

Laying tracks for change in Laos

China-backed railway expected to lift the overall economy of a landlocked country that has been held back by poor infrastructure

By **DENG YANZI** and
LI YINGQING in Mohan, Yunnan

In Mohan, a small town in Southwest China's Yunnan province bordering Laos, the construction of the Friendship Tunnel is making brisk headway seven days a week.

The 9.68-kilometer railway tunnel will connect both sides of the border, with 7.17 km in China and 2.51 km in Laos.

The boring of the tunnel began in June last year. Running slightly behind schedule due to challenging geological conditions, the project is scheduled for completion in July 2019.

"The railway tunnel starts here in China's Mohan, and the other end will be in Boten of Laos," said Zhang Shuai, secretary and engineer of the tunnel project contractor China Railway No 2 Engineering Group, as he pointed to an underground passage below the rolling mountains.

"The Friendship Tunnel is China's first railway tunnel that crosses the border," he added.

When completed, it will be a crucial link for passenger and freight trains, and key to the China-Laos railway, which will connect the rail networks of both countries.

Chen Lijun, researcher and director of the Institute for South Asian Studies at the Yunnan Academy of Social Sciences, believes the new railway will boost the economy of the rural town of Mohan.

"Just as the Chinese saying goes, better roads lead to better life. Mohan residents will see more new houses and cars as the town becomes a major node on the China-Laos railway," he said.

There is a similar sense of anticipation for Boten and other areas in Laos near the border.

Boten is the starting point of the 414-km China-Laos railway to Vientiane, the Laotian capital. It is the first overseas rail route linking China's network, using Chinese technology and investment.

With a total investment of 40 billion yuan (\$6 billion), the Chinese and Laotian governments established a joint venture last year to build, manage and operate the railway.

China will finance and own 70 percent of the venture, while Laos will be responsible for the remainder.

The challenging project will see China exporting its top railway technology, with more than 62 percent of the route requiring bridges and tunnels.

Six Chinese companies have successfully bid for the construction of the Boten-Vientiane railway, ensuring the application of Chinese standards, equipment and technology.

"The success of the China-Laos



Construction of the Friendship Tunnel connecting Laos and Southwest China's Yunnan province is scheduled for completion in July 2019. When finished, it will help connect the rail networks of both countries. TANYA WANG / FOR CHINA DAILY ASIA WEEKLY



railway will have an international significance, manifesting China's true ability in taking its railway technology abroad," said Luo Hengfu, China Railway No 2 Engineering Group's project manager for the Friendship Tunnel at Mohan.

The railway construction project will involve 20 Lao firms as subcontractors, supervised and assisted by Chinese companies.

"We will try to ensure that this multibillion-dollar project benefits local companies as well," Koung Souk-Aloun, director of the construction project and of the Lao National Railway Company, told the *Vientiane Times* last September.

The Lao section of the railway will run south toward Vientiane through the provinces of Luang Namtha, Oudomxay and Luang Prabang.

Work on the Lao section commenced officially in March in Luang Namtha, with the route's overall completion date set for 2021.

When up and running, the Vientiane terminus will be linked to the railway network of Thailand that stretches to Bangkok, and further connected to Kuala Lumpur, capital of Malaysia, and eventually to Singapore.

Passenger trains will run at 160 km per hour in mountainous areas and up to 200 km/h on the plains, while freight trains will run at 120 km/h.

The opening of the China-Laos railway is expected to lift the overall economy of Laos that has been constrained by poor transportation, which results in costly logistics.

At the moment, the only railroad in Laos is a 3.5-km extension of Thailand's state railway network.

Roads still dominate the transport sector in Laos, representing 98 percent of the total travel of passengers and 86 percent of freight moved, according to the Lao Ministry of Public Works and Transport.

According to a recent study by the

Japan External Trade Organization, logistics costs in Laos are as high as double those of other countries in the Association of Southeast Asian Nations, likely due to poor basic infrastructure. The cost in Laos works out at \$2.50 per km, while in Thailand it only costs \$1.10 per km, the study showed.

The China-Laos railway will prove to be a drastically cheaper and more efficient alternative.

The journey from Vientiane to the Boten border point will be reduced from around three days by road to less than three hours by rail. Freight rates will also be reduced to 269,750 kip (\$32) per ton, only one-third of the price by road transport, according to a study by Lao authorities.

Passengers, on the other hand, will benefit from cheaper fares at around 161,850 kip, nearly half the current fare by road, Somsavat Lengsavad, former deputy prime minister of Laos, told the Lao National Assembly last year.

The country can expect 6.11 million passengers annually in the first few years of the railway's operation and 8.62 million passengers each year in the long term.

Foreign investors are pinning high hopes on the China-Laos railway to cut costs and enable the flow of

goods and people in Laos.

The opening of the railway will be a boon to the flourishing Saysettha Development Zone near Vientiane, whose gate is merely 1 km away from the capital's terminus, according to Liu Hu, the zone's general manager.

As a collaborative project between the Chinese and Laotian governments, the project is a state-level special economic zone in Laos. By 2030, it aims to accommodate 150 companies in industries including agricultural products, machinery manufacturing and logistics.

"Logistics costs have a significant impact on our companies in the area. When the China-Laos railway starts service in the future, it will dramatically reduce the costs of transporting raw materials and products into and from our development zone," said Liu.

Liu, who is also vice-general manager of Yunnan Provincial Overseas Investment, the Chinese investor behind the Saysettha project, added that the railway can ramp up domestic and foreign investment in Laos.

"It will definitely boost the confidence of investors, as it smooths the way for cheaper and faster logistics," Liu said.

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