



KINGDOM OF CAMBODIA

Cambodia's Diagnostic Trade Integration Strategy 2014-2018

Executive Summary

Phnom Penh, January 2014

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Acronyms

ADB	Asian Development Bank
AEC	ASEAN Economic Community
AfT	Aid for Trade
AFTA	ASEAN Free Trade Agreement
ASEAN	Association of South East Asian Nations
BFC	Better Factories Cambodia
CDC	Council for the Development of Cambodia
CIB	Cambodia Investment Board
CoM	Council of Ministers
CTIS	Cambodia Trade Integration Strategy
DFQF	Duty-Free Quota-Free
DICO	Department of International Cooperation
DP	Development Partner
DTIS	Diagnostic Trade Integration Study
EBA	Everything-but-Arms
EDC	Electricité du Cambodge
EIF	Enhanced Integrated Framework
EU	European Union
FDI	Foreign Direct Investment
FiA	Fisheries Administration
FTA	Free Trade Agreement
GAP	Good Agricultural Practice
GDCE	General Department of Customs and Excise (MEF)
GDP	Gross Domestic Product
GHP	Good Health Practice
GMAC	Garment Manufacturers Association of Cambodia
GMP	Good Manufacturing Practice
GMS	Greater Mekong Sub-Region
G-PSF	Government-Private Sector Forum
HACCP	Hazard Analysis and Critical Control Points
HEI	Higher Education Institution
HRD	Human Resource Development
IC (Trade SWAp)	Trade SWAp Implementation Committee
IPA	Investment Promotion Agency
IPR	Intellectual Property Right
LDC	Least Developed Country
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MoC	Ministry of Commerce
MoCFA	Ministry of Culture & Fine Arts
MoE	Ministry of the Environment
MoEYS	Ministry of Education, Youth and Sports
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health

MoI	Ministry of the Interior
MIH	Ministry of Industry and Handicrafts
MoPWT	Ministry of Public Works and Transport
MRD	Ministry of Rural Development
MoT	Ministry of Tourism
MoU	Memorandum of Understanding
MoWA	Ministry of Women Affairs
NCIPR	National Committee on Intellectual Property Rights
NGO	Non-Governmental Organization
NSDP	National Strategic Development Program
NSW	National Single Window
PISC	Provincial Investment Sub-Committee
PSD	Private Sector Development
QIP	Qualified Investment Project
RCEP	Regional Comprehensive Economic Partnership
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
RUA	Royal University of Agriculture
SEZ	Special Economic Zone
SMEs	Small and Medium Size Enterprises
SNEC	Supreme National Economic Council
SPS	Sanitary and Phytosanitary
S-SC	Sub-Steering Committee
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TBT	Technical Barrier to Trade
TDSP	Trade Development Support Program
Trade SWAp	Trade Sector-Wide Approach
TPR	Trade Policy Review
TRIPS	Trade-Related Aspects of Intellectual Property Rights
TVET	Technical Vocational Education and Training
TWG	Technical Working Group
WCO	World Customs Organization
WG	Working Group
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

Background

In November 2001, Cambodia validated its first *Diagnostic Trade Integration Strategy* (DTIS.) DTIS 2001 was prepared with funding support from the *Integrated Framework* program (IF.) Cambodia had been selected by the IF as one of three pilot countries for this innovative program launched by six multilateral agencies – the International Monetary Fund (IMF), the International Trade Center (ITC), the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Program (UNDP), the World Bank (WB), and the World Trade Organization (WTO.)

In December 2007, Cambodia’s Prime Minister launched the country’s second DTIS, *Cambodia Trade Integration Strategy 2007* (CTIS 2007.) CTIS 2007 benefited from combined funding support from the original IF program and the UNDP as well as technical contributions from the EU, GIZ, IFC, the IMF, ITC, UNCTAD, and the World Bank. Back then, Cambodia was the first country to update its initial DTIS under the *Enhanced Integrated Framework* (EIF), the successor to the IF program.

Cambodia Trade Integration Strategy 2014-2018 (CTIS 2014-2018) is the country’s third generation DTIS. Once again, Cambodia’s leadership among EIF countries is in display. Cambodia is the first EIF country to update its original DTIS for a second time. CTIS 2014-2018 has benefited from funding support from the EIF, the Asian Development Bank (ADB), the UNDP, and the WB.

Since the first DTIS in 2001, leadership of the DTIS formulation process in Cambodia has changed significantly. This reflects Cambodia’s growing capacity to manage its Aid-for-Trade process. The first DTIS was largely agency-driven, with the WB leading a team of experts under IF funding. CTIS 2007 was carried out under the joint leadership of the Ministry of Commerce and the UNDP. CTIS 2014-2018 is a fully Government-led and Government-owned process.

Under the leadership and guidance from the current and previous Senior Ministers, Ministers of Commerce, and with strong operational support from and management by key senior officials in the Ministry, the team assembled to prepare CTIS 2014-2018 benefited also from the technical inputs from the *Inter-Ministerial Committee for Updating the Cambodia Trade Integration Strategy 2013-2018*. The Inter-Ministerial Committee was established through a Prakas and includes senior officials from the Ministries of Commerce, Economy and Finance, Health, Tourism, Planning, Industry and Handicraft, Mines and Energy, Agriculture, Forestry and Fisheries, Rural Development, Women Affairs, Labor and Vocational Training, Public Works and Transport, Education, Youth and Sports, as well as the Council of Ministers, the Council for the Development of Cambodia, and the Royal School of Administration. Members of the Inter-Ministerial Committee provided DTIS team members with access to officials in their respective ministries, reviewed drafts, and met with the team to provide comments, feedback and other inputs on various documents.

This *Executive Summary* and the *20 Strategic Outcomes* used to organize the study were endorsed by the Sub-Steering Committee on Trade and Trade-Related Investment in May 2013. Thereafter, the Ministry of Commerce worked closely with the Ministry of Planning and SNEC to ensure those 20 outcomes would be mainstreamed in the new NSDP-IV and Rectangular Strategy-III of the new Government. The final *Full Report* and *Trade SWAp Road Map 2014-2018* were endorsed by the Sub-Steering Committee on Trade and Trade Related Investment chaired by the Senior Minister in January 2014.

CTIS 2014-2018 : Underlying Principles

CTIS 2014-2018 reflects efforts by the Royal Government of Cambodia (RGC) to take stock of important developments in the country's trade sector since the previous DTIS (CTIS 2007) and to update Cambodia's strategy and directions for trade integration into global and regional markets. CTIS 2014-2018 is guided by three principles:

1. **Update and strengthen Cambodia's Trade SWAp.**

Starting in 2008 and capitalizing on the strategic directions and actions identified in CTIS 2007, the RGC, through the leadership of the MoC and the Sub-Steering Committee on Trade and Trade-Related Investment, established a Trade Sector Wide Approach (Trade SWAp.) The purpose of the Trade SWAp was to provide Government with tools to improve its coordination and overall management of Aid for Trade as well as monitor progress against CTIS 2007 strategic objectives and actions.

One such tool is the Trade SWAp Road Map, organized around three "Pillars." Each pillar captures key Indicative areas for reform and progress to support the development of Cambodia's trade sector. Priority areas are in line with CTIS 2007 and results are monitored through baselines and targets captured in Key Performance Indicators (KPIs) for each.

CTIS 2014-2018 provides a fresh look at new opportunities and challenges that have emerged since 2007. Additionally, CTIS 2014-2018 provides the Government with an opportunity for updating the RGC's Trade SWAp Road Map and identifying key strategic directions for Cambodia's trade sector for the coming five-year period 2014-2018. Those directions will be used as anchors for ongoing and new technical assistance and for mainstreaming trade development priorities into the new *National Socio-economic Development Plan* (NSDP), the next *Rectangular Strategy*, and *Cambodia Vision 2030*.

2. **Incorporate Government capacity built since 2007 to lead the updating of CTIS and Trade SWAp Road Map.**

As a result of implementing Trade SWAp since the mid and late 2000s, a growing number of Government officials in MoC and other trade-related line ministries have become far more familiar with the process of formulating, implementing, monitoring, and evaluating individual Aid for Trade projects. Others have been associated directly with the mechanisms established to oversee progress of the overall Trade SWAp, ensure objectives are met, and review progress against targets.

The newly created capacity made it possible for the Government to take charge of the formulation of CTIS 2014-2018 under MoC's leadership. The process of formulating CTIS 2014-2018 started with the identification of the key themes to be included, the formulation of a Concept Note that was reviewed and endorsed by the Trade SWAp Inter-ministerial Implementation Committee (IC) under guidance from the Senior Minister, Minister of Commerce, the organization of the *Inter-*

Ministerial Committee for Updating the Cambodia Trade Integration Strategy 2013-2018 to support the formulation of the new CTIS 2014-2018, and led to a series of steps to ensure the result of the work is fully and collectively owned and internalized by the various ministries and agencies of the Government associated with implementing Aid for Trade technical assistance.

3. **Identify new challenges and incorporate new priorities of RGC for trade development into Trade SWAp.**

While CTIS 2014-2018 is guided in large part by the priority areas identified in 2007 and reflected in the Three Pillars Road Map, it is not bound by those. CTIS 2014-2018 recognizes that conditions may have changed and that new priorities and needs may have emerged as a result. So CTIS 2014-2018 also ensures that key new priorities identified by the Government are reflected in the update.

Specifically, CTIS 2007 took a broad view at potential export sectors for Cambodia, leading to the identification of 19 potential sectors. More than six years of trade development have allowed a group of ten of those sectors to emerge from the initial selection. CTIS 2014-2018 focuses on those ten sectors.

Two new cross-cutting issues are taken up in CTIS 2014-2018 under Pillar One and Pillar Three respectively: (1) transportation logistics, and (2) skill gap for exports. Successful export development of the past few years have pointed to those two as possible areas of bottlenecks requiring focused attention.

Highlights and Key Findings

Introduction

EXPORT COMPETITIVENESS AND HUMAN DEVELOPMENT

Cambodia has been quite successful heretofore in integrating the global economy through trade and investment. Progress since the mid-2000s is significant. But world markets are ever changing with new competitors continuously emerging to challenge Cambodia's export sectors. The challenge for the country and its leading export sectors is to respond to change by strengthening the competitiveness of established sectors while nurturing new ones.

Trade sector competitiveness is critical to growth, and, in turn, to the creation of new and better jobs as well as income which are requirements for poverty-reduction. Yet, connecting trade expansion to poverty-reduction, gender equality, and greater inclusiveness remains a challenge. With rapid growth in export-oriented agricultural sectors in rural areas and emerging diversification in the number of tourism destinations, Cambodia has made important progress in tackling poverty through employment and income creation on a more geographically-widespread basis. However, working and living conditions associated with many export-related jobs need improvement. The potential negative impact of some export production on the physical environment needs greater attention. And, possibly, raising skills of the work force will be the country's greatest challenges going forward if it is to succeed in using trade expansion as a means to create better jobs, with higher skills that generate greater income.

Export Competitiveness

Trade sector competitiveness is the result of interaction among a number of factors, which, in the context of Cambodia can be grouped into four subsets:

- Improved market access
- Strengthened domestic business environment
- Rising total factor and labor productivity
- Increasing domestic value added

Cambodia's market access has evolved significantly in recent years. Favorable changes in the rules of origin governing the EU's EBA program, the benefits from a number of Duty-Free Quota-Free (DFQF) programs, together with the implementation of free trade agreements with ASEAN Dialogue Partners, have triggered sharp increases in Cambodia's exports — including, but not exclusively, in its exports of garments. Together with a relatively favorable business environment and low labor costs, this improved market access is one of the primary forces driving the significant expansion of investment in

manufacturing. Market access is also beginning to evolve as regards agricultural products. Reliance on neighboring countries as markets and as intermediaries for export of unprocessed, informal agricultural products is starting to give way to direct, formal exports to final markets where, generally, Cambodia enjoys duty-free access. This process is still at a very early stage and its continuation will depend, among other things, on Cambodia's being able to meet the SPS and technical standards of importing countries. For both manufactured and agricultural goods, the rapidly growing economies of Asia and "emerging" markets hold great promise in the years ahead.

- Exports of goods and services – recorded and informal – are estimated to have increased 65 percent between 2007-2011, from \$4.945 billion to \$8.155 billion
- US share of Cambodian exports declined from 55 to 35 percent during the period, as EU, ASEAN Dialogue Partners, Thailand, Vietnam, and other destinations became more important
- Eighty percent of Cambodia's growth in recorded goods exports since 2007 has been targeted to markets offering preferential access
- The share of exports other than garments and tourism during the period grew from 18 to 29 percent. Chief among those are bicycles, electronic and electrical components, footwear, natural rubber, milled and paddy rice, cassava, corn, and soybeans.

A strong business environment for trade has a number of attributes. A legal and regulatory framework that is predictable and based on international norms is a central element. A favorable investment environment as well as trade facilitation and logistics are other key determinants of competitiveness. Trade facilitation and trade logistics will be particularly important for the development of exports such as high-end garments or intermediate inputs into a production chain, where "turn-around" or delivery deadlines are critical. Much work has been done in Cambodia in many of these areas over the past ten years, but more remains to be done.

- Trade facilitation costs for exports and imports are 136 percent the ASEAN-6 average. Average release time of cargo is 24 days compared to 16 days for ASEAN-6 average.
- Cambodia plans completion of the establishment of a National Single Window by 2018 which should help lower those two key metrics
- Notwithstanding significant improvements in road infrastructure since the late 2000s, much remains to be done to improve the effectiveness of transport logistics in Cambodia as well as within the sub-region, both in term of investment in physical infrastructure and in term of reducing non-tariff measures, again with the view of reducing those important costs of doing business

Total factor productivity and labor productivity are also important determinants of competitiveness. Increases in productivity allow higher wages and improved competitiveness to go hand in hand. Productivity increases primarily through investment in equipment that contains more advanced technology. The use of such equipment, in turn, requires higher skill levels. There is a concern that weak mid-level and higher skills required for more sophisticated production processes in Cambodia is holding back productivity gains and investment that could lead to higher value added. There is also mounting concern that, without sufficient increases in productivity, the pressure for higher wages may erode competitiveness. Increased skills that allow Cambodians to perform tasks presently performed by foreign personnel will reduce the costs to enterprises and enhance their competitiveness. For these reasons, it is important to address the gap between skills presently available in the work force and the skills necessary for the present and prospective work place.

- Cambodia lacks a robust TVET system that works closely with the private sector, including export sectors, to ensure skill needs are met

- Cambodia's higher education institutions have grown quite rapidly over the past ten years or so leading to a rapid rise in university graduates. However, university curriculums remain quite disconnected from skills needed in the market place and quality of education is often weak
- Many young people graduate from primary, secondary, or even tertiary education with weak "foundation" soft skills (e.g. literacy and numeracy, communications, problem solving, team work, etc.) Foundation soft skills are critical to life-long-learning and future retraining in the work place
- Cambodia lacks a transparent labor market information system to help educators and labor market entrants understand where the demand is, what the skill requirements are, and how to assist employers in identifying where potential new workers can be found

Cambodia's main manufacturing exports — garments, shoes, and bicycles — operate almost exclusively within global value chains by assembling imported materials and parts into finished products that are then exported. Cambodia's agricultural exports mainly take the form of unprocessed agricultural products. In both cases the value added in Cambodia is usually a small fraction of the value of the finished consumer product. In both cases, Cambodia needs to exploit the possibilities for adding additional value in Cambodia. In the case of agriculture, this entails undertaking processing of farm-gate output – as is already underway in the case of rice. In the case of garments, shoes, and bicycles attention needs to be given to the production, in Cambodia, of inputs presently imported.

- Creating supply linkages between Cambodian SMEs and export firms is important and should be fostered. Foreign direct investment in the production of domestic inputs also needs to be encouraged. Export industries should become hubs around which a network of domestic production develops. What is true of manufacturing exports is also true of the tourism sector where opportunities for stronger linkages to domestic suppliers should also be encouraged.
- Cambodian exporters can and should seek to move into products requiring higher value operations in Cambodia but this will be conditioned in no small part by the capacity of exporting sectors and educational and TVET institutions to find ways to remedy the current skill gap
- Efforts to attract new investors should include targeting areas where favorable rules of origin offer a unique advantage for Cambodia to strengthen its foothold in global value chains
- Consistent quality is critical to long term competitiveness of firms. Uneven quality of inputs or uneven quality in the production process will undermine a value chain's competitiveness. For example, rice millers/exporters are finding it challenging to ensure sustained quality of their export product. Producers of high value silk products must learn how to better control the quality of imported yarn.
- In SPS-sensitive sectors (rice, cassava, corn, soy beans, hospitality sector, processed food, fisheries) there is a need for producers to bring their facilities up to standards that meet international requirements. Government must also play its part by putting in place the surveillance and enforcement systems required to control plant pests and animal diseases, monitor the use of pesticides, or control safety food and products in consumer markets.
- Financial backstopping of export-oriented investors through dedicated programs or specialized financial institutions is an area that has received attention from the Government, including in the context of the July 2010 *Policy Paper on the Promotion of Paddy Production and Rice Export*. Nevertheless, additional attention will be required in the coming years.
- The positive experience of the *Policy Paper on the Promotion of Paddy Production and Rice Export* should be replicated to other sectors (agricultural, manufacturing, or otherwise) that would benefit from explicit policy guidance

Sustainable Human Development and Export Growth

While critical in determining Cambodia's future success in graduating from an LDC to a middle-income economy, export competitiveness cannot be viewed alone. Export competitiveness must also be reviewed against improvement in Cambodians' standard of living and sustainable human development. Table 1 summarizes a number of sustainable human development measures collected during the preparation of the individual sector chapters and the skill chapter presented in the report. While the very limited availability of hard data in Cambodia makes it somewhat difficult to fully assess results and progress in this area, the measures presented in the table, even if impressionistic at times, do allow to point to areas of progress since 2007 as well as remaining challenges, especially in term of:

- Employment growth opportunities
- Quality of jobs, working and living conditions
- Geographical diffusion of the benefits of growth
- Environmental impacts

Employment Growth Opportunities

In the face of 300,000 to 400,000 youths projected to enter the labor market each year over the next decade, Cambodia's biggest human development challenge, by far, is job creation. Indeed, this has become a major, if not the top priority of the Government. With the possible exception of Silk, all nine other sectors have solid potential for continued robust, if not even rapid employment growth in the coming five years. Together they should be adding new jobs in the tens of thousands each year, hence contribute greatly to addressing the job creation challenge.¹

In manufacturing sectors – garments, footwear, and light manufacturing assembly – as well as in tourism, significant new job creation is likely to occur mainly directly in the sector itself though service providers to those sectors will benefit from a multiplier effect through increased demand. As argued in the report, strong domestic supplier clusters should emerge to provide specific inputs to a few of those sectors provided the right policies and incentives are in place.

In agricultural commodity semi-processing or processing sectors – such as milled rice, semi-processed cassava, fisheries products, processed food, or rubber – the most significant job impact will continue to be overwhelmingly on those who produce the raw inputs: the rice and cassava farmers, the fisher-men and – women, the rubber plantation workers, etc. Still, as these sectors take off, the modern processed food or fish processing factories, for instance, could be adding a significant number of new jobs in and of themselves.

¹ Growth rates, of course, are a function of the initial baseline in each sector and will be slower in larger, established sectors such as garments and tourism even though large numbers of jobs will be created in those.

The intrinsic value of the silk sector is somewhat different, of course. Its value may not be so much in how many jobs it may create as much as its contribution to the “cultural image” of Cambodia, a hard-to-measure asset but nevertheless critical to the promotion of tourism and Cambodia’s global image.

Quality of Jobs, Working and Living Conditions

As pointed out in Chapter 17 of the Full Report, young Cambodians do not want simply any job. They want good jobs and well-paying jobs. So quality of jobs, broadly defined, is the key. The quality of jobs and access to good working and living conditions is the result of interactions among many different variables, influenced, in no small part, but not exclusively, by Government policy, the availability of “public goods”, as well as access to good income.

This report does not analyze the broader societal impact of recent growth on the livelihood of Cambodians. This is a topic better left to the analytical work associated with the NSDP. Still the latest World Economic Forum report does show that, on a ppp-basis (purchasing power parity), average per capita income of Cambodians grew from approximately \$1,000 in 2000 to \$2,500 in 2012 – a very significant progress indeed.² Of course, since this measure is simply an average, it says little about income distribution.

The focus in this report is more narrow and limited to the ten sectors. As shown in chapter 5 focusing on the investment environment as well as several of the individual sector chapters, one key factor that has attracted a new surge in foreign direct and domestic investment is the relative low labor cost in Cambodia. Still, as shown in chapter 17, the minimum monthly wage that prevails in much of the Cambodian manufacturing sector tends to be high when compared to neighboring and direct competitor countries.

With the possible exception of the garment sector where employers are concerned that wage increases might be running ahead of productivity – an unsustainable situation over the long run – in general it appears that rising wages in manufacturing have been accompanied also by productivity gains. Clearly in some of the agricultural commodity driven sectors identified in this study, there is often evidence of strong productivity increases in recent years at the production level as measured by yield-per-hectare. In general, monthly income in sectors others than garments tend to be lower and/or pegged against the garment sector minimum wage. In the medium and longer term, the concern will be whether growth in productivity will be able to keep up with demand for higher wages if the skill gap and skill shortages cannot be bridged.

International monitoring of many manufacturers under the *Better Factories Cambodia* (BFC) program remains a significant competitive advantage for Cambodia-based exporters in garments and footwear. Nevertheless, there is some recent evidence that further improvements might be needed in the safety of manufacturing facilities and production line (including building safety) and in the cleanliness of factories. This is an important issue that deserves Cambodia’s attention, especially in light of negative developments over the past couple of years in such countries as Bangladesh or China.

General quality of living conditions is often a function of where one works. In general, the data tends to show that living conditions (good shelter, good access to clean latrines, and access to potable water) tends

² World Economic Forum, *The Global Competitiveness Report 2013-2014*, Davos: WEF, 2013, p.144

to deteriorate for many rural workers moving to large urban centers where good living conditions are harder to come by and more expensive. However, this does not always apply to workers taking employment in SEZs where employers might provide their own, reasonably good shelter conditions.

Quality of jobs is also about the ability of the individual to build human capital through training and opportunities to move up the career ladder. This is an area where Cambodia is facing a major challenge across all ten sectors studied here. Weaknesses in primary and secondary schooling, weaknesses in university education, as well as a nearly absent, solid TVET system means that most workers take on employment with a deficit (gap) in both hard (occupational) skills and foundation soft skills. This deficit or “gap” is in addition to employers facing a labor shortage (inability to find enough workers to apply for specific jobs) as analyzed in detail in chapter 17. These human capital shortages and gaps present a serious challenge to Cambodia’s continued competitiveness. Whereas this challenge may have been less of an issue in the past when the focus of export growth was based on a purely low-skill-low-wage factor combination, it must now be addressed head-on by Government and the private sector if Cambodia is to remain an attractive location for new investment and succeed in moving up the value chain in a number of export sectors.

Lastly, an interesting finding is that, while export growth in agricultural sectors may tend to favor male employment, women are the ones that have benefited most from growth in manufacturing exports and tourism. Some of this balance may or may not change if Cambodia is able to move up the value chain and develop higher-skilled sectors.

Geographical Diffusion of Export Growth

Compared to 2007, there is evidence that economic activity associated with export growth has begun to diffuse away from Cambodia’s initial three growth poles – Phnom Penh, Siem Reap, and Sihanoukville. In manufacturing, SEZs are beginning to attract factories close to the Thai and Vietnamese borders where none were there before. If anything that development is likely to expand.

In tourism, development of beach-oriented tourism is beginning to spread away from Sihanoukville into the surrounding coastal provinces. Eco-tourism is getting a foothold in the country’s North-West and Cardamom Mountains. These and other developments are pulling growth of the hospitality sector into new provinces and regions. In agriculture-oriented sectors, the growing focus on export of semi-processed agricultural commodities or processed food is bringing new, modern processing activities into newer areas.

In addition, with many workers employed in processing facilities located in or near urban centers coming originally from rural areas, less developed provinces are benefiting from a significant amount of remittances from those workers.

Together, these trends mean a more geographically diffused distribution of the benefits of export growth throughout the country, through a more geographically widespread location of export-oriented facilities, through income re-distribution via remittances, and through multiplier effects.

Environmental Impact

Most of the fast growing export sectors, including nearly all of the ten sectors analyzed in this study, are heavily dependent on electricity to power modern equipment. The cost of electricity in Cambodia is high and reliability, low when compared to neighbors. This is an area where the country is clearly at a competitive disadvantage. Interestingly enough, Cambodia is in a unique position to address many of those needs through sustainable energy production solutions. These run from solar passive heating panels to produce hot water in hotels and restaurants (a major source of electrical demand in those establishments), bio-fuel gasification to power rice mills and other processing sectors, photo-voltaic panels to produce electricity in many different applications, or other sustainable technologies as well. So far, Cambodia has been very timid in pushing for widespread implementation of these economically profitable solutions. The fact that, for now, Electricité du Cambodge (EDC) does not purchase surplus electricity from small producers is preempting the development of bio-fuel gasification generating projects in sectors such as rice milling or cassava processing. The trend towards SEZs locating near the Vietnamese or Thai borders so they can tap into those countries cheaper electrical grids is a pragmatic solution, but a limited one at best. It does address the problems confronted by other key development areas where much of the nation's economic activity is taking place.

Weak proper waste and water management are areas that also need attention in no small part as a means to mitigate early on the possible negative impacts of some of the activities associated with various export sectors. Fisheries processing, processed food, footwear and other sectors do need to focus on those issues. Some operators point to the lack of clear environmental regulations as a negative factor on further investment as investors are unable to assess fully the financial risks associated with new projects.

In sum, the analyses presented in several chapters and summarized here suggest that human development progress that have been achieved as a result of rapid export growth since the last DTIS have also been accompanied by new challenges that must be tackled by Government and Cambodian trade sector stakeholders.

