



Investment Environment in Laos

LAND OF **A**MPLE **O**PPORTUNITIES AND **S**UCCESS

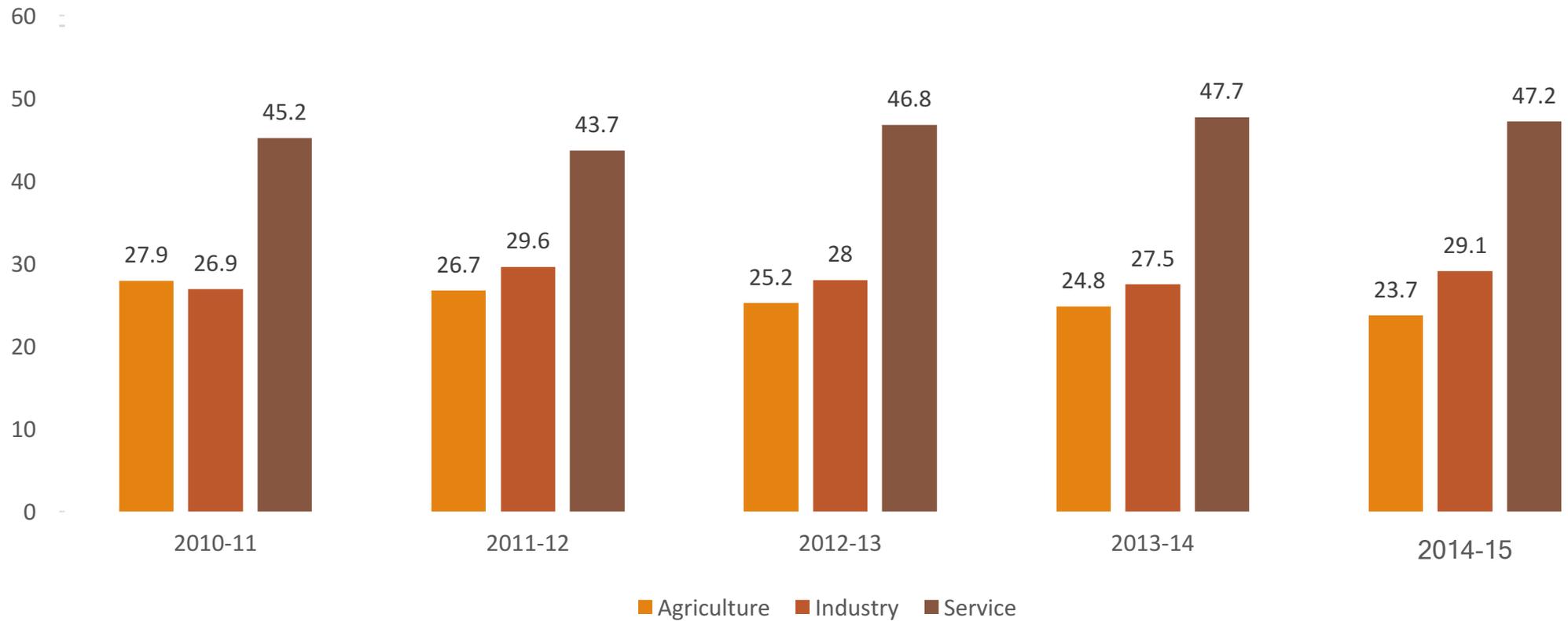
MS SENGDEAUN SAYASONE, DIRECTOR, INVESTMENT PROMOTION DIVISION, MPI

outline

1. Economy and Investment Overview
2. Investment Opportunities
3. Initiative on the Public Private Partnership (PPP)
4. Challenges
5. Our support

Economy and Investment Overview

Economy Structure



Some Economy Indicators

Labor Structure

	2010-11	2014-15
Agriculture	71,3%	65,2%
Industry	8,3%	11,4%
Service	20,4%	23,4%

Some Economy Indicators

GDP Growth						
Target 2011-15	2010-11	2011-12	2012-13	2013-14	2014-15	Average
> 8%	8,1	8,3	8,0	7,8	7,5	7,9

