



INDONESIA-MALAYSIA-THAILAND  
GROWTH TRIANGLE

# Implementation Blueprint 2012–2016





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# **Implementation** Blueprint 2012-2016



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# Abbreviations

ADB	–	Asian Development Bank
AEC	–	ASEAN Economic Community
ASEAN	–	Association of Southeast Asian Nations
BIMP-EAGA	–	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area
CIMT	–	Centre for IMT-GT Subregional Cooperation
CIQ	–	customs, immigration, and quarantine
D/D	–	detailed design
EC	–	economic corridor
ECER	–	East Coast Economic Region
FA	–	final assessment
HRD	–	human resources development
IB	–	Implementation Blueprint
ICD	–	inland container depot
ICQS	–	immigration, customs, quarantine and security
IMT-GT	–	Indonesia-Malaysia-Thailand Growth Triangle
JBC	–	Joint Business Council
JDS	–	joint development strategy
km	–	kilometer
LCC	–	low cost carrier
MOU	–	memorandum of understanding
MM	–	ministerial meeting
MTR	–	mid-term review
MRA	–	Mutual Recognition Agreement
NS	–	national secretariat
OTOP	–	one town, one product
PCP	–	priority connectivity project
PPP	–	public–private partnership
RoRo	–	Roll-on Roll-off
SBEZ	–	special border economic zone
SEZ	–	special economic zone
SMEs	–	small and medium-sized enterprises
SOM	–	senior officials' meeting
TEKIH	–	Trans Eastern Kedah Interland Highway
TICA	–	Thailand International Development Cooperation Agency
WG	–	working group

Note: In this report, “\$” refers to US dollars unless otherwise stated.

# Introduction: Background, Concept, and Guiding Principles

## Background

The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) subregional economic cooperation program was established in 1993 with the goal of accelerating the economic transformation of the member states and provinces in the three countries by exploiting their underlying complementarities and comparative advantages. Since its establishment in 1993, IMT-GT has expanded to its present geographic scope of 32 provinces and states—14 provinces in Southern Thailand; 8 states in Peninsular Malaysia; and 10 provinces in the island of Sumatra in Indonesia (Table 1). The member states and provinces in this subregion form a natural bloc for economic cooperation given their many complementarities; geographical proximity; and close historical, cultural, and linguistic ties. The subregion is predominantly agricultural, with

**Table 1. IMT-GT Participating States and Provinces**

Indonesia	Malaysia	Thailand
Aceh	Melaka	Nakhon Si Thammarat
Bangka Belitung	Kedah	Narathiwat
Bengkulu	Kelantan	Pattani
Jambi	Negeri Sembilan	Phatthalung
Lampung	Penang (Pulau Pinang)	Satun
South Sumatra	Perak	Songkhla
Riau	Perlis	Trang
Riau Islands	Selangor	Yala
North Sumatra		Chumpon
West Sumatra		Krabi
		Phangnga
		Phuket
		Ranong
		Surat Thani

abundant lands and rich natural resources that are potential sources of high economic growth that could help reduce poverty. Combined with a dynamic private sector, these endowments have the potential to transform the subregion into a powerful growth magnet and substantially improve the quality of life in the IMT–GT subregion. The subregion has a population of about 70 million whose consumption spending is an important factor for sustaining output growth.

Supported by the active dynamism of the private sector, several key initiatives were implemented in trade, travel, and tourism, as well as in physical connectivity improvements within the IMT-GT subregion. Early progress in the IMT-GT subregional cooperation initiative, however, was stalled by the 1997 Asian financial crisis, compounded by constraints in the setting up of effectively functioning institutional mechanisms. Around the late 1990s to the early 2000s, IMT-GT experienced a hiatus. But the onset of economic recovery and continuing favorable economic performance in most of the Asian region in early 2000 triggered renewed interest in subregional cooperation initiatives in Asia, including the IMT-GT. The globalization of production and accelerating pace of regional economic integration in Asia have increased the strategic importance of subregional cooperation as a means to leverage national development efforts on linking with external markets. Thus, during the 1st IMT-GT Summit Meeting held in Malaysia in December 2005, the member governments reaffirmed their commitment to the IMT-GT program and agreed to the formulation of a roadmap to guide cooperative efforts among the three countries in the next five years. The Asian Development Bank (ADB) was requested to assist in formulating the first-ever roadmap for the subregion covering the period 2007–2011.

On the whole, the implementation of the IMT-GT Roadmap for Development 2007–2011 achieved modest results. The Mid-Term Review (MTR) of the Roadmap in 2009 maintained that the strategic thrusts of the roadmap remained relevant but project implementation has lagged behind. The MTR observed that the Action Plan Matrix (APM) supporting the roadmap needed to be transformed effectively into results to realize concrete benefits from cooperation under the IMT-GT program. Based on the MTR recommendations, the 17th Senior Officials' Meeting and Ministerial Meeting (SOM/MM) held in Krabi, Thailand, in August 2010, discussed the idea of an implementation blueprint as a framework document to guide IMT-GT cooperation beyond 2011.

Apart from the need to catch up with the serious lag in project implementation, the SOM/MM recognized other compelling reasons to accelerate the pace of IMT-GT cooperation. The proximity of the Association of Southeast Asian Nations (ASEAN) Economic Community (AEC) target date of 2015 has prompted the need to accelerate the growth of lagging areas within the ASEAN member states so that they can take advantage of the opportunities from integration. Moreover, the Master Plan for ASEAN Connectivity (MPAC) launched in 2010 has explicitly recognized the important role of the three major subregional programs—the IMT-GT, Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area (BIMP-EAGA), and the Greater Mekong Subregion (GMS)—as building blocks to the physical, institutional, and people-to-people connectivity that is essential to ASEAN community building. These wide-ranging developments are potent forces that are likely to shape the content and pace of IMT-GT cooperation over the medium to long term. Moreover, the Asian financial crisis of 2008 underscored the need for countries to rebalance their economies through enhanced regional cooperation in trade and investment to mitigate the impact of external shocks from the developed countries.

## From Roadmap to Implementation Blueprint

The IMT-GT Roadmap for Development 2007–2011 set the vision for IMT-GT as “a seamless, progressive, prosperous and peaceful subregion with improved quality of life.” Toward realizing this vision, the roadmap identified five strategic thrusts to

- (i) facilitate and promote intra- and inter-IMT-GT trade and investment;
- (ii) promote the growth of agriculture, agro-industry, and tourism;
- (iii) strengthen infrastructure linkages and support to the integration of the IMT-GT subregion;
- (iv) develop human resource and skills competencies, enhance mobility of labor, and strengthen environment and natural resource management; and
- (v) strengthen institutional arrangements and mechanisms for cooperation, including public–private sector collaboration, participation of stakeholders at the local level, and the mobilization of support from development partners.

The roadmap specified two anchors where projects and activities would be clustered, 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 connectivity corridors that can serve as the “trunk lines” from which development will radiate to neighboring areas through transport and economic linkages. All 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 was directed at using major IMT-GT connectivity corridors as the focus for the clustering of major economic activities, starting with the improvement of transport facilities and linkages, as well as other supporting infrastructure. The roadmap explicitly stated that the development of the IMT-GT should not only be consistent with, but also contribute to, the realization of the AEC.

There were 37 flagship programs/projects and more than 50 measures, programs, and projects identified at the time of the roadmap formulation. The operational responsibility for pursuing these programs and projects has been assigned to working groups in six areas, namely: (i) infrastructure and transport; (ii) trade and investment; (iii) agriculture, agro-based industry, and environment; (iv) tourism; (v) Halal products and services; and (vi) human resource development.

In 2009, the MTR of the IMT-GT Roadmap for Development 2007–2011 was initiated, following the directive of the 4th IMT-GT Summit held in Hua Hin, Thailand, in February of that year. As envisaged by the Leaders in their Joint Statement, the MTR would be comprehensive and inclusive of all stakeholders, and would include a review of IMT-GT’s business processes that will assess how IMT-GT mechanisms could function more effectively to achieve the goals set by the roadmap. A Business Process Review (BPR) to assess IMT-GT’s institutional mechanism was conducted by three eminent persons as a separate but parallel exercise in December 2009.

The MTR came up with a number of important findings. First, it raised the question of whether and to what extent IMT-GT cooperation was making a difference in stimulating economic development of its member states and provinces. It noted that while the private sector has established well-functioning business networks that are helping to boost trade and investment in the subregion, economic growth of the IMT-GT participating states and provinces has been either static or slow. Public-sector-led initiatives had limited progress: part of this could be attributed to the program's hiatus following the financial crisis of 1998, and part of it was due to inherent weaknesses in the national and regional institutional mechanisms of the program. Second, the MTR observed the absence of explicit and well-defined sector strategies that could effectively guide the program/project formulation process, and recommended the set of strategies that should guide cooperation in the six sectors of cooperation. Third, the weaknesses in the strategy-program/project-fit resulted in flaws in the management of the project cycle and in the program's business processes, including the evident lack of project accountability.

In its recommendations, the MTR stressed the need for a more disciplined and well-informed process for identifying projects based on sector strategies, clear accountability for delivering project outputs, monitoring based on results, and an action-oriented implementation blueprint to succeed the roadmap. The sector strategies that resulted from the MTR process were subsequently endorsed by the 17th SOM/MM in Krabi, Thailand, in August 2010. The strategies served as the anchor for further streamlining the flagship programs from 37 to 12, which eventually served as the basis for program and project identification for the Implementation Blueprint (IB) 2012–2016.

The Final Assessment (FA) of the Roadmap for Development 2007–2011, which was completed in March 2012, documented the transition from the roadmap to the IB. The FA reported that a number of projects, physical connectivity and transport linkages were implemented during the roadmap implementation period. Economic linkages among the IMT-GT member countries and provinces had grown with expanded private sector networks. The FA confirmed that the strategic thrusts and sector strategies of the roadmap remain relevant and should continue to be pursued during the IB period. To deepen economic cooperation and integration, the FA called for the adoption of binding subregional agreements in IMT-GT, and greater alignment of its cooperation programs with that of ASEAN to make itself an indispensable building block of ASEAN cooperation. Greater focus should be given to devising and implementing environmentally sustainable strategies to enable IMT-GT products to stay competitive internationally. A legalized Centre for IMT-GT Subregional Cooperation (CIMT) will be pivotal to the success of the IB.

## Concept and Guiding Principles

The IB 2012–2016 reflects IMT-GT's commitment to an action-oriented agenda for the next five years. Each project in the IB has a well-defined project concept and rationale linked to the relevant underlying strategy, with estimated cost, identified source of funding, and an accountable implementer. Specific milestones and results will also be specified. The criteria adopted for projects to qualify and to be included in the IB reflect these dimensions. Activities/projects in the first two years will be reflected in a 2-year rolling pipeline (RP), to be updated

annually. To be included in the RP, a project must have (i) a firm financing commitment; (ii) an operational plan indicating the activities to be implemented on a yearly basis; (iii) a system for monitoring results; and (iv) a pre-feasibility study, for infrastructure projects.

The following principles guided the contents of the IB:

- (i) Connectivity, in its broad sense of linking geographic areas, facilitating economic transactions, and enhancing people-to-people interface, shall be the overarching objective that should guide the inclusion of projects in the IB, consistent with the rationale for the growth area model of subregional cooperation.
- (ii) The sector strategies and the 12 flagship programs shall anchor the areas of cooperation in the IB. To the extent possible, linkages across sectors shall be defined to create greater synergies.
- (iii) Consistent with the objective of narrowing the development divide between the rich and poor areas within the IMT-GT participating countries and provinces, and within each of the participating countries and provinces, the IB shall ensure that there is a desired balance in the mix of projects that promote economic and social objectives, in particular those that promote livelihood in remote areas outside the state and provincial capitals.
- (iv) Projects should be part of the national or local development plans.
- (v) Projects should be subregional projects (i.e., involving at least two countries); or national projects with subregional implications, or that can benefit from subregional synergies.
- (vi) The IB should serve to catalyze investments from the private sector, including from small and medium-sized enterprises which are the basic production units in IMT-GT, and through innovative public-private partnership modalities, including for connectivity infrastructure.

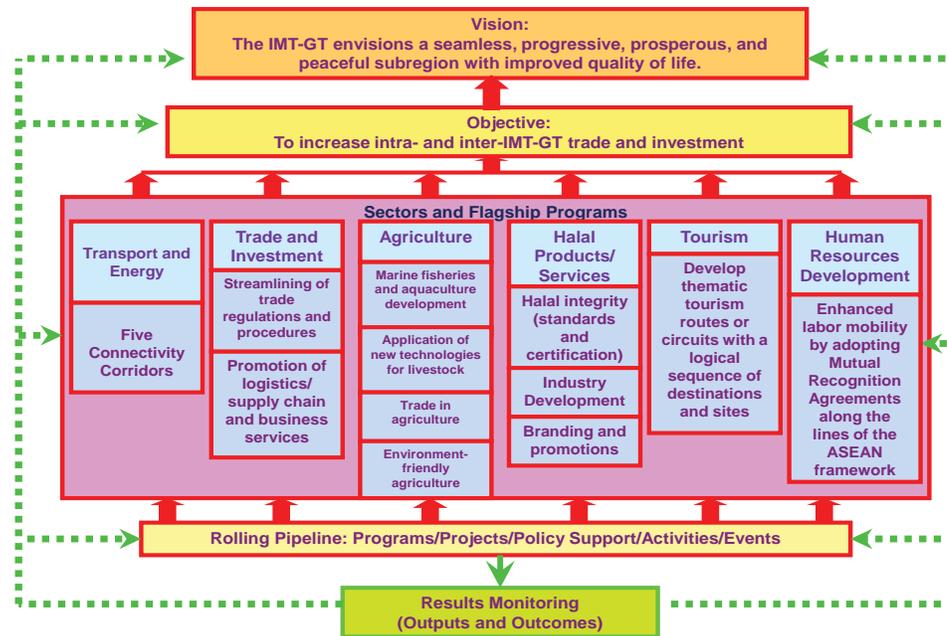
# Sector Strategies and Flagship Programs

## Sector Strategies

The sector strategies developed in the course of the Mid-term Review of the Roadmap for Development 2007–2011 of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) were discussed by the working groups (WGs) and the Senior Officials' Meeting (SOM) at the Special Consultation Meeting in July 2010, and subsequently endorsed by the 17th SOM/Ministerial Meeting (MM) in Krabi, Thailand, in August 2010. They provided the basis for identifying the new set of 12 flagship programs, and the projects and activities in the Implementation Blueprint (IB) 2012–2016. Figure 1 explains how the IB projects in the 12 flagship programs support the overall objective and vision of the IMT-GT cooperation, and how they are realized through the implementation of the rolling pipeline and monitored by the results framework of the IB. The highlights of the six sector strategies are described below:

- (i) In transport and energy, the strategy is to enhance the subregion's connectivity, with particular focus on the priority connectivity corridors; while in energy, the focus will be on the sustainable development of the energy sector and in ensuring security, reliability, and cost-effectiveness of energy supply.
- (ii) In trade and investment, the strategy is to pursue tangible, cost-efficient, and results-oriented action in the areas of regulation, public–private sector collaboration, and the provision of business services in areas where demand exceeds supply.
- (iii) In agriculture, the strategy is to promote investments in production, processing, and marketing of agricultural products, with government focusing on reducing or eliminating the constraints to these investments; and at the subregional level, undertaking measures to promote coordination of policies and standards to facilitate production, as well as investment and trade-related initiatives to promote investments in the agriculture supply chain.
- (iv) In Halal products and services, the strategy is three-pronged: (i) the development of regulatory processes and standards to maintain Halal integrity; (ii) the development of the Halal industry, including for small and medium-sized enterprises (SMEs); and (iii) the promotion of the IMT-GT Halal brand.
- (v) In tourism, the strategy is to develop thematic tourism routes in the subregion and forge strategic alliances among the private sector in promoting thematic tourism.
- (vi) In human resources development, the strategy is to collaborate on actions associated with the development of the competitiveness of the work force as well as improvements in labor mobility.

**Figure 1. IMT-GT Implementation Blueprint: Strategic, Operational, and Results Framework**



Note: The Implementation Blueprint is based on the objectives in the Roadmap for Development 2007–2011, and revised action plans.

## Transport and Energy

IMT-GT cooperation aimed at physically integrating the subregion involves close collaboration among the three countries in the spatial planning of infrastructure connectivity, improving transport facilitation, and promoting air services and facilities as well as sea linkages through ports and Roll-on Roll-off (RoRo) services. The IMT-GT Roadmap for Development 2007–2011 has as one of its anchors, the development of IMT-GT connectivity corridors<sup>1</sup> that would serve as the locus for the clustering of major economic activities, starting with the improvement of transport infrastructure, as well as other supporting infrastructure. The roadmap identified four connectivity corridors, and subsequently, a fifth one was added (Figure 2). These corridors are:

- (i) Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat – Phatthalung – Songkhla–Yala–Pattani–Penang–Medan);
- (ii) Straits of Malacca Corridor (covering the western coastal belt from Trang in Southern Thailand to Melaka in Peninsular Malaysia);

<sup>1</sup> The Asian Development Bank (ADB) was requested to provide assistance in developing priority economic corridors in IMT-GT. In December 2007, ADB approved regional technical assistance (RETA) 6441: Efficiency Improvement and Connectivity Strengthening in aSEA for this purpose. Unless otherwise indicated, the description of the IMT-GT Connectivity Corridors and their subcomponents were taken from the consultants' reports under this RETA.

- (iii) Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor (a road corridor running south to north through Sumatra);
- (iv) Melaka–Dumai Economic Corridor (a maritime corridor linking Sumatra and Peninsular Malaysia); and
- (v) Ranong–Phuket–Aceh Economic Corridor.

