

Business

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More ASEAN franchises invade Indonesian market

The Jakarta Post, ANN

Indonesia remains an attractive destination for foreign franchising companies especially from other members of the Association of South East Asian Nations (ASEAN) despite the growing competition in the franchising business.

Malaysian Franchise Association (MFA) chairman Abdul Malik Abdullah said on Friday that Indonesia was definitely a potential market for Malaysian franchisors, where they would target not only the food and beverage sector, but also healthcare, beauty and education. "We currently have 20 franchise brands in Indonesia and we believe that there is good opportunity to tap into the market, especially with easier flow of goods and services under the ASEAN single market in 2015," he told the Post in the International Franchise License and Business Concept Expo & Conference (IFRA) in Jakarta.

Speaking at similar event, Singaporean Franchising and

Licensing Association (FLA) general manager Wesley Goh said that there were at least 10 Singaporean franchises currently operating in the country and there would be some more to come this year.

The advertising and operation manager of Singaporean blended ice franchisor Coolblog, Winson Keh, said that his company planned to open its first outlet in the country by year end following its successful presence in Malaysia.

"We are currently looking for a potential partner here in Indonesia as we already have more than 250 outlets in Malaysia and aim for 400 outlets next year. We have also been granted 'halal' certification [permissible according to Islamic law] from the Malaysian government," he said.

Besides Malaysia and Singapore, the Philippines will also expand its franchise businesses into the country. The Philippine Franchise Association chairman Samie Lim said there were currently five Philippines' franchises already operating in

the country, which range from retail to service sector, such as Penshoppe, Potato Corner and Crystal Clear Water Store.

"We are aware of ASEAN Economic Community and we expect to expand to other ASEAN countries, Indonesia is our top priority considering the huge market population and similarities we share," he added.

Meanwhile, Indonesian Franchise Association (AFI) chairman Anang Sukandar said that Indonesia was indeed a huge market for everyone, but he was afraid franchising business at home would be dominated by foreign firms.

"We have less than 15 franchisors going global, but there are a lot more foreign franchisors coming in. I think lack of support from the government is still a problem for potential franchisors to expand their business abroad," he added.

Both Malaysian and Singaporean franchisors enjoyed support from their respective governments. The Malaysian government provides four percent interest rate-loans for their local franchisors and gives financial assistance for those willing to go global. Meanwhile, the Singaporean government provides grants of between 50 to 70 percent of needed fund for local franchisors willing to go global as well as free business consultancy.

Indonesia's franchising business has grown during the first several years. As of last year, there were more than 2,000 franchises including licensed business opportunities (BOS), more than double from two years previously with an estimated combined revenue of Rp 115 trillion (US\$11.74 billion), or up 15 percent up from a year earlier, according to statistics from the Indonesian Committee for Franchises and Licenses.



Mr Somsavat Lengsavad (centre) chairs the meeting with other high level officials.

Economic progress review proves positive

Phaisythong Chandara

Laos' economy saw robust growth of between 7.8 and 8 percent per annum from 2009-2012 along with increasing interest from foreign investors, according to a recently published report.

The information was highlighted in the sixth annual report revealed by the Lao National Chamber of Commerce and Industry at a meeting in Vientiane yesterday.

Speaking at the meeting, Chamber President Mr Kissana Vongxay said the strengthening economic climate in Laos has been recognised by the international community, especially now that the country has become a member of the World Trade Organisation.

The Lao government introduced its economic reform policy in 1986 and has since adopted market-oriented policies to loosen government control over the economy and create conditions conducive to private sector activity and foreign investment.

These reforms have led to a significant increase in foreign

direct investment, especially in the areas of mining, hydropower and agriculture.

Although the economy has inevitably encountered some challenges in the last two decades due to global and regional economic downturns, Laos' GDP growth rate has remained relatively high in comparison to its neighbours.

Mr Kissana said the resource sectors of energy (hydropower), minerals and agro-forestry are primarily driving the country's economic growth, with construction and services (wholesale trading, tourism, transport and telecommunications) also providing valuable contributions.

Additionally, manufacturing is expected to benefit from an increased demand for cement, construction and food and beverages. Out of the 8.6 percent growth recorded in 2011, about 3.6 percent came from the resource sectors, with about 1 percent each from manufacturing and agriculture, 0.5 percent from construction and 2.5 percent from services.

In the government's 7th National Socio-economic

Development Plan (2011-2015) the overriding development policy agenda aims to achieve sustainable economic growth and reduce poverty and inequality in line with the Millennium Development Goals and the longer term objective of graduating from least developed country status by 2020.

To achieve this, the plan sets an annual target of at least 8 percent GDP growth, together with comprehensive reforms to broaden the country's productive base to be done through, amongst other things, economic diversification, human capital investment, enhanced labour productivity and a greater inclusion of vulnerable and geographically remote groups.

Mr Kissana said Laos needs to prepare for the challenges of developing technology, inflation and climate change, which may slow socio-economic growth.

Presiding over the meeting yesterday was Deputy Prime Minister Somsavat Lengsavad, which was attended by Minister of Commerce and Industry Dr Nam Vinhaket, officials from line ministries and other invited guests.



Around 143 local franchises and 36 foreign franchisors attend the International Franchise, License and Business Concept Expo and Conference, which ran from Friday to Sunday at the Jakarta Convention Center.

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Banque pour le Commerce Extérieur Lao

Foreign Currencies	Buying	Selling
US Dollar 50-100	7,677	7,714
Thai Baht	253.92	255.20
Euro 50-500	9,967	10,016

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