



## U.S. Country Commercial Guides



# Cambodia

# 2017

# Doing Business in Cambodia:

## 2017 Country Commercial Guide for U.S. Companies

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# **Doing Business in Cambodia**

## **Market Overview**

Cambodia has experienced rapid economic growth over the last decade. Cambodian gross domestic product (GDP) has grown at around seven percent over the past decade and it is expected to continue to grow at a similar rate in 2017. In 2016, Cambodia graduated to lower-middle income status as measured by the World Bank with a Gross National Income (GNI) per capita of \$1,070. The country, however, remains one of the poorest in Asia. It is still reliant on foreign aid, with donor support totaling approximately 25 percent of the government's budget in 2016. Despite the strong performance of the garment, tourism, and construction/real estate sectors, Cambodia remains an agrarian country.

Since Cambodia became the first least-developed country (LDC) to join the World Trade Organization (WTO) in 2004, trade has steadily increased. The United States is Cambodia's largest single-country export destination. In 2015, approximately 25 percent of Cambodia's total exports reached the United States – primarily garment and footwear products. In 2016, Cambodian exports to the United States were valued at \$2.81 billion and U.S. exports to Cambodia totaled \$361 million. The United States and Cambodia are signatories to a 2006 Trade and Investment Framework Agreement (TIFA) to promote greater trade and investment in both countries and to provide a forum for addressing bilateral trade and investment issues. In February 2016, the third TIFA meeting was held in Phnom Penh. The United States and Cambodia began exploratory discussions on a Bilateral Investment Treaty (BIT) in May 2013, but the Cambodian government has not yet officially indicated interested in negotiating a BIT. Cambodia is also a member of the Association of Southeast Asian Nations (ASEAN) and the Asia Free Trade Area (AFTA).

## **Market Challenges**

Significant challenges to doing business in Cambodia commonly cited by the private sector include weak rule of law, poor infrastructure, high energy costs, corruption, and under-developed human resources. Disputes over land rights and limited enforcement of intellectual property rights, including the sale of counterfeit and pirated products, also remain major concerns for U.S. companies.

## **Market Opportunities**

Cambodia offers potential business opportunities in agribusiness and food processing; tourism infrastructure and resorts; education; architecture, construction, and engineering services; household goods and appliances; used cars and automotive parts; power generation equipment and power transmission infrastructure; fast food and beverage franchises; pharmaceuticals; and medical supplies and equipment.

## **Market Entry Strategy**

Working with a local partner, such as an agent or distributor, is the most effective way to reach Cambodian consumers. A local partner can facilitate and expedite market entry through market knowledge and established networks. In Cambodia, personal relationships can be the key to successful business transactions

## **Political Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

[U.S. Relations with Cambodia](#)

## **Selling US Products & Services**

### **Using an Agent to Sell US Products and Services**

American goods and services are well regarded in Cambodia. As such, Cambodian firms are increasingly interested in becoming agents of or distributors for U.S. companies. U.S. companies should conduct due diligence on potential local partners to ensure they have the necessary credentials and qualifications to conduct business. U.S. companies should also ensure that the partnership agreements they put into place are in compliance with Cambodian law, thoroughly documenting the rights and obligations of each party and clearly stipulating dispute resolution procedures.

### **Establishing an Office**

Cambodia's Law on Commercial Enterprise provides a comprehensive legal framework for the establishment and operation of businesses. The forms of business organization include a limited liability company, branch office, representative office, partnership, and sole proprietorship. Investors not seeking (or who are ineligible for) investment incentives (see below), must register directly with the Ministry of Commerce.

Businesses seeking investment incentives must submit an application to the Cambodian Investment Board (CIB). The CIB is a division of the Council for the Development of Cambodia (CDC), which is responsible for accepting and reviewing applications for investment incentives pursuant to the Investment Law of 2003, as amended. Sectors eligible for investment incentives include agriculture and agro-processing, manufacturing-for-export, infrastructure development, international-standard hotels, and environmental protection activities. From the date of submission of the application, the CIB has by statute three working days to issue a Conditional Registration Certificate or a Letter of Non-Compliance to investors. A Final Registration Certificate must be issued within 28 working days of the issuance of the Conditional Registration Certificate. A Final Registration Certificate may be revoked if the investor does not carry out an investment activity within six months of the receipt of all the required documents or if the investor obtained a Final Registration Certificate through fraud or misrepresentation. Upon receipt of the Final Registration Certificate from the CIB, the investor should prepare registration forms for filing with the Ministry of Commerce. The Ministry of Commerce will issue the formal business license.

### **Franchising**

Cambodia's Commercial Enterprise Law has a provision that sets forth regulations covering franchises. As mentioned above, American brands and products are highly regarded in Cambodia, resulting in attractive franchise opportunities. U.S. franchises in Cambodia include

KFC, Burger King, Swensen's Grill and Ice Cream, Hard Rock Cafe, Krispy Kreme Doughnuts, Domino's Pizza, Dairy Queen, Coffee Bean and Tea Leaf, and Starbucks coffee, Carl's Jr, and Cold Stone Creamery.

## **Direct Marketing**

Telemarketing via mobile phone SMS messages and online sales is increasingly used to target younger Cambodian consumers. Even though direct marketing is still a relatively new concept in Cambodia, techniques such as telemarketing and door-to-door sales are becoming more common.

## **Joint Ventures/Licensing**

There are no special laws that apply to joint ventures. Selection of a suitable joint venture partner, however, is very important, and great care should be taken to screen potential partners. After entering into a local partnership, it may be difficult to dissolve the relationship without the consent of the local partner. All terms of a joint venture agreement should be clearly articulated, including provisions for dispute resolution. Joint ventures with the government exist; the government commonly holds a majority share based on a contribution of real estate, while the foreign joint venture partner, with a minority share, brings cash or equipment to the deal. The government's ownership percentage in such joint ventures varies widely.

## **Selling to the Government**

Cambodia enacted a law on public procurement in January 2012, which codified the pre-existing patchwork of sub-decrees and other regulations governing the sector. Competitive bidding is mandatory for the purchase of goods or services worth more than \$25,000 (100 million riel).

The Cambodian government is required to seek international bids for the purchase of goods valued at over \$500,000, for construction projects valued at over \$625,000, and for services valued at more than \$375,000.

Cambodia is not a signatory to the WTO Agreement on Government Procurement.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to "Project Financing" Section in "Trade and Project Financing" for more information. [In Salesforce insert a link to the Project Financing Section of the CCG]

## **Distribution & Sales Channels**

Cambodia places minimal restrictions on foreign participation in the import/export and distribution sectors. Cambodia's retail landscape is undergoing rapid transformation. In addition to stalls and shops at traditional markets, goods are increasingly sold at small-scale Western-style shopping malls, convenience stores, and supermarkets that cater mostly to

social elites, the urban middle class, and expatriates. Importers can apply for exclusive rights to import brand-name products from the Ministry of Commerce. Foreign investments in modern shopping malls include Aeon Mall, a Japanese venture that opened mid-2014, and Parkson Mall, a Malaysian project expected to open in 2017. The total number of retail malls is expected to increase from 10 to 27 by 2019.

## **Express Delivery**

International courier services are available in Cambodia through the national post office and private logistic companies. Intra-country express mail service (EMS) is not yet widely available. Mail and package delivery is commonly provided through taxi and bus services. To improve the mail delivery system in the country, state-owned Cambodia Post partnered with a private company, Kerry Worldbridge Logistics, in early 2016, to expand the coverage of its EMS service and to increase the use of the country's postal system.

## **Selling Factors & Techniques**

Approximately 80 percent of Cambodia's population lives in rural areas. The disparity in economic development between rural areas and Phnom Penh is substantial. Within Phnom Penh, billboards, leaflets, and storefront selling techniques are more common. Advertising through social media is becoming increasingly popular. In rural areas, the most effective way to reach potential consumers is through broadcast media. In particular, radio and television programming have deep penetration in rural Cambodia. Trade fairs are an increasingly popular way to market products.

## **eCommerce**

### **Overview**

E-commerce is relatively undeveloped compared to Cambodia's neighbors. Impediments to its development include inadequate internet infrastructure, limited audiences, delivery system challenges, and minimal credit card use. In addition, almost all transactions are settled through cash-on-delivery, raising concerns about security and costs. Other impediments include the high cost of electricity and a lack of trained ICT professionals. Some local banks have begun to issue credit cards in order to facilitate purchases made through the internet. There is a growing number of online shopping websites that cater mostly to the small number of urban consumers with access to the internet. Social media, such as Facebook, are increasingly used as platforms for online shopping and media space. A draft e-commerce law is currently under review by the Council of Ministers, though it has not been made public. Cambodia is the only ASEAN nation that does not have eCommerce law.

### **Current Market Trends**

Cambodians are adopting E-Commerce both as consumers and merchants, and there is significant untapped market potential in the sector fueled by exploding internet access, high smart phone penetration and a young, growing middle class. Despite a slow development of eCommerce, there is an upward trend on tech based startups. Mediaload, dubbed the Cambodian BuzzFeed, has attracted 56 million page views per month from over seven million

unique visitors from all over Asia. [500 Startups](#), a global venture capital seed fund based in California has invested USD 200,000 in Mediaload.

E-commerce platform Tesjor (Cambodian for Tourist) launched early 2017, an application to enable a wide range of online services from food ordering to hotel booking and reserving transportation. The app integrates mandatory cashless payment systems, a first in Cambodia which usually relies on cash on delivery.

#### Mobile eCommerce

Mobile eCommerce in Cambodia enjoyed fast growth over the past few years. Mobile internet access is affordable, with costs below the global average, and about 50% of Cambodians own a smartphone. Smartphone adoption is growing at a fast pace. Mobile money transfer options have grown rapidly in popularity, even in the countryside. Transactions for online shopping are made through mobile money transfers in this limited credit card market. Uber is set up to launch in Cambodia using both cash on delivery and electronic payments in 2017.

#### Digital Marketing

Cambodia has seen an increase of active internet users from about 28,000 to 7.1 million over the past 8 years and active social media users to 4.9 million in 2017 and counting. Traditional advertising methods through mainstream media such as TV and radio are transitioning to online marketing where many young Cambodians reside. Cambodia is a very young country, with some 70% of the population under the age of 35.

### **Trade Promotion & Advertising**

Local vendors use a variety of advertising methods. Special promotional campaigns using coupons, lucky draws, and discounts are popular and target consumers at local markets, shops, restaurants, internet cafés, and movie theaters. Billboards are present on many streets in Phnom Penh and are used in provincial capitals as well. Small advertisement boards on tuk tuks are a low cost option for businesses which want to attract city-dwellers. Leaflets are also a popular advertising technique

### **Pricing**

Most consumers are price sensitive. While American products are generally viewed as higher quality, many consumers will opt for products from China or Thailand because they are cheaper. In Phnom Penh, where government and industry are centered, prices are higher and branded products are more popular. There is evidence of an expanding middle class, supported by the presence of numerous international organizations, diplomatic missions, and international businesses.

### **Sales Service/ Customer Support**

After-sales service and customer support are new concepts in Cambodia. The limited supply of spare parts for some brands of automobiles, for example, has contributed to the failure of those makes to increase market share against brands that have more readily available parts.

Depending on the products and services, Cambodian agents, distributors, and consumers may expect after-sales services from their U.S. suppliers, including product warranty for a specified period, training, advertising and promotion, and availability of spare parts. Providing after-sales service could be an effective method of boosting sales and winning customer loyalty.

## **Protecting Intellectual Property**

Several general principles are important for effective management of intellectual property (“IP”) rights in Cambodia. First, it is important to have an overall strategy to protect IP. Second, IP may be protected differently in Cambodia than in the United States. Third, rights must be registered and enforced in Cambodia, under local laws. For example, U.S. trademark and patent registrations will not offer protections in Cambodia. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works in accordance with international agreements.

Granting patents registrations is generally based on a first-to-file basis. Similarly, registering trademarks is based on a first-to-, so companies should consider how to obtain patent and trademark protection before introducing products or services to the Cambodian market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Cambodia. It is the responsibility of the rights holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Cambodia law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights in the mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Companies should carefully consider whether to permit partners to register IP rights on their behalf. Doing so may create a risk that a partner would list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Cambodia require constant attention. Work with legal counsel familiar with Cambodia laws to create a solid contract that includes non-compete clauses and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Cambodia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## **IP Resource**

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [Intellectual Property Rights Information & Assistance](#)
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit [United States Patent and Trademark Office](#).
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit [Copyright](#).
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the [STOPfakes](#) website.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit [STOPfakes IPR Toolkits](#). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.

The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information below for the IP attaché who covers Southeast Asia:

Vacant

Update will be available on [United States Patent and Trademark Office IP Attaché Thailand](#)

## Mailing address

U.S. Embassy Bangkok, Commercial Section  
Box 51, unit 8149, APO AP 96546-0001

## Office Location

U.S. Embassy Bangkok  
Foreign Commercial Service  
Room 302, GPF Witthayu Tower A  
93/1 Wireless Road, Bangkok, 10330 Thailand

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our article on [Protecting Intellectual Property](#) and also [Corruption](#).

## Due Diligence

It is difficult to overstate the importance of conducting sufficient due diligence for the Cambodian market. Cambodia ranked 156 out of 176 countries in Transparency International's 2016 corruption index. It is critical to screen potential partners for reliability and trustworthiness and to ensure that all terms of any potential agreement are clearly articulated, including processes for dispute resolution. Companies are advised to hire international or local lawyers or professional services to assist with due diligence requirements.