GDP per capita				
Fiscal Year	GDP (Billion Kip)	Target (USD\$/Person)	Implementation (USD\$/Person)	% Compare to plan
2010-11	62.458	1.155	1.217	5,37
2011-12	70.343	1.332	1.349	1,28
2012-13	80.199	1.520	1.534	0,92
2013-14	90.823	1.674	1.671	-0,01
2014-15	102.320	1.860	1.970	5,91

Some Economy Indicators

	2010-11	2011-12	2012-13	2013-14	2014-15	Average
Inflation	7.42%	5.12%	5.64%	5.16%	1.68%	5%

	2010-11	2011-12	2012-13	2013-14	2014-15	Average
Exchange rate (LAK/USD\$)	8,036.34 4.16% (Appreciated)	8,010.73 0.32% (Appreciated)	7,867.92 1.82% (Appreciated)	8,033.20 -2.06% (Depreciated)	8,123.15 -1.11% (Depreciated)	8,014.27 0.63% (Appreciated)

Some Economy Indicators

Import-Export



Some Economy Indicators

Laos- Thailand, Import - Export



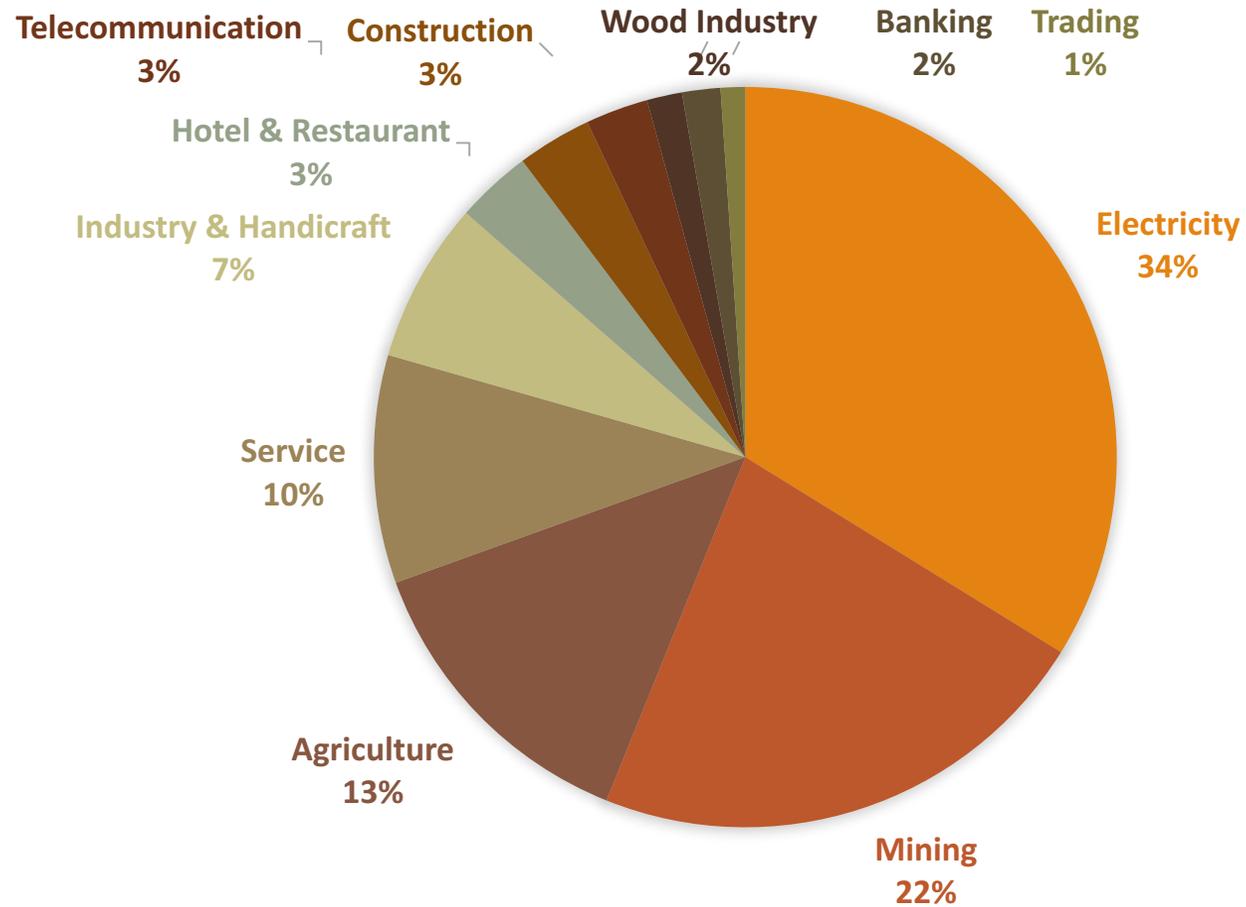
Economy and Investment Overview

Video Here

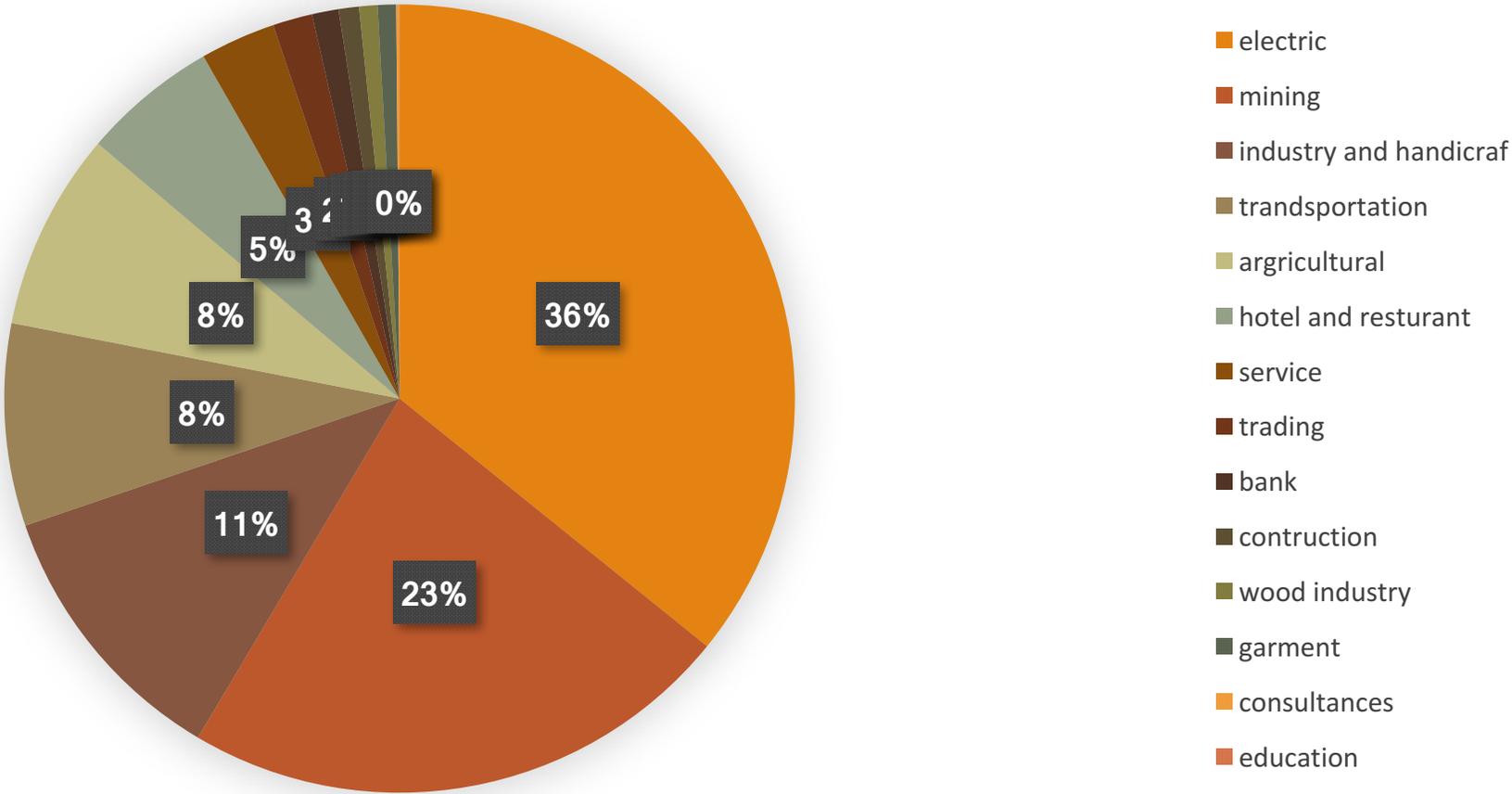
Top 10 FDI countries 1988-2017(June)

