

# bounsinglao

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## Cooperation between China and Laos

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#### I. Introduction

After the hostile relationship gradually softened, the diplomatic party to party relation was normalized in 1989. In 1989 Prime Minister Kaysone[1] paid a state visit to Beijing then the trading was start and expanded from the local sale of consumer goods to granting of hill concession project counting from industries, commercial plantation and mining extraction. Since the establishment of Laotian-China joined border committee in 1991, meeting held during 1992 resulted in an agreement delineating common border. China's trades with Laos have expanded quietly but not dramatically in 1993 and 1994 due to official visit just made.

Since then the states visiting are become officially invited. There are a lot of MoUs[2] on China Official Direct Assistant (ODA[3]), loan and bilateral economic cooperation have been signed during state visiting that drafting for future cooperation. Recently the meeting between states was held in Vientiane on 5<sup>th</sup> November 2011, this meeting heavily discuss on bilateral economic cooperation and our President Chommaly Sayasone [4]point out his conclude on this meeting by his quotation that "the relationship between two countries and parties is at healthiest in history thanks to deepened political trust and practical cooperation and visits of China state will certainly further enhance the traditional friendship between the two countries and parties"[5]. Therefore the state cooperation evidently to be very healthy and cooperation will extreme highly continue.

Nowadays, the evidence of China aid can be symbol in Lao country, numbering of scholarships increasing in each year that offered by Chinese government and one of the famous concrete is Lao National Culture Palace, a grandiose building situated in the heartland of the Lao capital which was constructed with Chinese help.

While the increasing of China aids and MoUs signed, Chinese investment also increasing from small square investment up-to hill concession project investment and together the China aids are also increasing particular financial aid, technology, infrastructure, loan and scholarship offered. Therefore it is important to take

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#### About Me



 **bounsing**

I am learning to use resource in appropriate way

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China aids and investment for making comparison and watch out the advance and expectation for both countries. I might conclude that China offering aid to Laos in order to do investment or operate business and Laos welcome Chinese investment in order to create job opportunity for Lao and boost up domestic GDP and contribute achievement for national MDG[6] which defined that on 2020 Laos will escape from poorest country. But the main concern is how we can analyze future expectation of China would be! And how Laos is going to respond for it if there is a big official request from China and if Lao state does not supply for requested what will impact to state cooperation!

Other important issue note is the quality of Lao labor it been critic and non-satisfied accepted by Chinese investor! Since daily worker in the site of rubber plantation in the northern Laos that already been critical by Chinese technician complained that lack of work quality and the wage is consider to the low payment. So this sensing that Chinese would like to import Chinese worker to fulfill their business that can cause impact to job opportunity for Lao people.

Unfortunately the resources are being granted to Concession Company which directly impacting to society in both negative and positively. But the most concern is negative impacting to local people and some impacted people are even no compensation from project operator due to lack of understanding on right to compensated. And other worrying note is there are no plenty living option besides working for company with lack of work experience because the land and resource are been occupied by company. So they anyway have to work for company in low wage for daily life and being under pressure control of investor. Seem to be very difficult to demand government to stand for impacted people and calling for fairly living for them because those concession companies did through top official and even military[7] also involved.

When i was with ACF[8] in 2007 i visited village name Chayee village along Mekong River in Xiengkok, Muang Long, Laungnamtha those villagers complaining about losing their land and animal rising to China-Lao ruifeng Rubber Company. Then i awarded that China-Laos cooperation is very influencing particular Chinese investment which reaching to local community. Then i personal curious to seek for deeply understand on Chinese investment and China aids in Laos.

Since March 2011 i have been living in China with objective studying Chinese language and this is a plenty of good opportunities for me to continue linking own understanding into real observation in China and collecting point of views of Chinese people and scholars including Lao student in China. And thanks to scholar Lao student in Kunming who scarified time for shared me on the issue of Chinese and Lao cooperation. Some of them rise good concern for future cooperation between states should be in good quality, transparency and bring benefit for both people.

