



EUROPEAN UNION INVESTMENT MAPPING IN **LAO PDR**



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FOREWORD

MS. INA MARČIULIONYTĖ

**EU AMBASSADOR
TO LAO PDR**

I am thrilled to introduce this European Union Investment Mapping in Lao PDR, which provides an overview of EU investments in the country.

This initiative forms part of the EU Global Gateway agenda of connecting further to our partner countries through trusted and sustainable quality investment and trade that works for the planet and for the people. As the EU Ambassador to the Lao PDR, I have actually observed and exchanged with many small and large European companies who follow this approach, genuinely caring about their employees and about protecting the environment and natural resources in Lao PDR. European companies are not here just to do business; they are truly committed to make a positive impact on the socio-economic development of the country.

The mapping exercise shows that the 43 surveyed European companies operating in 16 sectors in the country, from finance to manufacturing and tourism, have an annual turnover over €1 billion, pay around €248 million in corporate tax yearly, and support over 9,000 jobs. As such, these companies make an important contribution in boosting growth, domestic production and exports, in creating jobs and government revenues, and in promoting inclusive development in the Lao PDR. Indeed, they fully integrate in their operations corporate social responsibility, sustainability, innovation, training, and community engagement for a better future.

In line with the Global Gateway initiative, the EU and other Team Europe partners in the Lao PDR have prioritised in their external action the objective of fostering quality investment and trade, notably to strengthen their economic ties with the Lao PDR while promoting sustainable development. Under the Team Europe Strategy for Lao PDR (2021-2025), the EU and Team Europe partners are for instance

supporting trade and business facilitation reforms, sustainable and inclusive agriculture and forest-based value chains, skills development in line with labour market needs, climate-resilient road infrastructure to facilitate market access and regional integration, sustainable tourism, renewable energy, and greener cities. Team Europe partners advocate for responsible investment to diversify productive sectors, enhance trade connectivity, create jobs, protect natural resources (especially forests), and foster sustainable, green, and inclusive growth, aligning with Lao PDR's priorities.

Furthermore, the EU will soon make available guarantees to support private investment in agriculture and forestry, and facilitate access to credit for micro, small & medium enterprises in the Lao PDR. This new guarantee tool will leverage funds from international finance institutions, and possibly local banks, by de-risking and encouraging more investment in green economy sectors.

In this endeavour to consolidate quality investment and trade partnerships with the Lao PDR, the EU and its Member States will continue to collaborate closely with the European Chamber of Commerce and Industry in Lao PDR and its members, especially with regard to investment promotion, and advocating for trade and business facilitation reforms and legislation. The mapping of EU investment in the Lao PDR is a testimony of our successful collaboration over many years in this regard.

The EU remains committed to intensifying its efforts with the Government of Lao PDR and the private sector to consolidate the attractiveness and potential of Lao PDR, and to encourage further investment that would lead to sustainable economic development. I am confident that this mapping exercise will make a useful contribution in this regard.



**MAKING EUROPE THE PREFERRED
BUSINESS PARTNER
OF LAO PDR**



FOREWORD

MS. THIANE KHAMVONGSA

**EXECUTIVE DIRECTOR
OF EUROCHAM LAOS**

The European Chamber of Commerce and Industry in Lao PDR is very pleased to have contributed to this European Union Investment Mapping in Lao PDR, which provides an overview of EU investments in the country.

This mapping exercise has been conducted via an online survey and is part of a broader effort by the EU Global Gateway strategy and the ECCIL EuroCham Laos to accompany Lao PDR in its shared goal of increasing trade and investment. The European Union and ECCIL EuroCham Laos have been close partners for more than 12 years, since the inception of the Chamber. Both have been working hand in hand, promoting Lao PDR as an investment destination for the European business community, and remaining steadfast in advocating for trade facilitation, market access, sustainable development and addressing the most critical interests and concerns of European businesses operating in Lao PDR,

To this end, mapping out the EU business presence in Lao PDR, e.g. identifying and analyzing the presence of the European investors in the country, can strengthen the potential of the private sector in the economy, thus helping us develop instruments to promote public-private dialogue and tackle investment barriers.

