



## U.S. Country Commercial Guides



**Lao PDR**  
**2020**

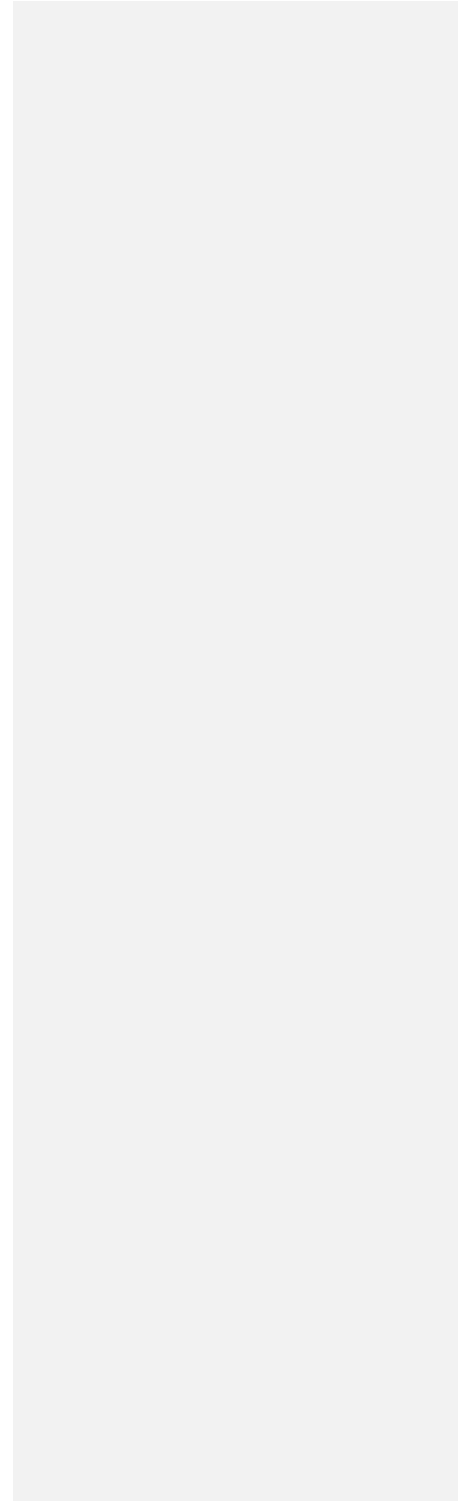
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## Doing Business in Lao PDR

### Market Overview

The Lao government's 2013 WTO accession and the creation of the ASEAN Economic Community (AEC) in 2015 led to major reforms of economic policies and regulations aimed at improving the business and investment environment. Additionally, rapid economic growth in neighboring countries such as China, Vietnam, and Thailand helped expand trade and investment in Laos. The Lao government is increasingly tying its economic fortune to ASEAN's economic integration, export-led development, and growing connectivity as Laos seeks to transform itself from "land-locked" to "land-linked."

Laos is one of the world's five remaining communist countries. The Lao economic model bears some resemblance to its Chinese and Vietnamese counterparts, in that it has implemented market-based economic practices while maintaining a high degree of state control and welcoming foreign direct investment (FDI). Laos is politically stable.

The growth model of Lao PDR traditionally relied on the exploitation of natural resources which increased pressure on the environment and led to unsustainable growth. The Lao Government is currently turning to a greener and more inclusive growth model, including nature-based tourism, long-term agriculture and forestry development, and other non-natural resource sectors.

Under the terms of the United States-Laos Bilateral Trade Agreement (BTA), which entered into force on February 4, 2005, the United States granted Normal Trade Relations treatment to products of Laos, and Laos committed to provide U.S. exports to Laos with preferential tariff rates on a range of products and to apply most favored nation (MFN) treatment to the remainder of those goods. Since 2005, trade increased from USD 14 million to USD 164.8 million per year in 2019. China, Thailand, and Vietnam are still the dominant trade and investment actors in Laos, with Malaysia, the Republic of Korea, France, Hong Kong, and the Netherlands also increasingly active. In 2018 Laos' bilateral trade was approximately USD 6.62 billion with Thailand (USD 2.29 billion in exports, USD 4.33 billion in imports), USD 3.46 billion with China (USD 1.91 billion in exports, USD 1.55 billion in imports), and USD 1.16 billion with Vietnam (USD 399 million in exports, USD 617 million in imports). These figures have likely grown, especially Lao imports from China as a result of massive Chinese FDI and the China-Laos Railway project.

Lao PDR's economic growth is starting to slow after years of growth. Laos' GDP reached USD 17.95 billion in 2018, a 6.3 percent growth rate, though the economy was down to 4.8 percent in 2019 due to natural disasters and is estimated to be in a downward trend at approximately 1 percent in 2020.

The Lao population remained steady at 7.16 million in 2019. More than two thirds of the workforce is employed in agriculture, mostly in small scale farming. The Lao population is young, with half under 25 years of age and 60 percent under 35. The country has a small but growing middle class concentrated mostly in the capital and cities such as Savannakhet, Pakse, and Luang Prabang.

The Lao government weathered a fiscal and monetary crisis in 2013 and into 2014, brought about by poor budgetary processes, uncontrolled provincial spending, and a large raise for civil servants. The government continues to take steps to address some deficiencies and is making credible efforts to increase tax revenue, limit spending, and to stop acquiring new debt. Overall, however, fiscal and budgetary policy formulation and implementation remain weak. The government's attempt to control their fiscal condition resulted in a fluctuating movement from 2017 to 2019. Total revenue collection in 2019 was LAK 25,328 billion (approximately USD 2.85 billion), accounting for 15.3 percent of GDP; whereas domestic revenue collection was LAK 22,499 billion (approximately USD 2.53 billion) which accounted for 13.6 percent of GDP. Total fiscal expenditure has reached LAK 30,623 billion which was lower than the approved plan at LAK 32,809 billion and accounted for 18.5 percent of GDP. As a result, the fiscal deficit accounted for 3.2 percent of GDP, lower than 2018 at 4.7 percent of GDP. A chronic fiscal deficit caused public debt accumulation to reach 58 percent of GDP in 2019 which is slightly higher than in 2018 which reached 57.2 percent of

<https://www.census.gov/foreign-trade/balance/c5530.html>

need update info. From MPI

<https://data.worldbank.org/country/lao-pdr?view=chart>

<https://data.worldbank.org/country/lao-pdr?view=chart>

from [https://www.mof.gov.la/wp-content/uploads/2020/07/CGO\\_Lao-PDR-update-16-06-2020.xlsx](https://www.mof.gov.la/wp-content/uploads/2020/07/CGO_Lao-PDR-update-16-06-2020.xlsx)  
exchange rate around 8,890 kip/USD

GDP. Therefore, in 2019, the government will concentrate on solving debt distress by continuing to limit capital expenditure on new government projects.

