



Keynote Address

By

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**At the Opening of the Symposium on
"Realizing a More Integrated, Competitive, Equitable and
Resilient ASEAN Community"**

Under the Theme

***"ASEAN: One Community, One Destiny: The Phnom Penh
Agenda"***

*Venue: Hotel Sofitel Phnom Penh Phokeethra
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- *Excellencies, Ladies and Gentlemen,*
- *Distinguished National and International Guests!*

Today, I am pleased to attend the opening of the Symposium on **"Realizing a More Integrated, Competitive, Equitable and Resilient ASEAN Community"**, which is jointly organized by the **Royal Government of Cambodia (RGC)-Economic Research Institute for ASEAN and East Asia (ERIA)-Harvard University**. The Royal Government of Cambodia is highly honored to host this important Symposium that precedes the **21st ASEAN Summit** to be held in Phnom Penh shortly. The Symposium is being held while Cambodian Government and People are deeply shocked and grieved by the passing of **His Majesty Norodom Sihanouk– a Father of Independence, Sovereignty and Unity** on October, 2012. The death of **the King-Father** is a loss of the greatest statesman who made many priceless accomplishments for the nation, motherland, and people, particularly his royal crusade and immortal achievement for independence and territorial integrity.

First of all, on behalf of the Royal Government and People of Cambodia, I would like to extend a warm welcome to the Executive Director of Economic Research Institute for ASEAN and East Asia (ERIA), His Excellency Secretary General of ASEAN, professors and experts from Harvard University, Excellencies, Ladies and Gentlemen, ambassadors, representatives of development partners, and other distinguished national and international guests and participants, who are attending this Symposium.

Taking this opportunity, I would like to express my deep appreciation to and highly value the **Economic Research Institute for ASEAN and East Asia (ERIA)** for the initiative to organize this Symposium in collaboration with Cambodian government institutions, particularly the **Ministry of Foreign Affairs and International Cooperation** and **Harvard University**. In addition, I would like to commend Economic Research Institute for ASEAN and East Asia (ERIA) for the recent publication of the Mid-Term Review Report on the implementation of the **“ASEAN Economic Community (AEC) Blueprint”**. Truly, the Symposium is an important dialogue platform for us to review the ASEAN achievements in building the ASEAN Economic Community, and to exchange views on the major issues and challenges that ASEAN is facing in moving toward this shared vision.

I believe that the deliberations resulted from the dialogue in the Symposium will serve as inputs for ASEAN Member countries to identify areas that require their urgent attentions with the aim to speed up progress of the ASEAN Economic Community building in order to successfully meet the target by 2015. In this regard, the conclusions and proceedings of this Symposium will be submitted to the Heads of State and Government of ASEAN countries for further discussions on the progress of the ASEAN Economic Community (AEC) building at the forthcoming ASEAN Summit.

ASEAN has worked hard on implementing the action plans identified in the three pillars of ASEAN Community namely, **Political-Security Community**, **Economic Community**, and **Socio-Cultural Community**. The successful building of ASEAN Economic Community by 2015 will transform ASEAN into a global market with resilient production base, free flow of goods, services, investment, and skilled labor and investment capital. In this spirit, the vision of the ASEAN Economic Community building which is reflected in the theme of this Symposium corresponds to the matters related ASEAN Economic

Community building which ASEAN leaders will meet and discuss about at the forthcoming **ASEAN Summit**, including important issues such as SME development, energy security, environment, trade, investment, and infrastructure connectivity and sustainable development.

- *Excellencies, Ladies and Gentlemen!*

ASEAN has made remarkable achievements since its establishment in 1967. ASEAN is now known not only as a region of peace, stability and high growth, but a closely-integrated political and economic entity, an influential player in Asia and an indispensable strategic partner of major countries and organizations in the world. The theme of ASEAN Summit 2012 in Cambodia, *"ASEAN: One Community, One Destiny"*, indeed reflects the undivided attention and political commitment of ASEAN Member States toward the successful realization of the ASEAN Community as a cohesive family, living in security and political, economic and socio-cultural harmony, which is rules-based, peaceful and economically strong.

Undoubtedly, the realization of ASEAN Community in 2015 will not only promote peace and stability in Asia but also enhance our reputation and prestige in the regional and international fora. In fact, ASEAN has successfully created a number of mechanisms and processes for strengthening the common approach to promoting cooperation and peaceful resolution of issues such as ASEAN Regional Forum (ARF) ASEAN+3 Summit, Asia-Europe Meeting and the East Asia Summit and so on. Though so far ASEAN has made many achievements, ASEAN still has an ambition to establish ASEAN Community by 2015 through its steadfast in the commitment to further enhance regional integration and cooperation in all areas based on rules, efficient organizations of its institutional structure and process.

In point of fact, through regional cooperation this year ASEAN will experience GDP growth in the range of **5.2%-5.9%**, which is healthy by international comparison. In parallel, intra-ASEAN investment grew at **23%** in 2011, reaching **US\$ 17.5 billion** and accounted for **19.7%** of total inward Foreign Direction Investment (FDI) into ASEAN. This affirms that ASEAN region is one of the most attractive destinations for foreign direct investment (FDI) in the world. ASEAN's merchandise trade grew by **16.8%** in 2011, from **US\$ 2.05 trillion** in 2010 to **US\$ 2.39 trillion** despite the slowdown in global trade. Intra-ASEAN trade remained strong in 2011 and reached **US\$ 598 billion**. All these lead

me to believe that further progress in regional cooperation will yield even more substantial benefits to the Community.

