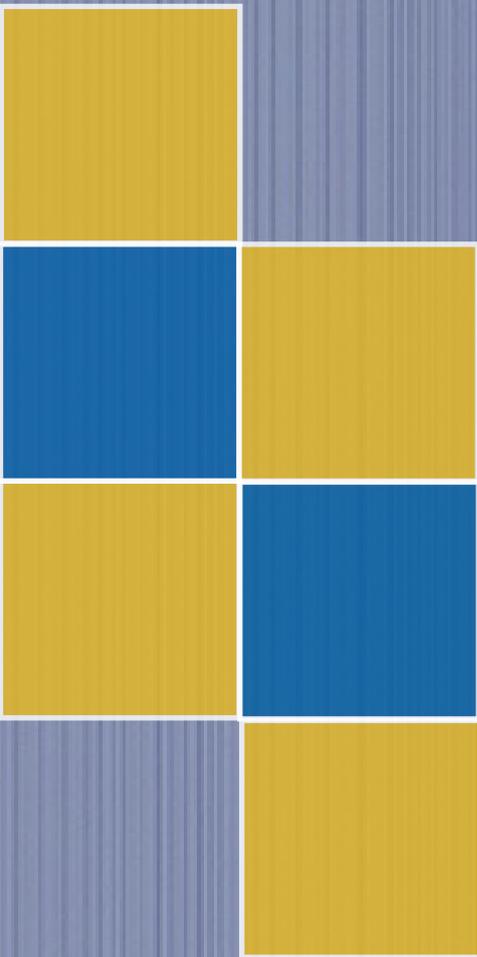




# Newsletter

Cambodia Trade Sector Wide Approach



“ We have consolidated all services we provide to the private sector under one roof. We have automated the process of issuing certificates of origin. Now they’re sent online. We have introduced e-payments. Soon we will introduce online business registration. Today, to create a company in Cambodia you must come to the Ministry of Commerce to do a name check, and it takes seven to eight days. Soon you can do it immediately online. I believe these reforms could push Cambodia into the top 25 on the list. (Forbes Magazine, December 2015), ”

**H.E. SUN Chanthol**, Senior Minister,  
Ministry of Commerce



# SECRETARY'S CORNER



I am pleased to share with you this semester's Trade Sector Wide Approach (Trade SWAp) Newsletter. As part of our continuous strive towards transparency and promote greater awareness, we wish to provide our readers with the latest news and updates on trade sector developments.

This Trade SWAp Newsletter is circulated on a semester basis to report the latest progress on the various Aid-for-Trade programs being implemented at the Ministry of Commerce. Our Newsletter covers TDSP and EIF projects and achievements, as well as other news articles and feature stories from our stakeholders. It is customer oriented, designed to cater for the needs of our valuable readers in the trade sector.

From here, I would like to invite you all to take part of this initiative to share with us and with the entire trade and logistics community in Cambodia your successes and accomplishments. This Newsletter gives us the opportunity not only to provide articles of interests, but to help keep you informed of recent news that affects the trading community and the Aid-for-Trade Programs being managed by the Royal Government of Cambodia.

We shall continue to stand by our commitment to provide news and feature stories to keep everyone in the trading and business community regularly informed on latest developments in Cambodia's cross-cutting trade development agenda.

We look forward to hearing your stories and ideas for upcoming issues and welcome your ideas and feedback by sending an email to [chhiengpich@gmail.com](mailto:chhiengpich@gmail.com). You can also download this newsletter in Khmer and English, as well as other useful trade documents on our website: <http://www.moc.gov.kh/tradeswap/> and our dedicated Facebook page: TDSP&EIF.

## **H.E. TEKRETH Kamrang**

Secretary of State, Enhanced Integrated Framework Focal Point for Cambodia  
Ministry of Commerce





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Academy of Culinary Arts of Cambodia (ACAC)

## Trade Development Support Program Upgrades ASYCUDA++ to ASYCUDA World System

The Trade Development Support Program assisted the General Department of Customs and Excise (GDCE) in upgrading the Customs system by migrating from ASYCUDA++ to ASYCUDA World. ASYCUDA World is the most recent version of the ASYCUDA software which was developed and is now undergoing review and further upgrading by the United Nations Conference on Trade and Development (UNCTAD).

As the Government continues its efforts to make it easier for persons to do business, improvement in customs administration and services from the General Department of Customs and Excise of the Ministry of Economy and Finance remains a priority. The aim of the upgrade from ASYCUDA +++ to ASYCUDA World System is to streamline Customs procedures and enhance the system control while eliminating the need for human intervention. The overall goal of this Project funded by TDSP is to assist GDCE in Cambodia to achieve a global aim: facilitation of trade, by strengthening the Customs Administrations' operational capacity to carry out their fiscal and control missions, through the implementation of modern and reliable systems.

With ASYCUDA World, most paper intensive Customs processes has been replaced with online procedures, and the reduction of documents to just a Single Administrative Document (SAD), which is aimed

at improving trade facilitation. Clients of the GDCE will be able to perform tasks such as submission of manifests, declarations, payments, and documents – while traders will also be able to keep abreast of their transactions via E-notifications. Among other benefits, ASYCUDA World will reduce waiting time, provide more accurate and consistent tax calculations, and address revenue leakage through enhanced system controls and accountability.

ASYCUDA is a computerized customs management system which covers most foreign trade procedures. The system handles manifests and customs declarations, accounting procedures, and transit and suspense procedures. ASYCUDA generates trade data that can be used for statistical economic analysis. ASYCUDA takes into account the international codes and standards developed by ISO (International Standards Organization), WCO (World Customs Organization) and the United Nations. ASYCUDA provides for Electronic Data Interchange (EDI) between traders and Customs using EDIFACT (Electronic Data Interchange for Administration, Commerce and Transport) rules.

With financial and technical support from development partners, especially the World Bank under the formerly implemented Trade Facilitation and Competitiveness Project (TFCP) and now under the Trade Development

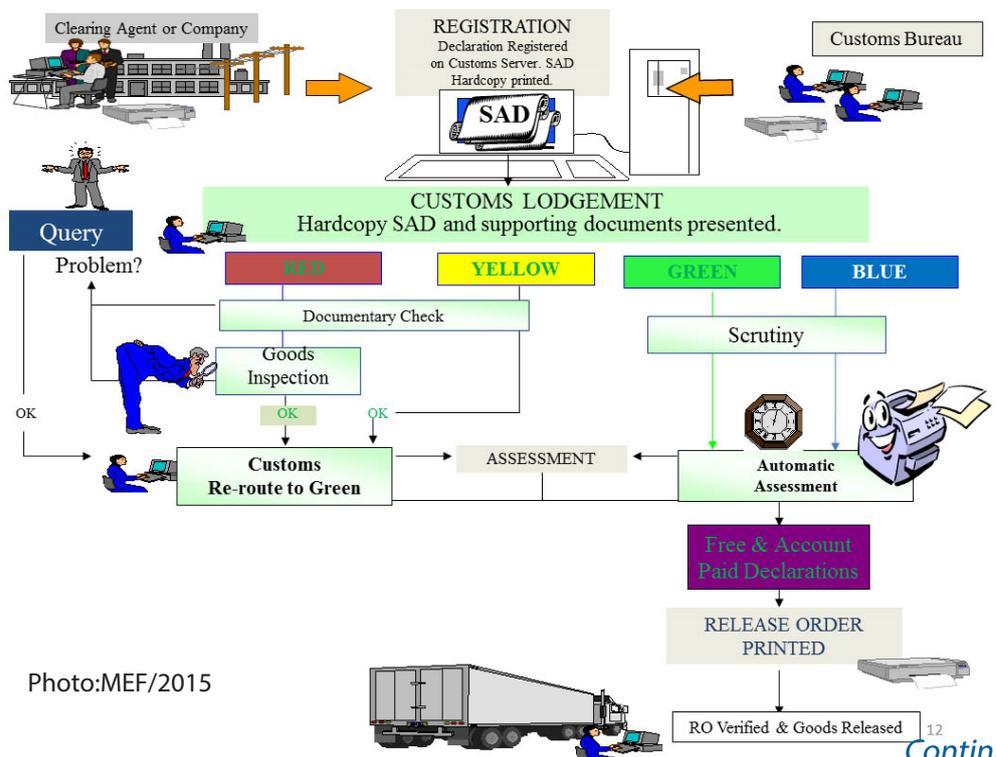


Photo:MEF/2015

## DICO conducts Cassava Contract Farming Forum in Pailin



The Department of International Cooperation, Ministry of Commerce (MoC/DICO), in collaboration with United Nations Development Programme (UNDP), conducted a Cassava Contract Farming Forum with the theme: “Contract Farming and Its Application to Cassava Export”, presided by H.E. MAO Thora, Secretary of State, MoC, and H.E. Eing Vuth, Deputy Provincial Governor of Pailin on November 6, 2015 in Pailin province. Approximately 90 participants from relevant provincial departments, EIF core team, cassava association leaders and members from Pailin, BAI, GIZ, and Idemitsue Co.ltd attended the Forum.

