



**AGREED MINUTES  
TENTH INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE  
MINISTERIAL MEETING  
KANGAR, PERLIS, MALAYSIA  
3 APRIL 2003**

**INTRODUCTION**

1. The Tenth Ministerial Meeting of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) was held in Kangar, Perlis, Malaysia on 3 April 2003. The Indonesian delegation was led by His Excellency Dorodjatun Kuntjoro-Jakti, Coordinating Minister for Economic Affairs, and the delegation from Thailand was headed by His Excellency Korn Dabbaransi, Deputy Prime Minister. His Excellency Tan Sri Bernard G. Dompok, Minister in the Prime Minister's Department, headed the Malaysian delegation.

**WELCOMING ADDRESS AND OPENING STATEMENT**

2. His Excellency Tan Sri Bernard G. Dompok warmly welcomed the delegates to Kangar, Malaysia, for the Tenth Ministerial Meeting. He reminded the Meeting that the underlying rationale of the IMT-GT was to enhance the development of less developed areas, and where member countries share common borders. He pointed out that the IMT-GT has the potential to become a major investment destination. In this regard, he was of the view that the refocusing from sectoral discussions to Implementing Technical Groups (ITGs) would further expedite development in IMT-GT. He stressed on the availability of infrastructure being an important ingredient for the economy to function efficiently and effectively, in particular an efficient transportation system.
3. He noted that in the context of a rapidly globalising world and an increasingly integrated international economy, the IMT-GT must strategize their efforts in order to be more focused. One important focus area is tourism, where he suggested that the IMT-GT should be developed as a value-for-money destination for local and international tourists. He stressed on the importance of cooperation between the private and the public sectors to ensure that activities undertaken by the private sector are coordinated with the public sector. He reminded the private sector to provide adequate information on proposed projects to facilitate decision-making by public authorities. He also informed the Meeting that Malaysia has transferred the Lead Agency for the various ITGs to the States to encourage active participation of the stakeholders. His welcoming address appear as **Annex I**.
4. In his opening statement, His Excellency Dorodjatun Kuntjoro-Jakti, Head of the Indonesian delegation expressed his appreciation to the Government of Malaysia in particular to His Excellency Tan Sri Bernard G. Dompok and the Government of the State of Perlis, especially to His Excellency Dato' Seri Shahidan Kassim, Chief Minister of the State of Perlis for the excellent arrangements and warm welcome extended to the Indonesian delegation. In his address, he noted that the changing global events in the past decade have obviously slowed-down the planned development for the IMT-GT region. In this regard, he emphasized the importance to be more focused in stepping-up IMT-GT economic cooperation to face the challenges of globalization.
5. He pointed out that since the beginning of 2001, Indonesia has implemented the decentralization and regional autonomy programme that provided provincial and local governments more authority and independence in the decision making process that would be more beneficial to their respective areas. He expected that it would be an excellent opportunity to improve their active participation in IMT-GT region in order to gain concrete results. His opening remarks appear as **Annex II**.

6. In his opening remarks, His Excellency Korn Dabbaransi, Head of the Thai Delegation, expressed his appreciation to the Government of Malaysia in particular to His Excellency Tan Sri Bernard G. Dompok and His Excellency Dato' Seri Shahidan Kassim for their kind hospitality and excellent arrangements provided to the Thai delegation during the Tenth IMT-GT Ministerial Meeting in Kangar.
7. He emphasized the importance of cooperation in utilization of both natural and human resources with more strategic perspectives. Accordingly, he suggested that the IMT-GT outline an appropriate agenda that can be a prototype of regional or sub-regional cooperation and be presented in the forthcoming ASEAN and APEC Summits later this year. He also recommended that the IMT-GT focus on five high potential areas for tripartite cooperation, namely, rubber industry, including rubber and parawood processing; palm oil industry; halal food industry; tourism, which can be developed through IMT-GT tourism packages; and energy especially natural gas, of which the IMT-GT region retains great reserves. In this regard, he emphasized that the IMT-GT should no longer export their commodities as raw material products, but instead the IMT-GT region should increase the value added of its natural resources and products. Furthermore, he suggested that in order to accelerate the accomplishment of tripartite cooperation, projects have to involve all three parties. Otherwise, they should be developed on a bilateral basis.
8. In addition, he also outlined other related areas that can help enhance the success of IMT-GT cooperation, and in which Thailand has launched initiatives and whose implementation is on-going, namely, the National Islamic Bank, small and medium enterprises, human resources development (entrepreneurship promotion), information communications technology (ICT), as well as APEC, ASEAN, and the Asia Cooperation Dialogue (ACD). He then elaborated on the progress of the projects that have been developed in Thailand, for example, the establishment of Islamic Bank of Thailand and the Bank of Small- and Medium-size Enterprises (SMEs); Human Resources Development especially on entrepreneurship; One Tambon One Product (OTOP) Policy that encourages local skills and wisdom; and the Development of Information and Communications Technology. He urged IMT-GT members to avail themselves of the opportunity to inform the forthcoming ACD, as well as the ASEAN and APEC Summits in late 2003, of the progress achieved in the IMT-GT over the past decade.

