

Bridging the Divide: Legal and Practical Issues in Rail Goods Transit Between Thailand and Laos

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Abstract

This study investigates rail-based goods transit's regulatory and operational challenges between Thailand and the Lao People's Democratic Republic (PDR). The research specifically (1) Analyzes the legal frameworks governing rail freight transit in Thailand and Lao PDR; (2) Identifies inconsistencies and practical hurdles impacting cross-border transit, including customs processes, electronic system integration, and transit guarantees; (3) Proposes actionable solutions for improving efficiency and harmonization in goods transit between the two countries. Thai regulations such as the Customs Act B.E. 2560 (2017) and the Customs Department Notifications No. 169/2563 and No. 185/2564 are compared with Lao PDR's legislative frameworks like the Tax Law, revealing critical gaps. Key practical issues include differing transit practices, train scheduling conflicts, and incompatible rail gauges (meter vs. standard). Solutions include quota negotiations for rail wagons, streamlined fee structures for customs-related services, and infrastructure support for rail gauge transitions. This research offers policy recommendations to enhance bilateral cooperation and streamline rail transit operations.

Keywords: Cross-Border Trade, Customs Regulations, Lao PDR, Rail Freight Transit, Rail Infrastructure, Transit Logistics, Thailand.

Introduction

The China-Indochina Peninsula Economic Corridor (CICPEC) represents a strategic link in Asia's international shipping network, connecting China with Southeast Asia, South Asia, and the Indian Ocean (Wei et al., 2021). This corridor is pivotal in shaping Thailand's trade and transportation policies, reflecting its geographical and economic significance (Rojanaleekul et al., 2022). As part of China's Belt and Road Initiative (BRI), the corridor is a critical node for integrating regional supply chains and enhancing cross-border trade efficiency.

A significant milestone in the development of CICPEC is the Lao-China Railway project, inaugurated on December 2, 2021 (Lim, 2021). Spanning approximately 414 kilometers, the railway links Kunming in China's Yunnan Province to Vientiane, Lao PDR, via Boten, encompassing 31 stations (Thongnoi, 2024). The railway helps in moving goods and passengers and establishing an infrastructural foundation for further regional integration (Asian Development Bank, 2019; Lieophairot & Rojniruttikul, 2023).

The connection between the Lao-China Railway and Thailand's Nong Khai-Tha Na Laeng railway line is vital, a segment covering 5.35 kilometers. This cross-border linkage underscores the railway's potential to enhance Thailand's role as a regional logistics hub by connecting its rail infrastructure to Laos and China (Thongnoi, 2024).

However, realizing the full potential of this corridor hinges on overcoming significant challenges. Thailand is actively working on expanding its rail network to connect seamlessly with the Lao-China Railway. Projects such as the high-speed railway line from Bangkok to Nakhon Ratchasima, extending to Nong Khai, are expected to improve connectivity but face delays, with completion anticipated only between 2029 and 2032 (Tissayakorn et al., 2019).

However, the Thai rail network's reliance on single-track lines limits its efficiency; although ongoing

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double-track railway projects aim to address these limitations, construction issues continue to hinder progress. The Lao-China Railway promises to significantly reduce transportation costs (Wongpit & Sabhasri, 2022). According to the World Bank, shipping goods from Thailand's Laem Chabang Port to Kunming via the Lao-China Railway can lower freight costs by 32% to over 50%, depending on the mode of transport (Raymond, 2021). Single- and double-track trains offer considerable cost savings over road freight, and high-speed rail options promise even greater efficiency. Nevertheless, rail freight is not yet as popular as waterborne transport due to existing infrastructural and operational constraints.

The corridor's success also depends on harmonizing regulatory frameworks governing the transit of goods (Sayavong, 2023). Currently, international transit is regulated by agreements such as the *General Agreement on Tariffs and Trade* (GATT), the *ASEAN Framework Agreement on the Facilitation of Goods in Transit* (AFAFGIT), and the *Greater Mekong Subregion Cross-Border Transport Facilitation Agreement* (GMS CBTA) (Agreement F, 2018). Despite these frameworks, inconsistencies in customs regulations and transit procedures between Thailand and Lao PDR present operational hurdles. Challenges include discrepancies in rail gauge standards, inefficiencies in electronic customs systems, and procedural delays.