## Local Professional Services

### BNG Legal

Address: No. 64, Street 111, P.O. Box No. 172, Sangkat Boeung Prolit, Khan 7 Makara, Phnom Penh, Cambodia

Contact person: Mr. Naryth Hour Hem, Managing Director

Tel: (855) 23 217 510/(855) 23 212 740 (Cambodia); +1 (503) 967 8009 (US); +852 8191 5059 (Hong Kong); +81 (50) 5806 5665 (Japan)

Fax: (855) 23 212 840

e-Fax: +1 (503) 828 9033

E-mail: [hnh@bngkh.net](mailto:hnh@bngkh.net) / [info@bnglegal.com](mailto:info@bnglegal.com)

Website: [BNG Legal](#)

**DFDL Mekong Legal and Tax Advisers**

Address: No. 33, Street 294 (Corner of Street 29), Sangkat Tonle Bassac, Khan Chamkarmon (PO Box 7), Phnom Penh, Cambodia

Contact person: Mr. Guillaume Massin, Managing Director

Tel: (855) 23 210 400

Fax: (855) 23 214 053

E-mail: [cambodia@dfdlmekong.com](mailto:cambodia@dfdlmekong.com)

Website: [DFDL Mekong Legal and Tax Advisors](#)

**Deloitte (Cambodia) Co., Ltd**

Address: Vattanac Capital Tower (8th Floor)

#66 Preah Monivong Blvd, Sangkat Wat Phnom, Khan Duan Penh, Phnom Penh

Tel: (855) 23 963 777

Fax number: (855) 23 963 778

Email: [khenquiries@deloitte.com](mailto:khenquiries@deloitte.com)

Website: [Deloitte \(Cambodia\) Ct., Ltd](#)

**Edenbridge Asia**

Address: Norodom Blvd & street 178, 6th Floor, Phnom Penh, Cambodia

Tel: (855) 218 257 / (855) 78 777 417

E-Mail: [info@edenbridge.asia](mailto:info@edenbridge.asia)

Website: [Edenbridge Asia](#)

**Ernst & Young (Cambodia) Ltd.**

Address: SSN Center (3rd Floor)

No. 66, Preah Norodom Blvd, Sangkat Chey Chumneas, Khan Daun Penh, Phnom Penh

Tel: (855) 23 217 814 / (855) 23 217 824

Fax: (855) 23 217 805

E-Mail: [eykoc@vn.ey.com](mailto:eykoc@vn.ey.com)

Website: [Earnst & Young \(Cambodia\) Ltd.](#)

**HBS Law**

Address: Level 4 & 5, SOMA TOWER, St.120, Sangkat Psar Thmey 2, Khan Daun Penh, Phnom Penh

Tel: (855)23-224-337

Fax: (855)23-224-136

Email: [info@hbslaw.asia](mailto:info@hbslaw.asia)

Website: [HBS Law](#)

**KPMG Cambodia Limited**

Address: Delano Center, 4th Floor, No. 144, Street. 169, Sangkat Veal Vong, Khan 7 Makara, 12253, Phnom Penh, Cambodia

Contact person: Michael Gordon, Senior Partner

Tel: (855) 23 216 899

Fax: (855) 23 217 279

E-mail: [kpmg@kpmg.com.kh](mailto:kpmg@kpmg.com.kh)

Website: [KPMG Cambodia Limited](#)

**Morison Kak & Associé**

Address: No. 25, Street 360, Sangkat Boeung Keng Kang I, Khan Chamkamon, Phnom Penh, Cambodia

Contact person: Mr. Key Kak, Chairman

Tel: (855) 23 218 994

Fax: (855) 23 218 993

E-mail: [mka.audit@morisonkak.com](mailto:mka.audit@morisonkak.com)

Website: [Morison Kak & Associé](#)

**PWC**

Address: No. 35, Sihanouk Blvd, Tonle Bassac, Chamkar Morn, 12301, Phnom Penh

Contact person: Kuy Lim, Partner

Tel: (855) 23 218 086

Fax: (855) 23 211 594

E-mail: [lim.kuy@kh.pwc.com](mailto:lim.kuy@kh.pwc.com)

Website: [PWC](#)

**Sarin & Associates (Law Firm)**

Address: No. 104, Confederation de la Russie Blvd (Street 110), Siriland Tower, Phnom Penh

Contact person: Mr. Denora Sarin, Lawyer

Mobile: (855) 98 777 007

Tel: (855) 23 882 943

Fax: (855) 23 882 943

E-mail: [sarin.associates@gmail.com](mailto:sarin.associates@gmail.com)

**Sciaroni and Associates (Legal Advisors)**

Address: No. 24, Street 462, Sangkat Tonle Bassac, Khan Chamkarmorn, Phnom Penh, Cambodia

Tel: (855) 23 210 225

Fax: (855) 23 213 089

Contact person: Mr. Bretton Sciaroni, Senior Partner

E-mail: [info@sa-asia.com](mailto:info@sa-asia.com)

Website: [Sciaroni and Associates](#)

**Sok Siphana & Associates**

No 45 Street 355, First Floor, Sangkat Boeung Kak 1, Khan Tuol Kork, Phnom Penh, Cambodia

Tel: (855)12 666 499/ (855) 15 666 499

Fax: (855)23 999 878

Email: [info@soksiphana.com](mailto:info@soksiphana.com)

website: [Sok Siphana & Associates](#)

**Tilleke & Gibbins (Cambodia) Ltd.**

16th Floor, Phnom Penh Tower

#445, Monivong Blvd., Sangkat Boeung Pralit, Khan 7 Makara, Phnom Penh, Cambodia

Tel: (855) 23 964 210

Fax: (855) 23 964 215

Email: [cambodia@tilleke.com](mailto:cambodia@tilleke.com)

Website: [Tilleke & Gibbins \(Cambodia\) Ltd.](#)

**VDB Loi**

Address: Level 6, Phnom Penh Tower, 445 Monivong Blvd., Phnom Penh

Contact: Mr. Potim Yun, Legal Partner and Principal

Tel: (855) 23 964 430

Email: [potim.yun@vdb-loi.com](mailto:potim.yun@vdb-loi.com)

Website: [VDB Loi](#)

**Principle Business Associations**

Below is the listing of principle business associations in Cambodia.

**American Chamber of Commerce Cambodia**

Address: Himawari Hotel

Contact: Mr. Don Boring, Executive Director

Tel: (855) 15 333 715

E-mail: [ed@amchamcambodia.net](mailto:ed@amchamcambodia.net)

Website: [American Chamber of Commerce Cambodia](#)

**Cambodia Chamber of Commerce**

Address: Building Address: No. 7D, Russian Address: Blvd, Sangkat Toek Laak I, Khan Toul Kork, Phnom Penh, Cambodia

Contact: Okhna Kith Meng, President

Tel: (855) 23 880 795

Fax: (855) 23 881 757

E-mail: [info@ccc.org.kh](mailto:info@ccc.org.kh)

Website: [Cambodia Chamber of Commerce](#)

**Young Entrepreneur Association of Cambodia**

Address: Room 1.3, First Floor, Parkway Square, Moa Tse Tong Blvd, Phnom Penh, Cambodia

Tel: (+855) 23 654 1666

Email: [yeac@yeacambodia.org](mailto:yeac@yeacambodia.org)

Website: [Young Entrepreneur Association of Cambodia](#)

### **Cambodia Constructors' Association**

Address: Canadia Tower (12th floor), No. 315, Ang Duong St (Corner of Monivong Blvd), Sangkat Wat Phnom, Khan Daun Penh, Phnom Penh, Cambodia

Tel: (855) 23 868 222 (connect to 81 202)

Fax: (855) 23 988 828

Email: [secretariatcca@yahoo.com](mailto:secretariatcca@yahoo.com)

Website: [Cambodia Constructors' Association](#)

### **Cambodia Federation of Employers and Business Associations**

Address: No. 44A, Street 320, Sangkat Boeung Keng Kang III, Khan Chamkar Morn, Phnom Penh, Cambodia

Contact: Van Sou Ieng, President

Tel: (855) 23 222 186 / (855) 23 219 279

Fax: (855) 23 222 185

E-mail: [camfeba@camfeba.com](mailto:camfeba@camfeba.com)

Website: [Cambodia Federation of Employers and Business Associations](#)

### **Cambodia Hotel Association**

Address: No. 53D, Street 242, Phnom Penh, Cambodia

Contact: Luu Meng, President

Tel: (855) 77 966 520

Fax: (855) 23 220 722

E-mail: [info@cambodiahotelassociation.com.kh](mailto:info@cambodiahotelassociation.com.kh)

Website: [Cambodia Federation of Employers and Business Associations](#)

### **Cambodia Association of Travel Agents**

Address: No. 65, Street 240, Sangkat Chaktomuk, Khan Daun Penh, Phnom Penh, Cambodia

Tel: (855) 23 212 421

Fax: (855) 23 216 212

E-mail: [cata@online.com.kh](mailto:cata@online.com.kh)

Website: [Cambodia Association of Travel Agents](#)

### **Cambodia Restaurant Association**

Address: Street 214, #35- 37, Boeung Reang ,Daun Penh District, Phnom Penh  
Contact: CRA Secretariat

Tel: (855) 92 332 905

Email: [info@cambodiarestaurantassociation.com.kh](mailto:info@cambodiarestaurantassociation.com.kh)

Website: [Cambodia Restaurant Association](#)

### **Cambodia Women Entrepreneur Association**

Address: No. 274, Samdech Sothearos Blvd (3), Phnom Penh Center, Building H, 4th Floor,  
Room 486, 12301 Phnom Penh

Tel: (855) 23 224 346

Email: [info@cweacambodia.com](mailto:info@cweacambodia.com)

Website: [Cambodia Women Entrepreneur Association](#)

### **Garment Manufacturers Association in Cambodia**

Address: No. 175, Street 215, Sangkat Phsar Dem Kor, Khan Toul Kok, Phnom Penh, Cambodia

Contacts: Mr. Van Sou Ieng, Chairman / Dr. Ken Loo, Secretary General

Tel: (855) 12 563 082 / (855) 23 301 181

Fax: (855) 23 882 860

E-mail: [info@gmac-cambodia.org](mailto:info@gmac-cambodia.org)

Website: [Garment Manufacturers Association in Cambodia](#)

### **U.S.-ASEAN Business Council**

Address: 1101, 17th Street NW, Suite 411, Washington, D.C., 20036

Contact: Mr. Jack Myint

Tel: (1) 202 289 1911

E-mail: [mail@usasean.org](mailto:mail@usasean.org)

Website: [U.S.-Aseasn Business Council](#)

### **EuroCham Cambodia**

Address: No. 33, Sothearos Blvd (corner of street 178), B.P 522, Khan Daun Penh, Phnom Penh, Cambodia

Contact: Ms. Ratana Phurik-Callebaut

Tel: (855) 23 964 141

E-mail: [director@eurocham-cambodia.org](mailto:director@eurocham-cambodia.org)

Website: [EuroCham Cambodia](http://EuroCham Cambodia)

## **Limitations on Selling US Products and Services**

Cambodians are price sensitive. While U.S. products are viewed positively in term of quality, prices may put them out of reach for many Cambodian consumers. High prices are unfortunately exacerbated by costs related to inadequate infrastructure and corruption.

Professional ethics, standards and social responsibilities are slowly emerging in Cambodia, and generally only practiced by recognized international brands. Local companies and distributors are often not fully aware of and do not strictly comply with international standards. U.S. companies and services providers should account for the need to train local partner companies to abide by international standard in ethics and social responsibility.

## **Web Resources**

[World Bank-International Finance Corporation Report: Doing Business in Cambodia 2015](#)

[Cambodia Hotel Association](#)

[Cambodian Postal Service](#)

E-mail: [info@mptc.gov.kh](mailto:info@mptc.gov.kh)

[Telecom Cambodia – Cambodian Telephone Service](#)

E-mail: [sale\\_tc@camnet.com.kh](mailto:sale_tc@camnet.com.kh)

[Cambodian Yellow Pages](#)

E-mail: [info@yp.com.kh](mailto:info@yp.com.kh)

[The Phnom Penh Post](#)

[The National Bank of Cambodia](#)

Email: [info@nbc.org.kh](mailto:info@nbc.org.kh)

[The Cambodia Microfinance Association](#)

[The Association of Banks in Cambodia](#)

Most U.S. businesses in Cambodia are franchises, primarily restaurants and food chains. Below are web resources for U.S. products and services in Cambodia.

Food Chains:

[Burger King](#)

[Carl's Jr., Cambodia](#)

[Coffee Bean and Tea leaf](#)

[Cold Stone Creamery](#)

[Dairy Queen Cambodia](#)

[Dominos Pizza](#)

[KFC](#)

[Krispy Kreme Donuts Cambodia](#)

[Hard Rock Cafe](#)

[Starbucks Coffee](#)

[Swensen Ice Cream](#)

Other U.S. companies

[General Electric International](#)

[Microsoft MDP Cambodia](#)

[Chevron Overseas Petroleum Cambodia](#)

[CBRE Group Inc. Cambodia](#)

[Cambodia Beverage Company Cambodia](#)

[Hometop Do it Best AMR](#)

[Chevrolet Cambodia](#)

[Ford Cambodia](#)

[Kohler in Phnom Penh](#)

## Leading Sectors for US Exports & Investments

### Best Prospect Overview

Some of the best prospective sectors in Cambodia include education, agriculture and food processing, architecture and construction services and investment, household goods and appliances, fast food and restaurant franchises, pharmaceutical, medical supplies and medical equipment, tourism, automobile, and energy.

### Education

#### *Overview*

Demand for education services is very high, since 42% of the population is under the age of 20. Many Cambodians recognize the importance of education in securing better employment opportunities. Higher education in Cambodia is growing rapidly with considerable private-sector and international-donor investment. Quality and diversity, however, remain low, particularly with respect to vocational training. A common complaint among local companies is the difficulty of finding well-qualified employees, particularly for technical positions or those requiring vocational skills. Cambodian private universities are looking for international partners to increase the quality and competitiveness of their courses.

#### *Sub-Sector Best Prospects*

There is significant demand for all types of education. NGOs provide useful vocational training for underprivileged Cambodians to join the work force, but professional vocational training targeted at mid-level workers is particularly underdeveloped. Cambodians are eager to learn, and U.S.-sourced education is very highly regarded in all fields. English-language training is also an increasingly attractive prospect. The option for school or university study abroad is available to a small, but growing, number of Cambodians.

#### *Opportunities*

Significant commercial opportunities exist in vocational, specialized, pre-school, elementary, secondary, and post-secondary education sectors.

#### *Web Resources*

[Ministry of Education, Youth, and Sport](#)

[IDP Education Cambodia](#)

	2014	2015	2016	2017 (Forecast)
Total Imports	31,467	52,352	64,545	70,999
Imports from the U.S.	18,601	9,425	10,500	11,550

Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel	4,000 riel
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Unit: USD thousands

Total Imports = Number of Cambodian students studying overseas x average cost of living and tuition fees per year

*Data Source:* Unofficial estimates based on data from IDP Education (Cambodia).

UNESCO institute for statistics

*Note:* Estimated average cost of living and tuition fees in developed countries (US, Australia, New Zealand, UK, and Canada) = USD30,000/year.

Number of students studying abroad = 5,171 out of which around 1,125 are studying in the 5 above mentioned developed countries.

Number of students studying in the U.S. (2016) = around 350

## **Agricultural Sector**

### *Overview*

78 percent of Cambodia's population resides in the rural areas, and around 45 percent of the total labor force was directly engaged in the agriculture sector in 2014.. The primary agricultural commodity is rice. Other major crops include cassava, maize, mung bean, and soy bean. As a matter of policy, the Cambodian government encourages investment in agriculture, diversification of agricultural products, and investment in improved irrigation and water control. The sector accounted for approximately 26.7 percent of GDP in 2016. The Cambodian government set a goal of exporting one million tons of milled rice by 2015, but actual exports totaled only at 538,396 tons. In 2016, 542,144 tons of milled rice was exported. Most of the current demand for water pumps, well-drilling machines, tractors, tilling equipment, rice milling, drying, and packaging equipment, fertilizers, insecticides, and seed comes from private agribusiness investors and NGOs.

The government of Cambodia's Industrial Development Policy, launched in 2015, included the goals of reducing logistic and electricity costs in food processing. In May 2016, fees for loading and unloading cargo were reduced by 10% and 5% in Sihanoukville and Phnom Penh ports, respectively, according to government sources.

### *Sub-Sector Best Prospects*

There is significant potential to expand the production and processing of high yield varieties of rice, cassava, corn, and other crops. Several investment projects in cassava and sugarcane are underway.

