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Towards a better understanding of the political economy of regional integration in the GMS: Stakeholder coordination and consultation for subregional trade facilitation in Cambodia

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Towards a better understanding of the political economy of regional integration in the GMS: Stakeholder coordination and consultation for subregional trade facilitation in Cambodia

By

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Acronyms and Abbreviations

ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
ABC	Association of Banks in Cambodia
AFTA	ASEAN Free Trade Area
AIA	ASEAN Investment Area
ARTNeT	Asia Pacific Research and Training Network on Trade
ASEAN	Association of South East Asian Nations
ASEAN+6	Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand
ASEAN+4	(See CLMV)
ASEM	Asia-Europe Meeting
ASYCUDA	Automated System for Customs Data
CAMCONTROL	Cambodia Import Export Inspection and Fraud Repression Department
CAMFFA	Cambodia Freight Forwarders Association
CAMTA	Cambodia Trucking Association
CBTA	Cross-Border Transport Agreement
CCA	Common Control Area
CCC	Cambodia Chamber of Commerce
CEPT	Common Effective Preferential Tariff
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
GIAC	General Insurance Association of Cambodia
GMS	Greater Mekong Subregion
GMS-BF	Greater Mekong Sub-region Business Forum
G-PSF	Government Private Sector Forum
GRDP	Gross Regional Domestic Product
IAI	Initiative for ASEAN Integration
IFC	International Finance Corporation
LDCs	Least Developing Countries
MAF	Ministry of Agriculture and Forestry
MEF	Ministry of Economy and Finance
MFAIC	Ministry of Foreign Affairs and International Cooperation
MOC	Ministry of Commerce
MOU	Memorandum of Understanding
MPWF	Ministry of Public Works and Transport
MPDF	Mekong Private Sector Development Facility (of IFC)
MRC	Mekong River Commission
NGOs	Non-Government Organizations
NTFC	National Transport Facilitation Committee
NTTCC	National Transit Transport Coordinating Committee
PRC	People's Republic of China
RETA	Regional Technical Assistance
RGC	Royal Government of Cambodia
SEZ	Special Economic Zone
SFA-TFI	Strategic Framework for Action on Trade Facilitation and Investment
SMEs	Small and Medium Enterprises
SOMs	GMS Senior Officials' Meeting
SPS	Sanitary and Phyto-Sanitary
SSI	Single Stop Inspection
SSW	Single Stop Window

TFWG	GMS Trade Facilitation Working Group
TTF	Trade and Transport Facilitation
UNESCAP	United Nations Economics and Social Commission for Asia Pacific
WTO	World Trade Organization

Executive Summary

Experiences from the current and past financial crises, the imperatives of more broadly based and equitable social and economic development, and other regional priorities like counter-terrorism, drugs and disease control, and environmental protection, support the value of regional cooperation and integration, both sub-regionally in the Greater Mekong Subregion, and regionally in ASEAN and the broader ASEAN +3 or East Asian region. Particular value is attached to the benefits that increased regional trade, trade facilitation and transport and essential infrastructure both ‘hard’ and ‘soft’, can bring to economic and social development and to ‘bridging the development gap’ in ASEAN and East Asia.

This Cambodia case study aims at understanding the driving force behind regional integration in the GMS countries and the characteristics and interactions of the various stakeholders influencing the integration process, particularly on issues of trade, trade facilitation and related transport issues (Cross-Border Transport Agreement or “CBTA”). The methodology of the study, involving the development of a stakeholder analysis matrix and importance/influence matrix, emphasises the collection of facts and evidence, the conduct of systematic key informant interviews using semi-structured questionnaires with key representatives from related government agencies and the private sector. A brief literature review was also done to clearly identify stakeholder interests, including a textual review of the three GMS summit statements and associated political leaders statements, and the degree of ownership and participation by the three sets of stakeholders in GMS processes to date, and their past, current and anticipated contribution to GMS integration processes and issues.

The research findings have identified many challenges and constraints to effective stakeholder consultation, in regional and sub-regional integration initiatives in general, and in the smooth implementation of CBTA. This study reveals a lack of consistent high level coordination among many key stakeholders in the government agencies such as Ministry of Transport, Customs, and CAMCONTROL authorities. Similarly, there is a lack of clear mechanism for effective stakeholder consultation, including the lack of coordination among government agencies for subregional and regional integration initiatives. In addition, the lack of information and public awareness, vested interest and low capacity level amongst different stakeholders, missing representatives from key stakeholder groups, and roles of ADB and related donors are some of the main concerns that some of our interviewees have expressed over the way forward for the implementation of CBTA.

Thirteen recommendations are drawn on the basis of these findings.

1. Introduction

The Royal Government of Cambodia, its development partners, the Cambodian private sector and Cambodian research and policy institutes all acknowledge the benefits of regional and sub-regional integration, for reasons of economic and social development, and regional peace and stability. Experiences from the current and past financial crises, and other regional priorities like counter-terrorism, drugs and disease control, and environmental protection, support the value of regional cooperation and integration, both sub-regionally in the Greater Mekong Subregion, and regionally in ASEAN and the broader ASEAN +3 or East Asian region. This is particularly true for less developed countries like Cambodia, Lao PDR and Myanmar, which are more vulnerable due to their poor infrastructure, still developing political systems, weak governance, poverty levels and uneven coping strategies for external crises and shocks. Particular value is attached to the benefits that increased regional trade, trade facilitation and transport and essential infrastructure both ‘hard’ and ‘soft’, can bring to economic and social development and to ‘bridging the development gap’ in ASEAN and East Asia. As a consequence, there have been various efforts, in which trade and trade facilitation are central, to bring countries of the region and its subregions closer together and towards cooperating more effectively in addressing such issues.

The Cambodia case study presented here,¹ aims at understanding the driving force behind regional integration in the GMS countries and the characteristics and interactions of the various stakeholders influencing the integration process. Given the emphasis given to trade and transport facilitation issues in this process, the analysis focuses particularly on these issues, including stakeholders involvement in the design and implementation of the Cross-Border Transport Agreement “CBTA”.² Through this research project we hope to be able to make constructive recommendations for the improvement of stakeholder consultation and engagement in Cambodia and other GMS countries.

The research methodology along with specific research questions are presented in the next Section, followed by an overview of Cambodia’s involvement in various regional integration initiatives, as well as of the key stakeholders in regional integration- in Section 3 and 4, respectively. Section 5 introduces more specifically the stakeholders in trade and trade facilitation and presents the result of the stakeholder analysis. Section 6 summarises key findings from the research study and provides corresponding constructive recommendations on measures to promote better and more effective involvement and consultation of stakeholders in regional integration as well as in the implementation of CBTA.

¹ The Political Economy of Regional Integration in the Greater Mekong Subregion is a project initiative under the UNESCAP-ARTNeT’s GMS Programme, which involves key stakeholder analysis in five countries (Cambodia, Lao PDR, Thailand, Vietnam, and Yunnan Province of China) located in the GMS region.

² The number of stakeholders in trade facilitation related initiatives is generally large, making a stakeholder analysis in this area particularly relevant. For example, The Proceeding from the Senior Official Meeting held November 2008 suggested the need for higher level coordination between and among Transport, Customs, Immigration and Quarantine authorities to advance CBTA implementation.

2. Methodology

The stakeholder analysis proposed as the project methodology explores the interest and interactions between the major stakeholders in GMS integration – The GMS member states and its various agencies and institutions, the private sector (local, GMS and external), civil society (again local, GMS, external), the ADB, its members and financial partners, and other multilateral and bilateral ‘donors’. The methodology of the study emphasised the collection of facts and evidence, stepping back from commonly held assumptions.

2.1. Literature Review

A brief literature review was done to clearly identify stakeholder interests, including a textual review of the three GMS summit statements and associated political leaders statements, and the degree of ownership and participation by stakeholders in GMS processes to date. As well, various documents, including proceedings and reports from regional summits along with key multilateral agreements, on initiatives for the subregional and regional integration and cooperation that Cambodia has involved were examined.

2.2. Survey

Apart from literature review, the case study was conducted mainly through key informant interviews, using semi-structured questionnaires, with 16 key stakeholders from relevant government agencies (such as the Ministry of Commerce, Ministry of Economy and Finance) and the private sector including passenger and goods transport operators, insurance and banking.³ Specific method of selection interviewees was done through “snowball” sampling technique. Key questions raised during the interviews included the following:

- Stakeholders in regional integration
 1. What state bodies ultimately make decisions on regional integration initiatives and how do state bodies coordinate these initiatives?
 2. At present, what mechanisms are used by the state to consult stakeholders about regional integration initiatives and who are those stakeholders?
- Stakeholders in trade and transport facilitation
 3. What **trade and transport facilitation** needs/priorities have been identified by the private sector and how?
 4. What other **trade and transport facilitation** needs/priorities have been identified by other stakeholders (non-private sector)?
 5. To what extent have official regional integration initiatives been relevant to private sector **trade and transport facilitation** concerns?
- Stakeholder analysis of CBTA
 6. What is its implementation status and, if evidence is available, what were the gains and losses of various stakeholders?

³ See Annex-A for full list of stakeholders interviewed

7. What was the relative influence of each stakeholder in genesis of the initiative and in its implementation?
 8. What factors account for each stakeholder's influence and involvement in genesis and implementation?
- Constructive suggestions on stakeholder involvement in regional integration
9. What are the most important measures that can be taken to promote the constructive involvement of stakeholders in regional integration?

The results of the interviews were then used as the basis for evaluating each stakeholder's power to facilitate or impede a particular initiative (influence), the actual priority given to stakeholder needs by those implementing the initiative (importance), the actual commitment to change of the stakeholder (interests), and the actual effect of the initiative on the stakeholder (impacts), resulting in a stakeholder analysis matrix presented in Section 5.

2.3. Limitations of the Study

Constraints in timeframe and budget are parts of the limitations of the study. Additionally, during the data collection period, we also faced instances of limited cooperation from key stakeholders, especially from officials in key government agencies that we were recommended to consult with. Last, there is possible bias from the chosen research methodology of "snowball" sampling since selection of officials interviewed were based on prior referrals from one person to another.

3. Cambodia and Regional Integration

3.1. ASEAN and East Asia

Following the establishment of relative peace and political and social stability in the early 1990s, Cambodia obtained observer status in the Association of Southeast Asian Nations (ASEAN) in July 1995, with full membership achieved following the final cessation of conflict in April 1999; the last nation to become a member among the 10 ASEAN countries. Since then, Cambodia has made remarkable but uneven progress in socio-economic development, and in both regional integration and effective participation in the international community. Over the decade from 1998 to 2007, Cambodia has been one of the fastest growing economies in Asia, with strong and effective macro-economic management and average annual economic growth of about 8 percent, with a peak of growth of 13.4 percent in 2005. The decade has also seen a steady achievement in poverty reduction with a nation-wide decline from 47% in 1994 to 30.1 percent in 2007, as reported in the World Bank's Cambodia Country Economic Memorandum 2009.

The strong performance of the Cambodian economy has been mainly fuelled by strong exports, at an average of 9.6% annually and dominated by garment and textile products.⁴ According to Cambodia's Ministry of Commerce, trade between Cambodia and ASEAN accelerated by 23 percent in 2008 with a total trade value of about US\$2.2 billion, increasing from about US\$1.8 billion in 2007. However, most of this trade volume is one-way trade. Cambodia's imports totalled US\$2.1 billion while only US\$121 million was for exports. This

⁴ MOC, 2007

amounted to over US\$1.9 billion in trade deficit for Cambodia with nine other ASEAN members.⁵

The World Bank's recent report also supports the MOC's figure on Cambodia's limited growth in intra-regional exports. Although increasing, growth of intra-regional trade of Cambodia for the period 1998-2007 accounted for only about 1 percent of GDP, a much lower rate than the country's exports to the United States and the European Union. In fact, Cambodia is one of the most imbalanced traders intra-regionally as illustrated in Table 1. In other words, exports from Cambodia remain 'undiversified' both in term of products exported (most of which are garment, shoe and textile goods along with some agricultural products) and countries of destination for the exports.

Table 1: Limited intra-regional trade for Cambodia⁶

	1998				2007				1998-2007 annual growth	
	Total exports (US\$ b)	% to Asia (*)	% regional exports	% intra-reg exports	Total exports (US\$ b)	% to Asia (*)	% regional exports	% intra-reg exports	Total exports	Intra-reg exports
Cambodia	0.9	52.9	0.1	0.1	4.1	13.1	0.1	0.0	17.8	0.8
China	183.7	49.0	13.9	15.9	1,218.1	38.0	32.4	25.0	23.4	19.9
Hong Kong, China	173.7	48.9	13.1	15.0	344.7	63.2	9.2	11.8	7.9	11.0
Indonesia	48.9	54.1	3.7	4.7	114.1	59.2	3.0	3.7	9.9	11.0
Japan	388.0	33.7	29.4	23.0	714.3	46.9	19.0	18.1	7.0	11.0
Korea, Dem. Rep.	0.9	35.9	0.1	0.1	1.6	41.0	0.0	0.0	6.9	8.6
Korea, Rep.	132.8	40.7	10.0	9.5	371.4	48.2	9.9	9.7	12.1	14.2
Lao PDR	0.4	48.4	0.0	0.0	1.3	63.1	0.0	0.0	15.2	18.6
Malaysia	73.5	48.3	5.6	6.3	176.2	54.6	4.7	5.2	10.2	11.7
Mongolia	0.3	47.6	0.0	0.0	1.7	74.2	0.0	0.1	19.2	25.2
Myanmar	1.1	35.2	0.1	0.1	4.8	67.0	0.1	0.2	17.2	25.9
Papua New Guinea	2.4	27.4	0.2	0.1	7.4	20.7	0.2	0.1	13.6	10.1
Philippines	29.5	40.6	2.2	2.1	50.5	60.8	1.3	1.7	6.1	11.0
Singapore	109.9	48.8	8.3	9.5	299.2	63.2	8.0	10.2	11.8	15.0
Taiwan, China	110.8	43.7	8.4	8.5	244.1	65.7	6.5	8.7	9.2	14.2
Thailand	55.4	43.2	4.2	4.2	152.5	52.9	4.1	4.4	11.9	14.4
Vietnam	9.3	55.8	0.7	0.9	48.6	41.6	1.3	1.1	20.1	16.3
Total Asia (*)	1,322	42.9	100.0	100.0	3,754	49.2	100.0	100.0	12.3	14.0

In recent times ASEAN has seen various trade and trade facilitation initiatives of which Cambodia has been an active member, with the confidence that these regional integration efforts help Cambodia to be better integrated into the region with associated benefits from diversification of trading partners and markets. The 'people-oriented' ASEAN Charter, a legal binding agreement of the 10 ASEAN members, which Cambodia has been a signatory of since April 2008, came into force on December of the same year, with new and enhanced commitment to the achievement of an ASEAN Economic Community by 2015, and an associated commitment to work together to bridge the 'development gap' between the ASEAN member countries, of particular benefit to the ASEAN 'CLMVs' – Cambodia, Lao PDR, Myanmar and Vietnam.

