



August 2011

REG: Greater Mekong Subregion Economic Cooperation Program

Joint Ministerial Statement: 17th 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

**17th Ministerial Meeting
4 August 2011
Phnom Penh, Cambodia**

JOINT MINISTERIAL STATEMENT

Building on Success: Expanding GMS Cooperation for New Opportunities

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 Phnom Penh, Cambodia on 4 August 2011 for the 17th Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program (GMS Program). We reviewed progress in implementation of initiatives and projects and were pleased with the achievements under the GMS Program. We worked on charting the Program's future, going over a proposed new strategic framework that will guide cooperative efforts in the medium term.

Progress of GMS Cooperation: Resilience amidst Adversity

2. The prolonged global economic downturn since 2008 and the uncertain recovery continue to adversely affect trade and growth regionally and globally. Nonetheless our countries have proved strong and resilient in face of the crisis, both individually and as a region. Indeed, the Asian region is seen as leading the world recovery from this worst recession in three quarters of a century. We believe this buoyancy and resilience in the GMS has been helped by the increased connectivity and enhanced competitiveness resulting from the years of our cooperative undertakings. We are encouraged to note that our countries have remained committed to the cause of regional cooperation and integration despite the difficult economic environment.

3. We noted substantial efforts made towards accelerating development of the transport corridors into economic corridors, to strengthen their role as platforms for increased GMS competitiveness. For the first time, symposiums specific to each of the three main GMS corridors – the East-West, the North-South and the Southern Economic Corridors – were held, invigorating participation of provincial stakeholders in GMS corridor development and culminating in the Third Economic Corridors Forum in Vientiane on 30 June 2011. These ground-breaking events showed clearly that economic corridor development requires close inter-sectoral coordination; the involvement of all key stakeholders, particularly the provincial and local authorities and the private sector; and a clear focusing of efforts on a manageable number of effective interventions. They underlined the continued importance of transport and trade facilitation, promotion of cross-border economic linkages, and logistics development along the GMS corridors. Further development of GMS corridors now needs to also integrate corridor widening and deepening through well-planned investments in urban and area development along the corridors. A related emerging thrust from these fora is the development of competitive cities along the corridors that also ensure ecologically friendly urban development.

4. Connectivity remains a key Program focus area. With primary road transport corridors mostly completed, we are now turning our attention to widen them through linked feeder and rural road networks while also recognizing the need for stronger focus on railway connectivity. The latter reflects the growing importance of railways in terms of their benevolent link to energy efficiency and climate change as well as their key role in promoting efficiency, reduced transport costs, multimodal competition, and overall deepening of transport connectivity. A study is being undertaken to prepare a plan for the establishment and operation of a GMS Railway Coordination Office, which would promote coordination of the railway development plans of GMS countries, help in mobilizing private participation in the GMS railway sector, and serve as focal point for developing a regional railway information network and database. All these outputs will contribute to the eventual realization of the long-term vision for an interconnected and integrated GMS railway system.

5. We also heard the report on progress in implementation of the comprehensive Program of Actions for Transport and Trade Facilitation that we endorsed at the 16th Ministerial Conference in Ha Noi last year. We are pleased to note that subsequently ADB has prepared and approved a multi-year cluster regional technical assistance financed by AusAID to help implement this action plan. Among the accomplishments under this program so far are: conduct of an analysis of trade flows in the GMS and trade facilitation along corridors, including improving the export potential of Cambodia and Lao PDR firms; a review of the GMS Customs Transit System design and implementation; and work on a system for monitoring the impact of transport and trade facilitation measures along the GMS corridors. Customs reforms in certain GMS countries are also being supported by the Government of Japan's new initiative on trade facilitation in the region. We are also pleased to note discussions among Lao PDR, Thailand and Viet Nam on extending the scope of operation for vehicles along the EWEC corridor to Vientiane, Bangkok and Hanoi. We encouraged continued improvement of transport and trade facilitation in GMS, with emphasis on implementing the Cross Border Transport Agreement, as integral to developing the GMS corridors. In addition, we recognize that to be able to reap the full development impact of transport connectivity, there is a need to further boost demand driven private and public logistics and production-related investment along the corridors.

6. The GMS power sector master plan updated in late 2010, identified three subregional market poles (e.g., Northwest, East-West, and Southern poles). The planning and implementation of key GMS power interconnections, as well as the strengthening of in-country transmission systems (which will form part of a subregional power grid) are being pursued in accordance with the power master plan. We are pleased with the continuing efforts being made to develop the policy and institutional framework for power trade. Together with better coordination in development of transmission and generation facilities, this would move us into the advanced stages of power trading in the future. We would like to see more progress being made in establishing the Regional Coordination Center, which will manage the GMS power market's changing needs, initially focusing on synchronizing development of generation plants and transmission lines in the region, and then later, overseeing competition in the electricity market as it grows in size and maturity. The broader GMS energy cooperation under the GMS Energy Road Map is also progressing well, aiming to enhance modern energy access, develop low carbon energy solutions, renewable resources, improve energy supply security, and promote public-private partnerships. Initial emphasis is on promoting renewable energy, energy efficiency projects and enhancing environmental sustainability of regional energy programs.