Figure 2. The Five IMT-GT Economic Corridors



This map was produced by the Cartography unit of the Asian Development Bank (ADB). The boundaries, colors, denomination, and any other information shown on this map do not imply, on the part of ADB, any judgement on the legal status of any territory, or any endorsement or acceptance of such boundaries, colors, denominations, or information.

The land corridors are basically intended to improve cross-border infrastructure and transport service connections between northern Malaysia and southern Thailand, as well as connectivity from south to north across Sumatra, while the maritime corridors are intended to enhance Sumatra's links with Malaysia and Thailand. The land and maritime links are to be supplemented by air services, as well as transport facilitation measures that would make it easy to move goods and people across the subregion.

During the five years of roadmap implementation, several road projects have been implemented to connect northern Malaysia and southern Thailand, and the improvements along the north-south corridor in Sumatra have enhanced potential connectivity with the two countries in the peninsula. More cities within IMT-GT are also being interconnected by air with new low-cost carriers (LCCs) that have developed new aviation routes. Several seaport projects to establish linkages between Malaysia and Thailand, on one hand, and Sumatra, on the other hand, have also been initiated. However, although several infrastructure projects have started construction, technical, financial, and legal impediments continue to pose constraints to the timely implementation of infrastructure projects. Feasibility studies for a number of roads and other transport systems remain to be conducted or completed. A number of potential public-private partnership (PPP) projects are still looking for investors.

At the 4th IMT-GT Summit in February 2009, the Leaders resolved to individually and collectively strengthen implementation of programs related to the connectivity corridors and urged the Asian Development Bank (ADB) to help identify, prioritize, and finance appropriate projects for this purpose. Following the Summit directive, the SOM held in Putrajaya, Malaysia, in September 2008 agreed on a "fast-track" process of identification and endorsement of priority infrastructure projects that would be developed further with ADB support in terms of providing technical advice and mobilizing resources. Following a series of national consultations, an initial list of eight projects (referred to as priority connectivity projects or PCPs) was endorsed by the 16th SOM/MM held in October 2009 in Melaka, Malaysia. This list was subsequently modified to account for project-related issues and changes in financing plans. As of January 2012, 11 projects with a total estimated cost of \$5.2 billion are in the PCP list (Table 2). Out of these projects, 10 are located in the priority connectivity corridors. One of the PCP projects—the Melaka-Pekanbaru Power Interconnection between Indonesia and Malaysia—is among the priority projects under the Master Plan for ASEAN Connectivity.

Table 2. IMT-GT Priority Connectivity Projects

No.	Project Name	Estimated Project Cost (\$ million)	Financing
<b>INDONESIA</b>			
1	Sumatra Ports Development	57.4	Government of Indonesia or official development assistance (ODA); listed in Blue Book
2	Melaka–Dumai Economic Corridor Multimodal Transport	875.2	Government of Indonesia or ODA; listed in Blue Book
3	Sumatra Toll Roads	493.0	Government of Indonesia or public–private partnership (PPP)
4	Most southerly section of the Eastern Highway from Bandar Lampung to Bakauheni and linked across to Java	820.0	Government of Indonesia or PPP
5	Melaka–Pekanbaru Power Interconnection	300.0	Possible Asian Development Bank (ADB) loan
6	Development of Aceh highway facilities: Banda Aceh–Kuala Simpang (Toll Roads)	2,000.0	Government of Indonesia or PPP
<b>Subtotal for Indonesia</b>		<b>4,545.6</b>	
<b>MALAYSIA</b>			
7	Melaka–Pekanbaru Power Interconnection	200.0	Government or PPP
8	ICQS Bukit Kayu Hitam <sup>a</sup>	120.0	Private Finance Initiative
<b>Subtotal for Malaysia</b>		<b>320.0</b>	
<b>THAILAND</b>			
9	Southern Thailand Ports Development Program (Phuket Port and Naklua Port)	25.0	Government of Thailand
10	Hat Yai–Sadao Intercity Motorway	300.0	Government of Thailand or ODA  Possible ADB loan
11	Southern Region Cargo Distribution Center at Thungsong	28.0	Government of Thailand
<b>Subtotal for Thailand</b>		<b>353.0</b>	
<b>Grand Total</b>		<b>5,218.6</b>	

ICQS = immigration, customs, quarantine, and security.

<sup>a</sup> This project was included in the priority list of projects by the countries at the 4th IMT-GT Working Group Meeting on Infrastructure and Transportation held in Bangkok, Thailand, on 9–10 May 2011.

In the IB 2012–2016, greater focus will be given to addressing the gaps in economic corridor development, as well as the required infrastructure expansion to cope with the rapid growth of certain areas in the subregion.

- (i) The road development for Sumatra Economic Corridor 3 will need to be accelerated through a combination of road and railway investments. In particular, the ASEAN Highway Route 25 between Banda Aceh and Palembang in Sumatra (north–south link) with associated road links to ports will be an important focus.<sup>2</sup>
- (ii) In Malaysia and Thailand where the condition of the roads is better, the priority will be on the needed road improvements to cope with increased traffic volume and increased economic activity from industrial development in the border areas of Thailand and Malaysia. Among the priority routes are Hat Yai–Sadao, Padang Besar–Penang–Kuala Lumpur–Melaka, with main port linkages. Upgrading to Asian Highway standards would also be important (footnote 2).
- (iii) Industrial development and the promotion of value chains in the border areas of Thailand and Malaysia are being pursued actively and will require close collaboration in the scoping, scheduling, and financing of master plans and related feasibility studies. Much of the ground work conducted under the Joint Development Strategy (JDS) bilateral framework between Thailand and Malaysia will be pursued under the IB.
- (iv) As regards the maritime subsector, the development of Roll-on Roll-off (RoRo) services, especially across the Straits of Melaka and ports in Sumatra and southern Thailand, will be an important priority. Recent studies have observed that the potential for passenger RoRo services across the Straits is limited, unless major changes in passenger car access arrangements between Malaysia and Sumatra are made. This challenge will have to be addressed to better realize maritime connectivity with Sumatra.

## **Economic Corridor 1: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)**

This Economic Corridor 1 (EC1) hosts some of the most agriculture-rich provinces in Southern Thailand that trade with Malaysia, Sumatra, and Singapore; and plays an important role in the supply chain of traded goods outside the subregion. The corridor covers the well-established international gateways of Songkhla, Penang, and Medan with well-equipped seaports that are important for bulk shipment of goods within the subregion and for providing onward shipping services to East Asia and Europe. The Songkhla to Penang subcorridor is a very important corridor for Thai exporters, particularly of rubber and related products, as well as agro-based products. However, customs facilities in this subcorridor need to be expanded to avoid delays due to congestion, especially during peak hours. The Medan–Penang subcorridor is well-developed although there is a need to improve inter-modal connection, including RoRo services, for greater efficiency and improved access to Belawan Port. Nakhon Si Thammarat

<sup>2</sup> ADB. 2009. Mid-Term Review: Transport and Infrastructure Sector Strategy.

Province has vast potential for developing economic linkages with the rest of IMT-GT. The Hua It Agricultural Wholesale Market, located in the province, is the largest wholesale market in Southern Thailand supplying agricultural products to Malaysia and Singapore. Phatthalung Province, located in the rice-growing plain of Southern Thailand, also offers huge potential for cattle-raising to supply the IMT-GT subregion with meat and dairy products.

Further development of EC1 in the IB will focus mainly on strategic locations in Southern Thailand and Northern Malaysia. The initiatives involve

- (i) large-scale development of special economic zones (SEZs), townships, and urban areas at the border of Southern Thailand and Northern Malaysia, in particular the Narathiwat Special Border Economic Zone in Thailand; and industrial and urban developments in Kelantan and Kedah States in the East Coast Economic Region (ECER) of Malaysia;
- (ii) improvement and expansion of infrastructure connectivity (roads, bridges, ports) between Southern Thailand and Northern Malaysia as well as with Sumatra; and
- (iii) expansion of customs, immigration, and quarantine (CIQ) and related facilities (container yards, container depots).

#### *Special Border Economic Zones*

Large scale development of special border economic zones (SBEZs) will involve the preparation of master plans and implementation plans in strategically located provinces in the border of Thailand and Malaysia. A master plan for the development of Narathiwat SBEZ (Thailand) is part of the long-term strategy to develop Sadao–Bukit Kayu Hitam, Narathiwat–Kelantan and the joint township at Betong–Pengkalan under the JDS—a bilateral cooperation framework involving Thailand and Malaysia. A master plan for Kota Bharu City will also be conducted by Malaysia to rationalize spatial planning and investments for the future development of Kota Bharu City, focusing on the required infrastructure and utilities, and the potential for developing new retail and leisure areas. Kota Bharu in Kelantan State has always been a center for cross-border trading and tourism due to its proximity to Thailand. Malaysia will also undertake a strategic implementation plan for the development of Bukit Bunga–Jeli, a new strategic entry point resulting from the opening of the Bukit Bunga–Ban Buketa Bridge (the “Friendship Bridge”) in Kelantan State in December 2007 and the establishment of the Bukit Bunga CIQ Complex in January 2011.

The establishment of an economic/industrial zone in Pengkalan Hulu Malaysia—the Northgate Manufacturing Park—is also being planned. Pengkalan Hulu is in the northernmost part of Perak and is a meeting point for Southern Kedah and Thailand. Its importance has been enhanced by the development of nearby border towns as a duty-free area. The Northgate Manufacturing Park to be established in the town will include recreational, retail, and commercial centers; border facilities (terminals and open yards); and health facilities.

#### *Improvement and Expansion of Infrastructure Connectivity*

To further enhance connectivity between Thailand and Malaysia, infrastructure improvements and expansion will be required at strategic locations. An important priority will be the Golok River bridges—the Takbai–Pengkalan Kubur Bridge (Thailand/Malaysia), and the

second Rantau Panjang–Sungai Golok bridge (Thailand/Malaysia). These two bridges have been identified for priority construction as part of the planned development of the Narathiwat SEZ. The construction of a bridge connecting Tak Bai (Narathiwat, Thailand) and Pengkalan Kubur (Kelantan, Malaysia) will replace the existing ferry service by providing a more stable and efficient means of crossing. A second CIQ Complex along the Takbai–Pengkalan Kubur Bridge will also be developed. The construction of the second bridge from Rantau Panjang (Kelantan, Malaysia) and Sg.Golok Town (Narathiwat, Thailand) will increase the capacity of the existing bridge-crossing at this location. Meanwhile, a feasibility study for the Hat Yai–Sadao Intercity Motorway will be conducted by Thailand. The proposed expressway will run parallel to the existing road to accommodate the large traffic volume flowing through several rural villages in Southern Thailand, as well as the increased flow of goods and passengers passing through the main gateway of Thailand and Malaysia.

To improve connectivity with Sumatra, improvements in Belawan Port (Indonesia) will consist of building a temporary RoRo facility to enable the port to handle the proposed RoRo link with Penang, handling existing fast and unconventional traffic vessels. The LCC Firefly will also open an additional route, flying directly from Medan (Sumatra) to Ipoh (Perak). The Ipoh–Medan Direct Flight is in response to the Leaders’ directive to further enhance air connectivity with Sumatra. The direct flight is envisaged to promote Perak’s potentials in nature and heritage tourism, as well as provide residents of Sumatra with the opportunity to avail themselves of medical services at the Ipoh Specialist and Pantai Hospital. The project will complement the route from Melaka to Medan.

#### *Expansion of CIQ and Related Facilities*

The new Sadao CIQ Complex Development will accommodate the huge demand for cross-border travel and trade along the Sadao–Bukit Kayu Hitam border. The new system will allow traffic to be segregated between tourists and cargo trucks. The CIQ Complex at Bukit Kayu Hitam in Kedah State, which borders Sadao, will also be expanded to cater to long-term requirements and will be equipped with secure and efficient facilities in order to reflect the image of the main entry point to the country. CIQ facilities will also be constructed at the borders of Nathawi–Ban Prakob (Thailand) and Durian Burung–Pedu Kupang and Durian–Burung–Alor Setar (Malaysia). The construction of these border CIQ facilities will improve connectivity to the Thai gateway in Durian Burung through the Trans Eastern Kedah Interland Highway (TEKIH) Project, as well as through the upgrading of the Durian Burung–Alor Setar road network. The port at Kuala Enok will also be developed by upgrading the access road and developing the Bulk Terminal. On the Malaysian side, the upgrading of TEKIH will connect the gateway to Thailand in Durian Burung with the East–West Highway through Baling, Kedah. The second CIQ Complex along Takbai–Pengkalan Kubur Bridge will be developed to facilitate cross-border travel and trade along the Thailand–Malaysia border.

The planned construction of the Inland Container Depot at Padang Besar (Malaysia) is envisaged to accommodate increased trade volume of rubber, auto parts, electronic products, and perishables that pass through this strategic border between Malaysia and Thailand and which links directly to Penang Port via the Ipoh–Padang Besar double track rail link. With the project, the potential for outbound commodity traffic can be increased through uninterrupted rail connectivity within Malaysia, and commodities will flow faster and safer from Padang Besar to Penang port and back. These will lead to the development of suitable logistics-cum-transport infrastructure to boost trade through the Malaysia–Thailand border.

In Thailand, the construction of the Southern Region Cargo Distribution Center at Thungsong, Nakhon Si Thammarat will serve as a hub in Southern Thailand, connecting domestically via multimodal links to Kantang seaport in Trang Province. The project will leverage on Thungsong's central location in Southern Thailand and the current high volume of traded goods (cement, ores, minerals, industrial products) passing through Nakhon Si Thammarat, Trang, Surat Thani, Krabi, and Phatthalung; and connecting with the rest of the subregion via multimodal links. In Kuala Perlis (Malaysia), the planned upgrading of fish landing jetty into an international fisheries port is a response to the increasing quantity of fish landed at the port, increased number of boats, and active barter trading. Based on existing activities, the landing jetty has exceeded its capacity resulting in haphazard layout of facilities and congestion.

On the whole, the projects to be implemented in EC1 during the IB's 5-year period will address the traffic build-up and congestion resulting from the increased pace of economic activity between Southern Thailand and Northern Malaysia. Traffic volumes are even more likely to increase as the major industrial developments planned along the border province in Thailand that would lead to the ECER are realized. This highlights even more the importance of upgrading the CIQ facilities; and simplifying customs, immigration and quarantine procedures in order to maximize the benefits from investments in infrastructure.

## **Economic Corridor 2: Straits of Malacca Economic Corridor (also referred to as Trang–Satun–Perlis–Penang–Port Klang– Malacca Connectivity Corridor)**

Due to the proximity of this corridor to Sumatra, there is considerable potential for complementation in various stages of the production chain with this province, especially if a series of economic and industrial zones are established at strategic points along the corridor. This corridor has the potential to serve as a food hub, especially for Halal, since a number of food terminals and integrated food centers are being planned within the corridor. The corridor can be transformed into a coastal belt development zone. The Straits of Malacca Economic Corridor (EC2) is important for expanding connectivity—physical, economic, commercial—between Southern Thailand and Peninsular Malaysia along the western coast. The approach to connectivity along this corridor is multi-modal—with land as well as coastal linkages. With the recent upgrading of supporting CIQ and related facilities, traffic growth between Kantang Port in Trang Province, Thailand, and Penang Port, Malaysia, averaged 37% per year since Trang Province became a member of IMT-GT in 2004.<sup>3</sup> Improvements in Port Klang, as part of the Harbor City Development, saw the construction of a new passenger terminal, with an IMT-GT plaza, to accommodate more tourists and passenger boats for which a duty free status is being arranged.

For the period 2012–2016, the major infrastructure initiatives under EC2 will include the (i) development of Kantang Coastal Port at Naklua (Thailand), (ii) construction of inland container depot rail link, and (ii) upgrading of the existing state road between Kaki Bukit and Wang Kelian.

<sup>3</sup> ADB. 2008. Logistics Development Study of IMT-GT.

The development of Kantang Coastal Port at Naklua involves the construction of a bulk and break bulk port in Trang Province to further facilitate sea transportation, especially for the increasing volume of rubber exports (via the Andaman side of Thailand) to the subregional, Asian, and global markets. The new port at Kantang will develop connectivity to Malaysia via the Trang–Satun–Melaka Corridor. Meanwhile, rail link to connect the Inland Container Depot to Kantang Port in Trang Province will also be constructed, which will potentially enhance the connectivity between Thailand and North Sumatra. The expansion of Kantang Port at Naklua halfway to the sea, responds to the recent increase in the growth of sea transportation by barges from Kantang Port to the ports in Penang and Belawan. This will enhance the access of goods moving along the corridor to transshipment points to other parts of Asia.

The road upgrading between Kaki Bukit and Wang Kelian (Malaysia) is intended to provide a smooth link to the second entry point in the State of Perlis with Wang Prachan, Thailand; and set the stage for smoother and faster commodity flow from Wang Kelian to Penang Port and back.

### Economic Corridor 3: Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor

The Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor (EC3), which is part of ASEAN Highway Network (AH) 14 (Banda Aceh–Medan–Dumai–Palembang–Bakaheuni), is of critical importance for developing Sumatra. It is also an important building block for further enhancing connectivity within the IMT-GT subregion. Its development is closely linked 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 Sumatra, which can then connect with those in Southern Thailand and Northern Malaysia. It provides access to several international ports in the eastern coast of Sumatra 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 Sumatra and Peninsular Malaysia. In terms of the corridors, it serves as another link between the Straits of Malacca Economic Corridor and the Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor.

