



# **People's Republic of China**

## **Country Progress Report on the Implementation Action Plan for the Transport and Trade Facilitation Strategy**

**Prepared by**

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## **I. Transport and Trade Facilitation**

1. Since the Implementation Action Plan for the Transport and Trade Facilitation Strategy (the Action Plan) was endorsed by the Seventh Ministerial Conference on Central Asia Regional Economic Cooperation (CAREC) in November 2008, the Government of the People's Republic of China (the PRC Government) has undertaken the following actions to support the implementation of the Action Plan:

### **(i) National Joint Transport and Trade Facilitation Committee (NJC), or a Similar Organization**

The National Transport Facilitation Committee (NTFC) already exists in the People's Republic of China (PRC) to promote transport and trade. It was established in 2003, following the agreement under the Greater Mekong Sub-region Economic Cooperation Program (GMS Program). NTFC comprises (i) eight central government agencies: Ministry of Transport (MOT), General Administration of Customs (GACC), General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), Ministry of Public Securities (MPS), Ministry of Commerce (MOFCOM), Ministry of Finance (MOF), Ministry of Foreign Affairs (MOFA), National Development and Reform Commission (NDRC); (ii) China Road Transport Association, and (iii) two provincial governments: Government of Guangxi Zhuang Autonomous Region (GZAR) and Government of Yunnan Province (Yunnan).

The chair is MOT, and the five co-chairs are GACC, AQSIQ, MPS, GZAR, and Yunnan. Although NTFC was specifically established for the GMS Program, it covers relevant activities nationwide.

### **(ii) Transport and Trade Facilitation Policy Reforms and Actions**

**Roads.** In 2009, MOT will work on the amendment of the bilateral motor vehicle transport agreement with Mongolia and continue participating in the negotiation over the intergovernmental agreement of the Shanghai Cooperation Organization (SCO) member states on facilitation of international road transportation and its annexes.

During 2009–2013, the PRC will invest RMB120 billion (about \$18 billion) to upgrade intra-Xinjiang road transportation and the corridors that connect Asia to Europe (new Silk Road). This investment will cover both the national expressway network projects and the boarder roads.<sup>1</sup>

**Roads (Xinjiang).** In 2009, national expressway investments in Xinjiang Uygr Autonomous Region (XUAR) will total RMB7.1 billion (\$1.05 billion). The PRC Government, together with XUAR, will continue to support ongoing projects such as the Xingxingxia-Turpan Road (Corridors 1, 2, 5), Lake Sayram-Guozigou Road (Corridor 1b), and Korla-Kuqa Road (Corridors 1c, 2, 5 [PRC IP 1]). The Kuqa-Aksu Road Project (Corridors 1c, 2, 5) is expected to start in 2009. In addition, RMB1.07 billion (\$157 million) will be invested in constructing frontier/boarder roads, totaling 1,258 kilometers (km). Ala Shankou (Corridor 1a), Takeshiken (Corridor 4a), Torugart (Corridors 1c, 2, 5)

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<sup>1</sup> <http://www.chinawest.gov.cn/web/NewsInfo.asp?NewsId=51662>

boarder roads are included among the priority projects.<sup>2</sup> XUAR road network is shown in Map 1.

**Roads (Inner Mongolia).** The road development strategy 2020 for Inner Mongolia Autonomous Region (IMAR) envisages the establishment of an integrated road network, covering the major cities as hubs. The new work consists of 3 horizontal roads (East-West roads), 9 vertical roads (North-South roads), and 12 exit roads (inter-provincial roads).<sup>3</sup> In the next 5 years, road construction investment will amount to RMB 220 billion (\$32 billion), covering 100,000 km. IMAR will complete a total investment of RMB 120 billion (\$18 billion) in road infrastructure by 2010 to achieve the goal of building 9,000 km of high-class roads.<sup>4</sup> IMAR road network is in Map 2.

**Railways.** The PRC Government approved, on 31 October 2008, the implementation of the Revised Medium and Long-term Railway Network Plan (Revised Plan) to help stimulate the domestic demand and foster growth of industries in the current international financial crisis. The Revised Plan was developed based on the Medium and Long-term Railway Network Plan approved in 2004. The financial package totals about RMB5 trillion (\$733 billion). The Revised Plan envisages that PRC railway operational length will reach 120,000 km by 2020, of which passenger-dedicated lines and inter-city railways account for about 16,000 km. Double tracking and electrification will constitute above 50% and 60% of the total railway length by 2020, respectively. The Revised Plan also calls for railway lines specifically designated for passenger and freight traffic to meet such demands along the major trunk lines.<sup>5</sup>

In 2009, RMB600 billion (\$88 billion) will be invested in rail infrastructure. The annual average investment during 2010–2012 will be higher than the 2009 investment level. The planned railway projects will cover the 31 provincial administrative areas.

It is expected that the Ministry of Railways (MOR) will approve, by the 3rd quarter of 2009, the feasibility studies and preliminary designs for 70 new projects with a total investment of RMB1.5 trillion (\$220 billion). Xi'an-Lanzhou Passengers Dedicated Line (corridors 1, 2, 5) and Lanzhou-Urumqi Second Double Tracking Line (corridors 1a and 1b) are among the priority projects for MOR's approval and implementation from 2009.<sup>6</sup> Revised medium and long-term railway development plan is shown in Map 3.

