

CLMV and the ASEAN Economic Community: Winners or Losers

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Brief Background of the Presenter



- Attached to the DPM and Minister of Foreign Affairs Hor Namhong
- Attached to Permanent DPM Keat Chhon at CDC on development and economic policy matters, particularly focused on private sector development
- Cambodia Representative to the ASEAN High Level Task Force to Strengthen ASEAN Secretariat and Related Organs, 2014
- Eminent Person for the Lower Mekong Initiative, 2015
- National Focal Point for Organization Internationale pour la Francophonie
- During Cambodia's ASEAN Chair in 2012:
 - Member of the ASEAN Task Force on Substantive Issues
 - ASEAN India Eminent Person Group Co-Chair
 - ASEAN Cambodian Sherpa to G20 and High Level Cambodian Representative to G20 Development Working Group
- Senior Official (SOM Level) for the ASEM Summit, Japan Mekong Summit, Mekong ROK Summit, Lower Mekong Initiative
- Other policy advices include matters relating to the UN General Assembly.
- Chairman of the Board of Cambodia Development Resource Institute (CDRI), Cambodia's oldest and prominent independent research institute

Emerging Regional Architecture



REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP

AFTA

ACFTA

AKFTA

AJCEP

AIFTA

AANZFTA

AHKFTA

ASEAN's
other
external
economic
partners

ASEAN ECONOMIC COMMUNITY

Regional Comprehensive Economic Partnership –End 2015

- Modern, comprehensive, high-quality and mutually beneficial economic partnership among the AMS and AFPs
- Negotiations launched in November 2012, at the 21st ASEAN Summit by the 10 AMS, Australia, China, India, Japan, Korea and New Zealand
- Liberalization and facilitation of the movement of goods, services and investment in the region to enhance and benefit from the regional supply chain

Equitable Economic Development - Building Capacity of CLMV -



■ Progress in SME Development:

- Revised Strategic Action Plan for SME Development (2010-2015)
- SME Guidebook Towards the AEC 2015 launched in Nov 2012
- A Comprehensive SME Service Center, with Regional, Sub-regional Linkages
- A Comparative Study of One Village One Product (OVOP) in 9 AMS
- Models for Technology and Business Incubators (TBI) adopted
- The ASEAN Business Awards, focusing on Young and Innovative SMEs

Narrowing Development Gaps - CLMV

- **Progress: IAI Programmes and activities**
 - In-country and regional capacity building initiatives on Investment Facilitation and Frameworks; Standards and Conformity Assessment; and Trade Agreement Negotiations
 - English language proficiency
 - 1-year Attachment Programme at ASEC for CLMV Officials
 - Publication – Narrowing the Development Gaps: Drivers and Policy Options

ASEAN-China

- ACFTA realized on 1 January 2010
- A market of 1.97 billion people with a combined GDP of US\$ 10.56 trillion (2012)
- All ACFTA-related Agreements to be reviewed with a view to possible upgrades
- **Newly launched Maritime Silk Road – 40 Billion USD**
- **Newly established Asian Infrastructure Investment Bank (100 Billion USD, half of it from China) – Heavy focus on CLMV**

ASEAN-Japan

- A market of 744.8 million people with a combined GDP of US\$ 8.29 trillion (2012)
- FTA to be realized 10 years upon entry into force
- **Japan Mekong Cooperation (Heavy focus on CLMV and Thailand)**

ASEAN-Korea

- AKFTA realized on 1 January 2010
- A market of 667.2 million people with a combined GDP of US\$ 3.46 trillion (2012)
- **Mekong-Republic of Korea Cooperation**

Other Initiatives:

- **US led Lower Mekong Initiative**
- **Mekong Ganga Cooperation (India)**

Conclusion: ASEAN After 1 Jan 2016

- Freer flow of goods and services
- More mobility of businesses and skilled manpower
- Post-2015 Vision and implementation
- Regional Comprehensive Economic Partnership (RCEP)

Opportunities for CLMV

- Momentum in regional economic integration
- Growth in services industries
- Investment in Connectivity / infrastructure
- Rising 'middle class'
- Competitive private sector

CLMV's Weaknesses

- Development gap with old members
- Slow progress in domestic reforms
- Low utilisation rate of preferential measures by the private sector
- Weak institutional capacity

Winners or Losers? It Depends!!

- **Political will**
 - Regulatory reform
 - Removal of NTBs
- **Good Governance**
- **Enhance capacity of human capital**
- **Improve coordination among government agencies to facilitate business and investment**
- **Increase synergy between public and private sectors**