Over the past decade Cambodia has been actively involved in a range of regional and international initiatives, either under the ASEAN framework or broader regional and international frameworks on trade, trade facilitation and economic development. These are

⁵ MOC, 2009

⁶ IMF, Direction of Trade, 2009

summarized in table 2. A few different government agencies are responsible for the coordination and implementation of the ASEAN economic and trade programmes including the Council for the Development of Cambodia (CDC), the Department of Economic Integration and ASEAN of the Ministry of Economy and Finance but the main government agency which coordinates the overall initiatives is the Ministry of Commerce (Department of Multilateral Trade and Department of International Trade) whose minister has the role of Minister of ASEAN for Cambodia. Beyond ASEAN and East Asia, Cambodia has delivered on its constitutional commitment as an open market economy by becoming a full member of the World Trade Organization in October 2004.

Table 2: Selected ASEAN integration initiatives in which Cambodia participates ⁷

Cambodia Regional Integration in the ASEAN Context			
Regional Cooperation Initiatives	Members	Purpose	National Coordinator
ASEAN 10: IAI, AFTA, AEC	The ten members of ASEAN*	To enhance ASEAN's competitive edge as a production base aimed for global market through regional trade liberalization.	Department of Multilateral Trade, Ministry of Commerce
Framework Agreement on Comprehensive Economic Cooperation between the ASEAN and China (ASEAN-China FTA)	The ten members of ASEAN and China	To advance ASEAN-China economic, trade and investment cooperation.	Department of Multilateral Trade, Ministry of Commerce
AMEICC--AEM-METI Economic and Industrial Cooperation Committee	The ten members of ASEAN and Japan	To create a body for policy consultations to discuss and support enhanced economic cooperation, improvement of ASEAN's competitiveness, enhancement of individual cooperation and development cooperation assistance to the new members of ASEAN.	Department of Multilateral Trade, Ministry of Commerce and the Council for the Development of Cambodia (CDC)

*ASEAN consists of ten nations: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

3.1.1. ASEAN Free Trade Area (AFTA)

As a member of ASEAN, Cambodia's has acceded to the ASEAN Free Trade Area (AFTA) agreement, the core mechanism for ASEAN economic integration. Initially established in 1992, AFTA's objective has been to enhance ASEAN's competitive edge as a production base aimed for the global market. The main component of AFTA is regional trade liberalization, achieved by the elimination of intra-regional tariffs and non-tariff barriers through the "Common Effective Preferential Tariff" (CEPT) scheme. All member countries, especially the ASEAN-6 members, have made significant progress toward the 100% reduction in import tariffs to fulfil the CEPT, with the ultimate target of eliminating all import duties by 2015. Cambodia has been working hard to achieve this by 2010 at the latest. Despite the good intentions of AFTA to help bridge the development gap among members, there have otherwise been some breaches along with

⁷ Ministry of Commerce

backtracking on commitments.⁸ These include: slow liberalization process, a lack of private sector awareness, a lack of thorough details (e.g. unclear application of Rules of Origin (ROO)), which can be attributed to “ASEAN’s style of agreeing first and negotiating the details later.”

3.1.2. Initiative for ASEAN Integration (IAI)

The Initiative for ASEAN Integration, launched by ASEAN heads of states in 2000, was designed to help narrow the development gap between ASEAN members states and to enhance the community’s competitiveness as a region, with more developed countries (ASEAN-6) helping less developed nations, namely Cambodia, Lao PDR, Myanmar and Vietnam (CLMV), to catch up with other members more equally in their level of socio-economic development. This initiative was followed by the Hanoi Declaration on Narrowing the Development Gap for Closer ASEAN Integration in 2001, the Declaration of the ASEAN Concord in 2003 (which stressed the economic integration of CLMVs through technical and development support) and the Vientiane Action Programme 2004-2010 (by a further focus on addressing the development gap and the needs of CLMV). Through this mechanism, and the support of the more developed members of ASEAN-6 (especially Singapore with 73% of total funding) and other 12 dialogue partners and development agencies, Cambodia has received support for a range of projects including capacity building programmes, infrastructure development and other joint initiatives such as environmental protection. At the recent 14th ASEAN Summit in Thailand, the Initiative for ASEAN Integration (IAI) Strategic Framework and IAI Work Plan 2 for 2009-2015 was signed.

3.1.3. Framework Agreement on Comprehensive Economic Cooperation between the ASEAN and China (ASEAN-China FTA-Services)

The ASEAN-China FTA – Services, which was signed and came into force in 2007, provides the legal basis for advancing ASEAN-China economic, trade and investment cooperation. The agreement, which contains 16 articles, covers nine areas of services including but not limited to business services, tourism and travel services and environmental services, has played a vital role in ensuring the establishment of the ASEAN-China Free Trade Area by 2010. With a combined population of nearly two billion, and a combined Gross Domestic Product (GDP) of approximately nearly US\$5 trillion, the ASEAN-China FTA will be the world’s biggest free trade zone in terms of population size.⁹ Hing and Nou (2006) analyse the impacts of the ASEAN-China FTA on Cambodia to be double-edged, creating both opportunities and challenges for the country. One of the key positive impacts (which can be both economic and non-economic) is the opening up of opportunities for Cambodia’s exports to the vast and fast-growing market of China. Some challenges Cambodia may face include “implementing key reforms required for compliance, making best use of liberalization schedules, improving the competitiveness of domestic enterprises and finding measures to mitigate negative impacts,”¹⁰

3.1.4. AMEICC--AEM-METI Economic and Industrial Cooperation Committee

The Economic and Industrial Cooperation Committee of the ASEAN Economic Ministers and the Minister of Economy, Trade and Industry of Japan or AMEICC was established in 1998 by an endorsement of the ASEAN-Japan Summit in Malaysia as a body for policy consultations to discuss and support enhanced economic cooperation, improvement of ASEAN’s competitiveness,

⁸ Lim, 2008

⁹ Calculated based on IMF 2007 data

¹⁰ Hing and Nou (2006), p. 20

enhancement of individual cooperation and development cooperation assistance to the new members of ASEAN. To achieve the above objectives, AMEICC is supported by 9 working groups such as human resources development, small and medium enterprises, IT, and textile and garment industries. Cambodia has benefited from different projects particularly on human resource capacity building and related technical training projects initiated under this programme. In 2006 alone, there were 56 projects implemented under this framework. One example was the “Training Programme on Logistics Management” conducted in Phnom Penh which was meant for industrial structure improvement and distribution logistics that would help Cambodian entrepreneurs and government officials with regards to globalization of business.

3.1.5. Other Forthcoming ASEAN Community Initiatives

With the adoption of the ASEAN Charter in December 2008, under the political slogan of ‘One Vision, One Identity, One Community’, new political commitments by the leaders of the ASEAN member countries include the building of an ASEAN Community comprising ASEAN Political-Security Community, ASEAN Economic Community (AEC), and ASEAN Socio-Cultural Community. For the AEC, the economic goals include mainly the elimination of tariffs, free movement of professionals, freer movement of capital, and a streamlined customs clearance procedure. Cambodia has developed corresponding blueprints for each of these three aspects of community as part of its commitment to their achievement by 2015, and taken some important steps and actions in preparation for the coming realization of the ASEAN Community. Still, these initiatives are still more like policy statements of member states of ASEAN and strong efforts and good preparation are needed to make them become a reality.

3.2. Cambodia and the Greater Mekong Subregion (GMS)

Cambodia lies at the heart of what has come to be known as the Greater Mekong Subregion (GMS), comprising Cambodia, Lao PDR, Myanmar, Thailand, Vietnam and Yunnan and Guangxi provinces of China. While legitimately a geographic and demographic ‘subregion’ of peoples and nations located the length of the Mekong River, with a long and rich history of trade, cultural and people to people relations, in cycles of both peace and conflict, from pre-colonial, through colonial to post-colonial times, the term is now more commonly associated with the regional integration programme of the Asian Development Bank – the Greater Mekong Subregion Economic Cooperation Programme (GMS Programme). Cambodia has joined other initiatives in this sub-region such as GMS Business Forum, the Mekong River Commission, the Triangle Development Region and the Emerald Triangle Development Cooperation.

Table 3 summarizes the initiatives in GMS. Mainly, the GMS National Secretariat is the national coordinator for the overall GMS programme while other government institutions such as the Ministry of Commerce, the National Mekong Committee and the Ministry of Tourism manage other initiatives.

Table 3: Summary of integration initiatives in the Greater Mekong Subregion¹¹

N	Regional Cooperation Initiative	Members	Purpose	National Coordinator
1	GMS Economic Cooperation Programme	Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam	To promote development through closer economic linkages	GMS National Secretariat
2	GMS Business Forum	Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam and representatives of individual companies from the region	The main goal of the GMS-BF is to foster cooperation and growth of the private sector through information sharing, networking, and public-private sector dialogue	Cambodia Chamber of Commerce
3	Mekong River Commission (MRC)	Cambodia, Lao PDR, Thailand and Vietnam. China and Myanmar are dialogue partners to MRC.	To promote and coordinate sustainable management and development of water and related resources for the countries' mutual benefit and the people's well-being.	Cambodia National Mekong Committee
4	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)	Cambodia, Lao PDR, Myanmar, Thailand and Vietnam	To bridge the economic gap among the five member countries, and to promote prosperity in the subregion in a sustainable manner	Department of International Trade, Ministry of Commerce
5	Triangle Development Region	Cambodia, Lao PDR, and Vietnam	To enhance economic cooperation and development of Cambodia, Lao PDR and Vietnam, both individually as nations and collectively as a triangle region	Multilateral Trade Department, Ministry of Commerce
6	Emerald Triangle Development Cooperation	Cambodia, Lao PDR and Thailand	To promote cooperation in these regions and to complement the GMS and the overall economic cooperation in the ASEAN	Ministry of Tourism

More details of each programme in the subregion are discussed below:

3.2.1. The ADB's GMS Economic Cooperation Programme

Established in 1992, the ADB programme aims “to facilitate sustainable economic growth and reduce poverty in the subregion by strengthening economic linkages among the member countries.” Cambodia has been an active member of the GMS programme since its inception, this initiative coming at a critical time for Cambodia’s reconstruction and rehabilitation after decades of conflict.

¹¹ GMS National Secretariat and the Ministry of Commerce

With Cambodia's strategic and central location in the Mekong Basin, home to the Tonle Sap Lake and at the centre of the GMS Southern Economic Corridor, the ADB views Cambodia as a main actor in deepening economic cooperation among member countries of the GMS Programme.¹² With its membership in the GMS programme, Cambodia has maintained a GMS National Secretariat under the Council for the Development of Cambodia (CDC) in order to coordinate GMS project activity. The kingdom is also a member of two multilateral initiatives, the Development Triangle Initiative (with Lao PDR and Vietnam) and the Emerald Triangle Initiative (with Lao PDR and Thailand). In addition, Cambodia has been involved with seven ADB loan projects totalling USD216 million and a further 105 regional technical assistance projects at a cost of USD56 million in total. These projects include GMS Cross-Border Trade Agreement (CBTA), GMS Business Forum, Capacity Building programme for GMS officials, Poverty Reduction and Environmental Management in Remote Watersheds, GMS Energy Strategy, Study on the Regional Indicative Master Plan on Power Interconnection in the GMS and a few other cross-border infrastructure development projects. In the tourism sector, Cambodia has been designated as a lead country for seven priority projects (ADB 2007: 5). From the 2008 Fact Sheet on ADB and Cambodia, there has been US\$947.34 million of cumulative ADB's lending, with biggest lending of over 23% on "Transport and Communication" Sector (as of 31 December 2007).¹³

Additionally, according to the ADB webpage, there have been 64 projects in various sectors, most of which are concentrated in four areas – environment, tourism, energy and human resource development, involving either Cambodia alone or with other GMS members. As indicated in Table 4, these projects are in various stages of development, from proposal (106 projects), in progress (41 projects) or completed (23 projects).¹⁴

Table 4: ADB Projects of GMS Programmes involving Cambodia.

N	Sectors	Number of Projects			Subtotal
		<i>On-going</i>	<i>Completed</i>	<i>Proposed</i>	
1	Agriculture	1	0	7	8
2	Energy	4	3	17	24
3	Environment	11	6	22	39
4	Human Resource Development	14	4	5	23
5	Investment	1	3	7	11
6	Telecommunications	1	1	15	17
7	Tourism	1	1	24	26
8	Trade	3	3	0	6
9	Transport	5	2	9	16
Total projects		41	23	106	170

One of the central features of GMS development and integration strategies is the Economic Corridors, which consist of both 'hard' and 'soft' infrastructure and supported by GMS member governments, ADB and other international development partners. Of the nine Economic Corridors in

¹² ADB 2007: 1

¹³ ADB 2008b

¹⁴ GMS Development Matrix", <http://www.adb.org/GMS/Projects/devmatrix.asp>

the GMS, the Southern Economic Corridor (SEC) is the most important programme to improve linkage between Cambodia and neighbouring countries. The SEC is also expected to contribute to facilitation of cross-border trade and promote tourism and agricultural development. The Southern Economic Corridor has three main subcorridors linking different parts of the four countries - Cambodia, Lao PDR, Thailand and Vietnam. They are; (i) the Central Subcorridor: Bangkok (Thailand)-Phnom Penh (Cambodia)-Ho Chi Minh City (HCMC)-Vung Tau (Viet Nam); (ii) the Southern Coastal Subcorridor: Bangkok-Trat (Thailand)-Koh Kong-Kampot (Cambodia)-Ha Tien-Ca Mau-Nam Can (Viet Nam); (iii) the Northern Subcorridor: Bangkok (Thailand)-Siem Reap-Stung Treng- Rattanakiri-O Yadav (Cambodia)-Play Ku-Quy Nhon (Viet Nam). An important inter-corridor link for Cambodia is the Southern Lao PDR-Sihanoukville Subcorridor: Dong Kralor-Stung Treng-Kratie-Phnom Penh-Sihanoukville (Cambodia).