During the forum, the contract farming initiative discussed the possible solution to challenges of cassava processors and exporters related to unstable price, small market size, lack of standardized warehousing facilities, and high operational cost for cassava productions. The discussion also covered:

(i) support all related stakeholders in promoting cassava production and exportation through contract farming initiative; (ii) provide knowledge and experiences related to legal framework and procedures in contract farming, the roles of key responsible persons in supporting contract farming; (iii) provide participants an opportunity to absorb value experiences of key stakeholders on contract farming; and (iv) ensure the adoption of an effective mechanism for all stakeholders to work together in contract farming.

In his opening remarks, H.E. MAO Thora, informed the participants that “over the past years, some NGOs created cassava associations in some provinces, but there was no concrete mechanism to monitor and follow up their actions, causing these associations to fail. However, under the leadership of the MoC, the cassava contract farming initiative introduced

***Continued on P.9***

### ***Continued from P.7, Trade Development Support Programme...***

Support Program (TDSP), the ASYCUDA World System has been implemented at 54 major customs branches and offices, which covered almost 99% of Single Administrative Documents (SAD) and approximately 87% of trade volume.

This innovation will improve service to the general public by reducing time release of goods and trade facilitation by strengthening Customs Clearance process through a modernized and reliable system. It will also give potential users the opportunity to observe the process of accessing the Electronic Manifest and gain an insight into the other modules involved in the upgrading of the new Customs system. Being web-based, the ASYCUDA World system will allow Customs Administrations and traders to handle most of their transactions – from Customs Declarations to Cargo Manifests and Transit documents – via the Internet.

The ASYCUDA World System of the GDCE will soon be linked with the Cambodia’s National Single Window (NSW). The NSW is a facility that allows parties involved in trade and transport to lodge standardized information and documents with a single entry point to fulfill all import, export, and transit-related regulatory requirements. For information submitted

electronically, individual data elements will only be submitted once. An overriding objective of the Single Window is to strengthen government-to-government; government-to-business; and business-to-business inter relationships.

The policy of the Royal Government of Cambodia is to develop, own and operate the system and that the GDCE will lead and manage the project and be the operator of the system once implemented. Significant progress has been made in preparing for project implementation including: (1), the CNSW Blueprint has been developed with financial support of the World Bank, incorporating technical and functional specifications for the system, a governance and operational model, procurement strategy and a project implementation plan; and (2) the completion of a Legal Gap Analysis carried out under the ASEAN Single Window – ASEAN Connectivity through Trade and Investment (ASW-ACTI) project.

The GDCE will manage the planning, development, and implementation of the NSW in accordance with RGC policy and directions, the implementation plan of the ASEAN Economic Community 2015, and the ASEAN Single Window.



Photo:DICO/2015

**Continued from P.8, DICO Conducted Cassava Contract Farming...**

in the workshop is expected to ensure good progress, specifically in providing concrete mechanism in negotiating for market prices.”He also requested all stakeholders and associations to work together in finding new export markets, and MoC will provide technical and market facilitation support in penetrating other markets aside from Thailand and Vietnam.

For cassava processor side, H.E.MAO Thora facilitated the meeting with Battambang Association Agro-Industry (BAI) in Pailin, to share knowledge and experiences on best practices, lesson learned, opportunities and concerns face by the two countries (Thai and Cambodia). During the discussion, both parties discussed possibility to work together in order to produce good results, mutual benefit based on fairness, transparency, accountability and win-win principle. The Forum also discussed the following: (1) mechanism to set up a forward price (i.e. it is difficult to set a price for the cassava market since prices globally fluctuates); (2) clear product specification and pricing as well as regular price update to contractors, (3) Incentives which the company can provide to its contractors (i.e. more profits than their current business); (4) Right planting materials and techniques meeting the requirements of the company that supports for agricultural extension and access to right cassava cultivars; (5) Financial support for farmers needing instant cash so that they can keep their production as required, (6) Competitors who can offer higher price during that period; (i.e. causes of side selling by contractors); and (7) Cost competitiveness such as changing time of cassava growing can increase the production cost, i.e. watering and

other factors.

“The contract farming initiative forum led by MoC was very helpful in cassava production and export,” according to Mr. Seng Khim, Director of Provincial Department of Agriculture of Pailin province.

On the other hand, Mr. Say Sophat, Head of the Provincial Department of Commerce informed that “the Government’s sub-decree # 036 on the contract farming, issued on 24 February 2011 to allow all stakeholders to conduct contract farming, is a very important policy initiative of the Government which have strengthened the responsibilities of stakeholders in ensuring the equality and transparency in cassava processing and exporting; to safeguard the price of cassava in terms of irregular price fluctuation; facilitation of in terms of guaranteed quantities of supply and demand; and the increasing numbers of buyers to further contribute to poverty reduction in the country.”

Mr. Chhieng Pich, DICO director reiterated that “to ensure cassava growers and processors will benefit from the contract farming, the patterns of growing and harvesting must be changed for better prices and secured market; unless the cassava supply side to starch plant can be made during off-season.”

The initiative workshop on contract farming and its application and cassava export is the activity under EIF CEDEP II – Cassava component. It was conducted in order to create a big impact to local communities in terms of job creation, more sustainable income to cassava growers, better and profitable operation for a starch plant, and multiplier effects to supporting sectors.

## Cambodia Hosts 5<sup>TH</sup> National Implementation Unit Exchange Programme for CLM



“ The comprehensive program of the 5th CLM Exchange Program is an occasion “to learn from each other’s experience; establish institutional linkages to improve Aid-for-Trade program implementation; and ensure the establishment of a regular stature and mechanism in skills and knowledge transfer in the area of trade.”

LCT. TEKRETH Kamrang,  
Secretary of State, Ministry of Commerce

Cambodia hosted the 5th National Implementation Unit Exchange Program for Cambodia-Lao PDR-Myanmar held at the Borei Angkor Hotel in Siem Reap from December 7 to 8, 2015, with the Department of International Cooperation of the Ministry of Commerce coordinating the event.

The Conference was co-chaired by H.E. TEKRETH Kamrang, Secretary of State, and EIF Focal Point, Ministry of Commerce, Cambodia; H.E. SOMCHITH Inthamith, Vice Minister of Industry and Commerce, Lao PDR, and H.E. Dr. PWINT San, Deputy Minister and EIF Focal Point, Ministry of Commerce, Myanmar. It was attended by the delegations from Cambodia, Lao PDR, Myanmar, and was conducted in order to get an update on the three countries’ NIU program’s implementation; and to share experiences and lessons learned in the implementation of Aid for Trade Programs in the three countries.

In her welcome remarks, H.E. TEKRETH Kamrang stressed that the comprehensive program of the 5th CLM Exchange Program is an occasion “to learn from each other’s experience; establish institutional linkages to improve Aid-for-Trade program implementation; and ensure the establishment of a regular stature and mechanism in skills and knowledge transfer in the area of trade.” She expressed that the international collaborative effort among the three countries will “ultimately help the respective governments in effectively drawing effective trade policies, in conducting collaborative research and publications, and capacity building to enhance each other, in the spirit of mutual benefit and exchange.”

