

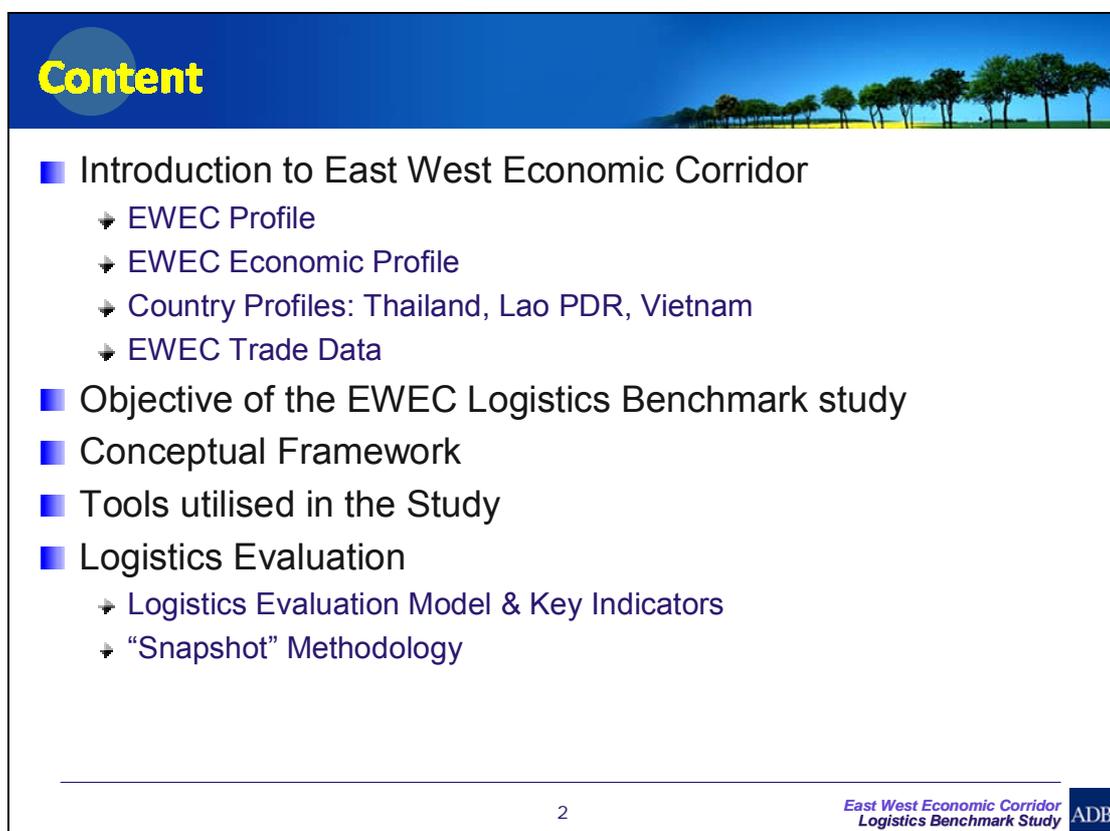
ADB

East West Economic Corridor Logistics Benchmark Study

Enhancing the Development Effectiveness of the GMS
Economic Cooperation Program

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Introduction to the EWEC

- The EWEC (East West Economic Corridor) is part of ADB's Greater Mekong Sub-Region (GMS).
- The name was derived based on the physical linkages from East to West across 4 GMS countries: **Myanmar, Thailand, Lao PDR and Vietnam.**
- Geographical scope
 - 260 million people with a combined GRP of 1,339 billion USD.
 - 2.3 million sq.km.
 - 9,036 km. of coast line.



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EWEC Profile

- The EWEC stretches from Mawlamyine of Myanmar to Danang of Vietnam through several cities in Myanmar, Thailand, Lao PDR and Vietnam.
- 1,110-kilometre highway with mega-infrastructure including **Thailand-Lao 2nd friendship bridge**, Hai Van tunnel, etc.
- The road link does not only support activities occurring in the cities along the EWEC but also **other EC**, such as the North-South Economic Corridor (NSEC).

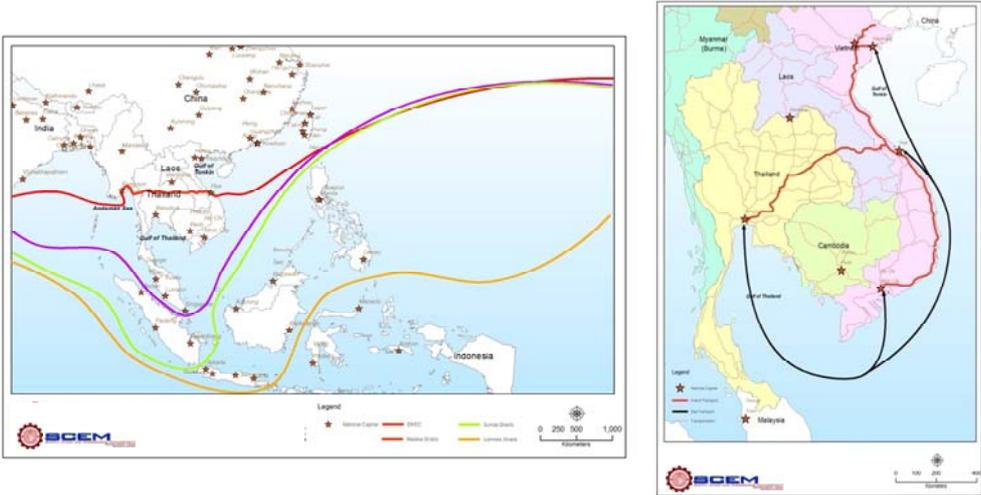


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EWEC Profile

The possibility of utilising the EWEC as a land-bridge is of interest, especially when compared traditional maritime network.



