Greater Mekong Subregion Program

Presented By

Asian Development Bank
Thailand Resident Mission

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Outline of Presentation

- Overview of the Greater Mekong Subregion
- Increasing **Connectivity** in the GMS
- Improving **Competitiveness** of the GMS
- Achieving a Greater Sense of **Community**
- **Updated GMS Strategy and Investment Plan**
- **Potential and Opportunities along the EWEC**

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What is the GMS?

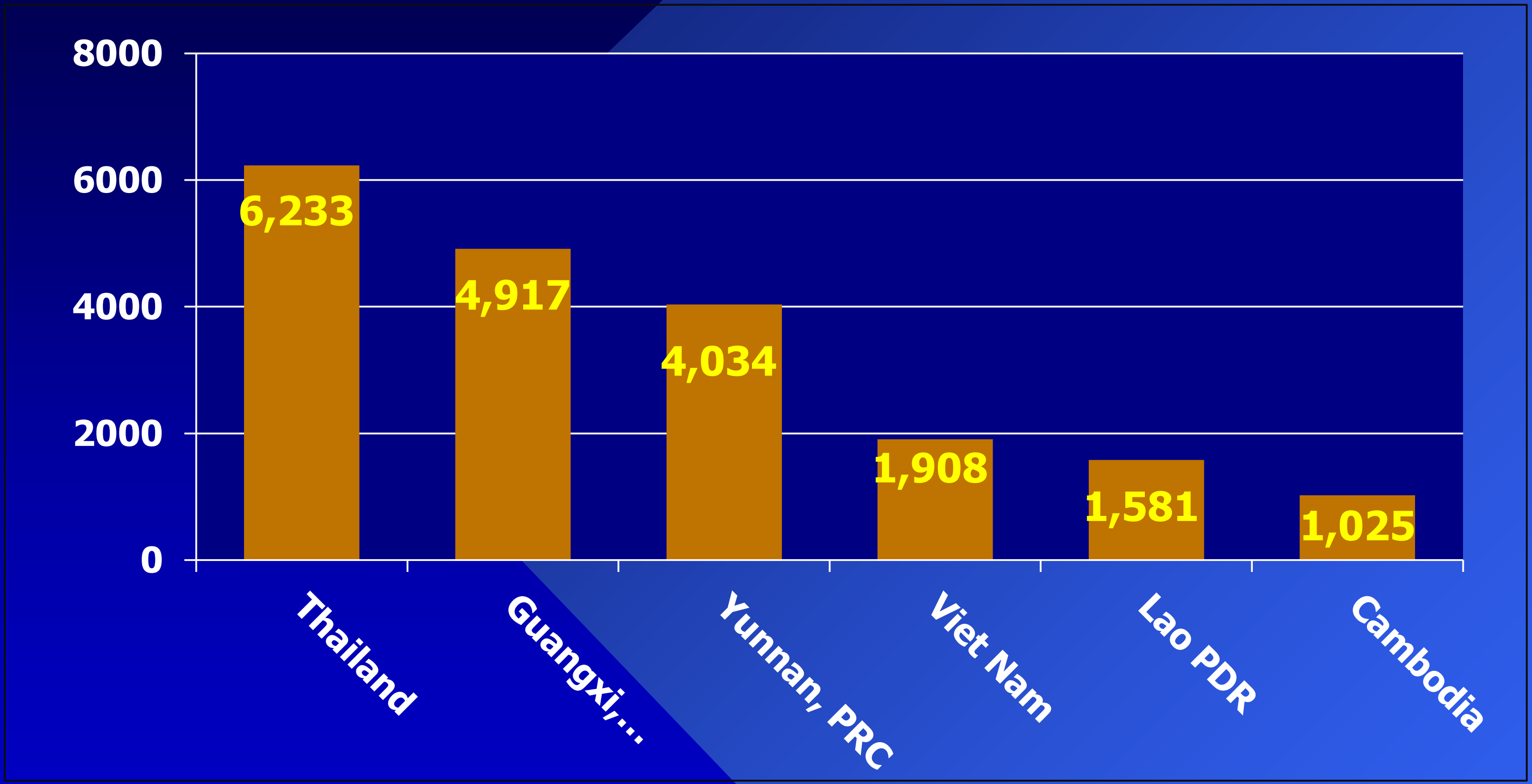
The Greater Mekong Subregion (GMS) is a natural economic area bound together by the Mekong River, covering 2.6 million square kilometers.

The GMS countries are Cambodia, the People's Republic of China (PRC, specifically Yunnan Province and Guangxi Zhuang Autonomous Region), Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand, and Viet Nam.

