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POSSIBLE GUIDE QUESTIONS FOR THE MINISTERIAL RETREAT
On the Topic: GMS Beyond 2012

I. BACKGROUND

Key Long Term Trends

- (1) *Increasing globalization and interdependence* – Globalization is here to stay. It has brought benefits and opportunities, but its actual and potential negative aspects are also now being recognized, e.g., outbreaks of human and animal diseases, and increased vulnerability of economies to contagion effects of foreign crises.
- (2) *Expanding global and regional value chains* – The widening geographical distribution of production systems is providing opportunities to the economies in the subregion. However, there is increasing recognition that to be able to participate in these chains, businesses must have access to supplementary facilities and resources (e.g., transport and trade logistics services, human capacity, financial services).
- (3) *Move toward regionalism* – There are a growing number of regional free trade agreements (FTAs) and other regional cooperation and integration (RCI) initiatives. However, these initiatives have had uneven results.
- (4) *Growing role of large emerging economies in Asia* – These refer particularly to the People's Republic of China (PRC) and India. Integration with these large markets benefits the GMS. It promotes exports and participation in value chains, but it also brings competition, particularly in some labor-intensive production processes.
- (5) *Recent ASEAN renewal* – This four-decade old regional grouping is recently being re-energized with a number of developments – the adoption of a formal charter, the drive toward an ASEAN Economic Community by 2015, the forging of FTAs (e.g., ASEAN + China, India, Republic of Korea), the move toward greater trade (e.g., ASEAN Single Window), etc. Five of the six GMS countries are also ASEAN members. The midterm review of the GMS SF recommended linking up more closely with ASEAN and other RCI initiatives.
- (6) *Rapid urbanization* – The GMS is one of the most rapidly urbanizing regions in the world (urban growth rates of 3-6% per year compared with world average of 1.8%). This has serious implications on the demand for urban infrastructure and social services; urban, people, and traffic congestion; environmental pollution; employment; and migration.
- (7) *Demographic changes* – Signs of ageing population in certain GMS countries, e.g., it has been estimated that Thailand's working age population (15-60 years old) will peak in 3-4 years; PRC's working age population is moving toward stabilization. This will have implications on labor supply, production technologies, relative wages, social security systems, and migration.

Recent Global Developments

- (1) *Current global financial and economic crisis* – This is very different from the 1997-1998 crisis. Its impact is already being felt in terms of economic slowdown in the GMS, mainly through negative effect on exports. Economic stimulus packages are needed, as also the need to rebalance economies toward domestic demand and intra-regional trade.
- (2) *Continuing volatility in energy prices* – Although the global recession has brought a respite from high oil prices, some factors still point to volatility, such as OPEC cartel actions, continuing underinvestment in oil and gas exploration and in renewable energy sources, and conflicts in major oil producing countries.
- (3) *Renewed international initiatives to address climate change* – Heightened awareness of the threats of global warming and climate change. Recent developments include the UN Climate Change Conference in Poznań, Poland in December 2008, which produced clearer commitments from governments to go into full negotiations toward shaping an effective international response to climate change, with the agreement targeted for adoption in Copenhagen by the end of 2009.

II. SOME GUIDE QUESTIONS

Against this background, GMS Ministers may consider the elements of a ten-year strategic framework from 2012.

1. Is connectivity on the right track? Would the GMS need to explore low carbon transport alternatives – Rail and Inland Water – given the likely industrial and urban growth centers?
2. Is it time to look at a GMS Competitiveness Strategy? Would such a strategy be helpful in dealing with rebalancing the subregion's economies and looking at enhanced intraregional trade? Where exports are a mainstay, what would be the main planks of a GMS approach?
3. Economic corridor development will remain a strategic priority in the GMS beyond 2012. In this regard: (i) what additional impetus can we provide to economic corridor development? (ii) should we look at identifying additional corridors given likely growth scenarios relative to agricultural production, industrial growth, manufacturing, and urbanization?
4. How do we strengthen links with other subregional cooperation initiatives? How do we position the GMS vis-à-vis a strengthened and more formally structured ASEAN? For instance, what would be the GMS Program's role in the ASEAN Economic Community, which is targeted to be a reality by 2015?
5. Should we be looking at trans-GMS economic corridors as a means of integration with Southeast Asia and South Asia?
6. What new ways can we explore to further consolidate the participation of development partners in the GMS Program?
7. What coordinated steps can we take to make our economies climate change resilient and be responsive to the global climate change challenge?

8. Are the current administrative arrangements for managing the GMS Program adequate? What changes should be considered?
9. What issues concern institutional and human resource capacities in the GMS that constrain the program? How can these be better addressed in shorter time frames?
10. Will migration be a major development issue in the GMS in the coming decade? What will it impact on, and how do we deal with it?