



September 2003

REG: Greater Mekong Subregion Economic Cooperation Program

Joint Ministerial Statement: 12th Ministerial Conference

The views expressed in this report are the views of the author(s) and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Directors or the governments they represent. ADB does not guarantee the source, originality, accuracy, completeness or reliability of any statement, information, data, finding, interpretation, advice, opinion, or view presented, nor does it make any representation concerning the same.

Asian Development Bank

Greater Mekong Subregion Economic Cooperation Program
12th Ministerial Conference
17-19 September 2003
Dali City, Yunnan Province, People's Republic of China

JOINT MINISTERIAL STATEMENT

The 12th Ministerial Conference of the Greater Mekong Subregion Cooperation Program (the GMS Program) was successfully held at Dali City, Yunnan Province, People's Republic of China from 17 to 19 September 2003. The Ministers from the six countries participating in the GMS Program --- Cambodia, the People's Republic of China, Lao Peoples' Democratic Republic, Myanmar, Thailand and Viet Nam --- discussed a broad range of issues and challenges. They reiterated their commitment to pursue the shared vision that the GMS Leaders had articulated at the first GMS Summit in Phnom Penh, Cambodia on 2 November 2002. This was a vision of growth, equity and prosperity for the subregion. Recalling the theme of the Summit, the GMS Ministers resolved to work harder to "make it happen".

The Ministers acknowledged that the environment in the GMS has changed and is now more dynamic than when the GMS started in 1992. Increasingly favorable political and economic developments are assisting closer economic cooperation among the countries of the Mekong subregion. The Ministers recognized that closer collaboration will be crucial for the GMS countries to meet the challenges and reap the benefits of increasing regional integration and globalization. The Ministers reaffirmed the principles of cohesiveness and cooperation within the GMS Program framework. The Ministers acknowledged with great appreciation the role of the Asian Development Bank as lead development partner and catalyst for the GMS Program and requested the ADB to provide continuing support.

.Milestones of Cooperation

The Ministers reviewed the progress of cooperation since the last Ministerial Conference in the overall context of the GMS Program's objectives. They concluded that the GMS is well on its way to achieving a high degree of physical connectivity with many of the basic transport routes already completed or under construction. The three priority economic corridors---East-West, North-South and Southern Economic corridors are evolving in areas covered by major transport routes generating strategic growth poles linking to the huge and vibrant markets of East, Southeast, and South Asia. The Ministers called for cooperation among local governments in the border areas so that they can take full advantage of opportunities for stimulating economic growth and reducing poverty.

The Ministers welcomed the accession of Myanmar to the **GMS Cross-Border Transport Agreement**, and urged that the Agreement, and the annexes and protocols to the Agreement, be finalized by the target year of 2005. They also noted that all GMS countries will have ratified the Agreement by the end of the year, thus enabling the Agreement to enter into force. Cognizant of the expected completion of key GMS transport corridors in the near future, the Ministers emphasized the importance of the

early implementation of the Agreement and called for an acceleration of the process of negotiation, finalization and signing of its Annexes and Protocols.

The Ministers reviewed the progress of cooperation in the **telecommunications** sector and were pleased to note that many of the components of the Phase I telecommunications backbone investments are now in place. The Ministers agreed to take the required steps in improving the policy environment to make telecommunications investments viable.

The Ministers agreed to expedite the ratification of the **Intergovernmental Agreement on Power Interconnection and Trade** signed at the first GMS Summit in 2002. They requested the Senior Officials to start work at the earliest possible time on the Regional Power Trade Operating Agreement, which will prescribe, among others, harmonized rules and technical guidelines, cross-border pricing schemes and the required institutional framework to advance power trade in the GMS.

The Ministers reaffirmed the commitment of the GMS countries to support the initiatives of the **World Summit on Sustainable Development** in their respective national, subregional and regional development planning processes. They agreed to establish a subregional mechanism to facilitate the GMS countries' commitments to implement the Johannesburg Plan of Implementation. The Ministers appreciated ADB's efforts to further advance the subregional Strategic Environment Framework by developing national and subregional performance assessment systems and building capacities in implementing these systems.

