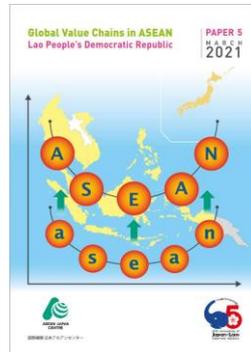


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ASEAN-Japan Centre

**Proactive participation in global value chains is a recommended development path for Lao PDR,
says the report by the ASEAN-Japan Centre, released today**



“Global Value Chains in ASEAN: Lao People’s Democratic Republic” is available for download on

Lao PDR is a country rich in natural resources and associated with underdeveloped manufacturing. The country needs to acquire more technology and know-how in agriculture, manufacturing and services production by extending its engagement in global value chains (GVCs), says the *Global Value Chains in ASEAN: Lao People’s Democratic Republic* (https://www.asean.or.jp/en/centre-wide-info/gvc_database_paper5/), released by the ASEAN-Japan Centre (AJC) today.

This report is also prepared in the context of celebrating the 65th anniversary of Japan-Laos diplomatic relations.

GVC participation is low as shown by the small share of foreign contents or foreign value added (FVA) in gross exports, which is only 6%. Domestic value added (DVA) accounts for the balance of 94 per cent, because most value added products are resource-based (e.g., copper ores, electricity) and do not require inputs from foreign companies.

Lao PDR is categorized as a country with limited manufactured commodities. The manufacturing sector leads in GVC participation, though it is far smaller than that in other ASEAN countries. It is followed by the extractive (agriculture and mining) sector, then the services sector. The low participation in GVCs implies that industrial development in the country has not reached the complicated technological production stage as in many advanced ASEAN member countries.

Thailand, China and Viet Nam are significant contributors to Lao FVA, while the European Union (EU) and Japan play smaller parts. These countries are also major contributors to Lao value added incorporated in other countries’ exports (DVX). The small share of FVA indicates that Lao PDR imports fewer value added products for manufacturing, and more for consumption. Companies based in Lao PDR that are involved in GVCs are still limited in number.

Because the relationship between GVC participation and economic growth is positive, greater participation in GVCs could strengthen the Lao economy. It is thus essential to expand GVC participation and upgrade industries by promoting four important determinants of participation: logistics, policies, market accessibility, and labour and capital endowment. To spread benefits to all, the government should improve coordination between relevant agencies and the private sector.

To view and download the report, please visit the AJC website as below.
https://www.asean.or.jp/en/centre-wide-info/gvc_database_paper5/

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