

DECEMBER 31, 2018

REPORT ON
[I] STUDY ON IMPROVEMENT IN INFRASTRUCTURE
AND REGULATIONS FOR BORDER AREAS IN
THE LANCANG-MEKONG COUNTRIES; AND
[II] REGIONAL CONSULTATIVE WORKSHOP

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The Report presents the consultation results formed from the insights and suggestions of the project stakeholders in the visited locations of the six countries. And judgment in this report, if any, merely reflects the perspectives of MI.

EXECUTIVE SUMMARY

1. MI conducted the study on “Improvement of Infrastructures and Regulations for Border Economic Zones” in Lancang–Mekong countries from August–November 2018. The study was considered as a “flagship activity” that aimed to evaluate the project design and shape the project intervention and implementation in the coming years. To this end, the study was conducted in consultation with the public and private stakeholders in the six (06) Lancang–Mekong countries. The study investigated the following areas:
 - Hard infrastructure covering (i) border infrastructure and facilities developed in the border economic zones (BEZs); (ii) establishment of one-stop service centers and facilities in the BEZs;
 - Soft infrastructure emphasizes trade facilitation, customs modernization, coordinated border management (CBM), implementation of one-stop services center for investment facilitation and promotion, possibilities of developing joint one stop services centers through single stop inspection (SSI)/Single Window Inspection (SWI) mechanism, SEZ promotion and development, and capacity development needs of the project stakeholders in the Lancang–Mekong countries.
2. The consultations were implemented from August to October 2018 in 13 capital cities and border provinces with the participation of 140 stakeholders from the government departments and agencies and the private sector in the Lancang–Mekong countries.
3. **The key findings and recommendations** were made upon completion of the study at this stage, which are summarized as below:
 - The development and investment in border infrastructure and facilities, i.e. transport and logistics infrastructure, especially in the Border Gate Economic Zones (BGEZs), Border Economic Cooperation Zones (BECZs), Border Special Economic Zones (BSEZs) in China (Hekou, Yunnan, and Pingxiang, Guangxi), and Thailand (Nakhon Phanom, Mukdahan, Tak, and Sakaeo provinces, and Viet Nam (Moc Bai, Lang Son, and Lao Cai) have been more progressive as compared to those in other Lancang – Mekong countries, e.g. Lao PDR, and Myanmar. For further development, the BGEZs in Viet Nam, SEZs in Lao PDR, trade zone in Myanmar have prioritized infrastructure development, and suggested that the Project through the Mekong Institute (MI) provide technical assistance, if possible, in creation of channel or mechanism for calling investment in transport and logistics infrastructure, and SPS infrastructure in the economic zones from both domestic and international investors in a practical manner.
 - One–stop service centers (OSS) for investment promotion and trade facilitation have been established in the visited locations, including border provinces, special economic zones (SEZs), border gate economic zones (BGEZs), Border Economic Cooperation Zones in various forms of administration and scope of operation. It was not clear about the efficiency and effectiveness of OSS operation.

- There do not exist any joint one-stop service centers and integrated quarantine service centers in the visited locations, and correspondent plans for establishment and development of joint OSS centers and integrated SPS centers.
 - The stakeholders in Thailand, Lao PDR, Myanmar, and Viet Nam supported the implementation of the SSI/SWI mechanism, especially the case of Thailand–Lao PDR; and Thailand–Myanmar of the GMS CBTA. In this connection, the project under the Lancang–Mekong Cooperation (LMC) may find the so-called synergy with the development partners, e.g. Asian Development Bank (ADB) in support of the implementing SSI/SWI as part of trade and transport facilitation action program under the GMS Economic Cooperation Program.
 - The Hekou Border Economic Cooperation Zone emphasized the importance of developing cross-border economic zone (CBEZ) between China and Viet Nam at Hekou and Lao Cai province. To this end, the stakeholders suggested the project (MI) come up with a strategy for policy advocacy in support the CBEZ development through enhancing the coordination mechanism between the central government and the local authorities, especially in the case of the Yunnan province. In addition, the mechanism to facilitate policy dialogues between the Joint Working Committees in charge of BGEZs/CBEZs of the provinces is also needed.
 - The project components and activities: (i) business connection and information sharing among the SEZs, (ii) better management of SEZs, (iii) establishment of web-based information platform for the SEZs were not discussed in detail with the stakeholders as they were not clear about the system and operational mechanisms. Furthermore, the stakeholders did not prioritize the designed training topics and programs except for Myanmar where the stakeholders suggested that trainings on coordinated border management (CBM), cross border e-commerce, and border trade development in addition to the other capacity development programs, e.g. on risk management and post clearance provided by ADB, EU, and etc, would be beneficial since Myanmar is now upgrading its customs system for trade facilitation.
4. **The preliminary findings** were reviewed by the stakeholders at the Regional Consultative Workshop that was scheduled in December 2018. At the same time, the following issues were presented and discussed by the stakeholders.
- Promotion of investment in the BGEZs, SEZs, and BECZs;
 - Coordination of the cross-border trade facilitation-related issues through enhancing the cooperation mechanism(s) between the border coordination committees / joint commissions, and information platform and information sharing mechanism in the Lancang-Mekong countries;
 - Policy advocacy and mechanisms to support the development of cross-border economic cooperation zones (CBEZs) between the Lancang–Mekong countries, especially between the national and local levels; and
 - Joint efforts to assist in implementation of SSI/SWI mechanism for trade and transport facilitation between the Lancang-Mekong countries

5. **The regional consultative workshop** was held on December 21, 2018 in Khon Kaen, Thailand to seek the joint review and validation of the study findings, and further discussions of the development issues as specified at paragraph 4. The country reflections and recommendations will be consolidated and considered for the project intervention and implementation under the project timeframe.

6. The report covers three key parts and seven sections. In **Part A**, **Section 1** introduces the Lancang–Mekong cooperation framework, project background, and study objective. **Section 2** demonstrates the methodology and scope of the study. Part B discusses the three themes as consulted with the key stakeholders in the six countries. As such, in **Part B**, **Section 3** provides an overview of the border economies and SEZ development, including infrastructure investment; (i) **Section 4** investigates the selected issues of investment, trade and transport facilitation with a focus on the establishment and implementation of (i) one-stop service centers in SEZs, BGEZs; (ii) customs modernization and administration, (iii) joint one stop services through Single Stop Inspection (SSI)/ Single Window Inspection (SWI) mechanism. Section 5 provides a summary of findings and the project stakeholders’ suggestions to Mekong Institute (MI) and the next steps for the regional consultation. Subsequently, Part C provides the discussions of the development issues and suggestions of the country stakeholders to the project intervention and implementation for the period 2018–2021

ACRONYM AND ARREVIATIONS

ADB	Asian Development Bank
ASEAN	The Association of Southeast Asian Nations
BGEZ	Border Gate Economic Zone
BEZ	Border Economic Zone
BECZ	Border Economic Cooperation Zones
CBTA	Cross-border Transport Facilitation Agreement
CIQ	Customs–Immigration–Quarantine
DOA	Department of Agriculture
DOC	Department of Commerce
DOF	Department of Fisheries
EU	European Union
GDCE	General Department of Customs and Excise
LMC	Lancang–Mekong Cooperation
MI	Mekong Institute
MIFFA	Myanmar International Freight Forwarder Association
GMS	Great Mekong Sub-region
OSS	One-Stop Services
IAC	Investment Assistance Committee
ICD	Inland Container Depot
ICT	Information and Communications Technology
MOC	Ministry of Commerce
MOF	Ministry of Finance
MOPF	Ministry of Planning and Finance
MPWT	Ministry of Public Works and Transport
QIP	Qualified Investment Project
SEZA	SAVAN-SENO Special Economic Zone Authority
SEC	South Economic Corridor
SEZ	Special Economic Zone
SSI	Single Stop Inspection
SWI	Single Window Inspection
TTF-AP	Transport and Trade Facilitation Action Program
VAT	Value-Added Tax

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PART A. PROJECT BACKGROUND AND STUDY DESIGN

I. INTRODUCTION

1.1. OVERVIEW OF THE LANCANG–MEKONG COOPERATION FRAMEWORK

7. In March 2016, the People’s Republic of China (China), Cambodia, Lao PDR, Myanmar, Thailand, and Viet Nam officially launched the Lancang-Mekong Cooperation (LMC) mechanism at the first LMC leaders' meeting. The mechanism aims to promote the economic and social development of the sub-regional countries, enhancing the wellbeing of their people and narrowing the development gaps among the regional countries. To this end, the countries have agreed on the LMC cooperation framework covering three key pillars comprising of five development areas through synergizing China’s Belt and Road Initiative, ASEAN Community Building, promoting the implementation of the UN 2030 Agenda for Sustainable Development, and advancing South-South cooperation¹.

Key Pillars	Development Areas
Politics and Security	Connectivity
Economic and Sustainable Development	Production Capacity
Social, Cultural and People-to-People Exchange	Cross-border Economic Cooperation
	Water Resources
	Agriculture and Poverty Reduction

8. Supporting the concrete progress of the regional cooperation, the China government announced the establishment of the LMC Special Fund for supporting development projects in the region, and formed the five–year Action Plan for the period 2018–2022 in compliance with the agreement at the first LMC Leaders’ Meeting. This Action Plan has taken into account the development needs of the six LMC member countries and the regional integration process, reflecting the framework established

¹ “Key elements of South-South Cooperation implication: South-South cooperation is based on the central idea of solidarity and engaging the countries involved in a mutually-beneficial relationship that promotes self-reliance and self-help, through a demand driven development process. From this core idea derive a number of essential principles of South-South cooperation: respect for national sovereignty; national ownership and independence; equality; non-conditionality; non-interference; and mutual benefit.”

Available at: <https://www.un.org/ecosoc/en/events/2013/conference-southern-providers-development-cooperation-south-south-cooperation-issues-and>

in the Sanya Declaration², adopting the key principles by following the leaders' guidance, all-round cooperation and broad participation through the Government's direction, multiple participation, and project-oriented model that can explore the most suitable cooperation for the sub-regional cooperation in line with the features and specificity of the six countries. Critically, the implementation of the Action Plan is based on the principles of consensus, equality, mutual consultation and coordination, voluntarism, common contribution and shared benefits, and respect for the United Nations Charter and international laws, and national laws, rules, regulations, and procedures of each member country.

1.2. PROJECT OVERVIEW AND STUDY OBJECTIVES

9. With support from the Lancang–Mekong Cooperation Fund (LMCF), Mekong Institute (MI) is concurrently implementing four projects, namely (1) Joint Development of Cross-Border Special Economic Zones; (2) Upgrading Border Facilitation for Trade and Logistics Development; (3) Lancang–Mekong Business Forums; and (4) Action Research on Rural E-Commerce Development.
10. The Project 2 on “Upgrading Border Facilitation For Trade And Logistics Development” consists of five components, such as, (i) Infrastructure and regulations for Border SEZs in the Lancang–Mekong sub-region; (ii) Business connection and information sharing among SEZs in Lancang – Mekong sub-region; (iii) Better management and promotion of SEZs in Lancang–Mekong sub-region; (iv) Trade and Logistics infrastructure and facilities in the border areas; and (v) Developing ICT skills to facilitate cross-border trade in goods and services.
11. Implementing the project component 1, the MI started with the study on “Improvement of infrastructures and regulations for border economic zones” in 2018. The overall study objectives aimed to assess the feasibility of the project design and shape the project implementation in the coming years (2019 – 2021). Specifically, the study objectives aimed to review and assess the following:
 - Hard infrastructure investigated border infrastructure and facilities developed in the border economic zones (BEZs); and establishment of one–stop service centers and facilities in the BEZs; and

² Sanya Declaration of the First Lancang-Mekong Cooperation Leaders' Meeting For a Community of Shared Future of Peace and Prosperity among Lancang-Mekong Countries;
Available at: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1350039.shtml

- Soft infrastructure emphasizes the policy and regulatory measures undertaken in association with trade facilitation; customs modernization; Information and Communications Technology (ICT) development to facilitate trade and logistics; coordinated border management (CBM), e.g. coordination between border agencies and border procedures adopted by the inter-agency coordination among different agencies behind the border as well as the bilateral or international cooperation with neighboring countries and the institution of joint controls at border crossings through single stop inspection (SSI)/single window inspection (SWI) mechanism that aim to eliminate or reduce duplication of procedures and processes in the Lancang–Mekong countries.
 - The need for capacity development for the project stakeholders and beneficiaries working in both public and private sectors.
12. Upon completion of the study, MI will conduct a regional consultative workshop to disseminate the study findings and further consult with the Lancang–Mekong countries on improvement in border facilitation for facilitating trade and logistics development the Lancang–Mekong countries. And the project interventions will align with recommendations of the project stakeholders with an aim that the project objective will be successfully achieved.

II. METHODOLOGY AND SCOPE OF STUDY

13. Conducting the study, the MI employed stakeholder consultation, which is known as an effective methodology, to serve the process of collecting information and insights from the project stakeholders and beneficiaries, and further raise their awareness of the project as well. The stakeholder consultation process assisted in assessment of the designed project activities and objective at the project development phase. Doing so, the study focused on qualitative information in combination with quantitative information from secondary data source subject to data availability.
14. Before conducting the consultation process, the study team conducted a desk review of key documents with a focus on the regional agreements, and associated information for the purpose of study design, collecting, organizing and synthesizing available information, obtaining better understanding of the country and regional context, priorities and trends in transport and trade facilitation, analyzing secondary data, and creating a reference list. As such, the following were reviewed:
- Lancang–Mekong Cooperation Framework
 - GMS Economic Corporation Program
 - Cross-border Transport Agreement (CBTA)
 - Transport and Trade Facilitation Action Program (TTF3–AP)
 - Master Plan on ASEAN Connectivity 2011
 - The ASEAN Framework Agreement on the Facilitation of Goods in (AFAFGIT)

- The ASEAN Framework Agreement on the Facilitation of Inter-state Transport (AFAFIST),
 - Bilateral trade between and among the LM countries, and
 - Other documents related to study topics as specified in the Section of References
15. As for stakeholder consultation, the study team identified and targeted the project stakeholders and beneficiaries from both public and private sectors for consultative purposes, including (i) Department of Land Transport, Department of Commerce (or Industry and Trade), Department of Border Trade, Department of Customs, Department of Agriculture (Sanitation and Phyto-Sanitation), Department of Foreign Affairs, Border Economic Zone (BEZ) Management Board, Department of Immigration; and (ii) Chambers of Commerce (Chamber of Industry and Trade), Business Associations, National Logistics Association, and cross-border traders (SMEs) and transport operators. In fact, not all target stakeholders could attend the consultation meetings, especially those who are from the private sector. Lists of organizations and representatives are specified in Annex 1 of the Report.
16. Obviously, there have been existed sub-regional and regional cooperation frameworks in which LMC is known as a new sub-regional cooperation mechanism that aims to generate synergy and complementarities to the GMS and ASEAN and regional integration process. To this end, the selection of scope of the study and locations for the consultation process under LMC framework are based on the study subject, i.e. establishment and implementation of joint one-stop services centers and integrated quarantine services centers, and the project coverage and in connectivity with other frameworks, especially GMS cooperation program with a focus on trade and transport facilitation (TTF) action program. As such, the study targeted the border provinces of the six Lang–Mekong countries to conduct a series of consultations in the form of the stakeholder meetings at the 02 cities and 13 border provinces in consideration of the BEZs that have been or will be established; volume of cross-border trade and transport along the economic corridors; and the local authorities and organizations are responsible for implementing and managing both "hard" and "soft" infrastructure to facilitate cross-border trade and logistics development.

Table 1. Capital cities and border provinces for conduct of the stakeholder consultation

Cities	Border Provinces
Phnom Penh, Cambodia ³	Moc Bai, Tay Ninh (Viet Nam)
Kunming, Yunnan, China	Nakhon Phanom (Thailand)–Khammouane (Lao PDR)
	Mae Sot (Thailand)–Myawaddy (Myanmar)
	Mukdahan (Thailand)–Savan–Seno (Lao PDR)
	Hekou (Yunnan, China)–Lao Cai (Viet Nam)
	Pingxiang, Guangxi, China–Dong Dang, Lang Son, Viet Nam
	Aranyaprathet, Sa Kaeo (Thailand)–Poipet, Banteay Meanchey

17. The study covered the following development topics and associated consultative questions, which are specified in Annex 2 of the Report, for consultation process:

- Feasibility of the project intervention and implementation by project component and activity.
- Border infrastructure and facilities: status quo and investment in transport infrastructure, border trade and logistics infrastructure, and customs infrastructure serving cross-border trade and logistics.
- Customs modernization and trade facilitation.
- Joint control at border crossings (Coordinated Border Management–In-country Inter-agency cooperation).
- Integrated control at border crossings (Coordinated Border Management–Bilateral cooperation).
- Capacity development needs.