7. In telecommunications, the focus of cooperation has shifted to enhancing ICT for economic development undertakings, given the rapid expansion of ICT infrastructure and scale of networks, driving the traffic growth of international communications for e-commerce and trade. The Memorandum of Understanding on the Joint Cooperation in Further Accelerating the

Construction of the Information Superhighway and Its Application in the Greater Mekong Subregion, which focuses on developing ICT applications using the ISN, has been positively reviewed by the GMS ICT Ministerial Meeting held in Xian, PRC on 10 June 2011, and is expected to be ready for endorsement by the GMS Leaders in their Summit in December 2011. The ICT Ministers also adopted the GMS ICT Development Strategy Framework which outlines the priority areas for cooperation in the sector, including strengthened cooperation in ICT infrastructure development, promotion of ICT applications such as e-commerce, continued implementation of rural ICT pilot projects, and application of green ICT technology.

8. On environment cooperation, the Third GMS Environment Ministers' Meeting on 28 July 2011 in Phnom Penh agreed to submit the program framework document for the next phase of the Core Environment Program-Biodiversity Conservation Initiative (2012-2016) to the Fourth GMS Summit in December 2011 for its endorsement. Under this phase of this program, the gains made in sustaining the region's rich biodiversity through Biodiversity Conservation Corridors Initiative (BCI) and incorporating environmental issues into national planning processes through Strategic Environmental Assessment (SEA) and Environmental Performance Assessment (EPA), will be consolidated and further enhanced. Among other goals, this phase of the program aims to strengthen development planning systems, methods and safeguards; improve management of conservation landscapes for sustainable livelihoods; enhance climate resilience and promote low-carbon development; and strengthen institutions and sustainable financing for environmental management. We would like the CEP-BCI to be a useful instrument for making GMS infrastructure projects more environmentally sustainable and enhance their resilience to climate change. We encourage the use of SEA and other spatial assessment tools to improve sustainability and efficiency of natural resource use in economic corridors and in sector development plans and programs thus facilitating realization of the CEP vision of "a poverty-free and ecologically rich GMS". We also encourage the CEP-BCI to promote synergies with programs in productive sectors such as agriculture and tourism, thereby enhancing rural livelihood opportunities while ensuring sound environmental management of important conservation landscapes of the region.

9. In agriculture, we welcome the new strategic directions of the Core Agriculture Support Program Phase II (2011-15) in addressing emerging challenges to agricultural development, particularly in expanding cross-border trade in agri-food products, climate change adaptation, ensuring sufficient and lasting resources for agricultural development, as well as food and bioenergy security. We are pleased that financing has been mobilized to build capacity to scale up climate-friendly and gender-responsive biomass technologies in the GMS to address the twin challenges of inadequate access to modern energy and food insecurity among the poor. A new initiative on paperless trade of eco-products is underway to strengthen the GMS Agriculture Information Network Service into a GMS paperless trade platform. Countries are also collaborating on food safety and regional IT food traceability to improve competitiveness of products from the sub-region. Efforts are continuing to enhance multi-sector collaboration and linkages with the Working Group on Environment and the Joint Committee on the Cross Border Transport Agreement on eco-trade, and with Working Group on Tourism on food safety and inclusive supply chain.

10. We are pleased that the tourism industry has remained resilient despite the global economic downturn and that the GMS surpassed the historic milestone of 30 million international arrivals in 2010. With rapidly improving subregional connectivity, GMS tourism is expected to benefit from increased growth and investment in the years ahead. We welcome the endorsement of a refocused GMS Tourism Sector Strategy and Road Map for 2011-2015 by the GMS Tourism Ministers at their third meeting in 17 January 2011 in Phnom Penh. The refocused Strategy sets the stage for the development of thematic multi-country tour circuits

linked to the Mekong River and the implementation of priority programs to strengthen human resources in the tourism sector, enhance subregional marketing and product development, and accelerate the development of pro-poor sustainable tourism. The Mekong Tourism Forum held in May 2011 in Pakse, Champasak Province, Lao PDR, successfully launched the 2011-2015 Road Map and showcased subregional efforts to jointly market the GMS as a single destination.

11. The GMS Human Resource Development Strategic Framework and Action Plan (2009-2012) is now in its second year of implementation. We are pleased that the Phnom Penh Plan for Development Management, now on its 4th phase, is continuing to support capacity building initiatives for government officials to lead the drive for the subregion's economic and social development, exchange of development information, research projects, and networking of institutions. We welcome the successful development and piloting of a framework for the mutual recognition of technical skills and qualifications to address skills shortages and enhance subregional competitiveness, and to contribute to the ASEAN Socio-Cultural Community Blueprint's objective to develop a qualified, competent and well-prepared ASEAN labor force. Phase 2 of the Communicable Disease Control Project is underway to support improved prevention and containment of emerging and neglected communicable diseases in vulnerable populations along economic corridors and in border districts. There are also continuing efforts in support of safe labor migration, the Coordinated Mekong Ministerial Initiative against Trafficking process, and HIV/AIDS prevention interventions to reduce the incidence and prevalence of HIV and sexually transmitted infections.

