

Chapter 3

Trade Facilitation in Cambodia and Result of the ASTFI Baseline Study

Rashesh Shrestha and Ngov Penghuy

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Chapter 3

Trade Facilitation in Cambodia and the Results of the ASTFI Baseline Study¹

Dionisius Narjoko and Wee Chian Koh

1. Introduction

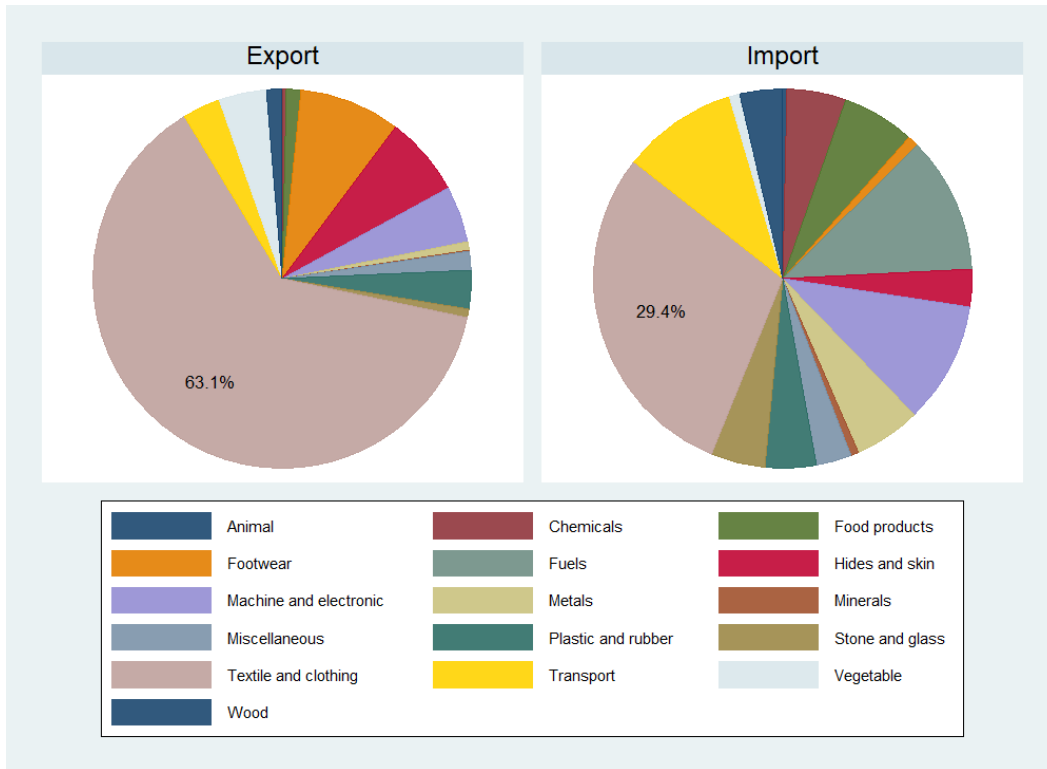
Cambodia has a shorter history in international economic integration than other Association of Southeast Asian Nations (ASEAN) Member States, having joined ASEAN in 1999 and the World Trade Organization (WTO) in 2004. At the same time, it has been a pioneer amongst least developed countries, being one of the first of its peers at the time to join the WTO. It has maintained an impressive record of rapid economic growth of 7% per year over the past two decades – one of the world’s fastest growing economies – and graduated to lower middle-income status (World Bank classification) in 2016. Gross national income per capita reached \$1,380 in 2018, up by almost 50% since 2010. Concurrently, poverty reduction has been swift – from 48% in 2007 to less than 14% in 2014.

This high and sustained growth can be largely attributed to trade and foreign direct investment (FDI). The share of total trade (imports + exports) in its gross domestic product (GDP) increased from 111% in 2000 to 125% in 2018 (World Bank, n.d.). During this period, merchandise trade as a share of GDP increased from 90% to 126%. As an economy with a low-skilled labour force, it has specialised in labour-intensive manufacturing of garments. Exports are dominated by textiles, clothing, and footwear products, comprising about 70% of total export in 2018 (Figure 3.1). Exports to Europe accounted for about 39% of total exports in 2018, while exports to North America and East Asia accounted for 30% and 28%, respectively. The International Labour Organization (2016) estimated that the garment industry had created jobs for over 630,000 workers, mostly young women migrating to Phnom Penh from the countryside.

