

**AGREED MINUTES**  
**INDONESIA-MALAYSIA-THAILAND GROWTH TRIANGLE**  
**15<sup>th</sup> MINISTERIAL MEETING**  
**PALEMBANG, SUMATERA, INDONESIA**  
**23 OCTOBER 2008**

**I. INTRODUCTION**

1. The 15<sup>th</sup> Ministerial Meeting (MM) of the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) was convened in Palembang, Sumatera, Indonesia on 23 October 2008. The meeting was attended by delegates representing the government of Indonesia, Malaysia, Thailand, Local Governments of IMT-GT, the Joint Business Council (JBC), and the Centre of IMT-GT Sub Regional Cooperation (CIMT). The meeting was also attended by representatives from Asian Development Bank (ADB)
2. The Heads of Delegation of the respective Member Countries are the following:

<b>Indonesia</b>	<b>H.E. Ir. H.M. LUKMAN EDY MSi.</b> State Minister for the Development of Disadvantaged Areas
<b>Malaysia</b>	<b>H.E. DATO' DR. ALI HAMSA</b> Deputy Director General II Economic Planning Unit Prime Minister's Department
<b>Thailand</b>	<b>H.E. WEERASAK KOWSURAT</b> Minister of Tourism and Sports.

**II. OPENING STATEMENT**

3. H. E. Ir. H.M. Lukman Edy MSi., the Chairman of the IMT-GT Ministerial Meeting, called the meeting to order and warmly welcomed the delegates to the 15<sup>th</sup> IMT-GT Ministerial Meeting. He noted that the 15 years of the IMT-GT cooperation programme has involved close coordination among the private sector and the local governments; and has achieved much progress in the various sectors of cooperation.
4. He stressed that the economic zones in the border areas is the cornerstone of cooperation in IMT-GT for improving the standard of living and quality of life of the peoples of the subregion. He emphasized the need to enhance cooperation between the public and private sectors and

the need to ensure the sustainability of development through our efforts in energy and the environment.

5. He added that SMEs should be promoted to enable them to penetrate the global market. Issues on promoting trade and investment, infrastructure development, transportation, tourism and HRD would require closer discussion between the JBC and the Working Groups.
6. He noted that the IMT-GT has gone through many challenges, and closer cooperation between the central and local governments and the private sector is essential in responding to these. Lastly, he hoped that the IMT-GT meeting would continue to serve as a constructive forum to enhance growth in the triangle areas and lead to stronger commitment and cooperation in the future.

A copy of his Opening Statement appears in **Annex A**.

7. H. E. Dato' Dr. Ali bin Hamsa, the Head of the Malaysian delegation, expressed his sincere gratitude and appreciation for the warm welcome and hospitality extended by the Host, Indonesia and especially the local government of South Sumatera.
8. He mentioned that the meeting is being held at this time of global economic uncertainty, and the financial turmoil compels us to exert more efforts at strengthening cooperation. He reminded that the 14<sup>th</sup> Ministerial Meeting in September 2007 had stressed for the programmes in the Roadmap to be tailored to the bigger strategies in ASEAN such as the Initiative for ASEAN Integration (IAI) and the ASEAN Economic Community by 2015. There was need therefore for the economic growth in the subregion to be accelerated through higher and better quality investments to ensure the cooperation framework remains relevant in future.
9. He said the IMT-GT Roadmap 2007-2011 endorsed at the 2<sup>nd</sup> IMT-GT Summit provides model ideas and projects to sustain development. The challenge is to ensure successful implementation through enhanced public-private partnerships for promoting trade and investment opportunities.
10. He also reminded the Meeting on the direction set by the IMT-GT Leaders during the 3<sup>rd</sup> IMT-GT Summit, for the subregion to focus on economic growth based upon the principles and practices of sustainable development, especially by integrating the sustainable energy and environment programmes into the Working Groups' (WGs) programmes and activities. However, he also noted the success of various

programmers of the WGs, and noted that some were very well executed, and encouraged them to focus on building the subregion's competitive strengths toward greater progress.

