



Closing Remarks

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

At the Cambodia-ASEAN Business Summit 2025

under the theme

"Accelerating ASEAN's Connectivity: People, Infrastructure, and Trade"

6 March 2025 | Sofitel Phnom Penh Phokeethra

- *Neak Oknha **Kith Meng**, President of Cambodia Chamber of Commerce and Chair of ASEAN-BAC Cambodia;*
- *Your Excellency **Hem Vandy**, Minister of Industry, Science, Technology & innovation of the Kingdom of Cambodia;*
- *Your Excellency **Heng Sour**, Minister of Labour and Vocational Training of the Kingdom of Cambodia;*
- *Excellency **Sou Socheat**, Delegate of the Royal Government of Cambodia in charge as Director-General of Securities and Exchange Regulator of Cambodia;*
- *Excellencies Ambassadors, Distinguished Participants, Ladies and Gentlemen.*

1. It is indeed my great honour to address you at the conclusion of this dynamic Cambodia-ASEAN Business Summit 2025. First, I wish to express my profound gratitude to the Royal Government of Cambodia for their outstanding hospitality and forward-looking leadership in organizing this landmark event, in partnership with Chamber of Commerce of Cambodia and ASEAN-BAC Cambodia. I am particularly

grateful to Neak Oknha Kith Meng, President of the Cambodia Chamber of Commerce and Chair of ASEAN-BAC Cambodia, for his kind invitation to this important meeting summit.

2. Under the theme “Accelerating ASEAN's Connectivity: People, Infrastructure, and Trade”, we have gathered the brightest minds and boldest ideas here in the vibrant city of Phnom Penh. Our discussions have highlighted ASEAN's remarkable resilience and potential, even amid global economic headwinds.
3. This platform has truly demonstrated its worth and high value in promoting economic cooperation, regional connectivity, and sustainable development throughout ASEAN, not just in Cambodia. Throughout our discussions, we have explored innovative ideas, established valuable partnerships, come up with practical solutions, as well as set a clear direction towards a more integrated, prosperous, and sustainable ASEAN community.

Excellencies, Ladies and Gentlemen,

4. ASEAN's economic trajectory remains robust, with growth projected at 4.7% in 2024 and 2025¹. As the world's third-largest trading bloc, we generate US\$3.5 trillion in total trade in 2023, representing 7.7% of total global trade. Our intra-ASEAN trade continues to be foundational to our success, comprising 21.5% or US\$3.5 trillion of our region's total trade. The region's appeal to investors continues to shine, as evidenced by US\$234.0 billion in foreign direct investment in 2023 - positioning ASEAN second only to the United States and underscoring our growing prominence in the global economy.
5. In this context, Cambodia's economic outlook for 2025 remains bold strong, with projected growth of 6.0%², driven by its manufacturing and services sectors. According to the Asian Development Bank (ADB), Cambodia's economy is expected to benefit from ASEAN's regional trade initiatives, including the Regional Comprehensive Economic Partnership (RCEP) as well as forthcoming digital economy agreement

¹ ADB, Asian Development Outlook, December 2024

² ADB, Asian Development Outlook, September 2024

and the ASEAN Trade In Goods Agreements (ATIGA) upgrade which is expected to conclude this year, as well as ASEAN-China FTA upgrade 3.0 that is also expected to conclude this year Investments in human capital and technology will further enhance Cambodia's position in ASEAN's dynamic growth and economic transformation.

6. As we reflect on today's rich discussions, I would like to share several key observations:
7. First, infrastructure stands as the backbone of ASEAN's integration strategy. From cross-border transport corridors to digital highways and the ASEAN Power Grid, we must accelerate physical, digital, and energy connectivity to unleash our full potential for seamless trade and shared prosperity. This morning we heard from Neak Okhna Kith Meng on the ASEAN Power Grid (APG), which is one of the priorities for ASEAN. In fact, last year during the AEM meeting, there were a lot of discussions by ASEAN Economic Ministers on this issue and certainly by our ASEAN Leaders and during the recent Retreat of AEM this particular issue was also highlighted as one of the key priorities for ASEAN for this year as well.
8. The ASEAN Single Aviation Market has proven instrumental in revitalizing tourism, facilitating professional mobility, and strengthening business connections, driving nearly 102 million international arrivals in 2023. This success is complemented by the groundbreaking ASEAN-EU Comprehensive Air Transport Agreement - the world's first bloc-to-bloc air transport agreement. On land, our ASEAN Framework Agreement on Facilitation of Goods in Transit and the ASEAN Customs Transit System have dramatically improved cargo movement efficiency.
9. Our digital integration initiatives are propelling ASEAN's economic growth, laying the groundwork for an integrated digital economy supported by around 77 internet users per 100 population. The on-going negotiations for the Digital Economy Framework Agreement – the world's first comprehensive and legally binding regional digital agreement - exemplify our forward-looking approach, with projections suggesting it could generate up to US\$2 trillion³ for our regional economy by 2030, establishing ASEAN as a global digital powerhouse

³ Source of Statistics from Digital Economy Division, ASEAN Secretariat'

