

Appendix I

TRADE FACILITATION REFORM

Table A1.1: Comparison of New Procedures and Old Procedures for Issuance of Certificate of Origin, Commercial Invoice and Export License

Prakas on Procedures for Issuance of Certificate of Origin (C/O), Commercial Invoice (C/I) and Export License (E/O)		
February 18, 2002	August 19, 2004	Comments
Certificate of Processing which is issued by MIME can be used for goods export by sea and can be used to replace Temporary Export Authorization which is issued by MOC. However, this certificate need to be signed by an official from MIME and an official from MOC or 2 officials from MOC if involving in export license	Joint onsite monitoring by officials from MIME and MOC. The Certificate of Processing and export will be signed at the same time by an official from MIME and an official from MOC or two officials from MOC if involving in export license	Streamlined
Documentation required when requesting C/O and C/I ▪ By Sea 1. Customs' export declaration 2. Camcontrol's certificate of quantity 3. Bill of lading 4. Certificate of processing 5. Invoice 6. Packing list 7. Sale contract 8. Cambodia outward declaration 9. Checks for administrative fees or quota for export fee or exporting fee ▪ By air 1. Customs' Export Declaration 2. CamControl's Certificate of Quantity 3. Airway Bill 4. Certificate of Processing 5. Packing list 6. Invoice 7. Sale contract 8. Cambodia outward declaration 9. Checks for administrative fees or quota for export fee or exporting fee	Documentation required when requesting C/O, C/I and E/L for export by both sea and air: 1. Joint minute prepared by CamControl and Customs and Excise 2. Bill of lading 3. Invoice 4. Packing list 5. Sale contract 6. Cambodia outward declaration 7. Checks for administrative fees or quota for export fee or exporting fee	Streamlined
Administrative fee and export fee (Exports to the US) ▪ C/O - Form N: US\$30 for 1 copy - Form A: US\$50 for 1 copy ▪ Export License: CR15,000 (US\$3.75) for 1 copy¹ ▪ Commercial Invoice: CR120,000 (US\$30)² for 1 copy	Administrative fee and export fee (Exports to the US) ▪ C/O - Form N: US\$30 for 1 copy - Form A: US\$50 for 1 copy ▪ Export License: CR15,000 (US\$3.75) for 1 copy³ ▪ Commercial Invoice: CR120,000 (US\$30) for 1 copy	The same

¹ Exchange rate US\$1 = CR4,000

² Idem

³ Idem

Prakas on Procedures for Issuance of Certificate of Origin (C/O), Commercial Invoice (C/I) and Export License (E/O)		
February 18, 2002	February 18, 2002	Comments
Administrative fee and export fee (Exports to EU and countries other than the US. However, this fee applies to the restricted quantity: below 2,000 pieces for textiles and garments and below 200 pairs for shoes. ▪ C/O - Form N: US\$10 for 1 copy - Form A: US\$15 for 1 copy ▪ All kind of garments exports to EU and outside EU are subject to pay US\$0.10/Doz for C/O	Administrative fee and export fee (Exports to EU and countries other than the US. However, this fee applies to the restricted quantity: below 2,000 pieces for textiles and garments and below 200 pairs for shoes. ▪ C/O - Form N: US\$10 for 1 copy - Form A: US\$15 for 1 copy ▪ All kind of garments exports to EU and outside EU are subject to pay US\$0.10/Doz for C/O	The same
	Time for issuance of C/I, C/O and E/L is 11 hours 55 minutes from the time of application	Streamlined
The validity of C/O, C/I and E/L is 30 days after issuance	The validity of C/O, C/I and E/L is 30 days after issuance	The same
Applications at GSP department and Foreign Trade Department is observed by an official from MOC and a representative from GMAC	Applications at GSP department and Foreign Trade Department is observed by an official from MOC and a representative from GMAC	The same

Sources: Ministry of Commerce (2004) and (2002).

Table A2.2: Twelve point plan: Government Commitments to Improve the Investment Climate and Trade Facilitation

