



Laos

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Laos – land locked versus land linked

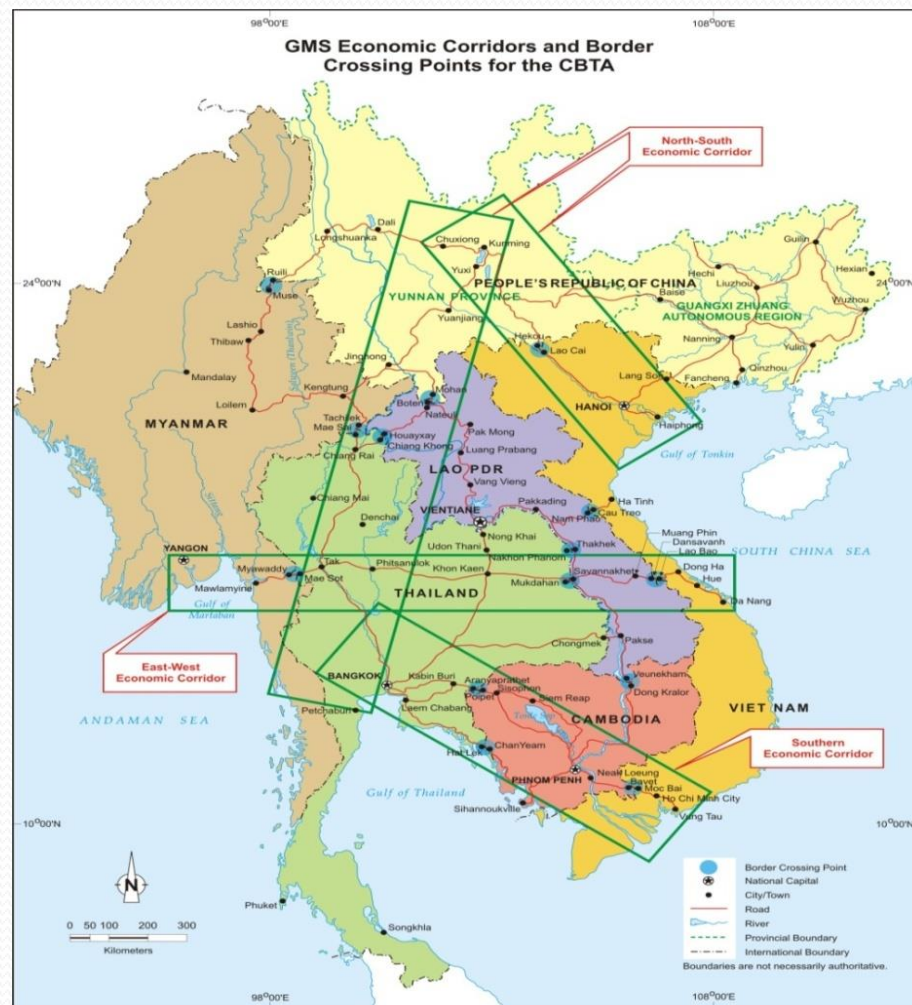


Lao PDR: Country Profile

- Land Area : 236,800 sq. km
- Population : 6.9 m (2014)
- Population Density: 25 people/sq km
- Population Growth: 1.6 % (2014)
- Labor Force : 2.9 Millions
- Religion: Buddhism
- GDP Growth: 7% (2014)

Laos – strategic location

- Laos is at the centre of the GMS, consisting of Cambodia, Myanmar, Thailand, Vietnam, and Yunnan province of China.
 - It is the only country bordering all the other countries in the sub-region.
 - More than 70% of international trade in Laos - except air freight - is cross-border trade
 - 50% of the Lao population lives in border districts.





Laos

The Economy

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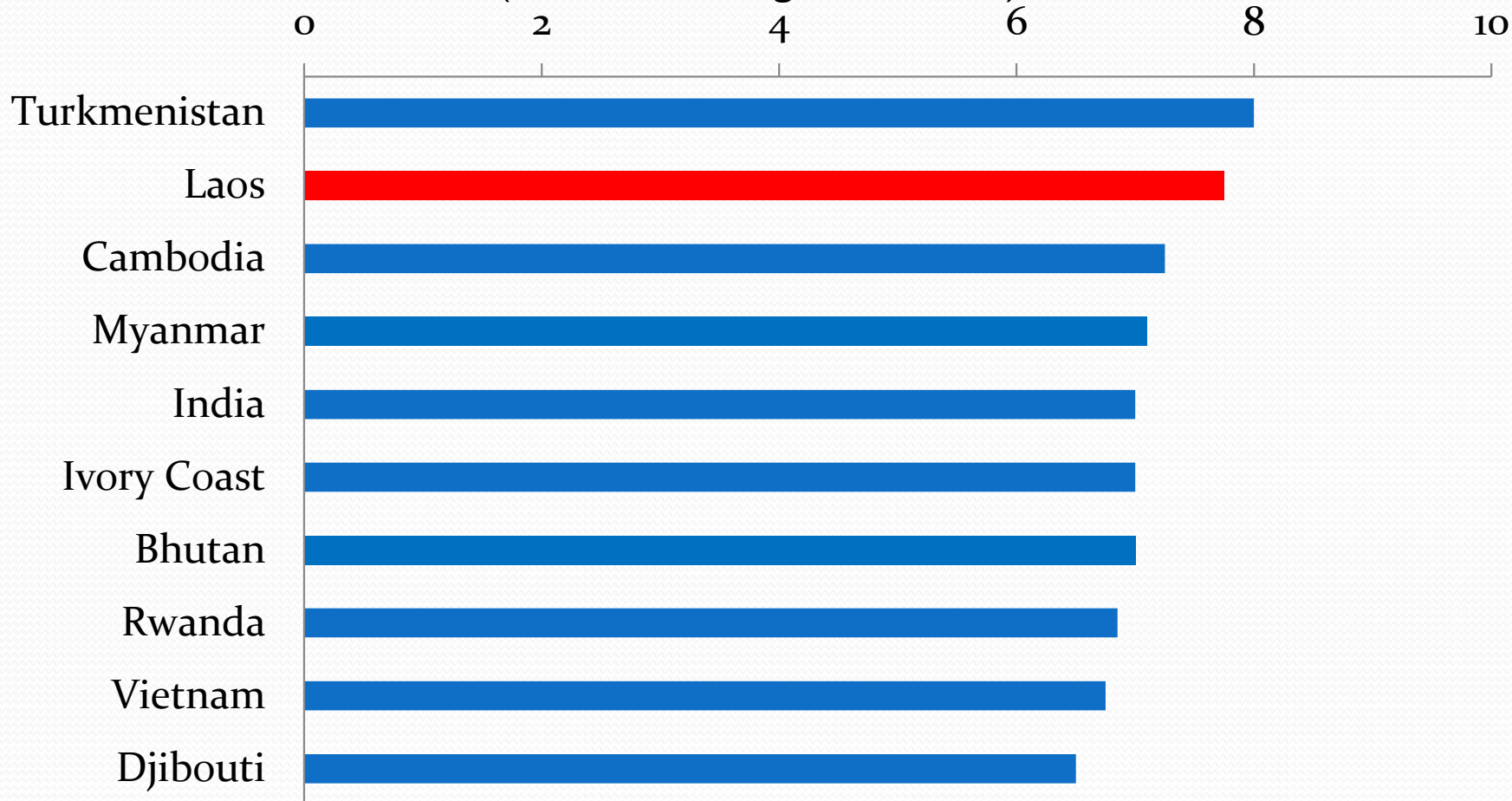
October 19, 2016

Vietnam and Lao PDR in comparison

Item	Unit	Cambodia	Laos
Land area	Sq km	181,040	236,800
Population	M (2014)	15.33	6.9
Population density	People/sq km	86.8	30
GDP	bln current USD (2014)	16.8	11.8
GDP growth	% (2014)	7.1	7.5
GNI p.c. (Atlas method)	Current USD (2014)	1020	1600
GNI p.c.	PPP (current intl. USD)	3080	4910
Value added (agr/ind/serv)	% of GDP 2014	30/27/43	28/31/41
Exports of goods and services	% of GDP (2014)	62.3	40
Imports of goods and services	% of GDP (2014)	66.7	49
FDI net inflow	M Current USD (2014)	1730	721
External debt stocks	M current USD (2013)	6,811	10,724

Source: World Bank

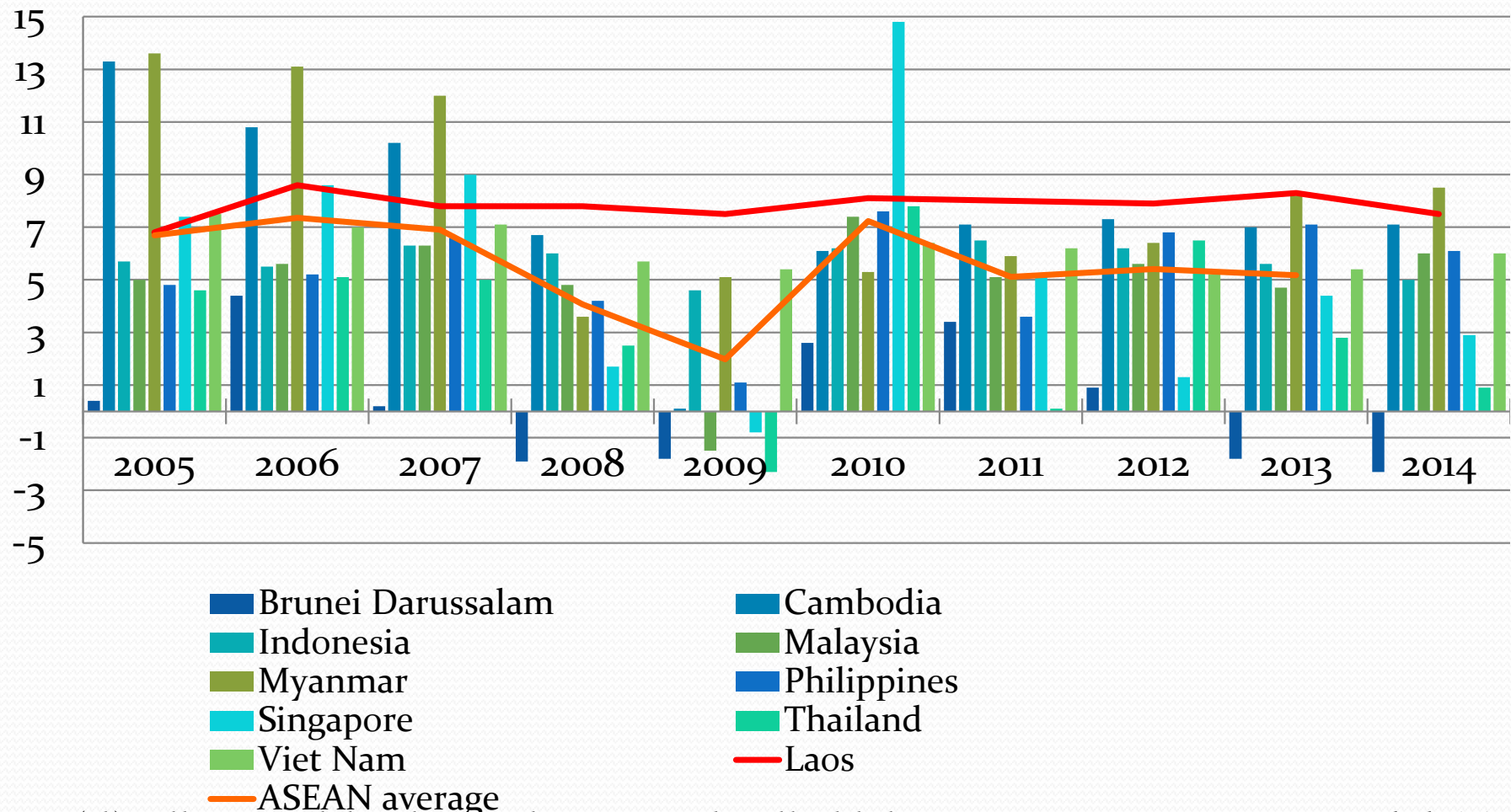
GDP growth forecasts in %, 2016 – the fastest ten worldwide (Economist Intelligence Unit est.)



Source: GDP forecasts. In: The Economist. Vol. 418, No. 8970, Jan. 2nd 2016, p. 65.

