

**AGREED MINUTES
INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE
13th SENIOR OFFICIALS' MEETING
PETALING JAYA, SELANGOR, MALAYSIA
12 – 13 SEPTEMBER 2006**

INTRODUCTION

1. The Thirteenth Senior Officials' Meeting (SOM) of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) was convened in Petaling Jaya, Selangor, Malaysia on 12 – 13 September 2006. The Indonesian delegation was led by the Honourable Dr. Firman M.U. Tamboen, Senior Official for the Coordinating Ministry of Economic Affairs for Investment and Public-Private Partnership and the delegation from Thailand was headed by the Honourable Dr. Poramettee Vimolsiri, Senior Advisor for Policy and Plan, National Economic and Social Development Board. The Honourable Dato' Halipah Esa, Director General of the Economic Planning Unit, Prime Minister's Department, headed the Malaysian delegation and acted as the Chairperson of the Meeting. The IMT-GT Joint Business Council (JBC) was led by the Honourable Dato' Seri Abdul Rahman Maidin of Malaysia.

The list of delegation is attached as **Annex I**.

**AGENDA ITEM 1: OPENING REMARKS FROM THE CHAIRMAN
 OF THE 12TH SOM IMT-GT**

2. The Hon. Dr. Firman M. U. Tamboen, in his opening remarks, extended his warmest greetings to all delegates and expressed his gratitude to the Government of Malaysia for the excellent arrangements and hospitality extended to all delegates. He officially handed over the chairmanship of IMT-GT SOM to the Hon. Dato' Halipah Esa. He expressed confidence that under Malaysia's chairmanship the IMT-GT will achieve greater success.

Opening remarks of Dr. Firman M. U. Tamboen appears as **Annex II**.

**AGENDA ITEM 2: OPENING REMARKS BY CHAIRPERSON OF
 THE 13TH SOM IMT-GT**

3. Dato' Halipah Esa in her opening address warmly welcomed all delegates to the Thirteenth SOM and expressed her confidence that the

meeting over the next two days will be fruitful and that proposals to further enhance development in the sub-region would be put forward for the consideration of the Ministers. Dato' Halipah Esa also thanked Indonesia as the outgoing Chairman of IMT-GT for a job well done and noted that under Indonesia's chairmanship a lot has been achieved especially in identifying and promoting new areas of cooperation and in steering the preparation of the IMT-GT Roadmap.

Opening address of Dato' Halipah Esa appears as **Annex III**.

AGENDA ITEM 3: ADOPTION OF THE AGENDA

4. The Meeting agreed that an additional item, that is, the acceptance of the ADB as an IMT-GT development partner be included in the agenda. The Meeting adopted the agenda with the additional item.

The Agenda of the Meeting appears as **Annex IV**.

AGENDA ITEM 4: BUSINESS ARRANGEMENTS

5. The Meeting was held in plenary.

6. The meeting appointed the following representatives from each country as members of the drafting committee:

- | | | | |
|------|-----------|---|---------------------------|
| i. | Indonesia | - | Mr. Punjul Setya Nugraha |
| | | - | Mr. Edward |
| ii. | Malaysia | - | Mr. Che Azemi Haron |
| | | - | Ms. Mary George |
| iii. | Thailand | - | Mr. Kittipol Chotipimai |
| | | - | Mr. Chulvat Narinhrangura |

The Programme of the Meeting appears as **Annex V**.

**AGENDA ITEM 5: CONSIDERATION OF THE ACCEPTANCE OF
NEW MEMBERS OF THE IMT-GT**

7. The Meeting agreed to accept as new members of IMT-GT the following state/ province:

- i. Negeri Sembilan, Malaysia
- ii. Lampung, Indonesia

8. The representatives of Negeri Sembilan and Lampung expressed their appreciation on being accepted as members of IMT-GT and assured the meeting that they would endeavor to contribute meaningfully to the progress of IMT-GT.

