



Recent Developments in Exporting Agricultural Goods to China

Workshop on ASEAN-China Free Trade Agreement (ACFTA)

Phnom Penh, Cambodia, 03 March 2017



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Contents

Workshop Agenda	4
I. Introduction	5
II. Workshop Summary and Welcoming Remarks	7
III. Key-Note Presentation “ACFTA - Recent Developments in Exporting Agricultural Goods to China”	8
IV. Key Outcomes of Moderated Discussion	14
4.1 Main Challenges for the Cambodian SMEs in Exporting Agricultural Goods to China	16
4.2 Key Recommendations for Intervention to Overcome Challenges	17
GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)”	18
Other Publications by SCSI	19

Workshop Agenda

Venue	
GIZ Office Phnom Penh, Meeting Room House II No. 17, Street 306 Boeung Keng Kang I, Chamkar Mon, Phnom Penh, Kingdom of Cambodia	
09:45 – 10:00	Registration
<p>Background: The ASEAN China Free Trade Agreement (ACFTA) has since it came into effect in 2010 eliminated a large part of all tariffs in the trade with China but stays underutilised.</p> <p>Objective: Provide participants from national ministries and private sector associations with enhanced knowledge and awareness on potential gains and benefits of utilising ACFTA</p> <p>Method: Expert input and discussion</p>	
10:00 – 10:15	Opening and Welcome Remarks
10:15 – 10:30	Introduction to the Workshop Magnus Brod, Programme Director, Support for Economic Cooperation in Sub-regional Initiatives in Asia (SCSI)
10:30 – 11:15	Presentation on Recent Developments and Challenges of ACFTA Edmund Sim, Partner Appleton Luff International Lawyers, Adjunct Professor National University of Singapore (NUS)
11:15 – 11:30	Questions & Answers
11:30-12:30	Moderated Discussion 1 Mapping current situation of barriers to trade and utilisation of ACFTA
12:30 – 14:00	Joint Lunch
14:00 – 15:00	Moderated Discussion 2 Way forward – Strengthening utilisation of ACFTA
15:00 – 15:15	Concluding Remarks and Evaluation
Background information	
Sponsor	German Federal Ministry for Economic Cooperation and Development (BMZ)
Organiser	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH Programme „Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)“ http://connecting-asia.org/
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I. Introduction



On 24 February 2017 the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)” commissioned by the German Federal Ministry of Economic Cooperation and Development (BMZ), conducted a workshop on the topic of ASEAN China Free Trade Agreement (ACFTA). The event was titled “Recent developments in exporting agricultural goods to China” and organised as part of a fact-finding mission of SCSI to Viet Nam, Lao PDR, and Cambodia from 22 February to 03 March 2017. The following pages summarise the purpose, themes and results of the event in Cambodia. Detailed information including the content of lectures and discussions can be retrieved from the respective summaries.

Background on ACFTA

The initial framework agreement for ACFTA was signed in November 2002 in Phnom Penh, Cambodia, and came into effect in January 2010. It marked a significant milestone in pursuing greater economic integration in the region. ACFTA became the largest free trade area in the world in terms of population and the third largest in terms of nominal GDP, trailing the European Economic Area (EEA) and North American Free Trade Area (NAFTA). Under the free trade agreement, tariffs are reduced to zero on almost 8,000 product categories. China and the six more advanced ASEAN nations (Brunei, Indonesia, Malaysia, the Philippines, Thailand, and Singapore) had progressively removed 90 per cent of tariffs by 2010, while Cambodia, Lao PDR, Myanmar and Viet Nam (CLMV) did so in the following five years. ACFTA significantly led the integration process in the region, even though many non-tariff barriers (NTBs) and other trade obstacles still remain.