In order to spend free time for valuable! So i took some free times during my days in Yunnan University to write this article which mostly based on desk searching and some commend collected from Lao scholar in Kunming Universities through meal talks and also personal though contributes. I may apologize in advance to reader if contents are not appropriate fit with real context or your senses. However i am here for welcome

your command and suggestion for better article. Lastly my sincere thank you go to knowledgeable Lao scholar student in Yunnan University who have scarified valuable time for shared me their point of view on this article.

## II. China aids

### 1. First - and second period of China aids

Since official cooperation on embassy between Laos and China opened on the date of 25<sup>th</sup> April 1961 that has considered to the official opening cooperation within two countries. Beyond official cooperation date declaration but from 1959-1979[9] China aid already began offered loan to Laos which take considered to the first official period of China aid. The total amount of first period of China aids reached to 965.6 millions Yuan and China even grant non interest-loan for 99 million Yuan and free direct official assistant aid (ODA) for 866.6 million Yuan.

The second period of China aid running from 1989 until current time seems to be normal cooperate condition. And this period of cooperation is increasing in term of financial aid and loan in low interest which these grants have raised up to 5.390.26 million Yuan and 1.042.977 Million US dollars.

I as a Lao citizen and also from the grass-root wish that those aids are going to be used for government's project which led to country's poverty reduction and benefit very for Lao people. And i also hope that China has no other expectation from the aids besides contribute help for improving younger brother country. But i afraid that who know other expectation once Chinese investment in Laos are increasing in recently and nature resources extraction by Chinese company are becoming main operation by Chinese in Laos.

China aid seems to be increasing in the future which you can look out recently the 11 Memorandum of Understanding[10] have been signed between Laos and China on the date 8<sup>th</sup> August 2011 at Vientiane Laos.

Those MoUs[11] are related to China aid, China loan to Laos and China-Laos economic cooperation. Main important MoU signed are loan on electric transmission line project in the southern Laos, improving electricity network project within capital of Laos, right to concession on Namngap 2 hydropower, Nam Ou hydropower dams and contract on building Mekong River's bridge in Muang Parkbeng Udomxay province by Chinese company.

This official visited by China government, China also provide free financial support for 450 million Yuan for contribute on building Lao's international meeting hall. Lastly China even free provides high-tech tools on checking illegal drug which has amount 10 million Yuan and also provide checking security tools which has amount 3 million Yuan for Ministry of Peace.

Beside financial aid and material supported by China but China also offers scholarships for government staffs and open Lao people for improve human resource in Laos. Before 2010 less than 300 scholarships were offered but it confirmed that since 2010 the scholarships quota will be 300 scholarships in each year.

### 2. China scholarship and opportunity for Lao

In order to enhance the mutual understanding and

friendship between Chinese and Lao people, and to promote the exchanges and cooperation in fields of education, science technology and economy trade between the two countries as well, the government of China offered scholarship program for Lao students studying in China.

Congratulation to succeed candidate and i wish all the successful for their further study in China. As young generation is very important for future of country, so i/we highly grow hope at young generation for future country development. Because the admission requirement of China scholarship is high standard therefore the successful candidate should be quality student but sometimes flexible used by connector or high position official to bring their family member to be one of the successful candidate.

It is always a question for me that why most of scholarship winner are mostly from government sector and family member of government official. Is there no information reach to ordinary people or discrimination? It is still very dark sense for me that how decision made by policy maker or China are too care on top cooperation and priority grant scholarship for government staff and families of top official in Lao government. This practice causing challenge or obstruct in society especially to people who have less opportunity and i am sure that there are thousands of Lao young people in rural area or urban are also seek this opportunity. But what happened if those young people did aware of scholarship and they even have not enough money to further their education!

