

Subregional Cooperation in the Transport Sector: Experience of GMS and CAREC Programs

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The GMS Program



- Economic cooperation program among Cambodia, the PRC, Lao PDR, Myanmar, Thailand, and Viet Nam
- Strategic priorities
 - Connectivity
 - Competitiveness
 - Community
- GMS sectors and themes
 - Infrastructure
 - Agriculture and Environment
 - Trade Facilitation and Investment
 - Human Resource Development and Tourism
- ADB's role
 - Financier
 - Facilitator and honest broker
 - Secretariat and Coordinator

GMS Transport Cooperation (1992-2005)

- Strategic thrusts:
 - Create cross-border access
 - Facilitate cross-border traffic
- Principles of project selection, prioritization, design
 - Priority to improvement over new construction
 - 6 – x principle
 - Emphasis on trade generation
 - Implementation in sections or stretches
- 35 GMS transport projects identified
 - 10 road, 8 rail, 10 water, 6 air, and 1 institutional
- Geographic focus: North-South, East-West, and Southern Corridors

GMS Transport Cooperation (2006-2015)

Basic Theme:

“Towards seamless transport services on a fully connected and integrated GMS network.”

Overarching Goals:

- Exploit synergies in the GMS transport system
- Move towards an open market for transport services
- Facilitate economic efficiency to reduce transport costs
- Complete the GMS transport network and improve links with South Asia (from 3 to 9 corridors)
- Encourage multi-modalism

ADB-assisted GMS Projects (1992-2009)

	No. of Projects	Total Cost (US\$million)	ADB Financing (US\$million)	Government Financing (US\$million)	Cofinancing (US\$million)
All GMS Projects	44	10,738.09	3,977.66	3,389.85	3,370.58
of which: transport	32	9,266.38	3,740.66	3,321.34	2,204.38

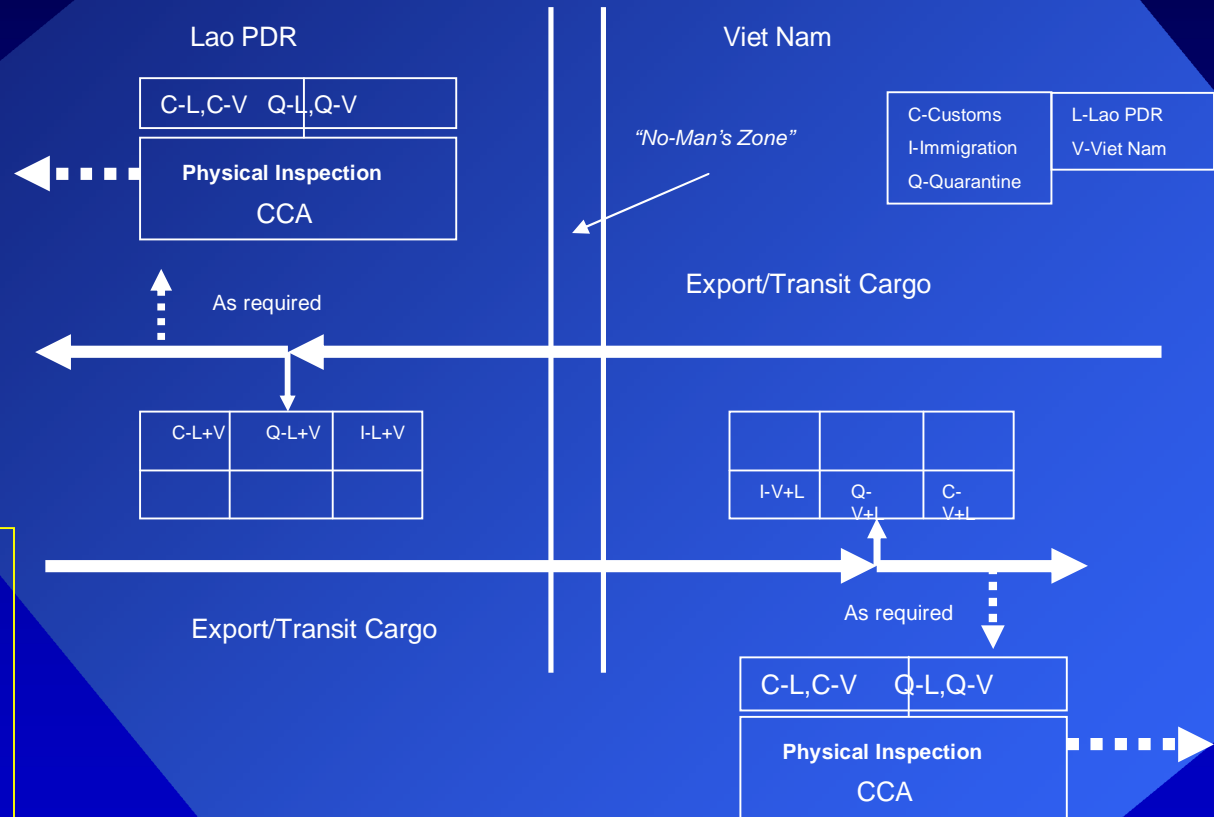
Cross-Border Transport Facilitation in the GMS

