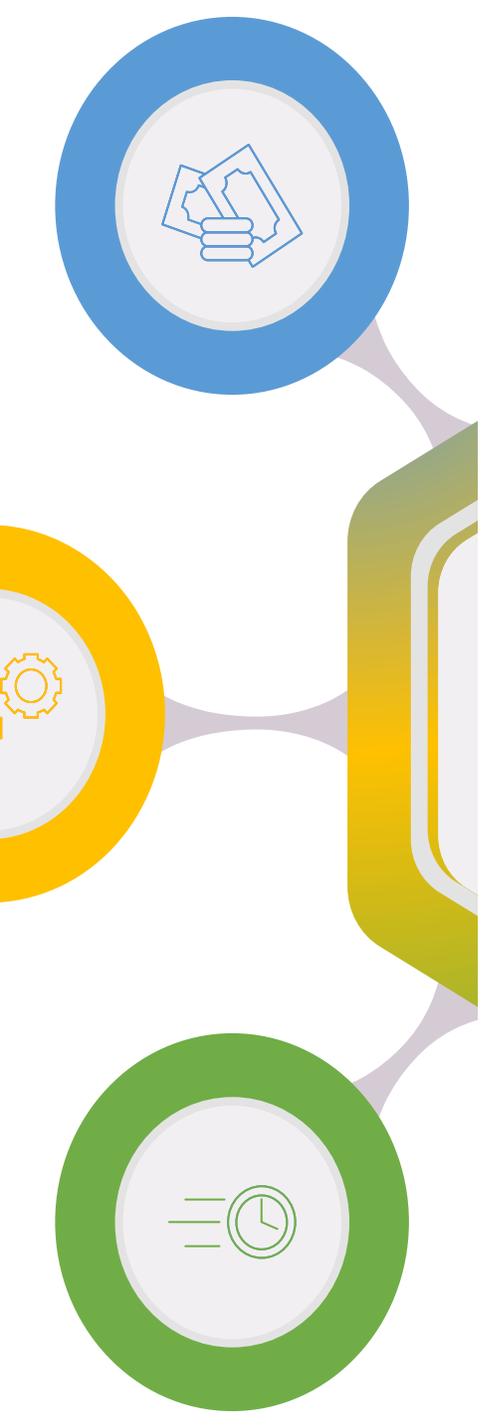


2023 REGIONAL COOPERATION AND INTEGRATION CONFERENCE
Strengthening Regional Cooperation and Integration through Economic Corridor Development
5–7 September 2023, Tbilisi, Georgia

Economic Corridor Development in Southeast Asia: GMS, IMT-GT, and BIMP-EAGA

Antonio Ressano Garcia
Principal Regional Cooperation Specialist
Southeast Asia Regional Department, ADB

The views expressed in this material are the views of the author/s and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy of the data included in this presentation and accepts no responsibility for any consequence of their use. The countries listed in this presentation do not imply any view on ADB's part as to sovereignty or independent status or necessarily conform to ADB's terminology.



Contents of Presentation

- 1. GMS**
- 2. IMT-GT**
- 3. BIMP-EAGA**
- 4. Key Takeaways**



1. GMS Economic Corridors



Founded in **1992** with assistance from the ADB to enhance economic cooperation in the subregion

Countries: Cambodia, People's Republic of China (Yunnan and Guangxi), Lao PDR, Myanmar, Thailand, and Viet Nam

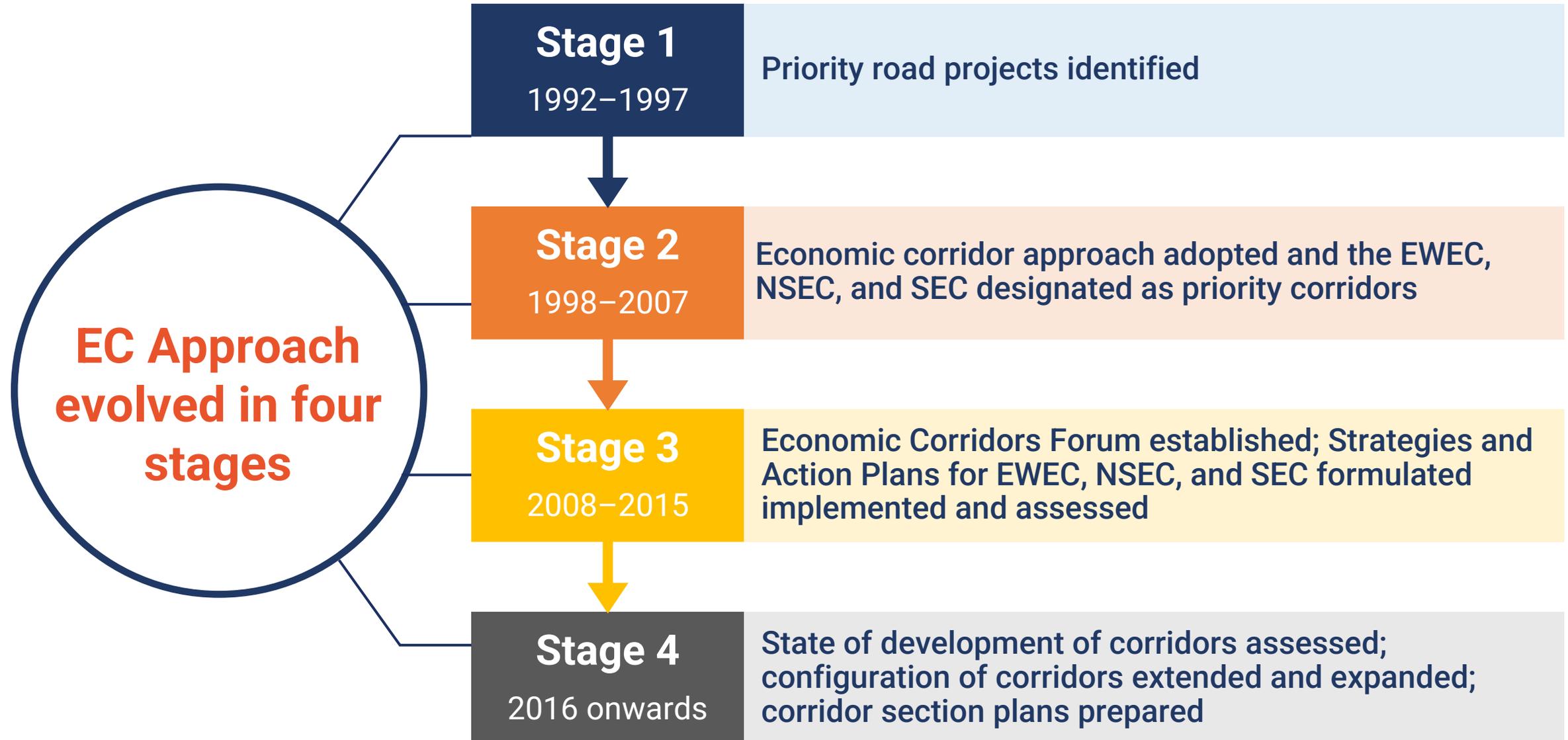
Strategic Priorities:

"3Cs" – Community, Connectivity, Competitiveness
Activity-based and results-oriented

Economic corridor approach to subregional development adopted in 1998 to transform GMS transport corridors into economic corridors to boost cross-border trade and investment, and increase incomes and employment along and around the main corridor routes.

