MEMORANDUM OF UNDERSTANDING
BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA AND THE GOVERNMENT OF THE SOCIALIST REPUBLIC OF VIET NAM
ON THE INITIAL IMPLEMENTATION AT
HEKOU, THE PEOPLE'S REPUBLIC OF CHINA
AND LAO CAI, THE SOCIALIST REPUBLIC OF VIET NAM
OF THE
AGREEMENT BETWEEN AND AMONG THE GOVERNMENTS OF THE KINGDOM OF CAMBODIA, THE PEOPLE'S REPUBLIC OF CHINA, THE LAO PEOPLE'S DEMOCRATIC REPUBLIC, THE UNION OF MYANMAR, THE KINGDOM OF THAILAND, AND THE SOCIALIST REPUBLIC OF VIET NAM
FOR
FACILITATION OF CROSS-BORDER TRANSPORT OF GOODS AND PEOPLE

The **Governments of the People's Republic of China** ("the PRC") and the **Socialist Republic of Viet Nam** ("the SRV"), hereinafter referred to as "the Parties to the Memorandum of Understanding ("the MOU")":

Referring to the Agreement Between and Among the Governments of the Lao People's Democratic Republic, the Kingdom of Thailand, and the Socialist Republic of Viet Nam for Facilitation of Cross-Border Transport of Goods and People, originally signed at Vientiane, the Lao People's Democratic Republic on 26 November 1999, amended at Yangon, the Union of Myanmar on 29 November 2001, acceded to by the Kingdom of Cambodia at Yangon, the Union of Myanmar on 29 November 2001, acceded to by the People's Republic of China (PRC) at Phnom Penh, the Kingdom of Cambodia on 3 November 2002, acceded to by the Union of Myanmar at Dali, PRC on 19 September 2003, and amended at Phnom Penh, Cambodia on 30 April 2004, hereinafter referred to as "the Agreement",

Referring to the 12th Greater Mekong Subregion ("GMS") Ministerial Conference held in Dali, PRC in September 2003, where the Governments of the Kingdom of Cambodia, the People's Republic of China, the Lao People's Democratic Republic, the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, cognizant of the expected completion of key subregional transport corridors in the near future, emphasized the importance of early implementation of the Agreement,

Recognizing that the Agreement entered into force on 31 December 2003 upon ratification by all six Contracting Parties to the Agreement,

Recalling that as per Article 37 of the Agreement and the provisions in the Annexes and Protocols on "Conforming National Law", the Contracting Parties to the Agreement have undertaken to conform their national legal regime with the contents of the Agreement and its Annexes and Protocols,

Recognizing that the signing, ratification, and entry into force of the Agreement and its Annexes and Protocols do not by themselves guarantee their immediate implementation,

Recognizing that some Annexes and Protocols of the Agreement have yet to be ratified, and, consequently, interim measures should be undertaken to allow early and initial implementation of the Agreement until such time that these Annexes and Protocols are ratified,

Referring to the Agreement between the Government of the Socialist Republic of Viet Nam and the Government of the People's Republic of China on Road Transportation signed on 22 November 1994 in Hanoi, SRV, hereinafter referred to as "the Bilateral Road Transport Agreement", which aims at facilitating the cross-border transport of goods and people

between the two countries, and other bilateral agreements between the two Parties to the MOU in the areas of transport, customs, immigration, and quarantine to provide interim measures to allow early and initial implementation of the Agreement until such time that the relevant Annexes and Protocols of the Agreement enter into force,

Referring to Article 5(c) of Annex 4 of the Agreement calling expressly for the implementation of single-stop customs inspection procedure through a bilateral Memorandum of Understanding between the bordering country pairs, in order to specify the modality, and

Recognizing that this Memorandum of Understanding will commit the Parties to the MOU to undertake a time-bound initial implementation of the Agreement,

HAVE AGREED AS FOLLOWS:

The Parties to the MOU commit themselves to the following implementation measures and deliverables with respect to the Agreement and its Annexes and Protocols[1]:

A. Concerning Part II of the Agreement on Facilitation of Border Crossing Formalities

A1. Concerning Article 4(a) of the Agreement and Article 4 of Annex 4 (Single-Window Inspection) and Article 4(b) of the Agreement and Article 5 of Annex 4 (Single-Stop Customs Inspection)

The Parties to the MOU shall:

(i) continue to implement single-window inspection at the Hekou and Lao Cai border crossing points by **simultaneous performance of duties by the respective Competent Authorities**, according to the procedures appended in Attachment 1 of this MOU;

(ii) as called for in Article 4(b) of the Agreement, implement single-stop inspection at the Hekou-Lao Cai border crossing points based on the following agreed modality: a two-phase process involving (a) conduct of key facilitation measures covering border crossing formalities, including single-window inspection, in Phase I, commencing no later than **30 September 2007**, and (b) performance of border crossing formalities[2] in the respective common control areas jointly and simultaneously by Competent Authorities of the two countries, in Phase II, subject to the amendment of relevant national laws and regulations, as necessary, to allow the extraterritorial performance of duties by Competent Authorities of both Parties to the MOU; procedures for single-window inspection and single-stop inspection are appended in Attachment 1 of this MOU. However, the Parties may also adopt other modalities stipulated in the Article 5 of Annex 4 to the Agreement and as mutually agreed by their respective National Transport Facilitation Committee (NTFC), having taken into consideration that it will take some time to amend or promulgate the relevant national laws or regulations, and in order to expedite the process of facilitating the cross-border transport of goods and people between the two countries; and

[1] The MOU does not apply to noncommercial vehicles until after two years following the entry into force of the relevant annexes and protocols between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement.

[2] Border crossing formalities are formalities conducted at the border crossing points according to relevant national laws and regulations, and may exclude those conducted inland.

(iii) for the Hekou-Lao Cai border crossing points, consider this MOU to fulfill the requirement of Article 5 (c) of Annex 4 of the Agreement for a bilateral Memorandum of Understanding per border crossing identified in Protocol 1 of the Agreement.

A2. Concerning Article 4(c) of the Agreement and Article 3(b) of Annex 4 (Coordination of Hours of Operation and Related Issues)

The Parties to the MOU shall:

(i) continue to coordinate the operating hours at the Hekou and Lao Cai border crossing points in accordance with current practice at the Hekou and Lao Cai border areas, which is currently between **0800 and 2300 hours (PRC time)** and between **0700 and 2200 hours (SRV time)**, which are equivalent hours in view of the one-hour time difference between the PRC and the SRV, seven days a week; and

(ii) implement round-the-clock operation at the Hekou and Lao Cai border crossing points, by opening on request when a notice has been sent in advance, so as to assure clearance outside normal operating hours or otherwise, according to the procedures appended in Attachment 2 of this MOU, by **30 September 2007**.

A3. Concerning Article 4(d) of the Agreement and Article 8 of Annex 4 (Advance Exchange of Information and Clearance)

The Parties to the MOU shall:

(i) continue, as necessary, to cooperate with each other to allow for advance exchange of information as a preliminary step to the development of pre-arrival processing and clearance of goods and people; and

(ii) continue to dispatch the relevant border crossing documents, as soon as available, to the authorities of the other Party to the MOU, using all appropriate means of communication (e.g., courier, mail, facsimile, telex, electronic means).