This research article addresses these critical issues by examining the legal and practical barriers to goods transit via rail between Thailand and Lao PDR. By identifying inconsistencies and proposing solutions, the study seeks to optimize transit operations and prepare for the anticipated expansion of international trade facilitated by the Lao-China Railway. Through harmonized policies and infrastructure development (Denata, 2024), this initiative can possibly enhance regional trade and logistics capabilities, contributing to broader economic integration.

Conceptual Framework

This section examines the legal and procedural frameworks governing the transit of goods by rail between Thailand and the Lao People's Democratic Republic (PDR). It explores international agreements, regional initiatives, and national regulations to identify opportunities and challenges in harmonizing transit procedures.

International Legal Frameworks

The transit of goods between Thailand and Lao PDR is shaped by several international agreements that set standards for cross-border trade and transportation (Emerging Markets Consulting, 2019):

General Agreement on Tariffs and Trade (GATT)

GATT 1994 outlines principles for facilitating goods transit (Taylor, 2002), including:

Minimizing unnecessary regulations and procedures that hinder transit.

Prohibiting customs duties on goods in transit.

Ensuring efficient transit processes, such as the timely return of guarantees provided by operators.

These principles emphasize efficiency, non-discrimination, and removing unnecessary trade barriers.

Trade Facilitation Agreement (TFA)

Under the World Trade Organization (WTO), the TFA promotes seamless transit through measures such as (Shrestha & Kyophilavong, 2021):

Streamlining customs processes to avoid delays.

Enabling advance submission and processing of transit documentation.

Restricting fees to actual administrative costs and service provision.

The agreement reinforces the need for transparent, efficient, and predictable transit systems.

Convention of May 20, 1987, on a Common Transit

This convention establishes operational frameworks for transit, including guarantees, documentation, and procedural harmonization across member countries. It supports unified customs procedures to facilitate the movement of goods across borders.

Regional Framework: ASEAN Agreements

ASEAN has developed a robust framework for enhancing goods transit among member states.

ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) -Adopted to promote regional connectivity, AFAFGIT includes nine protocols. Protocol 6 is particularly relevant for rail transit and outlines (2011 Protocol 6, 2011).

- Infrastructure requirements at border and interchange stations.
- Streamlined processes for rolling stock inspections, freight handling, and customs operations.
- Coordination of train schedules and freight movement.

Although most ASEAM countries such as Thailand, Vietnam, and Cambodia have ratified Protocol 6 (10 total), other ASEAN member states have not, leading to inconsistent application across the region.

Hanoi Plan of Action - This initiative emphasizes the implementation of AFAFGIT, with member countries committing to developing integrated rail transit systems.

National Frameworks

Thailand

Thailand's legal framework for rail transit emphasizes harmonizing domestic laws with regional and international agreements. Key regulations include:

- **Customs Act B.E. 2560 (2017)**: Governs customs procedures for transit operations.
- **Customs Department Announcement No. 169/2563**: Establishes ASEAN Customs Transit System protocols.
- **Customs Department Announcement No. 185/2564**: Implements electronic customs documentation and processing systems. (See Appendix A for detailed customs procedures under Announcement No. 185/2564.)

Lao PDR

Lao PDR's legal framework supports its role as a transit country between Thailand and China. Key regulations include:

- **Tax Law (Revised Version)**: Specifies customs requirements for transit goods, including exemptions and prohibited items.

- **Law on Railway Transportation:** Regulates rail infrastructure and transit licensing.
- **Law on Transport and Logistics:** Oversees the broader transportation and logistics sectors, including rail transit.

Challenges in Harmonizing Transit Procedures

Despite these frameworks, significant challenges persist in facilitating goods transit by rail:

- **Disparate Customs Processes:** Differences in customs procedures and documentation between Thailand and Lao PDR create delays.
- **Infrastructure Compatibility:** Variations in rail gauge standards (meter vs. standard gauge) hinder seamless transit.
- **Partial Implementation:** Incomplete ratification of ASEAN agreements, such as Protocol 6, limits the uniform application of transit policies.

Addressing these challenges is an essential element in realizing the potential of initiatives like the Lao-China Railway, which can significantly enhance regional trade and economic integration.

This literature review provides the foundation for the study's methodology, which explores how these legal and procedural frameworks impact goods transit by rail and identify actionable solutions for improving cross-border cooperation.

Methods

This research investigates the legal and practical challenges of goods transit by rail between Thailand and the Lao People's Democratic Republic (PDR) (Chanthavong, 2024; Lane, 2020; Lieophairot & Rojniruttikul, 2023), focusing on the movement of goods between China and Thailand through Laos (Thaithong & Thaithong, 2020). It examines inconsistencies in regulations and procedures at key transit points, such as the customs checkpoint in Nong Khai Province (Thailand) and the Vientiane (Lao PDR) customs office. Addressing these challenges is essential for facilitating smoother transit operations and promoting regional economic integration.