The end of 2009 I met one girl when traveling from Pakse to Attapue (southern of Laos). Her name is Ms. Noy and she is 20 years old. She is originally from Nambark District, Luang Prabang province. "I graduated from secondary school, but I don't have money to continue to study in the University and I decided to come to southern Laos to work as a service girl in the restaurant," **said Ms. Noy**". Perhaps, she might work as a sex worker in a night club or bar because as you know in Laos we still have sexual services are secretly running.

### III. Chinese investment in Laos

Nowadays we are facing to the humanitarian issues which stem from the impacts of the implementation of the governmental policies. Such policies relate to national economic development by encouraging foreigners or domestic investors to exploit natural resources in order to provide the means for further country's development. These processes of development causing impacts that i mostly concern in negatively which seem to be increasing in day by day because this problem has been ignore by project implementer and involved government. In the meantime those operator and government who involved are seemed ignorance to responsibility from their implementation because of corruption and poor of education for government especially in the remote government it is more vulnerable and easier for investors to drive the local authority in order to running well their project as much as their will.

Since 1988-2010 Chinese investment totally for 422[12] projects and capital cost is 4.253 million US dollars. There

are 5 majors projects that invested by Chinese. These below projects Laos also have very few on shareholders with Chinese investment:

- a) Mining: 76 projects and total capital cost is 2.380 million US dollars
- b) Industries: 101 projects and total capital cost is 738 million US dollars
- c) Hydropower dam: 2 projects and total capital cost is 349 million US dollars
- d) Agriculture production: 74 projects and total capital cost is 310 million US dollars
- e) Services: 67 projects and capital cost is 327 millions US dollars

*According to the report[13], Chinese Investment occupy number one and Thailand is the second biggest foreign investor in Laos. Since 2000 Laos's government strongly encourages Chinese investment to invest in Laos with hope to create job opportunity and contribute National Goal on archive GDP rate that contracted with UN that to escape poverty country.*

### **1. One case learnt of Chinese investment (China-Lao ruifeng Rubber Company)**

In October 2006 Kunming Ruipu Biotechnology Co Ltd of China's Yunnan province set up a subsidiary in Laos under the name of China-Lao Ruifeng Rubber Company[14] with capital register of \$US 900,000. China-Lao Ruifeng Rubber Company had its first agreement with Lao government to conduct the feasibility study on a rubber plantation project in Laos in 2006. So far this company had cooperated with Luangnamtha provincial military to get their way in project operation and began forest clearance and planted rubber for 3500 hectares in Long District, Lunagnamtha Province before the official contract was signed from October 2006 to June 2009. The official rubber concession contract has just been signed by Lao Ministry of Planning and Investment on 24 June 2009[15].

The company used the image of provincial military and its power to get their way for project operation in Houykoum, Chayee, Khalung and Pouysaikao villages in Long District. The company paid very little compensation for affected people's land and crops, and all villagers who received compensation were not satisfied.

This rubber project has extracted most natural resources and changed the style of livelihoods of affected people from relying on natural resources to relying on selling labor for the company to maintain their livelihoods. The main problems that affected people are facing in the current time are food insecurity, including rice and food shortage, land use limitations and almost no compensation has been paid.

## **IV. Conclusion**

While the China aids are increasing in year by year but in the meantime Chinese investment also blooming into number one of foreign investor in Laos. It seem that China aids is a mean for Chinese investor to run divers investment projects. It is important for Lao generation to demand good investment and accountability to the impacted people because the benefit should reach to the society. In experience shows that project concession through the government or powerful position may cause more impacts to the community who base on nature resources and agriculture production because mainstream or top-down contracts are lack of community's involvement.

More opportunity for Lao people especially in Lao student who further their study in China led them to knowing China background might be a good

widely understood for maintain China-Laos cooperation in the good frame. During my days in China I have been delegating myself to monitor context of country development and keep on meeting people for sharing talks. And i wish that many of Lao student who are further their study in China also thought for future concern on country development.

