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The End of the Obama Era in Asia

Edited by
Michelguglielmo Torri
and Nicola Mocci

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LAOS 2016: THE 10TH CONGRESS OF THE LAO PEOPLE'S REVOLUTIONARY PARTY (LPRP) AND ITS DOMESTIC AND INTERNATIONAL AFTERMATH*

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The 10th Congress of the Lao People's Revolutionary Party (LPRP) concluded in January 2016 with a reshuffle of the Politburo. The new leadership confirmed a «steady-as-you-go» policy continuing to base its political legitimacy both on economic growth cum social equity and the fight against the spread of corruption, and on its strategic ability in the international arena. Laos, as temporary chairman of ASEAN, acted as guardian of its autonomy vis-à-vis Beijing's undue influence. This latter approach also aimed at ensuring the party-state good relations with the international community and, consequently, the steady flow of official development assistance (ODA) and foreign direct investments (FDI).

Barack Obama's visit (in September), the first one to Laos of a sitting US President, contributed to highlight the impressive economic growth achieved by the country in the last decade, strengthening the LPRP's political legitimization.

1. Introduction

The celebrations for the 40th anniversary of the Republic of Laos ended with a great parade on 3 December 2015. The Lao People's Revolutionary Party (LPRP), which had been ruling the country since 1975, usually takes this opportunity to glorify the revolution and its heroes. Just allowing time to return the festoons to storage, 2016 opened with the 10th congress of the LPRP, the country's most important political event. Staged in January, the congress paved the way for a transition in Laos's leadership. The election of Bounnhang Vorachith¹ as the LRRP's new leader, as well as the appointment of several new members of the Politburo – most of them hailing from politically dominant clans and, as a rule, closely bound to Vietnam – were the characterising features of the event.

Based on these developments, I argue that the LPRP, through reshuffling the Politburo, aimed to continue the policy of strengthening its legiti-

*. I would like to thank Antonella Diana for fruitful discussions and suggestions related to current Lao affairs and the anonymous referee for all precious comments. I am also grateful to Simona Raffo for reading and commenting on this article. All errors are the author's.

1. Because no official transcription exists for Lao language documents, it should be noted that this paper uses personal names as reported by the current official Lao press reports. It is, therefore, possible that different sources, especially those for the years prior to 2000, use different transcriptions.

macy at both the domestic and international levels. Internally its purpose was the continuation of the policy of the last decade, based on economic growth, founded on a sort of crony-capitalism, and characterised by the progressive abandonment of the heroic revolutionary rhetoric. Consequently, the Party-state² acted to implement additional free market measures and to move towards reliance upon capitalist countries and international institutions. The goal of these moves was assuring the steady flows of official development assistance (ODA) and foreign direct investment (FDI), especially for big infrastructure (new railways and highways). Internationally, as chair of the ASEAN group in 2016, Laos worked in two different ways: strengthening regional integration and resisting China's excessive political and economic influence both on the ASEAN group and on the Lao Government.

From a methodologic perspective, this article is based on the analyses of different sources. Due to the strict confidentiality to which Lao politicians are subject, just a few press releases are published, channelled through governmental or foreign press agencies. As far as foreign press agencies are concerned, they are based in countries such as Japan and South Korea, China, Vietnam, and Thailand, which are engaged in Laos through a multiplicity of international cooperation projects. Both local and foreign agencies should be critically analysed, given the traditional PLRP's secrecy, the lack of press freedom and the fact that contemporary Laos is at the mercy of international investors, donors and co-operators' economic and financial interests. All these stakeholders tend to convey the news they consider useful and to ban the inconvenient ones. Once all this has been said, it is necessary to point out that the slanted approach and the partiality of the sources on which one is forced to work do not necessarily preclude the possibility of a balanced appraisal of the reality, through a critical assessment of those same sources, at the light of the historical processes relevant in the country under examination and of occasional first-hand information which can be obtained by confidential sources. After all, this has been already done in other historical contexts, with excellent results.³

2. A party-state is here considered as a state in which political power is held exclusively by a single political party and where, accordingly, there is a total overlapping of functions between state and party institutions. In Laos, despite the differentiation among executive, legislative and judicial branches, sanctioned by the constitution, the Politburo exerts a dominant influence on the government. In fact, as a rule the President of State, the Prime minister, the two Deputy Prime Ministers, the chair of National Assembly, the Minister of Defense and the Chair of the Party and State Inspection Board are members of the Politburo.

3. The author, as an Italian, has been influenced by the example of one of the major Italian historians of the past century, Gaetano Salvemini. Salvemini, who, being a militant antifascist had been forced to exile, while at Harvard in the 1930s, gave courses on the rise of Fascism in Italy, almost completely based on Fascist sources. The text of these lessons, highly critical of Fascism and its leader, was read by Mussolini himself, who annotated it and found only a couple of minor mistakes. The lessons

Based upon the above premises, this paper is organised in three parts: due to its relevance, the first part concentrates on the 10th Congress of the LPRP; in the second part, international relations are investigated; finally, in the third part, the most important economic issues are put under the lens.

2. *The 10th Congress of Lao People's Revolutionary Party*

2.1. *The strengthening of internal and foreign political legitimacy*

As already noted, possibly the most important political event in Laos in 2016 was the 10th National Congress of the Lao People's Revolutionary Party (LPRP), which concluded in Vientiane on 22 January 2016 after sitting for five days. It elected the 10th Party Central Committee – with 69 officials and eight alternate members – and the Politburo, with 11 members plus two alternate members, always under the chairmanship of the General Secretariat. It also elected Bounnhang Vorachith as the new party general secretary, replacing the 79-year-old Choummaly Sayasone, who stepped down after a decade in power. Moreover, the Congress endorsed the 8th five-year National Socio-Economic Development Plan for 2016-2020, the Socio-Economic Development Strategy for 2016-2025, the Vision 2030 report and, finally, the Party statutes.

State media said 685 delegates – representing more than 200,000 party members (other sources report 268,000) – attended the Congress. This means that in the last 20 years, the Party has nearly doubled its membership. In 1996, there were 78,000 members, less than 2% of the Lao population, while in 2001 that number had risen to 107,000, with a consequential increase to 452 delegates.⁴

Therefore, it is clear that, since 2001, the Party's membership has doubled, and its hegemony, in Gramscian terms, has strengthened.⁵ The PLRP's hegemony has always been essentially based on twin pillars. The first is the idea of heroism of the founding members of the revolutionary party. By winning the war against colonialism and imperialism, they have gained an undying legitimisation. As Ivarsson wrote: «Since the LPDR

were later published as a book in 1943, which has been continuously reprinted and has come to be considered a classic of Italian historiography. See Gaetano Salvemini, *Le origini del fascismo in Italia. Lezioni di Harvard*, Milano: Feltrinelli, 2015, and the introduction by another illustrious Italian historian, Roberto Vivarelli.