Objectives

The study aimed to:

- Analyze the various rules and regulations governing goods transit by rail in Thailand and Lao PDR.
- Identify legal and practical challenges affecting rail-based goods transit between the two countries.
- Propose solutions to harmonize transit procedures and improve cross-border cooperation.

International and Domestic Legal Frameworks

Effective transit of goods by rail relies on compliance with international agreements and national regulations. Relevant international frameworks include:

- The *General Agreement on Tariffs and Trade* (GATT) provides overarching rules for international trade.

- The *Trade Facilitation Agreement* (TFA) aimed to reduce barriers to cross-border trade.
- The *May 20, 1987, Convention on a Common Transit* establishes guidelines for transit across multiple jurisdictions.

Key Thai laws include:

- The *Customs Act B.E. 2560 (2017)*, which governs customs procedures.

Relevant Lao PDR regulations include:

- The *Convention on Land Transport between Lao PDR and Thailand* outlines bilateral transportation agreements.
- The *Railway Law*, which regulates rail operations in Lao PDR.
- The *Tax Law* and the *State Decree on Dry Ports* addressing customs and transit logistics.

Expected Outcomes

This research hopes to provide policymakers actionable recommendations and relevant agencies in both countries. Proposed solutions include:

- Harmonizing customs procedures to reduce delays at border checkpoints (Suvakunta et al., 2024).
- Improving infrastructure to facilitate seamless rail connections, such as addressing differences in rail gauge standards.
- Enhancing electronic customs systems for efficient data sharing and tracking.

The findings are expected to benefit domestic and international businesses by streamlining transit operations, reducing costs, and improving investment opportunities. By addressing these issues, the study contributes to optimizing the potential of the Lao-China Railway and other regional infrastructure projects for facilitating trade and economic growth.

Results

This section presents the findings of a comparative analysis of the legal and procedural frameworks governing the transit of goods by rail between Thailand and the Lao People's Democratic Republic (PDR). The analysis highlights provisions under Thailand's Customs Act B.E. 2560 (2017) and related announcements in comparison with Lao PDR's Revised Tax Law, identifying critical similarities, differences, and operational challenges.

Objectives of Legislation and Enforcement

Thailand's Customs Act B.E. 2560 (2017) aligns with ASEAN agreements to facilitate seamless cross-border goods transit. Key objectives include ensuring compliance with the ASEAN Customs Transit System (ACTS) and the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), which aims to standardize customs procedures across member states (ASEAN, 2023).

Conversely, Lao PDR's Revised Tax Law establishes foundational rules for goods transit, emphasizing alignment with international agreements, such as the General Agreement on Tariffs and Trade (GATT). However, its focus on domestic regulatory concerns limits its integration with ASEAN-centric frameworks

(Llanto, 2012; Umezaki, 2019).

Customs Procedures for Goods in Transit

Thailand implements comprehensive customs regulations under Announcement No. 169/2563, requiring goods in transit to pass through designated checkpoints identified in AFAFGIT Protocol 2. The use of the ASEAN Transit Customs Declaration simplifies documentation and ensures compliance with ACTS. Transit operators must complete customs procedures within 30 days to avoid the seizure of goods (ESCAP, 2018).

Lao PDR's customs procedures, governed by the Revised Tax Law, emphasize general international standards, requiring tamper-proof seals and detailed declarations for goods transit. These measures focus on preventing illegal activities, but the lack of ASEAN-specific protocols creates inefficiencies (ASEAN, 2023).

Vehicles and Border Control

Thailand mandates the use of ACTS-registered vehicles along designated transit routes, as defined in AFAFGIT Protocol 1. Operators must present a Transit Accompanying Document (TAD) at customs checkpoints to ensure compliance. This system is supported by digital tools for tracking and monitoring (Llanto, 2012).

Similarly, Lao PDR requires specialized vehicles equipped with tamper-proof seals. Customs officers at designated checkpoints inspect these vehicles to ensure security. However, the absence of a unified system aligned with ASEAN frameworks restricts the seamless movement of goods (ESCAP, 2018).

Guarantees for Goods in Transit

Thailand employs flexible guarantee mechanisms under Announcement No. 185/2564, allowing operators to secure financial guarantees through the ACTS system. Tools like the ASEAN Trader Portal enable efficient management of single or multiple journey guarantees (ASEAN, 2023).