ACFTA was one of the first free trade agreements signed by the PR China. Therefore, in November 2015 it was updated to overcome NTBs to trade which have accumulated since coming into action and are causing obstacles – especially for smaller ASEAN countries – to successfully exporting goods to China. Managing the costs and benefits of ACFTA is one of the unique challenges the region is facing. This particularly applies to the CLMV countries which are all characterised by an agricultural sector of considerable size. Thus, the export of agricultural products plays a crucial role in their development. Gaining a better market access to China and overcoming barriers to successful exporting agricultural goods is a key priority. Trade flows between ASEAN countries and China have constantly grown in recent years. During the period from 2005-2014, overall trade between ASEAN members and China tripled with reaching US\$ 380 billion in 2014 with seeing a slight decline to US\$ 350 billion in 2015. China has become the biggest export market for ASEAN countries outside of ASEAN in 2015 as well as the biggest country of origin for imports.

In recent years, China consistently appears among the top five trading partners for every single ASEAN nation state and was the biggest trading partner of ASEAN outside of the association overall in 2015. Nevertheless, each ASEAN country shows a different degree of dependence on China either as an importer or exporter. The six more advanced economies trade with a diversified group of partners, whereas the less developed CLMV countries rely to different degrees heavily on China. As a consequence, NTBs affect the agricultural exporting sector in these nations seriously.

GIZ SCSI Approach

Since the ASEAN China Free Trade Agreement (ACFTA) came into effect in 2010 it has eliminated a large part of all tariffs in ASEAN trade with China but still stays underutilised. To overcome this situation and to reap the potentials of the agreement, public-private dialogue on existing issues needs to be enhanced and information on ACFTA shared within the private sector. With special regard to the export oriented agricultural sector, the GIZ SCSI Programme facilitates capacity building in Cambodia, Lao PDR, and Viet Nam (CLV) together with respective partners to update the private sector on opportunities and challenges of ACFTA. Through awareness-raising for the potentials of ACFTA and the Chinese market as well as information sharing on existing NTBs in the agricultural field small and medium sized enterprises (SMEs) in the three countries are targeted together with local partner organisations.

Against this backdrop, the GIZ SCSI Programme conducted the workshop in Phnom Penh in coordination with the support from bilateral and regional GIZ programmes on site. The objectives were to provide updated information on ACFTA as well as to get feedback from the private sector on recent issues in exporting agricultural goods to China.

II Workshop Summary and Welcoming Remarks



The half-day workshop was opened by welcoming remarks from Mr. Magnus C.M. Brod, SCSI Programme Director, who introduced the GIZ SCSI Programme and outlined the objectives of the workshop. Mr. Edmund W. Sim, Partner at Appleton Luff International Lawyers, Singapore and Adjunct Professor at the National University of Singapore (NUS) provided a key presentation on “ACFTA - Recent Developments in Exporting Agricultural Goods to China”. A moderated discussion followed among the participants from the public and private sector as well as representatives from GIZ Programmes based in Cambodia aimed at identifying recent challenges for exporters as well as to identifying a way forward to successfully overcome these obstacles. Participants came from the Ministry of Commerce (MOC), Ministry of Agriculture, Fishery and Forestry (MAFF), Cambodia Rice Federation (CRF), UNDP-CEDEP II, as well as SMEs like Baca Villa Co., Ltd. Bayon Cereal Co., Ltd, Crystal Rice Co., and Ltd Khmer Organic Cooperative, Soma Trading Co., Ltd.