### Opportunities

Higher quality seeds, fertilizers, and other agricultural inputs and new technology such as spraying machines, pest identification drones and other equipment and training would greatly benefit the agriculture sector, which is only slowly transitioning from outdated and less productive. The presence of an increasing number of plantations also creates opportunities for the establishment of processing plants to add value to basic products for export and domestic consumption. As part of the government's policy to support the agriculture industry, materials and equipment used in agricultural production are exempt from import duties. Relatively high operating costs, including electricity, limit opportunities to establish processing plants.

### Web Resources

[Ministry of Agriculture, Forestry, and Fisheries](#)

[Ministry of Industry and Handicraft](#)

[Council for the Development of Cambodia](#)

[Cambodia Rice Federation](#)

Rice Production and Exports	2014	2015	2016	2017 (Forecast)
Total Paddy Rice Surplus for Export	4,709,036	4,649,702	5,110,000	NA
Total Rice Surplus for Export	3,013,783	2,975,809	3,270,400	NA
Total Export of Milled Rice	387,061	538,396	542,144	574,673

Unit: In Tons

Data Sources: Ministry of Agriculture, Forestry and Fisheries, Cambodian Rice Federation and Mekong Oryza

Note: Figure 2017 is an unofficial estimate

## Pharmaceuticals, Medical Supplies, and Medical Equipment

### Overview

Only companies licensed by the Ministry of Health may import drugs, medical supplies, or medical equipment. As of April 2015, there were 1,990 registered pharmacies, 293 drug import/export companies, and 13 medical manufacturing institutions in the country. In

addition to the formal market, there is a gray market of smuggled pharmaceuticals that are often counterfeit.

#### Sub-Sector Best Prospects

The Ministry of Health is the single largest purchaser of drugs, medical supplies, and medical equipment, but the proportion of healthcare provided by the private sector is increasing. A number of new private hospitals and clinics have opened in the past few years, and more are expected in the future, offering potential opportunities for sales of medical supplies and medical equipment. Health insurance targeting the growing middle class would fill an unmet demand, as poorer populations are increasingly targeted by government and nongovernmental organization healthcare, and wealthier populations purchase policies from international insurance companies. The middle-class, by contrast, has relatively few options for reliable insurance.

#### Opportunities

Since U.S.-made drugs and medical equipment are well perceived here, there is great potential for increasing market share. Local major pharmaceutical importers are eager to import U.S.-made products, and Cambodian consumers are keen to receive high-quality treatment offered by American medical products.

#### Web Resources

[Ministry of Health](#)

[Medicam](#)

Import of Medicines	2014	2015	2016
Total imports	104,876	119,353	123,266
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Unit: USD thousands

Data Source: Ministry of Economy and Finance

### Number of Product Registrations by 2016

Categories	New Registrations	Renewal Registrations	Total
Health supplements	220	103	323
Medical devices	335	130	465
Modern medicine	1,298\	838	2136
Reagents	101	45	146
Traditional medicine	77	49	126
<b>Total</b>	<b>2,031</b>	<b>1,165</b>	<b>3,196</b>

Data Sources: Ministry of Health

### Number of Registrations by Type from 1994 to 2016

Type of Registration	Total
Modern medicine	13,805
Traditional medicine	403
Health supplements	931
Medical devices	1,616
Reagents	674
<b>Total registrations</b>	<b>17,429</b>

Data Sources: Ministry of Health

Note: The figure includes new registrations and renewals

## Power Generation Equipment

### *Overview*

Electricity prices in Cambodia are among the most expensive in the region due to a shortage of integrated high-voltage transmission systems and the high cost of imported diesel fuel. Power in provincial cities is more expensive and less reliable than the supply in Phnom Penh. In very remote rural areas, the only source of electricity may be a small portable generator. However, the government of Cambodia has set a goal of electrifying all villages by 2020 and connecting at least 70% of all households to grid-quality electricity by 2030.

There are two types of licensees in Cambodia. Independent Power Producers have licenses to generate and sell electricity to suppliers or industries according to Power Purchase Agreements with that supplier or industry. Consolidated Licensees have generation licenses to transmit, dispatch, distribute and sell electric power to the consumers.

In 2016, 1,592 megawatts (MW) of power was produced domestically, and the EAC (Electricity Authority of Cambodia) predicts that 1,732 MW of electricity will be generated in 2017. Power demand forecasts for 2018 and 2020 are 2,283 MW and 2,770 MW, respectively.

In April 2017, General Electric (GE) signed its first ever power agreement in Cambodia to supply boilers, electrostatic precipitator and steam turbine generation systems for a 235MW coal plant being built by Toshiba Plant Systems and Services Corporation.

Cambodia currently generates 200MW of its energy through oil-powered electricity plants, 500MW through coal-fired plants and 928MW through hydropower plants.

### *Sub-Sector Best Prospects*

There is tremendous demand in Cambodia for diesel generators as backup power, on-site power plants, and power generation in rural areas not served by public utilities. Almost 100 percent of households in urban areas are electrified, while the figure is approximately 75 percent for rural households. As with other types of infrastructure development, the government has only limited funding for power generation projects, but U.S. suppliers should check the World Bank and ADB websites regularly for potential new projects in the energy sector. The Cambodian government has stated that it is amenable to private ownership and private financing of power plants and that it is seeking \$3 billion in investment over the next 10 years. Some build-operate-transfer hydropower deals have already been concluded. Major sources of local power generation are hydro, coal, and a limited amount diesel, wood, and biomass. In addition to local power generation, Cambodia also buys electricity from neighboring countries, especially during the dry season.

### *Opportunities*

Opportunities exist for power generation and transmission equipment in cooperation with international donors or private companies.

### *Web Resources*

[World Bank](#)

[Asian Development Bank](#)

[Ministry of Mines and Energy](#)

[Electricité du Cambodge](#)

[Electricity Authority of Cambodia](#)

## **Construction, Architecture, and Engineering**

### *Overview*

Cambodia is in the process of rehabilitating its infrastructure, principally with assistance from international donors. Given the current poor condition of the country's infrastructure, construction and engineering services will be in high demand for the foreseeable future. Public works and transportation, including the road network, are a high priority for the Cambodian government. The total investment in infrastructure in Cambodia is estimated to be in the range of USD 12 billion to USD 16 billion from 2013 to 2022. Infrastructure investment is generally state-led and mostly financed by foreign aid. In addition to infrastructure construction, Cambodia has witnessed a major boom in residential and commercial construction over the last few years. Several residential and commercial development projects are underway, such as mixed-use towers, shopping malls, and suburban commercial-residential developments. For example, the supply of condominiums is estimated to increase six-fold by 2018, while office space will double.

In 2016, total approved construction projects increased by 155.7 percent year-on-year to USD 8.53 billion. According to the World Bank's economic update report on Cambodia, the construction sector created around 200,000 jobs in 2016, a 33.3 percent year-on-year increase. Wages of skilled construction workers range from USD 300 to USD 450 a month.

Construction Projects	2014	2015	2016
Total Value of Approved Construction Projects	3,200,000	3,338,000	8,534,058
Construction materials imported	296,030	391,532	409,129
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Unit: USD thousands

Data Sources:

Approved construction projects: 2016 Annual Report, Ministry of Land Management, Urban Planning and Construction

Construction materials imported: Ministry of Economy and Finance

#### *Leading Sub-Sectors*

The Japanese government, World Bank, Asian Development Bank (ADB), and the Chinese government are especially active in road, bridge, and railway construction in Cambodia. The Cambodian government has also offered Build-Operate-Transfer (BOT) concessions to several companies to rehabilitate portions of Cambodia's badly degraded national highway system. Cambodia is also eager to upgrade its provincial airports. Because there are limited funds in the national budget to pursue such projects, Cambodia has offered BOT concessions for renovating provincial airports as well.

The Chinese government has provided funds to build a new, larger national stadium on 80 hectares on the outskirts of Phnom Penh to host major sporting events, including the Southeast Asian Games. This project includes the stadium itself as well as water systems, electrification, drainage systems, a safari park, an international-standard parking garage, a world-class golf course with 36 holes, and five-star hotels.

Numerous commercial and residential projects in Phnom Penh are under construction or near completion. However, an expected oversupply of residential units has led to the slowdown of new projects.

The establishment of several special economic zones (SEZs) presents numerous opportunities for development of power, water, and road infrastructure within these areas. Intended to attract manufacturing and export-oriented companies, SEZs are located near the borders of Thailand and Vietnam and in Phnom Penh, Sihanoukville, and Kampot.

The main sources of foreign expertise and construction materials for large commercial and residential projects are currently from Korea, Thailand, Vietnam, and China, but high-quality American materials and fixtures are sought by Cambodia's urban and foreign residents.

#### *Opportunities*

Prospects exist in road and commercial construction working with international donors and private companies. Construction materials and heavy construction machinery are also needed to support this sector.

#### *Web Resources*

[World Bank](#)

[Asian Development Bank](#)

[Ministry of Public Works and Transport](#)

[Ministry of Land Management, Urban Planning and Construction](#)

[Council for the Development of Cambodia](#)

[Phnom Penh Municipality](#)

[Cambodian Valuers and Estate Agents Association](#)

[Cambodia Construction Association](#)

[Knight Frank real estate Consultancy Company](#)

## Household Goods and Appliances

### Overview

An increasing number of Cambodia's urban residents are willing to pay for quality products. Cambodia's emerging middle class also increasingly demands higher levels of comfort and convenience. Anecdotal evidence from shopping mall outlets indicates a growing demand for new and innovative products to increase the quality of life for Cambodians.

Imports Items	2014	2015	2016
Electrical equipment	958,544	941,905	875,102
Ceramic products	150,637	178,786	178,127
Furniture, lighting, signs, prefabricated buildings	154,072	56,803	60,253
Glass and glassware	75,544	33,136	38,693

Unit: USD thousands

Data Source: International Trade Center, List of Products Imported by Cambodia up to 2015

Note: Data is based on partner reported data (Mirror data).

### Leading Sub-Sectors

Numerous American food and consumer products, from condiments to cleansers, are available in Phnom Penh's expanding number of supermarkets. Kohler Sanitary Wares and Do It Best Corp. officially opened retail outlets in December 2014 and January 2015, respectively, in Phnom Penh. Ashley Furniture opened in 2017. Because of Cambodia's tropical climate, there is significant demand for air conditioning equipment, and several U.S. brands are available in Cambodia. The most popular models are split units with remote control features. Very few

buildings have central air conditioning, but there is a market for industrial-scale equipment in Cambodia's garment and footwear industries. High electricity and fuel costs mean that energy efficiency is a strong selling point for any type of appliance in Cambodia.

#### *Opportunities*

Domestic water purification equipment, refrigerators, washing machines, air conditioning equipment, and energy-efficient household appliances are all in demand. There is an increasing appetite for luxury consumer goods including home furnishings among those with sufficient disposable income.

#### *Web Resources*

[Aeon Mall](#)

[Lucky Market Group](#)

[Sorya Center Point](#)

[Sovanna Shopping Center](#)

## **Travel and Tourism**

### *Overview*

The tourism industry in Cambodia has matured quickly over the past few years due to political and economic stability. The number of foreign arrivals reached 5 million in 2016, with more direct flights serving foreign countries. The majority of tourists are attracted to the historical/cultural complex of Angkor Wat, but an increasing number of tourists are also visiting the beaches in the southern town of Sihanoukville. In 2016, annual revenue generated from the sector increased by 6.60% to \$3.2 billion, representing 16 percent of total GDP.

Tourism Inflows	2014	2015	2016
Number of International Tourists	4,502,775	4,775,231	5,011,712
Number of American Tourists	191,366	217,510	238,658
Total Tourism Receipts *	2,736,000	3,012,000	3,212,000

Unit: USD thousands

Note: \* Total Tourism Receipts figures are in USD thousands

Data Source: Ministry of Tourism

### *Leading Sub-Sectors*

The government expects tourism to continue to increase as new attractions open in different parts of Cambodia. The airport in the southern coastal town of Sihanoukville was recently expanded and upgraded to accommodate larger aircraft, and the government has approved many resort development projects by international and Cambodian developers for the country's islands, southern coastline, and mountain areas. The government is also looking to open up more of the country to eco-tourism, capitalizing on natural resources such as mountains, rivers, lakes, waterfalls, and rare animal species like the Mekong dolphin.

### *Opportunities*

Collectively, these developments present good market opportunities for U.S. companies to develop resorts or tourist attractions and to supply tourism-related products or infrastructure.

### *Web Resources*

[Ministry of Tourism](#)

[Ministry of Land Management, Urban Planning and Construction](#)

[Council for the Development of Cambodia](#)

[Cambodia Association of Travel Agents](#)

[Cambodia Hotel Association](#)

## **Used Car and Automotive Parts**

### *Overview*

With Cambodia's growing prosperity, automobile ownership is rapidly increasing. The vast majority of cars are imported second-hand vehicles. The most popular models are four-wheel-drive vehicles and mid-sized Japanese sedans. All car imports must be left-hand drive. In 2015, importation of passenger cars totaled around 43,300 units of which 89 percent were used cars. The United States appears to be the largest supplier of used vehicles in Cambodia. A number of companies sell used and new cars in Phnom Penh. Ford and Chevrolet have local dealerships. Annual sales of passenger cars and parts from the U.S. to Cambodia increased by 47 percent to \$225 million in 2014. The market also supports Mercedes, Sanyong, Great Wall Motor, Hyundai, BMW, and Peugeot dealers as well as representatives of major Japanese companies including Toyota, Honda, Nissan, Subaru, Mitsubishi, and Mazda. In early January 2013, a private Cambodian company, Heng Development Company, launched its electric car, the Angkor EV 2013.

Import of Vehicles, Motorbikes and Parts	2014	2015	2016
Total imports	745,750	931,201	744,592

Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel
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Unit: USD thousands

Data Source: Ministry of Economy and Finance

#### *Leading Sub-Sectors*

Automobile parts and accessories from the United States are available in Cambodian markets, particularly for Ford and General Motors vehicles. Limited availability of parts for other makes and models has led customers to choose Toyota vehicles because parts are available and affordable. As with other products, U.S. auto parts have a reputation for quality and attract a higher price than parts produced in Thailand, Taiwan, or other Asian countries.

#### *Opportunities*

Further opportunities exist in used cars, accessories, and spare parts.

#### *Web Resources*

[Ministry of Public Works and Transport](#)

[Automobile Association of Cambodia](#)

## **Fast Food and Beverage Franchises**

### *Overview*

Cambodia’s growing urban middle class, supplemented by a significant expatriate community, increasingly frequents restaurant franchises. A few local “mom and pop” eateries emulating U.S.-style fast food restaurants are popular and busy, such as doughnut and hamburger establishments. In 2005, Thailand’s The Pizza Company opened the first international-standard pizza business in Cambodia, and the company has done well. In 2008, Swensen’s and KFC opened their first outlets, and both are expanding throughout the country. Dairy Queen and Burger King have also entered the Cambodian market. The Hard Rock Cafe opened a franchise in Siem Reap in 2014. In 2015, Domino’s Pizza and Starbucks coffee opened franchises in Phnom Penh. Krispy Kreme Doughnut launched its first shop in Phnom Penh in May 2016. Carls’ Jr and Cold Stone Creamery opened outlets in Phnom Penh in 2016. Other foreign food and restaurant franchises present in Cambodia are from Singapore, Taiwan, Korea and Australia.