Table 1: Sustainable Human Development Impact in Ten Export Sectors

	Garments	Footwear	Light Manuf./SEZs	Processed Food
Employment Creation				
• sector employment (2012)	370,000	64,200	Possibly as many as 10,000	93,700
• future sector growth	10% or more	15%- 20% yearly based on recent trend	Very fast yearly growth: 20% to 25% or higher possible	Significant growth possible
• main indirect impact	Remittances to provinces	Remittances to provinces	Remittances to provinces	Impact on demand in Ag. sectors
Gender Equality	80%-90% women; under-aged labor an issue.	90% + women; under-aged labor an issue. Growing share of men	Not known	Majority women in SMEs. Not known in large facilities.
Wages and Working Hours	Minimum \$100 monthly up to \$180. 48 hours+OT/week.	Wages slightly higher than garments. 48 hours+OT/week.	Wages slightly higher than garments. 48 hours+OT/week.	Wages and shift work in large plants similar to garments
Working Conditions				
• labor representation	Mostly unionized	Mostly unionized	Some unions	None
• sector monitoring	Monitored under BFC	Monitored under BFC	None	None, except few factories meeting int'l SPS standards
• cleanliness and safety	Recent issues with building safety	Accidents an issue; exposure to hazardous chemicals an issue	Safety issues limited	Challenge is poor hygiene and abeyance to SPS standards
Skills Development				
• training ops	OTJ. No TVET. GMAC planning TVET center	Significant OTJ. No TVET	OTJ. Also off-site training incl. abroad. Limited TVET	OTJ in a few large establishments. No TVET
• career ops	Including for line workers	Including for line workers	Significant, including for line workers	Very limited except in a few large establishments
Living Conditions				
• access to shelter	Quality can be poor in urban environment	Quality can be poor in urban environment	Some SEZ employers provide good shelter in factories. Else, access to good shelter varies	Rural living: Good access to shelter
• sanitation (water/latrines)	Quality can be poor in urban environment	Quality can be poor in urban environment	Usually good	Good access to latrines. Water: variable
Regional Impact				
• Primary	Phnom Penh, Kandal	Phnom Penh, Kampong Speu, Kandal	Phnom Penh, Sihanoukville, Svay Rieng (Bavet), Koh Kong	Phnom Penh, Kampong Cham, Battambang, Siem Reap, Kandal
• Secondary	Svay Rieng, Sihanoukville	Possible expansion along VN border	Possible expansion along VN border	Many rural areas
Environment Impact				
• energy	High use of electricity	High use of electricity	High use of electricity	Limited except large firms
• water	High use for washing and ironing	Tanning and dyes	Relative good water treatment in SEZs	Extensive use. Limited management of water waste
• soil	None known	Possible negative impact from poor mngt of waste water	None known	Waste could be used as compost or fertilizer
• waste	Fabrics and chemicals	Fabrics, rubber, chemicals	Yes. Varies with manufacturing	Limited waste management

	Fisheries	Milled Rice	Cassava
Employment Creation			
• sector employment (2012)	450,000	A few thousands in rice mills	Employment in semi-processing limited
• future sector growth	Slow growth unless aquaculture and processing take off	Fast growth	Global demand and prices unstable. Hard to predict
• main indirect impact	Some multiplier effect. Great impact on main protein source for Cambodians	Millions of farmers grow rice	Hundreds of thousands of farmers grow cassava
Gender Equality	Balanced	Majority men	Balanced
Wages and Working Hours	Around minimum wage. Vary with season. Work hours vary with season.	Around minimum wage. Vary with season. Work hours vary with season	Around minimum wage. Vary with season. Work hours vary with season
Working Conditions			
• labor representation	None	none	none
• sector monitoring	None except for very few factories meeting int'l SPS standards	None – but modern rice mills soon must meet int'l SPS standards	Pressure on processors to meet int'l SPS standards
• cleanliness and safety	Mostly very poor SPS except large plants	See above. Modern export-oriented mills relatively clean	See above
Skills Development			
• training ops	Limited OTJ in large establishments. Mostly informal. No TVET	Limited OTJ in large establishments. Mostly informal. No TVET. Some RUA training	Limited OTJ in large establishments. Mostly informal. No TVET
• career ops	Very limited except in a few large establishments	Very limited except in a few large mills	Very limited except in a few large establishments
Living Conditions			
• access to shelter	Rural living: Good access shelter	Mills provide shelter. Quality limited	Rural living: Good access shelter
• sanitation (water/latrines)	Quality of latrines and water: variable	Quality of latrines and water: variable	Quality of latrines and water: variable
Regional Impact			
• Primary	Coastal provinces, waterway provinces	Prey Veng, Takeo, Kampong Cham, Battambang, Banteay Meanchey, Siem Reap, Kampong Thom	Battambang, Banteay Meanchey, Pailin, Kampong Cham
• Secondary		Most provinces	Most provinces
Environment Impact			
• energy	Limited except large firms	Electricity dependent. Could use sustainable energy solutions	Semi processing needs little electricity
• water	Extensive use. Limited management of water waste	None known	None known
• soil	Solid waste can have negative impact on soil if not managed properly	None known	Cassava cultivation has negative impact on soil unless mitigated
• waste	Limited management of waste	Could use husk for bio-fuel	Waste can be used for bio-fuel or fertilizer

	Natural Rubber	Tourism	High Value Silk
Employment Creation			
• sector employment (2012)	About 60,000 in plantation and small holders. Few thousands in processing.	Approximately 620,000	20,000+ weavers; 1000 breeders
• future sector growth	Likely very high. Could double or triple over next 5 years.	3% or more - 20,000 new jobs or more - yearly	slow
• main indirect impact	Families living on plantations	Remittances to provinces	Contributes to “cultural image” of Cambodia
Gender Equality	Mostly men	40% to 60% women	90 to 95% women
Wages and Working Hours	Cash income based on harvesting. Work hours vary.	No minimum wage. Starting monthly salaries \$45-\$60. Long hours in SMEs. Shift work based on 24 hours.	Long hours. Wage slightly above garments but varies with orders
Working Conditions			
• labor representation	None	Some establishments unionized	None
• sector monitoring	Quality monitoring about to become an issue	none	None
• cleanliness and safety	Processing facility often unclear	Varies. Hygiene and sanitation key sector development issue.	Home work environment. Usually safe
Skills Development			
• training ops	OJT. No TVET	Mostly OTJ. Lack TVET	Tradition-based OTJ. Risk of loss of skill if sector declines
• career ops	Very limited unless modern processing is developed	Significant	Limited except for higher skills (design and marketing)
Living Conditions			
• access to shelter	Processors provide good shelter	Quality can be poor in urban envirnmt	Rural living: Good access shelter
• sanitation (water/latrines)	Good sanitation linked to good shelter	Quality can be poor in urban envirnmt	Good access to latrines. Water: variable
Regional Impact			
• Primary	Kampong Cham, Kratie, Pailin, Ratanakiri, Stung Treng	Siem Reap, Phnom Penh, Sihanoukville	Weaving: Siem Reap, Takeo, Prey Veng, Banteay Meanchey, Kampong Cham, Kampong Thom, Kandal, Phnom Penh, and Stung Treng; Breeding: Banteay Meanchey
• Secondary	Mondolkiri	North West, Coastal areas, Waterways provinces	none
Environment Impact			
• energy	Intensive for processing	High use of electricity and fuel for hot water	Low use of electricity
• water	Some for processing. Chemicals used	High use of water, especially kitchen; waste water treatment limited	Use of dyes. Phasing out use of synthetic dyes.
• soil	Negative impact if not mitigated	None known. Limited composting.	None known
• waste	Little waste	Limited recycling. Plastic bottles.	None known

Cambodia Trade SWAp’s Road Map 2014-2018: 20 Strategic Outcomes

To address issues at the core of trade sector competitiveness, job and income creation, and sustainable human development in the coming five years, Cambodia’s next Trade SWAp Road Map will focus on 20 strategic outcomes. These address specific challenges at the market access and business environment level, at the value chain level, at the labor market and skill level, as well as in the management and deployment of technical assistance resources and focus on areas where reforms and institutional development are needed.

Progress against those 20 strategic outcomes will be measured in part by their beneficial impact in assisting Cambodia to meet its larger socio-economic development goals, including, of course its goal of enhancing trade sector competitiveness, creating new and better jobs, growing income, and reducing poverty. Those broader impacts are captured under five Development Goals.

The five Development Goals are not fundamentally different from the Goals defined in the first Trade SWAp Road Map derived from CTIS 2007. The 20 Outcomes include a number of “carry-overs” from the earlier Road Map that have been updated to account for progress accomplished since 2007 and to address further needs. The list also includes some new Outcomes that reflect new priorities that have emerged in recent years. The following table (Table 2) lists the five Goals and 20 Outcomes foreseen for 2014-2018. They are organized along the lines of the three Pillars of the Government’s Trade SWAp.

Table 2: Development Impacts and Strategic Outcomes Trade SWAp 2014-2018

Development Impacts/Goals	
Impact/Goal 1	Improved competitiveness contributes to reduce poverty through better and new job
Impact/Goal 2	Significant increase in the contribution of the trade sector to GDP and deepening diversification of Cambodia's export base
Impact/Goal 3	Strengthened capacity of RGC to formulate and implement trade policies and strategies
Impact/Goal 4	Responsiveness of RGC to private sector needs increases as a result of better dialogue
Impact/Goal 5	Improved planning, implementation, and monitoring capacity of RGC through implementing Trade SWAp
Strategic Outcomes	
Pillar One	
Outcome 1	Trade Policy Reform and Trade Negotiations: Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws
Outcome 2	Trade Facilitation: Cambodia increases its competitiveness through reduced import/export costs
Outcome 3	Trade Logistics: Cambodia increases its competitiveness through improved trade logistics
Outcome 4	Technical Standards and SPS Requirements: The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases
Outcome 5	Investment Environment for Exports: The environment for investment in the ten DTIS 2013 focus export sectors is strengthened
Outcome 6	Intellectual Property Rights: A modern, trade-supportive intellectual property rights framework is established, implemented, and enforced
Pillar Two	
Outcome 7	Garment: Cambodia continues to grow and diversify its garment export sector through targeting new markets, increasing domestic inputs, and expanding in higher value products
Outcome 8	Footwear: Cambodia continues to grow and diversify its footwear export sector through targeting new markets and developing new market segments
Outcome 9	9A: SEZs: Cambodian SEZs increase their competitiveness and attract additional manufacturing investment 9B: Light Manufacturing Assembly: Cambodia emerges as a node in regional production networks
Outcome 10	Processed Food: Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs
Outcome 11	Fisheries Products: A sustainable fisheries sector sees Cambodian exports increase as a result of improved quality, growing production volumes, and strengthened access to markets.
Outcome 12	Milled Rice: Cambodia achieves the target set out under the RGC 2010 Rice Policy for export of milled rice
Outcome 13	Cassava: Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency on exports of unprocessed tubers to Thailand and Vietnam
Outcome 14	Rubber: Cambodia progresses towards becoming a key producer and exporter of rubber
Outcome 15	Tourism: Cambodia progresses towards RGC's 2020 target set for Tourism: 8 million foreign visitors
Outcome 16	High Value Silk Products: A small but growing number of Cambodian producers are able to design and export high-value silk products
Pillar Three	
Outcome 17	Skill Gap for Exports: RGC and Cambodian exporters meet the skill gap through the formal education sector and increased public-private partnership to develop vocational/technical education.
Outcome 18	Mainstreaming Trade: Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies
Outcome 19	Monitoring and Mobilizing Aid for Trade: RGC's ability to M&E Results of Trade SWAp is strengthened, leading to stronger mobilization of AfT inside and outside SWAp
Outcome 20	Enhancing Private Sector Participation in AfT: A better structured dialogue between private sector and Government contributes to efficient public-private partnerships for trade development based on AfT resources

PILLAR ONE

Six cross-cutting issues at the core of Cambodia's trade competitiveness are analyzed under Pillar One of *CTIS 2014-2018*:

- Changing Patterns of Trade and Market Access
- Trade Facilitation
- Transport Logistics
- Sanitary and Phytosanitary Measures and Technical Standards
- Investment Environment for Exports
- Intellectual Property Rights

CHANGING PATTERNS OF TRADE AND MARKET ACCESS

Cambodia's exports have experienced very rapid growth since 2007, when *CTIS 2007* was formulated. An analysis of this development yields some very interesting observations about the significant progress made by the Government in creating a supportive environment for trade and by the private sector in building export supply capacity. Such analysis also bears very important lessons for the future especially with respect to the importance of preferential market access.

Going as far back as the late 1990s, Cambodia has relied heavily on exports of garments and tourism services for its external earnings. Up until 2011, garments exports were directed mainly at the United States market. Since 2012, the E.U. has become the leading export market. Diversification of product and service exports and diversification of destinations have been a policy objective for a number of years and was a key theme examined in *CTIS 2007*. There is clear evidence that the Government's and private sector's efforts to bring about such diversification have begun to pay off.

As shown in table 3, recorded exports of goods and services grew at a near average of 13 percent per annum between 2007 and 2011, from \$4.509 billion to \$7.335 billion. While the garment and tourism sectors continued to hold a very large share of recorded exports, their combined share did decline as the share of other recorded exports grew from 10 to 20 percent during that same period.

Table 3: Composition of Recorded Cambodian Exports, 2007 vs. 2011				
	2007		2011	
	\$ million	% Share	\$ million	% Share
Total Recorded Exports (goods + services)	4,509	100	7,335	100
<i>Composition of Total</i>				
Garments	2,653	59	3,978	54
Tourism	1,398	31	1,907	26
Other Recorded Exports	451	10	1,467	20
Source: GDCE for Goods; Balance of Payment for Services; MoT for estimates of Tourism				

But recorded exports reveal only part of the picture of change. As is well known, Cambodia is the source of a large amount of informal exports primarily in a number of agricultural commodities. Chapter 1 in *CTIS 2014-2018* analyzes some of the difficulties in measuring informal exports and builds a conservative estimate of values. Findings are included in table 4.

Table 4: Composition of Recorded and Estimated Informal Cambodia Exports, 2007-2011

	2007		2011	
	\$ million	% Share	\$ million	% Share
Total Recorded Exports (goods + services)	4,509		7,335	
Total Recorded and Informal Exports (goods + services)	4,945	100	8,155	100
<i>Composition of Total Recorded and Estimated Informal Exports</i>				
Garments	2,653	54	3,978	48
Tourism/Travel	1,398	28	1,907	23
Other sectors (including informal exports)	894	18	2,418	29
<i>Composition of Other Sectors</i>				
Vehicles, mostly bicycles (recorded)	49	1	298	4
Footwear (recorded)	79	2	267	3
Rubber (recorded)	43	1	192	2
Milled Rice (recorded)	2	*	106	1
Corn + Soybean (recorded)	6	*	4	*
Cassava (recorded)	*	*	2	*
Paddy rice (informal - estimated)	356	7	581	7
Cassava (informal - estimated)	37	1	161	2
Corn + Soybean (informal - estimated)	42	1	78	1
Other recorded sectors (goods + services)	280	5	729	9
<p>Source: GDCE for recorded goods exports; Balance of Payment for “services” included in “total recorded exports;” Ministry of Tourism for “tourism” estimate; and, see Chapter 1 of the Full Report for estimates of assumed values of informal goods trade</p> <p>Note: “Vehicles” includes motor-cars, motor-bikes, and bicycles. The figure includes exports of second-hand vehicles. The star (*) indicates less than 1 percent.</p>				

Including relatively conservative estimates of informal exports, the table shows that the concentration on garments and tourism is even less than would be indicated by looking at recorded trade alone, with the share of other exports growing from 18 to 29 percent during 2007-2011. Bicycles, footwear, rubber, and milled rice are emerging as fast growing recorded exports; paddy rice, cassava, corn and soybeans as fast growing informal exports.

Together with diversification in export mix, the period 2007-2011 has been characterized by significant shift in the destination of exports. Table 5 points to some of the major trends underway in recent years in term of goods exports.

Table 5: Cambodia Goods Export Destination		
	2007	2011
Recorded Exports (\$ millions)	2,962	5,122
Destination (% share)		
United States	64	41
European Union	23	30
ASEAN	5	8
All others	8	22
Recorded and Informal Exports (\$ millions)	3,397	5,942
Destination (% share)		
United States	55	35
European Union	20	26
ASEAN	17	21
Of which: Thailand and Vietnam	(17)	(20)
Canada	4	6
Japan	1	3
China	*	3
South Korea	*	*
Canada	4	6
All others	3	6
Source: GDCE for recorded goods exports; assumed values of informal goods trade (see chapter 1.) A star (*) indicates less than 1percent		

Two observations stand out. Exports to the United States as a share of total exports are declining. In contrast, the share of exports to the European Union, Canada, China, Japan, Thailand, and Vietnam is increasing rapidly. For recorded exports alone, the US share declined from 64 to 41 percent between 2007 and 2011; for recorded and informal exports, that share declined from 55 to 35 percent. Major developments behind these declines are the stagnation of garment exports to the US, the rapid growth of garment exports to the EU, Canada, and Asian markets and the growing importance of agricultural trade within the GMS and larger Asian region.

Interestingly, the shifts registered in goods exports are also matched by similar shifts in the tourism sector. As shown in table 6, during the same 2007-2011 period, the share of arrivals of international tourists from the Asia-Pacific region grew from 62 to 73 percent, while total arrivals grew by approximately 10 percent per annum average during those years.

Table 6: Number and Origin of International Tourist Arrivals		
	2007	2011
Total International Arrivals	2,015,128	2,881,862
<i>Origins (% Share)</i>		
<i>Asia-Pacific</i>	62	73
Vietnam	6	21
South Korea	16	12
China	6	9
Japan	8	6
Thailand	5	4
Lao PDR	1	4
Australia	4	4
Malaysia	4	4
<i>Europe, Americas, Africa and Middle East</i>	38	27
United States	7	5
France	4	4
United Kingdom	4	4
Source: Ministry of Tourism, <i>Tourism Statistics: Annual Report</i> , 2007 and 2011 Note: All countries providing 100,000 or more visitors in 2011 appear individually in the table.		

What explains those positive shifts? In a nutshell, three key factors:

- Trade Preferences and Rules of Origin
- Growing investment in supply capacity
- Continued reform in the business environment

Cambodia is making significant use of trade preferences. The United States does not provide preferences for garments. The EU does under its “Everything-but-Arms” program (EBA), as do Canada, China, South Korea, Japan and several other trading partners under either GSP and DFQF programs or FTAs. The largest change was the change in EU’s EBA rules of origin in January 2011. Exports to the EU more than doubled between 2007 and 2011 from \$664 million to \$1,503 million. The share of trade under EBA grew from 72 to 92 percent. Likewise the share of recorded exports under AFTA from Cambodia to Thailand and Vietnam – its two largest ASEAN trading partners – grew from 15 to 42 percent.

The duty-free access that Cambodia enjoys in certain of its export markets under various trade preference arrangements is the key element explaining the rapid growth and changing destinations of Cambodia’s manufactured exports. Eighty percent of Cambodia’s growth in recorded goods exports since 2007 has been targeted to markets offering preferential access. This access will be the key determinant of export performance in the period ahead.

A key feature of all preferential schemes is their rules of origin, i.e. the set of rules that must be followed to determine whether or not goods produced in Cambodia are eligible for preferential access into the importing country. The rapid development in garments and bicycle exports from Cambodia to the EU has been driven in no small part by beneficial rules of origin. Chapter 1 in *CTIS 2014-2018* analyzes how rules of origin have shaped and are likely to shape, in the future, Cambodia's export products and export destinations. It also discusses how the rules of origin governing Cambodia's free trade agreements could be reshaped to better serve Cambodia, including the importance of the negotiations on rules of origin in the context of the forthcoming Regional Comprehensive Economic Partnership (RCEP) that will include 16 ASEAN members and Dialogue Partners in a new Free Trade Agreement.

Rapid growth has been supported by fast growing new investment, both foreign and domestic, in many sectors of the economy, including export sectors in particular. These developments are reviewed in greater detail in the chapter on investment environment and the ten chapters covering the focus export sector targeted under *CTIS 2014-2018*. Clearly, however, improvements in market access as described above are driving where new investment is going and the investment itself is being facilitated by improvements in the domestic business environment.

Subsequent to its accession to the WTO, Cambodia engaged on a significant reform program to align itself with its WTO obligations and to increase the attractiveness of its business environment. The Trade Policy Review held in Geneva in November 2011 showed that a great majority of the needed legal reforms that had been identified immediately after accession and was crystallized in the Government's comprehensive *2004 Work Program on WTO Obligations* had been completed. Remaining, outstanding reforms have been inscribed in a follow-up *2012 Work Program* with a 2015 target for completion. The *2012 Work Program* identifies some 84 Actions. Cambodia is also addressing its commitment vis-à-vis ASEAN, especially in view of the rapidly approaching ASEAN Economic Community (AEC.) To further capitalize on these efforts, Cambodia is moving forward to provide greater transparency by establishing web sites to make all laws and regulations pertaining to trade readily available.

Last but not least, the emergence of agricultural commodities as a new, sizeable source of growing exports – be they unprocessed, semi-processed, or processed – points to the importance for Cambodia to accelerate the establishment of an SPS environment that meets international requirements. This issue is developed further in the chapter on SPS Measures and Technical Standards.

TRADE FACILITATION

The Royal Government of Cambodia has made significant progress in improving its trade facilitation performance in recent years. Following implementation of a *Twelve-Point Action Plan* adopted by the Government in June 2004, and with significant technical assistance inputs from the development community, key border management institutions, particularly the General Directorate of Customs and Excise (GDCE), have strengthened their institutional capacities and made progress in implementing a number of international standards and good practice approaches. Key achievements, thus far, include:

- Development of a risk management strategy (Sub-decree 21 and associated regulations, Sub-Decree 209)

- Adoption of the Single Administrative Document (SAD) which replaced no less than 45 documents
- Introduction of Customs automation (ASYCUDA) at all national border points
- Introduction of single stop Customs inspection and establishment of the National Single Window Steering Committee (May 2008)
- Implementation of WCO SAFE Framework Action Plan
- Simplification of transit operation including through the implementation of GMS and ASEAN Transit Agreements and bilateral agreements with neighboring countries
- Development of an Action Plan for Accession to the Revised Kyoto Convention
- Preparations to implement the prospective WTO Trade Facilitation Agreement³

These reforms have resulted in improvements in the main Trade Facilitation indicators monitored by international organizations, reflecting an overall consolidation of Cambodia as an attractive investment destination and as a good trading platform.

However, further efforts are required both to ensure full compliance with the obligations originating from the ASEAN Trade Facilitation Work Program and the WTO Trade Policy Review and to make Cambodia an even more attractive destination for new investment. Some of the remaining key challenges to be addressed include:

1. Careful review of the WTO Agreement on Trade Facilitation adopted in December 2013 as part of the “Bali Package” and early implementation as required
 2. Simplification of import, export, transit procedures and processes to decrease clearance costs and time
 3. Full automation of border procedures covering all border agencies (National Single Window) including all Export/Import related Licenses, Certificates, permits and approvals.⁴
 4. Improvement of Risk Assessment and Management procedures and processes by GDCE and other relevant agencies, including by setting up a system of Authorized Economic Operators
 5. Implementation of official fees established under Prakas issued in December 2012, and elimination of unofficial payments
 6. Establish Service Level Agreements to improve predictability of clearance time
 7. Customs practices that reflects fully WTO Customs Valuation requirements
 8. Increased transparency of customs tariffs and other trade regulations by making them available on-line and free of charge (National Trade Repository)
 9. Further development and implementation of the Advance Ruling procedures introduced by GDCE to resolve custom related issues between GDCE and the private sector
 10. Improvement of cross-border procedures and processes to support full integration in ASEAN Economic Community and benefit from linking to regional production networks and supply chains
 11. Eliminate checkpoints (and informal payments) along the main trade corridors
- Cambodia should aim at increasing its competitiveness by reducing time/cost for import/export. By 2018, Cambodia could reduce costs to 120 percent of ASEAN-6 average (currently 136 percent), and it could reduce to ASEAN average (16 days) the time for cargo release (now 24 days). This could be achieved by simplifying and automating border procedures and continue improving its risk management practices.

Those needs will be incorporated in a follow-up Action Plan to the 2004 Twelve-Point Action Plan.

³ The WTO Trade Facilitation Agreement was adopted by WTO members during the Ministerial Conference held in Bali in December 2013 as part of the “Bali Package.”

⁴ As part of this process, MoC’s Senior Minister announced in late November 2013 that the Ministry was taking major steps to achieve significant automation of the process of issuing Certificates of Origin by late 2014.

TRADE LOGISTICS

Inefficiencies in trade logistics will hold back Cambodia's export potential unless they are addressed. Garment exports are part of a supply chain that requires speed and reliability in delivery. Rice, cassava, rubber, and other agricultural commodities need good internal freight connections from fields to border and adapted storage facilities. Cambodia's supply chain performance also faces the curse of size — not enough scale to justify large investments or improve efficiency — while its main competitors, in garments for example (Vietnam, China, and Bangladesh), all enjoy the advantage of economies of scale. Cambodia's logistics performance, while in line with countries like Laos, is still below major competitors such as Vietnam. In addition, several of the country's supply chains are controlled by external buyers rather than local producers. Not only is it important to improve trade logistics at a national level, it is also critical to address the specific requirements of its key export sectors.

Recent improvements in Cambodia's major logistic corridors have had a significant positive impact on trade. Access to the port of Sihanoukville has been improved and expanded access to the more efficient ports in Vietnam has reduced the time and cost for selected international shipment. These improvements have allowed for increased regional trade by expediting both formal and informal trade with Vietnam and Thailand.

Cambodia's four major trade corridors are:

1. Western Cambodia-Poipet - Bangkok
2. Central/Eastern Cambodia - Bavet - Ho Chi Minh
3. Phnom Penh- Sihanoukville
4. Central Cambodia - Mekong - Saigon Port to Cai Mep

The Phnom Penh-Sihanoukville route includes transfer from road to ship, and since the reopening of rail following the rehabilitation of the rail system, from rail to ship. For the Phnom Penh-Sihanoukville route, the transit time is 2-3 days including the time for loading and unloading; for the Central Cambodia-Mekong-Saigon Port to Cai Mep, 4-5 days.

The most important corridors are those providing connections to Vietnamese deep-water facilities (Central/Eastern Cambodia - Bavet - Ho Chi Minh and Central Cambodia - Mekong - Saigon Port to Cai Mep.) For agricultural goods these provide access to larger general cargo vessels. For containers they provide access to direct calls by vessels operating on the global corridor to the US and to Europe. Both offer savings in freight rates because of the larger traffic volumes at the Vietnamese ports. The only constraint is the procedures for border crossing and movement of goods in transit. The performance of these corridors is improving as the shipping lines become involved in providing feeder services to the ports. Additional improvements in performance should be prioritized based on the impact on the cost and time for movement over the entire length of the corridor.

The recent *Transport and Trade Facilitation Assessment* (TTFA) and *Transport Corridor Assessment* (TCA) have identified key issues that need to be addressed to improve the trade logistics environment in Cambodia. Those are discussed in more details in the full *CTIS 2014-2018* report. They include:

1. Lack or poor implementation of cross-border transport agreements, causing inefficiencies and lowering the competitiveness of Cambodian products.
2. Lack of a third party insurance covering cross-border transport.
3. Difference in axle load limit between Cambodia and its neighbors.
4. Lack of “liquidity” in the container market as result of trade imbalance.
5. Despite recent improvements, roads considered not sufficiently safe by truck drivers.
6. Dominance of a few large trucking firms in the road haulage sector, with old fleet due to low competition.
7. High fuel cost, considered to be the greatest impediment to business operations, driving up total costs.
8. Lack of competition by foreign firms on most Cambodian roads so prices remain high for truck shipments.
9. Cambodia’s railway network not yet connected to Thailand or Vietnam.
10. Port infrastructure adequate for the current trade volume but in needs of expansion to ensure sufficient capacity supporting trade growth.
11. Need to encourage the use of alternative waterways – particularly along the Mekong – to promote more extensive use Vietnam’s port infrastructure.
12. Opacity of the costs included in transport final price and complex chain of brokers.
13. High levels of informal payments to clear cargo, a large proportion of which seems to be captured by shipping companies.
14. Insufficient logistics to support formal export of rice and other agricultural commodities.

Addressing these issues is critical to sustaining Cambodia’s trade expansion. The magnitude of the problems will need to be tackled by strong, sustained policy-making attention at the top level of Government in order to pave the way for fruitful inter-ministerial cooperation to design and implement reforms. In this regard, a high-level national Task Force with a mandate to formulate a National Logistics Blueprint (NLB) could be set up by Decree, establishing clear objectives, tasks, and timeframes. The NLB could be developed and implemented in synergy with initiatives in support of specific supply chains and aiming at improving trade facilitation. Accordingly, the NLB would best be developed in close synergy with the Trade SWAp– with the Pillar Road Maps – to ensure maximum efficiency in the coordination among ministries and agencies and between RGC and private sector organizations.

The interventions for inclusion in the NLB in order to benefit Cambodia’s overall trading competitiveness could include the following:

1. Negotiate improved agreements for an integrated road transport market with Thailand and Vietnam. The agreement should include the extension of specific permission provided to large companies operating in SEZs and ensuring regulatory support for cross-border shipments along the Mekong.
2. Prepare and implement National Logistics Plans and integrate them within ASEAN, linking to existing frameworks such as the "Roadmap for the Integration of Logistics Services". Draw attention of other ASEAN Member States to the need to ratify and implement existing agreements.

3. Improve transport regulations (liabilities, axle loads limits, drivers' qualifications and conditions, safety standards, contracts, etc) including by adopting international standards to attract investment.
4. Establish a regional third party liability insurance scheme and harmonizing axle load limits in main transport corridors.
5. Introduce a fleet modernizing scheme with appropriate financing and quality enforcement mechanisms.
6. Remove impediments to FDI in logistics in order to improve sector competitiveness and lower cost of services to traders.
7. Develop capacity among: (a) Clearing and forwarding agents based on FIATA courses; (b) Operators in the trucking industry in the areas of fleet management and modernization; and, (c) Transport Regulatory Authorities responsible for port, road, and railway regulation and rate setting.
8. Reconnect the Thailand and Cambodia railway networks prioritizing freight operations.
9. Explore feasibility of a Cambodia to Vietnam rail connection.
10. Encourage competition among ports, by liberalizing their fees in order to trigger competition on costs.
11. Identify options for making increased use of out-bound empty containers, possibly to formalize export of agricultural products (rice, cassava, rubber, corn, etc.).

SANITARY AND PHYTOSANITARY MEASURES – TECHNICAL STANDARDS

Since the late 2000s, Cambodia has experienced a boom in production and exports of rice, cassava, natural rubber, and selected other agricultural commodities such as corn. This boom has been facilitated by improved connectivity in the GMS region, relatively high prices, and availability of underutilized land and labor. Further growth is clearly possible.

However, this boom has also revealed weaknesses and risks that need attention in order to realize its full benefits. To date Cambodia faces significant internal bottlenecks in meeting quality and safety standards demanded by foreign markets and in adding value to raw materials. As a result, large amounts of product are traded unprocessed, at low prices, with informal markets in neighboring countries. Not only does Cambodia lose opportunities for adding value and getting better prices, but present exports depend *de facto* on waivers for SPS requirements by neighboring countries, which means such exports could be at risk if requirements were enforced. Therefore, improving relatively weak public and private capacity to ensure higher quality and safety standards is a major challenge for securing market access, for promoting market diversification, and for consolidating access to more demanding and better paying market segments.

The challenge of improving quality for the purpose of product and market diversification applies also to the silk, fisheries, processed food, or even tourism sectors. Tourism is growing rapidly but its image is vulnerable to food safety hazards. The fisheries sector can perform better if it can manage safety and quality.

With increased trade, the risk of transfer of pests and diseases by countries importing from Cambodia has increased also. This risk requires attention because it may result in loss of production and bans on

Cambodian exports. Likewise, Cambodia needs to mitigate risks associated with imports of sub-grade and unsafe food, pesticides, and veterinary drugs.

Private sector firms are the first line of defense in meeting the quality and food safety requirements of buyers and importing countries. They need to build capacity for managing quality and safety at the plant and facility level. However, they need also an enabling environment and support from the public sector, especially in the area of technical standards and sanitary and phytosanitary measures.

