

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

LAOS

Asia East

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Vientiane (capital)	Political and administrative capital; principal hub for services, logistics and the Laos-China Railway's southern terminus	Services, logistics, light manufacturing
Boten (China border)	Northern terminus of the Laos-China Railway and a designated special economic zone, central to Laos's push to become a land-linked logistics hub	Cross-border logistics, special economic zone trade
Savannakhet (East-West Economic Corridor)	Mekong-border special economic zone linking Thailand and Vietnam via Route 9, a key regional trade corridor	Trade logistics, special economic zone manufacturing
Luang Prabang / Vang Vieng	UNESCO World Heritage city and adjacent adventure-tourism hub, core of Laos's tourism and services growth	Tourism, hospitality
Champasak / Bolaven Plateau	Agricultural heartland known for coffee production alongside hydropower potential in the south	Agriculture, agro-processing, coffee export
Nam Theun / Nam Ou hydropower cascades (central-northern Laos)	Core of Laos's hydropower generation (26.67 billion kWh H1 2026, +8.6% y/y), exporting to China, Thailand, Vietnam, Cambodia, Myanmar and now Singapore	Hydropower generation, cross-border power export
National power grid (EDL, state utility)	Laos's state grid company, 90% of which was sold to a Chinese firm to help manage debt, now facing Singapore arbitration over \$555 million in unpaid obligations to a separate Chinese contractor	Power transmission, grid infrastructure

INVESTOR ENTRY ROUTES

- Hydropower and cross-border power-export investment, building on record H1 2026 generation and expanding sales to Thailand, Vietnam, China, Cambodia, Myanmar and now Singapore
- Logistics and land-linked trade investment via the Laos-China Railway corridor and the Boten special economic zone
- Special-economic-zone manufacturing and trade investment in Savannakhet along the East-West Economic Corridor
- Tourism and hospitality investment in Luang Prabang and Vang Vieng
- Agriculture and agro-processing investment in the Bolaven Plateau coffee belt
- Belt and Road-aligned investment across the government's named priority sectors: trade and investment, tourism, industrialization, digital connectivity, clean energy, human-resource development and agriculture

MARKET-ENTRY OBSERVATION

Laos enters this Gateway Guide as a market of genuine physical and resource potential operating under acute financial strain. The ruling Lao People's Revolutionary Party concluded its 12th National Congress in early 2026 with Thongloun Sisoulith re-elected General

Secretary, ensuring policy continuity, and adopted a long-term vision toward 2055 alongside a 10th National Socio-Economic Development Plan (2026-2030) built around human-resource development, connectivity and governance reform. Foreign investment approvals are genuinely accelerating 34 projects worth \$8.5 billion were approved in the first seven months of 2026, up 68% year-on-year, and the government is actively courting Belt and Road partners to help fund its ambition to become a land-linked regional logistics hub, anchored by the Laos-China Railway.

That momentum sits against a debt crisis that independent analysts describe as acute: public and publicly guaranteed debt exceeds 100% of GDP, more than half of government revenue goes to debt repayment, and the kip has lost roughly half its value against the US dollar, with Laos effectively shut out of international bond markets. China, Laos's largest creditor through the Export-Import Bank of China and the China Development Bank, is the central figure in the crisis roughly a quarter of GDP sits in idled hydropower capacity financed by Chinese lenders, the state grid company sold a 90% stake to a Chinese firm to help manage obligations, and a separate Chinese contractor has taken Laos's state energy company to arbitration in Singapore over \$555 million in unpaid debt. Analysts warn that without structured debt relief either a China-led bilateral deal or an IMF-coordinated restructuring Laos risks a prolonged "lost decade" of suppressed health, education and poverty-reduction spending.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Acute public debt crisis	Public and publicly guaranteed debt exceeds 100% of GDP and consumes more than half of government revenue; Laos is effectively shut out of international bond markets	Treat sovereign fiscal capacity as severely constrained; avoid structures dependent on government counter-guarantees
Deep dependence on Chinese creditors	China's EXIM Bank and China Development Bank are Laos's largest creditors; the state grid sold a 90% stake to a Chinese firm, and a Chinese contractor has pursued \$555 million in arbitration over unpaid debt	Assess any project's exposure to the broader China-Laos debt relationship before committing capital
Currency depreciation	The kip has lost roughly half its value against the US dollar amid the debt crisis	Model project economics in hard currency and stress-test for further kip depreciation
High inflation	The ADB forecasts 2026 inflation at 9.8%, well above the central bank's sub-7% target, driven by global energy costs and currency weakness	Track Bank of the Lao PDR inflation data against government targets before fixing local-currency pricing
Idled hydropower capacity	Roughly \$3.9 billion (about a quarter of GDP) in Chinese-financed hydropower capacity sits idled, reflecting past overbuilding relative to demand and transmission constraints	Verify actual offtake agreements and transmission capacity before new hydropower investment
Slowing growth	The ADB projects 4% growth and the World Bank 3.8% for 2026, below the government's 5.5% target, amid weaker regional demand and tighter financial conditions	Benchmark project returns against independent ADB/World Bank forecasts rather than official targets
One-party political system	The Lao People's Revolutionary Party holds unchallenged political control, reaffirmed at the 12th Party Congress, offering policy continuity but limited institutional checks	Engage directly with named ministries and state enterprises rather than assuming independent regulatory recourse

INVESTOR RISK NOTE

Waverley views Laos as a resource-rich, strategically positioned market genuine hydropower export capacity, an accelerating land-linked logistics ambition, and policy continuity under a re-elected leadership operating under one of the more acute debt crises in this series. Entry should be structured to minimize exposure to sovereign and state-enterprise balance sheets, with particular attention to currency risk and the unresolved relationship between Laos and its Chinese creditors.