EWEC Profile

EWEC in Myanmar

- 200 km from Mawlamyaing to Myawady via Eindu
- 40-km road section and two major suspension bridges need upgrading



EWEC Profile

EWEC in Thailand

- 619 km from Tak to Mukdahan via Phitsanulok, Khonkaen,
- 45% are 4-lane national highway
- 70-km road section needs upgrade

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EWEC Profile

2nd Mekong Friendship Bridge

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EWEC Profile




EWEC in Lao PDR

- 210 km from Savanakheth to Dan Savahn
- 2-lane highway is new and in superb condition

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EWEC Profile




EWEC in Vietnam

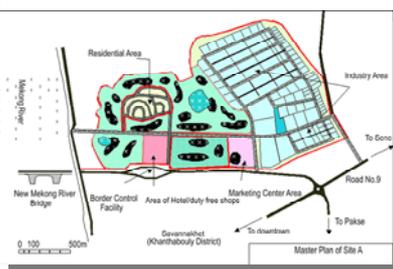
- 260 km from Lao Bao to Danang via Hue
- 2/4-lane highway is in good condition
- 6-km long Hai Van tunnel

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Other Related Projects

- Thailand is now studying the feasibility in implementing dedicated “**Truck Route**” to facilitate commodity flows.
- **Savan-Seno Special Economics Zone (SEZ)** and **Savannakhet Airport** in Lao PDR are being promoted.
- **Danang seaport improvement** is on progress.
- ... and many many more.



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EWEC Economics Profile

Economic Hub	Area (sq. km.)	Population	GPP per Capita (USD)	Sector Shares of Gross Provincial Product (%)			
				Agriculture	Manufacturing	Other Industry	Service
Myanmar	675,577	42,909 mil	1,843	54.60	9.21	3.79	32.3
Mawlamyine	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Thailand	513,115	65,872 mil	3,238	8.90	39.30	13.70	38.10
Tak	17,611	490,497	1,702	17.50	24.27	22.45	35.78
Phitanulok	10,815	844,508	1,689	21.72	7.14	35.78	35.36
Khon Kaen	10,885	1.75 mil	1,772	12.59	28.70	33.84	24.87
Mukdahan	4,339	335,447	800	18.32	10.28	25.42	45.98
Lao PDR	236,800	5.74 mil	617	42.30	31.70	2.00	25.00
Savannakhet	21,774	843,245	525	50.00	25.00	0.00	25.00
Dansavan	N/A	100,000	389	2.80*	0.0*	0.0*	6.00*
Vietnam	329,560	84.15 mil	722	20.36	34.58	6.98	38.08
Lao Bao	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Dong Ha	4,760.1	625,800	N/A	N/A	N/A	N/A	N/A
Hue	5,065.3	1.14 mil	560	22.2	34.1	N/A	43.7
Da Nang	1,257.3	788,500	937	6.09	33.17	16.28	44.45

- *Even though Myanmar is a key country in the development of the EWEC but due to political sensibility the attention of the study was directed at Thailand, Lao PDR & Vietnam.*

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Country Profile: Thailand

- The economy of Thailand is considered as a lower middle income industrial developing nation. Thailand is heavily dependent on export. The structure of the economy is divided as follows:

- ➔ 10% from agriculture,
- ➔ 45% from industry,
- ➔ 45% from service sectors.

- Rice, computers and electronics, garments and footwear, furniture, wood products, canned food, toys, plastic products, gems, and jewellery are among the top export products.
- Thailand's export has increased by nearly 16% for the past few years. Import has also increased by an average of 7.5%.

Financial Year	Export (million USD)	Import (million USD)
2005	109,193	117,722
2006	128,220	125,975
2007	146,812	136,053

- Economics Hubs on EWEC

- Tak
- Phitsanulok
- Khonkaen
- Mukdahan

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Country Profile: Lao PDR

- Lao PDR has an area of 236,800 sq.km. with 75% mountainous.
- Policy of turning “land-locked country” into “land-linked country” to increase economic growth and reduce poverty.
- Infrastructure investment: 25% of the government budget.
- Lao PDR's GDP grew by 8.0% in 2007. GDP per capita increased to 728USD in 2007.
- The agriculture sector share in GDP has recently declined to 38.6% in 2007 due to the double-digit growth in industry sector since 2002.
- The growth of industry sector is driven by gold, copper mining and the construction activities
- The service sector has grown by about 6-7 % since 2003: steady improvement in tourism and trade.

Financial Year	Export (million USD)	Import (million USD)
2000	535.0	330.0
2001	510.0	320.0
2002	447.0	386.0
2003	462.1	335.5
2004	717.7	363.4
2005	763.1	233.6
2006	643.2	326.6

- Economics Hubs on EWEC

- Savanakheth
- Dansavahn

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Country Profile: Vietnam

- Vietnam has an area of 329,560 sq.km. with a population of 84.5 million.
- Vietnam is a developing country with a high rate of GDP growth at 8.4%.
- Vietnam is currently the second exporter of rice in the world after Thailand.
- The country also has crude oil, textiles/garments, footwear, sea food products, coffee, rubber, handicrafts and electronics.
- An overall socio-economic renovation named the “DoiMoi” policy: increasing foreign investments, creating more than 40,000 new private companies and enterprises (more than 800 newly established freight forwarding companies).

Year	Export (million USD)	Import (million USD)
2000	14,482.7	15,636.5
2001	15,029.2	16,217.9
2002	16,706.1	19,745.6
2003	20,149.3	25,255.8
2004	26,485	31,968.8
2005	32,441.9	36,978
2006	39,605	44,410
2007	48,400	60,800

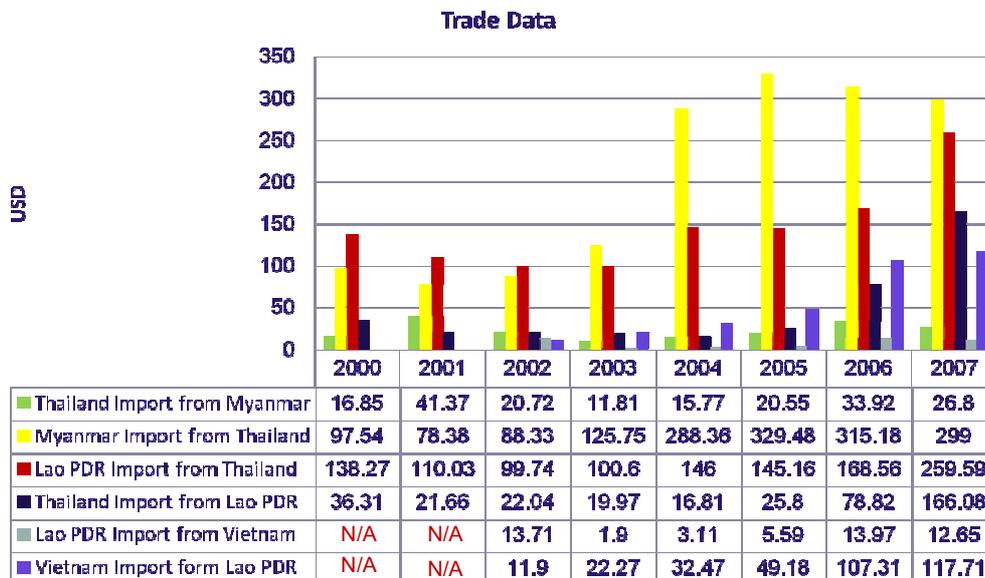
Economics Hubs on EWEC

- Hue
- Danang

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EWEC Trade Data



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Objective of The East West Economic Corridor (EWEC) Logistics Benchmark study

