

ECONOMIC COOPERATION AND REGIONAL INTEGRATION IN THE GREATER MEKONG SUBREGION (GMS)

18 September 2008

Abstract:

Following a brief survey of the various economic cooperation programs and initiatives in which countries of the Greater Mekong Subregion (GMS) - particularly Cambodia, Lao People's Democratic Republic, Myanmar and Viet Nam (CLMV) - are engaged, this paper examines the extent to which GMS economies have converged and become integrated, among themselves but also with other ASEAN countries. Preliminary evidence of stakeholders' involvement in selected subregional cooperation initiatives is also presented.

Although all GMS countries have experienced rapid growth over the past 15 years, no evidence is found that participation of CLMV in subregional cooperation and integration initiatives has led to a narrowing of the gap between the least and most developed GMS and ASEAN countries. While significant progress has been made in reducing poverty, within-country inequality also increased during that period. In addition, while intra-GMS and intra-ASEAN trade both increased, trade of Cambodia and Lao PDR with other GMS or ASEAN countries remain small.

If the various subregional and regional cooperation frameworks are to significantly reduce the development gap among members, activities more directly aimed at this objective may need to be emphasized. Re-thinking institutional arrangements for regional cooperation at both the national and subregional/regional levels may be considered in order to facilitate participation of a more representative set of stakeholders in the prioritization of activities and to ensure synergies between the various initiatives can be captured.

Keywords: GMS, subregional trade and investment, regional integration, ASEAN, bilateral agreements, economic cooperation, stakeholder participation.

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Acronyms and abbreviations

ABC	ACMECS Business Council
ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
ADO	Asian Development Outlook
AFAS	ASEAN Framework Agreement on Services
AFTA	ASEAN Free Trade Area
AMBCD	ASEAN-Mekong Basin Development Cooperation
AMEICC— AEM-METI Economic and Industrial Cooperation Committee	The Economic and Industrial Cooperation Committee of the ASEAN Economic Ministers and the Minister of Economy, Trade and Industry of Japan
APEC	Asia-Pacific Economic Cooperation
APTA	Asia-Pacific Trade Agreement
APTIAD	Asia-Pacific Preferential Trade and Investment Agreements Database
ASEAN	Association of South East Asian Nations
ASEAN-MBDC	ASEAN-Mekong Basin Development Cooperation
BCI	Biodiversity Conservation Corridors Initiative
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation
BTAs	Bilateral Free Trade Agreements
CBTA	Cross-Border Transport of People and Goods
CDR	Council for the Development of Cambodia
CEP	GMS Core Environment Program
CEPT	Common Effective Preferential Tariff Scheme
CFWG	Workshop on Customs Facilitation in the GMS
CLM-WG	Working Group on Economic Cooperation in Cambodia, Lao PDR and Myanmar
CLMV	Cambodia, Lao PDR, Myanmar and Viet Nam
CLMVT	Cambodia, Lao PDR, Myanmar, Viet Nam and Thailand
CNY	Chinese Yuan
CPI	Corruption Perception Index
ECS	Economic Cooperation Strategy
EC	European Communities
EOC	Environment Operations Center
EU	European Union
FAO	Food and Agriculture Organization
FCDI	Forum for the Comprehensive Development of Indo-China
FDI	Foreign Direct Investment
FERD	Foreign Economic Relations Department, Myanmar
FTAs	Free Trade Agreements

GATS	General Agreement on Trade in Services
GATT	General Agreements on Trade in Services
GDP	Gross Domestic Product
GNI	Gross National Income
GMS	Greater Mekong Subregion
GMS Program	Greater Mekong Subregion Economic Cooperation Program
GMSARN	Greater Mekong Subregion Academic and Research Network
GMS-BF	Greater Mekong Subregion Business Forum
GSTP	General System of Trade Preferences among Developing Countries
HRD	Human Resource Development
HDI	Human Development Index
IAI	Initiative for ASEAN Integration
ICT	Information and Communication Technology
IDRC	International Development Research Centre
IFAD	International Fund for Agriculture Development
IMF	International Monetary Fund
IOs	International Organizations
IPR	Intellectual Property Right
IT IS	International Trade Institute of Singapore
IUCN	World Conservation Union
JBIC	Japan Bank for International Cooperation
JETRO	Japan External Trade Organization
JODC	Japan Oversea Development Corporation
Lao PDR	Lao People's Democratic Republic
LDCs	Least Developing Countries
LPI	Logistics Performance Indicators
M-Power	Mekong Programme on Water Environment and Resilience
MDG	Millennium Development Goal
MGC	Mekong-Ganga Cooperation
MI	Mekong Institute
MPDF	Mekong Project Development Facility
MRS	Mekong River Commission
NESDB	National Economic & Social Development Board, Thailand
NGOs	Non-Government Organizations
NZAID	New Zealand's International Aid and Development Agency
OECD	Organisation for Economic Co-operation and Development
PAFTA	Pan-Asian Free Trade Area
PEP	Poverty and Economic Policy
PRC	People's Republic of China
PTAs	Preferential Trade Agreements
RETA	Regional Technical Assistance
RTAs	Regional Free Trade Agreements
Sida-SENSA	Swedish Environmental Secretariat in Asia

SKRL	Singapore-Kunming Rail Link
SMEs	Small and Medium-sized Enterprises
SOMs	GMS Senior Officials' Meeting
TBT	Technical Barrier to Trade
TDI	Trade Dependence Index
TFWG	GMS Trade Facilitation Working Group
TOR	Term of Reference
TRAINS	Trade Analysis and Information System
UK	United Kingdom
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
UNIDO	United Nations Industrial Development Organization
U.S.	United States
WCO	World Customs Organization
WDI	World Development Indicator
WEO	World Economic Outlook Database
WGE	GMS Environment Working Group
WITS	World Integrated Trade Solutions
WREA	Water Resources and Environment Administration, Lao PDR
WTO	World Trade Organization

Introduction

The Greater Mekong Subregion (GMS) generally refers to a geographical region spanning five countries - Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam – as well as a part of China, namely its Yunnan Province². The six economies not only share the Mekong River, which originates from the Qinghai-Tibetan Plateau in western China and flows 4800 km³ through the GMS into the South China Sea, but also deep cultural, ethnic and historical similarities. As Than (1997) points out, ‘the history of the Mekong is the history of the relationships among these countries’. Before border lines were imposed by French and British colonizers, the Mekong served as the boundary line between the people of the federated Tai Kingdoms.⁴ The Tai confederation was split into 5 different nations: China, Thailand, Burma, Laos and Viet Nam. Culturally and linguistically, Yunnan (and especially the Xishuangbanna Autonomous Prefecture) is closely related with its neighbors through Tai and minority groups straddling national boundaries and, increasingly, moving between national territories (Hinton, 1998)⁵.

With a population of more than 260 million in 2006 (World Bank WDI, 2008; Yunnan Bureau of Statistics, 2008) and abundant natural resources⁶, the GMS offers a large potential for subregional and international trade and investment. However, due to international political difficulties during the cold war era and the belated shift of GMS countries – except Thailand - to market economies in the 1980s, substantial economic cooperation among these countries developed mostly after 1990.

The purpose of this paper is three-fold: (1) to briefly survey the various economic cooperation programs and initiatives in which GMS countries, particularly Cambodia, Lao, Myanmar and Viet Nam (CLMV), have been engaged; (2) to examine to what extent GMS economies have converged and become integrated, among themselves but also with other ASEAN countries; and (3) to gain some initial insights on the extent to which economic integration of the GMS has proceeded in an inclusive and coherent manner.

A. Existing Subregional Cooperation Frameworks in the Mekong Subregion

Although the most substantial and structured economic cooperation among countries of the subregion is arguably taking place under the GMS Economic Cooperation Programme of the Asian Development Bank (ADB), several subregional cooperation frameworks in the Mekong Subregion co-exist.

² As explained later, some also consider the Guangxi Zhuang Autonomous Region of China to be part of the GMS geographic region.

³ Source: the Mekong River Commission (MRC), July 2008. Online at (URL: http://www.mrcmekong.org/about_mekong/about_mekong.htm), accessed date: July 1, 2008.

⁴ Four Tai Kingdoms, each with its own supreme overlord, operated together in a ‘Tacit Alliance’ (Berman, 1998): Kengtung Kingdom of today’s Burmese Shan State, Lan Zhang Kingdom in current north-western Laos, Lan Na Kingdom in today’s northern Thailand and Sipsong Panna in today’s Yunnan (Poncet, 2006).

⁵ See Poncet, Sandra (2006). “Economic Integration of Yunnan with the Greater Mekong Subregion”, Asian Economic Journal, Vol. 20, No. 3, pp. 303-317. Online at (URL: <http://team.univ-paris1.fr/teamperso/sponcet/Perso/ASEJ%20Poncet.pdf>), accessed date: July 4, 2008.

⁶ The most abundant resources in the Mekong Basin are water and biodiversity. Only the Amazon River Basin has greater diversity of plant and animal life. The water nourishes large tracts of forest and wetlands which produce building materials, medicines and food, provides habitats for thousands of species of plants and animals and supports an inland capture fishery with an estimated commercial value of US\$2 billion dollars per year. Known mineral resources include tin, copper, iron ore, natural gas, potash, gem stones and gold. (The Mekong River Commission, July 2008; online, Ibid)

A.1 A Survey of Subregional Cooperation Frameworks

An overview of many of these subregional cooperation frameworks and initiative, including the GMS Program, is presented in Table A.1.1.

The oldest cooperation framework in the subregion is the UN-founded Mekong Committee, established in 1957, renamed as the Mekong River Commission (MRC) in 1995. It comprises the four countries of the Lower Mekong Basin - Cambodia, Lao PDR, Thailand and Viet Nam (CLMV)- and China and Myanmar as Dialogue Partners.⁷

A number of inter-governmental subregional cooperation frameworks established in tandem with the GMS Programme, such as the Golden Quadrangle (or Quadrangle Economic Cooperation in the Mekong Subregion) formed in 1993, have now been engulfed by the GMS (Poncet, 2006). Other frameworks and initiatives for cooperation in this subregion, established in different timeframes, include the Forum for the Comprehensive Development of Indo-China (FCDI)⁸, ASEAN-Mekong Basin Development Cooperation (ASEAN-MBDC or AMBDC), and the Economic and Industrial Cooperation Committee of the ASEAN Economic Ministers and the Minister of Economy, Trade and Industry of Japan (AMEICC—AEM-METI Economic and Industrial Cooperation Committee), among others. The Initiative for ASEAN Integration is also included among the 14 Mekong-related cooperation frameworks presented in Table A.1.1 as its primary aim is to reduce the development gap and facilitate the integration of CLMV into ASEAN.

Although the cooperation initiatives and frameworks reviewed vary significantly in nature, scope, and structure, they are typically setup as inter-governmental cooperation frameworks. However, it is worth noting that subregional cooperation also takes place outside the purview of governments, e.g. among civil society and academic organizations focusing on issues of common interest. The Mekong Programme on Water Environment and Resilience (M-Power; www.mpower.net.org), and the Greater Mekong Subregion Academic and Research Network (GMSARN) are examples of emerging semi-structured cooperation frameworks among these stakeholders. There is also a GMS Business Forum, established with the support of ADB and ESCAP, whose membership is composed of the main business associations in each of the GMS countries (www.gmsbf.org).⁹

The main sectors of activity covered under each of the fourteen subregional cooperation frameworks in the region are summarized in Table A.1.2.

⁷ Source: the Mekong River Commission (MRC), July 2008. Online at (URL: <http://www.mrcmekong.org/>), accessed date: July 1, 2008.

⁸ ESCAP(2001)

⁹ While the Mekong Project Development Facility (MPDF) of the World Bank is noteworthy, its purpose is to provide financial support to firms operating in the Mekong countries, and may not be considered as a subregional cooperation framework. See Evaluation of the Meklong Project Development Facility (May 2003); <http://go.worldbank.org/4JF0RYAJY0>

Table A.1. 1: Summary of Subregional Cooperation Frameworks in the Mekong Subregion (July, 2008)

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
Frameworks with Governments as Members								
Mekong River Commission (MRC), or previously the Mekong Committee	1995, by the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin (developed from Mekong Committee, established in 1957 by United Nations)	The MRC is an international, country-driven river basin organization that provides the institutional framework to promote regional cooperation in order to implement the 1995 Agreement. The MRC promotes and coordinates sustainable development and management of water and related resources for the countries' mutual benefits and poverty alleviation as a contribution to the UN Millennium Development Goals. The MRC is also involved in fisheries management, promotion of safe navigation, irrigated agriculture, watershed management, environment monitoring, tourism promotion, flood management and exploring hydropower options.	Cambodia, Lao PDR, Thailand and Viet Nam (with the PRC and Myanmar as Dialogue Partners)	ongoing	Governments of the following countries (through their development agencies): <ul style="list-style-type: none"> ▪ Australia ▪ Belgium ▪ Denmark ▪ Finland ▪ France ▪ Germany ▪ Japan ▪ Republic of Korea ▪ New Zealand ▪ Norway ▪ Sweden ▪ Switzerland ▪ The Netherlands ▪ The United Kingdom ▪ The United States of America Development banks and international organizations: <ul style="list-style-type: none"> ▪ Asian 	N/A	MRC Secretariat Vientiane, Lao PDR Regional Flood Management and Mitigation Centre Phnom Penh, Cambodia National Mekong Committees <ul style="list-style-type: none"> ▪ Cambodia National Mekong Committee, Phnom Penh ▪ Lao National Mekong Committee, Prime Minister's Office, Vientiane ▪ Thai National Mekong Committee, 	http://www.mrcmekong.org/ http://www.mrcmekong.org/contact_us.htm http://www.mrcmekong.org/funding-partners.htm

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
MRC (Cont'd)					Development Bank <ul style="list-style-type: none"> ▪ The European Commission ▪ UNDP ▪ World Bank 		Department of Water Resources, Bangkok <ul style="list-style-type: none"> ▪ Viet Nam National Mekong Committee, Hanoi 	
GMS Economic Cooperation Program, or GMS program	1992 Asian Development Bank (ADB)	The program aims to promote sustainable economic growth and development among the GMS countries by strengthening socio-economic cooperation in nine priority sectors; namely, transport, energy, telecommunications, environment, human resource development, tourism, trade, investment, and agriculture. Since 2002, GMS priority projects have been grouped into eleven flagship programs to follow a multisectoral approach to managing the GMS Program. These eleven flagship programs are as follows: <ul style="list-style-type: none"> ▪ North-South Economic Corridor ▪ East-West Economic Corridor ▪ Southern Economic Corridor ▪ Telecommunications Backbone ▪ Regional Power Interconnection and Trading Arrangements ▪ Facilitating Cross-Border Trade and Investment ▪ Enhancing Private Sector Participation and Competitiveness ▪ Developing Human Resources and Skills Competencies 	Cambodia, the PRC, Lao PDR, Myanmar, Thailand, and Viet Nam	ongoing	ADB, Governments of the GMS countries, and bilateral donors	9,900 (for 34 GMS projects, as of end of December 2007) (ADB, 2008)	National Coordinators <ul style="list-style-type: none"> ▪ <i>Cambodia</i> Council for the Development of Cambodia (CDC) ▪ <i>PRC</i> International Department, Ministry of Finance ▪ <i>Lao PDR</i> Water Resources and Environment Administration (WREA), Prime Minister's Office ▪ <i>Myanmar</i> Foreign Economic Relations Department (FERD) Ministry of 	http://www.adb.org/GMS/ http://www.adb.org/GMS/Program/default.asp http://www.adb.org/GMS/contact.asp

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
GMS Program (Cont'd)		<ul style="list-style-type: none"> ▪ Strategic Environment Framework ▪ Flood Control and Water Resources Management ▪ GMS Tourism Development 					National Planning and Economic Development <ul style="list-style-type: none"> ▪ Thailand Office of the National Economic & Social Development Board (NESDB) ▪ Viet Nam Ministry of Planning and Investment (MPI) GMS Secretariat Regional Cooperation and Country Coordination Division, Southeast Asia Department, ADB	
The Golden Quadrangle (or Quadrangle Economic Cooperation)	1993 Thailand	Built on the interactive border economies among the four countries, main cooperation under the framework has been focused on transport and infrastructure development, especially trans-border roads and highways, and river ports. Cooperation may expand to include border trade and investment, logistics, and tourism.	Yunnan Province of China, Lao PDR, Myanmar and Thailand	Active at local and provincial level and overlapped with GMS Program	No clear funding sources	N/A	No official contact agency, but local administrations and local or provincial Chambers of Commerce of each country act as focal	No official website, but information can be derived from http://www.ias.chula.ac.th/Thai/modules.php?name=Content&pa=showpage&pid=69 http://www.thannews.th.com/detailNews.php?id=T012302H&issue=2302 http://icmr.cru.in.th/journ

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
The Golden Quadrangle (Cont'd)							points	al/173255195512.pdf (in Thai)
Forum for Comprehensive Development of Indo-China (FCDI)	1993 Japan, first proposed by then Prime Minister Kiichi Miyazawa	The forum primarily served as a platform for exchanging views on balanced development of Indochina (Cambodia, Lao PDR, and Viet Nam), and for addressing the needs and opportunities for economic and social cooperation in the subregion. The objectives were: (1) Development of whole of Indochina from the regional perspective; (2) international cooperation through voluntary coordination of assistances based on information exchange among participating nations and organizations; and (3) promotion of market economies in the three countries. In the Ministerial Meeting held in 1995, working groups on infrastructure development and human resources development were formed to coordinate in the respective areas. A private-sector advisory group was also formed to reflect opinions of the private sector vital for economic development.	At least Cambodia, Lao PDR, Viet Nam, Japan, and Thailand	under program reformulation	Japan and ESCAP	USD 5 millions (between 1993 and 2003)	N/A	http://www.mofa.go.jp/region/asia-paci/asean/relation/dimensions.html http://www.mofa.go.jp/region/asia-paci/asean/relation/subregion.html http://www.mfa.go.th/web/463.php?id=968&lang=th http://www.mfa.go.th/web/856.php?code=f
ASEAN-Mekong Basin Development Cooperation (ASEAN-MBDC or AMBDC)	1995 ASEAN	The ASEAN-Mekong Basin Development Cooperation was initiated during the ASEAN Summit in 1995 to enhance cooperation and encourage the dialogue process among ASEAN countries for the economic development of Mekong Basin countries. At its first ministerial meeting in 1996, the Basic Framework of ASEAN-Mekong Basin Development Cooperation was adopted, which places priority on 8 areas:	Brunei, Cambodia, China, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam	ongoing but not active	No clear funding sources, but mostly by ASEAN	2,500, approximately, as of July 2006, only for the construction of the missing links in the SKRL project	No clear contact agency	http://www.aseansec.org/6353.htm http://www.mofa.go.jp/region/asia-paci/asean/relation/dimensions.html http://www.mfa.go.th/web/200.php?id=967 http://www.mfa.go.th/internet/document/626.doc http://www.miti.gov.my

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
ASEAN-MBDC or AMBDC (Cont'd)		infrastructure development, trade and investment, agriculture, natural resources, support of small and medium-sized businesses, tourism, human resources development, and science and technology cooperation. The most outstanding scheme under this framework is the Pan-Asia Railway Project or the Singapore-Kunming Rail Link (SKRL), in which a number of feasibility studies have been completed. However, limited progress has been made due to insufficient funding to commence the construction of missing links.						
Mekong Institute (MI)	1996	Mekong Institute (MI) is an inter-governmental organization working in the Greater Mekong Subregion countries to provide capacity building activities for government officials, members of private enterprises and civil society involved in the development of the subregion. MI works closely with the governments of the GMS countries in designing and delivering high quality and relevant human resource development programs.	Cambodia, Lao PDR, Myanmar, Thailand, Viet Nam) and Yunnan Province of China	Ongoing	NZAID, the Thai Government, Khon Kaen University and other national and international partner agencies	N/A	Mekong Institute	http://www.mekonginstitute.org/html/index.php
AMEICC— AEM-METI Economic and Industrial Cooperation Committee (The Economic and Industrial Cooperation Committee of the ASEAN Economic Ministers and the	1998 Japan and ASEAN	AMEICC was developed and restructured from a Working Group on Economic Cooperation in Indochina (Viet Nam, Cambodian and Lao PDR) and Myanmar, established in 1994 to support these countries to be members of ASEAN, which was later renamed as Working Group on Economic Cooperation in Cambodia, Lao PDR and Myanmar (CLM-WG) in 1995. AMEICC is a body for policy consultations with the objectives of improving ASEAN competitiveness, enhancing industrial	ASEAN 10 (Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Viet Nam) and Japan (The	ongoing	No clear funding sources, but mostly by Japan	N/A	AMEICC Secretariat (JODC Bangkok), Bangkok, Thailand	http://www.ameicc.org/

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
Minister of Economy, Trade and Industry of Japan) AMEICC— AEM-METI (Cont'd)		cooperation, and developing cooperation assistance to new member countries. There are nine working groups under AMEICC on the following areas: <ul style="list-style-type: none"> ▪ Human Resources Development ▪ Small and Medium Enterprise, Supporting Industries, Rural Industries (SME/SI/RI) ▪ West-East Corridor Development ▪ Statistics ▪ Automobile Industry ▪ Chemical Industry ▪ Information Technology ▪ Consumer Electronic Industry ▪ Textile and Garment Industry 	membership of AMEICC is ASEAN Economic Ministers and Minister of Economy, Trade and Industry of Japan.)					
Mekong-Ganga Cooperation (MGC)	2000	The initiative emphasizes 4 areas of cooperation, which are tourism, culture, education, and transportation linkage in order to be solid foundation for future trade and investment cooperation in the region. MGC has five Working Groups as follows: <ul style="list-style-type: none"> ▪ <u>Working Group on Tourism</u> (Thailand is the lead country) ▪ <u>Working Group on Education</u> (HRD) (India is the lead country) ▪ <u>Working Group on Culture</u> (Cambodia is the lead country) ▪ <u>Working Group on Communication & Transportation</u> (Lao PDR is the lead country) ▪ <u>Working Group on Plan of Actions</u> (Viet Nam is the lead country) At the Second MGC Ministerial Meeting held in Hanoi in 2001, the member countries adopted the “ <u>Hanoi Program of Action</u> ” affirming their commitment to cooperate in four areas of cooperation.	Cambodia, India, Lao PDR, Myanmar, Thailand and Viet Nam	ongoing but not very active	No clear funding sources	N/A	No clear contact agency	http://www.mfa.go.th/web/882.php

