

Part 2a: Maritime connectivity
issues in ASEAN and possible
avenues for improvement

Lessons from the quantitative analysis (Part 1)

- ASEAN is one of the World's best connected areas. Nevertheless, significant connectivity gaps remain between countries.
- On one hand, countries such as Singapore and Malaysia, display high levels of connectivity both with their partners inside and outside ASEAN.
- On the other hand, **Cambodia, Brunei and Myanmar are amongst the World's least connected countries.**
- For the latter, **maximum vessel size and direct connections with partners outside the subregion are particularly limited.**

Purpose of the Part 2

- What are the **drivers of change** in maritime connectivity?
- In which extent the different **member states of ASEAN are benefitting from connectivity improvements?**

The analysis of the maritime transport supply provided in Part 1 is completed here by a holistic approach including the demand side.

Three dimensions of maritime connectivity are analyzed:

- (a) Ports and shipping
- (b) Land access to ports
- (c) Trade and border crossing

Three dimensions of maritime connectivity

Dimension	Examples of issues
a. Ports and shipping	Direct/ indirect connections, port performance, infrastructure limitations, port congestion.
b. Land access to ports	Size of inland market, road congestion, balance import/export, road infrastructure and alternative modes, intermodal integration, competitiveness of transport firms
c. Trade and border-crossing	Double handling, trade costs, rules, sub-regional integration of transport markets

Methodology

Given the scarcity of data on the dimensions b (Land access to ports) and c (Trade and border crossing), **the quantitative analysis is supplemented by:**

- **8 semi-structured interviews** with experts, and,
- **secondary sources** such as academic literature and institutional reports.

What are the connectivity challenges raised by previous studies and to what extent their recommendations have been implemented?

Space of study

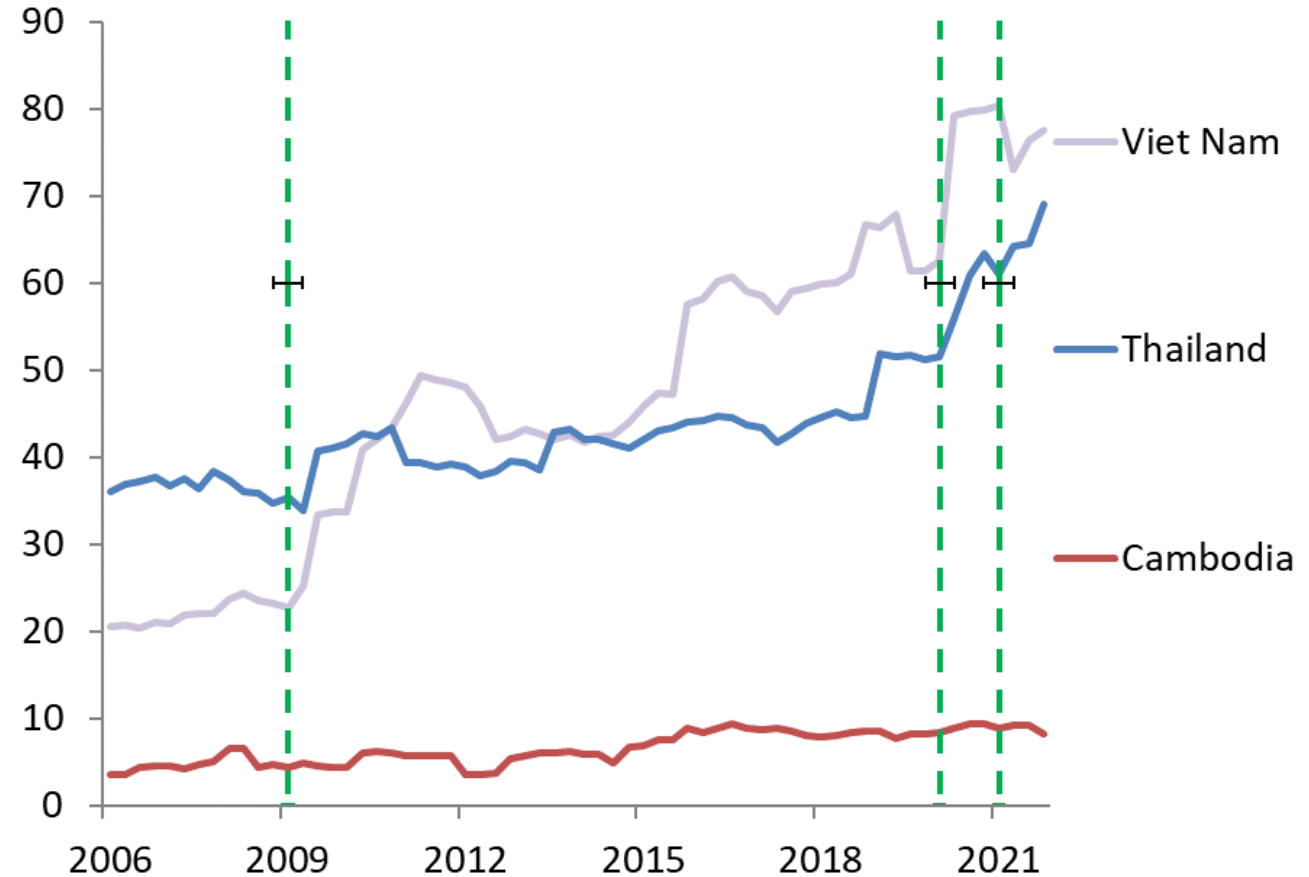
3 selected corridors:

