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## REG: Greater Mekong Subregion Economic Cooperation Program

### Joint Summit Declaration: 5th GMS Summit of Leaders

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## THE FIFTH GREATER MEKONG SUBREGION (GMS) SUMMIT

Bangkok, Thailand  
19 – 20 December 2014

### **Joint Summit Declaration**

“COMMITTED TO INCLUSIVE AND SUSTAINABLE DEVELOPMENT IN THE GMS”

WE, the Heads of the Governments of the Kingdom of Cambodia, the People’s Republic of China (PRC), the Lao People’s Democratic Republic (Lao PDR), the Republic of the Union of Myanmar, the Kingdom of Thailand, and the Socialist Republic of Viet Nam, on the occasion of the Fifth GMS Summit:

*Abiding by* the GMS tradition of pragmatic and results-oriented cooperation, strong country ownership, close consultations among member countries, and pursuit of mutual and inclusive benefits;

*Reaffirming* the broad directions, thrusts, and approaches contained in the GMS Strategic Framework (2012–2022), which we endorsed at the Fourth GMS Summit in Nay Pyi Taw, Myanmar on 20 December 2011;

*Appreciating* the tremendous efforts of our Ministers, senior officials, and all concerned parties in translating the GMS Strategic Framework into a Regional Investment Framework, in compliance with our directive to generate a portfolio of second generation GMS projects for the new decade;

*Recognizing* that efforts are now focused on the resolute and prompt implementation of the Regional Investment Framework to achieve the ultimate goal of inclusive and sustainable development in the GMS;

*HEREBY JOIN FORCES* toward the expeditious and successful execution of priority investment projects and other cooperative undertakings we agreed upon, and the realization of their benefits for the peoples of the GMS, guided by a clear and pragmatic implementation plan and mobilizing the support of all stakeholders.

#### **I. Developments in the Regional and Global Context**

1. The global economy is gradually recovering from the recent worldwide financial and economic crisis, with the major industrial economies making progress, although the overall growth is still slow and uneven. The Asian economies have shown the greatest resilience in the aftermath of the crisis and are now leading the global economic recovery and making every effort to sustain their gains through sound fiscal policies and financial reforms.

2. Within Asia, increasing regional and sub-regional cooperation has greatly accelerated connectivity and integration. The ASEAN-member countries are making steady progress toward realization of the ASEAN Economic Community (AEC) with many measures of the AEC Blueprint now under implementation. Moreover, maturing trade and investment frameworks between ASEAN and other key countries in the region, including the Free Trade Area between ASEAN and the People's Republic of China, have led to substantial tariff reductions and increased flows of goods, investment and services across borders.

3. However, there are still a number of potential threats to the steady recovery as well as sustained long term growth of Asian economies, including global and regional environmental concerns, as well as the increasing severity of natural disasters, many of which can be attributed to climate change. The uneven levels of preparedness among ASEAN member countries for more integrated markets under the AEC also pose challenges, both to the public and private sectors.

4. Within the GMS, the opening up and integration of Myanmar into the regional economy has accelerated since the Fourth GMS Summit in Nay Pyi Taw three years ago, providing tremendous opportunities for closer cooperation within the GMS. This cooperation can translate into increased cross-border connectivity, greater trade and investment, and a brighter future for the people of Myanmar, as well as the people of the GMS.

## **II. Recent Results of GMS Cooperation**

5. Against this backdrop of global and regional trends, continued cooperation within the GMS has yielded substantial results since our last Summit in 2011. First, we have carefully and clearly defined the strategic thrusts of the GMS Economic Cooperation Program for the medium- and long-term. Since our endorsement of the GMS Strategic Framework at the Fourth Summit, our GMS forums, working groups, task forces and senior officials finalized the Regional Investment Framework (RIF), a detailed and time-bound investment program to support the Strategic Framework. The GMS Ministers endorsed the RIF at the 19<sup>th</sup> Ministerial Conference last year.

6. Further, to ensure that the highest priority projects in the RIF pipeline attract the necessary financing and are implemented, a realistic and achievable RIF Implementation Plan has been prepared, together with a simple monitoring and evaluation (M&E) system. The RIF Implementation Plan, which identifies 92 high priority subregional projects for 2014-2018 with an estimated total cost of \$30.1 billion, not only provides a strategic roadmap and action plan, but it will also serve as an effective marketing tool in our efforts to generate broad support for key initiatives throughout the GMS.

