



SECOND MEETING

G / S Urban Development Working Group

4-5 July 2018 • Manila, Philippines

TA 8989 REG:

GMS Capacity Development Economic Zones in Border Areas







TA 8989 REG: Greater Mekong Sub-region Capacity Development for Economic Zones in Border Areas

Objectives

- Identify potential "anchor urban areas" for 5th, 6th and 7th CTDPs
- Identify (i) economic zones in (ii) border areas.
- Relates to 2 different but related areas of development:
 - Urban development
 - Development of competitive regional or sub-regional GMS growth poles





Background of TA 8989 REG

TA 8989 REG: Greater Mekong Sub-region Capacity Development for Economic Zones in Border Areas

Economic zones

require consideration of broader institutional and economic development issues focusing on the competitiveness of corridor towns: much broader than urban development issues and multi-sector

Border areas

better potential to create competitive regions along GMS corridors because of

- (i) the opportunities to create cross border synergies and complementarities;
- (ii) links to value chains







GMS Corridor Towns Development Projects

Ruili-Muse

Hekou-Lao Cai

Pingxiang-Dong Dang

Dongxing-Mong Cai

Tachilek-Mea Sai

Mohan-Boten

Chiangkhong-Houayxay

Myawaddy-Mea Sot

Nakhorn Panom-Thakhek

Mukdahan-Kaysone Phomvihane

Dansavanh-Lao Bao

Hitkhi-Ban Phu Nam Ron

Aranyaprathet-Poipet

Hat Lek-Chan Yeam

Nong Khai-Vientiane

Bavet-Moc Bai

Dong Kralor-Veun Kham/Nong Nokkien

PRC-Myanmar PRC-Vietnam

PRC-Vietnam

PRC-Vietnam

Myanmar-Thailand

PRC-Lao PDR

Thailand-Lao PDR

Myanmar-Thailand

Thailand-Lao PDR

Thailand-Lao PDR

Lao PDR-Vietnam

Myanmar-Thailand

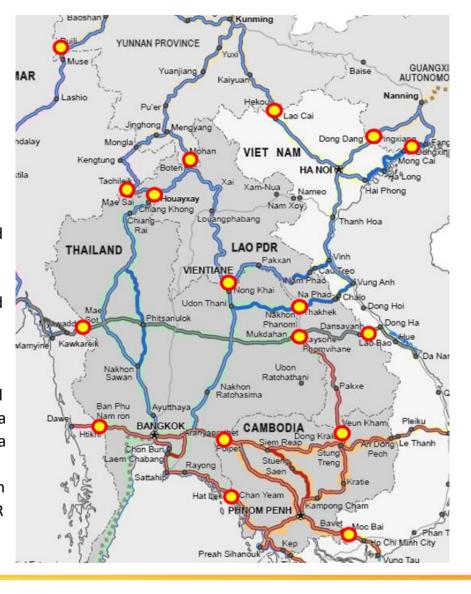
Thailand-Cambodia

Thailand-Cambodia

Thailand-Lao PDR

Cambodia-Vietnam

Cambodia-Lao PDR



SECOND MEETING







GMS Corridor Towns Development Projects

Ruili-Muse

Hekou-Lao Cai

Pingxiang-Dong Dang

Dongxing-Mong Cai

Tachilek-Mea Sai

Mohan-Boten

Chiangkhong-Houayxay

Myawaddy-Mea Sot

Nakhorn Panom-Thakhek