- Vientiane-Laem Chabang
- Phnom-Penh – S'ville
- Phnom-Penh – South Vietnam



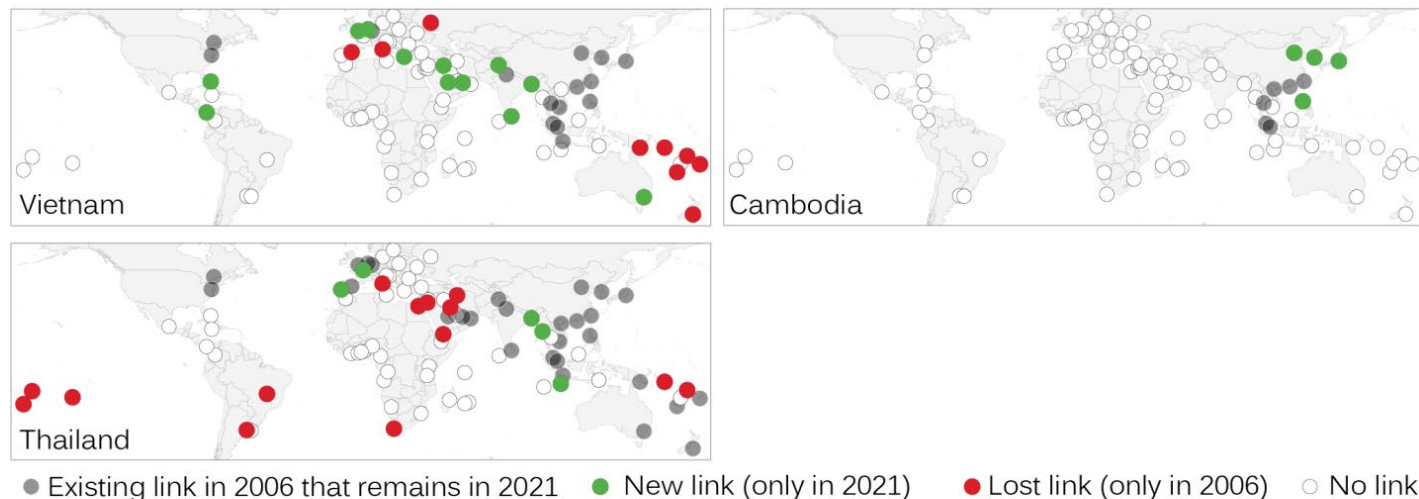
Maritime connectivity

- There is a connectivity gap between Viet Nam and Thailand on one hand, and Cambodia, on the other hand.
- This gap has greatly widened during the 2006-2021 period.
- Viet Nam slightly outperforms Thailand, although there have been a number of ups and downs.



Direct links

- Vietnam and Thailand have direct connections with many countries
- Cambodia is only connected with a very limited number of partners within Asia.
- During the 2006-2021 period, the situation of Cambodia has improved
- In the case of Vietnam the number of direct connections increased

