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## Greater Mekong Subregion (GMS) Economic Corridors

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# Outline

1. Introduction of GMS Economic Corridors
2. Underpinning Conceptual Framework
3. Achievements and Recent Developments
4. Opportunities and Challenges
5. Lessons Learned and Way Forward



# **Brief Introduction of GMS Economic Corridors**

## Introduction of GMS Economic Corridors

Year	Milestones	Remarks
1993–1994	Conduct and adoption of the Transport Sector Study for the GMS	Priority transport links and investments were identified.
1998	Adoption of the economic corridor approach	The approach was adopted at the Eighth GMS Ministerial Conference.
2000	Configuration of EWEC, NSEC, and SEC defined; EWEC, NSEC, and SEC designated as priority initiatives	The configuration was defined at the Ninth GMS Ministerial Conference. EWEC consisted of a single route, while NSEC and SEC had two branches each. <sup>a</sup>
2002	Designation of EWEC, NSEC, and SEC as flagship programs under the Ten-Year GMS Strategic Framework, 2002–2012 <sup>b</sup>	Designation as flagship programs was endorsed at the First GMS Summit held in Phnom Penh, Cambodia.
2004	Inclusion of Guangxi Zhuang Autonomous Region (Guangxi) of the PRC in the GMS	An additional branch was added to NSEC linking Nanning of Guangxi to Hanoi.
2006	Adoption of the GMS Transport Sector Strategy, 2006–2015 <sup>c</sup>	Nine corridors making up a GMS corridor network were identified, with EWEC, NSEC, and SEC being subsets of these corridors.
2009–2010	Adoption of SAPs for EWEC, NSEC, and SEC	Some changes in the configuration of NSEC and SEC proposed by GMS countries were incorporated.
2011	Extension of SEC from Bangkok to Dawei	This was the only change in the configuration of the economic corridors since the adoption of SAPs.



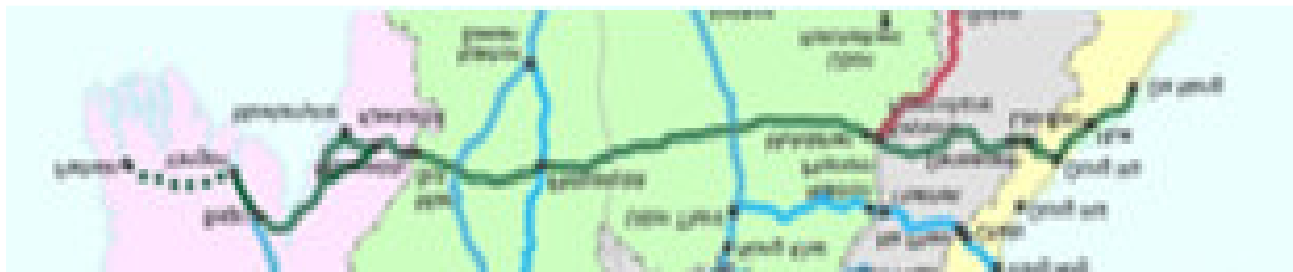
# North South Corridor

Subcorridor	Countries Traversed	End-to-End Distance (km)
➤ Kunming-Chiang Rai-Bangkok via Lao PDR or Myanmar Subcorridor (NSEC 1)	PRC, Lao PDR, Myanmar and Thailand	1,709.0*
➤ Kunming- Boten-Oudoxay- Luangprabang-Vang Vieng-Vientiane- Nong Khai-Udon Thani-Nakhon Ratchasima-Laem Chabang Subcorridor (NSEC 2)	PRC, Lao PDR and Thailand	2,037.7
➤ Kunming-Hanoi-Haiphong Subcorridor (NSEC 3)	PRC and Viet Nam	1,161.0
➤ Nanning-Hanoi Subcorridor (NSEC 4)	PRC and Viet Nam	583.0
➤ Kunming-Muse-Mandalay-Yangon- Thilawa Subcorridor (NSEC 5)	PRC and Myanmar	1,726.4
➤ Mandalay-Tamu Subcorridor (NSEC 6)	Myanmar to border with India (extension of NSEC 5)	579.0**
➤ Laem Chabang -Bangkok-Nakhon Ratchasima-Udon Thani-Nakhon Phanom-Takhek-Na Phao-Vuong Anh- Hanoi Subcorridor (NSEC 7)	Thailand, Lao PDR and Viet Nam	1,551.7
➤ Vientiane-Paksan-Vinh-Hanoi Subcorridor (NSEC 8)	Lao PDR and Viet Nam	471.3



# East West Corridor

- **EWEC** connects Da Nang in the central coast of Viet Nam and Yangon-Thilawa and Mawlamyine in Myanmar via Lao PDR and Thailand.
- It crosses Myawaddy (Myanmar)-Mae Sot (Thailand) border gate, Mukdahan (Thailand)-Savannakhet (Lao PDR) border gate, Dansavanh (Lao PDR)-Lao Bao (Viet Nam) border gate.
- The distance from Yangon to Da Nang is estimated to be 1,798.1 km.

