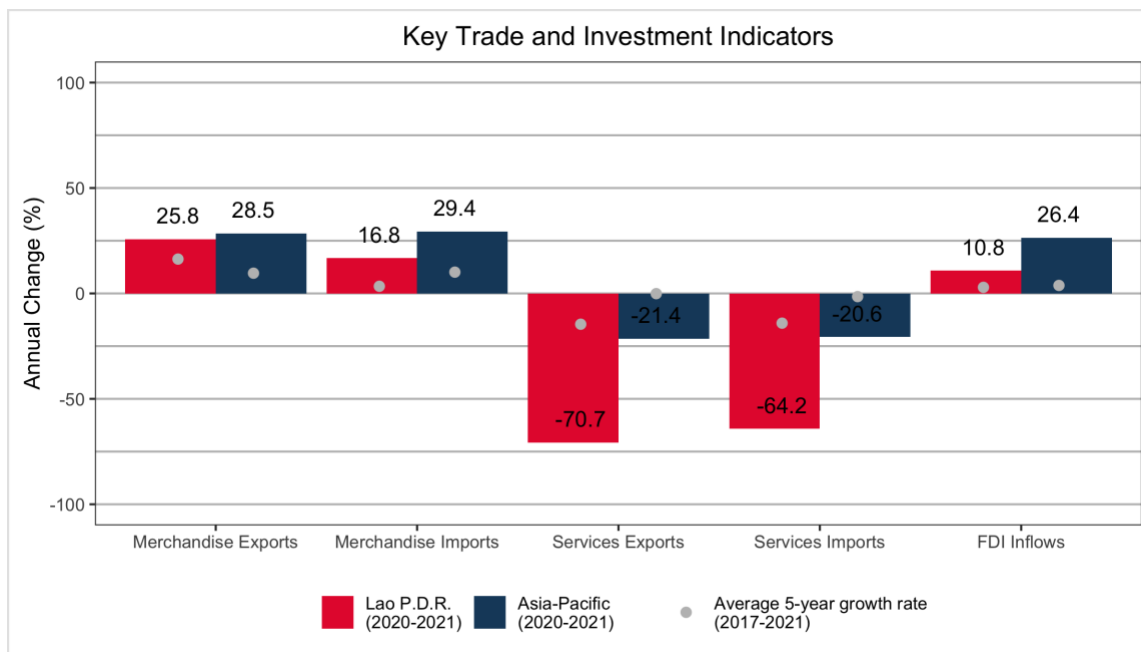




Lao P.D.R. Trade Brief



Merchandise Trade

In 2020, Lao P.D.R. registered a trade-to-GDP ratio of 65.2%, and merchandise trade accounted for 93.6% of Lao P.D.R.'s total trade. From 2017-2021, Lao P.D.R.'s merchandise exports grew by 16.3% and merchandise imports increased by 3.4% nominally each year on average. Merchandise exports in Lao P.D.R. experienced faster growth than the Asia-Pacific region's 9.6% annual growth during the same period. However, merchandise imports for Lao P.D.R. trailed behind the Asia-Pacific region's annual growth of 10.1%. In 2021, Lao P.D.R.'s merchandise exports increased by 25.8% and merchandise imports grew by 16.8% nominally.

