

ASIA-PACIFIC TRADE FACILITATION FORUM 2017





GMS-BC

GMS BUSINESS COUNCIL

**Governance and Institutional Innovations for Trade Implementation
in Asia and the Pacific**

**Private and Public Sector Collaboration for Trade
Facilitation: Innovation Models and Solutions in the GMS**

MR. OUDET SOUVANNAVONG

Chairman of the GMS Business Council (GMS-BC)
President Lao National Chamber of Commerce and Industry (LNCCI)



THE GMS Business Forum (GMS-BF)

- Established in October 2000, GMS-BF is a private sector organization formed by National CCIs of six GMS countries and of corporate multinational enterprises operating in the GMS.
- Its role is to provide needed private sector-related products and services to facilitate the implementation of the GMS Economic Cooperation Program (ECP) , which actions is specified in the GMS Strategic Frameworks.
- Its strategic focus and scope is to contribute to the effective implementation of the ECP through the involvement of the private sector in program activities and investment.
- The GMS-BF has been up-grade to a GMS Business Council at the 4th GMS Summit in 2015 in Thailand.
- The GMS-BC reports to the GMS Economic Corridor Forum (ECF) and the GMS Ministers' Meeting annually.
- The GMS-BC is mandated to organize the GMS Business and Investment Conference and report the results to the GMS leaders at the GMS Summit



GMS
 Land area: 2,508,934 sq km
 Population: 325.8 M
 GDP per capita: US\$ 1,500

Myanmar
 Land area: 676,577 sq km
 Population: 51.5 M
 GDP per capita: US\$ 964

Thailand
 Land area: 676,577 sq km
 Population: 67.0 M
 GDP per capita: US\$ 6,005

Lao PDR
 Land area: 236,800 sq km
 Population: 6.8 M
 GDP per capita: US\$ 1,512

Yunnan
 Land area: 152,124 sq km
 Population: 47.1 M
 GDP per capita: US\$ 4,230

Guangxi
 Land area: 91,390 sq km
 Population: 47.5 M
 GDP per capita: US\$ 5,134

Viet Nam
 Land area: 330,972 sq km
 Population: 90.7 M
 GDP per capita: US\$ 1,895

Cambodia
 Land area: 181,035 sq km
 Population: 15.1 M
 GDP per capita: US\$ 1,042