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
		The “Hanoi Programme of Action” has 6 years timeframe from 2001 to 2007 and the progress of its implementation shall be reviewed every two years. In addition, at the Third MGC Ministerial Meeting held in Phnom Penh in 2003, the member countries adopted the “ <u>Phnom Penh Road Map</u> ” as a plan to accelerate the implementation of all MGC projects and activities.						
Emerald Triangle Cooperation Framework	2000	The Emerald Triangle Cooperation Framework consists of three neighboring countries, namely, Cambodia, Lao PDR, and Thailand. The initial aim of this cooperation is to utilize the combined tourism resources of the sub-region for the mutual benefit of the participating countries. Not only will the cooperation benefit the tourism industry, but it will also generate economic growth, reducing income disparity in the three countries and enhancing the well-being of people at the grassroots level.	Cambodia, Lao PDR, and Thailand	ongoing	N/A	N/A	<ul style="list-style-type: none"> ▪ <i>Cambodia</i> Ministry of Foreign Affairs and International Cooperation ▪ <i>Lao PDR</i> Ministry of Foreign Affairs ▪ <i>Thailand</i> Ministry of Foreign Affairs, Department of International Economic Affairs 	http://www.mfa.go.th/web/1486.php
Initiative for ASEAN Integration (IAI)	2000	The Initiative for ASEAN Integration is a framework for regional cooperation aiming to narrow the development gap within ASEAN but also between ASEAN and other parts of the world as well. The IAI currently covers the following priority areas: <ul style="list-style-type: none"> ▪ Infrastructure Development ▪ Energy, ▪ Human Resource Development 	ASEAN 10 (main beneficiaries: Cambodia, Lao PDR, Myanmar, and Viet Nam)	ongoing	ASEAN-6: Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand; other dialogue partners and development	ASEAN -6 contributions to IAI projects as of 15 May 2008 is US\$ 30.98 millions. While 12 dialogue	IAI Unit, ASEAN Secretariat	http://www.aseansec.org/14013.htm

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
IAI (Cont'd)		<p>(Public Sector Capacity Building, Labour & Employment, and Higher Education),</p> <ul style="list-style-type: none"> ▪ Information and Communications Technology, ▪ Capacity building for regional economic integration (Trade in Goods and Services, Customs, Standards and Investments), ▪ Poverty reduction and improvement in the quality of life. <p>The IAI also includes an ASEAN Integration System of Preferences (AISP), where ASEAN-6 unilaterally offer preferential tariffs to CLMV countries.</p>			agencies. Top donors include Japan, Republic of Korea, India, Norway, and European Union	partners and development agencies provide funding assistance to 62 projects totaling US\$ 20.18 million.		
Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), or previously Economic Cooperation Strategy (ECS)	2003 Thailand	<p>ACMECS is a homegrown initiative which aims to bridge the development gap among the member countries, and to promote prosperity in the subregion in a sustainable manner, in line with the UN Millennium Development Goals, and on the basis of self-reliance, partnership, shared prosperity and good neighborliness. ACMECS focuses on six areas of cooperation as follows:</p> <ul style="list-style-type: none"> ▪ Trade and Investment Facilitation ▪ Agricultural and Industrial Cooperation ▪ Transport linkages ▪ Tourism Cooperation ▪ Human Resources Development ▪ Public Health <p>It is noted that ACMECS activities will be complementary to and enhancing the existing bilateral and regional economic cooperation, and undertaken on the basis of voluntarism, consensus, and equitable sharing of benefits. In addition,</p>	Cambodia, Lao PDR, Myanmar, Thailand and Viet Nam	ongoing	Government of Thailand and probably Governments of other member countries	N/A	<ul style="list-style-type: none"> ▪ <i>Cambodia</i> Ministry of Foreign Affairs and International Cooperation ▪ <i>Lao PDR</i> Ministry of Foreign Affairs ▪ <i>Myanmar</i> Ministry of Foreign Affairs ▪ <i>Thailand</i> Ministry of Foreign Affairs, Department of International Economic Affairs, Division of 	http://www.acmeecs.org/ http://www.mfa.go.th/web/1657.php?id=1172 http://www.mfa.go.th/internet/BDU/The_Role_ACMECS.doc

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
ACMECS (Cont'd)		importance of private sector involvement in areas of international trade and investment has also been stressed under the formation of the ACMECS Business Council (ABC) in each member country to link all private sectors together and work alongside with the Governments in the regional development schemes.					Economic Relations and Cooperation <ul style="list-style-type: none"> ▪ Viet Nam Ministry of Foreign Affairs 	
Frameworks with Members from Non-Governmental Sector								
Greater Mekong Subregion Academic and Research Network (GMSARN)	2001	GMSARN is a non-governmental organization linking and networking academic and research institutions in the Mekong Subregion. It carries out activities in the following areas: human resources development, joint research, and dissemination of information and intellectual assets generated in the GMS. GMSARN seeks to ensure that the holistic intellectual knowledge and assets generated, developed and maintained are shared by organizations within the region. Primary emphasis is placed on complementary linkages between technological and socio-economic development issues.	Academic and research institutions in each of the GMS countries (currently 11 institutions)	ongoing	No clear funding sources	N/A	GMSARN Secretariat, Asian Institute of Technology, located in Pathumthani, Thailand	http://www.gmsarn.org http://mpuhost04.ait.ac.th/gmsarn/
Mekong Program on Water Environment and Resilience (M-Power) M-Power (Cont'd)	2004	M-Power is program of action research committed to improving quality of water governance in ways which support sustainable livelihood in the Mekong Region. Its ultimate goal is improved livelihood security, human and ecosystem health in the region through democratizing water governance. Its cross-cutting themes are as follows: <ul style="list-style-type: none"> ▪ Dialogue – deliberation, diplomacy and negotiation ▪ Social justice – gender, ethnicity and 	Individuals and organizations with active research presence in the Mekong Region focused on improving water-related governance.	ongoing	Partner organizations, the Rockefeller Foundation, Sida-SENSA, the World Conservation Union (IUCN), CGIAR Challenge Program on			http://www.mpower.net.org/mweb.php?pg=60

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Funding Sources	Estimated Cost in US\$ Million	Contact Agencies	Websites
		<p>class</p> <ul style="list-style-type: none"> ▪ Knowledge – assessment, practice and communication ▪ Policies – integration, decentralization and privatization <p>Its sectoral themes include:</p> <ul style="list-style-type: none"> ▪ Fisheries – ensuring food security ▪ Floods – reducing the risks of disasters ▪ Irrigation – participatory and optimal water use ▪ Hydropower – meeting electricity needs fairly and sustainably ▪ Watersheds – securing resilient livelihoods ▪ Water Works – providing water and maintaining health of water bodies 			Water and Food, and International Fund for Agricultural Development (IFAD)			
Greater Mekong Subregion Business Forum (GMS-BF)	2000	<p>GMS-BF is a multicountry, independent, nongovernment organization, and a joint initiative of the chambers of commerce of the six GMS countries. It plays a key role in promoting and facilitating cross-border trade and investment in the region. Its main goal is to foster cooperation and growth of private sector through information sharing, networking and public-private sector dialogue.</p>	Chambers of commerce and private companies of the GMS countries.	Ongoing	Corporate membership fees, The Asian Development Bank (ADB) and the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)	N/A	GMS-BF Secretariat	http://www.gmsbizforum.com/

Note: Information and status assessment is based on information available online only.

Table A.1. 2: Summary of Sectors Covered by Subregional Cooperation Frameworks in the Mekong Region

Sector / Framework	MRC	GMS	The Golden Quadrangle	FCDI	ASEAN-MBDC	AMEICC-AEM-METI	MGC	ACMECS	MI	Emerald Triangle Cooperation	IAI	GMSARN	M-Power	GMS-BF
Agriculture	√	√						√						
Culture							√							
Education / Academics Research							√					√		
Environment	√	√			√									
<i>Water Management</i>	√												√	
<i>Fishery</i>													√	
<i>Flood Management</i>	√												√	
Energy		√									√			
Human Resource Development		√		√	√	√		√	√		√	√		
Industrial Cooperation						√		√						
Information and Communication Technology		√									√			
Infrastructure Development		√	√	(√)	√			√			√			
Logistics, Transport and Trade Facilitation	√	√	(√)	√	√		√	√						√
Poverty Reduction											√			
Public Health								√						
Science and Technology					√									
SMEs				√	√	√								
Trade and Investment		√	(√)	√	√						√			√
Tourism	√	√	(√)		√		√	√		√	√			

Note: √ = cover
 (√) = May include

A.2. The ADB GMS Economic Cooperation Program: Scope, Structure and Mechanisms¹⁰

The GMS Economic Cooperation Program¹¹ was established in 1992 with the main support of the Asian Development Bank (ADB), additional contributions and involvement by ESCAP¹², the Mekong River Commission and other international and intergovernmental organizations, as well as bilateral donors. The Program has the objective of promoting sustainable economic growth among the six economies by assisting in strengthening economic links among them (ESCAP, 2001). In 2004, Guangxi Zhuang Autonomous Region of China also joined the GMS programme (Menon, 2005).

Aimed at enhancing **connectivity**, increased **competitiveness**, and a great sense of **community** in the Greater Mekong Subregion, the GMS Program covers both the “hard” (infrastructure development) and “soft” (multi-country agreements and reforms) aspects of cooperation. Since 1992, with support from ADB and other donors, it has contributed to the development and involved in the implementation of high priority sub-regional projects in nine **priority sectors**: transport, energy, telecommunications, environment, human resource development, tourism, trade, investment, and agriculture (The Ministry of Foreign Affairs (MFA) of Thailand, 2005; ADB, 2008).¹³

GMS Institutional Mechanism

In 1995, the GMS countries established a two-level institutional mechanism to sustain cooperation and ensure effective project implementation (ADB, 2008), as follows:

- *At the policy level*, a **Ministerial Conference** coordinates subregional cooperation and provides overall guidance and support.
- *At the operational level*, the Program has established **sector-specific Forums and Working Groups** to discuss and recommend approaches to issues affecting both the "hardware" and "software" aspects of implementation.

It can be concluded that currently (2008) there are six major components driving the GMS Program, as presented in Figure A.2.1.

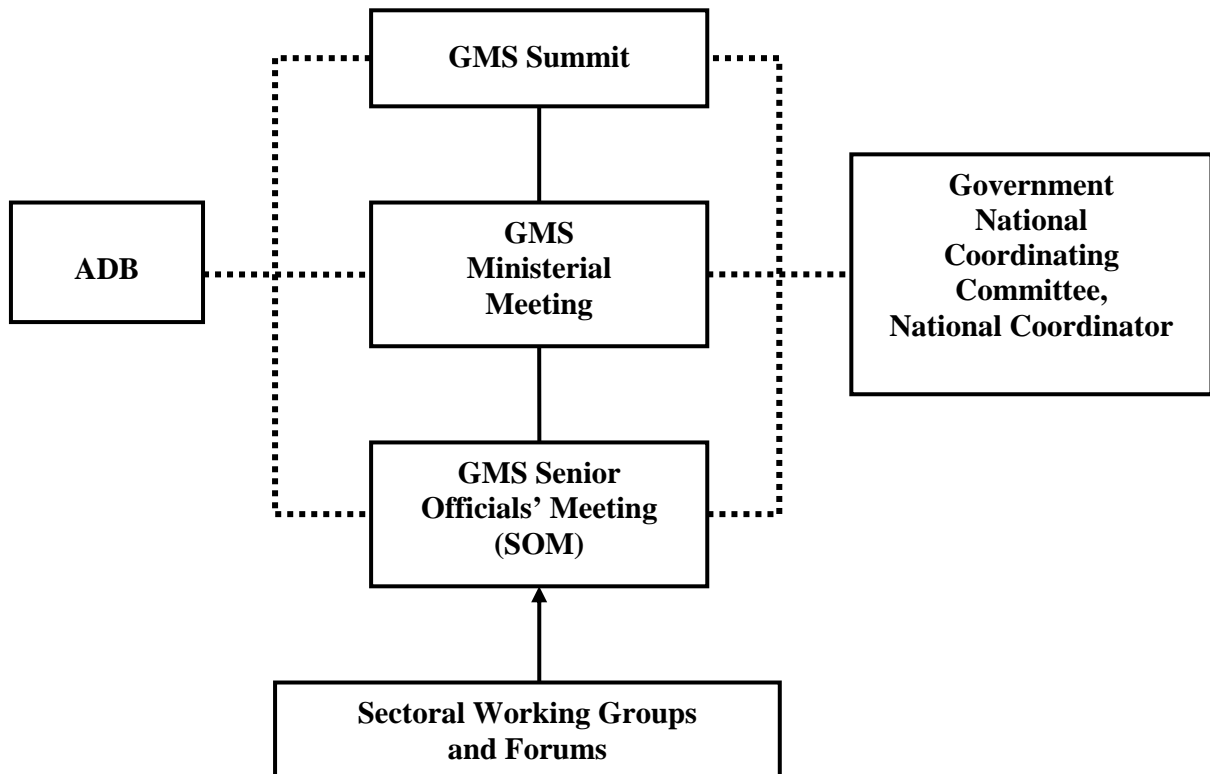
¹⁰ The information in this whole section is mostly derived from the Asian Development Bank’s website on the GMS Program (<http://www.adb.org/gms/>; <http://www.adb.org/GMS/Program/default.asp>; <http://www.adb.org/GMS/Program/institutional-arrangements.asp>), accessed in June-July, 2008.

¹¹ Hereafter referred to as ‘the GMS Program’.

¹² United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)

¹³ Information is partly provided by the Ministry of Foreign Affairs of Thailand, online at (<http://www.mfa.go.th/web/showStatic.php?staticid=755&Qsearch=Greater%20Mekong%20Subregion>), accessed date: July 4, 2008.

Figure A.2. 1: GMS Institutional Arrangements



Source: Asian Development Bank 2008, online at (URL: <http://www.adb.org/Documents/Others/GMS/Program/institutional-arrangements.pdf>), accessed date: July 7, 2008.

- **Sectoral working groups and forums** coordinate cooperation frameworks and activities in each sector.
- **GMS Senior Officials' Meeting (SOM)**, held once or twice a year, consists of senior officials in each sector of cooperation from each GMS country.
- **GMS Ministerial Meeting**, held almost every year, has been organized 14 times as of 2008. The 14th conference was held during 19-21 June 2007 in Manila, the Philippines.
- **GMS Summit**, held on triennial basis, is attended by Prime Ministers of the GMS countries. There has been three GMS Summits: the first hosted by Cambodia in 2002, the second by the People's Republic of China in 2005, and the third by Lao People's Democratic Republic in March 2008.
- **The Asian Development Bank (ADB)**, as de facto secretariat, a facilitator and coordinator of the GMS Program, has been providing technical, advisory, administrative, financial and logistical support to the GMS Program institutional mechanisms.
- **Government National Coordinating Committee and National Coordinator**

GMS Priority Sectors

To achieve the GMS Program, development and cooperation activities have been organized under the following nine key sectors.

Transport: The program has contributed to the development of infrastructure and transport routes to enable the development and sharing of the resource base, and promote the freer flow of goods and people in the subregion. GMS transport networks, combined with cross-border facilitation measures, help to promote trade, investment, and tourism; enhance labor and social mobility; and increase access to markets and other economic opportunities through strengthening of linkages, reduction of transportation costs, and

enabling greater interaction among the people of the GMS (ADB, 2008). **Economic corridors**¹⁴ have been developed along transport routes to link infrastructure with production and trade (ADB, 2008). The three major GMS economic corridors—the East-West, the North-South and the Southern Economic Corridors, all of which will be completed by 2012—constitute an attempt to devise a more holistic approach to development and cooperation in the subregion (ESCAP, 2001).

Energy: GMS cooperation in energy promotes complementary use of energy that provides GMS members access to more economically viable energy resources. Power interconnection and trade among GMS countries help reduce investments in power reserves to meet peak demand, achieve more reliable supply, reduce operational costs, and enhance consumer access to cheaper power sources. To promote power trade, the GMS Program helps develop policies/institutions for cross-border power dispatch, through the signing of the Inter-Governmental Agreement on Regional Power Trade and the formulation of the Regional Power Trade Operating Agreement. Grid interconnection infrastructure will be developed through a building block approach based on the Regional Indicative Master Plan on Power Interconnection completed in 2002 (ADB, 2008).

Telecommunications: Cooperation in the telecommunications sector seeks to develop a subregional network linked to international gateways. Through cooperation GMS countries can acquire the advanced technologies they need to expand access to e-commerce and low-cost communications services (ADB, 2008).

Environment and Natural Resources Management: In the GMS, which holds some of the most important natural forests and biodiversity in the world, protecting the subregion's wealth of natural resources is a major challenge in the face of efforts of GMS countries to achieve faster economic growth. At a special meeting of the GMS Ministers on Environment in Shanghai in May 2005, the GMS Core Environment Program (CEP) was launched to ensure stronger coordination in conserving natural systems and maintaining the quality of the environment. Under the CEP, a Biodiversity Conservation Corridors Initiative (BCI) is being implemented to protect high-value terrestrial biodiversity and protected areas, by establishing sustainable management practices and restoring habitat connectivity in these areas. Measures for reducing poverty among communities living in or near the economic corridors, defining appropriate land-use, and restoring connectivity of ecosystems will be undertaken in six BCI pilot sites (ADB, 2008).

Human Resources Development (HRD): GMS cooperation focuses on the cross-border dimensions of HRD—health and social matters associated with mobile populations, the prevention and control of communicable diseases, and helping the poor to gain better access to education and health services. At the first Summit in Phnom Penh in 2002, a major initiative to help GMS countries better manage the complex task of development was launched through the Phnom Penh Plan (PPP) for Development Management. Through various learning programs, the PPP is helping to build the capacity of middle and senior level professionals in the GMS (ADB, 2008).

Tourism: The Mekong subregion's rich cultural heritage and unique natural geography make it an attractive tourist destination. The GMS countries are promoting the subregion as a single tourist destination through joint marketing efforts and capacity building. A GMS tourism strategy for 2006-2015 was developed that supports a holistic and coordinated approach to tourism development, including the implementation of high-priority tourism infrastructure projects, and the promotion of pro-poor and environment-friendly tourism (ADB, 2008).

Trade: Transport and trade facilitation are promoting smoother cross-border flows of goods and people. All GMS countries have now ratified the Cross-Border Transport Agreement to reduce the regulatory impediments to cross-border traffic and implementation has begun. A Strategic Framework for Action on Trade Facilitation and Investment has been prepared which will further simplify and harmonize

¹⁴ An economic corridor is a well-defined area in which infrastructure improvements are linked with production, trade and other development opportunities. The aim is to generate investment, employment and higher income with infrastructure development along key economic channels. See United Nations Economic and Social Commission for Asia and the Pacific, *Report on the Implementation of Commission Resolution 56/1 on the Decade of Greater Mekong Subregion Development Cooperation, 2000-2009: Note by the Secretariat* (Bangkok, ESCAP, 2001), p.2.

customs procedures, streamline inspection and quarantine measures, develop trade logistics, and enhance the mobility of business people.

Investment: The GMS countries have taken measures to enhance the investment climate, including improvements in the legal framework, incentives regime and the streamlining of investment procedures. In 2000, the GMS Business Forum was established to promote investment in the region. The GMS Program also arranged special GMS events to publicize the investment opportunities in the GMS region (ADB, 2008).

Agriculture: The GMS Program helps poverty reduction in the GMS through partnerships with rural communities to promote agriculture trade, food security and sustainable livelihoods. Enhanced connectivity also helps expand market opportunities (ADB, 2008).

Towards a Multisectoral Approach to GMS Activities

At the first GMS Summit held in Cambodia in 2002, a 10-year strategic framework (2002-2012) for the GMS Program was endorsed by the GMS countries.¹⁵ While priority sectors were the focus during the initial years of the GMS Program, a more multisectoral and holistic approach to regional cooperation has been pursued in the following decade (ADB, 2002).¹⁶ As a result, eleven ‘flagship programs’ have been identified and centered for subregional cooperation thereafter in pursuit of five strategic thrusts¹⁷ focused in the 10-year strategic framework, as follows:

- North-South Economic Corridor
- East-West Economic Corridor
- Southern Economic Corridor
- Telecommunications Backbone
- Regional Power Interconnection and Trading Arrangements
- Facilitating Cross-Border Trade and Investment
- Enhancing Private Sector Participation and Competitiveness
- Developing Human Resources and Skills Competencies
- Strategic Environment Framework
- Flood Control and Water Resources Management
- GMS Tourism Development

¹⁵ Source: ADB (2008). Strategic Framework for Action on Trade Facilitation and Investment in the Greater Mekong Sub-region: TFWG Agreed Draft (26 April 2005). Online at (<http://www.adb.org/Documents/Events/Mekong/Proceedings/tfwg-strategic-framework.pdf>), accessed date: July 8, 2008.

¹⁶ See Asian Development Bank (2002). *Building on Success: A Strategic Framework for the Next Ten Years of the Greater Mekong Subregion Economic Cooperation Program* (Manila), November, p.20.

¹⁷ Five strategic thrusts are Strengthening infrastructure linkages through a multi-sectoral approach; Facilitate cross-border trade and investment; Enhance private sector participation and improve its competitiveness; Develop human resources and skills competencies; and Protect the environment and promote sustainable use of shared natural resources (ADB, 2002, Ibid).

A.3. Beyond Subregional Economic Cooperation and Integration

Countries of the GMS also collaborate with each other bilaterally, as well as members of economic cooperation and integration frameworks of much larger size and scope. Arguably the most important regional economic cooperation framework in which GMS countries collaborate is of the Association of Southeast Asian Nations (ASEAN) to which five of the six GMS countries belong. While China is not a member of ASEAN, cooperation between ASEAN and China has intensified with the signing of the Framework Agreement on Comprehensive Economic Co-operation between the Association of South-East Asian Nations and the People's Republic of China in 2002. ASEAN aims at establishing an ASEAN Economic Community by 2015. Information on selected bilateral, regional and global economic cooperation frameworks and/or preferential trade agreements in which at least two GMS countries are involved are summarized in Table A.3.1.

