B2B Workshop on CBT between VN-KH
HO CHI MINH - PHNOM PENH LANDBRIDGE
(Southern Economic Corridor)

Cambodian Hotel, 16-Dec-2016
Presented by:
VLA Transport Division
CBT Sub-Division
## Agenda

**Landbridge & Logistics**  
Overview on Road HCM-PNP

**Opportunities**  
Some facts

**Challenges**  
Summary

**Proposals**  
Summary

**Discussion**  
Q&A
The Multilateral Transport Facilitation Agreements

- Greater Mekong Sub-region (GMS) Cross Border Transport Agreement
- Memorandum of Understanding between and among Viet Nam, Cambodia and Laos on Road Transport
- Arrangement between and among the Governments of the Lao People's Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam On the Operation of the Tourism Road Transport
The Multilateral Transport Facilitation Agreements

- The ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT)
- ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST)
The Bilateral Transport Facilitation Agreements

- The Bilateral Road Transport Agreement between Viet Nam and Laos
- The Bilateral Road Transport Agreement between Viet Nam and Cambodia
- The Bilateral Road Transport between Viet Nam and China
- The Agreement on Railway Border Transport between Viet Nam and China
The Customs Legal Frameworks & Regulations

CROSS-BORDER TRANSPORTATION

- Agreement was signed between Viet Nam - China, Vietnam- Cambodia, Vietnam-Laos PDR
- Customs Law (Articles 66-72)
- Decree 08/2015 / ND-CP (Articles 74-780);
- Circular 42/2015 / TT-BTC dated 27 January 03, 2015

CUSTOMS TRANSIT
Transit Agreement between Vietnam and Laos PDR, Cambodia, China

- Customs Law (Article 64)
- Commercial Law (Articles 242 to 253)
- Decree 08/2015 / ND-CP (Article 43)
- Decree 187/2013 / ND-CP (Article 39, 40);
- Circular 38/2015 / TT-BTC dated 25/03/2016

ASEAN Customs Transit System (ACTS)

- The ASEAN Customs Transit System (ACTS) is a computerised Customs transit management system. The legal framework is set out in Protocol 7 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT).
- Malaysia, Singapore and Thailand in late 2016 and early 2017
- Roll the system out in Cambodia, Laos PDR, Myanmar and Viet Nam later
Vietnam - Cambodia: Southern Economic Corridor

- Vinh Xuong – Kaam Samnor Border
- Moc bai – Bavet Border
- Xa Mart – Trapeang Plong Border
- Dinh Ba – Bon Tey Chak Krey Border
- Le Thanh – Andong Pich Border
- Hoa Leu – Trapang Sre Border
- Tinh Bien – Phnom Den Border
- Ha Tien – Prek Chark Border

Vietnam = “Gateway” for Cambodia

<table>
<thead>
<tr>
<th>Cambodia</th>
<th>Value ‘14 (bil $)</th>
<th>Nature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>0.6</td>
<td>Domestic</td>
</tr>
<tr>
<td>Import</td>
<td>2.7</td>
<td>Import/export to other countries</td>
</tr>
<tr>
<td>T/S*</td>
<td>~3**</td>
<td></td>
</tr>
</tbody>
</table>

Current trade b/w two countries

Source: Dream Incubator Vietnam Joint Stock Company (DIV)
Overview on Road HCM- PNP

- **Alternative route ex PNP i/o Sin/Sihanoukville**
  - Barge, with dedicated barging services connecting HCM (Cat Lai), Baria- Vung Tau (Cai Mep), including consolidation;
  - Land trucking, 7 border gateways, main route is HCM-Moc Bai | Ba Vet-Phnompenh (30% cargo & passenger volume ? Source :VN MOT)

- **Border trade** is operated by private enterprises as well as passenger buses about unofficially import-export

- Trucking company or LSP is operated the officially import-export and cargo in transit
- Common practice for FTL model: trans-loading, **truck-change** at the border at ICDs in Bavet area;
- Consolidation HCM to PNH: LCL by barge, consolidation of LTL mainly as buyer's consolidation from Catlai and ICD Long Binh;
- **No real LTL consolidation CFS-CFS via overland**;
Landbridge Ho Chi Minh-Phnom Penh

<table>
<thead>
<tr>
<th>Total Distance</th>
<th>260 KM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Driving Time</td>
<td>05 Hours</td>
</tr>
</tbody>
</table>
## Land bridge vs Waterborne

