

Chapter 2

Non-Tariff Measures: Cambodia

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August 2019

This chapter should be cited as

Saing, C. H., S. Yoeng and S. Ven (2019), 'Non-Tariff Measures: Cambodia', in Ha Thi Thanh Doan and S. Rosenow (eds.), *Non-Tariff Measures in ASEAN-An Update*. Jakarta: ERIA, pp.45–66.

NON-TARIFF MEASURES: CAMBODIA

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1. Introduction

1.1. Cambodia's Export Structure

In 2016, Cambodia's gross exported goods were valued at US\$15.7 billion (Figure 2.1). Harmonised System (HS) 4-digit-level goods are classified into textiles and furniture, vegetables, food stuff and wood, stone and glass, minerals, metals, chemicals and plastics, transport vehicles, machinery, electronics, and others (Center for International Development [CID], 2018). Cambodia's exports were dominated by textiles, worth US\$11.1 billion (70.1% of total exports); sweaters, pullovers, sweatshirts (knit), women's suits (knit), women's suits and pants, leather footwear, T-shirts (knit), and men's suits and pants were the main export items in this category. Approximately 50% of textile exports were destined for Europe, with a large proportion going to Germany (22.6%), the United Kingdom (UK) (19.5%), France (13.6%), and Spain (10.4%). This suggests that withdrawal of the Everything but Arms (EBA)¹ preferential trade scheme, likely effective in August 2020, and Brexit, whether soft or hard, may have significant implications for Cambodia's textile exports to Europe. North America bought around US\$3.26 billion (29.4%) of Cambodia's textile exports, with a large proportion going to the United States (US) (71.3%) and Canada (24.9%). Asia received about US\$1.99 billion (17.9%), with Japan buying half, followed by China (11.9%), the Republic of Korea (henceforth, Korea) (7.9%), and Hong Kong (4.3%).

¹ Since March 2001, EBA has provided tariff-free import of all products except arms and weapons from least-developed countries. If the scheme is withdrawn from Cambodia, the country may face a tariff rate of around 9%, which is currently imposed on Viet Nam's textile exports to Europe. The European Union (EU)-Viet Nam Free Trade Agreement will soon be effective and allow Viet Nam's textiles to enter EU tariff-free.

were valued at US\$360 million, mainly bicycles (97.4%). Approximately 87.2% of bicycle exports were destined for Europe, mainly Germany (44.8%), the UK (25%), and Belgium (11.9%). Bicycle exports have grown rapidly during the last 5 years; Cambodia was the top bicycle exporter to the European Union (EU) in terms of volume in 2017. This suggests that the withdrawal of the EBA scheme and Brexit may have significant implications for the expansion and survival of this sector.

In sum, Cambodia's export structure is highly concentrated in textiles (Figure 2.1), suggesting that exports are vulnerable to fluctuations in the prices of textile products as well as possible changes in preferential arrangements, such as EBA. Product diversification into other sectors is highly important to secure stable foreign exchange earnings. Textile export markets must also be diversified since most exports are destined mainly for the US and the EU.

1.2. Cambodia's Import Structure

Imports were valued at US\$16.2 billion in 2016 (Figure 2.2). Groups of imports are similar to those of exports, based on the CID database. Textiles had the largest import value (US\$4.53 billion), followed by agriculture (vegetables, food stuff) and wood (US\$2.67 billion), minerals (US\$1.73 billion), chemicals and plastics (US\$1.53 billion), transport vehicles (US\$1.45 billion), and machinery (US\$1.42 billion). Fabrics, whether knitted or woven, and footwear parts dominated the textiles category; other knitted fabrics alone constituted about 41.4% of total textile imports. This explains the high export value of textiles since fabrics are imported to be cut, trimmed, and reassembled for re-export to third markets. Almost three-quarters of textile imports went to China (53.5%), Hong Kong (12.0%), and Taiwan (9.0%). Viet Nam bought 9%, Korea 4.7%, and Thailand 4.4%.

Agricultural imports were valued at US\$2.67 billion, mainly waters (flavoured or sweetened), cigars and cigarettes, sugarcane and sucrose, and other raw fur skins. Agricultural imports were mainly from Thailand (36.4%), Viet Nam (14.0%), Indonesia (9.0%), and China (7.0%). Imports of poultry were valued at US\$7.14 million, corn US\$8.12 million, and rice US\$6.02 million. Of mineral imports, petroleum oils (refined) comprised 71.00%, cement 9.50%, petroleum gases 4.70%, and coal 4.42%.

Of imported transport vehicles, cars comprised about 39.00%, followed by parts of motorcycles and wheelchairs (20.17%), motorcycles (10.33%), tractors (6.50%), and buses (1.90%). Of machinery imports, computers comprised 5.56%, printers and copiers 2.47%, and harvesting and agricultural machinery 5.15%. Cambodia's trade balance was negative US\$500 million in this fiscal year 2016.

Table 2.1: Most Favoured Nation Simple Applied Average Tariff by Trade Agreement²

| Regional Trade Agreement | 2014 (%) | 2016 (%) |
|---------------------------------|----------|----------|
| Most favoured nation–WTO | 11.1 | 11.8 |
| ASEAN Trade in Goods Agreement | 3.24 | 0.6 |
| ASEAN–Australia–New Zealand FTA | 24.14 | 9.4 |
| ASEAN–Republic of Korea FTA | 6.31 | 3.4 |
| ASEAN–India FTA | 8.34 | 8.3 |
| ASEAN–China FTA | 3.24 | 2.0 |
| ASEAN–Japan FTA | 24.89 | - |

FTA = free trade agreement, WTO = World Trade Organization.

Sources: WTO (2014, 2016). WTO's tariff download facility for 2014; WTO's trade policy review for 2016.

