

**VIETNAM–LAOS TRADE RELATIONS FROM 2010 TO 2024: ACHIEVEMENTS,
CHALLENGES, AND PROSPECTS**

PhD. Nguyen Thi Thanh Xuyen

Institute of Social Sciences of Central Region and Central Highlands, Vietnam Academy of Social Sciences, Danang 550000, Vietnam; xuyenthanh27@gmail.com, <https://orcid.org/0000-0002-7998-6460>

***M.A. Tran Thi Tuyet**

Duy Tan University, Danang, Vietnam; Email: tranthituyet@dtu.edu.vn

***M.A. Tran Thi Dung**

Duy Tan University, Danang, Vietnam;
Corresponding author: dungcdkth@gmail.com

<http://doi.org/10.35409/IJBMER.2025.3679>

ABSTRACT

Between 2010 and 2024, trade relations between Vietnam and Laos have made remarkable strides, reflected in the rising volume of bilateral trade, the signing of new trade agreements, and the development of cross-border trade infrastructure. However, several challenges remain that must be addressed to fully unlock the cooperation potential between the two nations. This article provides an overview of Vietnam–Laos trade relations during the 2010–2024 period, highlighting stable growth and expanded bilateral cooperation. Bilateral trade turnover rose from approximately USD 500–700 million per year to over USD 1.6 billion in 2023. Vietnam primarily exports petroleum, construction materials, and machinery to Laos, while importing minerals, agricultural products, and electricity. This relationship has been bolstered by bilateral agreements, preferential policies, and strategic infrastructure projects such as the Laos–Vietnam railway. Despite the impacts of the COVID-19 pandemic, bilateral trade maintained its growth momentum, contributing to the strengthening of the comprehensive and friendly partnership between the two countries.

Keywords: Trade; Economy; Laos–Vietnam; 2010–2024.

1. INTRODUCTION

Vietnam and Laos, two neighboring countries in Southeast Asia, share a traditional friendship and a comprehensive partnership. Trade relations between the two nations form one of the key pillars contributing to economic development and regional stability.

Laos, located in Southeast Asia, possesses a geographically strategic position. It borders Myanmar and China to the northwest, Vietnam to the east, Cambodia to the southeast, and Thailand to the west and southwest. This location not only bestows Laos with magnificent natural landscapes but also makes it a vital regional connector. Notably, Vietnam–Laos relations are deeply rooted in a long-standing historical foundation and remain resilient, underpinned by shared experiences as neighboring countries. The two nations are connected by the majestic Truong Son mountain range and share numerous similarities in economic, cultural, social, and political domains, fostering diverse and unique exchanges across sectors.

Over the years, the Vietnam–Laos relationship has evolved through multiple historical phases,

consistently founded on peace and sustainable cooperation, with trade playing a pivotal role. From 2010 to 2024, bilateral trade has experienced significant growth, reaching over USD 1.9 billion in 2024. Vietnam's exports to Laos include steel, petroleum, machinery, electronic equipment, and consumer goods, while Laos provides Vietnam with minerals, timber, rubber, and agricultural products.

In addition to trade, Vietnam's direct investment in Laos has also been impressive, exceeding USD 5.5 billion, mainly in energy, mineral exploitation, transportation infrastructure, and agriculture. These investments have greatly contributed to bilateral economic cooperation and sustainable development. Nevertheless, the two countries still face challenges such as underdeveloped logistics infrastructure and high transportation costs. In response, several projects and policy reforms are being implemented. The future of Vietnam–Laos economic relations is promising, with expectations for substantial achievements through deepened cooperation in strategic sectors.

2. RESEARCH CONTENT

2.1. Bilateral Agreements and Treaties

In March 2015, the Vietnam–Laos Bilateral Trade Agreement was signed in Hanoi, replacing the 1998 version. The new agreement focused on the elimination of tariffs on more than 90% of product lines, the simplification of administrative and customs procedures, and the commitment to facilitate market access for enterprises through preferential trade terms.

Also in 2015, the Vietnam–Laos Border Trade Agreement was signed in June, aiming to establish a new legal framework for border trade. Key provisions included the development of border markets, storage facilities, and logistics centers; preferential taxation for goods originating from border regions; and enhanced cooperation to combat smuggling and commercial fraud.