Mukdahan-Kaysone Phomvihane

Dansavanh-Lao Bao

Hitkhi-Ban Phu Nam Ron

Aranyaprathet-Poipet

Hat Lek-Chan Yeam

Nong Khai-Vientiane

Bavet-Moc Bai

Dong Kralor-Veun Kham/Nong Nokkien

PRC-Myanmar

PRC-Vietnam

PRC-Vietnam

PRC-Vietnam

Myanmar-Thailand

PRC-Lao PDR

Thailand-Lao PDR

Myanmar-Thailand

Thailand-Lao PDR

Thailand-Lao PDR

Lao PDR-Vietnam

Myanmar-Thailand

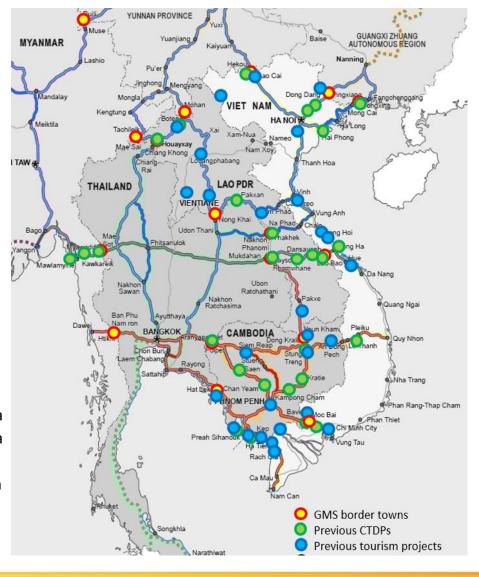
Thailand-Cambodia

Thailand-Cambodia

Thailand-Lao PDR

Cambodia-Vietnam

Cambodia-Lao PDR



SECOND MEETING

GMS Urban Development
Working Group





Implementation of TA 8989 REG

Phase 1 Phase 2 Phase 3 Phase 4 Phase 5 Phase 6 Phase 7 Detailed analysis of Evaluate growth & **Analysis of SEZ Analysis of CTDP Urban and SEZ** Ranking of Lit. review cluster border towns investm. Potential policies issues assessment border towns development approach

- Phase 1: Detailed analysis on economic zone policies in GMS countries
- Phase 2: Analysis of on-going CTDPs and their impact on investment and economic growth
- Phase 3: Field missions and detailed analysis of 17 border points and 34 border towns/areas
- Phase 4: Assessment of urban issues and border zone issues
- Phase 5: Evaluate economic growth and investment potential of 34 GMS cities
- Phase 6: Ranking for further analysis
- Phase 7: Literature review on economic zones and clustering development







TA 8989 REG: Greater Mekong Sub-region Capacity Development for Economic Zones in Border Areas

Key findings

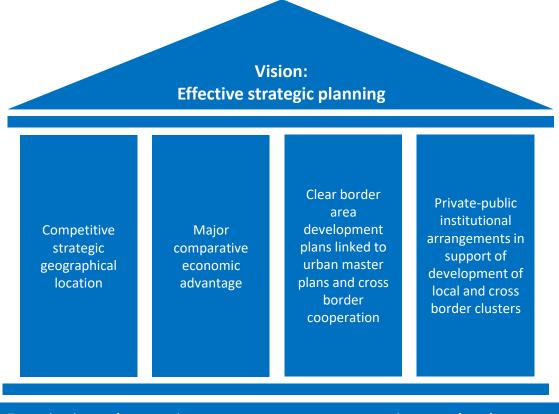
- Capacity development for urban management and investment in local urban infrastructure important.
- But it is "not sufficient to foster the development of value-added clusters as remaining constraints disincentive for most investors".
- Binding constraints to economic growth and investments need to be addressed taking into account natural endowments (geographical location, etc.).
- Many GMS border towns unlikely to develop as GMS economic hotspot or economic hub!







