



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

Remarks

RCEP High-Level Dialogue on Economic and Trade Cooperation

24 September 2024, Shangri-La Hotel, Nanning, China

Your Excellency Li Fei, Vice Minister of the Ministry of Commerce of China,

Your Excellency Dr. Manothong Vongsay, Vice Minister of Industry and Commerce of Lao PDR,

Your Excellency Tan Pichuang, Vice-Governor of the People's Government of Guangxi Zhuang Autonomous Region,

Your Excellency Mardiyana Listyowati, Director General of National Export Development of the Ministry of Trade of Indonesia,

Mr. Zou Ciyong, Managing Director of the Directorate of Technical Cooperation and Sustainable Industrial Development of UNIDO,

Excellencies, Ambassadors, Ladies and Gentlemen,

A very good afternoon. I am pleased to be with you here in Nanning for the RCEP High-Level Dialogue on Economic and Trade Cooperation. I would like to extend my heartfelt thanks to the People's Government of Guangxi Zhuang Autonomous Region and the event organizers for hosting this significant forum. It provides a meaningful platform to further our goal of advancing regional economic integration under RCEP.

As we mark the first anniversary of the full implementation of the RCEP Agreement, we find ourselves at a crucial moment in our economic journey. Concluded and enacted at the height of the COVID-19 pandemic, the RCEP represents the collective dedication of the 15-member countries to foster a more integrated and resilient regional economy. It has ensured the continued flow of trade and investment across borders for our mutual benefit, despite the disruptions and restrictions imposed by the pandemic. Our steadfast dedication to the effective implementation of this agreement is truly commendable, showcasing our resilience in the face of adversity. At the same time, ASEAN and China are actively working to upgrade the ASEAN-China Free Trade Area (ACFTA 3.0). This marks the second enhancement of the ACFTA, transforming it into a modern and comprehensive agreement that addresses key megatrends of our time, especially the shift towards digital economy and sustainability. This initiative also underscores our commitment to deepening economic ties with China, a comprehensive strategic partner for ASEAN.

Therefore, the theme of this dialogue, "Collaboratively Promoting the Upgrade of China-ASEAN Free Trade Area 3.0 and Sharing the Benefits of Regional Economic Integration under RCEP", couldn't be more relevant or timely. It resonates perfectly with the significant milestones we are achieving, both through RCEP's first anniversary and the steady progress towards the conclusion of the ACFTA 3.0 upgrade.

Excellencies, Ladies and Gentlemen,

RCEP stands out as a new generation of ASEAN-led Free Trade Agreements—comprehensive in scope, deep in commitment, and highly adaptable to the emerging opportunities and challenges. It allows us to progress towards a new level of regional economic integration, laying the foundation for a thriving digital economy and expanding opportunities for traders and businesses across ASEAN and other RCEP countries, including China. Particularly, by harmonizing rules of origin and reducing transaction costs, RCEP enhances the resilience of global and regional supply chains. This enables businesses to navigate disruptions more effectively and boosts our region's attractiveness as a production hub.

As the world's largest trade bloc, RCEP covers nearly 30% of global GDP and population, representing a combined GDP of USD 29 trillion and 2.3 billion people. The full implementation of RCEP in 2023 marked a significant milestone for our respective economies. Already, we are seeing positive growth in ASEAN's trade and investment relations with RCEP partners. In 2023, ASEAN's trade with RCEP members reached USD 1.9 trillion, an impressive 25% increase from pre-pandemic levels. Foreign direct investments (FDI) from RCEP partners also saw a robust inflow of USD66.3 billion, representing 28.9% of total FDI inflow to ASEAN in 2023. These numbers are indeed significant and send a clear signal of the power of economic cooperation.

ASEAN's multi-directional economic relations have been a major driver behind the use of RCEP. China, for example, has remained ASEAN's largest trading partner for the past 15 years and has also climbed from the 5th largest source of FDI to ASEAN in 2022 to the 3rd largest in 2023. With both RCEP and ACFTA 3.0 in place, I am confident that trade and investment between ASEAN, China, and the rest of the RCEP partners will continue to flourish for the benefit of the people in this wider region.

Let me now share some interesting insights from the recent 2024 East Asia Business Council (EABC) and Japan External Trade Organization (JETRO) Business Survey, conducted recently from April to June 2024. According to the survey, about 70% of the businesses in ASEAN, China, Japan, and the Republic of Korea are now aware of RCEP. In particular, 76.9 percent of respondents are using RCEP to expand their overseas sales, and 40.4 percent are using RCEP to diversify their suppliers. These results undoubtedly reaffirm RCEP's value in fostering regional economic integration.

Excellencies, Ladies and Gentlemen,

Alongside these successes, however, we must confront some of the challenges, particularly the modest utilization of RCEP. The same EABC and JETRO survey revealed that RCEP utilization stands at only 24.2%, with more than a third of businesses are not using it due to a lack of awareness. This survey highlights the urgent need for stronger efforts to help businesses, particularly MSMEs, to unlock the full potential and opportunity of RCEP.

We need to step up our outreach to ensure businesses are better equipped to benefit from RCEP. More forums like this High-Level Dialogue should be organized across RCEP countries, especially within the ASEAN Member States, to raise awareness about the vast business opportunities under the RCEP. This is why we appreciated this event today. This will require strong public-private partnerships to fully harness RCEP's potential. I encourage business organizations across ASEAN and the wider RCEP region to continue collaborating and spreading the words to your members through targeted business engagements and other stakeholders.

I would also like to emphasize the importance of building business-to-business connections to fully capitalize on the upcoming ACFTA 3.0 upgrade. This upgrade will introduce a forward-looking free trade agreement that addresses key emerging areas such as the digital and green economies, supply chain connectivity, and consumer protection — all of which are crucial for businesses and consumers in both ASEAN and China today.

In light of the evolving trade dynamics in the region and the vast opportunities presented by the RCEP and other ASEAN-Plus Free Trade Agreements, businesses must reassess their value chains to make informed and cost-effective transaction and investment decisions. It is equally important to actively integrate MSMEs into these supply chains, ensuring that all participants, regardless of size, can benefit from the opportunities created by these agreements.

Excellencies, Ladies and Gentlemen,

Through RCEP and the ACFTA 3.0 upgrade, ASEAN reaffirms its unwavering commitment to a rules-based multilateral trading system that promotes inclusive growth and mutually beneficial cooperation. Despite the growing tide of protectionism and the rethinking of globalization in many parts of the world, ASEAN remains steadfast in advancing the global free trade agenda. The RCEP, alongside other free trade agreements that ASEAN is going to upgrade or establish with our trade partners, have embedded our economies more deeply into global supply chains, facilitating the seamless and cost-effective flow of capital, goods, and services.

We will continue to champion openness and collaboration and resist the pull of inward-looking policies. Our commitment to inclusive, rules-based open trade remains the most viable path to long-term stability, prosperity, and shared progress for all. With the support and collaboration of our trade partners, we will continue to be a crucial driver of global economic growth.

In that spirit, I am confident that this RCEP High Level Dialogue will further strengthen our efforts to realize RCEP's full potential, thereby advancing the global free trade agenda in the most substantial and substantive way. Together, we can build a more resilient, inclusive, and prosperous regional economy.

Thank you.
