

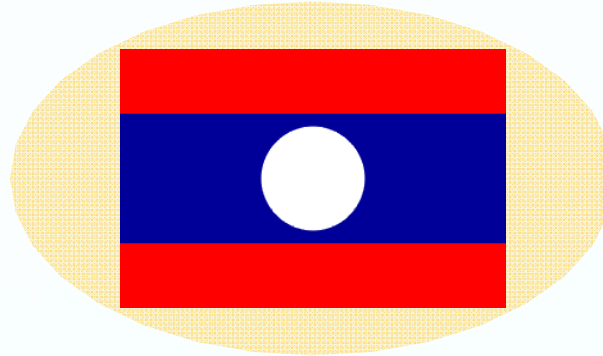


Laos's Competitiveness and Investment Opportunities

Outline

- ▶ **Laos in Brief**
- ▶ **Battery of Asia and Land-Linked**
 - ▶ **Benefit to business sectors**
 - ▶ **Foreign investment support**
- ▶ **Investment Support in Lao for investors**

Laos in Brief



Laos Population
6,8 million (2015)

Land Area
236,800 sq. km²

**Laos
GDP by Sector**

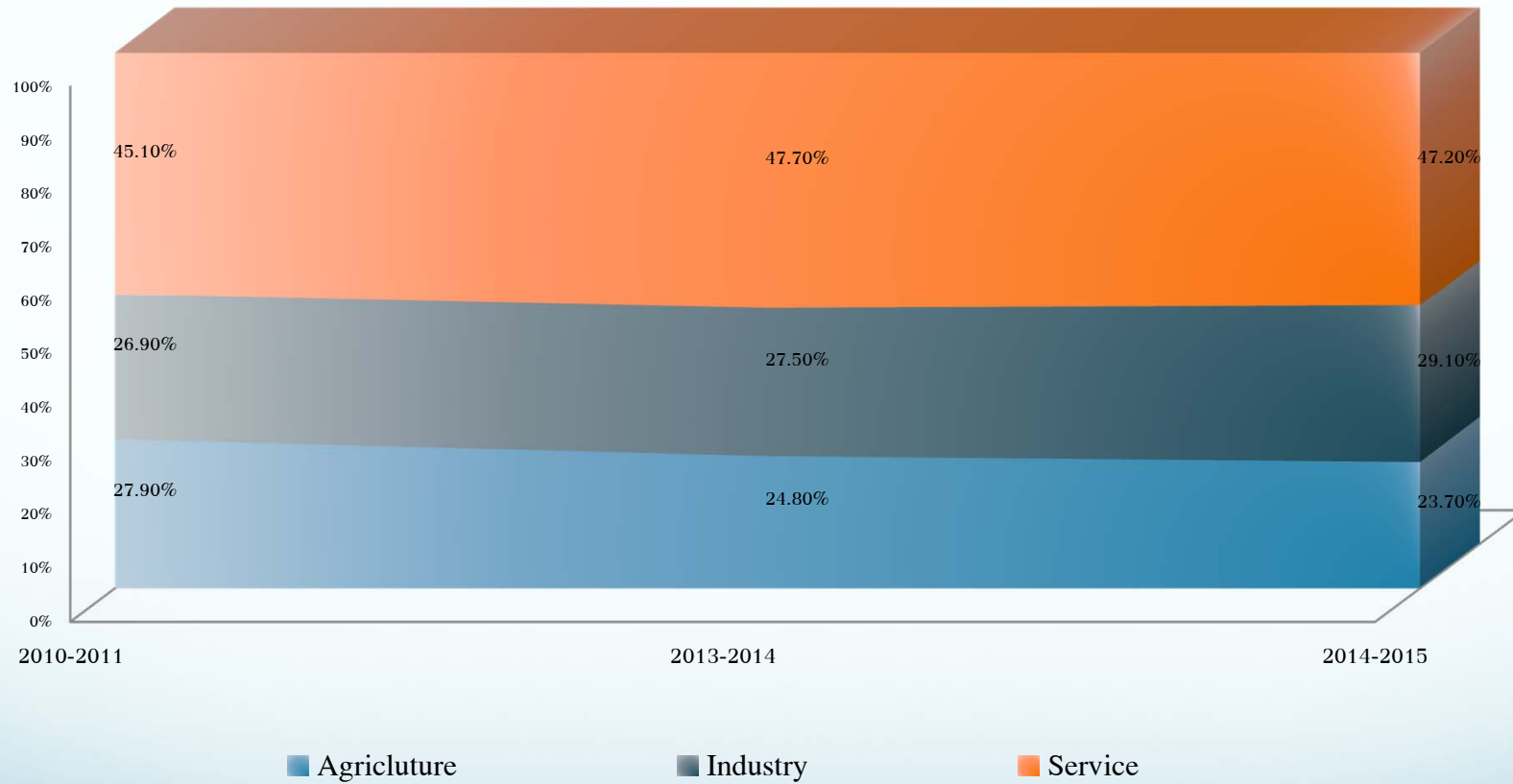
Agriculture: 23,0%
Industry: 32,42%
Services: 37,87%

