

**Under embargo until 12:00 noon. Bangkok Time, Monday, 1 May 2017**

## **Lao People's Democratic Republic**

GDP (current US\$, billions):	\$12.59	Population (thousands):	6,918
Share of GDP in developing Asia-Pacific:	0.05	GDP per capita (current US\$):	\$1,850.20
Share of GDP in South-East Asia:	0.4%	Average inflation (2016)	1.6%

- Economic growth in the Lao People's Democratic Republic remained high at 6.9 per cent in 2016, mainly propelled by construction in the hydropower sector.
- The country currently has 40 operational power plants, with an installed capacity of more than 6,300 megawatts. Another 35 projects with combined capacity of 4,500 megawatts are under construction.
- The country's ability to sustain currently wide fiscal and current account deficits depends crucially on the future revenue stream from hydropower projects. In particular, rising mining profits would help support government revenue, while power exports and lower imports of capital goods used for construction of hydropower projects would narrow the trade deficit.
- The growth outlook is set to remain buoyant at 6.8-6.9 per cent in 2017 and 2018. As in past years, power exports and construction of hydropower projects would drive the economy.
- Higher global prices of main commodity export items, such as copper and coffee, will also support exports.
- Private consumption should remain strong, underpinned by low inflation, solid tourist arrivals and higher workers' remittances as a result of a steady economic rebound in Thailand.
- In addition to hydropower projects, the medium-term outlook likely benefits from the Government's effort to promote foreign investment through several special economic zones. Ongoing construction of a high-speed railway between Vientiane and the Chinese border will enhance cross-border connectivity in this landlocked country.