

Opening Address at the 35th Meeting of the ASEAN Economic Ministers

Phnom Penh, 2 September 2003

*Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,*

Today, I am extremely pleased to welcome all of you on behalf of the Royal Government and people of Cambodia, to warmly welcome all of you - the distinguished ASEAN Economic Ministers of the ASEAN member countries, the ASEAN Secretary-General, and all guests and their delegations at this important 35th Meeting of the ASEAN Economic Ministers.

I wish each and every one of you a pleasant stay in Cambodia!

In the past year Cambodia has had the privilege of hosting all of the Leaders of the ASEAN at the 8th ASEAN Summit and related meetings in November 2002. In January 2003, Phnom Penh hosted the ASEAN Tourism Forum. In June 2003 we were privileged to welcome the ASEAN Foreign Ministers to Cambodia.

Today, the Kingdom of Cambodia has the great privilege of hosting, the 35th Meeting of the ASEAN Economic Ministers, as well as the related meetings with the Economic Ministers from ASEAN Dialogue Partners such as Australia, China, India, Japan, Republic of Korea and New Zealand. Meetings will also take place with the representatives of the private sectors from the ASEAN, US and CER. I expect that all these meetings will create a new and great momentum in promoting trade and investment in the region and in all the participatory countries that will in turn bring positive results in enhancing the living of all our people.

*Thank you all, for being here!
Your Excellencies,
Distinguished Delegates,
Ladies and Gentlemen,*

At the outset, please allow me to share with you on some developments with regard to Cambodia.

You are visiting Cambodia at a very important period of transition. As you know, the people of Cambodia have expressed their collective will through the fair, free and democratic elections, took place just a month ago, on 27 July 2003. We are now working to solve the differences among political parties who have been selected by the people through the elections to serve in the national assembly, based on the principles of democracy, the respect for the rights and will of the people and the existing laws, especially the Constitution of the Kingdom of Cambodia.

I am optimistic that the new Royal Government of Cambodia will enter into its third mandate, according to the people's will and aspiration and fully committed to the cause of peace, development and prosperity for all.

Cambodia has come a long way in the past 5 years, since the second term of the Royal Government. With strong political commitment, expressed in decisive action on its policy and institutional reform agenda over the past five years, the second term Royal Government has generated a powerful momentum towards progress and has achieved positive results toward development, progress and prosperity.

Such success won by Cambodia through hard work and sacrifice is reflected in the performance of the economy which has grown each year by an average rate of 6.7 percent. Moreover, inflation was kept very low, the exchange rate stable, and international reserves steadily increasing.

Furthermore, the Royal Government's positive reforms and the maintenance of macroeconomic stability has been achieved in the face of external and internal disruptions including natural disasters, international terrorism, uncertainty in the global geopolitics and the world economy and even the SARS virus.

With the national elections completed in good order, we in Cambodia now need to renew and intensify our efforts to execute our economic policy agenda. To re-state our ultimate goal: *"we shall endeavor to build the Cambodian society marked by sustained prosperity and a firm democracy, gained through solidarity, progressive education, respect for moral values and social justice"*.

Let me now turn to the key issues that the ASEAN Economic Ministers must tackle at this meeting.

As you already know, one of the most important items on our regional agenda has been the economic development for many years. Our ASEAN members and region as a whole possesses immense potential with abundant natural resources and productive, skilled people. With peace and stability our region can collaborate to maximize the employment of resources and generate sustained benefits for our peoples. I am therefore gratified that ASEAN has shown strong resolve in working together, and with other countries to counter terrorism.

During the 8th ASEAN Summit in November 2002 here in Phnom Penh, the ASEAN Leaders considered the formation of an *ASEAN Economic Community*, as the end-product of the implementation of the *Road Map for ASEAN Integration and Vision 2020*. Our respective Ministers have been studying these proposals. I personally believe that these are very important and promising initiatives, and we should all look forward to the presentation of findings and recommendations at the 9th ASEAN Summit next month in Bali.

