

Draft Opening Remarks of

**H.E. Dr. CHAM Prasidh
Senior Minister-Minister of Commerce,**

In the occasion of the

**9th Meeting of the Sub-Steering Committee on
Trade Development and Trade-Related Investment**

Ministry of Commerce, February 17, 2012

**Excellencies,
Representatives of Cambodia's Development Partners
Private Sector Representatives,
Representatives of Line Ministries
Distinguished Participants, Ladies and Gentlemen,**

On behalf of the Ministry of Commerce and in my capacity as Chairman of the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC.TD-TRI), it is my pleasure to welcome you all to the Ministry of Commerce at the occasion of the 9th ordinary meeting of this Sub-Steering Committee.

The last three months have been rich in trade-related events and have provided several occasions for Cambodia to showcase her successes in using trade as an engine of growth and in mobilizing aid-for-trade resources to produce far-reaching results.

Cambodia underwent a trade policy review in November 2011 at the World Trade Organization. The purpose of the Trade Policy Review Mechanism is to contribute to improved adherence by all Members to rules, disciplines and commitments made under the Multilateral Trade Agreements and, where applicable, the Plurilateral Trade Agreements, and hence to the smoother functioning of the multilateral trading system, by achieving greater transparency in, and understanding of, the trade policies and practices of Members.

WTO Members commended Cambodia for the solid economic performance achieved during the period under review, which had allowed per capita income to more than double while the poverty rate has fallen from 35%

of the population to 26% over the period. Members congratulated Cambodia for having successfully emerged from the global economic crisis, while refraining from adopting trade protectionist measures. Member recommended Cambodia should consider introducing further action or improvements in certain areas, namely in improving the business framework, continuing Customs reform improving Government procurement: on Standards: on SPS requirements: on TRIPs: and on Export diversification.

On the Aid-for-Trade front, a joint mission of the World Bank took place last December. The objective of the mission was to (i) determine whether the strategic focus of the TDSP and its operational efficiency had been enhanced since the mid-term review mission by reviewing the benchmarks established during the mid-term review, and ii) oversee the new management structure at the Department of International Cooperation at Ministry of Commerce (DICO), including the new financial and procurement arrangements. The Implementation progress has improved significantly and is now rated as Satisfactory.

The World Bank Review Mission noticed positive developments and recommended the Ministry of Commerce to request a 2-year extension of the TDSP for implementation to be completed by March 31, 2014. This is a testimony to the hard work put by the implementation agencies in line ministries and the in Ministry of Commerce in implementing 21 projects, and to the major improvements observed in the Department of International Cooperation (D/ICO) of the Ministry of Commerce, acting as the Trade SWAp Secretariat.

We are confident that the two-year extension will allow us to reach the programme development objectives and are therefore calling on implementing agencies to work harder with D/ICO to formulate new strategic proposals supporting the Government trade development strategy and diversification of our export base. To that effect, I am pleased to inform you that all three SWAppillar road maps have now been endorsed and should therefore be used intensively, to develop new proposals as well as to monitor our progress in implementing the Trade SWAp. I would like emphasize the importance of keeping the Roadmaps up-to-date, as they are living documents evolving continuously to changing needs and priorities of the RGC with respect to trade reform. Similarly, in order to ease the process of strategic proposal formulation, the SWAp Implementation Committee just recently endorsed the Project Approval Process in a bid to make it leaner and clearer.

We are very pleased and encouraged to observe the steady implementation of the EIF Tier 1 project, with the participation of focal points in 6 line ministries and agencies. The recent decision from UNDP to continue

partnering with the Ministry of Commerce as EIF Donor Facilitator and the positive response received from EU Ambassador to Cambodia to act as alternate donor facilitator are clear signs that the EIF implementation in Cambodia continues to be successful.

Yet, the TDSP and EIF Tier 1 alone cannot cover all project aspirations and proposals submitted and requested by our SWAp stakeholders, mainly line ministries. Therefore, the Ministry of Commerce has initiated the development of two proposals with three-year life-span under the EIF Tier 2 modality as well as continued working with prospective bilateral donors on other projects in support of our Trade SWAp.

A first proposal, titled “Cambodia’s Exports Diversification and Expansion Programme 1 (CEDEP I) was submitted in December 2011, immediately after Cambodia’s Trade Policy Review, to support the export of milled rice and high value silk, as well as strengthening our DICO on M&E capacities.

A 2nd proposal “CEDEP II” is currently being considered, for supporting and enhancing the export of other products listed as priority in our DTIS 2007. I have instructed our aid-for-trade team in the Ministry to consider the exports of seafood, halal food, cassava, as well as the development of tourism and the development of small and medium size manufacturing in SEZ as entry points for CEDEP II. The encouraging signals and support we have received from UNIDO and UNDP in that regard make us confident that CEDEP II could be submitted for EIF Board Decision by the 2nd quarter of this year.

While those achievements have been made possible through effective leadership by the Ministry of Commerce, the support and inputs provided by all line ministries, private sectors and development partners alike have been highly valuable.

In spite of those interesting developments, numerous challenges lie ahead on our way to trade sector development. The concurrently complex implementation of both the TDSP and EIF programmes, the limited capacities of our officials to absorb all the assistance provided, and the focus on disbursement by some development partners rather than on a shared vision for the sector have affected our ability to focus on producing even better results. Managing two programmes of this scale clearly demonstrate that we need harmonization among the procedures of our Development Partners.

Several other development partners have made progress in the implementation of their respective trade-related assistance programmes and we encourage them to share the results with us.

Excellencies

Ladies and Gentlemen,

While all line ministries, including the Ministry of Commerce, have struggled to make sure that we absorb the assistance provided to us in attaining our development goals, I would like to take this opportunity to stress the importance of looking in retrospect to find ways and means to improve our delivery. In that regard, I have tasked D/ICO to take a candid, critical and independent review of how the Trade SWAp has worked –or not worked- since its inception in 2008. This will not only help other LDCs to get inspiration and obtain much-needed lessons learnt and best practices to formulate their own Program-Based Approach and Trade Trust Funds, but will also provide the right catalyst for Cambodia to initiate the update of its trade integration strategy also known as Diagnostic Trade Integration Strategy (DTIS) and revisit the priority sectors. We cannot rest on laurels and live with the past decade achievements only as the world around us is constantly evolving, and the competition on Cambodia's key export products is becoming fiercer by the day.

I wish to take the opportunity to thank all Cambodia's development partners for their continuous support to our ambitious trade development agenda and thank them in advance for any comments and suggestions they might provide today.

With this in mind, I declare the 9th meeting of the Sub-Steering Committee on Trade Development and Trade-Related Investment open.

Have a fruitful meeting. Thank You.