



Fifteenth Meeting of the GMS Subregional Transport Forum
Vientiane, Lao People's Republic
14–15 September 2011

SUMMARY OF PROCEEDINGS

INTRODUCTION

1. The Fifteenth Meeting of the Subregional Transport Forum (STF-15) was held in Vientiane, Lao People's Democratic Republic (Lao PDR), on 14–15 September 2011. The Forum was jointly organized by the Ministry of Public Works and Transport (MPWT), Lao PDR and the Asian Development Bank (ADB). The objectives of the Forum were: (i) to review and monitor the progress on priority Greater Mekong Subregion (GMS) transport projects; (ii) to review the draft report of the Regional Technical Assistance for Planning the GMS Railway Coordination Office; and (iii) to apprise the Forum on key initiatives in other related sectors and areas of cooperation, related to the transport sector. (The Forum Program and Agenda is attached as Appendix 1).

2. The Forum participants included delegations from the Kingdom of Cambodia, the People's Republic of China (PRC), Lao PDR, the Union of Myanmar, the Kingdom of Thailand, the Socialist Republic of Viet Nam, and ADB. Representatives from development partners also attended the Forum. (The list of participants is attached as Appendix 2).

3. The Forum was chaired by Mr. Math Sounmala, Director General, Department of Planning and Cooperation, MPWT, Lao PDR, and co-chaired by Mr. James P. Lynch, Director, Transport and Communications Division, Southeast Asia Department, ADB.

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I. Opening Session

4. Excellency Sommad Pholsena, MPWT, Lao PDR, welcomed the participants. In his Welcome and Opening Remarks, he said that in line with the Lao Government's goal of gradually eradicating poverty and meeting the Millennium Development Goals, MPWT has focused its plans toward the development of an efficient and reliable transport system to help create a favorable condition for sustainable economic growth and poverty reduction, as well as environmental protection and regional integration. MPWT's main focus is to improve road transport, since roads are the dominant mode of transport in the country and are very critical to its socio-economic development.

5. Apart from hard infrastructure development, the Lao Government has also been working on legal instruments to fully utilize its transport infrastructure. He noted, however, that while there has been good progress in putting in place bilateral agreements, there was a need to speed up the implementation of the multilateral GMS Cross Border Transport Agreement (CBTA). He encouraged the Forum to work toward making the transport corridors more

attractive for trade and tourism flows. His recommendations for priority projects in this regard include the construction of the Lao-Myanmar Mekong Bridge between Xieng Kok and Kyaing Lap, and the development of a corridor connecting Vientiane, Luang Prabang (Lao PDR), Chiang Mai (Thailand), Mandalay and Bagan (Myanmar). He also informed the Forum that the Lao Government has recently completed the National Transport Logistics Master Plan consisting of three major strategies namely Cargo Flow Integration; Business Stimulation; and Market Expansion, which includes more than 20 projects. (The Minister's statement is in Appendix 3).

6. Mr. Math Sounmala, Chair, in his opening remarks, noted that the GMS Subregional Transport Forum is a key instrument for regional cooperation and integration under the GMS Program. Substantial progress has been achieved so far not only in infrastructure development as represented by the near completion of the main GMS transport corridors, but also in the software aspects of subregional transport development. For instance, the CBTA is already in operation at certain borders between Lao PDR and its neighbors, and various agreements on exchange of traffic rights are also underway. Cooperation is also being considered to be extended to other modes of transport, particularly railways. For Lao PDR, developing transport links with its neighboring countries is crucial, since being a landlocked country, this is the only way that Lao PDR can integrate with the regional and global economy. He also expressed appreciation for ADB's support for transport cooperation in the GMS. (The Chair's opening statement is in Appendix 4).

