



# Support for Cross- border Trade Facilitation in Mekong Region under AMEICC

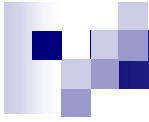
March 2006

JODC Bangkok



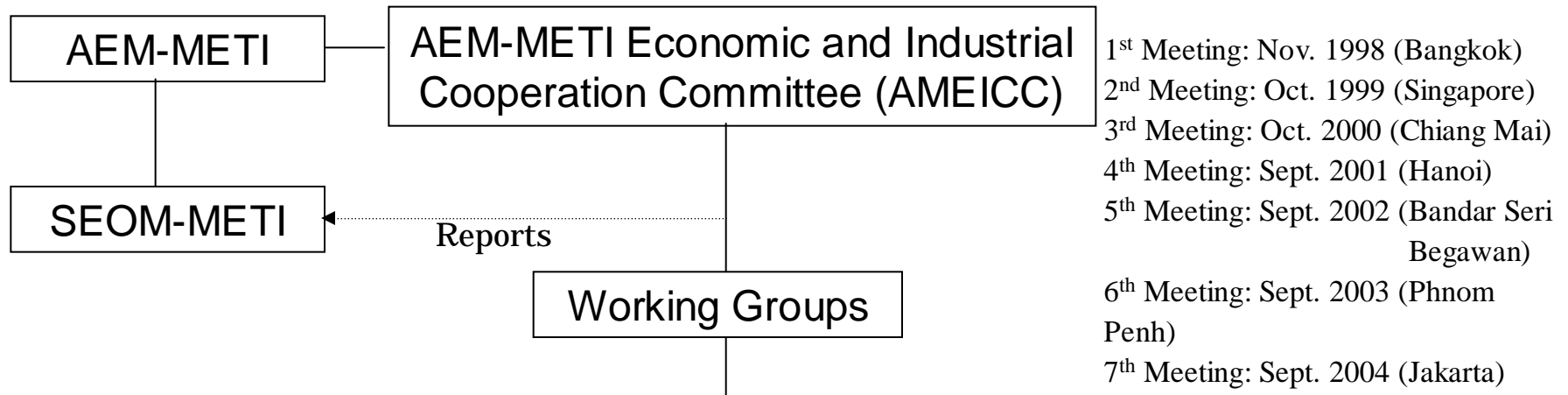
# Outline of the Presentation

- Outline of AMEICC and Development Assistance to Mekong Region
- Study on the Establishment of Efficient Distribution Routes in Mekong Region (1)  
[\(Bangkok - Hanoi\)](#)
- Study on the Establishment of Efficient Distribution Routes in Mekong Region (2)  
[\(Bangkok - Ho Chi Minh\)](#)



# I. Outline of AMEICC and Development Assistance to Mekong Region

# Structure of AMEICC



- Human Resource Development (HRD-WG)
- Small & Medium Enterprises, Supporting Industries, Rural Industries (SME/SI/RI-WG)
- West – East Corridor Development (WEC-WG)
- Statistics (WGS)
- Automobile Industry (WG-AI)
- Chemical Industry (WGCI)
- Consumer Electronic Industry (WG-CEI)
- Textile & Garment Industry (WGTGI)

