

**Greater Mekong Subregion
Seventh Meeting of the Subregional Transport Forum (STF-7)
Ho Chi Minh City, Viet Nam
20-21 August 2002**

SUMMARY OF PROCEEDINGS

I. Introduction

1. The Seventh Meeting (the Meeting) of the Subregional Transport Forum (the STF) was held in Ho Chi Minh City, Viet Nam on 20-21 August 2002. The Meeting was jointly organized by the Government of the Socialist Republic of Viet Nam and the Asian Development Bank (ADB).

2. The objectives of the Meeting were as follows: (i) to maintain the momentum of cooperation in the transport sector in the Greater Mekong Subregion (GMS); (ii) to advance specific subregional initiatives in the transport sector; and (iii) to reinforce as well as focus the subregional consultative process. The Meeting Agenda is attached as Appendix 1.

3. The participants of the Meeting included delegations from the Kingdom of Cambodia, the People's Republic of China (PRC), Lao People's Democratic Republic (Lao PDR), the Union of Myanmar, Kingdom of Thailand, and the Socialist Republic of Viet Nam, and ADB. Representatives from the Association of Southeast Asian Nations (ASEAN) Secretariat, DFID, Japan Bank for International Cooperation (JBIC), Japan International Cooperation Agency (JICA), Korean Institute for International Economic Policy, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and the World Bank attended the Meeting as observers. The list of participants and observers is attached as Appendix 2.

4. The Meeting was chaired by His Excellency (H.E.) Mr. Pham The Minh, Vice Minister, Ministry of Transport (MOT), Socialist Republic of Viet Nam. Mr. Khalid Rahman, Director, Infrastructure Division, Mekong Department, ADB co-chaired the Meeting.

II. Opening Session

5. H.E. Mr. Pham The Minh, Vice Minister, MOT, welcomed the participants of the Meeting and expressed his appreciation to the representatives of the GMS countries for their participation, and ADB for jointly organizing the Meeting. Mr. Minh noted that Viet Nam has participated actively in subregional projects since the start of GMS Program. Mr. Minh reaffirmed the strong support and participation of Viet Nam to GMS transport projects and initiatives. Mr. Minh noted the various GMS transport corridor project involving Viet Nam. These are: Phnom Penh-Ho Chi Minh City Road Improvement Project, the East-West Transport Corridor, and Kunming-Hanoi-Haiphong Transport Corridor. Mr. Minh mentioned that Viet Nam is preparing a masterplan for the Development Triangle initiative among Cambodia, Lao PDR, Viet Nam, which will involve seven provinces. Mr. Minh welcomed and encouraged the accession of the PRC and Myanmar to the GMS Cross-border Agreement.

6. In his Opening Statement, Mr. Khalid Rahman, ADB, welcomed the participants and observers, and thanked the Government of the Socialist Republic of Viet Nam for hosting the Meeting and the excellent arrangements made. Mr. Rahman noted that progress achieved in the GMS transport sector will be highlighted at the forthcoming GMS Summit of Heads of Governments to be held in Phnom Penh, Cambodia on 3 November 2002. Mr. Rahman informed the Meeting that ADB is providing loan assistance for three high-priority GMS road projects: (i) Poipet-Siem Reap Road Improvement Project in Cambodia, (ii) Northern Area Economic Corridor in Lao PDR, and (iii) Western Yunnan Road Project in Yunnan Province, PRC. The Vietnamese section of the Kunming-Hanoi-Haiphong road corridor, and the Southern Coastal Corridor involving Cambodia and Viet Nam, are included in ADB's investment pipelines for 2003-2006. Mr. Rahman expressed the hope that the GMS cross-border agreement, including the annexes and protocols, will be implemented on a subregion-wide basis by 2005, as agreed by the Ninth GMS Ministerial Conference held in Manila in January 2000.

III. Ongoing/Planned GMS Transport Development Activities

7. The GMS delegations presented their respective country reports that provided an update of ongoing development activities in high-priority GMS transport projects. Presentations were made by the following participants: (i) H.E. Chhin Kong Hean, Director General of Public Works, Ministry of Public Works and Transport, Cambodia; (ii) Mr. Zhang Wen, Comprehensive Planning Department, Ministry of Communications, PRC; (iii) Mr. Math Sounmala, Director General of Cabinet, Ministry of Communications, Transport, Post, and Construction, Lao PDR; (iv) U Aung Myint, Director, Road Transport Administration Department, Ministry of Rail Transportation, Myanmar; (v) Mr. Sunant Gliengpradit, Professional Engineer for Planning, Department of Highways, Ministry of Transportation and Communications, Thailand; and (vi) Mr. Pham Thanh Tung, Deputy Director, International Relations Department, Ministry of Transport, Viet Nam.

8. Based on these country reports, a summary of ongoing and planned high-priority and priority GMS transport projects was prepared and is attached as Appendix 3.

