

The E-Book on East Asia Investment Practice

-Laos

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Preface

In recent years, in order to encourage foreign investment, the Laos government has adopted a new investment law and promulgated a series of investment incentive policies, including detailed exemptions on income tax, tariff and land rent for different industries and regions. Since 1986, Laos has been carrying out reform and opening up, restructuring its economic system, implementing the economic policy of co-existence of various forms of ownership, and gradually improving the market economic mechanism. At the same time, Laos has been opening up to the outside world, promulgating laws on foreign investment, improving the investment environment, and striving for introducing more capital, technology and management methods.^①

In this E-book, Chapter I briefs on the overview of Laos in terms of its geographical, political, social and cultural environment. Chapter II introduces the overall business environment in Laos. Chapter III expounds the economic and trade policies of Laos. Chapter IV introduces the industrial development and foreign investment status of Laos. Chapter V deals with the relevant procedures and regulations of founding enterprises. Chapter VI introduces the relevant laws and regulations of enterprise operation. Chapter VII expounds the ways and means of settling economic and trade disputes. Chapter VIII introduces bilateral and multilateral free trade agreements, including the *Regional Comprehensive Economic Partnership*. Chapter IX introduces the economic security and support policies of Laos under the COVID-19 epidemic. Chapter X illustrates the enterprise-related government departments, business associations, intermediaries and their contact information.

We expect that the basic information on Laos' economy and trade presented in this E-book can provide valuable guidance for enterprises and investors, and promote investment facilitation and the healthy development of economic globalization.

Time constraints and competence deficiency might lead to inaccuracies in this E-book. We sincerely look forward to your valuable comments and suggestions for future improvement.



General Information

1.1 Geography

Geographical Location

Lao People's Democratic Republic (hereinafter referred to as Laos) is the only inland country in the north of the Indo-China Peninsula, bordering China to the north, Cambodia to the south, Vietnam to the east, Myanmar to the northwest and Thailand to the southwest. The Mekong River runs 777.4 km in Laos with its main stream, through the capital, Vientiane. It covers an area of 236,800 km².^①

Natural Resources

Laos is abundant in natural resources. Mineral resources in Laos mainly include tin, lead, potassium salt, copper, iron, gold, gypsum, coal, rare earth and so on. At present, the mined minerals include gold, copper, coal, potassium salt, coal and so on. With rich forest resources, Laos' forest coverage rate reaches about 50%, abundant in teak, pear and other precious timber.^②

Climate

Laos has a tropical and subtropical monsoon climate. The rainy season extends from May to

October and the dry season lasts from November to next April. The annual average temperature is about 26°C. With abundant rainfall, about 2,000 mm precipitation is witnessed in a typical year generally.

Administrative Division

Laos has a total of 17 provinces and 1 municipality directly under the central government, with a total of 142 counties and 8,447 villages.

Vientiane is the capital of Laos, with a population of 948,000 (2019) and is located in Time Zone East 7.

1.2 Politics

Constitution

In August 1991, the Sixth Session of the Second Plenary of the Laos Supreme People's Assembly promulgated the first constitution of Laos. The Constitution stipulates that Laos pursues a socialist system. The Laos People's Revolutionary Party is the only political party in Laos. All power belongs to the people. Under the leadership of the Laos People's Revolutionary Party, people of all ethnic groups exercise their right to be masters of the country.^①

Parliament

The Laos National Assembly is the country's highest power and legislative body, which is responsible for formulating the constitution and laws. The Congress is elected for a term of 5 years and holds 2 meetings a year. The special session shall be decided by the Standing Committee of the Congress or proposed by more than two-thirds of its members. Members of Parliament are directly elected from all local areas.

Chief of State

The General Secretary of the Central Committee of the Laos People’s Revolutionary Party (President of the State) shall be the chief of state. The current chief of state is Thongloun Sisoulith, who was elected in January 2021.

Government

The Laos government has 18 ministries and 3 agencies directly under it, including the Central Bank, the President’s Office and the Prime Minister’s Office. The President’s Office has one minister and the Prime Minister’s Office has 5 ministers.

Political Parties

The Lao People’s Revolutionary Party (LPRP) is the only political party and ruling party in Laos. It was founded on March 22, 1955, formerly known as The Indochinese Communist PartyLao Branch. Presently, it has about 192,000 members. In 2021, the Eleventh National Congress of the Lao People’s Revolutionary Party elected a new Central Committee of the Lao People’s Revolutionary Party. It consists of 13 members of the Political Bureau of the Central Committee and 9 members of the Secretariat of the Central Committee.

1.3 Economy

Macro Economy

Agriculture is the pillar industry of Lao economy and its industrial foundation is vulnerable. According to World Bank statistics, Laos’ nominal GDP in 2019 was US\$ 18.174 billion, with a real GDP growth rate of 4.65% and per capita GDP of US\$ 2,534.9.

Table 1-1 Macroeconomic Data of Laos, 2017–2019^①

Year	2015	2016	2017	2018	2019
Nominal GDP (US\$ billion)	14.39	15.806	16.853	17.954	18.174

① The World Bank: <https://data.worldbank.org/indicator/year>

Continued

Year	2015	2016	2017	2018	2019
Per capita GDP (US\$)	2,134	2,308	2,423.85	2,542.49	2,534.90
Real GDP growth rate (%)	7.27	7.02	6.89	6.25	4.65

Trade Scale

Commodity trade. According to the Laos Bureau of Statistics, Laos' total merchandise trade in 2019 was US\$ 11.607 billion. Among them, exports volume is totaled at 5.809 billion US \$, increased by 7.6% year on year. Imports volume is totaled as US\$ 5.797 billion, decreased by 0.08% year on year.

The main export commodities include mineral products, electricity, agricultural products and handicraft products. The main import commodities include industrial products, processed finished products, building materials, daily necessities and food, household appliances, etc.

The main export markets cover Thailand, China, Vietnam, India, Japan and Germany, etc. The main import markets cover Thailand, China, Vietnam, Japan, Korea and India, etc.^①

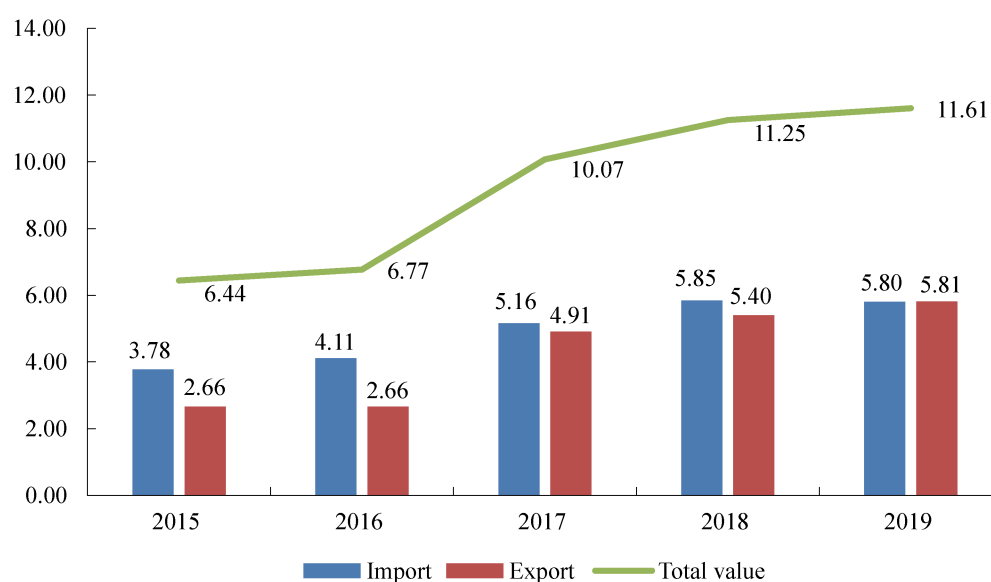


Figure 1-1 Laos' commodity trade volume, 2015–2019 (Unit: US\$ billion)

Service Trade. According to the Laos Bureau of Statistics, Laos' total trade in services in

① Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

2019 was US\$ 2.39 billion, increased by 15.15% year on year. Among them, the export volume of service trade was US\$ 1.109 billionUS\$, increased by 20.28% year-on-year. The import volume of service trade was US\$ 1.281 billion, increased by 11 % year on year.

The main categories of services export include transportation services, tourism services, construction services, insurance services, financial services, computer and information services, etc. The main categories of service imports include transportation services, tourism services, construction services, insurance services, financial services, computer and information services, other business services, etc.^①

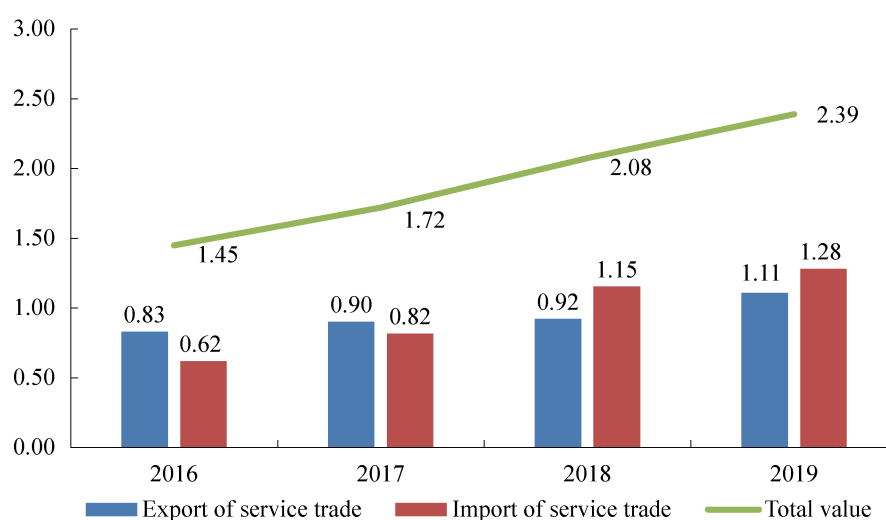


Figure 1-2 Laos' trade in services, 2015-2019 (Unit: US\$ billion)

Local Market

Price level. According to the Laos Bureau of Statistics, the consumer price index (CPI) in Laos in 2020 is 113.15 (2015 CPI=100), with a year-on-year growth of 5.07%.^②

^① Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

^② Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

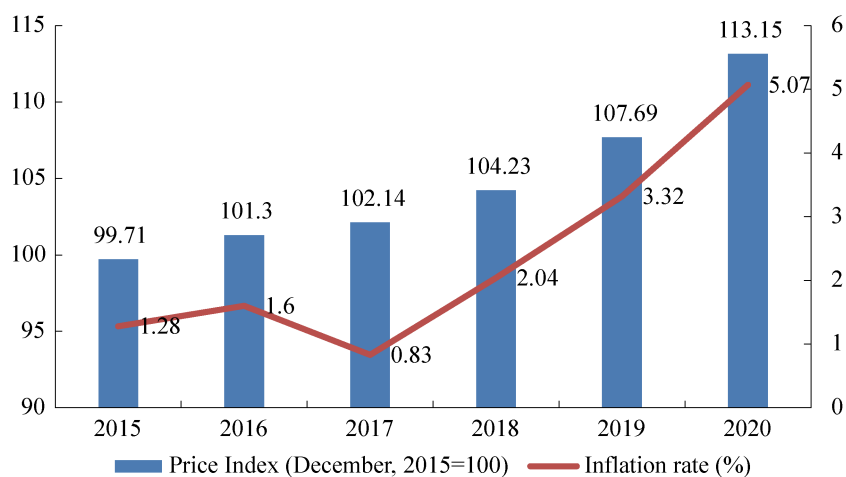


Figure 1-3 Laos' CPI trend, 2015–2020

1.4 Society and Culture

Population

Laos has a population of 7.23 million (in 2019). There are 50 ethnic groups in Laos, which belong to the Lao Thai, Men-Khmer, Miao-Yao, and Sino-Tibetan languages, collectively known as the Laos people.

Language

The official language of Laos is Lao. English is becoming increasingly popular. Some people can speak French.

Religion

Buddhism is the official religion of Laos, and more than 65 % of Laotians believe in Buddhism.

Public Security

Laos is proud of political stability, social tranquility and low threat of terrorism.



Investment Practice

Vientiane introduced a ten-fold fine regulation to punish drivers who violate regulations.^①

In the first 4 months of 2018, a total of 2,341 road traffic accidents occurred across Laos, resulting in 429 deaths, 3,816 injuries and 4,067 vehicles damaged. In order to rectify social order and ensure people's personal safety, the Ministry of Public Security in Vientiane, the capital of Laos, and the traffic management department under the jurisdiction of Vientiane have promulgated a 10-fold fine regulation in accordance with the Prime Minister's Decree No. 188 issued in 2007.

After the introduction of the plan, drivers of speeding private vehicles (such as cars, light trucks, jeeps and vans) will be fined 500,000 Kip (about US\$ 53). Drunk driving, whether drunk or not, will be judged with a fine ranging from 10,000 kip (about US\$ 1.06) to 1 million kip (US\$ 106) depending on the type of vehicle you are driving.

Comment: Laos was once criticized for chaotic road traffic order. In recent years, Laos has gradually perfected the implementation of various laws, regulations and policies, continuously optimized the public order environment and greatly improved road traffic conditions. Investors shall abide by local laws and regulations on road traffic safety and be responsible for their own and others' personal safety while avoiding fines.

① According to Xinhuanet news.



Business Environment

2.1 Overall Evaluation

In recent years, in order to improve the business environment and achieve the goal of ranking in the top 100, the Laos Government has promulgated a series of reform measures. In terms of cross-border trade, simplifying customs clearing procedures and establishing a single-window customs system have greatly improved the efficiency of cross-border trade. In terms of starting a business, some procedures shall be canceled to simplify the process of starting a business. In terms of the power supply, power supply reliability has been improved by means of the deployment of automatic Supervisory Control and Data Acquisition (SCADA) systems for outage monitoring and recovery services.

World Bank Evaluation^①

The *World Bank's Business Environment Report* for 2020 investigated the supervisory regulations for the 11 fields of promoting or restraining the corporate life cycle in 190 economy entities. According to the *Doing Business 2020 Report*, Laos ranks 154th among the 190 economies in the world, which is relatively low.

World Economic Forum Evaluation^②

The World Economic Forum evaluated and released the *Global Competitiveness Report*

① World Bank, Business Environment Report 2020.

② World Economic Forum, Global Competitiveness Report 2019.

based on the performance of 141 economies in 98 indicators in 12 areas. *According to the Global Competitiveness Report 2019*, Laos ranks 113th among the 141 most competitive countries and regions in the world, decreased by 2 places from the previous year.

World Intellectual Property Organization Evaluation^①

Report on Global Innovation Index issued by *The World Intellectual Property Organization (WIPO)*, together with Cornell University in the United States and European Institute of Business Administration, evaluated more than 130 economy entities around the world by using two measure indicators of innovation input and innovation output. According to *Report on Global Innovation Index 2020*, with a score of 20.65, Laos ranks 113th, including 127th in innovation input indicators and 95th in innovation output.

Heritage Foundation Evaluation^②

The *Global Economic Freedom Index Report* released by the American Heritage Foundation using 4 guidelines and 12 indicators calculates the economic freedom index of various countries. According to the *Global Economic Freedom Index Report 2021*, Laos scored 53.9 points in the index of economic freedom, decreased by 1.6 points from last year, ranking 141st.

2.2 Infrastructure

Highway

According to the Laos Bureau of Statistics, in 2019, Laos possessed 58,264.04 km-long roads of all types, of which 649.4 km were concrete roads and other roads were asphalt, gravel and dirt roads.^③

The China-Laos Expressway is the first expressway in Laos. It starts at the Mohan/Boten

① Report on Global Innovation Index 2020, made by the World Intellectual Property Organization

② American Heritage Foundation Evaluation, Global Economic Freedom Index Report 2021.

③ Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

Border Port crossing and ends in Vientiane, the capital of Laos. The total designed length of the expressway is 440 km, of which the Vientiane-Vang Vieng section was officially opened to traffic on December 20, 2020.^①

Railway

Laos has a railway connecting Nong Khai Railway Station in Thailand and Thanaleng Railway Station in Vientiane, Laos.

At present, an electrified passenger-cargo railway connecting Kunming in China and Vientiane in Laos is under construction, with a planned length of more than 1,000 km. The main line of the Chinese section has a total length of 508.53 km and 414 km in Laos, with a designed speed of 160 km per hour . It is expected to be completed and opened to traffic by the end of 2021.^②

Aviation

Laos has 12 airports and more than 20 airlines. The large airports include Vientiane Wattay Airport, Luang Prabang Airport and PKZ Pakse Airport among which Vientiane Wattay Airport can qualify large aircraft to take off and land.^③

Water Transport

The total length of water transportation in Laos extends 3,000 km. The Mekong River runs through 13 provinces (cities) in Laos. There are more than 20 small wharves along the Mekong River, accounting for 18% of the total transportation volume.^④

The only port in Laos is Vientiane Port, or VIENTIANE, with the port code LAVTE.