MARKET ACCESS

Laos is a landlocked ASEAN member with access to the East-West and North-South Economic Corridors, the Laos-China Railway, and designated special economic zones (Boten, Savannakhet) offering tax incentives for qualifying investors; it is a member of ASEAN's free trade arrangements and the RCEP, though capital account and profit-repatriation rules remain subject to central-bank foreign-exchange controls amid the ongoing currency crisis.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Office of the General Secretary (Thongloun Sisoulith, LPRP)	Re-elected at the 12th Party Congress, ensuring policy continuity and setting the long-term 2055 vision	Primary reference point for the administration's policy direction
Ministry of Planning and Investment	Approves foreign investment projects and reported 34 approvals worth \$8.5 billion in H1 2026	Primary channel for foreign-investment approval and facilitation
Ministry of Finance	Manages the government's debt obligations and budget amid the acute fiscal crisis	Primary channel for verifying fiscal and debt-sustainability developments
Bank of the Lao PDR (central bank)	Manages monetary policy, the kip's exchange rate, and inflation amid currency depreciation and above-target inflation	Monitor for monetary-policy and exchange-rate developments
Electricite du Laos (EDL) / Ministry of Energy and Mines	Oversees hydropower generation and the national grid, now 90%-owned in part by a Chinese firm amid debt-management measures and separate arbitration exposure	Primary channel for hydropower and power-export sector engagement
Ministry of Industry and Commerce	Administers trade policy and special-economic-zone frameworks including Boten and Savannakhet	Primary channel for SEZ and trade-logistics investment
Lao National Chamber of Commerce and Industry	Principal private-sector and investor-facilitation body	First point of contact for general business-facilitation support

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through the Ministry of Planning and Investment's project-approval process, special-economic-zone authorities at Boten and Savannakhet, direct engagement with EDL for hydropower and power-export projects, and the Lao National Chamber of Commerce and Industry for general business facilitation.

INVESTOR PROFILE BEST SUITED

Best suited to hydropower and cross-border power-export investors, logistics and SEZ-based trade investors able to leverage the Laos-China Railway corridor, and tourism operators in Luang Prabang and Vang Vieng. Less suited to investors requiring stable local-currency returns, sovereign counter-guarantees, or insulation from Laos's debt relationship with China.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit

Decide between hydropower/power export, SEZ-based logistics and manufacturing, tourism, or agro-processing investment.

STEP 2: Engage the relevant sector institution

Open discussions with the Ministry of Planning and Investment, EDL, or the relevant SEZ authority depending on sector focus.

STEP 3: Assess debt and currency exposure

Model project economics in hard currency and evaluate any counterparty's exposure to the broader sovereign debt crisis.

STEP 4: Verify offtake and transmission arrangements

For power-sector investment, confirm actual offtake agreements and grid capacity given the scale of currently idled hydropower assets.

STEP 5: Structure entry through SEZ or direct ministry engagement

Use Boten or Savannakhet SEZ incentives, or direct engagement with the Ministry of Planning and Investment, to structure entry.

WAVERLEY'S ROLE

- Track the Laos-China debt relationship and any movement toward structured relief or restructuring
- Monitor kip exchange-rate and inflation trends relative to Bank of the Lao PDR targets
- Coordinate introductions to the Ministry of Planning and Investment, EDL and SEZ authorities
- Screen hydropower, logistics and tourism opportunities against current debt and currency conditions

INVESTOR CALL TO ACTION

Waverley Gateway positions investors to capture Laos's genuine hydropower and land-linked logistics potential accelerating FDI approvals and a re-elected government offering policy continuity while explicitly structuring around its acute debt crisis, currency depreciation and deep dependence on Chinese creditors engage now through established ministry and SEZ channels.

Sector screening -> Debt and currency due diligence -> Institutional introductions -> Structured entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in hydropower and cross-border power-export investment, SEZ-based logistics and manufacturing in Boten and Savannakhet, tourism investment in Luang Prabang and Vang Vieng, and agro-processing investment in the Bolaven Plateau coffee belt.

POSITIONING

Laos brings genuine physical and resource strengths to this series expanding hydropower exports across five neighboring countries and now Singapore, an accelerating land-linked logistics ambition anchored by the Laos-China Railway, and policy continuity under a re-elected leadership with a clear long-term development plan.

That potential sits alongside one of the more acute debt crises in this series: public debt exceeding GDP, a currency that has lost half its value, exclusion from international bond markets, and a deepening dependence on Chinese creditors that independent analysts warn could produce a prolonged economic 'lost decade' without structured relief. Waverley frames Laos as a resource-driven opportunity best entered through SEZ structures and direct sector engagement that minimize exposure to sovereign and state-enterprise balance-sheet risk.

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