

Cambodia New Vision

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**KEYNOTE ADDRESS BY SAMDECH PRIME MINISTER HUN SEN ON
“THE GREATER MEKONG SUBREGION: POLITICAL AND SECURITY IMPLICATIONS FOR ASEAN”
AT THE INTERNATIONAL CONFERENCE AT HOTEL SOFITEL CAMBODIANA, PHNOM PENH, JULY 6, 1999**



On July 14, 1999, at the inauguration of the National Routes 6 & 7 at Tros bridge, Batheay district of Kampong Cham province, Samdech Prime Minister Hun Sen pointed out “... I would like to praise and thank Japanese and Cambodian engineers, technicians, and workers for their great effort to successfully construct roads and bridges — National Routes 6 & 7... Road and bridge are a way... Cambodians use “way “ to refer to roads and bridges. The word “way“ means hope and life... If we have peace, yet roads, there remain difficulties for development... The new achievement(roads and bridges) scored today can be referred as to provide and/or raise salary to our people, and will help generate more income for labor force, production and services...”

Keynote Address...
“The Greater Mekong
Subregion: Political and
Security Implications
for ASEAN...”

“... It is a great honor for me to be invited to address the closing session of this important international conference in order to share with you, distinguished participants, my views and vision with regard to the cooperation in the Greater

Mekong Subregion (GMS). First of all, I must congratulate the Cambodian Institute for Cooperation and Peace (CICP) for organizing this useful international conference. CICP has played a crucial role in promoting discussions and exchange of ideas, views and information on many issues related to regional development and cooperation.

This conference is the testimony of these noble efforts. I

would also like to take this opportunity to express my profound gratitude to the Friedrich-Ebert-Stiftung for sponsoring this conference.

I think this conference is organized in a very timely manner. In less than six months, we will enter the 21st century, which marks the beginning of a new millenium. We are making active preparations to be ushered into a new era.

The preparations for the 21st century of the new millenium require from us a new vision, which will create a new image for the whole Greater Mekong Subregion.

I wish to take this opportunity to humbly share with all of you some ideas on this particular topic.

The GMS, comprised of five ASEAN members—Cambodia, the Lao People's Democratic Republic, Myanmar, Thailand and Vietnam—, and the Yunnan Province of the People's Republic of China (PRC), is a region with great potentials for economic growth and development. This huge region covers approximately 2.3 million square kilometers and is populated by some 237 million inhabitants, according to the statistics in 1996.

Apart from sharing common borders, countries in this region are linked by common histories and cultures and religions. Most importantly, however, the peoples

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of all these countries make their living from the same source, the famous Mekong River. The histories and livelihoods of the people in this region are more or less linked to the Mekong River. We all drink water from the same source.

Moreover, the GMS countries are endowed with both precious natural resources and energetic, skilled and dedicated human capital.

The Mekong River provides great potentials for power and sources of invaluable natural resources.

The GMS is rich in terms of agriculture, forestry and fisheries, and is renowned for its historical monuments, forests, mountains and lakes with beautiful scenery, the most important attractions to international tourists.

In this sense, the GMS comprises countries with complementary endowments in terms of natural resources, human capital and historical sites. Should they have adequate capital and make wise investment, this subregion could generate rapid, sustainable economic growth.

Having seen these potentials, we should be optimistic about the bright future of this Greater Subregion. It is my conviction that the GMS in the 21st century of the new millenium should share three main features:

The first feature is the transformation of a region, stricken by internal conflicts and instability, to an oasis of peace, security, stability and cooperation.

There is a wealth of evidences, which attests to the fact that we have achieved much progress in this endeavor. If we look beyond the GMS, we can see that the vision of a united Southeast Asia has become a reality with the accomplishment of the ASEAN-10 before the beginning of the new

millenium. We have put in place many viable mechanisms to foster consultations and strengthen security, political and economic cooperation.

The backbone of these mechanisms is the ASEAN Regional Forum (ARF), which attracts attention and participation of the major players and superpowers in pursuit of "preventive diplomacy" and consultations aimed at strengthening security, peace and regional cooperation.

Moreover, the concept of cooperation in the GMS is another important mechanism engaging China as a direct partner in the cooperation with other small, riparian countries. To this end, the GMS is a strategic gateway for Southeast Asia to China. Therefore, it is my understanding that strengthening regional cooperation is very important, for it represents the following major opportunities:

First, this cooperation will help us resolve outstanding issues of common concerns in the region through coordination and joint forces in the international arena to promote regional interests and through joint endeavors to reach the settlement of regional issues on the case-by-case basis.