- The East West Economic Corridor (EWEC) Logistics Benchmark study is within the “*Enhancing the Development Effectiveness of the GMS Economic Cooperation Program*” of the **Asian Development Bank (ADB)**, aiming at:
 - ➔ Investigating and evaluating the current status of EWEC integration
 - ➔ Indicating an appropriate development direction in order to stimulate the economics of the sub-region effectively



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Concept of the Study

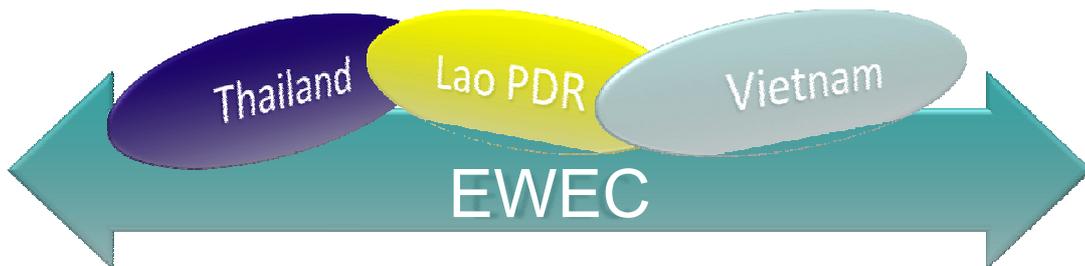
- The purpose of this presentation is to **provide background economic data of EWEC member countries, EWEC related flow of trade, EWEC specific logistics evaluation as well as economic hub selection.**
- The identification and selection of localised economic hubs will provide specific development agenda that will further integrate the EWEC.
- Logistics benchmarking between EWEC member countries will also be presented. (This will enable EWEC member countries to understand how they can together strengthen their economies and be more competitive in the global chain.)

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Corridor & Supply Chain

“A corridor is only as strong as its weakest link.”



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Logistics Evaluation

- The objective is to evaluate and benchmark the logistics potential for each EWEC countries and therefore deliver an appropriate development plan based on a win-win situation.
- **The Logistics Evaluation Model** is based on an in-depth understanding of the “AS IS” situation of the logistics system of a country or a region
- **The Logistics Evaluation Model** will measure the current situation of the four logistics related dimensions as well as a “snapshot” methodology to graphically illustrate logistics corridors based on logistics corridor activity mapping.

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Logistics Benchmark Study 

Logistics Definition

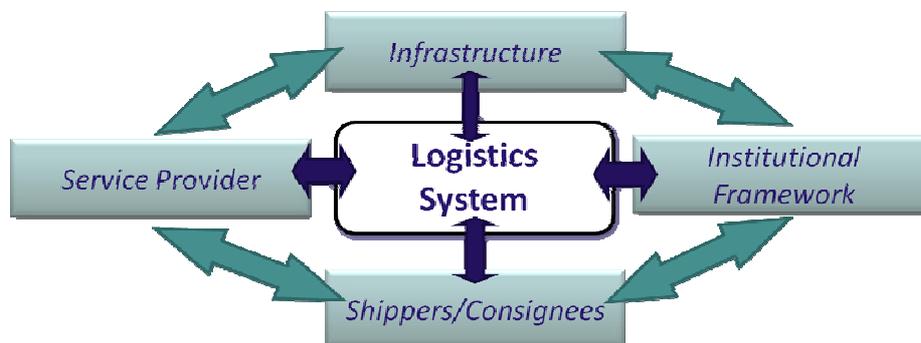
- The scope of logistics covers **more than just the handling of materials or transportation activities**. It now has a broader scope that encompasses **a collection of activities that facilitate the economic transactions associated with production and trade**.
 - It can be said that logistics is comprised of the following activities:
 - Customer service & support
 - Demand forecasting & planning
 - Sourcing
 - Inventory management
 - Logistics communication & order processing
 - Material handling & packaging
 - Transportation
 - Reverse logistics
 - Facilities site selection, warehousing, and storage
- Source: Grant, et al., 2006*

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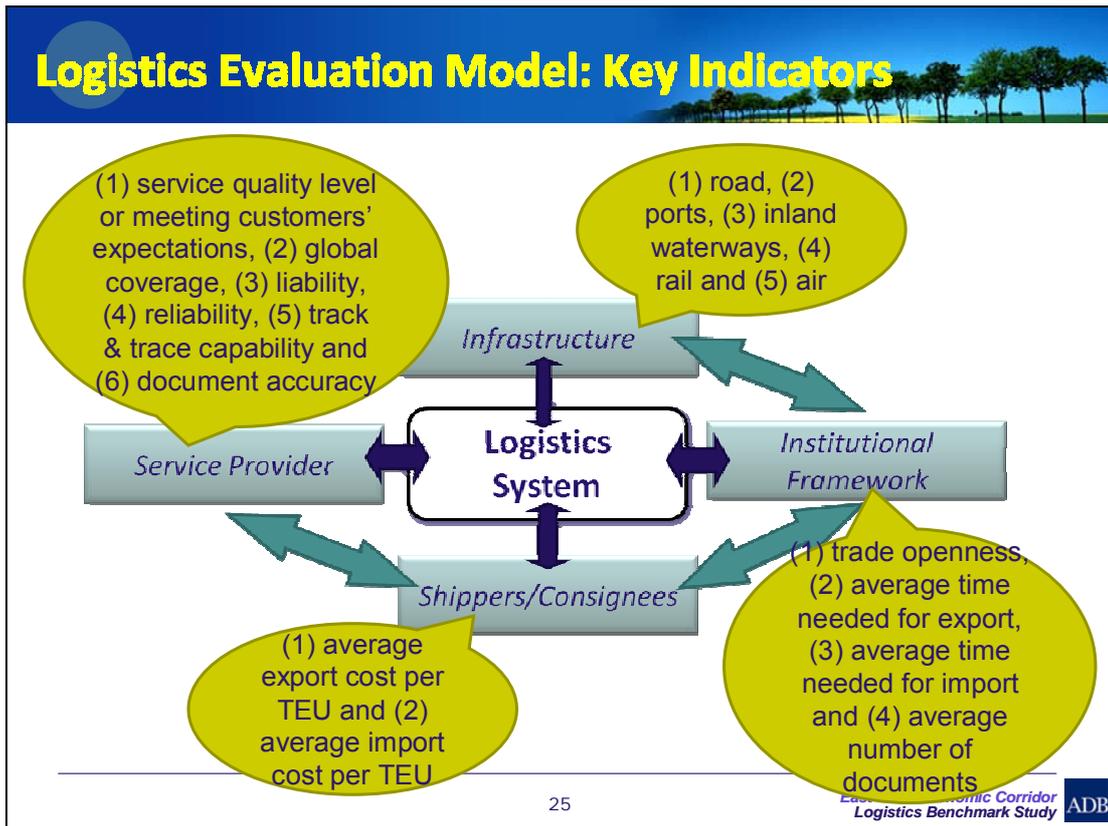
Logistics Evaluation Model