Several projects falling under EC3 are included in the PCPs, namely:

- (i) **Sumatra Toll Roads.** The Palembang and Indraraja Toll Road is located in the Eastern Highway running south out of the city toward Bandar Lampung [22 kilometers (km) stretch]; the Palembang–Betung Toll Road is part of Sumatra Eastern Highway. The proposed toll road is planned to minimize traffic load on Palembang–Betung corridor and will support the accessibility to and from the future sea port of Tanjung Api-Api. It is envisaged to create positive impact on economic growth in South Sumatra Province, which produces abundant natural resources from agriculture, fishing, and plantation.
- (ii) **Bakauheni–Terbanggi Besar Toll Road.** The project will provide better infrastructure and facilities to attract more foreign tourists particularly from neighboring countries. The project will put up a toll road in Bakauheni–Terbanggi Besar located at Lampung Province which is part of the Sumatera Eastern Highway.

- (iii) **Banda Aceh–Kuala Simpang Toll Road.** The project will provide better infrastructure (toll road and highway) and facilities to attract tourists in Banda Aceh. The project will cover Banda Aceh–Sumatera and part of the Sumatera Eastern Highway.
- (iv) **Sumatra Ports.** The Ulee Lheue Port project consists of adding another dolphin and a walkway and installing a CIQS facility in the existing terminal; while the Malahayati Port project consists of providing an operational container terminal, which will require strengthening and widening of the dedicated quay, paving the container yard, dredging along the quay to increase the water depth to 9 meters (m), and providing mobile container crane and other equipment. Meanwhile, the Belawan Port project will build temporary RoRo facilities, and will involve a technical study on drainage and flooding and feasibility studies for passenger terminal relocation and break-bulk wharf expansion.

Other important projects in EC 3 are the ASEAN Highway route 151 East–West Feeder Link between Pekanbaru–Bukittinggi–Pematang Siantar–Jambi–Sarolangun; Bengkulu–Lubuk Linggau–Lahat; Baturaja–Bandang Lampung (Indonesia);<sup>4</sup> and the ASEAN Highway Route between Banda Aceh and Palembang (Indonesia) which involves improving the width of the road.

## Economic Corridor 4: Melaka–Dumai Economic Corridor

This maritime corridor has a long tradition of freight and passenger traffic between Sumatra and Malaysia. Under the Melaka–Dumai Economic Corridor Multimodal Transport Project are two components: (i) Dumai Port, and (ii) Pekanbaru–Dumai Road. Dumai, the gateway port of Riau Province, is one of the richest provinces of Indonesia with abundant palm oil plantations and on-shore oil and gas resources. The port of Dumai is located opposite the Malaysian port of Malacca and lies adjacent to one of the narrowest stretches of the Straits of Malacca. Dumai is principally a palm oil-related export port with general cargo, fertilizer, cement, and rice being the main import traffic. The Kuala Enok Port development will handle the transport of palm oil which at present has to be sent up to Dumai using the congested Eastern Highway. The Dumai Port Project will involve completion of the container terminal. The Pekanbaru and Dumai Road will provide an important port access road and connectivity road for a future RoRo service to Malaysia. The port at Kuala Enok will also be developed by upgrading the access road and developing the Bulk Terminal.

On the Malaysian side, there are four ports on the west coast with maritime connectivity to the Riau Province, in Sumatra. In the south is Malacca, further north is Sungai Linggi, then Port Dickson, and finally Port Klang. Malacca, which has a long history as a successful trading post, is now predominantly an anchorage port, having lost its trade position in favor of Penang and Singapore. Further north is the port of Kuala Linggi where a RoRo facility has been recently constructed to connect with Dumai. Another port further north is Port Dickson, approximately 90 km south west of Kuala Lumpur, that can accommodate bulk cargoes. A new ferry terminal to accommodate the fast craft services to Dumai has modern facilities consisting of a passenger hall with full CIQS facilities and a jetty pier. Port Klang is the largest port in Malaysia handling 152 million tons of cargo a year, of which 130 million tons is in containers. The major cargo operations are concentrated within the North Port and West Port complexes. The old Passenger Cruise Terminal (PCT) is located at Southpoint, formerly

<sup>4</sup> Baturaja–Bandang Lampung does not belong to any economic corridor.

known as South Port, and it caters to passengers bound for Indonesia and cruises. Facilities are understood to be suitable. From a logistics aspect, developing integrated activities along the corridor is very limited as there are no major commodity flows between both locations.

The Melaka–Pekanbaru Power Interconnection (Indonesia and Malaysia) along EC2 has the objective of exchanging expensive peak load against cheaper base load between the two countries by making use of the (i) one-hour time difference between them; and the (ii) difference in peak hours and load curve pattern (Malaysia has a day peak, while Sumatra has a night peak). The Melaka–Pekanbaru Power Interconnection will involve construction of a 500 kilo-Volt (kV) high voltage direct current (HVDC) power transmission line between Malacca and Pekanbaru. The proposed project foresees the construction of a 600 megawatt (MW)  $\pm 250$ kV HVDC transmission line from Sumatra to Peninsular Malaysia plus converter stations and other transmission facilities. The project also traverses the Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor.

## Economic Corridor 5: Ranong–Phuket–Aceh Economic Corridor

The Ranong–Phuket–Aceh Corridor is envisaged to enhance the connectivity between Sumatra and Southern Thailand primarily through maritime mode. Connectivity will be established through the development of facilities in key ports in Sumatra, among them Ulee Lheue and Malahayati. Ulee Lheue is a newly-reconstructed port serving RoRo ferry and fast craft to the island of Weh (Sabang) and can accommodate, with some minor adjustments, passenger vessels and RoRo services from the south of Thailand (Phuket). Malahayati is also a reconstructed port which is the natural freight gateway port for Banda Aceh. Despite very limited trade between southern Thailand and Banda Aceh, tourism possibilities exist and could be developed between Phuket and Sabang, which has a lot of unspoiled places to offer. Currently, the facility at Phuket Port is very limited, with no passenger terminal, RoRo ramp, or container facilities. Ranong Port located at the extremity of the corridor in Southern Thailand at the mouth of Kraburi River in Ranong Province, basically serves as a supply base for oil and gas offshore exploitation and can accommodate limited container service between Ranong and Port Blair, Rangoon, and Chennai. Plans to develop Ranong as the western gateway of Thailand is constrained by the absence of a significant hinterland and rail connection.

Under the Southern Thailand Ports Development, the Phuket Port (Thailand) Project aims to provide a passenger facility complementing the role of Phuket as a major tourist destination on the west coast of Thailand through the development of a relatively low cost direct passenger or passenger RoRo service facilities. The primary structure is the new passenger terminal with a projected building, which will be 60 m long and 40 m wide, sufficient for intermediate passenger processing. To develop a RoRo service, a new facility would be required, as the existing quay is a standard general cargo berth with no ramps. The project would provide the port with high quality passenger handling facility, comparable with other ports in the region, to be used by cruise liners. The facility would complement the image of Phuket as a tourist “hub,” which the Tourist Ministry and provincial authorities are trying to project.

## Trade and Investment

IMT-GT cooperation in trade and investment facilitation includes measures aimed at enhancing the competitiveness of the subregion for investment and exports by reducing the

cost of doing business and promoting the freer flow of goods and services in the IMT-GT subregion. Consistent with this thrust, a number of initiatives were implemented during the period 2007–2011, among them are: (i) establishment of one-stop investment centers to facilitate licensing and processing of business permits, (ii) conduct of the Sumatra Investment and Trade Survey (SITS) which provided inputs to planned improvements in the business and regulatory environment, (iii) publication of the Business Opportunities Directory, and (iv) organization of numerous trade fairs and investment missions.

Given the modest accomplishments under the IMT-GT Roadmap for Development 2007–2011, the importance of reducing business transactions costs, through the streamlining of trade regulations and procedures, will be given greater focus and accelerated during the IB period 2012–2016. More specific measures will include:

- (i) **Streamlining of trade regulations and procedures.** This would entail: (i) streamlining CIQ formalities and other border customs, immigration, quarantine, and security/transit procedures; (ii) conducting an inventory of all other measures affecting border trade in IMT-GT and minimizing them; (iii) rationalizing port fees and charges (e.g., customs license, quarantine charges, and terminal charges); and (iv) establishing bilateral payment arrangements.
- (ii) **Provision of logistics/supply chain and business services.** In view of the number of priority ports that have been identified for implementation, an assessment would be needed of the demand for logistics and business services along the corridors where these ports are located (i.e., transport, cargo handling, storage, rental or leasing, packaging, laboratory testing, finance, insurance, accounting, management, information and communication, and advertising services). Business services would include the establishment of common wholesale markets (IMT-GT plazas) with duty-free status in border locations, for the preferential display for IMT products.
- (iii) **Addressing constraints and impediments to doing business in the subregion.** This would entail the assessment of constraints and impediments experienced by the private sector in doing business in the subregion. Areas to be covered include business formation/structure and ownership, zoning, licenses and permits, contracts, corporate law, accounting practice, environment, land rights (purchase, lease, and concession), employment, pricing and taxation, foreign exchange, intellectual property, and consumer protection.

The set of projects that support these measures for implementation in 2012–2016 are described below.

### *Streamlining Trade Regulations and Procedures*

The 16th SOM/MM established the Task Force on CIQ under the Working Group on Trade and Investment (WGTI) with the objectives of (i) strengthening CIQ initiatives aimed at simplifying cross-border procedures; (ii) making rules, regulations, and procedures more transparent; (iii) identifying specific issues and practices in the proposed areas of simplification, both on entry-to-entry point and on a multilateral basis; (iv) developing a simplified, improved, and time-bound system in processing documents at identified entry points; and (v) simplifying procedures in complying with quarantine standards, under World Trade Organizations/ Sanitary and Phytosanitary Agreement. The CIQ initiative will contribute to ongoing trade facilitation in ASEAN. The Task Force will conduct a benchmarking and gap analysis exercise

to determine the priority ports and border crossings that will undertake improvements in CIQ administration. A memorandum of understanding (MOU) is envisaged to define the scope of improvements to be undertaken in the priority border crossings. The initiatives under the CIQ Task Force would be consistent with ASEAN Trade Facilitation initiatives such as the ASEAN Single Window, ASEAN Customs Transit System, ASEAN Trade Repository, among others.

As part of the CIQ initiatives, Thailand will be pursuing a Thai Immigration Cooperation Framework which seeks to contribute to the goal of harmonizing immigration systems in IMT-GT. Harmonization schemes will be piloted at Bukit Kayu Hitam–Sadao, and Padang Besar–Sg. Golok–Rantau Panjang to include a one-stop service center in each of these borders, a paperless visa system, and a 24-hour CIQ operation. For this purpose, a cooperation framework which will provide inputs to refinements in Thailand’s Immigration Act, will be formulated.

Exchange of study visits of CIQ personnel will be carried out to allow them to jointly receive, assess, and summarize appropriate policy recommendations on CIQ management. The exchange is expected to broaden their perspective through interaction and exchange of information and experience. This interaction and increased understanding are expected to facilitate the needed adjustments in the rules and regulations between the two countries as may be needed.

The CIQ Complex Development at Narathiwat and Songkhla will also be undertaken to accommodate increased cross-border activities. This will include the construction of facilities at Ban Prakob, Sadao, and Takbai.

#### *Provision of Logistics/Supply Chain and Business Services*

The IMT-GT Contact Center was launched in April 2011 in Perak, and is currently serving retailers in IMT-GT through customer services outsourcing, business matching, publicity, and information and networking. Retailers and small and medium-sized enterprises (SMEs)/industries comprise more than 75% of business units in the IMT-GT and are therefore important players in the subregion’s economy. By providing business services, the center is able to assist these enterprises to expand their business opportunities and realize better returns on investments for their products and services, as well as compete at global standards. The center’s services are provided 24/7 through an electronic portal which buyers and sellers in 32 IMT-GT provinces can access. The portal also serves as a platform for publicity and networking, and business-to-business (B2B) solutions. To further promote cross-border trade, tourism, and commercial industrial development, a strategic implementation plan for Bukit Bunga–Jeli and a master plan for Kota Bharu City will be formulated.

#### *Addressing Constraints and Impediments to Doing Business in the Subregion*

The private sector has taken the initiative of constructing wholesale markets (IMT-GT plazas), especially in the border areas where CIQ facilities, passenger terminals, and economic zones have cropped up. These plazas—such as those that have been developed in Trang, Thailand; Batam, Riau Island, Indonesia; Bukittinggi, Padang, Indonesia; and Sabang Island, Indonesia—provide the space and facilities where producers, especially SMEs can showcase and sell their products. Apart from plazas, the private sector has also participated actively in the construction of townships in strategic locations: Kota Putra Township, Kota Perdana Township, Takbai–Pengkalan Kubur, Sungai Golok–Rantau Panjang, Buketa–Bukit Bunga; and Betong–Pengkalan Hulu. The development of Border Township at Padang Besar (Friendship

City) is in progress. Also ongoing in Klang, Selangor is the Harbor City Development Project which includes a passenger terminal, RoRo jetty, IMT-GT Plaza, and a duty free terminal.

An annual IMT-GT Trade Fair is organized by the five southern provinces of Thailand to promote trade opportunities for consumer goods and showcase products developed under the One Town, One Product (OTOP) Program. It provides a platform for increasing market share among existing customers in IMT-GT areas; launching a business to a new market; strengthening relationships with existing suppliers and vendors in IMT-GT areas; and forging relationships with new suppliers and vendors. Thailand also conducts an annual trade mission to Malaysia and Indonesia to encourage Thai entrepreneurs to expand their business network in IMT-GT countries, and to increase trade opportunities for Thai companies in the growing Malaysia and Indonesia market. Thai entrepreneurs in the 14 southern provinces find business partners and trade opportunities in Malaysia and Indonesia.

## Tourism

The rich natural and cultural destinations in IMT-GT offer tremendous potentials for tourism. Although the share of IMT-GT countries among the Southeast Asian countries is significant, it remains small from a global perspective and below potential given the richness of their cultures and biodiversity, the pristine beaches, and mountains and tropical forests. Cooperation in the tourism sector focuses on four areas, which are: (i) joint tourism promotion and marketing for IMT-GT as a tourist destination; (ii) development of tourism products and facilities, as well as new IMT-GT tourist destinations in each of the IMT subregions; (iii) promotion of regional and international sea and air linkages with IMT-GT; and (iv) capacity building for skills needed by the tourism industry in the subregion.

Currently, a strategic framework for cooperation in the tourism sector is not in place making it difficult to determine the issues and priorities that would yield the optimal results and garner the full support of all the stakeholders especially the private sector. Although the preparation of a tourism master plan for IMT-GT was envisaged in the roadmap, initial discussions have not progressed to full implementation and realization of the plan that would identify subregion-wide opportunities, weaknesses, and gaps. A more strategic plan would also have enhanced collaboration and cooperation between tourism and natural heritage site managers, improved subregional institutional arrangements, and developed capacities and resources for implementation.

Recent trends in the tourism sector are shaping the development of innovative tourism products. There is a growing trend of travel based on activity-interest rather than on destination. Examples of these are tours built around cultural themes, biodiversity themes, or ecotourism that can cover multiple countries. This augurs well for IMT-GT's strategy of marketing the subregion as a single destination based on the countries' shared historical, cultural, and religious heritage. Moreover, interconnectivity among various stakeholders in the industry has become a common practice in contemporary tourism. This is reflected in strategic alliances, collaboration between public and private sectors, and partnerships between countries and regions which have become common practice in contemporary tourism. Convergence between priority tourism routes and physical connectivity is also being effectively addressed through careful planning and coordination of investments under the framework of IMT-GT cooperation.

### *Development of Thematic Routes and Circuits*

In the IB 2012–2016, cooperation in tourism will focus on (i) designating and developing thematic tourism routes or circuits with logical sequence of destinations and sites; and (ii) forging strategic alliances among medical service providers to promote medical tourism. A novel thematic tourism product that has been identified for promotion is the Magic Journey along the Traversed Route by Luang Pu Tuad (Thailand) based on a cultural/religious theme aimed at attracting Buddhists from the IMT-GT subregion as well as outside the region. Tourist activities will involve not only paying homage to Luang Pu Tuad, one of the most revered monks in the history of Thailand and Malaysia, but will also involve awareness and experience of local culture and lifestyles along the journey. The Magic Journey by Luang Pu Tuad will also connect and integrate with nearby tourism destinations in Songkhla, Pattani, and Nakhon Si Thammarat in Thailand; and Kedah and Perak States in Malaysia.

To promote the homestay concept, an International Homestay Promotional Fair will be held in Perak in June 2012 (to coincide with Visit Perak Year) and in Negeri Sembilan in March 2013. The homestay concept is focused on lifestyle and experiential tourism where the uniqueness of the traditional songs, dances, cuisines, and sports, as well as rural economic activities, are the main attractions. The event will help promote awareness of the potentials of the homestay concept with the view to aligning homestay programs with ASEAN standards.

### *Strategic Alliances*

Medical tourism will be promoted by presenting southern Thailand, together with Malaysia, as a medical tourism hub, based on their respective areas of expertise. The initial phase will involve (i) sharing of information, joint selection of target groups, and establishing a network of medical services in the subregion based on strategic business partnerships in specialized fields; (ii) conduct of joint research, and the development of marketing products; and (iii) capacity building to enhance medical service standards and quality. In the long run, both countries should be able to share expertise and jointly tap into the market for medical tourism based on each country's distinctive competence, thus avoiding price competition through the lowering of service standards. A joint marketing team will promote the medical hub within and outside the region. Medical tourism will also extend to hotels, accommodations, and restaurants, as well as financial and health insurance services.

## **Agriculture**

Although Indonesia, Malaysia, and Thailand have relatively large agriculture sectors, and the crops produced by them are similar, the differences in factor endowments suggest an opportunity for specialization. IMT-GT cooperation in agriculture seeks to promote investments in the production, processing, and marketing of agricultural products to take advantage of the complementarities within the subregion. The areas of complementarities that offer significant opportunities for production and investment are marine fisheries, aquaculture and livestock, and agricultural crops.