Updated 15/01/2016

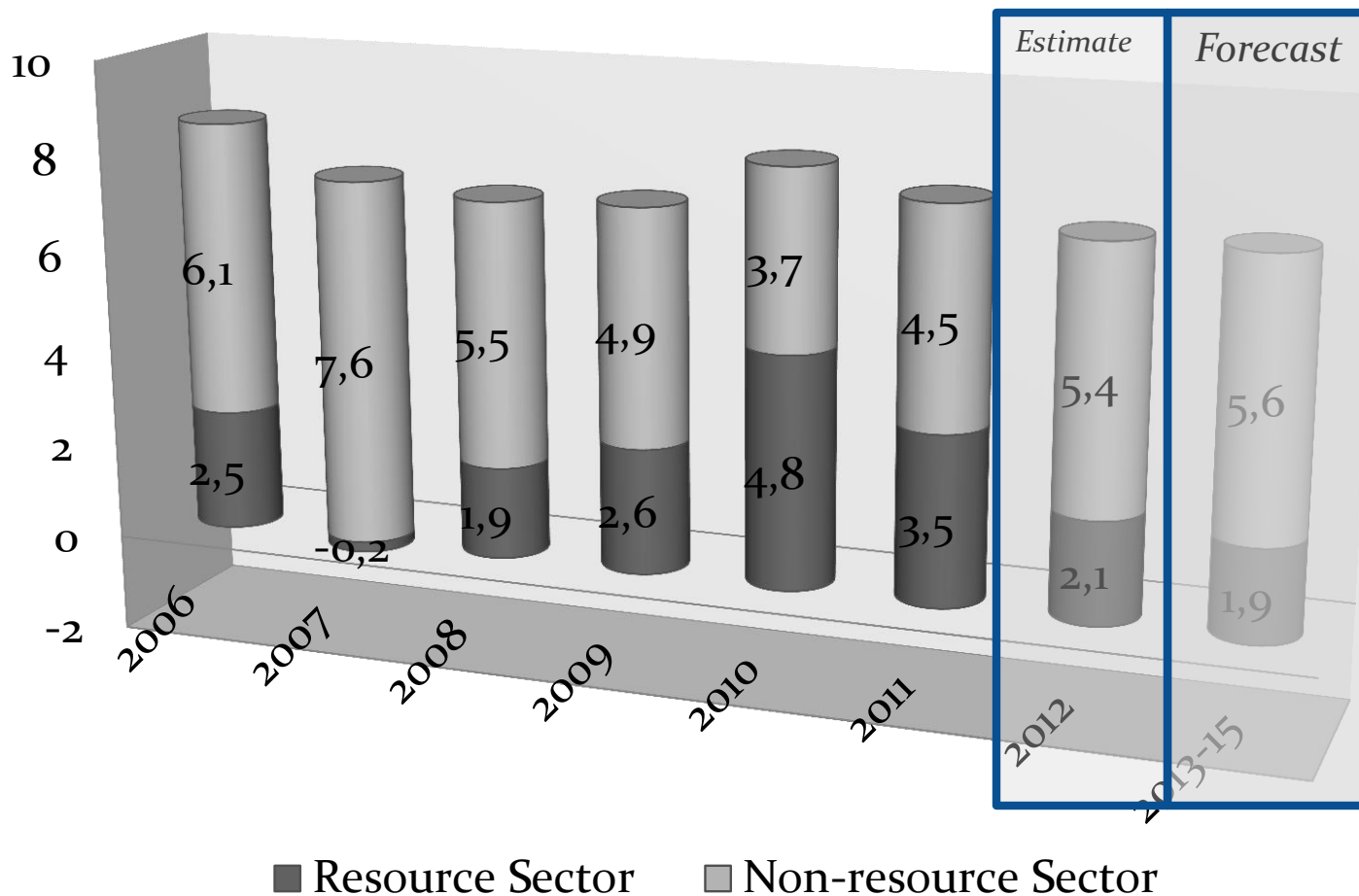
Growth rates of real GDP, in % (IMF, World Bank) ASEAN



Source: IMF (Ed.): World Economic Outlook. October 2013, Washington DC, p. 157. The World Bank database

Updated 26/02/2016

Real GDP Growth in Lao PDR, Contribution of Resource Sectors

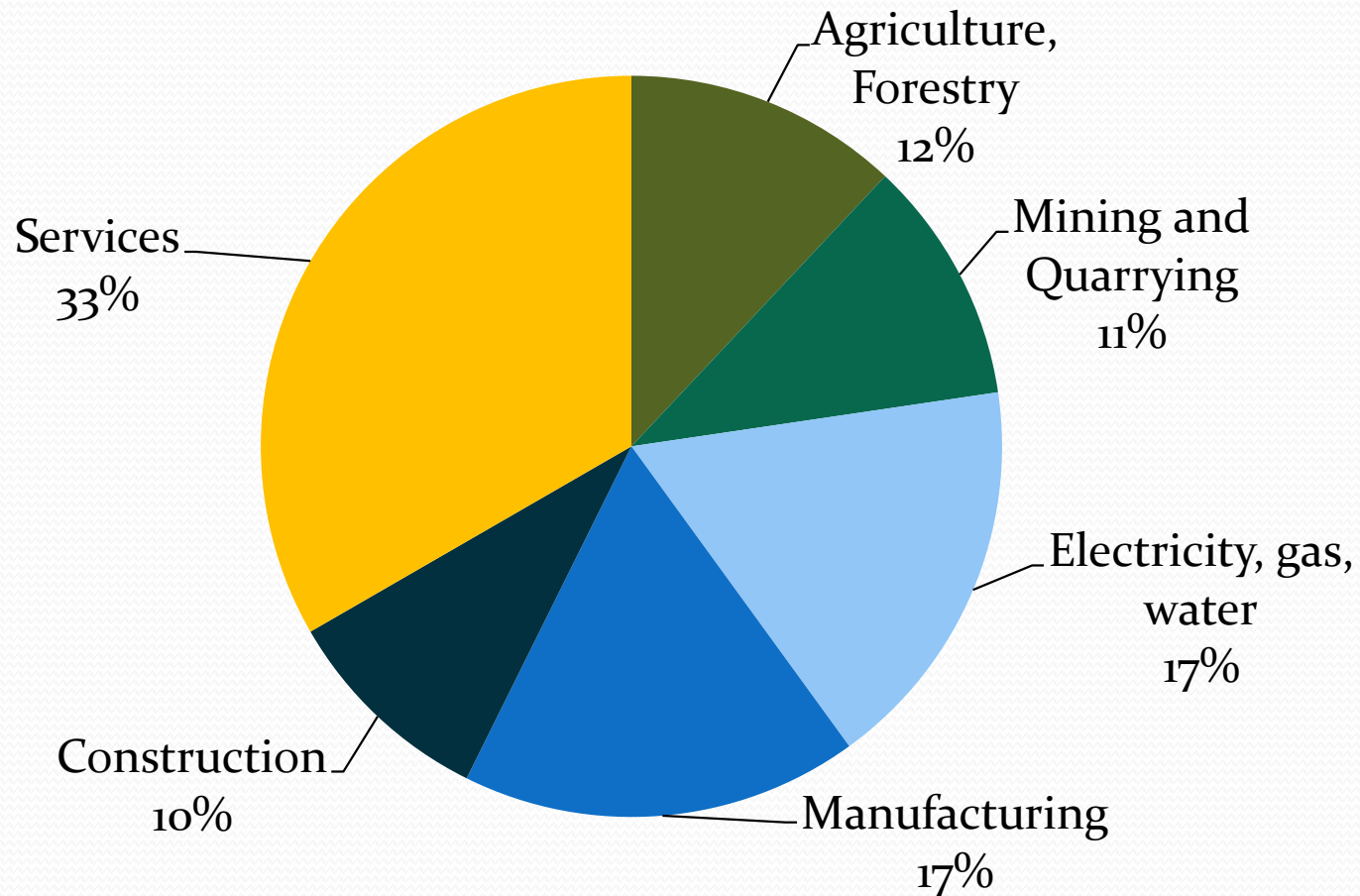


Source: The World Bank (Ed.): Managing Macroeconomic Balances to Sustain High Economic Growth. Lao PDR Economic Monitor, September Update, Issue 16, Vientiane, Sept. 2010, p.2.; The World Bank (Ed.): Robust Growth Amidst Inflationary Concerns. Lao PDR Economic Monitor, May 2010 Update, Vientiane, May 2011, p. 6. , World Bank (Ed.): Lao PDR Economic Monitor, May 2012 update. Vientiane 2012, p. 5

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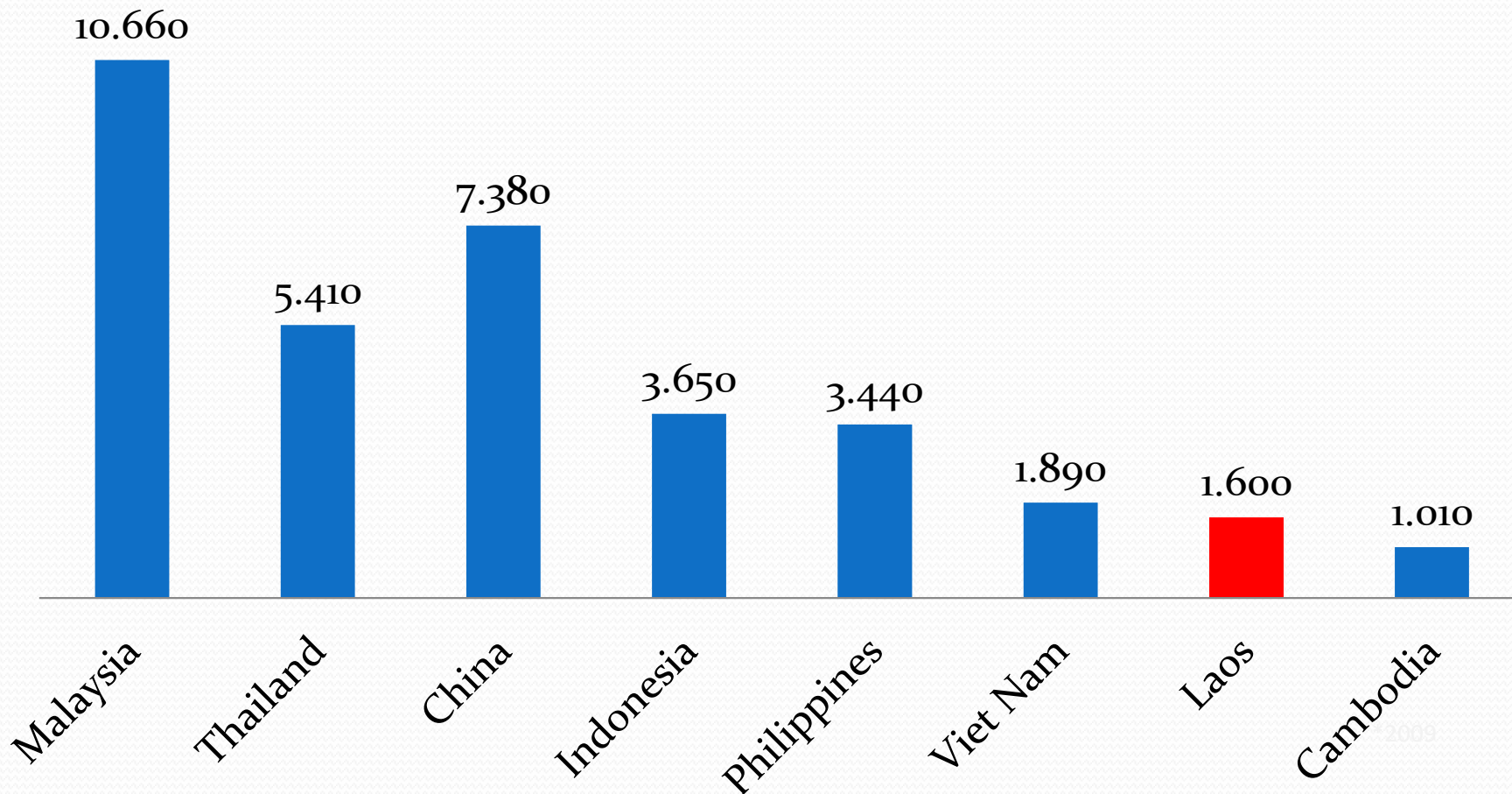
Contribution of Sectors to GDP in Laos (Estimate 2012)



Updated on March 25, 2013

Source: The World Bank (Ed.): Managing Macroeconomic Balances to Sustain High Economic Growth. Lao PDR Economic Monitor, September Update, Issue 16, Vientiane, Sept. 2010, p.2. World Bank (Ed.): Lao PDR Economic Monitor, May 2012 update. Vientiane 2012, p. 5. World Bank (Ed.): Lao PDR Economic Monitor, Dec. 2012 update. Vientiane 2012, p. 5

