Carbon Neutral Transport Corridors – establishing the feasibility of energy efficiency in the road freight sector in Thailand, Lao PDR and Viet Nam

Transport corridors are being developed across the Greater Mekong Subregion (GMS) to improve transport connectivity, facilitate trade and economic development and boost regional cooperation. In order to address the expected greenhouse gas impacts of such corridors the GMS Environment Operations Centre (EOC) is developing interventions focusing on clean freight and forest based carbon sequestration.

Fuel costs make up between 40 – 60% of overall operating costs for transport companies in Lao PDR, Thailand and Viet Nam, and are one of the main factors defining high logistics costs in these countries. A feasibility study by the GMS Environment Operations Centre (EOC) focusing on the East-West Economic Corridor (EWEC) in Thailand, Lao PDR and Viet Nam has surveyed transport companies in the region in order to understand the state of play in the sector and to identify barriers and solutions for energy efficiency. The final output of the feasibility is to be a concrete outline of potential pilot projects to be implemented in the second phase of the CEP-BCI. Based on the study results, four main interventions (related to road freight transport) are being proposed:

- Low carbon technologies pilot. This project would pilot a scheme to deploy low-carbon technologies for freight trucks in Lao PDR, Thailand and Viet Nam. The scheme would include two parts: first, enabling access to energy efficient technologies for trucks\(^1\) which have been tested in a local setting; and second, developing a revolving fund mechanism to enable SME freight operators to access funds to purchase retrofit equipment as required.

- Vehicle upgrade / low-cost loans pilot. This would include piloting a scheme whereby vehicle operators could gain access to low cost finance to purchase a new / newer vehicle with reduced fuel efficiency specifications.

- Eco-driving training for freight companies. This project would build the capacity of existing institutions / service providers in the countries so as to provide access to regular eco-driving training for freight. It will include identifying and developing training materials, testing on a small sample, facilitating the development of existing institutions to provide and monitor eco-driving training for freight operators.

- Logistics management. This project would build capacity of transport associations in the region to facilitate access to relevant management techniques and skills, networking and information on logistics by freight operators. This would enable freight companies to reduce empty running and increase fuel efficiency per unit load carried.

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\(^1\) i.e. those that have been tested successfully in the region (e.g. China) - optimum sizing of tyres, equipment to monitor tyre pressure regularly and aerodynamic equipment to decrease the air resistance of the vehicle