In contrast, Lao PDR relies on traditional guarantee methods, such as bank letters or cash deposits. While effective at enforcing compliance, these methods lack the technological integration required for modern, streamlined operations (Umezaki, 2019).

Operational Challenges

The analysis identifies several key challenges:

Disparate Customs Procedures - Thailand's adoption of ACTS protocols support harmonized operations, but these systems are incompatible with Lao PDR's broader international standards, which lack ASEAN-specific integration (ESCAP, 2018).

Infrastructure Incompatibility - Rail gauge differences between Thailand (meter gauge) and Lao PDR (standard gauge) disrupt transit operations. Addressing this issue requires infrastructure investments, such as dual-gauge systems or transshipment facilities (ESCAP, 2020).

Incomplete Ratification of Agreements - Protocol 6 of AFAFGIT, essential for harmonizing railway border operations, was not fully ratified by ASEAN members until the 29th ASEAN Transport Ministers Meeting in 2023. The meeting, held in Luang Prabang, Laos, marked the ratification of Protocol 6, facilitating better implementation of ACTS and advancing multimodal transport across the region (ASEAN, 2023).

Further details of the comparative analysis are provided in Appendix A, which outlines specific provisions under Thailand's *Customs Act B.E. 2560 (2017)* and Lao PDR's *Revised Tax Law*. This table highlights key

regulatory differences, such as customs procedures, transit guarantees, and border control mechanisms.

Discussion

The comparative analysis of Thailand's and Lao PDR's laws governing goods transit by rail highlights significant regulatory disparities that affect cross-border efficiency and integration. Thailand's regulatory framework, driven by the *Customs Act B.E. 2560 (2017)* and accompanying announcements, is closely aligned with ASEAN agreements like the ASEAN Customs Transit System (ACTS). Innovations such as the *Trader Portal* allow operators to calculate guarantee requirements and streamline operations, positioning Thailand as a leader in the region.

Conversely, Lao PDR's reliance on the **Revised Tax Law** provides a general regulatory framework without the specificity or technological integration seen in Thailand. Furthermore, Lao PDR has not yet ratified Protocol 6 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), hindering regional alignment (ACTS, 2019).

Key challenges include:

Transit Guarantees - Thailand offers flexible guarantee options (single or multiple journeys), while Lao PDR relies on traditional bank letters or checks, reducing operational efficiency.

Customs Procedures - Thailand implements ASEAN-specific protocols for different transit scenarios, while Lao PDR limits operations such as vehicle changes to domestic entities, potentially restricting international collaboration.

Control and Enforcement - Thailand enforces stricter timelines, requiring goods to be cleared within 30 days, compared to Lao PDR's more lenient 90-day policy. To enhance cooperation, both countries must address these gaps, focusing on harmonizing systems to facilitate the Lao-China Railway's potential.

Policy Implications

The disparities in regulatory frameworks underscore the need for coordinated reforms to improve cross-border rail transit efficiency. Collaborative efforts are essential to align policies, streamline customs processes, and integrate infrastructure across the region. These reforms would strengthen bilateral trade, enhance ASEAN's logistics network, and bolster global competitiveness.

Recommendations for Policy Reforms

Adoption of ASEAN Protocols - Lao PDR should prioritize the ratification and implementation of Protocol 6 of AFAFGIT to ensure consistency in customs procedures, freight handling, and infrastructure requirements.

Streamlining Transit Guarantees - Thailand could simplify its guarantee processes to accommodate less advanced operators. Lao PDR could adopt digital solutions for transit guarantees, enhancing efficiency for international stakeholders.

Infrastructure Harmonization - Resolve rail gauge incompatibility through investments in dual-gauge systems or seamless transshipment facilities. Develop shared logistics hubs, such as the Nong Khai-Vientiane rail link, to improve operational efficiency.

Capacity Building - Thailand could assist Lao PDR in implementing electronic customs systems, providing technical training and expertise to reduce regulatory inconsistencies.

Public-Private Partnerships (PPPs) - Encourage PPPs to mobilize resources for infrastructure upgrades, particularly in Lao PDR's transit systems, fostering innovation and reducing financial gaps.

Harmonization Dialogue - Establish a bilateral working group with stakeholders from government, private sectors, and ASEAN bodies to resolve regulatory discrepancies and promote seamless transit operations.