7. Over the past three years, sustained cooperation at the sector level has also yielded significant results. In the traditional area of infrastructure connectivity, some notable achievements include:

- a. In transport, the infrastructure foundation of the GMS corridors was further bolstered by the completion of the Fourth International Mekong Bridge between Hoayxay, Lao PDR and Chiang Khong, Thailand, the last missing link along the North-South Economic Corridor (NSEC), which was opened in December last year. Also, along the eastern part of the NSEC, the 240-kilometer Noi Bai-Lao Cai Expressway in Viet Nam, one of the

largest GMS infrastructure projects, was opened in September this year. Preparations are underway to extend the East-West Economic Corridor (EWEC) into Myanmar, with project financing to be considered for approval in 2015. The Southern Cambodia Railway Line from Phnom Penh to Sihanoukville was completed and opened for commercial traffic in December 2012. The Memorandum of Understanding (MOU) for the Establishment of the Greater Mekong Railway Association (GMRA) was signed by all the GMS countries, and technical assistance from ADB is ongoing. This is a positive step toward the promotion of railways as an efficient and clean mode of transport. We also welcome continued efforts to maximize the economic and social benefits of GMS roads and bridges by facilitating cross-border transport through the GMS Cross Border Transport Facilitation Agreement (CBTA). Furthermore, an initial review of the GMS Transport Sector Strategy (2006-2015) was undertaken to assess achievements in physical connectivity and to identify strategic priorities for the transport sector in the coming years.

b. In energy, all the GMS countries signed the MOU for the Establishment of the Regional Power Coordination Center (RPCC), intended to be a permanent institution owned by all GMS countries to enhance regional power trade and implement regional power interconnection projects. With this agreement coming into force, the process for selecting the RPCC host country is ongoing. The new studies on “Strategic Environment Assessment for the GMS Regional Power Development Planning” and “GMS Renewable Energy and Energy Efficiency Development” would provide useful guidelines for power development planning and identify opportunities to promote renewable energy and energy efficiency in the GMS.

c. In information and communications technology (ICT), the optical fiber interconnection among the GMS countries is now in place and an MOU on the Joint Cooperation in Further Accelerating the Construction of the Information Superhighway and its Application in the GMS has been signed by all countries, providing the roadmap and parameters for promoting universal access to ICT applications, particularly in the areas of e-commerce, rural ICT, and green ICT technology.

8. In the “softer” but equally important areas of GMS cooperation, we have witnessed substantial progress and important results:

a. In transport and trade facilitation (TTF), efforts continued to implement bilateral and trilateral road transport agreements between GMS countries such as: (i) Cambodia and Viet Nam along the Southern Economic Corridor (SEC); (ii) the PRC and Viet Nam along the NSEC; (iii) Lao PDR, Thailand, and Viet Nam to extend the existing EWEC agreement to their respective capitals; and (iv) Lao PDR and Viet Nam to fully implement single stop, single window inspection at the Lao Bao-Dansavanh international border checkpoint by 2015. We encourage the PRC, Lao PDR and Thailand to fast-track the negotiations on their MOU to implement the CBTA along the NSEC, and for PRC and Myanmar to negotiate a MOU to facilitate cross-border transport and trade. The Action Plan for GMS Transport Facilitation (2013-2015) was endorsed by the 4<sup>th</sup> Joint Committee Meeting for the CBTA in November 2013, and a midterm review of the current Plan of Action for TTF in the GMS was completed in mid-2014. TTF initiatives over the medium-term will focus on building capacities of the CLMV countries and upgrading the CBTA to adopt regional and international best practices in order to facilitate cross-border transport and trade in the GMS.

- b. In agriculture, implementation of the second phase of the Core Agriculture Support Program is well underway, and this supports the strengthening of policy frameworks and capacities for agri-food quality management, introducing electronic trade for environmentally friendly food products, adopting gender-responsive and climate-friendly agriculture practices, and strengthening institutional mechanisms for regional cooperation on agriculture in the GMS.
  - c. In tourism, building on improved physical connectivity and simplified visa requirements, tourist arrivals to the GMS continued to rise, reaching 52 million in 2013. The GMS Tourism Infrastructure for Inclusive Growth Project was approved in 2014, and a new initiative to help strengthen the Mekong Tourism Coordinating Office (MTCO) is underway. Thailand, in cooperation with the Asian Development Bank (ADB), will proceed to establish MTCO's legal status and its registration in Thailand. An updated GMS Tourism Sector Strategy covering 2016-2026 is under preparation and will provide the blueprint for expanded subregional cooperation in this sector over the next decade.
  - d. In human resource development (HRD), implementation of the HRD Strategic Framework and Action Plan (2013-2017) has commenced. In line with the ASEAN Qualifications Reference Framework to facilitate the free flow of skilled labor and strengthen the competitiveness of the GMS labor force, a pilot framework for the mutual recognition of skills and qualifications has been implemented and will be expanded to cover more skill areas. The second phase of the Communicable Disease Control Project is further improving the GMS countries' capacities to respond to outbreaks and contain the spread of diseases across borders. We laud the Phnom Penh Plan (PPP) for Development Management after a decade of successful implementation. The PPP has helped our GMS officials, and our research and training institutions, to better manage the complex GMS development agenda, and laid a solid foundation for developing skills, sharing knowledge, networking, and strengthening institutional capacities throughout the GMS.
  - e. In the environment, the GMS Core Environment Program (CEP) Phase II (2012 – 2016) is continuing to focus on safeguarding and enhancing the natural resources upon which the subregion's food, water and energy security is largely dependent. With the added dimension of climate change considerations, priority undertakings include: the development of management strategies for transboundary biodiversity landscapes; the application of environmental management tools for infrastructure investments according to national circumstances, rules and regulations, as well as the level of development of each country; enhancement of the CEP website as a regional knowledge hub; and the strengthening of cooperation among governments, businesses, academia, and civil society groups.
9. In other emerging areas of cooperation, a GMS Urban Development Strategic Framework is being finalized under the auspices of the Urban Development Task Force created in July 2013. The first Corridor Towns Development Project is now under implementation to support the development of competitive and environmentally friendly cities along the GMS economic corridors, and further corridor town projects are in the pipeline. The development of cross-border economic zones is being pursued, such as those between the PRC and Viet Nam and between the PRC and Lao PDR.

