



Trade and investment relationship with Australia

Two-way trade A\$0.6b (2022)	Two-way investment: np (2022)	Students 611 (2021)	Visitors 1,520 (2022)
Two-way trade in goods A\$0.5b (2022)	AUS investment in Laos: np (2022)		
Two-way trade in services: A\$0.01b (2022)	Laos investment in AUS: np (2022)	Diaspora 11,130 (2021)	Outbound visitors: 2,140 (2022)
Australian ODA: A\$47.7m (2023–24)			

np = not available for publication

Multilateral/Regional	Bilateral
WTO – member; RCEP – party; AANZFTA – party	Not applicable

Diplomatic and economic relations

Australia and Laos cooperate across trade, investment, education and security. Diplomatic relations have been in place since 1952 – the longest unbroken diplomatic relationship Laos has with any country. Australia and Laos are working towards elevating ties to a Comprehensive Partnership. Australian companies have invested in mining, agriculture, forestry and tourism. Australia's development cooperation program focuses on education, human resource development, private sector development, economic reform, and connectivity.

Outlook to 2040

Laos has experienced significant economic growth in recent years (pre-COVID-19 pandemic average real GDP growth of 7 per cent), driven by hydropower, mining, agriculture and forestry. Structural issues, including high public debt and double-digit inflation, currently constrain growth and limit government investment in education, health and infrastructure. Laos's economic trajectory for the next five years is expected to see real GDP growth increase from 3.6 per cent to up to 5.2 per cent, before gradually slowing to 3.8 per cent by 2040. Laos expects to graduate from least developed country status by 2026. To achieve this, the Lao Government is seeking to diversify the economy and attract foreign investment, particularly in manufacturing and tourism, and plans to expand and upgrade transportation networks, grid infrastructure and telecommunication networks. Promoting foreign investment and enhancing trade and investment cooperation in the region and beyond will be key to driving growth.

Sectors to watch

Agriculture and food

The agriculture sector employs more than 60 per cent of the working population. The Lao Government is trying to move Laos up the value chain from subsistence agriculture to larger-scale agribusiness and create a niche for 'green and clean' products. There are opportunities for Laos to develop more high-quality agricultural exports, using technology and exporting more high-value products (for example, beef, organic fruit, coffee and tea). There is scope for exchange with Australia's high-quality, science-driven agriculture sector.

Resources

Mining has been a key driver of Laos's economic growth, attracting 30 per cent of foreign direct investment in Laos over the past 10 years. Mining, including gold, copper and rare earths, presents opportunities for Australian investment and Australia's services industry.

Green energy transition

Laos exports more electricity than any other Southeast Asian country, largely from hydropower, and seeks to increase its exporting capacity (from 10,076 megawatts in 2020 to 20,000 megawatts by 2030). There are opportunities for Laos to meet its energy export strategy with investment in non-hydro renewable energy, including wind and solar, and water-energy integration projects such as floating solar and pumped storage hydropower. Laos has a nascent interest in green finance, including carbon credits, and is working to develop regulatory and policy guidelines.



Raise awareness

- Undertake targeted business missions, including exploring opportunities in the green economy and agriculture
- Promote Australian capabilities in key sectors, including energy and mining services
- Match Australian tech businesses' capability with digital economy opportunities in Laos
- Attract more tertiary, VET, English-language and school students from Laos



Remove blockages

- Develop agreed standards to streamline access and movement of agricultural products
- Facilitate commercial education and training matching between Australian education providers with Lao institutions and businesses



Build capability

- Continue a focus in Australia's development cooperation program on human resource development, including the next phases of the Basic Education Quality and Access in Lao PDR program and the Laos–Australia Institute
- Develop an alumni initiative connecting alumni with Australian and Lao businesses
- Support energy planning and a greater understanding of renewable energy technology through the Laos–Australia Sustainable Energy Partnership
- Partner with the Ministry of Natural Resources and Environment and the Global Green Growth Institute to establish a national framework for participation in international carbon markets
- Expand the TGA regulatory strengthening program to build capacity of Lao regulators



Deepen investment

- Deliver initiatives with Laos on attracting high-quality foreign direct investment
- Explore new opportunities in climate-resilient agriculture, leveraging the work of ACIAR
- Support Laos's infrastructure priorities to increase trade, employment and inclusive economic growth through the Laos–Australia Connectivity Partnership
- Extend Partnerships for Infrastructure funding, including for early-stage project preparation support