



September 2002

REG: Greater Mekong Subregion Economic Cooperation Program

Joint Ministerial Statement: 11th Ministerial Conference

The views expressed in this report are the views of the author(s) and do not necessarily reflect the views or policies of the Asian Development Bank (ADB), or its Board of Directors or the governments they represent. ADB does not guarantee the source, originality, accuracy, completeness or reliability of any statement, information, data, finding, interpretation, advice, opinion, or view presented, nor does it make any representation concerning the same.

Asian Development Bank

**Eleventh Ministerial Conference
on Economic Cooperation in the Greater Mekong Subregion
Phnom Penh, Cambodia, 23-25 September 2002**

**Ministerial Statement:
Partnerships for Development: Advancing the GMS Program**

Preamble and Opening Remarks

The 11th Ministerial Conference, held in Phnom Penh, Cambodia from 23-25 September 2002, marked the 10th anniversary of the Program of Economic Cooperation in the Greater Mekong Subregion. Ministers agreed that with a strong foundation now in place for economic cooperation, and with active development partners, progress will accelerate.

H.E. Mr. Sar Kheng, Deputy Prime Minister and Co-Minister of the Interior, Royal Government of Cambodia, inaugurated the Conference by welcoming the participants. Mr. Myoung-Ho Shin, Vice President (Operations Group 1), Asian Development Bank, also made opening remarks, expressing appreciation for the fine arrangements and warm hospitality of the Royal Government, and ADB's commitment to supporting subregional economic cooperation.

The Conference was chaired by His Excellency Cham Prasidh, Minister of Commerce, Royal Government of Cambodia. Three results were achieved:

- Provision of strategic guidance for the GMS Program;
- Strengthening participation by development partners; and
- Finalization of preparations for the upcoming GMS Summit of Leaders.

In their opening remarks and subsequent discussion, Ministers acknowledged the considerable progress achieved over the past ten years in promoting and facilitating economic cooperation in the Greater Mekong Subregion (GMS). They agreed that the focus on practical results has been successful, and should continue to guide the GMS Program. Inclusion of the all-important agricultural sector in the Program will contribute to poverty reduction. Ministers noted that GMS countries share a common destiny and must work closely together to ensure sustainable development. They must become more closely integrated, for their mutual benefit. Economic corridors linking the subregion must be completed to their full potential. Impediments to tourism and doing business on a subregion-wide basis should be minimized. Cooperation in human resource development should be strengthened, as should the role of the private sector. Ministers expressed deep appreciation for ADB's long-standing support and invited participation by all interested development partners.

Arrangements for the GMS Summit of Leaders

Ministers underscored the importance of the upcoming GMS Summit of Leaders. The timing and venue of the GMS Summit will heighten awareness of the progress taking place in the subregion, and the opportunities these present for investment and trade.

Ministers expressed full confidence in the final arrangements outlined by Cambodia for the GMS Summit. While Leaders will determine the priorities they wish to address, Ministers anticipate that they will focus on the vision and possible new directions for subregional economic cooperation. A draft Joint GMS Summit Declaration was considered, which will be further reviewed by the member countries. Ministers agreed that a signing ceremony will be held during the Summit regarding the agreements on cross-border movement of goods and people, and power interconnection and trade.

Review of Progress in Priority Sectors and New Directions

Ministers reviewed the progress in implementing the Strategic Framework for the GMS Program. They concurred that good progress has been made over the past year in developing the flagship programs, in formulating the development matrix and in proceeding with individual projects. They also noted the need to seek strategic linkages among the flagship programs and their components, so as to ensure a holistic approach to the GMS Program.

Regarding transport, Ministers expressed great appreciation for the financial support being extended by the Governments of PRC and Thailand and ADB to the Government of Lao PDR, to enable upgrading of the Lao portion of the North-South Corridor. The initiative will complement the East-West and Southern Economic Corridors, linking the subregion. They also welcomed ADB's loan for a GMS Cambodia Road Improvement Project. Ministers reaffirmed their commitment to expedite implementation of the Framework Agreement for the Cross-border Movement of Goods and People.

Regarding telecommunications, Ministers supported Phase 1 of the backbone telecommunications project involving Cambodia, Lao PDR and Viet Nam, as well as technical studies and institutional strengthening.

Regarding energy, Ministers expressed appreciation for the considerable progress in this sector, including the Draft Final Report on the Regional Indicative Master Plan on Power Interconnection, and the Intergovernmental Agreement on Regional Power Trade in the GMS (IGA). Ministers will facilitate ratification of the IGA and support preparation of the Regional Power Trade Operating Agreement.

Regarding agriculture, Ministers endorsed establishment of a Working Group on Agriculture, and encouraged the Working Group to promote public/private sector partnership in developing a holistic approach to the sector. They also welcomed PRC's offer to co-sponsor a forum on the sector.

Regarding the environment, Ministers endorsed ADB's proposed technical assistance in support of further developing the Strategic Environment Framework. Ministers are hopeful that the Global Environment Fund will also provide support for GMS cooperation in environmental protection. Ministers indicated that flood control and water resource management and biodiversity conservation are additional priorities.

Regarding tourism, Ministers endorsed GMS Tourism Development as the 11th flagship program. They encouraged new initiatives in support of tourism, including the Mekong Tourism Development project and visa facilitation.

Regarding human resource development, Ministers expressed support for a more proactive approach to subregional cooperation in this field, highlighting: the GMS Phnom Penh Development Management Plan; the health and education needs of ethnic minorities; ICT for distance education; HIV/AIDS prevention in cross-border areas; a communicable disease surveillance system; and capacity building for skills exchanges and accreditation.

Regarding trade and investment, Ministers endorsed two more sites for pilot testing of single-stop customs inspection. They expect that - as expeditiously as possible - single-stop customs inspection procedures will operate at shared borders of the GMS. Close collaboration with ESCAP and ASEAN will advance subregional cooperation in investment, as well as strengthen the GMS Business Forum so that it can better support private sector interests. ADB was also requested to assist in the development of a trade and investment database.

Regarding other GMS initiatives, Ministers endorsed the GMS Phnom Penh Development Management Plan, and the elements that will be supported by ADB technical assistance. They also encouraged other development partners to support and expand the Plan. At the suggestion of Cambodia, Ministers requested that consideration be given to a more comprehensive GMS special skills program that could act as an umbrella framework for subregional human resource development initiatives.

The Interests of Development Partners

Ministers were informed that development partners appreciate the strong ownership and commitment shown to the GMS Program by GMS countries. Development partners encouraged the GMS countries to do more to bring subregional project opportunities to the attention of development partners. Bilateral agencies emphasized their interest in the environmental and human resource dimensions of subregional cooperation, and the governance and institutional framework so essential for sound and sustainable initiatives. GMS countries were encouraged to carefully review the economic and overall financial implications of large-scale infrastructure investments. In turn, development partners were encouraged to view subregional cooperation as a long-term process in building trust and understanding among all stakeholders. The development matrix was welcomed as a tool to coordinate subregional initiatives.

Ministers were informed on the results of a separate meeting with non-governmental organizations, held 23 August 2002. NGOs raised the issue of the growth-oriented approach of the GMS Program and emphasized the importance of sufficient consultation with stakeholders. Ministers agreed that the views of NGOs should be incorporated in the planning and implementation process.

Ministers concluded the Conference by underscoring the importance of partnership in development. In this manner, the GMS Program will be more effectively advanced. The upcoming GMS Summit of Leaders will greatly contribute to such partnership. Ministers are confident that all preparations are in place for a highly successful GMS Summit. Ministers thanked the Royal Government of Cambodia for its excellent arrangements.