7. Mr. James Lynch, Co-Chair, in his opening statement, presented a brief background on the beginnings and achievements of the GMS Subregional Transport Forum, emphasizing the important role of transport cooperation in the GMS Program's overall "3 Cs" strategy of enhanced connectivity, improved competitiveness, and a greater sense of community. Despite these substantial achievements, however, recent global and regional trends and challenges call for even stronger cooperation and decisive action going forward. Among these challenges are the ever-increasing competition in global markets that call for closer regional economic integration, greater efficiency through the development of multimodal and intermodal transport, the need to mitigate and adapt to climate change, transformation of transport corridors into full-fledged economic corridors, coordination of transport development with other sectors, and the development of the necessary software and institutional capacities. (The Co-chair's opening statement is in Appendix 5).

II. Session 1. Country Status Reports on Priority Transport Projects

8. The GMS delegations presented their respective country reports, which provided updates on the priority transport projects of their respective countries, particularly those included in the Vientiane Plan of Action, as well as other GMS-related projects considered high priority by their governments. Presentations were made by the following participants: (i) Mr. Hong Sinara, Deputy Director General, MPWT, Cambodia; (ii) Mr. Li Guoliang, Project Officer, Ministry of Transport, PRC; (iii) Mr. Laokham Sompheth, Director General, Department of Roads, MPWT, Lao PDR; (iv) Mr. Aung Myint Hlaing, Deputy General Manager, Ministry of Rail Transportation, Myanmar; (v) Dr. Siriphan Jitprasithsiri, Director of International Highways Development Division, Department of Highways; and (vi) Mr. Nguyen Ngoc Thuyen, Deputy Director General, International Cooperation Department, Ministry of Transport, Viet Nam. (The GMS delegations' respective country reports are in Appendices 6-A to 6-F).

III. Proposed GMS Railway Coordination Office (RCO)

A. Background on the Issues and Rationale for the Proposed establishment of the RCO

9. Mr. Peter Broch, Senior Transport Economist, Southeast Asia Department, ADB, presented the background on the key developments, issues, and rationale behind the proposal to establish the Railway Coordination Office (RCO). This is a key recommendation of the Strategic Framework for Connecting GMS Railways endorsed by the GMS Ministers in their 16th Ministerial Meeting in 2010. (The RCO presentation is in Appendix 7).

B. Presentation on the Proposed Plans and Key Issues Regarding the RCO

10. Mr. W. Gregory Wood, Consultant, Regional Technical Assistance for Planning the RCO, made a presentation on the key issues involved, as well as options that may be considered in establishing and operating the RCO. His presentation also included: (i) the experience of existing international organizations involved in railway integration and the lessons learned from their experience; (ii) the experience in the Association of Southeast Asian Nations (ASEAN) and individual GMS countries and pairs of countries toward linking railways, and lessons learned from this experience; and (iii) key questions that have to be answered to serve as basis or inputs for planning the RCO. The issues, questions, and options were grouped into several areas, among which were: the RCO's mandate and functions, organization/structure, membership, legal standing, location, staffing, and financing. (The RCO Plans and Key Issues presentation is in Appendix 8).

C. Reactions from Discussants

11. Mr. Mukul Mathur, representative from the International Union of Railways (UIC), made suggestions of: (i) on the RCO's mandate, it could identify key rail projects for strengthening rail connectivity in the region; provide technical standards to address interoperability issues to be suggested for adoption by member countries; prepare the legal framework; organize training/capacity building activities; and liaise with international agencies; on the other hand, the RCO should not be involved in project planning, fund allocation, and arbitration; (ii) on the RCO's organization, it should be financially supported by all the member countries to function effectively, starting with a bare minimum staff, have legal standing preferably as a non-profit entity and possibly as an international organization covered by the immunities/privileges of the United Nations; the RCO should avoid any duplication with ASEAN and without any commercial venture, and should not be involved in recommending any specific technology vendor/supplier; (iii) on staffing, the RCO should be staffed initially through secondments with the parent organizations (presumably government and international organizations) bearing the cost of seconded staff, but recruitment from the market could be considered for certain specialized expertise unavailable through secondment; (iv) the start up cost has to be in the form of a grant from financial institutions or as seed money from members; considering the small number of GMS members, the viability of running the office purely on membership subscription has to be studied further; and (v) on location, the office should be located in one of the member countries; Bangkok seems to be a logical option in view of central location and facilities, but much would depend on the kind of support that the (Thai) Government can provide. He said that UIC can provide assistance in terms of setting standards and addressing training needs.