3.2.2. GMS Business Forum (GMS-BF)

The Greater Mekong Subregion Business Forum was created jointly by the six GMS member countries' chambers of commerce as an independent NGO with support from its corporate memberships and other development partners like ADB and the UN-ESCAP. The main goal of the forum is to promote development and cooperation of the private sector by means of information sharing, networking and public-private sector dialogue, targeting promotion and facilitation of cross-border trade and investment in the subregion. The only member participant from Cambodia in the GMS-BF is the Cambodia Chamber of Commerce (CCC) who has been invited to attend various consultative meetings in the subregion.

3.2.3. Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS)

The Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy or ACMECS, initiated in 2003, is another type of economic cooperation framework agreement between five ASEAN member countries - Cambodia, Lao PDR, Myanmar, Thailand and Vietnam. With the objectives of "bridging the economic gap among the five member countries, and to promote prosperity in the subregion in a sustainable manner" in line with the UN Millennium Development Goals, 46 common projects and 224 bilateral projects were identified for implementation over the period of 10 years from being into force. Some projects involving Cambodia include: development of road and airport infrastructure, building capacity via human resource training, and trade promotion projects, many of which are still at stage of feasibility study while others exist only in proposal and continue to remain as proposals.¹⁵

3.2.4. Triangle Development Region

This initiative, proposed by Prime Minister Hun Sen in 1999, was established to enhance economic cooperation and development of Cambodia, Lao PDR and Vietnam, both individually as nations and collectively as a triangle region. A Socio-Economic Development Master Plan of Cambodia-Lao PDR-Vietnam Development Triangle was adopted and activities under this Master Plan were integrated and harmonised with each country's national policies. Areas of the programme include construction and upgrading of transportation systems which connect provinces in the Triangle; implementation of projects to promote trade relations; promotion of cooperation in tourism to realise the idea of "Three Countries-One Destination"; development of human resources and health care

¹⁵ ACMECS, 2009

system; and establishment of interconnected electricity grids between the three countries.¹⁶ There is very limited evidence of the progress of this initiative and its implementation.

3.2.5. Emerald Triangle Development Cooperation

The Emerald Triangle Development Cooperation is an agreement between Cambodia, Lao PDR and Thailand (more specifically north-eastern Thailand, southern Lao PDR, and northern Cambodia) to promote cooperation in these regions which holds a huge potential for the development of tourism, including eco-tourism and cultural tourism. A shared perception is that this cooperation will enhance the development programs within the GMS Economic Programme frameworks and the East-West Corridor. According to Minister of Foreign Affairs and International Cooperation, for Cambodia, “the triangle arrangements are designed to complement the GMS, the overall economic cooperation in the ASEAN.”¹⁷

3.2.6. Mekong River Commission (MRC)

Established in 1995, the Mekong River Commission (or MRC) is composed of four member countries: Cambodia, Lao PDR, Thailand and Vietnam. China and Myanmar joined MRC later, as dialogue partners. With the mission of “promoting and coordinating sustainable management and development of water and related resources for the countries’ mutual benefit and people’s well-being”, the MRC has initiated a number of projects in agriculture, irrigation, fishery, forestry, hydropower, environmental protection and flood management in the four member countries. Cambodia has a National Mekong River Secretariat in Phnom Penh capital to coordinate MRC programmes at the national level and liaise between the MRC Secretariat (currently in Vientiane, Lao PDR) and the national ministries and line agencies. Despite the many development and environmental programmes by MRC, the institute has occasionally been criticised by environmentalists and some international development agencies for supporting environmentally and socially harmful hydroelectricity dams, especially those with impacts on communities downstream of the Mekong in riparian countries like Cambodia.

4. Stakeholders in Regional Integration

This case study has identified five major existing and potential stakeholders in regional and subregional integration, and trade, trade facilitation and transport in particular. For the purposes of analysis, these are categorized as: regional organisations, national governments, the private sector, international development partners, and local communities and civil society organizations. In the case of Cambodia these are as follows:

- ASEAN and GMS Member Countries: The nine other ASEAN members (Brunei, Indonesia, Lao PDR, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam) and China (Yunnan province and Guangxi Zhuang Autonomous Region) which is also a member of GMS region and its programmes.
- The Royal Government of Cambodia (RGC): The Cambodian government’s key ministries and government agencies include the Ministry of Public Works and Transports (MPWT), Ministry of Commerce (MOC) and its Department of International Trade, Ministry of Economy and Finance (MEF) and its Department of Economic Integration and ASEAN,

¹⁶ MFAIC, 2004

¹⁷ Hor, 2003

Ministry of Foreign Affairs and International Cooperation (MFAIC) and its General Department of ASEAN, Ministry of Tourism (MOT), the Ministry of Interior (MOI), the Ministry of Health (MOH), the Ministry of Tourism (MOT) and provincial and local authorities (particularly those at or near the provinces along the borders).

- **The Private Sector:** Within the Cambodia private sector key stakeholders are passenger and goods transport operators, insurance and banking service providers, and logistics providers, along with peak bodies including the Cambodia Chamber of Commerce and Provincial Chambers of Commerce, Cambodia Freight Forwarders Association (CAMFFA), Cambodia Trucking Association (CAMTA), General Insurance Association of Cambodia (GIAC), and Association of Banks in Cambodia (ABC), the Garment Manufacturers Association in Cambodia (GMAC) and other related associations.
- **International Development Partners:** Along with the key role of the ADB and its GMS programme, other international development partners include the United Nations Economic and Social Commission for Asia Pacific (UNESCAP) and its Asia Pacific Research and Training Network on Trade (ARTNeT), United Nations Conference on Trade and Development (UNCTAD), the World Custom Organization (WCO), the World Trade Organization (WTO), the International Migration Organization (IOM), the Organization for Economic Cooperation and Development (OECD), the Asia Pacific Economic Cooperation (APEC), the ASEAN Secretariat, the World Bank, AusAID, the Japanese International Cooperation Agency (JICA) and others.
- **Border Communities:** Border communities and border traders who live at or near the main border check points between Cambodia and its immediate GMS neighbours, like those in Bavet, Svay Rieng province and Poipet City, are stakeholders in the benefits and other economic, social and environmental impacts of cross-border transport and associated movement of goods and people. Civil society organisations representing the interest of these communities are also potential stakeholders however, as this case study will show, they do not yet figure prominently in subregional mechanisms or policy dialogue on these issues.

Many of these stakeholders also play roles in the GMS's Cross-Border Transport Agreement (CBTA) and they will be discussed and analysed in more details in a later section on "Stakeholder Analysis in CBTA".

4.1. Stakeholders Consultation Processes in Cambodia's Regional and Subregional Integration

There are various stakeholders involved in regional and subregional integration initiatives, in the national government, private sector, development partners and civil society organizations. In the national government, key line ministries include: the National GMS Secretariat, Ministry of Commerce (General Department of International Trade), Ministry of Foreign Affairs and International Cooperation (MFAIC), Ministry of Public Works and Transport, and the Ministry of Economy and Finance as well as their subordinate departments, with Department for International Cooperation often playing a significant role. The main consultative arrangement for these stakeholders in regional and subregional integration remains unclear but the GMS National Secretariat and the General Department of ASEAN (MFAIC) coordinate the various initiatives among GMS and ASEAN member states, development partners and key line ministries and other government agencies. More specific coordination arrangements among different players in trade and transport initiatives are discussed in sector 5.

5. Stakeholders in Trade and Transport Facilitation (CBTA and SFA-TFI)

5.1. Key stakeholders in TTF

A preliminary interview with Cambodia's Ministry of Commerce and a desk review of CBTA policy documentation established that there are three major Cambodian national stakeholder interests and groups in trade and transport facilitation. These three groups of stakeholders in the general TTF are:

- **Government:** Government institutions of different levels from provincial and local authorities to the line ministries and related agencies of the government have key roles to play in TTF, along with the RGC's international development partners, particularly the ADB and its GMS-CBTA programme;
- **Trade and transport service providers:** These include transporters of goods and passengers, and related logistics companies, banking and insurance service providers;
- **Users of trade and transport services** such as traders and investors and, to a lesser extent, tourists and other travellers crossing the border checkpoints between Cambodia and its GMS neighbour countries. This group also includes important key stakeholders such as border traders and communities.

Consultation mechanism and coordination arrangement among these key stakeholders are discussed in the next section on "Stakeholder Consultation Mechanism in TTF."

5.2. Stakeholder Consultation Mechanism in TTF

Considering the variety of stakeholders involved and their different interests, background, ways of operating, scale of their business and involvement, effective mechanisms for stakeholder consultation and participation are critical. In Cambodia, two specific mechanisms have been identified for stakeholder consultation for the overall trade and transport facilitation initiatives. These are the Government Private Sector Forum (G-PSF), and the Steering Committee on Private Sector Development. Below, each of the two institutional arrangements for stakeholder consultation is discussed in detail on how they work, their effectiveness and what has been missing in promoting regional integration.

5.2.1. Government Private Sector Forum (G-PSF)

The Government Private Sector Forum is a structured consultation forum between the Royal Government of Cambodia and private sector, where both can address challenges and find solutions to issues faced by the business community. Since the establishment of G-SPF, it has played a very important and active role as a mechanism for dialogue on various subjects, supported by Private Sector Working Groups (WG) on different sectors which are: 1- Agriculture and Agro-Industry; 2- Tourism; 3- Manufacturing and Small and Medium Enterprises (SMEs); 4- Legislation, Taxation and Governance; 5- Services (including Banking and Financial Services); 6- Energy, Infrastructure & Transport; 7- Export Processing & Trade Facilitation; and 8- Industrial Relations. Of the eight working groups, working groups 6 and 7 are closely related to trade and transport facilitation (TTF) and CBTA specifically.

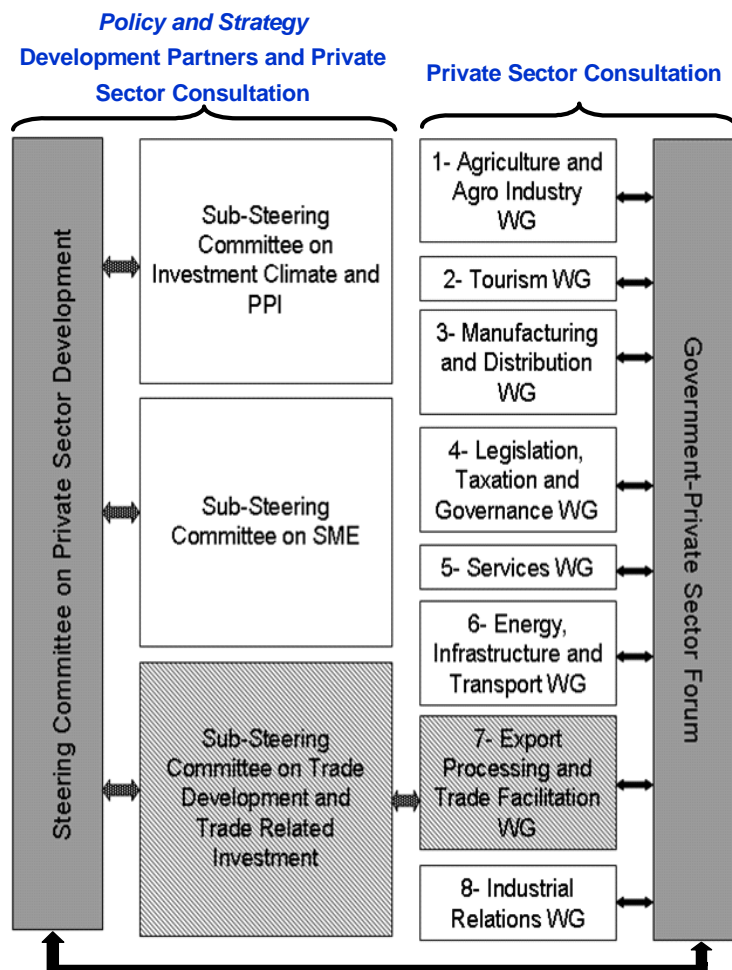
Launched in 1999 and institutionalised in 2000, G-PSF meetings, with the status of an enlarged Cabinet meeting, have generally been held bi-annually. They are chaired by the Prime Minister, are very well attended, and are televised live to a broad Cambodian audience. In addition, the 8 Working

Groups meet during the interval of the plenary forum to identify concerns and negotiate solutions with their government partners. Each working group has two co-chairs: one from the private sector and the other from an appropriate government ministry. The participants in the G-PSF include officials from the RGC, Private Sector (which consists of the Private Sector Co-Chairs, National Associations, Provincial Association and Community Groups) as well as other relevant institutions such as IFC-MPDF, the Asia Foundation, GTZ and the Cambodia Chamber of Commerce.¹⁸

With more than 14 forums held to date, the G-PSF has received and addressed various issues and concerns from the eight different private sectors; over 1000 of such issues were raised and important achievements have been gained in some sectors in the past three years. According to the Minister of Commerce, the private sector has saved nearly US\$70 million through the G-PSF.¹⁹

Figure 1 lays out a structure of how both mechanisms (G-PSF and SCPSD) work together as venues for government-private sector-development partner consultations in trade and transport facilitation.

Figure 1: RGC’s mechanisms for private sector, government and development partner consultation mechanism in TTF²⁰



¹⁸ IFC, 2009

¹⁹ Cham, 2008

²⁰ Adapted from Cham, 2008

Through inputs from the private sector, the government has been able to make some specific achievements including: minimizing informal payment, amendment of the Law on Investment, the Law on Taxation and the Law of Concession which has created more opportunity for the private sector to participate in development of infrastructure; Law on Accounting, Auditing and Accounting Profession; Law on Government Bond; the sub-decree establishing the Special Economic Zones (SEZs), sub-decree 21 on Trade Facilitation through Risk Management and Single Window document; policy on small and medium enterprises and delegation of decision-making power to provincial authorities with regards investment, all of which have contributed significantly towards improving investment climate and business efficiency as well as speeding up TTF progress for the business community in Cambodia.²¹

5.2.2. The Steering Committee for Private Sector Development (SCPSD)

In addition to the G-PSF mechanism, the Steering Committee for Private Sector Development (SCPSD), composed of seven ministers and chaired by the Minister of Economy and Finance, was established in 2004 with three Sub-Steering Committees (SSC): SSC on Investment Climate and Private Participation in Infrastructure, SSC on Trade Development and Trade Related Investment and SSC on SMEs. The SSC on Trade Development and Trade Related Investment is equipped with clear objectives and roles of improving all complex and lengthy processes related to import, export; eliminating duplicated tasks by conducting joint inspection, and re-enforcing the implementation of the Single Window Mechanism at border gates etc. The SSC has also created a Working Group on Trade Facilitation and Processing for Exports and a Reform Team for Trade Facilitation and Investment Climate.²² While the G-PSF reports to the Prime Minister, the SCPSD reports to the Minister of Commerce.