For the Lao PDR delegation, H.E. Somchith Inthamith, Vice-Minister, Ministry of Industry and Commerce, Lao PDR, delivered the opening remarks with the central focus on the “Government of Lao PDR’s activities towards graduation from LDC to a

**Continued on P.11**

Photo:DICO/2015



## Online Business Registration System Portal Launched at the Ministry of Commerce

Senior Minister Sun Chanthol of the Ministry of Commerce led the launching of the online system of business registration for business last 07 December 2015. Officials, experts, and business sector representatives who attended the ceremony commended that the system as a positive step toward reducing corruption and inefficiency.

It was not easy to register a business in Cambodia,

given the legendary bureaucratic red tape that business applicants must go through. The World Bank currently ranks Cambodia 180 out of 189 countries on the ease of starting a business, and estimated in its most recent Doing Business 2016 report that it takes an average of three to four weeks to register a company with the government.

During the launch of the Business Registration

*Continued on P.12*

### **Continued from P.10, Cambodia Hosts...**

lower-middle income economy, which has been attained in 2014 with GNI per capita of \$1,600 and is considered as one of the fastest growing economies in the East Asia and Pacific region." He said that most of their country's development in the last decade was due to the increasing use of natural resources such as water, minerals and forest. He also added that "construction and services also expanded as resource rents spread to the rest of the economy and growing regional integration boosted tourism and attracted foreign investment." In conclusion, he said that "trade and private sector are seen as important tool in improving the lives of the people. Strong leadership and political commitment is very important. No strategy will work unless there will be cooperation among the various stakeholders, specifically the public and the private sectors."

H.E. Dr. Pwint San, Deputy Minister and EIF Focal Point, Ministry of Commerce, Myanmar, delivered another opening remarks. He said that "since Myanmar has changed its economic course from a centrally planned economy into a market oriented system, a series of structural reforms had been introduced and new legal policy instruments were enacted as paving way for market oriented economy." He said that "as Myanmar is transitioning to a fully-fledged market-oriented economy, our country has embarked on a number of other processes, such as the preparation of the National Export Strategy and the National Trade Facilitation Implementation Plan. In March 2014, Myanmar successfully completed its first ever Trade Policy Review at the WTO." In conclusion, he said that their delegation came to Cambodia "in order to learn from the successes of the two other countries on Aid-for-Trade programs, specifically in implementing their trade development agenda, and in accessing for sustainable technical assistance."

The two-day Exchange Program provided updates on the following: (1) Cambodia's Trade SWAp Implementation; (2) Lao PDR's Trade and Private Sector Development Roadmap Implementation; and (3) Myanmar's Trade Development Landscape. In the area of Aid for Trade Agenda Beyond 2015, one of the speakers highlighted the Aid-for-Trade 5-Year Plan, which provided an alignment of the national development plans and Aid-for-Trade strategies in LDCs. The representative from Lao PDR informed on Lao's Program Development Results in the area of improving trade facilitation and enhancing Aid effectiveness, while the representative from Myanmar outlined their country's Aid-for-Trade Strategy for 2016-2020, which was complemented by the presentation of Cambodia's Medium-Term Plan for Aid-for-Trade and Aid-for-Trade Strategy for 2016-2020. Group discussions were also undertaken on the following topics: Group 1 – Integrating line ministries' policies and plans in Aid-for-Trade; Group 2- Regionalizing the EIF Executive Secretariat and joint EIF projects for Cambodia, Lao PDR, and Myanmar; and Group 3 – Improving TFM functions, ways and means. In order to benchmark from the various best practices in Aid-for-Trade, the three NIUs shared their results: (1) Myanmar – Result 1 – Myanmar's National Trade Portal and Trade Repository; Result 2 – Aid for Trade in Practice and the Trade Development Program; (2) Cambodia – Result 1 – CO Automation in MoC; and Result 2 – CEDEP 1 project impact on Exports; (3) Lao PDR – Result 1 – Improving Trade Facilitation; and Result 2 – Enhancing Aid Effectiveness. To recap the various programs and strategies on Aid-for-Trade, future exchange program and exchange opportunities between the NIUs of Cambodia, Lao PDR, and Myanmar were also discussed.



“*The new system is a way to make Cambodia more attractive to investors, eliminating face-to-face interactions between government officials and businesspeople and reducing the role of the brokers who previously guided applicants through the complex registration process.*”



Photo: MoC/2015

**H.E. SUN Chanthol,**  
Senior Minister, Ministry of Commerce

### **Continued from P.11, Online Business Registration System...**

System portal, which was designed by Foster Moore International from the same software on business registration that was developed for New Zealand, Senior Minister Sun Chanthol that he is confident that Cambodia would be able to significantly improve on that score with its revamped registration process. He said that “in just one hour, it can allow a company to be created at any place with Internet, and the registrants can print the documents themselves.”

Local and foreign firms looking to register their business in Cambodia can now do it from any internet-connected device and hook up with the MOC’s online business registration portal. Registering a business on the website—Business registration. moc.gov.kh—costs 1,720,000 riel (about \$430), which companies can pay through electronic payment system arranged with some local banks in Cambodia. The new, paperless system enables prospective businesses to search for a company name, upload shareholder and board of directors’ information and pay the registration fees online, as opposed to the old system where representatives had to physically go to the ministry to complete registration procedures, which is a time-consuming process that also created opportunities for corruption.

H.E. Chanthol has touted the new system as a way to make Cambodia more attractive to investors, eliminating face-to-face interactions between government officials and businesspeople and reducing the role of the brokers who previously guided applicants through the complex registration process. He stressed that “this system was established to eliminate the face-to-face meeting between the company and Ministry

officials. We have also cut down the timeframe for business registration from five to seven days to only one hour.”

However, David Van, managing director of business advisory firm Bower Group Asia, said that for the online registration system to have a significant effect, Cambodia must take a step back to first address fundamental issues such as Internet accessibility.

“Internet speed and availability could be a limitation,” he said. “Just the Ministry of Commerce having automated its part would not suffice to help Cambodia climb up the World Bank’s ranking.”

Despite the focus on international investors, Lim Heng, vice president of the Cambodia Chamber of Commerce, said it was also important for the government to make sure that local business owners knew how to use the online system.

“I would like to request that to all directors of the provincial departments of commerce to raise the level of awareness on the new online system so it will be easier for companies to register,” the Senior Minister of Commerce said. “Most Cambodians are good at Facebook, but I think the online registration will be difficult for them,” he added.

The efficiency of the new system will soon be tested, as the Commerce Ministry also announced during the launching that all 42,000 companies currently registered to do business in Cambodia would be required to re-register online starting from January 4, 2016 and until March 31, 2016 to expand the database. He also encouraged the small and medium enterprises

**Continued on P.13**

to register their business using the on-line system. He added that “no longer will small and medium enterprises (SMEs) have to submit various paper documents to various institutions for registration. It features lesser procedures as compared to before and the registry will contain all the companies’ information that can be accessed by both government agencies as well as the general public.”

The implementation of an online registration site will be good news for the countless SMEs in Cambodia, as it would make the standard business procedure of registering the business as a legal entity a lot more efficient. As SMEs play an important role in contributing to a country’s economy, commonly known as the backbone in society, it is essential to have a system in place to support their growth. More so in a country like Cambodia where according to a government survey conducted in 2011, only about 3.5 per cent of the 505,000 SMEs in Cambodia were registered with the government.

To register, the companies would simply have to go to the website and upload a memorandum or article of association, as well as proof of address and identity cards for company directors. Once submitted, the registering company will be able to use ACLEDA Bank’s online payment gateway to pay the relevant fees without having to take time to physically make a trip down.

The Ministry of Commerce (MOC) has also provided a list of upcoming features even though the various specifications have not yet been released. Some of the new features include, a single interface whereby using a common form, the procedures will be consolidated into a single point registration for business, tax and other permits, thus simplifying the process. A unique enterprise ID will also be introduced, which would be recognizable by the different institutions involved and it has been stated that the online registration would be a national computerized business registry offering the same standardized service countrywide. Not only does the online registration reduce the time taken for both the process of registration and the formalization of amendments, there will also be electronic-based information services for other businesses where the authorities or the general public will be able to use the legally valid enterprise data compiled in the business registry.