① China People's Network: <http://yn.people.com.cn/n2/2020/1220/c372459-34484315.html>

② China News Service: <http://www.jl.chinanews.com/shidian/2019-03-29/67138.html>

③ Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

④ Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

Information and Communication

Major cities in Laos have basically been constructed with network coverage. As of January 2021, Laos had 3.55 million Internet users, with a popularizing rate of 48.4 %, according to DATAREPORTAL data. There are 3.6 million active social media users, accounting for about 49.1 % of the population. There are 5.8 million mobile Internet users, accounting for 79.1% of the total population.^①

Electricity

As of December 2020, Laos had 78 hydro-power stations, with an installed capacity of 9.972 million kilowatts, generating 52.211 billion kilowatt-hours of electricity annually. In addition, there are 1 thermal power station, 4 biological power stations, 5 solar power stations and 4 wind power stations, with a total of 65,563 km of power transmission and transformation lines throughout the country.^② Laos is planning more than 10 power stations, including hydropower, coal-fired power stations and renewable energy development projects such as wind power and solar power, with a total capacity of more than 10,000MW, which will be developed in time according to the growth of electricity market demand in Laos. According to the electricity development plan of the Laos Ministry of Energy and Mines, the electricity supply in Laos is expected to reach more than 20,000MW by 2030.

The Laos Electricity Company (EDL/ Electricity du Laos), a state-owned company under the Ministry of Energy and Mines, owns and operates power generation, transmission and distribution assets in Laos. Moreover, it manages the import of electricity from the grid and the export of power stations.

① DATAREPORTAL: <https://datareportal.com/reports/digital-2021-laos>

② XINHUANET: http://www.xinhuanet.com/english/2020-12/10/c_139578103.htm#:~:text=Laos%20currently%20has%2078%20hydropower,and%20six%20solar%20power%20plants.

2.3 Production Cost

Electricity Price

Laos implemented tiered prices for electricity. According to the data on the official website of Electricity du Laos (EDL) (www.edl.com.la), the electricity price in Laos is shown in the table below.

In addition, the standard of electricity charges for SEZs (Special Economy Zone) is set out in 3.3 SEZs Policy.

Table 2-1 Low Voltage User Electricity Price in Laos^①

Low Voltage User (Residential)	Price (Kip)
0-150Kwh	355
>150Kwh	710

Water Price

Take Vientiane, the capital of Laos, as an example. According to data from Vientiane's water supply company Nampapa Nakhon Luang, the standard water rate for Vientiane in 2020 is as follows. 1,379 Kip are charged for below 10 m³. 1,910 Kip are charged for 11-30 m³ water. 2440 Kip are charged for 31-50 m³. 2,971 Kip are charged for 51m³ above. Investors can check the latest water prices at Vientiane's Nampapa Nakhon Luang website (www.nampapalao.com). Users can pay the water bill by bank transfer.^②

In addition, the water rates for SEZs (Speical Economic Zone) are illustrated in 3.3 SEZs Policy.

Oil prices

As of February 15, to May 24 2021, the average price of gasoline in Laos was 9,860 kip/L

^① Laos electric power company (EDL): <http://www.edl.com.la/en/index.php#>

^② Vientiane Water Supply Company: <https://www.nampapalao.com/index.php?r=site%2Fgroup&id=21&page=2&per-page=8>

(about 1.047 US\$/L), according to Global Perrol Prices data. Average diesel price is 8,210.00 kip/l (approx. 0.872 US\$/ L).^①

Manpower Supply and Wages

According to the World Bank, Laos had a workforce of 3.83 million in 2019 and an unemployment rate of 0.63 %. Due to the overall low quality of labor force in Laos, there is a serious shortage of skilled labor force.^②

According to the Laos Bureau of Statistics, the average wage for workers in agricultural production is 3.04 million Kip, 3.26 million Kip in industry and 3.28 million Kip in services.^③

Land and Housing Price

According to *The Cost of Doing Business in Laos*^④ published by The Ministry of Investment Promotion of Laos, office rents in Vientiane, for example, range from 40,000 to 400,000 kip a month. The monthly rent of the SEZ (Special Economy Zone) office is about 304-352 Kip. Investors can view rental information and rent in 5.3 House Lease.

In addition, land rental standards for SEZs are illustrated in 3.3 SEZs Policy.

2.4 Financial Services

Currency and Exchange Rate

The Laos currency is the kip. The kip, the US dollar and the Thai baht can be exchanged and used in the market. In recent years, the exchange rate of the US dollar against the Kip is fluctuating and rising. Investors should pay attention to the fluctuations of exchange rate.

① Global Perrol Prices: https://www.globalpetrolprices.com/Laos/gasoline_prices/

② The World Bank: <https://data.worldbank.org.cn/indicator/SL.TLF.TOTL.IN?locations=LA>

③ Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

④ Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/resources/publications/>

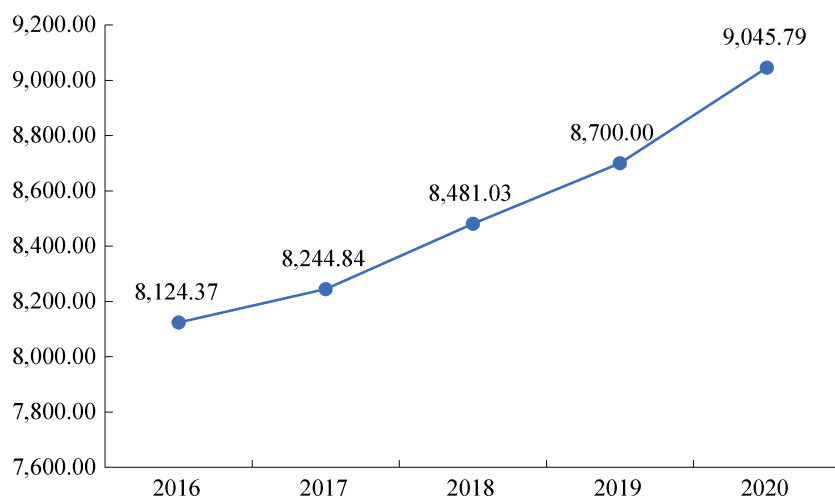


Figure 2-1 Exchange rate between Kip and USD, 2016–2020 (average value in current year)^①

Foreign Exchange Management

According to the Law on *Foreign Exchange Administration of Laos*^②, foreign exchange funds that foreign-funded enterprises can transfer abroad mainly include the following aspects: (1) profits from production and operation activities; (2) income from the sale, lease or sale of property or the provision of process and technical services; (3) principal and interest on loans or purchases of shares; (4) the funds after the expiration of the investment contract or the completion and liquidation of the investment project; (5) remuneration for the services of foreign workers after deduction of their expenses.

If you carry more than US\$ 10,000 in cash, you need to declare it and get permission before entering the border. For example, if a foreign investor brings funds into Laos in the form of cash, he/she must provide the Cash Entry Certificate issued by the customs and a copy of the deposit account of the commercial bank in Laos. Otherwise, he/she will be suspected of violating the *Foreign Exchange Control Law* of Laos and the relevant cash may be detained by the Customs according to law.



Special Reminder:

In 2020, the National Bank of Laos promulgated a new *Decision on Currency Exchange*

① Banque Nationale du Laos: <http://www.bol.gov.la/>

② Lao's Exchange Control Act: https://www.bol.gov.la/en/fileupload/14-06-2019_1560480906.pdf

Operations, which aims to keep the exchange rate of Laos’s kip within a floating range of 5% against major international currencies. Laotian individuals and legal entities who want to operate the currency exchange business must obtain a license from the National Bank of Laos. Only those legal entities that operate hotels and tourism-related businesses and meet the requirements are eligible to obtain a license from the central bank.

Financial Institutions

Financial Regulators. The National Bank of Laos is the regulator of banking and financial institutions. The Laos Securities Commission (LSCO)^① is the regulator of the securities industry. The Laos Ministry of Finance and its Insurance Regulatory is the insurance industry regulator.

Banks. The banking system of Laos is mainly composed of the central bank, local banks, joint venture banks and foreign-funded banks. As of 2019, in addition to the Laos National Bank, there are 44 banks in Laos, including 12 local banks, 3 joint venture banks and 29 foreign banks.

Insurance. The insurance industry in Laos still remains at the primary stage of development. Currently, there are a total of 24 insurance companies registered with the Ministry of Finance in Laos, including Laos National Insurance Company, TOKO Insurance (Laos) Company, Sumitomo Mitsui Insurance (Laos) Company, Lancang Insurance Company, PCT Asia Insurance Company and Laos Huanyu Insurance Company.

Securities. In October 2010, the Laos Securities Exchange (LSX) was established as the country’s only stock market. It is jointly funded by the National Bank of Laos (shareholding by 51%) and the Korea Stock Exchange (shareholding by 49%). As of April 2021, there were 12 stocks on the Laos Stock Market.

① The Laos Securities Commission (LSCO): <https://www.lsc.gov.la/EN/aboutseco/SECO.php>

3

Economy and Trade Policies

3.1 Market Access

Competent Authorities

In Laos, The Ministry of Industry and Trade and the Ministry of Planning and Investment (MPI) are responsible for general investment, franchise investment and SEZ investment in Laos respectively. The Investment Promotion Management Council is the authority responsible for investment in Laos. It is chaired by the Deputy Prime Minister, with the Minister of Planning and Investment as the Vice-Chairman and permanent member, the Minister of Industry and Trade (MOIC) as the Vice-Chairman and the Deputy Minister of Planning and Investment (MPI) as the permanent member. It is responsible for examining and approving foreign investment projects, reviewing contracts for cooperative ventures, joint ventures and sole proprietorship enterprises, and dealing with problems confronted by foreign investors.

Among them, the one-stop service office (“OSSO” for short) established by the Investment Promotion Department (IPD)^① under the Ministry of Planning and Investment can provide convenient services for foreign investors. The Office of One-stop Services is the permanent office for the Investment Promotion Management Commission, divided into the Central Office of One-stop Services for Investment (COSSO) and the Provincial Office of One-stop Services for

① Ministry of Investment Promotion in Laos: www.investlaos.gov.la

Investment (POSSO). The services provided shall include Business Visa, Incentive, Investment License, Enterprise Registration Certificate, Tax Identification Number, Tax Identity Number and Stay Permit Card.^①

Restricted / Prohibited Sectors

Industries in which investment is prohibited. It mainly includes the production and sale of all kinds of weapons, the cultivation, processing and sale of various drugs, the production and sale of stimulants (specially prescribed by the Ministry of Health), the production and sales of cultural articles that corrode and destroy good national customs and habits, the production and sale of chemicals and industrial wastes that are hazardous to humans and the environment, erotic services and tour guide service for foreigners.

Industries Restricted. Securities industry: foreign investors may establish joint venture securities companies with domestic investors in Laos, but their shares held shall not exceed 51% of the total shares.



Special Reminder:

The new *Insurance Law* and *Rules for the Implementation of Insurance Law* promulgated and implemented in Laos in 2014 allow foreign investors to operate insurance businesses in the form of joint ventures or wholly-owned subsidiaries, but they must have more than 5-year insurance experience. However, among the existing insurance companies in the Laosmarket, the share of foreign investment is not higher than 80%.

The Industries Allowed for Investment Entry

According to the *Investment Promotion Law of Laos*^②, the investment that foreign investors

① Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/about-us/committee-for-investment-promotion-and-management-cipm/>

② Investment Promotion Law: <https://investmentpolicy.unctad.org/investment-laws/laws/177/lao-people-s-democratic-republic-investment-law>

can invest involves in the sectors of general investment and franchise investment.

General investment. It mainly includes activities in the controlled business list^① and the activities outside the controlled business list. Among them, the activities in the controlled business list are the business related to national security, public order, national excellent tradition and sensitive to social environment affect, mainly including the oil, energy, tap water, post and telecommunications and transportation, timber and wood products, mineral resources, mineral products, chemicals, food, drugs, edible wine, tobacco, building materials, media of transportation, cultural products, precious metals, and education. Enterprises listed in the invested controlled business list need to pass the examination of relevant government departments before applying for the issuance of investment licenses. Enterprises engaged in the activities exceeding the investment-controlled business list do not need to apply for an investment license. After investment registration and filing, they shall carry out operations in accordance with the *Enterprise Law* and other relevant provisions. Enterprises that invest in general business fields have unlimited investment periods, except where the investment periods are limited by regulations of the competent authorities.

Investment procedures for the activities in the list of investment-controlled businesses are illustrated as follows.

(1) Investors will receive an investment license and enterprise registration certificates within 25 working days after submitting a complete investment application to the One-stop Service Office.

(2) The One-stop Service Office shall submit the application documents to the competent department of the relevant department and the local administrative department for comments within 2 working days and give feedback about the comments in writing within 8 working days. Any response within this period shall not imply its implicit consent;

① Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/start-up-business/one-stop-service/controlled-business-list/>

(3) After getting the opinions of the relevant departments, the One-stop Service Office shall review and put forward suggestions for implementation within 10 working days, and issue the Enterprise Registration Certificate within 5 working days.

(4) If the investor fails to pass the examination, the one-stop service office will inform the investor of the examination result in written form within 3 working days.



Investment Practice

Laos intensively inspects and closes the illegally established foreign-funded enterprises^①

In January 2019, based on national security, social order and environmental protection, the Laos government issued a list of the controlled businesses, illustrated the corresponding competent departments clearly in the list. However, as of June, there were still some foreign enterprises that had not registered as required or even failed to obtain basic business licenses.

As a result, Laos launched compliance checks on foreign-funded enterprises extending 135 days. The foreign-funded enterprises that do not hold a business license will be fined by 10 million Kip. These enterprises have 90 days for rectification. If they still fail to obtain a business license 90 days later, they will be further fined by 10 million Kip and suffer from permanent closure. The foreign-funded enterprises operating outside the approved scope of business will be fined by 3 million Kip. The fined enterprises must promise to adjust their business license according to their actual business fields. Failure to do as the requirements will result in a fine of 5 million Kip and the possibility of permanent closure.

In addition, Laos will also check whether some foreigners are engaged in commercial activities reserved for Laos citizens and consider expelling foreigners engaged in commercial activities reserved for Laos citizens.

① It is adapted from The Laotian Times, Laos Cracks Down on Illegal Foreign-owned Businesses.

Comment: Laos has a relatively large number of regulated and reserved industries. It is suggested that enterprises shall carefully study the market regulations before entering Laos, abide by the relevant laws and regulations, and operate their enterprises legally.

Franchise investments. Franchise investment businesses include the businesses authorized by the government in accordance with laws and regulations to be developed and operated by investors, especially land franchising, special economic zone development, export, mining, electricity development, etc.

The investment period shall be determined according to the investment scale, investment conditions and feasibility study report of the project. Generally, the investment period shall not exceed 50 years. The period of franchise investment may be extended according to the relevant law and the approval of the government or parliament or provincial assembly.

Application requirements: legal entity; Certified by relevant authorities, with relevant experience and performance; It is in good financial condition or has a source of funds certified by domestic or foreign financial institutions; Other conditions stipulated by relevant laws shall be met.

Application documents shall include an investment application, investor's resume, ID card, no criminal record and passport copy. If the investor is not the person with the highest post in charge of the company, the letter of authorization from the shareholder or the company representative is also required. Joint venture agreement is also needed. Feasibility study report or business plan required shall include investment objective, investment estimation value, project address, operation schedule, project effectiveness, the demand for labor and land lease or licensing requirements, financial, technical and economic feasibility, estimated benefit sharing, management plans and procedures, financial support documents, investment incentives requirements, environmental, social and natural impact assessment reports, proof of financial position or supporting documents issued by financial institutions, certified financial statements for the past 2 years, and articles of incorporation in accordance

with a standard form.

The investment procedures for investing in a franchise business shall be as follows. The investor shall obtain the investment license within 65 working days from the date when the one-stop service office of investment receives the complete application. The main procedures shall include.

(1) The One-Stop Service Office shall send the application documents to the relevant departments and local administrative departments for comments within 2 working days, and give feedback the comments in writing within 30 working days. Any response within this period shall not imply the implicit consent.

(2) The One-Stop Service Office shall, on the basis of the written comments of the related authorities, make recommendations to the Investment Promotion Management Committee within 30 working days for consideration and approval.

(3) Upon approval in principle by the Investment Promotion Management Committee, the One-Stop Service Office shall hold a negotiation meeting with the investors on the relevant MOU or agreement, with the participation of the relevant authorities and local governmental organs, and then report to the Investment Promotion Management Committee for the signing of the MOU or agreement. The competent authorities of the planning and investment departments with the investors shall be authorized signatories of the government. After signing the Memorandum of Understanding or Agreement, the investor shall complete deposits in accordance with the provisions of the Memorandum of Understanding or Agreement, and then carry out data collection, feasibility study and natural-social-environmental impact assessment in accordance with the provisions.

(4) The One-Stop Service Agency shall notify the investor in writing for approval within 3 working days. Investors should respond in writing within 10 working days upon receipt of the One-Stop Office notice. The negotiations for memorandums of understanding or agreements

shall be held within 30 working days upon the notification issued by the One-Stop Service Office. No response from investors indicates that investors give up the right to invest tacitly.

(5) After signing the Franchise Agreement, the One-Stop Service Office shall issue the investment license within 3 working days.

(6) If the investor fails to pass the examination, the One-Stop service office will inform the investor of the examination result in written form within 3 working days.



Special Reminder:

The investors may transfer the franchise business to another investor subject to the following conditions: obtaining the approval of the government or provincial capital management authority, complying with the provisions of Paragraph 1 of Article 16 of the *Investment Promotion Law*, assuming financial and other obligations in accordance with the agreement and the provisions of laws and regulations, no involvement in judicial proceedings, no bankrupt declared by the court.

3.2 Foreign Investment Incentives

According to the information released by the Ministry of Investment Promotion in Laos, the investment incentive policies in Laos are divided into three parts, industrial incentives, regional incentives and tax-related incentives.^①

Industry Incentives

Industries that encourage foreign investment in Laos involve in the following aspects.