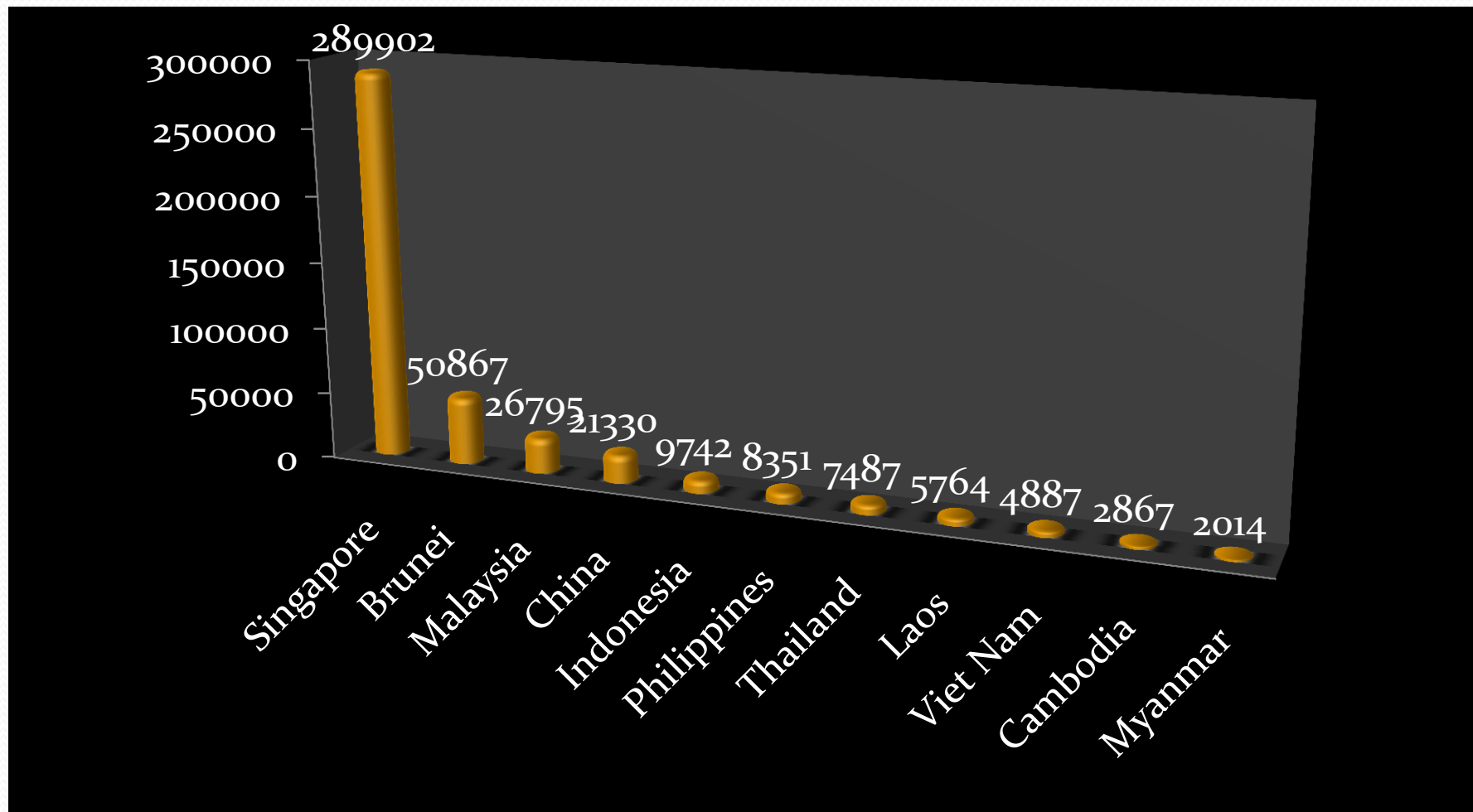
GNI per capita 2014 (Atlas method, current US \$)



Source: World Bank Database (World Development Indicators).

Updated 13/09//2015

Wealth in USD per adult in ASEAN and China (2014)

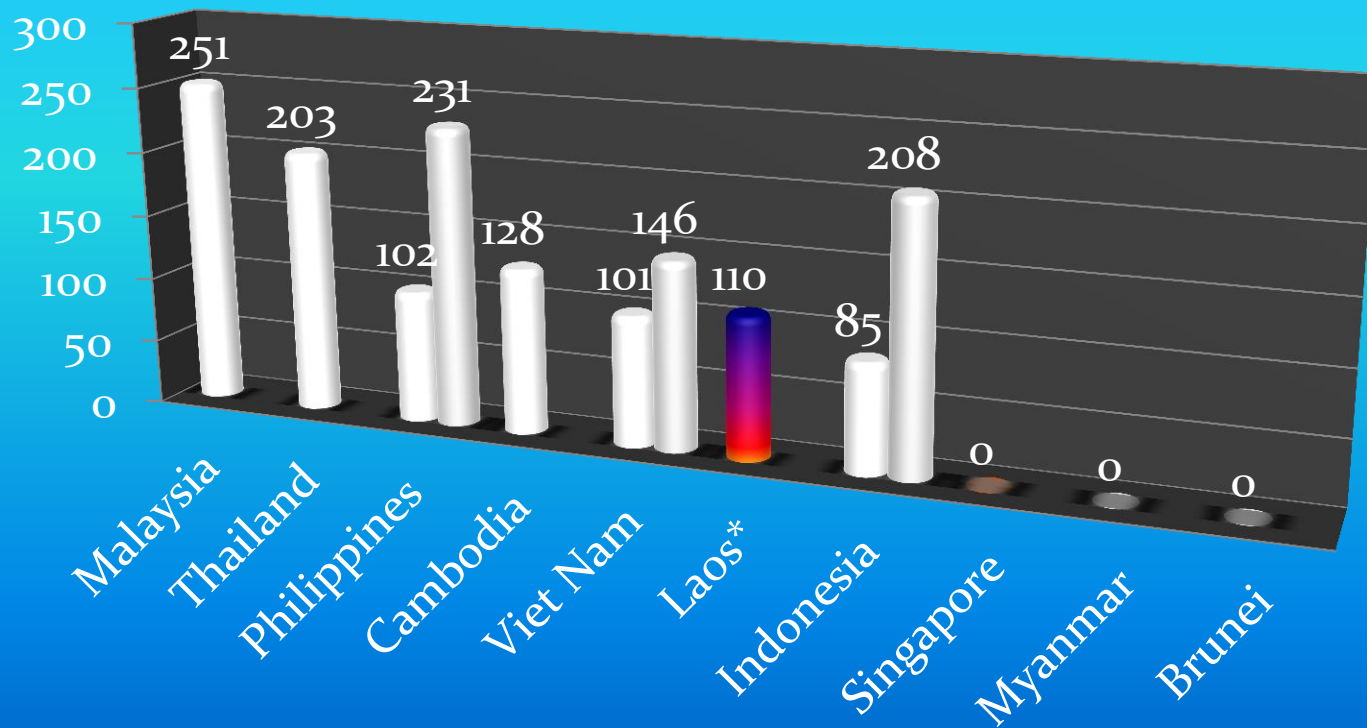


Source: Credit Suisse Research Institute (Ed.): Global Wealth Databook. Zurich 2014, p 20 pp.

Updated 30/10/2014

The Workforce

Minimum Wage (2015, US \$ per month)



* from April 2015

Singapore, Myanmar and Brunei Darussalam have no minimum wage regulation: Viet Nam, Indonesia, Philippines and Malaysia apply different minimum wages in their countries; here the lowest and the highest rates have been considered

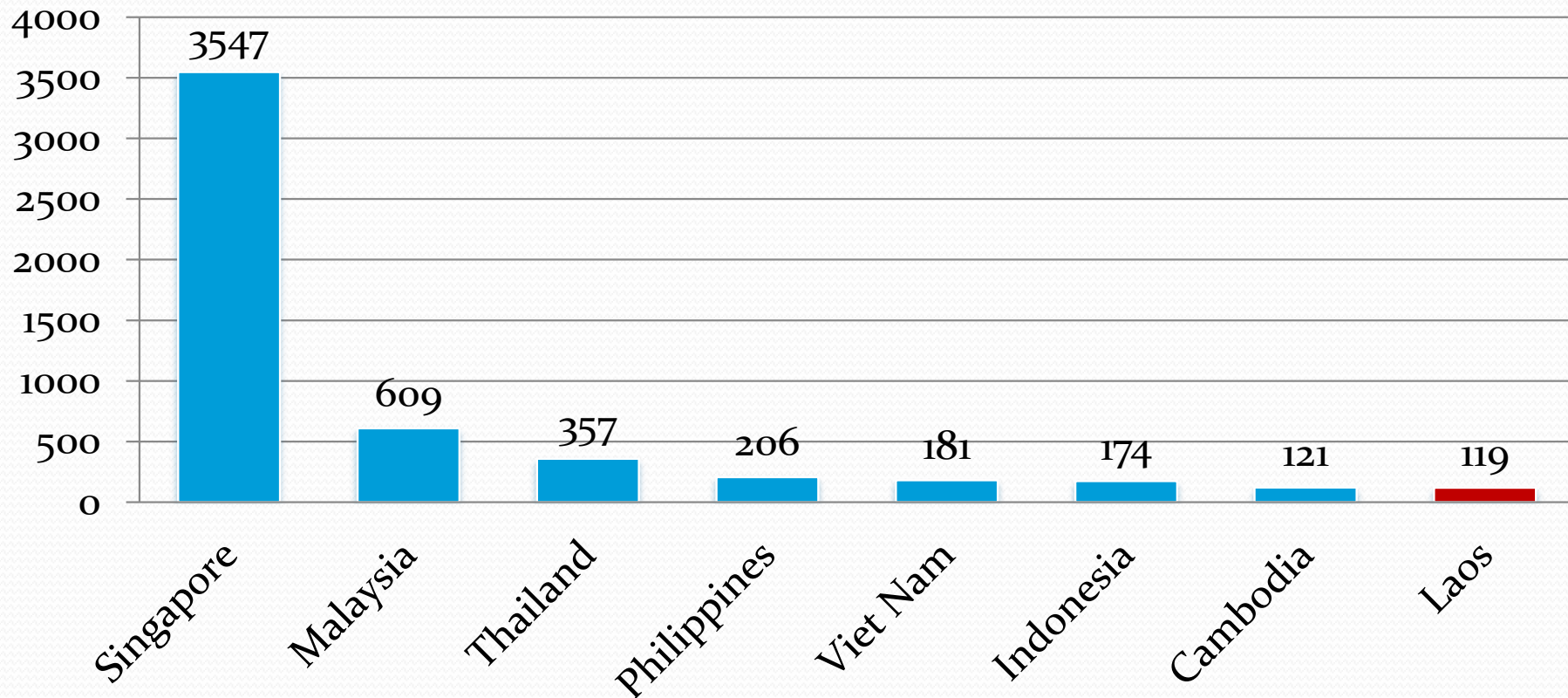
Source: <http://www.doingbusiness.org/data/exploreeconomies/lao-pdr/> as of April 26th, 2015

ADB, ILO (Ed.): ASEAN Community 2015: Managing integration for better jobs and shared prosperity.

Bangkok 2014, p. 68

Updated on Apr. 26, 2015

Average monthly wage in US \$ (most recent year)

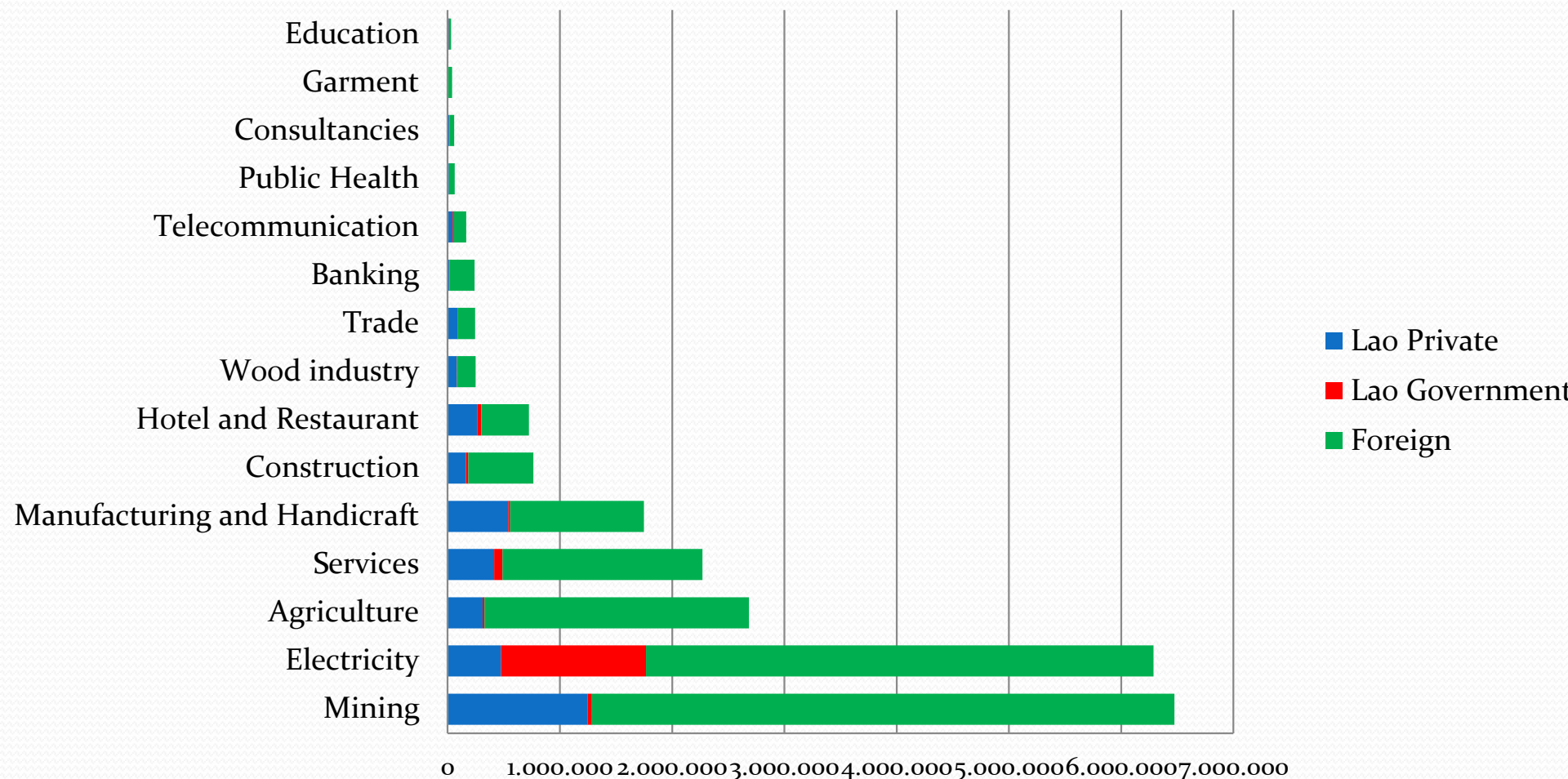


Source: ADB, ILO (Ed.): ASEAN Community 2015: Managing integration for better jobs and shared prosperity. Bangkok 2014, p. 67.