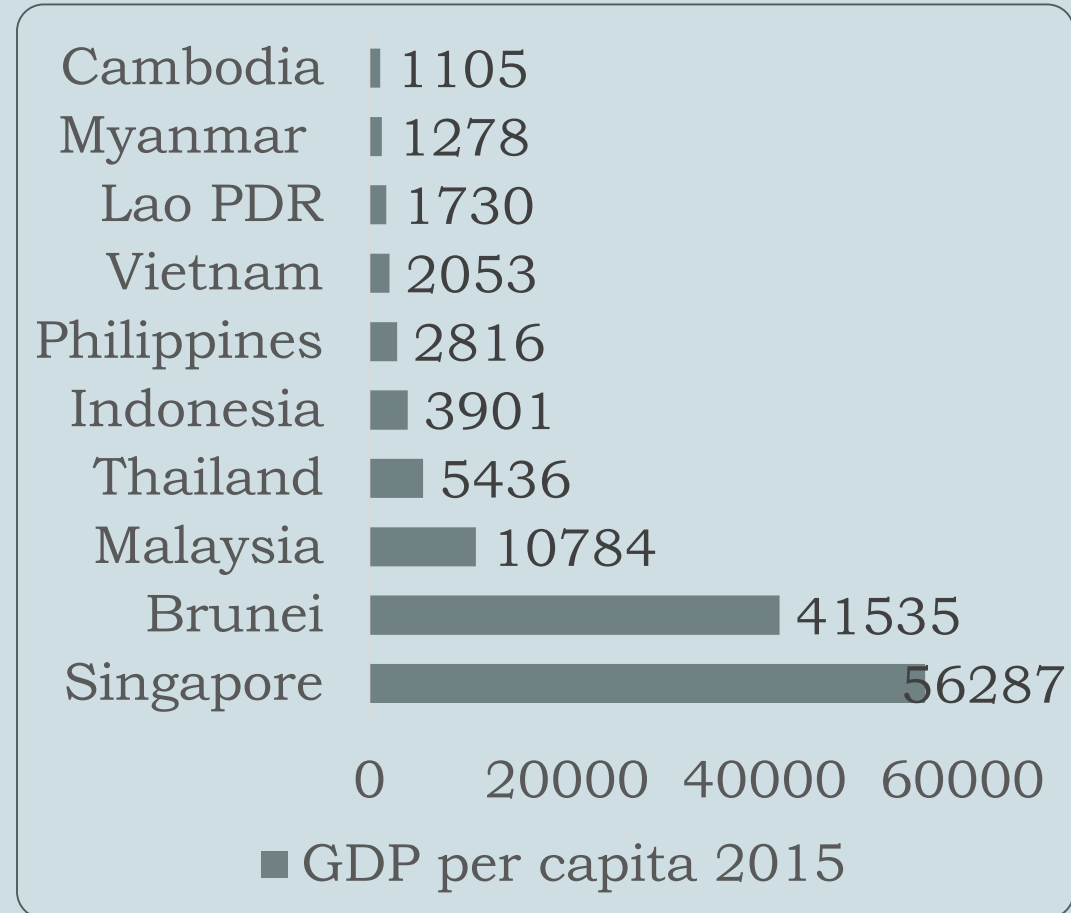
THE GREATER MEKONG SUB-REGION

Source: ADB Statistics



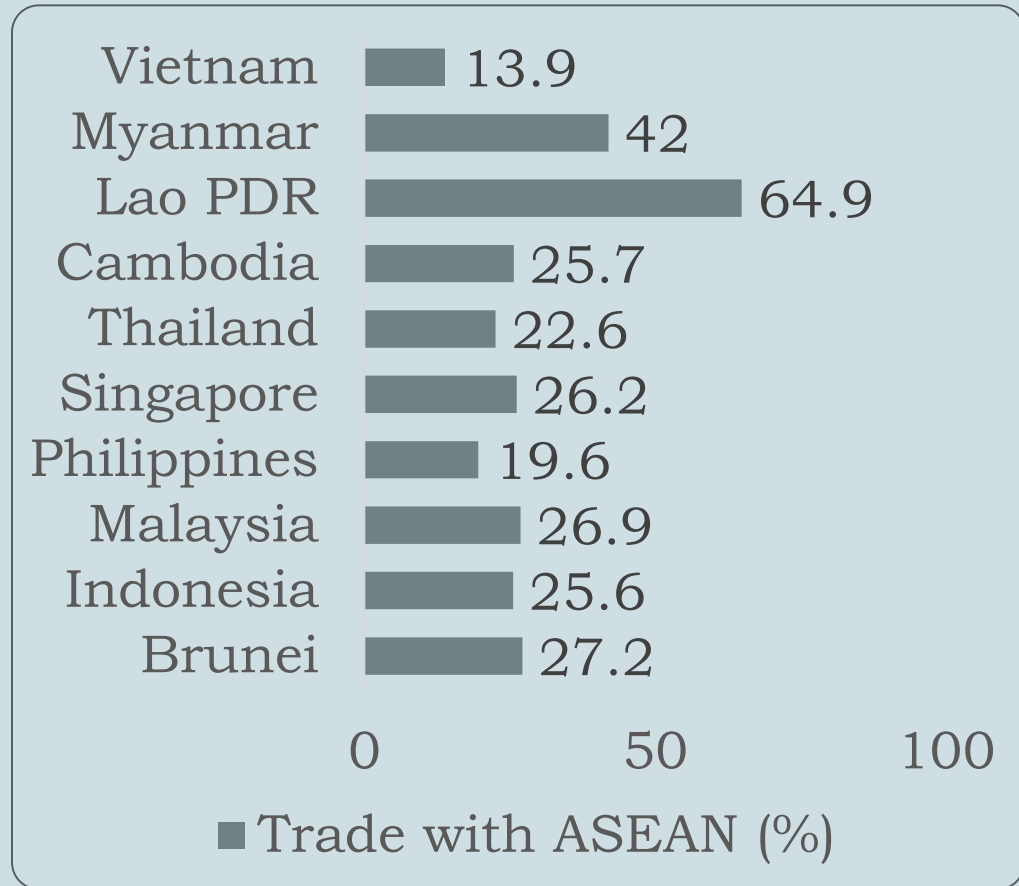
GMS - Economic Development

- GMS greatest challenge to the Regional Integration is the integration of the transitional economies of Least Developed Countries (LDCs) Cambodia, Lao PDR, Myanmar the CLM.
- There are large disparities in:
 - GDP per Capita Income.
 - Incidence of poverty level.