IV. Development Matrices for the Three Flagship Economic Corridors

9. Mr. Rahman, ADB, provided a background to the development matrices for the GMS Program. Mr. Rahman noted that in order to operationalize the five strategic thrusts of GMS Strategic Framework endorsed by the 10th GMS Ministerial Conference, 11 'flagship' programs have been identified for priority implementation. These 'flagship' programs are large-scale, multisector initiatives representing major advances in regional cooperation. The 10th GMS Ministerial Conference had proposed the preparation of development matrices that would serve as a means of collecting and organizing relevant information on the 11 'flagship' programs. These include national initiatives with subregional implications, and subregional cooperation programs in the GMS countries. ADB is coordinating the preparation of the development matrices. Mr. Rahman highlighted that the STF is directly responsible for the development matrices for the North-South, East-West, and Southern Economic Corridors. An earlier version of the matrices was presented at the GMS Senior Officials' Meeting (SOM) held in Kunming in

June 2002. SOM requested ADB to assist in prioritization and sequencing of project components of the flagship programs. An updated version of the matrices was circulated to the six GMS members.

10. Mr. Yasushi Tanaka, Project Engineer, Infrastructure Division, Mekong Department, ADB, presented the objectives and key components of, and progress made in, developing the three flagship economic corridors. Mr. Tanaka also provided ADB's lending and technical assistance pipeline for the GMS Program for 2003-2005. Project preparation and appraisal is under way for the GMS: Cambodia Road Improvement Project (Poipet-Siem Reap). It is included in ADB's loan pipeline to Cambodia for 2002 for US\$50 million. For the Boten-Houayxay section in Lao PDR of the Kunming-Chiang Rai Road Improvement Project, a US\$30 million loan from ADB to Lao PDR is being processed for approval in 2002 to partly finance the project. The Governments of PRC and Thailand will extend concessional loan assistance to Lao PDR to finance this project. Other projects in the ADB's investment pipeline are: (i) Kunming-Haiphong Road Corridor (2003, US\$60 million), and (ii) Southern Coastal Road Project (Cambodia [2005, US\$25 million] and Viet Nam [2006, amount to be confirmed]).

11. The Meeting discussed the development matrices for the North-South, East-West, and Southern Economic Corridors that were initially prepared by ADB. The Meeting noted that the inputs, comments, and suggestions have been received by the GMS Unit of ADB from some of the GMS country delegations. Comments were received during the Meeting, which will be incorporated in the development matrices. The revised matrices will be circulated by the GMS Unit to the STF members in two week's time.

V. Accession of the PRC and Myanmar to the GMS Cross-Border Agreement

12. Mr. Yushu Feng, Programs Officer, Operations Coordination Division, Mekong Department, ADB, provided a background to the accession of PRC and, possibly, Myanmar to the GMS Cross-Border Agreement. PRC and Myanmar have indicated their willingness to sign the cross-border Framework Agreement at the GMS Summit. Workshops were held early this year in Beijing and Yangon, to brief the senior officials concerned in PRC and Myanmar, respectively, on the GMS cross-border Agreement. Myanmar expressed the need for sufficient time to study for the signing of the GMS cross-border Agreement. PRC officials expressed concern about the application of the Framework Agreement to non-commercially operated vehicles, as well as on Article 17 on Driving Permits. The GMS Senior Officials' Meeting held in Kunming in June 2002 proposed that a Memorandum of Understanding (MOU) be signed by the six countries that will: (i) clarify the relationship between the Cross-border Framework Agreement and the annexes and protocols, and (ii) express commitment to amend Article 17.

13. In a separate meeting held on 19 August 2002, representatives of six GMS delegations reviewed the *draft Memorandum of Understanding (MOU) on Clarification of the Relationship Between the GMS Cross-Border Agreement and Its Annexes and Protocols and Commitment to Amend Article 17 (Driving Permits)*. The GMS members agreed on the wording of the Final Draft of the MOU, which is attached as Appendix 4.

14. Given that the MOU was only finalized during the STF-7 and since the GMS Governments will need sufficient time to obtain the necessary internal clearance and approval to sign the MOU, the Meeting felt that the MOU could not be signed at the 11th GMS Ministerial Conference to be held in Phnom Penh on 23-25 September 2002. In

this regard, the Meeting agreed that the MOU should be signed at the GMS Summit to be held on 3 November 2002 in Phnom Penh. The Meeting emphasized the need for the STF members to expedite and closely monitor the process involved in obtaining the approval to sign the MOU, and agreed to provide feedback to the GMS Unit on the progress of this process.

VI. Workplan/Timetable for Deliberations on Annexes and Protocols

15. The Meeting recalled the understanding reached at the Special Working Meeting of the STF held in Bangkok on 20-21 September 2001 regarding the staging/phasing of the annexes and protocols. Three stages are envisaged, with (i) Stage 1 assigned to the easiest annexes and protocols, both in terms of ease of understanding and ease of reaching agreement (within a country and between countries); (ii) Stage 2 assigned to intermediate annexes and protocols in terms of ease of understanding and/or ease of reaching agreement; and (iii) Stage 3 generally assigned to the most difficult annexes and protocols, except that in cases where it is anticipated that reaching agreement will be particularly difficult both Stage 2 and Stage 3 have been assigned, with completion slated by the end of Stage 3.

