



## Two-thirds done

But more work must be done to meet WTO agreements

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Cambodia has completed almost two-thirds of the commitments it made four years ago during its accession negotiation to become the 147th member of the World Trade Organization (WTO), according to Tekreth Samrach, an official from the Council of Ministers.

A large body of legislation has already been passed to fulfill the commitments Cambodia made to join the WTO. Several other laws have been drafted and are awaiting adoption, said Tekreth Samrach.

Much of the remaining legislation relates to economics and commercial laws, the services sector and competition, he told a workshop on mainstreaming developments to WTO held earlier this month and organized by the Economic Institute of Cambodia (EIC) with the support of CUTS International.

As part of its WTO promises, Cambodia also has reduced import taxes by an average of 12 percent, Tekreth Samrach pointed out.

But if Cambodia hopes to compete in the international market, farmers must improve their standards because the current quality of agricultural exports is too low, said Hang Sochivin, deputy director of the Ministry of Commerce's International Cooperation Department.

Most countries that import agricultural products prefer higher quality agricultural goods. The European Union, for instance, favors higher quality agricultural goods to products that are lower in standard, said Hang Sochivin.

Neou Seiha, a senior researcher at the EIC, echoed Hang Sochivin. The world's net food importer, Japan, also demands high quality and won't even entertain the notion of purchasing agricultural goods from countries that don't have a reputation for high standards, he pointed out.

In 2009, Cambodia is expected to complete an internal review of its laws and procedures to pinpoint any gaps in meeting its obligations under its WTO agreement. A WTO committee will also review



Neou Seiha,  
senior researcher at the EIC

Cambodia's WTO-related policies and procedures Cambodia prior to 2011 to confirm that it conforms to WTO rules. By then, the WTO will provide technical assistance to Cambodia to resolve any outstanding issues, says Neou Seiha.

Since Cambodia joined the WTO in Oct. 13, 2004, its balance of payments (BOP) has declined. The BOP reflects debits and credits to foreigners and is determined by exports and imports of goods, services and financial capital as well as financial transfers.

Cambodia's trade deficit totaled \$1 billion in 2005, which is almost what it was in 2004, and the figure has nearly tripled since then, according to the National Bank of Cambodia.

Responding to enduring concerns about the country's balance of payments deficit, Tekreth Samrach said that he is not convinced it is pulling Cambodia's economy down.

"The trade deficit isn't an issue that affects the firmness of Cambodia's economy," says Tekreth Samrach, adding that increased demand inside Cambodia is fueling imports.

While critics had warned Cambodia's entry into the WTO would sound the death knell for local industry, Tekreth Samrach insists Cambodia has more to fear from other Asian countries than WTO members such as the US and European nations.

"The real killers that we should be worrying about are products from some ASEAN countries like Thailand, Vietnam and China that flow freely into the Cambodian market not those big industry countries like EU countries and US," he said.

Cambodia still benefits from exporting its products to the European and US markets, he added. What is more troublesome, he said, is the reduction in customs tax among imports in ASEAN countries, which will be completely eliminated by 2015, Tekreth Samrach pointed out.

In 2006, imports to Cambodia from China totaled close to US\$ 1.1 billion while imports from Thailand accounted for US\$ 415 million and Vietnam US\$ 270 million, according to a report from the National Bank of Cambodia. Exports to the US totaled US\$ 1.9 billion and Germany US\$ 233 million during the same period. ■