Seminar on The Development of Integrated Transport and Logistics System in ASEAN and Pacific Sub-Region

Logistics and Transport System along Asian Highway and Tran Asian Railway in Lao PDR

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Presentation Outline

I. Country Facts
II. Policy
III. Infrastructure
IV. Software
V. Problems/Challenges
VI. Future Plans
1. Country Facts

- Land Area: 236,800 km²
- Population: 6.3 MIL (2011)
- Population density: 26 persons/km² (growing at 2%pa)
- Border length of 5,083 km
  - Myanmar 235 km
  - Cambodia 541 km
  - China 423 km
  - Thailand 1754 km
  - Vietnam 2130 km
- The economy base is agriculture and electricity
- GDP growth 8% pa
- GDP per capita 1,069 USD (2011)
II. Policy [Transport Sector]

I. To provide an enabling, safe, and efficient transport throughout the country with low transport cost to support the Government effort to graduate from LDC by 2020

II. To transform from a land-locked country to a land-bridge country in the GMS by:
- Providing efficient and reliable transport infrastructure and facilities, particularly on transit transport routes;
- Facilitating cross border transport of goods and people between and among neighboring countries
III. Infrastructure (1)

➢ In order to realize the policies, the government has done:

Infrastructure:

Road link to bordering countries.

Asian Highways namely:

- AH3(NR3) : Houyxay – Boten (251km)
- AH11 (NR13S) : Vientiane – Cambodia Border (861km)
- AH12 (NR13N) : Thanaleng – Nateuy (682km)
- AH13 (NR2) : Muang Ngeun – Oudomxay (391km)
- AH15 (NR8) : Ban Lao – Vietnam Border (132km)
- AH16 (NR9) : Savannakhet – Dansavan (240km)

Total AH : 2,557km
III. Infrastructure (2)

- The Third Friendship Mekong Bridge **Khammouane (Lao PDR)** - **Nakhon Phanom (Thailand)**

- The construction was completed and inaugurated on 11/11/2011.

- Currently, working hours from 6:00 am to 6:00 pm everyday. Both sides have considered to extend the opening hours from 6:00 pm to 10:00 pm by the end of this year.
III. Infrastructure (3)

Bridge Development Plan

- **The Mekong Bridge between Houysai (Lao PDR) and Xiengkhong (Thailand)**
  - Funding assistance by China and Thailand
  - The construction is expected to be completed in 2013

- **The Mekong Bridge between Paksan (Lao PDR) and Bueng Kan (Thailand)**
  - The Governments of the Lao PDR and Thailand have agreed to construct a Mekong Bridge between Paksan (Bolikhamxay Province) and Bueng Kan Province.

- **The Mekong Bridge between Xiengkok (Lao PDR) and KaingLap (Myanmar)**
  - The Governments of the Lao PDR and the Union of Myanmar have agreed to construct a Mekong Bridge between Xiengkok and KaingLap. Funding of the bridge will be borne 50-50 from national budgets of each country. The bridge will be jointly constructed, operated and managed after completion.
### III. Infrastructure (4)

#### Road Transport (km)

<table>
<thead>
<tr>
<th></th>
<th>National</th>
<th>Provincial</th>
<th>District</th>
<th>Urban</th>
<th>Rural</th>
<th>Special</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Concrete</td>
<td>1.80</td>
<td>1.09</td>
<td>26.78</td>
<td>1.00</td>
<td></td>
<td>30.67</td>
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<tr>
<td>Asphalt Concrete</td>
<td>430.02</td>
<td></td>
<td>51.11</td>
<td>50.59</td>
<td>91.42</td>
<td>481.13</td>
<td></td>
</tr>
<tr>
<td>Paved</td>
<td>3,498.12</td>
<td>459.91</td>
<td>250.73</td>
<td>440.01</td>
<td></td>
<td>91.42</td>
<td>4,790.79</td>
</tr>
<tr>
<td>Gravel</td>
<td>2,489.60</td>
<td>3,731.31</td>
<td>2,377.09</td>
<td>866.35</td>
<td>2,842.82</td>
<td>264.72</td>
<td>12,571.88</td>
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<tr>
<td>Earth</td>
<td>733.64</td>
<td>3,023.04</td>
<td>2,356.86</td>
<td>470.76</td>
<td>12,518.08</td>
<td>345.75</td>
<td>19,448.13</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>7,153.18</strong></td>
<td><strong>7,214.26</strong></td>
<td><strong>4,985.77</strong></td>
<td><strong>1,855.01</strong></td>
<td><strong>15,411.49</strong></td>
<td><strong>702.89</strong></td>
<td><strong>37,322.60</strong></td>
</tr>
</tbody>
</table>

