

Anchor Programs

To sharpen its focus, the Roadmap will build on two anchors, namely: (i) a policy and regulatory anchor, which is aimed at providing an enabling policy and regulatory environment conducive to private sector activities in the IMT-GT subregion; and (ii) an anchor built around major IMT-GT corridors that can serve as the “trunk lines” from which development will radiate to neighboring areas through transport and economic linkages. All the measures directed at facilitating the movement of capital, goods, people and vehicles in the IMT-GT subregion constitute the “IMT-GT policy and regulatory anchor”.

The second anchor aims at using major IMT-GT corridors as the focal point for the clustering of major economic activities, starting with the improvement of transport facilities and linkages, as well as other supporting infrastructure. Such economic corridors will link production and processing centers outside of the corridors to trading centers and staging areas for exports in the corridors, and generate many ancillary activities to support the production, processing, and marketing chain. A freer flow of goods and services to various processing centers for value-adding activities, cross-border trade, or for export to countries outside of the

IMT-GT through international gateways is envisioned. Among others, the corridor approach will (i) provide focus and serve as a catalyst to the development and growth of ancillary activities and areas within and around the economic corridors; (ii) generate investment opportunities both in terms of commercial activities and infrastructure support and services; and (iii) help in achieving synergy through the clustering of projects within and around the economic corridors.

In this regard, priority will be given to the development of the (i) extended Songkhla-Penang-Medan Economic Corridor connecting Medan in Sumatera to Penang in

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Peninsular Malaysia and, in Thailand, Songkhla, Phatthalung and Nakhon Si Thammarat, as well as Narathiwat, Pattani and Yala; (ii) Straits of Melaka Economic Corridor” covering the western coastal belt of southern Thailand and Peninsular Malaysia from Trang in Thailand to Melaka in Peninsular Malaysia; (iii) Banda Aceh-Medan-Pekanbaru-Palembang Economic Corridor; and (iv) Dumai-Melaka Economic Corridor (see *Annex F* for a map showing these corridors).

The first corridor includes Songkhla, Penang and Medan, which are already established international gateways with well-equipped seaports that can improve connectivity by sea – important for bulk shipments of goods – between southern Thailand and northern Malaysia and Sumatera, as well as provide onward shipping services to East Asia and Europe. While the

Medan-Penang corridor is one of the most developed subregional corridors like Batam-Singapore, there is a need to upgrade the corridor by way of competitive ro-ro ferry services, efficient inter-modal connection, improved access to Belawan Port and relocation of the congested Polonia Airport.³ Phatthalung Province is the rice-growing plain in southern Thailand. The area has potential for cattle-raising in the form of contract farming and for supplying the IMT-GT subregion with meat and dairy products. Phatthalung is also a well-known site for eco-tourism, with a large freshwater lake that is suitable for bird-watching and other leisure activities. Nakhon Sri Thammarat also has vast potential for developing economic linkages with the rest of the IMT-GT. It is home to Hua It Agricultural Wholesale Market, the largest wholesale market in southern Thailand supplying agricultural products to Malaysia and Singapore. Moreover, it has tourist attractions such as the Pramahatut Temple, as well as ecotourism (waterfall and beach resorts) and handicraft centers.

The “Straits of Melaka economic corridor” is important for expanding connectivity – physical, economic, commercial – between southern Thailand and Peninsular Malaysia. Due to the proximity of this corridor to Sumatera, there is considerable potential for complementation in various stages of the production chain with the Indonesian subregion of the IMT-GT, especially if a series of economic and industrial zones are

³ Asian Development Bank and Ministry of Communications, Indonesia, 2005. *Final Report for Subregional Transport Cooperation Initiative*, July.

established at strategic points along the corridor. This corridor can also serve as a food hub, especially as a halal food hub with a number of food terminals and integrated food centers being planned within the corridor. The corridor can be transformed into a coastal belt development zone.

The Banda Aceh-Medan-Dumai-Palembang Economic Corridor which, is parallel to the designated transit transport route of the ASEAN Highway Network in Sumatera, is of critical importance for developing the Sumatera subregion of the IMT-GT, and its development needs to be closely coordinated with that of the other three corridors. It complements the Extended Songkhla-Medan-Penang Corridor, as it will improve the flow of goods and services to major trading centers and staging points in Sumatera, which can then connect with those in southern Thailand and Northern Malaysia. It

provides access to several international ports in the eastern coast of Sumatera such as Banda Aceh, Medan, Pekanbaru, Dumai, and Jambi. The fourth corridor between Melaka in Malaysia and Dumai in Indonesia constitutes another principal link between Sumatera and Peninsular Malaysia. In terms of the corridors, it serves as another link between the Straits of Melaka Economic Corridor and the Banda Aceh-Medan-Dumai-Palembang Economic Corridor.

There is a critical mass of measures and programs in the Action Plan (particularly under the third strategic thrust) which cluster within and around these corridors. Other corridors may be included in the future. However, the initial push will be to use and improve existing facilities in the four corridors and make these the building blocks for the further development of the corridors and neighboring areas.

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