

# Mekong Forum 2011

## Proceedings



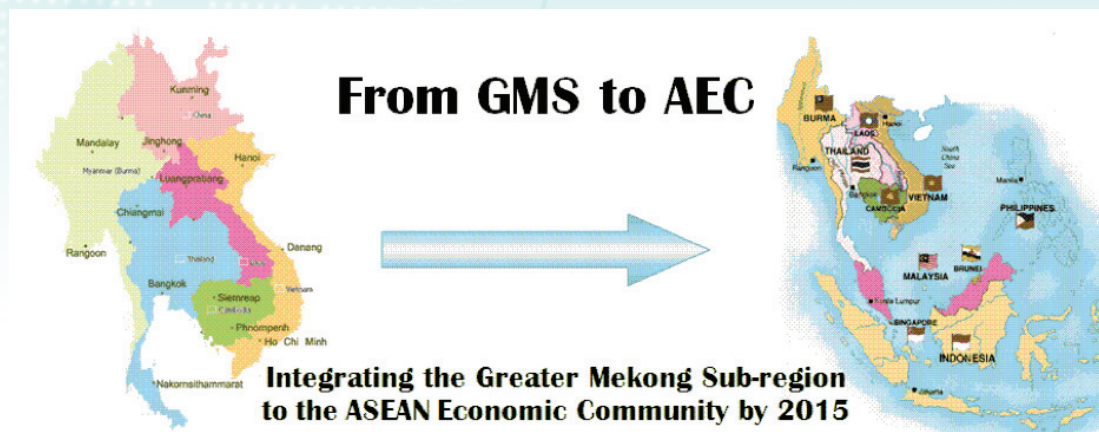
### **From GMS to AEC 2015:**

Prospects for Human Resource Development and Capacity Building in Regional Cooperation and Integration

12-13 July, 2011  
Khon Kaen, Thailand



## EXECUTIVE SUMMARY



The **MEKONG INSTITUTE (MI)** was pleased to host the Mekong Forum 2011. As an Inter-Governmental Organization chartered by the six Greater Mekong Subregion (GMS) governments, its principal mandate is to serve the human resource development needs for regional integration and cooperation in the GMS. MI's own goals and strategies for the next 5 years are framed within the context of an integrated ASEAN community. As such, MI took the initiative to construct a broader platform for meaningful dialogue on Human Resource Development (HRD) and capacity building in the GMS and ASEAN region.

The Mekong Forum was designed to provide a unique opportunity for a cross-section of organizations interested in regional cooperation and integration to learn about the latest developments in integrating the GMS into the ASEAN Economic Community (AEC), to discuss the implications for GMS countries, and to identify issues and barriers while exploring collaborative solutions for integration. Forum activities focused on how best to help narrow the development gap between the less developed GMS countries, Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) and the rest of the ASEAN states.

It was MI's intention to create an open, informal and supportive environment to bring together delegates from a variety of organizations - private and non-profit, governmental and intergovernmental, civil society, research and academic institutions as well as development partner agencies. The Forum offered the opportunity for delegates to learn about recent developments and collectively identify the benefits, challenges and issues of GMS integration into the AEC by 2015. There are too many HRD and capacity building needs in the Subregion for any single organization to address. Therefore it was hoped that by bringing interested organizations together they would find ways to initiate the exploration of opportunities for future collaboration and partnerships. Exhibit space was provided for those organizations who wished to distribute further information to Forum delegates.

The Forum was organized in two parts. Expert speakers set the context for the journey from GMS to AEC 2015 in an Opening Plenary Session on the morning of the first day. Over the next day and a half, delegates worked together in parallel Discussion Groups to identify key constraints and mitigating actions.

Forum speeches covered the history of regional cooperation, set out requirements to achieve the AEC by 2015, compared the challenges and opportunities faced by the CLMV countries with the poorer countries of Europe during the formation of the European Union, identified the tangible connectivity already taking place and planned within the Subregion and identified specific HRD and capacity building issues facing the CLMV countries. Two common themes emerged from those speeches:

- integrating GMS into AEC presents both opportunities and challenges for individual countries in the Subregion
- HRD and capacity building are the catalyst for accelerating the economic and social development of the CLMV countries, which is a prerequisite for a successful AEC.

Discussion Groups were formed around the three most pressing HRD and capacity building issues: Implementing Free Trade Agreements, Integrating Small and Medium Sized Enterprise into ASEAN and Global Value Chains, and Improving Cross-Border Contract Farming Facilitation and Implementing Good Agricultural Practices.

Discussion Group participants deliberated the barriers and constraints faced by CLMV countries in addressing each of these issues. They then identified potential collaborative partnerships and arrangements to overcome these barriers and constraints. Specific Ideas covered: policy dialogues, training, research, seminars and workshops, forums, outreach, study visits, peer support programs and media campaigns.

The following three areas emerged as the highest common priority needs going forward:

**Institutional** – there is a need to put in place appropriate and enabling institutions to engage with and communicate to all impacted stakeholders

**Implementation** – there is a need to strengthen the capacity of government agencies tasked with implementing different AEC requirements and private sector organizations (e.g. Chambers of Commerce and Industry) to disseminate information, particularly at the provincial and local levels

**Innovation** - there is a need to enhance the ability of all stakeholders to cope with the changing environment and rapid developments that integration with AEC is bringing.

The Mekong Forum resulted in a number of significant outcomes including:

- Heightened awareness and understanding of the challenges and opportunities for the CLMV countries as they move to integrate with the ASEAN Economic Community by 2015
- A shared understanding that strengthened public-private partnerships are needed to implement AEC 2015 requirements
- Recognition that a wide range of stakeholders need to be involved in all stages of the process, from development to implementation
- A shared sense of urgency to initiate responsive HRD and capacity building initiatives.

The Mekong Institute remains committed to playing a key role moving forward.

## ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AFTA	ASEAN Free Trade Agreement
ASEAN	Association of Southeast Asian Nations
CBF	Cross -Border Farming
CBTA	Cross –Border Transport Agreement
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
EU	European Union
EWEC	East-West Economic Corridor
FTA	Free Trade Agreement
GAP	Good Agricultural Practices
GIZ	The Deutsche Gesellschaft fuer Internationale Zusammenarbeit (German Development Cooperation)
GMS	Greater Mekong Subregion
HRD	Human Resource Development
IAI	Initiative for ASEAN Integration
ICT	Information and Communications Technology
MI	Mekong Institute
NSEC	North-South Economic Corridor
SME	Small and Medium Enterprises

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## SECTION 1: SETTING THE CONTEXT



**Mekong Forum Speakers and Lead Discussants**



## 1.1 FROM GMS TO THE ASEAN ECONOMIC COMMUNITY: IMPLICATIONS FOR REGIONAL COOPERATION AND INTEGRATION



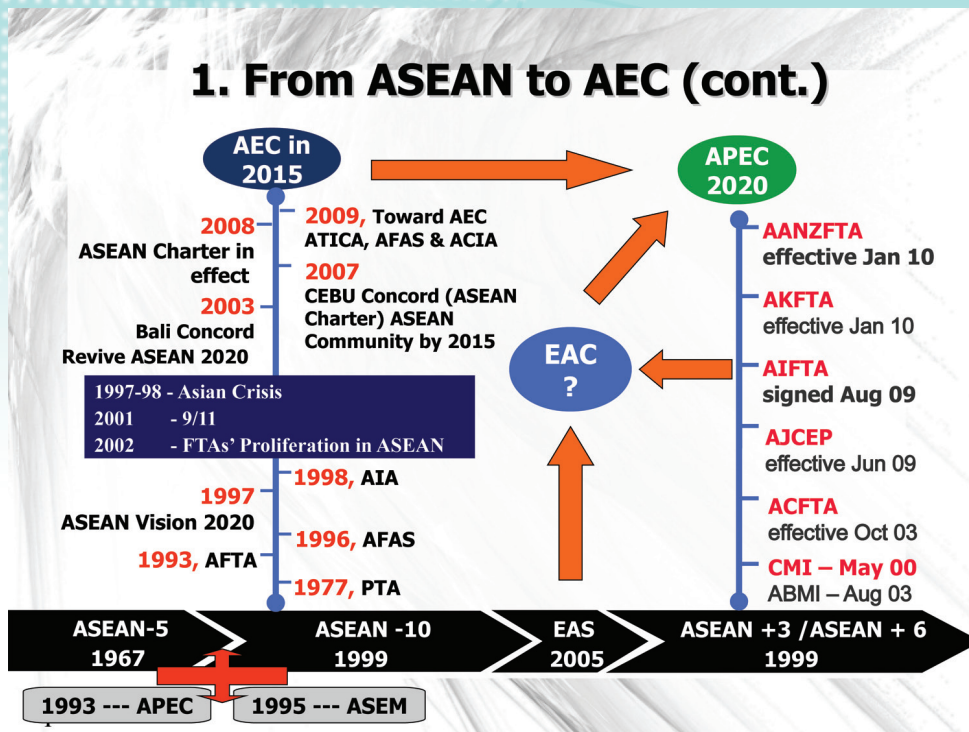
**Dr. Narongchai Akrasanee**

Chairman of the Board, MFC Asset Management Plc. Thailand and  
Chairman of the Mekong Institute Steering Committee

The history of regional cooperation in Southeast Asia can be traced back to the beginning of nation-building following World War II. SEATO, the Southeast Asia Treaty Organization, was founded in 1954 and continued until 1977. It's focus was on military and security issues and was heavily influenced by the United States. In 1967 ASEAN was established with a broader focus beyond security. ASEAN founding members consisted of five countries (Indonesia, Malaysia, Philippines, Singapore and Thailand). This number increased to ASEAN's current membership of ten during the 1980s and 1990s with the addition of Brunei Darussalam, Vietnam, Cambodia, Lao PDR and Myanmar. By the early 1990's Southeast Asia was a very different place than in the previous twenty years. The Cold War and the Vietnam War had ended, and many countries in the region were evolving their political systems towards democracy and embracing market economy systems. They were becoming more similar in outlook.

### Key Milestones in the Road to the AEC (ASEAN Economic Community)

In 1992 AFTA, The ASEAN Free Trade Agreement, was signed prior to the conclusion of the Uruguay Round of Multilateral Trade Negotiations in 1994 and the WTO (World Trade Organization) being established in 1996. In 1997-98 the Asian Financial Crisis struck and from 2002 onwards there has been a proliferation of Free Trade Agreements within the region and with neighboring counties (Japan, Korea, China, Australia, New Zealand).



**The History of Southeast Asian Regional Cooperation**

### Major Agreements within the AEC

The AEC provides for the free flow of goods, services, investment and professional labor. The aim of the AEC is to provide for more efficient resource allocation, to make the region more dynamic and competitive, and to advance social and economic development for its member states. There is no plan for a common currency as is found in the EU (European Union). Major Agreements within the AEC are as follows:

- ATIGA (ASEAN Trade in Goods Agreement) provides for the elimination of Non-Tariff Barriers on goods
- AFAS (ASEAN Framework Agreement on Services) which mandates progressive negotiations on the liberalization of trade in services. The whole issue of services is a very sensitive and protected area. There have been five series of negotiations, beginning in 1996 to achieve a progressive liberalization in selected sectors (ICT, Health Care, Hospitality, Air Transport, Logistics, and others)
- ACIA (ASEAN Comprehensive Investment Agreement) which seeks to progressively liberalize, protect, promote and facilitate investment in ASEAN on national treatment principle
- MRAs (Mutual Recognition Arrangement for Professionals) which allow for the free flow of skilled labor covering seven professional categories: engineers, architects, medical doctors, dentists, nurses, accountants and surveyors.

## From the GMS (Greater Mekong Subregion) to the AEC

The AEC is only four years away and GMS countries are preparing for that date. While they are working to meet their obligations under AEC, GMS countries are also caught up with the rapid transformation of the Chinese economy. GMS countries cannot expect either ASEAN or China to wait for their development to catch up. While tangible inter-regional economic cooperation is taking place (exchange of commercial traffic, border area development, high-speed train connections, joint seaport development etc.), there is more that needs to be done.

GMS countries can leverage on the rise of China and the commitment and determination of ASEAN to become an economic community. Within the GMS, Yunnan and Guangxi provinces are already integral parts of China's progress, and Thailand is well advanced within the AEC, having participated in the production supply chain and served as a logistics hub. Therefore the real challenges are on the CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) countries to accelerate their economic development.



### GMS Regional Cooperation Projects

The real issues are: 1) how can the CLMV countries be even more ready for AEC, 2) how can Thailand better serve as a logistics hub for AEC and 3) how can the GMS China members (Yunnan, Guangxi) grow in harmony with the rest of GMS? So how to address each of these?

- **CLMV and GMS.** With Myanmar's economic transformation the workings of market economies in these countries are improving steadily. CLMV countries need to utilize effectively the concessions that have been provided on the AEC 2015 deadline, particularly in promoting local enterprises. CLMV countries need to understand the inevitability of and be prepared to face foreign competition for products, services, commercial presence and professionals. Unfortunately in this case there is no time for the CLMV countries to sequence their development, as called for in economic development theory
- **Thailand** needs to focus on the development of the economic corridors (East-West, North-South, and South-South). It needs to participate in collaborative resource development to achieve its own energy and food security
- **GMS China.** Guangxi is China's gateway to ASEAN and Yunnan is China's linkage to GMS. There needs to be closer consultation with China as the GMS moves towards AEC 2015.

Issues of common interest to us all are provided by the AEC agreements on trade in goods, services, investment and the flow of skilled labor. In addition it is important that we optimize the utilization of resources through creating networks of location for manufacturing, cooperating/contracting for agricultural production and wisely utilizing resources for energy security and environmental protection.

### HRD and Capacity Building to Strengthen the GMS for the AEC

To successfully achieve this transition, the workforce in the GMS countries will need to develop new areas of expertise along with new skills. For example GMS countries need to acquire or strengthen their expertise in: utilizing FTAs (Free Trade Agreements); facilitating cross-border trade and investment; monitoring, evaluating and implementing infrastructure projects as well as conducting impact assessments for these projects. In the area of skills development, the GMS workforce needs skills on doing business along the economic corridors and cross border. They must also develop the ability, flexibility and versatility to be able to change jobs/tasks in response to changing economic conditions, heightening competition and new technologies. In essence the workforce must acquire the capability and desire for lifetime learning.

### Questions and Answers

*How can small businesses and especially small farmers benefit from and cope with these changes?*  
From the time of Adam Smith onwards, market economies have not provided for income distribution mechanisms. However there is a new model of economic development that calls for managed market economies. The challenge is how to balance a market economy with "intelligent intervention." One way of doing this is through SOEs (State Owned Enterprises), which have substantial control by State authorities but with the participation of people. There are a few examples in Thailand, which can help prevent rent-seeking by capital owners, thus addressing income distribution.

## 1.2 HRD AND CAPACITY BUILDING IN PROMOTING REGIONAL INTEGRATION AND COOPERATION: THE EU AND GMS EXPERIENCES



**Dr. Lothar Mahnke**  
Managing Director, Regionomica Asia Pte Ltd.

The Integration of Europe took 50 years, from 1945-1995. Its results today were unthinkable at its inception. Looking back, one of the key success factors in European Integration was the role played by Human Resource Development. Looking ahead, with the progress that ASEAN is making it has an even a better chance for successful integration.


In the EU case, regional integration and cooperation have been the push for development, including social development to benefit the poorer countries of Europe. ASEAN is moving in more or less the same direction. Another motivation for the EU was to unite countries in order to have a stronger voice against the influence in Europe of the larger, more powerful United States. The same can be said with regard to ASEAN and China in Asia.

### **Human Resource Development and the German-EU Experience**

In the EU experience HRD was multifaceted and comprehensive and covered a wide range of stakeholders including: entrepreneurs (EU: Euro-Info-Center), the workforce (EU: Cross-Border-Vocational Training and the acceptance of degrees cross-border), Public Administration (EU: Exchange-Programmes, Trainings) and Politicians (Policy Dialogues and Fora).

To deliver this training in Europe new institutions emerged and consultants eventually took over. The situation in ASEAN is somewhat different because the role of universities and training institutions is better defined.

### Integration of the EU (1945 – 1995)




1945                      1965                      1995

Personal Experience with Integration of EU

Situation today was unthinkable in 1945

HD Development was one of the Success-Factors

ASEAN has even better chances for such an Integration



### Integration of the European Union

### Approach of GIZ (German Development Cooperation Organization)

Based on the EU-experience Germany's (GIZ) has organized various training-programmes in South-East-Asia to support the integration-policy. Following are some elements that created a successful German experience, which can be applied to Human Resource Development in ASEAN.

- The activities of the German development institutions were complementary (based on priority areas and priority partner countries) to running development programmes
- Capacity building was demand-driven
- Good knowledge of partner institutions was a pre-requisite to successful relationships
- Professional training was aimed at mixing learners from different countries
- Training was not a one-off event, there was a continuity of training programmes over several years
- The goal was to achieve a critical mass of trained junior professionals within a partner institution
- Training was accompanied by other learning modes including: e-learning lectures and exchange of experiences
- A multiplier effect was achieved by means of train-the-trainer modules.

A variety of resources were used including teaching about European strategies and methods and instruments e.g. in investment promotion, regional-management or regional economic development. Classroom training was supplemented with case studies, excursions and presentations. Training included oftenwork placement in German institutions dealing with investment and business promotion. Also, very importantly, the superiors of the training participants were brought to Germany for a workshop so that they could understand the program and expected outcomes. This would enable them to be supportive of the training participants when they returned to their full-time place of work. There was also development and elaboration of projects which should be implemented by the participants after their training. Regular follow up workshops were held in Asia to strengthen the network between the participants of different countries and to evaluate the impact of the programmes. All participants had access to an internet-based - learning-module (Global Campus).

### Asian Capacity Building Experience

From 1996 onwards, Regionomica has conducted numerous cross-border training programs in Asia for GIZ. Throughout this period more than 250 young executives from seven Asian countries have participated in institution-building programs in the area of regional economic development. Based on this very personal experiences the following recommendations can be developed for a successful HRD:

- Working closely with partner institutions
- Involving the private sector
- Ensuring that training and learning are sustainable by integrating them within a project framework
- Creating and utilizing an alumni network within the region
- Fostering cross-border learning with internationally composed groups, enabling them to learn from each other
- Using train-the-trainer modules to leverage coverage
- Cooperating closely with universities and other learning institutions.

### Questions and Answers/Comments

#### ***What is the impact of cultural aspects on the effectiveness of capacity building?***

Cultural differences will always be there, you need to work within that

#### ***Is it better to have a comprehensive program on entrepreneurship development?***

A comprehensive approach means more complexity and more problems, so I am in favor of a step-by-step approach

**What were the basic instruments/conditions needed to allow the workforce to move across borders in the EU?**

The workforce is allowed free movement among countries, there is no government intervention Addressed to the delegates – ***Is there a common modality for measuring the impacts of training compared to investment in the training? Is there a harmonized approach for HRD to avoid repetition? When are there too many development partners?***

There is usually evaluation by participants at the end of training, but that doesn't address impact, so that is an unsolved problem for the future. In the case of Vietnam they saw the need to harmonize their approach as there were 10 different development partners, which made it extremely difficult for the government to work with. Any HRD initiative needs the support of the government of the beneficiary country to be successful.

