

Trade Structure and Logistics Condition **In Vientiane Area**

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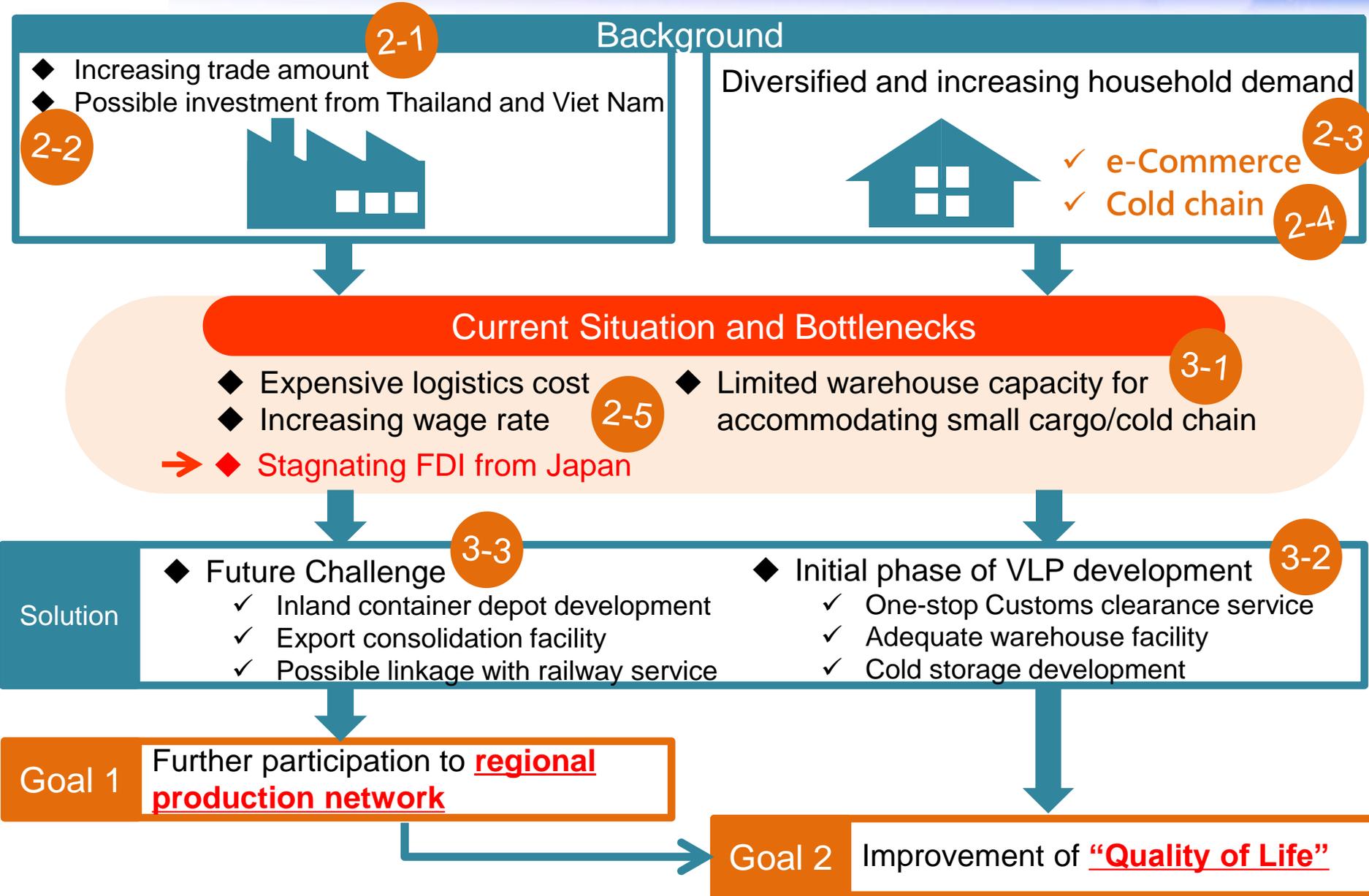
1. Summary
2. Investment and Trade Condition
3. Logistics Condition in Vientiane and Possible Solution