16. Mr. Bruce Winston, Team Leader and Consultant for ADB Regional Technical Assistance (RETA) 5850, presented a proposed workplan/timetable for deliberations on annexes and protocols. The Meeting agreed that Stage 1 will take place in 2003, Stage 2 in 2004, and Stage 3 in 2005. The proposed workplan/timetable envisages international working group meetings as follows:

- Stage 1 Annexes/Protocols (January 2003, April 2003, and July 2003);
- Stage 2 Annexes/Protocols and Stage 2/3¹ Annexes/Protocols (January 2004, April 2004, and July 2004); and
- Stage 2/3 Annexes/Protocols and Stage 3 Annexes/Protocols (January 2005, April 2005, and July 2005).

17. Domestic meetings are planned to be held for the following tasks (with proposed schedules):

- Preparation of national positions for Stage 1 Annexes and Protocols (August 2002-January 2003, January-April 2003, and April-July 2003)
- Preparation of national positions for Stage 2 and Stage 2/3 Annexes and Protocols (August 2002-January 2003, January-April 2003, and April-July 2003)
- Preparation of national positions for Stage 2/3 and Stage 3 Annexes and Protocols² (August 2002-January 2003, January-April 2003, and April-July 2003)

18. The Meeting presented the following views, comments, and suggestions on the staging of the annexes and protocols, and on the proposed work plan/timetable:

¹ International discussions on certain relatively difficult annexes/protocols are to begin in Stage 2 and be completed in Stage 3.

² Domestic discussions on Stage 3 Annexes/Protocols could and should be begun earlier, if possible.

- a) With respect to Protocol 2 on Road User Charges for Transit Traffic, the JBIC representative asked whether RETA 5850: *Facilitating the Cross-Border Movement of Goods and People in the GMS* would include an assessment of the calculation of an appropriate toll charge for the Mukdahan-Savannakhet bridge across the Mekong River. It was clarified that a study on transit fee and affordability is being carried out on a separate ADB technical assistance project for the East-West Transport Corridor.
 - b) Lao PDR indicated that while it had no objection to the three stages, they believe that the timetable for consideration of the annexes and protocols is rather ambitious. Lao PDR also stated that it requires more time, capacity, training, workshops, etc. to effectively formulate its national position. The consultants concurred that the schedule is challenging, but reiterated the deadline set by the Ninth GMS Ministerial Conference deadline, i.e., completion of all annexes and protocols by 2005. They also noted that the Framework Agreement was negotiated in Bangkok in 1.5 days in December 1998, during which time 40 out of the 44 articles were agreed. Nevertheless, the importance of beginning immediately was stressed.
 - c) Cambodia inquired as to which stage the additional annex in connection with Article 17 on Driving Permits would be considered. The consultants suggested Stage 2, since this annex has not been drafted yet and there are already a lot of annexes already in stage 1.
 - d) In response to a question by Viet Nam, the consultants discussed the tradeoff between beginning negotiations on annexes and protocols as soon as possible versus the benefits of waiting for accession by new Contracting Parties. Once negotiations commence, Viet Nam indicated that it may be possible to begin negotiations on the Stage 2 annexes earlier than envisaged, perhaps after six months.
19. In order to move the process of negotiating Stage 1 annexes and protocols forward, the Meeting agreed on the following:
- a) The GMS members will forward to ADB's GMS Unit the names, addresses, and contact numbers of the Chairperson and members of their respective National Transport Facilitation Committees (NTFCs). Cambodia, Lao PDR, Thailand, and Viet Nam will forward this information on or before 20 September 2002. PRC and Myanmar will forward this information on or before 30 November 2002.
 - b) The GMS members will forward to ADB's GMS Unit a table showing the department(s) and ministry(ies) responsible for each of the annexes and protocols on or before 20 September 2002. This table will be similar to the one prepared by Myanmar and circulated at the Meeting. It was clarified that communication to these departments regarding the annexes and protocols should be coursed through the respective NTFCs.
 - c) The first meeting on Stage 1 annexes and protocols will be convened in January 2003.
 - d) The GMS members will forward to ADB's GMS Unit their comments on Stage 1 annexes and protocols on or before 30 November 2002. ADB's GMS Unit will consolidate these comments, and forward the consolidated comments to the six NTFCs at least one month before the first meeting of the Stage 1 annexes and protocols.

