

Greater Mekong Subregion Economic Cooperation Program

21st Ministerial Conference
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Chiang Rai, Thailand

JOINT MINISTERIAL STATEMENT

Spurring Inclusive Growth along the GMS Economic Corridors

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 Chiang Rai, Thailand on the 1st of December 2016 for the 21st Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program (GMS Program).

2. We, the Ministers from the Governments of the GMS countries, together express our sincere and heartfelt condolences to the Government and people of the Kingdom of Thailand on the passing of His Majesty King Bhumibol Adulyadej on 13 October 2016. In the 70 years of his reign, His Majesty initiated numerous concepts, notable among them is the "Sufficiency Economy Philosophy" as a guideline for social and economic development at all levels. His Majesty's projects and activities, many of which are well in alignment with the objectives and goals of GMS cooperation, are recognized worldwide for their contributions to the well-being of the people and to sustainable development. His Majesty's legacy of compassion and leadership will long be honored and remembered by the GMS countries.

Recent Achievements of the GMS Program

3. We are pleased with the good progress achieved under the GMS Regional Investment Framework Implementation Plan (RIF-IP) (2014-2018), the pipeline of 93 priority investment and technical assistance projects with an estimated total cost of about US\$30 billion, selected from the GMS Regional Investment Framework (RIF), which operationalizes the GMS Strategic Framework (2012-2022). We note with satisfaction that 52 of the original 93 projects have already secured financing estimated at US\$26 billion, 85% of the original estimated total cost. Moreover, about a third of investment projects have commenced implementation and two projects, both in the transport sector, have been completed.

4. We are encouraged by the GMS countries' further strengthened participation in the Program, and by increased interest from a growing number of development partners. A notable trend is the substantial share of project financing GMS countries themselves are providing, particularly the People's Republic of China and Thailand. Also, financing assistance now comes not only from longstanding development partners but also from new ones.

5. We note with great satisfaction recent achievements, among which are:

- (i) In **Transport**, connectivity was further enhanced by the completion last year of three new bridges along GMS economic corridors, namely, the Lao-Myanmar Friendship Bridge over the Mekong River at Xiengkok-Kyainglap; the Tsubasa Bridge in Neak Loeung, Cambodia along the GMS Southern Economic Corridor; and the railway bridge between Cambodia and Thailand at Poipet-Klong Loeuk. Sections of the East-West Economic Corridor

(EWEC) in Myanmar, namely, Eindu-Kawkareik and the Mae Sot-Myawaddy border with Thailand, are under construction. In Viet Nam, one of the biggest GMS projects, the 240-kilometer Noi Bai-Lao Cai Expressway was opened in late 2014. Various other road, bridge, and railway projects in the RIF-IP are also progressing well. The preparation of a new Transport Sector Strategy is also underway, focusing on multimodal and intermodal transport. The Greater Mekong Railway Association (GMRA) Board has agreed to focus on the completion of the 9 identified key missing rail links to connect the subregion, and on legal agreements for the cross border movement of rail traffic. We note that the Asian Development Bank has approved a new technical assistance project to determine the viability and prioritization of the identified priority railway links.