 - Infrastructure facilities: roads & bridges, energy generation, urbanization, water supply, telecommunication, etc.
 - Human resource.
 - Information and Communication.



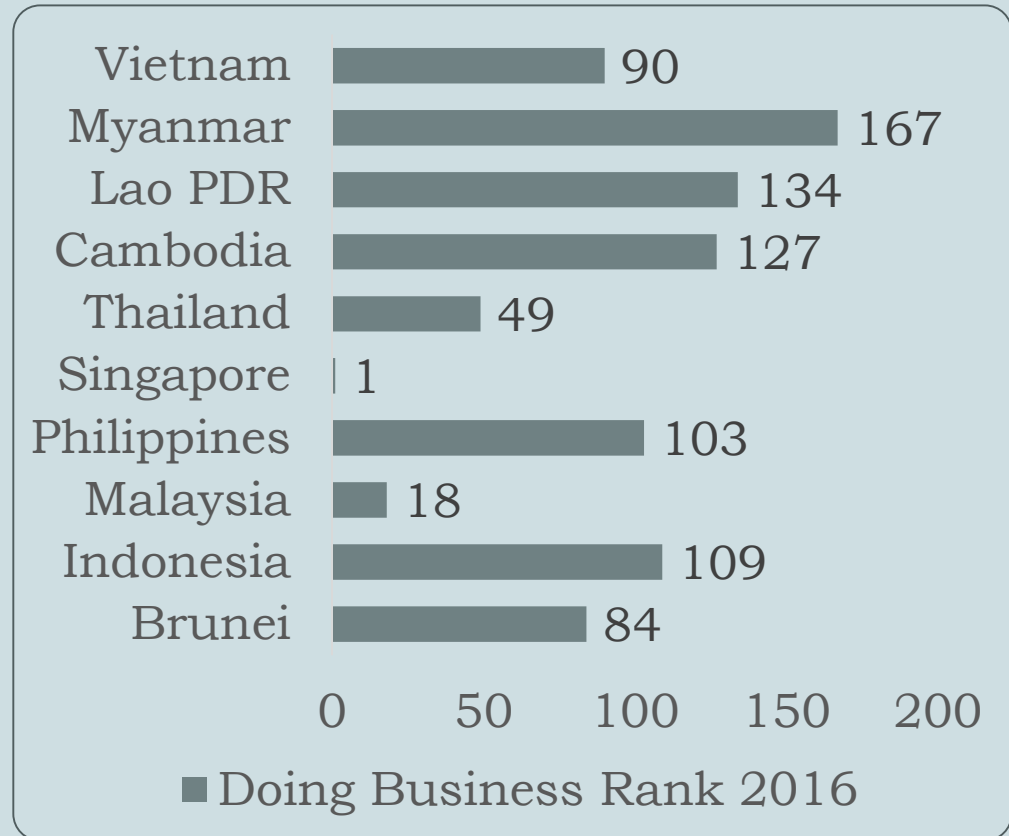
GMS – Intra Regional Trade

- Intra ASEAN Trade is low except for Lao PDR and Myanmar.
- Lao PDR's high level of trade with the ASEAN is also due to its land lock situation.
- This is showing a low ASEAN business connectivity
- Same Pattern is shown in Intra-ASEAN FDI inflows.



