

SECTION FOUR

Country-level Workshop on Freight Forwarding and Multimodal Transport

**Phnom Penh, Cambodia
15-16 November 1999**

I. Organization of the Workshop

A. Introduction

The Country-level Workshop on Freight Forwarding and Multimodal Transport was held in Phnom Penh, Cambodia from 15-16 November 1999. It was organized by the ESCAP secretariat in cooperation with the Ministry of Public Works and Transport of the Royal Government of Cambodia.

B. Attendance

The Workshop was attended by 41 participants, including senior officials from various state agencies and enterprises concerned with freight forwarding activities and multimodal transport in Cambodia and personnel from freight forwarding and insurance companies. Participants from the public sector constituted 74 per cent of the total number of participants while private sector participation amounted to 26 per cent. The list of participants is given in Annex XII to the report.

C. Workshop Opening

In his welcoming address, H.E. Mr. Ahmad Yahya, Secretary of State of the Ministry of Public Works and Transport, welcomed the participants and expressed his sincere appreciation to the ESCAP secretariat for having agreed to organize the workshop in Phnom Penh. He drew the attention of the participants to two critical issues of particular relevance to the Workshop. Firstly the role of the transport sector and the freight forwarding sector in ensuring cost effective and reliable access to foreign markets. Secondly the importance of strengthening regional cooperation in working together to achieve common goals.

Today, as a member of ASEAN and under the name "Economic Government", the Cambodian Government has been pooling all its efforts in improving its transport infrastructure and facilities through either international, government or private investment. The approved projects of construction of Asian Highway and other national roads, under financial assistance from international institutions, grants from donor countries or private funds, the completed projects supporting transport services such as dry ports, and the approved rehabilitation project of container terminal at Sihanoukville Port under the soft loan from Japanese Government, etc., are witnesses of this development. The signing of some important agreements, either bilateral or multilateral with other ASEAN members is another particular catalyst emphasizing

Cambodian efforts in taking part in encouraging the development of transport sector with other countries in the region. He stated that the development that have taken place in the transport sector has revolutionized the production and distribution process and created the global markets. However, he noted that without proper infrastructure and facilities transport services offered to the trade would not be competitive.

He stressed that the main purpose of this Workshop was to bring together relevant government officials and the private sector to raise their awareness on the issues relating to freight forwarding. A copy of his address is at Annex XIII.

In his address, representative of ESCAP welcomed the participants and thanked the Ministry of Public Works and Transport for hosting the Workshop. He congratulated them on the excellent arrangements made for the Workshop and expressed gratitude to the Government of France for its financial support. He hoped that the Government of France would continue to provide financial support in the area of freight forwarding and multimodal transport which was a very important component of the ESCAP secretariat's activities. The text of his address is attached as Annex XIV.

The ESCAP representative stated that trade activities significantly contribute to economic development and an efficiently managed transport system is a prerequisite for the competitiveness of trade. A deep and close cooperation amongst all parties concerned should be promoted to enhance efficiency in serving existing and new markets.

The freight forwarding industry plays a vital role in promoting international trade. The services of qualified and credible freight forwarders can effectively assist shippers and consignees to reduce transport and documentation costs as well as inventory due to the ability to select and contract appropriate transport arrangements for each consignment and employ "just-in-time" business logistics.

The key role of the freight forwarder as partner of the shippers and of the shipping lines/airlines is to assist in linking production and consumption through distribution of goods and services. The freight forwarder follows a freight policy; not a policy of cooperation with one particular carrier as the freight forwarder is neutral and flexible. Freight forwarders could become the main catalysts for the free flow of trade. In Cambodia, where freight forwarding is yet to develop into a full fledged multimodal transport industry, it is important for all sectors including the banks and customs to gain awareness of the important role played by the freight forwarder in intra-regional and international trade.

In his closing remarks in Phnom Penh, H.E. Tram IV Tek, Secretary of State of the Ministry of Public Works and Transport expressed his thanks to the Government of France and ESCAP for their kind support in the form of funds and experts for the Workshop. The Workshop has drawn a close look at the development of freight forwarding and multimodal transport and has helped the participant gain a better understanding of the significance of this industry to the economic development of Cambodia. The text of his closing remarks is attached at Annex XV.

