



Laos in 1997: Into ASEAN

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# LAOS IN 1997

## *Into ASEAN*

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Martin Stuart-Fox

On July 23, 1997, the Lao People's Democratic Republic (LPDR) and the Republic of the Union of Burma (Myanmar) formally joined the Association of Southeast Asian Nations (ASEAN) on the organization's 30th anniversary. Only domestic political turmoil prevented Cambodia from joining as well to complete the membership of all 10 Southeast Asian states.

Laos made something of the occasion. President of the Lao People's Revolutionary Party and Prime Minister Khamtai Siphandon addressed the nation on Lao Television, while Foreign Minister Somsavat Lengsavat was guest of honor at a gala ASEAN night. But while most Lao who had heard of ASEAN welcomed their nation's membership, there was some concern over whether the LPDR would be able to meet the new demands it would inevitably face. Throughout the year, a series of workshops and seminars were held for trade officials, journalists, and others on ASEAN and implications of Lao membership. English-language training, in particular, was stepped up for civil servants and diplomats, with groups undertaking intensive courses in English and ASEAN affairs in Thailand, Singapore, and even Brunei. A 14-member department of ASEAN Affairs has been established in the Lao Foreign Ministry and is due for expansion, while Lao newspapers have extended their coverage of other ASEAN member states.

What most concerned thoughtful Lao, however, was the pace of change and the impact this was having on both the Lao material and social fabric. Two indications of this concern were the effect of tourism and the need to strengthen national identity. In 1990, 14,400 tourists visited Laos; in 1996 the number was 403,000 bringing an estimated \$31 million into the country.<sup>1</sup>

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1. Economist Intelligence Unit (EIU), *Country Report: Cambodia and Laos* (hereafter *Country Report*), 2nd quarter, 1997, p. 35; and *Vientiane Times*, November 29–December 3, 1996.

In 1996, 50,000 tourists visited Luang Phrabang—about one per inhabitant; the tourist development plan for the city caters to an increase of four times that figure. Even though the airport has been upgraded and a new terminal built, the pressure on facilities will be enormous, and the Lao fear that such social ills as prostitution and HIV/AIDS will follow.<sup>2</sup> Though American and European visitors are increasing in number, most tourists visiting Laos are still Thai. Thai investment is greater than that of any other country, Thai donations go to repair Buddhist temples, and most lowland Lao daily watch Thai television. Given that 20 million Lao (Isan Thai) live in northeastern Thailand, growing Thai influence is seen as a threat to national identity.

In response, the regime is emphasizing the uniqueness of Lao history and culture. The great kings of Lao history, including King Anuvong of Viang Chan who fought for Lao independence against the Thai, are to have statues erected in their honor. In January 1997 a three-day seminar at the National University of Laos drew a hundred participants “to study the struggles of the Lao people under the leadership of King Anuvong”<sup>3</sup>; several important historical monuments are being restored; and seminars were held on protection of the national heritage and of minority cultures. In February, the Fifth National Games became a celebration of Lao culture.

If praise of past kings seems an odd preoccupation for a communist regime, its revolutionary roots were not entirely forgotten. A six-meter-high bronze statue of the LPRP’s first secretary-general, Kaison Phommavihan, arrived from China, while the first of three monuments to Vietnamese killed in Laos during the Vietnam war was erected on the Plain of Jars. No doubt is left that the Lao People’s Revolutionary Party alone wields power. On December 21, elections were held for the fourth legislature of the Lao National Assembly. In all, 160 candidates, all but a handful of them members of the LPRP, contested 99 seats (increased from 85 in the third legislature). While the last assembly was at times reluctant to act purely as a rubber stamp for party and government policy, no one expects the fourth legislature to do anything but toe the party line.

## Economic Development

Membership in ASEAN will have a long-term effect on the direction of Laos’s economic development. Laos has been given until 2008 to meet ASEAN Free Trade Area (AFTA) requirements to reduce tariffs on most goods to below 5%. This should encourage both trade and investment but

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2. HIV/AIDS is receiving increasing publicity. Cf. *Vientiane Times*, July 2–5, 1997; August 20–22, 1997.

3. *Vientiane Times*, January 21–23, 1997.

will force the government to introduce fiscal reforms to make up for the 20% of total revenue it currently derives from tariffs.<sup>4</sup>

Laos will also become more fully integrated with its ASEAN neighbors. Overland routes through Laos are seen as essential to increase trade between Thailand and Vietnam and between Thailand and southern China (Yunnan). Bridge and road construction are now priorities, with aid donors and international lending institutions concentrating on infrastructure development. Japan has offered to fund construction of two more bridges over the Mekong, and the Asian Development Bank (ADB) is undertaking feasibility studies for yet another. Construction of a rail connection between Nongkhai in Thailand and Vientiane across the Friendship Bridge was scheduled to begin toward the end of 1997. Far more ambitious, however, are plans for a pan-Asian rail line from Singapore to Kunming to pass through Laos, a project that has received backing from China, ASEAN, and the ADB.

The other principal sector on which large sums are being expended is construction of hydro-dams. The largest of these is the Australian-French-Thai-Lao joint venture to build the 681 MW Nam Theun II dam on the river of the same name in central Laos. The project, which has strong government support, will cost \$1.5 billion, and is expected to be funded by the World Bank.<sup>5</sup> But the dam has come under sustained criticism from environmentalists, and the collapse of the Thai economy may make the economics of electricity sales to Thailand problematic. Other, smaller dams are, however, going ahead in both northern and southern Laos, and an agreement to sell electricity to Vietnam will soon come into effect. The hope is that electricity sales along with timber, minerals, and agriculture will, in the long run, correct the LPDR's chronic balance of trade deficit. The 1996 trade statistics show that imports amounted to \$689 million (two-thirds from Thailand), while exports totaled only \$325 million (one-third to Thailand).