- A regional or a macro logistics system, is composed of four logistics-related dimensions, inter-linking to determine the overall capability of the macro logistics system within the scope of the geographical area under scrutiny in terms of system capability and performance.

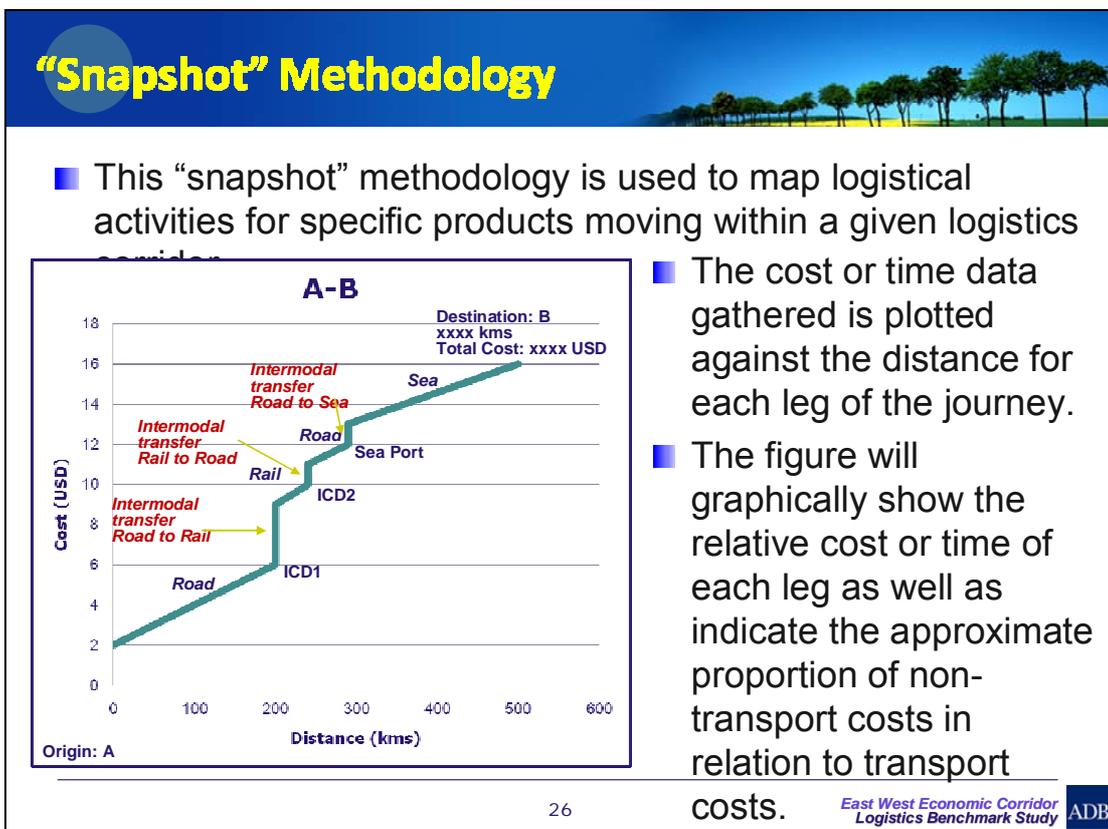


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EWEC Logistics Benchmarking

- In order to evaluate the logistics potential of the EWEC, a country-by-country assessment must be conducted first.
- The following slide presents the result from the exploration of the logistics profile of each country as well as highlight the key indicators on 4 logistics components.
- The findings are then analysed to illustrate an EWEC perspective on logistics development and logistics corridors.
- Benchmarking of the 3 EWEC countries is also be conducted to compare the specific logistics strengths and weaknesses of each EWEC country.

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East West Economic Corridor
Logistics Benchmark Study

Assessment: Overview

Thailand	Lao PDR	Vietnam
<ul style="list-style-type: none"> • Objective of becoming a Logistics Hub for Indochina. • National logistics development policy. • EWEC Economic hubs: Tak, Phitsanulok, KhonKaen & Mukdahan • National hubs: Bangkok, Eastern Seaboard 	<ul style="list-style-type: none"> • Objective to change from a "land-locked" to a "land-linked" country. • No clear logistics development policy. • EWEC Economic Hubs: Seno, Sawannakhet • National hub: Vientiane 	<ul style="list-style-type: none"> • Logistics is still a new concept. There is no assigned authority. • No clear logistics development policy. • EWEC Economic hubs: Hue, Da Nang and Quang Tri • National hubs: Hanoi, Ho Chi Minh, Danang?

