

**Greater Mekong Subregion Economic Cooperation Program**  
**Task Force Meeting for the Second Economic Corridors Forum (ECF-2) and**  
**Special Senior Officials' Meeting (SOM) on the 15<sup>th</sup> GMS Ministerial Conference**  
Kunming, Yunnan Province, People's Republic of China  
11-12 March 2009

**Summary of Proceedings**

**11 March 2009 (Wednesday)**

**Task Force Meeting for the Second Economic Corridors Forum**

**I. Introduction and Opening Session**

1. The Task Force Meeting for the Second Economic Corridors Forum (the TF-ECF-2) was held on 11 March 2009 in Kunming, PRC. It was attended by TF members from Cambodia, the People's Republic of China (PRC), Lao PDR, Myanmar, Thailand, and Viet Nam, and ADB staff. (The list of participants is in **Appendix 1**.) The objective of the TF-ECF-2 was: (i) to review and discuss the status of preparations for the GMS Economic Corridors Fair; and (ii) discuss and agree on the proposed program, agenda and activities for ECF-2. (The TF-ECF-2 agenda is in **Appendix 2**.) Ms. Li Yihong, Director of International Cooperation Division, Ministry of Commerce, PRC, chaired the session on the ECF trade and investment fair. H.E. Sok Chenda Sophea, Minister Attached to the Prime Minister, Secretary General, Council for the Development of Cambodia, National Coordinator and Head of the GMS Secretariat, Kingdom of Cambodia, chaired the session on the second Economic Corridors Forum. Mr. Arjun Thapan, Director General of the Southeast Asia Department, Asian Development Bank (ADB) co-chaired the TF-ECF-2.

2. In her welcome remarks, Ms. Li Yihong welcomed the participants to Kunming and noted that significant strides have been made in promoting economic corridor development following the inauguration of the Economic Corridors Forum (ECF) in June 2008. She said that the Kunming EC Fair aims to identify key issues in corridor development and come up with suggestions to address such issues, which could be considered by the 15<sup>th</sup> GMS Ministerial Conference. In his opening remarks, Mr. Thapan noted the accelerating efforts to develop the GMS economic corridors through the ECF, which constitute the second building block to enhance connectivity in the GMS. He updated on the status of the various strategies and action plans for developing key GMS corridors, noting that having separate strategies for different corridors recognizes that there is no single formula for corridor development. Both the Chair and Co-Chair highlighted the need to identify early on the various challenges faced by GMS countries in the pursuit of economic corridor development, and making sure that the initiatives adopted to respond to these challenges have strong buy-in by the GMS governments (central and local) and the private sector.

3. In their opening remarks, the heads of delegations echoed the Chair's and Co-Chair's call for accelerated cooperation and greater commitment among the GMS countries to address the enormous challenges in the pursuit of GMS economic corridor development. They noted the significance of ECF-2, which will shape the future of the ECF as the main vehicle for promoting the development of GMS economic corridors. They observed that the ECF could draw from lessons and experiences of other forums such as the ASEAN, to ensure effective and efficient interaction under the ECF. They also stressed the critical role that will be played by the local governments and the private sector in the ECF, to foster synergies between and among

economic corridor stakeholders, and ensure the success of the initiatives under the ECF. The heads of delegations all expressed support for the preparations for the GMS Economic Corridors (EC) Fair and the ECF-2.

## II. Preparations for the GMS Economic Corridors Fair

4. The Chair explained that the GMS Economic Corridors (EC) Fair is aimed to enhance awareness of trade and investment opportunities along the corridors. This will be held in conjunction with the Kunming Trade Fair, held annually by the Yunnan Provincial Government.

5. Mr. Li Jiming, Deputy Director General, Department of Commerce, Yunnan Province, PRC, presented the theme for the fair, which is “Increasing Trade Flows through GMS Economic Corridors Logistics Development”, to be held on 6-8 June 2009 at the Kunming International Exhibition and Convention Center. He said that the GMS EC Fair would act as warm up activity for ECF-2. He explained that the GMS EC Fair will have a main event – the Opening Ceremony – and five component events, namely: (i) GMS Logistics Cooperation High Level Symposium; (ii) Cocktail Reception; (iii) GMS Charming Cities and Image Ambassadors Demonstration; (iv) Symposium of GMS Chambers of Commerce; and (v) Promotion of GMS Cross-Border Economic Zones. A press conference will be held at the end of the GMS EC Fair. He explained the proposal for “informatization construction in the GMS” which will serve as the comprehensive information platform and advertising medium in the GMS. He outlined the required inputs from ADB and the other GMS countries, which are technical and financial support, and ensuring participation of appropriate senior officials, respectively.

