

## **Sub-regional cooperation in East Asia: Present and Future**

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Sub-regional cooperation and integration mechanisms and frameworks play significant and complimentary role in East Asian regional integration and community building. Since the early 1990s, there have been a remarkable number of initiatives to establish sub-regional cooperation framework such as the Greater Mekong Subregion, Pan Beibu Gulf Economic Cooperation, economic corridors, and other growth triangles and quadrangles. The concept of sub-regional cooperation, mainly driven by economic interests, has been developed and integrated to be part of the regional integration in Southeast Asia. Cross-border cooperation is necessary for strengthening the flow of goods, services, investment capital, and tourists. However to maintain and advance the development of such sub-regional cooperation, it requires foremost political and strategic trust and confidence and win-win cooperation strategy.

This paper attempts to provide an overview of and compare the current sub-regional cooperation schemes in East Asia. It argues that through regional economic cooperation and integration peace and development can be maintained. East Asian regionalism is driven by both state and market forces. For the sub-regional cooperation mechanism, it is mainly driven by the central and local governments in order to facilitate economic cooperation especially along the border areas. It is believed that through such cooperation, it contributes to narrowing development gap and poverty reduction in the region.

### **Greater Mekong Sub-region (GMS)**

The Greater Mekong Sub-region (GMS) cooperation framework comprises Cambodia, China-especially Yunnan Province and Guangxi Zhuang Autonomous Region, Lao PDR, Myanmar, Thailand, and Vietnam. In 1992, with ADB's assistance, the six countries entered into a program of sub-regional economic cooperation, designed to

enhance economic relations among the countries. The program has contributed to the development of infrastructure to enable the development and sharing of the resource base, and promote the freer flow of goods and people in the sub-region. It has also led to the international recognition of the sub-region as a growth area.

In 2001, the leaders from the region adopted a strategy to strengthen regional cooperation in cross-border trade, investment, tourism, and human resource development. In the same year, four GMS countries, Cambodia, Lao PDR, and Vietnam signed a landmark cross-border agreement to facilitate the flow of people and goods. The agreement aims to simplify and harmonize legislation, regulations, and procedures relating to cross-border transport to facilitate speedy joint inspections. According to priority tourism connecting nodes in the region, there are eleven border checkpoints to facilitate tourist flows and tourism development.<sup>1</sup> It is observed that:

Increasingly, modernization and industrialization are emerging from a process of transition and transformation. The Mekong countries are gradually shifting from subsistence farming to more diversified economies, and to more open, market-based systems. In parallel with this are the growing commercial relations among the six Mekong countries, notably in terms of cross-border trade, investment, and labor mobility. Moreover, natural resources, particularly hydropower, are beginning to be developed and utilized on a subregional basis<sup>2</sup>.

In the strategic plan 2012-2022 developed by the Asian Development Bank, GMS program covers multisector cooperation schemes including developing the major GMS corridors as economic corridors; strengthening transport linkages, developing an integrated approach to deliver sustainable, secure, and competitive energy; improving telecommunication linkages and information and communication technology applications among the GMS countries; developing and promoting tourism in the

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<sup>1</sup> Bavet/Mok Bai on the Cambodian/Vietnam border; Sapa on the Vietnam/Yunnan border; Mengla/Mohan on the Laos/Yunnan border; Wanding/Ruili/Kyugok/Muse on the Myanmar/Yunnan border; Tachchilek/Mae Soi/Chiang Kong on the Laos/Thai border; Nong Khai on the Laos/Thai border; Mayawadi/Mae Sot on the Myanmar/Thai border; Lao Bao on the Vietnam/Laos border; and Savannakhet on the Lao /Thai border.

