






Laos Outlook

July 2019
JICA Laos office

Outlook of Mekong region (GMS five countries)

- ❖ Population : Approx 240 million (of total 600 million in ASEAN)
- ❖ Area : 1,940,000 km² (Approx 5.1 times Japan's land area)
- ❖ Witnessing rapid economic growth, expansion of middle income earners & wealthy class
- ❖ Establishment of ASEAN Economic Community (AEC) in 2015



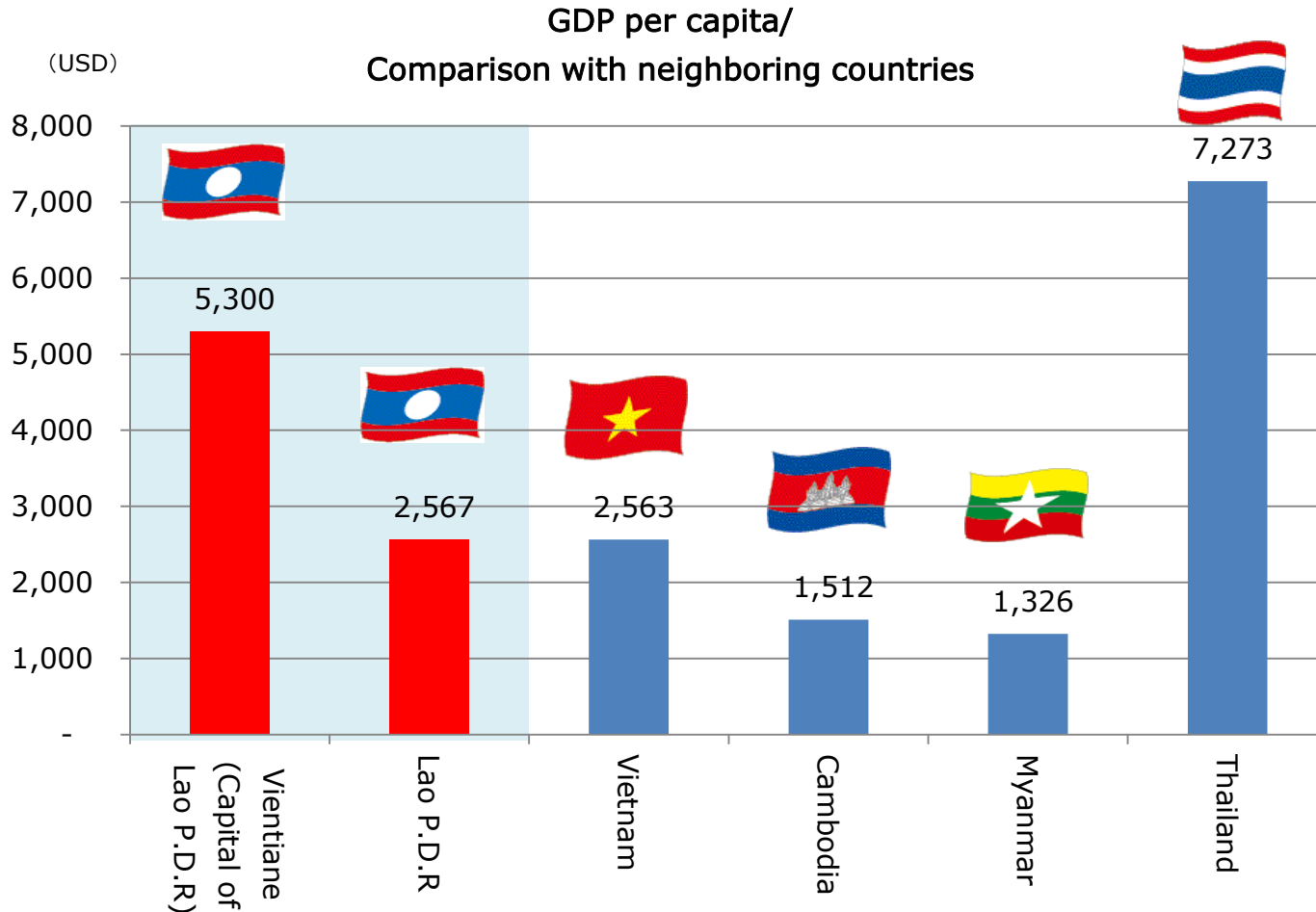
		Laos	Cambodia	Vietnam	Myanmar	Thailand
						
Population		7.06 million	16.24 million	95.54 million	53.70 million	69.42 million
GDP	Total	18.1 billion USD	24.5 billion USD	244.9 billion USD	71.2 billion USD	504.9 billion USD
	Per capita	2,567 USD	1,512 USD	2,563 USD	1,326 USD	7,273 USD
	Growth	6.5%	7.5%	7.1%	6.2%	4.1%
Inflation rate (consumer prices)		2.0%	2.9%	3.5%	6.9%	1.1%
Minimum wage (Monthly)		130 USD*1	182 USD	163-183 USD	78 USD*2	241-258USD*3

Sources : Population, GDP, inflation rate-> World Development Indicators (<http://data.worldbank.org/indicator>)
(First quarter of 2019)

Minimum wage (monthly) -> JETRO (except for the data of Laos)

*1: 1,100,000 kip/month *2: 3.13USD/day. 25 working days/month *3: 9.64-10.32USD/day. 25 working days/month

Outlook of Mekong region (GMS five countries)



Source : World bank (<http://data.worldbank.org/indicator>) accessed on July 2nd, 2019 and JETRO Vientiane