Action Agreed by Special Inter-Ministerial Task Force (SITF) on Investment Climate & Trade Facilitation	Action Agreed by WB
1. Establish a Cross-Agency Trade Facilitation /Investment Climate Reform Team The TF agreed to form a team consisting of eight to ten members representing the Ministries of Economy and Finance, Commerce, Agriculture, Labor and Social Welfare, Interior, Industry, the CDC, and the Port Authority of Sihanoukville to oversee the change measures in trade facilitation. This team will make reform recommendations to the SITF and support operational work toward on the reform. The SITF assigned CDC to identify the members, prepare the TOR and initiate the team by July 1, 2004.	The Bank agreed to work with the CDC to develop TORs for the change management team.
2. Establish A System Of Transparent Performance Measurement including Private Sector Monitoring The SITF agreed to establish a performance monitoring system to monitor progress accurately, engender trust of all stakeholders in the reform, and to report progress to the public. This system will report the time and cost of importing and exporting product, and include monitors from the private sector. The first “baseline” measurements of the current process will begin in July 2004 and continued each month. The SITF asked the Bank and CDC to work together to develop a TOR on the details of establishing the system and the modalities and extent of private sector involvement. This should include the Chamber of Commerce.	The Bank is already working on a methodology for performance measurement, to be introduced as for the consideration of the reform team July 1. The Bank further agreed to work with the CDC on developing TORs and coordinating with related initiatives as appropriate.
1. 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. Currently over 45 documents are required to export a shipment, each of which adds time and cost to the trade facilitation process. To enhance sharing of information, to reduce cost and to pave the way for automation, Cambodia will implement a Single Administrative Document by December 1, 2004. All other documents currently in use to support trade facilitation will be progressively eliminated. The SITF agreed that the reengineering process should occur on an accelerated basis so that it can precede the Single Administrative Document.	The Bank agreed to coordinate with the efforts already underway, including within ASEAN and GMS. The Bank will contact other members of donor community, which are currently considering a potential Sector Wide Approach (SWAp) to coordinate assistance.
2. Introduce and overall risk management strategy to consolidate and rationalize all examination requirements of the different control agencies. The TF agreed a risk management strategy was necessary and asked for the Bank’s help in developing a TOR for this work. A matrix of inspection requirements by categories of goods will be drawn by all the relevant agencies, and will be progressively applied to shipments, with a view to consolidate all inspections under one session.	The Bank agreed to help develop TORs.

Action Agreed by Special Inter-Ministerial Task Force (SITF) on Investment Climate & Trade Facilitation	Action Agreed by WB
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. The SITF recognizes that the role of CamControl may need to be modernized and updated in light of the maturity of the economy, the private sector's ability to determine quality and its trading relations. The Government will conduct the strategic review of CamControl including several options: retaining the existing profile, merger with CED (following cross-training) or establishment of a new entity such as a Food and Drug Administration.	The Bank agreed to discuss possibilities for such support with other donors involved in the PSD SWAp discussions, and respond to the TF's request as soon as possible
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. The TF agreed to these timelines, and said that every attempt would be made to complete this work by end 2005. The TF also agreed that the Government will initiate a comprehensive automation project by October 2004. The process will start, as soon as possible, with the design of an overall architecture that incorporates all agencies into a seamless network. Within this overall architecture, implementation will be undertaken in phases. The TF asked if the Bank could provide grant support for the hardware required for automation as well as provide a flowchart of the automation process.	The Bank agreed to provide the flowchart but noted that grant assistance had to be discussed within the context of the upcoming CAS discussions
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. The TF agreed that the Single Window should be implemented in conjunction with a flat fee-for-service compensation mechanism that enables the private sector to pay once for all customs clearance processing. They also agreed that this fee should be tied to publicly stated and enforced SLAs that clearly outline the level of service provided to the customer in exchange for the fee paid, and a refund should be allocated to the customer should the agency fail to provide service within the terms outlined in the SLA. The Trade Facilitation Reform team will determine the appropriate fee structure.	The SITF asked the World Bank to provide technical inputs to the TFRT. The Bank agreed to do so.
Licensing and Registration	
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.	
9. Streamline the process notification of the Ministry of Labor to start hiring employees, which costs \$250 and 30days to complete.	

Action Agreed by Special Inter-Ministerial Task Force (SITF) on Investment Climate & Trade Facilitation	Action Agreed by WB
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. The SITF endorsed the goal of streamlining licensing and registration to decrease the share of companies that operate informally by making formal registration and hiring workers as easy and inexpensive as possible. The SITF noted that the changes proposed in Item 12 may require changing existing legislation and agreed that reform team would present proposals after taking into consideration ongoing reform efforts. In one such effort, The Ministry of Commerce is in the process of decreasing incorporation fees to \$295 and the number of days to 10 days.	The Bank agreed to consult with other donors such as the Asian Development Bank, MPDF and FIAS.
Private Sector Governance	
11. Implement a national award to promote good corporate citizenship and governance in the private sector. Improving governance cannot rest on public action alone. Any strategy to fight corruption, build better institutions, introduce transparency in public contracting must also rest on efforts to strengthen codes of ethics and standards of governance that are developed and enforced by the private sector itself. The TF agreed that the Government will encourage, through the Government-Private Sector Forum, adoption of a Code of Ethics by the private sector. The Government also will try to introduce a national award for corporate governance, which will depend on and assessment against objective governance criteria. Publicizing the criteria is expected to raise awareness of corporate governance.	The Bank agreed to work with IFC, MPDF and other donor to design and possibly fund such a program.
12. Monitoring and Reporting The TF agreed that the private sector, through business associations, will monitor and evaluate progress toward reform objectives. Progress reports will be provided to the Government Private Sector Forum.	IFC, AusAID

Source: World Bank (2004).

