



Greater Mekong Sub region: Development and Challenges.¹

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Abstract

The Greater Mekong Sub region (GMS) was created by six countries sharing the Mekong River in South East Asia namely Cambodia, Vietnam, Laos, Thailand, Myanmar, and the China (specifically Yunnan province and Guang xi Zhuang Autonomous region). In 1992 with the launch of a development program the Asian Development Bank had brought these six countries together to work for economic development and prosperity. Over the years the remarkable achievement was made possible due to high regional integration and cooperation in trade investment in these countries. Despite of several regional and global crises, the region continues to show their economic resilience and progress further. This paper focuses on the development opportunities of the subregion and the challenges of finding a balance between economic development and sustainable development in the Mekong Subregion. The paper reviews the available literature on economic cooperation, highlights on the major challenges and finding solutions to maintain peace and stability in the region.

Keywords: Asian Development Bank (ADB); Biodiversity; Hanoi Action Plan (HAP); Regional Investment Framework (RIF) and Triangle Areas.

Introduction:

The Greater Mekong Sub region (GMS) is an international region situated in the Mekong river basin in South East Asia. It covers 2.6 Million square Kilometers and a combined population of around 326 million. In 1992, with assistance from Asian Development Bank (ADB), the six countries of South East Asia: Cambodia, China, (Specifically Yunnan province and Guan Xi Zhuang Autonomous region), Laos, Myanmar, Thailand and Vietnam came together and entered into a program of sub regional economic cooperation. It is one of the world's most significant regions known for its rich biodiversity, cultural heritage, tourism and a very important food provider. The Asian Development Bank is promoting economic activities by facilitating regional investment, collaboration and integration of economies to enhance economic growth in the region for the last 25 years.

Regional cooperation:

The greater Mekong Sub region is a very good example of regional cooperation. It is working for more than two decades to eradicate poverty and improves livelihoods in the sub region.

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It is good effort of six countries who have been working together under an economic cooperation program¹. The vision of GMS program is to create a more integrated, prosperous and harmonious sub region by enhancing “3Cs” which are Connectivity, Competitiveness and Community. The GMS program has adopted a specific strategy of 3Cs which means:

1. Strengthening connectivity through a good physical infrastructure and the development of economic corridors.
2. Increasing competitiveness by facilitation of cross border trade and travel through integrating economics.
3. Building a sense of connectivity by addressing shared social and environmental concerns

The GMS has successfully accelerated economic growth, reduced poverty and income disparities. It has worked for sustainable management of environment and natural resources. With the help and support of development partners the greater Mekong sub region program has discovered a wide range of sectors of high priority including agriculture, energy, environment, health and human resource development, information and communication technology, tourism, transport, trade and investment. In the last ten years, many projects have been completed and some are under process of completion. More than \$ 20 Billion is invested directly through the program. Since 1998, the GMS program has been building up economic corridors to promote economic growth and development in the region. These corridors are basically road networks, linking many of these six GMS members, these corridors are mainly investment areas, usually running along major highways, which connects centers of economic activity. There are three main economic corridors are being developed in the Greater Mekong Sub region- the North-South Economic Corridor, the Southern Economic Corridor and the East-west Economic Corridor. The GMS has some certain programs and strategic thrusts which has to be implement for enhancing development and cooperation among member countries these are – strengthen infrastructure linkages, facilitate cross border trade, Investment and tourism, enhance private sector participation and competitiveness, develop human resources and skills competencies, and protect environment and promotes sustainable use of shared natural resources.

GMS summit and Economic Cooperation:

The GMS summits are normally held on every three years. It is the highest forum in the sub region where the leaders of member countries review and assess the progress made under the program and renew their commitment to sub regional cooperation and its goals. It not only provides support at the highest political level to the program, its projects and activities but also provide broad directions for landmark or key initiatives under the GMS Program. The sixth Greater Mekong Sub region Summit was held on 31st March 2018 in Hanoi, Vietnam. It carries the theme “Leveraging on 25 years of cooperation for a sustainable, Integrated and prosperous GMS”. The summit highlights the 25th anniversary of the establishment of the Greater Mekong Sub region Economic cooperation program appreciating the success which has been achieved with strong commitment and support of GMS countries. It also focused on mutual respect, consultation and



coordination, equality, common contributions and shared benefits with Win-Win cooperation. The summit recognizes new opportunities and emerging challenges presented by and the importance of relevant development initiatives, such as the United Nations 2030 Agenda for sustainable Development, the ASEAN community and the Belt and Road initiative, which generates complimentarily and synergy with the GMS program and provide new platform for global, regional and sub regional cooperation⁵ .

In September 2017, the 22nd ministerial conference in Hanoi, Vietnam focused on Hanoi action Plan (HAP) 2018- 2022 and the Regional International Framework (RIF) 2022. This action plan calls for an expansion of three economic corridors in the GMS to forge connectivity between its members as well as within rural and urban centers, and the Regional Investment Framework will roll out the list of over 200 investment and technical assistance projects in the sub region. The 22nd ministerial conference in Hanoi endorsed the medium term pipeline of priority projects from 2018 to 2022⁶ . The rolling pipeline comprises more than 200 investment technical assistance projects, which will require more than \$ 60 billion in financing. The RIF is a “living pipeline” of projects that will be reviewed and updated regularly to adopt the changing conditions and priorities.

