

Chinese construction, urban engineering and megastructure stakeholders in Laos

Focus on transport, real-estate and tourism sectors

Arthur Guillot – Le Goff (Engineering student, UTC), supervised by Carine Henriot (AVENUE, UTC)
ANR VinoRosa, supervised by Adele Esposito (CNRS, IRASEC)

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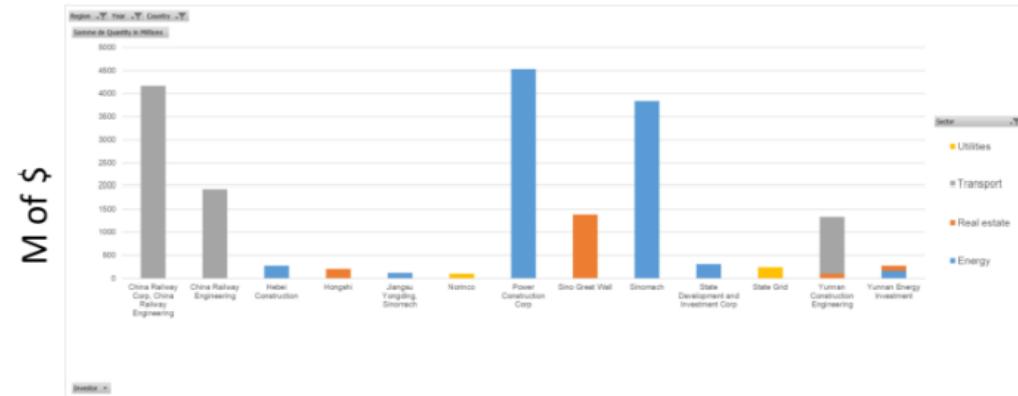
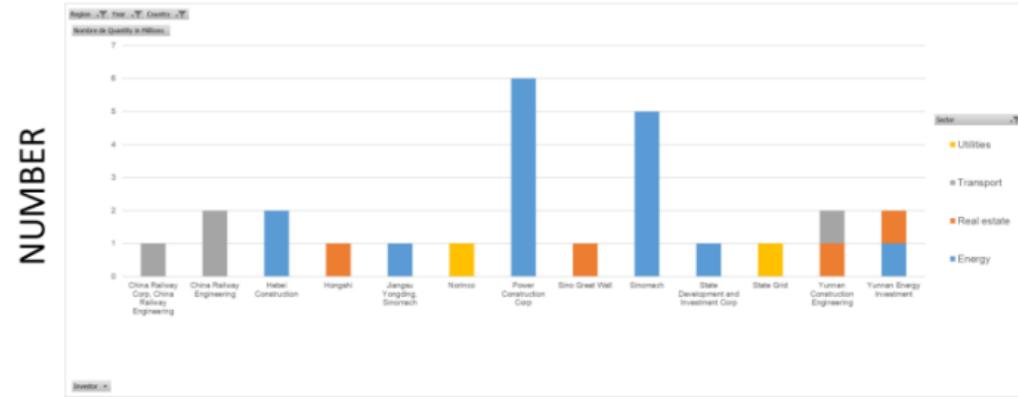
Introduction

- My research is based on the work of Julein Muselet who did a first **quantitative treatment of the China Global Investment tracker database**.
- My works will focus on the **qualitative analysis** if the Chinese stakeholders investing for the development of BRI.
- I'm basically doing some project and investor sheet to understand the way Chinese companies invest. And, what are the contributions of these companies in the field of urban engineering ?

Introduction

Investments per investors, per sector

- Laos still follow the same scheme for developing countries with massive investments coming from state owned companies in hydropower and rail.
- There is no property, every investment in real estate concerns construction.
- Non state owned companies are concentrated around Real estate.



Methodology

Presentation of the database : China Global Investment Tracker (from AIE)

→ Database entry : **these data will be our identification keys**

Year|Month|Investor|Quantity in millions|Share size|Transaction party|Sector|Subsector|
Country|Region|BRI|Greenfield|