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Assessment: Infrastructure

Thailand	Lao PDR	Vietnam
<p><i>Sea Transport</i></p> <ul style="list-style-type: none"> The most important mode of transport in terms of import and export volume. Major ports are: Bangkok & LaemChabang <p><i>Inland waterways</i></p> <ul style="list-style-type: none"> Mekong; Chao Phraya river, Pa Sak, Bang Pakong, Mae Klong, Ta Cheen rivers are the major river. 305 km of main waterway used Waterway transport has grown at an average of 5-6% per year. Major goods utilizing the route are low-cost products and time independent such as soil, stones, cement, rice and sugar. 12,028 registered boats. 	<p><i>Sea Transport</i></p> <ul style="list-style-type: none"> Not Applicable <p><i>Inland waterways</i></p> <ul style="list-style-type: none"> The Mekong flows through the Lao territory for 1,865 km and is the main navigable waterway. Waterborne Freight peaked at 939 thousand tonnes in 2004. In 2005, freight growth rate was - 34% and - 4% in 2004 Major commodities transported was mainly agriculture product and imported consumption goods 2,759 registered vessels 	<p><i>Sea Transport</i></p> <ul style="list-style-type: none"> The most important mode of transport in terms of import and export volume Major ports are: HaiPhong, Danang & Ho Chi Minh <p><i>Inland waterways</i></p> <ul style="list-style-type: none"> Total length of 40,998 km for rivers and channels Waterway transport has grown at an average rate of 8-9% per year.

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Assessment: Infrastructure (cont.)

Thailand	Lao PDR	Vietnam
<p><i>Road</i></p> <ul style="list-style-type: none"> Road is the most utilised mode of transport with a 87% share. Over 51,777 km of road. <p><i>Rail Transportation</i></p> <ul style="list-style-type: none"> Total railway length is over 4,180km of 1000-mm-gauge. Maximum speed of 80-120 km/hr. 204 trains operating solely for freight transportation 	<p><i>Road</i></p> <ul style="list-style-type: none"> Road is the most utilised mode of transport with a 90% share. 35,000 km of road network, with 7,160 km of national road. 8 routes designated as ASEAN Highway (AH), totalling 3,162 km <p><i>Rail Transportation</i></p> <ul style="list-style-type: none"> There is no railway yet but the Thanaleng train station should be near to completion soon 	<p><i>Road</i></p> <ul style="list-style-type: none"> Road is the most utilised mode of transport with a 65% share. Total road length is 222,179 km with only 7.8% national road <p><i>Rail Transportation</i></p> <ul style="list-style-type: none"> Total railway length is over 2,600 km with 85% 1000-mm-gauge. Average speed of cargo trains is 33 km/hr. 430 locomotives with an average life of 18 years Main 2 routes: (1) HaiPhong-Yen Vien-Viet Tri- Lao Cai and (2) North-South railway.

Assessment: Infrastructure (cont.)

Thailand	Lao PDR	Vietnam
<p><i>Air Transportation</i></p> <ul style="list-style-type: none"> • 6 international airports with own cargo zone. • Suwanabhumi is the largest international airport 	<p><i>Air Transportation</i></p> <ul style="list-style-type: none"> • 3 international airports, located in Vientiane, LuangPrabang and Pakse • Savannakhet has one domestic airfield 	<p><i>Air Transportation</i></p> <ul style="list-style-type: none"> • 3 international airports, ie, Noi Bai (Ha Noi), Tan Son Nhat (Ho Chi Minh City) and Da Nang.

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Benchmarking: Infrastructure

- From an infrastructure perspective, roads are still the main mode of transport in all 3 EWEC countries. However, the eventual completion of the EWEC both in terms of infrastructure and institutional synchronization will hopefully support more effective commodity flows across borders.
- Intermodal facilities, which are currently underdeveloped in most cities and economic hubs along the EWEC, must also be developed accordingly to support the seamless modal shift.
- **Thailand possesses the most developed road network, facilities and infrastructures.** The new national airport, Suvarnabhumi, and modern seaports, such as LaemChabang, support the movement of freight. Lao PDR, on the other hand, is comparatively less developed.
- Even though the EWEC road in Lao PDR is physically complete but supporting logistics facilities are limited, i.e. lack of distribution centres and warehouses. Vietnam's infrastructure has been improved to cope with the new trade flow.

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Assessment: Institutional Framework

Thailand	Lao PDR	Vietnam
<ul style="list-style-type: none"> • Insufficient synchronization between related authorities • Export requires 7 documents on average time of 17 days, costing 615 USD/ TEU • Import requires 9 documents on average time of 14 days, costing 786 USD/ TEU 	<ul style="list-style-type: none"> • Officials in charge of enforcing rules, especially at the provincial/border level lack the capacity and the understanding of the said rules. • Export requires 9 documents on average time of 50 days, costing 1,750 USD/ TEU • Import requires 10 documents on average time of 50 days, costing 1,930 USD/ TEU 	<ul style="list-style-type: none"> • Logistics mentioned in the Vietnamese Commercial law of 2005. • Export requires 6 documents on average time of 24 days, costing 669 USD/ TEU • Import requires 8 documents on average time of 23 days, costing 881 USD/ TEU

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Benchmarking: Institutional Framework

- In each of the EWEC country trade and transport facilitation frameworks are in place but **their implementation is still lacking**.
- There is also a myriad of facilitation related agreement that have coverage over different geographical areas.
- The 3 main EWEC countries are parties to both the CBTA and the ASEAN Framework agreement for the Facilitation of Goods in Transit (signed in 1998 in Hanoi).
- There are also bilateral facilitation agreements for goods in transit between Thailand and Lao PDR as well as between Vietnam and Lao PDR.

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Assessment: Shippers & Consignees

Thailand	Lao PDR	Vietnam
<ul style="list-style-type: none"> • Logistics outsourcing has increased. • Role of logistic service providers' role increased. 	<ul style="list-style-type: none"> • Many traders are very conservative in their practices and are not willing to change the way they organize their transportation activities. • Outsourcing practices are just starting in the country 	<ul style="list-style-type: none"> • Many companies are not aware of the importance of logistics • Not many outsourcing activities apart for subsidiaries of foreign MNEs

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Benchmarking: Shippers & Consignees

- **Logistics outsourcing and the use of information technology in managing logistics is well developed in Thailand whereas these practices are still lacking in Lao PDR and Vietnam.**
- From a Lao or Vietnamese perspective, modern logistics practices have not been fully implemented yet. This hinders the logistics integration of the corridor as the logistics chain in the corridor can only be as strong as its weakest link.

