

Foreign Agricultural Investment Country Profile

Lao People's Democratic Republic



REGION	Southeast Asia
INCOME GROUP	Low income
POPULATION	6.4 million
TOTAL AREA	236 800 km ²
CAPITAL	Vientiane
LARGEST CITY	Vientiane
GNI PER CAPITA	US\$880
OFFICIAL LANGUAGE	Lao
MAJOR EXPORTS	gold, copper, electricity, timber products, garments, coffee
MAJOR IMPORTS	fuel, food, consumer goods, machinery and equipment, vehicles, spare parts.



The information and data in this information product are based solely upon information and data publicly available from international organizations, regional organizations, national governments and other sources. The Food and Agriculture Organization of the United Nations (FAO) declines all responsibility for errors and deficiencies in the information product.

The designations employed and the presentation of material in this information product do not imply the expression of any opinion whatsoever on the part of FAO concerning the legal or development status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries. The mention of specific companies or products of manufacturers, whether or not these have been patented, does not imply that these have been endorsed or recommended by FAO in preference to others of a similar nature that are not mentioned.

All rights reserved. FAO encourages the reproduction and dissemination of material in this information product. Non-commercial uses will be authorized free of charge, upon request. Reproduction for resale or other commercial purposes, including educational purposes, may incur fees. Applications for permission to reproduce or disseminate FAO copyright materials, and all queries concerning rights and licences, should be addressed by e-mail to copyright@fao.org or to the Chief, Publishing Policy and Support Branch, Office of Knowledge Exchange, Research and Extension, FAO, Viale delle Terme di Caracalla, 00153 Rome, Italy.

© FAO 2011

Contents

Acronyms	iv
1 General Information	1
1.1 Foreign Direct Investment (FDI) in Lao People's Democratic Republic	1
1.2 Agriculture sector and FDI	3
2 Information on specific areas	6
2.1 Legal and regulatory framework.....	6
2.2 Registration and approval procedures	10
2.3 Tax schemes.....	12
2.4 Land procedures	14
2.5 Investment benefits and incentives	14
2.6 Restrictions and requirements	16
2.7 Investment opportunities	17
2.8 Investment and trade agreements	18
2.9 Authorities and contact points	19
Appendices	20
Key social and economic indicators	20
Key agricultural production and trade data	21

Acronyms

ACMECS	Mekong Economic Cooperation Strategy
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
ASEAN	Association of Southeast Asian Nations
BIT	bilateral investment treaties
BOL	Bank of Lao PDR
BTT	Business Turnover Tax
DDFI	Department of Domestic and Foreign Investment
DTT	double taxation treaties
FDI	Foreign Direct Investment
FIL	Foreign Investment Licence
GDP	gross domestic product
GNI	gross national income
GSP	Generalized System of Preferences
HDI	Human Development Index
hg	hectogram
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
LAK	Lao Kip (Laos monetary unit)
LBF	Lao Business Forum
LDC	least-developed country
LFA	Land and Forest Allocation procedures
MDGs	Millennium Development Goals
MIGA	Multilateral Investment Guarantee Agency
MOF	Ministry of Finance
MOIC	Ministry of Industry and Commerce
MW	megawatt(s)
NEM	New Economic Mechanism
NSEDP	National Socio-Economic Development Plan
NTR	normal trade relations
PDR	People's Democratic Republic
PIT	Personal Income Tax
SEZs	Special Economic Zones
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
USDA	United States Department of Agriculture
VAT	Value Added Tax
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

1 General Information

1.1 Foreign Direct Investment (FDI) in Lao People's Democratic Republic

Inflows of Foreign Direct Investment (FDI) into Laos began once the country embarked on its economic transition to a market-driven economy in 1986. Following the promulgation of the first law on investment in 1988, inflows increased steadily, from US\$2 million in 1988 to US\$6 million in 1990 and US\$36 million in 1993. Following a 1994 amendment to the Investment Law, FDI increased considerably compared to previous years, from US\$59 million in 1994 to US\$128 million in 1996. The Asian financial crisis temporarily impacted the FDI flows to the Asian countries, including Laos. Since, however, Laos has witnessed a significant increase in investment, driven mainly by the hydropower and mining sectors.¹ Peaking in year 2007, registered inflows of US\$324 million were almost 12 times higher than the 2005 amount of US\$28 million. The global financial crisis led to a reduction or delay in investment projects causing figures to fall by about 50 percent between 2007 and 2009.

FDI inflows and stock annual data (US\$ millions)

	Year									
	1990	1993	1996	1998	2000	2005	2006	2007	2008	2009
FDI inflows	6	36	128	45	34	28	187	324	228	157
FDI stock	13	63	339	470	556	669	856	1 180	1 408	1 564

Source: UNCTAD Stat

The majority of FDI into Laos has flowed into natural resource sectors, which accounted for more than 80 percent of total FDI in the past few years. Investment in non-resource sectors has increased considerably and agribusiness is among the areas of future growth.² According to Laos' Department of Domestic and Foreign Investment (DDFI), of over 1 000 projects approved during the 2000–2010 time-period, the energy sector attracted 50 projects capitalized at US\$4.6 billion while mining US\$3.2 billion/209 projects; service US\$1.6 billion/207 projects; agriculture US\$1.3 billion/238 projects; industry and handicraft US\$1.1 billion/303 projects. During the first half of 2010, the number of investment proposals increased slightly compared to the previous year (104 applications).³

According to government sources, from 2001 to 2010, 38 countries invested in Laos with a total capital of around US\$13 billion. Viet Nam topped the list with 252 projects worth US\$2.8 billion, followed by China with 397 projects valued at US\$2.7 billion; and Thailand US\$2.7 billion/269 projects. Other major investor countries are Republic of Korea, France, Japan, India and Australia.⁴

The Lao People's Democratic Republic is one of the few remaining communist states. The economy is essentially a free market system with active central planning by the government. Since the

¹ UNCTAD, An Investment Guide to the Lao PDR (2010): http://www.unctad.org/en/docs/diaepcb201002_en.pdf

² UNCTAD, An Investment Guide to the Lao PDR (2010): http://www.unctad.org/en/docs/diaepcb201002_en.pdf

³ US Department of State 2011 Investment Climate Statement-Laos: <http://punjablaws.gov.pk/laws/40.html>

⁴ ibid

introduction of the New Economic Mechanism (NEM) in 1986, the country has introduced reforms to liberalize the economy, stimulate growth and enhance the business climate. The first Investment Law of 1988 opened most sectors to foreign participation, including agriculture, forestry and industry. Since then, the law has been revised considerably: the Law on Promotion and Management of Foreign Investment, enacted in 1994, was amended in both 2004 and 2009 to further promote Laos as an investment destination, provide more incentives, streamline regulations and reduce tax. In particular, the latest amendment consisted in the merger of once separate laws on domestic and foreign investment. One of the key changes in the new law is the provision allowing foreigners to own land, previously reserved solely to Lao nationals.⁵

The country has also initiated the Lao Business Forum (LBF), held twice a year since 2005, as a formal dialogue mechanism between the government and the private sector.⁶ In the Doing Business (DB) 2011 summary data, the overall Ease of Doing Business status ranks the country 171st out of 183 economies. The table below lists the rankings by each topic and the following displays the enterprise surveys results for perceived constraints to firm investment.

