

Chapter 8

Tariff Data of the EAEU and its Member States

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Chapter 8

Tariff Data of the EAEU and its Member States

1. Introduction

As part of the Cambodia–EAEU FTA (CEFTA) feasibility study, the tariff data collection aims at examining the tariff rates applied by each EAEU member country on imports from Cambodia vis-à-vis the rates applied by Cambodia on imports from the EAEU. This will determine the level of tariff line reduction that both Cambodia and the EAEU could adopt, and to identify top Cambodian exports that have high applied tariff rates.

At the aggregate level, the EAEU member countries imposed the average tariff rate of around 5% on imports from Cambodia in 2016. In terms of commodity types, the EAEU mainly imports from Cambodia apparel and clothing accessories, footwear, semi-milled or wholly milled rice (whether polished or glazed), and technically specified natural rubber. Except the latter two which were tariff free, the rest were levied with tariff rates between 4% and 15%, or around 7.5% on average.

Cambodia, on the other hand, set a comparatively higher tariff rate of about 10% on average on imports from the EAEU. Significantly, Cambodia's trade with the EAEU exists only with three EAEU countries, namely, Russia, Belarus, and Kazakhstan. Trade with Kazakhstan, however, was obviously marginal. Cambodia mainly imports from the EAEU uncoated paper and paperboard, tractors, motor vehicles and their accessories, mineral or chemical fertiliser, writing and drawing ink, and fabrics and woven fabrics of cotton. Cambodia grants zero tariff for fertiliser and machinery used for agricultural purposes, while the others were levied with tariff rates of 5%–15% in 2017.

In addition to tariff rates, this study also looked at Generalized System of Preferences (GSP) by Russia⁵ and the EAEU Customs Union's granting preferential tariffs to imports from Cambodia and other developing countries. Compared to the EAEU, Russia's GSP was more favourable to Cambodia as it offered zero tariffs for most textile and footwear commodities which have constantly gained the largest share of the country's total exports.

Almost all tariff data was primarily from the International Trade Centre (ITC) Trade Map and Eurasian Economic Commission. EAEU member countries appear to set tariff lines at HS 10-digit level, in contrast to Cambodia that uses HS 8-digit-level. Given few EAEU countries report respective tariff rates at the HS 10-digit levels, thus there is some insufficient information to create HS 8-digit analysis. For instance, some tariff lines contained no tariff rates; trade values at the HS 10-digit level in 2014–2016 for Belarus were by no means accessible; very little information was found for trade value of Cambodia at the HS 8-digit level in 2016. To identify the top 10 imports, we studied the total values of commodities imported over the period of 12 years by EAEU countries and Cambodia in 2005 and 2016.

We ranked the values of commodities at the HS 4-digit level of each country to determine the 10 most imported products. A further breakdown of these top 10 then was made to get the top 10 at the HS 6-digit level. The same breakdown was repeated to identify the top 10 at the HS 10-digit level and at the HS 8-digit level for EAEU countries and Cambodia, respectively.

⁵ Russia agreed to exempt Cambodia's 3,000 imports from tariff duties.

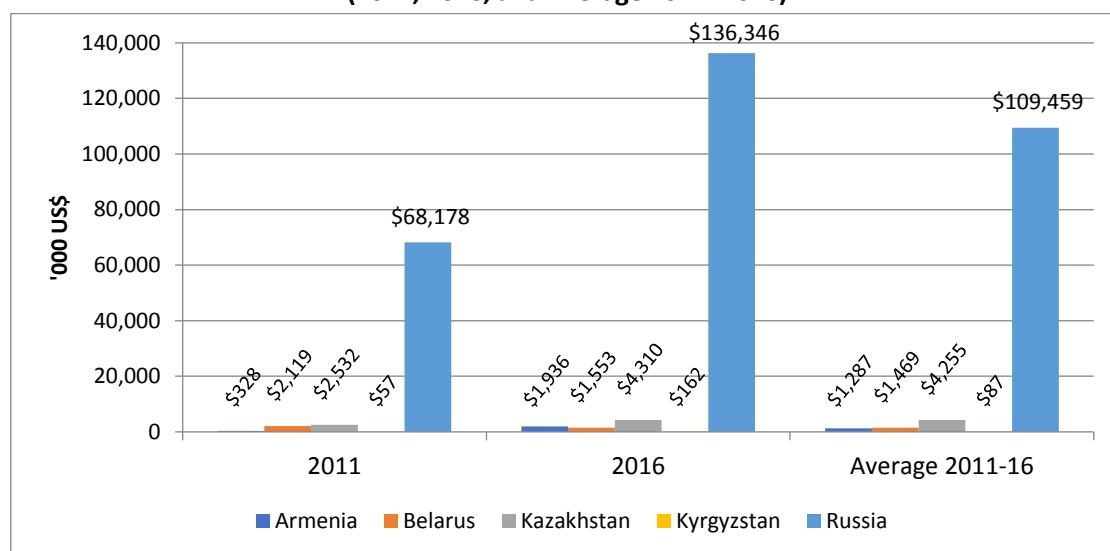
2 Findings

2.1. EAEU countries' tariffs on Cambodia's commodities

Tariffs at HS-2 and HS-6

For more than a decade in 2005–2016, EAEU member countries imported Cambodia's commodities with an aggregate value of about US\$828 million. The import values increased quite significantly, jumping from over US\$73 million in 2011 to more than US\$144 million in 2016.