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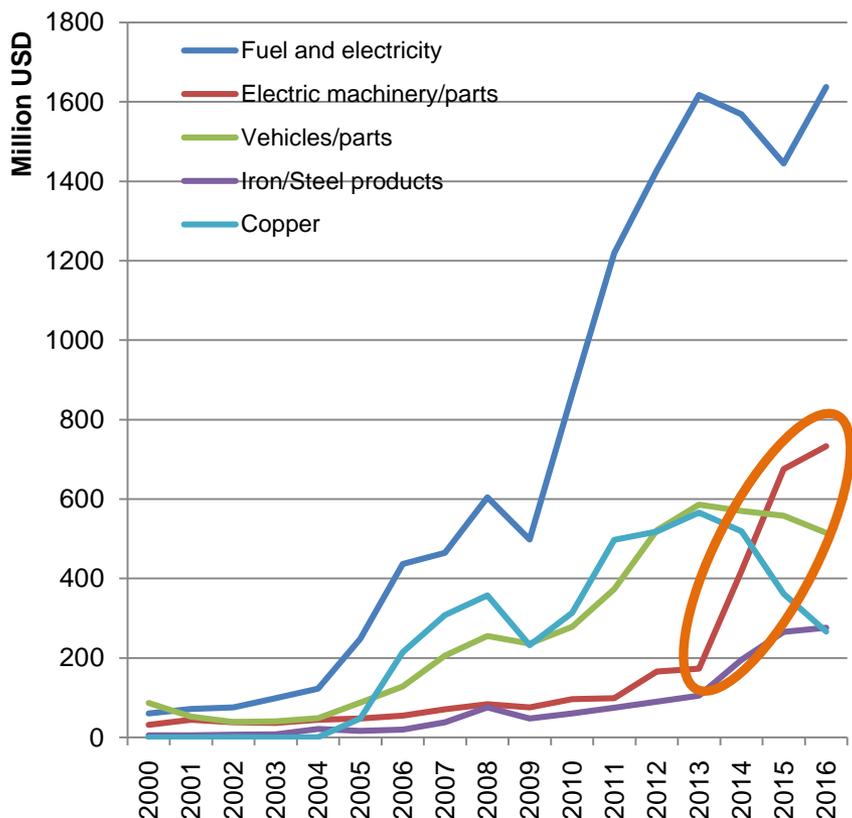
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2. Investment and Trade Condition

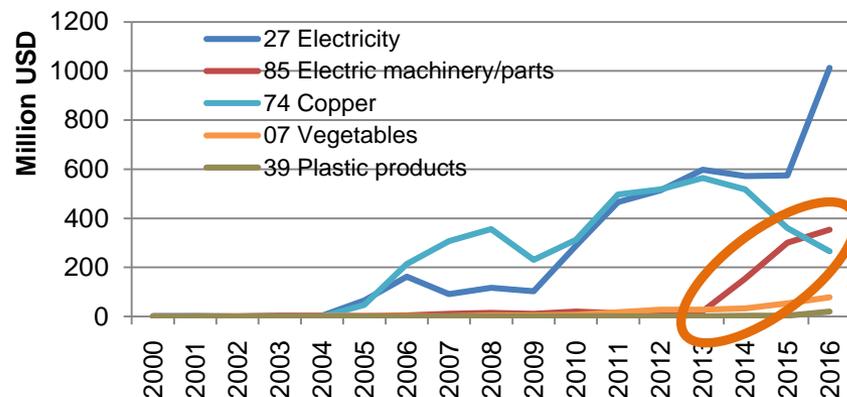
3. Logistics Condition in Vientiane and Possible Solution

- Trade amount between Lao PDR and Thailand has hopped up to **12.4 times** since 2000.
- Electric machineries and parts trade amount has sharply increased since 2013, which was especially contributed by export, indicating **Lao PDR's initial participation to regional production network**.

