

# Laos

## KEY FACTS

**Official name:** Saathiaranarath Prachhathipatay Prachhachhon Lao (Lao People's Democratic Republic)

**Head of State:** President Choummaly Sayasone (since Jun 2006; re-elected 15 Jun 2011)

**Head of government:** Prime Minister Thongsing Thammavong (from 23 Dec 2010; re-elected 15 Jun 2011)

**Ruling party:** Phak Paxaxôn Pativat Lao (Lao People's Revolutionary Party) (LPRP) (since 1975; re-elected 30 April 2011)

**Area:** 236,800 square km

**Population:** 6.38 million (2012)\*

**Capital:** Vientiane

**Official language:** Lao (English is the business language of the Lao government)

**Currency:** New kip (Nk) = 100 at

**Exchange rate:** Nk7,785.00 per US\$ (Jul 2013)

**GDP per capita:** US\$1,446 (2012)\*

**GDP real growth:** 8.31% (2012)\*

**GDP:** US\$9.22 billion (2012)\*

**Inflation:** 4.26% (2012)\*

**Balance of trade:** -US\$568.90 million (2011)

\* estimated figure



The days of the Vietnam war, when Laos was regularly in the world's headlines are long over. In the twenty-first century not a lot of information, be it political or economic, emerges from Laos. The relationship that no Laotian can ignore is, beyond question, that with neighbouring China. Given China's constant demand for natural resources, it would indeed be surprising to discover that Laos emerged unaffected. Chinese enterprises, some of which are state-owned, have secured vast rubber concessions in Laos. In a 'normal' economic relationship, inward investment on this scale would be welcomed for its

employment creation potential. Not so in Laos, where the Chinese plan is to create employment for thousands... of Chinese workers.

## China

According to a report in the London *Economist*, since 2003 the Laotian government 'has granted land concessions across the country for up to 100 years, often at knock-down prices, to Chinese, Vietnamese and, to a lesser extent, Thai operators.' The magazine's report informed that more land was in the hands of foreigners than is used in Laos to grow rice, the country's food staple. This disorienting use of Lao

land risks threatening not only employment prospects for the 6.4 million Laotians, but also affecting negatively food supplies.

Chinese investment in Laos also applies to the country's infrastructure. Highly prominent is the proposed 420km railway link between south-west China and Vientiane. The project will require the labour of an estimated 50,000 workers for five years, creating a strategic link between China's industry and Lao resources. The *Economist* report noted that 'the collateral for such a huge project lies in the mines of Laos. In other words, the extraction of natural resources in this undeveloped country is about to accelerate'. An improved road link is also being mooted.

The July 2012 visit of United States Secretary of State Hillary Clinton was initially hailed as something of a positive landmark in Laos relations with the US. Memories of non-stop American bombing during the Vietnam war are surprisingly fresh – not least because of the thousands of unexploded US bombs which still infest the Laos countryside. However, Mrs Clinton's visit saw renewed calls for the immediate release of detainees at the infamous Somsanga drug detention centre. Human Rights Watch (HRW) demanded that the US government should stop all funding and other support to the centre until the Lao government conducts an investigation into human rights abuses at the centre and takes steps to prevent future abuses against those held there, including children. According to HRW both the Lao government and the US State Department claim that Somsanga is a modern healthcare centre, 'but a decade of US funding hasn't changed the fact that it's a brutal and inhumane detention centre where the Lao government puts 'undesirable' people.'

An October 2011 HRW report, *Somsanga's Secrets*, found that the centre held children and adults against their will behind high walls, barbed wire and guards, indicative of a detention centre rather than a drug treatment centre. The HRW report claimed that detainees were held at the centre without access to legal counsel, appearing before a judge, or being able to appeal their detention. Street children, the homeless and the mentally ill were detained alongside drug addicts. Former detainees reported that anyone trying to escape the centre was brutally beaten and a number described suicides among those held. The centre contains an internal 'bunker', two distinct compounds

that sit behind high walls topped with barbed wire. Inside, hundreds and sometimes more than a thousand detainees languish in overcrowded cells. For a decade, the US State Department has provided financial support to the centre for renovation and expansion. In June 2012, the US pledged a new round of funding to support the Lao National Commission for Drug Control and Supervision to 'upgrade the treatment of drug addicts at the Somsanga Treatment and at other centres.'

Although the State Department has insisted that it was unaware of any human rights abuses in the centre, Lao government media has reported the detention of homeless people and beggars in Somsanga for years. Leading up to the 25th Southeast Asia games in Vientiane in December 2009, the government had even established a national telephone hotline for the public to report beggars so they could be picked up and put in Somsanga, official Lao media reported. This rather contrasted with the US State Department's annual human rights report in 2012 which stated that regular visits to the centre by foreign diplomats and international organisation representatives based in Vientiane found 'no evidence to support the HRW report.' No thorough, independent investigation of abuses in the centre has been conducted, according to HRW. HRW had written to the State Department and the US Embassy in Vientiane prior to the release of the report, asking whether they had any reports of human rights violations, as well as whether the US had any formal system in place to report human

rights abuses witnessed by project staff. HRW did not receive a response to this request. In March 2012, 12 United Nations agencies – including the UN Office on Drugs and Crime, the World Health Organisation, the UN Children's Fund (UNICEF) and the UN Programme on HIV/Aids (UNAIDS) – issued a joint statement calling for the closure of drug detention centres and the release of detained individuals 'without delay'.

Public dissent in Laos is dealt with harshly by the authorities and the country's human rights record has come under scrutiny. Notably, Laos has denied accusations of abuses by the military against the ethnic minority Hmong. Hmong groups have been fighting a low-level rebellion against the communist regime since 1975. In December 2012 Sombath Somphone a prominent political activist simply, disappeared. The disappearance coincided with a government campaign against foreign non-governmental organisations (NGOs), particularly those advocating land rights. In September 2013 the head of the American-based Asia Foundation in Laos was deported.