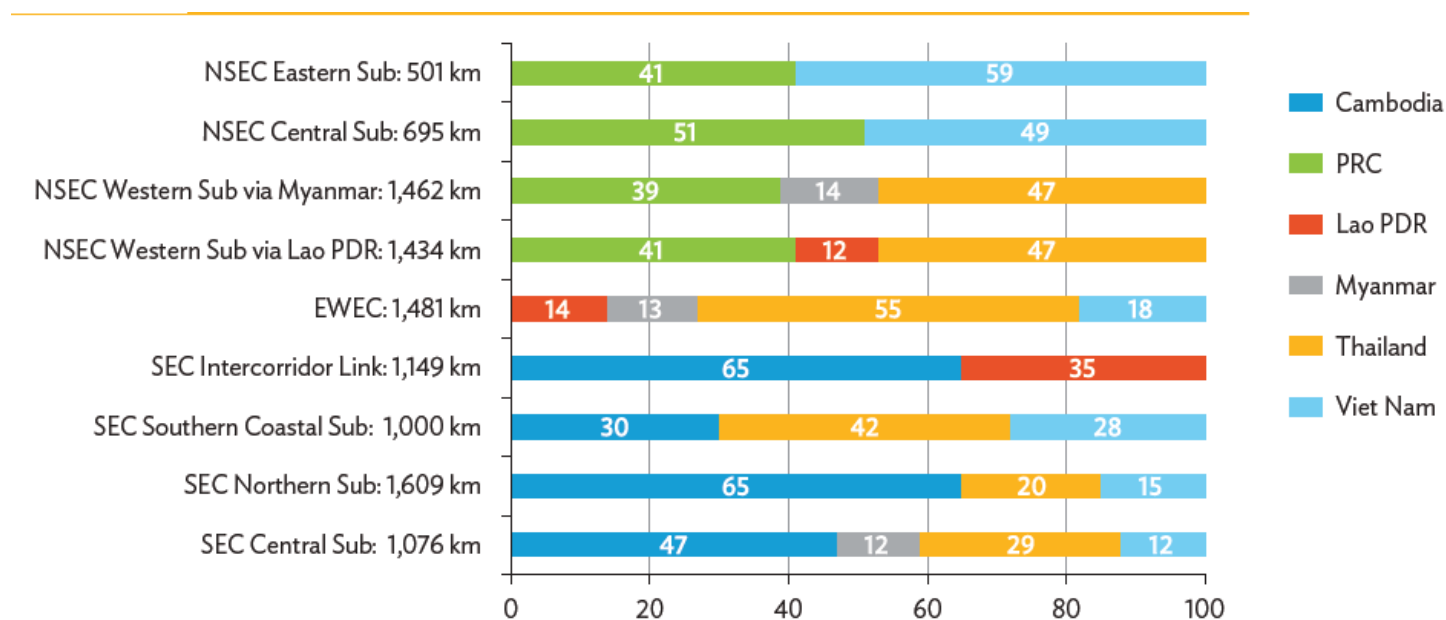


# Southern Economic Corridor

Subcorridor	Countries Covered	End-to-End Distance (km)
➤ Dawei-Bangkok-Phnom Penh-HCMC-Vung Tau Subcorridor (SEC 1)	Cambodia, Myanmar, Thailand and Viet Nam	1,332.6
➤ Bangkok-Siem Reap-Stung Treng-Pleiku-Quy Nhon Subcorridor (SEC 2)	Cambodia, Thailand and Viet Nam Thailand	1,338.0
➤ Bangkok-Trat-Kampot-Ha Tien-Nam Can Subcorridor (SEC 3)	Cambodia, Thailand and Viet Nam	1,079.0
➤ Sihanoukville-Phnom Penh-Stung Treng-Pakse-Savannakhet Subcorridor (SEC 4)	Cambodia and Lao PDR	1,158.0



## Intercountry Distribution of GMS Economic Corridors (%)



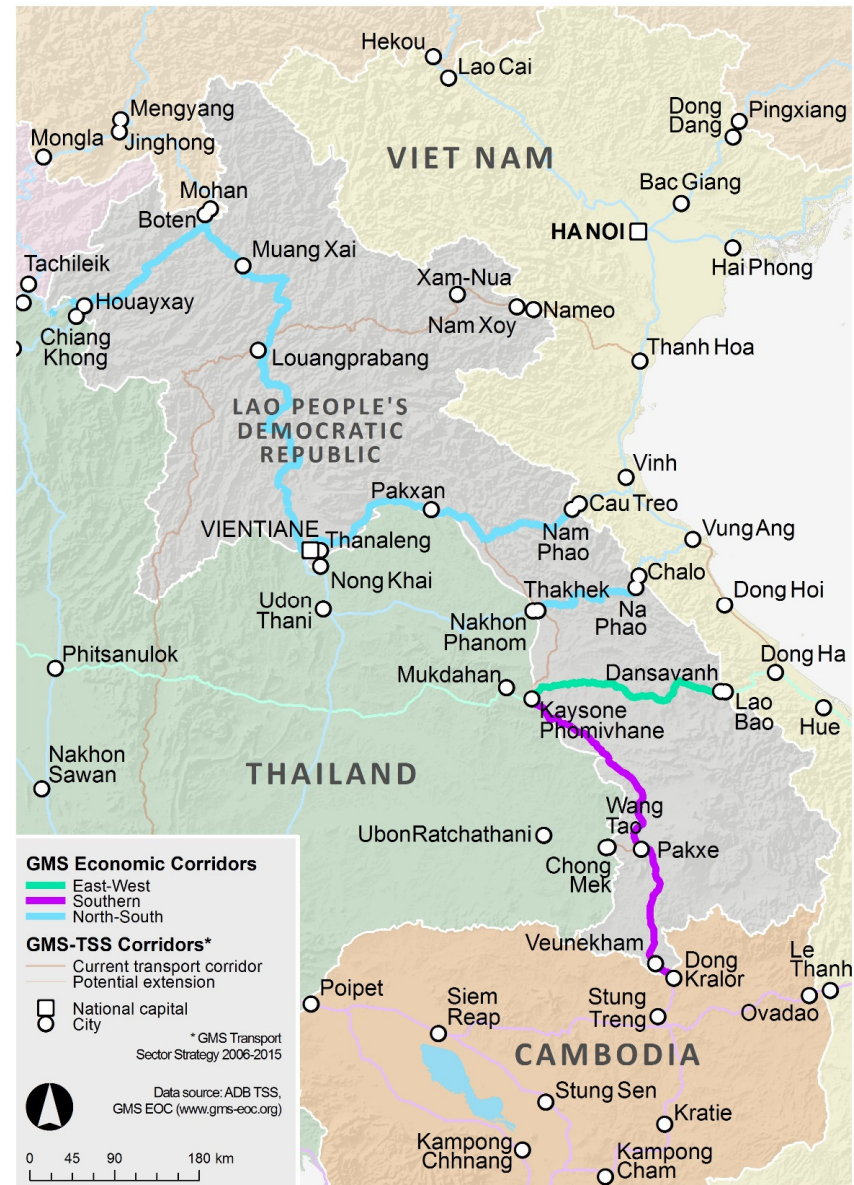
PRC = People's Republic of China, EWEC = East-West Economic Corridor, GMS = Greater Mekong Subregion, km = kilometer, NSEC = North-South Economic Corridor, SEC = Southern Economic Corridor, Sub = Subcorridor.

Sources: Updated Figure 1 in P. Srivastava. 2011. Regional Corridors Development in Regional Cooperation. *ADB Economics Working Paper Series*. No. 258. Manila: ADB.

# Cambodia



# Lao PDR



# Myanmar



# PR China – Yunnan and Guangxi



# Thailand



# Viet Nam



# **Conceptual Framework of GMS Economic Corridors**

## Concept of GMS Economic Corridors

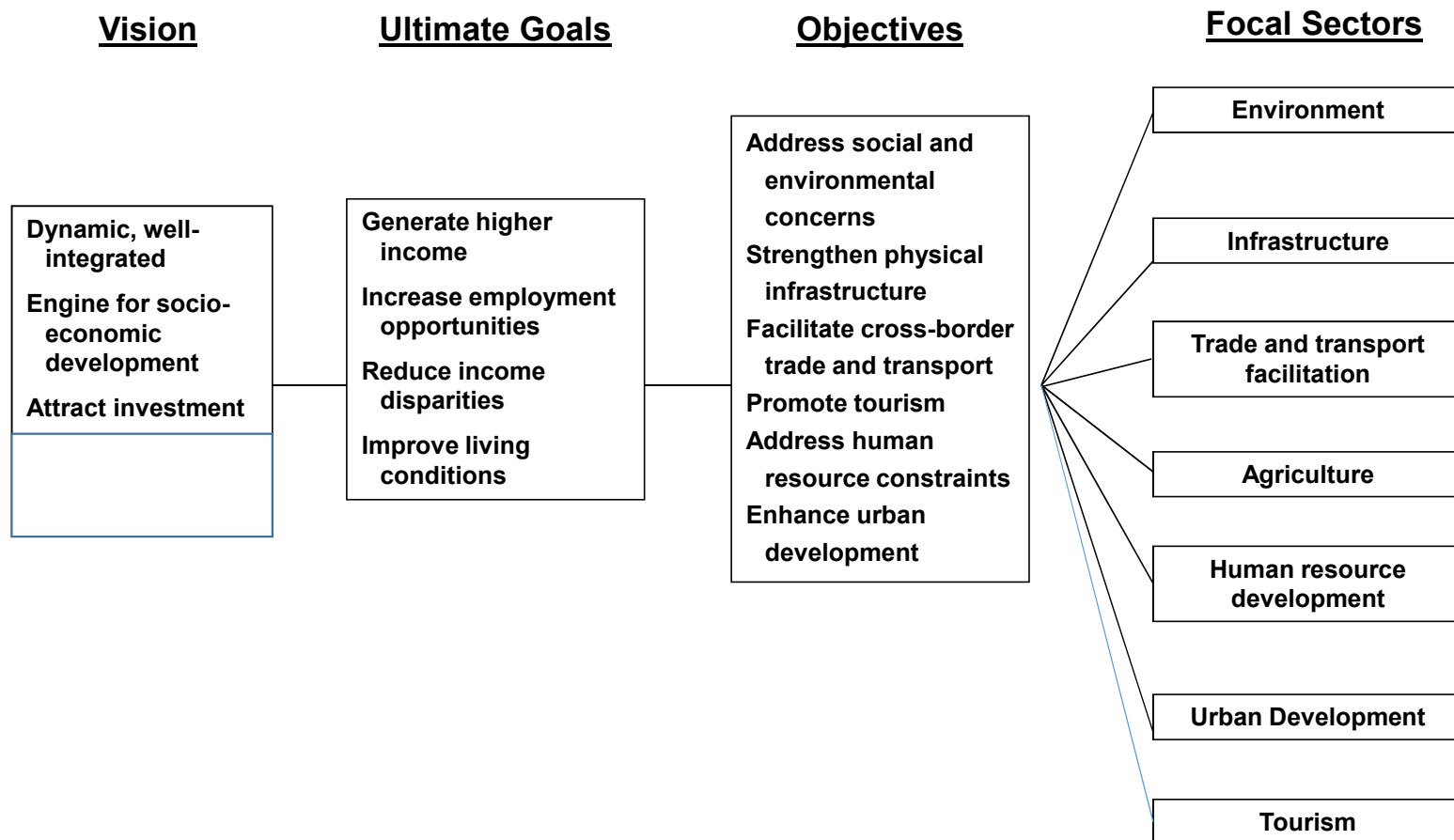
An economic corridor is geographically defined area that