12. Mr. David Kerr, Chief Executive Officer, Toll Royal Railway shared his views on the proposed RCO and also described some of the key features of the restructured railway in Cambodia, which his firm, a joint venture between Toll Holdings of Australia and the Royal Group of Cambodia, is operating under a 30-year concession agreement. He suggested that the

RCO should focus on setting standards for railway operations, such as locomotive standards, wagon standards, driver training standards, safety standards, etc. He said that an efficient RCO is imperative for the success of the GMS railway strategy. (The Railway presentation is in Appendix 9.)

D. Open Discussion

13. In response to a question from the Co-Chair, Mr. Mathur reiterated that UIC can help in the RCO's establishment and operations of the RCO in terms of providing technical expertise in setting standards and in the training aspects.

14. Mr. Paul Apthorp, TNT International and GMS-Business Forum Board member, noted that for railways to be able to compete with other transport modes, they must be able to provide guaranteed and competitive transit times. Co-Chair agreed, commenting that railways are not about building tracks but instead about providing a needed service.

15. Thailand noted that there are several organizations that are working on railway integration in the region, e.g., the working group on the Singapore-Kunming Railway Link under ASEAN, but it has been difficult to establish the line connections due to lack of funding. It was suggested, therefore, that the RCO focus on resource mobilization, for instance, by preparing feasibility studies on the needed connections. Thailand also suggested that at the initial stage, the RCO can start as a small office that could perhaps be located in the ADB office in Bangkok. However, given that the initial work will be mostly on setting technical standards, there may be no need for a single location, as such work can be supported from various locations. Viet Nam and Cambodia supported the proposal that at the initial stage, say for the first year, the RCO be supported by ADB and be located in Bangkok.

16. Cambodia suggested that "Railway Coordination Office" be replaced by a more interesting name. Co-chair requested the countries to make suggestions.

E. Summary of the Session

17. Mr. Broch summed up the results of the session, as follows:

- The countries (particularly those that have not yet given any written comments) will give their further comments on the RCO paper that has been circulated, if possible, within the first three weeks of October 2011; the report will be revised in early November 2011;
- Expressing his own views on the RCO's mandate, he said that the office's ultimate purpose is to help facilitate cross-border trade, not building railways/missing links per se; he agreed that if railways are already able to provide guaranteed transit times, then they would be efficiently used;
- The key questions that need to be answered are: (i) what is the RCO's role and mandate; what it should not do? (ii) how do we finance its establishment and operations?; (iii) who should comprise the RCO – government? railway authorities? the railway industry? – He expressed the view that industry should be involved in a central way. Ultimately, these questions should be answered based on what the GMS countries themselves think they need and on what is practicable;
- Regarding the office's location, he invited offers from any country who may be interested in hosting it, say, through provision of office space.

IV. Session 3. Briefings on Transport and Trade Facilitation (TTF) Initiatives in the GMS

A. Session 3-A. Updates on GMS TTF Initiatives

18. Mr. Alfredo Perdiguero, Principal Economist, Thailand Resident Mission, ADB, briefed the Forum on the status, issues, challenges, and possible options regarding the implementation of transport and trade facilitation (TTF) measures in the GMS. This included updates on the implementation of the GMS CBTA, with particular focus on the customs transit system, exchange of traffic rights, and the pilot implementation along the East-West Economic Corridor (EWEC). (The TTF presentation is in Appendix 10.)