Likewise, the country has seen a massive surge in FDI over the last two decades, increasing from \$118 million to \$3,213 million, with average growth of more than 100% per year. The establishment of Special Economic Zones which offer exemption from import duties and taxes, zero value-added tax on imports, and special customs procedures (a one-stop service where the staff of related government agencies are present to process relevant paperwork in one place) – in addition to other incentives such as profit tax holidays and special depreciation provision – continue to attract investors.

¹ This report is based on the 2018 data of the ASTFI baseline study survey.

Figure 3.1: Cambodia's Export and Import Share by Product Type in 2018



Given the structure of Cambodia's trade, trade facilitation is a policy priority to maintain competitiveness in the manufacturing sector. The main commodity import from China includes intermediate goods (such as fabrics) to be used for garment manufacturing, machinery, and electrical appliances. Expanding exports is crucial as Cambodia's domestic market is relatively small (the population is just over 16.25 million), but it enjoys a central location in a large growth region. It must also prepare for the time when it will lose preferential access to Western markets. The growth of exports to Europe since 2009 can be attributed to the preferential market access of Cambodia's garment products to the European Union in 2011. Moreover, competition from Viet Nam and Myanmar in this sector is going to be fierce.

Trade facilitation has remained high on the Government of Cambodia's agenda since accession to the WTO. With financial and technical support from donors, Cambodia has taken several steps to reduce its trade cost, including strategic and coordinated trade strategy formulation, changes in laws and regulations to allow best practice provisions, improvement in physical infrastructure in transportation and logistics, and reforms in border processes such as the implementation of risk management. Sixty-two percent of the WTO Trade Facilitation Agreement provisions fall under category A (already implemented) for Cambodia. The progress is reflected in the steady improvement in international standing across multiple indicators.

International trade will play a central role in achieving Cambodia's aspirations, therefore meaningful trade facilitation will be indispensable. The economic outlook for Cambodia is robust, with the high growth rate expected to continue in the next few years. If this economic performance continues, the country can graduate from lower middle-income status within a decade. Cambodia envisions transforming itself into a digital economy by 2023 by expanding digital infrastructure (Manet, 2018) and deepening regional connectivity in cooperation with regional partners. While the country continues to invest in upgrading its human capital, expanding international trade by reducing trade costs, especially the transaction costs of compliance with regulation and procedures, will be crucial for the country to generate jobs with decent wages. Improving the access of small and medium-sized enterprises to international markets will be an important policy tool to continue Cambodia's social development.

2. Secondary indicators of trading environment

An important contributory factor in Cambodia's economic performance is the government's ongoing effort to foster a business-friendly economic environment. Over the past decade, Cambodia has been able to solve many of the basic problems. Its progress is reflected in improvements in international rankings such as the World Bank's Ease of Doing Business and Logistics Performance Index indicators.

In the 2018 World Bank's Ease of Doing Business trading across borders indicator, Cambodia's distance to the frontier score was 67.28, implying that Cambodia was 32 percentage points behind international best practices. This is an increase from 49.8 in 2006, although the score has not changed since 2015. Its rank of 108 on this measure is actually better than its overall rank of 135 across all Ease of Doing Business components. One of the key reforms highlighted by the Doing Business report on Cambodia is the elimination of pre-shipment inspections in 2011, reducing the time and monetary costs of the import and export of goods.

Nonetheless, export and import costs are still high. In 2018, the total time to export was 180 hours for exports and 140 hours for imports (World Bank, 2018b). The high time-cost of trade was mostly due to documentary compliance, which reportedly took 132 hours for both imports and exports. However, the border compliance time was much higher for exports (48 hours) than imports (8 hours). These numbers are based on an analysis of the procedures involved in the export of apparel and clothing accessories, knitted or crocheted (HS code 61) to the United States via Sihanoukville port; and the import of parts and accessories of motor vehicles (HS 8708) from Thailand via Poipet border crossing.

On the international Logistics Performance Index, Cambodia achieved its highest rank of 98 in 2018, compared with 129 in 2010, showing steady improvement over time. The perception of customs has also improved, although it saw a slight decline from a peak in 2014. The largest improvements in this period were recorded in the perception of customs processes (rank 95 to 77), international shipments (rank 146 to 52), and timeliness (rank 132 to 73).

