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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 is one of Asia's poorest nations, and has been ruled by a single party, the Lao People's Revolutionary Party (LPRP), for more than four decades.

Laos is a member of the Association of Southeast Asian Nations (ASEAN), the primary multilateral grouping in the region. It depends heavily on foreign investment—much of it from China—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).

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: 80%

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

Source: Central Intelligence Agency, The World Factbook, 2018.

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, although it did downgrade U.S. representation in Vientiane. Full diplomatic ties were not restored until 1992. The United States and the LPDR have experienced a slow warming of relations over the past decade. 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, however, remain concerned about human rights issues and the Lao government's treatment of its 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 in 2012 prominent community organizer Sombath Somphone disappeared in Vientiane, the capital, and is widely believed to have been abducted by government security forces.

The Lao government 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 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 State Department in 2009 to promote 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.

Congress did not extend non-discriminatory treatment to the products of Laos until 2004. Trade has grown since then, though Laos remains only the 163rd largest U.S. trade partner. In 2017, total trade between Laos and the United States was valued at \$122 million. Lao exports to the United States totaled \$96.4 million in 2017, more than double the levels of two years earlier, dominated by apparel items and precious metals. U.S. exports to Laos were \$25.7 million in 2017.

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 government since 1985. Joint efforts have recovered the remains of 282 American service personnel while 291 remain missing. Bilateral cooperation on counternarcotics activities contributed to a significant decline in opium production between 1998 and 2007. Since then, opium production in Laos, which remains a major source country, has stabilized or declined marginally.

Development Issues

The LPDR launched a market-oriented economic policy in 1986. The country's economic growth has been steady, largely 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 over 7% annually.

Despite economic growth, Laos performs 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. Neighboring countries—China, Thailand, and Vietnam—are Laos’s largest export markets and dominate foreign investment.

Foreign Assistance

Laos receives roughly \$375 million in bilateral and multilateral official development assistance (ODA) annually on average (2012-2016), not including Chinese aid. The top sources of ODA to Laos are Japan, South Korea, the United States, and the European Union. China is a major provider of infrastructure and other investment, development financing, and assistance. Chinese companies reportedly have invested \$7 billion toward dams, mines, rubber plantations, and special economic zones.

According to the Department of State, a primary goal of U.S. assistance to Laos is “to demonstrate that the United States is a trusted and reliable partner.” U.S. assistance efforts in Laos (\$54.9 million in FY2018) include demining activities; helping Laos comply with commitments related to its WTO membership and participation in the ASEAN Free Trade Area and ASEAN Economic Community; maternal and child health; counternarcotics activities; and education. 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

Of the Southeast Asian nations along the Mekong, Laos has been particularly active in promoting hydropower, with a reported 140 dam projects under consideration, with investors from China, South Korea, and others. Although these projects 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. In 2018, the collapse of a hydroelectric dam killed at least 40 people and displaced more than 6,000.

The Lower Mekong Initiative provides support to the Mekong River Commission (MRC), an inter-governmental agency (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 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, including 29,554 killed and 21,200 injured. Unexploded submunitions reportedly caused 7,761 casualties between 1964 and 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 \$195 million 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, although some Hmong fighters remained in remote mountain areas for decades. Up to one-third of the Hmong minority in Laos, which numbered 350,000 in 1974 by some estimates, fled to Thailand after 1975. Many of them eventually settled in the United States.

Approximately 2,000 Hmong insurgents surrendered to Lao authorities between 2005 and 2007 and settled in lowland areas. Some overseas Hmong groups claim that the Lao military continues to wage a military campaign against the Hmong. The Lao government has provided limited access for international observers to investigate conditions of resettlement villages of Hmong returnees and former rebels. According to some experts, Hmong organized resistance has largely ceased, and clashes with the government are sporadic at most. They say the Lao government does not have a policy of systematically persecuting the Hmong, although there are cases of local government abuses, including violations of religious freedom.

Trafficking in Persons

In 2018, the Department of State placed Laos in its Tier 3 category, stating in its annual *Trafficking in Persons Report* that the LPDR “does not fully meet the minimum standards for the elimination of trafficking and did not demonstrate overall increasing 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. The Tier 3 designation subjects Laos to restrictions on demining and IMET assistance.

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