REGIONAL COOPERATION AND INTEGRATION

1. The Asian Development Bank (ADB)'s Strategy 2030 recognizes regional cooperation and integration (RCI) as a strategic operational priority to enhance connectivity and competitiveness, promote regional public goods, strengthen cooperation in the finance sector, and strengthen subregional initiatives.[1] The rapid spread of the coronavirus disease (COVID-19) into a global pandemic highlights the need to adopt cross-border cooperation to curb its infection rate. Cross-border cooperation is also required to address the immediate economic and social impacts, plan a safe return to economic activity, and mitigate against future waves of the pandemic. Thailand is a regional economic hub and plays a leading role in several regional groupings making ADB's partnership with Thailand important for wider regional economic recovery.

I. REGIONAL ECONOMIC SPILLOVERS

2. Thailand's economy has been particularly hard hit by COVID-19. Overall, the Bank of Thailand estimates a contraction in gross domestic product of 5.3% in 2020, while the International Monetary Fund estimates a contraction of 6.7%. This makes Thailand the worst-hit economy in the Association of Southeast Asian Nations (ASEAN) region. Because of Thailand's strong regional economic integration in terms of trade, investment and labor, it is expected that the economic contraction in Thailand will have significant impacts on other countries in Asia Pacific, particularly members of the Greater Mekong Subregion (GMS).

A. Migrant Workers and Remittances

3. Thailand has a large population of migrant workers (4–5 million) from Cambodia, the Lao People's Democratic Republic (Lao PDR), and Myanmar who make up over 10% of Thai labor force and are predominantly employed in low-income, manual labor jobs. Migrant workers are particularly vulnerable to unemployment and economic contraction which will result in a large reduction in the estimated $2.8 billion yearly remittances to Thailand's neighboring countries.[2] Cambodia, the Lao PDR and Myanmar all receive more than 50% of their total remittance inflows from Thailand.[3] Furthermore, the value of remittances could be underestimated given the challenge of capturing informal flows. Large numbers of non-Thai workers have either lost all sources of income or suffered a reduction in daily income due to COVID-19. Thailand's borders are porous with a large percent of migrants entering Thailand through irregular channels. Towns and economic zones at the border are inhabited by large numbers of workers who cross the borders on a regular basis. Recent months have witnessed the exodus of thousands of Cambodian, Lao, and Myanmar migrant workers from Thailand, following business shutdowns and tightening of migration procedures. When borders re-open, there is potential for a further large-scale return to home communities. The return of migrant workers to their home countries will likely cause similar issues in these countries. It will burden the disease surveillance systems, and they will be unlikely to find work thereby adding to the number of unemployed and generally regressing the region's economic and social development.

B. Trade in Goods and Services

4. Because of Thailand's integration into regional value chains, it is expected that this will have significant negative spillovers to other countries in the region. Thailand has strong regional value chains for agricultural products, electronics, automobiles and petro-chemical

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[1] ADB. 2018. *Strategy 2030: Achieving a Prosperous, Inclusive, Resilient, and Sustainable Asia and the Pacific*. Manila.

[2] International Organization for Migration. 2019. *Thai migration report 2019*. Bangkok.

[3] ADB calculations using bilateral remittance data from Global Knowledge Partnership on Migration and Development (KNOMAD) database, accessed as of December 2019.

products. Thailand also provides transport and logistics services in the region and is a major source market for regional tourism. Disruptions to these supply chains will have knock on effects on other countries. A prime example of this is the severe disruption to the automotive supply chain affecting nations such as Japan following the Thai flood in 2011.