These mechanisms reflect the government's commitment to application of the principles of the Charter of Good Practice in using Public Private Dialogue for Private Sector Development, recommended by the International Workshop for public-private dialogue in Paris in 2006.

5.2.3. Intra-Ministry Coordination: TRADE-SWAp

In late 2005, the Ministry of Commerce launched its UNDP-funded *Trade Related Assistance for Development and Equity* (TRADE) Project which initially focused on updating the Diagnostic Trade Integration Strategy (DTIS 2002), analysing the impact of trade on human development in Cambodia, and strengthening the capacity of the country in managing and enhancing positive change in the trade sector. Later, Cambodia and its development partners decided to aim for a *Sector-Wide Approach* – or SWAp – for its trade sector.²³ According to its website, TRADE SWAp, which is led by the Ministry of Commerce, aims “to formulate a single sector strategy, shared by all stakeholders – government, private sector, civil society, and development partners – that serves as a reference against which all technical assistance is being deployed and coordinated.” Working in close collaboration with other line ministries, Cambodia trade stakeholders and development partners, TRADE SWAp has been guided and monitored by the *Sub-Steering on Trade Development and Trade Related Investment*.

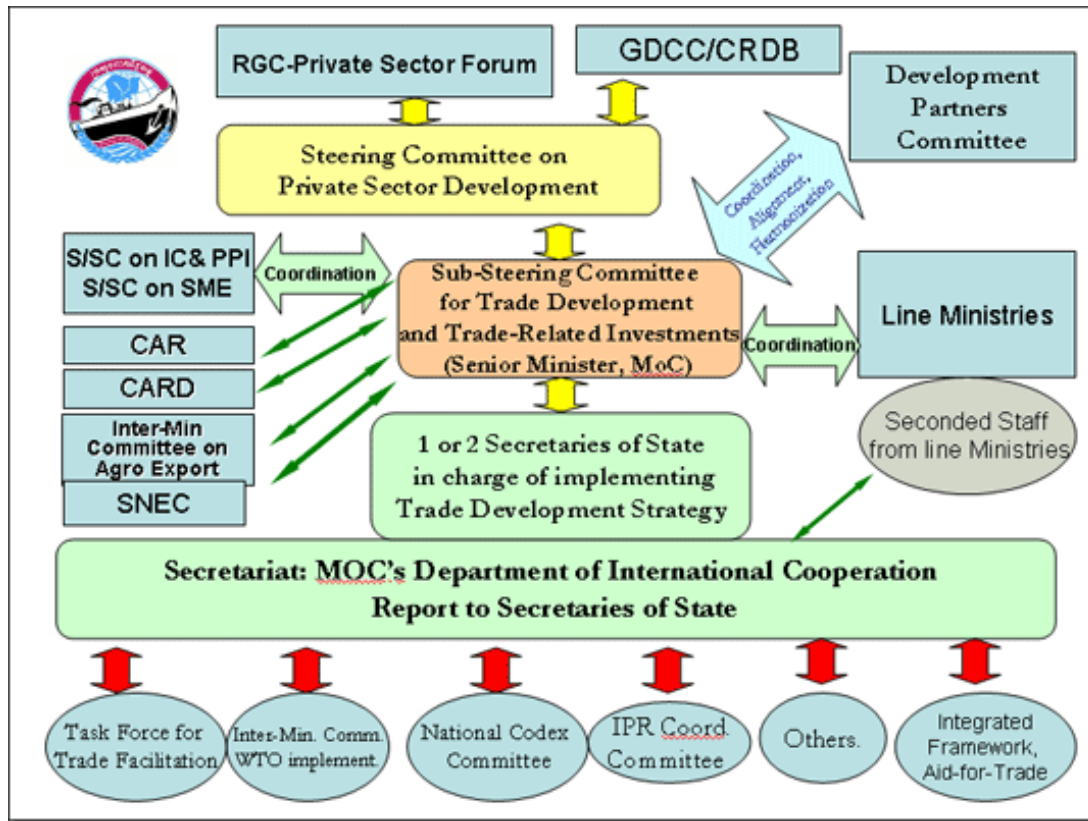
²¹ Keat, 2007

²² Chea, 2008

²³ MOC's TRADE Sector Wide Approach at <http://www.moc.gov.kh/TradeSwap>

As shown in Figure 2, TRADE SWAp is a broad but sophisticated institutional machinery for consultation and coordination for a wide variety of stakeholders but more importantly for intra-ministry coordination in trade policy and trade related assistance. It involves and has coordination lines with the previously mentioned major stakeholder consultation arrangements namely G-PSF, SCPSD, and the Government Donor Coordination Committee (GDCC)²⁴.

Figure 2: Trade SWAp Framework²⁵



²⁴ GDCC is a high-level government-development partner forum for dialogue and information sharing on policies, reform programme and issues related to the socio-economic development of Cambodia.

²⁵ Key to the figure's abbreviations and acronyms:

S/SC on IC & PPI: Sub-Steering Committee on Investment Climate and Private Participation in Infrastructure

S/SC on SME: Sub-Steering Committee on Small and Medium Enterprises

CAR: Council for Administrative Reform

CARD: Council for Agriculture and Rural Development

SNEC: Supreme National Economic Council

GDCC: Government Donor Coordination Committee

CRDB: Cambodia Rehabilitation and Development Board

IPR: Intellectual Property Right

5.3. The Ultimate Decision Makers in TTF Initiatives

Although there are many and diverse stakeholders in regional TTF initiatives, the ultimate decision making body lies in the hand of key government ministries and the Prime Minister (PM). These decision making ministries include the National GMS Secretariat, Ministry of Commerce, Ministry of Public Works and Transport, and the Ministry of Economy and Finance as well as their subordinate departments, with Department for International Cooperation often playing a significant role. The Prime Minister's opinion tends to be strongly respected and highly influential among subordinate government officials (as well as the private sector) making it more possible to achieve results and resolutions when there is intervention by the PM. As mentioned earlier the Prime Minister personally chairs the G-PSF and often announces government policy responses during these meetings or makes recommendations and commitments for further ministerial and private sector action to support private sector development and a positive business environment both within Cambodia, and through subregional and regional cooperation. In a particular example cited by one private sector stakeholder interviewed for this case study, the successful initiative to have Cambodia's businesses open branch office in Vietnam with 100 percent Cambodian ownership was an outcome achieved through the Prime Minister's support and action in providing a leadership role in negotiations with his Vietnamese counter part.

5.4. Stakeholder Analysis in CBTA

Despite the original plan to have two TTF initiatives covered in this case study for Cambodia, only CBTA is discussed here. The reason for this is that there has been too little progress on the other initiative identified for comparative purposes, the Strategic Framework Action on Trade Facilitation Initiative (SFA-TFI), and very limited, if any, awareness of this initiative among stakeholders interviewed. In this stakeholder analysis section we will first discuss the genesis of CBTA, its implementation status in Cambodia, stakeholders involved and analysis of the stakeholders, their interests and experiences of CBTA implementation and stakeholder consultation, followed by an influence and importance matrix of stakeholders in CBTA process.

5.5. Genesis and Implementation Status of CBTA

5.5.1. Genesis of CBTA

The Cross-Border Transport Agreement (CBTA) was originally an agreement among three nations, Lao PDR, Thailand and Vietnam. Cambodia acceded to CBTA in November 2001 while China and Myanmar joined CBTA in later years in 2002 and 2003 respectively. Otherwise called the "Framework Agreement on Facilitating Cross-Border Transport of Goods and People", CBTA is one of the first and foremost multilateral trade facilitation instruments, with the objectives of: 1- to facilitate the cross-border transport of goods and people between and among the Contracting Parties; 2- to simplify and harmonize legislations, regulations, procedures and requirements relating to the cross-border transport of goods and people; and 3- to promote multimodal transport.

With 20 annexes and protocols, CBTA covers comprehensively all the relevant aspects of cross-border transport facilitation which include: 1- Single-stop/single-window customs inspection (SSI/SWI); 2- Cross-border movement of persons (i.e., visas for persons engaged in transport operations); 3- Transit traffic regimes, including exemptions from physical customs inspection, bond deposit, escort, and agriculture and veterinary inspection; 3- Requirements that road vehicles will have to meet to be eligible for cross-border traffic; 4- Exchange of commercial traffic rights; and 5- Infrastructure (such as road and bridge design standards, road signs, and signals).

Since coming into force in December 2003, the Initial Implementation of CBTA (or IICBTA), which was designed to accelerate the implementation of CBTA by allowing early identification of the main issues and the early realization of benefits from improved transport facilitation, has been in progress since 2004 with pilot projects at key border crossing points.

5.5.2. Implementation Status of CBTA in Cambodia

The overall implementation status of CBTA in Cambodia has been in progress despite being very slow and facing many obstacles and challenges. The next section provides details of CBTA and IICBTA progress to date in Cambodia, and outlines the challenges in its implementation that we have gathered from both stakeholder interviews and various recent studies of CBTA:

5.5.2.1. Progress of Cross-Border Transport Agreement (CBTA)

For the implementation status of CBTA, various key achievements have been made in different sectors and aspects of the agreement. These include:

- Cambodia has ratified all the 17 annexes and the 3 protocols.
- The Single Administration Document (SAD), which is in compliance with the UN Layout Key to simplify and standardize External Trade Documents, has been implemented since January 2008.
- A Risk Management and Audit Office (RMA Office) has been set up in accordance with Sub-decree 21 on Trade Facilitation through Risk Management.
- Since the establishment of the RMA office in March 2006, progress includes the installation of new risk management software “Transport Chain Management System” (TCMS) and “Supply Chain Management System” (SCMS);
- The RGC has recently nominated the Cambodian Freight Forwarders Association (CAMFFA) as a Guarantor Security to the Customs Authority.²⁶

5.5.2.2. Progress of IICBTA and Related Bilateral Agreements and Protocols

Early detection of any issues related to CBTA implementation and demonstration of the agreement’s effectiveness has been seen by stakeholders as vital to its successful implementation. As a consequence, the six ministers of GMS member states agreed during their 12th summit in 2003 to pilot test the implementation of CBTA at 7 border crossing points (out of 17 agreed) along 3 routes (out of 11 agreed).²⁷ Bavet-Moc Bai and Poipet-Aranyaprathet crossing points, along the Bangkok-Phnom Penh-Ho Chi Minh City-Vung Tau route in the GMS Southern Economic Corridor, are the two sites for the above pilot testing for Cambodia. So far this study has observed the following progress in Cambodia in IICBTA and related bilateral agreements:

- Cambodia has signed bilateral agreements (MOUs on the Initial Implementation of CBTA “IICBTA” or Bilateral Road Transport Agreement on the Exchange of Traffic Rights “BRTA”) for pilot implementation of some components of CBTA at each border gate before its full implementation:
 - ◆ Bavet-Moc Bai for Cambodia and Vietnam.

²⁶ Stakeholder interview with the Customs and Excise Department

²⁷ ADB, 2009a

- ♦ Poipet-Aranyaprathet for Cambodia and Thailand: The MOU on the exchange of traffic rights between Cambodia and Thailand was also signed in May 2008; however, there is no progress of implementation of the MOUs.
- The Bilateral Agreement on Road Transport (Cambodia-Vietnam) was signed on 1999 and its implementation was started 3 months after signing.
 - ♦ Protocol to Bilateral Road Transport Agreement between the two countries was signed in October 2005.
 - ♦ An MOU on Quantity and Type of Commercial Vehicles was signed in March 2009 between Vietnam and Cambodia allowing up to 150 trucks per month to cross-border between the two countries. This is an increase in quota from 40 vehicles (20 buses and 20 trucks a month) that was originally agreed.
- The Bilateral Agreement on Cross-Border Transport (Cambodia-Lao PDR) was signed in September 1999; its protocol was signed later on in February 2007. The implementation of the agreement started in July of the same year.
- Waterway Transportation Agreement (Cambodia – Vietnam) and its Protocol: Initial Agreement was signed in 1998 but a later version of the agreement document combined into one with its Protocol has been finalized to be ready for signing by both parties in early 2009.

During the Third GMS Summit of Leaders in Vientiane, Lao PDR in March 2008, leaders of the six countries appealed to expedite the implementation of the CBTA which has been faced with various obstacles and delays to implementation. From our key informant interviews, various stakeholders, from both government and the private sector, express common opinions on some obstacles to CBTA progress:

- Issues regarding to lack of affordable land for the construction of the Common Control Area (CCA) at border check points, particularly at the Bavet-Moc Bai crossing, and frustration with a lack of government coordination and political will to remedy this fundamental practical issue.
- The Service Level Agreement (SLA) needs to be agreed upon and signed by all relevant government agencies before the Single Stop Inspection can be functional.
- The Customs Department of Cambodia has been more reserved and reluctant to actively participate and contribute proactively to CBTA implementation.
- It was suggested that there seems to be too much power/authority concentrated in a few key government agencies along with the issue of “resistance to change”.
- A concern that the private sector’s input and influence on CBTA arrangements, representation in key national and subregional consultative mechanisms and associated commercial benefits in Cambodia are overly influenced or dominated by a few large companies.
- Current insurance policies only cover Cambodia and NOT cross-border transport. This is problematic and causes potential costly delays for trucks and passenger buses when entering another country out of Cambodia.
- Different policies and regulations (such as on insurance, transport and traffic laws) of different countries.
- Lack of technical and resource capacity for implementation and carrying out the programmes successfully.

- Presence of some protectionism in some partnering countries.

