



Advantages and Impacts of Competition Policy and Law on Private Sector

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Advantages and Impacts of Competition Policy and Law on Private Sector

- I. Market Structure
- II. Advantages and Impacts of Competition Law
- III. The Limitation of Competition
- IV. Conclusion



I. Market Structure

- Small & Medium Size Enterprises
- Year 2001
 - 27 000 companies are not registered
 - 90 00 companies are registered
- Lost custom taxes
- Low industrialization, lack of access to financial capital, complicated licensing procedures, poor infrastructure, limited access to vocational training, High cost of electricity and gasoline, High Tax etc..

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- ✓ High importation of products from Thailand, Vietnam and China
 - ✓ Smuggling and counterfeiting

So competition with imported products is very difficult for Cambodian enterprises, especially for honest producers and traders.

Table 1 : Merchandise Trade, 1994-2002

(in US\$ millions, unless otherwise stated)	1994	1995	1996	1997	1998	1999	2000	2001	2002
Trade Balance	-254	-332	-428	-230	-173	-275	-263	-226	
Exports									
Domestic Exports	262	268.2	295.2	534.3	693.7	883.9	1278.9	1415.5	1655.9
Logs	142.3	111.6	52.5	128.1	90.8	65	46.8	37.6	21.7
Sawn Timber	81.3	73.1	95.9	95.6	91.1	73.4	53.7	30.4	15.9
Fish Products	2.4	1.9	3.1	2.9	37.6	42	43.8	42.3	60.2
Rubber	25.6	41.2	31.9	22.8	41.3	48.8	60	52.4	62.7
GSP Exports	2	27.5	101.8	278.5	392.4	564.3	1012	1141.5	1403.4
Agricultural Products	5	10	7.6	2.5	24.3	71.9	36.7	81.2	50.9
Other domestic exports	0.1	0.1	0.1	0.2	0.1	0.9	3.5	6.1	15.1
NR carrier procurements	3.4	2.8	2.2	3.7	5.8	5.4	7.3	7.6	8.1
Re-exports	227.7	586.1	348.4	327.3	121.8	132.1	117.8	109.2	110.9
Total Exports (f.o.b.)	489.7	854.3	643.6	861.6	815.5	1016	1396.7	1524.7	1766.8
Imports									
Customs (c.i.f.)	643.9	923.6	722.1	780.5	565.7	715.7	740.6	710.7	728.7
Cigarettes	140.3	192.5	210	187.9	143.9	119	70.1	70.1	68.1
Motorcycles	32.9	36	18.5	17.3	44.1	35.7	30.6	21	27.9
Beer	14.6	14.7	13.7	52.1	3.1	2.2	2.5	2.3	1.5
VCRs	22.6	14.9	6.1	0.8	2.4	0.9	1.9	1.7	1.1
Televisions	21.3	17.3	18.3	5.7	4.6	6.1	5.6	4.8	4.7
Audio cassettes	4.2	4	2.5	1.5	1.9	2.5	2.5	2.5	1.9
Gold	78.9	305	41.2	136	3.5	28	34.6	11.5	10.3
Vehicles	11.3	22	24.7	25.6	14.9	27.2	23.1	25.7	38.2
Construction materials	24.8	19.2	19.6	18.9	7.8	13.4	13.1	14.4	12.9
Cloth	10.8	17.2	21.4	17.6	21.5	33.5	46.1	27.9	38.6
Clothing	35.2	12.6	10.1	4	3.7	3.5	3.3	11.2	5.3
Petroleum Products	61.4	99.3	128.7	135.8	146.6	151	155.6	174.8	149.6
Sugar	9.3	6.4	13.8	15.3	13.7	21.8	9.6	25.4	25.9
Cement	5	12.3	15.2	16.3	12.6	19.6	27.4	31.1	37.3
Steel	2.4	4.3	5	0.8	6	18.5	20.8	18	22.6
Other	169	146	178.6	191.8	145	237.8	302.1	277.2	281.1
Duty free imports (c.i.f.)		0	0	0	437.1	612.8	1075.7	1214.3	1444.4
Coverage adjustments	165.2	340.7	438.8	494.1	273.4	283.1	278.6	299.7	327.3
Total Imports (c.i.f.)	809.1	1264.3	1160.9	1274.6	1276.2	1611.6	2094.9	2224.7	2500.4
Total Imports (f.o.b.)	744.4	1187	1071.6	1092.4	1179.3	1489.6	1934.7	2052.3	2311.1
of which: retained imports	503	574	723	765	777	987	1354	1425	n.a
Exchange rate (nrl/USD)	2545	2451	2624	2946	3744	3804	3845	3922	3925

a. Not recorded separately prior to 1998.
Source: NIS 2002a: 252-253; NIS 2003: 423-425

