity and prosperity. The armed forces of the Lao people in collaboration with the defence and security forces and people of all ethnic groups throughout the country have enhanced and united solidarity and firmly countered and defeated all schemes and acts of sabotage by



hostile elements who have attempted to undermine the unity and security of the nation.

The Armed Forces of the Lao people have actively educated officers, soldiers and policemen to understand the official strategies of "self-reliance, self-sufficiency and self-strength building." They have concentrated on building units to increase income and improve the material and spiritual living conditions of the defence and security officers. In addition, they have participated in the socio-economic development of the country, particularly development projects in remote and mountainous areas, for instance, Laksao in Khamkeuth district, Bolikhamxay province. By implementing the directives of the Party, the Armed Forces of the Lao people, in cooperation with other sectors, have worked at the grassroots level to improve people's democracy administration, helped people to expand planting and animal husbandry and helped expand education and culture in rural areas.

The Armed Forces of the Lao people have continued tightening the traditional and special solidarity and all-round cooperation with the Army and Security Forces of the Vietnamese people. They have also focused on enhancing solidarity with the armies of other socialist countries and conducting regular relations with the armies and security forces of neighbouring countries. The efforts have been made to improve and strengthen the three forces at the national, local and village level, enabling them to be prepared for defending and again gaining victory in the new conditions, and safeguarding the peaceful construction of people of all ethnic groups, the nation and revolutionary achievements.

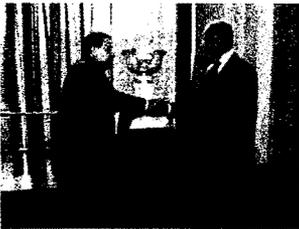
On the occasion of the 45th anniversary of the founding of the Lao People's Army (20 January 1949 – 20 January 1994), General Khamtay Siphandone, President of the Party Central Committee, congratulated the Armed Forces of the Lao people, saying "we are very proud that, even though there are difficulties and hardships, under the leadership of the Party, officers and soldiers of the Armed Forces have expanded the tradition of firm and undefeated battle, sacrificed their lives, followed directives of the Party and people with loyalty, honesty



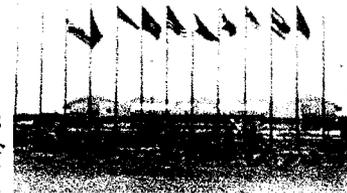
and firmness. The Lao People's Army is honoured to be the heroic army of the heroic Lao people."

Standing at the forefront of the new demands of national defence and construction, the Armed Forces of the Lao people continue implementing the policy on national defence and security for the entire people and all fields by appropriately using tradition and the lessons of the people's war in the new situation and continually improving themselves to be stronger in all fields. First of all, it is important to improve and heighten the political quality of the Armed Forces, build units with strength in all fields and increasingly expand the true spirit and fine traditions of the Armed Forces, which is to actively participate in developing people at the grassroots level, developing rural areas, improving national defence and security networks, aiming to help everyone join the safeguarding of security and the protection of the social order, developing the economy and culture of the nation and ensuring the implementation of the three tasks and four relations of the Armed Forces.

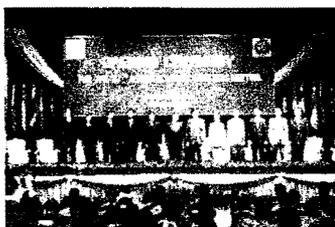
### Foreign relations widened



The Lao People's Democratic Republic has for 30 years consistently pursued a foreign policy of peace, independence, friendship and cooperation with all nations regardless of their political and social systems. This policy is based on the principle of mutual respect for each other's independence, sovereignty, equality and the mutual benefits afforded by cooperation.



The Lao PDR has attached importance to relations with its neighbours. It has particularly stepped up traditional relations of friendship, special solidarity and comprehensive cooperation with the Socialist Republic of Vietnam and strengthened its comprehensive friendly relationship with China. In addition, the Lao PDR has extended diplomatic ties with friendly countries within the region and the world as well as actively cooperated with international organisations and the United Nations agencies and other organisation in the region and world at large. The Lao PDR became a member of the Association of Southeast Asian Nations (ASEAN) on 23 July 1997. This has become a major factor for enhancing cooperation between the Lao PDR and countries in the region and the world. In November 2004 the Lao PDR hosted the 10th ASEAN Summit, which was attended by heads of state and Government leaders from ASEAN countries and ASEAN dialogue partner countries. During its tenure as Chair of ASEAN, the Lao PDR also hosted several other important international meetings, including the 38th ASEAN Ministerial Meeting (AMM), Post Ministerial Conferences (PMC) and the 12th ASEAN Regional Forum (ARF), from 25-29 July 2005; and the 26th ASEAN Inter-Parliamentary Organisation's General Assembly, from 18-23 September 2005. All these meetings were deemed to have been very successful and brought the attention of the world to the Lao PDR.



To date, the Lao PDR has established diplomatic relations with 121 countries, up from only 44 countries in 1976. The Lao PDR has embassies in 24 countries and consulates in six; the country also has a permanent representative office at the United Nations. As a result of this regional and international focus, the Lao PDR's influence, status and roles have been increased in the region and on the international stage. The Lao PDR has won ever-increasing

solidarity, support and cooperation through its relations with different countries around the world. This is particularly important due to the reality of the rapidly changing world. The Lao PDR will exert more efforts to enhance the banner of independence and spirit of self-reliance and self-strength building while soliciting international assistance and cooperation to build the Lao PDR into a strong and prosperous country.

