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SUSTAINABLE EXPANSION OF FORESTRY AND WOOD PROCESSING IN LAOS AND AUSTRALIA

Title: *The June 2026 Route 9 Bridge Collapse: Impacts Upon Sun Paper's Operations*

Information Note: Market Intelligence #2

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Development Partners

Griffith University · The University of Melbourne · Australian National University · Delivering for Queensland · Queensland Government

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Declaration

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Currency:

At the time of writing (September 2026), the following exchange rates were in place:
Laos: USD = LAK 21,979
Vietnam: USD = VND 26,312
Thailand: USD = THB32.74
China: USD = RMB 6.83 S
Australia: USD = AUD1.40

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The June 2026 Route 9 Bridge Collapse: Impacts Upon Sun Paper's Operations



Figure 1. Route Map Sun Paper (Xepon) to Da Nang. Approx bridge location

1. Executive Summary

The late June 2026 collapse of the Houay Pasouan highway bridge near Ban Done has severed National Highway 9, the critical East-West logistics corridor linking Savannakhet to Vietnam. Because Sun Paper operates an import-dependent manufacturing enclave at Sepone, the prolonged closure of this route threatens severe margin compression, feedstock starvation, and imminent production halts. This report models the logistical dependencies, infrastructure repair timelines, and alternative routing contingencies following the collapse.



Figure 2. The Huaypaxuan bridge on National Road No. 9 in Xepon district, Savannakhet province, is closed for three months after serious faults were found in the road surface. *https://www.facebook.com/vientianetimesonline/posts/savannakhet-bridge-closed-for-3-months-detour-in-placethe-huaypaxuan-bridge-on-n/1635170071946553/*

2. Dependency on the Route 9 Logistics Corridor

The Sepone facility relies entirely on the Da Nang–Lao Bao supply corridor, which operates from 7 am to 10 pm, 7 days a week.

- **Raw Material Imports:** The packaging lines require 1,680,000 tonnes of American Old Corrugated Containers (AOCC) annually, which equates to approximately 4,600 tonnes per day.
- **Energy and Chemical Inputs:** The on-site thermal plant requires steady imports of over 157,000 tonnes of Australian coal annually to maintain its 180–190 MW base load, alongside 35,000 to 45,000 tonnes of chemicals and starches.
- **Export Volume:** Sun Paper exports 1.2 to 1.3 million tonnes of finished dissolving pulp and packaging testliner to China via Da Nang each year.
- **Daily Traffic:** Moving this volume requires 75,000 to 80,000 heavy truck round-trips annually, pushing over 200 fully loaded heavy trucks across the border daily.

The combined value of Sun Paper's imports and exports across the bridge on Highway 9 was over US$1.1 billion in 2025.

3. Incident Overview and Infrastructure Status

In late June 2026, the Houay Pasouan bridge near Ban Done failed structurally. This collapse was accelerated by 22-wheel transport trucks routinely exceeding the 50-tonne legal load limit. Some logistics operators overloaded vehicles to offset surging regional freight costs caused by severe fuel price spikes earlier in the year.







Figure 3. Damage to the Houay Pasouan bridge near Ban Done in late June 2026 and flood damage to the bypass culvert in early July 2026 (Photos courtesy SilviCarbon).

Although a temporary dirt diversion culvert was built, heavy rains washed it away by early July. Long-term reliance on a dirt bypass during the monsoon season has proven unviable, stranding hundreds of bonded trucks on both sides of the crossing and paralysing transit between Central Laos and Vietnam. A new concrete bridge is currently under construction and is expected to be completed about February 2027.



Figure 4. Temporary bridge diversion 17 September 2026.

4. Structural Transport Inflation and Fuel Costs

Although the acute fuel price shocks of early 2026 have subsided, road transport logistics across the corridor face a permanently higher cost plateau. In Thailand, diesel prices remain elevated above pre-shock baselines, while in Laos, ongoing

foreign exchange constraints and currency depreciation prevent retail fuel costs from returning to previous lows. Because long-haul heavy road freight is diesel-intensive - accounting for over 50% of total haulage costs on cross-border routes - transport contractors have institutionalised higher freight tariffs. This ongoing cost floor continues to penalise the 400-700 km road links required to move bulk timber, coal, and chemicals to and from the Sepone mill.

5. Repair Viability and Return to Normal

A rapid return to normal operations is highly unlikely in the short term – the dirt bypass cannot sustain heavy industrial traffic during the wet season. The earliest date for a return to full operations across Highway 9 is probably February 2027. All bridges on Route 9 are checked regularly, and nine bridges have been identified as potentially at risk. The Japanese government is reportedly providing assistance to strengthen three bridges.