Conclusion

The research highlights critical regulatory and procedural disparities between Thailand and Lao PDR in managing goods transit by rail. Thailand's integration with ASEAN frameworks positions it as a regional leader, while Lao PDR's framework, though functional, lacks alignment with ASEAN-specific agreements. Addressing these differences through targeted policy reforms is essential to capitalize on opportunities presented by the Lao-China Railway.

Key strategies include harmonizing customs procedures, adopting ASEAN protocols, and enhancing infrastructure compatibility. Such efforts would improve trade efficiency, reduce costs, and reinforce the region's position in global supply chains. Sustainable growth and deeper integration depend on collaborative efforts to modernize regulations and invest in shared infrastructure.

Recommendations

- Based on document analysis and interview findings, the following actions are proposed:
- *Operational Improvements* - Adopt unified electronic systems for rail transit in both countries. Enable train drivers to operate across borders to reduce delays and improve resource management.
- *Infrastructure Upgrades* - Expedite the construction of dual-gauge railway tracks and new bridges over the Mekong River to address gauge incompatibility and improve structural reliability.
- *Enhanced Logistics Management* - Establish quotas for rail wagons and containers to reduce delays. Implement clear fee structures for customs-related services and transshipment operations.
- *Sustainable Transit Practices* - Promote rail transit as a cost-effective and environmentally friendly alternative to other transportation methods, reducing pollution and operational expenses.
- *Collaborative Governance* - Develop harmonized customs procedures under GATT (1994) and the Trade Facilitation Agreement (TFA). Create a unified border inspection ecosystem with sufficient staffing and streamlined processes to minimize delays.

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<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
<ul style="list-style-type: none"> • Objectives of Legislation and Enforcement 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • 1. Thailand has an obligation to amend its laws to facilitate the transportation of goods across borders among ASEAN member countries. <ul style="list-style-type: none"> • 2. Rail transit can only take place when there is an agreement between the countries involved. • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> <ul style="list-style-type: none"> • 1. This applies to the execution of cross-border customs procedures for the transportation of goods between ASEAN member countries under the ASEAN Cross-Border Customs System, involving at least three ASEAN member countries relevant to the transport. • 2. In cases where Thailand is the transit country and ASEAN operators have already complied with the cross-border procedures according to this announcement, they cannot change the customs procedure to normal import-export customs procedures. • 3. ASEAN cross-border operators in Thailand must be the importers, exporters, applicants for transit, or transporters who are registered customs agents within the Customs Department's contact registry. • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> <ul style="list-style-type: none"> • 1. This applies to cross-border transactions under the General Agreement on Tariffs and Trade (GATT 1994), excluding the customs procedures for cross-border transactions governed by the provisions of any other treaties and agreements that have specific laws and regulations established by domestic law regarding guidelines, methods, and conditions. • 2. An applicant for cross-border transactions who has already followed the procedures under this announcement cannot change the customs procedure to those under announcements issued in accordance with other international agreements. 	<ul style="list-style-type: none"> • 1. The tax law (revised version) will establish rules and measures related to the import, export, and transit of goods within the Lao People's Democratic Republic, laying down general regulations regarding goods such as price declaration, goods that must be labeled, prohibited goods, the movement of goods across borders, and goods that are exempt from duties, among others. • 2. In line with treaties and international agreements to which the Lao PDR is a party.
<ul style="list-style-type: none"> • Goods Imported into the Kingdom 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • -NA • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> <ul style="list-style-type: none"> • 1. Goods to be transported across the border under the ASEAN Customs Transit System must not include prohibited items as defined by the country through which the goods are being transported. 	<ul style="list-style-type: none"> • Goods to be transported across the border must not include prohibited items, which are defined by law, such as weapons, military equipment, drugs, psychotropic substances, and hazardous chemicals.