Table A.3. 1: Summary of Bilateral, Regional and Global Economic Cooperation and Integration Frameworks Involving at least Two GMS Countries (July, 2008)

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
Bilateral Frameworks						
Lao PDR - Thailand Preferential Trading Arrangement (Lao PDR-Thailand)	Signed in 1991	A bilateral preferential trade agreement, in force since 1991.	Lao PDR and Thailand	In force	N/A	Electronic text of the agreement is not available.
Regional Frameworks						
Asia-Pacific Trade Agreement (APTA)	signed in 1975	APTA, a regional preferential trade agreement, first formed as Bangkok Agreement signed in 1975, has been in force since 1976. China acceded in 2001. It aims at promoting intra-regional trade through exchange of mutually agreed concessions by member countries. Provisions for Tariffs on goods: - Positive list (with each country's National Lists of Concessions) - Concessions effective upon signature of the agreement - Possibility of further tariff reduction through negotiation (yearly reviews) - No provisions for coverage of agricultural goods.	Bangladesh, China, India, Republic of Korea, Lao PDR, and Sri Lanka	in force	APTA Secretariat: Trade and Investment Division, UNESCAP, Bangkok Thailand	Official link: http://www.unescap.org/tid/apta.asp Other links: http://mba.tuck.dartmouth.edu/cib/trade_agreements_db/archive/Bangkok.pdf Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at: http://www.unescap.org/tid/aptiad/
ASEAN Free Trade Area (AFTA or ASEAN Goods-AFTA)	signed in 1992	AFTA is a regional free trade agreement, becoming in force since 1993. Its key mechanism on tariff reduction is CEPT—Common Effective Preferential Tariff Scheme. Tariffs on goods: Progressive reduction of tariffs based on mixture of positive list (CEPT Inclusion List) and negative list (Temporary Exclusion List, Sensitive List and Highly Sensitive List) Tariff reduction (to 0-5% level) implemented in ASEAN-6, under way in new ASEAN members; working towards the elimination of	Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam	in force	N/A	Official link: http://www.aseansec.org/12374.htm Other link: http://www.worldtradelaw.net/fta/agreements/afta.pdf Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at: http://www.unescap.org/tid/aptiad/

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
AFTA (Cont'd)		<p>non-tariff barriers</p> <p>Goal to completely eliminate tariffs on all except products covered by the Protocol on Sensitive and Highly Sensitive Products by 2010 for ASEAN 6 and 2015 for CLMV.</p> <p>Note: Agriculture: all agricultural products, except rice (for the Philippines and Indonesia) and sugar (Indonesia) which are considered highly sensitive products, are in the CEPT inclusion list. Work on an appropriate modality for rice and sugar is under way.</p> <p>There is a separate agreement on trade in services and intellectual property, as well as separate action plans on environmental cooperation.</p> <p>Latest amendment was in 2003. ASEAN expects to become a full fledged RTA in the next decade. All other areas of economic, social and political cooperation including services, investment, IPR, environment, labor are covered in separate agreements, not directly in AFTA.</p>				
ASEAN Framework Agreement on Services (ASEAN Services-AFAS)	signed in 1995	AFAS, in force since 1996, is a regional framework agreement. Specific sectors of services cover air transport; business services; construction; financial services; maritime transport; telecommunication; tourism MRAs are being negotiated in engineering, architecture, accountancy, surveying and tourism. It does not apply to investment in services.	Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam	in force	N/A	<p>Official link: http://www.aseansec.org/6628.htm</p> <p>Other links: http://www.aseansec.org/21163.htm</p> <p>Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at: http://www.unescap.org/tid/aptiad/</p>
Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)	signed in 1997	BIMSTEC is a regional framework agreement, previously named BIST-EC (Bangladesh, India, Sri Lanka, Thailand Economic Cooperation). Myanmar joined the organization as a full member at a Special Ministerial Meeting held in Bangkok on 22 December 1997, upon which the name of the	Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand	in force	<ul style="list-style-type: none"> ▪ Bangladesh Embassy of the People's Republic of Bangladesh in Bangkok ▪ Bhutan 	<p>Official link: http://www.bimstec.org</p> <p>Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at:</p>

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
BIMSTEC (Cont'd)		<p>grouping was changed to BIMST-EC. The new name "Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation" was given at the First Summit in 2004. In the same year an FTA was proposed, but has not been signed yet. Draft FTA available at http://www.bimstec.org/free_trade_agreement.asp</p> <p>BIMSTEC covers 13 Priority Sectors lead by member countries in a voluntary manner; namely, Trade & Investment, Technology, Energy, Transport & Communication, Tourism, Fisheries, Agriculture, Cultural Co-operation, Environment and Disaster Management, Public Health, People-to-People Contact, Poverty Alleviation and Counter-Terrorism and Transnational Crimes. It is targeted that tariff elimination could be in place by 2012 (2017 for LDC's).</p>			<p>Ministry of Foreign Affairs, Bhutan, and the Royal Bhutanese Embassy in Bangkok</p> <ul style="list-style-type: none"> ▪ <i>India</i> Ministry of External Affairs of India, and Embassy of India in Bangkok ▪ <i>Myanmar</i> International Organizations and Economic Department, Ministry of Foreign Affairs of Myanmar, and Embassy of the Union of Myanmar in BKK ▪ <i>Nepal</i> Embassy of Nepal in Bangkok ▪ <i>Sri Lanka</i> Economic Affairs Division Ministry of Foreign Affairs of Sri 	<p>http://www.unescap.org/tid/aptiad/</p>

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
BIMSTEC (Cont'd)					Lanka and Embassy of the Democratic Socialist Republic of Sri Lanka in Bangkok ▪ Thailand Division of Economic Relations and Cooperation, Department of International Economic Affairs, Ministry of Foreign Affairs, Thailand	
Framework Agreement on Comprehensive Economic Co-operation between the Association of South-East Asian Nations and the People's Republic of China (ASEAN-China FA)	signed in 2002	ASEAN-China FA is a framework agreement between the country bloc of ASEAN and the PRC, becoming in force since 2003. Reduction in tariff on goods: Normal track - tariff elimination by 2010 for ASEAN-6 and China, and by 2015 for new ASEAN members A protocol to Amend the Agreement on Trade in Goods of the Framework Agreement was signed on 8 Dec 2006; see http://www.aseansec.org/19219.htm No provisions for coverage of agricultural goods are mentioned in this framework agreement.	China, Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam	in force	N/A	Official link: http://www.aseansec.org/13196.htm Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at: http://www.unescap.org/tid/aptiad/
Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-	signed in 2004	ACFTA is a free trade agreement between the bloc of ASEAN countries and the PRC, becoming in force since 2005. Tariff reduction or elimination program under this Agreement shall include all tariff lines not covered by the Early Harvest Program	China, Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines,	in force	N/A	Official link: http://www.aseansec.org/16646.htm Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
operation between the Association of Southeast Asian Nations and the People's Republic of China (ACFTA or ASEAN-China FTA)		under Article 6 of the ASEAN-China FA Normal track and Sensitive track. Tariff reduction and elimination undertaken by each party shall be applied to all other parties. Note: This agreement is negotiated under the broad Framework Agreement http://www.aseansec.org/13196.htm No provisions for coverage of agricultural goods and trade in services.	Singapore, Thailand and Viet Nam			at: http://www.unescap.org/tid/aptiad/
Agreement on Trade in Services of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and the People's Republic Of China (ACFTA-Services or ACFTA Trade in Services Agreement)	signed in 2007	ASEAN-China Agreement on Trade in Services, a free trade agreement between the bloc of ASEAN countries and the PRC becoming in force since 2007, covers a) business services, b) construction and engineering services, c) tourism and travel services, d) transport and educational services, e) telecommunication services, f) health-related and social services, g) recreational, cultural and sporting services, h) environmental services, and i) energy services However, this agreement is just a platform agreement setting the stage for negotiations of specific commitments. Parties endeavor to achieve commitments beyond GATS (Article 21).	China, Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam	in force	N/A	Official link: http://gjs2.mofcom.gov.cn/accessory/200704/1176879066940.doc Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at: http://www.unescap.org/tid/aptiad/
APEC	1989	APEC is a forum for 21 Pacific Rim countries or regions to discuss the regional economy, cooperation, trade and investment. APEC works in three broad areas to meet the Bogor Goals of free and open trade and investment in the Asia-Pacific. The three key areas it focuses on are: <ul style="list-style-type: none"> ▪ Trade and Investment Liberalization ▪ Business Facilitation ▪ Economic and Technical Cooperation 	Currently there are 21 members, including most countries with a coastline on the Pacific Ocean. Member countries from the GMS are China, Thailand and Viet Nam	In force	APEC Secretariat	http://www.apec.org/

Framework	Year of Establishment/ Founder	Description and Scope	Participating Countries	Present Status	Contact Agencies	Websites
Global Frameworks						
Global System of Trade Preferences among Developing Countries (GSTP)	signed in 1988	<p>GSTP is a global preferential trade agreement among developing countries, coming in force since 1989.</p> <p>GSTP is reserved for the exclusive participation of developing countries members of the Group of 77; concessions for LDC are on non-reciprocal basis.</p> <p>Components of GSTP may consist of arrangements relating to tariffs, para-tariffs, non-tariff measures, direct trade measures including medium and long-term contracts, sectoral agreements.</p> <p>Provisions for tariffs:</p> <ul style="list-style-type: none"> - Positive list for tariff concessions - Three rounds of negotiations to exchange concessions, 3rd round in 2004 - Article 17 stipulates Special treatment for LDCs. 	43 countries worldwide including 3 countries from the GMS (Myanmar, Thailand and Viet Nam)	in force	N/A	<p>Official link:</p> <p>http://www.unctadxi.org/templates/Page_6207.aspx</p> <p>Asia-Pacific Trade and Investment Agreements Database (APTIAD), by Trade and Investment Division, UNESCAP, online at:</p> <p>http://www.unescap.org/tid/aptiad/</p>
World Trade Organization (WTO)	1995	The World Trade Organization (WTO) is the global international organization dealing with the rules of trade between nations. Thailand has been a member since 1995. While China and Cambodia joined in 2001 and 2004, respectively, Viet Nam only became a member on 11 January 2007.	152 countries, including all the GMS countries except for Lao PDR, which is now only an observer government (as of 16 May 2008).	ongoing	World Trade Organization, Geneva, Switzerland	<p>Official link:</p> <p>http://www.wto.org/</p> <p>For all member of WTO:</p> <p>http://www.wto.org/english/thewto_e/whatis_e/tif_e/org6_e.htm</p>

Note: Information and status assessment is based on information available online.

B. Regional Integration of GMS and ASEAN: A Comparative Analysis of Selected Socio-Economic Indicators

B.1. Economic Development and Integration

This section provides a brief overview of the economic development in the GMS in comparison to non-GMS ASEAN countries and ASEAN as a whole since 1992, the year on which the GMS cooperation programme was launched.

During 1992-2006 all GMS countries experienced significant economic growth. As shown in Figure B.1.1 and Table B.1.1, less developed countries generally experienced higher rates of growth than more developed ones. Starting in 1992 with an average of US\$ 664, Average GDP per capita of the GMS – excluding China - increased to US\$ 1,042 in 2006 (Table B.1.2). Over the 13 year period, Myanmar and Viet Nam led the group – again excluding China – with a 171% and 129% increase in GDP per capita respectively. In contrast, Thailand managed only a 55% increase in GDP per capita over the same period, in part because of the strong negative impact of the 1997/98 Asian crisis on its economy.

Overall, the pace of per capita GDP growth in the GMS was higher than that of ASEAN as a whole, mainly due to Myanmar and Viet Nam impressive performance (Table B.1.2). Despite the sluggish performance, Thailand remains from far the most economically developed economy of the GMS (Figure B.1.2).

Detailed information at individual country level shows that the differences in economic development of Cambodia-Lao PDR-Myanmar-Viet Nam (CLMV) on one side, and China, Thailand and the other ASEAN countries on another, remain very significant and that the gap is not necessarily narrowing (B.1.2). The within-GMS GDP per capita gap had increased in absolute terms from a Thailand – CLMV Average GDP per capita gap of slightly over \$1,600 in 1992 to a Thailand-CLMV Average gap of almost \$2,400 in 2006 while ASEAN GDP per capita gap (excluding Singapore and Brunei) increased from US\$2,768 to US\$4,330 over the same period. The economic structure of the countries within the GMS and ASEAN also remain quite different, with the agriculture sector accounting for 48.5% and 42% of GDP in Myanmar and Lao PDR, respectively, while representing only 11% of the GDP in ASEAN on average (Table B.1.3).

The above analysis suggests that economic cooperation and regional integration have not yet been very successful in narrowing the economic development gap between developing countries of the GMS. The differences in level of development and economic structure also suggest that GMS countries are likely to have different priorities, highlighting the importance of evolving very transparent cooperation processes that take into account the priorities of all members.

Table B.1. 1: Population, GDP, and GDP growth

	Countries	Population (millions; 2006)	GDP (US\$ billions, constant 2000)	GDP growth (%; 2006)
GMS Countries	China	1,312	2,096	10.7
	Yunnan	45	58	11.9
	Cambodia	14	6.31	10.8
	Lao PDR	6	2.53	7.6
	Myanmar	48	11.20	7
	Thailand	63	165	5
	Viet Nam	84	48.43	8.2
Other ASEAN Countries	Singapore	4	121.63	7.9
	Brunei	0.38	6.99	5.1
	Malaysia	26	118.44	5.9
	Philippines	86	99.59	5.4
	Indonesia	223	219.27	5.5
GMS Average				7.72
Non-GMS ASEAN Avg.				6
ASEAN Average				6.8

Source: World Bank WDI June, 2008; year 2006

- Note:
1. Yunnan data derived from Yunnan Bureau of Statistics, 2008
 2. Original Yunnan data in Chinese Yuan, Conversion rate as of July 25, 2008: 1 USD = 6.87 CNY, United Nations Operational Rates of Exchange available at: <http://intranet/fss/docs/xrates2008.pdf>
 3. Myanmar data derived from IMF WEO Database. The original GDP and GDP per capita are current data, converted using corresponding US GDP deflators available from the same source.
 4. GMS average excludes China and Yunnan data in calculation
 5. Averages are population weighted

Table B.1. 2: GDP per capita, GDP per capita growth, GDP per capita gap

		GDP per capita (US\$ billions, constant 2000)		
		1992	2006	Change (%)
GMS				
Countries	China	476	1,598	236
	Cambodia	312	445	42
	Lao PDR	243	439	81
	Myanmar	73	198	171
	Thailand	1,675	2,601	55
	Viet Nam	251	576	129
	Other ASEAN			
Countries	Singapore	15,664	27,125	73
	Brunei	19,112	18,304	(4)
	Malaysia	2,841	4,535	60
	Philippines	875	1,154	32
	Indonesia	692	983	42
<i>GMS average</i>		<i>664</i>	<i>1,042</i>	<i>57</i>
<i>Non-GMS ASEAN Average</i>		<i>1,079</i>	<i>1,663</i>	<i>54</i>
<i>ASEAN Average</i>		<i>913</i>	<i>1,417</i>	<i>55</i>
GMS GDP per capita gap*		1,602	2,396	50
ASEAN GDP per capita gap**		2,768	4,330	55

Source: Calculated by the author from World Bank WDI 2008 data

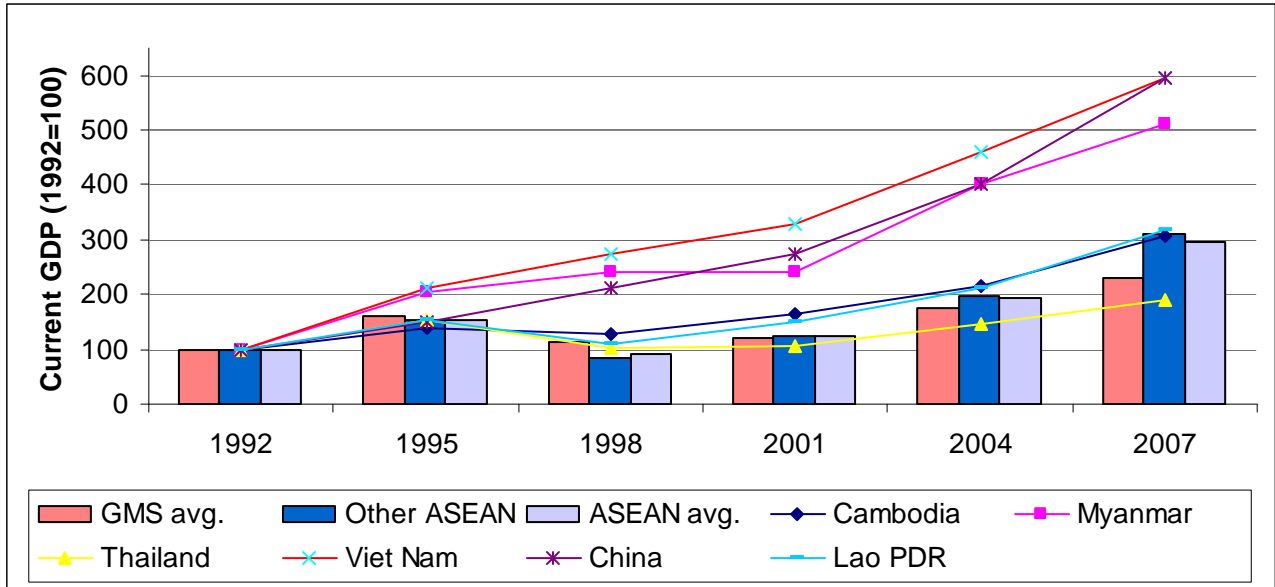
- Note:
1. Myanmar and Cambodia (1992) are current data derived from IMF WEO Database, converted using corresponding US GDP deflators available from the same source
 2. GMS average excludes China
 3. Averages are population weighted.

* The GMS highest GDP per capita – the GMS lowest GDP per capita

** The ASEAN highest GDP per capita – the ASEAN lowest GDP per capita (excluding Singapore and

Brunei)

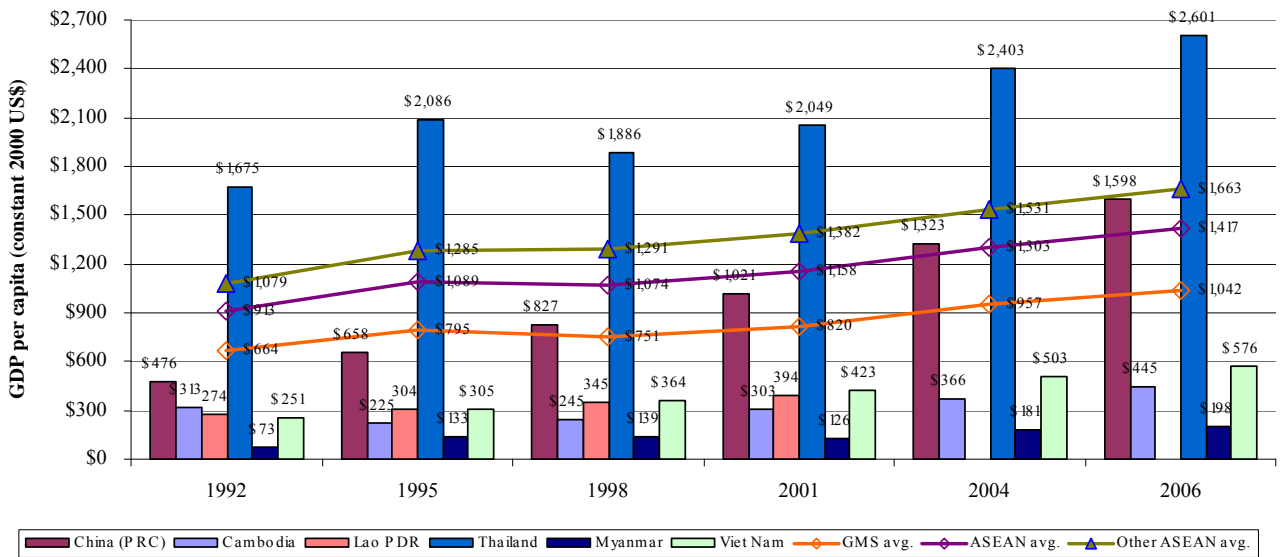
Figure B.1. 1: Current GDP (1992 - 2007)



Source: Calculated by the author with data from IMF World Economic Outlook Database

Note: 1. GMS average excludes China
2. Averages are population weighted.

Figure B.1. 2: GDP Per Capita of the GMS (Constant 2000, US\$)



Source: Calculated by the author from World Bank WDI 2008

Note: 1. Myanmar and Cambodia (1992) are current data derived from IMF WEO Database, converted using corresponding US GDP deflators available from the same source
2. Other ASEAN includes Brunei, Indonesia, Malaysia, Philippines and Singapore
3. GMS average excludes China
4. Averages are population weighted.

Table B.1. 3: GMS Economic Structure by Sector of Activity

	Countries	Agriculture (as % of GDP)		Industry (as % of GDP)		Services (as % of GDP)	
		1992	2006	1992	2006	1992	2006
		GMS	China	22	12	44	48
Countries	Yunnan	N/A	19	N/A	35	N/A	38
	Cambodia	N/A	30	N/A	26	N/A	44
	Lao PDR	62	42	18	32	20	26
	Myanmar	61	48.5	9	16.5	30	35
	Thailand	12	11	38	45	50	45
	Viet Nam	34	20	27	42	39	38
	Other	Singapore	0.2	0.1	36	35	64
ASEAN	Brunei	1	1	60	73	39	26
Countries	Malaysia	15	9	41	50	44	41
	Philippines	22	14	33	32	45	54
	Indonesia	19	13	40	47	42	40
GMS Average			16		42		41
Non-GMS ASEAN Average		15	9	38	43	47	48
ASEAN Average			11		43		46

Source: World Bank WDI June, 2008, for year 2006

Note: 1. Yunnan data derived from Yunnan Bureau of Statistics, 2008

2. Original Yunnan data in Chinese Yuan, Conversion rate as of July 25, 2008: 1 USD = 6.87 CNY, UN Operational Rates of Exchange available at: <http://intranet/fss/docs/xrates2008.pdf>, accessed July 25, 2008.

3. Myanmar 2006 data derived from ABD ADO 2008 available at

<http://www.adb.org/Documents/Books/ADO/2008/ado2008-stattab.asp>, accessed on Sept 3, 2008

4. GMS average excludes China data in calculation

B.2. Social Development and Integration

Successful integration of the GMS countries in the regional and global economy also implies improvements in both social and economic indicators. Human Development Index, Poverty Headcount Ratio at National Poverty Line and Change in GMS within-country inequality are employed to provide the overview of progress in social development in the region since 1992 as well as their current situation.

