

**Policy Recommendation of the AEM-MITI's Working Group on Economic
Cooperation in Cambodia, Laos and Myanmar
Phnom Penh, 23 August 1996**

At the 5th meeting of the Working Group in Phnom Penh on August 23, 1996, the results of specialist discussions carried out in a number of areas on the basis of the Interim Report of August 1995 were reported and policy recommendations formulated.

These recommendations were endorsed at the AEM-MITI Meeting held in Jakarta on 12 September 1996.

1. Promotion of market economy transition

*** Provision of legal framework**

Proposals for the establishment of an information center on commercial law, the convening of a commercial law conference and the implementation of legal education and training programmes.

*** Harmonization of accounting standards**

Detailed survey of accounting systems and accountant training and certification, starting with Laos.

*** Supporting the privatization/modernization of state enterprises**

Outline of difficulties in the privatization of state enterprises and proposal of measures to resolve these; further monitoring of the privatization process; proposed seminars and training for management personnel in the state enterprises to be privatized.

2. Special market economy zones

* Vietnam - considering deregulation in regard to the hi-tech park being planned in the outskirts of Hanoi.

* Laos - Implementation of a preparatory survey in Thakek, the fourth largest city towards the formulation of a master plan within FY96.

* Cambodia - Early selection of a candidate city for a preparatory survey toward

the formulation of a master plan within FY96.

3. Infrastructure development

* Creation of framework for risk-sharing between host governments, sponsors and other relevant parties to promote the smooth and early execution of private sector infrastructure projects.

4. Trade and investment policy review

* Distribution of a questionnaire seeking information on current trade and investment policies in Cambodia, Laos and Myanmar; formulation of policy recommendations in December this year.

5. Enhancing market linkages on a sectoral basis

(1). Automobiles

Formulation of measures towards the enhancement of intra-regional market linkages and competitiveness, the development of motorization and the development of the automobile industries of Cambodia, Laos and Myanmar.

Upcoming activities: a follow-up on the operation of AICO and CEPT and harmonization of standards; a business conference on Asian supporting industries in the automobile sector; establishment of Southeast Asian office for the Japan Automobile Manufacturers Association; convening of Southeast Asian ITS Seminar; despatch of experts to Cambodia, Laos, Myanmar and Vietnam.

(2). Consumer electronics

Recognition of the importance of ensuring the transparency, stability and WTO-consistency of legal systems and administrative procedures, as well as the operational consistency of the above; proposal to build and enhance wide-ranging networks in the consumer electronics and parts industries.

Upcoming activities: analysis of the industry needs to implement the above and provision of this information to the relevant ASEAN authorities; consideration of HRD necessary for the upgrading of industry; holding of fairs and seminars by

JETRO and other relevant parties; survey of the potential of the consumer electronics industries of Cambodia, Laos and Myanmar.

(3). *Tourism*

Formation of theme-oriented package tours (archaeology, adventure, war history etc) and the creation of tourism linkages; establishment of a Tourism Cooperation Center in the Tourism Authority of Thailand in order to exchange information related to tourism in Cambodia, Laos, Myanmar and the ASEAN countries.

(4). *Financial systems (Banking systems)*

Consideration for the modernization of the banking and financial systems of Laos; formulation of policy recommendations by October 1996.

(5). *Transportation*

Recommendations aimed at removing policy and procedural impediments to development in the transportation sector, regarding road, rail, air and waterway transport.

Moreover, there will be future deliberations on training needs and the facilitation of private sector participation in major transport projects in the region.

(6). *Telecommunications*

The following themes will be considered and policy recommendations made : liberalization of the telecommunications market, relaxation of foreign capital regulations; simplification of tariffs; harmonization of safety and industrial standards; promotion of key industries and of market integration.

(7). *Textile and garments*

Recognition of the importance of the promotion of investment environment development, trade liberalization and facilitation and human resources development in the development of the textiles and garments industries.

Upcoming activities : creation of an investment database by Singapore; consideration of implementation of the training curriculum designed by Thailand and the ASEAN Secretariat.

6. Development of mineral resources

Japan has initiated basic surveys toward new mineral resources in Vietnam as of this year and is currently planning a satellite survey in order to evaluate mineral resources potential.

7. Human resources development

Training courses for trade promotion, port management and airport systems are currently being planned on the basis of cooperation between Japan and Singapore. Japan will send experts to Cambodia to study the feasibility of setting up a HRD training centre.

Appendix (1)

Working Group on Economic Cooperation in Cambodia, Laos and Myanmar

1. Background and Objectives

The Working Group on Economic Cooperation in Cambodia, Laos and Myanmar (formerly the Working Group on Economic Cooperation in Indochina and Myanmar) was established in September 1994 at the Chiang Mai AEM-MITI Meeting.

The Working Group aims not only to promote the economic development of Cambodia, Laos and Myanmar but also to promote economic growth of the Southeast Asian region as a whole by strengthening the economic linkages between these countries and the ASEAN Countries.

2. Structure

Chair : H.E. Dr. Amnuay Viravan, Vice Prime Minister of Thailand

Vice-Chair : H.E. Mr. Noboru Hatakeyama, President of JETRO (Japan External Trade Organization), Japan.

WG Members : In general, two persons from each of the following; Cambodia, Lao PDR, Myanmar, the 7 ASEAN member countries and the ASEAN Secretariat

Secretariat : Faculty of Law, Chulalongkorn University, Thailand; the Japan Overseas Development Corporation (JODC) Bangkok Office, Japan

3. Chronology

September, 1994

Proposal to establish WG made at the Chiang Mai AEM-MITI Meeting

March, 1995
First meeting of the WG in Bangkok

June, 1995
Second meeting in Chiang Rai, Thailand

August, 1995
Formulation of Interim Report at third meeting in Tokyo

September, 1995
Approval of Interim Report at the AEM-MITI Meeting in Bandar Seri Begawan

March, 1996
Fourth WG meeting in Bangkok

August, 1996
Fifth WG meeting in Phnom Penh; Policy Recommendations formulated

4. Future Schedule

September, 1996
Policy Recommendations endorsed by the AEM-MITI Meeting in Jakarta

Early 1997
Sixth WG to be held in Lao PDR