Cambodia's ASEAN Membership Revisited: Challenges and Opportunities

Kimkong Heng
School of Graduate Studies, The University of Cambodia, Northbridge Road, Phnom Penh, Cambodia

Abstract
This is a critical review which aims at investigating the challenges and opportunities for Cambodia as a member of the Association of Southeast Asian Nations (ASEAN) as well as the ASEAN Economic Community (AEC). This study relies on secondary data which are derived from the literature through an extensive literature review of various conventional and online publications, including books, journals, government publications, magazines, periodicals, reports, etc. The author uses content or document analysis as the basis for the research design for this study. The results reveal that Cambodia, after almost two decades as a member of ASEAN, faces a lot of challenges which include human resource development challenges, mismatch between education and employment, higher education and legal structure challenges, infrastructure development challenges, limited awareness and engagement in ASEAN and AEC processes, and foreign policy improvement challenges. At the same time Cambodia is also able to seize plenty of opportunities as an ASEAN member state. Those opportunities are Cambodia's entry into the ASEAN Free Trade Area, improved relations with ASEAN Dialogue Partners, restoration and improvement of its foreign policy, and the integration into the ASEAN Economic Community. In this study, specific suggestions are put forward for Cambodia to improve its role and status in ASEAN and recommendations for further research are then considered.

I. Introduction
The Association of Southeast Asian Nations (ASEAN), according to the ASEAN official website (www.asean.org), was established on 8 August 1967 in Bangkok by the five original member countries, namely, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. Brunei joined on 8 January 1984, Vietnam on 28 July 1995, Laos and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. The aims and purposes of the ASEAN are (1) to accelerate economic growth, social progress, and cultural development in the region, and (2) to promote regional peace and stability through abiding respect for justice and the rule of law.
in the region. The ASEAN Vision 2020, moreover, agreed on a shared vision of ASEAN as a concert of Southeast Asian nations, outward looking, and living in peace, stability and prosperity. The ASEAN Community has also established three main pillars, namely, ASEAN Security Community, ASEAN Economic Community, and ASEAN Socio-Cultural Community.

The ASEAN, under the creed of “One Vision, One Identity, One Community,” has established the ASEAN Economic Community (AEC) under four main pillars: (1) a single market and production base; (2) a highly competitive economic region; (3) a region of equitable economic development; and (4) a region fully integrated into the global economy (Holloway et al., 2015). In addition, the ASEAN member countries agreed to abide by a number of fundamental principles such as (a) mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations; (b) the right of every State to lead its national existence free from external interference, supervision or coercion; (c) non-interference in the internal affairs of one another; (d) settlement of differences or disputes by peaceful manner; (e) renunciation of the threat or use of force; and (f) effective cooperation among themselves (Sinha, 2007).

Since 1999 when Cambodia became the newest member of ASEAN, this country has both suffered and enjoyed its membership in the ASEAN region (Rana and Ardichvili, 2015). However, it has not been very clear what the challenges and prospects for Cambodia are, and there is not much substantial research on these issues, particularly after almost two decades since Cambodia joined this regional organization. Thus, the purpose of this paper is to investigate the potential challenges and benefits Cambodia is likely to experience as a member of ASEAN generally and as a member of the AEC in particular.

The present study intends to explore and revisit the challenges and opportunities for Cambodia after it joined ASEAN in 1999. Although there are some studies conducted on this same topic, a re-examination of the challenges and opportunities for Cambodia is desirable in order to better understand Cambodia's role in ASEAN and to dispel fears, doubts and commonly-held beliefs about the rather less positive effects of Cambodia's ASEAN membership, particularly after the establishment of the ASEAN Economic Community at the end of 2015.

The present paper is based on an extensive literature review to identify the challenges and opportunities for Cambodia as an ASEAN member state in the country’s drive to promote
Cambodia's ASEAN Membership Revisited

economic development and to enhance its foreign policy; and the implications for Cambodia in order to maintain and strengthen its position in ASEAN

II. Cambodia and the Benefits of ASEAN Membership

Cambodia's integration into ASEAN brings about a number of great benefits which include, among others, its entry into the ASEAN Free Trade Area, improved relations with ASEAN Dialogue Partners, restoration and improvement to its foreign policy, and the integration into the ASEAN Economic Community.