- extends **beyond a single transport route** and encompasses an economic zone running parallel to the main transport arteries,
- serves as **a planning framework** for investment to stimulate the national and trans-national movement of people, goods, services, capital and information along the principal routes and their surrounding areas, and
- consists of an **integrated system** of road, rail, and ports that interconnects
  - (i) border areas of GMS countries;
  - (ii) centers of production (manufacturing hubs, industrial clusters, and economic zones);
  - (iii) centers of demand (capitals and major urban centers); and
  - (iv) gateways that include important seaports used for intra-regional and international trade.

## Objectives of GMS Economic Corridors

- (i) extending the **benefits** to remote and landlocked locations in the GMS,
- (ii) providing a **spatial** focus on GMS activities
- (iii) serving as a mechanism for coordinating and planning **investments**; and opening up opportunities for investments from within and outside the GMS; and
- (iv) generating **tangible** demonstration effects.

## Strategic Framework of GMS Economic Corridors



# **Achievements and Recent Development of GMS Economic Corridors**

## Implementation of GMS Corridors

Corridor	# Projects	Completed	Ongoing	Pending	Completed +ongoing: projects (%)
<b>EWEC</b>	36	20	10	8	<b>83.3</b>
<b>NSEC</b>	75	35	19	21	<b>72.0</b>
<b>SEC</b>	81	27	32	22	<b>72.8</b>
<b>EWEC+ NSEC+ SEC</b>	192	82	61	51	<b>74.5</b>

## Achievements of GMS Economic Corridors

**Cross-border infrastructure.** From 1992 to 2016, more than **10,000 km** of expressways and national roads of GMS corridors were built. About **3,000 km** of power transmission and distribution lines were constructed.

**Software (or Related Regional Policies).** Cross-Border Transport Facilitation Agreement (CBTA), and other sector agreements and strategies



## Border Crossing Points along East West Corridor

Economic Corridor/Subcorridor	Border Crossing Points	Status of Border Facilities/Remarks
East-West Economic Corridor		
EWEC	Myawaddy (M)-Mae Sot (T)	BCF in place.
	Mukdahan (T)-Savannakhet (L)	BCF in place.
	Dansavanh (L)-Lao Bao (V)	BCF in place. SSI in place

# Border Crossing Points along North South Corridor

NSEC 1 (Kunming-Chiang Rai-Bangkok via Lao PDR or Myanmar)	Mohan (PRC)-Boten (L)	BCF in place in Mohan; need to improve BCF in Boten.
	Houayxay (L)-Chiang Khong (T)	BCF in place.
	Daluo (PRC)-Mongla (M)	BCF in place.
	Tachilek (M)-Mae Sai (T)	BCF in place.
NSEC 2 (Kunming-Boten-Oudoxay-Luangprabang-Vang Vieng-Vientiane-Nong Khai-Udon Thani-Nakhon Ratchasima-Laem Chabang)	Mohan (PRC)-Boten (L)	BCF in place in Mohan; need to improve BCF in Boten.
	Thanaleng (L)-Nong Khai (T)	Need to establish and improve BCF in Thanaleng: BCF in place in Nong Khai.
NSEC 3 (Kunming-Hanoi-Hai Phong)	Hekou (PRC)-Lao Cai (V)	BCF in place.
NSEC 4 (Nanning-Hanoi Subcorridor)	Youyiguan (P)-Huu Nghi (V)	BCF in place.
	Dongxing (PRC)-Mongcai	BCF in place.
NSEC 5 (Kunming-Muse-Mandalay-Yangon-Thilawa)	Ruili (PRC)-Muse (M)	BCF in place.
NSEC 6 (Mandalay-Tamu)	Tamu (M)-Moreh (India)	BCF in place.
NSEC 7 (Laem Chabang-Bangkok-Nakhon Ratchasima-Udon Thani-Nakhon Phanom-Takhek-Na Phao-Vuong Ang-Hanoi)	Nakhom Phanom (T)-Thakhek (L)	BCF in place in Nakhom Phanom; need to establish and improve BCF in Thakek.
	Na Phao (L)-Chalo (V)	Need to establish and improve BCF in Na Phao.
NSEC 8 (Vientiane-Paksan-Vinh-Hanoi)	Nam Phao (L)-Cau Treo (V)	Need to establish and improve BCF in Nam Phao.

# Border Crossing Points along Southern Corridor

SEC 1 (Dawei-Bangkok-Phnom Penh-HCMC-Vung Tau)	Ban Phu Nam Ron (T)- Htikhi (M)	Checkpoint was opened in 2012; construction of a customs office at Ban Phu Nam Ron commenced in 2017; need to improve BCF in Htikhi.
	Aranyaprathet (T)-Poipet (KH)	BCF in place.
	Bavet (KH)-Moc Bai (V)	BCF in place.
	Aranyaprathet (T)-Poipet (KH)	BCF in place.
SEC 2 (Bangkok-Siem Reap-Stung Treng-Pleiku-Quy Nhon)	O Yadav (KH)-Le Thanh (V)	Need to improve BCF in O Yadav; BCF in place in Le Thanh.
	Hat Lek (T)-Cham Yearn (KH)	Construction of BCF in Hat Lek deferred due to land acquisition problems; need to improve BCF in Cham Yearn.
SEC 3 (Bangkok-Trat-Kampot-Ha Tien-Nam Can)	Prek Chak/Lork (KH)-Xa Xia (V)	BCF completed in 2014 in Lork; BCF in place in Xa Xia;
	Nong Nokkheane (L)-Trapeang Kriel (KH)	This is the only official land crossing between Cambodia and Lao PDR; newly constructed border crossing facilities were inaugurated in January 2017.
SEC 4 (Sihanoukville-Phnom Penh-Stung Treng-Pakse-Savannakhet)		