By simplifying the process of registering a business and submitting the various paperwork, it is said that this registry is currently a high priority program aimed

at improving the business climate in the country. The following are some of the reasons why a straight forward and centralized businesses registration process would be beneficial for all the parties involved:

### **1. Relevance for market access and enterprise development**

Once the business has been registered, their information would become legally valid which makes up the basic business operations and is also important for contract enforcement. For employees, the registration of a business ensures the protection of their rights and for business owners seeking business support incentives, having a formal establishment is usually a precondition before applying.

### **2. Relevance for the business community**

With all the businesses’ information collated in a single registry, it would be the go-to website to search for potential clients or business partners. As verification of the business information is allowed, it in turns reduces the risk and cost of potential business partnerships.

### **3. Relevance for public sector at large**

As business registrations provide the basis for tax collections, with more businesses registering, it would help by broadening the tax base in which would almost directly affect the public. More than just the finances, it is important for informed public decision making as the statistical data is a source of knowledge and insight on the private sector in the country. The business registry would also function as a pillar supporting the other fields such as credit information systems, social security, land registries, secured transaction registries and the courts.

All in all, this will be an opportunity for existing companies to rectify or update their information and it will also be a chance for the SME sector to grow with a proper framework set in place. Even though the system will be newly launched next month, one thing for sure, this new improvement would definitely make Cambodia more attractive to investors and will hopefully spark a boost in the local economy. However, do note that all registered enterprises would have to register before 31 March 2016 or face a fine that will be imposed by the government.

***Continued from P.12, Online Business Registration System...***

## Certificate of Origin Automation Speeds up Process for Traders



H.E. SUN Chanthol, Senior Minister, Ministry of Commerce

Photo: Agro Angkor Intertrade/2015

Cambodia continues to enjoy robust growth as one of the emerging economies in Southeast Asia. Real growth of the economy in 2014 is estimated to have reached 7.1%. A long-term analysis of Cambodia's economic growth makes obvious that Cambodia's dynamic economic development in the past decade can be attributed to a large extent to international trade. Cambodia's economic growth depends much on the four main engines: manufacturing (garment/footwear), construction, tourism and agriculture. Cambodia's currently main export destination includes the United States (currently dominant due to the garment sector), EU states under EBA scheme, Canada, Japan, Singapore, South Korea, and China (PRC) (leading country in tourism). Supplying domestically produced goods to international market has been a huge challenge for local traders due to the complicated procedures and bureaucratic requirements.

In preparation for the Cambodia's launch of the ASEAN Single Window, the Ministry of Commerce has recently pilot tested in March 2015 the implementation of the electronic application and issuance of preferential and non-preferential Certificate of Origin (e-CO), funded by the Trade Development Support Program (TDSP) and designed by CrimsonLogic, Pte. Ltd of Singapore. This pilot test has reviewed the procedures in the electronic application and issuance of the ASEAN Trade in Goods Agreement (ATIGA) Form D, as part of the ASEAN Single Window Program (ASW) for the purpose of rolling out

the e-CO system.

According to H.E. Sun Chanthol, Senior Minister of the Ministry of Commerce, "the automated system in the issuance of Certificate of Origin, once fully implemented, Cambodian exporters will extensively benefit from the ease and facility in the processing of COs for their exports, reduce face-to-face interaction among traders and officials of MoC, and the reduced transaction costs arising from paperless processing." He added that "the e-CO System is just part of the many reform and modernization programs that the Ministry of Commerce is introducing to ensure that better service is given to its stakeholders and the transacting public." He stressed that the new automated system in the issuance of Certificate of Origin will ensure "a faster and more efficient system that cuts down human interface between the ministry officials and traders, and will allow traders to do electronic payment thru some of the major banks in Cambodia, such as ACLEDA Bank, CANADIA Bank, and FTB, and even the printing of the CO themselves."

"We have consolidated all our services to the private sector at the Ministry of Commerce as a 'One-Stop-Shop' under one roof. We have recently launched the on-line system in the processing of CO and business registration. Very soon, we will also launch the automated system of Trade Marks registration. With these reforms, we feel confident that Cambodia will

**Continued on P.15**



## DICO Finance Officers Attend Financial Management for EU Grants Training Program in Bangkok, Thailand



Mr. Kim Lydet (Right), Chief of the Finance Unit of DICO, and Mr. Sou Vuthy (Left), Accountant, taking photo with their professor when they attended Financial Management for EU Grant Training Progra in Bangkok, Thailand - August 17-19, 2015

Photo:DICO/2015

Two finance officers of the Department of International Cooperation, Ministry of Commerce, attended the “Financial Management for EU Grants” Professional Training Program in Bangkok, Thailand conducted by the Center for Resource and Systems Management from August 17-19, 2015.

The training program aims to help recipients of

EU funds for external actions to comply with the conditions for financial management set out in contracts for EU-financed external actions. The professional training program also provided practical information on the implementation and procedures related to financial management, reporting and accounting in line with EU financial regulations. Other topics included in

***Continued on P.17***

### ***Continued from P.14, Certificate of Origin Automation...***

move up in the “Ease of Doing Business” ranking into the top 25 of the list,” H.E. Sun Chanthol said. To create further awareness of the new systems among the traders and other stakeholders, he encouraged the Ministry of Commerce officials to hold seminar series about the new systems.

On the other hand, Mr. Kim Monica, the Deputy Secretary General of Garment Manufacturers Association in Cambodia welcomed the new automation system in the issuance of Certificate of Origin. He said that “The automated CO system would save time, promote transparency, and boost exporter’s confidence. The system is very useful for us as exporters: first, it is less time consuming; and second it reduces unofficial expenses.”

A Certificate of Origin (CO) is an important international trade document attesting that goods in a particular export shipment are wholly obtained, produced, manufactured or processed in a particular country. COs also constitute a declaration by the exporter. Virtually every country in the world considers

the origin of imported goods when determining what duty will be assessed on the goods or, in some cases, whether the goods may be legally imported at all. This document is a significant element of exporting goods to international markets under the Generalized Scheme of Preferences (GSP). The main type of COs issued are “Non-Preferential COs”, i.e. “ordinary COs” which certify that the country of origin of a particular product does not qualify for any preferential treatment. “Preferential COs” refer to COs which enable products to enjoy tariff reduction or exemption when they are exported to countries extending these privileges: e.g. GSP, Commonwealth Preference Certificate. Certificates of Origin may be needed to comply with Letters of Credit, foreign Customs requirements or a buyer’s request. In most countries, chambers of commerce are the key agent in the delivery of certificates of origin. However, in Cambodia, this privilege has been extended to the Import and Export Department of the Ministry of Commerce.

## EIF-CEDEP II Conducts Field Visit to Marine Fisheries Product Component's Beneficiaries



Mr. Chhieng Pich (second from left), DICO/TDSP&EIF Director, Ministry of Commerce, led DICO team to visit CEDEP II beneficiaries at Kampot province, November 2015



Stimulated by the growing demand for marine fishery and fishery products for domestic consumption and export, the Department of International Cooperation of the Ministry of Commerce organized field visits to beneficiary companies of the Marine Fisheries Component of the Cambodia Export Diversification and Expansion Programme II (CEDEP II) on November 2 and 3, 2015 in Kampot province.

The beneficiary companies visited include E-Che Ngov Heng Food Production and the Crab Meat Peeling Facility Association in Kampot. Also visited were the Provincial Department of Commerce (PDoC) and the Provincial Fishery Administration (PFIA) in Kampot province.

