



Session 3: Reports on Recent and Ongoing GMS Activities

**Part IV. Summary and Recommendations
of the Study “The GMS-2030 and
Beyond: Integration, Upgrading, Cities,
and Connectivity. Where to and How”**





Rationale of the Study

➔ Why did we do it?

To provide the GMS program with a solid understanding of the challenges its members will face during the coming decade and beyond, and identify strategic approaches to move forward and achieve their development objectives, through enhanced cooperation.

➔ What is it?

A forward-looking proposal for the GMS to focus its members' policy making around key issues that will contribute to their development.

- i. **Where to? Objectives**
- ii. **How? Three pillars**





GMS countries need to grow much faster than in the past to:

1. Achieve their ambitious development objective
2. Enhance economic convergence among GMS countries

	(1) with Thailand's GDP per capita in 2017	(2) With the USA's GDP per capita in 2017	(3) with Thailand	(4) with the USA
Cambodia	2036	2051	2053	2058
Lao PDR	2026	2038	2031	2041
Myanmar	2025	2034	2028	2036
PRC	2020	2034	2022	2038
Thailand		2032		2035
Viet Nam	2030	2045	2042	2051

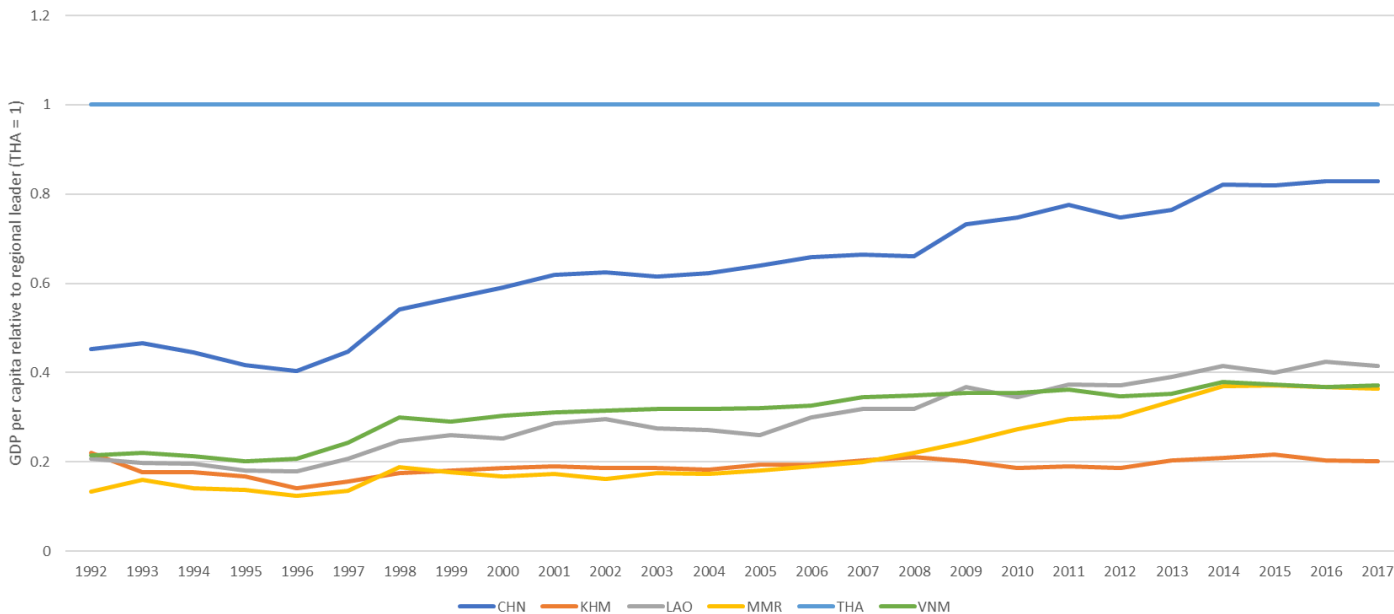
Estimated Dates of Catch-Up with Thailand and the USA under optimistic growth assumptions: GMS members grow at the fastest historical rate (average 5-year period) since 1990.