1. Cambodia's Entry into the ASEAN Free Trade Area (AFTA)

Cambodia's entry into the ASEAN Free Trade Area (AFTA) in 1999 provides Cambodia with opportunities for integration into regional and international economies. Since international trade plays a very important role in both developed economies and developing economies, it is more likely that Cambodia's AFTA membership would improve both micro and macro economy in the country through the increased access to global markets and expanding trade flows. As a result, Cambodia's trade volume has experienced a steady growth since its accession to AFTA (Huot and Kakinaka, 2007). Moreover, Cambodia also became a member of the World Trade Organization (WTO) in 2003, which further helps enhance its integration into the Southeast Asian and global economics. Such economic development would be very difficult or even impossible if Cambodia were not a member of ASEAN.

Kao (2002) states that Cambodia's entry into AFTA allows this country to integrate economically into the region and the world, and AFTA membership is a stepping stone for Cambodia to secure its place in the APEC and WTO. Moreover, by joining ASEAN and AFTA, Cambodia could develop its human resources, conduct its economic reform, and engage in good governance. Cambodia can also benefit from the economies of scale by opening and widening its market for manufactured goods and attracting foreign direct investment (FDI). There are also benefits related to tariff reduction and exchanges of goods and services within the ASEAN region.

2. Improved Relations with ASEAN Dialogue Partners

Cambodia's ASEAN membership, according to Kao (2002), improves Cambodian relations with the ten ASEAN Dialogue Partners, particularly with Australia, China, Japan, Russia, Republic of Korea, and the European Union. With those countries, the benefits include, but not limited to, the strengthening of Cambodia's political and security interests, greater access
to those great power countries, improved foreign assistance and official development aid, and improvement in investment, trade, tourism, transport, communications, energy, and technology. More noticeably, Cambodia-Russia bilateral relations have recently been restored and strengthened, with exchanges of high-level visits and greater mutual support and cooperation between the two countries (Chanborey, 2016). Similarly, Cambodia-China bilateral relations have reached a new historic high, with Xi Jinping’s first presidential visit to Cambodia in 2016, following Cambodia’s second time refusal to issue an ASEAN joint communiqué which is believed to be critical of China’s claims and policies in the disputed territory in the South China Sea (Board, 2016).

3. Development and Improvement in Cambodia's Foreign Policy

After becoming an ASEAN member, Cambodia's foreign policy has been developed and improved. Regarding the improvement in Cambodia's foreign policy, Kao (2002) attributes Cambodia's foreign policy development to four factors: the end of the civil war and conflict, the end of Cambodia's isolation, the end of the Cold War, and the force of globalization. These four main factors help contribute to the development and improvement in the country's security environment, economic and political outlooks, national reconciliation, and regional and international engagement. Furthermore, these factors help make it possible for Cambodia to restore and improve its bilateral relationship with many countries, particularly China, the United States, and the ASEAN member states.

Until more recently, Cambodia’s foreign policy has significantly been strengthened, with the implementation of what Heng (2014) called Cambodia’s foreign policy grand strategy. In that strategy, Cambodia has put in a great deal of effort to upgrade its diplomatic relations with its nearest neighbors, ASEAN, and regional and global powers, in particular, China, Japan, and the US. Moreover, the Cambodian government has prioritized its efforts to improve Cambodian image and promote engagement within the region and the international communities. More importantly, Cambodia has been pursuing a policy of neutrality, non-alignment, non-interference, and peaceful coexistence with other countries, which results in considerable improvement in its foreign relations with the rest of the world.

4. Integration into the ASEAN Economic Community

As discussed above, a lot of benefits and improvement can be experienced by Cambodia when it integrates itself into the AEC. Without its ASEAN membership, the AEC membership and other AEC-related benefits would be just a dream for Cambodia. Thus,
Cambodia's ASEAN Membership Revisited

through its engagement with the AEC, Cambodia can see considerable improvement in various sectors including national welfare, technical assistance, improve FDI, greater productivity, better leverage in the region, larger market access, smoother flow of goods, improved working regulations, and improved bilateral communication (Pich, 2014). In addition, by joining the AEC, there will be improvement in labor force through the free mobility of labor in the region, which in turn improves employment opportunity and earned income. Similarly, according to Rana and Ardichvili (2015), as the AEC member, Cambodia can benefit from the free movement of skilled labor force, better interstate cooperation, more technical and financial assistance, improved literacy rate, fewer illegal activities such as drug dealing and child abuse, and new development in infrastructure, ICT, human capitals, and other forms of capacity building. Chia (2013) also noted that, given the improvement in trade facilitation, infrastructure and logistics, Cambodia’s GDP has positively and significantly been impacted by the AEC integration.