Quick Facts about the GMS

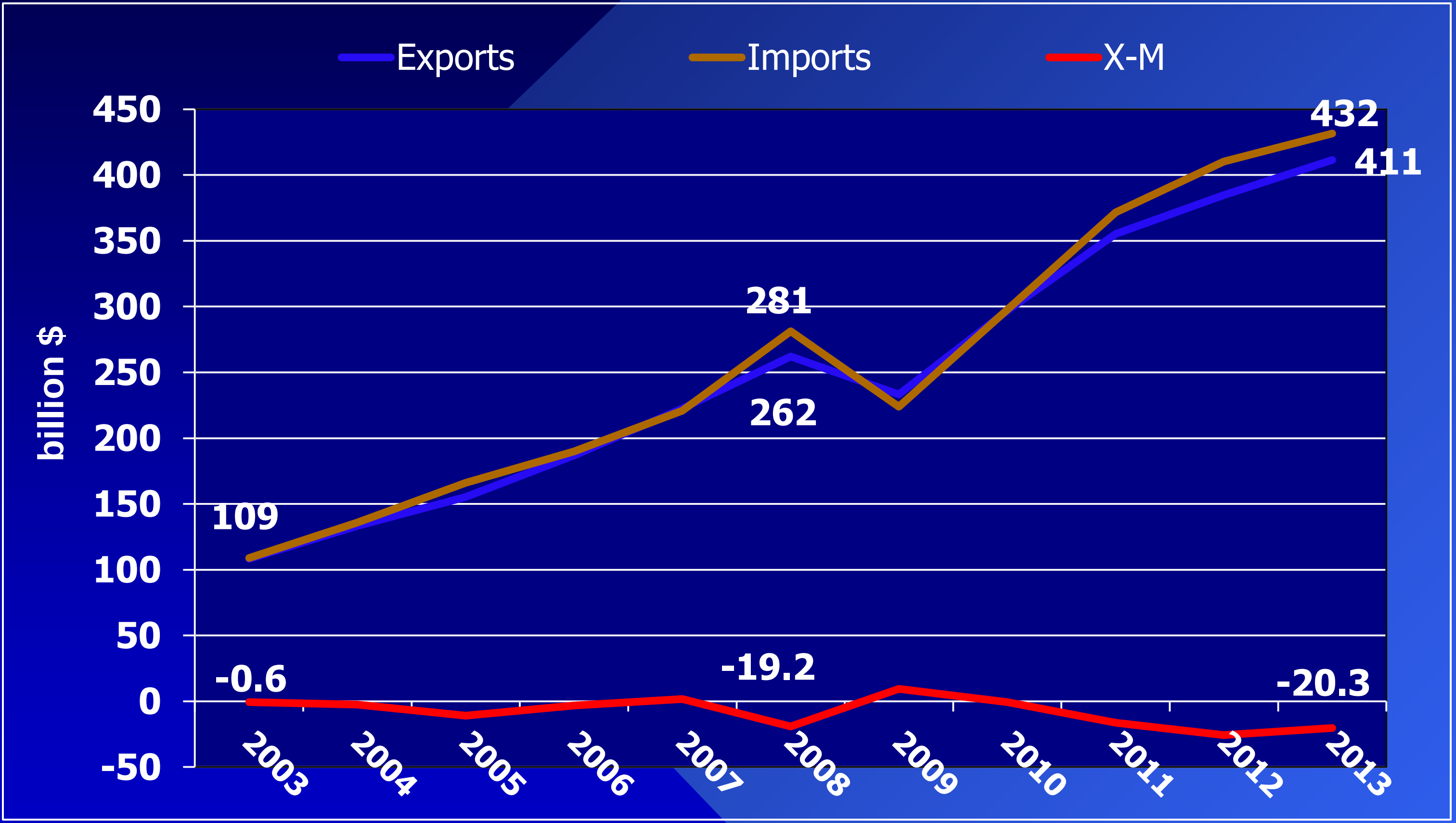
- Total population of 334 million in 2013
- Total GDP of about $2.5 trillion in 2013 (PPP, current US$)
- Total exports of $411 billion in 2013
- Total imports of $432 billion in 2013
- Inward FDI flows near $150 billion in 2013
- More than $17 billion in investment projects under the GMS Program since 1992.

2013 GDP per capita (PPP,current $)



Sources: ADB Key Indicators and China Statistical Yearbook, various issues and ADB Staff estimates.
Data for Myanmar not available at cutoff date.
GDP per capita converted at official exchange rate, average of period.

GMS Exports, Imports and Trade Balance



Sources: ADB Key Indicators and China Statistical Yearbook, various issues and ADB Staff estimates.
GMS members: Cambodia, Guangxi PRC, Yunnan PRC, Lao PDR, Myanmar, Thailand , Viet Nam

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The GMS Program

- Started in 1992
- Pragmatic and informal
- Promotes mutual trust and goodwill
- Multifaceted role of the ADB
  - Financier
  - Honest broker
  - Coordinator/Secretariat

GMS Sectors

- **Transport**
- **Telecoms**
- **Energy**
- **Environment**
- **Tourism**
- **HRD**
- **Trade Facilitation**
- **Investment**
- **Agriculture**

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The GMS Program's 3 C's

The 3 C's are also the keys to unlocking the investment opportunities in the GMS.

The 3 C's are integral for the GMS to realize its vision of a prosperous, integrated and harmonious subregion

- Increased **Connectivity** through sustainable development of physical infrastructure and transformation of transport corridors into transnational economic corridors.
- Improved **Competitiveness** through efficient facilitation of cross-border movement of people and goods and the integration of markets, production processes, and value chains.
- Greater sense of **Community** through projects and programs that address shared social and environmental concerns.

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PHYSICAL CONNECTIVITY IN THE GMS

- ✓ **Countries are increasingly linked via roads, railways, telecoms, and power lines.**
- ✓ **Nearly 7,000 kilometers of roads constructed, upgraded, or improved under the GMS Program.**
- ✓ **Nearly 20GWh of electricity traded within the GMS in 2013**

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GMS Connectivity Infrastructure in 1992

Roads

Telecommunications

Power Transmission Line

GMS Connectivity Infrastructure in 2010

Roads

Telecommunications

Power

Transmission Line

Future GMS Connectivity Infrastructure 2015-2020

- Roads
- Telecommunications
- Power Transmission Line

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IMPROVING CONNECTIVITY THROUGH "SOFTWARE" : FACILITATION OF CROSS-BORDER TRANSPORT & TRADE

- **The GMS Cross Border Transport Facilitation Agreement (CBTA) provides a subregional framework for making cross-border transport faster, easier and cheaper.**

- **GMS countries have successfully implemented a number of bilateral and/or trilateral traffic rights agreements at key border crossings.**

- **The second phase of the GMS Transport and Trade Facilitation Action Plan and other technical assistance projects will further support efforts to facilitate cross-border transport and trade in the GMS.**

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PROGRESS OF INSTITUTIONAL CONNECTIVITY

- GMS Business Forum established in 2000
- Mekong Tourism Coordinating Office established in 2006.
- GMS Environment Operations Center established in 2006
- GMS Freight Transport Association established in 2012.
- Greater Mekong Railways Association established in 2014.
- GMS Regional Power Trade Coordination Committee is working to establish the GMS Regional Power Coordination Center in 2015.

