

**CAMBODIA 5 YEARS IN ASEAN: A STUDY ON PROS AND CONS**

**By**

**TE, Eang Chheng**

**THESIS**

Submitted to  
KDI School of Public Policy and Management  
in partial fulfillment of the requirements  
for the degree of

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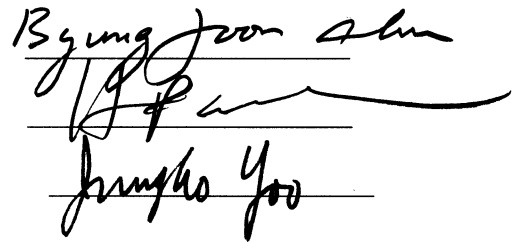
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2011

## **ABSTRACT**

### **CAMBODIA 5 YEARS IN ASEAN: A STUDY ON PROS AND CONS**

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Cambodia has been striving and put much effort in the name of ASEAN member country since it became the 10<sup>th</sup> member in April 1999 after many years of preparation and negotiation. When talking about ASEAN, there have been questions on advantages and expenditure of ASEAN integration. Besides, public opinion wants to know whether Cambodia is really benefited from the organization, and if there is such benefit, they want us to list all the benefits. But it is not easy to do so. Actually, there are both concrete advantages and some are not obvious. Based on the analysis, Cambodia obviously gained benefits from being the member of ASEAN. In order for being an important organization that can achieve historical achievements in the region and the globe, ASEAN, as it is believed, needs to continue focusing on key sectors that are the priority for strengthening its unity and solidarity, promote integration and establish community as well as keep focusing on extra-regional perspectives with active participation of its partners and other third parties.

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## CHAPTER I: INTRODUCTION

“**CONSIDERING** that the countries of South-East Asia share a primary responsibility for strengthening the economic and social stability of the region and ensuring their peaceful and progressive national development, and that they are determined to ensure their stability and security from external interference in any form or manifestation in order to preserve their national identities in accordance with the ideals and aspirations of their peoples,” Bangkok Declaration, August 8, 1967.

When the ASEAN founders gathered 44 years ago in Bangkok, Thailand to establish what is known “Association of Southeast Asian Nations” (aka ASEAN), they had never immediately imagined the change of the world and their goals were beyond what they had expected. The fear of communism was an external driving force of the 5 ASEAN founders namely Indonesia, Malaysia, the Philippines, Singapore, and Thailand. No country wants to be the next domino-stone to fall. They want, surely, to be a part of political bloc (capital, communist or even neutral) that they feel safe. However, at the end of Cold War, the winner was not military in the battle that against the progressive communism but it was the rapid economic growth. Communism lost its popularity.

ASEAN, then, had realized the requirement of new realism and had its first reaction by get the rest of the countries as its members in order to form a strong regional community for the sake of economy and politics. Viet Nam became the 7<sup>th</sup> member in 1995, Laos and Myanmar became the 8<sup>th</sup> and 9<sup>th</sup> member in 1997, and the 10<sup>th</sup> one is Cambodia in 1999. Today, ASEAN has the full members of 10 countries with the population of about 500 million, comprising one twelfth of the world population. More than being neighboring countries in terms of geographical location, ASEAN countries have very little things in common ranging from economy, political

system to culture. ASEAN members, for example, have different political systems: absolute monarchy in Brunei Darussalam, 3/4, 2/4, and 1/4 democracy in Thailand, Malaysia, and Cambodia respectively, one-party communist countries like in Viet Nam and Lao PDR, and military regime in Myanmar.

After 3 decades of suffering caused by civil war, Khmer Rouge regime, isolation, economic embargo..., Cambodia realized the benefit of international and regional integration. “Isolation from the outside world and cutting off international relations mostly caused by war, disharmony, division and racism, political ambitious, colonial hegemony, downgrade of culture and morality, and loosing of population. These cause poverty and illiteracy that we [Cambodia] need to use as a good example and try to avoid in order to be a state with equality in terms of rights and obligation in the region with prosperity in the age of globalization,” said Rorodom Ranaridh, President of the National Assembly of Cambodia, in his keynote address at the national conference on “Cambodia and ASEAN: Five Years After” held in 2003. Seeing these concerns, Cambodia has committed unanimously to open her market and link the country to international community through regionalization and globalization. This decision enhances political, economic, social, and cultural improvement of the nation with the development trend under globalization through which the world is integrating to ensure prosperity, security and progress.

“***THE KINGDOM OF CAMBODIA*** hereby commits, from the date of its membership in ASEAN, to extend on a reciprocal basis the Most Favored Nation Treatment to ASEAN Member States; the National Treatment on products of the territory of any ASEAN Member State imported into the territory of the Kingdom of Cambodia vis-a-vis like products of national origin in respect of all laws, regulations and requirements (including sales tax, exchange rate

determination and foreign exchange control) affecting the internal sale, offering for sale, purchase, transportation, distribution or use; and ensure transparency in its trade regime on goods and services by keeping ASEAN Member States informed of all its laws, regulations and requirements and subsequent changes thereto which affect its trade in goods and services with ASEAN Member States,” Protocol for the Accession of the Kingdom of Cambodia to ASEAN Agreements Ha Noi, Viet Nam, 30 April 1999.

Cambodia has achieved her obligations as a new member of ASEAN such as the successfully organizing 12<sup>th</sup> ASEAN summit held in 2002 in Phnom Penh and ASEAN Ministerial Meetings. 10 years have passed; the path Cambodia has walked was full of obstacles and challenges. Anyway, Cambodia has achieved many significant achievements and played in important roles in ASEAN like other member countries.

“Indeed, the ASEAN has been very important to Cambodia, and therefore Cambodia remains a steadfast member of the ASEAN. Over this past year, we have provided constructive contributions, hosted and helped prepare numerous ASEAN meetings and events and contributed significantly to the ASEAN's cooperation in all aspects, including political, economic, trade, investment, finance, social, cultural and environmental concerns,” Samdech HUN SEN Prime Minister of the Royal Government of Cambodia said in his Keynote Address at the 36th ASEAN Ministerial Meeting held in Phnom Penh on June 16, 2003. This somehow proves that the integration of Cambodia into region and the world is a priority of the Royal Government of Cambodia to eliminate her isolation in the internal arena. The Royal Government has strived with strong political motivation to make such integration; this drove Cambodia to become a full member of ASEAN on April 30, 1999. Since then, Cambodia has been actively promoting

diplomatic relations and cooperating with other members in all prioritized sectors such as economy, trade, security and politics.

Without a doubt, the integration of Cambodia into ASEAN in 1999 required resources and efforts to achieve fruitful results in return for the nation and people. However, we can make a deep evaluation that the Cambodia's integration into the region provides important advantages such as national security and amity, economic growth, diplomatic relations and international cooperation, tourism promotion.... These are what Cambodia has achieved after the integration. Nonetheless, such integration still causes challenges to Cambodia that need to be handled. The challenges are expenditure (contribution) as a member state, losing of tax and tariff through AFTA principles, weak economic technical foundation for production, private sector, industrial enterprises, agriculture and trade management, human resource development is still limited.... Generally, before and after becoming the 10<sup>th</sup> ASEAN member, there still doubts raised by analysts on the impact of the membership on Cambodia's economy and society. Anyway, it should not be too pessimistic on this matter. For negative impact, it is only some challenges can probably be overcome in the future whenever there is a right strategy and together efforts.

Cambodia's economic pattern has been changed from one year to another within the 10 years of its admission and integration. Foreign direct investment (FDI) dropped down from 294 million USD in 1996 to 149 million USD and 87 million USD years in 2000 and 2003 respectively but increased to 867 million in 2007. This downward trend was not caused by ASEAN membership but by lack of infrastructure and investor-protecting policy, law and regulation. In terms of GDP, it has increased from 3,393 USD in 1996 to 3,546 in 2000 and 11,082 USD in 2008<sup>1</sup> which marked as the positive impact of ASEAN membership. In the field of tourism, the trend has been changed by both internal and external factors every year. It should

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<sup>1</sup> ASEAN Country Profile 2009

be noticed that ASEAN tourism is the cooperative tourism with high competition between member countries to attract tourists to its own country for the sake of economic growth and job opportunity.

More importantly, it has been discovered that the monitoring on the progress of Cambodia's integration into the region (ASEAN) is virtually important to promote Cambodia's membership to be stronger, and this would provide actual benefit for Cambodian people as a whole. As long as this membership would not be monitored and evaluated accurately on its outcomes and shortage, it could not respond to the purpose and proposal of the people to participate the region. Finding of strength and weakness of this participation is the key for progress and actual benefit. This paper potentially aims at carefully reviewing the advantage achievement and challenges of the integration of Cambodia into ASEAN within of the past 10 years in order to discover effective strategy to make correction and target the future goals.

This paper is organized as following. Chapter II reviews literatures on impacts, both positive and negative, of ASEAN membership on Cambodia's economy, society, and culture by providing basic information for further discussion and analysis in the next sections. Chapter III introduces briefly the overview of ASEAN and general comparison between Cambodia in terms of economy, human resources, development... with other countries in the region. Chapter IV analyzes pros and cons on Cambodia's ASEAN membership on its economy (trade, investment, tourism...), society and culture, and also figures out challenges Cambodia has been facing after 10 years in ASEAN as well as its future prospects. Chapter V summarizes what has been discussed so far and makes a conclusion and recommendation as a contribution of policymaking.

## CHAPTER II: LITERATURE REVIEW

For the past 10 years of being an ASEAN member, Cambodia is said to have benefited to a large extent in the spheres of economics, politics and security. However, the questions remain: Has the ASEAN membership been playing the key role in improving Cambodia's domestic political, socio-economic and external security situation over the past decade? What can Cambodia do to gain more from this membership in future? As ASEAN is evolving to meet new challenges, how can Cambodia contribute to furthering the integration process for the benefits of all members? Answering these questions and outlining Cambodian membership experiences (for its 10 year period, 1999-2009, in ASEAN) and future directions even though there is dearth of study about impact of membership of Cambodia in ASEAN on its own economy are virtually important in order to contribute as input or recommendation for policymaking.