Mr. Chhieng Pich, DICO Director and concurrent TDSP and EIF Director led the team from DICO in conducting the field visit. Others in attendance were the EIF Program Manager, EIF Core team members, EIF monitoring and evaluation and communication consultants, and representatives from the Department of Fisheries of the Ministry of Agriculture, Forestry and Fisheries. The field visit was conducted in order to discuss with the selected beneficiaries and provincial government agencies on the challenges, opportunities, and recommendations related to

the processing of marine fisheries and other marine products, including various issues related to sanitary and phyto-sanitary standards, quality assurance, food safety and conformity compliance on HACCP. The other rationale in conducting the field visit to beneficiary companies was to encourage them to improve their products and scale up their production level for export in the EU, US and other countries outside of the Mekong region.

Mr. Chan Sitha, Director of E Che Ngov Heng Food Production of Kampot, expressed his appreciation to the technical support provided by CEDEP II project in improving his fish sauce product. During the discussion, he also briefed the field visit participants on the challenges and opportunities faced by the company, which include: (i) financial capital shortage; (ii) limited access to export market and other actors in the value chain; (iii) high cost of raw materials; and (iv) non-recognition of HACCP of their company's brand in the international market. According to him, the biggest challenge that their company is facing is the lack of additional capital, estimated by at least \$1 million, for possible production expansion to meet the demands in the domestic and international markets. He said that the present volume of production is about 10,000

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## The Importance of Intellectual Property Rights to Cambodia's Small and Medium Enterprises



Mr. SIM Sokheng, Director for Department of Intellectual Property Rights, Ministry of Commerce

Photo:DICO/2015

The World Trade Organization (WTO) defines intellectual property rights as the rights given to persons over the creations of their minds. They usually give the creator an exclusive rights over the use of his/her creation for a certain period of time. Intellectual Property Rights (IPRs) is concerned with the protection of tangible and intangible property. It provides rewards and recognition to inventor/contributor for their research, designs, discoveries, inventions, and others.

With the human creativity and inventiveness, the intellectual property is all around us. On the other hand, the World Intellectual Property Organization (WIPO) defines Intellectual property (IP) as the creations of the mind, such as inventions; literary and artistic works; designs; and symbols, names and images used in commerce. IP is protected in law by, for example, patents, copyright and trademarks, which enable people to earn recognition or financial benefit from what they invent or create. By striking the right balance between the interests of innovators and the wider public interest, the IP system aims to foster an environment in which creativity and innovation can flourish.

In Cambodia, the Law on Copyrights and Related Rights was adopted by the National Assembly in January 2003 and was implemented in March of that year. The Kingdom of Cambodia has lagged behind in effectively executing the law, as majority of Cambodians enjoy buying pirated media devices and copying original books. While Cambodia's accession to the World Trade Organization ("WTO") in September 2004 brought with

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### *Continued from P.15, DICO finance officers attend...*

the training include: internal controls, documentation and filing, procurement, asset management, payroll and time management, cash and bank management, accounting, and financial reporting.

Mr. Kim Lydet, Chief of the Finance Unit of DICO, and Mr. Sou Vuthy, Accountant, attended the training program, and financially supported by the Enhanced Integrated Framework (EIF) Tier 1. With funding of about US\$1.5 million, EIF Tier 1 has been supporting the Ministry of Commerce and other line ministries for capacity building activities related to implementing, monitoring, and evaluating Aid-for-Trade projects.

EIF Tier 1 is one of the key contributors to the formulation and publication of the Cambodia Trade Integration Strategy 2014-2018 (CTIS 2014-2018). The focus of the funding support is on Pillar 3 – Strengthening the capacity of the Royal Government of Cambodian officials and Cambodian stakeholders to manage the trade agenda and trade challenges such as trade reforms, trade policy, Aid-for-Trade, and bridging skills gaps for trade, among others. It has supported

the attendance of DICO officers and staff in various training programs in English communication, financial management, procurement management, project cycle management, and monitoring and evaluation that were conducted by various domestic and international training institutes.

According to Mr. Sou Vuthy, "the training program on Financial Management for EU Grants provided conceptual clarity and practical understanding of EU financial management and reporting requirements." He added that "all aspects of EU financial management were covered in the training program with adequate examples, checklists and financial reporting templates, as well as contractual obligations and legal implications of financial management."

The Financial Management training in Bangkok attended by Finance Unit officers is just one of the training programs lined up by the Department of International Cooperation in building the capacities of its staff for the future.

## Government Launches Cambodia's National Trade Repository



Photo:DICO/2015

The government has launched the National Trade Repository of Cambodia, a website that provides an official source for all regulatory information relevant to traders who wish to import goods into Cambodia and to other countries. It provides the links to various information such as tariffs relating to each commodity, procedures and forms used in applying for permits, licenses, Customs clearance, legal documents, measures and procedures, market access, and others related to

business and trading.

The website (<http://cambodiantr.gov.kh/>), funded by the Trade Development Support Program, provides public access to all necessary trade information, including registration for importers and exporters, lists of prohibited and restricted goods, customs permits and duties, as well as ASEAN-specific trade regulations. The website was unveiled ahead of the ASEAN Community (AC), a regional free trade zone comprising of about

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### ***Continued from P.16, CEDEP II conducted field visit...***

liters of fish sauce per month will just be enough to supply the domestic market requirements. He recounted that his company started operating in 1995 as a family-based company producing fish sauce products, which later on expanded to a large-scale fish sauce company operating in an approximately two-hectare facility in Kampot. With the support extended by EIF and TDSP, he said that his company was able to introduce three types of fish sauce in the market that eventually resulted to an increase of 10 percent sales level.

After Mr. Chan Sitha's discussion on his company's operation, Mr. Chhieng Pich congratulated him for the good progress of his company and for using extensively the technical support provided by CEDEP II and TDSP. He suggested to the company to further expand their operation to meet the requirements of the international market, and to comply with quality and food safety standards imposed by HACCP and other quality assurance bodies.

Dr. Chhuon Chamnan, core team member from

the Fishery of Administration (FiA/MAFF), provided additional advice to the company by sharing his experiences in his study visit in Vietnam, as well as other professional experience in getting HACCP certification. He said that the company need to seek technical assistance in market development and in the preparation of marketing plan from a group of international experts.

The team also visited the Crab Meat Peeling Facility in Kampot, headed by Mr. Chhor Kunthy, director, which is one of the project beneficiaries under TDSP and CEDEP II. During the discussion with the group, he shared the whole production process of peeling the crab meat. He also informed that his company mainly export their products to Thailand, after attending the TDSP's training on export procedures.

In response, Mr. Chhieng Pich appreciated the hospitality extended by the company during the field visit. He said that he understands the company's situation and he expressed his support in providing technical assistance to the company in the future.

### ***Continued from P.17, the importance of intellectual property rights...***

it obligations to implement a number of intellectual property (“IP”) related laws and regulations, the application, registration and enforcement mechanisms, while strengthening year on year, remain relatively embryonic in comparison with more developed IP protection regimes in Europe and elsewhere.

Recently, Cambodian authorities dealing with patents, copyright, design rights and trademarks, in conjunction with attendees from the European Patent Office and the Office of Harmonization for the Internal Market (“OHIM”), have indicated a pro-active approach to strengthening intellectual property rights (“IPR”) protection in Cambodia. The laws implemented to date in relation to IPR protection include the Law on Trade Marks, Trade Names, and Acts of Unfair Competition (2002) (“Trade Mark Law”); the Law on Patents, Utility Model Certificates and Industrial Designs (2003) (“Patent Law”); the Law on Copyright and Related Rights (2003); and the Law on Management of Seeds and Breeders’ Rights (2008). In addition to these laws, the Royal Government of Cambodia has also recently issued sub-decrees and regulations for implementing these laws such as the Sub-Decree on Implementation of the Law on Trade Marks, Trade Names, and Acts of Unfair Competition (2006); the Prakas on Procedures for Granting Patents and Utility Model Certificates (2006); and the Prakas on Procedures for Registration of Industrial Designs (2006). The recently implemented Law on Geographical Indications of Goods (2014) and the number of products granted such protection thus far is yet another indication of Cambodia’s commitment to providing robust protection to IPR holders.