A4. Concerning Article 6 of Annex 4 (Harmonization, Simplification, and Language of Documents), Article 7 of Annex 4 (Exchange of Information), Annex 15 (Commodity Classification System), and Articles 4 (Facilitation of Border Crossing Formalities), 31 (Transparency of Legislation, Regulation and Status of Infrastructure), and 35 (Documentation and Procedures) of the Agreement

Each Party to the MOU shall:

(i) jointly conduct a review and execute a comparative survey of the documents, procedures, and formalities relating to the Hekou-Lao Cai border crossing points, and evaluate their absolute necessity, by **30 September 2007**;

(ii) provide each other's Competent Authorities with an information sheet in the English language and in its national language listing all the formalities, procedures, and documents (possibly according to different cases) required for border crossing (as if it were intended for use by the commercial truck/bus driver), which, in turn, will disseminate information to licensed transport operators engaged in cross-border transport operations and the general public through local newspapers, periodic publications and/or other forms of media, commencing no later than **30 September 2007**, and provide any subsequent amendments to the information sheet, within **six weeks** of such amendments;

(iii) eliminate any documents or formal requirements that are now superfluous or do not serve any particular purpose, by **31 March 2008**;

(iv) streamline and limit documents, procedures, and formalities, by **30 June 2008**;

(v) harmonize the declaration/clearance documents, by **30 September 2008**;

(vi) continue to conform all measurements with SI Units (the International System of Modern Metric Units);

(vii) for the SRV, continue to align documents to the UN Lay-Out Key for Trade Documents, inserting an English translation, and provide that reference be made to the English-language version in the event of a difference in meaning, and

for the PRC, endeavor to align documents to the UN Lay-Out Key for Trade Documents, inserting an English translation, and provide that reference be made to the English-language version in the event of a difference in meaning, by **31 March 2008**; and

(viii) continue to implement the Harmonized Commodity and Coding System ("Harmonized System" or "HS"), and any subsequent amendment(s) thereof.

A5. Concerning Article 9 of Annex 4 (Priority Order of Border Crossing Clearance)

The Parties to the MOU shall:

continue to implement priority order of border clearance in accordance with Article 9 of Annex 4 of the Agreement.

A6. Concerning Article 10 of Annex 4 (Reduction of Routine Exhaustive Physical Inspection Practice)

The Parties to the MOU shall:

(i) continue to implement risk management techniques at the Hekou-Lao Cai border crossing points (including, e.g., pre- or post-entry inspections/clearance systems) in accordance with Article 10 of Annex 4 of the Agreement;

(ii) endeavor to bring their respective risk management techniques at the Hekou-Lao Cai border crossing points in line with international best practices; and

(iii) jointly carry out a "before and after" study of border crossing times at the Hekou-Lao Cai border crossing points that will be used in monitoring the effectiveness of cross-border facilitation measures, with completion of the "before" study by **31 July 2007**, and completion of the "after" study by **30 September 2008**; and undertake annual monitoring.

A7. Concerning Article 3 (d) and Article 11 of Annex 4 (Availability of Required Facilities and Personnel) and Annex 12 (Border Crossing and Transit Facilities and Services)

The Parties to the MOU shall:

provide facilities, equipment (both information and communication technology ("ICT") and non-ICT, e.g., computers, telecommunications, equipment for machine reading of passports, X-ray machine for goods and container inspection, automatic vehicle identification/license plate readers, bar code readers for other documents), and personnel required for modern border management at the Hekou-Lao Cai border crossing points, including estimated costs, taking into account (a) existing and anticipated type and volume of cross-border trade, (b) implementation of risk management techniques, (c) where applicable, compatibility with the equipment of the neighboring country for transfer and sharing of information, and (d) relevant international standards and protocols.

B. Concerning Part III of the Agreement on Cross-Border Movement of People

B1. Visas

Each Party to the MOU shall:

(i) continue to update and disseminate information through the Embassies/Consulates and internet (for the PRC, http://www.fmprc.gov.cn and for the SRV, http://www.mofa.gov.vn), on location(s) where visas can be applied for and obtained, conditions, required documents to support the application, fees, time required for issuance, and period of validity, in the English language;

(ii) issue multiple entry/exit visas for drivers and crew members of commercially operated motor vehicles, commencing no later than **30 September 2007**; and

(iii) continue to implement the border pass regime at the Hekou-Lao Cai border crossing points.

B2. Health Inspection

Each Party to the MOU shall:

(i) continue to comply with the International Health Regulations of the World Health Organization ("WHO");

(ii) continue to disseminate updated information in the English language on applicable laws and regulations regarding public health quarantine through the internet (for the PRC, http://www.aqsiq.gov.cn, and for the SRV, http://www.moh.gov.vn), and through the ministries/agencies responsible for public health quarantine of the other Party to the MOU to disseminate information to licensed transport operators engaged in cross-border transport operations and the general public through local newspapers, periodic publications, and/or other forms of media, and in the respective national languages of the Parties to the MOU;

(iii) continue to exempt from routine health inspections or examinations, travelers who carry the prescribed WHO documents and documents issued in accordance with the Agreement on Border Health Quarantine, who did not originate from a quarantined

and/or an infected (dangerous communicable diseases) area or risk area, and who do not show any symptoms of acute infections; and

(iv) when a traveler is, upon medical examination found to be infected with a contagious disease endangering public health, continue to offer appropriate medical care and treatment in isolation/quarantine area to the traveler, and notify promptly the WHO and the ministry/agency responsible for public health quarantine of the other Party to the MOU via the appropriate channels in accordance with applicable rules.

B3. Customs Control: Duty-Free Allowance

Each Party to the MOU shall:

(i) in the interim, continue to exempt from customs duties and taxes, personal effects carried by people (e.g., clothes and necessities for personal hygiene in reasonable quantities, luggage, currency for living expenses), in accordance with relevant national laws and regulations; and

(ii) exempt from customs duties and taxes, personal effects carried by people (e.g., clothes and necessities for personal hygiene in reasonable quantities, luggage, currency for living expenses) in accordance with Annex 5 of the Agreement commencing no later than **six months** following the entry into force of Annex 5 between the two Parties to the MOU.

B4. Transport Conditions

The Parties to the MOU shall:

(i) promote the provision of cross-border passenger transport services (e.g., bus) between their territories in accordance with Annex 5 of the Agreement commencing no later than **six months** following the entry into force of Annex 5 between the Parties to the MOU; and

(ii) implement the regime for carrier liability for death and bodily injury of the passenger and damage to or loss of luggage in accordance with Annex 5 of the Agreement, commencing no later than **six months** following the entry into force of Annex 5 between and among the Parties to the MOU and other Contracting Parties of the Agreement.

