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# *Factors Affecting Foreign Direct Investment (FDI) Inflows to Lao PDR*

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# Abstract

This study aims to investigate the factors affecting Foreign Direct Investment (FDI) inflows to Lao PDR, so as to provide a proper recommendation to Lao government since FDI accounts for a considerable share of Lao PDR's GDP. According to the theoretical framework of the FDI determinants, the paper will analyze the factors that affect FDI inflow to Lao PDR by applying the methodology of qualitative approach and comparing the determinants of FDI as we as the investment promotion policies of Lao PDR with those of Vietnam. Vietnam is chosen as the comparative sample due to the fact that the inflow of FDI to Vietnam is relatively much higher than that of Lao PDR. In addition, the study also conducts the interviews with both government officers and foreign investors. The finding of the research reveals significant variables that affect FDI inflow to Lao PDR in each major factor. (1) Infrastructure factors: geographical location; electricity and internet accessibility are the significant impact on FDI inflow to Lao PDR. (2) Economic and market factors: export and import; domestic market and regional and international market accessibility have crucial effect. (3) Political and government regulations factors: Lengthen approval procedure is the obstacle. (4) Social and Cultural factors: educational level and language communication have a significant impact and (5) Financial factors: interest rate is also considerable impact on FDI inflow to Lao PDR. Finally, the paper concludes, based on the findings, by providing a recommendation on how to improve those significant variables in each major factor in order to attract more FDI inflow.



Keywords: *FDI inflow, Determinants of FDI Inflow, Investment policies*

## 1. Introduction

Over several decades, Foreign Direct Investment (FDI) has been considered as a key driver on the economic development of countries. Many countries are actively promoting their strategic potential in order to attract FDI inward. According to the Organization of Economic Cooperation and Development (OECD, 2015), FDI is an investment of foreign investor from one country (home country) to another country (host country) with at least 10 percent ownership of foreign investor on ordinary shares in the business.

Since the 1990s, FDI has played a significant role in the world's economic integration and development (UNCTAD, 2015). It contributes a lot of benefits to the host countries by raising the capital inflows, providing an employment, transferring technology, simulating domestic enterprise sectors as well as enhancing both external and internal competition on trade and investment. However, the advantages of FDI in each recipient country are not the same, some may gain a lot of benefits, but some may not. Thus, the investment policy, as well as the law on investment promotion of the host country, are the crucial factors for attracting FDI inflow in order to enhance economic development.

In the Lao People's Democratic Republic (Lao PDR), FDI is also recognized as a significant source of capital inflows, because it promotes the economic growth and strengthens the social economic development. Especially after the Lao government started to implement the national economic reform in 1986, shifted from centrally planned economy to the market-oriented economy with the open door policy. Two years later, the law on investment promotion was officially promulgated for the first time. Since then, Lao PDR began attracting more and more FDI inflow in the following years. As a result, FDI inflow to Lao PDR has dramatically increased from \$ 58.54 million in 1991 to \$ 1.19 billion in 2015 (UNCTAD 2016), around 78.26 percent of the total FDI inflow during 2001 - 2011 came from the three biggest foreign investors in Lao PDR including China, Vietnam, and Thailand (Phommahaxay, 2013). Mostly, the hydropower and mining sectors were dominated by these countries which accounted for almost 70 percent of total FDI inward during 2006 - 2011.