(1) High and new technology, scientific research, development, innovation, environmental protection, efficient use of natural resources and energy;

(2) Clean agriculture, non-toxic agriculture, seed production, animal breeding, cultivation of cash crops and plants, forestry development, environmental and biodiversity conservation, rural

① Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/why-laos/incentive/>

development promotion and poverty reduction activities;

(3) Environmentally friendly agricultural products processing industry, handicraft industry based on national traditions and unique handicrafts; eco-tourism and cultural and historical tourism industries that are environmentally friendly and sustainable;

(4) Education, physical education, human resources development and skilled labor development, vocational training institutions or centers, education, production of sports equipment;

(5) The construction of modern hospitals, pharmaceutical factories and medical equipment factories, and the production and treatment of traditional medicines;

(6) Investment, services offering and development of public infrastructure to address urban traffic congestion and overpopulation in residential areas;

(7) Developing supporting infrastructure for agriculture and industry, goods transportation, transit and international services;

(8) Policy banks and microcredit institutions that focus on poverty reduction and communities with limited access to finance;

(9) A modern commercial center to promote domestic products and world-famous brands, and an exhibition center and exposition for domestic industries, handicrafts and agricultural products.

Regional Incentives

According to the degree of economic development and infrastructure quality, the Laos government divides the country into three types of areas and formulates differentiated preferential policies for investment. The investment in the three types of areas can enjoy the profit tax preferential policies, and the exemption of lease fees and concession fees differently to some extent. Investment in encouraging industries in these regions also offers additional tax exemptions on profits.

Laos has divided incentives for investment areas into three categories: poor and remote areas

in the first category where the socio-economic infrastructure is not conducive to investment, areas in the second category where the socio-economic infrastructure is conducive to investment, and special economic zones in the third category.

Table 3-1 Regional Incentives

	Profits tax incentives	Free of state-owned land rent or land franchise fees
The first category area	They will be exempt from profits tax for 10 years. Investments in the industries of clean agriculture, non-toxic agriculture, agro-processing, education and health will be exempt from profits tax for an additional 5 years.	10 years free of state land rent or land franchise fees. Investments in clean agriculture, non-toxic agriculture, agro-processing, education and health industries will receive an additional five years free of state land rent or land franchise fees.
The second category area	They will be exempt from profits tax for 4 years. Investments in the industries of clean agriculture, non-toxic agriculture, agro-processing, education and health will be exempt from profits tax for an additional 3 years.	5 years free of state land rent or land franchise fees. Investments in clean agriculture, non-toxic agriculture, agro-processing, education and health industries will receive an additional 3 years free of state land rent or land franchise fees.
The third category area	Profits tax incentives are granted if specific SEZs regulations are met.	-



Special Reminder:

In November 2016, the Laos government amended the *Investment Promotion Law*, introducing 32 new clauses and amending 59 existing clauses. The new law (in English) is available at www.investlaos.gov.la. The new law expounds investment incentives, transfers responsibility for special economic zones from the Prime Minister's Office to the Ministry of Planning and Investment, and removes strict registered capital requirements for starting businesses. Foreigners may invest in any sector or enterprise unless the government considers that the investment is harmful to national security, national traditions, or adversely affects the natural environment.

Tax-related Incentives

Tariff and VAT incentives. In addition to the profits tax incentive, investors will receive the following tariff and value-added incentives:

(1) The imported materials and equipment that cannot be supplied or produced in Laos constitute the fixed assets of the Company, and the imported machinery and vehicles directly used in production will be exempted from customs duties and VAT. The imported fuels, gasoline, lubricating oils, administrative vehicles and other materials shall comply with the relevant laws. The temporary import of machinery and vehicles directly used in production shall comply with the provisions of the relevant laws.

(2) The raw materials, minerals, equipment and spare parts used in export production will be exempted from customs duties and VAT. If the product is not an export product, the customs duties and related taxes shall be paid; the related laws and regulations shall be abided by closely.

(3) Domestic raw materials, equipment and parts used in finished products and semi-finished products for production will be exempted from VAT.

Tax Preference For Import and Export. Enterprises can enjoy tariff, consumption tax and business tax reduction and exemption for import and export related products, as detailed in the following table.

Table 3-2 Tax Preferences for Import and Export of Enterprises

Product category	Tax incentives
Raw materials, semi-finished products and finished products used for sale in Laos	Reduction or exemption of import duty, consumption tax and business tax
The semi-finished products within insufficient quantity in Laos.	Import duty and business tax can be halved within 5 years at the highest normal rate.
Insufficient quantity or substandard quality parts in Laos certified and approved by relevant authorities	The parts duty and excise duty are levied in accordance with the rates in the ASEAN Uniform Tariff Catalogue
The raw materials, semi-finished products or finished products are sold abroad after processing.	Imports and exports tariff, consumption tax and sales taxes can be exempted.
Equipment and machine parts imported with the approval of the Ministry of Planning and Investment of Laos	Exemption from import duty, consumption tax and business tax
The inexistent fixed assets or existent but substandard fixed assets in Laos, imported with the approval of the Ministry of Planning and Investment of Laos or relevant departments	The first import duty, consumption tax and business tax will be exempted.
Vehicles imported with the approval of the Ministry of Planning and Investment of Laos or relevant departments (such as trucks, bulldozers, trucks, buses with more than 35 seats and some certain specialized vehicles)	Exemption from import duty, consumption tax and business tax

3.3 Special Economic Zones

According to the *Decision of the Prime Minister of the Lao People's Democratic Republic on Special Economic Zones and Specific Economic Zones* promulgated by Laos in 2010 (Prime Minister's House No. 443), Special Economic Zones are designated nationwide by the government as new economic development zones covering an area of more than 1,000 hectares, with special preferential policies and independent economic and financial systems. In order to attract investment and accelerate economic development, the Laos government has also established Specific Economic Zone like Industrial Zones, Export Production Zones, Tourist Cities and Urban Areas, Bonded zones, High-tech Information Development Parks and Border Economic Zones.

There are two main forms of investment in special economic zones:^①

(1) General investment: developers and investors can invest all departments within the special economic zones, except the activities prohibited by government (weapons, drugs, toxic chemicals trading, damage to the environment, the activities of the people's life and property, the service rules and regulations not conducive to the service, breach of the peace, neatness and beautiful national and local culture). The general investment will not get any incentives from special economic zones.

(2) Encouragement of investment: according to the regulations of the Special Economic Zone Management Committee or the Economic Management Committee, investment is mainly encouraged in the electronic industry, the production of modern construction equipment, production process, tourism area infrastructure, health production and processing of scientific and new technology research. Agricultural products, organic products, export production, forestry, schools, hospitals, parks and other investment activities are deemed appropriate supported by SEZs

① Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/start-up-business/special-economic-zone/>

Table 3-3 Part of Special Economic Zones and Specific Economic Zones in Laos^①

Special Economic Zones/ Exclusive Economic Zones	Name	Investment amount	Developers	Preferential policies and location advantages	Investment projects
Special Economic Zones	Savan -Seno Special Economic Zone	74 million dollars	The Laos government	<p>1. Land rent: 0.3 US\$/m²/ year;</p> <p>2. Electricity charge: 0.088 US\$/kwh;</p> <p>3. Water rate: 0.68 US\$/m³;</p> <p>4. Tax incentives:</p> <p>① The services industry will be exempted from corporate profits tax for 2 to 10 years, after which it will be taxed at 8% or 10%, depending on invested capital.</p> <p>② The trading industry will be exempted from corporation profits tax for 2 to 5 years, after which 10% corporation profits tax will apply.</p> <p>③ Industry will be exempted from corporation profits tax for five to 10 years, after which 8% corporation profits tax will apply.</p> <p>5. Location advantage: the project is located close to the East-West Economic Corridor and the No. 9 Road of the second part of the Laos Second Friendship Bridge.</p>	<p>1. Banks, financial institutions, insurance; 2. Tourism promotion; 3. Hotel, catering; 4. Gambling industry, entertainment center, sports center;</p> <p>5. Vocational training center, exhibition center;</p> <p>6. Real estate leasing; 7. Hospitals and schools;</p> <p>8. Duty free shops; 9. Duty free trade in transit;</p> <p>10. Import and export business; 11. Commodity Exhibition Center; 12. Supermarket chains; 13. Wholesale and retail stores; 14. Transport; 15. Logistics; 16. Warehouse, cold storage; 17. Electric wire manufacturer; 18. Food processing plants;</p> <p>19. Wood processing plants; 20. Textile mills;</p> <p>21. Automobile assembly plants and other electronic parts assembly plants.</p>
	Golden Triangle Special Economic Zone	86.6 million dollars	Laos government, Goldkapok International (Hong Kong) Co., Ltd.	<p>1. Location advantage: the project is located at the border of Thailand and Myanmar.</p>	<p>1. Infrastructure construction; 2. Agriculture, aquaculture and light industry; 3. Hotel industry;</p> <p>4. Tourism and special performances; 5. Golf courses; 6. Education centers and medical institutions; 7. International Trade Centre; 8. Construction industry; 9. Banking, insurance and finance; 10. Postal, communications, advertising and printing industries; 11. Freight and passenger transport; 12. The entertainment industry; 13. Catering industry; 14. Warehousing, duty-free shops and duty-free areas.</p>

① Promotion Management Committee of Laos Economic Zone: <http://www.laosez.gov.la/>; Laos Investment Promotion Department: <http://investlaos.gov.la/>

Continued

Special Economic Zones/ Exclusive Economic Zones	Name	Investment amount	Developers	Preferential policies and location advantages	Investment projects
Special Economic Zones	Vientiane Saysetha Comprehensive Development Zone	128 million dollars	Laos Vientiane Municipal Government, Yunnan Overseas Investment Co., Ltd	1. Location advantage: the project is located in the center of the capital of Vientiane.	The overall function is defined as “One city and Four Districts”, namely, the Industrial Ecological New City of Vientiane, the Carrying Area for International Production Capacity Cooperation, the Demonstration Area for China-Laos Cooperation in Development, the Core Area of the New City of Vientiane, and the Livable Area for Harmonious Living Environment. With manufacturing industry as the leading role and real estate development and comprehensive service industry as the support, build an industrial system of “One Body and Two Wings”. According to the development mode of “Industrial Development Zone + Vientiane New City”, the development zone will be developed in three phases. The first phase covers an area of about 4 square kilometers, mainly used for developing the industry. The second phase and third phase will be used for logistics, trade, tourism and real estate.
	Xieng Khouang Special Economic Zone	-	Phosi Goup	-	The special zone has set up four functional sections, “new cultural capital, new ecological city, new tourism city and new industrial city”. The planned projects include urban construction, development, management, investment attraction and operation, as well as exploration and mining rights of 500 km ² of mineral resources. The planned population is 500,000- 800,000.
	Champasak Special Economic Zone	100 million dollars	-	-	Functioned as a service special economic zone, it aims to promote investment in light and heavy industrial sectors as well as related services, with major facilities including airports, casinos, hotels, guesthouses and tourist attractions.

Continued

Special Economic Zones/ Exclusive Economic Zones	Name	Investment amount	Developers	Preferential policies and location advantages	Investment projects
Special Economic Zones	Luang Prabang Special Economic Zone	1.2 million dollars	Phosi Goup	-	With a view to attracting more trade and tourism investment through a single window service, it will be designed as a new city with a wide range of investment coverage, including real estate development, international high school, medical center, shopping malls, banks and financial institutions, hotels, entertainment venues, sports center, cultural center, etc.
Special Economic Zones	Boten Beautiful Land Specific Economic Zone	5 million dollars	Yunnan Haicheng Group	1. Location advantage: the project is located in a superior geographical location, adjacent to the Road A3 highway (Road A3), which is a strategic route connecting ASEAN with China, South Korea and Japan.	1. Agriculture, aquaculture and industry; 2. Cultural resort centers, five-star hotels, hotels; 3. Golf courses and tourist attractions; 4. Education and training center; 5. Business Center; 6. Finance, banking, international trade; 7. Postal and telecommunication services; 8. Warehousing.
Special Economic Zones. Exclusive Economic Zone.	Vientiane Industrial and Trade Park	12.9 million dollars	China Taiwan NamWei Development Co., Ltd., Laos Government joint venture	1. Land rent: 0.025 -- 0.06 US\$ /m ² / month; 2. Electricity charge: 0.059 -- 0.065 US\$ / Kwh; 3. Water rate: 0.25--0.35 US\$ /m ³ ;	1. Industry (textile, footwear, clothing manufacturing, IT); 2. Trade (wholesale, trading, catering); 3. Services (training centers, hospitals, schools, hotels, construction).
Special Economic Zones	Phoukhyo Specific Economic Zone	7.08 million dollars	Laos Private Enterprises	1. Electricity charge: 0.06--0.08 US\$ / Kwh; 2. Water rate: 0.07-0.79 US\$ /m ³ ; 3. Tax incentives: ① The finance, education and public health sectors will be exempted from corporate profits tax for three to six years, after which a corporate profits tax of 3 to 4% will be levied.	1. Export processing industry, building materials manufacturing industry; 2. Tourism and water parks; 3. Hotel and folk custom accommodation; 4. Sports Center; 5. Golf courses; 6. Fitness center; 7. The airport; 8. Road construction; 9. Vocational schools, kindergartens, primary schools and middle schools; 10. Art Center; 11. Three-star to five-star hotels; 12. Recreation Center.

Continued

Special Economic Zones/ Exclusive Economic Zones	Name	Investment amount	Developers	Preferential policies and location advantages	Investment projects
Special Economic Zones. Exclusive Economic Zone.	Phoukhyo Specific Economic Zone	7.08 million dollars	Laos Private Enterprises	<p>②The tourism, sports and agriculture sectors will be exempted from corporate profits tax for three to seven years, after which a corporate profits tax of 4-5% will be imposed.</p> <p>③Trade, transport and services will be exempted from corporate profits tax for three to eight years, after which a corporate profits tax of 5-6% will be imposed.</p> <p>④The light industry sector will be exempted from corporate profits tax for three to nine years, after which a corporate profits tax of 6-7% will be imposed.</p> <p>⑤The industrial sector will be exempted from the corporation profits tax for 3-10 years, after which a corporation profits tax of 7-8% will be imposed.</p>	<p>1. Export processing industry, building materials manufacturing industry; 2. Tourism and water parks;3. Hotel and folk custom accommodation; 4. Sports Center; 5. Golf courses; 6. Fitness center; 7. The airport; 8. Road construction; 9. Vocational schools, kindergartens, primary schools and middle schools;10. Art Center; 11. Three-star to five-star hotels; 12. Recreation Center.</p>
	Thatluang Lake Specific Economic Zone	16 million dollars	China Shanghai Wanfeng Real Estate Co., Ltd	<p>1. Location advantage: the project is located in the center of the capital of Vientiane.</p>	<p>1. Embassy area (embassy office area, luxury stores, entertainment center, five-star hotel, convention and exhibition center); 2. Financial District, Trade Zone;3. Hospitals and schools;4. Real estate (traditional residential areas, modern residential areas);5. Tourist area; 6. The golf course.</p>
Special Economic Zones. Exclusive Economic Zone.	Longthanh-Vientiane Economic Zone	10 million dollars	Vietnamese Private Enterprise	<p>1. Location advantage: The project is located along the 450YearRoad in the capital of Vientiane, 400 meters away from Laos Friendship Bridge and 16 kilometers away from the Center of Vientiane.</p>	<p>1.The golf course; 2. Five-star hotels;3. Luxury apartments for rent; 4. Conference Centre; 5. Sports Center;6. Trade Centre;7. Medical centres; 8. Kindergarten; 9. The hotel;10. Parking lot</p>
	Dongphosy Specific Economic Zone	50 million dollars	Malaysian Private Enterprise	<p>1. Location advantage: The project is located along the 450YearRoad in the capital of Vientiane, 400 meters away from Laos Friendship Bridge and 16 km away from the Center of Vientiane.</p>	<p>1. Catering and retail industry; 2. Trade Building;3. Large shopping malls; 4. Financial Centers; 5. The hotel; 6. The warehouse;7. Retail market;8. House rental; 9. Junior colleges and vocational schools; 10. Service area and medical area.</p>

Continued

Special Economic Zones/ Exclusive Economic Zones	Name	Investment amount	Developers	Preferential policies and location advantages	Investment projects
Special Economic Zones. Exclusive Economic Zone.	Thakhek Specific Economic Zone	80 million dollars	The Laos government	<ol style="list-style-type: none"> 1. Land rent: 0–0.19 US\$ /m²/ month; 2. Electricity charge: 0.059 -- 0.065 US\$ / Kwh; 3. Water rate: 0.05 US\$ />m³; 4. Location advantage: The project is located along the 450YearRoad in the capital of Vientiane, 400 meters away from Laos Friendship Bridge and 16 kilometers away from the Center of Vientiane. 	<ol style="list-style-type: none"> 1. Trade service area, dining area, banking, financial office building, media center; 2. Star-rated hotels and entertainment venues; 3. Logistics industry, warehouse; 4. Passenger services, stations, taxis; 5. Conference Center, IT Service Center; 6. Commercial buildings, villas and residences; 7. Gymnasium, swimming pool, residence; 8. Kindergartens, primary and secondary schools, vocational schools; 9. Administrative office buildings, office buildings; 10. Green areas, gardens, parks.

Investors can find the latest information on SEZs policies at the Management Committee for the Promotion of SEZs in Laos (www.laosez.gov.la) and the Ministry of Investment Promotion in Laos (investlaos.gov.la).