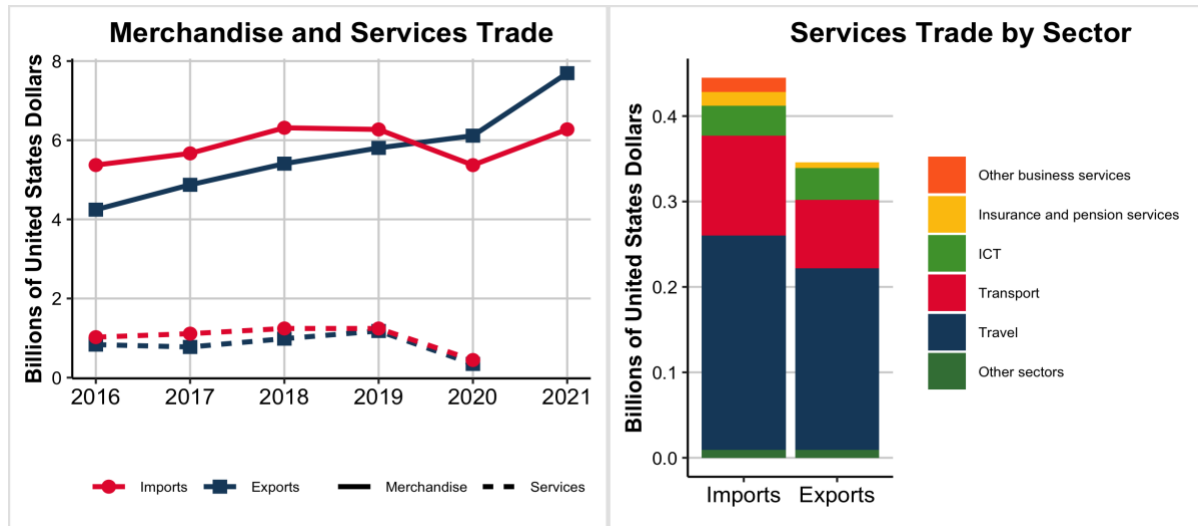
Services Trade

The services trade share of total trade by Lao P.D.R. amounted to 6.4% in 2020. Over the 2017-2020 period, commercial services exports for Lao P.D.R. contracted by 14.6% annually and commercial services imports decreased by an annual average of 14.1% in nominal terms, which was lower than the Asia-Pacific's 0.1% and 1.5% average growth, respectively. In 2020, Lao P.D.R.'s services exports contracted by 70.7%, following a year of 19.7% growth in 2019. In comparison, exports in the Asia-Pacific region declined by 21.4% in 2020, after rising by 3.3% in 2019. Commercial services imports in Lao P.D.R. declined by 64.2% in 2020, compared to 20.6% contraction in the Asia-Pacific region.

Sector-wise, "Travel services" comprised 58.8% of Lao P.D.R.'s total commercial services trade in 2020, followed by "Transport services" at 24.9% and "ICT services" at 9.2%. The main driver of growth in services exports for Lao P.D.R. over the 2017-2020 period was "ICT services", which saw an average 5% increase annually in nominal terms. On the imports side, "Transport services" was the greatest contributor to growth in commercial services, increasing 13.9% annually on average over the same period. (Note: commercial services



trade data for Lao P.D.R. for 2021 was not available at the time of writing this report, as such, 2020 data was used.)