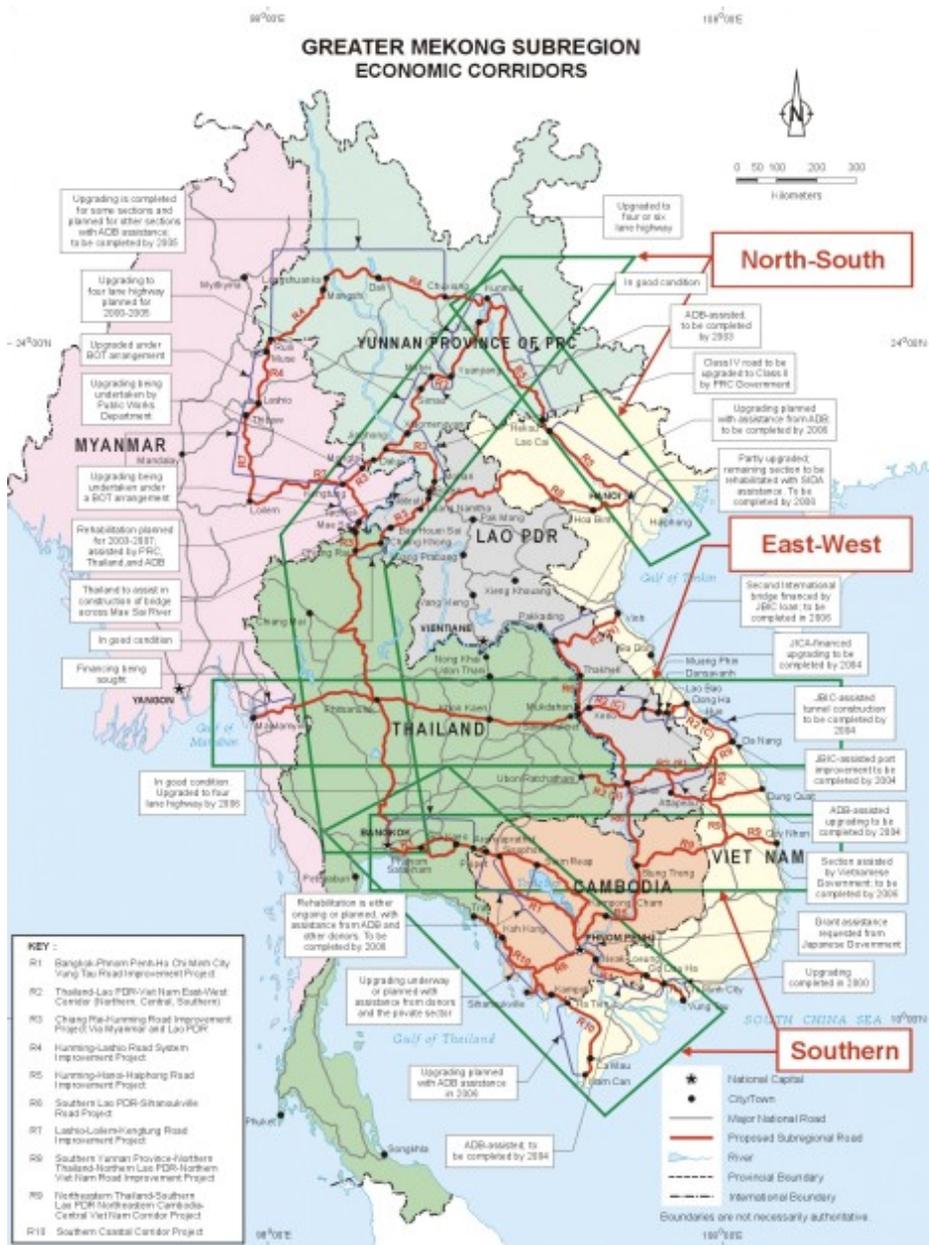
<sup>2</sup> Asian Development Bank, Overview of GMS, <http://www.adb.org/countries/gms/overview>

Mekong as a single destinations; promoting competitive, climate-friendly, and sustainable agriculture; enhancing environmental performance in the GMS; and supporting human resources development initiatives that facilitate the process of GMS integration while addressing any negative consequences of greater integration.<sup>3</sup>

In addition to the overall cooperation framework, regional countries in the GMS initiated to develop different economic corridors namely East West, North South and Southern Economic Corridors. It is designed to link infrastructure, transport and logistics in order to facilitate the flow of goods, services and people, and promote investment. The Asian Development Bank (ADB) is the main funding agencies for the infrastructure development. China and Japan are the other two actors in providing loans and grants to support regional integration in the GMS (see figure 1 for the map of the corridors).