Population : About 7.06 million

Comparable to Chiba Pref. in Japan: 6.25 mil (2017)

Population growth rate : 1.41 % (2016, WB)

Population density : 27 persons / km²

Area : About 240,000 km² (*Comparable to Japan's main island of Honshu*)

Religion : Buddhism (About 75% of Lao nationals)

Geography : Highland (80% of the entire land area)

Farm land (9% of the entire land area)

Climate : Tropical Monsoonal rainy season (May-October), Dry season (November-April)

Race & Ethnicity : Lao, 50 ethnicities in total

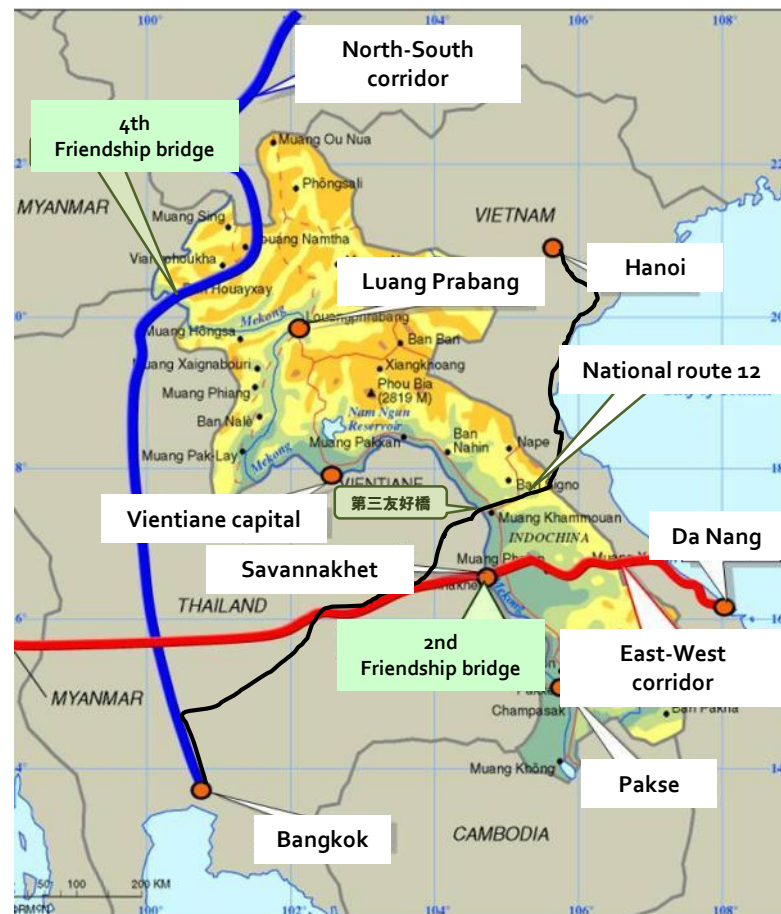
Industry : 70 % of labor force engaged in agriculture.
Mineral resource extraction and processing
(Copper, Gold, etc.); Hydroelectric power generation

GDP contribution by sector (approx.) :

Agriculture (17.3%), Industry (36.7%), Service (44%)
(2016, Lao Statistics Bureau)

Japanese residents : 863 persons

(Ministry of Foreign Affairs "Annual Report of Statistics on Japanese Nationals Overseas (Summary version in 2018)"



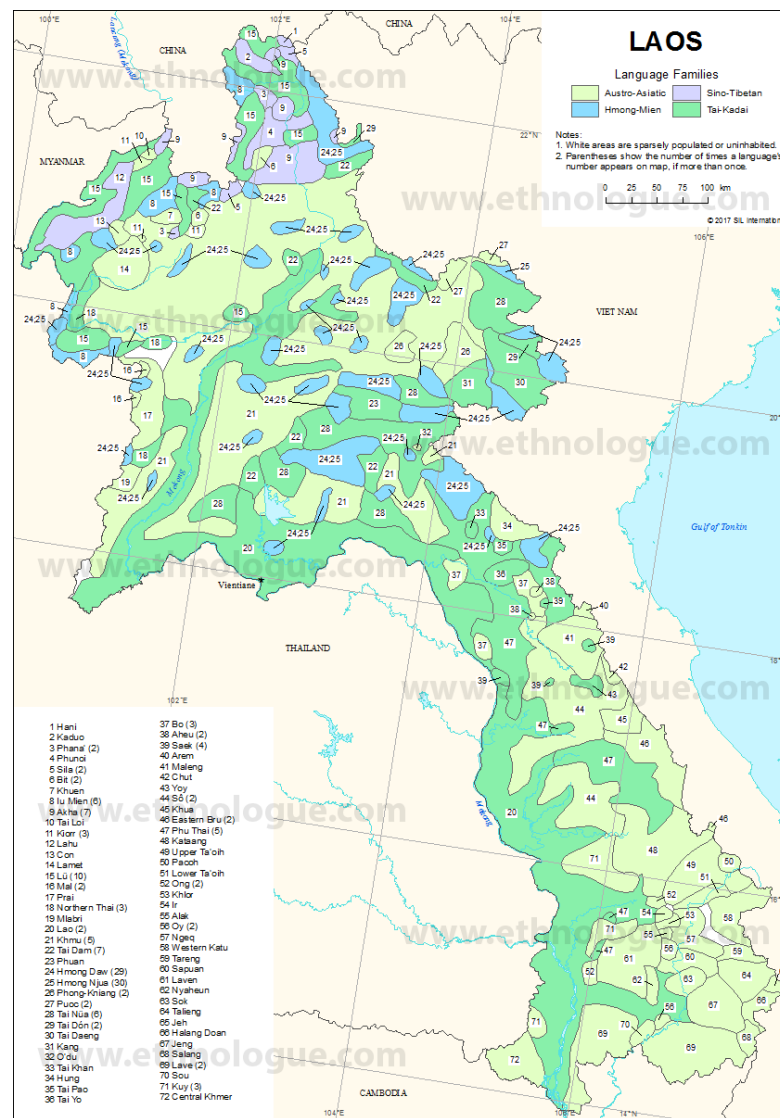
50 distinct ethnicities recognized.

