

# **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)



NSEC in Lao PDR on Nov. 4, 2006



NSEC in Lao PDR on Jan. 26, 2016

# 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

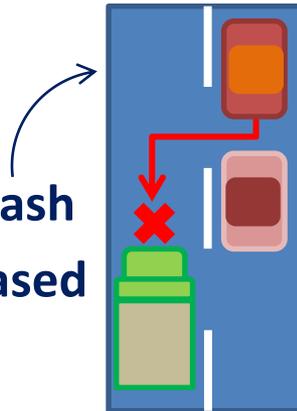
- **Positive side effects**

- 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

With a two lane road...



Vientiane in Lao PDR on Sep. 6, 2008



Vientiane in Lao PDR on Jul. 19, 2013

# Noi Bai – Lao Cai Expressway

- **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<sup>nd</sup> Friendship Bridge



28 August 2006



27 August 2006



23 July 2015

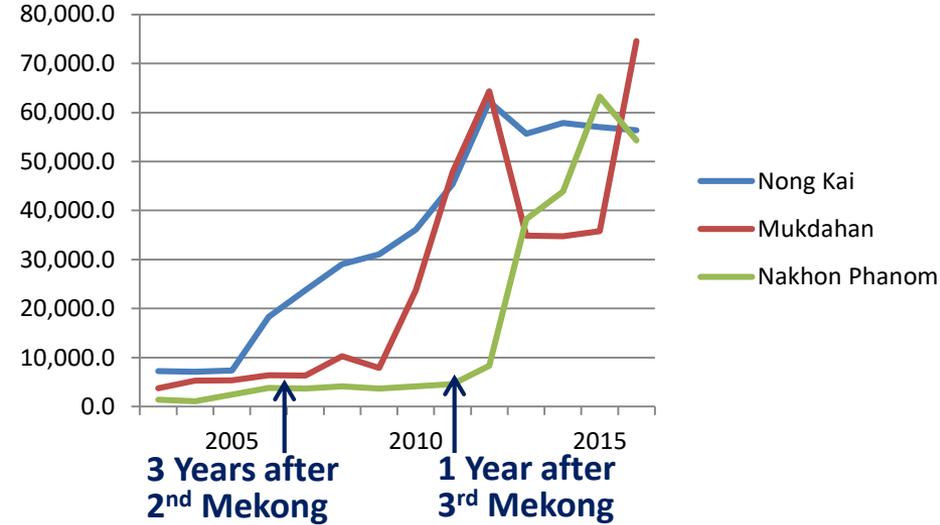


5 September 2016

# Effects of Bridges on Trade

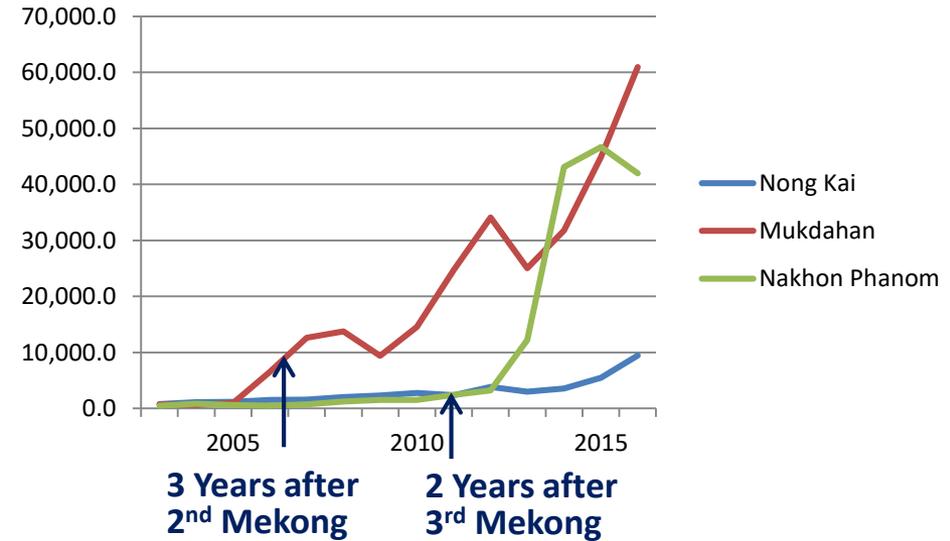
## Exports

(Million THB)