GMP and HACCP are important tools for enterprises to improve their quality and safety management and their application is increasingly required by customers. This applies to rice millers, dried cassava processors, corn processors, processed food, and fish product processors. For quality and safety management in hotels and restaurants, GHP/GMP-based systems can be quite effective. Government can support implementation of certification systems for each of these sectors.

Firms also face challenges in obtaining sufficient raw materials of consistent quality and safety. Although this is a basic responsibility of private firms, Government can provide support in resolving bottlenecks, such as controls in the use of pesticides on crops and antibiotics in aquaculture. Good policies for seed of crops and propagation material for rubber are important for the quality of farm products. In selected cases Government can support the adoption of GAP (good agriculture practice and good aquaculture practice).

In many countries market access for plant products such as rice, dried cassava, and corn, can only be obtained if Cambodia can provide adequate information about its pest and disease situation through regular surveillance and assuring that agreed special risk-mitigation measures are performed such as fumigation and drying. China requires registration of production areas, surveillance of pesticides used, registration of firms involved in the post-harvest export chain, and adoption of GMP standards in processing facilities. Many countries require HACCP-based certification for fisheries product exporters. Export of fisheries products to the EU requires pre-approval of processing facilities, which is further conditional to the capacity of the exporting country's Competent Authority to control product safety from catch to export. And, for each shipment of plant, animal, or fisheries products, importing countries can require that a phytosanitary or sanitary certificate be issued to assure that the products meets defined safety standards. Methods and protocols for surveillance, provision of information, risk mitigation, diagnostics, conformity assessment, and certification are mostly defined in international standards.

For successful participation in international trade necessitating SPS and Technical Standards, countries must build capacity: on the import side, to protect crops, animals, and consumers against risk of pests, diseases, and unsafe food; and, on the export side, to facilitate trade that faces safety and quality requirements from importing countries. Under the WTO, member states must comply with WTO SPS and TBT principles. A main WTO recommendation is for countries to harmonize with international standards. ASEAN uses these WTO principles and recommendations as a basis for economic integration.

Since CTIS 2007, Cambodia has made good progress to improve compliance with WTO SPS and TBT principles and recommendations and to strengthen its capacity for enhancing its export strategy and controlling the safety of its imports. Yet, there remain bottlenecks and weaknesses that deserve being addressed. The main recommendations are:

To strengthen private sector capacity:

1. Promote certification based on international standards and systems (HACCP, GMP, GAP, GHP, Codex, OIE) appropriate for safety and quality among export processors (for milled rice, dried cassava, corn, fish products, processed food) and in hotels and restaurants.
2. Promote quality in silk, natural rubber, garments, footwear, and manufacturing assembly.
3. Promote consistent quality and safety of raw material through targeting weaknesses in supply chains.

To strengthen public sector capacity:

1. Address WTO compliance of legislation in standardization, accreditation, and conformity assessment.
2. Improve quality of legal texts and adopt further legislation or legal texts to address remaining gaps, ensuring their compliance with SPS and TBT norms. Support effective implementation of the major laws.
3. Establish effective surveillance systems and conduct regular surveillance of pests, diseases, and pesticides used in production areas of export crops as requested by importing countries.
4. Establish risk-based inspection systems and ensure proper risk-based inspection of imports and domestic markets to promote safety of food, pesticides, and veterinary drugs.
5. Modify procedures for formulation and approval of standards in order to solve backlog in adoption of international standards.
6. Strengthen management, administration, funding methods of regulatory laboratories for SPS.
7. Strengthen the development of trained and experienced SPS technical personnel.

INVESTMENT ENVIRONMENT FOR TRADE DEVELOPMENT

Private sector development is and has been a key priority of the Royal Government of Cambodia for many years. To enhance export-led, pro-poor growth through trade diversification, the RGC is committed to promoting private sector investment across (priority) sectors, including agricultural, industrial, and service sectors.

2012 marked a turning point in the development of Cambodia's private sector development, led by FDI inflows of \$1.5 billion, up from \$900 million in 2011. Nevertheless, the Cambodian private sector remains characterized by many rather small and informal SMEs, and a few large enterprises.

Table 7 provides some detail data about FDI inflows.

Table 7: Net FDI Inflows by Sector 2000-2012					
	\$ million				Annual rate of change
	2000	2007	2011	2012	2007-2012
Agriculture	5.8	118.0	188.1	295.5	20%
Manufacturing	132.3	231.1	262.0	557.6	19%
Services	-48.2	273.2	53.6	67.9	4%
Commercial Banking	3.7	167.3	216.5	424.8	20%
Others	54.8	77.6	181.4	211.3	22%
Total	148.5	867.3	901.7	1,557.1	14%
Source: National Bank of Cambodia					

The lower rate of expansion during 2007-2012 compared to 2000-2007 reflects the effect of the global financial crisis. The low point in FDI was in 2009 when net inflows dropped down to \$539 million. Nevertheless, FDI grew vigorously during the period 2007-2012 in all sectors, except in services.

To promote private sector investment, many important private sector legal and regulatory reforms and measures have already been implemented at the national level and more are underway. A large number of those reforms have been taken up under the umbrella of meeting Cambodia's obligations under the terms of its accession to the WTO (see Chapter 1 of the Full Report.)

But there remain constraints to private sector development in Cambodia both at the national and provincial levels. The traditional challenges are: weakness in infrastructure (cost of electricity, transport), weak governance, limited capacity in government agencies, access to and cost of finance (identified in 2009 and 2011 *Investment Climate Assessments*.) The emerging challenges include: skill shortages and mismatches, logistics and trade facilitation, technology upgrading and innovation, the need to build "fiscal space" (identified in the 2012 *Investment Climate Assessment*.) Most of those traditional and emerging challenges are addressed in the various chapters of *CTIS 2014-2018*.

The chapter on Investment offers and analysis of recent trends in investment and the investment environment and considers ways in which foreign investment can be harnessed to address weaknesses in the private sector structure (in both rural and urban areas) and support economic diversification.

To support continued private sector investment, a number of factors call for the rapid development and implementation of an innovative investment promotion strategy focusing on:

- (a) The need to ensure that investors become more aware of the investment opportunities offered by Cambodia, especially in view of recent developments in investment conditions in other Asian economies and developments in regional and global value chains;
- (b) Innovative ways to position Cambodia as an attractive investment location for foreign investors from neighboring countries and those further afield including how best to take advantage of the international division of labor at the basis of global value chains and the resources available in Cambodia;
- (c) Strengthened capacity for Cambodia to become a hub for growth of the GMS Southern Economic Corridor and, more broadly, the Greater Mekong Sub-region. The specific ways in which Cambodia can leverage its position in the GMS Southern Economic Corridor need to be very

carefully examined and incorporated into the strategy, especially emphasizing the role of Sihanoukville as a major spur off the Corridor;

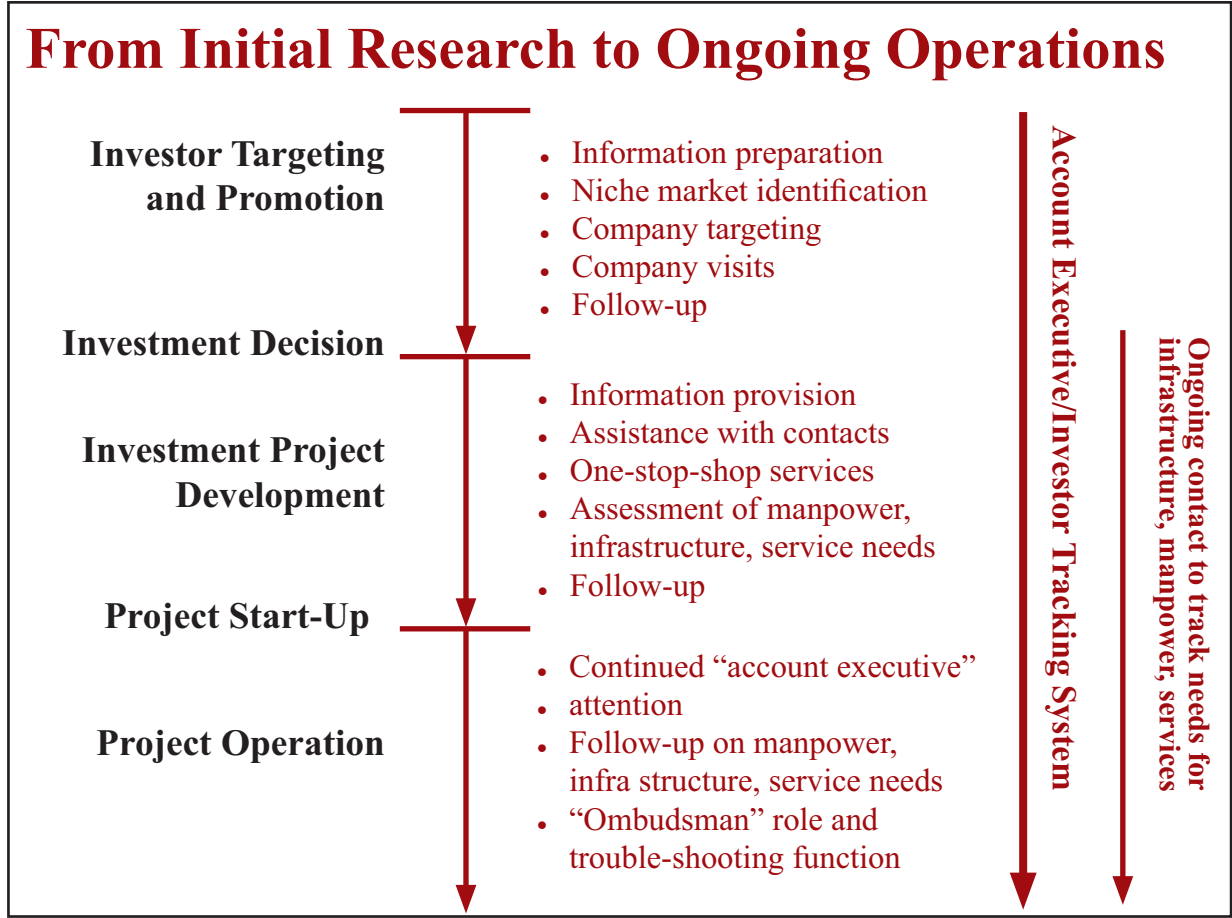
- (d) Careful examination of the ways in which to convince potential infrastructure developers of the benefits of investing in infrastructure in the country, and particularly in the area of Sihanoukville. A comprehensive investment promotion strategy can be a critical element of building this credibility accompanied by reforms in the framework for public-private partnerships; and,
- (e) The need for Cambodia to benchmark itself clearly against competitors both inside and outside the Greater Mekong Sub-region.

To address the critical need for improvements in the investment environment, the following measures will need to be addressed:

1. Building a National Investment Promotion Strategy

The first major step is to develop a comprehensive national investment promotion strategy as an integral component of an overall policy to develop the investment potential of the country and address poverty and well being concerns. Such a policy could include the following elements:

- (a) A clear idea of where Cambodia is and where it is going from a business point of view. Lessons learned from recent experiences of foreign investment in Cambodia and the Greater Mekong Sub-region should be carefully considered as they provide invaluable insights into the likely issues to be faced in the future – both from positive and negative viewpoints;
- (b) A practical strategy to drive business developments in the right direction, with accompanying measures to address remaining impediments to investment;
- (c) Strategic targeting and promotion of FDI. As competition increases and global value chains become more fragmented, it becomes increasingly important to adopt a more targeted and strategic approach to FDI. Such strategic approach must factor in how trade preferences, including rules of origin, are benefiting Cambodia as an investment location. Thus far, Cambodia has had little by way of strategic programs to target and attract FDI into priority industries. Cambodia needs to learn from regional competitors ranging from Singapore to Malaysia and Thailand. There is a need for a more proactive role of Government in facilitating joint activities with foreign investors, to stimulate the growth of competitiveness-enhancing networks and services;
- (d) Concrete measures/actions to strengthen key targeted sectors (see chapters individual focusing on the ten sectors) or retain existing investments that are vulnerable to relocation (such as low-labor cost investments);
- (e) Practical measures incorporating regional cooperation and integration considerations to position Cambodia as a hub for the neighboring countries of the Greater Mekong Sub-region;
- (f) A demand-driven, human resource development (HRD) strategy to build the skills required, incorporating close industry-education sector linkages as a key element of this HRD strategy. This strategy needs to involve all key players – firms, government agencies, and educational institutions (see skill gap Chapter 17 in Full Report.) A critical element of the overall strategy will include ensuring that human resources in the Cambodian Investment Board and any other involved institutions are well prepared and well resourced;
- (g) Careful understanding of the various steps in the “investment promotion cycle” from the initial research phase to ongoing operations, in particular ensuring adequate attention to investors following project start-up – the “after-care” function. A key element of this will be an effective firm tracking system.



2. Strengthening Investment Promotion and Facilitation Capacity of Provincial Governments

Currently, most investment in Cambodia is targeted at the urban areas in Cambodia’s main economic hubs (Phnom Penh, Siem Reap, and Sihanoukville) while the investment potential in rural areas and in other provinces remains significant but largely untapped. This is due partly to weak or non-existent investment promotion and facilitation capacity in the other provinces and the rural areas. The development of a greater understanding of private business and the ability to target and service outside investors in provinces will contribute to improving the provincial business climate and stimulating greater pro-poor investment.

In the investment promotion area, in line with the Government’s Decentralization and Deconcentration (D&D) reforms and to provide more efficient services to private sector investors, a February 2005 Anukret to the Cambodian investment law) established provincial investment sub-committees (PISC), primarily to register investment proposals and provide investment incentives for investments with capital of less than \$2,000,000. However, virtually all investment promotion and facilitation activity still remains centred at the national level in the Cambodia Investment Board (CIB.) PISCs require stronger, more coherent guidelines, as well as stronger support from the CIB, and need to develop their capacity to service private investors at the provincial level.

Building the capacity of the CIB to support the PISCs and enabling the PISCs to function as more effective provincial Investment Promotion Agencies (IPAs) in provinces will enable provincial authorities to provide better services to private investors. Initial efforts should focus on trade-related investments, thus attracting more investment and increasing retention of existing investment in the provinces. Over the

longer term, the focus should be on strengthening provincial business climates and attracting quality investments that create jobs, that stimulate backward linkages into the MSME sector, and that contribute to the development objectives of the provinces.

3. Promoting FDI Linkages and Spillovers: A National Supplier Development Program

Efforts to enhance spillover benefits from FDI should be an intrinsic part of government strategies to enhance competitiveness and restructure industry. Industrial deepening — enhancing the levels of value-added created in the production of goods and services — is the key to Cambodia's continued competitiveness and economic dynamism. There is a strong case for government intervention because of the widespread externalities and information problems involved in building local linkages. Such programs are absent in Cambodia, and are becoming more urgent in view of greater inflows of foreign investment and increasing competition in global markets.

It is vital for Cambodia to draw on the experience of other countries in this area, adapt it to local needs, and set up a national supplier development program with commitment from government and the allocation of sufficient resources. In order to succeed, such program must bring together all agencies and players involved in SME development and related areas. Existing resources must be deployed more effectively and additional resources must be allocated within a consistent framework to avoid duplication and wastage. The involvement of the private sector is a key element of the whole program. Private sector institutions and associations must be included in all aspects of the program from the setting of goals and targets, to the implementation and monitoring of the specific activities.

Established export industries are a natural starting point for such industrial deepening. Cambodia's garment, bicycle and footwear industries have all reached levels of production that create attractive markets to businesses able to supply these industries with inputs. In addition to enhancing the ability of Cambodian SMEs to increasingly play this role, efforts need to be made to promote FDI in areas such as production of yarn and fabric, production of bicycle parts, and of inputs to footwear production. FDI in these areas will often be for export, as well as for supplying domestic producers of garments, bicycles and footwear. But their existence will create a more vertically integrated export sector, enhance the ability of garment, bicycle and footwear producers to meet rules of origin, and contribute to the creation of new jobs. This issue is discussed further under the individual product sections, below.

4. Providing Financial Backstopping to Investment for Export

In a number of areas, investment for export needs to be backstopped by dedicated financial institutions supporting the operations of investors. In the case of rice milling, for example, it is evident that investors need to be supported by adequate provision of working capital. As a result, the Royal Government has recapitalized the Rural Development Bank, doubled the capital of the Agricultural Development and Support Fund, and put in place a credit guarantee scheme. Such dedicated support needs to be improved and is necessary in other sectors as well. For example, the strengthening of supply linkages of SMEs to export industries, discussed above, requires progress on the issue of SME access to bank finance. The question of developing a Cambodian Export-Import Bank also needs to be further explored.

INTELLECTUAL PROPERTY RIGHTS

Cambodia has made great strides since the mid-2000s in establishing a modern Intellectual Property Rights (IPR) infrastructure by focusing on the adoption of a WTO-compatible legal framework, its implementation, and its enforcement.

Responsibilities for Intellectual Property Rights protection in Cambodia is distributed across several Ministries. The Ministry of Commerce (MoC) is responsible for Trademarks, Geographical Indications, and Trade Secrets; The Ministry of Industry and Handicrafts (MIH - formerly, part of the Ministry of Industry, Mines and Energy(MIME)), for Patents, Industrial Designs, Utility Models, Integrated Circuits, as well as Seed Management and Plant Breeder Rights; The Ministry of Culture and Fine Arts (MoCFA), for Copyright and Related Rights as well as for Traditional Knowledge, Genetic Resources, and Traditional Cultural Expressions; The Ministry of Health (MoH) for Compulsory Licensing for Public Health, The Ministry of Information, for broadcasting; The Ministry of Posts and Telecommunication (MoPT), for internet domain names.

Each ministry has been focusing on developing capacity and implementation in the areas it covers. Registration of Trademarks by MoC has grown rapidly in recent years (cumulative total of 43,240 at the end of 2012). In 2012, they were 5,140 new applications for Trademarks and 3,490 Trademarks were registered. Non mandatory registration of copyrights has also grown (about 50 in 2010). While Cambodia is not yet a member of the Berne Convention, copyrights issued in countries that are WTO members are protected in Cambodia up to the country's statutory limit of 50 years. This is so under provisions included in the TRIPS agreement to which Cambodia is a signatory. As of 2012, MIME had received 232 applications for registration of Industrial Designs, including 32 applications from local firms. Of the 232 applications, 192 registrations had been granted, of which 25 for local firms. Applications for patents registration had grown to 196 by the end of 2012. Thus far, no patent has been granted. MoIH is still working on putting in place a formal registration process with some assistance from WIPO.

Mechanisms for the resolution of disputes vary depending on the nature of the rights but are in place or being put in place in most of the key IP areas. Typically, rights holder can use a number of channels to protect their rights including "cease or desist" letters or mediation through the Ministry concerned (for instance, MoC mediated and resolved 32 out of 35 trade mark disputes in 2010), calling upon the assistance of the Economic Police (the Economic Police has the authority to cease counterfeits — for instance, some 250,000 CD/DVD were impounded in 2010, up from some 27,000 in 2009), or going to Court to seek an injunction.

Still, early experience with dispute resolution points also to the need for increased coordination among the many actors responsible for implementing and enforcing rights, not only the line ministries mentioned earlier but also the Economic Police of the Ministry of Interior (MoI), the General Directorate of Customs and Excise (GDCE,) Cambodia Import-Export Inspection and Fraud Repression Directorate General (Camcontrol) of MoC, the Ministry of Justice, and others.

In 2008, the Government adopted a sub-decree creating a National Committee for Intellectual Property Rights (NCIPR) to coordinate all agencies involved in IP protection. The new NCIPR replaces an earlier Committee (the Inter-Ministerial Committee Governing the Three Areas of Intellectual Property.) In addition to focusing on technical assistance needs and coordinating access to AfT resources, the Committee is creating two sub-committees: one focusing on enforcement; the other focusing on education (regulations creating those two sub-committee have yet to be issued.) The Sub-Committee on IP Law Enforcement aims at strengthening coordination among enforcement bodies, clarifying responsibilities, developing consistent guidelines, and developing enforcement data bases. The Sub-Committee on Education aims at developing curriculum materials to train legal professionals at the university level as well as active professionals, and at raising public awareness.

Going forward, the NCIPR had developed a detailed Action Plan focusing on the three key areas where capacity building and further reform is needed:

1. Legal reform, including outstanding legal text covering the domestic legal framework as well as possible selected membership into key international treaties and conventions. Cambodia is a member of WIPO, the WTO (with its TRIPS agreement), and the Paris Convention for the Protection of Industrial Property. Cambodia participates in the ASEAN Framework for IP Cooperation. Cambodia has yet to join a number of international arrangements, conventions, and agreements such as the Patent Cooperation Treaty (PCT), the Berne Convention relating to Copyrights & Related Rights, the Geneva Convention for the Protection of Producers of Phonograms Against Unauthorized Duplications of their Phonograms, the International Union for the Protection of New Varieties of Plants (UPOV Convention), and the Madrid Protocol on Administered Treaties. However, since membership to any of those is not a WTO obligation, Cambodia needs first to assess carefully the benefits and costs of joining those treaties and conventions from the point of view of the Cambodian public or private sectors;
2. Institutional support to implement and enforce laws and regulations covering IPR including much strengthened coordination across agencies responsible for IPRs, clarification of mandates, and training of enforcement professionals, including judges and practicing lawyers;
3. Awareness-raising about IPR within the business community and the larger Cambodian public. Understanding of IPR remains very weak among Cambodian consumers. Cambodian producers need to learn how to use IPR protections to their benefits in order to better compete in the global economy.

PILLAR TWO

Competitiveness challenges and opportunities are analyzed in ten key export value chains under Pillar Two of *CTIS 2014-2018*:

- Garments
- Footwear
- Emerging SEZ-based light manufacturing and assembly sector
- Processed food
- Fisheries products
- Milled rice
- Cassava
- Rubber
- Tourism
- Silk products

Key findings for the ten sectors examined are consolidated in the form of eleven SWOTs tables (Strengths, Weaknesses, Opportunities, and Threats.) There are two tables for Special Economic Zone manufacturing. One table focuses on the manufacturing sectors emerging in the zones. The other focuses on issues relevant to the competitiveness of zones themselves as an environment for export-oriented business and investment.

GARMENTS

Key Facts

- World imports of clothing were \$412 billion in 2011, with the EU and US accounting for two-thirds of total imports.
- Cambodian garment exports amounted to \$4.4 billion in 2012, with approximately 45 percent destined for the US.
- The EU, China, South Korea, and Japan are rapidly growing new markets for Cambodia’s garment export. Exports to the US are stagnant and their share of total is in decline.
- Global competition for garment trade is intensifying with manufacturers experiencing narrowing operating margins against a backdrop of increased consumer interest in the industry’s ethics.
- Cambodian garment sector is characterized by low labor productivity compared to competitors.
- Labor practices at all export factories are subject to BFC monitoring against international standards.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Growth in garment sector a significant success story for Cambodia’s recent economic development and trade integration efforts. • Workforce mostly women, with significant portion of wages remitted to support rural families. • With over 20 years of experience, Cambodia garment manufacturing has developed a reputation as relatively ‘ethical’ as a result of its “<i>Better Factories Cambodia</i>” program. • Growth in garment exports is driven by strong growth in basic apparel production volumes. • Focus on basic apparel production <i>partly</i> shields Cambodia garment sector from contractions in global economy compared to more volatile high-end garment trade. • Lead times for garment production are comparable to other competitors in the region. • Attractive FDI environment in Cambodia. • The principal export destinations are high-income North American and EU markets. • Low tariffs or tariff advantages on some items drive Cambodia’s garment exports to US and EU markets. • Foreign investors provide industry know-how and expertise in international trade. • Industry and government support for long-standing <i>Better Factories Cambodia</i> gives international investors and buyers business confidence. 	<ul style="list-style-type: none"> • Cambodia serves a small number of markets (US and EU mainly) with low value basic apparel. • Garment sector remains focused on simple low value ‘cut-make-trim’ (CMT) production with extremely thin profit margins. • Most garment factories (94%) are foreign owned with no Cambodian lead investors in the sector. • Most garment factories have little capacity to independently attract new orders or diversify. • Reliance on foreign labor in key technical and management positions weakens local industry’s future (not in local hands.) • Little evidence of product diversification—the garments being exported today essentially the same as those exported in the mid-1990s. • Fabrics, threads, accessories and trim used in production of apparel exports are mostly imported resulting in lost value. • Cambodian garment worker productivity lags competitors in the region. • Highly mobile workforce discourages firms from investing in vocational training programs. • High cost electricity undermines efforts to shift garment production upstream (value-add). • Most factories have minimal investments in fixed assets and can easily relocate if operating costs are no longer competitive.

Opportunities	Threats
<ul style="list-style-type: none"> • Significant welfare benefits from sectors wage and employment growth aid poverty reduction goals. • Scope to increase profit margins and wages through production of higher valued garments. • Potential of linking ‘Made in Cambodia’ brand with relatively good labor laws and practices. • Improvements in the transit corridor linking the Phnom Penh & Vietnamese ports would shorten timeframes for importing fabrics and exporting garments—potentially attracting orders for higher value garments that necessitate faster turnarounds. • Additional savings in transit time could be achieved through reducing clearance times for imported fabrics and exported garments. • Industry-led vocational training centers would address acute skills shortages across supply chain. • Scope to incorporate Cambodian garment production into regional supply chain for higher value products. 	<ul style="list-style-type: none"> • Myanmar could emerge as a lower-cost garment production center in next 5 years. • Rising costs of production (wages & energy). • Withdrawal of main foreign investors would have a profound and adverse impact on national income and rural livelihoods. • Pace of the Cambodian garment sectors’ growth mirrors the pace at which the sector could decline—as seen in contraction of 2008-09. • High cost of capital and financial stress discourages the few locally owned factories from expanding production or shifting upstream. • Strong competition from larger basic apparel exporters such Vietnam, Bangladesh, China, and India that offer economies of scale. • Preference erosion in key export markets. • Inability to diversify products or export markets. • Reluctance of local investors to enter the sector. • Instability from labor disputes.

FOOTWEAR

Key Facts

- Global footwear trade reached \$116 billion in 2011, a 36 percent growth since 2007.
- Total footwear exports from Cambodia were \$311 million in 2012 while it imported \$140 million of footwear components. Until recently, the footwear industry in Cambodia focused primarily on leather shoe production. However, the sector is diversifying quickly into textile and rubber shoe production. Cambodia imports most of its input materials.
- Key footwear markets for Cambodia in 2011 (2012 data not available) included the UK for \$48 million, Germany for \$38 million, Japan for \$28 million, and the USA for \$26 million. Cambodia's footwear exports to these markets grew by 189 percent, 65 percent, 25 percent, and 3406 percent respectively between 2007 and 2011.
- The footwear sector was estimated to provide 69,184 direct jobs in 2012 with wages comparable to those of the garment sector.
- The environmental impact of certain activities associated with the sector (e.g. tanning) raises significant environmental challenges and has yet to be managed properly.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Cambodia's low-cost, low-skilled workforce is particularly attractive for footwear production which is labor-intensive and not complex. • Geographical proximity to other stages of the footwear production chain, in Thailand and Vietnam, facilitates the integration of the Cambodian footwear industry in regional production networks. • Cambodia has a limited number of large vendor factories with modern equipment, with relatively high productivity. • Favorable investment environment for footwear companies benefitting from the Qualified Investment Project status or located in SEZs. • Cambodia enjoys duty free access to the E.U. and selected other markets, with lenient rules of origin. 	<ul style="list-style-type: none"> • Low skilled workforce and low productivity are limiting the relocation of more complex stages of footwear production in Cambodia. • The Cambodian footwear industry is concentrated in leather shoe production. • The Cambodian footwear industry depends almost exclusively on imported materials for its production. • The high price and poor reliability of electricity handicap footwear factories. • Cambodia's weak transport infrastructure compared to that of its neighbors (Thailand, Vietnam, China) hinders its competitiveness. • The limited number of large factories and the limited access to local outsourcing constrain the development of the footwear industry in Cambodia. • Factories in Cambodia have minimal control on inbound and outbound supply chains, no control on design, and, consequently, limited opportunities to increase the value of finished goods. • The footwear industry in Cambodia does not have its own representative body. At present, its private sector representation is bundled with garment in GMAC.

Opportunities	Threats
<ul style="list-style-type: none"> • Rising labor costs in China, Thailand, and Vietnam favors relocation of production to Cambodia. • Footwear production is characterized by a large number of components and processes, allowing for a division of labor across ASEAN countries. Cambodia can easily capture the labor-intensive, low-technology part of the process. • Cambodia has the capacity to develop certain shoe parts and materials (e.g. for tanning) in the vicinity of processing plants leading to clustering among contract manufacturers in particular. • Rubber can be sourced locally to feed in the footwear production process. • Continued strong investment by footwear firms drives technology transfer that can support diversification of Cambodia's footwear exports, for example with an increase in the production of shoes with textile uppers that can result in 50 percent higher FOB value. • Low and diminishing profit margin for low and medium quality footwear production drives international investors to search for cost savings, in particular through labor cost reduction. 	<ul style="list-style-type: none"> • The softening formulation of international rules of origin can reduce the share of the footwear production process actually taking place in Cambodia. • The end of European anti-dumping measures against Chinese and Vietnamese footwear exporters might lead investors to return to those locations where they benefit from better productivity, better infrastructure, local input supply, and bigger economies of scale. • The relative fading of Cambodia's preferential tariff access as a result of a general reduction of tariffs on footwear can reduce its regional competitiveness. • Cambodia's exports of final footwear products are dependent on a limited number of markets (nearly 60 percent to its 4 largest markets). • Low and diminishing profit margin for footwear production limits investor's capacity to provide training programs for workers. • Social and environmental risks associated with certain parts of the footwear production process (tanning) are monitored poorly currently in Cambodia. • Increases in Cambodian wages for skilled workers are necessary to diversify and up-skill production, which in turns reduce Cambodia's main competitive advantage. • Labor unrest in large footwear factories disturbs production.

