

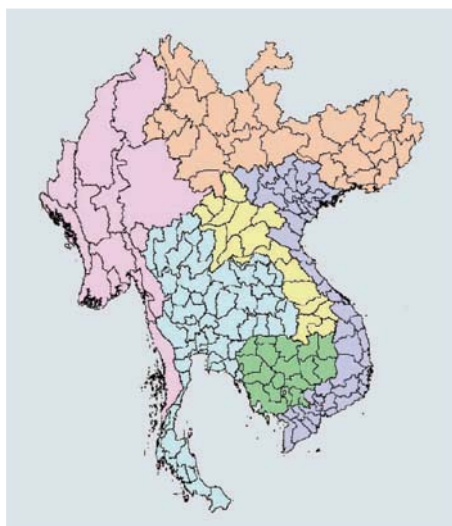
## Primary Impact of CBTI Development

The CBTI development and the simplification of border-crossing procedures reduce the time distance between member countries in a given region, which means that they decrease transport costs. As shown in the figure below, because of the large border-crossing barriers that used to stand between them, GMS countries were once considered to be islands far from each other. The progress of CBTI development and the simplification of border-crossing procedures began to drastically reduce border crossing barriers and increased the integration of the GMS countries. The reduction of travel time and distance are the most significant benefits that come from the growth of border-crossing traffic.



Ferry Crossing at the Border (Thakhek, Lao PDR)

### Time-Distance Map before and after CBTI/CBTA Development in Greater Mekong Subregion



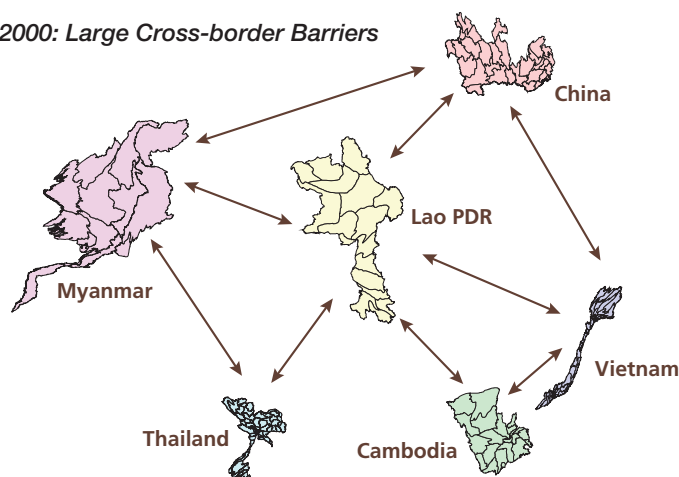
GMS Countries

#### Time-Distance Map

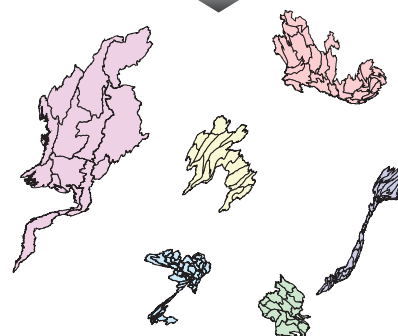
A time distance map expresses the travel time between two points through the distance between them. Juxtaposition of this map with a geographic map enables the visualization of the degree of regional disparity in transport infrastructure development.

The maps on the left are drawn up by adding the time loss at border gates to the travel time. The map shows the cross-country disparity of institutional development as well as of transport infrastructure.

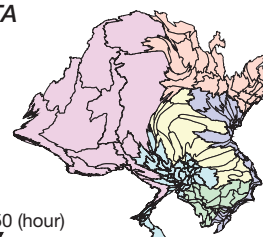
#### A) 2000: Large Cross-border Barriers



#### B) 2006: Present



#### C) 2015: After CBTI/CBTA Implementation



0 50 (hour)

Source: Regional Planning and Information Laboratory, The University of Tokyo

## 2. Profile of Greater Mekong Subregion

This section gives an outline of historical backgrounds and socio-economic conditions of the subregion and reviews the progress of infrastructural and institutional development concerning cross-border traffic and the ongoing efforts toward closer regional cooperation and integration.

### Return of Regional Peace

Since the end of World War II the Greater Mekong Subregion was constantly mired in one conflict after another. The Vietnam-Franco conflict from 1946 - 1954, the Vietnam War from 1960 - 1975. Lao PDR was mired in incessant civil wars between the government and the Pathet Lao. Cambodia had its own bloody civil wars in which Vietnam intervened at one time (1978). The Paris Peace Treaty signed in 1991 finally ended Cambodia's internal strife.