Investment Practice:

The Special Economic Zone in Laos has attracted many foreign enterprises^①

According to the Laos *People's Daily*, by February 2020, there were 12 Special Economic Zones in Laos, which had attracted 806 enterprises, with 26.34%, 25.26% and 48.4% of enterprises investing in industry, trade and service fields, respectively, with an actual investment of 5.69 billion US\$. A total of 349.14 billion Kip (about US\$ 39.23 million) was paid in taxes, providing employment for 55,771 employees, including 12,596 Laos employees.

Nikon, a Tokyo-based Japanese multinational, has set up a new factory in the Savan-Seno Special Economic Zone to strengthen the production organization of its digital SLR camera and cut costs. Other Japanese enterprises, such as Toyota, have also moved factories to Laos.

Comment: The preferential policies of the special economic zones in Laos have made remarkable achievements, attracting a large number of foreign enterprises to settle down, which not only provides a large number of jobs for Laos, promotes the overall development of the local economy, but also saves a lot of costs for the enterprises themselves. However, at present, the formulation and implementation of administrative laws and regulations of Special Economic Zones in Laos are still not sound. The supply of labor is also insufficient. Therefore, the investing enterprises need to fully investigate the actual conditions and make sufficient preparations.

① It is adapted according to The Nation Thailand, a Laos People's Daily (pasaxon).



Industrial Development

4.1 Development Planning

Ten-year Social and Economic Development Strategy (2016–2025) and Vision 2030^①

According to the *Vision 2030*, Laos will become a middle - and high-income developing country by 2030, achieve steady and sustainable economic growth and independent finance. Gradually, a socialist market economy system will take shape successfully.

According to the Ten-Year Social and Economic Development Strategy (2016–2025) and Vision 2030, the Laos government will strive to promote continuous economic growth. By 2025, Laos's GDP is expected to have quadrupled compared with 2015, with an annual growth rate of at least 7.5%, including an average growth rate of 3.2% in the agriculture and forestry sector and 8.9% in the service sector. The growth rate of the industrial sector will double 9.3% from 2015. The total export of goods and services will account for no less than 15% of GDP. At the same time, the government plans to raise taxes to 19-20% of GDP and spend around 25% of GDP.

2021–2025 Social and Economic Development Plan^②

In January 2021, the 11th National Congress of the Laos People's Revolutionary Party

① Laos Department of Planning and Investment: https://rtm.org.la/nsedp/documents/vision2030-and-10-year-socioeconomic-dev-strategy-2016_2025-lao

② Laos Department of Planning and Investment: https://rtm.org.la/wp-content/uploads/2019/11/2019-RTIM-Pre-Consultation-on-NSEDP-and-State-Budget-Plan_Initial-Concept-of-the-9th-NSEDP_English.pdf

adopted the 9th National Economic and Social Development Plan for 2021–2025, putting forward the following goals for the next 5 years. First, maintain high-quality, stable and sustainable economic growth. Second, strengthen personnel training, improve the quality of personnel, enhance scientific research capacity, improve the level of science and technology, increase the added value of goods and services. Third, improve people’s living conditions practically and surely. Fourth, balance environmental needs and reduce the risk of natural disasters. Fifth, the government will strengthen infrastructure construction, effectively utilize potential, opportunities and locations, and participate in regional and international cooperation and integration. Sixth, improve the efficiency of state management and administration; realize an equal, just and orderly society in which the rights of the people are protected through law.

4.2 Key Industries

The Energy Industry

Laos is rich in energy resources, like hydroelectric, wind, solar, bioenergy and coal, generating 30,000MW of energy, according to official statistics.^① As of December 2020, Laos had a total of 78 hydropower stations, 1 thermal power station, 4 biological power stations, 5 solar power stations and 4 wind power stations. According to the report made by Organization for Economic Cooperation and Development, hydropower accounts for 86% of electricity production in Laos.^② Laos has been called as the “ASEAN battery”. Two-thirds of Laos’s electricity is exported to Thailand, Vietnam and Cambodia. The demand continues to grow.^③

In 2021, Laos ranked 3rd in Asia in terms of its share of renewable energy resources (hydroelectric, solar, wind, etc.), only next to the inland countries Nepal and Bhutan.^④

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

② The report made by Organization for Economic Cooperation and Development: <https://www.oecd.org/dev/asia-pacific/saeco-2019-Lao-PDR.pdf>

③ Laos Department of Planning and Investment: <http://investlaos.gov.la/why-laos/why-laos/>

④ The World Bank: https://www.sohu.com/a/452770493_436794

Mining Industry

According to a report of Laos *Economic and Social Newspaper* on November 18, 2020, as of November 2020, Laos possessed 570 explored mining areas, covering an area of 162,104 square kilometers, accounting for 68.46% of the country's land area. The main minerals include gold, copper, silver, tin, coal, bauxite, gypsum, lime, iron, precious stones, salt ore, potassium salt, zinc, lead, nickel, manganese and so on. In the first 10 months of 2020, Laos' mining industry, a key sector supported by the government, achieved 7.7 trillion Kip (about US\$ 885 million), up to 71% of the annual target. It is expected to reach 10.8 trillion Kip (about US\$ 1.241 billion) in the yearly mining industry.

By November 2020, there were 214 geological survey and mineral development companies in Laos, with 319 approved projects covering an area of 7.28 million hectares, accounting for 30.75 percent of the country's land area. Among them, there are 21 companies with 28 projects which are carrying out geological survey business. There are 70 companies with 83 projects which are carrying out exploration business. There are 43 companies with 67 projects which are carrying out project feasibility study. Moreover, there are 80 companies with 141 projects which are carrying out ore mining and processing. Domestic mineral trade is mainly concentrated in gold, silver, copper and other fields.

Agriculture

As one of the pillar industries of Laos' economy, agricultural output value accounted for 15.29% of GDP in 2019.^① Laos is rich in natural resources. In terms of land, agricultural land accounts for more than 1/10 of its land resources. The pH value of the land ranges from 5 to 7, suitable for planting most crops. Among them, the plain area is suitable for planting the main food crop rice. The mountainous and plateau areas in the north and central south are suitable for planting cash crops, including coffee, tea and tobacco. In terms of water, Laos relies on rainy

① Statista Database: <https://www.statista.com/statistics/804979/share-of-economic-sectors-in-the-gdp-in-laos/>

season rainfall and the Mekong River for irrigation, which is rich in water conservancy and irrigation resources. However, except the planting industry, the development of fishery and animal husbandry is relatively slow. The fishery mainly relies on the Mekong River for aquaculture and sells its own products within the territory. Animal husbandry is mostly small-scale, dispersive breeding.

According to the *Laos People's Daily*, under franchise, as of October 2020, 1,562 domestic and foreign companies have invested a total of US\$ 4.2 billion (with registered capital of US\$ 2.6 billion) in Laos' agriculture and forestry sector, with a land area of 208,000 hectares. The main investors include EU countries, China, Vietnam, Thailand, Japan, Malaysia, Indonesia, South Korea and France. Among them, China ranks first, with 239 companies and a total investment of about US\$ 590 million. Vietnam is second, with 60 companies and investment amount totaling about US\$ 270 million. Thailand is the third, with 60 companies and investing more than US\$ 200 million. In 2020, the largest export of agricultural products from Laos is sugar cane, which exports 300,000 tons to China, followed by cassava, corn, bananas, watermelon, etc.

Tourism

Since the reform and opening up of Laos, tourism has become an emerging industry in the economic development of Laos. Luang Prabang in Laos and Wat Phu Temple in Pakse County have been listed on the World Cultural Heritage List. Other famous scenic spots include Vientiane That Luang Stupa, Jade Buddha Temple, Khumpaping Waterfall in Champasak and Kwang Si waterfall in Luang Prabang. In recent years, Laos has opened 15 tourist ports and signed cooperation agreements with more than 500 foreign tour companies to boost tourism. The sustainable development of tourism can be promoted by increasing investment in tourism infrastructure, reducing visa fees and relaxing border tourism procedures.

In May 2013, Laos was named the *World's Best Tourist Destination* by the Council of the European Union. According to a report by Economic and Social Daily of Laos, the number of

South Korean tourists in Laos exceeded 200,000 for the first time in 2019, ranking the 4th among foreign tourists to the Laos (after Thailand, China and Vietnam).

4.3 Foreign Investment

According to World Bank data, the overall trend of foreign investment in Laos was increasing trend until 2017. But it has declined for two consecutive years since then, with foreign direct investment in Laos reaching US\$ 755 million in 2019.

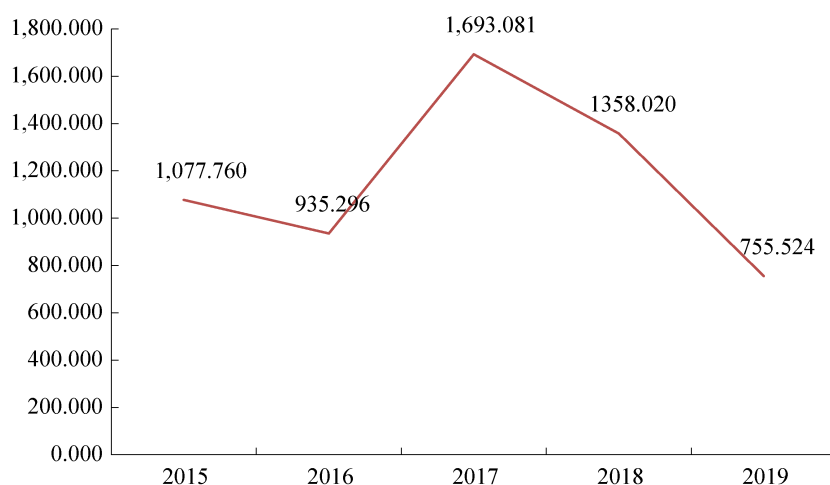


Figure 4-1 Absorption of foreign investment in Laos from 2015 to 2019 (unit: US\$ million)^①

Foreign Capital Sources

As of 2019, China, Thailand, France, Vietnam and Japan were the main sources of accumulated foreign investment in Laos, according to the Laos Bureau of Statistics. Among them, China's cumulative investment in Laos amounted to US\$ 1.072 billion (46.18%), Thailand US\$ 722 million (31.14%), France US\$ 440 million (18.95%), Vietnam US\$ 65 million and Japan US\$ 22 million.^②

^① The World Bank: <https://data.worldbank.org/cn/indicator/BX.KLT.DINV.CD.WD?locations=LA&view=chart>

^② Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>

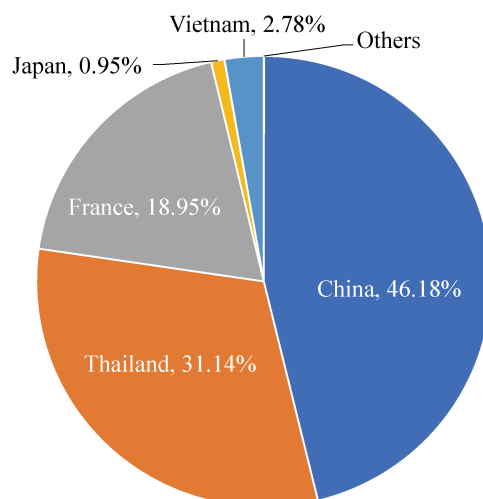


Figure 4-2 Origin of Laos' accumulated FDI in 2019

Industry Distribution of Foreign Investment

According to the Laos Bureau of Statistics, as of 2019, the power industry has attracted the most foreign capital in Laos fields, with a total of USD1.217 billion, accounting for 52.43%, followed by the mining industry, which attracted USD1.006 billion, accounting for 43.32%.^①

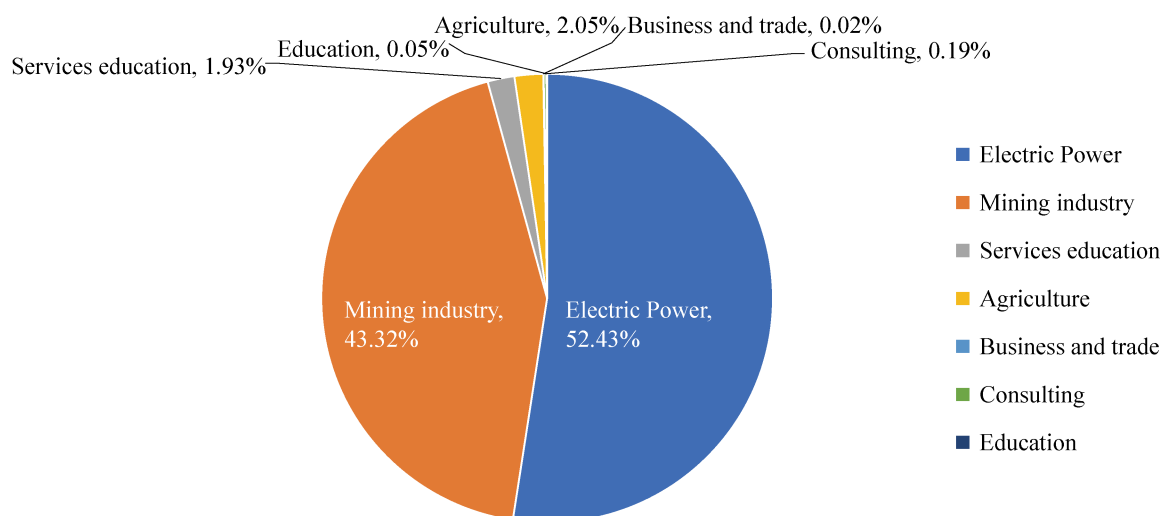


Figure 4-3 Industry Distribution of Accumulated Laos' FDI in 2019

^① Bureau of Statistics of Laos: <https://laosis.lsb.gov.la/tblInfo/TblInfoList.do>



Start a Business

5.1 Registering a Business

Competent Authorities

The Ministry of Industry and Trade and One-stop Services Office shall be responsible for the enterprise registry.^①

Entity Types.

According to the Laos' *Enterprise Law*, the forms of entities that foreign investors may establish shall include sole proprietorship, partnership, limited company, joint venture, representative office and branch office.^②

Registered Representative Office. According to the *Investment Promotion Law*, the establishment of a representative office shall be submitted to the One-Stop Service Office. The One-Stop Service Office shall review and issue the establishment certificate of the representative office within 15 working days upon receiving the application.

Register Other Types of Entities. An application for registration should be made to the Business Registration Administration Office under the Ministry of Industry and Trade (or

^① Ministry of Investment Promotion in Laos: <http://investlaos.gov.la/about-us/committee-for-investment-promotion-and-management-cipm/>

^② CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

Department of Industry and Trade of the province/municipality) of Laos. In general, the enterprises with large registered capital must be registered at the central office. The provincial office shall be responsible for the general enterprise registration, and the municipal office shall be responsible for the sole proprietorship enterprise registration.

Documents Required for Registration. To register a sole proprietorship, you need to prepare an application form for individual business registration and a list of business activities to be operated. The registration of partnerships, limited companies, associated enterprises and branches shall be completed with the establishment agreement, application for registration, articles of association, and the scope of business to be operated.

5.2 Project Contracting

The foreign investors who contract projects in Laos must register a company in Laos or contract projects in the name of a foreign company. Foreign natural persons are not allowed to contract projects in Laos.^①

Acquiring Information

Information on tender projects in Laos shall be published in major newspapers. For projects financed by the state, the bidding information shall be issued by the relevant competent departments. The municipal infrastructure management departments of each province and city shall be responsible for releasing the development strategies and bidding project information of their respective regions.

Bidding type

Projects assisted by international organizations such as the World Bank and the Asian Development Bank, as well as projects invested by some countries, shall adopt the method of bidding. Other general projects are mainly in the form of bid negotiation.

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

Licensing system

Major projects require project owners to submit to the Laos Prime Minister's Office for approval. The contract agreement and construction of the project can only be signed after the project passes the review of the Laos Prime Minister's Office. The project supervision unit shall be decided by the project owner. The construction unit may recommend the project supervision unit to the project owner.

5.3 House Leasing

You can choose to rent villas, apartments and office buildings in Laos. In addition, villas can meet the needs of office and accommodation at the same time, which is favored by most investors. Generally, the first floor is used as office and the second floor is used as accommodation. There are few real estate intermediary stores in Laos. Some tourism companies and consulting companies also have the business of renting and selling houses. Generally, housing rental information can be obtained through the following ways.^①

Search engines. Use search engines or social software such as Google or Facebook to search for rental information in Laos.

Field visits Laos has a small land area and small cities. Field visit is an effective way to obtain real rental information. Most listings are posted on telephone poles or buildings along the road, with contact information for agents or owners.

Buy the Yellow Pages of telephone numbers at a bookstore or market in Laos for the latest rental information and other related life information.

Renting websites. Enterprises can view the latest rental information by looking through the following rental intermediary websites.

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

Table 5-1 Some of the intermediary platforms for renting houses in Laos

Agent Name	Contact Information
RentsBuy	Telephone: + 856-21-263219/20 Website: rentsbuy.com Address: Phonthan Rd, Building No. 2, Building No. 01, Phontan Village, Xaisettha District, Vientiane, Laos
Dot Property	Website: www.dotproperty.la
Wegofa	Telephone: +856-21-416686 Website: www.wegofa.com Address: Avenue Kaysone Phomvihane Ban Phonesa at Village Xaysetha District Vientiane Capital Laos

5.4 Opening a Bank Account

Different types of business entities require different materials to open a bank account.^①

Documents Required for a Legal Entity Registered In Laos to Open a Bank Account: Business License, Tax Registration Certificate, Investment License (if any), Corporate Legal Person Identity Card, Account Opening Authorization Letter (if required), and the ID Card of the person handling the account.

