



Investment Opportunities in the GMS by the Laos-China Railways

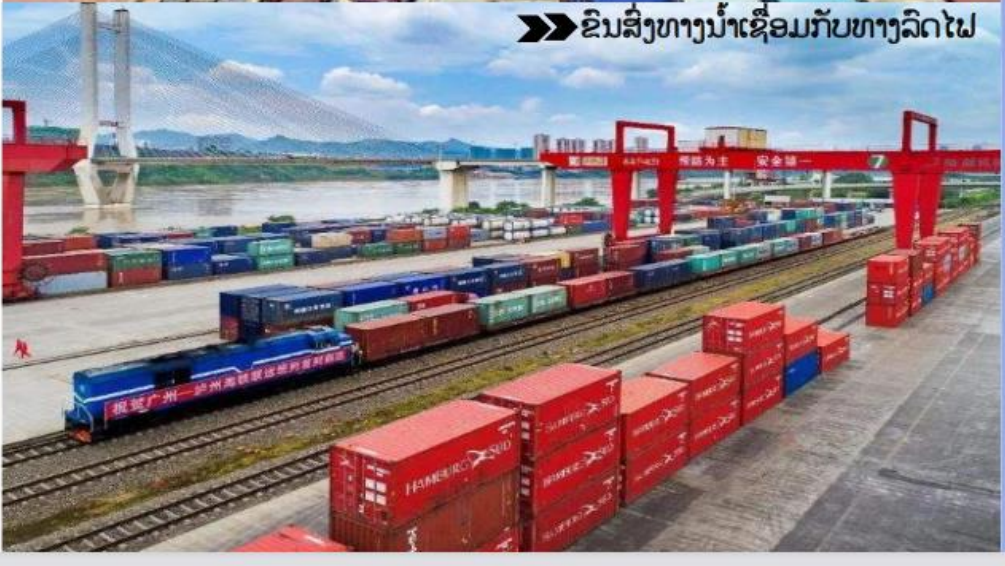
Networking Forum on Enhancing Cross-Border Facilitation for Logistics, Trade and investment in the Lancang-Mekong Countries - November 30, 2021



Opportunities for Lao PDR - from Land Lock to Land Link

- ▶ Actually 95% of freight transport is done by road. The Lao-China Railway will boost freight transport.
 - ▶ Transit trade will be the largest share of freight rail traffic. Transit trade through Lao PDR will grow from 2.0 million tons in 2016 to 3.4 million tons in 2030.
 - ▶ Land bas bilateral trade between Lao PDR and china is expected to grow from 1.2 million Tons in 2016 to more than 1.7 million tons in 2030.
- ▶ Lao-China Railways will lower transport costs by one-third. However, the transport cost saving will vary depending on Thailand's railway section, and the efficiency of the trucking sector.
- ▶ The railway corridor needs to attract more traffic from the existing maritime routes. Complementary reforms and investment in key productions areas and zones need to be further developed by the GMS Governments.
 - ▶ About 1.5 million tons of trade between China and ASEAN and 2.0 million tons between China and lao PDR could be shifted from the original maritime routes to the railway corridors.

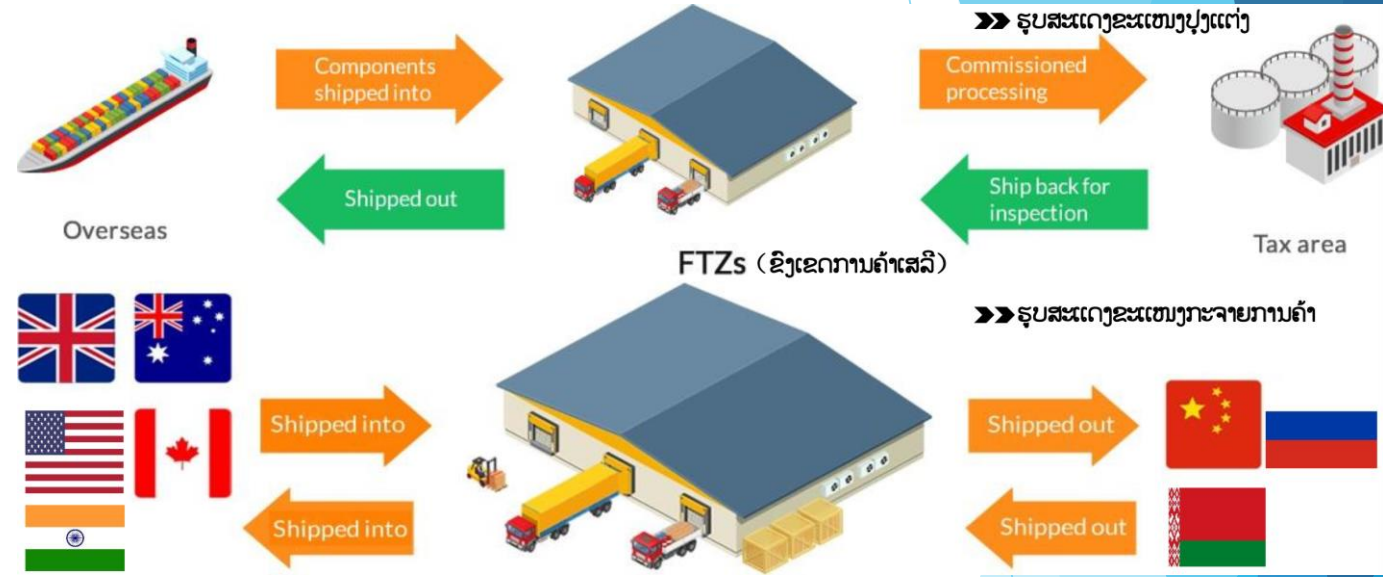
Railway Link and Transport Connectivity in Lao PDR



