



August 2010

REG: Greater Mekong Subregion Economic Cooperation Program

Joint Ministerial Statement: 16th Ministerial Conference

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Asian Development Bank



16th Ministerial Meeting
20 August 2010
Ha Noi, Viet Nam

JOINT MINISTERIAL STATEMENT

GMS in the Next Decade: New Frontiers of Cooperation

Preamble

1. We, the Ministers from the Governments of the Kingdom of Cambodia, the People's Republic of China (PRC), the Lao People's Democratic Republic (Lao PDR), the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, met in Ha Noi, Viet Nam on 20 August 2010 for the 16th Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program. We reviewed progress across the different sectors of cooperation and discussed opportunities for further strengthening our cooperation to benefit our socio-economic development. We assessed strategies to move the GMS cooperation to a higher level and towards new frontiers as the GMS program prepares to enter a new decade.

Progress of GMS Cooperation and Development

2. This year the GMS Program is midway in the implementation of the Vientiane Plan of Action for GMS Development (2008-2012), adopted by the GMS Leaders in their Third Summit in March 2008. We surveyed what has been achieved so far under the Plan, and we are satisfied with the progress made.

3. Most **transport** corridors, which were just planned road links in the late 1990s, are now a reality. Whereas just a few years ago, it was only the East-West Corridor that was virtually complete, now the other two of the three original corridors, the North-South and the Southern Corridors, are also nearing completion. Moreover, the GMS countries have already included in their respective national transport plans the development of sections of the expanded nine-corridor GMS transport network adopted under the GMS Transport Sector Strategy (2006-2015). The multi-modal aspects of subregional transport development is now also being addressed more clearly with our endorsement of a **strategic framework for connecting GMS railways**, which is a significant first step toward the development of an integrated GMS railway system. We are of the view that the routes must accommodate all GMS countries.

4. Transformation of these transport corridors into full-fledged economic corridors will require improved transport and trade facilitation in the GMS subregion. We endorsed a **Program of Actions for Transport and Trade Facilitation (TTF)**, which was also earlier supported by the Third Meeting of the Joint Committee of the National Transport Facilitation Committees in Vientiane, Lao PDR in June 2010 and which is geared toward accelerated and more effective implementation of TTF measures in the GMS, including the Cross Border Transport Agreement. The countries are committed to the implementation of this Action Plan, which will expand and deepen exchange of traffic rights, support ratification of annexes and protocols related to transport and customs, enhance implementation of the Customs Transit System for applicable GMS corridors, improve border procedures and coordinated border management, and strengthen sanitary and phytosanitary regime for GMS trade. We called upon development

partners to mobilize support for the complex and challenging TTF agenda supported by the Plan, and welcomed the technical assistance prepared by ADB for accelerating its implementation.

5. We reviewed the outcomes of the **2nd Economic Corridors Forum (ECF-2)** held in September 2009 in Phnom Penh, a key institution for promoting multi-sector approaches to the development and transformation of GMS corridors. For the first time, the Forum included a full Governors' Forum to mainstream the views and needs of local agencies, and to strengthen cooperation between central and local agencies, and the private sector. We endorsed the Strategy and Action Plan for the Southern Economic Corridor that was presented to and strongly supported by ECF-2. Moreover, we recognize that development of GMS economic corridors as well as the GMS Program more broadly will increasingly require greater role of the private sector. The GMS Business Forum will need to continue its growth and to strengthen its role in successfully representing the views and interests of local chambers of commerce and industry in all GMS member countries.

6. In the **energy** sector, we endorsed a new project for promoting **renewable energy, clean fuels and energy efficiency** in the GMS. This project aims to improve energy supply security and reliability by harnessing local renewable sources and energy conservation measures, and address climate change by relying more on cleaner energy sources and reducing the energy intensity of GMS economies. The Energy Road Map endorsed at the 15th GMS Ministerial Meeting in June 2009 is also steadily being pursued, with technical assistance projects being prepared to support various aspects of the road map, which include continued strengthening of regional power trade arrangements and enhancing the subregion's capacity for undertaking more environmentally and socially sensitive GMS power planning scenarios. Knowledge sharing under both the Subregional Energy Forum and Regional Power Trade Coordination Committee has been stepped up, with recent productive exchanges on new technologies in power generation and cross-border transmission, and options for more climate-change responsive GMS energy development.