Doing business (DB) rankings by topics

Topic rankings	DB 2010 rank	DB 2011 rank	Change in rank
Starting a business	87	93	↓-6
Dealing with construction permits	114	115	↓-1
Registering property	162	163	↓-1
Getting credit	150	152	↓-2
Protecting investors	182	182	No change
Paying taxes	109	116	↓-7
Trading across borders	170	170	No change
Enforcing contracts	110	110	No change
Closing a business	183	183	No change

Source: World Bank, Doing Business: <http://www.doingbusiness.org/data/exploreeconomies/lao-pdr>

Top 10 business environment constraints for firms

Business environment constraints	Percentage of firms
Tax rates	36.76
Access to finance	21.16
Inadequately educated workforce	16.51
Electricity	8.91
Access to land	6.75
Practices informal sector	3.98
Transportation	2.79
Customs and trade regulations	1.48
Tax administration	0.55
Licences and permits	0.50

Source: Enterprise Surveys: <http://www.enterprisesurveys.org/ExploreEconomies/?economyid=107&year=2009>

⁵ UNCTAD, *An Investment Guide to the Lao PDR (2010)*: http://www.unctad.org/en/docs/diaepcb201002_en.pdf

⁶ International Finance Corporation (IFC), Lao Business Forum: <http://www.ifc.org/ifcext/mekongpsdf.nsf/Content/Seminar18>

1.2 Agriculture sector and FDI

Agriculture dominates the Lao economy employing an estimated 75 percent of the population and accounting for 34.7 percent of the gross domestic product (GDP) in 2009. The sector has grown at an estimated annual rate of 3.7 percent over the past decade.⁷ Despite high overall economic growth rates (averaging 6 percent per year from 1988 and 2008)⁸ and vast improvements in poverty rates, Laos remains one of the poorest countries in Southeast Asia. Moreover, the government still depends on aid from international donors for over 80 percent of its capital investment. Laos is also more rural in character than other countries in the region: more than 75 percent of the total population lives in rural areas, where poverty is particularly concentrated, and depends on agriculture and natural resources for income.⁹

Laos has a total land area of 230 800 km².¹⁰ The country's terrain is largely rugged and steep, with some plains and plateaux and vast expanses of forest. Around 80 percent of the country is mountainous, while 54 percent is forested leaving only 4 percent of the land suitable for cultivation.

The main staple crop in Laos is rice, grown on the fertile floodplain of the Mekong River and the lowlands. Other major crops are vegetables, maize, coffee, tea, fruit, spices, sugar cane and cotton.¹¹ Crops account for 54 percent of the agricultural GDP, livestock and fisheries for 36 percent, and forestry for 10 percent.¹² Rice is cultivated on 872 900 ha (over 60 percent of the cultivated area), comprises over 90 percent of total crop production, and grown by nearly 95 percent of farming households for their own use.¹³ Coffee is produced on 52 000 ha, mostly in the south, (and is viewed as an area of growth).¹⁴ Shifting agricultural systems, where areas of land are cleared and cultivated for a number of years, account for about one-third of the total cultivated area.

Farming is largely practised at subsistence level and has low productivity.¹⁵ It is estimated that, on average, an agricultural household has 0.5–3 ha for private use. Average household income from farming is about US\$200 per ha.¹⁶ Many rural communities are also geographically isolated and only 18 percent of farm households have access to irrigation.¹⁷

Agriculture value added in 2008 was US\$1 782 million, an increase from the 2005 value of US\$934 million. The average growth rate for 2005–2008 was 4.2 percent.¹⁸

The value of agricultural exports in 2008 was US\$53.3 million, increasing from US\$ 21.2 million value of 2005. The average growth rate of exports from 2005 to 2008 was 37.2 percent. The main

⁷ World Bank, Rural Development & Agriculture in Lao PDR: <http://go.worldbank.org/6WNT8BQDW0>

⁸ Except during the Asian financial crisis.

⁹ IFAD, Rural Poverty Portal, Laos, Geography, Agriculture and Economy:

<http://www.ruralpovertyportal.org/web/guest/country/geography/tags/laos>

¹⁰ FAOSTAT: <http://faostat.fao.org/site/377/DesktopDefault.aspx?PageID=377#ancor>

¹¹ IFAD, Rural Poverty Portal, <http://www.ruralpovertyportal.org/web/guest/country/home/tags/laos>

¹² FAO, Gender and Land Rights Database, Laos Country Report: <http://www.fao.org/gender/landrights/report/>

¹³ FAO, Gender and Land Rights Database, Laos Country Report: <http://www.fao.org/gender/landrights/report/>

¹⁴ FAOSTAT: <http://faostat.fao.org/site/567/DesktopDefault.aspx?PageID=567#ancor>

¹⁵ UNCTAD, An Investment Guide to the Lao PDR (2010): http://www.unctad.org/en/docs/diaepcb201002_en.pdf

¹⁶ FAO, Gender and Land Rights Database, Laos Country Report: <http://www.fao.org/gender/landrights/report/>

¹⁷ IFAD, Rural Poverty Portal, Laos, Geography, Agriculture and Economy:

<http://www.ruralpovertyportal.org/web/guest/country/geography/tags/laos>

¹⁸ World Bank, World Development Indicators: <http://databank.worldbank.org/ddp/home.do?Step=3&id=4>

agricultural exports in terms of value are green coffee, maize, fruit preparations, sesame seed and groundnuts with shell.¹⁹

The value of agricultural imports in 2008 was US\$235 million, an increase from the 2005 value of US\$170 million. The average growth rate of imports from 2005 to 2008 was 11.5 percent. The main agricultural imports in terms of value are non-alcoholic beverage, food preparations, distilled alcoholic beverage, coffee extracts and refined sugar.

Laos also has a comparative advantage in lumber and forest products because of its vast forest resources.²⁰

Although the government only opened the sector to foreign investment in 2005, in 2006 alone 30 agriculture projects worth a total of US\$458 million were approved. Concessions were granted to Lao firms, as well as Chinese, Vietnamese and Thai investors. More recently, investors from the Republic of Korea, Japan, India and Scandinavia have become active players with a particularly strong presence in the central provinces.²¹

So far, foreign investors have focused on cash and export-oriented crops, including maize, soybean, tea and vegetables. As examples, Thai CP Group has invested in Sayaboury province and River Kwai International Food Industry has invested in organic farming in Paksong. Mitr Phol Sugar is investing in sugar cane production mainly in Savannakhet province.²²

Rural development remains central to the government's development strategy and poverty eradication efforts. Laos is currently formulating its seventh National Socio-Economic Development Plan (NSEDP) for the period 2011–2015. It has also prepared a Strategy for Agriculture, Natural Resources and Rural Development and an Agriculture Development Strategy. Through the NSEDP, the government aims to promote further foreign investment in the agriculture, hydropower and mining sectors to foster growth, reduce poverty and develop the agriculture sector in line with the Millennium Development Goals (MDGs). The new rural strategy has a strong focus on modernizing agricultural production and creating value-added food and agricultural products aimed at reducing rural poverty, maintaining food security and applying science-based management to natural resources.²³

Infrastructure²⁴

Energy/Electricity: Laos has a vast hydroelectric potential: the Mekong River can generate up to 26 500 MW. Electricity is a prime export with the majority of the power sold to Thailand and Viet Nam.