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TOTAL INVESTMENT OF THE GMS PROGRAM (1992-2014)

Total 70 Investment Projects worth $17.1 billion
-ADB : $6.3 billion (37%)
-DPs : $6.2 billion (36%)
-GMS Governments : $4.6 billion (27%)

Total 200 TA Projects worth $353.5 million
- ADB : $122.4 million (34%)
- DPs : $211.2 million (60%)
- GMS Government : $20 million (6%)

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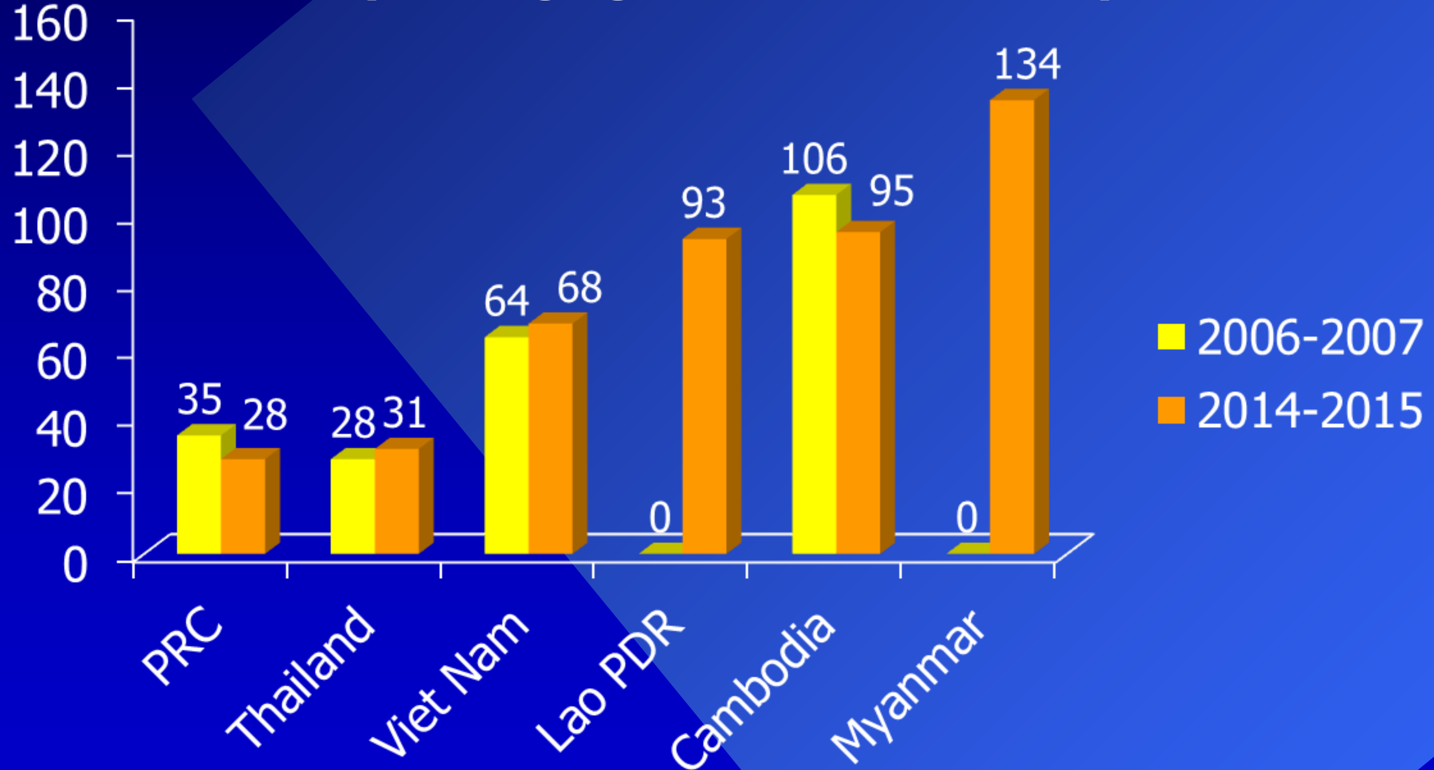
HAS INCREASED CONNECTIVITY CONTRIBUTED TO IMPROVED COMPETITIVENESS IN THE GMS?