Ranking	Country	Projects	Value (\$USD Million)
1	 China	840	6.608
2	 Thailand	753	4.497
3	 Vietnam	418	3.483
4	 Malaysia	99	794
5	 Korea, South	291	751
6	 Hong Kong	52	542
7	 France	224	490
8	 Japan	102	438
9	 Netherland	16	434
10	 Norway	6	346

FDI by Sectors 1988-2017(June)



Thai: FDI by Sector 1988-2017 (June)



Investment Opportunities

Ease of Doing Business Report 2016



Ease of Doing Business in Lao PDR

This page summarizes *Doing Business 2016* data for Lao PDR. The first section presents the Ease of Doing Business rank (out of 189 economies) and the distance to frontier (DTF)** measure, overall and by topic. The second section summarizes the key indicators for each topic benchmarked against regional averages.

ECONOMY OVERVIEW

PRINT | EXCEL

REGION	East Asia & Pacific
INCOME CATEGORY	Lower middle income
POPULATION	6,894,098
GNI PER CAPITA (US\$)	1,600
CITY COVERED	Vientiane

DOING BUSINESS 2016
RANK
134

DOING BUSINESS 2015
RANK ^①
139

CHANGE IN RANK
↑ 5

DOING BUSINESS 2016
DTF (% POINTS) ^①
53.77

DOING BUSINESS 2015
DTF (% POINTS) ^①
51.22

CHANGE IN DTF (%
POINTS) ^①
↑ 2.55

[Rankings](#) Distance to Frontier

Investment Promotion Law



1988

1999

2004

2009

Revised 2016

Investment Promotion Law (Revised 2016)

- Decree of Investment Promotion and Supervision Committee and One Stop Service.
- National List of Conditional Investment in Lao PDR.
- Decree of Public Private Partnership (PPP) (Draft).
- Instruction on Representative office.
- Instruction of Investment incentive.

Investment Incentives

1. Incentives by Business Sector
2. Incentives By Zones
3. Tax, duty, land use-related incentives and other incentives

Investment Incentives

Incentives by Business Sector

1. High and modern technology Business;
2. Clean Agriculture;
3. Agro and Forestry Processing industry;
4. Tourism development industry;
5. Education;
6. Healthcare;
7. Infrastructure;
8. Banking, Micro-Finance;
9. Modern commercial, Trading centers;

Investment Incentives

Incentives by Zones

- Zone 1: poor zone, remote zone with socio-economic infrastructure unfavorable to investment;
- Zone 2: zone with socio-economic infrastructure favorable to investment;
- Zone 3: Special Economic Zones;