5. The global impact of Thailand's economic contraction is estimated to be around $6 billion with $785 million of that being felt by countries in ASEAN (excluding Myanmar). This figure takes account of the impacts of reduced domestic production in Thailand and weaker demand for its export goods and services. This does not capture impacts from exchange rates, higher trade costs, and impaired labor mobility, as well as mitigation measures such as fiscal and monetary stimulus. In absolute terms, the highest impact would be in Japan, the People's Republic of China (PRC), and the United States. In relation to the size of their gross domestic product, Brunei Darussalam, Cambodia, and the Lao PDR would be most affected.[4]

6. The table shows the projected decrease in exports in Thailand's major activities linked to regional value chains. It estimates a decline of $43.8 billion in 2020 which accounts for about 18% of total exports in 2019. Tourism will be most affected in terms of total value of decrease in exports and in percentage decrease. The second greatest percentage decrease in exports will be in agriculture and agro-food products. Electronics and electrical products are expected to be the second highest impacted sector in total value.[5]

Expected decrease in exports of affected activities
($ million)

Affected export activities	Expected decrease in exports *(%)*	Decrease in exports ($ million)
Agriculture and agro-food products	-11.2	1,800.06
Electronics and electrical products	-6.9	4,007.54
Automotive	-6.5	1,728.14
Petro-chemical products	-6.4	830.18
Tourism	-54.3	35,426.41
Total	13	43,792.33

Note: Decrease in exports is calculated using the most recent available data for Thailand (2019).
Source: ADB calculations using export data sourced from Bank of Thailand.

7. Thailand is a major food and rice exporter within the region.[6] In March 2020, Thailand's food exports fell by 21.9%, year-on-year with rice exports falling 25% year on year. These disruptions in the food supply chain have contributed to food price inflation in other countries. The retail price of rice between January and April is 10–20% higher in some South and Southeast countries (e.g. India, the Lao PDR, Pakistan, and Sri Lanka) compared to the same months in the previous year.[7] This will have a significant impact on food security for populations in those countries, particularly the most vulnerable.

8. Thailand also plays an important role in the global production of medical gloves which comply with the World Health Organization (WHO) standards. Indonesia, Malaysia, and

4 This estimation is based on a Multiregional Input-Output mixed-method model. The validity of the figures is reliant on the estimated impact on exports which will depend on the duration of the lockdown.
5 Estimations calculated as part of ADB's Asian Development Outlook (March 2020). They are based on 5 year moving averages for Thai export structure and foreign exchange elasticities by product, baseline assumptions on trading partners demand and assumptions on shocks relating to reduction in foreign visitors and key supply chains. ADB. 2020. *Asian Development Outlook (ADO) 2020: What Drives Innovation in Asia?*. Manila.
6 Thailand was the second largest source of rice imports into ASEAN in 2019 behind Viet Nam. International Trade Centre. (accessed 30 April 2020).
7 Food and Agriculture Organization of the United Nations.. Agriculture Market Information System (accessed 30 April 2020).

Thailand have the greatest production capacities for gloves globally. Export bans put in place by countries around the globe on essential medical equipment is causing a major bottleneck in providing these essential goods.[8]

9. Land border trade represents a significant portion of international trade among Cambodia, the Lao PDR, Myanmar and Viet Nam (CLMV) countries. Land border trade represents more than 95% of total trade between Thailand and the Lao PDR. Closure of national borders and checkpoints during the COVID-19 pandemic to prevent spread of the disease have inevitably weakened trade with neighboring countries. It was observed that spending by people and entrepreneurs from neighboring countries at all border checkpoints combined has reduced by at least$31.7 million per day. As a result, Thailand's border-trade and cross-border exports to neighboring countries contracted 8.6% year on year during the first 2 months of 2020. It is expected that Thailand's border-trade and cross-border shipments will continue to shrink by 12.8% to $25.5 billion.[9]

10. Thailand is also a regional hub for tourism, both for international visitors to Southeast Asia and as a major origin market for neighboring countries. Thailand receives 51% of international visitors coming to the GMS. Many of the visitors to Thailand will visit other countries in the region with up to 30% of long-haul market visits estimated to visit multiple countries in the GMS.[10] While it is hard to predict, an early recovery of the tourism industry in Thailand may be influential in boosting demand for other countries in the GMS. A survey of tourists from PRC on their intended travel plans following COVID-19 puts Thailand as the second most preferred international destination.[11]