(Various views on ethnic classification remain.)

The recognized Lao ethnicities are further classified in the legend on the map (right)

Classification based on geographic location (unofficial) :

- ✓ Lao Loum (Lao people of the valleys, lowlands): Approx 70 % of Lao nationals inc. Lao, Phutai, etc.; Theravada Buddhist.
- ✓ Lao Thung (Lao people of the hillsides): About 20 % of Lao nationals inc. Khmu, Katu, Taliang, etc. residing mainly in South.
- ✓ Lao Soung (Lao people of the highlands): About 10 % of Lao nationals inc. Hmong, Akha, etc.



Population

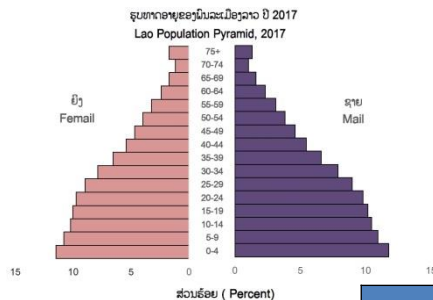
- Ratio of population under 25 years-old approximately 53%
- Working age population (≥ 15) is about 4.75 million
- Population growth rate is 1.41 % (2016, WB)

Employment

Self-employment and family labor is 86% of the total population.

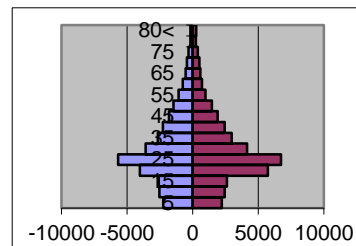
Social security is in the process of development, and mutual aid function in rural communities plays complementary roles

Whole of Laos (2017)

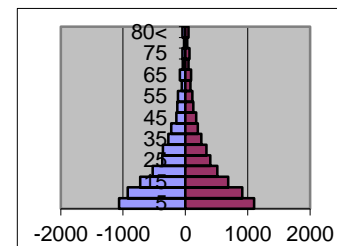


"Statistical Yearbook 2017"

Vientiane capital
Sisa Sisattanak district



Xieng Khouang Province
Mok may district



	Scheme	Ministry	Target	Target Pop	Cover rate for target pop
1	State Authority for Social Security: SASS for public servants	MLSW	Government official and his/her family	0.4mil	97..0%
2	Social Security Organization: SSO for Employees	MLSW	Employee of business with over 10 staff and their family	0.4mil	44.0%
3	Community-Based Health Insurance (CBHI)	MOH	The self-employed, Informal sector	3.2mil	5.0%
4	National Health Insurance (NHI)	MOH	The non-poor of informal + the poor without the fund for the poor	Same as one of 3, includes 5 partially	except VTE
5	Health Equity Fund (HEF) for poor people	MOH	Households approved as below poverty line	1.6mil	47%

Category ^a	Number employed	% of total	Female (%)	Male (%)
Government Employee	168,388	6.1	31	69
Parastatal Employee	11,446	0.4	33	67
State Enterprise Employee	19,486	0.7	27	73
Private Employee	121,786	4.4	40	60
Employer	7,210	0.3	31	69
Own Account Worker	1,149,906	42.0	32	68
Unpaid Family Worker	1,260,671	46.0	71	29
Total	2,738,893	100.0	50	50

Source: Results from the Population and Housing Census 2005.

"Lao PDR Civil Service Pay and Compensation Review",
June 2010, World Bank, page 38

Education

Net school enrolment ratio in primary education has steadily improved to 98.8%. However, survival rate of primary education to graduation is 79.6%. Gross school enrollment ratio in lower secondary education is 78%.

Health

Nutrition status, Neonatal/under 5 mortality, MMR have been improved steadily. However many indicators are still at the lowest rate in ASEAN.

SDG4 : Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Indicator	Latest	2020 (Target)
Net school enrollment, primary (%)	98.8	98
Survival rate, primary (%)	79.6	95

Indicator	Latest	2020 (Target)
Gross school enrollment, lower secondary (%)	78	75
Gross school enrollment, higher secondary (%)	45.8	43

SDG2.2 : Improved nutrition

Indicator	Latest (%)	2025 (Target) (%)
Prevalence of stunting among children under 5,	44.2 ('11)	13
Prevalence of wasting among children under 5,	5.9 ('11)	25

SDG3.1 : MNCH

Indicator	Latest	2025 (Target)
Maternal mortality ration	206 ('15)	100
Proportion of birth attended by SBA	54 ('15)	90

SDG3.2 : Neonatal and under 5 mortality

Indicator	Latest	2025 (Target)
Under 5 mortality rate	85 ('15)	30
Neonatal mortality rate	32 ('12)	15

SDG3 : Population covered by social protection

Indicator	Latest	2025 (Target)
Cover by health insurance	32 ('15)	Over 80

Domestic Affairs

- Stable Political Management

System of government: One-party rule via the Lao People's Revolutionary Party

Parliament: Unicameral National Assembly (144 members)

Elections: 5-yearly (Most recent elections to the 8th National Assembly: March 2016)

Party Congress: 5-yearly (Most recent 10th Party Congress: March 2016)

At the 9th Party Congress, continuation of the reform and liberalization policy begun in 1986 was confirmed. In April 2016 a new administration was established and senior roles in the executive allocated.