The Ministers acknowledged the important role of cooperation in **agriculture** in reducing poverty through partnerships with rural communities in promoting agriculture trade, food security, and sustainable livelihoods. They welcomed the proposed cooperation initiatives in agriculture and looked forward to closer collaboration with the donor community and international specialized agencies in supporting priority projects in agriculture.

The Ministers were pleased to note the progress of cooperation in **HIV/AIDS prevention** and control in the subregion. In the light of the SARS experience, the Ministers agreed to step up cooperation in **health** monitoring and surveillance, as well as in preventive **education** with respect to communicable diseases, including malaria and Hepatitis B. The Ministers called for increasing cooperation in advancing new technology applications and continuous GMS capacity building through enhanced human resources development efforts. The Ministers welcomed the transformation of the Mekong Institute into a regional center for human resources development and encouraged the GMS countries to avail themselves of its facilities and resources.

The Ministers were pleased to note the completion of the training needs analysis under the **Phnom Penh Plan for Development Management** to be used as a guide in the design of future training programs. The Ministers noted that a number of high-quality training programs have already been conducted and have benefited development managers in the GMS countries. They recognized the efforts being made under the Plan to establish an agenda for GMS development research, and to combine it with capacity building activities to heighten the impact of specialized education and training. The Ministers also welcomed the Plan's initiatives to broaden support for it through donor

involvement and effective networking through quality academic research and training institutions.

The Ministers welcomed the offer from PRC and Thailand to provide training, in collaboration with ADB, in the areas of telecommunications, agriculture, customs, trade, and compliance with WTO requirements, environment, tourism, and health in support of GMS Program initiatives.

Recalling the Joint Summit Declaration's call for the formulation of an action plan on **trade and investment facilitation**, the Ministers requested the Senior Officials to formulate a pragmatic, forward-looking agenda on trade and investment facilitation, including a comprehensive strategy on customs cooperation. They stressed the need to accelerate the implementation of the **single-stop customs inspection procedures** and agreed on the need to make greater efforts at resolving the legal and institutional issues.

The Ministers welcomed the important contribution of **tourism** to the subregion's economies and the strong potential of the subregion as a single tourist destination. In this regard, the Ministers agreed to pursue a study for the establishment of a GMS visa with the view to increasing the flow of tourists to, and within the subregion.

Dialogue with Development Partners

The Ministers welcomed the opportunity for dialogue with development partners from bilateral and multilateral agencies and the private sector and encouraged them to participate actively in the GMS Program. The Ministers encouraged development partners to actively participate in the GMS Program by supporting the 11 Flagship Programs endorsed by the GMS Summit and reflected in the GMS development matrix. Development partners shared their perspectives on the GMS Program's strategic thrusts and flagship programs drawing on their development experience in the region. The Ministers encouraged development partners to participate in the various GMS working groups and forums in the spirit of true partnership. The Ministers highly appreciated the continued strong support from Japan to the GMS Program and warmly welcomed the new initiative and support from other bilateral and multilateral development agencies.

The Ministers emphasized the important role of the private sector as an engine of growth for the development of the subregion. They called for concerted action at the national and subregional levels for promoting private sector investments in the GMS, especially in the economic corridors. They shared the view that the GMS Business Forum should play an important role in developing private sector action plans in each of the nine priority sectors of cooperation under the GMS Program. The Ministers agreed to convene a high-level public-private sector consultation meeting in early 2004 to provide a forum for discussing concrete steps in promoting private sector involvement in the GMS. While the Ministers recognized that improved infrastructure and the GMS Cross-Border Transport Agreement have helped to improve investment climate, much more needs to be done to develop a pro-business environment. More progress is needed in areas like developing a level playing field for fair competition, enhancing the legal framework, increasing transparency, and reducing red tape. The Ministers were also pleased to note the proposal put forward by PRC to set up a Mineral Prospecting Risk Fund and requested the Senior Officials to commission the required feasibility study.