**Railways (IMAR).** Table below shows the investment plan for 2009–2011:

| Year | No. of New Projects | Completed Investment            | Length Constructed (km) |
|------|---------------------|---------------------------------|-------------------------|
| 2009 | 20                  | RMB 30 billion (\$ 4.4 billion) | 1,645                   |
| 2010 | 12                  | RMB 40 billion (\$ 5.9 billion) | 1,113                   |
| 2011 | 10                  | RMB 45 billion (\$ 6.6 billion) | 3,132                   |

Source: <http://www.chinawest.gov.cn/web/NewsInfo.asp?NewsId=49816>

<sup>2</sup> <http://www.xjzt.gov.cn/display.aspx?id=19389>

<sup>3</sup> *The 11th Development Plan on Inner Mongolia Autonomous Region Road and Water Transport (Jan 2006).*

<sup>4</sup> <http://www.chinawest.gov.cn/>

<sup>5</sup> Medium and Long-term Railway Network Plan (revised in 2008).

<sup>6</sup> [http://www.china-mor.gov.cn/detail.jsp?MSG\\_ID=16346](http://www.china-mor.gov.cn/detail.jsp?MSG_ID=16346)

The Zhangjiakou-Jining Railway project in Corridor 4b will be completed in 2009. The line had been designed originally for both passenger and cargo transport, but in 2008, MOR re-positioned it to prioritize the passenger transport.<sup>7</sup>

Nine large capacity freight stations and 32 strategic loading bases and logistics centers will be built in 2009–2012. As for passenger transport, a new passenger station in Jining (Corridor 4b) will be completed in 2011.<sup>8</sup>

**Civil Aviation (XUAR).** Five feeder airports will be reconstructed or built in XUAR during 2009–2010. Reconstruction of the Yining Airport (Corridor 1a), Turpan Airport (Corridors 1, 2, 5), Kuqa Airport (Corridors 1c, 2, 5), Shihezi Airport (Corridors 1ab) and Bole Airport have been advanced from the 12th 5-Year Plan (2011–2015) to 11th 5-Year Plan (2006–2010). In addition, the construction of three airports is underway: Phase III of Urumqi International Airport (corridors 1a and 1b [CAREC airport]), and reconstruction and expansion of Kashi Airport (Corridors 1c, 2, 5 [CAREC airport]) and Hami Airport (Corridors 1c, 2, 5).<sup>9</sup> National airport development plan (2020) is in Map 4.

**Civil Aviation (IMAR).** The National Development and Reform Commission approved the feasibility study for the Erenhot airport (Corridor 4b) on 23 April 2008. The target year of project completion is 2015 with a total investment of RMB 230 million (\$34 million).<sup>10</sup> The designed passenger traffic is 149,000/year and cargo/post throughput is 1,341 tons/year.

**Trade Facilitation.** The PRC Government has started two joint customs control (JCC) initiatives, one with Kazakhstan and the other with Mongolia.

The PRC-Kazakhstan JCC will be implemented in three phrases: (i) unified documents at a pilot border, (ii) mutual recognition of inspection results, and (iii) joint border operations. Phase 1, where unified manifests have been adopted at the pilot border, was launched on 15 December 2007 and is ongoing. With the unified manifests, incoming and outgoing vehicles and freight carriers need to complete only one set of documents for declaration at both the Chinese and Kazakhstan customs.

In October 2008, customs authorities of the PRC and Kazakhstan signed the *Outline of Cooperation between the General Administration of Customs of the People's Republic of China and the Customs Control Committee of the Ministry of Finance of the Republic of Kazakhstan (2009 to 2011)*. It defines the main cooperation areas: (i) improve border control procedures, realise closer coordination between the border customs, shorten clearance time for goods and vehicles, promote customs clearance efficiency, and establish an open and comprehensive customs clearance system; (ii) reinforce cooperation in entry/exit cargo, articles and vehicles; (iii) simplify customs procedures including those for trans-boundary transportation, provide necessary customs control equipment and improve conditions for control over cargo, articles and vehicles; and (iv) reinforce cooperation in capacity building and promote the potential and efficiency of the customs operations.

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<sup>7</sup> [http://www.he.xinhuanet.com/wangqun/2009-02/18/content\\_15724084.htm](http://www.he.xinhuanet.com/wangqun/2009-02/18/content_15724084.htm)

<sup>8</sup> <http://www.chinawest.gov.cn/web/NewsInfo.asp?NewsId=51625>

<sup>9</sup> <http://www.chinawest.gov.cn/web/NewsInfo.asp?NewsId=49752>

<sup>10</sup> <http://www.caac.gov.cn>

The PRC-Mongolia JCC began in January 2006 when a joint expert panel meeting between the two countries was held. Customs representatives of the two countries signed the minutes of meeting which outlined the overall framework and steps for implementation of the JCC program. Similar to the PRC-KAZ JCC, the PRC-Mongolia JCC initiative focuses on unification of cargo manifest form. The 3rd working group meeting is expected to be held in 2009. A pilot project will take place in Erenhot, the biggest road/rail border crossing point in IMAR (Corridor 4b), and will start in 2009.