- (ii) In **Transport and Trade Facilitation**, the full ratification of the GMS Cross Border Transport Agreement (CBTA) and its Annexes and Protocols by all the countries was completed and entered into force in late 2015. The Joint Committee (JC) for CBTA Retreat in July 2016 agreed for all GMS Countries to implement the CBTA and begin "Early Harvest" implementation on 1 January 2017, except for Myanmar, which will adopt a phased approach with full implementation targeted by 2019. Single Stop Inspection (SSI) has been under implementation at the Lao Bao-Dansavanh border between Viet Nam and Lao PDR along the EWEC since last year, reducing processing time. SSI will soon be implemented in other key borders along the GMS corridors. Moreover, through the efforts of the CBTA JC, the GMS Road Transport Permit is expected to be launched in January 2017, which will further facilitate the cross border movement of vehicles, people, and goods. We were also pleased to note that a baseline data for customs performance has been prepared in the Compendium of Time Release Studies, which was presented at a regional conference in Tokyo in October 2015.
- (iii) In **Energy**, bilateral power trade among all the GMS countries continues to expand. Two projects in the RIF-IP advanced: the Ban Hatxan-Pleiku 220 kV transmission line will be in commercial operation, and construction of the Nabong 500 kV substation is in progress. The Regional Power Trade Coordinating Committee (RPTCC) adopted the work plans of the Working Group on Performance Standards and Grid Codes and Working Group on Regulatory Issues, as they intensified efforts to identify priority cross border interconnection opportunities, and to increase bilateral power trade between GMS countries. Five new high voltage transmission interconnection projects are proposed for bilateral trade and are expected to be confirmed at the RPTCC meeting in December 2016. The GMS Energy Sector Assessment, Strategy, and Road Map, published in June 2016, highlights major achievements, constraints, and the way forward in regional energy cooperation. Recent Strategic Environmental Assessments of the GMS countries' power development plans have concluded that the countries can viably integrate more renewables into their power mix. GMS countries, starting with Viet Nam, have launched country-level programs for integrated resource planning with strategic environment assessment.
- (iv) In **Agriculture**, a mid-term review of the Core Agriculture Support Program Phase II (CASP2) implementation was completed, emphasizing stronger outcome orientation towards the goal of the GMS being recognized as a leading producer of safe food using climate friendly agriculture practices, and integrated into the global market. Several projects have been completed, focused on controlling the spread of foot-and-mouth disease in livestock, establishing a satellite-based monitoring and early warning system for drought and flood and crop outlook, and pilot testing models for the efficient utilization of biomass for bioenergy and food security. A GMS Agriculture Ministers' Meeting is planned

for 2017 to chart future directions and prepare the next phase of cooperation in this sector. A Strategy and Action Plan is also being formulated for ensuring proper land use for agriculture, promoting safe and environment friendly agro-based value chains in the GMS for 2018-2022, which will especially involve small-holder farmers, rural women, and small and medium agro-enterprises.

- (v) On the **Environment**, as the Second Phase of the GMS Core Environment Program (CEP) nears completion, a Strategic Framework for 2018-2022 is being developed to operationalize the CEP mission and fulfill key functions based on the program's core strengths. CEP implementation and financing arrangements will also be structured toward adaptability to climate change, leveraging green growth opportunities in the GMS, further decentralization to the countries, and more emphasis on empowering the GMS Working Group on Environment to govern the program.
- (vi) In **Tourism**, international tourist arrivals in the GMS reached 57.9 million in 2015, generated tourism receipts of about \$65 billion, and supported more than 10 million full-time jobs. A new Tourism Sector Strategy is now being finalized to guide our cooperation in this important sector for the next decade. We welcome the progress in establishing the Mekong Tourism Coordinating Office (MTCO) as an inter-governmental organization. We encourage relevant ministries to expedite the process. We lauded actions taken and support given to improve the www.mekongtourism.org digital platform, and wish to congratulate our tourism officials and the MTCO for a number of international awards received in recognition of the website's innovative design and use of cutting-edge technology to create a digital hub for travel and tourism collaboration.
- (vii) In **Human Resource Development**, frameworks for the mutual recognition of skills and qualifications have been expanded to cover additional skill areas, namely logistics, machinery, and food processing, to increase the efficiency and productivity of our workers. On education, good progress has been made to implement the Quality Assurance System using the established ASEAN University Network standards, and to establish an Academic Credit Transfer System Framework for Asia among GMS universities. A GMS University Consortium consisting of 24 GMS universities has also been established to further foster networking in tertiary education among GMS member countries. We also note the launching of a new capacity building program for our government officials to promote regional connectivity, building on the success of the Phnom Penh Plan for Development Management. This new program covers not only GMS countries, but also other ASEAN countries that are members of the Indonesia Malaysia Thailand Growth Triangle (IMT-GT) and Brunei-Darussalam Indonesia Malaysia Philippines East ASEAN Growth Area (BIMP-EAGA), enhancing south-south learning, and the exchange of good practices.
- (viii) In the **Health** sector, communicable disease control and management was further strengthened, including implementation of malaria and tuberculosis prevention and treatment initiatives for migrant and mobile populations in Cambodia, Lao PDR, Myanmar, and Viet Nam; and the Joint Action Program to provide better access to HIV and health services for migrants.
- (ix) In **Urban Development and economic zones**, we endorse the upgrading of the Urban Development Task Force, established in 2012, into a regular GMS sector working group to oversee this new area of cooperation. A key initiative under the GMS Urban Development Strategic Framework (2015-2022) is the Corridor Towns Development Project, Phase 1 of which is in varying stages of implementation, and covers towns in Viet Nam (Dong Ha, Lao