Updated on Oct. 29, 2014

FDI

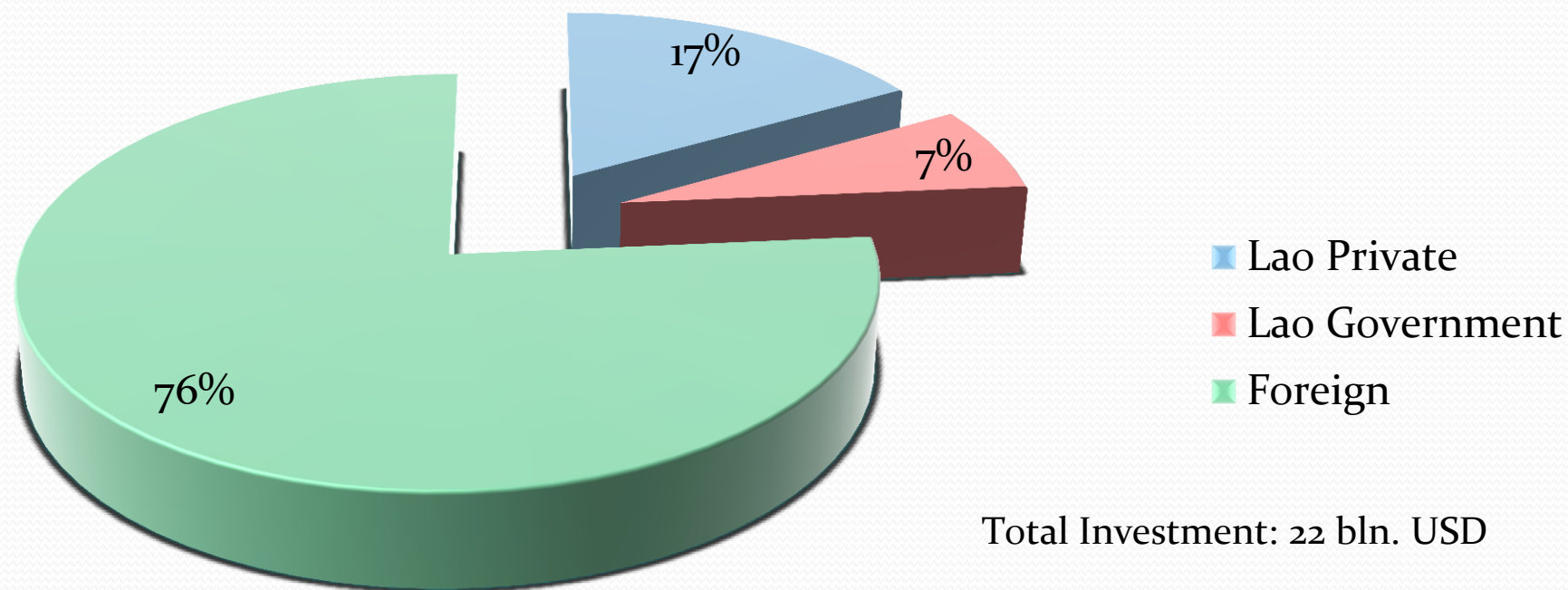
Approved Foreign and Domestic Investment 2000 – Sept. 2013 per Sector and Source (1000 USD)



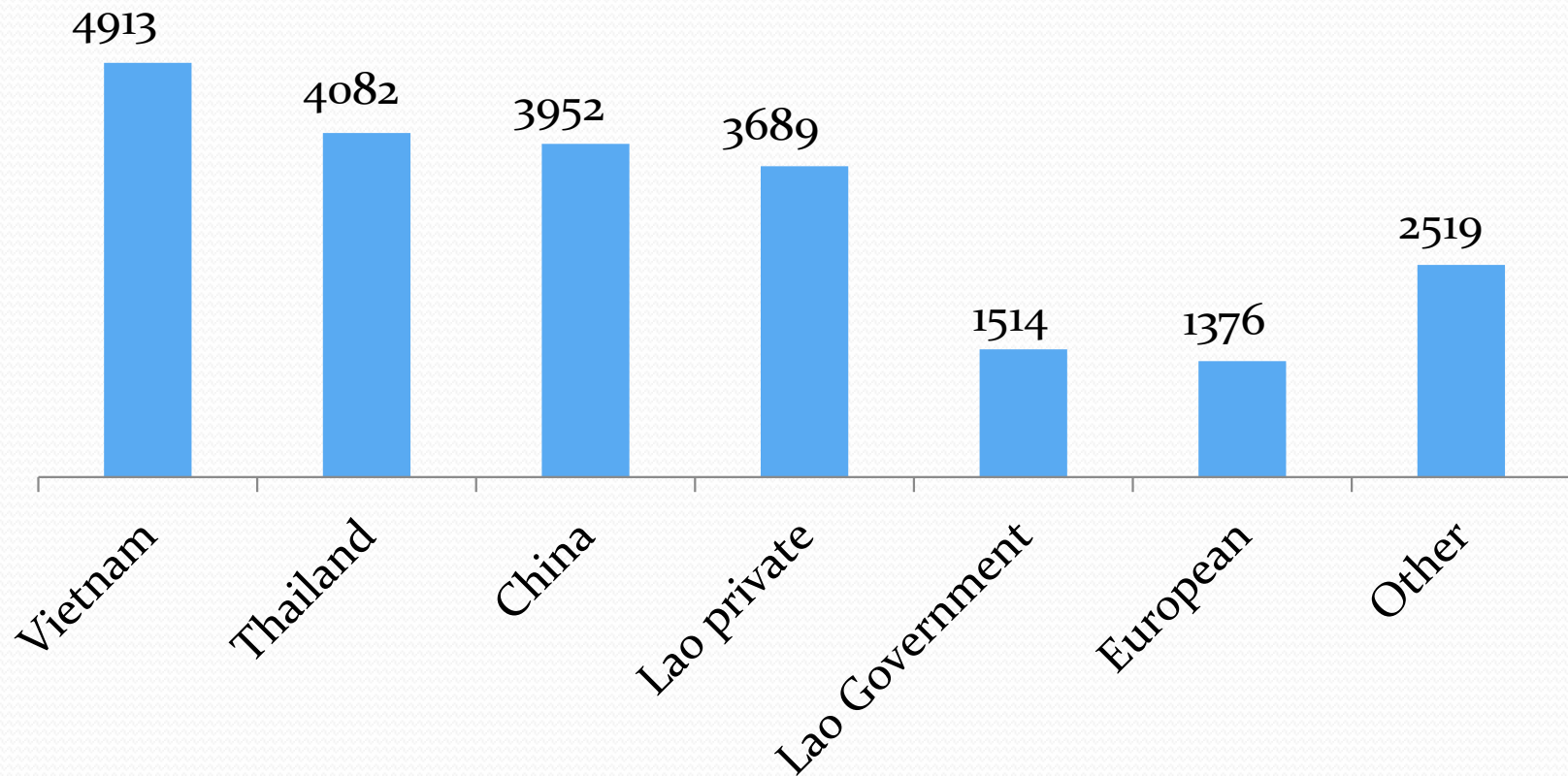
Source: Ministry of Planning and Investment.

Update: 15. Oct. 2013

Approved Foreign and Domestic Investment 2000 – Sept. 2013 per sector (1000 USD)



Approved Investments in Lao 2000 – Sept. 2013 (mln. USD)



Source: http://www.investlaos.gov.la/show_encontent.php?contID=29 as of June 04, 2013

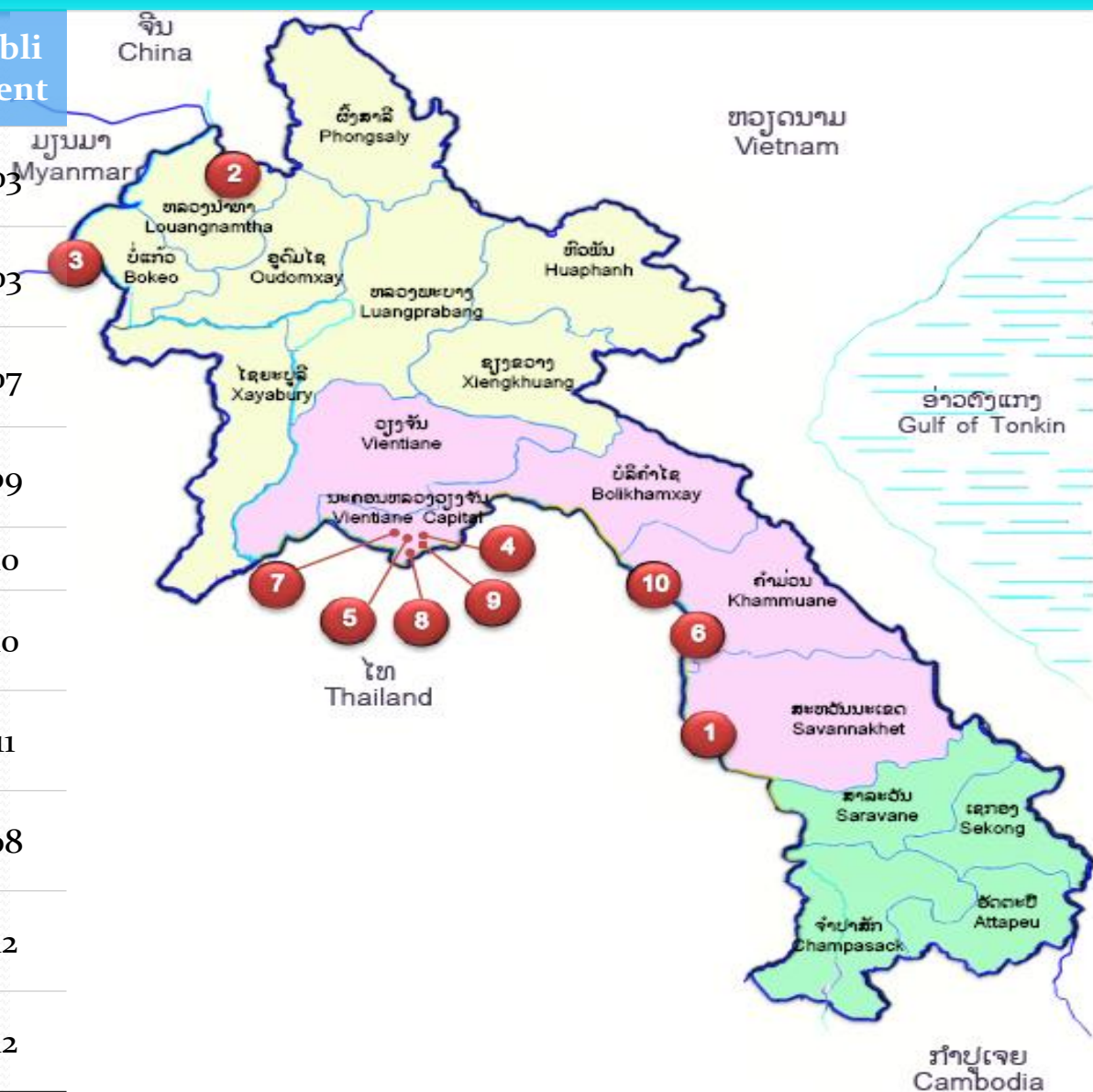
Updated 04/06/2013

Lao PDR: Law on Investment Promotion

- Representative Office, Joint Venture (JV) or Wholly Foreign Owned Investment (WFOI) possible
- No limits on repatriation of profits
- Capital of foreign investment in general business shall not be less than 1 bln. LAK (approx. 120.000 US \$)
- Facilitation of investment procedures through introduction of one-stop-service
- Depending on sector and location of investment profit tax exemptions of up to 10 years possible as well as further incentives
- Favourable conditions in Special Economic Zones (SEZ)
- SEZ can be developed by foreign investors
- Foreign investors with registered investment capital of not less than 500,000 US \$ are entitled to land use right