## II. Status of Investment and Technical Assistance Projects

2. Below are specific updates on the status of eight investment and two technical assistance (TA) projects in the PRC.

### A. Transport

3. **Roads and Road Transport.** The three investment projects are proceeding well.

| Investment Project (IP)  | Status  |
|--|---|
| PRC IP 1: Xinjiang Regional Road Improvement (Korla-Kuqa) (new to ongoing)     | <ul style="list-style-type: none"> <li>Project started in 2008.</li> <li>Implementation is on track.</li> <li>Project will complete in 2012.</li> </ul> |
| PRC IP 2: Road Construction (Jinghe-Ala Shankou) (ongoing)                     | <ul style="list-style-type: none"> <li>Project implementation is on track.</li> <li>Project will complete in 2009.</li> </ul>                           |
| PRC IP 3: Lianyungang-Khorgas Expressway (Guozhigou and Qin Shui He) (ongoing) | <ul style="list-style-type: none"> <li>Project implementation is on track.</li> <li>Project will complete in 2010.</li> </ul>                           |

4. **Railways and Railway Transport.** The three investment projects with regional railway transport significance are proceeding well. The PRC Government has expanded the scope for electrification along Corridor 1 from Urumqi-Ala Shankou to Hongliuhe-Ala Shankou.

| Investment Project (IP)   | Status  |
|---|---|
| PRC IP 4: Jinghe-Yining-Khorgas Railway (ongoing)   | <ul style="list-style-type: none"> <li>Project implementation is on track.</li> <li>Project will complete in 2009.</li> </ul>   |
| PRC IP 5: Double Tracking: Wuxi-Jinghe Rail Line (ongoing)  | <ul style="list-style-type: none"> <li>Project implementation is on track.</li> <li>Project will complete in 2009.</li> </ul>   |
| PRC IP 6: Electrification: Hongliuhe-Ala Shankou Rail Line (formerly Electrification: Urumqi-Ala Shankou Rail Line) (ongoing) | <ul style="list-style-type: none"> <li>The project scope was extended from Urumqi to Hongliuhe.</li> <li>New project cost estimate is \$1.214 billion equivalent (RMB 8.33 billion).</li> <li>About 35% comes from the Construction Fund and about 65% from the loan from China Construction Bank, etc.</li> <li>New implementation schedule is 2008–2010.</li> </ul> |

5. **Airports and Civil Aviation.** The improvement of the two CAREC airports (Urumqi international airport and Kashi airport) is proceeding well. Complementary investment in five domestic airports is ongoing or planned. Hami airport is under construction and five domestic airports (Yining, Turpan, Kuqa, Shihezi, and Bole) will be reconstructed during 2009–2010.

| <b>Investment Project (IP)</b>                   | <b>Status</b>   |
|--|---|
| PRC IP 7: Xinjiang Airport Development (ongoing) | <ul style="list-style-type: none"> <li>Project implementation (Urumqi international airport and Kashi airport) is on track.</li> <li>Project will be implemented until 2015.</li> </ul> |

## **B. Trade Facilitation**

6. The development of the Khorgas Global Logistics Center is proceeding well. PRC TA 1: Logistics Development and Capacity Building in XUAR was completed successfully as planned. After further review, it was decided to include PRC TA 2: Regional Customs Cooperation (Joint Control and One-Stop Inspection) in RETA.

| <b>Investment Project</b>                           | <b>Status</b>  |
|---|--|
| PRC IP 8: Khorgas Global Logistics Center (ongoing) | <ul style="list-style-type: none"> <li>The development of the Khorgas Global Logistics Center is going well.</li> <li>The preservation warehouse (6,968 m<sup>2</sup>), the bulk areas for mechanical/electronic products and construction materials (5,000 m<sup>2</sup>), and the parking area for export vehicles (10,000 m<sup>2</sup>) are under construction.</li> </ul> |

| <b>Technical Assistance Project (TA)</b>  | <b>Status</b>  |
|---|--|
| PRC TA 1: Logistics Development and Capacity Building in Xinjiang Uygur Autonomous Region (completed) | <ul style="list-style-type: none"> <li>The RETA was successfully completed in 2008, as planned.</li> <li>The final report was submitted to the Government and the Asian Development Bank.</li> </ul> |
| PRC TA 2: Regional Customs Cooperation (Joint Control and One-Stop Inspection)                        | <ul style="list-style-type: none"> <li>This Project will be covered by an ADB RETA.</li> </ul>   |

## **C. Corridor Performance Measurement and Monitoring Activities**

7. The Asian Development Bank (ADB), acting as the secretariat, and the partner forwarder/carrier and logistics association(s) in each CAREC country signed a memorandum of understanding (MOU) at the Corridor Performance Measurement and Monitoring (CPMM) meeting held in Guangzhou, PRC, on 23–24 February 2009. The MOU defines the roles and responsibilities of both parties and covers 1 year of CPMM activities, renewable for another year. Data collection by partner forwarder/carrier and logistics associations started in March 2009.

### **III. Follow-up Actions**

8. The following actions are suggested to ensure the effective implementation of the Action Plan. Plans for further development of the CAREC corridors are also described:

- (i) Include XUAR and IMAR in the NTFC mandate because the CAREC Program focuses on these two regions. The same applies to MOR and Civil Aviation Administration of China (CAAC), because the NTFC was established primarily for road transport. These proposals require the PRC Government's decision on the expanded NTFC mandate.
- (ii) Monitor the CPMM data collection process regularly.
- (iii) Include the findings in the Action Plan of ADB's ongoing TA, which will review the transport and trade facilitation sectors of XUAR, including investment and TA projects during May–June 2009.