**Points to note:**

- The total road length in Lao PDR is about 37,000 km. 50% of National roads are paved road.
- Almost all the paved roads are national or urban roads.
- Of the urban roads, only one-quarter are paved.
- Half the roads in the country are earth roads.
III. Infrastructure (5)

Border Crossing Points

- Laos – Cambodia: 1 Border
- Laos – China: 1 Border
- Laos – Thailand: 10 Borders
- Laos – Vietnam: 15 Borders
III. Infrastructure (6)

Existing 3.5 km cross border railway between Laos (Vientiane) and Thailand (Nongkhai)

Open in 2009 for only passenger transport
III. Infrastructure (7)

Project planned on Trans Asian Railways:

1). Nongkhai - Vientiane - Thakhek - Mu Dia (480 km);

2). Vientiane – Luangphrabang - Boten (417 km);

3). Chong Mek (Lao - Thai border) - Pakse - Savannakhet – Laobao (452 km);

4). Mukdahan (Lao -Thai border) - Savannakhet - Lao Bao (222 km).
2013-2015 Development Plan

1. Lao-Thai Railway Construction Project Phase 2

Lao PDR signed Agreement NEDA of Thailand in April 2012, 1.65 BIL Baht (30% grant) for Railway extension from Thanalaeng - Vientiane (7.5 km); Container yard; Upgrading signaling system at Thanalaeng station.

2. Vientiane – Thakhek – Mu Da Railway Project (450 km)

- Pre-feasibility study was completed in March 2011 by Chung Suk Co. (grant aid by Republic of Korea “ROK”);
- Seeking financial assistance from ROK under the ASEAN
III. Infrastructure (9)

2013-2015 Development Plan (Cont.)

3. Savannakhet – Laobao Railway Project (220 km)

- Pre-F/S was completed in Sep 2009 by Giant Group Co. Ltd;
- Seeking private participation for PPP.

4. Lao - Sino Railway Project from Boten - Luangphrabang - Vientiane (417Km)

- F/S completed in June 2012 by China Railway Eryuan Engineering Group Co. Ltd;
- MOU on the financing has been signed in October 2012 between Lao PDR and the People’s Republic of China.
III. Infrastructure (10)

3. Dry Port (Thanaleng Dry port in Vientiane).

Thanaleng dry port: was established by the Decision No. 0751/MF of the minister of Finance, 2008. Located Vientiane, 4km from Lao–Thai border. Area of 6 hectares.
1. Domestic Road Laws:
   - Road Transport Law (developed in 1997 – now being revised);
   - Road Traffic Law (developed in 2001 – now being revised);
   - Multimodal Transport Law (being drafted).

2. Intergovernmental Cooperation - Agreement:

<table>
<thead>
<tr>
<th>Name of Agreement</th>
<th>Contracting Parties</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agreement on Road Transport Between Lao PDR and Vietnam</td>
<td>Laos–Vietnam</td>
<td>24 Feb 1996</td>
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<tr>
<td>Agreement on Road Transport Between Lao PDR and China</td>
<td>Laos–China</td>
<td>12 Mar 1993</td>
</tr>
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<td>Laos–Thailand</td>
<td>03 May 1999</td>
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<td>Agreement on Road Transport Between Lao PDR and Cambodia</td>
<td>Laos-Cambodia</td>
<td>21 Oct 1999</td>
</tr>
<tr>
<td>Cross-Border Transport Agreement</td>
<td>GMS</td>
<td>1999</td>
</tr>
</tbody>
</table>