D. Workshop programme

Monday, 15 November 1999

A.M.

Registration

Opening ceremony by H.E. Mr. Ahmad Yahya, Secretary of State, Ministry of Public Works and Transport

Statement from representative of ESCAP

Overview

To set out the background and the objectives of the workshop

Share the findings and deliberations of the Sub-regional Seminar on Freight Forwarding and Multimodal Transport held in Bangkok from 14-15 October 1999.

Session I: Links between international trade and international transport

Introduction

Current status and future prospects for external trade in the country

Documentary credits and INCOTERMS

UCP 500

Activity/exercise

Session II: Multimodal Transport Corridors in the GMS

Routing alternatives

Activity/exercise

Session III: Carriage of goods overland

Asian Highway and Trans Asian Railway maps

Land Transport (Status of CMR/TIR-COTIF)

Thursday, 4 November 1999

A.M.

Session IV: Carriage of goods by air

Air freight (video - 10 minutes)
International developments in airfreight
Current situation in the country
Sea-air: An analysis

Session V: Commercial aspects of freight forwarding and multimodal transport

Video FIATA on freight forwarding (14 minutes)

The changing role of the freight forwarder:

- Stage one: traditional role as adviser to shipper
- Stage two: intermediate role, cargo consolidator
- Stage three: current role as multimodal transport operator
- Stage four: logistics service provider

Introduction to FIATA model rules

Cargo consolidation: NVOCC/NAOCC (Prospects for cargo consolidation in the country)

P.M.

Session VI: Liability regimes

Carriage of goods by sea (Hague and Hague-Visby rules, Hamburg rules)
Freight forwarder organizing the total transport: a suitable liability regime
UNCTAD/ICC Rules, FIATA B/L
Activity/exercise

Session VII: Insurance requirements

Insurance requirements for the shippers, sea carrier, air carrier, land transport and freight forwarder
ASEAN framework on Multimodal Transport

Session VIII: National Freight Forwarder Association - Establishment/further developments

Conclusions and Recommendations

Closing remarks by H.E. Mr. Tram Iv Tek, Secretary of State, the Ministry of Public Works and Transport

II. Proceedings of the Workshop

The two-day Workshop was a follow-up to the Sub-regional Seminar on Freight Forwarding and Multimodal Transport held in Bangkok, Thailand from 14-15 October 1999. At the Sub-regional Seminar the Cambodian delegation identified a number of constraints to the development of freight forwarding and multimodal transport in Cambodia. One of the main issues apart from the country's lack of basic infrastructure was the shortage of human resources in the field of freight forwarding and multimodal transport.

The objective of the Country-level Workshop was thus aimed at enhancing the knowledge of a core group of senior government officials and the private sector on subjects related to road, rail, sea and air freight forwarding. The sessions that were covered in the Country-level Workshop reflected issues that were of interest to Cambodia.

The number of participants in this Workshop was more than double the number of participants that attended from the previous Workshop held in Cambodia from 21 to 24 November 1995 (20 participants). This demonstrates the high level of interest in freight forwarding and multimodal transport activities among all parties involved in international trade and transport.

The opening session of the Workshop was also attended by members of the national press and the Workshop received important media coverage in the newspaper and television.

The following topics were covered in the Country-level Workshop:

1. Links between international trade and international transport
2. Multimodal transport corridors in the GMS
3. Carriage of Goods Overland (road, rail and inland waterways)
4. Carriage of Goods by Air
5. Commercial aspects of freight forwarding and multimodal transport
6. Liability regimes and UNCTAD/ICC Rules for Multimodal Transport
7. Insurance requirements
8. Establishment of a National Freight Forwarders' Association

The Workshop presentations were made by ESCAP resource persons with some specialist inputs from Cambodia.

During the session on 'Carriage of Goods Overland', Mr. Geerink Lieven, Officer-in-Charge, River Works and Transport Unit of the Mekong River Commission Secretariat discussed the importance of the Mekong River as a viable alternative to other modes of transport. He stated that various projects (i.e. infrastructure and navigation) have been undertaken to develop the Mekong River into an international waterway. He stated that the port of Phnom Penh should be seen as an alternative to the port of Sihanoukville as bridge clearance on the Mekong River has been increased to 39 metres to permit sea-going vessels to all at Phnom Penh port.