1. GMS Economic Corridors

Evolution of the Economic Corridor Approach in the GMS



1. GMS Economic Corridors

Strategies and Action Plans (SAPs) for EWEC, NSEC, and SEC (2008–2015)



- Prepared corridor assessments: socio-economic characteristics, development potential, comparative advantages, constraints and challenges, opportunities for cooperation
- Prepared strategic directions and action plans for EWEC, NSEC, and SEC
- Reviewed implementation of the Strategies and Action Plans in 2015

Assessment of GMS Economic Corridors (2016-2017)



- State of development of corridors and guide future investments and other interventions
- Physical condition of transport infrastructure and border crossing facilities
- Indication of economic potential of corridors by collecting data on SEZs, investment opportunities, cross-border trade, and tourist attractions



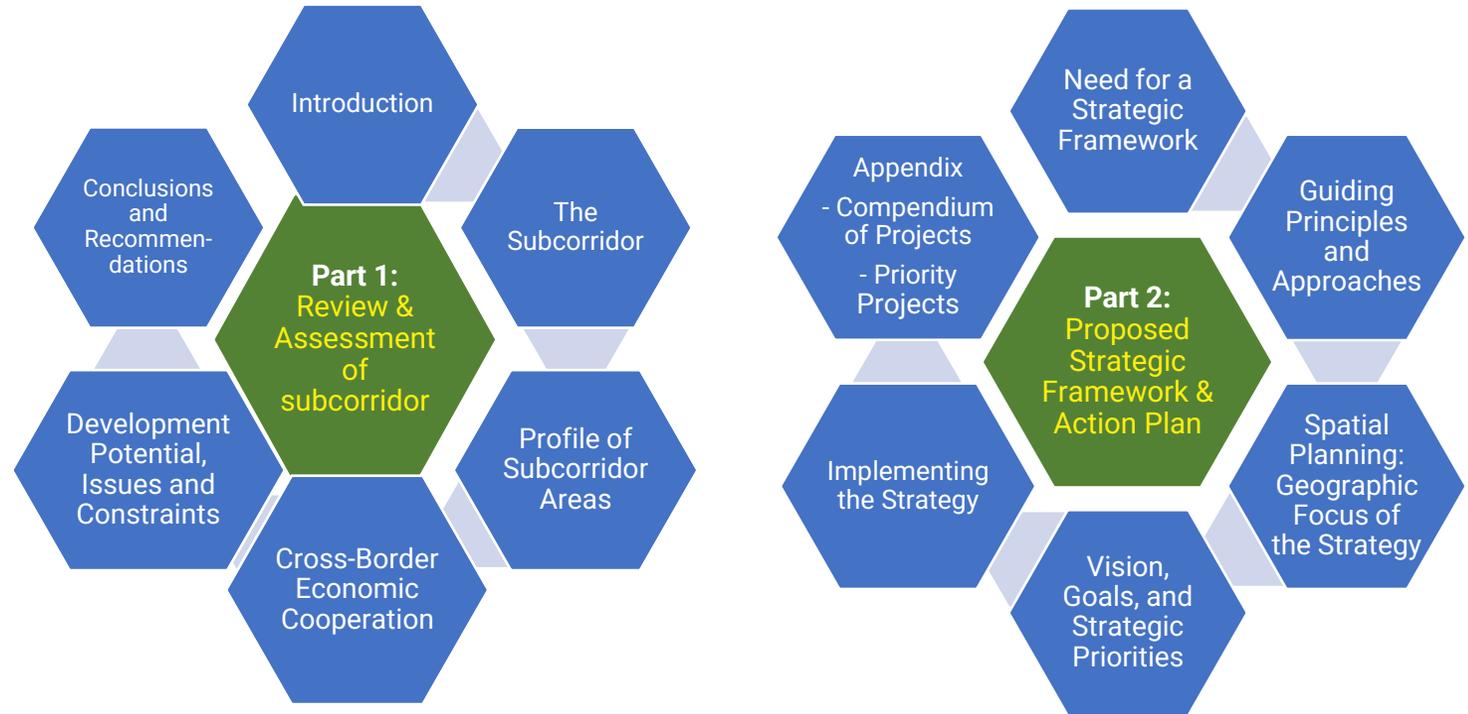
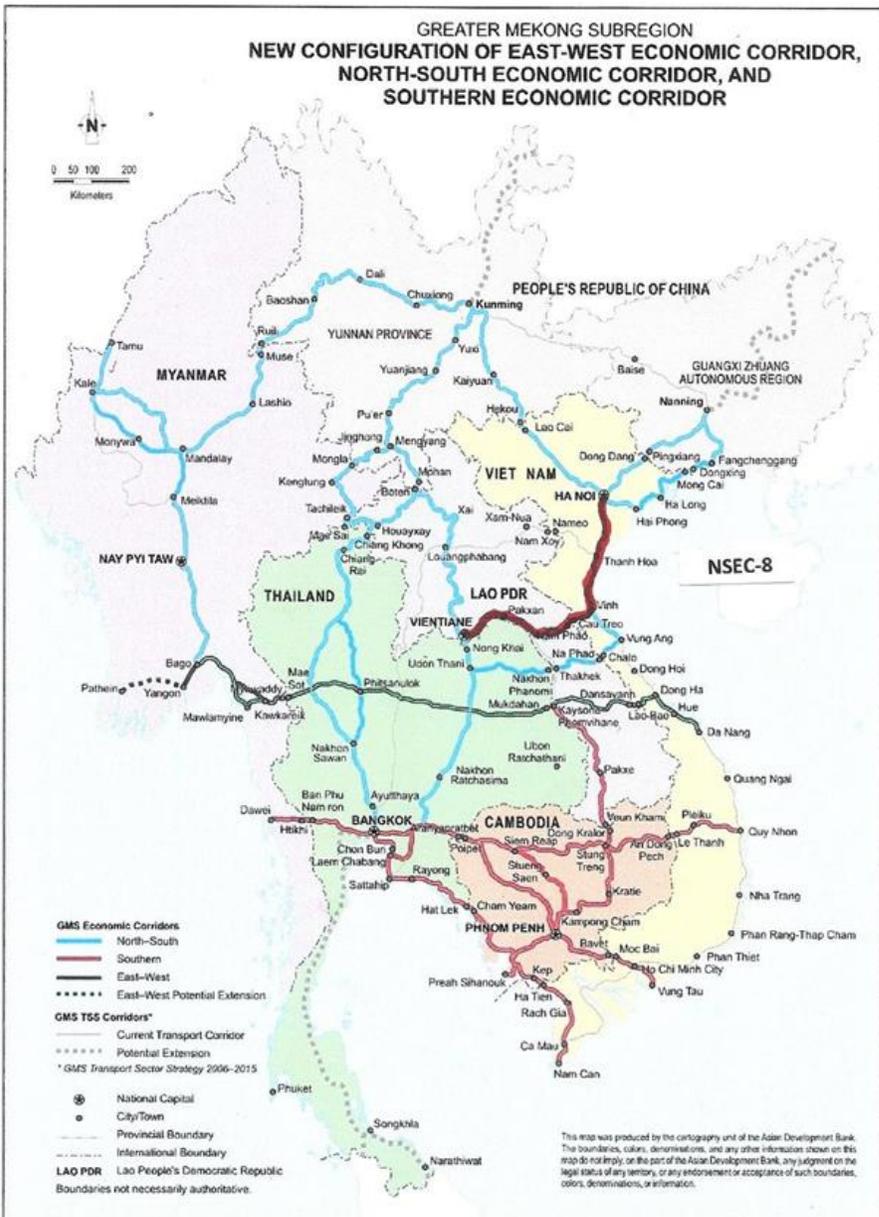
Review of the Configuration of the GMS Economic Corridors (2017-2018)