### *Sub-Sector Best Prospects*

Major American soft-drink companies have bottling plants in Phnom Penh. Cambodia’s air and land links to Thailand and Vietnam make it easy for local restaurants to secure adequate supplies of fresh ingredients that meet Western standards, and the government offers generous investment incentives in the agricultural sector, which would potentially be available to any franchise interested in local production.

### *Opportunities*

Significant opportunities exist in the range of fast food/drink options from hamburgers to coffee shops to mid-range restaurant franchise chains. There may also be market potential for establishments that offer casual sit-down dining in Phnom Penh.

*Web Resources*

[The Cambodia Restaurant Association](#)

[Lucky Market Group](#)

Imports of Food and Beverage	2014	2015	2016
Food and ingredients	171,881	213,137	262,542
Beverages	93,325	181,749	181,431
Exchange Rate: 1 USD	4,000 riel	4,000 riel	4,000 riel

Unit: USD thousands

Data Source: Ministry of Economy and Finance

## **Customs, Regulations & Standards**

### **Import Tariff**

There are three types of import duties and taxes in Cambodia: (1) customs import duties with an ad-valorem rate, (2) a special tax for certain goods, and (3) a value added tax (VAT). All imports are subject to a 10 percent flat VAT, but certain imports receive special preferences, such as under the ASEAN Free Trade Area (AFTA). The following items are exempt from import duties (other than the VAT): agricultural equipment and inputs, school materials and equipment, pharmaceutical products (with HS code 30), and sporting goods.

A complete listing of tariff rates can be found in the Customs Tariff of Cambodia 2012 report, which is available for purchase at the General Department of Customs and Excise. The online database of the General Department of Customs and Excise (GDCE) also provides search options for tariff rates by the Eight AHTN code or commercial description. Additional regulations on tariff rates can be requested electronically through the Ministry of Economy and Finance homepage.

[General Department of Customs and Excise website](#)

[Ministry of Economy and Finance website](#)

### **Import Requirements & Documentation**

Cambodia adopted a new Customs Law in June 2007 to bring it into conformity with the terms of GATT/WTO Codes on Customs Valuation. It became the 155th member of the World Customs Organization (WCO) in June 2011. The GDCE requires importers and exporters to lodge declarations accompanied by such documents as a bill of lading/airway bill, packing list, invoice, proof of insurance, inspector report of finding, if applicable, and other documents as required. In recent years, Cambodia has made substantial progress in reforming and modernizing its import, export, and transit operations, including by streamlining and harmonizing customs procedures with international standards. The government has encouraged the use of a single administrative document (SAD) system and one-stop service mechanism to facilitate trade and risk management. Under the one-stop-service mechanism, there is only one inspection by the inter-ministerial joint body, which streamlines customs procedures and reduces bureaucracy and paperwork requirements. However, in practice, bureaucracy and other delays remain in the customs system. The Automatic System for Customs Data (ASYCUDA) is now in operation at all international check points to facilitate customs procedures as part of the country's one-stop service implementation. These reforms have contributed to Cambodia's improved World Bank Logistics Performance Index ranking from 83rd in 2014 to 73rd in 2016. As part of ASEAN economic integration, Cambodia is also working to establish a "National Single Window," an automated solution combining different border agencies into one electronic platform for use by traders and businesses. Other programs created to facilitate international trade flows include: the Best Trader Program and Authorized Economic Operator (AEO) to provide special treatment for highly compliant traders; exemption management regimes to allow for different types of duty and tax

exemptions of imported goods; implementation of the ASEAN trade in goods agreement (ATIGA) to eliminate import tariff duties on all products originating from ASEAN country members by 2015 (with flexibility to 2018); and the Custom-Private Sector Partnership Mechanism (CPPM) which was established in 2009 to promote a transparent investment climate and to encourage private sector compliance with the law and regulations and trade facilitation.

For details on import and export clearance procedures, please visit the [General Department of Customs and Excise of Cambodia](#) website.

## **Labeling/Marking Requirements**

Labels or marks are not mandatory for all imports; however, products need to have their labels certified and registered with relevant ministries before importing into Cambodia. Labels for different products are regulated and certified by different ministries. Suppliers of products that could harm public health or safety are also required to certify that the products comply with the standards set by the Institute of Standards of Cambodia (ISC). Mandatory standards required by the ISC apply to electrical and electronic products, for example. The ISC is charged with drafting and issuing regulations, while the Cambodia Import-Export Inspection and Fraud Repression Directorate General (CamControl) in the Ministry of Commerce is charged with providing pre-approval notice of regulated products.

More information on labeling and marking requirements can be found on the [Institute of Standards of Cambodia](#) website.

Additional information about CamControl can be found at [The Cambodia Import-Export Inspection and Fraud Repression Directorate-General](#) website.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here at [Consolidated Screening List API](#).

## **Temporary Entry**

A certain number of goods may be temporarily imported. These commodities need to be re-exported within one year from the date of importation. This period could be extended by the customs administration if a written request, with a reasonable purpose, is submitted before the expiry date. The commodities may be granted partial or full exemption from payment of import duties and taxes. Importers should contact the General Department of Customs and Excise to ensure re-exportation within the specified period. The Customs administration may require the importers to pay a security deposit to guarantee import taxes and duties, which is not to exceed the amount of taxes and duties of taxed imports.

Additional details on temporary entry can be found at the [General Department of Customs and Excise's website](#).

## **Prohibited & Restricted Imports**

Cambodia currently prohibits the commercial importation of the following products: narcotics, psychotropic substances and their precursors, toxic waste and poisonous chemicals and substances, and certain pesticides. Government regulations also prohibit the import of used computers and spare parts, household waste (discarded from dwellings, public buildings, factories, markets, hotels, business buildings, restaurants, transport facilities, recreation sites, etc.), and hazardous waste (for example, PCB waste from discarded air conditioners). To curb the spread of avian influenza, Cambodia created and implemented more stringent quality control and inspection of poultry imports. Certain imports are subject to quantitative restrictions and importers of these products are required to seek approval from relevant government ministries or technical agencies. Import permits or licenses are required from relevant government agencies depending on the nature and type of the imported commodity. Import licenses are required for firearms and pharmaceuticals. Firearm import licenses can be obtained from the Ministry of Interior, while pharmaceutical licenses can be obtained from the Ministry of Health. Other special requirements apply to imports of food products and pharmaceuticals: food products must have a 50 percent minimum remaining shelf life at the time of inspection, and pharmaceuticals must have a minimum 18 months remaining shelf life at the time of inspection.

[Ministry of Interior](#)

[National Laboratory for Drug Quality Control, Ministry of Health](#)

## **Customs Regulations**

The government adopted a Customs Law and issued an implementing sub-decree on the promulgation of lists of prohibited and restricted goods in 2007. Further details on customs regulations can be found at:

General Department of Customs and Excise

No. 6-8, Norodom Blvd., Phnom Penh.

Tel & Fax: (855) 23 214 065.

E-mail: [info-pru@customs.gov.kh](mailto:info-pru@customs.gov.kh)

Website: [General Department of Customs and Excise](#)

## **Standards for Trade**

Overview

Cambodia adopted the Law on Standards of Cambodia in 2007 to improve the quality of products, services, and management; raise and rationalize production efficiency; ensure fair and simplified trade; rationalize product use; and enhance consumer protection and public welfare. Several government bodies and agencies share oversight and control over these standards.

## Standards

The Institute of Standards of Cambodia (ISC) was officially established in 2008. ISC drafts laws and regulations, conducts production surveillance, provides supervision and technical support, provides training and consultancy to help companies register and certify their products, disseminates technical regulations, and develops national standards for products and management. The ISC does not have a technical team to develop standards for laboratory analysis techniques. Generally, Cambodia uses the ISO/IEC guide 21-1 and 2:2005 as guides for adopting international standards as national standards or technical regulations. The Ministry of Health is charged with prescribing standards, quality control, distribution, and labeling requirements for pharmaceuticals, medical equipment, and cosmetics. The Ministry of Agriculture, Forestry and Fisheries is responsible for agricultural products. The National Standards Council (NSC), established in 2009, leads coordination in the development of national standards; advises the ISC on the criteria and procedures pertinent to the preparation, approval, acceptance and selection of the standards; and considers and approves proposals for Cambodian standards prepared and recommended by ISC to develop, adopt, review, revise, or cancel Cambodian standards. The NSC is chaired by the Minister of Industry and Handicraft, with representatives from relevant technical line ministries including the Ministry of Agriculture, Forestry and Fisheries; the Ministry of Health; and the Ministry of Commerce. Overall, the NSC is the national secretariat, which oversees, regulates, verifies, and adopts or certifies standards proposed by each technical ministry. The mandate of the NSC is to ensure quality and standard conformity with national and international standards.

[Institute of Standards of Cambodia](#) (Ministry of Industry and Handicraft)

## Testing, inspection and certification

### Conformity Assessment

The ISC develops national standards, performs conformity assessment, inspects and controls the quality of laboratories, and certifies product and service standards and compliance for locally consumed goods and export goods. It helps rectify minor errors in standards compliance. The Ministry of Health and the Ministry of Agriculture, Forestry, and Fisheries are each responsible for implementing their own regulations on standards, safety, and quality of respective imports, exports, and locally consumed goods. On the whole, the ISC has a mandate to supervise and provide technical support to the line ministries to help these ministries develop their standards to conform to national standards. The ISC also tests for compliance with mandatory Cambodian standards, conducts conformity assessment and

production surveillance, and monitors and verifies the compliance of the technical regulations of each respective ministry/agency. Other services provided include education, training, consultancy, and dissemination of technical information on standards and quality.

The Industrial Laboratory Center of Cambodia (ILCC) under the Ministry of Industry and Handicraft provides testing services for microbiological and chemical examination on food products. Other testing service labs available in the country include Pasteur institute for medical biology testing, environment and food safety testing; Bureau Veritas, for textile testing services; SGS, providing textile testing services; and Intertek, providing testing services for consumer products and testing and inspection of bulk commodities such as petroleum, chemicals, minerals, and food and agricultural products.

## Product Certification

The responsibility for establishing industrial standards and certifications resides with the ISC. Certification includes product standard compliance, product safety standard compliance, and production and service management system compliance. Not all imports require a certificate or license. Importers of regulated products, however, must request a certificate or a license before importing. To date, the ISC has not strictly inspected standard compliance or regularly certified product standards for both locally consumed goods and products for export. To date, it has never suspended, withdrawn, or revoked any product certificate or license.

## Accreditation

Responsibility for accreditation services was transferred from the ISC to the General Department of Industry in the Ministry of Industry and Handicraft. The Ministry has begun offering accreditation services though it has not yet granted accreditation to any standards agency.

## Publication of technical regulations

Law, rules, and regulations concerning standards are available at the ISC homepage. Hard copies are published in the Royal Gazette by the General Directorate of Royal Gazettes and Computer Services of the Council of Ministers.

[Institute of Standards of Cambodia \(Ministry of Industry and Handicraft\)](#)

[General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers](#)

## Contact Information

Further information can be obtained from the website of the [Institute of Standards of Cambodia](#)

The U.S. Embassy point of contact on standards-related issues is Economic/Commercial Specialist Sokros Chann: (855) 23 728 158, [ChannS@state.gov](mailto:ChannS@state.gov).

## **Trade Agreements**

Cambodia joined the International Organization for Standardization (ISO) in 1995 and is also a member of the ASEAN Consultative Committee on Standards and Quality (ACCSQ). Cambodia ratified the ASEAN Framework Agreement on Mutual Recognition Arrangements. It has signed numerous trade agreements, including the U.S.-Cambodia Trade and Investment Framework Agreement (TIFA) in 2006. The TIFA also provides a forum to address bilateral trade issues and allows Cambodia and the United States to coordinate on regional and multilateral issues.

## **Licensing Requirements for Professional Services**

Cambodia requires certain professional service providers to be certified by relevant local professional agencies before practicing in Cambodia. These licensing requirements include legal services and medical services. To be able to practice Cambodian law, all lawyers need to register with the Bar Association of the Kingdom of Cambodia (BAKC). Medical doctors are required to register at the Cambodian Medical Council (CMC) before they can practice in Cambodia.

[Bar association of the Kingdom of Cambodia](#)

[Cambodian Medical Council](#)

## **Web Resources**

[Institute of Standards of Cambodia of Ministry of Industry and Handicraft](#)

[General Directorate of Royal Gazettes and Computer Services, Office of the Council of Ministers](#)

[General Department of Customs and Excise](#)

[National Laboratory for Drug Quality Control, Ministry of Health](#)

[Ministry of Commerce](#)

[Cambodian Investment Board of the Council for the Development of Cambodia](#)

[Cambodia Import Export Inspection and Fraud Repression Directorate-General \(CAMCONTROL\)](#)

# Investment Climate Statement

## Executive Summary

Cambodia has experienced rapid economic growth over the last decade, with average annual gross domestic product (GDP) growth topping seven percent. GDP per capita stood at USD \$1,300 at the end of 2016. The tourism, garment, construction and real estate, and agriculture sectors accounted for the bulk of the growth. According to the Asian Development Bank (ADB), the percentage of the population living in poverty decreased to 13.5 percent in 2016. The average annual inflation rate was estimated at 2.8 percent.

Cambodia has an open and liberal foreign investment regime with a relatively pro-investor legal and policy framework. Foreign direct investment (FDI) incentives available to foreign investors include 100 percent foreign ownership of companies, corporate tax holidays of up to eight years, a 20 percent corporate tax rate after the incentive period ends, duty-free import of capital goods, and no restrictions on capital repatriation.

Despite these incentives, Cambodia has historically not been able to attract significant U.S. capital due to various factors including pervasive corruption, a limited supply of skilled labor, inadequate infrastructure (including high energy costs), and a lack of transparency in government approval processes. Failure to consult the business community on new economic policies and regulations has created difficulties for domestic and foreign investors alike. Notwithstanding these challenges, American companies such as Tiffany & Co., which has a diamond polishing facility in Phnom Penh, and American Licorice, which manufactures hard candy, have maintained investments in the country. In December 2016, Coca-Cola officially opened its USD \$100 million bottling plant.

The total stock of FDI for registered capital from 1994 to 2016 was USD \$6 billion. The stock of fixed assets in Cambodia was USD \$32.5 billion over the same period. According to the Council for the Development of Cambodia, FDI in terms of registered capital increased by 34 percent from 2015 to 2016 to USD \$462 million. In 2016, U.S. FDI registered capital in Cambodia consisted of a garment factory and a hotel project, totaling USD 6.4 million. Asian countries top the list of the largest sources of FDI in Cambodia, with the Japan investing USD \$118 million, Vietnam investing USD \$96 million, and China investing USD \$74 million during the course of 2016.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	156 of 175	<a href="#">Transparency International Corruption Perception Index</a>
World Bank's Doing Business Report "Ease of Doing Business"	2017	131 of 190	<a href="#">Doing Business Economy Rankings</a>
Global Innovation Index	2016	95 of 128	<a href="#">Global Innovation Index</a>
U.S. FDI in Cambodia (\$M USD, stock positions)	1994-2016	USD 100	Council for the Development of Cambodia
World Bank GNI per capita	2015	USD 1,070	<a href="#">World Bank GNI per capita</a>

## Openness to and Restrictions upon Foreign Investment

### Policies Towards Foreign Direct Investment

Having begun the transformation from a command market to a free market economy in the late 1980s, Cambodia is now integrating into the regional and world trading framework. Cambodia joined the Association of Southeast Asian Nations (ASEAN) in 1999 and served as its chair in 2012. In 2001, the country joined the World Customs Organization, and in September 2004, it became one of the first Lesser Developed Countries to become a member of the World Trade Organization (WTO). After years of sustained growth, the country graduated in 2016 to the status of lower-middle income as measured by the World Bank with a Gross National Income (GNI) per capita of \$1,070.

