Development in the Greater Mekong Sub-region: Opportunities and Challenges

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This is a summary of lecture that was held in Senshu-University on Saturdays. We wish that summaries we have done would be helpful for your understanding. Also this summary is written alongside of a handout.   Thank you.

Composition

Introduction to the GMS

Why is the GMS Important?

Patterns of growth in Asia

China and Vietnam's growth in real exports, imports and per capita GDP

The Flying Geese Model

Changing contribution of agriculture to GDP, 1991-2001

Future Opportunities

Introduction to the GMS

What is the GMS? The GMS stands for Great Mekong Sub-region. It is comprised of six countries, Cambodia, which has weak infrastructure, Laos with a small population, Myanmar which is very poor, Thailand which is the most industrialized and rich country, Vietnam and Yunnan province. Yunnan is a relatively poor province of China. Despite the region being generally very poor, it has rich human and natural resources. Development in the region has been mixed, but the ADB (Asian Development Bank) has suggested that "the Mekong region has the potential to be one of the world's fastest growing areas".

Why is the GMS Important?

The reason why the GMS is important is the substantial economic opportunities as the region changes from battlefields into market places. And there are increasing links between the GMS and China. In 1992, the ADB adopted a development program and the cost of that expenditure, along with its partners, has totaled almost $2 billion. In addition to development aid from ADB, there has been aid from many other countries including Japan, Australia and New Zealand.

Patterns of growth in Asia

The graph shows four waves of growth in Asia to date. This shows a flow of the growth and the first wave was Japan. And then other countries such as South Korea, Singapore and Hong Kong were also developing. The third wave of countries was Thailand, Malaysia and Indonesia. The latest wave was China and Vietnam. This also shows the development of the flying geese model discussed later.

China and Vietnam's growth in real exports, imports and per capita GDP

Two graphs show that China and Vietnam developed dramatically. Though the 1990s, both countries continued to grow real exports, imports and per capita income. Accompanying this growth for both countries was the decline in agriculture as a percentage of GDP.

The flying Geese Model

Just like geese means that join the V-formation, economies also seem to grow better with one or more lead economies. Each economy has a position and it is determined by its GDP per capita or the composition of its GDP.

It is said that the leader of the pattern is Japan, and then the four little tigers are

South Korea, Hong Kong, Singapore and Taiwan. Also there are some stages of changes

in economic structure. The first stage is primary production and second one is

labor-intensive manufacturing. The third stage is capital-intensive manufacturing and

last one is high tech and services.

Changing contribution of agriculture to GDP, 1991-2001

As China and Vietnam have changed so quickly, so too has the contribution of

agriculture to GDP. As you can see the graph, it is clear that the relative significance of

agriculture is gradually declining. This also means the output has changed, too.

Future Opportunities

The many political and economic problems may affect the future of the region. For

improved and continuing development, the region needs appropriate government

policies to release the enormous potential that region has.