20. The following comments were made regarding the next steps related to the annexes and protocols:

- a) Cambodia suggested following the ASEAN approach of distributing draft annexes and protocols directly to the concerned ministries.
- b) Lao PDR may require some advisory assistance in formulating their comments to Stage 1 annexes and protocols.
- c) Viet Nam suggested that Protocol 1 [Designation of Corridors, Routes, and Points of Entry and Exit (Border Crossings)] could be reformatted. The consultants noted that it would be possible to do so after the proposed routes are agreed by the Contracting Parties.
- d) Cambodia raised the issue of the staging of the signing of annexes and protocols (i.e., one by one, in packages, or, possibly, all at one time). It was agreed that this should be an agenda item for the initial planned meeting on Stage 1 annexes and protocols.
- e) PRC suggested the possibility of stage-by-stage signing of annexes and protocols, with one document to be signed for each stage.
- f) Cambodia expressed a need for adding preambles and closing sections as a complete format to all the draft annexes and protocols.

VII. Presentations from Observers

21. Mr. Li Yuwei, Economic Affairs Officer, Transport, Communications, Tourism, and Infrastructure Development Division, ESCAP, presented the ESCAP Asian Highway and Activities for Cross-Border Transport in the GMS. Mr. Li presented 11 regional and subregional routes of the Asian Highway that traverse the GMS, and the next steps involved in the Asian Highways Project. In the area of cross-border agreement, Mr. Li informed the Meeting about ESCAP Resolution 48/11, which recommended accession by ESCAP member countries to seven conventions. It was noted that seminars on cross-border facilitation measures have been organized jointly by ESCAP with ADB. Mr. Li proposed that ADB and ESCAP continue to work together in areas of common interest, such as cross-border facilitation agreements.

22. Mr. Pola Singh, Head of the Initiative for ASEAN Integration (IAI) Unit, ASEAN Secretariat, presented the IAI Work Plan (focusing on the Infrastructure – Transport Component) on *Narrowing the Development Gap within ASEAN: Assisting New Member Countries (Cambodia, Lao PDR, Myanmar, and Viet Nam)*. Mr. Singh indicated that the objective of the IAI Work Plan (Infrastructure Component) is to improve access, efficiency, and quality of transport and energy infrastructure networks of Cambodia, Lao PDR, Myanmar, and Viet Nam in order to enhance their regional competitiveness and integration. Mr. Singh presented the IAI transport sector initiatives in the road sector, rail sector (Singapore-Kunming Rail Link Project), ASEAN Framework Agreement on the Facilitation of Goods in Transit, and air and river transportation. Mr. Singh emphasized the need for close coordination among the many regional development frameworks involved in undertaking projects in the GMS.

IX. Other Matters

23. Consistent with the tradition of rotating the venue of the STF among the GMS members in alphabetical order, the Meeting requested Cambodia to host the Eighth Meeting of the STF in 2003, to which Cambodia kindly agreed subject to confirmation.

VIII. Acknowledgements

24. The GMS countries and the ADB expressed their sincere thanks and appreciation to the Government of the Socialist Republic of Viet Nam, in particular, the Ministry of Transport, for the warm hospitality and excellent arrangements provided to the Seventh Meeting of the Subregional Transport Forum.

**Greater Mekong Subregion
Seventh Meeting of the Subregional Transport Forum (STF-7)
Ho Chi Minh City, Viet Nam
20-21 August 2002**

Provisional Agenda

Chairperson of the Meeting:
H.E. Pham The Minh
Vice Minister
Ministry of Transport
Socialist Republic of Viet Nam

Co-Chairperson of the Meeting:
Mr. Khalid Rahman
Director, Infrastructure Division
Mekong Department
Asian Development Bank

Day 1: 20 August 2002, Tuesday

0830-0900 Registration

0900-0930 **Session I: Opening**

Welcome and Opening Remarks:
H.E. Pham The Minh
Vice Minister
Ministry of Transport
Socialist Republic of Viet Nam

Opening Statement:
Mr. Khalid Rahman
Director, Infrastructure Division
Mekong Department
Asian Development Bank

0930-1100 **Session II: Ongoing/Planned GMS Transport Development Activities**

- Kingdom of Cambodia
- People's Republic of China
- Lao People's Democratic Republic
- Union of Myanmar
- Kingdom of Thailand
- Socialist Republic of Viet Nam

Country delegations will brief the Meeting about recent developments in the transport sector in their respective countries, focusing on the high-priority GMS transport projects. The presentations will include progress of national transport projects related to GMS transport projects, e.g., feeder roads linking to subregional highway projects.

1100-1130 *Coffee Break*

1130-1300 **Session III: Development Matrices for the Three Flagship Economic Corridors**

- **North-South Economic Corridor**
- **East-West Economic Corridor**
- **Southern Economic Corridor**

Presenter and Lead Discussant:
Mr. Yasushi Tanaka
Project Engineer
Infrastructure Division
Mekong Department
Asian Development Bank

Country delegations will closely review the development matrices for the three flagship economic corridors, provide inputs, corrections, and/or suggestions, and complete the missing information. These matrices are to be distributed in advance to the STF-7 participants through the GMS National Coordinators.