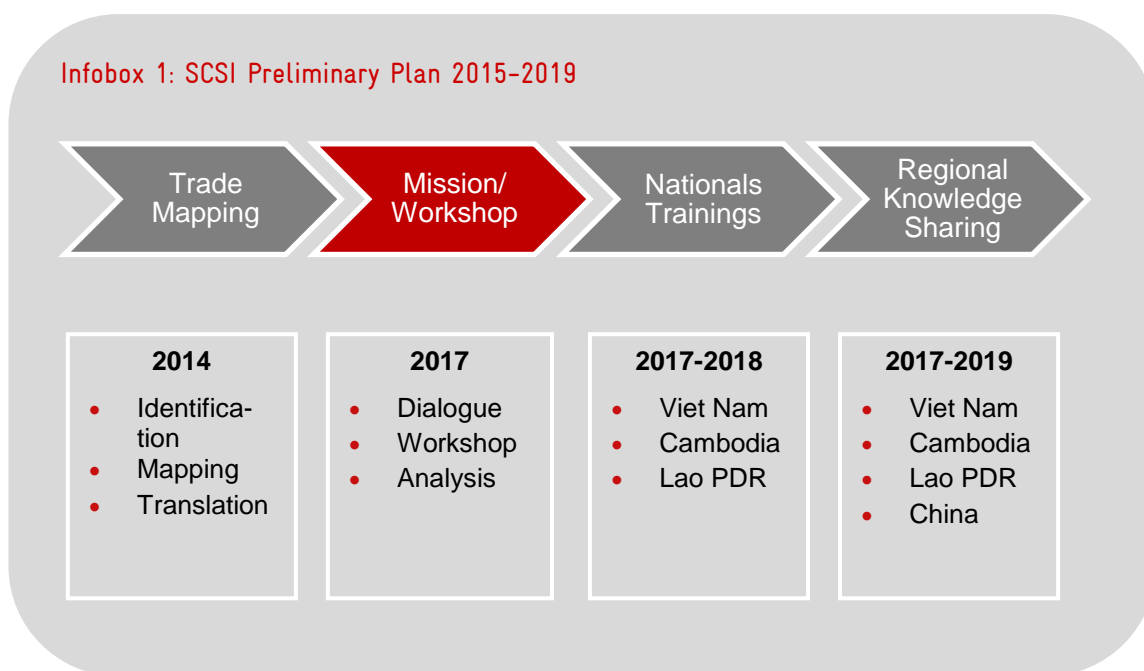
2.1 Welcoming Remarks

Magnus C.M. Brod, Programme Director, SCSI



Mr. Magnus C.M. Brod, SCSI Programme Director, welcomed the participants by thanking everyone for their time and commitment. He highlighted the SME component of the GIZ SCSI Programme, which aims at supporting the private sector in unlocking business potentials from regional integration processes with China. The objective is to enhance the involvement of mainly SMEs from Cambodia, Lao PDR, and Viet Nam in regional economic cooperation within ACFTA. A special focus hereby is on the export oriented agricultural sector. Therefore, it is not only important to identify the needs and challenges of the actors involved (exporters, associations, chambers, ministerial agencies and departments) but also to hear from SMEs and exporters directly which are the main obstacles in exporting agricultural goods to China on a day-to-day basis.

Infobox 1: SCSI Preliminary Plan 2015-2019



III. Key-Note Presentation “ACFTA – Recent Developments in Exporting Agricultural Goods to China”

Edmund W. Sim, Partner at Appleton Luff International Lawyers, Singapore



GIZ legal expert Edmund W. Sim briefly reviewed the structure and modalities of the ACFTA. He emphasised the importance to keep in mind that the ACFTA consists of 10 bilateral FTAs – not a bloc agreement of ASEAN with China – and covers trade in goods, services and investment. It was upgraded in 2015 to improve trade facilitation with regard to the WTO Trade Facilitation Agreement, rules of origin, customs cooperation and other cross-border issues affecting ASEAN-China trade. The agreement differentiates between goods that are traded within normal track (most products),

sensitive track and highly sensitive track. Agricultural goods, which possess huge export potential for the CLV countries as production costs in China are on the rise, are mainly subject to the sensitive and highly sensitive track and therefore facing barriers to trade.

Apart from the sensitive or highly-sensitive list, further barriers to trade include certificates of origin (C/O) as well as complex inspections due to different quality standards in the CLV countries and China. Even though most challenges derive from technical issues, they sometimes can also emerge from political matters. ACFTA, therefore, provides tools to solve standard or quality challenges and to sup-

port exporters in dealing with government regulations. Furthermore, the upgrade on ACFTA in 2015 also aimed at improved customs cooperation, which was not required in the agreement before.

Additionally, it includes advanced ruling to get access to the highest trade decision making bodies as well as the use of authorised economic operators (AEO) and post entry audits (to check closer on goods than documents).