- Corridors expanded to include and link all GMS capitals and major economic centers.
- Corridors are connected to major maritime gateways and industrial hubs.
- Major trade flows are reflected in the alignment of the economic corridors

1. GMS Economic Corridors

Subcorridor and corridor section level planning



- Studies to help in planning, investment programming, and decision-making for the development of areas along and around subcorridor sections.
- Kunming-Ruili-Mandalay-Yangon-Thilawa Subcorridor in Myanmar and the PRC (NSEC-5) completed in 2019
- Vientiane-Paksan-Vinh-Hanoi Subcorridor in Lao PDR and Viet Nam (NSEC-8) ongoing in 2023.

2. IMT-GT Economic Corridors



Founded in **1993**, IMT-GT provides a sub-regional framework for accelerating economic cooperation and integration of the member states and provinces in the three countries.

Subnational membership: **32 provinces and states**—10 provinces in Sumatera, **Indonesia**; eight states in **Malaysia**; and 14 provinces in **Thailand**.

ECD as one of the main pillars since 2007 with the identification and definition of 5 Economic Corridors.

IMT-GT Roadmap 2007-2011

- economic corridors as a key anchor for clustering major economic activities in the subregion
- Economic corridors as “trunklines”

IMT-GT IMPLEMENTATION BLUEPRINT 2012-2016

- economic corridors as flagship initiatives
- Priority projects in economic corridors identified

IMPLEMENTATION BLUEPRINT 2017-2021

- Economic corridors as a spatial focus to realize Vision 2036 objectives



2. IMT-GT Economic Corridors

REQUEST FOR REVIEW AND ASSESSMENT

Visible progress in infrastructure connectivity and in the development of border crossing points with facilities. Governments have implemented projects in the ECs, resulting in some degree of economic vibrancy within these zones.

Any progress in ECD has resulted from national initiatives vetted by the IMT-GT platform, rather than evidence-based, subregional, corridor-wide planning.

The IMT-GT strategic framework documents did not provide a definitive framework for ECD at a subregional level. No benchmarks were set to measure corridor performance.



**Member countries agreed in 2018 to undertake review of existing IMT-GT economic corridors
- first endeavor that looks at economic corridors from a broader perspective**

2. IMT-GT Economic Corridors

FINDINGS OF REVIEW AND ASSESSMENT



- Progress in road connectivity in corridors



- Rail connectivity lagging behind roads
- Need road and rail links to ports



- (Some) Maritime links did not materialize



- Direct flights within corridors limited
- Capitals have air links



- Cross-border infrastructure good condition
- Boarding crossing point (BCP) facilities adequate



- Cross-border trade not increased significantly last 4 years



- Provinces and states play critical roles in value chain for palm oil, rubber and Halal food

2. IMT-GT Economic Corridors

RECOMMENDATIONS OF REVIEW AND ASSESSMENT



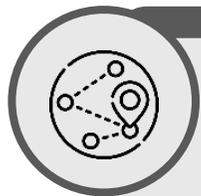
- 2nd generation road links



- Enhance multimodal connectivity along Straits of Malacca (road-rail connectivity to ports)



- Trade facilitation both land and sea-based transport



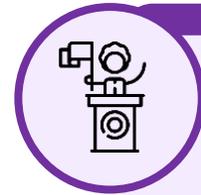
- Reconfigured economic corridors form a network



- Spatial development coordinated under IMT-GT-wide approach



- Intensify value chain initiatives



- Interlink nodes for coordinated economic corridor planning at local levels
- A pragmatic, incremental and on-the ground institutional mechanism

3. BIMP-EAGA Economic Corridors



Established in **1994** by **Brunei Darussalam, Indonesia, Malaysia, Philippines**

Two (later three) Economic Corridors first defined in 2007 under the “Connectivity Pillar”.

Since **Implementation Blueprint of 2012–2016**, ECD provide the spatial focus for project investments across all pillars of BIMP-EAGA.

BIMP-EAGA Vision (2017–2025) recognizes the need to assess and review its approach on ECD.