According to Senior Minister Sun Chanthol of the Ministry of Commerce, “Cambodia is facing a common threat from the international trafficking of counterfeit and pirated goods, which result in negative effects to our country’s economy.” He further added that “Intellectual Property Rights (IPR) law has long been legislated in Cambodia for over a decade, but the effectiveness of its implementation is still limited.”

Jeff Daigle, the former Deputy Chief of Mission of the US Embassy in Phnom Penh and now the Deputy Director for Products in the Bureau of International Information Programs of the US Government, said at Cambodia-Laos Intellectual Property Rights Enforcement Training in Phnom Penh in 2014 that “strong intellectual property rights can mean a strong economy,” but “the

protection of IPRs has become one of the toughest challenges of the 21st century. While we all benefit from state-of-the-art products and services, the degree of intellectual property theft is equally as sophisticated. The sheer number of counterfeit items on the market worldwide, combined with various methods of distribution, make enforcing IPR a formidable task.” He stressed that “proper protection of intellectual property rights can boost economic growth and encourage innovation. Fake goods and pirated media cost companies billions of dollars each year, and are especially prevalent in Cambodia. Protecting intellectual property rights is not an easy thing to do, but it is the right thing to do. Protecting IPR is, at its heart, about protecting people. The bundle of rights that protect intellectual property are themselves mere concepts, yet they allow inventors, scientists, and other creators to recoup their costs and make a living. The results are both tangible and real: countries that protect IPR enjoy stronger economies, have stronger and more accessible cultural traditions, and foster greater innovation.”

More recently, it has now been acknowledged in Cambodia that intellectual property (IP) contributes enormously to the economy of the country. Dozens of industries across the Cambodian economy rely on the adequate enforcement of their patents, trademarks, and copyrights, while consumers use IP to ensure they are purchasing safe and guaranteed products. Towards this end, the Trade Development Support Program (TDSP) has funded two projects on intellectual property: “Enhancing Intellectual Property (IP) Teaching and Training” and the “Development of a Stronger National System for IP Generation, Protection, Administration and Enforcement.”

The first project on IPR was able to provide the proper balance, fine tuning, and maintenance of academic excellence and integrity among universities and other institutions of higher learning in Cambodia, with the introduction of courses and seminar series on IPRs. The training manuals and other training materials on IPR produced under TDSP funding are now being used by lecturers and instructors from 11 major universities in Cambodia. By the time the project was closed in 2013, it has successfully reached about 2,000 students, and by the end of 2015, more than 30,000 students and consumers have been made aware of the mechanics

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[www.moc.gov.kh/tradeswap](http://www.moc.gov.kh/tradeswap) | Facebook: TDSP & EIF

## DICO and ITC Conduct Dissemination Workshop on High-Value Silk Component's Results



The Department of International Cooperation, Ministry of Commerce, and the International Trade Center (ITC), as project implementer, has organized recently one day-dissemination workshop on Cambodia Export Diversification and Expansion Program (CEDEP I) - High Value Silk Component at Raffles Hotel Le Royal Phnom Penh, Cambodia.

It is aimed at providing more information on what process of company registration, certificate of origin and silk export license. The workshop also shares good practice, tips and lesson learnt in silk sector. Approximately 30 project beneficiaries (Cambodia Silk Companies, silk weavers), representative from shipping company (DHL), representatives from Ministry of Commerce, Ministry of Industry and Handicrafts were attendance.

At the project results dissemination workshop, H.H. Sisowath Pheanuroth, project coordinator of ITC Coordination Unit in Cambodia, congratulated the various companies that contributed to the achievement of outcomes of the CEDEP I-High Value Silk component. He advised the company representatives to further collaborate in the formation of silk networks and alliances to ensure that the results of high-value silk

business will sustain throughout the years."

According to Mr. Tep Rotha, Director of AFESIP Fair Fashion said that "the workshop provided opportunity to project beneficiaries to share their own experiences, including results and impact on their silk business. From coaching and mentoring of ITC team in the preparation of export plan, the beneficiary companies were strengthened and opportunities in the export sector were discussed.

On the other hand, Ms. Norm Bunnak, director of Villageworks informed that "our company was able to reach more buyers with the support extended by CEDEP 1 in reaching the WFTO's network and in participating in international trade fair such as those conducted in Ambiente and Ecostyle in Frankfurt, Germany."

Ms. Hok Thanan, owner of Kravan house informed that their company was able to have its own concrete brand identity and they were able to develop their collections of high-value silks products for trade shows and exhibitions.

Ms. Leonila Luna, ITC consultant stressed that "several major silk companies have achieved their profit

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### *Continued from P.19, the importance of intellectual property rights...*

of Intellectual Property.

The second IP project funded by the TDSP supports the improvement in the registration of trademarks and the establishment of SME helpdesk. While the present patent registration system in Cambodia arguably does not appear to meet international standards, the trade mark system for application, registration and enforcement is much more developed, and has been used extensively and is now the subject of various studies for possible automation.

From mid-June 2015, companies with a production base in Cambodia that want to protect their product's trade mark overseas will be able to register in the Kingdom, rather than having to register their product in individual countries abroad. As reported by the WIPO, Cambodia became the 95th member of the Madrid System and its instrument of accession to the Madrid Protocol related to the agreement concerning the International

Registration of Marks. The protocol has entered into force in Cambodia in June 2015. With this accession, the Madrid System provides Cambodian brand owners potential to protect their products through one international application covering more than 110 countries. The Madrid system makes it possible or an applicant to apply for a trademark in a large number of countries by filing a single international application at the national or regional IP office that is party to the system.

At present, about 50,000 companies have registered their brands with the Ministry of Commerce. Majority of the brands registered are international brands, mainly from the United States and Japan. Cambodia-owned brands have a share of only 30% and the rest are foreign-owned brands. Five years ago, there were only 100 Cambodian-owned brands registered with the Ministry of Commerce, but the number has risen to 2,000 in 2015.



## DICO holds Monitoring, Evaluation, and Communication Workshop on Tourism Sector

The Department of International Cooperation of the Ministry of Commerce conducted “Monitoring, Evaluation, and Communications” with special focus on Public-Private Partnership in the Tourism sector last 12 November 2015 at Dara Airport Hotel, presided by H.E. Sam Sereirath, Under Secretary of State of the Ministry of Commerce.

The Workshop was attended by 40 participants from

the EIF’s core team members, NIU officials, Liaison Officers, and representatives from the Ministry of Education, Youth and Sports (MoEYS), National Employment Agencies, Provincial Department of Tourism and other participants from the tourism sector. The workshop aims to enhance the capacity of NIU and core team members to discuss on the roles of stakeholders in monitoring and evaluating projects; to

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### ***Continued from P.18, Government launched Cambodia...***

600 million people, which was launched in November 2015 in Kuala Lumpur, Malaysia.

“Cambodia has a duty to ensure information related to trade is made available to the public via the Internet. In this context, the NTR will become an important stepping stone to ease trade among the ASEAN members,” H.E. Aun Pormoniroth said.

The minister described the 2009 ASEAN Trade in Goods Agreement as “a vital mechanism to ease trade” and make the process faster. The agreement laid the foundation for the ASEAN Community. “Cambodia has been preparing to be integrated into the ASEAN Community at the end of this year and we will begin to see the free flow of goods, services, skilled workers, and investment across the region,” H.E. Pormoniroth said. He said the blueprint for the 2007 AEC has been driving Cambodia towards liberalizing trade.

“The whole ASEAN region and market is becoming liberal, transparent and open. This website will help Cambodian producers strengthen product quality to meet competition in the region. It is a required tool to accelerate trade transaction, thus improving trade cycle as a whole in Cambodia. This will contribute to the economic growth and will drive further growth among Small and Medium Enterprises (SMEs), which is in line with the Rectangular Strategy,” the Minister of Economy and Finance said.

Hun Lak, vice president of the Cambodia Rice Federation and Managing Director of Mekong Oryza Trading Co. Ltd, welcomed the new website, saying it would make importing and exporting more transparent. He added that the website was similar to those created by other governments in ASEAN and that it would supply authoritative data on trade regulations as well

as opportunities in Cambodia and the region.