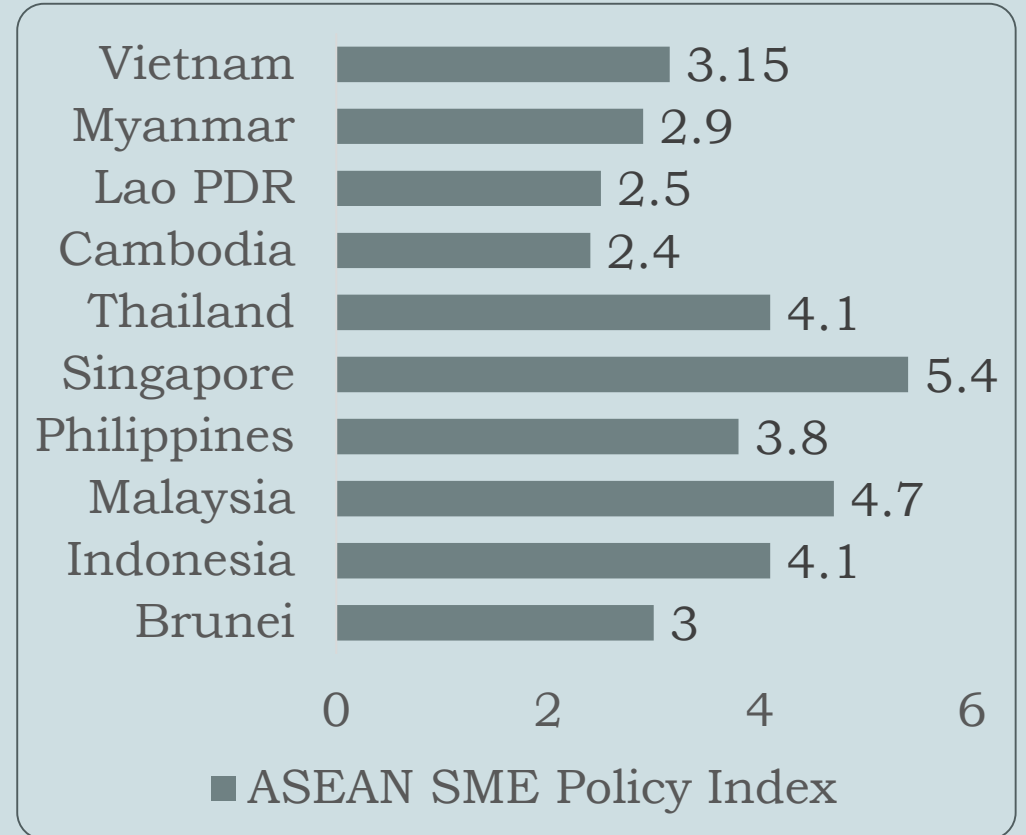
GMS - Business Environment

- There are large discrepancy in the ASEAN/GMS Business Environment
 - Singapore is ranked 1/189 as Myanmar 167/189
- Enterprises in GMS are facing with problems in doing business such as:
 - Registration of enterprise
 - Taxation
 - Access to finance
 - Access to market
 - Skilled labor
 - High cost of operation