**Laos Labor
Force**
3.373 million (2013)

**Industrial Production
growth rate**
11 % (2013)

Laos's GDP
GDP Growth rate 7,56%
\$ 1,725 per capita GDP

Economic Structure



LAOS: Land of Ample Opportunity and Success

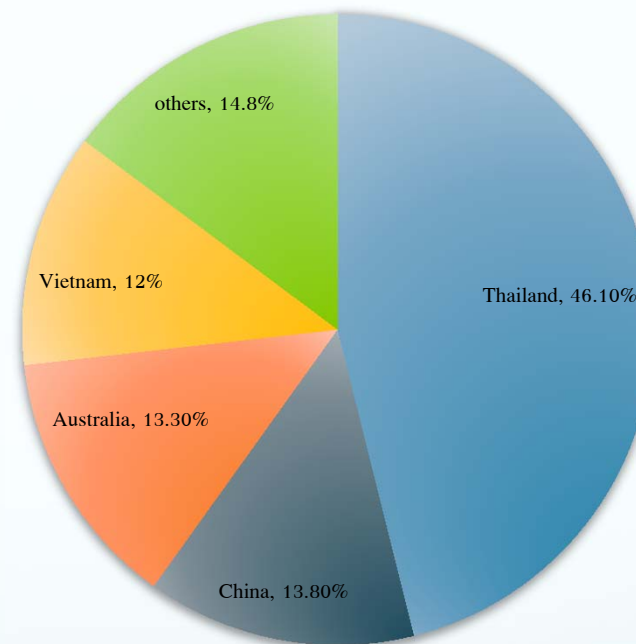
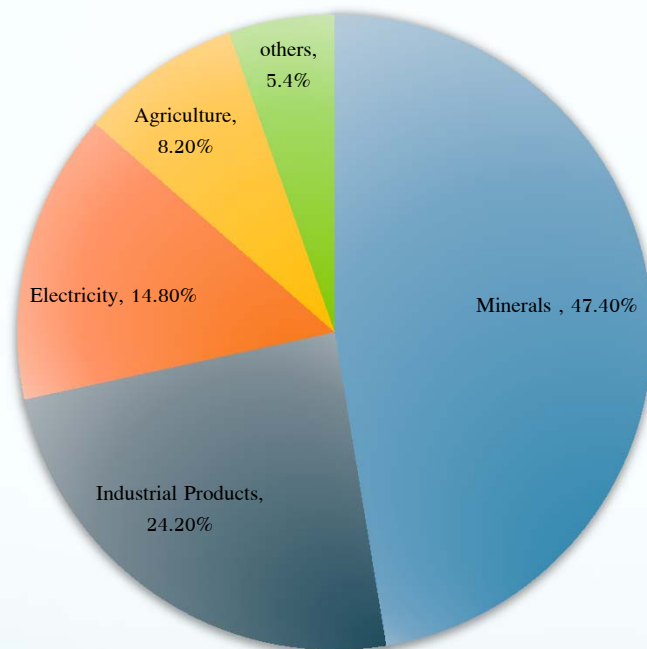