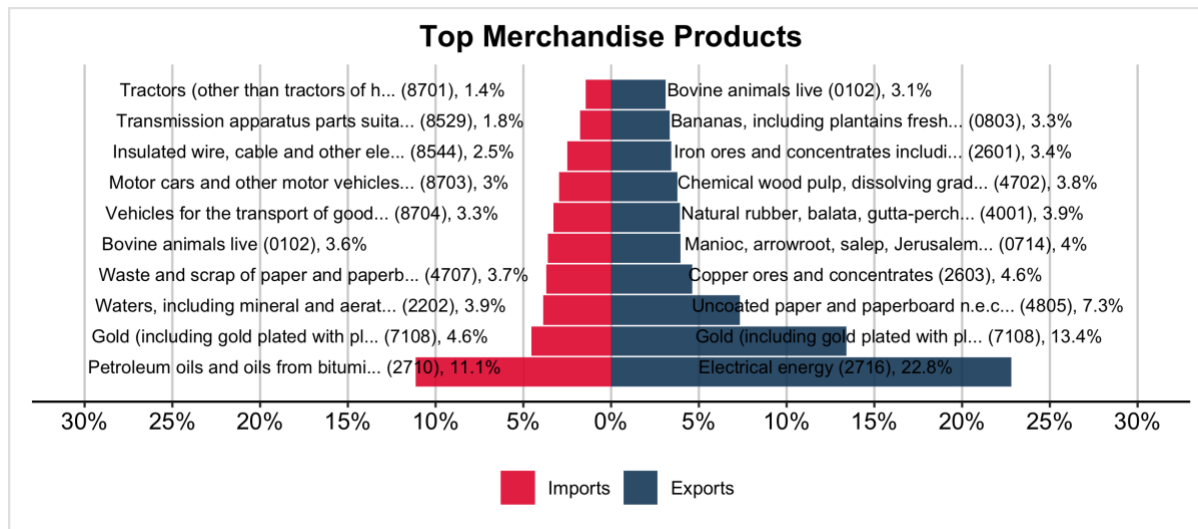
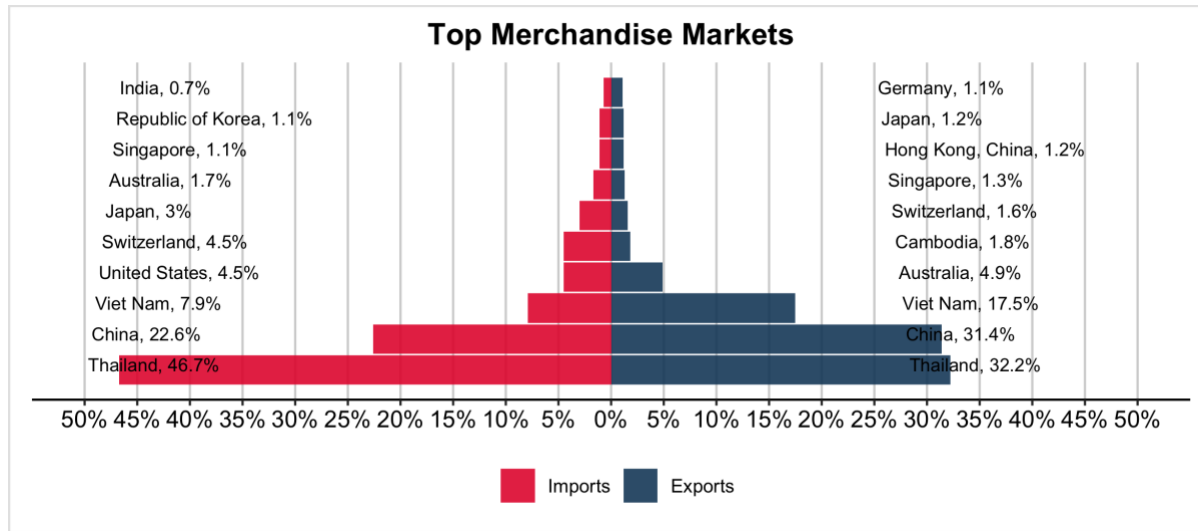


Top Trade Partners

In 2021, the largest merchandise trade partner of Lao P.D.R. was Thailand, representing 32.2% of its exports and 46.7% of its imports. 31.4% of Lao P.D.R.'s exports and 22.6% of Lao P.D.R.'s imports by value were traded with China, its second largest trade partner. Other significant trade partners were Viet Nam, Australia, Switzerland, the United States, Japan, Singapore, Cambodia, and India.

Top Traded Products

The largest merchandise product category exported by Lao P.D.R. in 2021 was "Electrical energy" (2716), with an export share of 22.8% of total exports, followed by the second most exported product category, "Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form" (7108), which accounted for 13.4% of Lao P.D.R.'s total exports. In terms of imports, "Petroleum oils and oils from bituminous minerals, not crude; preparations n.e.c, containing by weight 70% or more of petroleum oils or oils from bituminous minerals; these being the basic constituents of the preparations; waste oils" (2710) represented 11.1% of total imports, standing out the top imported product category. Meanwhile, "Gold (including gold plated with platinum) unwrought or in semi-manufactured forms, or in powder form" (7108) had a share of 4.6%, the second largest imported product category in Lao P.D.R. in 2021.