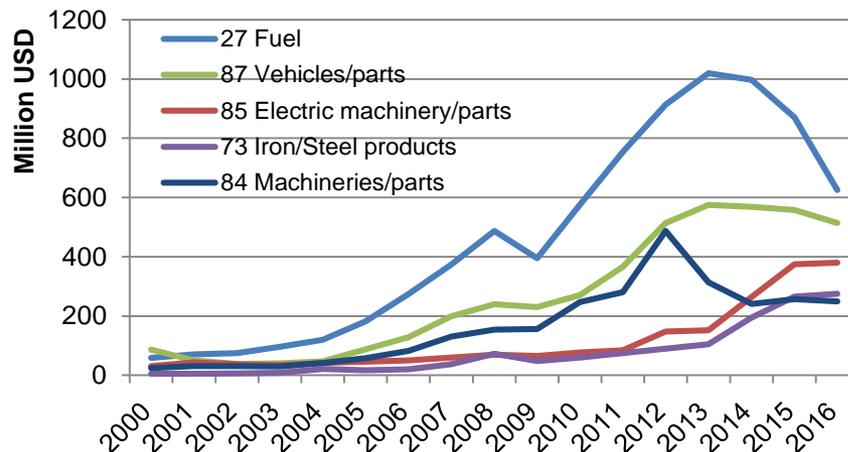
Total Trade



Export to Thailand



Import from Thailand

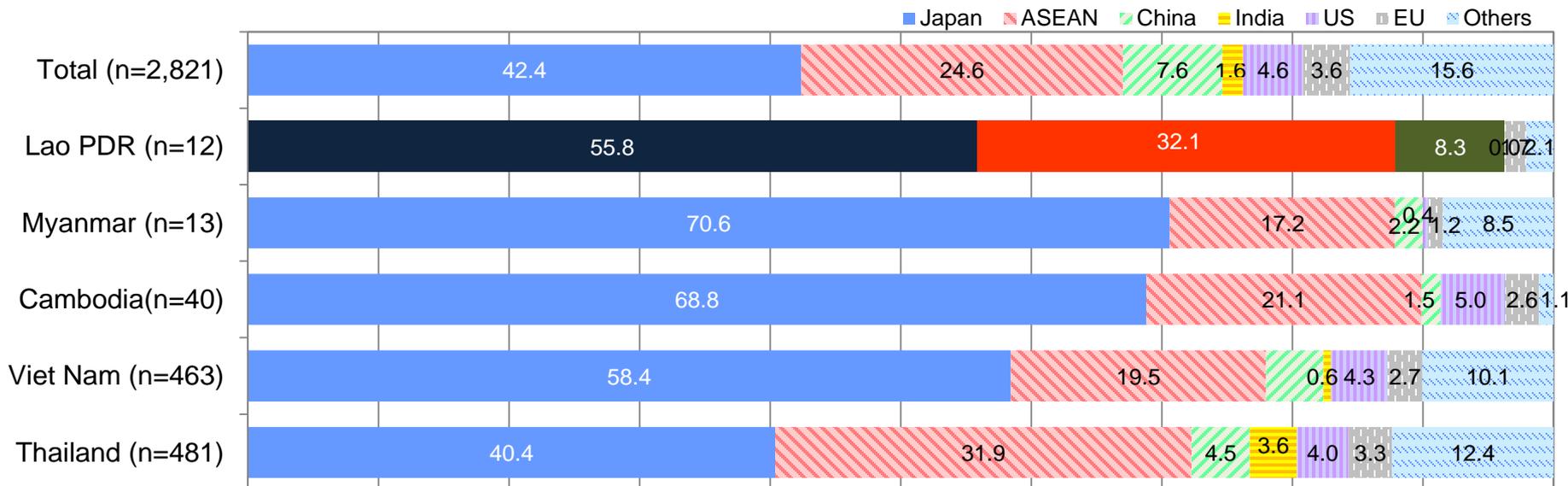


(Source) JETRO from Thailand Customs



- ✓ For Japanese companies in Lao PDR, Japan and ASEAN are 2 dominant export destination, indicating the importance of logistics with Thailand and Viet Nam
- ✓ For Japanese companies in Thailand and Viet Nam, CLM countries are regarded one of the most important export destination.

Current export destination



Most important export destination in next 1-3 years

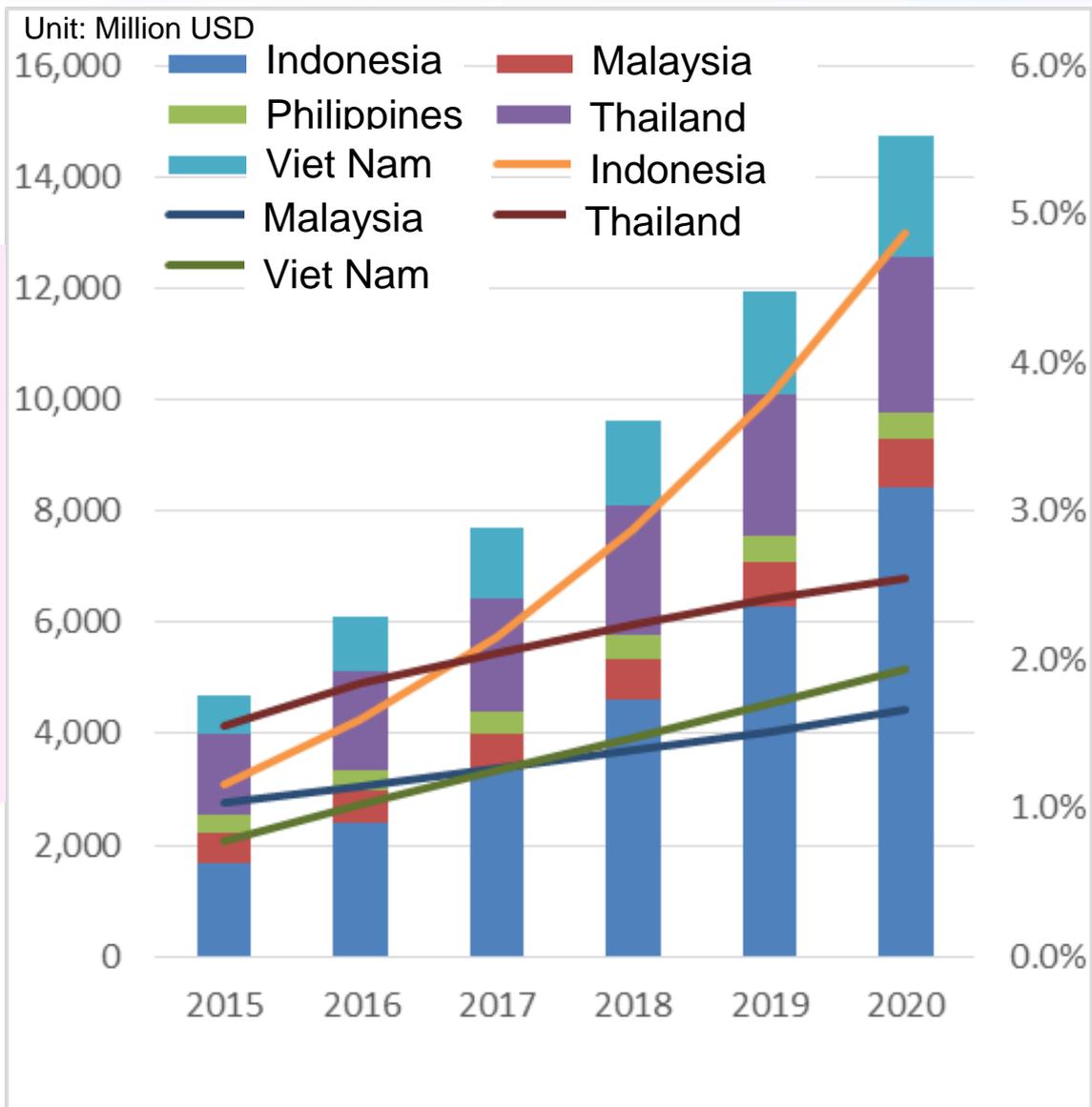
	Indonesia	Viet Nam	Thailand	CLM	Other ASEAN	India	Japan	China	Other Asia	Other Area
Thailand (N=578)	15.2%	21.8%	-	14.5%	7.1%	10.7%	12.3%	4.0%	1.2%	13.1%
Viet Nam (N=533)	6.2%	-	12.9%	14.1%	6.6%	3.6%	29.1%	5.4%	3.6%	18.6%

