

Mining market in Laos

The Lao People's Democratic Republic (PDR) is gifted with natural resources of enormous untapped mineral resources deposits in over 570 locations across the country. Mining has been a key driver of economic growth since production first started in 2002. Since then, foreign investment helped develop rich mineral resources, which accounts for approximately 30% of total foreign direct investment in the Lao PDR. The government hopes to increase the country's mineral processing capacity to reduce the number of raw minerals exported and add value by exporting processed minerals. The 2011 mining moratorium is over, creating great opportunities for Canadian mining suppliers pursuing international business development in the Lao PDR.

Industry highlights	
Limited information available Export Development Canada's position	0.1% Global exploration share
50.8 World Bank Ease of Doing Business score	Copper, gold and silver lead the Lao PDR's mining sector

Key opportunities for Canadian mining suppliers

Environmental protection and services

The Lao PDR is promoting investment in mining to boost revenue through the export of natural resources, while ensuring environmental protection. From 2021 to 2025, Laos should significantly increase production and the country wants to ensure that mining companies operate in accordance with environmental regulations. To meet these new environmental requirements, mine operators seek consultancy services to comply with all environmental protection regulations, and mining technology on:

- soil stabilizers
- dust collection systems
- ventilation systems
- water filtration
- erosion control

Post-extraction assessment

The Lao PDR is a potash exporter surrounded by potash importers, but lack of technical expertise in both the government and current concession holders could create demand for Canadian technology upskilling and business partnerships. The many mines that are at the closure phase require expertise on post-extraction assessment. This creates demand for partnership and services for Canadian firms that are already operating here or in the region.

Productivity on site

The country is gearing up on mining investment promotion, and mining companies operating in the Laos PDR are looking to improve productivity and efficiency. Opportunities exist for Canadian mining supply and services companies offering artificial intelligence and autonomous equipment.

Notable challenges for Canadian mining suppliers in Laos

- Although the mining moratorium was lifted, several bureaucratic paperwork processes remain key challenges on mining licensing and operations in the Lao PDR.
- With mining operations being capital intensive, there are few financing opportunities for Canadian firms in the Lao PDR.
- Local mining regulations and concession requirements remain unclear and are enforced inconsistently.

- It is necessary to have a local representative or distributor who knows the market and can follow-up with local companies.
- Most purchasing decisions are made directly by each mine site, so it is particularly important to visit the mines and meet with the key contacts who have the technical knowledge, know the needs of the mine and make the decisions to acquire a specific product, technology or service.

Laos' business landscape

- In 2020, Canada's bilateral trade with the Lao PDR was modest at \$32.8 million, with just over \$2.5 million in exports from Canada.
- The Lao PDR enjoys duty-free and quota-free market access to Canada for most goods, except supply managed agricultural products such as poultry, dairy and eggs.
- While the domestic market is very small, the Lao PDR is situated in a high-growth region. The construction of new rail and road networks has potential to allow access to tens of millions of consumers. Current projects include:
 - the China-Laos Railway (completed in December 2021)
 - the East-West Economic Corridor (still at financing stage), which would link a number of Laotian provinces to ports in Thailand, Myanmar and Vietnam

Request a meeting

To learn more about the mining industry in the Lao PDR, please request an in-person meeting with a Trade Commissioner on the Business-to-Trade Commissioner scheduling platform ahead of PDAC 2022. <https://go.b2b-2go.com/en/canadapdac-2022/>