Second, this kind of cooperation will provide us with opportunities to develop the region through joint efforts to implement development projects in many important areas, such as improvement and linkages of communication, transport, power and telecommunication networks, which link domestic markets of the GMS countries and expand further the regional markets.

Third, participating countries can act jointly to meet common, regional needs, such as investment promotion, technology development, human resources training, transfer of knowledge, know-how and expertise.

Moreover, the enhancement of

economic cooperation in the region through joint implementation of liberalization programs, aimed at fostering free movement of goods, services and factors of production, as well as the coordination of economic and financial policies, legal systems, standards and quality control, and the establishment of an information sharing network, and etc., will become a fundamental factor facilitating the process of regional economic integration. This will represent another opportunity for increasing economies of scale and enhance the comparative advantage of regional countries, through international competition and specialization.

The second feature is to transform a under-developed region into a comprehensive and sustainable development center. With the above potentials and major opportunities, many initiatives were launched with a view to developing this subregion. In 1957, with the assistance of the United Nations, the Mekong Committee (MC) was established by four downstream Mekong Basin countries—namely, Cambodia, Laos, Thailand and Vietnam—with a view to coordinating the management of water resources of the lower Mekong Basin. In 1995, this committee was transformed to the Mekong River Commission (MRC).

During the last few years, more and more attention has been given to the development of the Mekong subregion. In 1992, the Asian Development Bank (ADB) launched the initiative of promoting cooperation in the Greater Mekong Subregion, which comprises six riparian countries: five ASEAN states and the Yunnan Province of the People's Republic of China. Consultations between and among countries concerned resulted in the development of more than 100

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projects in seven important sectors, such as transport, power, telecommunications, tourism, environment, human resource development, trade and investment. Furthermore, many more projects were proposed by major donors in conjunction with countries in the region, such as Japan's Forum on the Comprehensive Development of Indochina, ASEAN-Mekong Basin Development Cooperation and a number of other projects.

These development projects cover many sectors and sub-sectors and require large-scaled investment to the extent that outstrips the capacity of the countries in the region. According to an ADB study, some USD 9 billion will be required to undertake only projects in transports and telecommunications. More funds will be needed to implement priority projects in environment, human resource development, trade, investment, tourism and institutional capacity building. Given these huge needs, the major challenge to promote development of the GMS countries is to identify investment sources. This challenge can be met through the strengthening of partnerships among and between regional countries and donors, especially the international and regional financial institutions.

In my view, first of all, the governments participating in this cooperation should establish a national list of priority projects, which are drawn from the framework of subregional development projects. Indeed, close coordination among parties concerned is required. I wish to take this opportunity to express my profound gratitude to the ADB for taking the lead in supporting the GMS cooperation projects. With this generous assistance, the first GMS road construction project, Phnom Penh-Ho Chi Minh City Road Improvement project, is expected to

begin soon.

We must recognize that the private sector will have a crucial role to play in implementing these development projects. The private sector should be considered as an engine for regional development. The private sector's financial resources, expertise, management skill and modern technology constitute necessary ingredients to create and accelerate the dynamism for growth and development in the region and in each country. Therefore, the top priority for all governments in the region is to engage the participation of the private sector into this important endeavor.

Another challenge to meet is the requirement for coordination between and among various GMS cooperation initiatives and projects. Most importantly is to ensure that all proposed cooperation projects and initiatives are complementary, rather than conflictive or competitive. These involve the initiative of closer cooperation within the Greater Mekong Subregion (the GMS initiative of ADB), Forum on the Comprehensive Development of Indochina, ASEAN-Mekong Basin Development Cooperation, the Mekong River Commission, AEM-MITI Economic and Industrial Cooperation Committee (AMEICC) and other schemes under the umbrella of the UNDP and other multilateral agencies. The crucial factor in this is to ensure effective coordination among cooperating countries with a view to maximizing the complementarities and ensuring the ownership of various projects and initiatives, rather than leave these projects and initiatives to the discretion of donors.

To this end, attention should be given to national and institutional capacity building at both national and subregional level. I wish to appeal to all donors to support and cooperate with us in this matter.

We should properly prioritize the GMS development projects, ensure a division of labor and mobilize our energy, resources and expertise to implement those agreed upon priority projects.

Should these development projects be implemented as planned, they will contribute to the alleviation of poverty, which continues to be part of the livelihoods of hundreds of millions of people in the GMS countries. **In this respect, the third feature of my vision is that the GMS in the 21st century would be characterized by the transition from a region stricken by poverty to a center of prosperity.** It is my conviction that the GMS deserves this and can materialize this aspiration.