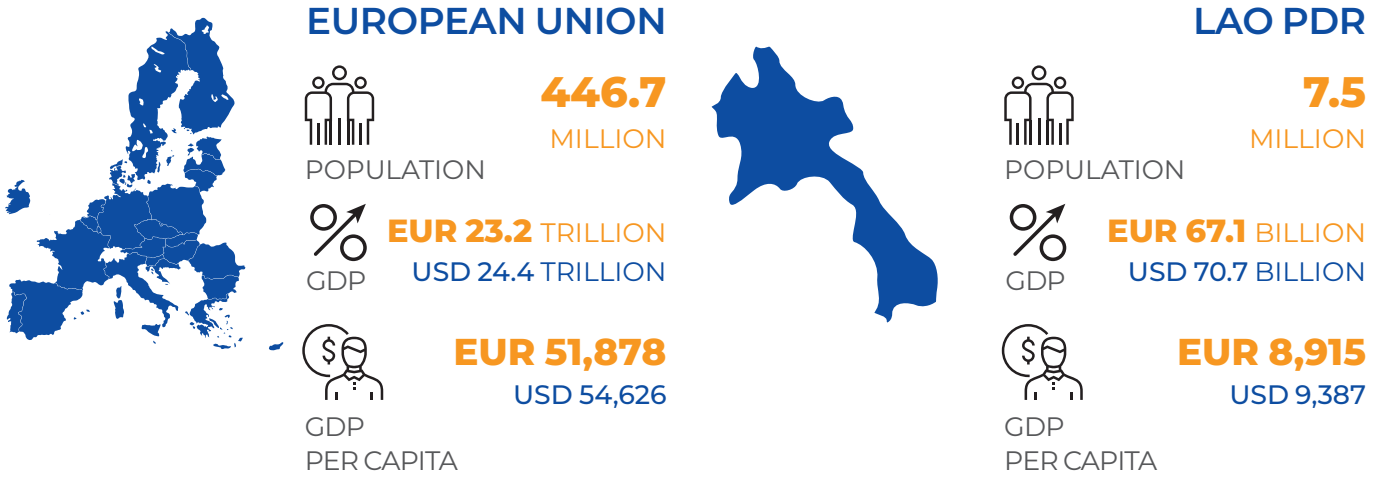
This brochure showcases the presence and impact of some European investors, most of which are members of ECCIL EuroCham Laos, who provided data on a voluntary basis. This, of course, means that those data are not inclusive of all European businesses in Lao PDR

(as the number of businesses would be much higher than 40!), but they do provide a picture of what the most active European businesses represent in terms of economic impact, contribution in boosting growth, production, exports and creating jobs.

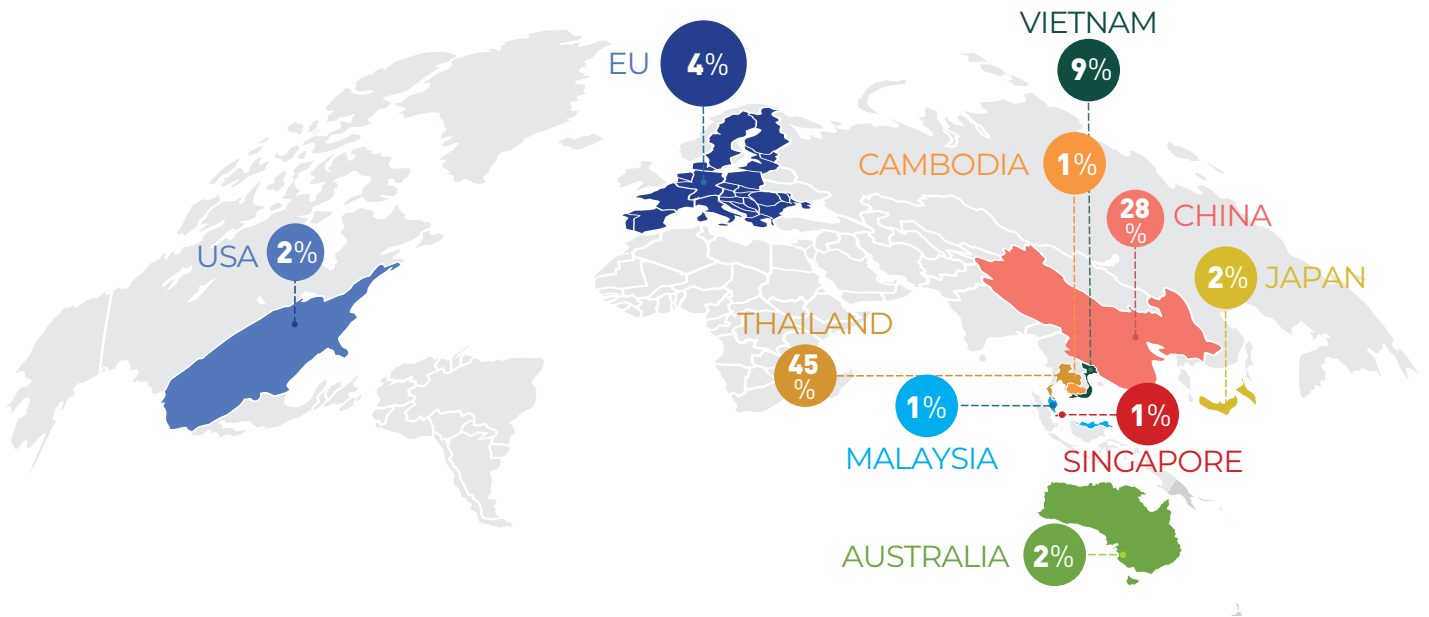
In this ever-evolving business landscape in Laos, we are proud to accompany European investment as we work towards a just, equitable and sustainable economic development. European investors are doing their part of the collective work to protect our environment and our society, not only as their responsibility, but also as a business opportunity. It is the only way to be resilient in this economy. Nowadays, a company's success is not measured only by its profit but also by its positive contribution to society.

