

Laos Logistics Development and Trade Facilitation Challenges

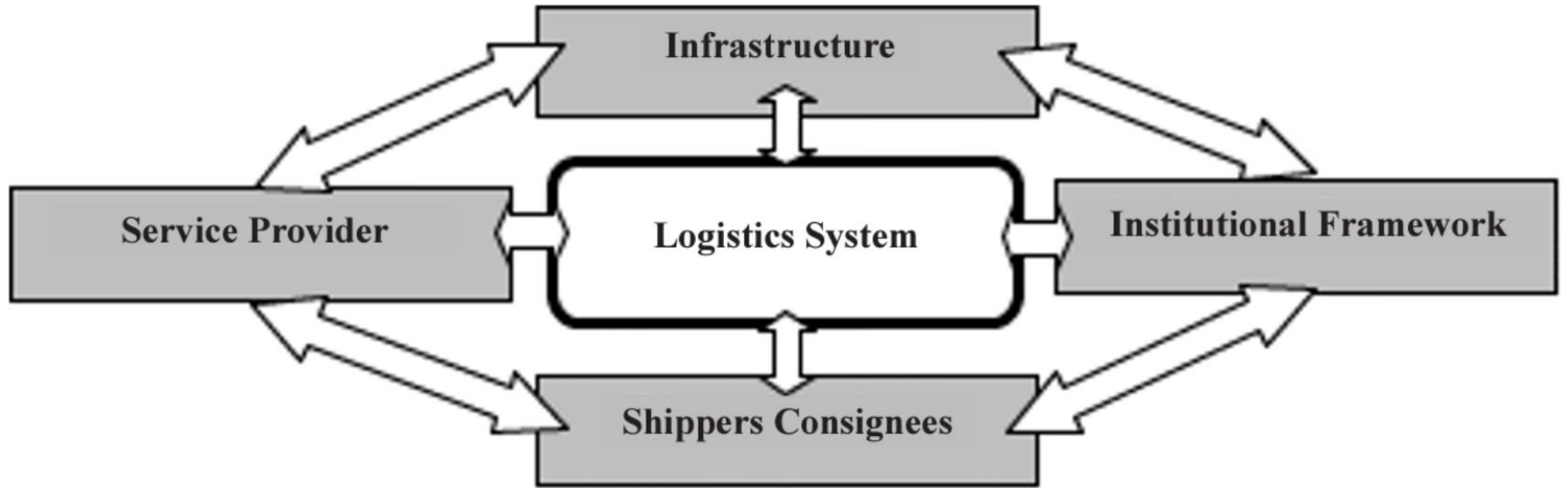
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➤ **4 dimensions of Logistics Systems**

- ❑ Institutional Framework
- ❑ Infrastructure
- ❑ Cargo Volume
- ❑ Services provider

Figure 2: Macro Logistics System



Source: Banomyong (2008)

➤ **4 dimension – Institutional Framework**

- **GMS CBTA**
- **ASEAN framework**
- **Bilateral**
- **Multilateral**

I – Physical Connectivity

Framework: **GMS - CBTA**

Corridors and designated road:

- **NSEC:** **R3**
 - ▣ Chiangkhong-Bokeo & Boten-Mohan
- **EWEC:** **R9**
 - ▣ Mukdahan-Savannakhet & Dansavan-Laobao

Recent Development:

Land connectivity: Proposal to include R8 & R12 to EWEC

Checkpoints: 4

Vehicle quota: Subject to quota

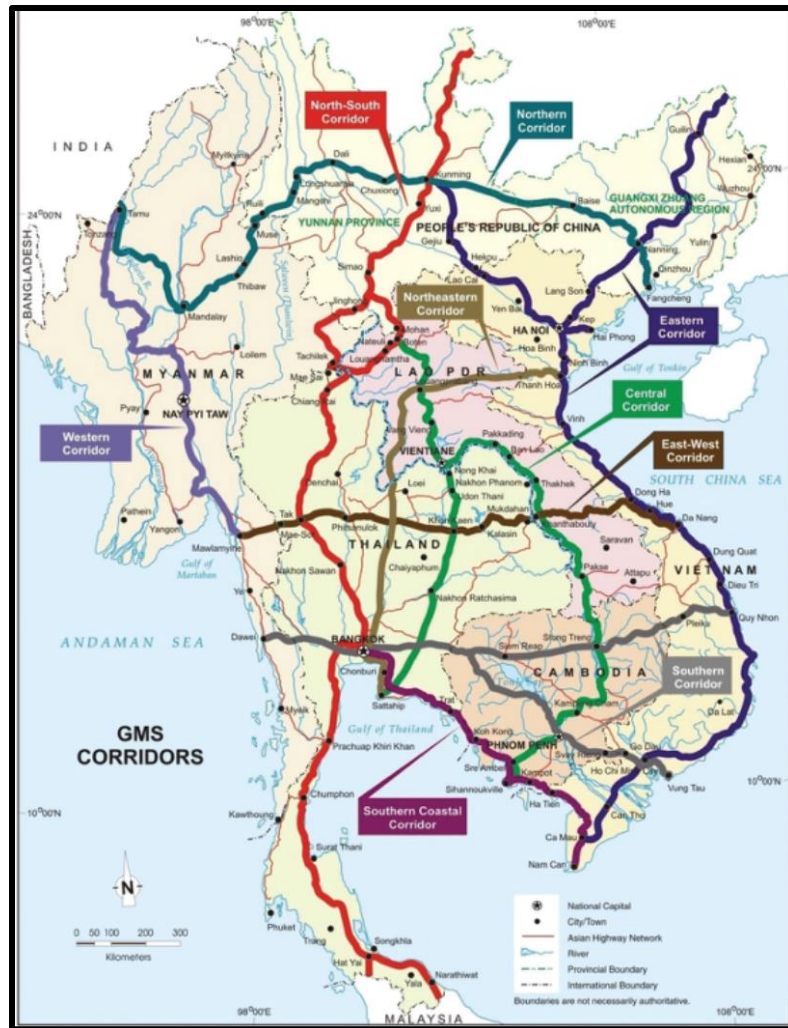
Validity: Cross Border and Transit Cargo

Bottleneck: Lack of Infrastructure

Opportunity: Free flow of goods

Benefit to Laos:

- Revenue: No(except for cross docking, LOLO operations)
- Technical requirement: Standard GMS, port to port
- Accessibility: Along the corridors only
- Cargo type: Sealed/containerised FCL,



II – Physical Connectivity

Framework: **Bilateral**

International Cross -Border Checkpoints:

- Cambodia - 1, China - 1, Myanmar - 1
- Thailand: 11
- Vietnam: 16

Recent Development:

Infrastructure: 2 new bridges completed

Institutional: single inspection area

Vehicle quota: Unlimited

Validity: Cross Border Cargo Only

Bottleneck: Lack of backload

Opportunity: Import for Re-export

Benefit to Laos:

- Revenue: Yes - **import for re-export fee**
- Technical requirement: No
- Accessibility: all domestic locations
- Cargo type: **LCL**, FCL, Bulk, Special/OOG



➤ 4 dimension – Infrastructure

- ❑ Two more bridges over Mekong river. Lao Myanmar Friendship Bridge and Pakbeng Bridge.
- ❑ Distance to seaport VS convenience to be considered. Laemchabang is still advantageous compared to VN ports.
- ❑ Facilitation upon the Implementation of NSW and SWI, CCA (at Denesavanh/Lao-Bao)
- ❑ Condition of road: Improvement needed on Road No. 3 and No. 8

➤ 4 dimension – Cargo volume (shippers/consignees)

- ❑ Huge volume of minerals from Central Laos
- ❑ Banana and watermelon from Northern Provinces
- ❑ Potentially high volume of cargo exported from Thailand to Vietnam and China
- ❑ SEZ of Savannakhet is booming, foreign investors increasing
- ❑ Imbalanced Cargo volume

➤ **4 dimension – Logistics Service Providers**

- ❑ Existence of strong National of Freight Forwarders Association - LIFFA
- ❑ Free truck movement on EWEC corridor
- ❑ Import for re export
- ❑ Expertise of freight forwarder/services providers
- ❑ LLG

Trade Facilitation Latest Updates

Progress made:

- ❑ CBTA finally ratified by Thailand in March 2015
- ❑ SSI implemented at Danesavanh-Laobao checkpoints reducing cargo inspection time by one third from 90 minutes to 29 minutes
- ❑ ASYCUDA deployed at 23 checkpoints and go lived on 11 checkpoints.
- ❑ 93% of TF implementation rate. Mainly qualitative (6 strategies)

Pending:

- ❑ Vietnam constraint:
 - Speed limit (in VN) affecting of transit time
 - Port congestion/capacity
- ❑ Cumbersome of Transit documentation/regulations. Opportunity for paperless.
- ❑ Trans-shipment of goods at the border still required (Thai to VN truck) due to convenience.
- ❑ Limited operating time for the crossing border
- ❑ Lao National Single Window on going but expensive !