The primary law governing investment in Cambodia, the 1994 Law on Investment, established an open and liberal foreign investment regime. All sectors of the economy are open to foreign investment, and the government permits 100 percent foreign ownership of companies in most sectors. In a few sectors, such as cigarette manufacturing, movie production, rice milling, gemstone mining and processing, publishing and printing, radio and television, wood and stone carving production, and silk weaving, foreign investment is subject to local equity participation or prior authorization from authorities. There is little or no discrimination

against foreign investors either at the time of initial investment or after investment. Some foreign businesses, however, have reported that they are at a disadvantage vis-a-vis Cambodian or other foreign rivals that engage in acts of corruption or tax evasion or take advantage of Cambodia's poor enforcement of laws and regulations. The Cambodian Bar Council has periodically taken actions to restrict or impede the work of foreign lawyers or foreign law firms. More information about investment and investment incentives in Cambodia may be found on the [Council for the Development of Cambodia's website](#).

In 1999, the Government-Private Sector Forum (G-PSF), consisting of eight sectoral working groups, was created by the Cambodian government as a mechanism for public and private sector consultation on investment issues ranging from policy to day-to-day operations. However, draft policies, laws, and regulations are nevertheless often issued with little or no consultation with the private sector. Chaired by the Prime Minister, the G-PSF in theory supposed to hold two plenary meetings a year. The most recent G-PSF meeting (the 17<sup>th</sup> meeting), however, was held in 2014. Only small working group meetings have been held since then.

By end of 2015, the Council for the Development of Cambodia had recorded approximately USD 100 million in U.S. registered capital investments since August 1994, equivalent to 0.5 percent of Cambodia's GDP. Major U.S. business investments in Cambodia include: Caltex, which has a nationwide chain of service stations and a petroleum holding facility in Sihanoukville; Coca-Cola, GE; Crown Beverage Cans Cambodia Limited, which produces aluminum cans; CBRE Group, Inc.; Motorola Solutions Inc; Coca Cola; Tiffany and Co., which has a diamond polishing factory; American Licorice; Otis Elevators; DuPont; and W2E Siang Phong Co., Ltd., a biogas power generation joint venture between U.S. and Dutch investors. U.S. franchises and brands with local distribution include: John Deere, Ford, Chevy, Gallo Wines, Swensen's Ice Cream, Dairy Queen, Krispy Kreme doughnuts, Carl Jr's, Cold Stone Creamery, Microsoft, Kohler, Domino's Pizza, Burger King, Hard Rock Café, Coffee Bean and Tea Leaf, Starbucks Coffee, and Burger King. There are also U.S. investors in several Cambodian garment factories.

Major non-U.S. foreign investors in Cambodia include Asia Pacific Breweries (Singapore), Asia Insurance (Hong Kong), ANZ Bank (Australia), BHP Billiton (Australia), Oxiana (Australia), Infinity Financial Solutions (Malaysia), Total (France), PTT Cambodia (Thailand), Cambodia Airport Management Services (CAMS) (France), Forte Insurance (France), Manulife Cambodia PLC (Canada), Prudential (United Kingdom), Smart Axiata Co., Ltd (Malaysia), Thakral Cambodia Industries (Singapore), Petronas Cambodia (Malaysia), Charoeun Pokphand (Thailand), Siam Cement (Thailand), Bank of China (China), Cambrew (Malaysia), Aeon shopping mall (Japan), Parkson mall (Malaysia), and Metfone (Vietnam).

### **Limits on Foreign Control and Right to Private Ownership and Establishment**

There are few limitations on foreign control and ownership in Cambodia. Foreign investors may own 100 percent of their investment projects except in the sectors mentioned above.

According to Cambodia's 2003 Amended Law on Investment and related sub-decrees, there are no limitations based on shareholder nationality or discrimination against foreign investors except in relation to investments in real property or state-owned enterprises. Both the Law on Investment and the Amended Law on Investment state that the majority interest in land, however, must be held by one or more Cambodian citizens. Pursuant to the Law on Public Enterprise, the Cambodian government must directly or indirectly hold more than 51 percent of the capital or the right to vote in state-owned enterprises. The Cambodian Bar has periodically taken actions to restrict or impede the work of foreign lawyers or foreign law firms.

### **Other Investment Policy Reviews**

In compliance with WTO requirements, Cambodia conducted its first review of trade policies and practices in November 2011. The next review will be conducted in November 2017. Cambodia's full trade policy review report can be found on the WTO [website](#). In 2017 Cambodia will also undergo an Organisation for Economic Co-operation and Development (OECD) investment policy review.

In response to the WTO trade policy review recommendations, Cambodia completed the following reforms:

Elimination of the Certificate of Origin requirement for exports to countries where a certificate is not required;

Implementation of online business registration;

Adoption of a competitive hiring process for Ministry of Commerce staff;

Implementation of risk evaluation measures for the Cambodia Import-Export Inspection and Fraud Repression Directorate General (CamControl) and creation of a CamControl risk management unit;

Enactment of the Law on Public Procurement;

Enactment of three judicial system laws: the Law on Court Structures, the Law on the Duties and Discipline of Judges and Prosecutors, and the Law on the Organization and Functioning of the Supreme Council of Magistracy;

Creation of the Commercial Court as a specialized Court of First Instance;

The creation of a credit bureau;

Establishment of a Telecom Regulator of Cambodia (TRC); in 2012, the Ministry of Posts and Telecommunication transferred its regulatory role to the TRC;

Enactment of the Law on Telecommunications in December 2015; and

Enactment of the Law on Animal Health and Production in February 2016.

Areas of ongoing or planned reforms include a law on Special Economic Zones, amending the Standards Law, and enacting laws on competition, food safety, and e-commerce.

## **Business Facilitation**

Cambodia's 1994 Law on Investment created an investment licensing scheme to regulate the approval process for foreign direct investment and provide incentives to potential investors. In March 2003, the government simplified the licensing scheme and increased transparency and predictability by enacting the Law on the Amendment to the Law on Investment (Amended Law on Investment). The licensing scheme for investments of less than USD \$2 million was clarified in February 2005 in a sub-decree on the Establishment of the Subcommittee on Investment in the Provinces-Municipalities of the Kingdom of Cambodia. Sub-decree No. 111 on the Implementation of the Law on the Amendment to the Law on Investment, issued in September 2005, lays out detailed procedures for registering a Qualified Investment Project (QIP), which is entitled to certain taxation incentives, with the Council for the Development of Cambodia and provincial/municipal investment subcommittees. The website of the [Council for the Development of Cambodia](#), provides a list of laws, rules, procedures and regulations which could be useful for foreign investors.

All businesses are required to register with the Ministry of Commerce (MoC) and the General Department of Taxation (GDT). In January 2016, the Ministry of Commerce launched an online business registration portal that allows all existing and new businesses to register their companies at [MOC Online Business Registration](#). Information about the online business registration process is available on the website of the [MoC](#). The link also provides sources of information for various types of business registration documents. New business registration takes approximately two weeks. Depending on the types of business activities, new businesses are also required to register with other relevant ministries. For example, travel agencies must register with the Ministry of Tourism and private universities must register with the Ministry of Education, Youth and Sport, in addition to registering with the MoC and the GDT. The World Bank's 2017 Ease of Doing Business Report ranks Cambodia 180 of 190 countries globally for the ease of registering a business. The report notes that it includes 9 separate procedures and can take up to three months to complete all business, tax, and employment registration processes.

## **Outward Investment**

There are no restrictions on domestic citizens investing abroad. A number of local companies have already invested in neighboring countries, particularly Laos and Myanmar, in various sectors including banking, IT services, legal and consulting services, and the entertainment industry.

## **Conversion and Transfer Policies**

### **Expropriation and Compensation**

Land rights are a contentious issue in Cambodia, complicated by the fact that most property holders do not have legal documentation of their ownership as a result of official policies and social upheaval during Khmer Rouge era in the 1970s. Numerous cases have been reported of influential individuals or groups acquiring land titles or concessions through political and/or financial connections, and then using force to displace communities to make way for commercial enterprises.

In late 2009, the National Assembly approved the Law on Expropriation, which sets broad guidelines on land-taking procedures for public interest purposes. It defines public interest activities to include construction, rehabilitation, preservation, or expansion of infrastructure projects, and development of buildings for national defense and civil security. These provisions include construction of border crossing posts, facilities for research and exploitation of natural resources, and oil pipeline and gas networks. Property can also be expropriated for natural disasters and emergencies, as determined by the government. Legal procedures regarding compensation and appeals are expected to be established in a forthcoming sub-decree, which is under internal discussion within the technical team of the Ministry of Economy and Finance. The Embassy is not aware of any cases in which Cambodia has expropriated a U.S. investment.

## **Dispute Settlement**

### *ICSID Convention and New York Convention*

Cambodia has been a member of the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention – also known as the Washington Convention) since 2005. Cambodia is also a signatory to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (the New York Convention) since 1960. In 2001, Cambodia passed the Law on Agreement and Implementation of the United National Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

### *Investor-State Dispute Settlement*

International arbitration is available for Cambodian commercial disputes. In March 2014, the Supreme Court of Cambodia upheld the decision of the Cambodian Court of Appeal, which had ruled in favor of the recognition and enforcement of an arbitral award issued by the Korean Commercial Arbitration Board (KCAB) of Seoul, South Korea. Cambodia became a member of the World Bank's International Center for Settlement of Investment Disputes in January 2005. In 2009, the International Center approved a U.S. investor's request for arbitration in a case against the Cambodian government, and in 2013 the tribunal rendered an award in favor of Cambodia.

### *International Commercial Arbitration and Foreign Courts*

Commercial disputes can also be resolved through the National Commercial Arbitration Center (NCAC), Cambodia's first alternative dispute resolution mechanism, which was officially launched in March 2013.

### **Performance Requirements and Investment Incentives**

The Law on Investment permits investors to hire foreign nationals for employment as managers, technicians, or skilled workers if the qualifications and/or expertise are not available in Cambodia. According to the Cambodian Labor Law, the number of foreign employees should not exceed ten percent of the total number of Cambodian employees. In practice, companies can request an increase in this ratio.

Under Cambodian law, most foreign investments and foreign investors are subject to the following taxes: corporate profits tax (20 percent), tax on individual salaries (0 to 20 percent), withholding taxes (4 to 15 percent), value-added taxes (0 to ten percent), and import duties (0 to 35 percent).

All investments must be registered with the Ministry of Commerce. Cambodia's Law on Investment and Amended Law on Investment offers varying types of investment incentives for projects that meet specified criteria. Investors seeking an incentive must submit an application to the Cambodian Investment Board within the Council for the Development of Cambodia (CDC). Investors who wish to apply are required to pay an application fee of KHR 7 million (approximately USD \$1,750), which covers securing necessary approvals, authorizations, licenses, or registrations from all relevant ministries and entities, including stamp duties. Under a 2008 sub-decree, the CDC is required to seek approval from the Council of Ministers for investment proposals that involve capital of USD \$50 million or more, politically sensitive issues, the exploration and exploitation of mineral or natural resources, or infrastructure concessions. The CDC is also required to seek approval from the Council of Ministers for investment proposals that will have a negative impact on the environment or the government's long-term strategy.

Qualified Investment Projects are entitled to receive different incentives such as profit tax exemptions, special depreciation, and duty-free import of production equipment and construction materials. Investment projects located in designated special promotion zones or export processing zones are also entitled to the same incentives. Industry-specific investment incentives, such as a three-year profit tax exemption, may be available in the agriculture and agro-industry sectors. Agricultural materials used as inputs in export industries may be exempt from the value-added tax. More information about the criteria and investment areas eligible for incentives can be found at [Council for the Development of Cambodia](#).

Investment activities excluded from incentives are detailed in the September 2005 Sub-Decree on the Implementation of the Amendment to the Law on Investment. These include the

following sectors: retail, wholesale, and duty-free stores; entertainment establishments (including restaurants, bars, nightclubs, massage parlors, and casinos); tourism service providers; currency and financial services; press and media-related activities; professional services; and production and processing of tobacco and wood products. Incentives also may not be applied to investments in the production of certain products if the investment is less than USD \$500,000. This includes food and beverages; textiles, garments, and footwear; and plastic, rubber, and paper products. Investors are not required to place a deposit guaranteeing their investment except in cases involving a concession contract or real estate development project.

### **Right to Private Ownership and Establishment**

There are few limitations on foreign control and ownership in Cambodia. Foreign investors may own 100 percent of their investment projects except in the sectors mentioned above. According to Cambodia's 2003 Amended Law on Investment and related sub-decrees, there are no limitations based on shareholder nationality or discrimination against foreign investors except in relation to investments in real property or state-owned enterprises. Both the Law on Investment and the Amended Law on Investment state that the majority interest in land, however, must be held by one or more Cambodian citizens. Pursuant to the Law on Public Enterprise, the Cambodian government must directly or indirectly hold more than 51 percent of the capital or the right to vote in state-owned enterprises. The Cambodian Bar has periodically taken actions to restrict or impede the work of foreign lawyers or foreign law firms.

### **Protection of Property Rights**

#### **Real Property**

Mortgages exist and Cambodian banks often require certificates of property ownership as collateral before approving loans. The mortgages recording system, which is handled by private banks, is generally considered reliable.

The 2001 Land Law provides a framework for real property security and a system for recording titles and ownership. Land titles issued prior to the end of the Khmer Rouge regime in 1979 are not recognized due to the severe dislocations that occurred during the Khmer Rouge period. The government is making efforts to accelerate the issuance of land titles, but in practice the titling system is cumbersome, expensive, and subject to corruption. The majority of property owners lack documentation proving ownership. Even where title records exist, recognition of legal title to land has not been uniform, and there are reports of court cases in which judges have sought additional proof of ownership. Although foreigners are constitutionally forbidden to own land, the 2001 law allows long- or short-term leases to foreigners. Cambodia also allows foreign ownership in multi-story buildings from the second floor up. Cambodia was ranked 120 out of 190 economies for ease of registering property in the 2017 World Bank Doing Business Report.

#### **Intellectual Property Rights**

Cambodia has adopted legislation concerning the protection of intellectual property rights (IPR), including the Law on Copyrights and the Law on Patent and Industrial Design.