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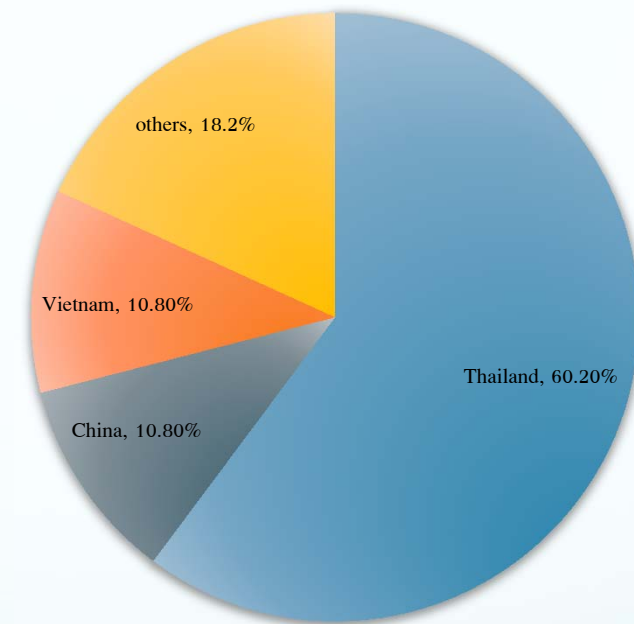
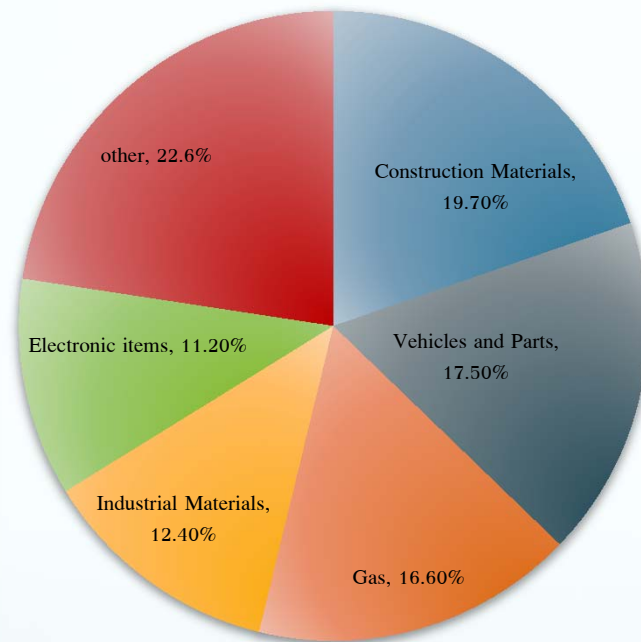
Export: US\$14.2 billion (2010-2015)
(12.56% average growth rate)

Import: US\$17.6 billion (2010-2015)
(18% average growth rate)











Export (2010-2015)



Import (2010-2015)



Top 10 FDI Countries (1988- July 2016)

	No.	Country	Projects	Value (USD million)	
	1	China	838	6,559	
	2	Thailand	752	4,494	
	3	Vietnam	418	3,577	
	4	Malaysia	291	819	
	5	Korea, South	104	751	
	6	France	224	490	
	7	Japan	102	438	
	8	Netherland	16	434	
	9	Norway	6	346	
	10	Britain	54	201	

LAOS: Land of Ample Opportunity and Success

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	DOING BUSINESS 2016 RANK	DOING BUSINESS 2015 RANK ①	CHANGE IN RANK
INCOME CATEGORY	Lower middle income	134	139	↑ 5
POPULATION	6,894,098			
GNI PER CAPITA (US\$)	1,600	DOING BUSINESS 2016 DTF (% POINTS) ①	DOING BUSINESS 2015 DTF (% POINTS) ①	CHANGE IN DTF (% POINTS) ①
CITY COVERED	Vientiane	53.77	51.22	↑ 2.55

Rankings Distance to Frontier

ASEAN Economic Community 2015

No.158th WTO member in 2015



Impact from AEC

- Export
 - enable country to share market and production network.
 - Necessity to enhance competitiveness by increasing productivity and improving quality of products
- Import
 - More investors from ASEAN and non-ASEAN to increase their investment in priority sector
 - 0% tariff of all goods will lead to extreme competition with domestic producers which impact to domestic producers can't compete their business and may lead to bankruptcy. In addition, it may create social and environmental impacts such as crime, cultural impact, environmental issues.
- Labour migration
 - Better opportunity to import skilled labour and technicians to contribute to economic growth
 - migration of domestic workers to higher wages which could lead to a shortage of domestic workers and family problems.