Major international companies have begun to invest in Lao Special Economic Zones (SEZs), particularly near Savannakhet and Vientiane. Investors include Toyota, Nikon, Essilor, and Celestica. Coca Cola opened a bottling plant in 2015, and GE opened a representative office in June 2017 to develop opportunities in the energy – specifically, hydropower – and medical equipment sectors.

Laos recorded a trade deficit of USD 869 million in 2018, with merchandise imports of USD 6.16 billion, exports of USD 5.29 billion and net services of USD 232.71 million. Laos imported goods worth USD 17.1 million from the United States and exported USD 147.7 million to the United States in 2019. Top U.S. exports to Laos include plastic materials, passenger cars, chemicals, tobacco (unmanufactured), and gems diamonds. Top U.S. imports from Laos include telecommunications equipment, sulfur and nonmetallic minerals, cellphones and other household goods, nonferrous metals, gems and diamonds, green coffee, industrial supplies, footwear, and apparel.

The Lao Trade Portal, established in 2012, has information for exporters and importers. The Lao Electronic Gazette is a repository for Lao legislation and offers the public the opportunity to comment on proposed legislation, though it is not completely comprehensive. Though most information is in Lao, many laws have been translated into English as well.

### Market Challenges

The Lao government has a goal of becoming a rule of law state by 2020. Currently, commercial law and the commercial court system in Laos are still developing and are not transparent. Sanctity of contracts is not well understood in Laos and concessions or property rights granted by the government are liable to overlap or conflict with other claims.

Customs procedures are improving throughout, but a number of reforms but remain opaque. Customs clearance speed has improved markedly in recent years through the streamlining of processes in methods such as using electronic systems – SMART-Tax and an e-mainfest module – to enhance customs administration and inspections for imports and exports. As a result, the customs clearance processing time dropped by 10 percent from an average of 9 hours in 2018 to 8 hours and 10 minutes in 2019. The cost for a standard shipping container fell from USD 2100 to USD 1810 in 2016.

On February 2018, the Lao Government issued Order No. 2, on Improvement of Regulations and Coordination Mechanisms for Doing Business in Lao PDR, with the expectation to improve Laos’ position in the World Bank’s Ease of Doing Business ranking. As a result, the process of starting a business is quicker due to simplifying procedures for obtaining a license and a registered company seal from 174 days to less than 40 days.

Human resources are underdeveloped in Laos, and employers frequently face difficulty in finding and retaining qualified employees. The market for skilled and unskilled workers is tight, though some provinces with larger populations, such as Savannakhet, are able to support some manufacturing for export.

Tax administration is consistently cited as one of the largest barriers to commerce in Laos in surveys of small and medium enterprises.

The World Bank’s “Ease of Doing Business” project ranked Laos 154 out of 190 economies in 2019.

The current government is working to address corruption, which is still a major problem that seriously hampers the efficient operation of the Lao economy. Competitors from countries without legal or moral sanctions against corrupt practices have long enjoyed an advantage in securing government approvals and concessions. Frequent bribes and payoffs are an accepted part of Lao business culture.

As shown in lao-pdr-key-indicators-2019 from <http://www.adb.org/statistics>

<https://data.aseanstats.org/sites-by-reporters-and-services>

<https://www.census.gov/foreign-trade/statistics/product/enduse/imports/c5530.html>  
<https://www.census.gov/foreign-trade/statistics/product/enduse/exports/c5530.html>

recheck with customs and transport.

## **Market Opportunities**

Increases in disposable income, particularly among elites with access to resource-based industries, and a slowly expanding middle class mean that the consumer and services sectors in Laos are likely to experience continued growth in the future. For example, new, Thai-funded private hospitals are being built in Vientiane, automobile sales are brisk, Laos' first five-star hotel opened in 2017 (with more expected to follow), and young Lao are increasingly going overseas for higher education opportunities.

The government is strongly committed to becoming both an important transport "land link" between China and ASEAN (it borders China, Thailand, Vietnam, Cambodia, and Burma) as well as "the battery of Southeast Asia" by harnessing hydropower and to a lesser extent wind, solar, and thermal energy resources to export electricity throughout the region. The Lao power sector is open to foreign investment, with representation from many international firms. Hydropower and transmission and distribution infrastructure will be the focus of increasing investment by the Lao government as it develops its power industry, with opportunities present for developing solar power.

Even though gradually declining in terms of its contribution to GDP in recent years, the Lao agricultural sector still shows promise and is a priority for the Lao government as a part of the Government's Green Growth development concept. Land is underutilized. The low population density of Laos and large markets for agricultural goods and livestock in neighboring markets have brought many new investors to explore agricultural opportunities, including raising livestock, building dairies, and investing in agribusinesses. Opportunities exist for exports of modern harvesting, planting, processing, and other technologies that would help the sector to grow.

International companies are developing or exploring SEZs in Vientiane, Savannakhet, and Champasak provinces, among others. SEZs offer a range of incentives and tax holidays to investors depending on the industry while the Government of Laos has continuously worked on improving the business environment. International investors have been attracted by the relative abundance of inexpensive electricity, the low cost of labor, Laos' centralized location in the Greater Mekong Sub-Region, and the improvement of transportation infrastructure.

The Lao government has targeted tourism, especially ecotourism, as a major area of future growth. Laos is attempting to attract more upmarket tourists to its market by liberalizing its aviation policies, resulting in more frequent and less expensive flights to and from the country.

The Lao government fully liberalized the retail sector in 2015, allowing foreign retail establishments to enter the country. As a result, several American franchises found success in the Lao market.

The level of infrastructure development in Laos is low but rapidly improving. The China-Laos Railway, which is expected to begin operating in 2021, will soon connect Vientiane with Kunming, Yunnan Province via high-speed rail, and will also connect the northern Lao cities of Boten, Vang Vieng, and Luang Prabang with Vientiane. Highways connecting Laos' major cities with neighboring countries are steadily improving. The 113.5-km Vientiane-Vang Vieng Expressway is expected to be completed in 2021. Other new infrastructure projects include a highway that will connect Boten in northern Laos with Thailand in northwest Laos; a new highway linking Vientiane with Boten on the Laos-China border; road improvements on the East-West Economic Corridor in southern Laos' Savannakhet province; and possibly a future highway linking Vientiane with Hanoi in Vietnam.

The minerals and mining sector has been a major driver of growth in Laos, particularly in copper and gold. Other mineral resources include bauxite and potash.

## **Market Entry Strategy**

American companies considering investments in Laos are advised to visit the country several times, as personal relationships are essential to locating suitable Lao business partners and avoiding misunderstandings. In some types of business, 100 percent foreign ownership is permitted, although many foreign businesses take on a Lao partner or agent and consult closely with law firms regarding local practices. The U.S. Embassy in Vientiane offers U.S.

Department of Commerce export promotion services, including Gold Key Service Matchmaking and Single Company Promotions.

The American Chamber of Commerce (AMCHAM) in Laos was established in 2012 and was rebranded “the American-Lao Business Association” in mid-2017. The American-Lao Business Association received its official registration in June 2018.

