

MEMORANDUM OF UNDERSTANDING

TOWARD SUSTAINABLE AND BALANCED DEVELOPMENT OF THE GREATER MEKONG SUBREGION NORTH-SOUTH ECONOMIC CORRIDOR AND ENHANCED ORGANIZATIONAL EFFECTIVENESS FOR DEVELOPING ECONOMIC CORRIDORS

The Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, Union of Myanmar, Kingdom of Thailand, and Socialist Republic of Viet Nam (hereinafter referred to as the Parties to the Memorandum of Understanding):

Recalling that (i) the economic corridor approach to subregional development was adopted by the Greater Mekong Subregion (hereinafter referred to as the GMS) countries as a fundamental strategy to help accelerate the pace of subregional cooperation and realize the vast economic potential of the subregion; and (ii) the North-South Economic Corridor, East-West Economic Corridor, and the Southern Economic Corridor (hereinafter referred to as NSEC, EWEC, and SEC, respectively) were designated by the GMS countries as flagship programs under the economic corridor approach;

Recognizing that (i) NSEC, EWEC, and SEC share many development concerns; (ii) they constitute the backbone interconnecting the other links in the GMS; (iii) their development in tandem with each other would maximize the benefits from corridor development; (iv) the implementation of the Cross Border Transport Agreement (CBTA) at their border checkpoints should be expedited to facilitate economic activities along the corridors; and (v) there is a need to strengthen the institutional arrangements for promoting and coordinating economic corridor development in the GMS;

Noting that the development of infrastructure linkages in NSEC has reached an advanced stage, as exemplified by the completion of Route No. 3 in the Lao People's Democratic Republic (hereinafter referred to as the Lao PDR) and the conclusion of implementation arrangements for the NSEC International Bridge linking Houayxay, Lao PDR and Chiang Khong, Thailand;

Acknowledging the strong potential and strategic importance of NSEC, which is well-positioned to be a major gateway for trade between the Association of Southeast Asian Nations (hereinafter referred to as the ASEAN) and the People's Republic of China (hereinafter referred to as the PRC);

Considering that NSEC covers some of the least developed and most ecologically sensitive areas in the GMS, and that its development through subregional cooperation can substantially help reduce poverty and achieve a more balanced and sustainable development in NSEC areas;

Anticipating that the approach to NSEC development will sooner or later extend to other GMS corridors:

THE PARTIES TO THE MEMORANDUM OF UNDERSTANDING HAVE AGREED to actively promote, support, and pursue the transformation of NSEC into a full-pledged economic corridor, and to strengthen the institutional arrangements for the development of GMS economic corridors in accordance with the following provisions:

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Article 1
The North-South Economic Corridor

1. NSEC consists of three major routes linking economic and population centers in the northern and central parts of the GMS, namely: (i) the Kunming-Chiang Rai-Bangkok via Lao PDR and Myanmar route, including both land transport and waterway; (ii) the Kunming-Hanoi-Haiphong route; and (iii) the Nanning-Hanoi route. The areas of influence of NSEC include not only the provinces or areas traversed by its main routes, but also adjoining provinces and areas that are expected to be strongly impacted by the development of the NSEC.

Article 2
Vision of NSEC Development

2. The long-term vision of NSEC is that of a dynamic, progressive, and well-integrated corridor, serving as a locomotive for economic development along the north-south axis of the GMS, able to attract foreign and domestic investment, functioning as a major gateway for ASEAN-PRC trade, enhancing development opportunities for local and provincial communities, and contributing to employment and income growth, as well as poverty reduction in the GMS. Its key characteristic would be a highly efficient, multi-modal transport and logistics system, which facilitates the seamless movement of people, goods, and services along the corridor. NSEC development is envisioned to be balanced and sustainable, with its less developed components receiving commensurate benefits, the interests of vulnerable groups being adequately protected, and environmental concerns being effectively addressed.

Article 3
Goals, Objectives and Strategic Priorities
of NSEC Development

3. The ultimate goal of NSEC development is to reduce income disparities, increase employment opportunities, generate higher incomes, and improve the living conditions of people residing in the corridor and surrounding areas. To realize this goal, the more immediate objectives of NSEC development are: (i) to ensure that NSEC development is economically, socially, and environmentally sustainable; (ii) to enhance the competitiveness of the corridor by reducing the cost of transport and of doing business; (iii) to exploit underlying comparative advantages and complementarities within the NSEC areas, specifically by promoting NSEC areas as a tourist and investment destination and production base; and (iv) to elevate the performance of NSEC provinces by strengthening the capacity of local authorities, institutions, and communities to better cooperate, manage, and respond to the impacts of NSEC development. Along these lines, the following are the strategic priorities of NSEC development that will be pursued:

- Mainstream measures to deal with social and environmental concerns in NSEC development.
- Strengthen physical infrastructure and facilities needed for NSEC development;
- Facilitate cross-border transport and trade;
- Promote and facilitate investment in agriculture, agro-industry, manufacturing, tourism and logistics, and catalyze the development of industrial clusters on a complementary basis;
- Address human resource constraints in the public and private sectors; and
- Promote the active participation of the business sector in NSEC development.

4. These strategic priorities will be translated into a monitorable Action Plan consisting of concrete programs and projects focused on NSEC areas covering the period 2008-2012.

Article 4
Enhancing Organizational Effectiveness for
Developing GMS Economic Corridors

5. An Economic Corridors Forum (ECF) for the GMS Economic Cooperation Program will be established within the GMS organizational framework. ECF will serve as the main advocate and promoter of GMS economic corridor development, with the consideration and endorsement of an NSEC strategy and action plan being one of its first major tasks. At the same time, existing GMS institutions will sharpen their focus on GMS economic corridor development. The terms of reference of ECF will be specified, reviewed, and agreed upon by the GMS Senior Officials, and confirmed by ECF during its inaugural meeting which will be convened as soon as possible after the Third GMS Summit.

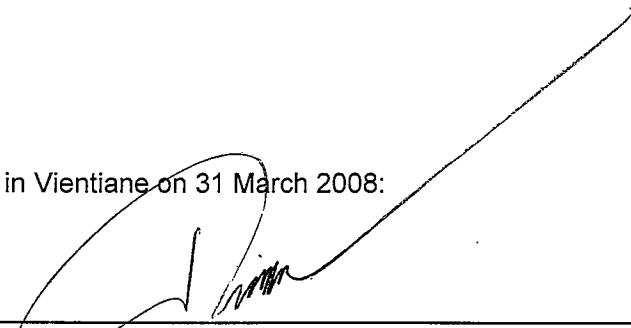
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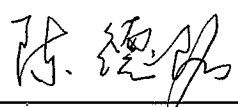
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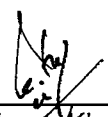
Signed in Vientiane on 31 March 2008:



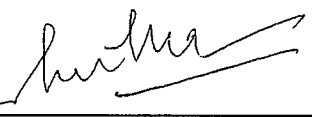
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Kingdom of Cambodia




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