Industrial Supply Chain Connectivity in the GMS



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GMS Rail and Road (Multimodal) Connectivity - The potential routes of the lao -China Railway





Action Taken by Lao PDR, China and Thailand

- ▶ China-Lao PDR-Thailand-Malaysia are going to operate a multimodal logistics pilot project (Rail & Truck transport) from Yuxi - Kunming China - Vientiane Lao PDR - Laem Chabang Thailand - Malaysia to confirm the cost of transportation, handling, customs services; and to find the bottlenecks and issues that hampering the transport and logistics between the destinations.
- ▶ MOU signed between Lao National Chamber of Commerce and Industry (LNCCI) and China Kunming South Asia and Southeast Asia International Logistics Research Institute (SSILR) on 24th September 2021.
- ▶ MOU signed between China Kunming South Asia and Southeast Asia International Logistics Research Institute (SSILR) and Thai Logistic Service Provider Federation (TLSPF) on 11th November 2021.

Further Cooperation on the Lao - China Railways

- ▶ support investment and cooperation in transportation and logistics, industrial parks, etc... support investment and cooperation in transportation and logistics, industrial parks,
- ▶ Coordinate with enterprises from GMS countries (Thailand, Malaysia, etc.), jointly promote the formation of an international multimodal transport channels cooperation alliance with China-Laos Railway as the core
- ▶ Support relevant government departments in improving trade and investment facilitation policies, study and formulate the professional international rules and standards, and establish the information technology platform to facilitate trade and transport;
- ▶ Support the implementation of measures like CBTA and Transport Connectivity Action Plan of international organizations such as GMS and UNESCAP

Trade and Investment Opportunity brought by the Laos-China Railways for Lao PDR.

- ▶ Direct Impact on Lao PDR Trade and Investment - The reduced cost of transport and logistics.
 - ▶ Development of Processing Industries (Agro-processing, consumables and technology. Investment in Industrial Zones and Parks along the railway route.
 - ▶ Development of agriculture and forestry produces (crops, animal husbandry, wood etc) in Northern and Central provinces to link to China Market.
 - ▶ Tourism with the re-opening of Travel Green Zones in Vang Vieng, Luangprabang and Oudomxay; and other tourism areas.
 - ▶ Exploitation of new mining ores to the China market.
- ▶ All above are open to Investments

Trade and Investment Opportunity brought by the Laos-China Railways for the GMS Region.

- ▶ The competitiveness of railway transport to land and sea transport will change the transport and logistic patterns in the GMS region
 - ▶ Transit trade using the Laos China Railways will increase between Thailand and China, Between Malaysia and China, and the rest of ASEAN.
 - ▶ Due to the increased trade new industry nodes will be developed in Malaysia, Thailand and other countries to trade with China and with other countries in Asia and Europe.
 - ▶ Tourism flow from Thailand and other countries to China using the train will increase.
- ▶ All above markets would be opportunities for investment in all countries of the GMS



Lao National Chamber of Commerce
and Industry (LNCCI)

Km 5, Kaysone Phomvihane Str.
Saysettha District,

Vientiane Capital, Lao PDR.

Tel: +856 21 452 579;

Fax: +856 21 452 580

www.lncci.la



Thank You