

LAOS

WORLD RANK:

147

REGIONAL RANK:

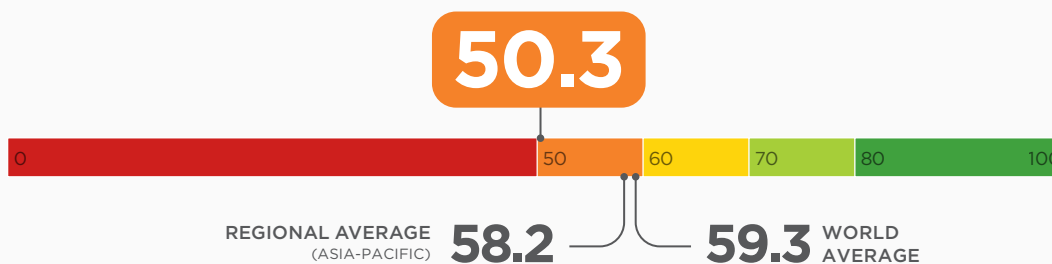
32

ECONOMIC FREEDOM STATUS:
MOSTLY UNFREE

Laos's economic freedom score is 50.3, making its economy the 147th freest in the 2023 *Index*. Its score is 1.1 points higher than last year. Laos is ranked 32nd out of 39 countries in the Asia–Pacific region, and its overall score is below the world and regional averages.

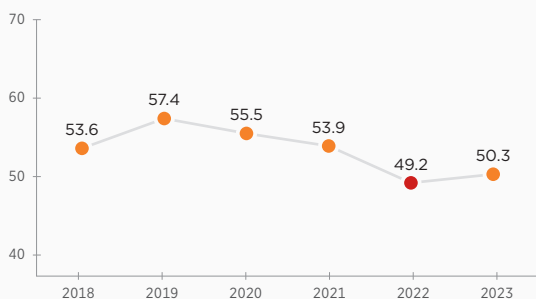
Deeper institutional reforms are needed in many areas of the Laotian economy to encourage broad-based long-term economic development. As indicated by low scores for property rights and freedom from corruption, the overall legal framework is inefficient and lacks transparency. The rule of law is undermined by corruption and political interference.

ECONOMIC FREEDOM SCORE



HISTORICAL *INDEX* SCORE CHANGE (SINCE 1996): +11.8

RECENT FREEDOM TREND



QUICK FACTS

POPULATION:
7.4 million

GDP (PPP):
\$62.6 billion
2.1% growth in 2021
5-year compound
annual growth 3.9%
\$8,489 per capita

UNEMPLOYMENT:
9.4%

INFLATION (CPI):
3.8%

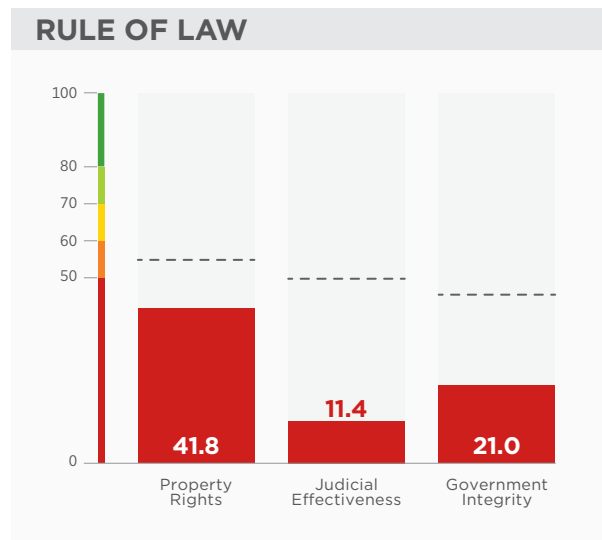
FDI INFLOW:
\$1.1 billion

PUBLIC DEBT:
93.5% of GDP

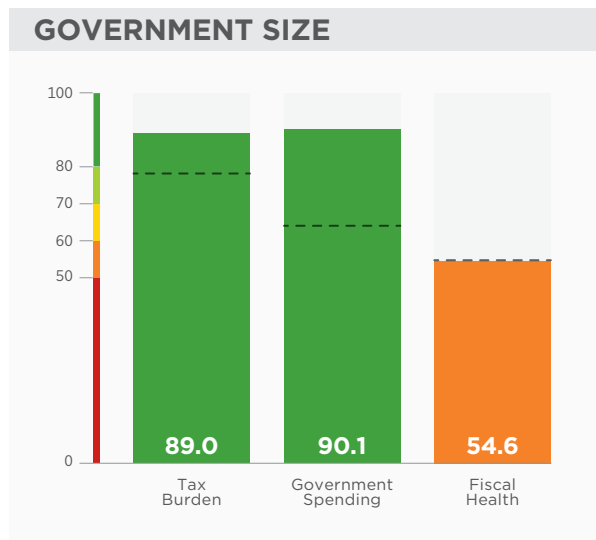
2021 data unless otherwise noted. Data compiled as of September 2022