Infobox 2: ACFTA

Tariffs

- China and ASEAN-6 apply 0% rate for normal track
- CLMV apply 0% rate for normal track from January 1, 2015
- China to have sensitive track tariff reduction to 0-5% by January 1, 2018
- China applies sensitive track tariff reduction to 0-50% by January 1, 2015

Sensitive List (selected goods)

- Coffee
- Pepper
- Durum Wheat
- Pineapples and Pineapple Juice

Highly Sensitive List (selected goods)

- Maize
- Rice
- Flour
- Soya oil
- Palm oil
- Rapeseed and mustard oil
- Sugar
- Cigarettes, cigars, tobacco

Other barriers to trade

- Classification
- Rule of origin
- Certification of origin
- Inspection
- Sanitary and phytosanitary measures
- Standards
- Marking and labelling

After the overview, Mr. Sim and the workshop participants analysed the export potential of agricultural goods from CLMV countries to China. Since Thailand offers similar agricultural products to those of CLMV countries and already has entered into an FTA with China in 2003/2004, it served as an example and basis for the analysis.

Looking closer at China's agricultural imports from all sources (see Table 1) it becomes clear that the Chinese market offers great opportunities for the CLV countries. In the period from 2011 to 2015, imports of all major agricultural products experienced constant high growth. This particularly applied to cereals imports which more than quadrupled since 2011.

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	32020530	38582565	42626755	45891074	39817320	24%
Cereals	2015943	4750662	5053759	6174883	9349598	364%
Animal or vegetable fats and oils and their cleavage products; prepared edible fats; animal ...	11540146	13040937	10822945	9118235	7894883	-32%
Meat and edible meat offal	3411422	4107752	5929656	5843857	6798207	99%
Fish and crustaceans, molluscs and other aquatic invertebrates	5587562	5488977	5993593	6583728	6335959	13%
Edible fruit and nuts; peel of citrus fruit or melons	3035471	3807879	4100716	5144096	6009606	98%
Residues and waste from the food industries; prepared animal fodder	3102286	3047901	3654224	3980903	4427217	43%
Beverages, spirits and vinegar	2556626	3102473	3058402	2973599	4281448	67%
Preparations of cereals, flour, starch or milk; pastrycooks' products	1625763	1945785	2583892	2809754	3842636	136%
Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere ...	2657866	3251392	5245216	6490336	3303849	24%

Table 1: China's agricultural imports from all sources (Source: Trademap)

China's huge demand for agricultural products can also be seen from Table 2, which shows Thailand's export to China from 2011 to 2015. Edible vegetables and fruits generated the highest value, whereas the export volume of miscellaneous edible preparations tripled since 2011. In summary, it can be said that all agricultural products that are exported from Thailand to China showed high growth rates since 2011 and, thus, are definitely an interesting example and possible indicator for the CLV countries where to gain market shares.

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Edible vegetables and certain roots and tubers	957773	1248244	1447761	1718406	1706224	78%
Edible fruit and nuts; peel of citrus fruit or melons	749310	1058429	1295043	1105369	1168638	56%
Products of the milling industry; malt; starches; inulin; wheat gluten	316677	308924	570867	726724	616301	95%
Cereals	255662	161123	235870	484869	476542	86%
Sugars and sugar confectionery	191449	584982	75631	220799	251095	31%
Fish and crustaceans, molluscs and other aquatic invertebrates	127691	152403	164663	171184	166177	30%
Residues and waste from the food industries; prepared animal fodder	51430	51698	63302	104978	129439	152%
Miscellaneous edible preparations	24187	37948	82549	99033	103899	330%
Preparations of vegetables, fruit, nuts or other parts of plants	22251	30513	35687	49484	66915	201%

Preparations of cereals, flour, starch or milk; pastrycooks' products	17975	19790	24470	27450	33311	85%
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Table 2: China's imports from **Thailand** (Source: Trademap)

China's import of agricultural goods from Cambodia is characterised by a high proportion of cereals and edible vegetables (see Table 3). Although starting from a very low level, the percentage increase is remarkable. While there was almost no export to China in 2011, the export took off in 2012 and increased more than twentyfold in the case of cereals and more than fourfold in the case of edible vegetables. Surprisingly edible fruits play almost no role for Cambodia's export to China, which can partly be explained by Thailand's strong market position.