### 1.3 RECENT DEVELOPMENTS ON ASEAN CONNECTIVITY



**H.E. Ambassador Pradap Pibulsonggram**

Thai Representative to the High Level Task Force on ASEAN Connectivity

#### Evolution of ASEAN

The growth and development of ASEAN can be viewed in terms of five 10-year cycles.

1. 1967- 1977 – *Formation Cycle* - ASEAN was set up in 1967 and for the next ten years operated with a very loose structure
2. 1977- 1987 – *Economic Development* - The Asian economic “miracle” happened in the 1980s and the economic performance of ASEAN countries improved tremendously during this period
3. 1987 -1997 - *New Members Joined* - De Javu, Southeast Asian nations again resolved to group together to keep regional peace and harmony; so that they could promote external relationship from the position of strength.
4. 1997-2007 - *Learning curve and discovered* - the need to reform the structure of the ASEAN, to retain its relevancy and regional importance. Drafting of ASEAN Charter.



5. 2007- 2017 - *ASEAN Charter was adopted* - Building of ASEAN Community. Enhancing ASEAN Connectivity to demonstrate to the world in concrete and visible ways, the profile of ASEAN Community.

### Master Plan on ASEAN Connectivity

The Master Plan on ASEAN Connectivity, which is available on the ASEAN website, is both a strategic document and a Plan of Action. It is based on the following key principles:

- Serve to accelerate, not hinder, existing ASEAN initiatives and complement the ASEAN Community building process
- Foster a win-win solution to reflect the interest of all ASEAN Member States
- Ensure synchronization of ongoing sectoral strategies or plans within the frameworks of ASEAN and its subregions
- Strive for balance between regional and national interests
- Strengthen connectivity between mainland and archipelagic Southeast Asia
- Outward-looking and serve to promote healthy competitive dynamics among external partners and also help preserve ASEAN centrality and
- Feasible in practice with clear financial mobilization models, including the involvement of private sector.

We need to harmonize our regional economies because of the competition posed by China, Japan and Australia.

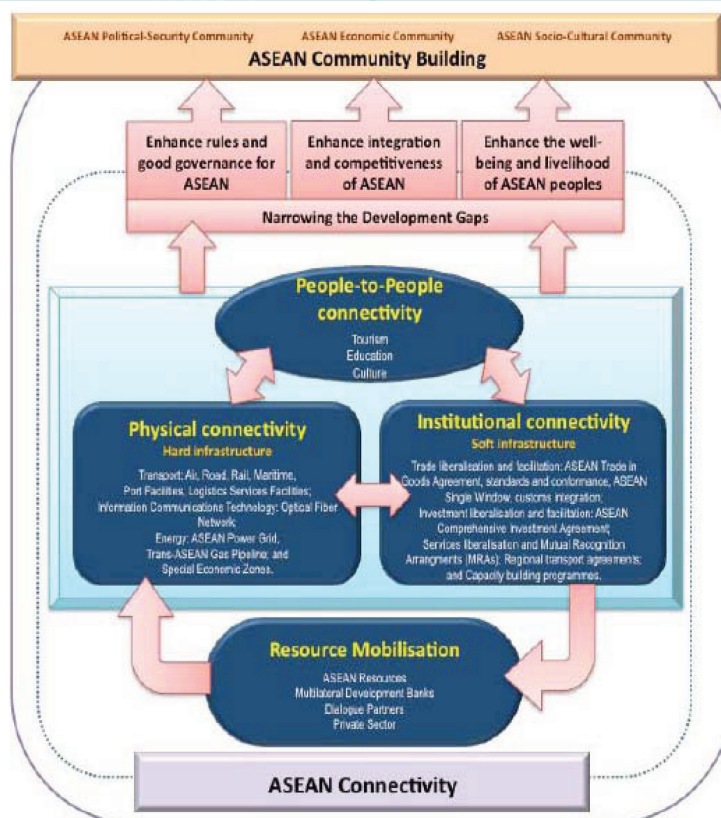
It is important that ASEAN shows tangible and visible results in the area of connectivity and promotes it to the rest of the world. Physical infrastructure must be constructed and connected e.g. roads, rails, maritime, aviation. When the infrastructure is connected, it also must work.

### ASEAN Connectivity Institutional Requirements

We must ratify the Institutional Framework, the system network. The ASEAN leaders gave direction to the High Level Task Force to ensure connectivity in three areas:

- **Physical Connectivity** e.g. land transport, railway, ICT, energy security (gas pipeline connectivity)
- **Institutional Connectivity** – resolve institutional issues slowing the free flow of goods, services, investment and skilled labor and operationalize key agreements and protocols

- **People to People Connectivity** –promote deeper intra-ASEAN social and cultural interaction and understanding to facilitate increased workforce mobility and interaction among peoples within the region.



### ASEAN Connectivity

Once the Institutional Framework is adopted by Member States, monitoring of activities will be done. We will develop a scorecard to measure implementation progress.

To date, The Task Force meets twice a year. Admittedly progress is still slow in some areas. For example, in the Land Transport area, the Singapore- Kunming railway (SKRL) flagship project is missing some links and the Thailand to Cambodia line is unfinished. Upgrading of the ASEAN highway network is also planned, with completion projected 4-5 years hence. Once completed there will be a network of numerous transit routes to facilitate trade.

## **GMS and ASEAN Connectivity**

So what does this mean for the GMS? Overall, we have prepared very well for enhancing ASEAN's infrastructure. GMS has been successful too, so ASEAN must not hinder or impede GMS progress, but synchronize with it.

Coming back to the challenge facing us of Human Resource Development and Capacity Building, we need to training in a lot of areas (e.g. cross-border procedure, ICT etc.) At the same time we need to be careful not to overstep other sectoral bodies.

### **1.4 SYNERGIZING HRD AND CAPACITY BUILDING INITIATIVES WITHIN THE GMS AND AEC FRAMEWORK: MEETING THE CHALLENGES IN NARROWING THE DEVELOPMENT GAPS WITHIN THE GMS COMMUNITY**



**Dr. Suchat Katima**  
Director, Mekong Institute

I would like to present to this Forum four related topics:

1. Review the progress and development of the Greater Mekong Subregion through its Economic Cooperation Framework
2. Raise the issue of “the Prosperity Gap” – which has developed between four of the GMS Countries – Cambodia, Lao PDR, Myanmar and Vietnam (CLMV) and the rest of the ASEAN states – and show how it is a limiting factor in achieving the overall vision for AEC 2015
3. Underscore the importance of Human Resource Development and Capacity Building as being the accelerant to help address the Prosperity Gap and promote inclusive economic growth in the CLMV countries
4. Present three related HRD and Capacity Building Issues, which will serve as the basis for our Discussion Groups this afternoon and tomorrow morning.

## Review of the GMS Economic Cooperation Program

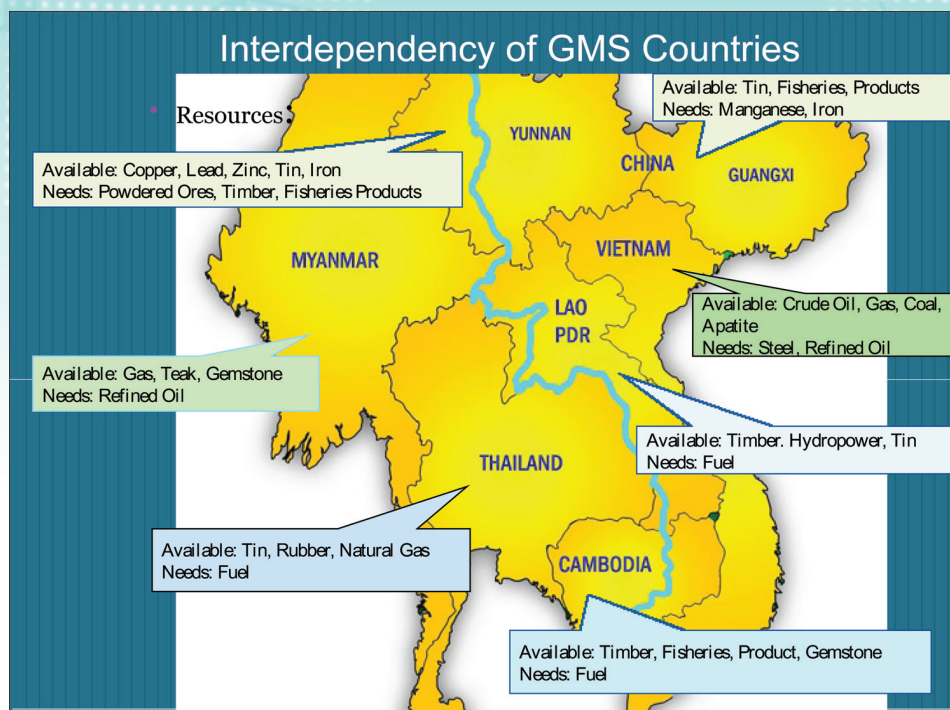
The GMS Economic Cooperation Program started in 1992 when the five ASEAN countries and China entered into a program of subregional economic cooperation with the ADB. The program was designed to enhance economic relation among the countries with a vision towards a more integrated, prosperous and harmonious Subregion. Consistent with the vision, the Mekong countries are gradually shifting from subsistence farming to more diversified economies, and to more open, and market-based systems. In parallel with this trend are the growing commercial relations among the six Mekong countries, particularly in terms of cross-border trade, investment, and labor mobility. The program has contributed significantly to the development of infrastructure to enable the development and sharing of the resource base, and promote the free flow of goods, services and people in the Subregion. It has also led to the international recognition of GMS as a dynamic growth area in South East Asia.

## Interdependency of GMS Countries

We have come so far beyond a single state economy. Since 1992 the six GMS countries have become increasingly interdependent. For example, in Thailand the number of low skilled and semi skill workers has declined from 25 million in 1997 to only 3.8 million in 2009. Therefore Thailand's labor intensive industries and agricultural sector are heavily dependent on migrant workers from neighboring countries. Lao PDR and Myanmar in turn rely heavily on trade and investment between the GMS countries. For example, 67% of Lao imports are from the GMS and 65% of Lao export also to the GMS countries. In the case of Cambodia, over 60% of commercial fishing businesses are carried out by Vietnamese.

The GMS Economic Cooperation Program has contributed significantly to the development of infrastructure to enable the development and sharing of the resource base. For example, about 40% of Thailand's Power is generated from natural gas and hydropower of Myanmar and Lao PDR and North/South and East/West economic corridors are speeding up and easing land transport within the GMS Subregion.

With this cooperation, China can enjoy tropical primary products, mineral products, natural gas and high-tech parts and components from the GMS, while GMS countries can benefit from cheap consumer products and heavy industry products from China. And, at present, China is the biggest investor in Cambodia, Lao PDR and probably in Myanmar.



GMS Interdependencies

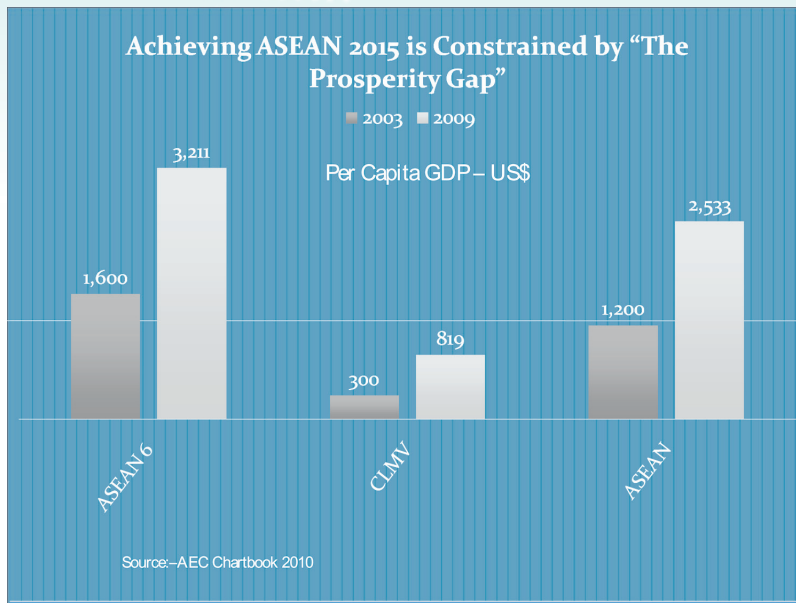
### From GMS to ASEAN – Opportunities and Challenges

The GMS ASEAN countries are in the process of integrating their economies with the rest of ASEAN to create an ASEAN that has a single vision, identity and community. This means, for GMS countries that they will become part of a larger and more competitive economy – one which enjoys the free flow of trade, investment, capital and skilled labor. The ASEAN Economic Community offers new opportunities for the GMS countries – Estimates are that in 2015 \$US 400 billion of trade will flow within the region, reaching \$US 1.7 trillion with the rest of the world. At the same time there will be new challenges for individual GMS countries, particularly in remaining competitive in attracting trade, investment, capital and skilled labor.

### A Growing “Prosperity Gap”

Although there has been impressive economic growth in the Subregion, at the same time there is a gap growing between the increasing prosperity of the other ASEAN member states compared to the GMS countries of Cambodia, Lao PDR, Myanmar and Vietnam – collectively known as the CLMV countries. For example, while Thailand’s nominal per capita income was close to US\$4,000 in 2009, Laos registered only \$940. Neighboring both states is Cambodia, with a per capita income of only \$700, while the most developed ASEAN state, Singapore, had a per capita income of approximately \$37,000. 2010 statistics indicate a further widening of this gap. Furthermore, development in CLMV is imbalanced, both within and between countries, between coastal and upland areas and between rural communities and urban centers. Land conversion and massive infrastructure development have displaced people and communities, and women and ethnic minorities in remote upland areas constitute a growing number of the poor in rural and new urban centers.

ASEAN itself has recognized this Gap and in 2000 launched the *Initiative for ASEAN Integration (IAI)* through which the more advanced members of ASEAN are supporting HRD and capacity building of the CLMV countries. However, as the statistics show, much more needs to be done – ASEAN itself recognizes that further widening of the Prosperity Gap could threaten to undermine regional solidarity. It is for this reason that the focus of our Forum is particularly on assisting these CLMV countries.



The Prosperity Gap

### The Role of HRD and Capacity Building in Addressing the Prosperity Gap

ASEAN is placing a high priority on HRD and Capacity Building as key to narrowing the Prosperity Gap and is seeking ways to accelerate the economic integration of the CLMV countries into the larger ASEAN community. As we move closer towards AEC 2015 there is likely to be a shortage of highly skilled professional workers as all the ASEAN countries compete for skilled labor. We may well see a “brain drain” from the CLMV and GMS countries to more highly advanced ASEAN countries. At the same time increased demands will be placed on government officials to ensure that they are capable of effectively implementing and monitoring AEC agreements and policies as well as managing the social impact of accelerated economic and social integration within their countries.

ASEAN leaders recognize what all of us in this room already know - Human Resources Development and capacity building are key to successful economic growth and sustainable social development – therefore it comes as no surprise that they are among the principal components and areas of cooperation that are identified in the ASEAN Blueprint for 2015.

### **The Initiative for ASEAN Integration (IAI)**

The Initiative for ASEAN Integration was launched in 2000 by the ASEAN Leaders, at the behest of Singapore to assist in narrowing the prosperity gap between the CLMV countries and the rest of ASEAN. The IAI program activities focus on education, skills development, worker training and information and communication technology. IAI is now on its second 5 year work plan which goes through 2015.

We are fortunate to have with us as a Lead Discussant at the Forum, Rony Soerakoesoemah, who heads up the IAI and Narrowing the Gap Division within the ASEAN Economic Community Department.

### **The Challenge for HRD Providers**

In line with IAI programs, our challenges as HRD and Capacity Builders are how do we best equip the current workforce and prepare the future workforce of these CLMV countries to operate in the broader regional and increasingly global environment, help them cope with rapid and large scale movements of people, commodities and capital across borders and at the same time assist them to achieve the economic development required to narrow the Prosperity Gap. So what can we do as HR and Capacity Building practitioners? We have a number of mechanisms available to help strengthen human resources in the CLMV countries including: training, education, policy dialogues and fora, exchange visits, knowledge transfer, upskilling, mentoring, and action research, to name a few.

### **Priority HRD/Capacity Building Issues**

The Mekong Institute has worked with ASEAN and other regional and national partners in the GMS to identify the top priority issues currently faced by the CLMV countries in achieving the AEC and trade liberalization.

We identified the following three issues, which serve as the basis for our three Forum Discussion Groups as follows:

1. Limited public sector capabilities to implement Free Trade Agreements (FTAs), especially the ASEAN Free Trade Agreement – AFTA
2. Limited ability of Small and Medium Size Enterprises (SMEs) to compete with larger and more competitive companies and to integrate into ASEAN and global value chains
3. Limited absorptive capacity and adjustment of Agricultural Policies and Practices to a larger and more competitive economy, which is exacerbated by the lack of good agricultural practices.

### **Issue 1: Limited CLMV Capabilities to Implement FTAs**

Although the intra-economic and trade relations within the CLMV countries have increased significantly in recent years, they still do not have sufficient trade related capacity to fully benefit from the opportunities provided by open markets of multilateral trading systems.

There has been a marked proliferation of Free Trade Agreements (FTAs) over the past several years in the region, which has placed increasing strains on regional FTA negotiations and implementers. Among the four CLMV countries, there are currently a total of 43 separate trade agreements that have been concluded, are under negotiation or are proposed. This has led to this situation being characterized as the “Asian Noodle Bowl Effect” with multiple and overlapping agreements causing extra work and stretching public sector resources.

In addition, each of these countries has obligations to meet under the ASEAN Free Trade Agreement (AFTA) during the coming years in terms of reducing tariff barriers. Deadlines have been extended to the CLMV countries for compliance with the Common Effective Preference Tariff Scheme (CEPT) Vietnam has until January 2013, Lao PDR and Myanmar until January 2015 and Cambodia until January 2017. They have much work to do to meet these deadlines.

### **Issue 2: Limited Ability of SMEs to Integrate Into ASEAN and Global Value Chains**

The need to develop Small and Medium Sized Enterprises in Cambodia, Lao PDR, Myanmar, and Vietnam has been long recognized. SMEs are the backbone of every economy in the GMS. They typically account for more than 95% of all private enterprises in the GMS countries and employ 75-90% of the domestic workforce. However the relative share of SMEs’ production in total domestic output is disproportionately smaller, on average 20-40% and the direct contribution of SMEs to merchandise export earning is also small, at 15-25 %. Moreover, SMEs typically produce a narrow range of low value-added products. They also face challenges arising from rapid technological progress and intensified global competition.

ASEAN recognizes that SME development is integral to achieve long-run and sustainable economic growth throughout the region. With the strong forces of globalization, it is therefore essential to build the capacities of SMEs in the region in order to ensure that they are highly competitive, innovative and are able to capitalize on the regional economic initiatives and incentives provided under ASEAN.