Materials Required for Opening a Bank Account In The Project Department Set Up By a Foreign Company In Laos Include: the following aspects, the project contract signed with the owner (copy); business license, tax registration certificate, organization code certificate, legal person identity certificate of the superior unit of the project (copy and affixed with the official seal of the superior unit), approval of the establishment of the project department (original), owner's business license, tax registration certificate, investment license (if any), company legal person identity certificate (copy and affixed with owner's official seal), ID card of project department leader, ID card of handling person, and an authorization to open an account.

Materials Required for The Opening of a Bank Account of a Representative Office: the approval of the Laos government on the establishment of a representative office (original), the approval of the foreign parent company on the establishment of a representative office, foreign

^① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

parent company business license, tax registration certificate, organization code certificate, legal person ID card (copy with the official seal of the superior unit), the identity certificate of the person in charge of the representative office and the identity certificate of the agent, an authorization to open an account (if required).

5.5 Employee Recruitment

Laos employees are roughly recruited through 3 channels: traditional online recruitment, fresh graduate recruitment, and headhunting recruitment.

Table 5-2 Laos' Employee Recruitment Channels

Channels	Company/university	Website
Traditional online recruitment	108Jobs	108.jobs
	LaosJOB	www.laosjob.net
Fresh graduate recruitment	National University of Laos	www.nuol.edu.la
	University of Health Science	www.uhs.edu.la
	Rattana Business Administration College (RBAC)	www.rbac.edu.la
Headhunting	Horton International	www.hortoninternational.com/global-offices/laos/en
	Chalre Associates	www.chalre.com/about.htm
	Laos HR Services	asiapacconsulting.com/lao-hr-services.html

5.6 Financing

Bank Loans^①

It is stipulated in Article 13 of the *Law on Investment Promotion* of Laos that foreign and Laos investors equally enjoy financial services provided by major Laos commercial banks and other financial institutions both at home and abroad. However, Laos commercial banks are generally small in asset scale and weak in capital strength, which cannot satisfy the capital needs

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

of major projects.

In addition to commercial banks, there are three additional small loan institutions in Laos, including deposit type micro-financial institutions, non-deposit type micro-financial institutions, and credit cooperatives. However, these institutions feature weak borrowing power, a limited number of borrowers and high loan interest rates. Generally, they can only help enterprises solve the short-term capital liquidity problem.

Bond Issuance

Enterprises in Laos can raise funds by issuing bonds, the interest rate and redemption period of which are determined by the issuer. However, as of April 2021, what appeared on the list of bonds at the Laos Securities Exchange were all bonds issued by the central government, and no corporate bonds were listed for trading.^①

Listing on the Exchange

Enterprises in Laos can also raise equity finance through the capital market. Generally, local Laos enterprises or foreign-funded enterprises registered in Laos can be listed on the Laos Securities Exchange in about 3 months as long as the materials they submit are complete and conform to the requirements of the central bank, the Securities and Exchange Commission and other regulatory authorities of the country. Enterprises can view the regulations regarding listing on the exchange on the website of Laos Securities Exchange (www.lsx.com.la/rules/regulations/listPosts.do?lang=en).^②

① Laos Securities Exchange: <http://www.lsx.com.la>

② Laos Securities Exchange: <http://www.lsx.com.la/rules/regulations/listPosts.do?lang=en>

5.7 Applying for Patents and Registering Trademarks

Enterprises or individuals need to submit applications for patents and registered trademarks to the Intellectual Property Office of the Laos Ministry of Science and Technology.

Application for Patents^①

In Laos, there are two main approaches to applying for a patent:

(1) Through the *Patent Cooperation Treaty* (“PCT”). PCT patent applications are divided into international and national phases. The international phase includes international acceptance, international search, international publication, preliminary examination and other steps. It takes about 48 months to obtain the patent right through this approach.

For a patent application that is made to Laos through the PCT approach, the applicant can submit the application within 30 months of the international application’s entering the national stage of Laos or of the earliest priority date (if priority is claimed). Currently, 90% of patent applications in Laos are made by foreign enterprises to Laos through the PCT approach.

(2) By submitting a patent application. The application documents mainly include: the patent application (including abstract, claims, specifications, drawings, etc.), patent title, names of the applicant, inventor, designer or agent (in the case of a foreign company, an agent should be authorized), and other documents specified. After the decision on granting the patent is made, the applicant should undergo the patent granting formalities, and pay 300,000 Kip to the Intellectual Property Office. It takes about 60 months to obtain the patent right through this approach.

The substantive examination of patents is made by China, the European Union, WIPO, Singapore, etc. under the authorization of the Laos Intellectual Property Office, and international

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

search is made. However, the examination and search costs, with an amount of 400,000 Kip, shall be borne by the applicant.

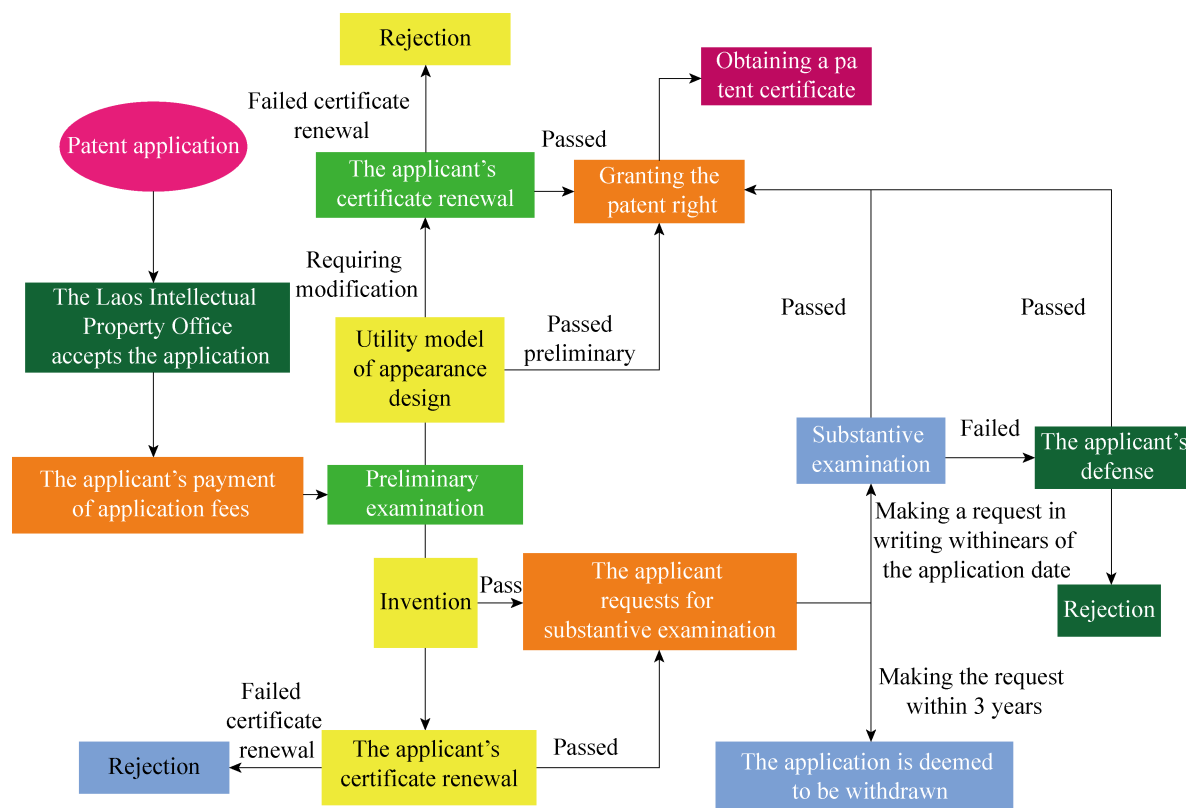


Figure 5-1 Patent application process in Laos^①

Registration for Trademarks

The application materials include: the trademark registration application, letter of authorization, trademark sample, trademark use regulations, priority use right certificate, payment slip, and other documents.

① Laos patent application process: <http://www.zhongxingipr.com/news/zl/1911.html>

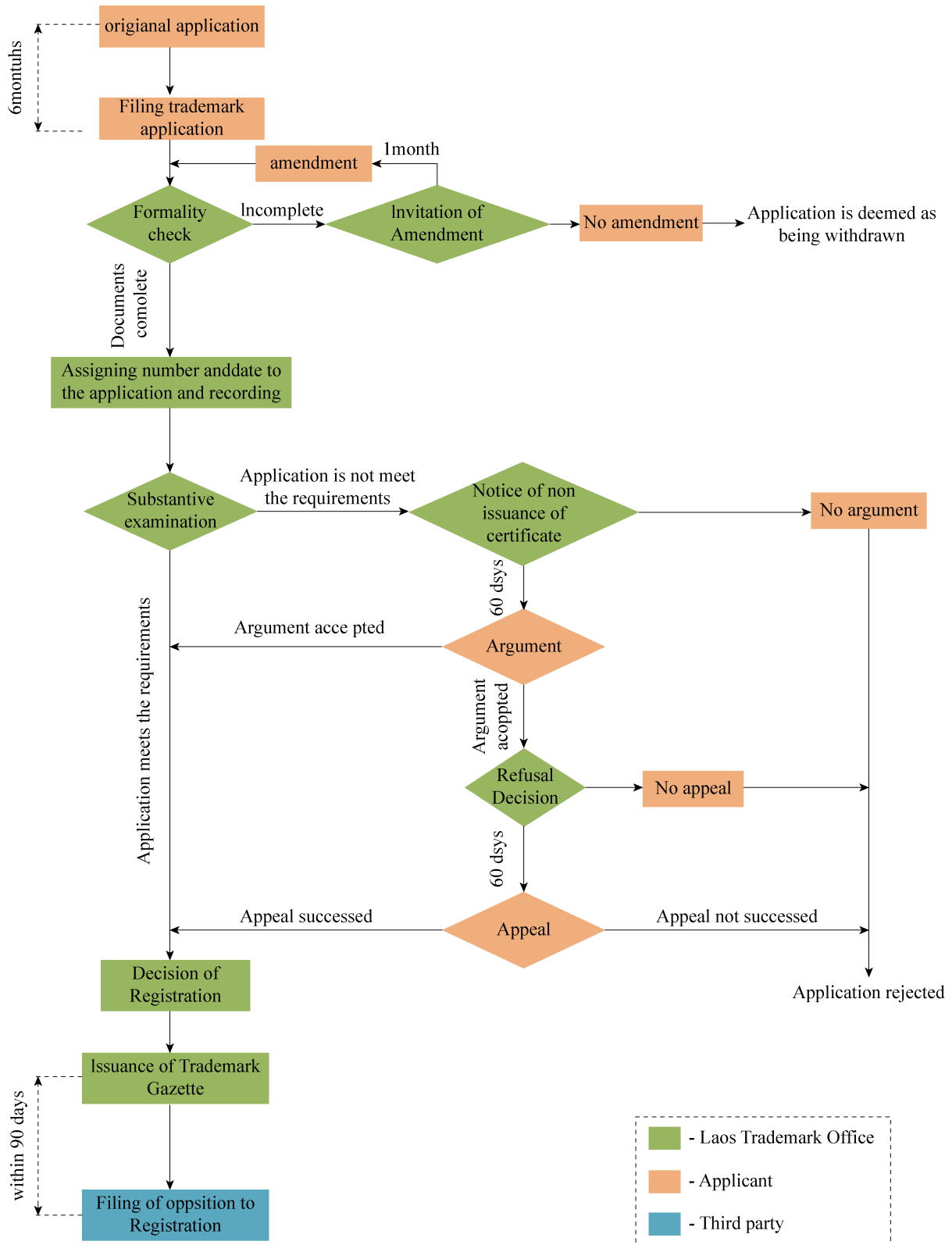


Figure 5-2 Application process for trademark registration in Laos^①

① Actip: <http://actip.com.vn/uploads/14724-TRADEMARK%20FLOW%20CHART%20IN%20LAOS.pdf>

5.8 Tax Payment

Tax Declaration

Taxes shall be declared not later than December 31 each month. The profit tax shall be paid on a quarterly basis, and the personal income tax paid monthly.

Tax Declaration Channels

According to Laos laws, enterprises are required to directly pay taxes to the tax registration authorities in the jurisdiction of these enterprises. Enterprises can declare taxes^① through the Laos Tax Department.

Electronic tax filing steps: user registration; obtaining taxpayer identification number; tax filing.

Tax Declaration Data^②

When paying taxes in Laos, enterprises are required to submit the following related materials: tax statements, invoices, foreign investment permits, business licenses, business operation permits, etc.

Table 5-3 Declaration of major taxes in Laos

Tax		Filing date
Profit tax		The profit tax shall be paid quarterly in 4 stages: The first stage: not later than April 10; The second stage: not later than July 10; The third stage: not later than October 10; The fourth stage: not later than January 10 of the following year.
Income tax	Wage income	The monthly income tax will be calculated before wages are paid. The tax payment list shall be prepared and submitted to the local tax authorities prior to the 15th day of the following month for income tax withholding and payment.
	Lease income tax	The tax shall be declared to the local tax authorities within 10 days of receipt of the rent. The tax authorities will calculate the tax and issue the tax payment notice for tax payment.

① Laos Tax Department: <http://taxservice.mof.gov.la/websquare/websquare.do>

② CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

Continued

Tax		Filing date
Income tax	Other income taxes	These income taxes shall be declared to the tax authorities for calculation and deduction of the income taxes within 10 days following the date of actual tax payment.
VAT		The importer must pay the VAT when it submits the customs declaration form on the imported goods (items) to the customs inspection point. After the tax is paid in full amount, the goods can be transported from the inspection point. The manufacturer, service provider, importer and goods distributor that pay taxes on a monthly basis must submit tax returns to tax authorities in the place of registration not later than the 15th day of the following month.
Consumption tax		For all imported goods, a consumption tax payment statement must be submitted to the customs each time the goods are imported. The domestic producer, OEMs and tertiary industry operators must submit the consumption tax payment declaration form for the previous month to the local tax authorities not later than the 15th day of the current month.



Legal Provisions

6.1 Land

Competent Authorities and Relevant Laws^①

The Ministry of Agriculture and Forestry is the administrative department of agricultural land. The Ministry of Finance is the administrative department of construction land. Industrial land is administrated by the Ministry of Industry and Trade (its subsidiary the Ministry of Industry and Handicrafts). Land for national defense and public security is administrated by the Ministry of National Defense and the Ministry of Interior.

Relevant laws and regulations mainly include: the *Land Law*, the *Urban Planning Law*, the *Revised Land Law*, the *Regulations for the Implementation of Land Law*, the *Regulations of the Land Management Authority*, the *Ministerial Order of Urban Planning Regulations*, the *Notice on Land Survey*, the *Classification and Land Rights*, the *State-owned Land Use Plan*, etc.

Land Classification

Land in Laos is owned by the State, so land ownership cannot be traded. Only the land use right can be traded.

It is specified in Article 11 of the *Land Law* of Laos that the country's land is divided into

^① Legal Affairs Department of CCPIT, Studies on Laws of the “Belt & Road” Countries-Laos.

the following types: agricultural land, forestry land, construction land, industrial land, transportation land, cultural land, national defense, public security land, and water area land.

Provisions on Acquisition of Land by Foreign-funded Enterprises

In accordance with Article 132 of the *Land Law* of Laos, foreigners can purchase and own apartments in Laos. The land use right can be owned according to the land lease and concession agreement signed between Laos citizens and the government. The land use right shall have a maximum term of 50 years. It is up to the government or the National Assembly or the provincial people's parliament to decide whether to renew the term above.

6.2 Tax

Competent Authorities and Relevant Laws^①

The Tax Administration under the Ministry of Finance of Laos is the competent authorities of taxation and is mainly responsible for managing tax, formulating the revenue and expenditure plan, as well as checking and making statistics of taxation, etc. A unified national taxation system is implemented in Laos. Foreign enterprises and individuals pay the same taxes as Laos enterprises and individuals.

In February 2020, the new *Income Tax Law* of Laos (No. 67/NA Tax Law) came into effect. This law replaces the Tax Law (No. 70/NA) promulgated in 2015 and sets the latest rates for corporate and employee income taxes. It lowers the profit tax (PT) rates for small-, medium- and large-sized enterprises in most activities. Additionally, it optimizes the progressive rate of personal income tax (PIT) and increases the deduction base.

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

Tax System

In the Laos tax system, taxes are divided into direct and indirect taxes. Direct taxes are paid by individuals, companies and other organizations, including foreign companies or individuals earning income from Laos. Direct taxes mainly include profit tax, income tax, fixed tax, environmental tax, handling fees and service charges. Value-added tax and consumption tax are indirect taxes. The new Laos *Income Tax Law* stipulates that all companies established under Laos laws will pay relevant taxes, such as corporate profit tax, value-added tax, withholding tax and personal income tax.