In 2005, Dr. Chab Sotharith published an article entitled "Cambodia in ASEAN: General Evaluation" with an attempt to study what Cambodia had achieved, some impact made by the membership on Cambodia's economy as a whole, and challenges Cambodia had met after its 1999 admission. Based on his evaluation, Dr. Chab concluded the participation of Cambodia in ASEAN for the past 5 years (1999-2003) well benefited Cambodia herself with diverse positive progress. "We are proud and consider this participation is a right decision making of our government to open Cambodia towards globalization," (Dr. Chap 2005). With this on this conceptual idea, this paper attempts to make a further study on what Cambodia have achieved, challenges Cambodia has met, and prospects for its 10 years membership and beyond.

In terms of impact of Cambodian membership in ASEAN on its economic development, Hing (2005) conducted a study and wrote in his article entitled "Cambodia and ASEAN Economic Community: Impact on Cambodia's Economy" that the participation in ASEAN,

especially ASEAN Economic Community provides Cambodia very positive impact on Cambodia's Economic and Social Development. However, it is obvious that there are negative impacts on such things as well. A study is somehow biased since it is done by government side, so there should be a further study to figure out the real impacts (both positive and negative) of the membership of Cambodia on its economy.

Lim (2009) studies the relation between ASEAN membership and Cambodia's trade by using data extracted from two sources, IMF's International Financial Statistics 2009 (CD-ROM) and UN ComTrade Database. This shows that Cambodia's total trade with the world initially accounted for US\$820 million in 1992 and rose by roughly 300 percent to US\$3.3 billion in 1999 and by another 260 percent to about US\$12 billion in 2007. In 1992, trade with ASEAN was originally about US\$465 million which represented more than 50 percent of total trade. By using the model conducted by Neak (2005), uses a panel data of bilateral trade between Cambodia and 29 countries including 6 ASEAN countries, namely Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam, Kim (2006), uses 20 major trading partners of Cambodia in a time span from 1994 to 2004 to analyze Cambodia's trade flows, and Huot and Kakinaka (2007), uses a panel data of 20 major trading partners of Cambodia with the 4 ASEAN countries employed in Kim (2006), but for a period between 2000 and 2004 after Cambodia gained ASEAN membership, Lim concludes that the three studies above provide significant different findings over the relationship between Cambodia's membership in ASEAN and its bilateral trade with those countries.

Nuth (2005) studies the impact of ASEAN membership on Cambodia's tourism development based on ASEAN report in 2003. He concludes that after becoming the tenth ASEAN membership in 1999, Cambodia's tourism reach a remarkable development step; this



because Cambodia has a very cooperation and improve its visa condition, especially between and among ASEAN member countries. This is a positive impact that can be use as a basic on further study. Concerning the tourism development, Chroling (2005) also studies about development in tourism cooperation. Based on ASEAN tourism data base 2002, he discovered that there were 43,805,342 foreign tourists visited Cambodia in 2002 and with this number Cambodia gained 27.68 billion USD which equals to 4.81% of ASEAN GDP.

However, concerning agro-trade sector, Mya and Carolyn (2001) studied Cambodia's comparative advantage in the ASEAN countries by using Heckcher-Ohlin theory of international trade for their analysis and based on Wood's (1994) approach which considers skill (or human resources) and land as primary factor endowment. Using empirical evidence from a cross-country study, he showed that the share of manufacturing exports relative to primary exports was positively correlated with a skill-labor ratio. The analysis raises an important issue regarding Cambodia's agricultural sector despite the fact that it richly endowed with cultivate land to other regional economy, it exported few agricultural commodity. This somehow shows that skill-land ratio in Cambodia, the same as Laos, is the lowest in the region, dedicating that Cambodia has potential comparative advantage in the export of primary product. This study provides an empirical evidence to prove that Cambodia has nothing to compete in other countries in the region besides primary products. Joining AFA could harm Cambodia's economy since it would be only the market for products from other countries in the region.

Chhoy (2005) studies on the impact of ASEAN membership, in particular ASEAN Socio-Cultural Community, towards Cambodian society and culture by analyzing both positive and negative impacts as well as challenges Cambodia was facing after its 5 years in ASEAN. Generally, globalization (both economic and cultural) is expanding all over the world with both

pros and cons; this definitely drives, for instance, Cambodian society and culture to be creative mixing with global and regional culture. Culture and economy are comparably important; ASEAN membership surely impacts Cambodian culture and society. Dr. Chhoy found out the strong impact of ASEAN membership on Cambodian society and culture in the first stag of its participation.

**CHAPTER III: CAMBODIA AND ASEAN**  
**— OVERVIEW AND GENERAL COMPARISON —**

**I. ASEAN Overview**

**A. Establishment and General Information**

On August 08, 1967, five countries in Southern Asia namely Indonesia, Malaysia, the Philippines, Singapore and Thailand cooperatively formed a geo-political and economic organization called “Association of Southeast Asian Nations”, commonly aka “ASEAN” for the purpose of political and economic cooperation within the region. Today, ASEAN consists of 10 member countries.<sup>2</sup> Its aims include the acceleration of economic growth, social program, culture development among its member, the protection of the peace and stability of the region, and to provide opportunities for member countries to discuss differences peacefully.

ASEAN spans over an area of 4.46 million km<sup>2</sup> with a population of approximately 580 million people, about 8.7 of the world population. In 2009, its combined nominal GDP had grown to more than USD 1.5 trillion (European Union Relations with ASEAN, 2009). If ASEAN was a single country, it would rank as the 9th largest economy in the world in terms of nominal GDP.

ASEAN operates with a vision of "One Vision, One Identity, One Community"<sup>10</sup> countries, 1 identity" unity of these ten nation forms the base of this organization. The nations have a different vulture amongst themselves. But still they stand firm for their development and growth. They stand together for regional peace and prosperity with the help of economic

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<sup>2</sup> This is chronological order when the other 5 countries became the member of ASEAN:

- Brunei Darussalam: January 07, 1984
- Vietnam: July 28, 1995
- Lao PDR: July 23, 1997
- Myanmar: July 23, 1997
- Cambodia: April 30, 1999

integration and cooperation. And finally they stand hand in hand for their people. They are entwined together by the common goal of human and social development (Nadhi 2004).

## **B. Aims and Purposes**

Aims and purposes of ASEAN has been set out in ASEAN declaration and enhanced by ASEAN Charter. The first main purpose is dealing with economic, social and cultural areas. Through joint endeavors in the spirit of equality and partnership in order to strengthen the foundation for a prosperous and peaceful community of the region, ASEAN aims at accelerating its economic growth, social progress and cultural development across the whole region. The economic growth, social progress and cultural development will drive ASEAN to be a real community with full cooperation in all main sectors rather than focusing on economy alone. To accelerate this aim, ASEAN is planning to establish what is called “ASEAN Community” which consists of ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community not later than the year 2020.

Besides economic growth, social progress and cultural development, peace and stability in the whole region are also the main purpose of ASEAN. ASEAN aims at promoting peace and stability though abiding respect for justice and the rule of law in relationship between member countries and adherent to the principles of UN Charter. As mentioned previously, one of the ASEAN community components is “Political-Security Community”, so this will enhance the purpose of promoting peace and security in the region.

Moreover, ASEAN aims at promoting active collaboration and mutual assistance on matter of common interest in economic, social, technical, scientific and administrative spheres. Also, ASEAN member countries mutually provide assistance to each other in the form of

training and research facility for the above fields. Cooperation with existing international and regional organizations with similar aims and purposes is worth to be done.

For the sake of more effective utilization of their agriculture and industries, the expansion of their trade including the study of the problems of international commodity trade, the improvement of their transportation and communications facilities and the raising of the living standards of their peoples need to be done collaboratively between and among all member countries.

### **C. Fundamental Principles**

In their relations with one another, the ASEAN Member States have adopted the following fundamental principles. As contained in the Treaty of Amity and Cooperation in Southeast Asia (TAC) of 1976, mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations are the core principles of ASEAN. Based on these principles, ASEAN member countries cannot violate one another's independence, sovereignty, equality, territorial integration, and national identity. Further more, every member country has the full right to lead its national existence free from external interference, subversion or coercion, no matter how rich or poor it is. Besides, non-interference in the internal affairs of one another is applied. In this essence, ASEAN member countries cannot do anything to intervene internal affairs of each other. Moreover, ASEAN stands on peaceful manner and approach to settle difference and disputes. Lastly, Renunciation of the threat or use of force; and effective cooperation among all ASEAN member countries is guaranteed by the treaty and enhanced by ASEAN Charter.

#### **D. ASEAN Community**

The ASEAN Vision 2020, adopted by the ASEAN Leaders on the 30th Anniversary of ASEAN, agreed on a shared vision of ASEAN as a concert of Southeast Asian nations, outward looking, living in peace, stability and prosperity, bonded together in partnership in dynamic development and in a community of caring societies. At the 9th ASEAN Summit in 2003, the ASEAN Leaders resolved that an ASEAN Community shall be established. At the 12th ASEAN Summit in January 2007, the Leaders affirmed their strong commitment to accelerate the establishment of an ASEAN Community by 2015 and signed the Cebu Declaration on the Acceleration of the Establishment of an ASEAN Community by 2015.

The ASEAN Community is comprised of three pillars, namely the ASEAN Political-Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community. Each pillar has its own Blueprint, and, together with the Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan Phase II (2009-2015), they form the Roadmap for and ASEAN Community 2009-2015 ([http://www.aseansec.org/about\\_ASEAN.html](http://www.aseansec.org/about_ASEAN.html)).

#### **E. ASEAN Charter**

The ASEAN Charter serves as a firm foundation in achieving the ASEAN Community by providing legal status and institutional framework for ASEAN. It also codifies ASEAN norms, rules and values; sets clear targets for ASEAN; and presents accountability and compliance.

