

LAO
PEOPLE'S DEMOCRATIC REPUBLIC
LIANE THYKEO, Governor ad interim

I am greatly honored to represent the Government of the Lao People's Democratic Republic (Lao PDR) at the 34th Annual Meeting of the Board of Governors of the Asian Development Bank (ADB). First of all, allow me to begin by congratulating the Chairman for the high-quality organization and preparation of this annual meeting. I would also like to express my thanks and appreciation to the government of the United States and the people of Hawaii for the warm welcome given to our delegation.

The present annual meeting of the Board of Governors of ADB is held in the environment in which the recently gained momentum of recovery of the crisis-hit economies of the region and the world is being faced with challenges of global economic slowdown.

As for the Lao PDR, which was quite adversely impacted by the regional financial and economic crisis, it posted a gradual recovery in the recent past. The Lao Government exerted efforts, through application of policies and measures, to promote the real sector activities, while also pursuing prudent and tight fiscal and monetary policies. As a result, our economy has registered quite an important macroeconomic performance during the year 2000. Real GDP growth, though moderated somewhat, remained relatively strong at about 5.7 percent. Exchange rates stabilized and inflation was reduced from 86 percent at end-1999 to 11 percent at end-2000. The major contributor to the sustained high GDP growth was the agricultural sector, particularly rice paddy output, which reached 2.1 million tons, enabling the country to be self-sufficient, with some excess for exports.

Stabilization efforts will continue in the year 2001 as part of a three-year program, supported by the Poverty Reduction and Growth Facility of the International Monetary Fund. In this connection inflation is to be reduced to about 9 percent at end-2001, and exchange rate stability will be maintained. Real GDP growth for 2001 is projected to remain at the same level as the year 2000, reflecting the impact of the regional economic slowdown on exports and foreign direct investment flows. To promote growth, efforts will also be made to restructure the state-owned commercial banks and enterprises.

Over the medium and long term, the Government of the Lao PDR remains committed to implementing the socioeconomic development plans for the period up to 2005 and 2020, which were recently endorsed by the Seventh Party Congress. In this connection, plans for eight priority areas will be implemented, with focus on exploiting the country's natural resources, while protecting the environment in order to gradually reduce poverty and eventually graduate from the least developed country status by end-2020.

Our Government acknowledges the fact that the success in implementing our socioeconomic plans requires continuing and increasing support from the international community. Therefore, on behalf of the Government of the Lao PDR allow me to express our sincere thanks and appreciation to ADB, other international financial institutions, and all friendly countries of the world for the invaluable support and assistance given to our country in the past. We sincerely hope that such assistance and cooperation will be further enhanced to help us attain our set goals. Apart from concessional loans, we also require loans with commercial terms for such viable foreign exchange earning projects as those in the hydropower sector.

In conclusion, we would like to thank the President and all ADB staff for the assistance granted to our country. We would also like to wish the Chairman good health and great success in conducting this annual meeting.