The change in the Human Development Index¹⁸ in each of the GMS countries between 1975 and 2005 (Figure B.2.1) suggests that improvements in life expectancy at birth, education attainment and income have been made in all countries. According to the UNDP's 2007/2008 Human Development Index rankings, all the GMS are ranked as countries with 'Medium Human Development' – only 3 members of ASEAN (Singapore, Brunei, and Malaysia) are ranked as 'High Human Development' countries (UNDP, 2008).

Among the GMS, the levels of social development as measured by the Human Development Index were, however, clustered into 2 groups: a high development group and a low development group. The members of the former include Thailand, China and Viet Nam while the members of the latter include Lao PDR, Cambodia, and Myanmar whose HDI is lower than the GMS average (Figure B.2.2). The index values do not show strong convergence between the two groups, although China human development index did improve faster than that of other GMS countries and now exceeds the ASEAN average.

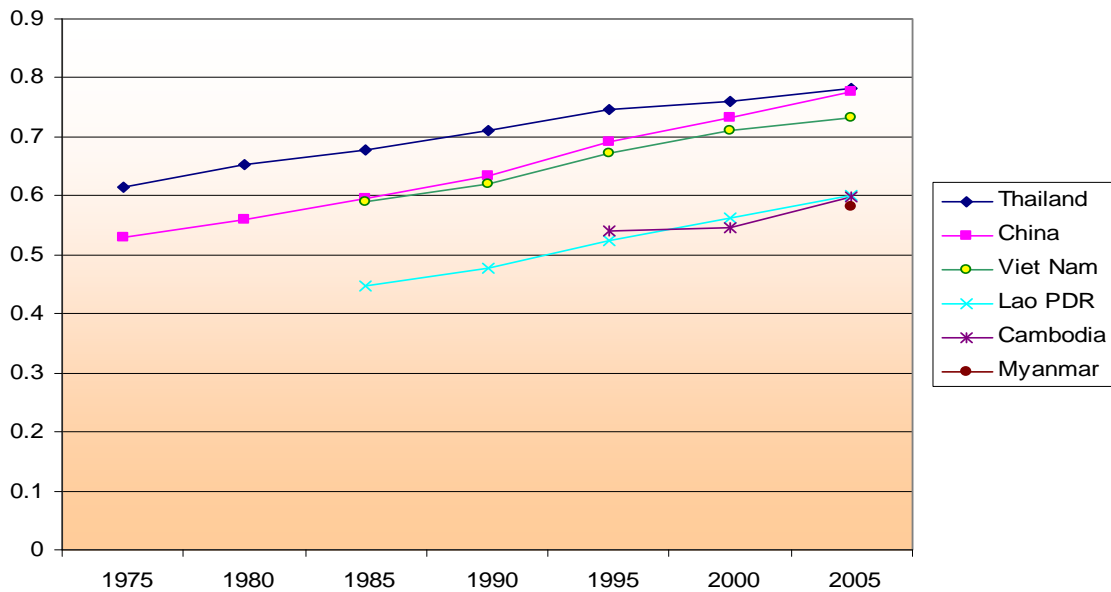
The data on poverty headcount ratio at national poverty line as a percentage of population of Cambodia presented in Figure B.2.3 suggests that the poorest GMS countries have made very significant progress in reducing poverty since 1992, although poverty remains much higher than in China, Thailand and other ASEAN countries. The GMS poverty map showing disaggregated (provincial) estimates of poverty show

¹⁸ A composite index that measures the average achievement in a country in three basic dimensions of human development: a long and healthy life, as measured by life expectancy at birth; knowledge, as measured by the adult literacy rate and the combined gross enrollment ratio for primary, secondary and tertiary schools; and a decent standard of living, as measured by GDP per capita in purchasing power parity US dollars (UNDP, 2005).

that poverty is localized to parts of GMS countries (Figure B.2.4) and that poverty seems particularly high in provinces closer to the geographic center of the GMS region – implying that that subregional cooperation may be inherently pro-poor in contrast to some other regional cooperation / integration processes.

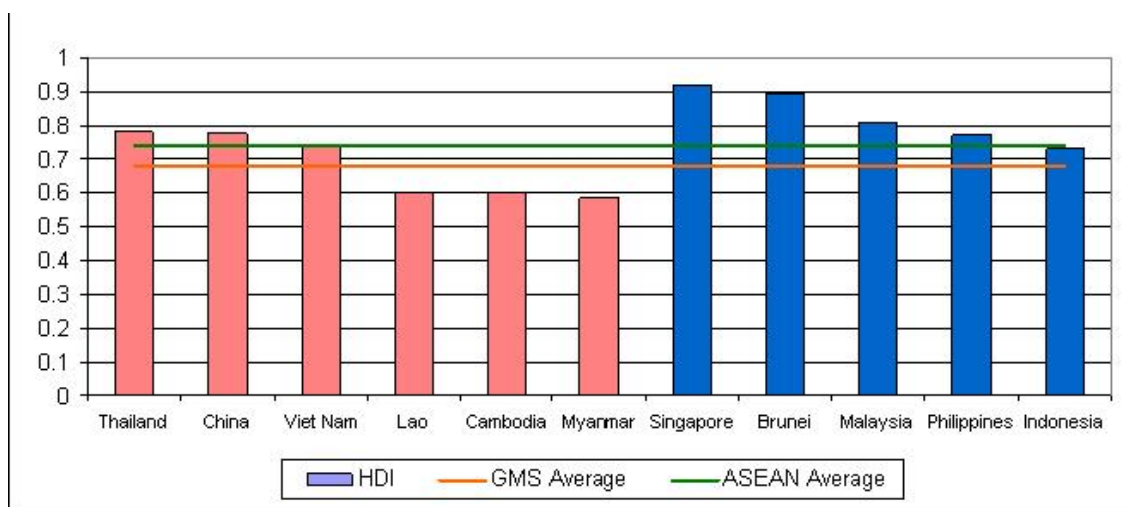
However, although significant progress has been made in terms of poverty reduction, inequality within the countries appears to have worsened in the GMS (Figure B.2.5). Of all the GMS, Thailand has been the only country where inequality has decreased. China’s increase in inequality is the highest, but the raise of inequality in Cambodia and Lao PDR has also been significant over the past decade.

Figure B.2. 1: Change in Human Development Index in the GMS



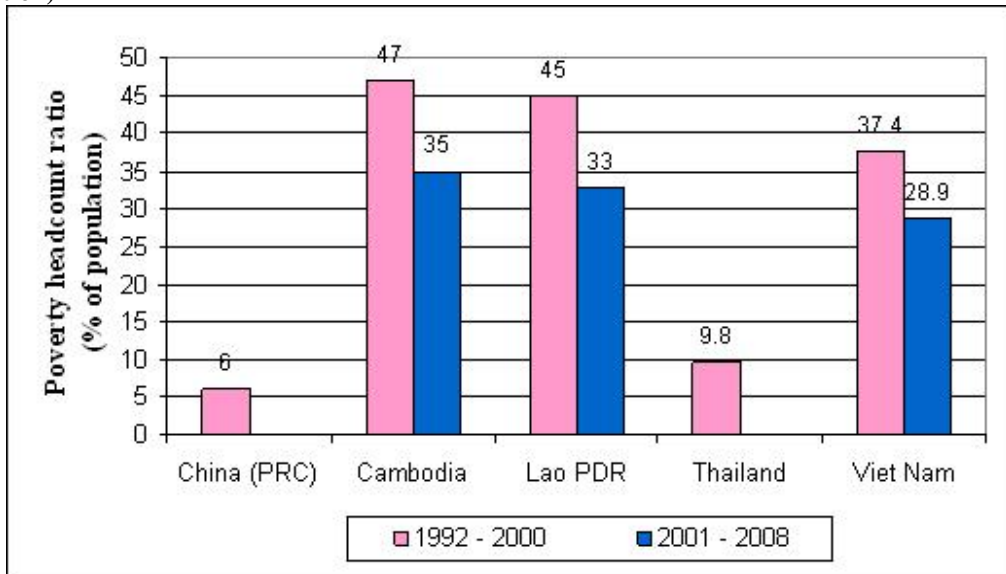
Source: Human Development Reports 2007/2008, UNDP. HDI calculated based on year 2005 data, available at http://hdr.undp.org/en/media/hdr_20072008_tables.pdf, accessed July 20, 2008

Figure B.2. 2: Human Development Index in the GMS and ASEAN



Source: Human Development Reports 2007/2008, UNDP. HDI calculated based on year 2005 data, available at http://hdr.undp.org/en/media/hdr_20072008_tables.pdf, accessed July 20, 2008

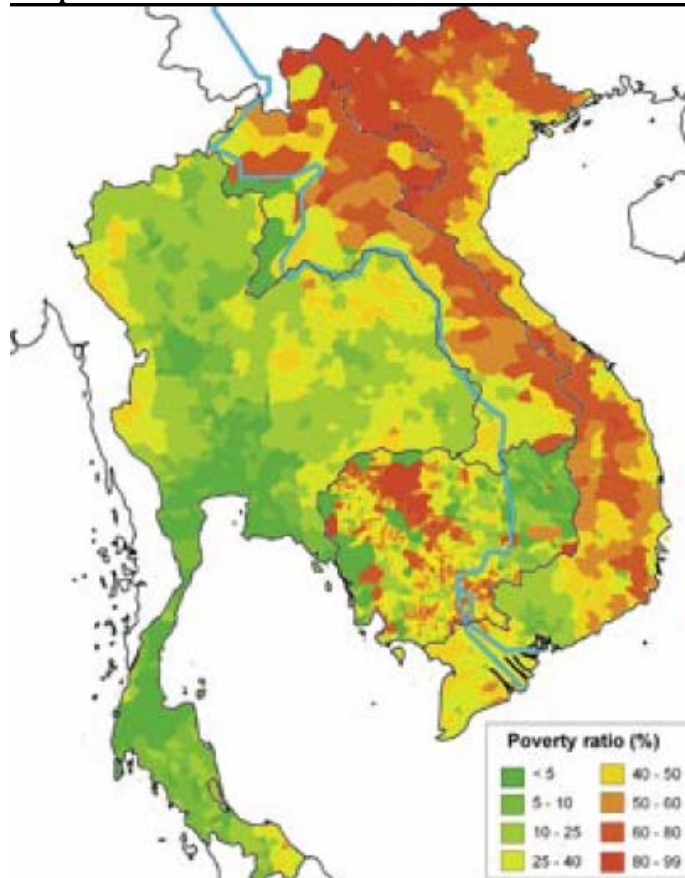
Figure B.2. 3: Poverty Headcount Ratio at National Poverty Line (% of Population)



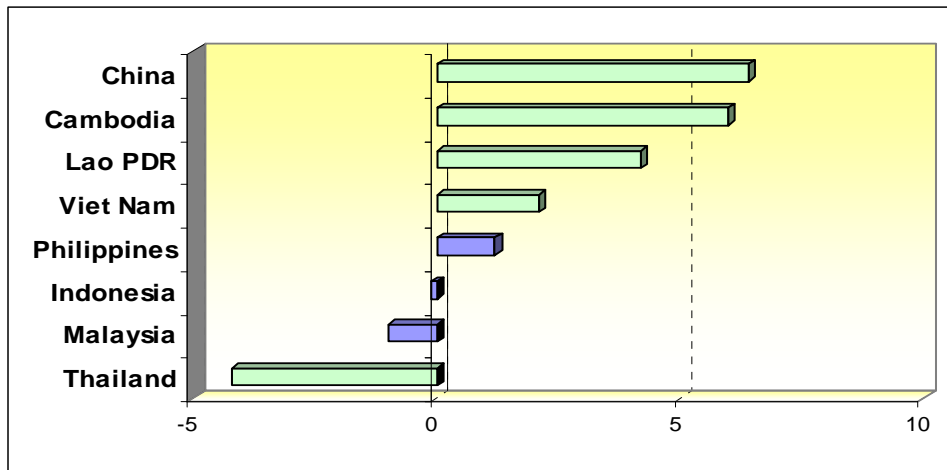
Source: World Bank WDI 2008

- Note:
1. Myanmar data not available
 2. Data during 1992 - 2000 are figures in years closest to 1992
 3. Data during 2001 - 2008 are figures in years closest to 2008
 4. China and Thailand's data during 2001 - 2008 not available

Figure B.2. 4: Poverty Ratio Map



Source: Rice Today (April-June 2007). Compiled by Robert Hijmans, IRRI Social Sciences Division, from Minot N, Baulch B. 2005. Spatial patterns of poverty in Viet Nam and their implications for policy. Food Policy 30:461-475; Fujii T. 2004. Commune-level estimation of poverty measures and its application in Cambodia. WIDER Research Paper 2004/48; van der Weide R. 2004. How poverty came on the map in Lao PDR. World Bank; Healy AJ, Jitsuchon S, Vajaragupta Y. 2003. Spatially disaggregated estimates of poverty and inequality in Thailand. World Bank.

Figure B.2. 5: Change in GMS within-country Inequality (1990s to 2000s)*

Source: Modified from ADB, 2007

Note: *Measured as % change in the Gini Coefficient for expenditure or income distribution. Data years vary across countries depending on data availability.

B.3. Trade Integration

The extent to which subregional or regional integration is occurring cannot be directly assessed based on the above study of socio-economic indicators and their relative convergence over time. The evolving trade pattern of GMS countries is therefore examined to provide evidence of subregional economic integration since 1992.

Intra-GMS trade has expanded relatively quickly, with all countries experiencing positive year-on-year growth rates in intra-subregional trade after 2002 (Figure B.3.1). The growth in intra-subregional trade is found to be somewhat higher than the growth in GMS trade with ASEAN (Figure B.3.2) or the World (Figure B.3.3), except for Thailand, whose total trade with GMS countries tripled in value since 2002 while its trade with ASEAN and the World as a whole only doubled during that period. Figure B.3.4 shows that intra-GMS and intra-ASEAN trade both grew from 2% and 18% of total trade of countries in each group, respectively, to almost 5% and 25%, respectively [the very low intra-GMS trade figure is due to China's trade being included in the calculations].

Interestingly, Figure B.3.4 shows the difference between intra-ASEAN trade and intra-non-GMS ASEAN trade increased from 2.9% in 1992 to almost 4.3% in 2006, indicating that trade among GMS member of ASEAN (CLMVT¹⁹) expanded slightly faster than trade among non-GMS ASEAN members – possibly due to subregional cooperation and integration efforts.

Bilateral import and export flows presented in Table B.3.2 reveal that the less developed countries in the GMS, particularly Cambodia and Lao PDR, tend to have negative trade balances with their GMS partners, i.e., they are net GMS importers. GMS intraregional trade is accounted for mainly by the bilateral trade between China and Thailand, and to a lesser extent between Viet Nam and China. China and Thailand together accounted for 75% of total GMS intraregional trade in 2006 (Figure B.3.6). Viet Nam had the third largest share of GMS intraregional trade with 16%. The aggregate trade flows of Myanmar, Lao PDR and Cambodia account for only 9% of the intra-GMS trade.

At the ASEAN level, the GMS countries (members of ASEAN only, i.e., excluding China) together account for only 20% of ASEAN Intraregional trade (see Figure B.3.8), with Thailand and Viet Nam accounting for over 99% of the GMS contribution to ASEAN intra-regional trade.

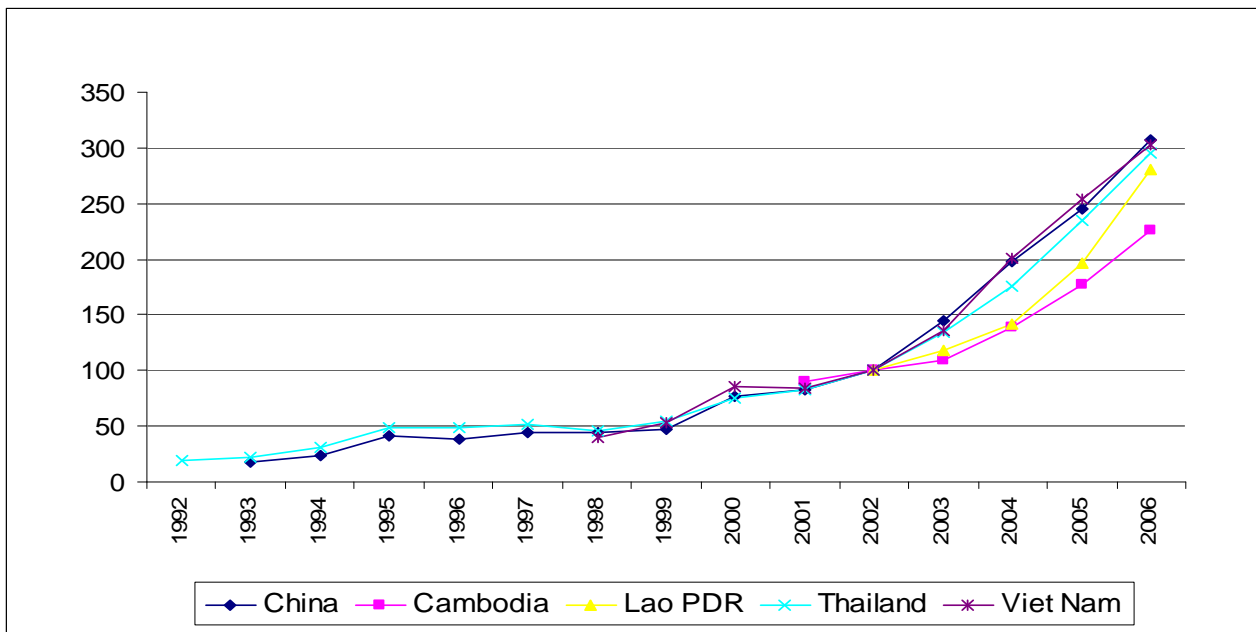
¹⁹ Cambodia, Lao, Myanmar, Viet Nam and Thailand

Lao PDR is, from far, the country that is most dependent on GMS trade (Figure B.3.9). In 2006, Lao PDR's trade dependence on GMS trade measured by a percentage of its total GMS trade to GDP was 69%, while its dependence on ASEAN trade stood at 64% of GDP, and that with the world at 91%. In contrast, other GMS countries' dependence on GMS trade range between 2% (China) and 39% (Myanmar) of their GDP. Cambodia in particular is found to have very little dependence on GMS trade (21%), and even less dependence on ASEAN trade (14%), as most of its trade is with countries outside the region.

While world trade dependence of all GMS countries is high, their trade dependence on GMS or ASEAN trade is often small. At the same time, the dependence of Cambodia and Lao PDR on trade with non-GMS ASEAN members is strikingly small given that this group of countries includes the majority of ASEAN members and its largest economies. Overall this suggests that trade of countries of the subregion and region may have evolved quite independently from formal trade liberalization and integration initiatives. The weak logistics performance (Figure B.3.10) and lack of trade facilitation (Figure B.3.11) in some of the least developed GMS countries may be more important determinants of trade patterns, along with limited productive capacity.

Additional data and indicators related to trade, trade facilitation and governance may be found in Annex.

Figure B.3. 1: Intra-GMS Trade (2002=100)



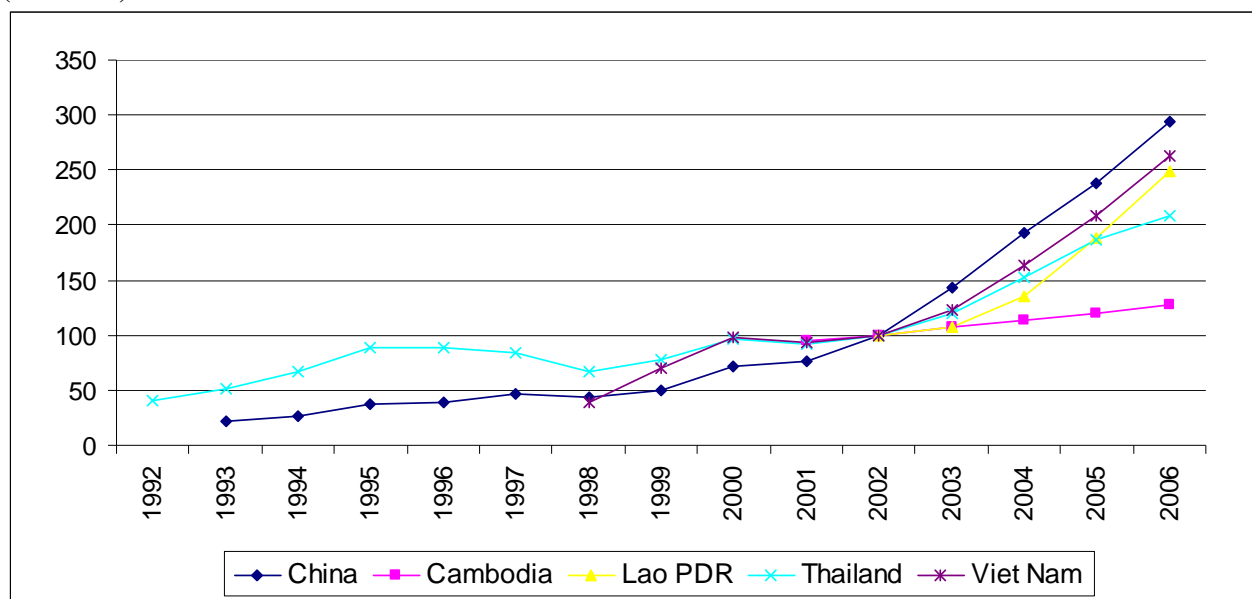
Source: Trade data from COMTRADE database, June 2008

Note: 1. For Lao PDR, data derived from Trade Map (www.trademap.org)

2. Time-series data not available for Myanmar

3. No data before 1992 for China, 2000 for Cambodia, 2001 for Lao, and 1997 for Viet Nam. Missing data are estimated based on previous years

**Figure B.3. 2: GMS Countries Trade with ASEAN
(2002=100)**



Source: Trade data from COMTRADE database, June 2008

Note: 1. Lao PDR data derived from Trade Map (www.trademap.org)

