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REG: Greater Mekong Subregion Economic Cooperation Program

Joint Ministerial Statement: 18th Ministerial Conference

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Asian Development Bank

Greater Mekong Subregion Economic Cooperation Program

**18th Ministerial Meeting
12 December 2012
Nanning, People's Republic of China**

JOINT MINISTERIAL STATEMENT

New Start, New Progress: Building on Two Decades of the GMS Program

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 Republic of the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, met in Nanning, People's Republic of China on 12 December 2012 for the 18th Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program (GMS Program). We reviewed the overall progress of the GMS Program, and in particular considered the pace of work toward the implementation of the new GMS Strategic Framework (2012-2022), as mandated by the Fourth GMS Summit, including the preparation of a Regional Investment Framework that will line up the new generation of projects and activities of the GMS Program successfully into the next decade.

Progress of GMS Cooperation

2. The GMS Program of Economic Cooperation recently celebrated its 20th Anniversary. Looking back to the last two decades, we see the subregion has changed significantly, in no small way due to the Program's contributions. The subregion's economic standing has improved tremendously since 1992 with per capita income rising tenfold or more in some countries, poverty incidence dropping by a third or more, and human development indicators rising substantially. The GMS countries are certainly more interconnected now in terms of transport, telecommunications, and energy infrastructure, matched by measures that facilitate transport and trade. They have also become more open in terms of trade, with intra-GMS trade rising significantly. Most importantly, there is now a tremendous store of goodwill among the GMS countries that enables us to readily act jointly to address common concerns.

3. In view of these achievements over two decades, and new challenges such as global economic uncertainties and environmental threats, the GMS Leaders endorsed a new Strategic Framework at the Fourth GMS Summit held in Myanmar in December 2011. They also directed the GMS Ministers to oversee the preparation of an integrated Regional Investment Framework (RIF) to generate a sound portfolio of new investment projects for effective implementation of the Framework.

4. We are pleased to note substantial progress in preparation of the RIF and a projects pipeline. Various sector assessments and thematic analyses have been undertaken, including those of the subregional transport sector and the related logistics structure, which revealed gaps between the existing transport corridors relative to actual and potential trade and other

economic flows; of the energy sector, covering power sector organization and development, expanding energy access, renewable energy and energy efficiency-focused policies, and regional supply-demand prospects; of growing urbanization in the GMS and ways of ensuring that urban development in the GMS happens in an orderly and inclusive manner, tapping synergies among the countries to fully realize its benefits and avoid its potential negative impacts; and of the GMS Human Resource Development (HRD) Strategic Framework and Action Plan for 2013-2017, including labor migration and its sustainable and effective management for the benefit of the subregion's overall competitiveness. A review of the links between national plans and regional priorities in the GMS member countries has also been undertaken towards ensuring consistency and strengthening the synergies between them. More attention will need to be given to multi-sectoral coordination and cross-sectoral links, including a careful balancing of development with concern for the environment.

5. Aligned with the foregoing work on the RIF, we commend and endorse the following recent results of GMS cooperation:

- The Inter-Governmental Memorandum of Understanding (MOU) for the Establishment of the Regional Power Coordination Center (RPCC), which crystallizes the GMS countries' efforts to harmonize power programs and power system operations and regulations toward establishing an effective and well-coordinated regional power market;
- The GMS HRD Strategic Framework and Action Plan for 2013-2017, which sets down the initiatives and actions focused on the development of the economic corridors and a more competitive GMS population and workforce;
- The Action Plan to Implement the MOU for Joint Action to Reduce HIV Vulnerability Related to Population Movement in the GMS;
- The decision of the GMS countries at the Subregional Transport Forum for the establishment of the Greater Mekong Railway Association (GMRA) initially as a non-legal intergovernmental entity, which represents a first important step toward the overall and ultimate objective of increasing railway connectivity in and beyond the GMS and promoting this efficient, safe, and environmentally sustainable transport mode.
- The extension of the implementation period of the Core Agriculture Support Program II to 2020.

6. We are also pleased to note the continued focus on transport and trade facilitation, resulting in bilateral agreements on the Exchange of Traffic Rights between Cambodia and Thailand at the Poipet-Aranyaprathet Border, and between the People's Republic of China and Viet Nam along the North-South Corridor; preparations to conduct Time Release Studies in some countries to guide trade facilitation objectives envisaged in the ASEAN Economic Community, including development of national single window; and the progress by the GMS Business Forum in the establishment of the GMS Freight Transport Association (FRETA).

New Directions and Next Steps

7. The outputs of the RIF so far have provided us with broad new directions, principles, and approaches for advancing subregional cooperation and development into the new decade. They

have shown us that while corridor development should remain as the anchor of the GMS Program as reaffirmed by the new GMS Strategic Framework, we must now ensure that this development is demand-driven and aligned with existing and potential trade, tourism, and other economic flows. This in turn implies the following imperatives: that interventions will also have an urban development focus, but there is a need to link the remote areas to growth centers; that connectivity has to be built to support both external, cross-border and domestic trade and tourism; that the interventions will be multi-sector in character; and that there is a need to fully exploit the complementarities and synergies between regional and national plans and priorities.

