

The Laos-China Railway – A real force towards the regional integration of trade, investment, supply chains, digitalization and the logistics and tourism industries

Lao National Chamber of Commerce and Industry

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Contents

- 1. Importance of upgrading of the supply chain development in the Asian Countries**
- 2. The Laos-China Railways – A benefit for keys industries of the Greater Mekong Subregion**
- 3. Challenges and Issues – Views from the private sector**
- 4. Helping SME on the pathway to supply chain digitalization**
- 5. Work and action waiting ahead**

1. Importance of upgrading and modernization of the supply chain ecosystem in the ASEAN Countries

- 1. ASEAN countries supply chain ecosystem moves to the digitalization trends even before COVID
- COVID highlighted its vulnerability (single supplier, different logistics issues around the world, economic and political within each individual countries)**
- 2. The events in eastern Europe, the inflation around the world due to the higher cost of fuel, push for supply chain managers to look at reducing cost through better automation and digitalization, reducing human error on the way , and be protected of workforce unavailability**
- 3. The booming of the digital lifestyle in the GMS, ASEAN with e-payment systems reaching the rural and remote areas,
pave ways for the booming of the e-commerce of the region from micro entrepreneur to large enterprise selling goods and services**
- 4. Cross border trade is becoming the target of SMEs as they see the need to speed up their digitalization**
- 5. Platform to help facilitate and promote Digital Trade in ASEAN is seriously being prioritize by both public and private sectors of ASEAN countries**



2. The Laos-China Railways – A benefit for keys industries of the Greater Mekong Subregion

1. The Laos-China Railways started its operation in December 2021, during the peak of COVID-19
2. For Laos a fasten path for development and prosperity
 - Suddenly Laos move from a land-locked member of GMS to be a land-linked hub within mountains and plateau of the GMS
3. From opening up to 31/01/2023 passengers were transported in 2499 trips (1249.5 pair) , passengers in January 2023 were 202,737.
 - From opening up to present total passengers transported are 1,640,326 persons.
4. For transport of commercial goods, for the month of January 2023 goods transported were 314,345 tons. Overall, from start the volume is 2,594,874 tons, average 6,105 tons/day, maximum was 13,398 tons.
 - Good from Laos to China are 2,090,123 tons
 - Goods from China to Laos 454,882 tons
5. According to Ministry of Culture, Information and Tourism, in the first 10 month of 2022, 335,794 tourists or 85.27% of total arrivals to Luang-Prabang, our UNESCO world heritage city, wasby train



2. The Laos-China Railways – Cont.

6. One project benefited from the Laos-China railway project is the newly setup Thanaleng Dry port from the Vientiane Logistics Park project.

- The international Thailand-Laos-China cargo train travelling from Mataphut station in Rayong, Thailand to Guangzhou in China via Laos.
- Pan Asia Silk Road Co. and partners launched their first cargo which ran a distance of 3,453 km and shorten distance by half to just 5 days. Delivering fresh 25 refrigerated containers of durian departed on 19 April and arriving at Thanaleng DP on same day.
- Inspection of goods were less than 30 min per train. Containers were transferred from the train on the one metre track Laos-Thailand railway to a train on the standard gauge Laos-China rail track at the dry port.
- From Mataput to Kunming it took 3-4 days. This route offer a cheaper, faster and safer mode of cargo transport to China.
- Other products on the plan are mangosteen and frozen seafoods.

-A Certified sanitary and phyto sanitary (SPS) center at the Vientiane Logistics Park is planned to be build by Lao and Chinese counterparts.



3. Challenges and Issues – Views from the private sector

- 1. The online ticketing system**
- 2. Not all products especially agricultural products and goods can make of use the Laos-China railway cargo shipment.**
- 3. The lockdown of countries during COVID**
- 4. The participation of SME into commercialize goods and products along stations and special zone in key stops of the railway route.**
- 5. Accommodating the fast-increasing load of passengers and goods on the track**



4. Helping SME on the pathway to supply chain digitalization

1. With fast rising numbers of tourist along the railway track, SME has great opportunities to showcase their products, for sales not only for visitors, but targeting cross borders or in overseas market, using tourism at their front shop. Hence the use of social platform marketing and other marketplace tools both local and regional are critical. Focusing on quality and uniqueness.
2. Improved logistics and reduced cost of transport is key for small players to prosper and have a sustainable business
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5. Work and action waiting ahead

1. **Fasten the Digital Transformation action plan of the GMS, ASEAN countries, the digital integration framework of ASEAN**
2. **Bringing stakeholders from various sector (public, private, financial institutions, tax/customs department, business association) to work together efficiently and cooperatively on key project such as the ASEAN BAC initiatives for the ASEAN Digital Trade Platforms**
3. **Cooperate on multi-country sandbox experiment (2-3 or more), allowing activity related to digital supply chain, cross border trade or related to bypass barrier created by existing regulation and laws**
4. **Provide resources for training and capacity building SMEs for these topics of digital supply chain and related**
5. **Strengthening the communication and collaborative aspect of key stakeholders across borders with good planning and resource preparation**



Thank you