

Foreword

ASEAN's process of economic integration is geographically multi-layered and, therefore, sub-regional initiatives are particularly effective to address development gaps, enhance connectivity, and promote international coordination. The Mekong subregion (MSR), with its strategic location, economic dynamism, and abundant water resources, is the centre of many mega-connectivity initiatives compared with the Indonesia–Malaysia–Thailand Growth Triangle and the Brunei Darussalam–Indonesia–Malaysia–Philippines East ASEAN Growth Area. Successful advocacy of Mekong issues will strengthen ASEAN unity and ASEAN's adaptive capability in a changing global and regional environment.

For the past decade, MSR countries have achieved significant socio-economic progress, enjoying high economic growth and remarkable reductions in poverty. Yet, the development gap between the MSR and other ASEAN countries remains sizable. In addition, the MSR is starting to face a series of serious immediate backlashes particularly in energy, water resources management, and the environment. Without robust and effective policy dialogues and coordinated measures, the MSR as a whole may not induce sustainable and harmonious development, which may in turn impede ASEAN's efforts for deeper economic integration and inclusive growth. The MSR therefore needs to search for a new development strategy to ensure that regional and individual economic and social transformations contribute more to inclusive and sustainable development.

This report highlights the importance of MSR development for ASEAN integration and prosperity. It diagnoses the current status of development and cooperation in MSR and proposes a framework for inclusive and sustainable growth. The policy recommendations are structured around four key areas: (i) connectivity, including both digital connectivity and physical connectivity; (ii) industrialisation, which covers industrial upgrading and micro, small, and medium-sized enterprises; (iii) human welfare, including health services and human resource development; and (iv) sustainability – energy, water resources management and the environment. The successful implementation of these four pillars requires strong commitment at the national, subregional, and regional levels.

The report is written at a critical time when the world is facing unprecedented challenges – rising trade conflicts and the return to protectionism, technological advances and job displacement, disruption in the global value chain, and the threat of poverty and increasing inequality due to the COVID-19 pandemic and climate change, amongst others. The new development strategy, therefore, must be able to address these challenges. I believe that this report will provide valuable insights into the obstacles the MSR countries are experiencing and how to overcome them in the new context.

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Professor Hidetoshi Nishimura

President of ERIA

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The subregional approach has proved to be particularly effective for addressing development gaps, enhancing connectivity, and promoting international coordination. ASEAN, through its collective leadership and centrality, is encouraged to continue to apply a multi-layered approach for deeper economic integration and to activate other subregional initiatives. ERIA hopes that the recommendations in the report will help ASEAN Member States with the successful design and implementation of such initiatives – to achieve regional inclusive and sustainable economic development.

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