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Cereals	2	3006	19033	31690	68946	3447200%
Edible vegetables and certain roots and tubers	0	5343	12846	25654	22080	313%
Products of the milling industry; malt; starches; inulin; wheat gluten	0	1964	349	4040	8561	336%
Residues and waste from the food industries; prepared animal fodder	0	0	0	1930	4905	154%
Fish and crustaceans, molluscs and other aquatic invertebrates	2564	3828	3343	3852	2401	-6%
Sugars and sugar confectionery	0	1	0	898	1039	103800%
Tobacco and manufactured tobacco substitutes	27	0	0	0	814	2915%
Cocoa and cocoa preparations	0	0	0	568	746	31%
Edible fruit and nuts; peel of citrus fruit or melons	120	310	2	460	172	43%

Table 3: China's imports from **Cambodia** (Source: Trademap)

For Lao PDR, the export of cereals to China plays a crucial role and has increased almost sixfold since 2011. The second important category of agricultural goods is milling products, in which shipment value has more than doubled each year since 2011.

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Cereals	11928	21560	32868	44078	62324	423%
Products of the milling industry; malt; starches; inulin; wheat gluten	113	2200	4426	6863	18437	16216%
Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal ...	9069	9956	14553	18469	17070	88%
Live animals	300	0	0	892	2787	829%
Lac; gums, resins and other vegetable saps and extracts	1284	1790	1532	1516	2094	63%
Coffee, tea, maté and spices	279	337	530	1341	1172	320%

Beverages, spirits and vinegar	529	599	622	847	799	51%
Residues and waste from the food industries; prepared animal fodder	2	0	0	405	426	21200%
Miscellaneous edible preparations	0	0	534	501	199	-63%
Vegetable plaiting materials; vegetable products not elsewhere specified or included	135	210	178	189	143	6%

Table 4: China's imports from **Lao PDR** (Source: Trademap)

Viet Nam is the leading CLV country in terms of agricultural exports to China (see Table 5). Edible fruits and nuts have more than doubled from 2011 to 2015. Cereal shipment values to China have increased more than fivefold from 2011 to 2015.

Products	Value in 2011	Value in 2012	Value in 2013	Value in 2014	Value in 2015	Growth 2011-2015 (in per cent)
Edible fruit and nuts; peel of citrus fruit or melons	421831	527035	608610	763087	924389	119%
Cereals	123591	682130	616298	626112	732330	493%
Edible vegetables and certain roots and tubers	402748	525118	341905	341880	386068	-4%
Products of the milling industry; malt; starches; inulin; wheat gluten	137993	184801	124705	125612	183581	33%
Residues and waste from the food industries; prepared animal fodder	21539	52536	92659	94551	118372	450%
Miscellaneous edible preparations	7486	11148	9462	17136	88649	1084%
Coffee, tea, maté and spices	77321	93750	66215	101606	84676	10%
Fish and crustaceans, molluscs and other aquatic invertebrates	45454	55238	68439	89661	80996	78%
Preparations of vegetables, fruit, nuts or other parts of plants	4610	3400	10169	14841	21461	366%
Preparations of cereals, flour, starch or milk; pastrycooks' products	3290	6032	11995	14056	17027	418%

Table 5: China's imports from **Viet Nam** (Source: Trademap)

Finally, Mr. Sim provided a cross-country comparison of the CLV countries' (plus Myanmar) market share and position in terms of exports to China. As one can see from Table 6, the market shares from Cambodia and Lao PDR are vanishingly low compared to those of Thailand and Viet Nam. However, in absolute numbers both countries have reported steady increases since 2011. Among the four CLMV countries and Thailand, Viet Nam held the biggest market share in 2015. Taking into account that Thailand's strong market position benefited from an earlier FTA, it becomes obvious that there is a huge market potential for agricultural exports from the CLV countries to China. Still, the question of how to tap this potential and overcome barriers to trade remains.

