



**H.E. Dr. Kao Kim Hourn, Secretary-General of ASEAN**

**Opening Remarks**

***ASEAN Plus Three Industrial Chain and Supply Chain Partnering Conference***

***'ASEAN Plus Three Work Together for a Shared Future'***

*25 September 2024, Na Lotus Hotel, Nanning, China*

---

***Your Excellency Li Fei, Vice Minister of the Ministry of Commerce of the People's Republic of China,***

***Your Excellency Zhang Shaogang, Vice Chairman of the China Council for the Promotion of International Trade,***

***Your Excellency Lu Xinning, Vice-Governor of the People's Government of Guangxi Zhuang Autonomous Region, China,***

***Your Excellency Oudet Souvannavong, President of the Lao National Chamber of Commerce and Industry,***

*Excellencies, Ladies and Gentlemen,*

A very good morning. It is a distinct privilege for me to be here with you at the ASEAN Plus Three Industrial Chain and Supply Chain Partnering Conference. This event comes at an important moment, as our economies continue to navigate a rapidly shifting global economic landscape, one defined by both tremendous opportunities and significant challenges.

Technological disruptions are transforming industries at an unprecedented pace, while geopolitical competition continues to reshape trade dynamics and investment flows. Additionally, the lingering effects of the COVID-19 pandemic, climate change, and other global challenges demand innovative strategies to strengthen our industrial and supply chain resilience.

And as we speak, escalating conflicts are posing urgent challenges for supply chain connectivity, placing critical shipping lanes in jeopardy. Disruptions arising from war in other regions have already inflicted significant damages to global supply chains, triggering energy supply shocks, raw material shortages, undermining food security and the closure of vital trade routes. The need for increased resilience in our supply chains has never been more pressing and urgent.

Against this backdrop, our gathering today is not only timely but essential in ensuring that the ASEAN Plus Three economies remain competitive, agile, and future-ready in this fast-evolving environment.

ASEAN, together with China, Japan, and the Republic of Korea, has long served as the backbone of the East Asian global supply chains. Together, we continue to provide the foundation for regional economic resilience and prosperity by building the integrated supply chain ecosystem that not only promotes economic growth but also enhances our collective ability to withstand global shocks and disruptions—whether they stem from geopolitical tensions, natural disasters, technological changes or a pandemic.

The stakes have never been higher for our economies, which are more interdependent and interconnected than at any point in history, as demonstrated by the scale of our trade and investment flows. In 2023, trade between ASEAN and the Plus Three countries stood at USD 1.9 trillion, accounting for 53.7% of ASEAN's total trade. Foreign direct investment (FDI) from the Plus Three countries reached USD 42.8 billion, accounting for 28.1% of total FDI into ASEAN.

A defining feature of our economic relationship is the mutually reinforcing nature of trade and investment flows. As multinational corporations establish production networks across our region, they import intermediate goods from various parts of the region to assemble the final products for global export. This dynamic, highly integrated value chain allows for greater efficiency and cost-effectiveness through economies of scale and specialization.

However, the evolving global value chains in Southeast Asia today also requires balancing efficiency with resilience. Firms are increasingly diversifying production across multiple countries to mitigate risks associated with geopolitical tensions, economic shocks, or supply disruptions. ASEAN, in partnership with China, Japan, and the Republic of Korea, serves as a cornerstone of this system, leveraging its growing consumer base, competitive labour markets, and strategic geographic position to drive both investment and trade. This convergence of interests and resources underpins not only regional economic growth but also the long-term stability and sustainability of the entire East Asian economic architecture.

*Excellencies, Ladies and Gentlemen,*

As we look ahead, I want to emphasize two key priorities for enhancing our industrial competitiveness and supply chain connectivity.

First, ASEAN is actively implementing the Regional Comprehensive Economic Partnership (RCEP) Agreement. Since its inception in January 2023, the RCEP has become a vital platform for businesses to exchange goods and expand operations, especially within the ASEAN Plus Three economies.

A survey by the East Asia Business Council and JETRO found that 70% of businesses in these countries are aware of the agreement. Of those surveyed, 76.9% reported expanding overseas sales, while over 40% are using RCEP to diversify their supply chains. This is very clear based on the surveys, companies are becoming smarter and more strategic.

