



# Seminar on ASEAN Economic Community 2015

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## ASEAN+1 Free Trade Areas ASEAN-Hong Kong FTA and RCEP Negotiations Progress, Challenges and Opportunities

*Presented by*

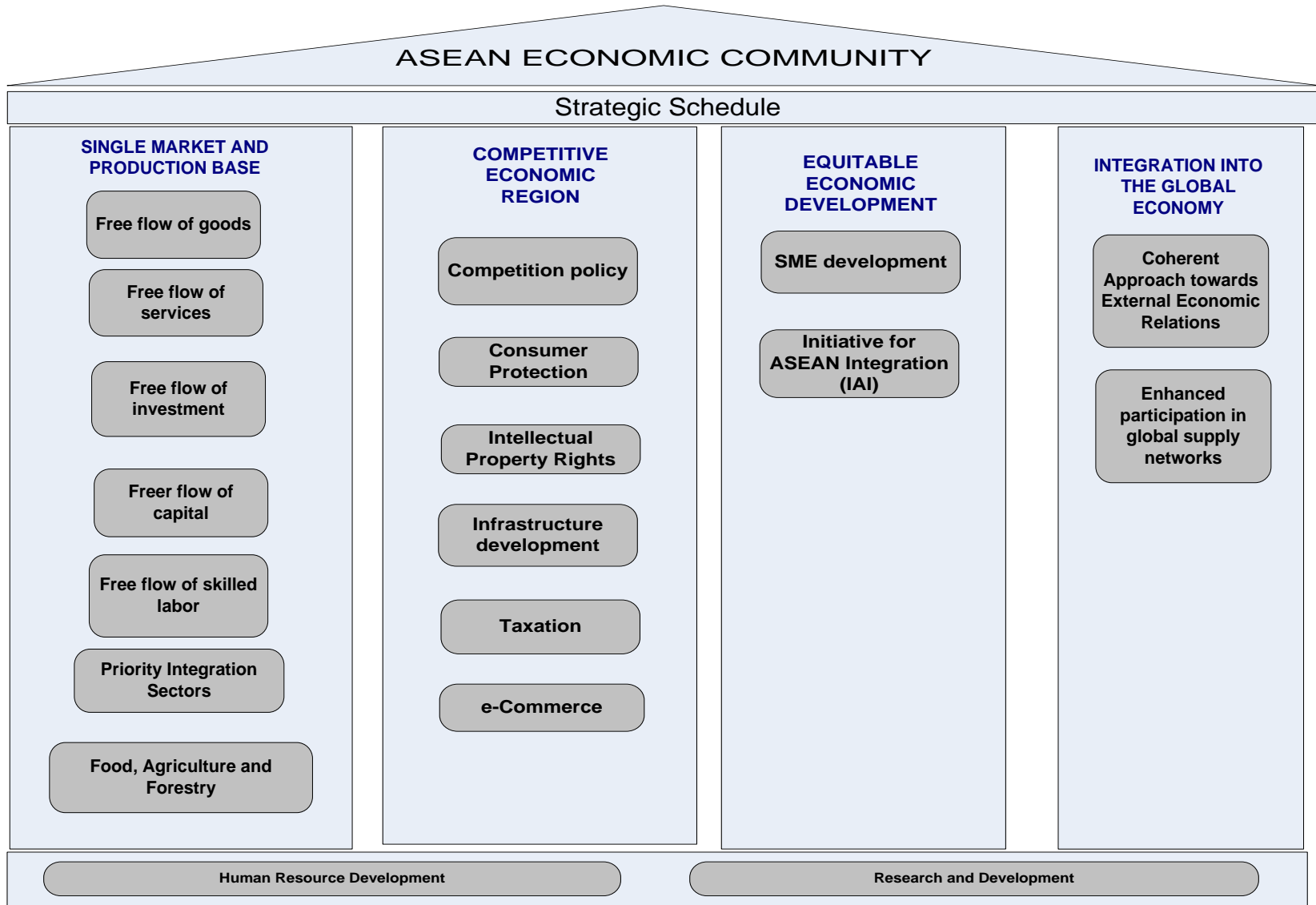
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# ASEAN ECONOMIC COMMUNITY (AEC)



- Internal integration – ASEAN Economic Community
  - Single market and production base
  - ASEAN Centrality
  
- External – FTAs and CEPs
  - Tap market potential
  - Enhance market access
  - To remain competitive vis-à-vis countries/blocs directly competing with ASEAN
  
- Trade policy pursued by Member States in 3 tiers: multilateral (WTO), regional and bilateral