18. In addition to desk review and consultation meetings, the site observations were made in various checkpoints in several provinces, such as, Yunnan, Guangxi, Lao Cai, Moc Bai, Poipet, Aranyaprathet, Mae Sot, and Myawaddy. The observations were meant to better understand the actual customs—immigration—quarantine (CIQ) operations, border infrastructure and facilities, border economic zones in specific locations. In summary, the study methodology consists of (i) desk review, (ii) consultation meetings, and (iii) site observations.

19. The study was designed, implemented, and accomplished from August to November 2018. It also has a certain limitation with some reasons, which were known as (i) lack of stakeholders attending the consultation meetings; (ii) lack of stakeholders’ responses to the study subject-based questions, e.g. key information was not disclosed to the study team or the feedback was provided in an ambiguous manner; (iii) lack of updated data on bilateral trade, including cross-border trade between the LM

³ The meeting in Bavet with the local stakeholders was replaced by a meeting with Department of International Trade, Ministry of Commerce (MoC), Cambodia

countries that aimed to support the study; and (iv) the language barrier facing the study team during the process of information collection.

20. The regional consultative workshop aimed to provide the country representatives with an open discussion on the preliminary findings of the study and the issues in connectivity with the project intervention. This is an important step to consolidate the findings and finalize the study report.

PART B. STAKEHOLDER CONSULTATION ON INFRASTRUCTURE AND REGULATIONS IN BORDER AREAS FOR TRADE AND LOGISTICS DEVELOPMENT

21. The stakeholder consultation process included 15 meetings: (i) 01 in Moc Bai, Tay Ninh; (ii) 01 in Phnom Penh; (iii) 01 in Nakhorn Phanom; (iv) 01 in Mae Sot; (v) 01 in Myawaddy; (vi) 01 in Mukdahan; (vii) 01 in Khammouane; (viii) 01 in Savanhnakhet; (ix) 01 in Lao Cai; (x) 01 in Hekou, (xi) 01 in Kunming, (xii) 01 in Pingxiang, Guangxi; (xiii) 01 in Lang Son; (xiv) 01 in Aranyaprathet, Sakeo; and (xv) 01 in Poipet, Banteay Meanchey. The study team aimed to consult with the project stakeholders on all topics and cover the study questions as per the study design. In fact, all topics and questions were not responded and suggested by the project stakeholders. For instance, the stakeholder did not discuss and assess in detail the following:

- The project design by (i) components and activities; (ii) feasibility of the project, and (iii) project implementation;
- Developing information and communications technology (ICT) skills to facilitate cross-border trade in goods and services;
- Developing website for promoting and management of special economic zones (SEZ platform)
- Need for capacity development for the project stakeholders; and
- Trade statistics

22. Therefore, the stakeholder consultation was focused on the specific topics and issues that received more attention from the stakeholders, and the locations the study team visited from August to October 2018 as described and analyzed in this part of the Report. And the Report was written in combination of information the study team collected during the consultation process, and the secondary data and information from the desk review.

III. BORDER ECONOMIES AND BORDER ECONOMIC ZONES/SPECIAL ECONOMIC ZONE DEVELOPMENT IN THE LANCANG–MEKONG COUNTRIES

23. This Section aims to review and reflect the status quo of the Border Economies, Border Gate Economic Zones, Border Economic Cooperation Zones, Cross-Border Economic Zones (CBEZ), Special Economic Zones (SEZs), and border infrastructure and facilities in terms of investment in transport infrastructure, border trade and logistics infrastructure, and customs infrastructure serving

cross-border trade and logistics. As such, the situations in the specific locations in Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam are summarized as below.

3.1. CAMBODIA

24. Geographically, the Southern Economic Corridor (SEC) covers Cambodia, and connects it to Thailand and Viet Nam. The SEC comprises the following sub-corridors and inter-corridor links: (i) **Central sub-corridor:** Bangkok–Phnom Penh–Ho Chi Minh City–Vung Tau; (ii) **Northern sub-corridor:** Bangkok–Siem Reap–Stung Treng–Rattanakiri–O Yadav–Le Thanh–Pleiku–Quy Nhon; (iii) **Southern coast sub-corridor:** Bangkok–Trat–Koh Kong–Kampot–Ha Tien–Ca Mau–Nam Can; and (iv) **Inter-corridor link:** Sihanoukville–Pnom Penh–Kratie–Stung Treng–Trapang Kreal)–Viengkham–Pakse–Savannakhet



25. It can be seen that the central sub-corridor links three major population and commercial hubs, namely, Bangkok, Phnom Penh, and Ho Chi Minh City. This sub-corridor can assist in integrating resources of the three hubs to form an economic zone at the sub-regional level. Besides, the southern coastal sub-corridor connects the commercial, industrial, and tourism areas of Thailand with the coastal areas of Cambodia. In this sense, the opportunities to develop industries and trade based on the comparative advantages of fisheries, energy resources, trade, and light industries for Cambodia are possible. Also, the southern sub-corridor that extends to the Mekong Delta of Viet Nam at Ha Tien, Ca Mau, and Nam Can support the development of food processing and other light industries.⁴

26. In the Cambodian economy, the leading sectors are garment and tourism which are located Phnom Penh and Siem Reap, respectively, while casino is the key industry in the border areas. With the development of the GMS economic corridors, Cambodia can take advantages (i) of spillover effects and complementarities from the development of border economic zones (BEZ) from Thailand and Cambodia to promote its border economy; and the land transport routes and border crossing points through Bavet (Cambodia)–Moc Bai (Viet Nam); and Poipet (Cambodia)–Aranprathet (Thailand), respectively, serving the movement of goods and people for trade and investment as well as tourism

⁴ IDE-JETRO, 2012, “Cross-Border Trade Facilitation and Regional Development along Economic Corridors in Cambodia”

development. In other words, the economic potential of the border areas is high for both Cambodia and the neighboring countries, particularly Thailand and Viet Nam.

27. In Cambodia, the Cambodian Special Economic Zone Board (CSEZB) under the Council for the Development of Cambodia (CDC) is responsible for managing the SEZ scheme, which was introduced to Cambodia in 2005. The Law on the SEZs was drafted by the CDC in 2008⁵.
28. In Sray Rieng province, there are three SEZs at Bavet (on the GMS Southern Corridor at the Viet Nam border), namely, Manhattan SEZ (2006), Tai Seng Bavet SEZ (2007), and Dragon King SEZ (2013). The SEZs are primarily export-processing zones, where firms import almost all their intermediate inputs and sell almost none of their output on the domestic market. This helps to explain the preference for the Southern Corridor from Phnom Penh to Vung Tau deep sea port.
29. In Banteay Mean Chey Province, there are two SEZs: (i) Poi Pet O'Neang SEZ (2011), and (ii) the Sanco Poipet SEZ (2014) which is managed by Sanco-Cambo Investment Group Co., Ltd, a joint investment between Cambodia and Japan, and is in proximity to vital and main economic trading gate between Cambodia and Thailand through Poipet-Aranyaprathet border crossing points. Sanco-Poipet SEZ prioritizes high-tech manufacturing, and all products are exported to Thailand.
30. Like the other SEZs in Cambodia, the SEZs in Sray Rieng and Banteay Mean Provinces are privately owned and managed. By regulation, the SEZ developer is required to have at least 50 hectares of land, and is responsible for establishing roads, electricity and water supply to serve the operations of firms operating in SEZs. A firm investing and operating in an SEZ must first obtain government approval as a Qualified Investment Project (QIP), which requires that the firm have a minimum of US\$500,000 fixed assets. QIP means that the firm is entitled to the Government incentives. The Government also provided "one stop services center" located in the SEZs facilitating investors' investment and businesses.

⁵ <http://www.cambodiainvestment.gov.kh/investment-scheme/the-special-economic-zones.html>

3.2. CHINA (THE GUANGXI PROVINCE)

31. North South Economic Corridor (NSEC) consists of a central sub-corridor linking Kunming, Yunnan–Hekou–Ha Noi–Hai Phong (Viet Nam), and a western sub-corridor linking Kunming–Myanmar–Lao PDR–Thailand. The development of the NSEC involves Guangxi with the Eastern sub-corridor from Nanning to Hanoi (Viet Nam) or from Nanning–Fang Chenggang Dongxing–Mong Cai–Hai Phong to Ha Noi (Viet Nam)⁶.



32. The Guangxi Province plays an important role in the autonomous region (Guangxi Zhuang Autonomous Region) with promoting cross-border economic co-operation with the neighboring countries. The development of border economy through cross-border economic co-operation zones (CBEZ) model aimed to enhance the cooperation between Guangxi and the ASEAN countries. Strategically, the ASEAN is the principal trading partner of Guangxi. Guangxi's trade value with the ASEAN region accounted for a significant ratio of its provincial total, especially the bilateral trade between Guangxi and Viet Nam. Exported goods mainly comprise electrical and mechanical products, textiles, garments, agricultural products, ceramic products, vegetables and footwear, while its import normally covers agricultural products, electrical and mechanical products, fruits, grains, feeds and coal.
33. The Guangxi Pingxiang Integrated Free Trade Zone (FTZ) was established in 2008. The FTZ aimed to facilitate trade along the corridor from Nanning to Pingxiang to Ha Noi. The Pingxiang FTZ has developed the functional areas, such as (i) bonded logistics, (ii) processing trade; (iii) duty drawback; (iv) light industry and processing. Pingxiang is one of the six platforms in the pilot program of China–ASEAN Border Trade, which is part of the Shenzhen–Ha Noi–Bangkok network.
34. For the further cooperation with Viet Nam, the two countries signed the Memorandum of Understanding (MoU) on Development of Cross-Border Economic Cooperation Zones (CBEZs) in 2013⁷. Three (03) China–Viet Nam cross-border economic cooperation zones which were expected to be developed are (i) Lao Cai–Hekou (Yunnan); (ii) Mong Cai–Dongxing (Guangxi Province); and (iii) Dong Dang–Pingxiang (Guangxi Province). The Joint Master Plan on China–Viet Nam Cross-

⁶ Asian Development Bank (ADB), 2017, Economic Corridors in the Greater Mekong Subregion

⁷ Ministry of Industry and Trade (MoIT), Viet Nam, 2013

Border Economic Co-operation Zones was also drafted and exchanged. However, the development of China–Viet Nam CBEZs have yet to be materilaized in reality.

35. In 2016, the Pingxiang Key Pilot Zone for Development and Opening Up was approved. The zone covers six major functions: (i) international economic, trade and commercial zone; (ii) investment co-operation development zone; (iii) key border economic zone; (iv) cultural and tourism co-operation zone; (v) modern agricultural co-operation zone; and (vi) border city pioneer development zone.
36. With a focus on border economic development, the Guangxi Province has strived to promote industrial cooperation along the border as well as cross-border interconnection and intercommunication. The Guangxi Province has developed the processing industry in border ports while promoting the transformation of border trade from “cross-border transit” into “inbound processing”. In addition, cross-border labor cooperation between China and Viet Nam has been piloted to facilitate the development of border processing industry, which expected to capitalize on labor force from Viet Nam. In addition to promoting a border processing industry, the Guangxi Province has planned to develop an extensive and specialized distribution from the border market to other areas in the country.

3.3. CHINA (THE YUNNAN PROVINCE)

37. The Yunnan Province is positioned as a major hub reaching out to South Asia and Southeast Asia” under the China’s One–Belt–One–Road (OBOR) initiative. Indeed, the province takes full advantage of its geographic position to develop an export-oriented industrial base, and transform the province into a regional economic and trade hub for the country. Recently, export-oriented processing industries, including BAIC Yunnan Ruili Automotive and Chongqing Yinxiang Motorcycle, have been established in the border areas. The Yunnan Province has also planned for developing cross-border economic cooperation zones (CBEZs) with Myanmar and Viet Nam⁸ to further enhance cross-border economic activities and serve economic development in the border provinces in China and its neighboring countries.



⁸ The MoU on developing the CBEZs between China and Myanmar was signed in 2017, Available at: <https://opendevelopmentmekong.net/news/china-and-myanmar-to-set-up-border-economic-cooperation-zone>

38. As part of trade cooperation between the Yunnan Province and ASEAN, the bilateral trade between Yunnan and Viet Nam has remained strong. China is the largest market for Viet Nam's fruits and vegetables, while Viet Nam is known as the second largest trading partner of the Chinese province. An important factor promoting the commercial relationship between the Yunnan province and Viet Nam is that the two countries signed a border trade agreement in 2016. Trade promotion organizations and businesses of both sides have consistently strengthened exchange and trade connection activities. With the promising growth rate in recent years, it was predicted that Vietnam-China bilateral trade would reach US\$100 billion in 2018⁹.



39. The Hekou Border Economic Cooperation Zone (BECZ) was established in 1992 with the objective of promoting trade between China and Viet Nam. It covers an area of 4.02 square kilometers. In June 2000, the Yunnan Provincial Government gave Hekou the special status of one of three open border cities, and policies were implemented in the following years. Despite preferential policies together with a favorable location on a critical border trade hub, low cost land and labor, and rich natural resources, enterprises in the Hekou BCEZ are almost all local SMEs with limited growth potential. As a manufacturing location, Hekou is constrained by poor infrastructure connectivity and limited human capital. The recent completion of a four-lane expressway from Kunming and the completion in the next few years of a standard gauge rail link to Kunming should go a long way towards mitigating the first of these problems.

40. At present, the zone prioritizes such investment areas for economic development as (i) tourism, (ii) e-commerce, (iii) modern logistics, (iv) processing and manufacturing; (v) cross-border trade. There are about 21 companies operating in the zone. Importantly, the Hekou BECZ Management Board mentioned at the consultation that developing the Hekou-Lao Cai cross-border economic zone (CBEZ) is highly prioritized, and suggested that Mekong Institute (MI), if possible, assist Hekou in coordinating with the central government of China for supporting the CBEZ development.

41. As for the Yunnan province and Myanmar, Ruili port (in connectivity with Muse on Myanmar side) is the main land port for trade cooperation with Myanmar. As a matter of fact, the total trade value handled via Ruili port is about 60% of Yunnan's trade with Myanmar. In the past, border trade benefited from preferential policies on tariffs and value-added tax (VAT). However, such concessions

⁹ Nhan Dan Newspaper, July 25, 2018, "Viet Nam and China Work to Boost Bilateral Trade to US\$ 100 billion. Available at: <http://en.nhandan.com.vn/business/economy/item/6422402-vietnam-china-work-to-boost-bilateral->

have gradually been removed. In fact, manufacturers from the coastal regions have invested in the Yunnan province and the border cooperation zones for exporting to Southeast Asia.

42. The Yunnan Province has considered and implemented the national and local policies on encouraging the border area development: (i) development of priority industries; (ii) support given to prioritized projects to process, transform and utilize imported energy resources as well as projects to process imported resources in key border areas; (iii) establishment of export-oriented industry clusters; (iv) establishment of key border industrial development fund. In fact, two key economic development zones have been built in Yunnan's border areas.
43. The Ruili Key Development and Opening-up Zone is located in the Dehong Dai and Jingpo Autonomous Prefecture in Yunnan province bordering on Myanmar. It is expected the Ruili zone to play an increasing important role in developing economic cooperation between China and Myanmar. It prioritizes the development of priority industries, export processing zones, and international logistics and warehousing zones; strengthens deep-processing industries to reach out to the South Asia and Southeast Asia markets.



44. The Ruili Border Economic Cooperation Zone (BECZ) is situated in the Ruili Key Development and Opening-up Zone. Located in the Ruili BECZ, the Jiegao Border Trade Zone operates under a special customs supervision modality. Jiegao is the logistics center serving border trade between China and Myanmar. As such, Jiegao is an important channel for the movement of goods and people between the two countries.

3.4. LAO PDR

45. Lao PDR is a landlocked country, shares its border with the five countries, namely, Cambodia, China, Myanmar, Thailand, and Viet Nam, and situated in the heart of the Mekong Region. Lao PDR is central to the development of economic corridors. The border with Thailand is partially defined by the Mekong River, while the border with Viet Nam by a continuous mountain range. The construction of five major bridges over the Mekong River and the improvement in roads between China–Lao PDR–Viet Nam together with investment in modern communications technology has opened the country and increased its potential role in the sub-region. Indeed, Lao PDR plays an indispensable role in integrating these economies through transit trade and investments.

Table 2. Land Area by Country in the six countries

Country	Land Area (Km ²)	Shared Borderline with Lao PDR
Cambodia	181,000	435
China (Yunnan, Guangxi)	631,000	505
Lao PDR	238,000	-
Myanmar	677,000	238
Thailand	513,000	1,835
Viet Nam	331,000	2,069

Source: Asian Development Bank (ADB), 2018, “Increasing Benefits Through Economic Corridor Development in the Lao People’s Democratic Republic”

46. The East-West Economic Corridor (EWEC) is about 1,481 km long of which 14% of the corridor is in Lao PDR. The North-East Economic Corridor (NSEC) runs 1,434 km through Lao PDR, but only 12% of the length is within the country. In 2016, new economic corridors were proposed, including new branches of the existing corridors in the Lao PDR. As for the NSEC: (i) Boten–Luang Prabang–Vientiane–Udon Thani–Bangkok; and (ii) Vientiane–Pakxan–Vinh and Udon Thani–Thakhek–Vung Ang. Besides, the Southern Economic Corridor (SEC) has a new branch, running from Kaysone Phomvihan through Pakse down to Strung Treng in Cambodia.