Country Rankings by Global Competitiveness Index (2014-2015) Compared to Index 2006-2007 (ranking against 144 countries)



Source: World Economic Forum, *The Global Competitiveness Report (2006-2007 and 2014-2015)*

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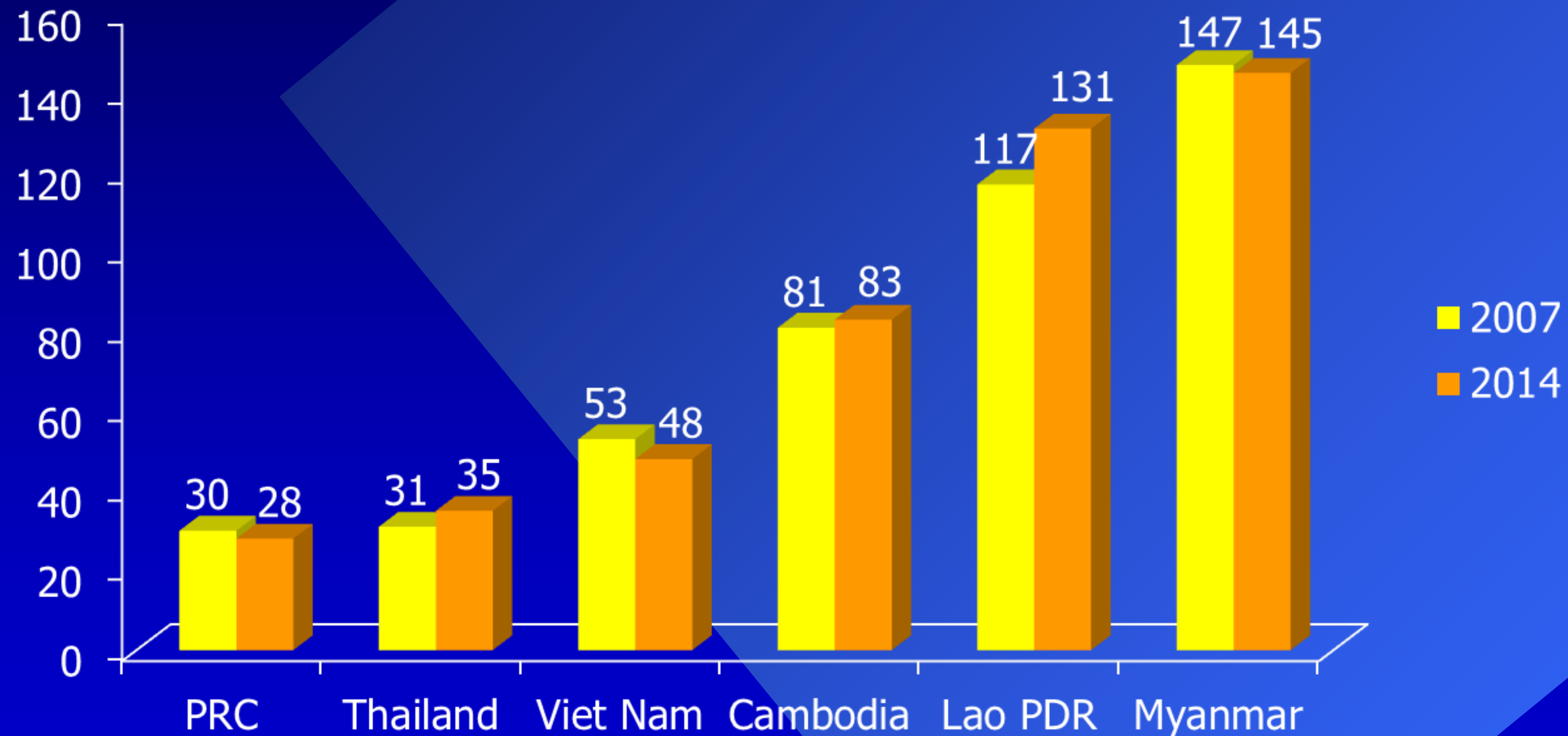
COMPETITIVENESS AND LOGISTICS PERFORMANCE ARE INTERRELATED

Country Rankings by Logistics Performance Index 2014
Compared to Index 2007
(rankings against 160 countries)