Figure 55. Values and Shares of EAEU Countries' Imports from Cambodia (2011, 2016, and Average 2011–2016)



EAEU = Eurasian Economic Union.

Source: ITC Trade Map Website 2017.

Figure 54 shows that Russia was the largest market for Cambodia's commodities and shared over 90% of total imports, followed by around 4% from Kazakhstan. In 2011, Russia imported about US\$68 million, very much higher than Kazakhstan at US\$2.5 million and Belarus at US\$2.1 million. Both Armenia and Kyrgyzstan imported the least, about US\$0.38 million. In 2016, except for Belarus's imports declining to about US\$1.5 million, those of the other four increased considerably. Russia's import reached US\$136 million, followed by Kazakhstan, US\$4 million. Armenia's import grew to nearly US\$2 million and Kyrgyzstan's to US\$0.16 million.

In terms of tariff rates on average, the five EAEU member states applied a tariff rate of 4.89% at the HS 2-digit level in 2016. Russia had the average rate of 5.05%, a bit higher than the other four. Armenia applied the lowest tariff rate at just over 4.5%⁶. Slightly different, at the HS 6-digit level, the average tariff rate applied by the five EAEU countries was 5.38%. Armenia set the lowest rate at only 5.05% compared to the highest rate of 5.55% of Kazakhstan (Table 58).

⁶ Refers to Annex 1, List of tariffs of the five EAEU countries at HS-2 in 2016.

Table 58. Average Tariff Rate of EAEU Member Countries on Imports from Cambodia at HS 2- and HS 6-Digit Levels

Country	HS-2	HS-6
Armenia	4.5876	5.0552
Belarus	4.9362	5.4736
Kazakhstan	4.9375	5.5554
Kyrgyzstan	4.9792	5.3913
Russia	5.0532	5.4198

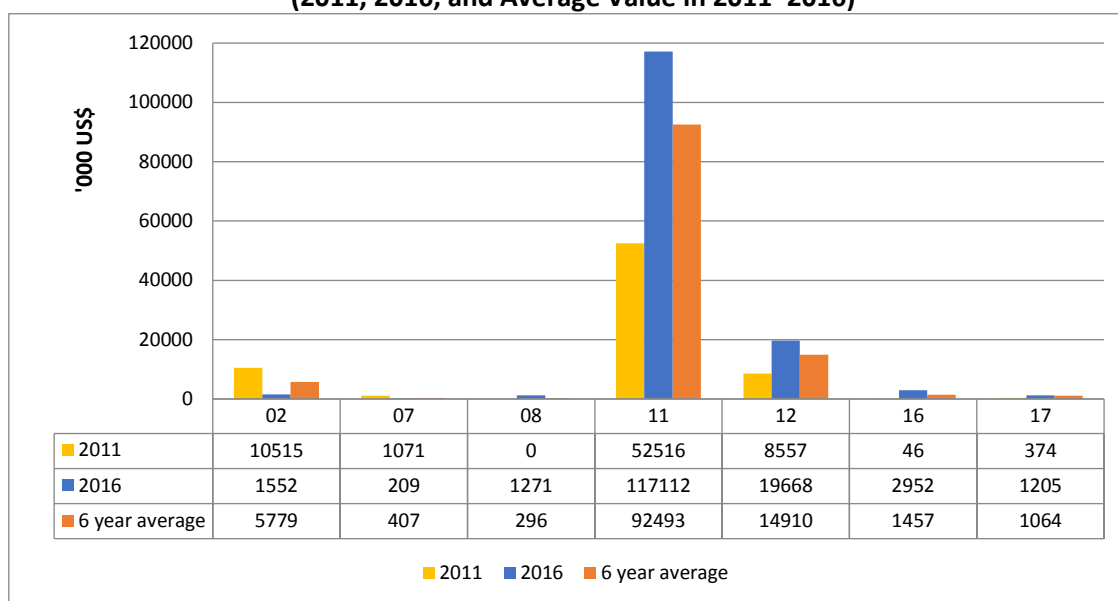
Source: ITC Trade Map Website 2017.

In terms of the tariff rates based on product classification, we observed that works of art, collectors' pieces, and antiques (HS Section 21) enjoyed a zero tariff. Live animals and products (HS Section 01), vegetable products (HS Section 02), and fats and oils (HS Section 03) had lower tariff rates averaging around 0.5%. Other lower tariff rates were for mineral products (HS Section 05), products of the chemical or allied industries (HS Section 06), wood and articles (HS Section 09), base metals and products (HS Section 15), and machinery (HS Section 16), with an average tariff of below 5%.

However, the remaining groups of commodities had a higher average tariff rate above 5%. The average tariff rate for prepared food and beverages (HS Section 04) and hides and skins (HS Section 08) were comparatively higher at around 8%. Textile and textile articles (HS Section 11), together with footwear and headgear (HS Section 12), were taxed around 7.5%. Nonetheless, an exception was applied to silk (Chapter 50); other vegetable textile fibres, paper yarn, and woven fabric of paper yarn (Chapter 53); and wadding, felt, and nonwovens (Chapter 56), which were tariff free. Refer to Annex 2 for a complete list of tariff rates at the HS 2-digit level.