### Overview on Road HCM- PNP

**Road volume via Moc Bai - Ba Vet**

<table>
<thead>
<tr>
<th>Period</th>
<th>Direction</th>
<th>Container</th>
<th>Loose (5% est)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y2013</td>
<td>Bi-direction</td>
<td>59,904</td>
<td>3,153</td>
<td>63,057</td>
</tr>
<tr>
<td>Y2014</td>
<td>Bi-direction</td>
<td>64,341</td>
<td>3,387</td>
<td>67,727</td>
</tr>
<tr>
<td>Y2015</td>
<td>Bi-direction</td>
<td>75,886</td>
<td>3,994</td>
<td>79,880</td>
</tr>
<tr>
<td>Q1-2016</td>
<td>Bi-direction</td>
<td>19,232</td>
<td>1,013</td>
<td>20,245</td>
</tr>
</tbody>
</table>

Source: Tay Ninh Customs

### Barge volume on HCM-PNH route

<table>
<thead>
<tr>
<th>Period</th>
<th>Bi-direction</th>
<th>20FT</th>
<th>40FT</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td></td>
<td>15,220</td>
<td>8,289</td>
<td>23,509</td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td>17,109</td>
<td>6,896</td>
<td>24,005</td>
</tr>
<tr>
<td>2015</td>
<td></td>
<td>28,537</td>
<td>9,843</td>
<td>38,380</td>
</tr>
<tr>
<td>2016 (Jan-Feb)</td>
<td></td>
<td>3,788</td>
<td>1,641</td>
<td>5,429</td>
</tr>
</tbody>
</table>

Source: Saigon Newport

**Avg 6400cont/month/2016**

**MSEZ: 1200cont/month (*)**

% going through up to PNH?
Opportunities: Some Facts

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cost Reduction</td>
</tr>
<tr>
<td>2</td>
<td>Supply Chain and Logistics Development</td>
</tr>
<tr>
<td>3</td>
<td>Future Extended Land bridge</td>
</tr>
<tr>
<td>4</td>
<td>Infrastructure Investment</td>
</tr>
</tbody>
</table>
Opportunities

- **Cost reduction by CBT**
  + Round trip load or backfill : 25% cost saving
  + Drop off container at PNP CY
  + Container haulage/ allocation
  Assisting customers to liaise with shipping line, factories and suppliers
  + Pre-carriage or after-carriage
  
  PNP via Cat Lai/ Cai Mep port export/import to/from China, East Asia and America more than from/to Sihanoukville and transshipment at Singapore;

- **LTL consolidation platform and supply chain development**
  + Cost effective for consolidation the LTL import-export cargo and cargo in transit by CBT
  
  + Development new opportunity for trucking, distribution and Cross Border E-Commerce

- **Extended land bridge to BKK, KL and Singapore & Myamar Future & Realistic East West Southern Corridor.**

- **Infrastructure investment**
  Hardware : Extended Road, ICD, FTZ or Logistics Hub to enhance CBT
  Software : Customs system ( single window)
Challenges: Summary

1. Customs procedures
2. Transport Regulation
3. Transparency policy
- Not available for customs 24/7

- High and many local fees to proceed customs in Cambodia side

- Long timeline to handle customs for import / export in Cambodia, 2 to 3 days.

- Centralize only in 4-5 logistics providers/ big player to handle border customs at Cambodia

- Do not have policy to handle customs for consolidation through border by Manifest declaration to on-forwarding to Dry Phnom Penh port/ CFS warehouse.
## Challenges: Customs & Transport Cost

<table>
<thead>
<tr>
<th>CUSTOMS &amp; TRANSPORT COST</th>
<th>PNP/ Bavet</th>
<th>Moc Bai/ HCM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>170 KM</td>
<td>90 KM</td>
</tr>
<tr>
<td><strong>Free duty goods</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camcontrol</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Import permit</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Customs &amp; Trucking</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additional charge (if any)</td>
<td>√</td>
<td>√</td>
</tr>
<tr>
<td>Transfer Customs Clearance</td>
<td></td>
<td>√</td>
</tr>
<tr>
<td><strong>Total Cost assume</strong></td>
<td>US$800</td>
<td>US$350</td>
</tr>
<tr>
<td><strong>Duty Goods</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camcontrol</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Import permit</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Customs &amp; Trucking</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customs Evaluation/ Invoice Approval</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Inspection Customs or Bonded Seal</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td><strong>Total Cost assume</strong></td>
<td>US$1100</td>
<td>US$450</td>
</tr>
<tr>
<td><strong>Additional charge (if any)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Camcontrol permit for chemical</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Extra declaration</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Customs system fee (Acycuda systems red)</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Scanning</td>
<td>√</td>
<td></td>
</tr>
<tr>
<td>Customs Admin fee Tax free Calculation</td>
<td>√</td>
<td></td>
</tr>
</tbody>
</table>

- Cambodia cost is high
- Difficult to calculate net cost to customers due to many additional cost
- Customs Procedures requested many support documents
Challenges: Cargo Transport & Regulation

- Cambodia traffic regulation made difficulty to move in Cambodia affected into cost and lead time.