## The economy

According to the Asian Development Bank (ADB), growth in 2012 benefited from developments in agriculture, construction, hydropower, mining and services. gross domestic product (GDP) increased by 7.9 per cent, slightly above the average rate over the past 10 years. The industry sector grew by an estimated 14 per cent to remain a major driver of

## KEY INDICATORS

## Laos

	Unit	2008	2009	2010	2011	2012
Population	m	6.21	6.32	*6.44	*6.56	*6.38
Gross domestic product (GDP)	US\$bn	5.30	5.60	6.30	7.90	*9.22
GDP per capita	US\$	856	878	984	1,204	*1,446
GDP real growth	%	7.2	7.6	7.9	8.3	*8.3
Inflation	%	7.6	–	6.0	8.7	*4.3
Industrial output	% change	8.2	13.2	17.2	–	–
Agricultural output	% change	3.7	2.9	2.8	–	–
Exports (fob) (goods)	US\$m	1,091.9	1,052.7	1,746.4	1,854.0	–
Imports (fob) (goods)	US\$m	1,403.2	1,460.5	2,060.4	2,422.9	–
Balance of trade	US\$m	-311.3	-407.8	-311.0	-568.9	–
Current account	US\$m	-978.0	-1,174.0	-1,256.0	-1,773.0	*-2,008.0
Total reserves minus gold	US\$m	628.7	702.5	706.4	–	–
Foreign exchange	US\$m	613.6	622.5	624.7	–	–
Exchange rate	per US\$	8,744.10	8,516.00	8,258.80	8,058.40	7,785.00
* estimated figure						

GDP. Mining production was boosted by the start of the Ban Houayxai gold and silver mine and the expansion of existing minerals projects. Copper output from the two largest producers, which together generated more than 90 per cent of total production, rose by 8 per cent to 149,500 tons, with gold production climbing by 61 per cent to 206,240 ounces and silver production up by 15 per cent to 616,680 ounces. Hydropower output jumped by 29 per cent to 13.8 billion kilowatt hours. The country's biggest hydropower project, Nam Theun 2, raised production close to full capacity. Ample water in reservoirs enabled other plants to operate at higher capacity. New hydropower projects commissioned in 2012 increased national output by more than 650 megawatts. About 70 per cent of all hydropower generated is exported, mainly to Thailand.

Major construction projects under way in 2012–13 included the US\$3.7 billion Hongsa lignite thermal power project, seven new hydropower projects. Expanded facilities in Vientiane, to handle the Association of Southeast Asian Nations (Asean) University Games at the end of 2012 had provided several thousand welcome jobs, even though they were short term. Cement production rose by an estimated 42.4 per cent in 2012, reflecting buoyant construction. However, the garment industry suffered from weaker external demand and shortages of skilled labour. Garment exports fell by 25 per cent to US\$173 million.

In agriculture, higher production of rice, cassava, maize, poultry and livestock lifted the sector's output by 2.5 per cent. The service sector expanded by eight per cent, underpinned by a 22 per cent boost in tourist arrivals to 3.3 million, supporting hotels, restaurants and transport; growth in wholesale and retail trade; and the deepening of financial services. The increase in tourist arrivals from Asian countries outpaced declines from Europe and the US.

Decelerating food and fuel prices brought down inflation to 2.9 per cent over year in July, at which point inflation started to edge up again. The year's average inflation rate of 4.3 per cent was three percentage points below that of 2011.

Laos fiscal accounts benefited from buoyant revenue from mining and hydropower. The fiscal deficit, including grants and excluding off-budget spending, narrowed to 1.5 per cent of GDP in fiscal year (FY) 2012 (ended 30 September 2012). Growing credit and domestic

demand propelled merchandise imports up by an estimated 17 per cent to US\$5.4 billion in 2012. Exports rose by a relatively sedate 9 per cent to US\$3.4 billion, resulting in a trade deficit of US\$2.1 billion. Receipts from tourism rose, but so did payments abroad of interest and income by resource-based companies, so that the current account deficit widened to an estimated 22.6 per cent of GDP. Foreign direct investment (FDI) increased to US\$1.4 billion in 2012, doubling since 2010. However gross international reserves of US\$708 million only provided cover for 1.6 months of goods and services imports.

Structural reforms in 2012 included improvements to trade and investment regulations instituted to satisfy commitments made to join the World Trade Organisation (WTO) – membership was completed in early 2013 – and the Asean Economic Community at the end of 2015. The government established the State Accumulation Fund to finance its responses to future natural disasters, economic downturns and revenue shortfalls when global mineral prices slide. Fund resources are to come from additional mining revenue and any budget savings. The International Monetary Fund (IMF) and the World Bank analysed debt sustainability in the Laos and consequently reclassified its risk of debt distress to moderate from high. The country's stock of external public and publicly guaranteed debt was, at US\$3.7 billion in 2011, equivalent to 44.4 per cent of GDP, showing a decline from 50.3 per cent in 2010 because of economic growth and the appreciation of the kip against the US dollar. However, the share of non-concessional debt had expanded over recent years.

In the view of the ADB, the outlook was for further solid growth during the forecast period, just below the 8 per cent growth target in the government's Seventh National Socioeconomic Development Plan, 2011–2015. Substantial investment flowing into hydropower and mining, coupled with the construction of hotels, offices and housing, is expected to drive GDP growth. In addition to the large Hongsa lignite power plant, which at the end of 2012 was about 40 per cent completed, work has started on the US\$3.5 billion Xayaburi dam and hydropower project, scheduled for commissioning in 2018 with the capacity to generate 1.3 gigawatts of electricity. Five smaller hydropower projects are also under development. Some new commercial/residential projects in the capital involve

investments of several hundred million dollars, largely funded by foreign investment. The hydropower plants brought on line in 2012 are expected to show around 12 per cent increase in power generation in 2013. Gold and silver production is expected to increase, but copper output is likely to be little changed. The mining and processing of potash for fertiliser is an expanding industry, with one project starting in 2012 and another scheduled to produce fertiliser in 2013. Coal production is expected to rise. Agriculture, which employs more than 60 per cent of the workforce, is expected to grow at a slightly faster pace in 2013.