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[1] Formal first prime minister of Laos

[2] Memory of Understanding

[3] Official Direct Assistant

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[8] Action Contre la Film (Project Against Hunger running in long district Luangnamtha Northern Laos)

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[15] Vientiane times 24jun 2009

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## I moved to other school for study Chinese

### **Dear: Friends and donor**

It was for long time that i have not back to post on blog, i am so sorry about that because i faced difficulties for access to blog in China due to blocked by Chinese government. But sometimes we can access to blog without problem but it need specific program such as: freegate to guide you reach to blogger, facebook, youtube...

### **My situation changed:**

Officially i have submitted reports to Jorn and Meike about study reports, financial supported and situation changed. But i still would like to let you know again through blog that i am now not study in Yunnan University and since March i have moved to study Chinese language in Xishuangbanna vocational and Technology College Jinghong town, Yunnan Province China.

The reason i moved to study in other school because the tuition fee in Yunnan University is very expensive.

### **Study Time / Where am i arriving Chinese Language course?**

More than a year that i have been learning Chinese Language in China and up to now i am arriving in the second year of Chinese language course and there are more than a year remain for me to be graduated. I should graduate Chinese language course during July 2013.

Basically there are 3 years to complete Chinese language course. The semester March-July 2011 i joined Chinese class in Yunnan University and that time is consider to second semester of first year of Chinese language course because first semester began on September of each year.

I am now in the final semester of second year of Chinese language course. And after this semester i still have one more year to complete Chinese language course. That mean i will take 2.5 Years to complete Chinese language course but i will evaluate my Chinese after 2.5 years whether do i need one more semester to further Chinese language or not!

### **Study Plan**

NB	List	Period
1	Complete Chinese language in second year	July 2012
2	School break	July-August 2012
3	Semester1 of third year	September 2012-January 2013
4	School break	January-February 2013
5	Semester2 of third year	March-July 2013
6	Graduation Chinese language course	July 2013

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9/24/2011

## Second semester has begun again

Dear: Sir, friends and humanitarians

Hello from China! I have not be back to the blog for such long time, i am so sorry about this. Today i would like to let you know on what i have been doing at recently from summer school break until this day.

### **School summer break 10<sup>th</sup> July-26<sup>th</sup> August 2011**

One semester has been ended on the date 10<sup>th</sup> July 2011 then i returned to home Muang Sing Northern Laos for visit my parent. I spent there for 2 weeks with my parent and i sometimes helped them for taking care rice and rubber tree fields. Stay at home is quiet lack of self's study due to many things that need to give help for parent and relatives and i did not very have personal time for study and i knew that my goal is to study Chinese as much as i can. Anyway family's work also important that i should not ignore but that is priority of my parent. And me i have to focus on my study.



Then i came back to China again and i did intern for China Xipshungbanna Tropical Botany Garden, there is one of my Chinese friend working for this garden. This garden belongs to China Ministry of Education. I was there for helping my friend for doing research about tea plantation of the mountainous community. I took this opportunity for

practice Chinese with his college. I learnt some Chinese from them and i also learnt that how Chinese working in this garden.

I was there until 25<sup>th</sup> August 2011 then i returned to University for study again

*(This above picture: me and parent at home)*

### **Second semester has begun again 1<sup>st</sup> September 2011.**

Lately evening of 26<sup>th</sup> August i arrived Yunnan University. Next day morning i completed study registration, accommodation and apply for visa. This semester i did not face any problem regarding preparation.

Second semester has officially opened in the first date of September. I still attend the Chinese language in second level. This level is quiet a little bit difficult due to more Chinese character sentence increased and also very grammar. And I go to School everyday and bring daily homework back to home and I often do homework until midnight and get up early for morning class. I am delegating my self for study as much as possible along on my glad opportunity and i promise that i will use financial supported and time for appropriately. I promise promise promise!!!! And i may thanks to all of you who gave me financial support. And I would like to let you know that i am using them appropriately.

I am doing good in everyday and also still healthy.

Best wishes from China

Bousing



This picture: Me and Lao student (classmate)



This picture: Me and Indonesian student (classmate)

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