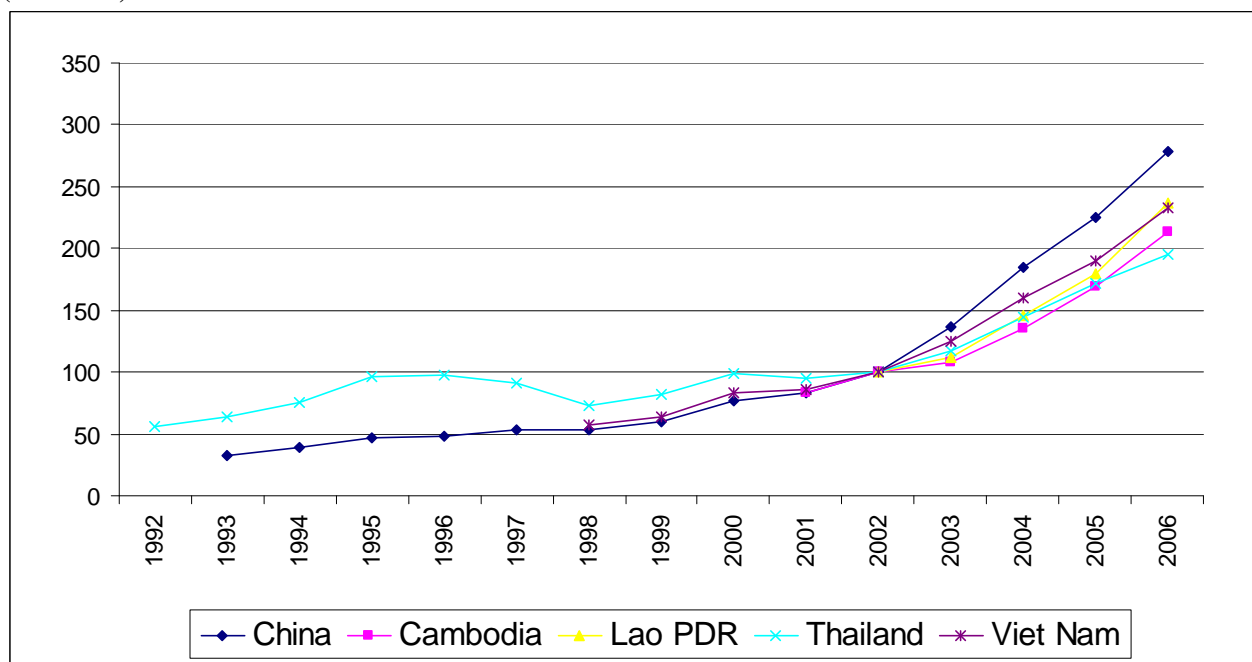
2. Time-series data not available for Myanmar

3. No data before 1992 for China, 2000 for Cambodia, 2001 for Lao, and 1997 for Viet Nam

Missing data are estimated based on previous years

4. China's trade with ASEAN represents bilateral trade with ASEAN group, not intraregional trade

**Figure B.3. 3: GMS Countries Trade with the World
(2002=100)**



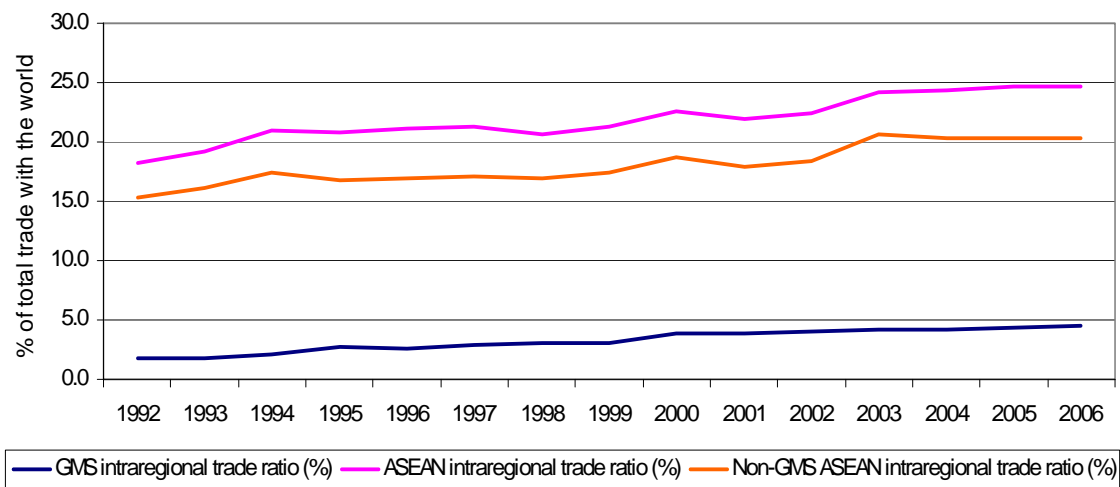
Source: Trade data from COMTRADE database, June 2008

Note: 1. Lao PDR data derived from Trade Map (www.trademap.org)

2. Time-series data not available for Myanmar

3. No data before 1992 for China, 2000 for Cambodia, 2001 for Lao, and 1997 for Viet Nam

4. Missing data are estimated based on previous years

Figure B.3. 4: Intraregional Trade Development: GMS, ASEAN & Non-GMS ASEAN (1992-2006)

Source: COMTRADE database, June 2008

Note: Non-GMS ASEAN includes Brunei, Indonesia, Malaysia, Philippines and Singapore

Table B.3. 1: Growth in Intraregional Trade: GMS, ASEAN, and Non-GMS ASEAN (As % of total trade with the world)

Intraregional Trade Growth	1992	2006	Change (%)
GMS	1.8	4.5	151.20
ASEAN	18.2	24.7	35.2
Non-GMS ASEAN	15.3	20.4	32.9

Source: COMTRADE database, June 2008

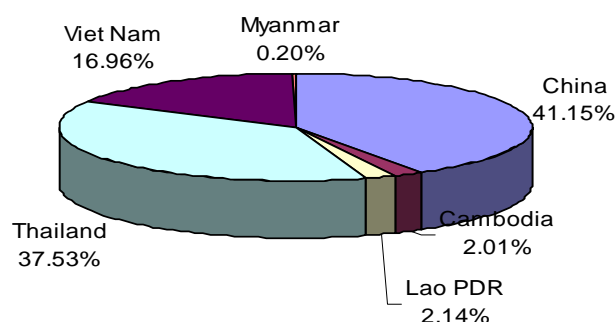
Note: Non-GMS ASEAN includes Brunei, Indonesia, Malaysia, Philippines and Singapore

**Table B.3. 2: Bilateral Trade of GMS Countries
(Export & Import Values, US\$ millions, 2006)**

Reporter/ Partner	China	Cambodia	Lao PDR	Myanmar	Thailand	Vietnam	Total
China							
Export	-	698	169	1,207	9,764	7,463	19,301
Import	-	35	50	253	17,962	2,486	20,786
Net		663	119	955	(8,198)	4,977	(1,485)
Cambodia							
Export	47	-	0.09	553	36	49	685.09
Import	781	-	3	0.05	246	286	1,316.05
Net	(734)	-	(3)	553	(210)	(236)	(630.96)
Lao PDR							
Export	50	N/A	-	N/A	500	N/A	550
Import	169	N/A	-	N/A	1,022	N/A	1,191
Net	(119)	N/A	-	N/A	(522)	N/A	(641)
Myanmar							
Export	253	N/A	N/A	-	2,341	N/A	2,594
Import	1,207	N/A	N/A	-	762	N/A	1,969
Net	(954)	N/A	N/A	-	1,579	N/A	625
Thailand							
Export	11,774	1,252	1,022	762	-	3,092	17,902
Import	13,617	35	500	2,341	-	906	17,399
Net	(1,843)	1,217	522	(1,580)	-	2,186	503
Vietnam							
Export	3,243	781	95	16	898	-	5,033
Import	7,391	169	167	65	3,034	-	10,826
Net	(4,148)	611	(72)	(48)	(2,137)	-	(5,793)

Source: Data for China, Cambodia, Thailand and Viet Nam derived from COMTRADE database, June 2008

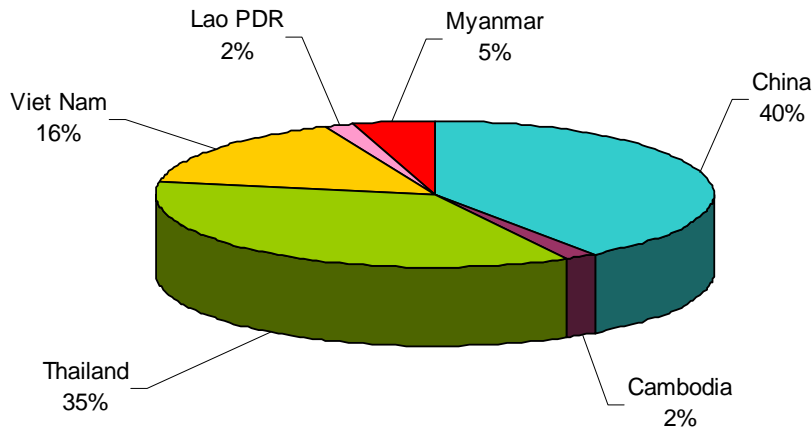
Note: 1. Data for Lao PDR and Myanmar derived from Trade Map, ITC UNCTAD/WTO (www.trademap.org)
2. Cambodia data estimated using average annual growth (2000-2004)

Figure B.3. 5: Share in GMS Intra-regional Trade (2001)

Source: Data for China, Cambodia, Thailand and Viet Nam derived from COMTRADE database, June 2008

Note: 1. 2001 is the closest year with available data for all countries
2. Data for Lao PDR and Myanmar derived from Trade Map, ITC UNCTAD/WTO (www.trademap.org)
3. Cambodia data estimated using average annual growth (2004-2005)
4. Total trade derived from the sum of each country's bilateral trade with each of other members
5. Intra-regional trade derived from the sum of all members' bilateral trade within GMS

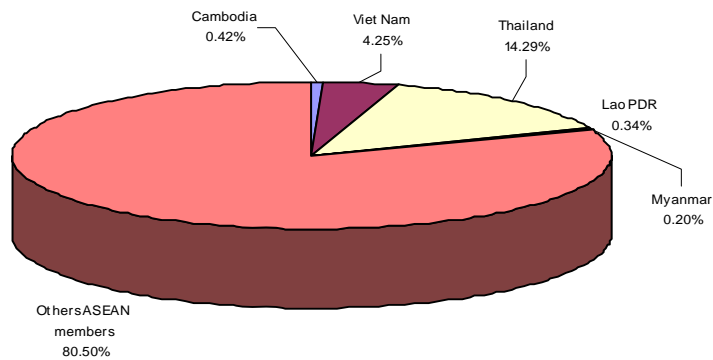
Figure B.3. 6: Share in GMS Intra-regional Trade (2006)



Source: Data for China, Cambodia, Thailand and Viet Nam derived from COMTRADE database, June 2008

- Note:
1. Data for Lao PDR and Myanmar derived from Trade Map, ITC UNCTAD/WTO (www.trademap.org)
 2. Cambodia data estimated using average annual growth (2004-2005)
 3. Total trade derived from the sum of each country's bilateral trade with each of other members
 4. Intra-regional trade derived from the sum of all members' bilateral trade within GMS

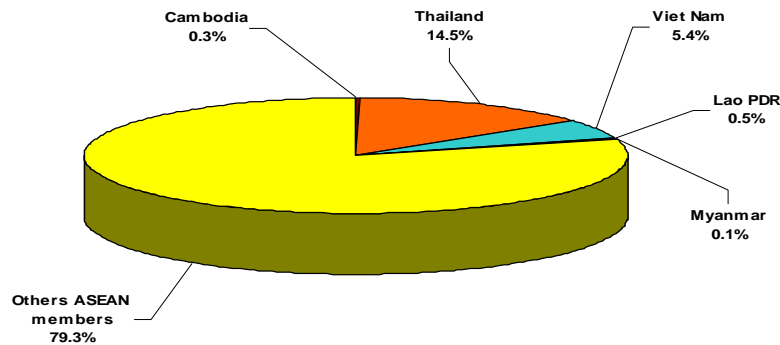
Figure B.3. 7: the GMS's Share of Intra-regional Trade (% , 2001)



Source: COMTRADE database, June 2008

- Note:
1. 2001 is the closest year with available data for all countries
 2. Cambodia data estimated using average annual growth (2004-2005)
 3. Myanmar data estimated as constant to year 1992 data
 4. For Lao PDR, data derived from Trade Map (www.trademap.org)

Figure B.3. 8: the GMS's Share of Intra-regional Trade (% , 2006)

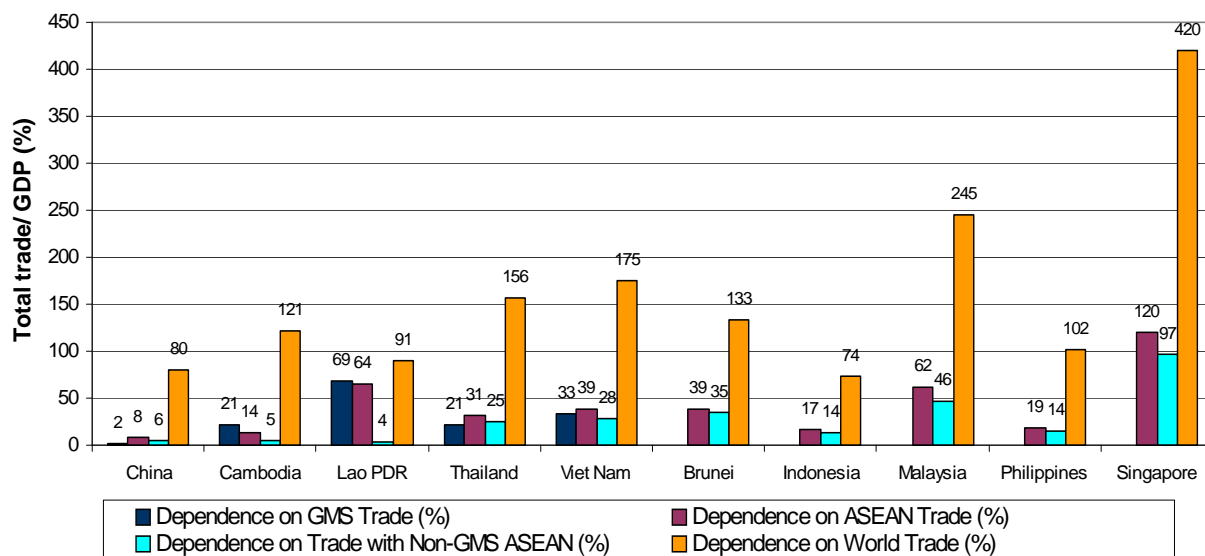


Source: COMTRADE database, June 2008

- Note:
1. Cambodia data estimated using average annual growth (2004-2005)
 2. Myanmar data estimated as constant to year 1992 data

3. For Lao PDR, data derived from Trade Map (www.trademap.org)

Figure B.3. 9: Trade Dependence Percentages: GMS, ASEAN, Non-GMS ASEAN and World (2006)



Source: Trade data from COMTRADE database, June 2008

- Note:
1. For Lao PDR, data derived from Trade Map (www.trademap.org)
 2. GDP (constant 2000 US\$) derived from World Bank WDI
 3. Myanmar's Trade dependence not calculated due to data limitations
 4. Cambodia's trade data are estimated based on average annual growth (2000 - 2004)
 5. Non-GMS ASEAN includes Brunei, Indonesia, Malaysia, Philippines and Singapore

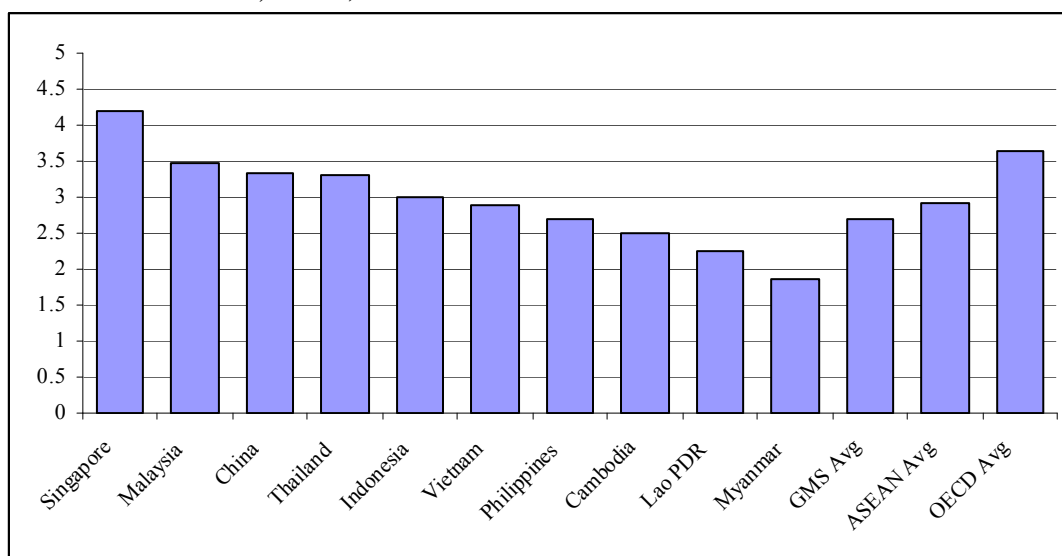
Table B.3. 3: Growth Rates of Export, Import and Total Trade 2006

	China	Cambodia	Lao PDR	Myanmar	Thailand	Viet Nam
Trade with GMS :						
Export growth (% , 2006)	28	24 %	57 %	N/A	29 %	6 %
Import growth (% , 2006)	23	28 %	37 %	N/A	23 %	26 %
Total trade growth (% , 2006)	26	28 %	42 %	N/A	26 %	19 %
Trade with ASEAN* :						
Export growth (% , 2006)	29	-18 %	62 %	38	14 %	12 %
Import growth (% , 2006)	19	9 %	21 %	31	10 %	35 %
Total trade growth (% , 2006)	23	6 %	32 %	35	12 %	26 %
Trade with the World** :						
Export growth (annual % , 2002-2006)	31	18 %	35 %	15 %	18 %	26 %
Import growth (annual % , 2002-2006)	28	19 %	25 %	7 %	20 %	23 %

Source: COMTRADE database, June 2008

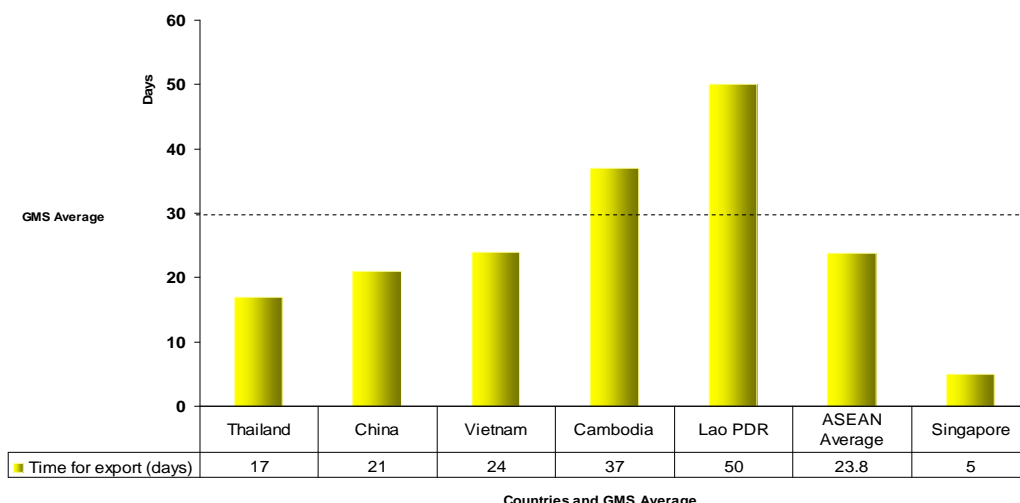
- Note:
1. For trade with GMS and ASEAN, base year 2005
 2. Cambodia data estimated using average annual growth (2004-2005)
 3. Myanmar trade with ASEAN calculated by author from Asian Statistical Yearbook 2006 / 2007 data.
 4. For Lao PDR, data derived from Trade Map (www.trademap.org)
 5. China's trade with ASEAN represents bilateral trade with ASEAN group, not intraregional trade
 6. Data for trade with the world derived from Trade Map (www.trademap.org)

Figure B.3. 10: Logistics Performance of selected Asian countries
(Performance scale from 1 to 5; 1= low)



Source: World Bank Logistics Performance Indicators (LPI) 2007

Figure B.3. 11: Time for Exports: GMS compared with ASEAN and Singapore



Source: World Bank Logistics Performance Indicators (LPI) 2007

C. Stakeholders’ Involvement in Subregional Cooperation: Preliminary Evidence

While countries of the subregion have made significant economic progress and the development gap across countries may have narrowed somewhat, there is evidence (see section C) that inequalities within GMS countries, particularly the least developed ones, has increased significantly. While the rise in within-country inequality may not be attributed to regional cooperation and integration processes, this trend reinforces the need to take into account all stakeholders, particularly the most vulnerable and influential ones, in development initiatives including those supporting the regional integration process.

This need was recognized earlier by ADB, which implemented a technical assistance project specifically entitled “Promoting NGO Support for Poverty reduction in the GMS”²⁰, in which a number of recommendations were made to more closely involve civil society and private sector organizations and representatives in the design and implementation of GMS activities supporting regional integration.

In an initial attempt to gauge the extent to which a cross-section of stakeholders has been involved in GMS cooperation activities, an analysis of the publicly available list of participants in two sectoral working groups - established to identify issues of importance and actions to be undertaken under the GMS Cooperation Programme - was conducted.²¹

C.1. Analysis of Participants in the GMS Trade Facilitation Working Group (TFWG) Meetings

Established in 1994 by the Third Ministerial Conference of the GMS Program²², the Subregional Trade Facilitation Working Group (hereafter referred to as TFWG) has served as an advisory body on issues in facilitating trade in the Mekong Subregion, and it reports to the Ministerial Conference and the respective governments (ADB, 2008).

With the principal focus on facilitating trade-related transactions among the GMS countries, the TFWG has main objectives of promoting the improvement and coordination of trade-related procedures and processes; improving the availability and consistency of trade-related information, and the application of information-technology to trade facilitation; and encouraging institutional cooperation in formulating and implementing appropriate trade facilitation strategies and mechanisms (ADB, 2008).

According to the Term of Reference of the Subregional Trade Facilitation Working Group provided by ADB, the TFWG includes senior-level officials from each GMS country’s government agencies responsible for trade facilitation, and may involve private sector participation as deemed appropriate by the Working Group. At the invitation of the TFWG, ADB and ESCAP may assist in the conduct of the TFWG meetings (ADB, 2008).