#### **ELECTION OF CHAIRMAN**

9. The Meeting unanimously elected His Excellency Tan Sri Bernard G. Dompok, Minister in the Prime Minister's Department, Malaysia, as the Chairman of the Tenth IMT-GT Ministerial Meeting.

#### **ADOPTION OF THE AGENDA**

10. The Meeting adopted the Agenda that appears as **Annex III**.

#### **REPORT OF THE TENTH SENIOR OFFICIALS' MEETING (SOM)**

11. Dato' Halipah Esa of Malaysia, the Chairperson of the Tenth Senior Officials' Meeting presented the report of the Tenth SOM. She highlighted issues discussed at the Tenth SOM held in Kangar, Perlis from 1-2 April 2003. The meeting took note that 203 delegates from the three member countries and the Joint Business Council (JBC) attended the Tenth SOM. The meeting was informed that SOM deliberated on the reports from the IMT-GT Joint Business Council (JBC) and the six ITGs.
12. She then reported that the JBC met four times since the Ninth SOM. Under its restructuring plan to become more effective, the JBC has implemented 13 of the 16 proposed recommendations. The JBC now plans to meet quarterly and three ITGs will meet concurrently. She reported on the initiatives of the JBC Exco including the IMT-GT radio broadcasting and branding programs. Under ITG on Sectoral Development, the Meeting was updated on the

progress of the new travel guides, the IMT-GT Travel Fair, the Selangor Harbour City Project, and health and education tourism. Under the ITG on Open Market Operations, she reported progress of the Smart School Project and the USU/PSU/UKM research program. Under the ITG on Cross Sectoral Development, there was progress made on the Training for Hotel and Restaurant Personnel Program, Training for Workers in the Agro-Industry Sector and Technical Assistance on the operation of the Islamic Bank of Thailand. She proceeded to outline the issues raised by JBC including the request that the government of host countries support and fund the JBC Tripartite meetings, greater facilitation of cross-border movement for IMT-GT members and that all ports of arrival in Selangor be included in the fiscal exemption arrangement with the inclusion of Selangor as part of the IMT-GT.