#### **Maps**

- 1 - Overall Layout of Xinjiang Road Network Development Plan
- 2 - Inner Mongolia Autonomous Region Road Network
- 3 - Medium- and Long-term Railway Development Plan (2008 Revision)
- 4 - National Civil Aviation Development Plan (2020)

#### **Appendixes**

- 1 - List of Projects in the PRC (Appendix 1)
- 2 - Updated Project Profiles (Appendix 2)

# 新疆路网规划总体布局图

“三横二纵两环八通道”

“3 horizontals, 2 verticals,  
2 rings, and 8 paths”



## Inner Mongolia

"3 horizontals, 9 verticals, and 12 exits" road layout

# "三横九纵十二出口"公路布局示意图

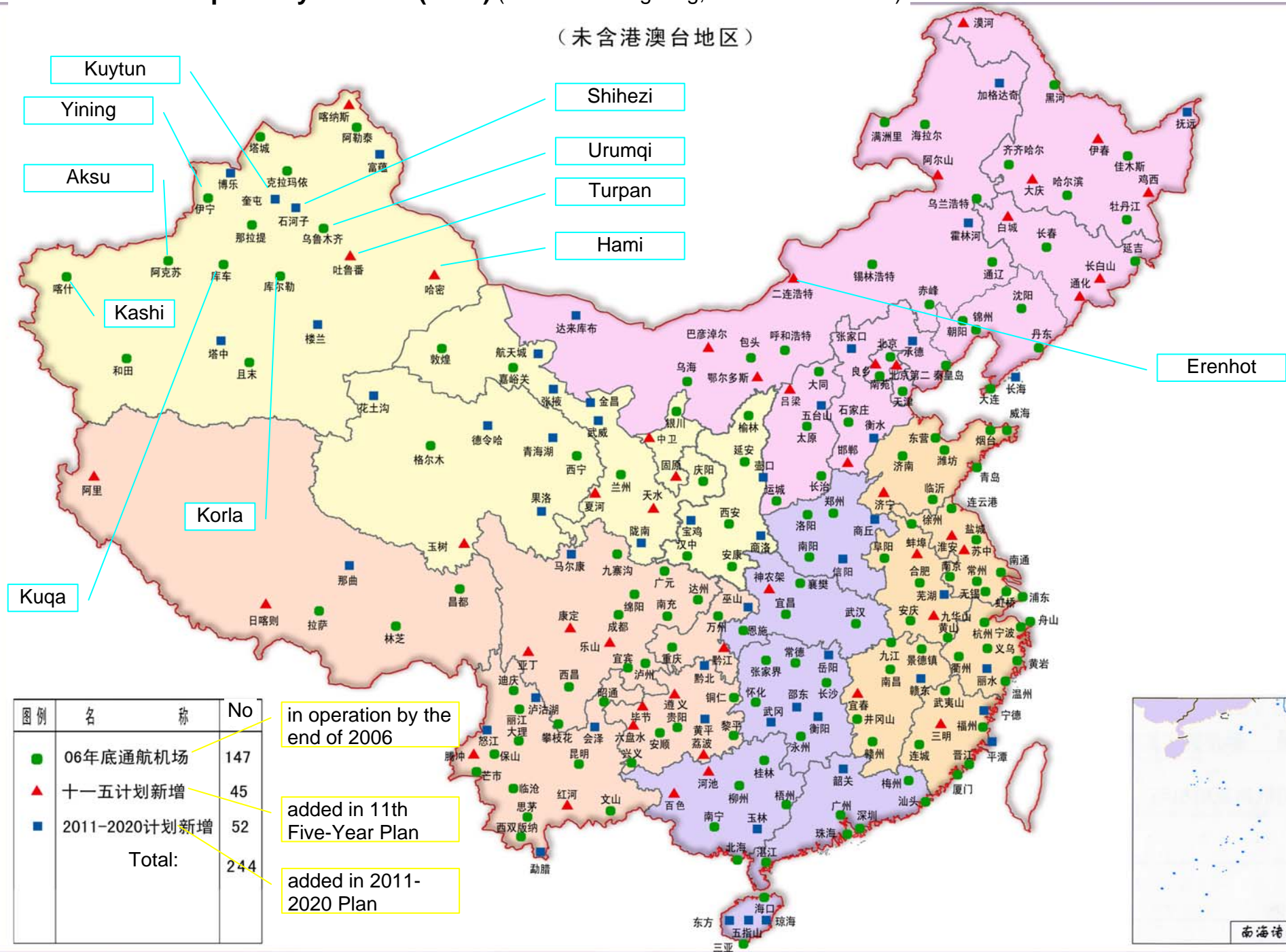


Source: <http://www.nmjt.gov.cn/Preview.aspx?Id=1167>



## National Civil Airport Layout Plan (2020) (exclusive Hongkong, Macao and Taiwan)

(未含港澳台地区)



## List of Projects in the PRC

### Investment

- 1 PRC IP 1: Xinjiang Regional Road Improvement (Korla-Kuqa) (new to ongoing)
- 2 PRC IP 2: Road Construction (Jinghe-Ala Shankou) (ongoing)
- 3 PRC IP 3: Lianyungang-Khorgas Expressway (Guozhigou and Qin Shui He) (ongoing)
- 4 PRC IP 4: Jinghe-Yining-Khorgas Railway (ongoing)
- 5 PRC IP 5: Double Tracking: Wuxi-Jinghe Rail Line (ongoing)
- 6 PRC IP 6: Electrification: Hongliuhe-Ala Shankou Rail Line (formerly Electrification: Urumqui-Ala Shankou Rail Line) (ongoing)
- 7 PRC IP 7: Xinjiang Airport Development (ongoing)
- 8 PRC IP 8: Khorgas Global Logistics Center (ongoing)

### Technical Assistance

- 1 PRC TA 1: Logistics Development and Capacity Building in Xinjiang Uygur Autonomous Region (completed)
- 2 PRC TA 2: Regional Customs Cooperation (Joint Control and One-Stop Inspection)

