

# Business

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Mr Somsavat Lengsavad (centre) cuts the ribbon to officially commence the commercial operation of the Houay Lamphan Gnai hydropower plant in Thataeng district, Xekong province on Saturday.

## Houay Lamphan Gnai hydropower plant launches operation

Times Reporters

The Houay Lamphan Gnai hydropower plant, one of the stated-owned hydropower projects, switched on its generators to commence commercial operations on Saturday in Xekong province.

The official opening ceremony was attended by Deputy Prime Minister Somsavat Lengsavad, alongside Minister of Energy and Mines Dr Khammany Inthirath, Electricite du Laos (EDL) Managing Director Mr Sisavath Thiravong, the governors of four southern provinces and other invited guests.

The project's Director Mr Souliya Chanthavong told

the media that the dam has a capacity of 88 MW and will be able to generate 480 GWh per year.

"The project is financed by the Lao government to a total cost of US\$206 million, of which some US\$199 million is a loan from China's Exim Bank while the remaining US\$7 million came from EDL," he said.

Construction of the project was carried out by the China Gezhouba Group Company Limited and scheduled to take 60 months to complete but in fact it finished ahead of schedule.

The dam is 820 metres above sea level and has a reservoir area of some seven square kilometres. The powerhouse is equipped with two sets of impulse turbines

at a capacity of 44 MW each.

Speaking at the opening ceremony, Dr Khammany said this project will play a significant role towards socio economic development in the southern provinces of Laos.

"The electricity which is generated from this plant will also help decrease imports of electricity from neighbouring countries, as well as to secure power sufficiency in the southern provinces of Laos," he said.

According to Dr Khammany, at the beginning of next year, there will be 38 hydropower projects in operation, with an installed capacity of over 6,264 MW and capable of generating about 33,315 GWh per year.

The development of transmission lines and distribution has rapidly improved, with 53 substations currently, and the electricity distribution system extends over some 50,000 km.

Currently, about 89.6 percent of households in Laos have permanent access to electricity, according to the Minister of Energy and Mines.

Laos aims to achieve a total installed capacity of about 12,000 MW by 2025, targeting the abundant resources of the rivers while aiming to ensure effective and environmentally friendly development.

## Lao motorbike manufacturer eyes regional market expansion

Times Reporters

Laos has potential to become a motorbike distribution centre in the region thanks to its geographic location and close relations with neighbouring countries, according to a businessman.

"Honda Motor Japan has assigned us to oversee the Honda motorbike market in Cambodia and Myanmar," New Chip Xeng Group Vice President, Mr Saneu Chounramany said in an exclusive interview with *Vientiane Times* recently.

"The main reason for this is that Laos has good relations with these countries therefore it is possible for us to export the Honda motorbikes and products to these markets."

New Chip Xeng Group received the exclusive rights from Honda Motor Japan to assemble Honda motorbikes and produce Honda spare parts in Laos since 1991 after the company saw market opportunities in Laos.

Thanks to its success, the company has now been assigned to distribute the motorbikes and spare parts to Laos' neighbouring countries as well.

According to Mr Saneu, the export value of the Honda motorbikes and spare parts to Cambodia and Myanmar is still minimal. However, many believe this is a good starting point for Laos to become the motorbike distributing centre in the region.

Laos is located in the centre of the Mekong countries and if it plays a role as a distributing centre the cost of goods transportation to these markets will be cheaper.

The Lao government plans to build numerous roads and railways to connect with neighbouring countries so that it can turn itself from a landlocked country into the land-link in the region.

Mr Saneu said at present, the company is able to assemble Honda Wave 110s in Laos, with 25 percent of the

raw materials being sourced domestically. The company has the capacity to produce about 50,000 motorbikes a year, increasing from only 5,000 units about 20 years ago.

"Our factory has just upgraded its production capacity so that it can produce motorbikes to meet the growing demand of the markets," he said.

Mr Saneu also said that the company paid greater attention to improve human resources so that they can produce competitive goods.

When asked what the opportunities and challenges the company expects to face after the establishment of the Asean Economic Community at the end of this year he responded that Honda Motor Japan played an important role to help New Chip Xeng to run its business.

Mr Saneu added that if the mother company does not allow its subsidiaries to interfere in each other's markets then he is confident the company will survive.

## Vehicle sales surge 13.3 percent in October after tax cut

CHINA (China Daily, ANN)

-- Passenger vehicle sales rose at the fastest pace in 10 months after the government cut a tax on purchases in October, benefiting carmakers like Great Wall Motor Co and adding to evidence that demand is rebounding in the world's largest auto market after a summer slowdown.

Wholesale deliveries of sedans, SUVs and multipurpose vehicles climbed 13.3 percent to 1.94 million vehicles in October, according to the China Association of Automobile Manufacturers. Chinese carmakers outperformed the market, and boosted their share of sales by 2.1 percentage points from a year earlier.

The pickup in car demand reinforced official data released showing retail sales increased faster than estimated in October, and



A salesman is in talks with potential buyers at an auto show in Luoyang city, Henan province.

comes as Jack Ma's Alibaba Group Holding Ltd set a new record for its annual Singles' Day shopathon. The role of consumer spending is increasing in China, as wage gains create a burgeoning middle class that fuels sales of everything from movie-theater tickets to smartphones and Internet services.

"The effect from the purchase sales tax cut has been positive and should last for a few months," said Yang Jing, a Shanghai-based associate director at Fitch Ratings. "China's economy is in transition and consumption will become a bigger part of its economic growth. Helping to boost auto sales is part of the government's plan."

The effect of the stock market decline that soured

consumer sentiment earlier this year should fade as the market recovers, Yang said. China's benchmark Shanghai Composite Index entered a bull market on November 5, after an unprecedented State rescue effort halted a US\$5 trillion crash and ordinary investors returned to the market.

Chinese automakers have gained this year after introducing cheaper sport utility vehicles that compete with similarly priced sedans from foreign brands. With buyers favoring the higher-riding and more spacious SUVs, global carmakers including Volkswagen AG are working on entry-level offerings to tap the expanding demand. SUV sales surged 61 percent in October to 622,000 units, while sedan deliveries were almost unchanged at 1.05 million.

### Exchange rates as of November 13, 2015

Banque pour le Commerce Extérieur Lao Public

| Foreign Currencies | Buying | Selling |
|--------------------|--------|---------|
| US Dollar 50-100   | 8,134  | 8,174   |
| Thai Baht          | 227.7  | 229.4   |
| Euro 50-500        | 8,761  | 8,805   |

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