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Assessment: Service Providers

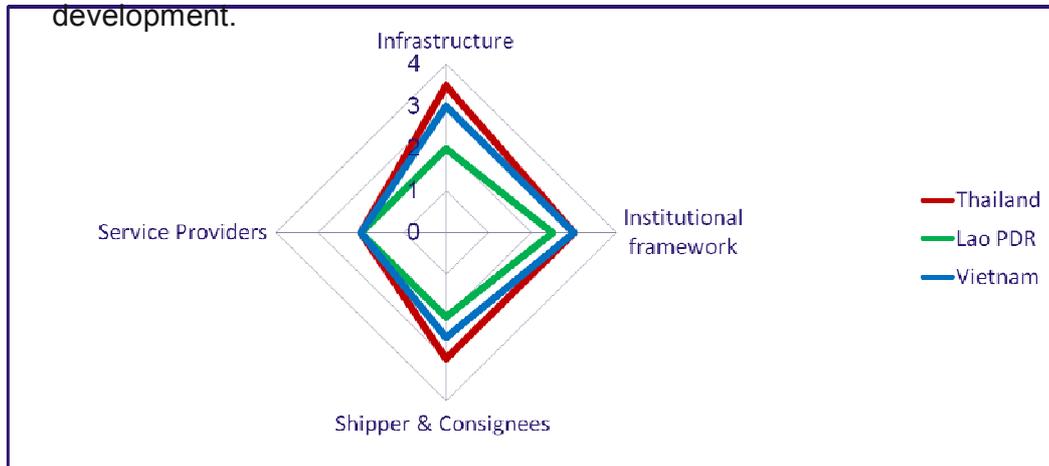
Thailand	Lao PDR	Vietnam
<ul style="list-style-type: none"> • 70% of the providers are local SMEs • Most of local LSP are sub-contractor. • Most of local LSP lacks of information and communication technology/ consulting. • Strong logistics related associations such as the Thai federation of logistics providers • LSP have access to liability insurance. 	<ul style="list-style-type: none"> • In 2006, there was 147 transport companies and 17 shipping companies • There is a Lao International Freight Forwarder Association (LIFFA) • Domestic freight charges are very high compared to the freight charges in neighbouring countries. • There is also no regulations related to the operations of logistics service providers • Liability insurance coverage is inexistent. • Most types of service providers in Savannakhet are local transport firms with some foreign private providers. • 2 companies are going to establish logistic business in Savannakhet. One is LOGITEM which is a joint venture between Lao PDR and Japan, and DOUBLE A which is a joint venture with Thai interests. 	<ul style="list-style-type: none"> • Logistics service industry was protected by the Government to prevent foreign businesses from entering the domestic market. • Local LSPs mostly perform domestic transport activities • There is around 800 freight forwarders and transport providers and 90% are SMEs • Management issues, eg, overstaffing, lack of business flexibility. • Lacking of modern information technology (IT), financial resources, professional skills, and overseas network • 90% of freight consolidators do not issue own house bills of lading. • Local forwarders do not have access to liability insurance.

Benchmarking: Service Providers

- Thai, Lao Vietnamese logistics service providers have developed rapidly and have played a strong supporting role to the manufacturing sectors. However, **these companies are often small and cannot compete directly with multinational firms.**
- This is even more evident with the need to develop local human resource capacity in the field as knowledgeable personnel are scarce and highly sought after.

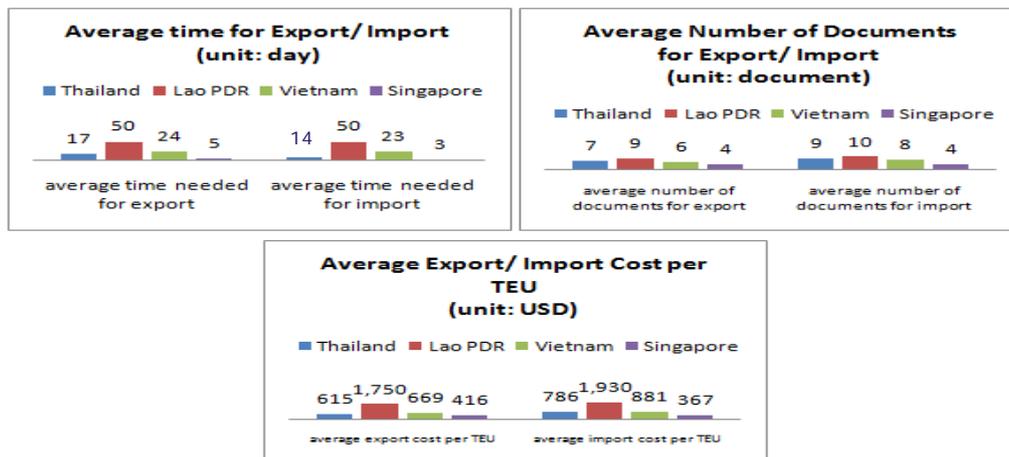
Preliminary Benchmark of 3 EWEC Countries

- The output from the preliminary benchmark of these 3 EWEC countries based on the 4 logistics related dimensions, discussed above. The scale from 0 to 4 represents the development level of each dimension with 0 representing no development and 4 representing the highest level of development.



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Import/ Export Indicators



- Compared to **Singapore** (Best Practice), EWEC countries seem to be less friendly in terms of trade facilitation.
- In terms of institutional framework, import and export processes are still complicated and time consuming, even in Thailand. The export/ import costs are also relatively high.

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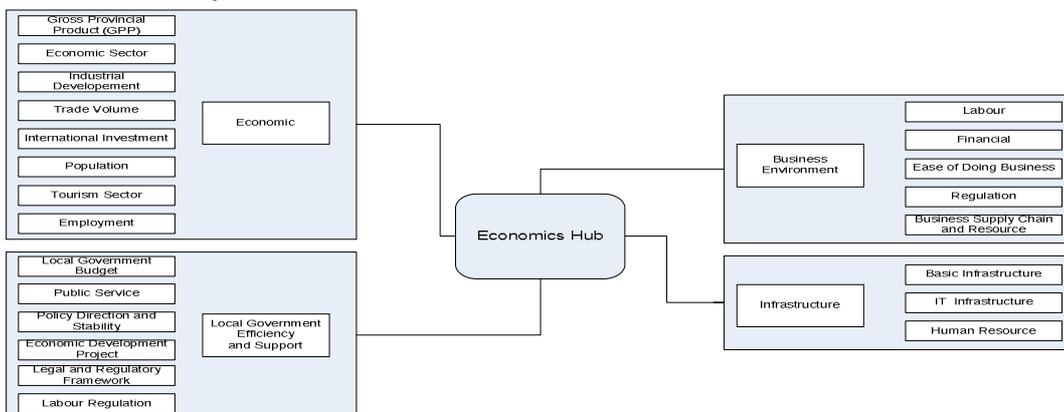
EWEC Economics Hubs

- It is important to be able to determine economic hubs in the EWEC as economic hubs will drive the development, growth and integration of the corridor.
- This section will identify key economic hubs along the EWEC that can be targeted for further development.
- Each city along the EWEC possesses different characteristics and economic development policies should be city specific.
- **An Economics Hub Determination Model (EHDM)** is used in order to determine the class of each hub (city on EWEC) on the EWEC as well as other EWEC related cities.