4. Kham Vorapheth, *Laos: La redéfinition des stratégies politiques et économiques (1975-2006)*, Paris: Les Indes Savantes, 2007, pp. 139-143.

5. For readers not cognisant of the Italian language, see Quintin Hoare & Geoffrey Nowell Smith (eds.), *Selections from the Prison Notebooks of Antonio Gramsci*, New York: International Publishers, 1971 (1st edn.), p. 480 (which lists pages under the heading «hegemony»).

was established in 1975, the history of twentieth-century Laos has been framed to show how the revolutionary movement in Laos has deep historical roots and how the Lao People's Revolutionary Party is the carrier of the fight against colonial and neo-colonial foreign aggressors.»⁶

The second pillar on which PLRP's hegemony has been based is economic growth (constant increase in both GDP and per capita income), pursued through the «new economic mechanism», namely the economic reforms launched in 1986.⁷ After the retirement or the disappearance of its heroes, the Party increasingly grounded its legitimation on economic growth, starting a process which has slowly marginalised the military élite.

This slow change occurred in response to a series of events, as high economic performance has been coupled with the thawing of regional and international relations over the last 20 years. Indeed, since 2001, military members have gradually lost their dominant position inside the Party and, in 2016, for the first time, the party's leader was not a military chief.⁸ The new Politburo contained only one military member: Lt. Gen. Chansamone Chanyalath, Minister of National Defence. Nowadays, the first generation of revolutionary heroes, the LPRP's founders, are dead or maintain only honorary roles.

In the meantime, above all during the last decade, the PLRP has tried to reinforce its hegemony building a new pillar, that of Laos's proactive and authoritative role in foreign affairs. As shown in the following paragraphs, the Party, aiming at this objective, has worked for reinforcing/enhancing its standing inside the ASEAN group. In pursuing this goal, the party was favoured by the fact that, during 2016, Laos had the chairmanship of the ASEAN. Against a background of high tensions, the new Lao leadership acted to ensure the unity of the organisation. That means that it did not cave in under China's pressure, aimed at excluding the SCS question from the perusal of the ASEAN.

The skilful management of this political question and of the ASEAN proceedings, coupled with the September visit of the US president

6. Søren Ivarsson, *Creating Laos: The Making of a Lao Space Between Indochina and Siam, 1860-1945*, Copenhagen: NIAS Press, 2008, p. 11.

7. In 1986, the Fourth Party Congress of the LPRP adopted the so-called «new economic mechanism», aiming to introduce a market economy and opening the economy to FDI and ODA from any country and private investors. Moreover, land rights were returned to their peasant owners and some state-owned industries were privatised. See Grant Evans and Milton Osborne, *A short history of Laos: The land in between*, Crows Nest (NSW, Australia): Allen & Unwin 2002, p. 197.

8. In 1996, the army dominated the Board of the 6th Congress. Six of the Politburo's nine members comprised generals and a senior colonel of the People's Liberation Army, all belonging to the revolutionary Pathet Lao. At that time, the party was deeply scared of subversive movements, particularly those linked to Hmong activists based abroad. *Ibid.*, p. 139.

Barack Obama, was a source of nationalistic pride among the Lao. This, of course, helped to strengthen the PLRP's political legitimation.

2.2. The new Lao leadership confirms the «steady-as-you-go» policy

During the 10th Congress, the Party's political balance conspicuously changed, with the inclusion or progression of some young members and the exclusion of others. Some regional political networks were strengthened by the appointment in the Politburo of «princelings», namely the children or nephews of the most important Lao revolutionaries. Xaysomphone Phomvihane, previously ranked 17th in the Party's hierarchy, was awarded 7th position in the Politburo and, successively, became Deputy Speaker of the Parliament. His father, Kaysone Phomvihane, of Vietnamese origins, has been the first secretary general of the LPRP and the first prime minister after the party took power in 1975. Sonexay Siphandone, previously ranked 34th, was awarded 11th position. Sonexay is the son of former President Khamtay Siphandone, who also has served as Party general secretary. Sonexay himself has served as governor of the southern province of Champasak before becoming Minister of the Government's Office in 2014. Bounkham Vorachithh, the only daughter of President Bounnhang, was appointed Vice Minister of Natural Resources and Environment and alternative member of the Central Committee of the Party.

According to official press releases, the LPRP confirmed its traditional conservative, «steady-as-you-go» policy. Indeed, the newly appointed leadership appeared intentioned to achieve three different objectives: a) supporting the career progression of some of the most experienced and senior Party members; b) favouring substitution of the old leaders with newly appointed young members; and c) loosening the choking embrace of China, while simultaneously strengthening ASEAN.

The election of Bounnhang Vorachith as Party leader (and, since April, as President of the Republic) can be considered part of this policy. Bounnhang was elected because he was the highest-ranking party member, after former-President Choummaly Sayasone.

Based on the Party's traditional turnover rules, ascending the chain of command naturally follows a ranking order. Occasionally, however, blatant evictions of prominent figures occur, catalysing the analysts' attention. In the past, these evictions were explained as a result of the debate, sometimes very heated, between the two wings of the LPRP: reformist-liberalists and conservative-moderates. The first fissures inside the party appeared in the 1980s, when the LPRP agreed to align with the Vietnamese Doi-Moi developmental model,⁹ provoking dissent from the conservative wing. Despite

9. The term Doi-Moi («Renovation») indicates the neoliberal economic reforms, launched in Vietnam in 1986 with the declared objective of building a «socialist-oriented market economy».

these controversies, the LPRP has always formally conserved a strong unity, through the removal of the most radical members.¹⁰

Forty years later, at the time of the 10th congress of the LPRP, the political scenario appeared completely changed. It has been argued that, in this day and age, conflicts inside the PLRP do not originate from ideological divergences any longer, but are patronage and nepotism-driven.¹¹ According to the most influential proponent of this view, Professor Martin Stuart Fox, «Someone who lacks political support in a plum position may find himself replaced by someone who is well connected, even though not as well qualified. But this support has to be paid for; and the more the job permits the holder to extract benefits, the greater the payment».¹² The lack of transparency in the FDI and ODA sectors, coupled with recent arrests of high ranking PLRP's members, accused of corruption, strengthens this idea.

While the Government of Laos has officially put the fight against corruption on its agenda and passed several anti-corruption laws, any sustained effort to eradicate and prevent corruption has hitherto been hampered by a widespread lack of political will. So far, anticorruption enforcement remains weak, with no high-profile cases ever having been brought to trial. The arrests of former Minister of Finance Phouphet Khamphounvong and Central Bank Governor Somphao Sayasith in December 2015 and January 2016 respectively¹³ do not appear to have inverted this trend. It is true that, in September 2016, newly elected Prime Minister Thongloun Sisoulith launched an anti-corruption campaign with considerable fanfare. He stated that: «Over the past five years, more than 1,800 Party members have failed to follow Party discipline, ranging from minor infringements to major acts of wrongdoing».¹⁴ However, anti-corruption arrests have targeted pro-Chinese politicians. This goes hand in glove with the fact that the most glaring cases of politicians excluded from the Politburo include pro-Chinese politicians, while Party members tied to Vietnam have been promoted. It is also significant that Prime Minister Thongloun Sisoulith conveyed the above quoted anti-corruption declaration through the Chi-

10. On the debates between reformists and conservatives in Eighty Years, see Vorapheth, *Laos*, p. 137 ff, and Martin Stuart-Fox, 'Laos: Politics in a Single-party State', *Southeast Asian Affairs*, 2007, pp. 161-162.