The World Bank’s Enterprise Survey also reveals some issues in the trading environment. Customs clearance was reported to be quicker than average in the East Asia and Pacific region, with 5 days for exports and 2 days for imports, but the broader business environment was still problematic. Firms reported that it takes on average 16 days to obtain an import licence, which is slightly better than the East Asia and Pacific average of 22 days. On the other hand, obtaining operating licences took 33 days, much higher than the East Asia and Pacific average. Another major issue was informal payments, with 65% of firms experiencing at least one request. This is much higher than the East Asia and Pacific average of 16%. According to the 2016 survey, the majority of firms’ opinions is that ‘practices of the informal sector’ ranked as the top problem in the business environment (World Bank, 2017a). A large percentage of firms in Cambodia report experiencing unfair competition from unregistered or informal firms.

While the Enterprise Survey reveals problems, it also highlights impressive improvement. Just a few years ago, the majority of businesses mentioned ‘access to electricity’ and ‘macroeconomic uncertainty’ as major constraints (World Bank, 2014). This means that Cambodia has been able to solve most of its basic infrastructural problems and needs to focus on other issues. These issues are more abstract and therefore difficult to solve. They will require stronger resolve from the policymakers.

Table 3.1: Summary of Secondary Indicators of the Trade Environment

Indicator	2006	2010	2014	2018
World Bank				
Ease of Doing Business – Trading Across Borders				
Distance to frontier	49.8	61.2	65.9	67.3
Time to export (days)	43	22	22	8
Time to import (days)	54	29	24	6
Logistics Performance Index (Overall)	81 [2007]	129	83	98
Customs perception score	2.2	2.3	2.7	2.4
Clearance time without physical inspection (days)		1	1	2 [2016]
Clearance time with physical inspection (days)		1	1	2 [2016]
Physical inspection (%)	12 [2007]	10.7	16.8	21.1 [2016]
Enterprise Survey				
No. of days to clear customs (import)			2.9 [2013]	2.2 [2016]
No. of days to clear customs (export)			2.0 [2013]	4.9 [2016]
No. of days to receive import Licence			4.6 [2013]	15.9 [2016]

Sources: World Bank Ease of Doing Business, Logistic Performance Index and Enterprise Survey (various years).

3. Trade environment and procedures

The trading process is clearly explained in the National Trade Repository. A trader wishing to import or export must register with the Department of Business Registration (Ministry of Commerce), obtain a tax identification number from the General Department of Taxation (Ministry of Economy and Finance), and submit the required documents to the General Department of Customs and Excise (GDCE). For some restricted or controlled commodities, special permits from the relevant ministries are needed.

The import and export of goods subject to sanitary and phytosanitary measures are covered separately by special regulations. Traders may be required to obtain licences and permits from the relevant ministries/institutions. Such licences and permits are issued by the General Directorate of Animal Health and Production and the General Directorate of Agriculture, while the licence or certificate on the quality and safety of agriculture is issued by the Department of Agro-Industry (Ministry of Agriculture, Forestry and Fisheries). Certificates of origin are issued by the Export–Import Department, Ministry of Commerce.

Some 1,537 tariff lines are restricted or prohibited. The list of restricted or prohibited goods can be found on the customs website.² The import and export of restricted goods requires traders to register at the relevant ministry, and obtain licences (specifying the volume/quantity and time frame) or permits (per consignment). Eleven ministries are involved in the regulation of exports and imports.

Most of Cambodia’s exports pass through the major deep seaport (Sihanoukville), whose handling capacity has been continuously improved over time. In 2011, it could handle only 238,000 twenty-foot equivalent units (TEUs), but in 2017 the capacity doubled to 460,000 TEUs (Chan, 2018b). With support from the Japan International Cooperation Agency, a new container terminal is under construction and is expected to be completed by 2023 to bring the handling capacity to 1,000,000 TEUs. Phnom Penh Autonomous Port, which is a river port, has greatly increased its capacity, with the construction of the new container terminal in 2013, located in Kean Svay District along National Road No. 1, about 30 kilometres from Phnom Penh. The handling capacity of container throughput at Phnom Penh Autonomous Port is around 170,000 TEUs, where most of the containers go through the new terminal. In addition, there are two major international borders for international trade: (i) Poipet–Aranyaprathet on the border with Thailand, and (ii) Bavet–Moc Bai on the border with Viet Nam.