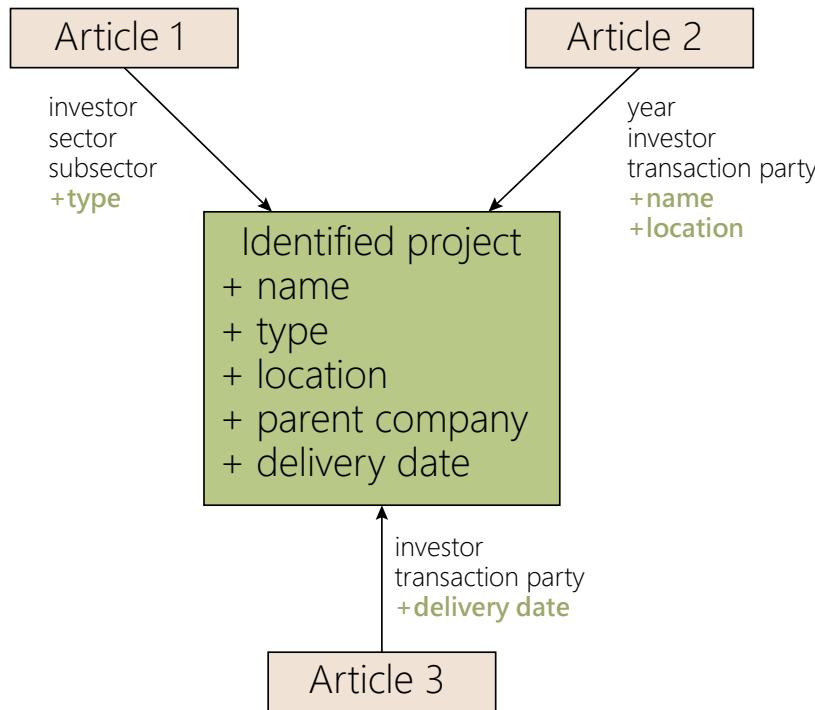
→ What informations we are looking for :

- + project name
- + type
- + location
- + parent company
- + delivery date

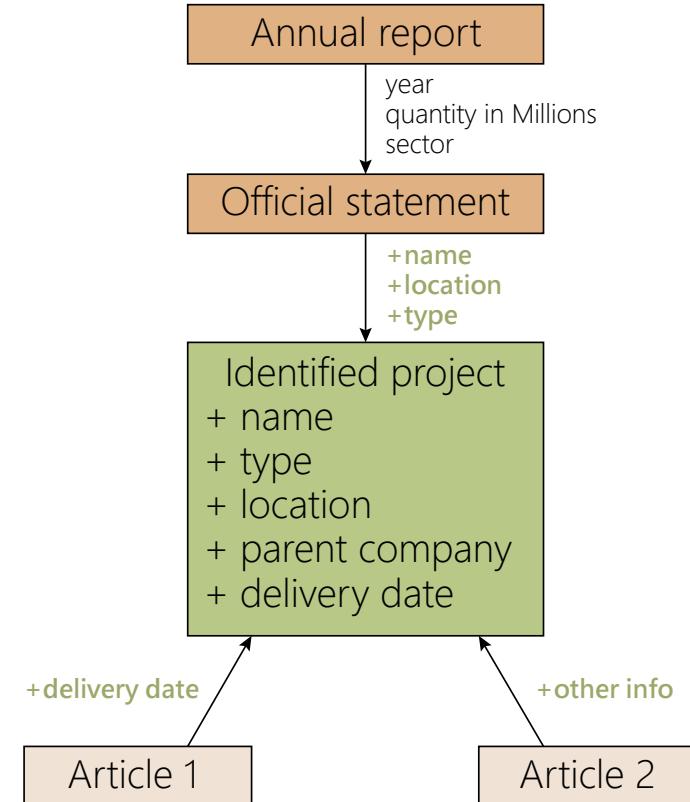
Methodology

The two methods for identifying a project

→ Cross-referencing of press articles



→ Analysis of official documents and matching press articles



Identified projects

Photo : Jessica DiCarlo

Transport : Laos-China Railway

Subsector : Rail

Type of project : Express train

Location : Kunming - Vientiane (414 km)