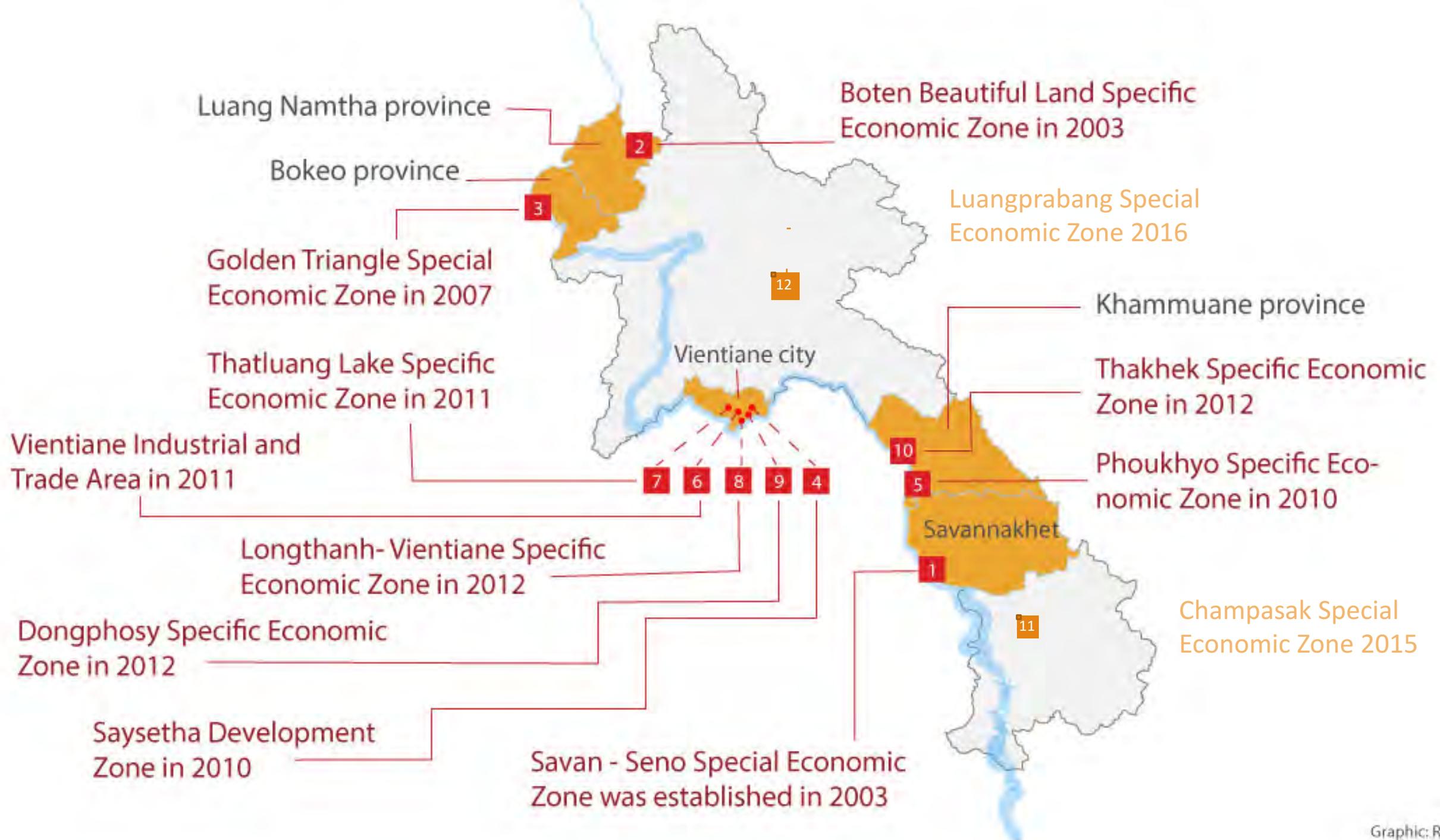
Investment Incentives

Other Incentives-Tax Holiday

Zone	Tax Holiday	Additional Tax Holiday
Zone 1	10 years	years (Clean agriculture, Agro and Forestry Processing Business, Education, and Healthcare)
Zone 2	04 years	3 years (Clean agriculture, Agro and Forestry Processing Business, Education, and Healthcare)
Zone 3	Specified in SEZ Decree	—

Comparison of Tax Policies & Customs Duty Policies between Inside SEZ & Outside SEZ