In 2017, the two countries adopted the Vietnam–Laos Trade Development Plan for 2017–2026, with a vision to 2035. The plan aims to strengthen cross-border logistics infrastructure, promote digital trade connectivity, and support SMEs in accessing each other's markets.

Furthermore, in 2022, both parties signed a Memorandum of Understanding on E-commerce and Market Information Sharing. The objectives included establishing a shared trade information portal, supporting the digitization of trade procedures, and enhancing transparency and policy updates.

In addition, a series of agreements were signed under the framework of the Vietnam–Laos Intergovernmental Committee from 2010 to 2024 (from the 35th to the 46th committee meetings). These included commitments to increase bilateral trade turnover (USD 1 billion in 2015, USD 2 billion in 2020, and a projected USD 3–5 billion by 2025), agreements on transportation connectivity (rail and road), and policies to boost electricity exports and imports.

These agreements and treaties have significantly impacted bilateral trade, increasing the trade volume from USD 734 million in 2011 to over USD 2.2 billion in 2024. They have facilitated key exports from Vietnam (petroleum, steel, machinery) and major imports from Laos (wood, minerals, electricity), while laying the legal groundwork for the development of border economic zones, digital trade, and logistics infrastructure.

2.2. Vietnam–Laos Bilateral Trade Dynamics

Vietnam and Laos have enjoyed robust and consistent trade relations since the formal establishment of diplomatic ties in 1962. The milestone 2015 Vietnam–Laos Trade Agreement

provided a solid legal framework for deepened cooperation. In June of the same year, the Border Trade Agreement was also signed, reinforcing bilateral commitments and opening new avenues for trade expansion.

Starting in 2010, both countries strategically promoted border economic zone development, aiming to boost bilateral trade turnover to USD 1 billion and Vietnamese investment in Laos to USD 2 billion by year-end. These efforts created a solid foundation for long-term cooperation, benefiting various sectors and fostering poverty alleviation and production linkages across border provinces. According to Ly (2010), Vietnam continued its commitment to facilitate the transit of Laotian goods through its modern port system, enhancing trade efficiency. In 2008, bilateral trade reached USD 422.8 million—a 35.5% increase from the previous year. Vietnam exported USD 149.7 million worth of goods (mainly textiles, coal, and plastic products), while importing USD 273 million of Laotian goods, including wood, automobiles, and raw materials for tobacco manufacturing.

In 2011, bilateral trade surged by 49.8% to USD 734 million. Vietnam's exports reached USD 274 million (up 38.1%), while imports from Laos stood at USD 460 million (up 57.5%). Major Vietnamese exports included petroleum, steel, vehicles, textiles, coal, machinery, and electrical cables. Imports from Laos comprised mainly raw timber, metals, and other essential materials—forming a complementary trade structure (Cong Thuong News, 2021).

Vietnamese goods gained strong market traction in Laos, competing with Thai and Chinese products. Through government efforts to improve trade networks and distribution systems, Vietnam leveraged Laos as a strategic platform for regional expansion. Additionally, both governments signed zero-tariff agreements for select goods, granting Laos a preferential quota of 70,000 tons of rice and 3,000 tons of tobacco leaves annually—promoting sustainable bilateral trade.

The trade relationship saw continued success in the following years. In 2012, bilateral trade reached USD 873 million—a year-on-year growth of 18.91%. In 2013, trade exceeded USD 1 billion, totaling approximately USD 1.09 billion (a 24.96% increase). Vietnam's exports to Laos during this period included essential goods such as petroleum, steel, construction materials, machinery, electronics, and consumer products. In return, Laos exported rubber, wood and wood products, and minerals such as copper, coal, and potassium, along with agricultural goods like corn, coffee, and cashew nuts (Vietnam Trade Promotion Agency, 2015).

Vietnam–Laos trade fairs and exhibitions were also organized, such as the 2012 Vietnam–Laos Trade Fair in Vientiane, commemorating the 35th anniversary of the Vietnam–Laos Treaty of Friendship and Cooperation. This event facilitated business matchmaking and aimed to raise bilateral trade to USD 1 billion in 2012 and USD 2 billion by 2015 (Ministry of Industry and Trade of Vietnam, 2012).