7. In **telecommunications**, we are pleased with the continuing progress in completing and upgrading the various national sections of the GMS Information Superhighway Network (ISN). We have taken steps to ensure better coordination and coherence in our capacity building programs for the sector, especially in maintaining an efficient network that would support increased use of Information and Communication Technology (ICT) to accelerate the subregion's development. We agree on the need to further strengthen our exchanges and cooperation in the field of telecommunications and ICT and welcome PRC's offer to host GMS telecommunications meetings that will provide a platform for enhancing institutional arrangements for exchange and cooperation, formulating a sector development strategy, and further promoting rural area ICT pilot projects.

8. We endorsed the **Core Agriculture Support Program (CASP) Phase II** covering the period 2011-2015. The CASP II provides strategic directions to address emerging challenges to agricultural development in the GMS, particularly those linked to expanded cross-border trade in food and agricultural products and agribusiness investment. The new CASP is anchored on building global competitiveness in food safety and modernizing agricultural trade, adoption of climate-friendly agriculture and natural resource management, and promoting rural renewable energy technology and eco-friendly cross-border supply chains.

9. In GMS **tourism**, the recent Gold Award given by the Pacific Asia Travel Association to the "Responsible Tourism Guide to the Mekong" prepared under the Mekong Tourism Development Project has given due recognition to the merits of the subregional approach to sustainable tourism development. This approach, which is now well established in the GMS,

aims to protect the subregion's natural, historical, and cultural heritage; mitigate the negative social and environmental impacts; and promote the subregion as a single tourist destination. Tourism marketing and promotion efforts are being intensified and the Mekong Tourism Forum has been revived starting in May 2010.

10. The **GMS Human Resource Development Strategic Framework and Action Plan** for 2009-2012 endorsed by the 15th GMS Ministerial Conference is now being implemented. Various activities in the action plan which address a broad range of concerns in education and skills development, labor and migration, health, and social development are moving forward with funding and technical support from ADB and other development partners. Initiatives underway will address communicable disease control, cross-cutting social development concerns related to gender, ethnic minorities, HIV/AIDS, and anti-human trafficking in coordination with development partners. Additional support has been secured for Phase IV of the Phnom Penh Plan for Development Management that will enable continued quality capacity development programs as well as innovative research programs.

11. We appreciate the benefits of adopting an eco-regional landscape planning approach in which the strategic environmental assessment, biodiversity conservation corridors initiative and environmental performance assessment approaches were tested and applied to improve environmental management capacities in the GMS and achieve sub-regional and national poverty reduction, rural development and biodiversity conservation targets under the **GMS Core Environment Program- Biodiversity Conservation Corridor Initiative**. We endorsed the strategic directions -- biodiversity conservation and poverty alleviation; climate change; capacity building; and rural environmental management -- in drafting the CEP-BCI Phase II framework and preparation plan. We encourage the concerned parties to undertake further consultations and work towards finalizing the Phase II Document. It will prepare and support GMS countries to capture emerging opportunities to strengthen environmental safeguards, protect natural resources, respond to climate change adaptation needs, and improve financial returns to environmentally sound investments in the subregion.

Toward a New GMS Long Term Strategic Framework

12. The GMS Program has been provided a strategic coherence by the first Strategic Framework (2002-2012) that was adopted at the very first Summit of our Leaders in 2002. Looking at the progress and achievements of the last decade, we note that the first Strategic Framework has served us well, and the Program will benefit from developing **another long-term strategic framework to encompass and guide the cooperation into the next decade after 2012**. We therefore reviewed the progress in the development of the new framework, and deliberated on the key elements that need to be addressed by it.

