

Improving Access for Trade in Goods and Services

Memorandum Order 7—Meat, Milk and Their Products

In July 2002, the Philippines approved Memorandum Order 7, which requires each plant wishing to export meat, milk or their products to the Philippines to submit to a verification, by an independent inspector chosen by the Philippine government, of its compliance with Philippine HACCP (Hazard Analysis and Critical Control Points) standards. The verification inspection must be re-done every three months for each plant at the exporter's expense. The inspection requirements for imports of milk and its products have been delayed to January 1, 2004. The auditing requirements for meat and its products were to have come into effect on January 1, 2003, but have since been delayed to April 1, 2003.

Canada continues to object strongly. The new requirements are unnecessarily onerous. Canada is pressing Philippine authorities to accept Canadian Food Inspection Agency attestation that Canadian plants are HACCP-compliant.

Investment

In 1998, Canadian direct investment in the Philippines was \$370 million. The largest Canadian investors in the Philippines are Sun Life and Manulife.

Canadian investors face some challenges in the Philippine market. This is particularly so in the mining sector, where Canadian companies have experienced setbacks due to unpredictable and non-transparent decision making on mineral production sharing agreements, where permitting can be slow and unpredictable, and where the national government's administrative and implementation capacity in the regions is limited.

Government decision making on build-operate-transfer (BOT) and private sector participation projects has also proven less than fully predictable, with (in particular) the law and regulations on unsolicited BOTs subject to differing interpretations.

CAMBODIA

Overview

Cambodia has a relatively open, market-oriented economy. Government reforms are ongoing, and Canadian exporters have not faced major market access barriers. Cambodia's period of economic growth continued in 2002, with gains in the garment and tourism sectors. Local partners are key to doing business successfully in Cambodia, since informal barriers to trade do exist. In 2002, Canadian exports to Cambodia totalled \$1.6 million, and imports from Cambodia reached \$20.8 million.

Cambodia's accession to the WTO is progressing well. Cambodia and WTO members hope to complete the accession negotiations in 2003, making Cambodia the first least-developed country to join the WTO since its creation in 1995. Canada supports Cambodia's efforts to accede, including through the provision of accession-related technical assistance. Canada is also co-sponsoring the APEC Economic Integration Program, which aims to help six Southeast Asian developing economies (including Cambodia) strengthen their trade facilitation and negotiation capacities. In addition, the Cambodian government has developed a Pro-Poor Trade Policy Strategy, as one of three pilot countries under the integrated framework, which consists of the six core agencies (IMF, U.S. International Trade Commission, UN Conference on Trade and Development, UN Development Programme, World Bank and the WTO).

Market Access Results in 2002

- Canadian environmental and consulting services companies established offices in Cambodia.
- A Canadian company invested in a waste management operator, while others are pursuing projects funded by international financial institutions (IFIs).
- A Canadian power company expanded a US\$4-million investment project in Cambodia.