SPECIAL ECONOMIC ZONES OPERATIONS

Key Facts

- In 2013, Cambodia had 8 SEZs operational – Phnom Penh SEZ, Sihanoukville SEZ II, Sihanoukville Port SEZ, Manhattan SEZ, Tai Seng Bavet SEZ, Neang Koh Koh Kong SEZ, Poi Pet O’Neang SEZ and Goldfame Pak Shun SEZ – with operators coming from Cambodia, Japan, China, Thailand and Taiwan. An additional 14 SEZs have been created but there are no investors in these zones as of yet.
- Sihanoukville Port SEZ is the only SEZ managed by the Cambodian government. It was financed by a loan from Japan International Cooperation Agency (JICA).
- In 2013, there were 94 companies operating in SEZs, including 37 in Phnom Penh SEZ, 18 in Manhattan SEZ (the first SEZ developed in Cambodia), and 18 in Sihanoukville SEZ II. The latter are the three largest zones.
- As of 2013 Cambodian SEZs are host to 69 light manufacturing companies, 17 garment companies and 6 footwear companies.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • SEZs provides better infrastructure than elsewhere in Cambodia (in particular, water, waste water treatment, logistics and communication infrastructure). • Firms located in SEZs benefit from Qualified Investment Project status. QIP grants new investors (inside or outside SEZs) a number of investment and tax incentives. • Government officials on site in the SEZ provide a one-stop shop to handle foreign investors’ submissions, requests, and complaints. • SEZs offer streamlined trade and administrative procedures. • Published official fees provide transparency and certainty to investors. • SEZ operators provide assistance to investors in dealing with public administration. • Private management of SEZs allows for more efficiency and better services in the zone. • SEZs’ proximity to borders or export infrastructure facilitates integration of manufacturing facilities into regional production chains, in particular with firms in neighboring countries as potential suppliers or customers (especially Thailand and Vietnam). • Proximity to international transport infrastructure reduce export time and cost (maritime or air, Phnom Penh, Sihanoukville). • SEZs attract workers, providing a larger pool of labor for companies to pick from. 	<ul style="list-style-type: none"> • Companies located outside SEZs can receive similar tax and investment incentives as companies located inside SEZs under the Qualified Investment Project status, which reduces the attractiveness of SEZs. • Tax free investment incentives do not encourage investment expansion as they only apply to the initial investment. • SEZ rules are unclear as to which procedures must be followed to allow trade with firms outside SEZ, making subcontracting relationships with firms located outside the zone uncertain, costly, and time consuming • SEZs, like the rest of the country, suffer from expensive electricity and unreliable supply. Price of electricity in Cambodia is \$0.23 per KWH from EDC and approximately \$0.40 per KWH or more if self-generated. Electricity prices in Vietnam vary between \$0.05 and \$0.09 per KWH and in Thailand between \$0.04 and \$0.09 per KWH. • The lack of language skills to communicate with SEZ investors and low management skills hinders the promotion of Cambodian workers to management and mid-management positions. • The Cambodian workforce lacks the technical, engineering, and business skills necessary for the development and automation of operations in SEZ companies. • The Cambodian Government, and in particular

<ul style="list-style-type: none"> • SEZs provide a comforting and supportive environment for companies of the same nationality as the operator (i.e. Phnom Penh SEZ for Japanese or Sihanoukville SEZ II for Chinese). • An association of major SEZs allows for discussion of common issues and lobbying of government. 	<p>CDC, does not coordinate with SEZs operators for external SEZ promotion initiatives.</p> <ul style="list-style-type: none"> • Exports and transport infrastructure linking SEZs to their markets are relatively poor in comparison to international standards and to competitors. • Published official fees are not implemented consistently by government officials with informal fees still required systematically. • Government officials on site in SEZs are not always informed about the administrative procedures firms operating in SEZs must follow. • Not all SEZs offer the same level and quality of government services. • Low mobility and distribution of the workforce at a national level means that certain SEZs face difficulty to access the workforce they need.
Opportunities	Threats
<ul style="list-style-type: none"> • Foreign investors express a preference for privately developed and managed SEZ as it is the case in Cambodia. • Foreign investors express a preference to invest in a SEZ managed by a company from their own country of origin. • Cooperation of major SEZs through a single representative association can facilitate the resolution of issues with Government. • Continuity in management of SEZ operations provides confidence and reliability to investors. • The Greater Mekong Sub Region projects focusing on the east west corridor (Vietnam to Thailand via Cambodia) continues to fund improvement in road network thus reducing transport time between SEZs in Phnom Penh and Bavet and their supply/markets. • Development of night shifts in SEZ factories help switching electricity demand to low peak time. 	<ul style="list-style-type: none"> • Current shortfalls in SEZ (infrastructure, government services) generate a potentially lasting negative perception of the SEZ system in Cambodia amongst foreign investors. • Lifestyle requirements of foreign workers might not be easily met for provincial SEZs. • Neighboring countries offer SEZs with better infrastructure and lower investment costs (Thailand, Vietnam), with better electricity supply (Thailand, Vietnam, Laos) or with better growth potential (Myanmar).

LIGHT MANUFACTURING ASSEMBLY

Key Facts

- For purpose of *CTIS 2014-2018*, Cambodia's light manufacturing assembly sector, located principally but not exclusively in SEZs, covers principally labor intensive operations in bicycle manufacturing, electrics and electronics manufacturing and assembly, and a mix of other light manufacturing products. (Footwear and garments both have a dedicated chapter in *CTIS 2014-2018*.) It includes HS (Harmonized Commodity Description and Coding System) categories 87, 84 and 85.
- Global light manufacturing trade in electrical and electronic equipment was worth about \$2.3 billion in 2012 and in bicycles, \$8.1 billion.
- Total light manufacturing exports in Cambodia were \$372 million in 2012, including \$291 million worth of bicycles assembled locally, \$62 million of electrical and electronic equipment, and approximately \$20 million of diverse products.
- The light manufacturing sector employed perhaps as many as 6,000 workers in 2011 but employment in the sector is growing very fast. Workers in non-garment manufacturing industries receive wages slightly higher than in the garment industry.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Low labor costs make Cambodia attractive for the labor-intensive stages of light manufacturing production in the ASEAN division of labor, in particular for tasks with lower level of technology such as wire harness, structural blocks for digital information appliances, chassis and auto body component. • The concentration of firms in sub-sector (i.e. bikes or wire harness) allows for productivity gains and economies of scale. • The domestic and regional demand for motorbike and bicycles is increasing quickly, in particular due to the young population in the region, providing opportunities for strong development and economies of scale. • Duty-free status for exports to EU for a number of manufactured good (such as bicycles) has brought investors to move production from neighboring countries to Cambodia. • Most components, parts, and raw materials required in light manufacturing assembly can be sourced from neighboring countries (Thailand, Vietnam, China, Malaysia). • Proximity to neighboring ASEAN markets leads to shorter lead time as part of a production supply chain, with Thailand and Malaysia, in particular, having well developed electric and electronic 	<ul style="list-style-type: none"> • Low productivity and low skill-level are trumping low labor cost and make Cambodia less attractive for capital intensive stages in the ASEAN chain of production, such as the mechanized winding process involved in the development of coil, filters, converters and vibration motors. • High electricity costs and unreliable supply constrain the development of light manufacturing, with steady power supply required in automated processes. See discussion in SEZs Operators SWOT. • Relatively weak transport logistics weakens the labor cost advantage and cuts off Cambodia from higher-value, time-sensitive segments of the market. • Unnecessary and inconsistent clearance and administrative procedures slow imports and exports, both in domestic trade and as part of the ASEAN division of labor. This hinders Cambodia's integration into the regional chain of production. • With the exception of bicycles, the critical mass for clustering of various light manufacturing industries has not been reached as of yet, with a lack of Cambodian firms capable of performing outsourced processing, hindering further investment/development (vicious circle). • Cambodian workers lack the language skills needed

<p>industries.</p> <ul style="list-style-type: none"> • Rapid growth in agriculture (i.e. rice, cassava, corn) and mechanization support domestic and regional demand for agricultural equipment such as tractors, tiling, and harvesting machinery. • Political stability limits external disruptions to the flow of component supply. • Foreign expatriate employees can enjoy a safe residential environment. 	<p>to facilitate their promotion to management and mid-management positions in foreign companies.</p> <ul style="list-style-type: none"> • The shortage in engineering and technical personnel results in high dependency on more expensive expatriate personnel. • Labor unrest and strikes disturb the production process and delay Cambodia's contribution to the regional chain of production. • Cambodia's small scale domestic market limits the development of light manufacturing industries and economies of scale. • Limits in capital and technology sourced locally constrain technology transfer.
Opportunities	Threats
<ul style="list-style-type: none"> • Strong agglomeration of foreign investment from a given country in a specific SEZ (i.e. Japan in PPSEZ, China/Taiwan in Bavet, China in Sihanoukville) tends to attract new investors from the same country. • Rubber can be sourced locally to feed into the light manufacturing production processes. • The concentration of ASEAN automobile production in Thailand and electronics production in Thailand, Vietnam, and Malaysia, provides opportunities for neighboring Cambodia to be involved in part of the assembly or supply processes. • Proximity of countries with strong light manufacturing sectors and investment from firms already operating in those countries provides opportunities for training Cambodian workers and for technology transfer. • The reduction of tariffs under the AFTA scheme is likely to increase trade and division of labor in the ASEAN, making larger markets of the region more easily accessible for Cambodia, thus creating opportunities for economies of scale. • Foreign investors operating in regional or international production networks are seeking to lower their dependency on a few countries in the region (e.g. China, Thailand, Vietnam, Indonesia, or Malaysia) and mitigate issues such as rising labor costs (e.g. China or Vietnam), natural disaster (Thailand, Japan), and others. • Rising wages in China, which is moving up the value chain in electronic production, in Thailand, which has become a key center for automotive production in the ASEAN, in Vietnam, which has become a key parts and component supplier, as well as in Singapore and Malaysia are leading to the relocation of production across the region, with an opportunity for Cambodia to capture some of the more labor intensive part of the work. • Increasing strategy of horizontal division of labor implemented by Japanese, Taiwanese, and Korean 	<ul style="list-style-type: none"> • Because efficient procurement of parts and material from other countries is critically important in the production process, logistic issues might factor higher in investment decision than labor cost. This can penalize Cambodia because of its relatively weak soft and hard logistics infrastructure. • Trends toward more mechanization and more capital intensive production is reducing Cambodia's cheap labor competitive advantage and making its electricity constraints more damaging for manufacturing investment attraction. • Negative changes in rules of origin of the EU's EBA program threaten market access for Cambodian bicycles. • Cambodian workers once trained can be tempted to take jobs in Thai and Vietnamese factories across the borders where they get better wages (for SEZs close to the borders). • China's scale of production and domestic market keeps the Chinese industry cost competitive in spite of potentially longer lead time and rising wages, thanks to economies of scale. • Lowering of electrical costs in Laos as a result of large scale hydro-electricity projects may attract light manufacturing winding process in that country. • The democratization process in Myanmar and its opening to investment is capturing the attention of regional investors because of low wages and a large domestic market (though heavy constraints in infrastructure suggest that Myanmar may not be a viable investment option before 4 or 5 years at best). • The increasing contraction of design-production cycles in electronics leads to shorter lead time requirement, emphasizing one of Cambodia's weaknesses. • Sustained morose economic climate in the Western World, especially in Europe, constrains traditional demand for cycles and high end electronics.

<p>companies.</p> <ul style="list-style-type: none"> • Domestic demand will increase along with economic development. • Large manufacturing firms, in particular in electronics from Japan, are seeking to diversify away from Chinese suppliers (and from other location with political risks) as part of their risk management strategy. • Increased technology dissemination within Cambodian industry will result in a better integration in the ASEAN light manufacturing production, in particular for the electronic assembling process. • Cycling companies located in Western markets are increasingly moving to Asia to cut costs in response to falling demand in the USA and Europe, with Cambodia already capturing parts of this investment. 	
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PROCESSED FOOD

Key Facts

- World exports of processed food, beverage and tobacco were \$791 billion in 2011.
- Cambodia is a net importer of processed foods, beverages and tobacco goods, with the local industry focusing primarily on the domestic market and import-substitution production. Cambodia's export of processed food, beverage, and tobacco was estimated at \$59.6 million in 2011, with imports estimated at \$251.8 million.
- A clear worldwide trend exists towards diets that include more animal products such as fish, meat, and dairy products, which in turn increases the demand for animal feed and grains.
- In 2010 there were more than 31,400 registered SMEs (capital less than \$3,000 – many household operations) in Cambodia's processed food, beverage and tobacco sector, employing more than 93,700 people. In contrast, there were only 56 large investments registered with MIME (30 Processed Food Factories; 15 Beverage factories; 11 Tobacco Factories)
- The domestic agro-processing sector is heavily geared toward grain milling, with beer, wine, sugar, and tobacco production also representing a significant number of businesses.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • The development of a local processed food sector complements Cambodia's economic profile as a large and growing producer of agricultural goods. • The processed food sector is dominated by a very large number of SMEs at household and village level, generating direct livelihood benefits. • The processed food industry important for both export market development and import-substitution production of selected consumer goods—generating income from value-adding as well as diverting cash outflows from the economy. • Increased exports of agricultural commodities will create demand for post-harvest agribusiness—such as grading, handling and logistics—and support the wider development of local agro-processing. • Seasonal surpluses of highly perishable agricultural goods (such as fruit and vegetables) are well suited to further processing. • Agricultural production of low quality—unsuitable for use in processed food—can be used in production of animal feed and support the development of local livestock industries. • Cambodia's extensive fish resource supports a fish processing industry that focuses on meeting traditional consumer preferences in the domestic market (with limited exports to the ASEAN region). • Cambodia's emergence as significant producer of 	<ul style="list-style-type: none"> • A major constraint to development of an export-oriented processed food sector in Cambodia is the lack of compliance with international SPS standards. • Inconsistent and generally low quality of raw agricultural products impedes efforts to expand local processing facilities. • Informal export of many raw agricultural goods further reduces access to inputs for food processors. • Often more cost-effective to export raw agricultural goods to Thailand and Vietnam for processing and then re-import finished product for local market. • Poor transport and storage infrastructure and the high cost of energy in Cambodia discourage private investment in food processing facilities. • Limited access to finance impedes SME expansion in the processed food industry. • Cambodian agriculture sector predominantly small-scale farms with very limited contract farming available for food and beverage processors to secure reliable supplies of raw inputs. • Despite the large size of the poultry sector, small-scale farms make little use of support services such as animal health, advisory, and technical services. • Despite an attractive FDI regime there has been relatively little foreign interest in investing in Cambodia's processed food sector compared to other industries such as garments and tourism.

<p>cassava has created an opportunity for increased production of processed and semi-processed cassava products—including pellets for animal feed and flour/starch for the global food processing industries.</p>	<ul style="list-style-type: none"> • Low availability of skilled labor discourages investment. • Lack of information on processed food trade in Southeast Asia impedes strategic investment and efforts to expand processed food exports exports (especially for household and village-level SMEs). • Tariff preferences generally not as favorable for processed agricultural goods.
Opportunities	Threats
<ul style="list-style-type: none"> • As the Cambodian economy grows and household consumption increases, the food processing industry can be expected to grow at a faster pace. • With much of the food processing taking place at the household or village level, the prospects for continued growth in demand for value-added food offers important food security and poverty reduction outcomes for Cambodia. • With forward and backward supply chain linkages, the processed food sector offers high multiplier effects in terms of job creation and value addition. • Modern cultivation practices and agro-industry supply chains are still in development in Cambodia, offering scope for development of export-oriented organic food industry—especially in sub-sectors such as milled rice, soybeans, cashews, fruits, spices, and palm sugar. Incentives that encourage use of locally produced raw agricultural goods in food processing sector could substantially boost industrial development in Cambodia. • Improved disease management and securing an FMD-free zone would offer scope for development of meat export markets. • With appropriate policy settings and strategic investments, Cambodia can be well placed to support the growing food demands and changing consumer preferences of nearby markets in Southeast Asia, possibly including demand for Halal food. 	<ul style="list-style-type: none"> • Processed food sector expands on the back of imported agricultural inputs—denying the local farmers an opportunity to improve earnings and diversify supply chains. • Larger food processing facilities choose not to rely on smaller, resource poor farmers for raw inputs—the latter are left out of supply chains and the socio-economic benefits of a processed food industry are potentially reduced. • Failure of local food processors to link up with larger multinational companies would undermine efforts to better understand international markets as reduce the prospect of significant export earnings. • Cambodia’s consumer preferences shift to imported international brands of processed food and beverage products. • Failure to entice substantial FDI in food processing sector would deny local sector access to global value chains, technology and finance.

FISHERIES

Key Facts

- Global trade in fish is estimated at over \$100 billion per year, with Japan the largest importer.
- In 2012 Cambodian fisheries produced approximately 682,000 MT of fish – 509,000 MT from inland fisheries, 99,000 MT from marine fisheries and 74,000 MT from aquaculture production (nearly exclusively from inland fisheries).
- Cambodia’s recorded exports of fish products in 2012 were 21,000 MT, down from 35,000 MT in 2010. However, most exports are informal and unrecorded.
- The sector employs directly approximately 420,000 people. It is estimated that up to 6 million people benefit from some form of indirect employment or participation in the Cambodian fisheries sector.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Cambodia’s vast water resources offer significant economic opportunities for rural livelihoods—across floodplains, rivers and lakes, marine fisheries, rice field fishery and aquaculture. • Cambodia’s freshwater fisheries are among the most productive in the world due to the presence of large floodplains around the Great Lake and along the Tonle Sap and Mekong Rivers. • As a traditional sector with a long-history in Cambodia there is a significant knowledge base of fisheries species and habitats. • Freshwater fish is the largest source of animal protein in Cambodia and figure prominently in Cambodian nutrition. • Establishment of small producer associations in the three main coastal provinces has been an important first step in creating a better-organized marine fisheries sector. • The practice of co-management of Cambodia’s inland water resources through the use Community Fisheries (CF) organizations has given greater voice to small-scale fishers and enhanced the sustainable use of inland water resources. • Since 2010 there has been a rapid growth in export volumes (of mainly frozen shrimp) to one of the largest and most high-valued markets for fish—Japan. • While most fish exports are unrecorded, it is likely informal exports of inland fish are significantly larger than those from marine resources. • Global fish trade typically faces very low (and often zero) tariff barriers. 	<ul style="list-style-type: none"> • Lack of knowledge and/or compliance with SPS requirements in high-value international markets, including the EU, is a substantial barrier to increased export earnings. • Lack of consistent supply constrains onshore processors (including freezers) from expanding output or seeking export markets. • Licensees are empowered to collect a 4 percent fee on the value of fish exports, discouraging exports or leading traders to seek informal trade channels. • Pressures on freshwater and coastal fisheries resulting in catch of lower economic value. • Many of the larger and more valuable fish species have declined significantly both in numbers and size and are now in short supply in local markets. • A significant quantity of deep-sea catch is sold at sea by Cambodian fisherman to larger Thai, Vietnamese and Hong Kong vessels, bypassing Cambodia’s markets and on-shore processing facilities. • Poor roads and lack of electricity make the storage and transportation of fish products difficult. • Highly unreliable trade data (especially for marine fisheries) impedes policymaking and strategies for export market development. • Little industry knowledge of international fish markets, export practices or marketing.

Opportunities	Threats
<ul style="list-style-type: none"> • Greater access to international markets will have significant welfare benefits—the sector employs directly 420,000 people while up to 6 million people derive some form of livelihood benefit from fisheries activities in Cambodia. • <i>The Strategic Planning Framework for Fisheries: 2010–2019</i> and ongoing reforms to the management of Cambodia’s fisheries provide the current platform to drive private sector investment in the fisheries sector and in exports. • Significant quantities of deep-sea catch could be processed onshore in Cambodia. • Increased resources and capacity for Cambodia to patrol and monitor its marine fish resources could lower the significant quantity of fish currently harvested by foreign vessels within Cambodian waters. • Opening of the Marine Aquaculture Research and Development Centre (MRDeC) in 2012 could help the marine aquaculture sector grow rapidly. • Expansion of the aquaculture sector provides an opportunity to reduce fishing pressures on wild stock while also providing future export capacity. • Investment in harvest and post-harvest technology to meet global market standards would provide a catalyst for improved access to export markets. • Current efforts to turn the FiA into a ‘Competent Authority’ that meets EU requirement together with parallel actions could help lift SPS capacity in the sector. 	<ul style="list-style-type: none"> • Environmental degradation and habitat destruction from damming, deforestation and conversion of land for agricultural uses. • Widespread over-fishing of freshwater and marine stocks due to increased demand, unregulated catch limits and less efficient fisheries practices. • Key importing countries impose new and more stringent SPS and TBT restrictions on Cambodia’s fish exports. • No increase in institutional capacity for fish inspection and enforcement of quality and food safety standards would deny the sector any real chance of a sustained increase in export earnings. • Disease outbreaks, especially in aquaculture. • Reluctance for government or industry to invest in research and development would weaken efforts to promote fish processing technology and minimize post-harvest losses.

MILLED RICE

Key Facts

- Global rice trade exceeds 30 million MT each year but remains distorted and subject to frequent government intervention.
- Cambodia's formal exports of milled rice grew from 16,000 MT in 2009 to 145,000 MT in 2011 and an estimated 350,000 MT in 2013. EU, Russia, and Malaysia are its largest exporting markets but there is a need for and a trend towards diversification of export markets including within the region.
- The Government has set a target of 1 million MT of exports by 2015
- The cost of rice paddy production in Cambodia is one of the lowest in the world.
- Annual gross production of paddy has grown at an average annual rate of 4.9 percent.
- Production surplus (gross production less domestic consumption) of paddy rice in 2012 was approximately 4 million MT indicating ample supply of paddy for milling
- Rice paddy yield is growing and reached 3.2MT/ha in 2012.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Introduction of <i>Policy Paper on the Promotion of Paddy Production and Rice Export</i> in 2010 has encouraged investors to significantly boost milling capacity. • Rice is a traditional crop of cultural and historical significance and production in Cambodia is extensive and widespread. • Very low-cost paddy rice gives local millers an advantage over foreign competition. • Strong growth in rice cultivation and improved yields has supported efforts to increase milled rice exports. Yield in Cambodia was 3.2MT/ha in 2012 (5.6MT/ha in Vietnam; 2.8MT/ha in Thailand) • Duty-free access granted to Cambodia by the EU and Russia is a key driver of rapid export growth since 2009. • Opportunistic in taking market share from competitors when global trade is disrupted by foreign government rice policies (e.g. India and Thailand). 	<ul style="list-style-type: none"> • Low and inconsistent paddy quality and poor post-harvest handling results in lower value milled rice. • Cambodian export procedures for milled rice remain complex and costly: \$11/MT compared to \$0.10/MT in Thailand and \$0.05/MT in Vietnam. The large number of government agencies with overlapping bureaucratic mandates adds to the cost of doing business and exporting milled rice. • Few cooperatives exist to help organize farmers (small land holders), limiting access to extension services, market information, finance and reducing bargaining power. • Insufficient capacity building support. • Inconsistent supply and working capital reduces efficiencies and profitability of milling operations. • Inadequate access to finance forces local millers to compete for paddy rice with Thai / Viet buyers. • Limited capacity of modern mills reduces the size of exports that can be handled. • Lack of modern silo and storage facilities to provide large mills a more steady access to paddy supply • Cambodian rice millers pay significantly more for transport, electricity, diesel and port access compared to competitors in Vietnam and Thailand. • Difficult to meet international standards, including milled rice specifications and SPS. • Lack of skilled labor to service and manage milling and polishing operations. • Cambodian practice of mixing varieties undermines ability of exporters to provide consistent quality.

Opportunities	Threats
<ul style="list-style-type: none"> • Increased participation in global markets will improve industry returns and offers increased income potential for 2.9 million rice farms. • Provision of extension services to improve rice cultivation practices can further increase yields and available stocks of uniform and higher quality grains for millers. • Global trade in milled rice is expected to remain at near record volumes over medium term (at 30+ million MT per year). • Large rice importing markets with strong growth outlook are nearby — including Indonesia, the Philippines, and China. • Continued expansion and modernization of Cambodia’s milling sector will increase output and lower costs. • Good prospects for increased exports of fragrant rice to China. • Break bulk barging down the Mekong River would significantly improve competitiveness of Cambodian rice exports. • Significant opportunity to address high electricity costs through use of alternative, cost-competitive technology (use of rice husk as bio-fuel). 	<ul style="list-style-type: none"> • Myanmar likely to re-emerge as a large low-cost rice exporter in next 5 years and will benefit from similar duty-free preferences. • Historical growth rates in rice paddy production become more difficult to maintain. • Thailand is a major competitor for aromatic rice exports, while Vietnam is a major competitor for non-aromatic rice exports. • Return of India and Thailand as dominant rice exporters likely to weaken global prices. • Sales to EU market may have already peaked. • Global rice markets are unpredictable and often subjected to significant government intervention. • Price volatility and variable climatic conditions adds to risk and reduces returns on investment • Reliance on containerized rice exports is at odds with global practices of trading in break bulk rice. • Without ability to reliably produce large quantities of uniform milled rice access to international markets will be restricted. • Increases in electricity costs could place millers under further cost pressure. • Export of fragrant and non-aromatic rice exports will continue to grow only if modern milling capacity continues to expand and rice exporters open new markets beyond their current main targets (EU and Russia). • Emerging pest and disease threats. • Absence of pests and diseases surveillance system might lead to bans by importing countries in the event of infestation .

CASSAVA

Key Facts

- Global cassava production (fresh root equivalent) exceeded 282 million MT in 2012, with less than 12 percent of total production traded on world markets in 2011.
- Cassava production in Cambodia increased from 150,000 MT in 2000 to 8 million MT in 2011. Cambodia's formal cassava exports grew from \$0.4 million in 2010 to \$2.3 million in 2011. However, most Cambodian production is exported in the form of fresh tubers or dried chips and most exports are informal and unrecorded to Thailand and Vietnam.
- Newly cultivated land can generate yields in excess of 40 MT of cassava per hectare.
- Weak cultivation practices expose farmers to the risk of soil depletion, erosion, and falling yields. Most new plantings come informally from Vietnam and Thailand and are diseased. Cambodia needs to develop a disease resistant plant that is appropriate for its soil.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Cassava is adaptable to diverse climates and soil varieties—offering potential income source to farmers on marginal land. • Inexpensive source of carbohydrate and can be substituted for rice during shortages, offering important food security to the rural poor in Asia. • Cambodia has some of the highest yields for cassava roots in the world—average 20 MT/ha. • Cassava can be grown as a single crop or inter-cropped—offering an additional income source. • Rising prices have encouraged increased plantings and improved returns to farmers. • Cassava offers farmers the flexibility to time harvest with suitable market conditions. • Low labor cost makes intensiveness of planting / harvesting cassava manageable. • Cassava has many end uses and is widely used in the global food, animal feed, bio-fuel, and semi-industrial sectors. • Substitution of corn for cassava in Chinese bio-fuel industry has opened up a new market offering attractive returns for dried cassava. • Attracting FDI from South Korea and China to establish large commercial plantations and dedicated processing facilities (for bio-fuels). • Cambodia's cassava exports enjoy tariff preference advantages in ASEAN, EU, and China. 	<ul style="list-style-type: none"> • Raw cassava roots are highly perishable and need to be quickly processed (chipped and dried.) • Weak investment in R&D and inadequate extension services to support use of higher yield varieties or improve crop management practices. • Exports are mainly fresh tubers or dried chips traded informally across the Thai and Viet borders and are subject to high cross-border fees. • Significant disease in new seedlings, low quality cassava plantings, and poor post-harvest handling make it difficult to maintain yields or meet export specifications in higher-value markets. • Inconsistent supply in term of quantities • Poor preparation, drying, and storage of cassava chips reduce quality and value. • High cost of credit impedes efforts to improve post-harvest handling and farm-gate returns. • Low investment in processing facilities, despite sectors growth and new export opportunities. • Competition from Thai and Viet traders for raw cassava limits available stock for local processors and undermines sectors profitability and growth. • Lack of skilled labor to operate and manage processing facilities. • Limited experience in marketing, supply chain management and exports. • Difficulty in meeting SPS standards for key markets such as China

Opportunities	Threats
<ul style="list-style-type: none"> • The poorest rural families often farm cassava and opportunities to earn higher returns will have significant welfare enhancing benefits. • Mechanization of on-farm cassava chipping would significantly lower seasonal labor costs, reduce wastage from perished stock and improve farmer's margins. • Development of local processing capacity near main production areas would increase competition for cassava crop and improve farm-gate prices. • Increase in local processing capacity would significantly boost sectors overall prospects and support parallel agro-processing sector. • Scope to diversify exports of processed cassava to other Asian markets—especially China, Korea, Indonesia and Malaysia. • Cambodia–China MoU offers an important platform to facilitate technical exchanges and exports of up to one million MT of dried cassava per year. 	<ul style="list-style-type: none"> • Deforestation from increased cultivation. • Rising cost of agricultural inputs and labor shortages during planting / harvesting. • Maintaining poor cassava farming practices can lead to serious depletion of soil quality, erosion, falling yields and lower farm profits. • Unpredictable border closures (such as with Thailand) and limited access to credit to finance increased production. • Continued dominance of Thai and Vietnamese traders impedes efforts to shift production to more local channels for value adding and generating higher returns to rural communities. • Limited market information leading to farmers' continued acceptance of lower farm-gate prices despite higher regional and international prices. • Exposure to future changes in Chinese Government bio-fuel and import policies. • General reluctance by government and private sector to invest significantly in cassava industry.