WBEC

West Borneo Economic Corridor

EBEC

East Borneo Economic Corridor

GSSC

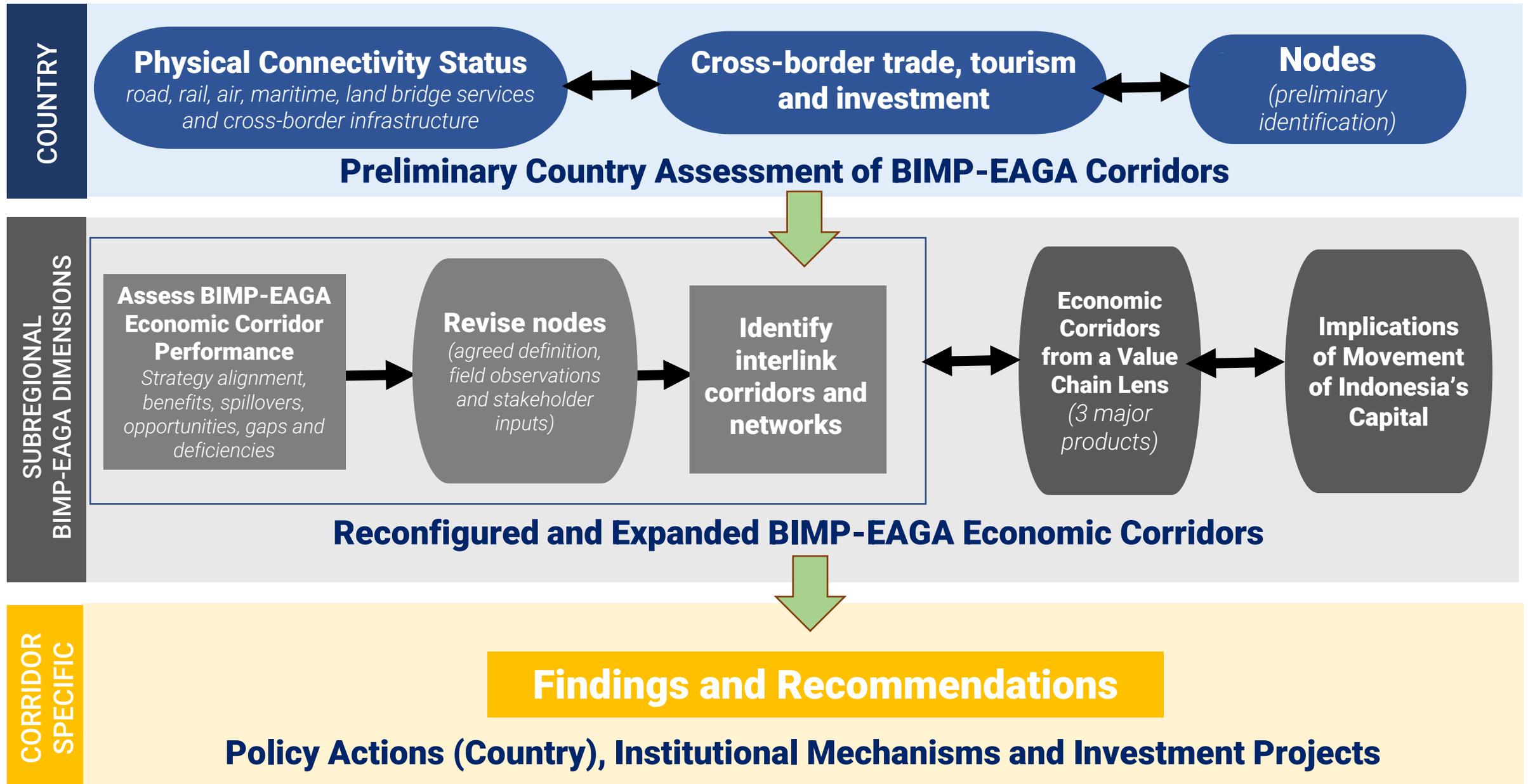
Greater Sulu Sulawesi Economic Corridor

3. BIMP-EAGA Economic Corridors

REVIEW AND ASSESSMENT 2023–2024: OBJECTIVES

- 1 Analyze the physical connectivity status and gaps
- 2 Study benefits, spillovers, growth and investment potentials
- 3 Identify potentials for expansion and recommend new routes; nodes
- 4 Strategic relevance of economic corridors (national and subregional)
- 5 Implications of the movement of Indonesia's capital to Nusantara
- 6 Assess linkages and emerging corridor networks
- 7 Identify pipeline of investment projects
- 8 Recommend policy actions and improvements in existing mechanisms for economic corridor development