11. Thai people are also a major source of tourists within the region. It is the 4th largest source market for tourists in the GMS with nearly 3 million travelling in 2018. It is also the main source market for the Lao PDR and Myanmar. In 2018, Thai people comprised 49% of total international visitor arrivals to Myanmar and 47% to the Lao PDR.[12] The Pacific Asia Travel Association predicts that intraregional tourism may recover faster than long-haul international tourism. This would mean that economic recovery in Thailand could spur Thai people to travel in the region, and therefore, boost the region’s tourism industries. Evidence suggests that tourism is important for poverty alleviation with a 1% increase in visitor arrivals associated with a 0.12% reduction in the number of poor people in a destination.[13]

C. Investment

12. Thailand is also an important investor in CLMV, highlighting that the current economic and investment climate in Thailand (and around the world) could therefore have repercussions for its neighbors.

13. Thai net foreign direct investment (FDI) in CLMV has been increasing since 2007, reaching $1.9 billion in 2019, or equivalent to almost 30% of Thai net FDI globally.[14] This clearly demonstrates a significant level of economic interconnectedness between Thailand

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[8] ADB. 2020. *Global Shortage of Personal Protective Equipment amid COVID-19: Supply Chains, Bottlenecks, and Policy Implications.* Manila.

[9] Kasikorn Research. 2020. *COVID-19 Pandemic in Neighboring Countries to Cause 2020 Border and Cross-Border Trade to Shrink 12.8% (Current Issue No.3098)*. Bangkok.

[10] Mekong Tourism Coordinating Office. 2017. *Greater Mekong Subregion Tourism Sector Strategy 2016-2025*. Bangkok.

[11] Ivy Alliance Tourism Consulting, China Comfort Travel Group and the Pacific Asia Travel Association. 2020. *Survey Report on Chinese Tourists’ Travel Intent After the End of COVID-19 Epidemic*.

[12] ADB calculations using data from United Nations World Tourism Organization’s Tourism Satellite Accounts.

[13] Asia-Pacific Economic Cooperation. 2016. Tourist Arrivals and Inclusive Growth. Singapore

[14] ADB Calculations using data from Bank of Thailand.

and CLMV countries, as Thai companies relocate production in search of lower labor costs mainly through global value chain-linked greenfield investments in the region.

14. In 2019, the largest share of Thai FDI in CLMV went to Viet Nam which received \$1.1 billion, followed by Myanmar (\$420 million), and the Lao PDR (\$344 million). Sectoral allocation of Thailand's committed greenfield investment into GMS countries shows the most attractive sectors were hotels and tourism, transport and warehousing, food and beverages, and electronic components.[15] Thus, deteriorating conditions in the Thai economy could adversely affect the engagement of Thai companies operating in CLMV. Based on data from January–March 2020, committed greenfield investments were 33% lower compared to the average three-month period in 2019.

15. According to the Stock Exchange of Thailand, 155 listed companies have economic exposure to CLMV. Out of these companies, 33 large cap companies, with a combined market capitalization of more than \$95.2 billion, or about 25% of Stock Exchange of Thailand's total market capitalization, are generating at least 10% of their annual revenues from CLMV.

16. Furthermore, Thailand is an important portfolio investor in the Lao PDR, holding more than 99% of the government bonds issued in Thailand. Questions remain whether the massive borrowings by the Thai government to finance fiscal stimulus packages would affect domestic liquidity conditions, and whether foreign issuers, especially the Government of the Lao PDR would be able to roll over its existing bonds that will mature in 2020 and 2021, totaling \$361.9 million.