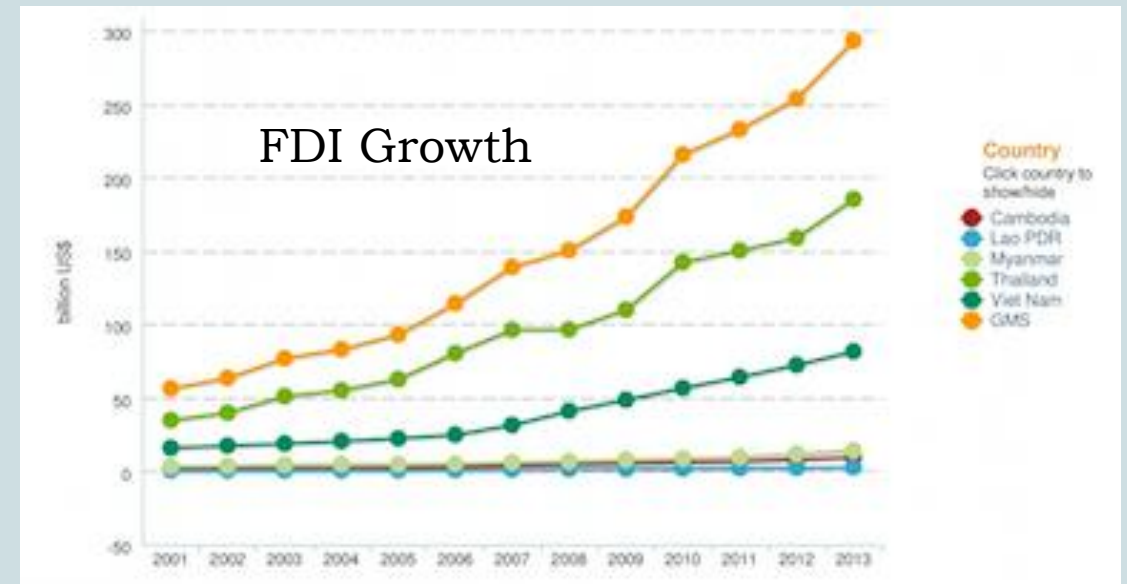
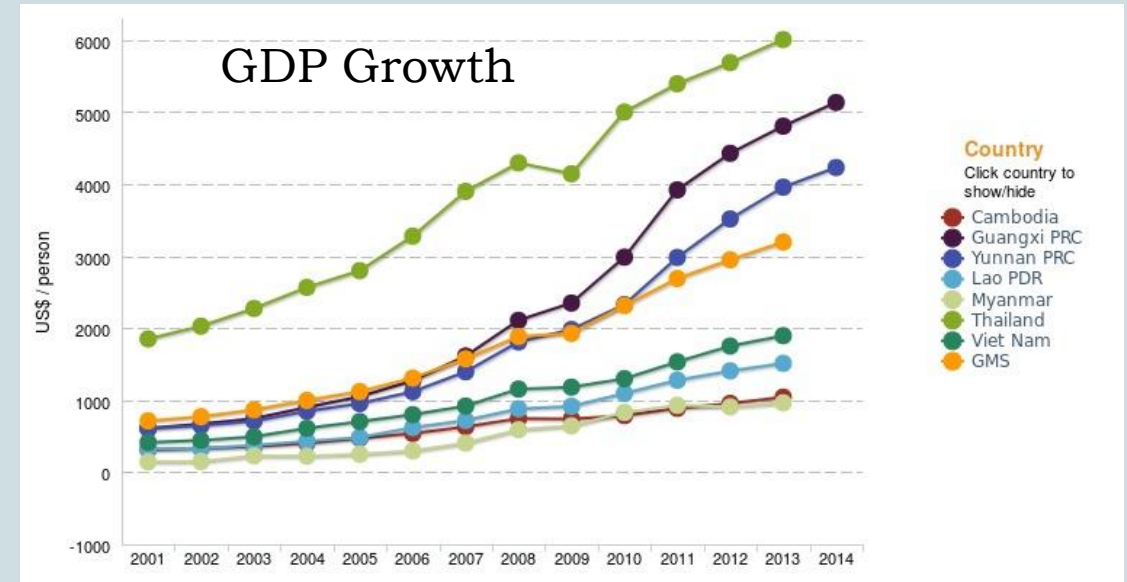
GMS - SME Policy Index

- SMEs plays an important role in GMS Economic Integration because 89 to 99% of enterprises in GMS are SMEs.
 - GMS SMEs create between 52 to 97% of employment, contribute 23 to 58% to the GDP, and 10 to 30% in total exports.
- There are big gaps between the CLM and the rest in five policy dimensions:
 - Technology & technology transfer
 - Access to finance
 - Promotion of entrepreneurial education
 - Cheaper, faster start-up and better regulations,
 - Access to support services.