[The Lao National Chamber of Commerce and Industry \(LNCCI\)](#) may help locate suitable local partners or distributors. Foreign businesses can also apply for membership.

In addition to the American-Lao Business Association, there are business chambers or associations from Australia, China, France, India, Japan, Korea, Taiwan, Vietnam, and the European Union.

## Leading Sectors for U.S. Exports and Investment

### Tourism, Infrastructure and Resorts

#### Overview

	2016	2017	2018
Gross Domestic Product (GDP) USD BN	15.9	17	18.12
Percentage of GDP - Travel & Tourism Total Contribution to GDP	14%	13.7%	12%

The tourism industry in Laos is developing rapidly, with several five star resorts open or expected to open in the coming years. The tourism industry experienced an unexpected drop in 2017 but is gradually recovering in 2018 and continued its recovery with a total growth of 9% on arrivals of international tourists and non-ASEAN tourists, who typically spend relatively greater amounts of money, according to the World Bank.

However, although the travel and tourism sector saw significant growth in 2015 and 2016, tourism's relative share of GDP substantially decreased in recent years to 12 percent at the end of 2018. The major tourist destination is the world heritage site and ancient capital of Luang Prabang, but other areas such as Champasak Province and Vang Vieng are also attracting more visitors, especially Chinese and Korean tourists. New tourist destinations have been introduced especially adventure and eco-tourism sites which have been expanded to other provinces such as Khammoun, Oudomxay, and others. The 2021 opening of the China-Laos Railway is expected to dramatically increase the number of tourist arrivals from China.

#### Web Resources

- [Information on Luang Prabang](#)
- Lao Ministry of Information, Culture and Tourism:
  - [Ecotourism Laos](#)
  - [Knoema: World Travel and Tourism](#)
  - [Economist Intelligence Unit: Laos Country Report](#)



## Architecture, Construction and Engineering Services

### Overview

In 2018, the industrial (including construction) sector added 31.53 percent value to the GDP for Laos. Laos is developing infrastructure, including its road networks as well as its public water and electricity systems. Transportation projects will be in high demand as the country modernizes. Several large-scale construction projects continue in the capital of Vientiane, including office buildings, shopping malls, the China-Laos Railway project and expressway projects. Chinese, Vietnamese and Thai companies are the most active participants in infrastructure development in Laos. The Lao government makes use of donor funding, development banks, and other financing methods to pay for infrastructure projects. Laos is also undergoing development of its airport and aviation system, including the construction of provincial airports and has recently completed the creation of new domestic and international terminals at Wattay International Airport in Vientiane.

Laos seeks to modernize and integrate its electrical grid in the next decade in pursuit of its goal of increasing electricity exports to Thailand and Vietnam, while at the same time providing electricity to 90 percent of the population by 2020. To do this it will need to invest in modern power distribution and power management equipment and expertise.

### Web Resources

[World Bank](#)

[Asian Development Bank](#)

[Knoema](#)

No update on this part  
(<https://laosis.lsb.gov.la/majorIndicators.do?paramGrpId=all#majorIndicatorsCmts>)

## Pharmaceuticals, Medical Supplies and Medical Equipment

### Overview

According to the World Health Organization (WHO), “Laos has made considerable progress towards achieving Millennium Development Goals (MDGs) 4, 5, 6 and 7 (Health MDGs scorecard for LMICs\* in the Western Pacific Region, 2016). However, malnutrition among children less than 5 years old and a persistently high maternal mortality ratio still raise serious concerns. Laos is a crisis country in terms of its healthcare workforce. Weakness in health systems including health financing, health information systems, health infrastructure, planning, and management of health services still persists.”

The Ministry of Health is the main health service provider to the country. In recent years, the Ministry has made substantial progress in developing health policies and in the decentralization of health services to the provincial and local levels. Even though government investment in health is still low though growing, out-of-pocket spending remains high with about 46 percent of health spending financed by households in 2017. In less than a decade, the population covered by a social health protection scheme increased from 10.5 percent to 94.3 percent in 2018. However, health service provision is still strained by a lack of qualified, adequately distributed staff, adequate infrastructure, and an affordable and regular drug supply and increased vulnerability to climate change.

The health care system in Laos is very rudimentary but developing. Maternal and child health is an important priority for the government as it seeks to graduate from Least Developed Country status by 2024. The Ministry of Health controls the import of medical equipment, supplies and pharmaceuticals. Refurbished medical equipment and low-cost pharmaceuticals are market possibilities, and at least one U.S. healthcare equipment provider has made several large sales in Laos.

### Web Resources

[World Health Organization: Lao People's Democratic Republic](#)

[https://www.ilo.org/asia/media-centre/news/WCMS\\_735519/lang-en/index.htm#:~:text=In%20less%20than%2010%20years,achieved%20almost%20full%20population%20coverage%E2%80%9D](https://www.ilo.org/asia/media-centre/news/WCMS_735519/lang-en/index.htm#:~:text=In%20less%20than%2010%20years,achieved%20almost%20full%20population%20coverage%E2%80%9D)

<https://data.worldbank.org/indicator/SH.XPD.OOPC.PC.CD?locations=LA>

## **Customs, Regulations and Standards**

### **Trade Barriers**

The Lao Government has simplified its tariff structure and is gradually amending non-tariff barriers. Laos has placed a high priority on trade facilitation and was one of the earliest countries to ratify the WTO Trade Facilitation Agreement. The Bilateral Trade Agreement with the United States lowers tariffs on a range of American products and offers importers the ability to appeal tariff decisions they feel are improper.

### **Import Tariffs**

The Lao import tax system aims to promote imports of inputs for investment and production while protecting domestic production and limiting luxury imports. Certain foreign investments are not obliged to pay import duties on imports of capital machinery and equipment for production. Furthermore, in some SEZs, inputs do not require duties as long as the final product is exported from Laos. Raw materials and intermediate goods imported for import substituting industries can be accorded special treatment based on an incentive agreement.

The tariff nomenclature of Lao PDR, which is based on ASEAN Harmonized Tariff Nomenclature (AHTN 2012), observes standard ASEAN import tariff rates varying from zero to 40 percent, excluding non-ASEAN countries. These published rates are levied by the Customs Department.

Excise tax rates range from 5-90 percent on many goods. The Lao government phased out turnover taxes over the last several years and replaced those with a Value Added Tax (VAT) regime, though the VAT remains inconsistently applied. Additional tax information can be found at the [Tax Department, Ministry of Finance](#).

### **Import Requirements and Documentation**

The Lao Trade Portal website should have the most up-to-date requirements and regulations for importation of goods.

Application for an import license must be submitted to the provincial trade authority where the importing enterprise is located. An import or export license is valid for the life of the business, but investors must periodically notify the authorities that they intend to continue operating their businesses. The Lao government offers quotas for importing duty-free vehicles to qualifying individuals and companies.