17. Thailand also plays an important role through its investment in infrastructure projects. During 2015–2020, Thailand, through the Neighboring Countries Economic Development Cooperation Agency, has supported nine infrastructure projects in Cambodia, the Lao PDR and Myanmar, amounting to \$317.5 million. The Thailand International Cooperation Agency has several ongoing infrastructure projects to upgrade hospitals in the Lao PDR and Myanmar. Several bilateral infrastructure investments between Thailand and Cambodia, Lao PDR, and Myanmar to improve cross-border connectivity have been carried out in recent years. Thailand's economic crisis and the immediate need to relieve the financial burden on the poor and the vulnerable could divert public spending away from critical infrastructure projects such as regional highways, airports, and seaports or climate resilient projects in agriculture. This would have a detrimental effect on post-COVID-19 economic recovery and long-term economic growth and development in the region.

II. GOVERNMENT RESPONSE TO COVID-19

18. The relief packages totaling B2.3 trillion launched by the Government of Thailand to stimulate the economy and address the health situation will help to mitigate the negative economic spillovers. Reduced impacts on domestic unemployment and a quicker recovery of domestic production will benefit Thailand's regional partners. Its support for the health sector, businesses and trade, and the financial sector will also directly cushion negative impacts.

19. Migrant workers registered under the Social Security Fund are entitled to unemployment benefits; and all migrant workers, regardless of their legal status, are eligible for free COVID-19 testing and treatment in public hospitals. For migrant workers not covered under the social security system, the government has allocated \$8.6 billion for cash handouts to 16 million informal workers including migrants, contractors and freelancers for 3 months.[16]

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[15] ADB calculations using data from the Ginal Times, FDI Markets.

[16] International Organization for Migration. 2020. *Tips for Migrant Workers whose Job is Affected by the COVID-19 Pandemic*. Bangkok. Employees (including migrant workers) of businesses which closed or are suspended during the applicable period are entitled to 50% of the basic salary, up to an amount not exceeding B7,500 per

20. The government has also introduced several tax incentives and a soft loan program worth $4.8 billion for businesses. The central bank also provides soft loans worth $15.9 billion for small and medium enterprises. A dedicated $317.5 million of this will be reserved for tourism-related businesses. Furthermore, the government has dedicated $12.7 billion for economic and social recovery projects[17] which will include enhancing the capacity of business to trade and support tourism and other services.

III. REGIONAL COOPERATION AND ADB VALUE ADDITION

21. Thailand is a founding member of the ASEAN, GMS and Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). Thailand is an economic hub within Southeast Asia and it also plays a leading role in supporting regional cooperation in Southeast Asia and between South Asia and Southeast Asia. As an upper middle-income country Thailand is well positioned to promote cross thematic and cross sectoral RCI activities such as integrating strong health components into regional cooperation in transport and demonstrating new ways to work with the private sector. This means Thailand will play a critical role in leading innovation in regional cooperation and integration. ADB's support to Thailand's economic and social recovery is part of a wider partnership that will seek to support Thailand's role as a hub in Southeast Asia and linking Southeast Asia with South Asia.

22. Thailand is a founding member of the ASEAN and has been strongly working with other member states towards ASEAN integration through its economic, socio-cultural and political-security blueprints in line with the ASEAN Charter. Under its chairmanship in 2019, Thailand launched seven ASEAN Centres in Thailand to foster dialogue, studies, information sharing and capacity enhancement in the areas of sustainable development, aging, innovation, social welfare, emergency logistics among others, aimed at building a stronger community in ASEAN.[18] Domiciled in Thailand, these centres demonstrate Thailand's leadership in generating new ideas and insights on critical issues confronting the region while emphasizing partnerships.

23. Thailand is committed to responding to the impacts of COVID-19 through regional collaboration. As a member of the ASEAN, Thailand is committed to sharing knowledge on effective responses to COVID-19, maintaining essential cross-border supply chains and working coherently with external parties such as the WHO.[19]

24. Thailand is also a member of the GMS. GMS comprises Cambodia, Yunnan Province and Guangxi Zhuang Autonomous region in the PRC, the Lao PDR, Myanmar, Thailand, and Viet Nam. Since 1992, more than $20 billion in financing from ADB and other development partners has been channeled through the GMS Program, supporting RCI through sub-regional projects in agriculture, energy, environment, human resource development, information and

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month for a 6 month period. Employees (including migrant workers) who are dismissed during the applicable period due to issues related to COVID-19 are entitled to 75% of the basic salary, up to an amount not exceeding B10,500 per month for a 200 day period.