Figure 55 highlights EAEU's import of Cambodian commodities by HS section, in 2011, 2016, and from 2011 to 2016. In this period, EAEU countries imported mainly textile and textile articles (HS Section 11), sharing almost 80% of the import values of the period. These increased dramatically from US\$52.5 million in 2011 to US\$117 million in 2016. This was followed by footwear and headgear (HS Section 12) sharing about 12% of the import values of 6 years; yet such products grew at a steady rate from US\$8.5 million to US\$19 million. Hides and skins (HS Section 08), machinery (HS Section 16), and transport equipment (HS Section 17) also rose but just slightly. However, vegetable products (HS Section 02) and plastic and rubber (HS Section 07) declined considerably, together from US\$11 million in 2011 to US\$1.7 million in 2016.

Figure 56. Values of EAEU Countries' Imports from Cambodia by HS Section (2011, 2016, and Average Value in 2011–2016)



01 Live animals & products

02 Vegetable products

03 Fats & oils

04 Prepared food, beverages

05 Mineral products

06 Chemicals & products

07 Plastic & rubber

08 Hides & skins

09 Wood & articles

10 Pulp, paper, etc.

11 Textiles & articles

12 Footwear, headgear

13 Articles of stones

14 Precious stones, etc.

15 Base metals & products

16 Machinery

17 Transport equipment

18 Precision instruments

19 Arms & ammunition

20 Miscellaneous

manufacturing

21 Works of art, etc.

EAEU = Eurasian Economic Union.

Source: ITC Trade Map Website 2017.

In addition to the tariff rates at the HS 2- and HS 6-digit levels in the previous sections which are rather broad, we will further emphasise the 10 most imported commodities⁷ in a much narrower scope in this section. For clarification, by totalling the imported values at the HS 4-digit level in 2005–2016 for each EAEU country, we identified the top 10 commodities with the largest values from each country. Consequently, we obtained a list of top imports of the five countries altogether, consisting of 50 commodities. After taking out some overlapped commodities, we establish the top 10 list for each country.

In the top 10, at the HS 6-digit level, the average tariff of the five countries is just over 6.8%⁸. Amongst the four, Kazakhstan had the highest rate of 10.3% because of its relatively higher minimum and maximum rates of 5% and 15%, respectively. Armenia and Russia had the average tariff rate of around 6.2%, while Kyrgyzstan and Belarus had the lower rate of 5.12% and 4.7%, respectively (Table 60).

⁷ We yielded the top 10 most imported commodities at HS-6 from the breakdown of the top 10 most imported commodities at the HS 4-digit level. Since very little tariff information was accessible at the HS 4-digit level, we opted not to discuss respective tariff rates in the study.

⁸ As for Kyrgyzstan, there are two HS-6 level commodities in the top 10 containing no tariffs, so the denominator was 8 instead of 10.

Table 59. Total Values of Top Imports from Cambodia in 2005–2016 and Average Tariff Rate in 2016, at HS 6-Digit Level

Countries	Total Values at HS-6 from 2005–2016 (in '000 US\$)	Average Tariff Rates HS-6 in 2016		
		Minimum	Maximum	Average
Armenia	4,757	4	9	6.20
Belarus	8,478	0	9	4.70
Kazakhstan	18,401	5	15	10.30
Kyrgyzstan	792	0	9	5.12
Russia	408,746	0	10	6.30

Source: ITC Trade Map Website 2017.

Comparing the values and shares of top 10 commodities imported by the EAEU in 2011 and 2016 and average values in 2011–2016, the majority of the top 10 imports were apparel and clothing accessories (Chapters 61 and 62). These jumped from nearly US\$26 million in 2011 to US\$64 million in 2016 and were imported at US\$50 million on average in 2011–2016. The second most significant commodity was semi-milled or wholly milled rice (HS 100630) imported by Belarus and Russia, with an average value of about US\$5.7 million. Nonetheless, it was imported at US\$1.5 million in 2016, which is nearly 10 times less than in 2011. The import of footwear (Chapter 64) is also significant, with value increasing from US\$4 million in 2011 to US\$6 million in 2016, around US\$5 million on average. Natural rubber made it to Belarus's top 10 and was imported only in 2010 and 2011; its average value was US\$0.17 million.

In terms of tariff rates applied to the commodities mentioned above, textile/footwear had the highest tariff rates ranging from 4% to 15%, or 7.35% on average. Unlike the other four countries, Kazakhstan set relevant tariff rates higher between 5% and 15%, or simply 10% on average. As for the remaining commodities like natural rubber and rice, no tariff rates were imposed.

2.2. Tariffs of the top 10 imported commodities at tariff lines HS 10-digit level⁹

Next, we examined the top 10 most imported products at the HS 10-digit level¹⁰. We broke down the top 10 imports at the HS 6-digit level discussed in the previous section to obtain the top 10 imports at the HS 10-digit level. We obtained a list of 50 tariff lines (commodities) for the five countries altogether. After some overlapping commodities were taken out, their values remained in the top 10 products for each country.

Thirteen commodities overlapped when we combined the top 10 imports of the five EAEU countries. In other words, these 13 products were imported by at least two EAEU countries (Annex 2). Textile and textile articles obviously shared the largest proportion of the list and, thus, of the whole commodity values. On average, between 2011 and 2016¹¹, articles of apparel and clothing accessories were imported valued at around US\$36 million, sharing the largest proportion at 88% of the total

⁹ Tariffs at the HS 10-digit level were not exclusively applied to Cambodia's commodities.

¹⁰ From the data collected, the tariff lines of the EAEU countries were set at the HS 10-digit level, unlike the tariff lines set by ASEAN which use the HS 8-digit level.