10. The ASEAN Power Grid exemplifies the remarkable achievements possible when our member states persistently pursue energy security through enhanced energy connectivity. This APG will not only bridge maritime and mainland geographical divides but also align diverse regulatory frameworks and technical standards, fostering a more interconnected and resilient energy landscape across Southeast Asia. By facilitating cross-border electricity trade, or power trade, the ASEAN Power Grid enhances energy security, promotes economic development, and supports the integration of renewable energy sources, thereby contributing to the region's sustainable growth.
11. For Cambodia specifically, this initiative promises more affordable and reliable electricity access, fueling economic development and industrial growth while integrating more renewable energy sources into its power mix.
12. The scale of the APG demands substantial investment - approximately US\$764 billion for power generation and transmission by 2040. This includes US\$17 billion for regional interconnectors and US\$90 million for preparatory studies. While ASEAN Member States are taking the lead in financing, we must prioritize funding for regional interconnectors to achieve full integration. Today, I call upon our business stakeholders to join us in this transformative journey and help turn this bold vision into reality to benefit the ASEAN people and ASEAN Member States.

Excellencies, Ladies and Gentlemen,

13. My second observation focuses on driving prosperity through trade and investment. Our vision centres on leveraging the ASEAN Economic Community Blueprint 2025 and our FTA network to strengthen ASEAN's position as a global supply chain hub. We are actively upgrading our existing free trade agreements to ensure they remain relevant and responsive to emerging trends and interest of our business community.
14. The upgraded ASEAN Trade in Goods Agreement addresses both traditional trade issues and also the new domains of digital trade, decarbonization, and circular economy. Our expanding network of trade agreements - including the upgraded ASEAN-Australia-New Zealand Free Trade Area, the RCEP, and ongoing negotiations to upgrade bilateral FTAs with China and India, and establish a new one with

Canada - reflects our commitment to lowering trade barriers, harmonizing standards and reducing costs.

15. The RCEP has already demonstrated its value. Since full implementation in 2023, our trade with RCEP partners has reached US\$2.0 trillion - a 25.2% increase from pre-pandemic levels. Recent surveys by the East Asia Business Council and JETRO indicate that 76.9% of businesses across ASEAN, China, Japan, and Republic of Korea are actively utilizing RCEP to expand their overseas markets.
16. To ensure future resilience, businesses must adopt diversified supply chain strategies, distributing production and sourcing across multiple countries in order to mitigate risks and challenges, and capitalize on regional strengths.
17. This approach aligns perfectly with our vision of ASEAN as a global supply chain hub, characterized by open trade and investment regimes, interconnected networks, and a single market base powered by secure and inter-operable digital technologies.

Excellencies, Ladies and Gentlemen,

18. My third observation is on human capital development: Talent or workforce, as we heard this morning, remains ASEAN's most valuable asset for advancement. Investing in education, digital skills training, vocational training, healthcare, and decent work conditions is strategically vital, alongside financing the development of hard infrastructure. With 55.8% of our population are under 35, we possess an extraordinary demographic dividend that can drive sustainable growth through wise and inclusive investment. We must expand initiatives like the ASEAN Roadmap on Human Resources Development for the Changing World of Work, emphasizing gender equality, youth empowerment, and skills adaptation for the digital and green economy.
19. The rise of artificial intelligence, renewable energy, and advanced manufacturing is revolutionizing business operations and workforce requirements. A skilled, future-ready workforce will be fundamental to ASEAN's appeal as a hub for trade, investment, and innovation. Professional mobility across our region will further strengthen ASEAN connectivity and enhance our competitive edge.

20. Companies embracing responsible business practices, upholding strong labour standards and promoting decent work conditions will find themselves better positioned in the global supply chains. Our ASEAN Guidelines for Corporate Social Responsibility on Labour encourage enterprises to invest in human resource development while maintaining high standards for working conditions and environmental sustainability.
21. Let us build a sustainable ASEAN economy where evolving industry needs are met and ethical business practices are the norm.
22. The partnership between government and business is crucial for realizing ASEAN's full potential. By reducing bureaucratic barriers, enhancing customs procedures, streamlining regulations, and investing in education, we can enable the seamless flow of goods, services, and capital across the entire ASEAN region, and create an environment ripe for private sector growth. This morning we heard from Samdech Thipadei Hun Manet, Prime Minister of Cambodia, highlighting the need for reform, particularly cutting bureaucratic cost and of course the barriers. This is something we expect to see more not just in Cambodia, but across the AMS.
23. As globalization undergoes reconfiguration, with regionalized production networks emerging to counter protectionism and geo-political volatility, ASEAN's continued competitiveness hinges on its ability to adapt to these new global trends while steadfastly investing in the longstanding pillars of its economic prosperity, particularly its dynamic workforce and robust regional trade and connectivity networks. Let us cultivate an ecosystem that nurtures innovation, attracts quality investment, and ensures sustainable development to keep our economies and societies integrated, resilient, and prosperous.
24. I wish to underline that the success for Cambodia and of course each AMS, particularly promoting sustainable development is the success for ASEAN. Each AMS is the building economic block of ASEAN.
25. In closing, Excellencies, Ladies and Gentlemen, I extend my heartfelt gratitude to all participants, speakers, and organizers, particularly in this case is the Chamber of Commerce of Cambodia and ASEAN-BAC Cambodia, who have made this Summit not only possible, but truly transformative. Let us carry on forward this momentum and work together to turn our shared vision into a reality for ASEAN and

Cambodia. I thank you for the invitation and I thank you for the opportunity to be here with you this afternoon.

Thank You!