Yet, recent assessments also indicate that RCEP utilization varies across participating countries. Those with pre-existing free trade agreements (FTAs) before RCEP's implementation have benefited the most. For example, China issued 218,100 Certificates of Origin in 2023—a 38.2% year-on-year increase—on exports valued at USD 7.21 billion. This is indeed a positive sign of the progress of RCEP implementation.

Meanwhile, ASEAN economies have seen modest figures, indicating that regional value chains are still largely shaped by existing ASEAN Plus FTAs with individual RCEP Participating Countries. There is clearly substantial untapped potential to enhance RCEP utilization, which should be a key priority for the ASEAN Plus Three moving forward.

Second, the ASEAN Plus Three region is home to a diverse range of industries and a large, skilled labour force, supported by strong trade and investment ties both within and beyond the region. In ASEAN, the industrial sector already contributes significantly to GDP, accounting for more than one-third of economic output. Over time, the region has undergone a major industrial transformation, shifting from traditional industries like agriculture and textiles, to high-value sectors such as semi-conductors and electric vehicles.

I am pleased to inform the conference that ASEAN is advancing the implementation of the ASEAN Industrial Project-Based Initiative (AIPBI). This initiative aims to support the recovery of industrial sectors, foster the growth of new production networks, build resilient supply chains, and strengthen connectivity, as well as sectoral cooperation, and broader economic integration within ASEAN. Once finalized, industry leaders from the ASEAN Plus Three countries will be able to maximize the benefits, optimizing production costs and unlocking greater value for businesses in the region.

*Excellencies, Ladies and Gentlemen,*

ASEAN is committed to deepening its internal economic integration to strengthen its position as an emerging player in the global value chain. Alongside continuous upgrades to our internal agreements, such as the ongoing enhancement of the ASEAN Trade in Goods Agreement (ATIGA), we are addressing new and emerging issues by leveraging the megatrends of digital transformation and sustainability.

Currently, ASEAN is negotiating the Digital Economy Framework Agreement (DEFA), which will be the world's first regional digital economy agreement. DEFA is expected to triple ASEAN's digital economy from USD 300 billion today to USD 1 trillion by 2030. With a more ambitious approach, DEFA could unlock the potential of the digital economy to reach up to USD 2 trillion. By fostering a robust digital ecosystem, DEFA will streamline cross-border trade processes, reduce barriers for businesses, and accelerate the adoption of essential digital tools in order to enhance supply chain resilience.

As ASEAN cements its role in the global value chain, we are dedicated to enhancing economic integration by embedding sustainability and circular economy principles and practices into regional supply chains, particularly through the upgrade of ATIGA. To support these initiatives, ASEAN has adopted the ASEAN Strategy on Carbon Neutrality and the Framework on Circular Economy, aimed at boosting our competitiveness while prioritizing environmental stewardship. By embracing sustainable practices and circular economy principles, ASEAN is promoting economic growth that aligns with the Sustainable Development Goals.

*Excellencies, Ladies and Gentlemen,*

There is no doubt that developing industrial capacity is essential for addressing the challenges and demands of technological advancement and climate change. To navigate these issues effectively, ASEAN must integrate advanced technologies into manufacturing and supply chains, enhancing efficiency and creating more agile production processes. Additionally, we should leverage the growing global focus on climate action to foster sustainable industries. Collaboration with relevant institutions in the Plus Three countries will be crucial in developing supportive environments, providing capacity building and technical assistance, and promoting technology transfer to businesses in these areas.

In conclusion, as we navigate the complexities of our inter-connected world, the ASEAN Plus Three economies are standing at a critical crossroads. Together, we have the opportunity to not only reinforce our supply chains but to also redefine them through innovation, sustainability, and collaboration. Let us seize this moment to cultivate a resilient economic landscape that not only meets today's challenges but also anticipates tomorrow's opportunities. By fostering partnerships and embracing technological advancements, we can create a prosperous and sustainable future for our nations and the region as a whole. I am confident that the discussions and collaborations at this event will pave the way for stronger regional partnerships, and I eagerly anticipate a productive and impactful Conference today.

I wish the conference much success with productive outcomes. Thank you.

\*\*\*