From the 13th G-PSF held in April 2008, the private sector also raised some issues regarding to CBTA implementation. These issues, which are specifically related to the bilateral agreement of IICBTA between Vietnam and Cambodia, include problems in the truck number plate and truck weighting and complicated procedure; and issues of operating a business in Vietnam such as buying insurance and establishing a passenger bus ticket selling booth.²⁸

5.5.2.3. Main Bottlenecks for Implementation of CBTA

Besides the constrains revealed during our interviews, according to the proceedings from the Senior Official Meeting (SOM) on GMS Transport and Trade Initiative in November 2008, other some major obstacles to CBTA implementation, especially at the regional level, are:

- Member states of GMS are not proactive in CBTA implementation. Specifically, the Customs need to be proactive in implementing CBTA, especially the Customs Transit System (CTS)
- “Bottle-neck phenomenon”: CBTA cannot obtain the region-wide benefits of CBTA if Thai (legislation) and Lao PDR (capacity) cannot fully participate
- CBTA provisions need to be integrated into their respective national law/regulations
- Higher level coordination between and among Transport, Customs, Immigration and Quarantine authorities is needed.
- The National Transport Facilitation Committee (NTFC)/National Transit Transport Coordinating Committee (NTTCC) needs support to successfully monitor CBTA implementation

These obstacles, if not resolved properly and in a timely manner, will further worsen existing issues regarding trade across borders in the region, such as the length of time taken to clear goods for export and import, requirements for unnecessary documentation, and the more pressing issue of informal fees collected at border check points by related government institutions. Table 5 presents a World Bank’s Doing Business 2009 study on main indicators affecting cross-border trading activities in the region, with Cambodia either top or close to the top of the list of having more barriers to trade, particularly costly and very time consuming export and import. However, the number of days for export across border has recently been reduced from 37 days in 2008 to 22 days in 2009 while the time for import has similarly been decreased from 46 to 30 days during the same period.

Table 5: Main Indicators for Trading Across Borders in the Region²⁹

Selected Economies in the Region	Documents for export (number)	Time for export (days)	Cost to export (US\$ per container)	Document for import (number)	Time for import (days)	Cost to import (US\$ per container)
Cambodia	11	22	732	11	30	872
Indonesia	5	21	704	6	27	660
Lao PDR	9	50	1860	10	50	2040
Malaysia	7	18	450	7	14	450

²⁸ IFC, 2008a

²⁹ World Bank, 2009a

Philippines	8	16	816	8	16	819
Thailand	4	14	625	3	13	795
Timor-Leste	6	25	1010	7	26	1015

5.5.2.4. Next Steps in CBTA Implementation

Priority tasks proposed during the Senior Official Meeting (SOM) in Bangkok, Thailand in November 2008 for the implementation of CBTA in Cambodia were:³⁰

- Prepare border arrangements to implement the CBTA at Bavet
- Establish a cable link between Bavet and Moc Bai (Cambodia-Vietnam)
- Decide on only ONE border control agency to implement CBTA
- Sign the MOU on the Custom Transit System (CTS) and implement the CTS
- Provide capacity building for the guaranteeing organization (CAMFFA).

Moreover, according to an official document from ADB Mission to Cambodia, the RGC has the following specific plans:³¹

- To implement the Single Window Inspection at Bavet checkpoint in accordance with the Sub-decree 21 on the Facilitation of Trade through Risk Management.
- To establish at key land border checkpoints in Cambodia, including the checkpoints at Bavet in Svay Rieng Province and Poipet near the border with Thailand, ASYCUDA system.
- To implement the national Single Window System in accordance with relevant ASEAN agreement by 2012 with ASYCUDA system as data platform.

5.6. Cambodian Stakeholders in CBTA

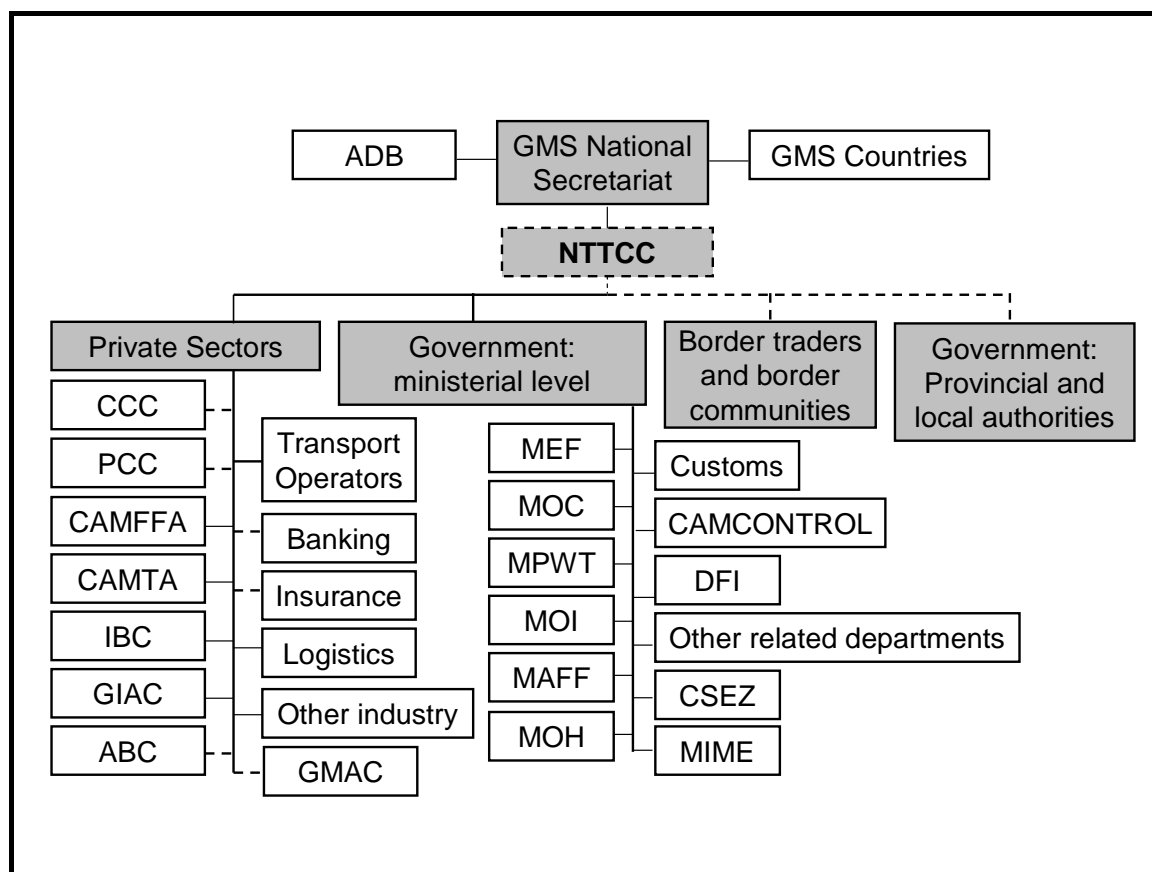
Similar to the stakeholders in the regional integration, CBTA has involved various institutions and players since the beginning of its initial implementation. For each group of stakeholders, we consider their roles, influence and contribution to CBTA implementation in Cambodia. We then consider how the stakeholders work together through different mechanisms and institutional arrangements. At the end of the section, there is a discussion on the vested interests among some key stakeholders, which is one of the many obstacles to implementation of CBTA.

The key stakeholders involved in CBTA, the levels of their authority and participation, how they are collectively represented, and related institutional supports for CBTA implementation are illustrated through Figure 3. Connected lines or boxes show smooth coordination and communication between or among the stakeholders while broken lines and box illustrate the malfunction of that agency (i.e. the National Transport Transit Coordinating Committee “NTTCC”) and uneven communication channels and consultation (e.g. border traders and communities and local and provincial authorities are not included NTTCC consultation).

³⁰ ADB, 2008b

³¹ ADB, 2009a: 3

Figure 3: Structure of GMS CBTA Stakeholders Consultation in Cambodia³²



5.6.1. Government

From the government side, three key ministries have actively engaged in CBTA process and implementation: Ministry of Commerce and related entities under the Ministry, Ministry of Economy and Finance and Ministry of Public Works and Transport. Other ministries and institutions involved include the Ministry of Agriculture, Forestry and Fisheries, the Ministry of Interior, the Ministry of Health, the GMS National Secretariat and representatives from the Special Economic Zones Committee.

5.6.1.1. Ministry of Commerce

The MOC is one of the principal government's ministries in carrying out and coordinating the implementation of CBTA. Its key agencies such as the Department of Multilateral Trade and CAMCONTROL, one of the border checking agencies, have specific and particular stakes in CBTA.

- **CAMCONTROL:** The Cambodia Import Export Inspection and Fraud Repression Department is the second leading agency (after Customs Department) at border check points. Its main role is to ensure quality and safety of products and compliance of legal requirement in those matters, which complements the clearance works of Customs. There is some overlap of the roles and responsibilities of Customs and CAMCONTROL at border checkpoints. However, sub-decree 21 and its related Service Level Agreement (SLA) have contributed to improvement of efficiency and time-saving. Implementation of

³² Authors, created based on findings from key informant interviews and related documents

SLA has been in progress with consultation of related stakeholders in the government agencies.

The Ministry of Commerce has critical roles in coordinating and implementing trade related programmes and consultation arrangements such as being the Secretariat for the earlier discussed mechanisms, the Trade Sector Wide Approach (SWAp) and the programme manager for the Trade Development Support Programme (TDSP).

5.6.1.2. Ministry of Economy and Finance

The MEF of the Royal Government of Cambodia has three key departments that have been closely involved in trade facilitation and CBTA specifically.

- **Customs and Excise Department (CED):** Under the supervision of MEF, the Customs and Excise Department has the functions of 1- international trade facilitation and protection of the national economy and trade, 2- revenue collections, including taxes, duties and other charges, 3- prevention, investigation, surveillance and suppression of smuggling and other Customs offences; and 4- compilation of trade statistics, analysis of trade patterns, and provision of recommendations to policy makers.
- The department considers GMS programme and regional cooperation to be vital to Cambodia's economy. According to a CED official interviewed for the case study, the Department has been closely involved with various meetings in the GMS programme but mainly on CBTA. Specifically, the CED has been working on four annexes of CBTA: a- Annex 4 on Facilitation of Frontier Crossing Formalities; b- Annex 6 on Transit and Inland Customs Clearance Regime; c- Annex 8 on Temporary Importation of Motor Vehicles; and d- Annex 14 on Containers Customs Regime.
- **Department of Financial Industry (DFI):** This department is in charge of the insurance industry, and since insurance companies are one of the key stakeholders in CBTA, this department has a role in coordinating and working with the insurance companies on, among others, compulsory third party insurance required for trucks and passenger vehicles crossing border of a country and related issues.

5.6.1.3. Ministry of Public Works and Transport

The Ministry of Public Works and Transport (MPWT) has a major role in CBTA. MPWT is a member of the Government Private Sector Forum and more importantly the minister of MPWT is the co-chair of the Working Group 6 on "Energy, Infrastructure and Transport". This working group, as mentioned earlier, has a direct involvement in CBTA initiative and its implementation. In our data collections, we were able to interview a representative of the Government co-chair and the co-chair from the private sector of the working group, getting key information and recommendations which will be discussed in a later section. Moreover, the Minister of the MPWT is the chair of the National Transit Transport Coordinating Committee (NTTCC), the coordinating agency for CBTA in Cambodia.

5.6.1.4. Ministry of Agriculture, Forestry and Fisheries

The "Plant Quarantine" sub-decree in 2001 authorizes mandate to the Plant Protection and Phyto-Sanitary Office of the Department of Agronomy of the Ministry of Agriculture and Forestry

and Fisheries (MAFF). MAFF's Department of Animal Health and Production, through a Sub-decree on "Sanitary Inspection of Animal and Animal Products" in 2002, is mandated to implement the animal and animal products sanitary control. In this context, MAFF, with the above inspection roles, has its agent at the border checkpoints working alongside the CED and CAMCONTROL as well as other agencies.

5.6.1.5. Ministry of Interior

The Department of Immigration of the Ministry of Interior (MOI) is one of the border checkpoint agencies. It has the core function of contributing to Cambodia economic and social well-being by facilitating residence and temporary entry (including seven types of visa) into the Kingdom, while ensuring that those who cross Cambodia's borders respect the provision of Cambodia's immigration policies and regulations. At the border checkpoint this government agency is usually known as the Immigration Police. Regarding bilateral agreements between Cambodia and Vietnam, some transport operators have made a strong request for improved co-operation and efficient processing of visa documents for truck and bus drivers at border crossing points

5.6.1.6. Ministry of Health

Part of the scope of CBTA is in Health and Agriculture (quarantine and SPS). When it comes to health issues such as control of communicable diseases, the MOH (e.g. the Department of Communicable Diseases Control) has a much related role and also in CBTA. Representatives from the ministry have been invited to attend many relevant CBTA and bilateral agreement meetings, including but not limited to the GMS Senior Official Meetings and GMS-CBTA Meetings of the Subcommittee on Transport, Customs, Immigration and Health Inspection.

5.6.1.7. Provincial and Local Authorities

Provinces and districts located along or at the border check points of Cambodia (and bordered countries) are strategic locations for cross-border trade and people. Authorities at these levels of government, despite not being the most important players in CBTA, are definitely affected by trade and transport facilitation and related issues. For the initiatives and projects related to CBTA including bilateral agreements to be implemented successfully, there is a strong need for authorities at the provincial and local levels to be aware of these so that they can provide necessary support and facilitate the implementation as required. In other words, provincial and local authorities' inputs and cooperation in all stages of the process of CBTA implementation are necessary, but have usually been treated as otherwise or of too low priority.³³

5.6.1.8. GMS National Secretariat

Under the Council for the Development of Cambodia (CDC)³⁴, Cambodia has maintained the GMS National Secretariat with the role of coordinator for GMS programmes in Cambodia. The GMS National Secretariat coordinates consultations and meetings between (CBTA) donor communities (e.g. ADB), international development partners and implementers (as well as related stakeholders) in the country's government ministries and private sector. With this important

³³ Notes from key informant interviews

³⁴ CDC is a one-stop service agency responsible for facilitating foreign investment projects. It comprises of two operational boards, the Cambodia Rehabilitation and Development Board and the Cambodia Investment Board.

coordinator role, the Secretariat has actively involved in various meetings of CBTA since its start-up and design process to the current beginning of initial implementation.

Other related but less involving government entities are: the Ministry of Foreign Affairs and International Cooperation, the Ministry of Industry, Mines and Energy, Ministry of Tourism, the MEF's Department of Economic Integration and ASEAN and MOC's General Department of International Trade including the Department of Bilateral Trade, the Department of Multilateral Trade, the Department of Trade Promotion, and the Department of International Cooperation and the Cambodia Special Economic Zone Board (CSEZB).