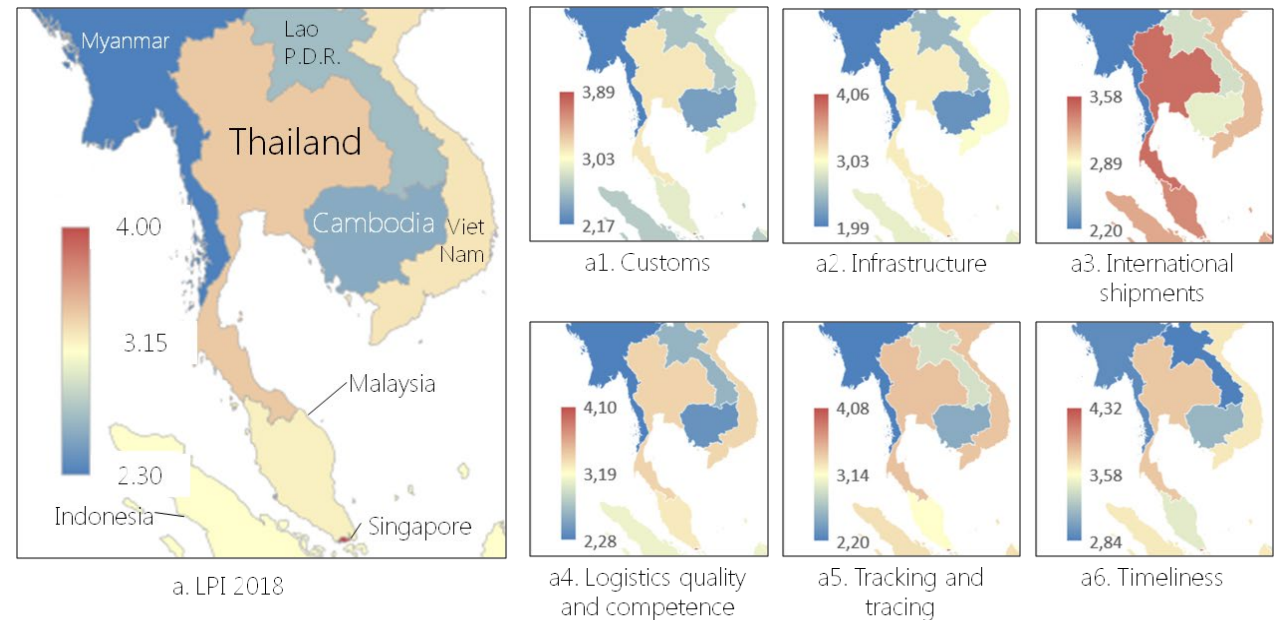


*A direct link exists between two countries if a same vessel calls at ports in both countries.

Based on MDST data

Land access and border crossing (LPI)

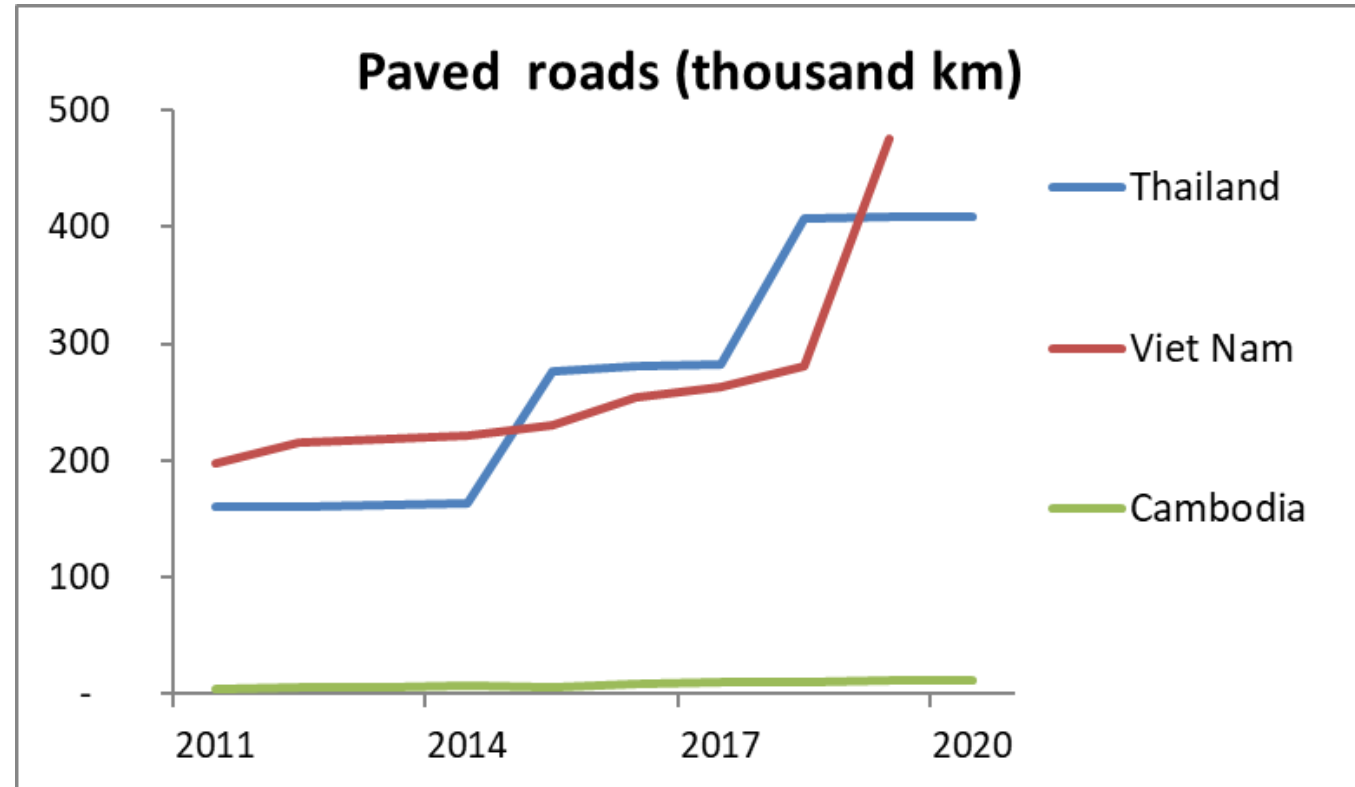
- **Thailand and Vietnam's LPI overall scores are over the ASEAN average,**
- **Cambodia's LPI is well below.**