Delivery date : October 2021

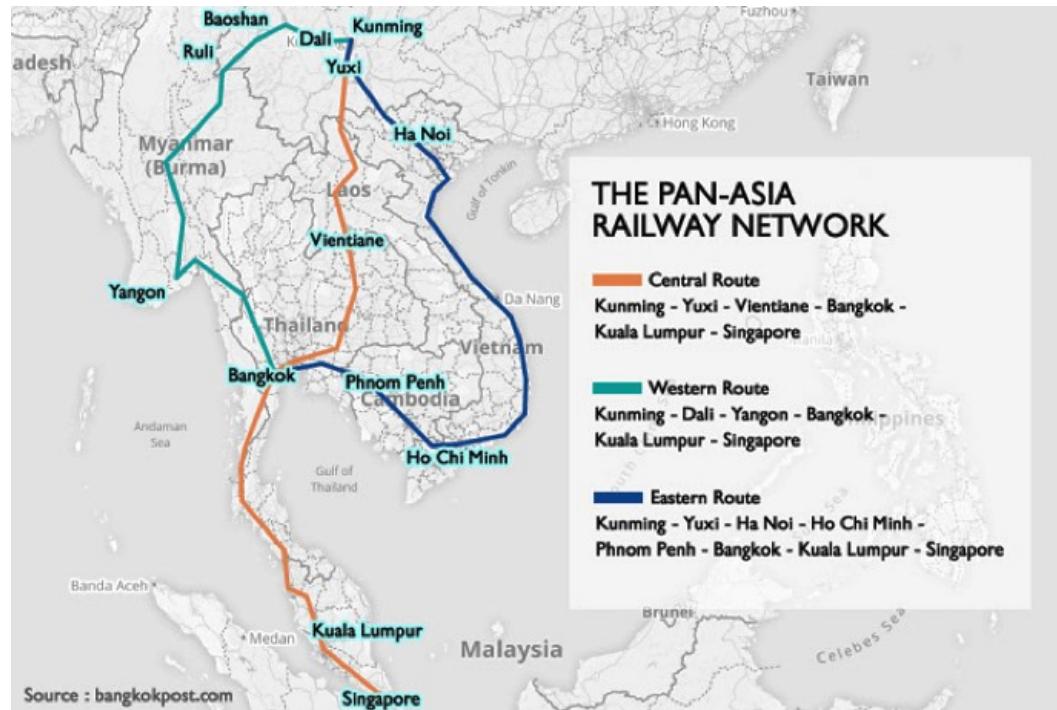
Investor : China Railway Engineering

- \$350 million in December 2015
- \$1580 million in September 2016
- \$4170 million in October 2018

Transaction party : none

Identification methodology :

Analysis of official documents and matching press articles



- Part of Kunming-Singapore railway project. Key project on the BRI because the other parts had been put in hold.
- BOT model with 50y of exploitation + 20y in option.
- It's the first BRI project finished, it will be fully operational in December 2021.
- The difficult mountainous terrain had been understood through the use of Beidou Satellite System and infrared scanning technologies.



Transport : Laos-China Highway Project

Subsector : Autos

Type of project : Road development

Location : Boten – Vientiane (440 km)

Delivery date : December 2020

Investor : Yunnan Construction

Engineering (\$1230 million, April 2018)

Transaction party : none

Identification methodology :

Cross-referencing of press articles



- This project was signed and initiated in 2018.
- the first part of the highway was delivered in December 2020 (Vientiane – Van Vieng, 110km).
- It will be the first express road in Laos.
- Build by Yunnan Construction Engineering along a Build-Operate-Transfer (BOT) model.
- The development respect technical standards for construction and operation
- It is build alongside the high-speed railway.



Real estate : Luang Lake Specific Economic Zone

Subsector : Property

Type of project : Residential & commercial

Location : Vientiane

Delivery date : Expected completion in 2030

Investor : Shanghai Wanfeng (\$500 million, January 2012)

Transaction party : none

Identification methodology :

Cross-referencing of press articles



- Construction of commercial, residential and tourist complex into 365 hectares.
- Shanghai Wangeng Group is known for it's Chinese mall.
- The investment is \$500 million, whereas we can find news talking about \$5000 or \$1600. The project is probably divided into multiple steps.
- Difficulties to find informations of what have been done or photography.



Real estate : Saysettha Specific Economic Zone

Subsector : Construction

Type of project : Industry, residential, commercial

Location : Vientiane

Delivery date : Expected completion in 2030

Investor : Yunnan Construction (\$100 million, December 2015)

Transaction party : Saysettha Development Zone

Identification methodology :

Analysis of official documents and matching press articles



- Located 14km at the north-east of the center of Vientiane, closed to the sino-laos railway (1,5km).
- This SDZ was launched in November 2010.
- Phase 1 : development of industries (\$1000 million), international companies will settle down there.
- Phase 2 : logistics, commerce and real estate (\$4000 million), the vision to become the sub-center of Vientiane city.