Tariffs

In 2021, the average MFN applied and effectively applied tariff rates faced by Lao P.D.R. amounted to 6.7% and 2%, respectively, which were higher than the Asia-Pacific's average rates faced of 4% and 3%. As for tariffs imposed by Lao P.D.R., the MFN applied and effectively applied tariff rates averaged 8.8% and 1.2% in 2021, and the average MFN bound tariff rate amounted to 21.2%. Lao P.D.R.'s imposed tariff rates were mostly higher than the Asia-Pacific's average MFN applied, effectively applied and MFN bound rates of 4.2%, 3.4% and 11.5%, respectively. Lao P.D.R. acceded to the WTO on 2 February 2013. Currently, 100% of Lao P.D.R.'s tariff lines are bound.

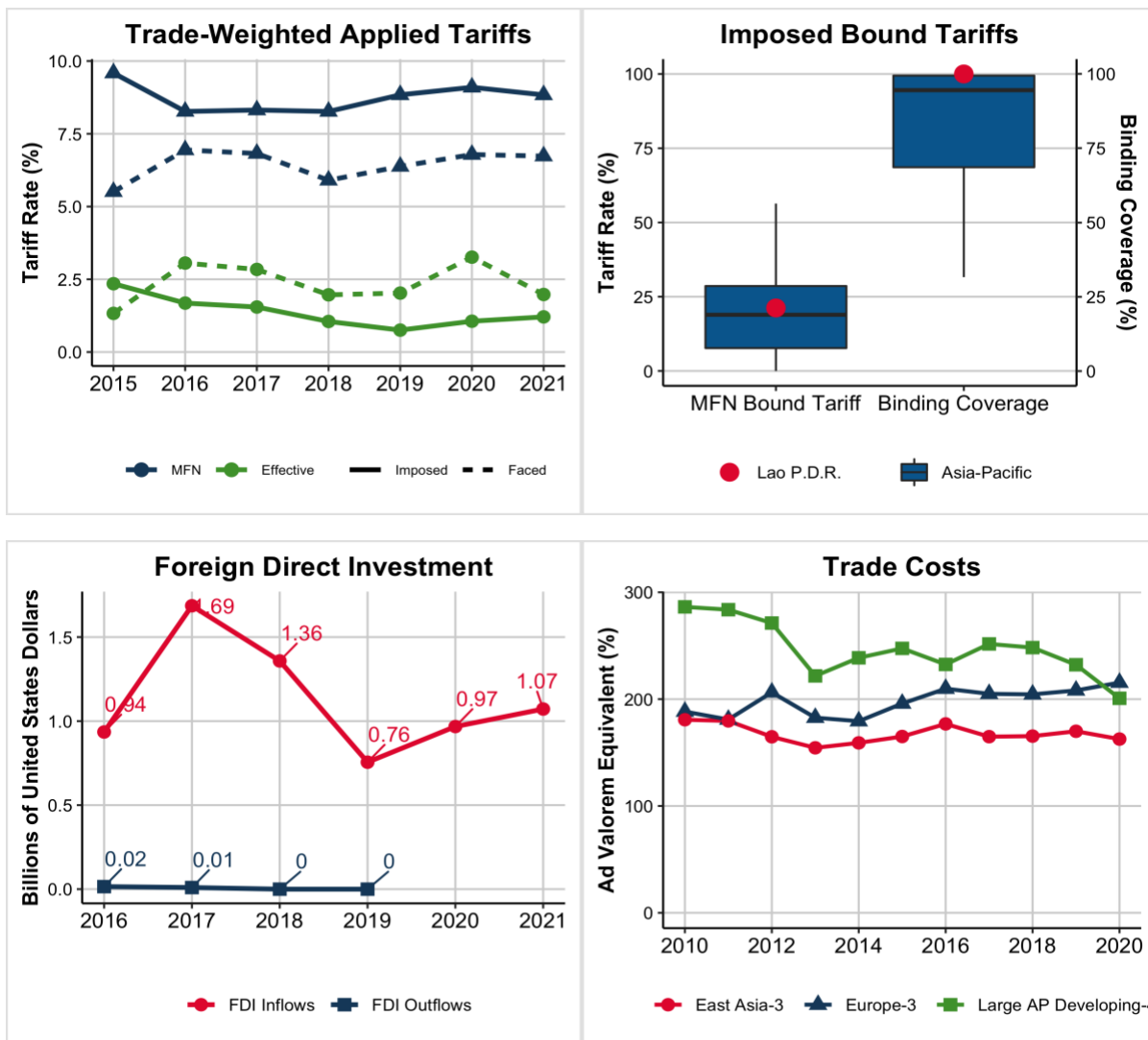
Foreign Direct Investment (FDI)