47. There exist 12 SEZs¹⁰ in the country and the SEZ development is at various levels. The SEZs cover such industries as services, manufacturing, and trade. Most investment and businesses are foreign-owned companies. They reallocated to Lao PDR due to relatively lower wages, government incentives, and associated preferential policies encouraging foreign investment in SEZs. In recent years, Lao PDR through the operations of the SEZs has successfully attracted multinational

¹⁰ SEZs in Lao PDR: Savan–Seno, Boten, Golden Triangle, VITA Park, Phoukyo, Savsettha, Thatluang, Long Thanh, Dongphosv, Thakhek, Champasak, and Luang Prabang

companies established assembly and equipment parts facilities, and joined the regional and global value chains.

48. The Savan–Seno SEZ was established along the EWEC in 2003, and the SEZ was developed in Boten on the NSEC in 2012. The Savan–Seno SEZ has the potential to stimulate economic development along the corridor with the fact that about 65 companies have invested in industry, services, logistics, and trade. A dry port was built in the zone to serve container shipment in an efficient manner, e.g. reduction in time and logistics costs, and contribution to the development of logistics centers. Critically, the SWI/SSI mechanism may need considering in order to allow cargo clearance to take place in dry ports so as to maximize effectiveness of the Sevan–Seno SEZ.
49. The Thakhek Specific Economic Zone (TSEZ) was established in the Khammouane province in May 2015 with a total land area of 1,035 ha. It is close to the Third Lao-Thai Friendship Bridge, and road No. 12 as a main route to Vung Ang port, the deep-sea port in Ha Tinh province, Viet Nam. Under the agreement signed between the government and the TSEZ management board, private developers will invest in infrastructure within the zone, including roads, electricity, water supplies and drainage. According to Department of Planning and Investment of Khammouane province, the TSEZ attracted 21–22 business investment projects with a total investment of US\$12.9 billion, and a registered capital of US\$4.03 billion¹¹ in logistics services, such as, cargo loading and unloading areas, warehousing, commerce, and other services.
50. One of the critical issues facing the exports from Khammouane province includes the small export volume. The export of agricultural products to Thailand as the case of rice and cassava is also subject to import quota imposed by the Thai side. In addition, the inadequate transport and logistics infrastructure and logistics of Khammouane province, to a certain extent, has affected its cross-border trade. Over the last few years, export of agricultural product exported to Thailand via the 3rd Thai–Lao Friendship Bridge was still negligible. Instead, informal export of agricultural products with small volume is normally carried out through traditional border points. Exports from Khammouane to Thailand for the period 2012–2015 are illustrated in Table 3.

¹¹ Thakek Special Economic Zone (TSEZ), 2018. Available at <http://jclao.com/22-companies-invest-in-thakhek-specific-economic-zone/>

Table 3. Khammouane’s exports to Thailand for the period 2012 – 2015

No.	Products	2012 – 2013		2013 – 2014		2014 – 2015	
		Quantity	Value (USD)	Quantity	Value (USD)	Amount	Value (USD)
1	Timber and wood products	33,698 m ³	6,903,192	12,104 m ³	2,586,257	15,577 m ³	3,510,057
		512 tons	57,087	715 tons	72,244	1,224 tons	139,311
2	Rock granule	152,285	1,061,913	46,400	302,400	167,400	1,022,400
3	Lead mineral	8 tons	19,600	9 tons	27,000.	38 tons	114,000
4	Potash	2,306 tons	904,750	22,630	6,543,850	62,512 tons	18,426,160
5	Gypsum	-	-	52.40 tons	5,400	-	-
6	Dried cassava	253 tons	16,445	-	-	-	-
7	Organic fertilizer	300 tons	30,000	150 tons	15,000	-	-
8	Tobacco leaves	-	-	3.50 tons	3,500	-	-

Source: Mekong Institute (MI), EWEC Department, 2016, “Research and Analysis on Agricultural Cross-Border Trade between Khammouane, Lao PDR and Nakhon Phanom, Thailand: Potentials/Opportunities”

3.5. MYANMAR

51. Myanmar signed trade agreements with China in August 1988, and with Thailand in June 1996, respectively. Thanks to these trade agreements, the Government of Myanmar increased revenues from collection of custom duties. At the same time, security and development in the border regions were enhanced. Indeed, border trade played an increasingly important factor in the national economy, and created momentum for further improvements in regional cooperation and transport infrastructure in connectivity with the regional neighbors, especially the GMS¹².



¹² Institute for Security and Policy Development, 2009, “The Role of Informal Border Trade in Myanmar”

52. Myanmar shares borders with China through the Yunnan province, Lao PDR, and Thailand. Myanmar has 11 official border trade points, including (i) Muse, Lweje, and Chin Shwe Haw bordering on China; (ii) Myawaddy, Kawthaung and Tachileik bordering on Thailand, and (iii) Sittwe and Maungtaw bordering on Bangladesh; and (iv) Tamu and Reed bordering on India.
53. Myanmar's trade with China is mostly concentrated in cross-border trade through the Yunnan province. The main trading node in Myanmar's cross-border trade is Muse township, which is adjacent to Ruili in the Yunnan province. This border crossing point is on the Yangon-Mandalay-Muse / Ruili-Kunming corridor, and the road segment between Mandalay and Kunming as part of the Asian Highway No. 14.1. The transportation cost for Myanmar's cross-border trade is not competitive because of its mountainous terrain and road condition, which is poor.
54. Border trade cooperation between China and Myanmar is mainly based on China's exports of industrial products, including electrical machinery, e.g. cellular phones, industrial machinery, motorcycles, and intermediate materials. From Myanmar side, the exports are primary products, consisting of precious stones, natural gas and timber or wood-based products.
55. Among the neighboring countries of Thailand, Myanmar has the longest border and the largest population. Economically, Myanmar may have a greater demand than other neighboring countries, but the number of permanent border checkpoints is limited. The policy of the Government of Myanmar is to utilize border trade as a mechanism to further develop and strengthen bilateral trade relations with all five of its immediate neighbors, namely, Bangladesh, China, India, Lao PDR, and Thailand, and with other states in the region.
56. As for border trade cooperation between Myanmar and Thailand, the major exported goods to Myanmar through Mae Sot border crossing point were diesel and benzenen oils, machinery non-electric and transport equipment, fabric of artificial and synthetics fabric, edible vegetable oil, motorcycles, woven cloth, fishing net, pharmaceuticals, and consumer goods, while the exported goods to Thailand were mainly natural gas, aquatic products, agricultural produces, garment, and wood-based products¹³.
57. The Myawaddy trade zone, which is about 10 km far from Mae Sot takes the function of one-stop service center facilitating border between Myanmar and Thailand through Mae Sot-Myawaddy border crossing points. Warehousing is the key logistics services that are mostly invested by private companies, while the public infrastructure, i.e. roads and bridges, is invested by the government. It is noted that the government does not officially recognize Myawaddy as a free trade zone. As per the

¹³ Journal of Borderland Study, 2015, "Cross-Border Trades and Commerce between Thailand and Neighboring Countries: Policy Implications for Establishing Special Border Economic Zones"

point of view of the stakeholders, Myawaddy should be developed as a free trade zone with with investment in logistics infrastructure and facilities.



58. For further promotion of economic cooperation between Myanmar and Thailand, (i) an industrial zone in Kayin State is under development, and (ii) the two countries have recently agreed on the Mae Sot–Myawaddy cooperation model for trade and investment expansion. Under this cooperation framework, both sides aimed to double border trade, establish the local business councils, Thai–Myanmar border trade committee, develop cross-border logistics, and develop retail and wholesale trading and service centers at the Mae Sot–Myawaddy Special Economic Zone.

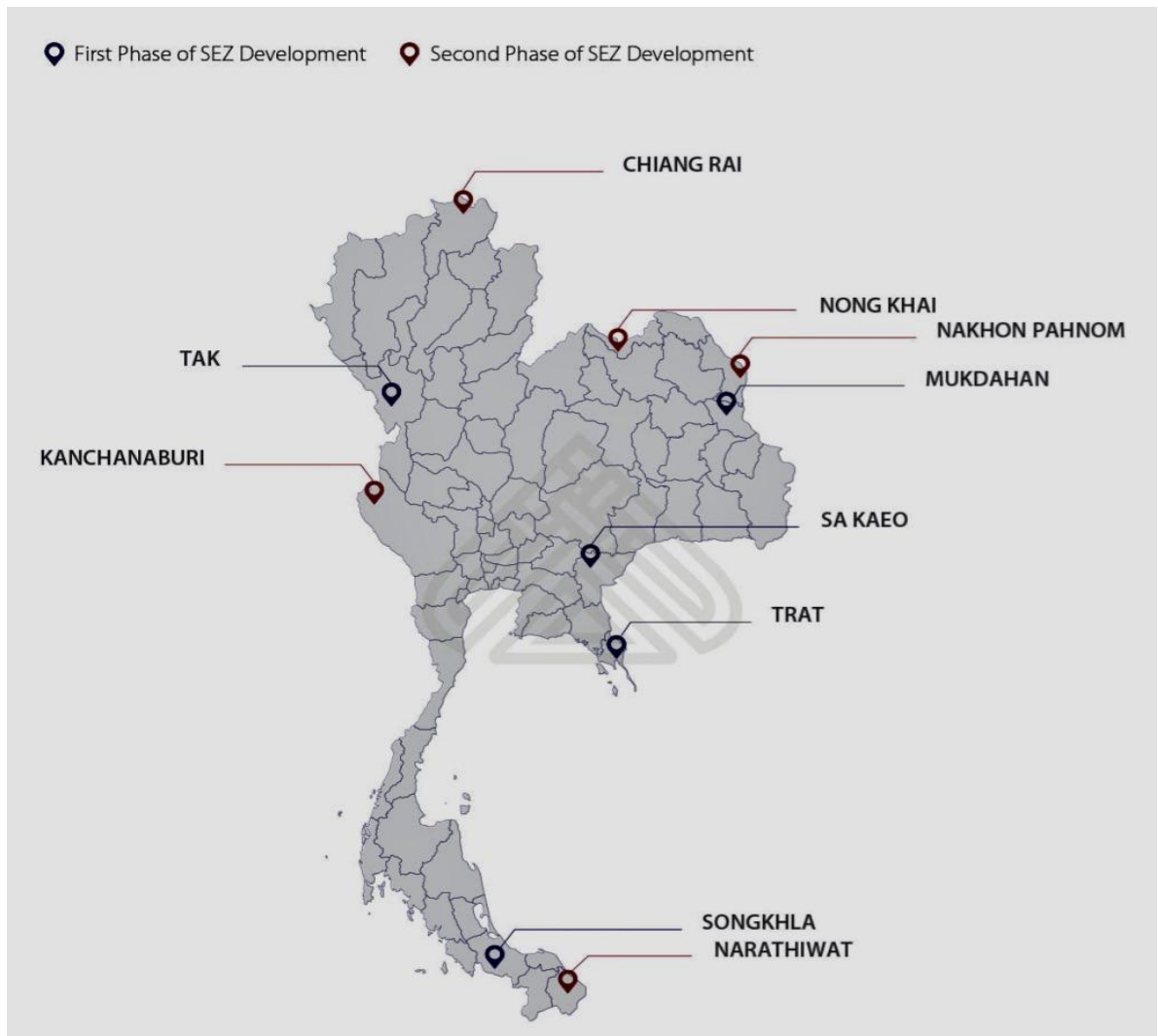
3.6. THAILAND

59. Thailand is viewed as the gateway with the largest and most developed market in the region. The country has comparative advantages in physical and human resources, e.g. capital, technology, knowledge. It is strongly interested in greater market access for exports, especially processing goods. Doing so, Thailand has developed regional market clusters where neighboring markets are closely linked to the Thai raw materials regions, and sources of investment.

60. In the subregion, Thailand signed separate agreements and established the Joint Committee on Cooperation with Cambodia in 1994 and Lao PDR in 2000 along with an agreement on investment promotion and protection. Thailand established an AISP agreement (ASEAN Integrated System of Preferences) with Cambodia and Lao PDR. The AISP facility was an initiative to provide benefits to new members of ASEAN, especially Cambodia, Lao PDR, and Viet Nam, to speed up their integration with the original members. In addition, Thailand joined the Bagan Declaration together with Cambodia, Lao PDR, and Myanmar signed in November 2003. This provided economic cooperation in a number of areas, including trade and investment facilitation, agriculture and industry, transportation, tourism, and human resource development.
61. In the wake of economic development and trade liberalization, there has been existing an increased movement of goods and people entering and exiting from the Thai border areas. As for border trade, the economic cooperation between Thailand and its neighboring countries has remained strong. At the same time, Thailand has stimulated investment in the neighboring countries and made it a policy to utilize the raw materials and labor of neighboring countries in the vicinities of borders, in particular by developing border economic zones.
62. In the border areas, the customs offices are located in the northern, the northeast, the central, and in the southern¹⁴ regions, respectively.
- Border trade is carried with Myanmar, Lao PDR, and the Yunnan Province in the northern region. As mentioned above, border trade with Myanmar is conducted in (i) Mae Sot in Tak province; (ii) Mae Sai and Chiang Saen in Chiang Rai Province, (iii) Mae Sariang in Mae Hong Son Province; and (iv) Chiangdao in Chiang Mai Province. With Lao PDR, border trade is mostly exchanged via Chiang Saen Port and Chiang Khong. However, border trade in terms of value and volume is still small. With China, the border trade via Chiang Saen Port, is mainly with Yunnan.
 - Border trade is mainly carried out with Lao PDR through the border crossing points, such as (i) Nong Khai–Vientiane, (ii) Mukdahan–Savanakhet through the second friendship bridge, and (iii) Ubon Ratchathani, Nakhon Phanom provinces in the northeast region.
 - Border trades are conducted in Aranyaprathet, Sa Kaeo Province, in Klong Yai, Trat Province, and Chong Chom, Surin Province in the east central region. As for trade in agricultural products, e.g. rice, cassava, an effective cooperation scheme between the provinces (Thailand and Cambodia) should be enhanced.
 - A large volume of natural gas is imported from Myanmar through Sangkhla Buri, Kanchanaburi province in the west central region.

¹⁴ In the southern region, Thailand borders with Malaysia. Its border trade is not discussed in this Report

63. The border SEZ development in Thailand was approved by the Government in 2014. The border SEZs are located along the borders across the country with the aim to target Thailand key industries¹⁵. The SEZ development is still in the construction process. At the same time, the law on SEZ has yet to be issued. Each border SEZ has its target business operation model which is decided and categorized by the area where the SEZ is located. The SEZ development in Nakhon Phanom, Mukdahan, Mae Sot, and Sakeo provinces are summarized as below:



Source: Locations the SEZs in Thailand, <https://www.aseanbriefing.com>

¹⁵ 13 major industries include agriculture and fisheries; ceramics; garments, textiles and leather; furnishings and furniture; gems and jewellery; medical equipment, automobiles and parts; electrical appliances and electronics; plastics; pharmaceuticals; logistics; industrial estates and tourism-related.

NAKHON PHANOM

- The province is approximately 735 km northeast of Bangkok. It borders Lao PDR on Khammouane province. Nakhon Phanom has planned to become a logistics center and a warehouse system to facilitate the transport of traded goods and the operations of the 3rd Thai–Lao Friendship Bridge. This bridge plays an important role in connecting Thailand and Lao PDR to the seaports in Central provinces of Viet Nam through Route Ro. 12 in Khammouane province that results in trade, investment, and tourism development for the three countries, Thailand, Lao PDR, and Viet Nam. To achieve this objective, the road condition of route 12 needed significant improvements, as advised by the representative at the consultative meeting, to make it a channel for cross-border trade to Vietnam and Southern China (Guangxi province) for high value.
- 
- The Nakhon Phanom SEZ covers a land area of 774.79 square kilometers. The target business operation model in the SEZ concentrates on agriculture and fisheries industry, ceramics manufacturing, textile manufacturing, furniture manufacturing, gem and jewelry industry, logistics, and tourism industry with the fact that the province is a major production source for high quality agricultural products, including rice, sugar cane, and cassava as comparative advantages for agricultural development.
 - As for infrastructure development, the construction work of (i) new customs checkpoint building (2019); (ii) land road linking to Nakhon Phanom Airport and the Third Thai–Lao Friendship Bridge; (iii) border logistic center; and (iv) railway network are under construction with the support and guidance of the Neighboring Countries Economic Development Cooperation Agency (NEDA); (v) Highways No. 212 from Nakhon Phanom to Tha U Then (2019); and (vi) Sai Ngor, Sai Kors 3 and 4 in Nakhon Phanom will be developed in 2020.
 - The Nakhon Phanom SEZ has established a one-stop service center to promote investment, and a logistics center to facilitate trade between Thailand and Lao PDR, Viet Nam, and southern China. A Border Economic and Trade Promotion Center will also be formed.
 - As for SEZ development, the province prioritized the development of logistics center, green products, innovative technological products such as robot, machinery in collaboration with the university of Nakhon Phanom. Trade exchanged between Thailand and other countries via Nakhon Phanom remains strong, but road and traffic condition need more consideration to secure land transport safety.