Border processes have seen a major improvement since the introduction of the Automated System for Customs Data (ASYCUDA), which covers all declarations and trade volume.³ The border processes are also clearly laid out in the National Trade Repository.⁴

² Government of Cambodia Anukret No. 209 on the Enforcement of the List of Prohibited and Restricted Goods.

³ GDCE (n.d.), ASYCUDA Project. <http://www.customs.gov.kh/trade-facilitation/customs-automation/> (accessed 30 July 2018).

⁴ GDCE (n.d.), Customs Declaration. <http://www.customs.gov.kh/customs-declaration/> (accessed 30 July 2018).

Upon arrival, traders lodge the Single Administrative Document (SAD). The system checks the entered declaration against documents already in the system, and then registers them in the system. The registered declaration becomes a legal document. The customs broker/declarant then has to submit two printed and signed copies of the SAD, with all the required documents attached, to the customs officer. The status can be checked online by providing the declaration code, date, and reference number.⁵

The customs officer verifies the declaration and checks the documents, then makes an assessment using the system to assign processing lanes. Four processing lanes are available: red, yellow, green, and blue. Red and yellow lanes involve the checking of documents. Physical inspection is done in the red lane. The green and blue lanes require no document or physical inspection, but routing to the blue lane is only for particular cases. Both green and blue lane declarations are subject to post-clearance audit. Container scanning is conducted in the scanning office. The ASYCUDA automatically assesses taxes and duties based on the declaration. After the payment of applicable duties and taxes, the customs officer provides a release order. Then, the trader can proceed to removal of the goods.

4. Trade facilitation history

Cambodia liberalised its economy and trade in the 1990s, joining ASEAN in 1999 and the WTO in 2004. Accession to the WTO came relatively quickly, and many of the accession criteria are still to be met. Growth in exports in the early 2000s came largely from garment exports to the United States, but the economy was yet to diversify its output. The World Bank (2017b) described Cambodia's trading environment in the 2000s as one characterised by lack of government capacity, inefficiency in management, a regulatory burden, and numerous fees.

With the goal of 'promoting economic growth by reducing transaction costs associated with trade and investment, introducing transparency in investment processes, and facilitating access of enterprises to export markets', the World Bank worked with the GDCE to automate customs procedures at the border (World Bank, 2018a: 15). As a result, from 2004 to 2012, the number of documents required to clear customs reduced from 44 to 10, and the probability of inspections reduced from 100% to 0.82% after introducing a risk management system. Although the initial project objective was ambitious – a National Single Window (NSW) – institutional capacity constraints made it difficult to achieve this. The only successful implementation was the installation of the ASYCUDA under the GDCE. The launch of the system in May 2008 in Sihanoukville was presided over by the Prime Minister. The project also introduced risk management to the customs procedure, distinguishing between high- and low-risk traders and consignments. The benefits of the reforms were highly visible, with Cambodia climbing 22 places in the 2012 Logistics

⁵ GDCE (n.d.), Check SAD Status. <http://www.customs.gov.kh/publication-and-resources/sad-status-checker-en/> (accessed 30 July 2018).

Performance Index ranking. To date, the ASYCUDA has been rolled out to all 81 border points.⁶

5. Results from the ASTFI survey

The information gathered from the responses to the ASEAN Seamless Trade Facilitation Indicators (ASTFI) survey, consultation and validation meetings, and secondary research indicate that Cambodia is making good progress in many aspects of trade facilitation. Multiple agencies responded to the survey, a socialisation workshop was conducted in March 2018, and validation and consultation meetings were held in June 2018.

5.1. Transparency of information

Trade-related information is adequately published on the customs website,⁷ the National Trade Repository (NTR) (<https://cambodiantr.gov.kh/>),⁸ and some agency websites. The customs website and the NTR are the primary web-based platforms for all agencies to share trade-related information with the public. The customs website provides rich information for traders, and includes important information not only on customs but also on other regulatory agencies. For example, it contains detailed information on procedures for obtaining certificates of origin issued by the Ministry of Commerce;⁹ and sanitary and phytosanitary certificates issued by Ministry of Agriculture, Forestry and Fisheries.¹⁰ Traders can also access important trade-related information via a smartphone application.