(Source) 2016 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania



Internet Retailing

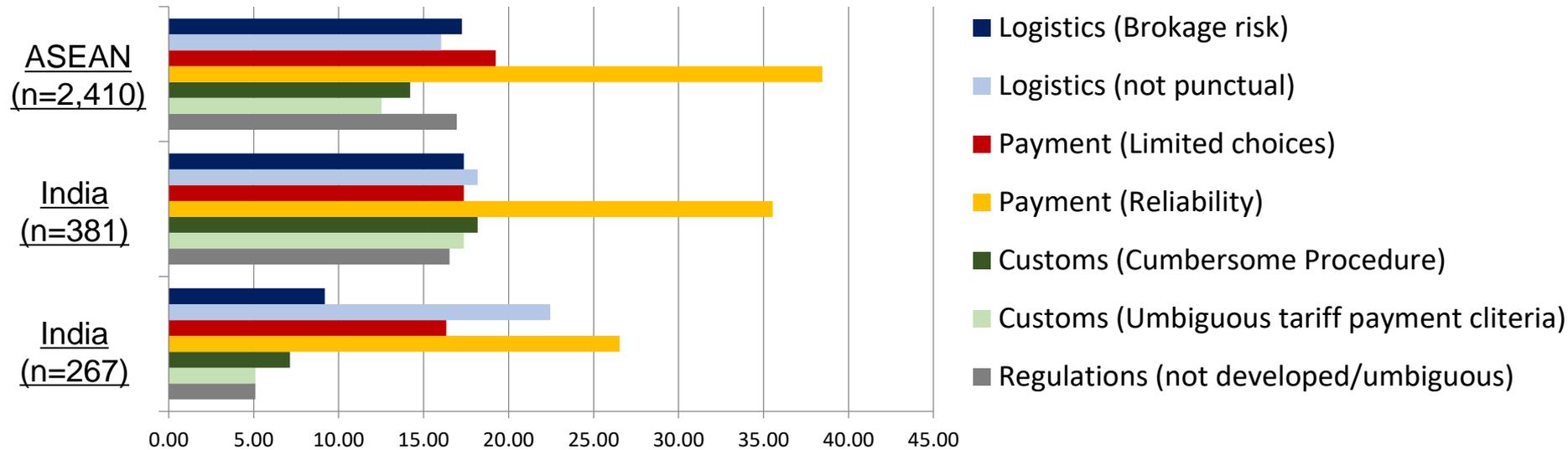
- ✓ While ASEAN retail market size in general will grow 1.1-1.3% per year toward 2020, internet retailing market will expand 1.4-5% per year.
- ✓ e-Commerce requires more sophisticate delivery system which enables small amount, low value, frequent and timely shipment.



