

IAI and the Sub-regions in Southeast Asia

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at the 3rd IAI Development Cooperation Forum*

ASEAN Secretariat, Jakarta, 19 October 2010

IAI and GMS

Background paper for ADB: 6th GMS
Development Dialogue, 22 July 2010

Same IAI and GMS goals: integration of
regional or sub-regional economy and
development of countries

Need for coordination and mutual
reinforcement

Reduction of duplication and waste

IAI and GMS

IAI, GMS slightly different in coverage:

IAI: CLMV integration with rest of ASEAN

GMS: CLMV integration with Thailand and southern China

But both striving for integration, connectivity

Why integration?

Attract investments from within and without

Generate jobs

Raise incomes

Reduce poverty

Increase competition

Improve efficiency and productivity

Wider choices for consumers

Lower transaction costs, reduce prices

CLMV: IAI and GMS

CLMV should be vanguard of integration;
benefits of open regional markets and of
external investments

Geographically contiguous by land

Experience of other regions: less advanced
countries benefit more from integration

Preparation for WTO membership

Needed: political conviction, capacity-building

CLMV: IAI and GMS

But CLMV keeps asking for delay:

ATIGA: tariffs, NTBs

FTAs with China, ROK, India

Lack of confidence? Lack of understanding?

Delay leads to delay in attracting investments
and enjoying other benefits of integration

Myth: CLMV backwardness retarding regional
economic integration

IAI and GMS

Actual division of labour – GMS and IAI:

GMS: infrastructure

IAI: HRD assistance by ASEAN-6 and DPs

But too slow and lack of internal coordination

Need for coordination and mutual support:
same goals

ADB/GMS consulted in drawing up Blueprint?

IAI and GMS

Little coordination, although need has started to be recognised (TOR for background paper)

No mutual attendance at meetings

No mutual consultation?

No mutual support?

Different ministers, officials deal with IAI and GMS

Coordination needed within IAI, at national level too

IAI Mid-term Review (2005)

IAI useful

But shortcomings:

- Coherence

- Duration

- English proficiency

- Participants' suitability

- Reporting practices

- Inter-agency coordination

- Coordination with other Mekong programmes

- Follow-through and implementation

IAI Mid-term Review

Not taken into account:

Differences among needs of CLMV

Use of local consultants

Sites of training projects

Investment climates

Impediments to trade, investments with ASEAN-6

Services: tourism, civil aviation

Environment, quality of urban life

Regional identity

Other AEC measures and benchmarks

IAI Mid-term Review Recommendations

Adjustments in project-selection criteria:

- Precise needs of CLMV

- Role in national development

- CLMV capacity for participation in ASEAN programmes

- Implementation and follow-through

IAI Mid-term Review Recommendations

Change in project categories:

Regional economic integration

Tourism

ICT

Energy

Investment climate

HRD

Poverty reduction and quality of life

General projects

IAI Mid-term Review Recommendations

Coordination strengthened:

Within Secretariat

Within and among CLMV

Among CLMV representatives in ASEAN sectoral bodies

Between CLMV and ASEAN-6

With ASEAN representatives in multilateral bodies and donor-countries

With other Mekong programmes

IAI Mid-term Review Recommendations

CLMV ownership:

involvement at every stage

contributions

CLMV: IAI and GMS

IAI, GMS should support CLMV efforts to carry out measures for AEC achievement, especially urgent, concrete commitments:

Customs: code of conduct, AHTN, single window

Transport: 1999 GMS Cross-Border Transport Agreement

Standards: assistance from GMS?

Regulations: harmonisation

Investment climate: competition policy, IPR

Services liberalisation

IAI and BIMP-EAGA

Indonesia and Philippines keep interjecting their remote, backward areas into IAI discussions

Originally driven by private sector

But policies still made in capitals: customs, immigration, air services, etc.

Chicken-or-egg situation in regional transport

IAI and IMT-GT

No CLMV involved

Driven by private sector

Policy framework

Moribund?

IAI and Sub-regions

Lessons to be learned by CLMV:

Benefits of integration

Importance of good climate for:

Investments

Sub-regional cooperation

Essential nature of national policies governing sub-regional cooperation

Need for coordination among infrastructure, HRD and national policies