



**Bangkok-Vientiane-Kunming Railway:
'Are we on the right track?'**

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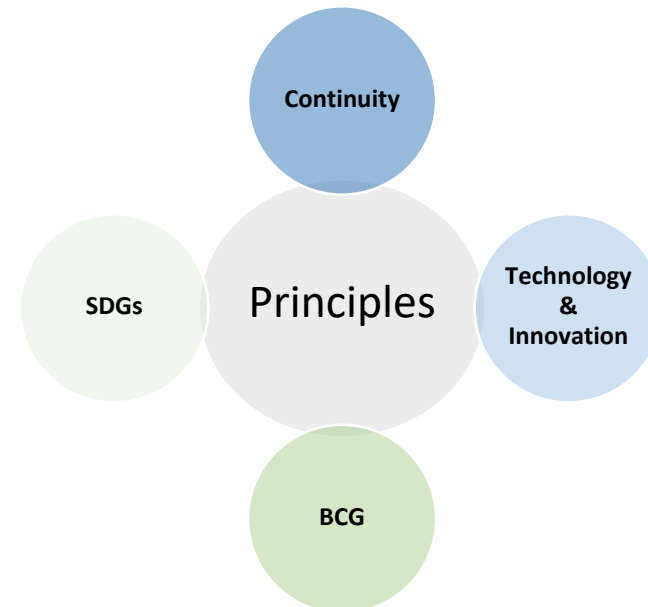


Action Plan on
**Thailand
Logistics
Development
2023-2027**

Office of the National Economic and Social Development Council

The formulation of the Action Plan aims to *‘enable the logistics system as the effective mechanism for driving Thailand into a major trade gateway for the **sub-regionals** and regions’* in line with the 20-Year National Strategy and 13th National Economic and Social Development Plan.

The 4 concepts of the Action Plan are:



5 Development Guidelines

Infrastructure and Logistics Facility Improvement

Standard Improvement and Value Chain Enhancement

Improvement of Customs Clearance Procedures and International Transport Facilitation

Capacity Enhancement of Thai LSPs

R&D Enhancement, Logistics Personal Capacity Building, and National Logistics Evaluation

4 Goals

- Transportation cost to decrease

- Inventory holding cost to GDP decreases

- The efficiency of customs and border management clearance (LPI) ranks higher

- The competence and quality of logistics services (LPI) ranks higher

The overall transportation system and expansion plan in Thailand

Road



- Highway 51,849.7 km.
- Motorway and Expressway 224.6 km.
- State Highways 597,667 km.
- Country Highways 58,174 km.

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- Currently, expanding 5 intercity motorways over 655 km. (5 urgent projects) and many more.

Railway



- Single-track railway 3,394 km.
- Double-track railway 650 km.

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- Enhance the railway system
 - In metropolitan 14 routes over 554 km. (Sky train)
 - Double-tracked 16 routes (3,157 km).
 - High-speed railway 8 tracks (2,660 km.)

Water



- Deep sea ports under Port Authority of Thailand (PAT) 3 locations
- Sea port under Industrial Estate Authority of Thailand (IEAT) 1 location
- Other Sea ports 5 locations

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- Enhance Laem Chabang Port Phase 3 and Bangkok port

Air



- Airport under the Department of Airport (DOA) **29 locations**
- Airport under Airports of Thailand PLC. (AOT) 6 locations
- Airport under private sector 3 locations
- Navy Airport 1 location

Expand the capacity of at least 12 airports and build 1 more airport

Thai-China Railway will enhance Thailand's economic and social connectivity

1st Phrase : Bangkok - Nakhon Ratchasima

- Distance: 253 km.
- Consist of 6 Stations
- Budget: 179,416 MB.
- Expected to operate in 2026

