

Taikichiro Mori Memorial Research Grant Report 2012

Name of the Research Project: Balancing economic and environmental cooperation: Challenges of ASEAN Economic development and Environmental protection in Greater Mekong Sub-region (GMS)

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Research Contents: The research aims at analyzing ASEAN policies and strategies that initiated and applied to help balancing the trade-off between economic development and environmental protection in the Greater Mekong Subregion (GMS). The GMS cooperative programs, which include enhancing of economic activities and investment, sub-regional market integration, infrastructure linkages, and human skill development and technology transfer, have driven subregional trade and economic growth, and growing numbers of incoming investment from external members and among GMS members. Such economic activities, however, rely considerably on most polluted industry and agriculture sectors that tend to grow faster than other sectors. This led to the concerns over environmental problems in the GMS in the midst of economic growth and development.

The research thus examined the ASEAN-GMS's response to environmental concerns: how environment management and protection policies and measures are created, applied, harmonized and legalized to mitigate adverse impacts of development on environment; and what are the obstacles of policy implementation. The research outcomes are expected to use as policy recommendation for GMS members to enhance environment protection policies and cooperation.

Research Questions:

1. To what extent ASEAN policy and strategy have been initiated to achieve balance between trade/investment liberalization and environmental protection in the Mekong sub-region (GMS)?

2. How national and regional environmental protection policies are harmonized to address common trans-boundary environmental issues or being obstructed by notions of 'non-intervention' and 'national interests'?
3. The role of donor organizations such as ADB, USAID, EU, and UNDP or local actors in encouraging ASEAN-GMS to reconcile between economic and environment issues.
4. To what extent ASEAN has taking environmental issue into economic consideration and long-term strategy and policy-making?

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Research Result report:

Background of GMS (1992): A sub-regional cooperation, which is a pioneer in regional cooperation in Southeast Asia. GMS's purposes are to foster good investment climate and conditions, push integration of new ASEAN members to the rest of ASEAN. GMS programs include 1. Integrated market: development of infrastructure and human resources, FTA, and tariff reduction; 2. Infrastructure linkage: roads, rails, power interconnection, and telecommunication; 3. Human skill development and technology transfer; and 4. Economic cooperation with ASEAN and non-ASEAN members. During 199-2008, GDP of GMS countries have grown twice as fast as the world economy, while trade growth has grown 25% faster than world trade. Open policies have enabled the GMS countries to realize potential as foreign investment destination.

ASEAN and environmental issues: Key challenges for GMS program is how to properly manage shared natural resources and collective action to resolve cross-border environmental problems.

1. ASEAN's critical environmental problems triggered by economic development include: deforestation, slash and burn cultivation, soil erosion, water problem, effects of urbanization, forest fire, illegal logging, flooding and drought, as well as biological effects.

2. In 1977, ASEAN significantly started environment protection efforts "ASEAN Sub-regional Environment Program (ASEP)" under the coordination and assistance from the UNEP, which followed by the establishment of ASEAN Experts Group on the Environment (AEGE). These are ASEAN's effort to pool resources and expertise for environment management techniques.

3. ASEAN's initiated environmental protection policy is to create legislative solution and environmental law that are incorporated into national plans and harmonize each ASEAN member's national environmental policy.

4. The first ASEAN Ministerial Meeting on Environment in 1981 aimed at ensuring the protection of the ASEAN environment and sustainability of natural resources, however such efforts are remaining symbol and expression rather than concrete achievements due to the lack of binding legislation and strong institutional framework for cooperation.

5. ASEAN's critical environmental strategies are 1998 Hanoi Plan of Action (HNPA) and 2004 Vientiane Plan of Action (VAP), which aimed at harmonizing environmental standards, air and water quality, as well sustainable national resource management. While ASEAN's formal intergovernmental agreements include ASEAN Agreement on the Conservative of Nature and Natural Resources (1985) and ASEAN Agreement on Transboundary Haze Pollution (2002).

ASEAN's strategies and agreements, however, are criticized that they are often not well translated into practice, compliance and enforcement on both national and regional levels. This is due to limited capacity, resources, political constraints, and limited participation from non-governmental stakeholders. Environmental cooperation has reflected ASEAN's preference for weak or soft regionalism. The ASEAN Way creates a form of decision-making, which has become slow and unwieldy in the face of environment demands.

GMS and Environmental issues

1. Fast growing agricultural and industrial production are increasingly pressure environmental carrying capacity. Growing production causes more consumption of natural resources as well as rapid urbanization and consumption that create environmental burden and many transboundary environmental problems. Many research findings found that increases in GDP associate with worsening environment conditions in very poor countries and air and water quality appear to benefit from economic growth once some critical level of income has been reached.

2. GMS core environmental program: implementation to improve management of shared natural resources of the GMS. The program provides framework to address the immediate and long-term stress that rapid economic growth have on the environment and natural resources of the region.

- GMS Working Group of Environment (WGE)
- The Strategic Environment Framework (SEF) – policy, technical and procedural basis for sub-regional planning and monitoring.
- The Early Warning Information System (EWIS) – monitor the cumulative environmental impact of development projects and respond to it in a proactive manner.
- Practices for sustainable use of shared resources
- Participation in international environmental initiatives

3. Developing Asian countries are now facing dilemma over whether they must sacrifice their environment for economic prosperity? Most political leaders, however, think not. Challenge for Asia is to deliver economic gains, while setting aside the growth-at-any-price development model. The grow-now-clean up-latter approach will undermine the future growth and poverty reduction potential of the region. In developing countries, including ASEAN and GMS, development is, however, an overriding priority, while environment is comparatively insignificant side effect.

4. Limitation of GMS regional environmental cooperation:

- Reluctance of national government to delegate some of their authority to transboundary entities or commit to regionally determined benchmarks of national efforts
- Conceptual difficulties of conducting a regional assessment of performance in an insufficiently integrated institutional setting
- Issues of harmonization of national environment legislation and regulation, as well as readiness to address common transboundary environmental issues
- Issues of expenditure on environmental protection, control measures, society response, and policy management
- Issues of regulatory compliance: enforcement standards, uncertain laws, and corruption

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