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## 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 (LPRP), for more than four decades. 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). However, Laos remains one of Asia’s poorest nations.

Laos depends heavily on foreign investment—much of it from China—for its infrastructure development. This reliance, as well as rapidly expanding trade with China, has made Laos one of the Southeast Asian nations with the closest relations to Beijing. Many observers express concern that Laos’ borrowing to fund infrastructure investment has raised its public debt to dangerous levels. According to a World Bank report published in April 2022, Laos’ total public and publicly guaranteed debt reached 88% of GDP in 2021.

Laos is a member of the Association of Southeast Asian Nations (ASEAN), and a partner in the U.S.-Mekong Partnership (formerly called the Lower Mekong Initiative), a sub-regional foreign assistance effort launched by the U.S. State Department in 2009, under which the United States provides assistance to nations that rely on the Mekong River for economic development.

Laos did downgrade U.S. representation in Vientiane. Full diplomatic ties were restored in 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.

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 U.S.-Mekong Partnership, which aims 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.

In 2004, Congress began extending non-discriminatory treatment to the products of Laos. Trade has grown since then, though Laos is the 157<sup>th</sup> largest U.S. trade partner. In 2020, total goods trade between Laos and the United States was valued at \$129 million. Lao exports to the United States totaled \$105 million in 2020, dominated by apparel items and precious metals. U.S. goods exports to Laos amounted to \$25 million in 2020.

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 288 American service personnel while 285 remain missing.

### Development Issues

Laos’s economic growth has been steady, largely fueled by construction, food processing, hydropower, and tourism, but the country performs poorly on many social indicators. Laos 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. Development of Laos’s

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| <p><b>President and General Secretary of the Lao People’s Revolutionary Party:</b> Thongloun Sisoulith (2021)</p> <p><b>Prime Minister:</b> Phankham Viphavan (2021)</p> <p><b>Population:</b> 7.7 million</p> <p><b>Life Expectancy:</b> 68 years</p> <p><b>Literacy:</b> 85%</p> <p><b>Religious Affiliations:</b> 65% Buddhist, 2% Christian, 31% “none” or Lao folk religions, 2% other or unspecified</p> <p><b>Per Capita GDP (purchasing power parity):</b> \$7,800</p> <p><b>GDP composition:</b> 21% agriculture, 33% industry, 46% services</p> |  |
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Source: CIA World Factbook

### U.S.-Laos Relations

U.S. forces engaged covertly in a civil war in Laos while the United States was involved in the Vietnam War. The United States supported a royalist government in its fight against communist insurgents backed by the North Vietnamese, in part to prevent the transfer of North Vietnamese weapons and supplies to South Vietnam. The United States did not sever diplomatic relations with Laos, as it did with Cambodia and Vietnam, when communist parties in these countries took power in 1975, although it

economy, which remains agriculture-based, has been uneven and dependent upon natural resources, particularly hydropower, metals, and timber, with wealth accruing primarily in Vientiane, the capital and largest city.

Laos has been a major participant in China's Belt and Road Initiative (BRI) infrastructure development initiative. A \$6 billion Chinese-backed rail project that would connect Vientiane with Kunming in southwestern China is the largest BRI project in Laos. As noted, some observers argue that the level of debt being undertaken by Laos could pose macroeconomic risks to the country. Laos's rising debt levels place further constraints on the government's ability to finance development projects.

## Foreign Assistance

The top sources of official development assistance (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 China's 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.-Mekong Partnership 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. Mines also have hampered economic development by making land unusable for agriculture and other uses.

Since 2016, Congress has significantly increased demining assistance to Laos for clearing unexploded ordnance (UXO). Between FY2017 and FY2021, Laos received roughly \$212.5 million in Nonproliferation, Anti-terrorism, De-mining, and Related Programs (NADR) account assistance, including for conducting surveys of contaminated areas and for victims' assistance.

## Human Rights Concerns

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. Laos remains a one-party communist state. The LPRP dominates the political system and chooses all candidates in National Assembly elections. According to the State Department's *Country Reports on Human Rights Practices 2021*, freedom of expression and internet freedom are restricted, and the state punishes people and has penalized publications for openly criticizing the government. The government tightly controls academic activities, and closely monitors nongovernmental organizations. The law does not provide for the right of workers to form and join independent labor unions. 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.

In 2019, the Department of State upgraded Laos's ranking in its annual *Trafficking in Persons Report* from the bottom-most Tier 3, and ranked Laos as a Tier 2 nation in the 2021 report. The 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 said 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.

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