(Source) Euromonitor International



◆ Payment as the Dominant Bottleneck for all region

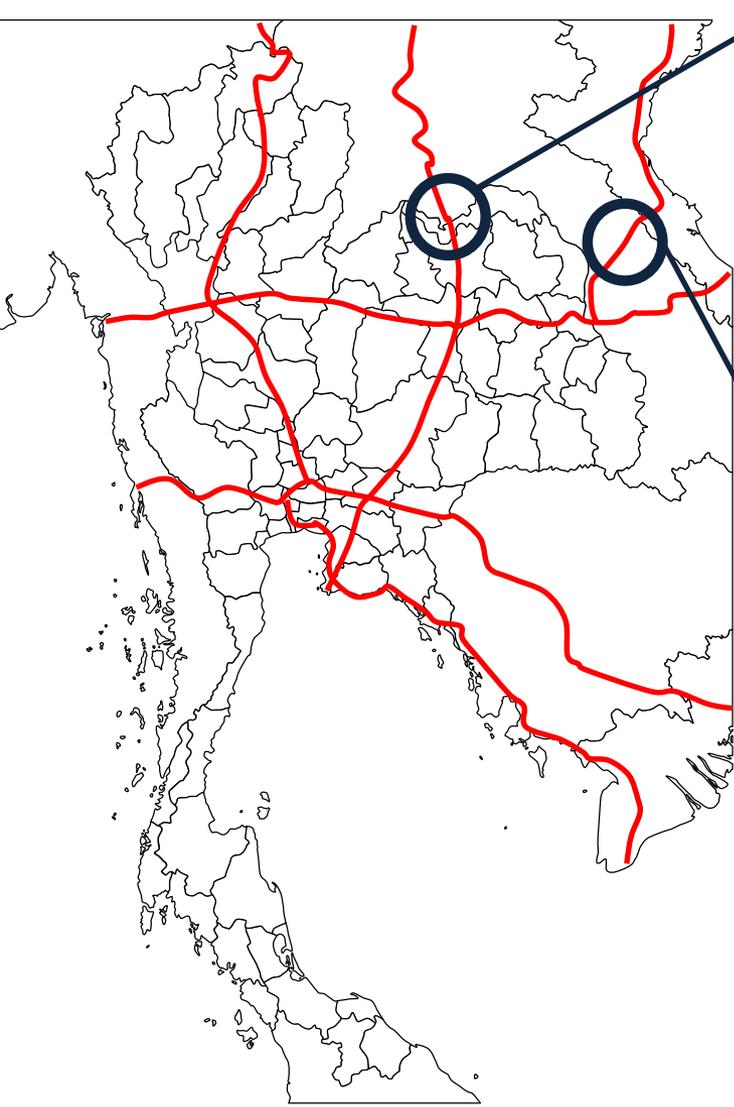


◆ Break Down in ASEAN: Logistics for Tier2, Customs and regulations for Tier 3

	Tier 1	Tier 2	Tier 3
Logistics (Brokage risk)	13.0%	20.2%	15.7%
Logistics (not punctual)	11.6%	18.9%	14.7%
Payment (Limited choices)	17.8%	20.2%	18.8%
Payment (Reliability)	30.8%	40.4%	41.1%
Customs (Cumbersome Procedure)	8.9%	13.8%	18.8%
Customs (Umbiguous tariff payment cliteria)	7.5%	12.2%	16.8%
Regulations (not developed/umbiguous)	12.3%	16.7%	20.8%
Not specifically	48.6%	35.6%	35.0%

- Tier 1**
 - ✓ Singapore
 - ✓ Malaysia
- Tier 2**
 - ✓ Thailand
 - ✓ Philippines
 - ✓ Indonesia
- Tier 3**
 - ✓ Viet Nam
 - ✓ Cambodia
 - ✓ Lao PDR
 - ✓ Myanmar

(Source) 2016 JETRO Survey on Business Conditions of Japanese Companies in Asia and Oceania



1. North-South Economic Corridor

- Transport medicine through cold-chain to Lao PDR. Due to its limited portion, using small truck rather than reefer container (Thailand Logistics company in Lao)
- Using air container for the medicine requiring low- temperature transport. Will deliver such medicine to the client within 24 hours after arrival. Number of drugs is around 2000 (Thailand drug company in Lao)

2. East-West Economic Corridor

- (National Route 12 in Lao) There are electricity outlet facilities for reefer container at the foot of mountain toward Viet Nam border. That facility can accommodate around 60-70 trucks at once (Japanese Logistics company in Viet Nam)

Small truck with cold storage (Vientiane, Nov 2014)