Tourist arrivals are projected to rise by between 5 per cent and 10 per cent in 2013. Other service industries likely to maintain good growth include financial services, wholesale and retailing and transport and communications. Manufacturing industries should benefit from the government's promotion of food and beverage processing, cement production and garments, which aims to reduce imports of these products.

The ADB considered that Laos' fiscal policy might be more expansionary in 2013, given that the target for the fiscal deficit is 3.1 per cent of GDP, taking grants into account. The government is raising salaries for the civil service, police and military by 165 per cent in steps over 3 fiscal years, starting in the 2013 fiscal year. Monetary policy could tighten during the forecast period if the strong growth in the money supply and credit over several years is considered to undermine banking system stability, contribute to the problem of low international currency reserves, or pose other macro-economic risks. The government has targeted holding growth in the money supply below 30 per cent in 2013 and the Banque de la RDP Lao (Bank of Lao PDR) (central bank) aims to keep the kip broadly stable against the dollar and the baht (Thailand's currency).

The ADB noted that inflation was projected to edge up to 5.5 per cent on average in 2013 in the light of buoyant domestic demand and higher salaries for government employees. Prices for meat and cooked food had picked up in early 2013. Rising imports of consumer and capital goods will maintain pressure on the external position. Merchandise imports are forecast to increase by 15 per cent for the year and exports by 14 per cent, widening the trade gap to US\$2.4 billion. The current account deficit will continue to exceed 20 per cent of GDP.

Poverty incidence has likely declined from 27 per cent in 2008, the last official survey. Projected economic growth and government social programmes should further reduce poverty, but additional efforts are needed in remote regions, where high concentrations of poverty persist. Moreover, rates of child malnutrition are still high, with 41 per cent of children under five suffering from chronic malnutrition. Laos will be challenged to meet some of the Millennium Development Goals by 2015, including improvements in maternal mortality and access to safe drinking water and basic sanitation. Risks to economic prospects also come from increasingly volatile weather patterns, which can have severe impacts on agriculture. Viet Nam's economic slowdown also poses risks because Vietnamese companies are major investors in the Lao PDR.

### Risk assessment

Politics	Poor
Economy	Fair
Regional stability	Fair

### COUNTRY PROFILE

#### Historical profile

Between the fourth and eighth centuries, communities along the Mekong River began to form into townships, called muang.

1353 This development culminated in the formation of the Lane Xang (the million elephants) Kingdom by King FaNgum and established Xieng Thong, now known as Luang Prabang as capital of Lane Xang Kingdom.

1548–71 During the reign of King Setthathirat, the capital was moved to Vientiane. During this period the That Luang Stupa, a venerated religious shrine and a temple to house the Phra Keo, the Emerald Buddha, were constructed.

1641 A Dutch merchant of the East India Company, Geritt Van Wuysthoff established the first European contact with the Kingdom. Later, Italian missionaries visited.

1893 Laos was put under French administration.

1945 Laos was briefly occupied by the Japanese towards the end of the Second World War.

1950 Laos was granted semi-autonomy as an associated state within the French union.

1954 Laos gained independence and became a constitutional monarchy. Civil war began between monarchists and communists of the Pathet Lao.

1960s Laos was subjected to intensive bombing by the US in its war against the

North Vietnamese in one of the worst aerial bombardments in world history.

1973 The Vientiane cease-fire agreement led to renewed divisions between royalists and communists.

1975 The Pathet Lao (the Lao Communist movement) won the civil war. The Lao People's Democratic Republic (LDPR) was proclaimed by a National Congress of People's Representatives. Pathet Lao was renamed the Lao People's Revolutionary Party (LPRP), which became the sole legal political party. Kaysone Phomvihane was appointed prime minister and began a policy of socialist transformation of the economy.

1979 The government modified its approach following widespread food shortages and an exodus of Laotian refugees to Thailand.

1986 Laos introduced market reforms, encouraged by Soviet leader Mikhail Gorbachev.

1989 The first elections since 1975 were held, although all candidates had to be vetted by the LPRP. The LPRP retained power.

1991 A security and co-operation pact was signed with Thailand. A new constitution was promulgated. Kaysone Phomvihane became president and General Khamtai Siphandon became prime minister.

1992 President Phomvihane died. Siphandon became head of the LPRP.

1995 A 20-year aid embargo was lifted by the US.

1997 Laos became a member of the Association of Southeast Asian Nations (Asean). The Asian financial crisis undermined the value of the kip.

1998 Khamtai Siphandon became president.

2000 Anti-government demonstrations erupted and a series of terrorists bomb blasts killed over a dozen people. Laos celebrated 25 years of communist rule in December.

2001 Boungnang Vorachith was appointed prime minister and Khamtai was re-elected president. The death penalty was introduced for the possession of more than 500 grams of heroin. The UN's World Food Programme (WFP) launched a three-year programme to feed 70,000 malnourished children in Laos.

2002 The LPRP was re-elected; Khamtai Siphandon was re-elected president.

2003 As part of reforms pledged to foreign donors in 2000, Laos' one-party parliament began a process of amending its constitution, to decentralise power.

2005 The World Bank approved funds for the construction of the US\$1.2 billion Nam Theun Two hydroelectric dam. According to a UN report, the poppy crop in Laos has been reduced by 73 per cent

since 1998 and the number of opium addicts has fallen by 42,000 to 21,000.

2006 President of the ruling LPRP Khamtai Siphandon resigned and was succeeded by Choummaly Sayasone; Bouasone Bouphavanh was appointed prime minister. A new bridge was opened across the Mekong River in the central region of Savannakhet.

2007 Former General Vang Pao, a leader among the ethnic Hmong people was arrested in the US, accused of planning a coup to overthrow the Lao government. The Hmong people backed the US in the Vietnam War during the 1960s and aid agencies in the region have reported that they have been subjected to human rights abuses since then.

2008 The government confirmed plans to increase the area of forest to 18.7 million hectares. Deforestation has reduced natural forests from 41 per cent of the country in 2002 to 35 per cent in 2008, due to changes in agriculture, hydroelectric projects, mining and illegal logging.