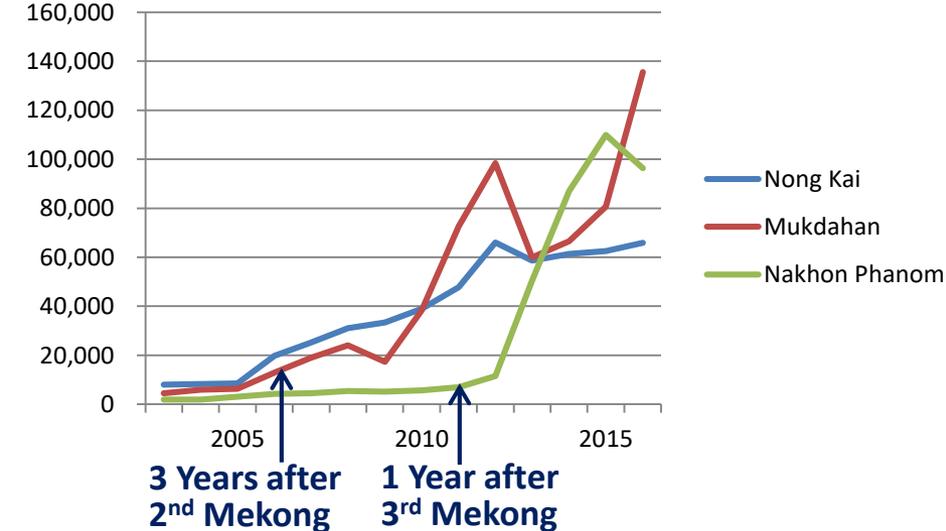
## Imports

(Million THB)



## Total Trade

(Million THB)