Battery of Asia: Electricity Generation

- Lao government with efforts to become the 'battery of Asia'
- Estimated electricity generation potential: over **23,000 MW**
- By 2020 – to supply 7,000 MW to Thailand, 5,000 MW to Vietnam and 1,500 MW to Cambodia
- Use the profit from hydropower sale to fight poverty in the country
- Challenges: to improve human capacity after the investment from foreign is needed



Land locked to Land-linked

The Lao government vision is to establish Laos from the Land-Locked Country to the Land-Linked Nation. At the Moment, there are several routes to connect ASEAN to China such as Road No. 3 (R3) connecting Thailand-Laos-China (called North-South Corridor), in the central there is East-West Corridor, which is Road No. 9 connecting Thailand-Laos-Vietnam. In addition, the government of Laos also established the potential of economic zones such as Savan-Seno Economic Special Zone (Savannakhet Province).

Market Access

Access to ASEAN market (500 million inhabitants) and neighboring China
Land-link initiative: East-West Economic Corridor with Special Economic Zone in Savannakhet acting as a trade and service center.
Easy regional access with regular direct flights to the major hubs of Bangkok, Hanoi, Kunming, Kuala Lumpur and Singapore



To change from land-locked to land linked

- Need invest in both policy reform and infrastructure connectivity
- Transform railway initiative ; extending from China through Lao and connecting to Thai train network to the port of Singapore
- Construction of the US\$ 6.8 billion Lao component of the project commenced in Dec 2015 and expect to be completed in 2020

Investment Support in Lao for investors

Why Laos?

Comparative & Competitive Advantages

- Political stability
- High safety
- Low risk from natural disasters
- Low labor cost

(Minimum wage: \$110/month)

Country of rich natural resources:

- Fertile land, Minerals, Water, and forest, giving development potential in agriculture, mining, and hydropower.



Investment Opportunities

- **Agriculture**
- **Manufacturing**
- **Tourism**
- **Energy**
- **Education**
- **Healthcare**
- **Services**

Investment Policies

- Combined the domestic investment law and foreign direct investment law into one to create a “level playing field” for both domestic and foreign investors;
- Shorten procedures to open new businesses;
- No terms of investment for promoted activities;
- Extended Investment incentives: Corporate income tax exemption up to 10 years, additional 5 years for Education and Health care sectors as top priorities;
- Foreigners can have access to local financial sources;
- Foreigners can invest in the real estate sector;
- Promotion of the development of SEZ and Industrial Park.



Improvement in Legislation

- Recently revised law on Investment Promotion 2009, and it's implemented decree in 2011
- Law on Minerals (2008), revised Law on Minerals (2011)
- Environmental and Social Impact Assessment Decree (2010)
- Land Law (2003), Decree on Implementation of the Land Law (2008) and Decree on Land Concessions (2009)
- National Land Policy, currently under revision
- National Policy on Environmental and Social Sustainability of the Hydropower Sector
- Law on Forestry (2007)
- Agricultural Law (1998), revised 2012
- Law on Electricity (2011)



Initiative on the Public and Private Partnership (PPP)

- Drafting the PPP Decree (expected to approve by 2015)
- 2 pilots areas: Health and Education

Investment Incentives

MAJOR INCENTIVES PROVIDED

Exemption from import duties and taxes on raw materials and capital equipment using for production

Exemption from export duty on export products

Incentives

Tax holidays offered up to 10 years

- Additional tax holidays, reduced tax rates for large projects with special concession are available upon negotiation

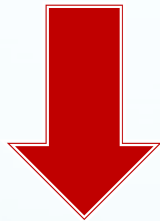
Investment Management

MOIC



Ministry of Industry and Commerce

Ministry of Planning and Investment



**Enterprise Registration License for
General Business**

**Concession License
& Representative Office License**

**Enterprise Registration
License**

LAOS: Land of Ample Opportunity and Success

Many Thanks

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