13. She then highlighted the issues raised during the discussion on the JBC report. Indonesia raised the possibility of efforts to develop Sumatera as the marketing center and proposed several other projects in Jambi and that it was agreed that the JBC would consider these projects at its next meeting. She reported that SOM also sought further clarification on the proposal of the IMT-GT+1 on the role of Myanmar and agreed that the Meeting had no objection to Myanmar's participation in the JBC as its partner. Malaysia recommended that the proposal for a host country to support and fund JBC Tripartite meetings be considered on a case-by-case basis. The meeting decided that the proposals by the JBC be further studied by the respective Governments as well as the relevant ITGs for consideration at the next SOM.
14. She then reported on status and progress of the six ITGs. In respect of the ITG on Infrastructure Development she informed the meeting that the modus operandi for the ITG has been agreed and four sub-ITGs, namely on Air Transport with Indonesia as the country coordinator, Land Transport with Thailand as the country coordinator, and Maritime Transport and Gas Pipeline with Malaysia as the country coordinator have been established. She stated that two project proposals from Indonesia, three from Malaysia and six from Thailand were presented and the relevant sub-ITGs are deliberating on them. She also briefed the meeting on the progress of several projects in the pipeline including the Study to Identify Barter Trade Opportunity in the IMT-GT Development Area, the RO-RO ferry services, the development of Malaysia's Entrepot in Perlis and the sister port programs. She mentioned that Thailand briefed the SOM on four highway proposals, namely, the Satun-Wang Prachan/Wang Kelian-Perlis Highway, the Na Thawi-Ban Prakob-Alor Star Highway, the Yala-Betong-Penang Highway, and the Indonesia-Malaysia-Thailand Inter-modal transportation. She also informed that SOM had agreed that Thailand and Malaysia meet bilaterally to discuss the Satun-Perlis Highway project as Thailand had informed the SOM that it cannot proceed with the project due to environmental impact issues. She added that Thailand has agreed to implement the Alor Star-Durian Burong-Ban Prakob-Na Thawi project, which will be connected to the Durian Burong CIQ.
15. On the ITG on Trade and In situ Development, she explained that ten projects have been proposed. Three were proposed by Malaysia i.e. the Common Border Wholesale Market (CBWM) in Perlis, Development of Kota Putra Border Township in Kedah and the Development of Kota Perdana Border Township in Kedah. Thailand proposed a Thailand-Malaysia Border Agricultural Wholesale Market at Sadao, Account Trade or Bilateral Payment Arrangement, Trade Facilitation and In situ Development, Livestock Trade Development and Promotional Measures by the Small Industry Finance Corporation. Indonesia's proposals were **Sumatera Vegetables Belt Development (KASS)** and projects in Riau Province, including the Common Border Wholesale Market for agricultural products, Cross Border Barter Trade, Pekan Baru Waterfront City at Siak River and New Age Crops and Ecological Tourism. She also informed the Meeting that three sub-ITGs have been formed, namely, the sub-ITG for Township Development to be led by Malaysia, the sub-ITG for the Common Border Wholesale Market to be led by Thailand and the sub-ITG for Account Trade or Bilateral Payment Agreement to be led by Thailand.
16. In respect of the ITG on Cross Sectoral Development (Human Resources Development) she noted that six projects were proposed and accepted. These included Labour Market Information Job Search in the IMT-GT, Training for Construction Workers in North Sumatera and Training for Hotel and Restaurant Personnel. Malaysia proposed Pre-Employment Training for Foreign

Maids and Thailand proposed technical assistance for the operation of the Islamic Bank of Thailand. She also recognized Thailand's efforts at successfully establishing the Islamic Bank in Thailand.

17. With regard to the ITG on **Development of Hinterland and Intra-trade**, she reported that the possibility of cooperation in the areas of development of the hinterland and intra-trade in each country was considered. The idea from Thailand to establish an IMT-GT trade information centre to facilitate the exchange of trade information among the three countries was welcomed. She said that SOM also took note of proposals to reduce/eliminate Tariff Barriers (TBs) and Non-Tariff Barriers (NTBs), the need to coordinate with the private sector in identifying these TBs and NTBs, and the need to set up one-stop services and single inspection at the border, as well as to hold an IMT-GT Fair. She then informed the meeting that six sub-ITGs were agreed to, namely: Halal Food and Trading Hub; Livestock Development; Development of the Rubber Wood and Palm Oil Industries; Marine Fisheries and Aquaculture Cooperation; Horticulture Development; and Forestry Development.
  
18. In the case of the ITG on **Development of Open Market Operations** (Special Telecommunications Zone (STZ)) she reported that four projects are to be tabled for further discussion in the relevant sub-ITGs. These included the IMT-GT Portal, the Common Call Center, Smart School and the IMT-GT Common Calling Card projects. She also informed the Meeting that the establishment of a sub-ITG (Financial Services) and a sub-ITG (Professional Services) under the ITG (Open Market) have been proposed and Thailand, as the lead country, has been called upon to consider its viability.
  