Under the WTO framework, Cambodia reduced its most favoured nation (MFN) simple average rate to 11.1% in 2014 but reverted it to 11.8% in 2016 (Table 2.1). Applied tariffs went down markedly in 2014–2016 under the ASEAN Trade in Goods Agreement (ATIGA), with the rate in 2016 near zero. Although the preferential rate under the ASEAN–Australia–New Zealand Free Trade Agreement (AANZFTA) remained the highest amongst those of other regional trade agreements (RTAs) in 2016, it exhibited the largest drop during 2014–2016. Tariffs for other RTAs such as the ASEAN–Republic of Korea FTA (AKFTA) and ASEAN–China FTA (ACFTA) also dropped in 2014–2016, but not for the ASEAN–India FTA (AIFTA). According to articles on the schedule of tariff reduction in RTAs that Cambodia signed, it is scheduled to reduce tariffs to zero with China by 2015, with India and Korea by 2018, with Australia and New Zealand by 2024, and with Japan by 2026.

1.4. Hierarchy of Laws and Regulations

This section describes how the Cambodian team collected trade-related regulations to update those collected in 2015. We gathered legal documents published from January 2015 to March 2018. To make the regulations as comprehensive as possible, the team used four main sources of information: monthly legal updates of private law firms, the National Trade Repository and WTO notification, websites of government ministries, and the Royal Gazette. We relied mainly on the Royal Gazette because it collects all regulations issued by all ministries.

³ For the details of tariff reduction across RTAs and at HS disaggregated levels, see General Department of Customs and Excise (GDCE) (2018). Since data provided is in PDF format, we are not able to present the trends of tariff reduction over time.

Laws and regulations are classified according to legal force, from highest to lowest (Table 2.2).

Table 2.2: Hierarchy of Laws and Regulations in Cambodia

| Priority | Title | Description | Example |
|----------|---|--|--|
| 1 | Constitutional Law of the Kingdom of Cambodia | Supreme law of the kingdom, passed on 21 September 1993. Other laws and regulations adopted by various government institutions shall comply with the constitutional law. | |
| 2 | Laws (<i>chbab</i>) | Generally adopted by the National Assembly and the Senate and promulgated by the King or acting head of state. International treaties have the same legal force since they are also passed by the National Assembly and the Senate and signed by the King. | Law on animal health and production, adopted on 4 February 2016 |
| 3 | Royal decree (<i>preah reach kret</i>) | An executive regulation requested by the Council of Ministers of the King, who later issues it. Its general aims are to organise the functions of government institutions; create new public institutions; and appoint officials, ambassadors, and judges. | Royal decree on the organisation and functioning of the National Committee for Disaster Management, signed by the King on 24 December 2015 |
| 4 | Sub-decree (<i>anu kret</i>) | An executive regulation prepared by the ministries, adopted by the Council of Ministers, and endorsed by the Prime Minister. It clarifies provisions in a law by describing the functions of government institutions and appointing senior government officials. | Sub-decree No. 149 on publishing Khmer-language warning messages on the negative health effects of tobacco consumption and putting pictures on the packages of tobacco products, issued on 4 February 2015 |
| 5 | Ministerial order or proclamation (<i>prakas</i>) | A ministerial or inter-ministerial decision drafted and signed by the ministries to implement and clarify specific provisions of higher-level laws. | <i>Prakas</i> No. 44 on the management of battery disposal, issued by the Ministry of Environment on 27 October 2016 |
| 6 | Decision (<i>sech kdei samrach</i>) | Usually issued by the Prime Minister. It is temporary and disappears when it attains its objective. Decisions can also be issued by the Council of Ministers, ministries, governors, or other public institutions. | Decision No. 115 on the establishment of the committee for organising the third extraordinary meeting of the Mekong River Commission, issued on 19 December 2017 |
| 7 | Circular (<i>sarachor</i>) | Issued by the Prime Minister or a minister to provide instructions stated in the laws or regulations but not legally binding. | <i>Sarachor</i> No. 05 on the use of the lunar and solar calendar in legal and administrative documents, issued on 14 December 2017 |
| 8 | Local regulation or bylaw (<i>deika</i>) | Approved by local councils. It has legal force within the jurisdiction of local councils and must not conflict with national laws or regulations. | <i>Deika</i> on the decision on the request for the translation of three verdicts into English and one verdict into Dutch, issued by the office of the co-investigating judges of extraordinary chambers in the courts of Cambodia on 21 June 2016 |

Source: The Cambodian Law Library (2018).

First, we went through the online *Monthly Law Update*, published by a law firm in Cambodia, BNG Legal (BNG Legal, 2018), and *Legal and Tax Updates*, produced by another law firm, DFDL (DFDL, 2018), to create our first list of regulations. We relied more on DFDL because it has provided summaries of legal updates up to March 2018, whilst BNG's *Monthly Law Update* stopped in November 2017. We started by going through all publications of the two firms as we believed they would provide us with a list that we could verify against lists generated from other sources.

Next, we reviewed the National Trade Repository, or the Trade Portal (Cambodia National Trade Repository, 2018), which is the official source of regulatory information for traders who would like to import and export products. Unfortunately, we were not able to identify any regulations from early 2015 onwards. We checked the WTO notification (WTO, 2018) but saw no updated regulations during the collection period (April 2018).

Third, we explored all websites of government ministries that are obliged to be members of the National Committee for Non-Tariff Measures, established on 19 September 2014 under Sub-Decree No. 257 RNKR/BK issued by the Ministry of Economy and Finance (MEF). The committee consists of 21 representatives from 20 ministries. We obtained the sub-decree from government officials we worked with from MEF's Economic Integration and ASEAN Department. The task was challenging since links to ministries were often broken or not accessible or no longer available, but we were able to collect regulations from most ministries.

Finally, we went painstakingly through each issue of the Royal Gazette from January 2015 to March 2018 to identify trade-related regulations and create another list of trade-related regulations covering all regulations produced by all ministries. The Royal Gazette is published 96–100 times a year by the General Department of Royal Gazette and Computer Services of the Office of the Council of Ministers. We cross-checked the three lists to arrive at the final legal comprehensiveness, which was submitted to the United Nations Conference on Trade and Development (UNCTAD) advisor.