Foreign Policy

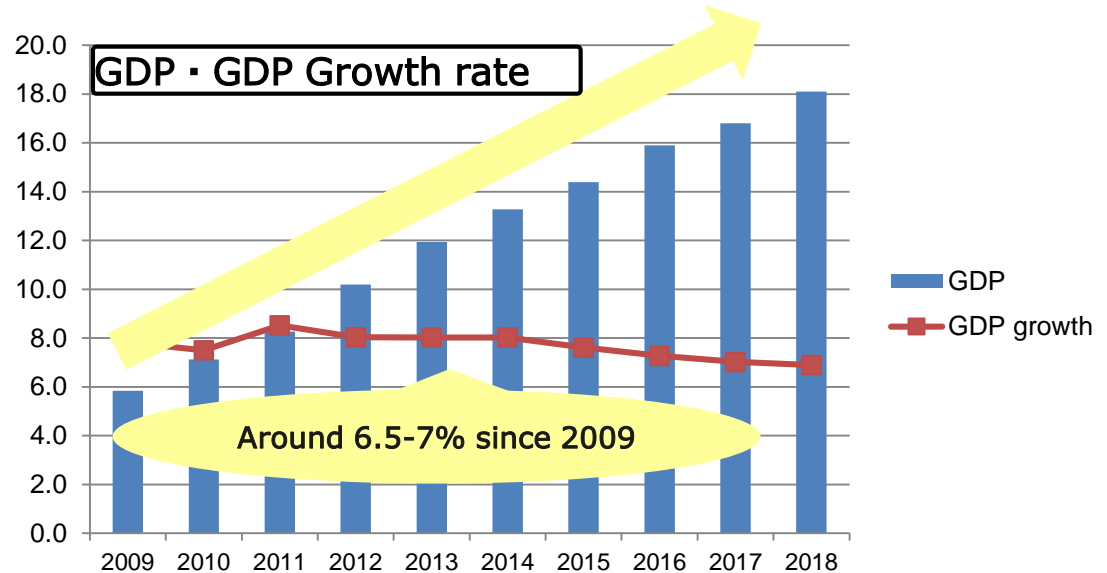
Omnidirectional foreign policy: While continually promoting close relations with socialist states, it is also placing importance on relations with neighboring and friendly countries.

- **Japan:** Traditionally strong affinity towards Japan. Japan has been the top donor of ODA to Laos except in 2011.
- **Vietnam:** "Special friendship and solidarity and full-scale cooperative relations". Vietnam has maintained a ongoing influence on Laos in terms of politics.
- **China:** "Comprehensive and strategic partnership". Recently, China has had increased impact on Lao economy and politics.
- **Thailand:** Deeply connected historically, culturally, and economically. Many imported supplies such as daily commodities, etc. come into Laos via Thailand.
- **North Korea:** Traditionally friendly relations centered on political party exchanges.
- **United States:** In 2004 the United States extended normal trade relations to Laos. Relations improving.

Economic growth

GDP growth rate : 6.5%
(2018, World Bank)
GDP per capita : 2,567 USD
(2018年, World Bank)

Recently, 7-8 % growth has been driven by domestic demand in the form of robust construction, in addition to resource development and electricity generation.

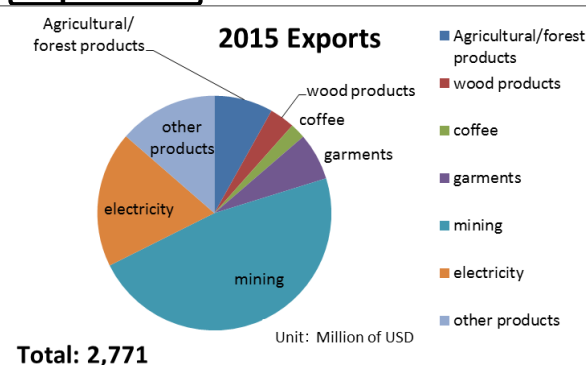


Trade

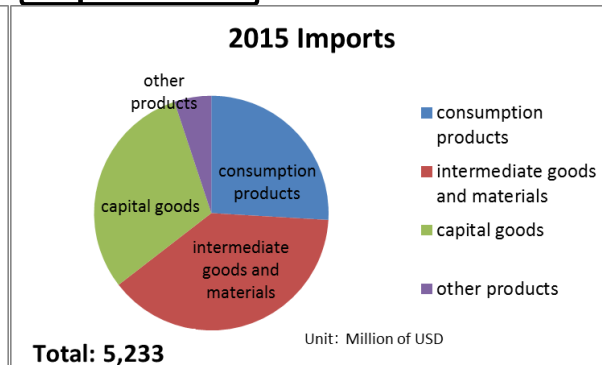
Export : About 2.7 billion USD
(mining, electricity, agricultural/forest products, garments, etc.)
Import : About 5.2 billion USD
(consumption products, intermediate goods and materials, etc.)
(2015, Ministry of Finance, Laos)

Trade deficit has become the norm, and the foreign reserves are less than 2 months of imports by value. Low reserves lead to vulnerabilities to international risks including the volatility of relative currency valuations.

