

Brief Economic Profile of Laos



The economy of the Lao People's Democratic Republic is rapidly growing, as a result of decentralized government control and encouragement of private enterprise in 1986. Currently, Laos ranks amongst the fastest growing economies in the world, averaging 8% a year in GDP growth. It is also forecasted that Laos will sustain at least 7% growth through 2019 as well.

Key goals for the government includes pursuing poverty reduction and education for all children, also with its initiative to become a "land-linked" country. This is showcased through the ongoing construction of the nearly \$6 billion high-speed rail from Kunming, China to Vientiane, Laos.

The country opened a stock exchange, the Lao Securities Exchange in 2011, and has become a rising regional player in its role as a hydroelectric power supplier to neighbors such as China, Vietnam and Thailand. In the current period, the economy of Laos relies largely on foreign direct investment to attract the capital from overseas to support its continual economic rigorousness.

Despite rapid growth, Laos remains one of the poorest countries in Southeast Asia. A landlocked country, it has inadequate infrastructure and a largely unskilled work force. Nonetheless, Laos continues to attract foreign investment as it integrates with the larger ASEAN Economic Community,

its plentiful, young workforce, and favorable tax treatment. The country's per capita income in 2016 was estimated to be \$5,700 on a purchasing power parity-basis

Agriculture, mostly subsistence rice farming, dominates the economy, employing an estimated 85% of the population and producing 51% of GDP. Domestic savings are low, forcing Laos to rely heavily on foreign assistance and concessional loans as investment sources for economic development.

Agricultural products include sweet potatoes, vegetables, corn, coffee, sugarcane, tobacco, cotton, tea, peanuts, rice; water buffalo, pigs, cattle, poultry.

In mid-2012, the Laos government issued a four-year moratorium for new mining projects. The reasons cited were environmental and social concerns relating to the use of agricultural land.

Tourism is the fastest growing industry in the economy and plays a vital role in the Lao economy. The government opened Laos to the world in the 1990s, and continues to be a popular destination amongst tourists.

Source: Wikipedia