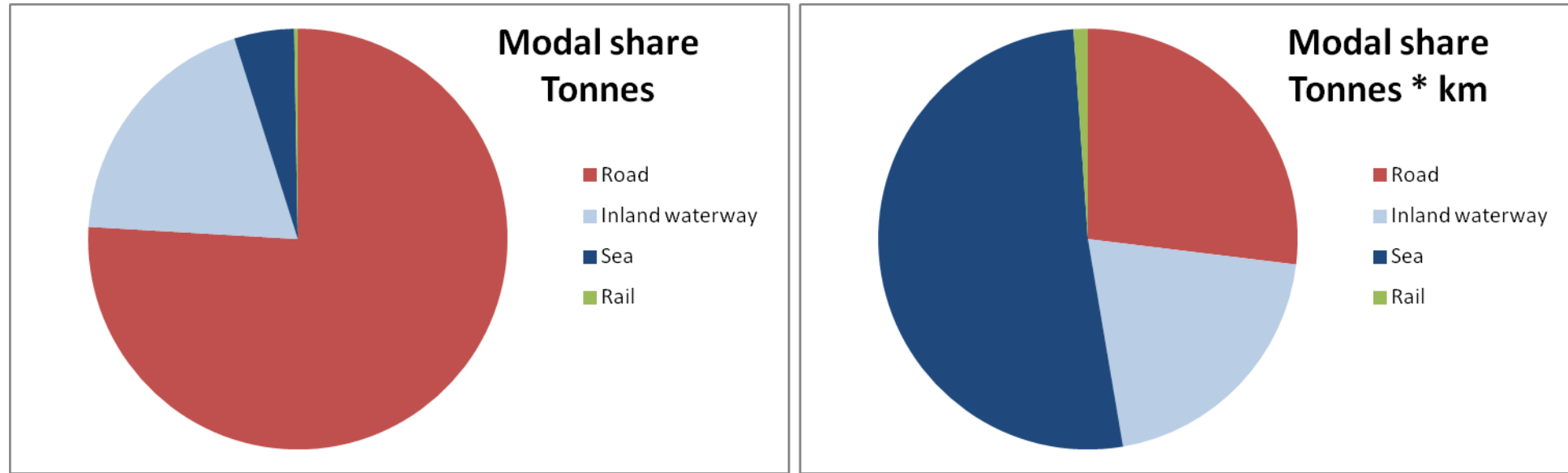
- Thailand and Vietnam both perform well for (a3) international shipments (a4) Logistics quality, (a5) Tracking and tracing, and (a6) Timeliness
- The performance of Vietnam is lower than the ASEAN's average for (a1) customs and, around the average for (a2) infrastructure.

Inland transport (paved roads)

- Roads in Cambodia are poorly developed. The length of paved roads is extremely short and has increased slowly during the 2011-2020 period
- In Viet Nam and Thailand, the paved road network has more than doubled.