Cambodia is a member of the World Intellectual Property Organization and the Paris Convention for the Protection of Industrial Property, and is a party to the ASEAN Framework Agreement on Intellectual Property Cooperation. Cambodia has also concluded bilateral agreements on intellectual property protection and cooperation with the United States, China, Thailand, Japan, Singapore, the EU (i.e., the European Patents Office), and South Korea.

Cambodia has enacted several laws pursuant to its WTO commitments on intellectual property. Copyrights are governed by the Law on Copyrights and Related Rights, which was enacted in January 2003. Trademarks are governed by the Law Concerning Marks, Trade Names and Acts of Unfair Competition, which was enacted in 2002. A patent law has been in place since 2003. Some gaps in intellectual property protection remain, however, and outstanding legislation includes a draft law for protecting trade secrets, a law on integrated circuit protection, and legislation on protecting encrypted satellite signals required by the World Intellectual Property Organization. The Ministry of Industry and Handicraft is drafting an amendment to the law on Patents, Utility Model Certificates, and Industrial Design. The government expects to adopt these amendments in 2017. Cambodia became a member of the Patents Cooperation Treaty (PCT) in December 2016 and joined the Hague Agreement Concerning the International Registration of Industrial Design in February 2017. In January 2014, Cambodia enacted the Law on Geographical Indications, recognizing geographical indications of local and foreign products. Infringement of IPR is pervasive, however, particularly related to software, music, books, cigarettes, alcohol, and pharmaceuticals. In March 2015, the Cambodian government submitted its instrument of accession to the Madrid Protocol for International Registration of Marks at the World Intellectual Property Organization.

Although Cambodia is not a major center for the production and export of pirated compact discs, DVDs, or other copyrighted materials, local businesses report Cambodia is growing as a source of pirated material due to weak enforcement. An inter-ministerial committee was established to combat piracy of compact discs and DVDs in the domestic market in 2013. Infringement complaints may be made to the Economic Police, Customs, the Cambodia Import-Export Inspection and Fraud Repression Directorate General, or the Ministry of Commerce. The division of responsibility among each agency, however, is not clearly defined. The Cambodian Counter Counterfeit Committee was established in 2014 as an umbrella organization for the ministries and agencies working on anti-counterfeit enforcement measures.

Cambodia is not listed in the U.S. Trade Representative (USTR)'s Special 301 report or notorious markets report.

For additional information about treaty obligations and points of contact at local IP offices, please see the [World Intellectual Property Organization's country profiles](#).

### **Transparency of the Regulatory System**

There is no pattern of systematic discrimination by the government against foreign investors in Cambodia. Numerous issues of related to the general lack of transparency in the regulatory regime arise, however, from the lack of legislation and limited capacity of key institutions. Investors often complain that the decisions of Cambodian regulatory agencies are

inconsistent, arbitrary, or corrupt. For example, in May 2016, the government set caps on retail fuel prices, with little consultation with petroleum companies. Cambodia has indicated a desire to discourage monopolistic trading arrangements in most sectors, but it has yet to pass the Law on Competition which was part of its WTO accession obligations. The Ministry of Commerce expects Cambodia to enact competition legislation in 2017. Under the most recent draft, a National Committee on Competition would be established after passing the law.

Cambodian ministries and regulatory agencies are not legally obligated to publish the text of proposed regulations before their enactment. Draft regulations are only selectively available for public consultation with relevant non-governmental organizations (NGOs) or parties before their enactment.

Approved passed laws are available on websites of some line Ministries but are not always up to date. The Council of Jurists, the government body reviewing law and regulation, publishes a list of updated laws and regulations on its website at [The Office of the Council of Ministers](#).

Under Prakas (sub-decree) 643 of the Ministry of Economy and Finance, enterprises must submit their annual financial statements to be audited by an independent auditor registered with the Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), provided those enterprises meet two of the following three criteria: (1) annual turnover above KHR 3 billion (approximately USD \$750,000); (2) total assets above KHR 2 billion (approximately USD 500,000); and (3) more than 100 employees. QIPs registered with the CDC are also obligated to submit their annual financial statement to be audited by an independent auditor registered with the KICPAA.

The National Accounting Council (NAC) of Cambodia adopted International Financial Reporting Standards for small and medium-sized entities (IFRS for SME) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) in 2010 and 2012, respectively. These standards are referred to as the Cambodian International Financial Reporting Standards for small and medium-sized entities (CIFRS for SMEs) and Cambodian International Financial Reporting Standards (CIFRS). Public accountability entities are required to adopt CIFRS. Non-public accountability entities that meet the above audit requirements are required to adopt CIFRS for SMEs or opt to use CIFRS, if necessary. Pursuant to the request of the central bank, the National Bank of Cambodia, and the Ministry of Economy and Finance, the NAC approved a delay in the implementation of CIFRS to 2019 for financial institutions and general insurance companies.

## **Efficient Capital Markets and Portfolio Investment**

In a move designed to address the need for capital markets in Cambodia, the Cambodian Securities Exchange (CSX) was launched on July 11, 2011. In April 2012, the Phnom Penh Water Supply Authority, a state-owned enterprise, was the first domestically registered company on the CSX. In June 2014, Grand Twins International (Cambodia) Plc, a garment factory from Taiwan, became the second company to list on the CSX. Phnom Penh Autonomous Port and Phnom Penh SEZ Plc. listed their companies in December 2015 and May 2016, respectively. Two other state-owned enterprises, the Autonomous Port of Sihanoukville and Telecom Cambodia, and a private local company, Express Food Group Co., Ltd, are preparing for initial public offerings, but listing dates have yet to be announced. In November 2006, the National

Assembly passed legislation to permit the government to issue bonds to address the country's budget deficits. The Securities and Exchange Commission of Cambodia is working toward the issuance of Cambodia's first government bond by 2018. In 2007, the government also passed the Law on the Issuance and Trading of Non-government Securities.

### **Competition from State-Owned Enterprises**

State-owned enterprises (SOEs) in Cambodia include Electricité du Cambodge, which is in charge of producing and distributing power nationwide; the Phnom Penh Water Supply Authority, which is responsible for water treatment and supply; the Rural Development Bank, which services and refinances loans to financial institutions, banks, MFIs, associations, development communities, and SMEs that take part in rural development in Cambodia; the Green Trade Company, which manages Cambodia's national reserve of rice through purchases and sales made at market prices; Phnom Penh Autonomous Port; and Sihanoukville Autonomous Port. In March 2015, the Cambodian government through the Ministry of Mines and Energy announced that it is exploring the possibility of establishing a national oil company to invest in the oil and gas sector, however no tangible steps have been announced.

Each SOE is under the supervision of a line ministry or government institution and is overseen by a board of directors drawn from among senior government officials. Private enterprises are generally allowed to compete with state-owned enterprises under equal terms and conditions. These entities are also subject to the same taxes and value-added tax rebate policies as private-sector enterprises. SOEs are covered under the law on public procurement, which was promulgated in January 2012, and their financial reports are audited by the appropriate line ministry, the Ministry of Economy and Finance, and the National Audit Authority.

### **Responsible Business Conduct**

The government does not have policies to promote responsible business conduct (RBC) or corporate social responsibility (CSR). However, there is increasing awareness of RBC among larger and multinational companies in the country. In 2015, a group of private sector and NGO representatives formed a National CSR Working Group to urge the government to adopt a national CSR framework. Initiated by the NGO Forum on Cambodia and Oxfam, the group meets quarterly to discuss CSR practices and seek solutions to problems caused by state and private investments. A number of economic land concessions in Cambodia have led to high profile land rights cases. The Cambodian government has recognized the problem, but in general, has not effectively and fairly resolved land rights claims. The Cambodian government does not have a national contact point for Organization for Economic Cooperation and Development (OECD) multinational enterprises guidelines and does not participate in the Extractive Industries Transparency Initiative.

### **Political Violence**

The risk of political violence directed at foreign companies operating in Cambodia is low. Foreign companies have been the targets of violent protests in the past, such as the 2003 anti-Thai riots against the Embassy of Thailand and Thai-owned commercial establishments. More recently, there were reports that Vietnamese-owned establishments were looted during a

January 2014 labor protest. Authorities have also used force, including truncheons, electric cattle prods, fire hoses, and even gunfire, to disperse protestors. Incidents of violence directed at businesses, however, are rare. The Embassy is unaware of any incidents of political violence directed at U.S. or other non-regional interests.

Nevertheless, there are tensions in the political system, as the governing party has moved to limit the opposition party and restrict civil society. The ruling Cambodia People's Party (CPP) retains a tight grip on power, with Prime Minister Hun Sen holding office since 1993, his fifth consecutive term. In April 2016, the deputy leader of the CNRP was threatened with multiple prosecutions from various government agencies, including the Anti-Corruption Unit, based on private phone conversations he had that were leaked to the public. Though he was pardoned in December 2016, four members of the Cambodian Human Rights and Development Association (ADHOC) and one member of the National Election Committee, who were arrested on charges related to the opposition leader's alleged crimes, remain in pre-trial detention. In July 2016, an independent political analyst was shot to death in broad daylight; many suspected political involvement in his death. In February 2017, the government passed legislation giving it broad authority to restrict the activities of or even dissolve political parties for a broad number of vaguely described infractions. Some companies have reported a slight economic downturn ahead of the 2017 commune and 2018 national elections due to concerns about political instability.

## **Corruption**

The Anti-Corruption Law was adopted in 2010 to combat corruption through education, prevention, and more effective enforcement. Under this law, all civil servants are obligated to declare their financial assets to the government every two years. The fourth round of asset and debt declaration took place during January 2015. The Anti-Corruption Unit (ACU), which was formed in 2010, has launched several high-profile prosecutions against public officials, including members of the police and judiciary. The ACU has also been accused of deliberately targeting the political opposition.

Despite the passage of the Anti-Corruption Law and creation of the ACU, business people, both local and foreign (including U.S. companies), have identified corruption, particularly within the judiciary, customs services, and tax authorities, as the single greatest deterrent to investment in Cambodia. Corruption was cited by a plurality of respondents to the World Economic Forum survey as the most problematic factor for doing business in Cambodia. The minimum salary for administrative civil servants was raised from USD \$138 to \$175 per month in 2016, however, these wages still remain below the level required to maintain a suitable quality of life in Cambodia. As a result, public employees remain susceptible to corruption. Local and foreign businesses report that they must often pay facilitation fees to expedite business transactions. Even though the Cambodian government has published the official fees of public services since early 2013, the practice of paying additional fees remains common. Furthermore, the process for awarding government contracts is not transparent and is susceptible to corruption. The ACU has been criticized for initiating a series of politically motivated investigations in 2016 while being slow to investigate government corruption. Transparency International's Corruption Perception index ranks Cambodia 156th of 176

countries globally, the worst ranking of all ten ASEAN member states and the third worst in the Asia Pacific region, with only North Korea and Afghanistan receiving worse rankings.

In 2015, the ACU, in collaboration with the private sector, established guidelines encouraging private companies to create internal codes of conduct prohibiting bribery and corrupt practices. The guidebook is publicly available on the website of the [Anti-Corruption Unit](#). Private companies can sign a Memorandum of Understanding (MoU) with the ACU pledging to operate corruption-free and cooperate on anti-corruption efforts. Since the program started in 2015, there more than 80 private companies have signed an MoU with the ACU. In early 2017 alone, the ACU signed an MoU with 60 companies located inside the Sihanoukville special economic zone.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

Cambodia ratified the UN Convention against Corruption in 2007 and endorsed the Action Plan of the Asian Development Bank / OECD Anti-Corruption Initiative for Asia and the Pacific in 2003. Cambodia is not a party to the OECD Convention on Combating Bribery.

Resources to Report Corruption

Government point of contact:

Om Yentieng

President, Anti-Corruption Unit

Building No. 54, Preah Norodom Blvd, Sangkat Phsar Thmey 3, Khan Daun Penh, Phnom Penh

Telephone: +855-23-223954

Email: [info@acu.gov.kh](mailto:info@acu.gov.kh)

NGO point of contact:

Preap Kol

Executive Director, Transparency International Cambodia

Telephone: +855-23-214430

Email: [info@ticambodia.org](mailto:info@ticambodia.org)

## **Bilateral Investment Agreements**

Bilateral investment treaties (BITs) provide reciprocal national treatment to investors, excluding benefits deriving from membership in future customs unions or free trade areas and agreements relating to taxation. These agreements preclude expropriations except those that are non-discriminatory, undertaken for a lawful or public purpose, and accompanied by prompt, adequate, and effective compensation at the fair market value of the property prior to expropriation. The agreements also guarantee repatriation of investments and provide for settlement of investment disputes via arbitration. Cambodia has signed BITs with Austria, Belarus, Bangladesh, China, Croatia, Cuba, Czech Republic, Democratic People's Republic of Korea, France, Germany, Hungary, Indonesia (later terminated), Japan, Kuwait, Laos, Malaysia, the Netherlands, Pakistan, the Philippines, the Republic of Korea, Russia, Singapore,

Switzerland, Thailand, Vietnam, and the Organization of the Petroleum Exporting Countries. Future agreements are planned with Algeria, , the Belgium-Luxembourg Economic Union, Bulgaria, Egypt, Hungary, Israel, Iran, Libya, Macedonia, Malta, Qatar, Turkey, the United Kingdom, and Ukraine.

Cambodia has also signed several regional Free Trade Agreements including ASEAN Australia New Zealand Free Trade Agreement, ASEAN India Free Trade Agreement, ASEAN China Free Trade Agreement and ASEAN Investment Comprehensive Agreement. Cambodia is also negotiating ASEAN-Hong Kong, China Investment Promotion and Protection Agreement; Regional Comprehensive Economic Partnership Agreement (RCEP); and ASEAN-Republic of Korea Investment Agreement under the Framework Agreement.

In July 2006, Cambodia signed a Trade and Investment Framework Agreement (TIFA) with the U.S. to promote greater trade and investment in both countries and provide a forum to address bilateral trade and investment issues. In February 2016, the third TIFA meeting was held in Phnom Penh. Cambodia does not have an existing BIT with the U.S., however, in August 2012, the two countries agreed to begin exploratory discussions on a potential bilateral investment treaty (BIT). Additional exploratory talks on a BIT were held in February 2016.

Cambodia does not have a bilateral taxation treaty with the U.S.

### **OPIC and Other Investment Insurance Programs**

Cambodia has an agreement with the Overseas Private Investment Corporation (OPIC) to encourage investment and is eligible for the Quick Cover Program under which OPIC offers financing and political risk insurance coverage for projects on an expedited basis. Several companies are either under consideration or have received approval for OPIC financing. With most investment contracts written in U.S. dollars, there is little exchange rate risk. Even for riel-denominated transactions, exchange rates are likely to remain stable because Cambodia has adopted a managed floating exchange rate regime based on the U.S. dollar. Cambodia is a member of the Multilateral Investment Guarantee Agency of the World Bank, which offers political-risk insurance to foreign investors. The Export-Import Bank of the United States (Ex-Im) provides financing for purchases of U.S. exports by private-sector buyers in Cambodia on repayment terms of up to seven years. Ex-Im support is typically limited to transactions with a commercial bank functioning as an obligor or guarantor. Ex-Im will, however, consider transactions without a bank on a case-by-case basis.