# Savan Park at Savan-Seno SEZ



**1 September 2010**



**31 August 2014**

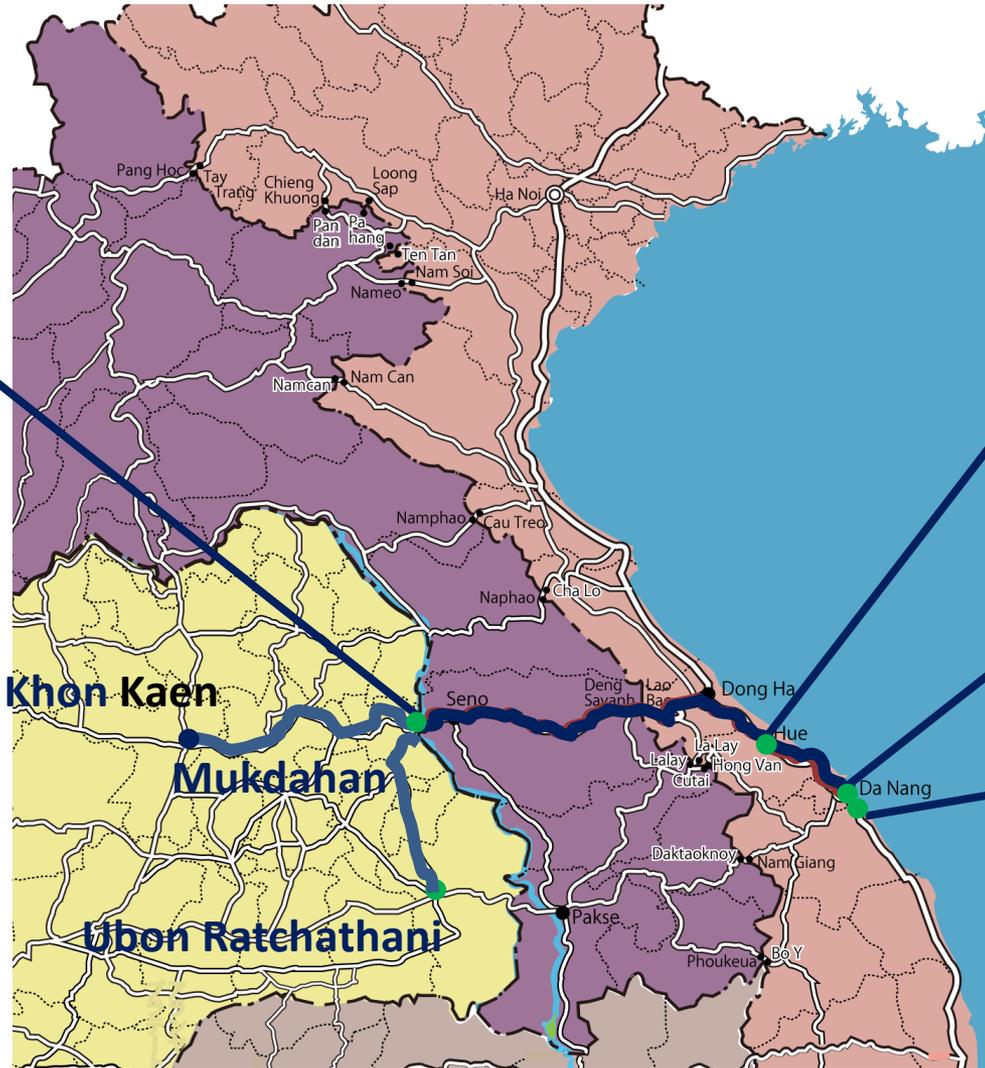


**31 August 2014**

# Effects on Tourism by Thai People

After the  
Completion of  
2<sup>nd</sup> Mekong  
Friendship  
Bridge

3 Nights  
4 Days  
Trip



Hue 1st 3rd



Da Nang 2nd

Hoi An



# Tourism by Vietnamese People

Vientiane 1st



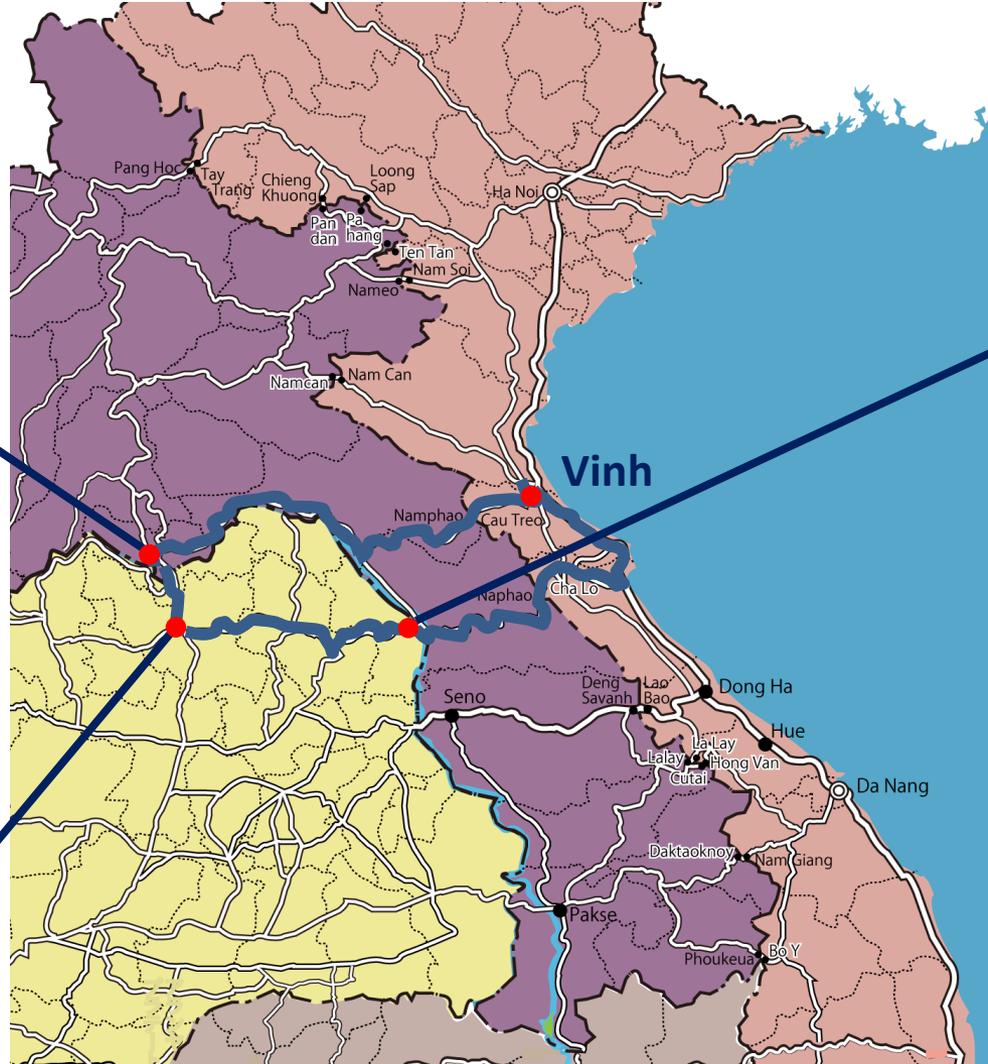
Nakhon Phanom 2nd



Udon Thani



Shopping



2 Nights 3 Days  
Tour



# 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 !**