Bao, Moc Bai), Lao PDR (Kaysone Phomvihane, Phine, Dansavanh), and Cambodia (Battambang, Bavet, Neak Loeung, Poipet). The project will include the conduct of spatial planning in SEZs and their adjacent area to provide guidance for investment types to create more quality jobs in border areas. A Study on the Role of Special Economic Zones in Improving Effectiveness of GMS Economic Corridors was undertaken, which identified and assessed key success factors in harnessing SEZs for economic corridor development.

- (x) In **Other Emerging Areas of Cooperation**, a Study on the Strengthening of GMS Logistics Competitiveness was prepared, which discussed the role, impact, and necessary actions toward the provision of adequate and effective logistics services in the GMS, which are crucial for facilitating trade and investment along the economic corridors. There has been also good progress in the Implementation of the GMS E-Commerce Initiative, including the establishment of the Business Alliance of GMS Cross-border E-Commerce Cooperation Platform, which focuses on the development of micro-enterprises and small and medium enterprises through partnerships with GMS trade promotion organizations and E-commerce facilitation institutions.

Way Forward

6. Recognizing the need to maintain the momentum in implementing GMS projects, we endorse the new RIF-IP 2020 that emanated from the midterm review of RIF-IP (2014-2018), comprising 107 investment and technical assistance projects, including carryovers from the previous pipeline and new priority projects, and estimated to have a total cost of US \$ 32.7 billion.

7. We also recognize the rapidly changing and more complex regional and global environment. We have therefore mandated our Senior Officials to conduct a midterm review of the GMS Strategic Framework (2012-2022) (GMS SF) to ensure the Program's continued effectiveness and responsiveness. We have also mandated the preparation of a Five-Year Action Plan to cover the remaining term of the GMS SF. The celebration of the GMS Program's 25th Anniversary next year and the forthcoming 6th GMS Summit provide excellent opportunities for such a stock-taking of how the Program has done so far, and for setting new directions and launching new undertakings that will have an enduring impact on the GMS.

8. We reaffirm the importance of the economic corridor approach as the most efficient and effective way of utilizing and managing limited resources for the development of the subregion. This approach has served us well, enhancing overall GMS connectivity and contributing, for instance, to the more than 15-fold growth in intra-GMS trade in the last 15 years. However, the changing regional economic landscape, characterized by shifting patterns of trade, investment, tourism and other economic flows, and the opening of Myanmar's economy in recent years, has necessitated a study to review the current configuration of the major GMS economic corridors, which was conducted early this year. We welcome and endorse the important recommendations of the study to extend and expand the GMS economic corridors so they link all GMS capitals, major economic centers, and important GMS maritime gateways. We are also pleased to note that all missing sections of the GMS corridors in Myanmar, as well as important new sections in Lao PDR, are covered by the proposed changes. All efforts toward enhancing overall GMS competitiveness and integration must now be focused on the redefined economic corridors, as this would ensure consistency and complementation of outcomes. We request all GMS sector working groups and forums to consider the possible implications of the reconfiguration of the economic corridors to their on-going activities, including the CBTA.

9. We remain committed to maintain the Economic Corridors Forum (ECF) as a flexible and substantive forum for generating and sharing knowledge to facilitate the development of GMS economic corridors. We note with great satisfaction the very important outcomes of the Eighth ECF held in Phnom Penh on 4 August 2016 to further strengthen connectivity, in both its hardware and software aspects, and initiatives to enhance the competitiveness of the economic corridors by developing border areas and special economic zones, promoting E-commerce, and strengthening logistics systems. We particularly emphasize the need to transform the GMS economic corridors into logistics hubs to support cross-border trade, investment, tourism, and stronger cooperation. We also applauded the successful GMS Governors' Forum held in Kunming in June 2016, which further emphasized the crucial role of local authorities in the development of the economic corridors.

