

Chapter 8

Trade Reforms

8.1. Economic Integration

Progress in enacting laws which conform to WTO accession in 2005 is at a very slow pace. Since it resumed working after the political impasse last year, the National Assembly has approved only two pieces of WTO conformity legislation, Law on Business Enterprise (May 2005) and Law on Negotiable Instruments and Payment Transfers (September 2005). Another remaining 30 pieces of law have been in draft forms. And, these draft acts have been back and forth within government ministries and/or between government and the Parliament for comments and to make some changes.

Delays of these law enactments, from drafting to promulgation, were partly due to a shortage of financial and technical resources and capacity, lack of coordination among government ministries and insufficient parliamentary sessions. Thus, prospects for adoption of 28 laws to meet their specific deadlines, 2005-2006, are getting more and more difficult. It is likely that four pieces of legislation- Civil Code, Civil Procedure Code, Criminal Code, and Civil Procedure Code – will be enacted by 2006 as the government puts them in the top priority law adoption agenda.³³

Table 8.1: Status of Progress of Enacting Laws for WTO Conformity, as of May 2005

	Relevant Agency	2005	2006	2007	Status of Progress
Judicial Reform					
1. Law Establishing the Commercial Court	MoC	Expected			Being reviewed at MoC as of May, 12 2005. Expected to send to NA by June 2005
2. Commercial Arbitration Law	MoC	Expected			Draft Law sent to NA
3. Civil Code	MoJ	Expected			Draft. Currently being discuss at Council of Jurists

³³ See in the section of legal reforms, in addition to these four pieces of laws the government has given priorities to other four: (1) anti-corruption law; (2) organization and functioning of the courts; (3) the amendment of the Supreme Council of Magistracy; and (4) the status of judges and prosecutors.

	Relevant Agency	2005	2006	2007	Status of Progress
4. Civil Procedure Code	MoJ	Expected			Draft. Completed the discussion with the Council of Jurists. Awaiting inter-ministerial meeting.
5. Criminal Code	MoJ		Expected		Draft. The Council of Jurists has no objection on current draft.
6. Criminal Procedure Code	MoJ		Expected		Currently being revised with France's collaboration to be coherent with the draft Civil Procedural Code.
Trade-Related					
7. Law on Geographical Indications Including Appellation of Origin	IPs CC	Expected			Draft law is being discussed at the ministerial level. Expected to be complete at the end of 2005.
8. Laws on Layout Design of Integrated Circuit	IPs CC		Expected		Draft law needed TA. Expected to be complete at the end of 2006.
9. Laws on Plant Variety Protection	IPs CC		Expected		Draft law needed TA. Expected to be complete at the end of 2007.
10. Law on Protection of Undisclosed Information	IPs CC		Expected		Unidentifiable
Custom Valuation					
11. Custom Code		Expected			Draft Law
12. Law on Rule of Origin	MoC & MEF	Expected			Working on draft law
13. Law on Anti-dumping Measures and on Countervailing Measures	MoC		Expected		Draft law
Trade-Related Investment Measures (TRIM)					
14. Law on Export Processing Zones	MoC	Expected			Draft law with CDC & MIME on EPZ. A meeting held at CDC to prepare Sub-Degree on SEZ

	Relevant Agency	2005	2006	2007	Status of Progress
Financial Intermediation					
15. Insolvency Law	MoC	Expected			Draft law : pending debate at inter-ministerial meeting at the OCM 1st quarter 2005
16. Secured Transaction Law	MoC	Expected			Draft law : pending debate at inter-ministerial meeting at the OCM 1st quarter 2005
17. Securities and Exchange Law				Expected	Unidentifiable
18. Commercial Leasing Law	MoC		Expected		Being drafted by NBC
Other Areas					
19. Water Supply Law		Expected			Draft law
20. Water Resources Management Law		Expected			
21. Telecommunication Law	MPTC	Expected			Draft Law on Telecom is being reviewed within the MPTC and plan to submit to CMs in September 2005.
22. Tourism and Entertainment Law	MoT	Expected			Draft law was withdrawn from NA & being reviewed by MoT. Expected submission to CMs in June 2005.
23. Civil Aviation Law	SSCA	Expected			Pass Civil Aviation Law and draft implementing regulations
24. Merchant Shipping Law			Expected		
25. Land Traffic Law (Highway Code)	MPWT	Expected			Draft law

	Relevant Agency	2005	2006	2007	Status of Progress
26. Fisheries Law	MAFF	Expected			Draft law was sent back from NA & re-debated at COM to reflect issue of decentralization.
27. Commercial Contracts Law	MoC	Expected			Draft: expected to be passed in 2006
28. Commercial Agency Law	MoC		Expected		Draft is completed by MoC
29. Competition Law	MoC			Expected	Draft law in the process of interviewing & collecting information
30. Law on Safeguard Measures			Expected		

Sources: Reproduced based on IMF (2004b), Table 1 in Chapter 6 & MoC (2005a).