2nd Phrase : Nakhon Ratchasima - Nong Khai

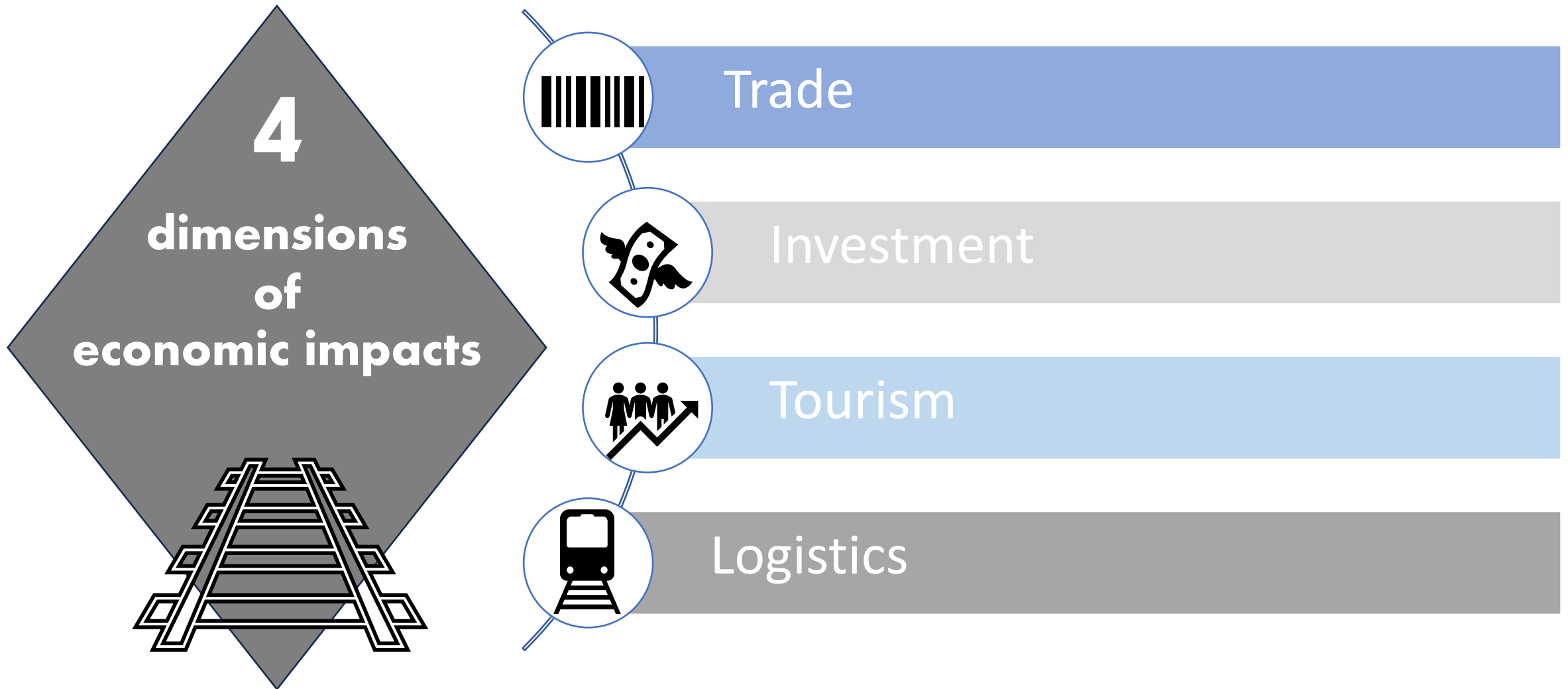
- Distance: 356 km.
- Consist of 5 Stations
- Budget: 252,347 MB.
- Expected to operate in 2028

3rd Phrase : Nong Khai - Vientiane

- Distance: 16 km.
(Thailand 4 km.- Bridge 1.5 km.- Laos 10.5 km.)



Economic Impacts of Bangkok-Vientiane-Kunming Rail Link



Trade impacts

- Boost up cross-border trade and transboundary trade between Thailand, Lao PDR and China

January-April 2023	2022
149 billion baht	1700 billion baht
Up by 14.17%	Up by 1.44%

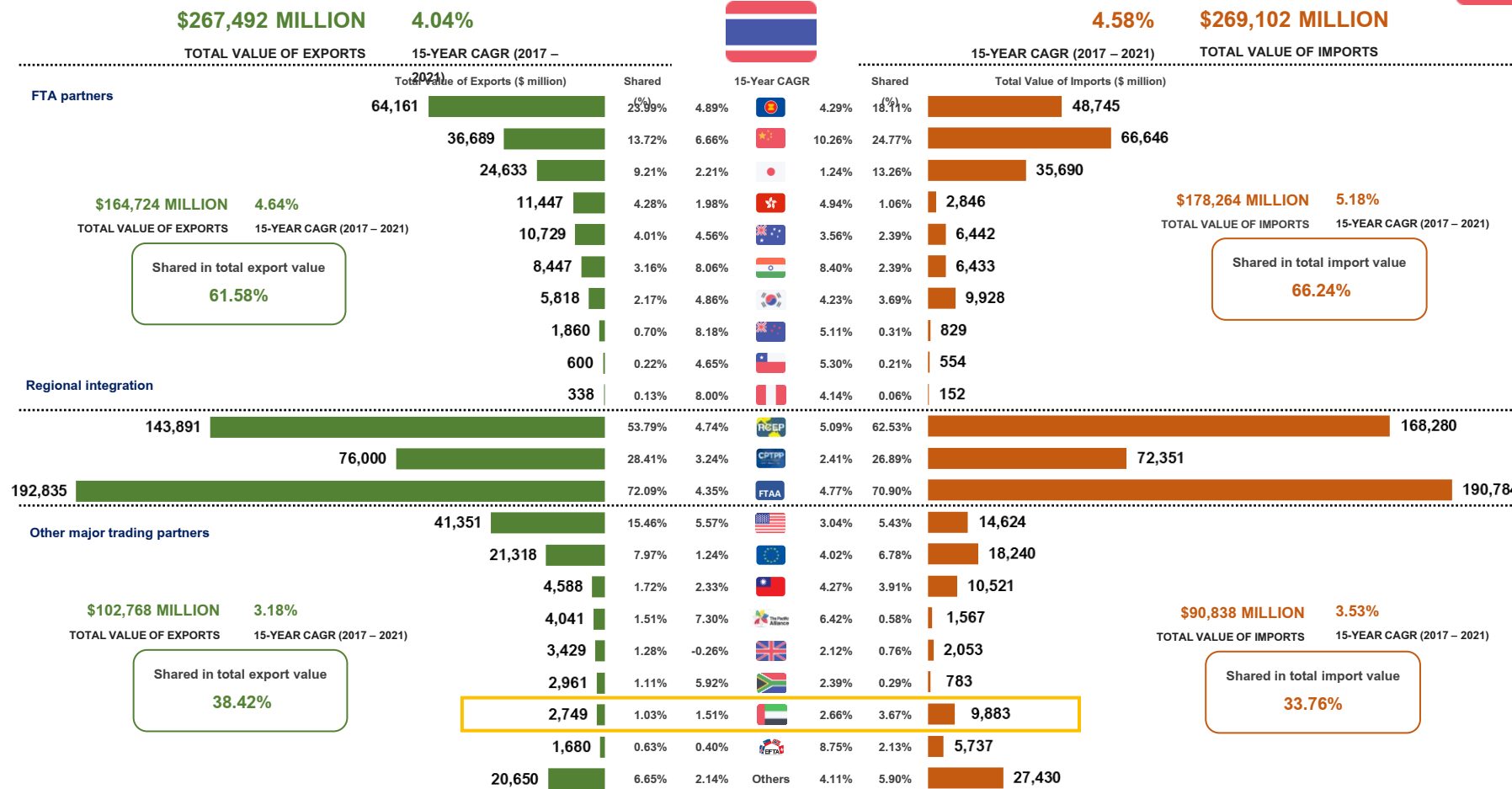
- 80% of durian sold in Chinese markets are from Thailand.
- Dairy demand of durian in Kunming is between 340 to 500 tons.