Access to electricity, though low compared with the ratio in neighbouring countries, has tripled in the past ten years and is set to increase further with new hydropower projects and transmission lines. Laos lacks a national grid and only 60 percent of households currently have access to electricity. The government aims to provide electricity to 90 percent of households by 2020.

Roads: The state of the Lao road system continues to be a major impediment to trade and the development of natural resources and agricultural lands. Of the 37 270 km of roads only 4 739 are

¹⁹ FAOSTAT: <http://faostat.fao.org/site/535/DesktopDefault.aspx?PageID=535#ancor>

²⁰ Department of Domestic & Foreign Investment (DDFI), Agriculture: <http://www.invest.laopdr.org/agriculture.htm>

²¹ UNCTAD, *An Investment Guide to the Lao PDR (2010)*: http://www.unctad.org/en/docs/diaepcb201002_en.pdf

²² UNCTAD, *An Investment Guide to the Lao PDR (2010)*: http://www.unctad.org/en/docs/diaepcb201002_en.pdf

²³ IFAD, *Rural Poverty Portal, Approaches, Policies and Strategies*: <http://www.ruralpovertyportal.org/web/guest/country/approaches/tags/laos>

²⁴ UNCTAD, *An Investment Guide to the Lao PDR (2010)*: http://www.unctad.org/en/docs/diaepcb201002_en.pdf

tarred. As a landlocked country and in support of trade and investment integration within the sub-region, the government has placed strong emphasis on improving transport links. Progress has been made on key national and regional axes and, also the East-West GMS economic corridor connecting Thailand to Viet Nam through Laos and the North-South Route 3 from China to Thailand through Laos.

Railways: Laos has little rail transportation networks but is placing greater emphasis on their expansion to move freight. The country now has a rail connection into Thailand and work has been ongoing as part of the Singapore-Kunming Rail Link: an Association of Southeast Asian Nations (ASEAN) regional railway project.

Ports/Waterways: Laos relies on neighbouring countries for port access. The Mekong River and its tributaries, Nam Ou and Se Kong, which flow over 2 000 km through Laos (1 300 km are navigable), are the second most important transportation routes after roads.

Air transport: Laos has nine paved airports, four of which serve international traffic: Vientiane-Wattay, Pakse, Luang Prabang and Savannakhet.

For additional information on FDI in general and in Laos' agriculture sector:

UNCTAD Stat <http://unctadstat.unctad.org/ReportFolders/reportFolders.aspx>

UNCTAD World Investment Report 2010 <http://www.unctad.org/wir>

UNCTAD Country Factsheet http://www.unctad.org/sections/dite_dir/docs/wir10_fs_la_en.pdf

UNCTAD An Investment Guide to the Lao PDR (2010)

http://www.unctad.org/en/docs/diaepcb201002_en.pdf

Laos Department of Domestic & Foreign Investment (DDFI) <http://www.invest.laopdr.org/index.htm>

USAID Southeast Asia Commercial Law and Trade Diagnostics (CLIR) (2006)

<http://www.bizclir.com/galleries/country-assessments/Laos.pdf>

US Dept. of State 2011 Investment Climate Statement – Laos

<http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

World Bank Private Sector at a Glance http://devdata.worldbank.org/PSD/lao_psd.pdf

World Bank Business Environment Snapshot

<http://rru.worldbank.org/BESnapshots/Lao%20PDR/default.aspx>

Enterprise Surveys Snapshot Report (2009)

<http://www.enterprisesurveys.org/ExploreEconomies/?economyid=107&year=2009>

2 Information on specific areas

2.1 Legal and regulatory framework²⁵

Part of Laos' economic reform process has been the enactment of a number of laws on foreign investment, with a first law issued in 1988. Since then, the laws and regulations governing investment have been revised to create a more business-friendly investment climate.

The Law on the Promotion of Foreign Investment and the Law on the Promotion of Domestic Investment, both from 2004, have recently been combined and replaced by the Law on Investment Promotion No. 02/NA of 2009. The merger is aimed at harmonizing and standardizing investment requirements, procedures and incentives. Implementing decrees are still under consideration; hence, features of the previous laws are still relevant.

2.1.1 Major laws and regulations affecting foreign investment

Law on Investment Promotion, 2009

http://www.investlaos.gov.la/files/Promulgated%20Investment%20Promotion%20Law-English%20Edit%2007_07_2010.pdf

Some features and provisions of the new investment promotion law are as follows: shortened procedures to open a new business; no terms of investment; foreign investors have rights to exercise lands and properties; investment incentives in education and health care sectors are top priorities; and better facilitation from institutional services.²⁶ Foreign and domestic investors may invest in all business sectors and zones of investment (with few exceptions).²⁷ The new law also reinforces protections afforded to investors against government interference, seizure and nationalization without compensation, and guarantees the right to repatriate earnings.

Law on the Promotion of Foreign Investment, 2004

<http://www.invest.laopdr.org/investlaw04.pdf>

A new Investment Law was enacted in 2004 to amend the preceding 1994 Law on the Promotion and Management of Foreign Investment.²⁸ As its main features, the 2004 law welcomes investment in every business sector and activity not detrimental to national security, the environment, and public health and safety; guarantees investors against expropriation and nationalization without due compensation; allows remittance of dividends and profits to other countries; and provides for long investment terms and land leases of 50 to 75 years. The law outlines the forms of acceptable foreign investment and the rights, benefits and obligations of each type of investment.

²⁵ This section provides information on laws and regulations recognized during the preparation of this paper and does not provide a comprehensive list of laws and regulations related to agricultural investment in Lao People's Democratic Republic.

²⁶ Ministry of Planning and Investment, *Presentation FDI Policy of Lao PDR (2009)*: http://www.ntccthailand.org/cms/images/stories/FDI_Presentation_by_Mr._Manothong_8_Sep_09.pdf

²⁷ US Dept of State, *2011 Investment Climate Statement – Laos*: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

²⁸ Law on the Promotion of Foreign Investment, 1994: <http://www.invest.laopdr.org/investment%20law.htm>

Law on the Promotion of Domestic Investment, 2004

<http://www.na.gov.la/docs/eng/laws/econ/Promotion%20of%20Domestic%20Investment%20%282004%29%20Eng.pdf>

The law relating to domestic investment defines the principles, regulations and measures for the promotion, protection and management of domestic investment in order to encourage all economic sectors and make efficient use of investment resources and labour.

Decree No. 64/PM, 2003

http://www.invest.laopdr.org/decree_64.htm

Delineates the roles, responsibilities and rights of the Committee for Investment Management, Foreign Cooperation and Domestic Investment at Central and Local Levels. The Lao government is embarking on structural reform to decentralize foreign investment management power, allowing local authorities to attract investment to their regions. This is one key aspect of the 2004 Investment Laws.

Other relevant laws**Law on Enterprise, 2005**

<http://www.na.gov.la/docs/eng/laws/econ/Enterprises%20%282005%29%20Eng.pdf>

The Law on Enterprise, amending a former 1994 law, regulates the incorporation, operation and management of businesses in Laos. Permitted business forms and corporate governance issues are addressed under the Law. All investment projects in the Lao PDR, whatever their form, must be registered. The Law applies equally to both domestic and foreign business enterprises, and provides legal protection for the capital, property and rights of those enterprises.²⁹ The law is supplemented by a number of implementing regulations, notably: the Order on Implementation of the Enterprise Law; Regulation on the Reservation and Approval of the Enterprise Name; and the Instruction on the Implementation of Declaration for Enterprise Registration.