C. Concerning Part IV of the Agreement on Cross-Border Transport of Goods

C1. Concerning Article 7 (Exemption from Physical Customs Inspection, Bond Deposit, and Escort) of the Agreement, Annex 4 (Facilitation of Frontier Crossing Formalities), and Annex 6 (Transit and Inland Customs Clearance Regime)[3]

The Parties to the MOU shall:

(i) continue to exempt sealed goods in international transit from (a) routine physical customs inspection at the border, and (b) customs escorts in the national territory, except where an irregularity is suspected;

[3] Actions to be spelled out in more detail after agreement on Annex 6. Interim measures, where necessary, to implement Article 7 of the Agreement shall be adopted until Annex 6 is ratified by the Parties to the MOU, after which provisions of Annex 6 shall take effect.

(ii) continue to exempt sealed goods in international transit from the deposit of a bond as a guarantee for the duties and taxes, except where an irregularity is suspected;

(iii) continue to dispense from sanitary or other inspection goods in international transit without risk for contamination or other safety risk for the transit country, and without prejudice to necessary disinfection treatment and supervision of means of transport;

(iv) authorize a relevant organization/institution to issue the Transit Customs and Inland Clearance Document and to guarantee vis-à-vis the Customs Authorities of the Country of Departure, Transit, and Destination the payment of export and import duties and taxes (including interest) in case the document was not duly or timely discharged or in the case of other irregularity, commencing no later than **12 months** following the entry into force of Annex 6 of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement;

(v) recognize issuing/guaranteeing organizations/institutions approved by other Contracting Parties of the Agreement to provide guarantees for cargo in transit in the territories of the Parties to the MOU, commencing no later than **12 months** following the entry into force of Annex 6 of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement; and

(vi) take other actions necessary to establish transit and inland customs clearance regime called for in Annex 6, commencing no later than **12 months** following the entry into force of Annex 6 of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement.

C2. Concerning Article 8 (Transit Traffic) of the Agreement and Protocol 2 (Charges Concerning Transit Traffic)

Each Party to the MOU shall:

(i) grant transit traffic rights through its territory for transit traffic to or from the territory of other Contracting Parties of the Agreement, commencing no later than **12 months** following the entry into force of all relevant Annexes and Protocols of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement;

(ii) exempt transit traffic from any customs duties and taxes, commencing no later than **12 months** following the entry into force of all relevant Annexes and Protocols of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement; and

(iii) levy charges relating to cross-border traffic other than customs duties and taxes in accordance with the Protocol 2 of the Agreement commencing no later than **six months** following the entry into force of Protocol 2 between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement.

C3. Concerning Article 9 (Phytosanitary and Veterinary Inspection) of the Agreement

Each Party to the MOU shall:

(i) continue to comply with international agreements related to the regulations of the WHO, Food and Agriculture Organization ("FAO"), International Plant Protection Convention ("IPPC"), and the substantive provisions of the Office International des Epizooties ("OIE") in applying inspection of goods crossing the border; and

(ii) continue to make available in the English language, updated information on its national SPS (sanitary and phytosanitary) laws and/or regulations in the respective websites (for the PRC, http://www.sps-tbt.gov.cn, and for the SRV, http://www.mard.gov.vn).

C4. Concerning Article 10 (Special Regimes for the Transport of Particular Categories of Goods) of the Agreement, Annex 1 (Carriage of Dangerous Goods), and Annex 3 (Carriage of Perishable Goods)

Each Party to the MOU shall:

(i) continue to assign dangerous goods to classes/divisions in accordance with the substantive provisions of Part 2 of the United Nations Recommendations on the Transport of Dangerous Goods/Model Regulations and/or the European Agreement Concerning the International Carriage of Dangerous Goods by Road ("ADR").

(ii) for the cross-border transport of dangerous goods permitted on a case-by-case basis, implement the applicable measures under Part 2 of the United Nations Recommendations on the Transport of Dangerous Goods/Model Regulations and/or the European Agreement Concerning the International Carriage of Dangerous Goods by Road (ADR), and in accordance with Annex 1 of the Agreement, commencing no later than **six months** following the entry into force of Annex 1 between the Parties to the MOU;

(iii) grant perishable goods a priority border crossing clearance regime as called for by Article 9 of Annex 4, and in accordance with Article 2 of Annex 3 of the Agreement, commencing no later than **six months** following the entry into force of Annex 3 between the Parties to the MOU, and in the interim, grant priority border crossing for perishable goods listed in Attachment 3 of the MOU, commencing no later than **30 September 2007**;

(iv) implement, if found necessary, recommended standards for the carriage of perishable goods, (e.g., foodstuffs and non-foodstuffs, livestock, and live plants), commencing no later than **12 months** following the entry into force of Annex 3 of the Agreement between the Parties to the MOU; and

(v) continue to comply with the Convention on International Trade in Endangered Species of Wild Flora and Fauna ("CITES").

D. Concerning Part V of the Agreement on Requirements for the Admittance of Road Vehicles

D1. Concerning Article 12 (Registration) of the Agreement and Annex 2 (Registration of Vehicles in International Traffic), and Article 13 (Technical Requirements) and Article 14 (Recognition of Technical Inspection Certificates) of the Agreement

Each Party to the MOU shall:

(i) complete the preparation of the motor vehicle registration plate and motor vehicle registration certificate in accordance with the requirements of Annex 2 of the Agreement, no later than **three months** following its ratification of Annex 2, and communicate a sample/model of the vehicle registration certificate, registration plate, inspection certificate, and distinguishing nationality sign to the other Party to the MOU (e.g., by providing a tangible example, posting on the Internet), no later than **six months** following its ratification of Annex 2;

(ii) mutually recognize the vehicle registration certificate, registration plate, and inspection certificate of the other Party to the MOU, no later than **six months** following the entry into force of Annex 2 of the Agreement between the Parties to the MOU;

(iii) accept the equipment safety and emissions standards in force in the other Party to the MOU for vehicles registered in the other Party to the MOU, by **31 March 2008**; and

(iv) make available to the other Party to the MOU, a comprehensive document in the English language, on updated information on the weights, axle loads, and dimensions standards for vehicles of the Host Country, commencing no later than **30 September 2007**.

D2. Concerning Article 15 of the Agreement and Annex 7 (Road Traffic Regulations and Signage), and Article 26 (Road Signs and Signals) of the Agreement

Each Party to the MOU shall:

(i) bring their road traffic regulations and signage along their respective sections of the Kunming-Mile-Yinshao-Kaiyuan-Mengzi-Hekou-Lao Cai-Hanoi-Haiphong Route of the North-South Economic Corridor as listed in Attachment 1 of Protocol 1 of the Agreement in line with Annex 7, by **31 March 2009**; and

(ii) make available to the other Party to the MOU a comprehensive document in the English language, on information on the applicable regulations on road signs and signals, commencing no later than **30 June 2009**.

D3. Concerning Article 16 (Compulsory Third-Party Motor Vehicle Liability Insurance) of the Agreement

Each Party to the MOU shall:

(i) make available to the other Party to the MOU, a comprehensive document in the English language on compulsory third-party motor vehicle liability insurance requirements, including information on location(s), the premium, the documents, and

time required to apply for third-party motor vehicle liability insurance cover and its period of validity, commencing no later than **31 March 2008**; and

(ii) make available to the other Party to the MOU, third-party motor vehicle insurance contracts in the English language, commencing no later than **31 March 2008**.