11. This, for example, is the thesis of a high ranking diplomat, with a long experience in Laos, who has talked to the author under promise of confidentiality.

12. On patronage in Laos, see Martin Stuart-Fox, 'Countries at The Crossroads 2011: Laos', in Jake Dizard, Christopher Walker, & Vanessa Tucker (eds.), *Countries at the Crossroads 2011: An Analysis of Democratic Governance*, New York: Freedom House, 2012, pp. 325-345.

13. 'Selection of New National Leaders in Laos Indicates Tilt to Vietnam', *Radio Free Asia*, 22 January 2016.

14. 'Lao ruling communist party to strengthen fight against corruption', *Xinhua*, 24 September 2016.

nese Government press agency Xinhua rather than through the Lao Government press agency. One could suspect that Thongloun Sisoulith's declaration was a warning message sent to the Chinese ruling circles, stressing the new Party leadership's willingness to distance itself from Beijing.

2.1.1. Bounnhang Vorachith, leader of the LPRP and President of the Republic

Bounnhang Vorachith was born in 1937 in Savannakhet Province and, during his long career, has held several senior posts, including Mayor of Vientiane Prefecture. In 1952, he joined the Laos revolutionary movement, the forerunner of the Lao People's Revolutionary Party. In 1996, when most of the PLRP members were military, Bounnhang left the army, showing great courage. A protégé of party advisor Nouhak Phoumsavanh, who belonged to the party's civilian wing, Bounnhang was rewarded with a Politburo membership, also reflecting his long experience as Governor of Savannakhet Province and Mayor of Vientiane Municipality.

Bounnhang served as Deputy Prime Minister from 1996 to 2001, as Prime Minister from 2001 to 2006, and as Vice President of Laos from 2006 to 2016.¹⁵ At that time, Bounnhang was ranked 2nd in the PLRP's hierarchy, after President of the Republic and General Secretary of the Party Choummaly Sayasone. Since 2017, like his predecessor, Bounnhang has also assumed both roles. The concentration of power in the hands of a single individual is not, apparently, provoking great debates inside the Party, as has occurred in the past. Indeed, in 1992, after Kaysone Phomvihane's death, the party members hotly debated on the opportunity that his successor, Khamtay Siphandone, wielded the powers of both Party leader and President of the Republic.¹⁶ Although many thought that giving both charges to one person meant an excessive concentration of power, the debate did not succeed in preventing that from happening. The result was that, after that date, the concentration of the two roles in a single leader has become a commonly accepted event.

From a political perspective, Bounnhang's presidency indicates continuity in the «steady-as-you-go» policy of moderate conservatism; at the international level, it ensures the strengthening of the pro-Vietnamese policy. Bounnhang's ties to Hanoi date back to the early 1950s, when he first joined the Lao revolutionary movement, and later underwent military training in Vietnam. It is no coincidence that Bounnhang appointed Dr Phankham Viphavanh, ex-president of the Laos-Vietnam Friendship Association, as Vice President of Laos.

15. Martin Stuart Fox, *Historical Dictionary of Laos* (3rd edn.), Lanham, Maryland: The Scarecrow Press, Inc., 2008, pp. 30-31.

16. Kham Vorapheth, *Laos*, p. 99.

2.1.2. *The interrupted career of Somsavat Lengsavad and Thongsing Thammavong*

Whereas the appointment of Bounnhang appeared obvious, the exclusion of Somsavat Lengsavad and Thongsing Thammavong from the Politburo caused a great stir in Laos. Somsavat, a deputy prime minister, eighth in the line of succession, had joined the cabinet as Foreign Minister in 1993. Coming from a Chinese family, he could speak fluent Chinese and, in recent years, helped to implement a series of large projects backed by Chinese financing, including the launching of Laos' first satellite¹⁷ and the start of a US\$ 6 billion long-distance railroad project.¹⁸ Important political steps have marked Somsavat's long and successful career during the post-Cold War period. He negotiated very important cooperation agreements, such as those with the European Union,¹⁹ the Cooperation for the Sustainable Development of the Mekong River Basin,²⁰ and, in the same period, Laos's entry to ASEAN.²¹ Based on these achievements, when the 1998 government reshuffle added two deputy prime ministers to the cabinet, one of these positions was given to Foreign Minister Somsavat Lengsavad (the other going to Defense Minister Choumali Saignakon).²² Among others duties during his term, Somsavat was charged by President Nouhak Phoumsavanh with heading the committee with the important task of defining the borders between Laos and Thailand, particularly in the contested regions of Ban

17. 'In-orbit delivery of Laos' 1st satellite launched', *Xinhua*, 10 March 2016.

18. The first projects of the rail link from Singapore to Beijing, passing through Laos, were negotiated in 1996. In that period, Somsavat used to manage the Lao part of the project as Minister of Foreign Affairs.

19. Somsavat negotiated both regional agreements, such as the Agreement on Cooperation for the Sustainable Development of the Mekong River Basin, and the historical treaties marking the post-Cold War era of cooperation in Southeast Asia. See '4 nations sign new Mekong Agreement', *Japan Economic Newswire*, *Kyodo*, 5 April 1995.

20. On 16 February 1994, Laos' Foreign Minister Somsavat Lengsavad wrote to Jacques Delors (President of the European Commission) to signal his government's desire for closer economic and political links with Europe, particularly in promoting trade. He also indicated his government's desire to begin preliminary talks on a cooperation agreement with the EU. The negotiations began on 7 November 1996 and were concluded by initialling, the following day, the Agreement between the European Community and Laos. See EU Commission Finals Database, *Proposal for a Council Decision concerning the conclusion of the Cooperation Agreement between the European Community and the Lao People's Democratic Republic*, Official Journal Reference 97/C109/06.

21. Laos joined ASEAN in 1997. In the mid-1990s, Somsavat realised that entry to ASEAN would strengthen Laos's position against China. «We are not a big country», he said «but we want to become the gateway for ASEAN into China [...] there is a great future there.». See 'Laos Sees Dam Loan As Ticket To Future', *South China Morning Post*, 19 November 1996.

22. 'Laos Reshuffles Government', *Xinhua News Agency*, 25 February 1998.