Convergence among GMS countries has been slow

Per capita Income of GMS countries relative to that of Thailand





Where does the GMS want to go?

**GMS Development requires:
Growth as a necessary
condition**

**Regional
Cooperation
as a
Development
Escalator**

Higher income per capita and living standards to converge with developed countries

Convergence within group for more inclusive development

Convergence within each country





How to achieve long-term growth: 3 Pillars

GMS – 2030

Pillar I

Further
Integration into
the Global
Economy and
Upgrading

Pillar II

Enhance the role
of GMS **Cities** as
Engines of Growth

Pillar III

Improved
Infrastructure
Connectivity
and **Trade**
Integration





Pillar 1 | Further **integration** into the global economy and **upgrading**

Export Structure of the
GMS and Specialization
Patterns

Growth Spillovers

Export Potential

Upgrading Paths
Agriculture Services

Global Value Chains

Preferential Trade
Agreements

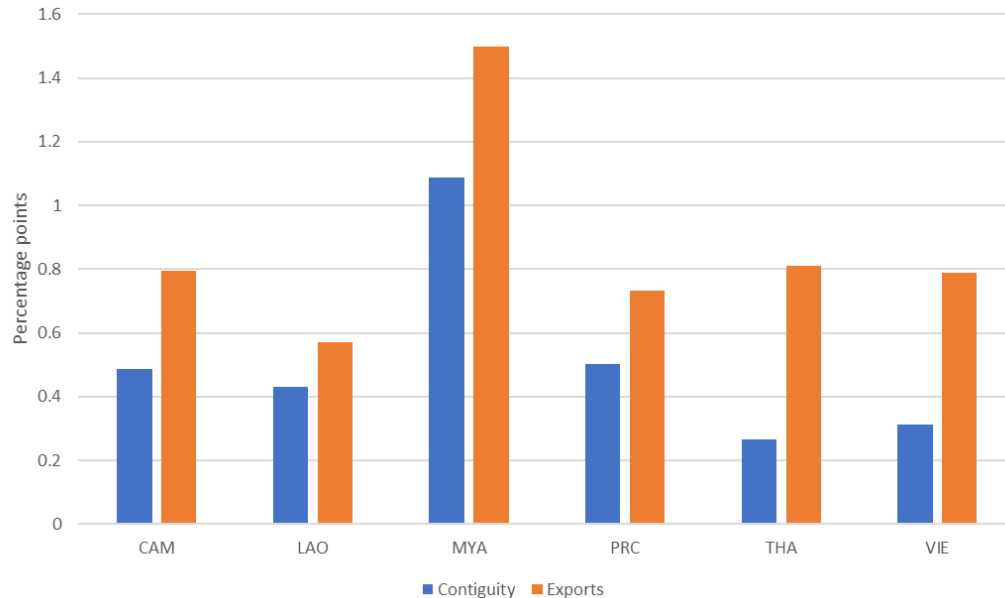
Fourth Industrial
Revolution





Pillar 1 | Further **integration** into the global economy and **upgrading**

- Impact of a 1 Percentage Point Increase in Neighbors' and Export Partners' Per Capita Growth Rates on Per Capita Growth Rates.