6. On the GMS Logistics Cooperation High Level Symposium, Mr. Verbiest, ADB, explained: (i) the rationale and general idea/plan for the Symposium; (ii) the format of the Forum, consisting of three distinct parts (open public, closed, and panel sessions); and (iii) the parallel booth exhibition by the GMS Business Forum (GMS BF) and logistics providers/ firms for possible networking. He presented the proposed representation on the part of GMS governments and the roles of ADB and the Department of Commerce of Yunnan Province, PRC. The concept paper and program for the Symposium, as presented, is in **Appendix 3**.

7. PRC representative clarified that participation to the GMS EC Fair will be along three levels: technical staff; the private sector; and GMS government representatives. The GMS Logistics Cooperation High Level Symposium would serve as a dialogue between governments and private sector logistics operators to bring up issues directly to officials responsible for cross-border transport facilitation. The Symposium may come up with specific recommendations for the consideration of the 15<sup>th</sup> GMS Ministerial Conference. The planned website to promote e-commerce in the GMS would be an important vehicle for business matching through the electronic media.

8. **Discussion.** The participants’ comments/ views on the presentations were as follows:

- a. *On the title of the GMS Logistics Cooperation High Level Symposium.* Cambodian representative felt that the word “symposium” could indicate a grand event with a huge number of participants. PRC clarified however that ‘symposium’ was used to differentiate it from the word “forum” in the ECF-2 to be held later in 2009. The GMS Business Forum suggested that a short explanatory note below the title could be prepared to clarify the idea behind the symposium.

- b. *Structure of the country delegations.* Vietnamese representative proposed that this should be made clear to guide the countries in nominating delegation members. PRC representative clarified that the desired level of participation in the GMS EC Fair would be Director General and above, but there could be some flexibility on this. Lao PDR said it would be guided by the topics in the symposium as basis for nominating participants.
- c. *Topics for the Logistics Symposium.* The Chair and Co-Chair both stressed the need to identify key issues related to GMS logistics development, and to come up with for a forward looking agenda of possible solutions. Mr. Verbiest mentioned that under ADB TA 6450 (Enhancing Transport and Trade Facilitation in the GMS), a gaps analysis and strategy and action plan for logistics development are being formulated, which will serve as inputs to the Symposium. It was stressed that the GMS EC Fair should create the interest for the private sector to attend.
- d. *The usefulness of the website and responsibility for updating country information.* The GMS-BF noted that the website, as well as meetings attended by the private sector, would be useful in updating the private sector of recent developments in the GMS business environment. Vietnamese representative stressed the need to pinpoint responsibility for updating country information, to ensure this is undertaken regularly. PRC representative said that to gradually build interest in the website, PRC will pilot test a special channel for tourism information in the Chinese language. Myanmar noted that English could be used for broader reach. He further explained that the use of Chinese for the pilot is being done to reach a wider audience in China.

9. The task force gave broad support to the proposed arrangements for the GMS EC Fair. The host country and ADB will circulate detailed information shortly in order to guide the countries on the level and size of each delegation, the expectations from each, and the benefits from participation in the GMS EC Fair.

### **III. Proposed Agenda Items and Preparations for ECF-2**

10. Mr. Filologo Pante, ADB Consultant, presented the proposed agenda for ECF-2 and the timetable of preparations, which were circulated to the meeting participants. He stressed the special significance of the ECF-2, being the first after the ECF's inauguration in June 2008, and one in which the participation of governors will be institutionalized. He said the ECF-2 will provide the opportunity to focus on the Southern Economic Corridor (SEC) and discuss links among SEC, the East-West Economic Corridor (EWEC) and the North-South Economic Corridor (NSEC). He presented the proposed schedule, format, program and agenda for the ECF-2. He gave an overview of the proposed theme ("GMS Economic Corridors: Pathways to an Integrated, Harmonious and Prosperous Subregion"), objectives, expected outcomes, participants and proposed schedule of the meeting.