The TFWG meeting is organized once a year or more frequently, depending on its work program, and hosted by participating countries in rotation (ADB, 2008). As of April 2008, there have been five TFWG meetings, and three special meetings and workshop, in chronological order, as follows:

- Inception Meeting of the Trade Facilitation Working Group, 1-2 November 1999, Bangkok, Thailand
- Meeting of the Ad Hoc Subgroup on Customs Matters, 11 January 2000, ADB Headquarters, Manila, Philippines
- Workshop on Customs Facilitation in the GMS, 22-23 May 2001, Hat Yai, Thailand
- Second Meeting of the Trade Facilitation Working Group, 28-29 June 2001, Phnom Penh, Cambodia
- Third Meeting of the Trade Facilitation Working Group, 2-3 December 2003, ADB Headquarters, Manila, Philippines
- Fourth Meeting of the Trade Facilitation Working Group, 11-12 November 2004, Kunming, Yunnan Province, the People’s Republic of China
- Special Meeting of the Trade Facilitation Working Group on Action Plan for Trade and Investment Facilitation, 25-26 April 2005, ADB Headquarters, Manila, Philippines
- Fifth Meeting of the Trade Facilitation Working Group, 16-17 May 2007, Bangkok, Thailand

²⁰ (RETA) 6118. Manila: Asian Development Bank (ADB). While the technical assistance (TA) title continues to reflect the initial narrow focus on NGOs, this focus has been expanded to incorporate a broad cross-section of civil society organizations, not only nongovernment organizations (NGO).

²¹ Only two working groups could be analyzed because of time and resource constraints. Selection of the working groups to be analyzed was done on the basis of their perceived potential for including different stakeholder groups (e.g., private sector for the working group on trade facilitation; civil society for the working group on environment) and the potential for conflicting needs among stakeholders (for the working group on environment).

²² When established in 1994, the TFWG was under the name Subregional Trade Working Committee (Subregional Trade Facilitation Working Group: Terms of Reference; ADB, 2008).

The most distinguished output of the TFWG is the formulation and the implementation of the Strategic Framework for Action on Trade Facilitation and Investment (SFA-TFI) in the Greater Mekong Subregion. Proposed by the PRC under the name Trade and Investment Facilitation Action Plan in the 4th TFWG meeting in 2004²³, the SFA-TFI has been developed with involvement of all GMS countries, and with support and guidance from ADB, to include four Priority Areas for cooperation: Customs Procedures; Inspection and Quarantine Measures; Trade Logistics; and Business Mobility. These four priority areas were the focus of discussion in the 5th TFWG meeting in 2007 (ADB, 2008).

For the purpose of this analysis, participants in the TFWG meetings are classified into seven categories as shown in Table C.1.1. The biggest group of participants in all TFWG meetings is composed of **Government Officials** from the GMS countries, and the group's share of total participants generally increased over time – from 60% of total participants in the first TFWG meeting (1999) to 74% in the fifth meeting (2007) – except for the third meeting in 2003 where officials accounted for 58% of all participants, followed by participants from ADB (38%) and International Organizations (4%).

Table C.1.1: Classification of the Participants in the TFWG Meetings (Persons and Percentages of Total Participants)

Meeting	Total Number	Government Officials	ADB ¹	Other International Organizations	Non-GMS Agencies	Academics/Independent Experts	Private/Business	NGOs/Civil Society ²
1st meeting, Bangkok, 1999 (% of total)	60	36 (60 %)	10 (17 %)	3 (5 %)	5 (8 %)	-	6 (10 %)	-
CFWG*, Hat Yai, 2001 (% of total)	36	28 (78 %)	7 (19 %)	1 (3 %)	-	-	-	-
2nd meeting, Phnom Penh, 2001 (% of total)	39	27 (69 %)	8 (20 %)	3 (8 %)	1 (3 %)	-	-	-
3rd meeting, Manila, 2003 (% of total)	24	14 (58 %)	9 (38 %)	1 (4 %)	-	-	-	-
4th meeting, Kunming, 2004 (% of total)	45	32 (71 %)	6 (13 %)	2 (4 %)	2 (4 %)	1 (2 %)	2 (4 %)	-
Special TFWG**, Manila, 2005 (% of total)	29	17 (59 %)	12 (41 %)	-	-	-	-	-
5th meeting, Bangkok, 2007 (% of total)	72	53 (74 %)	11 (15 %)	5 (7 %)	-	-	3 (4 %)	-

Source: Data from Lists of Participants in each TFWG meeting, ADB 2008, *Proceedings of Ministerial, Forum, and Working Group Meetings*, online at

<URL: <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>>, accessed date: July 8, 2008.

Note: *Workshop on Customs Facilitation in the GMS

**Special Trade Facilitation Working Group Meeting on Action Plan for Trade and Investment Facilitation

1. ADB participants include ADB officers, consultants and staff.

2. No participants from NGOs/Civil Society Organizations attended at all meetings.

3. Information for Meeting of the Ad Hoc Subgroup on Customs Matters, 11 January 2000, ADB Manila is not available.

²³ The action plan on trade and investment facilitation was formulated in accordance with one of the five strategic thrusts “Facilitate cross-border trade and investment,” incorporated in the 10-Year Strategic Framework endorsed by the first GMS Summit held in Phnom Penh in 2002 (Strategic Framework for Action on Trade Facilitation and Investment in the Greater Mekong Sub-region: TFWG Agreed Draft; ADB, 2008).

The number and percentages of government officials of GMS countries participating in all TFWG meetings are summarized in Table C.1.2. Thailand and China generally sent the most officials to most of the TFWG meetings – on average 12 and 7, respectively - whereas all other four countries: Cambodia, Lao PDR, Myanmar and Viet Nam, each sent 3 officials on average to the meetings.

Table C.1. 2: Government Officials of GMS Countries Participating in the TFWG Meetings (Persons and Percentages of Total Participating Government Officials)

Meeting	Total Officials	China	Cambodia	Lao PDR	Myanmar	Thailand	Viet Nam
1st meeting, Bangkok, 1999 (% of total)	36	4 (11 %)	2 (6 %)	3 (8 %)	2 (6 %)	22 (61 %)	3 (8 %)
CFWG, Hat Yai, 2001 (% of total)	28	2 (7 %)	2 (7 %)	2 (7 %)	2 (7 %)	18 (64 %)	2 (7 %)
2nd meeting, Phnom Penh, 2001 (% of total)	27	4 (15 %)	6 (22 %)	3 (11 %)	3 (11 %)	8 (30 %)	3 (11 %)
3rd meeting, Manila, 2003 (% of total)	14	2 (14 %)	2 (14 %)	1 (7 %)	2 (14 %)	5 (36 %)	2 (14 %)
4th meeting, Kunming, 2004 (% of total)	32	20 (63 %)	1 (3 %)	2 (6 %)	2 (6 %)	5 (16 %)	2 (6 %)
Special TFWG, Manila, 2005 (% of total)	17	6 (35 %)	2 (12 %)	2 (12 %)	2 (12 %)	3 (18 %)	2 (12 %)
5th meeting, Bangkok, 2007 (% of total)	53	12 (23 %)	5 (9 %)	6 (11 %)	5 (9 %)	20 (38 %)	5 (9 %)
Averages	30	7	3	3	3	12	3

Source: Data from Lists of Participants in each TFWG meeting, ADB 2008, Proceedings of Ministerial, Forum, and Working Group Meetings, online at <URL: <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>>, accessed date: July 8, 2008.

ADB officers, consultants and staff, represented between 10%-41% of total participants at all TFWG meetings. The greatest percentage of ADB participants in all TFWG meetings (41%) was during the Special TFWG Meeting held at ADB Headquarters in Manila in 2005, when a consensus on the draft of the Strategic Framework for Action on Trade Facilitation and Investment (SFA-TFI) in the Greater Mekong Subregion was reached. This does suggest that ADB took a leading role in assisting the GMS countries to formulate the Framework that has driven the GMS cooperation on trade facilitation since. All participants to that event were either ADB related (41%) or Government officials (59%).

Other international Organizations and Non-GMS Agencies represented from 0%-8% of total participants. International Organizations here refer to intergovernmental organizations with global or regional membership. Relevant **International Organizations** (hereafter referred to as IOs) are United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Association of Southeast Asian Nations (ASEAN), European Union (EU), World Bank, United Nations Industrial Development Organization (UNIDO), and World Customs Organization (WCO). **Non-GMS Agencies** are organizations of individual governments or business sectors *outside of* the GMS, which included agencies of Japan (Japan

Bank for International Cooperation: JBIC; Japan Overseas Development Corporation: JODC; Japan External Trade Organization: JETRO), Spain (Spanish Commercial Office Bangkok), Indonesia (Indonesian Embassy, Bangkok), and Singapore (International Trade Institute of Singapore: ITIS). Though on the same ranking, international organizations have been involved in the TFWG meetings more frequently and actively than non-GMS Agencies.

At least one international organization (IO) other than ADB attended each TFWG meetings, except for the Special Meeting on Action Plan for Trade and Investment Facilitation in Manila (2005).²⁴ As detailed in the Annex Table C.1, representatives from UNESCAP participated in the events most frequently (3 meetings), followed by the World Bank (2 meetings). ASEAN, EU, WCO and UNIDO were represented only at one of the five meetings held since 1999. Interestingly, however, representation of other IOS in the TFWGs was highest during the last meeting in 2007.

Participants from all international organizations attended the TFWG meetings as development partners or resources persons for trade facilitation and related issues, except for an EU participant who attended the third meeting in Manila (2003) only as an observer. As for non-GMS agencies, representatives from Japanese organizations participated in the TFWG meetings twice, in the first meeting as observers and in the fourth meeting as development partners, while participants from Indonesian, Singaporean and Spanish agencies attended the event only once as observers and have not attended since 2003.

Private or Business Sector attending the TFWG meetings included representatives from provincial Chambers of Commerce, Chamber of Commerce and Industry of the GMS countries, and of the GMS Business Forum (GMS-BF). Although deemed as an important part of the meetings by the Working Group, involvement of the private/business sector has been quite limited and participation has not been regular. The private sector seem to have been most represented at the very first TFWG meeting (1999) when private sector representatives accounted for 10% of total participants - mainly as observers, however.

While the private sector's percentages of total participants was only 4% in the last two TFWG meetings, a review of the programmes of the meetings show that the private sector was given an opportunity to present their views on issues related to trade facilitation and investment in the GMS. That being said, all three private sector participants during the fourth meeting in Kunming (2004) were from Yunnan Provincial Chamber of Commerce of the PRC; and the GMS Business Forum represented the private sector in the fifth meeting in Bangkok (2007).

Academics or Independent Experts, which refer to academics or specialists from local or national educational or research institutes, as well as from local consulting firms of the GMS countries, and **Non-Governmental Organizations (NGOs)/Civil Society Organizations** did not participate in the TFWG meetings.²⁵

Figure C.1.1 shows the relative size of each of the various stakeholder groups during each of the meeting held over time. No clear trend or change is apparent in the composition of the TFWG meetings, even though there is evidence that ADB and the Working Group realized the importance of private sector participation²⁶ and other stakeholders.²⁷

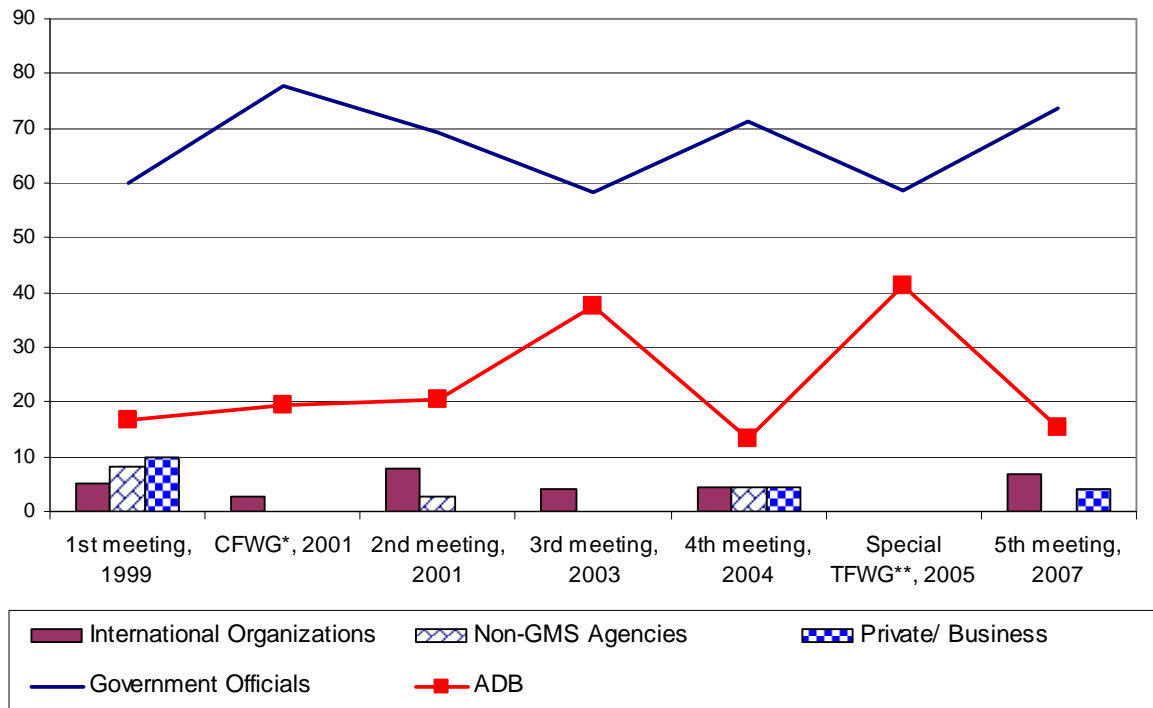
²⁴ IOs and non-GMS agencies had diverse roles in attending the TFWG meetings, but their roles could be classified as "Development Partners" or "Resources Persons" who provided technical assistance, such as useful information regarding relevant issues through presentations, or other support to TFWG meetings and activities; and "Observers" who merely participated in the events.

²⁵ Only one representative from a local Chinese consulting firm participated in the fourth TFWG meeting in Kunming (2004), and only as observer.

²⁶ Quoting from the proceedings of the third TFWG meeting in Manila (2003), "Private sector representatives from a broad spectrum of concerns should be considered as invitees (i.e., regional chambers, bankers, manufacturers, freight forwarders, insurance brokers, etc.)." (ADB, 2008).

²⁷ See (RETA) 6118.

**Figure C.1. 1: Each Stakeholder Group's Participation in the TFWG Meetings
(% of Total Participants)**



Source: Data from Lists of Participants in each TFWG meeting, ADB 2008, Proceedings of Ministerial, Forum, and Working Group Meetings, online at <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>, accessed July 8, 2008.

Note: *Workshop on Customs Facilitation in the GMS
 **Special Trade Facilitation Working Group Meeting on Action Plan for Trade and Investment Facilitation
 1. Since the representative from the group of Academics/Experts participated only once in the 4th meeting, the data are not presented in the figure.
 2. Since there were no participants from NGOs/Civil Society Organizations attended at all meetings, it is not presented in the figure.

C.2 Analysis of Participants in GMS Environment Working Group (WGE) Meetings

Established in 1995 under the GMS Economic Cooperation Program, the GMS Working Group on Environment (hereafter referred to as WGE) has served as an advisory body on subregional issues in the environment and natural resources management sector and reports to the Ministerial Conference and to the respective government (ADB, 2008). The principal focus of the WGE is to facilitate the implementation of priority GMS environmental projects and to ensure that environmental issues are properly addressed in projects in other sectors. It is also expected to address the issues regarding harmonization of national environmental legislation and regulations within the subregion.

According to the Term of Reference of the Subregional Working Group on Environment, the main objectives of the group are the followings: to provide a vehicle for dissemination and exchange of information on environmental matters among regional governments, and international organizations; to provide a venue for addressing soft issues, including the coordination of national environmental policies of common subregional concern, the formulation of regional environmental standards, cooperation in controlling illegal trade in timber and in endangered species, etc.; to provide a venue for addressing environmental issues associated with subregional development projects in other sectors, and especially those associated with large infrastructure projects in the transport and energy sectors; provide policy advice and guidance on subregional environmental programs; coordinate financing arrangements for subregional

projects by the governments concerned, by donors, and by the private sector; and to facilitate cooperative training projects and other human resource development initiatives in the environment and natural resources management sector (ADB, 2008).

The WGE in principle consists of 2 senior officials from each GMS country: one from the environmental agency and the other from either the environmental agency or from a government agency in the natural resource management sector (ADB, 2008). The position of Chairperson rotates among the participating countries, and is linked to the venue of the next WGE meeting. In term of frequency of the meetings, the WGE meets twice a year, or more frequently depending on its work program. Unlike other subregional forums and working groups, WGE's area of responsibility extends beyond its own projects to include environmental issues raised by projects and activities in other sectors. As of 15 July 2008, there have been 13 WGE meetings, 1 workshop and 2 Ministers' meeting, in chronological order, as follows:

- Commencement Workshop, 4 October 1995, Manila, Philippines
- Second Meeting, 30 July - 1 August 1996, Bangkok, Thailand
- Third Meeting, 11-13 March 1997, Siem Reap Province, Cambodia
- Fourth Meeting, 5-6 March 1998, Hanoi, Viet Nam
- Fifth Meeting, 11-12 May 1999, Kunming, Yunnan Province, PRC
- Sixth Meeting, 10 January 2000, Manila, Philippines
- Seventh Meeting, 29-31 August 2001, Luang Prabang, Lao PDR
- Eighth Meeting, 3-4 April 2002, Yangon, Myanmar
- Ninth Meeting, 1-2 December 2003, Phuket, Thailand
- Tenth Meeting, 23-24 September 2004, Hanoi, Viet Nam
- Eleventh Meeting, 15-16 March 2005, Siem Reap, Cambodia
- Ministers' Meeting, 25 May 2005, Shanghai, PRC
- 12th Meeting, 25-26 April 2006, Bangkok, Thailand
- 13th Meeting, 13-15 June 2007, Guilin, PRC
- Second Ministers' Meeting, 28-30 January 2008, Vientiane, Lao PDR
- 14th Meeting, 1-2 July 2008, Luang Prabang, Lao PDR

As data in Table C.2.1 shows, **Government Officials** from the GMS account for between 30 - 60 % of total participants, except for the 8th meeting (2002) when the proportion of Government officials reached 72% - 24 officials from Myanmar attended. All participating countries generally sent 1-3 officials to most meeting hosted by other countries while the host country usually took the opportunity to send more officials to the meeting – seemingly less so for Viet Nam.

For more information on the number and percentage of government officials from GMS countries participating in each meeting see Annex Table C.2: Government Officials of GMS Countries Participating in the WGE Meetings.

ADB officers, consultants and staffs usually represented between 15 - 30 % of total participants in all meetings except in the 13th meeting (2007) when the group's share of total participants decreased to its lowest level of 4.92 %. This sharp decrease was a result of the establishment of the Environment Operations Center (EOC),²⁸ classified in this analysis as an International Organization. The EOC took over the WGE-related support functions, such as organizing and holding meetings, coordinating WGE activities, reporting to the WGE, and other tasks which were previously carried out by the ADB officers, consultants and staffs. Consequently, the share of participants from this group decreased. However, it is unclear to what extent the EOC is distinct from ADB, as the EOC offices are located in ADB Thailand offices and at least some EOC staffs are funded through an ADB technical assistance project (RETA 6289).

²⁸ Established in early 2006 to serve as the information and knowledge clearinghouse for environmental management in the GMS and responsible for facilitating the timely and effective implementation of the GMS Core Environment Program (CEP). The EOC also act as a secretariat to the WGE.

**Table C.2. 1: Classification of the Participants in the WGE meetings.
(Persons and Percentages of Total Participants)**

Meeting	Total Number	Govt. Officials	Inter Org.	ADB	Non-GMS Agencies	Academics/ Experts	Private/ Business	NGOs
Commencement Workshop, Manila, 1995 (% of total)	12	5 (41.67)	5 (41.67)	2 (16.67)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)
2nd Meeting, Bangkok, 1996 (% of total)	42	18 (42.86)	3 (7.14)	13 (30.95)	3 ²⁹ (7.14)	2 (4.76)	0 (0.00)	0 (0.00)
4th Meeting, Hanoi, 1998 (% of total)	50	16 (32.00)	6 (12.00)	12 (24.00)	11 ³⁰ (22.00)	0 (0.00)	0 (0.00)	5 10
5th Meeting, Kunming, 1999 (% of total)	27	15 (55.56)	1 (3.70)	7 (25.93)	3 ³¹ (11.11)	0 (0.00)	0 (0.00)	1 3.70
6th Meeting, Manila, 2000 (% of total)	21	11 (52.38)	3 (14.29)	6 (28.57)	0 (0.00)	0 (0.00)	0 (0.00)	1 4.76
7th Meeting, Luang Prabang, 2001 (% of total)	36	23 (63.89)	4 (11.11)	9 (25.00)	0 (0.00)	0 (0.00)	0 (0.00)	0 (0.00)
8th Meeting, Yangon, 2002 (% of total)	50	36 (72.00)	5 (10.00)	7 (14.00)	1 ³² (2.00)	1 (2.00)	0 (0.00)	0 (0.00)
9th Meeting, Phuket, 2003, (% of total)	32	15 (46.88)	5 (15.63)	8 (25.00)	1 ³³ (3.13)	3 (9.38)	0 (0.00)	0 (0.00)
10th Meeting, Hanoi, 2004 (% of total)	34	17 (50.00)	5 (14.71)	6 (17.65)	3 ³⁴ (8.82)	1 (2.94)	0 (0.00)	1 2.94
11th Meeting, Siem Reap, 2005 (% of total)	44	20 (45.45)	6 (13.64)	10 (22.73)	3 ³⁵ (6.82)	1 (2.27)	0 (0.00)	4 (9.09)
13th Meeting, Guilin, 2007 (% of total)	61	23 (37.70)	16 (26.23)	3 (4.92)	7 ³⁶ (11.48)	8 (13.11)	0 (0.00)	4 (6.56)

Source: Data from Lists of Participants in each WGE meeting, ADB 2008, Proceedings of Ministerial, Forum, and Working Group Meetings, online at

<URL: <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>>, accessed date: July 18, 2008.

Note: 1. Information for the 3rd, the 12th, the 14th and both Ministers Meetings are not available.