Vision and Goals 2013-2022

- **GMS Strategic Framework 2012-2022**
 - Substantial progress to future global and regional trends.
 - Commitments in national development plans to the promotion of Regional and Global Integration.
 - A greater integration within ASEAN and the Asia region.
- **GMS countries envision a Mekong Sub-region that is more integrated, prosperous, and equitable**
 - 1) an enabling policy environment and effective infrastructure linkages that will facilitate cross-border trade, investment, tourism, and other forms of economic cooperation;
 - 2) the development of human resources and skills competencies.
- **Environment and Social Interests will be fully respected in the formulation and implementation of the GMS Program.**



Sector Priorities

- 1) Developing the Major GMS corridors as Economic Corridors;
- 2) Strengthening transport linkages, particularly roads and railways;
- 3) Developing an integrated approach to deliver sustainable, secure, and competitive energy;
- 4) Improving telecommunication linkages and ICT applications;
- 5) Developing and promoting tourism in the Mekong as a single destination;
- 6) Promoting competitive, climate-friendly, and sustainable agriculture;
- 7) Enhancing environmental performance;
- 8) Supporting HRD initiatives that facilitate the process of GMS integration.



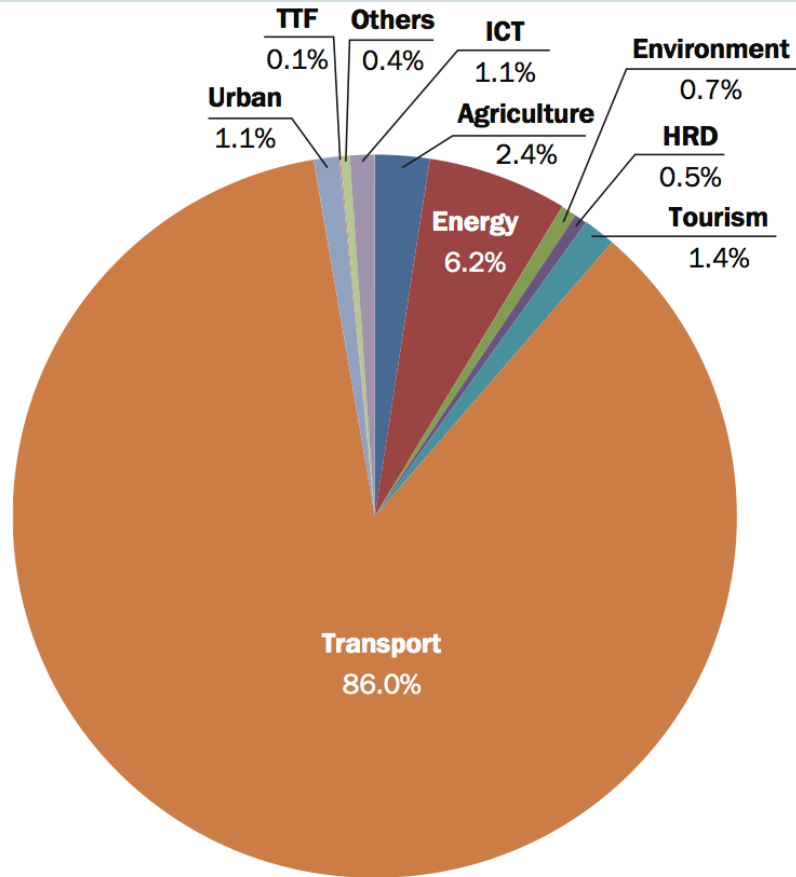
GMS Corridor Development – Trade & Transport Facilitation

- Transport Facilitation:
 - Expanding and streamlining exchange of traffic rights arrangements;
 - Improving the Customs Transit System (CTS);
 - Accelerating infrastructure construction and improved procedures at border posts;
 - Pursuing the establishment of the GMS Freight Transporters' Association (FRETA);
 - Strengthening the road transport industry;
- Trade facilitation:
 - Enhancing coordinated border management and aligning these to the ASEAN TTF measures,
 - Enhancing the sanitary and phyto-sanitary regime for GMS trade,
 - Strengthening national and sub-regional institutions for trade facilitation, and
 - Developing an effective regional trade logistics strategy; and
 - capacity building and improving the legal and regulatory framework for TTF.