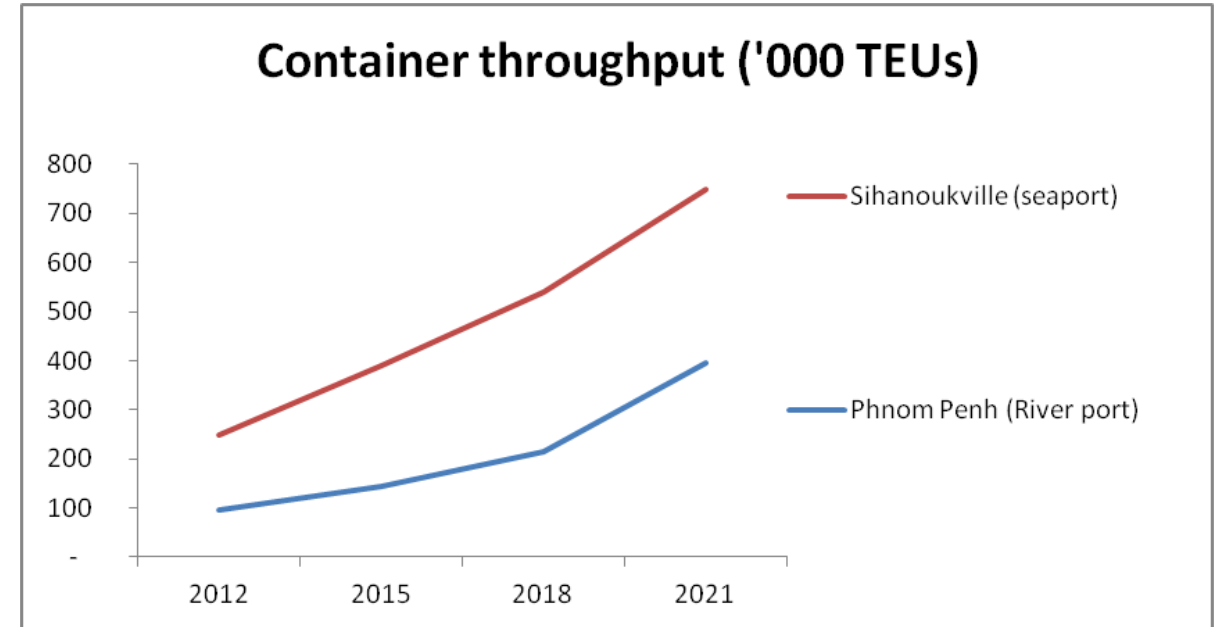
Modal share (Vietnam)



- Road represents more than three quarters of the tonnes moved (left), the remaining being moved by inland waterway (20%) and coastal shipping (5%).
- The modal share varies considerably when weighted by distance (tonnes*km)
- Marginal share of rail (less than 3% of the tons km and less than 1% of the tons)

Modal share (Cambodia)

- Rail freight volumes are very modest and limited to bulks.
- Inland waterway is important the corridor between Phnom Penh and the ports of the south of Vietnam.
- The Figure shows that the TEUs throughput of the Phnom Penh river port has been multiplied by 3 during the 2012-2021 period, following a similar growth of the Sihanoukville port.
- 100% of the TEUs moved between Phnom Penh and Sihanoukville are carried by truck, along a heavily congested road



Summary of the findings

	Cambodia (Port of Sihanoukville)	Vietnam (Ports of Cai Mep and Ho Chi Minh City)	Thailand [& Laos] (Port of Laem Chabang)
Port and shipping	-	+	++
Land access to ports	-	+ / -	+
Trade and border crossing	--	-	-

Policy implications

- Despite the ASEAN Economic Community, bi/trilateral agreements are the norm. Therefore it is not always easy to develop a corridor policy.
- Contrarily to the European Union, the ASEAN has no own funds to push multilateral policies at the scale of the subregion.
- There is a strong focus on infrastructure, supported by foreign countries, but there is not a clear view on what are the priorities/needs of local shippers
- Within each state each ministry has its own agenda. Lack of “institutional connectivity” for a more transverse transport policy
- Which connectivity problems would require national policy actions and which ones would require multi-lateral action? What would be the time horizon for these improvements? How far ASEAN countries can push regional integration to improve efficiency and avoid port overcapacity (for example by developing intra-regional corridors instead of developing their own port infrastructure whatever it costs)?

Policy recommendations

- A consistent approach for improving maritime connectivity would require a better monitoring the costs of maritime trade for ASEAN countries, not just the port/maritime side but also the land segment, which is often the critical part. Policy makers need to consider the interdependencies between the different segments.
- For a complete view of these costs, it could be useful to carry out surveys with freight forwarders and transport companies at selected corridors on a regular basis.
- The ports of Laem Chabang and Cai Mep show clear economies of scale. This explains the increasing concentration of vessel calls in these ports, especially on the Transpacific and Europe-Asia trades. To fully exploit the advantages of these connectivity improvements, policy makers could focus more on certain core corridors and develop cross border cooperation to avoid overcapacity.
- The inland waterway transport through the Mekong river plays an important role in the subregion (cost-competitive, reliable and greener alternative to the road). The improvement of this link can be critical for the enhancement of both domestic and sub-regional connectivity

Thanks

Special thanks to

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