10. In our efforts to spur the development of the GMS economic corridors, we remain steadfast in our adherence to the Sustainable Development Goals (SDGs), which focus on combatting poverty and inequalities, protecting the environment and responding to climate change as committed by the UNFCCC parties in the Paris Climate Agreement, effectively managing land use, and promoting shared prosperity. Future actions for transforming the GMS corridors into strings of dynamic centers of economic activity must also emphasize inclusiveness and sustainability. In this regard, we reaffirm our commitment to pursue the established GMS environmental sustainability programs, anchored on a reinvigorated CEP guided by a new Strategic Framework for 2018-2022. As the GMS has made considerable progress in improving food security for its people, the regional Strategy and Action Plan being developed through CASP2 will strengthen the commitment to food security, market access for small producers, and ensure inclusive food safety for the GMS. Likewise, as the Strategic Framework and Action Plan for Human Resource Development in the GMS draws to a close in 2017, we look forward to a new blueprint for our future cooperation toward the realization of the SDGs in this sector. HRD will continue to be a priority, with continuing efforts toward the development and implementation of capacity-building, formal and vocational training, worker and skills accreditation, and health promotion and disease prevention programs that will help enhance the well-being, opportunities, and mobility of the subregion's human resources.

11. We note with satisfaction the recommendations of the Study on Strengthening the GMS Institutional Framework. We reaffirm our shared commitment to strengthening the GMS institutional mechanism to make it more responsive to the changing global and regional context. To this end, it is vital for the GMS institutional mechanism to continue to support the GMS activities-based and results-oriented approach. Among the key recommendations of the study, we agree that the ECF can be held back-to-back with the GMS Ministerial Conference, and that member countries' head of delegation for the ECF could be Minister or his/her appointed representative, as appropriate, in order to have greater synergies between the two meetings, and to more efficiently use and manage time and financial resources to organize these major meetings.

12. We commend the hard work and the critical role of the SOM as the regular and overall coordination mechanism under the GMS Program, encompassing both the policy and operational aspects of GMS cooperation. We therefore agree on the establishment of a regular reporting arrangement for the sector working groups and forums to report to the SOM, and task the GMS Secretariat to prepare a detailed reporting arrangement.

13. We recognize the growing number and intensified activities of regional cooperation and integration initiatives in Asia and its subregions, including the advent of the ASEAN Economic Community (AEC) in December 2015 and the ASEAN 2025 Vision. We also note with

appreciation the initiative of the Silk Road Economic Belt and the 21st Century Maritime Silk Road. All of these provide greater opportunities for cooperative action on issues facing the GMS. The GMS Program will tap complementarities and build synergies with ASEAN and with other important regional cooperation and integration initiatives, and hopes to profit greatly from cross-fertilization with them in terms of exchange of experiences and lessons learned, as well as sharing of knowledge and good practices. These can be achieved through, among other means, undertaking of joint projects and activities, cross-participation in conferences, and conduct of seminars and workshops to increase each other's awareness of their respective objectives and identify areas for collaboration.

14. We also realize that in order to attain sustained results on the ground, broader and more intensive resource mobilization is imperative. Apart from aiming for a deeper engagement of longstanding development partners, we will continue to reach out to new or hitherto untapped development financing institutions. These include new funds established by bilateral and multilateral development partners that are focused particularly on infrastructure development. Also, as the midterm review of the RIF-IP showed that only a few projects have private sector participation, we will intensify the development of innovative financing modalities and partnerships with the private sector, including tapping the full potential of PPPs.

Conclusion

15. Over the last two-and-a half decades, the GMS Program, the pioneering and one of the most fruitful subregional initiatives in Asia, has shown us that cooperation among neighboring countries done in a spirit of goodwill, mutual respect, and common aspirations, can produce tangible results. Along the way, we have discovered effective ways of achieving our goals, and the development of economic corridors is one of the most important of these. We will continue to refine and vigorously pursue this approach, which we believe is the best way toward achieving our overarching goal of inclusive and sustainable development for the subregion.

16. We face a challenging future, but we are confident that as long as we remain committed to cooperate with one another in addressing all of the issues and difficulties thrown our way, we will prevail. We value very much and are thankful for the support of our development partners, and we hope that they will continue to be at our side as we move into the future. In particular, we wish to thank the Asian Development Bank for its continued commitment to the GMS vision, and for never failing to help us toward achieving it.

17. We wish to express our sincere gratitude to the Royal Thai Government for its gracious hosting of the 21st GMS Ministerial Conference.

Endorsed in Chiang Rai, Thailand on 1 December 2016.