

Land Transport in the Mekong Region and its Challenge and Task



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1. Needs for Land Transport in the Mekong Region



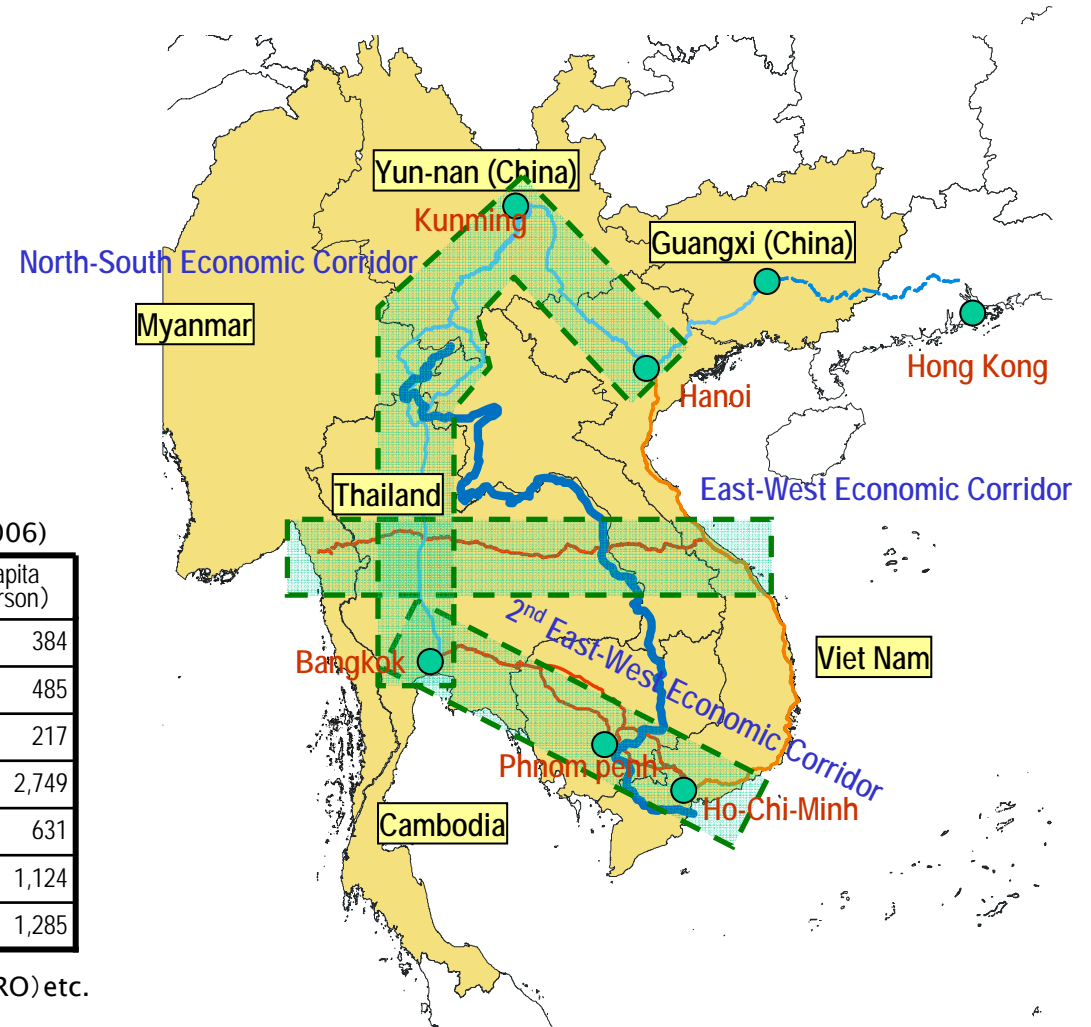
1) GMS (Great Mekong Sub-region)

- Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam, Yun-nan • Guangxi
- The area of the economic assistance program by the Asian Development Bank.