3. BIMP-EAGA Economic Corridors

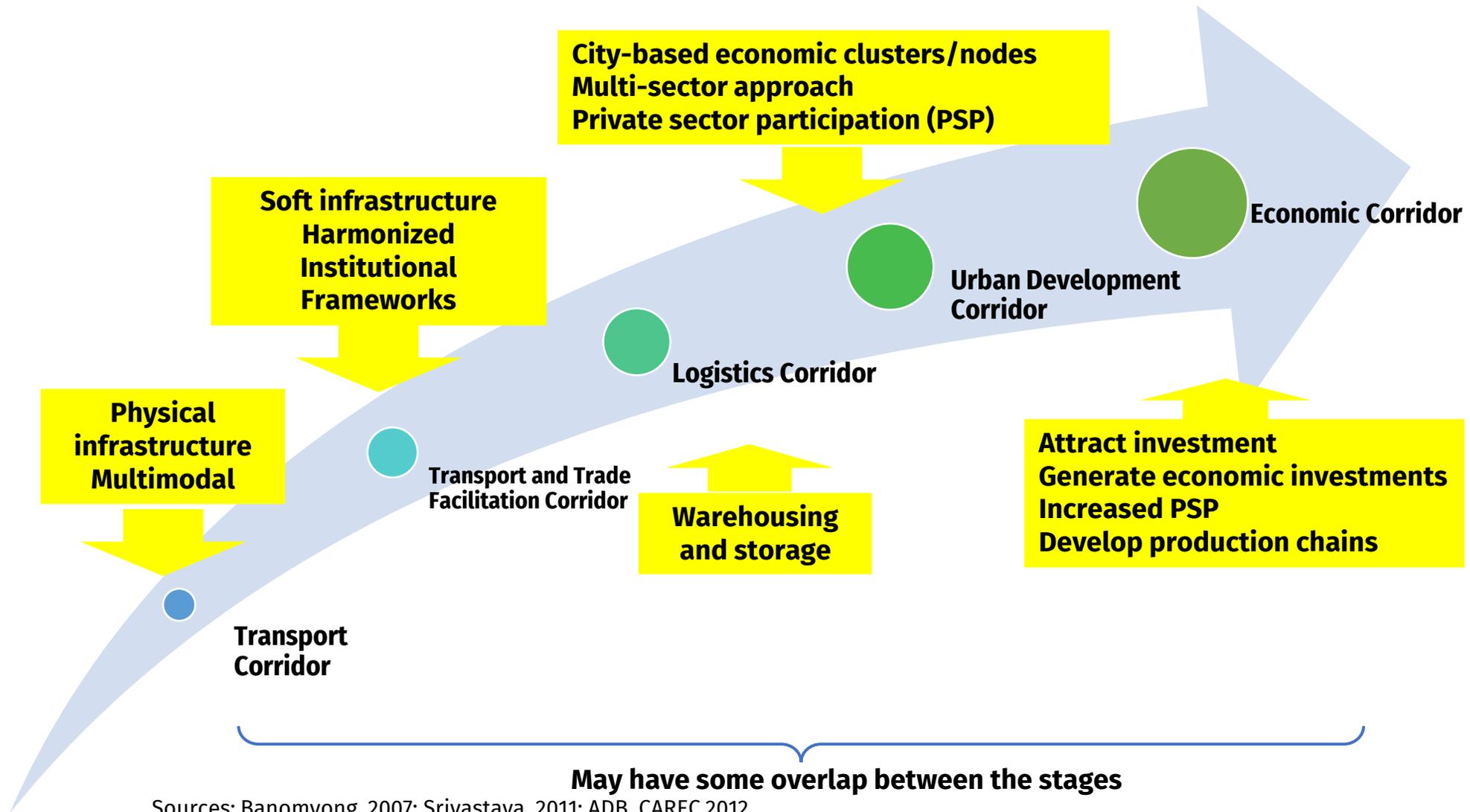


4. Takeaways: Success Factors for Economic Corridor Development

- 1 Hard infra complemented by soft infra
- 2 Careful consideration of nodes for corridor configuration
- 3 Enhancing network effects through corridor interlinkages
- 4 Alignment with value chains
- 5 Governance mechanisms with effective participation at all levels

4. Takeaways: Success Factors for Economic Corridor Development

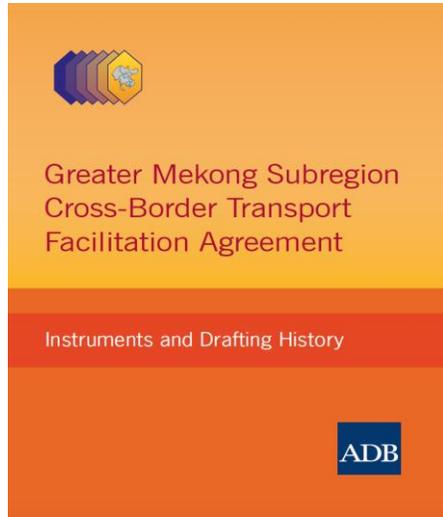
Economic Corridor Development: Stages and Factors



Sources: Banomyong, 2007; Srivastava, 2011; ADB, CAREC 2012

4. Takeaways: Hard Infrastructure Complemented by Soft Infrastructure

Example: GMS Economic Corridors



- CBTA was signed in 1999 and ratified in 2015 by GMS countries - single legal instrument consolidating all of the key nonphysical measures for efficient cross-border land transport.
- Intended to complement large (continuing) investments in physical infrastructure by allowing goods, passengers and vehicles to circulate.
- Since 2019 'Early Harvest' CBTA implementation package focuses on immediate implementation of provisions that can be implemented. It balances the need to update CBTA provisions vs immediate implementation.

GMS With or Without the CBTA?



WITHOUT CBTA...

- Could use incomplete and/or untested regional (ASEAN) and numerous bilateral agreements, but with limitations and "noodle bowl" complexities continuing to grow
- No transit arrangements for PRC (without access to ACTS)
- Fewer designated routes and border crossings?
- Poorer returns on infrastructure investments
- Competitive disadvantages for business and trade

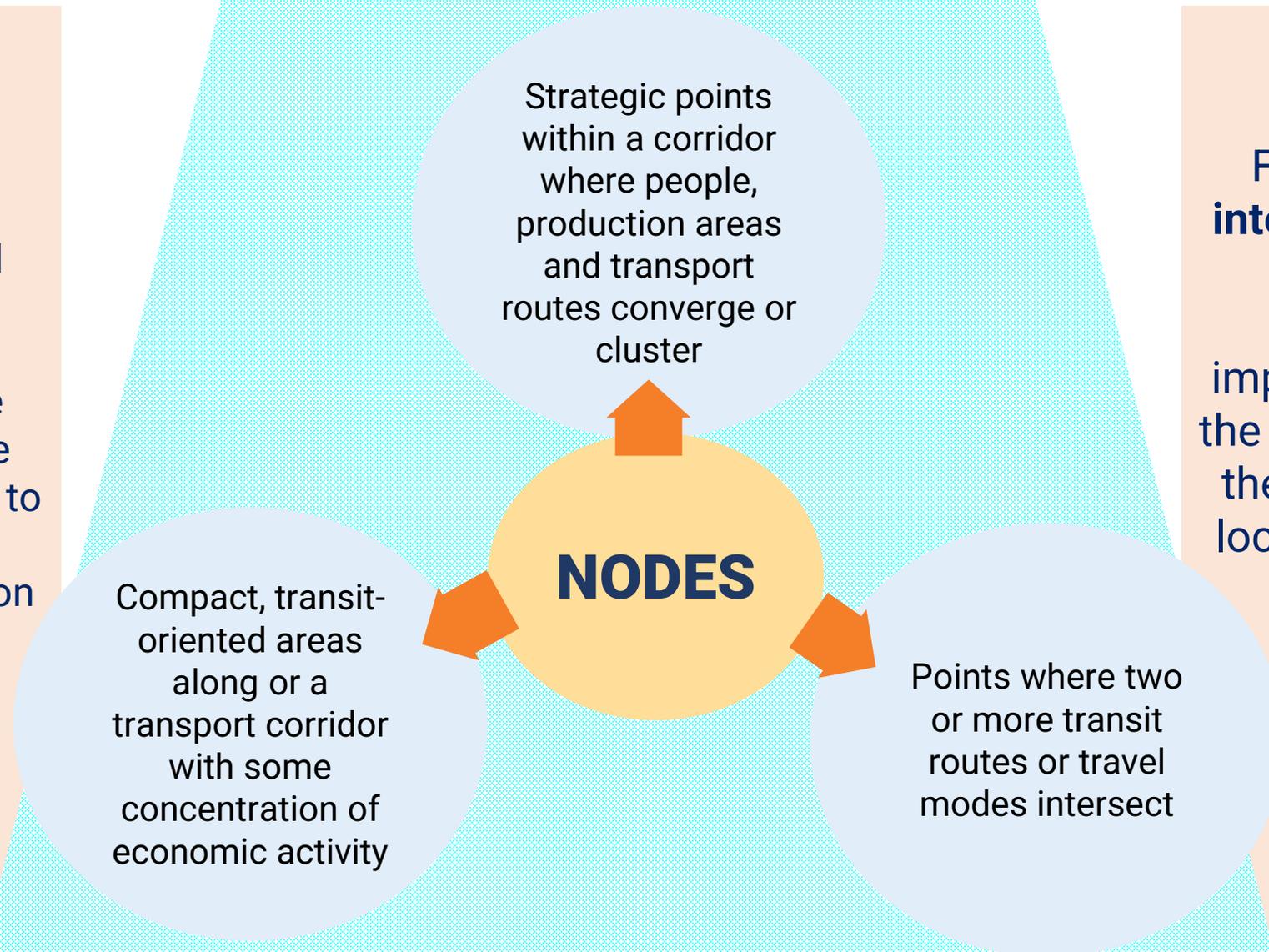
WITH CBTA...