MUKDAHAN

- The province is located on the bank of the Mekong River where the 2nd Thai–Lao Friendship Bridge exists to connect province to Savanhnaket province in Lao PDR, Savan–Seno Special Economic Zone and Lao Bao Special Economic Commercial Area, Viet Nam, and some East Asian countries. Border trade is a main economic activity in Mukdahan whose border trade value is only second to Nong Khai Province. Mukdahan is the main stop for traded goods to be transferred to Southern China and Viet Nam.
- The SEZ is designed to be a Wholesale and Multimodal Transport Center. Recently, Mukdahan has encountered certain challenges in SEZ development, which are related to re-allocation of land properties for infrastructure construction. As a matter of fact, the national policy on SEZ development has resulted in the rise of land prices as expected by the local residents and investors.
- As for Infrastructure development, Mukdahan customs checkpoint facilities were constructed in 2018, and Highway No.12 from Kalasin–Ban Na Krai–Khamchai and Highway No.212 Wan Yai–That Phanom will be constructed in 2019.
- According to the representative’s perspective, SEZs in Thailand are still in a development process. The government prioritized the Eastern Economic Corridor (EEC) where Chachoengsao, Chonburi, and Rayong provinces have been designated for the development of the Eastern Economic Corridor (EEC).

TAK

- The province is located on the EWEC where the 1st Thai–Myanmar Friendship Bridge exists to link it to Myawaddy township, Kayin State. The 2nd Thai-Myanmar Friendship Bridge has also been built in an aim to serve logistics and tourism development. The province is located near Myawaddy Trade Zone, which is about 10 km far from Mae Sot, Tak, and known as one-stop services center in Myanmar, serving import and export activities between Myanmar and Thailand.
- Mae Sot SEZ takes the role of the international cargo transshipment center, and labor–intensive industry network. Specifically, the SEZ business model covers transport infrastructure, shipment and distribution centers, duty-free areas, bonded warehouses, one-stop service facilities, single-service inspection and customs checkpoints. In fact, Mae Sot border checkpoint serves as a permanent border crossing point linking Thailand with Myanmar at Myawaddy township.



- As for infrastructure development, (i) a road linking to the 2nd Thailand–Myanmar Friendship Bridge and Highway No.12 Tak–Mae Sot, Sections 1, 2 and 3, the 2nd Mae Sot Customs check point have been built; and (ii) Tak Industrial Estate, Mae Sot will be constructed in 2020.

Table 4. Master Plan for Industrial Estate in TAK SEZ

PLAN FOR LAND USE FOR INDUSTRIAL ESTATE IN TAK SEZ	ACRES (RAI)	PERCENT (%)
1. Area Generating Incomes	218.04 (551.49)	65.90
1.1 Area for Manufacturing	103.24 (261.11)	31.20
1.2 Area for Logistics	109.16 (276.10)	33.00
1.3 Area for Service-related Businesses	5.65 (14.28)	1.71
2. Area for Infrastructure and Facilities	68.65 (173.64)	20.75
3. Green area and Buffer Zones	44.12 (111.59)	13.34
TOTAL	330.82 (836.72)	100

Source: Industrial Estate Authority of Thailand (IEAT), <https://www.ieat.go.th/assets>

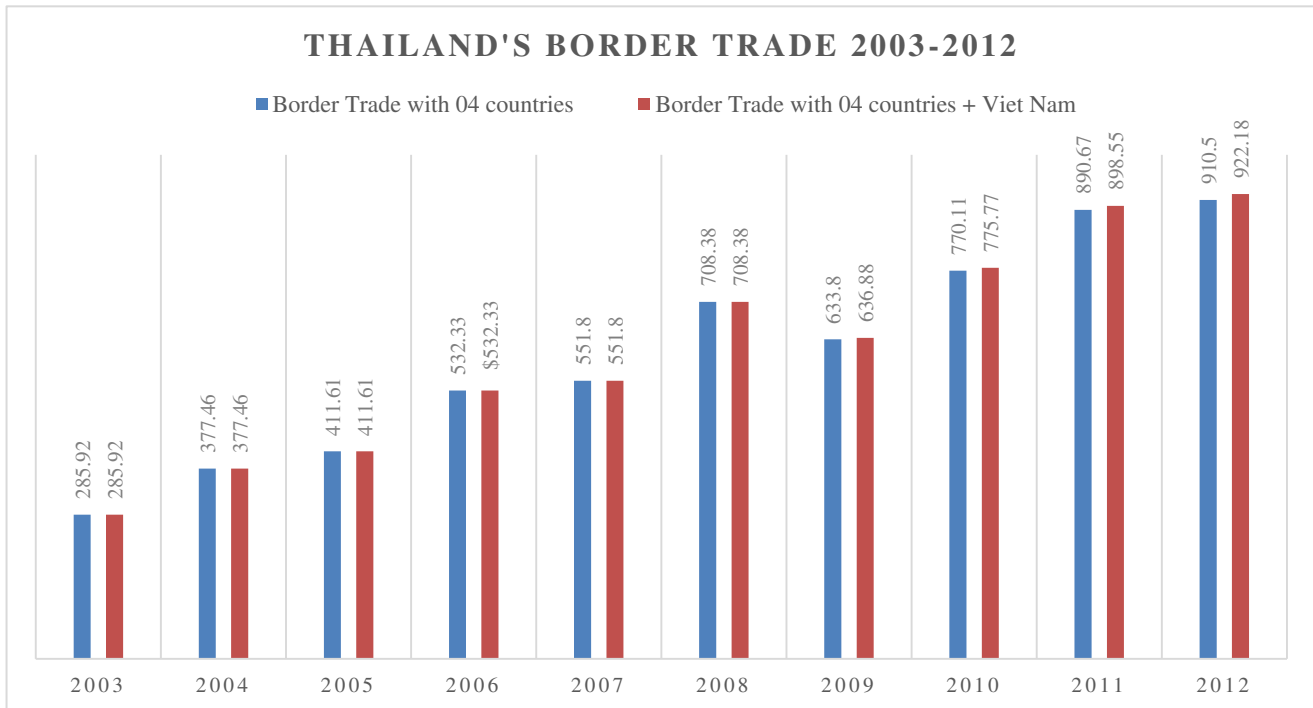
SAKEO

- Sa Kaeo province is located along the SEC that can effectively facilitate the transport of goods Thailand to Cambodia and Viet Nam. The Sa Kaeo SEZ has been selected to be an industrial estate. It is close to the SEZs in Poipet, Banteay Meanchey province, which are: (i) Poipet O’Neang Special Economic Zone (POSEZ); (ii) Sanco Poipet Special Economic Zone; and (iii) Sisophon Industrial Park Co., Ltd, forming production and business cooperation between the SEZs, and the two provinces.
- The SEZ is still in a development process. As advised by the Director of Industries, the investors were more interested in investment in the Eastern Economic Corridor (EEC)–development projects under Thailand 4.0 initiative.
- In addition to the key crops and agricultural products of Sa Kaeo are rice, cassava, and sugar, Sa Keao targets the development of new industries such as robot and bio–technology. Furthermore, the province has also prioritized logistics development in connectivity with the EEC provinces and Bangkok. It was noted that Sa Kaeo and the SEZ play an important role in importing intermediate and/or semi-final goods from Cambodia for further processing and transport to Laem Chabang seaport. In other words, Sa Kaeo is more suitable is more suitable for logistics and transportation, and support industries than establishing huge industries with the fact that water supply and electricity are the constraints of the province.
- As for infrastructure development, (i) Sa Kaeo Industrial Estate / Railway linking Kaeng Khoi – KhlongSip Kao–end of Khlong Luek Bridge, (ii) Highways linking Aranyaprathet (Border of Thailand–Cambodia (Ban Nong Ian) have been constructed in 2018; and (iii)

Aranyaprathet customs checkpoint in Ban Pa Rai will be built in 2019; and (iv) Aranyaprathet customs checkpoint in Ban Nong Ian will be built in 2020.

64. Thai border trade with the four countries, namely Cambodia, Lao PDR, Myanmar, Malaysia, and trade with four countries plus Viet Nam are illustrated in Figure 1.

Figure 1. Border Trade between Thailand and the neighboring countries: Cambodia, Lao PDR, Myanmar, Malaysia, and Viet Nam



Source: Asian Development Bank (ADB), 2015, *Thailand's Economic Integration with Neighboring Countries and Possible Connectivity with South Asia*

3.7. VIETNAM

65. Adopting border economic zone (BEZ) as an integral part in the economic development strategy, the Government of Viet Nam selected Quang Ninh province for running a pilot model of border trade with a preferential mechanism as of 1996. In 1997 and 1998, the Government decided to apply specific preferential policies for Lang Son, and Lao Cai province, respectively. In 2001, the government issued guidance on policies applied to BEZs, reflecting an integrated and uniformed scheme for (i) preferential financial policies; and (ii) management and allocation of the central

budgetary funds for investment in infrastructure in the BEZs, except for the case of Lao Bao province upon completion of the pilot period.

66. Out of 25 borderland provinces, 21 provinces have established and development BGEZs: (i) 06 border on China; (ii) 08 border on Lao PDR, and (iii) 08 border on Cambodia. The country has established 28 border economic zones and may reach a total of 30 border economic zones nationwide as of 2017. As a result, the BGEZs have attracted almost 800 investment projects, including 700 domestic investment projects with registered capital of more than VND 50 trillion, and about 100 projects with foreign direct investment (FDI) capital for a total registered capital of US\$ 700 million.¹⁶
67. In January 2018, the Government issued Decree 14/ND-CP/2018 on border trade in Viet Nam. This aimed to streamline and boost inland border trade activities by allowing the Vietnamese border residents and registered traders (individuals and enterprises, cooperatives, and households) to do business along the borders and over cross border checkpoints between Viet Nam and its neighboring countries, i.e. China, Cambodia, and Lao PDR. As for foreign direct investment (FDI) companies and branches of foreign companies in Viet Nam are also allowed to carry cross-border trade in accordance with the national Law on Foreign Investment Management and international treaties to which Viet Nam is a member.
68. Border Gate Economic Zones in Lao Cai, Lang Son, and Tay Ninh provinces are summarized as below:

LAO CAI

- Lao Cai has been a focal point the plans of the Government of Viet Nam in development of the northeast region through a closer linkage to China and the bilateral economic cooperation with China, and the provincial authorities of Lao Cai and Yunnan. In this context, Decision No. 44/2008/QD-TTg of 26 March 2008 established the Lao Cai Border Gate Economic Zone.
- At present, the Lao Cai BGEZ covers almost 16,000 hectare¹⁷, located in one city and four districts: Lao Cai City, and Bao Thang, Bat Sat, Muong Khuong, and Si Ma Cai districts along 182-km long border line between Viet Nam and China.
- The Lao Cai BGEZ has been designed with such functional zones as: (i) industry and trade, (i) logistics, (iii) entertainment areas e.g. golf, (iv) processing and manufacturing area; (v)

¹⁶ Review of Finance, 2017, <http://tapchitaichinh.vn/nghien-cuu-trao-doi/vai-tro-cua-khu-kinh-te-cua-khau-doi-voi-phat-trien-kinh-te-xa-hoi-vung-bien-131346.html>

¹⁷ The actual land area decided by the Prime Minister is 15,929.8 hectare under the Decision 40/2016/TTg/QD dated September 22, 2016

- Ban Vuoc border area, Bat Sat district. In the Lao Cai BGEZ, Kim Thanh and Ban Vuoc Industry and Trade areas play an important role. In particular, Kim Thanh with a 11-km² land area takes the role of an international land border gate to facilitate cross-border trade and transport of goods and people, and connect Kim Thanh Trade and Industry area to Bac Son Commercial Area on the Chinese side.
- The top priority for the further development of the Lao Cai Border Gate Economic Zone (BGEZ) is physical infrastructure. The fact is that economic zone is relatively large (16 hecta equivalent) in which the public technical and social infrastructure and facilities are financed by the state budget, and Lao Cai expected to cooperate with domestic and international investors in further developing the so-called common infrastructure system in the zone, including feeder roads, and logistics infrastructure and facilities.
 - For trade promotion and BGEZ development, Lao Cai has collaborated with the Ministries, e.g. Ministry of Planning and Investment (MPI), and Ministry of Industry and Trade (MoIT) to carry out the national and international trade promotion programs. All information are available at the national and local trade and investment portals where all interested investors and traders can access, and business networking and cooperation can be developed. As such, Lao Cai expected to work directly with recognized investors to end up with concrete business results right in Lao Cai Province.

LANG SON

- The Dong Dang–Lang Son Border Gate Economic Zone (BGEZ) was established in 1997. By Prime Ministerial decision, Lang Son was allowed to use 50 per cent of provincial import and export tax revenues to improve infrastructure and develop border economic zones. This policy was amended by Decision 273/2005/QD-TTG of 31 October 2005, calling for more central government oversight of BGEZ financing.
- Prime Ministerial Decision No. 138/2008/QD-TTg dated 14 October 2008 approved the establishment of the new Dong Dang–Lang Son Border Gate Economic Development Zone. Prime Ministerial Decision No. 1055/2010/QD-TTg approved a revised master plan on construction up to the year 2030. The Dong Dang–Lang Son BGEZ covers an area of 394 km² and includes the city of Lang Son City, Van Lang, Chi Lang, Van Quan, and Cao Loc districts. There is a total of 12 border gates in the BGEZ, including 2 international border gates, namely Friendship land border gate and Dong Dang Railway), 01 bilateral border gates, and 09 sub-border gates.
- The Dong Dang–Lang Son BGEZ includes the functional areas: (i) cargo transshipment area (143 ha); (ii) export processing area No. 1 (126 ha); (iii) free trade zone–phase 1 (107 ha); and (iv) cross-border economic cooperation zone (CBEZ)–phase 1 with 10.1 km², which is targeted as the key economic area.

- Infrastructure investment for the period 2009–2017 financed by the state budget is VND 4,776.1 billion¹⁸, including the (i) central budget of VND 1,060.5 billion, (ii) government bond of VND 1,098.8 billion, (iii) ODA loan of VND 569.7 billion, and (iv) the local state budget. The infrastructure development focused on investment in technical and social infrastructure and prioritized projects and programs in the key economic sectors.
- With the Asian Development Bank (ADB)’s technical assistance, the Dong Dang–Lang Son BGEZ advised that ADB provided the province with financing for infrastructure development covering the the Friendship international land–border gate as part of the processing area No. 1 in the Dong Dang – Lang Son BGEZ, including (i) construction of a 1.8 km-long road, and one road lane for cargo clearance (US\$ 8.5 million) serving cargo clearance, (ii) border facilities, i.e. customs and immigration building complex (US\$ 18.5 million); and (iii) water supply and drainage system (US\$ 6.8 million).
- However, existing difficulties facing the province and Dong Dang–Lang Son BGEZ in particular are known as (i) lack of resources for full development of infrastructure in the economic zone, (ii) mobilization of domestic and international investment, and (iii) trade cooperation between Viet Nam and China, the key trade partner of Viet Nam.