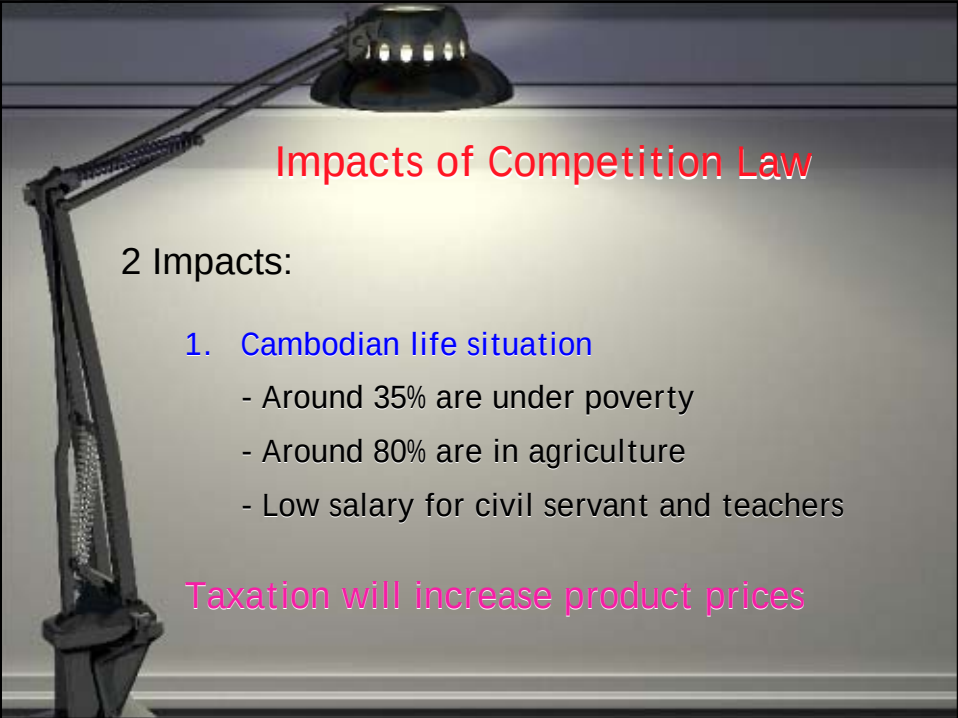
II. Impacts and Advantages of Competition Law

- Private Sector:
 - Large Multinational Corporations
 - Joint-Venture Enterprises
 - Large Locally Owned Business
 - Small and Medium Size Enterprises
 - Micro Enterprises



Advantages of Competition Law

- Encourage fair and free economic competition
- Regulating the abuse and the unfair of business operators
- Avoid concentration of power, of monopoly
- Avoid of corruption
- Protecting trade mark and name
- Stimulating creative business activities
- Increasing tax revenue
- Protecting consumer



Impacts of Competition Law

2 Impacts:

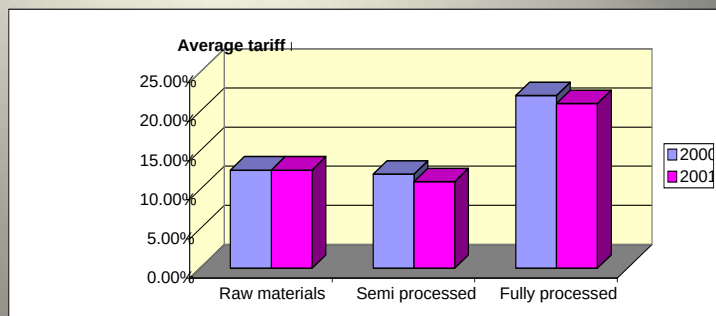
1. Cambodian life situation

- Around 35% are under poverty
- Around 80% are in agriculture
- Low salary for civil servant and teachers

Taxation will increase product prices

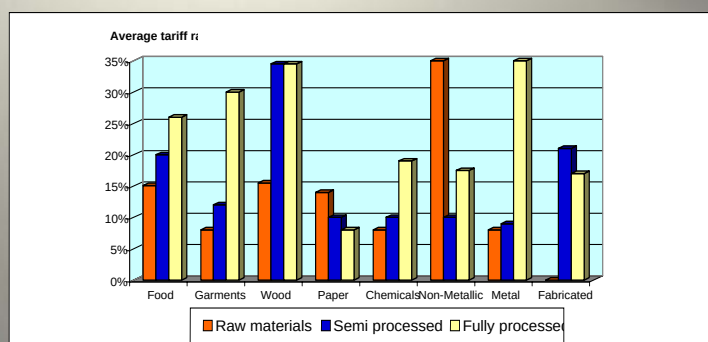
Custom tax structure in Cambodia

Table 1



Custom tax structure in Cambodia

Table 2





Impacts of Competition Law

- Low custom tax:
 - Encourage family buying power
 - Reduce smuggling and counterfeiting
 - Reduce licensing procedures

2. Unemployment



III. Limitation of Competition Law

- Competition law does not build markets
- Competition law does not make the judiciary independent
- Competition law does not constrain government actors

A desk lamp with a black adjustable arm and a silver base is positioned on the left side of the frame. The lamp's head is tilted upwards, casting a focused beam of light onto a presentation slide. The slide has a light gray background and contains text in blue and black. The lamp's arm is made of a dark material, possibly metal or plastic, and has several adjustment points. The base is a simple, cylindrical silver-colored stand. The overall scene is dimly lit, with the primary light source being the desk lamp.

IV. Conclusion

- Effective competition law requires competent and independent judge
- Effective competition law needs to be tailored to country specific circumstances, especially the stage of economic development
- Effective competition law needs good governance and transparency.