**AGENDA ITEM 6: CONSIDERATION OF JBC POSITION IN THE
IMT-GT MEETINGS**

9. The Meeting agreed to accept JBC as an Associate Member of IMT-GT SOM and Ministerial Meeting. The terms of the Associate Membership are as follows:

- i. The JBC is to be given a separate table in the SOM with equal rights and role with the Senior Officials of the three Member Countries without the eligibility to be appointed as the Chairman of the Meeting or as the Standing Chair of the IMT-GT;
- ii. The JBC is to be allowed to convey their interests and raise issues of concern in the Ministerial Meeting only by the consent of the Chairman of MM;
- iii. The JBC is to attend the IMT-GT Leaders' Summit as in-country delegation;
- iv. The JBC is not to attend any preparatory meeting by senior officials prior to the Senior Officials Meeting; and
- v. For Informal SOM, JBC can attend special sessions on invitation.

**AGENDA ITEM 7: CONSIDERATION OF THE ADB AS IMT-GT
DEVELOPMENT PARTNER**

10. The Meeting agreed to accept the ADB as an IMT-GT Development Partner. The potential role of the development partner is to give advice, technical assistance and financial assistance to further enhance IMT-GT development.

AGENDA ITEM 8: REPORT ON THE DEVELOPMENT OF THE IMT-GT COOPERATION

11. The Chairman of the 12th IMT-GT SOM presented a comprehensive report on the progress achieved in the previous year. Dato' Halipah Esa thanked Hon. Dr Firman M.U. Tamboen for the excellent presentation and noted that under his chairmanship a lot has been achieved especially in identifying and promoting new areas of cooperation and in steering the preparation of the IMT-GT Roadmap.

The report of the Chairman of the 12th IMT-GT SOM appears as **Annex VI**.

AGENDA ITEM 9: IMT-GT ROADMAP

12. The representative of ADB briefed the meeting on the draft IMT-GT Roadmap. The Meeting was informed that during the IMT-GT Summit in 2005 the leaders reaffirmed their commitment to IMT-GT and agreed that a Roadmap be formulated to foster a pragmatic and result-oriented approach to cooperation as well as a guide to cooperative efforts in the next 5 years.

13. The ADB representative informed the Meeting that the draft Roadmap has been discussed in the National Secretariat Meeting and the Informal SOM in Bangkok (4th to 5th September 2006) and the draft report has been circulated to members for comments. Some of the comments have been incorporated and a revised draft will be circulated to members before the close of this meeting.

14. The objective of the Roadmap is to provide a common vision and framework of cooperation to ensure that all IMT-GT instrumentalities move in the same direction and in a mutually reinforcing manner; guide formulation and implementation of programmes and projects; ensure effective implementation; assist in mobilizing resources from development agencies, financial institutions as well as potential investors and broaden support for the IMT-GT sub-regional cooperation initiative. The Roadmap is comprehensive in structure and content and includes stock taking; vision, goal and objective; strategic thrusts; programmes and action plan as well as implementing mechanism and financing.

15. The Roadmap proposes five strategic thrusts, namely, facilitate and promote intra and inter IMT-GT trade and investment; promote growth of agriculture, agro-industry and tourism; strengthen infrastructure linkages and

support to the integration of IMT-GT; address cross-sectoral concerns and strengthen institutional arrangements and mechanism for cooperation. An important feature of the Roadmap is that it not only provides a vision and framework but also a plan of action and also allows for effective monitoring and evaluation.

The report on the IMT-GT Roadmap appears as **Annex VII**.

16. The Meeting deliberated on the Roadmap and the following issues were raised and agreed upon:

16.1 Vision Statement and Flagship Projects. The Meeting agreed that the vision statement needs to be clear and concise so as to be an effective guide to programme formulation and implementation. The Meeting agreed to form a special committee comprised of representative from member countries tasked with reviewing and refining the vision statement as well as selecting flagship projects. The Meeting endorsed the following vision statement for the ministers' consideration – “***seamless, progressive, prosperous and peaceful sub-region with improved quality of life***”. The Meeting also approved the proposed flagship projects presented by Malaysia.

The vision and the proposed flagship projects are in **Annex VIII**.

16.2 Financing. The Meeting discussed the importance of financing the Roadmap projects and suggested that mechanism for promoting private sector participation in investment initiative of IMT-GT be made more explicit in the Roadmap.