Among the primary sectors, marine fisheries offer the greatest scope for economic cooperation, resulting from the three countries' inherent differences in resource endowments, input costs, and respective stages of technological development. For aquaculture and livestock, the major opportunities involve the expansion of existing productive capacities and the application of

new technologies, especially for sheep, goats, and cattle that have large export potentials. Meanwhile, agricultural crop production in the three countries has undergone changes in the composition of production and have become diversified as a result of its robust economic growth, thus opening up the opportunity to relocate activities for which the country's comparative advantage has been diminished. For tree crops, in particular rubber and palm oil, the IMT-GT countries use similar production techniques and are competitors in the export market for these goods. The scope of cooperation in tree crops would mainly be in the form of institutional arrangements to set guidelines for sustainable production and accreditation for certification standards.

The strategic thrusts of cooperation in the agriculture and agro-based industry sectors are: (i) promotion of investments and business opportunities in the production and processing and marketing of agricultural products in the IMT-GT subregion; (ii) cooperation in research and development activities related to agriculture to help upgrade technology and increase productivity; and (iii) promotion of environmental management and sustainable practices in fishery, forestry, and plantation agriculture. Several activities to support these strategic thrusts have been implemented or initiated during 2007–2011 as part of the implementation of the IMT-GT Roadmap for Development. These include, among others, the establishment of a beef cattle breeding center, the development of beef cattle and goat production biotechnologies, the conduct of seminars and expos on fisheries, and the development of a fisheries sector website.

For the period 2012–2016, the priority projects for cooperation in the agriculture and agro-based industry sectors will focus on (i) strengthening the IMT-GT network for animal production and biotechnology; (ii) development of agro-eco-friendly agriculture, (iii) promotion of high value-added agriculture and fisheries partnership arrangements, and (iv) conduct of IMT-GT expo and seminar for fisheries.

### *Application of New Technologies for Livestock*

Farmers in Southern Thailand face the need to meet the high demand for meat through increased productivity. Native cattle and goat breeds do not yield high production but are naturally resistant against tropical diseases, parasites, and hot/humid weather. On the other hand, exotic breeds of cattle and goats will not survive in such tropical conditions but they have higher production. To address this situation, the IMT-GT Network for Animal Production and Biotechnology Project expects to increase beef cattle and meat goat crossbreeds production by artificial insemination techniques, as well as exotic breeding bucks and does using embryo transfer technology.<sup>5</sup> Producing crossbreeds will increase the productivity and disease-resistance of cattle and goats for which there is high demand from farmers in Southern Thailand to meet consumption. The project will also establish a reproductive biotechnology laboratory in Surat Thani Province and provide training courses in artificial insemination for farmers. The development of SurathRed goat breed, which is a cross between the Thai native goat and the exotic European breeds (Toggenburg and Kalahari Red), is a specific case to be undertaken by the IMT-GT Network for Animal Production and Biotechnology Project.<sup>6</sup> The SurathRed is more tolerant to heat, diseases, and tropical parasites; and will increase livestock productivity and farmers' income.

<sup>5</sup> The project is the result of a merger of two projects, namely, "Beef Cattle and Goats Production Biotechnology IMT-GT Network," proposed by Thailand; and "The International Breeding Center for Cattle" proposed by Indonesia.

<sup>6</sup> The development of SurathRed goat breed is an extension of the IMT-GT Network for Animal Production and Biotechnology Project.

### *Development of Eco-Friendly Agriculture*

To further boost research in ecologically-friendly agricultural technologies, the Department of Agriculture of Thailand has offered to develop a model center for the integration of ecological research for sustainable agro-production processes through the use of renewable resources in the production sector. The center will serve as a platform for the development of eco-friendly agriculture through the adoption of appropriate technologies. It will disseminate its research findings to farmers and other researchers in the region, including the provision of technical services. It is also envisaged to be a repository of the collection of traditional plant species, a model community learning center, and the hub for technological innovation for research in sustainable agriculture.

### *Promotion of High Value-Added Agriculture, Fisheries, and Aquaculture*

A BIMP-EAGA and IMT-GT High Value Agriculture Business Conference and Trade Expo will take place in late 2012 to pitch the potential of IMT-GT and BIMP-EAGA to become global players in the production of premium foods. Endorsed by the 5th IMT-GT Summit in October 2010 and the 7th BIMP-EAGA Summit in May 2011, the conference and expo will have the theme, "Promoting High-Value Agriculture through Public-Private Subregional Partnerships." The objective of the conference will be to find ways of leveraging on global cross-border investment trends by taking advantage of technological advances in agricultural production and to ensure sustainable and high-value supply against rising costs of energy and fertilizer and climate change effects. This conference will bring together the key stakeholders in the subregion to share experiences and expertise on innovations and good practices for achieving sustainable and high-value supply, including food safety.

Narathiwat Province, Thailand, aims to build the center/market for agricultural produce and products, including OTOP, manufacturing goods, and BIO-diesel station service. It is expected that the Narathiwat Agricultural Market will facilitate trade in agricultural goods and services between Thailand and Malaysia.

In the fisheries sector, an IMT-GT fisheries conference and partnership arrangement is also being planned to disseminate business opportunities in agriculture and agro-industry, through seminars, expositions, and workshops (i.e., the IMT-GT Expo and Seminar for Fisheries), held alternately in Indonesia, Malaysia, and Thailand. The event will involve exchanging data and information with regard to an identified theme (e.g., ornamental fish). Apart from knowledge exchange and discussion, the forum serves as a platform for identifying concrete partnership arrangements and future actions.

## **Halal Products and Services**

Halal products and services are significant for the IMT-GT subregion because of its large Muslim population, and its share to the global trade in Halal agri-food products estimated at about 12%. The global Halal market offers significant opportunities: global Halal production (supply) is estimated at \$700 billion while consumption (demand) is estimated at \$2.3 trillion, increasing by 12% annually.<sup>7</sup> The Halal market is not limited to food items alone; it encompasses

<sup>7</sup> Source: World Halal Forum 2010.

a wide range of products and services from pharmaceuticals, cosmetics, health care, finance and other non-consumables. It also includes services, such as logistics, packaging, branding, marketing, print and electronic media, and travel and tourism. Global trade in Halal products and services can generate further growth opportunities, as greater awareness and availability of Halal alternatives are promoted.

On account of increasing demand for Halal foods, companies throughout the world are seeking authentic Halal certification to gain consumer confidence and expand their existing markets. In response to this global demand, the IMT-GT countries have recognized the need to develop internationally accepted Halal standards in production, marketing, and logistics, including production and transport facilities for these products. Malaysia has been in the forefront in terms of developing standards for Halal products and is relatively advanced in harmonizing its certification process; while Thailand has been in the forefront in terms of Halal science and technology, as well as its innovation of najis cleansing clay in accordance with shariah compliance with HAL-Q system for safety Halal. Thailand has also initiated steps toward this end with the establishment of the Institute of Halal Standards of Thailand. Indonesia, with its huge Muslim population, has also taken steps to implement a certification system consistent with international standards in Halal products supported by Halal science.

In order to boost the potential of the Halal industry within the IMT-GT, three strategic components will be addressed under the IB, namely: (i) Halal integrity, (ii) industry development, and (iii) branding and promotions. Halal integrity focuses on the development of regulatory processes and comprehensive standards, efficient Halal certification processes, Halal research, and Halal training. Industry development focuses on enhancing Halal production by developing Halal SMEs, encouraging foreign investment, and innovation, and extending the reach of SME's through the Halal trade network and coordination of the development of systemic Halal parks. Branding and promotions would address the promotion of the IMT-GT Halal brand, and the concept of Halal.

#### *Development of Standards and Certification for Halal Integrity*

The concept of the Integrated Halal Superhighway was initiated in 2008 with the aim of developing linkages along the Halal value chain involving the IMT-GT subregion. One of the principal goals is to standardize Halal certification for all IMT-GT member countries, thereby uniting them in competing with other suppliers of Halal food. The MOU on the Development of Halal Logistics and Information and Communication Technology (ICT) Halal Superhighway was signed during the World Halal Science and Industry Business International Conference (WHASIB 2010) in Phuket in June 2010 between the Halal Science Center, Chulalongkorn University (HSC-CU), and 10 organizations in seven countries.<sup>8</sup> HSC-CU is building a training center for the IMT-GT Host System at Chulalongkorn University to help current and prospective MOU signatories to comply with its provisions, and to help firms in digitizing information on the sources of raw materials in a form that could be accessed by all users.

<sup>8</sup> These include Penang International Halal Hub of Malaysia, ADempiere Asia, Indonesian Forwarders and Logistics Service Providers Association of Indonesia, South Africa National Halal Authority (SANHA), European Institute of Halal Certification (EHZ) of Germany, the Mediterranean Halal Science Research Centre of Turkey, and the Department of Science and Technology of the Philippines.

### *Development of Halal Industry*

A number of Halal parks will be constructed in Malaysia to add value to the regional agriculture output by leveraging on Malaysia's developed and globally respected Halal framework. The Pasir Mas Halal Park in Kelantan is envisaged to develop local and regional Halal entrepreneurs in processing, manufacturing, and trade/distribution for the regional and global market. The park will be developed as a commercially driven resource-based park for processing, collection, and distribution of high value food products; and will be positioned as a Halal industry business park of choice in the region. The Perlis Halal Park will also host facilities and laboratories for a variety of services for Halal entrepreneurs. These include: (i) identifying means and methods for developing Halal products and services; (ii) creating awareness on the importance of the government's Halal certification in order to improve product marketability; (iii) assisting entrepreneurs in improving product quality and introducing and promoting potential products to the domestic and international markets; (iv) creating and maintaining a database of qualified entrepreneurs based on product competitiveness and export capability; and (v) developing more entrepreneurs in the production and marketing of high-demand Halal products, such as food, beauty, pharmaceuticals, herbal-prepared products, etc.

The Tok Bali Fisheries Integrated Park in Kelantan will be developed as a commercially driven integrated complex for processing, collection, and distribution of high-value-fish-based products; and will be positioned as a regional fisheries hub promoting downstream high-value industries. It is envisaged that the project will accelerate growth of local and regional entrepreneurs in processing, manufacturing, and trade/distribution of fish-based products for the regional and global Halal market.

## **Human Resources Development**

In the context of the IMT-GT Roadmap for Development 2007–2011, human resources development (HRD) is generally associated with the need to develop the competitiveness of the workforce, and enhance their mobility, together with measures to improve the efficiency of labor markets within the subregion. The measures needed to support these thrusts include: (i) training in skills competencies required in IMT-GT priority sectors; (ii) adoption of mutual recognition arrangement and accreditation programs in line with agreements under the ASEAN framework of cooperation; (iii) facilitation of the entry of foreign workers and professionals among the IMT-GT subregions, including easing of travel requirements such as visa and permit requirements; and (iv) promotion of cooperative HRD programs among educational and training institutions in the IMT-GT subregion.

The roadmap lists three flagship programs under the strategic thrust on cross-cutting concerns. For HRD and labor mobility, there are three flagship projects, namely: (i) accreditation and training programs, focusing basically on business support organizations; (ii) Adoption of Mutual Recognition Agreement (MRA) which is being pursued on a case-by-case basis under the ASEAN framework; and (iii) promotion of the UNINET (University Network). However, the number of HRD projects implemented is relatively few. With regard to the MRA framework, the Joint Business Council (JBC) has identified five priority sectors for piloting the harmonization of competency standards; these sectors are shipping, tourism, nursing, construction, and health. Planned guidelines for harmonizing competency

standards in these sectors have not materialized. On the supply side, the UNINET has been established to strengthen networking among institutions of higher learning that will provide training and conduct studies supportive of human resources development and labor mobility.

The slow progress in the various HRD projects stems largely from the fact that many of the policy issues, like labor mobility and university accreditation, are outside the mandate of subregional bodies and are basically driven by national policies. This is especially the case for the adoption of the MRA and the facilitation of entry of foreign workers and professionals through the easing of travel requirements, which are more within the framework of ASEAN cooperation. Given these constraints, IMT-GT cooperation in HRD will thus focus mainly on the enhancement of the quality of human resources in the subregion through capacity building programs.

#### *Enhancement of the Quality of Human Resources in the Subregion through Capacity Building Programs*

For the IB 2012–2016, the Thailand International Development Cooperation Agency (TICA), Ministry of Foreign Affairs and the Ministry of Labor, have offered to provide the following capacity building programs: (i) International Seminar on Women Participation in the Labor Market, (ii) Workshop on the Effectiveness and Efficiency of Technical and Vocational Training, and (iii) Workshop on Project Method in Vocational Training. TICA will also sponsor a workshop on management and skills development in tourism. Prince Songkhla University, in partnership with two other universities in Malaysia and Indonesia, will sponsor a training and workshop for IMT-GT executives/mid-management.

Details of the projects in the IB are in Appendix 1 and the list of projects and activities in the initial 2-year rolling pipeline is in Appendix 2.

# Operational Mechanism

The operationalisation of the Implementation Blueprint (IB) 2012–2016 will require closer cooperation and coordination among all the IMT-GT institutions concerned. The focus on implementation will require greater clarity and differentiation of roles in both the conceptualization and implementation phases of a project, and among the various tiers in the IMT-GT institutional mechanism. The following section defines the roles and responsibilities of the different IMT-GT bodies in the overall implementation of the IB.

The IMT-GT Leaders' Summit is the highest decision-making body which sets major goals and principal direction for cooperation in IMT-GT. The Summit is held once a year. Leaders of the IMT-GT states and provinces will also be involved in the Summit process to emphasize the political support for the IMT-GT process.

The IMT-GT Ministerial Meeting (MM) is the body of designated IMT-GT Ministers responsible for overseeing the overall implementation of the IB in terms of the timely and effective delivery of project outputs and their impact on IMT-GT goals. As the highest policy-making body below the Leaders' Summit, the MM deliberates on policy issues that need to be elevated to the Leaders' attention. The MM meets at least once a year, and may combine a formal and retreat format during this meeting. The retreat format provides platform for open and frank discussions among the ministers on certain themes or issues. With the IB's focus on implementation, line agency ministers may be invited to attend the MM based on specific agenda items tabled at the meeting.

In the performance of its functions, the MM will be supported by the Senior Officials' Meeting (SOM) which is the body responsible for coordinating the overall implementation of the IB at the regional level. The SOM is composed of the designated IMT-GT senior official from each country. Individual senior officials have the responsibility to coordinate the implementation of the IB at the national level. More specifically, the tasks of the senior officials are to

- provide guidance on issues raised by the sectoral working groups, and bring to the attention of the MM any policy or implementation issues requiring action from higher authorities;
- monitor, evaluate, and review on a regular basis, or as appropriate, the implementation of strategies, actions, and projects of the IMT-GT;
- engage with the relevant line ministries to ensure the effective implementation of the IMT-GT projects and initiatives;

- identify issues and challenges from the implementation of IMT-GT initiatives and make appropriate recommendations to the IMT-GT Summit through the MM;
- engage with IMT-GT governors, development partners, the Joint Business Council (JBC), and other relevant stakeholders to promote the implementation of the IMT-GT initiatives and mobilize possible sources of funding; and
- lead and oversee outreach activities and consultation with stakeholders to raise awareness on IMT-GT cooperation.

The National Secretariat (NS) of each member country is responsible for the overall operationalization of the IB as the national focal point for the coordination of IB project-level implementation. More specifically, the NS performs the following tasks: (i) ensure that the subregional programs are reflected in, and complement, the national development plans; (ii) review project proposals and ideas together with relevant national working group (WG) focal points; and (iii) provide inputs to the senior officials at the national level. The NS is also responsible for regularly reporting the outcomes and issues of the IMT-GT cooperation to the national-level mechanism established for this purpose. Representatives of local governments, the private sector, and other IMT-GT stakeholders are part of this national mechanism.

The six IMT-GT sectoral WGs will be in the frontline of operationalizing the IMT-GT strategic thrusts. The WGs develop the sector strategies in support of the overall thrusts of IMT-GT, and identify the key programs and projects that would translate these strategies into action and results. The WGs, with its membership comprising relevant stakeholders of the project, including provincial and state authorities as well as private sector representatives, will be responsible for the deliverables under their respective sectors. They play a key role in all stages of the project cycle by determining the fit between the projects and sectoral strategies and filtering the projects for implementation based on physical and financial preparedness. The terms of reference of the WGs will be developed in 2012.

The private sector has been the key driver of the subregional cooperation activities in IMT-GT, with the public sector providing the enabling policy and regulatory environment and necessary infrastructure support. Private sector participation in all levels of the IMT-GT institutional structure is vital. In this regard, the IMT-GT JBC plays a key role and its functions are to

- represent and serve as the official voice of the private sector in the IMT-GT program;
- foster closer relationships among business and business organizations in the IMT-GT subregion;
- advocate policies, programs, projects, and implementing rules and guidelines supportive of increasing private sector participation in the development of the subregion; and
- initiate the identification of IMT-GT commercial projects and participate in the identification of key IMT-GT infrastructure requirements.

The JBC is also the link with the private sector bodies outside the subregion, such as the ASEAN Chamber of Commerce and Industry, BIMP-EAGA Business Council, and the APEC Business Advisory Council.

The overall operational mechanism for implementing the IB is supported by the Centre for IMT-GT Subregional Cooperation (CIMT), as the regional secretariat of the IMT-GT program. The main functions of the CIMT are to (i) strengthen the coordination mechanism and consultation process among IMT-GT institutions in the subregion as well as to provide the institutional framework to support public and private sector activities; (ii) improve facilitation and implementation of priority projects as well as the monitoring and evaluation of projects and agreements; (iii) establish and enhance external relations with potential investors and donors; and (iv) develop useful databases of IMT-GT activities and enhance information dissemination within and outside the subregion.

