



## Lao People's Democratic Republic (Lao P.D.R.)



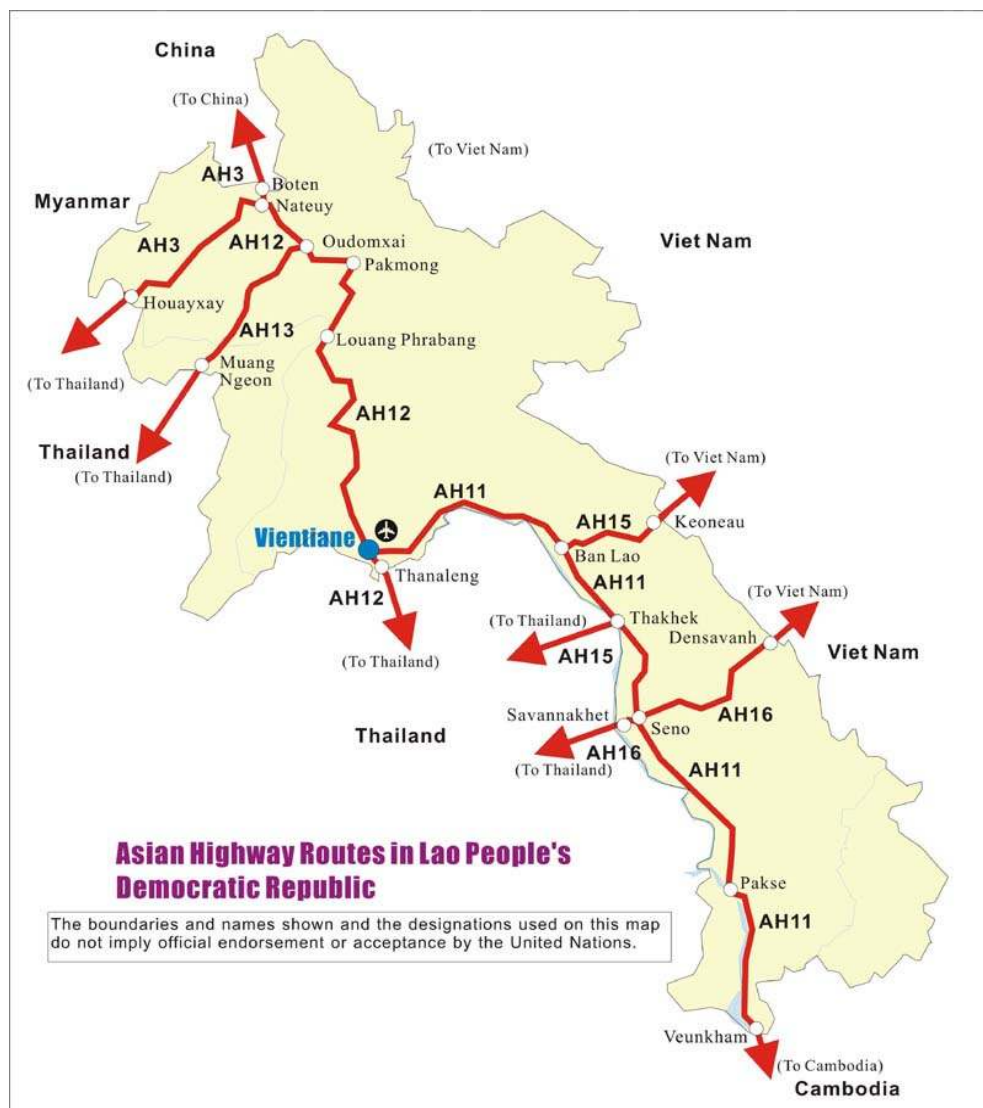
- Area: 236,800 sq. km
- Population: 6.127 million
- GDP: USD 914 per capita
- Shares of GDP:
  - Agriculture: 30.5%
  - Industry: 24.5%
  - Services: 38.7 %
- GDP growth: 7.0% (2009)  
7.8% (est. 2010)
- Inflation: 4.8% (April 2010)
- Int'l Airports:
  - ◆ Vientiane
  - ◆ Luang Phrabang
  - ◆ Savannakhet
  - ◆ Pakse