11. H. E. Sok Chenda, Chair of the Session on Preparations for ECF-2 emphasized the importance of the Governors' Forum as an important mechanism under the ECF that will ensure local participation in economic corridor development. He requested the TF members' guidance, comments and suggestions to ensure the success of the event. The comments were as follows:

- a. *On the participation of Governors in various ECF meetings.* Vietnamese representative commented that only Governors whose areas are within the featured corridor may be invited. The Chair noted however that some issues are common to all corridors and that a Governor from say, the NSEC may wish to participate in discussions on the SEC. The

GMS BF felt that Governors of all three corridors may be invited to integrate them more fully into the corridor development process. He advocated a “spider” versus a “snake” approach in bringing about an integration of the three corridors. Mr. Pante said the ECF provides the opportunity to discuss the links between the SEC, NSEC, and EWEC, the issues common to all three, as well as issues unique to each.

- b. *On the proposed program and agenda and their content.* The TF members generally supported the proposed program and agenda. The TF members agreed that an overview session would be useful to bring the Governors up to speed on GMS economic corridor development. Lao PDR proposed that assistance be given to the provinces to make their presentations more substantive, especially in terms of alignment of the provincial strategies and action plans with national plans. The GMS-BF was pleased with the ECF-2 agenda item on addressing social and environmental concerns, which would address civil society concerns and promote the community objective.
- c. *Ministers who will form part of country delegations.* The Chair noted that some flexibility may be adopted as to the ministries to be represented in country delegations. He said for example that if the ECF’s focus is on transport, then the GMS minister may be joined by the transport minister. Mr. Pante clarified that the terms of reference of the ECF provides flexibility on which minister should attend the ECF.
- d. *How to make the ECF interesting to private sector participants and providing translation services.* The Chair proposed that in addition to freight forwarders and insurers, chambers of commerce should be invited as well. He said that the discussions should be interactive but private representatives may face translation problems. Mr. Pante responded that simultaneous translation services will be arranged for the ECF-2.
- e. *On topics of interest to the ECF participants.* The PRC representative stressed the need to make topics interesting, and selecting broad topics may not be of interest to Governors who are generally concerned with narrow local issues. The Chair noted that some Governors are familiar with cross-border issues but they are not a homogenous group so the key is to find their common interests. The Chair suggested that the ECF-2 include a presentation of experience in economic corridor development elsewhere in the world. ADB explained that a study on this is under way as part of TA 6310. The Co-Chair agreed and said ADB will help identify topics and speakers who could share real life experiences.
- f. *On shortening the ECF from 2.5 to 2 days.* Given the busy schedules of high level ECF participants, it was agreed to shorten the ECF to two days.

12. Taking into consideration the comments received from the Task Force, a revised agenda for ECF-2 was presented, and is attached as **Appendix 4**. It was agreed that the ECF-2 will be held for two days, tentatively on 16-17 September 2009, the first day being the Governors Forum and the second day the ECF-2. For the Governors Forum the main agenda items will: (i) Overview of Economic Corridor Development; and (ii) Strategies and Action Plans (SAPs) for Economic Corridor Development. The latter will include discussion of the roles of local governments in the implementation of the SAPs. For ECF-2, the agenda was restructured to make it more results-oriented with the sessions focusing on the strategies and action plans for the SEC, EWEC, and NSEC. It will also include reports of the GMS Economic Corridors Fair and the Governors Forum.

13. The GMS BF representative proposed that there be opportunity for dialogue between the Governors and the private sector on the various SAPs. Mr. Pante pointed out that each SAP session includes an agenda item “approaches and priorities for local government issues” under which there will be an item on the role of the private sector. He explained that the Governors will also be expected to attend the main ECF-2 on the second day.

14. The meeting reached broad agreement on the revised ECF-2 agenda and program. The Chair pointed out the short time left to prepare for the GMS EC Fair in June 2009 and encouraged that information be sent out early enough to the prospective private sector participants to enable them to plan their participation. The country delegations were requested to refer the agreements of the meeting to their respective superiors for confirmation. They were further requested to submit their additional comments on the agreed arrangements for the GMS EC Fair and ECF-2, on or before 26 March 2009.