Dr. Julian Clarke, World Bank’s Senior Economist and TDSP’s Task Team leader applauded the launching of the National Trade Repository (NTR). He stressed that “the web portal would help promote Cambodia’s trade development. Although we have several achievements on trade, but these are not given recognition or provided enough visibility and transparency. With the NTR now in place, it is will be easy for the Cambodian government to remove the technical barriers to trade (TBT) and enhance further the trading environment in the country.”

Cambodia recognized the importance of trade transparency, which is a catalyst for economic development, cross-border investment and trade, and the ASEAN regional integration. Responding to Article 13, Chapter 1 of the ASEAN Trade in Goods Agreement (ATIGA), which requires that an ATR be established by 2015 and be made accessible to the public through the internet, the Royal Government of Cambodia has been obliged to make trade related information accessible to all citizens of the country and all traders. In this context, the ASEAN Trade Repository (ATR), wherein Cambodia’s National Trade Repository is a part, will push further the facilitation of trade among ASEAN members and the other regional trading bloc. Cambodia’s NTR will allow traders to obtain trade related information on-line such as MFN Tariffs, Tariff Nomenclature, Preferential Tariff offered under ATIGA, Rules of Origin, Non-Tariff Measures, National Trade and Customs Regulations, Procedures and Documentary Requirements, Administrative Rulings, Best Practices in Trade Facilitation among member states of ASEAN, List of Authorized Traders among the ASEAN members, and other trade related agreements.



goals for their business, which is mostly attributed to the support extended by CEDEP I and ITC experts. Most companies were introduced with the following: concepts on brand identity and design; preparation of export plan; visual marketing and advertising; awareness of the need of buyers; development of mutual trust; keeping long term relationship with buyers; preparation of catalogues; understanding and responding to buyer's inquiries; the development of company's website to promote silk products; market identification; and cost effective operation."

Even though the project has been implemented for barely three years, several results were already achieved, aside from those recorded good practice, experiences and lesson learned by most beneficiaries of the Program Component. The component provided good opportunities to about 30 silk companies, specifically in bringing technical experts from ITC to teach them on Market Mapping and other tools in export business, as well as in bringing together silk companies and rural weavers to discuss issues related to hand weaving, weaving silk for exports, new technical design for export to new market, and the opportunities in participating in to various international trade fairs.

#### Bene- fitting from

targeted interventions, Cambodian silk companies and weavers were able to boost their technical and marketing skill resulting in between 20% and 30% increase in profit every year. This enabled them to create a niche in the high-value silk market for Cambodian silk products. There were 14 women entrepreneurs working with weavers in the rural areas that are now able to develop their own export plans, improve their promotional materials, upgrade their showrooms and shops, grab new business opportunities in the international market, and prepare new collections.

One of the beneficiaries of CEDEP 1- High Value Silk Component was VillageWork, a women-owned handicraft company. Its record of export sales has improved by at least 40% and the number of buyers has increased by 85%, after 18 months of participation in the Program. Anak Norm, General Manager of VillageWork said that "learning how to develop our own an Export Plan has made our business more professional in terms of approach. Through the monitoring in the implementation of the Export Plan, we were able to compare our achievements as against meeting the targets. VillageWorks has created 20 new jobs because of the orders that we have received from European buyers. We were able to provide employment to young handicapped people, mostly victims of polio, after we have organized sewing workshops for them."



Photo:DICO/2015

**Continued from P.21, DICO hold monitoring and evaluation...**

present the various methodologies in disseminating the project activities and results; to share the best practices and lessons learned in implementing projects to participants; and to provide an overview in the operation of the Academy of Culinary Arts of Cambodia (ACAC).

In his opening remarks, H.E. Sam Sereirath informed that “the economic growth enjoyed by Cambodia has been over 7% for the past 10 years, wherein the tourism and hospitality sector has been considered as one of the key contributors to the growth.” However, he said that “the contribution of the tourism and hospitality sector should have been bigger if not for the limited skills of people working in hotels, restaurants, travel, and tourism companies.” He added that “the level of training and skills of kitchen staff are still very low compared with international standards.” With the launching of the ACAC Component of CEDEP 2, he hoped that “the skills and knowledge of people working in the hospitality and tourism industry will become diversified, as sector participants will be trained by ACAC on culinary arts, hotel and restaurant management, and other skills. Thus, it is expected that with the training to be provided, more jobs will be created in the sector, and sustained hospitality and tourism activities will be undertaken to support the Government’s goal of

having at least 8 tourist arrivals by 2020.”

During the workshop, there were several concerns and issues raised by the participants, which included among others the following: (a) modality of holding the workshop from national to sub-national levels; (b) the possibility of the provincial business associations to become participants in the training workshops to be implemented; (c) the inclusion of canning and food processing in future training programs; and (d) additional courses in housekeeping, cooking, and other skills in the tourism sector.

Mr. Chheng Pich, Director for DICO, TDSP and EIF, responded to the concerns and issues raised by the participants by informing them on the modalities of the training programs to be implemented by ACAC at the national level. He said that this is the first project on Public-Private Partnership in the trade sector supported by the donors, and training programs on hospitality and tourism sector can also be undertaken at sub-national level in the future. According to him, “ACAC’s goal in implementing the project under CEDEP 2 of EIF is to ensure that hotel and restaurant operators in Cambodia are able to improve the quantity and quality of trained Cambodian kitchen staff and to ensure the sustainability in the operation of the training institution.”

## Questions and Answers on the ASYCUDA World System



UNCTAD

94 countries, including 38 LDCs use

ASYCUDA  
a software developed by the UN which facilitates cross-border trade

ASYCUDA is faster, more reliable, less costly, and increases revenue collection for developing countries

**E Customs**

Over the last few years, international business in Cambodia has been continuously expanding and modernizing. This has been made possible by the improvements introduced by the General Department of Customs and Excise (GDCE) in the flow of import and export goods and the corresponding customs reforms and modernization interventions undertaken in the last five years particularly through the adoption of the ASYCUDA ++ and now the ASYCUDA World System.

What is the ASYCUDA World System, and why has it been able to achieve reforms in Customs? To the Customs staff, the ASYCUDA may be a simple computer-based system designed to speed up customs processes, but to those who need to use it such as traders and even the general public, there are basic questions and issues that need to be clarified and understood.

In an interview with Mr. Pha Engveng, Deputy Director of GDCE on TDSP's ASYCUDA World System project, he explained the various functions of the GDCE and how the ASYCUDA World System will help in advancing Customs efficiency at Cambodia's ports and at the borders. Below are some of the questions and answers related to ASYCUDA World System:

### 1. What is ASYCUDA?

ASYCUDA is an acronym that refers to the Automated

System for Customs Data. It is also referred to as ASYCUDA World System or AWS. It is a computerized automation system that speeds up the processes of clearing goods from Customs and producing accurate and up-to-date trade statistical information. In general, the ASYCUDA provides a sound and comprehensive declaration processing capability, which is based on the Single Administrative Document (SAD) known as the Customs Declaration. The SAD, developed by the European Union, is considered as "international standard" by the World Customs Organization (WCO). It covers all Customs procedures and regimes, including import, export, and transit procedures.

### 2. Is ASYCUDA an international system or a Cambodian system introduced by the GDCE?

The ASYCUDA is an international system of improving international business and trade through systematic management of import and export processes which the United Nations Conference on Trade and Development (UNCTAD) is encouraging countries to adopt. ASYCUDA is also known as ASYCUDA World System or AWS. The AWS was first introduced in Cambodia through an agreement between the UNCTAD and the GDCE of the Kingdom of Cambodia in April 2006 under the formerly implemented Trade Facilitation and Competitiveness Project (TFCP) funded by the World Bank. The pilot implementation



of AW in Sihanuokville’s international port started on May 01st, 2008. Today, ASYCUDA has a centralized server in Phnom Penh and recently has extended operations to 54 check points across Cambodia with support from the Trade Development Support Program (TDSP) funded by the Multi-Donor Trust Fund (MDTF) contributed by the European Union (EU), DANIDA and UNIDO, and administered by the World Bank.

