

**INDONESIA-MALAYSIA-THAILAND
GROWTH TRIANGLE
(IMT-GT)**

**The 2nd Working Group Meeting on
Infrastructure and Transportation**

AGREED MINUTES

Langkawi, Malaysia

26-27 June 2008

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INTRODUCTION

1. The 2nd Working Group Meeting on Infrastructure and Transportation of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) was convened in Langkawi, Malaysia on 26-27 June 2008. The Indonesian delegation was led by H.E. Mr Heru Prasetyo, Director for Legal Affairs and International Cooperation, Ministry of Transportation, The Republic of Indonesia, the Thai delegation was led by H.E. Mr. Sunant Gliengpradit, Director, Bureau of International Cooperation Department of Highways, Thailand and the delegation from Malaysia was headed by H.E. Leslie Leon, Under Secretary, Ministry Of Transport Malaysia, who also acted as the Chairman of the IMT-GT Working Group on Infrastructure and Transportation.

The full list of delegations is attached as **Annex I**.

2. The Meeting was officially opened by H.E. Dato` Haji Zakaria Bin Haji Bahari, Secretary General, Ministry of Transport, Malaysia. In his Welcoming Address, the Secretary General highlighted that the transportation sector is a key factor and a critical enabler for economic growth in the IMT-GT Region. The IMT-GT has an important role to play to strengthen trade and investment, increase exports by enhancing competitiveness and create employment, educational, social and cultural opportunities. He reemphasised the need for the private sector to play the role expected of it in developing the region. He also drew attention to the current global challenges with skyrocketing fuel prices and a growing food crisis. Therefore the IMT-GT must, in their deliberations, take into account the current scenario and consider moves wherever possible to assist the

respective transport sectors to meet these difficult times. Finally, the Secretary General emphasized the need for the Working Group to ascertain the progress made so far as well as to chart the future development of transport links within the IMT-GT region as stated in the IMT-GT Roadmap 2007-2011.

The full text of the Welcoming Address appears as **ANNEX II**.

AGENDA ITEM 1: OPENING REMARKS BY THE CHAIRPERSON

3 In his Opening Remarks, H.E. Leslie Leon, Under Secretary, Ministry of Transport, Malaysia underscored the views expressed by the Secretary General of Ministry of Transport, Malaysia in his opening address that it was incumbent on the Working Group to consider measures to assist the respective transport sectors to further the transport agenda particularly in the light of the current difficult and challenging environment.

AGENDA ITEM 2: ADOPTION OF THE AGENDA

4 The Meeting considered and adopted the Agenda which appears as **Annex III**.

AGENDA ITEM 3: BUSINESS ARRANGEMENTS

5. The Meeting was held in plenary. The programme of the Meeting appears as **Annex IV**.

6. The Meeting also appointed a drafting Committee comprising of representatives from the Member Countries.

AGENDA ITEM 4: DECISIONS/FOLLOW-UP REQUIREMENTS FROM THE 3RD SUMMIT OF IMT-GT, 19 NOVEMBER 2007, THE SECOND IMT-GT ANNUAL PLANNING MEETING 29-30 JANUARY 2008, PHUKET, THAILAND AND THE SECOND IMT-GT TOURISM WORKING GROUP MEETING 8-10 MAY 2008, MALACCA

7. Due to some earlier commitments, the Centre for IMT-GT Cooperation (CIMT) was unable to attend the Meeting. CIMT however through the Chairman had given inputs to the Meeting on the key decisions/follow-up requirements for this WG arising from The 3rd Summit of IMT-GT, 19 November 2007, The Second IMT-GT Annual Planning Meeting 29-30 January 2008, Phuket, Thailand and The Second IMT-GT Tourism Working Group Meeting 8-10 May 2008, Malacca which were as follows:-

7.1 3rd IMT-GT Summit:

- i. In reviewing the implementation of the IMT-GT Roadmap, the Leaders underlined the need for concrete actions to be taken for enhancing connectivity, trade facilitation and human resource development. To improve connectivity in the IMT-GT region, the Leaders tasked the Transport Ministers and the Working Group on Infrastructure and Transportation to identify concrete proposals to reduce transport and logistics costs along the connectivity corridors, and to develop strategies for building transport networks within the IMT-GT sub region as a whole;
- ii. The Leaders declared the year 2008 as Visit IMT-GT Year and urged all relevant agencies, public and private to give their close cooperation in making the Visit IMT-GT Year 2008 a success;

- iii. Endorsed the expansion of the IMT-GT area to include the new six provinces of Thailand (Phuket, Phang Nga, Krabi, Ranong, Chumpon, Surat Thani); and
- iv. Approved a new Ranong-Phuket-Aceh Economic Corridor and urged relevant agencies to create related programmes and projects to complement the corridor.

7.2 The Second IMT-GT Annual Planning Meeting 29-30 January 2008:

The main deliverable of the Planning Meeting was to prioritize the programmes and projects under each of the Working Groups in the IMT-GT Roadmap for Development 2007-2011, for implementation for the year 2008.