A copy of his Opening Statement appears in **Annex B**

11. H. E. Weerasak Kowsurat, the Head of Thai Delegation also expressed appreciation to the Government of Indonesia and the Provincial Government of South Sumatera for the hospitality and excellent meeting arrangements.
12. He noted the changes in the global economic situation since the ministerial meeting last year, such as the volatile oil and commodity prices and financial market turmoil, which could threaten national security of the member countries. He also cited the long term challenges posed by climate change. However, the subregion is doing relatively well and can convert these challenges into opportunities, such as in tourism, which provides foreign exchange, and Halal products and services, for which there is a large market of high income consumers.
13. He also cited the enthusiasm of the private sector and encouraged the countries to propose needed projects in energy and environment, which can generate large and small investments. Conversely, he stressed the need to prepare efficient implementation arrangements, and cited the progress in the various areas of the programme such as the IMT-GT Plazas, infrastructure development, and expansion of membership.
14. Alongside, he noted ADB's support that was requested by the Leaders in enhancing connectivity between the corridors. He was also pleased to note that the process of legally establishing the CIMT is in its final stages. He hoped that effective IMT-GT cooperation would serve as catalyst for more fruitful cooperation in the ASEAN community.

A copy of his Opening Statement appears in **Annex C**.

### **III. ADOPTION OF THE AGENDA**

15. The Meeting adopted the agenda as appears in **Annex D**.

### **IV. BUSINESS ARRANGEMENTS**

16. The Meeting was held in plenary and adopted the programme as appears in **Annex E**.

## V. REPORT OF THE 15<sup>TH</sup> SENIOR OFFICIALS MEETING

17. Indonesia's Head of Delegation to the 15<sup>th</sup> SOM, as the Chairperson of the SOM presented the Report of the 15<sup>th</sup> SOM for the consideration of the Ministers. Highlights of the presentation are as follows:
  - a. IMT-GT Working Groups (WG) had largely responded to the Leaders' Summit directives with some challenges in making the IMT-GT program more responsive to the member country's needs in the light of recent global financial and other developments.
  - b. Mid-Term Review of the Roadmap will take place next year with regular close consultations among programme participants. The Mid-Term Review will provide the avenues for meeting the challenges.
  - c. Substantial accomplishments of the Joint Business Council (JBC) and its various Working Groups, and the country delegations considered the various JBC requests for SOM facilitation of various projects and initiatives.
  - d. Inter-Governmental Agreement on the Establishment of the Centre for IMT-GT Cooperation (CIMT) is now in various stages of final approval and every effort will be made to ensure its signing at the 4<sup>th</sup> IMT-GT Summit in Bangkok, 15 December 2008.
  - e. Some progress of various initiatives of the WGs has been achieved and some major agreements have been reached to improve the efficiency of coordinating mechanisms in the programme, such as the 5-year rotation for Lead Country of WGs, accelerated development of the website, the mainstreaming of energy, environment and natural resources in WG activities, and the conduct of Post-Summit Planning Meetings to plan implementation of Summit directives.
  - f. Asian Development Bank (ADB) updated information on their ongoing support to the CIMT and the development of IMT-GT Connectivity Corridors as well as proposed initiatives for 2009 in the areas of capacity building, institution strengthening, private sector development and knowledge products.
  - g. Preparations are underway for the 4<sup>th</sup> IMT-GT Summit to be held in Bangkok, Thailand on December 15, 2008 as well as the organizing of the 16<sup>th</sup> SOM that would be held in Melaka, Malaysia.

A copy of the presentation as appears in **Annex F**.

18 During the discussion, the following were raised and noted:

- a. Thailand commented on the need to expedite the development for the five connectivity corridors under the IMT-GT Roadmap by giving high priority to fulfilling the missing links and the bottlenecks, in particular, the Ranong-Phuket-Aceh Connectivity Corridor which had been endorsed by the IMT-GT leaders in the 3<sup>rd</sup> IMT-GT Summit in 2007 in Singapore.
- b. The land and sea routes that will provide better accessibilities and connection with major cultural and natural tourism attractions in the IMT-GT subregion should be enhanced to facilitate trade, investment and services and the reduction of cross-border movement impediments, and further open up the new economic opportunities for the subregion. In addition, software-Based Transport Rules and Regulations should be relaxed in order to promote efficient cross-border logistics and transportation, not only to the countries that share the common borders but to the third country.
- c. Thailand supports more cooperation to reflect IMT-GT real concerns on global warming and the effects of climate change to the IMT-GT economies and ecosystems. Urgent cooperation is needed to bring back the sustained volume of agricultural and fisheries products affected from such events, in order to supply the intra consumption and the international markets. More cooperations are also needed in utilization of sustained ways of production and manufacturing to reduce effects to ecosystems. In this light, Thailand is willing to share its experience in following King Bhumiphol's Philosophy of Sufficiency Economy as a way for sustainable development.
- d. Needs for IMT-GT to expedite the cooperation on energy and environment by developing alternative energy is considered a mean to promote clean technology and environment. In response to food and fuel rising prices, local resources can be utilized for renewable energy while the environment in local communities can be enhanced by applying better management system thereby helping to promote eco-tourism.