“The ASEAN Charter entered into force on 15 December 2008. A gathering of the ASEAN Foreign Ministers was held at the ASEAN Secretariat in Jakarta to mark this very historic occasion for ASEAN. With the entry into force of the ASEAN Charter, ASEAN will henceforth operate under a new legal framework and establish a number of new organs to boost

its community-building process. In effect, the ASEAN Charter has become a legally binding agreement among the 10 ASEAN Member States,” (ASEAN Secretariat).

## **II. General Comparison**

Realizing that the isolation in the international arena brought Cambodia dishonor and weakness, the new government formed under the UN-backed 1<sup>st</sup> election held in 1993 decided to integrate Cambodia into regional and global economy. The integration of Cambodia in ASEAN was done with high responsibility of all relevant institutions with active participation of all Cambodian citizen and civil society.

Before becoming an ASEAN members as well as today, doubt has been occurred among scholar and analysts’ mind on the positive and negative impact of the integration and membership. It, anyway, should be more pessimistic and believe that such challenges would be overcome in the near future as long as Cambodia commits itself to do so.

### **A. People and Urbanization**

Cambodia in the rank number 7 within ASEAN in terms of population and Indonesia in number 1 with the population of about 228 million in 2008. Cambodia is the country with large free area comparing with its total population or the country with 7<sup>th</sup> lowest density, 76/km<sup>2</sup> comparing with Singapore, 6003/km<sup>2</sup>. Cambodia experienced the fastest growth of urbanization comparing with other countries in ASEAN with the percentage of 10.22 in the period of 1990 and 2000. This shows that more and more Cambodian flow to inhabit and work in urban areas. Anyway, percentage of people living in urban area is still low, only 19%, comparing with its whole population and with other ASEAN member countries, 42% in 2003. This ratio including Singapore that 100% of its people are living in the city.

## **B. Economy**

ASEAN is the group of most rapid economic growth nation in the world. It is considered that ASEAN is a good example of “Miracle”, especially in the period before 1997 Asian financial crisis (Chab 2005). ASEAN countries strive to overcome challenges such as revaluation of currency, economic and financial reform and improvement of priority sectors: tourism, service, industry, transportation, construction ect.

Cambodia has the 2<sup>nd</sup> smallest economic base (the smallest one is Laos) depending on national capital. Its GDP is only 11,082 million USD in 2008 that is smaller than capital of some conglomerate in industrialized countries. GDP per capita is 776 USD in 2008 comparing with Singapore 38,046 USD Brunei 35,623 Malaysia 7,992 USD and total ASEAN 5,131.

Cambodia can gain a lot of experiences of economic development from the development of agriculture and industry in terms of enterprise management, science, and technology of other ASEAN countries.

## **C. Tourism**

All ASEAN countries are the countries with potential tourism development. Attracting tourists from other ASEAN members are one of Cambodia’s major sources of development after becoming ASEAN member. After the open-sky policy came into effect and with experiences from other ASEAN members along with its tourist potentiality, Cambodia attracted tourists of more than 0.2 million in 1995 to 0.7 million in 2003 and more than 2 million in 2009. However, Cambodia is still lacking behind other ASEAN members in terms of number of tourist, but in terms of revenue gained from tourism comparing with GDP or number of tourist comparing with total population, Cambodia is still the champion. Tourism receipts were 118 million USD, 228



million USD, and 1,595 million USD in 1996, 2000 and 2008 respectively. This shows the important share of tourism in the mission of economic development, and it also created a lot of job opportunities for Cambodian people.

#### **D. Foreign Direct Investment (FDI) and Trade**

After 10 years of its ASEAN membership, Cambodia's FDI flow decreased in the first 5 years, from 232.3 million USD in 1999, 149 million USD in 1996 to 84 million USD in 2003; this not because of ASEAN membership, but because 2 major factors: internal and external factors. The internal factors are lacking of legal framework for protecting investors, information for investors, and corruption occurred in the process of granting license of investment. However, there was a significantly increase in 2008, 530.2 million USD. Besides, the external factors are regional financial crisis in 1997-1998 and the attraction and openness of Chinese economy that absorb major investors changed their direction to the big market place of China (Chab 2005). However, it increased rapidly to 867.3 million USD in 2007 but slightly decreased to 815.2 million USD in 2008.

Additionally, the ASEAN membership made Cambodia experienced progress and development in terms of trade. Cambodian trade had increased from 1,966 million USD in 1998 to 4,499 in 2003 and 8,887 in 2009. The export had increased from 800 million USD in 1998 to 2,076 million USD in 2003 and 3,901 million USD in 2009.

#### **E. Politics and Diplomacy**

For the last 10 years, Cambodia has enjoyed full independence and sovereignty after long history of international pressure and isolation. Cambodia has established its diplomatic relation

with all ASEAN member countries which promoted closed and cooperative relations with other ASEAN members.

Cambodia organized the 8<sup>th</sup> ASEAN summit held on November 08, 2002 in Phnom Penh, ASEAN Foreign Ministerial Meeting, ASEAN Region Forum, and other ASEAN important events as the rotating chair of ASEAN. Even though such meets dealt with high expenditure, Cambodia showed the world about its capacity of organizing, saluting, and security and safety ensuring for all participants. Furthermore, Cambodia has strengthened its diplomatic relations with major countries such as Japan, China, South Korea, and India. The relations with super powers such as USA and EU were more obvious.

### **III. Human Resource Development**

As spelt out in ASEAN declaration, providing assistance to each other in the form of training and research facilities in the educational, professional, technical and administrative spheres is one of the ASEAN goals and purposes. After becoming an ASEAN member, Cambodia has received human resource training from old ASEAN members and ASEAN+3 in the framework of Initiative for ASEAN Integration (IAI). The training includes international relations, diplomacy, trade, management, economics, law, and so on so forth.

Through participation in ASEAN meetings, it enables Cambodian government officials and other participants to have a chance to raise ideas and learn new things from ASEAN. English literacy has been promoted and became more popular in the country.

#### **IV. Challenges**

The major challenge Cambodia is facing is effort of competition in ASEAN market. Thus, even though the participation in ASEAN seems to be more political and security, the competition between and among ASEAN members in order to promote its products to be more competitive in price, quantity and quality became more active with flexible strategies. Cambodia found it hard to compete (especially in agricultural sector) with other ASEAN members whose economic force and development potentiality are much stronger. Mya and Carolyn (2001) studies Cambodia's comparative advantage in the ASEAN countries by using Heckcher-Ohlin theory of international trade for their analysis and based on Wood's (1994) approach which considers skill (or human resources) and land as primary factor endowment. Using empirical evidence from a cross-country study, he showed that the share of manufacturing exports relative to primary exports was positively correlated with a skill-labor ratio. The analysis raises an important issue regarding Cambodia's agricultural sector despite the fact that it richly endowed with cultivate land to other regional economy, it exported few agricultural commodity (Mya and Carolyn 2001). This somehow shows that skill-land ratio in Cambodia, the same as Laos, is the lowest in the region, dedicating that Cambodia has potential comparative advantage in the export of primary product. This study provides an empirical evidence to prove that Cambodia has nothing to compete in other countries in the region besides primary products.

The competition in attracting investors and tourists from other countries in ASEAN and from other major countries is also active. Cambodia still seeks the opportunity to attract investors and tourists from other ASEAN countries to invest and visit. Changing one country with trade

deficit to trade surplus is one of the hardest things that require much effort from all parties in the society, both public and private sectors.

Depending on the above analysis, it is possible to conclude that the participation in ASEAN of Cambodia for the last 10 years benefited and provided many positive progresses. Some outcome is more concrete such as technical assistance, economic development and investor and tourist attraction. Some outcome is more intangible such as the promotion of national legacy, enhancement of capacity and knowledge, and experience sharing. Cambodia is proud of this evolution and considers the participation in ASEAN is a right political decision of Cambodian government to open the country for globalization. Still, many obligations are awaiting to develop the country and enhance its capacity to absorb maximum benefits from ASEAN membership. Cambodia need to put much effort with the spirit of positivity.

## **CHAPTER IV: CAMBODIA AND ASEAN ECONOMIC COMMUNITY**

### **THE IMPACTS ON CAMBODIA'S ECONOMY**

#### **I. Overview**

Cambodia is small a country located in the heart of Southeast Asia with potential economy for several decades. In 1999, Cambodia became the 10<sup>th</sup> member of ASEAN comprising of 10 countries with total population of about 500 million and GDP of about 600 billion USD. ASEAN Free Trade Area (AFTA) is deducting majority of tariffs on Cambodia's exported goods to be from 0 to 5% by 2010 and eliminate tariff by 2018.

China-ASEAN Free Trade Area (CAFTA) which will come into effect by 2010 will create a trade bloc of about 1.7 billion people. Discussion between India and ASEAN is continuing which possibly create another new trade bloc that is comparable with the previous one, CATFA (Hing 2005). Moreover, in the name of least developed country (LCD), Cambodia receives favorable conditions for exporting many kinds of its products to the market of rich countries.

Cambodia has a very open economy in the region that is not fully open. Index of Economic Freedom that is compiled annually by the Heritage Foundation in the United States ranked Cambodia in 35<sup>th</sup> among 170 countries in 2003<sup>3</sup>. This made Cambodia in the similar rank with Japan, a bit higher than Thailand, 40, and much higher than its neighbors, Malaysia 72, Indonesia 99, Viet Nam 135 and Lao PDR 153. The index revealed benefits such as tariff, law and regulation hindrances, limitation of labor market and trade policy, to potential investors. Cambodia still faces major concern like all developing countries do like physical infrastructure but, at least, it is where government policy puts much concern on investors with warm welcome

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<sup>3</sup> Unfortunately, Cambodia ranked in number 107 for 2010 with the freedom score of 56.6.

and freedom. Among LDC, the index showed that Cambodia was on the top rank for market friendly.

Cambodia has a big market, low wage, free economy, and rich of wonderful culture for tourism. Big market is the function of geography, not only local market but also the market of ASEAM as a whole. Moreover, Cambodia is a country with big market in Europe and North America because it is the LDC that receives favorable conditions for these markets.