Before the beginning of the new century, we have achieved peace and stability in the region and turned the GMS into the region of friendship and cooperation. Moreover, collectively the GMS countries have great potentials for economic growth and sustainable prosperity. Therefore, the key to ensuring the success in reaching this vision is to further strengthen and foster regional cooperation. Indeed, the regional financial crisis has posed serious challenges to the sustainability of economic growth and development in the region. Nevertheless, many countries have recovered from the crisis and succeeded in stabilizing their national currencies, ensuring the current account surplus and increasing their international reserves. Most of them expect to have positive growth in 1999. It is a good sign that the Asian economies will take off again in the next century.

I strongly believe that the vision of transforming the GMS and Southeast Asia into a center of prosperity in the 21st century can be materialized if we are really committed to achieve this objec-

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tive.

In this context, I strongly support the efforts to conduct a study to identify the directions of cooperation and development of the Greater Mekong Subregion for the next 20 to 25 years. We need a plan, which is realistic enough and focuses on identifying concrete projects with resource mobilization measures and investment programs. Having looked at the proposed projects, I urge to launch the initiative of establishing the "growth corridors" in the GMS.

This concept aims at developing the areas along the road network linking regional countries and turn them into agricultural, industrial, trade and investment development zones. The ADB has provided some funding for the regional road network. We should mobilize our energy and resources to develop other kinds of physical infrastructure, such as telecommunications, water supply and electricity, as well as other ancillary facilities and social and legal infrastructure in order to boost economic activities in the areas along this road network.

A study should be undertaken to gauge the possibility of establishing Special Economic Promotion Zones at the main border checkpoints. In so doing, we can transform the GMS into an "economic gateway" linking Southeast Asia to China, one of the main political and economic superpowers in this region. Notwithstanding the difficulties, Cambodia has actively participated and contributed to the materialization of the vision of fostering regional cooperation and development within both the ASEAN and GMS framework.

The uniquely historic, highly laudable and noteworthy accomplishment is the dismantling of the political and military organization of the Khmer Rouge, just shortly

after the formation of the new Royal Government. Cambodia is now an integrated, self-contained territory under one government, without separatists and rebels, for the first time in over many decades. This is crucial to the restoration of peace and stability for Cambodia and Cambodians, as well as for ASEAN and the GMS, which is the pre-requisite to sustainable development.

Moreover, with strong political will the Royal Government is implementing its policy platform and reform programs with a view to establishing a viable foundation for long-term economic growth and sustainable development. The key areas of the reform programs include the following:

1. Military and police demobilization and the public sector reform, including the reforms of the civil service and the judiciary, aimed at strengthening democracy, improving and increasing the efficiency of the public services, enhancing the rule of law and the respect for human rights;
2. Economic reform, focusing on maintaining macroeconomic stability, strengthening the banking and financial institutions, fiscal reform measures, ensuring a sound management of public property and increasing public investment in the area of physical and social infrastructure and human resource development;
3. Natural resource management and environmental protection, especially the forest sector reforms.

Through these reform programs, the RGC hopes to alleviate poverty and ensure social and economic progress for Cambodians from all walks of lives. The main pre-requisite to reach these objectives is to ensure proper and vigilant macroeconomic management.

Overall, the new RGC has accomplished considerable achievements strongly praised by both the Cambodian public and the international community.

The fruits of these reform programs will bring about progress and prosperity to the Cambodian people. These reforms will strengthen security, promote national reconciliation, peace and stability in the country and in the region, expand and foster economic, trade and investment activities, encourage cultural exchange and enhance relationships with neighboring countries, ASEAN and the GMS states.

I consider these efforts as Cambodia's concrete contribution to the building of peace, stability, progress and prosperity in ASEAN and the GMS. Cambodia is well prepared to participate actively in all initiatives in the regions within both ASEAN and the GMS framework. We must recognize that the regional and subregional cooperation is not the ultimate objectives of development, but the opportunities and necessary means to attain common progress and prosperity among neighboring countries in the region.

Cooperation can generate interests and reinforce trust among partners, the main factor contributing to peace and stability in the region. This will create a favorable environment for economic reforms, attracting investment, stimulating the transfer of technology, increasing productivity and ultimately ensuring sustainable economic growth.

In the end, this virtuous circle will help promote the upgrading of the livelihoods of people living in the GMS countries.../."