**PRC IP 1: Xinjiang Regional Road Improvement Project**  
**Country: PRC-PRC, Xinjiang**  
**CAREC CORRIDORS 2, 5 and 1c**

|  |
|--|
| <b>1. Project Name:</b> Xinjiang Regional Road Improvement Project   |
| <b>2. Type of Project:</b> Road upgrading/rehabilitation   |
| <b>3. Project Location:</b> Korla-Kuqa (296.5 kilometers [km]) upgrade from two-lanes to four-lanes and rehabilitation of existing Class III road from Wuqia County to Torugart border (110 km) with Kyrgyz Republic, Xinjiang Uygur Autonomous Region, People's Republic of China (PRC).  |
| <b>4. Sector/Subsector:</b> Transport/Roads  |
| <b>5. Background and Rationale:</b> The Project will directly facilitate increased trade and economic growth by providing more efficient, faster, safer, and cost-effective transport system.  |
| <b>6. Objectives:</b> The Project will facilitate development of an efficient national and regional transport system in Xinjiang. In addition, the Project will also improve the competitiveness of Central Asia Regional Economic Cooperation (CAREC) Corridors 2, 5, and 1c.   |
| <b>7. Scope:</b> The Project scope comprises: (i) upgrading of National Highway No. 314 Korla – Kuga (296.5 km); (ii) rehabilitation of Class III road: road to Torugart, Kyrgyz border; (iii) facilitating harmonized cross border procedures and documentation as agreed in the 6th Transport Sector Coordination Meeting under CAREC; (iv) improving efficiency of freight terminals with information technology; and (v) improving road safety.  |
| <b>8. Estimated Cost:</b> \$ 594 million   |
| <b>9. Financing Plan and Arrangements:</b> Asian Development Bank (ADB) Loan of \$150 million (approved in December 2007), \$197 million from Ministry of Communications, \$188 million from PRC Development Bank; and \$59 from Xinjiang Regional Government  |
| <b>10. Implementation Schedule:</b> Ongoing to 2012  |
| <b>11. Executing Agencies:</b> Xinjiang Communications Department  |
| <b>12. Estimated Benefits and Beneficiaries:</b> The Project will lead to an increase in trade with CAREC countries by 15% within 3 years of Project completion. Poverty incidence will be reduced by 7% within 3 years of Project completion. Vehicle operating costs will be reduced by 10% following Project completion. Travel time will be reduced by 40% on Project roads. Accidents on the four-lane expressway will be reduced by 20%. Collectively, road users and residents, both in the Project impact area as well as those in adjoining areas and neighboring countries, accessing markets, goods, and services resulting from the road improvements will benefit from the Project. Trade and economic development will increase and lead to increased jobs and rising incomes. |
| <b>13. Social and Environmental Issues:</b> No social and environmental issues.  |
| <b>14. Priority of Project:</b> High   |
| <b>15. Project Status:</b> Ongoing   |
| <b>16. Follow up Actions Required:</b>   |
| <b>17. Issues/Constraints:</b>   |
| <b>18. PPP/PSP Opportunities:</b> Toll operations are likely to be operated by the private sector.   |

**PRC IP 2: New Road from Jinghe to Ala Shankou**

**Country: PRC**

**CAREC CORRIDOR 1-a**

|   |
|---|
| <b>1. Project Name:</b> New road from Jinghe to Ala Shankou   |
| <b>2. Type of Project:</b> Road construction  |
| <b>3. Project Location:</b> Jinghe and Ala Shankou, Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)  |
| <b>4. Sector/Subsector:</b> Transport/Roads   |
| <b>5. Background and Rationale:</b> Ala Shankou is one of the largest border posts in PRC. The road between Jinghe and Ala Shankou is a provincial road. The technical standard is level 2 or 3. The road condition is poor. The new Jinghe - Ala Shankou road can provide better transport connection and shorter distance. This will improve trade and transit between PRC and Central Asian countries. |
| <b>6. Objectives:</b> Provide a shorter route from National Road 312 to Ala Shankou. Facilitate trade and transit and contribute to improving the Xinjiang transport system.  |
| <b>7. Scope:</b> New road construction with a length of 106 kilometers (km).  |
| <b>8. Estimated Cost:</b> \$70 million  |
| <b>9. Financing Plan and Arrangements:</b> National Budget and Xinjiang funds   |
| <b>10. Implementation Schedule:</b> Ongoing-2009  |
| <b>11. Executing Agencies:</b> Xinjiang Communications Department   |
| <b>12. Estimated Benefits and Beneficiaries:</b> Major benefits include poverty reduction through improved access to jobs and social service delivery institutions; reduction in vehicle operating costs and increase time savings; enhanced border-crossing trade and transit between PRC and Central Asian and beyond; and contribution to the economic development of minority groups in Xinjiang.     |
| <b>13. Social and Environmental Issues:</b> Since the Project is a new construction, appropriate social and environmental due diligence is needed.  |
| <b>14. Priority of Project:</b> High  |
| <b>15. Project Status:</b> Ongoing  |
| <b>16. Follow up Actions Required:</b> Trade facilitation measures at border crossing.  |
| <b>17. Issues/Constraints:</b> Inefficient cross-border and transit movement of vehicles.<br>➤ Difficult terrain may affect construction schedule   |
| <b>18. PPP/PSP Opportunities:</b>   |