Boten in Sayaboury and Chattrakarn in Phitsanulok.²³ Nonetheless, in spite of all the above achievements and contrary to analysts' expectations, in 2001 Foreign Minister Somsavat Lengsavad was not appointed to the Politburo.²⁴ It is likely that the lack of a strong sponsor in the Party or his Chinese origin, even back then, hindered his career.²⁵

Fifteen years later, Somsavat's career was once again halted at the Politburo's gates. He remained in office as Deputy Prime Minister until July 2016 and continued to play his role as Minister of Foreign Affairs. On 15 April, he visited the Hanoi-Moscow Complex (Incentra) in Moscow, whose activities, he said, helped boost the investment cooperation of ASEAN businesses in Russia, including those from Laos.²⁶ However, it was quite obvious that his exclusion from the Politburo and his unwillingness to support the Party's new political line would force him to resign soon. Indeed, on 13 July, Somsavat announced his withdrawal from political life, and was ordained as Buddhist monk in his hometown Luang Prabang to study Theravada Buddhist teachings.²⁷

The other famous party member demoted from the Politburo was Thongsing Thammavong, Prime Minister from December 2010 to April 2016. Thongsing Thammavong was elected in the Politburo in the 5th Congress held in 1991, when the Politburo expanded from nine members to 11. He quickly climbed the career ladder and, in 2010, his appointment as Prime Minister seemed likely to be supported by the then state Vice-President Bounnhang Vorachith, both being associated with veteran revolutionary and third President of Laos, Nouhak Phoumsavan.²⁸

As Prime Minister, Thongsing Thammavong succeeded to Bouasone Bouphavanh, who unexpectedly resigned six months before the end of his term and some months before the 9th Congress scheduled on 17-21 March 2011. The resignation was justified with reference to hardly convincing «fam-

23. 'Lao FM Wants Ban Rom Klao Row Settled', *Bangkok Post*, 9 November 1995.

24. 'Old guard in charge after Laos communist meet', *Reuters News*, 14 March 2001.

25. The Chinese in Laos, the smallest overseas Chinese community in Southeast Asia, almost disappeared after the communist forces seized power in 1975. The Pathet Lao, the Lao revolutionary party from which the PLRP originates, has always shown hostility to the Chinese community in Laos. In 1979, during the war between China and Vietnam, relations had further frayed. Consequently, the Chinese in Laos were so extensively persecuted that, in practice, they were unable to acquire Lao nationality. See Florence Rossetti, 'The Chinese in Laos: Rebirth of the Laotian Chinese Community as Peace Returns to Indochina', *China Perspectives*, No. 13, 1997, pp. 26-40.

26. 'Russia, Laos agree on cooperation in peaceful use of nuclear- energy – Rosatom', *Interfax*, 14 April 2016.

27. 'Former Lao Deputy PM Joins Monastery', *Government Publications and Press Releases*, 13 July 2016.

28. 'International Family problems', *Inside Story*, 19 January 2011.

ily problems».²⁹ This left the field open to the eventually vain attempts of the analysts to find an explanation for both Bouasone's lost support from the party and Thongsing's consequent appointment.³⁰ Retrospectively, it is interesting to note that Thongsing, at the time, was supported by Somsavat.³¹

As above noted, in 2015 Thongsing Thammavong was removed from the Politburo. It is rumoured that it was Vietnam that pushed the LPRP to do it, angered by Thongsing's plans for massive dam construction projects across the Mekong River and its tributaries. Moreover, Thongsing was dogged by allegations of corruption, economic mismanagement, and criticism that he was too close to China.³²

After the national elections held on 20 March 2016, the new government was formed and Thongloun Sisoulith was appointed Prime Minister after serving as Ministry of Foreign affairs from 2006 to 2016.³³ Thongloun Sisoulith was born in Huaphan province – the same province whence Thongsing Thammavong came – and belongs to the generation of party's members educated in Russia in 1970s. He built his career marrying the daughter of the powerful former member of the Politburo, Phoumi Vongvichit, and was elected to the Politburo at the 7th Party Congress in 2001.

Due to the lack of sources, it is hard to find the hidden reasons behind Somsavat Lengsavad's and Thongsing Thammavong's exclusions. As above noted, the most likely reasons are related to the Party's two main objectives: first, to ensure a balance between different dominant clans at regional level; second, to promote a foreign policy autonomous from China, particularly at the regional level. The reasons for Lao political will to walk away from China are analysed in the following paragraphs.

3. *Why Laos wants to walk away from China*

The turning point heralded by LPRP's 10th Congress must be viewed in the context of the new Lao leadership's desire to strengthen its political legitimation, at both the domestic and international levels. In walking away from China, the Party-State wanted to demonstrate its autonomy and its lack of subalternity vis-à-vis its giant neighbour. In the following paragraphs, this search for internal and international legitimisation will be analysed.

29. 'Prime minister of Laos resigns', *AFP*, 23 December 2010.

30. 'Bouasone dumped from Lao Politburo', *new mandala*, 22 March 2011.

31. 'International Family problems', *Inside Story*, 19 January 2011.

32. Luke Hunt, 'Leadership Change in Laos: A Shift Away From China?', *The Guardian*, 25 January 2016.

33. Martin Stuart Fox, *Historical Dictionary of Laos (3rd edn.)*, Lanham, Maryland: The Scarecrow Press, Inc., 2008, p. 347.

3.1. Chinese investments in Laos

In the last decade, Laos has hosted a huge quantity of projects financed principally – even if not exclusively – by China.³⁴ Moreover, since 2015, when Laos became involved in the pharaonic Chinese Belt and Road Initiative (BRI), China has become its biggest foreign investor and donor and its second largest trading partner. Indeed, China has invested some US\$ 5.71 billion cumulatively, and during the first ten months of 2015, China's FDI reached US\$ 1.22 billion, with a year-on-year increase of 60.7%.³⁵ The two-way trade between Laos and China has grown annually, with the total value amounting to US\$ 1.3 billion in 2011, rising to US\$ 3.6 billion in 2014, but then dropping to US\$ 2.78 billion in 2015.³⁶

On 2 January 2016, after many postponements, the section of rail line running from Kunming through Laos, Thailand and Malaysia to Singapore was finally inaugurated. Vientiane and Beijing agreed the interest rate for a US\$ 480 million Chinese-backed loan to help finalising the US\$ 7 billion project.³⁷

Most Chinese investments are concentrated near the borders where the Lao Government has started to build special economic zones (SEZs) since the beginning of the century. In total, 260 companies are investing in the 13 Lao SEZs, with a total registered capital of US\$ 6.4 billion.³⁸

While large Chinese private companies mainly invest in the lucrative sector of casinos (harnessing gambling tourism), Chinese state-owned enterprises (SOEs) prefer mining industry, hydropower plants, and commercial agriculture. Some SEZs have become true Chinese enclaves, with

34. The first Chinese projects in Laos started in 2008, based on an agreement secretly negotiated through the China Development Bank, between the Lao government and a Chinese consortium. A credit of US\$ 100 million was provided towards building a new stadium in Vientiane; in return, the Chinese investors obtained a 50-year concession to develop 1,640 hectares of swampy land. On this point, see Martin Stuart-Fox, 'Laos: The Chinese Connection', *Southeast Asian Affairs*, No. 1, 2009, p. 142.