Open Discussion

19. Mr. Apthorp commented that the customs transit system (CTS) does not work anywhere, and, therefore, to accelerate the implementation of the CBTA as a whole, it might be necessary to de-link it from the CTS. Mr. Perdiguero noted that the CTS is really the most difficult part of the CBTA, but he informed the Forum that there is an ongoing assessment of the CTS and that after said assessment, the results will be presented for consideration by the private sector. He added that there may be need to hold more technical meetings, as against full-scale ones, to discuss specific issues on the CBTA (e.g., possible amendments to Protocol 1).

20. Mr. Pradeep Srivastava, Senior Regional Cooperation Specialist, Regional Cooperation and Country Coordination Division, Southeast Asia Department, ADB, said that if there are specific issues to be discussed, such small meetings could be held, an example being the meeting held in June 2011 among Lao PDR, Thailand, and Viet Nam on the extension of the EWEC. He then asked Mr. Apthorp if he was aware of any case where the CTS is delinked from transport agreements. Mr. Apthorp replied that usually, the licensed brokers who are already recognized and guaranteed by customs authorities perform the functions that are intended to be provided by the CTS.

B. Session 3-B. Briefing on the Establishment of a GMS Freight Transport Association (FRETA)

21. Mr. Oudet Souvannavong, Secretary-General, GMS Business Forum, briefed the Forum on a specific transport facilitation measure that is currently being pursued and led by the private sector, namely, the establishment of the GMS Freight Transport Association (FRETA). He presented (i) the rationale and background of the FRETA, which was initiated at the Business and Investment Dialogue held at the 3rd GMS Summit in Vientiane in 2008; (ii) its proposed membership, which will include carriers, forwarders, and logistics firms operating in the GMS; and (iii) its proposed objectives, terms of reference, and activities. Among the things that the FRETA wants to achieve is (i) to give the private sector a voice in the design and implementation of TTF measures, for instance, by institutionalizing its participation in the National Transport Facilitation Committees; (ii) to ensure that trans-shipment, if it could not be avoided, takes place in a safe, orderly, and well-managed manner; and (iii) to help in accelerating the implementation of the CBTA. (The FRETA presentation is in Appendix 11.)

V. Wrap Up of First Day Sessions

22. Co-Chair wrapped up the first day sessions, as follows:

- The country reports on their respective priority transport projects showed that much progress is being achieved; it is noteworthy that most of the additional projects being proposed are in Myanmar.
- The discussion on the RCO showed that there is a need for such a coordination body for railways. There has been extensive international experience from which efforts to set up the RCO can benefit, and the useful insights presented by the representatives from UIC and Toll Royal in this regard are much appreciated. Suggestions from countries on an appropriate and interesting name for the RCO would be appreciated; further comments from the countries on the paper on the issues and proposed plans for the office are encouraged.
- We have gained a better understanding of the issues and problems regarding TTF efforts in the GMS. Certain difficult issues have also been raised, such as the possibility of separating the CTS from the CBTA; this will need further consideration.
- We have been made aware of an important and practical measure that is being pursued, namely, the establishment of the FRETA.

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VI. Session 4. Briefings on Transport-Related Initiatives in Other GMS Sectors

A. Session 4-A: Presentations on Road Asset Management in the GMS, with Focus on Axle Load Control

23. Mr. Shihiru Date, Senior Transport Specialist, Transport and Communications Division, Southeast Asia Department, ADB, made an overview presentation on road asset management, with particular focus on axle load control, including its basic principles and theoretical underpinnings, practices and trends, and key challenges. (The Road Assets Management in the GMS, with Focus on Axle Load Control presentation is in Appendix 12).

24. Mr. Pheng Sovicheano, Deputy Director General, MPWT, Cambodia, made a presentation on the experience of the National Comprehensive Axle Overload Control Program, which is the program that has been addressing the problem of overloading along Cambodia's national and provincial roads since 2007. (Overload Control Program presentation is in Appendix 13).

