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A global platform – YIFFY Award

Promoting spirit of regional cooperation

Thailand's logistics challenges

"Optimise and internationalise" – the ch

Logistics is considered a critical paradigm that will enable Thailand to maintain its competitiveness on the global market.

Boats on the Chao praya River in bangkok. The most important waterway for internati

The Office of the National Economic and Social Development Board (NESDB) in cooperation with the Royal Thai government has formulated its logistics development strategy for the period between 2007–2011 as: 1) improve business logistics 2) optimise transport and logistics network 3) internationalise logistics service 4) enhance trade facilitation and 5) capacity building. In 2007, Thailand's logistics cost was estimated at 18.9 per cent of GDP.

ROAD

Due to door-to-door accessibility and existing supporting facilities, road transport (trucks and pick-ups) is the most utilised mode in Thailand. In 2007, more than 85 per cent (weight) of goods were transported this way. Roads are built and maintained by the Department on Highways, Ministry of Transport. The latest statistics from the department shows that there are over 64,745 km of road, and they are all easily accessible.

The developed supporting road infrastructure includes three truck terminals in the Bangkok area, an off-dock container freight station at Bangkok seaport, inland container depot, 18 container yards and 89 public and private warehouses.

RAIL

The one-metre-gauge line covers 46 provinces and is 4,180 km long. Around 93.3 per cent of rail tracks are single lane, designed to support 15–18 ton containers with a maximum speed of 80 km/h. Major connecting points are at Bangkok port, Lam Chabang port, Lad Krabang ICD. The Thai train system is also connected to Lao PDR and Malaysia. Domestically, petrol, cement, rock and sand are the main commodities that use this mode of transport, accounting for 40 per cent of the gross weight carried.

AIR

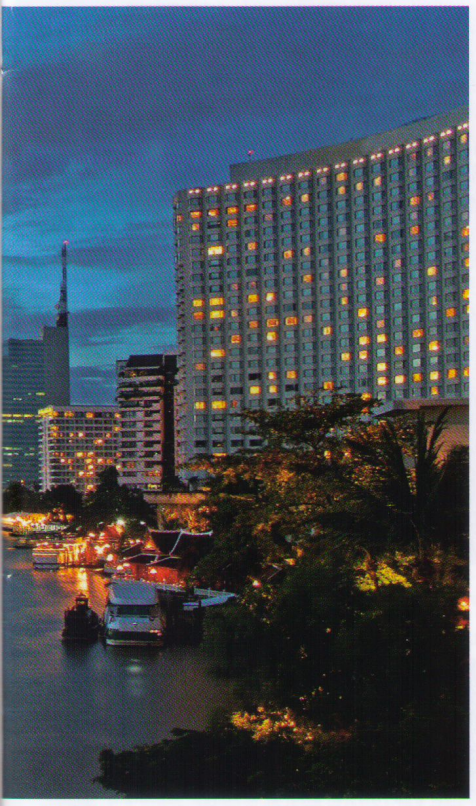
Currently, there are 35 commercial airports with six of them international. These airports – Suvarnabhumi, Bangkok, Chiang Mai, Chiang Rai, Phuket, Hat Yai – are both for passenger travel and freight transport. These freight terminals are operated by Thai International and Bangkok Flight Services (BFS) in Suvarnabhumi.

The distribution centre at Suvarnabhumi airport is 568,000 sqm. It can serve more than three million tons of goods per year. Upon its full development within the next few years, Suvarnabhumi airport will have a handling capacity for 100 million passengers per year and 6.4 million metric tons of cargo annually. In terms of both import and export, Suvarnabhumi is the main air gateway with a more than 94 per cent share of the incoming/outgoing goods.

INLAND WATERWAY

River transportation is separated into two categories: domestic and international. The Mekong River is the most important waterway for international trade, especially for trade with southern China with Chiang Saen and Chiang Khong as the main Thai ports. Major export commodities for southern China are dried longan,

allenge of logistics in Thailand



onal trade is the Mekong.

rubber, textile, and agricultural products. Major import products are mainly fruits and vegetables.

Barges are mostly used on rivers because of the limitation in terms of the water's depth and width. The Chao Phraya (170 km long), Pa Sak (47 km), Bang Pakong (10 km), Mae Klong, and Ta Cheen (47 km) rivers are the major domestic waterways for transportation. Sixty-one river ports established along these rivers are mostly private and located mostly around Bangkok and its vicinity. There are also several warehouses and freight yards built along the river for loading and unloading goods. Major commodities transported this way are low-cost, as well as goods that are time independent such as sand, stones, cement, rice and sugar.

Sea Transport

It has been estimated that more than 90 per cent of the volume of gross imports and exports are transported by sea. The average import volume is 100 million tons and the average export volume is 90 million tons. Among 122 seaports around the coast, the largest are 1) Bangkok Port with a capacity of 1.3 million TEU 2) Laem Chabang Port with a capacity of three million (developing to 10.5 million TEU in the future) and 3) Map Ta Phut Port.

Logistics Service Providers

Logistics Service Providers (LSPs) play a significant role in the system. Currently, there are approximately 15,000 LSPs registered in Thailand, most of them small and medium size Thai-national businesses. However around 50 per cent of the overall market belongs to multinational LSPs.

Focusing on each mode of service, on the main import/ export route – sea transportation – there are more than 500 sea-related LSPs, accounting for more than 500 billion baht in market size. Road-related LSPs are also significant since they are the main transportation mode for commodity movement within country. Currently, more than 700,000 trucks are registered, generating a business value of more than 100 billion baht.

In terms of supporting facilities, there are more than 600 non-refrigerated warehouses and more than 10 distribution centres in Thailand. The total value of the business is estimated at more than 40 billion baht.

International freight forwarder and custom brokers play an important role in the country's logistics system. There are more than 300 international freight forwarders and more than 2,000 customs registered brokers.

Traders/Shippers/Consignees/ Manufacturers

For trade related activities, the World Bank's "Doing Business" database focuses on red tape obstacles to the movement of goods across borders and the ease of export and import as well as the number of needed documents. The database also looks at the cost and time taken for key export and import activities. The performance of Thai traders can be examined based on their cost and time competitiveness.

Thailand's capacity and coverage of infrastructure is acceptable. The quality of road, seaport and airports is relatively good. Even though multinational LSPs play a significant role in the Thai logistics chain, logistics firms in the country are striving to develop further. The challenges for Thai providers are great but they need to be addressed if local logistics service providers are to survive in a globalised world.

Thailand – Facts & Figures

Full name: Kingdom of Thailand

Population: 67.8 million (UN, 2009)

Capital: Bangkok

Area: 513,115 sq km (198,115 sq miles)

Major language: Thai

Major religion: Buddhism

Monetary unit: 1 baht = 100 satangs

Main exports: Food including rice, seafood and live animals, office equipment, textiles and clothing, rubber

GNI per capita: US $2,840 (World Bank, 2008)