

# Laos to issue first foreign currency denominated bonds

Times Reporters

The Asian Development Bank will help Laos issue foreign denominated bonds at the end of this year as part of efforts to generate funds and develop electricity projects, according to a bank official.

Mr Chiemi-Jamie Kaneko who is advising the Lao government on developing a financial market in Vientiane was interviewed by the New York-based Bloomberg network last week.

He said there was a possibility the Lao government could sell as much as 2.5 billion baht (US\$72.5 million) of five to 15-year notes at the end of this year or early next year.

The government will use royalties from the Theun-Hinboun and Houay Ho hydropower projects to guarantee the bonds, he told Bloomberg.

An official from the Ministry of Finance, Mr Boualith Khounsy, who attended an ADB funded Asean Bond Workshop in Bangkok, Thailand, last

week, said a number of banks including HSBC Holdings Plc, Thai Military Bank Plc and Siam Commercial Bank Plc had expressed interest in managing the sale of Lao bonds.

He said the ministry would report the expressions of interest to the government. At the end of the month the cabinet will convene to discuss the matter and select the winning bid. No date for an announcement of the winning bid has been set.

Mr Boualith said after the government selects a bank to sell the bonds, the authorised bank will be able to issue the bonds promptly. All of the banks were fully prepared to issue bonds and sell them to their customers.

He said the Lao government bonds would be attractive to investors as the government would use royalties to secure the bonds. He explained the royalties of the two major hydropower plants in Laos were fixed.

Mr Boualith said the government had to sell the bonds to generate funds and

develop electricity projects in the country, one of the main income generators for Laos.

Laos has agreed in principle to provide Thailand with 7,000 megawatts of hydropower by 2015.

Laos aims to sell kip-denominated bonds by 2010, according to the Bank of the Lao PDR.

Laos is looking to global investors to help it pay for new infrastructure projects and create jobs for its almost 7 million citizens, nearly half of whom are under 16 years of age. It plans to open a stock exchange by October 2010 and join the World Trade Organisation after the market opens.

The ADB forecasts gross domestic product will grow 5.5 percent this year, the most in Southeast Asia, where the global slowdown has curtailed growth in export-dependent countries including Singapore, Thailand and Malaysia.

Copper and gold mining, hydropower and tourism are the largest sources of income in Laos as most people survive on subsistence farming.

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