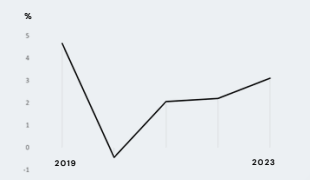




Laos

Laos is one of the fastest growing economies in the world. Bordered by Myanmar, Cambodia, China, Thailand, and Vietnam, there are growth opportunities arising from the connectivity afforded by the China-Laos Railway, which connects Kunming in Yunnan Province with Vientiane in Laos. This development has facilitated cross-border trade, transforming Laos from a "land-locked" to a "land-linked" country.

GDP GROWTH IN % (2019-2023f)

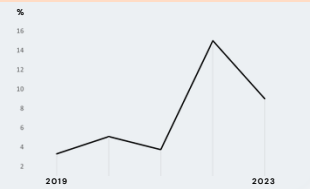


GDP

• **US\$1,984.3**
PER CAPITA (2023f)

2020 TO 2022 (ESTIMATED), 2023 (FORECASTED)
(SOURCE: IMF, STATISTA)

(2019-2023f)



INFLATION RATE

• **9%**
FORECASTED INFLATION RATE IN 2023

2021 TO 2022 (ESTIMATED), 2023 (FORECASTED)
(SOURCE: IMF)

LAK PER US\$, PERIOD AVERAGE (2019-2023)



EXCHANGE RATE (US\$:LAK)

US\$1 : K17,315
(AS OF 2ND JANUARY 2023)

(SOURCE: TRADING ECONOMICS)



A MEMBER OF ASEAN & PARTICIPATING COUNTRY OF THE REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP)

RCEP is the world's largest free trade agreement (FTA), accounting for about 30% of global Gross Domestic Product (GDP). It eliminates or reduces custom duties for about 90% of goods exported into the 15 RCEP countries.

Singapore is also a member of ASEAN and a participating country of RCEP.

(SOURCE: MTI)

POPULATION

(SOURCE: IMF, STATISTA)



TOTAL POPULATION (2022 ESTIMATED)

7.5
million

MEDIAN AGE (2020)

24.4
years old

LABOUR FORCE

(SOURCE: WORLD BANK, KPMG)



WORKING POPULATION (2021)

3.9
million

MINIMUM WAGE (2022)

US\$ 119

As of 2020,
Internet penetration: 43%
Mobile phone ownership: 79%

(SOURCE: THE LAOTIAN TIMES, STATISTA)



Primary Social Media Platform



Primary Search Engine

SETTING UP A BUSINESS IN LAOS



BUSINESS REGISTRATION

(SOURCE: DOING BUSINESS REFORMS IN LAOS, KPMG, LAOS NATIONAL ENTERPRISE DATABASE)

3 STEPS, 17 DAYS

(Click [here](#) to understand more about starting a business in Laos)

Register your business with the Laos Ministry of Industry and Commerce (MOIC), Department of Enterprise Registration and Management.

There are various corporate structures to consider: sole proprietorship, limited liability company, partnership, branch of a foreign corporation, a representative office, or a business cooperation by contract.

PRODUCT REGISTRATION

(SOURCE: LAOS MINISTRY OF HEALTH)

Registration of food, drugs, chemical and traditional medicine – Food and Drug Department (Under the Ministry of Health, Laos).



IMPORT AND EXPORT

(SOURCE: LAOS TRADE PORTAL, HKDTC RESEARCH)

- Thailand, China and Vietnam are the most dominant trade and investment actors in Laos.
- Only companies registered to do business in Laos can export or import goods. The Department of Import/Export (DIMEX) under the MOIC is responsible for issuing import and export licenses.

FOREIGN DIRECT INVESTMENT (2016 - 2020)



(SOURCE: STATISTA)

CAGR: 0.8%

This diagram shows the net flows of foreign direct investment (FDI) into Laos.

FDI inflows to Laos have been stable and driven by construction of infrastructure and power projects.

(SOURCE: INTERNATIONAL TRADE ADMINISTRATION)

CORPORATE TAX

(SOURCE: PWC)

20%

(Tax rates vary depending on the type of business. Click [here](#) to find out more)

FOREIGN OWNERSHIP

(SOURCE: KPMG)

A foreigner is restricted from certain types of business activities such as short-term accommodation activities of less than three stars, wholesale and retail business with registered capital not exceeding LAK4 billion.

DOUBLE TAXATION AGREEMENT

(SOURCE: MINISTRY OF FINANCE, INTERNATIONAL TRADE ADMINISTRATION)

The Singapore–Lao People’s Democratic Republic Avoidance of Double Taxation Agreement (DTA) provides clarity on tax matters and eliminates double taxation relating to cross-border transactions between the two countries.

INVESTMENT PROMOTION LAW

(SOURCE: HKDTC RESEARCH)

- Minimum registered capital requirements were removed for foreign investors seeking to register a company in Laos. However, investors looking to establish operations covered under the Central Business List may still require minimum registered capital. Investors could seek further advice from the Investment Promotion Department, under the Ministry of Planning and Investment.
- The Laos government offers incentives to encourage investment for business activities in specific zones or business activities which focus on supporting economic development, social progress or sustainable development.