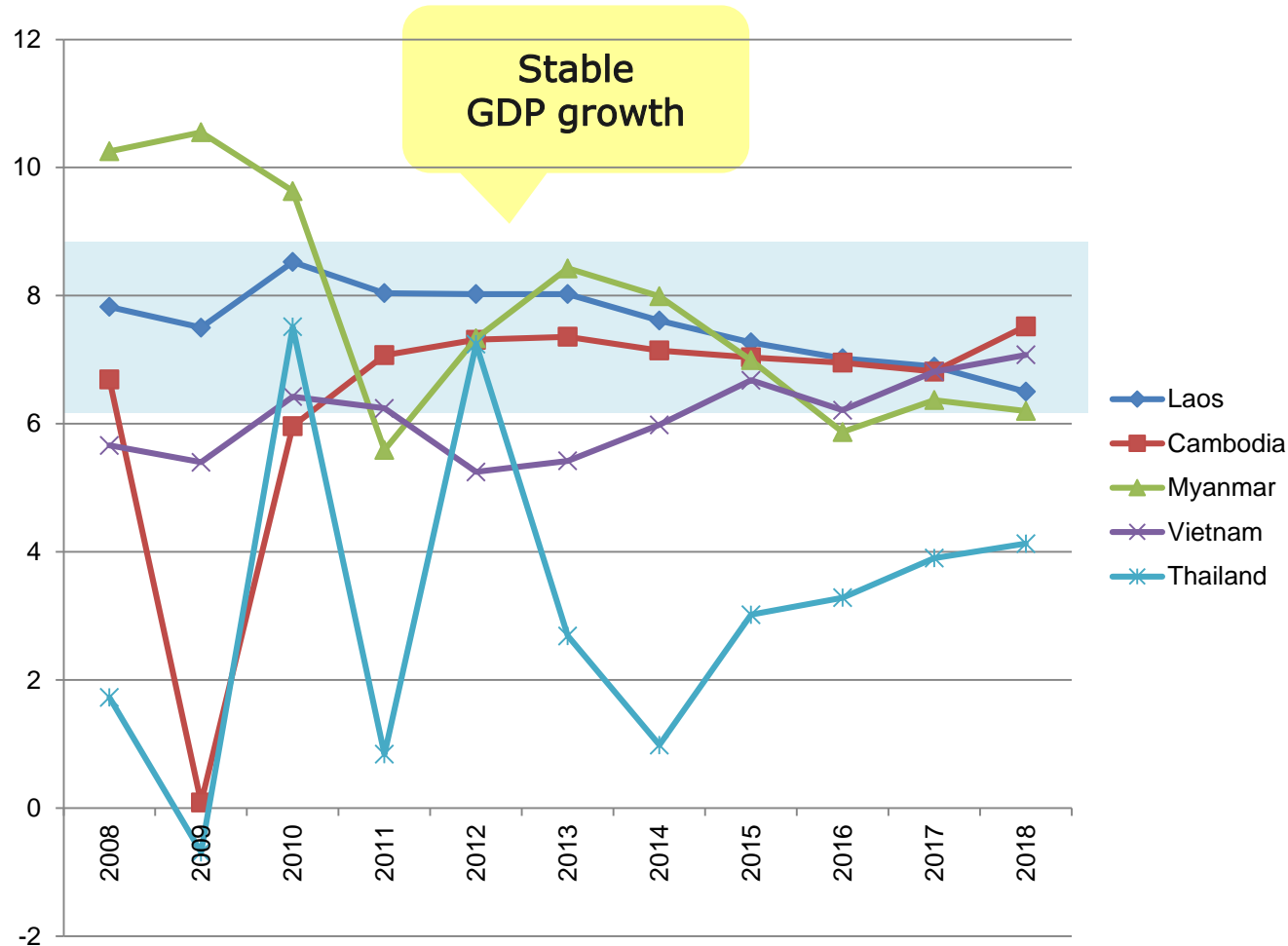
Export



Import



GDP growth / Comparison with those of neighboring countries



[Source] World bank (<https://data.worldbank.org/indicator>) accessed on July 2nd, 2019