### **Issue 3: Limited Absorptive Capacity and Adjustment of Agriculture Policies and Practices to a Larger and More Competitive Economy**

Trans-border sharing of agricultural resources and markets opens up opportunities for cooperation in production, processing and value-added activities in agriculture. Promoting broad-based agriculture development has emerged as the most effective strategy for lifting communities at-risk out of poverty. However there have been reported problems where small farm-agribusiness linkages have brought negative impacts on the farmers in the CLMV.



In a related area, postharvest loss in fresh fruits and vegetables is estimated at 30-50% in CLMV countries. Local conditions for small-scale handlers in the CLMV include labor surpluses, lack of credit for investments in postharvest technology, unreliable electric power supply, lack of transport options, storage facilities and/or packaging materials, as well as a host of other constraints.

While other ASEAN countries have begun to implement ASEAN Good Agricultural Practices (GAP), progress has been slow in the CLMV countries.

## SECTION 2: IDENTIFYING CONSTRAINTS AND SUGGESTING ACTION INITIATIVES

- GROUP 1** How Can the HR Capacity of CLMV Countries be Enhanced to Better Facilitate Implementation of Free Trade Agreements?
- GROUP 2** How Can Small and Medium Sized Enterprises of CLMV (Cambodia, Lao PDR, Myanmar, and Vietnam) be Better Integrated into ASEAN and Global Value Chains?
- GROUP 3** How Can Cross-Border Contract Farming Facilitation Be Improved and ASEAN Good Agricultural Practices (GAP) be Implemented to Enhance the International Competitiveness of CLMV Agricultural Products?



## 2.1 GROUP ONE: How Can the HR Capacity of CLMV Countries be Enhanced to Better Facilitate Implementation of Free Trade Agreements?

### 2.1.1 Identifying Barriers and Constraints

Lead Discussant: *Dr. Watcharas Leelawath*  
*Deputy Executive Director, The International Institute for Trade and Development*

#### Background

The increase in connectivity that has occurred with development of Economic Corridors in the Greater Mekong Subregion (GMS) and the Initiatives for ASEAN Integration (IAI) have highlighted the importance of complementary measures related to policies and institutions in regional trade. Trade facilitation has emerged as a key element to spur investment and economic growth in the Subregion. Closer economic relations between Mekong economies and their integration into the ASEAN Economic Community have underscored the importance of strengthening capacity on trade policy making and negotiations.

While the economic philosophies in the GMS are shifting towards market-oriented economies, the shortage of government officials trained in market economic principles and economic integration at subregional, regional and global levels is clearly an obstacle for the GMS, especially in the four CLMV states.

Although the intra-economic and trade relations within these four countries have increased significantly in recent years, they still do not have sufficient trade related capacity to fully benefit from the opportunities provided by open markets of multilateral trading systems. The proliferation of Free Trade Agreements (FTAs) has placed increasing strains on regional FTA negotiations and created a demand for new technical skills among those responsible for implementing the agreements.

#### Lead Discussant Remarks

- There are over 200 Free Trade Agreements in the world as of today, with both positive and negative effects
- Coverage of FTA's – must be integrated with a Government's development goals, they need to look at the ability of their business to compete – sensitive products should be protected and longer term phase out periods used
- Need to standardize Rules of Origin
- Countries need safeguard measures to protect certain products
- All FTAs should have a review mechanism – if the FTA has affected a party in a negative way, after three years, the terms should be renegotiated to make it more equal.

## Key Points from Group Discussion

- FTA utilization is low, estimated at only 20% and exporters aren't taking advantage of the benefits of FTAs
- Agreement is difficult when there is such a "noodle bowl" of overlapping FTAs
- SMEs don't know which products are on the preferred tariff list, they don't understand where the benefits are and often the costs of compliance outweigh the potential benefits
- There is an inadequate understanding of what new skills are needed to compete in an FTA environment
- The issue is not just with implementation, but throughout the whole process. There is insufficient involvement of all stakeholders prior to the negotiations (civil society, private sector, labor, environmental bodies etc.) and insufficient communication once agreements are in place
- There is insufficient communication after FTAs are signed to all impacted stakeholders
- Government officials at the local level lack the knowledge and skills to implement FTAs
- Discussion of the pros (part of globalization, encourages expansion of trade and investment ) and cons of FTAs (business not ready, some businesses lose, real winners are large corporates and multi-national companies).

## Presentation on Constraints

Dr. Watcharas Leelawath presented the top five Constraints to *Improving Mekong Countries' Capacity to Implement Free Trade Agreements* on behalf of Group 1.

### Improving Mekong Countries Capacity to Implement Free Trade Agreements



## CONSTRAINTS

1. Low utilization of FTAs by SMEs due to their lack of awareness about the benefits of FTAs, the cost of compliance which could outweigh the benefits and the general business environment which favors larger companies
2. Insufficient involvement of the private sector prior to the respective governments engaging in FTA negotiation- during the planning and negotiating phases, and afterwards during implementation
3. Limited involvement of civil society during all phases of the FTA process, especially in providing input into the creation of safety nets for those disadvantaged by FTAs (eg. business, social and environment)
4. Lack of proper recognition of labor and environmental standards during FTA negotiations
5. Weakness of governmental institutional system during the implementation phase including the dissemination of information to stakeholders and the knowledge and ability of officials, especially at the provincial and sub-provincial levels, to implement FTA provisions

## Delegate Comments

- Many of these issues arose because of the short time frame to negotiate AFTA and the low level of detail compared to NAFTA
- The timeframe of 15 years for achievement was arbitrary
- The concern is the same techniques are being used in the development of the ASEAN Services Agreement, it needs to be more rigorous
- The administrative costs for implementing FTAs are very high on member countries
- ASEAN does not have an adequate dispute resolution mechanism.

### 2.1.2 Formulating Action Plans to Address Constraints

Lead Discussant: *Mr. Oudet Souvannavong*  
*Secretary General, GMS Business Forum*

#### Lead Discussant Remarks

Mr. Oudet indicated that when identifying such constraints, there were two ways to address them 1) through money and 2) through action. The discussants would be focusing on the second way today. He also pointed out that it was important to identify who the stakeholders are in each case in order to fully understand how these constraints should be addressed. He emphasized that the group was not expected to come up with full and detailed action plans, but instead only indicative actions for further development after the Forum.

#### Key Discussion Points

- There should be more open and inclusive FTA negotiations and they should strive to be positive and constructive
- There needs to be an expanded public-private-civil society partnership to make sure everyone wins from FTAs
- More use should be made of the internet- the governments should create a common website and update FTA changes
- More needs to be done to communicate the positive benefits of FTAs to SMEs, along with detailed training on how to adhere to the requirements
- The skills and knowledge of inspectors at the border should be strengthened and there should be more training
- Worker skills need to be upgraded in key industries to enable them to compete in an FTA environment
- Media campaigns should be conducted and information packs developed in the local languages.

## Presentation of Action Initiatives

Mr. Oudet Souvannavong presented Action Initiatives on behalf of Group 1. This Discussion Group found that several key action items covered several of the constraints, so they grouped them accordingly.

## Indicative Actions



Constraints	Indicative Action	By Whom
1. Low utilization of FTAs by SMEs	Strengthen capacity of SMEs through strengthening umbrella organizations	Public export promotion organizations, SME supporting agencies, Chambers of Commerce, SME Associations, MI, ITD, ESCAP, ADP, UNDP, CABC, IOM, GMSBF
2. Low Involvement of Private Sector	Establish SME friendly FTA model	Relevant gov't organizations, economic think tanks, SME organizations, ITD, MI, GSMBF, SME umbrella organizations in partner countries, relevant organizations in partner countries, JETRO
3. Weakness of support systems	Build a network of public-private dialogue/linkages	Relevant Gov't organizations, CCIs, MI, World Bank, SME Associations, Media, Civil Society and Labor Unions, ADB, IOM, UN, ASEAN Secretariat, MI

and

## Indicative Actions



Constraints	Indicative Action	By Whom
4. Limited involvement of civil society	Develop Labor Forum re the FTA process	ILO, Employer Organization, Ministry of Labor Task Force on ASEAN Migrant Workers, IOM, UNCT, UNESCAP
5. Labor and environmental standards are not properly recognized in the FTA negotiation	Develop Civil Society Forum re the FTA process	NGO networks, community based associations, related gov't agencies, CSO
	Develop Environmental Forum re the FTA process	International environmental NGOs

### Delegate Comments

It was suggested that a number of development partners, including USAID and GIZ (Germany), could be added to the partner list.

## 2.2 GROUP TWO: How Can Small and Medium Sized Enterprises of CLMV Countries be Better Integrated Into ASEAN and Global Value Chains?

### 2.2.1 Identifying Barriers and Constraints

Co-Lead Discussants: *Dr. Masaya Shiraishi*  
*Professor, Graduate School of Asia-Pacific Studies, Waseda University and*  
*Dr. Masato Abe,*  
*Economic Affairs Officer, Investment and Enterprise Development Section, Trade and Investment Division, UNESCAP*

### Background

The need to develop Small and Medium Sized Enterprises (SMEs) in Cambodia, Lao PDR, Myanmar, and Vietnam has been well recognized. SMEs are the backbone of every economy in the GMS. However supporting functions for SMEs, which are crucial for further industrialization of the CLMV countries, have not been fully developed. In particular, woman and young entrepreneurs who run SMEs are often in disadvantaged positions to access finance and business development services needed to facilitate their export businesses.

Against the above background, one of the most immediate challenges facing SMEs in the CLMV is how to link more effectively with regional and global markets. By accessing emerging markets in the economic growth triangle, SMEs can improve their supply-side capacities while achieving increased turnovers as well as profits. This is a tough challenge for SMEs that face significant constraints to compete effectively at the international level. Integrating CLMV SMEs into value chains is complicated by the difficulties they face due to limited internal capacity, accounting structures, and the ability to move upward in and meet the requirements and expectations of the value chain.

### Lead Discussant Remarks

- A value chain is a chain of activities for a firm (or group of firms) operating in a specific industry to obtain competitive advantages, either through better cost performance or differentiation in quality and/ or reputation. One such case is the development of supporting industries in Vietnam. However, the SMEs value chains in CLMV are still undeveloped
- Strategies are needed to assess key sectors for SME development such as agribusiness, export and Foreign Direct Investment, infrastructure and process improvement
- SMEs lack numerous capabilities including: adequate capital, relevant human resources, skill/ knowledge, technology, networks, market access, brand development, institutional support. They are not homogeneous businesses.
- Six key areas of policy interventions are recommended (i) enabling business environment (ii) access to finance (iii) entrepreneurship development (iv) technology capacity building (v) business development service and (vi) penetration into regional and global markets
- Policy objectives for the SME need to be sustainable and inclusive re: enterprise development

### Key Points from Group Discussion

- There is a lack of supporting industries to add more value and create sophisticated products
- There is inadequate HRD and capacity building for SMEs development
- It is difficult for developing countries to move up the value chain. Ways to change this are for governments to provide tax incentives to enable some industries to grow faster (e.g. automotive). Also they can encourage foreign investors with tax incentives to invest in higher value chain sectors
- One key SME barrier is the ability to access financing for growth
- Oftentimes the wrong people are attending training. Usually it is only government officials who attend the training. Entrepreneurs have less chance to attend training, often because they can't leave the business



- Even though Chambers of Commerce and Industry (CCI) could play a bigger role there is insufficient cooperation among them and CCIs at local levels still do not operate effectively
- There is insufficient market information and/or the research is not relevant to the key issues
- Modalities are missing on issues of policy advocacy, infrastructure development, institutional capacity building, human resource development for governments, business associations and enterprises, quality/product standards and certificates, logistics, trade facilitation/trade finance and coordination mechanisms.

### Presentation on Constraints

Dr. Masato Abe presented the top five Constraints to *Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains* on behalf of Group 2.

#### Integrating SMEs of Mekong Countries Into ASEAN and Global Value Chains



#### CONSTRAINTS

1. Lack of innovation and entrepreneurship which restrict SMEs ability to compete and move up the value chain as well as being flexible in response to changing competitive demands
2. Inadequate business information which restricts the ability of SMEs to become knowledgeable about foreign markets and to identify opportunities
3. Lack of scale which restricts their ability to be cost competitive
4. Lack of financial literacy which restricts their ability to present their case for gaining additional financing to help them grow and develop their business
5. Insufficient communication among SMEs, between SMEs and relevant government agencies about opportunities, incentives and support and the ability to share success stories

### Delegate Comments

- In the past it's been the middle man, who played a key organizing role. Now in the modern trade world cooperative systems are taking on that role and are meeting with success
- The most important financial factor effect is tax. The way to do this and to help SMEs grow is by reducing the corporate income tax, similar as that proposed during the Thai elections.

## 2.2.2 Formulating Action Plans to Address Constraints

Lead Discussant: *Dr. Rattanatay Luanglatbandith*  
*Regional Economist, Asian Development Bank (ADB) Bangkok*

### Lead Discussant Remarks

- Significant progress has been made through the ADB sponsored GMS programme in terms of the “3Cs” – enhanced connectivity, improved competitiveness, and a heightened sense of community
- GMS governments are in the process of working to improve the economic condition of CLMV countries. ADB, as a financial institution, will continue to actively provide financial support and technical assistance in this area
- ADB continues to strengthen its role by further mainstreaming regional cooperation in its operations and increasing its staff and budget resources for this purpose
- ADB is working to strengthen the capabilities of local chambers of commerce and industry (CCI) as coordinated organizations, especially along the economic corridors
- ADB has undertaken several initiatives relating to transport and trade facilitation, which have focused on implementation of a cross border transport agreement, development of sanitary and phytosanitary and national logistics action plans, coordinated border management, and a proposed corridor town development. Besides, the corridor town projects, connections among central towns in the GMS is another focal point of ADB
- ADB has been involved in a number of projects to support global value chains, particularly along the East-West Corridors including: mapping value chain integration, establishing production clusters, conducting workshop for SMEs, and organizing value-chain related trade fora

### Key Points from Group Discussion

- Chambers of Commerce and Industry need to improve their capacity in managing and disseminating business information, conducting training programs in trade and investment and how to organize trade fairs. Also they need to explore how to form networks or links to the market inside the country as well as trans-boundary
- Heightened awareness of regional value chain or supply chains also play an important role in promoting regional economic potential. Another concern is the follow – up stage in which certain level of visible outcomes or intended impacts need to be identified after training or workshops
- Questions were raised as to whether capacity building projects should pay more attention to public sector than initiative stakeholders? The response was that currently projects already involve public sector in selective governmental organization such as officials working in trade investment or promotion offices or agriculture oriented organizations, especially experts in agriculture value chain
- The SMEs should have an ASEAN SME fund for financing

- Researchers should find out which products can go to the value chain and should find ways to work with foreign investors to create more value added products in the chain. In terms of quality of products, private and public sectors should work together such as a case of farmers who signed contracts with other companies in the value chain but there were no institutions / organizations to monitor, promote and help provide access to the bank for funding
- There should be an ASEAN SME Center to provide information and assist SMEs on issues such as investment, certificates and ISO

### Presentation of Action Initiatives

Dr. Rattanatay presented key Action Initiatives on behalf of Group 2.

## Indicative Actions



Constraints	Indicative Action	By Whom
1. Lack of Innovation Skills & Entrepreneurship	<ul style="list-style-type: none"> <li>- Organize study visits and business forums</li> <li>- Programs for information dissemination through mass media</li> <li>- Training on cluster development</li> <li>- Training on entrepreneurship skills</li> <li>- Peer support programs</li> </ul>	CCI, Thai-X Center for Training, APCD, SME Association ADB, NGOs, OSMEP, BAs
2. Inadequate Business Information	<ul style="list-style-type: none"> <li>- Business Development Services (BDS)</li> <li>- Information platform through ICT</li> <li>- Promote Common Facility Center</li> </ul>	ITC, JETRO, APCD, CCI, OSMEP
3. Lack of Scale	<ul style="list-style-type: none"> <li>- Training on SME clusters</li> <li>- Training on business association development</li> </ul>	APO, ASEAN, OSMEP
4. Lack of Financial Literacy	<ul style="list-style-type: none"> <li>- Training on financial management (book keeping, cash flow management)</li> </ul>	ADB, USAID, SNV
5. Insufficient Communication	<ul style="list-style-type: none"> <li>- Training for public sector on government SME programs and incentives</li> </ul>	UNDP, MPDF-IFC, MI, OSMEP, Media agencies

### Delegate Comments

The important point here is deciding who will take the initiative on these action items and to look for additional ownership by the private sector.

## 2.3 GROUP THREE: How Can Cross-Border Contract Farming Facilitation be Improved and ASEAN Good Agricultural Practices (GAP) be Implemented to Enhance the International Competitiveness of CLMV Agricultural Products?

### 2.3.1 Identifying Barriers and Constraints

Lead Discussants: *Dr. Anthony Zola*  
*Senior Researcher, Mekong Environment and Resources Institute (MERI)*

#### Background

During the past decades CLMV agriculture has diversified from mainly rice to include various cash crops including cassava, sugar cane, kenaf, maize, soybean, peanut, fresh vegetables and fruits. This diversification has been facilitated mainly by infrastructure development and economic cooperation and integration in the GMS countries. The majority of farmers in the CLMV have limited capital. Although it is commonly recognized that small family farms are potential and important sources of growth in agricultural production, small-scale agriculture has some social and economic disadvantages. Contract farming and large scale agricultural land concessions are seen as a form of private sector involvement that can address some of these socio-economic disadvantages, especially in the provision of inputs, credit, improved technology, information and access to markets. However, there have been many reported cases where small farm-agribusiness linkages have had negative impacts on farmers in the CLMV.

The two biggest challenges related to cross-border contract farming are:

- Cross-Border Facilitation of Fresh Produce

Fresh produce from CLMV need to be transported to markets and processing factories in other ASEAN countries in a speedy manner to maintain their freshness and quality. Cross-border facilitation especially the speedy implementation of Cross Border Transport, like single window and single inspection, must be implemented at all border-crossings. There is an urgent need to have a joint dialogue between central government agencies, border officials, contract-farming investors and farmers on this matter. A series of training and workshop would also be useful so that fresh produce farmers, contractors and border officials have the same understanding of the requirements.

- Postharvest Practices

One of the AEC goals is to enhance the international competitiveness of its food and agricultural products by developing and implementing standards for a number of agricultural practices. ASEAN has adopted Good Agricultural Practices (ASEAN-GAP) for the production, harvesting and postharvest handling of fresh vegetables and fruit.

Postharvest loss in fresh fruits and vegetables is estimated at 40-50% in CLMV countries.. While large scale operations benefit from investing in costly handling machinery and high-tech postharvest treatments, often these options are not practical for small-scale contract farmers. Instead, simple, low cost technologies often can be more appropriate for small volume, limited resource commercial operations farmers involved in direct marketing, as well as for suppliers to exporters in ASEAN countries.

