

# Assessing Import Channels for a Land-Locked Country: The Case of Lao PDR

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## Abstract

Lao PDR, as the sole land-locked country in South East Asia, is dependent upon available infrastructure in neighbouring countries for fast and efficient import of goods. The validity of a cost model for multimodal transport, which was originally proposed by Beresford and Dubey (1990) and developed by Beresford (1999), is tested against a real case in international logistics, namely the import of wine from Marseilles in France to Vientiane in Lao PDR.

The main elements of the model are as follows: cost, time, distance, transport mode and intermodal transfer. The model is tested using real data over a series of alternative routes between Marseilles and Vientiane. The selection of appropriate international logistics system will have a direct impact on the efficiency of Lao PDR import channels. The research findings clearly demonstrate that the "sea-road" combination via Danang Port in Vietnam is the most competitive in terms of costs while the "sea-rail-road" option via port Klang in Malaysia and through Thailand offers the fastest transit time.

**Keywords:** Southeast Asia, Lao PDR, import channel, international logistics.

## Introduction

Tougher international competition and the expansion of geographical markets have forced manufacturers, exporters and importers to focus on integrated production and logistics strategies in order to reduce costs, and at the same time, to obtain a higher service standard. The need to control the transport costs has become as important as the need to keep down other production costs.

Lao PDR is the only land-locked country in Southeast Asia and the movement of Lao import from Marseilles in France is chosen in this article as an illustrative case study. The country is surrounded by five states: the Peoples Republic of China, the Socialist Republic of Vietnam, the Kingdom of Cambodia, the Kingdom of Thailand and the Union of Myanmar.