For general goods, importers are required to have the following documentation for each shipment:

1. Invoice;
2. Packing list;
3. Transport documents;
4. Bill of lading;
5. A customs clearance report; and
6. Depending on the type of good, an import license or permits obtained from relevant ministries.

Importers of raw materials for re-export are required to have the same documents as other importers, except for a contract and import license. Automobile importers, unless they have obtained duty free status, must pay an import tax, excise tax, VAT, and, potentially, a tax for luxury goods.

Exporters should have the following documents when applying for an export declaration:

1. An application for export declaration;
2. An import/export license (only for goods under control of the ministry or government, e.g. rough or polished diamonds);
3. An invoice of goods;
4. A packing list;

5. A certificate of country of origin and generalized system of preferences certificate of origin if applicable;
6. Phyto-sanitary certificate for food exports; and
7. Industrial products certification for industrial products.

To import or export pharmaceuticals, food, or chemical products, in addition to the aforementioned documents, the importer must obtain a license from the Food and Drug Control Import Division of the Food and Drug Department of the Ministry of Public Health. Pre-shipment inspection is required for exported goods in accordance with the requirements of the destination country.

### **Labeling and Marking Requirements**

Labelling and marking has become an obligation for importers in Laos. Every product imported or locally produced must be labelled in the Lao language prior to distribution. The label must include product name, trademark as registered by manufacturer and importer, name and address of manufacturer or importer/distributor, country of origin, price, weight, ingredients, direction of use, warning, date of manufacture and expiry, according to Ministerial Ordinance on products labeling in Lao language No. 2501/MOIC.DTD, dated 16 December 2015. This requirement is not consistently applied as many Thai goods are regularly imported and distributed without using the Lao language.

### **U.S. Export Controls**

Several U.S. export controls apply to Laos. For the most part, these export controls fall under the categories of National Security licensing requirements and the Chemical Weapons Convention.

The United States imposes export controls to protect national security interests and promote foreign policy objectives related to dual-use goods through implementation of the Export Administration Regulations (EAR). The Bureau of Industry and Security (BIS) is comprised of two elements: Export Administration (EA), which is responsible for processing license applications, counselling exporters, and drafting and publishing changes to the [Export Administration Regulations](#); and Export Enforcement (EE), which is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure and comply with the EAR. BIS officials conduct site visits, known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR to verify compliance.

An EUC is an on-site verification of a non-U.S. party to a transaction to determine whether the party is a reliable recipient of U.S. items. EUCs are conducted as part of BIS's licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR. Specifically, an EUC verifies the *bona fides* of transactions subject to the EAR, to include: confirming the legitimacy and reliability of the end use and end user; monitoring compliance with license conditions; and ensuring items are used, re-exported or transferred (in-country) in accordance with the EAR. These checks might be completed prior to the export of items pursuant to a BIS export license in the form of a Pre-License Check (PLC), or following an export from the U.S. during a Post-Shipment Verification (PSV).

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party's reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license application reviews or be designated on BIS's Unverified List or Entity List, as applicable.

BIS has developed a list of "red flags", or warning signs, and compiled "Know Your Customer" guidance intended to aid exporters in identifying possible violations of the EAR. Both of these resources are publicly available, and their dissemination to industry members is highly encouraged to help promote EAR compliance.

BIS also provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two-day seminars that focus on the basics of exporting to coverage of more advanced, industry specific topics. Interested parties can check a [list of upcoming seminars and webinars](#) or reference BIS provided [online training](#).

BIS and the EAR regulate transactions involving the export of “dual-use” U.S. goods, services, and technologies. For advice and regulatory requirements, exporters should consult the other U.S. Government agencies which regulate more specialized items. For example, the U.S. Department of State’s Directorate of Defense Trade Controls has authority over defense articles and services, or munitions. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The EAR is available on the [BIS website](#) and on the [e-CFR](#) (Electronic Code of Federal Regulations) and is updated as needed.

The [Consolidated Screening List](#) (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single data feed as an aid to industry in conducting electronic screens of parties to regulated transactions. Exporters are encouraged to classify their items prior to export, as well as consult the CSL to determine if any parties to the transaction may be subject to specific license requirements.

### Temporary Entry

Products imported for the purposes of processing, assembly into finished products, or for exhibition, subsequent re-export and project supervision purposes, are exempt from duty. Transit of goods through Laos requires the same documents normally needed for import and export and a check or letter of guarantee from a bank. However, the Ministry of Finance of Laos is working on revising the existing regulations to ensure they align with international standards, particularly the ASEAN Customs Transit System. Goods traveling through Laos are not subject to import or export taxes.

### Prohibited and Restricted Imports

In February 2010, the Lao government launched the Decree on Import and Export Licensing procedures of Controlled Goods, No. 180 PMO, in a bid to comply with the WTO and World Customs Organization (WCO) rules. Laos also began implementing the Notification for Goods Subject to Non-Automatic Import and Export Licensing and Goods Subject to Automatic Import and Export Licensing, No 0076/MOIC.DIMEX, Vientiane Capital, date 13 January 2012. For more information, please contact the [Department of Import and Export](#).

### Customs Regulations

Please see the [Lao government website](#).

[The Lao Trade Portal](#), established in 2012, has extensive information for exporters and importers.

### Standards for Trade

#### Overview

Although no specific law exists to regulate imports and exports, decrees issued by the Office of the Government and the Ministry of Industry and Commerce provide guidance regarding imports and exports. For example, the [Decree on Import and Export of Goods No. 114/GoL](#) and [Decree On Import Licensing Procedures No. 180/PM](#), issued by Prime Minister’s Office.

#### Standards

as confirmed by Department of Import and Export, the procedure is still the same. However, they are currently revising transit regulation and expect to be in force by end of this year.

Laos currently has no independent standards organizations. In 2011, [the Department of Standards and Metrology in the Ministry of Science and Technology](#) was established as an independent department alongside the Department of Intellectual Property. In 2014, Laos passed the Law on Standards and USAID's LUNA Lao II project seeks to assist the Lao in implementing regulations for the law.

Testing, inspection and certification

#### **Conformity Assessment**

The Department of Standards and Metrology would lead any conformity assessment.

#### **Product Certification**

The Department of Standards and Metrology would lead any product certification.

#### **Accreditation**

Regulations in the area of accreditation are under revision.

#### **Publication of Technical Regulations**

Laos currently does not publish technical regulations with regularity, although the Electronic Official Gazette, designed to publish all proposed and enacted legislation, is a potential model for publishing such information in the future.

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. Notify U.S. ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country(ies) and industry sector(s) of interest, and can also request full texts of regulations. This service and its associated web site are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

#### **Contact Information**

Department of Standards and Metrology: [Department of Intellectual Property](#).