Political stability was then restored in the subregion. Although these countries had been under a socialist regime of one form or another, except for Thailand, their policy stan-

ces began to change. The Doi Moi (reform) policy of Vietnam (1986) and the Chintanakan Mai (new thinking) policy of Lao PDR (1986) were the groundbreaking economic policies that pursued development through market mechanisms.

Then Thai Prime Minister Chatchai made his public appeal to "convert Indochina from a battlefield to a market." With the active coordination by the ADB, the meeting of the economic ministers from six GMS countries was convened in 1992. This was the beginning of the GMS economic cooperation program.

### Socio-economic Conditions

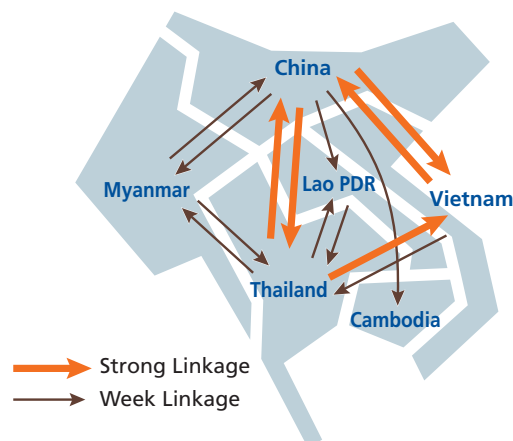
Thailand leads other countries in GDP. The Guangxi Zhuang Autonomous Region and Yunnan Province are a distant second and third, with their GDPs about a fourth of Thailand's. Vietnam is fourth. Cambodia, Lao PDR, and Myanmar are at the tailend of the GDP ranking. The subregion embodies large economic disparities within the GMS.

Thailand also leads its GMS neighbors in international trade. However, in recent years Vietnam has recorded the highest growth, followed by Cambodia and Thailand. Trade growth has been moderate in Lao PDR, while it has been stagnant in Myanmar. The trade-to-GDP ratio has been high in majority of the GMS countries. This has grave implications for low-income countries, because decreases in trade pose a serious threat to smaller economies.

The basic pattern of trading in the Greater Mekong Subregion is a triangle of trading activities among China, Thailand, and Vietnam, with Lao PDR, Cambodia, and Myanmar playing marginal roles. Notably, the three marginal players are becoming increasingly dependent on subregional trade. For

example, Thailand's share in the whole trading spectrum has been rapidly rising in Cambodia, Lao PDR, and Myanmar.

### Schematic Trade Structure among GMS Countries



### Basic Socio-economic Indicators of GMS Countries (2004)

	Area (1,000km <sup>2</sup> )	Population (1,000)	GDP (million US\$)	GDP per capita (US\$)	Export <sup>1)</sup> (million US\$)	Import <sup>1)</sup> (million US\$)	Trade growth <sup>2)</sup> rate (%)
Cambodia	181	13,589	4,864	358	3100	3700	17
Lao PDR	237	5,758	2,437	423	510	745	10
Myanmar	677	54,745	9,081	166	2925	2250	0
Thailand	513	64,470	163,547	2,537	110,110	118,191	16
Vietnam	330	82,222	45,402	554	31,625	36,476	21
Yunnan Province	394	44,150	35,756	810	n.a.	n.a.	n.a.
Guangxi Zhuang Autonomous Region	237	48,890	40,113	821	n.a.	n.a.	n.a.
<b>GMS Total</b>	<b>2,569</b>	<b>313,824</b>	<b>301,201</b>	<b>960</b>	<b>127,412</b>	<b>131,396</b>	<b>17</b>

Source: Masami ISHIDA, IDE-World Trend, No. 134, Nov. 2006 and WTO, World Trade Statistics, 2006 for Trade statistics  
Note: 1) as of 2005 2) Annual growth rate of total trade value (export and import) in 2001-2005.

## Cross-border Transport Infrastructure

### Asian Highway/ASEAN Highway

The Asian Highway was conceived way back as an international road transport network that would augment the development purposes in Asia through the promotion of trade and tourism within and without the region. The UN Economic Commission for Asia and the Far East (ECAFE, the precursor of the present ESCAP) began its deliberations on the project in the 1950s. By 2002, the project covered 32 Asian countries with a total road extension of 141,000km, connecting the Asian Highway with the European Highway. The Highway extends 14,511km in the Greater Mekong Subregion, and road construction and improvement have been underway in various places.

The ASEAN Highway is part of the ASEAN transport network project that aims to develop an integrated system of transportation among the 10 ASEAN countries. It consists of 23 routes with a total distance of 38,400km. The project was designed to complement the Asian Highway network.