Coverage

- Exchange of Traffic Rights
- Facilitation of Frontier-Crossing Formalities

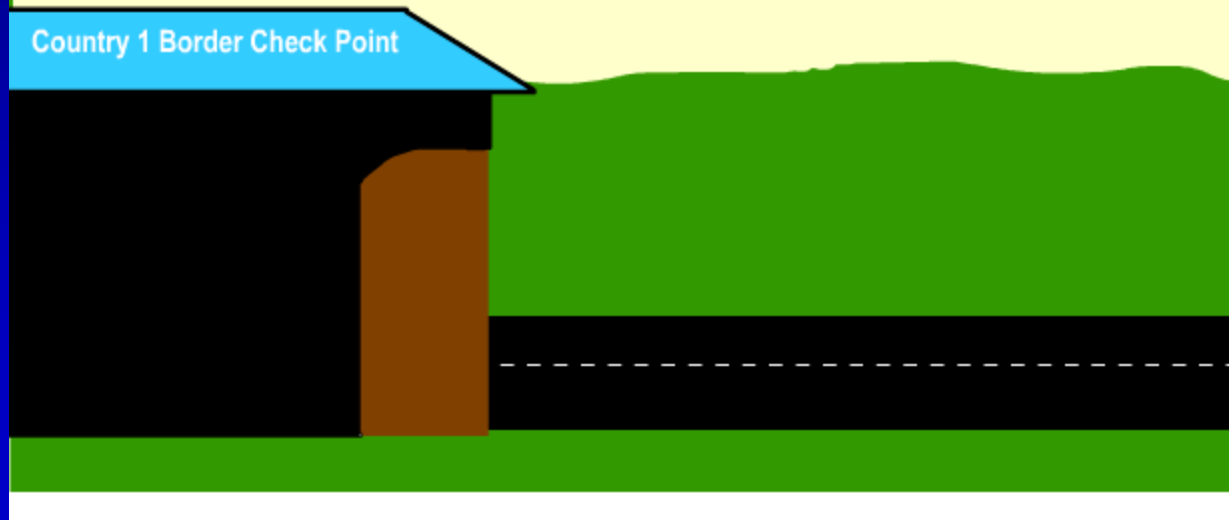
Components

- Framework Agreement
- Annexes and Protocols (A&P)
- MOUs for Pilot Implementation



After the GMS Cross Border Agreement

Country 1 Border Check Point



Key GMS Transport Projects Developed

- Road subsector
 - Bangkok-Phnom Penh-Ho Chi Minh City-Vung Tau
 - East-West Corridor (Andaman Sea-Pacific Ocean)
 - North-South Corridor (Kunming-Bangkok, Kunming-Hanoi, Nanning-Hanoi)
- Railway subsector
 - Cambodia railways (Poipet-Sisophon-Phnom Penh-Sihanoukville)
 - Hanoi-Lao Cai
- Water transport subsector
 - Da Nang Port
- Air transport subsector
 - Airport improvements in various cities/major towns
 - Improved air linkages