Despite significant progress, challenges remained, especially in transportation infrastructure and logistics. The trade balance was tilted in favor of Vietnam, with its exports far exceeding imports from Laos. Coordinated policy efforts were needed to promote balanced trade and infrastructure development.

On September 26–27, 2014, the 9th Vietnam–Laos Border Trade Development Cooperation Conference was held in Dien Bien Province. Lao Minister of Industry and Commerce Khemmani Pholsena emphasized the importance of cross-border transport infrastructure, streamlined customs, and private-sector participation in developing logistics services and border markets (Hung Le,

2014). However, Vietnamese enterprises still faced obstacles such as complex border procedures and persistent smuggling—challenges exacerbated by mountainous terrain, sparse populations, underdeveloped economies, and legal/policy discrepancies.

In 2014, bilateral trade hit USD 1.3 billion (a 14.2% increase over 2013), and reached USD 686 million in the first half of 2015. Still, trade remained below potential, even as both countries prepared for ASEAN Economic Community (AEC) integration by late 2015 (Cuc Nhi, 2015).

At the 2015 Trade Agreement signing ceremony, Deputy Prime Minister Nguyen Xuan Phuc highlighted the agreement’s role in legalizing cross-border commerce, reducing poverty, and promoting economic development in border provinces. The deal aimed to raise bilateral trade to USD 2 billion by year-end. Lao Deputy Prime Minister Somsavad Lengsavath praised it as the first formal border trade agreement in four decades—a milestone for sustainable cooperation.

On March 27, 2016, the Vietnam–Laos Investment Cooperation Conference was held in Da Nang, co-chaired by the Deputy Prime Ministers of both nations. Vietnamese Minister of Planning and Investment Bui Quang Vinh emphasized the favorable timing following the official formation of the ASEAN Community, offering expanded cooperation and investment opportunities.

From 2011 to 2015, Vietnam implemented 258 investment projects in Laos, totaling USD 5.3 billion, making it the third-largest investor in Laos and Laos the largest recipient of Vietnamese FDI. Bilateral trade also advanced significantly, with 2015 turnover reaching USD 1.12 billion—up 2.3 times from 2010, reflecting an annual average growth rate of about 20%.

Several major Vietnamese-invested projects in Laos—rubber processing, sugar production, bio-fertilizers, hydropower, and mining—have had lasting positive effects, boosting local industrial infrastructure and contributing approximately USD 260 million to the Lao national budget in 2015, while creating jobs for around 40,000 workers.

Between 2011 and 2015, bilateral trade witnessed a robust annual average growth rate of 18.04%. Vietnamese exports rose from USD 274.1 million in 2011 to USD 534.7 million in 2015 (CAGR of 21.93%), while imports increased from USD 460.02 million to USD 588.61 million (CAGR of 15.07%). These figures underscore the sustained expansion and strengthening of bilateral economic ties (based on Table 1).

Year	Export (Million USD)	Value Import (Million USD)	Value Total Trade (Million USD)	Volume Trade Rate (%)	Growth
2011	274.1	460.02	734.12	44.26	
2012	422.2	450.80	873.00	18.91	
2013	422.2	668.73	1,090.93	24.96	
2014	485.1	802.16	1,287.25	18.00	
2015	534.7	588.61	1,123.31	-12.74	
2011–2015 (Avg.)	—	—	—	18.04	

Source: Vietnam Customs Statistics and Institute for Trade Research (Ministry of Industry and Trade of Vietnam)

Between 2016 and 2020, trade activities between Laos and Vietnam demonstrated a stable trajectory, reflecting the sustainable cooperation and enduring partnership between the two neighboring nations. Despite facing major challenges from global economic fluctuations and the

outbreak of the COVID-19 pandemic in 2020, bilateral trade continued to grow positively. This success was largely attributed to preferential trade policies, flexible support mechanisms, and concerted efforts from both sides to strengthen economic exchanges.