D4. Concerning Article 17 (Driving Permits) of the Agreement and Annex 16 (Criteria for Driving Licenses)

Each Party to the MOU shall:

(i) continue to ensure that its (domestic) driving license(s) is/are in accordance with the requirements of Annex 16 of the Agreement;

(ii) provide the Issuing Authority of the other Party to the MOU with the format/model of its (domestic) driving license(s), by **30 September 2007**;

(iii) complete an English translation of its domestic driving license(s) for drivers of transport operators engaged in cross-border transport operations, by **30 September 2007**; and

(iv) mutually recognize domestic driving license(s) issued by the Issuing Authority of the other Party to the MOU, by **30 September 2007**.

D5. Concerning Article 18 of the Agreement and Annex 8[4] (Temporary Importation of Motor Vehicles)

Each Party to the MOU shall:

(i) in the interim, grant for a period of **15 days**, temporary admission to its territory Motor Vehicles (and the fuel contained in its ordinary/original supply tanks, its lubricants, maintenance supplies, and spare parts in reasonable quantities for use in the operation in the Host Country) registered in the other Party to the MOU, without payment of import duties and taxes and subject to re-exportation in the same state (without replacement of any part or accessory);

(ii) grant temporary admission to its territory Motor Vehicles (and the fuel contained in its ordinary/original supply tanks, its lubricants, maintenance supplies, and spare parts in reasonable quantities for use in the operation in the Host Country) registered in other Party to the MOU in accordance with the provisions of Annex 8 of the Agreement, commencing no later than **12 months** following the entry into force of Annex 8 between the Parties to the MOU;

(iii) authorize a relevant organization/institution to issue the Transit and Inland Customs Clearance Documents and guarantee vis-à-vis the Customs Authorities of the Country of Departure, Transit, and Destination the payment of export and import duties and taxes (including interest) in case the document was not duly or timely discharged or in the case of other irregularity, commencing no later than **12 months** following the entry into force of Annex 8 of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement;

[4] Actions to be spelled out in more detail after agreement on Annex 8. Interim measures, where necessary, to implement Article 18 shall be adopted until Annex 8 is ratified by the Parties to the MOU, after which provisions of Annex 8 shall take effect.

(iv) recognize issuing/guaranteeing organizations/institutions approved by other Contracting Parties of the Agreement to provide guarantees for cargo in transit in the territories of the Parties to the MOU, commencing no later than **12 months** following the entry into force of Annex 8 of the Agreement between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement; and

(v) take other actions necessary to establish transit and inland customs clearance regime called for in Annex 8 of the Agreement, commencing no later than **12 months** following the entry into force of Annex 8 between and among the Parties to the MOU and other relevant Contracting Parties of the Agreement.

E. Concerning Part VI of the Agreement on Exchange of Commercial Traffic Rights

E1. Concerning Article 19 (Traffic Rights), Article 22 (Market Access), Article 23 (Free Market for Transport Services) of the Agreement, and Protocol 3 (Frequency and Capacity of Services and Issuance of Quotas and Permits)

The Parties to the MOU shall:

(i) authorize traffic rights in accordance with Article 19 of the Agreement commencing no later than **12 months** following the entry into force of Protocol 3 of the Agreement between and among the Parties to the MOU and the relevant Contracting Parties of the Agreement (cabotage shall, however, be permitted on the basis of a special authorization from the Host Country);

(ii) allow their transport operators properly licensed for cross-border transport operations in their Home Country according to the criteria set out in Annex 9 of the Agreement to undertake cross-border transport operations under the Agreement, commencing no later than **12 months** following the entry into force of Annex 9 between the Parties to the MOU;

(iii) allow their transport operators engaged in cross-border transport operations to establish representative offices in the Host Country for the purpose of facilitating their transport operations, commencing no later than **six months** following the entry into force of Annex 9 of the Agreement between them; and

(iv) authorize transport operation in accordance with Article 23 of the Agreement and Protocol 3 of the Agreement, commencing no later than **12 months** following the entry into force of Protocol 3 between them.

E2. Concerning Article 20 (Designation of Routes and Points of Entry and Exit (Border Crossings)) of the Agreement and Protocol 1 (Designation of Corridors, Routes, and Points of Entry and Exit (Border Crossings)) as well as Article 31 (Transparency of Legislation, Regulation and Status of Infrastructure) of the Agreement

Each Party to the MOU shall:

(i) make available to the other Party to the MOU, a comprehensive document in the English language on updated information concerning its respective sections of the Kunming-Mile-Yinshao-Kaiyuan-Mengzi-Hekou-Lao Cai-Hanoi-Haiphong Route of the North-South Economic Corridor as listed in Attachment 1 of Protocol 1 of the Agreement, inclucing information on the condition, technical specifications, and

roadside equipment, especially the location of emergency communication systems and service facilities and rest areas, and information on the completion of subsequent major construction works, commencing no later than **six months** following its ratification of Protocol 1; and

(ii) make available to the other Party to the MOU, a comprehensive document in the English language on completed and planned significant construction works at the Hekou-Lao Cai border crossing points and along the Kunming-Mile-Yinshao-Kaiyuan-Mengzi-Hekou-Lao Cai-Hanoi-Haiphong Route of the North-South Economic Corridor as listed in Attachment 1 of Protocol 1 of the Agreement within **six months** following the announcement of completed and planned construction works, commencing no later than **30 September 2007**.

E3. Concerning Article 21 (Licensing of the Transport Operator-Access to the Profession) of the Agreement and Annex 9 (Criteria for Licensing Transport Operators for Cross-Border Transport Operations)

The Parties to the MOU shall:

(i) bring its regime for the licensing of transport operators in line with the requirements of Annex 9 of the Agreement, commencing no later than **12 months** following the entry into force of Annex 9 between them; and

(ii) communicate their register of licensed transport operators to each other, commencing no later than **12 months** following the entry into force of Annex 9 of the Agreement between them, and the updated register at least **one month** following the update.

E4. Concerning Article 24 (Pricing and Conditions of Transport) of the Agreement and Annex 10 (Conditions of Transport)

Each Party to the MOU shall:

bring its regime for pricing and conditions of transport in line with the requirements of Annex 10 of the Agreement, commencing **six months** following the entry into force of Annex 10 between the Parties to the MOU.

F. Concerning Part VII of the Agreement on Infrastructure[5]

Each Party to the MOU shall:

carry out construction/reconstruction work for the roads and bridges in its country along the Kunming-Mile-Yinshao-Kaiyuan-Mengzi-Hekou-Lao Cai-Hanoi-Haiphong Route of the North-South Economic Corridor as listed in Attachment 1 of Protocol 1 of the Agreement, in accordance with the minimum standards and specifications set out in Annex 11 of the Agreement.

[5] Article 26 (Road Signs and Signals) is covered in relation to Article 15 on Road Traffic Regulation and Signage of Part V (Requirements for the Admittance of Motor Vehicles). Article 27 (Border Crossing Facilities) is covered under Article 4 and Part II (Facilitation of Border Crossing Formalities).