- e. To attract more tourists into the subregion, joint tourism packages should be promoted among our three countries. As IMT-GT is endowed with a variety of tourism resources, the tour packages can be planned based on the preferences of tourists, looking from the customer sides, by which the designed tour packages can be targeted for two major groups of tourists: luxurious and budget tourists, as one of the means to stimulate growth and revitalize subregional economy in the midst of global financial downturn. Thus, joint marketing promotion should be promoted among the three main parties namely tour operators, airlines and sea transportation operators, and tourism authorities of each IMT-GT country to achieve such strategy.
- f. With the concern on lack of adequate-skilled labour, the studies to explore steps to implement Mutual Recognition Arrangement (MRA) in possible and needed areas of the IMT-GT workforce should be accelerated, in order to create freer flow of labour as well as sustained supply of adequate-skilled labour across the subregion.
- g. Thailand wishes to urge to ADB as development partners to assist more in the IMT-GT both in terms of technical and financial assistances relevant to the infrastructure and logistics development. There are several programmes and projects that are important but still lack of funding supports for implementation.
- h. ADB representative reaffirmed the highest priority that ADB accords to its long term relationship with IMT-GT as development partner and will continue to build on this relationship for both short and long term initiatives. He cited the various areas of focus with immediate benefits, such as the strengthening of the CIMT, the identification of projects for connectivity corridors and the development of the website. Other areas with longer term payoffs include analytical work for development of IMT-GT corridors and for improved understanding of the Sumatra business climate.
- i. Furthermore, ADB expressed its intention in assuring the countries that ADB stands ready to help the IMT-GT to cope with the stresses of global financial and economic uncertainties, consistent with ADB's new long term strategy which envisages growing support for regional cooperation activities.

- j. Thailand also initiate to the idea of enhancing connectivity of seaplanes. Besides the road connection, seaplanes can reach directly to the tourist attraction particularly the ones located along the seaside which is not accessible by roads. Seaplane can land on and take off from any seaside tourist attractions in this IMT-GT area. It can save time to combine destinations in each country.
- k. Indonesia also commented with regard to the Working Group on Trade and Investment that increasingly showed its progress. It was conveyed that IMT-GT should be taken into account the small and medium enterprises that need to be strengthened and facilitated to enter the global market.
- l. In the Working Group on Tourism, the idea for the establishment of tour package in IMT-GT areas must be acknowledged to support the upcoming IMT-GT Celebration Year 2009. These idea certainly must be fully supported and well-equipped in order to encourage people to experience the tourism sectors in the three countries.
- m. In regard to the development of the Working Group on Halal Products and Services, Indonesia expressed the importance for IMT-GT to acknowledge the Working Group that is aimed to raise capacity of the IMT-GT countries to expand into the global Halal market. By considering the similar background of the IMT-GT countries in which the areas are mostly inhabited by Muslim, it is expected that the Halal Products and services would become our major offer for the market and that the expansion of Halal products can be more developed in the future.
- n. In the Working Group on Human Resources Development, Indonesia also strived to explore human resources capacity building and protection towards migrant workers as the important steps that needed to be carried out since the IMT-GT areas provide high numbers of human resources. Furthermore, Indonesia also stressed the importance to implement the Mutual Recognition Arrangement in pilot base, as one of the direction from the last IMT-GT Summit.

- o. Country Chairman – Indonesia IMT-GT Joint Business Council (JBC) commented that JBC is looking forward to work together with ADB and CIMT in implementing the IMT-GT's initiatives. He noted that the expansion of the subregion's global Halal market is one of the programme's main goals. He stressed the importance of properly implementing the Mutual Recognition Agreement (MRA) in realizing greater labour mobility. The involvement of the private sector is crucial to ensuring the success of cooperation and facing its various obstacles and challenges.
- p. The 15<sup>th</sup> MM endorsed the report of the 15<sup>th</sup> IMT-GT Senior Officials Meeting.

## **VI. REPORT OF THE 5<sup>th</sup> IMT-GT GOVERNORS' AND CHIEF MINISTERS' FORUM**

- 19. Representative from South Sumatera Province of Indonesia presented the report of the 5<sup>th</sup> IMT-GT Governors' and Chief Ministers' Forum held in Palembang on 22 October, back-to-back with the 15<sup>th</sup> IMT-GT SOM. Following are the highlights of the presentation:
  - a. The Governor of the Province of Bangka Belitung of Indonesia acted as Chairman of the Forum and also attended by representatives from Aceh, North Sumatera, Riau, Kepulauan Riau and Lampung Province of Indonesia, State Governments of Melaka and Penang of Malaysia, Songkhla and Yala Provinces of Thailand as well as IMT-GT JBC.
  - b. The presentation of the JBC Chairman of Indonesia constituted two parts, namely: (i) projects/ initiatives for information of the Governors' and Chief Ministers' Forum and (ii) projects/ issues which required Governors' and Chief Ministers' Forum facilitation in the areas of: maritime or coastal trade; business activities at Buketa-Bukit Bunga area; IMT-GT Plaza; IMT-GT Business Opportunity Directory (BOD); Trade Delegations and Trade Fairs; Investment (request for one-stop centre in every province); and Airport and Subregion Airline Hub (request to make Hatyai airport the subregional airline hub for Thailand).