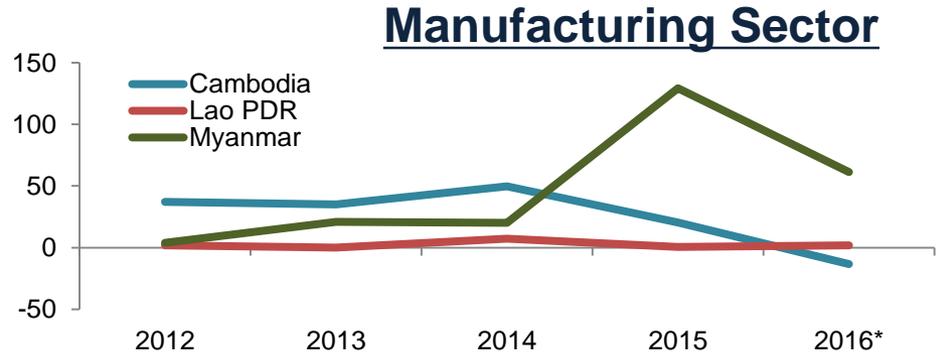
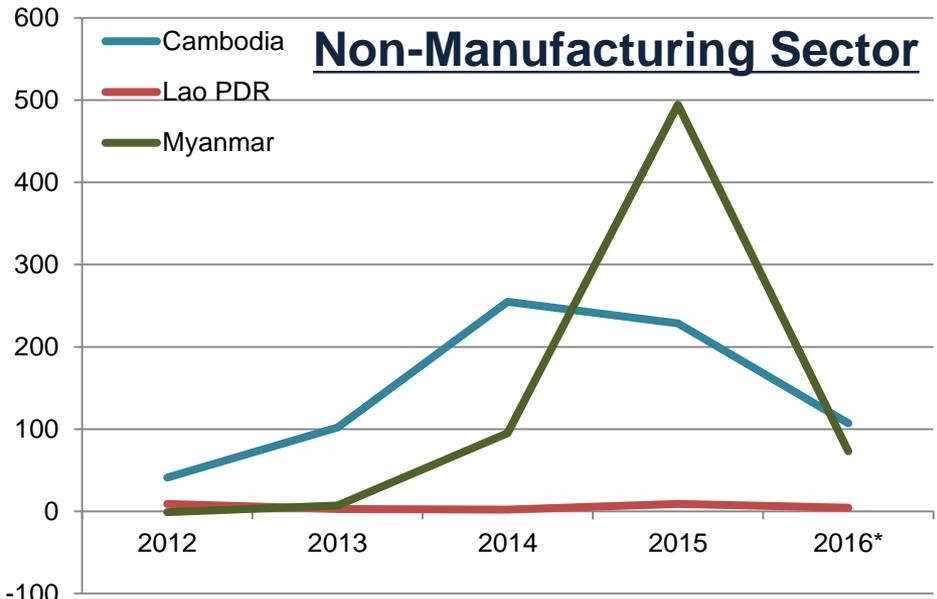
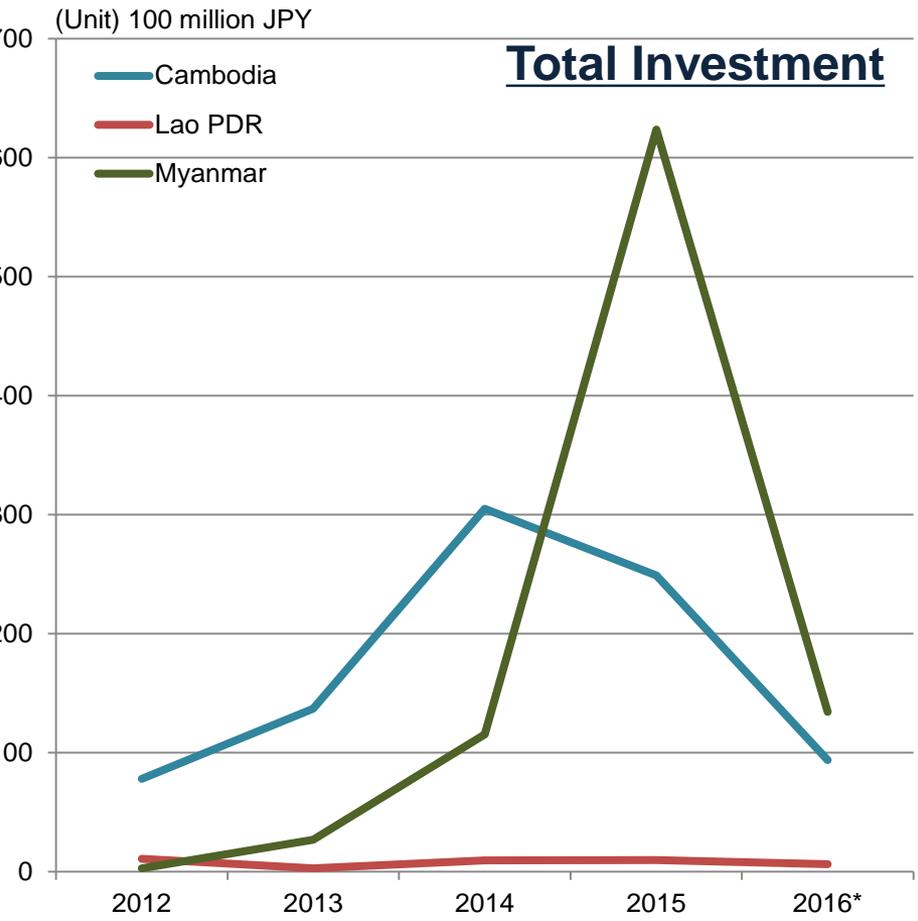


(Source) 3rd Survey on Business Needs and Strategies in the Mekong sub-region (JETRO, 2015)



✓ FDI amount from Japan has quite limited compared with Cambodia and Myanmar, while manufacturing sector investment to Cambodia becomes minus in 2016 (Q1-Q3), indicating investment destination may diversify again.

Japanese FDI amount to CLM (2012-2016*)



(Source) Bank of Japan (2012-2016) Inward Direct Investment Statistics
 (Note 1) Figure in 2016 is accumulated amount from Q1 to Q3
 (Note 2) Figures in 2012-2013 are based on BPM 5, while 2014 onward based on BPM 6
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1. Summary