G. Concerning Part VIII of the Agreement on Institutional Framework

The Parties to the MOU shall:

(i) through their respective National Transport Facilitation Committees, coordinate the implementation of the Agreement, including the holding of bilateral meetings between respective members to monitor progress of implementation of the Agreement and its Annexes and Protocols at the Hekou-Lao Cai border crossing points, as required, but at least **annually**, commencing no later than **31 December 2007**; and

(ii) ensure that their respective Competent Authorities at the Hekou-Lao Cai border crossing points hold bilateral coordination meetings, as required, but at least **quarterly**, to (a) monitor progress of implementation of the Agreement and its Annexes and Protocols, (b) discuss issues related thereto, and, (c) if necessary, bring any outstanding issues to the attention of their respective National Transport Facilitation Committees for resolution, commencing no later than **31 December 2007.**

H. Concerning Part IX (Miscellaneous Provisions[6]) and Part X (Final Provisions) of the Agreement

H1. Concerning Article 31 (Transparency of Legislation, Regulation and Status of Infrastructure) of the Agreement

Each Party to the MOU shall:

(i) disseminate (e.g., via official journal, public website, general circulation newspapers, specialized business/trade periodicals, other publications) the Agreement by **30 September 2007**, Annexes and Protocols of the Agreement no later than **six months** after their ratification, and the MOU no later than **three months** after its signing; and

(ii) make available to the other Party to the MOU, the existing domestic laws, regulations, procedures, processes, formalities, documents, practices, etc., that affect cross-border transport of goods and people, in the English language, for its dissemination to all parties concerned in its national language, within **12 months** from the signing of the MOU, and for new laws, regulations, procedures, processes, formalities, documents, practices, etc., within **six months** from their promulgation or adoption, as appropriate.

H2. Concerning Article 32 (Nondiscriminatory Treatment) of the Agreement

The Parties to the MOU shall:

issue instructions to the relevant agencies at the Hekou-Lao Cai border crossing points against discriminatory behavior/treatment, and provide a means for reporting complaints on discriminatory treatment to their relevant Competent Authorities, by **30 September 2007**.

[6] Article 35 (Documentation and Procedures), except for paragraph (iv), is covered in relation to Part II (Facilitation of Frontier Crossing Formalities).

H3. Concerning Article 33 (Assistance in the Case of Traffic Accidents) of the Agreement

Each Party to the MOU shall:

(i) assist in case of traffic accidents involving foreign drivers, operators, vehicles, goods, and/or passengers in its country's territory, commencing no later than **30 September 2007**;

(ii) designate a relevant authority as a contact point to assist foreign people (drivers, passengers, etc.) in its territory, and inform the other Party of the contact point, which in turn will inform the general public, commencing no later than **30 September 2007**, and any changes thereto immediately; and

(iii) staff the contact points, where possible, with personnel proficient in English and/or in the national language of the other Party to the MOU, commencing no later than **31 March 2008**.

H4. Concerning Article 34 (Multimodal Transport) of the Agreement, Annex 13a (Multimodal Carrier Liability Regime), Annex 13b (Criteria for Licensing of Multimodal Transport Operators for Cross-Border Transport Operations), and Annex 14 (Container Customs Regime)[7]

Each Party to the MOU shall:

(i) bring its multimodal carrier liability regime in line with the requirements of Annex 13a of the Agreement within **12 months** following the entry into force of Annex 13a between the Parties to the MOU;

(ii) bring its regime for licensing of multimodal transport operators in line with the requirements of Annex 13b of the Agreement within **12 months** following the entry into force of Annex 13b between the Parties to the MOU;

(iii) periodically communicate its register of licensed multimodal transport operators to the other Party to the MOU, commencing no later than **12 months** following the bringing in line of its regime for licensing of multimodal transport operators with the requirements of Annex 13b of the Agreement, and thereafter on an annual basis; and

(iv) bring its container customs regime in line with the requirements of the Annex 14 of the Agreement within **12 months** following the entry into force of Annex 14 between the Parties to the MOU, and, as an interim measure, continue to exempt from physical customs inspection at the Hekou-Lao Cai border crossing points, containers that comply with the provisions and regulations set out in Annex 4 of the United Nations Customs Convention on Containers (Geneva, 1972), and marked in the manner prescribed in Annex 1 of the United Nations Customs Convention on Containers (Geneva, 1972), except where an irregularity is suspected.

[7] Adoption of interim measures to implement Article 34 may be needed until Annex 14 is ratified by the PRC and the SRV, after which provisions of Annex 14 will take effect.

H5. Concerning Article 37 (Conforming National Law) of the Agreement

Each Party to the MOU shall:

(i) conduct training, individually or jointly with the other Party to the MOU, for relevant Competent Authorities at the Hekou-Lao Cai border crossing points on the implementation of the Agreement and its Annexes and Protocols, commencing within **12 months** after the signing of the MOU; and

(ii) prepare or revise, as necessary, instructions and procedures for all relevant Competent Authorities, for implementation of the Agreement and its Annexes and Protocols, within **12 months** following conformance with relevant national laws and regulations of the Agreement and its Annexes and Protocols.

I. Other Provisions

(i) The Parties to the MOU shall endeavor to amend, at the earliest opportunity, the Bilateral Road Transport Agreement to cover the entire length of the Kunming-Hanoi-Haiphong transport corridor and, possibly, other corridors/routes between them.

(ii) The Parties to the MOU may propose amendment(s) to the MOU. Such amendment(s) shall be subject to the mutual consent of the Parties to the MOU, and shall be effected by the signing of an addendum to the MOU by their duly authorized representatives.

(iii) This Memorandum of Understanding shall enter into force on the 60th day after its signature, bringing into effect the initial implementation of the Agreement at the Hekou-Lao Cai border crossing points.

Done at Beijing on 20 March 2007 in two originals in the English language.

Signed:

For the Government of the People's Republic of China

His Excellency Weng Mengyong
Vice Minister of Communications

For the Government of the Socialist Republic of Viet Nam

His Excellency Tran Doan Tho
Vice Minister of Transport

ATTACHMENT 1: PROCEDURES FOR SINGLE-WINDOW AND SINGLE-STOP INSPECTION

A. Introduction

1. The Parties to the Memorandum of Understanding (MOU) shall adopt single-window inspection (SWI) at the Hekou-Lao Cai border crossing points by simultaneous (or near simultaneous) performance of duties by the respective Competent Authorities (i.e., Customs, Immigration, and Quarantine). In addition, the Parties to the MOU shall implement single-stop inspection (SSI) at the Hekou-Lao Cai border crossing points through a two-phase process involving (a) conduct of key facilitation measures covering border crossing formalities,[8] including single-window inspection, in Phase I, commencing no later than **30 September 2007,** and (b) performance of border crossing formalities in the respective common control areas (CCAs) jointly and simultaneously or near simultaneously by Competent Authorities of the Parties to the MOU, in Phase II, subject to the amendment of necessary national laws and regulations to allow the extraterritorial performance of duties by Competent Authorities of both Parties to the MOU (see Figures 1-3). Phase II, which will commence following the amendment/promulgation of relevant national laws and regulations to allow extraterritorial performance of duties by Competent Authorities of both Parties to the MOU, would build on Phase I and involve a combination of performance in foreign territory in the respective common control areas, and joint and simultaneous or near simultaneous performance of duties at the Country of Entry by all relevant Competent Authorities of the Parties to the MOU. However, the Parties may also adopt other modalities stipulated in the Article 5 of Annex 4 to the Agreement and as mutually agreed by their respective NTFC.