During the session on 'Insurance Requirements', a representative from the Cambodian National Insurance Company (Ministry of Economy & Finance), presented a synopsis of the insurance situation in Cambodia. He stated that the insurance market is still in its infancy and needed to be developed. This topic is of great importance to the participants and it was acknowledged that the understanding of risks and availability of insurance is also fundamental to the development of freight forwarding and multimodal transport in Cambodia.

At the end of the workshop, participants developed a set of recommendations for consideration by the Government. These are contained in the section below.

III. Conclusions

The participants urged the Government to consider the following measures in order to further develop freight forwarding and multimodal transport in Cambodia:

- (a) Support the establishment of a national freight forwarders' association and elaborate its status so as to give a legal status to freight forwarders in Cambodia.
- (b) Once the association is established, it may join FIATA and receive the right to issue FIATA documents.
- (c) Harmonize national legislation in accordance with international rules and regulations and facilitate the movement of goods.
- (d) Familiarize trade and industry on the type of services offered by freight forwarders.
- (e) Establish a committee for the coordination and facilitation of all freight forwarding activities.
- (f) Register all transport companies operating in Cambodia.
- (g) Include freight forwarding and multimodal transport into higher education curriculum.
- (h) Seek funding to develop infrastructure and human resource training development in the field of freight forwarding and multimodal transport.
- (i) Exchange ideas and experiences from neighbouring countries on the development of freight forwarding and multimodal transport with the assistance of national forwarders' associations in neighbouring countries (i.e. TIFFA and VIFFAS).

ANNEX XII

Country-level Workshop on Freight Forwarding and Multimodal Transport

Phnom Penh, 15-16 November 1999

LIST OF PARTICIPANTS

LIST OF PARTICIPANTS

Mr. Sok Bunrith, Cabinet Council of Minister, Phnom Penh

Mr. Ung Chun Huor, Land Transport Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Leng Chheng, Road Infrastructure Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Ruos Vanna, KAMSAB, Phnom Penh

Mr. Soum Narrun, Camcontrol, Ministry of Commerce, Phnom Penh

Mr. Chhon Hong, Sihanouk Port, Sihanouk Ville

Mr. Heang Sophol, Sihanouk Port, Sihanouk Villa

Mr. Sre Serevat, Land Transport Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Prum Nong, Railways Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Lim Kimlong, Railways Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Nong So Yet, Cambodia CWT Dry Port Corp., Phnom Penh

Mr. Goh Sengkhong, Cambodia CWT Dry Port Corp., Phnom Penh

Mr. Kun Chuon, Phnom Penh Port, Phnom Penh

Mr. Khong Somrat, DANZAS Company, Phnom Penh

Mr. Rat Sarak, Cambodia National Insurance Company, Phnom Penh

Mr. Loeung Simona, Merchant Marine Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Vong Settea, Administration Division, Ministry of Public Works and Transport, Phnom Penh

Mr. Vong Sovanna, Railways Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Meas Chheng, Director General of Transport, Ministry of Public Works and Transport, Phnom Penh

Mr. Moun Ve Thy, Secretary of H.E. Secretary of State, Ministry of Public Works and Transport, Phnom Penh

Mr. E.S. Tharath, Public Works Research Centre, Ministry of Public Works and Transport, Phnom Penh

Mr. Damien Tan, SPV Company, Phnom Penh

Mr. Sen Pasari, Waterways Transport Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Chan Sophal, Planning Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Pech Chanthy, Planning Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Peov Lathy, Administration Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Huy Sophondarith, Administration Department, Ministry of Public Works and Transport, Phnom Penh