NATURAL RUBBER

Key Facts

- Annual worldwide natural rubber production exceeds 10 million MT (\$50 billion), with the industry's fortunes and supply chains heavily geared toward the global auto industry.
- Cambodian exported almost 55,000 MT of natural rubber in 2012.
- Cambodia currently has 225,000 hectares of immature rubber plantings coming into production in the next few years that lead to an exponential growth in natural rubber production.
- The Government has set a national target of 290,000 MT of dry rubber production by 2020 with total area planted to reach 400,000 hectares (300,000 hectares tapped).

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Sector has strong government backing with Cambodia's climate, soils and pest and disease profile presenting favorable conditions for rubber plantation. • Employed 40,000, mostly in rural communities, in 2007 (possibly double that number by 2012). • An estimated 21,000 smallholder families provide the bedrock of Cambodia's rubber sector. • Mature rubber trees typically offer reliable yields for 25-30 years, subject to proper plantation management and disease control. • Option of intercropping between newly planted rubber trees as an additional source of income and to help offset high setup costs. • Cambodia's LDC status affords it tariff-free access for natural rubber exports to the EU, US, Japan, Korea—all major importers. • As recent plantations mature and come into production, yields and export capacity will increase exponentially. • Attractive FDI environment with lower cost (and more available) land compared to traditional rubber exporters such as Malaysia. • Relatively low cost labor a competitive advantage. 	<ul style="list-style-type: none"> • High entry barriers to industry given large financial outlay over several years with leadtime of 5-7 years before trees mature and begin to yield latex. • Limited knowledge of modern cultivation techniques, pest management and post-harvest handling leading to low yields and quality. • Majority of smallholder rubber plantations rely on 25+ year old trees with poor yields • Weak R&D, absence of extension services and poor access to market information inhibits farmer's capacity to make informed decisions in an inherently risky business. • Reliance on imported inputs often leads to shortages of fertilizers and pesticides. • Shortage of skilled tappers, while use of unskilled labor damages trees. • Vulnerable to price fluctuations and limited access to credit to re-invest in sector. • Rubber processing industry is overly focused on latex products—representing a highly competitive, yet very small, segment of the global rubber trade. • Cambodian Rubber Standards (CRS) not trusted by international buyers, often requiring exports to be independently tested by Singapore laboratories.
Opportunities	Threats
<ul style="list-style-type: none"> • This is a labor-intensive sector leading to large employment creation. Increased exports of natural rubber products will make the sector an even more important contributor to poverty alleviation in rural communities. • Strong outlook for global natural rubber trade backed by reliable and growing demand from global auto manufacturers. 	<ul style="list-style-type: none"> • Serious long-term environmental issues if expansion of industry dependent on deforestation. • Fluctuating world prices for natural rubber makes investment decisions difficult and risky. • Shortage of skilled tappers in a period where the number of mature trees is increasing rapidly, leading to substantial losses from untapped hectares.

<ul style="list-style-type: none"> • Close proximity to China—world’s largest importer of natural rubber products. • Improving the quality of processed rubber would significantly add to the sector’s profitability and farm-gate prices. • Encouraging processors to diversify away from latex to other natural rubber forms may create new market opportunities. • Recent accreditation of Cambodia’s rubber testing laboratory should allow for broader market access and domestic export certification against international standards. 	<ul style="list-style-type: none"> • Increasing cost of land—especially where close to main arterial roads. • Cambodia’s industry overshadowed by regional competitors that dominate global production and trade in natural rubber—Thailand, Indonesia, Malaysia, China, and India. • Limited experience in marketing and export. • Failure to significantly increase yields despite recently planted areas reaching mature age. • Continued perceptions of Cambodia as a supplier of low grade, poor quality natural rubber products.
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TOURISM

Key Facts

- International tourist arrivals passed a record 1 billion tourists worldwide for the first time in 2012.
- The number of international tourist arrivals in Cambodia has increased from 290,000 in 1998 to nearly 3.6 million in 2012, generating export earnings estimated at \$2.2 billion.
- The Government has set a target of 8 million international visitors by 2020.
- The tourism sector is estimated to employ directly around 620,000 people (around 8.1 percent of the total workforce) and contribute around 9.6 percent of GDP in 2012.
- Cambodia's hospitality facilities are concentrated primarily in the Siem Reap, Phnom Penh, and Sihanoukville areas. There is a need for significant diversification of tourism destination and products. Access to skilled labor is a significant constraint.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Tourism is a leading source of economic growth and employment in Cambodia. • The UNESCO World Heritage site Angkor Wat is high profiled, internationally renowned and a unique draw card for Cambodia. • Tourism revenue encourages the preservation of historical, cultural and environmental assets. • Success of <i>Cambodia: Kingdom of Wonder</i> tourism marketing campaign has contributed to strong growth in tourist arrivals. • Southeast Asia remains one of the fastest growing tourist markets in the world with Cambodia also benefiting from 'side-trips' from Thailand and Vietnam. • Strong growth in regional tourists from Asia has more than offset slower growth in tourist arrivals from traditional markets (especially Europe and North America). • Increased number of regional low-cost airlines flying to Cambodian airports and the simplification of visa procedures has encouraged tourist arrivals. • Modernization of major airports has enhanced arrival/departure experience. 	<ul style="list-style-type: none"> • Shorter average stays than Thailand and Vietnam. • Cambodia perceived as a 'low cost' destination—making it harder to encourage growth in premium tourist services. Average daily expenditure per tourist was \$107/day in 2007; \$98/day in 2012. • High concentration of tourism activities in few areas (particularly Siem Reap) leading to significant congestion and amenity issues. • Higher-spending business stays accounted for just 5% of total international arrivals in 2012. • Low occupancy rates for 5-star hotels discourage further investment in high-end accommodation and conference facilities. • Weak consumer protection laws and no policing to prevent false advertising of hotel accommodation, particularly in relation to Internet sales. • Weak food hygiene and sanitation • Despite recent advances in competition, airfares to/from Cambodia remain more expensive than other regional destinations. • Severe skills shortages across the hospitality sector, including in culinary and hotel management. • Limited infrastructure and very limited domestic air connections further exacerbates concentration of tourists in small areas.
Opportunities	Threats
<ul style="list-style-type: none"> • Strategic marketing and promotion campaigns to target specific sub-sectors of international arrivals. • A national marketing campaign to attract business to the largely under-developed Meeting, Incentive, Conference, Exhibition (MICE) sub-sector. • Interest from Gulf carriers in servicing Phnom Penh 	<ul style="list-style-type: none"> • Forecast growth in international tourist arrivals will further increase demand for skilled labor in the hospitality industry. • Tourism sector exposed to downturns from global / regional economic and political crises, natural disasters and outbreaks of pandemic diseases.

<p>airport would assist in attracting international arrivals from Middle East and European markets.</p> <ul style="list-style-type: none"> • A proposed common visa scheme for ASEAN would facilitate increased international arrivals. • Proposed launch of second national airline would increase competition on both domestic and regional routes and attract both business and tourist arrivals. • Increased skilled labor in the hospitality and restaurant industry would help solve a current bottleneck • Development of new destinations within the country, as prescribed in <i>Cambodia Tourism Strategic Development Plan 2012</i>, as well as a deepening of the service offering would add to Cambodia's competitiveness and encourage longer stays. • Diversification of tourism products and destinations would not only create a more resilient sector but provide more broad-based poverty reduction benefits. 	<ul style="list-style-type: none"> • Over-emphasis on attracting large volume of tourists rather than targeting more valuable tourists with higher expenditure and longer stays. • Failure to attract highly-prized medium-large size business events under the MICE sub-sector where the cost and availability of airfares is a key determinant in selecting host city. • Income-generating benefits of tourism activities not being dispersed more evenly across Cambodia. • The free flow of services and skilled labor under the ASEAN Economic Community may effect the availability of skilled labor in Cambodia given the higher wages available elsewhere in the region.
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SILK

Key Facts

- Global production of raw silk averages 80,000 MT per year, about 70 percent is produced in China.
- Global trade in silk fabric was estimated at around \$2.5 billion in 2011.
- In 2012 Cambodia exported \$7 million of silk products through cross-border trade and sales to foreign tourists. Around 98 percent of silk products are produced from imported white silk yarn – approximately 400 MT annually
- Sericulture is a very small industry in Cambodia, producing just 1 MT of silk yarn in 2012.
- Over 20,000 weavers present in Cambodia, offering significant rural employment.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Yarn production and weaving is an important village-based activity offering significant rural employment especially for women and individuals with disabilities. • In some households weaving is the sole source of income for many rural families. • Utilizes traditional handloom techniques and maintains practices of historical and cultural importance to Cambodia. • Preservation of traditional techniques passed on from generation to generation. • Village-based and hand-woven silk production is a natural complement to growing tourism sector. • Characteristics of native golden silk yarn are well suited to differentiating finished product from competition. • Strong consumer preference in domestic market for locally woven silk fabrics. • Sericulture can offer farmers higher per hectare revenue than cassava or rice cultivation. 	<ul style="list-style-type: none"> • Small-scale yarn production and lack of recognition of Cambodia as a quality supplier in international markets. • Returns from sericulture <i>perceived</i> as being too low by Cambodian farmers to encourage increased silk yarn production. • Tiny portion of locally produced silk products is exported. • Tourists cannot easily access information on local silk sector or observe looming and weaving practices. • Smaller silk producers constrained by cost and availability of high-quality yarn. • Lack of interest from investors constrains growth in sericulture production. • Lack of export market experience.
Opportunities	Threats
<ul style="list-style-type: none"> • Increasing the volume of yarn and weaving production at village level likely to be welfare enhancing. • Scope to develop high-value local product using golden silk yarn. • Improvements in the quality and availability of finished silk products will open markets. • Few tariffs or other import restrictions imposed in global silk trade. • Village life and hand looming and weaving processes could be marketed to tourists. • Growth in production of silk fabrics using imported yarn. 	<ul style="list-style-type: none"> • Increasing prices of imported inputs, such as yarn, dyes and processing materials. • Key suppliers of imported silk yarn—such as Vietnam—cutting production, exposing Cambodia’s weaving sector to silk yarn shortages. • Domestic demand for silk fabric likely to stagnate due to changing consumer preferences and availability of substitutes. • Global sericulture production in general decline. • Significant competition in international markets from Thailand for traditional hand-woven silk products. • Cambodia fails to improve the quality and

<ul style="list-style-type: none"> • Growth in production of high-end fabrics using ‘Golden Khmer Silk’ targeting high-value consumers (both tourists and for export). • Creation of national Silk Board may improve sectors’ capacity to coordinate production chain and develop a uniform supply structure. 	<ul style="list-style-type: none"> • availability of finished silk products. • Cambodia fails to preserve production of local golden silk yarn (just 1 MT produced in 2012). • Capacity to market Cambodia’s silk product exports may be overshadowed by the larger silk suppliers in the region. • General reluctance and lack of interest to maintain or support local sericulture sector.
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PILLAR THREE

Under Pillar Three, CTIS 2014-2018 addresses four main areas:

- Bridging the Skill Gap in Export Sectors
- Trade Mainstreaming
- Monitoring and Mobilizing Aid for Trade
- Enhancing Private Sector Participation in Aid for Trade

BRIDGING THE SKILL GAP IN EXPORT SECTORS

Labor Market

- Cambodia has a young population. Nearly 60 percent of the population is 25 years old or younger.
- Around 300,000 – 400,000 new job seekers enter the Cambodian labor market each year.
- Unemployment and under-employment data are hard to come by. Unemployment is significantly higher in urban than rural areas. Youth unemployment (15 – 24 years) is significantly higher than overall unemployment. Under-employment is likely significant.
- Industry (mostly manufacturing and construction) contributed 24 percent of GDP in 2011 and employed 18 percent and 16 percent of total female and male labor force respectively in 2011. Manufacturing employs mostly rural women, skilled and unskilled, while construction employ mostly rural male workers who move into construction, in particular when the agriculture season is low. None of these sectors have education or TVET facilities servicing the needs of industry.
- Agriculture contributed 37 percent of total GDP and employed 56 percent of total employment in 2011 (57 percent and 55 percent of total female and male labor force respectively in 2011). Agriculture has a university and various ad-hoc short-term NGO training programs operating mainly when projects are launched. No TVET programs or accreditations are provided in this sector.
- Services (retail and wholesale trade, hotels and restaurants, transport and communication, real estate, banking, etc.) contributed 40 percent of GDP in 2011 and employed 26 percent and 29 percent of total female and male labor force respectively in 2011. Many university graduates are employed in services and, in particular, in hotels and restaurants. At present, TVET programs in the hospitality sector are dominated by NGOs servicing the very poor.

Education and Technical Vocational Training

- Skills mismatches, skill gaps, and skill shortages are significant in all priority export sectors
- Cambodia's key economic sectors lack systematic training or TVET programs graduating skilled professionals for industry. For example, there is no school or curriculum targeting the garment sector.⁵ Most skills are acquired through on-the-job training provided by employers themselves.

⁵ GMAC is in the process of setting up a TVET center for the garments and footwear sectors

- Cambodia has a total of 11,046 schools including pre-schools, primary schools, and secondary schools as of 2012. The public school system does not integrate language skills in curriculums (e.g. English and Chinese) whereas this is compulsory in many private schools.
- In 2012, there were 38 TVETs, mostly run by NGOs with an emphasis on the very poor.
- In 2012, there were a total of 101 higher educational institutions (HEI.) Among the 101 HEIs, 39 are state and 62 are private HEIs. HEIs are located in Phnom Penh and 18 provinces. Of the total HEIs, 61 (9 state and 52 private HEIs) are under Ministry of Education, Youth and Sport and the other 40 HEIs are under 13 other ministries.
- There were 34,978 university graduates in 2012 including 14,432 female graduates. The number of University graduates is growing each year.
- Education and industry have very few linkages and education systems -- at the secondary, TVET or university levels -- are not producing graduates that meet the needs of industry in terms of technical skills and foundation/soft skills. There is a very significant need to bridge the gap between what the education systems produce and the demand of the labor market.
- Various PPP models will be required to bridge the gap.
- Weak foundation soft skills (e.g. literacy and numeracy, communications, team work, problem solving, language, etc.) are a major problem in view of the fact that they are the basis for life-long-learning and the ability of employers to train and retrain their existing labor force.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • A vibrant and young workforce eager to learn and adaptable to learning • Fast growing working age population and labor surplus • An open economy means investors are able to compensate for local skill shortages by recruiting skilled foreign workers or professionals • A fast growing economy with strong potential for further growth and job creation in higher value added activities and with income opportunities for youth and job seekers. • Government has identified Skill Gaps and Skill Development as a major priority. 	<ul style="list-style-type: none"> • Underemployment is a challenge for Cambodia, particularly for youth in urban areas • Severe skill shortages, both technical/occupational skills and foundation/soft skills in most sectors. • Labor productivity, especially in many industrial and service sectors, is low, precisely because of low skill levels of the work force • Shortage of private and public vocational training institutes • Many non-formal training and TVET programs are under-funded, of uneven quality, and somewhat disconnected from market demand. • The few good TVET programs focus on the very poor and are not available to the general youth population. • A relatively large supply of university graduates with weak work place skills. • Defining the respective roles of the public and private sectors in education and vocational-technical remains a challenge. • Challenges in integrating a community of educational and training providers around the goals of a national development strategy and the needs of key employment sectors • Labor markets are non-transparent. There is a lack of information and coordination to match labor demand and supply. • Because of lack of information, expectations of youth entering the job market are often at odd

	<p>with reality.</p> <ul style="list-style-type: none"> • Access to information still a challenge for many young people, especially those unable to use web-based information • Young people view university education as the key to enabling access to better jobs and view TVET as education for “workers” • Potential impact of ASEAN integration on Cambodia and skill migration not well researched or understood
Opportunities	Threats
<ul style="list-style-type: none"> • Strengthen institutional support and coordination to match labor supply and demand and improve information access and sharing. • Promote education as a sector requiring public and private investment, including using PPP models • Strengthen cooperation among unions, employers, government, and education providers (e.g. industry skill councils) through institutional arrangements focusing on enhancing strategic and forward-looking approach to skills development and re-skilling of the workforce • Encourage PPP TVET to supply investors with skilled labor force. • Promote TVET as a viable educational option • Rethink higher education legal framework to create alternative education opportunities for youth, including creation of a second tier of universities (polytechnic institutes) that specialize in delivering shorter graduation programs (e.g. two years) with a strong focus on skills relevant to specific sectors. • Strengthen primary and secondary education offering, in particular in language skills. • Strengthen bilateral agreements (MoUs) with countries to train Cambodian workers in particular sectors 	<ul style="list-style-type: none"> • ASEAN integration might cause an outflow of skilled Cambodian labor to other countries where wages are higher • Local wage increases need to be matched by total factor productivity gains. • Industrial relations environment is fragile and creating challenges for general investor perceptions on industry stability and harmony. • Flexibility of employment needs to be maintained for investors to innovate and scale up workforces as needed. • High number of public holidays impacting productivity and working time, particularly in manufacturing and industries with a large number of workers. • Excessive use of overtime can become a drag on labor cost competitiveness • Health, nutrition, and supporting infrastructure (housing, sanitation, training etc.) insufficient to ensure healthy balance between work and life resulting in negative impact on labor productivity. • Migration of skilled workers to neighboring countries with higher minimum wages. • Lack of regional labor market information to enhance Cambodia’s ability to train its workforce for labor shortages in regional countries

MAINSTREAMING TRADE, MOBILIZING AID FOR TRADE, ENGAGING THE PRIVATE SECTOR

Despite Cambodia’s robust GDP growth, strong export performance, and a good poverty reduction record, as reflected in remarkable progress in attaining MDGs, trade contribution was not fully embedded in earlier national development plans and strategies, such as the *2008-2013 National Strategic Development Plan* (NSDP) and the Royal Government of Cambodia’s *2008-2013 Rectangular Strategy* (RS.) The current trade development formulation effort led by the Ministry of Commerce to support the

preparation of the new NSDP and RS shows that critical issues need to be addressed to avoid mainstreaming bottlenecks. Increased reliance on accurate, timely, and easily accessible data, strengthened participation of the private sector in the formulation of sector policies and the design of corresponding projects, and stronger linkages between trade development and poverty reduction gains are some of the few areas needing additional attention.

Insufficient incorporation of trade in national development strategies may lead to under-investing by Government and development partners in areas of needs – infrastructures, productive capacity, women empowerment – and missing out on the significant leverage trade can provide to increase employment, improve revenue generation, and reduce poverty. It may also jeopardize Cambodia's competitiveness, in particular when compared to its neighbors, all of whom are gearing up to position themselves for grasping fully the benefits of AFTA.

Trade mainstreaming is the process of integrating trade into national and sector development planning, policymaking, implementation, and review in a coherent and strategic manner. It implies taking trade-related issues into account when planning and executing broader development objectives. It further entails using trade proactively to attain specific national development goals, including poverty reduction. Mainstreaming trade takes place at four levels: (1) integrating trade development in national and sector policies; (2) strengthening institutions responsible for implementing those policies; (3) strengthening the dialogue and partnership between Government and the Private Sector; and, (4) deepening international cooperation with development partners to enhance Aid for Trade effectiveness. While Cambodia is proving to be a model for other LDCs on the role trade mainstreaming can play in a fast-growing economy, the country needs to focus on its next-generation trade sector development strategy and equip itself with the appropriate tools to do so.

Development partners' initial response to Cambodia trade integration progress in the mid-2000s leads one to believe that Aid for Trade commitments to support the country's trade development agenda will remain strong. Robust institutional mechanisms were put in place, through an ambitious program-based approach known as Trade SWAp, following the DTIS update 2007 adoption. The governance, monitoring, and strategic planning institutional arrangements of Cambodia's Trade SWAp framework for the SWAp includes the Sub-Steering Committee on Trade Development and Trade-Related Investment, the SWAp Implementation Committee (IC), the three SWAP Pillar Working Groups, the Trade SWAp Secretariat (DICO), the EIF Focal Point, and the Donor Facilitator. Their work is to ensure that much needed Aid-for-Trade resources are used appropriately, for the right objectives and in a spirit of increased ownerships. As a result, the quantity and quality of Aid for Trade resources disbursed in Cambodia have increased.

Using the findings and lessons from the Trade SWAp independent review, the Trade Development Support Program (TDSP) regular supervision missions, the *National Mainstreaming Trade Agenda* prepared by UNDP-Geneva, and other relevant information, it is possible to identify possible next steps for better, more inclusive and poverty-reduction friendly trade mainstreaming.

In spite of better policy formulation, a strengthened institutional framework for consultation, implementation, and monitoring, as well as a better structured dialogue with development partners,

pockets of growth have been overlooked, such as enhancing access to non-traditional donors' resources, aligning Aid for Trade strategy with trade policy trends, and, chief among those, seeking better and stronger private sector participation in trade policy formulation, project design, and project implementation.

Although NSDP III (2009-13) does refer to trade development as a possible source of poverty reduction, the link remains weak and only social sectors are seen as contributing directly to poverty reduction. In the future, investment and pro-poor measures should be included in Cambodia's NSDP and RS so that trade and private sector development policies are effectively responsive to poverty reduction. This, in turn, can only be informed by better data collection, compilation, and dissemination. Parallel initiatives are in place in MoC (ICT Master Plan, automation of certificate of origins, business registration, IP registration), in the General Department of Customs and Excise (ASYCUDA deployment, National Single Window) and the Ministry of Economy and Finance (trade repository, ASEAN data). Efforts should be made so that data are compatible and more readily accessible by policymakers.

Sector policies, in turn, have only recently started including trade as one of their priorities. A clear positive example is the *Policy Paper on the Promotion of Paddy Production and Rice Export* endorsed by the Government in July 2010. More should be done to emulate this successful effort in other export sectors, such as cassava, rubber, and, possibly, light manufacturing, as suggested in the relevant chapters of CTIS 2014-2018. But better policy-making also entails better and deeper involvement of the private sector in the formulation process. This, in turn, means that the private sector must better organize itself, especially at sector association-level, in order to engage in a meaningful dialogue with Government counterparts, learn from the shortcomings of the G-PSF in recent years, or get involved in public-private partnerships (PPP).

Looking forward, additional progress could be made to turn some of the mechanisms of Trade SWAp into more powerful tools that can provide stronger strategic information for the Government to guide overall trade development and poverty reduction, to strengthen the management and coordination of multiple AfT assistance, or to include the private sector more directly in supporting the implementation of the country's strategic priorities, including in the trade sector.

To do this, further institutional development and capacity building is required to support the Government taking full leadership over the coordination and management of AfT as well as trade mainstreaming. The current national arrangements for Trade SWAp implementation will need to be improved and streamlined, as has already been started by the Ministry of Commerce, with a view to increasing inclusiveness and the quality of dialogue as well as preparing the future when different, if not less, donor support will be available. The focus of the Trade SWAp individual pillar road maps should be modified to make them less instruments for guiding and monitoring implementation of individual donor projects (with an emphasis on activities and outputs) and more instruments for helping the Trade SWAp's Governance structure to monitor progress in the implementation of an overall trade development and AfT program (with an emphasis on impacts and outcomes.) This shift away from an individual project focus to a program focus, eventually, will help Cambodia aligned itself with the 2005 Paris Declaration on Aid Effectiveness for which "aid for trade is effective when it is owned by the developing countries which lead their own development policies and strategies; is aligned to developing countries' national

development strategies; is harmonized among donors to avoid duplication; is result oriented and mutually accountable”.

Changing patterns at global and regional levels should be kept in mind when updating a country’s medium-term Aid-for-Trade strategy, in adherence to the Busan Declaration. As Cambodia’s patterns of international trade change, so should its dialogue with development partners. While trade towards EU and US has grown significantly because of DFQF or other preferential schemes, the future is likely to be a significant expansion towards ASEAN, China, and Asia in general. It is therefore crucial to reach out to non-traditional donors from the region.

Similarly, Aid for Trade in the future might turn more into Investment for Trade: a strong public-private dialogue is essential to understand where bottlenecks to private sector investment and activity exist and how Governments can allocate Aid for Trade more efficiently. The private sector should be involved at different levels of Cambodia’s trade development policies. It should be possible for the private sector to contribute financially, based on its deeper involvement in the design, formulation, and implementation of Aid for Trade projects. The G-PSF and the PSD WG should be put back into full operation as avenues for the development of more and better public-private partnerships to ensure a more harmonious trade sector development and, ultimately, stronger economic development.

