



Press Release No. 06/145
FOR IMMEDIATE RELEASE
June 27, 2006

International Monetary Fund
Washington, D.C. 20431 USA

IMF, ASEAN Secretariat and the Royal Government of Cambodia Host Regional Conference on Accelerating Development in the Mekong Region—The Role of Regional Integration

A high-level conference on “Accelerating Development in the Mekong Region—The Role of Economic Integration,” held in Siem Reap, Cambodia, on June 26–27, focused on how regional integration could help accelerate the development of the three Mekong economies of Cambodia, Lao P.D.R., and Vietnam.

The conference, jointly sponsored by the ASEAN Secretariat, the International Monetary Fund, and the Royal Government of Cambodia, brought together about 60 participants including senior government officials from the three Mekong countries, their neighbors and development partners, multilateral financial organizations, business people, and academics. The conference was motivated by the recognition that more needs to be done to address the development imbalances within South East Asia and to help ASEAN’s less-developed economies to catch up. This was important for the Mekong countries themselves and for the successful integration of the South East and East Asia region more generally.

In his opening address, Samdech Hun Sen, Prime Minister of the Royal Government of Cambodia, reaffirmed the importance of regional integration to the Mekong countries, emphasizing that: “Our past experiences have taught us that the lack of cooperation among nations in the Mekong region has made the region vulnerable to external shocks and mire in poverty. Therefore the lessons learned are to cooperate by becoming more integrated and resilient through regional development.”

Mr. Takatoshi Kato, IMF Deputy Managing Director, emphasized that the “Fund strongly supports the efforts to develop the Mekong region and foster its integration into the broader East Asian and global economies.” Mr. Ong Keng Yong, Secretary General of ASEAN, reaffirmed the commitment of ASEAN to “see the Mekong region achieve its economic potential, so that the CLMV¹ countries can more equally reap the benefits of economic integration in ASEAN.”

There was an extensive discussion of the role of regional integration and cooperation in advancing reform and development in the Mekong countries. There was a lively exchange of views on the benefits and risks associated with the trends towards bilateral and regional trade agreements in the region, with opinions divided on the contribution that these agreements made

¹ Cambodia, Lao P.D.R., Myanmar, and Vietnam

to the development of the region. It was agreed that this was an area that will likely remain the focus of debate for some time to come. There was a clear consensus on the importance of the evolution of ASEAN in recent years, with greater involvement of the newer member countries and the strong links being established with China, Japan, and Korea. Participants also emphasized the importance of the WTO accession process, not least with regard to strengthening the economic reform process in the Mekong countries.

Participants agreed that for the Mekong region countries to realize their economic potential and exploit the benefits from the internationalization of production network in East Asia, they will need to overcome a number of structural impediments and accelerate growth over the medium term while maintaining sound macroeconomic policies. Two key challenges were discussed:

- First, these countries need to complete the transition to full-fledged market economies to be able to compete in an increasingly integrated and globalized economic environment. Key areas of reform include improving the investment climate and reducing the cost of doing business, particularly through improvements in legal and regulatory systems and tackling governance problems forcefully. State-owned enterprise reform is also a priority, as is the need to improve private-public sector collaboration to improve policy design and implementation.
- Second, there is a clear need for major investment in infrastructure and human resources, especially education and health. Here, the primary challenge is to reform the fiscal regimes in these countries to mobilize additional revenues and improve the management of public resources.

The international community has an important role to play in support of the Mekong region's development. Continued financial and technical support for much needed investments in education, health, and infrastructure clearly will be one priority. Greater access to markets, technology, and know-how will also be critical, as will capacity-building efforts to help the Mekong countries participate effectively in the Asian region.

A recurrent theme throughout the conference was that the Mekong countries and their partners are striving for a new, more effective partnership to boost growth and reduce poverty in its many dimensions. This conference was a useful opportunity for stakeholders to get together and discuss how to support the efforts of the Mekong region and foster its integration into the East Asian economy.

For more information on the conference, please see:

<http://www.imf.org/external/np/sec/pr/2006/pr06130.htm>