



## Laos

The Lao People’s Democratic Republic (LPDR or Laos), with a population of 6.8 million in a land-locked area around the size of Utah, is one of Asia’s poorest nations. Laos is a member of the Association of Southeast Asian Nations (ASEAN), which it will chair in 2016. In 2013, the LPDR became a member of the World Trade Organization (WTO). In 2012, then-Secretary of State Hillary Clinton became the first U.S. Secretary of State to visit Laos in 57 years, which some observers viewed as a reflection of the Obama Administration’s policy of engagement with countries in the region.

Laos
<b>Capital:</b> Vientiane
<b>Head of State:</b> President and General Secretary of the Lao People’s Revolutionary Party Gen. Choummaly Sayasone (elected in 2006 and 2011)
<b>Prime Minister:</b> Thongsing Thammavong (2010)
<b>Per Capita GDP:</b> \$3,000 (purchasing power parity)
<b>GDP Composition:</b> Agriculture (26%); Industry (34%); Services (40%).
<b>Life Expectancy:</b> 63 years
<b>Literacy:</b> 73%
<b>Religious Affiliations:</b> Buddhist, 67%; Animist, 31% or unspecified; Christian, 1.5%.
<b>Ethnic Groups:</b> Lao (lowland and upland), 90%; Highland (Hmong and Yao), 9%; Vietnamese and Chinese, 1%.

**Source:** Central Intelligence Agency, *The World Factbook*, 2015

The United States and the LPDR have experienced a slow warming of relations during the past several years, although the U.S. government remains concerned about human rights issues and the Lao government’s treatment of the ethnic Hmong minority. To some observers, the LPDR’s status as the next chair of ASEAN, as well as its new membership in the WTO, may offer opportunities for the United States to develop deeper relations with the country. Some also note that in 2016, 5 out of 11 members of the Lao People’s Revolutionary Party (LPRP) Politburo are scheduled to retire, marking a possible transition in the country’s leadership, although the potential impact and direction of the change remain unclear.

Politically, Laos is an authoritarian state dominated by the communist LPRP. The government places substantial restrictions on civil and labor rights and political freedoms. There are a handful of known political prisoners. In December 2012, Lao activist Sombath Somphone, who had spoken out against land takings and organized an international civil society event in Vientiane, disappeared after being taken from his car at a police checkpoint. He remains missing, and the Lao government denies knowledge of his whereabouts.

The LPDR launched a market-oriented economic policy in 1986. The government disbanded collective farms, legalized private ownership of land, allowed market forces to determine prices, and encouraged private enterprise in most sectors. The country’s economic growth has been steady, lately fueled by construction, food processing, hydropower, and tourism. Between 1988 and 2008, the economy grew by over 6% per year on average, with the exception of 1997-1998, when the economy contracted due to the Asian financial crisis. In recent years, the economy has expanded by 7-8% annually.

Despite economic growth, Laos continues to perform poorly on many social indicators. The country 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 the agriculture-based economy has been uneven and dependent upon natural resources, particularly hydropower, metals, and timber, with wealth accruing primarily in Vientiane, the capital. Neighboring countries—China, Thailand, and Vietnam—are Laos’s largest export markets and dominate foreign investment.

### 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 countries took power in 1975. Full diplomatic ties, however, were not restored until 1992. The Lao government is said to be heavily influenced by China and Vietnam. Some observers say the LPDR is eager to offset its reliance on its large neighbors, particularly China, by maintaining good relations with the United States and U.S. allies in Asia, but also is wary about U.S. advocacy for democracy and human rights. U.S. engagement in Laos, which has focused largely on helping the LPDR integrate economically into the Southeast Asian region through participating in trade agreements and developing its legal and regulatory frameworks, has expanded and diversified. The Obama Administration requested a substantial increase in foreign assistance to Laos for FY2016. In 2012, Hillary Clinton met with Lao leaders and discussed regional integration, the Lower Mekong Initiative (LMI), Vietnam War legacy issues, and the environment. High-level U.S. officials are likely to visit Laos when the LPDR hosts the ASEAN Leaders Meeting and the East Asia Summit in 2016.

Congress did not extend non-discriminatory treatment to the products of Laos until 2004. Legislation to extend normal trade relations status to the LPDR faced opposition from many Members of Congress concerned about human rights conditions in Laos and the plight of the Hmong minority. In 2014, total trade between Laos and the United States was valued at \$61 million, a 12% increase over 2013.