### Lead Discussant Remarks

- Review the key topics mentioned in the morning session: (i) need for intensive technical economic cooperation among policy makers (ii) create an energy to work together to make something happen (iii) optimization of utilization; (iv) need for expertise of implementation CFTA and logistic at cross border; (iv) GAP should be more sensitive to the gap between the poor and the rich while the global economic crisis is increasing; (v) cross border vocational training is needed for CLMV/networking among administration units; (vi) Monitoring and evaluation should be taken into account (currently there are M&E experts involved at cross border activities in Laos and Cambodia)
- Need to influence the development within the CLMV countries of food safety and competitiveness in GAP and natural resources management
- GMS governments themselves have been identified as significant obstacles to trade expansion
- Non-tariff barriers – key constraint to trade in agricultural products
- Competitiveness, productivity and climate change all need to be addressed as well
- Not enough awareness of ASEAN GAP among farmers
- Non-standardized GAPs, nationally, regionally and globally. Global GAP is far ahead of ASEAN GAP while ASEAN GAP is further ahead than Thailand's GAP.

### Key Points from Group Discussion

- Why is GAP implemented in only one place, not others? There is a insufficient institutional capability at the sub-national level and local to implement GAP
- There is insufficient knowledge about what farmers think about Contract Farming. The question is - are they aware of all the ramifications before signing contracts with investors? Lao PDR is still “sleeping” upon GAP and farmers are having difficulty adapting to the rapid changes because there are not enough agriculture experts. Education is needed for Laos farmers
- CBTA implementation is not sufficiently shared. Often those responsible for implementation do not understand the document. Basic infrastructure should be added to balance the regulation process. There are shortcomings in training, technology, facilities/logistics working together in integrating the GMS into ASEAN
- There are problems at the lowest level of implementation and insufficient cross border meetings take place to solve local problems.

## Improving Cross Border Contract Farming



### CONSTRAINTS

1. Weak public participation in CF Initiatives and a widespread lack of awareness about CF and sectoral initiatives by local farmers
2. Lack of harmonized *Implementation* of Cross-Border procedures in spite of harmonized procedures being in place
3. Inadequate capacity of local governmental institutions, especially at the borders, to understand and implement the Cross Border Transport Agreement (CBTA)
4. Lack of good corporate governance. There is low awareness among farmers on CF provisions and the need for transparency, institutional and regulatory frameworks, and enforcement of CF penalties

## Implementation of Good Agricultural Practices (GAP)



### CONSTRAINTS

1. Weak public participation in GAP Initiatives. There are as yet few national GAPS and the involvement of key stakeholders, especially at the provincial and local levels, has been very low
2. Lack of Government support to implement GAP. There are either no national GAPS and/or no or low awareness of GAP and/or a lack of monitoring and supervisory implementation mechanisms

## Delegate Comments

- We need to look at the environment for contract workers, not just for farmers
- The topic is too limited. It should be broadened to talk about agriculture for the CLMV countries in the future, in which case the constraints would be even more interesting. Farmers are disappearing off the land because living conditions are too difficult. Also, how can we best incentivize the new breed of farmers (organic)? They are still small and may not be interested in contract farming. If we want to keep people farming in the future, then we have to take care of them. This topic, enhancing the capacity of a new generation of farmers, is proposed as a subject for MI to explore further.

### 2.3.2 Formulating Action Plans to Address Constraints

Lead Discussants: *Mr. Rony Soerakoesoemah*  
*Head of IAI & NDG Division, ASEAN Economic Community Department,*  
*ASEAN Secretariat*

#### Lead Discussant Remarks

- ASEAN will provide necessary support by having more frequent dialogues among CLMV-ASEAN partners
- There is a need to provide broader framework/awareness of ASEAN AEC 2015 and what it means for GMS countries
- ASEAN will provide support and guidance to GMS countries to improve regional and global competitiveness
- How can we get ASEAN sector and other relevant sectors involved in mobilizing the resources necessary to address these questions?

#### Key Discussion Points

- Lao PDR has become vocal in requesting that funds be provided directly to workable projects/Cambodia has no idea on GAP. We need to raise the awareness and equivalency of GAP to Lao PDR and Cambodia
- We should not only think of economics in broad terms, but we should think about the farmers, who are always working on the farms. Farmers and workers are the ones who need to be trained. Vocational training is needed even from outside the countries and donors should help facilitate this
- Capacity development plans should be integrated, national GAP, Subregional GAP and ASEAN GAP
- Capacity building and training should address the problems of Labor Migration and Organic Food Markets.

## Presentation of Action Initiatives

Mr. Rony Soerakoesoemah presented the agreed actions to overcoming the identified constraints.

### Indicative Actions



#### Group 3 Cross-Border Contract Farming

Constraints	Strategy	Proposed Actions	Partners
Lack of good corporate governance	Work with business associations Work with community-based groups Work with provincial/local governments Promote corporate social responsibility	Multi-stakeholder dialogue (CF companies, government authorities, farmer groups)	MI, TICA, GIZ, ADB, FAO
Need to improve capacity of institutions to understand and implement CBTA		Policy Forum (will lead to a Capacity Development Action Plan)	ADB-GMS Working Group in Trade, ADB-GMS Working Group in Agriculture, ASEC, MI, ADB-GMS Provincial Governors' Council, UNDP GMS Transport Association
Lack of harmonized implementation of cross-border procedures	Regulatory framework on CF be in place in each country	Policy Dialogue among provincial authorities	UNDP, ASEC, CF companies
Weak Public Participation in Cross Border Farming Initiatives			

and

### Indicative Actions



#### Group 3

#### ASEAN Good Agricultural Practices

Constraints	Strategy	Proposed Actions	Partners (GMS/ASEAN/EXT)
Lack of awareness on GAP among stakeholders	Multi-stakeholder inclusive approach	<b>Producers</b> Skills training for local and foreign workers	UNCTAD, GIZ, ILO, IOM, TFAMW, TICA, MI, Academic Institutions
Lack of skills among stakeholders		<b>Government Sector</b> Training for local and provincial authorities (especially on monitoring and quality control)	GMS working group on agriculture, WB, KOICA, JICA, ADB, TICA, UNDP, MI, GIZ
		<b>Traders</b> Increase awareness on good business practices/quality control	UNCTAD, IFOAM, FAO, GIZ, TICA, MI, JICA



### Delegate Comments

- GIZ should be added to the list of development partners
- Any initiatives should make use of the relevant studies by ADB and other institutions
- More needs to be done to involve civil society organizations, but the best mechanism for doing so is still being developed
- The Cross Border Transport Agreement (CBTA) already provides for harmonized procedures. The issue is harmonized implementation.

## SECTION 3: CONCLUDING SESSION



Dr. Narongchai Akrasanee Delivering his Concluding Remarks



Dr. Suchat Katima Discussing The Way Forward

### Closing Remarks

In his closing remarks to the Forum Dr. Narongchai Akrasanee underscored the importance of the Mekong Forum in providing an opportunity for leading professionals from a variety of sectors to meet and discuss the common challenge of integrating the GMS into ASEAN 2015. He suggested that it would be useful to convene regularly in line with GMS growth and changes. The challenge of moving from the GMS to AEC 2015 means more work, more issues to resolve, but also it provides more opportunities. This journey will require significant effort to strengthen HRD throughout the Subregion. Dr. Narongchai suggested that the output of the Mekong Forum 2011 is setting the future agenda for the Mekong Institute's work. At the same time the output of the Forum and the follow-up activities are good ways for all of us to cooperatively manage the risks of meeting the challenge.

The idea for the Mekong Forum arose two years ago during the MI Council meeting in Yunnan. The Council members concluded that GMS countries were growing very fast, but unevenly. Although businesses from the different GMS countries wanted to work together they were facing difficulties. The competitive climate posed by AEC 2015 was heightened by the additional competition posed by China's fast growth.

GMS countries have multiple common borders but one common denominator, and that is the Mekong River. With ASEAN there are fewer common borders and multiple common denominators (the same seas that surround many of our countries, but with different names).

All of the issues delegates addressed over the past 2 days – Free Trade Agreements, the integration of Small and Medium Sized Enterprises and Implementing Good Agriculture Practices- are about strengthening GMS human resources so that it can become more competitive and meet the challenge of integrating with AEC 2015.

## The Way Forward

Dr. Suchat Katima closed the Forum by thanking the delegates for their time, energy and input. He noted that the Forum had accomplished much in sharing views and increasing understanding of the impact of the challenges, opportunities and roadblocks in integrating the GMS into the AEC. He admitted that two days certainly was not sufficient time to be exhaustive or comprehensive in identifying issues, constraints and actions to overcome these constraints— but hopefully some first steps have been taken in the collective journey towards AEC 2015. Dr. Suchat emphasized that MI sees the Mekong Forum only as a first step and was looking to delegates to carry forward the dialogue started at the Forum.

He stressed that MI would like to play a part in continuing this dialogue and broadening it beyond those who have attended the Forum. MI will update the Mekong Forum page on its website and populate the Mekong Forum Facebook Page. In addition MI has launched a Mekong Forum blog. He invited delegates, their colleagues and others interested in this subject to share their views and continue the discussion electronically through [www.mekonginsitute.org](http://www.mekonginsitute.org).



# APPENDICES

## APPENDIX 1: Background Paper

### The ASEAN Community 2015

The idea for an ASEAN Community was first raised at the ASEAN Leaders Summit in December 1997 and further clarified in 2003 at which time agreement was reached to “transform ASEAN into a stable, prosperous and highly competitive region with equitable economic development, and reduced poverty and social-economic disparities.” The ASEAN Community consists of three pillars: the ASEAN Economic Community (AEC), the ASEAN Political Security Community (APSC) and the ASEAN Socio-Cultural Community (ASCC). The original target date for achieving the ASEAN Community was 2020. At their 2007 Summit in the Philippines the ASEAN Leaders agreed to accelerate the pace and brought this date forward to 2015. The ASEAN Charter, ratified in 2008, has led to a new legal status and institutional framework for ASEAN.

### The ASEAN Economic Community 2015

As envisioned the ASEAN Economic Community would consist of:

- a single market and production base
- a highly competitive economic region
- a region of equitable economic development
- a region fully integrated into the global economy.

Further definition to this vision was provided through adoption of an AEC 2015 Blueprint in November 2007 which provided a master plan for building the AEC. In March 2009 ASEAN Leaders agreed to a more detailed Roadmap of specific activities and implementation timelines for the 2009-2015 period.

The AEC Roadmap provides for accelerating integration in a number of priority sectors (agro-based products, air travel, automotive, e-ASEAN, electronics, fisheries, healthcare, rubber-based products, textiles and garments, tourism wood-based products and logistics), facilitating the movement of human capital and strengthening institutions. Specific areas of cooperation include: human resources development and capacity building, recognition of professional qualifications, closer consultation on macroeconomic and financial policies, trade financing measures, enhanced infrastructure and communications connectivity, development of electronic transactions, integrating industries across the region to promote regional sourcing and enhancing private sector involvement.

ASEAN has developed a scorecard to measure progress in achieving AEC 2015. According to the latest evaluation, for the period 2008-09, 74% of AEC targets have been achieved, most of which are in the area of developing a single market and production base.

## Key Role of HRD and Capacity Building in Achieving the AEC 2015

There is a strong recognition that the development of a skilled, qualified and capable workforce will be key to the economic success of the AEC 2015 and to achieving sustainable social development. Human capital development is an important contributor to economic growth and there is a direct relationship between education of the workforce and their productivity and earnings. An integrated economic community will increase demand and competition for skilled labor across the region. In addition there will be the need to strengthen the capability of the civil service in the ASEAN countries. Demands will be placed on government officials to ensure that they are capable of effectively implementing and monitoring AEC agreements and policies as well as managing the social impact of accelerated economic and social integration within their countries.

## Implications for the Greater Mekong Subregion (GMS)

Over the past two decades economic growth and development in the GMS region has been impressive. As the GMS countries have moved away from central planning and toward market-based economies and as they have reaped the benefits of subregional economic cooperation, their economies have grown rapidly. From 1990 to 2008 the GMS countries grew at an average annual rate of 6.0%, compared with an average growth rate of 3.2% for East Asia and the Pacific. Increased trade has fuelled much of this growth while the inflow of foreign direct investment has also risen dramatically over this same period. Much of the foreign investment into the GMS has been from other countries within the ASEAN region. Other demonstrable progress has been made in developing land transportation links, establishing economic corridors and improving communication networks and inter power grids within the subregion.

During this same time period the GMS countries also have been able to improve their human development outcomes, showing marked increases in GDP and higher literacy rates across the subregion along with corresponding declines in infant mortality and poverty rates.

Looking to the future, a fully integrated ASEAN market holds even greater promise for GMS growth and development. The allure is strong for the GMS countries to be part of a regional market of an estimated 600 million people where there is free movement of goods, services, investment, skilled labor, and freer flow of capital. Besides trade and investment opportunities and increased access to new markets, the AEC presents attractive opportunities for business growth. An integrated economic community facilitates the development of globally competitive and efficient enterprises that can achieve greater economies of scale and scope through reduced manufacturing costs and tariffs.

## “Prosperity Divide” as an Obstacle to Regional Economic Growth and Development

These positive developments and promises of a brighter future have, however, been tempered by continued disparities in the levels of economic and social development of the CLMV countries (Cambodia, Lao PDR, Myanmar, Vietnam) as compared with the rest of their ASEAN neighbors. Even with the advances that have been made in recent years, the three CLM countries of Cambodia, Myanmar and Lao PDR consistently place last in ASEAN rankings of socio-economic

indicators. This imbalance is both within and between countries, between coastal and upland areas and between rural communities and urban centers. In a number of cases land conversion and massive infrastructure development have displaced people and communities. Women and ethnic minorities in remote upland areas constitute a growing number of the poor in rural and new urban centers.

ASEAN leaders themselves have recognized the need to address these inequalities as well as the obligation of the more developed ASEAN countries to assist their less developed members. In November 2000 the ASEAN leaders, led by Singapore, launched the *Initiative for ASEAN Integration (IAI)*. The IAI was introduced to give direction to narrowing the development gap among the CLMV countries and to ensure that all member countries share the benefits of the ASEAN Community through human capital and institution strengthening. IAI program activities focus on education, skills development, worker training and information and communication technology. From 2002-2008 134 projects/programs had been completed and the more developed ASEAN member states had contributed USD\$ 191 million, with a further USD\$ 20 million coming from dialogue partners, development agencies and others. In evaluating the effectiveness of the IAI to date, CLMV countries have called for a greater voice in the selection and design of projects which is needed to give them a greater sense of ownership.

### **GMS Subregional Cooperation as a Building Block to the AEC 2015**

The GMS countries' long and successful forging of regional cooperation and integration links will serve them well in moving towards AEC 2105. GMS countries have used a number of regional cooperative projects to build infrastructure, facilitate trade and liberalize their economies, while enhancing the HRD and capacity building capabilities of their member countries. The most comprehensive and oldest of these efforts is the ADB GMS Economic Cooperation Program. In 1992 the ADB initiated this program with the goals of promoting closer economic ties and cooperation and improving the quality of life in the Subregion. In 2002 the first GMS Summit adopted a ten year strategic framework for the GMS Program (2002-2012). This Program was further refined in 2008 when a 2009-2012 Action Plan was adopted. The 2009-2012 HRD Action Plan focuses on regional issues that require cooperation between the countries to reach regional solutions. It contains specific programs and projects in five areas (1) promoting regional cooperation in education and skills development (2) facilitating safe labor and migration within the Subregion (3) supporting communicable disease control in the Subregion (4) enhancing regional cooperation for social development (5) strengthening regional institutional links and mechanisms for regional cooperation.

### **HRD and Capacity Building: Lessons Learned from GMS Subregional Cooperation**

There are a number of lessons that the GMS countries have learned through their experience with the ADB GMS Economic Program and other Subregional initiatives that can be applied to AEC 2015. These include the need for more capacity building activities at all levels, with specific focus in the following areas:

### **Public Sector**

- broader dialogue with all impacted stakeholders in planning and implementing regional initiatives
- development of mechanisms to coordinate the range of cooperation and integration initiatives within and between the GMS countries
- improved labor migration policies and management systems

### **Training and Education Institutions**

- increased flexibility in education and training systems to meet changing demands
- increased compatibility between GMS education systems
- more training of civil servants responsible for implementing regional initiatives at the operational level

### **Private Sector**

- better communication with and among private sector entities to enable them to take advantage of new business opportunities
- expanded technical competencies, marketing and management experience for SME



## APPENDIX 2: Schedule and Agenda

### Day 1 : July 12, 2011

08:45 - 09:15	<b>Registration</b>
09:15 - 09:30	<b>Welcome and Opening Plenary</b>
09:30 - 10:00	<b>Overview - From GMS to the ASEAN Economic Community:</b>  <b>Implications for Regional Cooperation and Integration</b> <i>Dr. Narongchai Akrasanee</i> MI Steering Committee Chairman
10:00 - 10:30	<b>HRD and Capacity Building in Promoting Regional Integration and Cooperation: The EU and GMS Experiences</b> <i>Dr. Lothar Mahnke</i>  Managing Director, Regionomica Asia Pte Ltd.
10:30 - 11:00	Coffee Break and Networking  - <i>Informal inter-action among delegates to learn about each other's organizations and programs/ services</i>
11:00 – 11:15	<b>Recent Developments on ASEAN Connectivity</b> <i>Ambassador Pradap Pibulsonggram</i> Thai Representative, High Level Task Force on ASEAN Connectivity
11:15 - 12:00	<b>Synergizing HRD and Capacity Building Initiatives within the GMS and AEC Framework: Meeting the Challenges in Narrowing Development Gaps Within the GMS Community</b> <i>Dr. Suchat Katima</i> Director, Mekong Institute
12:00 - 13:30	L U N C H
13:30 - 15:30	<b>Parallel Facilitated Discussions : Issues and Challenges</b>  Group 1: Improving Mekong Countries' Capacity to  Implement Free Trade Agreements  Lead Discussant: <i>Dr. Watcharas Leelawath</i> Deputy Executive Director, The International Institute for Trade and Development (ITD)  Group 2: Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains Co-Lead Discussants : <i>Dr. Masaya Shiraishi</i> Professor, Graduate School of Asia-Pacific Studies, Waseda University <i>Dr. Masato Abe</i> , Economic Affairs Officer, Investment and Enterprise Development Section, Trade and Investment Division, UNESCAP  Group 3: Improving Cross-Border Facilitation and Implementing ASEAN Good Agricultural Practices for Mekong Countries Lead Discussant: <i>Dr. Anthony Zola</i> Senior Researcher, Mekong Environment and Resources Institute – MERI

16:00 - 17:30

17:30 - 17:45

18:30

**Group Presentations and Plenary Session**

**Summary**

RECEPTION & DINNER

Hosted by MI Steering Committee Chairman, *Dr. Narongchai Akrasanee*

Followed by a GMS Cultural Show

**Day 2 : July 13, 2011**

08:30 - 9:00

**Recap of Day One**

**Parallel Facilitated Discussions: Formulating Action Plans 2012 - 2015**

09:00 - 10:30

Group 1:

Improving Mekong Countries' Capacity to Implement

Free Trade Agreements

Lead Discussant : *Mr. Oudet Souvannavong*

Secretary General, GMS Business Forum

Group 2:

Integrating SMEs of Mekong Countries into ASEAN and

Global Value Chains

Lead Discussant : *Dr. Rattanatay Luanglatbandith*

Regional Economist, Asian Development Bank Bangkok (ADB)

Group 3:

Improving Cross-Border Facilitation and Implementing ASEAN Good Agricultural Practices for Mekong Countries

Lead Discussant: *Mr. Rony Soerakoesoemah*

Head of IAI & NDG Division, ASEAN Economic Community Department,

ASEAN Secretariat

10:30 - 11:30

**Presentation of Action Plans**

11:30 - 12:00

**Synthesis and Way Forward**

*Dr. Suchat Katima*

Director, Mekong Institute

12:00 - 13:00

L U N C H

## APPENDIX 3: Group Discussions

### 3.1. Group One: Improving Mekong Countries Capacity to Implement Free Trade Agreements

#### 3.1.1 Participants

<u>Name</u>	<u>Organization</u>
Dr. Watcharas Leelawath	The International Institute for Trade and Development (ITD)
Mr. Oudet Souvannavong	GMS Business Forum
Mr. Yoshito Asano	Public Relation Department, Japan External Trade Organization (JETRO)
Mr. Santi Baran	Mekong River Commission Secretariat (MRC)
Mr. Acksiri Buranasiri	Neighboring Countries Economic Development Cooperation Agency (NEDA)
Mr. Yan Flint	International College and College of Graduate Studies in Management, Khon Kaen University
Ms. Yuko Hamada	International Organization for Migration (IOM), Southeast Asia
Ms. Julie J. Chung	U.S. Embassy Bangkok
Mr. Moe Myint Kyaw	Republic of Union of Myanmar Federation of Chambers of Commerce and Industry
Mr. Pyi Sone Nyein	Capacity Building Initiative (CBI), Myanmar
Mr. Philip S. Robertson, Jr.	Task Force on ASEAN Migrant Workers
Ms. Jackie Pollock	Migrant Action Program (MAP) Foundation
Ms. Shum Yun Shan	Task Force on ASEAN Migrant Workers

### 3.1.2 Consolidated Group Output

Category	Constraint	Indicative Action	By Whom
<p><b>1. Low utilization of FTAs by SMEs due to lack of awareness, cost of compliance and business environment</b></p> <p><b>2. Low involvement of private sector prior to engaging in FTA negotiation---planning, negotiation and implementing</b></p>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>- Most FTAs lack specific support to SMEs</li> <li>- Few SMEs use FTAs because of lack of awareness</li> <li>- There are few mechanisms to enable SMEs not to lose out</li> <li>- Business environments do not encourage SMEs to use FTAs</li> <li>- Too many FTAs - rules of origin (RoO) too complicated and this becomes so costly for SMEs</li> <li>- Varying economic levels and systems hinder standardization</li> <li>- Low involvement of all stakeholders (especially business sectors) before starting the negotiating of the FTAs</li> <li>- Limited or lack of skills/ manpower to make sectors more competitive</li> </ul>	<p><b>Strategy</b></p> <p><b>Strengthen capacity of SMEs through strengthening umbrella organizations</b></p> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- On the business environment, we need to remove bias towards SOEs and MNCs; revise and implement the competition law</li> <li>- Compliance costs should be reduced and simplified, handled electronically, and the certification fees should be lowered</li> <li>- Capacity building for SMEs on enhancing the utilization of FTAs</li> <li>- Entrepreneurship training on FTA – business compliance</li> <li>- Provide workshops to returned migrants</li> </ul>	<p>Public export promotion org, SMEs supporting agencies, Chambers of Commerce, SME Associations, MI, ITD, ESCAP, ADP, UNDP, CABC, IOM, GMSBF</p>

Category	Constraint	Indicative Action	By Whom
<p><b>3. Weakness of institutional support system including information dissemination and capacity of officials and support agencies</b></p>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>- Border officials don't understand FTA regulations</li> <li>- Lack of government ability to provide assistance to negatively affected sectors</li> <li>- Lack of negotiation skill by government officials</li> <li>- FTAs and other international agreements are done in isolation – not overall country development context</li> <li>- Political stability of the countries in the region is a hindrance</li> <li>- Protectionism – sees import as bad for the economy</li> <li>- Distribution of FTA contents are not equal to the level of understanding</li> <li>- Different levels of development, different levels of engagement</li> <li>- Border officials often don't follow “head office” instructions – governance issue</li> </ul>	<p><b>Strategy</b></p> <p><b>Establish SME friendly FTA model</b></p> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Make a comparative analysis based on different countries' experiences</li> <li>- Make an FTA model attractive to SMEs, showcasing win-win situation</li> <li>- Problem tree analysis, objective tree</li> <li>- Revisit the Rules of Origin, review mechanism of FTAs</li> </ul> <p><b>Build a network of public-private dialogue/linkages</b></p> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Create information centers for SMEs</li> <li>- Develop database on preferential tariffs for all FTAs (via internet)</li> <li>- Share success stories</li> <li>- Conduct regular media dialogues on FTAs</li> </ul>	<p>Relevant Gov't organization, economic think tanks, SME organizations, ITD, MI, GSMBF, SME umbrella organizations in partner countries, relevant organizations in partner countries, JETRO</p> <p>Relevant Gov't organizations, CCIs, MI, World Bank, SME Associations, Media, Civil Society and Labor Unions, ADB, IOM, UNCT, ASEAN Secretariat, MI</p>

Category	Constraint	Indicative Action	By Whom
<p><b>4.Limited involvement of civil society in all process, especially in the creation of safety nets for disadvantages (business, social and environment)</b></p>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>- Lack of knowledge to comply with several standards (SPS, TBT, RoO, Labor standards)</li> <li>- In the region, same nature, similar culture and similar products which compete with each other</li> <li>- Implications of FTAs little known outside capital</li> <li>- Too many decisions are taken outside of the country; normal citizen cannot influence, only can receive impact / outcome</li> <li>- Involvement of social partners, CSOs in the negotiation differs in each country</li> <li>- No clear understanding of consequences after FTA</li> <li>- Dialogue with stakeholders in civil society is often not productive / constructive</li> <li>- Limited or lack of information and knowledge on implications of FTAs</li> <li>- Lack of a safety net before FTAs are negotiated</li> </ul>	<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>- Governments should notify SMEs on the Review of FTAs</li> <li>- Gov'ts should make SMEs aware on the AEC, ASEAN declaration</li> <li>- Conduct forum/ workshop to highlight the strength and weakness of FTAs</li> <li>- Develop information leaflets in local language</li> <li>- Media campaign during the process of FTA negotiation</li> </ul> <p>Develop a Labor Forum re the FTA process</p> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Skills standards must be upgraded</li> <li>- Policy advocacy on the labor laws and their implementation</li> </ul>	<p>ILO, Employer Organization, Ministry of Labor, Task Force on ASEAN Migrant Workers, IOM, UNCT, UNESCAP</p> <p>NGO networks, community based associations, related Gov't agencies, CSO</p>

Category	Constraint	Indicative Action	By Whom
<p><b>5.Labor and environmental standards are not properly recognized in the FTA negotiation</b></p>	<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>- Respect for environmental protection is often not included in FTAs</li> <li>- Free access to intellectual property, natural resources, etc</li> <li>- Complicated rules</li> <li>- Translations of international labor standards into FTAs and their implementation</li> <li>- Respect for labor rights often not included in FTAs</li> <li>- How the FTAs impact the labor conditions; and even when labor conditions are brought into FTA negotiations, they don't seem to improve</li> </ul>	<p><b>Strategy</b></p> <p>Develop a Civil Society Forum</p> <p><b>Other:</b></p> <ul style="list-style-type: none"> <li>- Workshop and forum at central and provincial levels to exchange views</li> </ul> <p>Develop Environmental Forum</p>	<p>International environmental NGOs</p>

**3.1.3 Lead Discussant Paper**

## ***Free Trade Agreements***

Prospects for Human Resources Development and Capacity Building for CLMV/GMS Countries in the Context of the ASEAN Economic Community 2015

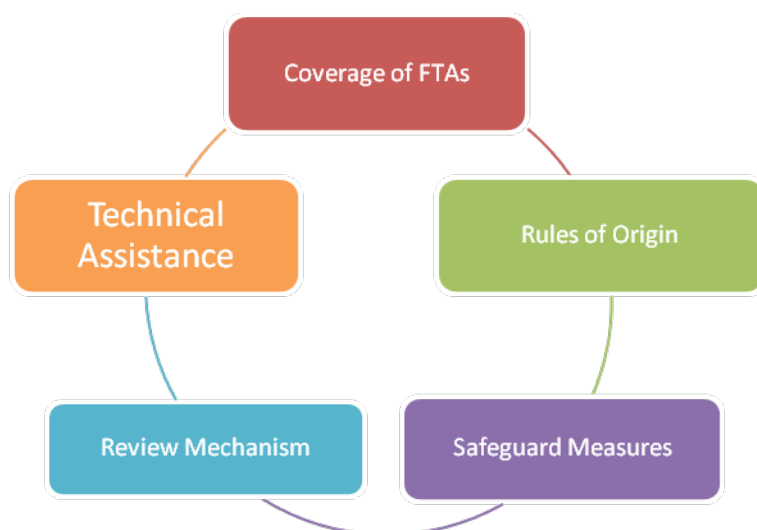
By Dr. Watcharas Leelawath  
Deputy Executive Director,  
The International Institute for Trade and Development (ITD)  
Bangkok, Thailand

Prepared for the Mekong Forum 2011  
Khon Kaen, Thailand  
12-13 July 2011



## KEY POINTS TO BE CONSIDERED FOR DEVELOPING COUNTRIES' FTA NEGOTIATIONS

Due to the slowness and uncertainty of the multilateral trade negotiations under the World Trade Organization (WTO), a number of WTO member countries have been very active in negotiating the FTAs both bilaterally and regionally. During the past half of the decade, there have been 489 FTAs notified with the WTO. Asian countries have been involved in 204 FTAs in various stages of implementation. FTAs can promote trade liberalization, induce structural reforms and open bigger markets. However, several issues negotiated are of concerns of developing countries and least developed countries. The establishment of FTAs seems like a double-edged sword. When one country embraces trade liberalization, it is unavoidable to face positive and negative impacts. Some production and export sectors would be winners, while some other sectors would be losers. Therefore, the aim for any country engaging in FTAs is to reap maximum benefits and at the same time is to minimize potential adverse impacts of the FTAs. In this regard, points to be considered for developing countries and LDCs before negotiating FTAs are as follows:



- Coverage of FTAs

The strength and weakness regarding the production of goods and services of the country should be assessed. This is to identify which sectors or sub-sectors that the country has comparative advantages and which ones that are likely to be unfavorably affected by the success of FTA negotiation. Then the country will be able to figure out which goods and services should be included in the provisions of FTAs; and which ones must be on the exclusive list.

With regard to trade in goods, tariff reduction and elimination follows certain modalities like the normal- and sensitive-track approach. Tariffs imposed on goods that belong to normal list could be eliminated immediately when an FTA enters into force. While the protection of goods in the sensitive list still remains. Thus, the extra time is required before tariff elimination. It is a must for the negotiators to negotiate for different phase-out periods for different groups of products depending on how serious the product would be adversely affected by the FTAs.

As for services, FTAs should serve the development goal of the country. The liberalization of some services sectors could reduce the cost of service inputs and to attract FDI. Two main options to be chosen are positive-list approach and negative-list approach. The former enumerates specific service sectors to be included in the liberalization, while the latter identifies selected sectors to be excluded. The government should be very cautious on this matter. Choosing the wrong option could jeopardize the competitiveness of local service providers in domestic market.

- Rules of Origin

The rules of origin (RoO) are important for the establishment of FTAs. They are used to prevent trade deflection, which is the situation when a non-member country exports goods to an FTA member country so as to take advantages of tariff preferences to re-export those goods to the other FTA member countries. Different FTAs require different sets of rules of origin. Such diversity would create confusion and influence the input-sourcing decisions of a domestic producer in a way that could lower production efficiency. For the identical product, the producer may need to have different production strategies to export to different FTA partner countries. In this connection, it is important for a country to push forward for the consistency of RoO when it undergoes trade talks with its potential FTA members.

- Safeguard Measures

As parts of trade remedies, terms and conditions for imposing safeguard measures should be included in the FTA agreements. Such measures provide temporary protection for a domestic industry that is harmed by a surge of imports as a consequence of FTAs. This is considered a safety net for developing countries to protect their own domestic industries, especially infant industries, from greater extent of competition from their FTA partner countries. However, the policymakers need to be cautious about the excessive protection for infant industries. If the industries are protected too much for too long, they will never grow up. Without a certain degree of competition with imports, there will be no motivation for infant industries to enhance production efficiency and improve the quality of their products.

- Technical Assistance

Generally for developing countries in the Asian region, there exist supply-side constraints, which hinder domestic producers to widen market access to their FTA partner countries. For any particular product to be exported, it has to comply with several rules and regulations such as Technical Barriers to Trade (TBT) standards; and Sanitary and Phytosanitary (SPS) standards; as well as Rules of Origin. Technical know-how and additional investment are needed for produc-

ers to be able to export their products to their developed FTA negotiating partners. As part of aid-for-trade, developed countries could provide funding and technical support for developing countries to address supply-side constraints. For that reason, developing countries should request to put the elements of technical assistance and capacity building in the agreements.

- Review Mechanism

The review mechanism of the agreement should be put in place in order to revisit the FTAs at the proper time. This is to allow the country to assess the impacts of the FTAs so as to seek for the alleviation measures for the sectors that have been suffering from FTAs. One of the solutions is to modify some points that have been agreed. In general, the review process happens every 3 or 5 years after the FTAs are effective.

## 3.2 Group Two: Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains

### 3.2.1 Participants

<u>Name</u>	<u>Organization</u>
Dr. Masaya Shiraishi	Graduate School of Asia-Pacific Studies, Waseda University
Dr. Masato Abe	Private Sector and Development Section Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
Mr. Rattanatay Luanglatbandith	Thailand Resident Mission, Asian Development Bank (ADB)
Dr. Yaowalak Apichatvullop	Center for Research on Plurality in the Mekong Region Faculty of Humanities and Social Sciences, Khon Kaen University
Mr. Winston Set Aung	Asia Development Research Institute, Asia Language and Business Academy, Yangon Institute of Economics
Dr. Ngin Chanrith	Graduate Programs in Development Studies Royal University of Phnom Penh (RUPP)
Ms. Chutima Duangpanich	Public Relation Department Japan External Trade Organization (JETRO)
Ms. Duangnarumol Dokruk	Information and Knowledge Management Department Asia-Pacific Development Center on Disability (APCD)
Mr. Philip Hewitt	Development Thailand, Cambodia, Lao PDR, Myanmar, New Zealand Aid Programme Ministry of Foreign Affairs and Trade, New Zealand Embassy, Bangkok
Ms. Muanpong Juntopas	Stockholm Environmental Institute (SEI)
Dr. Katsumi Kakazu	The Japan Foundation, Bangkok
Ms. Sirivanh Khonthapane	Ministry of Planning and Investment, Lao PDR
Mr. Khamstone Lakmaitry	Area-Based Planning, German Agency for International Cooperation (GIZ) Lao PDR
Mr. Kyaw Kyaw Lwin	Divisional of Labour Exchange Office (Yangon), Department of Labour, Ministry of Labour, Myanmar

Dr. Lothar Mahnke	Regionomica Asia Pte Ltd.
Dr. Sathaporn Mongkhonsrisawat	Board of Trade of Thailand
Mr. Katsuya Nagafusa	Embassy of Japan in Thailand
Dr. Sothea Oum	Economic Research Institute for ASEAN and East Asia (ERIA)
Mr. Kim Seanvirak	Country Office of Cambodia German Agency for International Cooperation (GIZ) Cambodia
Mr. Frank Siegmund	Department of Planning and Investment of Bokeo Province, Lao PDR
Dr. Rajendra P Shrestha	Asian Institute of Technology (AIT)
Mr. Nalin Silavongsith	Banque Pour Le Commerce Exterieur Lao Public
Mr. Houmphanh Soukprasith	Department of International Cooperation Ministry of Planning and Investment, Lao PDR
Ms. Somchay Soulitham	Enterprise and Development Consultants Co. Ltd
Mr. Soksary Thao	Department of Employment and Manpower Ministry of Labor and Vocation Training, Cambodia
Mrs. Vu Thi Thuy	Department of Overseas Labour Ministry of Labour and Invalids and Social Affairs, Viet Nam
Dr. Yasushi Ueki Bangkok	Research Center, Japan External Trade Organization (JETRO)

3.2.2 Consolidated Group Output

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
1. Lack of innovation skills and entrepreneurship	<ul style="list-style-type: none"> <li>- How to helps SMEs to realize / be aware of the needs / urgency to develop capacity of their staff</li> <li>- Basic capacity for learning from the neighboring countries (CLM)</li> <li>- Management skill</li> <li>- Technology capacity (ISO, ICT, process and innovation)</li> <li>- Lack of access to technology or know-how</li> <li>- Lack of innovativeness</li> </ul>	<ul style="list-style-type: none"> <li>- Training on cluster development</li> </ul>	<ul style="list-style-type: none"> <li>- Training on risk analysis risk, management ,marketing skills, entrepreneurial attitudes</li> <li>- Competitions to stimulate innovation</li> <li>- Establish business forum – GMS business forum</li> <li>- Regional cooperation to share capacity building of technicians</li> <li>- Hold an annual forum to address the innovation issue and share knowledge / experience on innovation and entrepreneurship development</li> <li>- Workshop with case study</li> <li>- Cluster SMEs by sector, location, size</li> <li>- Conduct systematic training for clusters of SMEs on entrepreneurship and innovation skills</li> </ul>	<ul style="list-style-type: none"> <li>- CCI</li> <li>- Thai-X Center for training</li> <li>- APCD</li> <li>- SME Association</li> <li>- ADB</li> <li>- NGOs</li> <li>- OSMEP</li> <li>- BAS</li> </ul>

Constraint		Indicative Action	By Whom
Category	Issue		
	<ul style="list-style-type: none"> <li>- Vocational / technical skills</li> <li>- Inadequacies of management and marketing</li> <li>- Due to minimal capital, SMEs are not able to insert in HR training. They need to have government support such as reimburse on training cost</li> <li>- Management knowledge</li> <li>- Exclusion of persons with disabilities</li> <li>- Entrepreneurial skills</li> <li>- More versatile models of business</li> <li>- Environmental awareness</li> <li>- Grade up high skills pay attention to the young resources</li> </ul>	<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>- Organize study visits</li> </ul> <p><b>Action/Activity</b></p> <ul style="list-style-type: none"> <li>- Facilitation of business trip / short staying for technical assistance</li> <li>- Study visits to successful firms</li> <li>- Inviting successful firms to share their experience</li> <li>- Study tours for entrepreneurs to more developed countries, to understand cost effectiveness and labor management</li> <li>- Organize exchange visits to learn from each others goods practices</li> <li>- Field visits to learn good practices</li> <li>- To share and change information</li> </ul>	