Table 6-1 Laos' Major Taxes and Tax Rates

Tax type	Tax	Tax rate
Corporate profit tax	General activities (such as freelance, franchise), taboo, mining, securities transactions, use of new technologies and renewable energy, human resources, development, etc.	For general activities (such as freelance and franchise business), a cumulative tax fee (0-20%) is adopted; 22% for tobacco producers; 35% for mining activities; The tax rate for the first 4 years of securities trading is 13% and the subsequent tax rate is 20%; The tax rate for activities using new technologies and renewable energy is 7%; 5% for the tax of human resources development.
VAT	Import of goods and services, provision of goods and services in Laos, export of services	Paying 10% of the input price of products; For export of natural resources for non-finished products, the tax rate of 10% shall apply; for export of other goods, no tax will be levied.
Withholding tax	Share transfer, building/land/house transfer, online transactions, commission, intellectual property, consulting services, dividends, guarantee, rents, non-bank loan interests, agricultural land transfer, etc.	2% for share transfer, building/land/house transfer, and online transactions; 5% for commission, intellectual property, and consulting services; 10% for dividends, guarantee, rents, and non-bank loan interests; 1% for agricultural land transfer.
Personal Income Tax	Individuals who have lived in Laos for at least 183 days are taxed on all their income in Laos.	Levied at progressive rates: (Monthly income) 0% for US\$ 146; 5% for US\$ 146 to 562; 10% for US\$ 562 to 1,688; 15% for US\$ 1,688 to 2,813; 25% for US\$ 2,813 to 7,314; 25% for US\$ 7,314 or above;

Continued

Tax type	Tax	Tax rate
Consumption tax	A total of 15 goods and services, including fuel, wines (alcohol-contained), soft drinks, cigarettes, cosmetics, fireworks and playing cards, vehicles, motor boats, electrical appliances, game consoles, entertainment venue services, telecommunication services, lottery and gaming services, etc must be subject to consumption tax.	The specific tax rates vary from 10% to 110%.

6.3 Employment

Competent Authorities and Relevant Laws

The Laos Ministry of Labor and Social Welfare is the competent department in charge of labor employment and rights protection. The main laws include the *Labor Law*, the *Regulations on the Import and Use of Foreign Labor Services*, the *Insurance Law*, etc.

Main Clauses^①

Labor Contract. Labor contracts are generally in writing, and oral contracts can be signed for the day work and the work with small workload. A labor contract must specify the place of work, work scope, wage standards and other related benefits. Labor contracts are mainly divided into fixed-term labor contracts with a term of not more than 3 years and non-fixed labor contracts with a term of 3 years or above. Both the employer and the employee must confirm whether to renew the new contract within 60 days upon the expiry of the fixed-term contract.

Working Hours. The employees are engaged in ordinary work works 6 days each week and the duration of his work shall not exceed 8 hours a day or 48 hours a week. For the employees engaged in special work, such as radiation or infectious disease related work, work exposed to toxic fumes or odors and dangerous chemicals, underground or tunnel work or underwater or aerial work, work in abnormal hot and cold places, vibratory work, etc., the duration of his work shall not exceed 6 hours each day or 36 hours each week. An employer may requires workers to work overtime with the consent of the labor union or workers'

① Minister of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

representative. The overwork hours shall not exceed 45 hours per month or 3 hours per day. In addition to emergency situations such as disasters or huge losses to the employer, continuous overtime work is prohibited.

Salary payment.

The Laos government establishes different minimum wage standards for different types of jobs. There are two types of overtime pay. For those who work overtime on a normal working day, the overtime pay is equivalent to 150% of their daily wages in the daytime and 200% at night; for those who work overtime on legal and public holidays, the overtime pay is equivalent to 250% of their daily wages in the daytime and 300% at night. Night (22:00-5:00 next day) shift allowance is equivalent to 15% of the daily wage.

Medical insurance and social insurance. Employers and employees must purchase social insurance, pay social insurance premiums to the National Social Security Fund, and receive various social benefits in accordance with regulations. If social insurance premiums have not been paid or no benefits have been enjoyed although social insurance premiums have paid, the employer concerned must assume liability in accordance with the law. Employees must pay 5.5% of their monthly wages to the Social Security Fund, with a maximum limit of 4.5 million Kip (US\$ 494). An employer's contribution is 6% of its employee's salary.

Hiring Foreign Employees

As specified in the Decision on the *Introduction and Use Management of Foreign Workers*, migrant workers entering Laos must be in good health and have specific skills; organizations and individuals who need to introduce foreign workers must submit applications for introduction to the Labor Department of the Ministry of Labor and Social Welfare and indicate the required number, profession, time, etc.; upon approval, the employer must bring relevant materials to the Labor Department for worker registration (the materials include: registration application,

introduction approval letter, passport, health certificate, academic certificate or skills certificate, resume, labor contract, two photos); and the term of foreign workers working in Laos is six months or one year. Those who need an extension must go through the extension formality (the materials to be submitted include: extension application, employee evaluation and recommendation letters, work permits, tax payment certificates, etc.).

The *Foreign Investment Promotion Management Law* stipulates that the number of foreign workers, long-term workers and manual workers that a foreign investor employ shall not exceed 10% of the total number of employees in the enterprise, and the number of mental workers shall not exceed 20%; and the number of temporary workers shall be determined with the approval of relevant departments.



Special Reminder:

The Laos government has stipulated occupations reserved exclusively for Laos citizens, as shown in the table below.

Table 6-2 Occupations reserved for Laos citizens

Department	Occupation
Industrial and handicraft sector	Pottery; making gold, silver, copper and their products; handmade weaving and weaving embroidery; weaving and sewing in factories; making bamboo baskets and rattan mats; making Buddha statues and wood carvings; making toys; producing cotton or kapok clothing and bedding; blacksmiths; electric welders.
Financial sector	Sales of gold, silver, copper and other valuable items.
Business sector	Mobile and fixed retail; refined oil retail.
Financial sector	Financial supervision or provision of financial services.
Education sector	Teaching Laotian to foreigners.
Cultural sector	Traditional Laos musical instrument production; hand-lettered typesetting; design and production of various billboards; decoration of various places.
Tourism sector	Assignment of tour guides and tour guides.
Transportation, transport, post and telecommunications and construction sectors	Driving of transportation vehicles; driving of trucks (bulldozers, dump trucks, etc.) in the construction industry; operation of shovels, graders, rammers, and excavators; delivery of letters, newspapers, and documents; password related work; vehicle beauty.

Continued

Department	Occupation
Labor and social service sector	Ordinary workers, cleaners, security guards; providing housekeeping services for foreigners; beauty, perm and haircut; clerical and secretarial work.
Food sector	Production of rice noodle products.

6.4 Protection of Intellectual Property Rights

Competent Authorities and Relevant Laws

Established in 1991, The Intellectual Property Office of the Ministry of Science and Technology of Laos is responsible for intellectual property affairs such as patents and trademarks. The main laws include the *Trademark Registration Order*, the *Intellectual Property Law*, the *Patent, Petty Patent and Industrial Design Order*, etc.

Additionally, Laos joined the World Intellectual Property Organization (WIPO) in January 1995. As of 2020, the country had acceded to 4 international conventions, including the *Berne Convention for the Protection of Literary and Artistic Works*, the *Paris Convention for the Protection of Industrial Property*, the *Madrid Agreement Concerning the International Registration of Marks* and the *Patent Cooperation Treaty (PCT)*.

Applying for Patents and Registering Trademarks

Patent registration the first-to-file system is adopted in Laos for patent applications. If two or more persons apply for a patent for the same invention or creation, the patent right shall be granted to the person who have filed the application earlier or to the applicant with the earliest priority. The term of the Laos patent right is 20 years from the date of application, and each patentee shall pay an annual fee every year.

The patentee can be an inventor or designer, a co-inventor, a designer, or an employer. The use of a patent requires the consent of the patent owner. The patentee shall have the right to authorize others to use his patent and also has the right to bring a lawsuit against the person who

infringes his patent right.

The Laos patent system also includes petty patents and industrial design. Petty patents are of utility model ones and must be both original and practical. Industrial design is of design patent and must be original. The term of protection for a petty patent is 10 years (from the date of filing), and it can be extended once by 2 additional years. The patentee shall pay an annual fee each year. The protection period of industrial design is 15 years (from the date of application), and the owner of the industrial design shall pay an annual fee every 5 years.

Trademark Registration. The Trademark Division of the Laos Intellectual Property Office is responsible for trademark registration application and approval, and the use of trademarks is only limited to the territory of Laos. The applicant can make an application directly to the Trademark Office, or authorize an agency to process it. It takes an average of 12 to 16 months from the application to approval of each trademark. The term of protection is 10 years from the date of application and can be renewed for 10 additional years each time. The patentee shall pay a fee every 10 years. It is specified in the *Trademark Registration Order* that if the trademark is not used for 5 consecutive years or the trademark registration approval certificate becomes expired, the trademark registration will lose its validity.

Punishment Measures

As specified in Article 123 of the Laos Intellectual Property Law, no one may exploit another person's patent without the permission of the patentee; otherwise, it will constitute an infringement. There are six types of relief measures, namely reconciliation, mediation, administrative relief, relief through the Economic Dispute Resolution Committee, judicial relief, and international dispute resolution. In judicial relief, the people's court decides on the economic compensation to the patentee based on the loss of the patentee and the illegal benefits obtained by the infringer.

It is specified in Article 17 of the Laos Trademark Law that any organization or individual

that uses a registered trademark without the consent of the trademark owner or engages in unfair competitions related to the use of the trademark constitutes an act of infringement of the registered trademark rights. The trademark owner may seek rights remedies from relevant departments, and order the infringer to stop the infringement and to compensate for losses. A trademark owner can submit the evidence of infringement and request the Intellectual Property Office concerned to deal with any infringement dispute. The Intellectual Property Office will deal with such infringement dispute at the request of the owner. If mediation fails, the parties can file a suit to the court. The evidence regarding mediation by the Intellectual Property Office can be used as the basis for a court trial.

6.5 Import and Export Management

Competent Authorities and Relevant Laws^①

The Laos Ministry of Industry and Trade, with provincial and municipal departments of industry and trade and county-level industrial and commercial offices established under this ministry, is the competent authorities responsible for trade in Laos. Its main responsibility is to formulate and implement relevant laws and regulations, develop economic and trade ties and cooperation relationship with countries, regions and the world, manage import and export, border trade and trade in transit, manage markets, goods and prices, provide guidance to chambers of commerce or economic consulting agencies, and manage enterprises and product origin certificates. The Laos Customs is the organ responsible for the management of Laos' goods import and export, the investigation on and punishment against illegal trade, the sale of contraband, tax evasion, and the collection of taxes in accordance with the law.^②

The Regulations on the Uniform System and the Catalogue of Goods Subject to Import Tariff (December 1994), the *Goods Import and Export Administration Order* (October 2001), the *Tariff*

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

② Laos Ministry of Industry and Trade: <https://www.laotradeportal.gov.la/index.php?r=site/display&id=12>

Law (May 2005) and other laws and regulations have imposed regulations on the Customs' administration.

Import and Export Control

Table 6-3 Part of Singapore's import and export controlled articles

Type	Article
Goods banned for import	Five types of goods, namely guns, ammunitions, weapons and vehicles for wars; opium, marijuana, dangerous pesticides, bad games, and obscene publications, are banned for import.
Goods banned for export	Nine types of goods, namely guns, ammunitions, weapons and vehicles for wars; opium, hemp; animals and their products banned by law for export; logs, sawn timber, agarwood from natural forests; naturally picked dendrobium flowers and dragon's blood trees; rattan; saltpeter; antiques, Buddha statues, and ancient sacred objects, are banned for export.
Goods subject to export license management	A total of 25 types of goods require licenses for import and they include live animals, fish, aquatic organisms; edible meat and its products; dairy products; rice; edible grains, vegetables and their products; beverages, wine, vinegar; aquaculture feed; cement and its products; fuel oil; natural gas; damage to the chemical articles of the ozone layer and their products; biochemical products; medicines and medical equipment; chemical fertilizers; some cosmetics; pesticides, rodent poison, bacteria; sawn timber; logs and saplings; books, textbooks; unprocessed gems; silver bullions, gold bars; steel ; vehicles and their accessories (except bicycles and hand-held plows); game consoles; and explosives.
Goods subject to export license management	7 types of goods, including live animals (including fish and aquatic organisms); rice; shellac, resin, forest products; mineral products; wood and its products; unprocessed gems; gold bars, silver bars, require licenses for export.

Investors can visit the Trade Information Center of the Ministry of Industry and Trade of Laos to view the import and export license application procedures.^①

Inspection and Quarantine

It is required in Laos that the import of various animal and plant products must be quarantined by the Ministry of Agriculture and Forestry, and the characteristics of the imported products and relevant information of the importer must be inspected by the Customs.

Animal quarantine. According to the regulations on the animal quarantine in Laos, importers

^① Laos Trade Information Center: <https://www.laotradeportal.gov.la/index.php?r=SearchProcedure/index>

of live animals, fresh frozen meat and canned meat must apply for animal quarantine licenses from the Animal Quarantine Department of the Ministry of Agriculture and Forestry. When goods enter Laos, the animal quarantine officer stationed at the port shall check the animal quarantine certificate issued by the country of origin and the quarantine license issued by the Ministry of Agriculture and Forestry of Laos.

Plant quarantine. The Laos Ministry of Agriculture and Forestry is responsible for plant quarantine. Imported plants and their products must be inspected by the inspector at the border port of Laos, and the plant quarantine certificate issued by the relevant agency of the country of origin of the product must be presented.

6.6 Environmental Protection

Competent Authorities and Relevant Laws

The administrative departments of environmental management of Laos include five-level organizations including the Ministry of Natural Resources and Environment, offices dispatched by the Ministry, provincial/municipal natural resources and environment departments, county and village committees. These departments are mainly responsible for formulating and implementing environmental laws and regulations; studying analyzing and dealing with environmental protection issues regarding projects; issuing or confiscating environmental permits; guiding environmental assessments; conducting international cooperation in environmental protection, etc. The main environmental protection laws and regulations include the *Environmental Protection Law* (April 1999), the *Enforcement Order of the Environmental Protection Law*, the *Water and Water Resources Law*, the *Enforcement Order of the Water and Water Resources Law*, etc.^①

① Ministry of Commerce of China, Guide on Cooperation with Foreign Countries for Investors-Laos (2020)

Basic Points of Environmental Protection Laws and Regulations

Environmental protection regulations. Individuals or organizations must be responsible for the prevention and control of water, land, air, waste, toxic chemicals, radioactive materials, vibration, sound, light, color, and odor during the project. Dumping or discharging an excessive amount of sewage and wastewater into ditches, water sources, etc., is prohibited. Discharging of smoke, gas, odor, toxic chemicals and dust that exceed the air quality indicators is prohibited; production, import, use, transportation, storage and treatment of toxic chemicals or radioactive substances must be implemented in accordance with relevant regulations. Dumping garbage without authorization is prohibited. It is necessary to delimit or distinguish the waste dumping area before throwing away, burning, burying or destroying any waste. Importing, transporting, or moving dangerous goods across the water source area, territory or airspace of Laos is also prohibited.

Punishment Measures Individuals or organizations that violate environmental protection laws shall be educated and fined if light circumstances are involved; and may be punished in accordance with relevant civil and criminal laws if serious circumstance are involved.

Regulations on Environmental Assessment

On February 16, 2010, Laos revised the *Environmental Assessment Regulations* and divided all projects into two types. One includes small-scale investment projects and projects with small environmental and social impacts, which require only preliminary environmental assessments; the other is large-scale investment projects, including complex, significant environmental and social projects, which require environmental impact assessments.

Costs The costs are charged according to the project type and scale. There is no uniform charging standard, and both parties should negotiate on the costs.

Deadline. After the environmental impact assessment report is submitted to the Environmental Monitoring Center of the Ministry of Natural Resources and Environment, a reply will be given

within half a year. If the environmental impact is not passed, a second impact will be made.



Investment Practice:

Laos vigorously controlled agricultural environmental pollution^①

Agriculture in Laos is an important part of the country's GDP. However, its development lags behind on a relative basis and there is deficiency in agricultural management. Currently, there still exists air pollution, water pollution and soil pollution caused by agriculture. Agricultural air pollution in Laos is mainly caused by slash and burn. In March and April each year, the weather in Laos is relatively dry. Farmers are used to burning the dead branches and leaves on the cultivated land of mountain forests to improve soil quality and make natural plant ash as fertilizer. Although small-scale slash and burn produces a limited impact on the air, the large-scale one may seriously affect air quality and easily cause wildfires. At present, slash and burn has become one of the main sources of air pollution in Laos. The Laos government requires the local to conduct grid management, increase publicity, and make an attempt to end slash and burn. Individuals or organizations that commit such act shall be educated and fined if light circumstances are involved and will be prosecuted in accordance with relevant civil and criminal laws if serious circumstances are involved.

In addition, in order to increase output, some companies use environmentally harmful chemicals during the production process and discharge the untreated and uncontrolled sewage into the rivers nearby. This phenomenon is particularly evident in banana plantations in northern Laos, especially in Udumxay Province. In 2017, the Laos government announced a ban on the establishment of new banana plantations. In 2018, the Laos government conditionally opened banana plantations, requiring operators to ensure that they would not use harmful chemicals. In the same year, a foreign banana plantation repeatedly ignored local environmental protection requirements, and used and randomly discharged harmful chemicals into the surrounding rivers

① Edited based on the public reports by ASEAN Today and other media

when planting bananas, resulting in the death of a large number of fish, shrimp and crabs, and severe damage to the river ecosystem. The Laos government imposed heavy fines on the banana plantations and ordered them to restore the local ecological environment within 3 years.

