

Status Update on 'Early Harvest'  
Implementation of the GMS Cross Border  
Transport Facilitation Agreement (CBTA)

2nd GMS Trade and Investment Task Force

25-26 April 2023

# 1. Background

- The 1999 GMS Cross-Border Transport Facilitation Agreement aims to create a common subregional cross-border transport system making it faster, easier and cheaper to move goods and people around
- A simplified 'Early Harvest' (EH) package was agreed (and MoU signed in 2019) to allow the subregional movement of commercial goods and passenger vehicles
- Each GMS country may issue up to 500 multiple GMS Road Transport Permits and Temporary Admission Documents (TADs) to its transport operators
- There is no limit on the number of journeys that can be undertaken, but no single trip to (or through) another Host country can last more than 30 days
- Vehicles may enter through one border crossing and exit through another, but must follow the route network described in Protocol 1 of the CBTA (with an extension MoU pending)

## 2. Progress Achieved Prior to COVID-19

- Prior to the COVID-19 pandemic all GMS countries had issued EH Permits and TADs for a total of 739 (or 30% of the 2,500 EH Permits and TADs allowed)
- Of these, 654 were for goods vehicles and 85 for passenger vehicles. National Registers of Permit holding vehicles had been shared with other GMS countries
- Myanmar and Thailand had issued bilateral IICBTA Permits and TADs with traffic taking place between Thilawa SEZ (Myanmar) and Laem Chabang port (Thailand)
- China Myanmar has basically reached a consensus on the MOU on bilateral international road transport cooperation.
- Cross-border movements had begun between Thailand and Lao PDR as well as between Thailand and Cambodia
- Customs authorities were exploring means of making National Customs Transit Systems available to EH Permit holders pending implementation of the ASEAN Customs Transit System (ACTS) and/or adoption of a 'CBTA 2.0' based on revised texts drafted by ADB

- TTF data collected from CBTA Protocol 1 borders prior to COVID-19 (with 3 countries submitting data) suggested **total cross-border traffic could be as high as US\$ 50 billion annually** (extrapolated to all 25 Protocol 1 extension BCPs) with an average value of around US\$ 15,000 per load and traffic doubling every 5 years at some borders
- This would equate to around 3 million cross-border cargo movements, 2 million cross-border passenger movements, and 8 million cross-border road movements of all types (including private vehicles) each year
- Faced with uncompetitively high transport costs on many routes, **the economic case for faster, cheaper, easier cross-border transport operations in the subregion is strong**

- Given their small number (3,000 including Myanmar), **EH vehicles would likely cover just 5% of subregional demand** with other movements taking place bilaterally or with transshipment at dry ports near the border, **i.e. there is ample economic space for local operators and the EH, if implemented, is expected to grow demand**
- Traffic overall was increasing rapidly, e.g., at Bavet-Moc Bai between Cambodia and Vietnam, two-way goods trade doubled between 2010 and 2014, doubling again to 2018
- Trade at Poipet-Aranyaprathet between Cambodia and Thailand also doubled from 2014 to 2018
- The number of vehicles and value of trade more than doubled between Thailand and Myanmar at Mae Sot-Myawady over the same time frame
- **Where all GMS countries realise past commitments to share TTF data, a fuller subregional picture should emerge**

### 3. Impacts of COVID-19

- As the COVID-19 pandemic took hold, most GMS countries closed borders, requiring vehicles to transship cargo (with some local driver testing and quarantine or driver swap arrangements). Cross-border passenger traffic was curtailed
- In terms of the CBTA Early Harvest:
  - i. Meetings of the Joint Committee were cancelled with only one virtual meeting of the NTFC focal points held in June 2020
  - ii. The EH MoU expired on 31 May 2021
  - iii. Permits and TADs issued under the EH MoU have also expired
  - iv. National Registers are similarly, therefore, out of date
  - v. The Protocol 1 Extension MoU has yet to enter into force

- In sum, cross-border co-operation is local and bilateral and institutional arrangements for the CBTA and the CBTA EH largely stopped during Covid-19
- However, since 2022, most border crossings have reopened to commercial goods and passenger traffic (as well as to private vehicles in many cases)
- Recent consultations indicate that GMS countries keen re-launch cross-border operations under the CBTA Early Harvest

## 4. Recommended Next Steps

- ADB has shared a **Technical Paper** outlining the Proposed Next Steps for Early Harvest CBTA implementation. These include:
  - Extension of the EH MoU** (originally agreed for a two-year period ending 31 May 2021) **for a further 5 years**, starting 1 January 2024, **to allow full Early Harvest implementation**
  - Issuance of EH Permits and TADs with transport operations scheduled to start also on 1 January 2024
  - Signature of the Protocol 1 extension MoU adding new routes and border crossings and opening up key transport corridors, including with Guangxi and Yunnan through Vietnam
  - Collection of complete TTF data from all GMS countries in line with previous CBTA Joint Committee decisions

- e. Production of corridor handbooks clearly explaining which specific roads can be used between places listed in Protocol 1 of the CBTA, where operators can load and unload cargo, where operators can embark and disembark passengers, what vehicle weight and dimension limits apply on each permissible road, as well as vehicle markings, rest stops, etc.
- f. Preparation of Co-ordinated Border Management including Single Stop Inspection / Single Window Inspection, etc.) and improved border clearance processes and transparency
- g. Facilitating access to national Customs Transit Systems in the absence of a functioning sub-regional Customs transit regime

- Annotated draft agendas have been developed for meetings of the NTFC Focal Points, Senior Officials and CBTA Joint Committee (the Ministers of Transport) to decide the scope of future co-operation and timetables for delivery
- PRC, as current CBTA Chair is working with ADB to set dates for the required meetings

## 4. Links to the GMS Trade and Investment Work Plan

- Priority recommendations for implementation under the proposed Trade and Investment Work Plan require further stakeholder consultation, but could include:
  - a. Full implementation of the CBTA Early Harvest
  - b. Increased use of digital technologies with respect to EH traffic, such as pre-arrival Customs processing, use of electronic phytosanitary certification, and e-payment systems
  - c. Enhanced TTF data collection and data sharing (including border- and corridor-specific data on traffic types, and volumes, CO utilization, etc.), and
  - d. Others (to be discussed)