5.6.2. The Private Sector and its National Associations

The big scope of coverage of CBTA means more involvement of relevant stakeholders from the private sector. This group of stakeholders includes both providers and users of trade and transport services as well as broker agents namely: transport operators, banks, insurance companies, logistic companies, freight forwarders, carriers and shippers. Some of these industries form into associations to get better representation in the sector and to facilitate better involvement and consultation with the government and donor community. These associations are discussed next.

Key private sector associations, most of which are national, in CBTA implementation are: CAMTA, CAMFFA, CCC, IBC, ABC and GIAC. Among the six groups, the first three, CAMTA, CAMFFA and CCC have been more actively involved than the rest. Specifically, CAMTA, CAMFFA and CCC have been invited to participate and provide inputs and get consultation on various GMS CBTA meetings, including those of ADB, of the National Transit Transport Coordinating Committee (NTTCC) and of the Government Private Sector Forum of the RGC.

5.6.2.1. Cambodia Trucking Association (CAMTA)

CAMTA is representative company of 13 members of trucking companies operation in Cambodia and the region. Interviews with the representative from the association reveals that CAMTA has been invited for various GMS (and ASEAN) regional integration and trade facilitation meetings, both in the country and in other countries in the region. The national meetings the CAMTA participates in include the main stakeholder consultative meetings – the NTTCC and the G-PSF. Before each meeting that CAMTA attends representing its member companies, the association holds internal meetings with members to gain their inputs and consensus in order to ensure the industry interest for the sector. Issues and recommendations that CAMTA raised to the government have seen a 60 percent positive response to those issues and recommendations, which CAMTA considers a compromise between the private sector and the government.

The International Finance Corporation (WB-IFC), as the organizer and sponsor of the Government Private Sector Forum, has been assisting CAMTA in building their capacity in a hope to become a secretariat for the G-PSF's Working Group 6 (on Energy, Infrastructure and Transports), a key WG that helps facilitate the implementation of CBTA.

5.6.2.2. Cambodia Freight Forwarders Association (CAMFFA)

Established in March 2004, CAMFFA is a professional institution formed by 17 public and private companies (some members are DHL Express, Kampuchea Shipping Agency and Brokers "KAMSAP", SDV Logistics Cambodia), involved in international and domestic freight forwarding. Some of its main objectives are: to promote engagement in enterprises related to the freight forwarding industry by rail, road, sea and air, including customs clearance and warehousing; to

support and assist Members in solving various problems and obstacles; and to have constant dialogue and co-operate with the relevant government departments in matters of local and international freight forwarding affairs.

CAMFFA, along with CAMTA, has been a dynamic member of the G-PSF under Working Group 6. CAMFFA has also represented its members and Cambodia in various international and regional stages such as being a member of the World Freight Network (WFN), a member of the ASEAN Federation of Forwarders Association (AFFA) and attending the UNESCAP Meeting of Executives of National Freight Forwarders and Logistics Association. Most remarkably, CAMFFA has recently been appointed as the Issuing/Guaranteeing organization for CBTA in Cambodia.

5.6.2.3. Cambodia Chamber of Commerce (CCC)

Since its establishment in 1995, the Cambodia Chamber of Commerce has provided a solid venue for consultation between its member companies and the RGC. The rapid growth and expansion of business, trading and investment in the country in the last decade or so sees a gradual improvement in the type of services CCC delivers to its members (including its sister Phnom Penh Chamber of Commerce and other Chambers of Commerce in many provinces) and the expansion of its constituency to the municipalities and provinces.

At regional context, the CCC has also played an important role in assisting in the preparation of various events and meetings of the ASEAN+1, ASEAN+3, ASEAN-BAC, ASEAN-CCI, AFTA (ASEAN Free Trade Area), GMS countries, and International Chamber of Commerce and Industry Federation. The CCC has designated one of its vice-presidents to be responsible for GMS affairs (particularly working on Southern Economic Corridor) and related matters in the region (CCC, 2009). The CCC has also been invited to attend the GMS Business Forum and has found the forum to be beneficial to Cambodia's business. Still, according to our interview with the CCC representative, they feel that there is limitation of their involvement with the GMS programme and would like to be involved more actively provided that there is financial support. Furthermore, the CCC would like to see greater representation of the private sector in the GMS initiatives and meetings.

The CCC has also been involved with the Customs Tariff of the Single Window pilot project. According to the President of CCC, the Royal Government of Cambodia has re-observed, re-examined and ultimately has amended relevant laws and regulations following the critical decision at inter-ministries meetings suggested by the private sector as represented by CCC.³⁵ In the Government-Private Sector Forum, CCC is listed in the National Associations membership. However, CCC has not been invited by CBTA key consultation arrangement, NTTCC, to its consultation meetings.

5.6.2.4. International Business Club of Cambodia (IBC):

With nearly 60 memberships from a diverse range of local and international companies, the IBC is certainly a collectively strong representation of many major private industries and is also a forum for dialogue among members and between members and the government. Despite not having direct involvement in the CBTA process, with membership in the G-PSF, the club carries a very strong message from various private companies to be addressed to the government, related ministers and the Prime Minister.

³⁵ CCC, 2009

5.6.2.5. Association of Banks in Cambodia (ABC)

The Association of Banks in Cambodia is a registered institution representing private banking companies in the Kingdom. Created in 1994 with the purpose of promoting constructive consultation among member banks, it serves as a collective industry voice to the public and the RGC. With members from both local and foreign owned banks and branches, the ABC has over 19 commercial banks, 6 specialized banks, and the Cambodia Microfinance Association memberships. The Association, currently chaired by the Canada Bank representative, holds regular meetings at least once a month and more frequent when needed, supported by working committees which focus on particular issues. The ABC has been an active member of the ASEAN Bankers Association and has participated in all of its meetings and functions since 1998. The Association of Banks in Cambodia is also a member of the G-PSF under the National Associations membership. The Banking industry is relevant to CBTA implementation since the Article 12 (on Guarantor Security to the Customs Authority) of the Annex 14 of CBTA has a provision on cash deposit or bond guarantee (a bank guarantee issued by a bank or financial institution in the host country). CAMFFA is working on the negotiation with related government agencies on whether to take this role as a bank guarantee. Nevertheless, various findings from our interviews suggest that there has been very limited, if any at all, invitation or involvement of the banking industry in the negotiation and consultation process for the implementation of CBTA. This is one of the missing key stakeholders in the agreement consultation that needs to be addressed by relevant stakeholders and donors in particular.

5.6.2.6. General Insurance Association of Cambodia (GIAC)

The General Insurance Association of Cambodia consists of six members of insurance companies, with a 100% representation of insurance industry currently operating in the country. The association's main objectives are: to act as a central body to build a business stability in the industry; to play an active role in promoting a stable business growth; to participate with the government bodies to recommend them the market issues or tendency toward development of the industry; and to exchange experience with regional associations and outside the region for further development of Cambodian market.

Despite the insurance industry's important role in CBTA (for example the compliance with 3rd party motor vehicle liability insurance requirement for vehicle admittance into another country), our interview has found out that the industry has not been involved adequately in GMS programmes, regional integration initiatives and CBTA. In addition, one representative from the association states that he had only been invited once by the RGC (none by ADB) to attend a cross-border related meeting, in which the government at the time was not open to take recommendations raised by private sector.

5.6.2.7. The Garment Manufacturers Association in Cambodia (GMAC)

GMAC was established in 1999 and is the biggest association of garment factory employers in Cambodia with over 260 active members. Its roles include being a pressure group, representations to the Ministry of Commerce on issues that affect the general interests of GMAC members, a lobbyist to the government to improve trade facilitation efficiency and to improve the industry's competitiveness in the international market. When the garment industry grew larger in size and scale and became the biggest exporter in the export sector, GMAC became a key partner of the RGC both in term of influence and responsibilities. GMAC was tasked to lead the Export Processing and Trade Facilitation Working Group of the G-PSF in 2000 and was later included as a representative in the

Law Tax & Good Governance Working Group. GMAC is also an important partner for ADB, IFC, IMF and MPDF and some international research institutions.³⁶

5.6.3. Local Communities and Civil Society Organisations

While considered as a low-key stakeholder or not even a stakeholder (therefore have not been involved any consultation), local communities living along the border and especially near and at the border checkpoint areas are indeed important stakeholders in CBTA process from its start-up to its implementation. These people's livelihoods are usually dependent on the cross-border economies and trade between the two adjacent countries. Any economic, trade, transport and infrastructure initiatives involving these areas will either directly or indirectly impact on the people living there and their livelihoods. Positive impacts like increase in trade and traffic and increase number of tourists are mostly welcomed but negative impacts like displacement and resettlement of villagers due to road constructions or any other infrastructure development must be taken into serious consideration and well planned in advance to minimize or, whenever possible, mitigate impact. From our stakeholder interviews, there is a strong recommendation for the donor community and implementers of CBTA to disseminate the initiatives and programmes to all related stakeholders but especially to *local and provincial authorities, local communities and related civil society organizations*. Their role as a stakeholder should be improved through their consultation when planning and preparing for the implementation of related project activities of IICBTA and CBTA in or around their communities.

5.6.4. International Development Partners – ADB and Others

Various development partners and communities have been involved actively in both financially and technically supporting in CBTA preparation for implementation and related bilateral agreements and projects in the Greater Mekong Subregion. The biggest donor agency to CBTA programme is the Asian Development Bank (ADB) whose roles are also “an honest broker” and a coordinator/secretariat (ADB, 2008e). Other development partners include but not limited to UNESCAP (e.g. supporting the GMS-Business Forum), AusAID, JICA, and the World Bank, all of which usually provide specific supports such as on bilateral agreement/projects, specific infrastructure development and research studies. For example, the World Bank has been supporting the Government of Cambodia in the Trade Development Support Programme (TDSP), which is aimed to contribute to increase the government's efficiency in formulating and implementing effective trade policies.³⁷ Despite ADB and WB having some common grounds of programme supports for the Government of Cambodia, there is no indication of clear mechanism for effective coordination between the two development partners to ensure more effectively joint programme supports and implementations.

Furthermore to the partners above, ASEAN to some extent has been indirectly involved in CBTA and GMS programmes. Lastly, the Mekong Institute has a collaboration research project with the GMS Business Forum to boost trade and investment in the GMS.

5.7. Institutional Arrangements for Stakeholder Consultation on CBTA

Mechanism and governmental institutional framework for government-private sector consultation for CBTA preparation and implementation (including bilateral agreements and

³⁶ GMAC, 2009

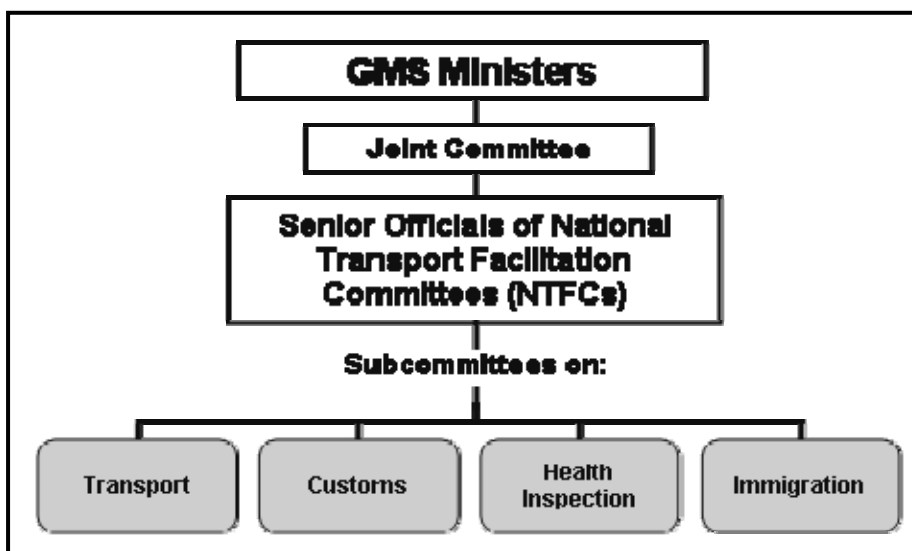
³⁷ TDSP consists of four components: 1-trade policy formulation and implementation; 2- performance monitoring; 3- institutional and human capacity; and 4- implementation support to TDSP.

IICBTA) in Cambodia includes the National Transport Facilitation Committee (NTFC) or officially called and known in Cambodia as the National Transit Transport Coordinating Committee (NTTCC). Cambodia decided to use the term NTTCC (as mostly used in the ASEAN framework context) instead of the GMS recommended term NTFC. For Cambodia, NTTCC serves as a vital mechanism for stakeholder consultations in transport related agreements and issues for both GMS and ASEAN. NTTCC has more and more important responsibilities as a coordinator and negotiator in the GMS programme while NTTCC serves a bit more passive role only as an implementer for the ASEAN related projects.

- National Transport Facilitation Committee (NTFC) (or the National Transit Transport Coordinating Committee (NTTCC))

The provision of CBTA requires an establishment of the National Transport Facilitation Committee (NTFC) in each member country as a national supporting mechanism for CBTA implementation and its monitoring (Article 28 of Annex 7). For Cambodia, who preferred to name the committee NTTCC, the mechanism is supported by four subcommittees on transport, customs, health inspection and immigration. NTTCC is chaired by the Minister of Public Works and Transport and is supposed to have all representatives from all stakeholders of concerns with the implementation of CBTA. However, our research findings illustrate that there is a lack of key stakeholder representations in NTTCC meeting and consultation processes. For instance, the Cambodia Chamber of Commerce, the insurance industry and banking and other related private companies claim that they have not been invited for NTTCC meetings. Other interviewees also express similar concerns over the lack of good progress (i.e. MOC: “NTTCC has not held regular meeting and has not functioned well”) of NTTCC, partly because the lack of adequate private sector representatives but mainly because there have not been regular meetings of this committees and its subcommittees to resolve issues. The status report on the Vientiane Plan of Action for GMS Development 2008-2012 also presents some proposals from various parties to extend the current representatives of the committee to include wider sectors, especially the private sector.³⁸ Figure 4 illustrates how NTTCC (shown in the figure as NTFC) and its subcommittees function in the overall institutional framework for CBTA implementation and monitoring in the broader GMS programme context of the subregion.