## 2. Statement of Problem

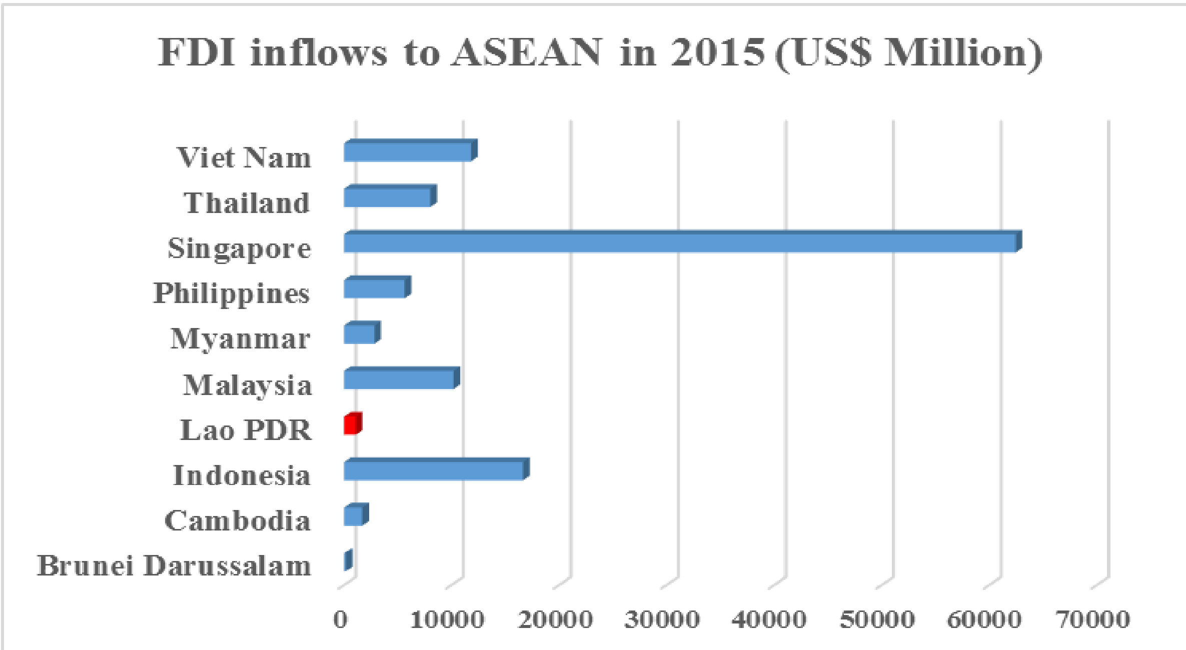
Despite the decline of global FDI inflow by 18 percent, from $ 1.65 trillion in 2011 to $ 1.35 trillion in 2012, the Association of Southeast Asian Nations (ASEAN) remained a major destination of FDI inflow among developing economies, accounting for 16 percent of the total FDI inflow. With a slowdown of FDI flows in ASEAN by 8 percent, from $ 130 billion in 2014 to $ 120 billion in 2015, intra-ASEAN investment has shared the largest percentage of FDI flow in ASEAN for 17 percent and 18.5 percent in 2014 and 2015 respectively. It rose marginally by $ 15 million in 2010 to 22.1 million in 2015, making it remain the largest sources of FDI flows in ASEAN, According to the Asia-Pacific Trade and Investment Report (UNESCAP 2013) and ASEAN Investment report (UNCTAD, 2016).

Lao PDR is one of the ASEAN member countries and recognized as one of the fastest growing economies in Asia - Pacific region and globally, as a result of its economic decentralization in 1986 (WB, 2017). Notably, Lao PDR opened for FDI inflow since 1988, but Lao PDR received FDI inflow very modest when compared to other countries in ASEAN. Specifically, the FDI inflow to CLMV[1] countries increased from $ 12.5 billion in 2014 to $ 17.5 billion in 2015. But Lao PDR obtained the smallest amount of FDI inflow among them, only $ 0.7 billion and $ 1.2 billion in 2014 and 2015 respectively. This making the FDI inflow to Lao PDR remained relatively low when compared to

[1] C: Cambodia, L: Lao PDR, M: Myanmar, V: Vietnam

other ASEAN member countries as well as in the region. Therefore, this research attempts to analyze the determinant factors that affect the FDI inflow to Lao PDR in order to provide an appropriate recommendation to Lao government for further FDI attractiveness policy in the future.

Figure 2.1 FDI inflows to ASEAN in 2015 (US$ Million)




Source: ASEAN Secretariat - ASEAN FDI Database as of 31 October 2017

## 2.1 Research Objectives

(1) To investigate the current situation of FDI inflow to Lao PDR.

(2) To analyze the factors that affect FDI inflow to Lao PDR.

(3) To provide an appropriate recommendation to Lao government in order to accelerate the increase in FDI inflow to Lao PDR.