Lao P.D.R. recorded an average annual FDI inflows growth of 2.9% from 2017 to 2021, which was lower than the Asia-Pacific's 3.8% average annual FDI inflows growth. In 2021, Lao P.D.R. experienced an increase in FDI inflows by 10.8%.



Trade Costs

Lao P.D.R.'s trade costs were lowest with the East Asia-3 economies of China, Japan and the Republic of Korea. In 2020, trade costs with the East Asia-3 economies, on average, amounted to 162.6% of the value of goods, as compared to when the countries trade these goods within their borders. Trade costs were higher with the Large Asia-Pacific Developing-4 economies (China, India, Indonesia and the Russian Federation) and Europe-3 economies (Germany, France and the United Kingdom), amounting to 200.8% and 215.4%, respectively. As of 2018, Lao P.D.R. ranked in the 53rd percentile for logistics performance among other countries in the Asia-Pacific region.



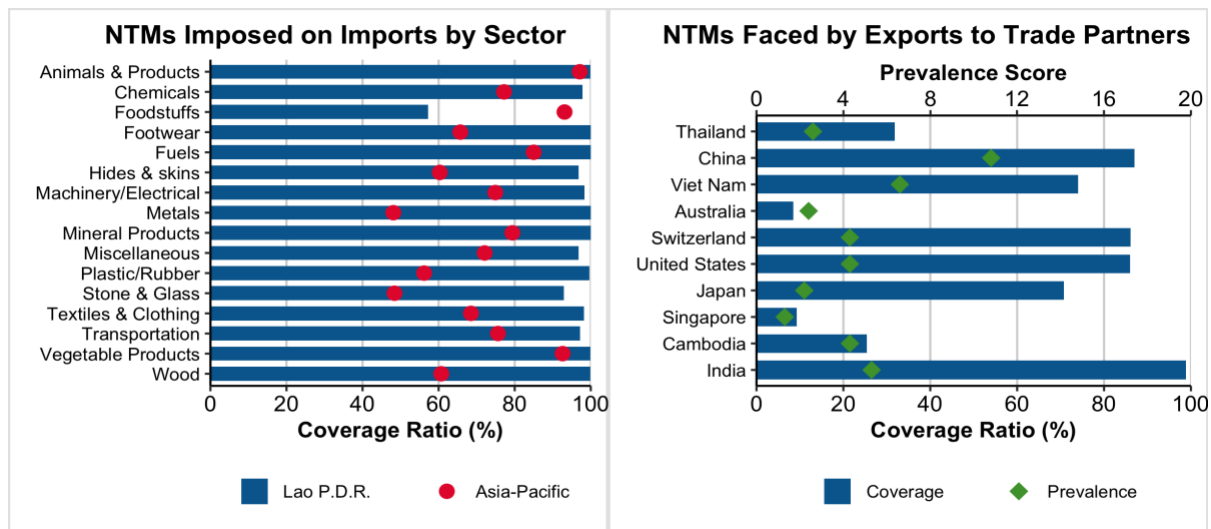
Non-Tariff Measures (NTMs)