Cambodia has a well-developed NTR, hosted by the Ministry of Economy and Finance on behalf of all line ministries and institutions involved in import/export processes in Cambodia. The content is managed by the NTR Secretariat located at the Department of Economic Integration and ASEAN of the ministry. The NTR is linked with the ASEAN Trade Repository (ATR). Cambodia's webpage in the ATR provides links to relevant pages on the NTR and GDCE websites. The NTR also offers a membership service under which traders can receive alerts on changes to relevant policies and procedures. However, there is some lag in updating the NTR with new laws and regulations, especially for English translations.

Unofficial English translations of some trade-related laws and regulations are available on the Council for the Development of Cambodia website.¹¹ Customs also maintains an inquiry point that caters to both local and foreign traders. One of the tasks of the

⁶ GDCE (n.d.), ASYCUDA Project. <http://www.customs.gov.kh/trade-facilitation/customs-automation/> (accessed 30 July 2018).

⁷ GDCE (n.d.), www.customs.gov.kh (accessed 30 July 2018).

⁸ Cambodia NTR (n.d.), <https://cambodiantr.gov.kh/> (accessed 30 July 2018).

⁹ GDCE (n.d.), Certificate of Origin. <http://www.customs.gov.kh/procedures-of-other-relevant-ministries/certificate-of-origin/> (accessed 30 July 2018).

¹⁰ GDCE (n.d.), Sanitary and Phytosanitary Certificate SPS. <http://www.customs.gov.kh/procedures-of-other-relevant-ministries/sanitary-and-phytosanitary-certificate-sps/> (accessed 30 July 2018).

¹¹ Council for the Development of Cambodia (n.d.), <http://www.cambodiainvestment.gov.kh> (accessed 30 July 2018).

Department of Legal Affairs, Audit and Public Relation within GDCE is to 'examine and assess... the complaints from private sector in order to balance between efficiency of implementation of laws and regulations in force and facilitation of international trade.'¹² Traders can also communicate interactively with customs via a smartphone messaging application.

Although tariff information is available online and through the smartphone application, they are not regarded as official. The customs website encourages traders to refer to the Customs Tariff Book: 'Duty and tax rate display in this website is only information for the public and is subject to change and update in accordance with duty and tax policy... Please kindly refer to the official Customs Tariff Book.'¹³ This may indicate that web resources are only for reference. This was also one of the issues highlighted with the NTR, as major agencies' changes in regulations are not reported promptly to the Ministry of Economy and Finance, which maintains the NTR. Since the NTR is the main source of information for traders abroad about the country's trade environment, regular updating of the NTR would enhance trade facilitation.

5.2. Communication and active engagement of the private sector

Cambodia has a long history of communication and engagement with the private sector. The Government–Private Sector Forum (GPSF) was established in 1999 and comprises 10 sectoral working groups that meet regularly (Cambodian Federation of Employers and Business Associations, n.d.). The Council for the Development of Cambodia coordinates the GPSF. The process takes place in several steps. First, consultation meetings are held every month at the private sector-only working groups amongst representatives of the private sector to discuss internally and agree on issues with the government. These working groups are clustered by sector as follows: (i) agriculture and agroindustry; (ii) tourism; (iii) manufacturing and small and medium-sized enterprises and services; (iv) law, tax, and governance; (v) banking and financial services; (vi) transport and infrastructure; (vii) export processing and trade facilitation; (viii) industrial relations; (ix) unhusked rice and rice; and (x) power and mining resources. Second, once the issues to be discussed are identified, joint government–private sector working group meetings are organised, mainly on an ad hoc basis, to discuss problems and find solutions. The sectoral working groups involve relevant government agencies and the private sector, and hence provide a forum for private sector consultation with government agencies. If certain issues cannot be solved at the above-mentioned working group level, they are forwarded to the GPSF which is chaired by the Prime Minister.

One of the major customs stakeholder consultation mechanisms is the Customs–Private Sector Partnership Mechanism (CPPM), established by Prakas No. 906.¹⁴ The goal is to

¹² GDCE (n.d.), Role and Responsibility. <http://www.customs.gov.kh/about-us/role-and-responsibility/> (accessed 30 July 2018).

¹³ GDCE (n.d.), Customs Tariff of Cambodia 2017. <http://www.customs.gov.kh/publication-and-resources/customs-tariff-of-cambodia-2017/> (accessed 30 July 2018).