35. 'Spotlight: China-Laos ties at all-time high', *Xinhua*, 1 December 2015.

36. 'Laos, China sign cooperation agreements', *The Asia News Network*, 5 May 2016.

37. 'China's dream of rail link to S-E Asia coming true', *The Straits Times*, 21 January 2016; 'Construction of China-Laos railway officially commences', *People's Daily Online*, 25 December 2016.

38. 'Lao government seeks foreign investment, particularly in SEZs', *The China Post*, 12 April 2016. These 13 SEZs comprise two different types: four are normal SEZs while the other nine have become specific economic zones. An SEZ may combine many specific economic zones and the areas must be over 11,00 ha. The Asia Development Bank (ADB) and the United Nations Industrial Development Organization (UNIDO) have actively supported the establishment of SEZs, assigning them a key role in «jump-starting» private sector development. The history, features, and laws concerning Lao SEZs are provided on the website of the Ministry of Planning and Investment, Investment Promotion Department (<http://www.investlaos.gov.la>).

an estimated community of 300,000 Chinese nationals,³⁹ creating tensions between Lao and Chinese groups.⁴⁰ The last months of 2015 reported a progressive increase in violence, exemplified by various killings, shootings, robberies, and other violent acts. In January 2016, two Chinese workers were killed in an apparent bombing attack in Xaysomboun Province; consequently, the national Government imposed a curfew.⁴¹ Despite this, on 1 March, one more Chinese worker was killed and three were wounded in two separate attacks in the same region.⁴²

The most profitable Chinese investments have also concentrated on dams exploiting hydropower energy. Thus, Laos has become one of the greatest producers and exporters of energy. Clean as this energy is, the large number of dams has inflicted enormous damage to the Mekong Basin ecosystem, provoking ferocious protest from the downstream countries.⁴³

3.1.1. *Costs and benefits of the Sino-Lao developmental model*

Many scholars have engaged in an extensive debate weighing the social and political costs and benefits of Laos's economic development. In general, if one avoids polemic publications affirming that Laos has sold its sovereignty to China,⁴⁴ it is possible to distinguish two different approaches.

The first approach analyses these issues from the perspective of Chinese investors. Pál Nyíri, for example, states that Chinese investors implemented in Laos a typically Chinese development model, aimed at creating a «rapid modernisation» and «progress [...] based on the authority of a powerful regime».⁴⁵ Agatha Kratz and Dragan Pavličević classify Chinese investments as part of the so-called «speed diplomacy» or «holistic Chinese

39. Sebastian Strangio, 'China's footprint kicks up concerns in tiny Laos', *Nikkei Report*, 21 April 2016.

40. Pál Nyíri, 'Realms of Free Trade, enclaves of Order: Chinese-Built «Instant Cities» in Northern Laos', in Marting Saxer & Juan Zhang (eds.), *The art of neighbouring: making relations across China's borders*, Amsterdam: Amsterdam University Press, 2014, pp. 57-72; Samuel C. Y. Ku, 'Laos in 2014 Deepening Chinese Influence', *Asian Survey*, Vol. 55, No. 1, January/February 2015, pp. 214-219.

41. 'Bombing in Central Laos Kills 2 From China', *The New York Times*, 29 January 2016.

42. 'Another Chinese Citizen Killed in Laos', *The Diplomat*, 4 March 2016; 'One Chinese killed, three injured in Laos in militant attack', *Xinhua*, 2 March 2016.

43. 'Chinese Dams Blamed for Exacerbating Southeast Asian Drought', *VOA News*, 1 April 2016.

44. Ron Gluckman, 'Bungle In The Jungle', *Forbes*, 27 July 2011; Pinkaew Laungaramsri, 'Commodifying Sovereignty: Special Economic Zone and the Neoliberalization of the Lao Frontier', *The Journal of Lao Studies*, Vol. 3, Issue 1, October 2012, pp. 29-56; Arnaud Dubus, 'Le gouvernement a vendu le nord du Laos à la Chine', *Liberation*, 19 October 2015.

45. Pál Nyíri, 'Enclaves of Improvement: Sovereignty and Developmentalism in the Special Zones of the China-Lao Borderlands', *Comparative Studies in Society and History*, Vol. 54, Issue 3, July 2012, pp. 533-562.

diplomatic-economic push», whose purpose is to fulfil a developmental model potentially useful to strengthening China's political and economic hegemony.⁴⁶ Other scholars, such as Zhang Weiwei, maintain that China has inaugurated in Laos a «new model of development and a new political discourse».⁴⁷

The second approach focuses on the Lao perspective. Antonella Diana and Andrew Walker state that implementing liberal policies and improved physical connectivity along the economic corridors have created a «borderless» region, in which state authority has diminished.⁴⁸ Danielle Tan argues that, for the Lao leadership, SEZs offer an ideal framework to cover various kinds of illicit and outright illegal, but concurrently highly profitable, activities on which the Lao Government bases its struggle against poverty.⁴⁹

Diana, Walker, and Tan adopt Ong's understanding of SEZs as «sites of exception»,⁵⁰ which derives, in turn, from the idea of the «state of exceptions» theorised by the Italian philosopher Giorgio Agamben.⁵¹ According to this theory, territory, sovereignty, and activities are handled more flexibly to extract wealth from frontier territories.⁵² Some other scholars, such as Jeffrey Reeves, highlight the dangerous social impact, detailing how the Chinese investments in Laos have caused «structural violence [...] that has led to a fundamental shift in the industry away from subsistence farming and toward commercial farming».⁵³ This could be read as a causal factor explaining the already mentioned many episodes of Lao intolerance against the Chinese, culminating in violence.⁵⁴

46. Agatha Kratz & Dragan Pavličević, *China's High-Speed Rail Diplomacy: Riding a Gravy Train?*, Lau China Institute Working Paper Series, without data. (<http://www.kcl.ac.uk/sspp/departments/lci/documents/working-papers/Lau-China-Institute-Working-Papers-1.pdf>).

47. Zhang Weiwei, *The China Wave: Rise of a Civilizational State*, Hackensack: World Century Publishing Corporation, 2012.

48. Antonella Diana, *Roses and Rifles: Experiments of Governing on the China-Laos Frontier*, PhD thesis, Canberra: Australian National University, 2009; Andrew Walker, 'Conclusion: are the Mekong Frontiers Sites of Exception?' in Martin Gainsborough (ed.), *On The Borders of State Power: Frontiers in the Greater Mekong Sub-Region*, Abingdon and Oxon, UK: Routledge, pp. 101-111.