Mr. Pay Som, Everich Shipping Inc., Phnom Penh

Mr. Phal Kun, Everich Shipping Inc., Phnom Penh

Mr. Sarim, SEALAND-AIR, Phnom Penh

Mr. Shibasaki, Transindo Japan Company, Phnom Penh

Mr. Chreky, Narita/Panalo Company, Phnom Penh

Mr. Chou Chiv, Narita/Panalo Company, Phnom Penh

Mr. Kong Sophan, Custom House, Phnom Penh

Mr. Chea Sarat, Custom House, Phnom Penh

Mr. Heng Piseth, Calberson Cambodia, Phnom Penh

Me. Eang Veng Sun, Phnom Penh Port, Phnom Penh

Mr. Sam Sakun, Ministry of Interior, Phnom Penh

Mr. Prum Wimol, Ministry of Interior, Phnom Penh

Ms. Heng Chenda, Ministry of Health, Phnom Penh

Mr. Hom Sovanna, Land Transport Department, Ministry of Public Works and Transport, Phnom Penh

LECTURERS

Mr. P.V. Bezy, Expert on Multimodal Transport, Water Transport Section, Transport, Communications, Tourism and Infrastructure Development Division, United Nations, ESCAP, Bangkok, Thailand

Mr. Ruth Banomyong, Consultant on Multimodal Transport, Water Transport Section, Transport, Communications, Tourism and Infrastructure Development Division, United Nations, ESCAP, Bangkok, Thailand

ANNEX XIII

**Country-level Workshop on Freight Forwarding
and Multimodal Transport**

Phnom Penh, 15-16 November 1999

WELCOME ADDRESS

**WELCOME ADDRESS BY
H.E. MR. AHMAD YAHYA
SECRETARY OF STATE, MINISTRY OF PUBLIC WORKS AND TRANSPORT**

Excellencies,
ESCAP Representatives
Distinguished participants,
Ladies and Gentlemen,
Good Morning,

It is my great pleasure to be able to extend my warm welcome to all of you to the opening ceremony of this Country-level Workshop on the Development of Freight Forwarding and Multimodal Transport. I would like to mention that in this room today, we have brought together the relevant government officials as well as the private sectors, who are implement this important field.

On behalf of the Ministry of Public Works and Transport, and all of the participants as well as on my own behalf, I would like to take this opportunity to express my sincere appreciation to ESCAP of its kind support in providing experts and funds for organizing this Workshop.

The Ministry of Public Works and Transport is happy to cooperate with ESCAP to organize this Workshop as a follow-up of the Sub-regional Seminar on the Development of Freight Forwarding and Multimodal Transport, held in Bangkok from 14 to 15 October 1999.

Excellencies,
Ladies and Gentlemen,

As you are already aware, in 45 days we will be opening a new millennium, hoping that we will live in the context of cooperation but not competition. Over the last decades, we have experienced and challenged lots of problems and issues, especially the Asian economic crisis during the past two years. Fortunately, as this century is drawing to a close, we have already witnessed signs of a healthy return to economic growth due to the increasingly competitive export pattern. In this connection, I would like to bring to your attention the two critical issues which are of particular relevance to our Workshop. The first is the role of transport sector and the freight forwarding sector in ensuring cost effective and reliable access to foreign markets. The second is the importance of strengthening regional cooperation in working together to achieve common goals.

The development in transport sector has revolutionized the production and distribution process and created the global market. It is within this competitive edge that cargo owners need transport services, which can bring their goods to the right place, at the right time and at the reasonable price. Multimodal transport can provide them with the seamless door-to-door service they require. Interestingly, the group of people rendering multimodal transport all over the world is the freight forwarders.

Nonetheless, we cannot neglect the importance of infrastructure and facilities, and the harmonization between the relevant people. Without proper infrastructure and facilities, and harmonization, the transport services, without doubt, would not be improved and thus they are not competitive.

Today, as a member of ASEAN and under the name “Economic Government”, the Cambodian Government has been pooling all its efforts in improving its transport infrastructure and facilities through either international, government or private investment. The approved projects of construction of Asian Highway and other national roads, under financial assistance from international institutions, grants from donor countries or private funds, the completed projects supporting transport services such as dry ports, and the approved rehabilitation project of container terminal at Sihanoukville Port under the soft loan from Japanese Government, etc., are witnesses of this development. The signing of some important agreements, either bilateral or multilateral with other ASEAN members is another particular catalyst emphasizing Cambodian efforts in taking part in encouraging the development of transport sector with other countries in the region.