Country delegations will discuss the development matrices for the three flagship economic corridors in detail, focusing on their inputs, corrections, and/or suggestions. It is envisaged that the STF-7 participants will agree on the contents of each of the three flagship corridors, including prioritization/ sequencing of the component projects.

1300-1430 *Lunch*

1430-1600 **Session IV: Accession of the People's Republic of China (PRC) and Myanmar to the Agreement for the Facilitation of the Cross-Border Movement of Goods and People Between and Among the Kingdom of Cambodia, Lao People's Democratic Republic, Kingdom of Thailand, and the Socialist Republic of Viet Nam (Framework Agreement)**

STF-7 will discuss the status of the preparations for the accession of PRC and Myanmar to the Framework Agreement. It is envisaged that STF-7 will agree on the final draft of the Memorandum of Understanding discussed at the GMS Senior Officials' Meeting held in Kunming in June 2002.

1600-1630 *Coffee Break*

1630-1800 **Session V: Staging/Phasing of Annexes and Protocols**

Presentation:

Mr. Bruce Winston

Team Leader, ADB RETA 5850/Consultant

Infrastructure Division, Mekong Department

Asian Development Bank

Recognizing the understanding reached at the Special Working Meeting of the STF held in Bangkok on 20-21 Sept. 2001 regarding the staging/phasing of the annexes and protocols, country delegations will seek to reach agreement on adjustments reflecting the planned accession of PRC and Myanmar to the Framework Agreement, as well as on the timetable for agreement on the three stages.

1900 **Dinner Hosted by Ministry of Transport**

Day 2: 21 August 2002, Wednesday

0900-1000 **Session VI: Presentations from Observers**

United Nations Economic and Social Commission for Asia and the Pacific (ESCAP): Asian Highway

ASEAN Secretariat

1000-1030 **Session VII: Other Matters**

1030-1100 *Coffee Break*

1100-1145 **Session VII: Adoption of the Summary of Proceedings**

1145-1200 **Session VIII: Closing**

1200-1330 *Lunch*

1330 - ***Field Visit to Vung Tau Port (to be confirmed)***

**Greater Mekong Subregion
Seventh Meeting of the Transport Forum (STF-7)
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**Greater Mekong Subregion
Seventh Meeting of the Subregional Transport Forum (STF-7)
Ho Chi Minh City, Viet Nam
20-21 August 2002**

Status of Implementation of GMS Transport Projects

High-Priority GMS Transport Projects

1. Bangkok-Phnom Penh-Ho Chi Minh City Road Improvement Project

• Bangkok to Thai-Cambodian Border

- Bangkok to Phnom Sarakham (165 km) has been upgraded from 2- to 4-lane highway.
- Two alignments from Phnom Sarakham to Thai-Cambodian border:
 - ◆ 1st alignment follows Highway 304 to Kabinburi and then route 33 to Sra Kaeo-Aranyaprathet and onward to the Thai-Cambodian Border at Khiong Luoek.
 - ◆ Widening from 2- to 4-lane has been completed for Phnom Sarakham-Kabinburi (44 km).
 - ◆ Budget for upgrading of Kabinburi to Thai/Cambodian border (49 km) to 4-lane highway has been approved. Remaining portion of 54 km is planned to be upgraded to 4-lane highway within the 9th National Development Plan period (2002-2006).
 - ◆ 2nd alignment from Phnom Sarakham to Sra Kaeo will shorten the length from Bangkok-Thai/Cambodian border by about 20 km.
 - ◆ Construction of 2nd alignment is underway with expected completion in 2002.

• Poipet (Thai-Cambodian Border) to Phnom Penh

- Rehabilitation of Poipet-Sisophon section (48 km) is part of planned ADB loan assistance to the Cambodian Government (GMS: Cambodia Road Improvement Project) for 2002. Civil works is expected to commence in 2003.
- Rehabilitation of the remaining section between Sisophon-Pursat-Phnom Penh (in Banteay Meanchey Province, about 260 km) commenced in October 2000 under the ADB-financed Primary Road Rehabilitation Project.
 - ◆ To date, physical works is 40 percent complete. Expected completion is in 2003.
 - ◆ Using its own National Budget, the Cambodian Government has commenced the repair and upgrade of the 91-km section from Phnom Penh-Kampong Chhnang.
- Rehabilitation of Pursat-Phnom Penh section and other sections (220 km) was completed in 1996, including permanent bridges with assistance from a number of donor agencies.

• Phnom Penh to Bavet (Cambodian/Vietnamese Border)

- The Cambodian Government has requested the Japanese Government for grant assistance to reconstruct the Phnom Penh-Neak Loueng section. Feasibility study started on 20 December 2001. Civil works is expected to commence in 2004.