2009 A rail link was established between Thailand and Laos with a freight and passenger service officially opened.

2010 A ministerial conference of 13 countries in the south-east Asian region, including Laos, discussed conservation and co-ordinated measures, with targets set to boost the numbers needed to protect the indigenous wild tiger from extinction. Laos held the first official international convention on cluster munitions in Vientiane. Delegates from governments, the UN and non-governmental agencies as well as survivors of such bombs discussed a treaty on clearance and limited use. Prime Minister Bouasone Bouphavanh resigned and parliament elected Thongsing Thammavong as his replacement. The new Lao Securities Exchange Market building was opened.

2011 In parliamentary elections held in April the LPRP won 131 seats (out of 132), five independent candidates were allowed to stand and one won the remaining seat. The number of members of parliament (MPs) had increased by 17, due to the rise in population. A decision, by the four-country Mekong River Commission, to implement plans to build the controversial Mekong Xayaburi dam in Laos was due to be taken in April, but following ecologically and socially adverse reports the decision was postponed. The Mekong River is a food source for millions of people along its length; the dam would reduce food production in favour of electricity production. In June, President Choummaly Sayasone and Prime Minister Thammavong were re-elected by parliament.

2012 In April the Thai building company CH Karnchang signed a US\$2.4 billion

contract with the Lao government to begin construction of the dam for the Xayaburi hydroelectric power plant on the Mekong River. Over 90 per cent of the electricity generated would be exported to Thailand. On 20 April the Cambodian government responded to the news by threatening to take the Lao government to the international court of arbitration over its unilateral decision to begin work on the dam without regional consensus. On 11 July, for the first time since 1955 a US Secretary of State visited Laos and discussed environmental problems in the region. On 5 September, preparation work began on the construction of the Xayaburi hydroelectric dam, despite opposition from local and international activists. Approval was given and construction began of the Xayaburi dam on 7 November. 2013 Laos became a member of the World Trade Organisation on 1 February.

### Political structure

#### Constitution

The first constitution was endorsed in August 1991, enshrining the single-party rule of the Lao People's Revolutionary Party (LPRP).

The country is divided into provinces, municipalities, districts and villages. Each of these has a local administrative structure that is subject to the laws and policies of the national government.

Laos' one-party parliament is in the process of amending its constitution in a move towards decentralisation.

#### Independence date

12 October 1954

#### The executive

The president, elected by the National Assembly every five years, is the head of state.

The head of government is the prime minister, who is appointed by the president. The Council of Ministers is also appointed by the president.

#### National legislature

The unicameral Sapha Heng Xat (National Assembly) has 115 members, directly elected for a five-year term.

#### Last elections

30 April 2011 (parliamentary); June 2011 (presidential, indirect)

**Results:** Parliamentary: Phak Paxaxôn Pativat Lao (Lao People's Revolutionary Party) (LPRP) (the only legal party allowed) won 131 seats (out of 132), five independent candidates were allowed to stand and one won the remaining a seat. Presidential: parliament re-elected Choummaly Sayasone, unopposed.

#### Next elections

2016 (parliamentary and presidential)

#### Political parties

Effective political power is exercised by the leadership of the sole legal political

organisation, the Lao People's Revolutionary Party (LPRP).

#### Ruling party

Phak Paxaxôn Pativat Lao (Lao People's Revolutionary Party) (LPRP) (since 1975; re-elected 30 April 2011)

#### Population

6.38 million (2012)\*

Laos is one of the poorest countries in Asia. Around 70 per cent of the population are farmers.

**Last census:** 1 March 2005: 5,621,982

**Population density:** 26 inhabitants per square km (2010). Urban population 33 per cent (2010 Unicef).

**Annual growth rate:** 2.0 per cent, 1990–2010 (Unicef).

#### Ethnic make-up

There are three main ethnic groups: the Lao Loum (lowlanders), the Lao Theung (semi-nomadic people who live mainly on the mountain slopes) and the Lao Soung (hill tribes and minority elements).

#### Religions

The Lao Theung and the Lao Soung are animist, but the great majority of Lao are Theravada Buddhists; there are some Christians.

#### Education

Nearly 60 per cent of teachers in primary and secondary schools are underqualified.

Secondary education starts at the age of 11 and is divided into three-year lower secondary school and three-year upper secondary school. Higher education is provided by the National University of Laos, which has merged with 10 higher education institutions located in Vientiane. There are also higher technical institutes and teacher training colleges.

Public expenditure on education typically amounts to 2.1 per cent of annual gross national income. In 2001, the Asian Development Bank approved a US\$20 million loan to support a project partly that will enable over 550,000 children, especially girls and ethnic minorities to receive better primary education. The government is expected to fund the balance with the help of other international donors and complete the project by end-2007./10/04  
**Literacy rate:** 66 per cent adult rate; 79 per cent youth rate (15–24) (Unesco 2005).

**Compulsory years:** Primary education is compulsory between the ages of six and 11.

**Enrolment rate:** 112 per cent gross primary enrolment of the relevant age group (including repeaters); 29 per cent gross secondary enrolment (World Bank).

**Pupils per teacher:** 30 in primary schools.

### Health

Laos had one of the highest rates of maternal deaths in 2010, at 1 death per 33 births, due largely to a lack of skilled healthcare workers and emergency obstetric services. In a measure to reduce the rate the authorities, with the backing of the UN Population Fund, re-introduced midwifery training courses that were stopped in 1987. It also agreed that affordable and reliable antenatal services were needed and would be introduced in due course.

Improved water sources and sanitation facilities are available to 90 per cent and 46 per cent of the population, respectively.

#### HIV/Aids

HIV/Aids infection is one of the major public health challenges in the country, affecting almost all provinces and populations and is expected to triple in the next 20 years, unless preventive measures are undertaken.

**HIV prevalence:** 0.1 per cent aged 15–49 in 2003 (World Bank)

**Life expectancy:** 59 years, 2004 (WHO 2006)

#### Fertility rate/Maternal mortality rate:

2.7 births per woman, 2010 (Unicef); maternal mortality 650 per 100,000 live births (World Bank).