# Results-Based Monitoring

The rolling pipeline of IMT-GT projects and activities (Appendix 2) will be updated annually while the Implementation Blueprint (IB) 2012–2016 will undergo a mid-term review in 2014. To ensure that a comprehensive review of both quantitative and qualitative measurement is made on the IB, the projects in the IB will be monitored based on a results framework that will indicate substantive outcomes and development impacts. The results framework will be the basis for monitoring both the progress of implementation and the delivery of outputs as specified in the operational plan. The results framework will consist of three levels:

- (i) Level 1 consists of development goals which IMT-GT supports or complements; these goals are reflected in the IB.
- (ii) Level 2 consists of outputs delivered through cooperation in the programs and projects that support the three strategic pillars which can also indicate the extent of contribution to broad sector outcomes.
- (iii) Level 3 consists of indicators that measure program performance and organizational effectiveness in terms of, but not limited to, the progress of the projects as they move through the various stages of the project cycle; application of the results framework; timeliness in meeting milestones or target outputs; financial resources mobilized; and improvements in business processes.

Adopting a results framework for the for IB will evolve over time; and the working groups (WGs), national secretariats and the Centre for IMT-GT Subregional Cooperation (CIMT) will need to agree on both the baseline measures, as well as the set of indicators at each level. Some flexibility will therefore be required in the application and use of these indicators. The IMT-GT Trade, Investment and Tourism Database (ITITD) project, initiated by the Asian Development Bank (ADB) and CIMT in 2008, will provide some of the parameters for the indicator system. The database of trade, investment, and tourism statistics at both the national and provincial/state levels would allow an analysis of growth patterns and trends in the subregion over time. The 1st Phase, which has been completed, involved the construction of baseline data focusing on information and statistics available from published sources. The 2nd Phase, which is ongoing, focuses on customized provincial and state data. A study to assess the impact of IMT-GT cooperation using these data is being planned; it will also recommend data and information requirements for conducting more comprehensive impact assessments.

The overall responsibility for adopting and managing the results framework resides in the IMT-GT Ministers, working through their senior officials and WGs. At the operational level,

the responsibility for developing the results framework will reside in the WGs and the CIMT. To the fullest extent possible, the participating states and provinces should be consulted and involved in generating pertinent data to be used in the results framework.

Since the indicators for the results framework will need some time to develop, it is expected that at least for the first year of the IB, monitoring will continue to focus only on the status of project implementation and the delivery of outputs. A simple output-based indicator system will be in place for each project in the rolling pipeline that will commence implementation in 2012.



## Concluding Remarks

The IMT-GT Implementation Blueprint (IB) 2012–2016 is a concrete manifestation of the countries' resolve to an action-oriented and results-based path in the next five years. The strategic investment projects in the IB, complemented by software initiatives, will significantly improve connectivity in the subregion, thus allowing member countries to take full advantage of the benefits of integration with the realization of the ASEAN Economic Community.

The IB has set the framework for a more disciplined process of project planning and implementation and monitoring. Projects with well-defined concepts and implementation plans have been selected for inclusion in the IB in order to ensure that they can be carried out effectively and with the desired outcomes, as well as impacts on both national as well as subregional objectives. Toward this end, the IB has incorporated a results-based framework to capture the delivery of outputs, outcomes, and impacts. While this new system of monitoring will undoubtedly pose a challenge to the program, it will also compel quality of project delivery, and greater accountability on the part of the implementer.

The successful implementation of the IB requires a stronger, more focused institutional mechanism. The operational mechanisms have been defined with greater clarity to specify the accountability of officials responsible for the various bodies, including the chairs of working groups, the national secretariats, and the Centre for IMT-GT Subregional Cooperation. The involvement of line ministries will be crucial in delivering results. The national secretariats, in particular, will need to assume a greater role in appraising projects in relation to the IB guidelines; advising on project conceptualization; and managing the process of monitoring outputs, outcomes, and impacts based on the results framework. The Asian Development Bank (ADB) will assist in this process.

As the IB is a living document, it is expected to evolve and adapt to key changes in the subregion in the course of its 5-year implementation period. New projects that are critical to attaining the objectives in the six sectors, as well as adjustments in the timing and sequencing of the projects, could be reflected in the course of IB implementation, as long as they are consistent with the IB guidelines. An annual update of the rolling pipeline will be the mechanism for accommodating changes at the level of programs and projects.

# Appendixes

## Appendix 1. Projects in the IMT-GT Implementation Blueprint 2012–2016

	Goals/Objectives and Strategies	Projects/Activities
	Flagship Program 1: Five Connectivity Corridors	
	Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)	
1	<p><b>Hat Yai–Sadao Intercity Motorway</b></p> <p>The road from the border of Thailand at Sadao and Malaysia going toward Hat Yai is in poor condition and heavily congested. The road passes through several small villages, and due to the large volume of traffic, serious road accidents occur to both pedestrians and vehicles. The Intercity Motorway to be built between Sadao and Hat Yai parallel to the existing road will divert traffic away from the rural villages and enhance a higher level of service and safety to the highway user.</p> <p>(i) New Sadao Customs, Immigration, and Quarantine (CIQ) Complex Development. (refer to project 23-ii for more details).</p>	<p>The Hat Yai–Sadao Intercity Motorway will connect Thailand and Malaysia through Sadao (Jung Loand) and Padang Besar Customs house. The project will include a re-assessment of the feasibility study conducted about 10 years ago, given a much higher traffic volume via Sadao and Padang Besar CIQ, as well as new economic developments around the project area, namely, the expansion and rehabilitation of Sadao–Bukit Kayu Hitam, along the shared border between Thailand and Malaysia, and development of the Sadao–Bukit Kayu Hitam Special Economic Zone.</p> <p>The project components, and their respective timelines, are as follows:</p> <p>(i) <b>Feasibility Study (2012–2013)</b>: The feasibility study on the economic and engineering aspects of the project will be conducted. An Environmental Impact Assessment or EIA, to be issued by the Ministry of Science, Technology and Environment and submitted to the Office of Environmental Policy and Planning, will also be required.</p> <p>(ii) <b>Detailed Design (2013–2014)</b>: The detailed design (D/D) will be conducted to provide a clear picture of the rights-of-way, cost estimates, and environmental mitigation and management measures, among others. Public consultations will be undertaken. A review of the feasibility study will commence in 2012 at a cost of 20 million baht.</p> <p>(iii) <b>Investment Options (2014)</b>: The options for private sector participation in the project, either through a concession or a public-private sector joint venture, will be considered to reduce government outlays.</p> <p>(iv) <b>Land Acquisition (2014)</b>: Land acquisition will commence in accordance with the Asset Expropriation Act, B.E. 2530.</p> <p>(v) <b>Construction (2015–2017)</b>: Construction is targeted to begin in 2015 for a duration of three years up to 2017.</p> <p>(vi) <b>Operations (2018)</b>: Underpass and overpass facilities will be constructed in areas where local traffic route cuts through communities.</p> <p>The executing agency will be the Department of Highways, Ministry of Transport, Thailand.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b>	
<b>2</b>	<b>Nathawi Ban Prakob–Durian Burung</b>	<p>Located at the border of Thailand and Malaysia, the project consists of constructing the CIQ facilities and engineering D/D of the second phase in Ban Prakob, Nathawi in Thailand, including improvement of the road section from Nathawi–Ban Prakob; and, on the Malaysian side, improving connectivity to the Thai gateway in Durian Burung through the Trans–Eastern Kedah Interland Highway Project (TEKIH) as well as the upgrading of the Durian Burung–Alor Setar road network.</p>
	<b>(i) Nathawi–Ban Prakob/Durian Burung Road Project</b>	<b>(i) Nathawi–Ban Prakob/Durian Burung Road Project</b>
	<p>This project will upgrade the road sections in Thailand to enhance transport connectivity between Thailand and Malaysia. (This project also includes Ban Prakob CIQ Complex Development, see details in project 23-1)</p>	<p>The Nathawi–Ban Prakob road project covers 34 kilometers (km), of which 4 km are for upgrading into a 2-lane Class I standard, and 30 km for upgrading into a 4-lane Class I standard. A 30-kilometer section is under construction, while the rest is to be completed within 2012.</p>
	<b>(ii) Durian Burung–Pedu–Gubir–Kupang</b>	<b>(ii) Durian Burung–Pedu–Gubir–Kupang</b>
	<p>The Trans–Eastern Kedah Interland Highway (TEKIH) Project from Durian Burung to Kupang, Baling aims to enhance the road network in Kedah State particularly in connecting to the North and South areas. The project will improve accessibility and serve as the catalyst for the development of Kedah Eastern District (covering Padang Terap, Sik, and Baling), and to be balanced with more developed districts in the West.</p>	<p>The project will upgrade the existing road to R5 standard and build a new R5 single carriage-way, linking Durian Burung, Pedu, Gubir, and Kupang. On the Malaysian side, the upgrading of TEKIH will connect the gateway to Thailand in Durian Burung with the East–West Highway (PLUS) through Baling, Kedah. The connection will cut travel time from Baling to Durian Burung from 2 hours and 15 minutes to 1 hour and 30 minutes; moreover, it will enhance the road network in the State of Kedah and help catalyze the development of the State’s Eastern District covering Padang Terap, Sik, and Baling to balance the more advanced developments in the Western District. Executing agency is the Public Works Department of Malaysia. The project is well advanced and is scheduled to be completed in 2013–2014.</p>
	<b>(iii) Alor Setar–Kuala Nerang–Durian Burung</b>	<b>(iii) Alor Setar–Kuala Nerang–Durian Burung</b>
	<p>The existing road connecting Alor Setar–Kuala Nerang–Durian Burung, Kedah has been increasingly busy. Alor Setar is the capital of Kedah and Durian Burung is the gateway to Thailand. Alor Setar is further connected by road, air, and rail to other states in northern Malaysia and is the hub in Kedah for business. The road transport project links Southern Thailand and the Northern Peninsular Malaysia. The objective of the project is to improve the existing federal road to R5 standard.</p>	<p>The project will upgrade and improve the existing federal road to R5 standard, 2-way single carriage-way (2-lane) for a length of 33 km, and 2-way double carriage-way (4-lane) for a length of 15 km. The executing agency is the Public Works Department of Malaysia. The project is scheduled to be completed in 2012.</p>

	Goals/Objectives and Strategies	Projects/Activities
	<p><b>Flagship Program 1: Five Connectivity Corridors</b></p>	
	<p><b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b></p>	
<p><b>3</b></p>	<p><b>Southern Region Cargo Distribution Center at Thungsong</b></p> <p>Since several marine and land routes can meet at Thungsong District, Nakhon Si Thammarat Province, it is strategically regarded as a center of domestic and international transportation. Thungsong is connected to several routes, i.e., Asia Road No. 41 and the railway junction. Wholesale and retail centers (Nakhon Si Thammarat, Trang, Surat Thani, Krabi, and Phatthalung) also enhance the attractiveness of Thungsong District. All of them constitute the largest industrial hub in Thailand's southern region. It is home to various industries, i.e., cement, ores and minerals, and other related industries.</p> <p>The construction of the cargo distribution at Thungsong is aimed at reducing logistics and freight cost resulting from rising fuel prices. The CDC in Thungsong will enable an integration of railway and international marine routes, and enhance the overall trade competitiveness in the IMT-GT subregion. The project is part of the strategic development plan of Nakhon Si Thammarat and the Gulf of Thailand for the Southern provinces (Chumporn, Surat Thani, Nakhon Si Thammarat, and Phatthalung). It is also consistent with the 11th National Economic and Social Development Plan of Thailand.</p>	<p>The project will involve the construction of a cargo distribution center (CDC) at Thungsong, Nakhon Si Thammarat District to serve as a hub in Southern Thailand, connecting domestically via multimodal links to Kantang seaport in Trang Province. The project will leverage on Thungsong's central location in Southern Thailand and the current high volume of traded goods (cement, ores, minerals, industrial products) passing through Nakhon Si Thammarat, Trang, Surat Thani, Krabi, and Phatthalung; and connecting with the rest of the subregion via multimodal links. Included in the project is a road link to Highway No. 41 and No. 403 which will be constructed in 2011–2012, and a rail link from the CDC to the main railway (2012–2013). Detailed design for overall construction will be conducted during 2012–2013 with full operation of the CDC targeted for 2016. The project will be upgraded to promote international connectivity this year.</p> <p>The project's scope includes:</p> <ul style="list-style-type: none"> <li>(i) a preliminary study of project potential (completed in 2009);</li> <li>(ii) conduct of a feasibility study and environmental impact assessment (completed in 2010);</li> <li>(iii) detailed design for construction work; and</li> <li>(iv) physical construction of CDC at Thungsong:             <ul style="list-style-type: none"> <li>• railway construction that links to CDC at Thungsong, and road construction that links to Asia Road No. 41 and No. 403; and</li> <li>• CDC management to be done by companies governed by local government administration unit.</li> </ul> </li> </ul>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b>	
4	<p><b>Golok River Bridges</b></p> <p>These two bridges have been identified for priority construction by both Malaysia and Thailand as part of the planned development of the Narathiwat Special Economic Zone. The feasibility studies for these bridges have been completed, with detailed design scheduled to follow in 2012.</p> <p><b>(i) Takbai–Pengkalan Kubur Bridge</b></p> <p>The purpose of this bridge is to replace the existing ferry service by providing a more stable and efficient means of crossing. It will greatly increase cross-border economic opportunities, and contribute to the regional development plans in Malaysia and Thailand.</p> <p><b>(ii) Takbai CIQ Complex Development (see details in project 23)</b></p> <p><b>(iii) Sungai Golok–Rantau Panjang Bridge</b></p> <p>The project will increase the capacity of the existing bridge-crossing at this location. The current bridge is a single carriage-way (2-lane) concrete bridge R3 standard which can no longer accommodate the rapid growth and planned developments in the border areas and states of the two countries.</p>	<p><b>(i) Takbai–Pengkalan Kubur Bridge</b></p> <p>The project will involve the construction of a new bridge spanning the Golok river and the other required planned developments for the construction of customs, security, and other facilities.</p> <p><b>(ii) Takbai CIQ Complex Development (see details in project 23)</b></p> <p><b>(iii) Sungai Golok–Rantau Panjang Bridge</b></p> <p>This will involve the construction of the second bridge from Rantau Panjang (Kelantan, Malaysia) and Sg. Golok Town (Narathiwat, Thailand).</p>
5	<p><b>Ipoh–Medan Direct Flight</b></p> <p>With many low cost carriers (LCCs) increasing their coverage of the subregion, aviation linkages in IMT-GT are now of good quality and are sufficient in capacity to cover growth in demand up to 2016.</p> <p>The Ipoh–Medan direct flight is envisaged to promote Perak's potentials in nature and heritage tourism, as well as provide residents of Sumatera with the opportunity to avail themselves of medical services at the Ipoh Specialist and Pantai Hospital. It will also promote tourism in Perak in line with Visit Perak 2012.</p>	<p>In response to the Leaders' directive to further enhance air connectivity with Sumatera, the LCC Firefly will open an additional route flying directly from Medan (Sumatera) to Ipoh (Perak).</p> <p>Agencies involved in the project are Firefly (an LCC), Perak Tourism Management Bhd., Department of Civil Aviation, Ministry of Transport, Malaysia Tourism Board, and Ministry of Tourism (MOT). The MOT has given approval for Firefly to operate a scheduled flight from Ipoh to Medan three times a week starting on 22 November 2011.</p>

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Appendix 1 *continued*

	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b>	
<b>6</b>	<p><b>Integrated Immigration, Customs, Quarantine and Security (ICQS) Bukit Kayu Hitam</b></p> <p>The CIQ Complex at Bukit Kayu Hitam in Kedah State borders Sadao, Province of Songkhla, Thailand. It is one of the main entry points at the Malaysia–Thailand border and is linked to major cities, ports, and airports in Malaysia and Thailand such as Alor Setar (48 km), Penang (143 km), and Hat Yai (58 km). The development of the ICQS Complex will create a modern, secure, and efficient complex in order to reflect the image of the main entry point, to resolve traffic congestion in the area, and cater to long-term requirements.</p>	<p>The existing CIQ complex, which occupies 25.710 acres, will be expanded to 73.815 acres complex to resolve traffic congestion and cater to long-term requirements. The project sponsor, Northern Gateway Infrastructure Sdn. Bhd., started construction in 2011 and expects to complete the project in 2015.</p>
<b>7</b>	<p><b>Inland Container Depot at Padang Besar</b></p> <p>The Inland Container Depot (ICD) at Padang Besar is strategically located at the Malaysia–Thailand international border; and it links directly to Penang Port via the Ipoh–Padang Besar double track rail link. Traded volume passing through Padang Besar constitutes 31.2% of total exports from Southern Thailand. Major inbound commodities transported through rail are rubber (82%), auto parts, electronic products, and perishables. Outbound commodities include sugar, electronics, and building materials.</p> <p>With the project, potential for outbound commodity traffic can be increased through uninterrupted rail connectivity within Malaysia, where commodities will flow faster and safer from Padang Besar to Penang Port and back, and will lead to the development of suitable logistics-cum-transport infrastructure to boost trade through the Malaysia–Thailand border.</p>	<p>The ICD project in Padang Besar will cover an area of 100 acres and will include inland warehouses, container yards, containers, freight stations, bonded warehouses, administrative buildings, security facilities, railway tracks, and basic infrastructure. The executing agency is the Perlis State Government.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<p><b>Flagship Program 1: Five Connectivity Corridors</b></p> <p><b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b></p>	
8	<p><b>Northgate Manufacturing Park at Pengkalan Hulu</b></p> <p>Pengkalan Hulu is the northernmost border town in Perak and is a meeting point for Southern Kedah and Thailand, as well as an entry point and gateway to towns in Southern Thailand and Kedah. Its importance has been enhanced by the development of nearby border towns as a duty-free area. In 2006, the State Government of Perak offered 150 acres of land in Bukit Berapit, which is located in between the Immigration and Customs of both Malaysia and Thailand, to a private company, Puri Utama Development Sdn. Bhd., to develop a planned border town.</p>	<p>The manufacturing park will include recreational, retail, and commercial centers; border facilities (terminals and open yards); and health facilities. The project scope includes:</p> <ul style="list-style-type: none"> <li>• <b>Phase 1:</b> Development of Northgate Arena bazaar comprising a bowling arena, retail outlets, duty-free, and supermarket complex</li> <li>• <b>Phase 2:</b> Proposed development of Northgate Avenue commercial shop offices</li> <li>• <b>Phase 3:</b> Ministry of Health's border facilities</li> <li>• <b>Northgate Border Terminal/Open yard facility</b></li> </ul> <p>The project status is detailed as follows:</p> <ol style="list-style-type: none"> <li>(i) Ongoing Construction Works–Phase 1: Development of Northgate Arena bazaar comprising a bowling arena, retail outlets, duty-free, and supermarket complex</li> <li>(ii) Investments–Phase 2: Proposed development of Northgate Avenue commercial shop offices</li> <li>(iii) Investments–Phase 3: Ministry of Health's border facilities which have commenced operations</li> <li>(iv) Other Business Development–Northgate Border Terminal/Open yard facility</li> <li>(v) Other Investment Opportunities–These include the Northgate bed and breakfast budget hotel Joint Venture with Lightel Sdn. Bhd. (operator of Wenworth Hotel KL) which has been completed; Faculty of Printing, Limkokwing Institute, Joint venture with Institute of Printing, United Kingdom; design and build proposed housing development for Immigration Department which is pending approval from Ministry of Home Affairs.</li> </ol> <p>The developer of the project is Puri Utama Development Sdn. Bhd. Agencies involved in the project are the State Economic Planning Unit, Custom, Immigration, Pengkalan Hulu District Council, and Ministry of Finance.</p>