Figure 5. Huaypaxuan bridge on National Road No. .9 Temporary causeway flooded. Causing long and serious queues and delays. 13 September 2026.

Reconstruction Timeline: Major structural repairs by the State Enterprise for Road Construction No. 8 to strengthen the load-bearing spans cannot safely begin until the dry season (late October or November). A Public Road Toll Collection (PRTC) system targeting heavy vehicles is expected to fund maintenance and repairs to Highway 9; revenues from industrial fleets will eventually finance infrastructure repairs and end the road-damaging impact of overloaded vehicles. An updated plan for repair and maintenance of Road No. 9 was provided before the bridge collapse on 10 March by Mr Leklai Sivilay, Minister of Public Works and Transport (MPWT) (Annex 1). The plan includes 4 official checkpoints; once they are operational, truck weights will be checked more strictly, and additional costs will be added to the transportation of imports and exports. However, there are community concerns that traders will pass on any additional costs for toll fees to cassava or eucalypt growers

6. Operational and Financial Impacts on Sun Paper

The highway closure exposes Sun Paper to cascading operational failures:

- **Feedstock Starvation:** Without the daily arrival of AOCC, the packaging board lines will rapidly exhaust on-site reserves.
- **Energy Risks:** If imported coal stockpiles deplete, the mill cannot power its chemical pulp lines.
- **Inventory Overflow:** With roughly 3,500 tonnes of finished goods produced daily, on-site storage capacity will quickly be breached, forcing manufacturing to cease regardless of raw material availability.
- **Escalating Penalties:** The company faces accumulating demurrage fees, port storage penalties at Da Nang, and massive idled fleet costs.

7. Contingency Rerouting Options and Logistical Consequences

Given the unviability of the Da Nang–Lao Bao corridor until the dry season, Sun Paper must explore alternative logistics routes, primarily utilising Thailand's maritime gateways (e.g., Laem Chabang Port) and routing cargo westward via the Second Thai-Lao Friendship Bridge (Mukdahan-Savannakhet) or perhaps expensive options such as diverting shipments via Route15 Saravane and the Lalai international border, which is about 100 km from Sepon. Another option is via Route 12 Khammouane and the Nam Phao international checkpoint in Khamkerd District, travelling via Yommalad (444 km) or through Lak 20 (494 km).

7.1 Short-Term Rerouting via Thailand

- **Freight Cost Escalation:** Inland trucking from Laem Chabang to Sepone spans approximately 650-700 kilometres. With fuel still accounting for over 50% of round-trip heavy haulage expenses, the overland freight penalty over this extended transit distance severely compresses operating margins.
- **Border Congestion:** Pushing an additional 200+ heavy trucks per day through the Mukdahan-Savannakhet bridge - which is already burdened by Sun Paper's 1.5 million-tonne annual woodchip supply chain - will create catastrophic bottlenecks and multi-day delays at customs checkpoints.
- **Customs and Transit Permits:** Shifting from Vietnamese transit to Thai transit requires establishing new bonded transit declarations with Thai Customs. Regulatory differences, strict payload limits, and inspection requirements risk administrative paralysis.

7.2 Long-Term Strategic Considerations

- **Supply Chain Vulnerability:** The total severance of Route 9 demonstrates that relying entirely on a single overland artery is an existential risk for an enclave facility processing millions of tonnes of bulk material.
- **Fibre Independence:** To permanently reduce reliance on vulnerable cross-border highways, Sun Paper will likely need to accelerate its 100,000-hectare domestic plantation goal to replace its 80% reliance on imported Thai fibre. This would free up critical border capacity and insulate the company from external infrastructural shocks.



Figure 6. ***Not just Highway 9****, Bridge collapse in Luang Prabang attributed to overloading, February 09, 2026. Laotian Times.* *https://www.facebook.com/laotiantimes/posts/-a-fully-loaded-truck-caused-a-bridge-collapse-in-luang-prabang-on-7-february-th/1338382391648944/*

Annex 1.

“MPWT Minister Inspects and Pushes Progress on National Road No. 9 Rehabilitation Project

On March 10, 2026, Mr. Leklai Sivilay, Minister of Public Works and Transport (MPWT), conducted an inspection visit to monitor and accelerate the progress of the National Road No. 9 rehabilitation and maintenance project.

On this occasion, Mr Akkhalath Inthavongsa, Project Head, reported that the project spans a total duration of 10 years (3 years for rehabilitation and 7 years for routine maintenance). The Road No. 8 Construction State Enterprise is acting as the contractor, upgrading the route to Class III technical standards with a load capacity of 11 tons to facilitate smooth traffic and goods transport connecting with neighbouring countries. Service toll collection will begin for trucks weighing 12 tons and above, utilising a modern system integrated with commercial banks across four designated collection points. Currently, Point 1 and Point 3 have completed basic infrastructure preparations and are expected to become operational by the end of March 2026.