[17] To be financed by government funds and/or other development partners in fiscal year 2021.

[18] Seven ASEAN Centres in Thailand were launched during Thailand's ASEAN Chairmanship in 2019. These are the: (i) ASEAN Centre for Sustainable Development Studies and Dialogue (within the Centre for Research on Sustainable Leadership, College of Management of Mahidol University in Bangkok); (ii) ASEAN Centre for Active Ageing and Innovation (within the compound of the Ministry of Public Health in Nonthaburi Province); (iii) ASEAN Centre of Military Medicine (based in the Royal Thai Army Medical Department); (iv) Disaster Emergency Logistics System for ASEAN (a Satellite Warehouse in Chainat Province in central Thailand); (v) ASEAN-Japan Cybersecurity Capacity-Building Centre (managed by Thailand's Electronic Transactions Development Agency under the Ministry of Digital Economy and Society); (vi) ASEAN Training Centre for Social Work and Social Welfare (to be established in Bang Lamung District, Chonburi Province under the auspices of the Ministry of Social Development and Human Security); and (vii) ASEAN Cultural Centre (established in Bangkok under the Ministry of Culture).

[19] ASEAN. 2020. *Declaration of the Special ASEAN Summit on Coronavirus Disease 2019 (COVID-19).*

communication technology, tourism, transport, transport and trade facilitation, and urban development.[20]

25. Thailand has been a strong pillar of the GMS Program whose central secretariat is the ADB. During its chairmanship of the 5th GMS Summit of Leaders, Thailand advocated for countries' commitment to inclusive and sustainable development in the region, and since then, has continued to elevate the agenda in the discourse of regional cooperation. ADB is working with the GMS to develop a coordinated multi-sectoral strategy for responding to COVID-19 which will be integrated into the next GMS 2030 Strategy. Thailand will be a key partner in this initiative.

26. BIMSTEC, formed in Bangkok in 1997, is a regional organization comprising seven member states namely Bangladesh, Bhutan, India, Nepal, and Sri Lanka in South Asia; and Myanmar and Thailand in Southeast Asia, countries which are in the littoral and adjacent areas of the Bay of Bengal. The main objectives of BIMSTEC is to harness the shared and accelerated growth through cooperation in areas of common interests including transport, energy, trade, technology, tourism, agriculture, public health, environment, and climate change. Given its membership, BIMSTEC bridges South Asia and Southeast Asia and demonstrates the importance accorded to inter-regional cooperation. BIMSTEC has also served as a platform for intra-regional cooperation between SAARC[21] and ASEAN members. Thailand has been and continues to be a leading supporter of cooperation through BIMSTEC. In recent discussions with ADB the opportunity for increased partnership between ADB and Thailand for BIMSTEC and cooperation between Southeast and South Asia was underlined.

27. Thailand's vast experience in various regional frameworks highlights its vital role in enriching sub-regional dialogue, strengthening knowledge creation and exchange to facilitate collaboration in the region.

28. In April, ADB approved a $5 million technical assistance (PACER TA) to support policy advice for COVID-19 economic recovery in Southeast Asia.[22] Included in the outputs of this TA is a comprehensive paper examining the implications of COVID-19 for RCI and how regional cooperation and integration can be used for regional recovery and future resilience. The TA will support policy forums at regional level which may include ASEAN+3 events, ASEAN Finance Ministers Forums, Greater Mekong Subregion, Indonesia-Malaysia-Thailand Growth Triangle and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area ministerial meetings. Importantly, this TA will be used to monitor the impact of ADB's support to Thailand for COVID-19 economic and social recovery, particularly in relation to its role within the region's recovery.