25. Mr. Chan Darong, Director General, General Directorate for Technical Affairs, Ministry of Rural Development, Cambodia, presented the initiatives and innovations on axle load control along the rural roads of Cambodia, including the legal, regulatory, and institutional framework, as well as the innovative approaches and mechanisms, such as the use of portable weighing scales, procedures and tools that ensure transparency, and various means to enhance public awareness of the program. (The Cambodia Axle Load Control presentation is in Appendix 14).

26. Mr. Boualith Pathoumthong, Deputy Director General, Department of Transport, MPWT, Lao PDR, presented the experience on axle load control in his country, including the early programs implemented in the 1990s that had little success up to the current program being implemented by the Transport Control Division, which is being supported by the World Bank under the Road Maintenance Project (1 and 2). He discussed the achievements, as well as the remaining problems and challenges of the program. (The Lao PDR Axle Load Control presentation is in Appendix 15).

27. Ms. Nguyen Nguyet Nga, Director, International Cooperation Department, Ministry of Transport, Viet Nam, presented (on behalf of Mr. Nguyen Duc Thang, Deputy Director General, Directorate for Roads) the Viet Nam experience in road asset management in general and in axle load control in particular. This includes the establishment of axle load control stations in 1993, the suspension of their operations in 2003–2007, and the renewed efforts under the Master Plan of Road Transport, including the pilot implementation of two axle load control stations, one along NH1 in Dong Nai province and the other along NH18 in Quang Ninh province. (The Viet Nam Road Asset Management presentation is in Appendix 16).

Open Discussion

28. In response to a question from Mr. Apthorp on how the authorities in the countries deal with corruption in the implementation of rules against overloading, Mr. Sovicheano replied that in Cambodia, they are instituting measures such as installing equipment that record all details of transactions at axle load stations to ensure transparency, providing incentives to dissuade officials/staff from committing acts of corruption, and establishing a complaints mechanism. In addition, it is important to determine the most strategic locations for the weighing stations so that trucks could not just change their routes to avoid them. In cases where portable weighing scales are used, it should not be pre-announced where they will be installed.

29. Viet Nam stated that in the case of their country, the authorities have recognized the existence of corruption and, in fact, have suspended the operation of their axle load stations in 2003–2007 because of this. They said corruption affects in two ways in bringing harm to society as a whole, by increasing transport costs due to bribes and also by damaging the roads. In their current piloting of their new axle load control system, they are introducing measures to prevent corruption. Thailand informed that in most of the main roads in their country, weight control stations have been set up and commented that a distinction should be made between what is acceptable axle load for bridge structures as against road pavements, as the former are more weight sensitive.

30. The Forum also called attention to the need to address the differences in the axle load limits across countries in the GMS (e.g., 9.1 tons in Lao PDR, 11 tons in Thailand and Viet Nam, 10 tons in Cambodia), as far as through traffic is concerned across borders.

B. Session 4-B: Presentation on the Initiative to Develop Carbon-Neutral Transport Corridors in the GMS

31. Ms. Naeeda Crishna of the GMS Environment Operations Center made a presentation on the Initiative to Develop Carbon-Neutral Transport Corridors in the GMS, a new initiative that is being developed for initial application along the EWEC. The initiative focuses on possible interventions in transport and in forestry to reduce and control carbon/greenhouse gas emissions toward mitigating the harmful impact of the development of economic corridors on the environment. (The Carbon-Neutral Transport Corridors presentation is in Appendix 17).

Open Discussion

32. Lao PDR informed that under their Clean Development Mechanism, incentives are provided to trucking companies for them to purchase and use new trucks; for instance, they are given credits for the fuel and carbon emissions that they save. Mr. Apthorp commented that (i) shipping freight by air may actually produce more carbon emissions than shipping them by

trucks; (ii) as the EWEC becomes more efficient, it will attract more traffic and therefore more emissions; and (iii) the use of new trucks benefits both the freight transport operators and society as a whole.

