

# ASEAN Regional Integration Support – Cambodia Trade Related Assistance (ARISE Plus Cambodia)

## Sustainable economic development

### Background

Cambodia's WTO accession in 2004 played a significant role in the country's integration into the global economy and has ever since contributed to its remarkable economic growth, employment creation, and poverty reduction. To a considerable extent, Cambodia's economic success can be attributed to the government's relatively investor-friendly environment as well as the preferential access to important export markets. However, a comparison with neighbouring countries indicates that Cambodia still lags in "the ease of doing business" ranking.

Cambodia's production base and export destinations remain narrow despite significant trade volumes and GDP growth. While the economy has diversified in recent years, in 2020 the export of garments, footwear, and travel goods still accounted for more than half of Cambodia's exports.

Co-financed by the European Union and BMZ, the ARISE Plus project aims to support greater connectivity and economic integration between Cambodia and the rest of ASEAN through implementing the ASEAN Economic Community (AEC) Blueprint 2025 and strengthening the institutional capacity.

### Our approach

At the project start, three intervention areas were established. In the first intervention area, "Improving Customs, Trade Facilitation, and Standards," the project supports the Government of the Kingdom of Cambodia in the implementation of its commitments under the WTO Trade Facilitation Agreement.



Project name	ASEAN Regional Integration Support- Cambodia Trade Related Assistance (ARISE Plus Cambodia)
Commissioned by	European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Cambodia
Lead executing agency	Ministry of Commerce
Duration	January 2019 – March 2024

Specifically, ARISE Plus Cambodia's focuses on supporting the Government of the Kingdom of Cambodia in four key areas, the Cambodian National Single Window (CNSW), Authorized Economic Operators (AEO), Pre-Arrival and Pre-Departure Processing (PAP/PDP), and Risk Management (RM). The project's leading cooperation partner on trade facilitation is Cambodia's General Department of Customs and Excise (GDCE), under the Ministry of Economy and Finance (MEF).

The project's second intervention area, "Strengthening Institutional Capacities and Improving Regulatory Practices", aims to contribute to Cambodia's more transparent, predictable, and competitive trade environment, focusing development support on four areas: (1) capacity building/institutional strengthening, especially for trade negotiations and impact analysis (2) trade statistics, (3) support to the National Committee on Trade Facilitation, and (4) transparency of the evolving regulatory framework via the National Trade Repository.



Photo (L): Launching Ceremony Trade Negotiation Practitioner Manual  
Photo (R): Chocolate production at Wat Chocolate

The third pillar focuses on "Enhancing private sector engagement, notably SMEs", by improving small and medium-sized enterprises' preparedness for seamless integration into the ASEAN Economic Community and helping them to capitalize on international trading opportunities. Specifically, the project supports SMEs with trade information events and export-related advocacy activities. In addition, individual SMEs (particularly from rural and semi-urban areas) receive advisory support through tailor-made Export Development Strategies (EDS).

### The benefits

The project supports the ASEAN economic integration of Cambodia by improving the framework conditions for trade and private sector engagement in export processes. The establishment of a National Committee of Trade Facilitation (NCTF) will bring together state and private sector actors to discuss and agree on trade reforms.

### Achievements

• **Cambodia Customs Digitalization:** The project provided the United Nations Conference on Trade and Development (UNCTAD) with a grant to update Cambodia's customs clearance software (ASYCUDA World) to the most recent version and enhance the software's risk management feature. This update enables GDCE to use ASYCUDA World's new functions and strengthen the paperless trade environment in Cambodia. Furthermore, the software update is the foundation of GDCE's participation in a pilot project titled "Digitising Global Maritime Trade" (DGMT). The pilot project aims to improve the pre-arrival processing of sea cargo by linking ASYCUDA World with a commercial trade software used by leading maritime shipping lines.

• **Capacity Building on Trade Negotiation:** Together with the Ministry of Commerce (MoC), the project delivered an in-depth training series on trade negotiation, reaching 57 Cambodian negotiators from different ministries (38% are women) with 140 hours of interactive instruction. They are now equipped with the necessary skills, instruments, and techniques to conduct successful trade negotiations for bilateral free-trade agreements.

• **NCTF Establishment:** The establishment of the National Committee of Trade Facilitation (NCTF) is an essential platform for coordinating with all relevant stakeholders to plan and implement the successful trade facilitation reforms required by the WTO TFA. The project supported development of the Trade Facilitation Roadmap and Action Plan 2022-2025.

• **Standards and Certification:** To help Cambodian companies increase their exports, the project provides direct technical assistance to 15 women-owned or managed SMEs from various sectors and locations. Support areas include obtaining international certifications on quality management systems, suitable manufacturing practices, improved food safety, and fair trade practices to help companies meet international buyer requirements. As a result, Confirel, one of the participants of the ARISE+ programme, shipped a container with eight tons of Kampong Speu palm sugar to France to fulfil a first contract. The export value of supported companies rose from USD 6M to USD 11M in 2021.

• **Auditor certification:** A group of ten local consultants (50% are women) successfully passed the International Registry of Certified Auditors (IRCA) exam, qualifying them to perform pre-audits on behalf of internationally accredited institutions. These accreditations are particularly valuable, considering the limited number of qualified consultants in Cambodia capable to guide SMEs in passing certification audits and obtaining the necessary export certifications.



Photo (L): Shipment from Cambodia to France  
Photo (R): Expert mission on Risk Register Development at Customs branch at Sihanoukville Port