49. Danielle Tan, *Du communisme au néolibéralisme: Le rôle des réseaux chinois dans la transformation de l'État au Laos*, PhD thesis, Sciences Po - L'Institut d'études politiques de Paris, 2011.

50. Aihwa Ong, *Neoliberalism as Exception: Mutations in Citizenship and Sovereignty*, Durham: Duke University Press, 2006.

51. Giorgio Agamben, *State of Exception*, Chicago: University of Chicago Press, 2005.

52. Danielle Tan, *Du communisme au néolibéralisme*, p. 361.

53. Jeffrey Reeves, *Chinese Foreign Relations with Weak Peripheral States: Asymmetrical Economic power and insecurity*, Abingdon Oxon: Routledge, 2016, pp. 176-177.

54. Ken Quimbach, 'Laos in danger of losing jobs and culture as Chinese pour in', *Global Times*, 24 January 2013.

3.1.2. *In search of internal legitimisation*

Walking away from China does not mean Laos intends to break or interrupt economic relations with its powerful neighbour, renouncing the Chinese flow of aid and infrastructure projects still in progress. Indeed, the Chinese projects have allowed Laos to achieve high levels of GDP growth (about +7 % annually) over the last decade.⁵⁵ Throughout 2016, Chinese aid in Laos continued to feed the current projects, despite the choice of Lao leadership demonstrating a critical attitude towards the developmental model proposed by China. Indeed, the Chinese model imported into Laos is mainly geared to the interests of the Chinese capital, with no attention to social consequences in Laos. Among these consequences there are unfair redistribution of incomes, land grabbing, corruption, anarchic urban growth, uncontrolled youth mass migration and, finally, tensions and fissures inside the LPRP. The Chinese rhetoric, whose purpose was to emphasise the «salvific» role of projects aiming at allowing neighbouring countries to escape from underdevelopment, great poverty, and illegal economies (e.g. the cultivation of opium or corruption), badly masks the illusory role of «the burden of the yellow man». On the one hand, as already noted, the realisation of profit does not take into account the social costs of such projects; on the other hand, their implementation has both reinforced some political clans, particularly in the north, while damaging others, and has weakened the working class.

Beyond these domestic reasons, Laos walking away from China is linked to the Party-State's aim of strengthening its regional and international legitimisation.

4. *Seeking international legitimisation*

In a regional context characterised by growing tensions in the South China Sea (SCS), the Lao establishment aims at distancing itself from China to demonstrate to the international community its autonomy on several vital issues concerning ASEAN integrity. Among these issues, in 2016, debates in different ASEAN fora on implementing the Declaration on the Conduct of Parties (DOC) in the South China Sea raised the temperature of diplomatic relations between the countries involved. The DOC was signed in 2002 by China and ASEAN members to outline the most important principles in the management of disputes over the SCS.⁵⁶ Nonetheless, the DOC's four elements

55. The World Bank, *Lao GDP (current US\$)* (<http://data.worldbank.org/indicator/NY.GDP.MKTP.CD>).

56. Truong-Minh Vu & Nguyen The Phuong, *China and the South China Sea Disputes*, E-International Relations, 9 September 2014 (<http://www.e-ir.info/2014/09/09/china-and-the-south-china-sea-disputes>).

of confidence building⁵⁷ have never been binding upon the signatories, only constituting a declaration of intents.⁵⁸ Since 2002, very little has been done to implement the DOC and to bind interested parties to a shared set of rules.

Only in 2013, China and ASEAN launched consultations to establish a Code of Conduct (COC) in the South China Sea, under the framework of the DOC. This happened after the Philippines requested arbitration proceedings against China's territorial claim within its Nine-Dash Line, namely the demarcation line created by China to unilaterally claim the major part of the Southern China Sea.⁵⁹ However, three years later, the COC still remained unsigned. Reaching an agreement seems even more difficult since the International Arbitral Tribunal, on 12 July 2016, held there was «no legal basis for China to claim historic rights» over the Nine-Dash Line.⁶⁰ Indeed, at the closing of this article, the Beijing Government had not yet accepted the arbitration proposed by the Philippines. On the contrary, as will be analysed in the following paragraphs, China has always endeavoured to prevent ASEAN member states from arriving at a shared and consolidated view on this issue.

Throughout 2016, it was in this complicated context that Laos chaired ASEAN and its several meetings at different levels, where delicate and divisive issues were discussed.

4.1. *The difficult relations between Laos and China*

Immediately after the LPRP's 10th Congress, Chinese President Xi Jinping offered his congratulations to Bounnhang, both personally and on behalf of the Chinese Communist Party, reiterating that the ties between China and Laos and their ruling communist parties were «considered from a strategic standpoint and long-term perspective.»⁶¹ He also stressed his commitment to develop a «full-fledged strategic cooperative partnership» with Laos.⁶²

Moreover, just two days after the appointment of the new Lao Government, on 23 April 2016, Lao Foreign Minister Saleumxay Kommasith and

57. The four elements are: (i) holding dialogues and exchange of views as appropriate between their defense and military officials; (ii) ensuring just and humane treatment of all persons who are either in danger or in distress; (iii) notifying, on a voluntary basis, other Parties concerned of any impending joint/combined military exercise; and (iv) exchanging, on a voluntary basis, relevant information.

58. Declaration on the Conduct of Parties in the South China Sea (DOC), 4 November 2002, Articles 4 and 5 (http://asean.org/?static_post=declaration-on-the-conduct-of-parties-in-the-south-china-sea-2).

59. The Nine-Dash Line is also referred to as the U-line or *Langue de Bœuf*.

60. For the full award of the arbitral tribunal constituted under Annex VII to the 1982 United Nations Convention on Law of the Sea, see <https://pca-cpa.org/wp-content/uploads/sites/175/2016/07/PH-CN-20160712-Award.pdf>.

61. Tamaki Kyojuka, 'Laos politics: Party prepares to pass the baton to «princelings»', *Nikkei Report*, 27 January 2016.

62. *Ibid.*

Chinese Foreign Minister Wang Yi met in Vientiane. Both sides expressed a desire to continue their cooperation on infrastructural projects linked to the BRI. Nonetheless, beyond any official statement, it was clear that Wang Yi prioritised the Lao government's stance on the SCS. The «disputes over some Nansha islands and reefs are not an issue between China and the ASEAN, and should not affect the development of China-ASEAN relations», stated the press release of the Chinese Foreign Minister.⁶³

On 13 June, during another meeting between Wang Yi and Saleumxay Kommasith, Beijing's determination to elevate China-Laos comprehensive strategic cooperation to a higher level emerged again. Wang Yi arrived in Laos after a whirlwind tour of Brunei and Cambodia, anticipating the award of the International Arbitral Tribunal on the SCS dispute and asking all countries, especially Laos, to maintain a neutral or low profile position on the COC during the different scheduled meetings of ASEAN. Whilst Cambodia assured its full support to the Chinese, Brunei and Laos adopted a different position. Laos, as chair of ASEAN, was no longer aligned with China, and Brunei was engaging Vietnam to seek agreement on DOC implementation.⁶⁴

China's official aim has always been to accept negotiation to implement the DOC, while procrastinating in signing the COC. In fact, as above noted, the DOC is not as binding as the COC. Consequently, Beijing, has always stressed its willingness to implement the DOC, yet simultaneously drawing back from any set of binding rules. It is not coincidental that meetings held on these topics during 2016 produced no effective outcomes.⁶⁵

In particular, in procrastinating over the COC, China took its time and, consequently, gained more opportunities to settle disputes on a bilateral basis, rather than in multilateral fora. From this perspective, the political developments in Laos, epitomised by the Politburo reshuffle and the strengthening of relations with Vietnam and the US, made both China's plans and Laos's plans concerning China more complicated.

