

## THE GREATER MEKONG SUBREGION

# Transport and Trade Facilitation Action Program (TTF-AP)

**F**ew regions of the world have experienced more impressive economic growth and development in recent years than the Greater Mekong Subregion (GMS), which encompasses five mainland Southeast Asian countries and two provinces in the southern People's Republic of China (PRC). Growing subregional transport and trade have helped drive the subregion's success. During the past decade, the GMS road network has expanded by almost 200,000 kilometers, and overland road freight has also almost doubled. Yet despite these advances, remaining barriers to trade and transport continue to inhibit the subregion's full economic potential.

The GMS Transport and Trade Facilitation Action Program (TTF-AP) is an integrated program of advisory support and capacity building focused on enhancing cross-border transport and trade in the subregion. The TTF-AP supports the development of a more integrated GMS market that can serve as a vibrant subregional production base.

The TTF-AP's core work focuses on: (1) expanding transport and traffic rights along GMS corridors, particularly the North-South, East-West and Southern Economic Corridors; (2) simplifying and modernizing customs procedures and border management, including transit systems in the GMS; (3) supporting enhanced transport and logistics in the GMS; and (4) strengthening the capacity of sanitary and phytosanitary agencies in the GMS.

The TTF-AP builds on the progress already realized by the GMS Cross Border Transport Facilitation Agreement (CBTA). The TTF-AP aims to tackle "software" challenges of improved connectivity through better: (a) transport facilitation; (b) trade facilitation; and (c) capacity building and institutional reform. The TTF-AP is also examining how the CBTA can be upgraded and aligned with international and regional best practices.

By laying the groundwork for faster, easier, cheaper, compliant, and more inclusive cross-border transport and trade in the GMS, the TTF-AP is making a significant contribution to the ASEAN Economic Community (AEC)'s single market and production base, as well as ASEAN-PRC cooperation initiatives.



Australian Government  
Department of Foreign Affairs and Trade



## Core Area 1: Expanding Transport and Traffic Rights

Significant investments in the development of road networks and other physical infrastructure have spurred growth in the GMS. In order to maximize the economic returns on these investments, however, transport and traffic rights along GMS Corridors need to be expanded to make the transport of goods and people across the subregion faster, cheaper and easier – enabling land-based trade and transport markets to grow – and to better align GMS corridors with maritime gateways and trade hubs to further enhance their economic viability. This core area of the TTF-AP comprises three key activities:

**Activity 1. Completing Mapping and Defining Common Templates for Transport Agreements (by 4th Quarter 2015).** The CBTA serves as a regional framework for cross-border transport, which has been used by the GMS countries as a basis for various bilateral agreements to liberalize and facilitate the movement of goods, passengers and vehicles. The TTF-AP applies a more unified framework to help countries even better align TTF measures with the CBTA, enhancing their effectiveness, and contributing to a more integrated ASEAN region.

**Activity 2. Facilitating the Extension of Traffic and Transport Rights along GMS Corridors (3rd Quarter 2015 to 4th Quarter 2016).** This Activity will assess the need to extend current GMS corridors and add new ones to meet growing demand. Traffic rights negotiations will be facilitated with the aim of increasing the number of vehicles allowed to operate across borders, and opening additional border crossing points. The international transport agreements such as bilateral memorandum of understandings (MOU) between Myanmar and its neighbors Thailand and Lao PDR, as well as the trilateral MOU with Thailand, Lao PDR and PRC, are also supported under this Activity.

**Activity 3. Developing a Road Usage Charge Scheme for Lao PDR (by 4th Quarter 2015).** As a land-locked country, Lao PDR prioritizes the development of overland transport. Under this Activity, Lao PDR's strategic geographic position in the subregion will be enhanced through the development of a sustainable financing mechanism to develop and maintain its international road network by improving management of vehicle weights, enhancing road usage charge schemes for different types of vehicles, and other measures.

## Core Area 2: Simplifying and Modernizing Customs Procedures, Including Transit Systems

More efficient customs processing, in line with the WCO's Revised Kyoto Convention standards and the recent WTO Trade Facilitation Agreement, will have substantive facilitation effects on movement of goods in the GMS. The TTF-AP aims to introduce more efficient, and better coordinated, customs procedures to facilitate the intra-regional movement of goods and people.

**Activity 4. Preparing CLMV Countries to Implement Electronic Customs Transit Systems (4th Quarter 2015 to 4th Quarter 2016).** As GMS customs administrations complete the process of customs automation, the introduction of a computerized or electronic Customs Transit System under this Activity will bring their transit procedures in line with international best practices, and better prepare the countries to implement the ASEAN Customs Transit System (ACTS), the pilot phase of which includes Singapore, Malaysia and Thailand.





**Activity 5. Aligning CBTA Customs Transit Systems with International Best Practices (4th Quarter 2015 to 4th Quarter 2016).** In addition to computerized transit processing, a robust subregional customs transit system that complies with international best practices will help minimize the need for duplicative import/export procedures, and the transshipment of goods at borders. This will enhance subregional trade by making subregional economies more competitive, and by improving linkages with the international trading system. Under this Activity, plans are in place to modernize the CBTA's provisions for customs guarantees, vehicle insurance, and other key areas.