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Appendix 1 *continued*

	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phatthalung–Songkhla–Yala–Pattani–Penang–Medan)</b>	
9	<p><b>Narathiwat Special Border Economic Zone</b></p> <p>The development of Narathiwat Special Economic Border Zone (SBEZ) is part of the long-term strategy to develop Sadao–Bukit Kayu Hitam, Narathiwat–Kelantan, and the joint township at Betong–Pengkalan under the Joint Development Strategy (JDS). A cluster of value-added chains will be developed in Narathiwat, Pattani, and Yala provinces with the status of special economic zone (SEZ) taking advantage of their proximity to, and linking with, the East Coast Economic Region (ECER) of Malaysia. The SEZ will link the main gateways of Thailand with Malaysia through Narathiwat Province at Sungai Golok–Rantau Panjang, Tak Bai–Pengkalan Kubur, and Buketa–Bukit Bunga. Narathiwat will be promoted as the hub and main gateway connecting with ECER and other planned developments at Kelantan State on the Malaysian side.</p>	<p>The project will develop an integrated plan for establishment of SBEZ at Narathiwat–Pattani–Yala connecting with ECER. The priority will be the construction of a new bridge link at Sungai Golok–Rantau Panjang and Tak Bai–Pengkalan Kubur to link with Kelantan State at the ECER. A new industrial estate will be established at Tak Bai to induce more investments in Narathiwat. The value chain will extend to Pattani's Halal Industrial Estate (IEAT). Other developments in the area include the new CIQ facilities, the Narathiwat agricultural market, Tak Bai CIQ green area for tourists, Sungai Golok tourist service center, Sungai Golok recreation area, and the Sungai Golok municipality flood protection system. Border townships are also planned for Takbai, Sungai–Kolok, Buketa, Yingo, and Ruesa.</p> <p>Thailand will conduct an integrated development plan for the development of a SEZ at Narathiwat–Pattani–Yala linked with the developments at Kelantan State on the Malaysian side. The study will commence in 2012. The integrated plan will utilize the findings of an earlier study conducted under the JDS framework for the development of Sadao–Bukit Kayu Hitam and Narathiwat–Kelantan and the joint township at Betong–Pengkalan. Implementing agencies are the Industrial Estate Authority of Thailand, Customs Department, Highways Department, and Public Works and Town and Country Planning Department.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1b: Straits of Malacca Corridor</b>	
<b>10</b>	<b>Development of Kantang Coastal Port at Naklua</b>  The new port at Kantang has potential connectivity to Malaysia via the Trang–Satun–Melaka Corridor. The project is a new bulk and break bulk port which can uplift efficiency of sea transportation route on the Andaman side of Southern Thailand. It can also create a more efficient network of sea transportation and also multimodal transport to enhance the access of goods moving along the corridor to transshipment points to other parts of Asia.	The proposed development of Kantang Coastal Port at Naklua involves the construction of a bulk and break bulk port in Trang Province to further facilitate sea transportation, especially for the increasing volume of rubber exports (via the Andaman side of Thailand) to the subregional, Asian, and global markets.  The port size, which is 185 meters in length and 29 meters in width, will cover an area of 106,190 square meters. The port will be constructed over the period 2012–2014; and will cover the construction of a jetty, cargo handling facilities, and administrative and maintenance offices. It will enhance the connectivity between Thailand and Northern Sumatra.
<b>11</b>	<b>Upgrading of Fishing Port at Kuala Perlis</b>  The planned upgrade of the fish landing jetty at Kuala Perlis (reconstructed in 2003) into an international fisheries port is a response to the increasing quantity of fish landed at the port, increased number of boats, and active barter trading. The size of the area is 6.4134 acres. The original site was a fishing jetty that was destroyed in a fire on 3 June 2001. Offloading capacity is 25,000 metric tons per year.	The project to upgrade the fish landing jetty at Kuala Perlis will include preliminary works, earthwork/embankment, excavation work, demolition, renovation, construction of new building, external works, mechanical and electrical works, landscape works, and provisional slum.  Existing activities and facilities include: (i) local fish offloading activity and transportation of fish for import/export; and (ii) declared—fisheries complex and mooring, wholesale fish market, and fish produce movement gateway. Operating hours are from 8:00 a.m. to 12:00 midnight. There is also barter trade with Thailand with exports of wheat flour, cooking oil, and junk food; and imports from Thailand of fresh fish and vegetables.

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Goals/Objectives and Strategies		Projects/Activities
<b>Flagship Program 1: Five Connectivity Corridors</b>		
<b>Flagship Program 1b: Straits of Malacca Corridor</b>		
<b>12</b>	<b>Road Upgrading of Kaki Bukit and Wang Kelian</b> The upgrading of the 6.5 km road between Kaki Bukit and Wang Kelian, Perlis is intended to provide a smooth link to the second entry point in the State of Perlis with Wang Prachan, Thailand; and set the stage for smoother and faster commodity flow from Wang Kelian to Penang Port and back.	The project will upgrade the existing road (R15) of approximately 4 km and slope repair. Roadway upgrade shall comply with the R5 design with minimum design speed of 70 km per hour. It requires the provision of road alignment that meets certain minimum vertical and horizontal geometric configuration.
<b>Flagship Program 1c: Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor</b>		
<b>13</b>	<b>Sumatra Ports Development Project</b> <b>(i) Belawan Port</b> <b>(ii) Ulee Lheue Port</b> <b>(iii) Malahayati Port</b>	<b>Sumatra Ports Development Project</b> <b>(i) Belawan Port</b> The project will build a temporary RoRo facility; and conduct a study with two components: (a) technical hydrographic and drainage study for flooding remedy; and (b) feasibility study for passenger terminal relocation and break/bulk break wharf expansion.
<b>14</b>	<b>Sumatra Toll Roads</b> <b>(i) Palembang and Indraraja Toll Road</b>  <b>(ii) Palembang–Betung Toll Road</b> The proposed toll road is planned to minimize traffic load on Palembang–Betung corridor and will support the accessibility to and from the future sea port of Tanjung Api-Api. It will also create positive impact on the economic growth of South Sumatera Province, which produces abundant natural resources from agriculture, fishing, and plantations.	<b>(i) Palembang and Indraraja Toll Road</b> The project includes 4-laning between Palembang and Indraraja, which is the Eastern Highway running south out of the city toward Bandar Lampung (22 km stretch).  <b>(ii) Palembang–Betung Toll Road</b> The project is located on the Palembang–Betung Corridor, which is part of Sumatra Eastern Highway; and also functions as connector to the Sumatra Middle Highway.

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Appendix 1 continued

	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1c: Banda Aceh–Medan–Pekanbaru–Palembang Economic Corridor</b>	
15	<b>Bakauheni–Terbanggi Besar</b> This project is located in the most southerly section of the Eastern Highway from Bandar Lampung to Bakauheni and on to the southern tip link across to Java.	The project will put up a toll road in Bakauheni–Terbanggi–Besar located at Lampung Province which is part of the Sumatera Eastern Highway.
16	<b>Banda Aceh–Kuala Simpang Toll Road</b> The project aims to provide better infrastructure (toll road and highway) and facilities to attract more tourists in Banda Aceh.	The project will cover Banda Aceh–Sumatera Utara (distance of 450 km and bridge length of 3,298 m) and part of Sumatera Eastern Highway particularly Banda Aceh–Sigli–Lhokseumawe–Langsa–Binjai.
17	<b>ASEAN Highway route 151 East–West Feeder link between Pekanbaru–Bukittinggi–Pematang Siantar–Jambi–Sarolangun; Bengkulu–Lubuk Linggau–Lahat; Baturaja–Bandang Lampung</b>	
18	<b>ASEAN Highway Route between Banda Aceh and Palembang</b>	
	<b>Flagship Program 1d: Melaka–Dumai Economic Corridor</b>	
19	<b>Melaka–Pekanbaru Power Interconnection</b> The rationale for the Melaka–Pekanbaru power interconnection project is to exchange expensive peak load against cheaper base load in the other country by making use of the (i) one hour time difference between the two countries; and the (ii) difference in peak hours and load curve pattern (Malaysia has a day peak, while Sumatera has a night peak).	The Melaka–Pekanbaru Power Interconnection Project will involve construction of a 500 kilovolt (kV) high voltage direct current (HVDC) power transmission line between Malacca and Pekanbaru. The proposed project foresees the construction of a 600 megawatt (MW) ±250kV HVDC transmission line from Sumatera to Peninsular Malaysia plus converter stations and other transmission facilities. Perusahaan Listrik Negara/ State Electricity Company (PLN of Indonesia) share of the project cost is \$300 million and Tenaga Nasional Berhad (TNB of Malaysia) share of the project cost is \$200 million.  Both PLN and TNB agreed that a detailed feasibility study needs to be carried out before the project can be financed. Detailed terms of reference have been prepared for the under-sea submarine cable survey. Contract will be awarded soon and the survey will be completed by the end of first quarter 2012.

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Goals/Objectives and Strategies		Projects/Activities
<p><b>Flagship Program 1: Five Connectivity Corridors</b></p> <p><b>Flagship Program 1d: Melaka–Dumai Economic Corridor</b></p>		
20	<p><b>Melaka–Dumai Economic Corridor Multimodal Transport Project</b></p> <p>(i) <b>Dumai Port</b></p> <p>(ii) <b>Pekanbaru–Dumai Road</b></p>	<p>(i) <b>Dumai Port</b> The project will continue the uncompleted container terminal (200 m berth).</p> <p>(ii) <b>Pekanbaru–Dumai Road</b> The project will rehabilitate the 63 km Duri–Dumai road; construct new 90 km road on Pekanbaru–Kandis; and rehabilitate the 20 km on Kandis–Duri. It has been confirmed by Ministry of Public Works (MPW) and listed in the Public–Private Partnership (PPP) Book 2010–2014 (p. 92) as a potential project. It is already included in the Blue Book (public sector) under MPW. The project was initially offered for private sector financing but found not financially feasible. The project is now proposed to be financed by government while the operation and maintenance will be conducted by the private sector. The scope and length of the road network were clarified at a national consultation meeting in May 2010. The Government of Riau and the regencies in Riau signed a memorandum of understanding (MOU) for land acquisition of the project. Supporting studies on the project which have been completed include pre–feasibility study, SID Pekanbaru–Kandis route, SID Kandis–Duri route, and AMDAL toll road Pekanbaru–Dumai.</p>
	<p><b>Sumatra Ports Development Project (part of project 13)</b></p> <p>(i) <b>Kuala Enok Port</b></p>	<p>(i) <b>Kuala Enok Port</b> Currently, there is an 80-meter wharf but original development failed to “take off” due to lack of an access road. The road to the port has now been constructed, although it only a brown-topped road at this stage. There are 150 hectares of backland for development. (The project is listed in BAPPENAS PPP Book as Development of Bulk Terminal, Kuala Enok Port, Riau.)</p>
	<p><b>Flagship Program 1e: Ranong–Phuket–Aceh Economic Corridor</b></p> <p><b>Sumatra Ports Development Project (part of project 13)</b></p> <p>(i) <b>Ulee Lheue Port</b></p> <p>(ii) <b>Malahayati Port</b></p>	<p>(i) <b>Ulee Lheue Port</b> The project consists of adding another dolphin and a walkway and installing a customs, immigration, quarantine and security (CIQS) facility in the existing terminal.</p> <p>(ii) <b>Malahayati Port</b> The project consists of providing an operational container terminal requiring strengthening and widening of the dedicated quay, paving of the container yard, dredging along the quay to increase the water depth to 9 m, and providing mobile container crane and other equipment.</p>

	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 1e: Ranong–Phuket–Aceh Economic Corridor</b>	
21	<p><b>Southern Thailand Ports Development Program: Phuket Port</b></p> <p>The project's objective is to provide a passenger facility complementing the role of Phuket as a major tourist destination on the west coast of Thailand through the development of a relatively low cost direct passenger or passenger RoFo service facilities.</p>	<p>The primary structure is the new passenger terminal with a projected building that is 60 m long and 40 m wide, which is sufficient for intermediate passenger processing. To develop a RoFo service, a new facility will be required, as the existing quay is a standard general cargo berth with no ramps. The project will provide the port with high quality passenger handling facility, comparable with other ports in the region, used by cruise liners. The facility will complement the image of Phuket as a tourist "hub" which the Tourist Ministry and provincial authorities are trying to project. The profile indicates that the project is ready for implementation but issues have been raised regarding (i) the duration of the concession that would be granted to the developer, and (ii) the opposition to development of freight activities in Phuket and the costly design of the project.</p>
	<b>Flagship Program 2: Streamlining of Trade Regulations and Procedures</b>	
22	<p><b>Simplification of CIQ Regulations and Procedures</b></p> <p>The importance of trade facilitation in accelerating economic growth and poverty reduction was recognized by local businesses and participating governments. Trade facilitation issues revolve around addressing non-tariff barriers to attain efficient movement of goods and people, and generally pertain to customs, immigration and quarantine (CIQ) issues.</p> <p>The 16th IMT-GT Senior Officials' Meeting/Ministerial Meeting (SOM/MM) on 13–15 October 2009 in Melaka, Malaysia, decided to establish the Task Force on CIQ under the Working Group on Trade and Investment (WGTT) with the objectives of (i) strengthening CIQ initiatives aimed at simplifying cross-border procedures; (ii) making rules, regulations, and procedures more transparent; (iii) identifying specific issues and practices in the proposed areas of simplification, both on entry-to-entry point and on a multilateral basis; (iv) developing a simplified, improved, and time-bound system in processing documents at identified entry points; and (v) simplifying procedures in complying with quarantine standards, under World Trade Organization/ Sanitary and Phytosanitary (WTO/SPS) Agreement.</p> <p>The project's objective is to simplify and harmonize CIQ regulations and procedures in major entry points in the IMT-GT region.</p>	<p>The activities of the Task Force on CIQ will include: (i) finalization of the MOU to define the scope of improvements to be undertaken in the priority border crossings; (ii) identification of project border crossing point (BCP)/ports; (iii) benchmark setting and gap analysis; (iv) development of standard operating procedures (SOP) per sector per pilot BCPs; and (v) development of a CIQ action plan.</p> <p>The project will have two phases:</p> <p>Phase 1: Establishing the institutional framework, choosing dedicated priority pilot entry point, and establishing a routine of meetings and discussions to flesh out the cooperation and coordination mechanisms in accordance to the CIQ Task Force Terms of Reference.</p> <p>Phase 2: To be implemented upon signing of the MOU and SOPs, and efforts will revolve around implementing reforms, taking into consideration basic needs and resources available at each designated priority entry point. Major outputs expected are improved CIQ systems and better private sector compliance.</p>