Trade SWAp Roadmap 2014-2018

Development Impacts, Strategic Outcomes, and
Short and Medium Term Indicative Actions

With Key Performance Indicators

Acronyms

AfT	Aid for Trade
AFSIS	ASEAN Food Security Information System
AFTEX	ASEAN Federation of Textile Industries
AIDSP	Agro-Industry Development Strategic Plan
ARASFF	ASEAN Rapid Alert System for Food and Feed
ASEAN	Association of South East Asian Nations
ATIGA	ASEAN Trade in Goods Agreement
BFC	Better Factories Cambodia
CAMFEBA	Cambodian Federation of Employers and Business Associations
CARDI	Cambodia Agriculture Research & Development Institute
CBA	Collective Bargaining Agreement
CCIC	China Certificate and Inspection Group, Cambodia
CDC	Council for the Development of Cambodia
CEDEP	Cambodia Export Development and Expansion Program
CIS	Confederation of Independent States
CLV	Cambodia Laos Vietnam
CO	Certificate of Origin
CoM	Council of Ministers
CSF	Classical swine fever
CTIS	Cambodia Trade Integration Strategy
DAC	Development Assistance Committee
DAHP	Department of Animal Health and Protection
DFQF	Duty-Free Quota-Free
DICO	Department of International Cooperation
DP	Development Partner
DTIS	Diagnostic Trade Integration Study
EBA	Everything-but-Arms
EDC	Electricité du Cambodge
FDI	Foreign Direct Investment
FiA	Fisheries Administration
FMD	Foot and mouth disease
FOCC	Footwear & Garment Order Center of Cambodia

FSCC	Food Safety System Certification
GCC	Gulf Countries Council
GDA	General Directorate of Agriculture
GDCE	General Department of Customs and Excise
GDP	Gross Domestic Product
GHP	Good Health Practice
GMAC	Garment Manufacturers Association of Cambodia
GMP	Good Manufacturing Practice
G-PSF	Government-Private Sector Forum
GSP	General System of Preference
INFOSAN	International Food Safety Authorities Network
HACCP	Hazard Analysis and Critical Control Points
IP	Intellectual Property
IPPC	International Plant Protection Convention
IPM	Integrated Pest Management
IPR	Intellectual Property Right
ISC	Institute of Standards Cambodia
ISO	International Standards Organization
LDC	Least Developed Country
MAFF	Ministry of Agriculture, Forestry and Fisheries
MEF	Ministry of Economy and Finance
MICE	Meetings, Incentives, Conventions & Exhibitions
MoC	Ministry of Commerce
MoCFA	Ministry of Culture & Fine Arts
MoEYS	Ministry of Education, Youth and Sports
MoFA	Ministry of Foreign Affairs
MoH	Ministry of Health
MoI	Ministry of the Interior
MIH	Ministry of Industry and Handicrafts
MoPWT	Ministry of Public Works and Transport
MRD	Ministry of Rural Development
MoT	Ministry of Tourism
MoU	Memorandum of Understanding
MoWA	Ministry of Women Affairs
NCIPR	National Committee on Intellectual Property Rights

NEA	National Employment Agency
NGO	Non-Governmental Organization
NIS	National Institute of Statistics
NSW	National Single Window
NTM	Non-Tariff Measure
OECD	Organization for Economic Cooperation and Development
OIE	Office International de l'Epizootie
PPP	Public-Private Partnership
PRC	People's Republic of China
PRRS	Porcine reproductive and respiratory syndrome
PSD	Private Sector Development
RACA	Royal Academy of Culinary Arts
RCEP	Regional Comprehensive Economic Partnership
RDB	Rural Development Bank
RGC	Royal Government of Cambodia
RO	Rules of Origin
RoI	Return on Investment
RSA	Royal School of Administration
RRIC	Rubber Research Institute of Cambodia
RUA	Royal University of Agriculture
SEZ	Special Economic Zone
SNEC	Supreme National Economic Council
SPS	Sanitary and Phytosanitary
S-SC	Sub-Steering Committee
TA	Technical Assistance
TBT	Technical Barrier to Trade
Trade SWAp	Trade Sector-Wide Approach
TEU	Twenty-Foot Equivalent Unit
TRTA	Trade Related Technical Assistance
TTRI	Trade Training and Research Institute
TVET	Technical Vocational Education and Training
TWG	Technical Working Group
VAT	Value Added Tax
WG	Working Group
WTO	World Trade Organization

Development Impacts/Goals Outcomes, Indicative Actions	Key Performance Indicators		Responsible Parties
	Baseline	2016 or 2018 Target	
Trade SWAp Development Impacts/Goals			
Trade SWAp Goal 1: Improved competitiveness contributes to reduce poverty through better and new jobs	During 2005-13 Cambodia narrowed its distance to the best performing country for all indicators combined in Doing Business by 11.1%. Cambodia 2013 ranking was 133 out of 185 countries	Cambodia narrows its distance to the best performing country for all indicators combined by an additional 10% by 2018	n.a.
Trade SWAp Goal 2: Significant increase in the contribution of the trade sector to GDP and deepening diversification of Cambodia’s export base	13% yearly average growth of exports of goods and services during 2007-11 Garments and tourism represent 80% of total recorded goods and service exports in 2011	11% yearly average growth of goods and services exports during 2014-2018 Garments and tourism represent 60% or less of total recorded goods and service exports in 2018	n.a.
Trade SWAp Goal 3: Strengthened capacity of RGC to formulate and implement trade policies and strategies	1 sector policy focusing on exports in 2013 (for Rice)	4 additional sector policies focusing on export by 2018	n.a.
Trade SWAp Goal 4: Responsiveness of RGC to Private Sector needs increases as a result of better dialogue	CDC approved \$35.5 billion worth of investment projects between 2007-2011	Investment projects approved by CDC doubles to \$70 billion (or more) between 2014-2018	n.a.
Trade SWAp Goal 5: Improved planning, implementation, and monitoring capacity of RGC through implementing Trade SWAp	14 of the 20 Outcomes in Trade SWAp 2014-2018 receive TA support as of 2013. Of the 14 outcomes with TA, only 10 have one TA or more monitored through Trade SWAp of which 3 have 2 or more TAs monitored (TRTA matrix)	At least 16 of the 20 Outcomes receive TA support and have at least one TA monitored through Trade SWAp. Of the 16 outcomes, at least 10 have 2 or more TAs monitored through Trade SWAp	n.a.
n.a. = not applicable			

Trade SWAp Strategic Outcomes and Indicative Actions by Pillar

Pillar 1: Increasing the Competitiveness of Cambodian Exporters in World Markets Through a Strengthened Export Business Environment

Outcome 1: Trade Policy Reform and Market Access Negotiations

Outcome 1: Trade Policy Reform and Trade Negotiations Cambodia meets its trade legal reform obligations under WTO and ASEAN; strengthens its access to markets through trade negotiations; enhances the transparency of its trade rules and laws	84 Actions identified in the RGC's <i>Work Program on WTO Obligations and Related Issues 2012-2015</i>	75% of the 84 Actions listed in RGC's <i>Work Program</i> have been fully completed by 2016	MoC, Line Ministries responsible for individual legal or institutional actions
	RCEP Rules of Origins need to be negotiated	The RCEP rules of origin allow for cumulation across all its members by 2018	MEF, MoC, Line Ministries

Short-Term Actions: 2014-2016

Indicative Action 1: Favorable Rules of Origin remain in place under EU's EBA and Canada's DFQF	ROs in EBA and Canada's DFQF are favorable but countries graduating from GSP programs can no longer be used for cumulation	Cambodia negotiates with EU and Canada to ensure that graduation of individual countries from GSP programs does not affect Cambodia's cumulation for ROs purpose	MEF, MoC (immediate Action to be taken)
Indicative Action 2: Draft and promulgate Legal Text on Rules of Origins	No draft in 2013	Law approved by Parliament and signed into Law by 2016	MoC, MEF, CoM
Indicative Action 3: Finalize and promulgate Law on Trade Remedies	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM,
Indicative Action 4: Finalize and promulgate Law on SEZs	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM,
Indicative Action 5: Finalize and promulgate revised Investment Law	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM

Indicative Action 6: Finalize and promulgate Law on Competition	Early draft exists as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM
Indicative Action 7: Amend legislation on Standards to make it WTO-compliant (same as Outcome 4, ST Action 9)	Law on Standards not WTO-compliant.	Laws on standards has been amended and is WTO-compliant by 2016	MIH, CoM
Indicative Action 8: Trade rules and regulations (including tariffs) are freely available online	No website with consolidated presentation of Trade Laws and Regulations (including for SPS and TBT) as of 2013	National information portal at www.ocm.gov.kh fully operational in Khmer and English in 2016. MoC Trade Information (includes ASEAN National Trade Repository) website fully operational	CoM, MEF, MoC
Indicative Action 9: Legal measures to ensure compliance with ATIGA (Art. 56 on Authorized Operators, Art. 62 on Advance Rulings, Art. 61 on Post Clearance Audit, Art. 57 on Customs Valuation) have been adopted	Prakas on Advance Ruling issued by GDCE in January 2013. No or limited action taken elsewhere	Full compliance with ATIGA is achieved by the end of 2015	GDCE, MoC and other line agencies
Indicative Action 10: National Work Program on NTMs in line with ASEAN requirements is in place	Anukret to create Inter-Ministerial Committee on NTMs being drafted under MEF leadership as of mid 2013	Anukret signed by Prime Minister. Committee is up and running.	Line Ministries included in NTM Inter-Ministerial Committee
Indicative Action 11: CLV Development Triangle's focus on rubber sector proceeds as planned with formulation of Action Plan by the three countries (same as Outcome 14, ST Action 7)	The 7 th CLV Development Triangle Summit of Heads of State held in Vientiane March 12, 2013 requested preparation of action plan for development of the rubber sector in the Triangle	Action plan fully formulated for the 8 th CLV Development Triangle Summit as requested during 7 th Summit	MEF, MoC, MAFF, SNEC

Medium-Term Actions: 2016-2018

<p>Indicative Action 1: Legal framework for food safety upgraded, including adoption and promulgation of modern food law (same as Outcome 4, MT Action 2)</p>	No proper legal framework in place	Legal framework has been adopted compliant with WTO/SPS and ASEAN principles and good international practice by 2018	MoC/Camcontrol, MoH, MAFF, MIH, MoT, MEF, CoM
<p>Snippet_308F659A0.idms Indicative Action 2: The Process of notification to the WTO is strengthened</p>	Nine notifications as of 2013	All WTO-relevant actions on laws and regulations contained in the RGC's 2012-2015 WTO Work Program or in this Roadmap are notified to WTO	MoC, MIH, ICS, MAFF, MoH
<p>Indicative Action 3: Non Tariff Measures are classified, reviewed, streamlined and notified to the ASEAN Secretariat, as mandated under the ASEAN NTM Work Program.</p>	No action has been taken as of 2013	By 2016, a complete database of NTMs has been set up and notifications are made regularly to the ASEAN Secretariat. By 2018, the current NTM stock has been reviewed and streamlined. By 2018, the impact of all new NTMs is assessed by the Inter-ministerial Committee on NTMs and several NTMs have been lessened or eliminated	MoC, MEF, line agencies
<p>Indicative Action 3: Improved accessibility, compilation and use of statistics and trade data to assist in assessing and formulating appropriate trade support interventions (same as Outcome 18, ST Action 3)</p>	Official Cambodian trade data are extracted from database maintained by GDCE (Customs data), MoC (on COs, import/export, licenses), MEF (trade repository), and MAFF (SPS certificates.) There is no structure to compare and ensure coherence across sources, limited quality control systems, no tool to compare/benchmark Cambodian statistics against mirror statistics	Beginning in 2016, MoC Trade Training and Research Institute (TTRI) produces an annual trade data publication that consolidates and reconciles data extracted from different Government sources and ensure enhanced coherence with Comtrade mirror statistics	GDCE, MoC, MEF. MAFF, National Institute of Statistics
	Some MoC data are difficult to obtain	All MoC data are available up to date through MoC's revamped	MoC

			Website	
Outcome 2: Trade Facilitation Reform				
Outcome 2: Trade Facilitation Cambodia increases its competitiveness through reduced import/export cost	2011 Cambodia import/export cost is 136% ASEAN-6 average (from WB/IFC <i>Doing Business</i>)	2011 Cambodia time for cargo release is 24 days compared to 16 days for ASEAN-6 average	2011 Cambodia import/export cost reduced to 120% ASEAN-6 average (\$552/container in <i>Doing Business</i> 2012)	All border agencies
			2018 time for cargo release reduced to ASEAN-6 average	All border agencies
Short-Term Actions: 2014-2016				
Indicative Action 1: Trade rules and regulations (including Customs tariffs) are freely available online (same as Outcome 1, ST Action 7)	No website with consolidated presentation of Trade Laws and Regulations (including for SPS and TBT) as of 2013		National information portal at www.ocm.gov.kh fully operational in Khmer and English in 2016. MoC Trade Information (includes ASEAN National Trade Repository) website fully operational	CoM, MEF, MoC (2014)
Indicative Action 2: Cambodia progresses towards full computerization of trade related documents	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013		Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 3: Establish WTO compliant service fees by all border agencies	GDCE and MoC/Camcontrol have adopted WTO compliant service fees		WTO compliant service fee structure for all remaining border agencies in place by 2016	Relevant border agencies
Indicative Action 4: Cambodia is taking steps to implement the WTO Agreement on Trade Facilitation	An Agreement on Trade Facilitation was approved as part of the “Bali Package” endorsed during the December 2013 WTO Ministerial Conference. The agreement contains special provisions for LDCs		By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions will fall in Categories A, B, and C of the Agreement respectively	MoC, GDCE, border agencies
Medium-Term Actions: 2016-2018				
Indicative Action 1: Updated Trade Facilitation Action Plan has been adopted and implemented	Draft updated Trade Facilitation Action Plan as of late 2013		Updated Action Plan has been adopted and is fully implemented	GDCE, MoC, MAFF and all other border agencies

Indicative Action 2: Cambodia implements its updated Trade Facilitation Action Plan including establishment of a National Single Window	No National Single Window as of 2013. Issuance of key documents partly automated.	National Single Window (NSW) compliant with ASEAN requirements has been implemented by 2018	GDCE, MoC, MAFF and all other border agencies
Indicative Action 3: Cambodia progresses towards full computerization of trade related documents	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF
Indicative Action 4: Extend Risk Management System to non-Customs agencies	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies
Indicative Action 5: Establish an Authorized Economic Operators (AEO) System	AEO regime is not yet implemented	AEO regime in keeping with Cambodian compliance management needs is fully implemented by 2018	GDCE
Indicative Action 6: Cambodia is taking steps to implement the WTO/Bali Agreement on Trade Facilitation	By June 2015, Cambodia has notified the WTO as to which of its trade facilitation reform actions fall in Categories A, B, and C of the Agreement respectively	By June 2017, Cambodia has notified the WTO of the arrangements entered into with DPs regarding TA needed to support implementation of Category C Actions	MoC, GDCE, border agencies
Outcome 3: Enhanced Trade Logistics			
Outcome 3: Trade Logistics Cambodia increases its competitiveness through improved trade logistics	On the two major land trade corridors, average speed for trade logistics is 22.15 Kmh, transport cost is \$0.11/MT/Km and logistics cost is \$0.2/MT/Km in 2012	2018 Speed for trade logistics rises to 25 Kmh, transport cost decreases to \$0.7/MT/Km, logistics cost decreases to \$0.15/MT/Km (at constant prices)	MoPWT, MEF, MoC, MAFF
Short-Term Actions: 2014-2016			
Indicative Action 1: A National Transportation Logistics Plan is developed and implemented	No comprehensive plan formulated.	Comprehensive plan has been developed. Plan is linked to existing ASEAN frameworks such as the "Roadmap for the Integration of Logistics Services"	MoPWT, MEF, concerned Line Ministries and agencies

Indicative Action 2: Improved cross-border transport agreements (road and waterways) are negotiated with neighbors and regional organization for an integrated transport market	Existing agreements have only partial coverage and are not fully implemented.	Cross-border agreements (bilateral and regional) are fully enacted and implemented, in cooperation with neighboring countries.	MEF, MoC, MoPWT, MoFA, concerned Line Ministries and agencies
Indicative Action 3: Carry out security review of Sihanoukville and Phnom Penh Ports and implement plan to reduce pilferage in line with international security standards	Pilferage is reported as a problem by Private Sector operators	A system to collect pilferage statistics is put in place by 2014 and pilferage is substantially reduced by 2016	Port Authorities, in coordination with other border agencies
Indicative Action 4: Liberalize port fees to increase competitiveness	Port fees are set by the RGC	Cambodian ports offer competitive fees compared to neighboring countries. Sihanoukville costs are lowered	MEF, MoPWT, MoC, Port Authorities
Indicative Action 5: Private Sector participate in ports operation and management	Ports are managed by Government	Private Sector are involved in some or all aspects of ports operations and management	MEF, Port Authorities, MoPWT
Indicative Action 6: Rail link between Phnom Penh and Sihanoukville offers scheduled freight service	Rail link has been rebuilt/renovated and limited scheduled service available	Full, regular scheduled rail freight service between the two cities operates by 2014	MoPWT
Indicative Action 7: Reopen rail connection between Phnom Penh and Poipet to compete with road transport	Rebuilding or renovation of rail link yet to be completed	Some scheduled freight service by rail between Sisophon and Phnom Penh has commenced by 2016	MoPWT
Indicative Action 8: Develop rail link between Phnom Penh and Vietnam border	No rail link	Plan to expand rail link from Phnom Penh to VIETNAM border finalized and financing secured	MoPWT, MEF
Medium-Term Action: 2016-2018			
Indicative Action 1: A National Transportation Logistics Plan is implemented	Comprehensive Plan has been developed	A National Transportation Logistics Plan is implemented with performance indicators. Annual reviews of indicators are carried out	MoPWT, MEF, concerned Line Ministries and agencies

Indicative Action 2: Improve transport regulations on: liabilities, axle loads limits, drivers' qualifications and conditions, safety standards	Most regulations are lacking or need to be reviewed	Regulations in line with international standards are adopted and implemented	MoPWT, GDCE, MoC, MoC/Camcontrol, MAFF
Indicative Action 3: Work with ASEAN to establish a regional third party liability insurance scheme	No third party liability insurance scheme in place	Third party liability insurance scheme in place	MEF, MoPWT
Indicative Action 4: Introduce road fleet modernizing scheme	No policy currently in place to promote road fleet modernization.	A policy for road fleet modernization has been developed by RGC with some clear targets identified	MEF, MoPWT, MoC, Trucking Industry
Indicative Action 5: Increase draft capacity of Sihanoukville Port	Current draft limited to ships less than 1000 TEU. Additional dredging in progress and new facilities under construction	Dredging has been completed and Sihanoukville Port provides access to ships larger than 1000 TEU	MoPWT, Port of Sihanoukville, MEF
Indicative Action 6: Investigate possibility of increasing draft of Phnom Penh Port	Phnom Penh Port can accept barges less than 120 TEU	Study possibility of dredging Mekong river between Phnom Penh and Saigon ports to enable barges larger than 120 TEU	MoPWT, Phnom Penh Port
Indicative Action 7: Improve road between Phnom Penh and Sihanoukville	Large sections of the highway remain two lanes	Four lane highway between Phnom Penh and Sihanoukville completed	MoPWT, MEF
Indicative Action 8: Upgrade highways conditions between Thai and Vietnamese borders	Average road transport of 20' container between the two borders is 15 hours in 2013	Average road transport of 20' container between the two borders lowered to 13 hours in 2018 as a result of road improvements	MoPWT, MEF

Outcome 4: Strengthened Capacity of Exporters to Meet Technical Standards and SPS Requirements			
Outcome 4: Technical Standards and SPS Requirements			
The capacity of Cambodian exporters to meet technical and SPS requirements standards set by importers and importing countries increases	Ratios of formal exports of milled rice, cassava, and corn to total production of each in MT reflect, indirectly, the ability of Cambodian producers/exporters to meet some, if limited, standards 2011Rice ratio: 0.0165 2011Cassava ratio: 0.0085 2011Corn ratio: 0.0497 (MoC for formal MT exports; AFSIS for total MT production)	The three ratios grows by a factor of ten or more by 2018 indicating significant shift from informal to formal exports	Private Sector, MAFF, MoC, MIH
Short-Term Actions: 2014-2016			
Indicative Action 1: Capacity of rice millers to meet basic Hazard Analysis & Critical Control Point (HACCP) or Good Manufacturing Practice (GMP) standards is developed through rice mills certification program	No modern rice mills certified as of 2013 (one plant certified by ISC, but ISC is not internationally accredited as of yet so this certification has no export value)	10 Cambodia rice mills are HACCP or GMP certified in 2016	Private Sector, MIH, MAFF
Indicative Action 2: Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness	1 marine fishery product processor HACCP/GMP certified in 2013	12 marine fishery product processors HACCP/GMP certified in 2016	Private Sector, MAFF/FiA
Indicative Action 3: Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program	No certification system in place	Certification system in place for processors that produce for demanding export markets in 2016	Private Sector, MIH, MAFF
Indicative Action 4: Cambodia natural rubber value chain produces high-quality products for export markets	No system in place to monitor quality of exported natural rubber	System to register quantities of natural rubber by grade and price in place and implemented by 2016	Private Sector, MAFF, MoC, RRIC

Indicative Action 5: Surveillance of pests and diseases for export crops, pesticides, and fertilizers used in production areas for export	No formal surveillance system in 2013	Formal surveillance system in place for plant pests and diseases and pesticides as required by main importers and compliant with international standards, and regular reporting to IPPC, ASEAN and trading partners by 2016	MAFF/GDA
Indicative Action 6: Surveillance of trans-boundary animal diseases	No formal system in place in 2013, except for Avian Flu	Formal surveillance system in place in targeted regions for FMD (foot and mouth disease), CSF (classical swine fever), and PRRS (porcine reproductive and respiratory syndrome). Evidence of regular monitoring and reporting to OIE by 2016	MAFF/DAH
Indicative Action 7: Surveillance and testing of food products	No formal system in place in 2013	Formal surveillance system in place for markets, restaurants, and street food with annual report on food safety in Cambodia. Active participation in The International Food Safety Authorities Network (INFOSAN) and ASEAN Rapid Alert System for Food and Feed (ARASFF) by 2016	MoC/Camcontrol, MoH
Indicative Action 8: Legal review and recommendations for improved SPS and TBT legislation	The legal framework for SPS and TBT has many gaps, inconsistencies, unclear mandates, and quality issues. It is neither WTO- nor ASEAN-compliant	An assessment with recommendations for upgrading the legislative framework for SPS and TBT has been completed by 2015	MoC, MAFF, MoH, MIH, MoT, MEF, CoM,
Indicative Action 9: Amend legislation on Standards to make it WTO-compliant	Law on Standards not WTO-compliant	Laws on standards has been amended and is WTO-compliant by 2016	MIH, CoM,
Indicative Action 10: Strategy to support development of regulatory SPS laboratories	No national plan, no coordination	Action Plan for development of regulatory food testing laboratories ready by 2016	MEF, MoC, MAFF, MIH, MoH

Medium-Term Action: 2016-2018				
Indicative Action 1: Legal framework for conformity assessment, accreditation for technical standards and SPS	No proper legal framework in place	Legal framework has been adopted compliant with WTO/TBT and ASEAN principles and good international practice by 2018	MIH, MAFF, MoH, MoC, CoM	
Indicative Action 2: Legal framework for food safety upgraded, including adoption and promulgation of modern food law	No proper legal framework in place	Legal framework has been adopted compliant with WTO/SPS and ASEAN principles and good international practice by 2018	MoC/Camcontrol, MoH, MAFF, MIH, MoT, MEF, CoM	
Indicative Action 3: Surveillance and testing of primary food products at primary production and processing level	No formal system in place in 2013	Formal MAFF surveillance system in place and evidence of regular monitoring with contributions to MoC and MoH for integration in the on-going annual report on the food safety situation in Cambodia and reporting to INFOSAN and ARASFF by 2018	MAFF, MoC/Camcontrol, MoH	
Indicative Action 4: Surveillance of residues of veterinary drugs and growth enhancers in meat products and feed	No formal system in place in 2013	Formal annual surveillance system in place and evidence of regular monitoring by 2018	MAFF/DAH	
Indicative Action 5: FiA is upgraded, qualifies as “competent authority” for EU, and can support exports of fisheries products to EU	Export of fisheries products to EU not yet possible. Public management of SPS for fisheries weak	FiA has been recognized as EU “competent authority” and can support Cambodian exporters targeting EU markets by 2018	MAFF/FiA	

Indicative Action 6: Effective SPS coordination in place	Capacity of SPS Enquiry Point, Notification Authority, Codex, IPPC and OIE contact points very limited.	SPS Enquiry Point and Notification Authority in place with (i) up-to-date website on SPS legislation and import and export requirements (could be part of National Information Portal), and (ii) notifications of new SPS measures done as required by WTO. National Codex Committee meets regularly for food safety coordination. CODEX, IPPC, and OIE contact points functioning well by 2018	MoC, MAFF, MIH, MoH, Private Sector
Indicative Action 7: SPS standards in kitchen in hotel and restaurant improve through enhanced training of existing and new kitchen staff	Index from baseline survey of SPS standards in hotel and restaurant kitchen to be conducted by the Royal Academy of Culinary Arts under CEDEP-II. Also to use info from voluntary Good Health Practice (GHP) rating to be introduced by MoH Restaurant rating system being prepared. No restaurants have passed GHP/GMP audit. Low hygiene standards in sector No market access agreement in place with SPS-demanding countries	Repeat baseline survey (CEDEP II) by 2016-17	Private Sector, MoH, RACA, MoT
Indicative Action 8: Corn exports can meet SPS standards	No facilities with GMP/HACCP certification	A rating system is in place. 200 restaurants have passed GHP/GMP audits by 2018	Private Sector, MoH, MoT
Indicative Action 9: Capacity of Corn drying, shelling, and storage facilities to meet GMP/HACCP certification	Lack of COs on most imported yarn	A Cambodia-China MoU on phytosanitary requirements for export of corn in place and implemented by 2017 5 facilities with GMP/HACCP certification by 2018	MAFF, MoC
Indicative Action 10: Quality and traceability of silk yarn imports ensured		30% of imported yarn has a clear CO in 2018.	Private Sector, MIH, MAFF
			Private Sector, MoC, MoWA,

Indicative Action 11: Safety among food processing exporting facilities enhanced by increased adoption of GMP and HACCP certification	7 large food processing facilities have been certified recently under HACCP, GMP, ISO 22000 or FSSC 22000 standards	Another 20 large food processing facilities are certified against international standards by 2018	Private Sector, MIH, MoH
Indicative Action 12: Risk management for SPS and TBT	No risk-based inspections in place for food safety, plant and animal health, technical regulations, and legal metrology	Risk profiles for products developed and risk-based inspections implemented by 2018	MEF, MAFF, MoC, MIH, MoH
Indicative Action 13: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF
Indicative Action 14: Public funding of SPS and Technical Standards related tasks enhanced	Funding for “public goods”, including necessary SPS and Technical Standards tasks is inadequate	An enhanced public funding output-based system, including transparent, advertised, WTO-compatible fees-for-services in place to secure adequate resources for key SPS and Technical Standard functions by 2018	MEF, MAFF, MoC, MIH, MoH

Outcome 5: Improved Investment Environment for Exports				
<u>Outcome 5: Investment Environment for Exports</u> The environment for investment in the ten DTIS 2013 focus export sectors strengthened	2012 net FDI inflows were \$1.5 billion	Net FDI inflows grow 25% annual average between 2014-2018 to triple to \$4.5 billion	Private Sector, CDC, MIH, MAFF, other concerned Line Ministries	
Short-Term Actions: 2014-2016				
<i>Indicative Action 1:</i> Development and initiation of a National Investment Promotion Strategy	Limited strategy and capacity in place to address increased global competition and fragmentation of value chains	Formulation and initial implementation of a comprehensive National Investment Promotion Strategy. Strategy includes proactive and targeted promotion measures, including focus on: <i>CTIS 2014-2018</i> ten priority sectors; measures intended to promote investment in clusters of domestic suppliers to support key export sectors; and, capacity development among policy makers. National Investment Promotion Strategy fully aligned with Law on SEZs and Industrial Policy	CDC, MoC, MIH, MAFF, SNEC	
<i>Indicative Action 2:</i> Measures developed to strengthen linkages between foreign investors and SMEs/domestic suppliers	No comprehensive Industrial Policy as of 2013, but early draft under preparation. Current policy environment lacks focus on developing linkages between exporters and domestic suppliers as well as between investment promotion and rules of origin	Industrial Policy fully developed and adopted by 2016. Policy includes clear tools to support development of clusters of domestic suppliers in the ten <i>CTIS 2014-2018</i> priority sectors. Investment promotion coordinated with Rules of Origin so as to attract producers of inputs used in garments, footwear, bicycles and other emerging manufacturing export sectors	SNEC, MEF, CDC, MoC	

Indicative Action 3: Strengthened investment promotion and facilitation capacity of provincial authorities	Little capacity in place and few provincial investment promotion programs	Provincial Business Score Cards are updated every two years and serve as basis for the formulation of provincial investment promotion program	CDC, MoI, MAFF, MIH, MoC, SNEC
Indicative Action 4: Finalize and promulgate Law on SEZs (same as Outcome 1, ST Action 4)	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM
Indicative Action 5: Finalize and promulgate revised Investment Law (same as Outcome 1, ST Action 5)	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM
Indicative Action 6: Finalize and promulgate Law on Competition (same as Outcome 1, ST Action 5)	Early draft exists as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM
Indicative Action 7: Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically	The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis	Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors	MEF
Medium-Term Action: 2016-2018			
Indicative Action 1: Implementation of a National Investment Promotion Strategy	Strategy has been developed and the basic elements are in place	Full implementation of the National Investment Promotion Strategy by 2018. Significant increases in FDI in several of the ten priority export sectors in <i>CTIS 2014-2018</i>	CDC, MoC, MIH, MAFF, SNEC

Indicative Action 2: Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers	Some emergence of domestic parts suppliers in garments, footwear and bicycles.	As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors	CDC, MEF, SNEC, Private Sector
Indicative Action 3: Leveraging the investment promotion and facilitation capacity of provincial authorities	Capacity and strategies developed, but activities need to be more proactive	Provincial investment promotion activities lead to increased Private Sector investment at provincial-level, growing 25% annually by 2018	CDC, MoI, MAFF, MIH, MoC, SNEC
Outcome 6: Establishing a Trade-Supportive Framework for Intellectual Property Rights			
Outcome 6: Intellectual Property Rights A modern, trade-supportive intellectual property rights framework is established, implemented, and enforced	705 new trade and service marks registered by Cambodian businesses in 2012 192 industrial designs registered as of 2012, including 25 local designs	Over 1,200 new marks registered by Cambodian businesses during 2018 60 local designs registered by 2018	MoC, NCIPR, Private Sector MIH, NCIPR, Private Sector
Short-Term Actions: 2014-2016			
Indicative Action 1: Stronger legal system for IP education and enforcement in place	Draft Anukret in CoM	Anukret establishing a Sub-National Committee on IP Education, and Awareness is adopted	NCIPR, CoM
	Draft Anukret in CoM	Anukret establishing a Sub-National Committee on Enforcement of IP laws and rules	NCIPR, CoM
Indicative Action 2: Finalize and promulgate Law on Geographical Indications	Draft text available as of 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM
Indicative Action 3: Finalize and promulgate Law on Integrated Circuits and Layout Designs	Drafting under way	Law approved by Parliament and signed into Law by 2016	MIH, CoM

Indicative Action 4: Finalize and promulgate Law on Trade Secrets and Undisclosed Information	Draft submitted to CoM in 2013	Law approved by Parliament and signed into Law by 2016	MoC, CoM
Indicative Action 5: Anukret on the Law on Seed Varieties	Drafting under way	Anukret adopted by Government	MIH, CoM
Indicative Action 6: Finalize and promulgate Law on Compulsory Licensing for Public Health	Drafting under way	Law approved by Parliament and signed into Law by 2016	MIH, CoM
Medium-Term Action: 2016-2018			
Indicative Action 1: Align “exhaustion clause” included in key IPR legislation (Copyright, Trademark, Patents and Industrial Design) with needs of AEC integration.	Key IPR legislations covering Copyright, Trademark, Patents and Industrial Design include exhaustion clauses that may be in conflict with principles at the core of AEC integration to which Cambodia is committed	Exhaustion clauses in current legal texts or laws have been aligned, modified, or eliminated, as needed, as they apply to countries within AEC by 2018	NCIPR, MoC, MIH, MoCFA, CoM
Indicative Action 2: Implementation of National IP Strategy for Cambodia well under way	A National IP Strategy for Cambodia developed in March 2013	50% of the 48 Actions identified in the National IP Strategy have been implemented	NCIPR, MoC, MIH, MoCFA, MAFF, MoT, MoEYS, MoH, enforcement agencies
Indicative Action 3: Quality of human and IT resources in IP sector is enhanced	The Anukrets creating the NCIPR’s two sub-committees have been adopted	A clear human and IT resources development plan has been designed, is financed, and is implemented in the key IP Offices with a focus on training/retraining three groups of professionals: 1. IP Offices’ staff 2. Officers in IP Border Agencies 3. Judges and practicing lawyers The plan includes also upgrading of IT resources	NCIPR, MoC, MIH, MoCFA, IP Border Agencies, Judicial system