¹⁴ Ministry of Economy and Finance Prakas No. 906 dated 9 October 2009 on the Creation and Implementation of the Private Sector Partnership Scheme with the Customs Administration.

improve the compliance of the private sector with customs laws and regulations. Starting in 2015, the president of the Cambodia Chamber of Commerce became a co-chair of the CPPM along with the director general of the GDCE. The CPPM comprises three sectoral working groups: the customs export-oriented garment industry working group, the customs export-oriented non-garment industry working group, and the customs domestic market-oriented business working group. The CPPM is a platform for resolving key issues related to customs laws and regulations. Consultations take place at least once a year. However, the last meeting of the CPPM was held in September 2016.¹⁵ The three working groups have been meeting more regularly, and many of the issues are solved in working group meetings.

5.3. Release and clearance formalities

The procedures for requesting advance rulings are clearly laid out on the customs website. The application for advanced rulings must be made in writing, before the shipment has arrived. The decision on advanced rulings for HS code classification is published on the customs website.¹⁶ As of June 2016 (the most recent figures available), 71 advanced rulings were listed, with the last decision made in June 2016.¹⁷ The ‘publication of rulings’ section of the customs website states that: ‘In order to ensure predictability, advance rulings may be published in some manners (e.g., on the Internet: http://customs.gov.kh/advance_ruling_decisions) with certain information that would not directly identify the applicant and the parties of the import transaction in question. The applicant must advise the GDCE of any confidential information contained in a request for an advance ruling or in a request for the review of an advance ruling to ensure that this information is not published’.¹⁸

Customs practices risk management and conducts inspections based on risk indicators. The risk indicators are based on risk profiles established by customs, which are fed into the ASYCUDA system. The risk indicators also include the sensitivity of the product or country of origin. Some 12%–15% of the shipments are directed towards the red channel, although some consignments in this channel may not be physically inspected.

Under normal circumstances, traders obtain customs clearance after paying the required duties and taxes. In some cases, there may be ‘pending issues’ such as disagreement over the HS classification or pending approval from other agencies. In that case, the customs release may be processed manually after guarantee. However, the system does not allow the release to be processed without the customs receipt. Therefore, the process has to be handled manually.

<http://www.cambodiainvestment.gov.kh/wp-content/uploads/2011/09/Chapter3.pdf> (accessed 30 July 2018).

¹⁵ GDCE (n.d.), Customs–Private Sector Partnership Mechanism (CPPM). <http://www.customs.gov.kh/trade-facilitation/customs-private-sector-partnership-mechanism-cppm/> (accessed 30 July 2018).

¹⁶ GDCE (n.d.), Advance Ruling. <http://www.customs.gov.kh/advance-ruling/> (accessed 30 July 2018).

¹⁷ GDCE (n.d.), ‘Advance Ruling on Tariff Classification’. <http://www.customs.gov.kh/wp-content/uploads/2017/10/Decision-of-advance-ruling.pdf> (accessed 30 July 2018).

¹⁸ GDCE (n.d.), Advanced Ruling. <http://www.customs.gov.kh/pre-clearance-procedures/advanced-ruling/> (accessed 30 July 2018).

Cambodia has a Trusted Trader programme called the 'Best Trader' programme. Details of the programme, relevant laws and regulations, and selection criteria are available on the website.¹⁹ The qualifying criteria include ranking 1 in the Trade Credibility Management System; registered capital of KR1,000 million or more; no criminal background; lack of any debt with customs; and a system in place to manage documents, accounting books, records, and other information related to the import/export in accordance with existing regulations. Furthermore, the trader has to be a member of the Authorized Business Community and must be certified by the chair of the Authorized Business Community as to the financial situation and the compliance of the trader. In addition, the trader should have annual trade volume not less than \$2 million, and is obliged to report in any form determined by the Best Trader Management Unit of the GDCE. Currently, the Best Trader programme has 25 traders enrolled, and there are plans to extend the programme further and introduce an Authorised Economic Operator programme.

Simplified or expedited clearance is operational for air cargo but in planning for land cargo. Simplified customs clearance procedures are available for express air consignment, goods under *de minimus*, and goods in and out of Special Economic Zones.²⁰ Likewise, small-scale border traders have a simplified clearance process.

5.4. Import and export formalities

To enhance trade facilitation, customs allows electronic copies of declarations to be sent directly to border agencies to complete the customs procedure. Instructions have been sent to all border agents to accept digital copies. Prior to this provision, traders spent several hours carrying physical copies from the GDCE office in Phnom Penh to Sihanoukville. However, traders are still required to produce original copies. Therefore, the process is not fully paperless. Declaration is done by filling out the SAD, printing it, and attaching copies of required documents.