MOC BAI

- Tay Ninh is the gateway to the provinces in the southeast region and the Southern Economic Zone in Viet Nam, and plays an important role in boosting investment, trade, and tourism with Cambodia through the two international border gates, namely (i) Moc Bai, Tay Ninh–Bavet, Svay Rieng, and (ii) Xa Mat, Tay Ninh–Trapeng Phlong, Kampong Cham, and other border gates. In 2009, Tay Ninh and Svay Rieng and Prey Veng provinces agreed to open two border gates, namely, Cay Me, Ben Cau, Tay Ninh–Khum Chrak Mates, Srok Svay Teap, Svay Rieng province; and Tan Nam, Tan Bien, Tay Ninh–Kamchay Mear, Prey Ven. At present, Tay Ninh has opened 10 border gates serving cross-border trade and movement of people between the two countries.
- The Moc Bai Border Gate Economic Zone (BGEZ) was approved by the Prime Minister on April 16, 1999. The zone covers the land area of 21,284 ha for full development by 2020, consisting of (i) Loi Thuan, Long Thuan, Tien Thuan and An Thanh communes of Ben Cau district; (ii) Phuoc Luu, Binh Thanh, Phuoc Chi communes of Trang Bang district. Compared with other border gates between Viet Nam and Cambodia, Moc Bai BGEZ is located on the Trans-Asia Highway as an advantage in terms of cross-border trade and transport of goods and passengers. As this is the largest international land border gate in the southern region, Moc Bai border gate is not only the gateway to Cambodia, but also plays an important role in

¹⁸ The investment of VND 4,776.1 billion is equivalent to US\$ 217 million with the exchange rate of USD/VND=22,000

- building itself as an international trade hub and contributing regional cooperation and economic integration along the SEC.
- The Moc Bai BGEZ is located on the Trans-Asia Highway as part of Bangkok–Phnom Penh–Tay Ninh–Ho Chi Minh City–Ba Ria–Vung Tau corridor. The BGEZ prioritizes the development of commerce and industry, industrial clusters, and logistics services. This was a significant change in economic zone development from the only duty free supermarket business model in the Moc Bai BGEZ in the past.
 - As for transport infrastructure development, the stakeholders informed the study team of the status of the highway project connecting the three capital cities: Ho Chi Minh City, Viet Nam–Phnom Penh, Cambodia–Bangkok, Thailand. In Cambodia, Japan International Cooperation Agency (JICA) has accomplished the feasibility study. In Viet Nam, Korea International Cooperation Agency (KOICA) handled the feasibility study. The current concern is about the connectivity between the highway and Moc Bai international border gate. It is possible that the highway will connect with Moc Bai international border gate, and a road section will be constructed to link it to Cay Me border gate in Tay Ninh.
 - As for logistics infrastructure, the Government has approved of the plan for logistics development¹⁹. Tay Ninh has two locations in Moc Bai and Trang Bang for constructing inland container depots (ICDs). In fact, Trang Bang has both river and container ports serving the transportation of cargo to Hiep Phuoc and Sai Gon ports. The ICD construction project is invested by Sai Gon New Port Corporation. As planned, the project will be accomplished and put into operation in September 2019. This ICD project will serve an important connecting points between and among the ICDs in Ho Chi Minh City, Vung Tau, Binh Duong, Long Binh, and others. The total land area for ICD project is 16 ha. In addition, Moc Bai Logistics Company has invested in the project bonded warehouses and truck parking areas. The company advised this logistics infrastructure on an area of 5 ha would be ready for operation in January 2019.
 - The Moc Bai BGEZ Management Board concluded that border logistics is one of the key services to promote trade cooperation between Viet Nam and Cambodia, and transit trade from Cambodia and Viet Nam to the third countries via Moc Bai international border gate.

69. In the northern region, border economic cooperation between Viet Nam and China prioritizes border trade and cross-border economic zone development between (i) Lao Cai–the Yunnan provinces at Hekou–Lao Cai, (ii) Lang Son–Guangxi provinces²⁰ at Dong Dang–Pingxiang; (iii) Quang Ninh–Guangxi provinces at Mong Cai–Dongxing; and (iv) Cao Bang–Guangxi provinces at Tra Linh–Long Bang promoting economic. This also aimed to serve the development of the NSEC through Hai

¹⁹ Decision No. 200 / QĐ-TTg dated 14/2/2017, and Action Plan on (i) improving policies and legislation on logistics services; (ii) improving logistics infrastructure; (iii) improving business capacity and service quality; (iv) developing logistics market; and (v) training, raising awareness and quality of human resources

²⁰ Represented by Guangxi Zhuang Autonomous Region

Phong–Ha Noi–Lao Cai–Kunming, and Hai Phong–Ha Noi–Lang Son–Nam Ninh as part of the Tonkin Gulf economic belt.

70. Cross–border economic cooperation zone (CBEZ) was introduced in 2007 from China's southward development strategy. In this context, the Guangxi Zhuang Autonomous Region and Yunnan provinces negotiated and signed MoUs on developing cross-border economic cooperation zones (CBEZs) with Lang Son, Quang Ninh, Cao Bang, and Lao Cai provinces in 2007, and 2012, respectively. At the national level, the two countries signed the 2012–2016 Master Plan for Economic Cooperation between Vietnam and China. In 2016, Viet Nam–China Border Trade Agreement was established²¹.
71. In 2017, the trade value between Viet Nam and Yunnan through Lao Cai border gates was about US\$ 2.7 billion of which Vietnam's exports accounted for US\$ 1.5 billion, and import value was US\$ 1.2 billion, respectively. The key products exported from Yunnan are machineries, equipment, and consumer goods, and Viet Nam mainly exports agricultural products to Yunnan. In the same year (2017), Viet Nam – the Guangxi province trade reached US\$ 24.12 billion of which Guangxi's exports to Viet Nam was US\$ 13.77 billion, and its imports was US\$ 10.35 billion, respectively. According to the Lao Cai and Dong Dang–Lang Son BGEZs, trade value is expected to increase in the coming years to maximize the provinces' comparative advantages and potentials in terms of border gate internationalization, development of transport route systems, international and national border gates, and cargo transshipment centers on which the integrated logistic service systems can be developed.
72. In the central region, Lao PDR is the traditional and important trading partner of Viet Nam, and the bilateral trade is carried out along the EWEC. For BGEZ development, Lao Bao Special Economic–Commercial Area in Quang Tri was established in 1998 for enhancing economic cooperation Lao PDR through Dansavanh Cross-border Commercial Area in Savannakhet province that was established in 2002. The Lao Bao Economic Zone has a significant role in economic development in the border areas in terms of attracting foreign investment and increasing trade activities in the border areas. In addition, the other border economic zones in Cau Treo, Bo Y have contributed to the successes in promoting border trade cooperation between the two countries in the central and northern central regions. The bilateral trade between Viet Nam and Lao PDR through Lao Bao international border gate is illustrated in Figure 2.

²¹ Ministry of Foreign Affairs (MOFA), 2016, Notification 60/2016/LPQT/2016

Figure 2. Bilateral Trade between Viet Nam and Lao PDR through Lao Bao border crossing point for the period 2007 - 2014



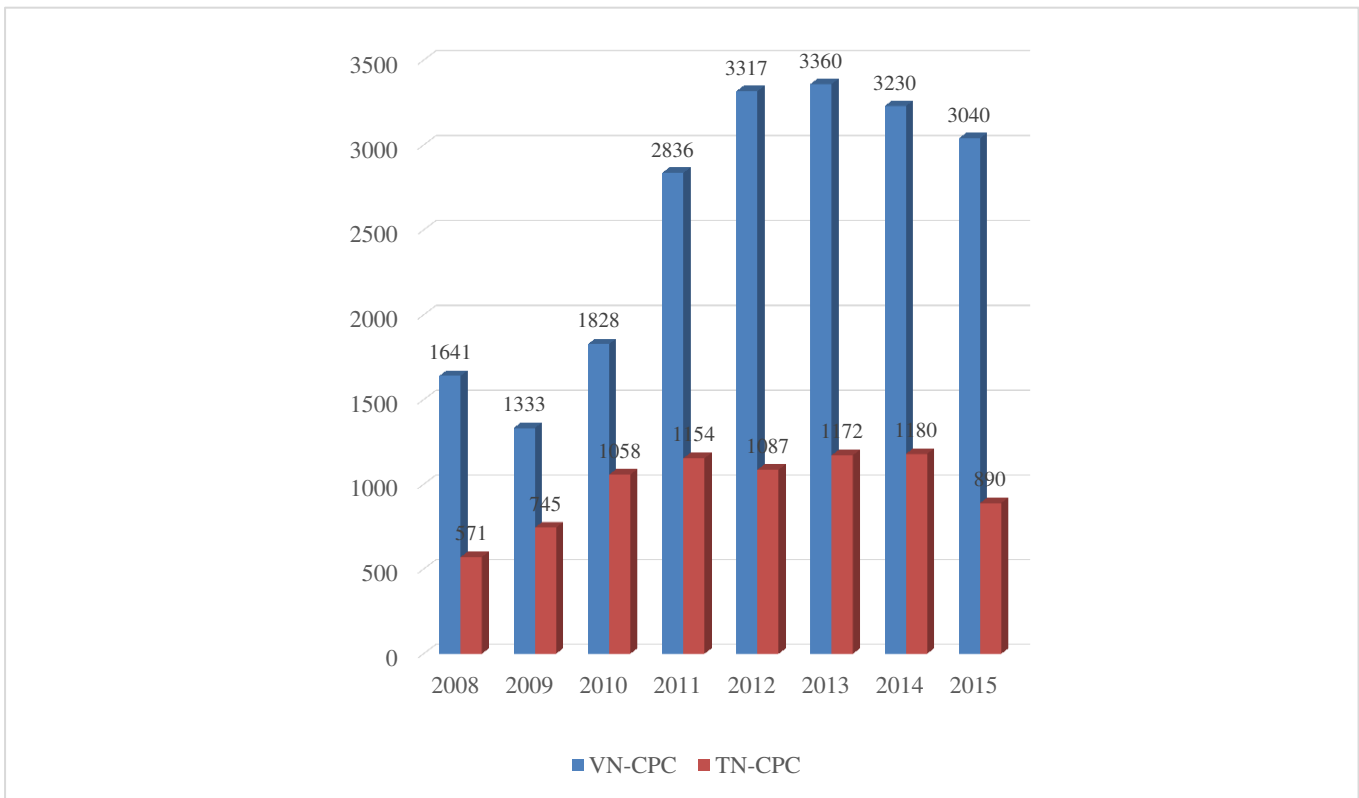
Source: The Economic Management Board of Quang Tri province, 2015

73. In 2015, the Government of Viet Nam and Lao PDR signed the Border Trade Agreement that specifies (i) trading activities performed by registered traders (individuals and enterprises), border residents, (ii) developing border markets and support services for border trade and facilitation; (iii) land border gates which are opened for serving border trade activities; (iv) specific mechanism of border trade in compliance with the bilateral and multilateral treaties signed by the two countries on which the preferential tax rate of 0% applied to goods originated from Vietnam and Lao PDR; (v) attracting investment in mountainous and remote areas subject to the incentive mechanism of 0% import tax and value added tax (VAT), no technical barriers imposed, and so on.
74. In the southern region, border trade cooperation between two countries is carried out along the 1,137–km long borderline running through 10 provinces in Viet Nam and 09 province in Cambodia as part of the SEC. For further economic cooperation, the two countries have agreed on formation of Viet Nam–Cambodia Border Trade Agreement that would provide a comprehensive mechanism in support

and promotion of investment and trade, including border trade, and economic development towards sustainability in each country.

75. The main products exported from Viet Nam are rubber and plastic-related products, animal feeds, garment and textiles, fats and oils, detergents, battery, cooking oils, cosmetics, instant noodles, electricity, and so on, while imported goods include cassava, soy bean, cashew, and rubberwoods by categories 1, 2, and 3. The statistics on bilateral trade measured in USD million between the two countries via Moc Bai–Bavet border crossing points is illustrated in Figure 3.

Figure 3. Bilateral Trade between Viet Nam and Cambodia via Moc Bai – Bavet border crossing points



(2008 – 2015)

Source: Tay Ninh Department of Industry and Trade, 2016

IV. INVESTMENT, TRADE, AND TRANSPORT FACILITATION

76. This Section reflects the implementation of (i) one-stop service centers (OSS) for investment promotion, especially in the special economic zones (SEZs); border gate economic zones (BGEZs), border economic cooperation zones (BECZs), (ii) customs modernization and administration; and (iii) coordinated border management (inter-agency cooperation and coordination in trade facilitation in each country); integrated control at border crossings (bilateral cooperation in coordinated border management through the joint single stop inspection (SSI)/Single window inspection (SWI) mechanism, e.g. between the paired provinces, and the paired countries, respectively.

4.1. ONE-STOP SERVICES CENTERS FOR INVESTMENT FACILITATION AND PROMOTION

77. In Thailand. For the purpose of investment promotion, the Government has formed the policies and operational mechanism for the One Stop One Stop Investment Center (OSOS) to assist investors' investment and business-doing in Thailand. As a matter of fact, this aimed to strengthen and maintain the country competitiveness. The OSOS provides such investment and business-related services, as (i) investment application; (ii) business registration, licensing and permission; (iii) investment incentives, (iv) environment impact assessments; (v) utility services; (vi) customs services, import and export formalities, and other associated investment and business services, in coordination with the state and private organizations, i.e. 38 units and departments from 14 concerned ministries, to support investors.

78. For facilitating the business process in SEZs, one stop service centers (OSS) as part of OSOS has been established in the SEZs in Thailand, including the OSSs in (i) Damrongdhama Centre and City Municipality Nakorn Mae Sot, Tak province; (ii) Office of Commercial Affairs, Sa Kaeo province; (iii) Damrongdhama Centre, Mukdahan province (iv) in Nakhon Phanom SEZ. The services of OSS centers are expected to provide effective business solutions to investors and firms operating in SEZs in particular and improve business and investment environment for the country as a whole. According to the stakeholders in Mae Sot, Tak province, the OSS centers did not fully function, e.g. the provincial OSS merely focused on facilitating labor and work permits at current development stage.

79. In Cambodia. The Cambodian Special Economic Zone Board (CSEZB) under the Council for the Development of Cambodia (CDC) is the one-stop service center in charge of management and supervision of the SEZs' operations. SEZ administration is the function of the state management

through the one-stop service mechanism, which is be permanently stationed at SEZ under the management of the CSEZB²².

80. The Special Economic Zones Trouble Shooting Committee (SEZ TSC) is responsible for handling issues related to technical and legal aspects, and those which require the responsibility and decisions of the joint ministries. Institutionally, the SEZ TSC consists of the (i) CDC, (ii) Minister of the Council of Ministers; (iii) Minister of Economy and Finance; (iv) Minister of Commerce; (v) Minister of Land Management, Urbanism and Construction; (vi) Minister of Environment; (vii) Minister of Industry, Mines and Energy; (viii) Minister of Public Works and Transportation; (ix) Minister of Labor and Vocational Training; (x) Secretary General of the CDC; and (xi) Secretary General of the CSEZB.
81. The Government provides the OSS center in each SEZ where the respective representatives of the responsible government ministries are assigned to process the documentation investors require for import-export formalities, employment, and other investment, business, and regulatory matters. The on-site OSSs assist in simplifying business processes and removing bureaucratic red tapes, if any. Conducting the stakeholder consultations, the study team visited the Sanco Poipet SEZ, but did not have a chance to consult the OSS representatives on the functions and operation of OSS in Poipet, Cambodia.
82. **In Lao PDR.** The Government has gradually improved the trade and investment climate in the country with the objective of facilitating the private sector to maximize the benefits from this increased connectivity and integration. In this connection, such initiatives as (i) removal of the bridge toll stations across the country, (ii) one-stop service (OSS) for investment promotion, (iii) establishment of the national trade facilitation committee, and (iv) ending of the goods transport permit have been in place. Despite the gradual reforms in trade and investment regulations, the expansion of trade and investment remains below the expectations and the transport cost may affect the development.
83. In accordance with the Prime Minister's Decree on implementation of the Investment Promotion Law (2016), the Committee for Investment Promotion (CIP) was established to promote and manage domestic and foreign investments in the country, including the central and local CIPs. Institutionally, the CIP composed (i) Chairman, Vice Chairman, and members from the concerned government agencies as follows:
- The Chairman of the central CIP is the Minister of Planning and Investment (MPI) and the Vice Chair is the Deputy Minister of MPI.

²² Council for the Development of Cambodia (CDC), The SEZ Sub-Decree, Articles 2, 4.2 and 4.3

- The Chairman of the provincial CIP is the Governor of the province, and the vice Chairman is the Vice Governor
- The members of the central and local CIPs are the representatives of the line ministries, namely the Planning and Investment, Industry and Commerce, Finance, Public Security, Labor and Social Welfare, Foreign Affairs, Agriculture and Forestry, Energy and Mines, Public works and Transportation, Telecommunications and Post, Education and Training, Public Health, Water Resources and Environment, Sciences and Technology, Tourism, Land Management, Defense, Information and Culture, Justice in Lao PDR.

84. The Investment Promotion Department (IPD) under MPI serves as the think tank for the CIP in establishment and implementation of the OSSs. Functionally, the OSSs at the central and local levels work as the secretariat to the CIPs. Overall, the OSSs provide public services to domestic and international investors and the operations of SEZs. As such, the OSSs coordinate with the concerned authorities in compliance with law and regulations; centralize data collection, monitor the implementation, and evaluate the outcomes of investment projects. In the SEZs, the OSSs offer solutions to investment and business operation licenses, tax registration, import-export licenses and modalities, certificates of origin, construction licenses, and so on.

