

# Business

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Tuesday October 7, 2014

## World Bank expects slower growth in Lao economy

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The growth of the Lao economy is estimated to moderate to 7.5 percent in 2014, while the growth outlook in 2015 is projected to slow, according to the latest World Bank update announced yesterday.

The report stated that the moderation to 7.5 percent growth in 2014 is due to lower direct output from the resources sector and some tightened fiscal measures.

Meanwhile the growth outlook in 2015 is set to slowdown, with a projected growth of 6.4 percent, reflecting the implementation timing of new power projects, the effects of tighter fiscal policy, an expected decline in wood exports after the recent surge, and projected mild growth in neighbouring countries.

Chief Economist of the World Bank's East Asia and Pacific Region Mr Sudhir Shetty spoke via a video conference link from Singapore noting that smaller economies in the region will be required to look at the fiscal deficit reduction and to tighten monetary policy.

"In particular, Laos and Mongolia need to reduce the fiscal deficit and tighten monetary policy in order to deal with risk and embark on a path of sustainable growth," he recommended.

Amongst the other Asean countries, Laos will be required to draw attention to education and skill development and improvements to the investment climate, Mr Shetty said in response to a question raised by a Lao economist via an electronic conference.

In 2014-15, the countries with a small population and small economy will be dependent on foreign assistance; yet somehow the rate of economic growth remains higher than the economies of other bigger countries.

According to the East Asia Pacific Economic Update released by the World Bank yesterday developing countries in East Asia Pacific will see slightly slower economic growth this year but the pace of growth in the region, excluding China, will pick up next year, as the gradual recovery in high-income economies increases demand for exports from the region.

"Still, developing East Asia Pacific remains the fastest-growing region in the world," the East Asia Pacific Economic Update confirmed.

The World Bank Laos Office also announced that the key growth drivers in 2014 are expected to come from robust activity in the construction and construction-related industry in the resource sector and related spillovers, wood exports and services.

"Lao economic growth has moderated but it remains high, thanks to the contribution from the energy sector to boost other sectors," the World Bank Laos Office's Economist Ms Keomanivone Phimmahasay said.

As the forecast for economic growth is expected to see slower growth next year but in this case it will be a temporary episode. However the economists also warned the government to not only look at the figure of economic growth and stressed that reducing poverty rates should be a priority.



Economists of the World Bank Laos Office, representatives from the government sector and other foreign guests attend the video conference in Vientiane yesterday.



Deputy Minister of Justice, Mr Ket Kiettisack (second from right) participated in the DFDL Legal & Tax 20th anniversary. He is joined in this photo by Mr Rupert J.W. Haw, DFDL Lao PDR Managing Director (far left), Mr David Doran, DFDL Partner and Chairman (second from left) and Mr Lasonexay Chanthavong, Executive Committee Member of the Lao PDR Bar Association and Head of DFDL Regulatory Practice.

## DFDL Legal & Tax celebrates its 20th anniversary

Advertorial Desk

Founded in a modest shop house in Vientiane in 1994 as the first international law firm in the Lao PDR, DFDL Legal & Tax has since expanded to 12 offices in eight countries with more than 130 local and foreign legal professionals and over 300 staff. In celebration of its anniversary, DFDL in the Lao PDR hosted a reception at the ASEM Villa Clubhouse on Tuesday September 30.

Guests included senior government officials, DFDL's valued clients and representatives from embassies, international organisations and the business community. The reception gave DFDL the opportunity to thank the many people past and present who have contributed to the firm's success.

DFDL's 20th anniversary celebrations in Vientiane and throughout the region provide an opportune moment to reflect on the firm's modest beginnings in the Lao PDR 20 years ago.

"DFDL is a wonderful regional success story, not only for our firm, but also for Laos," said the Managing Director of DFDL Lao PDR, Rupert Haw. "I am sure we are one of the few businesses which started in Laos and have gone on to have such a significant

presence in Asean and beyond. I am truly proud of our Lao roots."

DFDL now has offices in Bangkok, Dhaka, Hanoi, Ho Chi Minh City, Jakarta, Nay Pyi Daw, Phnom Penh, Singapore, Yangon and Vientiane. DFDL distinguishes itself by emphasising the importance of legal compliance as a key element of managing risk in emerging markets. A strong culture of compliance reduces legal risk, establishes sound commercial fundamentals for further investment and ultimately demonstrates that the process of opening an economy to international investment can be a positive experience for the host country.

In the Lao PDR, DFDL relies on the support and guidance of its Lao lawyers who are members of the Lao Bar Association. The firm advises foreign investors and international organisations on all aspects of commercial, tax, financing, corporate, employment and real estate matters. The firm's 14 Lao and foreign advisers combine their international experience with in-depth knowledge of the local environment. The firm has advised on key projects since the office opened, including large hydro-electricity and mining projects as well as the first thermal power project in the Lao PDR.

## Samsung, Hyundai fined for collusion

SOUL (The Korea Herald, ANN) -- South Korea's antitrust watchdog said Sunday it had fined Samsung C&T and Hyundai Development Co., two of Korea's top 10 builders, a combined 19 billion won (US\$17.7 million) for colluding in 2009 to fix the bidding price for the third stage of a construction project to build Seoul subway Line No. 9.

The Fair Trade Commission slapped the construction arm of Samsung Group with a fine of 16.2 billion won, while Hyundai Development was fined with 2.7 billion. The watchdog added it would report irregularities by the two builders to the prosecution.

According to the authorities, the two builders colluded to keep

the bidding price high to increase profits.

Samsung won the deal, writing down 94.1 percent of the expected 199.8 billion won bidding price. Hyundai lost the deal with a 94 percent bid.

"The reason why the two builders wrote down 94 percent is because both knew that the rate was the highest bid for maximum profit without getting caught," said Shin Young-ho, an FTC official.

The watchdog tends to crack down on companies that bid more than 95 percent of the expected price on both cartel and price-rigging suspicions.

Samsung C&T's project to build the 1.56-kilometre-long subway

Line No. 9, which stretches from Jamsil Hospital in Samjeon-dong of southern Seoul to Seokchon Station in Seokchon-dong, received media attention in August when an 8-metre-long, 2.5-metre-wide and 5-metre-deep sinkhole was found near the construction site.

After a site inspection, the Seoul Metropolitan Government concluded that subway construction under the road by Samsung C&T caused the sinkhole. Samsung's construction arm vowed to restore the sinkhole with grave responsibility.

The FTC said it was looking into possible additional price rigging cases in other construction sections of Line No. 9.



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Exchange rates as of October 6, 2014		
Banque pour le Commerce Extérieur Lao		
Foreign Currencies	Buying	Selling
US Dollar 50-100	8,040	8,070
Thai Baht	247.71	248.95
Euro 50-500	10,045	10,094