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# Impact of COVID19 on transit traffic in the Greater Mekong Subregion (GMS)

## - Case of the North South Economic Corridor (NSEC)



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# The North South Economic Corridor (NSEC)



- Route 3 Highway in Lao PDR stretches from Boten at its northern border with China to Houayxay in the south bordering with Thailand.
- The corridor plays a critical role in providing Yunnan Province (CHN) and northern Lao PDR access to important Thai sea ports, such as Bangkok and Laem Chabang.
- The North-South Economic Corridor involves three routes along the north to south axis of the GMS geography.
- The pandemic is affecting the route hereunder:
  - Kunming (CHN) – Chiang Rai (THA) – Bangkok (THA) via LAO PDR

# GMS: North South Economic Corridor (NSEC)



# The situation: Boten (Lao)-Mohan (China) border

- Fruits from Thailand are exported to China via Lao PDR
- Price of transit freight has increased from US\$500 to US\$ 1,500 during pandemic
- Currently, around 300 vehicles stuck at the Lao border
- Some have been stuck there for more than 2 weeks

**Why are the trucks not moving?**





# Different understanding of the situation



## Thailand (export country)

- Incomplete information about transit country situation based on hearsay:
  - New regulation in Lao PDR allowing only Lao drivers & trucks to transport but the number of available capacity is not sufficient
  - Having to pay under-the-table money to have Thai drivers on Lao roads
  - Chinese drivers not allowed on Laotian side of the border
- Request opening of Chinese ports on the Mekong River to remedy the situation through the use of river transport.

## Lao PDR (transit country)

- Decree no. 283, April 24, 2020, Ministry of Public Works & Transport related to domestic, import & export transport during Covid19
- Foreign trucks allowed for delivery of import-export cargo
- Foreign trucks carrying transit cargo through Lao territory not allowed.
- Goods must be transshipped onto Lao trucks.

# The reality and lessons learned

- The reason many trucks got stuck at the Lao-China border is not because of the lack of drivers or trucks

**China does not allow Chinese drivers to enter Lao PDR and Lao drivers to enter into China.**

- Solution
  - Change of drivers in the no-man's land at the border.
- Following Problem
  - No standard operating procedures (SoPs) related to exchange of drivers in a no-man's land territory.
- Solution
  - Authorities have now agreed to arrange group of drivers (Lao and Chinese) through authorised logistics firms with SoPs developed for exchange of drivers.

# The reality and lessons learned

- National rules and regulations related to Covid19 can have a negative impact on regional agreements.
- Border closures and travel bans have adversely affected the flow of goods, vehicles and drivers.
- In the case of national health care, standards, tests and economic nationalism need to be taken into account, but it must not impede domestic, international and transit trade flows.
- Misinformation needs to be dealt with as soon as possible.
- Transparency of information and cooperation between agencies in Thailand, Lao PDR and China is needed along the North South Economic Corridor to enable seamless movement.