Some **International Organizations** attended all WGE meetings. Participants from IOs on average represented 5 – 15 % of the total number of participants, except for the commencement workshop (1995) in which the IOs accounted for the biggest share in the meeting (accounted for 41.67%, which is the same as

²⁹ Participating non -GMS agencies (person) were Canada (1), Finland (1) and Spain (1)

³⁰ Participating non-GMS agencies (person) were Belgium (1), Japan (2), Denmark (2), Finland (1), Germany (1), Italy (1), Netherlands(1), Norway (1) and Switzerland(1)

³¹ Participating non-GMS agencies (person) were Netherlands(1), Spain (1) and Switzerland(1)

³² Participating non-GMS agencies (person) was Japan (1)

³³ Participating non -GMS agencies (person) was Sweden (1)

³⁴ Participating non -GMS agencies (person) were Denmark (1), Sweden (1) and USA (1)

³⁵ Participating non -GMS agencies (person) were Denmark (1), Sweden (1) and USA (1)

³⁶ Participating non -GMS agencies (person) were Belgium (1), Finland (1), Netherlands (3), and Sweden (2)

the share of the GMS's government officials attended the meeting).³⁷ Representatives from the Mekong River Commission (MRS) and UNEP participated in the meeting most frequently. Representatives from the MRS attended all the meetings, while representatives from UNEP attended all the meetings except the 4th meetings (1998). ASEAN Secretariat attended only one meeting and did not attend since 2002. Details about the frequency and number of participants from other IOs may be found in Annex Table C.2.1

Participation of **Non-GMS Agencies** ranged between 0 – 22.00%, with an average of 6%. As indicated in Table 10, the number of participants from non-GMS Agencies reached its highest of 11 persons in the 4th meeting (1998) and was also high in the 13th meeting. Representatives from Sweden attended the meetings most frequently (4 times). Other active non – GMS agencies include Denmark, Finland and the Netherlands who each attended 3 meetings.

Academics / Independent Experts generally represented less than 10% of total participation. Although fluctuating significantly from meeting to meeting, the participation from this group seems to have increased since 2000. **NGOs's** participation seem to have been quite marginal, peaking in 1998 and falling to zero until the 10th meeting in 2004, after NGO participation increased. Table C.2.2 includes the affiliation of participants from Academics and NGOs.

Overall, Figure C.2.1 suggests that a somewhat more balanced participation of stakeholders was achieved in recent meetings. In addition, the meetings' agendas and proceedings revealed that representatives from the IOs, Academics / Experts and NGOs had been active participants for the meetings who were not just attending the meetings but also served as resource persons on relevant issues. That being said, no participants from **Private/Business Sector** attended any WGE meetings.

³⁷ The share of the group was especially high again (26.23%) in the 13th meeting last year as a result of the newly established Environment Operation Center that participated in the meeting for the first time and sent a total of 12 officials to attend the meeting. Number of representatives from the IOs at the 13th meeting excluding the EOP was 4 participants, which corresponded to its previous average.

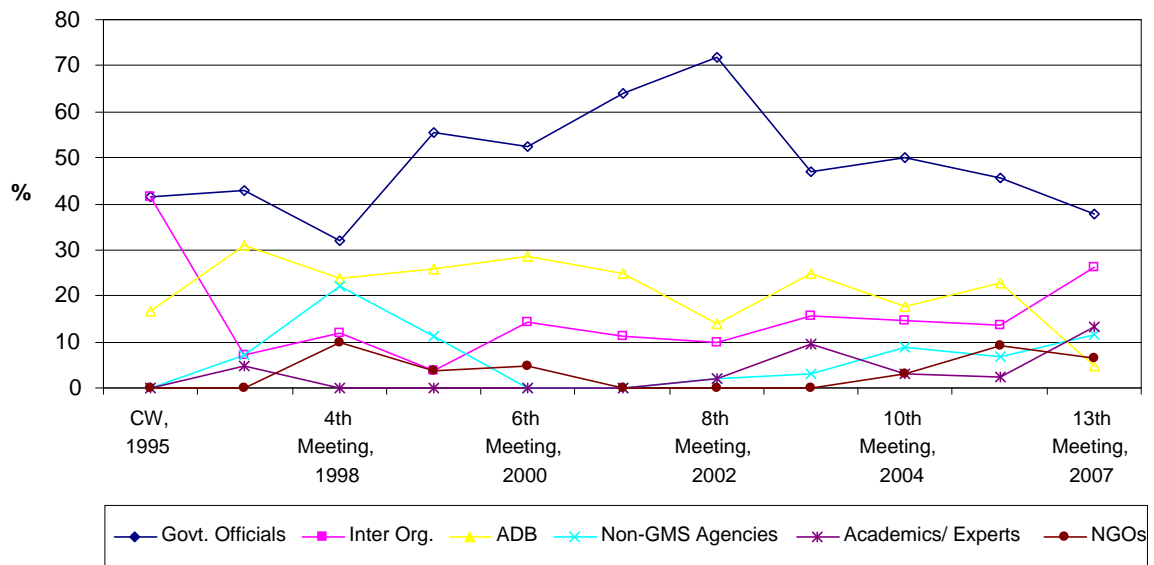
**Table C.2. 2: Academics/ Experts and NGOs Participation at WGE Meetings
(Number of participants)**

Meeting	Academics/ Experts	NGOs
2nd Meeting, 1996	<ul style="list-style-type: none"> Regional Community Forest Training Center (2) 	
4th Meeting, 1998	-	<ul style="list-style-type: none"> World Wide Fund for Nature (1) The World Conservation Union (IUCN) (1) Essa Technologies, Ltd Conservation International Center for the Environment
5th Meeting, 1999	-	<ul style="list-style-type: none"> TRAFFIC Southeast Asia/World Wildlife Fund (1)
6th Meeting, 2000	-	<ul style="list-style-type: none"> Conservation International (1)
8th Meeting, 2002	<ul style="list-style-type: none"> Stockholm Environment Institute (1) 	-
9th Meeting, 2003	<ul style="list-style-type: none"> Asian Institute of Technology (2) Universities Partnership for Transboundary Waters, Oregon State University 	-
10th Meeting, 2004	<ul style="list-style-type: none"> Stockholm Environment Institute –Asia (1) 	<ul style="list-style-type: none"> World Wide Fund (1)
11th Meeting, 2005	<ul style="list-style-type: none"> Stockholm Environment Institute –Asia (1) 	<ul style="list-style-type: none"> World Wide Fund (2) The World Conservation Union (IUCN) (2)
13th Meeting, 2007	<ul style="list-style-type: none"> Chinese Academy of Sciences (1) Stockholm Environment Institute –Asia (1) Asian Institute of Technology (3) Mae Fah Luang University (1) East-West Center (1) 	<ul style="list-style-type: none"> The World Conservation Union (IUCN) (2) World Wide Fund (1) BirdLife International in Indochina

Source: Data from Lists of Participants in each WGE meeting, ADB 2008, *Proceedings of Ministerial, Forum, and Working Group Meetings*, online at

<URL: <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>>, accessed date: July 18, 2008

**Figure C.2. 1: Stakeholder Group’s Participation in WGE meetings
(% of Total Participants)**



Source: Data from Lists of Participants in each WGE meeting, ADB 2008, Ibid

Note: Since there were no participants from Private / Business attended all meetings, it is not presented in the chart.

Conclusion and Emerging Issues

The purpose of this paper was three-fold: (1) to briefly survey the various economic cooperation programs and initiatives in which GMS countries, particularly Cambodia, Lao, Myanmar and Viet Nam (CLMV), have been engaged; (2) to examine to what extent GMS economies have converged and become integrated, among themselves but also with other ASEAN countries; and (3) to gain some initial insights on the extent to which economic integration of the GMS has proceeded in an inclusive and coherent manner. Key findings and implications are summarized below.

Implications from the survey of economic cooperation frameworks and agreements

The survey of existing cooperation and integration frameworks involving at least two GMS countries revealed the existence of many subregional and regional programmes and initiatives in which the countries take part. While some of the cooperation frameworks have been initiated by the GMS country governments themselves, much cooperation is taking place under cooperation and integration frameworks extending beyond the GMS and generally not initiated by GMS countries themselves (e.g., apart from Thailand, none of the other GMS countries were founding member of ASEAN).

At the subregional level, international organizations (e.g., ESCAP and ADB) and developed country development agencies and finance institutions (e.g., Japan Bank for International Cooperation) initially took a leading role in developing regional cooperation and integration frameworks³⁸. However, some of the programmes, such as the GMS Cooperation Programme supported by ADB, have over time developed institutional mechanisms in which GMS governments have a more central role, as evidenced by the holding of the First GMS Summit in 2002, roughly a decade after the initial launch of the cooperation programme.

The more developed members of the GMS or ASEAN have also taken a more proactive approach to cooperation. Thailand, for example, setup a Neighboring Countries Economic Development Cooperation Agency (NEDA) in 2005 and is now a net aid donor. ASEAN-6 countries have financed bilateral cooperation projects in CLMV countries amounting to at least USD 159 million between 2002 and 2008, and an additional USD 30 million through the regional Initiative for ASEAN Integration (IAI).³⁹ That being said, the financial assistance provided by the more developed GMS or ASEAN economies themselves to development and cooperation programmes targeted at the less developed members remains small compared to that provided by international organizations and non-ASEAN or non-GMS bilateral donors. In addition, while these GMS and ASEAN donor countries see benefits in deepening cooperation and reducing the development gap between countries of the region, it is yet unclear whether they will be able to support implementation of a truly integrated regional development plan - interestingly, most of the funding from ASEAN countries for the IAI originates from Singapore, while other countries seem to be providing more funding through bilateral cooperation.

The various economic cooperation and integration frameworks examined at the subregional level seemed to focus on similar issues and sectors. While this is not a problem in itself, the apparent lack of coordination mechanisms between the frameworks and of linkages between activities undertaken through separate initiatives is. The linkages between the GMS Cooperation Programme and the ASEAN IAI, arguably the two most structured initiatives, remain weak. CLMV countries, as the main target beneficiaries of both programmes, would surely benefit from the closer integration of both programmes and clear institutional bridges should be built between the two initiatives. While issues of governance and limitations in terms of government capacity have to be taken into account (see Table A.7 and Figure A.1 in Annex A), the effectiveness and coherence of the activities implemented across both programmes would be enhanced if a stronger voice was to be given to CLMV governments and domestic stakeholders.

³⁸ For example see, ADB's Role in the GMS Programme, accessed at <http://www.adb.org/GMS/adbrole.asp> on 9 Sept. 08.

³⁹ Status Update of the IAI Work Plan, 31st Meeting of the IAI Task Force, 4 June 2008, ASEAN Secretariat. Accessed at <http://www.aseansec.org/21636.pdf> on 9 September 2008. ASEAN adopted the Initiative for ASEAN Integration (IAI) at its Informal Summit in Singapore in November 2000. But one of the key aspects of the IAI is the promotion of GMS developmental policy, so less developed ASEAN states can catch up economically and socially as soon as possible.

Some implications from the review of the socio-economic indicators

The comparative analysis of selected socio-economic indicators in GMS and ASEAN reveals that, while all GMS countries have achieved significant socio-economic development over the past 15 years, the development gap has remained, particularly between China and Thailand on one side and CLMV on the other. However, the four CLMV countries can hardly be bundled together as they remain very different: For example, the political situation in Myanmar is unique and not conducive to a deepening of subregional and regional cooperation, not to mention economic integration; Lao PDR and Cambodia are both small countries with very small economies, while Viet Nam is the largest country of the GMS – excluding China – in terms of population and is seen by many as a potential long-term challenger of Thailand's economic dominance of the group given its impressive economic performance.

While the data suggests that China and Viet Nam have significantly reduced the development gap with ASEAN-6 countries since the early 1990's, the development gap has not narrowed for the smaller and least developed countries - Cambodia and Lao PDR. While indicators incorporating social aspects are somewhat more encouraging than the macro-economic indicators, the two countries remain well behind most of other ASEAN members.

In terms of trade integration, only Lao PDR – in large part due to its landlockedness – appears to be trade dependent on other GMS countries. Although Intra-GMS trade and Intra-ASEAN trade has increased since the early 1990's, Cambodia and Lao PDR's share of intraregional trade each accounted for only about 2% of total intra-GMS trade, and less than 0.5% of total intra-ASEAN trade in 2006. Both Cambodia and Lao PDR have very limited trade with non-GMS ASEAN member countries, suggesting that the ASEAN trade-related agreements may not have been so far very helpful for these two countries in reaching the regional markets.

This points to the fact that increasing market access, either through better transport links (as particularly emphasized by the GMS programme) and through preferential trade agreements (as in ASEAN FTA) may need to be accompanied by enhancement of the supply-side (production) capacity of the weaker countries.⁴⁰ Indeed, if the various development frameworks in place aim to reduce the development gap and poverty in the poorest countries and provinces, activities more directly aimed at these objectives may need to be emphasized, as there is a risk – and some evidence – that an overemphasis on infrastructure enhancements may enhance rather than reduce inequalities both across and within countries.⁴¹

Some implications from the analysis of participants in GMS working groups

In an attempt to gain some insights on how subregional cooperation activities involve stakeholders, an analysis of the list of participants to working groups established as part of the institutional arrangements of the GMS Cooperation was conducted. The purpose of the GMS working groups is mainly to advise decision-makers on subregional cooperation projects and activities in each sector. Members of GMS working groups typically include representatives from each GMS country governments and working group meetings are in general facilitated by ADB as the de facto Secretariat of the GMS Cooperation Programme.

The assumption underlying this working group arrangement is that the governments, ADB, and the few other international organizations involved have sufficient understanding of the issues that they do not need to include other stakeholders in this institutional arrangement. Various meeting documents reveal, however, that this assumption was challenged by the working group members on various occasions, which may explain that, at times, the working groups did include participation of some stakeholder groups – mainly the private/business sector in the case of the TFWG, and some academics/independent experts in the case of the WGE. Overall, however, there is no evidence that working group members actively and systematically

⁴⁰ Oehlers (2006) earlier emphasized the need to enhance production capacity of GMS countries. Only three of the eleven GMS Flagship Programmes relate to supply-side capacity building.

⁴¹ The setting up of transport corridors alone, while good for international commerce, may benefit mainly established businesses and lead to a deterioration of the trade balance of the weaker countries, at least in the short term.

sought the views of a range of stakeholders as the basis for or to enrich their discussions during the meetings.

With reference to the TFWG participants' analysis, the limited participation of non-GMS Agencies and of the Private Sector, as well as the non-involvement of local Academics and independent Experts in the TFWG meetings imply either that the GMS frameworks and projects on trade facilitation and investment have not attracted much attention and interest of these groups, or that they have not been systematically invited to participate and contribute. Participation in TFWG activities and project formulation have been essentially targeted at and limited to the GMS governments, ADB, and sometimes other relevant international organizations, possibly leading to declining interest from local private sectors, educational and research institutes in the GMS. In order to enhance the effectiveness of cooperation among GMS countries on subregional trade facilitation and investment, the TFWG and other GMS program working groups may not only rely on the existing top-down approach of governmental agreements and frameworks, but also encourage more participation of private sector and academics in the working groups, or in stakeholder consultations facilitated by working group members at the sub-regional level or in their own countries. While one may argue that the technical nature of the issues addressed by the TFWG may be of little interest to civil society, there is no evidence that consultations with relevant civil society organizations have taken place at any time in relation to this working group's meetings and activities (facilitation of the movement of labor; control of illegal products trade; facilitation of trade in environmentally friendly products and other specific products are all topics in which the TFWG could be involved and where inputs from civil society organizations may be beneficial to achieve a balanced approach⁴²).

The WGE participant's analysis revealed that this working group may have been somewhat more open, or of more interest, to stakeholders beyond the relevant line ministries of the GMS Governments and the ADB than the TFWG. However, the lack of systematic involvement of stakeholders is also apparent in this working group. Given the number of civil society and research institutions involved in the protection of the environment in the subregion, the participation of a few, mainly global, advocacy groups may not be adequate. In addition, the non-participation of private and business sector in the WGE meetings may be questioned at a time when there is much talk about the need for public-private partnerships to resolve sustainable development issues and when a significant portion of environmental problems may be linked with activities involving private businesses.

Since the analysis is limited to the data provided in the list of participants to working group meetings, it is possible that the working group members did collect views from other stakeholders prior to these meetings in order to arrive at a decision. It is likely that ADB and other international organizations involved did assist the working groups in this regard, although evidence of this kind of assistance was not readily available and may require a separate analysis.

In principle, Governments should have their own mechanisms in place to seek the views of various groups within their countries, so as to arrive at a balanced view and position to be adopted during the working group meeting discussions. However, considering the limited resources and capacity of some of the GMS governments, and the difficulties experienced in establishing effective stakeholder consultation mechanisms in even the most developed countries in the world, it may be wise to review the working group design to more systematically and directly facilitate the participation of relevant stakeholder groups. This could be done by (1) including non-governmental and independent entities as working group members, or by (2) arranging consultation meetings with non-governmental stakeholders back-to-back with the working group meetings. Since the most vulnerable stakeholder groups are also generally the least organized, pro-active invitation of representatives of these groups should be considered (e.g., SMEs, in the case of private sector, consumer groups in the case of civil society). In addition, the working groups could further consider discussing and developing mechanisms or institutional arrangements for provincial, national and subregional level stakeholder consultations in their respective sectors, so as to ensure that inter-governmental working group decisions are inclusive and evidence-based. Including those national and sub-

⁴² Under APEC, suggestions were even made that trade facilitation measures for women's participation in trade should be promoted. See APEC E-Newsletter, 2005, at http://www.apec.org/apec/enewsletter/jul_vol6/onlinenewsd.html, accessed on 1 September 2008.

national arrangements as an integral part of the overall institutional GMS cooperation arrangements may be considered.⁴³

In that context, the GMS cooperation programme and other regional cooperation initiatives may focus on strengthening the organizations of various stakeholder groups to give them a voice. This type of activity is not entirely new; ESCAP, ADB UNIDO and others have, for example, actively supported the development of business sector organizations at the national and regional level, culminating in the launch of the GMS Business Forum. Similar efforts may be made in strengthening organization of, in particular, important but low-influence stakeholder groups affected by subregional cooperation activities and more generally the integration of individual GMS countries and/or provinces in the regional and global economy – The first step in this process may be to identifying and classify the various stakeholder groups involved.⁴⁴

On a different level, Governments should in principle be aware of the various regional integration processes their country is engaged in, including possible overlaps, redundancies and conflicts between the processes as well with domestic policy priorities, if they are to fully capture the benefits from regional integration. However, this may not be the case in many countries of the region, thus also raising the need for regional coordination mechanisms to take this into account when evolving new initiatives – for example, in the context of the GMS, by systematically involving ASEAN Secretariat in GMS working groups - , and/or for individual governments to identify organizational changes that may be needed in order for them to evolve an integrated approach to regional integration. Comparing the institutions through which related regional cooperation mechanisms are coordinated in each of the GMS countries would provide an opportunity for identifying opportunities for improvement and possible “best practices” in this area.

⁴³ Indeed, at least in the context of the TFWG, the establishment of public-private sector National Trade and Transport Facilitation Committees in each GMS country was discussed, but the extent to which these bodies have been effective in formulating a balanced view of stakeholders’ needs and priorities is unclear. At the same time, while extending GMS institutional arrangements to the national and sub national level would be helpful, some GMS countries are unlikely to favor such extension and decentralization.

⁴⁴ Work in this area has been initiated under the Asia-Pacific Research and Training Network on Trade (ARTNeT) GMS initiative, with the support of ESCAP and the Swiss Agency for Cooperation and Development (SDC). See <http://www.unescap.org/tid/artnet/GMS.asp> for details.

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Annex A: Economic Development and Integration**Annex Table A. 1: GMS & ASEAN Population & Growth Rates**

Countries	Countries	Population (millions; 2006)	Growth (%; 2006)
GMS Countries	China	1,312	0.56 %
	Yunnan ^{1,2}	45	N/A
	Cambodia	14	1.71%
	Lao PDR	6	1.67%
	Myanmar	48	0.86%
	Thailand	63	0.7%
	Viet Nam	84	1.2%
Other ASEAN Countries	Singapore	4	3.22%
	Brunei	0.38	2.15%
	Malaysia	26	1.78%
	Philippines	86	1.99%
	Indonesia	223	1.12%
GMS Average³		43	1%
Non-GMS		68	2%
ASEAN Average			
ASEAN Average		56	2%

Source: World Bank WDI June, 2008; year 2006

Note: 1. Yunnan data derived from Yunnan Bureau of Statistics, 2008

2. Yunnan population growth not available for year 2006

3. GMS average excludes China data in calculation

Annex Table A. 2: Employment and Literacy Rate

Countries	Countries	Employment to population ratio, ages 15-24 (%; 2006)	Literacy rate, youth total ages 15-24; 2000 (% of people ages 15-24; 2000)
GMS Countries	China	65%	99%
	Cambodia	63%	N/A
	Lao PDR	54%	N/A
	Myanmar	58%	95%
	Thailand	46%	98%
	Viet Nam	66%	N/A
Other ASEAN Countries	Singapore	41%	100
	Brunei	38%	N/A
	Malaysia	44%	97%
	Philippines	44%	95%
	Indonesia	37%	N/A
GMS Average		57%	96
Non-GMS		41%	97
ASEAN Average			
ASEAN Average		49%	97

Source: World Bank WDI June, 2008

Note: 1. GMS average excludes China data in calculation.

2. All averages are simple averages.

Annex Table A. 3: Employment by Sector of Activity

	Countries	Employment in agriculture (% of total employment; 2001)	Employment in industry (% of total employment; 2001)	Employment in services (% of total employment; 2001)
GMS Countries	China	45%	17%	13%
	Cambodia	70%	11%	19%
	Lao PDR	N/A	N/A	N/A
	Myanmar	N/A	N/A	N/A
	Thailand	46%	19%	35%
	Viet Nam	64%	14%	22%
Other ASEAN Countries	Singapore	0%	25%	74%
	Brunei	1%	21%	77%
	Malaysia	15%	33%	52%
	Philippines	37%	16%	47%
	Indonesia	44%	18%	38%
GMS Average		60%	15%	25%
Non-GMS Average		20%	23%	58%
ASEAN Average		35%	20%	45%

Source: World Bank WDI June, 2008

Note: 1. GMS average excludes China data in calculation.