Law on Contract and Tort, 2008

The Law on Contract and Tort amends the outdated Contract Law of 1990 to regulate the formation, performance, and enforcement of contracts, and sets out rules pertaining to certain types of contracts.

Labour Law, 1994

<http://www.invest.laopdr.org/labour%20law.htm>

The purpose of this law is to regulate employment relationships. (Foreign employers find some provisions of the Labour Law restricting and interfering with their business flexibility and ability to enforce their own employment standards.)

Tax Law, 2005

<http://www.invest.laopdr.org/tax%20law.htm>

²⁹ DFDL Mekong, *Laos Legal & Investment Guide (2010)*.

Determines principles, rules, methods and measures relating to taxation in Laos. It delineates taxes applicable to foreign businesses and modifies rates, most importantly reducing corporate tax to 20 percent.

Customs Law, 2005

<http://www.na.gov.la/docs/eng/laws/econ/Customs%20&%20Decree%20%282005%29%20Eng.pdf>

Replaces a former 1994 law and regulates the import and export, transit and circulation of goods within Laos with the aims of promoting and protecting domestic production of goods and domestic business operations, investments, cooperation with foreign countries and export, expanding production power efficiently, ensuring the remittance of revenues to the state budget and contributing to national socio-economic development.

2.1.2 Agriculture and related laws / regulations

Law on Agriculture, 1998

<http://faolex.fao.org/docs/pdf/lao18996.pdf>

Establishes principles for the development, management and preservation of agricultural activities in Laos. "Agriculture" is intended in a broad sense and thus the Act includes provisions relating to cultivation of crops, animal husbandry, fisheries, irrigation, management and conservation of agricultural land, use of fertilizers, protection of the environment and food supply.

Law on Land, 2003

<http://faolex.fao.org/docs/pdf/lao77471.pdf>

Makes provision for the management and use of various types of land, including forestry and agricultural land. Land of Lao PDR shall be under the ownership of the national community, and all organizations and individuals shall have the obligation to protect land to ensure that there is no soil erosion, land subsidence and soil degradation. The Ministry of Agriculture and Forestry shall be in charge of managing agricultural land, forest land, submerged land, river banks, islands and recovered land. The Law, among other things, further provides for the following: land registration for the purpose of certifying land use rights of individuals or organizations; rights and obligations of land users; control of land use; settlement of land problems; and penal measures.

Law on Food, 2004

<http://faolex.fao.org/docs/pdf/lao82817.pdf>

Delineates the administration and inspection of activities relating to food in order to control the quality, standard, and safety of food; ensure consumer nutrition and health; and promote production and business relating to food.

Forest Law, 2007

<http://faolex.fao.org/docs/pdf/lao89474.pdf>

Determines the basic principles and measures for the sustainable management, preservation, development, and use of forest resources and forest land, and the promotion of regeneration and tree planting in Laos.

Environmental Protection Law, 1999

<http://faolex.fao.org/docs/texts/lao18236.doc>

Specifies principles and rules for managing, monitoring, restoring and protecting the environment in order to protect the population, natural resources and biodiversity, and to ensure the sustainable socio-economic development of the nation.

Water and Water Resources Law, 1996

<http://faolex.fao.org/docs/pdf/lao7478.pdf>

Relates to the administration, exploitation, use and development of the country's water resources, in order to preserve environmental sustainability and local living requirements; and promote agriculture, forestry and industry.

Decree on the Management and Protection of Wild Animals, Fisheries, and on Hunting and Fishing, 1989

<http://faolex.fao.org/docs/pdf/lao6334.pdf>

Management of wildlife and fisheries falls on the state that owns all of Laos' natural resources. The state grants the right and responsibility to all Lao citizens to protect, develop the breed and use the said animal species according to the state regulations and ensuring the development of wildlife population.

For more information and additional laws:

FAO FAOLEX <http://faolex.fao.org/>

DDFI Laws & Regulations <http://www.invest.laopdr.org/laws%20and%20regulations.htm>

National Assembly of the Lao PDR, Laws on Economic Area

http://www.na.gov.la/index.php?option=com_content&view=article&id=75&Itemid=117&lang=en

World Bank Doing Business Law Library <http://www.doingbusiness.org/law-library/lao-pdr>

Lexadin Law Guide <http://www.lexadin.nl/wlg/legis/nofr/oeur/lxwelao.htm>

2.2 Registration and approval procedures

Laos' DDFI, located within the Ministry of Industry and Commerce (MOIC), is designed as a one-stop facilitation service for local and foreign investors. It provides information and assistance on the investment process and should therefore be an investor's first point of contact. The DDFI's primary functions include: promoting Laos as an investment destination; screening investment proposals; granting investment licences and other permits; offering incentives and overall facilitating the investment process.

Laos' 2004 Investment Law provides for three forms of FDI:

- establishment of a joint venture between foreign and domestic Lao PDR investors;
- establishment of a wholly (100 percent) foreign-owned enterprise;
- business cooperation by contract.

Under Prime Minister Decree No. 301 of 2005, proposals for projects worth US\$20 million or more require the approval of the Prime Minister. The Minister of Planning and Investment can approve investments below US\$20 million while the Vice Minister those of less than US\$10 million. FDI equal to or less than US\$3 million can be approved at the provincial level by all provinces. In the four larger provinces – Vientiane Capital, Savannakhet, Champasack and Luang Prabang – the ceiling for provincial level approval is US\$5 million.^{30/31}

2.2.1 Foreign Investment Licence (FIL)

Foreign investors must submit an investment application directly to the DDFI. The proposal undergoes further screening by relevant ministries and, if applicable, settlement at the Prime Minister's Office. Once a Foreign Investment Licence (FIL) is issued, investors are authorized to commence business activity.

To obtain a licence in all sectors – except mining, hydropower and forestry – the following major documents must be submitted as part of the application:

- Investment Application Form (available from the DDFI);
- Articles of Association of the company;
- Memorandum of Understanding, Joint Venture Agreement, etc. (in the case of a joint venture);
- Feasibility Study of the proposed project/investment;
- Identification of the investor;
- Statement certifying the legal and financial status of the company/entity;
- Enterprise Name Certificate;
- Application fee (US\$100 for projects with invested capital less than US\$1 million; and US\$200 for projects with capital that exceeds US\$1 million).³²

³⁰ US Dept. of State, 2011 Investment Climate Statement – Laos: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

³¹ Note: The following procedures on investment are based on the 2004 Investment Law, recently replaced by the Law on Investment Promotion. Once the government issues the implementing decree for the 2009 law, updated regulations will provide guidance on the execution of the law. Hence, the relevant authorities are currently still applying procedures under the 2004 law.

³² DDFI, How to Apply for an Investment Licence: <http://www.invest.laopdr.org/investment%20license.htm>

Under law, the process for obtaining a FIL is required to take a maximum of 45 to 60 days (in practise, however, longer time frames are common).³³ Within 90 days from the date of receipt of an investment licence the foreign investment enterprise must commence business activities. If the investors fail to do so, the FIL is subject to termination.

