



Updated December 13, 2019

Laos

The Lao People's Democratic Republic (LPDR or Laos) has a population of 7.2 million in a land-locked area around the size of Utah. Laos has been ruled by a single party, the Lao People's Revolutionary Party, for more than four decades. The National Assembly, 73% of which consists of new members elected in 2016, reportedly has become more outspoken in recent years, particularly on the issue of official corruption.

Laos is a member of the Association of Southeast Asian Nations (ASEAN), the primary multilateral grouping in Southeast Asia. The LPDR depends heavily on foreign investment, much of it from the People's Republic of China (PRC), for its infrastructure development. Since a 1986 economic opening, Laos has gradually implemented market-based economic reforms, and in 2013 became a member of the World Trade Organization (WTO). The economy has been growing steadily during the past decade, but Laos remains one of Asia's poorest nations.

Laos at a Glance

Capitol: Vientiane

President and General Secretary of the Lao People's Revolutionary Party: Bounnhang Vorachith (2016)

Prime Minister: Thongloun Sisoulith (2016)

Per Capita GDP (purchasing power parity): \$7,400

GDP composition: Agriculture (21%); Industry (33%); Services (46%).

Life Expectancy: 65 years

Literacy: 85%

Religious Affiliations: Buddhist, 65%; Christian, 2%; Lao folk religions, 31%; other or unspecified, 2%.

Source: Central Intelligence Agency, The World Factbook, 2019.

U.S.-Laos Relations

The United States did not sever diplomatic relations with Laos, as it did with Cambodia and Vietnam, when communist parties in these three countries took power in 1975, although it did downgrade U.S. representation in Vientiane. Full diplomatic ties were not restored until 1992. In 2016, when Laos served as ASEAN's chair and host of key regional meetings, President Barack Obama became the first U.S. president to visit Laos. The U.S. government and Hmong-American groups remain concerned about human rights issues and the Lao government's treatment of its ethnic Hmong minority. The LPDR government places substantial restrictions on civil and labor rights and political freedoms. There are a handful of known political prisoners, and a number of Hmong-Americans and Lao-Americans have disappeared in Laos over the past 20 years, with little apparent investigation by the Lao government.

Laos is heavily influenced by China and Vietnam. Some observers say the LPDR hopes to offset its reliance on its neighbors, particularly China, by broadening its relations with others, but it is wary about U.S. advocacy for democracy and human rights. U.S. engagement in Laos has focused on addressing Vietnam War legacy issues such as unexploded ordnance (UXO) and helping the LPDR develop the legal and regulatory frameworks it needs to participate in global and regional trade agreements and integrate economically into ASEAN. U.S. and Lao officials meet regularly through ASEAN diplomatic channels as well as the Lower Mekong Initiative (LMI), a sub-regional foreign assistance effort launched by the U.S. State Department in 2009 to promote cooperation and development among member countries in the areas of economic integration, education, energy, the environment, food security, health, water, and women's empowerment. LMI participants are Burma (Myanmar), Cambodia, Laos, Thailand, and Vietnam.

Congress did not extend non-discriminatory treatment to the products of Laos until 2004. Bilateral trade has grown by nearly three times since 2013, reflecting a rise in Lao exports of electrical machinery and precious metals to the United States. In 2018, total trade between the United States and Laos was valued at \$158 million, including \$142 million worth of Lao exports to the United States and U.S. exports to Laos totaling \$16 million.

The U.S. government has noted progress and cooperation in some other areas of the bilateral relationship. In 2009, the United States and Laos exchanged defense attachés, the first time in over 30 years, and the Obama Administration removed the prohibition on U.S. Export-Import Bank financing for U.S. companies in Laos, citing the country's commitment to opening its markets. In 2010, the two countries signed a comprehensive Open Skies agreement to expand and liberalize aviation ties. The Defense POW/MIA (Prisoner of War/Missing in Action) Accounting Agency (DPAA) has conducted approximately 150 Joint Field Activities (JFAs) with the LPDR since 1985. Joint efforts have recovered the remains of 281 American service personnel while 291 remain missing.

Development Issues

According to the World Bank, the LPDR's GDP growth averaged 7.7% over the past decade, and it grew by 6.5% in 2018. Neighboring countries—China, Thailand, and Vietnam—are Laos's largest export markets and dominate foreign investment. Major economic growth sectors include hydropower, infrastructure, mining, and tourism. Despite economic growth, Laos performs poorly on many social development indicators. It has the highest level of child mortality in Southeast Asia, and about one-fourth of Lao

children under five years of age are considered underweight.