- Complementary to regional (ASEAN) commitments and obviates need for most bilateral agreements, with 500 vehicles per Contracting Party
- Could provide transit solutions for PRC and third countries (but must be aligned with ACTS)
- Can increase routes and border crossings (ASEAN+)
- Better returns on infrastructure investments
- Competitive advantages for subregional business and trade

4. Takeaways: Careful Designation of Nodes for Corridor Configuration

The nodes identified should be points or areas that perform **catalytic roles** in the corridor and have the potential to contribute to trade and economic growth by leveraging on infrastructure connectivity.



For a given corridor, **interrelated roles or the continuity of the different nodes** is important, underscoring the need to carefully plan the juxtaposition or co-location of the different nodes.

4. Takeaways: Enhancing Network Effects through Corridor Configuration

Example: BIMP-EAGA Economic Corridors

Major Nodes or Major Economic Centers need to be defined in terms of their roles in economic corridors; provide basis for reconfiguration and expansion

Preliminary Assessment of BIMP-EAGA Economic Corridor Nodes

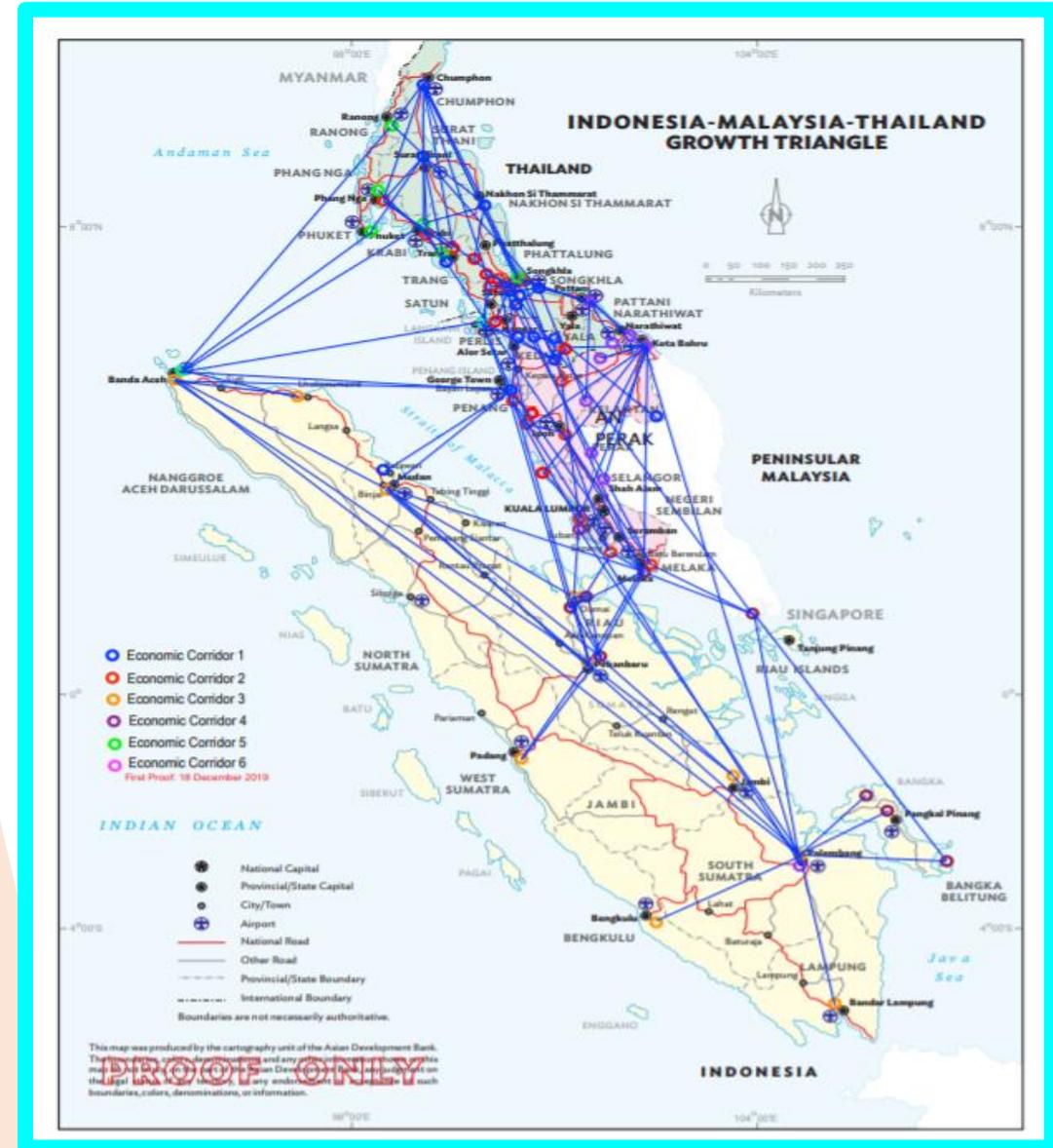
- **Commercial nodes:** either serve as intermediaries in the supply chain, or end nodes in the inflow and outflow of goods
- **Border nodes:** places near national boundaries that facilitate movement of goods and people
- **Gateway nodes:** end point that provide access to international markets
- **Tourist nodes:** centers of tourism activities

Additional BIMP-EAGA Economic Corridor Nodes

- **capital city nodes:** main urban and administrative center(s) of the province(s) and state(s)
- specify the **border crossing points (BCPs) nodes:** CIQS facilities that facilitate the entry and exit of goods and people across borders
- **maritime gateway ports:** help BIMP-EAGA prioritize transport of goods and passengers and better clarity in strategic approach to maritime connectivity; priority ports identified in the MOU on Sea Linkages

4. Takeaways: Enhancing Network Effects through Corridor Interlinkages

The reconfiguration of economic corridors and the designation of nodes, including interlink nodes, can form a network of corridors. Interlink nodes link two or more economic corridors and enable them to function as a network, rather than as single corridors.