Table Population and GDP of GMS Country/Region (2006)

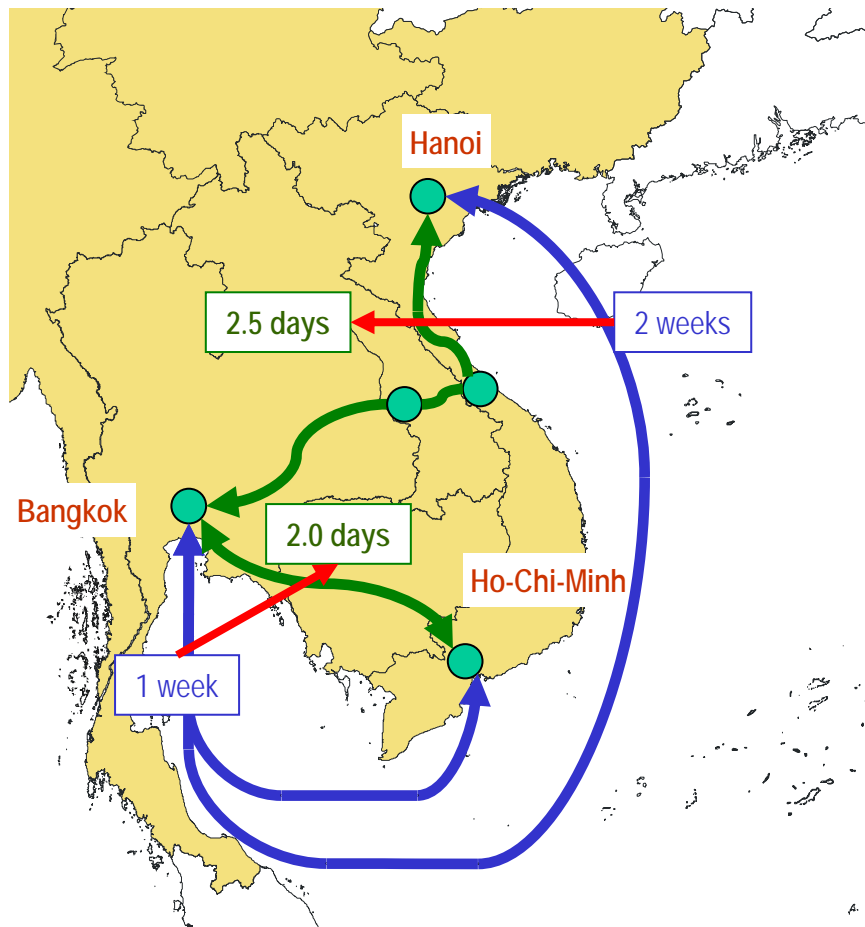
Country/Region	Population (10,000person)	GDP (100 m USD)	GDP per Capita (USD/person)
Cambodia	1,435	54	384
Lao PDR	606	29	485
Myanmar	5,101	109	217
Thailand	6,476	1,766	2,749
Viet Nam	8,534	532	631
Yun nan	4,483	502	1,124
Guangxi	4,719	602	1,285

source)「THE World 2007」(JETRO) etc.



source) IDE-Jetro

2) Needs for land transport



■ Companies in GMS

□ Bangkok Area

- Toyota, Honda, Yamaha, etc.
- Canon, Fujitsu, Panasonic, Toshiba, etc.

□ Hanoi Area

- Auto: Honda, Toyota, Yamaha
- Electric: Canon, Panasonic, etc.

□ Ho-Chi-Minh Area

- Auto: Suzuki
- Electric: Fujitsu, JVC, NEX, Toshiba, etc.