#### **Trade Agreements**

Laos acceded to the WTO in 2013, and continues to integrate with ASEAN neighbors through the ASEAN Economic Community. The following countries have granted Generalized System of Preference (GSP) status to Laos: Australia, Belarus, Canada, Iceland, Japan, New Zealand, Norway, Russia, Switzerland, Turkey, Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Germany, Greece, Finland, France, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom. The following offer LDC-specific tariff free treatment to Lao goods: Chile, China, Taiwan, Kyrgyz Republic, Tajikistan, and Thailand.

Laos has also signed trade agreements with all nine other members of ASEAN and is engaged in a range of negotiations as a member of ASEAN. Laos and the United States signed a Trade and Investment Framework Agreement in 2016. Laos has also signed various bilateral agreements with Vietnam, China, Cambodia, Burma, Thailand, North Korea, Mongolia, Malaysia, Russia, India, Belarus, Argentina, Kuwait, and Turkey.

To get more information on trade and investment in Laos, please visit:

- [Laos Investment Promotion Department](#)

- [Lao Trade Portal](#)
- [Lao Electronic Gazette](#)
- [U.S. Embassy in Vientiane, Laos](#)

**Licensing Requirements for Professional Services**

Licensing requirements are subject to change and are managed by several ministries. The Lao government's [Invest Laos website](#) contains related information.

## Selling U.S. Products and Services

### Distribution & Sales Channels

Generally, import-export wholesale companies import goods into Laos and sell goods to retailers. Goods may enter Laos by air, road, or (less formally) by river. Laos possesses just one active railroad, a short spur line from Nong Khai, just across the river in Thailand, which began operations in 2009 and opened its freight facilities in 2016. Construction began on a railway line that will link Kunming in China's Yunnan Province with Vientiane; as mentioned in the 2018 report Lao Government agency, the project is almost 90 percent complete and appears on track to open in 2021. The Lao and Vietnamese governments have also agreed in principle to develop an expressway and railway line to link Vientiane with a seaport at Vung Ang in Vietnam. The lack of a well-developed road system and other basic infrastructure in many areas makes distribution outside of the main urban areas in Vientiane, Luang Prabang, Savannakhet, and Pakse difficult, time-consuming, and costly. Road improvements are ongoing, with several decent roads in the northern provinces and along the southern corridor connecting Thailand, Laos, and Vietnam. More companies based in Laos are electing to move their products to the deep-water ports of Vietnam, as road improvements have — in some cases — made the route more economical than traveling south to Thai ports.

### Using an Agent or Distributor

Employing a Lao agent or distributor, or finding a Lao business partner, are frequently used methods for developing contacts with Lao businesses, customers and government officials. Numerous import-export companies are based in Vientiane and in the cities located at or near border crossings in the provinces of LuangNamtha, Bokeo, Bolikhamxay, Khammouane, Savannakhet, and Champasak.

Most import-export companies are ill-equipped to handle large-scale distribution. U.S. firms looking for a distributor or an agent in a particular province should contact [the provincial branch of LNCCI](#) and the Trade and Investment Department of the respective province for assistance in identifying viable business partners.

### Establishing an Office

Laos continues to reform its legal and regulatory framework to develop a more investment-friendly environment. In early 2017, the government revised a 2009 law on investment promotion in order to simplify and clarify investment procedures that were often confusing and inconsistently implemented. In early 2018, the Government issued Order No. 2 on Improvement of Regulations and Coordination Mechanisms for Doing Business in Lao PDR. Investment and trade related ministries have followed the guidance by revising and developing their policies and regulations accordingly. As a result, the process of starting a business is getting faster by simplifying procedures for obtaining a license and a registered company seal. Generally, foreign investors seeking to establish operations in Laos are required to obtain a foreign investment and business license, an enterprise registration certificate, and a tax registration certificate.

There are two types of Investment in Lao PDR as follows:

1. General Investment
  - 1.1. Business activities under the controlled business list
  - 1.2. Business activities not under the controlled business list
2. Concession Investment

As mentioned in the amendment and execution of the 2009 Investment Law in April 2017, the Committee for Investment Promotion and Management (CIPM) was established with a mandate to promote and manage investment. This committee is comprised of two levels: the Committee for Investment Promotion and Management at the central level (CCIPM); and the Committee for Investment Promotion and Management at the provincial level (PCIPM). CCIPM, chaired by a Deputy Prime Minister, and having ministers and vice ministers from related ministries as members, will be responsible for the approval of concession investments and general investment under the controlled business list at the national level. PCIPM, chaired by the provincial governor, provincial-capital mayor, and having

In 2020, Prime Minister of Lao PDR issues order No. 03/PM, dated 21/01/2020 on the Improvement of Services Related to the Issuance of Investment and Business Licenses to Ministers, head of ministry-equivalent authorities, Vientiane Capital governor and provincial governors.



the vice governor, deputy mayor, and other related government departments in the province as members, will be responsible for the approval for concession investment and general investment under the controlled business list at the provincial level.

For concession investment, investors must first submit project proposals to the “one stop service” unit in the Investment Promotion Department (IPD) at the Ministry of Planning and Investment (MPI). For general investments which are not listed in controlled businesses, proposals must go to the one stop service unit of the Enterprise Registration and Management Department for General Business at the Ministry of Industry and Commerce (MOIC). Investments in SEZs and specific economic zones must be taken to the Ministry of Planning and Investment or to the one stop service unit located within a pre-established SEZ.

Each of the three bodies should screen projects for financial and technical feasibility before forwarding them to relevant line ministries for review. Depending on the size of the investment, they may be sent to the Prime Minister’s Office or “Government Office” for adjudication. In addition to the investment license, foreign investors may be required to obtain other permits, including: an annual business registration from MOIC; a tax registration from the Ministry of Finance; a business logo registration from the Ministry of Public Security; permits from each line ministry related to the investment (e.g., MOIC for manufacturing; Ministry of Energy and Mines for power sector development); appropriate permits from local authorities; and an import-export license, if applicable. Even though the Lao Government has tried to improve its investment environment by revising the procedures, obtaining the necessary permits can still pose a challenge, especially in areas outside the capital. The government should respond to proposed new investments within 15 - 45 working days, though in practice this limit is exceeded. Foreign enterprises must begin business activities within 90 days from the date of receipt of an investment license, or the license is subject to **termination**.

#### **Franchising**

Franchising is popular in urban areas of Laos, with several regional and global chains represented in the market. “Texas Chicken,” the overseas version of Church’s Chicken, opened in early 2017, and Avis Car Rental operates in several cities. Hotel, car rental, and food and beverage companies have successfully entered the Lao marketplace, usually entering Laos after finding success in Thailand or Vietnam.

#### **Direct Marketing**

Direct marketing in Laos by electronic means may face increased potential, as an estimated 89 percent of the total population possesses mobile cellular subscriptions, and internet penetration (though still low) is growing quickly, particularly in more urban areas. Although the road network is improving, there is limited postal coverage. The literacy rate is officially estimated to be 80 percent for those older than 15 years.

