

Business

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Lao foreign reserves grow



Bank customers exchange money at a bank service unit in Laos as the central bank announces rising foreign reserves.

Times Reporters

The Bank of the Lao PDR looks set to be in a strong position to secure sufficient supplies of US dollars for goods importers despite a rising demand for the currency in the country.

The central bank governor, Mr Somphao Phaysith announced at a cabinet meeting held in Vientiane last week that value of foreign reserves in the country had been growing over the past several months thanks to the imposition of an appropriate monetary policy.

Foreign reserves rose to US\$994 million in August, which made the country able to secure the import of goods and services for more than 6 months, he said, adding that the central bank earlier expected that the reserves would secure imports for only 5 months.

In this fiscal year export values reached more than US\$3.305 billion, equivalent to just 79.3 percent of the annual plan, while imports reached US\$4.700 billion which met the annual plan, according to a report from the Ministry of Planning and Investment.

Officials said that most of the goods imported into the country were used for construction projects. This fiscal year Laos attracted 1,589 investment projects from both domestic and foreign private investors totalling US\$2.899 billion or 23.192 trillion kip that exceeded what had been planned by 48 percent.

The announcement by the central bank governor over the rising foreign reserve value would ease worries of goods importers over the supply of foreign currencies in the country. Over the past few

months, a crowd of people flocked to local commercial banks and their exchange service units to have their kip exchanged to US dollars.

The phenomenon caused wide speculation among the public that the central bank would face difficulties and challenges to supply enough foreign currency to meet market demand.

According to commercial bank officials, the Bank of the Lao PDR advised the commercial banks to supply foreign currency to ordinary people who need money to buy goods from foreign countries regularly. However everyone has the right to have 20 million kip per day exchanged.

The commercial banks also allowed their customers to withdraw money from their bank accounts using ATMs in foreign countries so that they can use the funds to buy goods and services while travelling abroad.

The value of the Lao kip saw an average drop of 1.02 percent against the US dollar but a 1.73 percent rise against the Thai baht over this fiscal year. At present the value of the national currency stands at 8,127 kip per US dollar and 228.85 kip per baht.

The central bank set up a reference exchange rate daily for the commercial banks in the country to follow. This effort aims to maintain control of fluctuations in exchange rates, which is one of the main conditions to maintain economic stability in the country.

Nam Ngiep 2 to begin commercial operations this week

Times Reporters

A major joint venture investment hydropower project between Laos and China, Nam Ngiep 2 in Xieng Khuang province, will officially meet its commercial operation date on Friday, after almost four years of construction.

The project has an investment cost of about 2.81 trillion kip (US\$345 million), with Electricite du Laos (EDL) holding 10 percent and Chinese company WCE holding the other 90 percent.

The new plant has an installed capacity of 180 megawatts (MW) and the generated electricity will contribute to the national power grid for local supply, according to the website of the Ministry of Energy and Mines.

Nam Ngiep 2 has three generators that have an installed capacity of 60MW per unit, according to a report from a project official last Friday.

Unit 3 began commissioning tests on August 30 with unit 1 starting testing on September 14. Unit 2 started last Thursday, September 24, the report noted.

The developers signed a project development

agreement on Nam Ngiep 2 with the Lao government in August 2010 and a concession agreement with the government a year later, August 2011.

The power purchase agreement was signed between Nam Ngiep 2 and EDL in October, 2011 and construction work started in November of the same year.

The project also has added expenditure for resettlement, environment and social support including infrastructure construction and relocation and compensation worth about 51 billion kip (US\$6.25 million), livelihood development over US\$390,000, compensation for temporary impact above US\$250,000, social support of around US\$100,000 and environment monitoring (biomass clearance and water quality analysis) of more than US\$660,000.

The Lao government has to date signed Memorandums of Understanding (MoU) or is undertaking research studies on more than 70 hydropower projects. Some of these are either operational or under construction.

Laos has also signed an MoU to provide 7,000MW of energy after 2015 to Thailand, and 3,000MW of electricity

from now until 2020 to Vietnam.

The representatives of the energy sectors in Laos and Cambodia have signed a purchase agreement for the supply of about 5MW by the end of 2009. However, to date there is no MoU to officially certify the terms of the sale.

The government intends to use the profits from hydropower sales to fight poverty in the country.

In recent years, the energy sector has played a part in social development, notably in the fields of education, human resources, health care, and job creation.

Twenty-seven power plants are currently operational with installed capacity of about 3,304MW, including 11 plants that have an installed capacity of 405MW which are operated by EDL. The other 16 plants, which have a combined installed capacity of 2,899MW, are operated by independent power producers.

Laos is aiming for total installed capacity of about 12,000MW by 2025, the Ministry of Energy and Mines' report noted.

The abundant resources of the Mekong River and its tributaries give Laos the potential to produce more than 25,000MW of electricity.

Housing market remains risk to New Zealand economy: Reserve Bank chief

WELLINGTON (Xinhua) -- The head of New Zealand's central bank on Monday reiterated his concern about the risks of soaring house prices on the country's financial stability.

Reserve Bank of New Zealand governor Graeme Wheeler said an increase in housing supply was needed to address a "housing imbalance" in the country's biggest city of Auckland, home to a third of the population.

The central bank and the government had taken measures to dampen investor demand

and to lower the financial and economic risks of the city's overheated housing market, Wheeler said in his statement in the bank's Annual Report 2014-2015.

However, headline and underlying inflation have been lower than what the central bank would have preferred.

Since the December quarter of 2014, annual Consumer Price Index inflation has been below the bank's target band of 1 percent to 3 percent, primarily due to the 52 percent decline in oil prices since June 2014, and

the continued strength of the New Zealand dollar for much of the year.

Meanwhile, global prices for dairy, New Zealand's single biggest export commodity, had fallen 65 percent from February 2014 to last month, dragging down the country's terms of trade, which had been at a 40-year high in June 2014.

The bank began cutting its official cash rate from 3.5 percent in June to counter low inflation and to pull the exchange rate down -- but with reservations, said Wheeler.

Seafood traditional traders send out mixed signals



Workers process aquatic products at Rizhao Nichiro & Rongsense Foods Co Ltd in Shangdong province

CHINA (China Daily, ANN) -- Middle class shoppers in China are showing a growing appetite for seafood products and a

passion for imported delicacies as they prop up an industry going through turbulent times.

Data released in August showed that China imported seafood and fish products worth US\$3.52 billion during the first seven months of this year, down 5.12 percent from the same period of 2014.

Aquatic exports reached US\$10.66 billion during the same period, a year-on-year drop of 4.7 percent, according to the General Administration of Customs.

Against that backdrop, leading businesses in the traditional seafood sector are having to work hard to retain their market share.

At the Seafood Expo Asia 2015 event, which was organised by Diversified Communications earlier this month in Hong Kong, opinions were mixed about the state of the industry.

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Exchange rates as of September 28, 2015
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Foreign Currencies	Buying	Selling
US Dollar 50-100	8,140	8,172
Thai Baht	227.71	228.85
Euro 50-500	9,085	9,131