8.2. Trade Facilitations

In the area of trade facilitation and investment climate, progress of implementation of the twelve point plan has been made. Half of the twelve action plans have been carried out: (i) established a cross-agency trade facilitation and investment climate reform team; (ii) established a system of transparent performance measurement; (iii) reviewed role of Camcontrol; (iv) streamlined process and reduced cost of commercial registration; (v) implemented a national award to promote good corporate citizenship in the private sector; and (vi) implemented monitoring and reporting through private sector forum. The rest of the plans are expected to be completed by December 2005 (WB, 2005 & MoC 2005b).

After a series of reviews, the future of Cambodia Import Export Inspection and Fraud Repression Department of the Ministry of Commerce (CamControl) – which has some redundant roles with the Customs and Excise Department - will have some or all of its structures integrated into the Customs Excise Department of the Ministry of Economy or the Ministry of Industry, Mines and Energy or the Ministry of Agriculture, Fisheries and Forestry or the Ministry of Health or it will be established as a new agency called “Food and Safety Cambodia”.

Table 8.2: Twelve point plan: Government Commitments to Improve the Investment Climate and Trade Facilitation

Twelve point plan	Status	Outcome
1. Establish a Cross-Agency Trade Facilitation /Investment Climate Reform Team	Done	
2. Establish A System of Transparent Performance Measurement including Private Sector Monitoring	Done	
3. The trade facilitation process, including all licenses, procedures and documents, will be reviewed to remove overlaps and unnecessary approvals. Following the reengineering, a single administrative document will be implemented and other documents progressively eliminated.	Progress	
4. Introduce an overall risk management strategy to consolidate and rationalize all examination requirements of the different	Progress	
5. A strategic review of the role of CamControl will be launched to more productively deploy the organization's unique knowledge of quality control processes and make optimized use of inputs and resources from other agencies, such as the CED.	Done	Two options restructuring of CamControl: (i) merging some or all of CamControl's functions with Customs, MIME, MAFF or MoH; (ii) creating a new food and drug agency with a working
6. A Single Window process to manage trade facilitation will be piloted in the Port of Sihanoukville by December 2005. The Trade Facilitation process, once streamlined, will be automated by December 2005.	Progress	
7. The Government will introduce a WTO compatible flat fee for service, and the service will be defined by a service-level agreement. The fee structure will be public.	Progress	▪
8. Streamline the process and reduce the cost of incorporating with the Commercial Register, which is maintained at the Office of the Clerk of the Commercial Court, and costs an average of \$630 and 30days.	Done	▪ Business Registration cost has been reduced by over US\$400 ▪ Minimum deposit requirement has been reduced from US\$5,000 to US\$1,000
9. Streamline the process notification of the Ministry of Labor to start hiring employees, which costs \$250 and 30 days to complete.	Progress	
10. Harmonize registration for VAT, income tax and company registration using the same form and resulting in the same number. This would enable a unique identifier and facilitate information sharing across agencies.	Progress	
11. Streamline the process notification of the Ministry of Labor to start hiring employees, which costs \$250 and 30 days to complete.	Progress	

Twelve point plan	Status	Outcome
12.Streamline the process notification of the Ministry of Labor to start hiring employees, which costs \$250 and 30 days to complete.	Progress	
13.Harmonize registration for VAT, income tax and	Progress	
14.Implement a national award to promote good corporate citizenship and governance in the private sector.	Done	(1) Hotel Cambodiana; (2) Conferel Co, Ltd.; (3) New Island Clothing (Cambodia) Ltd; and (4) Hagar Soya.
15.Monitoring and Reporting	Done	

Sources: *World Bank (2005), MoC (2005a), Personal Communication with MPDF and Secretariat of Government-Donor Coordination Committee (2005).*

Another recent effort in trade reforms is the preparation of the National Export Strategy (NES) intended to reap potential benefits from market access of world trading systems and regional cooperation. NES primarily prioritizes six areas of export development and promotion (1) Garments (2) Fruits and Vegetables (3) Inland Fisheries (4) Organic Rice (5) Silk and Silk Products and (6) Tourism. This national strategy paper is scheduled to be adopted by the Council of Ministers at the end of 2005. Yet, to get actual benefits from this national strategy will depend largely on other structural reforms, in particularly reforms to improve the business environment and trading activities.