**PRC IP3: Lianyungang – Khorgas Expressway**  
**(Guo Zhi Go and Qin Shui He)**  
**Country: People's Republic of China (PRC)**  
**CAREC CORRIDOR 1-b**

|   |
|---|
| <b>1. Project Name:</b> Guo Zhi Go and Qin Shui He Section of Lianyungang–Khorgas Expressway  |
| <b>2. Type of Project:</b> New Expressway   |
| <b>3. Project Location:</b> Lianyungang–Khorgas Expressway in Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)  |
| <b>4. Sector/Subsector:</b> Transport/Roads   |
| <b>5. Background and Rationale:</b> In 2004, the National Expressway System was approved by the Government. The Lianyungan-Khorgas highway is the No. 7 East-West route of the National Expressway Network. It starts from Lianyungan Port and crosses the middle and western part of PRC. Lianyungan-Khorgas Expressway is a very important infrastructure to support trade growth between PRC and CAREC countries and Europe. Currently, traffic volume on this section is over 7,000 AADT (high volume of medium to heavy trucks). Building 4 lanes is planned to meet future traffic needs. |
| <b>6. Objectives:</b> This Project aims to increase vehicle speed and reduce congestion, and improve connectivity with Central Asia.  |
| <b>7. Scope:</b> Constructing part of the Lianyungang–Khorgas expressway near Khorgas.  |
| <b>8. Estimated Cost:</b> \$393 million   |
| <b>9. Financing Plan and Arrangements:</b> National Budget and Xinjiang Fund  |
| <b>10. Implementation Schedule:</b> Ongoing to 2010   |
| <b>11. Executing Agencies:</b> Xinjiang Communications Department   |
| <b>12. Estimated Benefits and Beneficiaries:</b> Major benefits include poverty reduction thorough improved access to jobs and social service delivery institutions; reduction in vehicle operating costs and increase time savings; enhanced border-crossing trade and transit between PRC and Central Asian and beyond.   |
| <b>13. Social and Environmental Issues:</b> No social and environmental issues.   |
| <b>14. Priority of Project:</b> High  |
| <b>15. Project Status:</b> Ongoing  |
| <b>16. Follow up Actions Required:</b> Measures are required at the border crossing to ensure seamless movements of goods and passengers.   |
| <b>17. Issues/Constraints:</b> Inefficient cross-border and transit movement of vehicles; and lack of necessary logistics with advanced technology and modern management concepts.  |
| <b>18. PPP/PSP Opportunities:</b> Toll operations of the expressway will be operated by the private sector.   |

**PRC IP4: Jinghe-Yining-Khorgas Railway**  
**Country: PRC**  
**CAREC CORRIDOR 1b**

|  |
|--|
| <b>1. Project Name:</b> Jinghe-Yining-Khorgas Railway  |
| <b>2. Type of Project:</b> New Railroad Construction   |
| <b>3. Project Location:</b> Jinghe through the Yili Valley to Yining, continuing on to Khorgas , Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)  |
| <b>4. Sector/Subsector:</b> Transport/Railways   |
| <b>5. Background and Rationale:</b> The Yili Valley is an agricultural area, with income substantially lower than Urumqi. The Project will support economic development in the Valley through improved railway transport services, especially agricultural produces.   |
| <b>6. Objectives:</b> To assist in the economic development of Yili Valley, especially in providing transport for farm products at affordable cost and to create a new rail transit corridor to Kazakhstan, rest of Central Asia and Europe.   |
| <b>7. Scope:</b> Construction of a new railway of approximately 286 kilometers (km).   |
| <b>8. Estimated Cost:</b> \$875 million equivalent (RMB 6 billion)   |
| <b>9. Financing Plan and Arrangements:</b> RMB 3 billion from National Debt, RMB 2.5 billion from the Railway Construction Fund, RMB 500 million from Xinjiang provincial financial expenditures.  |
| <b>10. Implementation Schedule:</b> Ongoing to 2009  |
| <b>11. Executing Agencies:</b> Ministry of Railways (MOR)  |
| <b>12. Estimated Benefits and Beneficiaries:</b> Will benefit all residents and businesses along the railway, especially farmers and sheepherders and Uighur, Kazakh, Mongolian, and Hui minorities. Serves as a new rail connection to Kazakhstan and substantially shortens the distance from Urumqi to Almaty. This will reduce transport and trade costs to Central Asia and Europe. |
| <b>13. Social and Environmental Issues:</b> Since the Project is a new construction, appropriate social and environmental due diligence is needed.   |
| <b>14. Priority of Project:</b> High   |
| <b>15. Project Status:</b> Ongoing. Included in the 11th 5-Year Plan (2006–2010) of MOR.   |
| <b>16. Follow up Actions Required:</b>   |
| <b>17. Issues/Constraints:</b> Needs to be connected to Kazak railway in the future.   |
| <b>18. PPP/PSP Opportunities:</b>  |

**PPC IP5: Double Tracking Wuxi-Jinghe Rail Line**

**Country: PRC**

**CAREC CORRIDOR 1-a**

|   |
|---|
| <b>1. Project Name:</b> Double Tracking Wuxi-Jinghe Line  |
| <b>2. Type of Project:</b> Rail capacity expansion  |
| <b>3. Project Location:</b> : Northern area of Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)   |
| <b>4. Sector/Subsector:</b> Transport/Railways  |
| <b>5. Background and Rationale:</b> To support trade growth between PRC and Kazakhstan as well as trade to Central Asia and Europe.   |
| <b>6. Objectives:</b> Increase carrying capacity by more than a factor of two.  |
| <b>7. Scope:</b> Double tracking of 382 kilometers (km) between Wuxi and Jinghe.  |
| <b>8. Estimated Cost:</b> \$394 million   |
| <b>9. Financing Plan and Arrangements:</b> RMB 2.7 billion, comprising RMB 1.7 billion from Railway Construction Fund, RMB 500 million from Xinjiang provincial financial expenditures, RMB 500 million from the National Budget or National Debts investment. (RMB 6.86/\$)  |
| <b>10. Implementation Schedule:</b> Ongoing to 2009   |
| <b>11. Executing Agencies:</b> Ministry of Railways (MOR)   |
| <b>12. Estimated Benefits and Beneficiaries:</b> The Project will meet medium- and long-term rail transport demand generating from Xinjiang Uygur Autonomous Region for trade to Central Asia and Europe. The Project has been designed to accommodate 30 pairs of passenger trains per day and 50 million tons cargo per year. |
| <b>13. Social and Environmental Issues:</b> No negative social or environmental impacts.  |
| <b>14. Priority of Project:</b> High  |
| <b>15. Project Status:</b> Ongoing, included in the 11th 5-Year Plan (2006–2010) of MOR.  |
| <b>16. Follow up Actions Required:</b>  |
| <b>17. Issues/Constraints:</b>  |
| <b>18. PPP/PSP:</b>   |

