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**Ministry of Foreign Affairs of Thailand
Mekong Cooperation Unit**

**Summary Note
Third Mekong Australia Policy Dialogue
Road to Recovery: Transforming Transport Infrastructure in ACMECS**

The third Mekong Australia Policy Dialogue (MAPD) was held on 17 November 2021, co-hosted by Australia and Thailand. The event was held in-person at the Australian Embassies in Bangkok and Vientiane, at the Raffles Hotel Le Royal in Phnom Penh, and at the Pan Pacific Hotel in Hanoi, with all four locations linked online and to virtual participants. The 1.5 track dialogue brought together approximately 150 individuals from Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) member countries, and Australia, as well as from other regional partners, multilateral agencies, and the private sector.

The MAPD focused on how ACMECS member countries and Development Partners are using transport infrastructure to drive their economic recovery from COVID-19, on gaining a better understanding of sustainable financing options for infrastructure, and on socially and environmentally responsible transport opportunities. This included the policy reforms and institutional strengthening required to increase private investment to fund these endeavours.

MAPD discussants considered policy options to ensure that infrastructure would benefit communities and be environmentally sustainable, and to utilise practical new cooperation initiatives, including Australia's Partnerships for Infrastructure (P4I) and the Mekong-Australia Partnership (MAP), to support ACMECS' vision and help meet its member countries' infrastructure needs.

The following are the MAPD's key themes, some of which provide recommendations. The themes are based on the presentations and remarks collectively; the following points are based on individual country inputs. While there was no formal consensus or commitment toward adopting these as areas of policy focus, they reflect broad agreement and/or emphasis among discussants.

1. The transport infrastructure gap in the Mekong subregion has increased during the COVID-19 pandemic as the suspension of projects has imposed "opportunity costs". The pre-pandemic challenges and opportunities for transport infrastructure development remain relevant, while ACMECS member countries have emerged from the pandemic with an even greater need for high quality transport infrastructure.



Australian Government



**Ministry of Foreign Affairs of Thailand
Mekong Cooperation Unit**

2. Transportation has been hindered by the pandemic via supply chain disruption and other issues. However, infrastructure can be utilised as a means of recovery. Increased investment in transport infrastructure can drive economic recovery, and quality infrastructure can improve the lives of those in the subregion in non-economic ways.
3. The quality of transport infrastructure is not confined to its physical integrity but pertains to all its aspects: planning, design, construction, operation, and real-life effects on users and the environment, as well as the development of “soft infrastructure”.
4. Everyone is a stakeholder in transport infrastructure - not only subregional governments and/or private sector investors; but also, the people living and working in the vicinity of projects, the people being connected or linked by projects, and from a climate change perspective, people in non-subregional countries.
5. ACMECS governments play the most critical and leading role in building and upgrading transport infrastructure, but in most cases, they cannot do it alone: development and dialogue partners are essential for both funding and technical input, and the private sector is critical for its financing, expertise, and capacity. Australia is seeking to support this effort, including through its new P4I and MAP initiatives.
6. Transport infrastructure frequently requires a bilateral, if not multilateral, framework, especially given the vision for greater connectivity between ACMECS member countries. Forums such as the MAPDs, are essential to communicate, coordinate, and share information and experience within and beyond the subregion’s borders.
7. **Thailand** set a vision of a safer, greener, smarter Mekong subregion supported through ACMECS, and emphasised multimodal connectivity and new nodes of growth for economic corridors as priorities in future project investments. Thailand shared a detailed overview of the Ministry of Transport’s Twenty-Year Transport System Development Strategy 2018-2037, which includes a series of investments of over USD5 billion in public-private partnerships (PPPs) schemes. The Strategy focuses on complementing and contributing to the ACMECS Master Plan 2019-2023, as well as on the Urban Mass Development Plan, the Double Track Development Plan, the Motorway and Railway Master Plan (MR-Map), the Land Bridge Project, the Laem Chabang Port Project, and the Eastern Economic Corridor’s High-Speed Rail and Aviation Industrial Hub Projects. All target GHG emission reductions and improved safety, convenience, accessibility, and affordability. Thailand’s private sector noted the shift in freight and multimodal logistics