A. Health Cooperation in the GMS

29. Enhanced connectivity between GMS countries has been a major driver of poverty reduction in the region, but increased border trade and cross-border population movement has associated risks which need to be addressed. In response to the potential for regional health threats, GMS countries have committed to the implementation of a regional health cooperation strategy.[23] The strategy outlines areas for health cooperation programming under three pillars: (i) health security as a regional public good; (ii) health impacts of connectivity

[20] ADB. 2012. *The Greater Mekong Subregion Economic Cooperation Program Strategic Framework 2012–2022.* Manila.

[21] The South Asian Association for Regional Cooperation (SAARC) is the regional intergovernmental organization and geopolitical union of states in South Asia. Its member states are Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

[22] ADB. 2020. *Regional: Policy Advice for COVID-19 Economic Recovery in Southeast Asia.* Manila.

[23] ADB. 2019. *Greater Mekong Subregion Health Cooperation Strategy 2019–2023*. Manila.

and mobility; and (iii) health workforce development. ADB support under each pillar plays a central role in tackling the regional threat posed by COVID-19.

30. Pillar 1 on health security as a regional public good prioritizes investments in national health system, strengthening to meet core capacity requirements under the International Health Regulations (2005)[24] for preparing and responding to public health threats. Current ADB investments under the Greater Mekong Subregion Health Security Project align with pillar 1, contributing to strengthened capacity for detection of, and response to, COVID-19 and other emerging disease threats in CLMV.[25] Thailand participates as a knowledge partner in subgroups under the GMS Working Group on Health Cooperation on laboratory quality, infection prevention and control, and surveillance, aligned with the project. Further RCI-linked support to pillar 1 is provided through the regional technical assistance Strengthening Regional Health Cooperation in the Greater Mekong Subregion, the scope of which was expanded in response to COVID-19 to support capacity building for One Health implementation amongst the six GMS members.[26] The project will further ensure harmonized and comparable data is collected by GMS countries to enable specific analysis of the impact of COVID-19 on RCI, with the objective of supporting joint initiatives for economic recovery.

31. Pillar 2 on health impacts of connectivity and mobility responds to health challenges arising from an increasingly interconnected GMS. Strengthening health systems in border areas, including border special economic zones, where migrant and mobile populations pass and reside is an entry point for support. Beyond border areas, extending access to essential health services for documented and undocumented migrants throughout the subregion is a priority focus as GMS countries strive to achieve universal health coverage. ADB support for pillar 2 includes the proposed Greater Mekong Subregion Healthy Border Special Economic Zones Project that will improve access to affordable health services for male and female migrant workers in and around selected special economic zones in Thailand's border areas with Cambodia, the Lao PDR and Myanmar.[27] The project investments cover health infrastructure, including for the prevention, detection and treatment of communicable diseases, and support for region-wide universal health coverage schemes that strengthen financing and delivery of migrant health services. ADB will work with Thailand so that corresponding improvements can take place on the border.

32. Pillar 3 on health workforce development seeks to build on the subregion's existing human resource capacity to address common health challenges. The ADB financed regional technical assistance Strengthening Regional Health Cooperation in the Greater Mekong Subregion includes support for a GMS Working Group on Health Cooperation, providing a platform for regional leadership and the stewardship of health cooperation initiatives, including for subregional response to COVID-19 (footnote 26).

B. Trade and Transport Facilitation

33. Thailand plays an important role in trade and transport facilitation in the region. It is a key driver of the ASEAN Economic Community and commitments under the GMS. On 10 March 2020, the ASEAN Economic Ministers pledged their commitment to keeping borders open. Similar pledges have been made under ASEAN and free trade agreements such as ASEAN-China Free Trade Area.[28]

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[24] WHO. *International Health Regulations*
[25] ADB. 2016. *Regional: Greater Mekong Subregion Health Security Project.* Manila.
[26] ADB. 2018. *Regional: Strengthening Regional Health Cooperation in the Greater Mekong Subregion.* Manila.
[27] ADB. Regional: Greater Mekong Subregion Healthy Border Special Economic Zones Project (forthcoming).
[28] Temporary permission has been granted for the use of photocopies of Form E's for custom clearance purposes for importers using duty privileges under ASEAN-China Free Trade Area to ease trade.