63. Ministry of the Foreign Affairs of the People's Republic of China, *Wang Yi: China and Laos Reach Consensus on South China Sea Issue and China Appreciates Laos' Objective and Fair Stance*, 23 April 2016.

64. 'Brunei, Vietnam vow to fully, effectively implement DOC on South China Sea', *Global Times*, 28 August 2016.

65. On 15-16 August 2016, the 13th Senior Officials' Meeting (SOM) and the 18th Joint Working Group Meeting on the Implementation of the Declaration on the Conduct of Parties in the South China Sea (DOC) were held in Manzhouli, Inner Mongolia. The official statement of the Chinese Government reported: «The parties reaffirmed their commitment to properly managing differences, increasing mutual trust and removing disturbances so as to make the South China Sea a sea of peace, friendship and cooperation». See Ministry of Foreign Affairs of the People's Republic of China, *The 13th Senior Officials' Meeting on the Implementation of the DOC Held in Manzhouli, Inner Mongolia*, 16 August 2016, §4 (http://www.fmprc.gov.cn/mfa_eng/wjbxw/t1389619.shtml).

This being the situation, and given that Laos and China were anyway bound by a strong cooperation program, Barack Obama's historical visit to Laos in September 2016 was widely perceived as aimed at manifesting support for Laos's political position on the thorny question of the SCS.

The US press and, consequently, all Western media emphasised the visits of US Secretary of State John Kerry, in January 2016, followed by Obama's, who attended the ASEAN Summit in September.⁶⁶ Once all this has been pointed out, the fact remains that, though the international media stressed Laos's opportunity to «counter Chinese assertiveness»,⁶⁷ it is clear that the Lao diplomatic role, though potentially important, cannot be a decisive factor on the SCS.

5. Barack Obama's «historical» visit to Laos

Laos attracted international headlines when the visit of Barack Obama was announced in early January 2016. The first sitting US President to visit Laos attended the ASEAN summit in Vientiane, scheduled for 6-8 September. For Laos, the presence of the US President strengthened the process of normalising bilateral relations, already started by the George W. Bush administration in 2005⁶⁸ and continued by Obama since 2009.⁶⁹ In 2010, the two countries established the US-Laos Comprehensive Bilateral Dialogue, an annual opportunity to discuss Laos' entry into the World Trade Organization together with cooperation on issues such as health, counter-narcotics, and environmental protection.

66. Surprisingly, in 2016, two long articles were dedicated to US-Laos relations by the prestigious *Foreign Affairs*: David Roberts & Jalel Sager, 'Recharging Asia's Battery. What Obama Should Do in Laos', 1 September 2016; Brett Dakin, 'Laotian Lessons. Obama's Goal in Laos', 6 September 2016.

67. 'Laos assures US it will help counter Chinese assertiveness', *Associated Press*, 25 January 2016; 'Laos to Counter China's Growing Influence in South China Sea', *China Topix*, 25 January 2016.

68. By 2005, Laos and the US had established the Bilateral Defense Dialogue, a forum for consultations between the Lao Ministry of National Defense and US Pacific Command (USPACOM). The annual dialogue has focused, among other issues, on efforts to resolve cases of American military personnel still missing in Laos. The 13th meeting was held on 1-3 August 2016. See U.S. Pacific Command, *U.S. Pacific Command United States - Lao People's Army Conduct Eleventh Annual Bilateral Defense Dialogue*, 9 August 2016.

69. In June 2009, the Obama Administration removed the prohibition on conducting business in Laos: 'Obama Okays U.S. Exim Bank Loans for Cambodia, Laos', *Reuters*, 12 June 2009.

5.1 Consequences of Obama's presence on Lao-US relations

In her famous report on the trial of German Nazi leader Adolf Eichmann, *Eichmann in Jerusalem: A Report on the Banality of Evil*,⁷⁰ Hanna Arendt argues the offender acknowledging the victim's status is the most important step forward in obtaining justice from the offender. According to this theory, one could maintain that for the first time after the US's «secret war» in Indochina, the US made the most important step in giving justice to Laos. During his «Speech to the people of Laos», Obama, indeed, stated:

Six decades ago, this country fell into civil war. And as the fighting raged next door in Vietnam, your neighbours and foreign powers, including the United States, intervened here. As a result of that conflict and its aftermath, many people fled or were driven from their homes. At the time, the US government did not acknowledge America's role. It was a secret war, and for years, the American people did not know. Even now, many Americans are not fully aware of this chapter in our history, and it's important that we remember today [...] Over nine years – from 1964 to 1973 – the United States dropped more than two million tons of bombs here in Laos [...]. It made Laos, per person, the most heavily bombed country in history.⁷¹

Even if Obama's statement was too brief in explaining the reasons for US involvement in bombing Laos, he certainly fulfilled the expectations of Lao people by admitting US responsibility for the bombing and atrocities of the 1960s and 1970s. This statement was accompanied by the US allocating US\$ 90 million to support bomb removal and victim assistance programs.⁷²

It is also worth stressing that Obama chose to emphasise the US's role in development cooperation in the most critical sectors, such as health, and paid particular attention to young people.⁷³ The US President spent part of his visit talking to young people at the Young Southeast Asian Leaders Ini-

70. Hannah Arendt, *Eichmann in Jerusalem: a report on the banality of evil*, New York and London: Penguin Books, 2006. The original version, published in *The New Yorker* in 1963, is available at <http://www.newyorker.com/magazine/1963/02/16/eichmann-in-jerusalem-i>.

71. The White House, *Remarks of President Obama to the People of Laos*, 6 September 2017, §§ 5-7 (<https://obamawhitehouse.archives.gov/the-press-office/2016/09/06/remarks-president-obama-people-laos>).

72. *Ibid.*, §10.