## **12 March 2009 (Thursday)**

### **Special Senior Officials' Meeting for the 15<sup>th</sup> GMS Ministerial Conference**

#### **I. Introduction and Opening Session**

15. The Special SOM on the 15<sup>th</sup> GMS Ministerial Conference (MC) was held on 11-12 March 2009 in Kunming, PRC. It was attended by representatives of Cambodia, the PRC, Lao PDR, Myanmar, Thailand, and Viet Nam, and ADB staff. The objective of the Special SOM was to: (i) review the proposed program and agenda of the 15<sup>th</sup> GMS MC; (ii) discuss and agree on the topics for the Ministerial Retreat; (iii) review the progress of key deliverables for the 15<sup>th</sup> GMS MC; and (iv) to provide guidance in the formulation of the Joint Ministerial Statement. (The Special SOM agenda is in **Appendix 2**.) Mr. Arkhom Termpittayapaisith, Deputy Secretary General, National Economic and Social Development Board (NESDB), GMS National Coordinator, Kingdom of Thailand, chaired the Special SOM while Mr. Arjun Thapan, ADB, co-chaired the meeting.

16. Mr. Arkhom informed the meeting of the key progress made for the preparation for the 15<sup>th</sup> GMS Ministerial Conference as follows:

- a. Dates are 17-19 June 2009;
- b. Venue is Le Meridien Hotel, Chiang Mai;
- c. Cabinet has endorsed Thailand's hosting of the meeting, and appointed H.E. Veerachai Verametheekul, Minister attached to the Prime Minister's Office, as GMS Minister for Thailand; and
- d. NESDB is now coordinating with ADB and Chiang Mai Province to prepare the necessary arrangements.

#### **II. Proposed Program and Agenda for the 15<sup>th</sup> GMS Ministerial Conference**

17. Mr. Arkhom informed that Thailand and ADB had discussed and agreed on the proposed draft agenda for the Ministerial Meeting. The features of the draft agenda are as follows:

- a. Overall agenda is for three days: The first and second day will follow the traditional SOM and Development Partners Meeting (DPM). On the third day the Ministerial Meeting will have a “retreat session” for the first time;
- b. The SOM will review the updated status of the Vientiane Plan of Action (VPOA), discuss and endorse the deliverables and finalize the Joint Ministerial Statement (JMS);
- c. The DPM will discuss the VPOA and deliverables which will be presented by the country representatives. Some DPs will be invited to take the lead in providing comments in some sessions.
- d. The Ministerial Meeting and Retreat: Its components include: (i) morning session consisting of the photo session and opening session, followed by the SOM and DPM reports, then statements by the DPs, and finally closing of the session by the Chair; (ii) the Phnom Penh Plan Top Development Management Program for lunch; and (iii) afternoon session consisting of the Retreat, adoption of the Joint Ministerial Statement (JMS), other events and the press conference. The Retreat will be a 2 hour 15 minute session where the Chair will introduce the topic followed by open discussion.

18. Mr. J.P. Verbiest, ADB, informed of the meeting on the Open Operation of Exchange of CBTA Traffic Rights along the EWEC held in Dalat, Viet Nam on 25-26 February, where Lao PDR, Thailand and Viet Nam agreed to commence the exchange of traffic rights among them commencing in June 2009. The plan is for the GMS Ministerial Meeting to witness the opening ceremony for the transport operation in the three countries. Live broadcasting by the three countries’ television stations will include a 10-minute feature film on CBTA implementation at four borders along the EWEC, and five minutes for each country’s opening ceremony.