34. The GMS Program supports transport and trade facilitation across the whole subregion, primarily for implementation of the GMS Cross-Border Transport Facilitation Agreement (CBTA.). The CBTA provides a platform for information sharing amongst GMS members on border closures and openings in response to COVID-19 which is critical for reducing the economic impact of COVID-19. It can also support all members to adapt to a new normal during the pandemic and to strengthen resilience for the future. Thailand has been an active member of CBTA Joint Committee in recent years and has facilitated the launch of the "early-harvest" implementation of CBTA, by sharing its experience in implementing border procedures and providing capacity building support to its neighboring countries.

35. In the medium term, the GMS Program could support the GMS members to respond to COVID-19 in trade facilitation by scaling up current technical assistance or developing new assistance based on recent projects, Advancing Time Release Studies in Southeast Asia and Support for Implementing the Action Plan for Transport and Trade Facilitation in the Greater Mekong Subregion. Such actions could accelerate deployment and implementation of the GMS Road Transport Permit under CBTA, electronic customs clearance, and digital tracking through technologies such as blockchain, on-board mass, and RFID. Investments in border crossing infrastructure and adoption of common procedures (including health screening) can keep trade flows and supply chains moving smoothly across borders.

C. Economic Corridors

36. Thailand strongly subscribes to the economic corridor approach to strengthen connectivity, improve competitiveness, and build a sense of community in the GMS. Thailand's flagship Eastern Economic Corridor initiative carries strong regional implications given the strategic location of Thailand in the heart of a web of economic corridors and transport linkages. The Easter Economic Corridor is expected to stimulate more trade movements, tourism flows and investment streams. Thailand has established synergies between their national transport network projects with the development of GMS economic corridors, including for example the ADB-supported highway expansion projects in northeast Thailand that traverse the GMS East-West Economic Corridor and GMS Southern Economic Corridor. Collectively, these initiatives will offer more efficient links between Thailand and neighboring GMS countries facilitating trade, investments and tourism, and will help unleash development potential along corridor routes vital for regional integration and inclusive growth in the GMS.

37. Thailand is also well placed to demonstrate the effectiveness of economic corridors. Monitoring and evaluation of the ADB support will be done with the PACER TA and other relevant TAs from ADB. This will use innovative approaches, such as night light and big data to provide information on regional spillovers from economic corridors which will then feedback into regional policy dialogue.

D. Agriculture and Livestock

38. The GMS Working Group on Agriculture (WGA) and its work with the GMS governments, producer cooperatives, and contract farming arrangements to support agriculture and livestock producers play a role in COVID-19 response in ensuring safe and adequate food supply and trade across the subregion. Under the framework of the current GMS five-year strategy for agriculture, a primary focus has been on the promotion of safe and climate-friendly agriculture value chains. The WGA will continue to serve as a platform for policy dialogue among the GMS countries to align efforts in ensuring and maintaining food security during natural disasters such as drought or flooding or in health pandemics like COVID-19. The WGA can discuss any additional measures related to COVID-19 in its upcoming virtual working group meeting. As the Secretariat for the WGA, ADB facilitates this meeting. ADB is also currently administering a regional technical assistance on GMS

Sustainable Agriculture and Food Security which will support GMS as a leading supplier of safe and climate-friendly agri-food products.[29]

E. Tourism Cooperation

39. Subregional tourism cooperation is led by the GMS Tourism Working Group and the Mekong Tourism Coordinating Office (MTCO). The MTCO is hosted by Thailand under its Ministry of Tourism and Sports, and it serves as the secretariat of GMS cooperation for sustainable and inclusive tourism. The MTCO can serve as a facilitator for the initial response and mitigation and longer-term economic recovery from the COVID-19 crisis. Their initial response has been to act as an information platform and portal through its website connecting travelers with vital and rapidly changing information, and to provide a resource for tourism operators on the various government relief and support efforts.