Integration into the broader global economy can further enhance per capita growth spillovers

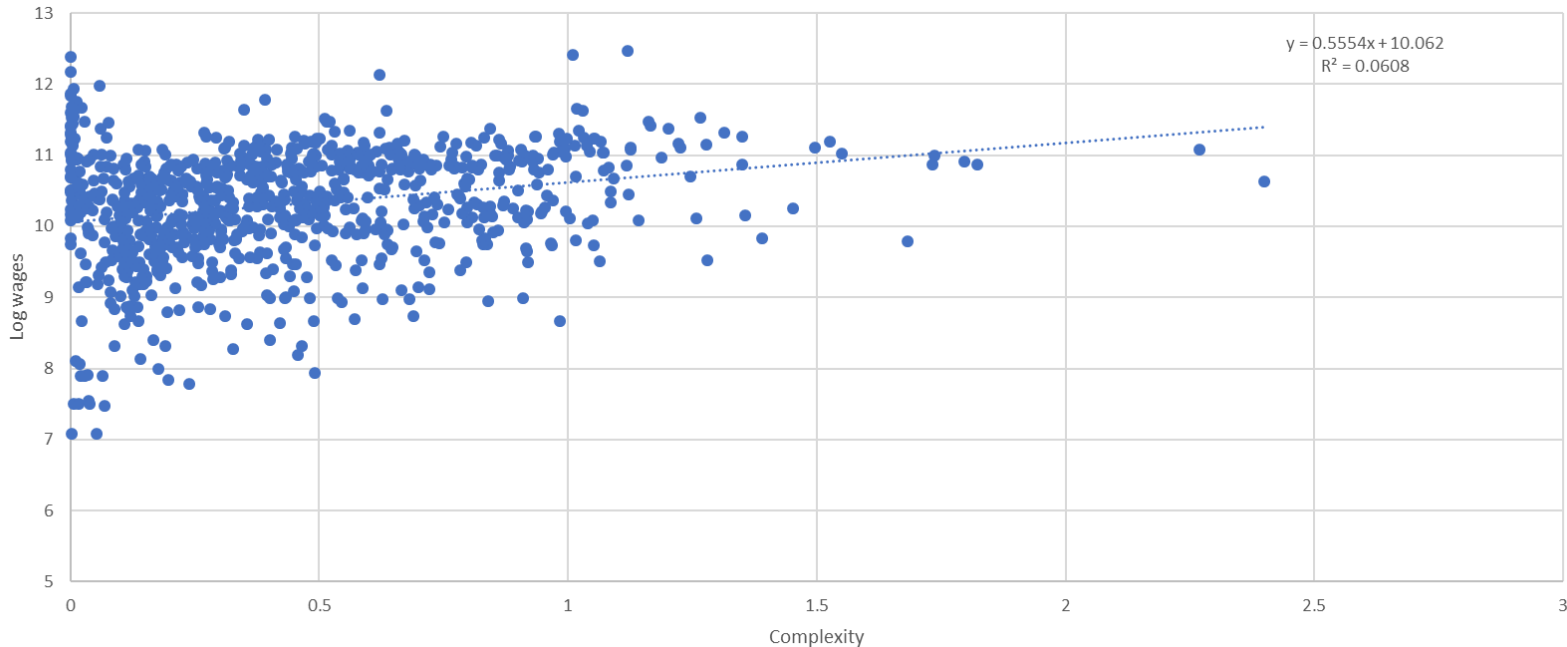
Regional cooperation can also generate growth spillovers





Pillar 1 | Further **integration** into the global economy and **upgrading**

- More complex products are associated with higher wage rates.