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) • and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
	<ul style="list-style-type: none"> • 2. Goods transported through the Kingdom under the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) must be exported outside the Kingdom within 30 days from the date of entry into the Kingdom. If ASEAN operators do not export the goods outside the Kingdom within the specified time, the goods will be deemed state property. • 3. The import, export, and transit of goods in and out of the Kingdom under this announcement must be conducted through the designated customs checkpoints specified in Protocol 2 of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT), which include the Aranyaprathet Customs House, Nong Khai Customs House, Mukdahan Customs House, Mae Sai Customs House, Chiang Khong Customs House, Mae Sot Customs House, and Sadao Customs House only. • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> <ul style="list-style-type: none"> • 1. A cargo manifest for the vessel or aircraft, or an international transport document or shipping receipt must indicate the port, place, or airport of origin and the port, place, or airport of destination outside the Kingdom. • 2. The container list (if applicable) must specify the port, place, or airport in the Kingdom through which the goods will transit. • 3. The cargo price list must include the names of the sender and recipient outside the Kingdom. • 4. Goods must be exported outside the Kingdom within 30 days from the date they are brought into the Kingdom. If the applicant does not export the goods outside the Kingdom within the specified time, those goods will become state property. 	
<ul style="list-style-type: none"> • Vehicle 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • -NA • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> <ul style="list-style-type: none"> • The transportation of goods across the border under this announcement must use vehicles selected for transporting goods through the ASEAN Customs Transit System by the transport agencies of ASEAN member countries and must transport goods along the routes specified in Protocol 1 of the ASEAN Agreement on the Facilitation of Goods in Transit (AFAFGIT) only. 	<ul style="list-style-type: none"> • The vehicle used for transporting goods must be a specialized container and must comply with the specified route and schedule.

<ul style="list-style-type: none"> Issues 	<ul style="list-style-type: none"> Customs Act B.E. 2560 (2017) and Related Announcements 	<ul style="list-style-type: none"> Tax Law (Revised)
	<ul style="list-style-type: none"> <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> There is no specification regarding the selected vehicles; it states that the transit can enter and exit at customs checkpoints where transportation is conducted by sea, air, or land. 	
<ul style="list-style-type: none"> Border Crossing Applicant 	<ul style="list-style-type: none"> <u>Customs Act B.E.2560 (2017)</u> -NA <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> 1. Individuals or legal entities wishing to become ASEAN transit operators must submit an application in accordance with the criteria specified in this announcement. 2. ASEAN transit operators are responsible for providing insurance that covers taxes for goods that are exempt during transportation under the ASEAN transit customs system. In cases where the goods are incomplete or do not match what was declared in the ASEAN transit customs system, customs officials may call upon the bank that issued the guarantee for the transit operator to pay the amount for the missing or lost goods. <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> Anyone wishing to apply for transit for the first time must submit a request for approval as a transit applicant using the form attached to this announcement at any customs office. 	<ul style="list-style-type: none"> 1. A transit service provider or agent is a person holding Laotian nationality who offers customs procedure services and transit services, authorized by the customs authority to carry out transit declarations on behalf of the owner, the freight carrier, and the goods. 2. Customs transport service providers must meet the following conditions and standards: <ul style="list-style-type: none"> 1) Possess a business license in the relevant field. 2) Have an office and operational staff. 3) Hold specialized educational qualifications and have knowledge of relevant laws. 4) Utilize modern equipment connected to the customs transit IT system. 5) Strictly comply with tax obligations as per applicable laws and regulations.
<ul style="list-style-type: none"> Guarantees for Border Crossing 	<ul style="list-style-type: none"> <u>Customs Act B.E.2560 (2017)</u> -NA 	<ul style="list-style-type: none"> It must be guaranteed by a check

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) • and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
	<ul style="list-style-type: none"> • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> • 1. Banks wishing to participate in the ASEAN Customs Transit System project must submit a written request to the Customs Department to be a guarantor for goods in transit under the ASEAN Customs Transit System project to the Customs Procedures Division, Customs Procedure and Tariff Standards Bureau. • 2. ASEAN transit operators should contact banks participating in the ASEAN Customs Transit System project to issue a guarantee letter. The transit operators can verify the minimum guarantee amount through the "Calculate Minimum Guarantee Usage Amount" section in the Trader Portal of the ASEAN Customs Transit System. The guarantee may be issued as either a Single Journey or Multiple Journey type. • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> • Once approved as a transit applicant and the approval information is recorded in the electronic system, the transit applicant must enter into a surety bond agreement using the form attached to this announcement, along with depositing a guarantee of 1 million baht or providing a bank guarantee. 	<p>or a guarantee letter from a bank or other financial institution as specified in the specific guidelines.</p>
<ul style="list-style-type: none"> • Customs Procedures for Border Crossing 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • -NA • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> • Customs procedures for the ASEAN cross-border customs system are divided into three cases: <ul style="list-style-type: none"> • 1. In the case where Thailand is the country of origin. <ul style="list-style-type: none"> • The ASEAN transit operators must prepare the ASEAN transit customs declaration in the ASEAN customs transit system. The exporter or their representative must prepare the export customs declaration according to the standards set by the Customs Department and comply with the export customs procedures as prescribed in the announcements, orders, or regulations issued by the Customs Department. • 2. In the case where Thailand is the destination country. <ul style="list-style-type: none"> • The ASEAN transit operators from the exporting country shall prepare the ASEAN transit customs declaration in the ASEAN customs transit system at the exporting country. The destination 	<ul style="list-style-type: none"> • 1. Tax transit services, particularly regarding the change of vehicles (tow heads and tow tails), are the prerogative of legal entities of Lao nationality that are members of the transport association, which is part of the International Transport and Logistics Association of Laos. These entities must be appointed through bidding or selection based on specific technical standards protected by the state and have signed a contract guaranteeing the provision of cross-border freight