Country	2011		2012		2013		2014		2015	
	1000 USD	Market Share	1000 USD	Market Share	1000 USD	Market Share	1000 USD	Market Share	1000 USD	Market Share
Cambodia	10959	0.01%	18634	0.02%	35630	0.04%	69297	0.07%	109733	0.11%
Laos	24714	0.03%	37194	0.04%	55281	0.06%	76243	0.07%	105484	0.10%
Myanmar	160818	0.21%	190415	0.21%	179956	0.18%	177845	0.17%	172350	0.17%
Vietnam	1281023	1.69%	2175440	2.39%	2001398	2.01%	2225052	2.10%	2684649	2.59%
CLMV	1477514	1.95%	2421683	2.67%	2272265	2.29%	2548437	2.41%	3072216	2.97%
Thailand	2796265	3.69%	3744031	4.12%	4137120	4.16%	4849084	4.58%	4848466	4.68%
Others	73064705	96.31%	87094639	95.88%	95195896	95.84%	101033116	95.42%	98697940	95.32%
Total	75860970	100.00%	90838670	100.00%	99333016	100.00%	105882200	100.00%	103546406	100.00%

Table 6: Market Share (Source: Trademap)

The complete PPT presentation in English can be downloaded from the SCSI website here: <http://connecting-asia.org/activities/kick-off-of-scsi-sme-component-in-viet-nam-lao-pdr-and-cambodia/>

IV. Key Outcomes of Moderated Discussion



Within this session, participants were encouraged to engage in a discussion about barriers in exporting agricultural goods to China. The discussions were structured by guiding questions regarding potential obstacles in exporting agricultural goods to China as well as potential solutions. Due to the vast experience in day-to-day trading business among the participants a vivid exchange arose.

The discussions showed that Cambodia and China are cooperating close on a private-sector level as well as a political level. In September 2016 the Cambodia Chamber of Commerce (CCC) and the China Council for the Promotion of International Trade (CCPIT) signed a memorandum of understanding (MoU). It covers various areas of cooperation including investment and trade promotion activities, capacity-building, and the exchange of information and visits. Furthermore, the Cambodian Ministry of Commerce (MoC) and China National Cereals, Oils and Foodstuffs Corporation (COFCO) have agreed on a draft MoU in October 2016 on rice trade which paves the way for the export of up to 200,000 metric tons of Cambodian rice to China annually. So far, Cambodia exported 67,482 tons of milled rice to China in the first quarter of 2017, an increase of 82 per cent compared to the same period last year

Currently negotiations are ongoing to set up MoUs for mango, pepper, sugar, and moringa but the conclusion will likely take four to five more years. GIZ expert Edmund W. Sim pointed out that the only quick-win approach would be to address trade issues on a high decision making level, e.g. during government consultations, to build up stronger commitment to overcome specific trade barriers faster. Workshop participants from the rice sector also stated that inconsistencies occurred in the application of the current MoU and its associated agricultural standards to Cambodian exporters. Moreover, Cambodian rice exporters received information on updated terms of the MoU only with late notice. This results in delayed implementation of the new regulations making the MoU less efficient for Cambodian exporters.

Participants expressed in general that the differences of quality standards between Cambodia and China are among the main obstacle. In December 2016 Chinese officials from the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) inspected several Cambodian

rice mills. They determined that 26 millers that match China's sanitary and phytosanitary (SPS) standards, and would be eligible to export their product to the Chinese market. Participants stated that the selection process was not fully transparent and some of the 26 rice millers still could not export their product to China without facing barriers.

During the discussion it became clear that not all agricultural products face the same difficulties in export. Raw cassava for example has little restrictions. However producers face challenges since the demand from China fell due to saturation of the market. Therefore, the price for cassava fell significantly causing financial bottlenecks for many small-holder farms and SMEs. Given that, the UNDP Cambodia Export Diversification and Expansion Programme (CEDEP) II is looking into measures to improve the value chain of cassava in Cambodia as well as to diversify target markets. Producing and exporting cassava starch therefore is a promising approach but with processing raw materials also quality standards have to improve which leads to issues on sanitary and phyto-sanitary (SPS) certificates.