European corporate investment is holding up better than expected, despite high inflation and rising uncertainty. European businesses need to invest strongly to remain competitive but they still need support with innovation and finance as they are increasingly under pressure to transform their businesses in several key areas, such as energy efficiency or digitalization. We, at ECCIL EuroCham Laos, are thrilled to be supporting our members, our partners, our policy makers, to promote responsible business practices for a sustainable, dynamic and diversified economic development.

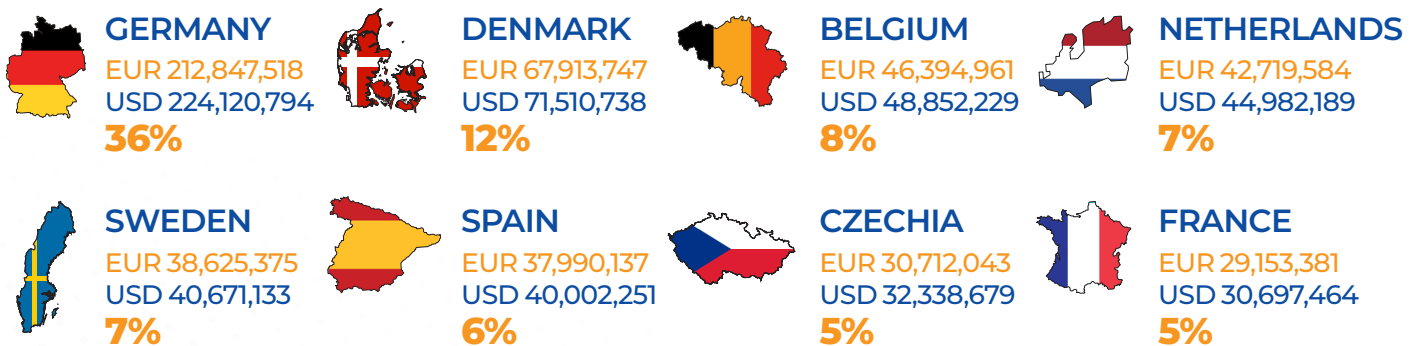
EU-LAOS ECONOMIC OVERVIEW



LAO PDR TRADE WITH THE WORLD



LAO PDR TRADE WITH THE EU



* Source: 2022 ECB, Eurostat, Observatory of Economic Complexity, World Bank

LINK TO EU COUNTRIES ¹

NATURE OF THE FIRM

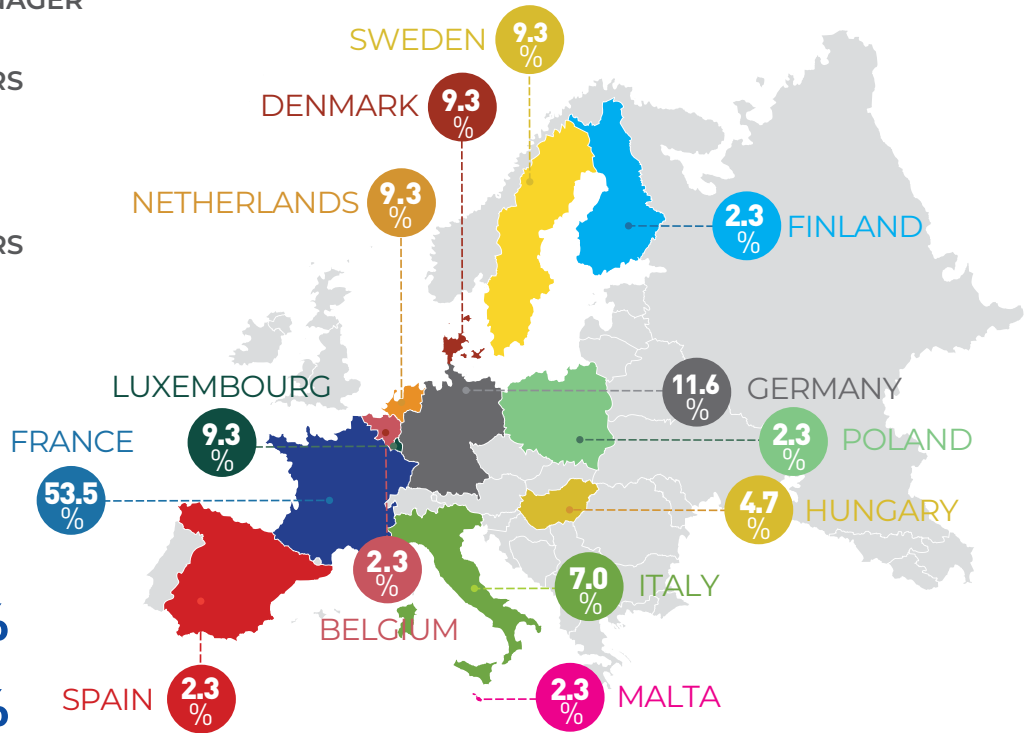
28% EU CEO / TOP MANAGER

26% EU SHAREHOLDERS

20% EU CAPITAL

13% EU HEADQUARTERS

12% EU REGISTRATION



FIRM'S AGE

 < 5 YEARS **12%**


 5 - 10 YEARS **21%**


 > 10 YEARS **60%**

COMPANY SIZE (DIRECT EMPLOYEES) ²

 **28%**
MICRO
<10

 **28%**
SMALL
<50

 **21%**
MEDIUM
<250

 **16%**
BIG
>250

ANNUAL TURNOVER

 <€1 M
49%

 <€10 M
23%

 >€10 M
28%

* Source: 2023 EU investment mapping - This brochure is based on a survey to 43 responses EU firms established or operating in Lao PDR. The replies represent 75% of the estimated number of eligible EU firms in ECCIL's membership.