III. Cambodia and the Challenges Ahead

While there are a number of opportunities and benefits that Cambodia can relish as a member of ASEAN and AEC, this country, without a doubt, has face and will continue to experience many challenges. The critical review of literature on the topic reveals six major types of challenges which Cambodia has to deal with as a member of ASEAN. Those challenges which include human resource development (HRD) challenges, mismatch between education and employment, higher education and legal structure challenges, infrastructure development challenges, limited awareness and engagement in ASEAN and AEC processes, and foreign policy improvement challenges are discussed below.

1. Human Resource Development Challenges

Cambodia’s demography has been highly influenced by its long history of civil war, conflict, violent revolution, and foreign intervention for over four decades (Rana and Ardichvili, 2015). The Khmer Rouge government which ruled Cambodia from 1975 to 1979 destroyed everything, so Cambodia has to start from scratch after the collapse of the Pol Pot regime. Therefore, human resource development is a great challenge for Cambodia as an ASEAN member. According to Lall and Sakellariou (2010), moreover, Cambodia's illiteracy rate is still high compared to its neighboring ASEAN countries; as a result, Cambodia has to deal with this low education attainment issue effectively and successfully in order to stand a
chance to be successful in this regional organization. Hing (2014) also attributed lack of human resources as one of the major challenges Cambodia faces as it is part of the AEC.

2. Mismatch between Education and Employment

As one of the main aims of the AEC is to establish a free flow of skilled labor, Cambodia will be lacking behind this economic integration since this country's education system is still poor. According to a report by HR Inc. (2010, citied in Rana and Ardichvili, 2015), there are potential mismatches between the demand of the labor force and the supply of university graduates. More specifically, there are more graduates than the available job market, making the country greatly suffer from unemployment. Moreover, the report also reveals an imbalance between students' fields of study, that is, there are more graduates majoring in business, management, IT, and foreign languages than those whose majors are in health science, engineering, and agriculture. This phenomenon leads the Ministry of Education, Youth and Sport (MoEYS) of Cambodia to encourage both the public and private sector to run more science rather than social science courses (MoEYS, 2014).

3. Higher Education and Legal Structure Challenges

Despite considerable progress in terms of educational infrastructure, especially the number of higher education institutions (HEIs), the quality of education in the country is questionable. As MoEYS (2014) pointed out, Cambodia faces a number of educational challenges such as limited quality of instructors' capacity, lack of research engagement and facilities, imbalance between teacher-student ratio in the class, and poor enrollment in some science-related majors. Moreover, the distribution of HEIs in the country is completely imbalanced, meaning that more than 50% of higher education providers are found in the capital city, Phnom Penh, leaving students in the provinces with poor access to higher education and quality instructions (Rana and Ardichvili, 2015). Chet (2009) also attributes the challenges Cambodia faces to the lack of effective communication between public and private institutions and between companies and HEIs.

There are also legal structure-based challenges. According to Kao (2002), one of the major challenges facing Cambodia is a need to reform legal framework to be compatible with the ASEAN's laws. Since Cambodian laws are heavily based on the French law, there is a high need for this country to reform it, but such a reform meets with many challenges related to human capital, time and financial constraints. Cambodia, furthermore, needs to work on its taxation and investment laws in order to attract more FDI and encourage foreign investors to
Cambodia. Also, government bureaucracy, ranked third by World Economic Forum as one of the most serious challenges for conducting business in Cambodia (Schwab, 2014), has created an unfavorable business environment which hinders the development and growth of small and medium-sized enterprises in Cambodia (Roth, 2014).