The revision exercise, which mainly reviewed measures collected in 2015 to remove those that were not non-tariff measures (NTMs), as well as their corresponding regulations, was undertaken to ensure data quality. We were concerned that some regulations containing NTMs might not have been covered in 2015 and therefore conducted a legal comprehensiveness exercise covering 1993–2015. We reviewed all series of the Royal Gazette during the period and found 28 regulations that contained NTMs and had not been collected in 2015. They had been missed mainly because the previous collection did not cover all issues of the Royal Gazette.

2. Descriptive Non-tariff Measure Statistics

2.1. Comprehensiveness of Non-tariff Measures, 2015 and 2018

In 2015, 78 regulations were identified as containing at least one NTM; we obtained the number after removing regulations containing no NTMs and adding regulations containing NTMs but which had not been collected in 2015. We found 28 regulations that had not been collected in 2015, or about 35.9% of the total regulations in the same year. About 30.4% (84) of the total number of NTMs (276) had not been collected in 2015, which may have implications for studies that used the 2015 NTM database since the proportion of missing regulations is substantial. Twenty regulatory agencies oversaw issuing and enforcing those regulations (Table 2.3).

Table 2.3: Comprehensiveness of the Non-tariff Measure Database, 2015 and 2018

| No | Comprehensiveness | Number in 2015 | Number in 2018 |
|----|---|----------------|----------------|
| 1 | Total number of coded regulations | 78 | 109 |
| 2 | Total number of NTMs reported to the WTO | - | - |
| 3 | Total number of coded NTMs | 276 | 367 |
| 4 | Total affected products (HS lines, national tariff lines) | | |
| | a. Total number of affected products | - | - |
| | b. Share of the number of affected products to the number of total products | - | - |
| 5 | Total number of regulatory agencies | 20 | 22 |

HS = Harmonised System, NTM = non-tariff measure, WTO = World Trade Organization.

Source: Authors, based on collected database.

The collection for the 2018 update adds another 31 regulations identified to contain at least one NTM, from 1 February 2015 to 31 March 2018. We observed regulations that contained several measures that protect animal health, human health, and the environment. For instance, one key regulation – the law on animal health and production – was put in place for implementation in February 2016. A strict requirement to register animal feeds, raw ingredients, and additives was introduced in January 2018. Other regulations to protect human health, including the law on the control of tobacco products, were introduced in May 2015, and technical regulations on the safety and quality standards of soy sauce, fish sauce, salt, and several others were introduced in March 2016.

To better preserve the environment, the government introduced the law on the management of disposal of electronic and electric products in February 2016 and the law

on the management of plastic bags in October 2017. Out of these regulations, 101 NTMs were identified during the period. To our surprise, no regulation was repealed during the period, neither was any regulation in the 2015 collection. We observed amendments of certain provisions of the adopted laws that were not trade-related, but not of any NTM-related regulations. In 2018, two more regulatory agencies issued NTM-related regulations.

2.2. Non-tariff Measures by Issuing Agency, 2015 and 2018

NTM-related regulations are usually issued in two ways. A single ministry or agency can issue trade-related regulations, whilst occasionally two to five multiple or joint ministries can issue regulations that aim to, for instance, improve food standards and safety. The layers of approval required for each regulation depend on the regulation's position in the legal hierarchy. For instance, although a ministry may issue a sub-decree, the sub-decree is effective only after it is approved by the Council of Ministers and endorsed by the Prime Minister. It does not have to be debated in the National Assembly and the Senate.

Based on our revised data collected in 2015, the Ministry of Agriculture, Forestry and Fisheries (MAFF) issued the most NTMs (25.7% of the total), followed by the Ministry of Industry, Mines and Energy (MIME) and the Ministry of Health (MOH) (Table 2.4). The leading role of MAFF, followed by MOH, may suggest that the government was trying to enhance the protection of human and animal health. The Ministry of Industry and Handicraft (MIH), which split from MIME in 2013, issued about 8.7% of all NTMs, but the combined number of NTMs issued by the two ministries shows they issued about 23.7% of all NTMs in 2015. This suggests that the government placed importance on product quality and safety.

Table 2.4: Non-tariff Measures by Issuing Agency, 2015 and 2018

| No | Issuing Institution | 2015 | | 2018 | |
|----|--|----------------|------------------------|----------------|------------------------|
| | | Number of NTMs | Proportion of NTMs (%) | Number of NTMs | Proportion of NTMs (%) |
| 1 | Ministry of Agriculture, Forestry and Fisheries | 71 | 25.7 | 110 | 30.0 |
| 2 | Ministry of Industry, Mines and Energy | 39 | 14.1 | 39 | 10.6 |
| 3 | Ministry of Health | 35 | 12.7 | 63 | 17.2 |
| 4 | Ministry of Industry and Handicraft | 24 | 8.7 | 46 | 12.5 |
| 5 | Ministry of Agriculture, Forestry and Fisheries; Ministry of Health | 12 | 4.3 | 12 | 3.3 |
| 6 | Ministry of Environment | 11 | 4.0 | 11 | 3.0 |
| 7 | Ministry of Interior | 9 | 3.3 | 9 | 2.5 |

| No | Issuing Institution | 2015 | | 2018 | |
|----|---|----------------|------------------------|----------------|------------------------|
| | | Number of NTMs | Proportion of NTMs (%) | Number of NTMs | Proportion of NTMs (%) |
| 8 | Ministry of Commerce | 8 | 2.9 | 8 | 2.2 |
| 9 | Ministry of Economy and Finance | 8 | 2.9 | 9 | 2.5 |
| 10 | Ministry of Agriculture, Forestry and Fisheries; Ministry of Economy and Finance | 7 | 2.5 | 7 | 1.9 |
| 11 | National Bank of Cambodia | 5 | 1.8 | 5 | 1.4 |
| 12 | National Metrology Center | 5 | 1.8 | 5 | 1.4 |
| 13 | Others | 42 | 15.2 | 43 | 11.7 |
| | Total | 276 | 100 | 367 | 100 |

Source: Authors, based on collected database.