Requirements for the development of economic hubs or clusters



Functioning urban environment to support economic zone development

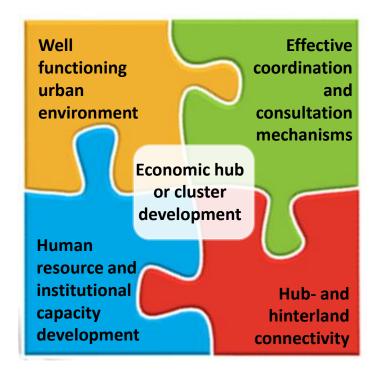






How to develop economic hubs or clusters

Need for a multisector approach







Selected economic hubs for 5th, 6th, 7th CTDP

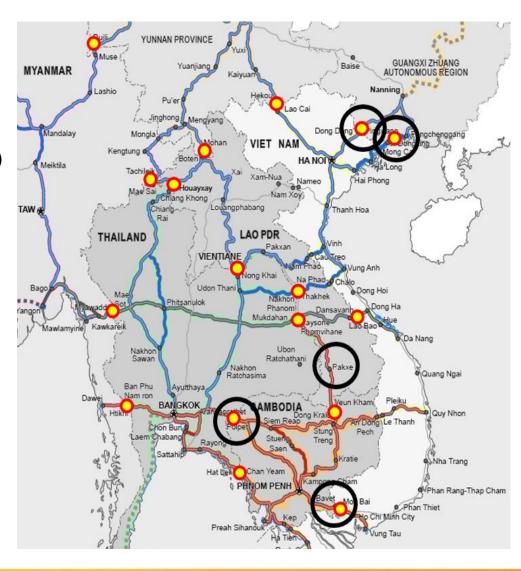
Hotspot 1: Wider Pakse area (CAM/LAO/THA)

Hotspot 2: Lang Son/Dong Dang (PRC/VTN)

Hotspot 3: Dongxing/Mong Cai (PRC/VTN)

Hotspot 4: Bavet/Moc Bai (CAM/VTN)

Hotspot 5: Aranyaprathet/Poipet (CAM/THA)





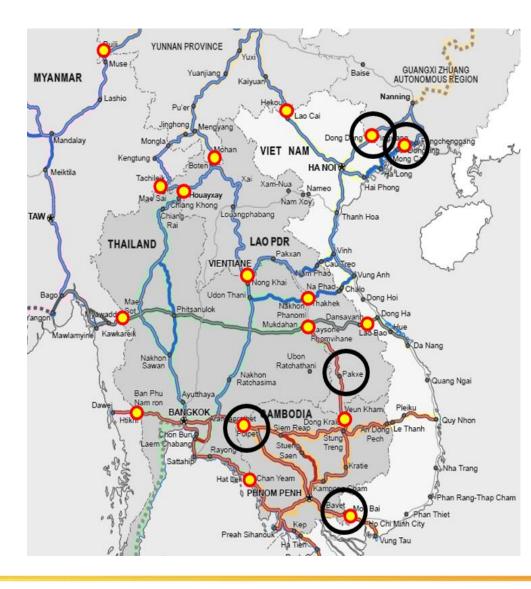




Next economic hubs

Hotspot 6: Myawaddy-Mae Sot

Hotspot 7 : Kaysone Phomvihane-Mukdahan

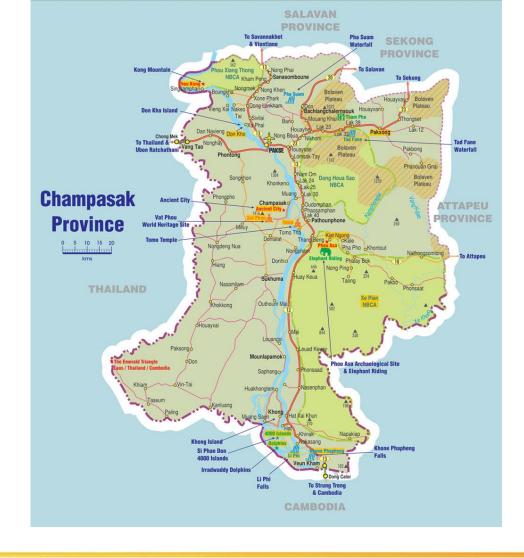








Economic hotspot 1: Greater Pakse area









Greater Pakse area: Strategic geographical location

Location

- GMS central economic corridor (GMS CEC)
- Direct link with Thailand (40 km to border) and Vietnam (Quy Nhon and Danang): Para-EWEC
- Vangtao (Lao PDR) and Chongmek (Thailand): Strategic border point for Thailand
- Direct link to Cambodia (140 km) and Ho Chi Minh City
- Centre of Southern Lao PDR

Natural resources endowment

- Unique hinterland of Bolaven Plateau (50 km): micro-climate (altitude and rain) and very fertile soil
- Unique tourism assets: well-preserved Khmer historical sites and natural sites (4000 islands on Mekong, Khonphapeng water fall, Bolaven Plateau, etc.)