Figure 4: GMS Institutional Framework for the CBTA



³⁸ ADB, 2008f: 94

In addition to the NTTCC, the G-PSF also plays an indirect role in providing consultation with stakeholders in general but also to some extent in CBTA. Major private sector representative groups such as ABC, CCC, CAMFFA, CAMTA and IBC, who are key stakeholders in CBTA, are all active members of the forum and have collectively made some significant achievements in addressing issues and concerns and in the amendment and creation of related laws and regulations to improve business climate and investment opportunities in Cambodia. The General Insurance Association of Cambodia (GIAC) is not directly a member of the G-PSF but the insurance industry has a representation in the forum through the “Services, including Banking and Finance” Working Group. Given the diversity of the private industries represented, the G-PSF, especially the Energy, Infrastructure and Transport Working Group, has proven to be a very useful and dynamic mechanism not only for improvement of business climate in the country but specifically for addressing some issues and challenges of the implementation of IICBTA and related bilateral agreements/MOUs with bordering countries in an efficient and transparent manner.

Still, there are some suggestions from our key informants that the forum can even be improved with better working groups. Specific concerns were raised regard the Working Group on “Energy, Infrastructure and Transport”. The private stakeholders who are members of the working group felt that there was not enough openness to receiving issues from the Working Group’s members and there was a lack of transparency in their decision making process. Also, the second improvement to WG is to have a better representation from the private industries. Furthermore, there are still some ambiguities between the roles of NTTCC and G-PSF in regard to being the main stakeholder consultation venue for CBTA. Due to the inactivity of the NTTCC (i.e. not holding meetings on a regular basis), in reality the G-PSF seems to play a more dynamic role in this regard.

5.8. Matrix of Stakeholder Analysis in CBTA Process

In this stakeholder analysis, it is vital to distinguish the different levels of involvement including levels of influence, importance, interests and impacts of the key stakeholders involved in CBTA. This will hopefully contribute to improving consultation process and involvements among the stakeholders. We collected the ratings of the degree of these four factors based on the opinion from the stakeholders interviewed. Rating from 9-10 is classified as Highest, 7-8 as High, 6-7 as Medium, 4-5 as Low and 1-3 as Lowest.

Table 6: Degree of Influence, Importance, Interests and Impacts by each Stakeholder on the Genesis and Implementation of CBTA

Stakeholders	Stages of CBTA	INFLUENCE ¹ Power to facilitate or impede	IMPORTANCE ² Actual priority given to stakeholder needs	INTERESTS ³ Actual commitment to change	IMPACTS ⁴ Actual effect of initiatives
National Government and its agencies	Genesis	High	High	High	High
	Implementation	High	High	High	High
Government (provincial and local levels)	Genesis	Low	Low	Medium	Medium
	Implementation	Low	Low	Medium	Medium
GMS National Secretariat	Genesis	Medium	Medium	High	High
	Implementation	Medium	Medium	High	High
Private sector and related	Genesis	Low	Low	Medium	High
	Implementation	Medium	Low	Medium	Highest

associations Border traders					
Border communities	Genesis	Lowest	Lowest	Low	Medium
	Implementation	Lowest	Lowest	Low	Medium
Civil society organizations	Genesis	Low	Low	Medium	Medium
	Implementation	Lowest	Lowest	Medium	Medium
ADB International development partners	Genesis	Highest	Highest	High	High
	Implementation	Highest	Highest	High	Medium

1. Influence: the power a stakeholder has to facilitate or impede policy-reform design and implementation.
2. Importance: the priority given to satisfying the needs and interests of each stakeholder.
3. Interest: the perceived level of interest/ eagerness (i.e., ranging from a commitment to the status quo to an openness to change).
4. Impact: the degree to which the projects/ initiatives will impact each stakeholder.
5. Degree range: Lowest, Low, Medium, High, and Highest

Overall, the national government, its agencies and ADB have a very high influence, importance and interests in both the genesis and the implementation of CBTA. The impacts on this group are also high. In contrast, border traders, border communities, civil society organizations and provincial and local authorities generally have a low or the lowest influence toward the initiative's genesis and implementation. The ratings range from medium to high in regard to the actual commitment to change of and the actual effects of CBTA on at the provincial and local authorities, private sector and local communities and border traders. Our stakeholders in these groups, especially the private sectors including border traders, are particularly keen to see the implementation of CBTA and related cross-border trade facilitation projects as they foresee potential benefits of reduction in trade cost and time for export and import as well as possible overall smoother trade operation.

In spite of this, the actual priority given to and the influence these stakeholders have are disappointingly low (except for a few key private sector corporations and associations). This highlights the fact that these groups (holding the same exception) have not been involved in any existing consultative mechanisms. Tables 7 and 8 summarize the influence and importance of key stakeholders in the formulation and implementation of CBTA.

Table 7: Influence and Importance Matrix for Stakeholders in CBTA Genesis

DEGREE	High influence	Low influence
High importance	National government and its agencies ADB	
Low importance		Private sector and related associations Government (provincial and local level) Civil society organization Border traders Border communities

Table 8: Influence and Importance Matrix for Stakeholders in CBTA Implementation

DEGREE	High influence	Low influence
High importance	National government and its agencies ADB	Private sector and related associations Border traders
Low importance		Government (provincial and local level) Civil society organization Border Communities

Since the power to facilitate or impede and the actual priority given to stakeholder needs, as pointed out in Table 6, remain by and large low for a few key groups of stakeholders namely the provincial government, private sector, border traders and communities, it is vital that changes are made to improve this consultation mechanism so these stakeholders can participate on a regular basis and more effectively in all related processes of project formulation and implementation. Table 9 provides the OPTIMAL DEGREE (in red) of INFLUENCE and IMPORTANCE for each key stakeholder in term of their involvement and participation.

Table 9: Optimal Degree of Influence and Importance by each stakeholder on the Genesis and Implementation of CBTA

Stakeholders	Stages of CBTA	ACTUAL DEGREE		OPTIMAL DEGREE	
		INFLUENCE ¹ Power to facilitate or impede	IMPORTANCE ² Actual priority given to stakeholder needs	INFLUENCE ¹ Power to facilitate or impede	IMPORTANCE ² Actual priority given to stakeholder needs
National Government and its agencies	Genesis	High	High	Highest	Highest
	Implementation	High	High	Highest	Highest
Government (provincial and local levels)	Genesis	Low	Low	Medium	Medium
	Implementation	Low	Low	Medium	Medium
GMS National Secretariat	Genesis	Medium	Medium	High	High
	Implementation	Medium	Medium	High	High
Private sector and related associations Border traders	Genesis	Low	Low	High	High
	Implementation	Medium	Low	High	High
Border communities	Genesis	Lowest	Lowest	Medium	Medium
	Implementation	Lowest	Lowest	Low-Medium	Low-Medium
Civil society organizations	Genesis	Low	Low	Low	Low
	Implementation	Lowest	Lowest	Lowest	Lowest
ADB International development partners	Genesis	Highest	Highest	High	High
	Implementation	Highest	Highest	Medium	Medium

5.9. Main Obstacles to Effective Stakeholder Consultation in Cambodia

The research's key informant interviews have identified many challenges and constraints to effective stakeholder consultation and therefore the smooth implementation of CBTA. Lack of information and public awareness, vested interest and low capacity level amongst different stakeholders, missing representatives from key stakeholders, and roles of ADB and related donors are some of the main concerns that some of our interviewees have expressed over the way forward for the implementation of CBTA.

- Lack of awareness and uneven information distribution of CBTA and related initiatives and programmes to all stakeholders, especially at lower level of the government (provincial and local), law enforcement officers (and implementers of CBTA) and private sector. It is particularly important for domestic businesses and industries to realize and understand the benefits of such programmes and regional integration initiative.
- Vested interest occurs among stakeholders, first among the private companies (some specific transport operators were among those raised in our interviews) and then between some government entities (i.e. Customs and CAMCONTROL).
- Lack of identification and prior consultation of common (national and regional) interests among key private stakeholders.
- Lack of effective representations from key private industries, namely insurance, banking, passenger buses (whose association is yet to be formed) and Cambodia Chamber of Commerce in various consultations. This is especially the case for the GMS Business Forum.
- The lack of capacity and resources in private sector, its association and peak bodies, but more importantly in the government institutions, creates difficulty, delay and uneven implementation of CBTA.
- ADB's role as donor and driver in CBTA and in broader GMS trade facilitation initiatives could have been improved with better planning and better coordination and involvement of related stakeholders. It was suggested that "ADB's approach for project implementation seems to be too centralized; it depends mainly on its own consultants while involving fewer than necessary key stakeholders." Regional and local resources should be first explored and exhausted before bringing in expensive consultants from outside the region.
- Additionally, there is this syndrome of the "sign first, discuss later" in the making of CBTA, which is commonly found in many of the ASEAN initiatives.
- There is a lack of clear and realistic timeframe and mechanism for enforcement of the implementation of CBTA and associated TF initiatives; a lack of integration of donor support for trade related initiatives.
- Uneven political will and commitment to fair and effective implementation of CBTA among some GMS member states.

Box 1 tells a story of how the issue of lack of awareness exists among TTF-CBTA programme and how improved awareness can enhance effective stakeholders' participation and consultation.

Box 1: A problem illustrated – Lack of awareness on GMS Programme

Some of the stakeholders from the private sector and a few from the government agencies reveal one common fact about the GMS Programme: very little is known about the programme among key industries, provincial and local authorities and border communities and traders. This has not only made it a lot harder for the private sector to involve usefully in providing inputs for the programme and participate more in regional integration projects, it has also made the needed cooperation and facilitation of TTF initiative from the local and provincial levels much more difficult. To some extent, it has jeopardized the successful implementation of CBTA in particular.

Specifically, most of the insurance and financial institutions and senior representatives interviewed have neither been involved in CBTA consultation nor have been aware of the initiative. The representative from the insurance industry told us that they would have been more useful and involving in the programme, contributing to, for example, resolving issues concerning differences insurance policies for crossing countries vehicles and being more prepared for regional and sub-regional business potentials arising from the integration provided that they had been aware and consulted. Simply put, the lesson here is: quality information about CBTA and its benefits as well as trade facilitation and GMS regional integration (including the GMS programme) should be more widely disseminated to all key stakeholders; this should enhance cooperation from different levels of the process and fewer challenges to be dealt with at this stage of implementation.

6. Conclusion and Recommendations

Given Cambodia's fast growing export sector and the increasing competitiveness of globalization and free market economy, trade and transport facilitation including investment in essential infrastructure, is imperative if Cambodia's emerging economy is to be sustained. When widely implemented, the Cross-Border Transport Agreement (CBTA) and its provisions will be a vital tool for GMS member states to fully realize more efficient regional and international flow of trade and transport of goods and people.

However, before that can happen, obstacles to the implementation of IICBTA, CBTA and related TTF initiatives need to be resolved. This can be achieved through better coordination, consultation and involvement of key stakeholders, increased mobilization of resources and investment in local capacity building programmes, promotion of public awareness, enhanced representation of industry by the private sector and improved roles of ADB and related donor agencies in the management of CBTA implementation.

As discussed in earlier sections there have been many challenges and bottle necks to the successful and effective implementation of trade and transport facilitation initiatives particularly in effective stakeholder consultation. Despite some constrains in time and scope of the study, our key informants have provided us an opportunity to gather many inputs including advice, suggestions and recommendations to remove the obstacles and improve stakeholder consultation in the context of the implementation of CBTA and related regional integration initiatives. The key analytical findings and corresponding constructive recommendations are summarized and grouped below based on the natures of coordination and issues.

- **On existence and effectiveness of national-level coordination between various sub-regional and regional activities (GMS, ASEAN and others)**

- **Overall:**

Finding 1:

- In general, the study found that there is still low and uneven awareness of the value of regional and subregional integration for Cambodia in ASEAN and GMS, and knowledge of the mechanisms available to achieve this, even among some key stakeholders in the government and the private sector.

Recommendation 1:

- The RGC in partnership with the local private sector, research institutions, and the media should seek support from development partners for a multilayered long term programme of education, awareness raising, and capacity building to raise the level of awareness of the value of regional and subregional integration for Cambodia in ASEAN and GMS, and knowledge of the mechanisms available. This is particularly relevant in the light of the lessons of the global and regional economic crisis and its impacts on Cambodia. This should be designed, implemented and resourced in close consultation with key local stakeholders, particularly the private sector, to ensure it is locally owned and driven.

Finding 2:

- Key stakeholders in both government and the private sector suggested that there is a need for more effective intra-government coordination at the national level in the context of sub-regional and regional integration programmes in GMS and ASEAN.

Recommendation 2:

- The RGC should use the ASEAN and GMS Summits and SOM Meetings processes, over time, to achieve the integration of ASEAN's CLMV focused initiatives and GMS related programmes.
- The RGC should consider the feasibility of establishing an agency or coordinating office solely responsible for subregional and regional cooperation. One model to consider could be Thailand's Neighbouring Countries Economic Development Cooperation Agency (NEDA), which aims to foster mutual economic-development partnership with neighbouring countries.

- **For trade and transport facilitation in particular:**

Finding 3:

- Development assistance, both financial and technical, for trade and transport facilitation programmes currently comes from a range of development partners such as World Bank, ADB, ASEAN and other agencies, with weak coordination and integration, and poor "donor harmonisation and coordination," with negative impacts on effective stakeholder consultation and participation.

Recommendation 3:

- Development partners providing assistance for subregional and regional integration programmes, including TTF programmes, should work closely with RGC agencies to achieve greatly improved harmonisation and coordination designed to facilitate effective stakeholder consultation and participation, linked clearly to the

government's National Strategic Development Plan and Cambodia's Trade Integrated Strategy. One important tool would be to utilise a web-based database on technical assistance projects in the subregion aiming at facilitating information flows on on-going technical assistance initiatives, helping reduce duplication of technical assistance activities and contributing to more effective provision of such technical assistance. The CDC's ODA database³⁹, which provides a strategic management tool to support the implementation of good practices in aid management in relation to coordination, planning, implementation and reporting for government and development partners, should be fully utilized, customized and improved as necessary to achieve particular coordination needs.

- **On the existence and effectiveness of national-level inter-agency coordination (i.e. coordination between government actors) of GMS activities:**

- **Overall:**

Finding 4:

- The study found that while the existing GMS National Secretariat, within the CDC, is an effective coordination mechanism, its role would be even more effective with additional human, financial and technical resources, and closer linkages to ASEAN and other regional integration mechanisms.

