

Cambodia and WTO : A Guide for Business



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Acronyms

AFTA	ASEAN Free Trade Area
AGOA	Africa Growth and Opportunity Act
ASEAN	Association of South East Asian Nations
ATC	Agreement on Textiles and Clothing
BSE	Bovine Spongiform Encephalopathy
Camcontrol	Cambodia Import Export Inspection and Fraud Repression Division, Ministry of Commerce
CAP	Common Agricultural Policy
CDRI	Cambodian Development Resource Institute
CEPT	Common Effective Preferential Tariff
c.i.f.	Cost, insurance and freight
C/O	Certificate of Origin
COMESA	Common Market of Eastern and Southern Africa
EAC	East African Community
EBA	Everything but Arms
EU	European Union
FAOSTAT	UN Food and Agriculture Organization Statistical Database
FDI	Foreign Direct Investment
f.o.b.	Free on board
GATT	General Agreement on Tariffs and Trade
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GNP	Gross National Product
GSP	Generalized System of Preferences
ILO	International Labour Organization
INBAR	International Network for Bamboo and Rattan

IP	Intellectual Property
IPR	Intellectual Property Rights
ITRO	International Tripartite Rubber Organization
LDC	Least-Developed Country
MAFF	Ministry of Agriculture, Forestry and Fisheries
MFA	Multifibre Arrangement
MFN	Most Favoured Nation
MoC	Ministry of Commerce
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
OPEC	Organization of Petroleum Exporting Countries
PSI	Pre-shipment Inspection
SGS	Société Générale de Surveillance
SME	Small and Medium-Sized Enterprise
SPS	Sanitary and Phytosanitary
TBT	Technical Barriers to Trade
TRIMs	Trade Related Investment Measures
TRIPS	Trade Related Aspects of Intellectual Property Rights
UK	United Kingdom
UN	United Nations
UN Comtrade	United Nations trade database
UNBS	Uganda National Bureau of Standards
UNCTAD	United Nations Conference on Trade and Development
UNEP	United Nations Environment Programme
US	United States
USDA	United States Department of Agriculture
VAT	Value Added Tax

Foreword

Whether we like it or not, globalization is fact of life. As a result of innovations in transportation and communications and the opening up of economies world wide, the nations of the world are now irrevocably bound together. Recognizing this reality, Cambodia decided to join the World Trade Organization. Although the accession process was an ordeal, and Cambodia had to agree to terms that were beyond the norm for least developed countries, in the end we accepted the challenge. The rationale is clear – at home we have a rapidly growing workforce and not nearly enough jobs to employ them. Beyond our borders we have fierce and increasing competition. A thriving and competitive private sector will help in creating sustainable jobs.

One of the keys to private sector growth, especially for a country of Cambodia's size and stage of development, is international trade. As two decades of economic integration have shows, countries with the highest trade to GDP ratios, experience growth which averaged 3.5% per year in the 1980s, and 5 % per year in the 1990s. At same time, countries that did not integrate had average GDP growth of only 0.8% in the 1980s and 1.5% in the 1990s.

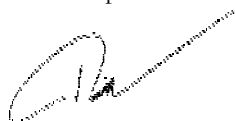
However for trade to be mutually beneficial, it has to be governed by a common set of principles. These must commit parties to openness, transparency, predictability, non-discrimination and rule-based dispute resolution. By joining WTO we are not only improving market access, and gaining fairer treatment from powerful trading partners around the world, but we are also sending a strong signal to potential investors that Cambodia is a good place to do business.

However, WTO membership and the government reforms required are not enough on their own. Cambodia will only benefit if its businesses understand the rules of the new trading environment so that they can take advantage of new opportunities and also cope with new challenges.

It is for this reason that we have collaborated with the International Finance Corporation's Mekong Private Sector Development Facility (MPDF) in preparing this Guide and in other initiatives to inform the private sector about WTO.

As you will see when you read this Guide, it is organized into two main sections. The first of these presents a detailed overview of WTO rules and policies. The second part examines the probable impact that WTO membership will have on a number of different sectors. This is a very important section because it gives a broad overview of the market for each sub-sector, the challenges that Cambodian businesses will face and also provides sources for further information on each market.

The Ministry of Commerce is very grateful to MPDF for its cooperation in preparing this Guide and we hope that it will prove a useful resource in helping entrepreneurs to make the most of WTO membership.



Cham Prasidh
Senior Minister and Minister of Commerce

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