- Requests have been made by the Cambodian Government to the Japanese Government to finance the construction of a bridge across the Mekong River at Neak Loeung.
- Upgrading of the Neak Loueng-Bavet (107 km) section is underway with ADB assistance; 50 percent completion to date.
- **Cambodian/Vietnamese Border to Ho Chi Minh City**
 - Rehabilitation of 80 km of road and new construction of 10 bridges and reconstruction of two bridges are underway with ADB assistance.
 - 90 percent of base and sub-base works have been completed; 80 percent of civil works have been completed.
 - Physical completion is 40 percent as of July 2002.
 - The project is expected to be completed by the end of 2004. All auxiliary works will be completed by mid-2005.
- **Ho Chi Minh City to Vung Tau**
 - This 86.5-km section (National Road No. 51) was completed in 2000 with financing from the Vietnamese Government of about US\$45 million.
 - A 15-km section (National Road No. 51B) is being reconstructed, and is expected to be completed by 2003.

2. Thailand-Lao PDR Viet Nam East-West Transport Corridor Project

- **Bridge and approach roads at Mukdahan, Thailand-Savannakhet, Lao PDR**
 - This project had been separated into three packages:
 - Package I involves the construction of the bridge crossing the Mekong River.
 - Package II involves the construction of the connecting road to the Route 9 in Lao PDR.
 - Package III involves the construction of the connecting road to Route 212 in Thailand.
 - To be financed by loan from the Japan Bank for International Cooperation (JBIC) to Thailand and Lao PDR. Loan became effective in March 2002.
 - Consultants to supervise the construction works have been engaged. Bidding for civil works is being prepared. Civil works are expected to commence in mid-2003.
 - Expected completion date is in mid-2006
- **Rehabilitation of Route 9: Xeno to Muang Phin in Lao PDR**
 - Civil works for Xeno-Phalan (70 km) with financing from the Japan International Cooperation Agency (JICA) are 90 percent complete to date.
 - Civil works for Phalan-Muang Phin (59 km) with financing from JICA are 30 percent complete to date.
 - Expected completion is in mid-2004.
- **Route 9: Muang Phin to Lao/Vietnamese Border (78 km)**
 - Civil works are underway with ADB assistance.
 - Construction is 32 percent complete to date.
 - Expected completion is in 2004.
- **Route 9: Lao Bao to Dong Ha in Viet Nam (83 km)**

- Bids for civil works contracts are due end-August 2002.
- Resettlement work is expected to be completed in September 2002.
- Per schedule, the project will be completed 24 months after start of construction.
- **National Highway 1, Dong Ha to Da Nang in Viet Nam**
 - A tunnel located on Highway No. 1 connecting Da Nang and Hue is being constructed. This project consists of constructing two parallel 6,400-m tunnels, and 5,900-m access road and bridges. Total project cost is US\$251 million, financed by loan from JBIC and counterpart funds from the Government of Viet Nam.
 - Construction started in November 1999. As of June 2002, over 40 percent of excavation works for the main tunnel and evacuation tunnel has been completed.
 - Expected completion is in end-2004.
- **Upgrading of Da Nang Port at Tien Sa**
 - The project includes upgrading of two terminals and construction of a 250-m long breakwater and construction of a four-lane, 15-km access road from the port to Highway No. 1.
 - The project aims to increase the port throughput capacity to up to 2.5 million tons per year by 2005, and to enable handling of ships of up to 35,000 DWT.
 - Total project cost is US\$73.1 million financed by a loan from JBIC and counterpart funds from the Government of Viet Nam.
 - Civil works commenced in November 2001. Expected completion is in end-2004.

3. Kunming-Chiang Rai via Lao PDR Road Improvement Project

- **Improvement of Kunming-Mohan road in the PRC (827 km)**
 - Upgrading of Kunming-Yuxi section (86 km) to a six-lane expressway was completed in 1999.
 - Upgrading of Yuxi-Yuanjiang section (112 km) to a four-lane expressway was completed in 2000.
 - For the Yuanjiang-Mohei section (216 km), the existing road is class III and IV standard. Upgrading to a four-lane expressway started in 1999, and is partly financed by a US\$250 million loan from ADB. Expected completion is in 2003.
 - Upgrading of Mohei-Simao section (71 km) to class II road was completed in 1996. This section is planned to be upgraded to a four-lane expressway.
 - The Simao-Xiaomenyang section (124 km) is a class III and IV road with asphalt pavement. This section is planned to be upgraded to a four-lane expressway with a length of 98 km during the 10th Five-Year Plan (2001-2005).
 - The Xiamenyang-Mohan section (217 km) is currently a class IV road with asphalt pavement. This section is planned to be upgraded to a class II standard road with a length of 176 km.
 - The total length of the Kunming-Mohan road will be reduced from 827 km to 690 km after completion of all construction activities. By 2006, this section would have been upgraded to Class II or higher standard, commensurate to the level of traffic and economic activity in the area of influence.
- **Rehabilitation of Boten-Houei Sai in Lao PDR (228.3 km)**