Special Economic Zones (SEZ)

Nº	SEZ	Establishment
1	Savan-Seno Special Economic Zone	2003
2	Boten Beautiful Land Specific Economic Zone	2003
3	Golden Triangle Special Economic Zone	2007
4	Vientiane Industrial and Trade Area	2009
5	Xaysettha Development Zone	2010
6	Phoukhyo Specific Economic Zone	2010
7	That Luang Lake Specific Economic Zone	2011
8	Longthanh-Vientiane Specific Economic Zone	2008
9	Dongphosy Specific Economic Zone	2012
10	Thakhek Specific Economic Zone	2012



Vientiane Industrial Trade Area (VITA Park; est. 2009)

Name	Location and Establishment	Total Investment Value (USD)	Objectives	Benefits Offered
<p>Vientiane Industrial and Trade Area (also known as VITA PARK)</p> <p>The project site is located 22 km from the center of Vientiane Capital.</p>	<p>Saythany District, Vientiane Capital</p> <p>Developer: 100% by the Government of Lao PDR in collaboration with Taiwanese Developers</p> <p>Area: 110 ha</p>	<p>43,000,000</p> <p>Land Tenure: 75 years</p>	<p>Trade, Industries, Commerce, Services</p>	<ol style="list-style-type: none"> 1. Land Lease: 0.025 -0.06 USD/m²/month 2. Water Fee: 0.25-0.35 USD/m³ 3. Electricity: 0.059-0.065 USD/Kwh <ul style="list-style-type: none"> ▪ Services Sector: Profit Tax Exemption: 2-10 years, afterward 8% or 10% corporate profit tax will be applied. ▪ Trade Sector: Profit Tax Exemption: 2-5 years, afterward 10% corporate profit tax will be applied. ▪ Industrial Sector: Profit Tax Exemption: 5-10 years, afterward 8% corporate profit tax will be applied. ▪ 5% of Personal Income Tax is applied for Expatriate & Local Staff

Source: DFDL

Updated on 11/09/2015

Savan-Seno Special Economic Zone (est. 2003)

Name	Location and Establishment	Total Investment Value (USD)	Objectives	Benefits Offered
<p>Savan-Seno Special Economic Zone.</p> <p>The project sites are close to Road № 9 as a part of East-West Economic Corridor and the Second Lao-Thai Friendship Bridge</p>	<p>Savannakhet Province/2003</p> <p>Developer: 100% by the Government of Lao PDR in collaboration with Malaysian Developers</p> <p>Area: 954 ha</p>	<p>74,000,000</p> <p>Land Tenure: 75 years</p>	<p>Trades, Services, Industries.</p>	<ol style="list-style-type: none"> 1. Land Lease: 0.3 USD/m²/year 2. Water Fee: 0.3-0.66 USD/m³ 3. Electricity: 0.03-.08 USD/Kwh <ul style="list-style-type: none"> ▪ Services Sector: Profit Tax Exemption: 2-10 years, afterward 8% or 10% corporate profit tax will be applied. ▪ Trade Sector: Profit Tax Exemption: 2-5 years, afterward 10% corporate profit tax will be applied. ▪ Industrial Sector: Profit Tax Exemption: 5-10 years, afterward 8% corporate profit tax will be applied. ▪ 5% of Personal Income Tax is applied for Expatriate & Local Staff

Source: DFDL

Updated on 11/09/2015

Employment of foreign staff in selected Special Economic Zones

Savan-Seno SEZ:

Foreign employees hired to work in Savan Seno SEZ shall not exceed 30% of the total number of staff.

VITA Park:

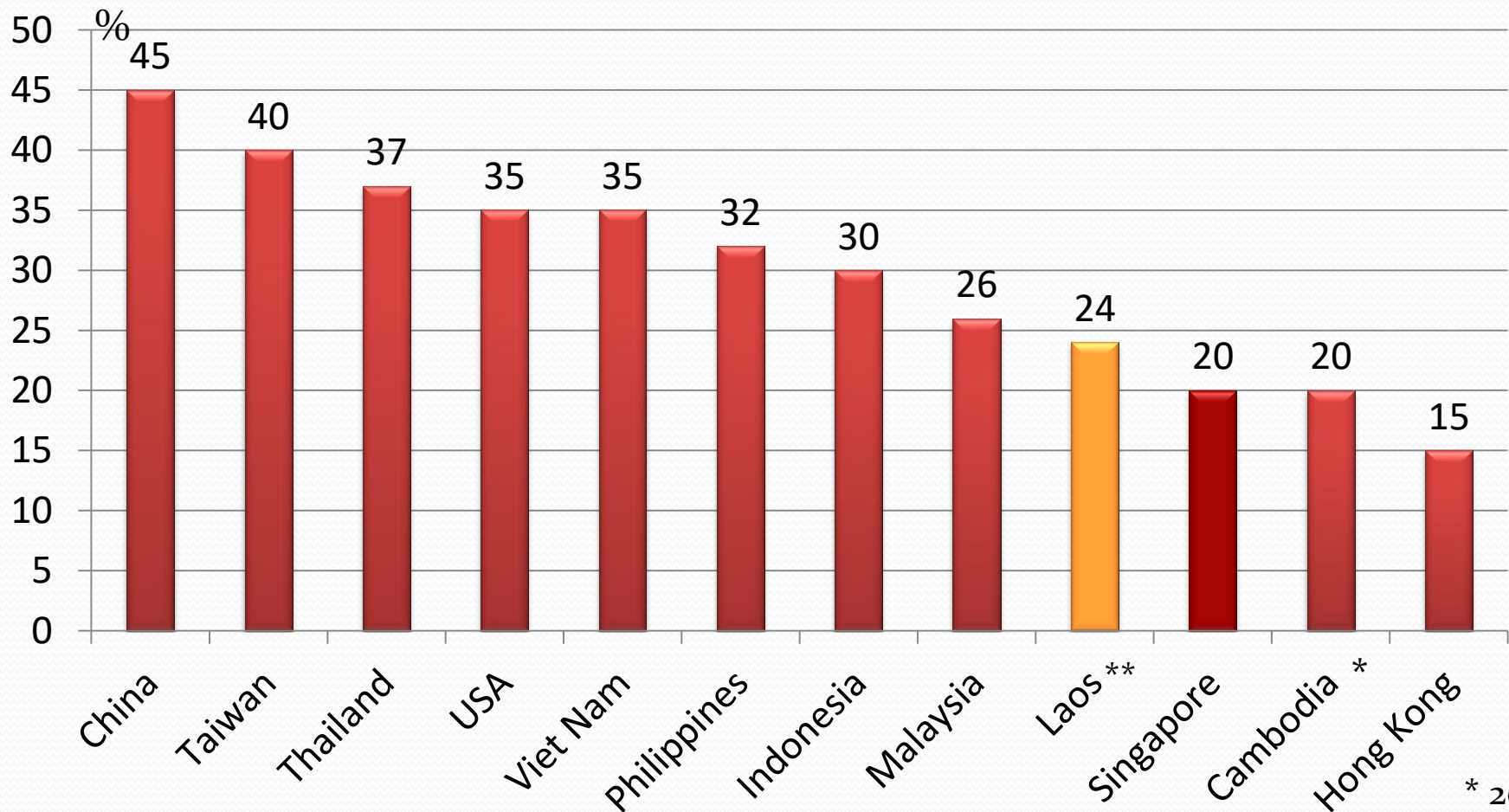
Foreign employees hired to work in VITA Park shall not exceed 34% of the total number of staff (or one foreigner for 3 employees).

Lao Labor Law:

15% manual labor foreign workers of the total number of Lao workers and 25% skilled foreign workers of the total number of Lao workers

Taxes

Highest Rate of Personal Income Tax (2011-2014)



* 2010

** 2012

Updated 30/10/2012

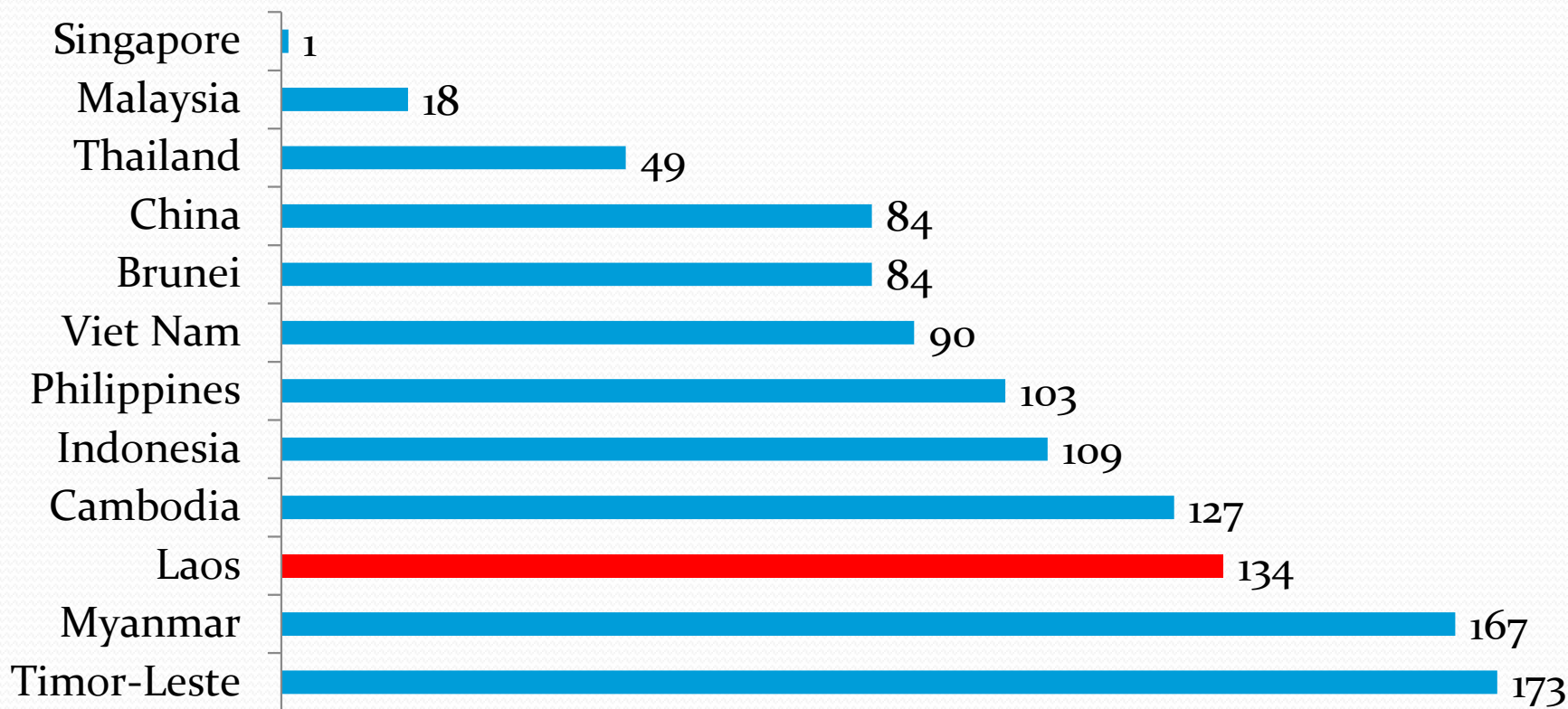
Source: KPMG (Ed.): KPMG's individual income tax and social security rate survey 2010. w/o loc., Sept. 2010, p. 6, 7. ; pers. Information from GTZ Laos; http://www.ocm.gov.kh/c_tax.htm as of Nov. 18th 2010.

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Doing Business in Laos

Ease of Doing Business 2016, Regional Comparison of Overall Ranking



Explanation: Ranking 189 countries where Rank 1 is the best, rank 189 the lowest world wide.

