

EU-German Global Access and Trade Expertise (EU-German GATE)

Sustainable economic development

Background

Trade remains a key driver for Cambodia's economic growth and poverty reduction. However, as the country progresses towards graduating from Least Developed Country (LDC) status, expected by 2029, concerns arise about the potential impact of losing preferential tariff arrangements.

To address these concerns and bolster the trade sector, Cambodia is actively diversifying its exports, building resilience, and promoting socially inclusive and environmentally sustainable trade practices.

Efforts are underway to embrace e-business, streamline logistics costs, enhance customs procedures, and integrate Cambodian businesses into global value chains. The government is committed to fostering a favorable business environment, particularly for small and medium-sized enterprises (SMEs).

Cambodia's resilient response to the COVID-19 pandemic resulted in a robust recovery and increased foreign direct investment (FDI). Despite global challenges, favorable investment laws and ongoing manufacturing relocation efforts have attracted significant FDI. Notably, the digitalization of customs processes and the thriving e-commerce market illustrate the progress made.

However, there are persisting challenges that need attention, including the development of e-skills, ensuring data security and privacy, and strengthening consumer protection.

In support of Cambodia's trade development priorities, the EU-German GATE project is dedicated to assisting the country by improving regulations, measures, and practices. Its primary objective is to facilitate inclusive and sustainable exports to the EU and regional markets.



Project name	EU-German Global Access and Trade Expertise (EU-German GATE)
Commissioned by	European Union (EU) and the German Federal Ministry for Economic Cooperation and Development (BMZ)
Project region	Cambodia
Lead executing agency	Ministry of Commerce
Duration	May 2024 – March 2028

Our approach

The EU-German GATE project's activities encompass five outputs that contribute to Cambodia's trade readiness, trade facilitation, digital economy facilitation, and SMEs' growth. The project focuses on four main intervention areas, including:

- **Trade Policy:** Strengthened capacity of public and private sector stakeholders in sustainable and inclusive trade development with a focus on LDC graduation.
- **Digital Economy:** Improved capacity of stakeholders in the legal and regulatory framework for the digital economy, including consumer and data protection rights.
- **Trade Facilitation:** Enhanced capacity of the General Department of Customs and Excise (GDCE) and Other Government Agencies (OGAs) in risk management and trade facilitation.



Photo (L) 7th Steering Committee Meeting for the ASYCUDA Modernization Project
Photo (R): ASEAN-Cambodia Business Summit



Photo (L): Khmer Organic Cooperative at ARISE Plus Closing Event

Photo (R): Launch of the Export Guides to Europe during the 7th SME Export Talk

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- **SME Trade Competitiveness:** Increased capacity of target SMEs, including women-owned, in accessing ASEAN, EU, and other markets in selected value chains.

The project aligns with Cambodia's development strategies, trade policies, and international commitments to maximize impact and contribute to sustainable development goals. It is integrated into Cambodia's long-term development plans for lasting sustainability.

The benefits

The project's intervention contributes to Cambodia's inclusive and sustainable trade while strengthening the private sector to meet international standards for exporting to the EU and regional markets. Key activities include:

- Strengthening the technical capacity of target public and private sector stakeholders improves negotiation capacity for sustainable trade agreements, market readiness, fosters public-private dialogue, and promotes gender-focused trade policies.
- Support for digital economy negotiations ensures adaptation to the global landscape, protects personal data, and enhances consumer protection efforts.
- Risk management at borders safeguards human health and facilitates the flow of low-risk cargo.
- Streamlined trade facilitation and paperless trade reforms reduce time and costs for export and import procedures.

- Strengthening export service providers empowers SMEs with market information, certification, branding, and digital marketing skills, while promoting gender equality.

- Individual counseling and training directly assist SMEs in exporting their goods and services.

These activities collectively contribute to Cambodia's trade sector development.

Expected Outcomes

The project's outcome focuses on four main targets:

- The Royal Government of Cambodia (RGC) negotiates agreements, understandings, or undertakings with key trading partners in the process of the LDC graduation.
- The RGC develops and adopts key reforms that strengthen the business environment and protect consumers, support a deepening of the digitalization of its economy, and embrace inclusive and sustainable trade aligned with EU policies.
- The average time of import and export processing time decreases, improving cost competitiveness for all Cambodia-based exporters and importers.
- SMEs supported by the project, including women-led SMEs, become ready to export and increase their exports to EU and/or ASEAN markets by 30% from the baseline.

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