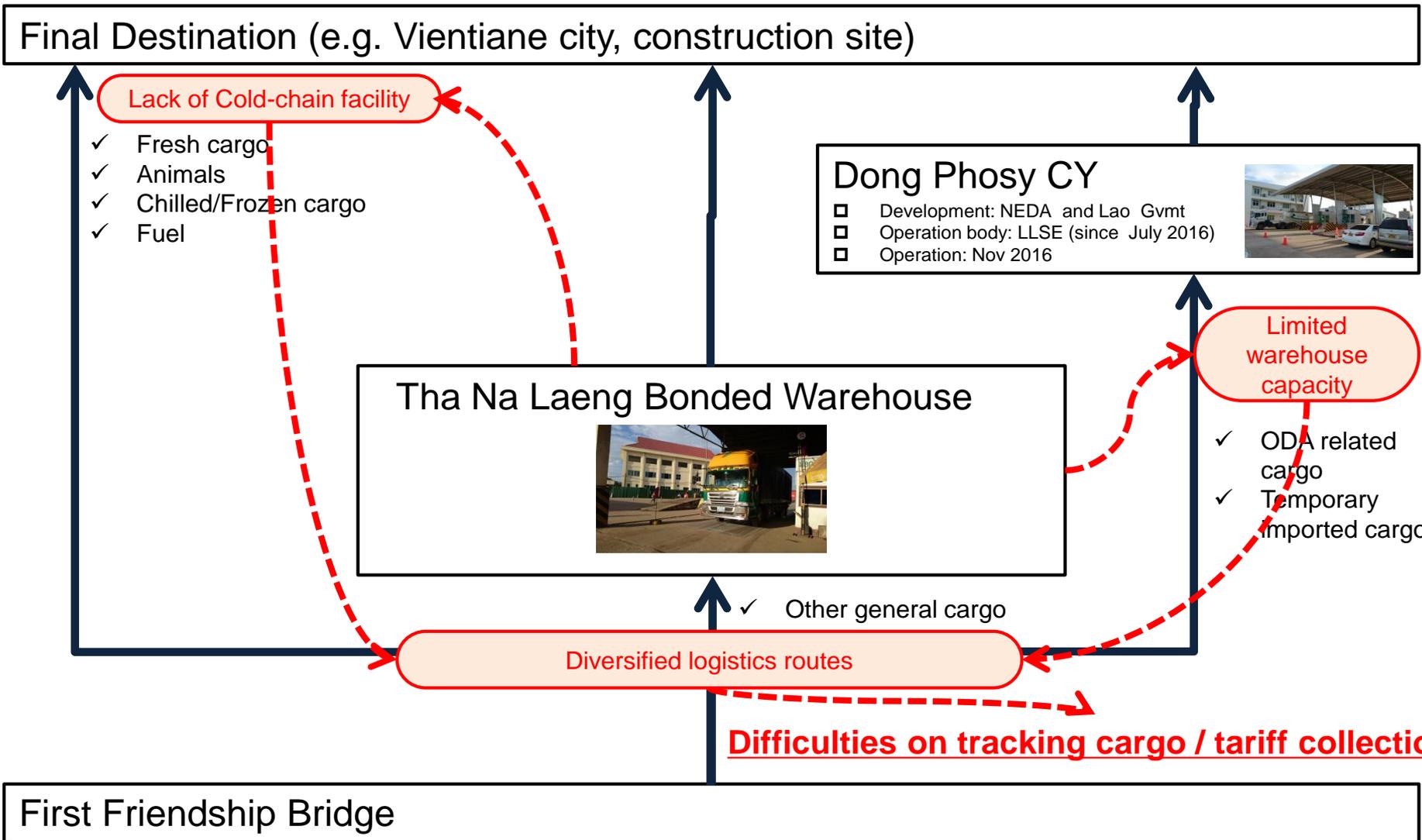
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3-1. Current Cargo Handling Operation in Vientiane