■ Generation of mutual cargo flow between regions

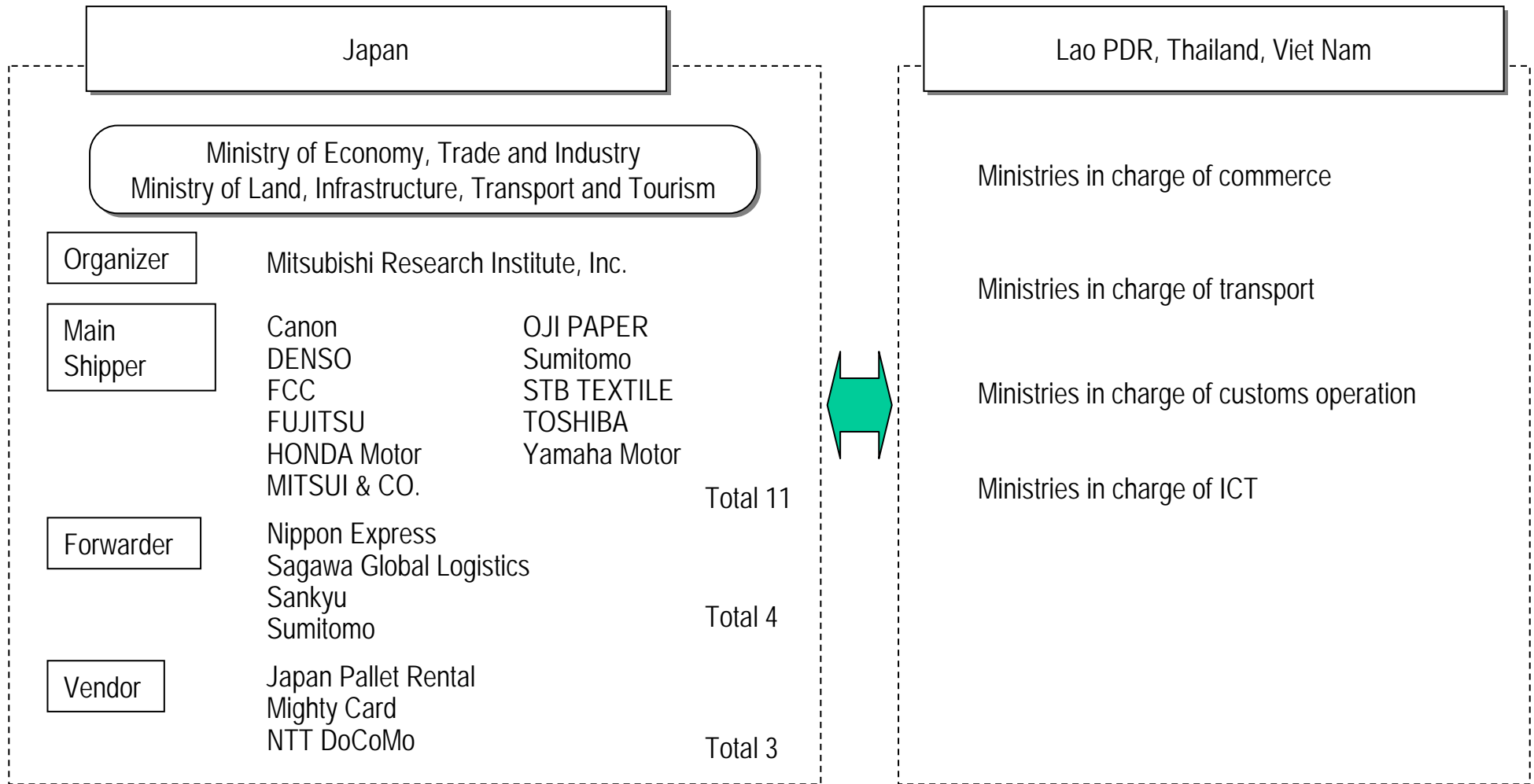
- Mutual supply and procurement of parts and materials between Thailand and Viet Nam

■ Commencement of transport services provided by Japanese logistics enterprises by using EWEC

- Dragon Logistics, Logitem, Nissin, Nittsu, etc.

