



Recommendations:

The Lao Government has embraced foreign investment following years of relative economic isolation that left it one of the least developed countries in Asia. Laos remains a difficult operating environment, but companies appreciate its GDP growth, low-cost manufacturing opportunities, and potential for improved transportation links with seaports over the next few years. ****Good for risk-tolerant manufactures looking for long-term potential****

- (+) High GDP growth over the past decade
- (+) Low cost of labor and cost of living
- (+) Better future connectivity when planned railroad lines provide access to foreign ports

- (-) Complex regulatory climate with high corruption despite government efforts to attract investors
- (-) Poor infrastructure and lack of educated labor
- (-) Macroeconomic instability and high foreign debt

Highlights:

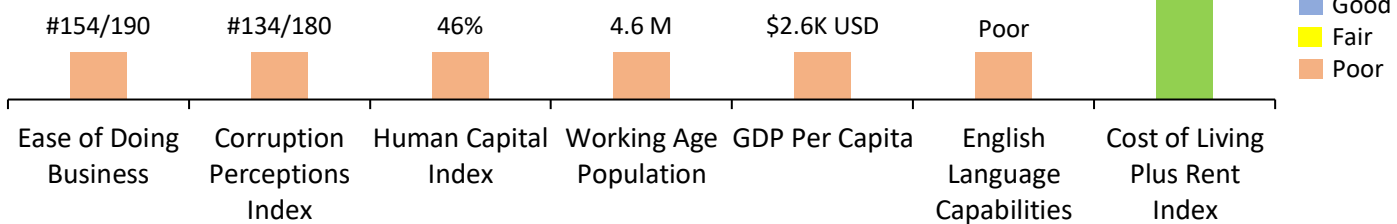
- Special Economic Zones (SEZs) offer low-tax, low-cost areas for manufacturing and distribution
- Easy land access to China, Vietnam, and Thailand, especially with soon-to-be opened railroads
- Consistently strong GDP growth, new infrastructure, and concerted efforts by the Lao government to improve the climate for foreign investors

With the exception of a recent economic slowdown due to the impacts of COVID-19, the Lao economy has **grown at nearly 8%** for most of the last decade and is **entering a new phase of regional and global integration.**

- International Trade Administration

Country Facts:

Population:	7.4 million; 1.5% annual growth for past few years
GDP:	\$19.14 billion USD; 0.4% 2020 growth and 4.7% 2019 growth
GNI per capita:	\$2,480 USD; 5% Inflation; lower middle-income country
E-Commerce:	Not widely used in Laos due to the lack of formal banking and credit card infrastructure, but likely to grow
Industries:	Tourism, mining, textile manufacturing, agriculture (especially rice), timber, hydropower
Tourism:	3.8 million tourists in 2019, grew at 15% annually prior to the pandemic; Luang Prabang is the major tourist city
Investment:	Foreign investment remains challenging, but the Lao government is committed to moving the economy away from resource exploitation to more inclusive economic growth.



Marketing:

Per capita expenditure:	\$1.1K USD
Internet penetration:	39% (Southeast Asia 63%)
Shop online:	7.1%
Mobile ownership:	81%
Primary messaging:	WhatsApp
Primary website:	Facebook

Average Labor:

Annual Labor Productivity	\$13,000
Prof. Salary	\$746
Worker Salary	\$690

Infrastructure:

Ports	None
Roads	Fair
Airfields	Poor
Railroads	Still under construction

Opening a Business:

Relevant Laws:	Law on Investment Promotion of 2016
Time to Incorporate:	60 days to incorporate in a non-sensitive sector
Remittance Taxes:	Business taxes range from 5% (education, health care, and innovation) to 20% (most industries), with 35% for mining
Restrictions:	Multiple restrictions, including laws requiring government involvement in business "sensitive to national security, public order, national fine tradition, and socio-environmental impact." Foreigners can lease but now own land. Foreign currencies are officially banned for domestic transactions.
Trends:	The Lao government has worked for over a decade to make the climate more favorable for foreign investors, and it is likely to get easier in future years.

BBA Services:

BBA can help your business navigate the complex Lao regulatory, political, and cultural environment. Although BBA has no resident staff in Laos, members of the BBA team have lived and worked in the Lao capital of Vientiane, speak the Lao language, and have many local connections. <https://businessbridgeasia.com>