19. With regard to the ITG on **Sectoral Development (Tourism)** she noted that due to the current difficult times for the global travel and tourism industry, tourism strategy had to be adjusted to emphasize intra-regional and intra-ASEAN travel. She also noted that visitor arrival to the IMT-GT region for 2002 declined by 8.7% to 6.5 million. She informed the Meeting that the Tourism Authority of Thailand (TAT) has supported a study on potential target markets in order to define a strategy. She also briefed the Meeting about participation in various travel fairs, the IMT-GT Auto-venture and the Langkawi-Tarutao environmental zone project. She pointed out that SOM had decided that the ITG study the proposal to have performance indicators and to set targets as well as formulate marketing strategies.
  
20. Based on the discussions of the reports of the six ITGs and the JBC and issues raised by the Heads of SOM delegations, SOM tabled the following issues for the consideration of the Ministers:
  - i. All ITGs to draw up Action Plans to clearly map out their activities including a time bound framework, targets and performance indicators to monitor progress;
  - ii. Tourism strategy to focus on intra-regional and intra-ASEAN travel taking into account the current unfavourable international environment;
  - iii. Creating a tourist-friendly environment including efforts to improve signages, and to be bilingual in tourist areas and routes;
  - iv. Improving infrastructure particularly expediting the development of highways that have been identified;
  - v. Maximizing mutual benefits from cross border development;
  - vi. IMT-GT Portal to be developed as the centre of information exchange to consolidate and maximize resources;
  - vii. Harmonizing and simplifying immigration procedures;
  - viii. The State of Selangor and Province of South Sumatera be included in the IMT-GT, and
  - ix. The Eleventh IMT-GT be held in Pattani before the end of 2003.

The full text of the report is attached as **Annex IV**.

#### **DISCUSSION OF THE TENTH SOM REPORT**

21. The Ministers endorsed the Report from the Chairman of the Tenth SOM and all the proposals presented by SOM. The Ministers commended the work of the various ITGs and took note of the progress made in several areas given that the ITGs had just been set up after the Ninth SOM. The Ministers however stressed the need for greater urgency in implementing the projects. In this regard, they welcomed the proposal for the formulation of Action Plans by each ITG with time bound targets and performance indicators to monitor progress. They requested the ITGs to formulate tangible recommendations in their respective areas for the consideration of the Eleventh IMT-GT Meeting. The Ministers also urged the ITGs to work closely with the private sector to ensure the success of the IMT-GT.
22. The Ministers also took note of the recommendations and issues raised by the ITGs that required further consideration by relevant authorities of member governments. The Ministers agreed to give serious consideration to these recommendations and issues. The Ministers also took cognizance of the impact of globalization and increased competition for markets and foreign direct investment, and the need to respond appropriately. In this context, the Ministers acknowledged that regional and sub regional cooperation such as the IMT-GT is important to generate domestic economic activities and sustain economic growth. The Ministers reiterated their commitment to intensify their cooperation to ensure the continued success of the IMT-GT.
23. The Ministers agreed that in respect of the Satun-Perlis Highway project, Thailand and Malaysia meet bilaterally to discuss the matter. They took note of the Border Industrial Zone to be set up in Perlis, which will offer an opportunity for private sector investment. The Meeting also took note of the offer of state land for free by the Perlis State Government to any interested party to build another four-star or better hotel in the state. The Ministers also agreed that a secretariat be established to coordinate the role of the Menteri Besar, Chief Ministers and the Provincial Governors in the development of IMT-GT areas vis-à-vis SOM and JBC, and that this initiative come under the ambit of the Chief Minister of Perlis to carry out the resolutions of the Tenth Ministerial Meeting until the term of the current host expires. Likewise, if Thailand is chosen to host the next Meeting, the Provincial Governor concerned will assume the function.
24. The Meeting took note of JBC's view that greater focus on regional and sub regional initiatives such as the IMT-GT would enable the sub region to reduce its dependence on foreign direct investment as the main stimulus of economic activity and will boost the confidence of the IMT-GT business community to commit their funds, time and effort to operate within the IMT-GT. The Meeting also noted JBC's proposal that the IMT-GT be viewed in totality as a potential market state economy of 80 million consumers and for this to work there must be a symbiotic relationship between the private and public sectors to focus on stimulating local economies. The Meeting also noted that the JBC would soon organize an IMT-GT Business Forum.
25. The Ministers also welcomed the inclusion of the State of Selangor D.E. and the Province of South Sumatera into the IMT-GT. The Ministers endorsed the proposal for the Eleventh IMT-GT Meeting to be held in Pattani before the end of 2003.