## 3. Literature Review

According to the study on the determinant of foreign direct investment inflows to Lao PDR (Vathsana, 2016), there are 12 significant factors that indicate FDI flows to Lao PDR. These factors include electricity, road and internet, investment law, government stability, enterprise law, bureaucracy, low labor cost, economic stability, market growth potential, exchange rate fluctuation, and social stability. Another study conducted by Asiedu (2002) delves into the factors affecting FDI in developing countries, specifically in the region of Sub-Saharan Africa (SSA) countries.The study revealed that there are three factors that are affecting the SSA countries which include the geographical location, higher return on capital where no significant impact on FDI flows to non-SSA countries. At the same time, the openness to trade has a positive impact on FDI inflow to both SSA and non-SSA countries. Hence, infrastructure development encouraged FDI inflow to non-SSA countries, but have no significant impact on FDI flows to SSA countries.

A study by Huyen and Hoang (2015) focused on the determinant factors affecting foreign direct investment capital in Thanh Hoa province in Vietnam. The study revealed that there are some factors that have a significant impact on FDI inflow including the availability of resources factors, infrastructure, and financial factors. On the other hand, the social and cultural factors have a negative effect on FDI inflow. At the same time, another study Ali and Guo (2005) found that market size and market growth potential are the major factors that affect FDI inflow to China, therefore the government incentive policies, cheap labor cost causes high investment return. Cuyvers and Soeng (2011) indicated in their study that the GDP of the host country and the exchange rate has significant impacts on FDI inflow to Cambodia, while the geographic location has no significant effects on FDI inflow.

## 4. Methodology

This study used a qualitative method in order to investigate the determinant factors affecting foreign direct investment (FDI) inflows to Lao PDR. The paper mainly utilized the secondary data through an approach in documentary researches including articles, academic research papers, textbooks, journals, official reports and other internet sources. In addition, it also conducted the data collection by an in-depth interview with both Lao government officers and foreign investors.

## 5. Findings and Results

### 5.1 Infrastructure Factors

The infrastructure has a significant and positive effect on FDI inflow, the availability of infrastructure in a host country can definitely attract FDI and further accelerate the rate of economic development (Nor'Aznin AbuBakar, 2012). The study included four crucial variables for the infrastructure factor that influence the FDI inflow to Lao PDR by comparing it to Vietnam. The analysis included the geographical location, electricity accessibility, road length networks and internet accessibility. The finding revealed that Vietnam has more advantages than Lao PDR in terms of infrastructure factor, mainly the geographical location, electricity accessibility, and internet accessibility. On the other hand, the only advantage that Lao PDR has is the road length networks.

**1) Geographical location:**

It is one of the key factors for FDI desirability because a good location of the host countries cost less in transportation for exporting goods to the world market (Pettinger, 2017). The landlocked developing countries spend about 50 percent more in transport costs than coastal countries

(Misovicova, 2003). Vietnam has an appropriate location according to its geography. It is ranked as the 4th largest country in ASEAN and 1,400 miles coastline on the east side of the country along the South China Sea. In addition, Vietnam is recognized as a heart of Asia Pacific region. This made Vietnam become the world's top destinations for FDI inflow. As a result, Vietnam shipped $ 210.8 billion worth of goods to other countries and regions around the globe in 2016 (Workman 2017). Lao PDR, on the other hand, is a landlocked country which denotes that it has no territorial access to the seas, limited border crossings and transit dependence which is an obstacle for FDI inflow especially on those investments targeting on exporting goods to the world market. As a result, Lao PDR shipped only $ 3.2 billion worth in 2016.

**2) Electricity accessibility:**

Although Lao PDR is one the richest countries in Southeast Asia in terms of hydropower resources (Sager, 2016), it is still poor in household electricity accessibility when compared to that of Vietnam. According to the World Bank (WB), about 73.9 percent of Vietnamese household has an access to electricity in 1990 which raised to 99.2 percent of accessibility in 2014. Whereas the household in Lao PDR, only 17.7 percent has access to electricity in 1990 and 78.1 percent in 2014. As a result, the household in Vietnamese is able to access the electricity at almost 100 percent in 2014, but Lao PDR's was 78 percent (WB, 2017).