	Goals/Objectives and Strategies	Projects/Activities
	<p><b>Flagship Program 2: Streamlining of Trade Regulations and Procedures</b></p>	
23	<p><b>CIQ Complex Development at Narathiwat and Songkhla</b> The CIQ Complex Development Project, with full-scale facilities, is mainly aimed at accommodating cross-border activities (such as traveling, trading, and investment) between Thailand and Malaysia. This project is expected to generate economic growth on both sides of Thailand–Malaysia borders.</p> <p><b>(i) Ban Prakob CIQ Complex Development</b> The new CIQ Complex at Ban Prakob, Nathawi will be developed to facilitate cross-border travelling and trading along the Thailand–Malaysia border. The first phase is under construction and will be finished by mid-2012. The feasibility study and engineering detailed design (D/D) of the second phase are going to be conducted in 2012 and construction will be undertaken in 2014.</p> <p><b>(ii) New Sadao CIQ Complex Development</b> The new Sadao CIQ complex will facilitate a huge demand for cross-border travel and trade along Sadao–Bukit Kayu Hitam border.</p> <p><b>(iii) Takbai CIQ Complex Development</b> The second CIQ Complex along Takbai–Pengkalan Kubur Bridge will be developed to facilitate cross-border travel and trade along the Thailand–Malaysia border.</p>	<p>The project includes preparation of a master plan, a feasibility study, detailed design, and construction.</p> <p>Proposed implementation schedule is 2012–2016. Executing agencies are the Department of Public Works and Town and Country Planning, Customs Department, and other relevant agencies.</p> <p><b>(i) Ban Prakob CIQ Complex Development</b> Located at the border of Thailand and Malaysia, the project consists of constructing the CIQ facilities and engineering D/D of the second phase in Ban Prakob, Nathawi in Thailand, including improvement of road sections from Nathawi–Ban Prakob; and, on the Malaysian side, improving connectivity to the Thai gateway in Durian Burong (through the Trans Eastern Kedah Interland Highway Project (TEKH), as well as the upgrading of the Durian Burong–Alor Setar road network.</p> <p><b>(ii) New Sadao CIQ Complex Development</b> The new Sadao CIQ Complex will cover 290 acres of land, approximately 3 km toward the east of the existing complex. It will be the largest CIQ complex in Thailand.</p> <p>The project is undergoing a feasibility study and engineering detailed D/D, and will be finished by mid-2012. Construction will start in 2013.</p> <p><b>(iii) Takbai CIQ Complex Development</b> The feasibility study of the location site is to be undertaken in 2013. The engineering D/D will be undertaken in 2014 and construction will start in 2015.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 2: Streamlining of Trade Regulations and Procedures</b>	
24	<b>Exchange of Study Visits of CIQ Personnel</b> The study visits will encourage customs, immigration and quarantine (CIQ) personnel and other relevant sectors to jointly receive, assess, and summarize the appropriate policy recommendations focusing on CIQ management of IMT-GT member countries. The exchange is expected to broaden their perspective through interaction and exchange of information and experience. This interaction and increased understanding are expected to facilitate the needed adjustments in the rules and regulations between the two countries as needed.	Study visits will be organized to enhance the comprehensive knowledge and explicit experience of CIQ personnel and other related stakeholders regarding CIQ and cross-border movement.  Target clients are (i) CIQ agencies' personnel from Padang Besar–Padang Besar, Sadao–Bukit Kayu Hitam, Betong–Pengkalan Hulu, and Sangai Kolok–Rantau Panjang; and (ii) business sector representatives from both local and national levels.
25	<b>Thai Immigration Cooperation Framework</b> The primary goal of the Thai Immigration Cooperation Framework is to support the increase in intra- and extra-trade, investment, and tourism on cross-border passengers and goods by harmonizing and simplifying regulations and procedures between member countries. The project aims to formulate a framework of cooperation document, following the government policy; and a refined Immigration Act B.E. 2522.	This initiative seeks to harmonize immigration systems in IMT-GT to facilitate the movement of peoples among the countries with pilot sites at Bukit Kayu Hitam–Sadao, and Padang Besar–Sg. Golok–Rantau Panjang. The pilot harmonization scheme will include a one-stop service center in each of these borders, a paperless visa system, and a 24-hour CIQ operation. A cooperation framework will be formulated for this purpose, which will provide inputs to refinements in Thailand's Immigration Act. Agencies involved in the project are the Immigration Department of Indonesia, Immigration Bureau of Thailand, and Immigration Department of Malaysia.
	<b>Flagship Program 3: Promotion of Logistics/Supply Chain and Business Services</b>	
26	<b>Bukit Bunga–Jeli Strategic Implementation Plan</b> The opening of the Bukit Bunga–Ban Buketa Bridge (the "Friendship Bridge") in Kelantan State in December 2007 and subsequently the Bukit Bunga CIQ Complex in January 2011, has provided an additional entry point at Bukit Bunga–Jeli between Thailand and Malaysia.  The Strategic Implementation Plan (SIP) will be developed for the proposed integrated Bukit Bunga–Jeli cross-border tourism, trade, and commercial-industrial-residential development.	A study will be conducted in 2012 to plan for the development of the new strategic area, Bukit Bunga–Jeli, focusing on trade and tourism potentials. The study will provide (i) an overview and assessment of the Bukit Bunga and Jeli areas and Southern Thailand (i.e., Ban Buketa and its surrounding developments) areas including land use analysis and socioeconomic studies; (ii) market study on the economic sectors for the optimization of development potentials of the study areas (e.g., tourism, trade, commercial, industrial, and residential); (iii) establishment of integrated development strategies for Bukit Bunga and Jeli; (iv) establishment of synergy between Bukit Bunga and Jeli; (v) business model formulation; and (vi) identification of requirements for physical enhancement works for Bukit Bunga area.  The executing agency is the East Coast Economic Region Development Council (ECERDC).

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 3: Promotion of Logistics/Supply Chain and Business Services</b>	
27	<p><b>Kota Bharu City Centre Master Plan</b></p> <p>Kota Bharu has always been a center for cross-border trading and tourism due to its proximity to Thailand. There is potential to exploit its geographical advantage as a border and frontline city to Thailand and Indo-China region, together with the entrepreneurial talent of the people of Kelantan. The city has undergone quite a robust phase of commercial development during the last decade. With this growth, traffic congestion, especially in the inner city areas, has become a critical issue.</p> <p>With the improvement in cross-border linkages being pursued, there is a need to study the potential growth of the city and its impact on increased traffic flows. An integrated master plan will help formulate and propose development plans of Kota Bharu City Centre including new retail and leisure areas for the city.</p>	<p>Further planning for Kelantan State, this time for Kota Bharu City, will be conducted in 2012. Malaysia will conduct a master plan in 2012 to rationalize spatial planning and investments for the future development of Kota Bharu City, focusing on the required infrastructure and utilities, and the potential for developing new retail and leisure areas. The study will cover (i) development strategy including socioeconomic impact; (ii) strategic development components to spearhead private investment; (iii) traffic and transportation planning; (iv) detailed layout plan and estimated cost of development; and (v) implementation and phasing plan for the main infrastructure and utilities.</p> <p>The executing agency is the ECERDC.</p>
28	<p><b>IMT-GT Annual Trade Missions and Trade Fairs</b></p> <p>Trade missions, as promotional activities, with Malaysia and Indonesia are intended to encourage Thai entrepreneurs to expand their business network in IMT-GT countries, and to increase trade opportunities of Thai companies in the growing Malaysia and Indonesia markets.</p> <p>The conduct of trade fairs aims to alleviate poverty among its people in five southern border provinces through a sustainable increase in income and trade opportunities for consumer goods and promotion of the One Town One Product (OTOP) program. It also provides a platform for increasing market share among existing customers in IMT-GT areas; launching a business to a new market; strengthening relationships with existing suppliers and vendors in IMT-GT areas; and forging relationships with new suppliers and vendors.</p>	<p>The Department of Foreign Trade will lead trade missions of Thai entrepreneurs in 14 southern provinces to find business partners and trade opportunities in Malaysia and Indonesia.</p> <p>The Provincial Commerce Office of Thailand in five southern border provinces (Satun, Songkhla, Pattani, Yala, and Narathiwat) will organize an IMT-GT Trade Fair in Songkhla.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 3: Promotion of Logistics/Supply Chain and Business Services</b>	
<b>29</b>	<p><b>IMT-GT Contact Center</b></p> <p>The primary goal of the IMT-GT Contact Center is to strengthen regional connectivity in support of small and medium-sized enterprises/industries (SMEs/SMIs) and retailers for increased intra- and extra-regional trade, investment and tourism. The IMT-GT Contact Center was established to provide stimulation of business returns for SMEs/SMIs/retailers in the IMT-GT subregion consisting of 32 provinces and states with a growing population of 70 million people.</p> <p>Providing the best practices in customer services outsourcing (CSO) will be the core objective and vision of IMT-GT Contact Center in stimulating better returns of investments for their products and services.</p>	<p>The Contact Center, which was launched in April 2011 in Perak, serves retailers in IMT-GT through CSO, business matching, publicity, and information and networking. Retailers and SMEs/SMIs comprise more than 75% of business units in the IMT-GT and are therefore important players in the subregion's economy. By providing business services, the contact center is able to assist these enterprises to expand their business opportunities and realize better returns on investments for their products and services as well as compete at global standards. The center's services are provided 24/7 through an electronic portal which buyers and sellers in 32 IMT-GT provinces can access. The portal also serves as a platform for publicity and networking, and business-to-business (B2B) solutions.</p>
	<b>Flagship Program 4: Marine Fisheries and Aquaculture Development</b>	
<b>30</b>	<p><b>IMT-GT Fisheries Conference and Partnership Arrangement</b></p> <p>The project aims to enhance fisheries cooperation, knowledge sharing on fisheries issues and business opportunities for fisheries products in IMT-GT.</p>	<p>The dissemination of business opportunities in agriculture and agro-industry will be conducted through seminars, expositions, and workshops. Under the Fisheries Conference and Partnership Arrangement, seminars and expos are also held alternately in Indonesia, Malaysia, and Thailand to exchange data and information with regard to an identified theme (e.g., ornamental fish). Apart from knowledge exchange and discussion, the forum serves as a platform for identifying concrete partnership arrangements and future actions.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 5: Application of New Technologies for Livestock</b>	
<b>31</b>	<p><b>IMT-GT Network for Animal Production and Biotechnology</b></p> <p>Farmers in Southern Thailand face a strong market demand for beef and meat goat production. Native cattle and goat breeds do not yield high production but are naturally resistant against tropical diseases, parasites, and hot/humid weather. On the other hand, exotic breeds of cattle and goats will not survive in such tropical conditions but they have higher production. Therefore, cross-breeding of beef cattle and meat goats of native breeds with exotic breeds is the solution. The cross-bred beef cattle and meat goats can survive in tropical conditions and still provide high yield and income to the farmers. In addition, the development of the SurathRed Goat Breed that is more tolerant to heat, diseases, and tropical parasites will increase livestock productivity and farmers' income.</p>	<p>The project seeks to increase beef cattle and meat goat crossbreeds production by artificial insemination techniques, as well as exotic breeding and embryo transfer technology. Producing crossbreeds will increase the productivity and disease-resistance of cattle and goats for which there is high demand from farmers in Southern Thailand to meet consumption. The project will also establish a reproductive biotechnology laboratory in Surat Thani province and provide training courses in artificial insemination for farmers.</p> <p>An important component of the project is the development of the SurathRed Goat Breed. This is in response to the needs of goat farmers to increase goat production by crossing the Thai native goat with exotic European breeds (Toggenburg and Kalarhari Red) using reproductive biotechnologies.</p> <p>The agencies involved in the project are the Bureau of Biotechnology in Livestock Production, Department of Livestock Development, and the Ministry of Agriculture and Cooperatives of Thailand.</p>
<b>32</b>	<p><b>Flagship Program 6: Trade in Agriculture</b></p> <p><b>BIMP-EAGA and IMT-GT High-Value Agriculture Business Conference and Trade Expo 2012</b></p> <p>The potential for IMT-GT and BIMP-EAGA to become global players in the production of premium foods has been recognized. The 5th IMT-GT Summit on 28 October 2010 in Ha Noi, Viet Nam, and the 7th BIMP-EAGA Summit on 8 May 2011 in Jakarta, Indonesia, had directed that a BIMP-EAGA and IMT-GT High-Value Agriculture Business Conference and Expo be organized with the theme, "Promoting High-Value Agriculture through Public-Private Subregional Partnerships." The primary objective of the conference will be to find ways to leverage on global cross-border investment trends by taking advantage of technological advances in agricultural production and to ensure sustainable and high value supply against rising costs in energy, fertilizer, and climate change effect.</p>	<p>This conference will bring together the key stakeholders in the region to share experiences and expertise on innovations and good practices for achieving sustainable and high value supply, including food safety. The event will support country-driven partnership frameworks for investments in high value agriculture activities. An estimated 300 traders from 5 countries, namely, Brunei Darussalam, Indonesia, Malaysia, Philippines and Thailand, will be participating in the trade expo. A special session for trade buyers consisting of major groceries and general merchandising retailers will be arranged, to be introduced to popular and prize-winning products from BIMP-EAGA and IMT-GT member countries. A special counter manned by trade officers from Brunei Darussalam, Indonesia, Malaysia, Philippines, and Thailand will be set up to assist business opportunities seekers e.g., (SMEs) in services related to cross-border trade.</p> <p>The BIMP-EAGA and IMT-GT High Value Agriculture Business Conference and Trade Expo 2012 will be held in Melaka, Malaysia, in late 2012 to be organized by the Economic Planning Unit of Malaysia.</p>

Appendix 1 *continued*

	Goals/Objectives and Strategies	Projects/Activities
<b>Flagship Program 6: Trade in Agriculture</b>		
<b>33</b>	<b>Narathiwat Agricultural Market</b> Narathiwat Province, Thailand, aims to build the center/market for agricultural produce and products, including the One Town One Product (OTOP) program, manufacturing goods, and BIO-diesel station service. It is expected that this central market will facilitate trade in agricultural goods and services between Thailand and Malaysia.	The project's operational plan includes establishing infrastructure (utilities groundwork), building of agricultural commodities showroom and trade areas, setting up of a pilot demonstration farm, building of a processing plant, etc.
<b>Flagship Program 7: Environment-Friendly Agriculture</b>		
<b>34</b>	<b>Development of Agro-Eco-Friendly Agriculture through Adoption of Appropriate Technologies</b> The Department of Agriculture of Thailand has offered to develop a center that will serve as a platform for disseminating research findings to farmers and other researchers in the region, including the provision of technical services. The Center is also envisaged to be a repository of the collection of traditional plant species, a model community learning center, and the hub for technological innovation for research in sustainable agriculture.	<p>To further boost research in agricultural technologies, the Department of Agriculture of Thailand has offered to develop a model center for the integration of ecological research for sustainable agro-production processes through the use of renewable resources in the production sector. The project is a prototype model learning center for sustainable agriculture and development, to be used in the IMT-GT subregion. It would promote closer collaboration between local government agencies, private sector, and local communities to disseminate knowledge and promote the management of agriculture and environment.</p> <p>The project's operational plan is to: (i) establish a demonstration and learning center (Green Crop Management and Bio Treatment Demonstration and Agro-Tourism Training Center); (ii) develop IMT-GT master plan for the learning center, including activities for knowledge sharing and promoting sustainable and eco-friendly agricultural practices and technologies; and (iii) train and demonstrate environmental agriculture system to stakeholders.</p> <p>The implementing agency is the Department of Agriculture. Supporting agencies include the Royal Irrigation Department, Meteorological Department, Department of Livestock Development, Department of Fisheries, Department of Natural Resources and Environment, and other relevant agencies of the Ministry of Agriculture and Cooperatives (MOAC). Project implementation schedule is October 2011–2012.</p>

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	<b>Goals/Objectives and Strategies</b>	<b>Projects/Activities</b>
	<b>Flagship Program 8: Halal Integrity (Standards and Certifications)</b>	
<b>35</b>	<p><b>Integrated Halal Superhighway–IMT-GT Host System</b></p> <p>The Integrated Halal Superhighway is guided by the principal goal of standardizing Halal certification for all IMT-GT member countries, thereby uniting them in competing with other suppliers of halal food.</p>	<p>Two earlier phases of the project have been completed focusing on developing linkages along the Halal value chain. The project is in progress to upgrade the system called “SILK” and “HOST.” The MOU on the Development of Halal Logistics and ICT Halal Superhighway was signed during the World Halal Science and Industry Business International Conference (WHASIB 2010) in Phuket in June 2010 between the Halal Science Center, Chulalongkorn University (HSC-CU), and 10 organizations in seven countries. HSC-CU is building a training Center for the IMT-GT Host System at Chulalongkorn University to help current and prospective MOU signatories to comply with its provisions.</p> <p>The financing for this project will be arranged by the National Economic and Social Development Board of Thailand (NESDB), Ministry of Education, and Budget Bureau.</p>
	<b>Flagship Program 9: Industry Development</b>	
<b>36</b>	<p><b>Pasir Mas Halal Park</b></p> <p>The regional and global Halal market is huge and growing; and there is a potential to add value to the regional agriculture output by leveraging on Malaysia’s developed and globally respected Halal framework.</p> <p>The Pasir Mas Halal Park in Kelantan is envisaged to develop local and regional Halal entrepreneurs in processing, manufacturing, and trade/distribution for the regional and global market. Its strategic location allows it to leverage on regional supply and demand centers. The project was identified in the East Coast Economic Region (ECER) Master Plan.</p>	<p>The park will be developed as a commercially driven resource-based park for processing, collection, and distribution of high-value food products; and will be positioned as a Halal industry business park of choice in the region. The project will provide mutual support to the Tok Bali Fisheries Integrated Park project and promote easier facilitation and movement of raw materials.</p> <p>The project will comprise:</p> <ul style="list-style-type: none"> <li>• Phase 1A - Construction of Entrepreneur Business Complex (SME Components) with built up area of 12,000 square meters (sq m)</li> <li>• Phase 2 - Construction of earthwork and infrastructure (drainage and sewage reticulation line, internal road) with total area of 50 acres</li> <li>• Phase 1C - Construction of SME Complex of 5,000 sq m</li> </ul> <p>Entrepreneur Development Programme</p> <p>Proposed implementation schedule is 2011–2014 with basic infrastructure expected to be completed in 2012. Agencies involved in the project are the East Coast Economic Region Development Council (ECERDC), PKINK, and UPEN Kelantan.</p>

Appendix 1 *continued*

	Goals/Objectives and Strategies	Projects/Activities
<p><b>37</b></p>	<p><b>Flagship Program 9: Industry Development</b></p> <p><b>Perlis Halal Park</b></p> <p>The Perlis Halal Park is located at a site with an area of 27.92 acres situated alongside the main road from Padang Besar–Kangar, approximately 1 km from the Thailand–Malaysia border township of Padang Besar, Perlis.</p> <p>The project will (i) identify means and methods for the development of Halal products and services; (ii) create awareness for local entrepreneurs on the importance of government’s Halal certification in order to improve the marketability of products; (iii) assist entrepreneurs to improve their product quality in order to qualify for various certification [i.e., Halal Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP)/Good Hygiene Practices (GHP), ISO 9001,<sup>1</sup> MAL] in close collaboration with respective issuing/certification agencies; (iv) assist in introducing and promoting potential products to the domestic and international markets; (v) create and maintain a database of qualified entrepreneurs based on product competitiveness and export-ability with a view of participating in international trade exhibitions identified by the ministries; and (vi) create more entrepreneurs in the production and marketing of high-demand Halal products such as food, beauty, pharmaceuticals, herbal-prepared products, etc.</p>	<p>The main components of the project are the construction of:</p> <ul style="list-style-type: none"> <li>(i) main warehouse,</li> <li>(ii) SMI/SME buildings,</li> <li>(iii) government agencies buildings,</li> <li>(iv) cold storage facilities,</li> <li>(v) marketing and distribution center.</li> </ul> <p>The project will cover production of Halal goods according to the Syariah laws for both: (i) food products processing, packaging, and logistics; and (ii) non-food products (pharmaceuticals, health, and beauty) and other related services.</p> <p>Implementation schedule is 2010–2012. The executing agency is the Perlis State Economic Development Corporation.</p>

<sup>1</sup> ISO 9001 is by far the world’s most established quality framework and is one of a series of quality management system standards. It can help bring out the best in the organization by enabling better understanding of the processes for delivering products/services to the customers. (Source: <http://www.bsigroup.com/en/assessment-and-certification-services/management-systems/standards-and-schemes/iso-9001/>, accessed 6 February 2012).