Pillar 2: Expanding and Diversifying Cambodia's Export Base Through Strengthening Supply in Current and New Sectors, Entering New Markets, and Moving up Value Chains

Outcome 7: Garments

Outcome 7: Garment Cambodia continues to grow and diversify its garment export sector through targeting new markets, increasing domestic inputs, and expanding in higher value products	9% export growth per annum during 2007-2011. Share of US exports was approximately 60% in 2011	12% export growth per annum during 2014-2018. No single market accounts for more than 40% of total exports by 2018	Private Sector, MoC, MIH, GMAC
	24 MT of fabric produced by five local producers. No local production of yarn/thread as of early 2013 (May 2013 MoC Survey)	Domestic production of fabric increases at average annual rate of 20% between 2014 and 2018. Local production of yarn/thread commenced	Private Sector, MoC, MIH

Short-Term Actions: 2014-2016

Indicative Action 1: TVET programs are established to meet need in technical and engineering personnel in garments, footwear, and SEZ sectors (same as Outcome 17, ST Action 2)	Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute	GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector	GMAC, Training Service Providers, AFTEX
	There are 32 <i>Better Factories Cambodia</i> (BFC) indicators measuring compliance with legal requirements relating to workers' conditions and rights. Those are reported annually in the BFC Synthesis Report	Compliance remains at 2013 level or better	Private Sector, GMAC, MoC, MIH
	Invest in a positive "Made in Cambodia" brand – promoting labor compliance and quality	National manufacturing brand and logo adopted and used on all export shipments by 2016	Private Sector, GMAC, MoC, MIH

Indicative Action 4: Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)	The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis	Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors	MEF
Indicative Action 5: Further improvements in the efficiency and timeliness of Cambodia’s export services (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual. CO only issued after shipment and often takes 5 – 10 days, leading to delays in the transfer of documents to buyer and payment to exporter	Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 6: Monthly advance profit tax suspended beyond 2015	The May 2009 Prakas 483 issued by MEF suspend the monthly advance profit tax for footwear until 2015	Monthly advance profit tax suspended beyond 2015	MEF
Medium-Term Action: 2016-2018			
Indicative Action 1: Cambodia diversifies its garment product mix with more value-added activities performed in factories	Up to 75% of garment factories operate on a cut-make-trim basis only (GMAC)	Less than 50% of garment factories operate on a cut-make-trim basis only by 2018	Private Sector, GMAC, MoC, MIH,
Indicative Action 2: Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)	Some emergence of domestic parts suppliers in garments, footwear and bicycles	As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors	CDC, MEF, SNEC, Private Sector

Indicative Action 3: Garment sector reduces its reliance on imported inputs for production	Imported inputs (aggregate HS 50–60) grew at an average annual rate of 15% over 2007–2011 period (Comtrade)	Average annual rate of growth in imported inputs during 2014–2018 period less than average annual rate of growth in 2007–2011 period	Private Sector, MoC, GMAC, MIH
Outcome 8: Footwear			
Outcome 8: Footwear Cambodia continues to grow and diversify its footwear export sector through targeting new markets and developing new market segments	Cambodia's footwear exports grew by 76% per annum between 2008 and 2011 The UK and German markets captured 32% share of Cambodian exports in 2011	Cambodia's footwear exports grew by 25% per annum between 2014 and 2018 Share of UK and German markets is reduced to 20% of Cambodian footwear exports in 2018	Private Sector, MoC, MIH, GMAC Private Sector, MoC, MIH, GMAC
Short-Term Actions: 2014–2016			
Indicative Action 1: The industry develops its promotion and coordination capacity through an appropriate representative body (either GMAC or FOCC)	Very limited promotion of the footwear sector through international events	GMAC organizes participation of the footwear sector to 3 established international footwear-specific events (fairs, etc.) every year by 2016	Private Sector, GMAC, MIH
Indicative Action 2: TVET programs are established to meet need in technical and engineering personnel in garments, footwear, and SEZ sectors (same as Outcome 17, ST Action 2)	Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute	GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector	GMAC, Training Service Providers, AFTEX
Indicative Action 3: Cambodia known for the <i>Better Factories</i> initiative and its compliance with labor laws (same as Outcome 7, ST Action 2)	There are 32 <i>Better Factories Cambodia</i> (BFC) indicators measuring compliance with legal requirements relating to workers' conditions and rights. Those are reported annually in the BFC Synthesis Report	Compliance remains at 2013 level or better	Private Sector, GMAC, MoC, MIH

Indicative Action 4: Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)	The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis	Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors	MEF
Indicative Action 5: Further improvements in the efficiency and timeliness of Cambodia’s export services (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 6: Monthly advance profit tax suspended beyond 2015	The May 2009 Prakas 483 issued by MEF suspend the monthly advance profit tax for footwear until 2015	Monthly advance profit tax suspended beyond 2015	MEF
Medium-Term Action: 2016-2018			
Indicative Action 1: Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)	Some emergence of domestic parts suppliers in garments, footwear and bicycles	As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors	CDC, MEF, SNEC, Private Sector
Indicative Action 2: Clusters of suppliers (i.e. tannery, rubber processors) and assemblers are developed in Cambodia so that the Cambodian footwear industry produces more of the final footwear product, in particular for contract manufacturers	The ratio of footwear related export-to-import was 16 in 2011 (TradeMap data.) Imports include footwear components and leather	The ratio of footwear related export-to-import increases to 25 by 2018 (TradeMap data)	Private Sector, MoC, GMAC, MIH

Indicative Action 3: Investment incentives specifically targeting the footwear industry in Cambodia are monitored, extended and improved	Foreign direct investment in the footwear sector in Cambodia in 2012 totaled \$137 million	Investment in the footwear sector in Cambodia doubles between 2014 and 2018	MoC, MIH
Indicative Action 4: Increase the availability of finance to support the development of contract manufacturers and support quality and capacity improvements	Cambodia had 47 footwear factories in 2012, and no contract manufacturers	The number of footwear factories in Cambodia increases by 25 percent including a number of contract manufacturers, between 2014 and 2018	Private Sector, MoC, GMAC, MIH
Indicative Action 5: Vocational training targeting the footwear industry is developed in cooperation between the Government, GMAC, FOCC and footwear companies to support the promotion of Cambodian workers to management and mid-management positions	The percentage of foreign employees in the staff of footwear factories was 19% in 2011 (GMAC)	The number of foreign employees in the staff of footwear factories decreases to 10% by 2018	Private Sector, MoC, GMAC, MIH

Outcome 9: SEZs Operations and Light Manufacturing Assembly			
Outcome 9A: SEZs Cambodia's SEZs improve their competitiveness and attract more manufacturing investment to become nodes in regional production networks	2012 contribution of manufacturing to GDP (exclusive of garment and footwear) approximately 5%	The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7% by 2018	Private Sector, CDC, MIH, MoC
	69 light manufacturing operators in Cambodian SEZs in 2012	140 light manufacturing companies operators in Cambodian SEZs in 2018	Private Sector, CDC, MoC
	8 SEZs with active investors in 2012	The number of SEZs with active investors doubles to 16 by 2018	Private Sector, CDC, MoC
Short-Term Actions: 2014-2016			
Indicative Action 1: Requirements governing the movement of goods from SEZ factories to sub-contractors outside the SEZ (e.g. wash garments or paint bikes) and back to the SEZ contractor are clarified, streamlined and implemented consistently	It currently takes 2 days for a company to prepare documents and obtain clearance to move goods outside the Manhattan SEZs for treatment by sub-contractors (data from <i>CTIS 2014-2018</i> field survey)	All factories in SEZs can engage sub-contractors outside their zone and can freely move goods back and forth between them and their sub-contractors as required	CDC, GDCE, MoC, MIH
	Most Government officials posted in the One-Stop Service Shop located in SEZs do not receive specific training. Quality of service is uneven.	All Government officials posted in One-Stop Service Shops located in SEZs have received specific training. Quality of service to investors has improved (data to be collected through short survey)	CDC, GDCE, MoC, MIH and other border control Line Ministries
	Draft text exists in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM
Indicative Action 2: Finalize and promulgate Law on SEZs (same as Outcome 1, ST Action 4)	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM
Indicative Action 3: Finalize and promulgate revised Investment Law (same as Outcome 1, ST Action 5)	Draft amended law exist in 2013	Law approved by Parliament and signed into Law by 2016	CDC, CoM
Indicative Action 4: Training of Cambodian workers in Thailand, Vietnam, China and Japan is supported to facilitate technology transfer	1% of employees in SEZ received training abroad in 2012	5% of employees in SEZ have received training abroad by 2016	Private Sector, CDC, MIH, MoC, MoLVT, MoEYS

Indicative Action 5: The reliability of electricity supply inside SEZs is improved to support the automation of production processes	Companies in Manhattan SEZ face 40-50 power interruptions a week on average	Companies in the four major SEZs do not face any power interruption	SEZs, CDC, Electricité du Cambodge
Indicative Action 6: Vocational training centers in place in SEZs to support increase in number of trained Cambodian tech personnel for SEZ sector (same as See Outcome 17 ST Action 2)	No training facilities in SEZs to assist investors in building a skilled labor force	All SEZs have training facilities (PPP or otherwise) with curriculums that meet ASEAN standards	SEZs, Private Sector associations, NEA, MoLVT
Indicative Action 7: Reopen rail connection between Phnom Penh and Poipet to compete with road transport (same as Outcome 3, ST Action 7)	Rebuilding and renovation of rail link yet to be completed	Some scheduled rail freight service between Sisophon and Phnom Penh has commenced by 2016	MoPWT
Indicative Action 8: Develop rail link between Phnom Penh and Vietnam border (same as Outcome 3, ST Action 8)	No rail link	Plan to expand rail link from Phnom Penh to Vietnam border finalized and financing secured	MoPWT, MEF
Medium-Term Action: 2016-2018			
Indicative Action 1: Access, cost and reliability of electricity in SEZ improves	2011 electricity price from Electricité du Cambodge is \$0.23 per Kwh and can reach around \$0.40 per Kwh or more when self-generated	Electricity price falls by 1/3 in SEZs, down to \$0.16 per Kwh for Electricité du Cambodge by 2018	SEZs, CDC, EDC
Indicative Action 2: TVET and other educational programs, in part linked to SEZ, established to improve workers skills and supply of new technical and engineering personnel	Cambodian managers and supervisors in firms located in SEZs represent 1% of the firms' total workforce in 2013 (CTIS 2014-2018 - SEZ field survey)	The percentage of Cambodian managers and mid-level managers in firms located in SEZs has risen to 10% by 2018	MoLVT, MoEYS, Private Sector, SEZs
Indicative Action 3: Engineering curriculums strengthened in Universities (same as Outcome 17, MT Action 4)	The number of engineering graduates in Cambodia in 2008 was 514 (World Bank survey)	The number of Cambodian engineer graduates triples from 2008	MoLVT, MoEYS, MIH, Private Sector

Indicative Action 4: Improve road between Phnom Penh and Sihanoukville (same as Outcome 3, MT Action 7)	Large sections of the highway remain two lanes	Four lane highway between Phnom Penh and Sihanoukville completed	MoPWT, MEF
Indicative Action 5: Upgrade highways conditions between Thai and Vietnamese borders (same as Outcome 3, MT Action 8)	Average road transport of 20' container between the two borders is 15 hours in 2012	Average road transport of 20' container between the two borders lowered to 13 hours in 2018 as a result of road improvements	MoPWT, MEF
Outcome 9B: <u>Light Manufacturing Assembly</u> Cambodia emerges as a node in regional production networks	In 2012, the contribution of manufacturing to GDP (exclusive of garment and footwear) was approximately 5%	The contribution of manufacturing to GDP (exclusive of garment and footwear) increases to 7%	Private Sector, CDC, MIH, MoC
	In 2012, Cambodia exported \$376 million worth of light manufacturing exports (excluding garment and footwear)	Light manufacturing exports from Cambodia triple to \$1 billion by 2018	Private Sector, CDC, MIH, MoC
Short-Term Actions: 2014-2016			
Indicative Action 1: Ensure that all exported goods are exempt from paying VAT on all production inputs, whether imported or purchased domestically (same as Outcome 5, ST Action 7)	The Anukret implementing the Investment Law provides for duty-free import of materials needed by “supporting industries” in the production of output sold to exporters. There is no provision for VAT exemption but it can be negotiated on a case-by-case basis	Inputs used in the production of exports, whether imported or produced domestically, are exempt from duties and VAT for all exports irrespective of sectors	MEF
Indicative Action 2: Further improvements in the efficiency and timeliness of Cambodia’s export services. (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 3: The procurement-to-delivery time in SEZs improves to enable Cambodia’s integration in supply chains	Average 2012 procurement-to-delivery time is between 3 and 4 months for electronic orders (Survey of Sihanoukville and Manhattan SEZs)	Procurement-to-delivery time in 2016 in all SEZs is on par with Thailand and Malaysia (3 months)	GDCE, MoC, MIH, GDCE, Ports, Airports, MoPWT

Medium-Term Action: 2016-2018			
Indicative Action 1: Enhanced policy resulting in growing linkages between foreign investors/exporters and SMEs/domestic suppliers (same as Outcome 5, MT Action 2)	Some emergence of domestic parts suppliers in garments, footwear and bicycles	As a result of the implementation of the new Industrial Policy, significant new Cambodian and Foreign investment in parts supply serving leading manufacturing export sectors, especially garments, footwear, and bicycle parts, including as a result of focused investment promotion in those sectors	CDC, MEF, SNEC, Private Sector
Indicative Action 2: Clusters of suppliers and assemblers are promoted so that Cambodia can mature from part assembler to producing final products	The electronic and electric component export-to-import ratio in 2012 was 0.02 (TradeMap data) The bicycle and parts export-to-import ratio in 2012 was 1.11 (TradeMap data)	The electronic and electric component export-to-import ratio in 2018 rises to 0.1 The bicycle and parts export-to-import ratio in 2018 rises to 5	Private Sector, CDC, MoC, MIH Private Sector, CDC, MoC, MIH
Indicative Action 3: Cambodia's bike sector continues to grow rapidly	The value of Cambodian bike exports was \$109 million in 2011 and \$291 million in 2012	The value of Cambodian bike exports triples from 2012 by 2018	Private Sector, CDC, MoC, MIH
Outcome 10: Processed Food			
Outcome 10: Processed Food Cambodia continues to grow and diversify its processed food sector through new export markets, moving to higher value products, and expanding domestic inputs	In 2011 the processed food, beverage, and tobacco industries accounted for 2.3 % of GDP. Exports were estimated at \$71.5 million (NIS and Comtrade)	In 2018 the processed food, beverage and tobacco industry accounts for 4% of GDP. Exports reach \$200 million or more by 2018	Private Sector, MAFF, MIH, MoH, MoC
Short-Term Actions: 2014-2016			
Indicative Action 1: National policy promoting agro-processing development in Cambodia	Donors have worked in the past with MIH on development of an Agro-Industry Development Strategic Plan (AIDSP)	A national policy is established, implemented, and reviewed annually by 2016	SNEC, MIH, Private Sector, MAFF, MoC

Indicative Action 2: Improved collaboration between government and Private Sectors on processed food sector development	No recognized industry association exists in 2012. A Working Group on Agriculture & Agro-Industry does convene under the Government-Private Sector Forum	National processed food industry association established in 2016 representing medium and large processors with export potential	Private Sector, MAFF, MIH, MoC
Indicative Action 3: A national brand/logo established for processed food industry and used to promote 'Made in Cambodia' on international markets and trade fairs	No national branding exists for local processed food and beverage sector	A national "Made in Cambodia" brand and logo is in use on exported processed food and beverage products by 2016	Private Sector, MIH, MoC
Medium-Term Action: 2016-2018			
Indicative Action 1: Policy and regulatory environment favorable to Private Sector investment in Cambodia's food processing industry	56 large processing factories registered in 2011: Food = 30 Factories Beverage = 15 Factories Tobacco = 11 Factories (MIH)	100 large processing factories registered in 2018 across the food, beverage and tobacco industry	Private Sector, MIH, MoC
Indicative Action 2: Further Private Sector investment in the processed food sector encouraged, with a strong interest from foreign investors	Approved investment projects with total fixed assets of \$ 74.7 million between 2000 and June 2010 (CDC) Of total investment, \$21.5 million (or 28.7%) was FDI	Approved investment in food processing sector reaches \$100 million between 2014-2018 FDI accounts for 50% of total fixed assets in food processing sector over 2014-2018	Private Sector, MIH, MoC, CDC Private Sector, MIH, MoC, CDC
Indicative Action 3: Safety among food processing exporting facilities enhanced by increased adoption of GMP and HACCP certification (same as Outcome 4, MT Action 11)	7 large food processing facilities have been certified recently under HACCP, GMP, ISO 22000 or FSSC 22000 standards	Another 20 large food processing facilities are certified against international standards by 2018	Private Sector, MIH, MoH

Outcome 11: Fisheries Products			
Outcome 11: Fisheries Products A sustainable fisheries sector sees Cambodian exports increase as a result of improved quality, growing production volumes, and strengthened access to markets	21,000 MT of recorded fish exports in 2012.	100,000 MT of recorded fish exports in 2018.	Private Sector, MAFF/FiA, MIH
Short-Term Actions: 2014-2016			
Indicative Action 1: A coordinated and export-oriented value chain	Product-specific processor associations exist in three coastal provinces. “Community Fisheries” organizations participate in co-management of inland water resources. No single national association exists	National fisheries association established by 2015 to drive Private Sector collaboration, investment, and export-oriented industry reform	Private Sector, MoC, MAFF/FiA, MIH
Indicative Action 2: Increased understanding of and compliance with regulatory standards of key importing countries	No clear pathway exists to increase food safety or regulatory compliance with international standards	Trade facilitation and export guidelines published by 2015, including on introducing SPS and HACCP compliance as well as improving industry practice in the Cambodian fisheries sector	Private Sector, MoC, MAFF/FiA, MIH
Medium-Term Action: 2016-2018			
Indicative Action 1: Implementation of SPS standards (HACCP or GMP) among marine fishery product processors increases resulting in improved export competitiveness (same as Outcome 4, ST Action 2)	1 marine fishery product processor HACCP/GMP certified in 2013	12 marine fishery product processors HACCP/GMP certified in 2018	Private Sector, MAFF/FiA
Indicative Action 2: FiA is upgraded, qualifies as “competent authority” for EU, and can support exports of fisheries products to EU (same as Outcome 4, MT Action 5)	Export of fisheries products to EU not yet possible. Public management of SPS for fisheries weak	FiA has been recognized as EU “competent authority” and can support Cambodian exporters targeting EU markets by 2018	MAFF/FiA

Indicative Action 3: A sustainable approach to fisheries activities and industry management	General awareness of environmental degradation and reductions in high-value fish stocks. No action plans or environmental guidelines exist at individual firm level	Fisheries resource management regime established and implemented, for fisheries processors and exporters	Private Sector, MoC, MAFF/FiA, MIH
Indicative Action 4: Ensure that all exported fish products are exempt from paying VAT (same as Outcome 5, ST Action 7)	Government currently charges 10% VAT on exports	All exported fish products are exempt from paying VAT	MEF
Indicative Action 5: Development of sustainable fisheries resources, especially in relation to aquaculture	Total aquaculture production (inland and marine) of 74,000 MT in 2012	Total aquaculture production (inland and marine) reaches 200,000 MT in 2018	Private Sector, MoC, MAFF/FiA, MRD
Indicative Action 6: Recorded exports of fish products shipped to a diverse mix of countries, including countries with SPS requirements less rigorous than EU	Fish export to key regional markets are sporadic and inconsistent from year to year	Consistent formal (recorded) fish exports between \$5 to \$10 million to 5 key markets	Private Sector, MAFF/FiA
Outcome 12: Milled Rice			
Outcome 12: Milled Rice Cambodia achieves the 1 million MT target for export of milled rice set out under the RGC 2010 Rice Policy	Approximately 350,000MT of milled rice exported in 2013	More than 1 million MT of milled rice exported in 2018	Private Sector, MoC, MAFF, SNEC
Short-Term Actions: 2014-2016			
Indicative Action 1: Rice farmer cooperatives established to facilitate technical exchanges, financing, extension services and stronger linkages with rice millers	Negligible amount of paddy delivered to millers under contract farming in 2013	50,000 MT of rice delivered to millers under contract farming by 2016.	Private Sector, MoC, MAFF
Indicative Action 2: Dry-season production improves through introduction of improved dry-season seeds, including high value fragrant seeds	CARDI has de-facto monopoly in seeds production	Allow Private Sector competition in seeds production	MAFF

Indicative Action 3: Effective dialogue between Government and rice sector is in place	Working Group #9 on Rice is organized under G-PSF. However, at least 3 fragmented exporter associations exist, impeding cooperation and public-private dialogue	A single national federation established by 2016 representing all exporters. Private Sector through federation is directly engaged in periodical review of rice policy with Government. G-PSF Working Group #9 is revitalized	Private Sector, MoC, MAFF, SNEC
Indicative Action 4: National brand/logo established to market fragrant rice exports with branding linked to export standards	No national brand/logo exists for fragrant rice exports	Brand / logo adopted by all fragrant rice exporters by 2016. Guidelines published outlining criteria and required standards for millers to be entitled to logo use	Private Sector, MAFF, MIH, MoC
Indicative Action 5: Capacity of rice millers to meet basic Hazard Analysis & Critical Control Point (HACCP) or Good Manufacturing Practice (GMP) standards is developed through rice mills certification program (same as Outcome 4, ST Action 1)	No modern rice mills certified as of 2012 (one plant certified by ISC, but ISC is not internationally accredited as of yet so this certification has no export value)	10 Cambodia rice mills that are HACCP or GMP certified in 2016	Private Sector, MIH, MAFF
Indicative Action 6: Improved cross-border transport agreements (road and waterways) are negotiated with neighbors and regional organization for an integrated transport market including improved third-country transit arrangements and port access (same as Outcome 3, ST Action 2)	Existing agreements have only partial coverage and are not fully implemented	Cross-border agreements (bilateral and regional) are fully enacted and implemented, in cooperation with neighboring countries	MEF, MoC, MoPWT, MoFA, concerned Line Ministries and agencies
Indicative Action 7: Bilateral agreements or MoUs signed with key regional markets as well as other possible growth markets to provide more predictable access to the regional markets	No agreements with other countries in the region, except MoU Cambodia-China on SPS	MoUs with key regional markets Indonesia, Philippines and Malaysia to facilitate reliable rice trade by 2016. MoUs with trading partners in key growth regions, such as GCC states, CIS and West Africa to facilitate reliable trade by 2016	MAFF, MoC, MoFA

Indicative Action 8: Introduce price competition in fumigation	CCIC has de-facto monopoly in fumigation	CCIC de-facto monopoly has been removed	MAFF
Indicative Action 9: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 10: Cost of export procedures reduced	Current trade facilitation cost is \$11/MT	Cost of trade facilitation reduced by half	GDCE, MAFF, MoC, other border agencies
Indicative Action 11: Rail link between Phnom Penh and Poipet renovated (same as Outcome 3, ST Action 7)	Renovation of rail link between Poipet and Phnom Penh under way	Renovation of rail between Sisophon and Phnom Penh completed. Scheduled rail freight service between Battambang and Phnom Penh operates by 2016 and offers alternative/competing land transport for agricultural commodities like cassava and rice	MoPWT
Indicative Action 12: Restrictions on daytime truck traffic through Phnom Penh have been eased	Ban of daytime truck traffic through Phnom Penh between 6.00am-9.00pm are deemed costly and excessive by rice millers	Restrictions have been eased by reducing ban to 6.00am-7.00pm and/or establishing one or two daytime corridors for trucks	Phnom Penh Municipality, 2014
Indicative Action 13: Rice millers can produce electricity using rice husk as biofuel	Rice millers can produce electricity cheaper than EDC using rice-husk biofuel. However, RoI is feasible only if generators run 24/7 and EDC buys back excess electricity production. At present, EDC does not buy back from small producers	Policy has been introduced for EDC to buy-back excess electricity produced by small producers	EDC, MEF, Private Sector
Indicative Action 14: Ensure that all exported milled rice is exempt from paying VAT whether exported by rice millers or via third party exporters (same as Outcome 5, ST Action 7)	Government currently charges VAT on exports via third party exporters but not direct exports by rice millers	All exported milled rice is exempt from paying VAT	MEF

Medium-Term Action: 2016-2018				
Indicative Action 1: Access to working capital by rice growers and rice millers improved	Investment in rice sector supported by establishment of risk share facility with local commercial bank, as well as targeted investments, including through microfinance institutions. Limited working capital financial products available	Short-term financial products using movable assets and inventories of rice paddy and milled rice as collaterals introduced by commercial banks to meet working capital needs of rice millers	Commercial Banks, MEF	
Indicative Action 2: RGC's Rice Policy is implemented. Capacity of rice millers to export milled rice to new markets is developed	In 2011, 22 countries imported shipments of \$1 million or more from Cambodia	35 countries import more than \$2 million annual shipments of fragrant, non-fragrant or broken rice from Cambodia by 2018		
Indicative Action 3: RGC's Rice Policy is implemented. Rice millers expand capacity in modern mills	400,000MT annual modern milling capacity in 2012 (approximately 280 tons per hour)	Modern milling capacity in 2018 in MT nearly triples from 2012	Private Sector, MEF, Banking Sector, MIH	
Indicative Action 4: Facilitate greater investment in paddy storage and drying facilities by establishing a credit scheme. Likewise, insufficient thresher capacity to meet needs of November-December	Credit is provided to investors on a piecemeal basis	A national credit scheme to facilitate investment financing in rice logistics, threshers, other investment is put in place by the RGC in strong cooperation with private Banks	MEF, MoC	
Indicative Action 5: Adoption of improved paddy cultivation practices, including dry-season production, resulting in increased productivity and larger supply for millers	Average paddy yield of 3.2 MT per hectare in 2011 (AFSIS.) Irrigated dry-season production accounted for 16% of total cultivated area in 2012 (MAFF+CARDI)	Average paddy yield of 4 MT per hectare in 2018. Irrigated dry-season production accounts for 35% of total cultivated area in 2018	Private Sector, MAFF, MRD	

Indicative Action 6: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF
Indicative Action 7: Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies
Outcome 13: Cassava			
Outcome 13: Cassava Cambodia consolidates its exports of Cassava through direct exports to such countries as China and Republic of Korea and lessens its dependency on exports of unprocessed tubers to Thailand and Vietnam	68,000 MT of formal exports of dried cassava chips in 2011	Approximately 3 million MT of formal exports of dried cassava chips by 2018	Private Sector, MoC, MAFF
	Cambodia seventh largest producer of cassava in Asia in 2011	Cambodia fifth largest producers of cassava in Asia (following Thailand, Indonesia, India, and China PRC) by 2018	Private Sector, MoC, MAFF
Short-Term Actions: 2014-2016			
Indicative Action 1: Modern crop management and harvesting and post-harvest practices implemented	Current cassava yields 22MT/ha at provincial level in 2011. (Source: AFSIS). 1 million farmers use IPM.	Yields 20% higher than baseline in 2016. IPM expanded to 3 million farmers	MAFF, CARDI, Private Sector
Indicative Action 2: Strong industry cooperation across value-chain and dissemination of market information	No national sector association	Farmers Association(s) and a National Processor/Exporter Association established by 2016	Private Sector, MoC, MAFF
Indicative Action 3: Quantity and quality of supply to semi-processors and processors improved	Lack of ties between farmer cooperatives and semi-processors and processors	Cassava farmer cooperatives established to facilitate technical exchanges, financing, extension services, contract farming arrangements	MAFF, MoC, Private Sector
Indicative Action 4: RGC develops and implements a national policy for Cassava sector	No formal policy or institutional framework in 2012	Policy is established, implemented, and reviewed annually by 2016	SNEC, MAFF, MIH, MoC, Private Sector