#### **Joint Ventures/Licensing**

Care in selection of suitable business partners for joint ventures is crucial in Laos. As in other countries in the region, joint venture partners can contribute local knowledge of language and culture, local contacts, and access to human resources. There can also be challenges in a joint venture arrangement, including different management styles, different cultural expectations, and difficulty in exiting business arrangements with a local partner.

Lao foreign investment law recognizes joint ventures, but stipulates minimum requirements for the percentage of registered capital contributed by the foreign investor, with the exact percentage varying depending upon the industry. Capital contributed in foreign currency should be converted into Lao kip based on the exchange rate of the Bank of the Lao People’s Democratic Republic on the day of the capital contribution.

The foreign partners’ equity may be foreign currency, plant and equipment, capital goods, technology, and/or skills and management. Lao partners (including the Lao government) may contribute money, land, water rights, natural resources, and/or capital goods. The value of the inputs and assets of each side are assessed at international market rates and converted into local currency at the prevailing exchange rate on the date of equity payment.

Check if there is any changes.

Licensing arrangements also require a trustworthy Lao partner and opportunities should be thoroughly researched with, among others, the Lao government and LNCCI.

#### **Express Delivery**

Express delivery services exist in Laos, though they remain costly and inhibited by the lack of a formal system of addresses. Thus, telephone communication or communication apps are the main communication method between service providers and clients. Furthermore, in many cases the Lao postal service must act as an intermediary.

#### **Due Diligence**

Due diligence is key in the Lao market. Companies are advised to make regular trips to Laos prior to investing in order to meet both with potential partners and with relevant government officials. Please see the [US Citizen Resource website](#) for information on local professional services.

#### **eCommerce**

While interest has grown, electronic commerce is not widely used in Laos, due to underdevelopment of its telecommunications infrastructure and the low rate of formal banking and credit card use. The Lao Government has worked on regulatory preparation and development such as the Law on Economic Dispute Settlement (2010); Consumer Protection Law (2010); Electronic Transaction Law (2012); Law on ICT (2016); Law on E-Commerce Protection (2017); Payment System Law (2017); and establishing a new Department of Payment Systems in 2018. However, Facebook is the most common and effective tool used for businesses to communicate with their customers. Across the country the majority of internet users access the web by mobile device. Broadband internet access is widely available in Vientiane. The Lao government passed a law on electronic transactions in 2012, paving the way for future growth in electronic commerce.

#### **Selling Factors & Techniques**

##### **Overview**

American products generally enjoy a good reputation for technological sophistication and high quality in Laos. The consumer products of Laos' regional neighbors are far better known, however, and the Lao market can be difficult for American products due to their relatively high prices. To compete successfully, some U.S. firms have combined routine advertising with workshops, training programs, trade shows, and product launching events for wholesalers and distributors, as well as customers. U.S. products that enter the Thai market are often found in the Lao market as well. Though new product labeling requirements are under consideration, Thai products with Thai language packaging are ubiquitous in Laos and most educated Lao can read Thai, so Thai language packaging often suffices. American products that include Lao-language packaging and/or promotional materials are likely to be positively received.

##### **Trade Promotion and Advertising**

Advertising and trade promotion are important marketing tools for American products. Radio, print, SMS, social media, and internet advertising are widely used in Laos. Since nearly all Lao who own a television watch Thai advertisements, a good reputation and strong advertising campaign in Thailand will likely have a positive effect on Lao consumers as well.

To reach the large youth population in urban centers, advertisers increasingly use social media and popular websites. Many large companies advertise in local newspapers and magazines, though distribution is dwarfed by the readership of popular internet sites.

## Pricing

Laos has a national VAT of 10 percent, through it is not uniformly collected.

## Sales Service/Customer Support

Relationships are important in Laos, though the concepts of after-sales service and customer support are relatively new and not widely expected. Small businesses/shops unofficially practice sales service/customer support while bigger businesses have gradually implemented these concepts.

## Local Professional Services

The legal community is small in Laos and it is wise to ask for recommendations. Please see the [US Citizen Resource website](#) for information on local professional services.

## Principal Business Associations

LNCCI is the main business association in Laos, and several other organizations work on business issues within Laos, including:

- [The American Lao Business Association](#) (a member of the Asia Pacific Council of American Chambers of Commerce.)
- [The U.S.-ASEAN Business Council](#)
- [The European Chamber of Commerce and Industry in Laos](#)
- [The Australian Chamber of Commerce in Laos](#)
- Other foreign chambers, including Vietnam, Thailand, China, Japan, Korea, and others.

Many of the western chambers that conduct their business in English have flexible membership requirements.

## Limitations on Selling U.S. Products and Services

“Strategic” industries may be subject to special requirements. Consult the Lao Trade Portal and the official gazette for the latest information.

## Trade Financing

### Methods of Payment

Depending on the size of the transaction, payment can be made using EFT, cash, or letter of credit.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at <https://www.trade.gov/trade-finance-guide-quick-reference-us-exporters>.

### Banking Systems

According to the World Bank’s Lao PDR Economic Monitor, in October 2018 credit growth slowed to approximately 5 percent, down from 12 percent in October 2017. New private and foreign banks provide modern banking options to Lao and foreign businesses, with a total of 36 banks licensed in Laos plus one specialized bank. Laos does not have a national deposit insurance system and supervisory standards are low. Technical expertise and the range of services offered at domestic banks are limited, though several local banks are expanding into internet banking, e-wallets, and making efforts to capture the significant “unbanked” portion of the Lao population. Even though it engages in weak supervision of the sector, with continuous support and assistance, the Bank of Lao PDR has explored best international practices from other countries.

According to the Asia Pacific/Regional Review Group’s visit in April 2017, the regional arm of the Financial Action Task Force (FATF), the government has advanced in strengthening its anti-money laundering (AML) regime. As a result of the Lao government’s steps to improve the legal and regulatory AML framework, including drafting a new

AML/Counter Financing of Terrorism law, FATF removed Laos from its “gray list” of banking jurisdictions in June 2017. However, enforcement of rules and regulations is weak but improving, and lingering concerns may continue to affect the ease with which international banking transactions are conducted in Laos. Laos’ next FAFT assessment will be in 2020.

#### **Foreign Exchange Controls**

Lao law maintains that payment for goods and services within Laos should be conducted in Lao kip. However, companies that deal internationally have some leeway to conduct business in foreign currency as well. Debts should not be paid in foreign currency within the Lao PDR except for cases in which the Bank of the Lao PDR has proposed the Lao government approve of such a transaction. In practice, the Lao economy is highly dollarized and Thai baht or American dollars (as well as Chinese Yuan in northern areas) are frequently used for private transactions involving imported goods. A holder of foreign exchange who needs to make payments within the Lao PDR can exchange for kip at a commercial bank or at a foreign exchange bureau licensed by the Bank of the Lao PDR. Those who need to use foreign exchange for any of the objectives stipulated in Lao law, such as payment for imported goods, may purchase foreign exchange at a commercial bank or a foreign exchange bureau.