**3) Internet accessibility:**

Every 10 percent increase in the number of internet users in a host country raised the FDI inflow by more than 2 percent (Choi 2003). Even though the increase in a number of internet user can be seen in both Lao PDR and Vietnam, Lao PDR is still poor in internet accessibility. As a result, there were only 5,933 internet users in Lao PDR in 2000, accounting for 0.1 percent of the population. While Vietnam has 204,125 users which accounted for 0.3 percent of the population. In 2016, the number of internet user in Lao PDR increased in 1,087,567, accounting for 15.7 percent of the population, while Vietnam has 49,063,762 users which accounted for 52 percent. Therefore, Lao PDR is still behind Vietnam in terms of internet accessibility.

**4) Road length networks:**

The length of road networks has played a crucial role in attracting FDI inflow (Kaur 2016). In terms of road length networks, Lao PDR has longer road network than Vietnam. As a result, Lao PDR has 0.84 Km/100 people of road length network in 2015, whereas Vietnam has 0.23 Km/100 people. Therefore, Lao PDR has more advantage than Vietnam in term of road length networks.

### 5.2 Political and Government Regulation Factors

The political and government regulation is strongly considered as an important factor in attracting FDI flows to a host country (Kim, 2010). In this research, 4 crucial variables were used as indicators of political and governmental regulation factors which are political stability, lengthen approval procedure (bureaucracy), investment promotion policy and investment incentives. The study found out that Lao PDR has disadvantages in the lengthen approval procedure (bureaucracy) compared to Vietnam. Nonetheless, the two countries are equal in the rest o the remaining variables.

**1) Political stability:**

The political situation in a host country plays a significant role in FDI inflow attractiveness. A study indicated that investors consider the political stability of a host country as one of the most significant factors in providing funds to foreign projects because it is believed that an unstable country in terms of politics is likely to make foreign investment face with vagaries of forces beyond the investors' control (Fatehi-Sedeh and Safizadeh, 1989). Another study in Bangladesh also found that the political stability has a positive impact on FDI inflow in the long run (Jewel, 2015). The study indicated that a stable in the political situation in Lao PDR and Vietnam is equally because both of them have the same political system; communist which shares a lot of similarities in most administration structures. The most important thing, there is no any harsh demonstration or conflict in the internal level over several decades. As a result, Lao PDR and Vietnam are ranked in the top of the most stable countries in Southeast Asia. Therefore, when foreign investors analyze the background of the country for their investments, political stability will be one of the top lists that can attract and impresses their attitude toward these countries. Hence compared to other countries in ASEAN, Lao PDR and Vietnam will be at the same level of investors' choices to do investment in terms of their political stability.

**2) Lengthen approval procedure (bureaucracy):**

It is considered as one of the most import factors for FDI attractiveness because bureaucracy of a host country has played a significant role in attracting FDI inflow (Frâncu, 2015). As mentioned in the previous chapter, Lao PDR has a disadvantage in its bureaucratic system when compared to Vietnam, due to the lengthening of approval in Lao PDR which is long especially in big investment projects. Big investors are required to come to the central in order to get approval. Whereas the procedure in Vietnam is shorter. Thus, Lao PDR would be the second choice for investors compared to Vietnam.

**3) Investment promotion policy:**

The host country with a good investment promotion techniques can encourage more FDI inflow (Miskinis and Byrka, 2014). The investment promotion policy of Lao PDR and Vietnam has not much difference. As a result, the government in both Lao PDR and Vietnam is now focusing on attracting foreign investment in these sectors that will contribute technology transfer, create employment and promote labor productivity. It means both countries are targeting in a project with high-tech, high industry of value added as well as encouraging the investment sector that is friendly to the environment and leads the country to be the center of supply chain in regional and international level.

**4) Tax incentive:**

It is the fundamental factor that influences investors' decision in order to allocate the investment capital in that host country. The tax incentives in Lao PDR is depended on the zone and the promote sector that as well. For example, the investment in the agriculture sector will get tax exemption from 1 year up to 10 years depending on the investment zoning. And the investment in education and healthcare sector will receive a tax exemption for 3 years up to 15 years depending on the zone as well. Similar to in Lao PDR, Vietnam also provides tax exemption in different sectors. Therefore, there is no strong evidence to prove whether Vietnam has more advantage to Laos Lao PDR and Vietnam may not able to compare in term of tax incentives, because both countries have something similar and some differences.