2.2.2 Business incorporation and additional operating licences

Additional general and sector-specific licences and permits must be acquired, depending on the type of business to be carried out. Upon issuance of a FIL, investors must obtain an Enterprise Registration Certificate from the MOIC: the certificate counts as business incorporation and must be renewed annually. The investor will also need to reserve the name of the enterprise to be established, specifying the form of enterprise. The application for name reservation must be lodged with the Enterprise Registry Office of the MOIC.³⁴

The other licences/permits required from relevant ministries are:

- Tax registration from the tax department in the Ministry of Finance (MOF);
- Business logo registration (company seal) from the Ministry of Public Security;
- Capital importation certificate from the Bank of Lao PDR (BOL);
- Permit(s) from each line ministry related to the investment (i.e. MOIC for manufacturing, Ministry of Public Works and Transportation, etc.);
- Appropriate permits from local authorities;
- Import / export licence, if needed.

The sequence of licensing, particularly regarding the business operating licence, will vary depending on the type and size of the project. The recent creation of the one-stop shop for many permits within the Ministry of Planning and Investment should help ease difficulties regarding the permit process.³⁵

For more information on business procedures see:

ASEAN Investment Report (2009) <http://www.aseansec.org/documents/AIR2009.pdf>

For a detailed list of import and export restrictions visit the MOIC webpage and scroll down to the "Legislations" tab: <http://www.moc.gov.la/default.asp>.

DDFI Business Guide <http://www.invest.laopdr.org/business%20guide.htm>

³³ DDFI, *Business Guide*: <http://www.invest.laopdr.org/step%20by%20step%20guide.htm>

³⁴ World Bank Doing Business, Starting a Business in Lao PDR: <http://www.doingbusiness.org/data/exploreconomies/lao-pdr/starting-a-business>

³⁵ US Dept. of State, 2011 Investment Climate Statement – Laos: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

2.3 Tax schemes

There are seven broad categories of tax as outlined in the 2005 Tax Law: Personal Income Tax (PIT); Profit Tax and Income Tax; Minimum Tax; Business Turnover Tax (BTT); Value Added Tax (VAT); Excise Tax; Charges and Service Fees. Other lesser taxes may be applicable to foreign investors.

2.3.1 Tax Registration

Business registration in Laos is followed by Tax Registration. Under the Tax Law, all business enterprises in Laos must apply for a Tax Registration Certificate with the Tax Department of the MOF (to be renewed annually).

2.3.2 Major taxes relevant to FDI

Personal Income Tax (PIT)

Where a foreigner is employed by an entity falling under the FIL, income tax is at a flat rate of 10 percent. For Lao nationals, income is subject to progressive rates of up to 25 percent. Other income (both for locals and foreigners) is subject to income tax at the following rates:

- Income from the lease of houses, land or other assets – 15 percent;
- Income from dividends, profits from the sale of shares, interest from loans, security fees of individuals or legal entities – 10 percent;
- Income from non-commercial operations of the Lao Front for National Construction, mass organizations and social organizations – 10 percent;
- Income from patents, copyright, trademarks, and other intellectual property of individuals or legal entities – 5 percent.

Profit Tax (Corporate Tax)

Profit Tax applies to the profits of business operations and professional service providers. In general, for businesses operated by Lao nationals, the profits tax rate is 35 percent while for entities licensed under the Foreign Investment Law the rate is 20 percent.³⁶ Companies registered under Lao law are subject to Profit Tax on their worldwide income. Companies registered under the Foreign Investment Law are taxed on their net profits arising from business activities in Laos.³⁷ There is no separate capital gains tax in Laos. Capital gains are taxed in the same manner as other operating profits. Moreover, dividends are subject to Profit Tax at the rate of 10 percent of the gross dividend received.

Minimum Tax

The Lao Tax Law provides for a Minimum Tax, which is a flat-rate tax equal to between a quarter percent for all types of domestic manufacturing activities and one percent for trade and services (including for freelancers) of the turnover. This tax can be offset against any profits tax liability.

³⁶ Companies in certain industries (e.g. mining) are taxed at different rates, depending on agreement with the government. Further concessionary rates are available dependant upon the nature and location of activity.

³⁷ There is no definition of residence for tax purposes in Lao PDR. All companies (all forms of legal entities) that are registered under Lao law or that are incorporated under foreign law and carrying on business in Laos, are subject to Lao PDR Profit Tax (or minimum tax, if applicable).

Business Turnover Tax (BTT)

BTT is collected on imports and the sale of imported and locally produced goods. General services, constituting the supply of labour to others in return for a service fee, are also subject to turnover tax. Current applicable rates are 5 and 10 percent. Laos is currently phasing into a VAT regime, ultimately expected to replace the BTT regime. The full timetable for this transition is not yet known and currently both systems are operating in parallel with different applications.

Value Added Tax (VAT)³⁸

Implementation of the VAT regime began in 2010. The VAT is an indirect tax collected on the proportion of value added to goods and services occurring in all processes, ranging from production, distribution, service supply to consumption, whether locally produced or imported. The new VAT will be 10 percent for general transactions and zero rate for export activities. Some products and activities will be exempted from VAT (including unprocessed agricultural products).

Excise Duty

Excise Duties are collected on certain types of goods, including fuel (5–25 percent), alcohol (50–70 percent), carbonated drinks and invigorating drinks (10–30 percent), tobacco products (55 percent), cosmetics (30 percent), playing cards and similar items, rockets and fireworks (70 percent), vehicles (10–90 percent), speed boats, sport motor boats including engines and components (10 percent), electrical equipments (10–15 percent), entertainment material and services (20–25 percent) and lottery and casino activities (10–15 percent). Imports of equipment, means of production, spare parts and other materials used in the promotion operation of foreign investors' projects or in their productive enterprises, are taxed at a uniform flat rate of 1 percent of the imported value. Raw materials and intermediate components, imported for the purpose of processing and then exported, are exempt from import duties.

Charges and Service Fees

Under the Tax Law, government authorities can collect fees for the issuance of enterprise registration licences, tax registration licences, business licences, permits, certificates or other official documents, the use of roads, the entry into and exit from the country, the issuance of visas to enter and exit the country, residency in Laos, the use of radio and television satellite receivers, the affixing of advertising signs, shop signs and other services.

Taxes on Natural Resources

Natural Resources Tax applies to the oil and gas industry and businesses involved in the exploitation of rare and valuable resources, including oil, natural gas, minerals, hydroelectric power and land concessions. The applicable rates vary from 2 to 20 percent of the sale or export price or are based on a tax per cubic meter. For wood, the taxes vary depending upon the type of wood. Tobacco, coffee, tea and flower seeds are also subject to Natural Resources Tax. For foreign investments involving the exploitation of natural resource and/or energy generation, sector-specific taxes and royalties are prescribed in the project agreements between the investors and the Lao Government.

Property Taxes

Land Taxes vary depending on the location and the type of land (e.g. land for construction, land for agriculture). Rates of Land Tax are based on both location and size of the land, and are levied at annual rates per square metre.

³⁸ Law on Value Added Tax No. 04/NA, 2006: http://www.na.gov.la/docs/eng/laws/econ/value_added_tax.pdf

Stamp Duty

Stamp Duty is imposed at LAK 50 000 per contract. All contracts in Laos need to be stamped.