Comment: According to the World Environmental Performance Index 2018, Laos is the country with the most serious environmental pollution among ASEAN countries. In recent years, Laos has paid more and more attention to environmental protection, and continued to increase its efforts on environmental protection supervision and law enforcement. Foreign-funded enterprises that is engaged in agricultural sector of Laos should introduce advanced agricultural planting technologies and concepts into the local, trying to avoid slash-and-burn cultivation, avoiding the possibility of fires while protecting the local environment while increasing output. In addition, it is necessary to fully understand the local environmental protection laws and regulations, increase the awareness towards environmental costs, and take into account environmental protection responsibilities while obtaining economic benefits.

6.7 Anti-commercial Bribery

Competent Authorities and Relevant Laws

The State Inspection and Anti-Corruption Agency (SIAA) of Laos is the main agency responsible for preventing and combating corruption. Other agencies include the Ministry of Public Security, the National Audit Bureau, the Supreme People's Procuratorate, the Supreme People's Court, and the Ministry of Justice, etc. The main law is the *Anti-Corruption Law*.^①

Punishment Measures

The *Anti-Corruption Law* strictly enforces the system of public officials' property disclosure to curb corruption, and stipulates that all types of public officials' property valued at 20 million

① Anti-Corruption Law: <https://www.ilo.org>Punishment measures

Kip, including land, real estate, vehicles, machinery, and All kinds of valuables, etc., must be declared. Additionally, this law also stipulates that offering and accepting bribes by employees of the companies operating in Laos all constitute corruption and are regarded as illegal acts.



Dispute Resolution

7.1 Judicial System

As a country with a civil law system, Laos adopts the statute law system, and all legal texts are promulgated and implemented in the society in a statutory form. The Laos Judicial System is mainly divided into general laws and special laws. General laws include the Constitution, laws, government regulations, and other laws that are used to manage the country, society, and the economy and are enforced on a nationwide scale or in a specific area but not for special subjects. Special laws are the laws governing the work of special subjects, such as government orders, regulations, and decisions on commendations, appointments, etc.^①

The judicial institutions in Laos include people's Courts and people's procuratorates.

As judicial organs of Laos, the people's courts at all levels in the country include Supreme People's Court, provincial people's courts, municipal people's courts, county-level people's courts and military courts. As the top judicial organ in Laos, the Supreme People's Court supervises the judgments of local people's courts and military courts.

People's Procuratorates are the public prosecution organs of Laos. There are people's procuratorates, provincial people's procuratorates, municipal people's procuratorates, county-level people's procuratorate, and military procuratorates.

^① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

7.2 Dispute Resolution

There are three approaches to resolving economic and trade disputes in Laos, namely litigation, arbitration, and mediation.^①

Litigation

Litigation is one of the main approaches to resolving disputes in Laos through judicial channels. The *Civil Procedure Law* of Laos stipulates that civil litigation is to resolve civil disputes between the parties through a court. They are mainly civil disputes concerning property rights, real rights, intellectual property rights, etc. and include trade cases, family cases, minor cases, and labor cases.

Trial Period. The *Civil Procedure Law* of Laos stipulates that the trial period of the first-instance court is 9 months; that of the appeal court is 4 months, and that of the final appeal court is 3 months. Each trial period can be extended for 3 months with the approval of the president. And the trial committee of the court may extend the duration according to the circumstances of the case. The statutory time limit for a case undergoes three-level court trials can be as long as 25 months, and exclude the suspension of various trial periods.

Statute of Limitations. Since Laos has not formulated a unified *Civil Code* yet, so there are differences in the statute of limitations for different laws. The *Law on Contracts and Tort Liability* (2008) stipulates that the statute of limitations for building contract disputes is 10 years, and that for other contract disputes is generally 3 years. The starting time of the statute of limitations is the date of termination of the contract or the date of loss. Under some special circumstances, the legal consequences of the suspension or interruption of the statute of limitations may arise. If an emergency or any other factor of force majeure prevents the right holder from claiming his rights, the calculation of the statute of limitations will be suspended. Where the emergency or factor of force majeure is terminated or disappears, the statute of

^① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

limitations will continue to be calculated.

Arbitration

The *Economic Dispute Resolution Law* stipulates that economic arbitration is a method of mediating or judging economic disputes outside the jurisdiction of a court; natural persons, legal persons or other organizations shall have the right to choose economic arbitration approaches to deal with economic disputes. However, any disputes involving national security, social stability or environmental protection may not be arbitrated, regardless of whether it violates the law or not. The arbitration means in Laos are mainly divided into domestic and international arbitration.

Arbitration Institutions. Economic disputes in Laos are arbitrated by arbitration institutions at the central and provincial levels. The central-level economic dispute resolution center is under the supervision and jurisdiction of the Ministry of Justice of Laos. It is an administrative agency affiliated to the Ministry of Justice, and has the dual functions of arbitration and mediation. Provincial economic dispute resolution offices are established in the departments of justice of Oudomxay Province, Luang Prabang Province, and Champasak Province, and fall under the jurisdiction of the Economic Dispute Resolution Center. In accordance with the *Economic Dispute Resolution Law*, both parties involved in a dispute shall submit an application for arbitration to a mutually recognized dispute resolution institution.

Hearing of Arbitration. The arbitration tribunal is composed of an odd number of arbitrators, which can be 3 or more. The list of arbitrators shall be provided by the arbitration institution. The arbitration tribunal shall issue an arbitration award within 3 months of its formation.

Enforcement of Arbitration Awards. The settlement agreement and the arbitration award of the parties in arbitration shall have legal effect, and the parties shall fulfill them within 15 days.

Both parties to the dispute may make an application to the court to revoke the arbitration award, or to the court to approve the arbitration award and issue an enforcement order. The court shall make a decision within 15 days from the date of acceptance.

If the court makes a resolution to revoke the award, the parties submit an application to the arbitration institution again for arbitration or file a lawsuit in the court. If the court issues a recognition resolution in the arbitration, the resolution may not be submitted to the higher court for appeal, but the parties shall have the right to make an application the Supreme Procuratorate for a retrial. If the statutory retrial conditions are met, the Supreme Procuratorate shall send the resolution to the Supreme Court for retrial; and if not, the resolution shall take effect and is sent for execution.

International Arbitration. In accordance with the *Economic Dispute Resolution Law*, upon any dispute arises among any individuals, legal persons and/or organizations engaged in trade and investment in Laos, both parties to the dispute shall have the right to select a foreign or international arbitration institution to resolve the dispute, including the right to select arbitrators and the arbitrations group, applicable laws, procedural rules, place and language of arbitration.



Investment Practice:

LAOS HOLDINGS N.V. vs. Laos Government^①

John Baldwin and Shawn Scott, two American entrepreneurs, began to get involved in the Laos casino and slot machine business in 2007, and established in the Antilles of Netherlands and Macau respectively headquarters LAOS HOLDINGS NV (hereinafter referred to as “LHNV”) and its subsidiary Sanum Investments (hereinafter referred to as “Sanum”) (the two are collectively referred to as the “plaintiff”). The plaintiff, through cooperation with ST Holdings, plans to set up two casino projects and three slot machine clubs on the border between Laos and Thailand. Through three years of cooperation, there occurred a conflict between the plaintiff and ST Holdings. The plaintiff claimed that ST Holdings had drawn in a series of Laos politicians through commercial bribery, and used methods such as imposing an 80% tax on the revenue

① Adapted from Case No. ARB(AF)/12/6 of the International Center for the Settlement of Investment Disputes (ICSID)

arising from the casino and conducting unfair and oppressive audits, intending to drive the plaintiff out of Laos.

In accordance with the Holland-Laos Bilateral Arbitration Agreement, the plaintiff initiated the International Center for the Settlement of Investment Disputes (ICSID) arbitration procedure against the Laos government. The Laos government believed that it would not bear any liability for this and should reject the plaintiff's request. One of the reasons is that the plaintiff's own commercial activities also involve bribery, embezzlement of public funds and money laundering. The plaintiff pointed out that the Laos government imposed no substantive punishment on the officials accepting bribes, which violated the law. In 2017, ICSID rejected the plaintiff's request for compensation and also stated that the Laos government did not file a lawsuit against those involved in corruption, which is disturbing.

Comment: In recent years, the number of arbitrations initiated by investors based on suspected corruption has continued to rise. Due to the high severity of such allegations, the arbitral tribunal needed "clear and convincing" evidence to identify corruption, and the standard of proof was more stringent. In this case, the plaintiff's evidence lacked clarity, and he made payment to the witnesses in the process of producing evidence, which was suspected of hampering judicial justice. Investors who invest in Laos should avoid such violations. In the event of government rent-seeking or officials' demanding bribes, investors should try their best to collect and retain clear, explicit and credible evidence, and promptly seek help from Laos disciplinary inspection departments or international organizations.

Mediation

In accordance with the *Economic Dispute Resolution Law*, mediation refers to the use of one or more mediators as intermediaries to assist both parties involved in a dispute to resolve the disputes peacefully through consultation and negotiation in a manner consistent with relevant laws and regulations. Both parties to the dispute can choose a mediator (mediators), but the

number of mediators or mediation committees must be odd. If one mediator is selected, both parties to the dispute must select a mediator within 5 days from the date of the decision. After the mediator is appointed, both parties to the dispute shall have the right to submit various issues, materials or evidence regarding the dispute to the mediator during the mediation period and seek a solution. The mediator must convene a meeting attended by the parties or their representatives within 15 days of appointment.

7.3 The International Commercial Dispute Prevention and Settlement Organization

Organization and Scope of Business

The International Commercial Dispute Prevention and Settlement Organization (hereinafter referred to as “ICDPASO”) is an international non-governmental and non-profit organization jointly initiated and established by China Council for the Promotion of International Trade (CCPIT) and China Chamber of International Commerce. In accordance with the concept of “Consultation, Contribution and Shared Benefits”, ICDPASO is composed of commercial institutions, trade associations, legal service providers as well as other entities in the field of international commerce around the world on the voluntary basis. On October 15, 2020, the Inauguration Ceremony of ICDPASO was successfully held in Beijing. At present, the secretariat of ICDPASO is officially operational.

ICDPASO is committed to providing the diversified services covering the international commercial dispute prevention and settlement, protecting the legitimate right of the parties, creating the business environment with high efficiency, fairness and justification, and facilitating the construction of a more justifiable and equitable international economic order. The headquarter of ICDPASO shall be located in Beijing, the People’s Republic of China.

The main organizational structures of ICDPASO include (1) the General Assembly of

Members; (2) the Council; (3) Secretariat; (4) Advisory Committee; (5) the Committee of Supervision; (6) the business departments which include publicity and training, compliance construction, bankruptcy reorganization, proof of foreign law, commercial arbitration, commercial mediation, investment disputes and other departments etc..

In accordance with the Charter approved by the First General Assembly, the Scope of business of ICDPASO includes: To provide the service of international commercial dispute prevention and settlement subject to the relevant laws, including but not limited to the following activities: publicity and training, dialogue and consultation, construction of compliance of laws and regulations, pre-caution measures, promotion of the standard contract and multi-mechanism of dispute settlement including arbitration and mediation, ect.; To organize international conferences and seminars, to build up the platform for sharing and communicating the information and sources; To collect the opinions, suggestions and interest requests concerning the international commercial dispute prevention and settlement, and to participate in the international events relating to the deliberation, adoption and modification of international rules under the auspices of relevant international institutions or organizations; To make the publication of the statistical data and survey report concerning the international dispute prevention and settlement, to strengthen the capability of managing the information and analyzing the Big Data with respect to the international commercial cases; To cultivate legal talents with international vision, to promote the sharing of experiences and business cooperation among commercial organizations, dispute resolution institutes, academic institutions and think tanks around the world, and to jointly maintain a fair and stable international business transaction environment. ICDPASO is committed to resolving disputes in advance through dispute prevention on the one hand, and providing one-stop dispute resolution services for parties through diversified dispute resolution methods on the other.

Suggestions for Dispute Prevention and Settlement

(1) Any differences or controversies arising out of or in connection with in a commercial contract shall be eliminated by the dispute prevention services provided by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”), including amicable consultation, early intervention, conflict avoidance panels and early neutral evaluation.

(2) All disputes arising out of or in connection with the contract, shall be referred to mediation administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Mediation Rules of ICDPASO in force at the time of filling application.

Any settlement reached in the course of the mediation shall be made a settlement agreement on agreed terms, all parties shall earnestly implement and comply with the award.

In case of failure of the mediation process, the disputes shall be referred to arbitration administered by ICDPASO in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application. The arbitral award is final and binding upon all parties.

(3) All disputes arising out of or in connection with the contract, shall be referred to and finally resolved by arbitration administered by the International Commercial Dispute Prevention and Settlement Organization (“ICDPASO”) in accordance with the Arbitration Rules of ICDPASO in force at the time of filling application.



Free Trade Agreements

8.1 Bilateral Free Trade Agreements

Currently, Laos has signed bilateral free trade agreements with Thailand (1991), Vietnam (2015), the United States (2016) and other countries.

8.2 Multilateral Free Trade Agreements

In July 1997, Laos formally acceded to the ASEAN, signed the *Framework Agreement on the ASEAN Investment Area*, the *ASEAN Trade in Goods Agreement*, and the *ASEAN Framework Agreement on Trade in Services*, and with the help of ASEAN and China, India, Japan, South Korea, Australia, New Zealand and other countries, concluded related free trade agreements. In 2013, Laos joined the World Trade Organization, becoming the 158th member of the organization. The country is entitled to preferential market access and privileges of trade in goods granted by the United Nations. On November 15, 2020, the ten ASEAN countries (Singapore, Indonesia, Malaysia, Thailand, Brunei, Cambodia, Laos, Myanmar, the Philippines and Vietnam) and 15 countries including China, Japan, South Korea, Australia and New Zealand formally signed the *Regional Comprehensive Economic Partnership Agreement (RCEP)*.

Table 8-1 Multilateral and bilateral free trade agreements signed by Laos

Bilateral Free Trade Agreements	Multilateral Free Trade Agreements
Laos-Thailand Trade Agreement	ASEAN-Australia-New Zealand Free Trade Area Agreement

Continued

Bilateral Free Trade Agreements	Multilateral Free Trade Agreements
Vietnam-Laos Trade Agreement	ASEAN-China Free Trade Area Agreement
Laos-U.S. Trade Relations Agreement	ASEAN-Hong Kong, China Free Trade Agreement
–	ASEAN-India Free Trade Area Agreement
–	ASEAN-Japan Comprehensive Economic Partnership Agreement
–	ASEAN-South Korea Free Trade Area Agreement
–	ASEAN Free Trade Area
–	Asia-Pacific Trade Agreement
–	Comprehensive Economic Partnership

8.3 Regional Comprehensive Economic Partnership (RCEP)

Among the multilateral and bilateral free trade agreements signed by Laos, the *Regional Comprehensive Economic Partnership Agreement* (RCEP) is one of the most important multilateral agreements.

Overview of RCEP

Sunday, November 15, 2020, the *Regional Comprehensive Economic Partnership Agreement* (RCEP) was signed by ten ASEAN countries as well as China, Japan, South Korea, Australia and New Zealand. This is the most important achievement made in the construction of East Asian economic integration program in the past 20 years, marking the official launch of the free trade zone with the largest population, the largest size of economy and trade, and the most potential for development in the world. Currently, the total population, total GDP and total exports of the 15 member states of RCEP account for about 30% of the global total respectively.

The RCEP Agreement consists of preamble, 20 chapters (including: initial clauses and general definitions, trade in goods, rules of origin, customs procedures and trade facilitation, sanitary and phytosanitary measures, standards, technical regulations and conformity assessment procedures, trade remedies, services trade, temporary flows of natural persons, investment, intellectual property rights, e-commerce, competition, small-and medium-sized enterprises, economic and

technical cooperation, government procurement, general terms and exceptions, institutional terms, dispute resolution, final clauses), and 4 attached market access commitment sheets (including: tariff commitment sheet, specific service commitment sheet, commitment sheet on investment reservation and non-conforming measures, and specific commitment sheet on the temporary flows of natural persons).

RCEP allows the unity of high quality and inclusiveness. The share of final zero-tariff products in goods trade will exceed 90% on the whole, and the overall opening-up of service trade and investment will expand significantly. Meanwhile, RCEP also takes into account the national circumstances of different countries and grants special and differential treatment to the least developed countries to promote the inclusive and balanced development of the regions. As a result, all parties can fully share the results of RCEP and significantly improve the level of economic integration in East Asia.

RCEP will promote the integration of regional industrial chains, supply chains and value chains, and also regional economic growth. The economic structures of RCEP members are highly complementary, with complete capital, technology, and labor elements in the region. RCEP has further relaxed the market access of goods, services, investment and other fields among member countries, gradually unified the rules of origin, customs procedures, inspection and quarantine, and technical standards, etc., significantly optimized the overall business environment in the region, greatly reduced the institutional costs of enterprises, strengthened the cooperation of members in the division of production, promoted the free flow of economic factors in the region, further enhanced the trade creation effect brought by the free trade agreement, and promoted the expansion and upgrading of the consumer market in the region. According to the calculations by an internationally renowned think tank, by 2025, RCEP is expected to drive the exports, foreign investment stocks, and GDP of its member countries to increase by 10.4%, 2.6%, and 1.8% respectively from the baseline.