BACKGROUND: The Communist government that seized power in 1975 destroyed the Laotian economy. Despite some minimal liberalization, civil liberties remain heavily restricted. In 2021, the National Assembly elected former Prime Minister Thongloun Sisoulith to a five-year term as President of Laos and General Secretary of the Lao People's Revolutionary Party. He is the first non-military civilian to be elected. The economy is at severe risk of default because of insufficient liquidity to meet debt obligations. Approximately 80 percent of the rural population works in subsistence farming. The economy relies heavily on exports of such natural resources as copper, gold, and timber.

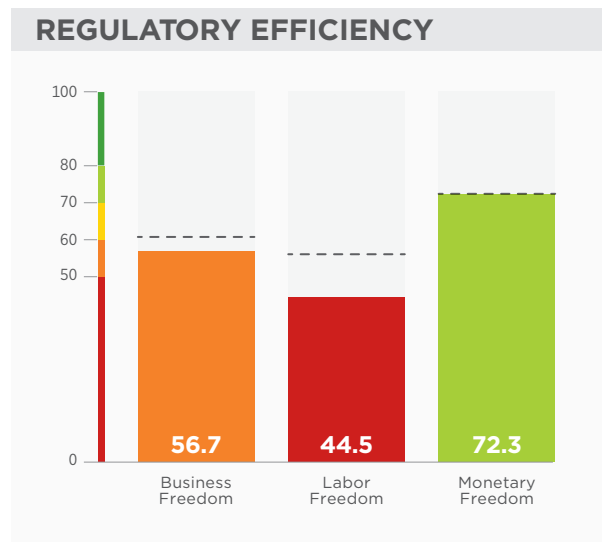
12 ECONOMIC FREEDOMS | LAOS



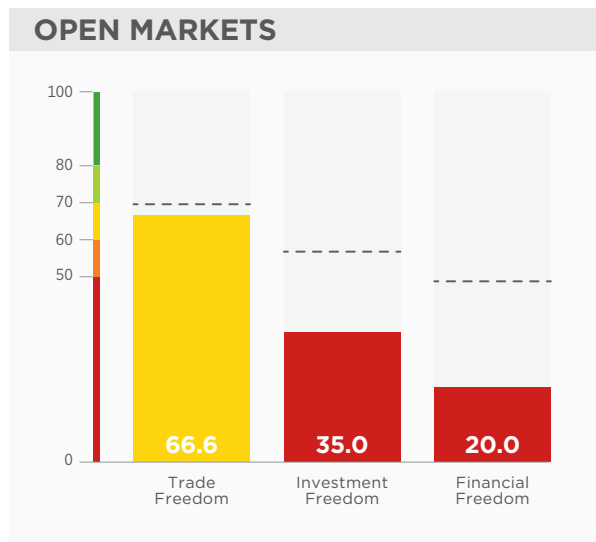
The overall rule of law is weak in Laos. The country's property rights score is below the world average; its judicial effectiveness score is below the world average; and its government integrity score is below the world average.



The top individual and corporate tax rates are, respectively, 25 percent and 20 percent. The tax burden equals 8.9 percent of GDP. Three-year government spending and budget balance averages are, respectively, 18.2 percent and -4.2 percent of GDP. Public debt equals 93.5 percent of GDP.



The transition to a more market-friendly economy has been slow. Despite some progress, an underdeveloped labor market does not provide dynamic employment opportunities for the growing supply of labor. The government influences many prices through state-owned enterprises and utilities.



The trade-weighted average tariff rate is 9.2 percent, and nontariff measures increase the cost of trade. State-owned enterprises distort the economy, and layers of restrictions discourage more dynamic foreign investment. The financial sector is subject to state involvement and undermined by politically vested interests.