## **OTHER MATTERS**

### **Statement of Acceptance by the New IMT-GT Members**

26. His Excellency Dato' Seri Dr. Mohamad Khir bin Toyo, the Chief Minister of Selangor expressed his appreciation and gratitude to fellow IMT-GT members for accepting the state of Selangor into the IMT-GT. He also thanked the Federal Government of Malaysia for their consent on Selangor's membership in the IMT-GT. He expressed Selangor's interest in playing a pro-active role in tapping the economic opportunities available in the region and establishing new avenues for further cooperation, and he highlighted Selangor's areas of interest and expertise, such as natural resources development, information technology, agriculture, infrastructure building and maintenance and marketing and trading. He offered Selangor's infrastructure from its airport, highways and seaports to its multimedia super corridor together with its pool of technical and knowledge workers for the benefit of all IMT-GT members. The representative of the Governor of South Sumatera, Drs. H.A. Baidjuri Asir, thanked the IMT-GT members for accepting South Sumatera into the IMT-GT. He informed the Meeting that South Sumatera looked forward to working together in close cooperation for the mutual benefit of all.

**Statement by Provincial Governors and Chief Ministers**

27. The Governor of North Sumatera, the Honourable Tengku Rizal Nurdin, conveyed his appreciation to the state of Perlis for being an excellent host for the tenth IMT-GT Meeting and he welcomed the two new members into the IMT-GT. The Vice-Governor of Jambi, Mr Hasip K. Syam also expressed his appreciation for the organization of the Meeting and he looked forward to further cooperation in the implementation of IMT-GT projects. He informed the Meeting that Jambi is endowed with rich natural resources and he hoped that the IMT-GT will devote more attention to the new members of IMT-GT, such as Jambi. The Chief Minister of Kedah, His Excellency Dato' Seri Hj. Syed Razak bin Syed Zain, congratulated all parties concerned for the successful Meeting. He also pointed out that Kedah is expected to be a state that is developed in all aspects by 2010, and highlighted several development projects that is being undertaken in Kedah. The Deputy Chief Minister of Penang, His Excellency Dato' Dr Helmi bin Hj. Yahya, also conveyed his appreciation to all who were involved in the organization of the Tenth IMT-GT. He offered Penang's expertise and experience in their areas of strength, such as in tourism, training and manufacturing. He added that Penang was also interested in pursuing programmes in health and educational services, as well as in animal husbandry. His Excellency Dato' Seri Shahidan bin Kassim, Chief Minister of Perlis recorded his appreciation to all delegates and the Secretariat from Perlis State as well as to the Economic Planning Unit of the Prime Minister's Department, Malaysia, for the support and excellent arrangements made for the Meeting. He also reminded all delegates of Visit Perlis Year 2003-2005 and invited them to spend some time visiting the various tourists spots in the state before returning home.

**CONCLUSION**

28. The Heads of Delegations expressed their thanks and appreciation to the Government of Malaysia for the warm hospitality and excellent arrangements made for the Meeting. Through His Excellency Tan Sri Bernard G. Dompok, they also recorded their thanks to His Royal Highness, Duli Yang Maha Mulia Tuanku Pemangku Raja Perlis for his gracious invitation to an audience. In his Closing Remarks, His Excellency Tan Sri Bernard G. Dompok reminded the Meeting to be on the alert to take advantage of opportunities that emerge. He also recorded his appreciation and thanks to the Heads of Delegations for their contribution and participation in the Meeting. Finally, he thanked the Government and people of Perlis for the wonderful facilities and arrangements made for the Meeting.