Lao exports to the United States totaled \$32.9 million in 2014, dominated by apparel items and precious metals.

The U.S. government has noted progress and cooperation in some 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 seeking to do business 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.

Since 1988, the United States Joint Prisoner of War/Missing in Action (POW/MIA) Accounting Command/recovery teams have carried out over 100 missions in the LPDR with the cooperation of the Lao government. Over 40% of MIAs from the Vietnam War reportedly have been accounted for while 304 cases remain. Bilateral cooperation on counternarcotics activities contributed to a sharp decline in opium production during the 1990s and 2000s, although output has risen in recent years.

## Foreign Assistance

Laos receives over \$500 million in bilateral and multilateral assistance annually. The top sources of bilateral official development assistance to Laos include Japan, Australia, South Korea, Switzerland, and Germany. China also is a major provider of investment, financing, development assistance, and infrastructure in the LPDR. China reportedly has invested \$4 billion in agriculture, hydropower, and mining in Laos, including a reported \$1.3 billion in 2013 alone.

U.S. assistance to Laos has risen under the Obama Administration—\$16.3 million in FY2014 and a requested \$21.7 million for FY2016. The largest U.S. aid programs in Laos long have been de-mining (clearance of unexploded ordnance) and counternarcotics efforts. The FY2016 budget request for foreign operations significantly bolsters development assistance (DA) to the LPDR. DA programs include efforts aimed at helping Laos comply with commitments related to its WTO membership and participation in the ASEAN Free Trade Area and ASEAN Economic Community. Other program areas include maternal and child health, aid for people with physical disabilities, sanitation, environmental protection, military education (military professionalism and democratic values), and Foreign Military Financing to assist the Lao military with English language training and de-mining capabilities.

The Lower Mekong Initiative, a sub-regional foreign assistance effort launched in 2009 by then-Secretary of State Hillary Clinton, promotes cooperation and capacity building in the areas of education, health, women's issues, regional infrastructure, and the environment. LMI participants are Burma (Myanmar), Cambodia, Laos, Thailand, and Vietnam. Among other activities, the LMI provides support to the Mekong River Commission (MRC), an inter-governmental agency (Cambodia, Laos, Thailand, and Vietnam) whose mission is to promote the sustainable

development of the Mekong River and collaboration on the management of shared water resources. According to some observers, two major, foreign-financed and developed Mekong dams under construction in Laos, the Xayaburi and the Don Sahong, proceeded without the approval of the MRC. Although these and other hydropower projects are to generate electricity and revenues for Laos and other lower Mekong countries, 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.

## 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 that fell on Germany and Japan combined during World War II in terms of tonnage. Over 50,000 Laotians have been killed or wounded by unexploded ordnance (UXO) since 1964. Unexploded submunitions reportedly caused 7,586 casualties between 1964 and 2012, including 3,180 deaths and 4,373 Laotians injured, according to the Landmine & Cluster Munition Monitor and other sources. The U.S. government has provided \$83 million in funding for de-mining and other UXO-related assistance since 1993.

## The Hmong

Beginning in the early 1960s, the U.S. Central Intelligence Agency trained and armed an estimated 60,000 ethnic Hmong in Vietnam and Laos to fight the Vietcong. After the Lao communists took power in 1975, Lao and Vietnamese troops decimated most of the Hmong guerilla army in Laos, although some Hmong fighters remained in remote mountain areas for decades. There were reports of a skirmish in 2012 in which seven Hmong and four Lao Army combatants were killed. Some human rights organizations claim that the Lao military committed atrocities against Hmong militias and that the Lao government has persecuted or discriminated against ethnic Hmong citizens, charges that the government denies.

Following the Communist takeover, up to one-third of the Hmong minority in Laos, which numbered 350,000 in 1974 by some estimates, fled to Thailand. Many of them eventually emigrated to the United States. Between the early 1990s and 2010, over 35,000 Hmong reportedly returned or were repatriated to Laos from Thailand. In 2003, the United States accepted 15,000 Hmong facing deportation in Thailand. Approximately 2,000 Hmong insurgents surrendered to Lao authorities between 2005 and 2007 and settled in lowland areas. The Lao government has provided limited access for international observers to investigate conditions of resettlement villages of Hmong returnees and former rebels.

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