Indicative Action 5: Capacity of dried cassava processors to meet basic GMP-based standards developed through certification program (same as Outcome 4, ST Action 3)	No certification system in place	Certification system in place for processors that produce for demanding export markets in 2016	Private Sector, MIH, MAFF
Indicative Action 6: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC
Indicative Action 7: Rail link between Phnom Penh and Poipet renovated (same as Outcome 3, ST Action 7)	Renovation of rail link not yet completed	Renovation of rail between Sisophon and Phnom Penh completed. Scheduled rail freight service between Battambang and Phnom Penh operates by 2016 and offers alternative/competing land transport for agricultural commodities like cassava and rice	MoPWT
Medium-Term Action: 2016-2018			
Indicative Action 1: New investment, including FDI, supports increased semi-processing and processing capacity, higher export returns, and transfer of industry know-how	FDI investment in cassava sector during 2005-2012 was \$48 million, (2 percent of total FDI Approvals for Agro-Industry – Chapter 5) Total demand (or throughput) from local processors is 920,000MT of fresh root in 2010	Average annual rate of growth of 5–10 percent FDI investment in cassava sector during 2014-2018 Total demand (or throughput) from local processors is 4 million MT of fresh root in 2018. Half (or 2 million MT) is in full processing sector including flour, animal feed, ethanol, other	Private Sector, CDC, MAFF, MIH Private Sector, CDC, MAFF, MIH
Indicative Action 2: Access to working capital for cassava processors improved (same as Outcome 12, MT Action 1)	Limited working capital financial products available for cassava growers and processors	Short-term financial products using movable assets and inventories of cassava as collaterals introduced by commercial banks to meet working capital needs of cassava sector	Commercial Banks, MEF

Indicative Action 3: Production of disease resistant new stems established in Cambodia	Nearly all new stems are imported informally from Vietnam or Thailand and is diseased	New stem reproduction for disease resistant plants established in Cambodia	MAFF, University of Battambang, Private Sector
Indicative Action 4: Capacity of processors and exporters to market overseas is increased	\$2.3 million worth of recorded exports of processed cassava in 2011	\$150 million worth of recorded exports of processed cassava in 2018	Private Sector, MAFF, MoC
Indicative Action 5: Bilateral MoUs with importing markets signed to ensure predictable market access for semi-processed cassava	One MoU for cassava chips signed between China and Cambodia	Several MoUs for semi-processed chips signed	MoFA, MAFF
Indicative Action 6: Implementation of SPS standards increases among driers and processors	68,000MT of cassava chips exported to countries enforcing SPS standards in 2011 (Source: GDCE data)	1 million MT of cassava chips exported to countries enforcing SPS standards (as reflected in Cambodia's Customs data on recorded shipments to such country as China) in 2018	MAFF, Private Sector
Indicative Action 7: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and Phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF
Indicative Action 8: Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies

Outcome 14: Rubber			
Outcome 14: Rubber Cambodia progresses towards becoming a key producer and exporter of rubber	54,520MT of rubber exported in 2012	Approximately 150,000MT of rubber exported in 2018	Private Sector, MoC, MAFF
Short-Term Actions: 2014-2016			
Indicative Action 1: Modern cultivation techniques adopted	Average yields per tapped hectare: 1,100kg in 2010	Average yields per tapped hectare: 1,250kg by 2016	Private Sector, MAFF, RRIC
Indicative Action 2: Strong industry cooperation to facilitate extension services and exchange of market information	No single national-level industry association exists that encompasses whole value chain	Single national producer / processor / exporter association established in 2016	Private Sector, MAFF, MoC, MIH
Indicative Action 3: Shortage of skilled tappers avoided	No formal means to address skill shortage	Industry-wide guidelines and training manual for best-practice in rubber tapping by 2016. Training program implemented	Private Sector, MAFF, RRIC
Indicative Action 4: Cambodia natural rubber value chain produces high-quality products for export markets	No system in place to monitor quality of exported natural rubber	System to register quantities of natural rubber by grade and price in place and implemented by 2016	Private Sector, MAFF, MoC, RRIC
Indicative Action 5: Sector policy to support development of the sector	Sector targets but no comprehensive sector policy	Sector policy has been set up by 2016 with strong focus on supporting the development a CLV rubber triangle	SNEC, MAFF, MoC, Private Sector
Indicative Action 6: Export tax on rubber reformed to encourage domestic value added	Current sliding-scale export tax encourages export of lower quality rubber with limited value added	Reform export tax to encourage high quality and domestic value addition	MEF, MAFF
Indicative Action 7: CLV Development Triangle's focus on rubber sector proceeds as planned with formulation of Action Plan by the three countries	The 7 th CLV Development Triangle Summit of Heads of State held in Vientiane March 12, 2013 requested preparation of action plan for development of the rubber sector in the Triangle	Action plan fully formulated for the 8 th CLV Development Triangle Summit as requested during 7 th Summit	MEF, MoC, MAFF, SNEC

Indicative Action 8: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, ST Action 2)	Issuance of Certificates of Origin is manual in 2013. CO reform plan introduced by MoC in November 2013	Certificates of Origin can be applied for and processed online by 2015	MoC
Medium-Term Action: 2016-2018			
Indicative Action 1: RGC strengthens and implements its policy targets for natural rubber production.	Approximately 55,000ha planted and harvested. An additional 225,000 ha planted but not harvested in 2012. 64,524MT produced and 54,520MT exported in 2012	200,000ha planted and harvested, more than 200,000MT produced, and 150,000MT exported in 2018. (Government targets for 2020: 300,000ha harvested and a total of 400,000ha planted)	Private Sector, MAFF
Indicative Action 2: Cambodia diversifies its export markets for natural rubber. Export marketing capacity of producers is strengthened	Vietnam accounts for 58% of total recorded Cambodian exports of rubber products (HS 40) in 2011 (TradeMap)	Reduced reliance on Vietnam as export market (to less than 30% of rubber trade) by 2018.	Private Sector, MoC, MAFF, RRIC
Indicative Action 3: Processing sector re-aligned with dynamics of global rubber trade	Most formal exports in low value natural rubber (HS 4001). Small tire manufacturing sector emerging (HS 4011). Tire Exports = 106 MT in 2011 (TradeMap)	Significant expansion of tire manufacturing industry. Tire Exports = 10,000MT by 2018	Private Sector, MAFF, MIH, RRIC
Indicative Action 4: Cambodia progresses towards full computerization of trade related documents (same as Outcome 2, MT Action 3)	Sanitary and phytosanitary certificates required for exports are processed manually	SPS certificates can be applied for and processed on line	MAFF
Indicative Action 5: Extend Risk Management System to non-Customs agencies (same as Outcome 2, MT Action 4)	Risk Management fully implemented by Customs as of 2013. Some progress by non-Customs agencies but risk management underdeveloped	Risk Management Systems is fully implemented by all border agencies and profiles are managed centrally by 2018	GDCE, MoC, MAFF and all other border agencies

Outcome 15: Tourism			
Outcome 15: Tourism Cambodia progresses towards RGC's 2020 target set for Tourism: 8 million foreign visitors	3 million foreign visitors in 2012	6 million foreign visitors in 2018	Private Sector, MoT
Short-Term Actions: 2014-2016			
Indicative Action 1: TVET programs that meet international standards and ASEAN Minimum Competency Standards for Tourism are established and running for the hospitality sector (same as Outcome 17, ST Action 3)	No culinary TVET program that meets international standards and ASEAN Minimum Competency Standards	Royal Academy of Culinary Arts (RACA) fully established as PPP. First full class (2 year curriculum) graduates with internationally recognized diplomas by 2016	MoT, Hotel, Restaurant and Chefs Associations
	No hospitality management and services TVET program that meet international standards and ASEAN Minimum Competency Standards for Tourism	TVET program focusing on hospitality management and services fully established as PPP by 2016. Graduates to receive diplomas that meet international standards and ASEAN Minimum Competency Standards for Tourism	MoT, Private Sector (Hospitality)
Indicative Action 2: Improved and more diverse tourism product offerings	Average length of stay is 6.30 days per visit in 2012 (Marked by slight decline in recent years)	Average stay of 7 days or more per visit by 2016	Private Sector, MoT
Indicative Action 3: Attract high-spending international arrivals in the MICE sub-sector	Business visits account for 5% of total international arrivals	Business visits account for 20% of total international arrivals by 2016	Private Sector, MoT
Indicative Action 4: Traffic congestion in Phnom Penh and Siem Reap has been reduced	Worsening traffic congestion in Phnom Penh and Siem Reap are deterrent to developing MICE sub-sector. No urban transport development strategy adopted	Phnom Penh and Siem Reap municipalities have taken serious steps to reduce car traffic congestion in the two cities. Urban transport development strategies adopted for PP and Siem Reap municipalities to reduce traffic congestion	Municipalities, MoPWT

Indicative Action 5: Level-playing field competition enforced in the hospitality sector	Labor laws and other regulations pertaining to the hospitality sector are not enforced consistently throughout the sector, putting establishments that follow laws and regulations at a competitive disadvantage with those that do not	Labor laws and other regulations pertaining to the hospitality sector are enforced consistently to create level-playing field competition	MoLVT, MoT
Indicative Action 6: Scheduled air service between Phnom Penh and Sihanoukville established	There is no scheduled air service between Phnom Penh and Sihanoukville, only charter flights	Scheduled air service between Phnom Penh and Sihanoukville established	Private Sector, MoPWT
Medium-Term Action: 2016-2018			
Indicative Action 1: The national <i>Tourism Development Strategic Plan 2012-2020</i> is implemented	37,522 rooms in hotel and guest houses in 2009 (MoT statistics)	Number of rooms in hotel and guest houses increases to approximately 90,000 by 2018	Private Sector, MoT, MIH, MoH
Indicative Action 2: Increase the number of airlines and frequency of international flights	25,658 rooms outside Siem Reap in 2009 (MoT statistics)	Number of rooms in hotel and guest houses outside Siem Reap increases approximately to 70,000 by 2018	Private Sector, MoT, MIH, MoH
	17 foreign airlines servicing Cambodia's international airports in 2009	20 or more foreign airlines servicing Cambodia's international airports by 2018 including direct services from Japan, Indonesia, the Philippines and India. Sihanoukville airport (KOS) receives daily international flights by 2018	Private Sector, MoT, CCA, MoPWT, MoFA
Indicative Action 3: Dependency of Cambodia on international visitors originating from a very small number of countries is reduced	Top 4 countries provide nearly 50 % of all visitor in 2011	Through proactive promotion intervention, the share of visitors from the top 4 countries is reduced to 35%	MoT, Private Sector

Indicative Action 4: SPS standards in kitchen in hotel and restaurant improve through enhanced training of existing and new kitchen staff (same as Outcome 4, MT Action 7)	Index from baseline survey of SPS standards in hotel and restaurant kitchen to be conducted by the Royal Academy of Culinary Arts under CEDEP-II. Also to use info from voluntary Good Health Practice (GHP) rating introduced by MoH	Repeat baseline survey (CEDEP II) by 2016-17	Private Sector, MoH, RACA, MoT
	Restaurant rating system being prepared. No restaurants have passed GHP/GMP audit. Low hygiene standards in sector	A rating system is in place. 200 restaurants have passed GHP/GMP audits by 2018	Private Sector, MoH, MoT
Indicative Action 5: Quality and quantity of domestically-grown supply of fruits, vegetables, and other food inputs increases	Most large hotel chains buy food inputs at local markets with the understanding that a large quantity of fruits and vegetables are imported from Vietnam or Thailand	Several large hotel chains have arrangements to secure most of their inputs of fruits, vegetables, and other foods locally through contract farming or other schemes	Private Sector, MAFF, MoT
Outcome 16: High Value Silk Products			
Outcome 16: High Value Silk Products <u>Products</u> A small but growing number of Cambodian producers are able to design and export high-value silk products	Exports (cross-border and sales to foreign visitors) of finished silk products estimated at \$7 million in 2012	Exports of finished silk products double by 2018	Private Sector, MoC, MRD, MoWA, MAFF, MIH
Short-Term Actions: 2014-2016			
Indicative Action 1: Silk Board established to coordinate and formalize production chains.	No Silk Board in 2012.	Silk Board established by 2014	Private Sector, MoC, MRD, MoWA, MAFF, MIH
	Silk Sector and Plan of Action need updating	New Silk Sector Strategy adopted by 2016	Private Sector, MoC, MRD, MoWA, MAFF, MIH
Indicative Action 2: In the absence of a sector policy, the sector is unlikely to develop. National sericulture and silk sector policy developed	No sector policy as of 2012	National Sericulture and Silk Sector Policy developed and endorsed by Government by 2016	SNEC, CoM, Private Sector, MoC, MRD, MoWA, MAFF, MIH

Indicative Action 3: Purchasing units in key weaving cooperatives (e.g. Khmer Silk Villages) established to assist with procurement of higher quality yarn. Quality and traceability of silk yarn imports ensured (same as Outcome 4, MT Action 10)	Lack of COs on most imported yarn	30% of imported yarn has a clear CO in 2018	Private Sector, MoC, MoWA
Medium-Term Action: 2016-2018			
Indicative Action 1: Increased Private Sector investment in sericulture.	1MT of golden silk yarn produced in Cambodia in 2012. No white silk yarn produced in Cambodia in 2012. Most current silk production in Cambodia based on imported yarn. Hard to compete with China or Thailand. Cambodia should target high-value products using Cambodian silk	5MT of golden silk yarn produced in Cambodia in 2016. 20MT of white silk yarn produced in Cambodia in 2016	Private Sector, Silk Board, MoC, MAFF
Indicative Action 2: Selected group of producers have broken into foreign markets	Three producers have cross-border export sales in 2011 (approximately \$1.5 million)	8–12 producers have cross-border export sales to five overseas markets with sales of approximately \$3 million	Private Sector, MoC
Indicative Action 3: Selected group of producers have internalized a product development scheme	Three producers have a product development system in place in 2011	8–12 producers have product development in place in 2018 as reflected in regular product addition to collections and product catalogues	Private Sector, MoC, MoWA, MIH, MRD
Indicative Action 4: Weavers have access to micro-credit	Weavers have limited to no access to credit	Micro-lending to weavers expanded to help develop their business	MEF, RDB, micro-lending institutions

Pillar 3: Strengthening the Capacity of RGC and Cambodian Stakeholders to Manage the Trade Agenda and Trade Challenges (Trade Reform, Trade Policy, Aid for Trade, Bridging Skill Gaps for Trade, etc.)

Outcome 17: Bridging the Skill Gap for Exports			
Outcome 17: Skill Gap for Exports RGC and Cambodian exporters meet the skill gap through the formal education sector and increased public-private partnership to develop vocational/technical education	No PPP TVET program in 2012 in Cambodia. Most TVET is done through NGOs with inconsistent outcomes for different NGOs	A number of PPP TVET programs have been established to support skill development in export sectors by 2018	Line Ministries, MoLVT, Private Sector
Short-Term Actions: 2014-2016			
Indicative Action 1: A job information system is in place to match supply and demand at local and regional level	National Employment Agency is new and lacks systems. No job information and forecasting systems in place	Job information system is in place in NEA including (1) quarterly labor market information reports; (2) regular dissemination of forecasting results with strong sector focus	NEA, TVETs, Private Sector
Indicative Action 2: TVET programs are established to meet need in technical and engineering personnel in garments and footwear and in SEZ sectors	Garment sector requires diversified skills and accreditation of workforce based on AFTEX ASEAN. The sector lacks an established TVET infrastructure. GMAC is in the process of establishing a training institute	GMAC's training institute is operational. Between 100 to 200 garment sector professionals per year are getting ASEAN-accredited (level 1) training in operator training, machine mechanic, pattern making, merchandising and other skills relevant to the sector	GMAC, Training Service Providers, AFTEX
	No training facilities in SEZs to assist investors in building a skilled labor force	All SEZs have training facilities (PPP or otherwise) with curriculums that meet ASEAN standards	SEZ operators, Private Sector associations, MoLVT, NEA

<p>Indicative Action 3: TVET programs that meet international standards and ASEAN Minimum Competency Standards for Tourism are established and running for the hospitality sector</p>	<p>No culinary TVET program that meets international standards and ASEAN Minimum Competency Standards</p> <p>No hospitality management and services TVET program that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>Royal Academy of Culinary Arts (RACA) fully established as PPP. First full class (2 year curriculum) graduates with internationally recognized diplomas by 2016</p> <p>TVET program focusing on hospitality management and services fully established as PPP by 2016. Graduates to receive diplomas that meet international standards and ASEAN Minimum Competency Standards for Tourism</p>	<p>MoC, MoT, Hotel, Restaurant and Chefs Associations</p> <p>MoT, Private Sector (Hospitality)</p>
<p>Indicative Action 4: A more peaceful labor relations environment has been established in industrial sectors through a reduction in the number of illegal strikes and better enforcement of arbitration rulings and agreements in place</p>	<p>The excessive number of illegal strikes that do not respect agreements in force or that result from conflicts that have not gone through appropriate mediation and arbitration channels is having a negative impact on competitiveness</p>	<p>Use of Collective Bargaining Agreement in industrial sectors is promoted (capacity building on CBA needed.) Enforcement of laws, regulations, and agreements in place is strengthened</p>	<p>Private Sector, CAMFEBA, Labor Unions, MoLVT, Arbitration Council</p>
<p>Indicative Action 5: A set of models (templates) has been developed to assist line ministries in developing TVET institutions and programs based on PPP</p>	<p>There is little understanding of how PPPs can contribute to skills development and little understanding of different PPP models that can be pursued. There is also little knowledge and information available as to what is possible in a PPP.</p>	<p>A set of PPP models has been developed, with the assistance of development partners and based on international best-practice, to provide guidance to Line Ministries and Private Sector partners when formulating PPP-TVETs including (1) possible governance structures, (2) development of curriculums, (3) structures for student internships and (4) possible financing structures</p>	<p>MoEYS, MoLVT, CAMFEBA, MEF</p>

Medium-Term Action: 2016-2018				
Indicative Action 1: TVET programs are established for the hospitality sector to address current skill gaps	RACA is operating	A minimum of 100 Chefs, kitchen and food handling personnel is trained yearly based on ASEAN and internationally recognized certification standards through Royal Academy of Culinary Arts (RACA)	MoT, Private Sector, RACA	
Indicative Action 2: Greater availability of SPS specialists to support exports and protecting health of crops livestock and consumers	Universities lacks curriculum focusing on plant health, animal health and food safety to train SPS specialists	Specialization stream on plant pest and disease, animal pest and disease, food safety specialization established in RUA with dedicated curriculum for the three areas and associated teaching materials	MAFF, Royal University of Agriculture (RUA)	
Indicative Action 3: Higher education systems and TVET develop industry-focused curriculums	No industry-focused curriculums for specialized sectors to meet needs of a diversified economy	At least 2 new curriculums per Indicative sectors are drafted and integrated into relevant Higher Education/TVET programs by 2018. Curriculums to be linked to ASEAN standards where they exist	MoEYS, MoLVT, and Line Ministries	
	No industry skills councils to guide development of educational and TVET programs that focus on the needs of specific sectors	Industry skill councils (employers, government, and workers representatives) established to guide development of educational and TVET programs that focus on the needs of specific sectors	MoLVT, Private Sector, NEA, Line Ministries	
Indicative Action 4: Engineering curriculums strengthened in Universities	The number of engineering graduates in Cambodia in 2008 was 514 (World Bank survey)	The number of Cambodian engineer graduates triples from 2008	MoLVT, MoEYS, MIH, Private Sector	

<p>Indicative Action 5: The number of annual leave and public holiday days in Cambodia closer to ASEAN average</p>	<p>Under Cambodian labor law, individuals are entitled to a minimum of 43 annual public holidays and leave days per year. Cambodia's minimum entitlement is far greater than ASEAN average with a negative impact on competitiveness (it lowers productivity, reduces training time, + a much larger amount of normal work hours has to be paid for as overtime)</p>	<p>Minimum number of annual public holidays and leave days has been lowered to 33 days</p>	<p>MoLVT, RGC</p>
<p>Outcome 18: Mainstreaming Trade Trade development objectives are fully mainstreamed in national development strategy and in product and service sector strategies</p>	<p>Input Note submitted by MoC to MoP and SNEC for mainstreaming trade in NSDP and Rectangular Strategy</p>	<p>75% of the results identified in Input Note prepared by MoC have been achieved by 2018</p>	<p>MoC, MAFF, MIH, MEF, trade-other related Line Ministries</p>
<p>Short-Term Actions: 2014-2016</p> <p>Indicative Action 1: The Ministry of Commerce has established a Trade Training and Research Institute (TTRI) centralizing all trade-related capacity development efforts</p>			
<p>The Ministry of Commerce has established a Trade Training and Research Institute (TTRI) centralizing all trade-related capacity development efforts</p>	<p>Capacity needs assessment of MoC and key trade-related institutions have been produced. Development plans have been formulated. A limited curriculum on trade is available in the Royal School of Administration (RSA)</p>	<p>A full-fledged catalogue of at least 20 courses available in Cambodia and 20 international training courses is available and being used to train officials on regular basis through TTRI</p>	<p>MoC, RSA</p>
<p>There is no sustained trade-related research in MoC</p>	<p>TTRI has produced three research papers commissioned by MoC for policy-making needs, including in cooperation with independent Cambodian Research Institutions</p>	<p>MoC, Independent Cambodian Research Institutions</p>	

<p>Indicative Action 2: The establishment of national and sector level indicators for growth and poverty facilitates comparison of different trade development and Private Sector development approaches in contributing to national poverty reduction goals</p> <p>Indicative Action 3: Improved accessibility, compilation and use of statistics and trade data to assist in assessing and formulating appropriate trade support interventions</p>	No coherent indicator of sustainable human development impact of expansion in the 10 DTIS 2013 priority sector	A coherent indicator of sustainable human development focusing on employment, gender, income, and environment at a minimum has been formulated and measured to measure the impact of development in the 10 DTIS 2013 priority sectors by 2016	MoC, SNEC, MoP
	Official Cambodian trade data are extracted from database maintained by GDCE (Customs data), MoC (on COS, import/export, licenses), MEF (trade repository), and MAFF (SPS certificates.) There is no structure to compare and ensure coherence across sources, limited quality control systems, no tool to compare/benchmark Cambodian statistics against mirror statistics	Beginning in 2016, MoC Trade Training and Research Institute (TTRI) produces an annual trade data publication that consolidates and reconciles data extracted from different Government sources and ensure enhanced coherence with Comtrade mirror statistics	GDCE, MoC, MEF, MAFF, NIS
	Some MoC data are difficult to obtain	All MoC data are available up to date through MoC's revamped Website	MoC
Medium-Term Action: 2016-2018			
<p>Indicative Action 1: Sufficient institutional capacity built to formulate and implement trade-related policies and strategies as well as trade-sensitized sector policies</p> <p>Indicative Action 2: Increased coordination among MoC, MoP, and Line Ministries to include trade-related indicators in NSDP-V</p>	1 sector policy focusing on exports in 2013 (for Rice)	4 additional sector policies focusing on export manufacturing or agro sectors by 2018 using MoC generated trade-data and inputs	SNEC, MoC, MAFF, MIH, other trade-related Line Ministries
	A single template for NSDP provided by MoP not reflecting the contributions of trade and related cross-cutting themes	A revised template and schedule to include trade-related indicators in NSDP and sector policies in use by MoP, MoC and key Line Ministries	MoP, MoC, SNEC, key Line Ministries

Indicative Action 3: Increase coordination among SNEC, MoC and Line Ministries to ensure strong linkages between objectives of Industrial Policy and Outcomes of CTIS 2014-2018	Industrial Policy at the drafting stage	Ensure that implementation of the Industrial Policy takes into account linkages identified in Outcome 6 of CTIS 2014-2018, including linkages between investment promotion and Rules of Origin, the need to promote clusters of domestically-based suppliers to support exporters, etc.	MIH, SNEC, MoC, CDC
Outcome 19: Monitoring and Mobilizing Aid for Trade			
Outcome 19: Monitoring and Mobilizing Aid for Trade RGC's ability to M&E Results or Trade SWAp is strengthened, leading to stronger mobilization of AftT inside and outside SWAp	AftT commitments during 2007-2011 were \$1.506 billion; AftT disbursements were \$942.766 million (OECD/DAC data)	Expected value of AftT during 2014-2018 grows by 30% from 2007-2011 period	MoC, MAFF, MIH, trade-related Line Ministries
Short-Term Actions: 2014-2016			
Indicative Action 1: Khmer version of 2014-2018 Trade SWAp Roadmap and 2013 Matrix of Ongoing, Pipeline, and Missing AftT adopted by Government and used to mobilize additional interventions	Updated Roadmap and AftT Matrix under preparation as of 2013	2013 Trade SWAp Roadmap and AftT Matrix have been adopted by the Council of Minister	MoC, S-SC on Trade and Trade-Related Investment, CoM
Indicative Action 2: DICO carries out yearly evaluation of progress against Trade SWAp 2014-2018 Roadmap goals, outcome, and expected results. Findings are reviewed with Government and Cambodian stakeholders	The M&E Unit in DICO is able to monitor individual projects but has no capacity as of yet to show contribution of individual projects to program-level objectives and results	The M&E Unit in DICO produces an annual report showing contribution of all TRTA projects to Trade SWAp trade goals, outcomes, and expected results. DICO organizes annual event to present progress to RGC and Cambodian stakeholders	MoC, Trade SWAp implementing agencies
Indicative Action 3: DICO organizes annual meeting with traditional and non-traditional trade Development Partners (BRICS, south-south, philanthropic foundations) pointing to gaps in AftT based on expected outcomes	The implementation of the Aid-for-Trade medium term strategy formulated in the Trade SWAp Roadmap is not monitored or communicated to development partners	Annual event organized by DICO for senior Government officials and DPs to review AftT gaps	MoC

Indicative Action 4: DICO is using different communication tools to raise awareness about the actions, impacts, and achievements of Trade SWAp among a wider audience	A communication strategy for the SWAp has been endorsed, but is not being implemented. Communication actions are not coordinated with DPs and stakeholders and rely mostly on international consultant	A dedicated communication team has been organized in DICO and implements an up-to-date communication and outreach strategy with different media. A minimum of four key events are implemented each year	MoC,
Indicative Action5: Dialogue among Government, Private Sector stakeholders, and Development Partners shifts, in part, from focus on project implementation to program results and effectiveness	The SWAp governance structure for Aft tends to focus mostly on operations of ongoing project and very little on program and outcomes	Mandate of S-SC is reviewed to focus on trade program (CTIS 2014-2018) progress and results. Conclusion and recommendations from PSD TWG feeds into S-SC. Monitoring of operations is left at SWAp Implementation Committee level. Relevant Prakas have been amended accordingly	MoC, PSD TWG
Medium-Term Actions: 2016-2018			
Indicative Action 1: The Trade SWAp Management Framework is simplified so as to ensure better and faster Aft resource mobilization and project formulation	Most contributions of trade development partners to Aft in Cambodia is not accounted for and not monitored under Trade SWAp	The number of Aft contributions and DPs contributing directly to Trade SWAp goals, outcomes and expected results that is directly accounted for and monitored through Trade SWAp increases significantly	MoC, PSD WG

Outcome 20: Enhancing Private Sector Participation in Aft				
Outcome 20: Enhancing Private Sector Participation in Aft	Private Sector participation in Government-led project design is limited to individual company participation	At least 3 PPPs are established on an annual basis with participation from government and Private Sector in support of Cambodia's trade development goals by 2018	G-PSF, MoC, CDC, Private Sector	
Outcome 20: Enhancing Private Sector Participation in Aft	A better structured dialogue between Private Sector and Government contributes to efficient public-private partnerships for trade development based on Aft resources			
Short-Term Actions: 2014-2016				
Indicative Action 1: New PSD Technical Working Group (DP-RGC) mandate and modus operandi are approved and implemented	Current PSD Technical Working Group is ineffective	PSD Technical Working Group has been re-established with new mandate and new modus operandi	MEF, CDC, PSD TWG	
	No comprehensive data base of Value Chain analyses and TA support	A data base of DPs on PSD and Value Chain Analyses and TA support is developed in collaboration between DICO and DPs as an input to PSD Technical Working Group	MoC	
Indicative Action 2: Improved efficiency and effectiveness of RGC-Private Sector-donor consultation mechanisms to address business environment constraints through Aft	G-PSF and PSD WG are no longer functioning as effective mechanisms to leverage government support on solving key business constraints	G-PSF and PSD WG meetings are organized twice a year at operational level with clear agendas focusing on solutions to previously identified business constraints issues	G-PSF, MoC, CDC, Private Sector	
Indicative Action 3: Increased awareness of Business Membership Organizations (BMOs) on Aft and Trade SWAp through regular focus group meets led by MoC	There is no structured event for MoC to communicate progress on Aft and Trade SWAp implementation with Private Sector	DICO organizes annual information event to inform business sector through BMOs about progress in Trade SWAp implementation and Aft deployment	MoC	

Medium-Term Action: 2016-2018				
Indicative Action 1: The trade inputs to NSDP and Rectangular Strategy are jointly produced by government and Private Sector through G-PSF dedicated working group	There is no structured consultation between Government and Private Sector on trade objectives to be pursued under NSDP and Rectangular Strategy	Trade objectives proposed by Government under NSDP and Rectangular Strategy are reviewed and formulated jointly through consultation with BMOs	MoC	
Indicative Action 2: Increased Private Sector participation in AfT project design, formulation and implementation	Limited or inexistent involvement of Private Sector representatives in most AfT TA projects	All new AfT TA projects must include activities and outputs involving BMOs by 2018	MoC, Private Sector	