85. **In Myanmar.** The OSS center is established under the Myanmar Investment Law Section 14²³. Institutionally, OSSs are implemented by the responsible government departments and agencies, including (i) Directorate of Investment and Companies Administration; (ii) Directorate of Trade; (iii) Customs Department; (iv) Internal Revenue Department; (v) Livestock Breeding and Veterinary Department; (vi) Fisheries Department; (vii) Agriculture Department; (viii) Environmental Conservation Department; (ix) Mining Department; (x) Immigration Department; (xi) Labour Department; (xii) Directorate of Industrial Supervision and Inspection; (xiii) Urban and Housing Department; (xiv) Directorate of Hotels and Tourism; (xv) Yangon Electricity Power Supply Corporation; and (xvi) others as stipulated by the government.

86. Functionally, the OSSs are responsible for (i) providing guidelines and advisory services to investors; (ii) receiving investment applications on behalf of the government departments; (iii) accepting investors' requests for information and/or decisions from the government as stipulated in Section 48(a) of the Myanmar Investment Law; (iv) assisting the Investment Assistance Committee (IAC) to resolve disputes, if any, and providing assistance to investors; and (v) assisting the Investment Monitoring Division (IMD).

87. As advised by the stakeholders at the consultation meeting, the OSS centers have been established in Myawaddy Trade Zone. In Myawaddy trade zone, the OSS center, which is under the management of

²³ Myanmar Investment Law (The Pyidaungsu Hluttaw Law No. 40/2016), The 2, Waning of Thadingyut, 1378 M.E. (18, October, 2016)

Border Trade Department, Ministry of Commerce, offers services of import–export procedures and formalities and associated logistics, i.e. warehousing. The consultation also noted that the OSS center Thilawa SEZ covers (i) business registration; (ii) tax registration; (iii) construction and safety; (iv) environment assessment; (v) employment registration; (vi) visa and immigration; (vii) customs brokerage; (viii) banking and financial services; and (ix) factory operations.

88. In China. It was learnt that one-stop service center (OSS) in China was originated from the national public administration reform program.

- One-stop shop is known as the Government Affairs Service Centers (GASCs) under the Administrative Permission Law of China approved in 2003²⁴. The public administration reform aimed to create a one-stop service administrative interface that allow individuals and organizations to complete requests in an efficient and effective manner. It requests information sharing mechanism, interdepartmental coordination, quality of public services, and experiences to meet the requirements and expectation of the users.
- The OSS center in the Hekou Border Economic Cooperation Zone was established in 2011. The OSS center is invested by a private company, Yunnan Provincial Energy Investment and Logistics Co., Ltd. It was noted from the site visit at the Beishan International Goods Yard, Hekou, which is operated by the Hekou Yunnan–Viet Nam Good Yard Logistics Co. Ltd, that the (i) OSS center serves the import and export procedures and formalities for cross-border traders, and that (ii) the China International Road Transport Management Authority, China Customs, and the Yunnan Provincial Energy Investment and Logistics Co., Ltd operate in the Beishan International Goods Yard.
- In the Guangxi province, the Administrative Committee and Integrated Service Center (of the zone), Customs, Inspection and Quarantine, Immigration Inspection, and International Transport Administration operate at the joint inspection building. The OSS center is situated in the zone, and responsible for providing services to investors and enterprises that invest and operate in the bonded zone.
- In addition, the China’s entry-exit inspection and quarantine (SPS) has been integrated into the General Administration of Customs of China (GACC).

89. In Viet Nam. According to the stakeholders in Lao Cai and Lang Son provinces, one-stop shop model is an integral part of the government’s public administration reform program initiated in 2001. The key policy objectives of the one-stop shop were to (i) serve as a clear, accessible, and recognizable entry point for people who need administrative services; (ii) increase transparency and clarity of service regulations, procedures, and fees; (iii) improve the quality and effectiveness of administrative services; and (iv) increase efficiency by streamlining the administrative procedures and service delivery.

²⁴ Administrative Permission Law of China approved in 2003, Available at Chinese Government’s official web portal. www.gov.cn; english1.english.gov.cn

90. As a result, the one-stop shop model has been adopted nationwide since 2004. The one-stop shop provides the public services, especially at the national level, namely, (i) notary; (ii) social affairs; (iii) land administration; (iv) business licensing; (v) construction permits; (vi) local tax collection and fees; and (vii) optional services encompass a wide range of specialty and supplementary services. However, one-stop shop model encounters challenges and difficulties, particularly at the local levels with regards to the autonomy delegated to one stop shops, inter-agency coordination, supervision and decision-making process, etc. Otherwise, one-stop shop merely a place to “receive and send” requests from public services users.
91. As per the advice of the BGEZs in Lao Cai and Lang Son, the specific OSS centers have yet to adopted for implementation in the BGEZs. Instead, the Department of Planning and Investment (PDI) as an assigned agency under the Provincial People’s Committee takes the leading responsibility to facilitate the investors’ investment and businesses in the BGEZs in coordination with the other departments and organizations, such as Industry and Trade, Customs, Taxes, SPS, BGEZ management boards, and other concerned organizations in the border provinces.

4.2. CUSTOMS MODERNIZATION AND ADMINISTRATION

92. As for customs modernization and administration, the study aimed to look into the application of modern technologies and information and communications technology (ICT) solutions to customs administration for the countries and the border regions. To this end, the consultation focused on technology-led physical facilities in support of automated customs systems; inter-connectivity between and among customs offices; development of ICT infrastructure and solutions to implement the (i) national single window; (ii) automated customs inspection and administration systems; (iii) customs audit system; (iv) risk management; (v) data management system; (vi) broker management system; and (vii) laws and regulations. In reality, the consultation did not receive full responses from the stakeholders in this connection.
93. **Cambodia** enacted the Law on Customs in 2007. Broadly, it is consistent with international standards, e.g. WTO Agreement on Customs Valuation, to a limited extent. The law was supplemented by a set of sub-decrees, decisions, and circulars²⁵. Sequentially, the Manual on Law on Customs and Related Regulations was established in 2009.

²⁵ (i) Prakas No. 1147 on Customs Declaration Provisions and Procedures; (ii) Prakas No. 115 on Establishing and Functioning of Customs Brokers; (iii) Prakas No. 116 on Customs Bonded Warehouses; (iv) Prakas No. 387 on Customs Valuation of Imported Goods; (v) Prakas No. 388 on Post Clearance Audit by Customs and Excise

94. Cambodian General Department of Customs and Excise (GDCE) now implements ASYCUDA²⁶ system as an integral part of the customs modernization process for import–export procedures and formalities across 27 customs points, including the cross-border check points in Bavet and Poipet. Also, risk management has been implemented in conjunction with ASYCUDA risk management system to reduce physical inspections of trade in goods.
95. **Lao PDR** enacted the Amended Customs Law in May 2005. The Decree of Customs Law No. 362/PM, Guidance of the Minister of Finance No. 0491/MOF on implementation of the Law, and the implementation decree of the Customs Law came into effect in 2007, and 2009, respectively.
96. In Lao PDR, ASYCUDA has also been initiated, and is currently operated at 11 Lao International border check points, including, Deansavanh International border check point, Boten International border check point, the 2nd Thai–Lao Friendship Bridge border check point, the 3rd Thai–Lao Friendship border check points. The nationwide application of ASYCUDA system will be implemented in future.
97. The application and implementation of the national single window (NSW), which is known as a single electronic entry point for all trade-related information for import, export, and transit cargo procedures and formalities. The NSW plays an important role in trade facilitation in terms of shifting paper-based trade to paperless trade, contributing to reduction in cargo clearance times, trade costs, and increase in transparency as well. Cambodia and Lao PDR have yet to implement their national single windows (NSW). The NSWs of Cambodia and Lao PDR are chaired by the Ministry of Finance.
98. **Myanmar** enacted the Land Customs Act in March 2015, (i) Amending the Land Customs Act, (ii) Amending the Sea Customs Act²⁷.
99. The grant project on "National Single Window and Customs Modernization by Introducing Automated Cargo Clearance System" has reformed and modernized the national customs

Department; (vi) Prakas No. 508 on Customs Transit; (vii) Prakas No. 906 on Establishment and Ongoing Operation of Customs-Private Sector Partnership Mechanism.

²⁶ ASYCUDA (Automated System for Customs Data) is a computerized customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, and transit and suspense procedures. ASYCUDA generates trade data that can be used for statistical economic analysis. ASYCUDA takes into account the international codes and standards developed by ISO (International Standards Organization), WCO (World Customs Organization) and the United Nations. ASYCUDA provides for Electronic Data Interchange (EDI) between traders and Customs using EDIFACT (Electronic Data Interchange for Administration, Commerce and Transport) rules.

²⁷ www.myanmarcustoms.gov.mm

administration through introduction of e-customs and national single window (NSW), and establishment of automated cargo clearance system (MACCS/MCIS) was implemented in 2014 with the technical assistance of JICA. The implementation of MACCS/MCIS has assisted in reducing time and costs for customs clearance procedures, thereby enhancing trade efficiency and competitiveness.

100. As a result, the Myanmar Automate Cargo Clearance System (MACCS) was into operation in Yangon in 2016. The system has been fully implemented nationwide since June 2018. The NSW is not yet implemented in Myanmar.

101. In May 2017, the Government of **Thailand** published a new Customs Act B.E. 2560 (2017). The new Act came into effect in November 2017. The new Customs Act aimed to further modernize the national customs system, and contribute to trade facilitation commitment and simplifying and streamlining trade processes for reduction in trade costs and increases in the potential for trade.

102. Customs infratrstructure and facilities with solutions to trade facilitation consist of (i) advanced rulings on customs valuation, classification, and rules of origin; (ii) customs automation system, including the NSW and tracking systems; (iii) CCTV system and associated technologies for customs control; (iv) x-ray inspection system, tracking & tracing devices and systems, RFIDs, CCTV, barcode system, megaport system, security instrument; and (v) risk management and post clearance audit. In fact, the customs houses in Aranyaprathet, Mukdahan, and Mae Sot have implemented the national single window (NSW) for import and export procedures and formalities.

103. The national single window (NSW) of Thailand has been established since 2005. In 2017, National Logistics Development Committee agreed on establishment of the (i) Sub-committee on the National Single Window Administration and Development, and (ii) Sub-committee on the National Single Window Administration and Development under the Committee. The NSW implementation has brought the results: (i) electronic data linkage through NSW; (ii) one submission of the Import Manifest; (iii) e-Payment/e-Guarantee; (iv) electronic goods transition; (v) single entry form for restricted goods; (vi) single Entry Form for Rubber Export;

104. In **China**, the China General Administration of Customs (GAC) reform has passed through (i) automation initiation [1978/88]; (ii) computer system application [1988/98]; (iii) nationwide-linked customs computerized system [1988/89]; (iv) cross-sector connected system [199–2001]; (v) e-Customs [2001-present] ²⁸.

105. The China e-Port has truly become a highly-integrated trade and logistics information management platform for the participation of the government and businesses. It represents a fully-

²⁸ UNNEExt, Brief No. 14. 2015, “China e-Port Towards a Single Window Trading Environment”

functioning NSW system. The establishment of e-Port is based on the national laws and regulations, namely (i) the revised China Customs Law 2000 with an adoption of international best practices for ICT applications and permits of electronic declaration; and (ii) e-Signature Law as a legal basis.

106. By the end of 2014, all the provincial governments had signed MOUs with the GAC on provisions for cooperation, financing and operational models in jointly constructing e-Port facilities. At present, the China e-Port is connected to 14 government ministries and agencies, and implements “one-stop clearance” at ports of entry nationwide. The China e-Port has successfully connected 13 main ports, 15 commercial banks. As part of the customs reform, the national Customs Risk Prevention and Control Center (RPCC) and Tax Collection and Administration Center (TCAC) commenced the operations as of July 1, 2017.
107. The Government of **Viet Nam** enacted the law on customs in 2001. In June 2005, the Prime Minister issued Decision No. 149/2005/QD-TTg on the pilot implementation of e-customs in Ho Chi Minh City and Hai Phong city for the period 2005-2009. In 2009, the Prime Minister proclaimed Decision No. 103/2009/QD-TTg amending Decision No.149/2005/QD-TTg for approval of the implementation of the two e-customs and traditional paper-based customs systems. In October 2012, the Prime Minister issued Decree No. 87/2012/ND-CP stipulating customs procedures of imports and exports. E-customs has been implemented nationwide since 2013.
108. Viet Nam has adopted the VNACC/VCIS (Viet Nam Automated Cargo and Port Consolidated System)/(Viet Nam Customs Information System). Together, these new systems that have been developed since 2012 have contributed to the country’s customs modernization through a new electronic system. The new system was put into implementation in April 2014.
109. In 2017, Viet Nam Customs in collaboration with the concerned ministries and agencies implemented policies and solutions to simplification of customs procedures, application of ICT and innovation to contribute to efficiency and competitiveness for business communities as well as the whole economy. The improvements included: (i) e-payment for export and import taxes in cooperation with commercial banks; (ii) reduction in physical inspection of cargo, e.g. minimize the number of goods subject to pre-clearance inspection, and adoption of risk management in customs, e.g. about 5% of the total was physically inspected at customs clearance; (iii) application of ICT for cargo supervision at seaports and use of digital signatures for declarations.
110. The national single window (NSW) and ASEAN single window. The implementation of the NSW and ASEAN Single Window (ASW) has been legalized in the Customs Law 2014 and Decree No. 08/2015/ND-CP. As of 2017, the NSW through the General Department of Customs linked with 11 ministries. In addition to e-customs clearance procedures, 39 administrative

procedures of the other 10 ministries have been implemented through NSW, and 15,100 enterprises participated in the NSW²⁹. As for ASW implementation, the General Department of Customs has coordinated with MoIT and MoIC in preparing the technology infrastructure for application of e-C/O form and exchange information with the ASW in 2018.

4.3. JOINT ONE-STOP SERVICES CENTERS (SSI/SWI MECHANISM) FOR FACILITATING CROSS-BORDER TRADE AND TRANSPORT (LOGISTICS)

111. The coordinated border management (CBM)³⁰ is promoted by recent regional transport agreements: (i) the ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT); (ii) the ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIST), (iii) The ASEAN Customs Transit System (ACTS); and (iv) the Greater Mekong Sub-region Cross-Border Transport Facilitation Agreement (CBTA). The Protocol 7 of the AFAFGIT promotes and facilitates cross-country traffic and establishes a regional transport system.

112. The project activities related to the “joint one-stop service” designed under the project framework referred to the concept of coordinated border management (CBM). To this end, the study looked into: (i) the implementation status of the integrated one-stop service centers in terms of single stop inspection (SSI)/single window inspection (SWI) mechanisms applied to customs and SPS procedures; and/or (ii) plans for establishment of integrated one-stop service centers, and implementing the bilateral (international) cooperation implementing the integrated one-stop service centers.

113. This Section reflects current status of SSI/SWI implementation in the specific locations in the Lancang-Mekong subregion. According to Memorandum of Understanding (MOUs) signed between Viet Nam and Lao PDR (2005), Viet Nam and Cambodia (2007), and Viet Nam and China (2008), respectively, the SWI/SSI mechanism were expected to be implemented in the following border crossing points.

²⁹ Ministry of Industry and Trade (MoIT), 2018, Viet Nam Logistics Report

³⁰ World Customs Organization (WCO), 2009, www.wcoomg.org, The term Coordinated Border Management (CBM) refers to a coordinated approach by border control agencies, both domestic and international, in the context of seeking greater efficiencies over managing trade and travel flows, while maintaining a balance with compliance requirements. While many organizations and documents refer to this as “Integrated Border Management”, the World Customs Organization (WCO) prefers “Coordinated Border Management” as it gives prominence to the principle of coordination of policies, programs and delivery outcomes whilst avoiding any perception of favouring a single solution

114. **Lao Cai–Hekou.** According to the Memorandum of Understanding (MoU) for IICBTA, the two parties to the MoU in shall adopt single-window inspection (SWI) at the Hekou–Lao Cai border crossing points by simultaneous (or near simultaneous) performance of duties by the respective authorities, i.e. customs, quarantine, and immigration. In addition, the parties shall implement the SSI through two phases: (i) Phase 1–conducting key facilitation measures covering border crossing formalities, including single window inspection (SWI) as of 2007, and (ii) Phase 2–performing border crossing formalities in the respective common control areas (CCAs) jointly and simultaneously or near simultaneously by authorities. The implementation of SWI/SSI in Phase 2 is subject to the amendment of necessary national laws and regulations to allow the extraterritorial performance of duties by the authorities. Phase II will commence following the amendment/promulgation of relevant national laws and regulations to allow extraterritorial performance of duties by CIQ authorities of both sides.
115. In practice, the implementation of SSI / SWI encountered such difficulties as:
- Hekou–Lao Cai border gates are connected by a bridge over the Red River. Geographically, Hekou and Lao Cai have not agreed on the location for constructing the common control area (CCA) yet; and
 - Differences in laws and policies of the two countries, in particular the Law on Customs, have been existed. In this connection, Viet Nam has completed the phase 1 implementation. Phase 2 is subject to the adjustment in the Chinese Law on Customs that alllows Chinese Customs officers to enter the Vietnamese territory to carry out SSI/SWI procedures in line with the GMS CBTA.
116. **Lang Son–Pingxiang.** As per the advice of the stakeholders of the Guangxi Pingxiang Free Trade Zone and Dong Dang–Lang Son BGEZ Management Board, the cooperation of the two privinces through the SSI/SWI implemetation, contruction of the CBEZ, expansion of scope of the international border gates, and so on have been planned. And a number of development issues have been discussed by both sides at the meetings of the Joint Working Committee of provinces and the Guangxi Zhuang Autonomous Region, China. However, the SSI/SWI mechanism has yet to be ready for commencement.
117. **Moc Bai–Bavet.** The MoU for IICBTA (2006) has not been implemented. According to Moc Bai BGEZ Management Board, Viet Nam has been been ready for constructing the common control ardea (CCA) and implementing the SSI/SWI with Cambodia in compliance with the CBTA framework. However, the implemmentation is subject to the readiness of Cambdian side, i.e. availability of land area for CCA construction. The situation of implmentting SSI/SWI at **Aranyaprathet–Poipet** border crossing points is similar to that of **Moc Bai–Bavet**.
118. **Mukdahan–Savannakhet.** The MoU for IICBTA was signed in 2005. Single–Window Inspection (SWI) commencewd in in 2006, and Customs Transit System Pilot in 2009. Thailand and

Lao PDR have signed the MoU on common control area (CCA) for implementing the SSI/SWI mechanism in 2017. The SSI/SWI mechanism is expected to be implemented on the horizon.