**3. What is the basic general advantage in using ASYCUDA World System (AWS)?**

A: Here are two basic advantages. First, customs officials themselves no longer encode declaration information on behalf of the traders. The traders now do that under the ASYCUDA World System. Customs officials now do what they prefer, which is to focus on the control part of the customs declaration process. This has enabled traders to key in their declaration data on their own.

Second, another very basic advantage of the ASYCUDA is that it has produced a single document out of the many separate documents needed in processing import and export of goods. This is called the Single Administrative Document (SAD), which puts together into one document all information in various Forms that used to be submitted to Customs separately. For example, under ASYCUDA system, traders themselves key in all the information needed in processing cargoes and container vans, and the function of Customs is focused on processing and documentation at the Customs Headquarters.

**4. The vans containing goods, depending on the nature of the goods they contain, are usually identified and are made to take color-coded channels or routes in ports. What are the colors used and what do they mean?**

A: There are four lines or channels through which container vans pass as they are automatically moved through X-ray chambers in the international ports of Cambodia. Those passing through the green channel are usually immediately released without any examination; vans that need documentary checking pass through the yellow channel; those whose contents need to be physically examined are made to pass the

red channel; while those that can be inspected later (this process is usually called post-audit) pass through channels colored blue. This is the standard sort of color coding followed internationally.

**5. With the introduction of the ASYCUDA System in Cambodia, what improvements have been seen in the operations in the Ports?**

A: The General Department of Customs and Excise introduced the ASYCUDA in 2007 under the Trade Facilitation and Competitiveness Project with funding from the World Bank. It was launched at the Sihanuokville’s Autonomous port, but has been expanded to include 54 customs checkpoints throughout the country. Perhaps one of the most significant results of the implementation of the ASYCUDA was the introduction of the Single Administrative Document (SAD), which combine together all the documents and forms needed in transacting business with Customs to one single document known as the SAD. This has reduced substantially the amount of time needed to transact business at Customs and also have released Customs personnel from having to do the encoding of information which traders themselves could do under the ASYCUDA system. Consequently, this has enabled Customs personnel do the tasks that only they are expected to do, which is providing customs clearance and facilitate movement of goods through customs. In early 2014, the World Bank Cambodia Country office released the results of the 2014 Logistic Performance Index (LPI) report and congratulated the Kingdom for its effort in improving trade logistics and introducing trade logistic reform. According to the report, Cambodia has improved its import, export, and transit operations by streamlining customs procedures to meet international standards, raising its world logistic ranking since 2010. Cambodia ranked 83 out of 160 countries, an improvement over its 2012 rank of 101 and its 2010 rank of 219. The report also said the time to clear customs fell from 5.9 days in 2010 to only 1.4 days in 2014. Moreover, the share of consignments selected for inspection has fallen from 29% in 2010 to 17% in 2014, suggesting that customs’ efforts to improve risk management are paying off.

## Academy Of Culinary Arts (ACAC)



The Academy of Culinary Arts (ACAC) project officially began in June 2015 after some years of discussions and negotiations between the main stakeholders involved in the project. ACAC will be Cambodia's first world-class hospitality training school. The Academy will train up to 200 professional culinary staff each year who will then help meet the growing demand for skilled staff in the hospitality industry. Currently in Cambodia no international hospitality standards are in effect. The Academy will fill this void offering both Cambodian and Swiss certifications.

The 2010 Labour and Social Trends Cambodia report noted that "despite notable improvements in recent years, Cambodia faces significant challenges in building

a strong human capital base and a skilled workforce responsive to its labour market needs."

There are a number of stakeholders and investors in this project from the Public and Private sectors. It is a unique type of Private-Public Partnership (PPP) in Cambodia where key stakeholders from the private and public sectors have come together to forge new opportunities for youth skill development and unemployment reduction in Cambodia through the Academy's training programs. This type of new approach in Cambodia is also not without its risks and challenges however. The main partners and investors are:

PUBLIC SECTOR PARTNER	PRIVATE SECTOR PARTNERS
<ul style="list-style-type: none"> <li>Ministry of Economy and Finance</li> </ul>	<ul style="list-style-type: none"> <li>Cambodia Restaurant Association</li> </ul>
<ul style="list-style-type: none"> <li>Ministry of Education Youth and Sports</li> </ul>	<ul style="list-style-type: none"> <li>Cambodia Chef's Federation</li> </ul>
<ul style="list-style-type: none"> <li>Ministry of Tourism</li> </ul>	<ul style="list-style-type: none"> <li>Cambodia Hotel Association</li> </ul>
<ul style="list-style-type: none"> <li>Ministry of Commerce</li> </ul>	<ul style="list-style-type: none"> <li>The Building Owner (donated rent free for 5 years)</li> </ul>
TECHNICAL PARTNERS	<ul style="list-style-type: none"> <li>Sida – investment approximately \$2.23 million USD over three years</li> </ul>
<ul style="list-style-type: none"> <li>Swiss Hotel Management School, Lucerne</li> </ul>	<ul style="list-style-type: none"> <li>EIF – investment \$950,000 USD over three years</li> </ul>

### Development Partners

The project is implemented by Shift 360 (a Swiss Not-for-profit Foundation) who is accountable to the development partners for the life of the project.

The ACAC Project is in its first year of implementation. During the period from June to December 2015 there has been significant progress. The main activities are recruitment of key staff for ACAC for the pre-opening phase and the Project Implementation Team, and the design process. The design process encompasses four main areas: 1. Architectural design, 2. Kitchen design, 3. Mechanical/Electrical/Plumbing design and 4. Curriculum and School Management systems design. The technical partner, Swiss Hotel Management School – Lucerne, is the key partner for technical and management systems design and guidance for ACAC. This technical oversight and support brings international credibility and standards to ACAC through its more than 100 years of experience and operation

in the hospitality industry.

The design process is expected to finish by the end of January 2016 and then tenders for building refurbishment works will begin in February. The design of the curriculum and ACAC management systems is underway and it is expected to have a version of the curriculum that can be discussed with industry specialists in Cambodia around March 2016. The recruitment of the Dean of ACAC from an international catering business and the Head Culinary Arts teacher from another international Academy brings together a very experienced teaching and management team. The recruitment of the Sales and Marketing manager is underway and this person will begin the process of marketing ACAC and ensuring interest from the hospitality sector and young people who are interested in a career in culinary arts.

# UPCOMING EVENTS

## KEY ACTIVITIES UNDER EIF PROGRAM

1. *Launch of CEDEP II MTE, January 2016*
2. *MoC-Donor Pledging Roundtable for 2016-2020 AFT strategy, February 2016*
3. *Launch of Tier 1 final evaluation, March 2016*
4. *Release of LDC Graduation Study, March 2016*
5. *CEDEP III formulation consultation, March 2016*
6. *Tier closing workshop, End March 2016*
7. *Formal Launch of ACAC, May 2016*
8. *Study tour to Switzerland and “relocated” ACAC Board meeting in Switzerland, June 2016*
9. *Project steering committee and board meeting of Marine Fisheries Component, June/December 2016*
10. *Project steering committee and board meeting of Cassava Component, June/December 2016*
11. *Project steering committee and board meeting of ACAC Component, June/December 2016*

## KEY ACTIVITIES UNDER TDSP PROGRAM

1. *Organize 14 workshops on “The Arbitration and Important of Commercial Dispute Resolution through Arbitration Process” for business associations, universities, and Government officials, 2016*
2. *Organize 16 training workshops on “Labor Dispute Resolution Process” for factory employer/employees in Phnom Penh and Province, 2016*
3. *Organize 20 workshops on “Dispute Prevention and Resolution in the workplace”, January - June 2016*
4. *Organize a National Industrial Relations Conference, June 2016*
5. *Hold kick-off workshop on the development of Phyto-Sanitary Certificate Automation System, Jan 2016*
6. *Organize a training workshop on “Strategic Communication”, February, 2016*
7. *Organize press conference on TDSP’s success story video, May 2016*



**DEPARTMENT OF INTERNATIONAL COOPERATION, MINISTRY OF COMMERCE**

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