Excellencies,
Ladies and Gentlemen,

The main purpose of this Workshop is to bring together the relevant government officials and the private sectors, to raise their awareness on the issues relating to freight forwarding and multimodal transport, to identify and examine the pertinent institutional and operational constraints, and to help the industry to come up with solution directed at further development of freight forwarding industry. This Workshop will also provide an opportunity for participants to up-date their knowledge and know-how skills as regard to new developments in legal and commercial aspects of freight forwarding. Today, we are very fortunate as ESCAP sends us very highly qualified consultants to organize this Workshop and I am sure you will find the presentation both interesting and informative. I would like also to recommend you to use all your efforts in contributing your experience and ideas as much as possible to this Workshop.

Also, as I mentioned earlier, this Workshop has brought together the relevant government officials and the private sectors, I hope that in this environment, you will take the opportunity to create stronger links and further explore potential for cooperation and growth for freight forwarding industry of Cambodia.

I wish the Workshop every success and look forward to learning its results.

I wish to declare this Country-level Workshop opened.

Thank you.

ANNEX XIV

**Country-level Workshop on Freight Forwarding
and Multimodal Transport**

Phnom Penh, 15-16 November 1999

STATEMENT BY ESCAP REPRESENTATIVE

STATEMENT BY
ESCAP REPRESENTATIVE

H.E. Mr. Ahmad Yahya, Secretary of State, Ministry of Public Works and Transport,
Distinguished participants,
Ladies and gentlemen,

On behalf of UNESCAP, my colleague and I would like to welcome you all at this workshop on freight forwarding and multimodal transport.

The opening up of economies has brought new opportunities to the countries in the GMS region to expand trade. Trade activities significantly contribute to economic development and an efficiently managed transport system is a prerequisite for the competitiveness of trade. A deep and close cooperation amongst all parties concerned should be promoted to enhance efficiency in serving existing and new markets.

New markets can only be accessed with adequate transport facilities. Cambodia has the special challenge of determining the most cost effective routes to external markets that would ensure the competitiveness of its trade.

Freight forwarders can assist exporters and importers to identify the most appropriate routes and provide a service that combines carriage by road/rail, air and sea. Freight forwarders in Cambodia at present provide only conventional services of a local nature to exporters and importers.

The ESCAP secretariat has examined the problems that inhibit the progress of the freight forwarding industry in the GMS region. These problems mainly arise from inadequacy of financial and other resources for the development of infrastructure, inadequacy of professional expertise and technical skills, absence of proper institutional arrangements at the national level, and lack of appropriate legal framework at a national and regional level.

The traditional pattern of the freight trade of most countries in the ESCAP region where exports are traded on f.o.b. terms and importers on c.i.f. terms also acts against national freight forwarders who are unable to organize the transport arrangements and can only act as an agent to overseas forwarders.

The freight forwarding industry plays a vital role in promoting international trade. The services of qualified and credible freight forwarders can effectively assist shippers and consignees to reduce transport and documentation costs as well as inventory due to their ability to select and contract appropriate transport arrangements for each consignment and employ "just-in-time" in their business logistics.

The key role of the freight forwarder as partner of the shippers and of the shipping lines/airlines is to assist in linking production and consumption through distribution of goods and services.

The freight forwarders follow a freight policy, rather than a policy of cooperation with one particular carrier as the freight forwarder is neutral and flexible. Freight forwarders could thus become the main catalyst for the free flow of trade. The freight forwarding industry and multimodal transport can facilitate intra regional trade.

In Cambodia, where freight forwarding is yet to develop into a full fledged multimodal transport industry, it is important for all the sectors including the banks and customs to gain awareness of the important role played by the freight forwarders in intra regional and international trade.

While the development of transport infrastructure such as ports, airports, roads and rail is essential for transport efficiency, so too is the regulatory and procedural environment within which all the physical activity takes place. This Workshop will also help you to evaluate the appropriateness of your present situation and to decide where changes should be made to speed up and simplify the flow of goods, which in turn would reduce costs and increase your economic growth.