10. The Economic Corridors Forum (ECF) has completed this year its first full cycle of hosting of the Forum by all GMS countries. The ECF has served well its role as the main advocate, overseer and coordinator of all activities toward the development of the GMS economic corridors. It has facilitated networking and exchange of information, overseen the preparation of and endorsed strategies and action plans (SAPs) for specific economic corridors, identified the relevant corridor-related issues to be addressed, institutionalized the participation of local authorities, and enhanced the involvement of the private sector in economic corridor development.

### **III. Remaining Challenges**

11. While the accomplishments under the GMS Program have been significant in recent years, we recognize that numerous challenges remain in furthering the subregion's connectivity, competitiveness and sense of community. Despite the advances in physical connectivity across the GMS, substantial infrastructure gaps remain, including the poor quality of secondary roads, missing railway links, inadequate maritime port and airport infrastructure, lack of logistics facilities, and insufficient power generation and transmission facilities to meet growing demand.

12. Moreover, despite enhanced subregional connectivity, the costs of cross-border trade in the GMS remain high and vary widely across countries, largely because of nontariff barriers, the remaining infrastructure gaps, complicated trade procedures and processes, and unreliable logistics services. The GMS was a pioneer in promoting a subregional framework for TTF under the CBTA; however, many factors have contributed to its delayed implementation, and now is the time to reinvigorate TTF efforts as a means to further strengthen the subregion's connectivity as well as competitiveness. We urge GMS countries to start full implementation of the CBTA by speeding up and concluding the ratification of its Annexes and Protocols and by accelerating the negotiation and implementation of bilateral and trilateral MOUs.

13. Achieving an integrated and prosperous GMS community is also at risk if the significant development gaps, both within and among countries, continue to widen. We need to ensure that past, ongoing and planned projects are inclusive so that their development benefits reach the poor. We also need to respond to the needs of the most vulnerable members of society by providing adequate social safety needs, while also meeting their basic needs in terms of food security, shelter, health, and education.

14. Rapid economic and population growth have increased the demand for energy, land, water and other resources. The GMS, its countries and local communities face many environmental challenges, some of which call for solutions through regional cooperation.

15. The long-term success of the GMS Program very much depends on more extensive and effective engagement with the private sector. Improving overall GMS competitiveness largely depends on the health and vitality of small and medium enterprises (SMEs), and on enabling them to tap into regional and global value chains. The private sector remains the primary source for new jobs, higher incomes and better opportunities for the youth of the GMS.

16. With more than two decades of successful cooperation, the GMS Program has matured and faces the management challenge of numerous, complex undertakings and

initiatives. Planning, financing and implementing the new generation of projects under the RIF will require even greater coordination and capacity within individual GMS countries. The GMS national secretariats have a tremendous responsibility to carry the GMS legacy forward. We welcome the continued support from ADB and other development partners in the areas of financing, knowledge sharing, and capacity building, but we also recognize the need for individual countries to endeavor to secure the human and financial resources needed to sustain the GMS Program into the future.

#### **IV. The Way Forward**

17. To achieve the goal of opening up new prospects for future cooperation, achieving common prosperity in the subregion, and realizing the GMS vision of greater connectivity, competitiveness and community, it is imperative to further strengthen partnerships among the GMS countries, align the GMS vision with national development strategies, and build an open economy in the subregion featuring integrated, innovative and interconnected development, in order to attain mutual benefits, and to ensure that future development is inclusive and sustainable.

