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Laos

The Lao People’s Democratic Republic (LPDR or Laos) is one of Asia’s poorest nations, and an authoritarian state, led by the Lao People’s Revolutionary Party (LPRP). Political participation is heavily limited. The LPRP selected all candidates in the most recent National Assembly elections, in 2021. Since a 1986 economic opening, Laos has implemented market-based economic reforms, and in 2013, joined the World Trade Organization (WTO).

Laos depends on foreign investment—much of it from the People’s Republic of China (PRC or 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 ties to Beijing. Observers express concern that Laos’ borrowing has raised its public debt to dangerous levels. According to an April 2024 World Bank report, Laos’ total public and publicly guaranteed debt reached 110% of GDP in 2023. Successive U.S. administrations and the U.S. Congress have expressed concern about China’s use of loans and other investments to influence or coerce foreign governments, and Congress has enacted legislation to empower the U.S. government to counter such influence.

Laos is a member of the Association of Southeast Asian Nations (ASEAN) and served as the group’s 2024 chair. Laos is also 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.

U.S.-Laos Relations

From 1961 to 1973, U.S. forces covertly supported Laos’s royalist government in its civil war with communist insurgents backed by North Vietnam. The U.S. government also recruited Lao citizens, particularly from the Hmong hilltribe, to aid in the fight. After the fall of Saigon in 1975, tens of thousands fled to refugee camps in Thailand. Congress responded by passing legislation, including the Refugee Act of 1979 (P.L. 96-212), to allow the resettlement of refugees from Vietnam, Cambodia and Laos in the United States. According to the U.S. Census Bureau, as of 2023, over 363,000 Hmong live in the United States.

The United States did not sever diplomatic relations with Laos, as it did with Cambodia and Vietnam, when communist parties in the three countries took power in 1975, although it did downgrade U.S. representation in Vientiane. Full diplomatic ties were restored in 1992. In 2016, when Laos last served as ASEAN’s chair and host of key regional meetings, President Barack Obama became the

first U.S. president to visit Laos, and later formed the U.S.-Lao P.D.R. Comprehensive Partnership.

U.S. assistance to Laos has expanded under the partnership. USAID’s annual budget has increased from approximately \$7 million in FY2016 to over \$48 million in FY2024, supporting programs in health, education, economic growth, energy, environment, and governance. U.S. engagement in Laos has focused on addressing Vietnam War legacy issues such as unexploded ordnance (UXO) and helping Laos develop the legal and regulatory frameworks it needs to participate in global and regional trade agreements and integrate economically into ASEAN.

In 2004, Congress extended nondiscriminatory treatment to the products of Laos. In 2023, goods trade between Laos and the United States was valued at \$351.7 million, with Lao goods exports to the United States totaling \$305.4 million, dominated by light industrial items and footwear. U.S. goods exports to Laos amounted to \$46.3 million.

<p>President and General Secretary of the Lao People’s Revolutionary Party: Thongloun Sisoulith (2021)</p> <p>Prime Minister: Sonexay Siphandon (2022)</p> <p>Population: 7.9 million</p> <p>Life Expectancy: 69 years</p> <p>Literacy: 87%</p> <p>Religious Affiliations: 65% Buddhist, 2% Christian, 31% “none” or Lao folk religions, 2% other or unspecified</p> <p>Per Capita GDP (PPP): \$8,400</p> <p>GDP composition: 21% agriculture, 33% industry, 46% services</p>	
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Source: CIA *World Factbook*, 2024.

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 economic integration, education, energy, the environment, food security, health, water, and women’s empowerment. Secretary of State Antony Blinken visited Laos twice in 2024, most recently in October to attend the regional East Asia Summit and the U.S.-ASEAN Leaders Meeting. The meeting took place against the backdrop of conflict in neighboring Burma, tensions around disputes in the South China Sea, and ongoing wars in Ukraine and Gaza. East Asia Summit leaders did not issue a communique after the meeting, reportedly due to objections from China and Russia over a proposed South China Sea clause.

The U.S. government has noted progress and cooperation in several areas of the bilateral relationship. In 2009, the United States and Laos exchanged defense attachés for 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 operating 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 Laos since 1985 and recovered the remains of 288 American service personnel. 285 remain missing, according to the U.S. government.

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 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 is a participant in China's Belt and Road Initiative (BRI) infrastructure development initiative. A \$6 billion Chinese-backed rail project connecting Vientiane with Kunming in southwestern China was completed in 2021. As noted, some observers argue that Laos's rising debt levels pose macroeconomic risks and 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 also provides infrastructure and other investment, development financing, and 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 Laos.

U.S. assistance efforts in Laos (an estimated \$93 million in FY2023) 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 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 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 five killed and 15 injured in 2022, according to the Landmine and Cluster Munition Monitor. Mines also have hampered economic development by making land unusable.

Since 2016, Congress has increased assistance to Laos for clearing unexploded ordnance (UXO). Between 1995 and 2023, Laos received roughly \$391 million in Nonproliferation, Anti-terrorism, De-mining, and Related Programs (NADR) account assistance, including for 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. According to the State Department's *2023 Country Reports on Human Rights Practices*, 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.

The Department of State downgraded Laos's ranking in its *2024 Trafficking in Persons Report* to the Tier 2 Watch List, stating that the government "did not demonstrate overall increasing efforts to combat trafficking." 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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