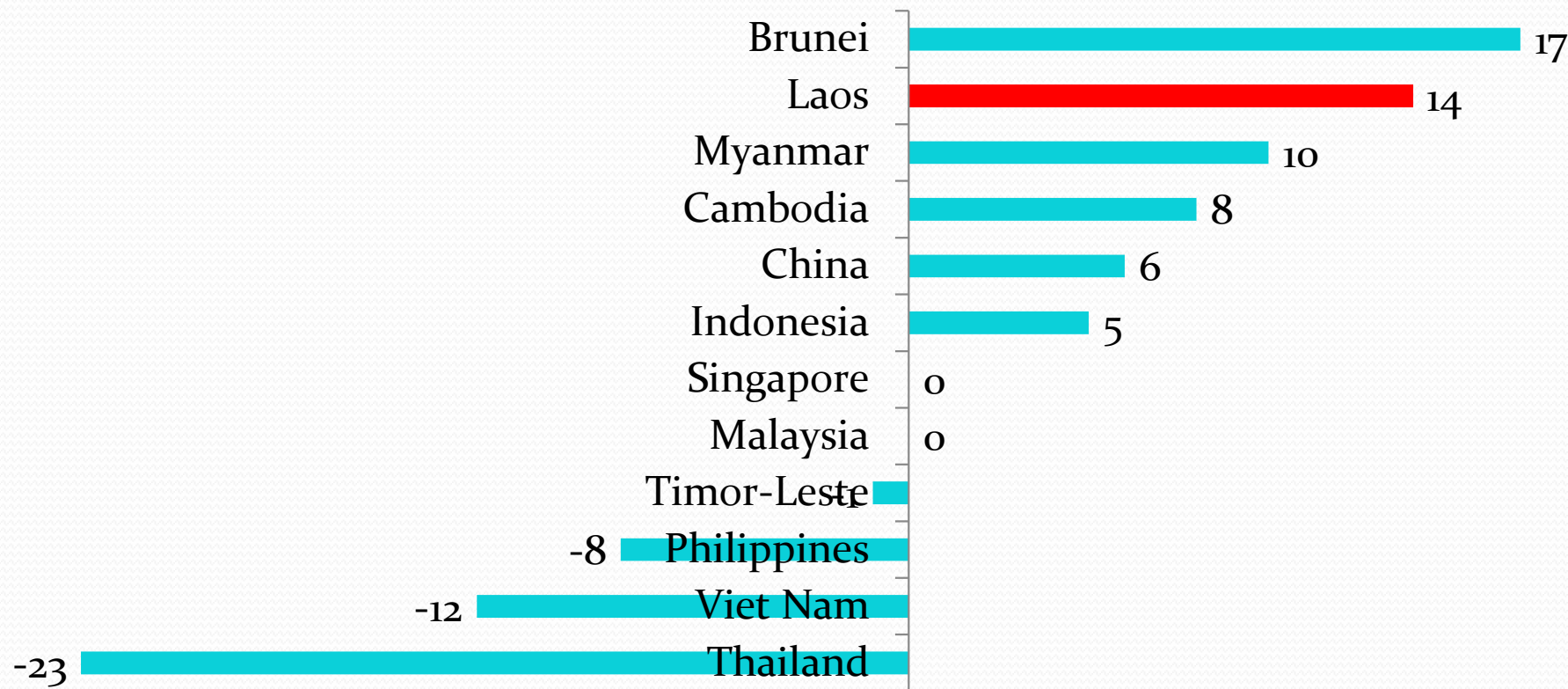
Source: World Bank Group (Ed.): Doing Business 2016. Measuring Regulatory Quality and Efficiency. Washington 2016. p.5

Updated 03/11/2015

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Ease of Doing Business 2016, Changes in Ranking 2016 compared with 2015



Explanation: Ranking 189 countries where Rank 1 is the best, rank 189 the lowest world wide.

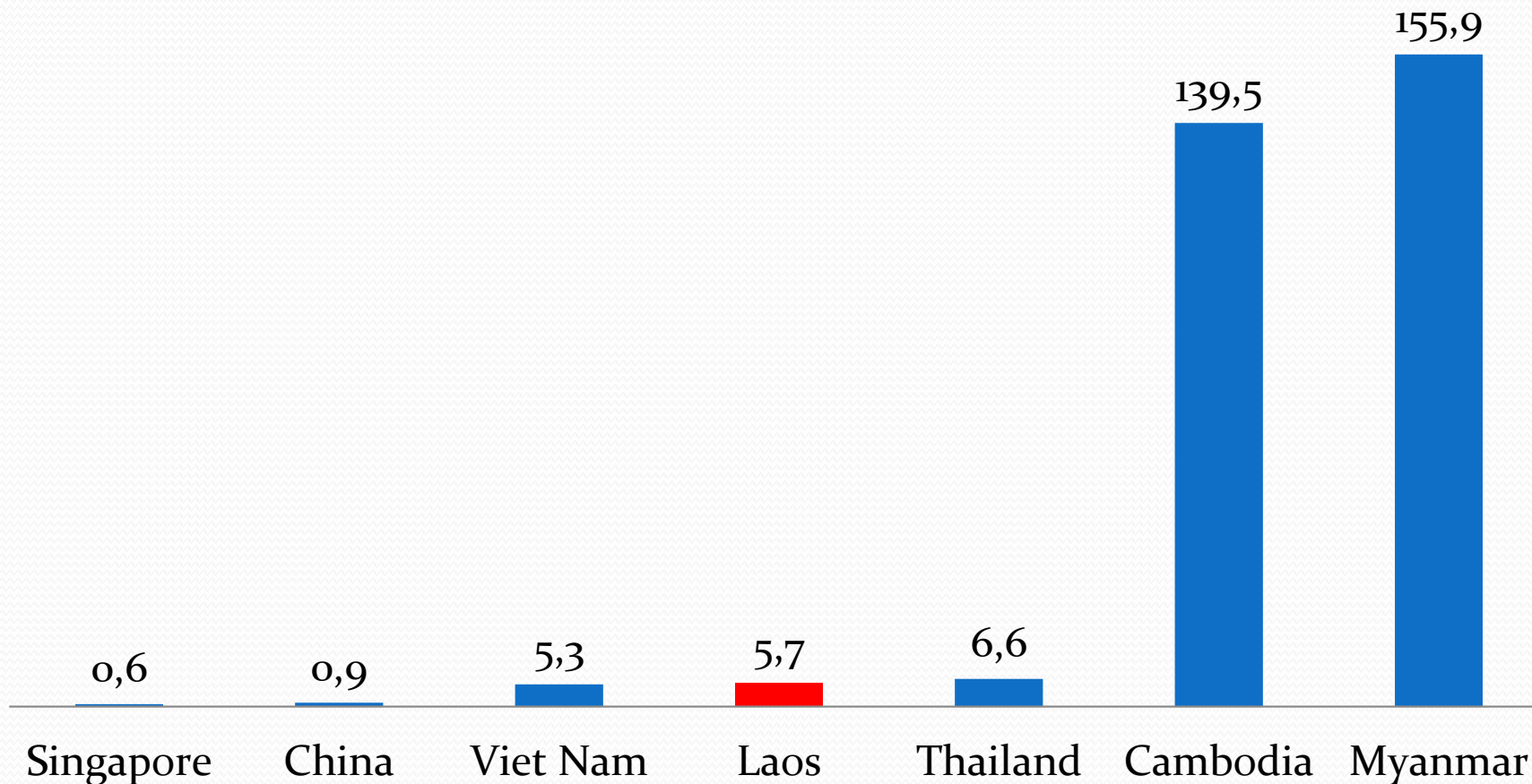
Source: World Bank Group (Ed.): Doing Business 2016. Measuring Regulatory Quality and Efficiency. Washington 2016. p.5

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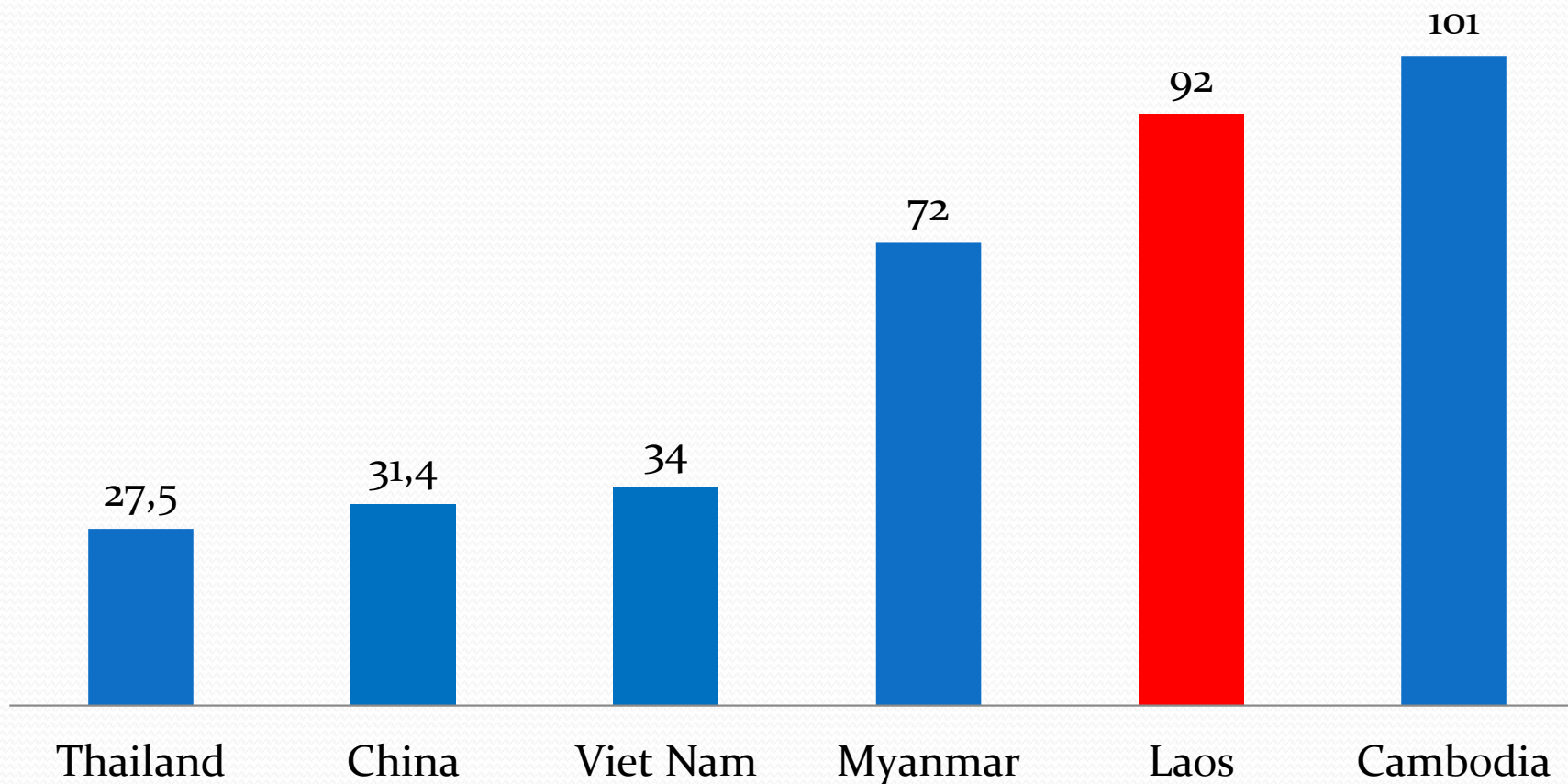
Cost of Business Start-up Procedure (% of income p.c., 2015)



Source: World Bank Database (Doing Business Dataset).

