COUNTRY REPORT FOR TRADE SYSTEM IN CAMBODIA


By Khin Sovorlak
Welcome to Cambodia

Let’s look more details about Cambodia on next slides
Trade System and Investment
Trade Systems

1. Structure
2. Trading Company
   - Import
   - Export
3. Investment
   - Investment Procedures
   - Incentives
   - Investment Protection
2. Trading Company

- Process some documents at Taxation department.
- Process some documents at (MOC)
- Taxation Department issue Vat and Patent licensing Authorities.

- Company’s right for import and export merchandise.
Import material for processing goods and export to other country.

- Ask for Vat and Patent document which paid under the government.
- Export with tax exemption
Merchandise EXport

• Major export:
  - Garments
  - Fisheries products
  - Rubber,
  - Timber

• Major export trading partners:
  - US 58.2%
  - Germany 10%
  - Uk 7.2%

• Exports of goods and services: $2.9 billion
• GDP Per capita US$448
Merchandise import

• Major imports:
  - Petroleum products
  - Construction materials
  - Vehicles and motorcycles
  - Clothing

• Major import trading partners:
  - Thailand 26.3%, Hong Kong 14.3%, Singapore 11.7%, China 11.2%, South Korea 4.0%

• Foreign direct investment FDI (net): 72.9%
3. Investment Procedures

- Process document at Ministry of Commerce (MOC)

- Process document at Tax department for getting VAT and Patent

- Investor have to submit investment application to the CDC for review and decision.
COUNCIL FOR THE DEVELOPMENT OF CAMBODIA (CDC)

A One Stop Service

- Ministry of Economic and Finance
- Ministry of Industry, Mines and Energy
- Ministry of Environment
A One Stop Service

• Information & Application
• Company Registration
• Approval
• Customs Duty & Tax Exemption

• Visa & Work Permit
• The Ministry of commerce shall forward one copy of the commercial register and all documents related to the original registration to the commercial court to be filed as documents for its commercial jurisdiction.

• Investment related to Environment, company must ask for licensing authorities from Ministry of Environment.

• The concerned Ministry have their own inspector for evaluation company’s work.

• Ask for registration Generalize System Preferences (GSP)

• For Garment & Textile products company have to ask for Certificate of ILO.

• Registration in the members of Garment Manufacturing Association in Cambodia. (GMAC)
Procedure for asking Certificate of Origin

- Form A: Getting zero percent tax for export in import cloth from Asian & EU.
- Form N: All material purchased from Hong Kong, Thaivan and China (5%-10% tax)
- Form S: Used in the same area like Vietnam offer GSP to Cambodia. Export zero % tax.
- Form D: Used in the same area but still charge tax in the negotiation by gov’s countries. (5%-25%)
Licensing Authorities

- Council of Ministers: CDC but needs approval from CoM for project with investment capital exceeding $50 million, long-term strategy, sensitive projects: negative impact on the environment and natural resource exploitation
- CDC: less than $50 million
- Provincial Authorities: less than $2 million
- Management Board of Special Promotion Zones or Export Processing Zones: project within the zones
INVESTMENT APPROVAL

Investment application

CDC issues a Conditional Registration Certificate to the Applicant

- Company Registration / Ministry of Commerce
- Relevant licenses, as appropriate / Ministry of Industry and Energy
- Review and approval of construction plan / local authorities-
  Ministry of Land Management, Urban Planning and Construction.
- Initial environmental impact assessment / Ministry of Environment
- Tax Department Registration / Ministry of Economy and Finance

CDC issues a Final Registration Certificate to the Applicant

7 working days

28 working days
Manufacturing & Export

• Competitive labor cost
• Tax incentives
• Market access
• Regional arrangement
Diversification of the economy

- SPZ in Sihanoukville, proximity of the deep sea port, as part of the Phnom Penh-Sihanoukville, growth economic corridor (JICA).
- EPZ at
  - Cambodian-Thai border: Koh Kong, Pailin, Poipet
  - Cambodian-Vietnamese border: Bavet, Phnom Den
- Specialize Economic Zone
Encouraged Investment Activities

- Agriculture and agro-industry
- Transport and telecommunications infrastructures
- Energy and electricity sectors
- Labor-intensive industries and export-oriented processing and manufacturing;
- Tourism-related industries
- Human resource development
Agro-business

- Basic agrarian economy
- Natural endowments:
  - Abundant land
  - Rich fishery resources
  - Timber resources

- Organic crops
- Value-added emphasis/
  Food processing
- New product development
Tourism

- Natural beauty
- World Heritage Monuments
- Open Sky Policy to Siem Reap
- Ability to attract “add-on” trips
- Novelty value
Incentives for investment in Cambodia

- A corporate tax rate of 9% except the tax rate on the exploration and exploitation of natural resources, timber, mines, gold and precious stone.

- A corporate tax exemption of up to 8 years depending on the characteristics of the project and the priority of the government.

- A 5-years loss-carried forward shall be allowed.

- Non-taxation on the distribution of dividends or profits

- 100% import duties exemption on construction materials, means of production, equipments, intermediate goods, raw materials and spare parts used by:
  - An export oriented project with a minimum of 80%
  - Located in a designated Special Promotion Zone (SPZ)
Investment Protection

The Investment Law and Sub-decree contain a number of important guarantees for the investors:

- Equal treatment of all investors
- No nationalization adversely affecting the property of investors
- No price controls on products or services
- Remittance of foreign currencies abroad.
Reasons to invest in Cambodia

- **Open economy**
- Sound Macroeconomic Environment
- Competitive Investment Incentives
- One Stop Service - Fast-Track Investment Approval Process (28 days)
- Low Labor Cost
- Access to ASEAN and World Markets
- Preferential Trading Status
- Strategic Location

http://www.nis.gov.kh
http://www.moc.gov.kh