



PM Sisavath Keobounphanh greets his Thai counterpart Chuan Leekpai as the latter arrives at an official welcome ceremony in front of the National Assembly.

New step in Lao-Thai relations

THAI Prime Minister Chuan Leekpai officially visited Lao PDR from May 26 to 28 as the guest of Prime Minister Sisavath Keobounphanh.

The Thai Prime Minister was welcomed at the National Assembly, and the two Prime Ministers held talks at the Prime Minister's office on issues related to enhancing the relationship between the two neighbours. They briefed each other on socio-economic development in their respective countries, reviewed bilateral relations and cooperation, and planned for future cooperation in their mutual interest, to contribute to the greater unity of the ASEAN family. They agreed that

cooperation would help nurture peace, stability, and cooperation for development in Asia-Pacific and the world.

Mr Sisavath said: "Let our two governments respect and adhere to the basic principles so as together we will attain a civilised future and development, not letting a history of pain, suffering and bloodletting repeat itself.....All should refrain from allowing another nation make use of our territory to harm the other. This is the only way to cultivate mutual understanding among our two peoples, and expand relations in economics and

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other fields."

PM Sisavath highlighted that especially since the start of last year, the Lao PDR had been heavily affected by the regional economic crisis. The inflation rate increased rapidly to 140 per cent and the value of the kip fell as never before. However, he said, the government persuaded the economic sectors into greater production and adopted an economic spirit stressing agricultural development. Now Laos may have achieved rice self-sufficiency with extra for storage and for trade. In the past year, rice production reached 2.1 million tonnes. The inflation rate from last October to April this year has fallen to around 34 per cent and the kip value stabilised at 7500-7600 kip to the US\$. Trade with neighbouring countries has increased steadily, and the national economy has recovered slowly with regional development.

He said: "Although we have had important successes, we still face difficulties such as a budget deficit and a trade deficit. The fundamental structure of the economy is still out of date, we can't meet domestic demand. People in remote areas still face poverty..... To liberate the nation from least-development and step forward to prosperity our government will practice the new changed policy, encouraging all economic sectors into exploitation of the national potential through the economic market mechanisms. We will also open wider for foreign cooperation, firstly with our near neighbours and ASEAN countries, and contribute strongly to the preservation of peace and stability in the South-East Asian region."

He also praised cooperation mechanisms such as the Lao-Thai Boundary Demarcation Committees, the Lao-Thai Border Security Protection Committees, and the Lao-Thai Border Cooperation Committees. The best success has been the survey and boundary demarcation along 450 kilometres of land while the preservation of security along the

border has been progressing.

He said: "The survey and installing common border markers is an important task, in which the two governments need to encourage those concerned to fulfil their historical obligation within the scheduled time, making the border one of peace, friendship, and cooperation between neighbours and rendering genuine happiness and well being to both peoples."

PM Sisavath thanked the Thai government for reducing duties on some agricultural products from Laos. He said that tourism is important to the development of both countries, and he supported a corridor of tourism between the Mekong River sub-regional countries of Laos, Thailand, Myanmar, Cambodia and Vietnam.

Lao PM also said that both countries need stronger control and limitation of drug trafficking. He encouraged both countries to create a contract on the use of the proposed bridge between Savannakhet (Laos) and Moukdahan (Thailand) and to discuss with Japan details prior to commencement of construction at the beginning of next year.

The PMs witnessed the initialling of the Nam Theun 2 Electricity Tariff MOU between NTEC and EGAT. The next day, the Thai Prime Minister joined the hand-over and inauguration of the Thai government-funded Laos-Thai road in Vientiane.

Prime Minister Chuan Leekpai and his delegation called on President Khamtay Siphandone, and visited Thai-cooperation projects and heritage places in Vientiane municipality and provinces. The projects visited included Houay Sone-Houay Soua, 22 km north of the capital, the BeerLao Brewery, 14 km south of the municipality, and the Hongsa Lignite Company in Sayaboury province. The heritage places visited included the Plain of Jars in Xiengkhouang, the World Heritage town of Luang Prabang, and the Tad Chao waterfall in Sayaboury province.