A key milestone was the July 5, 2016 Conference held in Savannakhet Province, Laos, jointly organized by the Ministries of Industry and Trade of Vietnam and Laos and the Vietnamese Consulate General. The conference focused on disseminating the contents of the Vietnam–Laos Trade and Border Trade Agreements and aimed to establish a clear legal framework for bilateral trade. The event drew nearly 140 business representatives from diverse sectors, underscoring strong business community interest in advancing strategic economic ties (My Binh/VOV-Vientiane, 2016).

In 2017, Vietnam–Laos trade recorded a major breakthrough, surpassing USD 1.27 billion. Vietnam exported approximately USD 552 million worth of goods, solidifying its position as Laos's third-largest trade partner after Thailand and China. Trade primarily involved petroleum, steel, fertilizers, and mechanical parts from Vietnam, while Laos exported rubber, minerals, timber, and electricity. According to official figures, bilateral trade totaled USD 892.9 million in 2017, up 8.4% from the previous year, with Vietnam's exports accounting for USD 524.5 million and imports from Laos reaching USD 368.4 million.

In 2018, bilateral trade further grew by 13%, surpassing USD 1 billion and fulfilling targets set by both governments during the 40th Intergovernmental Committee meeting (TTXVN/Bnews, 2019). Do Quoc Hung, Deputy Director General of the Asia-Africa Department of Vietnam's Ministry of Industry and Trade, highlighted that the 2015 Trade and Border Trade Agreements formed the solid basis for ongoing bilateral cooperation. Several sector-specific agreements covering investment, transport, security, and agriculture were also signed to facilitate broader economic collaboration.

The two ministries coordinated on key trade development priorities, particularly the Vietnam–Laos Trade Development Plan (2017–2026) with a strategic vision to 2035. The establishment of a Vietnam–Laos electronic trade portal via a bilateral MOU was another important step to improve connectivity and trade transparency.

From August 16 to 18, 2019, Minister Tran Tuan Anh led the Vietnamese delegation at the 2019 Vietnam–Laos Industry, Energy, and Mining Cooperation Conference in Vientiane. Discussions with Lao Minister of Industry and Trade Khemmani Pholsena and Minister of Energy and Mines Khammany Inthirath focused on deepening trade and energy cooperation (Xuan Son, 2019).

Minister Anh emphasized that the two trade agreements had facilitated goods transit and consistently driven over 10% annual trade growth. However, challenges remained, including limited awareness of commitments at border checkpoints, delays in origin verification, and burdensome quarantine procedures.

According to Vietnam Customs, in 2018, total trade reached USD 1.1 billion (up 16% YoY), with Vietnam's exports at USD 595 million (up 14.3%) and imports at USD 437 million (up 18.4%). By July 2019, trade stood at USD 663.8 million (up 13.1% YoY). Exports rose 18.8% to USD 404.7 million, while imports rose 5.2% to USD 259 million. However, due to the COVID-19 pandemic and natural disasters, total trade fell to USD 1 billion in 2020—a decline of 11.5%.

Economic Recovery and Growth Trends (2021–2024): Despite ongoing challenges, Vietnam–Laos bilateral trade rebounded in 2021. In the first 11 months of the year, trade reached USD 1.2 billion, growing 33.6% YoY. In the energy sector, Vietnam Electricity (EVN) reported progress

on two key projects totaling 572 MW. Over 20 electricity purchase agreements with investors were signed, targeting a total import capacity of 1,443 MW. As of late 2021, 209 valid Vietnamese FDI projects in Laos totaled USD 5.18 billion. That year alone, five new projects were approved, and four were expanded, with newly registered capital hitting USD 112.84 million—a 27% increase from 2020.

By the end of 2021, realized investment had reached USD 2.5 billion (48.4% of committed capital). Vietnamese businesses in Laos were largely profitable, fulfilling tax obligations and creating tens of thousands of stable jobs. Over five years, these businesses contributed over USD 1 billion to the Lao national budget and donated approximately USD 80 million to social welfare programs. Major infrastructure initiatives such as the Hanoi–Vientiane expressway and the Vung Ang–Vientiane railway were being advanced, expected to greatly enhance cross-border connectivity. In 2022, bilateral trade reached USD 1.703 billion—up 24% from USD 1.372 billion in 2021—exceeding the USD 1.6 billion target set at the 44th Intergovernmental Committee meeting (Trinh Dung & Hai Tien, 2023). Vietnam's exports totaled USD 656.4 million (up 10.4%), led by petroleum, fertilizers, steel, machinery, and transport equipment. Imports reached USD 1.047 billion (up 34.6%), comprising wood, rubber, corn, and other key commodities.