Source: World Bank, Logistics Performance Index 2007 and 2014

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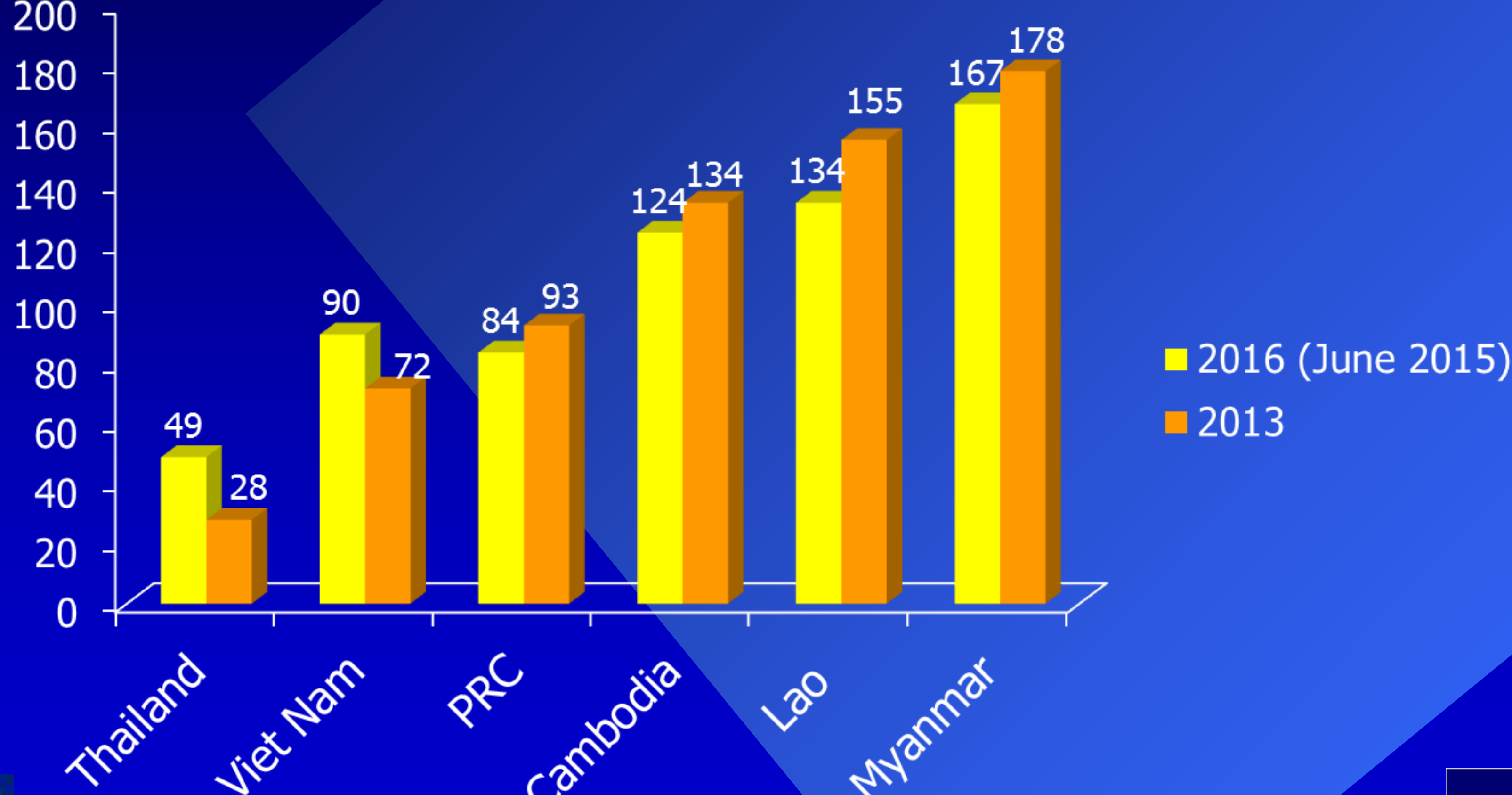
HOW EASY IS IT TO DO BUSINESS IN THE GMS?

Country Rankings by Ease of Doing Business Index 2016 Compared to Index 2013 (rankings against 189 countries)



