

Introduction

The Indonesia–Malaysia–Thailand Growth Triangle (“IMT–GT”) currently consists of eight provinces in southern Thailand (Nakhon Si Thammarat, Narathiwat, Pattani, Phatthalung, Satun, Songkhla, Trang, and Yala),¹ eight states of Peninsular Malaysia (Kedah, Kelantan, Melaka, Negeri Sembilan,

¹ Six provinces in southern Thailand (Chumphon, Krabi, Phangnga, Phuket, Ranong, and Sunatthani) have observer status and are expected to become members of the IMT–GT in 2007.

Penang, Perak, Perlis, and Selangor) and the island of Sumatera in Indonesia consisting of ten provinces, namely: Aceh, Bangka–Belitung, Bengkulu, Jambi, Lampung, North Sumatera, Riau, Riau Islands, South Sumatera and West Sumatera). Southern Thailand and northern Malaysia share a land border, while Peninsular Malaysia and southern Thailand are separated from Sumatera only by the narrow Straits of Melaka.

The IMT–GT subregion is a classic growth triangle,





characterized by many economic complementarities, geographical proximity, and close historical, cultural and linguistic ties. The IMT-GT has a vast potential for development, given large amounts of land, abundant cheap labor, rich natural resources, and a sizeable internal market of nearly 70 million people. When combined with the financial strength and entrepreneurial skills of a dynamic private sector to the north and south of the Triangle, i.e., in Central Thailand and Peninsular Malaysia, these endowments can transform the subregion into a powerful growth magnet and substantially reduce poverty in large parts of the IMT-GT subregion. Malaysia and to some extent Thailand, provide a possible source of investment in the IMT-GT subregion, as well as technical and management know-how, while Indonesia and Thailand provide access to other factors of production, including labor, land, and natural resources.

Economic complementarities and opportunities in the IMT-GT subregion span many agricultural and industrial products and activities, including rubber, palm oil, fruits and vegetables, marine products, oil and natural gas, chemicals and wood products. The Malaysian subregion of the IMT-GT has strong comparative advantage in plantation agriculture, skill-intensive manufactures, industrial and agro-chemicals, coconut oil, refined palm oil, iron and steel, and processed wood products. Sumatera has comparative advantage in fisheries and marine products, fresh vegetables, oil and natural gas, derivative chemicals, fertilizers, and low-end manufacturing. Southern Thailand's relative strength lies in fresh fruits, processed marine products, fresh inland fish, rice, processed parawood furniture, and various types of light manufacturing. All of the IMT-GT subregions boast of major tourist attractions which offer great potential for development.

Although progress has been achieved in the IMT-GT since its inception in 1993, much remains to be done to realize its full potential. Besides the expanded geographical coverage of the IMT-GT, there is a need for the participating governments to further liberalize policies and regulations affecting cross-border investments and movement of people and goods, strengthen the enabling environment for enhancing private sector participation and competitiveness, and increase connectivity of areas in the IMT-GT subregion.

At the same time, regional and global trends – such as globalization; advances in transport, telecommunications and information technology; emergence of bilateral and regional trade blocs; and the growing global and regional role of the People’s Republic of China (PRC), and more recently that of India – require a more focused approach to cooperation in the IMT-GT, so that it could respond more effectively to and seize emerging opportunities from such trends. Therefore, during the first IMT-GT Summit held on 11 December 2005 in Malaysia, the three leaders of the IMT-GT member countries agreed that the IMT-GT needs to be refocused, and that a 5-year roadmap should be prepared to guide cooperative efforts in the IMT-GT and to ensure its sustainability, viability, and vitality.



This first 5-year roadmap for the IMT-GT has been prepared based on a series of consultations and meetings with the various IMT-GT stakeholders, including the private sector, local government officials and national government agencies in Indonesia, Malaysia, and Thailand.