#### Child (under 5 years) mortality rate

(per 1,000): 72 per 1,000 live births (WHO 2012); 40 per cent of children under aged five are malnourished (World Bank).

### Welfare

About 40 per cent of the population live in poverty. The country is covered under the Asian Development Bank (ADB's) poverty reduction strategy that focusses on rural development, regional integration, human resource development, sustainable environmental management and private sector development. To achieve this, the ADB has lent Lao PDR about US\$45–55 million annually on concessional terms for the period 2002–04, in addition to other technical assistance grants. Another US\$1 million grant is provided by the Japan Fund for Poverty Reduction to help the landless poor increase their participation in farm-based production.

### Main cities

Viangchan (Vientiane) (capital, estimated population 248,692 in 2012), Pakxe (108,079), Savannakhet (79,908), Louang Phrabang (53,792), Xam Nua (40,931), Thakek (Khammouan) (31,129).

### Languages spoken

The adopted business language of the Lao government is English. Widely spoken languages other than Lao are: Thai,

English, Vietnamese, Chinese, Russian, German, and to a much lesser extent, French; plus tribal languages.

**Official language/s**

Lao (English is the business language of the Lao government)

**Media**

The government owns and maintains strict control the print and broadcast media. Criticism of the government or communist party is restricted and criminal law can be applied for slandering the state, distorting communist party policies and spread false rumours.

**Press**

**Dailies:** In Lao, the *Vientiane Mai* ([www.vientianemai.net](http://www.vientianemai.net)) is state-run; *Pasason* ([www.pasaxon.org.la](http://www.pasaxon.org.la)) is owned by the Lao Communist Party. In English *Vientiane Times* ([www.vientianetimes.org.la](http://www.vientianetimes.org.la)) is published biweekly and in French *Le Renovateur* ([www.lerenovateur.org.la](http://www.lerenovateur.org.la)) are both state-owned.

**Broadcasting**

Lao National Radio ([www.lnr.org.la](http://www.lnr.org.la)) operates two nationwide stations FM1–2, relayed by satellite on FM and AM frequencies. Foreign radio can also be received. Although all domestic Lao National TV (TVNL) is owned by the state viewers have unrestricted access to foreign TV via satellite and internet channels.

**National news agency:** KPL (Khaosan Pathet Lao)

**Economy**

Laos' previously centrally planned, communist economy was dropped in 1986 in favour of a free market economy. Monetary reforms were adopted along with fiscal expansion, yet the pace of change has been slow so that Laos still remains heavily dependent on international aid and is one of the poorest countries in the world. A third of the population exists outside the money economy and 80 per cent depend on subsistence agriculture, which contributed some 33 per cent of GDP in 2010. Rice is the main crop with tea and maize important cash crops.

The service sector constituted 36.8 per cent of GDP and industry 30.2 per cent, of which manufacturing accounted for 7.6 per cent, in 2010. The export of electricity to neighbouring countries is another major foreign exchange earner, along with mined ores, which have benefited from rising global prices.

Remittances from migrant workers were US\$42 million (20.8 per cent of GDP) in 2010 and were estimated to have reached US\$45 million in 2011.

Despite the economic reforms, the economy is still burdened by low productivity, poor infrastructure and a dominant public sector. Tourism is beginning to have an

impact as its share of GDP increases and the sector becomes an important source of foreign exchange. Without full integration in world markets, Laos was largely unaffected by the global economic crisis, so that GDP growth averaged 7.8 per cent over 2007–10, with an estimated growth of 8.3 per cent in 2011.

In 2011, the UN Human Development Index (HDI) ranked Laos 138 (out of 187) for national development in health, education and income. Since 1990, Laos' progress has grown but has not matched the improvement of other countries in East Asia and the Pacific. In 2010, 56.5 per cent of the population experienced at least one indicator of poverty, while 33.9 per cent lived on less than the equivalent of US\$1.25 per day; the headcount poverty rate was 47.2 per cent of the population (2000–10).

Laos became a member of the World Trade Organisation on 1 February 2013

**External trade**

Laos belongs to the Association of South-east Asian Nations (Asean) Free Trade Area (Afta) which maintains a list of goods with preferential import duties between members and a programme of tariff reductions due to be introduced in the next few years. In 2009, Laos was in negotiation with the WTO for membership. There are transit agreements with Vietnam, Cambodia and Thailand allowing cargo, by bonded customs carriers, to travel by cross-border highways from the coast to landlocked Laos.

**Imports**

Principal imports are vehicles, capital goods, food and consumer goods.

**Main sources:** Thailand (65.9 per cent of total in 2011), China (11.3 per cent), Vietnam (5.3 per cent).

**Exports**

Principal exports are electricity (typically 40 per cent of total), garment and small-scale manufacturing, timber products, coffee and mined ore including gold, silver, tin, copper, nickel and zinc.

**Main destinations:** Thailand (34.8 per cent of total in 2011), China (24.6 per cent), Vietnam (10 per cent).

**Agriculture**

Agriculture contributes around 47 per cent of GDP and employs over 80 per cent of the workforce.

Rice, the main crop, is cultivated in irrigated lowland paddies and on drier hill farms.

Other crops include maize, sweet potatoes, cassava, pulses, groundnuts, fruit, vegetables, sugar cane, coffee, tobacco and cotton. Livestock raised includes cattle, buffaloes, pigs, goats and poultry. Plans to increase the area of forest to 18.7 million hectares were confirmed by

the government in 2008. Deforestation has reduced natural forests from 41 per cent of the country in 2002 to a current 35 per cent, due to changes in agriculture, hydroelectric projects, mining and illegal logging.

**Industry and manufacturing**

The industrial sector accounts for around 27 per cent of GDP and employs over 10 per cent of the workforce.

There is no heavy industry. The production of tin concentrates is the main industrial activity. Other major industries include textiles, bricks, cement, minerals and hydroelectricity.

Small-scale manufacturing industries produce beer, cigarettes, detergents, rubber footwear, plywood, matches, salt, animal feed, veterinary products, handicrafts, alcoholic beverages and soft drinks.