The NSW is under development, and when fully implemented, will improve the trade facilitation environment in Cambodia immensely. A website has been developed, but only has basic information on the status of Cambodia's NSW.²¹ The GDCE will lead and manage the project and be the operator of the system once implemented. As of 2018, Cambodia has developed the national NSW Blueprint, incorporating technical and functional specifications for the system, a governance and operational model, a procurement strategy, and a project implementation plan.

¹⁹ GDCE (n.d.), Best Traders. <http://www.customs.gov.kh/businesstraders-3/best-traders/> (accessed 30 July 2018).

²⁰ Ministry of Economy and Finance Prakas No. 734 dated 11 September 2008 on Special Customs Procedures to Be Implemented in Special Economic Zones.

²¹ NSW (n.d.), <http://www.nsw.gov.kh/en/> (accessed 30 July 2018).

5.5. Cross-border coordination with neighbouring countries

No border crossing coordination is operational at present. The GDCE has signed memoranda of understanding on customs cooperation with neighbouring countries such as Thailand and Viet Nam, but they are not yet operational on any border. The GDCE is holding regular meetings with other countries to sign memoranda of understanding. There are no other aspects of cross-border coordination (computerised system of transit, transit guarantee mechanism, or simplified procedures for Authorized Transit Traders) with neighbouring countries in place by 2018. Nonetheless, the procedures that authorized transit operators need to follow are laid out in the Instructions on Customs Transit Procedures.²² These procedures require the same documents and forms as the regular customs declaration.²³

5.6. Transport facilitation

Transport facilitation is an area which requires major improvement. No procedures for the issuance of ASEAN goods vehicle permits are in place. Protocols 1 (designation of transit transport routes facilities), 2 (designation of frontier post) and 4 (technical requirement of vehicles) of the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT) have been ratified, but no laws or regulations have been passed. The status of both the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST) and the ASEAN Framework Agreement on Multimodal Transport (AFAMT) is similar to the AFAFGIT – they have been ratified but no laws or regulations have been passed.

5.7. E-commerce

The National Assembly approved the e-commerce law (the Law on Electronic Commerce) in November 2019. It has 12 chapters and 67 articles, covering a wide range of issues. For digital signatures, Cambodia adopted Sub-decree No. 246, implemented by the Ministry of Post and Telecommunications (Chan, 2018a). This provision facilitates electronic trade, as it gives electronic documents with digital signatures equivalent validity to paper-based documents. Digital signatures from foreign institutions require ministerial approval, and will be an important area for international agreements.

²² Customs and Excise Department Instruction No. 790 dated 28 August 2008 on Customs Transit Procedures.

²³ Cambodia NTR (n.d.), Guide to Import–Export. <https://cambodiantr.gov.kh/index.php?r=site/display&id=3> (accessed 30 July 2018).

6. Summary and conclusion

Cambodia's trade facilitation regime has improved significantly in the 2010s. Trade volumes have increased rapidly, as has the capacity of the GDCE. With the introduction of the ASYCUDA system, customs procedures have smoothed the process. This is reflected in the short border compliance times recorded by secondary indicators. Nonetheless, there is still room for further improvement.

Information is disseminated comprehensively through the customs and NTR websites. Some issues remain, with the slow updating of new information and the lack of English translations of new regulations and procedures. One way to improve the dissemination of information for international traders would be to update the websites frequently, especially the NTR, in both local and English languages; and for all government agencies to include trade-related information on their websites or provide links to the repository.

Although the structures for consultation between government bodies and with the private sector are well established, regular meetings have not been taking place at the highest level. Utilising and improving upon current structures would be crucial to make further improvements in the trade environment.

The GDCE, together with related agencies, should regularly conduct Time Release Studies. Since beyond-the-border compliance times are reportedly high, understanding the processes of major permit-granting agencies would help reduce trade costs significantly. The design of the upcoming Time Release Studies should have a goal of uncovering issues faced by small traders to make the process more inclusive.

The documentary compliance time remains a crucial bottleneck in the trade process. To improve this, the government should promote the acceptance of digital copies by all regulatory agencies as it would dramatically reduce the burden on traders. This is tied to the development of the NSW and the promulgation of a comprehensive e-commerce law. It is important that other major government agencies join the NSW, which would lead to greater proliferation of digital government services and contribute towards Cambodia's goal of a digital economy.

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