VII. Session 5: Statements/Updates from Other Development Partners

33. The Chair acknowledged the important role that development partners play in the GMS transport sector, as they provide financing assistance to priority subregional transport infrastructure projects and also increasingly share their experience, knowledge, and expertise in establishing and implementing effective software toward greater efficiency and beneficial impact of sector initiatives.

34. Mr. Fedor Kormilitsyn, Economic Affairs Officer, Transport Facilitation and Logistics Section, Transport Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) presented his organization's initiatives in the transport sector in the region, and focused particularly on the proposed Regional Strategic Framework for Road Transport (RSF). The RSF, which was first discussed at the UNESCAP Regional Meeting on Cooperation for Facilitation of International Road Transport (Beijing, PRC, 30 May–1 June 2011) and targeted for adoption at the UNESCAP Ministerial Conference on Transport (Bangkok, 14–18 November 2011), aims to provide long-term common targets and strategy for member countries and their development partners toward coordinating and increasing the effectiveness of their transport facilitation measures, as well as help in setting long-term common targets for essential issues, such as road permits/traffic rights, visas, vehicle insurance, etc. (The UNESCAP presentation is in Appendix 18).

35. Ms. Yoko Hattori, Japan International Cooperation Agency, Lao PDR, expressed appreciation for the progress that has been achieved in the subregion on both hardware and software aspects of transport development. She stated that the Government of Japan has always endeavored to provide support for the sector. Among the projects it has assisted are the Second International Mekong Bridge between Lao PDR and Thailand; and the axle control and road maintenance program in Lao PDR, including assistance for capacity development up to 2016, for which the Government of Lao PDR has shown strong ownership. She expressed hope that this assistance will help in accelerating economic development in the subregion.

VIII. Session 6: Briefing on the Proposed New Strategic Framework and Preparation of a Supporting Regional Master Plan

36. Mr. Pradeep Srivastava, Senior Regional Cooperation Specialist, Regional Cooperation and Country Coordination Division, Southeast Asia Department, ADB, briefed the Forum on the new GMS Strategic Framework (SF) covering the period 2012–2022 (the new SF), the draft of which was reviewed by the 17th GMS Ministerial Conference (Phnom Penh, Cambodia, 4–6 August 2011) and the final version being readied for endorsement by the 4th GMS Summit (Nay Pyi Taw, Myanmar, December 2011). The new SF is geared toward addressing the new and emerging issues, threats, and challenges in the coming decade, and to ensure the long-term sustainability of the GMS Program through the development and implementation of a second generation of responsive and innovative interventions. Mr. Srivastava also presented a proposed results framework for the GMS transport sector for consideration and further development by the Forum, outlining the subregional bodies and groups involved, the possible interventions, their expected outputs, outcomes, and overall impact. He also appraised the Forum on the forthcoming efforts to prepare a regional master plan (RMP) to support the implementation of the new SF, outlining the various steps toward the completion of the RMP,

which is targeted for presentation to the next GMS Ministerial Conference that will likely be held toward the end of 2012. (The New Strategic Framework presentation is in Appendix 19).

IX. Other Matters

37. In line with the tradition of rotating the venue of the STF among the GMS members according to the alphabetical order of country names, the Myanmar delegation was requested to make appropriate consultations with their authorities for the holding of the Sixteenth Meeting of the GMS Subregional Transport Forum in Myanmar in 2012, and to advise ADB of the consultations' outcome as soon as possible.

X. Closing

38. The Chair and Co-Chair noted that the Forum has been successful, in raising the Forum's general awareness on developments and trends both within the transport sector and in a wide array of fields that have a bearing on the sector. It also brought to the fore key issues that need to be addressed to further advance transport cooperation and development in the GMS. They thanked the participants for their active and fruitful participation in the Forum. The delegations from the GMS countries and the ADB thanked the host, the Government of Lao PDR, for the hospitality accorded to the participants, as well as the excellent arrangements for this Fifteenth Meeting of the Subregional Transport Forum. The Chair formally closed the Forum.