I believe that the deepening integration of ASEAN countries must be accompanied by technical and development cooperation to bridge the gaps within ASEAN so that benefits of ASEAN integration are shared among all ASEAN members.

In 2002, the ASEAN commissioned the consultancy McKinsey & Company to study and recommend on *ASEAN Competitiveness*. We have heard the report in various forms and forums these past months. At this point we need to seriously consider the final report and recommendations and act accordingly. We look forward to receiving the recommendations of the Economic Ministers on this matter.

At the Special Informal Meeting of the ASEAN Economic Ministers in July 2002 in Jakarta, new measures to strengthen economic cooperation within ASEAN were introduced. I would like to draw your attention to some crucial aspects of these measures, as follows:

1. Extend the “Comprehensive” AISP to CLMV

We suggest that the coverage of the ASEAN Integrated System of Preferences (AISP) be extended by the more-developed ASEAN members, at a zero rate across all sectors, to Cambodia, Laos, Myanmar and Viet Nam (CLMV) by 2004 and onwards. I strongly believe that such an extension will stimulate the expansion of trade across our entire region and even beyond. This initiative will also promote increases in the flow of investments particularly to the newer, lesser-developed and weaker production-base ASEAN members.

2. Maximize the use of regional (ASEAN) branding in producing competitive ASEAN products.

Organized as the ASEAN, we need to develop the brand of “Made in ASEAN” of products where parts could be produced in different ASEAN countries, then transportable duty- and tax-free into other ASEAN countries for final assembly. With inputs and spare parts being produced in and sourced from any ASEAN country where it is most advantageous and competitively-priced, the ASEAN as a whole will be enabled to produce finished products that are able to face increasingly stiff world competition.

The ideal arrangement would be that inputs, parts or components are produced in the developed ASEAN countries and the final products are assembled and completed in the less-developed ASEAN members, where labor costs are competitive and where local content performance meets the requirements under the Rules of Origin/ GSP schemes of the major markets: North America or the EU. In such arrangements the GSP/rules of origin status of Cambodia becomes available for use by the more-developed ASEAN members in order to access the major markets.

3. Developed ASEAN countries to assist in production, trade facilitation and export promotion.

Cambodia has received preferential status under existing GSP schemes for access to the markets of some 28 developed nations. As a new ASEAN member, Cambodia needs bilateral/multilateral technical cooperation and assistance to upgrade/process agricultural products to facilitate and increase domestic production and exports.

Indeed, I am pleased to know that you will be meeting with ASEAN's partners from around the region. It is also important to extend and deepen our economic cooperation beyond ASEAN's borders. In doing so with other economic players in the region and beyond, we are expected to take the most advantages from globalization. Thus, our motto is "to work and prosper together".

Every constructive relationship that we have established and deepened with other countries and other regions, have strengthened our framework for economic cooperation. It has helped us to be more effective in addressing past and future challenges and opportunities.

In this spirit, I welcome your continued efforts towards adding breadth, and depth to ASEAN's external economic relations. Thus I would like to encourage work currently being undertaken in support of the ASEAN-China Free Trade Area, the ASEAN-Japan Comprehensive Economic Partnership, the ASEAN+3 (China, Japan and Korea) Framework and the "Closer Economic Partnerships" with the "CER" countries and the Comprehensive Economic Cooperation with India.

I look forward to the smooth and timely implementation of these initiatives.

Efforts on economic cooperation will only be successful with the full involvement of all parties concerned. It is thus essential that the private sector provides us with inputs and feedback for all our initiatives. I therefore commend you, for your continued consultations with the private sector.

I am confident, that this will contribute significantly to our overall efforts in making ASEAN more relevant to our people and businesses.

It is critical for ASEAN to unite, with a renewed sense of purpose, by intensifying our momentum towards a freer flow of trade in goods and services as well as investment in the region and enhancing our competitiveness in attracting foreign direct investment. I am certain that you will be able to make good decisions in order to overcome challenges we are facing now and in the future.

In conclusion, I wish you all a pleasant stay in Phnom Penh, and above all, discussions and work together for shared progress and benefit among all of the peoples of the ASEAN.*EndItem.*