Greater Pakse area: Economic strength

Agriculture

- Southern Lao PDR very rich in agricultural resources
 - Champasack, Attapeu, Salavan and Sekong provinces, Northern part of Cambodia
- Wide product range with "niche" agricultural products for Japanese market i.e.
 - Premium coffee, cassava and organic cassava, organic vegetables, fruits, herbs, etc.
- Contract farming arrangements with Thailand under the "2 + 3" approach (ACMECS)
 - Lao PDR: land and labor
 - Thailand: technology, credit and market access
- Existing agro-industry in Thailand with increasing linkages to Lao PDR

Tourism

Major regional tourism hub for southern Lao PDR

Manufacturing

SEZs attractive to Japanese manufacturer (Thailand + 1 strategy)







Greater Pakse area: SEZ development

 Effectively the entire greater Pakse area a non-delimited EZ with agroprocessing industries along the main roads

SEZ	Activities	Status
Vangtao SEZAt Lao-Thai border253 ha	Logistics hubDry portLight manufacturing (agro-proc.)Tourism	PPP development Approved
Huay Poun SEZNear Pakse airport	Residential developmentServicesLogistics	Under negotiation
Pakse-Japan SME SEZ14 km south of PakseUp to 195 ha	 Manufacturing Focus on Japanese SMEs under Thailand +1 	PPP arrangement Approved
Khonphapheng SEZAt Lao-Cambodian border	Tourism developmentTbd	Under negotiation with PRC investors

Greater Pakse area: Urban issues

Pakse city

- "City"-status since June 2018
- Master Plan of Pakse finalized in 2018 for Plan 2016-2020 and Plan 2020-2030
- Fast expanding city
 - Population expected to grow from about 100,000 (2018) to 150,000 (2030)
- Pressure on urban services and utilities
 - Drainage, water treatment, transportation (roads and bypass), links to hinterland (Paksong)
- Heritage city development for tourism