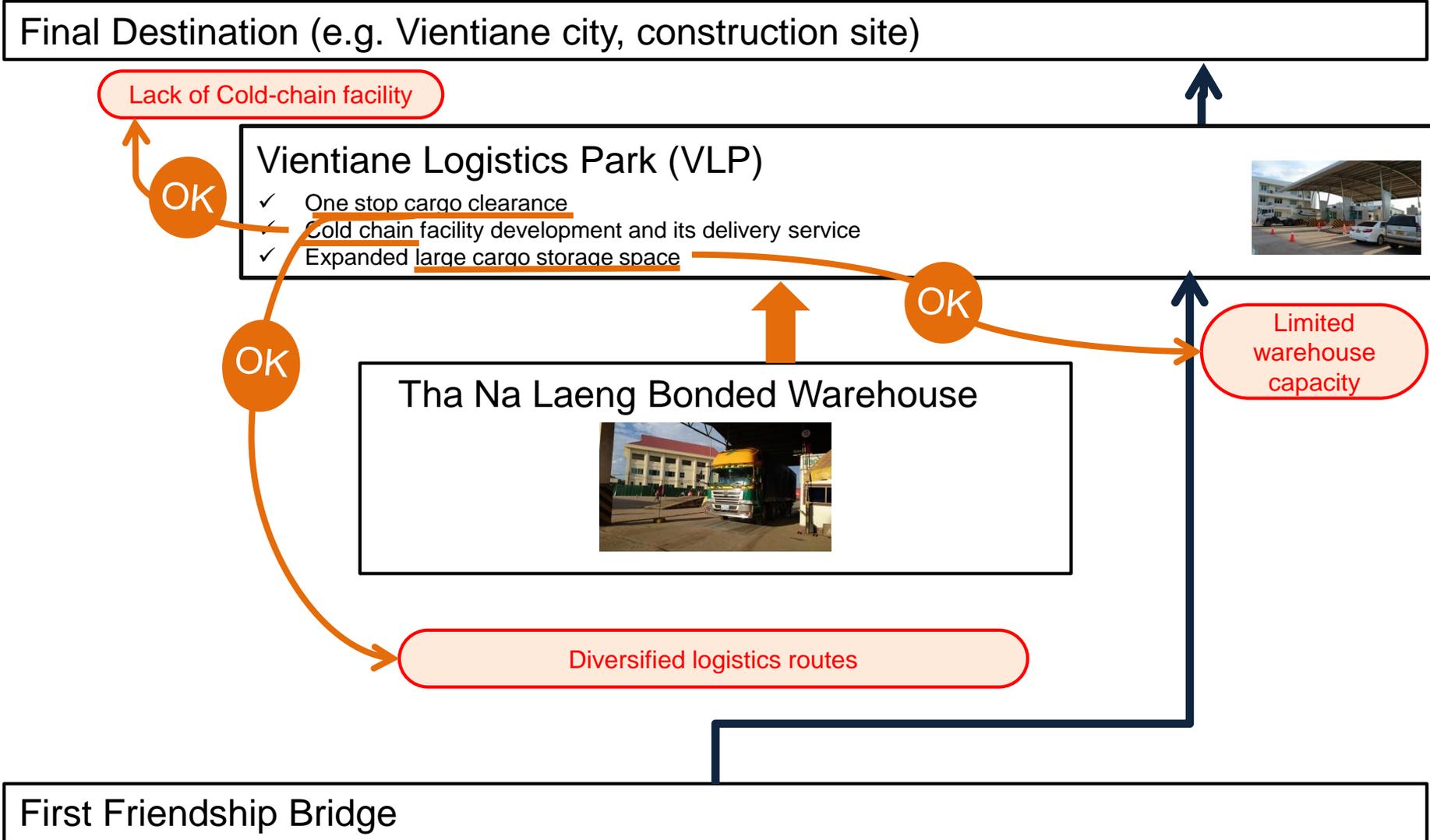


- ✓ The First Friendship Bridge Office decides where to transport the cargo: Tha Na Laeng Bonded Warehouse, Dong Phosy CY and direct delivery to Vientiane city
- ✓ Limited capacity of Tha Na Laeng Bonded Warehouse causes difficulty in cargo tracking and proper customs duty collection

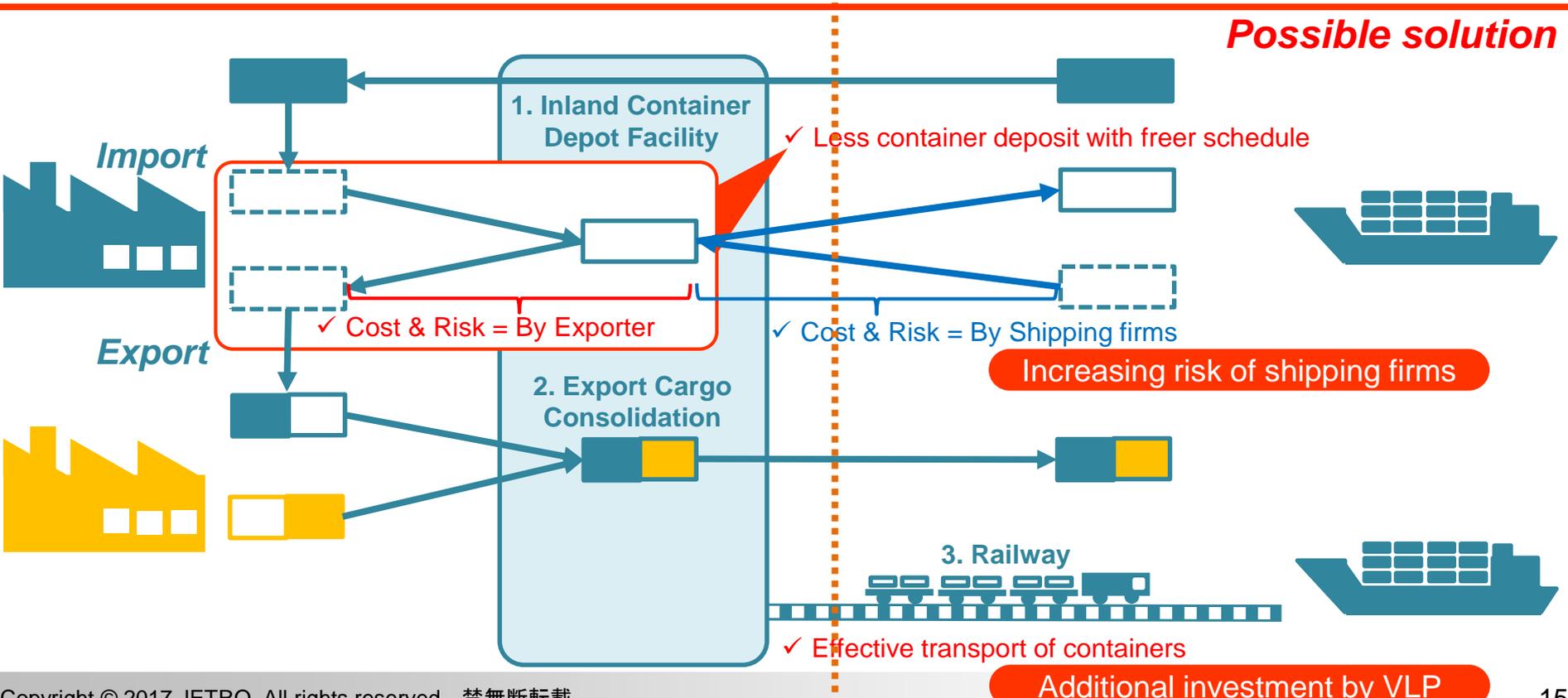




✓ Initial development of Vientiane Logistics Park (VLP) may alleviate current difficulties dramatically.



3-2. Future Challenge



Thank you for your attention