It became clear that SPS issues constitute a main barrier for exporting agricultural goods to China. Additionally it is often unclear for Cambodian exporters, which Chinese agricultural standards apply. Thus, provision of information needs to be improved. Moreover, mostly all exporters had faced difficulties regarding goods in transit with Thailand – as a main transit country for Cambodian goods – sometimes closing its border for certain products without announcing it in advance. Finally, participants pointed out, that introducing new products to the Chinese market is very challenging for Cambodian SMEs. Moreover, private sector participants were not sure where to seek support from the government on these issues.

4.1 Main Challenges for the Cambodian SMEs in Exporting Agricultural Goods to China

Summarising the outcomes of the discussion, the overall main challenges are:

- Businesses lack knowledge on export processes including Chinese regulations; frequent use of Chinese middlemen;
- SPS standards in rice mills are inspected by Chinese officials; in the case of Cassava starch - only one Chinese agency based in Thailand is accredited for testing; making the process costly;
- Sector specific MoUs on exports with China (e.g. rice and cassava) are later amended to include requirements that take time to be implemented or cannot be met;
- Goods in transit: ASEAN trade in goods agreement (ATIGA) is not always adhered to; especially Thailand impedes transit of goods even if they are to be exported to China;
- High export costs, lack of adequate processing and storage facilities, thus exporting only raw material; no added value.

4.2 Key Recommendations for Intervention to Overcome Challenges

Agricultural exports in Cambodia primarily involve small and medium-sized enterprises. Such companies have limited resources and capabilities for dealing with the linguistic and other difficulties in trading with China. Although the ACFTA presents agricultural exporters with great opportunities, the competitive challenges of the huge Chinese market are therefore a daunting task.

The evaluation of the workshop showed a demand for further activities to share knowledge between export-oriented SMEs in cooperation with associations and respective ministerial departments. In general an improved public-private dialogue was asked for. Furthermore, more exchange with representatives from the Chinese private and public sector as well as updates on barriers to trade for specific agricultural products was requested by the participants.

GIZ will further support Cambodia as well as Viet Nam and Lao PDR with trade capacity building measures in order to overcome barriers to trade within the framework of the ACFTA. As a first step, information on Chinese national standards regarding rice were translated into English after an initial workshop in 2014 and can be downloaded at <http://connecting-asia.org/activities/rice-related-national-standards-of-the-pr-china/>

Furthermore, a selection of international, regional and national data bases was compiled on the SCSi website to support desk research on market and trade data as well as data on FTAs like ACFTA. The data bases are segmented into trade stats, trade facilitation indicators, and FTA data. They can be accessed through the respective tab at: <http://connecting-asia.org/>

The workshop showed that agricultural exporters can overcome challenges through mutual cooperation. Such cooperation includes mutual efforts in the private sector, jointly working with the Vietnamese government, as well as continuing dialogue with the Chinese government and private sectors, particularly on the provincial level. Potential solutions should also include a better coordination within Cambodia between public and private sector as well as including Chinese representatives on site. In doing so, especially smaller agricultural product sectors with big export potential could benefit from knowledge and experience sharing from the more advanced product sectors like rice or cassava.

The Ministry of Agriculture, Fishery and Forestry (MAFF) and the Ministry of Commerce (MoC) as well as further ministries, institutions, associations and international organisations are tackling a number of these issues within exchanging expertise with China on topics like SPS and testing facilities. Further detailed information on product specific challenges and opportunities in exporting agricultural goods can be found in the inter-ministerial committee report “Cambodia Trade Integration Strategy (CTIS) 2014-2018”. The full report is accessible online and can be downloaded here: <http://www.moc.gov.kh/tradeswap/userfiles/Media/file/CTIS/CTIS%202014-2018%20Master%20En1%20-%20page%20layout.pdf>

Additionally, the MoC compiled Cambodia's Medium Term Plan (MTP) to identify and prioritise areas where future technical assistance, in addition to ongoing support, may be necessary to accelerate the implementation of CTIS and Trade Sector Wide Approach (SWAp) Roadmap 2014-2018. The new 2016-2020 MTP for the Implementation of Cambodia's Trade SWAp can be downloaded here: http://www.moc.gov.kh/tradeswap/userfiles/file/uploadedfiles/Job/MTP.2016-20202_4_2016_16_5_32.pdf

GIZ could complement ongoing Cambodian efforts in that regard and enhance the public-private dialogue to further strengthen the involvement of export-oriented SMEs in regional integration processes with China. Therefore, a close cooperation with partners on site as well as respective ministerial departments is envisaged.

