

Mekong nations, Japan agree on industrialisation blueprint



An under-development port project at Myanmar's Dawei special economic zone. Japan on Monday struck an agreement with five countries along the Mekong River to help boost industrialization in the sub-region. (Bangkok Post photo)

Japan and the five Southeast Asian countries bordering the Mekong River adopted Monday a blueprint to boost industrialization in the sub-region.

The blueprint, known as the "Mekong Industrial Development Vision" got the thumbs-up during a meeting between Japan's Minister for Economy, Trade and Industry Yoichi Miyazawa and his counterparts from Thailand, Cambodia, Laos, Myanmar and Vietnam in Kuala Lumpur on the sidelines of the annual meeting of trade ministers from the Association of Southeast Asian Nations and its dialogue partners including Japan.

A set of policy directions are spelled out, such as harmonizing standards and certification to ease the flow of cross-border trade, developing special economic zones along the border, and collaborating with Japanese universities and industry to foster skilled workforces and promote research and development.

These region-wide efforts will be implemented by 2020.

The region also needs to strengthen its infrastructure and ensure energy supply stability. To that end, Japanese Prime Minister Shinzo Abe announced in May that Japan will allocate US\$110 billion for the development of quality infrastructure in the region over the next five years.

Two months later, he pledged another \$6.1 billion in aid over the next three years to boost infrastructure as he sought to blunt China's growing economic and political clout in Southeast Asia, while at the same time boosting Japanese infrastructure exports.

Under the blueprint, a work program with specific activities and timelines will be formulated in collaboration with various agencies like the Japan International Cooperation Agency, the Japan External Trade Organization and the Asian Development Bank for submission to the next Mekong-Japan economic ministers meeting in 2016.

The Mekong countries all have great economic potential in view of their location between two fast-growing economic giants, China and India. Exports to the two countries have seen an annual growth rate of over 20% since 2000, according to the document.

Foreign investments rose from \$4 billion in the early 2000s to over \$10 billion in 2010s, but they are either focused on natural resources -- oil and gas, minerals, water and land -- or labour-intensive industries like making shoes and clothes and large-scale assembly lines of manufacturing industries.

Japan's engagement with the Mekong countries is also aimed at narrowing development disparities between the region and the rest of Southeast Asia.

Cambodia, Laos, Myanmar and Vietnam still lag behinds their Asean partners Brunei, Indonesia, Malaysia, Singapore, the Philippines and Thailand. They all need a leg-up, especially as Asean aims for greater economic integration.

Under the Asean Economic Community road map, the grouping envisions an integrated market and production base with free flow of goods, services, investments, skilled labour and capital.

It aims to boost the combined gross domestic product of the grouping to \$4.7 trillion by 2020. ASEAN's combined GDP is currently estimated at \$2.7 trillion.