Tourism is the sector which Cambodia wants to attract investor the most. In this sector, there seems to be a very unique case. When tourism is said in the context of Cambodia, Angkor Wat temple in Siem Reap province guarantees the tourist attraction with annual growth rate of 30%. Unlike many other countries, Cambodia has a wonderful and incredible culture and labor force. Today, investors and government recognize that Cambodian laborers are not well-trained yet but this problem could be solved in the near future. Anyway, wage in Cambodia is about half of the lowest wage class in Thailand; it shows that Cambodia will do well in this area as a good example of garment industry in the last decades. Actually, tourism in Cambodia is the most attractive sector for investment. While it is realized that most tourists love to see Angkor Wat than other places, Cambodia still has many attractive places such as white beautiful beach in Sihanouk province, beauty of Phnom Penh that is the former colonial city.

## **II. Advantages**

### **A. Investment Development**

Foreign Direct Investment (FDI) has been increasing from almost zero in the late 1980s to the annual average of 61 million USD the early 1990s, to 217 million USD in the late 1990s and to 530 million USD in 2009. This is a contribution for self-rehabilitation after a long history of instability. Other two major remarkable changes in Cambodia's FDI are: 1. This is not

because of FDI flow into natural resources like it often happened in the same situation. The division of sectors for FDI was done by Council for the Development of Cambodia (CDC); and CDC affirmed that most of FDI flew into tourism and mechanics, infrastructure and construction that are in the 3<sup>rd</sup> rank. 2. In the last decades, Cambodia has attracted FDI more than its neighboring countries and other competitors if comparing with proportion of GDP. Even in 2001, Cambodia absorbed FDI more than its neighboring countries including China if the calculation is based on proportional 1,000 USD of GDP (Hing 2005). If we combine these two cases together, advantages and positive trend that have been mentioned previously shows that FDI to Cambodia is tend to be upward steadily in the near future.

Cambodia has been walking on a long road within a short period of time. It is a remarkable point Cambodia wants to show the world that its society has been cured so rapidly. It was not long ago when Khmer Rouge took control in some parts of Cambodian territory; in this situation, security and safety are utmost important. Nowadays, if they ask private sector about their concern, security is no longer raised and tourists can access to every part of Angkor Wat safely. In the past, Cambodia was a closed economic country, but now it practices free market mechanism. Cambodia has reformed its economy with rationality. As a country located as the heart of the developing region, government is closed with business showing clear promise and commitment to assist investors who have a strong commitment to overcome obstacles and invest in Cambodia in the period of undeveloped economy.

For the case of Cambodia, main challenges are hard to find, but the most important thing can be human resource development. The advantage of being in the region with potentiality makes Cambodia in the high competitive condition. Capacity at birth of Cambodian people has been proved through Angkor Wat for thousand years. The development of human resource to be

come expert for modern economic development has not been finished yet. Even though investors said positively about training and hardworking of Cambodian labor, again and again they affirmed that the training they have received is not enough.

Health care is also important. Although the rate of HIV/AIDS infected people has been decreased, it still appears to be a major concern in developing countries whose health care system is poor. Besides education and health care, infrastructure is also a problem. Even though investor has noticed that there has been much improvement in city and urban areas but most of Cambodian people are living in rural area and the accessing to those areas is a major concern, especially if it is expected to invest in agricultural sector.

There are number of challenges with less threat but they are also the core problems such as lack of legal framework and institution. Here, it can be said that government is trying to fulfill the lacking of law and regulation with the concept of integrating into WTO (Hing 2005). Two things that are required to pay more attention are “problems at the border and untransparent governance.” Anyway, when what have been said previously are solved, Cambodia will have open opportunities and it is the time for Cambodia to gain much benefit from FDI; it is not what is just a dream but it is obvious.

## **B. Economic Growth**

GDP increased in the period of 1995 and 1996 but decreased in the period of 1997 and 1998. Once again, it increased 6.3% in 2001, 5.5 % in 2002, and 13.6% in 2005 but decreased sharply to 5% in 2009 due to the affect of global financial crisis<sup>4</sup>. This country is tending of transform its economy from agriculture-based in the 1980s to textile-based, tourism, and service.

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<sup>4</sup> IMF - World Economic Outlook April 2010

The Asian Development Bank (ADB) lowered its GDP projection to a 1.5 percent contraction for 2009. In a Sept 22 update to the Asia Development Outlook 2009, the ADB said it expected a contraction because of a sharper than expected downturn in clothing exports, construction activity and tourism arrivals. “The economy is now expected to contract by 1.5 percent in 2009, rather than record slight growth [0.5 percent] as anticipated in ADO 2009,” the ADB wrote.



Agriculture that is the main sector of Cambodia's economy contributed 48.4% of GDP in 2001 and provides 80% of job among people in labor sector. Anyway, other sectors like mechanics, tourism, and service, for example, has been increasing steadily.

### **Rate of Economic Growth, 2000-2008**

Country	2000	2001	2002	2003	2004	2005	2006	2007	2008	2003-2008	1998-2003
<b>Brunei Darussalam</b>	2.7	2.7	3.9	2.9	0.5	0.4	4.4	0.6	0.4	1.3	2.0
<b>Cambodia</b>	8.4	5.5	5.2	12.6	10.0	13.6	10.8	10.2	6.0	10.1	9.2
<b>Indonesia</b>	5.4	3.6	4.5	4.8	5.0	5.7	5.5	6.3	6.1	5.7	5.2
<b>Lao PDR</b>	5.8	5.7	5.9	5.8	6.9	7.3	8.3	6.0	8.4	7.4	6.8
<b>Malaysia</b>	8.9	0.5	5.4	5.8	7.2	5.3	5.8	6.3	4.6	5.8	5.1
<b>Myanmar</b>	13.7	10.5	5.5	5.1	5.0	4.5	6.9	5.6	4.5	8.3	5.9
<b>Philippines</b>	4.4	4.5	4.4	3.7	6.4	4.9	5.3	7.4	3.6	5.5	5.0
<b>Singapore</b>	10.1	-2.4	4.2	3.1	8.8	6.6	7.9	10.1	1.1	6.9	4.9
<b>Thailand</b>	4.8	2.2	5.3	7.1	6.3	4.7	5.2	4.9	2.6	4.7	4.8
<b>Viet Nam</b>	6.8	6.9	7.0	7.4	7.8	8.4	8.2	8.5	6.3	7.8	7.6
<b>ASEAN</b>	6.3	2.9	5.0	5.4	6.3	5.7	6.0	6.7	4.4	5.8	5.3
<b>ASEAN 5</b>	6.1	2.3	4.8	5.2	6.2	5.4	5.7	6.5	4.2	5.6	5.0
<b>BCLMV</b>	7.5	7.0	6.4	7.0	6.9	7.6	7.9	7.6	5.7	7.2	7.1

**Source:**

ASEAN Financial and Macroeconomic Surveillance Unit (FMSU) Database

*ASEAN Statistical Yearbook, 2008*

After the next government was formed in 1993 and following the Structural Adjustment Programs (SAPs) of IMF, Cambodia has significantly achieved its goal. Inflation rate has been reduced from more than 100% in the late 1990s to less than 5% in the last 7 years (Hing 2005).

### **C. Trade and Investment**

Almost all quantity restrictions for export have been removed. The restriction causes limitation of company's and worker's capacity in the field of international trade. Cambodia's tax and tariff table have been adjusted in accordance with Common Effective Preferential Tariff (CEPT) Scheme from 12 to 4 categories and the highest tariff is 35%.

Cambodia's major exporting products are garment, shoes, products made from wood, and rubber. Garment production is almost 100% for export. Major markets for Cambodia's garment are the USA and EU. In 2000, Cambodia exported 76% to the USA and 23% to EU. Cambodia's shoes were exported 60% to EU and 35% to Japan (Ministry of Commerce 2002).

Average annual growth of exporting products is 19.7% in the period of 1995-2001 but decreased to 14.97% in the period of 2003-2008 (Table XII); local exporting products increased 26.8% and exporting products increased 8.8% in the same period. Imported products have increased rapidly with average annual growth rate of 13.5% within the same period. The exported products, most of them are garment, which were under the Generalized System of Preferences (GSP) and dominant other exporting products have increased in the amount of 2 million USD in 1994 to more 1,141 million in 2001 with average annual growth rate of 270%.

Cambodia has attracted more FDI in the 1990s. As the table shows that, in proportion, Cambodia has attracted FDI more than other countries for the mid-1990s to 2001. Even in 2002, besides China and Viet Nam, Cambodia attracted FDI more than other countries in the region if comparing with its own economy (Hing 2005). The improvement of political condition and macroeconomic as well as the openness of economy enhanced this efforts.

According to official figures provided by CDC, Malaysia was the biggest investor to Cambodia in the period of 1999-2001 contributed 31.2% of the total investment and other 79% from other ASEAN countries. Malay is the first country made agreement on free visa with Cambodia in 1992 and Malay investors were the first to come to Cambodia so that they got a lot of concessions on mine and forest from the Cambodian government. Sources of other major FDI are from Taiwan (8.27%), the USA (7.28%) and mainland China (4.47%).

Indeed, the participation into ASEAN, especially ASEAN Economic Community strongly effects economic development of Cambodia. For the situation of Cambodia's economic today, Cambodia needs to put much effort in order to strengthen its investment atmosphere to be more favorable, promote private sector investment, and support private SMEs that are the main factors for economic development because this sector is a momentum for economic enhancement and direct economy to be on the right track. Cambodia needs to seek for maximum benefits from its economic integration and international trade; becoming a member of WTO would help Cambodia to effectively integrate itself deeply into world economy. This right exercise helped Cambodian society experienced progress and prosperity. Poverty has been deducted and the country would go forward rapidly.