In order to facilitate business transactions, foreign investors generally open commercial bank accounts in both local and foreign convertible currency at domestic and foreign banks in Laos. Australian, Vietnamese, Thai, Cambodian, Malaysian, Chinese and French banks currently have a presence in Laos. Bank accounts must be maintained in accordance with the Enterprise Accounting Law.

The law places no limitations on foreign investors transferring after-tax profits, income from technology transfer, initial capital, interest, wages and salaries, or other remittances to the company’s home country or third countries so long as they request approval from the Lao government. These transactions are conducted at the official exchange rate on the day of execution, upon presentation of appropriate documentation. Supply of foreign exchange has in the past been limited in Laos, which imposed a de facto limit on repatriation of capital. Foreign enterprises must report on their performance annually and submit annual financial statements to the Ministry of Planning and Investment.

In current years, Laos has suffered fiscal and monetary difficulties due to its weak macroeconomic management, resulting in low levels of foreign reserves. In response, the Bank of Lao PDR imposed daily limits on converting funds from Lao kip into U.S. dollars and Thai baht, leading to difficulties in obtaining foreign exchange in Laos and an expanding gap between official and unofficial exchange rates that has since moderated. The Bank of Lao PDR also imposed restrictions on loans made in U.S. dollars and baht, limiting them to businesses that generate foreign currency. There are no recent reports of restrictions on, or difficulties in, repatriating or transferring funds associated with an investment.

#### **U.S. Banks and Local Correspondent Banks:**

There are no U.S. banks currently licensed to operate in Laos. BCEL, one of the large government-owned banks, has a correspondent banking relationship with Wells Fargo. Several other non-Lao banks present in Laos maintain correspondent banking relationships with large U.S. banks, such as the Australian bank ANZ.

#### **Protecting Intellectual Property**

Intellectual property protection in Laos is weak, but steadily improving.

In 2011 the National Assembly passed a comprehensive revision of the Law on Intellectual Property, and an amended version in 2017 (though changes are not thought to be significant) and in 2019, the Ministry of Science and Technology has issued 4 related decisions: Decision on Geographical Indication; Decision on Copyright and related rights; Decision on New Varieties; and Decision on Trademark and Trade Names. The Ministry of Science and Technology now controls the issuance of patents, copyrights, and trademarks. The consolidation of responsibility for IPR under the Ministry of Science and Technology is a positive development, but the Ministry lacks enforcement capacity. Laos is a member of the ASEAN Common Filing System on patents, but lacks qualified patent examiners.

In any foreign market companies should consider several general principles for effective protection of their intellectual property. For background, link to our article on [Protecting Intellectual Property](#) and [Stopfakes.gov](#) or contact ITA's Office of Intellectual Property Rights Director, Stevan Mitchell at [Stevan.Mitchell@trade.gov](mailto:Stevan.Mitchell@trade.gov).

#### IP Attaché Contact

Name: Mr. Khanlasy Keobounphanh, Director General of Department of Intellectual Property, Ministry of Science and Technology

Address: P.O. Box: 2279, Sidamduan Road, Vientiane Capital, Lao PDR

Telephone: (856) 21 213 470 (Ext 148), (856) 21 253 111

E-mail: [dip.laopdr@gmail.com](mailto:dip.laopdr@gmail.com)

For additional information about treaty obligations and points of contact at local IP offices, please see [WIPO's country profiles](#).

### **Selling to the Public Sector**

#### **Selling to the Government**

The Lao Government is a leading consumer of goods and services, but procurement procedures are opaque. The national budget is heavily augmented by development assistance, and donors commonly encourage government purchases from their home industries as part of aid deals. Laos is not a party or an observer to the WTO Agreement on Government Procurement.

When business opportunities involving Lao government entities are associated with donors, support contracts are often advertised for bid in local English-language newspapers, such as the [Vientiane Times](#) and [KPL](#). Major donor-financed deals may include infrastructure projects financed by multilateral development banks including the World Bank and Asia Development Bank.

Government purchases are not typically advertised and bid upon openly. However, niche opportunities are known to exist for direct private sales to government entities, with past examples in the fields of telecommunications and aviation. The government recently issued orders that appear to require open and competitive bidding for all government-financed procurement and projects.

#### **U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Asian Development Bank, World Bank)**

The U.S. Foreign Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Asian Development Bank and the World Bank. These institutions lend billions of dollars in developing countries to projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the [Asian Development Bank](#) and the [World Bank](#).

#### **Please visit the following links for more information**

[Commercial Liaison Office to Asian Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial

Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

#### **Financing of Projects**

On June 12, 2009 President Barack Obama issued a Presidential determination that Laos and Cambodia would no longer be classified as “Marxist-Leninist countries” as defined in the Export-Import Act. This determination opened the door for Ex-Im Bank activity in those two countries, though the Ex-Im Bank is not currently financing any projects in Laos.

An OPIC agreement was signed in 1996, and an agreement with the Multilateral Investment Guarantee Agency (MIGA) in 1998. In 1998, the government signed an agreement with the Mekong Project Development Facility (MPDF), a multi-donor funded operation managed by the International Finance Corporation (IFC). The MPDF is designed to promote the establishment and expansion of privately owned, small and medium-sized enterprises, as well as joint venture projects with significant local private participation in Laos, Cambodia, and Vietnam. The World Bank and the Asian Development Bank (ADB) are very active in Laos and are often involved in providing financing or guarantees for major projects. Lao PDR registered as a member of the Asia Infrastructure Investment Bank (AIIB) in 2014.

**Multilateral Development Banks and Financing Government Sales.** Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the [Guide to Doing Business with the Multilateral Development Banks](#). The U.S. Department of Commerce’s (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- Commercial Liaison Office to the [Asian Development Bank](#)
- Commercial Liaison Office to the [World Bank](#)

## **Business Travel**

### **Business Customs**

Business relationships in Laos are not as formal as those in other East Asian countries and are often based on personal relations developed within social circles. Since the emphasis placed on personal relationships is high, having a reliable and well-connected local agent or representative is important to the success of a foreign venture. Events progress slowly in Laos, where the step-by-step approach reveals the cultural premium placed on caution and restraint. Representatives of U.S. businesses seeking to enter the Lao market should plan to visit the country several times and expect various processes to move slowly.

### **Travel Advisory**

Information on travel to and within Laos may be obtained from the consular information sheet on Laos available from the [U.S. Department of State](#).

### **Visa requirements**

U.S. citizen visitors need a passport valid for at least six months with at least two full blank visa pages and a valid Lao visa to enter Laos. Tourist and business visas are valid for one month beginning with the date of entry into Laos. You can obtain your visa at Lao embassies and consulates abroad. The [Embassy of Laos](#) is at 2222 S St NW, Washington DC 20008, tel: 202-332-6416, fax: 202-332-4923. U.S. citizen visitors can also obtain a Lao visa on arrival at the airports in Vientiane, Luang Prabang, and Pakse, as well as all major border crossings. For visas on arrival, you must present two photographs (3cm x 4cm) and pay \$35 USD (U.S. cash is accepted).