### 5.3 Economic and Market Factors

Economic and market in a host country are considered as the key factors for attracting FDI inflow as well as country's development. This study analyzed 6 significant variables of economic and market factors that encourage the FDI inflow to Lao PDR by comparing to Vietnam. There are GDP per capita, labor cost, export and import, domestic market, regional and international market accessibility and market growth potential. The finding of this indicated that Lao PDR has more advantages in GDP per capita, labor cost and market growth potential when compared to Vietnam. On the other hand, Vietnam has more advantages in export and import, domestic market, and regional and international market accessibility.

**1) GDP per capita**:

It has a significantly positive impact on FDI inflow because when the GDP per capita increases by 1 percent, the FDI will increase by 4.82 percent (Khamis Hareb Alshamsi 2015). The result of this paper revealed that since 2014, the GDP per capita of Lao PDR is relatively higher than Vietnam's. It was $ 2,017.56 in 2014 which steadily increased by $ 2,353.153 in 2016. Vietnam on the other hand gradually increased by $ 2,052.32 and $ 2,185.69 in 2014 and 2016 respectively. Thus, Lao PDR had more advantage than Vietnam in term of GDP per capita which is one of the crucial aspects of FDI inflow attractiveness.

**2) Labor cost:**

Labor cost in a host country is also considered as an important aspect for promoting FDI inflow. The study indicated that there is a significant relationship between labor cost and FDI inflow in OECD countries (Bayraktar-Sağlam and Sayek Böke 2017). This paper utilized the minimum wage as an indicator of labor cost. The finding of this paper revealed that the minimum wage in Lao

PDR is relatively lower when compared to Vietnam. As a result, the minimum wage in Lao PDR was $ 77 per month in 2014 and raised to $ 110 per month in 2015, while Vietnam remained relatively higher which was $ 118 and $ 138 per month in 2014 and 2015 respectively. Therefore, Lao PDR has more advantage in labor cost when compared to that in Vietnam.

**3) Market growth potential:**

Market growth potential is one of the crucial factors influencing FDI inward to a host country. According to a study, economic growth has a positive impact on FDI inflow to a host country (Almfraji and Almsafir 2014). Therefore, the GDP growth rate was used as an indicator of the Market growth potential of both Lao PDR and Vietnam in this paper. The study found out that the GDP growth rate of Lao PDR is relatively higher when compared to Vietnam. As a result, Lao PDR has an average of GDP growth rate of 7.8 percent per year (2010 – 2016), while Vietnam has an average of 6 percent growth rate of GDP in the same period. It can be concluded that the market growth potential in Lao PDR is relatively higher when compared to Vietnam.

**4) Export and import:**

Export and import has played a significant role in promoting FDI inflow to a host country. In this paper, the degree of openness was used as an indicator of export and import of Lao PDR and Vietnam. Because it is believed that the larger percentages of the degree of openness, the more the country is accessible to the international trade which is a crucial factor encouraging FDI inflow (Blog 2017). The study revealed that the degree of openness of Lao PDR is relatively lower when compared to Vietnam. As a result, the degree of openness of Lao PDR was 74.217 percent in 2010 and it gradually increased in 85.481 percent in 2014 before decreasing in 68.445 percent in 2016 (WB, 2017). Whereas, in Vietnam, it was 152.217 percent in 2010 and increased dramatically in

184.686 percent in 2016. It means Vietnam is more exposed to international trade. Therefore, Lao PDR had a disadvantage in the degree of openness when compared to Vietnam, due to it remaining relatively low. This would contribute to a negative impact on export and import in Lao PDR.

**5) Domestic market:**

The size of the domestic market in a host country is one of the fundamental determinants that influenced FDI inflow because it related to the number of consumers in that country. The study of (Mughal and Akram, 2011) indicated that market size is the most dominating significant impact on FDI inflow. The result of this paper revealed that Lao PDR has a restriction for the size of its domestic market, its small population of 6.7 million people (2016), while Vietnam has a large number of population of 92.7 million people (2016). Therefore, Lao PDR has a disadvantage in terms of the domestic market.