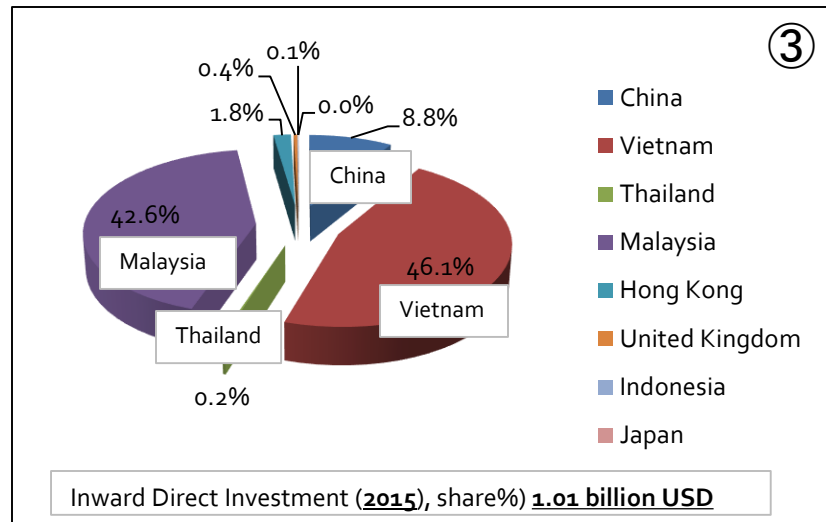
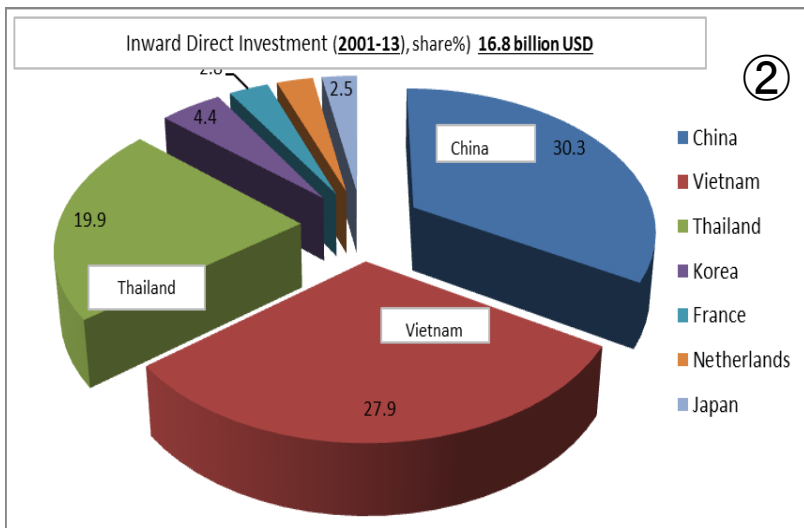
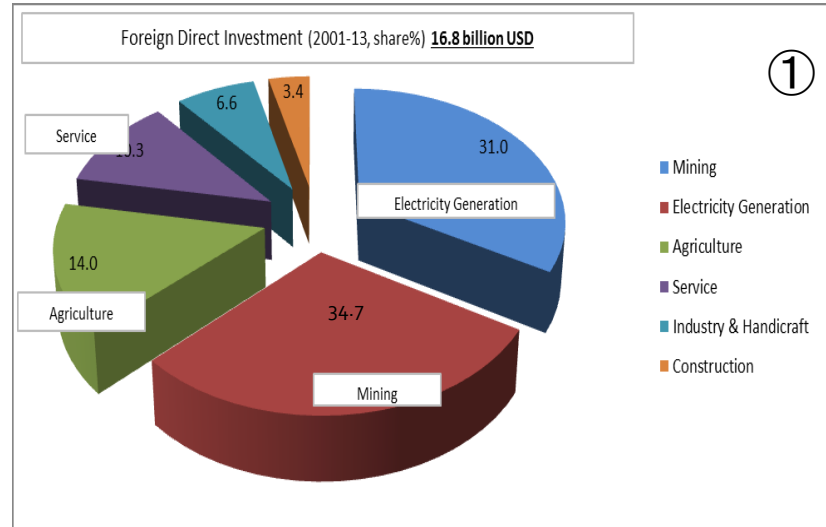
Investment

By sector : Resource-related sector (mining, electricity generation, etc.) accounts for majority of investments.

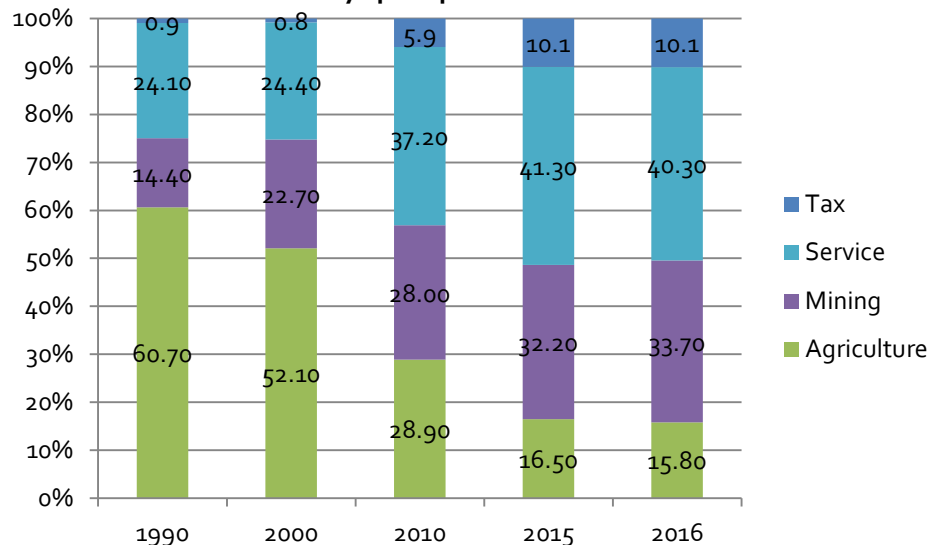
⇒①

By country : Investments from China, Vietnam, and Thailand have provided the majority of investment. ⇒②

In 2015, relative value of investments from Thailand decreased, and those from Malaysia expanded. ⇒③