¹¹ The import values of Belarus for commodities other than rice and rubber at the HS 10-digit level in 2014–2016 were not available from the ITC Trade Map.

value of the top imported commodities. Semi-milled or wholly milled rice¹² had an average import value of US\$4.4 million or 11% of the total value of the top imported commodities. As for the footwear group, three product lines made it to the top list.¹³ These were imported at US\$0.3 million on average from 2011 to 2016. Lastly, only technically specified natural rubber made it to Belarus's top 10 and was imported at roughly US\$0.17 million.

Except for articles of apparel and clothing accessories and footwear, semi-milled or wholly milled rice and technically specified natural rubber (TSNR) declined quite drastically from 2011 to 2016. Rice decreased from US\$6.3 million in 2011 to roughly US\$1 million in 2016; the imports of TSNR only existed in 2010 and 2011 at around US\$1 million each. In contrast, apparel and clothing accessories, specifically T-shirt, pullover, jackets, trousers, and shorts, rose tremendously from US\$22.7 million to almost US\$44 million in 2011 and 2016, respectively. Similarly, footwear slightly increased from US\$0.1 million to US\$0.27 million in the same years.

Regarding import tariffs on these top commodities at the HS 10-digit level, in general terms¹⁴, the tariff rates were specific (not ad valorem ones) and varied according to their types. As for cotton-made/knitted/artificial fibres T-shirt, trousers/shorts as well as pullovers, the tariff rates were set between €1.75 per kilogram (kg) and €2.2 per kg¹⁵; the others had tariff rates ranging from 10% to 15% subject to the cost of products per kilogram¹⁶. Again, amongst the EAEU countries, Kazakhstan set the highest tariff rates mostly for the textile commodities. Rice made it to the top commodities of Belarus and Russia and was generally taxed at 10% (10% but not less than €0.03 per kg).

2.3. Generalized System Preferences: Russia's GSP s Customs Union GSP

By making Cambodia's top 10 exports as a parameter, Russia's GSP compared with the Customs Union's GSP is more favourable to Cambodia's exports. To elaborate, based on 2016 trade data from the ITC Trade Map, Cambodia's top product groups are, but not limited to, apparel and clothing accessories (Chapter 61), footwear/gaiters and the like (Chapter 64), articles of apparel and clothing accessories (Chapter 62), as well as in electrical machinery and equipment and parts thereof (Chapter 85), etc. (Table 61). Of these, Russia's GSP covers products in most of textile/footwear (Chapters 61–65), and in a few vehicles other than railway (Chapter 87), and other articles of leather (HS Heading 4205). These, interestingly, are not even covered under the Customs Union's GSP. In addition to rice (HS Heading 1006), Russia includes maize (HS Heading 1005) which has been another potential export of Cambodia. Regarding rubber (Chapter 40), Russia's GSP covered commodities from HS Heading 4001 to 4017, while the Customs Union's GSP simply covered natural rubber (HS Heading 4001).

Similarly, both seem to limit the commodity imports in natural or cultured pearls, precious or semi-precious stones (Chapter 71). Additionally, no GSP is granted for electrical machinery and equipment and parts thereof (Chapter 85), and for furs/articles thereof and skins Chapter 43).

¹² In fact, semi-milled or wholly milled rice only made to the top 10 of both Belarus and Russia.

¹³ These products were seen in the top 10 of Armenia, Belarus, and Kazakhstan.

¹⁴ Tariff rates at the HS 10-digit level were not exclusively applied to Cambodia's commodities. Thus, at this point we shall look at the tariff rates on a general basis.

¹⁵ Such commodities were of Chapter 61. Refer to Annex 4 for details.

¹⁶ Such commodities were of Chapter 62. Refer to Annex 4 for details.

Table 60. Cambodia's Top 10 Exports to the Rest of the World and GSP Granted by the EAEU Customs Union and Russia 2016

Rank	Chapter	Product Label	Value Exported in 2016 ('000 US\$)	GSP
1	61	Articles of apparel and clothing accessories, knitted or crocheted	6,108,119	Russia
2	64	Footwear, gaiters, and the like; parts of such articles	781,779	Russia
3	62	Articles of apparel and clothing accessories, not knitted or crocheted	519,080	Russia
4	85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	434,213	None
5	87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	354,214	Russia covers some
6	10	Cereals	306,520	Both cover few
7	71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad ...	209,248	Both cover few
8	43	Fur skin and artificial fur; manufactures thereof	176,684	None
9	40	Rubber and articles thereof	167,400	Both
10	42	Articles of leather; saddlery and harness; travel goods, handbags, and similar containers; articles ...	150,408	Russia covers few

GSP = Generalized System of Preferences.

Source: ITC Trade Map Website 2017.

3. Cambodia

3.1. Overview of Cambodia's import tariffs

Unlike the EAEU, Cambodia adopts tariff lines at the HS 8-digit level. Customs duty is levied on goods imported to Cambodia principally with four distinct band rates: 0%, 7%, 15%, and 35%. However, partial exemption of such levies is applied to the import of seeds and breeding animals for agriculture, of goods for temporary admission, and of goods and materials specified under any law of Cambodia. No duty is imposed on goods brought into the country for transit or transshipment.¹⁷

Table 62 demonstrates Cambodia's tariff structure in 2011 and 2017. Compared to the 2011 tariffs which had 8,298 tariff lines based on the HS2007 nomenclature, the 2017 ones consist of 10,810 tariff lines based on HS2017 nomenclature. As a WTO member, 100% of Cambodia's tariff lines are bound, and almost all tariffs are applied on an ad valorem basis, with just 14 tariff lines applied specific rates. In addition, the average tariff rate for HS Chapter 01-24 is 12.3% while for Chapter 25-97, it is 11.5%.

