Workshop on Strengthening Transport Connectivity among CLMVT

Yangon, Myanmar
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Strategy on Freight Transport and Logistics Development in Lao PDR

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PRESENTATION OUTLINE

I. BACKGROUND

II. OBJECTIVES

III. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT

IV. VISION 2030 AND STRATEGIC PLAN (2016-2025)

V. DEVELOPMENT PLAN 2016 – 2020
I. BACKGROUND

- 2011, Completed Master Plan Logistics system supported by JICA (identified and Pre-design of 3 Logistics parks in Lao PDR)
- 2012, the Strategy was started and improved through consultation procedures and also organizing meetings with the relevant sectors;
- 2013 Nov 7th, Signed Intergovernmental Agreement on Dryport; (9 location of dryport identified)
- 2014 Oct, continued to finalise and submitted to government for approval in;
- 2015 May 27th , approved by the government.
II. OBJECTIVE

• To implement the consensus from party congress IX to the support the transformation of land-lock to land-link;

• To give clear direction on logistics development for period of 10 years and target of development plan for 5 years;

• To be as references for transport and logistics sector to implement in the right way with government policy and socio-economic development plan;

• To be as data and references to attract foreign investment on logistics development as well as strengthen domestic enterprise.
## III. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT

### 1. Domestic Road laws:
- Road Transport Law *(revised in 2012)*;
- Road Traffic Law *(revised in 2012)*;
- Multimodal Transport Law *(newly developed 2012)*.

### 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>23 Apr 2009</td>
</tr>
<tr>
<td>Agreement on Road Transport Between Lao PDR and China</td>
<td>Laos–China</td>
<td>12 Mar 1993</td>
</tr>
<tr>
<td>Agreement on Road Transport Between Lao PDR and Thailand</td>
<td>Laos–Thailand</td>
<td>03 May 1999</td>
</tr>
<tr>
<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>

- MoU on Road Transportation between and Among Cambodia – Laos - Vietnam;
- MoU on Road Transportation between and Among Laos – Thailand - Vietnam;
- Intergovernmental Agreement on Asian Highway Network;
- Intergovernmental Agreement on Trans-Asian Railway Network;
- Intergovernmental Agreement on Dry Ports.
### III. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT (cont)

#### Road Transport network 2017 (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>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>7,515.29</td>
<td>8,596.72</td>
<td>7,166.37</td>
<td>3,541.85</td>
<td>26,171.36</td>
<td>6,975.55</td>
<td>59,967.13</td>
</tr>
</tbody>
</table>

#### Length of Road 2013 – 2017 (km)

![Length of Road 2013 – 2017 (km) Chart]
Road linked to bordering countries.

**Asian Highways:**

- AH 3: Houyxay – Nateay (206km)
- AH11: Vientiane – Pakse-Veunkham (853km)
- AH12: Thanaleng – Boten (679km)
- AH13: Muang Ngeun – Oudomxay (340km)
- AH15: Ban Lao–Lak 20-Namphao (132km)
- AH16: Savannakhet – Dansavan (242km)
- AH131: Thakhek-Ngommalad-Naphao (146km)
- AH132: Phiaphay-Samakkhexay-Phoukeua (Lao-Vietnam Border) (218km)

**Total AH:** 2,816 km

**Remark:** Only AH 3 & AH 16 have road bearing capacity max. 50tonnes. The other AH need to be upgraded.

**Border Crossing Points with neighboring countries**

- Laos – Cambodia: 1 Border
- Laos – China: 1 Border
- Laos – Thailand: 10 Borders
- Laos – Vietnam: 15 Borders
Infrastructure

**Bridges Construction**

- 4 Laos-Thailand Friendship Bridges have been completed
- 1 Laos-Myanmar Friendship Bridge (Xiengkok - Khenglab) opened in May 2015
Infrastructure

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

Open in 2009 for only passenger transport
II. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT (cont)

Challenges

• Sectors related to transportation at central and local levels don’t recognized or deeply understand the role of logistics, don’t grasp the significant contents of the region’s treaties and agreements on transportation;

• Only infrastructure on communications - transportation, but development of logistics such as: product collection and distribution centers have not yet been developed, including lack of business entrepreneurs in logistics;

• Coordination mechanisms between customs, police immigration, trade, quarantine protection, transportation entrepreneurs, and import - export entrepreneurs to promote logistic services have not been yet implemented in the same direction;
II. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT (cont)

Challenges

- Local companies’ capabilities are low and not centralized. Foreign transport companies have higher competence than Lao companies to provide services and can occupy the majority of the transport market in Lao PDR;

- Understanding regarding logistics and integration is not deep, thus policies and scope to promote foreign investment in logistics has not been evident and cannot attract foreign investors to join with domestic companies in developing logistics.