40. ADB will work with the working group to prepare a new GMS Tourism Marketing strategy, which will emphasize COVID-19 recovery, diversification, and resilience. The Mekong Business Initiative technical assistance is providing some support for Pacific Asia Travel Association online Crisis Recovery Center;[30] Thailand is a member and benefits from open access to the information.

41. ADB's private sector operations will support the Mekong Innovative Startups in Tourism Program again this year, with emphasis on startups solutions that can help destination recover and build resilience.

F. Small and medium enterprises and private sector

42. ADB's financial assistance to non-sovereign operations in Thailand has reached $3 billion in 2019. Non sovereign operations have covered economic and social infrastructure, agribusiness, tourism and trade and supply chain finance. Thailand and ADB also have a strong collaboration for the establishment of public-private partnerships for infrastructure and services in Thailand. Thailand is therefore in a strong position to promote PPPs and private sector approaches to RCI. The Mekong Business Initiative is one example of this as it has facilitated outbound technology transfer from Thailand's relatively advanced innovation ecosystem in areas such as agriculture and tourism to other Mekong countries.

43. As an upper middle-income country, Thailand can play a particularly pivotal role in establishing new or strengthening existing regional value chains and making trade more inclusive. In recognition of this ADB is partnering with Thailand under a TA that offers SMEs in India and select GMS countries linkages and business development service support through an accelerator program to increase exports to Thailand and benefit from outward FDI from it.[31]

G. Financial Cooperation

44. Since the Asian financial crisis of 1997–1998, the ASEAN has continuously worked to ensure financial stability in the region through advancing financial cooperation. Regional initiatives have been agreed and partly implemented in the areas of banking, insurance, capital accounts, capital markets, regional financial safety net arrangements, macro-financial surveillance, payment and settlement systems, taxation, financial inclusion, financial stability, financial resilience, and sustainable finance.

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[29] ADB. 2019. *Greater Mekong Subregion Sustainable Agriculture and Food Security Program: Technical Assistance Report.* Manila.

[30] Pacific Asia Travel Association. Crisis Recovery Center.

[31] ADB. 2019. *Supporting Internationalization of Small and Medium-Sized Enterprises: Linking India and the Greater Mekong Subregion*. Manila.

45. ADB has an ongoing technical assistance to the ASEAN Capital Markets Forum in its efforts to promote an interconnected, inclusive and resilient ASEAN Capital Market. ADB provides support to the Asian EXIM Banks Forum that was established in 1992 with Thailand as a founding member.[32] This forum supports knowledge sharing between the regions export-import banks and export credit agencies.

46. ADB has also been providing technical and financial assistance to support the ASEAN+3 initiatives to bolster financial stability and resilience including the ASEAN+3 Economic Review and Policy Dialogue, the ASEAN+3 regional financing arrangement Chiang Mai Initiative Multilateralization, and the ASEAN+3 Macroeconomic Research Office.

47. A landmark initiative between ADB and ASEAN was the creation of the ASEAN Infrastructure Fund (AIF) to channel the region's savings, including foreign exchange reserves to address the infrastructure needs of ASEAN. Thailand contributed $15 million, out of a combined capital of $485 million. To accelerate the development of green infrastructure in ASEAN, the AIF Board approved the establishment of the ASEAN Catalytic Green Facility under AIF in 2018 and launched it in April 2019 under Thailand's ASEAN chairmanship. ADB has been coordinating with the Thailand's Ministry of Finance regarding AIF, including its ASEAN Catalytic Green Facility.

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[32] ADB. 2015. *Regional: Supporting the Asian EXIM Banks Forum*. Manila.