The GMS leaders from Cambodia, Laos, Thailand, Vietnam, Myanmar and China also touched upon new strategies for transport, agriculture, tourism and environment. One of the earliest sectors of cooperation that Asian Development Bank assisted is GMS Sub regional Transport forum (STF) for enhancing economic activities. It is mainly focused on:

1. completing the GMS transport corridors
2. Generate economic efficiency and reduced transport costs.
3. Move towards an open market for transport services and
4. Multimodalism .

The Economic Corridor Approach of GMS countries focuses on certain things like developing infrastructure in specific geographical areas, create links to major markets, open up investment opportunities, promote synergies through the clustering of projects, extend the benefits of improved transport linkages to remote locations and integrates them with more prosperous areas and facilitates prioritization of regional projects and coordination of national projects with regional implications etc. All the member countries welcomed the decision to extend the corridor network as a response to the region’s dynamism. The leaders also wanted to boost the GMS cross- border E-commerce cooperation platform which facilitates growth of E-commerce for higher efficiency, better connectivity and transformation of micro, small and medium enterprises . They encouraged implementation of China ASEAN free trade Area and early conclusion of the Regional Comprehensive Economic Partnership (RCEP). They realized the importance of regional cooperation and integration in promoting economic development and shown their support for the principles of open regionalism. The leaders were willing to make good balance between GMS and other global regional initiatives including the ASEAN community, the Belt and Road initiative,



the Mekong-Lancang cooperation mechanism and the Cambodia Laos-Myanmar-Vietnam cooperation among others.

Five Triangle Areas in GMS:

To enhance economic growth integration of economies is required. It is a process which escalates the regional cooperation. Triangle areas are specific identified regions which help in capacity building for economic growth and development. These triangles are commonly known as “Growth Triangles” often established to increase sub regional economic cooperation program. There are five triangle areas in the Greater Mekong Sub region (GMS). Two are in the southern part of the GMS while one is the Cambodia-Laos-Vietnam development triangle area (CLVDTA) and the other is the Emerald Triangle, composed of Cambodia-Laos-Thailand. In the Northern part of GMS the golden triangle composed of Laos-Myanmar-Thailand, which is the most famous for tourism. Another triangle area upstream on the Mekong River is composed of China, Laos and Myanmar and it is called the “Green Triangle” in China. The combined area of the Golden Triangle and the Green triangle is called as the “Golden Quadrangle Area” or the “Quadrangle Economic Zone”.

Major Challenges to advancing GMS:

With the fast pace of development and economic activities Greater Mekong Sub region is progressing and becoming a hub of the rapid rising economies. But on the other side there are some challenges needs to meet out. With a growing population greater than the United States, the Greater Mekong Sub region is under enormous pressure caused by over use of natural resources. Almost 326 million people are living in the region on 2.6 million Km² land. According to Javed Mir of the Asian Development Bank, every year the sub region loses 10-12% of its gross domestic product through the over exploitation of forests land, wildlife and fisheries as well as pollution to ecosystems¹⁰. All this create a big problem of climate change. The situation threatens long term prosperity including food, energy and water security.

High cost of doing business is another reason. The cost of trade among GMS countries varies widely. For example, the cost of exporting a container of cargo from Cambodia increased from \$ 735 in 2005 to \$ 795 in 2014, in the People’s Republic of China from \$ 390 to \$ 823 and Laos from \$ 1420 to \$ 1950.¹¹ The same pattern can be seen for imports also. This is largely caused by non tariff measures, inefficient cross border procedures, lack of outcomes transit system and poor logistics services.

Tightly regulated transportation sector is also a problem because mostly vehicles are directed to move on the definite paths. The designation of certain routes in each country actually limits the network impact of economic corridors; therefore GMS countries should adopt certain measures which reduce control to border crossings and allowing transport operators to select their routes within each country.

There are also some incomplete cross border and multimodal infrastructure network that needs to be developed. A bulk of them in Myanmar, which has only participated in corridor

development since the country opened up in 2012. Many of them are completed but still there is an urgent need to develop them within proper time. The 5th Greater Mekong Subregion International Conference (GMSIC) 2018 | 234

Addressing, potential negative effects of increased connectivity: Communicable disease control, human trafficking and transnational crime, flood and drought management, biodiversity protection, increasing temperature, misbalancing of climate, sex tourism are major challenges that needs to be handled.

Regional cooperation is basically depends on the support system generating by the member countries but tension among nations harms it broadly which reduces the level of cooperation and speed of development. Tension among China-Vietnam relations in South China Sea is also a big challenge in managing and enhancing regional cooperation.

And last but not the least it is important to respect the sovereignty of member countries in regional cooperation Chinese Expansion in South China Sea and its arrogant behavior causes huge tensions in the region. Its hidden agenda behind belt and road initiatives is also a big concern. It's too early to say it good for regional cooperation.

Conclusion:

Over the past 25 years The Greater Mekong Sub region (GMS) shows the better results in every sphere for economic development and prosperity. A focus on East west, North south corridors has driven development in GMS countries by integrating road systems to inter connect borders, urban centers, hubs of production, trade, tourism etc. the results have been impressive but for all those and other advances, it is still required to maximize the potential benefits from economic corridors to social corridors; from road connectivity to heart connectivity; and from development to sustainable development. Only after working on certain measures undoubtedly the progress and full benefits will reach to everyone in the entire sub region.

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