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A shared path to prosperity

Olaf Unteroberdoerster and Faisal Ahmed

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There's an old Khmer proverb that says: "Before you row your boat, look at the destination." The overall economic achievements of member economies since the founding of ASEAN have been remarkable.

From a modest beginning in 1967, the region can now boast economic successes in all the vital sectors: agriculture, manufacturing and services.

But ASEAN remains a diverse family that includes both high-end, industrialised economies such as Singapore and developing economies such as Cambodia and Vietnam.

On the occasion of the ASEAN meetings in Cambodia this week under the motto "ASEAN: One community, one destiny", it has become clear that the future challenges require even greater regional co-operation.

Looking ahead, growing regional integration, favourable demographics and a strong emphasis on inclusive growth can deliver more sustainable growth and cohesive regional unity – a prospect also appreciated by the region's leaders.

As the 2009 ASEAN Roadmap Declaration aptly emphasised, the journey to that common destiny will have to take place on a multi-lane highway: political-security, economic and socio-cultural.

This highway to a common "veasna" (Khmer for destiny) for ASEAN's 600 million citizens needs a firm foundation of economic integration that simultaneously appreciates and leverages the structural diversity of the region's economies.

Cambodia's second chairmanship of ASEAN provides an occasion for us to celebrate the distance covered by, and reflect on the road ahead for, the members of the ASEAN family.

When Cambodia first chaired ASEAN in 2002, it had been a member for only three years.

Since then, the Kingdom has experienced rapid growth, more than doubling its per-capita income in the past decade, coupled with a significant improvement in infrastructure and a reduction in the poverty rate.

Cambodia today shows promise of joining the formation of Asia's flying geese, a term coined by the Japanese economist Kaname Akamatsu to describe emerging markets.

As Cambodia gains economic altitude, the views and policy challenges will evolve, too. Past success cannot be allowed to lull us into complacency; rather, it should help trigger the urgency for continued reform.

As the International Monetary Fund's global experience highlights, both the level and the quality of growth matter.

Sustainable growth is associated with more equal income distribution. Inequality can hinder access to finance, make countries more prone to adverse shocks, reduce trust in institutions and encourage instability.

And, without a solid middle class, domestic demand is unlikely to take off.

The higher pace of growth in Cambodia and other ASEAN economies should, therefore, remind us all how much more can be achieved in the long term if growth is shared by many.

The path to greater regional economic integration needs to have a solid foundation of sound macro-economic policies that ensure a predictable business environment and avoid serious economic and financial disruptions – a core part of the IMF's work.

When it comes to policy advice to avoid such disruptions, the IMF is mindful of the diversity among ASEAN members.

That's why the IMF's engagement with the ASEAN community has been multi-faceted.

At the bilateral level, the IMF consults every year with each ASEAN member – the so-called Article IV consultation – to provide concrete advice on, and analysis of, their economic policies.

Another important aspect of engagement involves technical assistance, whereby the IMF provides training and practical guidance on how to bring institutions closer to best international practice and design appropriate policies in specific areas, be they monetary, fiscal or statistical issues.

For more on this, visit the IMF Resident Representative Office in Cambodia's [website](#).

At the multilateral level, the IMF is stepping up its co-operation with the ASEAN+3 Macroeconomic Research Office (AMRO) and the ASEAN+3 Integration Monitoring Office

(AIMO) to mutually benefit from each other's work in conducting assessments of regional economic developments.

In today's globalised world, policy dialogue and the quality of regional surveillance depend more than ever on the exchange of knowledge and views among stakeholders.

In this spirit, the IMF also closely co-ordinates its work on ASEAN with other bilateral and multilateral institutions such as the Asian Development Bank and the World Bank.

That old Khmer proverb reminds us all to focus on our destination before we pick up the oars.

Given that there is a strong consensus on the shared destiny of the ASEAN community, member countries have begun rowing towards that destiny.

The IMF is happy to be part of this journey — be it through regular surveillance, or by helping to build modern institutions through our technical assistance programs — that leads to a more prosperous and inclusive Cambodia, a more unified ASEAN community and a shared destiny under the same sky.

Olaf Unteroberdoerster and Faisal Ahmed are, respectively, the IMF's mission chief and resident representative in Cambodia.