73. The White House, *FACT SHEET: Young Southeast Asia Leaders Initiative - Summit in Luang Prabang, Laos*, 7 September 2017 (<https://obamawhitehouse.archives.gov/the-press-office/2016/09/07/fact-sheet-young-southeast-asia-leaders-initiative-summit-luang-prabang>).

tiative (YSEALI) Summit, an initiative he had personally launched in 2013 to strengthen partnerships with emerging leaders in Southeast Asia.⁷⁴

6. *Economy: the transition out of low-income country status*

Indisputably, since Laos opened up to foreign investments its GDP growth has been impressive, with a rate of +8% from 2009 to 2013. In the last five years (2012-2016), despite a decline in this rate, the average stood at about +7%.⁷⁵ This growth brought about improved living standards throughout the country, as indicated by an increase in per capita income from US\$ 319 in 2011 to US\$ 1,970 last year. Less than five years ago, in 2011, the World Bank changed Laos's categorisation from low-income economy to lower-middle-income economy.⁷⁶ Further growth in 2015 convinced members of the Party-State that Laos could join the group of high-middle-income countries by 2030.⁷⁷

However, inequalities in wealth redistribution have concurrently worsened. According to World Bank data, the Gini coefficient rose from 34.66 points in 2002 to 37.89 in 2012. Overall, children in northern Laos are developing poorly, with disparities in child development across different ethnic groups and family backgrounds.⁷⁸ Nonetheless, poverty in Laos declined from 33.5% to 23.2% in the last decade, taking half a million people out of poverty.⁷⁹

A developmental model characterised by two elements has assured the flow of FDI and ODA: 1) the creation of SEZs aimed at hosting low-tech factories (handicrafts, textiles, and extractives); and, 2) the construction of great infrastructural projects (roads, railways, and dams for hydropower production), thanks to capital and grants from foreign countries and donors

Regarding the first element, it is worth stressing that the new leadership still focused on strengthening this model. In January 2016, policymakers approved establishing the country's 13th SEZ in Luang Prabang province.⁸⁰ In April 2016, the government stated that all SEZs would be encouraged to set up one-stop public services to streamline the bureaucracy involved in investment.⁸¹

74. *Ibid.*

75. The World Bank, *Lao PDR* (<http://data.worldbank.org/country/lao-pdr>).

76. The World Bank, *Lao PDR Now a Lower-Middle Income Economy*, 17 August 2011.

77. Tamaki Kyojuka, 'Laos politics: Pro-Vietnam leader chosen to shake off dependence on China', *Nikkei Report*, 23 January 2016.

78. The World Bank, *The status of early childhood health and development in northern Lao PDR*, December 2016.

79. The World Bank, *Lao Economic Monitor May 2016: Challenges in Promoting More Inclusive Growth and Shared Prosperity*, p. 9.

80. 'Lao govt approves new SEZ in Luang Prabang', *Asia News Network*, 18 January 2016.

81. 'Lao government seeks foreign investment, particularly in SEZs', *The China Post*, 12 April 2016.

Remarkably, Laos has not yet exploited the whole range of opportunities that SEZs could offer. Indeed, many factories and enterprises face labour shortages, partly because many people, particularly from the rural areas where jobs are scarce and low-paid, decide to move to Thailand.⁸²

To tackle this problem, in April 2015 the government increased the minimum wage by nearly 44% to Kip 900,000 (US\$ 110) a month, in an attempt to boost manufacturing in SEZs.⁸³ Companies complained about the shortage of skilled and unskilled workers, as 200,000 Lao workers registered in Thailand in 2016.⁸⁴ Similar language and cultural traditions, in addition to the obviously higher salaries, explain their motivation to work in Thailand. However, lack of public awareness of the laws and legislation concerning working in Thailand leaves potential migrants vulnerable to exploitation and human trafficking.

In recent years, however, the reverse phenomenon became apparent, as there has been an unprecedented increase in the numbers of immigrant workers entering Laos from Vietnam, China, Thailand, and Myanmar. SEZs and the construction sector have drawn an estimated 200,000 foreign people to work officially in Laos, mostly hired by Chinese and Vietnamese contractors and investors. Willingness to work for wages lower than in China or in Vietnam and the skill of speaking the investors' language are required to obtain a job.⁸⁵

On 22 April 2016, the inaugural session of the National Assembly's 8th Legislature approved the 8th five-year National Plan for 2016-2020, the 10-year Socio-Economic Development Strategy for 2016-2025, and the 15-year Vision 2030 report for 2016-2030.

According to the 8th five-year National Socio-Economic Development Plan, the Party-State set out four objectives which should be achieved by 2020, when the Lao population is expected to exceed 7 million:

82. All the statistical data produced and gathered by the International Organization of Labour (IOL) report the intense and continuous movement of workers in the Greater Mekong Subregion (Laos, Cambodia, Thailand, Vietnam, Myanmar, and Yunnan Province), in the order of two or three million people. These data are not precise because along the border areas, between which workers are moving daily, it is not possible to register them. It is estimated that, in 2010, about 500,000 Lao workers were abroad and their remittances totalled US\$ 204-258 million in 2013, accounting for 1.9-2.5% of the country's GDP. See Mana Southichack, *Lao Labor Migration and Remittance Trends and economic and livelihood implications*, Swiss Agency for Development and Cooperation, 2014.

83. 'Minimum wage 900,000 kip takes effect in April', *Lao News Agency*, 18 February 2015.

84. The Government [of Thailand] Public Relations Department, 'Thailand Stresses Its Management of Migrant Workers from Laos', 11 August 2016, § 7 (http://thailand.prd.go.th/ewt_news.php?nid=3643&filename=exchangeRadio).

85. International Organisation for Migration, *Laos. Overview. Migration Activities*, (<https://www.iom.int/countries/lao-peoples-democratic-republic>).

- 1) increasing per capita GDP from the current US\$ 1,970 to US\$ 3,190, with an annual economic growth of no less than 7.5%;
- 2) removing Laos from the UN's list of Least Developed Countries;
- 3) reducing national poverty rate from the current 22.3% of the total population to below 10%; and
- 4) raising the literacy rate among people aged 15 years and above to 95%.⁸⁶

In the mid-long term, the 10-year Socio-Economic Development Strategy for 2016-2025 sets three different targets: 1) maintaining annual economic growth at not less than 7.5%; 2) doubling per capita GDP; and 3) reducing the poverty rate to below 5%.

Finally, the 15-year Vision 2030 aims at further development, with the goal of achieving upper-middle-income country status by 2030, which would categorise Laos as a developing country.

7. Conclusions

In the year under review, the 10th PLRP Congress brought about a reshuffle of the Politburo, characterized by the promotion of some Party members together with the dramatic exclusion of others. In spite of this, the Party political line does not seem to have changed. This remains true even if it is worth stressing that the new leadership showed interest in strengthening its legitimacy both domestically and internationally. The pursuit of this goal was favoured by the GNP positive rate of growth and by Laos's successful and pro-active role in foreign policy, particularly in its role as incumbent ASEAN Chair.

86. 'Laos parliament session ends with targets set for new development plans', *Vientiane Times*, 25 April 2016.