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Economics Hub Determination Model; EHDM

- The Economics Hub Determination Model (EHDM) was developed based on key economic performance indicators that are widely used in determining a country's level of economic development. However, the evaluation scale has been adapted to suit the EWEC context.



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Economics Hub Determination Model; EHDM

- The EHDM is composed of 4 dimensions and each dimension is made of several indicators as follow:
 - ➔ **Economics:** Gross Provincial Product (GPP), economic sector, industrial development, trade volume, international investment, population, tourism revenue, employment
 - ➔ **Local Government Efficiency and Support:** Local government budget, public service, policy direction and stability, economic development project, legal and regulatory framework, labour regulation
 - ➔ **Business Environment:** Labour, financial, ease of doing business, regulation, business supply chain and resources
 - ➔ **Infrastructure:** Basic infrastructure, information technology infrastructure, human resource
- In this assessment model, some of the indicators are solely quantitative and some are qualitative based on judgemental criteria.

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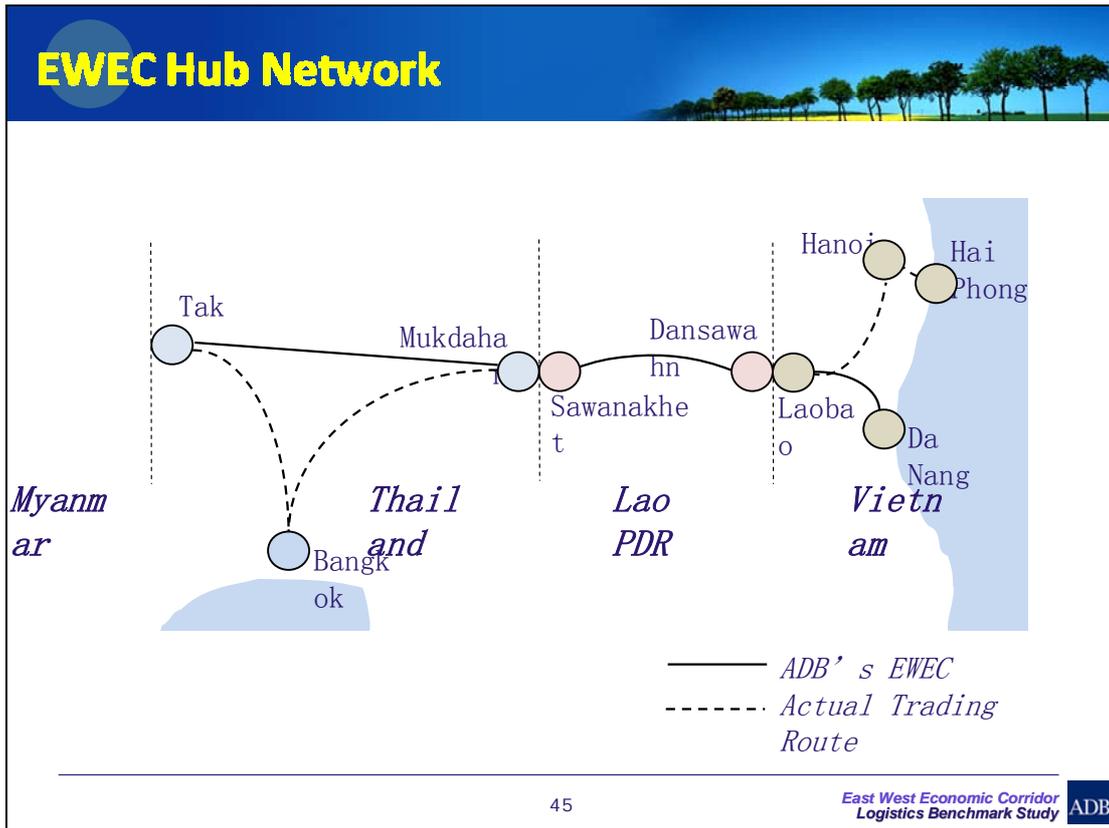
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Economics Hub Evaluation

- On the EWEC, there are 9 cities that have the potential to become economic hubs for the EWEC.
- These cities are:
 - ➔ **Tak, Phitsanulok, Khon Kean and Mukdahan** for Thailand,
 - ➔ **Sawanakhet and Dansawahn** for Lao PDR,
 - ➔ **Laobao, Hue and Danang** of Vietnam.
- The evaluation of their economic level and their identification as potential economics hub will need to be done.

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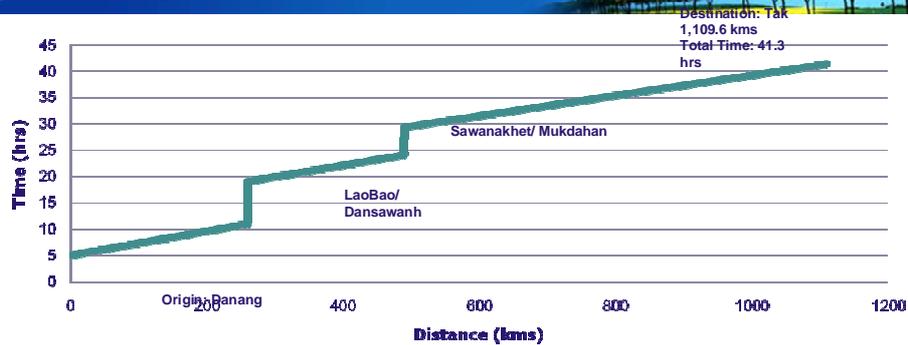
Snapshot: Danang to Tak