**PRC IP6: Electrification of Hongliuhe – Ala Shankou Rail Line  
(formerly Electrification: Urumqi-Ala Shankou Rail Line)**

**Country: PRC**

**CAREC CORRIDOR 1**

|   |
|---|
| <b>1. Project Name:</b> Electrification of Hongliuhe – Ala Shankou Line   |
| <b>2. Type of Project:</b> Rail electrification   |
| <b>3. Project Location:</b> Northern area of Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)   |
| <b>4. Sector/Subsector:</b> Transport/Railways  |
| <b>5. Background and Rationale:</b> To support trade growth between PRC and Kazakhstan as well as trade to CA and Europe.   |
| <b>6. Objectives:</b> Increase speed, carrying capacity and reduce transport cost.  |
| <b>7. Scope:</b> The project scope was extended from Urumqi to Hongliuhe. It now includes (i) electrification of the 1,201 kilometer-long section from Hongliuhe to Alashankou of the Lanxin Railway, (ii) speed raising of the 704 kilometer-long section between Hongliuhe and Jijicaozi, and (iii) auxiliary project of relevant hubs. |
| <b>8. Estimated Cost:</b> \$1.214 billion equivalent (RMB 8.33 billion)   |
| <b>9. Financing Plan and Arrangements:</b> About 35% comes from the Construction Fund and about 65% from the loan from China Construction Bank, etc.  |
| <b>10. Implementation Schedule:</b> Ongoing to 2010   |
| <b>11. Executing Agencies:</b> Ministry of Railways (MOR)   |
| <b>12. Estimated Benefits and Beneficiaries:</b> Increase in average train speed and reduction in operating costs will make the rail line more competitive.   |
| <b>13. Social and Environmental Issues:</b> No negative social or environmental impacts.  |
| <b>14. Priority of Project:</b> High  |
| <b>15. Project Status:</b> Ongoing  |
| <b>16. Follow up Actions Required:</b>  |
| <b>17. Issues/Constraints:</b>  |
| <b>18. PPP/PSP Opportunities:</b>   |

**PRC IP7: Xinjiang Airport Development**  
**Country: PRC**  
**CAREC CORRIDOR Other/1, 2, and 5**

|  |
|--|
| <b>1. Project Name:</b> Xinjiang Airport Development   |
| <b>2. Type of Project:</b> New airport construction and upgrade of existing airports   |
| <b>3. Project Location:</b> Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)   |
| <b>4. Sector/Subsector:</b> Aviation/Airports  |
| <b>5. Background and Rationale:</b> Xinjiang is a beneficiary of PRC's "Go West" policy. Xinjiang has 13 airports but only Urumqi and recently Kashi are international airports. International destinations in Urumqi are Almaty, Altai, Baku, Bishkek, Dushanbe, Moscow, Novosibirsk, Tashkent, and Islamabad. Kashi has flights to Islamabad and is planning to have flights to Andijan and Osh. Urumqi international terminal is congested and Kashi airport needs expansion. |
| <b>6. Objectives:</b> Meet the anticipated rapid passenger and cargo growth.   |
| <b>7. Scope:</b> Expansion projects of international airports in Xinjiang.   |
| <b>8. Estimated Cost:</b> About \$372.5 million, comprising the Urumqi International Airport (CAREC airport) Phase 3 Improvement and expansion (\$ 350 million), and Kashi Airport (CAREC airport) (\$ 22.5 million).  |
| <b>9. Financing Plan and Arrangements:</b> National Budget   |
| <b>10. Implementation Schedule:</b> Ongoing to 2015.   |
| <b>11. Executing Agencies:</b> Civil Aviation Authority of PRC (CAAC)  |
| <b>12. Estimated Benefits and Beneficiaries:</b> Airport expansions will be able to meet growth in passenger demand.   |
| <b>13. Social and Environmental Issues:</b> No negative social and environment impacts. Airport expansion will contribute to economic growth and increase in job opportunities.  |
| <b>14. Priority of Project:</b> High   |
| <b>15. Project Status:</b> Ongoing. All airport development projects were included in the 11th 5-Year Plan.  |
| <b>16. Follow up Actions Required:</b>   |
| <b>17. Issues/Constraints:</b>   |
| <b>18. PPP/PSP Opportunities:</b> Airport services to be operated by the private sector.   |