2. Field Test for the "Practical Realization of Mekong Region Land Routes"

1) Organizational Framework of the Project

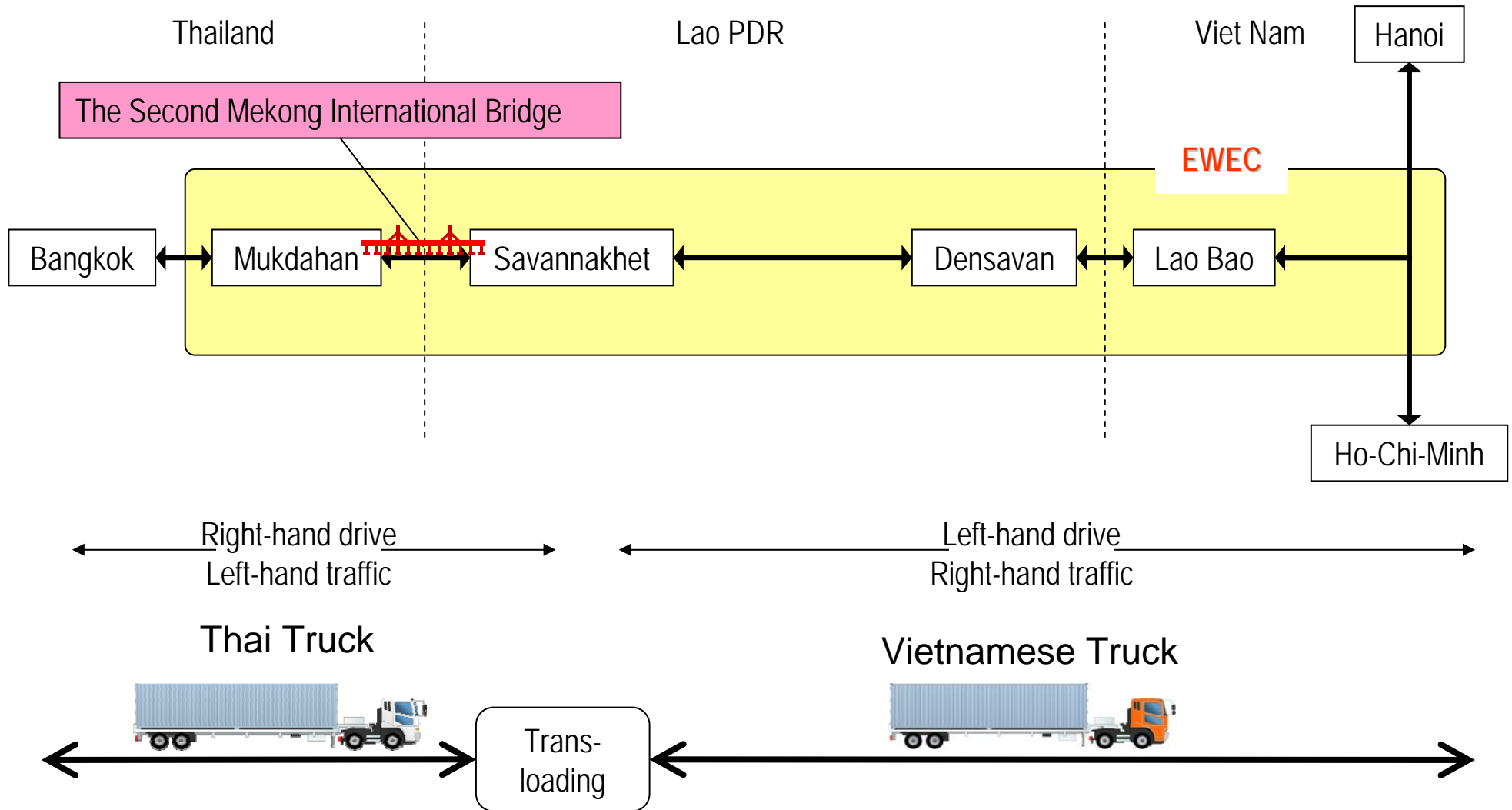


2) Test Routes

- This project was conducted along the route that connects Bangkok (Thailand) and Hanoi (Viet Nam) or Ho-Chi-Minh City (Viet Nam) through the EWEC, across the Second Mekong International Bridge.
- Numbers of Participating Companies
 - ▣ Shippers: 11
 - ▣ Forwarders: 4
 - ▣ Vendors: 3
- Total Number of Transportation
 - ▣ 11 Round Trips
- Sample Cargos
 - ▣ Refrigerator K.D.: 144 stocks per shipment × 2
 - ▣ Refrigerator Components: 244 stocks per shipment × 2
 - ▣ Motorcycle Components: 200 stocks per shipment × 2
 - ▣ HDD for PC: 400 stocks per shipment × 2