Laos' Commitment to RCEP

SCHEDULE OF TARIFF COMMITMENTS. The base rates listed in the Schedule of *Tariff Commitments* reflect the tariff tax rates that take effect in the *Lao PDR's Customs Import Duties Order 2012*. The provisions of this Schedule are generally expressed in terms of the corresponding items in *Lao PDR's Customs Import Duties Order 2012*. This Schedule is based on the 2012 ASEAN Harmonised Tariff Nomenclature version of the national tariff nomenclature of Lao PDR. Laos shall, as of the effective date of the RCEP, grant concessions to the tariffs levied on the goods of origin under this agreement. Tariff lines indicated with “U” in each stage of reduction in this Schedule shall be excluded from any commitment of tariff reduction or elimination.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR SERVICES. The *Schedule of Specific Commitments for Services of Lao* adopts the positive list method, setting out specific commitments concerning national treatment,, prohibition of performance requirements, senior management and board appointments, etc.

Table 8-2 Schedule of Specific Commitments for Services

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment
Modes of supply: 1) Cross-border Supply; 2) Consumption abroad; 3) Commercial presence; 4) Movement of natural persons		
I. HORIZONTAL COMMITMENTS		
ALL SECTORS INCLUDED IN THIS SCHEDULE		
Land ownership	–	Non-Lao PDR natural and juridical persons are not allowed to own land but may own premises and lease land up to 75 years.
Subsidies and investment incentives	–	Unbound with respect to subsidies, investment incentives and other state support measures, eligibility for which may be limited to particular regions, categories of persons, or juridical persons.

① Schedule of Tariff Commitments Lao PDR: <https://rcepsec.org>
Schedule of Tariff CommitmentsLao PDR Headnotes: <https://rcepsec.org/>

Continued

Sector or Subsector	Limitations on Market Access	Limitations on National Treatment
Commercial presence	To establish a commercial presence, a services provider must be incorporated in specific legal form in accordance with laws and regulations of Lao PDR.	Foreign investors shall provide adequate training opportunities to Lao PDR nationals. Tax measures, generally pertaining to small and medium enterprises may result in a difference of treatment in favor of Lao PDR services and service suppliers.
Movement of natural persons providing services	Unbound, except for measures affecting the temporary entry and stay of natural persons who qualify under one of the categories referred to in Lao PDR's Schedule in Annex IV (Schedule of Specific Commitments on Temporary Movement of Natural Persons).	Unbound, except for measures concerning the categories of natural persons referred to in the market access column. Unbound for all measures relating to social insurance schemes including unemployment and pension benefits.
II. SECTOR-SPECIFIC COMMITMENTS		
1. BUSINESS SERVICES		
A. Professional Services		
a) Legal Services Legal services, excluding: - Participation in legal proceedings in the capacity of defenders or representatives of their clients before the courts of Lao PDR; - Legal documentation and certification services of the laws of Lao PDR (part of CPC 861)	(1) None (2) None (3) Foreign equity participation is limited to 49%. (4) Unbound, except as indicated in the horizontal section.	(1) None (2) None (3) Unbound Unbound, except as indicated in the horizontal section.
b) Accounting, auditing and bookkeeping services	(1) None (2) None (3) A joint venture with a Lao PDR national accountant who is a full member of the Lao Institute of Certified Public Accountants (LICPA) is required. (4) Unbound	(1) None (2) None (3) The majority of directors must be certified accountants who are Lao nationals. Unbound
c) Taxation Services Taxation consulting services	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.	(1) None (2) None (3) None Unbound, except as indicated in the horizontal section.
d) Taxation consulting services e) Engineering services f) Integrated engineering services g) Urban planning and landscape architectural services	(1) None (2) None (3) None (4) Unbound, except as indicated in the horizontal section.	(1) The service must be authenticated by an architect or engineer who has appropriate practicing certificate working in a juridical person established in Lao PDR. (2) The service must be authenticated by an architect or engineer who has appropriate practicing certificate working in a juridical person established in Lao PDR. (3) None (4) Unbound, except as indicated in the horizontal section.
.....		

Rights reserved or retained by Laos:

(1) The Government of Lao PDR prohibits business activities using Hazardous Chemicals Type I. Except for the activities relating to research, technology development, protection and prevention of danger which may arise against health, life, property, or environment and the use of national defense and public security activities, provided that such activities are approved by the Government of Lao PDR.

(2) According to the *Law on Bank of Lao PDR*, Article 24 states that the Bank of Lao PDR has the sole right to issue notes and coins (including paper money, money printing inks, money printing machinery, and coin smelting equipment, etc.) with the approval of the Government of Lao PDR.

(3) Investments in needlework with unique ethnic design by hand, not including industrial textiles and clothes manufacturing, are reserved for citizens of Lao PDR.

Investments in needlework with unique ethnic design by hand, not including industrial textiles and clothes manufacturing, are reserved for citizens of Lao PDR.

(4) Investments in small wood processing factories and businesses of manufacturing carved wood and wicker with unique ethnic sculpture are reserved for citizens of Lao PDR.

(5) Investments in businesses relating to local handicraft porcelain and ceramic products with unique ethnic design are reserved for citizens of Lao PDR.

(6) Investments in businesses of production of local handicraft jeweler products and related articles with unique ethnic designs are reserved for citizens of Lao PDR.

(7) Investments in exploitation of timber and non-timber forest products of national forests are reserved for domestic investors.

Forestry, logging and related activities are subject to specific approval by the Government of Lao PDR.

(8) The Government of Lao PDR defines reserved areas and protects some mineral resource

areas in accordance with the national social-economic development plan for exploration, planning development and mining operations, in support of the national interest and the sustainability of natural resources.

(9) Any foreign individual or organization with the aim of engaging in commercial ornamental fisheries such as aquaculture, breeding, propagation, and import shall seek approval of the relevant authorities in accordance with the *Law on Investment Promotion*.

(10) Investments in Guano (Bat Dung) businesses are reserved for domestic investors.^①

SCHEDULE OF SPECIFIC COMMITMENTS FOR INVESTMENT. This List sets out, pursuant to *Reservations and Non-Conforming Measures*, Lao PDR's existing measures that are not subject to some or all of the obligations imposed by *Article 10* of RCEP.

(1) In the case of joint ventures between domestic and foreign investors, the foreign investor is required to contribute at least 10% of the total capital.

(2) The registered capital of concession businesses shall not be less than 30% of the total capital. For general businesses, the registered capital shall comply with the *Law on Enterprise*.

(3) Foreign employees shall not exceed 15% for technical experts undertaking physical work and 25% for technical experts undertaking mental work of the total number of Lao workers in the enterprise. Working permission shall be obtained from the Ministry of Labor and Social Welfare.

(4) Foreign investors and their families have the right to reside within the territory of Lao PDR according to their terms of investment. Foreign technicians and experts have the right to reside in the territory of Lao PDR according to their employment contracts.

(5) Term of investment licenses

General business: The investment in general business has unlimited term of investment except for a business where the term has been determined in accordance with the laws and regulations of relevant authorities.

① Schedule of Reservations and Non-conforming Measures for Investment Lao PDR: <https://rcepsec.org/>

Concession investment: The term of investment in concession business depends on the type, size, investment value, and conditions of the concession activities based on relevant laws and regulations; it shall not exceed 55 years, but may be extended with the approval of the Government of Lao PDR or provincial authorities.

(6) A foreign investor is allowed to establish a joint venture on the following conditions: (a) that a domestic investor must be the owner and hold the joint venture's license; (b) the registered capital of the joint venture must be at least one billion Kip; and (c) the foreign investor shall hold not more than 20% of total shares of the joint venture.

(7) A foreign investor is allowed to establish a joint venture on the following conditions: (a) that a domestic investor must be the owner and hold the joint venture's license; (b) the registered capital of the joint venture must be at least one billion Kip; and (c) the foreign investor shall hold not more than 49% of total shares of the joint venture.

(8) An investor wishing to invest in agriculture activities with a government land concession, shall obtain an approval for primary data collection of land and project from the relevant competent authorities, following procedures as stipulated in relevant laws and regulations. Following the completion of primary data collection, the investor shall obtain an investment approval from relevant competent authorities, and sign a Memorandum of Understanding with the Government of Lao PDR.

Provincial competent authorities shall consider a request for: (a) A project with degraded forestland up to 150 hectares and with a lease or concession period not more than 30 years, which may be extended on a case-by-case basis; and (b) a project with barren forestland up to 500 hectares and with a lease or concession period not more than 30 years, which may be extended on a case-by-case basis.

Central competent authorities shall consider a request for: (a) A project with degraded forestland between 151 and 15,000 hectares and with a lease or concession period more than 30

years, but not exceeding 40 years, which may be extended on a case-by-case basis; and (b) a project with barren forestland between 501 and 30,000 hectares and with a lease or concession period more than 40 years, but not exceeding 60 years, which may be extended on a case-by-case basis.

(9) Investments in pesticide businesses are reserved for citizens of Lao PDR.

(10) The Government of Lao PDR reserves the right to adopt or maintain any measure with respect to an investor or investment in any activity related to fishery, including operation of capture fisheries in Mekong River and its tributary and reservoirs, except for the commercial aquaculture of fish and other aquatic fauna for trade and distribution which shall be licensed and registered in accordance with the *Law on Investment Promotion*.

(11) The following licenses issued by the Government of Lao PDR shall be obtained: (a) license for prospecting and exploration; and (b) license for exploitation and processing.

(12) The Government of Lao PDR reserves the right to adopt or maintain any measure with respect to an investor or investment related to requirements to supply exclusively from Lao PDR of products that such investment produces to a specific regional market or to the world market.

(13) A license issued by the Government of Lao PDR on oil and natural gas shall be obtained and production sharing contract with an investor must be used.

(14) A license issued by the Government of Lao PDR on oil and natural gas shall be obtained and production sharing contract with an investor must be used.

(15) The Government of Lao PDR reserves the right to adopt or maintain any measure with respect to an investor or investment related to Investment Incentive by Business Sector under the *Investment Promotion Law*.

(16) The Government of Lao PDR reserves the right to adopt or maintain any measure with respect to any sectors not identified in this Schedule and new sectors or industries.

Any sector classified in the ISIC Code version 3 as at the date of entry into force of this

Agreement shall not be considered a new sector or industry for the purposes of this entry.^①

SCHEDULE OF SPECIFIC COMMITMENTS ON TEMPORARY MOVEMENT OF NATURAL PERSONS. This Schedule sets out Lao PDR's commitments with respect to the temporary entry and temporary stay of natural persons of another Party. The temporary stay of business visitors is subject to a maximum duration of stay of 90 days. For the natural persons in the categories defined under intra-corporate transferees, temporary residency and work permit will be issued for 1 year. which may be renewed every 6 months for up to 3 years.^②

① Schedule of Reservations and Non-conforming Measures for Investment Lao PDR: <https://rcepsec.org/>
② Schedule of Specific Commitments on Temporary Movement of Natural Persons: <https://rcepsec.org/>



Support Measures against COVID-19

Financial Stimulus

On March 20, 2020, the Bank of Lao PDR (BOL) announced the adoption of a short-term loan support policy, reducing the reserve required from 10% to 8% of foreign exchange reserve, and the local currency reserved from 5% to 4% starting from April 2. On March 30, 2020, BOL reduced the policy interest rate for one-week loans from 4% to 3%; loans of one to two weeks from 5% to 4%; and loans of 2 weeks to 1 year from 10% to 9%. As of September 10, 2020, BOL had provided 200 billion Kip of low-interest SME loans through commercial banks, and was preparing to use 1.8 trillion Kip as low-interest bank loans for the economic and business recovery in the early stage of COVID-19.^①

Tax Relief Measures

On April 10, 2020, the Laos government issued tax relief measures in response to the

^① International Monetary Fund: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#K>

impact of the COVID-19 pandemic. The specific measures are as follows: starting from April to June 2020, micro-sized enterprises ^① can be exempted from income tax for 3 months. Enterprises that have paid income tax in advance in the aforementioned months can carry forward these payments for use next month. Employees with an income of 5 million Kip (US\$ 559) or less, whether in the public or private sector^②, will also be exempted from personal income tax (PIT) for 3 months (April, to June). Employees whose income exceeds this threshold will be entitled to the reduction of the first 5 million Kip (US\$ 559) and will be taxed at a progressive tax rate of 10-15%.^③

On April 22, 2020, the Laos Ministry of Finance issued Circular No. 1061/MOF, stipulating that taxpayer are exempted from penalties for late payment and tax payment. According to the notice, in April 2020, May to June 2020, enterprises that fail to declare taxes will be exempted from the fines.

① Note: Micro-sized enterprises are classified as businesses with 1 to 3 employees.

② Note: Enterprises that pay individual income tax in one lump sum are not covered by this tax exemption.

③ International Monetary Fund: <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#K>



Contact Information of Relevant Departments and Institutions

10.1 Contact Information of Government Departments and Related Institutions

Table 10-1 Contact information of some government departments and relevant institutions in Laos

Institution name	Telephone	Website
Parliament	+856-21-451889-90	www.na.gov.la
Prime Minister's Office	+856-21-218739	–
Ministry of Foreign Affairs	+856-21-415822	www.mofa.gov.la
Ministry of Finance	+856-21-911336	www.mof.gov.la
Ministry of Industry and Trade	+856-21-453493	www.moic.gov.la
Ministry of Public Security	+856-21-951084	–
Ministry of Justice	+856-21-911299	–
Ministry of Health	+856-21-911304, 911305	www.moh.gov.la
Ministry of Agriculture and Forestry	+856-21-412345	www.maf.gov.la
Ministry of Energy and Minerals	–	www.mem.gov.la
Ministry of Planning and Investment	+856-21-217012	www.investlaos.gov.la
Supreme People's Procuratorate	+856-21-252668	–
Supreme People's Court	+856-21-911289	–
Customs	+856-21-223519, 223520	laocustoms.laopdr.net
Ministry of Public Works and Transport	+856-21-412255	www.mpwt.gov.la
Bank of Lao P.D.R	+856-21-213109, 213110	www.bol.gov.la
Ministry of Natural Resources and Environment	+856-21-263799	www.monre.gov.la
Laos Statistics Bureau	–	laosis.lsb.gov.la

10.2 Contact Information of Business Association and Service Provider

Table 10-2 Contact information of some chambers of commerce, association and service providers in Laos

Institution name	Telephone	Website
Laos Trade Promotion Center	+856-21-216207, 241914	www.laotrade.org.la
Laos National Chamber of Commerce and Industry	+856-21-452579, 453311, 453312	www.lncci.laotel.com
Laos Joint Development Bank	+856-21-213531	-
Laos Securities Exchange:	+856-21-454361-4	www.lsx.com.la
Laos National Insurance Company	+856-21-215903	-



Frequently Asked Questions

1. What are the categories of work visas in Laos?

Depending on the purpose of visit and the length of stay, the visas that may be required for business investment in Laos include investment visa (duration of stay: 3 months, 6 months and 1 year), tourist visa (duration of stay: 30 days), and visa on arrival (duration of stay: 30 days), business visa (duration of stay: 30 days), labor visa (duration of stay: 2 years) and e-visa (duration of stay: 30 days), etc.^①

2. How to immigrate to Laos?

It is specified in Article 14 of the *Law on Laos Nationality*^② of Laos that Individuals requesting the Laos nationality must meet all the following conditions: have 18 years of age or more when requesting the Laos nationality; able to speak, read and write in Lao; possess evidence on their social and cultural integration, knowledge and respect of Laos traditions; be in good health; not under prosecution by the court to custody; agree to relinquish the original nationality; and have permanent residence in the Lao People's Democratic Republic continuously for ten years before requesting the Laos nationality.

3. How is Laos' education system?

According to UNESCO, the adult literacy rate in Laos is 84.66%. The male literacy rate is

① CCPIT, Guide on the Business Environment of Foreign Countries for Investors-Laos (2020).

② Law on Laos Nationality: <https://www.refworld.org/docid/3ae6b4f014.html>

89.96%, and the female literacy rate is 79.39%.

The Laos education system mainly includes: five-year elementary education (compulsory education), three-year middle school, three-year high school, and three to seven years of higher education. According to statistics from the Laos Statistics Bureau, as of 2019, there are 5 universities, 114 colleges, and 45 secondary technical schools in Laos.

4. How is Laos' medical and healthcare quality?

Laos hospitals are mainly divided into public and private hospitals. Laos citizens can enjoy free medical care in public hospitals. According to statistics from the Laos Statistics Bureau, as of 2019, there are 4,796 Laos central hospitals, scientific disease centers, regional hospitals, provincial hospitals, health centers, private clinics and other infrastructures, with a total of 12,179 beds.

Public hospitals in Laos have limited medical resources, and private hospitals and clinics are relatively small in size. There are 5 large-scale general hospitals with a high medical level in Laos, namely Mahosot General Hospital in Vientiane, Friendship Hospital in Vientiane, 103 Hospital in Vientiane, Setthathirat Hospital and Luang Prabang Provincial Hospital.

5. What are the main public transportations in Laos?

The main public transport modes in Laos include trains, aircrafts, highways, public buses, bicycles, and Tuk Tuk. Among them, Tuk Tuk is a tricycle converted from ordinary motorcycles, which is a very common short-distance transport mode in Laos.

6. How to buy a car in Laos?

Foreigners can buy new or second-hand cars in Laos, but it is more difficult for them to obtain license plates. Laos license plates are divided into 6 types, namely military and police license plates, government and administrative license plates, diplomatic agencies and state-owned

enterprises' license plates, private enterprise license plates, Laos individual residents' license plates and temporary license plates. Foreigners cannot obtain long-term legal license plates in their personal capacity and need to apply for license plates in the name of their employers.

A legal driver's license is generally required to rent a vehicle in Laos, and the leading company generally requires the driver to be 23 years or above. The average cost of renting a car is US\$ 334 per week.