19. The meeting’s comments and agreements on the proposed program and agenda are as follows:

- a. *On the exchange of CBTA traffic rights along the EWEC.* The Chair stressed that the live airing of the ceremonies could not be too long and that the timing should be precise given the high cost of air time. One option would be to videotape the ceremonies which could be replayed at the Ministerial Meeting. The GMS BF suggested that the authorities consider complementing the exchange of traffic rights with a workable customs transit system to optimize traffic rights exchanges.
- b. *On the Conclusion of the GMS MM at the end of the morning session of the third day.* The meeting discussed whether it was appropriate to close the meeting while the Ministerial Retreat has yet to take place. The compromise agreed upon was to keep the Chair’s Summary at the end of morning session, and add a session “Conclusion of the GMS MM” at the end of the afternoon meeting, after consideration of the JMS. The meeting stressed however that the Ministerial Retreat will remain a closed session to provide the right atmosphere for frank exchange of views among Ministers. (The revised agenda and program is in **Appendix 5**).
- c. *On the assignment of country presenters for the SOM and DPM sessions.* Thai representative proposed that the presentation on HRD be made by Cambodia for both SOM and DPM since it pioneered the Phnom Penh Plan for Development Management (PPP) program. PRC representative agreed to give up this role and will focus on its NSEC presentation. Myanmar representative felt that its representative would be more familiar with the Energy Road Map (assigned to Lao PDR) than the EWEC assigned to

Myanmar. The meeting noted that Myanmar and Lao PDR will discuss bilaterally the possible switch in roles, and inform the Secretariat of their decision as soon as possible.

- d. *On the GMS BF report.* It was agreed that the GMS BF will report on its work in trade and transport facilitation during Session 4 of the SOM (GMS Transport and Trade Facilitation).
- e. *Provision of guidance on Session 3: Deliverables for the 15<sup>th</sup> GMS MC.* Lao PDR suggested that the Secretariat clarify the issues under each deliverable, and whether the items in this session would need endorsement or guidance of GMS Ministers, or will be presented only for the Ministers' information. The Co-Chair said that ADB will prepare the necessary reference materials to guide GMS senior officials in their briefings with their respective Ministers.

### **III. Options and Suggested Topics for the Ministerial Retreat**

20. The Chair reiterated that the Retreat format was adopted to give the opportunity for Ministers to focus on significant GMS issues in a less formal and more interactive way. The Co-Chair then provided the proposed topics and their relevance and impact on the future thrusts/strategies of the GMS Program. The Co-Chair noted that the time allotted for the retreat would allow discussion of only two topics:

- a. Expediting the implementation of the CBTA and key transport and trade facilitation measures; and
- b. The new 10-year GMS Strategic Framework, which will get the Minister's to think creatively about the future of the GMS Program. Resource persons from regional programs in other parts of Asia may be invited to help the Ministers understand how similar programs in other parts of the world are carrying on, especially under the current global economic environment.

21. The SOM members' comments and agreements on the proposed topics are as follows:

- a. *On responding to the current global financial crisis.* Cambodian representative stressed the importance of discussing possible GMS responses to the crisis. The Co-Chair explained that this would be the focus of the PPP Top Development Management Program at lunch of the third day.
- b. *On the CBTA topic.* Vietnamese representative suggested that reference material on key CBTA issues be prepared to guide the Ministers in their discussions. The Co-Chair explained that the findings of an ongoing diagnostics study on the CBTA may be condensed in a short background paper, which could prompt the discussions and generate key ideas from the Ministers.
- c. *On the new GMS Strategy.* The Co-Chair noted that for the second topic, 3-4 pointers on the possible elements of the new strategy could be provided to the Ministers, without being prescriptive or specific. Lao PDR representative said the discussions could be an opportunity to think about integrating some GMS activities with the related ASEAN initiatives. The Chair stressed that the crisis requires that the GMS countries act more cohesively to ensure their respective economies remain open. It was agreed that ADB

will prepare details under the second topic which the SOM members could look into for their briefings with their respective Ministers.

22. The revised list of topics is in **Appendix 6**.

#### **IV. Deliverables for the 15<sup>th</sup> GMS Ministerial Conference**

23. The Chair informed that key deliverables are planned to be endorsed or reported to the GMS Ministerial Conference. Mr. Thapan explained that stock-taking of the progress of key deliverables to be highlighted at the 15<sup>th</sup> GMS MC will help identify and resolve early on, some issues which might impede their timely delivery at the Conference. Mr. David Green, ADB, first gave a brief on the proposed reorientation of GMS cooperation on investment, focusing on the need to refocus work in this area, the proposed scope of work of the Investment Working Group (IWG), and the possible activities. The latter could include broad stock taking studies and development of instruments to promote cross-border investments (CBI) and border area investments (BAI). He explained the relationship among the IWG, the ECF and the GMS-BF.