¹⁷ General Department of Customs and Excise of Cambodia website, 2017.

Table 61. Tariff Structure of Cambodia, 2011 and 2017

	MFN applied		Final Bound ^a
	2011	2017	
Bound tariff lines (% of all tariff lines)	100.0	100.0	100.0
Simple average rate	11.7	12.3	20.9
HS01-24	15.4	16.1	28.1
HS25-97	11.1	11.5	20.9
WTO agriculture products	14.5	14.6	28.4
WTO non-agricultural products	11.3	11.9	19.8
Duty-free tariff lines (% of all tariff lines)	13.7	13.9	0.6
Simple average of dutiable lines only	13.6	14.2	21.1
Tariff quotas (% of all tariff lines)	0.0	0.0	0.0
Non-ad valorem tariffs (% of all tariff lines)	0.0	0.1	0.0
Domestic tariff 'peaks' (% of all tariff lines) ^b	0.0	0.0	0.01
International tariff "peaks" (% of all tariff lines) ^c	9.9	12.0	50.6
Coefficient of variation	0.8	0.8	0.5
Nuisance applied rates (% of all tariff lines) ^d	0.0	0.0	0.0
Total number of tariff lines	8,298	10,810	10,810
Ad valorem rates	8,298	10,796	10,810
Duty-free rates	1,136	1,500	70
Specific rates	0	14	0

a Based on the 2017 tariff schedule. Original bound figures are provided in HS 07 nomenclature. Concordance to HS 17 is done to the best possible extent.

b Domestic tariff peaks are defined as those exceeding three times the overall simple average applied rate.

c International tariff peaks are defined as those exceeding 15%

d Nuisance rates are those greater than zero, but less than or equal to 2%

HS = Harmonized System, MFN = most-favoured nation, WTO = World Trade Organization.

Note: 2011 tariff is based on HS07 nomenclature; 2017 tariff is based on HS17 nomenclature.

3.2. Cambodia's tariffs on EAEU countries' commodities

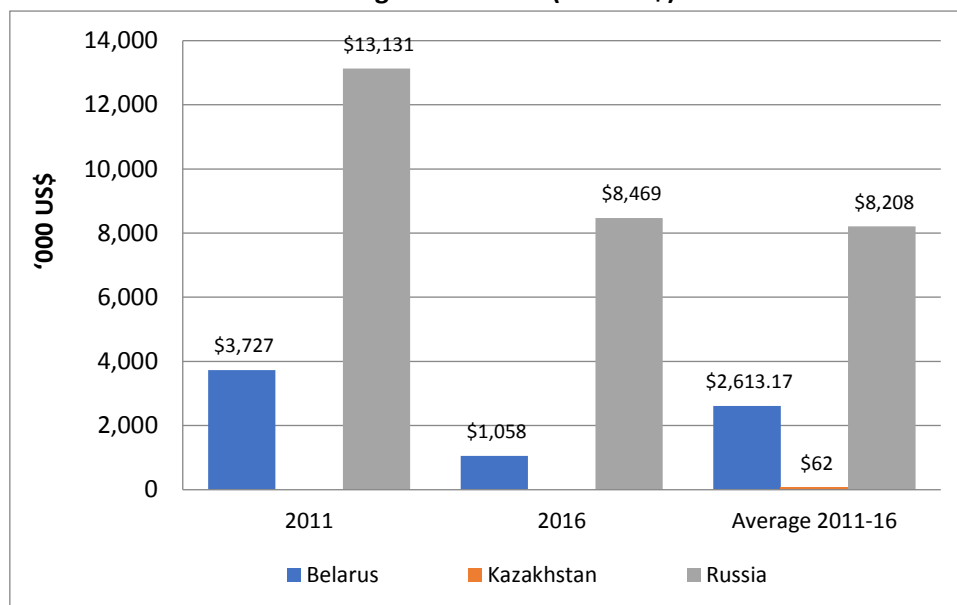
Tariffs at HS 2-, HS 4-, HS 6-, and HS 8-Digit Levels

Between 2005 and 2016, Cambodia's imports from the EAEU were limited to Russia, Belarus, and Kazakhstan, yet the imports from Kazakhstan were marginal compared to its counterparts. The total imported value in the last decade exceeded US\$126 million.

Figure 56 illustrates values and shares of Cambodia's imports from the EAEU in 2011 and 2016, and average value from 2011 to 2016. As could be seen, Cambodia imported more from Russia at US\$8.2 million in value on average, and this shared three-fourths of the total imports from the EAEU. The imports from Belarus were at US\$2.6 million on average (24%) while those from Kazakhstan were significantly marginal. Apart from these, imports from the EAEU overall decreased quite significantly

from 2011 to 2016. Imports from Russia dropped dramatically from US\$13 million to US\$8.4 million in 2011 and 2016, respectively, and so did imports from Belarus from US\$3.7 million to US\$1 million.

Figure 57. Values and Shares of Cambodia’s Imports from EAEU Countries in 2011 and 2016, and Average 2011–2016 (‘000 US\$)



EAEU = Eurasian Economic Union.