Source: World Bank, Ease of Doing Business Index 2013 and 2016

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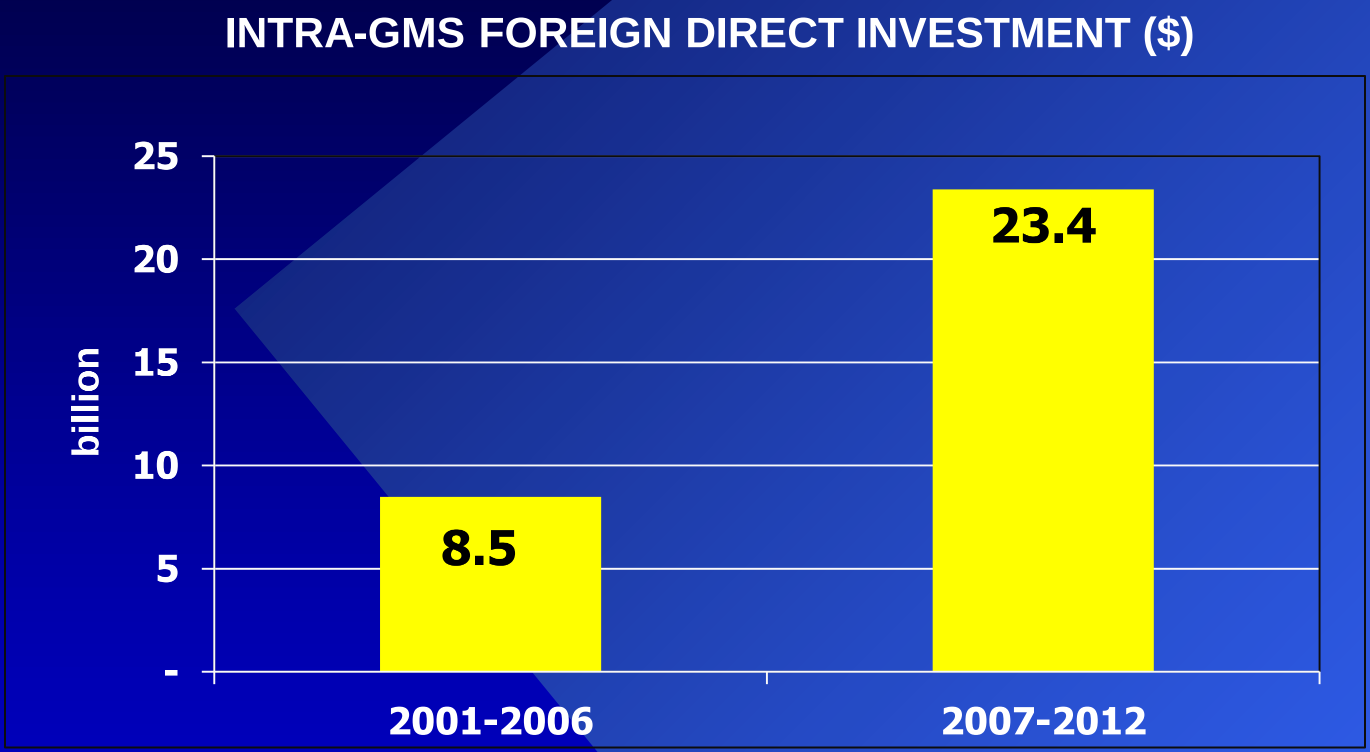
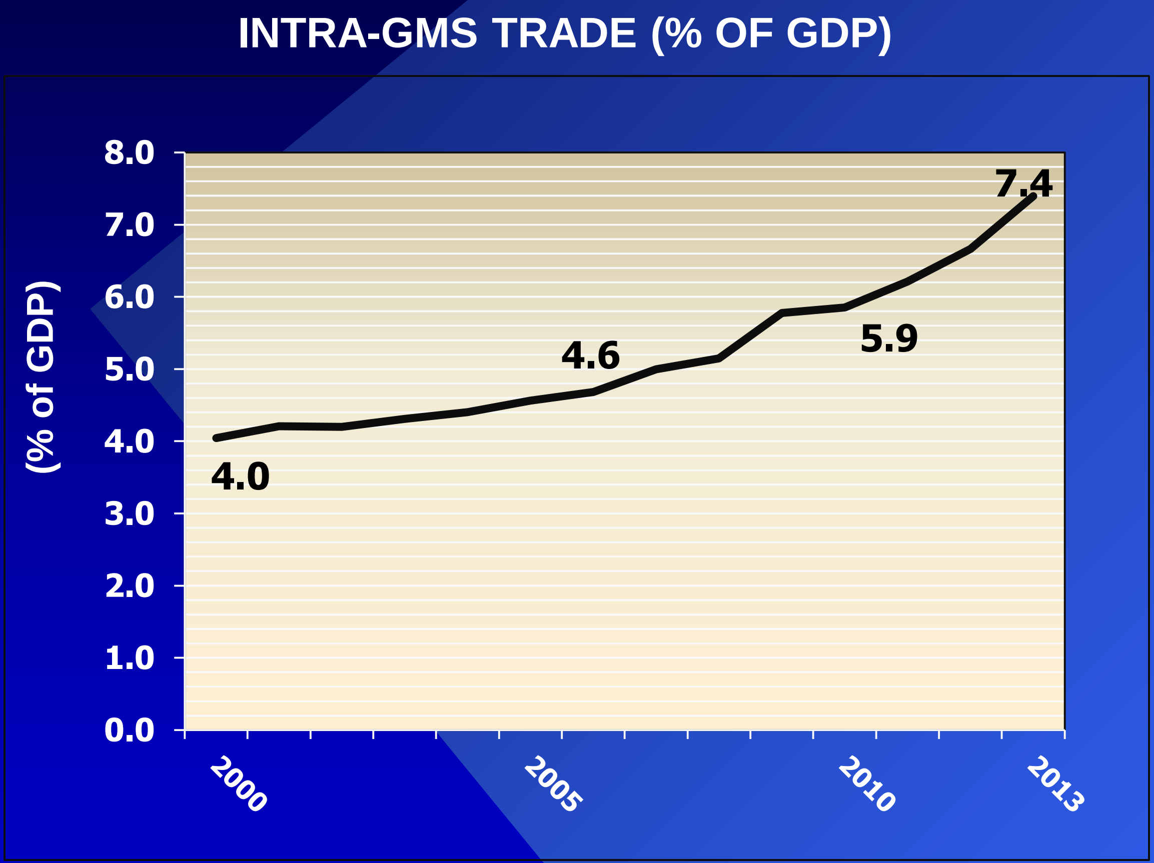
THE GMS IS ALSO BECOMING MORE INTEGRATED AS A COMMUNITY



Sources: UNCTAD Bilateral FDI database, ADB ARIC Database and ADB Staff estimates
No data for Guangxi and Yunnan, PRC. National data for the PRC is used.
All inflows are reported by host country ; for Viet Nam – inflows are reported by country of origin

Intra-GMS foreign direct investment increased to $23.4 billion from 2007-2012.

THE GMS IS ALSO BECOMING MORE INTEGRATED AS A COMMUNITY



Intra-GMS trade now comprises about 7.4% of GDP..