16.3 Targets. The Meeting agreed that quantitative targets be included in the Action Plan. These targets must be realistic and based on past achievements and future potentialities.

16.4 Coordinating and Monitoring Center (CMC). The Meeting agreed in principle to the establishment of the CMC. Malaysia offered to host the CMC in the state of Selangor and provide the necessary funding to the center for the five year period of the Roadmap. The Meeting accepted this offer in principle. Details of the CMC will be discussed in the next Informal SOM.

16.5 New Meeting Mechanism: Working Group. The Roadmap proposes the establishment of five Working Groups namely; Agriculture, Agro-based Industry and Environment; Tourism; Trade and Investment; Infrastructure and Transportation and Human Resource Development to replace the existing 6 Implementing Technical Groups. In order for member countries to host two Working Groups each the Chairperson invited proposals for the establishment of another Working Group. The members put forward three proposals as follows:

- i. Services - proposed by JBC;
- ii. Halal Products and Services - proposed by Thailand; and
- iii. Customs, Immigration, Quarantine and Security Matters - proposed by Indonesia

The Meeting agreed that further consultation among members is needed before a final decision on the establishment of the additional working group is made. In the interim the Meeting agreed to accept the five Working Groups as proposed in the Roadmap.

16.6 Submission of comments on Roadmap. The members were informed that the ADB would circulate the revised draft of the Roadmap before 15th September 2006. The member countries would consult with national stake holders and submit comments to ADB by mid October 2006. The ADB will prepare the final draft of the Roadmap by end of October 2006.

16.7 Annual Review. The Meeting agreed that member countries undertake an annual review of the Action Plan.

AGENDA ITEM 10: REPORT OF THE IMT-GT JOINT BUSINESS COUNCIL (JBC)

17. The Hon. Dato' Seri Abdul Rahman Maidin, Chairman of the IMT-GT JBC presented the report of the IMT-GT JBC to the 13th SOM Meeting. He informed that arising from the previous two JBC meetings held on 2nd - 4th April 2006 in Hat Yai, Thailand and 28th -30th July 2006 in Langkawi, Kedah, the JBC has divided the issues, proposals, initiatives and projects into 2 areas: (1) those for SOM's information and (2) those for SOM's endorsement, consideration and facilitation.

18. Those for SOM's information include:

- i. the possible cooperation between JBC with ADB, IDB and UNDP with regard to project financing, poverty reduction programmes, micro-financing, entrepreneur development and skills development;
- ii. that several taskforces have been set up to implement and look into details of the projects or issues concerning the specific sectors such as airlines, energy hub, tourism and branding;
- iii. that JBC has launched the IMT-GT JBC official website www.focus-imtgt.com;
- iv. that there is also an E-directory available on-line through www.focus-imtgt.com for the business sector in IMT-GT to network together;
- v. that JBC is looking forward to be part of the 2nd IMT-GT Summit;
- vi. that JBC has submitted the 1st Draft of the IMT-GT Strategic Development Plan; and
- vii. that barter trade operators would be provided networking and trade opportunities in the IMT-GT areas.

19. Those for SOM's endorsement, consideration and facilitation include:

- i. the new logo of IMT-GT JBC;
- ii. to have the Governors' Forum and Senior Officials' Meeting twice a year. In conjunction to that, JBC will reduce its 4 meetings a year to 2 to coincide with the proposal;
- iii. UNINET to be the supporting mechanism to the IMT-GT;
- iv. to facilitate and resolve immigration issues regarding visas for students from the IMT-GT region by the Indonesian Government and to dispense with the requirement to show return tickets upon arrival for Malaysian visitors to Indonesia;
- v. to recommend to the respective governments to give the necessary authority to the provincial and state authorities to approve permits and licenses for direct investment ;
- vi. to declare IMT-GT area as a "Special Regional Economic Zone";
- vii. to recommend to the respective governments to allow provincial and state authorities to issue the necessary licenses to operators of barter trading terminals;
- viii. to facilitate the setting up of an emergency call centre for tourists within the IMT-GT provinces and states;
- ix. to have the Visit IMT-GT Year 2008; and

- x. to harmonize the multi-leg flight permission to private sector operators within IMT-GT region.