Source: ITC Trade Map Website 2017.

In terms of import tariffs, Cambodia in 2016 applied equal tariff rates to all five EAEU countries, according to the ITC Trade Map. Table 63 shows an average aggregate tariff rate applied to the EAEU countries of 10.5% at the HS 2-digit level. At the HS 4-digit and HS 6-digit levels, the average tariff rates were 11.12% and 11.87%, respectively. As for the HS 8-digit level, the average tariff was 11.88%; however, it was based on 2014 and not exclusively applied to any EAEU countries. For all these digit levels, the highest and the lowest tariff rates were set at 35% and 0%, respectively.

Table 62. Cambodia’s Tariffs on Imports from EAEU Country Members at HS-2, HS-4, HS-6, and HS-8

	2016 Tariffs on EAEU Exports			2014 General
	HS-2	HS-4	HS-6	HS-8
Minimum	0	0	0	0
Maximum	35	35	35	35
Average	10.5	11.12	11.87	11.88

EAEU = Eurasian Economic Union.

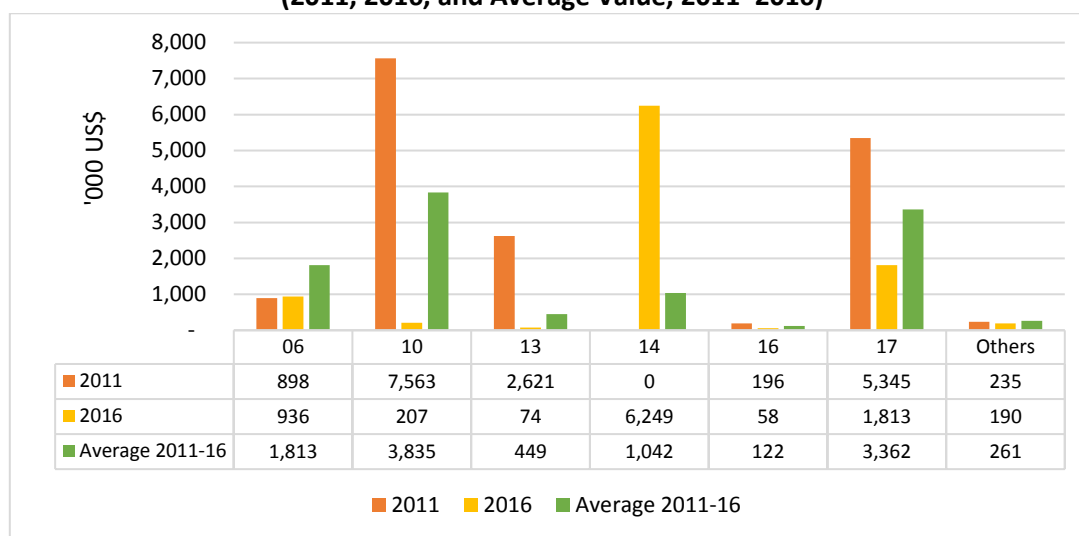
Source: ITC Trade Map Website 2017.

To provide further details on the aggregate tariff rates based on product classifications, precious stones (HS Section 14) and works of art (HS Section 21) were levied at 1% and 0% percent, respectively. Mineral products (HS Section 5), plastic and rubber (HS Section 7), pulp and paper (HS Section 10), textile and articles (HS Section 11) as well as base metals and products (HS Section 15) on average

were levied 5%–7% tariff rates. Vegetable products (HS Section 2), fats and oils (HS Section 3), and products of chemicals (HS Section 6) were levied about 10%. The others were levied 11%–18% tariff rate.

Figure 57 shows Cambodia mainly imported pulp and paper (HS Section 10) at US\$3.8 million, followed by transport equipment (HS Section 17) at around US\$3.3 million, and products of chemical (HS Section 6) at US\$1.8 million. Other less significant imports included but are not limited to articles of stones (HS Section 13), precious stones (HS Section 14), and machinery (HS Section 16); all accounted for US\$1.8 million.

Figure 58. Values of Cambodia’s Imports from the EAEU, by HS Section (2011, 2016, and Average Value, 2011–2016)



01 Live animals & products
02 Vegetable products
03 Fats & oils
04 Prepared food, beverages
05 Mineral products
06 Chemicals & products
07 Plastic & rubber

08 Hides & skins
09 Wood & articles
10 Pulp, paper, etc.
11 Textiles & articles
12 Footwear, headgear
13 Articles of stones
14 Precious stones, etc.

15 Base metals & products
16 Machinery
17 Transport equipment
18 Precision instruments
19 Arms & ammunition
20 Miscellaneous manufacturing
21 Works of art, etc.

EAEU = Eurasian Economic Union.
Source: ITC Trade Map Website 2017.

Tariffs of the Top 10 Most Imported Commodities at the HS 4-Digit Level

According to Table 64, Cambodia’s top imports from Russia in 2005–2016 were valued over US\$98 million, and were levied 5.6% tariff rate on average, which was the lowest. The top imports from Belarus were over US\$20 million and had an average tariff rate of 9.8%. In contrast, the value of top imports from Kazakhstan was the smallest at just over US\$0.4 million as only three commodities, were traded, with an average tariff rate of 7.3%.