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
<b>2. Inadequate Business Information</b>	<ul style="list-style-type: none"> <li>- Lack of access to information</li> <li>- Lack of communication</li> <li>- Information acquisition and basic IT skill.</li> <li>- Inadequate institutional support framework</li> <li>- Awareness about national and regional economic opportunities and threats</li> </ul>	<ul style="list-style-type: none"> <li>- Information dissemination through mass media</li> </ul>	<ul style="list-style-type: none"> <li>- Develop media program to promote entrepreneurship (to broadcast in GMS countries)</li> <li>- Media should be used effectively for environmental awareness</li> </ul>	
		<ul style="list-style-type: none"> <li>- Training on entrepreneurship skills</li> <li>- Peer support</li> </ul>	<ul style="list-style-type: none"> <li>- Provide subsidized training on management and entrepreneurship</li> <li>- Vocational and technical training management knowledge</li> <li>- Promote peer to peer support for innovation and entrepreneurship</li> <li>- Government's policy support for entrepreneurship skill development</li> </ul>	<ul style="list-style-type: none"> <li>- ITC</li> <li>- JETRO</li> <li>- APCD</li> <li>- CCI</li> <li>- Entrepreneurs</li> <li>- OSMEP</li> </ul>
		<ul style="list-style-type: none"> <li>- BDS : Business Development Service</li> </ul>	<ul style="list-style-type: none"> <li>- Capacity building on business consultancy</li> <li>- Increase awareness on business opportunities through SME association</li> <li>- Portal site with link to formal database / website (especially governmental site)</li> <li>- Organize forum to share information</li> <li>- SME business forum</li> </ul>	



Constraint		Indicative Action	By Whom
Category	Issue		
	<ul style="list-style-type: none"> <li>- Enhanced access to ASEAN market</li> <li>- Market information (FTAs, products, standard)</li> <li>- SMEs have difficulty in accessing information, especially SMEs in the rural areas</li> <li>- SMEs need proper knowledge and assistance to access formal financial sector for credit</li> <li>- Unable to respond to buyer quality and process standards</li> <li>- Lack of knowledge in steps to get into value chains</li> <li>- Lack on knowledge of what value chain opportunities exist</li> <li>- Limited awareness about business opportunities</li> </ul>	<p><b>Strategy</b></p> <ul style="list-style-type: none"> <li>- Information platform to ICT</li> </ul> <p><b>Action/Activity</b></p> <ul style="list-style-type: none"> <li>- Establish a comprehensive marketing and business information system to share best practices</li> <li>- E-commerce system should be developed for SMEs</li> <li>- Set up information platform</li> <li>- Setting u school (online /offline) to share knowledge in GMS</li> <li>- Regular use of media for create awareness on value chains / supply chains and outreach from market information</li> </ul>	

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
		<ul style="list-style-type: none"> <li>- Common facility center</li> </ul>	<ul style="list-style-type: none"> <li>- Set up ASEAN Chamber of Commerce (or Thai-CLMV Chamber of Commerce) to assist this and also set up information on social media such as Facebook</li> <li>- Setting up business development / information centres for SMEs at local Chambers of Commerce and Industry with outreach programs to grass-root level</li> <li>- E-regional knowledge center</li> <li>- Establish SME development and consultancy center</li> <li>- Establish information center and also internet information homepage</li> <li>- To set up “INFO” stations in principal cities/towns</li> </ul>	
<b>3. Lack of Scale</b>	<ul style="list-style-type: none"> <li>- Companies are too small – SMEs are mostly micro</li> <li>- To find size of capacities of SMEs in GMS region equally to ASEAN</li> <li>- Delivering of same quality</li> </ul>	<ul style="list-style-type: none"> <li>- Training on SME clusters</li> </ul>	<ul style="list-style-type: none"> <li>- To get basic standard of size, investment, horsepower of SMEs in GME region equally</li> <li>- Encourage SME to cluster to form their cluster industry to increase their negotiation power</li> <li>- Training of facilitator (s) for grouping of small enterprises</li> </ul>	<ul style="list-style-type: none"> <li>- APO</li> <li>- ASEAN</li> <li>- OSMEP</li> </ul>

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
<b>4. Lack of Financial Literacy</b>	<ul style="list-style-type: none"> <li>- Access to finance</li> <li>- Enhancement of access finance.</li> <li>- Lack of access to finance</li> <li>- Underdeveloped business management and accounting system</li> <li>- Do SMEs need MBA-like knowledge and skills?</li> </ul>	<ul style="list-style-type: none"> <li>- Training on association development</li> <li>- Training on financial management</li> </ul>	<ul style="list-style-type: none"> <li>- Promote Joint Ventures</li> <li>- Provide training on production system to micro enterprises</li> <li>- Training SMEs to take advantage of their small scale to become more easily adaptable / change to new products</li> <li>- Advice / train on business group formation / management / more innovative SMEs cluster training</li> <li>- Public facility for testing issuing certificates</li> <li>- Form production clusters /networkings</li> <li>- Market assessment on R&amp;D and capital support</li> <li>- Collaborative approach / network</li> <li>- Conduct financial training</li> <li>- Establish entrepreneur development center</li> <li>- Conduct institutional seminars by professionals to disseminate related information</li> <li>- Train commerce, tax, bank staff on how to give advice / counseling to SMEs on financial management matters / put as mandates</li> </ul>	<ul style="list-style-type: none"> <li>- ADB</li> <li>- USAID</li> <li>- SNV</li> </ul>

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
<b>5. Insufficient Communication</b>	<ul style="list-style-type: none"> <li>- Lack of infrastructure to support skills development in SME sector</li> <li>- Low brand development</li> <li>- Lack of support from government</li> </ul>	<ul style="list-style-type: none"> <li>- Training for public sector. Ex: to organize training on government program and policy</li> </ul>	<ul style="list-style-type: none"> <li>- Full utilization of 2 step loan schemes</li> <li>- Professional finance targeted at joint efforts between cooperation especially cross-border collaboration</li> <li>- Training on financial and business plan</li> <li>- Provide financial advice directly</li> <li>- Organize, continually, training on financial literacy and involve the banks and financial institute so that they can understand and assist SMEs</li> <li>- Set up SME fund and provide related support</li> <li>- Training on business plan development skills for SMEs to be able to get access to loans - develop micro – finance programs</li> <li>- Governmental financial sector reform or microfinance development</li> </ul>	<ul style="list-style-type: none"> <li>- UNDP</li> <li>- MPDF-IFC</li> <li>- MI</li> <li>- OSMEP</li> <li>- Media network</li> </ul>

Constraint		Indicative Action		By Whom
Category	Issue	Strategy	Action/Activity	
	<ul style="list-style-type: none"> <li>- Accreditation</li> <li>- Unwillingness to become formal sector (to pay tax)</li> <li>- Different law and regulation</li> <li>- Limited awareness about the legal framework of other countries or the region.</li> </ul>		<ul style="list-style-type: none"> <li>- Organize forum of discussion / information sharing network</li> <li>- Create of new brand of a certain production in the locality – establishment of working group for a new brand</li> <li>- Help government with communication programs</li> <li>- Communicate with various media</li> <li>- Development of national and regional certification bodies</li> </ul>	

## ***Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains***

Prospects for Human Resources Development and Capacity Building for CLMV/GMS Countries in the Context of the ASEAN Economic Community 2015

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Khon Kaen, Thailand  
12-13 July 2011

### **1. Development strategies:**

- Primary sector (e.g. agribusiness);
- Natural endowment;
- Export and FDI;
- Infrastructure; and
- Process improvement.

### **2. Status of the SME sector:**

- Less enterprises with large informal sector;
- Lack of capacities (capitals, human resources, skill/knowledge, technology, network);
- Poor market access;
- Low brand development;
- Inadequate institutional support framework; and
- Not homogeneous: medium/small/micro, formal/informal, export/domestic, supporting industry, cottage, primary/manufacturing/service, technology, governance, age, sectors, high value added, growth rate, etc.

### **3. Policy objectives:**

- Increased business entrants;
- Higher survival rate;
- Growth to medium/large firms;
- Smooth exit with less punishment;
- Enhanced access to markets; and
- Sustainable and inclusive enterprise development (e.g. environment, women, youth and minorities).

### **4. Six key areas of policy interventions:**

- Enabling business environment covering appropriate policy and regulatory framework and supporting infrastructure;
- Enhancement of access to finance;
- Entrepreneurship development, including management skills and human resources;
- Technology capability building and adaptation;
- Fostering Business Development Services (BDS); and
- Penetration into regional and global markets.

### **5. Modalities:**

- Policy advocacy (typically along with reforms in institutional/administrative framework);
- Infrastructure development;
- Institutional capacity building at both public and private levels;

- Human resource development for governments, business associations, and enterprises;
- Reform in financial institutions and markets (developing new financial products); and
- Sector/cluster/product-based trade and investment promotion.

#### **6. Players:**

- Various governmental agencies, including SME development agencies;
- Financial institutions;
- Education and training institutions;
- Research (knowledge) institutions;
- Business associations (e.g. chamber of commerce and federation of industries);
- Labour unions;
- Business development service providers;
- Multilateral and bilateral development/donor agencies;
- Civil society organizations; and
- Individual enterprises/SMEs.

#### **7. Other issues**

- Specific needs in different corporate life stages;
- Urban vs. rural;
- Cash flow management;
- Lack of coordination mechanisms;
- Lack of Monitoring and Evaluation tools; and
- Knowledge sharing.



**Group 2: Co-Lead Discussant Paper**

**3.2.3b Power Point Presentation**

# ***Value Chain Analysis and Capacity Building***

Prospects for Human Resources Development and Capacity Building for CLMV/GMS Countries in the Context of the ASEAN Economic Community 2015

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## Value Chain and Capacity Building

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 Waseda University (Tokyo, Japan)

## Value Chain Concept

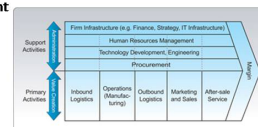
- The original idea of value chain comes from M.E.Porter (1985):
- Value chain is a chain of activities for a firm (or a group of firms) operating in a specific industry.

## Value Chain Argument

- M.E.Porter (1985) divides those activities into two groups: primary activities and support activities.
- Each activity (or step) creates value. Any firm tries to obtain competitive advantage (of value activities), either through better cost performance or differentiation in quality and reputation out of competitors.

## Value Chain Diagram by Porter

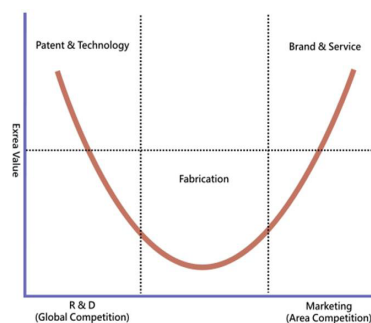
- Primary activities include**
- Inbound Logistics
  - Operations (manufacturing/production)
  - Outbound Logistics
  - Marketing and Sales
  - After-Sale Service (maintenance)
- Support activities include**
- Firm Infrastructure (finance, strategy, IT infrastructure)
  - Human Resources Management
  - Technology Development
  - Procurement



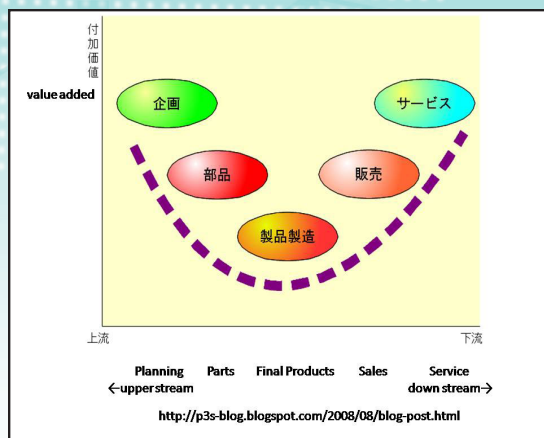
M.E.Porter (1985: Ch.2)

## Various Value Chain Diagrams

- Based on Porter's argument, various diagrams of value chain have been drawn. One of the most famous diagrams is in the next slide:
- +horizontal axis: sequence of actions in value chain
- +vertical axis: extra value (=value added) for each action



Case of Manufacturing: <http://www.smartsheet.com/productivity/chapter10>



- In order to get rid of “middle-income trap” [ World Bank (2007)],
- The new development model requires step-ups in the “Value Chain” through increased sophistication of production. [World Bank (2010) p.21]

### Development of Supporting Industries

- Japanese initiative to help the development of supporting industries in VN is one of the efforts for value chain move-up in the direction of upper stream.
- In general, supporting industries are more value-added, but require more sophisticated skills and technology [than simple assembly].

Foreign Minister Okada met his counterpart Kiem to discuss further cooperation between the two countries, including the support industry development (July 24, 2010, Hanoi)



[http://www.mofa.go.jp/mofaj/kaidan/g\\_okada/asean\\_1007/vietnam\\_gaiyo.html](http://www.mofa.go.jp/mofaj/kaidan/g_okada/asean_1007/vietnam_gaiyo.html)

### Weak development of Supporting Industries in Vietnam

According to VDF Report (2006),

- For the case of Japanese FDI firms in manufacturing, Local Procurement Ratio is
- only 22.6% in Vietnam, while
- 45% or higher in Malaysia and Thailand (in 2003)
- ← Japanese firms (=assemblers) require Quality, Cost and Delivery (QCD).
- And so far, many of Japanese firms have difficulty to find local parts producers well qualified.

### Breakthrough Measures

In order to develop supporting industries, in addition to

- Demand Size (=scale merit) as the pre-condition;
- ( i ) High-quality Industrial Human Resources,
- ( ii ) Attractive Tax and Tariff Policies,
- ( iii ) Stable Policy Environment,
- ( iv ) Overcoming the Information and Perception Gaps between FDI Assemblers and Vietnamese Suppliers is necessary . [VDF Report (2006)]

### Technology Transfer

- In the initial stage, inviting (a substantial number of) foreign suppliers may be necessary.
- But eventually, there must be technology transfer to local people and firms.
- Vietnam should prepare sufficient basis for this technology transfer, especially in terms of industrial human resources.

[Tran V. Tho (2004); K.Ohno (2009)]

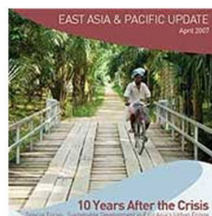
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### Thank You!



- World Bank (2007), "East Asia and Pacific Update: 10 Years After the Financial Crisis".

### 3.3 Group Three: Improving Cross-Border Facilitation and Implementing ASEAN Good Agricultural Practices for Mekong Countries

#### 3.3.1 Participants

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Proceedings from the Mekong Forum 2011 – From GMS to AEC 2015: Prospects for Human Resource Development and Capacity Building in Regional Cooperation and Integration

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3.3.2 Consolidated Group Output

Category	Constraints		Indicative Action		By whom
	Issue	Strategy	Action/Activity		
<b>Contract Farming</b>					
<b>1. Lack of Harmonized Implementation of Cross-Border Procedures</b>	<ul style="list-style-type: none"> <li>- How do we standardize regional/sub regional level frameworks to improve CF?</li> <li>- Harmonized cross-border procedures formalities/capacities</li> <li>- Institutional and regulatory arrangements</li> <li>- Establish common standards</li> <li>- GMS/ASEAN countries need to incorporate the regional agreements into national/provincial/local level for norms</li> <li>- The harmonized procedure is there (ADB/TA), but it is not implemented</li> </ul>	Regulatory framework work on CF be in place in each country	Policy Dialogue among provincial authorities	UNDP, ASEC, CF companies	

Category	Constraints		Indicative Action		By whom
	Issue	Strategy	Action/Activity		
<p><b>2. Need to Improve Capacity of Institutions to Understand and Implement CBTA</b></p>	<ul style="list-style-type: none"> <li>- Lack of government officials' capacity at local and provincial levels</li> <li>- Need to better understand cross-border interaction/interface norms and practices to find viable solutions</li> <li>- Capacity of institutions at the sub-national level that deal with CBTA</li> <li>- Solutions should be considered by products and by border types</li> <li>- The person in-charge working at the borders don't understand what the CBTA is</li> <li>- CBTA has been applied in some parts of the borders but not properly implemented</li> <li>- Sharing CBTA implementation: the implementer does not understand the document</li> <li>- Basic infrastructure should be added to balance the regulation process</li> <li>- Improve the ability of dealing with the contract farming</li> <li>- Necessary improvement should be on training, technology, facilities/logistics proved in order to working together or integrate the GMS itself to the ASEAN</li> <li>- People-centered approach to CF should be strengthened</li> </ul>		<p>Policy Forum (will lead to a Capacity Development Action Plan)</p>		<p>ADB-GMS WG in Trade, ADB-GMS WG in Agriculture, ASEC, MI, ADB-GMS, Provincial Governors' Council, UNDP</p>



Constraints		Indicative Action		By whom
Category	Issue	Strategy	Action/Activity	
<b>3. Lack of Good Corporate Governance</b>	<ul style="list-style-type: none"> <li>- Government support for the stakeholders- need for intensive technical economic cooperation</li> <li>- Increase farmers' awareness on CF provisions</li> <li>- CF arrangements should be informed to farmers</li> <li>- Government support for the stakeholders (working condition of the farmers)</li> <li>- Transparency</li> <li>- Involve farmers in drafting and signing of CF</li> <li>- Educate/inform farmers about contents of CF</li> <li>- Greater understanding of CF</li> <li>- Better governance</li> <li>- Unequal price</li> <li>- Improve the ability of farmers to deal with CF</li> <li>- Enforcement of CF penalty</li> <li>- People-centered approach to CF be strengthened</li> <li>- Area-based production planning</li> <li>- Area-based CF vs. legal issues</li> <li>- CF not lead to ownership</li> <li>- No contract farming</li> </ul>	<ul style="list-style-type: none"> <li>- Work with business associations</li> <li>- Work with community-based group</li> <li>- Work with provincial/local government</li> <li>- Promote corporate social responsibility</li> </ul>	Multi-stakeholders dialogue (CF companies, government authorities, farmer groups)	MI, TICA, GIZ, ADB, FAO
<b>4. Weak Public Participation in CF Initiatives</b>	<ul style="list-style-type: none"> <li>- Farmers not aware of CF and sectoral initiatives on it</li> <li>- Promote local/provincial participation</li> <li>- Strengthen people-centered approach to CF</li> </ul>			

Constraints		Indicative Action		By whom
Category	Issue	Strategy	Action/Activity	
		The group agreed that the activities proposed above to address the first 3 issues/constraints will automatically address Issue #4.		
5. Lack of implementation and supervising mechanism for farmers' welfare	Issue from single participant			
6. Need for people-centered trade development	Issue from single participant			

Constraints		Indicative Action		By whom
Category	Issue	Strategy	Action/Activity	
<b>Good Agricultural Practices</b>				
<b>1. Lack of awareness on GAP among stakeholders</b>	<ul style="list-style-type: none"> <li>- Lack of government officials' capacity at local and provincial level</li> <li>- Farmers don't understand environmental awareness</li> <li>- Global GAP is already available and implemented, now we have to determine the national GAP and it should be available not only at national level and therefore it should have the participatory at local and provincial levels</li> <li>- There is no GAP system in developing countries</li> <li>- Should have the guide how to implement GAP</li> </ul>	Multi-stakeholder inclusive approach (to address both issues 1 and 2)	<b>Producers</b> Skills training for local and foreign workers	UNCTAD, GIZ, ILO, RFAMW, TICA, MI, Academic Institutions
			<b>2. Lack of government support to implement GAP</b>  (changed to "Lack of skills among stakeholders" during the 2 <sup>nd</sup>	<ul style="list-style-type: none"> <li>- Lack of institutional arrangements to implement national GAP</li> <li>- Lack of monitoring and supervisory mechanisms</li> <li>- Legal standards and framework to monitor and supervisory mechanism on agriculture work</li> </ul>
			<b>Traders</b> Increase awareness on good business practices/quality control	UNCTAD, IF-OAM, FAO, GIZ, TICA, MI, JICA

**3.3.3 Lead Discussant Paper**

# ***Additional Information on Issues and Challenges Related to Cross-Border Contract Farming and Implementation of ASEAN-GAP to Enhance International Competitiveness***

Prospects for Human Resources Development and Capacity Building for CLMV/GMS Countries in the Context of the ASEAN Economic Community 2015

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12-13 July 2011

## Introduction

1. Governments in Southeast Asia have joined together to organize political-economic, trade, and development groupings to facilitate regionalization mechanisms that capitalize on cross-border comparative advantage, and mobilize synergies, while aiming to narrow the development gap among states and reduce poverty and socio-economic disparities in the region. These regional and Subregional groupings have raised awareness of the potential of collective political-economic action at the global level and drawn attention to mutual benefits possible from regional cooperation.