**6) Regional and international market accessibility:**

Being a part of both regional and international organizations is very important for host countries in order to attract FDI inflow. Since the 1990s, FDI flows have been increasing dramatically because of an increase in number and integration of regional and international trade agreements (Thangavelu 2011). The study revealed that Lao PDR has a disadvantage in regional and international market accessibility when compared to Vietnam. Because Vietnam had been in partnership of many FTAs around the globe. As a result, Vietnam had singed and is in the negotiation process resulting to a total of 16 FTAs (2015), while Laos PDR has only 10 FTAs. In addition, Vietnam also signed a bilateral and multilateral agreement with many countries, especially with the US. And also being a part of TPPs. Whereas Las PDR has mostly cooperated with regional partners particularly ASEAN member countries.

### 5.4 Financial Factors

Financial factor in a host country has played a significant role in attracting FDI inflow. This study investigated 3 fundamental variables of financial factor including exchange rate volatility, inflation rate, and interest rate. In order to attract FDI inflow to Lao PDR by comparing to Vietnam. The study found that Lao PDR has more advantages in exchange rate volatility and inflation rate, but it has a disadvantage in interest rate when compared to Vietnam.

**1) Exchange rate volatility:**

According to the study of Fatemeh Mohagheghzadeh (2014), there is a significant relationship between exchange rate validity and FDI inflow. The finding of this paper revealed that the exchange rate in Vietnam has strongly fluctuated than that of Lao PDR. As a result, the average of exchange rate volatility in Vietnam for 4 years (2013-2016) is 9.01 percent, with the highest percentage of 5.13 in 2015. Whereas it was only 2.13 percent in Lao PDR in the same period. Therefore, Lao has an advantage in exchange rate volatility when compared to Vietnam, because the fluctuation of the exchange rate in Lao PDR remained relatively low.

**2) Inflation rate:**

The inflation rate of a host country is a crucial factor in influencing FDI inflow because it diminishes uncertainty and strengthens investors' confidence of for doing businesses and making investment decisions (Giri, 2016). The result of a study showed that the inflation rate in Lao PDR is relatively

lower than that in Vietnam, due to the average rate of inflation in Lao PDR for 5 years (2012 - 2016) is 3.54 percent, with the lowest rate of 1.3 percent in 2015. On the other hand, the inflation rate in Vietnam is 4.68 percent in the same period. Therefore, Lao PDR has more advantage than Vietnam in the inflation rate for the FDI
inflow attractiveness.

**3) Interest rate:**

The interest rate in Vietnam is relatively lower than in Lao PDR, As a result, the average of interest rate in Lao PDR for 5 years (2006 – 2010) is 18.332 percent, while in Vietnam is only 2.775 percent in the same period. However, according to the previous study, the interest rate in a host country has an insignificant impact on FDI inflow (Chingarande, Karambakuwa et al. 2012). Thus, no matter how high or low-interest rate in Lao PDR and Vietnam is, there is no significant impact in attracting FDI inflow in both countries.

## 5.5 Social and Cultural Factors

Social and cultural factors are also significant in influencing investor's decision in order to allocate their investment capital in the host county. Explicit social and cultural factors have a crucial effect on FDI inflow (Sathe and Handley-Schachler 2006). This paper utilized 3 significant variables as an indicator for the social and cultural factors in order to attract FDI inflows to Lao PDR by comparing to Vietnam, which included social stability, educational level and language and communication. The result of the study revealed that Lao PDR has more advantages only in social stability, whereas other two variables such as educational level and language and communication are Vietnam's advantages.

**1) Social stability:**

Social stability is one of the fundamental factors that influenced FDI inflow to a host country. The study revealed that crimes contributed negative and statistically significant impact on FDI inflow because crimes activities led an unfavorable business and affect the confidence foreign investors to do investment in that country (Nadeem and Shakeel, 2017). The study found that Lao PDR is safer than Vietnam. According to the crime and safety rate in ASEAN in 2015. Vietnam was ranked in the 2$^{nd}$ position with a crime rate of 52.29 percent among eleven countries but the rank of crime rate in Lao PDR was the 9$^{th}$ level with 36.24 percent. It means safety index in Lao PDR is much more than that of Vietnam. Therefore, according to the statistics, the crime rate in Lao PDR is lower than that in Vietnam which is an important factor that can influence investors' decision and Lao PDR may have greater potential for attracting FDI inflow.