[ Co-Secretariat ]  
 JODC Bangkok, ASEAN Secretariat



## II. Study on the Establishment of Efficient Distribution Routes in Mekong Region (1) (Bangkok - Hanoi)

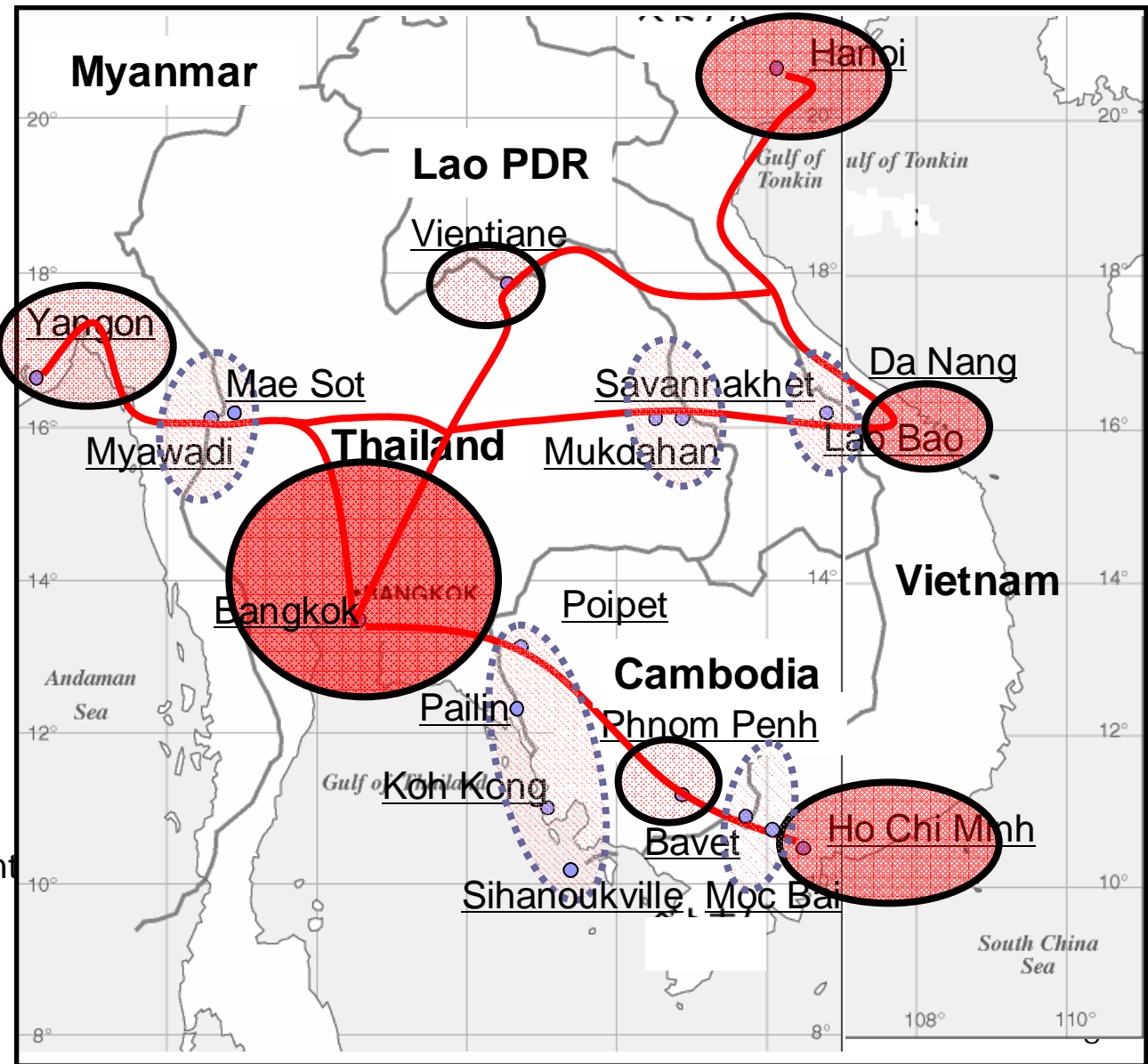
# Possible Industrial and Logistical Network

## ◆ Logistical Network Linking Industrial Clusters

Bangkok ↔ Hanoi  
 Bangkok ↔ Ho Chi Minh  
 Bangkok ↔ Yangon  
 (Transport materials and components for automobile, electric & electronics, and textile industry by ship and truck)

## ◆ Special Economic Zone

Cambodia ( Poipet, Koh Kong, Sihanoukville, Pailin, Bavet )  
 Lao PDR ( Savannakhet )  
 Myanmar ( Myawadi )  
 (Promote investment in garment & textile, parts & components industry, agricultural & food processing, and cottage industry)



# Study on the Establishment of Efficient Distribution Routes in Mekong Region (Bangkok - Hanoi)

Project Route:

National Road No.13 and East-West corridor route(National Road No.9)

Bangkok ~ Nongkai ~ Vientiane ~ Savannakhet ~ Lao Bao ~ Hanoi

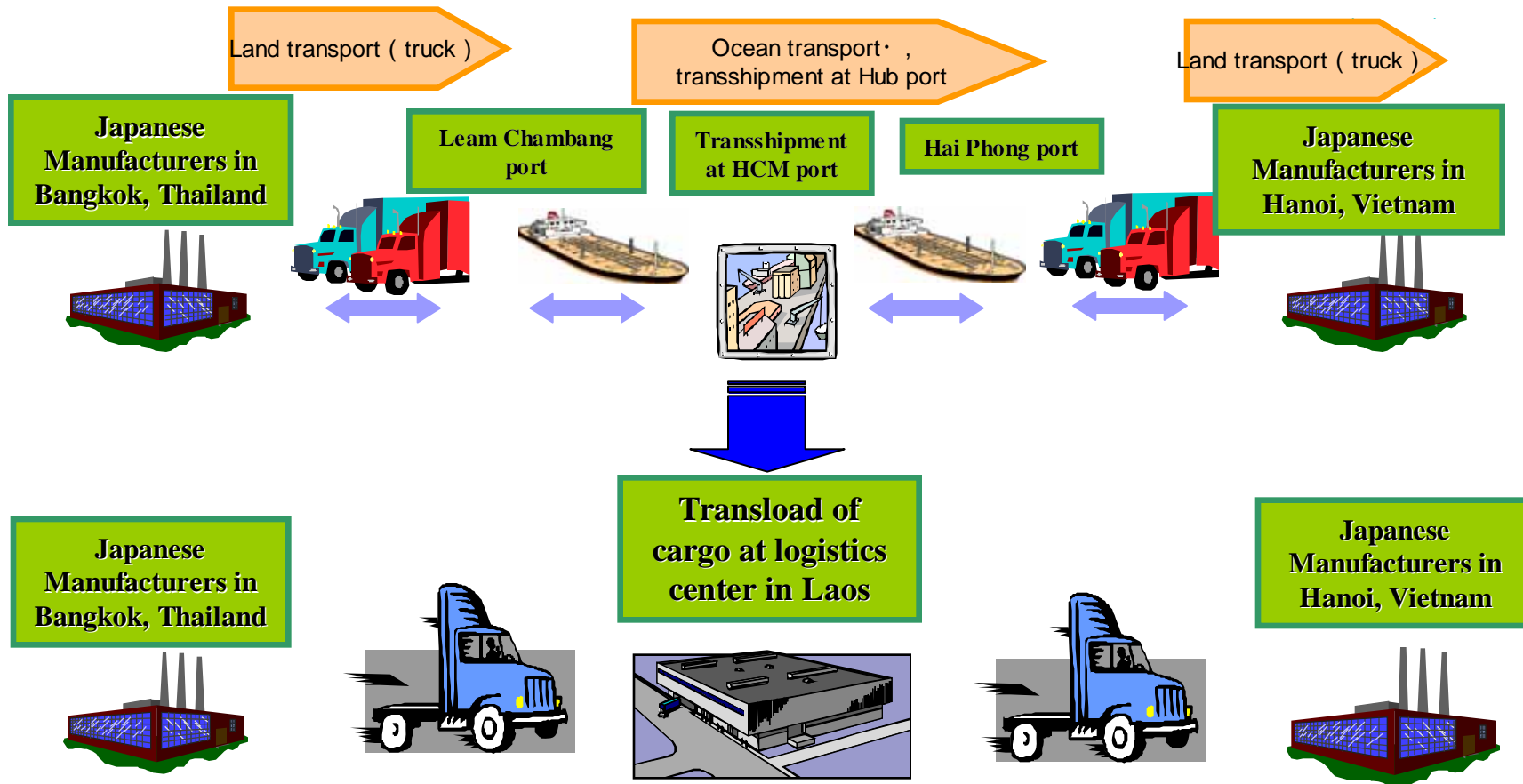




# Objectives of the Project

Project Route:  
Bangkok ~ Nongkai ~ Vientiane  
~ Savannakhet ~ Lao Bao ~ Hanoi

**【Ocean transport up-to now】**  
**8-10 days required** between Bangkok and Hanoi.







## Methods of the Project

	<b>Bangkok &gt; Hanoi</b>	<b>Hanoi &gt; Bangkok</b>
<b>Implementation Date</b>	25-29 Oct. 2004	20-24 Dec. 2004
<b>Cargo</b>	Printer parts	Air bag
<b>Type of Packing Weight</b>	0.752m <sup>3</sup> /1 pallet 54kg	0.231m <sup>3</sup> /1 pallet 45kg
<b>Distance</b>	2,000km	2,000km
<b>Transport Time</b>	4 days	4 days



# Pilot Demonstration Project Results

	<b>Number of transit days</b>	<b>Safety</b>	<b>Set schedule</b>	<b>Transportation method</b>
<b>Thailand shipment bound for Hanoi</b>	<b>4 days</b> (delivery base 5 days)	By making through transport possible, there was no damage, pilferage, etc.	Can control operations with satellite phone, simple border customs clearance procedure possible.	Through transport with 20-foot containers
<b>Hanoi shipment bound for Thailand</b>	<b>4 days</b> (delivery base 5 days)	Implemented transshipment at the Tanaleng terminal; no damage, pilferage, etc.	Can control operations with satellite phone, simple border customs clearance procedure possible.	Through transport, including transshipment of cargo from 20-foot containers to 5t trucks

# Comparison of transportation modes

<b>MODE</b>	<b>VOLUME</b>	<b>TRANSIT TIME</b>	<b>COST</b>
<b>Ocean transport (FCL)</b>	1TEU (20 Feet)	10-15 days	US\$ 1,000.-
<b>Air transport</b>	3,334 kg	2-3 days	US\$ 4,000.-
<b>Truck transport (FCL)</b>	1TEU (20 Feet)	4 days	US\$ 2,500.-

