Economic Effects of Road Development and Its Challenges

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Afternoon’s Presentation

1. Cases of Hard Road Infrastructure Development and the Effects

2. Economic Effects of Road Development in Lao PDR - GMS Economic Corridors

3. Challenges
1. Cases of Hard Road Infrastructure Development
From Earth Road to Paved Roads

**North-South Economic Corridor in Laos**

1) It took *5 hours 55 minutes* for *188km* on November 4, 2006  
   *(in 2008, all the section was paved)*
2) It took *3 hours 51 minutes* for *180km* on August 31, 2008
3) It took *2 hours 55 minutes* for *169km* on January 26, 2016

**Positive side effects**

1) Direct investment can increase  
2) Cross-border tourists can also increase

**Negative side effects**

1) The number of traffic accidents increased  
2) With developing rest houses, the number decreased *(Drivers seem to concentrate for their work with taking rests)*
With Paving Section Poipet and Sisophone

Between Poipet and Sisophon in 2007

Phnom Penh SEZ (November 7 2014)

Trailer of Minebea (November 25, 2014)

Phnom Penh SEZ (November 28 2014)
From 2 Lane Roads to 4 Lane Roads

• The section shown in the Picture

1) Around 20km section of NH No. 13 around Vientiane was widened around 2010 from 2 lanes to 4 lanes road when SEA Game was held

2) The section is in front of Newly developed stadium in Vientiane

• Positive side effects

1) Traffic jams are resolved

2) Traffic accidents of head-on clash caused by overtaking are decreased

• Negative side effects

With increase in speed, traffic accidents causing death or injury can increase
Noi Bai – Lao Cai Expressway

Noi Bai – Lao Cai
(278km, 2014 complete)

Results of field survey

1) Steep Increase of FDI
   Phu Tho: 80km & 100 min.
   Yen Bai: 140km & 140 min.

   New Business Model: allocating industrial estates between interchanges and cities

2) Expansion of market of agricultural products

3) Increase in Tourists (Sapa)
2. Economic Effects of Road Development in Lao PDR
Before & After 2\textsuperscript{nd} Friendship Bridge

28 August 2006

27 August 2006

23 July 2015

5 September 2016
Effects of Bridges on Trade

Exports

Imports

Total Trade

3 Years after 2nd Mekong
1 Year after 3rd Mekong
3 Years after 2nd Mekong
2 Years after 3rd Mekong
1 Year after 3rd Mekong
Savan Park at Savan-Seno SEZ

1 September 2010

31 August 2014

31 August 2014
Effects on Tourism by Thai People

After the Completion of 2nd Mekong Friendship Bridge

3 Nights 4 Days Trip

Hue 1st 3rd
Da Nang 2nd
Hoi An

Khon Kaen
Mukdahan
Ubon Ratchathani

Vientiane
Thakhek
Pakse
Pakse
Pakse
Pakse
Tourism by Vietnamese People

Vientiane 1st

Udon Thani

Shopping

Nakhon Phanom 2nd

2 Nights 3 Days Tour
Increase in Lao Students in Vietnam

Students do not have to use air plane. They can move to the cities from their home towns by bus.

Vinh Univ. 642 Students
Ha Tinh Univ. 1900 Students
Quang Binh Univ. 140 Students (2015)
Hue Univ. 310 Students
Da Nang Univ. 517 Students
Quang Nam Univ. 179 Students
3. Challenges
Challenges for Road Maintenance

- 15 December 2015, NH No. 9
- 27 August 2006, Luang Nam Tha
- 8 November 2015, between VTE & LPQ
Reasons for Overloading

25 November 2010, NH No. 9

8 November 2015, between VTE & LPQ

5 November 2015, in Cambodia
Rest houses

Road Station (“Michi no Eki”) supported by Japan, but few drivers used it.

7 Sep. 2016, in Thailand
Conclusions

• A lot of positive effects can be expected with developing road infrastructure

• In addition to reduction in logistics cost, road maintenance and decrease in traffic accidents are challenges

• Lao PDR really should make efforts to be “Land-link Country” in the ASEAN
Thank you!