7.3 The Second IMT-GT Tourism Working Group Meeting 8-10 May 2008;

Regarding the absence of air linkages between Sumatra and Southern Thailand, the Meeting proposed that this issue be taken up at the forthcoming ASEAN NTOs-STOM Consultations. The Meeting also noted that the lack of air-interconnectivity is a major obstacle to promoting intra-tourism in the IMT-GT region.

The full report of the CIMT appears as **Annex V**.

8. The Meeting took note of the need to identify concrete proposals to reduce transport and logistics costs along the connectivity corridors. In this regard, the Meeting was informed that ADB had concluded the IMT-GT Logistics Study and the IMT-GT Study on Ports Development and Maritime Trade to address these issues.

9. Thailand stressed the importance of implementation of one of the leaders' directives during the third IMT-GT Summit that tasked the Working Group to reduce logistic costs along connectivity corridors and expected that the findings of the ADB's study on logistic cost reduction would be an important guide to meet the Leaders' directive.

AGENDA ITEM 5: REPORT ON THE DEVELOPMENT OF THE IMT-GT COOPERATION OF TRANSPORT PROJECTS UNDER THE IMT-GT ROADMAP/PRESENTATION OF THE SUB-WG REPORTS

10. Indonesia informed the Meeting on the progress report of the various projects under the IMT-GT Roadmap. In the land transport sector, presently 9.47% of Highway Route 25 between Banda Aceh and Palembang (2,283.76 km) in Sumatera (North South Link) has been improved in accordance with ASEAN Highway standards. This road improvement would continue until 2009.

11. For maritime transport, Indonesia informed the Meeting that the construction of the Dumai ro-ro ferry terminal has been completed in May 2008 and is now ready for operation. In this regard, Indonesia invited ro-ro ferry operators either from Indonesia or Malaysia to serve Dumai–Melaka/Port Dickson route. With regards to the resumption of the ro-ro ferry services between Belawan-Penang, the Meeting was informed that the project is being considered and looked into by Indonesia.

12. The Meeting was informed by Indonesia that the development of Dumai Port has reached phase three which involved several activities including dredging of port facilities for 253.000 m², coastal reclamation of 17 hectares, development of CPO tier for 400 m², development of general cargo tier for 100m, development of public tier for 60m, and road facilitation to port throughout 800m. The project is estimated to be completed by 2010.

13. Indonesia also informed the Meeting of its plan to develop the Belawan port by expanding the cargo terminal, container terminal and providing new cargo handling equipment. The feasibility study for the development of Belawan Port has been completed. At the same time, the rehabilitation of Aceh Ports namely Lhokseumawe, Sabang, Melaboh and Krueng Raya which were damaged by the tsunami had been completed and is now ready for operation.

14. Indonesia presented their plan to develop a new line of Sumatera Railways from Aceh to Bakauheni which is a 2,277 Km stretch. Presently the existing railway line in Sumatera linked Besitang to the Rantauprapat line which stretched 283 Km and Kertapati–Simpang – KM 3 – Tarahan line for 407 Km. Indonesia hoped that the new line between Simpang Mane and Cunda (part of Banda Aceh–Lhokseumawe line) of 30 km will be in place by the end of 2008.

The full presentation made by Indonesia is attached as **Annex VI**

15. Thailand informed the Meeting of the progress on the various projects undertaken both under IMT-GT Roadmap and under bilateral cooperation including road, rail, sea and air transport. Among them, Thailand highlighted the completed construction of the Buketa-Bukit Bunga Bridge and the ongoing study related to the construction of Takbai and the Second Sungai Golok Bridge. Thailand also proposed to the Meeting to incorporate the three mentioned projects in the IMT-GT rolling Roadmap. Although they connect Thailand and Malaysia, they can provide linkage to Indonesia enabling the whole region's connectivity.

16. The Meeting agreed to Thailand's proposals to include Buketa/Bukit Bunga Bridge, the 2nd Sungai Golok Bridge and Takbai Bridge, in the IMT–GT Roadmap. In addition, the Meeting also agreed that any other new proposals or projects would be included in the Roadmap from time to time consistent with the dynamic nature of the Roadmap as well as the extended coverage of the IMT-GT

area. The Meeting agreed to submit these matters to the Senior Officials Meeting (SOM) for consideration.

17. In addition to infrastructure connectivity, Thailand reiterated the importance of transport facilitation in order to maximize its utilization. The Meeting agreed to reduce obstacles to transport facilitation by implementing the existing arrangements at the ASEAN level including the AFAGIT and the Multimodal Transport Agreement and exploring the possibility of new arrangements for example, the Interstate Agreement.