24. The meeting generally supported the proposal to reorient GMS investment cooperation. However, there were extensive discussions on how to make the approaches more responsive to the countries' needs. Among the various points raised are the following:

- a. GMS BF stressed the need to create financing and credit guaranty mechanisms to facilitate transactions at the border. This can be complemented by risk management support to promote the development of small and medium enterprises (SMEs).
- b. Lao PDR representative said there are lessons to be learned from current contract farming arrangements between Thailand and Lao PDR; this involves a 2 plus 3 formula, wherein Lao PDR provides land and labor, while the Thai firm (CP Group) provides technology, capital and the market for produce. A variation of this, which Lao PDR is exploring with other GMS members, is the 2 plus 4 formula, where the provider of technology, capital and market also develops the infrastructure to facilitate transport of produce.
- c. ADB representative clarified that "business development institutions" are those which assist enterprises with the know-how (technology, markets, etc.) to survive, going beyond meeting financing needs. GMS BF noted that such assistance is the essence of risk management support.
- d. Representatives of Cambodia and Thailand noted that findings of several studies could be revisited to come up with more effective and practical support to border firms, as long as their problems are properly diagnosed in terms of needed capital, markets, technology and the like.
- e. ADB representative (Y. Zhang) informed that it is developing technical assistance to support Cross-Border Economic Zones, which will involve support for development of master plans and sector investment plans, studies to improve enterprises' access to financing, and support for public-private sector dialogues.
- f. The meeting recognized that more work is needed to firm up the work program of the IWG, and requested ADB assistance in developing effective and focused approaches for the IWG.

25. Mr. Ronnie Butiong, ADB, called attention to the matrix of deliverables which shows the status of planned deliverables, and possible issues and needed SOM actions to ensure these items are ready by the 15<sup>th</sup> GMS MC. He invited the SOM members' views on the deliverables and their pending issues and proposed actions. The meeting reiterated its request for ADB to prepare the necessary reference materials for the guidance of senior officials in briefing their respective Ministers.

## V. Consideration of the Outline of the Joint Ministerial Statement (JMS)

26. The Chair requested Mr. Butiong to present the proposed outline of the JMS. Mr. Butiong noted that the outline consists of four parts, namely: (i) the preamble referring to the ongoing crisis; (ii) the progress of the VPOA, basically sectoral achievements; (iii) priorities for 2010-2012, focusing on the CBTA, transformation of transport into economic corridors, and climate change and related environmental issues; and (iv) conclusion.

27. Among the SOM members' comments and suggestions on the JMS were as follows:

- a. On development partnerships. The Co-Chair suggested that the JMS include a call by the GMS governments for expanded partnerships in the GMS Program. This will suggest strong GMS ownership of the projects that will need development partners' support.
- b. On climate change. PRC representative suggested taking out reference to climate change in the JMS, as this is more appropriately tackled in other international frameworks. The meeting agreed to revise the wording according to the Third Joint Summit Declaration.

28. The revised outline of the JMS is in **Appendix 7**. The Chair informed that the full JMS will be drafted by the ADB GMS Secretariat and circulated to countries by mid-April 2009.

## VIII. Closing Session

29. The Chair noted the fruitful discussions that took place and the good suggestions on how to proceed with the preparations for the ministerial meeting. He stressed that the countries could commence some of the work that needed to be done, and encouraged everyone to work hard for the success of the 15<sup>th</sup> GMS MC.

30. The Co-Chair said the stage has been set for the 15<sup>th</sup> GMS MC and since it is being held amid difficult economic times, it would be good for the conference to take stock of where the GMS Program is headed, which should guide in formulating the next GMS strategy.

31. The Chair and Co-Chair informed the meeting that Mr. David Green will be retiring shortly, and he extended, on behalf of the SOM, his sincere appreciation for Mr. Green's service to the GMS Program. The Chair and Co-Chair expressed their appreciation to the Government of PRC and ADB for the excellent organization of the meeting.

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