20. Dato' Seri Abdul Rahman Maidin also congratulated SOM for accepting the inclusion of Lampung in Indonesia and Negeri Sembilan in Malaysia into the IMT-GT and he also proposed the inclusion of 6 other provinces in Thailand, namely Chumphon, Phangnga, Ranong, Krabi, Phuket and Suratthani.

21. In addition, Dato' Seri Abdul Rahman Maidin also requested SOM's endorsement on several matters related to the ITGs on Trade and In-Situ Development, Development of Hinterland, Infrastructure Development, Open Market Operations, Sectoral Development, Cross Sectoral Development and Taskforce on the Rehabilitation and Reconstruction of Tsunami Affected Region.

The report of the Chairman of the IMT-GT JBC appears as **Annex IX**.

22. Indonesia thanked the Chairman of the JBC on his comprehensive presentation and viewed that many proposals raised can be brought forward for future development of IMT-GT. However, some proposals need to be deliberated at governmental level and thus they need some time for decision. The official response might be available by the next Informal SOM. Regarding authority to issue licenses, under the new investment law almost all licenses are already under the purview of the local government.

23. Thailand expressed appreciation on the JBC report. On the issue to include six provinces in Thailand to join IMT-GT, there is a need for official decision from the government. However, it was noted that these six provinces have showed their interest in joining IMT-GT and it is hoped that with the support of all parties, they will be part of IMT-GT soon. At this stage, the Meeting agreed to have the said 6 provinces as observers. Thailand also agreed for the proposed IMT-GT JBC logo to be discussed further.

24. The Chairperson expressed her appreciation on JBC's presentation and proposals, particularly the successful launch of the IMT-GT JBC official website. The Chairperson requested that all chairman of ITGs or newly formed Working Groups to look into the request made by the JBC. With regard to tourism as well as the proposed logo, it was agreed that it should be further discussed. Regarding the Governors' Forum and Senior Officials' Meeting to be held twice a year, the Chairperson felt that it would be costly

and needs further discussion. On the issue of visa, the meeting was informed that it has been resolved.

25. The Meeting had a special discussion on the logo proposed by the JBC. The meeting endorsed the logo and agreed that it be submitted to the Ministerial Meeting for approval. This logo will only be used by JBC and Working Groups.

The logo appears as **Annex X**.

AGENDA ITEM 11: REPORTS OF THE IMPLEMENTING TECHNICAL GROUPS (ITGs)

11.1 ITG on Open Market Operation – Thailand

26. As the Chairman of the ITG, Thailand presented the Report of the Implementing Technical Group on Open Market Operations. The meeting was informed that to date three meetings have been held (2002 in Malaysia, 2003 in Thailand and 2004 in Indonesia). Accordingly, 3 ongoing cooperation projects are: 1) Harmonizing the Tariff of Telecommunication Services within the IMT-GT 2) IMT-GT Portal Development and 3) Smart School Project.

The report of the ITG on Open Market Operation appears as **Annex XI**.

11.2 ITG on Trade and In-Situ Development – Malaysia

27. As the Chairman of the ITG, Malaysia presented the Report of the 4th Meeting of the Implementing Technical Group on Trade and In situ Development, which was held on 7 August 2006 in Melaka, Malaysia. The ITG discussed the status of existing projects which include development of Kota Putra, Padang Terap, Kedah and Padang Besar, Perlis, Halal Industrial Hub and Common Border Wholesale Market at Bukit Kayu Hitam, Kedah, Border Economic Zone Malaysia-Thailand, Border Township at Pangkalan Hulu-Yala, Bukit Bunga-Buketa, Pangkalan Kubor-Tak Bai, Rantau Panjang-Sungai Golok and Wang Kelian (Perlis-Satun). The meeting also discussed issues of Account Trade or Bilateral Payment Arrangement (BPA) and Trade Facilitation.

28. Indonesia welcomed the report. Thailand proposed that the projects identified by the ITG be included in the Roadmap and agreed to implement

the feasibility study of Border Economic Zone Malaysia-Thailand as soon as possible.