18. The RIF Implementation Plan (2014-2018) provides us a strategic and results-based action plan to help us address many of these challenges in the coming years and also to seize new opportunities for sustaining GMS cooperation and development. We will need to work together to implement the plan and also to monitor its progress to ensure that development results and benefits are achieved.

19. As we are committed to continue our joint efforts to transform the GMS transport corridors into economic corridors, we task the GMS Ministers, senior officials, GMS working groups, forums, and task forces to implement the Strategy and Action Plans (SAPs) for the GMS Economic Corridors. Implementation of the SAPs should focus on selecting priority sections along the corridors which offer the greatest potential for attracting investment and yielding long-term development benefits. For these corridor sections, the identification of investment needs and opportunities should draw upon inputs from provincial and local government officials, the private sector and community residents.

20. Strengthening connectivity is conducive to generating new growth and fostering new competitive edge. Moreover, we commit to removing software constraints to cross-border connectivity. In this regard, we mandate the formulation of a clear, comprehensive and integrated TTF Action Program, covering all aspects affecting the cross-border flow of vehicles, goods and people, to be implemented in a highly coordinated and effective manner.

21. Our focus on economic corridors also requires that we make necessary changes to the GMS Program's institutional framework and mechanisms to help us respond effectively to emerging areas of cooperation, such as integrated urban development, CBEZs and logistics centers. We will also need to support the operationalization of new GMS institutions such as the GMRA, and ensure that the RPCC serves as a forum for addressing GMS power challenges and opportunities in the coming years.

22. Considering that ECF will play a more important role in promoting and developing GMS economic corridors and implementing the ten-year GMS Strategic Framework, we are committed to take concrete actions to strengthen the ECF framework. We welcome the *Action Agenda on Enhancing GMS Economic Corridor Forum (ECF) Framework* and

instruct GMS Ministers/Senior Officials to further study the document. We agree to maintain the current hosting order and the ministerial level of the ECF, recognizing that ECF participation could be by ministers or their designated senior officials. We agree that the GMS Governors Forum will be revitalized and held back-to-back with the ECF annually, and welcome the PRC's offer to organize the GMS Commodity Trade Fair and GMS Economic Corridor Week as supporting activities of the ECF in 2015.

23. The private sector should be the primary driver of economic corridor development, with the public sector establishing a conducive policy and regulatory environment, providing basic infrastructure, utilities and services, as well as facilitating cooperation and collaboration at the local, national and subregional levels. GMS governments should also ensure the success of private sector initiatives specifically aimed at improving subregional competitiveness, such as the GMS Freight Transport Association (FRETA) as well as the recently launched Mekong Business Initiative. We also urge ADB to further promote the development of the private sector in the GMS and also assist in removing constraints to SME growth such as access to finance, knowledge, and business support services.

24. Recognizing that the benefits of GMS cooperation can only be maximized and made sustainable by greater integration with the broader region, we will ensure that all efforts are aligned, and tap synergies with those of other regional groupings and initiatives, including ASEAN, ASEAN-China, and ASEAN + 3.

25. As we are well aware that the GMS and its people are highly vulnerable to the impacts of climate change and the risks of ever-worsening natural disasters, we will also pursue concerted efforts to develop and implement measures that reduce the risks and mitigate the impacts of climate change and other natural disasters, and to promote sustainable development including protection and efficient development of natural resources. Moreover, in light of the need to build stronger cooperation on the environment among GMS countries, we welcome the holding of the GMS Environment Ministers' Meeting in January 2015.

26. Recognizing that the success of all efforts, particularly the realization of the priority projects in the RIF Implementation Plan, crucially depends on the support of the development partners, the private sector, and many other stakeholders, we will endeavor to find ways to strengthen our partnerships and ensure that financial and other resources are sufficient to realize our collective commitment to inclusive and sustainable development in the GMS. Moreover, given the significant number of new generation projects in the RIF Implementation Plan that are both multifaceted and challenging, there is a crucial need to further strengthen the GMS National Secretariats' capacity to implement the plan and to respond to new challenges. In addition, we should utilize the Phnom Penh Plan to conduct more training programs for member countries.

27. We acknowledge and greatly appreciate the versatile role that ADB has played in the GMS Program, including as secretariat, coordinator, and a key financier. We trust that ADB and other development partners will heed our request for their continued support.

## **V. Conclusion**

28. Over its more than 22 years of existence, the GMS Program has accomplished much for the subregion and its people, and it has also served as a model for other regional

groupings by showing what can be achieved with genuine goodwill and cooperation among countries.

29. Now more than ever, we need to build upon our foundation of cooperation to address many new and emerging challenges in the GMS, and we are confident that we can leverage our cooperation under the GMS Program to achieve even greater benefits for the subregion and its people.

30. We agree to meet again at the Sixth GMS Summit to be held in Viet Nam in 2017.

Endorsed in Bangkok, Thailand on 20 December 2014.