

The trade of tomorrow

Workshop discusses strategies to strengthen trade in the future

BY TIM VUTHA | ECONOMICS TODAY

A workshop on how to fold trade policy into broader development and poverty reduction goals by using the so-called Trade Sector-Wide Approach was held in Phnom Penh on Sept. 21. Officials stressed the need to lower trade barriers and prepare for changes due to the launch of the ASEAN Economic Community and the Kingdom's upgrade from its UN Least-Developed Country status, which will see it losing some important trade preferences.

The Trade Sector-Wide Approach (Trade SWAp) was introduced by the government in 2007. It is a strategy to change the balance between development partners and the government by giving Cambodia more of a say in the design and implementation of Aid for Trade, or trade-related technical assistance provided by aid partners.

Trade SWAp focuses on three pillars: trade development reform, the development of exports of products and services, and capacity building for trade development.

"A successful Trade SWAp means that capacity-building resources for trade-sector development generated through Aid for Trade will be used more effectively and have a more rapid and longer-lasting positive impact," said Pan Sorasak, secretary of state at the Commerce Ministry, during the workshop.

Aid for Trade has allowed the country to make major advances in the expansion and

diversification of its export sector and the lowering of trade barriers.

While trade barriers will be lowered significantly after the launch of the ASEAN Economic Community (AEC) in 2015, there are still key challenges around human resources, customs reform, government procurement, standards, sanitary requirements, intellectual property rights and export diversification.

On this last point, the government still believes its exports will be dominated by garments and textiles, rice, rubber and cassava, but is actively looking at diversification, according to Pan Sorasak.

Another issue of concern is the loss of trade preferences when Cambodia graduates from the UN's list of Least-Developed Countries (LDC), such as duty and quota-free access to European markets.

"We expect to upgrade into the developing country [category] over the next five years, and many duty preferences will stop, so we need to prepare to avoid loss," said Sorasak. "Right now we are at the top of the group of LDCs, but we will be at the very bottom of the developing group if we fail to prepare."

In the first seven months 2012, Cambodia's total import and export volume was valued at US\$7.45 billion, up 15 percent from US\$6.47 billion over the same period in 2011. Imports increased by 18 percent to US\$4.48 billion while exports rose by 11 percent to US\$2.97 billion, according to data from the Commerce Ministry.



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