The report of the ITG on Trade and In-Situ appears as **Annex XII**.

11.3 ITG on Infrastructure Development – Malaysia

29. As the Chairman of the ITG, Malaysia presented the Report of the 3rd Meeting of the Implementing Technical Group on Infrastructure Development which was held on 29-30 August 2006 in Bukit Tinggi, Indonesia. The ITG discussed the progress and also proposed new projects under the three sub-ITG namely Land Transport, Maritime Transport and Air Transport. Thailand highlighted that apart from projects that are focused on hardware (physical) development, emphasis should also be given to the area of software development. Indonesia acknowledged the need for tariff reduction on telecommunication in the IMT-GT area and harmonization of policies especially matters pertaining to CIQ to promote the development of the sub-region.

The report of the ITG on Transport and Infrastructure Development appears as **Annex XIII**.

11.4 ITG on Tourism Development – Thailand

30. As the Chairman of the ITG, Thailand presented the Report of the 4th Meeting of the Implementing Technical Group on Sectoral Development/Tourism which was held on 20-21 April 2006 in Trang Province, Thailand. The Meeting focused on three main issues, namely Marketing and Promotion, Tourism Development as well as New Project Proposals / Activities. Among the issues discussed were the IMT-GT new logo and theme, promotion of 3 stars Hotel, setting up of IMT-GT website, travel facilitation, promotion of international air linkages, Master Plan for Tourism Development under cooperation with UNWTO, and net working of home stay programme.

31. Indonesia commented on the need to improve the quality of services and human resource development through the cooperation of the IMT-GT. It was suggested that training programmes for the development of the tourism industry operators in the IMT-GT region be organised. The meeting also discussed on the proposal by JBC to utilize its website as an official IMT-GT website.

The report of the ITG on Sectoral Development/Tourism appears as **Annex XIV**.

11.5 ITG on Cross Sectoral Development – Indonesia

32. As the Chairman of the ITG, Indonesia presented the Report of the 4th Meeting of the Implementing Technical Group on Cross-Sectoral/Human Resources, held on 28th June 2006, in Pekanbaru, Indonesia. The meeting agreed, among others, 11 new projects proposed by Indonesia, 2 new projects from Malaysia and 1 new project by Thailand. The meeting took note of the current human resources development (HRD) policies of member countries.

33. Thailand proposed the need to identify the modalities of project implementation as well as to address the issue of costs and sources of funding, of which the sending countries would bear cost of traveling and living expense while host countries would be responsible for arrangement of the courses. On the issues of Joint Labour Market Information (LMI) and mutual recognition arrangement (MRA), Indonesia and Malaysia had consultation and discussion on funding mechanism. Further discussion on the LMI and MRA will be organised next year. The meeting agreed that each member country appoint a focal point to facilitate further consultation on LMI and MRA. Malaysia commented that the MRA would benefit all members of IMT-GT and proposed an exchange visit programme for the member countries to enhance common understanding.

The report of the ITG on Cross Sectoral/Human Resource Development appears as **Annex XV**.

11.6 ITG on Development of Hinterland and Intra-Trade – Indonesia

34. As the Chairman of the ITG, Indonesia presented the Report of Implementing Technical Group on Development of Hinterland and Intra-Trade (ITG-DHIT). It was mentioned that the fourth meeting of the ITG was held on 7-8 September 2006 in Palembang, Indonesia. The reports of the meeting and proposals of the three sub-ITGs, namely the Sub-ITG on Halal Food, Sub-ITG on Marine Fisheries and Aquaculture Cooperation and Sub-ITG on Livestock Development were presented. It was mentioned that the Sub-ITG on Halal Food, among others proposed the setting up of Scientific Laboratory Networking for Halal Food Inspection and Accreditation; halal information portal; the exchange of scientist and researchers and awareness program on halal standards as well as the provision of adequate funding. He also reported

the proposals made by the Sub-ITG on Marine Fisheries and Aquaculture Cooperation with regard to the utilization of existing website among member countries for information exchange, private sector business matching and joint marine fisheries development including ornamental fish. He also highlighted the proposals made by the Sub-ITG on Livestock Development which among others included the need to have a mechanism to expedite the active participation of the private sector and capacity building, the concept of compartmentalization for animal disease control, quarantine and food safety training.