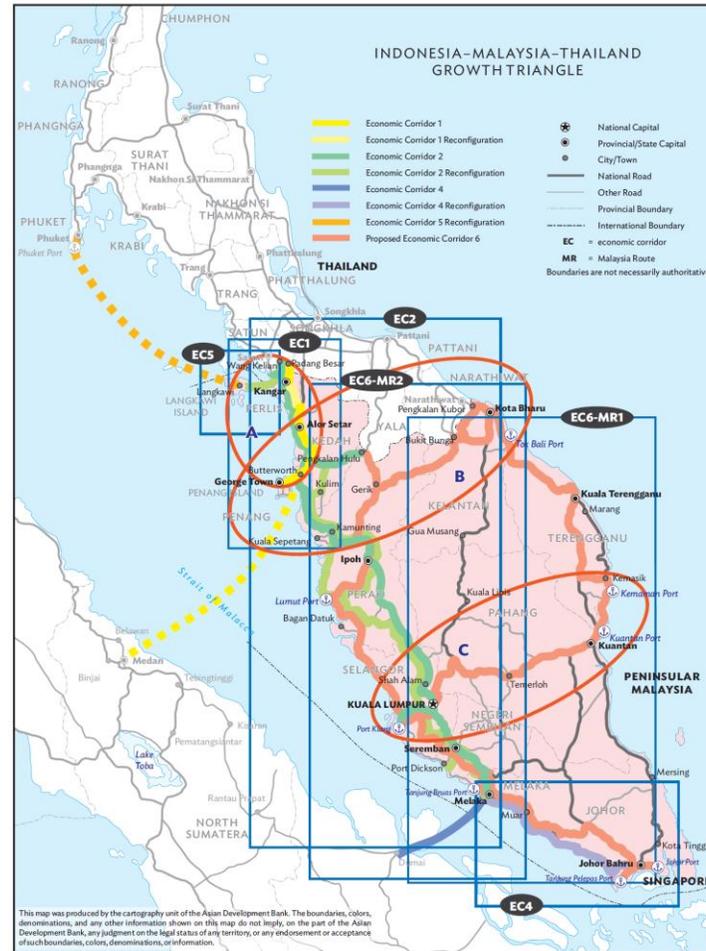


4. Takeaways: Enhancing Network Effects through Corridor Interlinkages

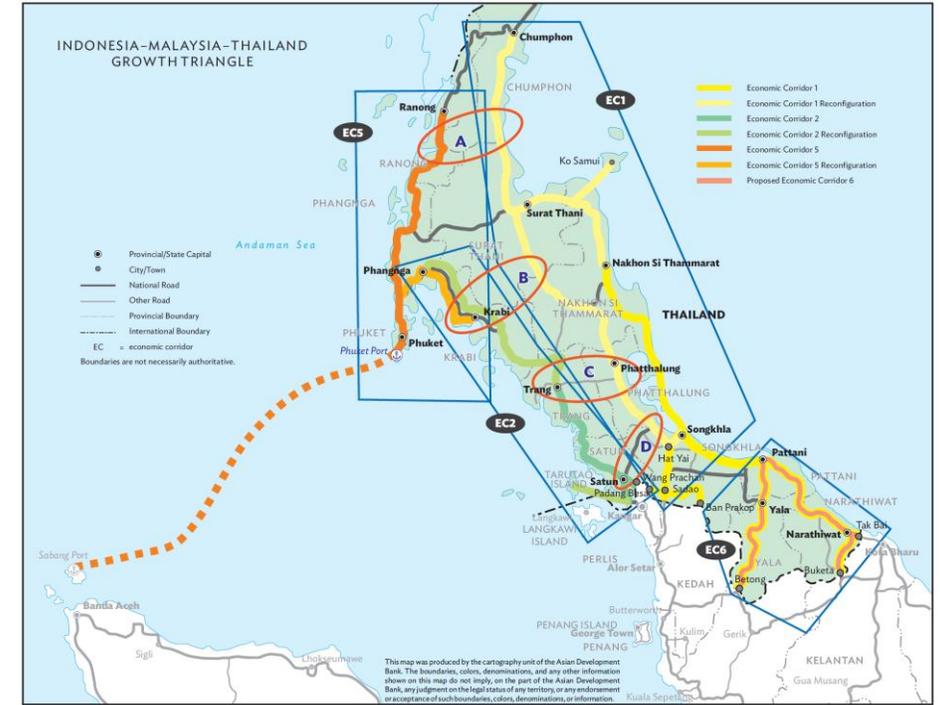
Example: IMT-GT Economic Corridors



Interlinked Corridors in Indonesia



Interlinked Corridors in Malaysia

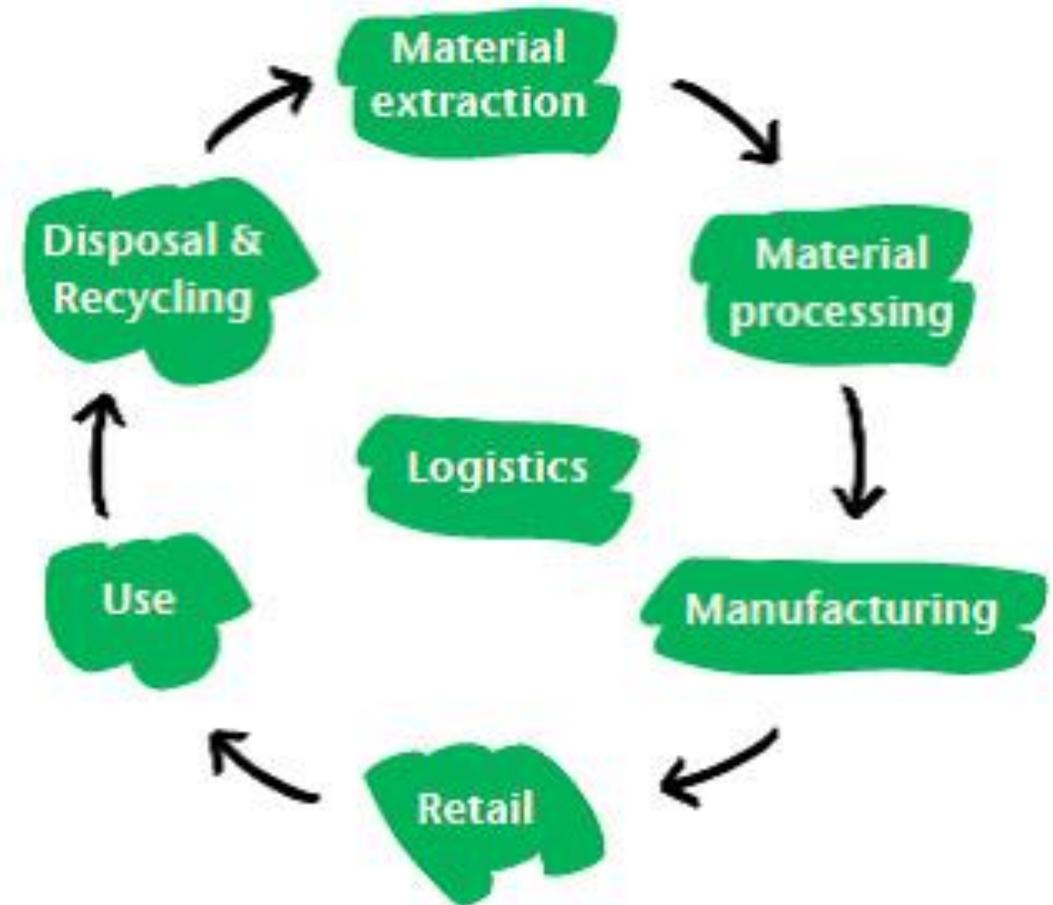


Interlinked Corridors in Thailand

4. Takeaways: Alignment between Economic Corridors and Value Chains

Value chain mapping should include aspects of **transport geography, physical infrastructure, and logistics**. The time, distance, and other costs of transportation will determine the optimal geographical organization of production. **Value chain mapping cannot be delinked with transport and economic corridor planning.**

Without the accompanying policies and programs, economic corridor inefficiencies can dilute the comparative advantage of a given product in a value chain.



4. Takeaways: Alignment between Economic Corridors and Value Chains

Example: IMT-GT Economic Corridors

ECD review of IMT-GT includes an identification of provinces/states and nodes that dominate the production, processing and distribution process in three major value chains.



Palm Oil Value Chain



Rubber Value Chain

4. Takeaways: Governance Mechanisms—Effective Participation at All Levels

Misconceptions

economic corridor =
transport corridor

spatial planning =
corridor planning

juxtaposed national corridors
= regional economic corridor

No explicit and well-developed coordination mechanism for
economic corridor development

ADDRESSING INSTITUTIONAL GAP