THE GMS IS ALSO BECOMING MORE INTEGRATED AS A COMMUNITY

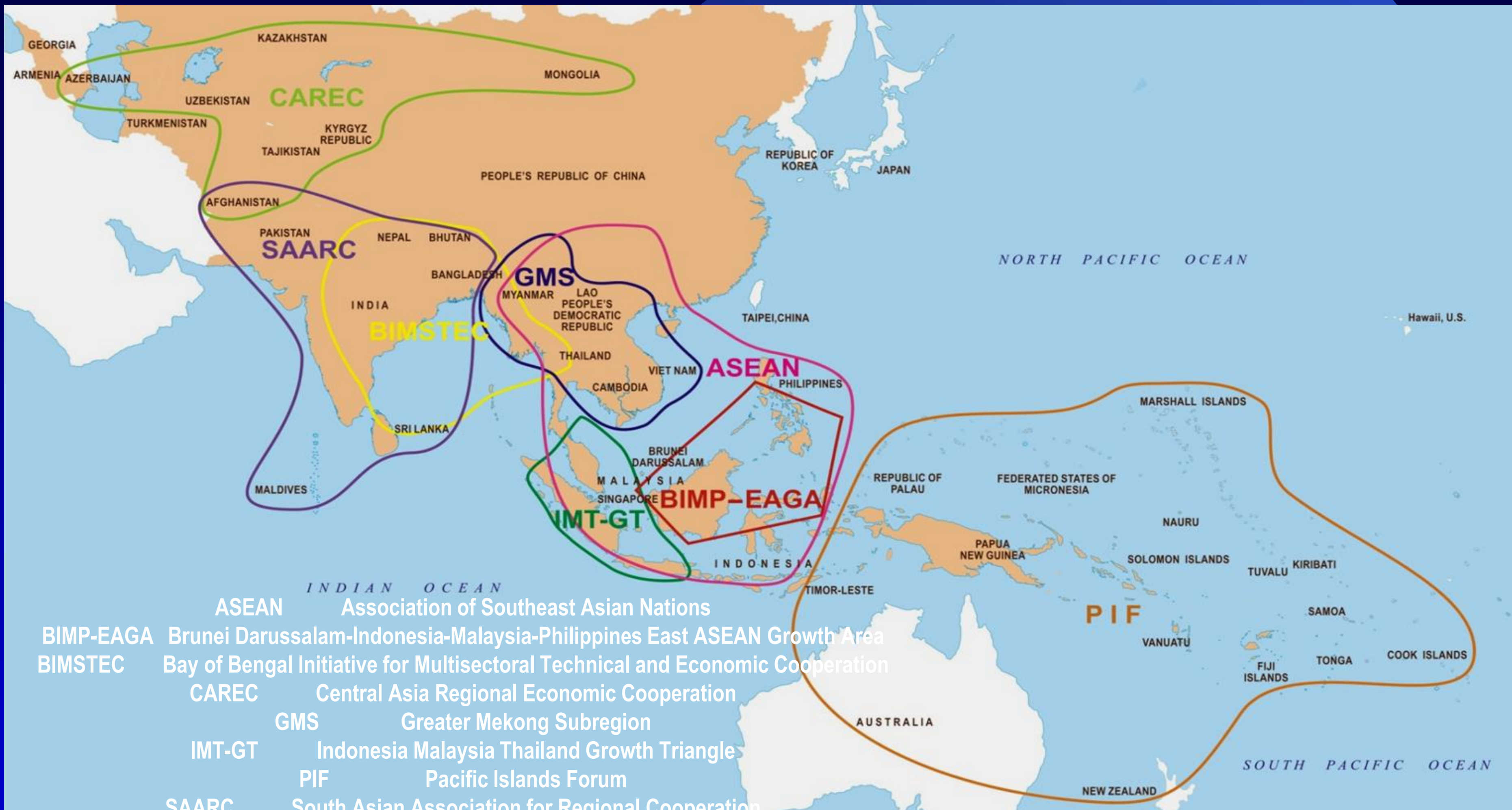
- **GMS is now recognized as a "single tourist destination" with a record of 52 million arrivals in 2013.**

- **GMS countries are working together to address "community wide" concerns such as:**

    - **Controlling communicable diseases, preventing HIV/AIDS and promoting safe migration**

    - **Managing land-use, natural resources and the environment to ensure sustainable development of the GMS**

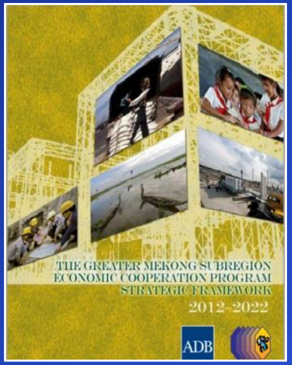
WHY IS THE GMS A GOOD DESTINATION FOR INVESTMENT?



The subregion is strategically located between South Asia and Southeast Asia

GMS Strategic Framework

- ✓ Strategic Framework



- ✓ Regional Investment Framework

- ✓ Implementation Plan

Strategic Directions for the GMS

Operationalize New GMS Strategic Framework (SF) 2012-2022	Prioritize Regional Investment Framework (RIF) 2013-2022	Implementation and Monitoring RIF Implementation Plan 2014-2018

Operationalize

- Corridor-development approach provides the spatial and thematic focus
- Multi-sector investments/cross sectoral linkages
- More local stakeholder involvement

Prioritize

- Transforming of transport corridors into economic corridors
- Promoting inclusive, sustainable and balanced development
- Facilitating sub-regional integration

Implementation and Monitoring

- High priority projects identified and endorsed by GMS Ministers
- Projects will yield subregional economic and social benefit
- Need to attract financing from development partners, the private sector and capital markets

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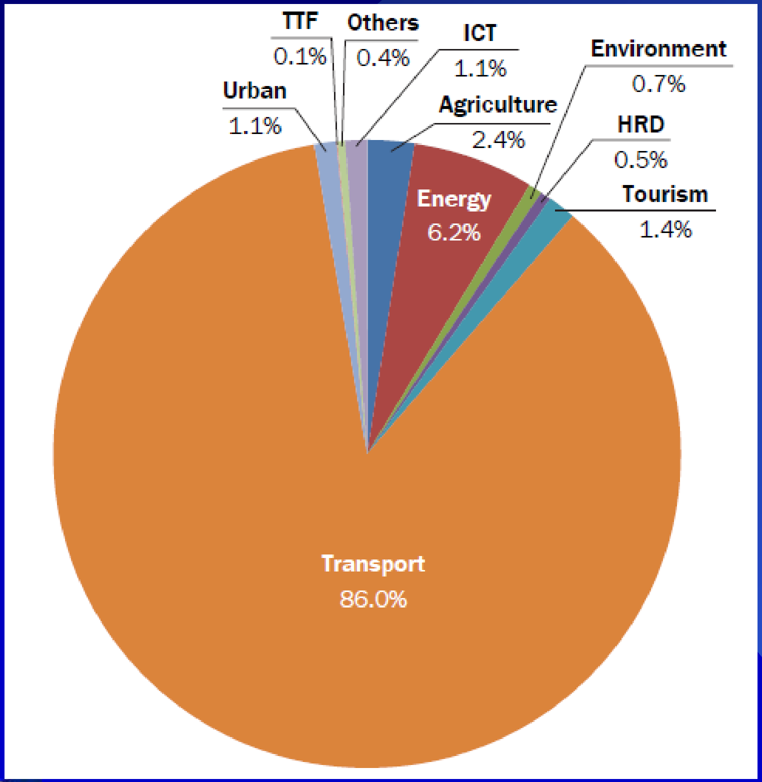
Regional Investment Framework Pipeline of GMS Projects (2013-2022)

Over 200 GMS projects covering multiple sectors, including transport, energy, environment, agriculture, human resource development, ICT, tourism, transport and trade facilitation, and urban development.