B. Principles of Single-Window Inspection and Single-Stop Inspection

2. The full implementation of SWI and SSI shall adhere to the following broad principles:

(i) people, vehicles and goods shall be subject to border crossing formalities conducted jointly and simultaneously by the respective Competent Authorities of each Party to the MOU;

(ii) Competent Authorities of the Country of Exit shall jointly and simultaneously or near simultaneously perform their duties with the Competent Authorities of the Country of Entry in the CCA in the Country of Entry (subject to the amendment/promulgation of relevant national laws and regulations to allow extraterritorial performance of duties by Competent Authorities of both Parties to the MOU);

(iii) only incoming people, vehicles, and goods (except live animals) shall be subject to border crossing formalities jointly and simultaneously or near simultaneously undertaken in the CCA of the Country of Entry by Competent Authorities of the Parties to the MOU, and not in the Country of Exit (subject to the amendment/promulgation of relevant national laws and regulations to allow extraterritorial performance of duties by Competent Authorities of the Parties to the MOU);

(iv) live animals shall be subject to border crossing formalities that are jointly and simultaneously or near simultaneously undertaken in the CCA or another nearby designated location of the Country of Exit by Competent Authorities of the two Parties to the MOU (i.e., live animals shall be subject to border crossing formalities only in

[8] Border crossing formalities are formalities conducted at the border crossing points according to relevant national laws and regulations, and may exclude those conducted inland.

the Country of Exit), and not in the Country of Entry (subject to the amendment/promulgation of relevant national laws and regulations to allow extraterritorial performance of duties by Competent Authorities of both Parties to the MOU);

(v) border crossing formalities shall be processed through streamlined and harmonized documents (e.g., immigration and customs declaration forms);

(vi) relevant Competent Authorities shall implement risk management techniques and procedures in the conduct of their inspection;

(vii) in order to improve risk assessment and selectivity to reduce the level of inspections, the Competent Authorities shall facilitate, to the extent possible, the provision of information in advance of the arrival of the goods and vehicles at the border crossing points, leading eventually to pre-arrival processing of goods;

(viii) without risk for contamination or other safety risk for the transit country, and without prejudice to necessary disinfection treatment and supervision of means of transport ,sealed goods in international transit shall be exempt from physical inspection, except when an irregularity is suspected; and

(ix) Competent Authorities shall endeavour to perform their duties systematically and expeditiously to achieve border crossing times in accordance with the agreed benchmarks/performance indicators.

C. Summary of Proposed General Procedures for Single-Stop Inspection

3. Phase I: Initial Facilitation Procedures

a) Single-window inspection – ongoing but with further refinements, by **30 September 2007**;

b) "Round-the-clock" border operations (opening of border checkpoints outside normal operating hours on advance request), by **30 September 2007** (see Attachment 2);

c) The Parties to the MOU shall endeavor to amend, at the earliest opportunity, the Bilateral Road Transport Agreement to cover the entire length of the Kunming-Hanoi-Haiphong transport corridor and, possibly, other corridors/routes between them;

d) Implement interim arrangements for recognizing designated issuing and guaranteeing organizations for transit traffic, **by 31 March 2008**;

e) Simplifying **by 31 December 2007**, streamlining **by 30 June 2008**, and harmonizing of border crossing documents and procedures, by **30 September 2008**;

f) Providing information and communication technology links between each border checkpoint and respective headquarter, and between the Hekou and Lao Cai border checkpoints, by **31 March 2009**; and

g) Exchanging electronic data to facilitate advance border crossing formalities, **by 31 March 2009**.

4. Phase II: SSI Implementation (see Figures 1 to 3)

Subject to the amendment of relevant national laws and regulations, as necessary, the respective Competent Authorities shall undertake joint and simultaneous or near simultaneous performance of duties (document processing and physical inspection for customs, quarantine, and immigration) of the Parties to the MOU in the CCA of the Country of Entry, within **six months** following the approval of amendment of the respective relevant national laws and regulations. Figures 1 to 3 provide an example of a three-step process in Phase II where approval takes place in the following chronological order: customs, quarantine, and immigration.

D. Performance Benchmarks for Border Clearance Times

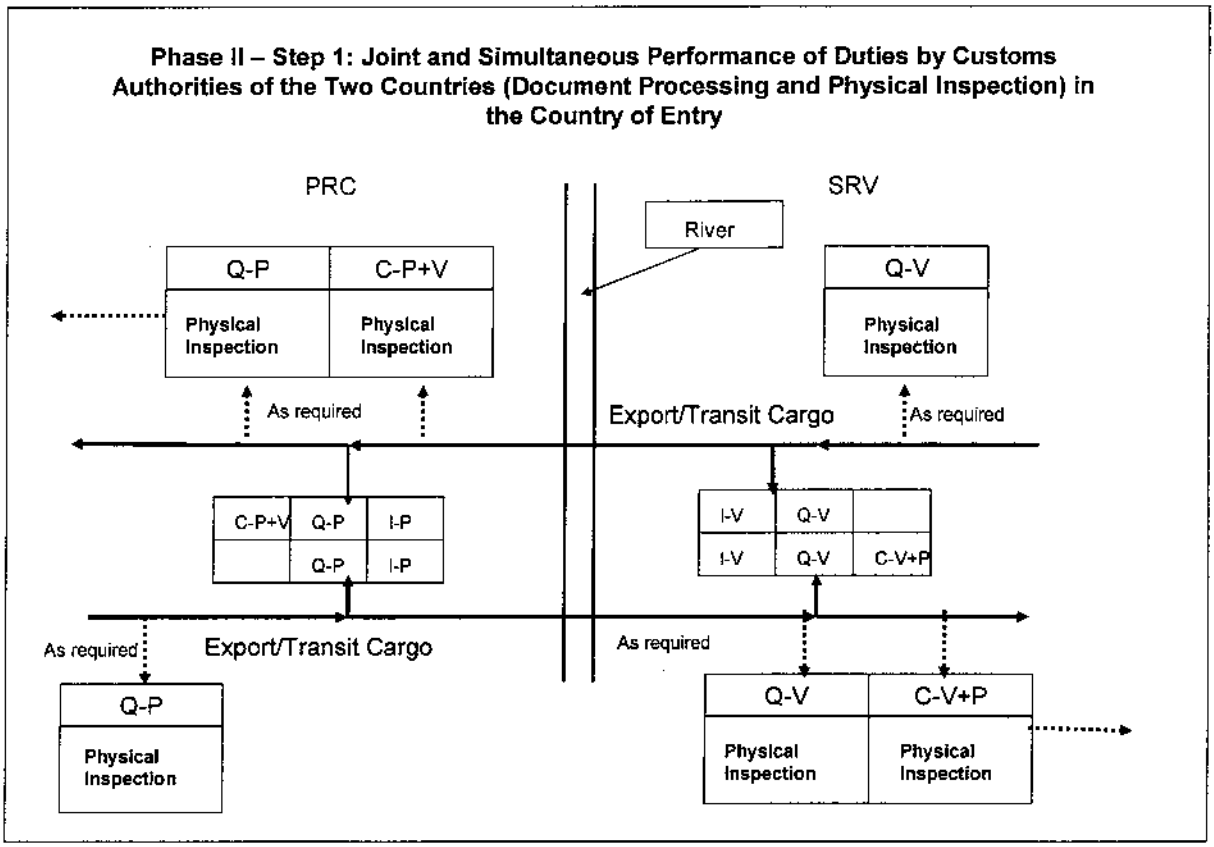
5. The existing multi-stop process entails inspections lasting, on average, 4-6 hours for commercial vehicles combined for both the Hekou and Lao Cai border checkpoints. Even greater delays may occur because of uncoordinated working hours, the absence of control authorities during lunch hours and holidays, the lack of standardization and harmonization of cross-border documents and procedures, and the lack of clarity and knowledge of pre-clearance procedures. These need to be improved to expedite cross-border transport facilitation to promote trade and investment in the GMS.