Real estate : Hin Huep cement plant

Subsector : Construction

Type of project : Factory

Location : Hin Huep

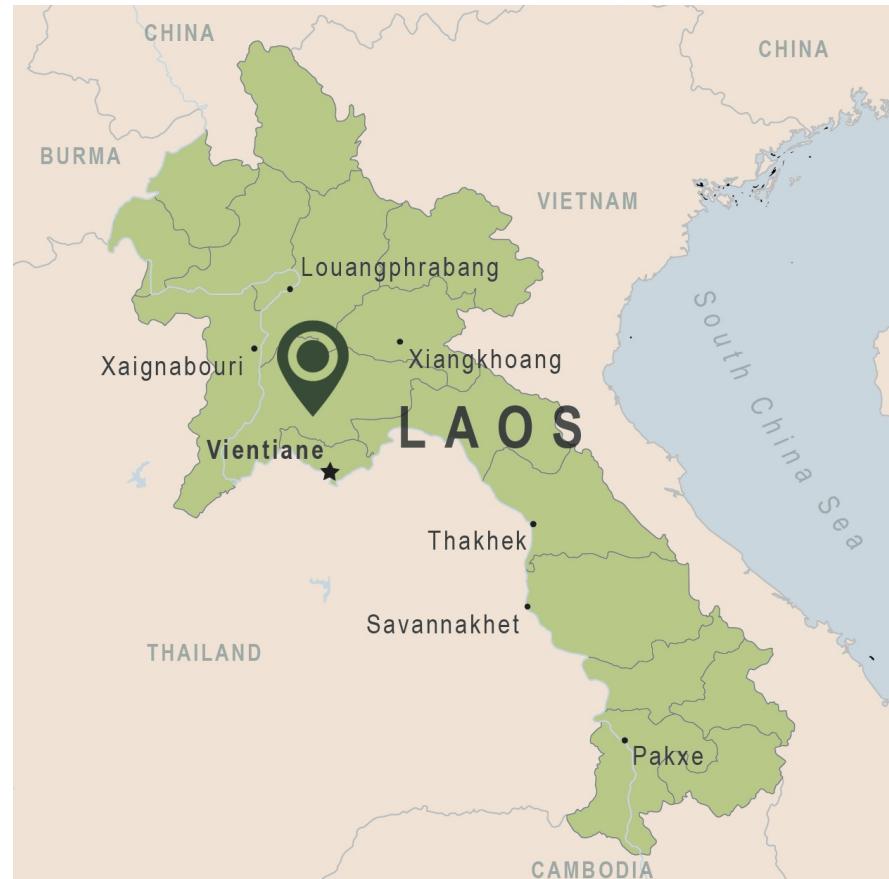
Delivery date : 2017

Investor : Hongshi (\$210 million, July 2017)

Transaction party : none

Identification methodology :

Cross-referencing of press articles



- Have an impact on Hin Huep city with the creation of infrastructure that are useful for the factory but also for the inhabitants (bridges, gas station...)
- Described as "eco-friendly technologies" but no further information.



Real estate : Jixiang cement plant

Subsector : Construction

Type of project : Factory

Location : Ban Lao-Nakham (Khammouane)

Delivery date : December 2015

Investor : Yunnan Energy Investment (\$120 million, December 2015)

Transaction party : none

Identification methodology :

Cross-referencing of press articles



- The project was signed in 2012 and inaugurated in December 2015 (the investment date in the data base seems to be confused with the delivery date).
- This factory produce 20% of Laos' cement.
- BOT model.
- It's helping to build infrastructure for the BRI, as it was the case for the China-Laos railway line.



