



SECOND MEETING

GMS Urban Development Task Force

14–15 November 2013 • Kunming, People's Republic of China

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CROSS-BORDER ECONOMIC ZONES DEVELOPMENT

Proposed
Project Preparatory Technical Assistance
(PPTA)

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Export Processing Zones (EPZs) in GMS countries

CAMBODIA

- The Council for the Development of Cambodia (CDC) has approved 21 special economic zones (SEZs) across the country, with total investment capital in excess of \$1 billion.
- Seven of these have occupants – Sihanoukville SEZ, Phnom Penh SEZ, Manhattan SEZ, Tai Seng Bavet SEZ, Poipet SEZ, Goldfame Pak Shun SEZ, and Koh Kong SEZ. Meanwhile, Sihanoukville Port SEZ is under construction, others are at various stages of development, and some remain undeveloped.

Export Processing Zones (EPZs) in GMS countries

PEOPLE'S REPUBLIC OF CHINA (PRC)

- As part of its economic reforms and policy of opening to the world, between 1980 and 1984 China established special economic zones (SEZs) in Shantou, Shenzhen, and Zhuhai in Guangdong Province and Xiamen in Fujian Province and designated the entire island province of Hainan a special economic zone.
- In 1984 China opened 14 other coastal cities to overseas investment (listed north to south): Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhanjiang, and Beihai.

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Export Processing Zones (EPZs) in GMS countries

PEOPLE'S REPUBLIC OF CHINA (PRC)

- Since 1985 the central government expanded the coastal areas by establishing the following open economic zones (listed north to south): Liaodong Peninsula, Hebei Province (which surrounds Beijing and Tianjin), Shandong Peninsula, Yangtze River Delta, Xiamen-Zhangzhou-Quanzhou Triangle in southern Fujian Province, Pearl River Delta, and Guangxi. In 1990 the Chinese government decided to open the Pudong New Zone in Shanghai to overseas investment, as well as more cities in the Yang Zi River Valley.
- **Since 1992 the State Council has opened a number of border cities and all the capital cities of inland provinces and autonomous regions.**

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EPZ on the PRC-VIE border

Pingxiang-Dong Dang Cross-Border Economic Zone

- **Location:** Pingxiang, Guangxi and Dong Dang, Lang Son
- **Description:** A flagship initiative under the GMS North-South Economic Corridor (NSEC) scheme and the GMS Action Plan; a showcase border-crossing economic zone under the China-ASEAN Free Trade Area; located at border crossings with a total area of 17km², at 8.5 km². It is proposed that Phase II and III Infrastructure Construction of Pingxiang Integrated Free Trade Zone (Chinese side of the CBEZ) be implemented in the period 2013-2020.
- **Cost estimates:** \$ 322.0 m (150.0 - ADB loan+ 80.0 - Government Funds+ 92 - Private Equity Investment)
- **Status:** Feasibility Studies for both PRC and VIE sides completed. requires ADB follow TA estimated at USD 5.8 million (3.6 -Joint F/S + 2.2 - research on administration and policy mechanism).
- **Remarks:** UNDP grant of 600,000 for related research, personnel training and planning efforts; ADB RETA7356 was for the completed feasibility studies;
- **Source:** PRC PPT during ECF-5 on 7 Aug 2013 in Bangkok, Thailand

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Cross-Border Economic Zones (CBEZs)

Hekou- Lao Cai Cross-Border Economic Zone

Location: Dongxing

- To be built as an experimental zone to deepen PRC-Viet Nam cooperation
- A priority project of the Dongxing National Experimental Zone of Development and Opening-Up
- An important economic zone situated in a node city of the GMS economic corridor that will contribute to the transformation of a transportation corridor into economic growth corridor.
- Cost estimate: \$ 968 m

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EPZs on the PRC- LAO PDR or PRC - MYA BORDERS

Longbang-Baise -Tra Linh

Mohan (PRC) - Boten (Lao PDR)

Ruili (PRC)- Muse (Myanmar)

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Export Processing Zones (EPZs) in GMS countries

Myanmar

- Special economic zones, which offer tax exemptions (5 years for production, 8 years for high-tech, 2 years for agriculture, livestock breeding and forestry, and 1 year for banking) are undergoing preliminary construction in Sittwe Township and Kyaukpyu Township in Rakhine State.
- Six free trade zones will be Thilawa Port in Yangon, Mawlamyine in Mon State, Myawaddy and Hpa-an in Kayin State, Kyaukphyu in Rakhine State and Pyin Oo Lwin in Mandalay Region.
- The Myanmar Port Authority has been involved in facilitating contracts to develop Myanmar's Special Economic Zones, including a USD \$8.6 billion deal to develop a deep sea port at Dawei called the Dawei Port Project, by Italian-Thai Development).

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Export Processing Zones (EPZs) in GMS countries

THAILAND

- **Border Economic Zones:** Chaing Rai, Tak and Songkhla Provinces. New SEZs are expected to be in Mae Sot in Tak; Mae Sai, Chiang Saen and Chiang Khong in Chiang Rai; Ban Phu Nam Ron in Kanchanaburi; Koh Samui; Suvarnabhumi airport; and the provinces of Sa Kaeo, Trat, Sa Kaeo, Trat, Songkhla, Narathiwat, Nakhon Phanom, Nong Khai and Mukdahan.
- Each SEZ would facilitate activity along at least one of three economic corridors _ the East-West Corridor linking Vietnam, Laos, Thailand and Myanmar; the North-South Corridor linking northern Thailand. and southern China; and the Southwest Corridor linking Cambodia, Thailand and Dawei, Myanmar.

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Export Processing Zones (EPZs) in GMS countries

Viet Nam

26 Border-Gate Economic Zones

- 11 border with PRC (DongDang, Chi Ma, Lao Ci, Mong, Cai, North Phong Sinh, Hoanh Mo-Dong Van, Thanh Thuy, Ma Lu Thang, Ta Lung, Tra Linh, Soc Giang)
- 7 border with Lao PDR (Cau Treo, Cha Lo, Nam Giang, Bo Y, Lao Bao, A Dot, Na Meo)
- 8 Border with Cambodia (Road 19, Bonue, Moc Bai, Xa Mat, Dong Thap, An Giang, Ha Tien, Long An)

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Export Processing Zones in the GMS

- **VIET NAM**

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Objective of the PPTA

- To develop feasibility study for Cross-Border Export Processing Zones (CBEPZs) which will qualify for Foreign Direct Investment (FDI), and are bankable (ADB and others)

Discussion of EPZs:

- Criteria for success, Location, profile, Cross-Border Trade Agreement (CBTA)
- Rational for establishment of EPZs:
 - Labor costs in participating countries
 - World Trade Organization (WTO) quota
 - Access to different sources of raw materials, energy, labor

Candidate Cross-Border Export Processing Zones (CBEPZs) for PPTA



Geographic Coverage of PPTA - TBD

- PRC-VIE border: 3 locations
 - THA-LAO border: 2 locations
 - CAM-VIE border: 1 location
 - CAM-THA border 1 location
 - MYA-THA border 1 location
- Total: 8 locations

QUESTIONS FOR DISCUSSION

- **Objective of this PPTA: only feasibility study?**
- **What about investments? (ADB and others)**
- **Should RIF include public sector investment pipeline?**

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PPTA Cost

Feasibility Study - \$1.5 million (TBD)

Source – TBD

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