### **Labor**

Cambodia's economy is primarily focused on four sectors: agriculture, garment production, tourism, and construction. The agricultural sector employs some 65 to 70 percent of the labor force. Around 700,000 people, the majority of whom are women, are employed in the garment and footwear sector; 500,000 are employed in the tourism sector; and a further 50,000 people in construction. According to the 2013 Inter-Censal Population Survey of Cambodia, the latest survey available, the country's annual population growth rate was 1.46 percent from 2008 to 2013. Around 55 percent of the population is under the age of 25. The United Nations has estimated that around 300,000 new job seekers enter the labor market each year.

Given the severe disruption to the Cambodian education system and loss of skilled Cambodians during the 1975–1979 Khmer Rouge period, along with a failure to effectively restore the education system in the intervening 36 years, workers with higher education or specialized skills are few and in high demand. The Cambodia Socio-Economic Survey conducted in 2014 (the latest report available) found that about 36 percent of the labor force had completed a primary education. Only 7 percent of the labor force had completed secondary education. The 2015–2016 Global Competitiveness Report of the World Economic Forum identified an inadequately educated workforce as one of the most serious problems to doing business in Cambodia. Most middle management positions in the formal garment sector are filled by foreign nationals.

Cambodia’s 2016 Trade Union Law (TUL) erects barriers to the right of association and the rights to organize and bargain freely. The ILO has stated publicly that the law could hinder Cambodia’s obligations to international labor conventions 87 and 98, while acknowledging that the full effects of the law will depend upon its implementation. The TUL imposes new limits on the right to strike, facilitates government intervention in internal union affairs, and excludes certain categories of workers from joining unions, relegating them to “organizations,” a status regulated by a separate law. While unions may affiliate freely, the law does not explicitly address their right to affiliate internationally. The Cambodian government does not prohibit hiring foreign nationals. According to the Ministry of Labor and Vocational Training (MOLVT), the number of foreign workers should not exceed 10 percent of the total number of Cambodian workers. However, companies can request permission to increase the ratio of foreign workers.

Unresolved labor disputes are mediated first on the shop-room floor, after which they are brought to the MOLVT for conciliation. If conciliation fails, then the cases may be brought to the Arbitration Council, an independent state body that interprets labor regulations in collective disputes, such as when multiple employees are dismissed. The parties may choose whether to consider the council’s decisions as binding. If neither party objects to the arbitral award within eight days of its issuance, it automatically becomes binding. Individual disputes may be brought before the courts, although the judicial system is neither impartial nor transparent. The 2016 TUL calls for implementing legislation on the establishment of a labor tribunal. Although the law on tribunals has not yet been presented to the national assembly, a widely disseminated draft law promises a radical reduction to the influence of the Arbitration Council, with many of its powers to interpret labor law being reabsorbed into the MOLVT.

The TUL requires trade unions to submit a good deal of paperwork to achieve legal recognition, including: 1) application for registration, 2) copy of union statutes based on contents approved by the Ministry of Labor and Vocational Training (MoLVT); 3) copies of administrative regulations based on the contents approved by MoLVT; 4) names of all leaders and persons responsible for administration with their specific residing addresses; 5) letters of self-declaration regarding criminal records of all leaders and persons responsible for administration; 6) biography of leaders and persons responsible for the administration; 7) minutes of the election to form a union; 8) voter list for union formation; 9) letter of undertaking providing bank account details; 10) resident permit and permanent address

provided by the competent authorities (for foreign members); and 11) recent photos of leaders and persons responsible for the administration.

Regulations on collective bargaining require a single union within an enterprise to demonstrate “most representative status” (MRS), meaning that the union represents the largest number of workers in a bargaining unit, and at least 30 percent of all workers in an enterprise. Once a union has obtained MRS, it has the exclusive right to collective bargaining within that enterprise, and for filing collective complaints on behalf of employees.

Civil servants, including teachers, judges, and military personnel, as well as household workers, do not have the right to form or join a trade union. Teachers and other civil servants have regularly sought the right to organize. Personnel in the air and maritime transportation industries are free to form unions but are not entitled to social security and pension benefits and are exempt from the limitations on work hours prescribed by the labor law. The law stipulates that workers can strike only after several requirements have been met, including the failure of other methods of dispute resolution (such as negotiation, conciliation, or arbitration), a secret-ballot vote of the union membership, and seven days’ advance notice to the employer and the MOLVT. There is no law prohibiting strikes by civil servants, workers in public sectors, or workers in essential services. Legal protections are in place to guard strikers from reprisal, though these laws have been of limited use to those suffering illegal termination.

The labor code prohibits forced or compulsory labor, establishes 15 as the minimum allowable age for paid work, and sets 18 as the minimum age for anyone engaged in work that is hazardous, unhealthy, or unsafe. The statute also guarantees an eight-hour workday and 48-hour work week, and provides for time-and-a-half pay for overtime or work on an employee’s day off. To increase competitiveness of garment manufacturers, the labor code was amended in 2007 to establish a night shift wage of 130 percent of daytime wages.

Cambodia maintains a minimum wage for workers in the garment and footwear sector. The minimum wage for garment workers was set at USD 153 per month in 2016 by the Labor Advisory Committee (LAC), a tripartite group comprised of representatives from the government, labor, and manufacturers. The LAC meets annually to set the wage for the coming year. Since 2010, the wage rate for workers in the sector has increased from USD 61 to USD 153. In theory, the LAC follows a formula, accounting for multiple factors in order to establish an adequate wage for workers in the sector. In practice, however, the determination of the ultimate rate appears to have an arbitrary element. The Prime Minister has decreed a USD five addition to the last two recommended raises. The MOLVT is currently circulating a draft law on minimum wages that would largely codify the present system. The current draft also proposes penalizing any independent research on wages, any complaints against the minimum wage determination process, and any complaints about the minimum wage itself.

The labor law stipulates that a worker is entitled to indemnity if laid off for reasons of health or if the contract is terminated by the employer alone, except in the case of a serious offense by the worker. Enforcement of many aspects of the labor code is poor, and many labor disputes involve workers simply demanding conditions to which they are legally entitled. This issue

has grown in concern during the reporting period, as some 2,400 workers failed to receive their pay after five factories were closed in the first three months of 2017 alone.

The U.S. government, the International Labor Organization (ILO), and others have been working closely with Cambodia to improve enforcement of the labor code and workers' rights in general. The 1999 U.S.-Cambodia Bilateral Textile Agreement linked Cambodian compliance with internationally recognized core labor standards with the textile quota the United States granted to Cambodia. The U.S. government committed to increase the size of Cambodia's textile export quota if Cambodia demonstrated improvements in labor standards. This was the first bilateral trade agreement to positively link market access with progress in compliance with labor obligations. The ILO, which works with the government to monitor adherence to international labor standards in the garment sector, succeeded in improving compliance with workplace standards, virtually eliminating the worst labor abuses, such as forced labor and child labor. While the quota regime ended on January 1, 2005, following Cambodia's accession to the WTO, the ILO's Better Factories Cambodia program continues to monitor and report on working conditions in garment factories. All export garment factories in Cambodia must agree to be monitored by the program in order to receive an export license. Monitoring reports summarizing compliance issues, tracking trends, and analyzing progress in Cambodia's garment and footwear industries have been available online since March 2014.

### **Foreign Trade Zones/Free Ports/Trade Facilitation**

To facilitate the country's development, the Cambodian government has shown great interest in increasing exports via geographically defined special economic zones (SEZs). In December 2005, the government adopted the Sub-Decree on Special Economic Zones to speed up the creation of the zones by detailing the procedures, conditions, and incentives for investors. The Government is also drafting the law on Special Economic Zones, which is now undergoing technical review within the CDC. There are currently 15 special SEZs, which are located in Phnom Penh, Koh Kong, Kandal, Kampot, Sihanoukville, and near the borders of Thailand and Vietnam. The main investment sectors in these zones include garments, shoes, bicycles, food processing, auto parts, motorcycle assembly, and electrical equipment manufacturing.

### **Foreign Direct Investment and Foreign Portfolio Investment Statistics**

*Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy*

Economic Data	Year	Amount	Host Country	USG or	USG or International Source of
			Statistical source*	international	Data: BEA; IMF; Eurostat;
				statistical source	UNCTAD, Other
			Year	Amount	

Host Country Gross Domestic Product (GDP) (\$M USD)	2016	\$19,843	2016	\$19,971	World Bank-Cambodia Economic Update Oct. 2016
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2016	\$100	2012	\$54	<a href="#">BEA data</a>
Total inbound stock of FDI as % host GDP	2016	31.7%	N/A	N/A	Total 2016 FDI Stock (registered capital): \$6,300 million bodia GDP: \$19,843 million

Table 3: Sources and Destination of FDI

According to International Monetary Fund (IMF) data, total foreign direct investment in Cambodia as reported by counterpart economies has reached USD \$3 billion in 2015, with South Korea eating up the largest share, at 43 percent of total investment. The other top four foreign direct investment countries in Cambodia were Malaysia, Thailand, France, and Mauritius. The number of Cambodian investments outside the country was still quite small compared to inward foreign direct investment. In 2015, outward foreign direct investment totaled USD 283 million (a 21 percent increase compared to 2014). Singapore remained the top outward investment destination for Cambodia, with 52 percent share to total outward investment in 2015. China and South Korea ranked the second and third top countries that Cambodia invested in 2015. The IMF's 2016 data is not yet available.

#### Direct Investment from/in Counterpart Economy Data

##### From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment		
Total Inward	3,039	100%	Total Outward	283	100.00%

South Korea	1,311	43.14%	Singapore	148	52.30%
Malaysia	743	24.45%	China	113	39.93%
Thailand	598	19.68%	South Korea	14	4.95%
France	305	10.04%	Czech Republic	5	1.77%
Mauritius	44	1.45%	Thailand	3	1.06%

"0" reflects amounts rounded to +/- USD 500,000.

Sources: IMF CDIS Table 3 on Direct Investment Position 2015 Data

Table 4: Sources of Portfolio Investment

IMF CPIS Data for Cambodia is not available

## Contact for More Information on the Investment Climate Statement

David Sequeira

Economic Officer

U.S. Embassy Phnom Penh

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Phone: (855) 23-728-401

Email: [CamInvestment@state.gov](mailto:CamInvestment@state.gov)

## Trade & Project Financing

### Methods of Payment

Letters of credit are the most common method used to facilitate payment and are preferred over bank guarantees, cash in advance, and open accounts. Other payment methods such as forward exchange contracts, standby letters of credit, foreign currency loans, and import and export letters of credit can be tailor-made to an individual importer or exporter. Instruments and methods of payment offered by banks vary, ranging from import and export documentary collections, documentary export and import credits, open account, consignments, cash-in-advance, and guarantees. For large-scale business transactions, exporters and importers are required to have bank guarantees, such as shipping, bid, payment, advance payment, performance, and retention money guarantees. Private commercial banks provide trade finance services and have foreign correspondent banks in the United States, Europe, Asia, and elsewhere. Not all Cambodian commercial and specialized banks, however, handle trade finance. Commercial banks in Cambodia may use an external credit rating agency, such as Standard & Poor's.

## **Banking Systems**

90 percent of Cambodia's financial assets were located in the country's banking system. Banking system assets increased by 20.90 percent last year to approximately \$23.76 billion, equivalent to 118.20 percent of GDP. Loans and deposits rose by 20.52 percent and 21.82 percent, respectively, to approximately \$13.83 billion and \$13.75 billion. Economic growth in key sectors was as follows: 17.40 percent in wholesale trade; 14.20 percent in retail trade; 10.8 percent in agriculture, forestry, and fisheries; and 8.70 percent in construction.

Non-performing loans ratio increased from 1.99 percent in 2015 to 2.40 percent in 2016. In general, banks maintained strong solvency ratio and liquidity ratio of 22.30 percent and 118.30 percent, higher than the regulatory minimum requirement of 15 percent and 60 percent respectively. The banking industry's Return on Asset (ROA) and Return on Equity (ROE) were 1.80 percent and 10.00 percent, respectively.

Cambodia's banking sector is expanding rapidly, with 37 commercial banks, 15 specialized banks, 64 microfinance institutions, seven microfinance deposit-taking institutions, 170 registered microfinance operators, seven representative offices, 12 financial lease companies, eight third party processors, one credit bureau company, and 2,247 money changers by the end of 2016. During the same period, banking operations have opened 201 new branches, 142 new ATM terminals in addition to the existing 1,118 ATM machines. 1,548,120 new debit cards and 55,402 new credit cards were also issued last year.

## **Foreign Exchange Controls**

Under the 1997 Foreign Exchange Law, there are no restrictions on foreign exchange operations, including the purchase and sale of foreign exchange and the transfer of all types of international settlements. The government intervenes, however, to promote macroeconomic stability by managing the exchange rate, which is very closely pegged to the U.S. dollar. The current exchange rate in May 2016 was 4,063 riel to the U.S. dollar, but the use of U.S. currency predominates in large transactions. The law stipulates that only authorized intermediaries may perform these transactions. In reality, many unregistered money exchangers perform currency exchange services. The authorized financial intermediaries are lawfully established banks, which are required to report to the National Bank of Cambodia on the types of transfers and outflow or inflow of capital. In Phnom Penh there are 75 licensed money changers and 47 authorized money changers. In the provinces, there are two licensed and 1,886 authorized money changers.

Investors are not required to report on transactions of funds. The burden rests solely on the bank as the authorized intermediary. Article 13(1) of the Law on Foreign Exchange requires the import or export of any means of payment equal to or exceeding \$10,000 or an equivalent amount to be reported to Customs authorities at the relevant border crossing point, and the

Customs authorities should transmit this information on a monthly basis to the National Bank. While foreign exchange transfers are not currently restricted, the law does allow the National Bank to implement exchange controls in case of a foreign exchange crisis. The law does not, however, clearly specify what would constitute a crisis. There are currently no restrictions on the repatriation of profits or capital derived from investments either in Cambodia or on most transfers of funds abroad.

## **US Banks & Local Correspondent Banks**

There are no U.S. banks operating in Cambodia.

The following are the major banks that have correspondent U.S. banking arrangements:

Angkor Capital Specialized Bank

Tel: (855) 23 993 168; Fax: (855) 23 994 168

E-mail: [info@angkorcapitalbank.com](mailto:info@angkorcapitalbank.com)

Website: [Angkor Capital Specialized Bank](#)

Aclea Bank Plc.