In December 2022 alone, bilateral trade surged to USD 211 million (up 60% MoM). Exports hit USD 101 million (up 129%), driven by petroleum, machinery, steel, and paper. Imports reached USD 110.2 million (up 24.4%), largely from rubber, fertilizers, and vegetables. These results reflected the effectiveness of joint trade promotion efforts.

On January 7, 2024, Prime Ministers Pham Minh Chinh and Sonexay Siphandone co-chaired the 46th Intergovernmental Committee meeting in Hanoi. Both sides affirmed the effectiveness of high-level agreements despite global challenges. In 2023, bilateral trade totaled USD 1.6 billion—a 2.1% decrease from 2022—but imports from Laos rose 4.2% (Thanh Nien, 2024).

In 2024, Vietnam's investment in Laos rebounded strongly with a focus on sustainable development. Registered capital reached USD 191.1 million—up 62.1% from 2023. Over the past five years, Vietnamese enterprises contributed an average of USD 200 million annually to Lao government revenues. Bilateral trade reached a record USD 2.2 billion in 2024, up 33.9% YoY (Khanh Minh, 2025).

This four-year period underscores the trend of sustainable economic integration and highlights the resilience and adaptability of Vietnam and Laos in navigating global uncertainties to achieve long-term mutual benefit.

3. CHALLENGES AND PROSPECTS IN VIETNAM–LAOS TRADE RELATIONS

Despite numerous achievements, trade relations between Vietnam and Laos continue to face several challenges, including underdeveloped transportation infrastructure, high logistics costs, and complex administrative procedures. Nevertheless, with the signing of new trade agreements and firm commitments from both sides, the prospects for future trade cooperation between the two countries remain highly promising. These can be summarized as follows:

Strengths: A stable and enduring political and diplomatic relationship provides a favorable foundation for economic cooperation. The bilateral trade agreements signed in 2015 and 2024 offer a stable legal framework for commercial activities. Vietnam ranks among the top three foreign investors in Laos, with total investment capital exceeding USD 5.5 billion. Bilateral trade has shown steady growth, rising from approximately USD 1.1 billion in 2014 to USD 2.2 billion in

2024. Cooperation in the sectors of energy, transportation, and agriculture has achieved encouraging progress.

Weaknesses: Inadequate logistics and transport infrastructure, particularly in border regions. Administrative and customs procedures remain complicated and unfriendly to businesses. The trade balance is significantly skewed in favor of Vietnam. A lack of integrated production–distribution chains between businesses in the two countries. The Lao market remains small in scale with limited purchasing power.

Opportunities: The implementation of major transportation projects such as the Vung Ang–Vientiane railway and the Hanoi–Vientiane expressway. Bilateral cooperation in clean energy and digital transformation. Leveraging Vietnam’s role as a logistics hub within ASEAN to support Lao exports. Promoting cooperation among small and medium-sized enterprises (SMEs) through trade fairs and supply–demand matching initiatives. Access to regional and international financial resources to support cross-border development initiatives.

Threats: Regional and global economic instabilities may negatively impact trade flows and investment. Rising competition from third countries such as China and Thailand in the Lao market. The effects of natural disasters and climate change on key trade corridors. Institutional and regulatory limitations in Laos may reduce its attractiveness to foreign investors.

4. CONCLUSION AND RECOMMENDATIONS

From 2010 to 2024, Vietnam–Laos trade relations have emerged as a bright spot in the broader context of bilateral cooperation. Although the total volume of two-way trade remains relatively modest, the stability that both sides have maintained reflects their continuous efforts to promote economic exchanges, grounded in political trust and a longstanding traditional friendship.