- *Excellencies, Ladies and Gentlemen,*

In order to realize of the vision of the ASEAN Community building by 2015, ASEAN needs to establish ASEAN Economic Community by 2015 by making further efforts to overcome all the obstacles, particularly the implementation of the "**ASEAN Single Window (ASW)**", trade facilitation, as well as other measures identified in the "**ASEAN Economic Community Blueprint**". Alternatively we can say that beyond 2015, ASEAN will need to strengthen its resolve to jointly address other remaining challenges such as narrowing the development gap between member countries, connectivity of physical and institutional infrastructure, and promotion of the role of SMEs in regional economic development.

Indeed, the building of a comprehensive ASEAN Community requires organizations of action plans and practical measures to address those challenges effectively. In this regard, I would like to propose the action plans and priority measures for achieving the goal of building ASEAN Community into **more integrated, competitive, equitable and resilient Community as follows:**

First: Tariff and non-tariff barriers should be completely dismantled as the decisive step towards deeper economic integration. ASEAN can announce this decision when it declares the establishment of the AEC in 2015.

Second: Trade facilitation should be enhanced for promoting the development and expansion of efficient production networks which is critical for creating a single market and production base as well as strengthening the competitiveness of the region.

Third: Further services liberalization and domestic reforms should be undertaken for establishing a strong services sector in the region which is another necessary condition for the development of a robust production base in ASEAN.

Fourth: The implementation of the regional framework for liberalization and facilitation of cross border capital flows under the recently approved ASEAN Comprehensive Investment Agreement (ACIA)

should be speeded up for improving the investment environment in the region.

Fifth: Connectivity and transport facilitation should be further enhanced for creating a single market and resilient production base in ASEAN. Efficient transport logistics and distribution services will be needed to underpin the competitiveness of manufacturing industries in the region. Moreover closer integration of the rural economy into the ASEAN and global production networks and markets through better connectivity will promote equitable development in the region.

Sixth: The development SMEs should be promoted for expanding employment and entrepreneurial opportunities; a healthy SME sector is necessary for promoting equitable growth in the region while it progresses towards the establishment of ASEAN Economic Community (AEC).

Seventh: Implementation of the Regional Comprehensive Economic Partnership (RCEP) should be pursued as part of the effort to establish AEC by 2015; the ASEAN economic integration should be comprehensive and strive to establish comprehensive economic partnerships between Member States in order to promote trade diversification in the region.

Eighth: Enhancing financial market integration should be the next priority. A more integrated financial market can benefit the ASEAN in several ways including increased scale and liquidity of the capital market, improved risk bearing and sharing potential, better management of the firms' capital structure and development of a long term, local currency denominated debt market. Ultimately, the emergence of an integrated regional financial market in the ASEAN will increase the region's attractiveness as an investment destination.

Ninth: Effective, efficient, and sustainable provision of ICT and Energy will be fundamental for creating a single market and production base which is globally competitive. This will require undertaking a variety of policy measures for encouraging private investment in these sectors.

Tenth: Member States should accelerate implementation of the Mutual Recognition Arrangement (MRA) framework on professional

services and labor mobility to facilitate cross border movement of skilled labor in the region.

Eleventh: ASEAN should review the current institutional arrangements to assess: (1) effectiveness of the monitoring system; (2) functioning of the dispute resolution mechanisms; (3) adequacy and efficiency of private sector involvement; (4) heavier workloads associated with increasing number of meetings balanced with the need for focused effort toward achieving AEC by 2015; and (5) coordination among the relevant sector agencies particularly in arranging meetings. Taking this opportunity, I would like to appeal to the **Economic Research Institute for ASEAN and East Asia (ERIA)** to consider providing capacity building to the “**ASEAN Integration Monitoring Office (AIMO)**” of the ASEAN Secretariat in order to enable this agency to perform its function effectively in reviewing the progress of ASEAN economic integration.

- *Excellencies, Ladies and Gentlemen!*

I believe that the forthcoming **ASEAN Summit** will promote the ASEAN integration process and strengthen the central role of ASEAN in the region's evolving regional economic and social architecture. The thrust of **the Phnom Penh Agenda** is to continue consolidating ASEAN's effort to implement the **ASEAN Economic Community Blueprint** comprising the four pillars of establishing a single market and production base, a competitive economic region, equitable economic development and integration of the region into the global economy.

The building of ASEAN Economic Community by 2015 is promoting the cooperation beyond government level and securing the broader participation of all stakeholders, particularly the private sector and the ASEAN civil society. With the support of all members, in the capacity of ASEAN Chair Cambodia would like to encourage members and development partners to continue close cooperation in accelerating the process towards the establishment of ASEAN Economic Community by 2015, and continuing to make plans for priorities beyond 2015 aimed to realize our shared vision “**ASEAN: One Community- One Destiny.**”

Once again, I would like to express my deep appreciation to **Economic Research Institute for ASEAN and East Asia (ERIA), Harvard University** and **concerned institutions** for organizing this important event. I am looking forward to receiving the proceedings and

recommendations of the Symposium in order to use as inputs for the **ASEAN Summit** and **Related Meetings**.

Finally, I wish the Symposium success and fruitful exchanges of ideas, suggestions and views. I would like to wish Excellencies, Ladies and Gentlemen, distinguished national and international guests good health and success in all your endeavors.

May I now announce the official opening of the Symposium!

Thank you!