We also observed that 4.3% of the regulations were jointly issued by MAFF and MOH, reflecting their efforts to protect human and animal health. The Ministry of Environment (MOE) issued about 4.0% of all NTMs, the Ministry of Commerce (MOC) 3.0%. MAFF frequently issued joint NTMs in 2015. Overall, MAFF, MIME (and MIH), MOH, and MOE led in issuing NTMs.

In 2018, MAFF alone added another 39 NTMs, or about 30% of the total NTMs from February 2015 to March 2018 (Table 2.4). MIME did not add any new NTMs because it was split into MIH and the Ministry of Mines and Energy in 2013; nonetheless, MIH added another 22 NTMs to the 2015 database, fewer than the 28 NTMs added by MOH. The ministries that issued the most NTMs in 2018 were not different from those in 2015 – MAFF, MIH, and MOH; MOE and MOC issued the second-highest number of NTMs in 2018. The increase in the number of NTMs issued by various agencies was not dramatic in 2015–2018 since Cambodia still lacks standards for product quality and safety. As the trade volume expands and the number of new varieties of imported products increases, Cambodia needs national product standards that are in line with its regional and global trading partners.

2.3. Non-tariff Measures by Chapter, 2015 and 2018

Our classification of NTMs is based on the 2018 version of the international classification of NTMs compiled by UNCTAD: all measures are grouped into 16 chapters and coded as A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, and P. Import measures comprise technical (A, B, C) and non-technical measures (D to O), whilst chapter P alone is for export-related measures (Table 2.5). Since countries usually are cautious about protecting human and animal health and the environment, they tend to give the most weight to chapters A and B.

Table 2.5: Non-tariff Measures by Chapter, 2015 and 2018

| | Chapter | 2015 | | 2018 | |
|---|---|----------------|-------------------|----------------|-------------------|
| | | Number of NTMs | Share of NTMs (%) | Number of NTMs | Share of NTMs (%) |
| A | Sanitary and phytosanitary (SPS) measures | 34 | 12.3 | 49 | 13.4 |
| B | Technical barriers to trade (TBT) | 96 | 34.8 | 131 | 35.7 |
| C | Pre-shipment inspection and other formalities | 1 | 0.4 | 1 | 0.3 |
| E | Non-automatic licensing, quotas | 44 | 15.9 | 53 | 14.4 |
| F | Price control licensing, quotas, prohibitions, and quality control measures other than for SPS or TBT reasons | 15 | 5.4 | 15 | 4.1 |
| G | Finance measures | 0 | 0.0 | 0 | 0.0 |
| H | Measures affecting competition | 0 | 0.0 | 0 | 0.0 |
| I | Trade-related investment measures | 0 | 0.0 | 0 | 0.0 |
| J | Distribution restrictions | 0 | 0.0 | 0 | 0.0 |
| L | Subsidies (excluding export subsidies under P7) | 0 | 0.0 | 1 | 0.3 |
| M | Government procurement restrictions | 0 | 0.0 | 0 | 0.0 |
| N | Intellectual property | 0 | 0.0 | 0 | 0.0 |
| P | Export-related measures | 86 | 31.2 | 117 | 31.9 |
| | Total NTMs | 276 | 100 | 367 | 100 |

NTM = non-tariff measure.

Source: Authors, based on collected database.

Table 2.5 shows the distribution of NTMs across the 16 chapters in 2015 and 2018. Cambodia did not introduce NTM measures for all 16 chapters, and NTM measures are concentrated in chapters A, B, E, F, and P. In 2015, chapters B and P had the largest number of NTM measures. For import measures, chapter B constituted about a third of all NTMs, whilst chapter A constituted only 12.3%, which is unusual since chapter A normally has coverage higher than or equivalent to that of chapter B in other countries. We cannot yet explain this phenomenon, which requires further and thorough analysis.

We also observed several NTMs in chapter E (non-automatic licensing and quota) in 2015, the proportion of which was around 15.9%, whilst NTMs were present in chapter F (price) but constituted only 5.4% of all NTMs. This suggests that the government is somewhat restrictive on imports such as drugs, explosive ordnance, cultural objects, pesticides and fertilisers, traditional medicine, solid waste, crop seeds, agricultural material, animals and wild plants, ozone-depleting substances, and metals and stones for reasons other than authorisation for sanitary and phytosanitary (SPS) measures and technical barriers to trade (TBT). For instance, according to the law managing imports of pesticide and fertiliser, such products require permission from MAFF and only after certain standards for the container

(e.g. label with instructions in Khmer), amongst others, are met. Imports of household waste and the like are prohibited for other than SPS and TBT reasons under the sub-decree on waste management.

For export-related measures, close to about a third of NTMs fell under chapter P, which is substantial. Most NTMs in chapter P were introduced for either SPS or TBT reasons and affected products such as animals and animal products, cultural objects, drugs, pesticides and fertilisers, crop seeds, and wild animals and wild plants. Regulations in which NTMs were detected include, for instance, the sub-decree on sanitary inspection of animals and animal products, the law on cultural heritage protection, the sub-decree on waste management, the sub-decree on phytosanitary inspection, the law on crop seed management, and the rights of seed breeders and others. We observed only one measure for pre-shipment inspection (chapter C), and no NTM falls under the rest of the chapters.

A pattern similar to the NTM distribution in 2015 was observed in 2018. Chapters A, B, and E were predominant amongst import measures, whilst chapter P still constituted around a third of NTM measures in 2018. TBT (chapter B) showed the largest increase in the number of NTMs (35), followed by export-related measures (chapter P), which experienced an increase in the number of NTMs by 31 in 2015–2018. SPS (chapter A) increased by 15 measures, whilst non-automatic licensing and quota (chapter E) increased by 9. We did not observe any new price control measures between the two periods, but one import subsidy measure was introduced in 2018.