SECTOR HIGHLIGHTS

INFRASTRUCTURE



The Boten–Vientiane railway that runs between the capital Vientiane and the town of Boten on the Laos–China border started operations in December 2021.



New railways connect Laos – a land-locked mountainous country to the wider region. Laos can facilitate more trade between provinces, ASEAN neighbours and China. It will also reduce logistical costs and increase inflows of foreign investments.

(SOURCE: ASEAN BRIEFING)

AGRICULTURE



In 2021, Laos earned more than US\$900 million from the export of agricultural products, reaching 82% of the target set for the year.



Investors were drawn to Laos because of its low population density and large markets for agricultural goods and livestock in neighbouring countries.



Investments from Chinese companies in the 'agriculture and forestry' sector are expected to reach US\$1 billion due to the export potential afforded by rail transport.

(SOURCE: INTERNATIONAL TRADE ADMINISTRATION, PHNOM PENH POST)

RENEWABLE ENERGY



Laos is committed to promoting renewable energy and low-carbon investments in order to achieve carbon neutrality by 2050.



Strong inflows of foreign private investments are expected to help Laos develop and supply low-carbon electricity and grid connectivity for export markets.



The power sector is open to foreign investments. The Laos government will prioritise hydropower, as well as transmission and distribution infrastructure.

(SOURCE: INTERNATIONAL TRADE ADMINISTRATION)

OPPORTUNITIES IN OTHER SECTORS

Light Manufacturing (i.e. small-scale production)

Improved infrastructure established Laos as a legitimate location for regional manufacturers looking to diversify from existing production bases in Thailand, Vietnam, and China.

Tourism

Beautiful landscapes in Laos offer opportunities to generate revenue and jobs. The China–Laos Railway also shortened the travelling time between cities, promoting tourism.

(SOURCE: INTERNATIONAL TRADE ADMINISTRATION, WORLDBANK, BANGKOK POST)

International companies are developing or exploring Special Economic Zones (SEZs) in Vientiane, Savannakhet, and Champasak provinces. Laos has set up various SEZs in the country, offering benefits such as:

- Corporate income tax holidays for up to 10 years
- 0% value-added tax on imports
- Access to financial incentives
- Exemption from rental or concession royalty of state land
- The right to a lease or concession over a state land for investment activities

International investors have been drawn in by the relative abundance of inexpensive electricity, the low cost of labour, Laos' centralised location in the Greater Mekong Sub-Region, and the improvement of transportation infrastructure.

(SOURCE: INTERNATIONAL TRADE ADMINISTRATION, HKTDC RESEARCH)

For information on other sectors, please visit GlobalConnect@SBF or contact globalconnect@sbf.org.sg





IMPORTANT INFORMATION

SUPPORT SCHEMES & PROGRAMMES

- Market Readiness Assistance Grant
- Enterprise Development Grant
- Enterprise Financing Scheme




Initiatives such as GlobalConnect@SBF, [Scale-up SG](#) and [iTalent Solutions Map](#) enable companies in their journey towards internationalisation.


Visit [SBF Singapore Business Institute \(SBI\)](#) for the list of available programmes for your respective areas of interest.

CONTACTS


GlobalConnect@SBF

 globalconnect@sbf.org.sg

SBF Research & Publishing

 research@sbf.org.sg

Singapore Business Institute (SBI)

 institute@sbf.org.sg



DISCLAIMER

The information herein is published by the Singapore Business Federation (SBF) and is for general information only. This publication is intended for SBF's subsidiaries, affiliates and members to whom it has been delivered and may not be reproduced, transmitted or communicated to any other person without the prior written permission of SBF. This publication is not and does not constitute or form part of any offer, recommendation, invitation or solicitation to you to subscribe to or to enter into any transaction, nor is it calculated to invite or permit the making of offers to the public to subscribe to or enter into any transaction and should not be viewed as such. This publication is not intended to be a comprehensive study or to provide any recommendation or advice on commercial decisions, personal investing or financial planning. Accordingly, they should not be relied on or be treated as a substitute for any advice concerning individual situations. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. Any forecast on the economy or any business sectors and/or their related trends is not necessarily indicative of the future or likely performance of the markets/sectors/instruments as the case may be. Any opinion or estimate contained in this infographic is subject to change without notice. No warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons/businesses acting or relying on such information or opinion or estimate. Any views, opinions or figures contained herein may have been obtained from various sources and neither SBF nor any of their respective directors or employees make any warranty, expressed or implied, as to their accuracies or completeness and thus assume no responsibilities of them whatsoever. The information herein may be subject to further revision, verification and updating and SBF undertakes no responsibility thereof.

This infographic is a publication of the Singapore Business Federation
Research & Publishing Department
January 2023

