



# ASIAN DEVELOPMENT BANK

## CAMBODIA RESIDENT MISSION

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### NEW HIGHWAY WILL BOOST TRADE IN GREATER MEKONG SUBREGION

Traffic and trade flows between Cambodia and Viet Nam should increase as a result of the Phnom Penh – Ho Chi Minh City Highway project for which loans were signed in Hanoi on 20 March 1999.

The agreement for two concessionary loans totaling US\$140 from the Asian Development Bank was signed by Keat Chhon, Minister, Ministry of Economy and Finance for Cambodia, Le Duc Thuy, Deputy Governor of State Bank of Viet Nam and Peter Sullivan, ADB's Vice President (East).

The project will upgrade 240 km of the road – 160 km in Cambodia and 80 km in Viet Nam -- to meet the anticipated growth in demand from 2002 to 2012. The upgraded road will boost trade by shortening the travel time between Phnom Penh and Ho Chi Minh City to six hours and reducing operating costs for trucks by 16 to 20 percent. It will also generate job opportunities along the route.

The improved road will also encourage tourists and businesspeople to use the road, which is part of the corridor between Bangkok and the southern Vietnamese port city of Vung Tau.

The project will also improve facilities at the border and reduce bureaucratic and procedural constraints to cross-border trade, addressing issues such as vehicle registration, insurance and drivers' licenses.

The project is part of the Program of Economic Cooperation in the Greater Mekong Subregion, commonly known as the GMS Program. The GMS initiative, which was conceived in 1992, covers six countries: Cambodia, Lao PDR, Myanmar, People's Republic of China, Thailand and Viet Nam.

The total cost of the highway project is \$195.5 million -- \$50.7 million in Cambodia and \$144.8 million in Viet Nam. Aside from the ADB loans, financing will come from the two Governments.

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