#### **D. AFTA and its Pros And Cons for Cambodia**

It is important to recall AFTA. In 1996, Cambodia expected to become an ASEAN member in 1997; integration into ASEAN Free Trade Area (AFTA) and exercising the Agreement on Common Preferential Tariff (CEPT) Scheme for AFTA is necessary. Therefore, Cambodia needs to be well-prepared to exercise the CEPT Scheme in order to guarantee its long-term benefits. As mentioned previously, Cambodia became the 10<sup>th</sup> member of ASEAN on April 30, 1999 after ASEAN paid no trust on Cambodia due to July 05-06, 1997 event. This event caused delay to Cambodia's membership until 1999. Cambodia needs to exercise AFTA-CEPT; AFTA council gave Cambodia a 10-year period for exercising the CEPT Scheme. This means that Cambodia needs to submit its CEPT lists to ASEAN 3 or 4 months before the end of 1999 and start exercising tariff reduction from January 01, 2000 until 2010. Thus, the main problem

for Cambodia is whether 10 year period is appropriate for exercising tariff reduction in accordance with CEPT?

There are several strategic points to be considered:

1. For long-term perspective, liberalization and tariff reduction will provide good opportunity to Cambodia in attracting FDI and ensure economic competition.
2. While Cambodia is establishing its agricultural and industrial basis, competitive environment is important for domestic agriculture and industry to be competitive in the international market. Because domestic industrial enterprises is still less, Cambodia can avoid protectionism policy for infant industry.
3. The process of Cambodia's tariff reduction is slow comparing with Viet Nam and Thailand; this would cause more smuggling.
4. For short and medium-term perspective, tariff reduction has a great impact on national budget, balance of payment for agriculture and industry that is still weak.

Based on the above 4 points, it can be concluded that in theory, the exercising of CETP Scheme (tariff reduction) need to be done as quick as possible but this exercise must be done based on government's ability in order to conduct reform for budget support, especial customs and exercise structure adjustment program and production advancement. These are factors for enhance CEPT exercise.

### **Advantages**

Based on economic perspective, Cambodia's admission to AFTA would provide good opportunity for Cambodia as follows:

Admission to AFTA and regional economic integration would allow Cambodia use its comparative advantages of economic of scale through regional and international market participation where Cambodia is located in the middle of the region. The market of ASEAN comprising of around 600 million people.

Foreign Direct Investment attraction is the first benefit through which job opportunities for Cambodian people have been created and also, for second benefit, Cambodia can learn about creative scientific method from foreign companies. With FDI, Cambodia can partly solve the puzzle of unemployment.

The establishment of appropriate legal instrument to meet AFTA requirement would strengthen legal system in Cambodia in terms of trade and investment.

Cambodia can use the competitive opportunity for high and rich productivity and improve quality of goods and services for the competitive in global market.

### **Challenges**

The admission to AFTA/CEPT would make Cambodia face some challenges as follows:

- **The impact of tariff reduction on national budget:**

Core principle of AFTA is tariff reduction following CEPT provisions. Though Cambodia's tariff rate is low already, it needs more reduction to meet the requirement. This would impact on national economy and the first sector to be impacted is tax and tariff revenues. Cambodia's economy is basically based on tax and tariff revenues.

- **The impact of tariff reduction on trade and balance of payment**

When Cambodia opens its market for foreign products, trade barriers including non-tariff barriers need to be eliminated. Cambodia's production base and economic infrastructure is still weak. These are the reason that limits Cambodia's competitiveness in the economic integration

and liberalization negatively impact on Cambodia's economy if it fails or late to strengthen its production base and economic infrastructure. This would impact the balance of payment.

Elimination of trade barriers with other ASEAN member states would make legal industrial products and goods from ASEAN member states flow freely into Cambodia's market. Thus Cambodia needs more foreign currency for local supply of goods.

- **Ensuring of competitiveness**

Economic competitiveness both in regional and global framework would not limit within national border since it requires national market and international trade liberalization. In this essence, Cambodia needs to use all of its comparative advantages and development factor and convert it into national comparative competitiveness. Today, Cambodia has comparative advantages in some economic sectors, especially agricultural products such as rice, rubber and log, labor intensive manufacturing sector and tourism. However, development and productivity within these sectors are still limited. Anyway, Cambodia needs to seek the opportunity of use dynamic of globalization.

- **Institutional arrangement and legal reform**

To be a full membership of AFTA requires the government to urgently rearrange its mechanism and institutionalize new institutions for communicate and coordinate the task. Government needs to accelerate the speed of institutional arrangement and legal reform in order to meet AFTA requirement.

**E. Tourism Development Cooperation**

Tourism in Cambodia has been determined as cultural and natural tourism. This is based on rich of culture and natural resources of Cambodia. "In terms tourism development, even though we [Cambodia] is still poor, we has never faced serious problems like other countries,"

claimed Chroling Somethea (2005, 136). Anyway, human resource and infrastructure development are required to ensure convenient travelling of tourists.

## 1. Tourism Aspects:

Based on ASEAN tourism database 2010, international tourist's arrival in Cambodia were 2,161.6 thousand and 65,437.6 thousand for total ASEAN in 2009. The Ministry of Tourism reported that Cambodia issued 278,842 visas to ASEAN nationals in the first six months of 2009, which cost the government US\$5.5 million. That compared with 431,426 visa exemptions issued last year at a cost of US\$8.6 million. (<http://www.eturbonews.com/11022/cambodia-lost-revenue-because-asean-visa-exemption>). As one of priority sectors for ASEAN integration, the ASEAN tourism performance in 2008 continued with positive growth, despite of challenges posed by the global financial crisis in 2008 and political situations in some ASEAN Member States. ASEAN attracted more than 65 million tourists by the end of 2008 with year-on-year increase of more than 5.1 % compared to 2007 and received more than 59 billion USD.

### Number of Tourist arrival in ASEAN 2006-2009

Table 28  
Tourist arrivals in ASEAN  
as of 15 June 2010

ASEAN Statistics

Country	2006			2007			2008			2009 <sup>1/</sup>		
	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total	Intra-ASEAN	Extra-ASEAN	Total
Brunei Darussalam	68.7	89.4	158.1	84.6	93.9	178.5	98.0	127.7	225.8	77.7	79.7	157.5
Cambodia	328.5	1,371.6	1,700.0	410.1	1,605.0	2,015.1	552.5	1,573.0	2,125.5	692.8	1,468.8	2,161.6
Indonesia	2,307.1	2,564.2	4,871.4	1,523.4	3,982.3	5,505.8	2,774.7	3,654.3	6,429.0	1,582.4	4,869.6	6,452.0
Lao PDR	891.8	323.3	1,215.1	1,272.7	351.2	1,623.9	1,285.5	719.3	2,004.8	1,611.0	397.4	2,008.4
Malaysia	13,856.6	4,615.1	18,471.7	15,620.3	4,615.7	20,236.0	16,637.0	5,415.5	22,052.5	18,386.4	5,259.8	23,646.2
Myanmar	56.8	596.1	652.9	53.0	679.1	732.1	462.5	198.3	660.8	524.0	238.5	762.5
The Philippines	202.9	2,485.1	2,688.0	235.6	2,856.4	3,092.0	254.1	2,885.3	3,139.4	-	-	2,705.0
Singapore	3,555.9	6,195.7	9,751.7	3,724.7	6,562.9	10,287.6	3,571.4	6,545.1	10,116.5	3,650.9	6,030.3	9,681.3
Thailand	3,556.4	10,265.7	13,822.1	3,755.6	10,708.7	14,464.2	4,125.2	10,472.3	14,597.5	4,007.6	10,083.4	14,091.0
Viet Nam	571.9	3,011.6	3,583.5	661.2	3,488.3	4,149.5	515.6	3,738.2	4,253.7	318.9	3,453.3	3,772.3
ASEAN	25,396.6	31,517.9	56,914.5	27,341.3	34,943.4	62,284.8	30,276.4	35,329.1	65,605.5	30,851.7	31,880.9	65,437.6

Source: ASEAN Tourism Statistics Database (compiled from data submissions, publications/reports, and/or websites of national tourism organizations/agencies, immigration authorities, and/or national statistical offices).

Symbols used: - not available as of publication time; n.a. not applicable/not available/not compiled; Data in *italics* are the latest updated/ revised figures from previous posting.

Note: Details may not add up to totals due to rounding off errors.  
1/ Preliminary as of 15 June 2010 and no breakdown by country of origin for Philippines.

In 2003, ASEAN tourism was impacted by SARS<sup>5</sup> and Iraq war. Anyway, it has been better from day to day and under ASEAN cooperation with China, Japan, Korea and other international institutions, such negative impact on tourism has been alleviated. Bird flu caused another concern.

## **2. Advantages**

How is Cambodian tourism after becoming an ASEAN member?

### **a. ASEAN Tourism Agreement**

ASEAN Tourism Agreement (ATA) determined cooperative actions in order to ease the travel to ASEAN, enhance cooperation in the field of tourism between and among ASEAN members in order to strengthen capacity and competition of every member countries. The purpose of the agreement is to create a common system of tourism service and transportation in the purpose of maximizing natural resources in attractive places for tourists, enhance development capacity, and promote ASEAN as a single tourism destination with world standard of hotel service and attraction.

The agreement included travelling within ASEAN region and international travelling by which member countries would make the travelling and entry be more convenient by continue preparing free visa for all ASEAN members. ASEAN citizens can travel freely across the region on the basis of bilateral free visa agreement.

At the 7<sup>th</sup> ASEAN Tourism Ministerial Meeting on February 03, 2004 in Vientiane, Lao PDR, the discussion focused on: the implementation of ASEAN Tourism Agreement, continuing promoting ASEAN campaign, promoting the enhancement of ASEAN liberalization of service, promoting tourist investment, enhancing cooperation with other countries and international

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<sup>5</sup> In 2003, Cambodia received 701,014; this number dropped down 10.78% comparing with 786,524 in 2002.



organizations (Chroloeng 2005). ASEAN tourism ministers adopted VAP for the promotion of ASEAN tourism cooperation by accelerating the implementation of ATA and specific action plans such as free visa for whole ASEAN not later than 2005. Roadmap on tourism also mentioned about how to help new member countries in dealing with tourism capacity through human resource development, investment promotion, well cooperation between and among all members, and strengthen partnership with private sector and ASEAN tourism communities.

#### **b. ASEAN Tourism Forum**

ASEAN Tourism Forum (ATF) has been organized every year with alphabetical order.