¹ The percentages reflect the number of companies with a link to EU countries, which is assessed on the basis of five criteria (EU shareholders, EU capital, registration in the EU, HQ in the EU, CEO/top manager from the EU). Thus, a firm can be linked to more than one EU Member State, and the addition of the percentages in the graph can exceed 100%

² 3 companies did not reply to this question. Thus, the sum of the percentages is not 100%

MAIN SECTOR OF ACTIVITY ³



ACCOUNTANCY,
FINANCIAL OR
LEGAL SERVICES
19%



TOURISM
SERVICES
16%



MISCELLANEOUS
MANUFACTURED
GOODS (INCLUDING
RETAIL)
14%



CONSTRUCTION
OR ENGINEERING
SERVICES
9%



ENERGY OR
ENVIRONMENTAL
SERVICES
7%



CLOTHING, YARN,
FABRICS, TEXTILES
OR LEATHER
5%



CHEMICALS
2%



OIL, GAS AND
RAW MATERIALS
INCLUDING MINING
2%



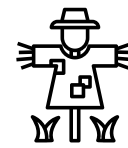
AGRIBUSINESS,
FRESH PRODUCTS
5%



CONSTRUCTION
MATERIALS
5%



HEALTH OR
SOCIAL SERVICES
5%



AGRIBUSINESS,
PROCESSED
PRODUCTS
2%



COMPUTER, DIGITAL
AND ICT SERVICES
2%



EDUCATION
SERVICES
2%



TRANSPORT &
DISTRIBUTION
SERVICES
2%



WOOD &
PAPER
2%

³ No responses were received for EU businesses operating in Communication services, Computer or electronic goods, Non-electric machinery, and Transport equipment

