



## **WELCOME REMARKS**

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Senior Minister, Minister of Commerce

**20<sup>th</sup> Sub-Steering Committee on Trade Development & Trade Related Investment  
(SSC-TD-TRI)**

**Thursday, 26 February 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 20th Meeting of the Sub-Steering Committee on Trade Development and Trade-Related Investment (SSC-TD-TRI).

The Trade Development Support Program is now in the final stage of completion. As we are now awaiting for the approval of its extension from the World Bank, we are proud to announce that majority of the Strategic Outcomes have shown early results toward achieving the overall Program Development Objective. At this point, many of the sub-components of the TDSP have been fully realized and are about to close. However, majority of the projects included in our reform agenda cannot be completed by March 2014, which we expect to be undertaken over an extended period using the undisbursed funds. These reforms are expected to improve Cambodia's ranking in the World Bank's "Doing Business" and "Logistics Performance Index."

The remaining TDSP funds will be utilized to strengthen the business environment by automating the new company registration, the issuance of certificates of origin, phyto-sanitary reporting and trademark registration, and to expand the outreach of the customs automation system, ASYCUDA, to additional 11 checkpoints while also increasing the scope of ASYCUDA functions so as to cover warehousing, transit and electronic payments in preparation for the implementation of a Cambodian National Single Window. To some extent

possible, some of the remaining funds of TDSP will be utilized in creating awareness on the forthcoming ASEAN Economic Community among the business community, the academe, and other stakeholders.

Majority of those items included in the reform agenda are also part of the Cambodian Trade Integration Strategy for 2014-2018, which was partially funded by TDSP and the Enhanced Integrated Framework's Tier 2. Cambodia has been quite successful in integrating to the global economy through trade and investment. However, the world markets are ever changing with new competitors continuously emerging to challenge Cambodia's export sectors. That is why funds from EIF Tier 2 helped to implement the CTIS 2014-2018 in various sectors such as Milled Rice, High-Value Silk, Cassava, and Marine Fisheries, among others. 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.

Recently, the Delegation of the European Union in Cambodia has already rolled out the "European Development Cooperation Strategy for Cambodia 2014-2018" and the "Multi-Annual Indicative Programme for 2014-2020." The EU support is aligned with the Royal Government's Rectangular Strategy (Phase 3) which is operationalized through the National Strategic Development Plan. We hope that some of the EU package funds for the period will be channeled towards supporting Cambodia's multilateral trading system, which requires meaningful market access, support for the diversification of Cambodia's production and export base, and trade-related technical assistance and capacity building. The technical support and training to be provided by EU to Cambodia in the trade sector, will take advantage of the opportunities offered by international trade, including the European Union's large single market. We therefore urge the European Union to set aside some portion of the **EUR 410 million** development assistance package to the trade sector as provided for in the "Multi-Annual Indicative Programme 2014-2020", specifically in improving Cambodia's trade facilitation and development.

We are also seeking EU to finance the implementation of Industrial Development Policy (IDP) of the Royal Government of Cambodia. The Cambodia Vision 2030 and Rectangular Strategy Phase III have already set directions for Cambodia's transformation toward a middle-income economy. The IDP will become a new growth strategy of Cambodia that promotes development to reach higher level of economic equilibrium through key structural adjustments and reforms. We need some portion of EU's fund assistance package proposed for 2014-2020 to sustain the high level of economic growth of Cambodia by harnessing the potentials arising from Cambodia's young and knowledgeable labor force, substantial and accumulated investments in transport and energy infrastructure, positive

effects of urbanization and population growth, increased size of the middle class and agricultural modernization. Industrial development could be a game-changer – a “mega train” pulling growth in other sectors such as service and agriculture sector.

I have mentioned the preparation of Cambodia’s Industrial Development Policy several times in our previous discussions at SSC, where we made our earliest pitch for private-public partnerships on trade development. Since that time and up to the present, I have re-assured our private partners that under our watch, the playing field would be level, and that the Ministry of Commerce would render true public service—by empowering our people, by harnessing their optimism and solidarity towards equitable progress, and by working with the private sector to change the landscape of Cambodia. The promises we made to business and to the Cambodian people were promises we intended to fulfill with integrity—through good governance, transparency, and accountability.

We shored up our systems at the Ministry of Commerce to strengthen and restructure the institution and propagate good governance. Prudent management gave us even more fiscal space to make greater investments especially in the automation of the various operational requirements on trade, specifically that of business registration, issuance of certificates of origin, trademark registration, and soon the National Single Window, which will link all public agencies into just one web portal. We engendered a shift from a trickle-down mindset, wherein our people will somehow benefit from progress, to a mindset wherein we proactively put our people in the most optimal position to take advantage of the opportunities opening up through economic growth. We are coordinating with companies and industry so that the skills needed in the future are imparted to our youth; in effect, we are doing away with a cycle where our youth enter schooling for professions that are in demand at the moment they entered college, but become saturated by the time they graduate. The challenge we put before ourselves is to make inclusiveness a cornerstone of our strategy, rather than merely an after-effect of our efforts.

The world has taken notice of our efforts as major delegations from South Korea and Vanuatu recently visited the Ministry of Commerce to study TDSP, EIF, and our trade operations. As it turns out, our visitors were impressed and what they have observed is a government dedicated to integrity and public service. We do not have to look beyond the area of public-private partnerships, in order to see the transformation that has taken place in industry and trading. All of you know that PPPs are regarded as ideal ventures precisely because all parties do benefit from them: private enterprise can profit by putting their expertise and knowledge and other resources to good use; government is able to complete

large-scale projects at a more opportune time for the benefit of the people in the forthcoming ASEAN economic integration.

From our perspective, the public-private partnership will further improve if we include the SMEs as part of our trade reform agenda, if we are to put forward our movement of global trade in general. In the past, SMEs is one of the strongest voices opposing global trade as they hardly feel the benefits. Many of the SMEs see the influx of goods and services into the Cambodian markets but find it very cumbersome and difficult to take advantage of the free trade agreements because of the cumbersome rules and procedures. We should try to study how we can help the SMEs in our productive system, as well as in all our activities towards trade development.

We welcome the support of our donor partners and other economies for initiatives that focus on trade facilitation for SMEs as market access is lacking. We would like to emphasize to include the development of SMES in our trade facilitation agenda and these will include upgrades in customs and rules of origin administration and establishment of an institutional support system for SMEs. We are counting on all senior officials and donor partner representatives to make TDSP and EIF the “incubator” for active and dynamic SMEs and be enablers in providing SMEs wider access to opportunities for inclusive growth and their integration into the global value chain.

Today, I am confident in telling you: take a look at what we have to offer. Listen to my colleagues from the Department of International Cooperation and other departments of the Ministry of Commerce. There is indeed a wealth of opportunity in Cambodia, and we hope to forge new partnerships or even broaden the existing ones in the near future—partnerships where all parties involved will benefit, and will contribute to the rise of Cambodian economy.

At this stage, before I officially open this meeting, I would like to take the opportunity to thank you all, government officials, development partners, private sector representatives, advisers and consultants, for all the productive contributions you have made towards Cambodia’s trade sector development vision. At this point, I wish to call on the implementing agencies to precisely execute their remaining activities in their respective Work Plan in order to empty the tank of TDSP, meet the remaining Strategic Outcome Indicators of the PDO, help MoC and RGC in attaining its reform agenda, and help the country to prepare for the ASEAN Economic Community. With these words, I now declare the 20th Meeting of the Sub-Steering Committee on Trade Development and Trade-Related Investment open.

Have a fruitful meeting. Thank you!

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