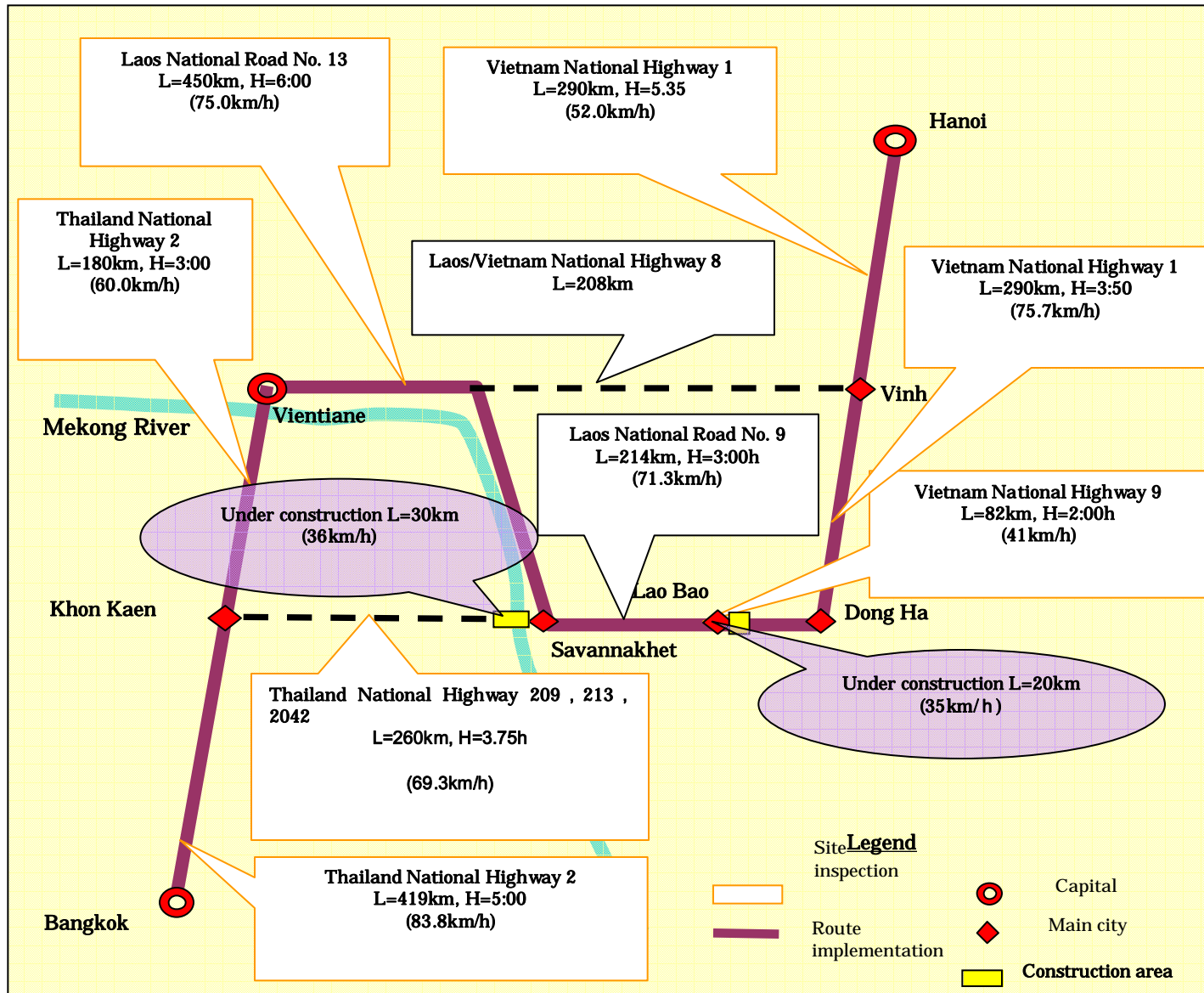
Physical volume: 20m<sup>3</sup>

Scope: Door-to-Door (Bangkok door – Hanoi door)

\*1 Does not include import and export customs clearance costs in the shipping region and receiving region.

\*2 FCL = Full Container Load Cargo

# Current Status of Road and Bridge Construction on the Project Route



# Comparison between the Pilot Demonstration Route and New Land Transport Route

	Transshipment point	Transport distance	Transit days
Pilot demonstration project route	Tanaleng	2,000km	4 days
New land route transportation route	Savannakhet or Seno	1,500km	3 days



Pilot demonstration project route



New land transportation route



# Policy Recommendation (1)

## ■ Road facilities upgrades

- Road pavement improvements
- Road infrastructure improvements (guardrail, bypass, etc.)
- Establishment of procedure to ensure maintenance costs
- Driver rest areas, etc.
- Enhancement of land route network

## ■ Customs clearance-related issues

- Improvements of the border customs clearance system at the Laos border
- One-stop inspection