It may be possible to extend your 30-day tourist visa up to an additional 60 days for a fee through the Department of Immigration in Vientiane. If you overstay your visa in Laos, you risk arrest and will be fined for each day of overstay when you depart the country. The fines are payable in U.S. dollars only, and are never waived under any circumstances. You must settle all immigration fines before attempting to exit Laos. Fines are paid at the Department of Immigration, Foreigner Control Office in downtown Vientiane. You cannot settle fines and penalties at airports or border crossings.

Business visas can only be arranged in advance; a company or individual “sponsor” must contact the Lao Ministry of Foreign Affairs (MFA) in Vientiane to request a visa and offer a “guarantee.” Once the Lao MFA approves the request, the approval will be sent to the Lao Embassy in Washington, D.C., and business travelers may then apply for the business visa. This process usually takes one to three months. After arrival, individuals can generally extend business visas for one month.

[US Travel Document Website](#)

Lao telephone: +856-21-255-500

U.S. telephone: (703) 665-7347

U.S. Companies that require travel of foreign businesspersons to the United States are advised that security evaluations are handled via an interagency process. Visa applicants should go to the following link(s): [State Department Visa Website](#).

### **Currency**

The national currency is the Lao kip and the Lao government strongly encourages its use for transactions within Laos. Dollars and Thai baht are often accepted in major cities, and the Chinese Yuan is used in some areas near the Chinese border. ATMs are readily available in cities throughout the country.

### **Telecommunications/Electronics**

Lao operates on a 230V/50Hz standard. Lao telecommunications infrastructure is developing quickly. Internet access and Wi-Fi are readily available in large population centers. Mobile phones are ubiquitous. There are four authorized

enterprises providing fixed and mobile telecommunications services in Lao PDR, and a fifth which holds a mobile license but currently only offers internet access. All of them have some share of government ownership:

[LTC, or Lao Telecommunication Co Ltd](#)

[ETL, or Enterprise des Telecommunications Lao](#)

[Unitel, or Star Telecommunication Company](#)

[Beeline](#)

[SkyTel, or Sky Communications Lao Ltd](#)

### **Transportation**

Laos has four international airports with new routes opening regularly:

1. Wattay International Airport in Vientiane with flights are available through Thai Airways, Bangkok Airways, Thai Air Asia, Air Asia Malaysia, Silk Air, Singapore, Vietnam Airlines, Hainan Airways, China Eastern, Tway airlines from Korea, Jin Air from Korea, Lao airlines from Vientiane to Bangkok, Chiang Mai, Hanoi, Ho Chi Minh, Kuala Lumpur, Kunming, Phnom Penh, Siem Reap, Seoul, Singapore and Guangzhou.
2. Luang Prabang International Airport with regular flights are available to Vientiane, Chiang Mai, Bangkok, Hanoi, Siem Reap, and Jinghong on Lao airlines, Bangkok Airway, Thai Air Asia, Air Asia Malaysia, Silk air, Vietnam Airlines, Hainan Airways, Thai Smile.
3. Savannakhet International Airport has flights to Bangkok operated by Lao Airlines.
4. Pakse International Airport is a stopover point from Vientiane to PhnomPenh, Siem Reap, Ho Chi Minh and Bangkok. Lao Airlines flies daily from Pakse to Bangkok via Savannakhet.

In addition, there are several provincial airports, used only for domestic flights within the Lao PDR. As of 2018, state carrier Lao Airlines operates four Airbus A320 aircraft and is expanding direct service throughout the region. Several other international carriers also offer direct flights from China, Thailand, Vietnam, and Korea. Lao Airlines and Lao Skyway offer flights from Vientiane to most of the provincial capitals.

Businesspeople in Laos generally rely on their own personal vehicles or rent vehicles with drivers. Taxis are not widely used for locals, though they are increasingly seen in Vientiane. Loca, a ride-hailing service application which is a convenient way to get a taxi or private car, began operations in 2018 as another option for transportation. Tuk-tuk vehicles for hire are common. Rental cars are available in Vientiane and other major cities. Road conditions vary greatly throughout the country and mudslides are a concern in mountainous areas during the rainy season. However, major transportation arteries such as Route 13 running north to south and Route 9 running east to west are generally passable and are repaired periodically. The government has made road and bridge infrastructure a priority and travel conditions are gradually improving. There are occasional security problems along rural roads, including Route 13. Due to violent incidents occurring between November 2015 and March 2016, [the U.S. Department of State issued travel alerts](#) concerning roads connecting Vientiane and Luang Prabang, and for all of Xaysomboun Province.

### **Language**

Lao is the national language, though many other languages are spoken by the various ethnic groups that make up the Lao population. Due to the similarity of the Lao and Thai languages, many Lao are capable of speaking and understanding Thai as well. Some Lao residing in Vientiane and the larger provincial capitals speak basic English, although the overall percentage of the population that speaks English is low.

### **Health**

The quality of healthcare in Laos is considerably poor. For serious health issues when return to the United States is not possible, the Embassy generally advises travelers to seek medical attention in Thailand. For additional information regarding health issues, review the [Consular Information Sheet](#).



**Local time, business hours, and holidays**

The local time in Laos is GMT +7.

Typical business hours are 8:00am to 5:00pm.

Local holidays include International Women's Day, Pii Mai (Lao New Year), International Labor Day, Lao National Day, and the That Luang Festival. In addition to those listed above, numerous religious holidays are often observed informally throughout the country. The Lao government is known to change the effective dates of holidays shortly before they occur, especially around Lao New Year.

**Temporary Entry of Materials and Personal Belongings**

Equipment imported for personal use and any goods used in exhibitions or as samples for subsequent re-export are exempt from taxes and duties. In order to obtain this exemption, visitors must declare at the port of entry that the relevant goods or equipment are being temporarily imported, and must guarantee that it will be re-exported upon the visitors' departure. Goods brought into Laos for exhibition or as samples require a license from the Ministry of Commerce or the local trade office at the port of entry.

### **Investment Climate Statement (ICS)**

The U.S. Department of State's Investment Climate Statements provide information on the business climates of more than 170 economies and are prepared by economic officers stationed in embassies and posts around the world. They analyze a variety of economies that are or could be markets for U.S. businesses.

Topics include Openness to Investment, Legal and Regulatory systems, Dispute Resolution, Intellectual Property Rights, Transparency, Performance Requirements, State-Owned Enterprises, Responsible Business Conduct, and Corruption.

These statements highlight persistent barriers to further U.S. investment. Addressing these barriers would expand high-quality, private sector-led investment in infrastructure, further women's economic empowerment, and facilitate a healthy business environment for the digital economy. To access the ICS, visit the U.S. Department of State's [Investment Climate Statement](#) website.

**Political Environment**

For background information on the political and economic environment of the country, please click on the link to the U.S. Department of State [Countries & Areas](#) website.