4. Infrastructure Development Challenges

Since Cambodia is one of the less developed countries in ASEAN, infrastructure development challenges have certainly limited this country to fully participate in the economic integration as well as other major ASEAN initiatives. As reported in The Global Competitiveness Report 2014-2015 (Schwab, 2014), Cambodia scored 3.1 out of 7 for its overall infrastructure and the inadequate supply of infrastructure was ranked fourth among the most problematic factors for doing business in the kingdom. In addition, the road transport, the railway system and the power supply are a few examples of infrastructure challenges Cambodia has to tackle to ensure it can stay competitive in the region (Hing, 2014).

5. Limited Awareness of and Engagement in ASEAN and AEC Processes

It is very obvious that successful integration into ASEAN requires active involvement from all sectors such as government officials, public and private sectors’ employees and employers, citizens, and other key stakeholders in the ASEAN and AEC matters (Rana and Ardichvili, 2015). However, the results of Chan and Strange's (2012) research shows that the awareness and engagement in ASEAN and AEC processes from the private sector is very weak and uneven. In other words, the private sector in Cambodia is not well-informed about the AEC matters and therefore a clear sense of lack of preparation for ASEAN and AEC is prevalent in the country, not to mention a near non-existence of the awareness and engagement from both the private and public sector in provincial and rural areas.

6. Foreign Policy Improvement Challenges

Taking Cambodia's foreign policy into account, this country faces and will continue to face a number of great challenges related to its foreign policy (Kao, 2002). The challenges include a strong need to strengthen the country's human resources in foreign affairs, a need to develop a unilateral approach foreign policy toward ASEAN and other ASEAN-related matters, a need to consolidate peace and improve political stability, and a dire need to pursue an administrative and judicial reform. Moreover, Kao (2002) also highlights other challenges
which are mainly related to bilateral issues with its neighboring countries. In this case, the Cambodian government needs to pursue and maintain good relations with Thailand and Vietnam regarding border demarcation, border trade, and immigrations. Last but not least, an empowered foreign policy is needed to engage and accommodate regional and international affairs. Thus, in order to develop a strong foreign policy, Cambodia needs to invest, with regard to its foreign affairs, in human capitals and the standardization of its operating procedures, all of which require serious political will, commitment and action from the Cambodian government.

IV. The Way Forward for Cambodia

With the challenges Cambodia faces as an ASEAN member, there are suggestions for this country to tackle those shortcomings. The suggestions concentrate on an educational and legal reform, an economic reform, an improvement in human resource development, and the strengthening of its foreign policy. For the educational and legal reform, it is clear that Cambodia must engage in various projects and plans to improve its education system and investment and taxation law; otherwise the country, for the time being, will continue to lag behind other ASEAN member states in terms of human and economic development. Thus, a nationwide educational reform is highly welcomed so that the country would be able to compete with its neighboring countries in the long run. More specifically, the educational system which emphasizes and inspires innovation, creativity, and entrepreneurship should be established and implemented (Chheang, 2012).

On an economic level, to sustain growth and to leverage the AEC and other ASEAN cooperative projects, Hing (2014, pp. 5-6) suggests Cambodia undertake a number of policy interventions as follows:

- *Improve investment climate*: improving infrastructure, streamlining customs procedures, enhancing logistics efficiency, investing in human capital, deepening special economic zones through superior infrastructure, overcoming bureaucratic and administrative hurdles, creating more flexible employment relationships and ensuring ready access to low and highly skilled labor.
Cambodia’s ASEAN Membership Revisited

- **Improve logistics and simplify customs procedures:** improving trade-related infrastructure and border management and reforming and modernizing customs and wider information sharing, greater competition in trucking, port and airfreight services, and ready access to information about international transit agreements.

- **Invest in human capital:** Improving the education system at all levels, including technical and vocational education and training, promoting science, technology, engineering, and mathematics (STEM) subjects, and developing the skills of domestic labor so that Cambodia can reduce its dependence on foreign skilled labor.

- **Improve export market information services:** Providing support needed by exporting firms, building domestic trade networks and overseas networks, improving information systems, and raising firms’ awareness about the AEC and its opportunities for investment, trade, and private sector development.

- **Synchronize regional cooperation frameworks:** Improving institutional arrangements, upgrading coordination and communication among government agencies, promoting sustained growth, and bridging the development gap through institutional capacity development.

