

# Australian Outlook

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### Enhancing Connectivity and Resilience: Laos as 2024 ASEAN Chair

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**Laos Chairmanship of ASEAN comes at a tumultuous time. Addressing the country's significant macroeconomic challenges while advancing regional connectivity and resilience will be a difficult task.**

This year Laos has its 3rd opportunity to hold the ASEAN chairmanship. In addition to hosting hundreds of meetings, Laos will serve as Chair of the ASEAN Summit and Coordinating Councils, and have the duty to actively promote and enhance the interests and well-being of ASEAN.

The chairmanship comes at a tumultuous time, and will bring increased international attention and scrutiny. ASEAN in 2024 must navigate a tense geopolitical landscape with heightened security risks, increasing extreme weather events resulting from anthropogenic climate change, complex economic precarity, and the protracted conflict within Myanmar. Amid all these difficulties, the year ahead also brings new opportunities for Laos to contribute positively to ASEAN regionalism, while simultaneously addressing some of its domestic woes.

Recognising these possibilities, Laos has chosen the theme of “Enhancing Connectivity and Resilience” for its chairmanship.

Perhaps the most worrying concern shadowing the chairmanship is Laos’ current macroeconomic instability. This includes an unsustainable debt burden, rising inflation, and currency depreciation. In 2023, Total Public and Publicly-Guaranteed debt reached 125 percent of GDP, while inflation rose to 25 percent, and the kip dropped in value by 18.4 percent against the US dollar. The consequences of these tripartite dilemmas have been felt across all tiers of the economy and, coupled with few employment opportunities, have seen many young Laotians migrate to Thailand in search of work. Serving as ASEAN Chair may bring much needed investments and development financing to Laos, but it will also require extensive time and resourcing inputs from a government that is yet to present any clear pathway to economic stability and is experiencing difficulties in paying civil servants a decent wage. Arguably, time spent on chairmanship duties would be better spent focusing on domestic challenges.

Intimately coupled with the issue of debt is China’s growing influence within Laos. More than half of the country’s debt is held by China, and there are valid concerns that indebtedness will be used to leverage political influence. One of the founding objectives of ASEAN was to enable Southeast Asian states to collectively counter the influences of major powers within their region. Laos has a commendable track record when it comes to accommodating competing powers and holds little stake in tense South China Sea disputes, providing grounds for it to be an effective mediator of regional tensions. Success depends, however, on its ability to support the interests of ASEAN states and promote unity on matters of critical regional importance. How well Laos can do this may depend less on its own diplomatic prowess than on how emphatically Beijing seeks to play its hidden hand.

A further concern for the year ahead is how the Lao People’s Revolutionary Party (LPRP) will respond to growing calls for greater political freedoms and more equitable economic growth. The increased international attention that will accompany the ASEAN chairmanship presents opportunities for activists and civil society organisations to bring attention to, and seek redress for, human rights abuses. Political reform is much needed in Laos and will not occur without courageous civic action.

Unfortunately, the risks associated with public criticism of the LPRP remain high. Many believe that the April 2023 attempted assassination of dissident blogger Anousa “Jack” Luangsuphom, and May 2023 execution of the Laotian political activist Bounsuan Kitiyano, were intended to silence and intimidate the population in advance of this year’s chairmanship. Executions and enforced disappearance have been a common intimidation strategy of the LPRP, and this is not the first occasion that such acts have been associated with international forums. The 2012 enforced disappearance of Sombath Somphone, which remains an indelible stain on the LPRP’s leadership, occurred following Laos’ hosting of the 12th Asia-Europe Meeting. The LPRP remains resilient despite its economic mismanagement and growing public criticism, but 2024 may prove to be politically contentious. If recent years have taught us anything, it is to expect the unexpected.

One important challenge for the LPRP in acting as ASEAN Chair during a time of wide societal hardship is the management of public perception. Hosting international summits and high-profile visiting dignitaries is expensive, and is often accompanied by spending on infrastructure upgrades, beautification schemes, shiny ministerial buildings, and luxurious accommodation facilities. New investments are already being undertaken in Vientiane, but with so much debt and rising living expenses the government must be careful not to overreach. Spending on image-enhancing projects may be viewed negatively by a population experiencing financial hardship, particularly if such projects result in forced displacements and resettlement, as has previously been common in Laos. New investment is likely to enter the country as a consequence of the chairmanship, but

money that flows in needs to circulate beyond the pockets of elite families to those with the greatest financial need.

To promote international tourism and encourage circulation of wealth during the chairmanship, the Lao government has designated 2024 “Visit Laos Year.” A busy calendar of events and festivals has been established, including January’s ASEAN Tourism Forum, which will be held in Vientiane 22 – 27 January. The promotion of tourism alongside the chairmanship is a smart economic move that should create new economic opportunities for people across the country. While tourism will not be the panacea to Laos’ economic difficulties, it does offer the potential for wider-ranging income generation than the country’s cherished resource extractive sectors.

Looking beyond Laos, one important priority for ASEAN in 2024 that demands attention is Myanmar’s enduring conflict. As the chairmanship moves from Indonesia to Laos, we can expect that Mainland Southeast Asia will feature more prominently in ASEAN dialogue. The crisis in Myanmar is of importance to Laos for many reasons, including the marked increase in methamphetamine trafficking (and other illicit flows) that has occurred across the two countries’ shared borders. Safe navigation of the Mekong River to facilitate trade with China is also a concern for both countries, and so too should be expanding human trafficking that has seen young Laotians detained and physically abused within Myanmar. Further, while armed uprisings by ethnic groups are unlikely in Laos – excepting geographically isolated attacks by the Lao People’s Armed Forces on Hmong *ChaoFa* – histories of ethnic minority resistance during the Second Indochina War likely still produces some security concerns regarding the transnational spill over of ethnic tensions.

For Laos to be an effective Chair, it must balance national and regional interests, ensuring consensus on priority regional issues. As a land-locked/linked country, Laos has always valued regional connectivity, and its proximity to Myanmar offers grounds to be hopeful for greater ASEAN efforts toward finding a Myanmar “solution.” Indeed, within the first two weeks of January Laos had already sent one of its most senior diplomatic representatives to meet with Myanmar’s military leader Senior Gen. Min Aung Hlaing in Naypyitaw.

Yet, even as Chair, Laos’ influence over regional affairs will likely be small; it is a minor ASEAN power and its chairmanship duties fall alongside substantial domestic challenges. On the theme of *connectivity and resilience*, the year ahead will not only be a test for ASEAN, but also for the people of Laos. Thankfully, the people are resilient.

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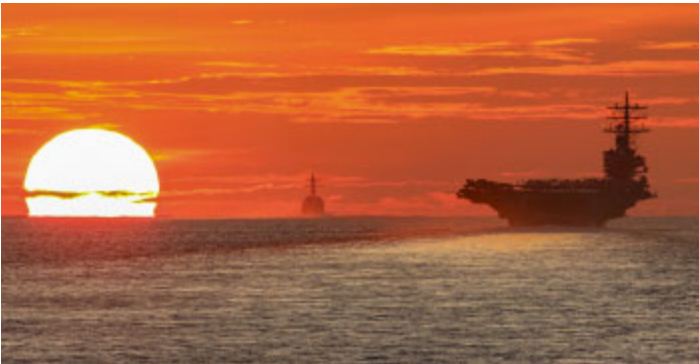


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