ECONOMIC & SOCIAL IMPACT ⁴

ECONOMIC IMPACT



ANNUAL TURNOVER

TOTAL:

1,034,097,025 €

Average per firm: 26,515,308 €



INVESTMENT ALREADY PLACED IN COUNTRY IN THE LAST 5 YEARS

TOTAL:

327,490,000 €

Average per firm: 14,238,696 €



TAXES PAID IN THE COUNTRY PER YEAR - ALL TAXES INCLUDED

TOTAL:

248,834,025 €

Average per firm: 10,818,871 €



ESTIMATED FORECASTED INVESTMENT IN THE NEXT 5 YEARS

TOTAL:

928,220,000 €

Average per firm: 40,357,391 €

SOCIAL IMPACT



DIRECT EMPLOYEES IN THE COUNTRY

TOTAL: **9,466**

Average per firm: 237



WOMEN EMPLOYEES

TOTAL: **5,370**

Average per firm: 134

* Estimated number



LOCAL EMPLOYEES

TOTAL: **9,030**

Average per firm: 232

* Estimated number



INDIRECT EMPLOYEES (E.G. SUPPLIERS) IN THE COUNTRY

TOTAL: **1,305**

Average per firm: 38

* Estimated number

⁴ Figures for Economic and Social Impact reflect only the total and average amounts provided by the business that responded to these questions

CORPORATE SOCIAL RESPONSIBILITY(CSR)



GREEN ACTIONS

CARBON FOOTPRINT, ENVIRONMENT AND BIODIVERSITY

NUMBER OF CSR ACTIONS PER YEAR :

232 (9%)

AVERAGE CSR BUDGET SPENT PER YEAR :

294,558 € (54%)



SOCIAL ACTIONS

LABOUR POLICIES AND FAIR TRADE

NUMBER OF CSR ACTIONS PER YEAR :

1,166 (47%)

AVERAGE CSR BUDGET SPENT PER YEAR :

194,486 € (36%)



INNOVATION ACTIONS

TRAINING AND RESEARCH AND DEVELOPMENT

NUMBER OF CSR ACTIONS PER YEAR :

1,066 (43%)

AVERAGE CSR BUDGET SPENT PER YEAR :

57,067 € (10%)



MARKET OUTLOOK



INVEST IN COUNTRY DUE TO
THE LOCAL MARKET
47% OF TOTAL



INVEST IN COUNTRY DUE TO
REGIONAL MARKET
30% OF TOTAL



INVEST IN COUNTRY DUE TO
INTERNATIONAL MARKET
42% OF TOTAL

IN 5 YEARS



THE LOCAL MARKET



TOUGHER
9%



THE SAME
28%



FAIR GROWTH
47%



HIGH GROWTH
12%



REGIONAL MARKET



TOUGHER
7%



THE SAME
14%



FAIR GROWTH
28%



HIGH GROWTH
42%

MAIN ACCESS TO FINANCE



60%

PROFITS FROM THE COMPANY ACTIVITIES



19%

HEADQUARTERS FUNDS



9%

INTERNATIONAL BANKS OR FINANCIAL INSTITUTIONS



7%

PRIVATE EQUITY OR VENTURE CAPITAL FUNDS



5%

LOCAL BANKS OR FINANCIAL INSTITUTIONS

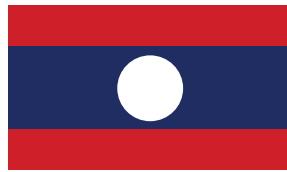


2%

RELATIVES, FRIENDS OR CLOSE RELATIONSHIPS

BARRIERS TO DOING BUSINESS (RANKING OF IMPORTANCE)





**DELEGATION OF THE EUROPEAN UNION
TO THE LAO PDR**

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