Seaports used: Bangkok, Laem Chabang (Thailand); Hai Phong, Vinh, Danang, Qui Nhon and Ho Chi Minh (Vietnam)

Source: Dept. of Statistics, MPI (2009) and World Bank

# Transport Infrastructure in Lao PDR

## Regional Transport/Economic Corridors cross Lao PDR:



## AH (Asian Highways)

- AH 3 (NR 3)
- AH 11 (NR 13 South)
- AH 12 (NR 13 North)
- AH 13 (NR 2)
- AH 15 (NR 8 & NR 13)
- AH 16 (NR 9)

## Bridges over the Mekong River

- Vientiane - Nongkhai (1994)
- Savannakhet - Mukdaharn (2007)
- Thakhek- Nakhorn Phanom (2013)
- Houay xay - Chiang Khong (2015)

## Transport Infrastructure in Lao PDR

Transport Network: **55% national roads are paved** and most provincial and district roads are unpaved.

Road Classification	Length (km)	Pavement Category				
		Concrete	Asphalt	DBST	Gravel	Earth
National Road	7,200.25	2.89	430.02	3,530.56	2,457.14	779.64
Provincial Road	7,255.24	-	-	470.97	3,774.54	3,009.73
District Road	4,914.33	1.09	-	110.73	2,529.40	2,273.11
Urban Road	1,870.04	28.76	51.11	448.45	886.87	454.85
Rural Road	15,754.30	-	-	77.66	3,255.16	12,421.48
Special Road	775.60	1.00	-	95.69	290.89	388.02
<b>Total</b>	<b>37,769.76</b>	<b>33.74</b>	<b>481.13</b>	<b>4,734.06</b>	<b>13,194.00</b>	<b>19,326.83</b>
Approx. Ratio	100%	0.001%	1.3%	13%	35%	50%

*Source: Dept. of Roads, Lao MPWT (2009)*

Roads in the northern region and on the side near the border with Vietnam located in mountainous area are subject to weather inclement, landslide or mudslide. In summary road network is still inadequate in remote and provincial areas in spite of the Government effort to extend the network however the enterprise is hampered by the expenditure in repairing and maintaining the existing old ones that are damaged due to overweighed trucks and torrential rains.



# Logistics Performance Index

Lao PDR is internationally ranked at 118 in the world.

Rank	Int. LPI Rank	Country	LPI	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
1	27	China	3.49	3.16	3.54	3.31	3.49	3.55	3.91
2	29	Malaysia	3.44	3.11	3.50	3.50	3.34	3.32	3.86
3	35	Thailand	3.29	3.02	3.16	3.27	3.16	3.41	3.73
4	44	Philippines	3.14	2.67	2.57	3.40	2.95	3.29	3.83
5	53	Vietnam	2.96	2.68	2.56	3.04	2.89	3.10	3.44
6	75	Indonesia	2.76	2.43	2.54	2.82	2.47	2.77	3.46
7	118	Lao PDR	<b>2.46</b>	<b>2.17</b>	<b>1.95</b>	<b>2.70</b>	<b>2.14</b>	<b>2.45</b>	<b>3.23</b>
8	124	Papua New Guinea	2.41	2.02	1.91	2.55	2.20	2.43	3.24
9	129	Cambodia	2.37	2.28	2.12	2.19	2.29	2.50	2.84
10	133	Myanmar	2.33	1.94	1.92	2.37	2.01	2.36	3.29
11	135	Solomon Islands	2.31	2.08	2.23	2.18	2.27	2.03	3.05
12	141	Mongolia	2.25	1.81	1.94	2.46	2.24	2.42	2.55
13	144	Fiji	2.24	1.95	1.98	2.48	2.11	1.96	2.82

Source: World Bank

## Trading Across Borders

The table below shows the main indicators. They include:

- number of all documents required to export/import goods,
- time necessary to comply with all procedures required to export/import goods, and
- cost associated with all the procedures required to export/import goods