- Imbalance for transportation or cargo backfill taking 2-3 days and return cost and truck detention occurs.

- The vehicles/chassis waited for procedures, document checking, seal… in Cambodian customs must pay for detention fee.

- Congestion at Mocbai border
Challenges: Cargo Transport & Regulation

- High deposit for COC to PNH 20-30 million VND, demurrage and detention issues;
- No empty drop-off in PNH;
- No backfill cargo
- Lack of transparency, high cost, complicated procedures:
  + too many police points (tea money even in case of non-violence
  + 5 weighing stations from border to PNH (in 150km, cost a million VND/trip);
  + long time to release in case of traffic violence, could be 1-2w
- Due to lack of transparency, big players, MNCs do not / are not willing to operate in this route;
Proposals

- **Authority**:
  + Customs: 24/7
  + Single Windows;
  + Cost transparency;
  + **Transport facilitation** to support direct LTL, LCL combinations, landbridge for air cargo via Tan Son Nhat Int’l Airport (SGN)

Trade, customs and transport authorities must work together to promote border crossing facilitation.
Proposals

- **Carriers:**
  + Empty drop-off in PNH, at border ICD
  + Borderless policy, AEC spirit;

- **Trade Facilitations:**
  + Increase trade volume between VN/KH

- **Logistics Infrastructure:**
  + ICD and warehouse at border

Trade, customs and transport authorities must work together to promote border crossing facilitation.
OTHER SOLUTIONS

IMPLEMENTATION OF EFFICIENT CROSS BORDER TRANSPORT AS SUGGESTED BY UNESCAP?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Trailer Swap</th>
<th>Container swap</th>
<th>Manual transloading</th>
<th>No transloading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty</td>
<td>2</td>
<td>2.25</td>
<td>1.25</td>
<td>4.5</td>
</tr>
<tr>
<td>Cost</td>
<td>2.5</td>
<td>2.5</td>
<td>1.5</td>
<td>5</td>
</tr>
<tr>
<td>Efficiency</td>
<td>1</td>
<td>3</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Reliability</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Total</td>
<td>6.5</td>
<td>9.75</td>
<td>10.75</td>
<td>11.5</td>
</tr>
</tbody>
</table>

Sources: UNESCAP - Efficient Cross-Border Transport Models

OTHER SUGGESTIONS (OSCE-UNECE)

“One-stop” border crossing points bring many benefits.

Corruption is one the most challenging issues in public-private sector dialogue.
NEW: NATIONAL COMMITTEE FOR ASW/NSW and TRADE FACILITATION
i. Further coordinate to complete multimodal transport connectivity and make full use of the existing road transportation networks and economic corridors, particularly the East-West Economic Corridor (EWEC), North - South Economic Corridor (NSEC) and Southern Economic Corridor (SEC).

ii. Mobilize resources for the construction of missing links and improvement of road quality along the economic corridors; jointly construct highways along the SEC, including the Ho Chi Minh City – Phnom Penh Expressway.

In the trade and investment facilitation sector: i. Strengthen cooperation among ACMECS countries in harmonizing and simplifying rules and regulations, including cross-border procedures, the procedures for goods-in-transit, the exchange of trade and investment information and developing industrial zones along the EWEC and SEC. ii. Promote trade and investment among member countries, including cross-border trade, through the organization of trade fairs, exhibitions and other trade and investment promotion activities.
NEW: GMS-CBTA Pivotal Implementation 1/1/2017

11/1999: Vietnam, Laos and Thailand

2001: Cambodia

2002: China

2003: Myanmar

2005: Annexes

2006: failed to implement

27/10/2007: VN, LA, TH signed MOU about EWEC

11/6/2009: EWEC singles points Lao Bao, Savanakhet, Mukdahan

17-18/10/2016: ADB meeting with high ranking officers on TF

1/1/2017: pivotal implementation