- c. The 5<sup>th</sup> Governors' and Chief Ministers' Forum (GCMF) endorsed the JBC presentation and agreed to facilitate the various requests to ensure smooth project implementation. The JBC also requested the GCMF to take note of the request of low cost carrier (Firefly) for landing rights and other related facilities to enhance inter-city connections in the subregion.
- d. The representative of ADB highlighted the need for stronger JBC's role at local level and continued technical assistance support for this endeavor. The Director of CIMT informed of the efforts to develop the website, with ADB support, which could be linked to various databases of the Working Groups and National Secretariats, ministries as well as the private sector.

A copy of full report as appears in **Annex G**.

- 20. During the discussion, the following were raised and noted:
  - a. Malaysia stressed the important role of the GCMF in facilitating business activities in the provinces and hoped that this Forum will continue this facilitating role. The JBC hoped that it could follow up on its various requests to the Governors' and Chief Ministers' Forum.
  - b. The Meeting endorsed the report of the 5<sup>th</sup> IMT-GT Governors and Chief Ministers' Forum.

## **VII. OTHER MATTERS**

- 21 The Meeting took note of preparations for the 4<sup>th</sup> IMT-GT Summit which will be held in Bangkok on 15 December 2008. The Meeting was informed that CIMT has started the process of drafting the 4<sup>th</sup> IMT-GT Summit Joint Statement and IMT-GT Ministers' Report to the Leaders in close consultation with the National Secretariats. A number of preparatory meetings will also be held to prepare for the 4<sup>th</sup> Summit.

**VIII. DATE AND VENUE OF THE 16<sup>TH</sup> MM OF IMT-GT**

- 22 It was agreed that Malaysia would host the next IMT-GT Ministerial Meeting, back-to-back with the SOM, the Governors and Chief Ministers' Forum and the JBC meeting in the historic city of Melaka, Malaysia, at a date and venue to be advised in due course.

**IX. ADOPTION AND SIGNING OF THE AGREED MINUTES OF THE 15<sup>TH</sup> MM**

- 23 The Ministers considered, adopted and signed the Agreed Minutes of the 15<sup>th</sup> IMT-GT Ministerial Meeting.

**X. CLOSING**

- 24 In his Closing Statement, H. E. Dato' Dr. Ali bin Hamsa of Malaysia cited the useful discussions on several areas of cooperation as well the challenges faced by the member countries. He noted the comprehensive SOM report on the status of cooperation in many areas and stressed the need to go forward in these areas particularly in tourism, agro-industry and energy, using innovative methods. He emphasized the importance of streamlining mechanisms for more effective cooperation and linking the national policies to the Roadmap would ensure the sustainability and successful implementation of the various initiatives. He said people are waiting for tangible results, and we should therefore do our best to maximize the potential of the subregion. He congratulated the Chair for his able stewardship of the Meeting.
- 25 In his Concluding Remarks, H. E. Weerasak Kowsurat of Thailand said that it is heartening to note the hard work put in by everyone to move forward with the programme. He stated that ensuring the success of the IMT-GT programme is a priority that will be monitored by the people, but added that this could not be carried out by a single country. He reaffirmed Thailand's commitment to work with its partners Indonesia and Malaysia to explore more opportunities and meet greater challenges. He expressed gratitude to the Indonesian Government for the warmest hospitality.

- 26 In his Closing Statement, the Chairman H.E. H.M Lukman Edy MSi. of Indonesia noted that the fruitful deliberations were of the highest quality and made under a very amicable atmosphere. He cited the candid manner of the discussions which also served well the cause of promoting peace and harmony in the subregion. After learning of the progress of various IMT-GT projects and initiatives, he expressed confidence that the programme will move up with speed and in the right direction, leading to reduction of development gaps in the subregion. He noted the commitment of all parties and believed that this will be sustained. He said much substantive work was accomplished and this will give meaning to out future efforts. He thanked everyone, especially the SOM members and senior staff, for their contributions to the success of the meeting.