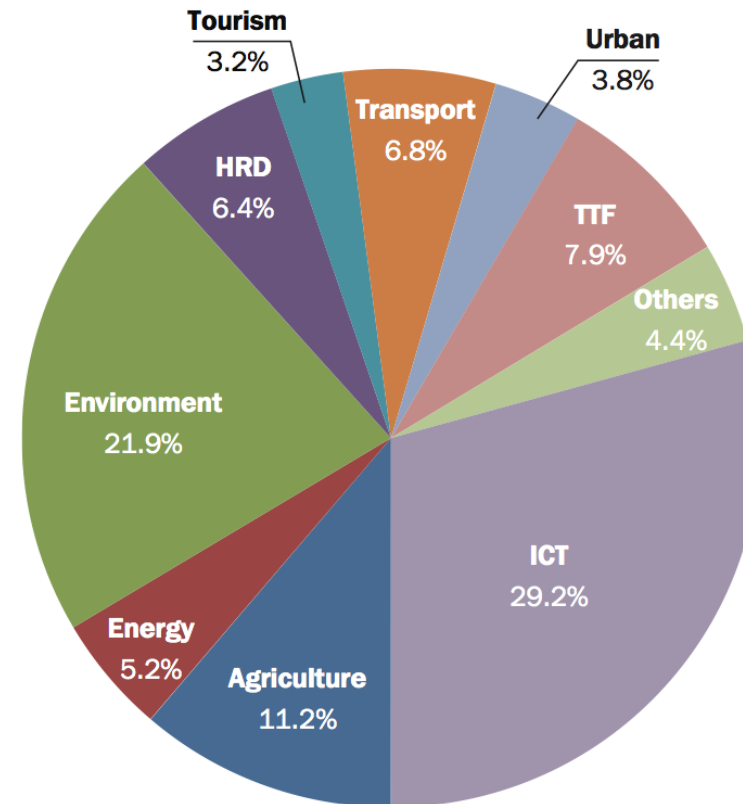
GMS RIF Projects (51.5 Billions US\$)

INVESTMENT PROJECTS



HRD = human resource development, ICT = information and communications technology, TTF = transport and trade facilitation.
Source: ADB estimates.

TA PROJECTS



ICT = information and communications technology, TTF = transport and trade facilitation.
Source: ADB estimates.



GMS-BC Focus Activities

- Facilitating cross border transportation by the operation of the GMS Freight Transport Association (FRETA)
- Promoting SMEs' access to finance
- Preparing private sector investment participation in the GMS Regional Investment Framework (RIF), and
- Developing an efficient and private sector disaster risks management and monitoring system in the GMS



Facilitating Cross Border Transport in the GMS

- GMS-FRETA was established on December 2011 to facilitate the implementation of the GMS Cross Border Transport Agreement (CBTA) The mandate of GMS-FRETA are:
 - Reduce the costs of logistics
 - Implementation of the CBTA Annex 9 on the free circulation of qualified/standardized vehicles
 - Capacity building and certifying of transport enterprises, managers and truck drivers
 - Access to finance for the transport industry
 - Trade and transport data base for monitoring
 - Development of multimodal transport
 - Exchange of truck head and trailers.
- On March 2016 GMS-FRETA has been acknowledged to be the official private sector dialogue partner
 - To raise the mandate of GMS-FRETA a workshop between the representatives from GMS-BC, GMS-FRETA, the National Transport Committees, the Trade Facilitation and Customs Committees and Working Groups to review trade restrictions and problems at border crossing and made practical recommendation.
- GMS-FRETA in cooperation with the Mekong Institute got support from Republic of Korea under the Mekong-ROK Program and from the EU Switch Program – GiZ to strengthen the capacity of transport operators and truck drivers.



Facilitating Cross Border Transport in the GMS

- GMS-FRETA by the Myanmar International Federation of Freight Transport Association (MIFFA) and the Thai Board of Trade (Logistic Chapter) successfully negotiated the exchange of truck head and trailers from Mae Sot –Myawaddy (Thailand-Myanmar border) to Thilawa SEZ in Yangon.
- Other immediate actions requested by GMS-FRETA are:
 - Border Operating Hours to be minimum 12 hrs/7 days week in all major borders. This concern CIQ and other related operations.
 - Recognition of all documents transferred by electronic means. In many borders hard copies of clearance documents to authorities are still required.
 - Harmonization and mutual recognition of industry standards: develop compendium/comparison of truck and driver regulations and standards.