# Border Crossings with Largest Cross-Border Trade

## In EWEC

- Myawaddy (Myanmar)-Mae Sot (Thailand)

## In NSEC

- Mohan, PRC-Boten, Lao PDR (NSEC 1 and NSEC 2)
- Tachilek, Myanmar-Mae Sai, Thailand (NSEC1)
- Hekou, PRC-Lao Cai, Viet Nam (NSEC3)
- Pingxiang, PRC-Lang Son, Viet Nam (NSEC 4)
- Dongxing, PRC-Mon Cai, Viet Nam (NSEC 4)
- Muse, PRC-Ruili, Myanmar (NSEC 5)
- Vientiane, Lao PDR-Nong Khai, Thailand (NSEC 2)

## In SEC

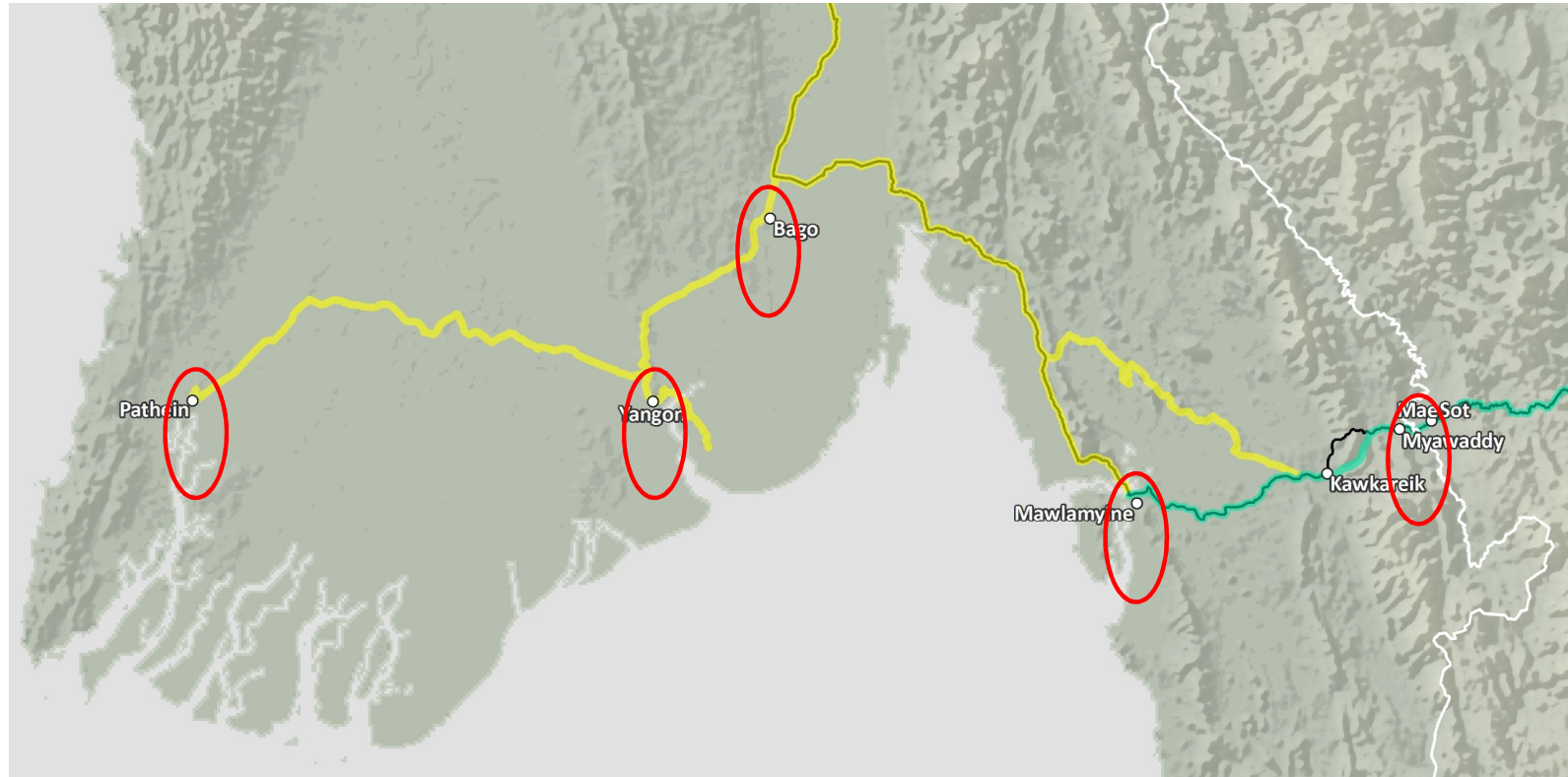
- Bavet, Cambodia)-Moc Bai, Viet Nam (SEC 1)
- Poipet, Cambodia)-Aranyaprathet, Thailand (SEC 1)

The primary cross-border trade routes along the GMS economic corridors are:

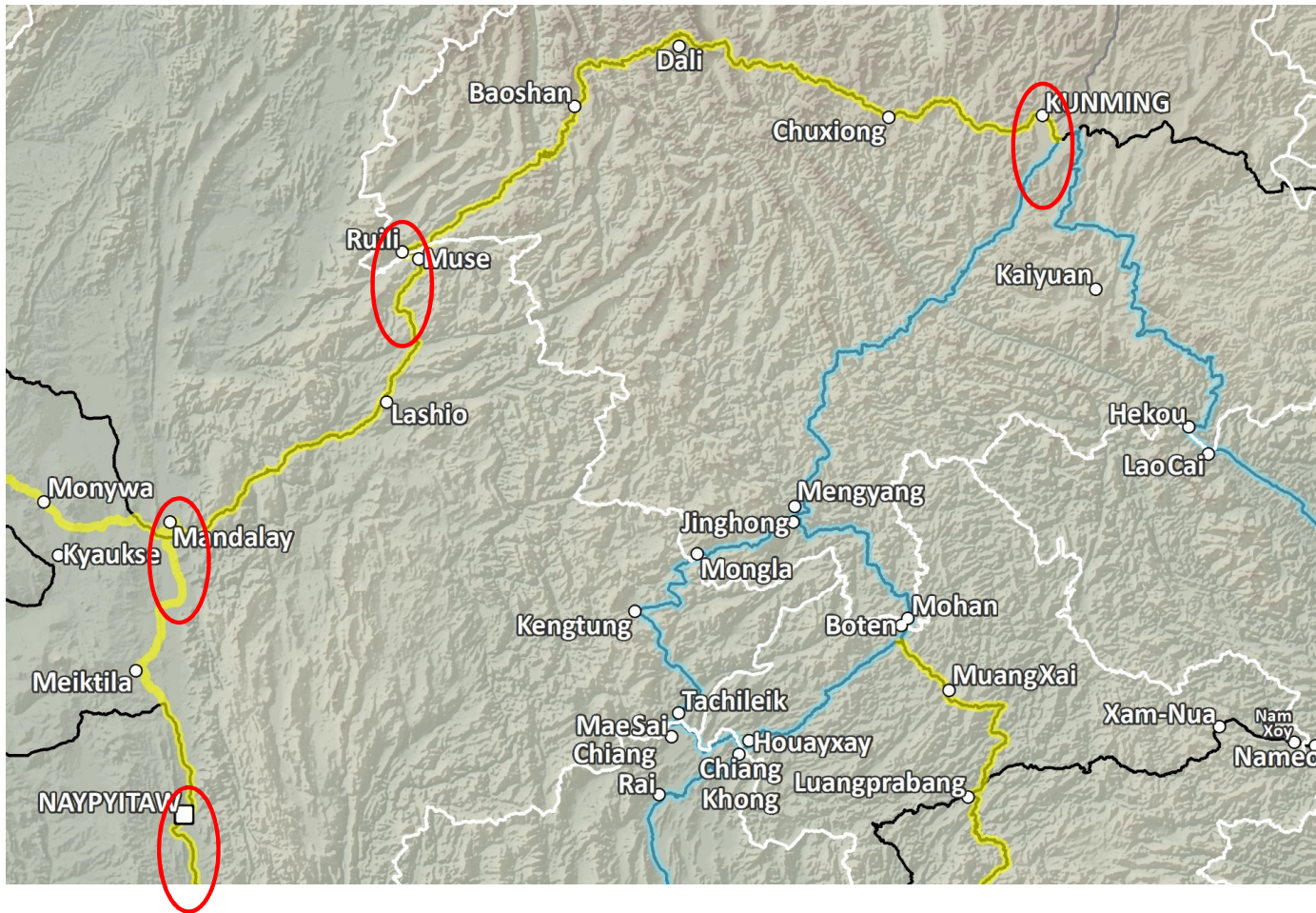
- Bangkok-Yangon via Mae Sot-Myawaddy (EWEC and NSEC 1)
- Kunming-Bangkok via Lao PDR (NSEC 1)
- Bangkok-Vientiane (NSEC 2)
- Kunming-Hanoi-Haiphong (NSEC 3)
- Nanning-Hanoi via Dongxing-Moncai (NSEC 4)
- Kunming-Mandalay via Muse-Ruili (NSEC 5)
- Bangkok-Phnom Penh-Ho Chi Minh City (SEC 1)