Key recommendations for the way forward to tackle obstacles in exporting agricultural goods to China would be:

- Preparing product specific guidelines on how to export agricultural goods to China;
- Product specific translation of Chinese national standards and SPS law into Khmer;
- Organisation of accompanying trainings for these materials for export-oriented SMEs;
- Conducting regular multi-stakeholder dialogues with exporters, importers and public sector;
- Establishing public focal points (e.g. SME Service Center) to support SMEs within the process of exporting agricultural goods to China
- Compiling a product specific study regarding specific barriers to trade with China.

A follow-up workshop based on the results of this event is in process and will most likely take place towards the end of 2017. For further information please contact Mr. Florian Miß (florian.miss@giz.de).

GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)”

Background

Initiatives in support of regional cooperation and integration have increasingly come to be understood as key to Asia’s future development as they enhance the region’s division of labour, its capabilities to attract investments, as well as its access to global markets. Moreover, sub-regional initiatives improve the connectivity between interior lands and peripheral areas, whereby they not only contribute to the reduction of regional disparities and thus poverty, but also facilitate the development of regional competitive advantages.

Our Approach

Sub-regional initiatives foster regional economic cooperation and integration and play an important role for economic as well as social development in Asia. Apart from dismantling trade barriers, the initiatives promote cross-border investment and improve the capacity of regions to connect to the global market, thus, establishing new economic corridors. By boosting less developed areas in border regions they contribute to economic development and job creation. The GIZ Programme “Support for Economic Cooperation in Sub-Regional Initiatives in Asia (SCSI)” works with regional economic communities (RECs) like the Greater Tumen Initiative (GTI) and Pan Beibu Gulf Economic Cooperation (PBG) to strengthen selected core processes of regional integration between Cambodia, Lao PDR, Viet Nam, and Mongolia with the PR China. The goal is to contribute to sustainable and inclusive development in the region.

Commissioned by

German Federal Ministry for Economic Cooperation and Development (BMZ)

Focus Countries

Cambodia, Lao People’s Democratic Republic, Viet Nam, Mongolia

Overall Term

2015-2019

Volume

4.5 mio EUR

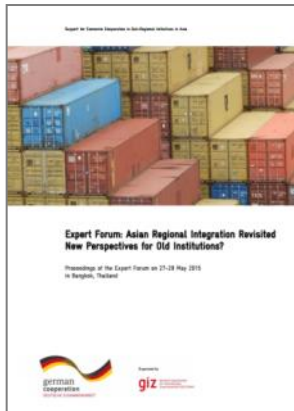
Focus Areas

- Strengthening the organisational structure of sub-regional initiatives by provision of international expertise, setting up knowledge sharing platforms and technical trainings regarding internal institutional processes.
- Strengthening the implementation capacity development of actors involved in sub-regional initiatives regarding project planning, implementation and monitoring within the frame of RECs.
- Improving the private sector’s utilisation rate of the ASEAN-China Free Trade Agreement (ACFTA) in cooperation with export oriented business associations and chambers to overcome barriers to trade

Other publications by SCSI

The GIZ SCSI Programme publishes regular updates on its activities to offer insights and disseminate regional knowledge on integration processes in Asia. To download please refer to <http://connecting-asia.org/scsi-in-asia-phase-2-2015-2019/>

Inputs and Materials



Regional Integration Revisited: New Perspectives for Old institutions



Regional Infrastructure Investment Initiatives: Zero-Sum Game or Win-Win Collaboration?



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