Non-tariff measure (NTM) incidence varies across sectors. For Lao P.D.R., Mineral Products, Fuels and Footwear had the highest percentages of imports regulated, where 100%, 100% and 100% of trade volume was subject to at least one NTM, respectively. The average coverage ratio for all other products was 94.2%. In Lao P.D.R., Foodstuffs were subject to 11.6 distinct NTMs, which was the highest, followed by Animal & Animal



Products and Vegetable Products, in which the average product was subject to 9.6 and 9.4 different NTMs. All other products in other sectors were subject to 2.5 NTMs on average.

On the exports side, 31.8% of export volume to Thailand and 87% of export volume to China, Lao P.D.R.'s top two trade partners, faced at least one NTM. For all other trade partners, the average coverage ratio was around 66.2%. Exports to Thailand and China faced 2.6 and 10.8 NTMs on average, respectively. The prevalence score for all other trade partners was 4.4 NTMs on average.



Trade Agreements

Lao P.D.R. had 9 trade agreements in force, 0 signed agreements pending ratification and 1 trade agreement under negotiation as of 2021. Of the economy's total exports for the year, 93.4% were directed to its trade agreement partners, while 86.4% of its total imports came from trade agreement partners.

Title	Status	Year in Force	Share of Total Exports (%)	Share of Total Imports (%)
Asia-Pacific Trade Agreement (APTA)	in force	1976	32.92	24.41
Lao People's Democratic Republic-Thailand	in force	1991	32.19	46.74
ASEAN Economic Community	in force	1992	53.27	56.80
ASEAN-China (Upgrade)	in force	2005	84.65	79.44
ASEAN-Japan	in force	2008	54.43	59.77
ASEAN-Australia-New Zealand (Upgrade)	in force	2010	58.14	58.52
ASEAN-India	in force	2010	54.32	57.49
ASEAN-Republic of Korea	in force	2010	53.43	57.87
ASEAN-Hong Kong, China	in force	2019	54.51	57.25
ASEAN-European Union (EU)	under neg.	N/A	56.47	59.19



Sources: Historic merchandise trade and commercial services data were accessed from the WTO statistics website. Merchandise and services projections were obtained from the Economist Intelligence Unit. Product-level and partner-level trade data were accessed through the UN Comtrade database. Tariff data were accessed through WITS and WTO tariff database. FDI data were accessed through UNCTAD stat. Trade costs data were based on the ESCAP-World Bank trade cost database. Logistics performance data were retrieved from the World Bank LPI dataset for the latest year available. Trade-to-GDP ratio was calculated by summing commercial and merchandise exports and imports and dividing the sum by the latest GDP (current United States dollars), retrieved from the World Bank World Development indicators database. NTM data were accessed through UNCTAD TRAINS. Preferential trade agreement data were retrieved from the GPTAD database through WITS.

Note: Data are based on economies for which data are available only. Merchandise trade data follow the latest HS classification. Products are defined at the 4-digit level. Tariffs are trade-weighted averages. Trade costs are simple average across country groups and exclude the cost of tariffs. NTM data may not be reported for top 10 trade partners.

Definitions: MFN bound tariff is the maximum most-favoured nation (MFN) tariff permitted under WTO obligations. MFN applied tariff is the tariff applied to imports among WTO members. The effectively applied rate is the lowest available tariff (between any preferential tariffs and MFN tariffs at the HS 6-digit level). Binding coverage refers to the share of bound tariff lines in the total number of tariff lines. For more details contact escap-tiid@un.org. For country reports on regional integration, please visit the [RIA website](#).