# **Recent Developments**

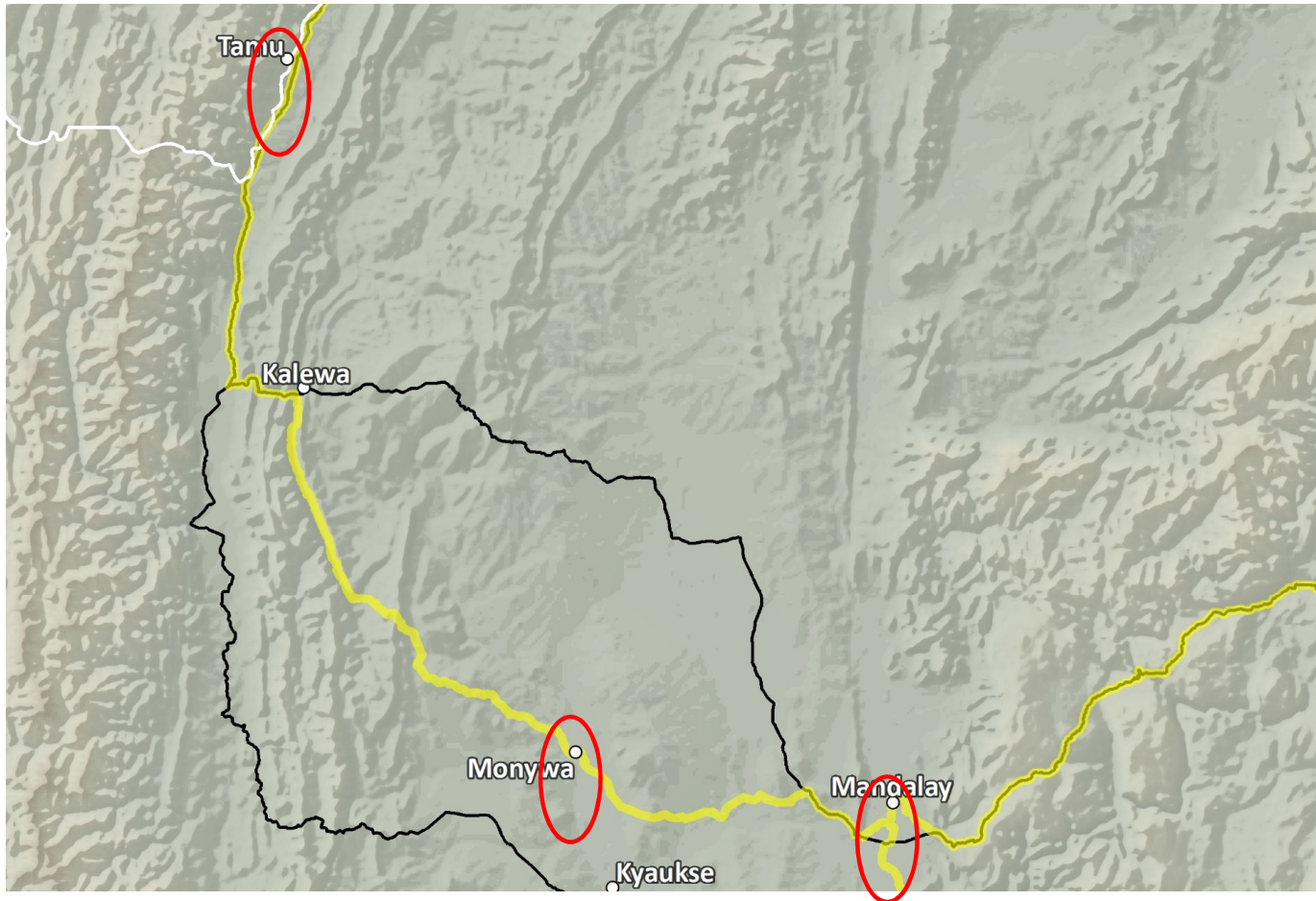
**Include an extension to Yangon/Thilawa-Pathain at the western end of EWE**