Pillar 2 | Role of **Cities** as Engines of Growth

**Urbanization
Patterns in the
GMS**

**Managing
the City**

**Agglomeration
Economies**

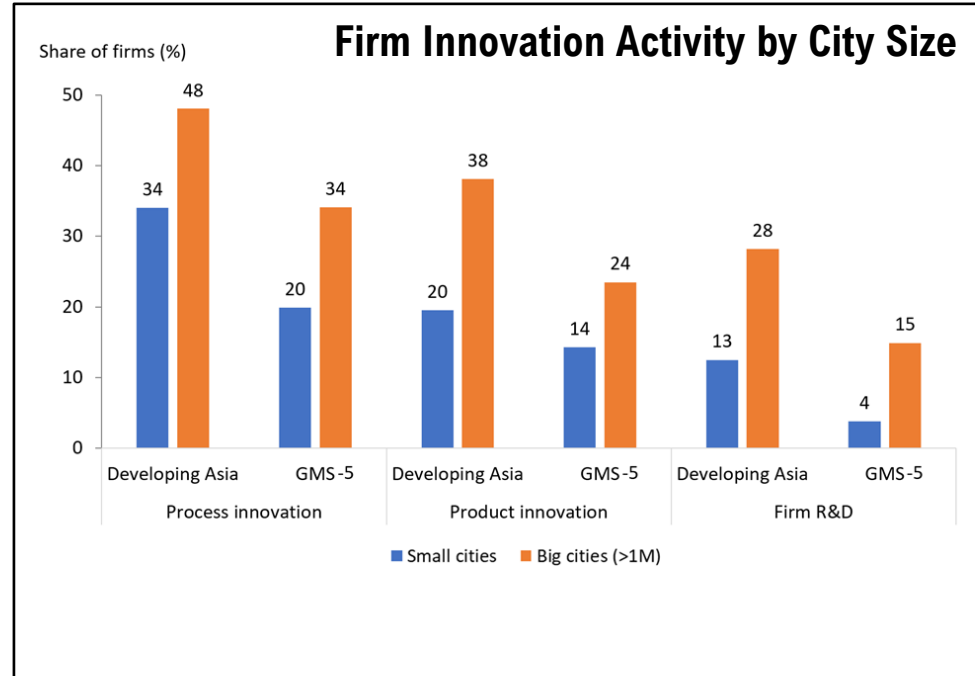
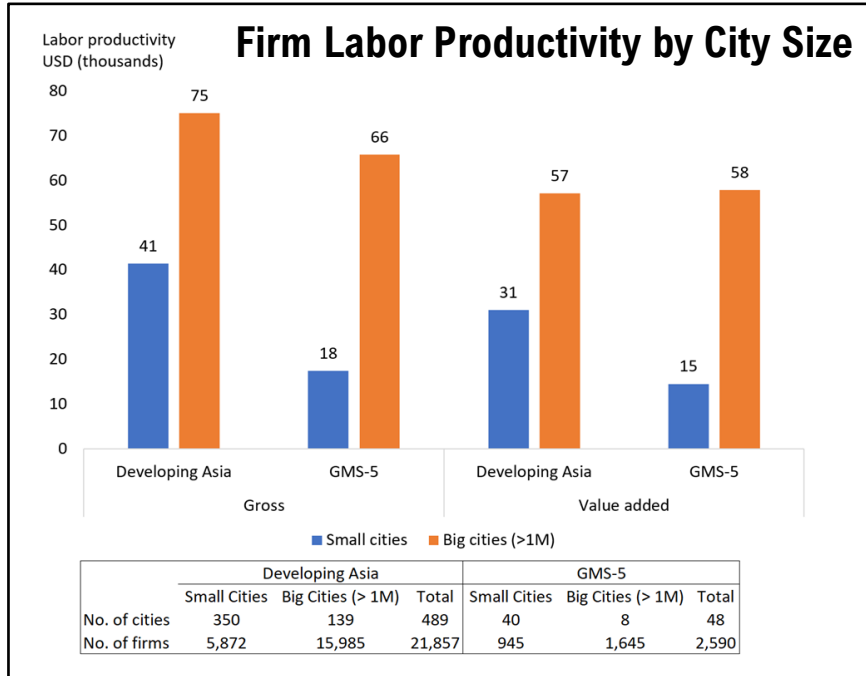
**System of
Cities**





