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# **Greater Mekong Subregion**

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# **Greater Mekong Subregion**

From Geographical to  
Socio-economic Integration

edited by  
**Omkar L. Shrestha**  
**Aekapol Chongvilaivan**



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# PREFACE

It has been nearly two decades since the Greater Mekong Subregion (GMS) regional economic strategy was initiated in 1992, aimed at promoting and integrating the economies of Cambodia, the Lao PDR, Myanmar, Thailand, Vietnam, and Yunnan Province and Guangxi autonomous region of China. Together, they encompass a huge population of over 316 million people (bigger than the United States) and a vast land area of around 2.6 million square kilometres (roughly the size of Europe), enjoying a rich agricultural base, considerable mineral and energy resources (renewable and non-renewable), and a strategic location at the heart of Asia between the burgeoning economies of China and India.

Several regional infrastructure projects in the transport and energy sectors have facilitated the process of integration of the GMS economies. For instance, the 1,320-kilometre-long East-West Economic Corridor cross-border project, triggered by the landmark trade accord signed in 1999, stretches from Danang in Vietnam, through the Lao PDR and Thailand to Myanmar, forming a land bridge connecting the South China Sea at Danang Port to the Andaman Sea at Mawlamyine Port in Myanmar. There is a growing recognition that these cross-border infrastructure projects have helped raise the GMS economies' degree of connectivity and competitiveness, achieve accelerated shared prosperity, and expand intraregional trade and investment activities. Indeed there is a widely held perception that Asia's success story is not only about rise in income and decline in poverty, but is also the story of increased integration among the regional countries through various regional and subregional infrastructure projects.

Enhanced regional integration and cooperation also help build resilient economies through well-coordinated and timely responses to global crises. Hence, notwithstanding the recent international financial crisis, several GMS countries have made remarkable achievement in terms of their sustained economic growth (6 to 10 per cent per year) for the past decade. The intraregional trade among the GMS countries is now estimated at 30–50 per cent of their total trade. Foreign direct investment flows to the GMS countries have increased considerably and so have tourist arrivals.

Despite the above positive developments, several of the GMS economies remain the weakest link in the ASEAN chain. The economic divide that exists between these economies and other ASEAN nations remains a major concern for the ASEAN quest to achieve the ASEAN Economic Community vision by the year 2015. Some of their basic fundamentals remain very fragile, particularly in terms of their high poverty incidence, low life expectancy, weak human capital development, basic physical and financial infrastructure, and institutional capability, among other things.

Accordingly, many more cross-border projects are either under implementation or in the pipeline with clear timelines. For instance, the North-South Economic Corridor multimodal transport, when completed, will link China with Thailand and Vietnam, thus serving as China's gateway with ASEAN. The Southern Economic Corridor strategically connects Bangkok, Phnom Penh, and Ho Chi Minh City. While these cross-border transport projects are desirable, there is an emerging concern that the cross-border transport corridors, which are supposed to act as the backbone of the economic corridors, have not provided the economic impact on the GMS economies at the expected level. These "two faces" of regional integration therefore require careful analysis, attention, and action so as to mitigate the potential socio-economic and environmental "costs" of regional cooperation and integration. It will also be essential to build and expand regional knowledge to ensure that the benefits of regional integration can be more equitably shared among the economies in the GMS region, thereby minimizing the development divide.

It is against the above background that the conference on the "Greater Mekong Subregion: From Geographical Corridor to Socio-economic Corridor", was organized by the Institute of Southeast Asian Studies (ISEAS) in 2010 with a thorough debate on the GMS economies, followed by discussions on several thematic issues that are common to all of them. The aim was to come up with a series of pragmatic policy options and suggestions for addressing those issues and helping to build economic corridors from the ongoing cross-border transport corridors projects.



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# ABBREVIATIONS

AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Agreement
AMRO	ASEAN+3 Macroeconomic Research Office
ASEAN	Association of Southeast Asian Nations
ASP	ASEAN Surveillance Process
BAU	business as usual
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic
BOOT	build-own-operate-transfer
BOT	build-operate-transfer
BRTA	bilateral road transport agreement
CADP	Comprehensive Asia Development Plan
CAFTA	China-ASEAN Free Trade Area
CBM	Central Bank of Burma
CBTA	cross-border transport agreement
CCA	common control area
CDM	clean development mechanism
CEPT	common effective preferential tariff
CF	clean fuels
CLM	Cambodia, Laos, Myanmar
CLMV	Cambodia, Laos, Myanmar, Vietnam
CMIM	Chiang Mai Initiative Multilateralization
CNPC	China National Petroleum Corp
COP	community of practice
CPP	Cambodian People's Party

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CSR	corporate social responsibility
CTS	customs and transit systems
DLT	Department of Land Transport (Thailand)
DSM	demand-side management
EC	energy conservation
ECF	Economic Corridors Forum
EE	energy efficiency
ERIA	Economic Research Institute for ASEAN
ESCAP	United Nations Economic and Social Commission for Asia and the Pacific
EWEC	East-West Economic Corridor
FDI	foreign direct investment
FIMC	Foreign Investment Management Committee (Laos)
FTA	free trade agreement
GFC	global financial crisis
GMS	Greater Mekong Subregion
GNI	gross national income
GoL	Government of Laos
HDI	Human Development Index
IAI	Initiatives of ASEAN Integration
IEAI	Initiative for East Asian Integration
IGA	Inter-Governmental Agreement on Regional Power Trade
IRM	Integrated Resource Management
IRR	Impoverishment Risks and Reconstruction Model
LDC	least-developed country
LECS	Lao Expenditures and Consumption Survey
LPI	Logistics Performance Index
MDGs	Millennium Development Goals
MESSAGE	Model of Energy Supply Systems Alternatives and their General Environmental Impacts
MFN	most favoured nation
MFSO	Macroeconomic and Finance Surveillance Office
MICE	meetings, incentives, conferences, and exhibitions
MMR	maternal mortality ratio
MoP	margin of preference
NBC	National Bank of Cambodia
NSEC	North-South Economic Corridor
NSEDP	National Social and Economic Development Plan (Laos)
NSW	National Single Window
NTFC	National Transport Facilitation Committee (Thailand)

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ODA	official development assistance
PGB	Pan Beibu Gulf
POLIS	Police Information System (Thailand)
PPA	power purchase agreement
PPP	public-private partnership
PRC	People's Republic of China
PTA	preferential trade agreement
RE	renewable energy
RETA	Regional Technical Assistance
RoO	rules of origin
RPTCC	Regional Power Trade Coordinating Committee
SAP	strategies and action plans
SEA	strategic environmental assessment
SEC	Southern Economic Corridor
SEE	state economic enterprise
SEZ	special economic zone
SLORC	State Law and Order Restoration Council (Myanmar)
SME	small and medium enterprises
SOE	state-owned enterprise
SSI	Single-Stop Inspection
SWI	Single Window Inspection
TEU	twenty-foot equivalent unit
UNFCC	United Nations Framework Convention for Climate Change
UNFPA	United Nations Fund for Population Activities
UNTAC	United Nations Transition Administration in Cambodia
WGI	Worldwide Governance Indicators
WTO	World Trade Organization



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