Recent construction works on two highways have been directed to those road sections and bridges that are expected to play a key role in subregional development.

### Railway Network

All GMS countries, except for Lao PDR, have railways. They commonly feature narrow gauges (1m) except for some parts of Vietnam. When viewed as a subregional whole, the existing railways are considered as an incomplete network. Missing links exist between major cities in the subregion. Railways are mostly of single track and their capacities are generally small. They service only limited freight and passenger demands.

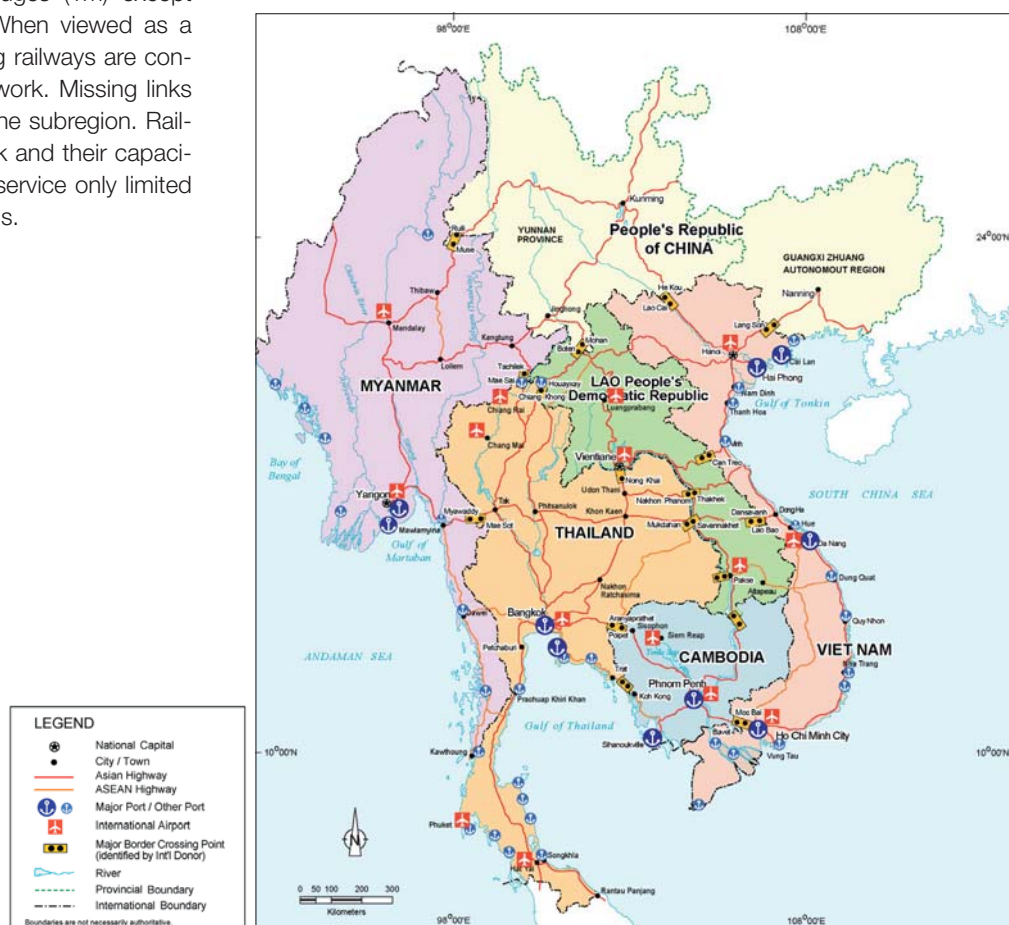
### Port/ Airport

Because the bulk of international logistics relies on them, ports are extremely important in GMS international trading. However, port accessibility in the subregion is still limited. Ports in Hai Phong and Cai Lan in Vietnam, in Shihanoukville in Cambodia, and in Yangon in Myanmar, among others, are off the trunk shipping routes. They merely serve as feeder ports to regional major ports in Singapore and Laem Chabang. The demand for air cargo transport is still very limited in the subregion. Airports mainly serve passenger traffic.

### Cross-border Points

There are many cross-border points among the GMS countries. Forty of them are Class I points that pass people and goods from any country, including third countries which have diplomatic relations with the transit country. There are 36 Class II border points that allow people and goods between two neighboring countries. Most of these points have simple facilities. Along with expanding cross-border land traffic is the emerging need to simplify border formalities. The ideal is to provide border gates with adequate buildings for customs and quarantine, and equipped with scanning tools and ICT apparatus.

### Major CBTI and Cross-border Points



Source: formulated by the JICA Study Team based on existing data