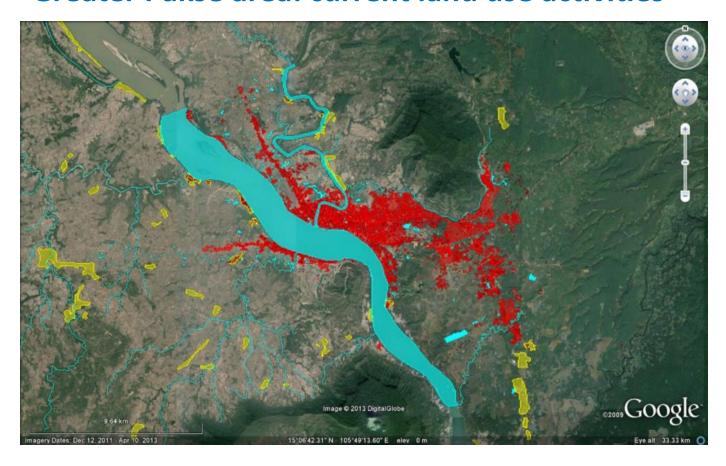






4-5 July 2018 • Manila, Philippines

Greater Pakse area: current land use activities

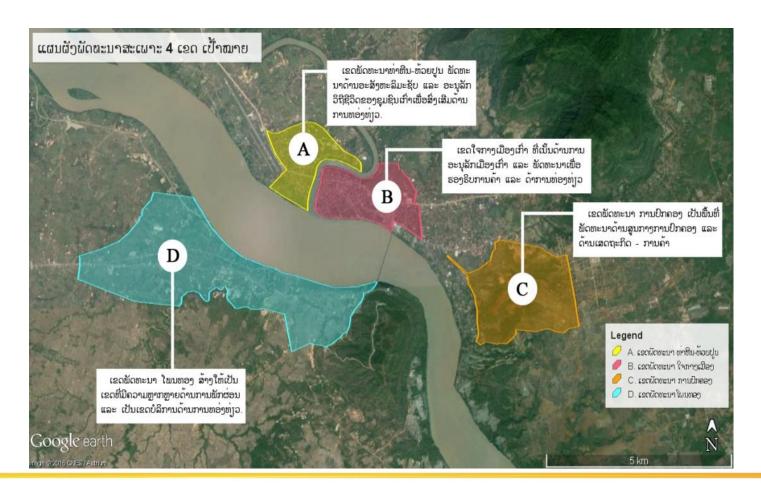








Greater Pakse area: Four SEZs in and around Pakse



SECOND MEETING







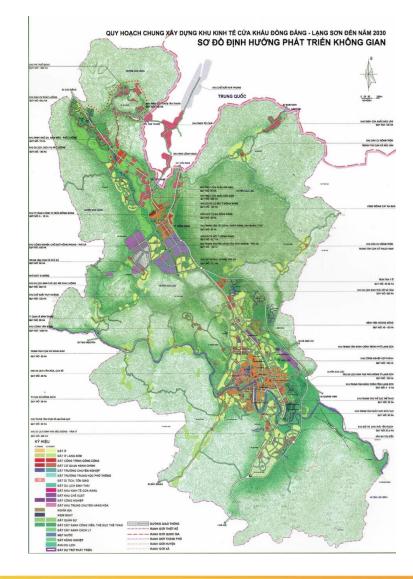
Economic Hotspot 2: Dong Dang - Lang Son







Dong Dang - Lang Son: BGEZ master plan to 2030



GMS Urban Development
Working Group

4-5 July 2018 • Manila, Philippines





Dong Dang - Lang Son: SEZ Development

- Whole area around Dong Dang-Lang Son and PRC border part of BGEZ
 - 3 main international border gates (BGs) with major traffic congestion:
 - Huu Nghi (main)
 - Coc Nam
 - Tan Thanh
 - Around BGs, non-tariff economic zones with transshipment, duty free shops, logistics services and some agricultural products processing and packaging
 - BGEZ tariff zone: industrial processing zones
 - Ho Hong Phuong industry cluster (Dong Dang)
 - Kho Da Maa Meo Processing zone (Tan Thanh)
 - Hop Thanh Industry cluster
 - Dong Banh industrial zone closer to Lang Son- administrative zones, residential areas and facilities







Dong Dang - Lang Son : Corridor Towns Development

- •Utilities infrastructure provision lags behind current and future needs.
- Public facilities provision needs upgrading/expansion to match population growth.
- Serviced land provision to facilitate investment from the industrial, commercial and logistics sectors is not in place (Ho Hong Phuong Industrial Park)
- Tourism development potential is not yet realized (retention of tourists from China).
- Environmental quality is at risk through weak development control







VŮNG BÁO VỆ CẢNH QUAN NÚI **VÙNG PHÁT TRIỂN** MỞ RỘNG VÙNG BÁO VỀ CÁNH QUAN HÔ VÙNG CẢI TẠO VÀ PHÁT TRIỂN VÙNG HẠN CHẾ PHÁT TRIỂN VÙNG PHÁT TRIỂN MO RONG

Dong Dang - Lang Son: Urban expansion areas







Dong Dang - Lang Son: Economic Strengths

Trade

- Exports originate in all parts of Viet Nam and wider GMS
- Exports through the BGEZ growing fast (USD 1.4 billion (2014); USD 2.7 billion (2017)
- Mainly agricultural, wood, fruit and marine products mostly unprocessed/bulk

Manufacturing

- Potential for processing, packaging and logistics investment on Vietnamese side market available in PRC
- Need to match infrastructure on Viet Nam side with that of PRC
- Vietnamese labor costs below those of PRC

Agriculture/natural resources

 Good potential for local timber industry, organic agriculture, medical/herbal plants, fruit production and livestock sectors

Tourism

High potential for tourism development (USD 2.7 million in 2017)







Dong Dang - Lang Son: Urban Issues

- Master Plan Revision and Economic Development Planning Review.
- Priority planning and investment in Border Gate operational capacity and diversification including Free Trade Zone and Industrial Park Serviced Land.
- Corridor Towns Regeneration, including urban infrastructure and public facilities provision.
- Optimizing tourism development and agro-industry potential (province level).
- Developing optimal management, financial support and capacity building to better plan and implement the Master Plan.
- Building collaboration and matching Pingxiang (China).