2. GMS average and ASEAN average for GDP per capita exclude Myanmar data in calculation

3. All averages are simple averages

Annex Table A. 4: Total Debt Service, Aid and Aid per capita

	Countries	Total debt service (as % of GNI; 2006)	Aid (% of gross capital formation; 2006)	Aid per capita (US\$; 2006)
GMS Countries	China	1.0 %	0.1 %	1
	Yunnan	N/A	N/A	N/A
	Cambodia	0.4 %	34 %	37
	Lao PDR	5.6 %	33 %	63
	Myanmar	N/A	N/A	3
	Thailand	7.3 %	-0.4 %	-3
	Viet Nam	1.5 %	8 %	22
Other ASEAN Countries	Singapore	N/A	N/A	N/A
	Brunei	26%	N/A	N/A
	Malaysia	5.2%	1%	9
	Philippines	10.7%	3%	7
	Indonesia	5.9%	2%	6
GMS Average¹		3.7%	3%	12
Non-GMS		7.3%	2%	7
ASEAN Average				
ASEAN Average²		5.2%	2%	9

Source: World Bank WDI June, 2008

Note: 1. GMS average excludes China data in calculation

2. Averages for total debt service are simple averages due to unavailability of GNI (constant 2000 US\$) in WDI database.

Comment: In term of debt, the total debt service as a percentage of GNI in the GMS was lower than in non-GMS ASEAN and ASEAN (Annex Table 3). The GMS average total debt service was 3.7%, while non-GMS ASEAN and ASEAN had the total service of 7.3% and 5.2% respectively. Cambodia and Lao PDR appear very dependent on development aid, which amounted to 34% and 33% respectively of gross capital formation. Thailand is the only net aid donor according to the data reported in table 6, and has also the highest total debt service to GNI ratio among the GMS countries.

Annex Table A. 5: Top 10 Exports(Exports as a percentage of total exports, exports as a percentage of world exports)^{1,2}

Cambodia	China³	Lao PDR	Myanmar	Thailand	Viet Nam	Brunei	Indonesia	Malaysia	Philippines	Singapore
61 Articles of apparel, accessories, knit or crochet (57.1, 1.51)	85 Electrical, electronic equipment (23.48, 13.97)	<i>74 Copper and articles thereof (34.67, 0.24)</i>	27 Mineral fuels, oils, distillation products, etc (46.07, 0.12)	84 Boilers, machinery; nuclear reactors, etc (18.32, 1.53)	27 Mineral fuels, oils, distillation products, etc (22.11, 0.52)	27 Mineral fuels, oils, distillation products, etc (96.33, 0.42)	27 Mineral fuels, oils, distillation products, etc (27.4, 1.57)	85 Electrical, electronic equipment (31.11, 3.07)	85 Electrical, electronic equipment (46.81, 1.36)	85 Electrical, electronic equipment (38.64, 6.45)
62 Articles of apparel, accessories, not knit or crochet (29.31, 0.71)	84 Boilers, machinery; nuclear reactors (19.26, 11.90)	<i>27 Mineral fuels, oils, distillation products, etc (17.8, 0.01)</i>	44 Woods and articles of wood, wood charcoal (15.62, 0.65)	85 Electrical, electronic equipment (17.81, 1.43)	64 Footwear, gaiters and the like, parts thereof (13.3, 7.37)		85 Electrical, electronic equipment (7.23, 0.45)	84 Boilers, machinery; nuclear reactors, etc (20.34, 2.08)	84 Boilers, machinery; nuclear reactors, etc (18.42, 0.56)	84 Boilers, machinery; nuclear reactors, etc (17.92, 3.11)
64 Footwear, gaiters and the like (5.49, 0.28)	61 Articles of apparel, accessories, knit or crochet (4.63, 30.84)	44 Woods and articles of wood (12.76, 0.11)	07 Edible vegetables and certain roots and tubers (13.21, 1.59)	87 Vehicles other than railway, tramway (7.7, 1.02)	62 Articles of apparel, accessories, not knit or crochet (9.17, 2.39)		15 Animal, vegetable fats and oils, cleavage products, etc (6.02, 13.68)	27 Mineral fuels, oils, distillation products, etc (13.73, 1.25)	87 Vehicles other than railway, tramway (3.29, 1.6)	27 Mineral fuels, oils, distillation products, etc (13.12, 2.03)
	62 Articles of apparel, accessories, not knit or crochet (4.51, 27.48)	61 Articles of apparel, accessories, knit or crochet (12.16, 0.08)	62 Articles of apparel, accessories, not knit or crochet (6.95, 0.20)	40 Rubber and articles thereof (6.72, 7.46)	94 Furniture, lighting, signs, prefabricated buildings (6.06, 1.82)		40 Rubber and articles thereof (5.49, 4.7)	15 Animal, vegetable fats and oils, cleavage products, etc (4.34, 15.72)	<i>74 Copper and articles thereof (2.90, 1.02)</i>	29 Organic Chemical (5.11, 4.67)
	<i>90 Optical, photo, technical, medical, etc apparatus (3.37, 8.78)</i>	62 Articles of apparel, accessories, not knit or crochet (9.30, 0.05)	03 Fish, crustaceans, mollusks, aquatic invertebrates (5.56, 0.41)	27 Mineral fuels, oils, distillation products, etc (4.98, 0.37)	03 Fish, crustaceans, mollusks, aquatic invertebrates (6.03, 3.98)		26 Ores, slag and ash (4.95, 5.22)	40 Rubber and articles thereof (3.00, 4.10)	62 Articles of apparel, accessories, not knit or crochet (2.84, 0.85)	99 Commodities not elsewhere specified (4.25, 3.59)
	94 Furniture, lighting, signs, prefabricated building (2.89, 20.38)	71 Pearls, precious stones, metals, coins, etc (2.52, 0.01)		39 Plastics and articles thereof (4.97, 1.69)	85 Electrical, electronic equipment (5.53, 0.14)		84 Boilers, machinery; nuclear reactors, etc (4.33, 0.28)	44 Woods and articles of wood, wood charcoal (2.90, 4.21)	61 Articles of apparel, accessories, knit or crochet (2.63, 0.86)	39 Plastics and articles thereof (2.79, 1.98)

Cambodia	China³	Lao PDR	Myanmar	Thailand	Viet Nam	Brunei	Indonesia	Malaysia	Philippines	Singapore
	<i>73 Article of iron or steel (2.76, 12.92)</i>			16 Meat, fish and seafood preparations (3.06, 13.65)	61 Articles of apparel, accessories, knit or crochet (5.39, 1.53)		62 Articles of apparel, accessories, not knit or crochet (3.35, 2.12)	39 Plastics and articles thereof (2.79, 1.67)	27 Mineral fuels, oils, distillation products, etc (2.31, 0.06)	90 Optical, photo, technical, medical, etc apparatus (2.49, 1.81)
	<i>72 Iron and steel (2.59, 7.66)</i>			71 Pearls, precious stones, metals, coins, etc (2.81, 1.56)	84 Boilers, machinery; nuclear reactors, etc (3.94, 0.10)		44 Woods and articles of wood, wood charcoal (2.78, 1.90)	90 Optical, photo, technical, medical, etc apparatus (2.49, 1.08)	90 Optical, photo, technical, medical, etc apparatus (2.07, 0.26)	
	95 Toys, games, sports requisites (2.34, 33.09)			10 Cereal (2.03, 5.37)	09 Coffee, tea, mate and spices (3.86, 7.26)		48 Paper & paperboard, articles of pulp, paper and board (2.78, 1.90)	29 Organic Chemical (1.59, 0.86)		
	<i>87 Vehicles other than railway, tramway (2.31, 2.25)</i>				10 Cereals (2.26, 1.90)		<i>61 Articles of apparel, accessories, knit or crochet (2.14, 1.48)</i>	<i>99 Commodities not elsewhere specified (1.47, 0.74)</i>		

Source: www.intracen.org, accessed August 11, 2008

- Note:
1. Products with share of total exports less than 2 % are excluded.
 2. All products except products in *Italic* have been in the list since 2002.
 3. Data for P.R. China is used.

Annex Table A. 6: Top 10 Imports(Imports as a percentage of total imports, imports as a percentage of world imports)^{1,2}

Cambodia	China³	Lao PDR	Myanmar	Thailand	Viet Nam	Brunei	Indonesia	Malaysia	Philippines	Singapore
60 Knitted or crocheted fabric (16.68, 3.94)	85 Electrical, electronic equipment (27.67, 12.93)	27 Mineral fuels, oils, distillation products, etc (19.89, 0.016)	84 Boilers, machinery; nuclear reactors, etc (12.1, 0.02)	27 Mineral fuels, oils, distillation products, etc (19.93, 1.14)	27 Mineral fuels, oils, distillation products, etc (14.52, 0.33)	84 Boilers, machinery; nuclear reactors, etc (15.19, 0.02)	27 Mineral fuels, oils, distillation products, etc (31.18, 1.05)	85 Electrical, electronic equipment (36.22, 2.8)	85 Electrical, electronic equipment (40.47, 1.29)	85 Electrical, electronic equipment (34.11, 4.81)
27 Mineral fuels, oils, distillation products, etc (8.38, 0.02)	84 Boilers, machinery; nuclear reactors, etc (13.79, 7.00)	87 Vehicles other than railway, tramway (14.59, 0.02)	27 Mineral fuels, oils, distillation products, etc (10.06, 0.07)	85 Electrical, electronic equipment (19.64, 1.49)	84 Boilers, machinery; nuclear reactors, etc (12.61, 0.33)	87 Vehicles other than railway, tramway (10.5, 0.02)	84 Boilers, machinery; nuclear reactors, etc (12.12, 0.48)	84 Boilers, machinery; nuclear reactors, etc (14.71, 1.24)	27 Mineral fuels, oils, distillation products, etc (15.39, 0.46)	27 Mineral fuels, oils, distillation products, etc (18.81, 2.47)
52 Cotton (7.22, 0.67)	27 Mineral fuels, oils, distillation products, etc (11.26, 4.90)	84 Boilers, machinery; nuclear reactors, etc (10.1, 0.01)	72 Iron and steel (6.51, 0.01)	84 Boilers, machinery; nuclear reactors, etc (14.06, 1.16)	85 Electrical, electronic equipment (8.69, 0.21)	73 Article of iron or steel (7.59, 0.06)	29 Organic chemicals (5.63, 1.09)	27 Mineral fuels, oils, distillation products, etc (8.96, 0.65)	84 Boilers, machinery; nuclear reactors, etc (11.48, 0.4)	84 Boilers, machinery; nuclear reactors, etc (16.3, 2.5)
87 Vehicles other than railway, tramway (6.44, 0.03)	90 Optical, photo, technical, medical, etc apparatus (7.44, 15.50)	85 Electrical, electronic equipment (7.72, 0.01)	85 Electrical, electronic equipment (5.95, 0.01)	72 Iron and steel (5.50, 2.11)	72 Iron and steel (6.82, 0.85)	85 Electrical, electronic equipment (7.49, 0.01)	85 Electrical, electronic equipment (5.09, 0.18)	39 Plastics and articles thereof (3.56, 1.21)	87 Vehicles other than railway, tramway (2.69, 0.15)	90 Optical, photo, technical, medical, etc apparatus (3.10, 1.95)
84 Boilers, machinery; nuclear reactors, etc (6.42, 0.02)	39 Plastics and articles thereof (4.78, 9.84)	22 Beverages, spirits and vinegar (4.34, 0.09)	39 Plastics and articles thereof (5.16, 0.05)	39 Plastics and articles thereof (3.60, 1.20)	39 Plastics and articles thereof (5.56, 0.60)	30 Pharmaceutical products (2.86, 0.02)	72 Iron and steel (4.69, 0.86)	72 Iron and steel (3.21, 1.26)	39 Plastics and articles thereof (2.40, 0.34)	88 Aircraft, spacecraft, and parts thereof (2.45, 3.76)
85 Electrical, electronic equipment (5.36, 0.01)	26 Ores, slag and ash (4.06, 27.40)	72 Iron and steel (3.87, 0.02)	87 Vehicles other than railway, tramway (5.13, 0.02)	71 Pearls, precious stones, metals, coins, etc (3.16, 1.80)	87 Vehicles other than railway, tramway (3.04, 0.13)	72 Iron and steel (2.63, 0.01)	87 Vehicles other than railway, tramway (4.00, 0.25)	90 Optical, photo, technical, medical, etc apparatus (2.95, 1.02)	72 Iron and steel (2.18, 0.35)	
55 Manmade staple fibers (2.6, 0.4)	29 Organic Chemical (3.77, 9.48)	60 Knitted or crocheted fabric (2.52, 0.19)	15 Animal, vegetable fats and oils, cleavage products, etc (4.56, 0.35)	87 Vehicles other than railway, tramway (3.04, 0.39)	73 Article of iron or steel (2.39, 0.48)	52 Cotton (2.53, 0.09)	39 Plastics and articles thereof (3.03, 0.48)	87 Vehicles other than railway, tramway (2.38, 0.31)	10 Cereals (2.07, 2.12)	

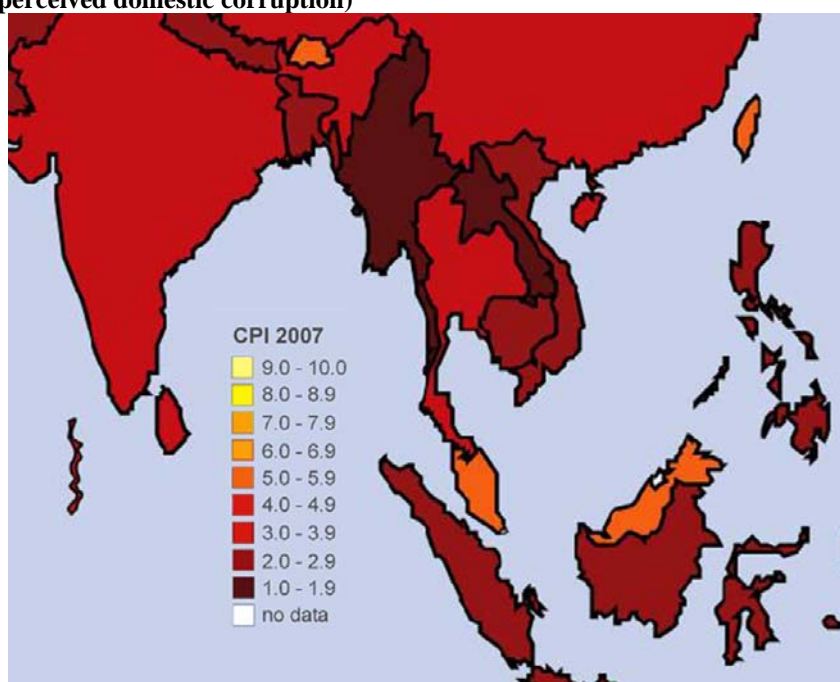
Annex

Cambodia	China³	Lao PDR	Myanmar	Thailand	Viet Nam	Brunei	Indonesia	Malaysia	Philippines	Singapore
60 Knitted or crocheted fabric (16.68, 3.94)	85 Electrical, electronic equipment (27.67, 12.93)	27 Mineral fuels, oils, distillation products, etc (19.89, 0.016)	84 Boilers, machinery; nuclear reactors, etc (12.1, 0.02)	27 Mineral fuels, oils, distillation products, etc (19.93, 1.14)	27 Mineral fuels, oils, distillation products, etc (14.52, 0.33)	84 Boilers, machinery; nuclear reactors, etc (15.19, 0.02)	27 Mineral fuels, oils, distillation products, etc (31.18, 1.05)	85 Electrical, electronic equipment (36.22, 2.8)	85 Electrical, electronic equipment (40.47, 1.29)	85 Electrical, electronic equipment (34.11, 4.81)
24 Tobacco and manufactured tobacco substitutes (2.40, 0.36)	72 Iron and steel (2.53, 5.99)	88 Aircraft, spacecraft, and parts thereof (2.27, 0.02)	73 Article of iron or steel (3.93, 0.07)	29 Organic chemicals (2.97, 1.21)	29 Organic chemicals (2.14, 0.28)	38 Miscellaneous chemical products (2.49, 0.04)	89 Ships, boats and other floating (2.46, 2.19)			
17 Sugar and sugar confectionary (2.40, 0.34)	74 Copper and articles thereof (2.17, 13.39)	99 Commodities not elsewhere specified (2.16, 0.01)	55 Manmade staple fibers (2.95, 0.36)	73 Articles of iron or steel (2.74, 1.70)	60 Knitted or crocheted fabric (2.12, 4.86)	90 Optical, photo, technical, medical, etc apparatus (2.14, 0.01)	73 Article of iron or steel (2.07, 0.61)			
22 Beverages, spirits and vinegar (2.30, 0.14)	87 Vehicles other than railway, tramway (2.15, 1.71)	39 Plastics and articles thereof (2.14, 0.01)	30 Pharmaceutical products (2.91, 0.03)	74 Copper and articles thereof (2.27, 2.27)		39 Plastics and articles thereof (2.02, 0.01)	10 Cereals (2.01, 2.33)			

Source: www.intracen.org, accessed August 11, 2008

- Note:
1. Products with share of total exports less than 2 % are excluded.
 2. All products except products in *Italic* have been in the list since 2002.
 3. Data for P.R. China is used.

Annex Figure A.1: Corruption Perception Index
 (<5: High level of perceived domestic corruption)



Source: www.transparency.org

Annex Table A.7: Government Effectiveness (2006)
 (Higher rank and score indicate higher government effectiveness)

Country	Percentile Rank (0-100)	Governance Score (-2.5 to +2.5)
Cambodia	15.2	-1.01
China	55.5	-0.01
Lao PDR	18.5	-0.91
Myanmar	2.8	-1.58
Thailand	64.9	+0.29
Viet Nam	41.7	-0.37

Source: <http://info.worldbank.org/governance/wgi2007>

ANNEX B: Additional Statistics on Trade Facilitation Working Group**Annex Table B. 1: Participants from the International Organizations in the TFWG Meetings (Persons)**

Meeting	Total Number	UNESCAP	ASEAN	European Union	World Bank	World Customs Organization	UNIDO
1st meeting, Bangkok, 1999	3	3	-	-	-	-	-
CFWG, Hat Yai, 2001	1	-	1	-	-	-	-
2nd meeting, Phnom Penh, 2001	3	3	-	-	-	-	-
3rd meeting, Manila, 2003	1	-	-	1	-	-	-
4th meeting, Kunming, 2004	2	-	-	-	2	-	-
Special TFWG, Manila, 2005	-	-	-	-	-	-	-
5th meeting, Bangkok, 2007	5	2	-	-	1	1	1

Source: Data from Lists of Participants in each TFWG meeting, ADB 2008, Proceedings of Ministerial, Forum, and Working Group Meetings, online at <URL: <http://www.adb.org/Documents/Events/Mekong/Proceedings/default.asp#trade>>, accessed date: July 8, 2008.

Annex Table B. 2: Participants from Each of the Non-GMS Agencies in the TFWG Meetings (Persons)

Meeting	Total Number	Japan	Singapore	Indonesia	Spain
1st meeting, Bangkok, 1999	5	2	-	1	2
CFWG, Hat Yai, 2001	-	-	-	-	-
2nd meeting, Phnom Penh, 2001	1	-	1	-	-
3rd meeting, Manila, 2003	-	-	-	-	-
4th meeting, Kunming, 2004	2	2	-	-	-
Special TFWG, Manila, 2005	-	-	-	-	-
5th meeting, Bangkok, 2007	-	-	-	-	-

Source: Data from Lists of Participants in each TFWG meeting, ADB 2008, *Ibid.*

Annex C: Additional Statistics on Environment Working Group

**Annex Table C. 1: Government Officials Participating in the WGE Meetings
(Persons and Percentages of Total Participating Government Officials)**

Meeting	Total Officials	China	Cambodia	Lao PDR	Myanmar	Thailand	Viet Nam
Commencement Workshop, Manila, 1995 (% of total)	5	0 (0.00)	2 (40.00)	1 (20.00)	0 (0.00)	1 (20.00)	1 (20.00)
2nd Meeting, Bangkok, 1996 (% of total)	18	3 (16.67)	2 (11.11)	2 (11.11)	2 (11.11)	8 (44.44)	1 (5.56)
4th Meeting, Hanoi, 1998 (% of total)	16	2 (12.50)	2 (12.50)	2 (12.50)	2 (12.50)	3 (18.75)	5 (31.25)
5th Meeting, Kunming, 1999 (% of total)	15	7 (46.67)	2 (13.33)	2 (13.33)	1 (6.67)	2 (13.33)	1 (6.67)
6th Meeting, Manila, 2000 (% of total)	11	1 (9.09)	2 (18.18)	2 (18.18)	2 (18.18)	2 (18.18)	2 (18.18)
7th Meeting, Luang Prabang, 2001 (% of total)	23	1 (4.35)	2 (8.70)	11 (47.83)	3 (13.04)	3 (13.04)	3 (13.04)
8th Meeting, Yangon, 2002 (% of total)	36	2 (5.56)	2 (5.56)	3 (8.33)	24 (66.67)	3 (8.33)	2 (5.56)
9th Meeting, Phuket, 2003, (% of total)	15	2 (13.33)	2 (13.33)	2 (13.33)	2 (13.33)	5 (33.33)	2 (13.33)
10th Meeting, Hanoi, 2004 (% of total)	16	3 (18.75)	2 (12.50)	2 (12.50)	1 (6.25)	3 (18.75)	5 (31.25)
11th Meeting, Siem Reap, 2005 (% of total)	20	3 (15.00)	5 (25.00)	2 (10.00)	2 (10.00)	6 (30.00)	2 (10.00)
13th Meeting, Guilin, 2007 (% of total)	23	4 (17.39)	4 (17.39)	4 (17.39)	4 (17.39)	4 (17.39)	3 (13.04)

Source: Data from Lists of Participants in each WGE meeting, ADB 2008, *Ibid*

Annex Table C. 2: Participants from the International Organizations in the WGE Meetings (Persons)

Meeting	Total Number	MRC	UNEP	UNDP	UN-ESCAP	UNIDO	FAO	ASEAN	IDRC	EOC	World Bank
Commencement Workshop, Manila, 1995	5	3	1		1						
2nd Meeting, Bangkok, 1996	6	3	2					1			
4th Meeting, Hanoi, 1998	6	2		2					1		
5th Meeting, Kunming, 1999	1	1	1								
6th Meeting, Manila, 2000	3	1	1	1							
7th Meeting, Luang Prabang, 2001	4	2	2								
8th Meeting, Yangon, 2002	5	2	2					1			
9th Meeting, Phuket, 2003	5	1	3								1
10th Meeting, Hanoi, 2004	5	2	3								
11th Meeting, Siem Reap, 2005	6	1	3			2					
13th Meeting, Guilin, 2007	16	1	1				2			12	

Source: Data from Lists of Participants in each WGE meeting, ADB 2008, *Ibid*