Updated 01/11/2015

Time required to start up Businesses (days, 2015)

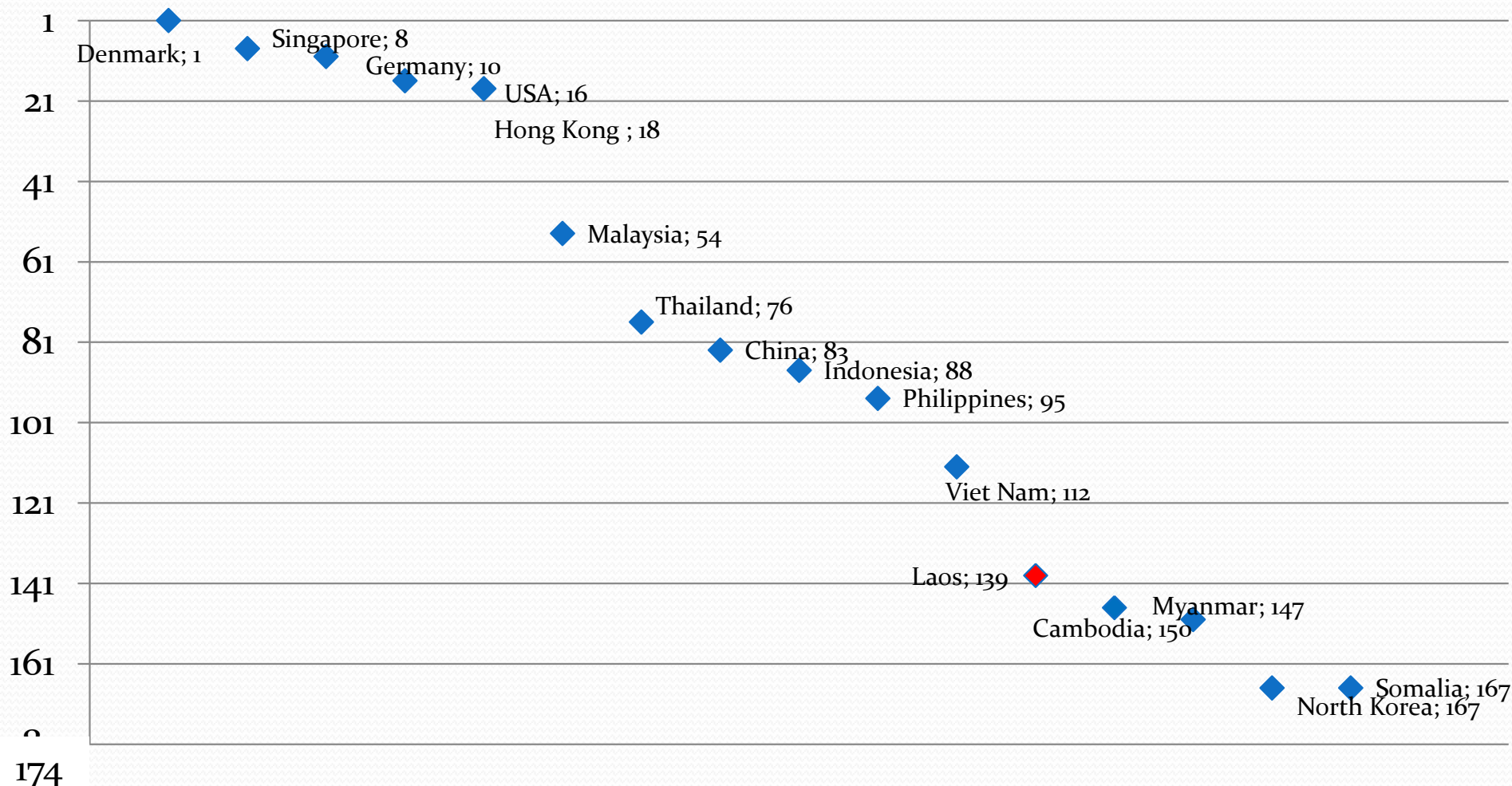


Source: World Bank Database (Doing Business Dataset).

Updated 01/11/2015

Corruption Perception Index 2015

(Ranking of 168 countries)



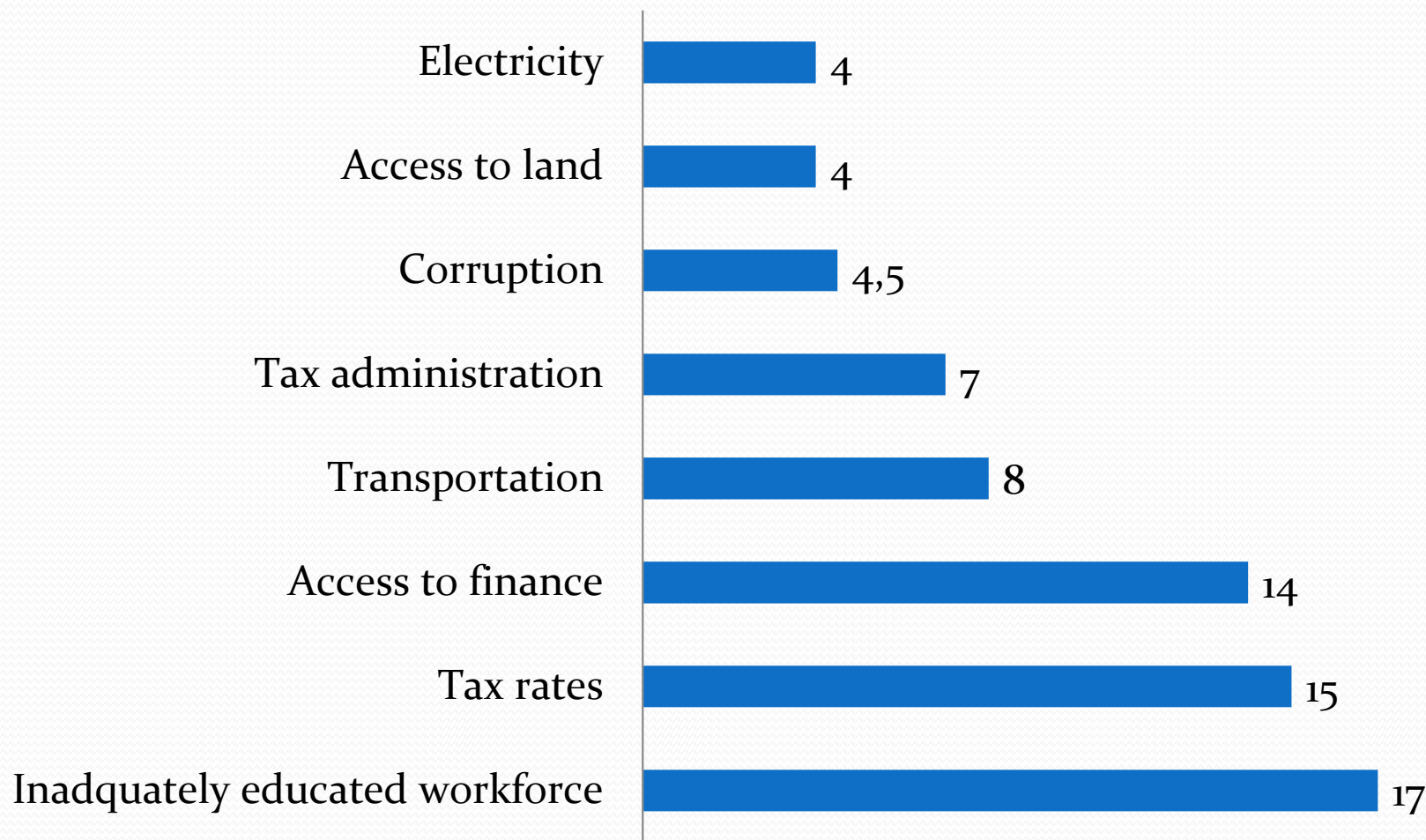
Source: Transparency International (ed.): Corruption Perception Index. Online: <http://cpi.transparency.org/cpi2014/>.

Updated 23/02/2016

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What Lao firms identify as major obstacles for their business (% of firms)

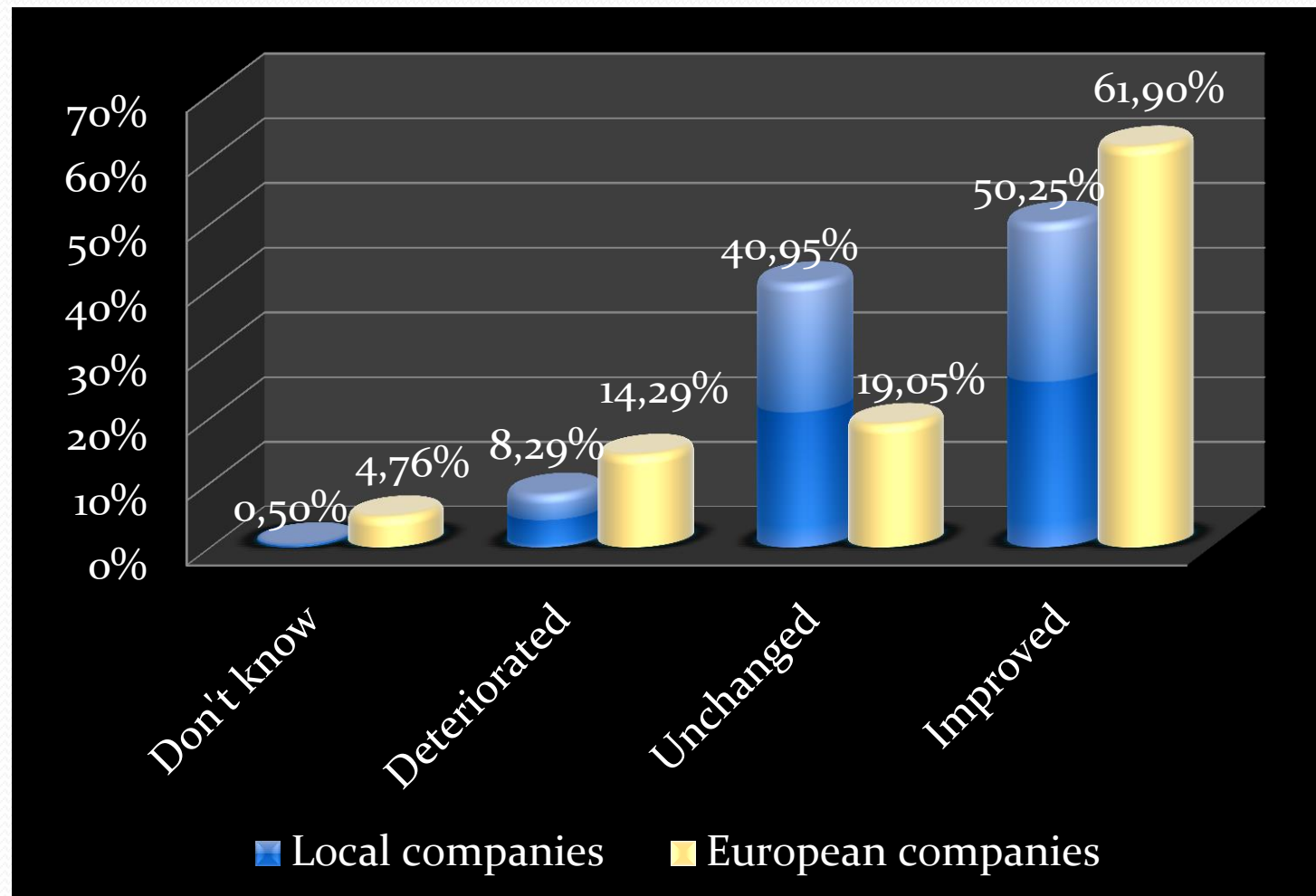


Source: The World Bank Group (Ed.): Lao PDR Country Profile 2012. Enterprise Surveys. March 2013, P 3