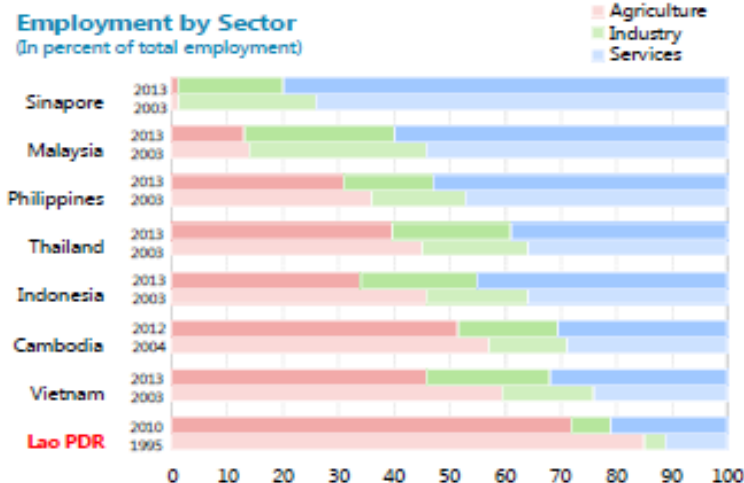


■ Trends in Industry proportion in National GDP



source : 「Statistical Yearbook」 (Lao Statistics Bureau, Ministry of Planning and Investment)

■ Employment by Sector



source : [IMF, Lao People's Democratic Republic: Staff Report for the 2014 Article IV Consultation, 2015]

- Agricultural industries account for nearly 70% of livelihoods and recent years have seen an increased range of produce. However, Agriculture's share of GDP has decreased relative to other sectors including services and mining that have borne witness to more rapid growth.
- The contribution of the mining sector to GDP is over 30%, led by foreign investors. However, the relative significance of the mining sector has declined in recent years due to the suspension of new mining concession allocations since 2012.
- The growth rate of the service sector is high and its GDP share is over 40%. In particular the share of the commerce is high with finance sector share increasing.

Roads

Construction of roads and bridges along East-West and North-South Economic Corridors.

Location	Fund Source	Opening
3 rd Mekong Friendship Bridge ^①	Thailand	Nov. 2011
4 th Mekong Friendship Bridge ^②	Thailand, China	Dec. 2013

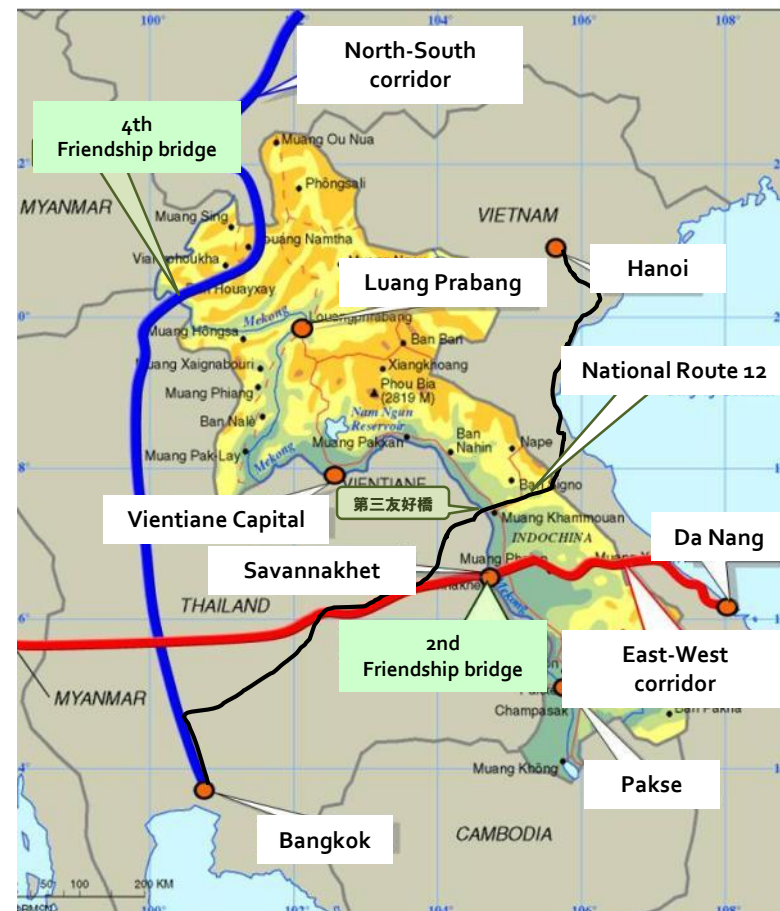
Energy

Electrification rate is more than 90%. More than 80% of generation is invested by private entities to be exported to Thailand and other neighboring countries.

Power generators in Lao PDR (GWh: as of 2013)

EDL 2,078	IPPs 13,434	
Domestic Generation 15,512		Import 1,272
Supply Capacity 16,782		
Export 12,494		Domestic Consumption 4,288

出所 : Electricity Statistics of Lao PDR



No. of Japanese companies [63 (Year 2011) → 156 (Jun. Year 2019)]

Investments from Japan

Aiming to diversify risks & reduce costs, several Japanese companies have relocated parts of their production and related facilities from Thailand to Laos.

To assist in attracting Japanese firms to Laos, a JETRO office was established in Vientiane in July 2015.