Pillar 2 | Role of Cities as Engines of Growth

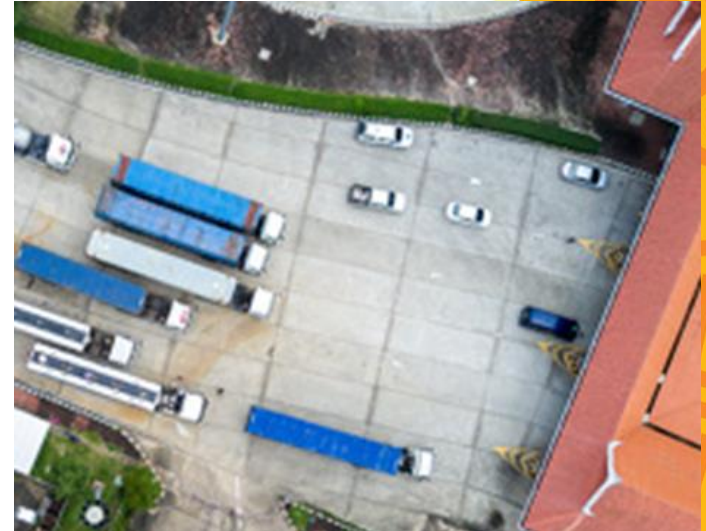
- Big cities are the GMS engines of growth, but they need to do better.





Pillar 3 | Improve the Quality of Roads and **Connectivity**

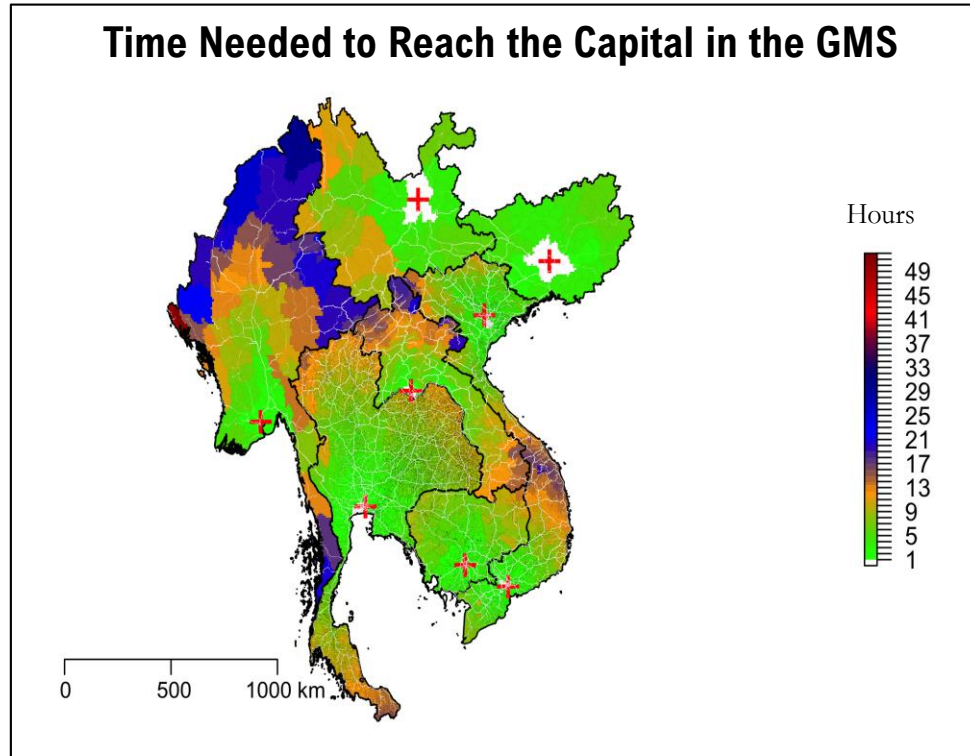
- ➔ **Road connectivity needs upgrading**
- ➔ **Connectivity with major markets**
- ➔ **Trade Facilitation**





Pillar 3 | Improve the Quality of Roads and Connectivity

- Trade facilitation.





Proposed Next Steps

1

Organize a GMS Knowledge Forum to share the results and recommendations of the study

2

Use the recommendations of the study to accelerate the implementation of the GMS 2030 Strategy

3

Expand and deepen analytical work on key strategic areas, based on GMS countries demand, as part of a comprehensive GMS Knowledge Program





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Thank you!