Economic Hotspot 3: Mong Cai







Mong Cai: Economic zones development

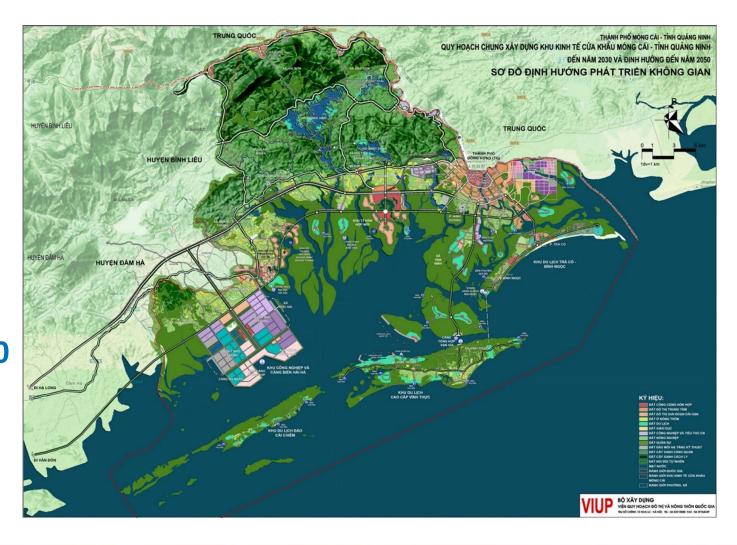








Mong Cai:
Master Plan
for BEZ to
2030, with a
vision to 2050









Mong Cai: Economic Zone Development

- The MCEZ includes the whole city of Mong Cai and part of the Hai Ha District (about 30 km south).
- There are 2 existing border gate crossings. A 3rd crossing (Bac Luan Bridge 2) to be opened shortly will be part of the Mong Cai Economic Cooperation Zone a newly planned mixed land use area 1,360 ha, including a Free Trade Area. Developed in collaboration with China (Dongxing). Phase 1 700ha. Proposed PPP investment.
- Large-scale Investment Opportunities Hai Ha Seaport Industrial Park (4,988ha). Phase 1- Hai Ha Texhong Industrial Park (HK/China Textile Investment 660ha). Over 20 FDI projects already approved.
- Tourism Development Potential locally (Tra Co Beach) and the Offshore Islands.







Mong Cai: Corridor Towns Development

- Utilities infrastructure provision lags behind current and future needs.
- Public facilities provision needs upgrading/expansion to match population growth.
- •Tourism development potential is not yet fully realized (Tra Co Beach and Offshore Islands).
- Environmental resources and coastal ecologies may be at risk through weak development control.







Mong Cai: Economic Strengths

- PRC trade via Haiphong port: important logistics hub on China border.
- Exports thru the BGEZ growing fast (US\$2.7 Bn 2017; US\$1.4 Bn 2014): mainly agricultural, wood, fruit and marine products -- mostly unprocessed/bulk. Exports originate from other parts of Viet Nam.
- Potential for processing, packaging and logistics investment on Viet Nam side of border -- market available in China.
- Viet Nam labor costs below that of PRC and attractive for labor intensive manufacturing from China.
- Good potential for local timber industry, organic agriculture, medical/herbal plants, fruit production and livestock sectors.
- Tourism potential high with strong foundation for optimizing visitor numbers from China.