- Economic inequality of GMS countries causes returning trucks to be empty which causes higher logistic costs.
Opportunity

- Lao PDR located in the heart of Greater Mekong Sub-region.
- Economic development in Asia and opportunity on integration on trade and transport will encourage new model of trade which will increase production and volume of goods distribution which will lead to perfect condition for logistics development;
- Development of infrastructure to link neighboring countries will facilitate future efficient transport.
- In the integration condition, domestic company will compete and cooperate with foreign company in order to upgrade quality of service and labor.
- To realise logistics development, we have laws on highways, transport, multimodal, traffic and . . . Etc.
II. STATUS ON TRANSPORT AND LOGISTICS DEVELOPMENT (cont)

Table 1. Routes connecting major cities in Subregion through Lao PDR

<table>
<thead>
<tr>
<th>Route</th>
<th>The Shortest Route</th>
<th>Optional Route</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Route &amp; Distance</td>
<td>Route &amp; Distance</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bangkok-Hanoi</td>
<td>Route No. 12</td>
<td>Route No. 09</td>
</tr>
<tr>
<td></td>
<td>(Bangkok-Thakek-Ving-Hanoi)</td>
<td>(Bangkok-Savannakhet-Ving-Hanoi)</td>
</tr>
<tr>
<td></td>
<td>1,306 Km</td>
<td>1,479 Km</td>
</tr>
<tr>
<td>Bangkok-Kunming</td>
<td>Route No. 03</td>
<td>Route No. 13</td>
</tr>
<tr>
<td></td>
<td>(Bangkok-Huayxai-Boten-Kunming)</td>
<td>(Bangkok-Vientiane-Boten-Kunming)</td>
</tr>
<tr>
<td></td>
<td>1,890 Km</td>
<td>2,165 Km</td>
</tr>
</tbody>
</table>
IV. VISION 2030 and STRATEGIC PLAN (2016-2025)

Vision 2030

• To ensure that the Public Works and Transport sector becomes a Spearhead, safe and sustainable. The Government has defined the vision for logistic transportation of Lao PDR until 2030 as follows:

“Highly effective and efficient connectivity services, domestic freight transport and logistics is competitive and sustainable”.

To achieve the above vision, the Government has set the overall directions for the development of logistic as follows:

- define the collection and distribution points in each region that connect with the neighboring countries, and the connection points to secure and facilitate 2 ways cargos which will focus on construction of international logistics Parks in 3 areas: Vientiane Capital City, Luang Namtha and Savannakhet and construction of 6 regional logistic parks along Laos - Vietnam and Laos - Thailand borders.
IV. VISION 2030 and STRATEGIC PLAN (2016-2025) (cont)

Overall Direction until 2025 (cont)

- Improve domestic transport businesses, especially freight transport and logistics companies by strengthening company models allowing them to improve services and capabilities to compete with foreign firms and link with international transport companies along with improving the transport association.

- Open more logistics transport businesses to make services highly competitive and able to connect with local and international markets while building high credibility and confidence amongst domestic and foreign consumers.
Overall Direction until 2025 (cont)

- Create and improve administrative authority and enhance logistics businesses for rapid development so they are able to integrate internationally and improvement of coordination mechanisms to address obstacles at each stage of the logistics process such as: custom clearance, infrastructure, international goods transport, efficiency of public and private logistic services, and also create the inspection and monitoring system and providing the services according to schedule set.
V. DEVELOPMENT PLAN 2016 - 2020

Focused group of projects on Infrastructure and transport 2016 to 2020 as follows:
1) Highway improvement / Upgradation
2) Railway Construction
3) Development of Vientiane logistics park, and survey-design logistics parks at Luangnumtha, distribution centers, truck terminal
4) Logistics Legislation and regulation development
5) Development project on Common Control Area at intl. borders
6) Development of standard for border checkpoint
7) Border improvement and Border facilities improvement
8) Installment of IT system onto logistics services
Projects on Trans Asian Railways:

1. Boten – Luangphrabang – Vientiane (417 km); Under Construction (To be completed by 2021) Works progress to date 40%

2. Vientiane – Thakhek – Mu Dia (480 km); (Under FB by KOREA)

3. Thakhek – Savannakhet- Pakse – Nongnokhien (Lao PDR – Cambodia Border)

4. Pakse – Ubonrachathani (Lao PDR – Thailand) Negotiation for FS

5. Thanaleng – Vientiane: 7.5 km (Under Bidding process 2018)

6. Nongkhai – Thanaleng: 3.5 km opened for service in 2009
9 Dry ports nominated under the Intergovernmental Agreement on Dry ports

1. Thanaleng, Vientiane
2. Nateuy, Luangnamtha
3. Savanakhet, Savanakhet
4. Houyxai, Bokeo
5. Laksao, Borikhamsai
6. Luangprabang, Luangprabang
7. Oudomsai, Muangxai
8. Pakse, Champasack
9. Thakhek, Khammouane
Thank you for your kind attention!