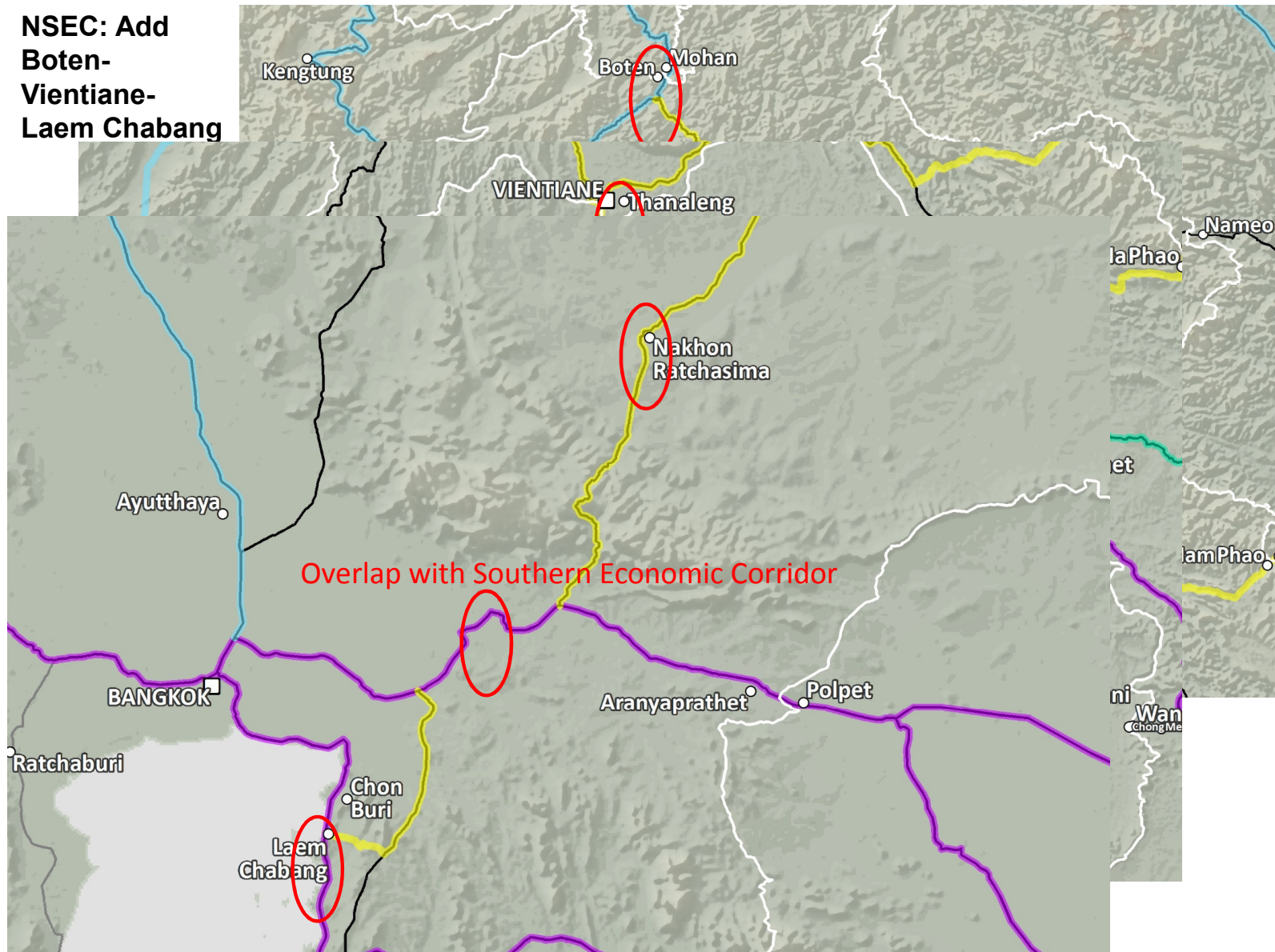
## NSEC: Include the Kunming-Dali-Ruili-Mandalay-Nay Pyi Taw-Yangon route

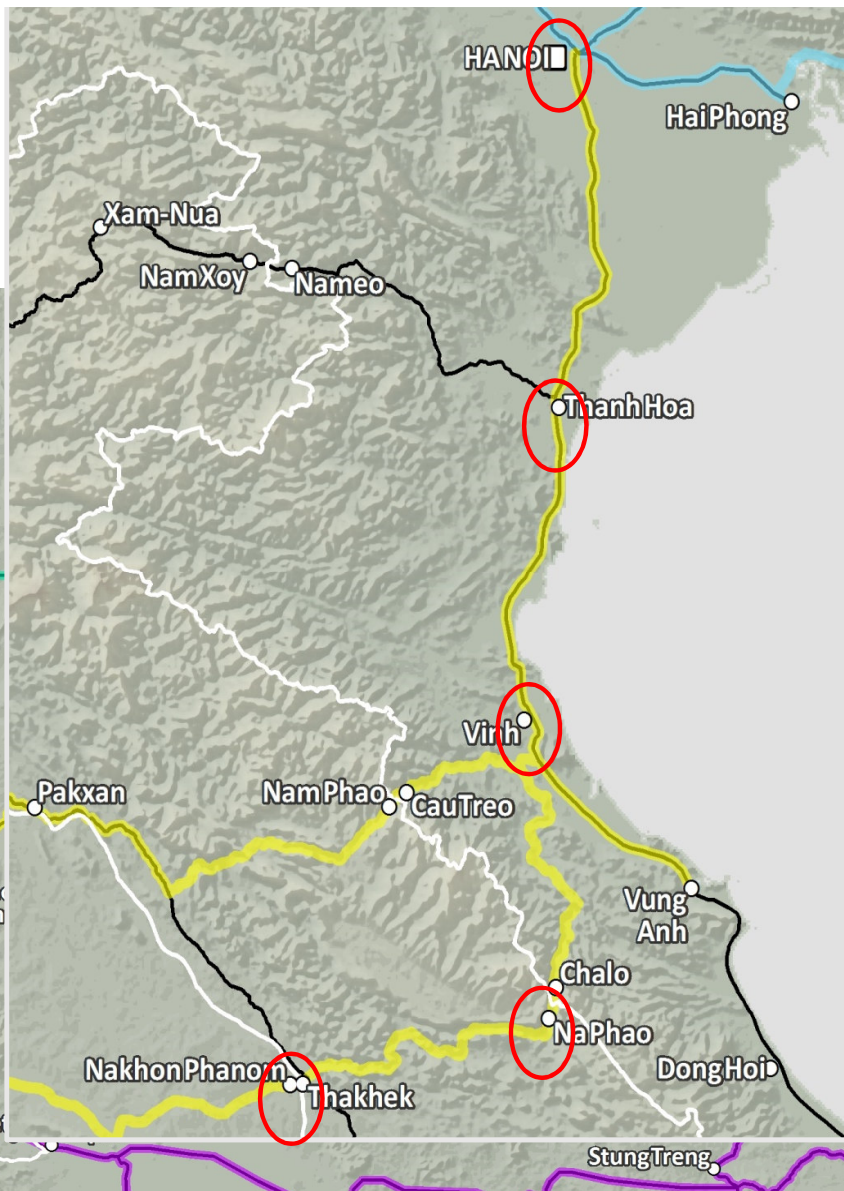
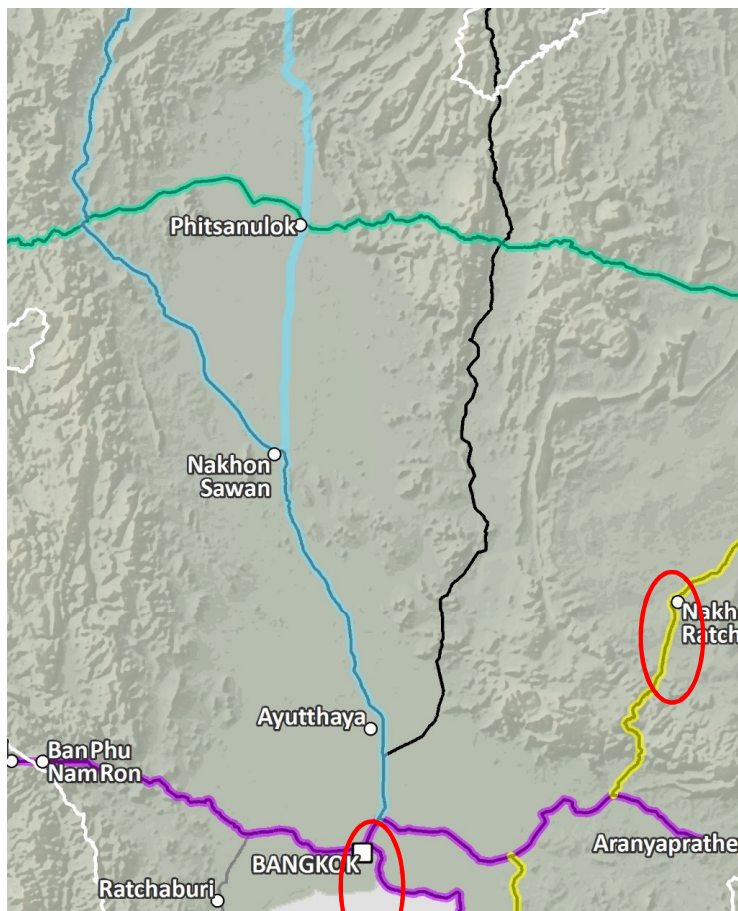