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) • and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
	<p>customs checkpoint or the customs checkpoint within the country shall be designated as the endpoint of the transit. The importer or their representative must prepare the import customs declaration in accordance with the standards set by the Customs Department and comply with the customs import procedures as prescribed in the announcements, orders, or regulations issued by the Customs Department.</p> <ul style="list-style-type: none"> • 3. In the case where Thailand is the country being transited. • ASEAN transit operators shall prepare the ASEAN transit customs declaration in the ASEAN customs transit system, designating the customs checkpoints along Thailand's borders as transit customs points in accordance with the standards specified in the ASEAN customs transit system user manual. Furthermore, in carrying out the ASEAN customs transit procedures, ASEAN transit operators must have an authorized representative to act on their behalf in Thailand. • The customs procedures for ASEAN transit should use the ASEAN transit customs declaration form instead of the regular transit customs declaration form. • When the vehicle arrives at the customs checkpoint for the transit of goods, please proceed with the following actions. • The vehicle operator must submit the Transit Accompanying Document (TAD) to the customs officer. • The customs officers will verify the accuracy of the information regarding cross-border transport through the ASEAN customs transit system and check the integrity of the ASEAN member country seal on the cargo container doors of the transport vehicle. • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> • 1. The applicant for cross-border transit must be named on the shipping document, the goods manifest for the vessel or aircraft, or the international transport documents as the one conducting the transit. • 2. The applicant for cross-border transit must carry out customs procedures regarding the transit at the customs checkpoint where the goods are being brought into the Kingdom, and must record the details of the route used for transporting the cross-border goods. • 3. A customs declaration for cross-border transit must be prepared as specified in the announcement 	<p>transport services with the government.</p> <ul style="list-style-type: none"> • 2. Goods transit service providers or their agents serve as guarantors for the temporary licenses of all containers, packaging, and transport vessels that are registered domestically or imported from abroad. They must comply with the regulations for crossing and transiting borders in accordance with the law and adhere to the treaties and international agreements to which the Lao People's Democratic Republic is a party. •

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
	<ul style="list-style-type: none"> • 4. A transit movement document must be prepared as specified in the announcement. • 5. The applicant for cross-border transit must pay the fees for customs services. 	
<ul style="list-style-type: none"> • Customs Procedures for Goods Crossing the Border via Sea 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • - NA • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> • - NA • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> <ul style="list-style-type: none"> • 1. The freight forwarder or shipping agent must maintain a separate account for the cross-border goods on the vessel, distinct from the account for imported goods. • 2. When cross-border goods are stored on land, they must be kept in a designated storage area for cross-border goods within the customs zone, ensuring that they are kept separately and not mixed with other imported goods. • 3. Officials must inspect and load the goods in transit at the customs checkpoint as specified in the announcement. 	<ul style="list-style-type: none"> • NA
<ul style="list-style-type: none"> • Customs Procedures for Goods Crossing the Border via Air 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • - NA • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> • - NA • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> <ul style="list-style-type: none"> • 1. The customs procedures for goods in transit imported by sea, specifically Articles 14, 15, and 16, shall be applied by analogy (Articles 1-3 as per the table). • 2. The inspection and loading of goods in transit at the airport shall comply with the provisions outlined in the announcement. • 3. If the applicant for cross-border transport wishes to change the flight that will carry the cross-border goods out of the Kingdom and intends to move the goods from one storage location of the cross-border goods to another within the same airport for the purpose of changing the flight, this shall be conducted in accordance with the provisions specified in the announcement. 	<ul style="list-style-type: none"> • NA