**Activity 6. Strengthening Partnerships between Customs and the Private Sector in CLMVT Countries (2nd Quarter 2015 to 3rd Quarter 2016).** Stronger partnerships between customs and private businesses, including accreditation and compliance systems such as Authorized Economic Operators schemes, will facilitate private sector customs compliance, enhance service standards and performance of brokers, traders and forwarders, and significantly improve the efficiency of cross-border transactions.

**Activity 7. Extending Coordinated Border Management and Single Stop Inspections (3rd Quarter 2015 to 4th Quarter 2016).** More effective partnerships among GMS customs administrations and other government agencies can greatly facilitate trade and strengthen enforcement of regulatory requirements, particularly with respect to coordinated border management and single stop inspections at GMS border crossings, which is making border crossings faster, cheaper and easier for compliant companies transporting both goods and people.

**Activity 8. Strengthening Customs Institutions in CLMV Countries (2nd Quarter 2015 to 4th Quarter 2016).** In order for customs administrations to more effectively support trade facilitation, institutional capacities will be strengthened by using Time Release Studies to diagnose transport and trade constraints, and by enhancing operational skills in valuation, rules of origin, advance rulings, and risk management.

### Core Area 3: Support for Enhanced Transport and Logistics

Although government agencies can support trade facilitation measures, private sector operators are the key beneficiaries and end users who drive job creation, economic growth and social development. Better addressing private sector needs requires the development of a more integrated subregional market and production base, including efficient logistics systems that support integrated multi-modal transport networks.

**Activity 9. Strengthening Private Sector Transport and Logistics Services (2nd Quarter 2015 to 4th Quarter 2016).** Private sector trade and transport operations in the GMS are unevenly developed, due to the differences in the volume of domestic goods for trade, passenger transport routes and industries, freight forwarding and logistics capacities, and the level of international involvement and investment. This Activity focuses on developing cross-border transport services and trade logistics systems in CLMV countries in order to provide faster, cheaper and easier subregional trade and transport services that benefit business as well as consumers.



**Activity 10. Enhancing Border Trade Agreements (2nd Quarter to 4th Quarter 2015).** This Activity concentrates on developing local cross-border linkages in areas that would benefit from further trade liberalization measures within the subregion. Border trade agreements will be explored as a means to encourage greater market integration through strategic alliances and joint ventures with local businesses, thereby increasing their access to new markets, and enhancing their competitiveness.

## Core Area 4: Strengthening Capacities of Sanitary and Phytosanitary (SPS) Agencies

Agriculture, forestry, and food products have become increasingly significant components of GMS trade, both inside and outside the subregion. More efficient SPS measures will help further expand markets and investment, while better ensuring the protection of health and welfare. Recognizing that SPS measures need to be cost effective, require inter-agency collaboration, and mutual recognition of conformity assessment results, this core area includes two Activities:

**Activity 11. Strengthening Capacities of SPS Agencies in CLMV (by 4<sup>th</sup> quarter 2018).** Support for strengthening the capacity of SPS agencies in CLV includes surveillance and inspection programs for plant health, animal health, and food safety (including safe food handling in the tourist industry). SPS-related curricula and teaching materials for university courses in Cambodia and Lao PDR are being enhanced. In Viet Nam there have been improvements in the surveillance and management of processed foods, while in Myanmar analytical work is underway to improve understanding of surveillance and inspection issues.

**Activity 12. Improving Cooperation and Coordination between SPS Agencies and Customs Administrations in the GMS (by 4<sup>th</sup> quarter 2016).** Effective cooperation between SPS agencies and customs administrations at the country level is a prerequisite for balancing compliance and trade facilitation. Options for improving inter-agency cooperation to facilitate trade and reduce trade transaction costs are being examined.

## Implementation Arrangements

The GMS TTF-AP is managed by the Asian Development Bank (ADB) through a series of technical assistance (TA) projects for the GMS and ASEAN countries, as well as several investment projects that support SPS initiatives. ADB coordinates closely with relevant government agencies and private sector organizations in implementing the TTF-AP. Regular development partner coordination meetings and a detailed monitoring program are also key components of the TTF-AP. Principal supporters of the TTF-AP include the Governments of Australia and Japan, as well as the European Union the United States, and multilateral institutions such as the World Bank, WCO, WTO and UNESCAP. ADB also closely coordinates with the ASEAN Secretariat to ensure alignment and synergy with applicable regional agreements to facilitate transport and trade.

The implementation timeframe for the TTF-AP is through the end of 2017. Individual TA and investment projects supporting the TTF-AP have more detailed implementation plans and schedules. The underlying purpose behind the TTF-AP is to provide for a more coordinated, integrated and comprehensive approach to facilitating cross-border transport and trade in the GMS.

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