35. On the issue of Halal matters, Thailand highlighted the need for common understanding on the concept of Halal. It was pointed out that, firstly, Halal was not only confined to the religious authority, because government and industry had also contributed and strengthened Halal. Secondly, Halal included not only food, but non-food products and services as well. Thirdly, Halal trade was not limited only to Muslim countries. In fact, 95% of the global Halal trade was among non-Muslim developed countries and, out of this amount, 1% was contributed by the IMT-GT. Therefore, it was important that IMT-GT continues to develop and uplift the capacity of its Halal industry in order to be able to compete with developed countries. Thailand emphasized that the proposal to initiate IMT-GT Working Group on Halal products and services would reflect the IMT-GT efforts in this endeavor.

36. The Meeting was then briefed on the First International Halal Science Symposium in Bangkok which is a significance progress of the IMT-GT Scientific Laboratory Networking for Halal Food Inspection and Accreditation initiated and endorsed by the 12th SOM/MM in 2005. The Meeting was also informed that the second International Halal Science Symposium would be held in Malaysia in May 2008.

37. Thailand stated that IMT-GT should take advantage of the existing network and collaboration outside the region. The meeting took note of the issues raised by Thailand.

The report of the ITG on Development of Hinterland and Intra-Trade appears as **Annex XVI**.

AGENDA ITEM 12: OTHER MATTERS - REPORT ON THE PREPARATION OF THE 2ND IMT-GT LEADERS' SUMMIT 2006

38. As the coordinating country for the 2nd IMT-GT Leaders' Summit, Indonesia informed the Meeting that Indonesia will chair the 2nd IMT-GT

Leaders' Summit on 10 December 2006. The Summit will be held in conjunction with the 12th ASEAN Summit in Cebu, Philippines on 8 - 13 December 2006. The total time allocated for the Summit is 1 hour and 15 minutes. Logistic services will be provided by the Government of the Philippines and guest status will be accorded to Heads of States or Heads of Government of all IMT-GT member countries, the Signing Ministers and Senior Officials of member countries. Total delegates from each member country will comprise 1+8+1.

The report on the preparation of the 2nd IMT-GT Leaders' Summit 2006 appears as **Annex XVII**.

39. The Meeting agreed that the draft Joint Statement for the Leaders' Summit be presented to the Ministers' Meeting for consideration. The joint statement will be further refined at the next Informal SOM Meeting.

The Draft Joint Statement appears as **Annex XVIII**.

AGENDA ITEM 13: DATE AND VENUE OF THE 14TH SOM IMT-GT

40. The next IMT-GT Meeting is proposed to be held at the end of October 2007 in Phuket, Thailand.

AGENDA ITEM 14: CONSIDERATION OF THE AGREED MINUTES OF THE 13TH SOM IMT-GT

41. The Meeting considered and endorsed the Agreed Minutes of the 13th IMT-GT Senior Officials Meeting.

AGENDA ITEM 15: CLOSING

42. The Hon. Dr. Firman M.U. Tamboen and the Hon. Dr. Porameteer Vimolsiri expressed their sincere appreciation to the Government of Malaysia for the warm hospitality accorded to all the delegates. They thanked the Selangor State Government for the excellent arrangements made for the Meeting. They congratulated the Hon. Dato' Halipah Esa for chairing the Meeting successfully. They concluded that the Meeting was pleasant and

fruitful and a lot of views and ideas were shared among member countries to further develop the sub-region.

On her concluding remarks, the Hon. Dato' Halipah Esa noted that even though the Meeting was short, its outcome was commendable. She was very impressed with the support and commitment shown by member countries during the Meeting. She is confident that the continued cooperation would enable member countries to move forward in the right direction and bring more development that will further increase the quality of life for the population in the sub-region. She hoped that the bond of friendship and brotherhood among the IMT-GT members will be further fostered and strengthened.