Regulations contributed to the substantial increase in NTMs in chapter A, including the law on animal health and production; and *prakas* on required standards for products such as fish sauce, soy sauce, animal feed, raw ingredients, and additives. Regulations that contributed to the large increase in NTMs in chapter B were the law on animal health and production, *prakas* on technical regulations for soy sauce and fish sauce, *prakas* on technical standards for electrical and electronic products, and *prakas* on sample application and the procedure for provision of seed quality. This implies that the government had stepped up efforts to guard human and animal health and the environment.

In total, 91 NTM were introduced in 2015–2018, fewer than in other ASEAN countries such as Viet Nam (237), Thailand (256), Indonesia (210), the Lao People's Democratic Republic (Lao PDR) (178), and the Philippines (145). Most importantly, the total number of NTMs (367) in Cambodia as of March 2018 was lower than in other ASEAN countries such as Thailand (3,295), the Philippines (1,220), Indonesia (977), Malaysia (920), Viet Nam (764), Singapore (610), Brunei (562), and Lao PDR (520). However, since NTMs may either facilitate or hinder the flow of trade in goods, one should avoid concluding that

the trade flow across a country with fewer NTMs is less restricted than that across a country with more NTMs. Cambodia has much fewer NTMs than other countries in the region.

2.4. Top-10 Non-tariff Measures, 2015 and 2018

Based on UNCTAD's 2018 classification, each of the 16 chapters is disaggregated into two- and three-digit levels. For instance, A8 (conformity assessment related to SPS) is composed of A85 (traceability requirements), a sub-chapter of which can be A852 (processing history). Similar classification is applied to other chapters. Certain NTM chapters, however, do not have sub-chapters. For instance, chapter B7 (requirement for product quality, safety, or performance) does not have sub-chapters such as B71, B72, or B711. This is an ideal situation where law and regulation clearly state the specific objectives of the NTMs, which allows one to identify NTMs at the most disaggregated level possible. We found that not all laws and regulations that contain NTMs allow us to identify NTMs at the most disaggregated level as some of those regulations do not provide a clear objective for each NTM. Below are examples of some of the problems we encountered.

Article 17 of Sub-decree No. 168 on the management of plastic bags states that 'thin plastic bags with handles are prohibited from importation, domestic production, retail, and use except: A) plastic bags with at least 0.03 millimetre thickness and B) plastic bags with the bottom width measured not less than 25 centimetres or 10 inches. All imported and domestically produced plastic bags other than those stated above must be authorised by the Ministry of Environment except non-trade import with the amount not more than 100 kilograms'. Although this is obviously E1, which is non-automatic import-licensing procedures other than authorisations for SPS or TBT reasons, no specific objective of this measure was stated that allows us to further disaggregate the measure to either, for instance, E11 (licensing for economic reasons) or E12 (licensing for non-economic reasons). Therefore, getting to more disaggregated levels, such as E112 (licensing for specified use) and E121 (licensing for religious, moral, or cultural reasons), is clearly impossible.

Similarly, Article 51 of the law on crop seed management and rights of seed breeders states, 'Export and import of seed, including seed used for testing, study, and experimentation shall be permitted by the Ministry of Agriculture, Forestry, and Fishery. Ownership transfer made to another person with a license for export and import shall have an agreement in advance from the Ministry of Agriculture, Forestry, and Fishery'. We identified E1 from this article but were not able to further disaggregate this NTM into sub-chapters given its absence of clear and specific objectives.

Our NTM collection exercise did not allow us to generate an ideal and complete set of NTMs at the most disaggregated level possible. Table 2.6 presents the top-10 NTMs imposed by various regulatory agencies in 2015 and 2018. The table does not provide two- or three-digit sub-chapters for all NTM measures.

In 2015, we observed three main groups of NTMs that constituted the top-10 NTMs: non-automatic import-licensing procedures other than authorisations for SPS or TBT reasons, TBT, and export technical measures for SPS and TBT reasons. Measure E1 (non-automatic import-licensing procedures other than authorisations for SPS or TBT reasons) was at the top and constituted around 11.6% of all NTMs. B31 (labelling requirements: official language to be used and technical information of the product, such as voltage, components, instruction on use, safety, and security advice) was the second, constituting 8%. P11 (export prohibition for technical reasons: technical specification of products and conformity assessment) was the third, 7.2%.

Table 2.6: Top-10 Non-tariff Measures, 2015 and 2018

| Rank | NTM Type | 2015 | | NTM Type | 2018 | |
|------|----------|----------------|------------------------|----------|----------------|------------------------|
| | | Number of NTMs | Proportion of NTMs (%) | | Number of NTMs | Proportion of NTMs (%) |
| 1 | E1 | 32 | 11.6 | E1 | 37 | 10.1 |
| 2 | B31 | 22 | 8.0 | B7 | 26 | 7.1 |
| 3 | P11 | 20 | 7.2 | B31 | 25 | 6.8 |
| 4 | B83 | 14 | 5.1 | P11 | 24 | 6.5 |
| 5 | P162 | 12 | 4.3 | B83 | 20 | 5.5 |
| 6 | B7 | 11 | 4.0 | P162 | 14 | 3.8 |
| 7 | B84 | 10 | 3.6 | B84 | 12 | 3.3 |
| 8 | P43 | 10 | 3.6 | P12 | 12 | 3.3 |
| 9 | P12 | 9 | 3.3 | P163 | 11 | 3.0 |
| 10 | B81 | 7 | 2.5 | P43 | 10 | 2.7 |
| | Others | 129 | 46.7 | Others | 176 | 48.0 |

NTM = non-tariff measure.

Source: Authors, based on the collected and coded database.