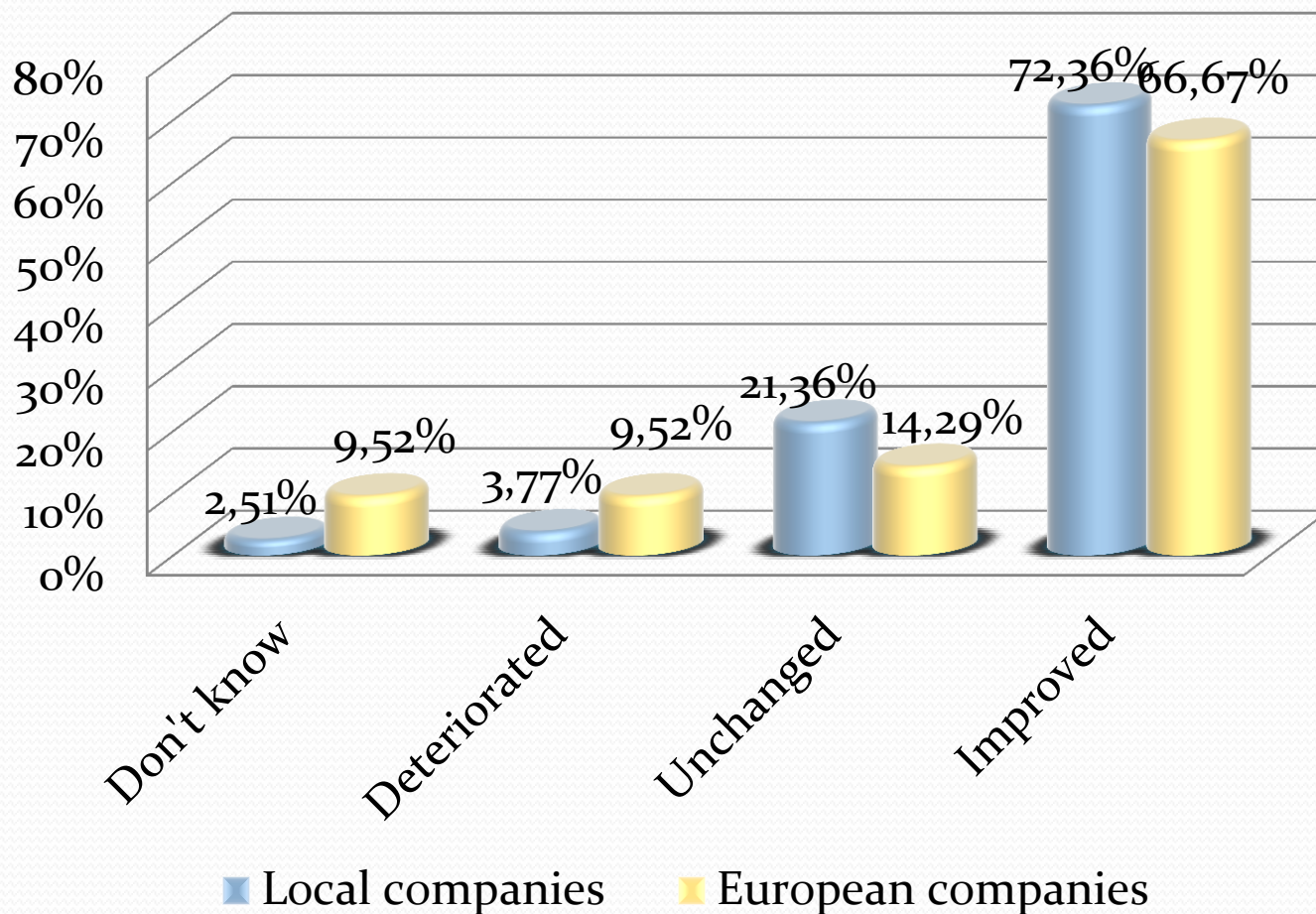
Updated 18/05/2013

Business Confidence H1, 2015

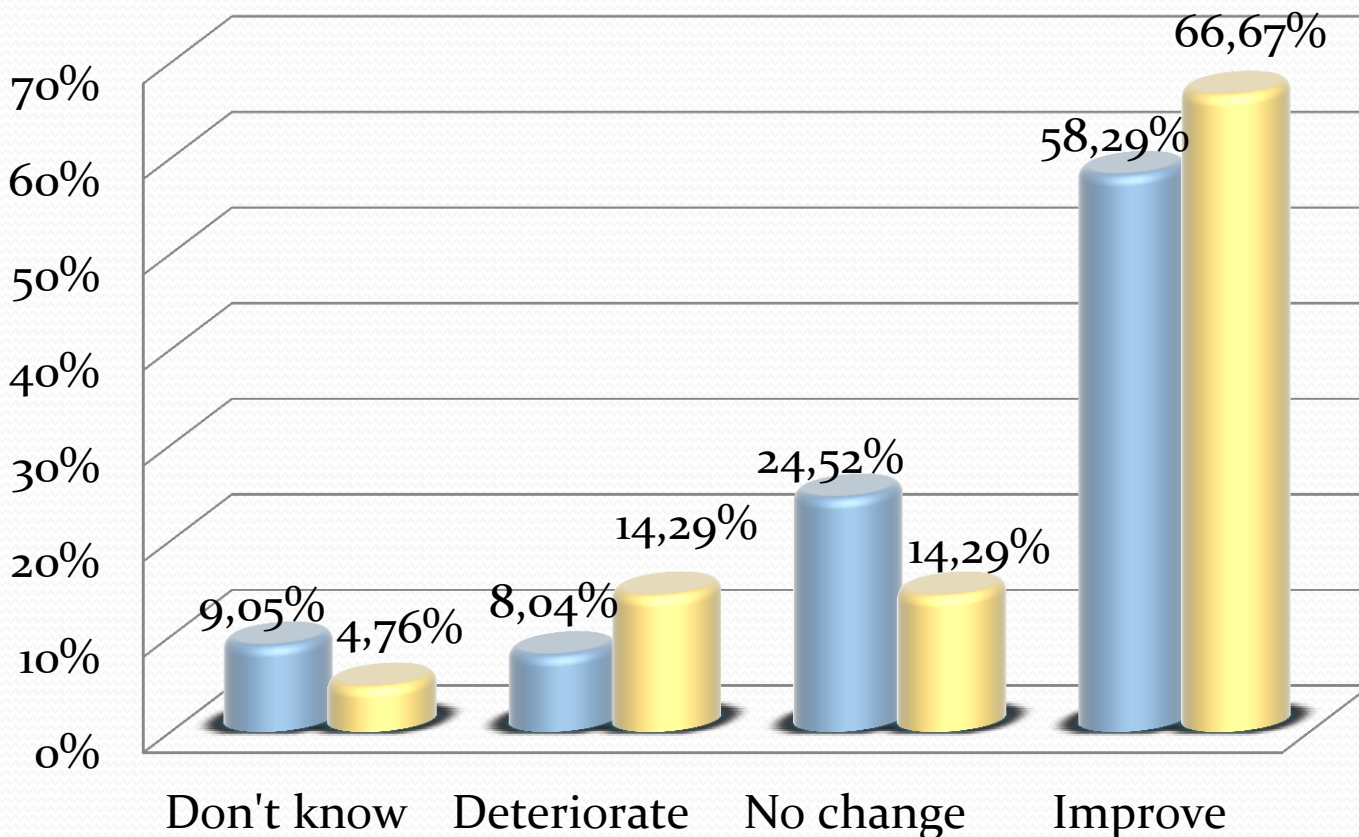
How did your business situation develop over the last 6 months?



How do you expect your business situation to develop over the next 6 months?



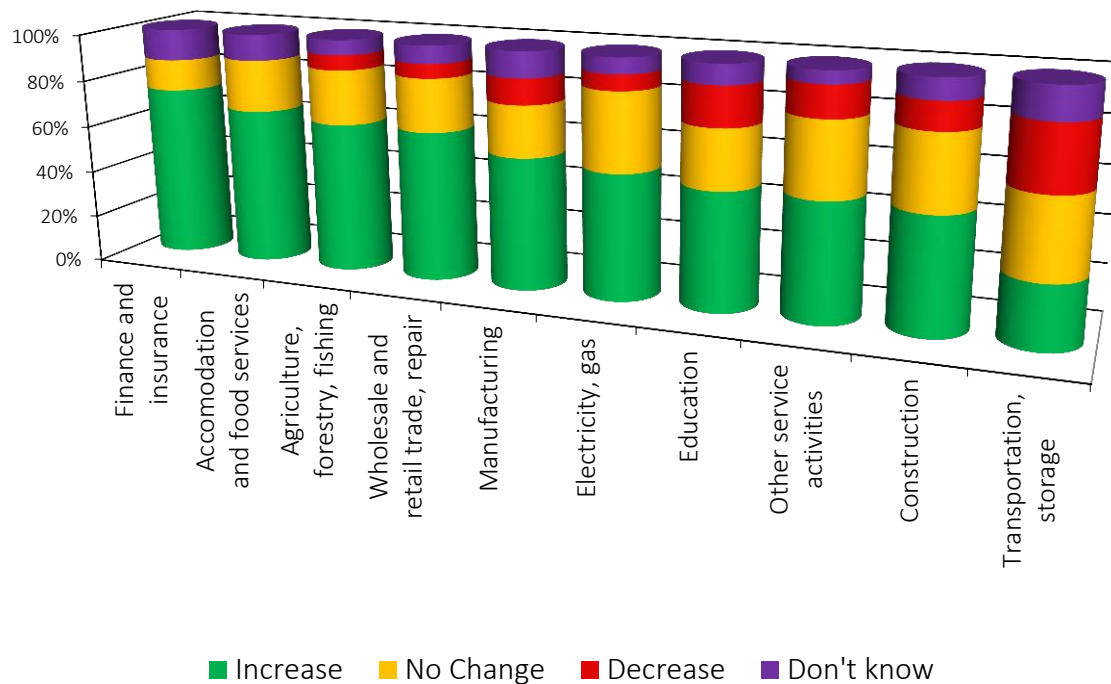
How do you expect your profit to develop over the next 6 months?



■ Local companies ■ European companies

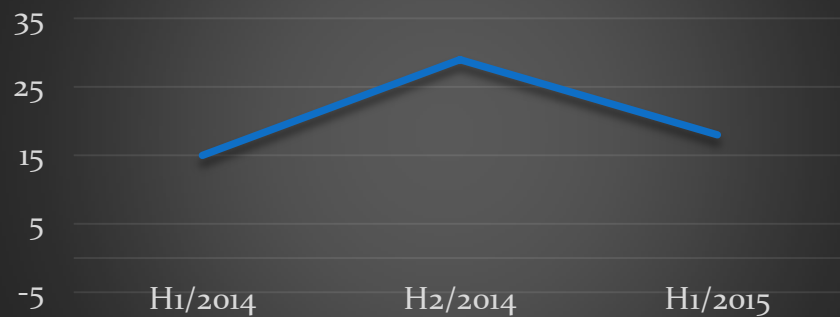
How do you expect your profit to develop over the next 6 months?

Local companies, industry perspective

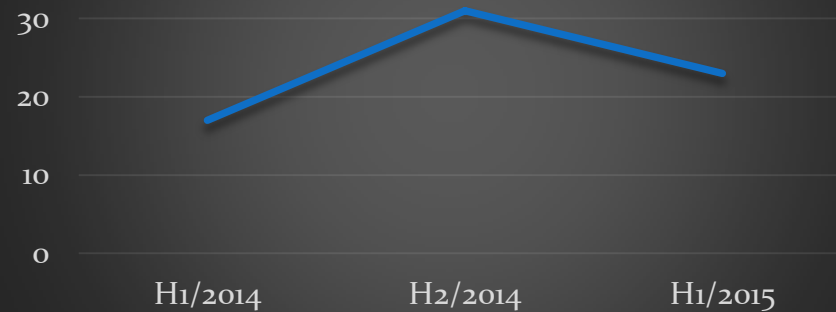


Business indices

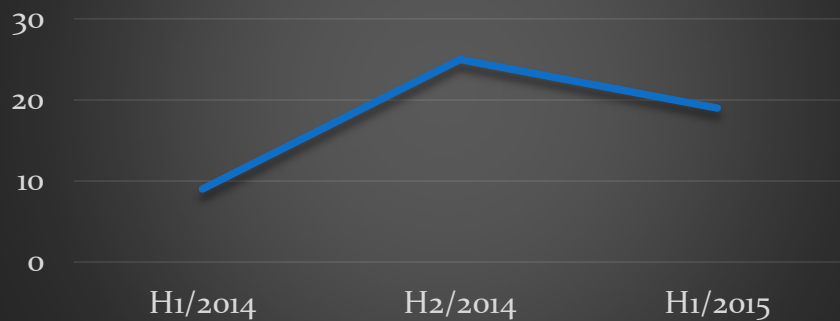
Economic confidence index



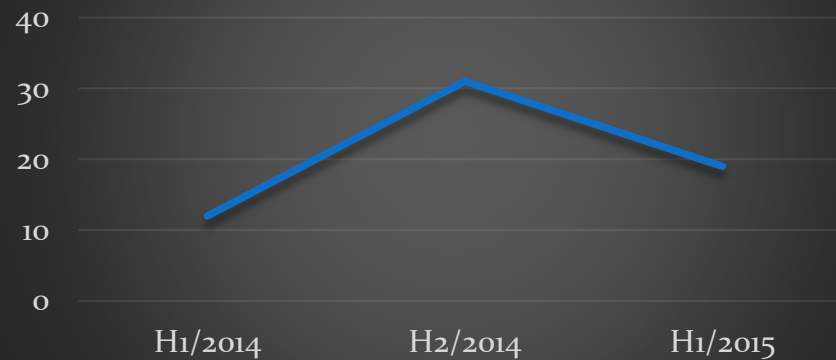
Business situation index



Profit development index



Export development index



SWOT Analysis of the Lao Economy

SWOT analysis of Lao PDR as a place to do business:

1: Strengths

- Political stability
- High economic growth rates
- Business friendly laws and continuation of economic reforms
- Good business climate and business confidence
- Reliable energy supply
- Low wages
- Decent living conditions for foreign experts and managers (exception: health care)

SWOT analysis of Lao PDR as a place to do business:

2: Weaknesses

- Small domestic market with limited mass purchasing power
- Moderate level of vocational skills
- Land locked (land linked?) country with sometimes poor infrastructure beyond the main roads resulting in high transportation cost
- Topography detrimental to traffic and low population density
- Banking system and financial system are still developing
- No easy place to do business

SWOT analysis of Lao PDR as a place to do business:
3: Opportunities

- Rich in natural resources
- Privileged access to the EU market
- Infrastructure projects
- Growing tourism
- Little competition in many industries
- Good opportunities for machine building and civil engineering companies (among other equipment for hydro power plants, textile industry etc.)

SWOT analysis of Lao PDR as a place to do business:

4: Threats

- Sometimes weak and inconsistent implementation and application of laws and regulations
- Jurisdiction is not always independent or neutral
- High level of bureaucracy and not always transparent administrative decision making
- Corruption

Lao PDR: Business Opportunities

- Tourism
- Construction and civil engineering incl. infrastructure
- Power generation and sales of equipment
- Mining, sales of mining equipment
- Environmental Technologies
- Communication sector
- Agro processing
- Logistics
- Etc.