- **Enhance SME development support:** Encouraging the informal sector to grow and operate formally, strengthening intra-governmental coordination on SME policy formulation and implementation, continuing to reduce red-tape and improve the business climate, improving access to finance, systematically continuing to build the capacity of SME owners, and encouraging SMEs to go international.

As for its HRD, Cambodia needs to address many challenges, including mismatches between education and employment, poor involvement from the private sector in ASEAN and AEC processes, and technology infrastructure challenges (Rana and Ardichvili, 2015). Thus, efforts should be made to improve school enrollment rate, education quality, and communication between private and public education institutions and between the government and the private entities. An awareness-raising projects or campaigns have to be initiated and implemented in order to engage both the public and private sectors in the ASEAN and AEC processes so that Cambodia would be in a unique position to be able to compete with other ASEAN member states and non-ASEAN member countries.

With reference to its foreign policy, as Kao (2002) suggests, Cambodia needs to develop a flexible and effective foreign policy toward ASEAN and other major countries such as China and the United States. To achieve this objective, a lot need to be done. First, the country has
Kimkong Heng

to invest in its human resource development, involve itself in serious national reform, and improve its infrastructure. Second, Cambodia has to work hard to improve its bilateral relations with Thailand and Vietnam in key areas such as border issues, cross-border trade and immigrations. Third, the Cambodian government needs to continue to maintain its national stability and improve its national election committee to ensure a free and transparent election so that the country would be able to enjoy and be proud of its democracy and good governance. Finally, Cambodia has to strengthen its economy through an open-door policy of free flow of goods, services, investment, capital, and skilled labor, as prescribed in the AEC Blueprints, and it has to actively engage itself in the regional and international relations so that it will have more opportunities to advance its national interests. Additionally, Cambodia has to maintain a balanced foreign policy between China and ASEAN, particularly Vietnam, if it wishes not to be seen as abandoning ASEAN for China, and vice versa (Leng, 2014).

V. Conclusions

In this final section, two main subheadings are in order. First, key findings are summarized. Then implications for further research are considered so that future researchers can benefit from this review. Hopefully, this critical review will not only fill a gap in scarce literature on the challenges and opportunities for Cambodia as one of the ten ASEAN member states, but it will also pave the way for other researchers who are interested in exploring Cambodia's role in ASEAN and the ASEAN itself.

1. Summary of Key Findings The examination of relevant literature on the challenges and opportunities for Cambodia as an ASEAN member and, by extension, an AEC member has clearly shown that, despite exciting opportunities, Cambodia also sees great challenges lying ahead on its educational, legal, political and economic fronts. The opportunities, as discussed above, include, among others, the increase in trade volume and opportunities; the improvement to micro and macro economy; greater access to regional and global markets; increased regional economic integration; perfect rationales for educational, economic and political reform; improved relations with neighboring countries, ASEAN, and regional and global powers; the restoration and improvement to its foreign policy; and other wonderful opportunities Cambodia can harness as a member of ASEAN and AEC. With such opportunities, however, come major challenges Cambodia has to address to make certain that it stays relevant and competitive in the ever-changing regional and international markets. Some of the challenges are related to, but not restricted to, the human resource and
Cambodia's ASEAN Membership Revisited

 infrastructure development, the educational, legal, political and economic reform, the poor
central awareness and engagement in the ASEAN and AEC processes, and the improvement
in Cambodia’s foreign policy manoeuvres.

2. **Implications for Further Research** Since this is not an empirical research-based study, it
is absolutely imperative that further research-based studies be needed to dispel doubts and
uncertainties regarding the consequences of Cambodia’s ASEAN membership and AEC
integration. Future research should employ both quantitative and qualitative methods to
collect data from various sources to better understand the complex issues regarding ASEAN
and the challenges and prospects for Cambodia. Future researchers also have to explore and
study how other ASEAN member states engage themselves in ASEAN and other regional
and international organizations. Such investigation would greatly benefit Cambodia and help
provide this country with directions and procedures on how to play its role in this regional
association more effectively and successfully. Moreover, studies into how Cambodia as a
small state can effectively hedge between ASEAN, China, the United States, and other state
and non-state regional and global powers are definitely needed.

**References**