Other measures concerning TBT (chapter B) include B83 (certification requirement) and B84 (inspection requirement). There was also B7 (product quality, safety or performance requirement: safety, e.g. fire-resistance; performance, e.g. effectiveness in achieving the claimed result; quality, e.g. content of defined ingredients or durability). Export measures such as P43 (export charges and/or fees levied in connection with services provided) and P12 (export quota for technical reasons) also emerged in 2015. P162 (product quality,

safety, or performance requirement before export) was amongst the top-10 NTMs. However, it is surprising that import SPS measures were not amongst the top-10 NTMs in 2015, suggesting that measures tend to be concentrated in TBT (chapter B), non-TBT, or non-SPS import-related measures (chapter E1); and SPS and TBT export-related measures (chapter P1).

In 2018, the top-10 NTMs did not differ substantially from those in 2015. B7 increased significantly in 2015–2018 and was ranked second after E1 in 2018, suggesting that there were more efforts to increase requirements for the quality, safety, and performance of imported products to mitigate human health and environment risks that may arise from the consumption of imported products.

Overall, between the two periods, the government gave more weight to non-automatic import-licensing procedures other than authorisations for SPS or TBT reasons (E1); product quality, safety, or performance requirements (B7); labelling requirements (B31); export prohibition for technical reasons: technical specification of products and conformity assessment (P11); and certification requirements for imports (B83).

3. Non-tariff Measure Indicators

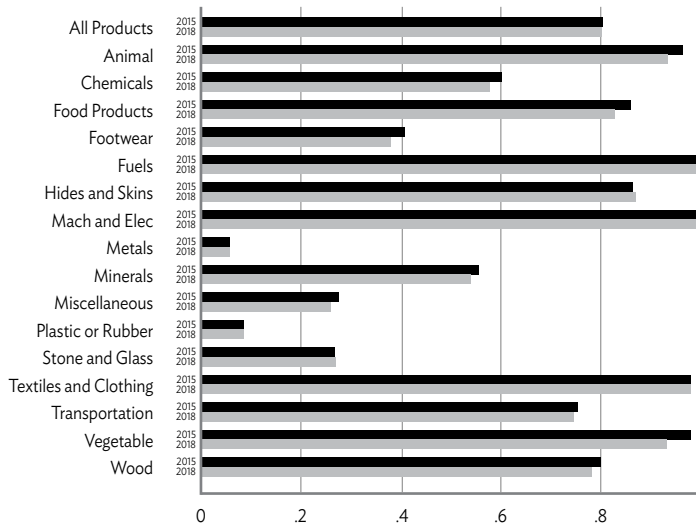
3.1. Frequency Index

This section uses the frequency index to describe the extent to which Cambodia's imports and exports are subjected to NTMs. The frequency index, which accounts for the presence or absence of an NTM and summarises the percentage of products to which one or more NTMs are applied, is usually used to measure the degree to which an import or export is subjected to NTMs. The frequency index for imports includes imported product lines for NTM import chapters A to I, whilst that for exports covers exported product lines for NTM export chapter P.

Figure 2.3a shows the frequency index for exports at the HS 2-digit level in 2015–2018. About 80% of all export product lines were subjected to at least one NTM in 2015, whilst the frequency index in 2018 was not different from that in 2015. Three export product groups in 2015 and 2018 were subjected to at least one NTM. The first group includes animal and food products, fuels, hides and skins, machinery and electronics, textiles and clothing, transport vehicles, vegetables, and wood, with 75%–100% subjected to at least one NTM in 2015; this pattern did not change much in 2018. The second group comprises chemicals, footwear, and minerals, with 40%–60% subjected to at least one NTM in 2015; the frequency indexes for these exports dropped slightly in 2018. The last group includes

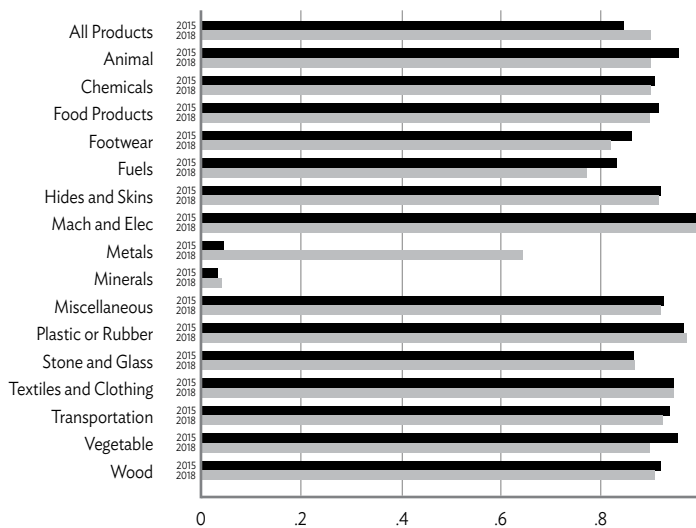
metal, plastic or rubber, and stone and glass, with 10%–25% subjected to at least one NTM in 2015 and 2018.

Figure 2.3a: Frequency Index, by HS 2-digit Sector, Exports, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.3b: Frequency Index, by HS 2-digit Sector, Imports, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.3b shows the frequency index of imported products in 2015–2018. The index for all products was around 85 % in 2015 and went up to around 95% in 2018, suggesting that almost all exports were subjected to at least one NTM in 2015 and 2018. Two major

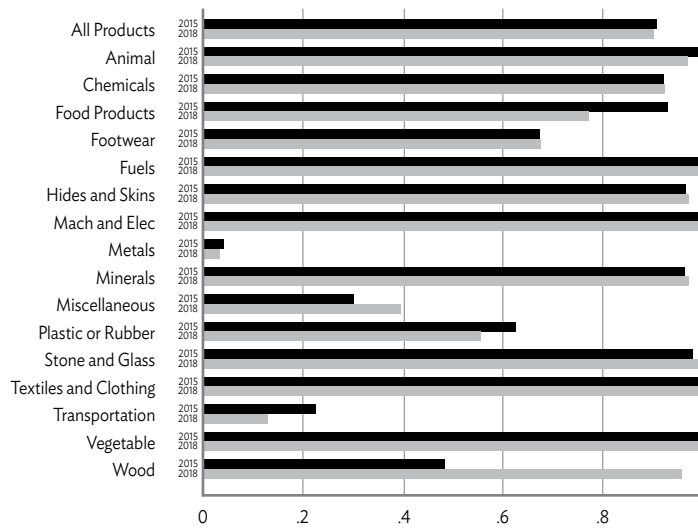
import groups were subjected to at least one NTM in 2015 and 2018. Almost all imported products, except metals and minerals, exhibited frequency indexes of 80%–98% in 2015 and 2018. Imported minerals are subject to fewer than one NTMs per product in both years. Fewer than 10% of metal import product lines were subjected to one or more NTMs in 2015, but their frequency index went up to around 65% in 2018. This significant rise resulted primarily from the introduction of Prakas No. 70 on the adoption of 73 international product standards (ISO) on 6 February 2017. The prakas requires that metal and other products stated in the prakas and imported into Cambodia adhere to international product standards.