6. The Parties to the MOU shall achieve combined average clearance times for border crossing formalities in two phases as follows:

Combined Targeted Border Crossing
Average Clearance Times (excluding queuing time) for
the Two Phases of Single-Window Inspection and Single Stop Inspection
at the Hekou-Lao Cai Border Crossing Points
(in minutes)

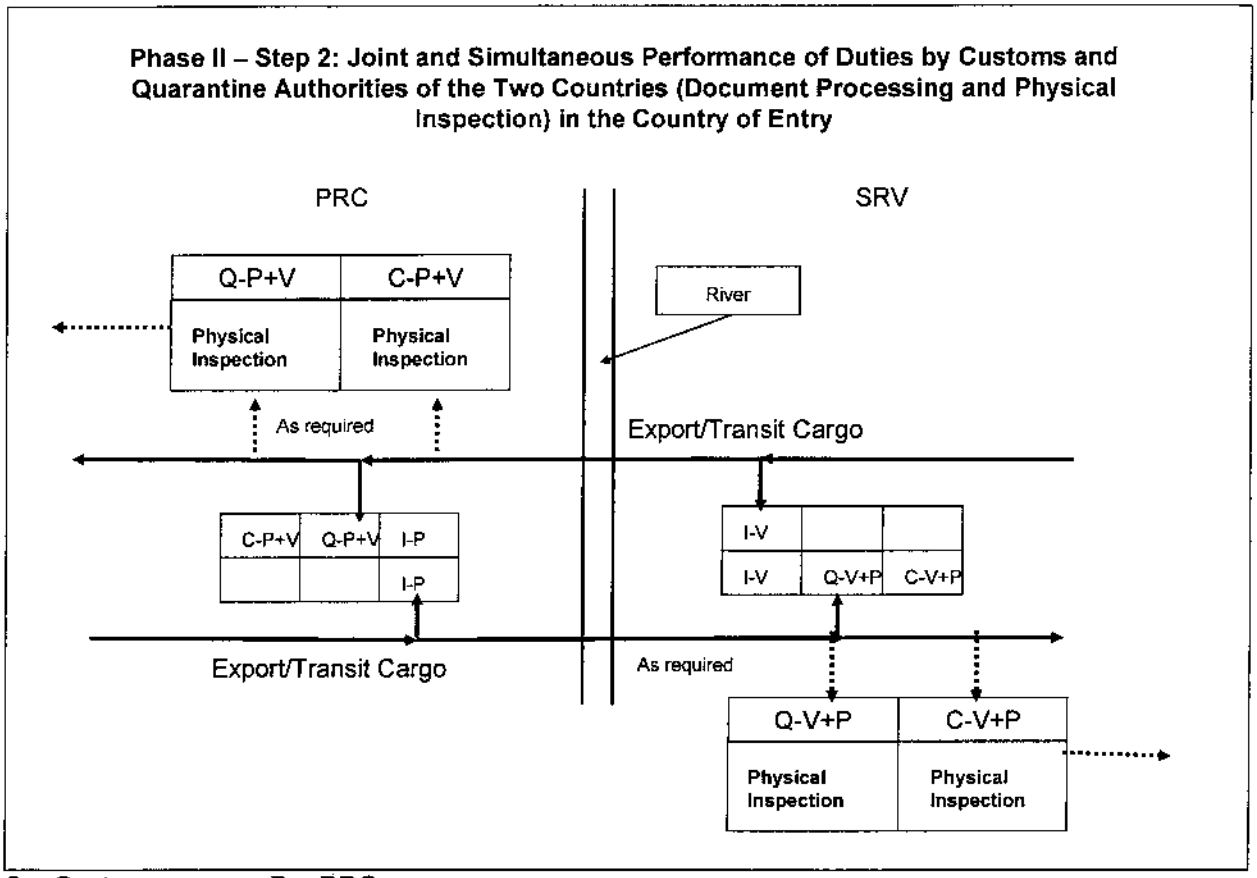
	Existing	Phase I	Phase II
Commercial Vehicles	**240-360**	**120-180**	**<=30**