It is one of the biggest annual events of ASEAN participated by tourism industry policy makers, tourism-related business: hotel, airline, journalists, service providers, and customers on the basis of tourist service and products. Travel Expo, TRAVEX is the main event in the framework of tourist event in ASEAN that can absorb from 1500 to 2000 participants across the globe. In the framework of ASEAN tourism cooperation in 2003, Cambodia hosted the ATF and opened Visit Cambodia Year.

The ATF continued to be the landmark of annual tourism event in the region. The ATF 2009 was held in Hanoi, Viet Nam, on 5-12 January 2009 with the theme: “ASEAN Tourism – Striving for a New Height”, attended by more than 466 foreign tourism companies as buyers and more than 590 sellers in ASEAN.

#### **c. The Coordinating Committee on Service**

Cambodia’s ministry of tourism has joint interministerial delegation for The Coordinating Committee on Service to promote liberalization of tourism service in order to enhance service

cooperation between ASEAN members to strengthen efficiency and competition, improve service production capacity, supply, and distribution of service provider both intra and extra-region. Also, the ministry has cooperated with ASEAN-Japan Center to train and promote the attraction of tourist from Japanese market. Bilateral cooperation is also done with Laos, Myanmar and Thailand; brotherhood cooperation agreement was signed and adopted on November 12, 2003 in Pagan, Myanmar.

### **III. Challenges**

Generally, Cambodia is in the first stage of development after war and tragedy caused by conflict and political stability in the 1970s and 1980s, especially Khmer Rouge regime (1975-1979). Intellectual and educated people are rare. Percentage of literacy is low, only 68%, comparing with Thailand, 94%, and Viet Nam, 96%. Life expectancy is 54 years, comparing with Thailand and Viet Nam, 69%. Physical infrastructure, in particular roads, is in poor condition, especially in rural areas. Anyway, it is said that the trend of this sector is positive. Local investors experience the improvement in the field of telecommunication and transportation even though it can be found only in major city: Phnom Penh, Sihanouk and Siem Reap.

Investors also notice that there still many sectors that need urgent government attention such as weak governance occurs throughout the country, slow working process caused by bureaucracy and corruption in almost every institutions. All of these concerns caused budget burden for investment in Cambodia. Inadequate legal framework and changing laws and regulation so often is another obstacle for investment; this seems to be serious though it is for friendly market.

## CHAPTER V: CONCLUSION

Eventually, Cambodia has been striving and put much effort in the name of ASEAN member country since it became the 10<sup>th</sup> member in April 1999 after many years of preparation and negotiation. The peacekeeping operation by the United Nations Transitional Authority for Cambodia (UNTAC) has been to see a part of put and to the isolation of Cambodia. Cambodia's admission to ASEAN played an important role to end Cambodia's regional isolation that somehow affected regional integration and development as such. In other word, the region would no longer be divided. As the 10<sup>th</sup> member of ASEAN, Cambodia has equally participated and contributed with equal rights and obligations. Hence, Cambodia has been actively participating in all sectors of cooperation ranging from politics to security and from economics to functional cooperation.

When ASEAN actively cooperates, it is important that every member needs to cooperate more closely both individual and collective in order to ensure that regional cooperation can benefit all member countries. ASEAN as the powerful regional organization plays a special role both in regional and global affairs today and tomorrow. If there is no ASEAN, small and medium countries in Southeast Asia would have little or even no power or roles in regional and international affairs whenever the trend of regionalism and globalization is obvious and strong as it is today. Therefore, roles of ASEAN are more and more important in regional and international relations.

Cambodia has been in the big family of ASEAN for more than 10 years; within the period, Cambodia is proud to be the host country of ASEAN Summit, ASEAN+3, ASEAN+ 1: ASEAN + China, ASEAN + Japan, ASEAN + Korea, first ASEAN + India, and many other

meetings in 2002; and as the ASEAN. Moreover, Cambodia has actively participated in ASEAN Regional Forum (ARF) when it was the chief of ARF in 2002-2003 to enhance all measurement of regional trust building, peace, stability, and security for Asia Pacific.

“When talking about ASEAN, there have been questions on advantages and expenditure of ASEAN integration. Besides, public opinion wants to know whether Cambodia is really benefited from the organization, and if there is such benefit, they want us to list all the benefits. But it is not easy to do so,” said H.E. Kao Kinhuon, Secretary of State of the Cambodia’s Ministry of Foreign Affairs and International Cooperation. Actually, there are both concrete advantages and some are not obvious. Based on the analysis, Cambodia obviously gained benefits from being the member of ASEAN can be summarized as following:

1. **Training:** Every year, Cambodia sends its government officials and also general public to join training courses in other ASEAN members or ASEAN partners: China, Japan, and Korea. Such training and human resource development are virtually important for Cambodia since it needs more skilful and highly-educated human resources.
2. **Assistance through ASEAN projects:** This means that Cambodia can receive direct benefits from both bilateral and multilateral projects that are funded by ASEAN partners such as ASEAN + 3: China, Japan, and Korea and many other countries.
3. **Investment and trade promotion:** This can be done through programs in addition to bilateral agreements in the framework of regional investment and economic enhancement cooperation. In the ASEAN and ASEAN talks framework, Cambodia can access to big markets and investments. This is the reason to make further cooperation with ASEAN and make it more important because of the ASEAN

integration process and wide cooperation with major partners, especially ASEAN + 3 and India.

4. **Tourism promotion:** Tourism is an important sector through which Cambodia has been working with ASEAN for decades. Regional tourism has a big potential and becomes more and more important even though it has been hindered by SARS (in 2003) and bird flu. Cambodia and other ASEAN member countries as well as other partners need to form a group and cooperate to promote tourism for the sake of common benefits.
5. **The increase of sub-regional cooperation for growth and development in ASEAN:** This is a precondition for enhancing development in which Cambodia cooperated with other countries in order to accelerate its development. Today, there are number of sub-regional agreements and cooperation in the framework of Great Mekong Sub-region (GMS) and ASEAN Mekong Basin Development Cooperation (AMBDC), Triangle Cooperation (Cambodia, Lao PDR, and Viet Nam), Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS).

However, Cambodia still faces challenges in several sectors. First of all, because Cambodia is a small country with least development, it needs to put more effort in order to be comparable with others in the region, especially with original members of ASEAN. Here, Cambodia has to do everything as it can as it has done before. Development gap between Cambodia and other ASEAN members would be narrowed for more consistency. It is believed that Cambodia needs to try harder focusing on ASEAN integration, especially the Initiative for ASEAN Integration (IAI), VAP, and Sub-regional development projects to guarantee the least developed members to act fully in the region and the world. In this regard, ASEAN partners and

also third parties can help ASEAN enhance its integration, especially as in today situation that ASEA strives to establish its community consists of community of economy, community of socio-culture, and community of politics and peace.

In order for being an important organization that can achieve historical achievements in the region and the globe, ASEAN, as it is believed, needs to continue focusing on key sectors that are the priority for strengthening its unity and solidarity, promote integration and establish community as well as keep focusing on extra-regional perspectives with active participation of its partners and other third parties.

ASEAN needs to continue enhancing its integration and building its society as has been stated in Bali Concord II. VAP is the clear roadmap for promoting ASEAN integration to be more obvious and also implement the 3 ASEAN communities which would contribute to the achievement of ASEAN concepts by 2020 as well as to the establishing Asian community in the long term perspective since ASEAN focused on East Asian Summit (EAS)<sup>6</sup> firstly held in Kuala Lumpur, Malaysia in 2005. Therefore, in order to promote regional integration and the establishment of ASEAN Community, ASEAN needs to mobilize resources and support to ensure effective implementation of projects and plans set by VAP.

In short, within 10 years of its membership and active participation in ASEAN, Cambodia and ASEAN mutually benefited with two important advantages; for Cambodia, did receive huge advantages from its integration from ASEAN, and ASEAN also got advantages from the contributions of Cambodia. With its past success, ASEAN will continue its progress, powerfulness and rich development from which all members will get such benefits as the results of peace, stability, development, security and prosperity.

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<sup>6</sup> The **East Asia Summit** (EAS) is a forum held annually by leaders of, initially, 16 countries in the East Asian region, with a stated intention to increase this to 18 countries at the Sixth EAS in 2011. EAS meetings are held after annual ASEAN leaders' meetings. The first summit was held in Kuala Lumpur on December 14, 2005.

## **APPENDICES**

## APPENDIX A

### Foreign Direct Investments Flows to ASEAN by Host Country, 1995-2008

(US\$  
million)

Host Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	1995-2008
Brunei Darussalam	582.8	653.6	701.7	573.3	747.6	549.2	526.4	1,035.30	3,123.0	212.0	288.5	433.5	260.2	239.2	9,926.30
Cambodia	150.7	293.7	168.1	242.9	232.3	148.5	149.4	145.1	84.0	131.4	381.2	483.2	867.3	815.2	4,293.0
Indonesia	4,346.0	6,194.0	4,678.0	-356.0	-2,745.10	-4,550.0	-3,278.50	144.9	-596.1	1,894.50	8,336.0	4,913.80	6,928.30	8,339.80	34,249.60
Lao PDR	88.4	128.0	86.3	45.3	51.6	34.0	23.9	25.4	19.5	16.9	27.7	187.4	323.5	227.8	1,285.70
Malaysia	5,815.0	7,297.0	6,323.0	2,714.0	3,895.10	3,787.60	553.9	3,203.40	2,473.20	4,623.90	4,063.60	6,059.70	8,401.20	8,053.0	67,263.60
Myanmar	317.6	580.7	878.8	683.4	304.2	208.0	192.0	191.4	291.2	251.1	235.9	427.8	257.7	714.8	5,534.60
Philippines	1,510.70	1,587.80	1,244.60	2,271.60	1,247.0	2,239.60	195.0	1,542.0	490.8	688.0	1,854.0	2,921.0	2,916.0	1,520.0	22,228.20
Singapore	11,502.70	9,302.90	13,532.50	7,594.30	16,067.40	16,485.40	15,649.0	7,200.0	11,664.0	20,052.20	14,373.20	27,681.10	31,550.30	22,801.80	225,456.80
Thailand	2,070.0	2,337.60	3,881.80	7,491.20	6,090.80	3,350.30	5,061.0	3,335.0	5,235.0	5,862.0	8,048.10	9,459.60	11,238.10	9,834.50	83,294.90
Viet Nam	1,780.40	1,803.0	2,587.30	1,700.0	1,483.90	1,288.70	1,300.30	1,200.10	1,450.10	1,610.10	2,020.80	2,400.0	6,739.0	8,050.0	35,413.80
ASEAN	28,164.30	30,178.40	34,082.20	22,959.80	27,374.80	23,541.30	20,372.40	18,022.60	24,234.70	35,342.20	39,629.0	54,967.20	69,481.60	60,596.0	488,946.50
ASEAN 5	25,244.40	26,719.40	29,659.90	19,715.0	24,555.20	21,312.90	18,180.40	15,425.30	19,266.90	33,120.60	36,674.80	51,035.30	61,033.90	50,549.0	432,493.0
BCLMV	2,919.90	3,459.0	4,422.20	3,244.90	2,819.70	2,228.40	2,192.0	2,597.30	4,967.80	2,221.50	2,954.20	3,931.90	8,447.70	10,047.0	56,453.40