Mong Cai: Urban Issues

- Ambitious Spatial Master Plan to 2030 and 2050 with high associated levels of planning and investment required.
- Commitment to expressway connections and Viet Nam rail are essential baseline conditions to maximize economic potential.
- Justification for the proposed scale of the proposed Border Cooperation Economic Zone and Industrial/Seaport Developments.
- Corridor Towns Regeneration, including urban infrastructure and public facilities provision.
- Demand levels optimizing tourism development potential.
- Building collaboration and matching Dongxing (China).







Economic Hotspot 4/5: Poipet and Bavet





Poipet - Bavet: Strategic geographical location

Strategic location

Strategic border towns for Cambodia with main trading partners, Thailand and Viet Nam.

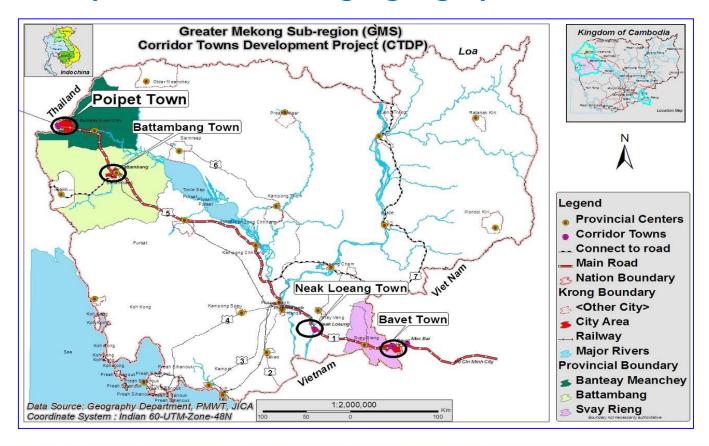
Connectivity

- Poipet Close to Thailand's main trade gateways (Laem Chabang and Bangkok ports) and industrial clusters
- Bavet Close to Ho Chi Minh City transport and industrial hubs





Poipet - Bavet: Strategic geographical location



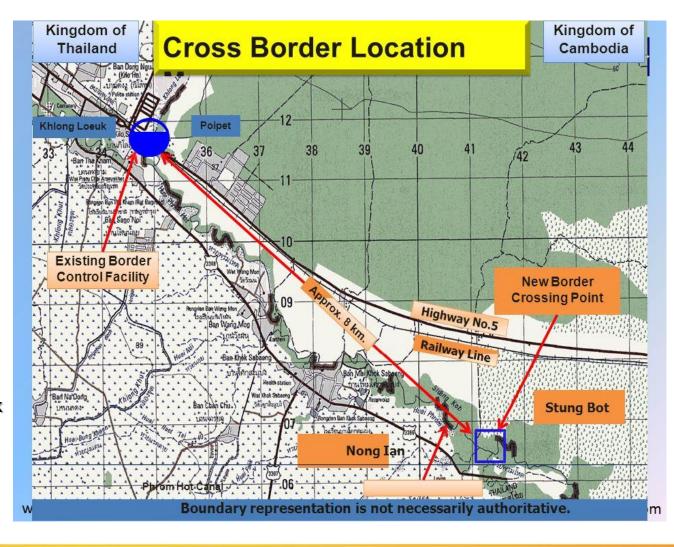






Poipet - Bavet: Strategic geographical location

Location map of new international border check point Stung Bot – Ban Nong Ian (Poipet)









Poipet - Bavet: Economic strength

Competitive advantages of Cambodia

- Attractive labor costs compared to neighboring Thailand and Viet Nam
- Favorable market access (GSP, EBA, etc.)
- Sizeable labor force including migrant workers in Thailand
- But over medium term, need to raise skill level for competitiveness: HR development needs





Poipet - Bavet: SEZ developments

Poipet: 3 SEZs

- Poipet; Neang SEZ (POSEZ)
- Sanco SEZ
- Phnom Penh Special Economic Zone Poipet (PPSEZ-Poipet)

Bavet: 4 SEZs

- Taiseng-Bavet SEZ
- Manhattan-Bavet SEZ
- Dragon-Bavet SEZ
- Automobile Industry Complex SEZ
- Over 30,000 workers most in-migrants to Bavet





