Greater Mekong Subregion Economic Cooperation Program

15th Ministerial Meeting
19 June 2009
Cha-Am, Petchburi Province, Thailand

JOINT MINISTERIAL STATEMENT

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 Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, met in Cha-Am, Petchburi Province, Thailand, on 19 June 2009 for the 15th Ministerial Meeting of the Greater Mekong Subregion Economic Cooperation Program (the GMS Program). We reviewed the progress of actions being taken in light of the directives provided by Third GMS Summit of March 2008, particularly in light of the challenges the subregion now faces on account of the current global financial and economic crisis. We convened a retreat session to provide more opportunity for a free flow of discussion on transport and trade facilitation and the next ten-year strategy for the GMS Program.

Progress under the Vientiane Plan of Action for GMS Development

2. We note that the Vientiane Plan of Action for GMS Development (2008-2012) comprises specific and time-bound initiatives aimed at ensuring that the increased connectivity among the GMS countries is translated into expanded markets, enhanced competitiveness, improved access to social services, greater protection and management of the environment and natural resources. We believe that implementation of the Plan has made good progress.

3. The design and implementation of **transport** projects needed to complete the GMS corridors are advancing well. A notable achievement is the North-South Economic Corridor International Mekong River Bridge (Houayxay-Chiang Khong), whose construction will commence in February 2010 and is expected to be completed by September 2012. A review of the GMS railway sector is under way to design a unified subregional railway development strategy in light of the need for more efficient modes of transport. A more focused and coordinated approach to GMS economic corridor development is being tried through the establishment of the GMS Economic Corridors Forum. Based on this concept, we endorsed the strategies and action plans for the North-South Economic Corridor and the East-West Economic Corridor. Strategic priorities for the corridors include strengthening physical infrastructure by building capacity for trade and transport facilitation. We note that the action plans will be integrated into the agenda of the various GMS sector working groups, as well as in the updated Vientiane Plan of Action.

4. **Transport and trade facilitation** needs to make quicker progress. We noted the preliminary findings of the strategic review of transport and trade facilitation (TTF), which identified key issues constraining the implementation of the Cross-Border Transport Agreement (CBTA) and other TTF measures. Meanwhile, we are pleased with: (i) the commencement of the exchange of traffic rights' arrangements among Lao PDR, Thailand, and Viet Nam along the East-West Corridor in June 2009, (ii) the increase in quota of vehicles allowed to cross borders under the bilateral road transport agreement between Cambodia and Viet Nam starting in May 2009, (iii) commencement of implementation of bilateral road transport agreement between

Cambodia and Lao PDR in April 2009, and (iv) signing of a broader agreement on facilitation of cross-border transport between Lao PDR and Viet Nam in April 2009. Cambodia and Viet Nam will soon implement single-window inspection at the Bavet-Moc Bai border crossing. This will help ensure efficient cross-border movement of goods, vehicles, and people, and augment intraregional trade. We are pleased that the private sector has been more closely engaged in TTF efforts. We note that the High-Level Symposium on GMS Logistics Cooperation and associated events that were held on 6-10 June 2009 in Kunming, PRC, identified and prioritized the bottlenecks for GMS logistics cooperation and showcased business opportunities for the private sector. We appreciate the work of the GMS Business Forum on the preparation of the GMS Freight Transport Association and the GMS SME Development Fund, and encourage further work.

5. In the **energy** sector, the formulation of a unified set of rules governing power trade and the development of cross-border power transmission links is under way. Work has also commenced on integrating environmental and social concerns in the planning and implementation of subregional power projects. Our countries also agreed on a Road Map to implement the GMS Energy Strategy, which will expand cooperation beyond the electric power sector, improve energy security, and promote environmentally sound energy practices, including the development of renewable energy sources.

6. In **telecommunications**, we are continuing to support the planning and construction of backbone fiber optic links under Phase 2 of the Information Superhighway Network (ISN) project. We are grateful for the assistance from the PRC and various development partners, including the Republic of Korea, for building capacity in the sector, in such areas as policy and regulatory reforms, ISN operation and maintenance, and application of information and communication technology in poverty reduction and rural development.

7. In **agriculture**, efforts to tap biofuels and rural renewable energy have been accelerated while taking into account the need to balance these with concerns over food security. In this respect, we appreciate the completion of an assessment study and plans to prepare a GMS Rural Renewable Energy Project The Project will examine the role of nontraditional energy sources, such as biomass, biogas, biofuels and agricultural wastes, in meeting the energy demands of rural households, enhancing agricultural production, and improving rural incomes and welfare. Cooperation in transboundary animal disease control has also proceeded well through piloting of vaccination against livestock diseases in the upper and lower Mekong zones, as well as public awareness and communication and capacity building activities. The Agricultural Information and Network Service and GMS Agriculture Science Consortium are also being integrated into the respective national agricultural information and science services and budgets.

8. GMS **tourism** has gained by the recent launch of the *Visit Mekong Years* (2009-2010) campaign and of the www.exploremekong.org website, which is dedicated to GMS tourism marketing activities and serves as an interactive platform for the *Explore Mekong* marketing campaign. These will help sustain the increasing trend in annual tourist arrivals in the GMS, which grew from about 10 million in 1995 to about 26 million in 2008. The GMS Tourism Ministers, at their second meeting early this year, have reaffirmed their commitment to sustain a pattern of tourism growth that is more equitable, environmentally sustainable, and sensitive to disadvantaged and vulnerable groups, particularly women and ethnic communities. A new GMS Sustainable Tourism Development Project is now underway to support the development of a sustainable, culturally and environmentally sound pro-poor tourism approach for the GMS.

