Laos is a landlocked country located in Southeast Asia bordered by Burma, Cambodia, China, Thailand, and Vietnam. Most of the country is mountainous and thickly forested, and the Mekong River forms a large part of the western boundary with Thailand. The government system is a Communist state; the chief of state is the president, and the head of government is the prime minister. Laos has a mixed economy in which the government has implemented gradual economic and business reforms to liberalize its domestic markets. Laos is a member of the Asia-Pacific Trade Agreement (APTA) and the Association of Southeast Asian Nations (ASEAN).

**Key Economic Facts**

- **Income Level (by per capita GNI):** Lower Middle Income
- **GDP, PPP (current international $):** $70.66 billion (2022)
- **GDP growth (annual %):** 2.71% (2022)
- **GDP per capita, PPP (current international $):** $9,384.27 (2022)
- **External debt stocks, total (DOD, current US$):** $17,187,857,261.90 (2021)
- **Manufacturing, value added (% of GDP):** 8.66% (2022)
- **Current account balance (BoP, current US$):** $0.45 billion (2021)
- **Inflation, consumer prices (annual %):** 22.96% (2022)
- **Labor force, total:** 3,073,466 (2022)
- **Unemployment, total (% of total labor force):** 2.63% (2022)
- **Imports of goods and services (current US$):** $6.99 billion (2017)
- **Exports of goods and services (current US$):** $5.79 billion (2017)

**GDP Composition %**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
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<tr>
<td>Services</td>
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<tr>
<td>Industry</td>
<td>34</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9</td>
</tr>
</tbody>
</table>

*Although Manufacturing is included in the Industry figures, it is also separately reported because it plays a critical role in economy.*

**Rankings**

<table>
<thead>
<tr>
<th>Index</th>
<th>Rank</th>
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</thead>
<tbody>
<tr>
<td>Corruption Perceptions Index</td>
<td>126</td>
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<tr>
<td>Global Competitiveness Index</td>
<td>113</td>
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<tr>
<td>Global Enabling Trade Index</td>
<td>93</td>
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<tr>
<td>Index of Economic Freedom</td>
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<tr>
<td>International Logistics Performance Index</td>
<td>82</td>
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<tr>
<td>KOF Index of Globalization</td>
<td>168</td>
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<tr>
<td>Networked Readiness Index (NRI)</td>
<td>104</td>
</tr>
</tbody>
</table>

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**Risk Assessment**

Country rating: D - A high-risk political and economic situation and an often very difficult business environment can have a very significant impact on corporate payment behavior. Corporate default probability is very high.

Business Climate rating: D - The business environment is very difficult. Corporate financial information is rarely available and when available usually unreliable. The legal system makes debt collection very unpredictable. The institutional framework has very serious weaknesses. Intercompany transactions can thus be very difficult to manage in the highly risky environments rated D.

**Strengths**

- Abundant natural resources: minerals (copper, gold, iron), agricultural commodities (maize, rice, sugar cane, rubber, cassava, soybeans, coffee) and forestry (wood and pulp).
- Expansion of the hydroelectric sector and diversification of the economy (agri-food, electronics, clothing)
- Foreign investment in the commodities and energy sectors
- Regional integration (ASEAN) and WTO membership

**Weaknesses**

- Large and persistent current account deficit
- Weak foreign exchange reserves
- Governance shortcomings and major inequalities
- Fragile banking sector
- Significant sovereign risk due to high external debt, especially Chinese-owned external debt
- Sensitive to commodity prices as well as regional economic and geopolitical conditions (landlocked location)
- High levels of corruption (134th/198 on the Transparency International index in 2020)