Source:

ASEAN Secretariat - ASEAN FDI Database as of 15 July 2009



## APPENDIX B

### GDP per Capita at Current market Prices in USD, 2000-2008

*(US \$)*

<b>Country</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008p/</b>
Brunei Darussalam	18,469	16,839	17,158	18,708	21,863	25,744	29,922	31,582	35,623
Cambodia	288	295	309	349	392	453	515	601	756
Indonesia	807	775	932	1,100	1,105	1,295	1,636	1,909	2,237
Lao PDR	375	365	369	425	487	539	645	736	918
Malaysia	3,844	3,665	3,884	4,152	4,877	5,281	5,902	6,866	7,992
Myanmar	192	136	136	221	191	198	233	333	465
Philippines	978	916	956	971	1,039	1,158	1,351	1,658	1,844
Singapore	23,007	20,670	21,098	22,066	25,791	27,343	30,053	36,440	38,046
Thailand	1,976	1,840	2,001	2,233	2,501	2,707	3,151	3,726	4,116
Viet Nam	403	415	440	489	555	637	725	833	1,053
<b>ASEAN</b>	<b>1,159</b>	<b>1,091</b>	<b>1,195</b>	<b>1,327</b>	<b>1,439</b>	<b>1,606</b>	<b>1,895</b>	<b>2,249</b>	<b>2,582</b>

**Source:**

ASEAN Finance and Macroeconomic Surveillance Unit (FMSU) Database, computed based on Table IV.1 using period average exchange rate

## APPENDIX C

### Rate of Growth of ASEAN Total Trade, Intra-ASEAN and Extra-ASEAN Trade, 1996-2008

Country	1996	1997	1998	1999	2000	2001	2003	2004	2005	2006	2007	2008 p)	Average Annual Growth 2003-2008
Total Trade													
Brunei Darussalam	41.28	27.47	36.32	26.91	20.30	49.55	6.33	44.13	19.70	15.70	7.04	21.64	21.05
Cambodia	-	-	-	-	-	8.12	40.25	10.18	31.16	8.81	17.76	15.10	11.68
Indonesia	16.72	-7.47	18.04	-4.61	31.61	-8.74	5.84	26.17	21.38	12.91	16.50	41.17	23.25
Lao PDR	-	-	-	-	-	-	-	26.77	43.33	13.04	10.38	140.71	40.41
Malaysia	7.91	3.27	10.60	7.16	20.16	-9.38	9.55	22.97	9.87	12.12	13.16	4.85	12.44
Myanmar	-	-	-	-	29.74	47.36	38.00	37.84	21.32	18.36	54.92	19.41	10.55
Philippines	22.78	27.62	-3.28	11.20	10.32	-10.14	4.38	13.55	5.92	11.85	6.85	-0.29	7.46
Singapore	12.12	9.71	20.01	6.78	21.01	-12.98	22.68	25.66	15.55	18.63	10.27	-16.05	9.78
Thailand	-2.71	-5.79	27.06	18.41	25.10	-2.86	21.24	23.34	18.14	9.26	18.03	20.10	17.68
Vietnam	-	-	-	-	-	-	-	-	5.75	26.32	42.33	28.53	25.03
<b>TOTAL</b>	<b>9.54</b>	<b>3.66</b>	<b>17.54</b>	<b>8.17</b>	<b>21.82</b>	<b>-8.97</b>	<b>15.51</b>	<b>29.99</b>	<b>14.28</b>	<b>14.69</b>	<b>14.66</b>	<b>6.18</b>	<b>15.71</b>
<b>ASEAN 6</b>	<b>9.54</b>	<b>3.66</b>	<b>17.54</b>	<b>7.71</b>	<b>21.33</b>	<b>-9.29</b>	<b>15.17</b>	<b>23.65</b>	<b>14.65</b>	<b>14.09</b>	<b>12.85</b>	<b>4.30</b>	<b>13.74</b>
<b>Intra-ASEAN Trade</b>													
Brunei Darussalam	113.59	55.29	44.89	56.52	-7.63	12.42	-4.72	20.78	50.21	16.13	21.25	11.01	23.18
Cambodia	-	-	-	-	-	86.23	160.40	58.05	55.41	4.72	25.10	19.67	0.44
Indonesia	29.59	2.92	-2.51	-6.07	35.24	-13.76	10.79	31.59	34.33	14.20	21.72	47.91	29.44
Lao PDR	-	-	-	-	-	-	-	28.11	12.16	55.01	5.48	165.67	44.23
Malaysia	20.73	1.91	-9.29	-0.73	17.63	-10.08	19.47	23.15	13.58	11.36	12.75	2.98	12.58
Myanmar	-	-	-	-	26.18	50.69	66.99	51.64	26.10	35.34	45.62	15.30	6.74
Philippines	44.06	19.00	-0.71	14.55	15.74	-11.77	17.23	17.06	5.47	14.89	13.56	2.35	10.52
Singapore	9.76	7.10	25.00	11.81	28.04	-13.04	41.81	20.09	13.17	17.71	10.10	6.53	13.41
Thailand	12.55	-1.01	36.47	30.08	31.47	-3.92	23.11	26.73	22.74	11.15	14.66	19.85	18.90
Vietnam	-	-	-	-	-	-	-	-	20.98	33.64	24.15	27.27	26.42
<b>TOTAL</b>	<b>17.29</b>	<b>3.30</b>	<b>19.37</b>	<b>9.72</b>	<b>25.76</b>	<b>100.00</b>	<b>29.28</b>	<b>26.10</b>	<b>16.95</b>	<b>15.70</b>	<b>13.93</b>	<b>13.96</b>	<b>17.25</b>
<b>ASEAN 6</b>	<b>17.29</b>	<b>3.30</b>	<b>19.37</b>	<b>8.74</b>	<b>25.28</b>	<b>100.00</b>	<b>27.90</b>	<b>22.66</b>	<b>16.58</b>	<b>14.64</b>	<b>13.01</b>	<b>12.75</b>	<b>15.87</b>
<b>Extra-ASEAN Trade</b>													
Brunei Darussalam	8.10	-2.24	32.76	16.84	26.07	70.67	11.20	52.94	10.61	15.53	1.27	26.82	20.21

Cambodia	-	-	-	-	-	-14.63	11.58	16.47	26.29	9.82	16.03	13.94	16.39
Indonesia	14.89	-9.14	20.86	-4.29	30.81	-7.60	4.66	24.82	17.96	12.52	14.91	39.00	21.48
Lao PDR	-	-	-	-	-	-	-	23.04	133.97	45.44	29.79	60.39	26.74
Malaysia	4.22	3.73	11.03	9.80	20.93	-9.17	6.60	22.91	8.64	12.38	13.30	5.49	12.39
Myanmar	-	-	-	-	32.70	44.73	5.60	13.44	16.61	0.24	68.34	24.53	16.23
Philippines	19.76	29.08	-3.68	10.65	9.41	-9.86	1.99	12.80	6.02	11.18	5.32	-0.94	6.77
Singapore	12.96	10.62	18.34	5.23	18.72	-12.95	15.72	28.14	16.55	19.01	10.33	-25.10	7.99
Thailand	-5.35	-6.77	25.01	16.25	23.78	-2.63	20.82	22.56	17.05	8.79	18.89	20.16	17.39
Vietnam	-	-	-	-	-	-	-	-	1.95	24.15	48.13	28.86	24.68
<b>TOTAL</b>	<b>7.59</b>	<b>3.76</b>	<b>17.04</b>	<b>7.75</b>	<b>20.75</b>	<b>-8.71</b>	<b>11.54</b>	<b>31.30</b>	<b>13.42</b>	<b>14.35</b>	<b>14.91</b>	<b>3.60</b>	<b>15.18</b>
<b>ASEAN 6</b>	<b>7.59</b>	<b>3.76</b>	<b>17.04</b>	<b>7.44</b>	<b>20.28</b>	<b>-8.86</b>	<b>11.54</b>	<b>23.98</b>	<b>14.02</b>	<b>13.91</b>	<b>12.80</b>	<b>1.48</b>	<b>13.01</b>

