

Third Roundtable with Local and International NGOs: WTO Accession

August 20, 2003

IMF Resident Representative Office in Phnom Penh

The third IMF-NGO roundtable was held on August 20, 2003. Participants discussed Cambodia's application for accession to the WTO.

The IMF Resident Representative made a few opening remarks regarding the potential gains from trade liberalization, noting in particular that greater competition and market access could attract more investment, diversify the economy, and help to reduce corruption. He also reminded participants that WTO accession was not part of IMF conditionality, but was rather a policy decision of the Royal Government of Cambodia.

The representative from *NGO Forum* introduced the topic with a PowerPoint presentation entitled "Cambodia, Trade, and Poverty Reduction". The presentation stressed concerns that negotiations had favored the more developed members of WTO, and that Cambodia had been obliged to make concessions that far exceed the limits promised at Doha. He pointed out that Cambodia is now obliged to rapidly reduce agricultural tariffs, even while the United States, the European Union and Japan maintain much higher peak agricultural tariffs. It was also noted that, despite the promise made at Doha to allow until 2016 for full implementation of TRIPS, Cambodia was granted only until 2007. Against the background of the Cambodian experience, *NGO Forum* felt there was a serious need to reform the accession process so that accession requirements are more sensitive to development indicators and to the need for positive discrimination (e.g., to protect food security) in favor of least developed countries. Finally, *NGO Forum* felt that IMF programs, including in Cambodia, have enforced trade liberalization in developing countries while their main shareholders continue to protect their agricultural markets. In turn, *NGO Forum* considered inappropriate conditionality placed on trade liberalization.

Other participants, although in agreement with criticisms of the accession process, were less concerned about trade liberalization. Indeed, the director of the *Cambodia Economic Institute* suggested that the next IMF-supported program would need to be consistent with the authorities' commitments under WTO and AFTA in the trade policy area. Related to this suggestion, he urged the IMF to be more transparent by providing technical assistance reports to the public.

The representative from the *Center for Social Development* expressed skepticism regarding the extent to which WTO accession would help to reduce corruption. Further, she wondered how much rapid change Cambodia can cope with, considering its weak institutional foundations. The IMF Resident Representative suggested, however, that further opening of the Cambodian economy would reduce rent-seeking opportunities which favor non-transparent business practices. At the same time, he admitted that legal and judicial reforms

had been slow, and that the enactment of a number of laws—including, of course, the Anti-Corruption Law—would be essential to improve governance.

Finally, there was agreement among participants that there needed to be more empirical research into the poverty impacts of trade liberalization in general, and WTO accession in particular. In this regard, the IMF Resident Representative noted that the IMF placed great importance on this matter, and was supportive of a PSIA of trade as soon as adequate data were available.