2. The Association of Southeast Asian Nations (ASEAN), Greater Mekong Subregion (GMS), Brunei Darussalam-Indonesia-Malaysia-Philippines East Asia Growth Area (BIMP-EAGA), Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and Shanghai Cooperation Organization (SCO) recently have gained credibility among member governments, the business sector, and peoples in the region. At times, the groupings have provided a moderating influence in dealing with contentious regional and subregional political-economic issues. They provide forums for discussing issues related to cross-border and regional trade, regional economic and financial cooperation, agricultural development, and natural resources and environmental management. They also have provided an opportunity for dialogue on emerging international agricultural development issues such as cross-border contract farming, food safety, biosafety, sanitary and phytosanitary (SPS) measures, and high priority health and livestock disease situations.

3. In pursuit of economic integration and regional development, ASEAN has created the ASEAN Economic Community (AEC) with four characteristics:

- a single market and production base
- a region of equitable economic development
- a highly competitive economic region
- a region fully integrated into the global economy

4. In the context of the single market production base, emphasis is placed on the integration of five core elements, namely:

- free flow of goods
- freer flow of capital
- free flow of services
- free flow of skilled labor
- free flow of investment

5. In addition, the single market production base includes two important components, namely: (i) the five priority core elements of integration; and, (ii) food, agriculture, and forestry. The Blueprint for the AEC adopted in 2007 by ASEAN leaders consists of 17 core elements and 154 actions with clear targets and timelines.

6. In the context of the AEC, four of the 12 priority sectors for integration endorsed by ASEAN leaders are related to agriculture (marked with \*):

- wood-based products\*
- automotives
- textiles and apparels
- tourism
- rubber-based products\*
- agro-based products\*
- fisheries\*
- logistics
- electronics
- e-ASEAN/ICT
- healthcare
- air travel

## Trade Liberalization and Macroeconomic Implications

7. The ASEAN Free Trade Area (AFTA) that became effective in January 2010 allows trade among most ASEAN countries at a zero tax rate until 2015. Cambodia, Lao PDR, Myanmar and Vietnam have had extensions. Given the customary political and economic sensitivity to unhindered flows of food and agricultural products across subregional national borders, non-tariff barriers to trade (NTB) have emerged and are being imposed increasingly rigorously. NTBs include SPS measures, science-based technical requirements, labeling, standards, and testing. This outcome is likely to delay further integration since NTBs are not as transparent as tariffs. In addition, the increased number of bilateral trade agreements among ASEAN nations could result in conflict and confusion in the absence of a common framework.

8. In this macroeconomic context and simultaneously with developments elsewhere in East Asia and globally, several additional factors are emerging that will serve as drivers of change with impacts on cross-border contract farming and prospects for human resources development and capacity building for CLMV/GMS countries, namely:

- **Transport corridors** have been developed particularly in the GMS that facilitate the movement of goods, services, and people throughout the region. Between 2000 and 2007, GMS countries increased imports of fresh produce, perishable and shorter shelf-life products among themselves while increasing exports outside of the GMS. <sup>(1)</sup> Similar transport corridors are planned for the BIMP-EAGA and IMT-GT.
- **Climate change:** Based on a recent ADB Study on the anticipated impacts of climate change conducted by IFPRI,<sup>(2)</sup> irrigated rice production in Southeast Asia may decline by some 17 percent, which when combined with the region's high susceptibility to natural disasters have the potential to threaten regional food security.
- **Food safety and agricultural competitiveness:** Several GMS member countries are major exporters of a diversity of high quality food and agricultural products, namely: grains, pulses, beans, tubers, tropical fruits, vegetables, aquaculture, processed meat, coffee, spices, and industrial crops (rubber, palm oil, sugar cane, coconuts). To protect domestic production of these commodities in the politically important farm sector, in the absence of tariffs, importing countries are expected to impose stronger non-tariff barriers to trade, with particular emphasis on bio-safety, with significant consequences for cross-border trade and the ability of CLMV countries to access global value chains.
- **Natural resources and biodiversity:** The need for improved management of natural resources is a critical driver of change in the GMS with implications for agro-economic development. Land degradation is a major problem and is becoming more serious; as much

1 GMS agricultural trade and facilitation study (incomplete draft report), Mandaluyong City, Philippines: Asian Development Bank, August 2009.

2 Building climate resilience in the agriculture sector of Asia and the Pacific, Mandaluyong City, Philippines: Asian Development Bank, 2009.

as 40 percent of all usable land in Thailand, and up to 33 percent in Viet Nam is degraded. (3) An increasing portion of the remaining forest cover consists of monoculture industrial tree plantations including rubber and exotic species such as Acacia, and Eucalyptus, which are poor hosts for indigenous biodiversity. In addition, the loss of cropland due to rapid urbanization and industrial development is a growing problem. Lower productivity from smaller land holdings is compounded by poor agricultural practices particularly among the poor and most vulnerable rural households and continuing large scale migration away from agriculture and rural areas. Although the GMS does not lack water, inadequate water supply systems restrict water availability.

- **Commercialized intensive agriculture:** The granting of large-scale agricultural land concessions for intensive farming (mega-projects) places additional pressure on natural resources and the environment. Natural landscapes are disturbed by artificial practices such as the permanent removal of natural vegetation, drainage improvement, soil degradation, and application of agricultural chemicals. Current examples of plantation agriculture in the GMS include rubber, oil palm, cassava, coffee, sugar cane, jatropha, and, industrial trees (usually for wood chips, pulp, and paper), most often in Cambodia, Lao PDR, and Myanmar. Some rural communities benefit from plantation agriculture through contract farming that transfers agricultural technology and creates off-farm income in rural areas. The number and size of land concessions being sought in the GMS is expected to rise over the short- and medium-terms, with expanded cultivation of food crops, cereal grains, and biofuel crops to meet global demand and meet food security needs.

### Challenges to Cross-Border Contract Farming

9. **Outmoded trade administration:** GMS governments have been identified as significant obstacles to trade. Private sector groups have for at least two decades (since the GMS program began in 1992) expressed their dissatisfaction with customs, immigration, vehicle and product processing, inspections, and paper-intensive clearance procedures. Although the Cross-border Transport Agreement (CBTA), signed by some GMS countries as long ago as 1999, and operational since 2003, the ADB still is reporting in 2010:(4)

- CBTA provisions have not yet been incorporated into national laws and regulations;
- Insufficient ownership of the CBTA by Customs and other GMS government agencies;
- The need for strengthened coordination of the NTFC and Joint Committee for monitoring CBTA implementation;
- The ‘network effect’ has not been realized due to the limited number of routes and low traffic volume;
- A lack of active participation by the GMS private sector; and,
- The need for significant capacity building for CBTA implementation at central and provincial levels and at the borders.

3 Greater Mekong Environment Outlook, 2007. Nairobi: UNEP, 2009; accessed at website: <http://www.rrcap.unep.org/pub/eo/gmeo07/index.cfm>

4 Implementation of GMS Cross-Border Transport Agreement (CBTA), Yushu Feng, Senior Regional Cooperation Economist, Asian Development Bank, 27 May 2010; website: [cleanairinitiative.org/portal/system/files/presentations/ADB\\_Yushu\\_Feng\\_-\\_CBTA\\_Implementation.pdf](http://cleanairinitiative.org/portal/system/files/presentations/ADB_Yushu_Feng_-_CBTA_Implementation.pdf) ;accessed on 29 June 2011.

**10. Non-tariff barriers to trade:** The WTO defines NTBs as obstacles to trade that are set up through formal or informal measures, regulations or practices, and not by tariffs. They obstruct trade since they increase the trading cost or frustrate it completely. Examples are: Sanitary and Phytosanitary (SPS) measures, technical barriers to trade (TBT), price or quantity control measures, among others. There are several groupings of NTBs, including:

- Price control measures
- Para-tariff measures
- Anti-competitive measures
- Trade-related investment measures
- Restriction on post-sales services
- Government procurement restrictions
- Quality control measures
- Finance measures
- Export related measures
- Distribution restrictions
- Subsidies
- Intellectual property
- Rules of origin

11. Member countries of the WTO are obligated to put in place appropriate mechanisms to implement SPS measures. These food safety related measures have upstream linkages to pre- and post-harvest production technology at the farm level, and downstream linkages to traders, transporters, and primary processors. In addition, global food quality standards continue to be strengthened that may constrain trade but that also may stimulate change in international agricultural development.

**12. Competitiveness:** Competitiveness is seen as an important driver of change in the agriculture sector of the GMS. The competitiveness of food and agricultural products in global markets will be influenced not only by price, but biosafety, carbon neutrality, and genetic composition. In addition, chemical free production, using carbon neutral composting and Integrated Pest Management (IPM), including biological control will be linked to global competitiveness. It is likely that many consumers, particularly those in Europe and Japan, will continue to be hesitant to use genetically modified (GM) food and agricultural products. At the same time, global consumption of organic and natural products is expected to continue to increase. For agriculture in the GMS, this provides an opportunity to build on the Subregion's existing comparative advantage as a global source of natural products including non-timber forest products (NTFPs) and a rich genetic reservoir derived from significant healthy biological diversity.

**13. Productivity:** Linked to competitiveness are required increases in productivity and reduction in production costs required to adapt to climate change. Factors critical to increasing productivity will include adoption of technologies related to Good Agricultural Practices (GAP) and renewable rural energy (RRE); improved soils, land, and water management; pre- and post-harvest handling and household- and community-based value-added processing (drying, sorting, grading); organization of producer groups and associations to cluster (defragment) production; and, the education of not only farmers, but also traders, processors, and small- and medium-scale enterprises (SMEs) in price and quality stratification for food and agricultural products.



- 14. Climate change:** Climate change also is expected to be a major driver of change, with critical implications for agricultural development in the GMS. GMS producers will be obligated to adjust to changed climatic conditions by implementing adaptation measures: measures that will of necessity not be detrimental to their competitiveness in domestic, regional, and global markets. To thrive, GMS agriculture can use the climate change situation as an opportunity to become more resilient, and thereby more sustainable. If appropriate agricultural economic and fiscal policy measures are implemented, GMS production could be increasingly identified as being pro-climate change agriculture.

#### **ASEAN-GAP**

15. ASEAN-GAP <sup>(5)</sup> was developed by the ASEAN Secretariat (with member country representatives) and launched in 2006 as a standard for good agricultural practices during the production, harvesting and post-harvest handling of fresh fruits and vegetables in the ASEAN region. The purpose of ASEAN-GAP is to enhance the harmonization of national GAP programmes within the ASEAN region, fruit and vegetable safety for consumers, the sustainability of natural resources, and to facilitate regional and international trade of fruits and vegetables. The main requirements include:

- Food safety
- Environmental management
- Worker health, safety and welfare
- Produce quality

16. Since ASEAN-GAP aims to enhance harmonization of product standards and facilitate trade, opportunities exist for certified producers to increase exports of fresh fruits and vegetables to other ASEAN countries. For the less developed ASEAN countries an opportunity exists to use ASEAN-GAP as a benchmark for developing national GAPs. ASEAN-GAP includes implementation guidelines and training materials as well as a code of recommended practices. Member countries can benchmark their country's GAP programs against ASEAN-GAP to achieve harmonization.

17. The main constraint of ASEAN-GAP is that it only covers fresh fruits and vegetables. It does not cover products that present high risks to food safety such as fresh cuts. It is still a very new standard in a regional and international context. ASEAN-GAP is not a standard for certification of organic products or GMO-free products.

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<sup>5</sup> Liu, Pascal. A practical manual for producers and exporters from Asia: regulations, standards, and certification for agricultural exports. Trade and Markets Division, FAO, RAP Publication 2007/13. Rome: 2007.

## APPENDIX 4: Speaker and Lead Discussant Profiles

### Dr. Narongchai Akrasanee: Speaker, Day 1

**“Overview: From GMS to the ASEAN Economic Community: Implications for Regional Cooperation and Integration”**



Dr. Narongchai Akrasanee, former Minister of Commerce and Senator of Thailand, is the Chairman of the Steering Committee and a member of the Council of the Mekong Institute.

Moreover, Dr. Narongchai serves as the Chairman or director/advisor of several public institutions, including: National Economic and Social Development Board (NESDB), Board of Investment (BOI), Office of Knowledge Management and Development (OKMD), Thailand Development Research Institute (TDRI), Fiscal Policy Research Institute (FPRI), Khon Kaen University (KKU), and Pacific Trade and Development Conference (PAFTAD).

Dr. Narongchai was formerly an Insurance Commissioner and Chairman of the Export-Import Bank of Thailand. In the private sector, he is Chairman of the MFC Asset Management, PLC; the Brooker Group, PLC; and vice-chairman of Thai-German Products, PLC.

### Dr. Lothar Mahnke: Speaker, Day 1

**“HRD and Capacity Building in Promoting Regional Integration and Cooperation: The EU and GMS Experiences”**

Since 1998, Dr. Lothar Mahnke has been the Founder and Managing Director of Regionomica Asia Pte Ltd. in Singapore and Regionomica GmbH in Berlin/Germany. Regionomica is a private consultancy company working for various international regional development programmes, trainings on regional development, investment promotion and SME promotion. The main regional focus of Regionomica is in Vietnam, Indonesia, Philippines, Laos and Cambodia.



He worked in the German Chamber of Commerce and Industry; he then became the Managing Director of the German Regional Development Agency and also in an International Consultancy (Prognos, Switzerland). Since 1995, he managed projects and trainings in Southeast Asia for the German Development Cooperation (GTZ, InWEnt, GIZ), European Union and other international Institutions (ADB, UNDP) and for private companies.

He studied Economics, Economic Geography and Physics at Aachen University, Germany.

### **Ambassador Pradap Pibulsonggram: Speaker, Day 1**

#### **“Recent Developments on ASEAN Connectivity”**



Ambassador Pradap Pibulsonggram is presently the Thai Representative to the High Level Task Force on the Master Plan on ASEAN Connectivity. Aside from this, he is the Advisor to the Ministry of Foreign Affairs, the Corporate Adviser to the TEAM Consulting Engineering Group, and an Audit Committee Member at the Siam City Cement Public Company.

Previously, he has been the Ambassador Extraordinary and Plenipotentiary of Thailand to many countries, namely: Hungary, Croatia, Switzerland, Liechtenstein, Vatican, Italy, San Marino, Cyprus, Malta and Albania.

Aside from all the diplomatic positions he has garnered, he also was the Director-General of ASEAN Affairs (2000), and the Thai Representative in the High Level Task Force on ASEAN Charter (2008).

Ambassador Pradap earned his Bachelor Degree in Political Science from the University of Auckland, New Zealand, and in 1994, the National Defense College, Joint Public-Private Sector Class 7.

### **Dr. Suchat Katima: Speaker, Day 1**

#### **“Meeting Priority Challenges: Synergizing HRD and Capacity Building Initiatives within the GMS and AEC 2015 Framework for ASEAN Integration and Narrowing Development Gaps”**

Dr. Suchat Katima is currently the Director of Mekong Institute, an intergovernmental training institution with a mandate to promote regional development and cooperation in the GMS.

Prior to joining the Mekong Institute, Dr. Suchat worked with the Mekong River Commission, as Chief of Human Resource Development and Regional Capacity Building Manager. His previous experience includes managing a large emergency and rehabilitation project of the U.S State Department in the Sudan, Africa (1984 – 1986), coordinating Border Relief Operations of the United Nations on the Thai-Cambodian border (1991) and directing a USAID-funded development project in Cambodia (1993). Dr. Suchat has been working in the GMS countries in areas related to regional development and cooperation for over ten years.



Dr. Suchat earned his Bachelor Degree in Political Science from Fergusson College, Pune, India, a Master Degree in International Administration from School for International Training, Vermont, U.S.A and a Doctorate Degree in Education Management from Silliman University, the Philippines.

**Dr. Watcharas Leelawath: Lead Discussant, Day 1, Group 1**

**“Improving Mekong Countries’ Capacity to Implement Free Trade Agreements”**



Currently, Dr. Watcharas Leelawath is the Deputy Executive Director at the International Institute for Trade and Development (ITD). He is in charge of planning, supervising and conducting research projects, training programs and seminar activities. Before joining the ITD, he was the Assistant Professor of Economics at the University of Minnesota, Morris. He taught International Trade, International Finance and Macroeconomics.

In terms of research, he has been working in the fields of International Labor Migration, Human Development and Economic Integration such as Customs Union and Free Trade Arrangements.

Dr. Leelawath has extensive experience in managing and delivering training activities. He took part in the WTO Regional Seminar on Trade and Development in Bali (2008) and Bangkok (2009) as well as other ITD training activities jointly organized by ADB, ITC and Thailand International Development Cooperation Agency (TICA).

Dr. Leelawath received his Ph.D. in Economics from the University of Kansas, USA.

**Prof. Masaya Shiraishi: Lead Discussant, Day 1, Group 2**

**“Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains”**

Prof. Masaya Shiraishi is currently teaching International Relations in the Asia-Pacific Region and Area Studies on Mainland Southeast Asia at Waseda University, Japan. He has been involved in various joint research projects on the Mekong Subregion, Indochina and Vietnam. He was associate professor at Osaka University of Foreign Studies (Thai-Vietnamese Department), visiting researcher at University of Paris 7, and Professor at Yokohama City University (International Relations Department) before joining Waseda Graduate School in 1999.