During the visit, Minister Leklai Sivilay emphasised that the contractor and relevant sectors must focus on completing the work according to plan. He highlighted the importance of traffic safety by installing comprehensive warning signs in construction zones and ensuring high-quality, durable construction materials to guarantee the long-term usability and cost-effectiveness of the road”

Annex 2. Selected studies on overloaded vehicles on Highway #9.

Several institutional studies and media reports document severe pavement degradation on Lao PDR's Highway 9 (National Road 9) caused by heavy freight and commercial overloading. A selection below (and I am sure that there are more):

- 2008. ADB Project Performance Evaluation Report (PPER) - Greater Mekong Subregion East-West Corridor Project: In reviewing the initial construction and upgrading of Highway 9, the ADB found that specific loan assurances and objectives regarding "axle load control" were not fully realised. The report noted that weak axle-load enforcement allowed overloaded vehicles to accelerate wear on the corridor, undermining the project's long-term sustainability.
- 2010. AusAID/World Bank Independent Completion Report for the Lao PDR Road Maintenance Project 2 (June 2010): While evaluating the broader national road maintenance framework (of which Route 9 is a critical component), this joint donor report stated that combating "truck overloading is the only objective that is not met." It highlighted that installing weighing scales on major routes alone failed to solve the problem because of a lack of governance and systems to enforce load limits.
- 2015. Asian Development Bank (ADB) Road Sector Assessment: An ADB sector analysis highlighted truck overloading as a "principal concern" for the nation's infrastructure. The report noted that after the temporary suspension of overloading-control measures and weigh stations in 2011, road degradation accelerated. The ADB emphasised that without strict axle-load enforcement, ongoing road rehabilitation financing remains largely ineffective.
- 2015. JICA Ex-Post Evaluation of National Road No. 9 (2025): This evaluation found that despite major rehabilitation efforts, the corridor suffered "large-scale and extensive damage due to heavy use by large vehicles," driven primarily by the expansion of regional mining operations. The deterioration was so severe that the Lao government had to allocate up to

25% of its national road maintenance budget solely to this highway to keep the East-West Economic Corridor functional.

- 2020. Vientiane Times July 30, 2020: A JICA project aims to improve the capacity of government officials at the Ministry of Public Works and Transport as well as local authorities in the maintenance of bridges, such as inspection, diagnosis, repair and rehabilitation planning. Estimates put the number of bridges across the country at over 3,000, and many have deteriorated, been damaged or collapsed due to overloaded trucks.
- 2023. JICA FY2022 Ex-Post Evaluation Report (Project for Reconstruction of Bridges on National Road No. 9): This evaluation reviewed the structural integrity of infrastructure along the East-West Economic Corridor. It concluded that the Xe Kum Kam and Xe Tha Mouak bridges on Highway 9 - originally built in the 1980s - needed urgent replacement because their main girders showed "significant deflection due to overloaded vehicles and other factors". The report also noted that pavement cracks on the approach roads were directly linked to overloaded trucks.
- 2024. Japan Society of Civil Engineers (JSCE) / IAC News No. 143: Documenting the 2012–2015 rehabilitation of National Road 9, this report notes that after the 2007 opening of the Second Mekong International Bridge, the corridor's axle load restriction was raised from 9 tons to 11 tons. Because the road remained structurally designed for 9-ton loads, damage rapidly accelerated. To prove this, the project manager placed local staff at weigh checkpoints 24 hours a day for 93 weeks, logging approximately 40,000 trucks, and confirmed that overloaded vehicles were the definitive cause of the road's destruction. The data was formally submitted to the Lao Ministry of Public Works and Transport.
- 2025. The Laotian Times (October 2025): Outlined a 10-year, $148.7 million rehabilitation and maintenance project for the 233-km stretch of Highway 9 from Kaysone Phomvihane City to the Vietnam border. The report noted that while the road was engineered for a capacity of 11 tons per axle, continuous heavy traffic outpaced maintenance budgets, necessitating a new model where heavy trucks will be tolled specifically to fund repairs.
- 2026.Lao News Agency / KPL (March 2026): Documented a site inspection by the Minister of Public Works and Transport to address the highway's condition. To address the chronic funding shortfall caused by freight damage, the government shifted to an Output and Performance-Based Road Contract (OPBRC) framework, establishing new toll collection points targeting commercial traffic to ensure sustainable, year-round maintenance.



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