The Ministry of Public Works and Transport is to be congratulated for the local arrangements that have been put in place. We appreciate the role played by the Government of France in funding the project and we hope the Government of France will continue to provide financial support in the area of freight forwarding which is a very important component of ESCAP secretariat's activities. This workshop will, I am sure, be a milestone in the development of modern transport systems in Cambodia.

We hope the Workshop will be most informative and rewarding for all of us.

ANNEX XV

**Country-level Workshop on Freight Forwarding
and Multimodal Transport**

Phnom Penh, 15-16 November 1999

CLOSING REMARKS

**CLOSING REMARKS BY
H.E. MR. TRAM IV TEK
SECRETARY OF STATE, MINISTRY OF PUBLIC WORKS AND TRANSPORT**

H.E. Mr. Dastúgue, Counsellor of French Embassy
ESCAP Representatives
Distinguished participants,
Ladies and Gentlemen,

It is my honour and great pleasure to be able to be taking part in this closing ceremony of this Country-level Workshop on the Development of Freight Forwarding and Multimodal Transport. I would like to thank you all for your active participation and great contribution to this workshop, which make it successful and fruitful. I would like also to appreciate your efforts during these two days, which lead to the emergence of many important frameworks for the discussion.

On behalf of the Ministry of Public Works and Transport, on behalf of the participants, as well as on my own behalf, I would like to take this opportunity to express my sincere appreciation to the French Government and ESCAP for their kind support in the form of funds and expert assistance for this Workshop.

Over the last two days, this Workshop has drawn a close look to the development of freight forwarding and multimodal transport. From the comprehensive presentation of our consultants, and active dialogue of our participants, we are clearly aware of the issues and constraints, both operational and institutional, in the development of freight forwarding and multimodal transport. Meanwhile, our participants have also a better understanding of the significance of this industry. To overcome these pertinent issues and constraints, all of us must fully cooperate among each other.

Excellencies,
Ladies and Gentlemen,

Over the last decades, trade liberalization has been seen as an effective mean in pushing national economic development. The creation or proposal for the free trade areas in the regions such as North American Free Trade Area (NAFTA), ASEAN Free Trade Area (AFTA) and others, are good cases in points. However, it does not mean that we intend to defeat one another, on the contrary, we are boosting our economic prosperity. Countries are able to complete with others, providing that they can encourage their export. In this conjunction, it is understandable that in the competitive world, the cargo owners would wish to have their goods to be moved to the right place, at the right time, at the right price, and with maintained quality. At this point, multimodal transport services apparently become second to none in their eyes.

Excellencies,
Ladies and Gentlemen,

I am proud to learn that during the 2-day Workshop, all of us have reached a general consensus and agreed to the following points:

Government of Cambodia should harmonize the documentary process related to international trade.

It is important to establish the National Freight Forwarding Association in coordination with FIATA, using the FIATA model rules. In this connection, the supports from ESCAP both financial and expertise are necessary.

Involve the provide sectors, banks and insurance companies in the process of development of multimodal transport.

Increase the awareness of the bank, insurance companies and trading companies of the new INCOTERMS and the use of UCP 500.

Emphasis should be given to the regional cooperation as Cambodia may benefit from the experience of the neighbouring countries such as Thailand and Viet Nam.

Enhance a policy towards the implementation of national and sub-regional transport legislation in accordance with international conventions (CMR/CMI, Shipping Conventions).

The particulars of Cambodia and its lack of infrastructure have to be taken into consideration.

Promote the transport through Mekong River and develop the use of Phnom Penh Port, as it represents a reliable alternative even for sea-going vessel.

Request both financial and expertise from ESCAP in the development of transport industry.

At last, I would like again to express my thanks to the French Government and ESCAP for its assistance in organizing this Workshop, and all participants for their presence during these two days, thus making this Workshop successful.

I would like also to express my special thanks to my colleagues of the Workshop Organizing Committee for their tireless efforts in making this Workshop successfully completed.

For our experts, I wish you a pleasant trip back home and look forward to seeing you here again. Through you, please convey my sincere regards, and many thanks to Mr. Adrianus Mooy, Executive Secretary of ESCAP.

Since we are now very close to a new millennium, I wish you all good, happy and prosperous new millennium.

I would like to declare that this Workshop is now closed.

Thank you.