V. STUDY FINDINGS AND RECOMMENDATIONS

119. The designed project broadly covers 05 components: (1) Improvement of infrastructures and regulations for cross-border SEZs with an emphasis on the establishment and development of joint one-stop service centers and integrated quarantine service centers; (2) Enhancement of business connection and information sharing through one-stop service centers and business centers between SEZs in Lancang-Mekong sub-region; (3) Formulation of policy suggestion and strategies for better management and promotion of SEZs, e.g. trade and investment facilitation, strengthening of cross-border linkages, such as customs, immigration, and quarantine procedures, and logistics services; (4) Improvement of core trade infrastructure and facilities in the border areas; and (5) Capacity building to facilitate cross-border trade in goods and services by developing ICT skill standards.
120. The development and investment in border infrastructure and facilities, i.e. transport and logistics infrastructure, especially in the border gate economic zones (BGEZs), Border Economic Cooperation Zones (BECZs), Special Economic Zones (SEZs) in the case of China (Hekou, Yunnan, and Pingxiang, Guangxi), and Thailand (Nakhon Phanom, Mukdahan, Tak, and Sakaeo provinces, and Viet Nam (Moc Bai, Lang Son, and Lao Cai) are more progressive as compared to those in other Lancang-Mekong countries, e.g. Lao PDR, and Myanmar. For further development, the BGEZs in Viet Nam, SEZs in Lao PDR, trade zone in Myanmar prioritized infrastructure development and suggested that the LMC-funded project provide support, if possible, in creation of channel or mechanism for calling investment in transport and logistics infrastructure, and SPS infrastructure in the border economic zones from domestic and international investors in a practical manner.
121. The stakeholder consultation showed that one stop service centers (OSS) for investment promotion and trade facilitation have been established in the visited locations, border provinces, special economic zones (SEZs), border gate economic zones (BGEZs), border economic cooperation zones (BECZs) in various forms of administration and operations. In particular, the OSS centers in Viet Nam (Lao Cai and Lang Son) are not located in the BGEZs. Instead, they are under the management of the Ministry / Department of Investment and Planning. In Lao PDR, the OSS centers are located in the SEZs and under the management of Ministry of Planning and Investment (MPI). In Thailand, the OSS centers are set up in the province where the border SEZs are located, and under the management of Thailand Board of Investment (BoI). In Cambodia, the OSS centers are located in all SEZs in the capital cities and provinces under the management of the Council for the Development of Cambodia (CDC). The OSS center in Myanmar are under the management of Ministry of Commerce.

122. A number of line ministries and agencies are involved in the operation of one OSS center in each country, while there is limited information on the efficiency and effectiveness of the OSS centers in the Lancang–Mekong countries. It is necessary to know more about the implementation of OSS centers according to an opinion that the OSS center may not be a single stop, but a “one-extra-stop” shop. In addition, there is no integrated quarantine service centers in the visited locations in the Lancang–Mekong countries. Therefore, the designed activities of “establishment and development of joint one-stop service centers and integrated quarantine service centers”, e.g. between and among the economic zones, and the border provinces indeed need further consultations with the ministries in charge of the OSS centers in each of the Lancang–Mekong countries.
123. Besides, Hekou Border Economic Cooperation Zone highlighted the importance of developing cross-border economic zone (CBEZ) between China and Viet Nam at Hekou and Lao Cai province in catalyzing the development of the local economies. To this end, it is suggested that the project come up with a strategy for policy advocacy in support of the CBEZ development given an inadequate linkage of coordination between the central government and the local authorities, especially the case of the Yunnan province. In addition, the mechanism and procedure to facilitate policy dialogues between the Joint Working Committees in charge of BGEZs/CBEZs of the provinces are needed.
124. The stakeholders in Thailand, Lao PDR, Myanmar, and Viet Nam supported the implementation of the SSI/SWI mechanisms, especially the case of Thailand–Lao PDR; Thailand–Myanmar³¹ of the GMS CBTA. In this connection, the project under the Lancang–Mekong Cooperation (LMC) may find the so-called synergy with the development partner, e.g. Asian Development Bank (ADB) in support of the implementing SSI/SWI as part of trade and transport facilitation action program (TTF) under the GMS Economic Cooperation Program.
125. The stakeholders did not discuss in detail the suggested activities of (i) business connection and information sharing among the SEZs, (ii) better management of SEZs, (iii) establishment of web-based information system for the SEZs in detail. Furthermore, the stakeholders did not prioritize the designed training topics and programs except for Myanmar where the stakeholders suggested that trainings on coordinated border management (CBM), cross border e-commerce, and border trade development in addition to the other capacity development programs, e.g. on risk management and post clearance provided by ADB, EU, and the others, would be beneficial since Myanmar is now upgrading its customs system for trade facilitation.
126. Based on the mentioned–above discussions and analysis, the study suggests that the preliminary findings and the following development issues be presented and consulted at the regional consultative workshop. This would help revisit and shape the project intervention in the coming years in support

³¹ Thailand–Myanmar for the case of IICBTA

of the development of the SEZs/Border Gate Economic Zone (BGEZs)/Border Economic Cooperation Zones (BECZs), and the local economies. As such, the following issues were proposed for discussions at the Regional Workshop:

- Promotion of investment in the BGEZs / SEZs / BECZs in the Lancang–Mekong countries;
- Coordination of the cross-border trade facilitation-related issues through enhancing the cooperation mechanism(s) between the border coordination committees / joint commissions in the Lancang–Mekong countries as well as the development of the information system and information sharing mechanisms;
- Policy advocacy and mechanisms to support the development of cross-border economic cooperation zones (CBEZs) between the Lancang–Mekong countries, especially between the national and local levels; and
- Joint efforts in synergy with other donor-funded program(s) to assist in implementation of SSI/SWI mechanism(s) for trade and transport facilitation (TTF) between the Lancang-Mekong countries

PART C. REGIONAL CONSULTATIVE WORKSHOP ON “UPGRADING BORDER FACILITATION FOR CROSS-BORDER TRADE AND LOGISTICS DEVELOPMENT”



VI. INTRODUCTION OF THE REGIONAL CONSULTATIVE WORKSHOP

127. The regional stakeholder consultative workshop was held at Mekong Institute (MI), Khon Kaen, Thailand on December 21, 2018 with the participation of a total of 16 mid-senior officials from the line ministries and departments and agencies at both national and subnational level representing the sectors of public works and transport, commerce and industry, customs, planning and finance, and special economic zone (SEZ) from Cambodia, China, Lao PDR, Myanmar, Thailand, and Viet Nam.

128. The regional stakeholder consultative workshop aimed to seek the (i) perspectives, and joint review and validation of the country representatives as the project stakeholders given to the study findings; and (ii) further suggestions to policy solutions and actions as contribution to the intervention strategies for the project implementation for the period 2019-2021 with effectiveness and efficiency. To this end, the project overview and summary of the studying findings were presented. The development issues as specified in paragraph 126 were consulted with the project stakeholders as appropriate, including:

- Promotion of investment in the BGEZs / SEZs / BECZs in the Lancang–Mekong countries;
- Coordination of the cross-border trade facilitation-related issues through enhancing the cooperation mechanism(s) between the border coordination committees / joint commissions in the Lancang–Mekong countries as well as the development of the information system and information sharing mechanisms;
- Policy advocacy and mechanisms to support the development of cross-border economic cooperation zones (CBEZs) between the Lancang–Mekong countries, especially between the national and local levels; and
- Joint efforts in synergy with other donor-funded program(s) to assist in implementation of SSI/SWI mechanism(s) for trade and transport facilitation (TTF) between the Lancang-Mekong countries

VII. PRESENTATION AND DISCUSSIONS BY COUNTRY REPRESENTATIVES

7.1. CAMBODIA

129. In response to the study findings regarding the current status of implementing the SSI/SWI between Cambodia and Thailand, and Cambodia and Vietnam at the border crossing points: Aranyaprathet – Poipet, and Moc Bai–Bavet, the representative from Ministry of Public Works and Transport, Cambodia (MPWT) highlighted some practical challenges facing the country in CBTA implementation in Cambodia as below:

- LMC countries have different vehicle standards. For instance, vehicles from Viet Nam and Thailand that enter Cambodia need to meet its national vehicle standards, i.e. 60 m in length.
- Facilities at the border gates in terms of hardware and software infrastructures are not well improved. Furthermore, a common mechanism that helps the countries and agencies work together, particularly construction and implemenattion of common control area (CCA) [SSI/SWI] procedures are needed. However, such a common mechanism is not fully implemented. It is therefore suggested that the LMC project consider an approach to accommodate further project initiatives to make the participating countries better off.
- Cross-border transport and logitics operators are concerned about the GMS route network, which is limited, along the economic corridors with the fact that it does not match the needs and interests of buinesses in terms of road access and destinations. For this reason, the Cambodian logistics companies do not find incentives and benefits to participate in the CBTA and its Early Harvest (EH) as compared to the bilateral transport facilitation agreement(s).

130. The delegate also suggested that the Lancang–Mekong countries should be provided with specific manuals for border crossing procedures with minimum requirements of border infrastructure and facilities so that each country can cooperate each other in this connection. As for SSI/SWI

implementation, Cambodia suggested that LMC project should facilitate the implementation of the SSI/SWI mechanism by providing guidelines for future consideration.

131. As for infrastructure development in the border areas in connectivity with Thailand, Cambodia is now in the process of constructing a new international border check point in Stung Bot, Poipet. As such, a new border gate area will cover facilities and function as a common control area (CCA) serving the cross-border movement of goods, whereby Thailand and Cambodia can cooperate in trade and transport facilitation (TTF). As for the cooperation with Viet Nam, certain difficulties and challenges in terms of investment and land used to upgrade the border gates and cross-border infrastructure and facilities have remained.
132. The representative of the General Department of Customs and Excise provided the information on ASYCUDA and the National Single Window (NSW) implementation. The NSW implementation is now at phase 2 and being tested for integration into the ASEAN single window (ASW), e.g. exchange of Form D of Certificate of Origin (C/O). To implement phase 2 successfully, Cambodia needs technical assistance from international organizations like USAID, Japan International Cooperation Agency (JICA), and Asian Development Bank (ADB).

7.2. CHINA

133. The delegates from Department of Commerce of Yunnan Province and Hekou Administrative Committee of Border Economic Cooperation Zone informed the workshop of the current development progress in the Yunnan province and China as follows:
- As for customs modernization and trade facilitation, the nation-wide Single Window (SW) for “single declaration, single inspection and single release” purpose is an information-sharing platform, consisting of the functionalities of 20 relevant agencies and 129 services, has been in place. This SW model in fact makes all cargo clearance faster and cheaper through reducing number of documents required, economizing trade-related costs, and initiating paperless customs process.
 - In addition, China has developed and implemented the strategy on promoting an enabling environment serving trade facilitation and trade development, adopting international customs standards, procedures, and practices.
 - For faster and easier customs clearance procedures applied to trade in agricultural products (perishable goods), China and Viet Nam have signed and established the so-called cross-border “green channel”. Doing so, agricultural products will be given with the prioritized customs clearance procedures to accelerate time release at the border check points. The model was developed based on best practices and experiences from “**Green Channel Operations**” at the borders between Kazakhstan and Xinjiang, China. As such, trucks with authorized stickers crossing the border cities will be allowed to pass this channel. Relevant agencies of Viet Nam and China have identified types of agriculture products for special procedures of customs clearance

and SPS, including aquatic products, seafood, coffee, fruits, vegetables, tea, rice, rubbers, and etc. It was suggested that the best practices be learnt and shared between and among the LM countries.

- As for information sharing between the border agencies, e.g. checkpoints, as part of border development schemes, the representative of the Yunnan province suggested that cross-border facilitation need better information exchange (online and/or offline modality), especially between customs agencies of the two countries through better bilateral cooperation mechanisms.
- As for cross-border movement of people, the representatives shared some of good practices in application of auto-immigration procedures between Lao Cai and Hekou. The process includes automated customs passes and border passes for people, trucks, and bicycles which are supported by equipment and facilities serving information collection, records, and inspection. In addition, the local authorities have also implemented the cooperation program on cross-border employment. With this program, workers from the four provinces in the northern mountain provinces in Viet Nam, namely, Lao Cai, Lang Son, Cao Bang, and Ha Giang provinces are eligible to apply for jobs offered by companies operating in the border economic cooperation zones in China. To facilitate cross-border employment, a one stop services center (OSS) has been established to manage foreign workers who can submit job applications, health check, and others for work permits as well as associated requirements.
- Aligning with the GMS cooperation framework, the Yunnan province has made good progress in infrastructure and industrial development in its border economic cooperation zone. It was suggested that MI through LMC project facilitate the process, action programs in support of developing the CBEZs between China and Viet Nam.
- As for e-commerce development, the representative mentioned that China and Viet Nam need an agreement on cross-border e-commerce to utilize the advantages of Hekou ports where products from Viet Nam are received and delivered to other market segments in China. The Ministry of Commerce and Customs Department take the leading responsibilities in this connection.

7.3. LAO PDR

134. As for CBTA EH implementation, the representatives of the MPWT advised that 165 transport operators (companies) registered EH permits [?]. Lao PDR will collect transport road maintenance fee from cross-border transport vehicles. The representatives suggested that MI through the LMC project organize seminars and workshops on CBTA implementation in the GMS countries for the participation of both public and private sectors to enhance awareness as well as collaboration between and among the stakeholders and the LMC countries.

135. As for OSS operation and development, the MPWT representative recommended that the LMC countries need to streamline the functionalities of the OSS to promote trade, investment and tourism. To do so, information centers should also be attached to the OSS to provide prospective investors with concrete information in addition to the information on laws and regulations. In fact, investors are

interested in investment potentials and business opportunities in all economic corridors instead of one country, so that it is suggested that the LMC countries cooperate each other to provide concrete information package to investors. To this end, the project should (i) build a regional information platform (network); (ii) organize trade and investment promotion events, tourism fairs, job fairs, and so on; (iii) establish joint Trade and Investment Promotion Committees, which should be initiated by the MI or a regional organization.

136. The Laos representative addressed the reasons for the CBTA not to be fully implemented: (i) customs procedures are not well integrated between the GMS countries; and (ii) slow improvement of road, logistics infrastructures as well as customs modernization in the border areas. Therefore, speedy and harmonized procedures among LMC countries are required via effective bilateral or multilateral cooperation and agreements which should be supported top-level commitment. For instance, the SSI/SWI mechanism at Mukdahan, Thailand–Savannakhet, Lao PDR is not fully implemented. As for utilization of dry port Savannakhet for customs clearance procedures, Lao PDR is supposed to work closely with Thailand (Mukdahan) to improve CCA conditions with further technical assistance and cooperation with relevant agencies.

137. Application of information and communications technology (ICT) to better facilitate cross-border trade should be prioritized. The LMC countries should set up a paperless trade system, especially for customs and immigration, that play an important role in facilitating trade and logistics development in the LM countries.