Customs Duty

Duties are levied on all imported and exported commodities at varying rates from 5 to 40 percent. Administrative fees are levied at 5 percent *ad valorem* on equipment and materials.

2.4 Land procedures

By law, all land in Laos is owned by the state that is responsible for its allocation to individuals, families and organizations. In practice, however, there is a relatively active market in land transactions and some de facto foreign "ownership".³⁹ Land use rights for agricultural and forest lands have been allocated by the state to rural villages and local households through the Land and Forest Allocation (LFA) procedures and to private sector business investors (both foreign and domestic) through government concession agreements and various forms of "cooperative" lease arrangement.⁴⁰

One important change of utmost interest to foreign investors in the new Law on Investment Promotion is the provision allowing foreigners to own land, previously reserved to Lao nationals. Under the law, foreign investors with registered investment capital of US\$500 000 or above are entitled to land use rights for business or residential purposes. Duration of rights is determined by the time frame of the investment and upon consultation with local authorities and other existing regulations. Where an investor wishes to use government-owned land, an application for a concession must be lodged through proposals submitted to the DDFI. Land is now administered by the newly established National Land Management Authority based in the Prime Minister's Office. Hence, land deals require central approval: cases involving fewer than 1 000 ha must be approved by the Prime Minister, while those over by the Lao Council of Ministers. Concessions are granted for 30 years and can be extended to 50 and then to 70. Forested land cannot be concessioned because of efforts to halt deforestation.⁴¹

2.5 Investment benefits and incentives

The Lao Government grants incentives for foreign investment depending on the sectors and zones of investment promotion. Incentives come in various forms, including reduced Corporate Profit Taxes, reduced duties and turnover taxes on imported capital equipment and inputs to production, and other non-fiscal terms.⁴² Reductions or exemptions on the Profit Tax are normally given to large investment projects and those with significant positive impact expected upon the socio-economic development of the country.

Promoted activities eligible for incentives are:⁴³ production for export; agroprocessing and forestry; industrial processing; human resource development and public health; infrastructure construction; production of raw materials and equipment to be supplied to key industrial activities, component and

³⁹ USAID, *Southeast Asia Commercial Law and Trade Diagnostics (CLIR)*, (2006): <http://www.bizclir.com/galleries/country-assessments/Laos.pdf>

⁴⁰ USAID, *Southeast Asia Commercial Law and Trade Diagnostics (CLIR)*, (2006): <http://www.bizclir.com/galleries/country-assessments/Laos.pdf>

⁴¹ UNCTAD, *An Investment Guide to the Lao PDR (2010)*: http://www.unctad.org/en/docs/diaepcb201002_en.pdf

⁴² DDFI, Who We Are: <http://www.invest.laopdr.org/who%20we%20are.htm>

⁴³ The government defines promoted activities under Article 49, 50 and 51 of the Law on Investment Promotion.

equipment manufacturing; development of the tourism industry and transit services; and construction materials production.

Lists of promoted activities are determined in three different levels based on prioritized activities of the government, activities related to poverty reduction, improvement of living conditions, construction of infrastructure, human resource development, employment, and other socio-economic consideration. Promotion is divided into three levels as follows: Level 1: activities with top level of promotion; Level 2: activities with medium level of promotion; and Level 3: activities with low level of promotion.⁴⁴

2.5.1 Incentives schemes

Profit Tax reduction / exemption by zone

Any reduction or exemption on Profit Tax first depends on location of the investment. The establishment of promoted zones is based on the socio-economic infrastructures and geographical conditions of various parts of the country, divided into three zones as follows:

- i. Zone 1: Zones where there are insufficient socio-economic infrastructure favourable to facilitate investment. These zones are mainly mountainous remote areas. Classified as top priority in terms of investment promotion.
- ii. Zone 2: Zones where there are socio-economic infrastructures that are partially able to facilitate investments to some extent. The geographic isolation of these zones is not as severe as Zone 1. Classified as a medium level of investment promotion.
- iii. Zone 3: Zones where there is good infrastructure available to support investments. Classified as a low level of investment promotion.⁴⁵

Based on the above classification, incentives related to Profit Tax are:

- Zone 1: 7 year tax exemption period and 10 percent Profit Tax thereafter;
- Zone 2: 5 year tax exemption period, 7.5 percent reduction for 3 years, and 15 percent Profit Tax thereafter;
- Zone 3: 2 year tax exemption period, 10 percent reduction for 2 years, and 20 percent Profit Tax thereafter.⁴⁶

Other incentives

- Exemption of import duties and taxes on raw materials and capital equipment;
- Exemption of export duty on export products;
- Right to employ foreign expatriates;
- 10 percent PIT on expatriate employees;
- Additional tax holidays, reduced tax rates for large projects with special concession are available upon negotiation.⁴⁷

⁴⁴ US Dept. of State, 2011 Investment Climate Statement – Laos: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

⁴⁵ US Dept. of State, 2011 Investment Climate Statement – Laos: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

⁴⁶ Ministry of Planning and Investment, Presentation FDI Policy of Lao PDR (2009): http://www.ntccthailand.org/cms/images/stories/FDI_Presentation_by_Mr._Manothong_8_Sep_09.pdf

Special Economic Zones (SEZs) incentives

A range of incentives for investment projects within SEZs are also available, including reduction on import taxes and tax on foreign corporate profit lower than that for domestic enterprises.⁴⁸ Others are:

- Tax exemption: 2–10 years;
- Profit Tax: 8 and 10 percent;
- Personal Income Tax: 5 percent;
- Loss Carried Forward: 5 years.⁴⁹

2.5.2 Investment guarantees and settlement of disputes

Foreign assets and investments are protected by laws and regulations. The government offers guarantees against nationalization, expropriation, and requisition except when this is deemed necessary for a public purpose, in which case foreign investors are to be duly compensated.

According to the Law on Investment Promotion, investors must resolve disputes through mediation; administrative dispute resolution; dispute resolution by the Committee for Economic Dispute Resolution; and filing of litigation. However, foreign investors are normally advised to seek arbitration outside the country. Significantly, Laos is not among the 143 countries that have ratified or entered into force the Convention on the Settlement of Investment Disputes between States and Nationals of Other States but it is party to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards and is a member of the United Nations Convention on International Trade Law and the Multilateral Investment Guarantee Agency (MIGA).

In disputes involving the Ministry of Planning and Investment, decisions can only be appealed back to the Ministry itself. Hence, there is no separate independent body and companies have no independent recourse.⁵⁰

2.6 Restrictions and requirements

Foreigners are allowed to invest in all sectors of the Lao economy and in all geographic areas, except for those sectors or activities banned for reasons of national security and environmental protection. There are few limits on foreign equity participation, namely: at least 30 percent foreign capital is required in joint ventures. Capital contributed in foreign currency must be converted into LAK based on the exchange rate of the Bank of the Lao PDR on the day of the capital contribution.

Minimum capital requirements are set at 1, 5 and 50 million LAK for sole traders, limited companies and public companies respectively. Foreign-owned companies must have a minimum capital of US\$500 000. Partnerships are not subject to these requirements as partners assume unlimited

⁴⁷ ASEAN, *Measure and Policies Supporting FDI by SMEs in Lao PDR*:

[http://old.asean.or.jp/invest/archive/speech/fy07%20JAIF%20Seminar/11_Ms.%20Bouatha%20SME%20presentation\)Laos.pdf](http://old.asean.or.jp/invest/archive/speech/fy07%20JAIF%20Seminar/11_Ms.%20Bouatha%20SME%20presentation)Laos.pdf)

⁴⁸ The Savannakhet-Seno SEZ (SaSEZ) established in 2003 by SaSEZ Decree of the PM No. 148/PM of 2003.