The details of the presentation made by Thailand is attached as **Annex VII**

18. Malaysia informed the Meeting on the progress report of the various projects under the IMT-GT Roadmap particularly the maritime sector which essentially touched on the expansion of sea linkages within the sub-region including the establishment of passenger ferry services between various points like (i) Langkawi-Satun, (ii) Port Klang-Dumai-Tg Balai (iii) Melaka-Dumai, (iv) Melaka-Bengkalis, (v) Penang-Belawan, (vi) Port Dickson-Dumai and (vii) Port Dickson-Bagan Siapi-api and the current status of proposed ro-ro ferry services on the (i) Belawan-Penang (ii) Penang-Malahayati (iii) Penang-Trang (iv) Kuala Linggi (Melaka)-Dumai sectors.

19. The Meeting noted Firefly's presentation on its present operation as a community airline serving IMT-GT points as well as its expansion plans for the region. The Meeting welcomed Firefly expansion plans and hoped that it would contribute to the development of air links and tourism within the region.

The full presentation of Firefly appears as **Annex VIII**

20. The Meeting also discussed the convening of the Sub-Working Groups (Sub-WG) i.e Sub-WG on land transport (led by Thailand), Sub-WG on maritime transport (led by Malaysia) and Sub-WG on air transport (led by Indonesia). In

order to further facilitate the WG meetings, the Meeting agreed to hold the Sub-WG meetings back to back with the WG meetings in the future.

21. In order to support the Visit IMT-GT Year 2008 Programme as stated at the 3rd IMT-GT Summit, the Meeting encouraged the airlines of Indonesia, Malaysia and Thailand to operate new and additional international flight services in the IMT-GT region.

AGENDA ITEM 6: REPORT OF THE IMT-GT JOINT BUSINESS COUNCIL

22. The Joint Business Council (JBC) updated the Meeting on the progress of their activities. The JBC among others updated the Meeting on the progress of the ro-ro ferry services to connect Belawan-Penang, Dumai-Port Dickson and Dumai-Melaka. JBC also requested for the enhancement of sea and air linkages within the region. The JBC also appraised the Meeting on the current status of several projects including the ASA Niaga, Harbour City Barter Trade Port, YBH Port Dickson Terminal Ferry Complex, Border Township Development of Kota Perdana and Kota Putra.

The full presentation made by JBC is attached as **Annex IX**

AGENDA ITEM 7: MONITORING OF THE IMT-GT ROADMAP

23. ADB informed the Meeting that final draft softcopies for the Logistics Study of the IMT-GT and Maritime Sector Study of the IMT-GT have been circulated to the respective National Secretariat/Coordinator earlier this week for their comments and inputs. The Meeting agreed for Member Countries to provide their feedback to their respective National Secretariat/Coordinator. The Meeting thanked ADB for the update and looked forward to considering the recommendations therein for possible incorporation into the WG's future plans and strategies.

24. With regard to the IMT-GT Trade, Investment and Tourism Database (ITITD), ADB is considering alternatives to best accelerate its implementation, with a view to producing a prototype before the Leaders Summit in December 2008. The ADB consultant also took the opportunity to inform the WG of ADB's commitment towards the WG by working closely with it.

AGENDA ITEM 8: OTHER MATTERS

25. In line with the Leader's call to step up cooperation in sustainable energy and the environment, the Meeting recalled the decision made at the 1st WG meeting in November 2007 where it was agreed that the CIMT would seek direction from the National Secretariat/Coordinator as to the suitability or otherwise of the energy, ICT and natural resources sectors being under the purview of the WG or alternatively a more suitable forum. The Meeting noted that CIMT was still in the process of obtaining direction from the National Secretariat/Coordinator on this matter.

26. The Meeting encouraged the greater participation of the provinces and states in the development activities of the IMT-GT area. The Meeting also recognised the importance of creating more public awareness of the benefits of IMT-GT at the provincial/state levels.

27. CIMT through the Chairman informed the Meeting that the 15th IMT-GT Senior Officials Meeting, 4th IMT-GT Governors and Chief Ministers' Forum and 15th IMT-GT Ministerial Meeting will be held from 21st – 23rd October 2008 in Palembang, Indonesia.

28. The Meeting was also informed that the 4th Summit of IMT-GT Summit will be held in December 2008 in Bangkok, Thailand. The exact date will be confirmed by Thailand in due course.

AGENDA ITEM 9: DATE AND VENUE OF THE 3rd WORKING GROUP MEETING

29. Indonesia informed the Meeting that it would host the third WG Meeting in Palembang in 2009. The actual date of the Meeting would be conveyed in due course.

AGENDA ITEM 10: CONSIDERATION AND SIGNING OF THE MINUTES OF THE 2nd WORKING GROUP MEETING

30. The Meeting considered and adopted the Agreed Minutes of the 2nd WG. The Heads of Delegation signed the Agreed Minutes.

AGENDA ITEM 11: CLOSING REMARKS BY CHAIRPERSON

31. The Chairperson once again expressed his deep appreciation and gratitude to all of the participants for their valuable contribution to this working group meeting. The Indonesian and Thai delegations expressed their gratitude towards Government of Malaysia particularly the Ministry of Transport Malaysia for the warm hospitality provided.