**Source:**

ASEAN Statistical Yearbook 2008

## APPENDIX D

### Rate of Growth of ASEAN Exports by Country, 1996-2008

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 p)	Average Annual Growth 2003- 2008
Brunei Darussalam	10.02	8.86	29.13	21.68	-7.33	62.76	23.78	19.34	57.65	25.82	19.63	0.44	14.39	22.21
Cambodia	-	-	-	-	-	9.33	28.16	10.42	18.46	23.35	13.68	11.13	8.80	14.97
Indonesia	18.55	-4.77	-4.73	-0.37	27.66	-9.35	1.49	6.82	17.24	19.66	17.67	13.20	20.09	17.55
Lao PDR	-	-	-	-	-	-	-	-	26.05	63.56	131.31	-5.16	116.75	41.89
Malaysia	10.57	4.33	-0.46	9.32	16.45	10.31	5.96	12.55	20.51	11.03	11.93	12.07	10.38	13.12
Myanmar	-	-	-	-	60.29	85.82	10.54	82.03	55.47	57.16	12.51	68.81	11.58	8.20
Philippines	12.30	29.15	16.92	18.78	8.68	15.57	9.51	2.91	9.52	3.97	14.92	6.45	-2.85	6.24
Singapore	12.17	9.22	14.33	4.39	20.70	12.05	2.76	27.88	24.17	15.74	18.19	10.19	-19.34	8.59
Thailand	-5.82	3.45	14.42	13.40	22.44	-5.50	1.82	21.69	21.02	12.59	10.91	26.31	13.93	16.81
Vietnam	-	-	-	-	-	-	-	-	-	9.84	29.59	30.39	27.93	24.14
<b>TOTAL</b>	<b>8.99</b>	<b>5.97</b>	<b>-7.59</b>	<b>7.95</b>	<b>19.99</b>	<b>-9.70</b>	<b>3.64</b>	<b>17.90</b>	<b>25.81</b>	<b>13.84</b>	<b>15.82</b>	<b>14.53</b>	<b>2.25</b>	<b>14.20</b>
<b>ASEAN 6</b>	<b>8.99</b>	<b>5.97</b>	<b>-7.59</b>	<b>7.71</b>	<b>19.50</b>	<b>10.04</b>	<b>3.50</b>	<b>17.48</b>	<b>20.84</b>	<b>13.81</b>	<b>15.18</b>	<b>13.46</b>	<b>0.55</b>	<b>12.56</b>

Source:

ASEAN Statistical Yearbook 2008

## APPENDIX E

### Rate of Growth of ASEAN Imports by Country, 1996-2008

Country	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 p)	Average Annual Growth 2003- 2008
Brunei Darussalam	107.95	47.90	44.77	34.80	37.94	22.70	22.17	15.53	12.02	-0.75	-0.94	40.82	48.14	18.10
Cambodia	-	-	-	-	-	6.93	10.84	74.58	31.03	40.92	3.48	25.73	21.80	9.02
Indonesia	14.67	10.59	34.41	12.19	39.63	-7.62	1.06	4.03	42.93	24.02	5.83	21.96	73.48	31.75
Lao PDR	-	-	-	-	-	-	-	-	49.26	39.07	16.29	21.04	153.57	39.76
Malaysia	5.41	2.24	20.80	4.43	25.08	-8.22	7.80	5.99	26.06	8.48	12.35	14.49	-1.78	11.56
Myanmar	-	-	-	-	17.68	26.67	24.66	12.97	4.87	15.53	29.56	31.84	36.06	15.54
Philippines	31.20	26.56	17.46	3.65	12.19	-4.16	7.17	5.84	17.45	7.67	9.19	7.22	2.04	8.60
Singapore	12.07	10.18	25.36	9.36	21.34	13.93	0.36	17.09	27.40	15.34	19.14	10.35	-12.31	11.12
Thailand	-0.18	12.92	38.64	24.82	28.18	0.06	1.22	20.77	25.80	23.80	7.73	10.11	26.87	18.57
Vietnam	-	-	-	-	-	-	-	-	-	2.41	23.45	53.33	28.99	25.75
<b>TOTAL</b>	<b>10.06</b>	<b>1.53</b>	<b>27.11</b>	<b>8.44</b>	<b>24.03</b>	<b>-8.12</b>	<b>2.91</b>	<b>12.73</b>	<b>35.08</b>	<b>14.78</b>	<b>13.41</b>	<b>14.81</b>	<b>10.69</b>	<b>17.45</b>
<b>ASEAN 6</b>	<b>10.06</b>	<b>1.53</b>	<b>27.11</b>	<b>7.71</b>	<b>23.57</b>	<b>-8.40</b>	<b>3.12</b>	<b>12.48</b>	<b>27.07</b>	<b>15.61</b>	<b>12.85</b>	<b>12.15</b>	<b>8.72</b>	<b>15.11</b>

Source:

ASEAN Statistical Yearbook 2008

## APPENDIX F

### ASEAN Exports by Country, 1995-2008

(US \$  
million)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 p)
Brunei Darussalam	2,771.0	2,493.30	2,714.20	1,923.70	2,340.70	2,169.10	3,530.40	2,690.90	3,211.10	5,062.30	6,369.30	7,619.40	7,653.20	8,754.20
Cambodia	-	-	-	-	-	1,367.50	1,495.10	1,916.10	2,115.70	2,506.30	3,091.50	3,514.40	3,905.50	4,249.20
Indonesia	45,418.0	53,844.50	51,274.30	48,847.60	48,665.50	62,124.0	56,317.60	57,158.80	61,058.20	71,584.60	85,660.0	100,798.60	114,100.90	137,020.40
Lao PDR	-	-	-	-	-	-	-	-	143.9	106.4	174.1	402.7	381.9	827.7
Malaysia	67,147.80	74,246.50	77,457.60	77,098.60	84,287.90	98,154.50	88,031.60	93,277.20	104,982.70	126,510.60	140,470.50	157,226.90	176,205.60	194,495.90
Myanmar	-	-	-	-	744.8	1,193.80	2,218.40	2,452.20	4,463.80	1,987.70	3,123.80	3,514.80	5,933.40	6,620.60
Philippines	17,394.20	19,533.0	25,227.70	29,496.40	35,036.90	38,078.20	32,150.20	35,208.20	36,231.20	39,680.50	41,254.70	47,410.10	50,465.70	49,025.40
Singapore	104,618.70	117,349.40	128,174.30	109,802.90	114,625.10	138,352.50	121,686.80	125,042.70	159,900.10	198,553.50	229,804.10	271,607.90	299,297.40	241,404.70
Thailand	59,347.0	55,894.70	57,822.0	49,481.60	56,110.90	68,700.90	64,925.60	66,108.20	80,450.10	97,361.40	109,622.60	121,579.50	153,571.10	174,966.70
Vietnam	-	-	-	-	-	-	-	-	-	26,015.90	28,576.50	37,033.70	48,288.90	61,777.80
<b>TOTAL</b>	<b>296,696.70</b>	<b>323,361.30</b>	<b>342,670.10</b>	<b>316,650.80</b>	<b>341,811.80</b>	<b>410,140.60</b>	<b>370,355.70</b>	<b>383,854.10</b>	<b>452,556.90</b>	<b>569,369.30</b>	<b>648,147.0</b>	<b>750,707.80</b>	<b>859,803.80</b>	<b>879,142.60</b>
<b>ASEAN 6</b>	<b>296,696.70</b>	<b>323,361.30</b>	<b>342,670.10</b>	<b>316,650.80</b>	<b>341,067.0</b>	<b>407,579.30</b>	<b>366,642.30</b>	<b>379,485.90</b>	<b>445,833.50</b>	<b>538,753.0</b>	<b>613,181.10</b>	<b>706,242.30</b>	<b>801,294.10</b>	<b>805,667.20</b>

**Source:**

ASEAN Statistical Yearbook 2008

## APPENDIX G

### ASEAN Imports by Country 1995-2008

(US \$  
million)

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008 p)
Brunei Darussalam	2,132.70	4,434.80	2,310.70	1,276.30	1,720.40	1,067.60	1,310.0	1,600.40	1,351.90	1,514.40	1,503.10	1,488.90	2,096.70	3,106.0
Cambodia	-	-	-	-	-	1,404.60	1,502.0	1,664.80	2,906.40	2,004.50	2,824.70	2,923.0	3,675.10	4,476.30
Indonesia	40,654.10	46,618.50	41,679.80	27,336.90	24,003.30	33,514.80	30,962.10	31,288.90	32,550.70	46,524.50	57,700.90	61,065.50	74,473.40	129,197.30
Lao PDR	-	-	-	-	-	-	-	-	338.1	504.7	701.8	587.5	711.1	1,803.20
Malaysia	71,439.90	75,303.10	76,988.30	60,976.50	63,677.80	79,647.50	73,097.90	78,797.80	83,519.20	105,283.40	114,213.10	128,316.10	146,910.30	144,298.80
Myanmar	-	-	-	-	1,886.10	2,219.40	2,811.40	2,118.10	1,843.30	1,933.0	1,632.90	2,115.50	2,789.10	3,794.90
Philippines	21,639.90	28,392.60	35,932.50	29,659.90	30,742.50	34,490.90	33,057.20	35,426.50	37,496.50	44,039.20	47,418.20	51,773.70	55,513.70	56,645.60
Singapore	110,115.30	123,411.60	135,972.70	101,495.90	110,998.0	134,680.10	115,919.0	116,336.40	136,216.30	173,541.70	200,162.80	238,482.0	263,154.90	230,760.30
Thailand	72,572.80	72,445.60	63,087.80	38,711.60	48,318.0	61,935.30	61,975.40	62,729.90	75,759.40	95,304.80	117,990.90	127,108.80	139,965.70	177,567.50
Vietnam	-	-	-	-	-	-	-	-	-	31,828.40	32,593.90	40,236.80	61,693.60	79,579.20
<b>TOTAL</b>	<b>318,554.80</b>	<b>350,606.20</b>	<b>355,971.80</b>	<b>259,456.90</b>	<b>281,346.0</b>	<b>348,960.20</b>	<b>320,635.0</b>	<b>329,962.70</b>	<b>371,981.80</b>	<b>502,478.50</b>	<b>576,742.40</b>	<b>654,097.80</b>	<b>750,983.70</b>	<b>831,229.10</b>
<b>ASEAN 6</b>	<b>318,554.80</b>	<b>350,606.20</b>	<b>355,971.80</b>	<b>259,456.90</b>	<b>279,459.90</b>	<b>345,336.20</b>	<b>316,321.60</b>	<b>326,179.90</b>	<b>366,894.10</b>	<b>466,208.0</b>	<b>538,989.0</b>	<b>608,235.0</b>	<b>682,114.80</b>	<b>741,575.60</b>

**Source:**

ASEAN Statistical Yearbook 2008

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