# ASEAN-CHINA

- Trade in Goods Agreement signed in 2004
- Trade in Services Agreement signed 2007; negotiations for the 2<sup>nd</sup> package of specific commitments signed in 2011
- Investment Agreement signed in 2009
- ACFTA realized on 1 January 2010
- A market of 1.91 billion people, GDP of US\$ 6.41 trillion
- Negotiations for the Chapter on Customs Procedures and Trade Facilitation is almost concluded. The CPTF Ad-hoc Experts Group to conclude the negotiations by the next ACFTA-JC meeting (22-24 Sept 2014)
- 26 August 2014, the AEM-MOFCOM endorsed the elements papers for the upgrade of the ACFTA-related documents. The ACFTA-JC to commence negotiations on the upgrading on 22-24 Sept 2014.
- ASEAN and China reiterated that priority be given to trade facilitation issues, such as improving the Rules of Origin and addressing the behind-the-border issues

# ASEAN-KOREA

- Trade in Goods Agreement implemented in 2007, without Thailand
- Trade in Services Agreement signed 2007, also without Thailand
- Thailand acceded to the Goods and Services Agreements in 2009
- Investment Agreement signed in 2009
- AKFTA realized on 1 January 2010
- A market of 632.1 million people with a GDP of US\$ 2.33 trillion
- Parties to further liberalise their Sensitive Products

# ASEAN-JAPAN

- AJCEP Agreement signed in April 2008 and entered into force in Dec 2008
- First FTA to have an elaborate section on trade facilitation, SPS, STRACAP and economic cooperation, among others
- Robust chapters on services and investment – work in progress
- A market of 711.2 million people with a combined GDP of US\$ 6.57 trillion
- FTA to be realized 10 years upon entry into force
- Negotiations of Trade in Services and Investment
  - Legal scrubbing on going on the Trade in Services, Annexes on Financial Services and Telecommunications, MNP and the Investment Chapters texts
  - Remaining issues under discussions, including the transparency list (for services) and taxation-related issues (for investment)
  - A Protocol to Amend AJCEP to incorporate the outcome of these negotiations will need to be finalised.
  - Officials from all Parties were urged to complete the negotiation and legal scrubbing by end of 2014
  - ASEAN and Japan Agreed for the signing of the Protocol in early 2015

# ASEAN-INDIA

- Trade in Goods Agreement signed in August 2009 and entered into force on 1 January 2010
- A market of 1.77 billion people with a combined GDP of US\$ 2.74 trillion
- FTA to be realized by 2016
- Trade in services and investment was signed on 25 August 2014 at the 46 AEM. Both sides agreed to put them into operationalization by July 2014
- Review of the ASEAN-India Trade in Goods Agreement
  - 10th AEM-India Consultations in 2012 in Siem Reap, Ministers agreed to start the review of the ASEAN-India Trade in Goods (TIG) Agreement.
  - ASEAN-India TNC were reactivated by Ministers in August 2014 to commence preparatory work on improvements to the ASEAN-India TIG Agreement

# ASEAN-AUSTRALIA-NEW ZEALAND

- Agreement Establishing the AANZFTA signed in February 2009 and entered into force on 1 January 2010
- Considered as the most comprehensive, most ambitious FTA ASEAN
- Includes chapters that are not in any of ASEAN's FTAs: IP, MNP, electronic commerce and competition
- Economic cooperation – “heart” of the Agreement
- A market of 609.4 million people with a GDP of US\$ 2.61 trillion
- FTA to be realized as early as 2015
- 1st Protocol to Amend the Agreement Establishing the AANZFTA was signed by Ministers on 26 August 2014 and will be into force by 31 March 2015 (ANZ and at least 4 AMS need to complete domestic procedures)



# ASEAN-HONG KONG FREE TRADE AGREEMENT

- Negotiate with best efforts and flexibility with a view to reaching a mutually beneficial outcome as soon as possible
- Build on the rights and obligations of both sides under the World Trade Organization (WTO)
- Started 1st AHKFTA TNC meeting in July 2014
- Next Round of Negotiation in Nov 2014
- AHKFTA to conclude by end 2016

# Regional Comprehensive Economic Partnership (RCEP)

- Negotiated with a mandate in a Joint Declaration in Nov 2012 in Phnom Penh
- There were 5 rounds of negotiations since its launch in November 2012
- Target to conclude the RCEP negotiations by 2015 in line with the vision endorsed by the Leaders in the Guiding Principles for a modern, comprehensive, high-quality and mutually beneficial economic partnership agreement that would support the achievement of the ASEAN Community and deeper regional economic integration.
- RCEP GDP was US\$21.3 trillion in 2013, total trade US\$10.7 trillion (29% of global trade), total FDI inflows to RCEP US\$339.8 billion (23.4% of global FDI inflows).
- FTA with 50% of the world's population, RCEP represent a massive market. RCEP upon conclusion, would spur economic dynamism through better market access, enhance deeper economic integration, create shared opportunities and help improve the standard of living for billions of people of this region.
- Progress made in the areas of trade in goods, trade in services and investment. Progress also made in other areas under negotiations, such as economic and technical cooperation, IP, competition and legal and institutional issues.
- Next Round of RCEP TNC Negotiations scheduled on 1-5 December 2014 in India

THANK YOU !

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