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 9: Industry Development</b>	
<b>38</b>	<p><b>Tok Bali Fisheries Integrated Park in Kelantan</b></p> <p>The regional and global Halal market is huge and growing and there is potential to add value to the regional agriculture output by leveraging on Malaysia's developed and globally respected Halal framework.</p> <p>The Tok Bali Fisheries Integrated Park is expected to accelerate growth of local and regional entrepreneurs in processing, manufacturing, and trade/distribution of fish-based products for the regional and global market.</p>	<p>The Tok Bali Fisheries Integrated Park will be developed as a commercially-driven integrated complex for processing, collection, and distribution center for high-value fish-based products; and will be positioned as a regional fisheries hub promoting downstream high-value industries.</p> <p>Currently, there are no CIQ facilities found in Tok Bali. CIQ facilities are needed to promote alternative landing site for Thai fishing vessels and to make Tok Bali Fisheries Integrated Park a regional fisheries hub.</p> <p>The project includes</p> <ul style="list-style-type: none"> <li>• construction of infrastructure work and utilities (59 hectares) inclusive of internal road, drainage, sewage, and water reticulation line;</li> <li>• construction of entrepreneur Business Complex (SME Component) at a land area of 12.5 acres; and</li> <li>• entrepreneur development program.</li> </ul> <p>Proposed implementation schedule is 2012–2014. The executing agencies are East Coast Economic Region Development Council (ECERDC), UPEN Kelantan, PKINK, and PTG.</p>
	<b>Flagship Program 10: Branding and Promotions<sup>2</sup></b>	
<b>39</b>	<p><b>Flagship Program 11: Develop Thematic Tourism Routes or Circuits with a Logical Sequence of Destinations and Sites</b></p> <p><b>The Magic Journey along the Traversed Route by Luang Pu Tuad</b></p> <p>“Luang Pu Tuad” or “Sondej Phra Rajamuni Samiramagunupamacarya” is one of the most revered and well respected monks in Thailand who lived a legendary life in the era of Ayudhya. His footsteps covered places in Songkhla, Pattani, and Nakhon Si Thammarat of Thailand; and Kedah and Perak in Malaysia.</p> <p>The project aims to attract tourists who are Buddhists, either from IMT-GT or nearby regions. Tourist activities will involve not only paying homage to Luang Pu Tuad, but will also involve awareness and experience of local culture and lifestyles along the journey. Moreover, the project will create a new travel route in Southern Thailand and encourage borderless tourism destination with Malaysia.</p>	<p>The project involves the joint promotion of a new tourism product utilizing cultural/religious theme by tourism firms (private sectors) from Thailand and Malaysia. The target markets are Buddhists from the IMT-GT subregion as well as outside the region. The Magic Journey along the Traversed Route by Luang Pu Tuad will also connect and integrate with tourism destinations in Songkhla, Pattani, Nakhon Si Thammarat, Kedah, and Perak. The first phase will involve prioritization of tourist spots and joint marketing; the second phase will involve expansion to other provinces that are not necessarily connected to the cultural and religious theme for the route, as well outside the subregion. The product campaign will be launched covering the route along Perak and Kedah States in Malaysia, to Songkhla, Pattani, and Nakhon Si Thammarat in Thailand.</p> <p>The project is expected to commence in May 2012. Executing agencies identified are the local government administration units, the Ministry of Tourism, and Tourism Authority of Thailand.</p>

<sup>2</sup> There were no priority projects identified under this flagship program.

	Goals/Objectives and Strategies	Projects/Activities
<b>40</b>	<p><b>Flagship Program 11: Develop Thematic Tourism Routes or Circuits with a Logical Sequence of Destinations and Sites</b></p> <p><b>International Homestay Promotional Fair</b></p> <p>The homestay programme is an experience where tourists stay with selected families, interact, and experience the daily life of these families while experiencing the local culture. The homestay concept is focused on lifestyle and experiential tourism. The uniqueness of the traditional songs, dances, cuisines, and sports, as well as rural economic activities, are the main attractions and offer unique experience to the tourists compared to the experience in the city.</p> <p>The project will help promote awareness of the homestay concept, provide exposure to tourists on local customs and traditions, and boost income through rural tourism entrepreneur development and job creation, among others.</p>	<p>The International Homestay Promotional Fair activities will include the following:</p> <ul style="list-style-type: none"> <li>(i) Promotional booth for homestay operators;</li> <li>(ii) Cultural and traditional performance by selected homestay from IMT-GT subregion;</li> <li>(iii) Demonstrations of signature cooking, unique handicraft products, and rural economic activity;</li> <li>(iv) Business matching session among industry players to promote homestay packages; and</li> <li>(v) Seminar on Malaysia's Homestay success stories.</li> </ul> <p>To promote the homestay concept, an international homestay promotion fair will be held in Perak in June 2012 (to coincide with Visit Perak Year) and in Negeri Sembilan in March 2013.</p> <p>Financing will be provided by the state government, Ministry of Tourism Malaysia, and the Economic Planning Unit.</p>

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	Goals/Objectives and Strategies	Projects/Activities
	<b>Flagship Program 11: Develop Thematic Tourism Routes or Circuits with a Logical Sequence of Destinations and Sites</b>	
<b>41</b>	<p><b>Medical Tourism Hub in Southern Thailand</b></p> <p>The project will introduce new products in medical tourism by presenting southern Thailand, together with Malaysia, as a medical tourism hub, based on their respective areas of expertise.</p> <p>The initial phase of the project will involve sharing of information, joint selection of target groups, and establishing a network of medical services in the subregion. This will serve as the basis for forming strategic business partnerships in specialized fields, the conduct of joint research, the development of marketing products, and capacity building to enhance medical service standards and quality. In the long run, both countries should be able to share expertise and jointly tap into the market of medical tourism based on each country's distinctive competence; thus, avoiding price competition through the lowering of service standards. A joint marketing team will promote the medical hub within and outside the region.</p>	<p>Medical tourism will cover hotels, accommodations, hospitals, clinics, wellness spa, and restaurants, as well as financial and health insurance services.</p> <p>The Working Group on Tourism (thru the Ministry of Tourism and Sports, Thailand) arranged two international seminars in Phuket and Bali providing massive potential for member countries to create an IMT-GT medical tourism hub/health and wellness hub.</p> <p>In Thailand, the Ministry of Tourism and Sports completed the study to promote Southern Thailand as a medical tourism hub in IMT-GT.</p> <p>Proposed implementation schedule is 2012–2016. Executing agencies include IMT-GT JBC Thailand and Malaysia in close collaboration with provinces and states, local government administration units, and Tourism Authority of Thailand.</p>
	<b>Flagship Program 12: Enhanced Labor Mobility by Adopting Mutual Recognition Agreements along the Lines of the ASEAN Framework</b>	
<b>42</b>	<p><b>Enhancement of the quality of human resources, through capacity building programs</b></p> <p>(i) <b>Training and workshop for IMT-GT Executives/ Mid-management-Prince Songkhla University</b></p> <p>The project will conduct IMT-GT training sessions on key areas which aim to further enhance contacts, network, and cooperation among the IMT-GT members.</p>	<p>(i) <b>Training and workshop for IMT-GT Executives/ Mid-management-Prince Songkhla University</b></p> <p>It is proposed that carefully chosen IMT-GT training sessions (modules) will be launched consisting of 30 participants, 10 from each of the IMT-GT member countries.</p> <p>The following are examples of proposed modules and subjects:</p> <ul style="list-style-type: none"> <li>• IMT-GT studies which include profiles of each country and its people, such as related historical, anthropological, multi-cultural, socioeconomic, and political aspects;</li> <li>• Issues related to the six IMT-GT working groups; and</li> <li>• Global, continental, and regional factors and their implications for IMT-GT in ASEAN, Asia, and the world.</li> </ul> <p>Each module will last 2 weeks, and the participants will spend 5–7 days in each country. The detailed formats for each program and module will be designed later, but will include lectures, interaction, and peer-group learning, workshops, and field trips. Executing agency is the Prince of Songkla University.</p>

Appendix 1 continued

Goals/Objectives and Strategies	Projects/Activities
<p><b>Flagship Program 12: Enhanced Labor Mobility by Adopting Mutual Recognition Agreements along the Lines of the ASEAN Framework</b></p> <p><b>(ii) Workshop on IMT-GT Cooperation for Management and Skills Development in Tourism</b></p> <p>The project seeks to formulate and set up tourism skills development and strengthen IMT-GT network cooperation on tourism.</p> <p><b>(iii) Workshop on the Effectiveness And Efficiency of Technical and Vocational Training</b></p> <p>Globalization and the challenges of increasingly competitive international and domestic markets have highlighted the importance of conducting vocational training. The project aims to promote awareness on technical and vocational training.</p> <p><b>(iv) Workshop on Project Method in Vocational Training</b></p> <p>Current training organizations have a need for training methods that can accommodate changes affecting labor and technology. As a result, training institutes need to become more versatile and flexible, and must be able to adapt to new developing structures. The project is geared toward advancing knowledge on project methods in vocational training.</p>	<p><b>(ii) Workshop on IMT-GT Cooperation for Management and Skills Development in Tourism</b></p> <p>The project will include lectures, small group discussions, brainstorming, and visit tours. Executing agencies are Thailand International Cooperation Agency (TICA), Ministry of Foreign Affairs; and the Department of Skill Development (DSD), Ministry of Labour.</p> <p><b>(iii) Workshop on the Effectiveness And Efficiency of Technical and Vocational Training</b></p> <p>The project will include lectures, small group discussions, and brainstorming. Contents of the training materials include: (i) definition of effectiveness and efficiency in technical and vocational education and training (TVET); (ii) comparison of international TVET systems; (iii) quality management in TVET systems; (iv) enterprise panel approach; and (v) action plans. Executing agencies are TICA, Ministry of Foreign Affairs; and the Department of Skill Development (DSD), Ministry of Labour.</p> <p><b>(iv) Workshop on Project Method in Vocational Training</b></p> <p>The project includes lectures, small group discussions, and brainstorming. Contents of the training materials include: (i) curriculum and the project method, (ii) linking the project method to competence-based training, (iii) phases of the project method, (iv) defining the trainer's role, (v) characteristics of the project method, and (vi) determining how the project method can be applied. Executing agencies are TICA, Ministry of Foreign Affairs; and DSD, Ministry of Labour.</p>

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Appendix 1 *continued*

	Goals/Objectives and Strategies	Projects/Activities
	<p><b>Flagship Program 12: Enhanced Labor Mobility by Adopting Mutual Recognition Agreements along the Lines of the ASEAN Framework</b></p> <p><b>(v) International Seminar on Women Participation in the Labor Market</b></p> <p>The project's objective is to promote awareness on integrated skills development, especially for women and their valuable role in the labor market.</p>	<p><b>(v) International Seminar on Women Participation in the Labor Market</b></p> <p>The project will (i) provide information on integrated skills development with focus on entrepreneurship, food industries, women's costume industries, and other related sectors; (ii) visit the relevant agencies dealing with integrated skills development; (iii) observe the ongoing integrated skills development activities; and (iv) discuss ideas and experiences with related stakeholders (10 people from each member country). Executing agencies are TICA, Ministry of Foreign Affairs; and DSD, Ministry of Labour.</p>

## Appendix 2. IMT-GT Implementation Blueprint 2012–2016: Initial Two-Year Rolling Pipeline by Flagship Program, 2012–2013

	Flagship Programs and Projects	Cost (\$ million)
	<b>Flagship Program 1: Five Connectivity Corridors</b>	
	<b>Flagship Program 1a: Extended Songkhla–Penang–Medan Corridor (Nakhon Si Thammarat–Phattalung–Songkhla–Yala–Pattani–Penang–Medan)</b>	
1	Hat Yai–Sadao Intercity Motorway	300.00
2	Nathawi Ban Prakob–Durian Burung	
	(i) Nathawi–Ban Prakob (Construction of CIQ facilities)	69.00
	(ii) Durian Burung–Pedu–Gubir–Kupang (Road Upgrading)	66.00
	(iii) Alor Setar–Kuala Nerang–Durian Burung (Road Upgrading)	77.00
3	Ipoh–Medan Direct Flight	TBD
4	Southern Region Cargo Distribution Center at Thungsong	28.0
5	Integrated ICQS at Bukit Kayu Hitam	120.00
6	Northgate Manufacturing Park at Pengkalan Hulu	47.00
7	Narathiwat Special Border Economic Zone	TBD
	<b>Flagship Program 1b: Straits of Malacca Corridor</b>	
8	Development of Kantang Coastal Port at Naklua	22.00
9	Road Upgrading of Kaki Bukit and Wang Kelian	3.80
	<b>Subtotal for Flagship Program 1</b>	<b>732.80</b>
	<b>Flagship Program 2: Streamlining of Trade Regulations and Procedures</b>	
10	Simplification of CIQ regulations and procedures	TBD
11	CIQ Complex Development at Narathiwat and Songkhla	0.16
12	Exchange of study visits of CIQ personnel	1.00
	<b>Subtotal for Flagship Program 2</b>	<b>1.16</b>
	<b>Flagship Program 3: Promotion of Logistics/Supply Chain and Business Services</b>	
13	Bukit Bunga–Jeli Strategic Implementation Plan	1.59
14	IMT-GT Annual Trade Missions and Trade Fairs	0.26
15	IMT-GT Contact Center	1.00
	<b>Subtotal for Flagship Program 3</b>	<b>2.85</b>
	<b>Flagship Program 4: Marine Fisheries and Aquaculture Development</b>	
16	IMT-GT Fisheries Conference and Partnership Arrangement	TBD
	<b>Subtotal for Flagship Program 4</b>	<b>TBD</b>

continued

	Flagship Programs and Projects	Cost (\$ million)
	<b>Flagship Program 5: Application of New Technologies for Livestock</b>	
17	IMT-GT Network for Animal Production and Biotechnology <sup>1</sup>	0.07
	<b>Subtotal for Flagship Program 5</b>	<b>0.07</b>
	<b>Flagship Program 6: Trade in agriculture</b>	
18	BIMP-EAGA and IMT-GT High-Value Agriculture Business Conference and Trade Expo 2012	TBD
19	Narathiwat Agricultural Market	14.5
	<b>Subtotal for Flagship Program 6</b>	<b>14.5</b>
	<b>Flagship Program 7: Environment-Friendly Agriculture</b>	
20	Development of Agro-Eco-Friendly Agriculture through Adoption of Appropriate Technologies	1.00
	<b>Subtotal for Flagship Program 7</b>	<b>1.00</b>
	<b>Flagship Program 8: Halal Integrity (Standards and Certification)</b>	
21	Integrated Halal Superhighway IMT-GT Host System	1.17
	<b>Subtotal for Flagship Program 8</b>	<b>1.17</b>
	<b>Flagship Program 9: Industry Development</b>	
22	Perlis Halal Park	3.13
23	Tok Bali Fisheries Integrated Park in Kelantan	17.94
	<b>Subtotal for Flagship Program 9</b>	<b>21.07</b>
	<b>Flagship Program 11: Develop Thematic Tourism Routes or Circuits with a Logical Sequence of Destinations and Sites</b>	
24	International Homestay Promotional Fair	0.10
	<b>Subtotal for Flagship Program 11</b>	<b>0.10</b>
	<b>Flagship Program 12: Enhanced Labor Mobility by adopting Mutual Recognition Agreements along the lines of the ASEAN Framework</b>	
25	Enhancement of the quality of human resources in the IMT-GT subregion through capacity building programs	0.14
	(i) Training and workshop for IMT-GT Executives/Mid-management – Prince Songkhla University	
	(ii) Workshop on IMT-GT Cooperation for Management and Skills Development in Tourism	
	(iii) Workshop on the Effectiveness and Efficiency of Technical and Vocational Training	
	(iv) Workshop on Project Method in Vocational Training	
	(v) International Seminar on Women Participation in the Labor Market	
	<b>Subtotal for Flagship Program 12</b>	<b>0.14</b>
	<b>TOTAL</b>	<b>774.86</b>

ASEAN = Association of Southeast Asian Nations; BIMP-EAGA = Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area; CIQ = customs, immigration, and quarantine; ICQS = immigration, customs, quarantine, and security; IMT-GT = Indonesia-Malaysia-Thailand Growth Triangle; TBD = to be determined.

<sup>1</sup> A component of this project is the Development of SurathRed Goat Breed which is already part of the estimated cost.