Region or Economy	Documents to export (number)	Time to export (days)	Cost to export (US\$ per container)	Documents to import (number)	Time to import (days)	Cost to import (US\$ per container)
France	2	9	1,078	2	11	1,248
Denmark	4	5	744	3	5	744
Korea, Rep.	3	8	742	3	8	742
Sweden	4	8	697	3	6	735
China	7	21	500	5	24	545
Japan	4	10	989	5	11	1,047
India	8	17	945	9	20	960
Brunei Darussalam	6	28	630	6	19	708
Cambodia	11	22	732	11	30	872
Indonesia	5	21	704	6	27	660
<b>Lao PDR</b>	<b>9</b>	<b>50</b>	<b>1,860</b>	<b>10</b>	<b>50</b>	<b>2,040</b>
Malaysia	7	18	450	7	14	450
Philippines	8	16	816	8	16	819
Singapore	4	5	456	4	3	439
Thailand	4	14	625	3	13	795
Vietnam	6	22	756	8	21	940

Source: *Doing Business, IFC (World Bank)*

# Transport and Logistics Situation in Lao PDR

## Freight Movement : Laos in GMS

- Trade with Thailand is remarkable including through freight to Vietnam
- Trade value with Thailand is dominant (major Lao cities in proximity with borders facilitating the transport), followed by China (some re-export to Thailand)

### Trade in GMS through Lao PDR

(Unit: US\$ million)

	Lao PDR	Vietnam	Thailand	Cambodia	China
Lao PDR		98.7	476.8		14.7
Vietnam	80.5		14.6		
Thailand	1,091.4	184.8			1.2
Cambodia			0.1		
China	118.3		3.4		

Source: Lao Customs Dept, MOF (Oct 2007- Sept 2008)

## Government Transport Policy and Agreements

**“ To become Landlinked and Transit Service country for GMS and ASEAN ”**

### Bilateral Agreements

	<b>Cambodia</b>	<b>China</b>	<b>Thailand</b>	<b>Vietnam</b>
<b>Lao PDR</b>	1999 (Protocol 2003)	1993	1996	Revised 2009

### Multilateral Agreements / MOU

<b>Signatories</b>	<b>Agreements</b>	
Laos – Thailand – Vietnam	IICBTA (2007)	The Initial Implementation of the Cross Border Trade Agreement among LA-TH-VN in the GMS countries
Laos – Thailand – Vietnam – China – Cambodia- Myanmar	GMS CBTA	Lao PDR has ratified all Annexes and Protocols.
Laos – Cambodia - Vietnam		Drafted (Mar 2010)
ASEAN Transport Framework	Laos MT Law being drafted	
Lao National Logistics Master Plan	Estimated to complete by end of 2010	JICA has been assisting Laos on the project

### **Coordination mechanisms to Coordinate between the trade sector and transport sector**

- Lao Business Forum chaired by the Vice Premier is a venue for businessmen (Lao and foreigners) to raise issues related to commerce, trading and transport.
- National Trade Facilitation Committee has been set up that comprises people from transport, commerce, customs and other related agencies.
- Lao National Chamber of Commerce and Industry (LNCCI) is also another venue where different professions voice their opinions and discuss solutions for various problems encountered.

### **Road transport:**

Predominant mode as Lao PDR is a landlocked and mountainous country. Access to seaports in Thailand (Bangkok and Laem Chabang) and Vietnam (Hai Phong, Danang, Danang, Qui Nhon and Ho Chi Minh). Lao cities on the Mekong River tend to link with Thai ports primarily with minor percentage of cargo going through Vietnamese ports, due to shorter distance, transit time and flat landscape on Thai side with easier documentation and other logistics related facilities available, whilst Vietnamese towns along the border with Laos lack. Lao trucks come out to Thai towns at the borders to transload onto Thai trucks and most of the time Vietnamese trucks will go into Laos to carry the goods, similarly to Thai trucks. Please note that containers belonging to shipping lines are not stored in Laos, therefore containerized cargo bear quite high cost compared to neighboring

countries due to the reason that the trucking companies have to bring empty containers into Laos for stuffing.

**Inland waterway:** limited to some sectors of the Mekong River forming the natural and international border with Thailand. The navigation can be done only in the daytime, many rapids and rocks hamper heavy boats (max. 300 tons). Tributary rivers are used for domestic cabotage.