## NSEC: Add an extension to link Mandalay to Tamu

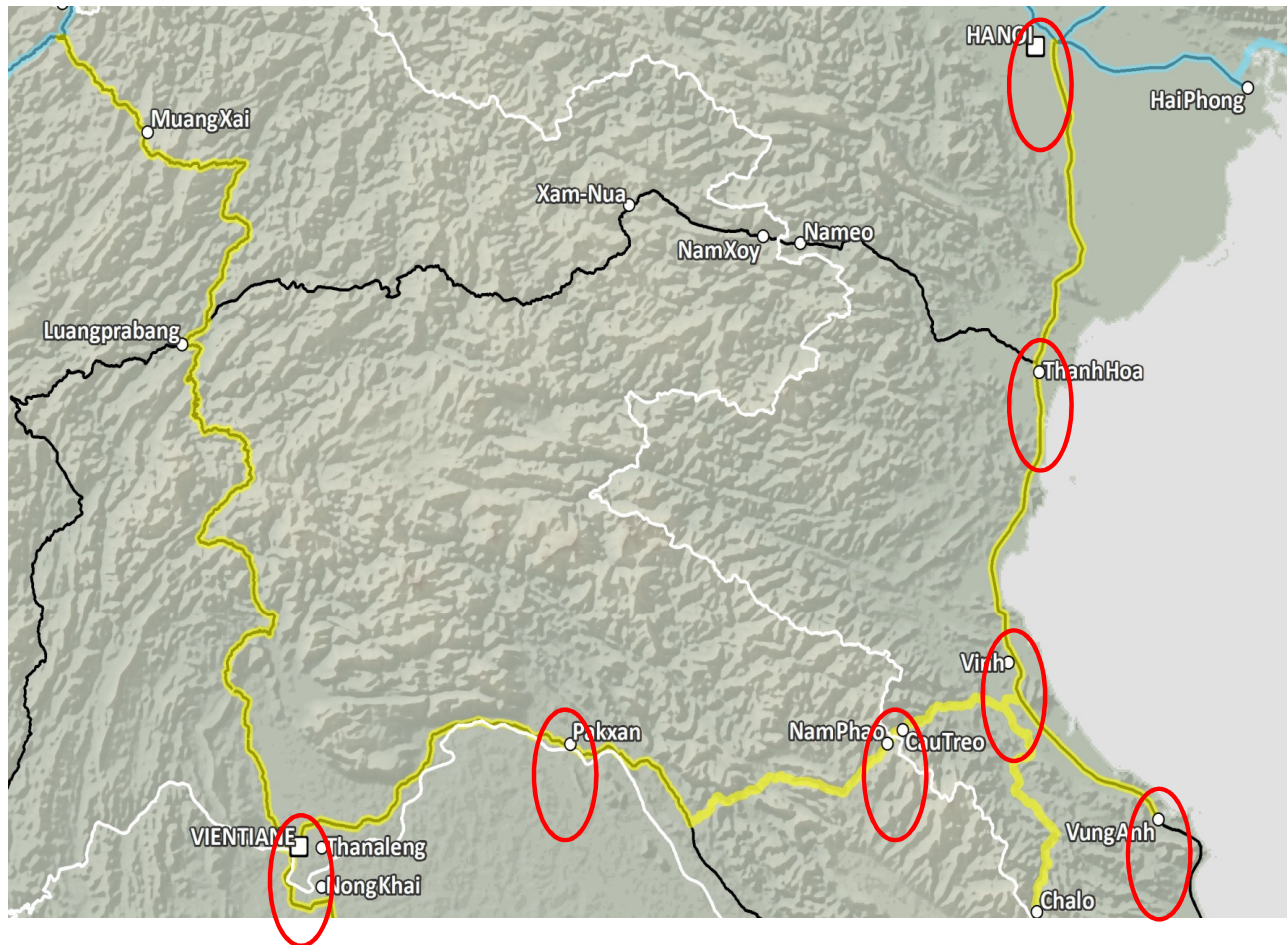


**NSEC: Add  
Boten-  
Vientiane-  
Laem Chabang**





**NSEC: Include a link between Vientiane and Hanoi with an extension to Vung Ang**



# Development of SEZ's

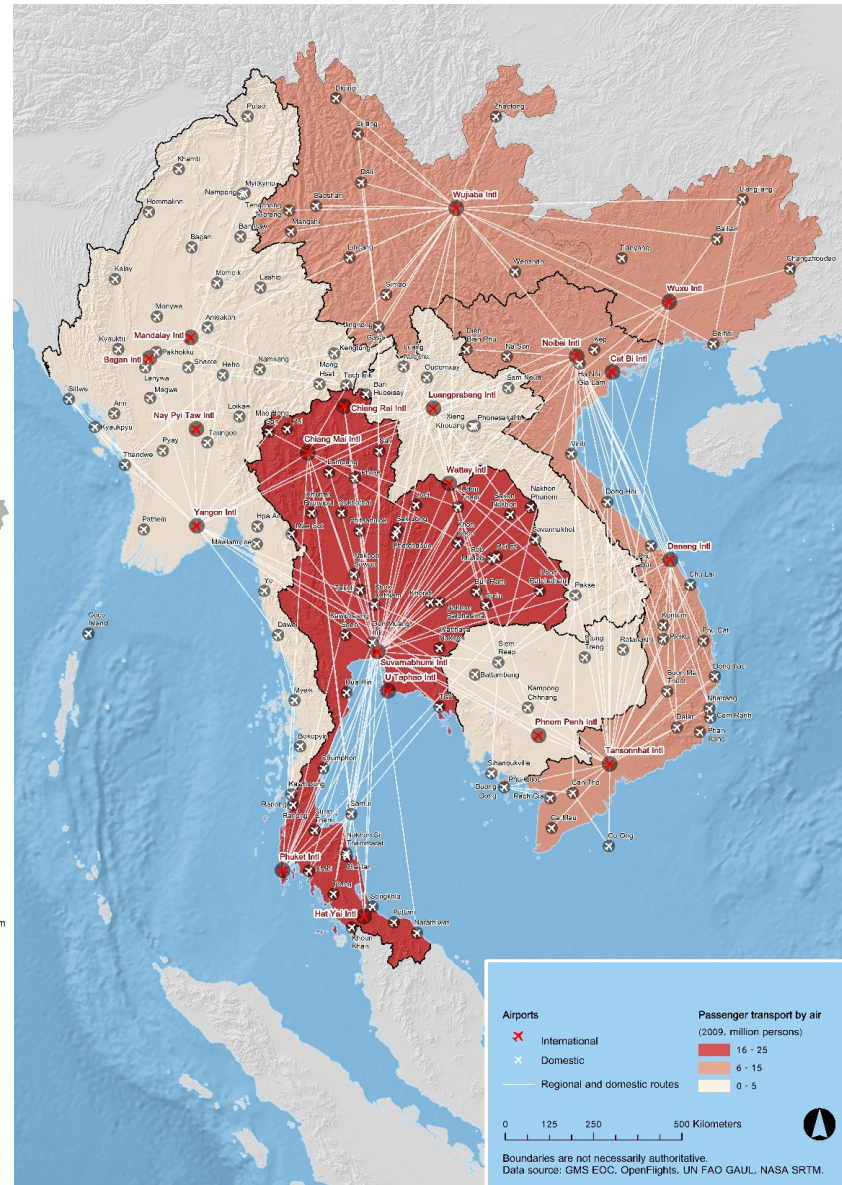
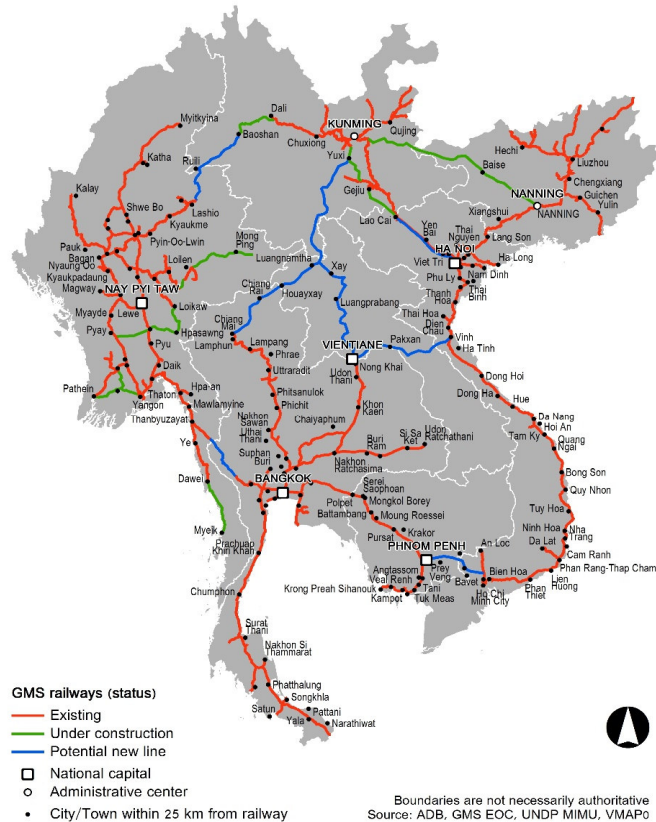
East West Corridor	<b>Total: 32 SEZs</b> Lao PDR: 1, Myanmar: 14; Thailand: 2, and Viet Nam: 15
North South Corridor	<b>Total: 14 SEZs (including two CBEZs: Botten-Mohan, and Rulli-Muse)</b>  PRC: 5, Lao PDR: 4, Myanmar: 1, Thailand: 3, Viet Nam: 4
Southern Corridor	<b>Total 27:</b> Cambodia: 15, Myanmar: 1, Thailand: 3 (including the East Economic Corridor), and Viet Nam: 8