- The Governments of PRC and Thailand and ADB have confirmed their intention to provide concessional assistance to Lao PDR to rehabilitate this section. The respective assistance packages are expected to be approved by the end of 2003.
 - Social and environmental impact assessments has been completed and issued.
 - Civil works are expected to commence by mid or late 2003.
 - Expected completion is in late 2006 or early 2007.
- **Construction of International Bridge Connecting Houei Sai and Chiang Khong**
 - It has been agreed that this would be considered a separate investment project.
- **Chiang Khong-Chiang Rai in Thailand**
 - There are a number of alternative routes linking Chiang Khong and Chiang Rai, length of which varies from 110-150 kms.
 - The road network in Thailand is well developed and is not seen as a constraint to cross-border movements.
 - Rehabilitation/widening of the road in Thailand from Chiang Rai province to Amphoe Chiang Khong (115 km) would be implemented as part of the 9th National Development Plan of Thailand (2002-2006).

4. Kunming-Chiang Rai via Myanmar Road Improvement Project

- **Upgrading of Monla-Kengtung-Tachilek in Myanmar (253 km)**
 - Upgrading of Mongla-Kengtung (90 km) is being undertaken by Public Works Department, in collaboration with regional authority (38 km of two-lane bituminous road; 52 km is to be developed into a two-lane bituminous road).
 - Upgrading of Kengtung-Tachilek (163 km) is being undertaken by Hong Pang Co., Ltd., on a BOT arrangement (158 km of two-lane bituminous road, and 5 km is to be developed into a two-lane bituminous road).
 - As the route between Tachilek and Mae Sai in Thailand is experiencing traffic congestion problems, a new by-pass route has been proposed. This includes construction of a new alignment and a bridge to cross the Mae Sai river at the border of Myanmar and Thailand.
- **Construction of 2nd Mae Sai bridge**
 - Myanmar and Thailand agreed to undertake construction of second bridge to cross the Mae Sai river. Detailed design has been completed.
 - Thailand will extend assistance for the construction of the bridge.
- **Improvement of Mae Sai to Chiang Rai (60 km)**
 - Improvement to 4-lane highway has been completed.

5. Mitigation of Nonphysical Barriers to the Cross-Border Movement of Goods and People in the GMS

- In November 1999 the Transport Ministers of Thailand, Lao PDR and Viet Nam signed a Trilateral Agreement.
- The Ninth GMS Ministerial Conference in January 2000 agreed on a timetable for reaching cross-border agreements.
 - All GMS countries should target to be signatories of the Framework Agreement by the end of 2001.

- All GMS countries should target the application of the Framework Agreement, including all relevant annexes and protocols, by 2005.
- Cambodia became a party to the cross-border Framework Agreement when it signed the Instrument of Accession at the 10th GMS Ministerial Conference held in Yangon on 29 November 2001.
- PRC and Myanmar indicated at the 10th GMS Ministerial Conference their willingness to sign the cross-border Framework Agreement at the GMS Summit to be held on 3 November 2002 in Phnom Penh. Myanmar needs sufficient time to study for the signing of the GMS cross-border Agreement.
- A *draft Memorandum of Understanding on the Clarification of the Relationship Between the GMS Cross-Border Agreement and Its Annexes and Protocols and Amendment of Article 17 (Driving Permits)* was finalized at the STF-7, and will be signed, possibly, by all six GMS members at the GMS Summit to be held in Phnom Penh on 3 November 2002.
- GMS members have agreed to pilot test single-stop customs facilitation arrangements at selected border crossings, i.e. Bavet-Moc Bai, Aranyapathet-Poipet, Mukdahan-Savannakhet, Dansavanh-Lao Bao, and Mohan-Boten.

Other Priority GMS Transport Projects

6. Kunming-Hanoi-Haiphong Multimodal Transport corridor

Sections of the road and railway components within PRC territory are known to be in good condition. For the Vietnamese section, the Government of Viet Nam and ADB have agreed that ADB assistance would be processed for a road improvement project, and not for a multimodal corridor, although the corridor concept would be retained for further assessment. The Government of Viet Nam has completed the pre-feasibility study. Project preparation technical assistance (TA) for the road component of the Project is included in ADB's TA pipeline to Viet Nam for 2002 for US\$600,000. The road component is included in ADB's lending pipeline to Viet Nam for 2003 for US\$60 million. Construction is envisaged to start in 2004, and completed by 2006.

7. Southern Coastal Road Corridor

The proposed project would link Trat Province in Thailand, Koh Kong and Kampot in Cambodia, and Ha Tien, Ca Mau, and Nam Cau in Viet Nam. Preparation of the project is tentatively included in ADB's TA pipeline to Cambodia (US\$0.8 million) and Viet Nam (US\$1 million) for 2004. Possible ADB loan for the project would be provided to Viet Nam in 2006 for US\$60 million (subject to confirmation). Viet Nam requested ADB to include the Vietnamese section in ADB's lending pipeline at the same time as that for the Cambodian section, which is for 2005. Cambodian section is included in ADB's pipeline to Cambodia for 2005 for US\$25 million.