# Policy Recommendation (2)

## ■ Distribution facilities-related issues

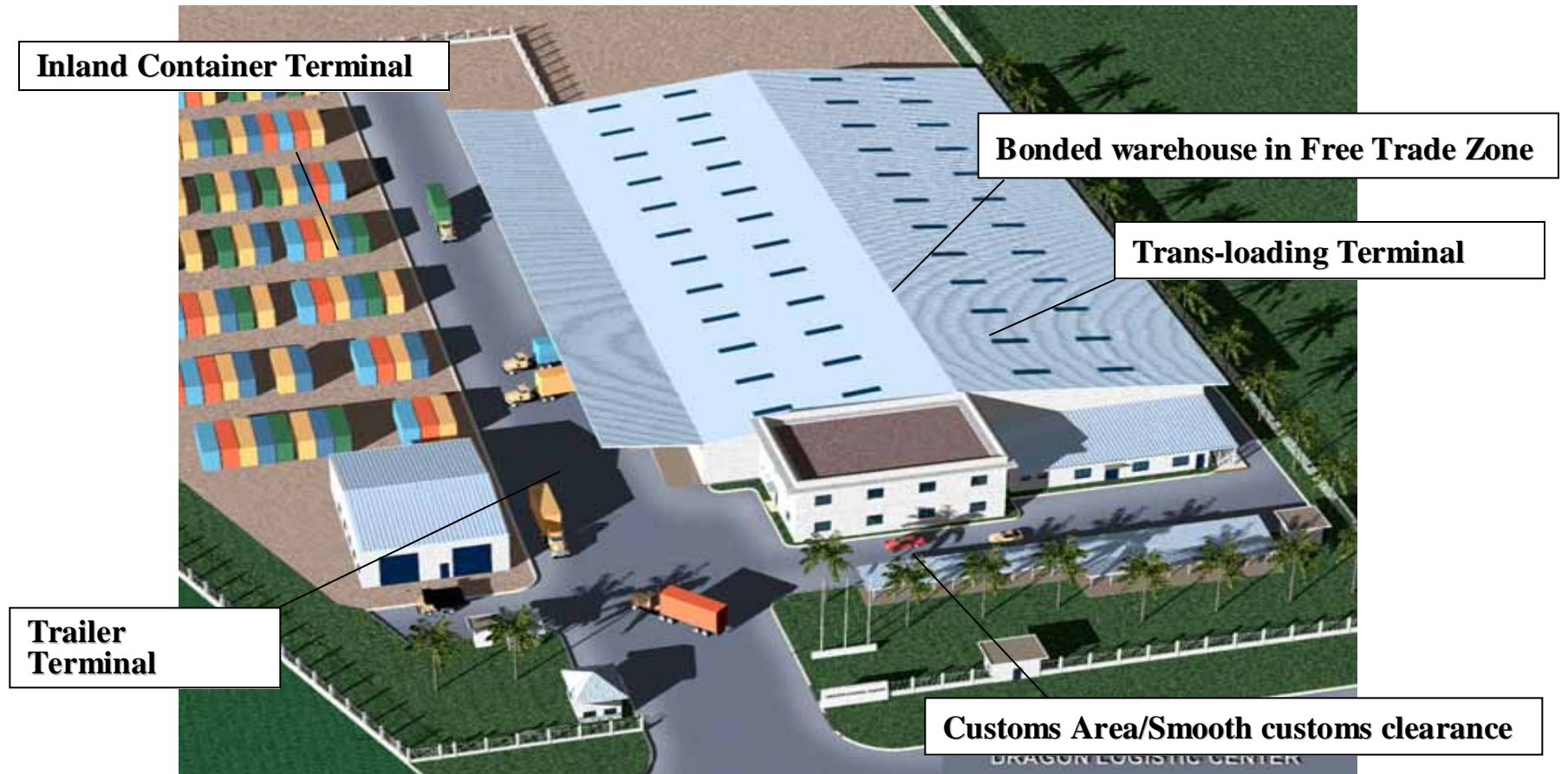
- Development of logistics infrastructure at the Savannakhet Economic Development Zone
- Construction of a border transshipment terminal

## ■ Promotion of transport business

- Training on logistical technology and management through foreign logistics businesses
- Dispatch of experts to assist provision of advanced logistics services
- Training for computerization of information in conjunction with computerization of custom clearance
- Active use of customs officer training programs

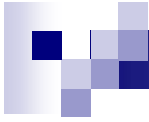


# Border Transshipment Terminal in Lao PDR



Development and improvement should be available at logistics facilities in Lao PDR.

This will result in vitalization of the logistics sector, and the contribution to the economic growth of Lao PDR.