Figure 1



C – Customs P – PRC
I – Immigration V – SRV
Q – Quarantine

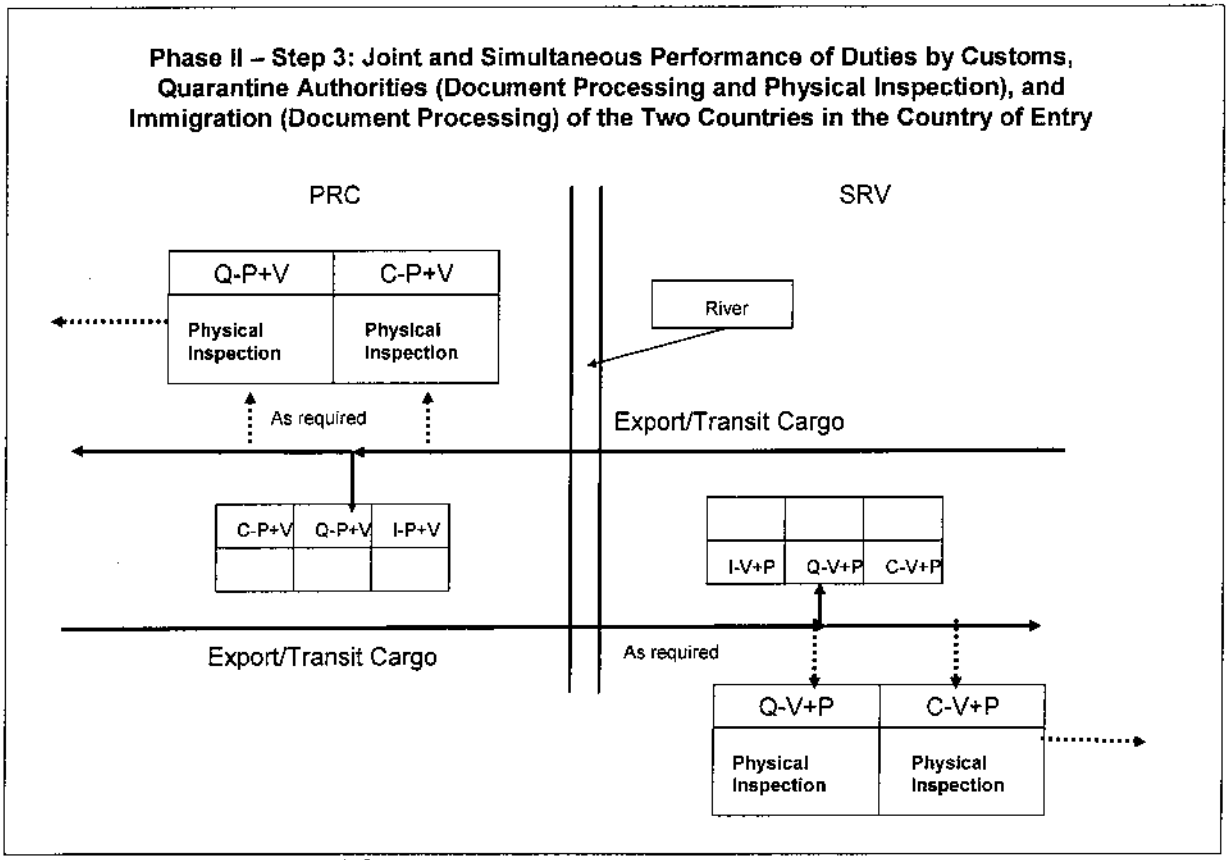
Figure 2



C – Customs P – PRC
I – Immigration V – SRV
Q – Quarantine

Live animals will be inspected in the Country of Exit.

Figure 3



C – Customs P – PRC
I – Immigration V – SRV
Q – Quarantine

Live animals will be inspected in the Country of Exit.

ATTACHMENT 2: PROCEDURES FOR OPENING OF THE BORDER CROSSING POINTS ON REQUEST

A. Introduction

1. Article 3 on Consultation, Cooperation, Coordination, and Harmonization of Annex 4 on Facilitation of Frontier Crossing Formalities calls for coordination of operations of adjacent countries' border control posts with respect to (i) operating hours, (ii) type of available inspection services in the respective border crossing point (e.g., customs, quarantine, quality control/inspection, health, immigration), and (iii) which types of goods are subject to which types of border crossing. Article 3 also states that in the border crossing points referred to in Protocol 1 of the Agreement, inspection services will be available 24 hours a day, seven days a week, either through permanent staffing or by opening on request when a notice has been sent in advance, so as to assure clearance outside normal operating hours or otherwise, to be coordinated by the country pairs.

2. This Attachment outlines the procedures for opening on request of the Hekou-Lao Cai border crossing points outside their normal operating hours (seven days a week, 0700-2200 hours, SRV time or 0800-2300 hours, PRC time), which is consistent with existing practice.

B. General Procedures

3. An application for opening on request of the Hekou-Lao Cai border crossing points outside normal operating hours must be lodged by transport operators engaged in the cross-border movement of goods and people. The requisite application form(s) (including, as necessary, supporting documents to facilitate border crossing formalities) shall be completed by the transport operator or by private persons, and submitted to the designated authorities in the border checkpoints or provincial/national capital of the Country of Exit and Country of Entry, or to any other designated authority(ies). The application form shall specify the estimated arrival time, as well as the nature of the operation (e.g., persons, goods) and the type of goods (e.g., quarantine-susceptible goods, livestock or dangerous goods) for the purpose of determining the required type of personnel who would undertake the clearance procedures outside normal operating hours.

4. The application form(s) must be received by the designated authorities of the border checkpoints of the Country of Exit and Country of Entry from the applicant or his/her designated representative(s) during normal operating hours, and no later than 24 hours prior to the expected arrival time at the border checkpoint.

5. The relevant designated authority(ies) of the border checkpoint(s) in the Country of Exit and Country of Entry shall inform the applicant no later than 8 hours after receipt of application regarding the approval/non-approval of the request for opening of the border crossing points outside normal operating hours by fax, email or telex or in person if the applicant or his/her designated representative lodged the application in person at the border checkpoint(s). Non-approval of the request shall be justified in writing (in the English language).

6. The transport operator or private person shall pay the corresponding fee(s) for the opening of the border checkpoint outside normal operating hours to the designated collecting agency (ies) of the border checkpoint(s) of the Country of Exit and Country of Entry. The fee(s) can be paid either in cash at the border checkpoints, or to designated banks during normal operating hours.

ATTACHMENT 3: LIST OF PERISHABLE GOODS FOR PRIORITY BORDER CROSSING CLEARANCE FOR THE CROSS-BORDER MOVEMENT THROUGH THE HEKOU-LAO CAI BORDER CROSSING POINTS[9]

1. Foodstuffs

1.1 Plant Products (fresh, chilled, frozen)

1.1.1 Fruits and vegetables
1.1.2 Other crops and crop products

1.2 Animal Products

1.2.1 Meat and meat products (fresh, chilled, frozen, cooked)
1.2.1.1 Bovine meat
1.2.1.2 Bovine meat products
1.2.1.3 Porcine (swine) meat
1.2.1.4 Porcine meat products
1.2.1.5 Poultry meat
1.2.1.6 Poultry meat products
1.2.1.7 Lamb/sheep and goat meat
1.2.1.8 Lamb/sheep and goat meat products
1.2.1.9 Horse meat
1.2.1.10 Horse meat products
1.2.1.11 Other meat
1.2.1.12 Other meat products

1.2.2 Aquatic animals and aquatic animal products (fresh, chilled, frozen, cooked)
1.2.2.1 Fish, crustacean, molluscs, and cephalopods
1.2.2.2 Fish, crustacean, mollusc, and cephalopod products
1.2.2.3 Other aquatic animals
1.2.2.4 Other aquatic animal products

1.2.3 Milk and dairy products (fresh, chilled, frozen, pasteurized)

1.2.4 Eggs and egg products (fresh, chilled, frozen, cooked)

2. Non-Foodstuffs

2.1 Plant Products

2.1.1 Cut fresh or chilled flowers
2.1.2 Live ornamental plants
2.1.3 Live aquatic plants
2.1.4 Other plant parts (e.g., for propagation or research)

2.2 Animal Products

2.2.1 Offal
2.2.2 Viscera (organs)
2.2.3 Blood
2.2.4 Skin and hide

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[9] Attachment of Annex 3 on Carriage of Perishable Goods.

2.2.5 Hatching eggs
2.2.6 Semen and embryo

2.3 Medical and Veterinary Items (refrigerated and frozen)

2.3.1 Blood, blood plasma and serum
2.3.2 Vaccines
2.3.3 Biological laboratory reagents
2.3.4 Pathological, biological, and serological materials for research and diagnostic purpose

3. Live Animals

3.1 Cattle and Buffalo
3.2 Sheep and Goats
3.3 Pigs
3.4 Rabbits
3.5 Poultry
3.6 Birds
3.7 Horses
3.8 Aquatic Animals
3.9 Pets (e.g., dogs and cats)
3.10 Laboratory Animals
3.11 Animals for Public Entertainment
3.12 Zoo Animals
3.13 Silkworms
3.14 Bees
3.15 Other Live Animals