7.4. MYANMAR

138. The representatives of the Ministry of Commerce and Customs Department advised that cross-border facilitation measures on illegal trade and border crossings, which are the key barriers to achievement of cross border trade development, should be taken into consideration. To do so, a joint or common platform or mechanism for the responsible and concerned government agencies to cooperate and negotiate regulations and regulatory adjustments, and management procedures to enhance formalized cross-border trade and border crossing should be established. Indeed, such a cooperation mechanism is one of the key success factors contributing to the establishment of cross-border special economic zones between Myanmar and neighboring countries, e.g. Myanmar and China. In addition, transparency is a key factor or an integral part of the mentioned cooperation mechanism.

139. Myanmar has planned for signing Thailand–Myanmar IICBTA in January 2019. As for the IICBTA implementation, the representative advised that private sector stakeholders, i.e. cross-border traders and logistics services providers, are concerned about (i) empty loads vehicles from Myanmar that are not allowed to enter Thailand, given that Myanmar’s import outweighs its export to Thailand, and (ii) road network and direction as well as the coverage of locations / destinations under the

IICBTA that do not include routes and areas between Myanmar and Bangkok. Therefore, Myanmar private logistics providers and transport operators expect to have a consultation and negotiation with ADB and Thailand counterpart on such matters.

7.5. THAILAND

140. The representatives advised that Thailand and Lao PDR have been in a discussion process for SSI/SWI implementation at Mukdahan–Savannakhet border crossing points with a focus on promoting soft and hard infrastructure, e.g. customs regulations and formalities, and construction of CCA in Lao PDR.
141. The SSI/SWI has yet to be implemented at Mae Sot, Thailand–Myawaddy, Myanmar pending the signing of Thailand–Myanmar IICBTA.
142. Moreover, the representatives suggested a further cooperation between Thailand and Cambodia in implementing the CBTA EH.
143. As for OSS functionalities and operations in Thailand, the representative informed that Thailand has considered the application the national single window (NSW) as a replacement of the current OSS modality thanks to a greater engagement of the Government agencies in trade and investment facilitation, e.g. the NSW includes 36 ministries and agencies with more public services provided to the users.

7.6. VIET NAM

144. The representative of Viet Nam Customs advised that Vietnam has planned to establish and implemented SSI/SWI mechanism at Moc Bai–Bavet border crossing points between Viet Nam and Cambodia based on the experience in executing the SSI/SWI model between Lao PDR and Viet Nam. As per the perspective of the Viet Nam Customs representative, the governments of Cambodia and Viet Nam need more cooperation to make the SSI/SWI under the GMS CBTA a success.
145. Vietnam Customs does not impose any fees on cross-border vehicles in the CBTA implementation. Customs automation system has yet to be in place for cargo inspection and clearance, especially in the border posts, but it will be tentatively installed in 2019. This needs strong political support from the governments and technical assistance and ICT system development.

VIII. ANNEXES

8.1. STAKEHOLDERS

Meeting place: The Hekou Border Economic Cooperation Zone, Hekou, China			
Date: September, 20, 2018			
No.	Full Name	Position/Organization	Contact Details
01.	Mr. Li Jianrong	General Manager Yunnan Jincheng E-Commerce Co. Ltd	Phone: 18987338989 Email: manggis@qq.com
02.	Mr. Xiong Tingqiang	Staff Bureau of Science, Industry, Economy and Trade and Information Technology of Hekou, Yunnan Province	Phone: 15126196708 Email:
03.	Mr. Li Neng	Hekou Kunming Steel Mining Industry Co Ltd	Phone: 13767356582 Email:
04.	Mr. Li Xuezhong	Deputy Director Foreign Economic Affairs Office of Hekou Country	Phone: 13987362846 Email:
05.	Mr. Chen Yuebin	Staff Bureau of Science, Industry, Economy and Trade and Information Technology of Hekou, Yunnan Province	Phone: 13988011229 Email:
06.	Mr. Luo Dengshu	China Customs of Hekou	Phone: 15912840989
07.	Mr. Lu Jianguang	Hekou Inspection	Phone: 18313363283
08.	Mr. Gao Rui	Kehou Yunnan-Vietnam Goods and Logistics Co. Ltd	Phone: 13708487515
09.	Mr. Zhang Min	Kehou Port Office	Phone: 13987325337
10.	Ms. Chen Min	Administrative Committee of Hekou Border Economic Zone	Phone: 15912865337
11.	Mr. Tang Lingzhi	Kehou Yunnan-Vietnam Goods and Logistics Co. Ltd	Phone: 13678757034
Meeting Place: The Yunnan Department of Commerce (DoC), Kunming, Yunnan Province			
Date: September, 20, 2018			
No.	Full Name	Position/Organization	Contact Details
01.	Ms. Zhao Weizin	Staff Member Division of Logistics Industry, Department of Commerce of Yunnan Province (DOC-YN)	
02.	Ms. Zhon Qun	Researcher ASEAN Trade Division, DOC, Yunnan Province	Email: 542863.80@qq.com
03.	Ms. Han Yi	Deputy Director Foreign Affairs, International Trade and Economic Affairs Division	Phone: 8687163210071 Email: joyihan@foxmail.com
04.	Mr. Liu Chaoyi	Director	Phone:

		Border Economic Zone Planning and Development Division, DOC, YN.	Email:
05.	Mr. Zhou Xining	Assistant Researcher Academy of Commerce of Yunnan Province	Phone: 13888158989 Email:
06.	Mr. Hu Zenghui	Academy of Commerce of Yunnan Province	Phone: Email:

Meeting Place: Ministry of Commerce, Phnom Penh, Cambodia

Date: August 31, 2018

No.	Full Name	Position/Organization	Contact Details
01.	Mr. Suon Prasith	Deputy Director General, General Department of International Trade, Ministry of Commerce	Ph: +855 (0)12942777 Email: prasithsuon@gmail.com
02.	Ms. Chea Sok Im,	Project Manager Cambodia Chamber of Commerce for private sector	Ph: +85595882022 Email: cheasokim@gmail.com

Meeting Place: Sanco Poipet Special Economic Zone (SEZ), Banteay Meanchey Province, Cambodia

Date: October 2, 2018

No.	Full Name	Position/Organization	Contact Details
01.	Mr. Chea Sophal	Techno Park Poipet Pvt Co., Ltd	Ph: +85586402520 Email: cheasophal1@yahoo.com Chea_sophal@technopark.com.kh
02.	Mr. Long Sophorn	Ministry of Commerce Poipet, Cambodia	Ph: +85517919295 Email: longsophorn979@gmail.com

Meeting Place: Thakhek Special Economic Zone, Khammouane, Lao PDR

Date: September, 13, 2018

No.	Full Name	Position/Organization	Contact Details
01.	Mr. Khamphet SayaSeng	Manager SK-KS Duty Free	Phone: 02055020555 Email: skksdutyfree2016@gmail.com
02.	Ms. KhamOulan Dengdouangthong	Energy and Ministry Department	Phone: 99657787 Email: mnlan777@ma.com
03.	Mr. Chamda Ounthavong		Phone: 56978988 Email: chmdo.otv@gmail.com
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06.	Mr. Sonvannalath	Coordinator SEZ, Thakhet	
07.	Mr. Phetsamone Sangsinoxay	Head Import-Export Division	Phone: 02055675024 Email: phetsamonessx@yahoo.com
08.	Mr. Boun Seum Phommachamh	Import-Export Division	Phone: 020-58529999
09.	Ms. Kinnaly Thammavong	Import-Export Division	Phone: 02055688402 Email: panyachanthlath@yahoo.com
10.	Mr. Chantha Senivong		Phone: 02055688402 Email: chantha_snv@gmail.com
11.	Mr. Somsy		Phone: 65551188

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Meeting Place: Savannakhet Special Economic Zone

Date: September 12, 2018

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04.	Mr. Bounsalong	Trade Groups	Phone: 99288999 Email:
05.	Mr. Somsanouk Nonprasit	Foreign affairs division	Phone: 99918881 Email: kie99918881@gmail.com
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Meeting Place: Myawaddy Trade Zone, Myanmar

Date: September, 07, 2018

No.	Name	Position/Organization	Contact Detail
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Meeting Place: Nakhon Phanom Special Economic, Thailand

Date: September 05, 2018

No.	Full Name	Position/Organization	Contact Details
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Meeting Place: Mae Sot Special Economic, Tak Province, Thailand

Date: September 07, 2018

No.	Full Name	Position/Organization	Contact Details
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Meeting Place: Mukdahan Special Economic Zone, Thailand

Date: September 11, 2018

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Meeting Place: Moc Bai Border Gate Economic Zone, Tay Ninh, Viet Nam

Date: August 29, 2018			
No.	Full Name	Position/Organization	Contact Details
01.	Mr. Pham Van Son	Vice Director, Tay Ninh Border Economic Zone Management Board	
02.	Mr. Pham Van Chi	Tay Ninh Customs	
03.	Ms. Bui Thi Diem	Tay Ninh Department of Foreign Affairs	
04.	Mr. Le Van Tuong	Tay Ninh Department of Industry and Trade (DoIT)	
05.	Mr. Nguyen Thai Binh	Tay Ninh Department of Transport	
06.	Mr. Le Xuan Hoi	Director, Moc Bai Border Market Company Limited	
07.	Mr. Nguyen Quoc Huy	Viet Nam Nippon Express Company	
08.	Mr. Le Quoc Hien		
09.	Mr. Nguyen Minh Tu		
10.	Mr. Bui Hai Duong	New Port Corporation, Tay Ninh Branch	
11.	Mr. Vo Thanh Phuoc		
12.	Mr. Huynh Quang Minh	Tay Ninh Department of Agriculture and Rural Development	
13.	Ms. Truong Thi Dao	Tay Ninh Border Economic Zone Management Board	
14.	Mr. Ho Ngoc Hieu	Tay Ninh Border Economic Zone Management Board	
15.	Ms. Bui Thi Do Quyen	Tay Ninh Border Economic Zone Management Board	
16.	Ms. Nguyen Thuy Hang	Tay Ninh Border Economic Zone Management Board	

Meeting Place: Lao Cai Border Gate Economic Zone, Viet Nam

Date: September 19, 2018

No.	Name	Position/Organization	Contact Detail
01.	Mr. Nguyen Tien Dung	Vice Head, Lao Cai Border Gate Economic Zone Management Board	
02.	Mr. Quyen Sinh Tu	Lao Cai Customs Department	
03.	Mr. Pham Nam Hong	Lao Cai Department of Foreign Affairs	
04.	Ms. Doan Thug Nga	Lao Cai Border Gate Economic Zone Management Board, Construction Planning and Investment Management	
05.	Mr. Nguyen Xuan Chien	Lao Cai Border Gate Economic Zone Management Board, Construction Planning and Investment Management	
06.	Ms. Pham Thi Huong	Lao Cai Border Gate Economic Zone Management Board, General Planning and Management	
07.	Ms. Nguyen Thi Thuong	Lao Cai Border Gate Economic Zone Management Board, General Planning and Management	

Meeting Place: Lang Son Special Economic Zone, Viet Nam			
Date: September 22, 2018			
No.	Full Name	Position/Organization	Contact Details
1.	Mr. Nguyen Ngoc Thieu	Vice Director, Lang Son Department of Transport (DoT)	
2.	Mr. Trieu Quang Hoa	Customs Administration, Lang Son Customs Department	
3.	Mr. Hoang Khanh Duy	Import – Export Management, Lang Son Department of Industry and Trade	
4.	Mr. Hoang Van Quyet	Vice Director, Lang Son Border Gate Economic Zone Management Board	
5.	Mr. Hoang Thanh Son	Planning and Investment Management, Lang Son Border Gate Economic Zone Management Board	
6.	Mr. Ly Van Khi	Planning and Construction Management, Lang Son Border Gate Economic Zone Management Board	
7.	Mr. Nguyen Minh Huy	Enterprise Management, Lang Son Border Gate Economic Zone Management Board	
8.	Ms. Nguyen Bich Huong	General Planning, Lang Son Border Gate Economic Zone Management Board	
9.	Mr. Le Trung Dung	Planning and Construction Management, Lang Son Border Gate Economic Zone Management Board	

8.2. DEVELOPMENT ISSUES AND CONSULTATIVE QUESTIONS

TOPICS FOR STAKEHOLDER CONSULTATION	GUIDE QUESTIONS
I. Overall assessment of the feasibility of implementing the project intervention [by the deigned project component and activity]	<p>1. What project activities should be prioritized per the stakeholders' perspectives in terms of:</p> <ul style="list-style-type: none"> - Conduct the capacity development programs and policy catalyst in support of regulatory measures facilitating trade and logistics development through training, workshops, and research - Support the establishment and development of integrated one-stop service centers, for customs, SPS, and immigrations between the border crossings among the countries in the Lancang – Mekong region

	<ul style="list-style-type: none"> - Develop web-based information systems for border economic zones (BEZs)/Special economic zones (SEZs) and the information sharing mechanisms for better management and promotion of border economic zones (BEZs)/SEZs in the Lancang – Mekong region
<p>II. Border infrastructure and facilities: status quo and investment in transport infrastructure, border trade and logistics infrastructure, and customs infrastructure serving cross-border trade and logistics</p>	<ol style="list-style-type: none"> 1. What is land road condition in terms of <ul style="list-style-type: none"> - Linkages highway to SEZs and border crossings? - Maintenance (both routine and periodic)? 2. Are there any congested road sections in the border area? and if so, what is the source of the congestion? 3. Are there any new plans for transport infrastructure? 4. What is the present condition and implementation status of border control facilities infrastructure? <ul style="list-style-type: none"> - Parking, queuing lanes, customs and immigration buildings, warehousing and open storage, utilities, site drainage and lighting, etc.; and - Controlled space for private sector logistics and commercial offices and facilities 5. What is the current status of warehousing infrastructure, inland container depots (ICDs), SPS facilities, laboratories and equipment, energy supply, e.g. electricity, water supply and sewer systems? 6. What is the status of customs infrastructure, e.g. customs house infrastructure, technologies customs administration, construction of common control areas (CCA), and so on.
<p>III. Customs modernization and trade facilitation</p>	<ol style="list-style-type: none"> 1. Are there any projects or initiatives on customs modernization for trade facilitation in terms of: <ul style="list-style-type: none"> - New construction of integrated check posts (ICPs), and inland container / clearance depot (ICD), modern customs laboratories. - Modern technology-led physical facilities to support automated customs systems. - Inter-connectivity between/among customs offices. - Development of ICT infrastructure to support the implementation of the (i) national single window; (ii) customs inspection systems; (iii) customs audit system; (iv) risk management; (v) data management system; (vi) broker management system; and so on. - Government policies and regulations in customs modernization, and/or customs reforms on trade facilitation. 2. If yes, what is the implementation status?
<p>IV. Joint control at border crossings [Coordinated Border Management – In-country Inter-agency cooperation</p>	<ol style="list-style-type: none"> 1. How is the coordination among the government agencies: Customs administrations and other government agencies and local authorities to facilitate trade, e.g. to reduce time and trade costs through faster customs clearance?

	<ol style="list-style-type: none"> 2. How do SPS agencies and customs administrations cooperate in serving trade compliance and trade facilitation? 3. How is the partnerships and cooperation between customs and private businesses, e.g. Authorized Economic Operators (AEO) schemes that can facilitate private sector customs compliance, enhance customs broker's performance and service standards, as well as traders and forwarders'? 4. Are there any initiatives/technical assistance projects streamlining the coordinated border management? 5. Are there any the Government policies and regulations in support of the model of one-stop services centers?
V. Integrated control at border crossings (Coordinated Border Management – Bilateral cooperation)	<ol style="list-style-type: none"> 1. What is the implementation status of the integrated one-stop service centers in terms of single stop inspection (SSI)/single window inspection (SWI) mechanisms applied to customs and SPS procedures; 2. If not, are there the government polices and regulations supporting the implementation of integrated joint one-stop service center? 3. Are there any plans for establishment of integrated one-stop service centers, and implementing the bilateral (international) cooperation implementing the integrated one-stop service centers?
VI. Capacity development needs	<ol style="list-style-type: none"> 1. What subjects are important to the project stakeholders and beneficiaries? <ul style="list-style-type: none"> - Coordinated border management - Cross-border e-commerce - Trade competitiveness for trade in goods and services - Others, please specify 2. What type of training do the project stakeholders and beneficiaries prefer? <ul style="list-style-type: none"> - Professional / Technical training - Management training

8.3. LIST OF DELEGATES OF THE REGIONAL STAKEHOLDER CONSULTATIVE WORKSHOP

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3.	Mr. Su Dongcai Director Hekou Administrative Committee of Border Economic Cooperation Zone	Tel: 13988033969 Email: 100095724@qq.com 406310265@qq.com
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About Mekong Institute

The Mekong Institute (MI) is an Inter-Governmental Organization (IGO) working closely with the governments of six countries, namely Cambodia, P.R.China, Lao PDR, Myanmar, Vietnam and Thailand, to promote regional development, cooperation and integration by offering capability development programs across three cutting themes of Agricultural Development and Commercialization (ADC), Trade and Investment Facilitation (TIF), and Innovation and Technological Connectivity (ITC).