- The corridor starts from Danang port in Vietnam and travel 260 km inland in Vietnam via Hue to the Lao Bao/Dansawahn checkpoint at the border with Lao PDR.
- The distance between Lao Bao/Dansawahn to Sawanakhet is estimated at 229 km. Then freight moving along this particular corridor will cross the Mekong river at the 2nd Thai-Lao Friendship bridge to arrive in Mukdahan and then transported to Tak for the

Activity	Avg. Time	Range Of Time	Avg. Cost (\$/TEU)	Range Of Cost (\$/TEU)	Actors	Documents/ Operations	Distance (km)	Note (from/to)
1	5hrs	4hrs-1day	60	35-70	Port operator/ Freight forwarder	Unloading, customs clearance	N/A	Danang port
2	6hrs	5hrs-7hrs	500	450-600	Freight forwarder	Goods in transit	260	Danang – Laobao
3	2hrs	2hrs-6hrs	70	60-100	Exporter/ Freight forwarder	Export Customs procedure	N/A	Vietnam customs (Lao Bao)
4	5 min	-	-	-	Freight forwarder	Goods in transit	0.6	Laobao – Dansawahn
5	6hrs	4-8hrs	250	200-350	Importer/ Freight forwarder	Import Customs procedure	N/A	Lao customs (Dansawahn)
6	5hrs	N/A	280	N/A	N/A	Road transport	229	Dansawahn-Sawanakhet
7	1 hr	1 hr-4 hrs	200	200	Freight forwarder	Transloading from Vietnamese to Thai truck	N/A	Sawanakhet (Friendship Bridge)
8	2hrs	N/A	150	N/A	N/A	Transit clearance	N/A	Lao Customs (Sawanakhet)
10	15mins	N/A	30	N/A	N/A	Bridge Fee	1	Friendship bridge
11	2hrs	N/A	57	N/A	N/A	Customs clearance	N/A	Thai Customs at Mukdahan
12	12hrs	N/A	250	N/A	N/A	Road transport	619	Mukdahan-Tak

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Snapshot: Danang to Tak



- Based on the data collected in the route between **Danang and Tak**, it can be seen that **43.5% (18 hrs)** of a total transit time is taken at **customs and border crossings**.
- If the corridor was purely based on transportation characteristics, then goods can be moved from origin to destination within 24 hrs.
- This clearly shows the non-synchronised and complicated institutional framework have become a significant barrier.

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Snapshot: Danang to Tak



- From a cost perspective, **42.6% (787 USD)** of the **1,847 USD door to door transport cost** are collected at **customs and border crossings**.
- There is a need for an improved implementation of the agreed upon institutional framework.
- Non-transport related cost are still relatively high

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Further Investigation

- Apart from the problem in the cross border procedures, the physical transportation is also of concern.
- The road condition as well as truck efficiency have a strong influence as freight must be travel around 1,109.6 km across the 3 EWEC countries.
 - Thailand has the best infrastructure and truck condition, freight can move at an average speed of 51.58 km/hr.
 - Lao PDR has an average speed of 45.8 km/hr.
 - Vietnam has an average speed of 43.33 km/hr.

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NSEC Benchmarking

- The ADB/NSEC logistics development study in 2006, utilised a similar methodology.
 - The EWEC results can therefore be benchmarked.
- (It must be noted that the NSEC logistics study was conducted when the route was physically only 80% complete. The transit time for the NSEC is more than 70 hrs for the 1,800 km long journey. Therefore, the following benchmark is for reference purposes only)*

Cost Ratio

Time Ratio

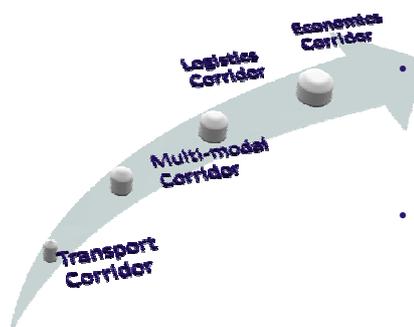
Route	Physical Transport		Admin. Formality	Route	Physical Transport		Admin. Formality
NSEC: R3W	42%		58%	NSEC: R3W	80%		20%
NSEC: R3E	40%		60%	NSEC: R3E	85%		15%
NSEC: Mekong River	Road 32%		53%	NSEC: Mekong River	Road 32%		14%
	River 15%				River 54%		
EWEC: Danang-Tak	56%		44%	EWEC: Danang-Tak	57%		43%

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Corridor Level Assessment

■ The EWEC corridor level must also be assessed. The assessment will reveal the actual development level of the corridor.



- **Transport corridor:** Corridor that physically links an area or region
- **Multi-modal corridor:** Corridor that physically links an area or region through the integration of various modes of transport.
- **Logistics corridor:** Corridor that not only physically links an area or a region but also harmonise the corridor institutional framework to facilitate the efficient movement and storage of freight, people and related information.
- **Economics corridor:** Corridor that is able to attract investment and generate economic activities along the less developed area or region. Physical linkages and logistics facilitation must be in place in the corridor as a prerequisite.

Corridor Level Assessment

Section	Corridor Level Assessed
Tak-Mukdahan	Logistics corridor
Savanakhet-Dansavahn	Logistics corridor
Lao Bao-Danang	Logistics corridor

- The overall level assessment of the EWEC is based on the weakest link of the corridor.
- Border crossing are the weakest links in the corridor
- It is noted that logistics corridors do exist but only within the boundary of a country and not at the regional level.
- There are no economic corridor in place along the EWEC.
- **EWEC can only be classified as a transport corridor as its weakest link (i.e. border crossings) are still at the transport corridor level.**

Summary

- This study has tried to assess the logistics capability within the EWEC and understand the numerous barriers for the free flow of freight along the corridor.
- The physical route is currently completed but the supporting and administrative procedures are still lacking.
- The study also discussed the readiness of the current logistics system in place and identifies the gaps in capability as each EWEC country is developing at a different pace.
- The strengths and the weaknesses of each EWEC member countries are identified based on 4 logistics dimensions. Each EWEC countries are still at an early stage in term of logistics development based on the 4 logistics dimensions.

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Summary

- The EWEC infrastructure is more or less completed but some of the border facilities are still insufficient and inefficient.
- In addition, local service providers lack technology and logistics skills, resulting in strong competition from foreign owned service providers LSP.
- From the snapshot methodology, trans-loading and border crossing still remains a barrier to the seamless movement of freight, people and vehicles along the EWEC.

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