# Development of Urban Areas



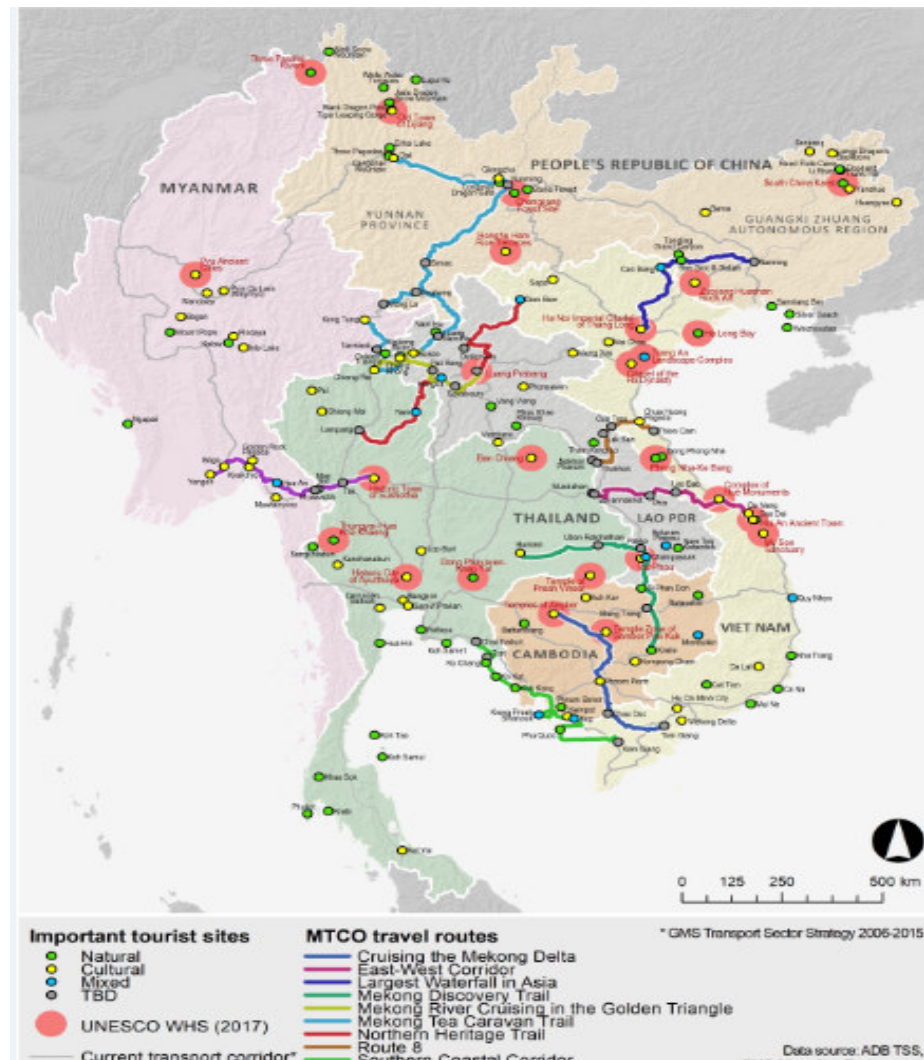
# Development of Multimodal Network



# Power Transmission Network



# Development of Tourism Network



# **Opportunities and Challenges**

# Opportunities

- Multi-modal transport systems and logistics facilities;
- Border economic zones;
- Agriculture, urban development, health, environment, tourism, energy, ICT, TTF; and
- Potential partnerships with other regional initiatives.

# Challenges

- Slow progress of opening up the regional transport and logistics market;
- Limited network effect;
- Regulatory barriers to trade, investment, and labor mobility;
- Weak role of private sector, and local provinces;
- Weak institutional structures; and
- Fiscal constraints in GMS countries.

## **Lessons Learned and Way Forward**

## Lessons Learned

- Development of ECs cannot be isolated from the reform of the economy;
- Regulatory barriers are as challenging as infrastructural constraints;
- Promotion of network effect of economic corridors is critical;
- Border points and border provinces are critical because they are gateways to connect corridors;
- GMS corridors provide a framework to guide and plan investment;
- Private sector participation is crucial; and
- Efficient institutional framework is key to support economic corridor development.

## Ways Forward

- (i) Completing GMS economic corridor network and improving links with South Asia, Southeast Asia and beyond;
- (ii) Opening up regional markets of transport and logistics services;
- (iii) Strengthening intermodal transport links;
- (iv) Facilitating integration of economic corridors with the RVC and GVC in both manufacturing and agriculture;
- (v) Promoting tourism, environmental protection, and prevention of cross border diseases, and
- (vi) Strengthening partnership with private sector, and border provinces.

FINALLY, WHAT WILL BE NEXT AFTER ECONOMIC CORRIDORS?



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