**Table 63. Total Values of Top Imports from the EAEU at HS 4-Digit Level
(2005–2016, and Average Tariff Rates in 2016)**

Export Countries	Total Values at HS-4 in 2005–2016 ('000 US\$)	Average Tariff Rates HS-4 in 2016		
		Minimum	Maximum	Average
Armenia	0	-	-	-
Belarus	20,818	0	15	9.8
Kazakhstan	429	0	15	7.3
Kyrgyzstan	0	-	-	-
Russia	98,091	0	15	5.6

EAEU = Eurasian Economic Union.

Source: ITC Trade Map Website 2017.

Uncoated paper and unused postage, which were levied at 7% and 0%, respectively, in 2016 were imported at US\$3.7 million on average from 2011 to 2016. Tractor, aircraft, and motor vehicles had tariff rates ranging from 10% to 15%, and on average were imported at around US\$3 million. Fertilisers and diamonds were granted zero tariff rate and imported at around US\$1 million each. Two other significant imports were monumental or building stone and printing or drawing inks, both levied with 7% tariff rate. Apart from these, tyres and tubes made of rubber which received 15% tariff rate, fabric and educational instruments with 7% tariff rate, and machinery for agricultural purposes at 0% tariff rate all made it to the top import list as well.

Tariffs of the Top 10 Most Imported Commodities at the HS 6-Digit Level

Based on HS 6-digit level (Table 65), between 2005 and 2016, around 80% or nearly US\$90 million of total EAEU exports to Cambodia came from Russia. Belarus was the second largest exporter with its export value of US\$20 million (about 18.7%), followed by Kazakhstan with only about US\$0.4 million. Regarding import tariff, the average tariff imposed on the top imports from all three countries was about 7.8%. Of this, about 10% import tariff was levied on the top imports from Belarus, while 7.5% and 5.6% on the top imports from Kazakhstan and Russia, respectively.

**Table 64. Total Values of Top Imports from the EAEU at HS 6-Digit Level
(2005–2016 and Average Tariff Rates in 2016)**

Export Countries	Total Values at HS-4 from 2005–2016 ('000 US\$)	Average Tariff Rates HS-4 in 2016		
		Minimum	Maximum	Average
Armenia	0	-	-	-
Belarus	20,755	0	15	10.4
Kazakhstan	429	0	15	7.5
Kyrgyzstan	0	-	-	-
Russia	89,737	0	15	5.67

EAEU = Eurasian Economic Union.

Source: ITC Trade Map Website 2017.

The imports from Kazakhstan were limited to only three products, making the top commodity list of 23 products at the HS 6-digit level when the top imports from all three countries were combined (no overlapping products). Uncoated paper and unused postage remained the most imported with an average value of US\$3.7 million from 2011 to 2016, and were levied 7% tariff rate and 0% tariff rate, respectively. Tractors, truck, airplanes, and parts thereof were imported at US\$2.5 million on average, and levied with higher tariff rates. Specifically, except for tractors which were levied with an 8% tariff rate, motor vehicles, road wheels and parts and accessories thereof, and work trucks had a 15% tariff rate. Chemical fertilisers and non-industrial diamonds were imported at US\$1 million each on average with zero tariff rate. Ploughs used in agriculture, horticulture, or forestry also enjoyed zero tariff rate compared with pneumatic tires made of rubber levied with 15% tariff rate. Both were imported marginally, however.

3.3. Tariffs of the top 10 most imported commodities at the HS 8-digit level

The import tariffs of Cambodia at the HS 8-digit level were based on 2014¹⁸ and 2017¹⁹. Applied tariff rates during these two different years were the same. Importantly, unlike the tariffs at HS 2-, HS 4-, and HS 6-digit levels as discussed above, tariffs at the HS 8-digit level were not exclusively applied to the imports from EAEU countries. In other words, they were applied on a most-favoured-nation (MFN) rate basis.

The most imported commodities were uncoated paper and paperboard of a kind used for writing, printing, or other graphic purposes (HS 48026220 and 48026290) at US\$3.7 million on average from 2012 to 2015²⁰, and levied with a 7% tariff rate. Transport equipment (tractor, motor, accessories) was imported at nearly US\$2.5 million on average. Of this, tractors (HS 87019010, 87019019, and 87019021) shared 88% and were levied at 7%, motor vehicles for the transport of goods (HS 87042123, 87042229, 87042243, 87042259, and 870432²¹) shared 4% and were levied with a 15% tariff rate (yet their parts and accessories were granted zero tariff but imported insignificantly); parts of goods of airplanes or helicopters (HS 88033000) shared just under 8% and levied a 15% tariff. Mineral or chemical fertilisers (HS 31021000, 31039090, 31053000) and machinery for soil preparation or cultivation (HS 84321000) were all granted zero tariff. Another significant import was writing or drawing ink and other inks (HS 32159090) imported at US\$1.7 million on average and levied with a 7% tariff.

¹⁸ Tariff rate in 2014 was derived from the ITC Trade Map website in 2017.

¹⁹ Tariff rate in 2017 was derived from the General Department of Customs and Excise of Cambodia in 2017, and could be accessed at <http://www.customs.gov.kh/asycuda-home/>

²⁰ Disaggregate import values at the HS 8-digit level were inaccessible for the years between 2012 and 2015.

²¹ This commodity, HS 870432, was imported from Kazakhstan, yet its breakdown for the HS 8-digit level revealed no data. Since only three commodities made it to the top imports from the country and only one had a value at the HS 8-digit level, we decided to retain HS 870432 among the top commodities.