3.2. Coverage Ratio

Using the coverage ratio as a measure, this section shows the extent to which imports and exports are subjected to NTMs. The coverage ratio, which is the percentage of trade subjected to NTMs of the importing country and provides a measure of the importance of NTMs for overall imports and exports, is used as an alternative to the frequency index. The frequency index provides equal weight to all HS 2-digit trade sectors, whilst the coverage ratio provides more weight to trade sectors that have higher trade value and uses import or export values instead of import or export product lines. As in the frequency index, import values are used for NTM import chapters A to I, whilst export values are used for export chapter P.

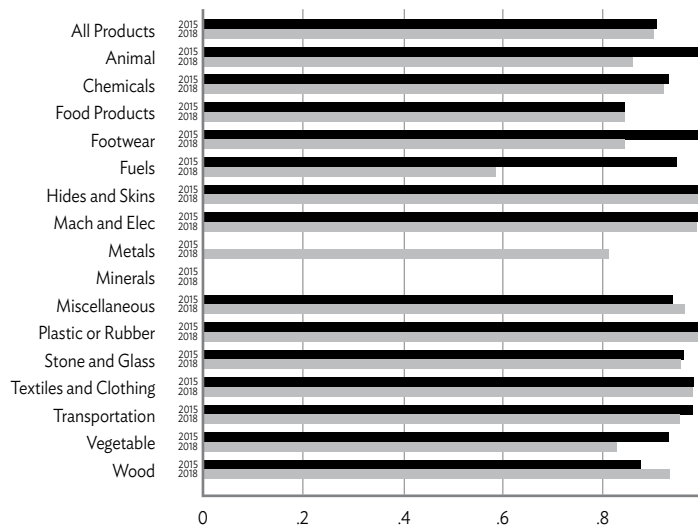
Figure 2.4a shows the coverage ratio for exports of products at the HS 2-digit level in 2015 and 2018. After attaching a different weight or trade value to each product group, we show that the coverage ratio for exports was around 90% in 2015 and 2018. Using this measure, we show that several exported products, such as animals, fuels, hides and skins, machinery and electronics, minerals, stone and glass, textile and clothing, and vegetables, exhibit a high coverage ratio (90%–100%) in 2015 and 2018. The coverage ratio for exports of food products was around 90% in 2015 but decrease to approximately 70% in 2018, although the law on animal health and production was introduced on 1 February 2016, we observe a decline in the coverage ratio of exports of food products, from 90% to around 80%. The coverage ratio for footwear exports was around 65% in 2015 and 2018. The coverage ratio for wood exports was close to 50% in 2015 but jumped to almost 100% in 2018, suggesting an increase in the export of wood subjected to NTMs, as the coverage ratio gives more weight to exports with higher value, and we did not observe any wood-related NTMs introduced in 2018. The coverage ratio for plastic and rubber exports was slightly below 60% in 2015 but increased slightly to above 60% in 2018. The coverage ratio for plastic and rubber exports, and transport vehicle exports showed a slight decline. Metal exports exhibited a coverage ratio of less than 5% in 2015 and 2018.

Figure 2.4a: Coverage Ratio, by HS 2-digit Sector, Exports, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.4b: Coverage Ratio, by HS 2-digit Sector, Imports, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.4b shows the coverage ratio for imported products at the HS 2-digit level in 2015 and 2018. Using this new measure for imports, we observe that more than 90% of imports were subjected to at least one NTM in 2015 and 2018. Coverage ratios for imports such as chemicals, hides and skins, machinery and electronics, plastic or rubber, stone and glass, textiles and clothing, and transport vehicles were 95%–100% in 2015 and 2018. Similar to exports, coverage ratio of animal imports also declined from 100% to around 85%.

Coverage ratio of footwear imports declined more than frequency index, suggesting a decrease in trade value share of this product in the import basket. The coverage ratio of fuel imports also decreased significantly from 90% to 60%, suggesting that fuel imports decreased substantially in 2015–2018. The coverage ratio for mineral imports was almost nil in 2015 and 2018. Surprisingly, the coverage ratio for metal imports was almost nil in 2015 but jumped to over 80% in 2018, suggesting that metal imports increased substantially because of the introduction of Prakas No. 70 on the adoption of 73 international product standards (ISO), including metal, on 6 February 2017.

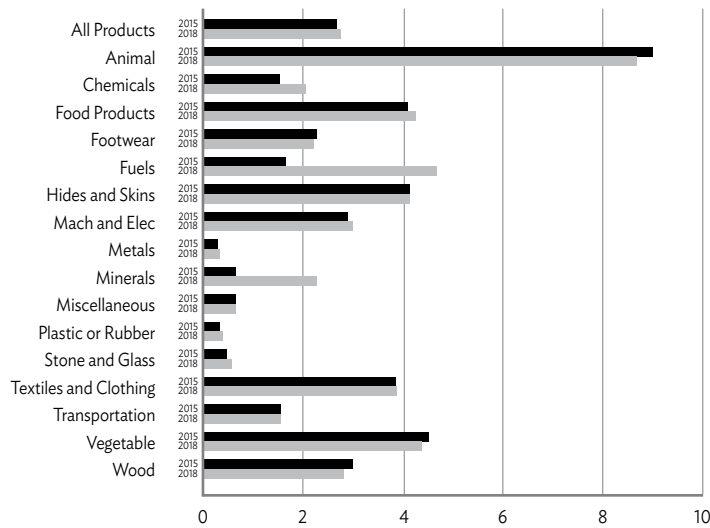
Even if the coverage ratio is used instead of the frequency index to measure the extent to which NTMs were being imposed on imports and exports, we observe that imports faced a higher incidence of NTMs than exports. The coverage ratios for imports, which were slightly lower than 80%, suggest that most imports, except minerals, were affected by at least one NTM.