Bilateral trade agreements and preferential tariff mechanisms have established a favorable legal framework, paving the way for enterprises in both countries to deepen cooperation and expand development opportunities. In parallel with policy support, Vietnam’s investment projects in Laos have also played a significant role in expanding supply chains and generating new momentum for trade growth.

Nonetheless, obstacles related to infrastructure, administrative procedures, and production capacity remain notable barriers. However, many optimistic perspectives suggest that the development potential is still substantial, particularly if both countries continue to improve their business environments and strengthen regional connectivity.

During this period, Vietnam–Laos trade relations have not only demonstrated stability but also shown signs of deepening, guided by long-term strategic visions for sustainable and mutually beneficial development.

REFERENCES

1. Cong Thuong Newspaper. *Vietnam–Laos Trade: Industrial Cooperation Effects*, 2012. <https://www.qdnd.vn/chinh-tri/tin-tuc/thuong-mai-viet-lao-hieu-ung-tu-hop-tac-cong-nghiep-303524>
2. Thanh Nien Newspaper. *Further Increase of Vietnam–Laos Trade Volume by 10–15% in 2024*, February 7, 2025. <https://thanhvien.vn/tiep-tuc-tang-kim-ngach-thuong-mai-viet-nam-lao-them-10-15-nam-2024-18524010716030993.htm>

3. Ministry of Industry and Trade of Vietnam. (2012). *Investment and Trade Cooperation between Vietnam and Laos*.
4. Cuc Nhi. (2015). *Signing of the Vietnam–Laos Border Trade Agreement*. Embassy of the Socialist Republic of Vietnam in Mexico. <https://vnembassy-mexico.mofa.gov.vn/vi>
5. Vietnam Trade Promotion Agency. (2015). *Report on Vietnam–Laos Trade Relations 2012–2013*. Ministry of Industry and Trade.
6. Doan Cong Khanh. *Vietnam–Laos Trade Relations: Practices and Solutions*. Communist Review, 2017.
7. *Vietnam–Laos Investment Cooperation Conference 2016*. <https://congan.baclieu.gov.vn/ch7/761-Hoi-nghi-Hop-tac-dau-tu-Viet-Nam---Lao-2016.html>
8. Hung Le. (2014). *Cooperation on Developing Vietnam–Laos Border Trade*. Department of Local Industry and Trade. http://arit.gov.vn/tin-tuc/hop-tac-phet-trien-thuong-mai-bien-gioi-viet-nam-lao-a48d0dd5_1012/
9. Huong Ly. *Laos – A Strategic Economic Partner of Vietnam*, 2010. <https://vccinews.vn/news/414/.html>
10. Khanh Minh. *Vietnam and Laos Aim to Reach USD 5 Billion in Trade Soon*, January 10, 2025. <https://laodong.vn/thoi-su/viet-nam-lao-huong-toi-som-dat-kim-ngach-thuong-mai-5-ti-usd-1447780.ldo>
11. My Binh / VOV-Vientiane. *Vietnam–Laos Trade Agreement Facilitates Business*, <https://vnembassy-vientiane.mofa.gov.vn/vi-vn/News/EmbassyNews/Trang/Hiep-dinh-thuong-mai-Viet-Lao-tao-dieu-kien-thuan-loi-cho-doanh-nghiep-hai-nuoc.aspx>
12. Trinh Dung & Hai Tien. *Vietnam–Laos Trade Value Increased by 24% in 2022*, February 6, 2023. <https://nhandan.vn/tong-kim-ngach-thuong-mai-viet-nam-lao-nam-2022-tang-24-post737498.html>
13. Vietnam News Agency (TTXVN) / Bnews. *Promoting Vietnam–Laos Economic and Trade Development*, February 25, 2019. <https://trungtamwto.vn/tin-tuc/12719-thuc-day-phet-trien-kinh-te-thuong-mai-viet-nam---lao>
14. Xuan Son. *Vietnam and Laos Strengthen Cooperation in Trade and Energy*, <https://vnembassy-vientiane.mofa.gov.vn/vi-vn/News/EmbassyNews/Trang/Viet-Nam-va-Lao-tang-cuong-hop-tac-ve-thuong-mai,-nang-luong.aspx>