Transnational

Multi-
jurisdictional

Multi-sectoral

Contextual

Diverse
stakeholders

PRAGMATIC, INCREMENTAL, AND ON-THE-GROUND MECHANISMS

for improving coordination for economic corridor development, focusing on local stakeholders

4. Takeaways: Governance Mechanisms—Effective Participation at All Levels

Example: IMT-GT Economic Corridors

A bottom-up approach: on-the-ground, pragmatic, incremental

Provincial & State Levels (Transnational)

CMGF Nat'l Secretariats

Promote a better understanding and appreciation of the concept of economic corridors through learning events

Encourage regular meetings of clusters of provinces and states in a given corridor to plan for cross-border initiatives

Support dialogues of private sector groups on business opportunities focused on value chains

National Level

National Secretariat

Promote the establishment of a CMGF national secretariat

Coordinate closely with CMGF national secretariats (or local champions) and identify critical interfaces with sectoral initiatives

Include provincial/state representatives in the project appraisal committees or project implementation teams

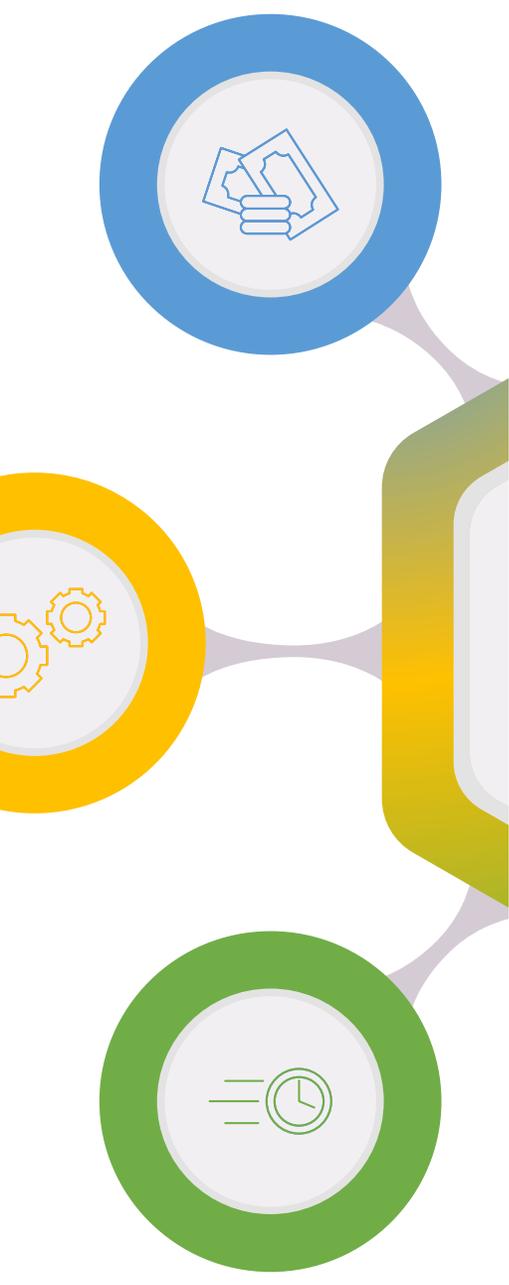
Subregional Level (Transnational)

CIMT

Expand CIMT's database to include an economic corridor projects database

Establish an IMT-GT economic corridors portal linked to national portals

Involve provincial or state representatives in convergence groups as needed



Thank you!

Antonio Ressano Garcia
Principal Regional Cooperation Specialist
Southeast Asia Regional Department, ADB
aressano@adb.org