The growth sectors are garments, wood products, handicrafts and light industry, including vehicle assembly.

In June 2009 the US removed Laos from its economic black list and opened up opportunities for bilateral trade.

**Tourism**

Tourism has grown in importance as a source of income for many, at a time when interest by foreigners has grown in the South-east Asian region. Tourist numbers have grown in a decade from 259,000 to 1.23 million (1999–2009). Nevertheless, most tourists are young and adventurous and ready to rough it as necessary, while the tourist infrastructure for the older, more discerning traveller is still being developed.

There are two sites on Unesco's World Heritage List, one a cultural landscape of a traditional temple complex and the other a fusion of European-Lao urban architecture in Luang Prabang. A new website was established in 2011, called Mekong Responsible Tourism ([www.mekongresponsibletourism.org](http://www.mekongresponsibletourism.org)), that allows visitors to plan and book tours in the six countries of the Mekong River, including Laos. Trips and accommodation along the river and its environs are offered with agreement and participation from local communities. As part of its promotion of ecotourism, the government has established the Laos Northern Heritage Route that provides tours looping around all of the major cultural and natural sites, including the caves used by Communist fighters (of independence) in Vieng Xai. Travel and tourism has contributed a steady increase in its share of GDP, from 12.4 per cent in 2006 to 18.1 per cent in 2010. Employment in the industry grew from 10.8 per cent (278,300 jobs) of total employment in 2006 to 15.7 per cent (449,000 jobs) in 2010. Capital investment in the industry has matched this

trend – tourism attracted 9.7 per cent (US\$235 million) of total investment in 2010, up from 6.2 per cent (US\$60 million) in 2006.

### Mining

Mining together with hydrocarbons contributes around 5 per cent to GDP. The sector employs 1 per cent of the workforce.

As with other economic sectors in Laos, resources have not been optimised because of bureaucracy, lack of infrastructure and inefficiency.

Principal minerals include tin, high-grade iron ore, gold, copper, potash, limestone, manganese, lead, zinc, gypsum and bauxite.

There is great potential for the extraction of gold, and explorations have been conducted by Pan Australian and CRA Exploration of Australia (a subsidiary of Rio Tinto Zinc), both in joint ventures with the Laos government. Commercial interest in gold mining has surged following the success of the Sepon project – 80 per cent Oxiana Resources and 20 per cent Rio Tinto – which started gold and copper production in 2003.

### Hydrocarbons

Laos does not produce any hydrocarbons. It relies on imports of petroleum products to meet domestic consumption levels.

Laos does not import either coal or natural gas. Imports of oil are typically 3,000 barrels per day.

Exploration for oil in 2008 was carried out by two companies from Vietnam and the UK. Large deposits of oil and natural gas are expected, but if found commercially viable production would take years to begin.

### Energy

Laos has installed generating capacity of 700MW, supplied mainly by hydropower, producing 1.64 billion kilowatt hours in 2006. Electricity supplies are restricted mainly to the capital and other large urban areas.

The potential for expansion of hydropower is enormous due to plentiful water and a mountainous terrain. An estimated 30,000MW could be developed, given the investment in plant and infrastructure. In 2005, construction began on the World Bank-supported, but controversial, Nam Theun 2 Hydropower Project, which will add 1,070MW to capacity when fully operational and of which 95 per cent will be exported to Thailand; the export of energy began in 2009.

### Financial markets

On 11 January the new Lao Securities Exchange Market opened, with two companies listed. It is expected that the stock exchange will raise US\$8 billion in equity

and bond sales to help fund investment in the country. Trading details are available through the website of Banque pour le Commerce Laos ([www.bcel.com.la](http://www.bcel.com.la)) and Laos' first brokerage firm, Lane Xang Securities Public Company.

### Stock exchange

Laos Securities Exchange

### Banking and insurance

Since the early 1990s, the number of banks in Laos has more than doubled, with a corresponding rise in business. There are eight state-run commercial banks, two joint venture banks, seven foreign banks and 32 private non-bank foreign exchange bureaux operating in Laos. Banks have adopted commercial lending practices. Restructuring from September 2002 included the phased recapitalisation of the state commercial banks, the merger of two smaller banks and a rationalisation of banking operations.

### Central bank

Banque de la RDP Lao (Bank of Lao PDR)

### Time

GMT plus seven hours

### Geography

Laos is a landlocked country in south-east Asia, bordered by the People's Republic of China to the north, Vietnam to the east, Cambodia to the south, Thailand to the west and Myanmar (Burma) to the north-west.

It is largely a mountainous country with the Annam Range running like a spine down the length of the country producing a natural barrier, with only three mountain passes into Vietnam. The highest mountain is Pou Bia at 2,817m in the northern central region. In the south and west, along the Mekong River, large alluvial plains provide much of the country's agricultural produce. The Mekong runs for 1,805km through Laos and provides much of its border with Thailand.

### Hemisphere

Northern

### Climate

Most of the year is hot and humid. The climate is monsoonal and has three distinct seasons. The hot dry season begins in February, with temperatures up to 40 degrees Celsius (C), only broken by the odd shower of rain. A build-up of storm activity in April–May with increasing humidity heralds the wet season during June–October, typified by a more consistent pattern of rain and cloudy days through June, July and August. There can be as much as 250mm rainfall per month. Temperatures average 29 degrees C. During this time, the Mekong River rises and flooding of the surrounding area is not uncommon. The cool, dry season arrives in November with lower

temperatures and reduced humidity. Average temperature may drop to 14–15 degrees C. The cool weather can continue until February. Always cooler in the mountains, especially at night.

### Entry requirements

#### Passports

Required by all, valid for six months beyond departure date.

#### Visa

Tourist visas are only obtained abroad through a Laotian consulate or accredited tour operator and must be used within two months. However they can be issued for immediate use at most ports of entry for periods of up to 15 days. Business visas are only issued from Laos and require a completed application form with a letter of invitation from a local company or entity. Further information should be sought through the nearest embassy.

#### Currency advice/regulations

Import and export of local currency is prohibited; there are no restrictions on foreign currency but amounts over US\$2,000 must be declared.