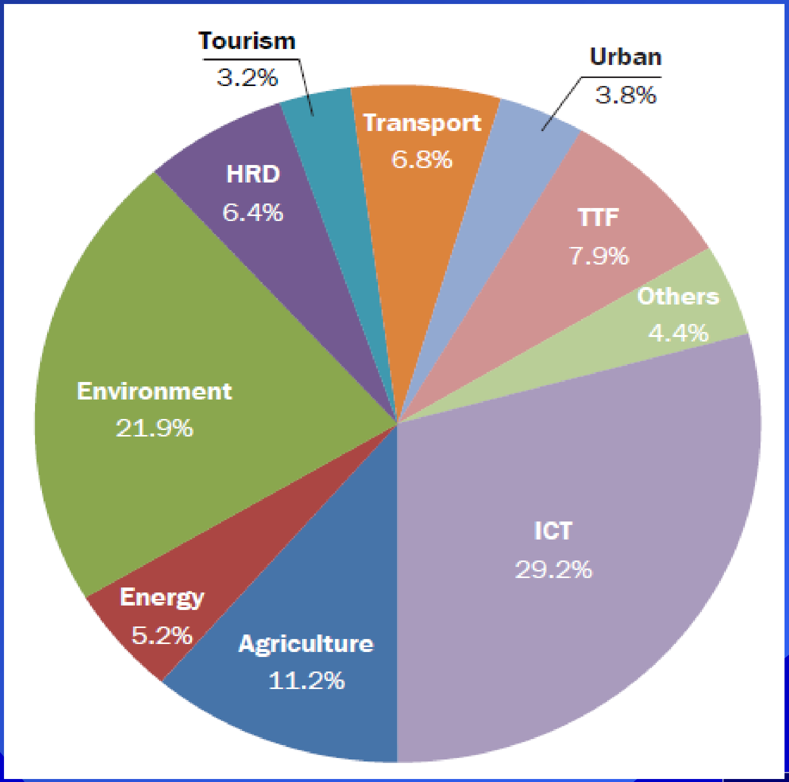
Estimated cost of $51.3 billion

RIF Project Pipelines

- RIF Investment Projects



RIF TA Projects



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GMS REGIONAL INVESTMENT FRAMEWORK IMPLEMENTATION PLAN FOR 2014-2018

Table 1: Priority Projects by Sector

Sector	No. of Projects			Cost Estimate (US$ million)		Total (US$ million)
	Investment	TA	No.	Investment	TA	Cost
Transport	41	10	51	27,090.50	7.20	27,097.70
Energy	4	4	8	1,202.00	6.50	1,208.50
Agriculture	2	2	4	450.00	5.00	455.00
Environment	2	2	4	80.00	8.60	88.60
HRD	2	2	4	215.40	3.95	219.35
Urban Development	2	2	4	330.00	3.50	333.50
Tourism	3	3	6	450.00	2.40	452.40
TTF	1	4	5	31.50	9.10	40.60
ICT	1	1	2	5.00	10.00	15.00
Other Multisector/ CBEZs	2	2	4	210.00	4.00	214.00
Total	60	32	92	30,064.40	60.25	30,124.65

CBEZs = cross-border economic zones, HRD = human resource development, ICT = information and communication technology, TTF = transport and trade facilitation.
Source: GMS Secretariat's compilation.

- **Identifies 92 priority projects across multiple sectors**
- **Estimated investmen cost exceeds $30 billion**
- **90% of all investment projects are in the transport sector**

All projects will contribute to increased connectivity, improved competitiveness and a greater sense of community.

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Developing Economic Corridors : A Strategic Priority for the GMS

Transform 9 priority *transport corridors…*

…into *economic corridors to boost cross-border trade and investment and to stimulate jobs and growth.*

Developing GMS Economic Corridors

1. Requires a multi-sector approach to maximize the economic and social benefits of physical infrastructure:
    a. Cross-border and Special Economic Zones
    b. Corridor Town Development
    c. Logistics Centers and Dry Port Facilities
    d. Agro-processing Zones and Market Centers
    e. E-Commerce Development
2. Requires private sector participation to:
    a. Identify investment opportunities
    b. Contribute to project financing
    c. Create viable public-private partnerships
    d. SMEs Development

GMS Economic Corridors

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Impediments and Constraints

- Physical infrastructure and facilities
- Financial Mobilization
- Logistics
- Policies, regulations, procedures and standards
- Human resources
- Institutional factors
- Information

Success of the GMS

- Acceleration of the GMS Development through "hardware" and "software" investments and implementations
- Financial Mobilization
- GMS Governments' commitments
- Strong participation of private sector and local communities

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GMS On-Line Information

- http://www.adb.org/countries/gms/main
- http://www.adb.org/publications/gms-e-updates-march-september-2015
- http://gmsprogram.org/

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THANK YOU

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