3.3. Prevalence Score

By using the prevalence score, this section presents the incidence of NTMs imposed on imports and exports. The prevalence score provides the average number of NTMs imposed on each product at the HS 6-digit level. The higher the prevalence score for a product, the higher the incidence of NTMs imposed on it.

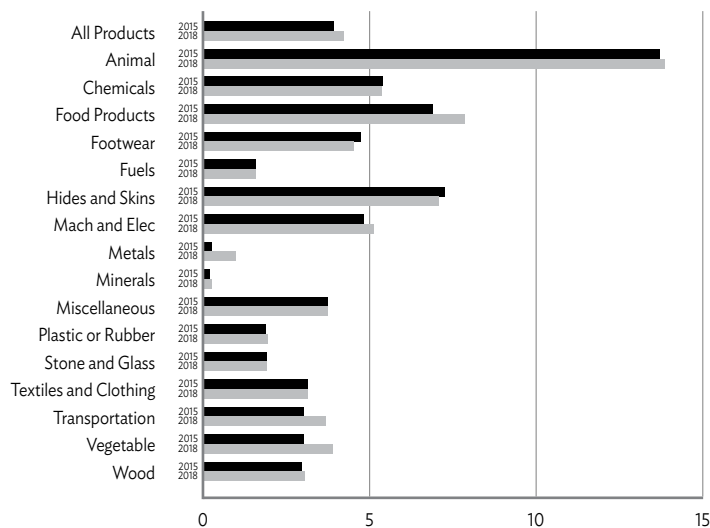
Figure 2.5a shows the prevalence score for exports in 2015 and 2018. On average, all exported products were subjected to about three NTMs in 2015, which did not change in 2018. Animal exports had the highest prevalence score (9) in 2015 and 2018, whilst food products were on average subjected to around four NTMs, suggesting that the authorities took strong precautionary measures to protect animal and human health. Exports of food, hides and skins, textiles and clothing, and vegetables were on average subjected to around four NTMs in 2015 and 2018. Machinery and electronics and wood were on average subjected to around three NTMs in 2015 and 2018. Chemicals were on average subjected to fewer than two NTMs in 2015 but later subjected to two NTMs in 2018. Footwear was subjected to around two NTMs in 2015 and 2018. Fuel was subjected to fewer than two NTMs in 2015 but to about four in 2018. A similar pattern was observed for mineral exports. Metals, plastic or rubber, and stone and glass were on average subjected to less than one NTM in 2015 and 2018, whilst transport vehicle exports were subjected to around one NTM in 2015 and 2018.

Figure 2.5a: Prevalence Score, by HS 2-digit Sector, Export, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.5b: Prevalence Score, by HS 2-digit Sector, Import, 2015 and 2018



Source: United Nations Conference on Trade and Development calculations, based on UNCTAD-ERIA (2019).

Figure 2.5b shows the prevalence scores of imports in 2015 and 2018. All imports exhibit a prevalence score of slightly below five in 2015, and the score for all imports increased only slightly in 2018. Animal imports show the highest prevalence score of around 14 in 2015 and 2018, suggesting that animal products were much more likely affected by NTMs than other imported products. Food products and hides and skins were on average subjected to about seven NTMs in 2015 and 2018, whilst chemicals, footwear, and machinery and electronics were on average subjected to around five NTMs. Imports of textiles and

clothing, transport vehicles, vegetables, and wood were on average subjected to around four NTMs in both years, whilst imports of fuels, plastic or rubber, and stone and glass were subjected to around two NTMs.

Overall, imported products exhibited a much higher incidence of NTMs than exported products did in 2015 and 2018. The same pattern was also observed for frequency ratios and coverage ratios. Using the prevalence score, we observed that animal products, particularly imports, experienced the highest incidence of NTMs, followed by food products, suggesting that the authorities were taking precautionary measures, e.g. quality and safety product standards, to protect human and animal health.

4. Conclusion

Cambodia embarked on trade liberalisation in the mid-1990s, joined ASEAN in 1999, and became a member of the WTO in 2004. The country entered into several trade deals with China, India, Japan, Australia, and New Zealand, amongst others. Since the deals require member states to gradually reduce import duties on a reciprocal basis, Cambodia's tariff rates on most imports have gone down substantially during the last decade. Like other countries, however, particularly in ASEAN, Cambodia introduced NTMs to protect human and animal health, as well as the environment.

This study is part of ASEAN members' efforts to collect trade-related laws and regulations and identify NTMs within them to update the database of NTMs imposed by ASEAN members. To ensure the quality of data, we collected all trade-related regulations before 2015 to detect whether there were NTMs not recorded during 2015. We found that several measures had not been properly identified and recorded, and we addressed them all.

Our data collection showed that MAFF, MIME, MOE, and MOC imposed the most NTMs in 2018. The total number of NTMs was 276 in 2015 and 367 in 2018. TBT, export-related measures, and SPS measures had the largest shares of NTMs in 2015 and 2018. E1 was ranked at the top, followed by others such as B7, B31, B83, and B84, suggesting that the government had taken steps to ensure the quality and safety of imported products and to protect human and animal health. By using the frequency index, coverage ratio, and prevalence score, we showed that almost all product groups at the HS 2-digit level for imports and exports were subjected to at least one NTM, but that most imports exhibited a higher incidence of NTMs than exports did in 2015 and 2018.

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