### III. Study on the Establishment of Efficient Distribution Routes in Mekong Region (2) (Bangkok - Ho Chi Minh)

# Study on the Establishment of Efficient Distribution Routes in Mekong Region (Bangkok – Ho Chi Minh)

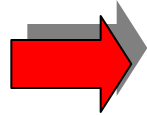
Project Route:  
Southern Economic Corridor route  
Bangkok ~ Poipet ~ Phnom Penh ~ Ho Chi Minh



**Project Route:**  
Southern Economic Corridor route  
Bangkok ~ Poipet ~ Phnom Penh ~ Ho Chi Minh

## ■ Background

- About 1,200 Japanese companies establish industrial cluster of automobile and electronics industries in Thailand
- Over 300 Japanese companies in Vietnam procure materials and components from Thailand by ocean transportation because of immature supporting industries



**Development of Southern Economic Corridor will be finished in 2006.**

- New transport option will promote the efficiency of cross-border transportation in Mekong region;





## Methods of the Project

	Bangkok > Ho Chi Minh	Ho Chi Minh > Bangkok
<b>Implementation Date</b>	5 - 9 Mar. 2005	11-15 Mar. 2005
<b>Cargo</b>	Central core of alloy iron	Auto parts
<b>Type of Packing Weight</b>	48 boxes/1 pallet 868kg	20 boxes/1 pallet 178kg
<b>Distance</b>	920km	920km
<b>Transport Time</b>	3 days	3 days



# Pilot Demonstration Project Results

	<b>Number of transit days</b>	<b>Safety</b>	<b>Set schedule</b>	<b>Transportation method</b>
<b>Thailand shipment bound for Ho Chi Minh</b>	<b>3 days</b>	Implemented transshipment at the Bavet terminal, there was no damage, pilferage, etc.	The cargo was kept in the storage for three weeks before getting approval of transportation in Cambodia without any custom duty.	Through transport including transshipment of cargo
<b>Ho Chi Minh shipment bound for Thailand</b>	<b>3 days</b>	Implemented transshipment at the Poi Pet terminal; some damage in carton due to rough handling of the cargo	The cargo had to wait for a truck with import approval in Poipet for one day.	Through transport including transshipment of cargo

# Comparison of transportation modes

Mode	Transport Route	Volume	Transit Time	Cost
<b>Ocean transport</b>	Bangkok > Ho Chi Minh	FCL (20 Feet)	7 days	US\$985
		LCL (10t)		US\$800
	Ho Chi Minh > Bangkok	FCL (20 Feet)		US\$575
		LCL (10t)		US\$650
<b>Truck transport</b>	Bangkok <> Ho Chi Minh	FCL (20 Feet)	3 days	US\$4,330
		LCL (10t)		US\$3,040

Scope: Door-to-Door (Bangkok door – Ho Chi Minh door)

\*1 Does not include import and export customs clearance costs in the shipping region and receiving region.

\*2 FCL = Full Container Load Cargo, LCL=Less-than Container Load Cargo





# Findings from the Project (1)

## ■ Road conditions

- No significant problems but lack of traffic signs and road lightings

## ■ Customs inspection

- No serious problems but some inefficiency in customs inspection

## ■ Cargo insurance

- Insurable in Japan

## ■ Transit transportation in Cambodia

- Unpredictability of transit transportation approval in Cambodia would be bottleneck in shortening the transportation time
- Need to deposit monetary bond at the customs office in Cambodia to prevent domestic sale of duty-free goods
- Difficulties in depositing monetary bond for rather expensive goods would be an obstacle to truck transport



# Findings from the Project (2)

## ■ Custom duties

- Importing firms have to pay a regular tariff instead of a CEPT-rate tariff because of long procedure time for issuing certificate of origin (Form D) in Thailand and Vietnam

## ■ Transport costs

- Cost of truck transport is about four times as high as that of ocean transport
- Cost of truck transport is relatively high due to the lack of competition among transport companies in unprecedented transport route.



# Policy Recommendation

## ■ Policy recommendation for Cambodia

- Making tariff laws
- Establishing EDI system for custom procedures
- Making road traffic laws
- Developing system for the maintenance of the roads
- Improving governance of government officials

## ■ Policy recommendation for three countries

- Acceding to Customs Convention on the International Transport of Goods under Cover of TIR Carnets
- Issuing certificate of origin (Form D) timely and flexibly in Thailand and Vietnam



Thank you very much !

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