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<sup>3</sup> Asian Development Bank, GMS Program, <http://www.adb.org/sites/default/files/gms-ec-framework-2012-2022.pdf>



Source: Asian Development Bank (ADB)

### Pan Beibu Gulf Economic Cooperation Zone

Founded in July 2006, the PBG Economic Cooperation Zone consists of China's Guangxi Zhuang Autonomous Region, Guangdong and Hainan provinces, Vietnam, Malaysia, Singapore, Indonesia, the Philippines and Brunei. The PBG cooperation zone is a new sub-regional cooperation scheme under the China-Association of Southeast Asian Nations (ASEAN) framework. The economic zone aims to upgrade its industries,

improve transportation and logistics, and promote the development of regional tourism. Moreover, it contributes to building trust and good neighborhood between China and Southeast Asia.

The Feasibility Study on Economic Cooperation, which was approved by the 14<sup>th</sup> ASEAN-China Summit in 2012, provides an additional momentum to strengthen economic ties between China and its Southeast Asian neighbors. It focuses cooperation on infrastructure development, ports and logistics, trade and investment facilitation, agriculture, tourism, environment protection, biodiversity, and industrial cooperation. Infrastructure connectivity has gained more attention from the regional countries especially the Nanning-Singapore Economic Corridor (NSEC). NSEC aims to link China with ASEAN connectivity master plan. It also tries to promote capital flow into the less developed countries in the region especially CLMV countries in order to reduce the development gap in the region.

The NSEC focuses more on hardware rather than software development. The corridor, stretching about 5000 kilometers, covers airways, expressways, waterways, and air routes. Rail connection between Kunming and Singapore has been one the projects actively implemented by the funding support from China in order to complete the missing links between China and Lao PDR and Myanmar, Thailand-Cambodia, and Cambodia-Vietnam.



Source: [https://en.wikipedia.org/wiki/Kunming%E2%80%93Singapore\\_Railway](https://en.wikipedia.org/wiki/Kunming%E2%80%93Singapore_Railway), <http://www.unilang.org/viewtopic.php?f=5&t=35280>

### **BIMP-East ASEAN Growth Area (EAGA) Cooperation**

BIMP-EAGA was created in 1994 involving bordering regions in four maritime ASEAN countries namely Brunei Darussalam, Indonesia (the islands of Kalimantan, Sulawesi, Papua and Moluccas), Malaysia (the State of Sabah, Sarawak and Labuan), and the Philippines (the islands of Mindanao and Palawan). BIMP-EAGA promotes development through trade, investment, and tourism from within and outside the sub-regions.

At the workshop on "Potential Development to Promote Connectivity on BIMP-EAGA" was held on March 21-22, 2012, in Brunei Darussalam, it recognized the importance of communication exchange between related parties and data collections to make better strategies. However, it needs more government support for implementation and policy initiatives such as a single transport document for customs, immigration, quarantine and security purposes that can be used in all transport modes<sup>4</sup>.

<sup>4</sup> Economic Research Institute for ASEAN and East Asia, "Workshop on Potential Development to Promote Connectivity on BIMP-EAGA", 21-22 March

### **The Singapore-Johor-Riau (SIJORI) Triangle**

The Triangle is designed and developed to promote economic cooperation, economic links, and people to people contact among the three countries: Indonesia, Malaysia and Singapore. At the beginning, it focuses on connecting Singapore with the Riau Province in Indonesia and southern Johor in Malaysia. To optimize the complementarity between the three adjacent areas, the pact tries to strengthen and combine management expertise, financial capital, technology and infrastructure of Singapore with the abundant labor, land and natural resources of neighboring Johor State in Malaysia and the Riau Province in Indonesia.