His major publications in English are: *Japanese Relations with Vietnam: 1951-1987* (Cornell University, 1990); “The Background to the Formation of the Tran Trong Kim Cabinet in April 1945” in Takashi Shiraishi & Motoo Furuta eds. *Indochina in the 1940s and 1950s* (Cornell University, 1992); “Japan and the Reconstruction of Indochina” in Guy Faure ed., *New Dynamics between China and Japan in Asia*, World Scientific Publishing (Singapore), 2010; etc..

He was educated as a political scientist and historian at the University of Tokyo (BA, MA and Doctor) and Cornell University (MA).

**Dr. Masato Abe: Lead Discussant, Day 1, Group 2**

**“Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains”**



Dr. Masato Abe is currently Economic Affairs Officer in the Private Sector and Development Section, Trade and Investment Division at the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok. He is also a research fellow at Thammasat Business School at Thammasat University, Bangkok.

He has extensive experience in enterprise development with special emphasis on the SME sector and supply chain management in Asia and the Pacific. Prior to joining the UNESCAP, he was Finance Officer for the United Nations assistance to the Khmer Rouge Trials (UNAKRT) and Strategic Planner for Apple Computer in the 1990s.

He holds a B.A. in economics from Fukushima University, an MBA from Emory University in Atlanta, Georgia, and a Ph.D. in marketing from Thammasat University, Bangkok.

**Dr. Anthony M. Zola: Lead Discussant, Day 1, Group 3**

**“Improving Cross-Border Facilitation and Implementing ASEAN Good Agricultural Practices for Mekong Countries”**

Dr. Anthony Zola is a senior researcher with the Mekong Environment and Resources Institute (MERI), as well as a consultant and contractor to several international organizations and global corporations. Having lived and worked in Thailand and Laos since 1970, he has extensive experience throughout the Greater Mekong Subregion (GMS), as well as in South Asia, the South Pacific, and West Africa.



Since 1972, Dr. Zola has worked as a consultant to the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), World Bank, Asian Development Bank, International Fund for Agricultural Development (IFAD) UNDP, FAO, USAID, Swedish, Danish, Lao, and Thai governments, as well as numerous private corporate and non-profit clients, on projects related to agricultural and agribusiness development in the GMS. He specializes in formulating and executing projects related to smallholder contract farming, upland and commercial agricultural development, agri-business investments, and cross-border agricultural production supply chains.

Dr. Zola holds a graduate degree in economics from the Maxwell School, Syracuse University, New York; an undergraduate degree in international affairs from the Elliott School, George Washington University, Washington, DC and received a certificate in French Civilization from the University of Paris, Sorbonne.

**Mr. Oudet Souvannavong: Lead Discussant, Day 2, Group 1**

**“Improving Mekong Countries’ Capacity to Implement Free Trade Agreements”**



Currently, Mr. Souvannavong is the Secretary-General of the GMS Business Forum. He is also a Council Member of the ASEAN Business Advisory Council (ASEAN BAC), and the Vice-President of the ASEAN Chamber Of Commerce and Industry.

Moreover, he is also the Deputy Chairman of the ASEAN Tourism Association (ASENTA) and the Vice-President of the ASEAN Hotel & Restaurant Association (AHRA). In Laos, he is currently the Vice-President of the Lao National Chamber of Commerce and Industry (LNCCI) – Chair of the Foreign Relation Commission. Also, he is the President of the Lao Hotel & Restaurant Association. (LHRA)

In his line of business, he is the Director of the Area Development Office for Lao PDR, Best Western International Hotels; and he is the Executive Vice-President of the Best Western Vientiane Hotel.

**Dr. Rattanatay Luanglatbandith: Lead Discussant, Day 2, Group 2**

**“Integrating SMEs of Mekong Countries into ASEAN and Global Value Chains”**

Dr. Rattanatay is a Regional Economist at the Asian Development Bank (ADB), Thailand Resident Mission. Previously, he was a team member of the GMS Trade and Transport Facilitation Program with a focus on value chain studies and business support. Dr. Rattanatay also worked in ADB Lao Resident Mission as a Senior Economic Officer. He has extensive experience in preparing country strategy and programs; preparing country performance assessments; and thematic works in economics, finance, governance, trade, regional cooperation and poverty.



He worked for State Statistical Center of Lao PDR (1983-91). After that, he worked as tutor, consultant and research assistant mostly on demographic and census analysis at Lao Census Office, ADB and ANU (1993-1998). From 1999 to 2000, he worked for consultants on social environment impacts of hydro-power projects and rural development employed by SEATEC International Ltd, World Bank, FAO etc. He also worked as a socio-economic consultant for ADB loan program on environment (2000-2001). Based on his experience as consultant and socio-economist; he attended many missions and international conferences and published many papers on populations, impact evaluation of rural development, and impact of economic corridors mostly in GMS regions.

He studied Economics and Statistics at Patna University, India and received his MA and PhD in Demography from the Australian National University.

**Mr. Rony Soerakoesoemah: Lead Discussant, Day 2, Group 3**

**“Improving Cross-Border Facilitation and Implementing ASEAN Good Agricultural Practices for Mekong Countries”**



Mr. Rony is Head of the Initiative for ASEAN Integration & Narrowing the Development Gap Division of the ASEAN Economic Community Department at the ASEAN Secretariat.

He joined the ASEAN Secretariat in Jakarta in 1997 and worked in the area of cooperation in food, agriculture and forestry; finance; minerals; standards and conformance, and external economic relations (FTAs) before taking on his current portfolio of Subregional cooperation and efforts to narrow the development gap in ASEAN.

Previously, he worked in the banking sector for 8 years, specializing in commercial loans and money-market products.

An Indonesian, Mr. Rony received a B.S. in economics and political science from the University of Oregon and an MBA in finance and management from the University of Missouri.

## APPENDIX 5: Directory of Delegates

Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<b>SPEAKERS</b>			
<b>1. Dr. Narongchai Akrasanee</b>	Chairman of the Board, MFC Asset Management Plc., Thailand	Wealth management	Tel: +66 22613792 Email: seranee@samart.co.th Seranee Holding Co., Ltd. 32 fl. , P.S. Tower, Asoke Rod., Klongton, Bangkok 10110 THAILAND
<b>2. Dr. Suchat Katima</b>	Director, Mekong Institute	Capacity development for regional cooperation and integration	Mobile: + 66 86 665 7774 Tel. : + 66 43 202 411 ext. 107 Fax : + 66 43 343 131 Email: suchat@mekonginstitute.org Mekong Institute (Headquarter), 123 Khon Kaen University Mittraphap Rd., Muang District, Khon Kaen 40002, THAILAND
<b>3. Dr. Lothar Mahnke</b>	Managing Director, Regionomica Asia Pte Ltd.	Regional economic development	Mobile: +49 151 15124456 Tel. +49 30 28 44 49 15 Fax +49 30 28 44 49 17 E-Mail: mahnke@regionomica.com Regionomica Asia Pte Ltd., 25 International Business Park , #04-64 German Center, SINGAPORE 609916
<b>4. Ambassador Pradap Pibulsonggram</b>	Thai Representative, High Level Task Force on ASEAN Connectivity	Regional connectivity	Mobile: + 66 81 423 1331 Tel: + 66 2 509 9000 Email: pradapp@hotmail.com 151 Nuan Chan Road, Nuan Chan, Bueng Kum, Bangkok 10230 THAILAND



Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<b>LEAD DISCUSSANTS</b>			
<b>5. Dr. Masato Abe</b>	Economic Affairs Officer, Private Sector and Development Section Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)	Thai-Japanese Trade, Investment and Industry Promotion	Mobile: +66 81 131 1550 Tel: +66 2 288 1483 Email: abem@un.org UN Building, Trade and Investment Division, Floor 4, Block B, Ratchadamnoen, Nok Avenue, Bangkok 10200, THAILAND
<b>6. Dr. Watcharas Leelawath</b>	Deputy Executive Director, The International Institute for Trade and Development (ITD)	International Trade, Finance, Treasury, Investment, Development and other related issues	Mobile: +66 8 9500 4196 Tel: +66 2216 1894-7 Email: watcharas@itd.or.th International Institute for Trade and Development (ITD) 8th Floor, Vidhayabhathana Bldg., Chulalongkorn University, Chula Soi 12, Phayathai Rd., Bangkok 10330. THAILAND
<b>7. Mr. Rattanatay Luanglatbandith</b>	Regional Economist, Thailand Resident Mission, Asian Development Bank (ADB)	All sectors for poverty reduction	Tel: + 66 2 263 5345 Fax: + 66 2 263 5301 Email: rluanglatbandith@adb.org ADB Thailand Resident Mission, 23rd Floor, The Offices at Central World , 999/9 Rama1 Road, Pathumwan, Bangkok, 10330, THAILAND

Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<p><b>8. Dr. Masaya Shiraishi</b></p>	<p>Professor, Graduate School of Asia-Pacific Studies Waseda University</p>	<p>Regional Cooperation and Transactions in the fields of politics, diplomacy, economy, business, environ- ment, information, culture, human resource develop- ment, security etc. in Asia-Pacific.</p>	<p>Tel: +81 3 5286 9815 Email: msap@waseda.jp Prof. Masaya Shiraishi Graduate School of Asia-Pacific Studies, Waseda University, 1-21-1 Nishi-Waseda, Shinjuku-ku, Tokyo 169-0051 JAPAN</p>
<p><b>9. Mr. Moehamad Ruhimat "Rony" Soerakoesoemah</b></p>	<p>Head of IAI &amp; NDG Division, ASEAN Economic Community Department, ASEC</p>	<p>Economic Integration</p>	<p>Mobile: +62 8129953371 Tel: +6221 726 2991 ext 357  Email: rony@asean.org ASEAN Secretariat, 70A Jl. Sisingamangaraja Jakarta 12110, INDONESIA</p>
<p><b>10. Mr. Oudet Souvannavong</b></p>	<p>Secretary General, GMS Business Forum</p>	<p>Cross-border trade and investment</p>	<p>Tel: +856 21 720437 Fax: +856 21 720438 Email: oudet.souvannavong@gmail.com Kayson Phomvihane Ave., Phonphano Village, Saysettha District, Vientiane Capital, LAO PDR</p>
<p><b>11. Dr. Antony Zola</b></p>	<p>Senior Researcher, Mekong Environment and Resources Institute (MERI)</p>	<p>Natural resources policy analysis</p>	<p>Mobile: +66 89 206 9377 Tel: +66 2152 2348 E-mail: zolaam@gmail.com Mr. Anthony M. Zola, P.O. Box 42, Thanyaburi Pathum Thani 12110, THAILAND</p>

Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<b>DELEGATES</b>			
<b>12. Dr. Yaowalak Apichatvullop</b>	Director, Center for Research on Plurality in the Mekong Region Faculty of Humanities and Social Sciences, Khon Kaen University	Research on pluralistic societies in the Mekong Region	Mobile: +66 81-5452023 Tel: +66 4320 3215 Email: yaoapi@kku.ac.th Center for Research on Plurality in the Mekong Region Faculty of Humanities and Social Sciences, Khon Kaen University 123 Mittraparp Highway, Khon Kaen THAILAND 40002
<b>13. Mr. Yoshito Asano</b>	Director, Public Relation Department Japan External Trade Organization (JETRO)	Thai-Japanese trade, investment and industry promotion	Mobile: +66 81 627 2107 Tel: +66 2 253 6441 5 ext. 148 Email: yoshito_asano@jetro.go.jp Nantawan Bldg., 16th Fl. 161 Rajdamri Road Patumwan, Bangkok 10330
<b>14. Mr. Winston Set Aung</b>	Director, Asia Development Research Institute, Asia Language and Business Academy Yangon Institute of Economics	Migration, Trade, Investment, Cross-border Movements, Rural Development	Mobile: +959 5107158 Tel: +951 384055 Email: winston.set@gmail.com No. 66, Shwedagon Pagoda Road, Dagon Township, Yangon, MYANMAR
<b>15. Ms. Dipa Singh Bagai</b>	Capacity Development Advisor, United Nations Development Programme (UNDP)	Poverty Reduction and Governance	Mobile: +66 89 200 4926 Tel: +66 2 288 2143 Email: dipa.bagai@undp.org UNDP Asia-Pacific Regional Centre, 3rd Floor, UN Service Building, Rajdamnern Nok Avenue, Bangkok, THAILAND 10200

Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<b>16. Mr. Santi Baran</b>	Integrated Capacity Building Programme Planning, Monitoring and Communication Programme Officer, Mekong River Commission Secretariat (MRC)	Integrated Water Resources Management	Mobile: +85620 56391188 Tel: +85621 263263 Email: santi@mrcmekong.org P.O Box 4569 Vientiane LAO PDR
<b>17. Dr. Mario M. Barblan</b>	Assoc. Professor-Visiting Faculty, Department of Hotel & Tourism Management, Faculty of Management Science, Khon Kaen University	Regional development	Mobile: +66 89 651 1795 Tel: +66 4320 2401 Email: mario@barblan.ch 123 Mithraphap Rd., Muang District, Khon Kaen 40002, THAILAND
<b>18. Ms. Omsin Boonlert</b>	Advocacy & Capacity Building Officer, Mekong Migration Network (MMN)	Migration	Mobile: +66 86 923 8313 Tel: +66 53 328 298 Email: plaii@mekongmigration.org Ms. Omsin Boonlert 63/30, Moo8, U-mong, Soi 4, Suthep Road, Muang Chiang Mai, 50200, P.O. Box 153, Chiangmai University, Muang Chiang Mai 50200, THAILAND
<b>19. Mr. Acksiri Buranasiri</b>	President, Neighbouring Countries Economic Development Cooperation Agency (NEDA)	Economic Development and Cooperation	Mobile: +66 81 642 9499 Tel: +66 2 617 7676 ext. 103 Email: acksirib@neda.or.th 14 <sup>th</sup> Fl., Suntime Bldg. A 123 Vibhavadi-Rangsit Rd., Chatuchak, Bangkok, Thailand, 10900

Name	Position, Organization	Sectoral Focus Of Organization	Contact Details
<b>20. Dr. Ngin Chanrith</b>	Lecturer and Director, Graduate Programs in Development Studies Royal University of Phnom Penh (RUPP)	Community development, migration, SMEs, local governance, natural resource management	Mobile: +855 11 61 6437 Email: chanrith@rupp.edu.kh Room 216A, Main Campus, Russian Blvd., Phnom Penh, CAMBODIA
<b>21. Ms. Julie J. Chung</b>	Economic Counsellor, U.S. Embassy Bangkok	Various	Mobile: +66 81 257 4823 Tel: +66 2 205 4726 Email: chungjj@sate.gov 120 - 122 Wireless Road and 95 Wireless Road in Bangkok, THAILAND
<b>22. Ms. Duangnarumol Dokruk</b>	Manager, Information and Knowledge Management Department Asia-Pacific Development Center on Disability (APCD)	International Training for Persons with Disabilities (PWDs)	Tel: +66 2 354 7505 Email: duangnarumol@apcdfoundation.org APCD Building, 255 Rajvithi Road, Khet Rajthevi, Bangkok 10400 THAILAND
<b>23. Ms. Chutima Duangpanich</b>	Assistant to Logistics Project, Public Relation Department Japan External Trade Organization (JETRO)	Thai-Japanese Trade, Investment and Industry Promotion	Mobile: +66 81 700 5438 Tel: +66 2 253 6441 5 ext. 148 Email: Chutima_d@jetro.go.jp Nantawan Bldg., 16th Fl. 161 Rajdamri Road Patumwan, Bangkok 10330 THAILAND
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## APPENDIX 6: About the Mekong Institute



**The Mekong Institute (MI)** is an inter-governmental organization with a residential learning facility located on the campus of Khon Kaen University in northeastern Thailand. It serves the countries of the Greater Mekong Subregion (GMS), namely, Cambodia, Lao P.D.R., Myanmar, Thailand, Vietnam, Yunnan Province and Guangxi Zhuang Autonomous Region of PR. China.

MI is the only GMS-based development learning institute, founded by the six GMS Governments, offering standard and on-demand human resource development programs with focus on regional cooperation and integration issues.

MI's learning programs and services cater to the capacity building needs of current and future GMS leaders and policy makers on issues of: rural development for sustainable livelihoods, trade and investment facilitation, human migration and care. Regional cooperation and good governance serve as cross cutting themes for all programs.



### 1. Rural development for sustainable livelihoods

- Agriculture value chains
- Natural resource management
- Climate change and disaster risk reduction
- Food Security and sufficiency
- Productivity and post harvest support

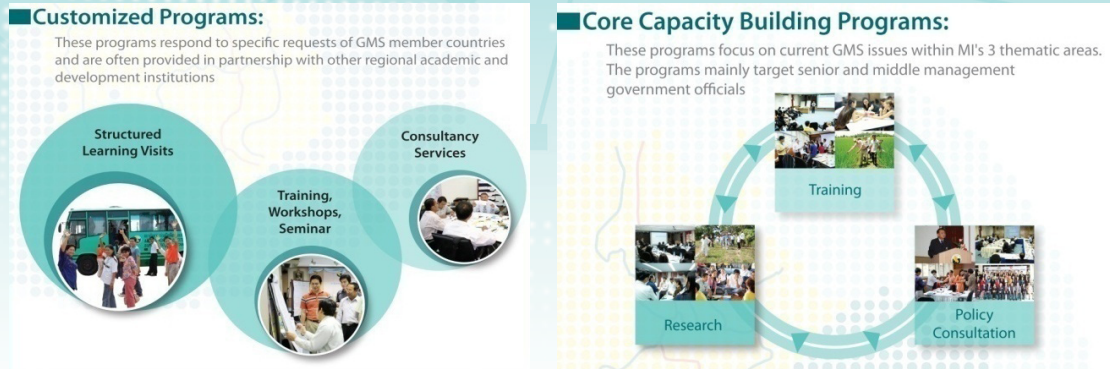
### 2. Trade and Investment Facilitation

- SME clusters, business to business and export networking
- Trade and Investment promotion in Economic Corridors
- CBTA and logistics
- Public-Private Partnerships
- Leadership in competitive enterprises

### 3. Human Migration and Care

- Safe migration
- Labor migration management
- Harmonization of migration policies and procedures
- Mutual recognition arrangement for education, training and skill standard

## MI Products and Services



- The Professional Development Series is a set of learning courses in MI's thematic areas which are offered annually
- The Customized Learning Courses, workshops and structured learning visits are tailored to meet needs of individual clients
- MI offers GMS-focused research, fora and symposia in response to pressing subregional issues
- MI holds regional workshops, meetings, seminars and policy consultation on issues related to MI's three thematic areas
- Consultancy services are available on GMS cooperation and integration activities.

## MI Resource Pool

MI currently has a professional staff of 32 with representation from all six GMS countries and specialists from Australia, India and the Philippines.

MI has built up a large pool of external resource persons and subject experts. These resource persons work with MI team to deliver training programs and research services in their respective fields of expertise.

## MI Partners

MI funding partners include: Governments of the GMS, the New Zealand AID Programme, Government of Japan and Germany and other donor organizations including the ADB and UNESCO. MI also works in partnership with national and regional institutes and organization such as GMS Business Forum, The International Institute for Trade and Development (ITD), Mekong Migration Network and the Mekong River Commission, to jointly design and deliver programs.



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