13. The global and regional economic contexts are both substantially different today from ten years ago. Globalization and regional economic integration have continued to accelerate. Trade, investment, production, marketing and communications technology have all become increasingly trans-border in nature. Regional cooperation under ASEAN has strengthened, with progress being made on the blueprint for the ASEAN Economic Community. Regional initiatives have been developed or strengthened, such as the Chiang Mai Initiative Multilateralization Agreement and the Asian Bond Market Initiative. While keeping its uniqueness, the GMS Program can further enhance its effectiveness and relevance by taking advantage of complementarities and synergies with other regional cooperation initiatives, including ASEAN and ASEAN+3. The China-ASEAN Free Trade Area has come into effect this year, and framework agreements are signed or in the process between ASEAN and Japan, Republic of Korea and India.

14. The global economic crisis affected our region sharply though recovery has been swift and the immediate challenge now is to sustain the growth. Over the longer period, growth strategies of the recent past will need to be assessed with a view to promoting strong, sustainable and balanced growth with diversified growth drivers, not only focused on traditional exports but also opportunities within the region. Increased intra-regional trade along a widening spectrum of commodities and services would be an important objective for strengthening regional growth. Improved transport and trade facilitation will be a prerequisite to successfully addressing these objectives, along with multi-sector approaches to development of GMS corridors through investment in urban development in corridor towns, developing complementarities and alignment with corridors for tourism and bio-diversity initiatives, and development of logistics systems. At the same time, there will be a need to explore synergies of GMS regional cooperation with emerging large and dynamic economies in the Asia and Pacific region.

15. Emerging trends within the GMS member countries themselves will also need to be considered within the context of our regional cooperation in the medium term. These include the demographic dynamics that will lead to ageing of the populations in some of our countries, and large-scale migration – both internally from rural to urban areas – and across borders. Effective management of remittances from migration can also contribute to economic development efforts.

16. Three sets of inter-related issues have acquired greater urgency, and will continue to require attention in the medium term: **food security, energy sufficiency and efficiency, and climate change and the environment**. In each case, there are substantial links between our economies, so that there is potential for our collectively addressing challenges and opportunities. At the same time, these issues, including on natural resources management, are mutually interlinked in complex ways and will need careful cooperation efforts. Our region is vulnerable to climate change, which will also affect the ability of individual members to pursue food security and energy sufficiency. For the GMS Program to most effectively promote benefits from the available resources, multiple engagement will need to be engendered across different areas of cooperation and working groups, including agriculture, environment, and power, with a corresponding effort to enhance **multi-sector coordination**, while also avoiding duplication with other regional platforms.

17. In addressing the challenging and ambitious agenda ahead, we will look to enhanced support from our **development partners**, who have long played a vital role in support of the GMS Program until now. We are, for our part, committed to ensuring their closer engagement in our cooperative efforts. The transformed regional economic context over the next decade will require the GMS Program to review and assess appropriate mechanisms and innovations that will successfully enhance the role and impact of development partners in mobilizing resources and other assistance. This will need to incorporate changing roles and priorities of traditional development partners as well as the emerging sources of funds and development assistance within GMS countries.

18. We reviewed and discussed these trends and issues during the retreat session of our conference, to provide broad principles and directions for the preparation of the new Strategic Framework to cover 2012-22. We believe the new Framework will be an important input in our efforts **to bring our cooperation to a higher level in the new decade**. Our broad directions will need to be further refined and developed, and we request the GMS senior officials, with the assistance of the Asian Development Bank, to carry the process forward. The commitment of GMS countries and stakeholders is key to successfully implementing the new strategic framework toward its goals.

Conclusion

19. As the GMS Program enters its third decade, we have much to be proud of. We have made significant and tangible progress, first in physical connectivity, but in more recent years also in programs to address social and environmental concerns as well as the requirements of enhanced trade and economic linkages, despite the difficult and sometimes harsh circumstances that we faced. The new decade will require greater efforts to address an increasingly complex agenda, including software issues. We are confident that the maturity we have gained as a cooperation program, along with a well thought out new strategic framework, will ensure that we can effectively address all challenges and successfully expand the frontiers of our cooperation.

20. We thank the Socialist Republic of Viet Nam, for graciously hosting this important GMS Ministerial Meeting as we look forward to the new decade. We also wish to again express our gratitude to the Asian Development Bank for its assistance in this meeting and to all development partners for their strong and constant partnership with us in our efforts toward our shared vision for the GMS.