Laos has been a major participant in China's Belt and Road Initiative (BRI), which focuses largely on Chinese-funded and built infrastructure development. A \$6 billion Chinese-backed rail project that would connect Vientiane with Kunming in southwestern China has been delayed several times, but appears to be proceeding. Some observers argue that the level of debt being undertaken by Laos could pose macroeconomic risks to the country.

Foreign Assistance

Laos received roughly \$476 million in bilateral and multilateral official development assistance (ODA) in 2017, according to the Organisation for Economic Cooperation and Development (OECD). The top sources of ODA to Laos are the World Bank, Japan, South Korea, the United States, and the European Union. China is a major provider of infrastructure and other investment, development financing, and other assistance. Much of PRC economic engagement does not qualify as ODA as defined by the OECD, due to its large loan component, commercial elements, and economic benefits accruing to China. Chinese companies reportedly have invested \$7 billion toward dams, mines, rubber plantations, and special economic zones in the LPDR.

U.S. assistance efforts in Laos (\$54.9 million in FY2018) include demining activities; capacity-building programs related to Laos's WTO membership and participation in the ASEAN Free Trade Area and ASEAN Economic Community; maternal and child health programs; counternarcotics activities; and education initiatives. International Military Education and Training (IMET) programs focus on familiarizing Lao security sector personnel with U.S. military training and doctrine, building military-to-military relationships, helping Laos integrate into the ASEAN defense network, and improving the Lao military's ability to respond to natural disasters and humanitarian crises.

The Mekong River and Hydropower

Laos has been active in promoting hydropower along the Mekong and other rivers. It has a reported 140 dam projects under consideration, with investors from China, South Korea, and other countries. Although these projects generate electricity and revenues for Laos, their potentially adverse environmental effects include displacement of people; the loss of agricultural land; disruptions to water supplies, agriculture, and fish stocks; and the decimation of some wildlife and aquatic species in Laos and neighboring countries. In 2018, the collapse of a hydroelectric dam killed at least 40 people and displaced more than 6,000.

The U.S. Lower Mekong Initiative provides support to the Mekong River Commission (MRC), an inter-governmental agency among Cambodia, Laos, Thailand, and Vietnam, to promote sustainable development of the Mekong River and collaboration on the management of shared water resources. The Lancang-Mekong Cooperation forum (LMC), launched in 2006 and consisting of China, the four MRC countries, and Burma, focuses on joint infrastructure and hydropower

development. Critics argue that the China-led LMC has not paid sufficient attention to environmental concerns.

Unexploded Ordnance

The United States dropped over 2.5 million tons of munitions, mostly cluster bombs or submunitions, on Laos during the Vietnam War, more than the amount of U.S. ordnance that fell on Germany and Japan combined during World War II in terms of tonnage. UXO has caused over 50,000 casualties since 1964, including 29,554 Lao killed and 21,200 injured. Unexploded submunitions reportedly have caused over 7,700 casualties since 1964, including 32 in 2017, according to the Landmine and Cluster Munition Monitor and other sources.

In September 2016, the United States announced a significant increase in its commitment toward de-mining efforts in Laos—\$90 million over a three-year period (2016–2018) for ongoing clearance and victim assistance activities and for a comprehensive national survey of UXO. The U.S. government has provided nearly \$200 million for de-mining and other UXO-related assistance since 1993, including \$110 million in Department of State de-mining assistance between 2016 and 2019.

Human Rights Concerns

The U.S. government remains concerned about human rights issues in Laos. According to the Department of State's *Country Reports on Human Rights Practices for 2018*, human rights issues in the LPDR include arbitrary detention; political prisoners; censorship; substantial interference with the rights of peaceful assembly and freedom of association; restrictions on political participation; corruption; and trafficking in persons.

There are multiple known political prisoners. In December 2012, Lao activist Sombath Somphone, an internationally celebrated civil society leader who had challenged the government's seizure of farm land, disappeared at a police checkpoint. He remains missing, and the Lao government denies knowledge of his whereabouts. The government continues to treat some members of the Hmong minority, especially those with connections to militias that helped the U.S. military during the Vietnam War, with suspicion. During the past decade, several Lao and Hmong Americans have disappeared in Laos or have been abducted, allegedly by security forces. Lao government officials have denied the claims.

In 2019, the Department of State upgraded Laos's ranking in its annual *Trafficking in Persons Report* from the bottom-most Tier 3 to the Tier 2 Watch List. The 2019 report stated that the LPDR "does not fully meet the minimum standards for the elimination of trafficking but is making significant efforts to do so." The report stated that Laos is a source and, to a lesser extent, a transit and destination country for women, children, and men subjected to sex trafficking and forced labor.

Ben Dolven, Specialist in Asian Affairs

Thomas Lum, Specialist in Asian Affairs

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.