Tel: (855) 23 998 777; Fax: (855) 23 998 666

E-mail: [enquiry@acledabank.com.kh](mailto:enquiry@acledabank.com.kh)

Website: [Acleda Bank Plc.](#)

ANZ Royal Bank

Tel: (855) 23 999 000; Fax: (855) 23 221 310

E-mail: [ccc@anz.com](mailto:ccc@anz.com)

Website: [ANZ Royal Bank](#)

Campu Bank

Tel: (855) 23 214 111; Fax: (855) 23 217 655

E-mail: [campupnh@campubank.com.kh](mailto:campupnh@campubank.com.kh)

Website: [Campu Bank](#)

Canadia Bank

Tel: (855) 23 215 286; Fax: (855) 23 427 064

E-mail: [canadia@canadiabank.com.kh](mailto:canadia@canadiabank.com.kh)

Website: [Canadia Bank](#)

Foreign Trade Bank

Tel: (855) 23 724 466; Fax: (855) 23 426 108

E-mail: [ftb@camnet.com.kh](mailto:ftb@camnet.com.kh)

Website: [Foreign Trade Bank](#)

## **Project Financing**

*Multilateral Development Banks:*

Trade and investment financing is available through most foreign bank branches and local banks. There is a large but unmet demand for loans to local small and medium enterprises (SMEs). Most loans are short term and provide working capital to traders. The weighted average annual interest rate on deposits in U.S. dollars remained 4.5 percent in 2016. The weighted average annual interest rate on loans in U.S. dollars was approximately 12.6 percent in 2016, compared to 11.3 percent in 2015. For the private sector to access commercial loans for private projects, collateral or other forms of guarantees are required. Through financial leasing, small and medium investment projects can get capital lease assets from leasing firms.

In June 2009, President Obama determined that Cambodia was no longer a Marxist-Leninist economy, as defined under section 2(b)(2B)(i) of the Export-Import Bank (Ex-Im Bank) Act of 1945, removing the long-standing determination that had prohibited the Ex-Im Bank from providing financing in Cambodia. The Ex-Im Bank now offers financing for the purchase of U.S. exports for private-sector buyers in Cambodia for the short-term (repayment up to one year) and the medium-term (repayment from one to seven years). Ex-Im Bank's support is typically limited to transactions with a commercial bank functioning as an obligor or guarantor. Additionally, Cambodia is eligible for the Quick Cover Program under which the Overseas Private Investment Corporation (OPIC) offers financing and political risk insurance coverage for projects on an expedited basis.

Cambodia became a member of the World Bank in 1970 and began borrowing in 1993. The World Bank has a country office in Phnom Penh and has provided loans since 1994 in a variety of sectors with energy, road rehabilitation, education, governance and public-sector reform, trade and poverty reduction, disease control and health, and social fund projects constituting the largest shares. Cambodia is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which offers political-risk insurance to foreign investors. The International Monetary Fund (IMF) and other banks, such as the Japan Bank for International

Cooperation (JBIC), have also provided loans to finance the government's Public Investment Programs. Since joining the Asian Development Bank (ADB) in 1966, Cambodia has received \$2.65 billion in loans, grants, and technical assistance, with an emphasis on infrastructure, including roads, railroads, and irrigation; the energy and power sectors; private-sector development; health; and education. The U.S. government maintains a commercial liaison office at ADB headquarters in Manila, which reports directly to the Office of Multilateral Development Banks at the U.S. Department of Commerce in Washington. It assists U.S. companies in bidding on contracts and activities funded by the ADB. The Bank of China's Cambodia office was established in 2010. By the end of December 2015, the Bank of China's total assets in Cambodia increased by 11.8 percent to \$721 million (2,921,683 million riel); deposits and loans were \$574 million and \$326 million, respectively.

## **Financing Web Resources**

[Trade Finance Guide](#): A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team

[Export-Import Bank of the United States](#)

[Country Limitation Schedule](#)

[OPIC](#)

[Trade and Development Agency](#)

[SBA's Office of International Trade](#)

[USDA Commodity Credit Corporation](#)

[U.S. Agency for International Development](#)

[Multilateral Investment Guarantee Agency](#)

[Asian Development Bank](#)

[International Monetary Fund](#)

[World Bank](#)

[Acleda Bank Plc](#)

[ANZ Bank](#)

[Campu Bank](#)

[Canadia Bank](#)

[Foreign Trade Bank](#)

## **Business Travel**

### **Business Customs**

Like many other countries in Asia, business relationships in Cambodia have their foundations in personal relationships. Connections are important in making contacts and establishing trust. It is recommended that approaches to potential business contacts be made with a prior introduction or personal reference. Potential partners and customers in Cambodia frequently are more receptive to those who arrive with an introduction or letter from a known government official or business contact. Although not absolutely required, small gifts with a company logo are appreciated, as are luncheon or dinner invitations.

Business travelers to Cambodia should have business cards. As in many countries, the cards are exchanged to formalize the introduction process. Always distribute and receive business cards with both hands as a sign of respect and take a few seconds to study a person's card after it has been received. This is particularly important when dealing with Cambodia's ethnic Chinese minority, many of whom hold influential positions in the country's business community.

The "sampeah" – placing palms together in a prayer-like position – remains the traditional gesture of greeting, particularly for women, although it is becoming more popular to shake hands. Foreigners may shake hands with men and women, but should wait until the woman offers her hand; otherwise use the traditional sampeah greeting. Touching someone on the head, pointing with the feet, or pointing in someone's face are deemed extremely rude and offensive. Wearing hats in houses, buildings, and particularly in temples is also considered rude.

Cambodia is a tropical country ill-suited for formal Western business attire. In a strictly formal meeting, however, it is advisable that men wear a suit and tie and women wear a dress or business suit. In a less formal setting, business casual attire may be appropriate.

### **Travel Advisory**

Travel within cities and provincial towns is generally safe, but prior to arrival in Cambodia, business travelers should consult the U.S. Department of State's current travel advisory available at [State Department Travel](#). Travelers should also consult the [U.S. Embassy's current Consular Information Sheet](#).

U.S. citizens may register online with the Department of State to obtain updated information on travel and security within Cambodia at [Smart Traveler Enrollment Program](#).

## Visa Requirements

A valid passport and a Cambodian visa are required. Tourist and business visas for U.S. passport holders are valid for three months beginning with the date of issue. Cambodia offers online visa processing at [E-Visa Kingdom of Cambodia](#). Travelers may also apply in person at the Cambodian Embassy located at 4530 16th Street NW, Washington, D.C., 20011; tel. 202-726-7824 or 202-726-7742; fax 202-726-8381. Tourists and business travelers may also obtain a Cambodian visa upon arrival at the airports in Phnom Penh and Siem Reap and at all major border crossings. All methods of obtaining a Cambodian visa require passport-sized photographs and a passport that is valid for a minimum of six months beyond the date of entry into Cambodia.

The fee is USD30 for tourist visas and USD35 for business visas. Travelers should bring with them two passport-sized photos for the visa application. A tourist visa can be extended for one month, but only one time. Business visas can be extended for USD45 for one month, USD75 for three months, USD155 for six months, and USD285 for one year, for fast-track processing (two working days); fees for normal processing are lower. Individuals with a business license issued by the Council for the Development of Cambodia may apply for a business visa valid for a year; the fee is USD180. The Ministry of Interior has a team at the Council for the Development of Cambodia to assist investors in obtaining long-term business visas.

Travelers should note that Cambodia regularly imposes fines for overstaying a visa. If the overstay is 30 days or less, the charge is USD5 per day, while for overstays of over 30 days, the charge is USD6 per day.

Overseas inquiries may be made at the nearest embassy or consulate of Cambodia or by visiting the [Embassy of the Kingdom of Cambodia](#) website.

U.S. Companies that require travel of foreign business persons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website at [State Department Travel Visas](#) and [U.S. Embassy Cambodia Visas](#)

## Currency

Cambodia's currency is the Riel, which trades in a very narrow range at around 4,000 to the U.S. dollar. Riels come in notes; coins are not in use. Cambodia is a heavily dollarized country where riels and dollars are used interchangeably in urban areas. More riel use is expected in rural areas although small denominations (one and five dollar bills) are also commonly

accepted. American coins are not used in Cambodia; therefore, change for purchases will be given in riels. Thai baht and Vietnamese Dong are also used in provinces next to the relevant borders. Money exchange is pervasive in Cambodian local markets and there is very little difference in exchange rate compared to the banks. ATM machines dispense Cambodian riels and US dollars.

Exchange rate can be found on the [National Bank of Cambodia's webpage](#)

### **Telecommunications/Electric**

Telephone (landlines as well as cell phones), fax, internet, and telegram services are available in Cambodia. International telephone charges in Cambodia are priced differently in accordance with different countries. There are a number of countries in Asia and U.S. where prices are cheap; however, there is a need to follow the prospective cell phone companies which can be found in the following websites. [Mobitel](#), [SMART Axiata](#)

and [Metfone](#). Cell phone service covers most areas throughout the country. International roaming service for mobile phones is available but can be expensive. Internet services are rapidly improving both in terms of price and service, but unlimited broadband service is still relatively expensive. Internet access via wireless systems is provided in most major hotels and is free of charge in many restaurants and cafés.

### **Transportation**

Cambodia has three international airports: Phnom Penh International Airport, Siem Reap International Airport, and Sihanoukville Airport. These three airports have been upgraded over recent years with modern terminals. Domestic air service links Phnom Penh with Siem Reap and Siem Reap with Sihanoukville.

Cars and buses offer a cheap way to travel to most provincial capitals. Cambodia launched public bus transportation service in Phnom Penh in February 2014. Although small, the number of passengers using public transportation is slowly increasing. Passenger train service between Phnom Penh, Takeo, Kampot, and Sihanoukville restarted in April 2016 after a 14 years suspension. Cambodia's Royal Railway Service can be reached here at [Royal Railway](#). Metered taxi service is available in Cambodia. Motorcycle-taxis (locally known as moto-dups), and three-wheeled motor taxis (known as tuk-tuks), are popular forms of transportation. The U.S. Embassy does not recommend using moto-dups or tuk tuks as they are prone to accidents and there is a greater risk of street crime. Private cars are available for rental in most cities upon arrival. Rental fees run between \$25 and \$50 per day. If contracting with an independent taxi service, visitors should agree on the price with the driver before embarking. In Phnom Penh, travel at night on foot or motorbike is not recommended.

There have been notable improvements to the Cambodian road network over the last several years. It is much easier to move around the country now than it was just a few years ago. The

safety of road travel outside urban areas varies; traveling only during daylight hours can reduce the potential risk of road accidents. During the rainy season, some locations cannot be reached by road. Travelers, especially those planning a lengthy visit to Cambodia, should register online with the Department of State at [Smart Traveler Enrollment Program](#).

Cambodia has an international and commercial deep-water port at Sihanoukville [Sihanoukville Autonomous Port](#)

## **Language**

Khmer is the official language of Cambodia. English is commonly used in most business meetings. Some senior government officials, however, prefer using Khmer in official meetings. Chinese, French, Thai, and Vietnamese are also widely spoken.

## **Health**

Medical facilities and services in Cambodia do not meet international standards. Both Phnom Penh and Siem Reap have a limited number of internationally run clinics and hospitals that can provide basic medical care and stabilization. Medical care outside these two cities is rudimentary. Local pharmacies provide a limited supply of prescription and over-the-counter medications, but because the quality of locally obtained medications can vary greatly, travelers should bring adequate supplies of medications for the duration of their stay in Cambodia.

A current list of clinics, hospitals, and pharmacies with names, addresses and telephone numbers may be obtained from the [U.S. Embassy Consular Section](#) website.

For information on avian influenza (bird flu), please refer to the Department of State's Avian Influenza Fact Sheet. The U.S. Embassy is unaware of any HIV/AIDS entry restrictions for visitors to or foreign residents of Cambodia.

Information on vaccinations and other health precautions, such as safe food and water precautions and insect bite protection, may be obtained from the U.S. Centers for Disease Control and Prevention's (CDC) hotline for international travelers at 1-877-FYI-TRIP (1-877-394-8747) or via the [CDC's web site](#). For information about outbreaks of infectious diseases abroad, consult the World Health Organization's (WHO) website at [World Health Organization International](#). Further health information for travelers is available at [World Health Organization International Travel and Health](#).

The Department of State strongly urges U.S. citizens to consult with their medical insurance company prior to traveling abroad to confirm whether their policy applies overseas and whether it will cover emergency expenses such as a medical evacuation.

Please see information on medical insurance overseas at [U.S. State Department Travel](#).

## **Local Time, Business Hours and Holidays**

During U.S. Eastern Standard Time, Cambodia is 12 hours ahead of the U.S. East Coast. Cambodia consists of a single time zone and is GMT +7.

Business hours for commercial offices are usually from 7:30 a.m. to 12:00 p.m. and from 1:30 p.m. to 5:00 p.m., Monday through Friday, and Saturday mornings. Government offices are officially open from 7:30 a.m. to 11:30 a.m. and from 2:00 p.m. to 5:00 p.m., Monday through Friday.

### Holidays for 2017

January 1	International New Year's Day
January 7	Victory over Genocide Regime
February 11	Meaka Bochea Day
March 8	International Women's Day
April 14-15-16	Khmer New Year
May 1	International Labor Day
May 10	Visak Bochea Day
May 13-15	Birthday of His Majesty Preah Bat Samdech Preah Boromneath Norodom Sihamoni, King of Cambodia
May 14	Royal Plowing Ceremony
June 1	International and Cambodian Children's Day
June 18	Birthday of Her Majesty the Queen-Mother Norodom Monineath Sihanouk of Cambodia
September 19-21	Pchum Ben Holiday
September 24	Constitution Day
October 15	Commemoration Day of King Norodom Sihanouk
October 23	Anniversary of Paris Peace Accord
October 29	Coronation Day of His Majesty Preah Bat Samdech Preah Boromneath Norodom Sihamoni, King of Cambodia

November 02-04 Water Festival

November 9 Independence Day December 10 International Human Rights Day

## **Temporary Entry of Materials or Personal Belongings**

Certain articles temporarily imported for re-export are exempt from import duties and taxes. The importers are required to pledge that such articles will be re-exported within the specified period and may be required to provide a guarantee which is refunded after all the obligations under the pledge have been fulfilled.

Below are goods to be authorized to import under Temporary Admission:

Goods for display or use at exhibitions, meetings or similar events with reasonable quantity.

Professional equipment necessary for a technician or professional person entering Cambodia to perform a specialized task or job. The mentioned equipment does not include machineries and specialized equipment used in the manufacturing industry, packaging of goods, for exploitation of natural resources, construction or improvement of buildings, land development or similar projects.

Containers, pallets, packages, samples and other goods, imported in connection with a commercial transaction, but which are not goods purchased or sold in any part of the commercial transaction.

Goods imported exclusively for educational, scientific or cultural purposes, including parts for scientific equipment and educational material which is authorized to import under temporary admission.

Goods, imported for sports purposes, which are used by tourists, athletes, business travelers for competition or demonstrations or for training within the customs territory.

Other materials used for promoting tourism and attracting tourists to visit the country.

Goods imported by passengers travelling across border for their own use.

Goods imported for humanitarian purposes including laboratory and surgical equipment and goods used to relieve victims of natural disasters and similar catastrophes.

Transport means conveying persons and goods for commercial use such as vessels, aircrafts, road vehicles, or trains which are used for international transportation whether or not for fare payment, including spare parts, accessories and equipment.

Additional details on temporary entry can be found at the [Customs and Excise Department's website](#). Transportation of duty free goods under transit procedure in customs territory shall be attached with transport permit issued by the General Department of Customs and Excise.

Additional details on duty free goods can be found at [General Department of Customs and Excise of Cambodia](#)

### **Travel Related Web Resources**

[Cambodian Immigration Department](#)

[Royal Embassy of Cambodia in Washington, D.C](#)