But later on, as more states from Malaysia and Indonesia joined the grouping, SIJORI was renamed Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT). The grouping was formalized with the signing of a Memorandum of Understanding (MOU) on 17 December 1994. Although exclusive to the participating countries, this Growth Triangle was seen to benefit the ASEAN region as a whole, and it is inclusive and open to the participating countries from entering into other forms of economic cooperation.

### **The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT)**

The Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) is a sub-regional cooperation initiative formed in 1993 by the governments of Indonesia, Malaysia, and Thailand to accelerate economic transformation in less developed provinces. With regards to tourism development, they commit to increase the number of tourist arrivals; enhance tourism products in each of the sub-region; facilitate the full exploitation of the unique tourism products; promote tourism projects in an integrated manner with infrastructure development plans; and improve tour packaging potential among the sub-region.

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2012, [http://www.eria.org/press\\_releases/aseaneconomiccommunity/FY2012/03/how-to-enhance-the-connectivity-on-bimp-eaga-1.html](http://www.eria.org/press_releases/aseaneconomiccommunity/FY2012/03/how-to-enhance-the-connectivity-on-bimp-eaga-1.html)

Since its formation, the IMT-GT has grown in geographic scope and activities. It is now composed of 14 provinces in southern Thailand, 8 states of Peninsular Malaysia, and the 10 provinces of Sumatra in Indonesia. In its development roadmap for 2007-2011, it had a vision to realize a seamless, progressive, prosperous and peaceful sub-region with the better quality of life for the local people. Six areas of cooperation under the Roadmap in IMT-GT are infrastructure and transportation, trade and investment, tourism, Halal products and services, human resource development, agriculture, agro-based Industry and environment. In the joint statement of the 6<sup>th</sup> Summit of IMT-GT in April 2012 in Phnom Penh, the leaders reaffirmed their commitment to pursue the vision set in the roadmap. They believed that sub-regional integration contributes to achieving the common aspiration for an ASEAN Economic Community and the realization of ASEAN as a region of equitable economic development. Practical cooperation and implementation of the road map was emphasized.

### **Cambodia-Lao PDR-Vietnam (CLV) Development Triangle**

The Triangle was proposed by Cambodia in 1999 and was officially announced in the same year at the First CLV Summit in Vientiane, Lao PDR. The objectives of the Triangle are to enhance cooperation for development and poverty reduction along the border area of the three countries while maintaining stability and security there. It is considered one of the primary priority tasks in the development cooperation among thirteen provinces located at the border area of the three countries.<sup>5</sup> At the Sixth Summit held in Phnom Penh, Cambodia in 2010, the action plans for development was issued, focusing on five areas namely transport, trade and investment, energy, agriculture, tourism, and environment. Regarding tourism cooperation, the three countries agreed to share information relating to tourism products, strengthen joint tourism promotion and investment, encourage intra sub-regional tourism, develop human resource, connect tourism products and destination under the framework “Three Countries One Destination”.

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<sup>5</sup> Currently there are 13 provinces included in the GT: Cambodia - Strung Treng, Ratanakiri, Modul Kiri and Kratie; Laos - Sekong, Attapeu, Saravan and Champasak; and Vietnam - Kon Tum, Gia Lai, Dak Lak, Dak Nong and Binh Phuoc. These provinces have a total area of 143,900 square kilometers and population of about 6.8 million.

### **Cambodia-Lao PDR-Thailand (CLT) Emerald Triangle**

The Triangle was launched in 2003 with the focus on tourism cooperation and development. The three countries agreed to promote cross-border facilitation tourism and ease travel into and within the three countries through border checkpoints; develop and promote tourism attractions in the Emerald Triangle area; and enhance cooperation between public and private sectors of member countries, especially at the local level.