Towards a New Strategic Framework for GMS Cooperation

12. With a foundation of solid achievements, the GMS Program is well placed advancing into its third decade. The successful maturing of the GMS Program implies the focus of our cooperation will need to evolve into new terrain covering second-generation initiatives. The global and regional context for the GMS Program has also changed, leading to new challenges and opportunities. Emerging issues and concerns that were only nascent earlier now pose potentially more serious risks to our continued growth and development if left unchecked by resolute and concerted action. These concerns include climate change, energy sufficiency, food security, natural resource sustainability, logistics, human resource development, digital divide, and the pressures of rapid urbanization.

13. The GMS Program will need a good guide to be able to steer the region's development in face of the changing terrain with new and emerging challenges. In our meeting today, we had the opportunity to review the final draft of the proposed new GMS Ten-Year Strategic Framework (2012-2022), which aims to provide just such guidance. Overall, we were pleased with the Strategic Framework's key recommendations, many of which are both pragmatic and innovative, as well as with sound analytical bases.

14. While recognizing the GMS Program's broad successes, we keenly appreciate the need to fine-tune our approaches and be more focused in our undertakings. The lingering uncertainties in the global and regional landscape also call for the accelerated pursuit of opportunities for regional integration to mitigate the related risks. The new Strategic Framework will help us make these broad shifts in direction that are bound to change the character of the GMS Program to enable it to more nimbly navigate through the challenges ahead. It will also help us build closer links and complementation with the broader regional agenda and other regional initiatives. The successful maturing of the GMS Program and its foray into new, second-generation initiatives underlines the need to further strengthen regular monitoring and evaluation of its cooperative efforts. We thus directed our Senior Officials to work closely with

sector working groups and ADB to finalize prior to the Fourth GMS Summit a comprehensive results framework to accompany the new GMS Strategic Framework.

15. The new Strategic Framework, impressive as it is, is only a starting point, a broad guide for our future actions. The next challenge will be to implement it effectively, and to be able to do this, the Framework must be further translated into a comprehensive set of specific, well defined, and time-bound actions and interventions that have a high probability of achieving their intended results. The Strategic Framework must be followed by a plan of action providing a pipeline of monitorable projects and activities that successfully reflects the change provided in the new Strategic Framework in the direction of the GMS Program going forward. This pipeline of projects will also be a successor to the Vientiane Plan of Action for GMS Development that was adopted by the Third GMS Summit held in Vientiane in March 2008. We recognize that the shift in the GMS Program in the next decade embodies greater complexity of project and cooperation initiatives, which will require careful planning, sound analytical preparation and vigorous resource mobilization. Equally important, it will require a regional planning approach with continued commitment from all stakeholders. In anticipation of the new Strategic Framework's final endorsement and adoption by the GMS leaders in their Fourth Summit in Nay Pyi Taw, Myanmar in December 2011, we have directed our Senior Officials and the various GMS forums and working groups, to start work towards developing a comprehensive regional planning exercise to prepare a pipeline of investment projects for the new GMS Strategic Framework, thus developing and translating it from a guide into a plan of action. This process should include consideration of spatial development aspects relating to economic, social and cultural advancement of cities and communities along the corridors and at the borders.

Conclusion

16. As we held our 17th Ministerial Meeting, we served as witnesses to the significant achievements of a maturing regional cooperation program, one that is now held in high esteem by others who are undertaking similar efforts elsewhere. But we fully realize the need to continue to innovate, to seek new frontiers of cooperation, if the GMS Program is to be sustained and if its vision of an integrated, prosperous and harmonious region is to be realized. Armed with a new blueprint to guide us and committed to undertaking resolute cooperative action to address the challenges ahead, we are confident that we will advance toward the attainment of this vision.

17. However, we are also keenly aware that in these efforts, we will need the support of our development partners. Through the years, they have provided vital support to us, in terms of financing, knowledge sharing, and active participation in our undertakings. The increased need and role of enhanced knowledge partnerships and technical cooperation accompanied by increased resource mobilization was underlined by all stakeholders during the Development Partners Meeting yesterday. We are confident that our development partners will continue their support and even further strengthen it as the GMS Program embarks on a new decade of expanding the frontiers of regional cooperation.

18. We thank the Royal Government of Cambodia, for graciously hosting the 17th GMS Ministerial Meeting in the capital city of Phnom Penh. We also wish to express our appreciation to the Asian Development Bank for its assistance in organizing this meeting and for its continued and unwavering support for the GMS Program.