⁴⁹ Ministry of Planning and Investment, *Presentation FDI Policy of Lao PDR (2009)*:

http://www.ntccthailand.org/cms/images/stories/FDI_Presentation_by_Mr._Manothong_8_Sep_09.pdf

⁵⁰ US Dept. of State, *2011 Investment Climate Statement – Laos*: <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

liability.⁵¹ Throughout the operational period of a foreign investment enterprise, the assets of the enterprise must not be less than its registered capital.

The screening process at the DDFI takes into account the financial and technical feasibility of the project, input from relevant ministries, and whether the proposed project conflicts with government policy. Moreover, the investment term of a foreign investment enterprise depends on the nature, size and conditions of the project but normally cannot exceed 50 years (this may change under the 2009 Investment Law). Under special circumstances, enterprises or projects may be extended with the approval of the government.

Laos does not impose performance requirements *per se*. Nonetheless, foreign investors are encouraged to give priority to Lao citizens in recruiting and hiring employees. Employment of foreign personnel cannot exceed 10 percent of total employment⁵² and applicable work permits must be submitted to the Ministry of Labour and Social Welfare.⁵³

Finally, all taxpayers liable for Profit Tax, including foreign investors, must keep accounting documents in accordance with the Accounting Law, to be registered and certified by tax officials.

Consult Appendix I of the following UNCTAD guide for a list of activities and industries closed or restricted to both domestic and foreign investors:

http://www.unctad.org/en/docs/diaepcb201002_en.pdf

2.7 Investment opportunities

In general, potential sectors for investment as promoted by the Lao Government are: agri-business; energy; mining; tourism; construction material; light industry; and services.

The comparative and competitive advantages of investing in Laos, as outlined by the DDFI, are:

- Political, economic and financial stability;
- Abundant water resources, rich mineral resources and plentiful productive land;
- Inexpensive land, labour and energy costs;
- Location in an economic growth area, sharing borders with Thailand, Viet Nam, Cambodia and China, and access to the ASEAN market with the population of 500 million.⁵⁴

Laos is endowed with excellent soil and favourable climatic conditions that provide an environment suitable for the production of coffee, rice, tea, cotton, sugar, fruits, vegetables, flowers and some pastoral farming. Organic farming and forest plantation are also a high potential alternative.⁵⁵

⁵¹ KPMG, *Investment in the Lao PDR: Tax (2009)*:

http://www.kpmg.com/TH/en/IssuesAndInsights/ArticlesPublications/Documents/Special_interests/Laos/InvestmentinLao2009.pdf

⁵² In the case of skilled labour, or politically important projects, the Ministry of Planning and Investment has confirmed that enterprises can hire over 10 percent foreign labour if necessary.

⁵³ *US Dept. of State, 2011 Investment Climate Statement – Laos*. <http://www.state.gov/e/eeb/rls/othr/ics/2011/157307.htm>

⁵⁴ *Since December 2004. DDFI, comparative and competitive advantages*: http://www.invest.laopdr.org/newsletter_5.htm

⁵⁵ *DDFI, Brochure*: <http://www.invest.laopdr.org/brochure.htm#key>

2.8 Investment and trade agreements

Laos is a member of ASEAN and has subscribed to supporting agreements, including the ASEAN Free Trade Area (AFTA) and the ASEAN Investment Area (AIA), the Mekong Economic Cooperation Strategy (ACMECS), World Customs Organization, and the World Intellectual Property Organization (WIPO). It has also initiated its application for membership in the World Trade Organization (WTO), and maintained bi-lateral trading agreements with a variety of countries. As a least-developed country (LDC), Laos is eligible for the Generalized System of Preferences (GSP) from 42 countries, including the European Union, Japan, Canada, Switzerland, Viet Nam, and normal trade relations (NTR) with the United States.

Bilateral investment treaties (BIT)⁵⁶

Australia 1994; Cambodia 2008; China 1993; Cuba 1997; Denmark 1998; France 1989; Germany 1996; India 2000; Indonesia 1994; Japan 2008; Korea, Republic of 1996; Malaysia 1992; Mongolia 1994; Myanmar 2003; Netherlands 2003; Pakistan 2004; Russia 1996; Singapore 1997; Sweden 1996; Switzerland 1996; Thailand 1990; United Kingdom 1995; Viet Nam 1996.⁵⁷

Double taxation treaties (DTT)⁵⁸

China 1999; Korea, Republic of 2004; Thailand 1997; Viet Nam 1996.⁵⁹

⁵⁶ Year corresponds to date of signature. Date of entry into force may be different. BITs concluded by 2010.

⁵⁷ UNCTAD BIT Database: http://www.unctad.org/sections/dite_pcbb/docs/bits_lao_pdr.pdf

⁵⁸ Year corresponds to date of signature. Type of agreement is not specified. DTTs of concluded by 2010.

⁵⁹ UNCTAD, DTT Database: http://www.unctad.org/sections/dite_pcbb/docs/dtt_lao_pdr.pdf

2.9 Authorities and contact points

<p>Department of Domestic and Foreign Investment (DDFI) Luang Prabang Road Vientiane 01001 Tel: (856 21) 222690 / 222691 / 217005 Fax: (856 21) 215491 Email: fimc@laotel.com Website: http://www.invest.laopdr.org/index.htm</p>	<p>Enterprise Registry Office Ministry of Industry and Commerce Phonexay Rd, Xaysetha District Vientiane Tel: +856 21 412001 Fax: +856 21 412011 Email: ero@moc.gov.la Website: http://www.ero.gov.la/</p>
<p>Ministry of Industry and Commerce Phonexay Rd Vientiane P.O. Box 4107 Tel: +856 21 911342 Fax: +856 21 412434 Email: moicpsi@yahoo.com Website: http://www.moc.gov.la/default.asp; http://www.laotrade.org.la/</p>	<p>Ministry of Agriculture and Forestry Lane Xang Avenue Vientiane Tel: +856 21 412340 / 412342 Website: http://www.maf.gov.la/</p>
<p>National Small and Medium Sized Enterprise Office (SMEPDO) Ministry of Industry and Commerce Nong Bone Rd, Xaysettha District, Ban Fai Area Vientiane P.O. Box 474 Tel: +856 21 414064 / 263590 Fax: +856 21 263591 Email: info@smepdo.org Website: http://www.smepdo.org/info/1/?lang=en</p>	<p>Ministry of Energy and Mines Department of Energy Promotion and Development Ground Floor, HPO Building Nongbone Road Xaysetha Dist. Vientiane P.O. Box 11694 Tel: +856 21 452539-41 / 264253 Fax: +856 21 415626 / 415442</p>
<p>Ministry of Finance That Luang Road Vientiane Tel: +856 21 412401 / 412409 Website: http://www.mof.gov.la/</p>	<p>Ministry of Labor and Social Welfare Pangkham Road Vientiane Tel: +856 21 213003 Website: http://www.molsw.gov.la</p>
<p>Agriculture Promotion Bank 58 Haengboon Road, Bane Haysok, ChanThaBuRy District Vientiane P.O. BOX 5456 Tel: +856 21 212 024 / 223 714 / 217 951 Fax: +856 21 213 957/ 223 713 / 217 949 Email: apblao@laotel.com Website: www.apblaos.com</p>	<p>Banque Pour le Commerce Exterieur No 1, Pangkham Street, Ban Xiengnheun, Chanthabouly District Vientiane P.O. Box 2925 Tel: +856 21 213200-1 / 223243-4 Fax: +856 21 213202 / 223012 /214944 Email: bcelhovt@bcel.com.la, bcelhqv@bcel.com.la Webiste: www.bcel.com.la</p>
<p>Lao National Chamber of Commerce and Industry (LNCCI) Kayson phomvihane Ave., Ban Phonphanao Saysettha District Vientiane P.O. Box 4596 Tel: +856 21 453 312104 / 452 579 Fax: +856 21 452 580 Email: lncci@laopdr.com Website: http://www.laocci.com/</p>	<p>Savan-Seno Special Economic Zone Authority Phetsalad Road, Khanthabouli District Savannakhet Province Tel/Fax: +856 41 251487 / 541178 / 541003 Email: sonphet@laotel.com Website: http://www.seza.gov.la/</p>