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
<ul style="list-style-type: none"> • Customs Procedures for Goods Transit the Border via Land 	<ul style="list-style-type: none"> • <u>Customs Act B.E.2560 (2017)</u> • - • <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> • - • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> • The customs procedures for goods crossing the border by land shall be conducted in the same manner as the customs procedures for goods crossing the border by sea, with appropriate allowances. 	<ul style="list-style-type: none"> • 1. Cross-Border Tax Services: Specifically, the transfer of vehicle ownership (head and tail towing) is a privilege of legal entities of Lao nationality that are members of the Transport Association, which is part of the International Transport and Delivery Association of Laos. These entities are appointed through a bidding process based on specific technical standards protected by the state and have signed a service guarantee contract for cross-border transport of goods with the government. • 2. Providers of Cross-Border Freight Services: Freight forwarders or agents for cross-border transport are responsible for guaranteeing the temporary licenses of all containers, packaging, and transport vessels registered domestically or imported from abroad, ensuring compliance with cross-border and customs regulations in accordance with the law and adherence to treaties and international agreements to which the Lao People's Democratic Republic is a party.

<ul style="list-style-type: none"> Issues 	<ul style="list-style-type: none"> Customs Act B.E. 2560 (2017) and Related Announcements 	<ul style="list-style-type: none"> Tax Law (Revised)
		<ul style="list-style-type: none"> 3. Other Regulations: Additional regulations shall comply with the announcements of the relevant authorities.
<ul style="list-style-type: none"> Border Control 	<ul style="list-style-type: none"> <u>Customs Act B.E.2560 (2017)</u> - <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> - <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> 1. Transit of goods must be transported using container systems or closed van trucks that carry only transit of goods. 2. In the case of goods in transit by train, the cross-border transporter must load the containers onto the train cars in such a way that the doors of the containers face outward, allowing customs officers at the entry customs checkpoint to seal the doors of each container carrying transit of goods with wire and customs seals. 3. Transit of goods must be under the custody of customs from the moment they enter the kingdom until they are taken out of the kingdom. 4. Customs officers may search goods in transit without a warrant if there is reasonable suspicion that the goods are intended for terrorist activities or related to terrorism, or if the nature of the goods or the transport may affect security, peace, and international safety, or if there is false declaration of origin, or if the goods are illegal in relation to cross-border transport or transshipment. If the applicant for cross-border transport does not participate in the inspection of the cross-border goods, customs will keep those goods in custody. If 30 days pass from the date the cross-border goods entered the kingdom without being removed, those goods will be considered state property. 	<ul style="list-style-type: none"> 1. Goods in transit must be clearly identified and packed in special containers equipped with tamper-proof seals or electronic tracking devices, and must be stated in the transport documents that the goods are under the cross-border transport regime through the Lao PDR to the destination country. 2. International cross-border goods are under the control of customs officers and must be packed with tamper-proof seals or electronic tracking devices to prevent any transfer or sale of the goods within the country. 3. In cases where there is information regarding violations of the law, customs officers have the authority to inspect the goods.
<ul style="list-style-type: none"> Specific Customs Procedures 	<ul style="list-style-type: none"> <u>Customs Act B.E.2560 (2017)</u> - NA <u>Announcement of the Customs Department No. 169/2563 on the Implementation of Customs Procedures for the ASEAN Cross-Border Customs System.</u> - NA 	<ul style="list-style-type: none"> NA

<ul style="list-style-type: none"> • Issues 	<ul style="list-style-type: none"> • Customs Act B.E. 2560 (2017) • and Related Announcements 	<ul style="list-style-type: none"> • Tax Law (Revised)
	<ul style="list-style-type: none"> • <u>Announcement of the Customs Department No. 185/2564: Customs Procedures for Electronic Cross-Border Transactions.</u> • 1) In the case of goods imported by sea • 2) In the case of damaged or broken packaging or containers for goods in transit • 3) In the case of goods in transit that are not fully loaded as stated in the transit customs declaration in a single shipment • 4) In the case of accidents or unforeseen circumstances that necessitate changing the vehicle or container carrying the goods during the transportation of goods in transit between customs checkpoints • 5) In the case of a malfunction in the Customs Department's computer system • 6) In the case where the applicant for transit wishes to return goods brought into the Kingdom back to the country of origin or a third country, or to change the port of exit for the goods • 7) In the case where the applicant for transit wishes to change the customs procedure from transit to import • 8) In cases where there is a necessity that prevents compliance with the procedures outlined in this announcement and is beyond the discretion of the customs checkpoint, which requires the applicant for transit to submit a request to the customs checkpoint for consideration by the Customs Department on a case-by-case basis. 	