Travellers cheques are not widely accepted, the Thai baht and US dollar are easiest to exchange.

#### Customs

It is forbidden to take any antiques or Buddha images over 50-years-old out of the country. Such items brought into Laos from other countries have to be declared at Customs.

#### Health (for visitors)

Laos has few hospitals and medical facilities.

#### Mandatory precautions

Vaccination certificates for yellow fever if travelling from an infected area.

#### Advisable precautions

Anti-malaria precautions; malaria is endemic in many areas of Laos but is not found in Vientiane. Mosquito repellent is recommended as dengue fever can be caught in Vientiane all year round. Immunisations against diphtheria, hepatitis A and B, Japanese B encephalitis, TB, tetanus, polio and typhoid. Rabies is a health risk.

Comprehensive health insurance, including provision for air evacuation, is strongly advised.

#### Hotels

The hotel sector is at an early stage of development and is at present restricted mainly to Vientiane, Luang Prabang and Vang Vieng, where there are a number of tourist-standard and luxury hotels. Visitor accommodation around the country is in short supply, the main resource being village hostels and guesthouses, where available.

**Credit cards**

Major credit cards are accepted by main hotels and some restaurants. The handling fee of 1.5–3.0 per cent is generally passed on to the customer.

**Public holidays (national)****Fixed dates**

1–2 Jan (New Year's Day/National Day), 6 Jan (Pathet Lao Day), 20 Jan (Army Day), 8 Mar (Women's Day), 22 Mar (People's Party Day), 13–15 Apr (Lao New Year), 1 May (Labour Day), 1 Jun (Children's Day), 13 Aug (Day of the Free Laos), 12 Oct (Day of Liberation), 2 Dec (Republic Day).

**Variable dates**

Chinese New Year (Feb), Birth of Buddha (May), Buddhist Fast begins (Jun/Jul), Buddhist Fast ends (Oct).

**Working hours****Banking**

Mon–Fri: 0800–1200, 1330–1730.

**Business**

Mon–Sat: 0800–1200, 1300–1600.

**Government**

Mon–Sat: 0800–1200, 1400–1700.

Some ministries close at 1130 for lunch; others work a half-day Saturday.

**Shops**

(Mon–Sun) 0900–1700.

**Telecommunications****Mobile/cell phones**

There are GSM 900/1800 services available in major cities only.

**Electricity supply**

220V 50Hz. Power outlets are two-prong round or flat sockets.

**Weights and measures**

Metric system (local units also in use).

**Social customs/useful tips**

The generally accepted form of greeting among Lao people is the *nop*, performed by placing one's palms together in a position of praying at chest level, but not touching the body. The higher the hands, the greater the sign of respect. Nonetheless, the hands should not be held above the level of the nose. The *nop* is accompanied by a slight bow to show respect to persons of higher status and age. It is also used as an expression of thanks, regret or saying goodbye. But with Western people, it is acceptable to shake hands. Since the head is considered the most sacred part of the body and the soles of the feet the least, one should not touch a person's head nor use one's foot to point at a person or any object. It is forbidden for a woman to touch a Buddhist monk. Men and women rarely show affection in public.

**Getting there****Air**

**National airline:** Lao Airlines

**International airport/s:** Vientiane-Wattay International Airport (VTE), 4km from city centre.

**Airport tax:** Departure tax US\$10

**Surface**

**Road:** The Mitrphap (Friendship) Bridge over the Mekong River at Nong Khai, situated 14km east of Vientiane, provides the first modern road link with Thailand. It also gave Laos road access to a port for the first time.

There are road crossings from all surrounding countries, although the roads via Cambodia and Myanmar are not recommended due to poor security. Road No 1 runs from Thailand, through Laos, to China; road No 9 runs from Thailand, through Laos, to Vietnam.

Major infrastructure and construction of the Chiang Rai-Kunming Road Improvement Project is underway. When complete, it will involve over 1,220km of road along the north axis of the subregion, and will provide road links from Yunnan Province, Laos, to Bangkok in Thailand.

**Rail:** A railway line runs up to the border of Laos near Vientiane, although it does not run in Laos.

**Water:** From Kunming or Xishuangbanna, China, it is possible to travel by boat along the Mekong river south into Bokeo Province.

**Getting about****National transport**

It is relatively easy to travel in northern Laos but in the south, public transport is extremely erratic.

**Air:** Travel by air is the most convenient means of transportation within Laos. Lao Aviation flies daily from Vientiane to Luang Prabang, Savannakhet, Xieng Khouang, Pakse and Oudomsay. There are several flights a week to Luang Namtha, Sayaboury, Houeixay, Sam Neua, Saravane, Lak Xao, Muangkhang and Attapeu.

**Road:** Laos has 18,153km of national roads, 2,500km of which are paved. The most important road is route No 13 which runs north-south from China to Cambodia. It links Pak Mong in the north with Khong in the south, passing through major urban areas of Luang Prabang, Vientiane, Savannakhet and Champassack.

**Buses:** There are services between main centres.

**Rail:** A line from Vientiane to Nong Khai is operating, including air-conditioned coaches.

**Water:** River transport is important, especially on the Mekong River, which flows through 1,865km of Laos.

**City transport**

The easiest way to travel around town is with a car and driver, usually arranged through your hotel.

**Taxis:** Three-wheeled *tuk-tuk* (motorcycle taxis) are easily found.

Taxis are available in Vientiane, but often operate along certain routes in the manner of buses. Individual hire may require negotiation. Tipping is discouraged.

**Car hire**

Arrangements are generally made through hotels.

**BUSINESS DIRECTORY**

The addresses listed below are a selection only. While World of Information makes every endeavour to check these addresses, we cannot guarantee that changes have not been made, especially to telephone numbers and area codes. We would welcome any corrections.