Australian Government



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Mekong Cooperation Unit**

due to increased localisation and the digitalisation of the economy. *Thailand recommended increasing bilateral collaboration to reopen trade, logistics, documentation, and inspection processes in ways that are more responsive to people's needs and economic efficiency; and to increase linkages and connectivity between rail and roadways.*

8. **Cambodia** reported on transport infrastructure progress, noting approximately 15,000 kilometers of roadway work, as well as air travel infrastructure projects, in Phnom Penh, Kandal, Siem Reap, Sihanoukville, Kratie, and Kampot. Master planning has identified 330 projects totaling roughly USD 50 billion of investment, including a railway leading to Sihanoukville Port and improvements in law enforcement, digitalisation of maintenance reporting, and road maintenance implementation using national budget. Cambodia acknowledged the impact of COVID-19 on supply chain management and is committed to strengthening its logistics performance through its recently developed 'Intermodal Transport Connectivity and Logistics System Masterplan'. To establish an enabling environment for an improved logistics sector, Cambodia is developing national policies for green logistics and truck modernisation, along with a zero-draft policy on EV. Work on infrastructure delivery has already commenced on the Phnom Penh and Sihanoukville Logistics Complexes. Relevant Ministries are also working with Provincial Governments to develop a Master Plan for wastewater management and construct treatment plants in Sihanoukville and Siem Reap.
9. Connectivity is another priority for Cambodia as the country is implementing trans-shipment pilot projects with Thailand and Malaysia as well as Cross-Border Transport Agreements bilaterally and intra-ASEAN and GMS countries. Cambodia also expressed appreciation for Australia's capacity development and policy support on its recently enacted Law on Public-Private Partnerships (PPP). Cambodia also just promulgated its new Law on Investment, which will streamline processes, offer incentives, and provide investment protection to private sector participating in PPPs.
10. **Vietnam** explained that its need to develop transport infrastructure to catch up with its economic growth presents an opportunity to leverage current political momentum toward promoting PPPs and increasing domestic capacities. The latter includes improving safety, upgrading rural transportation and public transit systems, and increasing integration among multiple modes and nodes of transport, *all of which, it noted, would benefit from international support.* Vietnam also stressed the need to integrate not only social inclusion measures in developing transport infrastructure, but climate vulnerability assessments as well. These would serve as a basis for decarbonising public transport, improving



Australian Government



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Mekong Cooperation Unit**

regulatory frameworks, establishing early-warning systems, and otherwise “climate-proofing” infrastructure.

11. **Laos PDR** stated that transport infrastructure would henceforth respond to its National Socio-Economic Development Plan 2021-2025, which prioritises rural development, poverty alleviation, and environmental safeguarding. Indeed, Laos identified a need to improve the climate resilience of infrastructure, including via early warning systems, water resource management, improved maintenance, enhanced data collection, and updated regulations. *A key action point, perhaps in cooperation with development partners, was to explore the development of a comprehensive multimodal transportation information sharing platform.* Laos also emphasised the importance of improving investment strategies, including an easier entry process for investors, more transparent and predictable regulatory frameworks, and more streamlined PPPs.

12. **Australia** reiterated its commitment to the ACMECS and ASEAN connectivity agendas and emphasised its commitment to support the region, including through P4I and MAP. It recommended the consideration of both pre-pandemic and post-pandemic needs and plans in transforming transport infrastructure in the context of economic recovery. Based on experience elsewhere, Australia suggested that ACMECS engage and align all government levels across land-use and transport, develop robust regulatory and procurement frameworks, optimise the assessment and allocation of risks, and leverage public sector capacities to ensure early engagement with the private sector. It noted that COVID-19 economic recovery had made evident the importance of planning in ensuring environmentally sustainable and socially beneficial infrastructure, the social and economic value in building “right” the first time instead of retrofitting later, and the many factors that constitute truly resilient supply chains. *Australia reiterated its strong and ongoing support for ACMECS, the opportunities for support available and it hopes of future collaboration.*

On behalf of Australia’s Department of Foreign Affairs and Trade, and Thailand’s Ministry of Foreign Affairs, we wish to thank you for your participation and constructive contributions.

Australian Embassy, Thailand

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