9. In line with the directives given by the Leaders at the Third Summit to focus more sharply on the soft aspects of subregional development, we endorsed a new and consolidated GMS **Human Resource Development** Strategy and Action Plan. This will guide our cooperation in health, education, labor and migration, and social development. We ask that additional support be secured for the Phnom Penh Plan for Development Management so as to extend its reach and quality. Its innovative research program will further build the capacity of GMS research institutions to address priority subregional development issues and accelerate the transfer of knowledge and technology to GMS member countries. Our joint efforts in the prevention and control of HIV and AIDS, malaria, dengue, and other communicable diseases in border areas are progressing well with expanded assistance from development partners, and are helping to increase coverage of disease preventive measures among targeted populations.

10. In the GMS **Core Environment Program (CEP)**, work has commenced on five supplementary cluster projects for 2009-2011. The cluster approach for the implementation of the CEP, including the Biodiversity Conservation Corridors Initiative (BCI), will intensify integrated and multi-sectoral planning and development approaches that promote sound environmental practices in the GMS economic corridors. These projects help highlight ecological infrastructure as one of the top priorities for GMS countries and they will also strengthen the subregion's resilience to climate change and help design and develop adaptation initiatives. The new areas of focus include integrating social and environment considerations in tourism and livelihood promotion; promoting BCI and environmental performance assessments in key GMS economic corridors; and undertaking strategic environmental assessments of the energy, freight transport, and agriculture sectors along economic corridors.

11. Our progress would not have been possible without the enthusiasm and support of our **development partners**. We thank them for their substantial investments through direct finance, sharing of experience and expertise, and direct participation in some of our undertakings. Our agenda, however, is becoming larger and more complex, and our partners' support is central to our success. We, therefore, seek their enhanced support through increased financial outlays for capital projects, and expanded technical assistance. We are committed to working more closely with them to maximize resource utilization.

Priorities for the Next Three Years

12. The progress so far indicates that we are broadly on track in pursuing the directives from the Third GMS Summit toward a more inclusive and sustainable development for the subregion. However, given the challenges posed by the global economic downturn and issues associated with climate change, we need to refocus our efforts.

13. In the remaining three years covered by the GMS Strategic Framework (2002-2012), we will give highest priority to the following areas and concerns:

- *Accelerating the implementation of the CBTA and other TTF initiatives.* This is central given that falling global trade flows places a greater role for intra-regional trade in driving the continued expansion of GMS economies. The transaction costs of cross-border trade and investment in the GMS have to be reduced. Solutions relate to looking at key TTF measures, such as the CBTA, the Strategic Framework for Action on Trade Facilitation and Investment, and ASEAN Customs initiatives from a more strategic and integrated perspective. We will strengthen our national and subregional institutional mechanisms for the CBTA and other TTF initiatives, which will ensure closer inter-ministerial and inter-country coordination. We will look for “quick wins”, which are necessary to establish credibility and to accelerate momentum for full implementation. We are pleased with

renewed efforts by Cambodia and Thailand to identify a new gateway at the Poipet-Aranyaprathet border crossing, which will facilitate the effective implementation of bilateral exchange of traffic rights arrangements and the initial implementation of the CBTA.

- *Transforming the GMS transport corridors into economic corridors.* We recognize that it is the private sector that will eventually make the economic corridors happen. For this, the policies, institutions, rules and facilities that are needed for the private sector to be more competitive and to earn good returns from investments must be quickly introduced. The corridors must be inclusive in nature, and the potential negative social and environmental effects must be mitigated. We note that the ECF now serves to unify and focus initiatives for GMS economic corridor development. The ECF must actively pursue its tasks to achieve its objectives. Simultaneously, we ask all GMS institutions to redouble their efforts in developing the GMS economic corridors to optimize returns from improved physical connectivity in the subregion.

- *Reducing environmental risks to local livelihoods and GMS development plans, including those posed by climate change and poor ecological infrastructure.* We are cognizant of the environmental threats, including climate change and ecological loss, posed to our subregion. Effective measures are needed to counter these threats and to help our countries in adapting to climate change and protecting the ecosystem. In the short-term we see opportunities for the BCI initiative to combine climate change resilience-enhancing and ecosystem protection efforts with effective channeling of economic stimulus to the rural poor within the economic corridors. Among the medium- to long-term priorities are renewable and clean energy, as well as environment-friendly and economically efficient transport and sustainable agricultural development.

Conclusion

14. We are about to enter the last three-years of the current GMS Strategic Framework. While much has been achieved, much remains to be completed. There is a clear plan for the next three years. But the time to plan for the decade from 2012 is now. Our connectivity has to be enhanced, our markets more integrated, and our capacities to jointly address shared social and environmental concerns visibly strengthened. There will be numerous new challenges, and very likely some complex ones. We need to study these and develop an effective design for tomorrow.

15. We thank the Royal Thai Government, and in particular the GMS Minister for Thailand, His Excellency Virachai Virameteekul, for its gracious hosting of the meeting. We also thank the Asian Development Bank for its assistance in this meeting and for its continued strong partnership with the GMS countries, and support for the GMS Program.

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