Recommendation 4:

- The national coordination mechanism for ASEAN and GMS regional and subregional integration proposed in Recommendation 2, would assume a continuing key role for a better resourced GMS National Secretariat within a more effective national coordination framework.

- **For trade and transport facilitation (CBTA) in particular:**

Finding 5:

- Some stakeholders, in both the government and the private sector, suggested that, in relation to TTF in particular, too much power/authority is concentrated in a few key "overstretched" ministries/agencies with too limited capacity; that some of the key agencies responsible for implementation have strong vested interests (e.g. access to informal payments or fees) and are resistant to change; and that the provincial level of government does not have adequate information enabling their effective participation in consultation processes.

Recommendation 5:

- Given the difficult experiences and lessons learnt for all stakeholders in CBTA to date, the further implementation of CBTA and related future TTF initiatives, should have the following features:
 - More assertive ownership and control by the RGC and its agencies, in consultation with key stakeholders such as the private sector, of the consultation processes, utilisation of appropriate technical assistance, programme design, local capacity development of key agencies and stakeholders, and the planning, sequencing, and timetable for implementation;
 - More effective, genuine and systematic consultation with national stakeholders by the ADB and other development partners in planning, design and implementation;

³⁹ <http://www.cdc-crdb.gov.kh/database/index.htm>

- More targeted resources for consultation and capacity development of key government agencies and private sector stakeholders to enable them to participate effectively, including support for more effective participation of a broader range of private sector stakeholders, both peak bodies and corporations, in both GMS integration broadly, and TTF-CBTA in particular;
 - Consultation and capacity development for key stakeholders should be sequenced and timed to be consistent in its support for the different planning and implementation stages of each programme, and to take into account the varied institutional strengths and weaknesses of key government agencies and other stakeholders.
 - The RGC should disseminate information on regional trade and transport projects to lower level officials of the local and provincial authorities along the borders of neighbouring countries. Consultative meetings should be held in key border provinces to involve this group.
- **On the existence and effectiveness of national-level consultation mechanisms and coordination between government and other stakeholder groups for GMS activities/ On whether particular stakeholder groups are adequately represented and/or consulted at national-subregional-regional levels.**
 - Overall:

Finding 6:

- The study found very uneven and often weak engagement in the national consultation mechanisms, and the broader GMS activities, for peak bodies such as the Cambodia Chamber of Commerce and the Provincial Chambers of Commerce, for particular sectors such as insurance and banking, even though the GPSF is acknowledged as an effective national consultative mechanism on private sector issues. Stakeholders felt that this was due to poor resources for broader private sector participations in GMS activities, poor access to information on the value and opportunities for participation, and for domination of such opportunities by a few large corporations and business leaders with vested interests.

Recommendation 6:

- The RGC and ADB should involve, and resource the involvement of a broader range of key stakeholders including border traders, border communities, local authorities and key private sectors such as insurance and banking, in its GMS private sector activities broadly, and in consultation mechanisms for TTF and private sector development in particular. The RGC should seek coordinated support from the ADB and other development partners to provide information, capacity building and organisational support to peak bodies such as the Chambers of Commerce to promote more effective and better informed participation.
- It was specifically suggested that the RGC and ADB should arrange consultative meetings near the border points of Cambodia's provinces so to involve these key border stakeholders.

Finding 7:

- Many stakeholders identified the lack of easily accessible, up-to-date public information on the value and benefits of subregional and regional integration and

associated initiatives as a key barrier to effective involvement and cooperation from stakeholders in subregional and regional integration projects.

Recommendation 7:

- The RGC (and ADB) should promote more awareness about regional integration projects to related stakeholders such as:
 - Domestic businesses so that they can provide inputs to the programmes and can be more ready for cross-border trade;
 - Border communities so that any potential impacts (such as displacement from construction of CCA and renovation of existing roads) can be circumvented.
 - ADB and other development partners involved in regional and subregional integration initiatives should design and resource a long term coordinated programme of collaborative policy relevant research for academic and research institutes in the GMS region, with an effective consultative body to ensure the relevance of its research and accessibility of research outputs to policy makers. This should include the sharing among GMS member countries of issue-rich case studies and lesson learnt from each other's experiences to help improve the setting of priorities and the design of programmes to promote more effective GMS integration including specific lessons from the experience of implementation of CBTA.
- **For trade and transport facilitation (CBTA) in particular:**

Finding 8:

- Some stakeholders strongly expressed the view that the current national mechanism for CBTA stakeholder consultation, the National Transit Transport Coordinating Committee (NTTCC), lacks effective representation from some other key stakeholders, particularly from the private sector, and meets too infrequently to effectively resolve issues related to CBTA implementation in a timely and genuinely consultative way.

Recommendation 8:

- The National Transit Transport Coordinating Committee (NTTCC) should be restructured to improve its functions and meetings should be held on a more regular basis and involving a more representative range of private sector stakeholders and senior representatives of government agencies with decision making capacity.
- The RGC and development partners such as the ADB should provide better designed and well-sequenced financial and technical support to the NTTCC, and its participating agencies, to improve the capacity of their staff and for them to better fully fulfil their functions, at each stage of TTF-CBTA design and implementation.

Finding 9:

- 'The Sign Now and Work It Out Later Syndrome' was identified by many key stakeholders in TTF-CBTA and GMS sub-regional integration as a fundamental and very problematic factor in the design and implementation of such initiatives, particularly in relation to the role of the ADB. This refers to a situation, such as CBTA, where there is strong political and/or bureaucratic pressure, coming from either within or outside the GMS countries themselves, to prematurely sign a very significant and very complex agreement before essential groundwork has been

done, over an appropriate lead-in period, to analyse its potential implications for the different GMS countries and their systems, and the complex range of national and bilateral regulatory reform and negotiation that will be required. This also seriously underestimates the often serious practical challenges to implementation, especially given the ‘least developed country’ status of some GMS members, and the fundamental local institutional and professional capacity building and strengthening of key stakeholders that will need to be done in advance if there are to be prospects of effective implementation on an agreed timeframe.

Recommendation 9:

- The RGC, its key agencies involved in TTF-CBTA and other significant GMS sub-regional initiatives, in close partnership with other key private sector stakeholders, need to work assertively with other GMS member countries, the ADB and other major development partners to address this fundamental and unresolved challenge, which has significant implications for future GMS and ASEAN integration initiatives and their prospects for success.

Finding 10:

- Many stakeholders emphasised that the uneven and often low level of capacity and available resources both in the private sector (as well as its associations and peak bodies) and more importantly in some government agencies that are still working hard to build broader institutional capacity cause obstacles, delays and uneven implementation of CBTA.

Recommendation 10:

- ADB, World Bank and other development partners should provide capacity building assistance to key government agencies such as the Customs Department and CAMCONTROL and key private sector stakeholders, to improve their level of capacity and professionalism (such as in laboratory techniques in SPS) in cross-border trade and transport facilitation.
- In addition, capacity building programme specifically targeted for young professionals on regional and subregional integration trade initiatives should be used as a vehicle to achieve this with a stronger support and commitment by development partners and with partnership with local research institutes.
- To achieve longer term institutional capacity development on TTF-CBTA issues, development partners such as ADB, rather than rely so heavily on short-term and non-locally based consultants and technical advisers, should make a more strategic investment of resources in key local stakeholders, (government, the private sector and policy research institutes) for project consultation, design and implementation.

Finding 11:

- The strong vested interests among some major private sector stakeholders, particularly commercial advantage for competing businesses, was highlighted by several stakeholders as a major constraint to effective consultation and cooperation in the implementation of CBTA and related cross-border agreements.

- Stakeholders also expressed concerns that private sector involvement was often dominated or influenced by an over representation by a few large companies that stood to gain commercially from CBTA and other cross-border TTF arrangements.

Recommendation 11:

- If TTF-CBTA is to be a vehicle for the equitable facilitation of competitive entrepreneurial business activities and trade in the GMS, TTF-CBTA initiatives and mechanisms must be designed both subregionally and nationally to ensure more equitable access to information on the benefits of these initiatives for the private sector broadly, and more equitable access to opportunities to participate in key consultative mechanisms, including NTTCC and G-PSF.
- Key stakeholder representatives from the private sector should genuinely represent the broad common interests of effected sectors and industries rather than a few influential individuals and large corporations.

Finding 12:

- Stakeholders pointed to the many unresolved issues in the different policies and regulations (such as on insurance, transport and traffic laws) across the GMS countries, which remain highly problematic and cause costly delays for trucks and passenger vehicles when crossing borders.⁴⁰

Recommendation 12:

- Governments of the GMS countries and ADB should work together on a more realistic and carefully sequenced timeframe in consultation with key private sector stakeholders to ease and facilitate the issues of differences in terms and measures of standardizations, policies, rules and regulations for example in traffic laws and insurance policies in their respective countries. Enforcement of those laws and regulations should also be promoted.

Finding 13:

- Many stakeholders emphasised the uneven political will and lack of commitment to fair and effective implementation of CBTA among the GMS member states, and continuing protectionist tendencies by some GMS member states. This concern is likely to be exacerbated by the global and regional economic crisis.

Recommendation 13:

- GMS member states should utilise the GMS, ASEAN and ASEAN+3 Summit processes, and their responses to the crisis to reaffirm their commitment to regional and subregional integration base on free and fair trade and rejection of protectionism. The LDCs in the GMS states in particular should make a strong case for ASEAN and ASEAN+3 collaboration and support to argue the case for more generous and targeted international development assistance to support this, and to contribute to 'bridging the development gap' in ASEAN and ASEAN+3.

⁴⁰ E.g. Current insurance policies only cover Cambodia and NOT cross-border transport.

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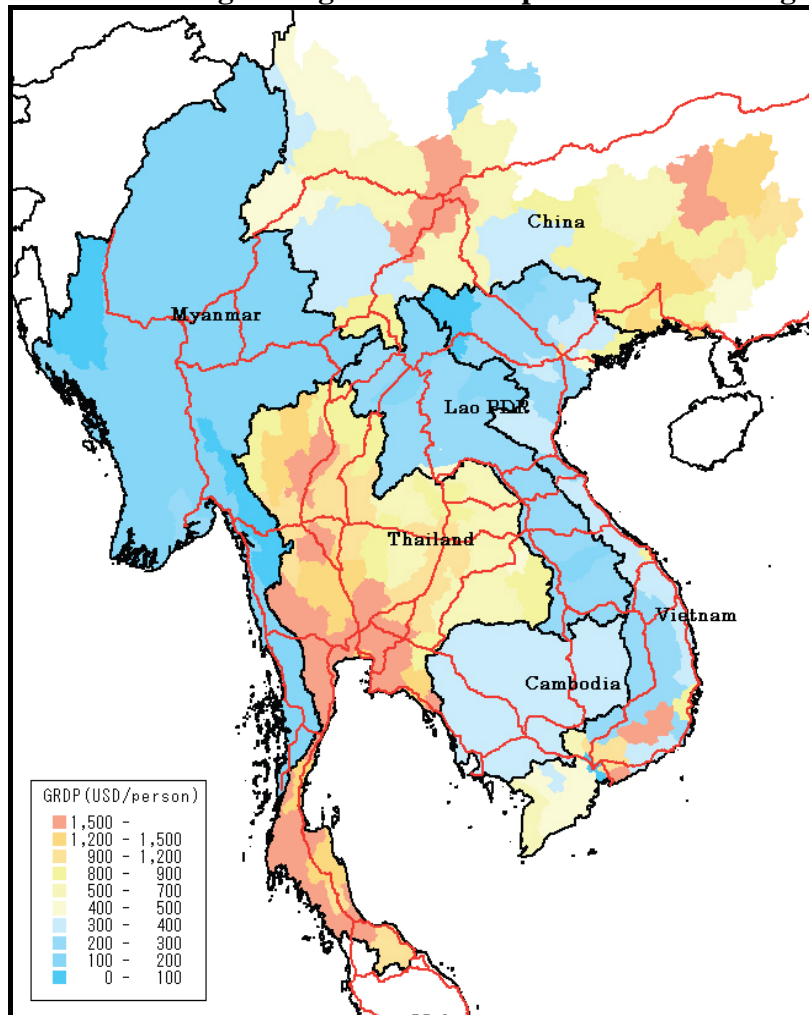
Annexes

A- List of Stakeholders Interviewed

N°	Institution
Government Sector	
1	General Directorate, International Trade, Ministry of Commerce
2	Planning and Administration General Department, Ministry of Public Works and Transport
3	Council for the Development of Cambodia (CDC) & GMS National Secretariat
4	Ministry of Public Works and Transport, National Transit Transport Facilitation Committee (NTTCC)
5	Customs and Excise Department, Ministry of Economy and Finance
6	Cambodia Import Export Inspection and Fraud Repression Department (CAMCONTROL), Ministry of Commerce
7	Financial Industry Department, In Charge of Insurance Industry, Ministry of Economy and Finance.
Private Sector	
8	Forte Insurance
9	Asia Insurance
10	So Nguon Transportation & Service Import Export Co., LTD
11	Cambodia Chamber of Commerce (CCC)
12	Association of Banks in Cambodia, Canadia Bank PLC.
13	Cambodia Freight Forwarding Association (CAMFFA)
	INTRA Mekong Co., Ltd.
14	SDV (Logistics) Cambodia Ltd.
15	Holcim (Cambodia) Ltd.
	Khmer Cement Cambodia
16	Cambodia Trucking Association (CAMTA)

B- Related Maps

Map 1: Map of the Greater Mekong Subregion and Per-capita GRDP in the region⁴¹



⁴¹ Formulated by the JICA Study Team based on existing data. **Note:** 1) Per-capita GDPs are shown for Cambodia. Per capita GRDP for Lao PDR and Myanmar were estimated by the study team from its total GDP. GRDPs for China, Thailand, and Vietnam were estimated based on GPP (Gross Provincial Product). 2) Cambodia: 2004, Vietnam: 2004, Thailand: 2003, Yunnan: 2003, and Guangxi Zhuang Autonomous Region: 2005. 3) Per-capita GRDP for Myanmar was calculated from 2004 GDP and 2005 population and GRDP. 4) Per-capita GRDP for Lao PDR was calculated from 2003 GDP and 2002 population.

Map 2: Map of GMS Infrastructure Projects in Cambodia



Map 3: GMS Economic Corridors, road networks and main border crossing points⁴²