8. We have therefore mandated GMS senior officials, relevant agencies involved in GMS cooperation, and the Secretariat to take the following steps toward the identification of a pipeline of new generation subregional programs and projects by the end of the first quarter of 2013:

- (i) Review the alignments and basic rationale for the development of existing corridors, including their extension to Myanmar; enhancement of linkages between interior areas and gateway ports as well as building domestic connectivity, with the aim of spurring both external and domestic trade and tourism.
- (ii) Identify spatial priorities for investments given the vast coverage of the corridors and limited resources.
- (iii) Formulate packages of economically and technically viable, multi-sector projects for corridor development. These are broadly characterized as follows:
 - Sound and well-managed urban development -- It is important to properly identify primary and other towns or cities with growth potential and to address their development needs, such as basic infrastructure in water and sanitation, transport, and power, as well as institutional and policy initiatives, including those aimed at improving the business or investment climate, and promoting environmental sustainability and addressing climate change concerns.
 - Transport development that will effectively support the needs of urban development and of external as well as domestic trade, tourism and other economic flows -- This will require investments in transport systems that will provide efficient and uncongested transport within urban centers as well as effectively connect them through secondary roads to smaller urban, peri-urban, and rural areas, including multi-modal and inter-modal transport linkages.
 - Rational power grid development and promotion of integrated, sustainable GMS energy sector – This will involve identifying priority transmission investments in Cambodia, Lao PDR, and Myanmar, and strengthening their respective national grids to serve as building blocks of the GMS regional power grid. Efforts will be made to enable the RPCC to handle the technical aspects of power market operations in order to promote future synchronized power market operations. Appropriate technical options for energy efficiency (EE) and renewable energy (RE) will be identified, and best-practice instruments, policies and targets for EE improvements and RE applications will be formulated.
 - Greater alignment of the GMS Information Superhighway Network (ISN) with broadening of ICT applications for development -- Intensified exchanges and

cooperation among GMS countries will be pursued to build and enhance the next-generation backbone networks.

- Intensified human resource development and capacity building – Investments are required to support capacity development for less advanced GMS countries; technical and vocational education and training; higher education and research; anti-human trafficking initiatives; addressing health issues, such as preventing and controlling cross-border transmission of communicable diseases, including HIV/AIDS, and trade in unsafe food and drugs; facilitating safe and competitiveness-enhancing cross-border labor migration; and strengthening of institutions and mechanisms for subregional cooperation in HRD.

(iv) Continuously and robustly pursue the scaled-up cooperation activities on the environment under Phase II of the CEP-BCI for promoting poverty reduction through environmental sustainability and in a climate-friendly manner; in agriculture under CASP II to enhance food and energy security; and in tourism under the Refocused Tourism Strategy including the GMS Tourism Infrastructure for Inclusive Growth Project.

(v) Intensify efforts in transport and trade facilitation (TTF), capitalizing on and further expanding exchanges of traffic rights and moving forward on trade facilitation, including integrated border management, as well as capacity building and cooperation in Sanitary and Phytosanitary Standards (SPS).

(vi) Strengthen the alignment between subregional initiatives and national plans and priorities. To effectively implement programs and projects they must be effectively linked to national priorities, including those relating to the development of special economic zones and industrial clusters; transport linkages, including gateway ports and railways development; and integrated development of priority areas within national borders.

(vii) Identify and mobilize resources for the new generation of subregional projects, from both the private sector and development partners, through program and project designs that will dovetail with their specific interests and the use of innovative public-private partnership instruments. We will also encourage the provision of further bilateral assistance between the GMS countries themselves.

9. At the Fourth GMS Economic Corridors Forum (ECF-4) held in Mandalay, Myanmar in June 2012, the GMS countries recognized that the new approach to corridor development, through geographical prioritization, spatial coordination, and multisector interventions, will require closer and stronger coordination, both within countries and across them. This will in turn require institutional innovations that would include a further strengthening of the ECF as the main coordination forum for multisector activities for corridor development, and the strengthening of GMS National Secretariats in individual countries to improve multi-agency coordination along with local authorities and private sector.

10. Moreover, given the need for deeper cooperation to support and deliver the more comprehensive sectoral objectives, we need to quickly move forward with the institutional innovations that have been initiated, including the full operationalization of the RPCC, the establishment of the GMRA, and the work toward the formation of a task force to coordinate efforts in urban development, including facilitating knowledge exchange.

Conclusion

11. Our 18th Ministerial Meeting has truly been fruitful. In this meeting we have formally entered the third decade of our successful cooperation program, fully aware of the achievements and lessons learned in the last two decades as well as the challenges that we face in the new one. This Ministerial Meeting has established the directions for action in the new decade, setting the spatial priorities for the further development of the subregion as well as the institutional structure for deeper and more dynamic cooperation. We are confident, therefore, that we will continue to prevail over the challenges ahead and move steadily toward our vision for the GMS. Arduous work in the past year has borne a set of clear directions for innovative and effective actions. We commit to pursue these with vigor and persistence.

12. Our confidence is bolstered by the strong support of our development partners, who have constantly demonstrated their commitment to help us succeed in our cooperative undertakings. We are indeed fortunate to be beneficiaries of their assistance not only in terms of precious development funds, but also of their willingness to share their knowledge and experience. We trust that their partnership with us will be sustained and even strengthened further in this new decade.

13. We thank the People's Republic of China, for its very able and gracious hosting of the 18th GMS Ministerial Meeting in the city of Nanning, capital of the Guangxi Zhuang Autonomous Region, which is fast rising as a key link between the PRC and Southeast Asia. We also wish to express our appreciation to the Asian Development Bank for its assistance in organizing this meeting as well as its continued strong and committed partnership with the GMS countries.