**PRC IP8: Khorgas Global Logistics Center**  
**Country: PRC**  
**CAREC CORRIDOR 1**

|  |   |
|--|---|
| <b>1. Project Name:</b>                          | Khorgas International Logistics Center  |
| <b>2. Type of Project:</b>                       | Establishment of Logistics Center   |
| <b>3. Project Location:</b>                      | Khorgas FTZ, Xinjiang Uygur Autonomous Region, People's Republic of China (PRC)   |
| <b>4. Sector/Subsector:</b>                      | Logistics   |
| <b>5. Background and Rationale:</b>              | Khorgas is the second largest border post in Xinjiang Uygur Autonomous Region, PRC, handling 460,000 tons (2005). With the addition of the new rail connection with Kazakhstan, the volume of trade passing through Khorgas is likely to increase considerably. Khorgas already has an Export Processing Zone located in the Sino-Kazakhstan International Frontier Cooperation Center. Its operation started in 2002 and already 11 companies have established manufacturing plant for an annual production of 60,000 tons. Khorgas is planned to be the largest import-export processing facility in Xinjiang Uygur Autonomous Region. The setting up of a Global Logistics Center is seen as a required facility to sustain economic growth. |
| <b>6. Objectives:</b>                            | To establish a logistics center with the latest technology to sustain economic development and trade in the area.   |
| <b>7. Scope:</b>                                 | Development of logistics facilities, wholesale and retail centers, and convention halls.  |
| <b>8. Estimated Cost:</b>                        | \$100 million   |
| <b>9. Financing Plan and Arrangements:</b>       | Private sector financing  |
| <b>10. Implementation Schedule:</b>              | Ongoing to 2010. Development will be done in phases—First phase started in 2006. The construction of the following have been completed: an international convention and exhibition hall (3,405 m <sup>2</sup> ); a wholesale and retail center (20,000 m <sup>2</sup> ) which is composed of three buildings; and part of the logistics center, including three types of warehouse respectively for general merchandise (16,000 m <sup>2</sup> ), food (560 m <sup>2</sup> ), fruits and vegetables (4,479 m <sup>2</sup> ).  |
| <b>11. Executing Agencies:</b>                   | Private investors.  |
| <b>12. Estimated Benefits and Beneficiaries:</b> | The Project will strengthen Khorgas' position as the leading gateway between PRC and Kazakhstan and increase competitiveness of the corridor. Eventually, the Project will also contribute to reductions in transport and trade costs.  |
| <b>13. Social and Environmental Issues:</b>      | No negative impacts. The Project will generate additional employment.   |
| <b>14. Priority of Project:</b>                  | High  |
| <b>15. Project Status:</b>                       | The Export Processing Zone is ongoing. The preservation warehouse (6,968 m <sup>2</sup> ), the bulk areas for mechanical/electronic products and construction materials (5,000 m <sup>2</sup> ), and the parking area for export vehicles (10,000 m <sup>2</sup> ) are under construction.  |
| <b>16. Follow up Actions Required:</b>           |   |
| <b>17. Issues and Constraints:</b>               |   |
| <b>18. PPP/PSP Opportunities:</b>                | The operations of the Logistics Center offer many PPP opportunities.  |

**PRC TA2: Regional Customs Cooperation  
(Joint Control and One Stop Inspection)  
(TA will be included in ADB RETA)**

**Country: PRC**

**CAREC CORRIDORS 1-a, 1-b, 4**

|   |
|---|
| <b>1. Project Name:</b> Regional Customs Cooperation–Joint Control and One Stop Inspection  |
| <b>2. Type of Project:</b> Regional Customs Cooperation   |
| <b>3. Project Location:</b> At experimental border crossing point (BCP) where joint control and single-stop inspection can be tested in collaboration with Mongolian Customs.   |
| <b>4. Sector/Subsector:</b> Customs   |
| <b>5. Background and Rationale:</b><br><p>Along with Kazakhstan, Mongolia shares the longest border with the People's Republic of China (PRC). Most of the PRC's trade with Europe and the Russian Federation are conducted through Corridor 4, which passes through Mongolia.</p> <p>Customs cooperation, simplification of Customs procedures, and acceleration of Customs clearance will give trade and transport facilitation a strong lift.</p>  |
| <b>6. Objectives:</b> <ul style="list-style-type: none"> <li>• Simplify customs procedures</li> <li>• Cut down clearance time</li> <li>• Reduce burden on importers and exporters</li> <li>• Minimize logistics cost</li> <li>• Facilitate trade and transport</li> <li>• Increase the competitiveness of Central Asia Regional Economic Cooperation (CAREC) countries</li> <li>• Connect CAREC members to the global supply chain</li> </ul>   |
| <b>7. Scope:</b> Joint customs control and single stop inspection will be limited to BCPs shared with Mongolia selected for experimentation.  |
| <b>8. Estimated Cost:</b> \$200,000   |
| <b>9. Financing Plan and Arrangements:</b> An ADB RETA will cover this technical assistance.  |
| <b>10. Implementation Schedule:</b> 2009  |
| <b>11. Executing Agencies:</b> PRC and Mongolian Customs.   |
| <b>12. Estimated Benefits and Beneficiaries:</b><br><p>The beneficiaries will include all CAREC members. Benefits include:</p> <ul style="list-style-type: none"> <li>• Faster and more reliable customs clearance</li> <li>• Lower clearance cost and overall logistics cost</li> <li>• Reduced burden on importers and exporters</li> <li>• Higher trade among the CAREC members</li> <li>• Stronger competitiveness of CAREC members</li> <li>• Better standard of living for CAREC member country citizens through improved trade and business opportunities</li> </ul> |
| <b>13. Social and Environmental Issues:</b>   |
| <b>14. Priority of Project:</b> High  |
| <b>15. Project Status:</b>  |
| <b>16. Follow up Actions Required:</b>  |
| <b>17. Issues/Constraints:</b>  |