



OPENING REMARKS

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at the Awareness Workshop

on the ASEAN Economic Community for Government Officials

Phnom Penh, Cambodia, 16 September 2014

Excellencies, Lok Chumteav,
Officials and representatives from the Ministry of Commerce, and other Government ministries,
Ladies and Gentlemen,

It is my great pleasure today to preside over the opening of the first of the four National Workshops on the **ASEAN Economic Community**. I would like to express my sincere appreciation to the Department of International Cooperation of the Ministry of Commerce and Development Partners, especially the World Bank, European Union, DANIDA, and UNIDO for organizing and funding this event.

The Royal Government of Cambodia has expressed its strong commitment to the realization of an ASEAN Economic Community by 2015 by organizing the various fora and workshops to discuss the issues, challenges, and opportunities we face as we join the other nations of ASEAN in one integrated economic community by end of 2015. The Government has worked hard in maximizing the country's prepared for AEC 2015 by maintaining an open economy and complying with the accession requirements of WTO and AEC. On the latest "**AEC Scorecard**" Cambodia has achieved more than 70 per cent of the key deliverables required under the AEC, and ranked third behind Singapore and Malaysia. Within this perspective, we, the Government officials must lead by example and demonstrate to our citizens, that we accept both the opportunities and responsibilities that are involved openness and competition as we strengthen our capacity and knowledge for ASEAN economic integration.

Excellencies, Ladies and Gentlemen,

In this morning's opening ceremonies, let me address three related aspects.

Firstly, the AEC is the realization of the end goal of economic integration as espoused in the Vision 2020 with the following key characteristics: (a) a single market and production base, (b) a highly competitive economic region, (c) a region of equitable economic development, and (d) a region fully integrated into the global economy.

Secondly, to date, ASEAN has realized remarkable key accomplishments:

- On **the Single Market and Production base**, the ASEAN Comprehensive Investment Agreement (ACIA), which is ASEAN's legal instrument to realize an ASEAN investment area, has entered into force on 29 March 2012. It aims to create a more competitive, free and open regional investment regime. The new ASEAN Agreement on Customs was also signed on 30 March 2012, which will operationalize the principles of the ASEAN Trade in Goods Agreement.

- On *the Competitive Economic Region*, The ASEAN Multilateral Agreement on the Full Liberalization of Passenger Air Services (MAFLPAS) and its two Protocols entered into force on 1 July 2011, will further facilitate and enhance air services as well as complement the transport facilitation and liberalization efforts in ASEAN. The Protocol 6 on Railways Border and Interchange Stations of the ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT) was also signed on 16 December 2011, will facilitate cross border movement of goods trains within the region.
- Regarding **the integration into the Global Economy**, under the ASEAN-China and the ASEAN-Korea FTAs, the ASEAN-6 and their respective FTA partners have completed tariff elimination for products under the Normal Track on 1 January 2012. At least 90% of ASEAN-China and ASEAN-Korea trade are no longer subject to any tariff barrier.
- *Thirdly and finally*, despite the achievement mentioned, *ASEAN still faces a few major critical challenges*. On trade in services, three member states have yet to complete their 8th AFAS Packages. Under ASEAN Free Trade Area (AFTA), non-tariff measures continue to impede the free flow of goods in the region. To address the restrictive elements in these measures and look into the possibility of eliminating them, priority should be given to the development of a roadmap for putting in place a robust mechanism to ensure that border and behind-the-border measures do not negate the benefits of tariff liberalization in the region.

Excellencies, Ladies and Gentlemen,

The focus of this workshop is entirely on the national level implementation of our agreements and commitments towards AEC 2015, as we envision ASEAN to be a single market and production base with five core elements: (i) free flow of goods; (ii) free flow of services; (iii) free flow of investment; (iv) freer flow of capital; and (v) free flow of skilled labor.

Excellencies, Ladies and Gentlemen,

Based on the results of a study on the “**Realizing AEC: a Comprehensive Assessment**” made by Professor Michael G. Plummer from the Johns Hopkins University and East-West Center, **Cambodia, Laos, Myanmar and Vietnam** stand to gain the most due to the liberalization and reform efforts to improve efficiency and competitiveness, i.e., by leveraging the AEC to undertake politically sensitive domestic reforms; access to ASEAN capital, investment, technology, technical assistance, development experience and best practices; greater participation in global production networks and value chains; greater leverage in regional and international negotiations. **(1) For ASEAN businesses, including SMEs:** they stand to benefit from larger market access and lower input and transaction costs through elimination of tariffs and NTBs on goods and improved regulatory environment on services; improved trade facilitation such as customs, logistics, transportation connectivity and ICT; rationalized rules of origin, product and technical standards. **(2) For ASEAN professionals and labor:** free regional mobility of skilled labor will benefit countries having skills shortages. Professionals and skilled workers are able to find better employment opportunities and improve earnings potential. In addition, labor in expanding industries, services and firms will benefit from increased employment and higher wages. **(3) For ASEAN Consumers:** they are the silent majority that benefit from access to cheaper and wider range of imported goods and services, a more competitive domestic market environment and consumer protection.

Excellencies, Ladies and Gentlemen,

Today, leading Cambodian government officials and experts will look at some of our key ASEAN 2015 commitments from the point of view of national implementation needs. We hope that you will find the whole day session to be interesting and instructive.

To conclude, I have great honor in declaring open the National Workshop on “*ASEAN Economic Community 2015*” and I wish the Workshop a success.