

LAO PDR COULD OVERCOME LEAST DEVELOPED COUNTRY STATUS WITH AEC SAYS NEW REPORT

(ROAP/15/06)

ILO NEWS (Bangkok) – The Lao Peoples' Democratic Republic (PDR) could be one of the countries to experience the greatest economic gains from trade measures under the ASEAN Economic Community (AEC), according to a new report by the International Labour Organization (ILO) and the Asian Development Bank (ADB).

The ILO/ADB study, "ASEAN Community 2015: Managing integration for better jobs and shared prosperity" says the AEC offers opportunities for accelerated growth and development in Lao PDR, potentially contributing to its goal of graduating from the ranks of least-developed countries by 2020. But this will only happen if decisive action is taken to manage the process effectively.

The report will be presented in Vientiane on Wednesday 25th March, at a national policy dialogue on the AEC organized by the Ministry of Labour and Social Welfare.

The report indicates that the AEC's trade and investment liberalization measures will affect the structure of the Lao economy, jobs, skills, wages, and labour mobility. It also finds that the country's GDP could expand 19.5% by 2025, creating an additional 130,000 job opportunities. More than half of the additional positions, however, may be in vulnerable work.

"Lao PDR recognizes that AEC will bring both important opportunities and challenges to the country, and we will do our best to prepare for integration to ensure that its prosperity is enjoyed by all," said Mme. Baykham Kattiya, Vice Minister of Labour and Social Welfare of Lao PDR.

Maurizio Bussi, Officer in Charge of the ILO Country Office for Thailand, Cambodia and Lao PDR, warned that the uneven distribution of benefits could exacerbate existing economic and labour market weakness, if not properly managed.

"Productivity and wages in Lao PDR are lower than in other ASEAN Member States and without substantial improvements in education and skills development, Lao PDR may miss the opportunity to reap the job prospects of the AEC," said Mr Bussi.

The ILO-ADB study highlights five priority areas for action. These include investment in infrastructure to boost productivity and income in rural areas, technology dissemination, education, and increased access to capital, market information, and trade facilitation.

Secondly, national education and skills development should be enhanced. Quality basic education should remain a priority, while secondary education and technical and vocational training (TVET) will become increasingly significant as the country industrializes.

Thirdly, social protection coverage needs to be extended, including social security insurance which covers both formal and informal sectors and the poor. This will help mitigate the effects of economic transformation and facilitate human capital development and poverty reduction.

Decent employment opportunities and better wages should be promoted to help the country tackle poverty and move away from least developed status.

Finally, there is a need to improve both the protection of migrant workers and systems for recognizing their skills, particularly in sectors dominated by low and medium-skilled workers such as agriculture, construction, and domestic work.

For further information please contact:

Ms Khemphone Phaokhamkeo
ILO National Coordinator in Lao PDR
Tel.: 020 5662 1760
khemphone@ilo.org