

Duty-free exports to US jump

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Cambodia exported goods worth \$6.06 billion to the US market in the first 11 months of last year, up 22.2 per cent from the same period in 2019, while total bilateral trade volume reached \$6.37 billion, according to data released by the US Bureau of Commerce.

Trade between the two countries was up 17.05 per cent over 2019's aggregate \$5.44 billion on the strength of Cambodia's exports which rose \$1.1 billion from \$4.96 billion in 2019 – offsetting a 35.6 per cent year-on-year decline in the value of imports from the US, to \$312.1 million from \$484.7 million.

Hong Vanak, director of the Royal Academy of Cambodia's (RAC) International Economics Department, told The Post on January 17 that despite the global Covid-19 crisis causing international trade volumes to decline generally around the world, Cambodia's exports to the US had been an exception.

He attributed the gains to improving diplomatic relations and communication between local manufacturers and US buyers as well as duty-free market access granted by the US' Generalised System of Preferences (GSP).

“It is no coincidence that Cambodia’s exports to the US continue to grow. This increase is strongly related to provisions of the GSP scheme, including tax exemption for the importation of travel products made in Cambodia,” Vanak said.

He noted, however, that the GSP arrangements expired at the end of last year, and renewal was still pending.

“Regarding bilateral trade in 2021, we will first need to wait and see the US’ decision to re-authorise the GSP,” Vanak explained.

The Garment Manufacturers Association in Cambodia (GMAC) noted that US importers would be required to pay duties on Cambodian products until the US Congress re-authorises GSP exemptions for the Kingdom.

“Goods entering the US after December 31, 2020, will be subject to MFN [Most-Favoured-Nation] duty rates, but the claim for GSP treatment should continue to be made as past Congressional practice has been to extend the programme retroactively from the original expiration date, so that importers are refunded, without interest, for duties incurred during the lapse,” read a notice from GMAC.

Cambodia is one of 119 countries and territories to benefit from the GSP programme. The US government has been providing duty-free access for exported Cambodian travel goods such as suitcases, backpacks, handbags and wallets under the GSP since July 2016.

In the context of the country’s rising exports, Vanak of the RAC urged local industries to diversify products deliverable to the US market, noting: “Cambodia must further examine its opportunities in other areas, especially the agricultural sector, which is in high demand in the US.”

Currently, most of Cambodia’s exports to the US are clothing, footwear, travel bags and electronic components, while US exports to Cambodia include automobiles, electronics and other value-added products.