The section from Bangkok-Trat (310 km) in Thailand has been upgraded to a 4-lane highway. The section from Trat to Thai/Cambodian border at Had Lek (89 km), which is a 2-lane highway, is planned to be upgraded to a 4-lane highway within the 9th National Development Plan period.

Some road rehabilitation works and bridge construction are being undertaken or planned to be undertaken in the Cambodian section of the Southern Coastal Road Corridor, with the assistance of donors and the private sector.

Vietnamese consultants are currently conducting a prefeasibility study for the Vietnamese section of the project.

8. Kunming-Lashio Road Improvement Project

The Project would improve the historic and well-trafficked "Burma Road", linking Kunming with Lashio, a major center in northern Myanmar linked by rail to Yangon. The Project includes upgrading of about 736 km sections within Yunnan Province (from Kunming to PRC/Myanmar border), and about 161 km within Myanmar (from PRC/Myanmar border to Lashio).

The Kunming-Ruili section (736 km) consists of 345 km of expressway, 25 km of class I road, 286 km of class II road, and 80 km of class III road. During the 10th Five-Year Plan (2001-2005), two sections of the existing road will be upgraded to expressway: (i) the 132-km Anning-Chuxiong expressway, construction of which is to commence in 2002 and to be completed in 2005; and (ii) the 80-km Baoshan-Longlin expressway, construction of which is to commence in 2003 and to be completed in 2005. Loan assistance for the Improvement of the Baoshan-Longlin section is included in ADB's investment pipeline to the PRC for 2002 for US\$250 million. Improvement of Chuxiong-Dali section has been completed with a US\$150 million loan assistance from ADB.

A private company, Asia World Company, has upgraded the road section from Muse to Lashio (161 km) to a two-lane bituminous road as a toll road under a BOT scheme. The road section will be upgraded to asphaltic concrete surface soon.

9. Lashio-Loilem-Kengtung (Myanmar) Road Improvement Project

The Lashio-Loilem-Kengtung section (665 km) in Myanmar is being upgraded by private sector entities under a BOT arrangement, and the Public Works Department.

Final Draft
Memorandum of Understanding

On

Clarification of the Relationship Between the GMS Cross-Border Agreement and Its Annexes and Protocols¹

And

**Commitment to Amend Article 17 (Driving Permits)
of the GMS Cross-Border Agreement**

The Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam;

Referring to the Agreement Between and Among the Governments of the Lao People's Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for the Facilitation of Cross-Border Transport of Goods and People, originally signed on 26 November 1999 at Vientiane, amended at Yangon, Myanmar on 29 November 2001 and acceded to by the Kingdom of Cambodia at Yangon, Myanmar on 29 November 2001, hereinafter referred to as "the Agreement";

Referring also to the agreement of the Ninth Conference of the Subregional Economic Cooperation under the Program of Economic Cooperation in the Greater Mekong Subregion (GMS) on the adoption and signing of the Framework Agreement for the Facilitation of the Cross-Border Movement of Goods and People by all six GMS countries;

Recognizing that signing of the Agreement does not bind the signatories to signing of the Annexes and Protocols, which are to be negotiated and agreed separately, and that some of the provisions of the Agreement would remain ineffective without the necessary Annexes and Protocols;

Considering that Article 17 of the Agreement for the purpose of the mutual recognition of driving licenses refers to the Agreement on the Recognition of Domestic Driving Licenses, issued by ASEAN Countries signed at Kuala Lumpur on 9 July 1985, whereas unlike the other GMS Countries, the People's Republic of China is neither a member of ASEAN nor a signatory of the ASEAN Agreements;

¹ Formally known as the *Agreement Between and Among the Governments of the Kingdom of Cambodia, the Lao People's Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for the Facilitation of Cross-Border Transport of Goods and People*.

HAVE AGREED AS FOLLOWS:

Article 1

The Contracting Parties to the Agreement undertake to specify in the relevant Annexes and Protocols a staged approach to the application of the Agreement to non-commercially operated vehicles between the Contracting Parties and the People's Republic of China. The Government of the People's Republic of China also undertakes to apply the Agreement to non-commercially operated vehicles within two years after the entry into force of the relevant Annexes and Protocols.

Article 2

The Contracting Parties to the Agreement hereby commit to amending Article 17 (Driving Permits) of the Agreement to the effect that:

The Contracting Parties shall mutually recognize the driving licenses issued by their respective competent authorities in accordance with an additional Annex (to be formulated) to the Agreement.

Article 3

This Memorandum of Understanding becomes effective on the date of its signature.

Done at ... on ... 2002 in six originals in the English language

Signed:

For the Government of the Kingdom of Cambodia

For the Government of the People's Republic of China

For the Government of the Lao People's Democratic Republic

For the Government of the Union of Myanmar

For the Government of the Kingdom of Thailand

For the Government of the Socialist Republic of Viet Nam