Incentives (Savanh Park based on PM's Decree177)	Inside SEZ	Outside SEZ
Profit Tax Holiday period	2 – 10 years (Starting from profit making year)	Depend on Zone 1 and Zone 2 of the Investment Promotion Law 2016
Rate of Profit Tax after Tax Holiday period	8% or 10%	Max 24%
Personal Income Tax (Expatriate & Foreign citizen & Lao citizen)	5%	0%- 24% (Progressive Rate)
Rate of Dividend Tax after Tax Holiday	5%	10%
Value add Tax (VAT)	0%	10%
Regular Import Customs Duty Rates	0%	3% - 40%



SEZs Economic Figures

- **Investment Approval:** US\$5 billion
- **Actual Investment:** US\$1.27 billion
- **Number companies:** 249 companies (180 of those are 100% FDI and 21 are JV)
- **Economic Sectors:** Service (49.37%); Trading (34.6%) and Industry (16.03%)
- **Job creation:** 15,289 people
- **Export:** US\$42.8 million

Agriculture Sector

- Strategy for Agriculture 2025 and Vision 2030 (approved March 2015)
- National Organic Agriculture Strategy of Lao PDR (Public Hearing in the central part, 10 September 2015)



Service Sector

Tourism Sector

- Eco-Tourism
- Cultural Tourism
- Agro-Tourism

Tourism Business is now opened to FDI with **Foreign Equity of up to 70%**

Several **natural tourist sites** are welcoming FDI



World Number 1 for Tourism

Top of “Places to Go” list in 2008 by **New York times**;

“The best city in the world to visit” by the **Wanderlust**, a leading British travel magazine;

“Top City” Award in 2006-2012 (except in 2009 being in top 10);

“World Best Tourist Destination” in 2013 by the **European Council on Tourism and Trade**.

“Wanderlust Travel Awards” in **2015** Laos is top 10 and LBP is No.1

The New York Times



Initiative on the Public Private Partnership (PPP)

Initiative on the Public Private Partnership (PPP)

- Drafting the PPP Decree
- 2 pilots areas: Health and Education

Challenges

Challenges

- Permission and Approvals
- Tax Issue
- Labor Issue

Key Mechanisms

- Review the existing regulations and policies
- Dialogues between Public and Private Sector the at the central and provincial levels

Our Support

One Stop Service (OSS)

- serve as the center of services for investors investing in general and concession businesses and development of special economic zones in a simplified, quick, transparent and timely manner.
- Actively coordinate with relevant sector authorities in compliance with regulations of relevant sector authorities;
- Centralize data collection, monitor the implementation and evaluate the outcomes of investment situation and private investment projects.

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The screenshot shows the official website of the Investment Promotion Department (IPD) of the Ministry of Planning and Investment in Laos. The website features a header with the IPD logo, the text 'Official website Ministry of Planning and Investment Investment Promotion Department Invest in the future, invest in Laos', and navigation links for 'HOME', 'WHY LAOS', 'START UP', 'WHERE TO INVEST', 'LINKS', 'RESOURCES', 'ABOUT US', and 'FAQ'. A search bar is also present. The main content area includes a 'FEATURES' section with a large image of power lines at sunset, and a 'NEWS AND EVENTS' section with four news items: 'Laos, Japan forge ne...', 'Japan shows interest...', 'Nikon established ne...', and 'Elevating Level of L...'. A 'Public Private Partnership' section is also visible on the right side.

Official website
Ministry of Planning and Investment
Investment Promotion Department
Invest in the future, invest in Laos

English | ລາວ
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Enter to search...

HOME WHY LAOS START UP WHERE TO INVEST LINKS RESOURCES ABOUT US FAQ

Home
FEATURES

NEWS AND EVENTS

Laos, Japan forge ne...
(Vientiane Times) Laos and Japan are pushing towards greater economic...

Japan shows interest...
H.E Somsavat Lengsavad, Deputy Prime Minister of Lao PDR, H.E...

Nikon established ne...
(Vientiane Times) Nikon Corporation established of a new factory in...

Elevating Level of L...
Laos and Korea organized a Laos-Korea Development Cooperation Forum 2012...

Public Private Partnership
Development of PPPs in the Lao P.D.R.
Acknowledging that public investment and private investment are equally important to the development of Lao socio-economy, the Lao Government has realized the importance of Public

THANK YOU