Tourism : Luang Prabang International Airport

Subsector : none

Type of project : Airport

Location : Luang Prabang

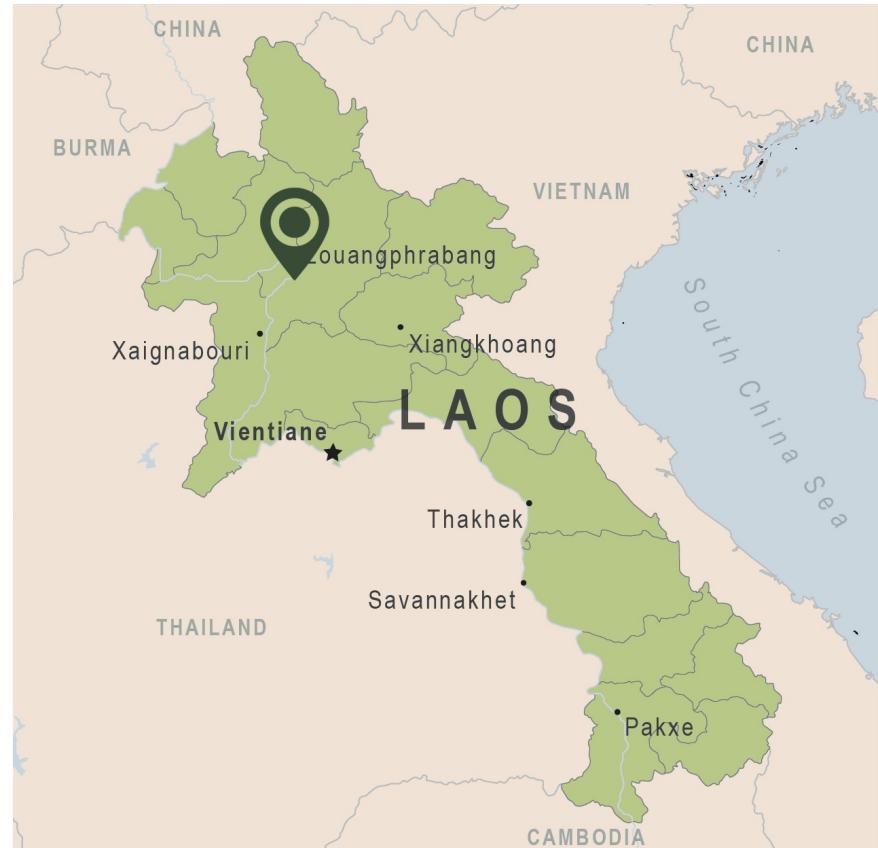
Delivery date : May 2013

Investor : SINOMACH (\$100 million,
October 2012)

Transaction party : none

Identification methodology :

Cross-referencing of press articles



- Reconstruction of the airport, including runway for planes, terminal building, cargo and associated facilities.



Conclusions

Results compiled

→ I find a working framework and methodology for identifying projects from the data base (100% of the transport, real-estate and tourism entry were found).

- Laos still follow the same scheme for developing countries with **massive investments** coming from state owned companies in hydropower and **rail**.
- There is no property, every investment in real estate concerns construction.
- Non state owned companies are concentrated around Real estate.
- Railway is a keystone in the BRI development, but over the 2030 horizon, the SEZ will represent an almost equivalent investment.
- A degree of accuracy is gained by knowing the type of infrastructure. For example for real-estate sector we have SEZ and production infrastructure (**cement plant**).

→ There is a link between these projects: Jixiang cement factory is helping to build the China-Laos railway line that will serve Saysettha SEZ industries.

Limits

→ The language barrier may result in a loss of more detailed information.

→ The database reliability is questionable.

- Some mistakes or some unclear entry (dates, amount of money invested),
- Misallocated sector filter
- The data base do not showcase all of the project.

Perspective

→ Continue to mine the database for other sectors
→ Take interest in other countries (Thailand)

No	SEZs	Loation	Established (Year)	Estimated Investment (USD)	Areas (ha)
1	Savan-Seno SEZ	Savannakhet	2002	74,000,000	1,012
2	Golden Triangle	Bokeo	2007 (Upgrade 2014)	1,000,000,000	3,000
3	Boten SEZ	Luangnamtha	2003 (Upgrade 2012)	500,000,000	1,640
4	VITA Park	Vientiane	2009 (Upgrade 2010)	43,000,000	110
5	Saysettha SEZ	Vientiane	2010 (Upgrade 2011)	128,000,000	1,000
6	That Luang SEZ	Vientiane	2011	1,600,000,000	365
7	Long Thanh SEZ	Vientiane	2008 (Upgrade 2012)	1,000,000,000	560
8	Dongphosy SEZ	Vientiane	2009 (Upgrade 2012)	50,000,000	54
9	Dongphosy 2 SEZ	Vientiane	2015	100,000,000	28
10	Phokhyo SEZ	Khammuan	2011	708,000,000	4,850
11	Thakhek	Khammuan	2012	80,000,000	1,035
12	Champasak SEZ	Champasak	2015	162,500,000	995
13	Luang Prabang SEZ	Luang Prabang	2016	1,200,000,000	4,850
Total				6,645,500,000	19499

From "The role of Chinese actors in the urban transition in Laos" presentation by Kesone Kanhalikhal