Pilot scheme speaks volumes about potential of Mae Sot-Myawaddy trade

Thompson Chao 28 Aug 2017



“The pilot project illustrates that trailer swapping at Mae Sot-Myawaddy border is one effective intermediate solution for border logistics”.
The Myanmar Times – 29 August 2017..



GMS-BC Initiatives – SME, RIF's PPP, and Disaster Risk Management

- Access to finance for SMEs in the GMS, especially in CMLV countries were addressed with the support of the ADB's Mekong Business Initiative (MBI). There are different stage of development in each country.
 - GMS-BC asked for more support to get a SME credit guarantee facilities in the CMLV countries
- It is anticipated the Public and Private Partnership (PPP) would be one of the financing model used for the investment project specified in the GMS RIF.
 - GMS-BC proposed to be one platform to promote PPP pipeline projects and would organize it self to work with established PPP Centers in the region.
- Climate changes with increased number of natural disaster such as the flood in Thailand in 2012 increased the demand for private sector participation in disaster risk management and mitigation.
 - During the 5th GMS Summit in Bangkok, the GMS-BC proposed to establish a Public and Private Task Force for disaster risk management.
 - GMS-BC and the Asian Disaster Preparedness Center (ADPC) signed an MoU for training and deploying disaster risk management (DRM) for corporate in the region.



GMS-BC Initiatives – Future Plans

- GMS-BC is mandated to create Private Sector Forums to support the development activities specified in the GMS Strategic Framework; (1) economic corridor; (2) transport; (3) energy and power market; (4) ICT; (5) Tourism; (6) Agriculture; (7) Environment and Biodiversity; and (8) HRD.
 - A Private Sector Strategy and Plan is under preparation to align private sector needs to Government strategy and plans as specified in the new GMS Strategic Framework 2013-2018.
- Other than attending and reporting at GMS meetings, GMS-BC would develop facilities and methods to promote cross border works and shared learning.
 - Issues for the future should consider the evolution of business model and the growth of technologies regionally and globally, and also address the flow of disruptive industries in the region.
 - Cross border trade and transport would remain the major issue to enhance economic integration. however, GMS-BC would develop additional facilities and solutions to promote private sector development in the emerging and inter-related sub-sectors such as e-commerce, e-logistics and e-finance.

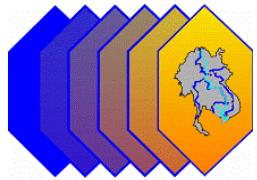


GMS-BC Initiatives – Future Plans

- GMS-BC would involve and focus on new business advocacy and new economy groups such as Young Entrepreneurs and Women Entrepreneurs to share opportunities to develop the platforms for the 8 sectors specified in the GMS Strategic Framework.
 - GMS-BC will organize its first Young Entrepreneur Forum in 2018
- GMS-BC's Potential Facilities for Private Sector Development are:
 - A platform for information sharing in all the GMS countries. The initiative is to improve existing information platforms under the GMS-BC, Mekong Institute (MI) and other Business to Business (B2B) platforms used by young and women entrepreneurs;
 - A platform to support the access to knowledge and technology to accelerate development;
 - A platform to support the access to talent, and to make it easier for people to move among the region;
 - A platform to support the access to capital and to initiate B2B on finance technology
- In relation to HRD and capacity building of the private sector, work with MI for strengthening cross border transport and logistic under GMS-FRETA would continue.
 - GMS-BC and MI agreed to work together to develop a GMC Cross-Border data base for commerce, logistic and finance.



Thank you



GMS-BC
GMS BUSINESS COUNCIL

GMS Business Council – Secretariat
LNCCI Building, Kaysone Phomvihane Avenue
Saysettha District, Vientiane Capital,
Lao PDR

email: secretariat@gms-bc.org
www.gmsbizforum.com

