



# Impetus For Growth

The IMT-GT and BIMP-EAGA are a vital part of Asean's economic growth to turn it into a force to be reckoned with.

DECEMBER was a particularly busy month for Malaysia. At a time when most people were looking forward to winding down the year, Pulau Langkawi hosted the LIMA 2005 while Kuala Lumpur hosted the 11<sup>th</sup> Asean Summit and the inaugural East Asia Summit (EAS) – three large events of regional and global interest. Indeed, these occasions brought plenty of media attention to Malaysia, not only for its content but also for the wide range of participating countries, the inevitable intrigue and international relations.

With its theme of 'One Vision, One Identity, One Community', the 11<sup>th</sup> Asean Summit had a very clear message to convey – striving for unity, integration and cooperation. The EAS brought together additional dialogue partners and emphasised the need for a growing understanding between regional neighbours. And other than the expected posers on political developments by the media and commentators, the talk of the week was all about economic growth and development.

Asean has come a long way since the five founding member countries came together in 1967. Today, having doubled its membership, it represents in excess of half a billion people, almost 9% of the world's population, and has a combined gross domestic product of US\$ 800 billion. Its collective place in the global economy is by no means lost on the rest of the world. Nor is it a foregone conclusion in the minds of its member states that strides must be made to become an increasingly cohesive and directed group in order to capitalise on its wealth of resources and ready market.

At the Bali Summit in 2003, leaders agreed for the Asean Economic Community, or AEC, to be characterised by a single market and production base, with a free flow of goods, services, investment and labour, as well as capital.

Its overriding objective was to realise the end-goal of economic integration as stipulated in the Asean Vision 2020. Not surprisingly, such a step attracted sceptics and naysayers, many of whom questioned the ability of this diverse conglomeration of nations to pull off such a feat, given the widely differing levels of economic maturity and views on governance and politics.

While there is still a lot of work to be done, indications are strong that the Asean region is on track to realise its dreams of economic integration and competitiveness. In certain sectors, the goals have been pulled in for completion by 2015. The rationale behind this optimism can perhaps be found at some of the side events held in conjunction with the recently concluded Asean Summit, one of which is the first Indonesia-Malaysia-Thailand Growth Triangle Summit (IMT-GT).

The IMT-GT is an arrangement that has been in existence for 12 years. During this time, the three neighbouring countries of Indonesia, Malaysia and Thailand have called for sub-regional cooperation in this 'growth triangle'. In many ways, this

tripartite arrangement of the regions of Southern Thailand, Northern Malaysia and West Indonesia has yielded good progress by quietly exploring and nurturing intra-regional trade, investment and tourism. This has resulted in the other states and provinces eagerly queuing up to participate.

Another meeting held simultaneously was the second Brunei-Indonesia-Malaysia-the Philippines East Asean Growth Area Summit (BIMP-EAGA). The latter focuses on four areas, namely, infrastructure and transport, tourism, agriculture and agro-based industries and small and medium-sized enterprises (SMEs) development. Since its inception in 1994, more air and sea links have been established within the region and, in addition to the

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expected economic spin-offs, these ties have seen the revival of socio-cultural interaction.

At a time when most pundits espouse the virtues and trends of globalisation, citing shifts of trade and commerce involving multinational companies and massive amounts of foreign investment, the IMT-GT and BIMP-EAGA are useful reminders that sub-regional interaction has in no way lost its importance in today's economic landscape. Indeed, it requires an equal amount of attention if broad-based growth and development is to be achieved.

For its part, the beauty of the IMT-GT lies in its admittedly 'small and medium scale' approach to things. With that, it has allowed people from the three countries to develop direct and personal contact. In other words, it has brought about stronger socio-economic bonds, which as we know, will lead to a greater likelihood for peace and collaboration.

Air links which were opened up between Pulau Pinang and Medan, in Sumatra, for example, have not only brought an increase in tourist arrivals, but also functions as a means for migrant workers to travel home more easily. Such access has also opened up options for residents within this region to seek specialist medical treatment in neighbouring countries more easily.

IMT-GT has also made inroads through the Uninet initiative. Universities in participating regions are now connected through a common network, enabling information sharing – a hallmark of today's Knowledge Economy. Various other collaborations in ICT have also taken root, thus helping these regions to narrow their digital divide.

There is a powerful lesson to be learnt from the IMT-GT's success in how the government and private sectors have collaborated to advance the growth agenda of this sub-region. The Joint Business Councils (JBC) created under the IMT-GT lead private sector efforts which are flourishing as a result of forthcoming support from provincial and federal governments in creating conducive business environments. The results exemplify how the well-coordinated private sector can function as engines of growth. In fact, most of the projects are indeed inspired and driven by the latter.

But as with all endeavours, the IMT-GT players are keenly aware of opportunities for improvement. In a show of proactive policymaking, leaders at the summit agreed

to pursue more pragmatic steps in forging cooperation. This included establishing a socio-economic profile of all member states and provinces in the IMT-GT and setting up a database to record all transactions in trade, investment and tourism activities in the sub-region.

A call was also made to develop a five-year roadmap for development as a means to guide efforts in priority sectors. This plan would be drawn up with assistance from the Asian Development Bank and the active involvement of the JBC.

In a move to further seal the close ties between the three countries, meetings among governors, chief ministers and the private sector would be institutionalised with avenues to forward their findings at the annual Ministerial Meetings. All involved agreed that the IMT-GT has led to a growing interaction among the people and communities in the sub-region, and they have built on this to bring about growth.

It is not difficult to see that the results achieved through the IMT-GT and BIMP-EAGA could be scaled to form some

of the stepping-stones needed towards economic integration within the greater Asean. The gains to be made in socio-economic development are too precious to ignore and with tangible results to learn from, achieving such a goal has been proven to be 'more than merely words'.

Without much fanfare, a subsection of neighbouring countries has identified common goals, strode purposefully towards them and delivered positive results. Their achievements have brought benefit to the people in their regions and the resulting camaraderie has set a good example for others to follow. It is clear too that such efforts as

these, in genuinely helping to reduce the economic and development gaps, have also contributed to the stability and security in these regions.

The IMT-GT and BIMP-EAGA have bright years ahead of them and must continue to deliver on their full potential. Indeed, the actions of these sub-regional initiatives speak very loudly of the unwavering commitment by Asean leaders towards economic development, and in their own way, may provide the impetus for greater regional integration and growth. 

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