**Railway:** the recent link of 3.5 km connects Nongkhai Station in the north east Thailand across the 1<sup>st</sup> Lao-Thai Friendship Bridge to Thanaleng Station however this carries only passengers. Talks between Laos and Thailand have been held on the transport of cargo, whilst the Thanaleng Station still lacks facilities to support the carriage of cargo such as lifting gears, container yard, roofed warehouse, CFS, etc. . . and skilled manpower. Some of Lao National Railway Authorities staff were trained in Thailand by the State Railway of Thailand.

This July 2010, the Transport Ministers of Laos, China and Thailand held a Meeting in Vientiane on the railway project from Kunming to Vientiane City, in view of linking it the existing line from Nongkhai, Thailand.

**Air transport:** Lao national carrier, Lao Airlines serves major provincial airports and neighboring countries while Thai International Airways, Bangkok Airways, Vietnam Airlines, China Southern Airlines fly into Vientiane and other major cities of our country. Aircraft serving Laos are primarily for passengers such as Boeing 737, Airbus 320. Heavy or big size packages would be discharged at Bangkok International airport and trucked into Vientiane, with weekly schedule departing every Wednesday and arriving the next afternoon.

### **Logistics Parks:**

The National Master Logistics Plan envisages to have 3 parks built: in Vientiane (near the present Thanaleng Railway Station), in Savannakhet and Pakse.

### **CBTA CTS Status:**

The CBTA CTS (GMS Cross Border Transport Agreement Customs Transit System) was initially inaugurated on June 11, 2009 with LIFFA, VATA (Vietnamese Automobile Transport Association) and BOT (Board of Trade of Thailand) as Guarantors of shipments in transit between Thailand-Laos-Vietnam vis-à-vis customs authorities in case of any irregularities. However till date there is no actual shipment in transit using this single document of CTS (similar to TIR) – the main impediment to this CTS scheme is its limited route, from Khorn Kaen, Thailand via Savannakhet, Laos to Danang port, Vietnam. Both ends of this route offer not much cargo to interest the potential transport companies. In the 3<sup>rd</sup> Joint Committee Meeting of the GMS held in June 2010 in Vientiane, it was suggested to the signatories to the CBTA to extend the route further, that is to main ports in each end country, in order to make the transport business viable for the transit operators.

**LIFFA** (Lao International Freight Forwarders Association) was established on 13 January 2003, till date only 22 companies have joined the association. The Customs Department is adamant to bring all companies under rule that will take some time before this can be accomplished.

	<b>2003</b>	<b>June 2007</b>	<b>Aug 2010</b>
<b>Number of members</b>	10	15	22

### **Hindrance and difficulties in developing logistics**

Our national association is yet to adhere to FIATA. Therefore Lao freight forwarding companies are not in the position to issue the MT documents at present.

- Import, export and transit regulations / formalities / procedures are still inadequate.
- Non-tariff barriers still exist.
- Lack of skilled manpower in the industry.
- Logistics related facilities do not fully support transport by containers.
- Warehousing system on all main transit routes is inadequate.

### **Some suggested solutions**

- Regulations / formalities are to be simplified and harmonized / acceptable by the region.
- Non-tariff barriers are to be removed.
- Road infrastructure and Logistics related facilities need to be improved/built at least on the main transport routes.
- Financial support sourcing has to be made.
- Human resource development / Capacity building both for Government officials and private sector has to be stepped up.
- LIFFA needs ToT (Training of Trainers) to have accredited trainers.

In light of the logistics liberalization in the AEC (ASEAN Economic Community) integration in the year 2015, LIFFA see that it is a big challenge for Laos, an unanswerable question on how to close the gap between the country and other ASEAN members, without serious effort and plans. LIFFA think that Laos will have lost of difficulties to integrate herself in the community as it is wished by the ASEAN.

**Policy Enhancements, Facilitative Actions Crucial to Develop Logistics Sector  
Da Nang, Viet Nam, 24 August 2010**



Representatives from the ASEAN Member States and the businesses in the logistics services sector meeting at a policy dialogue in Da Nang, Viet Nam were unanimous on the importance of an effective public-private partnership in building an important bridge to match government policies with business demands. (Source <http://www.asean.org/24985.htm>)