ក្នាះពេទាននានាធានការប្រក ein winer dinautiffe Zonning Plan of Poi Pet City, Banteay Mean Chey Province,2030 Service of the Selection of the Service of made Colomposid scorp o eorgics con Payligh in oncolle รรดใหญ่รัฐสา และอาบุรายหญ่ายผลให้การกระไห guisains consental Securentia accordin acco Bodio Rightion Terromoproprycytolin confighting a างครามอาเก็บสีตามกัดเป็นกรีกการเกลาที่การกระ івистичниці во на Такалібфиція принципродовиния в rational scalar s ne son'terfo" "magradia Bourker's introduced of a MessEglerecterengeas pygüglesmä sign econocine brancy жүртүү үйтүүнүн үч and physical consequences and a superior state of the superior and the sup drawing benedifferent here w HANNIE! Maring . hidges union obuy, soprysos ขวงหวาดใช่ดดี හැසුණ : 1:30,000 การกระด้องกูกรัฐการที่การกรุกกระการการกำรัง ว่า รู้ต่อง. ระดอร์สมุ ตั้งโดยการ renewater country and search and search nunty to the present agent and a training to the second manific dotamanan yan dalay gigad nelatan លានទៀប ងលាស្ថានសមានក្រឡើញអញ្ជើញក្រឡាយប្រាស៊ីយ៉ាងនិយាក្រៀបទៅនៅ និងជា nemig érbsen ១ សវិទីប៉ែត្រ ស៊ើនីង ៣០០ប៉ែត្រ เลยห์ คินไดรห์แกะพันตุกส ใหร่นักปฏิเสตก ผู้แต่ก ผู้แต่นกลาง ลูสาย สถิเทศ guaranneli meglikali Bramulaungpirki repiling Bangsalakan wiegug gugggengolical anjedwagdosiani doci guwanangdangdical dompoliunggisch gednerügern igu b. gibo v. principle of the princi ตั้งก่องมูลภาพายาก (ปี 3) สำคับ หลักเกรียกคละ เพิ่มการออกจากหากรัส ต้อง: อาณะ ครูเล็ความรู้ปีโดยี ต้องสารตัวสารอยู่ของเหมือ напачаний поческей большей выпуска бирина сборобний какойсти один йнобир в шиние отворител с деч s philitel inequitorque du inno population in de proprietation composquidant places (contrata suprieme balanti

Poipet: Urban development issues







Upgraded Rural Areas Future Westwards Proposed Cross Border SCALE 1:125,000 Extension Expressway Long Term Rail Extension HCMC to Moc Bai Railway Proposed Cross Border Expressway **Upgraded Rural Areas** Bavet towards towards HO CHI PHNOM PENH MINH CITY 3 Upgraded Rurch Areas Khu ching night epo **Future Southwards** Upgraded Rural Areas Extension CAMBODIA **Upgraded Rural Areas LEGEND** Existing Urban Settlement Country Boundary CB Logistics/Trade Facilitation Support Settlements **CB Joint Export Processing Zone** Planned Interchanges Commercial Border Gate Industrial Sites Buffer Green Zone Tourist Border Gate 8/9 Residential Areas Bavet City Centre: Upgraded Joint Entertainment/Retail Area Tourism Zone 11 Moc Bai SEZ Consolidated Industrial Area

Bavet: Urban development issues

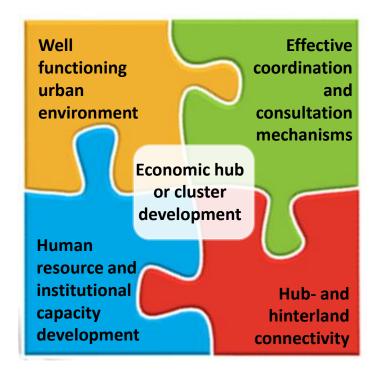






How to develop economic hubs or clusters

Need for a multisector approach







Thank you