Source: Business Watch

- Vegetables and fruits---mangosteen, longan, durian
- Chicken, beef, seafood
- Processed food
- Sugar and sugar product
- Machinery

- Support the distribution of e-commerce products within the sub-region
- Enable exporters and importers to take more advantages from ASEAN-China FTA and RCEP

Thailand's trade statistics and trading partners





Free Trade Agreements	Partner countries	Effective Date
ASEAN Free Trade Agreement (AFTA)		January 1, 2003
Thailand-India FTA		September 1, 2004
Thailand-Australia FTA		January 1, 2005
ASEAN-China FTA		January 1, 2005
Thailand-New Zealand Closer Economic Partnership (TNZCEP)		July 1, 2005
Japan-Thailand Economic Partnership Agreement (JTEPA)		November 1, 2007
ASEAN-Japan Closer Economic Partnership (AJCEP)		June 1, 2009
ASEAN-Korea FTA		January 1, 2010
ASEAN-India FTA		January 1, 2010
ASEAN-Australia-New Zealand FTA		March 12, 2010
Thailand-Peru FTA		December 31, 2011
Thailand-Chile FTA		November 5, 2015
ASEAN-Hong Kong FTA		June 11, 2019
Regional Comprehensive Economic Partnership (RCEP)		January 1, 2022

Investment impacts

Top 5 investors in 2022

China	158 projects	77.4 billion baht
Japan	293	50.8 billion baht
U.S.A.	33	50.3 billion baht
Chinese Taipei	68	45.2 billion baht
Singapore	178	44.3 billion baht

Source: Board of Investment, Thailand

Main Industries

Electronics
Automobile and parts
Chemicals
Digital
Machinery

- Better physical connectivity can attract more FDI from the GMS and the world.
 - According to the survey of 170 Chinese investors, 2/3 of them are interested to invest in Thailand in the next few years. The main reason is the improvement of connectivity in the sub-region. (Note that 60% of these investors have never invest in Thailand.)
 - 2/3 plan to expand their investment in Thailand.

Source: Economic Intelligence Center (EIC), SCB

Tourism impacts

- Facilitate tourism in the sub-region
- Enhance tourism revenue and the number of tourists from Southern China to Lao PDR and Thailand
 - In general, the opening of high-speed train increases tourism revenue increment and tourist arrivals increment in cities along the rail link by 1.18% and 9.03%
- Promote further development of tourist destinations along the railway
- Promote local products from OTOP and MSMEs in provincial areas
- Strengthen sub-regional tourism value chains: hotel business, restaurants and local food vendors

Logistics impacts

- Provide more alternative for logistics service providers---Stronger competition will lead to the reduction of logistics cost in the long run.
- Promote the networks of multimodal transportation'
- Reduce logistics cost and shorten time to transport across borders
 - Transport durian from Chantaburi to Kunming through Vientiane-Kunming Railway
 - Takes only 3 days (while 4-5 days by trucks)—From farms to consumers
 - Cost per container goes down by 5000-10000 yuan
 - Thai durian gain more competitiveness. Price goes up from 30 yuan/kg. to 47 yuan/kg.

Source: Business Watch



Thank you

Bolliger & Company