- Intergovernmental Agreement on Asian Highway Network;
- Intergovernmental Agreement on Trans-Asian Railway Network;
- **Intention to sign Intergovernmental Agreement on Dry ports which is currently being drafted.**
IV. Software (2)

3. National Logistics Strategy 
   (developed in Oct 2010)

- Conducted a study on Logistics system in Lao PDR:
  - International Logistics Park
    - Vientiane
    - Savannakhet
    - Luang Namtha
  - Regional Logistics Park
    - Luang Prabang
    - Thakek (Kammouan)
    - Champasak

- UNESCAP Study on Dry port in Nateuy (Luangnamtha)
Layout Plan of Logistics Park in Vientiane

- To Nongkhai
- To Vientiane

- Arrival/departure line
- Loading/unloading track
- Coupling/decoupling line
- Lead track
- Arrival/departure line
- Arrival/departure line

- PK3+370
- 1,428m
- 321m
- 321m
- 60m
- 60m
- 140m
- 803m
- 2231m

- Customs Clearance on Chassis area
- Heavy Bulk Cargo area
- General Cargo CY area
- General Cargo FS area
Layout Plan of Logistics Park in Savannakhet

Special Economic Zone B: Logistics Park area of 10 Ha

To Savannakhet

AH16 (NR9)

To Seno

LOGITEM

One Stop Office

Thai Company

Parking lot

General Cargo Warehouse

Gate

Admin & Customs

Parking lot

Workshop

Heavy Bulk Cargo area

General Cargo CY

Customs Clearance area

166m

310m

130m
Layout Plan of Logistics Park in Champasak

- General Cargo
- Warehouse
- General Cargo CY
- Heavy Bulk Cargo area
- Customs Clearance area
- Work shop
- Parking lot
- Admin & Customs
- Gate
- Parking lot
- Gate
- Parking lot

Logistics center
Area: 3ha

To Thai Border

Lao Thai border for import and export goods.

(Option 1, 2, 3 & 4)

Total Logistics center Area: 3ha

610m

190m
## Freight Movement: Laos in GMS

- Trade with Thailand is remarkable in terms of export and import. Import is about 2.5 times of export.
- Transit Cargo between Thailand and Vietnam is dominant, but Transit from Thailand to Vietnam is about 13 times of opposite direction.

**Trade in GMS through Lao PDR**  
Unit: million US$

<table>
<thead>
<tr>
<th></th>
<th>Laos</th>
<th>Vietnam</th>
<th>Thailand</th>
<th>Cambodia</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laos</td>
<td></td>
<td>98.7</td>
<td>476.8</td>
<td></td>
<td>14.7</td>
</tr>
<tr>
<td>Vietnam</td>
<td>80.5</td>
<td></td>
<td>14.6</td>
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<td></td>
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<tr>
<td>Thailand</td>
<td>1091.4</td>
<td>184.8</td>
<td></td>
<td>0.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Cambodia</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>118.3</td>
<td></td>
<td>3.4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Freight Movement: Export and Import in Lao

- A 53% of import volume in Laos concentrates at customs in Vientiane Capital.
- A 53% of export concentrates at customs in Savannakhet.

V. Problems / Challenges

1. Cross border facilities including roads, Logistics facilities do not meet international standard and inadequate;

2. Currently, there is one railway line connected from Thailand to Lao PDR (Thanaleng) for 3.5 km but only for passenger transport;

3. Road capacity – below neighboring countries (load bearing capacity and speed);

4. Imbalance of transport volume (import vs export) which resulted to empty return haulage; higher logistics costs; limited business opportunities in small market; difficulty in re-investing due to financial limitations of logistics companies;

5. Human resource capacity is limited both public administration and private sector.
VI. Future Plans

1. Need to upgrade road infrastructure to the same level of neighboring countries; and Construct missing link;

2. Increase cooperation and harmonization on cross border transport with neighboring countries and within the region;

“Cross border road transportation still have future. Short transport time, door to door service may compensates long transport time with many transshipments and inspections”
Thank you!