Key Outcomes

Southern Corridor : Phnom Penh-Ho Chi Minh City Highway Improvement Project

- Travel time and cost savings
- Bilateral trade up 40%
- Border crossings up 50%
- Special border economic zones creating jobs

East-West Corridor Project

- Travel time and cost savings
- FDI: US\$18M to US\$200M
- Improved access to schools and safe water
- Poverty down by 35% in Savannakhet, Lao PDR

GMS Transport Sector Independent Evaluation

- Overall rating: **Successful**
- Positive impacts:
 - Increased domestic activity
 - Decreased travel time and costs
- Key issues:
 - Need to complete missing links
 - Need to fully implement cross-border agreement

The CAREC Program



- Economic cooperation program among Afghanistan, Azerbaijan, the PRC, Kazakhstan, Kyrgyz Republic, Mongolia, Tajikistan, Uzbekistan
- Strategic objective:
- CAREC sectors and initiatives
 - Transport and trade facilitation
 - Energy
 - Trade policy
 - CAREC Institute
- ADB's role
 - Financier
 - Facilitator and honest broker
 - Secretariat and Coordinator
- Strong partnership with other multilateral institutions
 - EBRD, IMF, IsDB, UNDP, World Bank

Transport and Trade Facilitation Strategy and Action Plan (2007-2017)

➤ Establish the 6 transport corridors in the CAREC region

1. Europe – East Asia Corridor
2. Mediterranean – East Asia
3. Russian Federation – Middle East and South Asia
4. Russian Federation – East Asia
5. East Asia – Middle East and South Asia
6. Europe – Middle East and South Asia

➤ Ensure efficient movement of goods and people

simplify and harmonize regulations that govern cross-border trade

➤ Develop safe, people-friendly transport systems

Key CAREC Transport Projects Developed

- Almaty-Bishkek Regional Road Rehabilitation
- Dushanbe-Kyrgyz Border Road Rehabilitation
- CAREC Regional Road Corridor Improvement: TAJ and KGZ sections
- Xinjiang Regional Road Improvement (Korla-Kuqa)
- CAREC Corridor 1 (Bishkek-Torugart) KGZ
- CAREC Corridor 1 (Zhambyl-Oblast) KAZ
- Hairatan to Mazar-e-Sharif Railway Development Program-AFG

ADB-assisted CAREC Projects (2000-2009)

	No. of Projects	Total Cost (US\$ million)	ADB Financing (US\$ million)	Government Financing (US\$ million)	Cofinancing (US\$ million)
All CAREC Projects	50	7,148.45	3,344.26	1,168.09	2,636.10
of which: transport and trade facilitation	41	6,356.75	2,731.49	1,039.46	2,585.80

Target Results

- Improved corridors (from 64%)
 - $\geq 75\%$ by 2012
 - 100% by 2017
- Increased transit trade (from $<1\%$)
 - $\geq 2\%$ by 2012
 - $\geq 5\%$ by 2017
- Increased intraregional trade (from 32M tons in 2005)
 - by $\geq 25\%$ by 2012
 - by $\geq 50\%$ by 2017
- Reduced border crossing times (from 2007 figures)
 - by $\geq 50\%$ by 2012
 - by a further 30% by 2017

Recent Developments

Transport

- 2009 – Road: 901 km of the roads sections built
- 2009 – Railway: 781 km of railway lines completed
- CAREC Cross-border Transport Agreement being negotiated

Trade Facilitation

- Regional Joint Transport and Trade Facilitation Committee
- 1st meeting of the CAREC Federation of Carrier and Forwarder Associations
- Corridor Performance Measurement and Monitoring
- Joint Customs Control pilot-test programs between Kazakh/PRC, Mongolia/PRC and Kazakh/Kyrgyz customs authorities
- “Safe Packets” pilot projects in Kazakhstan and Kyrgyz Republic
- Consolidated capacity building framework
- “Border Crossing Point Improvement and Single Window Development”

Conclusions

- Regional mindset is a prerequisite
- Building block approach is effective
- Hard and soft aspects need to be addressed to maximize benefits