The Ministers called for a more meaningful involvement of civil society and emphasized the importance of continuing dialogue with all stakeholders in the GMS. They recognized that non-government organizations possess a wealth of experience that can make them effective partners in various stages of the development process. The Ministers agreed to deepen the consultative process with non-government organizations within the framework of the GMS Program.

Building Blocks into the Future

In charting the future course of action, the Ministers laid down three building blocks for attaining the GMS vision --- **connectivity, competitiveness and community**. They agreed to strengthen **connectivity** by completing the road corridors, and exploring cooperation in other areas such as rail, water and air transport. The Ministers agreed that improved connectivity was essential for enhancing competitiveness but that this alone is not sufficient. The Ministers therefore agreed to also focus on enhancing the **competitiveness** of the GMS countries in order that they could benefit from the process of regional integration and globalization. Building the competitiveness of the subregion will require the GMS countries to focus on technological innovations, human resource development, trade facilitation, and good governance. The Ministers agreed to work towards an integrated development strategy to better link national with subregional policies and programs focusing on these areas. The Ministers shared the view that if the GMS countries work cohesively to achieve both **connectivity and competitiveness**, the region will be very well placed to benefit from the emergence of an **economic community** in Asia should it materialize.

The Ministers recognized that an **economic community** in Asia is gradually emerging. They are convinced that the GMS' contiguous location provides it with an advantage to move ahead in establishing an integrated market ahead of the rest of Asia. Given greater connectivity and lower trade and non-trade barriers, the GMS will stand to benefit from tremendous opportunities resulting from a large integrated market as well as integrated processes of production. In this connection, the Ministers welcomed recent economic cooperation initiatives among GMS member countries, reflecting the unprecedented synergies in the development of the region. These initiatives include the Asia Cooperation Dialogue, the Emerald Triangle, and the Economic Cooperation Strategy. They shared the view that these cooperation frameworks would contribute significantly to deepening economic integration in the subregion.

The Ministers extended their congratulations to Cambodia for its accession to the WTO.

Enhancing the GMS Institutional Framework

The Ministers noted that in order to cope with a more complex environment and agenda, the GMS institutional mechanisms should be further enhanced. They agreed that the role of the GMS Senior Officials should be strengthened to deepen the process of dialogue on priority issues and to strengthen the process of coordination. The Senior Officials' Meeting would be the platform for exchanging views and coordinating national and regional policies, plans and programs, forging joint approaches to common concerns, and setting clear, strategic directions for each of the nine sectors of cooperation in the GMS Program. In this regard, the Senior Officials may need to meet

more frequently. The Ministers called for a strengthening of the linkages between the working groups and forums and the SOM, as well as the strengthening of national coordinating mechanisms for the GMS Program.

"Making It Happen"

The Ministers concluded the Conference by underscoring **connectivity**, **competitiveness** and **community** as the fundamental building blocks towards the GMS Summit vision of growth, equity and prosperity. The Ministers called for stronger coordination and cohesiveness to meet the challenges of development and to intensify regional cooperation. They expressed confidence that the spirit of community that has sustained successful cooperation in the past, will continue to guide and inspire cooperation in the future.

The Ministers welcomed the offer of the Government of Lao PDR to host the 13th Ministerial Conference at a date to be determined later in close consultation with the GMS countries.

The Ministers welcomed the confirmation of the Government of the People's Republic of China that it will host the Second GMS Summit in 2005 at a date to be determined in close consultation with the GMS countries.

The Ministers expressed their sincere appreciation and thanks to the Government of the People's Republic of China, the Yunnan Provincial Government, and the Dali Prefecture for hosting the 12th Ministerial Conference and for the excellent arrangements and the warm hospitality accorded to all the participants.