**Telephone area codes**

The international dialling code (IDD) for Laos is +856 followed by area code (Vientiane only) and subscriber's number: Vientiane21

**Useful telephone numbers**

Police: 191

Police (Immigration Office) emergency number: 212-520

Fire: 190

Ambulance: 195

International Medical Clinic: 214-018, 214-022, 214-025

**Chambers of Commerce**

Lao National Chamber of Commerce, Phonphanao village Saysettha, PO Box 4596, Vientiane (tel: 452-579, 453-311; fax: 452-580; e-mail: laocci@laotel.com).

**Banking**

Aceda Bank Lao Ltd, P O Box 1555, #372, Corner of Dongpalane and Dongpina Road, Unit 21, Phonesavanh Neua Village, Sisattanak District, Vientiane (tel: 264-994; fax: 264-995).

Banque de la République Democratique Populaire Lao, PO Box 19, Rue Yonnet, Vientiane (tel: 213-109, 213-110; fax: 213-108).

Banque Pour Le Commerce Exterieur La; PO Box 2925, N 1 Pang Kham Rd, Vientiane (tel: 213-200; fax: 213-202).

Joint Development Bank Ltd; 75/15 Lane Xang Ave, Vientiane (tel: 213-536; fax: 213-530).

Lane Xang Bank Ltd; 6-80 Setthathilath, Vientiane (tel: 213-400, 212-186, 212-108, 212-105; fax: 213-404).

Vientiane Commercial Bank Ltd; 33 Lane Xang Ave, Hatsady, Chanthaboury, Vientiane (tel: 222-700; fax: 213-513).

### Central bank

Banque de la République Démocratique Populaire Lao, PO Box 19, Rue Yonnet, Vientiane (tel: 213-109; fax: 213-108; e-mail: bol@pan-laos.net.la).

### Stock exchange

Laos Securities Exchange

### Travel information

Lao Aviation, 2 Pangkham Road, PO Box 4169, Vientiane (tel: 212-055; fax: 212-056).

### Ministry of tourism

Ministry of Trade and Tourism, Vientiane (tel: 412-003, 412-436; fax: 412-434).

### National tourist organisation offices

National Tourism Authority of Lao PDR, PO Box 3556, PO Box 3556, Lane Xang Avenue, Vientiane (tel: 212-248, 212-251; fax: 212-769).

### Ministries

Department of Foreign Trade, Ministry of Industry and Commerce, Vientiane.

Ministry of Agriculture and Forestry, Vientiane (tel: 412-358).

Ministry of Commerce and Tourism, Vientiane (tel: 107-484).

Ministry of Communications, Transport, Post and Construction, Vientiane (tel: 412-281); Foreign Relations Department (tel: 412-267).

Ministry of Defence, Vientiane (tel: 412-803); Foreign Relations Departments (tel: 412-805, 412-810).

Ministry of Education, Vientiane (tel: 216-000); Foreign Relations Department (tel: 216-005).

Ministry of External Economic Relations, Foreign Investment Adviser, Vientiane (tel: 169-804).

Ministry of Finance, Vientiane (tel: 412-142, 412-404, 412-417).

Ministry of Foreign Affairs, Vientiane (tel: 414-002, 414-003).

Ministry of Industry and Handicrafts, Vientiane (tel: 413-000, 413-004, 413-006); (Electricity Division) (tel: 413-010; fax: 413-013); (Industry Division) (tel: 414-332); (Geology and Mines Division) (tel: 212-080, 212-082; fax: 222-539).

Ministry of Information and Culture, Vientiane (tel: 212-898, 212-402); (Foreign Relations Director) (tel: 212-409).

Ministry of the Interior, Vientiane (tel: 212-503, 212-501); (Foreign Relations Division) (tel: 212-554).

Ministry of Justice, Vientiane (tel: 414-101).

Ministry of Labour and Social Welfare, Vientiane (tel: 213-001, 213-002).

Ministry of Public Health, Vientiane (tel: 412-985, 214-046).

### Other useful addresses

ASEAN Investment Promotion Agency, Foreign Investment Management Committee in charge of Promotion Administration and Investment Services, Luang Prabang Road, Vientiane (tel: 216-663; fax: 215-491).

ASEAN Secretariat, 70 A J1 Sisingamangaraja, Jakarta 12110, Indonesia (tel: (+62-21) 726-2991, 724-3372; fax: (+62-21) 724-3504, 739-8234; e-mail: asean.or.id).

British Embassy, Commercial Section, 1031 Wireless Road, Bangkok 10330, Thailand (tel: (+66-2) 253-0191; fax: (+66-2) 255-8619).

British Trade Office, Vientiane, Pandit J Nehru Road, PO Box 6626, Vientiane (tel: 413-606; fax: 413-607).

Foreign Investment Management Committee, Luang Prabang Road, Vientiane (tel: 216-662, 216-663, 217-009, 217-018); fax: 215-491, 217-007, 217-013).

Lao Embassy (USA), 2222 S Street, NW, Washington DC 20008 (tel: (+1-202) 332-6416; fax: (+1-202) 332-4923).

Lao Import-Export Company, 43-47 Lanexang Road, Vientiane.

Lao National Radio, Vientiane (tel: 212-428, 212-429, 212-431, 212-430).

Lao National Television Channel 9, Vientiane (tel: 412-182).

Lao Water Authority, Commercial Division, Vientiane (tel: 412-885; fax: 414-378).

United Nations Development Programme (UNDP), Phon Kheng Road, PO Box 345, Vientiane (tel: 4101, 5605; fax: 5001).

US Embassy, Thatdam Bartholonie Road, Bane Thatdam, Vientiane (tel: 213-966, 212-581, 212-582, 212-585).

**National news agency:** KPL (Khaosan Pathet Lao)

80 Setthathirath Rd, Vientiane (tel: 215-402; fax: 212-446; internet: www.kpl.net.la).

### Internet sites

Asian Development Bank:  
<http://www.adb.org/lrm>

Laos Business Centre:  
<http://www.asiadragons.com/>

Laos website: <http://laos.asiaco.com/>

Web directory:  
<http://www.angelfire.com/ca/laoscom/>

Web directory: <http://www.laoworld.com/>

Worldwide Gazetteer — Laos:  
<http://www.c-allen.dircon.co.uk/Countries/Laos.htm>