4. Discussion and Summary

4.1. Cambodia Industrial Development Policy 2015–2025: impact of tariff elimination

Cambodia's IDP is a blueprint for sustainable and inclusive high economic growth through economic diversification, strengthening competitiveness, and promoting productivity. Increasing and diversifying export products are one of IDP's three targets; that is, total exports of the non-textile and processed agricultural products are expected to increase respectively to 15% and 12% by 2025.

Using IDP as a baseline, we created a list of commodities at the HS 6-digit level with the following features. It contains the total imports of the EAEU from the world, the total exports of Cambodia to the world, tariff rates applied by the EAEU on imports from Cambodia; all are in 2016. However, we applied two conditions. First, since the IDP prioritises commodities in non-textile and processed agricultural products, and other commodities otherwise are excluded. Second, commodities valued below US\$100,000 were eliminated. The list is given in Annex 2.

In Annex 2, we focused on commodities with relatively high tariff rates. The tariff rates imposed on raw cane sugar in solid form (HS 170114) and cane or beet sugar (HS 170199) were considerably high at 20% and 36%, respectively. Both were imported at around US\$1.1 billion while Cambodia exported such to the world at US\$38 million in 2016. Other noticeable commodities are in preparation of cereals, flour, starch, or milk (HS 190219, 190230, 190490, 190590) and were levied with about 12%. Beverages and spirits had an average tariff rate of 13.4% (HS 220210, 220300, 220820, 220830), except under natured ethyl alcohol, of actual alcoholic strength of at least 80% that had the highest rate of 207%. Dog or cat food (HS 230910) had a 13% tariff rate. Articles of leather, saddlery and harness, travel goods, and handbags had an average rate of around 12%. Lastly, furniture, mattress, seats, articles of bedding, as well as electric lighting sets used for Christmas trees had an average tariff rate of around 13%. These commodities were imported by EAEU countries from the world at around US\$9.6 billion in 2016, while Cambodia exported such to the world at around US\$0.6 billion. However, these commodities were taxed considerably higher. Therefore, if the tariff rates were eliminated, Cambodia would have more market opportunities.

4.2. Difference in tariff lines and tariff rates

HS 10-Digit Level vs HS 8-Digit Level

Cambodia and the EAEU member countries apply two different tariff lines for respective commodities. To elaborate, Cambodia uses the HS 8-digit level for tariff lines, while the EAEU uses the HS 10-digit level for tariff lines. Due to such difference, any comparison or analysis regarding tariffs of the two parties is only possible at the HS 6-digit level. Therefore, further negotiations on adjustment or adoption of either HS 8- or HS 10-digit level are vitally important for future FTA negotiation between the parties. On an intellectual perspective, Cambodia should, to the extent possible and applicable, adopt the HS 10-digit level for the FTA negotiation, as the country would benefit more compared to its counterparts in terms of bigger market access, technology transfer, and investment.

Tariff Rates of the EAEU and of Cambodia

Overall, Cambodia applied an average tariff rate two times higher than the rate applied by EAEU member states. At the HS 2- and HS 6-digit levels, the five EAEU member states altogether applied an average rate of 5.13% on imports from Cambodia in 2016. However, Cambodia applied roughly 11.2% to all five EAEU countries.

4.3. Tariff rates of top imports from Cambodia

EAEU Members vs the EAEU

A comparison of each EAEU member's tariffs and those of the EAEU's within the same top commodities revealed a significant discrepancy in footwear-related products. Specifically, the EAEU in general sets a slightly lower rate at €1.25 per pair compared to €1.36 by Armenia, Belarus, Kazakhstan, and Russia.²² Besides these, the tariff rates of both the EAEU and its member states were quite identical.

EAEU's Top Imports from Cambodia

Since tariff rates at the HS 10-digit level on imports from Cambodia were inaccessible, it would be ideal to pay attention to the rates at the HS 6-digit level. Therefore, the following will be based only on tariffs at the HS 6-digit level. Textile and textile articles such as trousers, T-shirt, jerseys, pullovers, and fabrics (HS 610342, 610462, 610463, 610910, 610990, 611020, 611030, 620193, 620342, 620343, 620462, 620463, 621010, 621040, and 621133) were imported at around US\$50 million on average between 2011 and 2016, contributing around 82% to the total average imports. However, such had the highest tariff rates ranging from 4% to 15%, resulting from the comparatively higher rates applied by Kazakhstan. Another top import is footwear (HS 640299, 640391, and 640399), imported at around US\$5 million on average. Except for Kyrgyzstan imposing an average tariff rate of 13.3%, the other four EAEU countries applied almost the same rate of 6.3%.

Two of the top imports were granted zero tariff rate. These are semi-milled or wholly milled rice (HS 100630), which was imported at about US\$5.7 million on average, and technically specified natural rubber (HS 400122) imported at US\$0.17 million. Semi-milled or wholly milled rice showed a downward trend as it decreased from around US\$10 million in 2011 to US\$1.5 million in 2016.

The other imports include frozen cuts and edible offal of turkeys (HS 020727), and sausages and similar products (HS 160100), Light oils and preparations of petroleum or bituminous minerals (HS 271011) and fibreboard of wood or other ligneous materials (HS 441119) were all imported by Kyrgyzstan in only 1 year between 2006 and 2009. The tariff rate for light oils was zero, while the rate for fibreboard was not available.

²² Refer to Annex 4 for further information.