**2) Educational level:**

The education level of a host country is one of the keys factors for attracting FDI inflow. The study indicated that educational level has a significant relationship with FDI inflow (Strat, 2015). It is because educated people will have more opportunity to gain employment and its growing movement towards globalization. The paper indicated that Lao PDR has a disadvantage in educational level when compared to Vietnam. As a result, the completion rate of students from lower secondary school (% of relevant age group) in Vietnam is relatively higher than Lao PDR. In 2011, about 77.925 percent of Vietnamese student graduated from lower secondary school, while around 43.063 percent in Lao PDR, and in 2015, the percentage of the completion rate of student from lower secondary school in both countries has dramatically increased into nearly 100 percent in Vietnam and over 60 percent in Lao PDR. Therefore, the FDI inflow to Lao PDR may be affected by its insufficient education standard. It is certain that foreign investors will greatly consider this factor and may prefer to invest in Vietnam more than in Lao PDR by seeing country's educational level.

**3) Language and communication:**

Language and communication are one of the crucial factors that promote FDI inflow to a host country. There is a strong and significant relationship between language and FDI inflow because the high percentage of foreign languages spoken in a host country especially English can decrease the transaction cost and can encourage investors to invest in that country (Kim, Liu et al. 2015). The study demonstrated that Lao PDR is still poor in English proficiency when compared to that of Vietnam. According to the survey the EF English Proficiency Index in 2017, Lao PDR is ranked as the lowest in terms of average English proficiency in Asia with 37.56 percent. While Vietnam is moderate with 53.43 percent. From the point of view of languages and communication, both countries may have language barriers for FDI inflow due to the difficulty for foreign investors to communicate with local people. Nonetheless, Vietnam has more advantages in terms of language and communication, as the rate of average English proficiency is over 50 percent and the number of Vietnamese people learning foreign languages has rapidly increased nowadays.

## 6. Conclusion

This study attempted to investigate the determinant factors that affect FDI inflow to Lao PDR under five crucial factors. These factors include infrastructure factors, political and government regulations factor, economic and market factors, financial factors and social and cultural factors. Each factor consists of different significant variables that influence the FDI inflow to Lao PDR. The study revealed different insignificant impacts on FDI inflow to Lao PDR. The infrastructure factor has significant impact, this is due to Lao PDR having disadvantages because of its geographical location, electric accessibility, and internet accessibility when compared to that in Vietnam. And the economic and market factors also have considerable impact due to Lao PDR remaining poor in export and import, domestic market, and regional and international market accessibility when compared to that in Vietnam. The lengthen approval procedure is an obstacle of FDI inflow for political and government regulation factors. For Social and cultural factors: the educational level and language communication have an important impact as well as the interest rate of the financial factors. Therefore, this paper would like to conclude with some recommendations to lao government and related sectors especially the factors that should be improved first in order to attract more inward FDI to Laos PDR. For geographical location, the government should invest more in road network projects connecting with neighboring countries in order to make Lao PDR become a land-linked country. The electric power lines and internet network should be expanded widely especially to the rural area in order to increase penetration ratio. At the same time, Lao government should enhance cooperation with other economic partners in both regional and international level in order to increase international trade and size of the domestic market that is an important factor for FDI.

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## Author's Profile


**Name:** Palamy PHETPASEUTH

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### Educational Attainment

- August 2015 – December 2017: Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok, Thailand.
- September 2011 – June 2015: Bachelor of Arts in International Relations, Faculty of Law and Political Sciences, The National University of Lao PDR, Vientiane, Lao PDR.

### Scholarship and Awards

- 2016 – 2017: Recipient of Thammasat University Scholarship for Master of Arts in Asia Pacific Studies.
- 2015: Participated the 4th NIDA Summer Camp in Bangkok Thailand.
- 2014: Recipient of the Ship for Southeast Asian and Japanese Youth Programs (Japan, Brunei, Cambodia, Myanmar and Indonesia)
- 2013: Participated the Programs of Japan-East Asia Network of Exchange for Students and Youths (JENESYS2.0) in Japan.

### Professional career

- 2016: Interned at CUSO - Laos, Vientiane, Lao PDR.
- 2015: Interned at Ministry of Foreign Affairs (MOFA), Vientiane, Lao PDR