【Companies in Vientiane capital】

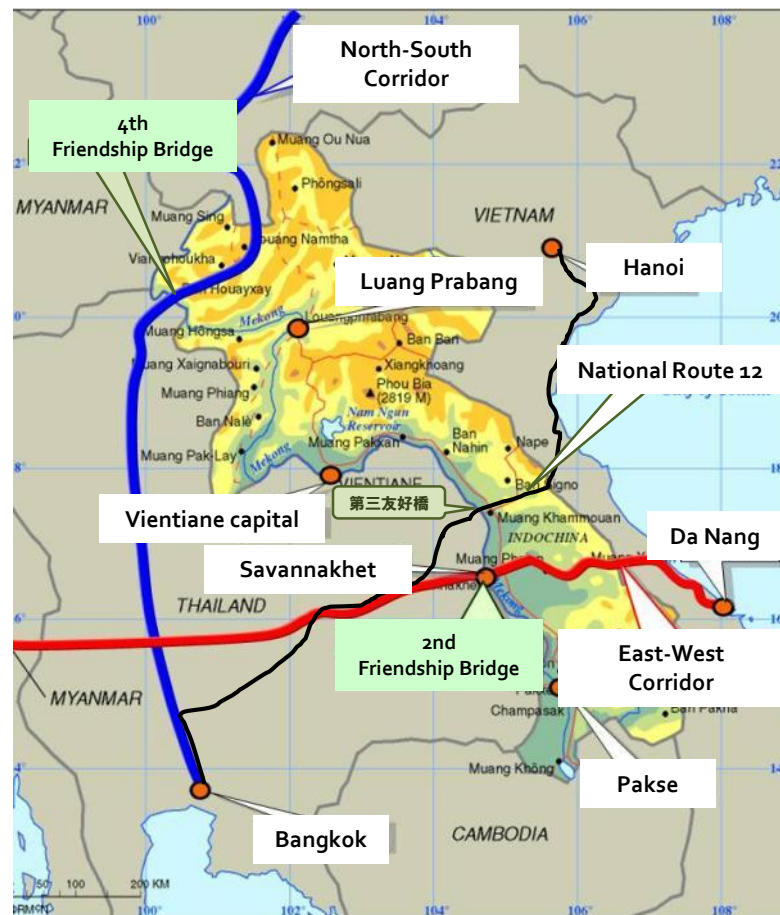
Name	Business / Products	Since
Lao Midori	Safety Footwear	March, 2007
MMC Electronics Lao	Temperature sensors	March, 2015
Sisiku Lao	Castors and wheels	September, 2017

【Companies in Savannakhet】

Nikon	Cameras	October, 2013
Toyota Boshoku	Interior parts of automobiles	May, 2014
Isuzu	Truck service factory	May, 2017

【Companies in Pakse】

Ando	Goods for YUKATA & KIMONO	July, 2013
Leonka World	Wigs	October, 2013
Shindengen Lao	Power management electronics for motorcycles	January, 2015
Ochi Cosmetic brush (rental factory)	Kumano-brush (cosmetic brush)	April, 2018
Sanko Lao	Concrete secondary products	July, 2018



❑ **VITA park (Vientiane)**
Area: 110ha
***9 Japanese companies**

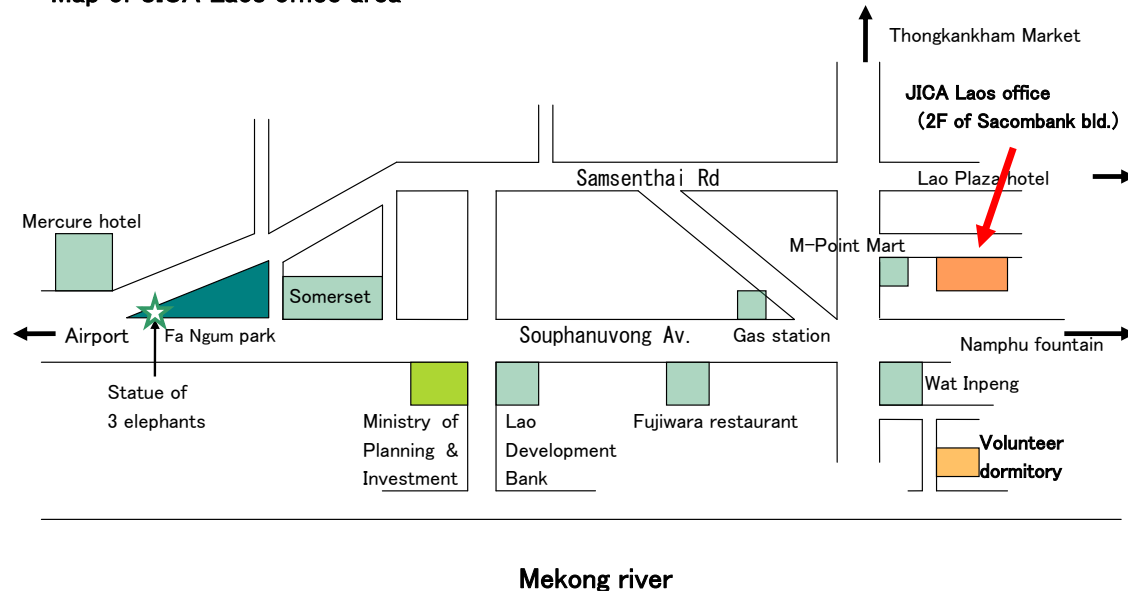
❑ **Savanh-SENO (Savannakhet)**
Area: 954ha (SiteA,B,C,D,B1)
***10 Japanese companies**

❑ **Pakse-Japan SME SEZ(Pakse)**
Area: 195ha (Phase 1: 66ha)
***For exclusive use of the Japanese company**
***Rental factory service has started from May 2018**
***11 Japanese companies**



***12 SEZs are approved by SEZ National Committee.**

Map of JICA Laos office area



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