Appendices

Key social and economic indicators

Population	
Total population (millions) (2010)	6.4
Population growth (annual %) (2009)	1.8
Life expectancy at birth (years) (2009)	65.4
Rural population (%) (2010)	67
Employment in agriculture (% of total employment)	n.a.
Rural population growth (annual %) (2009)	0.2
Unemployment (% of total labour force) (2005)	1.4
Proportion of undernourished in total population (%) (2005–07)	23
Dietary energy consumption (cal/person/day) (2005–2007)	2 227
Mortality rate, under 5 (per 1 000) (2009)	58.6
Mortality rate, infant (per 1 000 live births) (2009)	45.8
Adult literacy rate (%) (2005)	72.7
HDI value (2010)	0.497
HDI rank (out of 169) (2010)	122
Land and input	
Total area (1 000 ha) (2009)	23 680
Land area (1 000 ha) (2008)	23 080
Agricultural area (1 000 ha) (2008)	2 223
Arable land (1 000 ha) (2008)	1 250
Permanent crops (1 000 ha) (2008)	95
Pastures (1 000 ha) (2008)	878
Forest area (1 000 ha) (2010)	15 751
Irrigated land (1 000 ha) (2008)	300
Share in total water (%) use by:	
- Agricultural (2000)	90
- Industrial (2000)	5.7
- Domestic (2000)	4.3
Fertilizer consumption (tonnes)	n.a.
Tractors in use (numbers)	n.a.
Economic	
GDP (current US\$ billions) (2009)	5.9
GDP per capita (current US\$) (2009)	940
GDP growth (annual %) (2009)	6.4
GNI per capita, Atlas method (current US\$) (2009)	880
Inflation, consumer prices (annual %) (2009)	0.04
Agriculture, value added (% of GDP) (2009)	34.7
Value of agricultural exports (US\$ millions) (2008)	53
Share of agricultural exports (% of total exports) (2008)	4.9
Value of agricultural imports (US\$ millions) (2008)	235
Share of agricultural imports (% of total imports) (2008)	16.8
Crop production index (1999–2001=100) (2009)	157

Sources: FAO, World Bank, UNDP

Key agricultural production and trade data

Production of major agricultural commodities		
	Major crops (2008)	Value (international US\$1 000)
	Rice paddy	701 482
	Maize	91 124
	Tobacco, unmanufactured	52 725
	Major crops (2008)	Quantity (tonnes)
	Rice paddy	2 927 140
	Maize	946 755
	Sugar cane	416 730
	Yield (2008)	Yield (hg/ha)
	Cassava	174 704
	Maize	48 998
	Rice paddy	35 465
	Soybeans	12 486
	Sugar cane	350 930
	Livestock (2008)	Number of live animals
	Chickens	21 983 000
	Ducks	3 200 000
	Pigs	2 548 000
	Cattle	1 499 000
	Buffaloes	1 155 000
	Meat production (2008)	Quantity (tonnes)
	Pig meat	54 000
	Cattle meat	26 000
	Buffalo meat	19 030
	Chicken meat	17 200
Imports of major agricultural commodities (2008)		
	Commodity	Value (current US\$1 000)
	Beverage, non-alcoholic	39 953
	Food preparation	28 065
	Beverage, distilled alcoholic	22 277
	Commodity	Quantity (tonnes)
	Sugar, refined	48 521
	Beverage, non-alcoholic	38 483
	Food wastes	35 181
	Rice, milled	22 347
Exports of major agricultural commodities (2008)		
	Commodity	Value (current US\$1 000)
	Coffee, green	29 394
	Maize	14 442
	Fruit preparation	1 551
	Commodity	Quantity (tonnes)
	Maize	126 677
	Coffee, green	14 316
	Groundnuts, with shell	2 548

Source: FAOSTAT

For overviews of Laos:

FAO Country Profile <http://www.fao.org/countryprofiles/index.asp?lang=en&ISO3=LAO>

FAO Country Brief <http://www.fao.org/countries/55528/en/lao/>

Department of Domestic and Foreign Investment (DDFI), Industry Information
<http://www.invest.laopdr.org/industry%20information.htm>

Asian Development Bank Country Page <http://www.adb.org/LaoPDR/main.asp>

IFAD Rural Poverty Portal <http://www.ruralpovertyportal.org/web/guest/country/home/tags/laos>

World Bank Country Brief <http://go.worldbank.org/WZC7Y7W810>

CIA World Factbook <https://www.cia.gov/library/publications/the-world-factbook/geos/la.html>

US Dept. of State Background Note <http://www.state.gov/r/pa/ei/bgn/2770.htm>

For additional development data for Laos:

UNDP Human Development Indicators <http://hdrstats.undp.org/en/countries/profiles/LAO.html>

World Bank World Development Indicators <http://data.worldbank.org/country/lao-pdr>

UN Millennium Development Goals Indicators <http://unstats.un.org/unsd/mdg/Data.aspx>

World Bank Lao PDR at a Glance http://devdata.worldbank.org/AAG/lao_aag.pdf

Asian Development Bank Key Indicators for Asia and the Pacific 2009, Lao PDR
http://www.adb.org/Documents/Books/Key_Indicators/2009/pdf/lao.pdf

For additional statistics on agriculture and production:

FAOSTAT for statistics on agricultural production, trade, food supply, prices, agricultural resources and other <http://faostat.fao.org/>

World Bank Agriculture & Rural Development Statistics
<http://data.worldbank.org/topic/agriculture-and-rural-development>

USDA Agricultural Production, Supply and Distribution (PSD) database
<http://www.fas.usda.gov/psdonline/psdQuery.aspx>

For information on food security in Laos:

FAO Food Security Statistics
http://www.fao.org/fileadmin/templates/ess/documents/food_security_statistics/country_profiles/eng/LaoPDR_E.pdf

FAO Global Information and Early Warning System (GIEWS) on food and agriculture Country Brief
<http://www.fao.org/giews/countrybrief/country.jsp?code=LAO>