Another major area of expenditure is communications. Laos's first communications satellite was due to be launched on a French Ariane V rocket on December 2, the country's national day, and a second will be launched six months later. A ground station is being constructed on the outskirts of Viang Chan with a back-up station in Perth, Australia. Total cost is expected to be around \$500 million, 20% provided by the Lao government and 80% by the Thai-owned Asian Broadcasting and Communications Network.<sup>6</sup>

The goal is for Laos to drag itself out of least-developed-nation status by the year 2020—it is currently 136th out of 175 countries on the United Nations Human Development Index with a per capita income of \$385, life ex-

4. *Country Report*, 3rd quarter, 1997, p. 26.

5. *Nation* (Bangkok), May 9, 1997; and *Vientiane Times*, October 4–10, 1996.

6. Radio Vientiane, March 4, 1997 (FBIS, *DR/EAS*); and *Vientiane Times*, February 21–24, 1997.

pectancy of only 52 years, literacy of 68.6% for men and 42.7% for women, and a primary school completion rate of only 41%.<sup>7</sup> There is thus a desperate need to develop the nation's human resources. Both the World Bank and the ADB have provided long-term soft loans but the task is immense. In 1997 the economy again suffered from severe floods that forced the government to call for donations of rice. Worst hit were southern and central provinces. The World Food Program appealed for \$14.9 million to feed the estimated 420,000 people affected. Meanwhile, the international community agreed in Geneva to provide \$1.2 billion in aid to Laos over the three years to 2000, with Japan, Germany, France, Sweden, and Australia the main donors.

### Foreign Relations

ASEAN membership is already having an impact on Laos's foreign relations. Throughout the year a string of ASEAN heads of state, prime ministers, and foreign ministers visited Vientiane. President Suharto of Indonesia led the way in February, followed by Prime Minister Goh Chok Tong of Singapore in March, Thai Prime Minister Chavalit Yongchaiyudh in June, Vietnamese Prime Minister Vo Van Kiet in August, and President Fidel Ramos of the Philippines in October. Agreements on agriculture, health, narcotics control, and cultural exchange were signed. Singapore has opened an embassy in Vientiane, and Brunei is to follow suit.

Cambodian Prime Minister Hun Sen also paid a visit in April when it was anticipated that Cambodia too would join ASEAN in July. Agreements on economic and cultural cooperation were signed. Prime Minister Khamtai Siphandon visited Burma in March, building on the warm relations that have developed between the LPDR and the military regime in Rangoon.<sup>8</sup> Little of substance came out of the visit; even an agreement on drug control was more international window-dressing than a serious step toward curtailing the opium trade.

In April Khamtai made state visits to Cuba, France, and India, a choice of countries that was certainly significant. The visit to Cuba was stronger on rhetoric and symbolism than on substance but Khamtai's visit to France, where he met President Jacques Chirac, was much more significant. France is fighting a rear guard action to keep Laos within the so-called Francophone group of countries, even though English is by far the preferred foreign language for young Lao. More importantly, France is a major aid donor, trading partner, and source of investment capital for its former protectorate, and Khamtai met representatives of several French companies with economic interests in Laos. In India too the emphasis was on investment and trade.

7. *Vientiane Times*, October 18–21, 1997.

8. Radio Myanmar, March 29, 1997 (FBIS, *DR/EAS*).

Yet for all the broadening of Laos's foreign relations, those with the country's most powerful neighbors still dominate. Relations with Vietnam continue to be close. Perhaps it is significant that only now when seven of the nine members of the LPRP Politburo have a military background are a series of monuments being erected to commemorate Vietnamese war dead in Laos and more than 3,500 Vietnamese "volunteers" awarded Lao service medals. Several defense and interior ministry delegations exchanged visits, and a protocol was signed on cooperation and mutual assistance between the Vietnamese and Lao armed forces.

Relations with Thailand were, as ever, more problematic. Despite yet another visit by Thai Princess Sirindhorn in January, relations were strained by a number of incidents. Laos protested violation of its air space by Thai aircraft, and there was outrage when Thai police locked up four Lao women in a cell with Thai male prisoners who raped them repeatedly. Despite this, however, demarcation of the Thai-Lao border began at last as both countries talked up the importance of their mutual relationship.<sup>9</sup>

Looming over relations with Vietnam and Thailand were those with China with whom several delegations were exchanged. Foreign Minister Somsavat Langsavat was in Beijing in August stressing neighborly coexistence, and the Chinese have agreed to build a large Lao National Cultural Complex in downtown Vientiane. Japan, however, remains the LPDR's principal aid donor. The Japanese presence in Laos is low-profile but influential. The United States, by contrast, gives very little aid to Laos, despite the fact that a study showed that unexploded American bombs have killed or wounded 11,000 Lao since bombing stopped in 1973.<sup>10</sup> U.S.-Lao relations will, however, receive a boost when, as was expected by the end of 1997, Washington grants the LPDR most-favored-nation status.

In conclusion, therefore, 1997 is likely to go down as a significant year in the nation's history. Now that Laos is a member of ASEAN, there is no going back, even though the long-term implications are likely to be greater than anyone yet realizes.

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9. *Bangkok Post*, March 15, 1997.

10. *Country Report*, 3rd quarter, 1997, p. 28.