In order to promote tourism development, international border checkpoints need to be simplified. Local authorities try to explore the feasibility of creating a 'One Stop Service' at the designated Triangle international border checkpoints in order to provide high quality of services and remove barriers and lengthy immigration procedures that constrain the flow of tourists traveling between the three countries. They also cooperate in human resource development activities by sharing resources, skills, training facilities and tourism professionals and experts.

### **The Growth Quadrangle (China, Lao PDR, Thailand, and Myanmar)**

The Quadrangle consists of Yunan province of China, Laos, Thailand and Myanmar with the objective to formalize and develop existing cross-border trade, tourism and transport links among these countries. Historical, geographical, ethnological and cultural proximities drive this sub-region closer together in terms of political and economic cooperation. Border cooperation has increased the flows of goods, services, capital and people in the sub-region, which in turn create a favorable political climate for further cooperation.

### **Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)**

ACMECS was launched in 2003 with the participation of Cambodia, Laos, Myanmar, and Thailand. Then in 2004, Vietnam joined the group. The main objective is to transform the border areas of the five countries into zones of economic growth, social progress and prosperity, and to blend local, national and regional interests for common

benefits, shared prosperity, enhanced solidarity, peace, stability and good neighborliness. There are eight sectors under ACMECS cooperation through both bilateral and multilateral mechanisms. Those cooperation areas include (1) trade and investment facilitation; (2) cooperation in agriculture; (3) cooperation in industry and energy; (4) transport connectivity; (5) cooperation in tourism; (6) human resources development; (7) cooperation in public health; and (8) cooperation in environment.

Tourism is highlighted for the promotion and advertising of a common tourism-market in the region with the 'Five Countries, One Tourism Destination' strategy. Flight connection, infrastructure linkages, and single visa are prioritized.<sup>6</sup> Cambodia and Thailand were the first countries implementing the single visa agreement on December 26, 2012. Starting from December 27, 2012, tourists can apply for the visa from either Cambodian or Thai embassy.

### **CLMV Cooperation**

CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) are the least developed countries in ASEAN. The first GMS Summit was held in Vientiane in 2004. There are nine priority cooperation sectors of the CLMV Cooperation, namely (1) coordination in economic integration, (2) promotion and facilitation of trade and investment, (3) agriculture, (4) industry and energy, (5) transport, (6) information, technology and communication, (7) tourism, (8) human resources development, and (9) public health.

Concerning transport cooperation, it was agreed to (1) deepen coordination to make best use of economic corridors across the CLMV countries, particularly the North-South Economic Corridor (NSEC), East-West Economic Corridor (EWEC), the Southern Economic Corridor (SEC) under the Greater Mekong Sub-region (GMS) cooperation; (2) facilitate cross border movement of goods and passengers among Lao PDR, Myanmar and Viet Nam on the route: Yangon – Meikhtila – Tarlay – Kenglap (Myanmar) – Xiengkok – Louangnamtha – Oudomxay – Muong Khoa (Lao PDR) –

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<sup>6</sup> Phnom Penh Post, Tackling Tourism Issue. Friday, 24 August 2012

Tay Trang – Ha Noi (Viet Nam); (3) further implement the CLMV Multilateral Agreement on Air Services.

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labor mobility. Moreover, natural resources, particularly hydropower, are beginning to be developed and utilized on a subregional basis<sup>8</sup>.

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## **Conclusion**

Sub-regional cooperation and integration mechanisms in East Asia have played a significant role in the wider East Asian regional integration and community building. China has supported regional countries in terms of development cooperation initiatives and financial, technical resources. Infrastructure development and transport connection, trade and investment flow, tourism, and human resources are the key cooperation areas. However, the remaining challenges are regulative harmonization among the regional countries at both national and local levels in eradicating bureaucratic and administrative barriers in order to facilitate trans-boundary free flow of goods, services, capital, and people.

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<sup>8</sup> Asian Development Bank, Overview of GMS, <http://www.adb.org/countries/gms/overview>

<sup>9</sup> Asian Development Bank, GMS Program, <http://www.adb.org/sites/default/files/gms-ec-framework-2012-2022.pdf>