



WELCOME REMARKS

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Senior Minister, Minister of Commerce

**22nd Sub-Steering Committee on Trade Development & Trade Related
Investment
(SSC-TD-TRI)
Monday, 10 August 2015**

Venue: Angkor Wat Conference Room, MoC, Phnom Penh

**Excellencies, Lauk Chum Teav
Representatives of Development Partners,
Representatives of Line Ministries,
Representatives of Private Sector,
Distinguished Participants, Ladies and Gentlemen,
Good Morning!**

It is my pleasure to welcome you all to the Ministry of Commerce for the 22nd Meeting of the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC-TD-TRI). This regular meeting gives us the occasion to take stock of recent development since our last meeting early June 2015 and to review the implementation of the various reform agenda and to assess how those reforms can be pursued, through the implementation of key government policies, such as the recently endorsed Industrial Development Policy or through the assistance provided by our development partners.

Since our last meeting, in addition to the implementation of our far-reaching reforms in the Ministry of Commerce, progress have been registered in two critical areas for Cambodia's trade competitiveness.

First, almost two years after the WTO Trade Facilitation Agreement (TFA) was negotiated in Bali, real progress towards ratification and subsequent implementation have been recorded. Cambodia was invited to showcase its recent progress in the TF area at the recent Global Review of Aid for Trade that took place in the WTO early July.

It is clear now to all that developing countries stand to gain the most from improving trade facilitation. There are rich opportunities for gains. Inefficiencies in

processing and clearing goods put traders in developing countries such as Cambodia at a major competitive disadvantage. Outdated and inefficient border procedures and inadequate infrastructure often mean high transaction costs, long delays, and add an additional 10 to 15 percent to the cost of getting goods to market. Given the right conditions, our traders can compete on equal terms with our major competitors. As highlighted recently in the WTO, Cambodia has clearly made much progress and has shown a very high level of compliance with the provisions of the new agreement but there are still areas we need to work on. The reforms MoC is putting in place combined with the implementation of the WTO TFA in the future are putting us in a very good position to increase our position in trade-related rankings, such as the Doing Business and Logistics Performance Index.

The MoC is moving ahead with a range of reforms and improvements that will make our traders more regionally and globally competitive. We are reducing the costs they face and making it much easier to comply with government regulatory requirements. This is an ongoing process but we are making significant progress. Our work on Customs reform is moving forward, as is our work on automating Certificates of Origin and soon we will have a fully operational trade information portal. With those well in place, Cambodia could consider moving towards ratification of the TFA in the coming years.

We also, as a government, need to commit to full and effective implementation of trade facilitation reforms. The Cambodian government has already shown this commitment and is seeing major improvements. Our recent progress show what can be achieved when the commitment is there and we receive some well-targeted support from our key development partners.

However, developing countries expect a credible commitment to support implementation costs and need some technical assistance and capacity building. Fortunately, in the case of Cambodia we have an excellent relationship with our development partners and are able to make effective use of the support they provide. This is exemplified in the responses from our key development partners, in particular the EU, the ADB and the World Bank, to our top 10 clusters for technical assistance for the period 2016-2020. Trade Policy, trade facilitation and private sector development are our top three priorities for which further assistance is sought.

Second, the MoC together with relevant government institutions has been instrumental in furthering private sector development in the last months. First, MoC has also introduced the MoC 101 Business Incubator. The purpose of the MoC 101 Incubator is to showcase Cambodia's best ideas, start-ups and businesses that have the potential to generate positive, scalable, and sustainable economic impact, leveraging

an e-commerce platform. Cambodia's most promising start-ups and existing enterprises are provided guidance for business formation, technical assistance, and intensive mentorship through a formalized incubator program.

Finally, with the recent drafting of the Law on E-Commerce, consumers in Cambodia buying goods and services online will soon be fully protected. This would include internet-based trading of goods and services between corporations and other commercial entities, electronic data exchange and online banking. The Cambodian E-commerce Law will include detailed regulation for online contracts and online signatures, in line with international standards. Cambodian companies can create legitimate online businesses and create legitimate contracts online, such as online shopping sites and the processing of online bank transfers.

On the export diversification front, our Cambodia Export Diversification and Expansion Programme (CEDEP in short) has continued to support our trade integration strategy goals by furthering market development, market access and competitiveness of key sectors. CEDEP projects in cassava, rice, fisheries, silk and tourism follow a similar pattern with tangible results. I highlighted the potential of the cassava and silk sector during the last SSC meeting, with recent achievements speaking for themselves, but similar potential exist in other sectors too. We will hear from HE Mao Thora on the recent institutional development in these two sectors fostered by MoC. The CEDEP approach tackles three key competitiveness issues I have described countless times: export readiness (by improving our production and quality standards and getting them globally certified), market intelligence (meeting buyers, accessing information and branding Cambodia) and structuring our dialogue for sector development, as exemplified by the CRF and local cassava producers association. Such a simple approach should be used to tap the potential of other sectors, and, in line with our Industrial Development Policy, to leverage competitiveness gains, in particular in the light-manufacturing sector. It is with this idea in mind that I have asked my colleagues here to prioritize value chain development for untapped sectors as part of our AFT 2016-2020 programme.

As we now move to our discussion agenda this morning, we have lined up several important issues to consider such as the progress made under the TDSP and EIF implementation, the progress and updates selected projects, and the approval of

the revised scope and budget of the ASYCUDA World System and of the project supporting the Trade Training and Research Institute (TTRI).

I am confident that Cambodia's reform agenda and strategies will provide the appropriate framework for the country, as a whole, to embrace those policies and initiatives that can raise the country's momentum in its march towards achieving economic prosperity.

I now declare the 22nd Session of SSC open.

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