3) Transportation Systems Applied in the Project



3. Challenges and Tasks

1) Trans-loading Required at the Border

■ Mutual entry between Thailand and Viet Nam is not permitted

□ Mutual entry is permitted

Thailand ↔ Lao PDR

Lao PDR ↔ Viet Nam

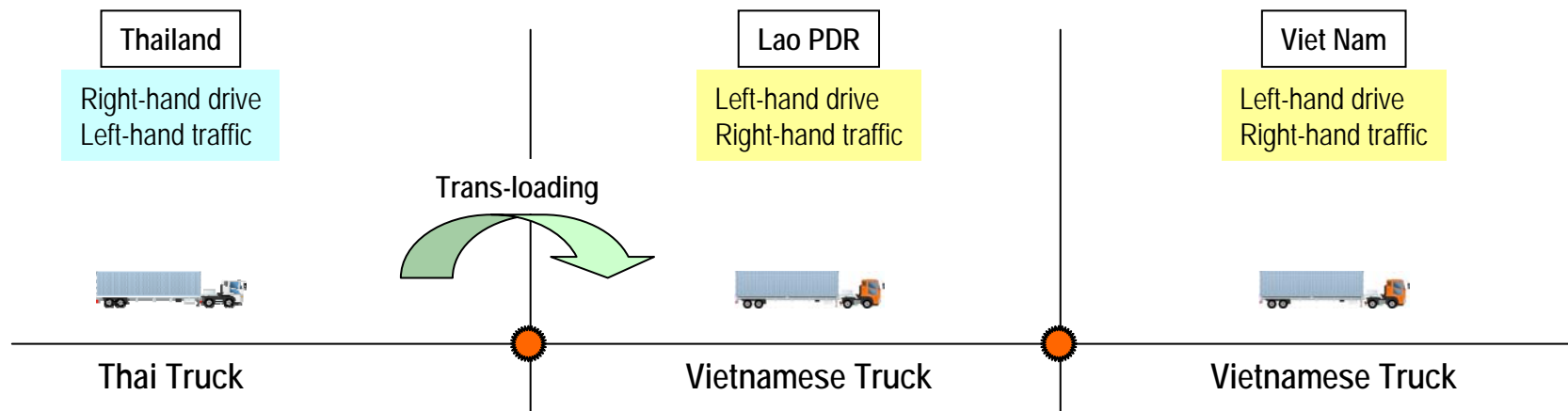
□ Mutual entry is not permitted

Thailand — Viet Nam

⇒ Trans-loading required at the border

≡ Time consuming + Increase of cost for trans-loading

≡ Rise in total transport cost



2) Developing and Raising the Quality Level of Infrastructure Needed

- Lack of the logistics facilities at the borders
 - Lack of facilities for trans-loading cargo at borders
 - Lack of facilities for consolidated cargo in Viet Nam
 - ⇒ Increase of cost due to oligopoly situation
 - ⇒ Increase of time due to trans-loading
 - ⇒ High risk of cargo damage due to the handling by non-special crane
- Lack of supplementary road facilities
 - Lack of streetlights and guardrails
 - ⇒ Hindrance to safe driving in both daytime and night time

 - (Especially in Lao PDR) lack of resting facilities
 - ⇒ Impediment in ensuring safe driving
- Lack of road network
 - The road running through residential areas, mixed traffic together with bicycles, motorbikes and animal-drawn carts
 - ⇒ Average cruising speed goes down
 - Depressions and damages exist on the surface of road
Flooded road in the rainy season
 - ⇒ Hindrance to safe driving
 - No alternative route is secured in case of traffic accidents and natural disasters
 - ⇒ Impediment in keeping stable transportation

3) Efficient Customs Clearance Procedure Necessary at the Border

- It requires a long time before the cargo is sent on its way
 - About 3 days necessary for obtaining C/O in Thailand
 - About 2 days necessary for getting a transit charge exemption in Lao PDR
 - ⇒ Unable to satisfy the needs for “leaving tomorrow”
 - ⇒ Hard to estimate the Lead time including the time for preparation for relevant documents

- Original documents for customs clearance are required at the border
 - Original documents for customs clearance are required in Thailand except some cases
 - Original documents of transit charge exemption are required at the border of Lao PDR
 - Original documents of import/export permission are required at the border in Viet Nam
 - ⇒ It is laborious to deliver original documents to the border area
 - ⇒ It takes cost

4) Developing and Raising the Quality Level Needed in the Areas of Communication and Information Technology and Legal Systems

■ Procedure and permission criteria for utilization of IT equipments such as RFID tags differ among countries

□ Different ranges of frequencies or procedural methods are applied among the three countries

□ Permit for using RFID tags must be obtained in each countries

⇒ To meet with each country's standards makes cost increased

⇒ Utilization of IT equipments is not promoted

■ Some communication infrastructure such as mobile phone system is not available

□ There exists no problem in Thailand

□ In some areas of Lao PDR and Viet Nam, mobile phone receptions are not possible.

⇒ To establish an environment that allows real-time communications throughout the transportation route is impossible

Thank you !!